

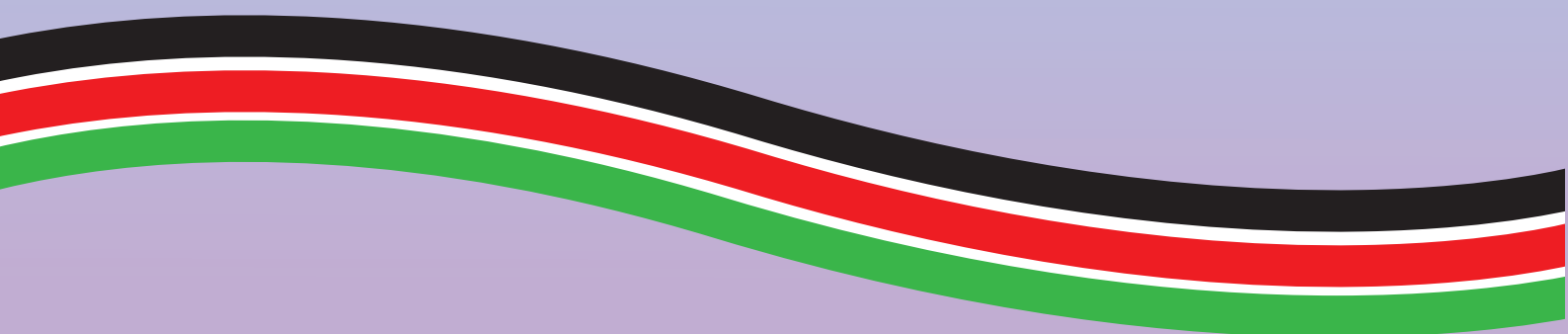
# OFFICE OF THE CONTROLLER OF BUDGET



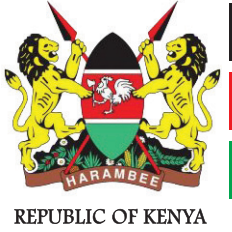
## COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FOR THE FIRST HALF OF  
FY 2023/24

FEBRUARY, 2024



OFFICE OF THE CONTROLLER OF BUDGET



**COUNTY GOVERNMENTS**  
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## FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya, 2010, to oversee the implementation of budgets of the National and County governments by authorising withdrawals from Public Funds and reporting to each House of Parliament every four months. Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act, 2016 requires the Controller of Budget (CoB) to submit to Parliament quarterly budget implementation reports of the national and county governments within thirty days after the end of each quarter.

In line with the foregoing, I am pleased to present the County Governments' Budget Implementation Review Report for the First Half of Financial Year (FY) 2023/24, covering 1st July to 31st December 2023. The report is based on data from the approved county budgets for the FY 2023/24, financial and non-financial performance reports for the first six months of the financial year submitted to OCoB in line with Sections 166 and 168 of the Public Finance Management (PFM) Act, 2012, exchequer requisition records, and data generated from the Integrated Financial Management Information System (IFMIS). The report examines budget implementation by the forty-seven County governments by presenting the budget performance analysis of the approved budgets, receipts into the County Revenue Fund, exchequer issues, expenditure by major economic classification of Personnel Emoluments, Operations and Maintenance and Development Expenditure, expenditure by programmes, and the absorption of funds against the approved budget allocation.

The report also highlights the key issues that hampered effective budget implementation during the period and contains appropriate recommendations to address those issues. County Governments are encouraged to implement the recommendations to ensure effective budget implementation. Information contained in the report on budget implementation is also valuable to the legislature and executive in facilitating decision-making on matters relating to the management of public funds. I call upon all other stakeholders in the public finance space to utilise this report in interrogating the utilisation of public funds by county governments.

Finally, I take this opportunity to appreciate my staff for their effort, dedication and commitment in preparing this report. I also thank all County Treasury staff who submitted quarterly reports and provided clarifications to facilitate the preparation of this report. My office will endeavour to promote prudent financial management in the public sector.



FCPA Dr Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

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## ACRONYMS

<b>A-I-A</b>	Appropriations in Aid
<b>ASDSP</b>	Agriculture Sector Development Support Programme
<b>CARA</b>	County Allocation of Revenue Act
<b>CBIRR</b>	County Budget Implementation Review Report
<b>CECMF</b>	County Executive Committee Member for Finance
<b>COB</b>	Controller of Budget
<b>COVID-19</b>	Coronavirus Disease 2019
<b>CRF</b>	County Revenue Fund
<b>DANIDA</b>	Danish International Development Agency
<b>DEV</b>	Development
<b>DRPNK</b>	Drought Resilience Programme in Northern Kenya
<b>ECDE</b>	Early Childhood Development Education
<b>EU</b>	European Union
<b>EXP</b>	Expenditure
<b>FIF</b>	Facility Improvement Fund
<b>FY</b>	Financial Year
<b>ICT</b>	Information Communication Technology
<b>IDA</b>	International Development Association
<b>IDEAS</b>	Instruments for Devolution Advice and Support
<b>IFMIS</b>	Integrated Financial Management Information System
<b>IPPD</b>	Integrated Payroll Personnel Database
<b>KCSAP</b>	Kenya Climate Smart Agriculture Project
<b>KDSP</b>	Kenya Devolution Support Programme
<b>Kshs</b>	Kenya Shillings
<b>KUSP</b>	Kenya Urban Support Project
<b>MCA</b>	Member of County Assembly
<b>NARIGP</b>	National Agricultural and Rural Inclusive Growth Project
<b>O&amp;M</b>	Operations and Maintenance
<b>OCOB</b>	Office of the Controller of Budget
<b>OSR</b>	Own Source Revenue

<b>PE</b>	Personnel Emoluments
<b>PFM</b>	Public Finance Management
<b>REC</b>	Recurrent
<b>SME</b>	Small and Medium Enterprise
<b>SRC</b>	Salaries and Remuneration Commission
<b>THSUCP</b>	Transforming Health Systems for Universal Health Care Project
<b>WSDP</b>	Water & Sanitation Development Project

## EXECUTIVE SUMMARY

This is the First Half County Budget Implementation Review Report (CBIRR) for FY 2023/24, covering the period July 2023 – December 2023. The report is prepared in fulfilment of the requirements of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It provides the status of budget implementation of each of the 47 County Governments during the period under review through analysis of revenue and expenditure performance as well as highlighting the challenges experienced and providing appropriate recommendations to address them going forward.

The aggregate Approved FY 2023/24 budget estimates for the County Governments approved by the County Assemblies amounted to Kshs.557.44 billion and comprised of Kshs.203.11 billion (36.4 per cent) allocated to development expenditure and Kshs.354.33 billion (63.6 per cent) allocated to recurrent expenditure. The allocation to development activities accounted for 36.4 per cent of the aggregate budget estimates, thus conforming with section 107(2)(b) of the PFM Act, 2012 which stipulates that at least 30 per cent of the budget shall be allocated for development expenditure.

To finance the FY 2023/24 budget, the County Governments expect to receive Kshs.385.42 billion as an equitable share of revenue raised nationally and Kshs.48.92 billion as County additional conditional allocations from the National Government and Development Partners. However, the County Governments Additional Allocations Bill, 2023, under which the County additional conditional allocations are anchored, was yet to be adopted by Parliament as of 31<sup>st</sup> December 2023. County Governments expect to raise Kshs.80.20 billion from ordinary own sources of revenue and Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A) as well as utilising the unspent funds carried forward from FY 2022/23 of Kshs.42.90 billion.

The total available funds to the County Governments in the First Half of FY 2023/24 amounted to Kshs.205.32 billion. This amount comprised of Kshs.142.47 billion as an equitable share of revenue raised nationally authorized for withdrawal from Consolidated Fund to respective County Revenue Funds (CRF) accounts by the Controller of Budget (CoB) in line with Article 206(4) of the constitution; Kshs.42.90 billion as cash balances from FY 2022/23 and Kshs.19.95 billion mobilized from own source revenue streams.

During the reporting period, the County Governments managed to raise a total of Kshs.19.95 billion from their own-source revenue (OSR). The own source revenue comprised of Kshs.13.55 billion from ordinary own sources of revenue and Kshs.6.40 billion from Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A). The realized own source accounted for 24.9 per cent of the aggregate OSR annual target for FY 2023/24 of Kshs.80.20 billion and represented an increase of 3.5 per cent from Kshs.13.11 billion generated in a similar period of FY 2022/23. A review of the local revenue collected against the local revenue target for the period under review indicates that Nyeri, Narok, Isiolo, Elgeyo Marakwet, Samburu and Turkana counties had the highest percentage of local revenue collected to the annual local revenue target at 71.4 per cent, 63.9 per cent, 62.0 per cent, 56.3 per cent, 55.7 per cent and 48.6 per cent respectively. Conversely, counties that had the lowest percentage of local revenue collected to the annual local revenue target included Mandera at 15.3 per cent, Kakamega at 13.7 per cent, Kajiado at 12.8 per cent, Kericho at 12.7 per cent, Kilifi at 10.5 per cent, and Machakos at 7.4 per cent.

In the first half of FY 2023/24, CoB authorised for withdrawal of Kshs.174.63 billion from the respective County Revenue Funds (CRF) accounts to the County Operational Accounts for the County Governments as per Article 207(3) of the Constitution and consisted of Kshs.150.75 billion (86.3 per cent) for recurrent activities and Kshs.23.88 billion (13.7 per cent) for development activities. The County Governments' cumulative expenditure in the first half of FY 2023/24 amounted to Kshs.168.52 billion which was 96.5 per cent of the total funds approved for withdrawal by the Controller of Budget. This expenditure consisted of Kshs.143.72 billion for recurrent activities (89.6 per cent) and Kshs.24.81 billion (10.4 per cent) for development activities. The aggregate expenditure represented an absorption of 30.2 per cent of the aggregate FY 2023/24 annual County Government's budget of Kshs.557.44 billion, and an improvement from an absorption rate of 29.2 per cent achieved in a similar period of FY 2022/23 when the cumulative expenditure was Kshs.145.21 billion.

The Counties that attained the highest overall absorption rates were Baringo at 49.5 per cent, Kitui at 40.6 per cent, Uasin Gishu at 39.8 per cent, Narok at 39.0 per cent, Busia at 37.7 per cent and Nandi at 36.4

per cent. On the other hand, Kakamega, Kwale, Homa Bay, Kisumu, Makueni and Machakos recorded the lowest aggregate absorption rates at 25.4 per cent, 25.2 per cent, 25.2 per cent, 24.9 per cent, 24.4 per cent and 24.1 per cent respectively.

The recurrent expenditure in the first half of FY 2023/24 amounted to Kshs.143.72 billion, representing 40.6 per cent of the annual County Governments' budget for recurrent activities, a slight decline from 40.7 per cent recorded in a similar period of FY 2022/23 when expenditure was Kshs.133.55 billion. A further review of the recurrent expenditure indicates that Counties incurred Kshs.98.13 billion (68.3 per cent of the total recurrent expenditure) on personnel emoluments and Kshs.45.59 billion (31.7 per cent of the total recurrent expenditure) on operations and maintenance. Out of Kshs.45.59 billion incurred on operations and maintenance, the County Assemblies cumulatively spent Kshs.703.62 million on MCAs' sitting allowances against an approved annual FY 2023/24 budget allocation of Kshs.2.0 billion translating to an absorption rate of 35.2 per cent and an increase of 62.0 per cent compared to Kshs.434.29 million incurred in a similar period of FY 2022/23.

The development expenditure during the period under review amounted to Kshs.24.81 billion translating to an absorption rate of 12.2 per cent of the annual FY 2023/24 development budget of Kshs.203.11 billion, which is an improvement from an absorption rate of 6.9 per cent realized in a similar period of FY 2022/23 when the total development expenditure was Kshs.11.66 billion. Analysis of development expenditure indicated that Narok, Bomet, Uasin Gishu, Laikipia and Marsabit Counties had the highest absorption rates of their respective approved development budgets at 52.4 per cent, 27.1 per cent, 27.0 per cent, 22.5 per cent and 21.7 per cent respectively. Counties that had the lowest absorption rates of their respective development budgets were Elgeyo Marakwet, Mombasa, Machakos, Nairobi City and Kisii at 3.9 per cent, 3.8 per cent, 3.5 per cent, 3.3 per cent and 2.9 per cent respectively.

During the reporting period, the Controller of Budget (CoB) noted some cross-cutting challenges which have continued to encumber effective and efficient budget execution by the County Governments. Some of these issues were highlighted in the previous reports and are still outstanding including underperformance of own-source revenue collection and over-reliance on the health sector as the main source of revenue which represented 32.1 per cent of the total realised own-source revenue. Several county governments are yet to develop their Facility Improvement Financing Regulations to regularise the spending of revenue receipts by health facilities at source. High level of pending bills which was Kshs.156.34 billion as of 31st December 2023, delay by the National Treasury to Disburse the Equitable Share of Revenue raised nationally, delay by the Parliament to enact the County Governments Additional Allocations Bill, 2023. Use of commercial bank accounts by county governments for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015. Failure by County Governments to submit financial and non-financial reports in line with the timelines provided in Section 166(4) and Section 168 (3) of the PFM Act, 2012. High expenditure on the wage accounted for 58.2 per cent of the total expenditure and contradicts Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 and failure to use the Government prescribed payroll system as Kshs.7.06 billion amount of the wage bill was processed manually.

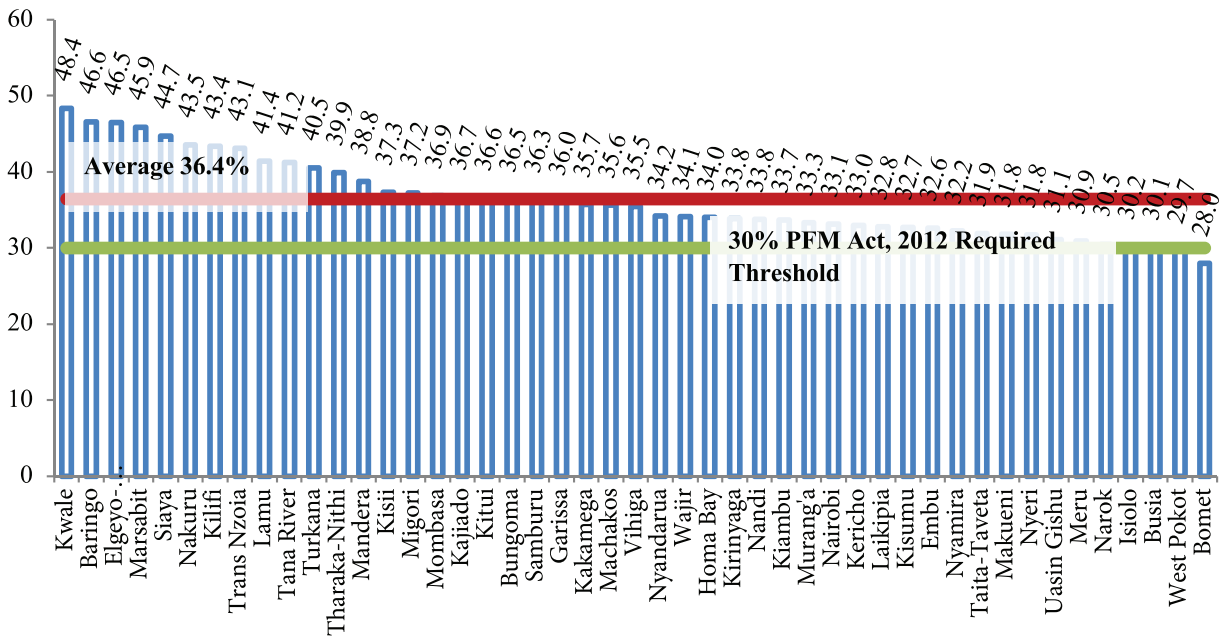
To address these challenges, counties should build the capacity of key staff involved in revenue collection and implement revenue enhancement programmes to realise the OSR potential and develop their Regulations to implement the Health Facilities Improvement Financing (FIF) Act 2023. All County governments should settle the eligible pending bills as a first charge on the budget in line with the law. The National Treasury should ensure that the disbursement of the equitable share of revenue to county governments is in line with the approved disbursement schedule to ensure effective budget implementation, and Parliament to expedite the enactment of the County Governments Additional Allocations Bill, 2023 to enable County governments to access conditional grants to implement their budgets. Further, County Executive Committee Members responsible for Finance should follow up and ensure compliance with the law by maintaining bank accounts at the Central Bank of Kenya for accountable spending. County governments must put in place mechanisms to ensure adherence to the legal provisions on the submission of quarterly financial and non-financial reports as provided in law. Finally, the OCoB recommends that County Governments should ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. The County Public Service Boards are advised to fast-track the acquisition of Unified Personnel Numbers for their staff and ensure payroll is processed through the prescribed Government system

# KEY HIGHLIGHTS

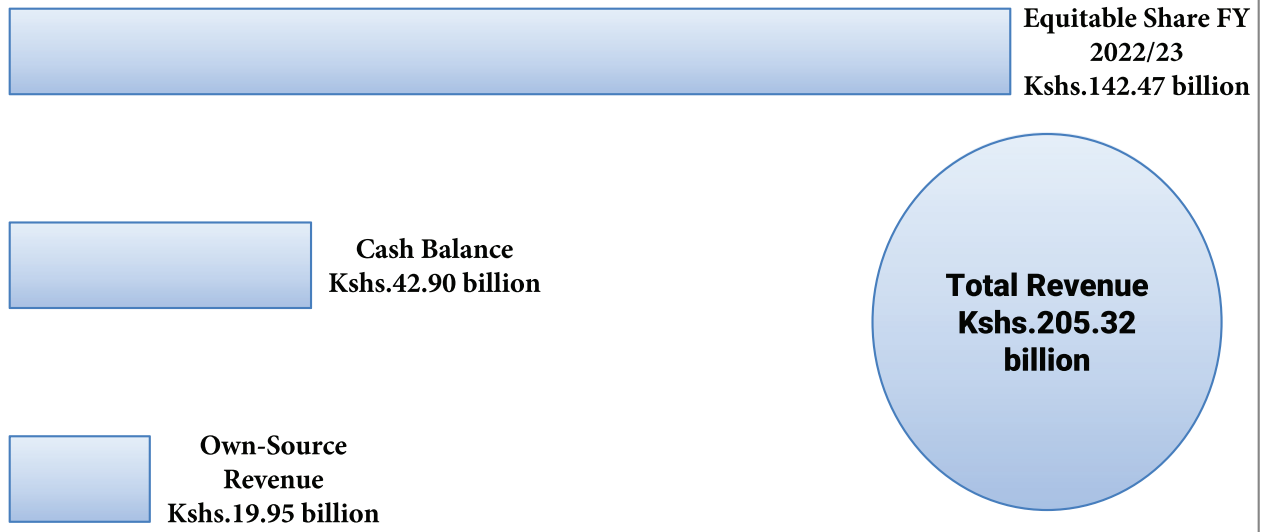
## FY 2023/24 County Governments' Approved Budget Estimates



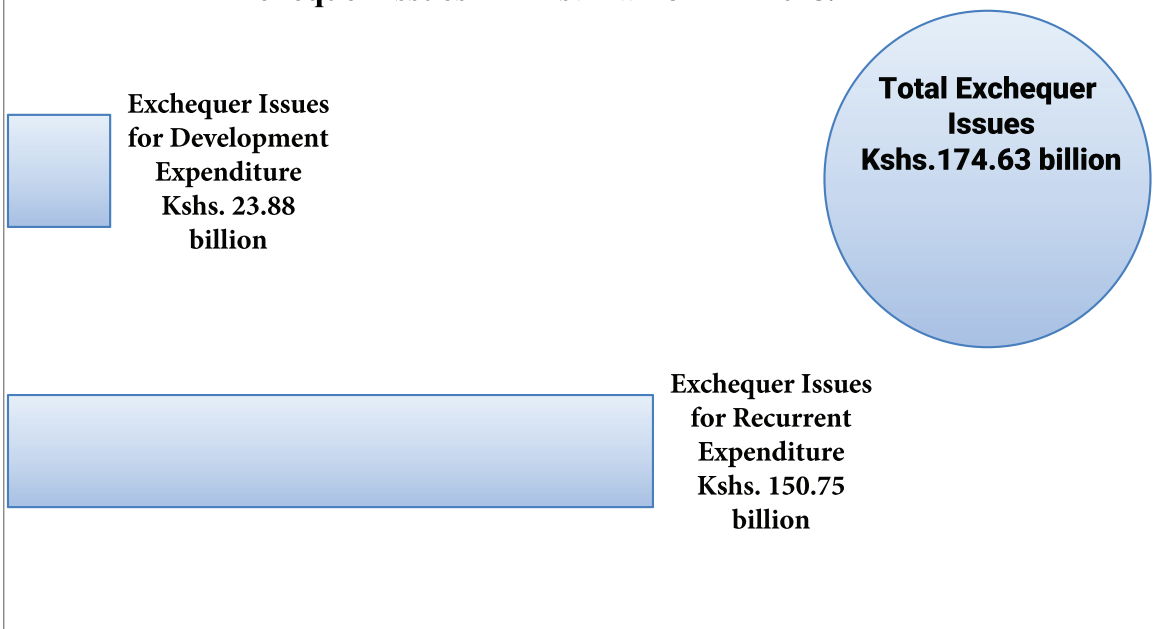
## FY 2023/24 County Governments' Development Budget Allocation as a Percentage of Total Budget



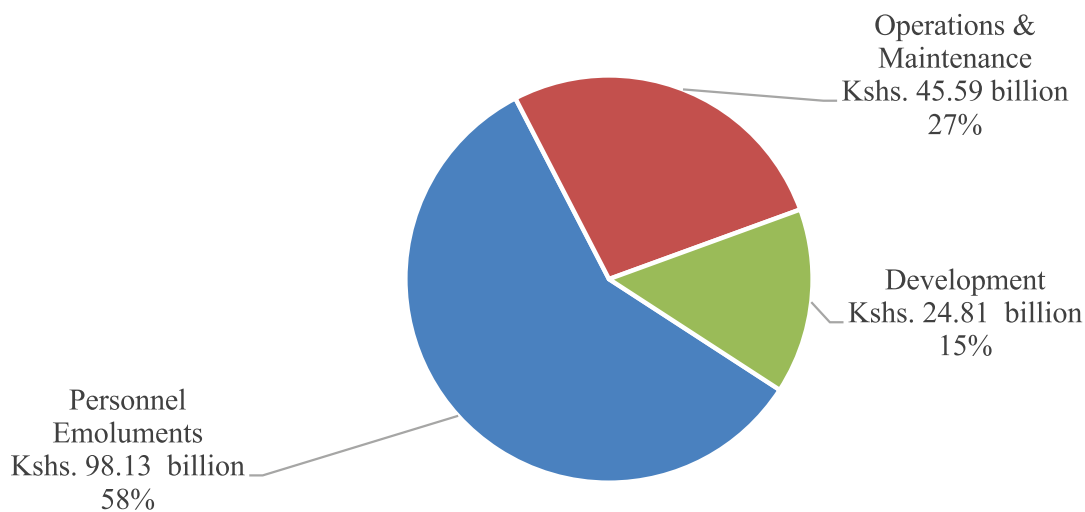
### Total Revenue Available in First Half of FY 2023/24



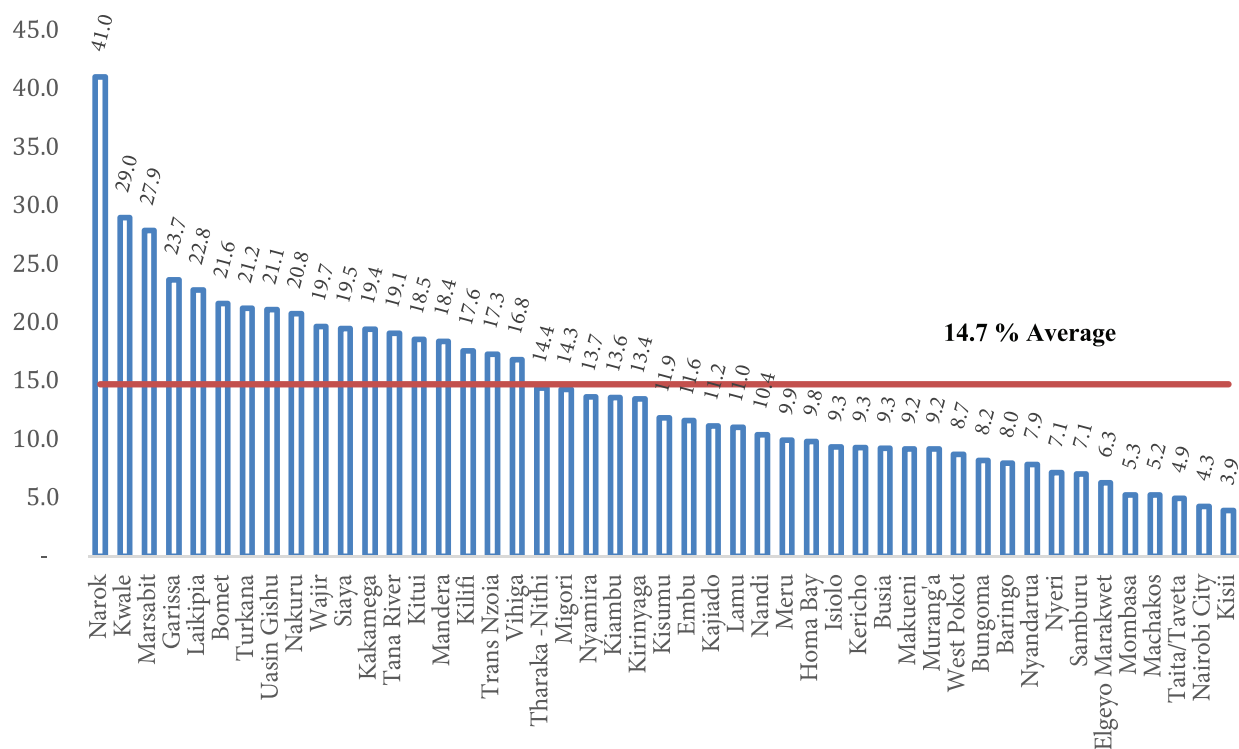
### Exchequer Issues in First Half of FY 2023/24



### Expenditure by Economic Classification in First Half of FY 2023/24



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





# 1. INTRODUCTION

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

The report presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers received from the National Government and Development Partners, and the total expenditure in the reporting period. It is based on quarterly financial reports submitted to the OCoB by the County Treasuries in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management System (IFMIS), exchequer requisition records, and information obtained by the OCoB in the course of overseeing budget implementation.

This reporting structure is as follows; Chapter one captures the introduction part, and Chapter two analyses the counties' budget performance during the first half of FY2023/24. Chapter two details the performance of the county government's own-source revenue, other revenues, and actual expenditure against the set budget estimates for both recurrent and development expenditures. Further, recurrent expenditure is disaggregated into Personal Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of December 31<sup>st</sup> December 2023, is provided in this chapter. The absorption rate measures performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

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

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

## 2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST HALF OF FY 2023/24

### 2.1. Introduction

This chapter presents the financial analysis of aggregated County budget implementation for the first half of FY 2022/23 and covers the period from July to December 2023.

### 2.2. Revenue Analysis

The combined County governments' budgets approved by the County Assemblies amounted to Kshs.557.44 billion. They comprised Kshs.203.11 billion (36.4 per cent) allocated to development expenditure and Kshs.354.33 billion (63.6 per cent) for recurrent expenditure.

To finance the budgets, County governments expect to receive Kshs.385.42 billion as the equitable share of revenue raised nationally, generate Kshs.80.20 billion from their revenue sources, receive Kshs.48.92 billion as additional allocations from the National government and Development Partners while utilising Kshs.42.90 billion unspent cash balance from the previous financial year. The own source revenue target includes Kshs.17.41 billion as Facility Improvement Fund and Appropriations in Aid. However, the County Government Additional Allocation Bill, 2023, which provides for the additional allocations, had not been approved by Parliament as of 31<sup>st</sup> December 2023.

### 2.3. Revenue Out-turn

The total funds available to the County Governments in the first half of FY 2023/24 amounted to Kshs.205.32 billion, comprised of Kshs.142.47 billion as the equitable share of revenue raised nationally, Kshs.42.90 billion cash balance from FY 2022/23, and Kshs.19.95 billion raised from own revenue sources.

### 2.4. Own-Source Revenue

During the reporting period, County governments generated a total of Kshs.19.95 billion from their own-source revenue (OSR), which was 24.9 per cent of the annual target of Kshs.80.20 billion. The realised OSR is an improvement compared to Kshs.13.11 billion generated in a similar period in FY 2022/23. Analysis of own-source revenue collection for July 2023 to December 2023 is shown in Table 2.1.

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

County	Ordinary OSR Target (Kshs.)	FIF/AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual Realized (Kshs.)	FIF/AIA Actual (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	300,719,215	149,378,181	450,097,396	86,907,155	83,866,065	170,773,220	37.9
Bomet	187,592,587	144,449,243	332,041,830	29,973,314	37,726,490	67,699,804	20.4
Bungoma	868,201,471	1,152,071,383	2,020,272,854	130,391,752	291,991,052	422,382,804	20.9
Busia	396,793,350	152,222,283	549,015,633	71,508,528	61,650,557	133,159,085	24.3
Elgeyo-Marakwet	70,327,132	150,000,000	220,327,132	25,321,468	98,735,915	124,057,383	56.3
Embu	382,801,875	-	382,801,875	146,282,588	-	146,282,588	38.2
Garissa	139,000,000	91,000,000	230,000,000	31,450,988	45,067,403	76,518,391	33.3
Homa Bay	490,895,690	1,888,053,228	2,378,948,918	124,851,629	441,601,689	566,453,318	23.8
Isiolo	223,208,180	48,000,000	271,208,180	118,309,944	49,918,657	168,228,601	62.0
Kajiado	1,200,000,000	315,702,515	1,515,702,515	194,120,725	-	194,120,725	12.8
Kakamega	1,881,730,000	318,270,000	2,200,000,000	106,108,380	195,561,750	301,670,130	13.7
Kericho	530,071,600	743,350,000	1,273,421,600	87,002,290	74,334,310	161,336,600	12.7
Kiambu	6,021,825,729	1,958,314,988	7,980,140,717	1,078,228,145	562,633,718	1,640,861,863	20.6
Kilifi	1,588,634,222	200,000,000	1,788,634,222	122,286,381	64,819,992	187,106,373	10.5

County	Ordinary OSR Target (Kshs.)	FIF/AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual Realized (Kshs.)	FIF/AIA Actual (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Kirinyaga	349,000,000	201,000,000	550,000,000	87,861,942	104,846,743	192,708,685	35.0
Kisii	650,000,000	986,826,327	1,636,826,327	138,562,706	120,969,550	259,532,256	15.9
Kisumu	1,682,844,694	600,000,000	2,282,844,694	202,759,925	223,523,407	426,283,332	18.7
Kitui	585,000,000	365,820,000	950,820,000	198,297,288	183,000,000	381,297,288	40.1
Kwale	325,783,400	274,216,600	600,000,000	72,657,725	66,042,310	138,700,035	23.1
Laikipia	850,400,000	624,600,000	1,475,000,000	171,981,344	253,516,980	425,498,324	28.8
Lamu	199,820,000	150,180,000	350,000,000	31,257,088	59,088,557	90,345,645	25.8
Machakos	2,998,879,462	1,008,000,000	4,006,879,462	243,169,963	52,082,967	295,252,930	7.4
Makueni	865,000,000	375,000,000	1,240,000,000	145,817,098	222,070,115	367,887,213	29.7
Mandera	284,748,838	51,785,008	336,533,846	39,859,990	11,616,921	51,476,911	15.3
Marsabit	120,000,000	70,000,000	190,000,000	31,160,803	28,960,441	60,121,244	31.6
Meru	550,000,000	300,000,000	850,000,000	105,367,701	263,642,402	369,010,103	43.4
Migori	485,474,299	140,000,000	625,474,299	106,551,295	76,750,347	183,301,642	29.3
Mombasa	5,252,796,118	760,788,115	6,013,584,233	1,116,521,313	496,967,714	1,613,489,027	26.8
Murang'a	1,236,181,883	238,818,117	1,475,000,000	187,411,896	107,710,313	295,122,209	20.0
Nairobi	19,420,072,415	270,000,000	19,690,072,415	3,562,393,657	126,702,816	3,689,096,473	18.7
Nakuru	2,100,000,000	1,700,000,000	3,800,000,000	505,136,353	682,976,876	1,188,113,228	31.3
Nandi	360,325,820	155,231,711	515,557,531	93,978,542	42,019,297	135,997,839	26.4
Narok	4,588,583,534	-	4,588,583,534	2,874,556,138	57,934,741	2,932,490,879	63.9
Nyamira	395,000,000	230,000,000	625,000,000	36,969,647	80,619,479	117,589,126	18.8
Nyandarua	636,555,000	348,445,000	985,000,000	99,436,237	123,496,734	222,932,971	22.6
Nyeri	800,000,000	-	800,000,000	203,933,746	366,973,244	570,906,990	71.4
Samburu	239,027,400	17,000,000	256,027,400	136,909,999	5,610,492	142,520,491	55.7
Siaya	545,231,646	214,768,354	760,000,000	48,888,200	152,089,016	200,977,216	26.4
Taita-Taveta	529,000,000	201,682,445	730,682,445	91,527,600	85,543,730	177,071,330	24.2
Tana River	92,673,773	3,956,827	96,630,600	29,392,595	1,444,577	30,837,172	31.9
Tharaka-Nithi	277,200,000	122,800,000	400,000,000	85,893,183	70,234,548	156,127,731	39.0
Trans Nzoia	342,000,000	301,700,000	643,700,000	111,594,643	114,390,762	225,985,405	35.1
Turkana	220,000,000	-	220,000,000	71,117,906	35,864,639	106,982,545	48.6
Uasin Gishu	1,108,243,370	70,800,000	1,179,043,370	249,138,920	27,158,944	276,297,864	23.4
Vihiga	172,759,801	127,789,653	300,549,454	55,166,692	83,533,238	138,699,930	46.1
Wajir	145,000,000	55,000,000	200,000,000	36,042,764	13,170,000	49,212,764	24.6
West Pokot	97,200,000	132,800,000	230,000,000	24,463,892	49,868,000	74,331,892	32.3
<b>Total</b>	<b>62,786,602,504</b>	<b>17,409,819,978</b>	<b>80,196,422,482</b>	<b>13,548,522,077</b>	<b>6,398,327,496</b>	<b>19,946,849,573</b>	<b>24.9</b>

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicated that Nyeri, Narok and Isiolo counties achieved the highest percentages at 71.4 per cent, 63.9 per cent and 62 per cent, respectively. Conversely, counties with the lowest proportion of own source revenue against targets were Kericho at 12.7 per cent, Kilifi at 10.5 per cent and Machakos at 7.4 per cent of the annual target.

## 2.5. Funds Released to the Counties

### 2.5.1 Funds Released from the Consolidated Fund to the Counties

In the first half of FY 2023/24, the Controller of Budget (COB) approved the transfer of Kshs.147.47 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount represented 37 per cent of the allocated equitable share of Kshs.385.42 billion. A detailed analysis of the released equitable share to each County is provided in chapter three.

### 2.5.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.174.63 billion from the County Revenue Funds to the County Operational Accounts comprised of Kshs.23.88 billion (13.7 per cent) for development expenditure and Kshs.150.75 billion (86.3 per cent) for recurrent expenditure, an improvement from the Kshs.150.14 billion authorised in a similar period in FY 2022/23. A detailed analysis of the funds released to each County is provided in chapter three.

## 2.6. Expenditure Analysis

The total expenditure by County governments in the first half of FY 2023/24 was Kshs.168.52 billion, representing an absorption rate of 30.2 per cent of the total annual County Governments' budget of Kshs.557.44 billion, an improvement from an absorption rate of 29.2 per cent reported in a similar period in FY 2022/23, where the total expenditure was Kshs.145.21 billion.

Recurrent expenditure was Kshs.143.72 billion, representing 40.6 per cent of the annual recurrent budget, a slight decline from 40.7 per cent reported in the first half of FY 2022/23. Development expenditure amounted to Kshs.24.81 billion, representing an absorption rate of 12.2 per cent and an improvement from 6.9 per cent attained in the first half of FY 2022/23 when total development expenditure was Kshs.11.66 billion. The analysis of expenditure by economic classification in the first half of FY 2023/24 is provided in Table 2.2.

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

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	3,831,353,394	519,956,414	4,351,309,808	376,579,524	4,727,889,332
Bomet	1,537,665,775	813,946,271	2,351,612,046	647,987,991	2,999,600,037
Bungoma	2,537,818,103	1,106,500,711	3,644,318,814	324,733,814	3,969,052,628
Busia	1,958,717,385	966,636,490	2,925,353,875	298,489,828	3,223,843,703
Elgeyo Marakwet	1,469,227,130	457,953,485	1,927,180,615	130,006,494	2,057,187,109
Embu	1,657,983,293	500,312,783	2,158,296,076	283,158,792	2,441,454,868
Garissa	2,064,630,661	531,746,005	2,596,376,666	804,726,661	3,401,103,327
Homa Bay	1,787,234,907	870,878,133	2,658,113,040	289,512,065	2,947,625,105
Isiolo	923,332,499	717,488,067	1,640,820,566	169,113,704	1,809,934,270
Kajiado	1,985,684,229	942,588,032	2,928,272,261	368,524,228	3,296,796,489
Kakamega	2,153,415,040	1,473,962,756	3,627,377,797	873,547,545	4,500,925,342
Kericho	1,502,208,587	676,876,868	2,179,085,455	222,794,015	2,401,879,470
Kiambu	3,689,405,575	1,642,493,118	5,331,898,693	838,682,140	6,170,580,833

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
Kilifi	2,147,648,830	2,255,573,062	4,403,221,892	940,128,519	5,343,350,411
Kirinyaga	979,026,737	742,380,794	1,721,407,531	267,461,987	1,988,869,518
Kisii	2,945,147,271	781,713,012	3,726,860,283	151,929,456	3,878,789,738
Kisumu	2,278,582,092	704,933,993	2,983,516,084	401,625,893	3,385,141,977
Kitui	2,964,744,478	1,664,428,599	4,629,173,077	1,053,954,083	5,683,127,160
Kwale	1,657,353,153	1,024,850,126	2,682,203,279	1,095,525,855	3,777,729,135
Laikipia	1,312,826,116	502,425,907	1,815,252,023	535,338,958	2,350,590,981
Lamu	809,094,774	335,494,187	1,144,588,961	141,617,575	1,286,206,536
Machakos	3,302,695,025	487,715,828	3,790,410,853	209,144,308	3,999,555,161
Makueni	1,606,464,532	872,042,003	2,478,506,535	251,148,916	2,729,655,451
Mandera	2,229,529,508	1,129,404,372	3,358,933,880	755,949,330	4,114,883,210
Marsabit	1,738,020,558	688,869,037	2,426,889,595	937,002,970	3,363,892,565
Meru	1,875,554,670	1,388,385,504	3,263,940,173	359,542,358	3,623,482,531
Migori	1,777,726,331	1,340,775,028	3,118,501,359	518,410,635	3,636,911,995
Mombasa	3,210,507,249	527,633,762	3,738,141,011	208,127,755	3,946,268,766
Murang'a	2,138,098,386	917,039,607	3,055,137,993	308,016,607	3,363,154,600
Nairobi City	7,494,051,602	2,856,102,047	10,350,153,648	461,497,508	10,811,651,156
Nakuru	3,633,777,831	1,952,432,152	5,586,209,983	1,462,888,213	7,049,098,196
Nandi	1,917,410,443	1,138,040,434	3,055,450,877	355,526,969	3,410,977,846
Narok	1,675,675,308	1,772,310,861	3,447,986,169	2,396,496,170	5,844,482,339
Nyamira	1,667,981,235	551,374,773	2,219,356,008	351,359,996	2,570,716,004
Nyandarua	1,380,573,387	926,340,804	2,306,914,191	197,058,809	2,503,973,000
Nyeri	1,789,792,135	622,600,785	2,412,392,920	185,343,593	2,597,736,513
Samburu	1,063,225,096	779,151,924	1,842,377,020	139,795,662	1,982,172,682
Siaya	1,507,492,303	1,004,269,266	2,511,761,569	609,084,251	3,120,845,820
Taita Taveta	1,457,914,607	494,939,513	1,952,854,120	101,650,772	2,054,504,892
Tana River	981,733,675	1,007,330,941	1,989,064,616	469,509,140	2,458,573,756
Tharaka Nithi	1,292,739,671	472,358,703	1,765,098,374	296,815,983	2,061,914,356
Trans Nzoia	1,823,565,265	678,595,612	2,502,160,876	524,028,908	3,026,189,784
Turkana	3,033,037,954	1,729,059,693	4,762,097,647	1,283,186,465	6,045,284,112
Uasin Gishu	2,250,060,715	971,301,026	3,221,361,741	860,708,301	4,082,070,042

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
Vihiga	1,369,312,322	598,703,204	1,968,015,526	397,636,602	2,365,652,128
Wajir	2,249,635,098	822,022,442	3,071,657,540	751,230,771	3,822,888,311
West Pokot	1,471,073,124	624,063,586	2,095,136,710	200,059,994	2,295,196,705
<b>Total</b>	<b>98,130,748,061</b>	<b>45,586,001,717</b>	<b>143,716,749,778</b>	<b>24,806,660,114</b>	<b>168,523,409,892</b>

Source: OCoB and County Treasuries

A review of cumulative expenditure by economic classification showed that Kshs.98.13 billion (58.2 per cent) was spent on Personnel Emoluments, Kshs.45.59 billion (27.1 per cent) on Operations and Maintenance, and Kshs.24.81 billion (14.7 per cent) on Development Expenditure.

### 2.6.1 Development Expenditure

The County governments spent Kshs.24.81 billion on development activities, representing an absorption rate of 12.2 per cent of the annual development budget of Kshs.203.11 billion, which increased from an absorption rate of 6.9 per cent reported in the first half of FY 2022/23 when development expenditure was Kshs.11.66 billion. Analysis of County budget allocations, expenditures and absorption rate in the period under review is provided in Table 2.3.

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

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	5,095.54	4,450.05	9,545.59	4,351.31	376.58	4,727.89	85.4	8.5	49.5
Bomet	6,134.31	2,386.79	8,521.10	2,351.61	647.99	2,999.60	38.3	27.1	35.2
Bungoma	9,827.06	5,643.04	15,470.10	3,644.32	324.73	3,969.05	37.1	5.8	25.7
Busia	5,971.15	2,571.45	8,542.60	2,925.35	298.49	3,223.84	49.0	11.6	37.7
Elgeyo/Marakwet	3,829.82	3,327.82	7,157.64	1,927.18	130.01	2,057.19	50.3	3.9	28.7
Embu	5,228.18	2,533.94	7,762.13	2,158.30	283.16	2,441.45	41.3	11.2	31.5
Garissa	6,630.15	3,727.00	10,357.15	2,596.38	804.73	3,401.10	39.2	21.6	32.8
Homa Bay	7,719.30	3,978.79	11,698.09	2,658.11	289.51	2,947.63	34.4	7.3	25.2
Isiolo	4,012.49	1,736.32	5,748.81	1,640.82	169.11	1,809.93	40.9	9.7	31.5
Kajiado	7,312.33	4,247.43	11,559.76	2,928.27	368.52	3,296.80	40.0	8.7	28.5
Kakamega	11,368.04	6,320.79	17,688.83	3,627.38	873.55	4,500.93	31.9	13.8	25.4
Kericho	5,965.67	2,939.97	8,905.63	2,179.09	222.79	2,401.88	36.5	7.6	27.0
Kiambu	14,299.84	7,271.52	21,571.36	5,331.90	838.68	6,170.58	37.3	11.5	28.6
Kilifi	10,609.90	8,126.41	18,736.30	4,403.22	940.13	5,343.35	41.5	11.6	28.5
Kirinyaga	4,791.44	2,449.10	7,240.55	1,721.41	267.46	1,988.87	35.9	10.9	27.5
Kisii	8,659.49	5,150.22	13,809.71	3,726.86	151.93	3,878.79	43.0	2.9	28.1
Kisumu	9,155.40	4,457.73	13,613.13	2,983.52	401.63	3,385.14	32.6	9.0	24.9
Kitui	8,864.51	5,124.27	13,988.78	4,629.17	1,053.95	5,683.13	52.2	20.6	40.6
Kwale	7,733.65	7,251.09	14,984.74	2,682.20	1,095.53	3,777.73	34.7	15.1	25.2
Laikipia	4,871.93	2,374.75	7,246.68	1,815.25	535.34	2,350.59	37.3	22.5	32.4
Lamu	2,686.17	1,900.74	4,586.91	1,144.59	141.62	1,286.21	42.6	7.5	28.0
Machakos	10,666.60	5,908.68	16,575.28	3,790.41	209.14	3,999.56	35.5	3.5	24.1

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Makueni	7,615.83	3,554.48	11,170.32	2,478.51	251.15	2,729.66	32.5	7.1	24.4
Mandera	7,970.53	5,043.69	13,014.22	3,358.93	755.95	4,114.88	42.1	15.0	31.6
Marsabit	5,100.31	4,324.34	9,424.65	2,426.89	937.00	3,363.89	47.6	21.7	35.7
Meru	8,225.46	3,676.35	11,901.81	3,263.94	359.54	3,623.48	39.7	9.8	30.4
Migori	7,318.03	4,339.01	11,657.04	3,118.50	518.41	3,636.91	42.6	11.9	31.2
Mombasa	9,274.50	5,425.50	14,700.00	3,738.14	208.13	3,946.27	40.3	3.8	26.8
Murang'a	7,176.92	3,582.05	10,758.97	3,055.14	308.02	3,363.15	42.6	8.6	31.3
Nairobi City	28,315.60	14,014.65	42,330.25	10,350.15	461.50	10,811.65	36.6	3.3	25.5
Nakuru	13,037.54	10,046.78	23,084.32	5,586.21	1,462.89	7,049.10	42.8	14.6	30.5
Nandi	6,199.20	3,164.11	9,363.32	3,055.45	355.53	3,410.98	49.3	11.2	36.4
Narok	10,421.74	4,573.33	14,995.06	3,447.99	2,396.50	5,844.48	33.1	52.4	39.0
Nyamira	4,983.93	2,369.72	7,353.64	2,219.36	351.36	2,570.72	44.5	14.8	35.0
Nyandarua	5,401.57	2,810.89	8,212.46	2,306.91	197.06	2,503.97	42.7	7.0	30.5
Nyeri	6,185.38	2,878.71	9,064.08	2,412.39	185.34	2,597.74	39.0	6.4	28.7
Samburu	4,729.21	2,695.73	7,424.94	1,842.38	139.80	1,982.17	39.0	5.2	26.7
Siaya	5,828.86	4,713.27	10,542.13	2,511.76	609.08	3,120.85	43.1	12.9	29.6
Taita/Taveta	4,973.94	2,328.02	7,301.96	1,952.85	101.65	2,054.50	39.3	4.4	28.1
Tana River	5,215.04	3,654.46	8,869.50	1,989.06	469.51	2,458.57	38.1	12.8	27.7
Tharaka -Nithi	3,801.15	2,521.03	6,322.19	1,765.10	296.82	2,061.91	46.4	11.8	32.6
Trans Nzoia	5,831.24	4,420.86	10,252.11	2,502.16	524.03	3,026.19	42.9	11.9	29.5
Turkana	10,168.88	6,928.19	17,097.07	4,762.10	1,283.19	6,045.28	46.8	18.5	35.4
Uasin Gishu	7,057.15	3,190.16	10,247.31	3,221.36	860.71	4,082.07	45.6	27.0	39.8
Vihiga	4,392.52	2,414.55	6,807.08	1,968.02	397.64	2,365.65	44.8	16.5	34.8
Wajir	8,252.43	4,271.17	12,523.60	3,071.66	751.23	3,822.89	37.2	17.6	30.5
West Pokot	5,422.92	2,292.05	7,714.97	2,095.14	200.06	2,295.20	38.6	8.7	29.7
<b>Total</b>	<b>354,332.85</b>	<b>203,111.01</b>	<b>557,443.86</b>	<b>143,716.75</b>	<b>24,806.66</b>	<b>168,523.41</b>	<b>40.6</b>	<b>12.2</b>	<b>30.2</b>

Source: OCoB and County Treasuries

The analysis of development expenditure shows that counties with the lowest absorption rates were Kisii at 2.9 per cent, Nairobi City at 3.3 per cent, and Machakos at 3.5 per cent. Counties with the highest proportion of development expenditure to the approved annual development budget were; - Narok at 52.4 per cent, Bomet at 27.1 per cent and Uasin Gishu at 27 per cent. An analysis of the development expenditure implemented by Counties is provided in chapter three.

### 2.6.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.143.72 billion or 85.3 per cent of the total expenditure on recurrent activities. This expenditure represented 40.6 per cent of the annual County government's budget for recurrent activities and was a slight decline from 40.7 per cent recorded in a similar period of the FY 2022/23 when expenditure stood at Kshs.133.55 billion.

The recurrent expenditure comprised Kshs.98.13 billion (68.3 per cent) on Personnel Emoluments and Kshs.45.59 billion (31.7 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by Counties is provided in chapter three.

### 2.6.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.703.62 million on MCA's Sitting allowances against an approved budget

allocation of Kshs.2.0 billion during the reporting period. This expenditure translated to 35.2 per cent of the approved MCAs sitting allowance budget, an increase from 18.2 per cent in the first half of FY 2022/23 when Kshs.434.29 million was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first half of FY 2023/24.

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

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100		D
Baringo	89,808,000	41,068,323	45.7	45	152,105
Bomet	24,048,960	9,714,000	40.4	39	41,513
Bungoma	61,334,400	19,610,408	32.0	63	51,879
Busia	56,662,600	19,490,100	34.4	54	60,155
Elgeyo Marakwet	30,992,000	15,495,929	50.0	34	75,960
Embu	86,424,734	7,956,300	9.2	31	42,776
Garissa	30,832,000	12,396,900	40.2	49	42,166
Homa Bay	56,659,200	14,248,659	25.1	54	43,977
Isiolo	10,503,758	4,439,200	42.3	18	41,104
Kajiado	47,471,010	12,664,100	26.7	42	50,254
Kakamega	131,609,160	31,233,918	23.7	88	59,155
Kericho	35,669,600	12,602,700	35.3	48	43,759
Kiambu	50,000,000	34,394,100	68.8	89	64,408
Kilifi	31,949,940	17,170,400	53.7	56	51,102
Kirinyaga	54,484,345	10,754,500	19.7	32	56,013
Kisii	64,396,800	33,882,900	52.6	71	79,537
Kisumu	45,305,000	8,962,400	19.8	48	31,119
Kitui	17,640,000	9,959,664	56.5	61	27,212
Kwale	43,249,600	8,098,600	18.7	31	43,541
Laikipia	21,189,600	6,679,400	31.5	22	50,602
Lamu	10,485,500	6,594,700	62.9	20	54,956
Machakos	43,000,000	36,192,900	84.2	61	98,888
Makueni	40,575,947	17,657,400	43.5	49	60,059
Mandera	32,000,000	7,301,100	22.8	51	23,860
Marsabit	34,714,469	13,205,400	38.0	33	66,694
Meru	71,355,600	20,652,200	28.9	69	49,885
Migori	54,221,000	19,891,178	36.7	60	55,253
Mombasa	41,652,000	13,387,800	32.1	43	51,891
Murang'a	50,000,000	14,102,635	28.2	48	48,967
Nairobi City	84,396,000	25,275,900	29.9	124	33,973
Nakuru	40,000,000	26,657,394	66.6	83	53,529
Nandi	30,888,000	4,754,100	15.4	45	17,608
Narok	36,113,760	15,293,200	42.3	50	50,977
Nyamira	12,314,820	3,712,258	30.1	36	17,186
Nyandarua	39,487,500	16,008,200	40.5	42	63,525
Nyeri	19,300,000	10,141,300	52.5	42	40,243
Samburu	31,200,000	10,998,075	35.3	27	67,889
Siaya	38,476,848	11,163,371	29.0	43	43,269



County	Budget	Expenditure	Absorption	No. of MCAs	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Taita Taveta	33,600,000	10,556,100	31.4	32	54,980
Tana River	8,400,000	6,759,300	80.5	27	41,724
Tharaka Nithi	29,203,200	8,573,332	29.4	24	59,537
Trans Nzoia	50,610,635	12,723,300	25.1	34	62,369
Turkana	44,965,952	5,611,800	12.5	48	19,485
Uasin Gishu	40,000,000	14,346,800	35.9	45	53,136
Vihiga	27,000,000	17,581,044	65.1	37	79,194
Wajir	41,776,800	19,286,600	46.2	46	69,879
West Pokot	21,000,000	4,371,900	20.8	34	21,431
<b>Total</b>	<b>1,996,968,738</b>	<b>703,621,788</b>	<b>35.2</b>	<b>2228</b>	<b>52,635</b>

Source: OCoB and County Treasuries

Baringo County Assembly reported the highest average monthly sitting allowance per MCA at Kshs.152,105.

#### 2.6.4 Pending Bills as of 31st December 2023

Counties reported outstanding pending bills of Kshs.156.34 billion as of 31<sup>st</sup> December 2023. This comprised Kshs.154.86 billion by the County Executive and Kshs.1.48 billion by County Assemblies, as shown in Table 2.5.

**Table 2.5: Pending Bills for the Counties as of 31<sup>st</sup> December 2023 (In Kshs.)**

County	County Executive		County Assembly		Total
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	
Baringo	2,549,000	2,000,000	-	-	4,549,000
Bomet	102,472,832	410,320,794	-	-	512,793,626
Bungoma	625,390,159	471,895,195	23,758,662	-	1,121,044,016
Busia	1,020,040,855	1,205,236,323	71,407,543	-	2,296,684,721
Elgeyo-Marakwet	1,741,200	1,046,255	-	-	2,787,455
Embu	922,992,786	1,001,801,917	15,494,190	1,187,000	1,941,475,894
Garissa	52,031,929	554,251,492	23,062,536	33,972,982	663,318,939
Homa Bay	44,038,415	817,857,665	59,163,165	-	921,059,244
Isiolo	321,591,741	96,753,500	9,346,400	4,561,081	432,252,722
Kajiado	492,539,619	879,059,841	13,890,810	-	1,385,490,270
Kakamega	421,210,218	979,327,790	44,266,115	-	1,444,804,123
Kericho	108,465,994	357,332,525	-	-	465,798,519
Kiambu	3,401,871,168	2,209,361,553	77,228,246	23,153,445	5,711,614,412
Kilifi	727,913,794	623,103,315	-	-	1,351,017,109
Kirinyaga	415,041,433	221,110,222	-	-	636,151,655
Kisii	287,351,005	903,562,973	1,744,470	51,227,694	1,243,886,142
Kisumu	-	1,636,655,660	3,804,194	-	1,640,459,854
Kitui	117,497,964	271,172,470	11,691,804	-	400,362,238
Kwale	173,123,857	-	-	-	173,123,857
Laikipia	939,088,831	812,211,585	11,296,263	4,701,439	1,767,298,118
Lamu	42,246,338	27,104,339	-	-	69,350,677

County	County Executive		County Assembly		Total
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	
Machakos	1,335,613,863	1,603,994,826	91,723,782	-	3,031,332,472
Makueni	140,309,047	44,271,592	-	-	184,580,639
Mandera	82,308,279	2,222,249,911	-	-	2,304,558,190
Marsabit	-	162,837,219	13,081,424	164,630,548	340,549,191
Meru	155,331,258	493,484,376	-	-	648,815,634
Migori	411,077,631	490,747,897	84,427,109	50,000,000	1,036,252,637
Mombasa	2,265,881,694	1,656,250,183	-	-	3,922,131,877
Murang'a	578,651,747	46,065,103	65,641,035	12,201,263	702,559,148
Nairobi	106,880,000,000	-	157,053,000	-	107,037,053,000
Nakuru	1,179,603,203	234,367,734	44,455,921	-	1,458,426,858
Nandi	148,945,091	136,957,508	-	20,651,079	306,553,678
Narok	496,790,550	907,066,136	29,480,255	1,406,960	1,434,743,901
Nyamira	121,725,576	134,269,376	-	-	255,994,952
Nyandarua	31,453,000	114,714,313	87,057,235	-	233,224,548
Nyeri	20,323,305	18,654,922	2,041,790	-	41,020,017
Samburu	92,173,005	320,492,734	-	-	412,665,739
Siaya	307,043,437	178,098,010	-	-	485,141,447
Taita-Taveta	425,377,261	351,909,226	12,351,391	2,250,000	791,887,878
Tana River	945,817,509	684,854,598	-	-	1,630,672,107
Tharaka-Nithi	144,670,909	92,695,017	115,982,790	-	353,348,715
Trans Nzoia	810,456,288	285,107,419	-	-	1,095,563,708
Turkana	33,673,807	1,365,818,777	-	-	1,399,492,584
Uasin Gishu	28,167,065	11,471,800	-	-	39,638,865
Vihiga	573,845,729	548,576,361	-	-	1,122,422,090
Wajir	967,698,359	689,761,076	-	-	1,657,459,435
West Pokot	89,007,898	98,599,949	3,178,932	34,489,000	225,275,779
<b>Total</b>	<b>128,485,144,650</b>	<b>26,374,481,477</b>	<b>1,072,629,062</b>	<b>404,432,492</b>	<b>156,336,687,680</b>

Source: County Treasuries

Nairobi City County accounted for 68.5 per cent of the total pending bills at Kshs.107.04 billion. Elgeyo Marakwet and Baringo Counties had the lowest outstanding pending bills at Kshs.2.79 million and Kshs.4.55 million, respectively. The Controller of Budget recommends that all pending bills be budgeted as a first charge in the budgets in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

## 3. BUDGET PERFORMANCE BY COUNTY GOVERNMENTS

### 3.1. County Government Baringo

#### 3.1.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.6.65 billion (69.6 per cent) as the equitable share of revenue raised nationally, Kshs.149.38 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.443.14 billion (4.7 per cent) as conditional grants, and generate Kshs.300.72 million (3.5 per cent) as ordinary own-source revenue. Additionally, the County had a cash balance of Kshs.1.76 billion brought forward from FY 2022/23 which was not factored in the approved budget. A breakdown of the conditional grants is provided in Table 3.1.

#### 3.1.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.23 billion from the equitable share of the revenue raised nationally, raised Kshs.83.87 million as FIF, utilized a cash balance of Kshs.1.76 billion from FY 2022/23, and raised Kshs.86.91 million as ordinary own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.4.15 billion, as shown in Table 3.1.

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

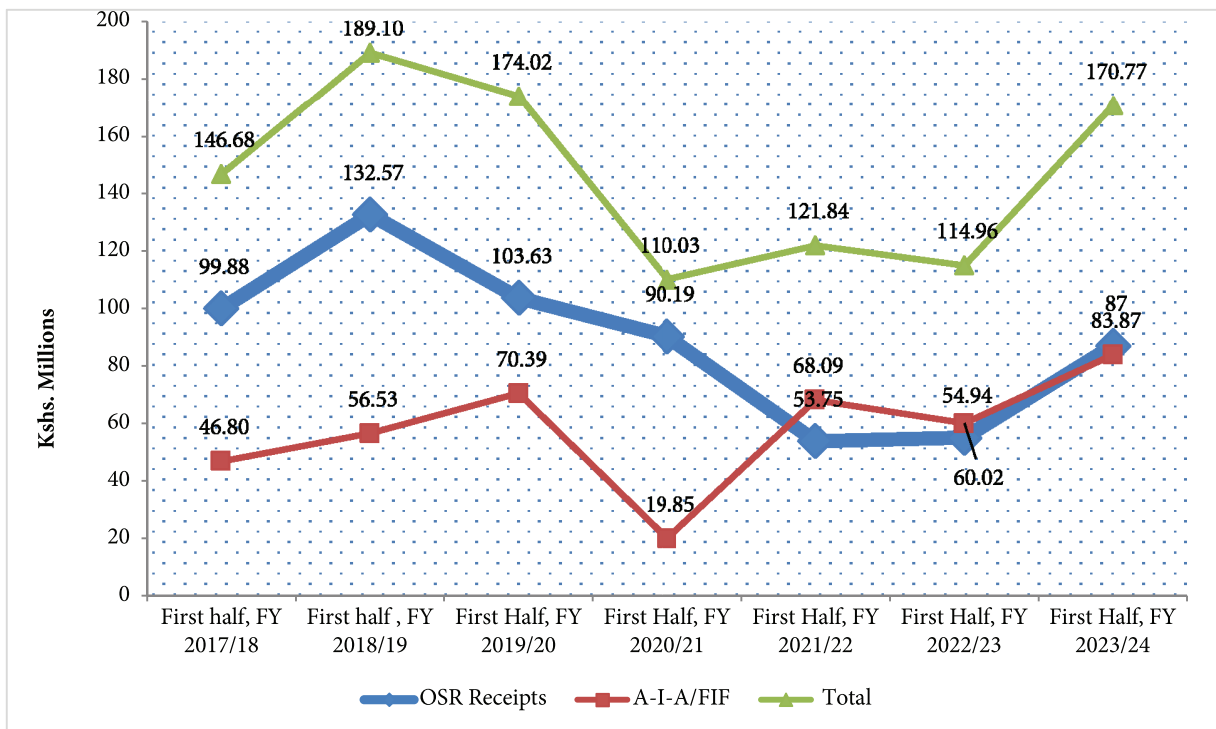
S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,647,771,186	2,227,003,348	33.5
<b>Sub Total</b>		<b>6,647,771,186</b>	<b>2,227,003,348</b>	<b>33.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Kenya Livestock Commercialization Project (KELCLOP) II	36,500,000	-	-
2	Livestock Value Chain Support Project	28,647,360	-	-
3	De-Risking and Value Enhancement (DRIVE)	63,341,980	-	-
4	DANIDA Grant Primary Health Care	9,297,750	-	-
5	Conditional Grants for provision of Fertilizer subsidy Programme	75,977,677	-	-
6	IDA World Bank (KCSAP)	90,000,000	-	-
7	IDA (World Bank) credit (FLLoCA) climate	11,000,000	-	-
8	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	1,733,647	500,000.00	-
10	World Bank Emergency Locusts Project	126,616,044	-	-
	<b>Sub-Total</b>	<b>443,114,458</b>	<b>- 500,000</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	300,719,215	86,907,155	28.9
2	Aggregated Industrial Park Programme	100,000,000	-	-
3	Transfer of Library Services	24,613,310	-	-
4	Court Fines and Minerals Royalties	20,355	-	-
5	Balance B/Fwd from FY2022/23	1,755,454,595	1,755,454,595	100.0

S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6.	Leasing of Medical Equipment	124,723,404	-	-
7.	Facility Improvement Fund (FIF)	149,378,181	83,866,065	56.1
	<b>Sub Total</b>	<b>2,454,909,060</b>	<b>1,926,227,815</b>	<b>78.5</b>
	<b>Grand Total</b>	<b>9,545,794,704</b>	<b>4,153,231,163</b>	<b>43.5</b>

Source: Baringo County Treasury

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

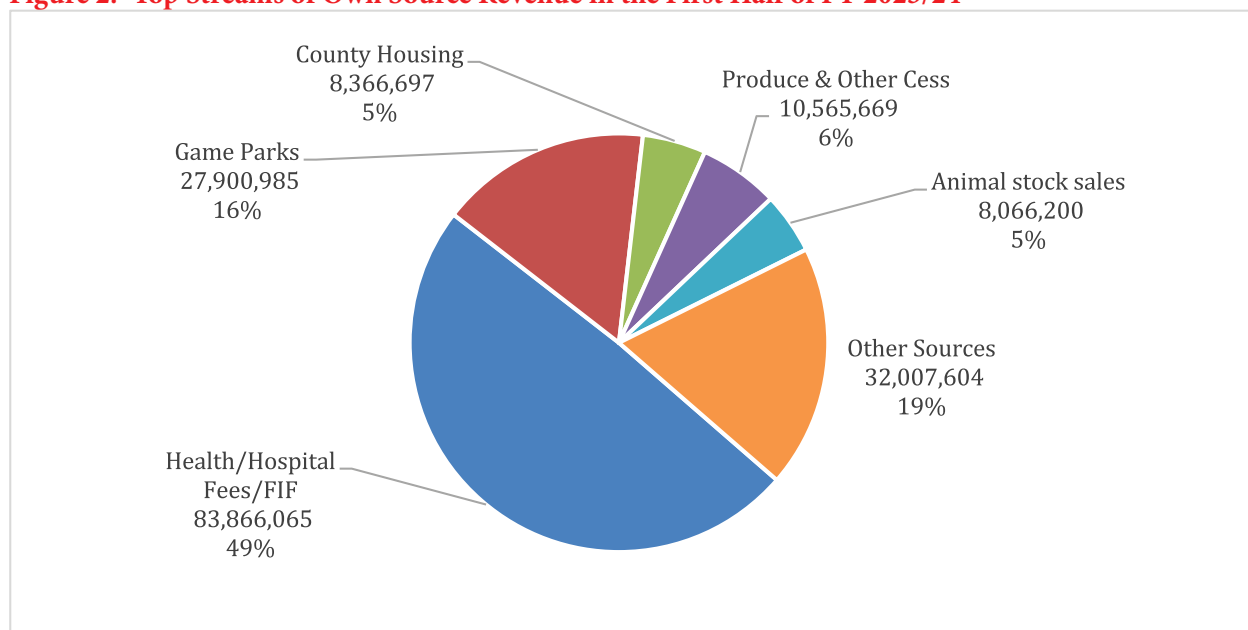
**Figure 1: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Baringo County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.170.77 million from its sources of revenue inclusive of FIF and AIA. This amount represented an increase of 48.5 per cent compared to Kshs.114.96 million realised in a similar period in FY 2022/23 and was 37.9 per cent of the annual target and 7.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 2.

**Figure 2: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Baringo County Treasury*

The highest revenue stream of Kshs.83.87 million was from F.I.F from Health facilities contributing to 49 per cent of the total OSR receipts during the reporting period.

### 3.1.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.79 billion from the CRF account during the reporting period which comprised Kshs.395.04 million (14.1 per cent) for development programmes and Kshs.2.39 billion (85.9 per cent) for recurrent programmes. Analysis of the exchequers released in the first half of FY 2023/24 indicates that Kshs.1.91 billion was released towards Employee Compensation, Kshs.477.56 million was for Operations and Maintenance expenditure and Kshs.395.04 million was for Development expenditure

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.538.54 million.

### 3.1.4 County Expenditure Review

The County spent Kshs.2.82 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the CoB and comprised Kshs.376.58 million and Kshs.2.44 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.0 per cent, while recurrent expenditure represented 48 per cent of the annual recurrent expenditure budget.

### 3.1.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.178.43 million, comprising Kshs.24.74 million for recurrent expenditure and Kshs.146.22 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.166.41 million were settled comprising Kshs.22.19 million for recurrent expenditure and Kshs.144.19 million for Development expenditure. At the end of the first half of FY2023/24, the county reported a stock of pending bills amounting to Kshs.4.55 comprising of Kshs.2.55 million for recurrent expenditure and Kshs.2 million for development expenditure

### 3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.70 billion on employee compensation, Kshs.374.95 million on operations and maintenance, and Kshs.372.31 million on development activities. Similarly, the County Assembly spent Kshs.216.70 million on employee compensation, Kshs.145.01 million on operations and maintenance, and 4.27 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
<b>Total Recurrent Expenditure</b>	<b>4,266,579,606</b>	<b>799,582,151</b>	<b>2,076,775,885</b>	<b>361,706,995</b>	<b>48.7</b>	<b>45.2</b>
Compensation to Employees	3,106,422,263	409,008,685	1,701,828,552	216,697,915	54.8	53.0
Operations and Maintenance	1,160,157,343	390,573,466	374,947,333	145,009,081	32.3	37.1
<b>Development Expenditure</b>	<b>4,450,052,447</b>	<b>29,380,500</b>	<b>372,306,264</b>	<b>4,273,260</b>	<b>8.4</b>	<b>-</b>
<b>Total</b>	<b>8,716,632,053</b>	<b>828,962,651</b>	<b>2,449,082,149</b>	<b>365,980,255</b>	<b>28.1</b>	<b>44.1</b>

Source: Baringo County Treasury

### 3.1.7 Expenditure on Employees' Compensation

In the first half of FY 2023/24, expenditure on employee compensation was Kshs.1.92 billion, or 46.3 per cent of the available revenue which amounted to Kshs.4.15 billion. This expenditure represented an increase from Kshs.1.73 billion reported in the first half of FY 2022/23. The wage bill included Kshs.995 million paid to health sector employees, translating to 51.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.91 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.7.97 million was processed through manual payrolls. The manual payrolls accounted for 0.42 per cent of the total PE cost.

The County Assembly spent Kshs.41.07 million on committee sitting allowances for the 45 MCAs including the Speaker against the annual budget allocation of Kshs.89.81 million. The average monthly sitting allowance was Kshs.152,105 per MCA. The County Assembly has established 25 House Committees.

### 3.1.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.77 million to county-established funds in FY 2023/24, constituting 0.8 per cent of the County's overall budget. Table 3.3 summarises each established Fund's budget allocation and performance during the reporting period.

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

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No)
<b>County Executive Established Funds</b>					
1.	Baringo County Executive Car Loan & House Mortgage Scheme	5,000,000	-	-	No
2.	Baringo County Bursary & Scholarships Fund	30,000,000	-	-	No
3.	Baringo County Emergency Fund	25,000,000	-	-	No
4.	Baringo County Small & Medium Enterprise Fund	3,000,000	-	-	No
5.	Baringo County Co-operative Development Fund	-	-	-	No
6.	Baringo County Community Wildlife Conservation Fund	Based on Revenue Collection	-	-	No

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No)
<b>County Assembly Established Funds</b>					
7	Baringo County Assembly Staff Car Loans & Mortgage Fund	14,000,000	-	-	No
<b>Total</b>		<b>77,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

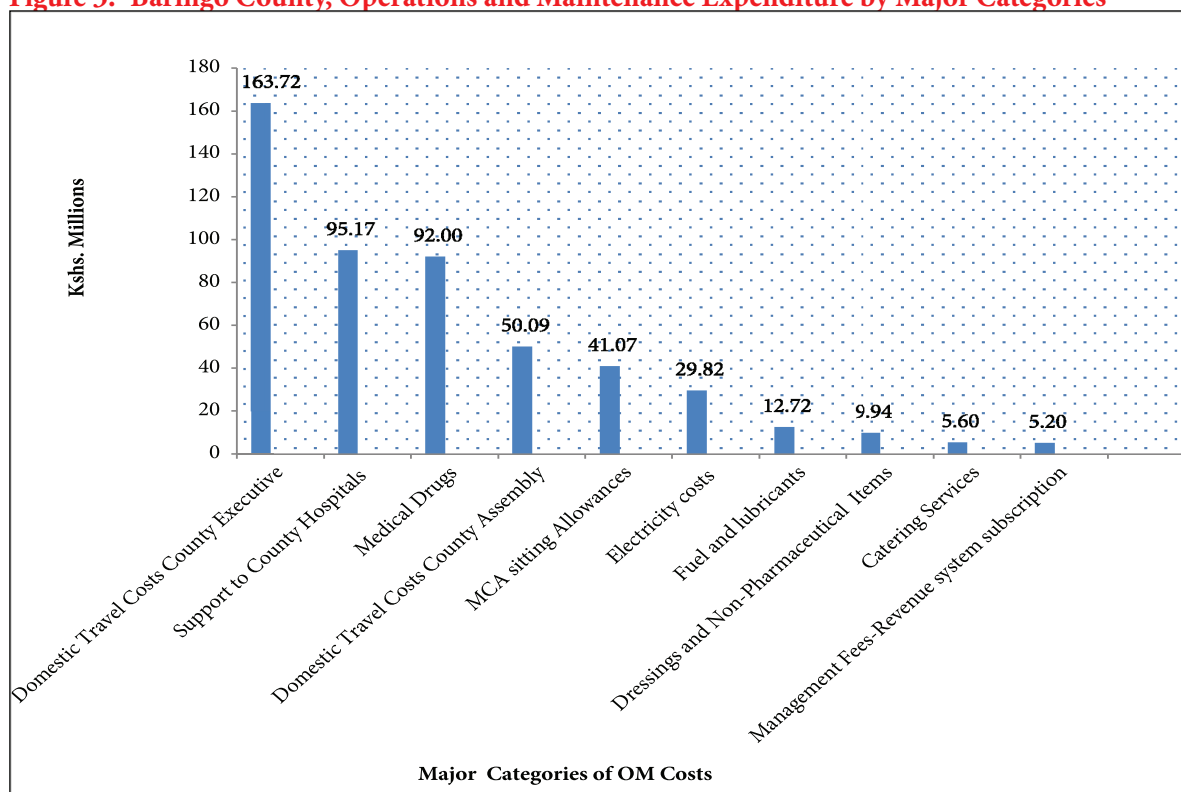
Source: Baringo County Treasury

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

### 3.1.9 Expenditure on Operations and Maintenance

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

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



Source: Baringo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.214.81 million and comprised Kshs.50.09 million spent by the County Assembly and Kshs.163.72 million by the County Executive. Both the County Executive and County Assembly did not report any expenditure on foreign travel.

### 3.1.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.376.58 million on development programmes, representing 18.6 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.317.65 million on development expenditure. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector/Department	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
1	Finance and Economic planning	KDSP Programme project (Level II grant)	Suna Central	179,001,764	21,947,207	On-going Project
2	Agricultural Services	Fish breeding cages at Lake Baringo and Kirandich Dam	Baringo south & Baringo central	5,000,000	4,508,015.00	Completed
3	Land Housing and Urban Development	Chemolingot Public Grounds	Ribkwo	13,000,000	12,840,586	Completed
4	Health Services	Installation of electricity in Kabartonjo sub-county Hospital	Kabartonjo	5,000,000	5,187,214	Completed
5	Roads and Public Works	Rural road development and management	Various Wards	240,327,625	30,237,787	ongoing
6	Finance and Economic planning	Revenue Infrastructure Services	Construction of market toilets at Maoi, Tangulbei and Barwessa Centres	4,000,000	2,000,000	ongoing
7	Trade and Tourism	Tourism development Services	Construction and Branding of Lake Bogoria gate and campsite	34,320,101	9,500,000	ongoing
8	Youth and Gender	Infrastructural development	Construction of various empowerment centers	129,262,992	19,110,144	Ongoing

Source: Baringo County Treasury

### 3.1.11 Budget Performance by Department

Table 3.5 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.5: Baringo County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	829	127	361.71	4	361.71	4	100	1.0	44	3
The Governor's Office	3,402	71	1,696.13	-	1,702	-	100	-	50	-
County Finance and Economic Planning	142	188	51.47	147	61	147	118	100	43	78
Roads, Transport, Energy and Public Works	36	706	24.60	33	4	30	15	91	10	4
Trade, Cooperatives and Industrialization	18	509	8.72	31	10	10	115	31	55	2
Education and Vocational training	84	264	7.82	27	6	24	83	87	8	9
Health Services	399	593	145.17	5.89	226	5	156	88	57	1
Lands, Housing & Urban Development	22	136	9.14	12	7.42	13	81	107	34	9
Agriculture, Livestock, and Fisheries Management	31	666	13.89	3	9	5	62	145	28	1
Youth Affairs, Sports, Culture, Gender and Social services	34	129	17.55	2	14	19	81	1274	42	15
Water and Irrigation	63	1,021	35.29	124	32	120	90	97	51	12



Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment, Tourism, Wildlife Management, Natural Resources and Mining	19	39	10.20	6	6	-	63	0	34	-
County Public Service Board	18	-	8.70	-	-	-	-	-	-	-
<b>Total</b>	<b>5,096</b>	<b>4,450</b>	<b>2,390</b>	<b>395</b>	<b>2,438</b>	<b>377</b>	<b>102.0</b>	<b>95</b>	<b>48</b>	<b>8</b>

Source: Baringo County Treasury

Analysis of expenditure by department shows that the Department of County Finance and Economic Planning recorded the highest absorption rate of the development budget at 78.0 per cent while the County Public Service Board did not report any expenditure. The County Executive Payroll is budgeted under the Governor's office.

### 3.1.12 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 2023/24.

**Table 3.6: Summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.**

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
County Assembly							
Office of the Clerk		-	-	-	-	-	-
	General administration	-	-	-	-	-	-
	General Administration, / Support Services	828,962,651		361,706,995	-	44	-
	Landscaping and beautification of Speaker's residential buildings		19,000,000		-	-	-
	Drilling and equipping of 2No. Water boreholes at County Assembly and Speaker's residence		10,000,000		-	-	-
	Proposed Installation of Electric, Razor wires and CCTV at the speaker's residence	-	10,100,000		-	-	-
	Supply, Installation, and Commissioning of Hansard System and Equipment for the Assembly Chambers.	-	74,300,000		4,273,260	-	6
	Purchase and Installation of interior designs of County Assembly chambers	-	4,526,227		-	-	-
	Feasibility studies on project preparation and design for CCTV, Boreholes and Landscaping	-	9,000,000		-	-	-
Office of the Governor and Deputy Governor	General Administration	-	-		-	-	-
	P3 GOVERNORS OFFICE	39,829,600	-	34,334,954	-	86	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
	Office of County Secretary	182,100,000	-	12,514,239	-	7	-
	P4 Acquisition of Assets	6,500,000	-	-	-	-	-
	Office of the Deputy Governor	19,109,339	-	5,691,675	-	30	-
Public Services, Administration, Devolution, & ICT	General Administration, Salaries and Operations	3,128,345,281	-	1,635,206,265	-	52	-
	Tiaty West sub-county (Administration)	3,679,080	-	1,482,500	-	40	-
	Tiaty East sub-county (Administration)	2,971,000	-	65,300	-	-	-
	Baringo North sub-county	3,886,222	-	1,223,000	-	31	-
	Baringo Central sub-county	4,018,027	-	978,800	-	24	-
	Baringo South sub-county	3,784,000	-	1,184,450	-	31	-
	Mogotio sub-county	3,762,377	-	1,636,000	-	43	-
	Eldama Ravine sub-county	3,652,412	-	1,206,518	-	33	-
	Infrastructure Development - Ward offices		33,548,807		-	31	-
	Acquisition of Kabarnet Hotel		20,000,000	-	-	-	-
	Acquisition of land for Deputy Governor's Residence		5,000,000	-	-	-	-
	Support to Baringo ICT Centre		1,000,000	-	-	-	-
	Support to ELIAS ICT Centre		3,000,000	-	-	-	-
	Ajira Centre Connectivity		30,743	-	-	-	-
	Installation of LAN at Mogotio and Marigat sub county hospital		3,000,000	-	-	-	-
	Installation of CIMES Operationalization	-	1,000,000	-	-	-	-
	Redesign of County website to include online recruitment, tourism, Town and hospital portals	-	4,500,000	-	-	-	-
Finance & Economic Planning	Finance Administration	91,425,000	-	27,407,957	-	30	-
	Economic Planning	50,624,618	-	33,119,424	-	65	-
	Infrastructural Development	-	-	-	-	-	-
	Infrastructural Development- Boda-boda shades	-	4,000,000	-	-	-	-
	KDS Programme	-	179,001,764	-	147,383,061	-	82
	Revenue Services Development Services	-	5,020,355	-	-	-	-
	Treasury Accounts	-	-	-	-	-	-
	Purchase of Utility Project Vehicles	-	-	-	-	-	-
Revenue Department	KDSP Programme project (Level II grant)	-	-	-	-	-	-
	Eldama Ravine sub-county	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
Monitoring and Evaluation	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	-	-	-
Transport and Infrastructure	General Administration	35,700,173	-	3,715,285	-	10	-
	Urban Infrastructure Development	-	50,578,960	-	-	-	-
	Rural Infrastructure Development	-	67,200,000	-	-	-	-
	New and maintenance of roads County-wide	-	431,424,045	-	30,237,787	-	7
	Installation of Floodlights	-	12,080,641	-	-	-	-
	Complete Construction of Public Works Office Block	-	23,000,000	-	-	-	-
	Construction of Foot Bridges	-	47,509,057	-	-	-	-
	Culverts and Bridges	-	17,100,000	-	-	-	-
Industry, Commerce, Tourism, Cooperatives and Enterprise Development	General Administration	18,448,989		10,064,080	-	55	-
	Co-operative services Development	-	82,234,780	-	-	-	-
	Tourism Development & Marketing	-	46,320,101	-	9,500,000	-	21
	Infrastructure and Trade Development	-	17,500,000	-	-	-	-
	Industrial Development and Investment services	-	359,000,000	-	-	-	-
Trade Development and Management Services	General administration	-		-	-	-	-
	Trade Development	-	2,000,000	-	-	-	-
Education	General Administration, Planning and support services	84,490,000	-	6,481,727	-	8	-
Early Childhood Development	Infrastructure development	-	173,906,666	-	-	-	-
Early Childhood Development Education	Curriculum Development and Equipment	-	2,500,000	-	-	-	-
Vocational Training development	Infrastructure Development	-	58,344,527	-	-	-	-
Vocational Training development	Bursary and Scholarship Programme	-	29,400,000	-	23,518,407	-	80
County Health Services	General Administration	398,631,775	-	225,756,765	-	57	-
Curative and Rehabilitative Services	Infrastructure development	-	321,342,202	-	5,187,214	-	2
Preventive and Promotive Health Services	Infrastructure development	-	271,642,611	-	-	-	-
	Health/preventive services	-	-	-	-	57	-
	Medical Drugs	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
Promotion of primary healthcare	General administration	-	-	-	-	-	-
Lands and Urban Development	General administration	10,003,832		5,661,154	-	57	-
Land use planning and Information management	Land Policy and Planning Services	-	5,500,000	-	-	-	-
Land use planning and Information management	Land Survey Services	-	11,100,000	-	-	-	-
Eldama Ravine Town- Urban Development	Infrastructure development	5,154,129	18,853,000	325,614	-	6	-
Kabarnet Municipality Services	Infrastructure development	6,759,157	23,500,000	1,435,578	-	21	-
Housing Development and management	Housing development	-	1,200,000	-	-	-	-
Land use planning and Information management	Land Adjudication Services	-	17,500,000	-	-	-	-
Land use planning and Information management	Land adjudication and demarcation	-	1,500,000	-	-	-	-
Land use planning and Information management	Land Policy and Planning Services	-	25,237,350	-	-	-	-
General Administration, Planning and Support Services	Infrastructure Development	-	6,000,000	-	-	-	-
Kabarnet Municipality Services	Sanitation & waste management	-	8,500,000	-	-	-	-
	Urban Safety and Disaster Control Services	-	2,000,000	-	-	-	-
	Infrastructure development	-	15,100,000	-	12,840,586	-	85
	Urban Infrastructure development and management	-	-	-	-	-	-
Agricultural Services	General Administration and Planning	30,779,781	-	8,584,246	-	28	-
Livestock resources management and development	Livestock upgrading	-	149,789,340	-	-	-	-
Milk Processing Plant-Eldama Ravine	Completion of Milk Processing Plant	-	46,000,000	-	-	-	-
Kabartonjo Milk Cooling Plant	Construction of Ossen Milk Cooling Plant	-	3,500,000	-	-	28	-
Livestock Sale yards	Maintenance of Livestock Sale Yards- Emining, Loruk and Loitip	-	1,500,000	-	-	-	-
Slaughterhouses Maintenance	Maintenance of slaughter houses and slabs	-	1,000,000	-	-	-	-
Maoi Slaughter House	Slaughter houses and slabs:	-	10,000,000	-	-	-	-
Loruk Slaughter House	Completion of Loruk Slaughter House	-	3,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
Barwessa Slaughter House	Completion of Barwessa Slaughter House	-	3,000,000	-	-	-	-
Ngentalel Slaughter House	Completion of Ngentalel Slaughter House	-	4,000,000	-	-	-	-
Cattle Dips and Animal Vaccinations	Dips and Vaccines	-	18,000,000	-	-	-	-
Bee Keeping	Beehives	-	9,000,000	-	-	-	-
Hay stores, purchase of pasture seeds and Climate change	Hay stores, purchase of pasture seeds and Climate change	-	10,000,000	-	-	-	-
Support to ATC Services	Support to ATC Services	-	7,000,000	-	-	-	-
Agricultural Machinery	Purchase of Tractor	-	4,500,000	-	-	-	-
Conditional Grants for provision of Fertilizer subsidy Programme	Conditional Grants for provision of Fertilizer subsidy Programme	-	75,977,677	-	-	-	-
IDA World Bank (KCSAP)	IDA World Bank (KCSAP)	-	90,000,000	-	-	-	-
Matching fund to IDA World Bank (KCSAP)	Matching fund to IDA World Bank (KCSAP)	-	1,200,000	-	-	-	-
SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	-	1,733,647	-	-	-	-
World Bank Emergency Locusts Project	World Bank Emergency Locusts Project	-	126,616,044	-	-	-	-
Certified pasture and maize	Provision of pastures and maize seeds	-	4,000,000	-	-	-	-
Purchase of Mangoes, Macadamia and Coffee Seedlings	Purchase of Mangoes, Macadamia and Coffee Seedlings for Mochongoi	-	19,900,000	-	-	-	-
Cattle Dips and Animal Vaccinations	Renovations of Cattle Dips	-	41,046,396	-	-	-	-
Cooperative stores	Construction of Cooperative stores	-	21,746,057	-	-	-	-
Motor Boats	Purchase of motorboats	-	-	-	-	-	-
Fisheries development and management	Fish breeding cages at Lake Baringo and Kiradech Dam	-	12,300,000	-	4,508,015	-	37
Culture, Youth and Gender	General Administration	33,592,453	-	14,231,070	-	42	-
Social Services and Safety nets	Affirmative Action Initiatives	-	28,952,631	-	-	-	-
Social Services and Safety nets	Infrastructure Development	-	8,097,229	-	-	-	-
Cultural and Creative Arts Development	Infrastructural development	-	4,500,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
Gender development and management	Gender Initiatives	-	1,000,000	-	-	-	-
Youth Development and Management	Infrastructure Development	-	11,000,000	-	-	-	-
Sports Development and Management	Infrastructural development	-	26,988,728	-	19,110,144	-	71
Culture and Creative Arts Development	Cultural Promotion Initiative	-	3,100,000	-	-	-	-
Culture and Creative Arts Development	Infrastructural development-social Halls	-	13,950,419	-	-	-	-
Gender development and management	Gender Initiatives-Women Empowerment	-	3,600,000	-	-	-	-
Youth Development and Management	Youth Initiatives- Youth Empowerment	-	7,900,000	-	-	-	-
Youth Development and Management	Infrastructural development-Playing Grounds	-	8,573,985	-	-	-	-
Water Management Services	General Administration	62,655,512	-	31,745,040	-	51	-
Water resource development and supplies management	Water resource management and storage	-	994,914,244	-	120,021,050	-	12
Irrigation infrastructure development	Irrigation Infrastructure	-	26,100,000	-	-	-	-
Environment Administration and Planning	Planning and Administration	18,754,819	-	6,419,394	-	34	12
Environmental Conservation and Management	Environmental conservation and protection	-	11,300,000	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and Wildlife Conservation and Management	-	3,500,000	-	-	-	-
Environmental conservation and management	Solid Waste management	-	9,350,400	-	-	-	-
Environmental Conservation and Management	Environmental conservation and protection	-	14,024,900	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and Wildlife Conservation and Management	-	1,300,000	-	-	-	-
Climate Change Fund Projects	Water resource/ pasture development and supplies management	-	71,988,914	-	-	-	-
	Protection of rivers and streams	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Development Expenditure	Actual Expenditure as of 31 <sup>st</sup> Dec 2023	Development Expenditure	Absorption Rate (%)	Development Expenditure
		Recurrent Expenditure		Recurrent Expenditure		Recurrent Expenditure	
County Public Service Board	Administration and Planning	17,922,030	-	6,304,852	-	35	-
<b>Grand Total</b>		<b>5,095,542,257</b>	<b>4,450,052,447</b>	<b>2,438,482,881</b>	<b>376,579,524</b>	<b>48</b>	<b>8</b>

*Source: Baringo County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Infrastructural Development (Kabarnet Municipality) in the Department of Lands and Housing at 85 per cent, KDS Programme in the Department of Finance and Economic Planning at 82 per cent, Bursary and Scholarship in the Department of Education at 80 per cent, Infrastructural development at 71 per in the Department of Youth and Sports of their of budget allocation.

### 3.1.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 2.5, where the County incurred expenditure over approved exchequer issues in some departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Executive Car Loans & House Mortgage Fund Scheme, Education & Scholarships Fund, and County Assembly Car Loans & Mortgage Fund Scheme were not submitted to the Controller of Budget
3. Use of manual payroll. Personnel emoluments amounting to Kshs.7.97 million were processed through the manual payroll, accounting for 0.42 per cent of the total payroll cost. The manual payroll is generated by the County Assembly. This is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

## 3.2. County Government of Bomet

### 3.2.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.6.98 billion (81.9 per cent) as the equitable share of revenue raised nationally, Kshs.144.45 million (1.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.570.26 million (6.7 per cent) as conditional grants, a cash balance of Kshs.640.88 million (7.5 per cent) brought forward from FY 2022/23, and generate Kshs.187.59 million (2.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.7

### 3.2.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.90 billion as the equitable share of the revenue raised nationally, Kshs.40.73 million as additional allocations/conditional grants, a cash balance of Kshs.640.88 million from FY 2022/23, and raised Kshs.67.70 million as own-source revenue (OSR). The raised OSR includes Kshs.37.73 million as FIF and Kshs.29.97 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.65 billion, as shown in Table 3.7.

**Table 3.7: Bomet County, Revenue Performance in the First Half of FY 2023/24**

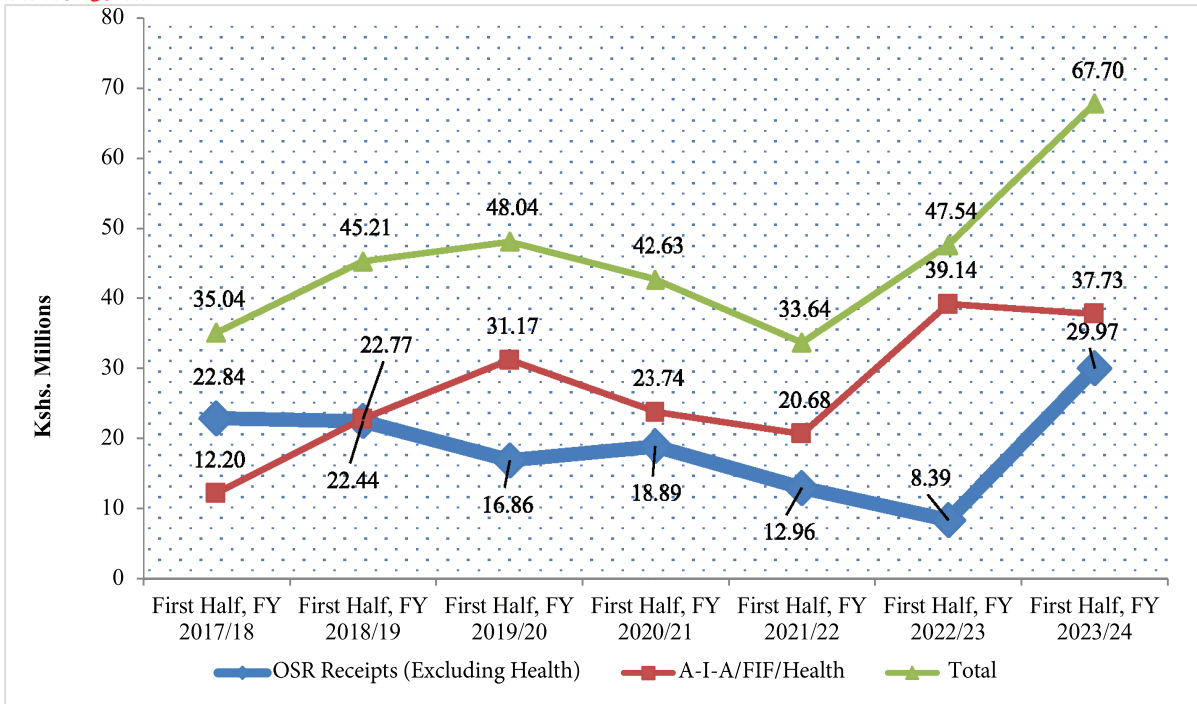
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	6,977,924,070	2,895,838,490	41.5
<b>Subtotal</b>		<b>6,977,924,070</b>	<b>2,895,838,490</b>	<b>41.5</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	KDSP (Level 1) B/F-Recurrent	3,622,576	-	-
2	KDSP (Level 2 Grant) B/F-Development	28,000,000	26,376,621	94.2
3	WASH - Health & Water	41,552,260	-	-
4	Nutritional International	22,884,446	6,748,800	29.5
5	IDA Kenya/Climate Change Resilience Invest (CCRI)	136,000,000	-	-
6	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	5,500,000	50.0
7	NAVCDP	327,200,000	2,108,205	0.6
<b>Subtotal</b>		<b>570,259,282</b>	<b>40,733,626</b>	<b>7.1</b>
<b>C</b>	<b>Own Source Revenue</b>			
8	Ordinary Own Source Revenue	187,592,587	29,973,314	16.0
9	Facility Improvement Fund (FIF)	144,449,243	37,726,490	26.1
<b>Subtotal</b>		<b>332,041,830</b>	<b>67,699,804</b>	<b>20.4</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
10	Unspent balance from FY 2022/23	640,875,126	640,875,126	100.0
<b>Sub Total</b>		<b>640,875,126</b>	<b>640,875,126</b>	<b>100.0</b>
<b>Grand Total</b>		<b>8,521,100,308</b>	<b>3,645,147,046</b>	<b>42.8</b>

*Source: Bomet County Treasury*

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



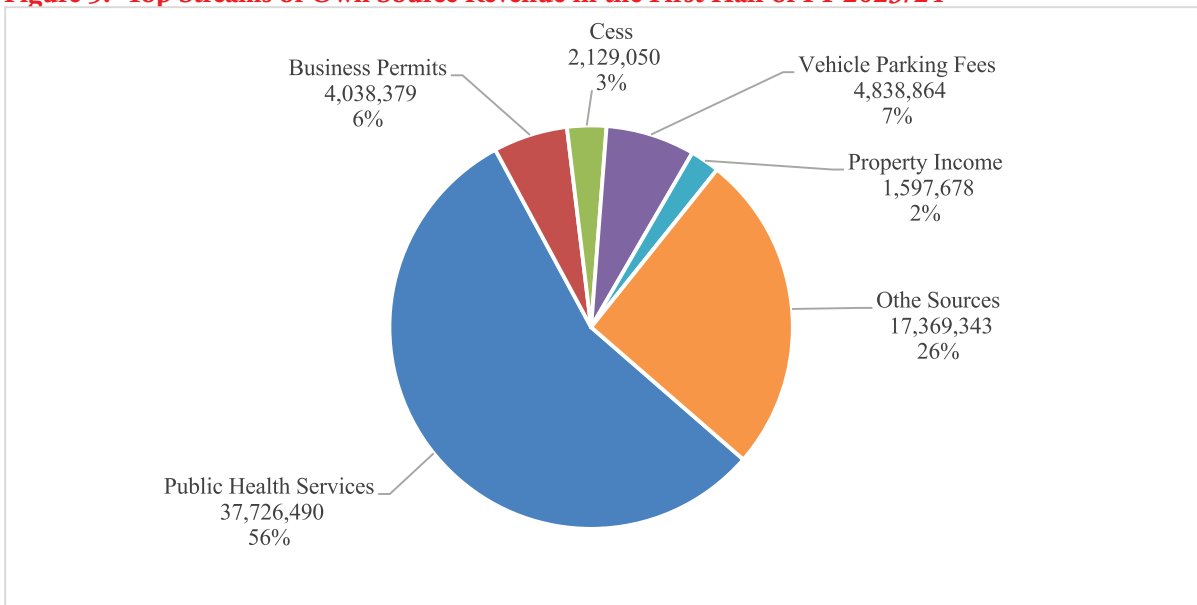
**Figure 4: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Bomet County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.67.70 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 42.4 per cent compared to Kshs.47.54 million realised in a similar period in FY 2022/23 and was 20.4 per cent of the annual target and 2.3 per cent of the equitable revenue share disbursed during the period. The increase can be attributed to enhanced enforcement measures as well as widening the tax bracket by including streams such as Boda-Boda Parking fees. The revenue streams which contributed the highest OSR receipts are shown in Figure 5.

**Figure 5: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Bomet County Treasury

The highest revenue stream of Kshs.37.73 million was from Public Health Services, contributing to 56 per cent of the total OSR receipts during the reporting period.

### 3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.01 billion from the CRF account during the reporting period which comprised Kshs.652.27 million (21.6 per cent) for development programmes and Kshs.2.36 billion (78.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.53 billion was released towards Employee Compensation, and Kshs.834.52 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.593.17 million.

### 3.2.4 County Expenditure Review

The County spent Kshs.3.00 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.5 per cent of the total funds released by the CoB and comprised Kshs.647.99 million and Kshs.2.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.1 per cent, while recurrent expenditure represented 38.3 per cent of the annual recurrent expenditure budget.

### 3.2.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.897.93 million, comprising Kshs.156.24 million for recurrent expenditure and Kshs.741.69 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.385.14 million were settled, consisting of Kshs.53.77 million for recurrent expenditure and Kshs.331.37 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.512.79 million.

The County Assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.40 billion on employee compensation, Kshs.642.04 million on operations and maintenance, and Kshs.630.1.00 million on development activities. Similarly, the County Assembly spent Kshs.136.88 million on employee compensation, Kshs.171.91 million on operations and maintenance, and Kshs.17.89 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
<b>Total Recurrent Expenditure</b>	<b>5,232,409,922</b>	<b>901,903,256</b>	<b>2,042,821,868</b>	<b>308,790,178</b>	<b>39.0</b>	<b>34.2</b>
Compensation to Employees	3,309,801,636	355,747,263	1,400,783,076	136,882,699	42.3	38.5
Operations and Maintenance	1,922,608,286	546,155,993	642,038,792	171,907,479	33.4	31.5
<b>Development Expenditure</b>	<b>2,218,787,130</b>	<b>168,000,000</b>	<b>630,095,672</b>	<b>17,892,319</b>	<b>28.4</b>	<b>10.7</b>
<b>Total</b>	<b>7,451,197,052</b>	<b>1,069,903,256</b>	<b>2,672,917,540</b>	<b>326,682,497</b>	<b>35.9</b>	<b>30.5</b>

*Source: Bomet County Treasury*

### 3.2.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.54 billion, or 42.2 per cent of the available revenue which amounted to Kshs.3.65 billion. This expenditure represented a decrease from Kshs.1.55 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.525.39 million paid to health sector employees, translating to 34.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.35 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.189.76 million was processed through manual payrolls. The manual payrolls accounted for 12.3 per cent of the total PE cost.

The County Assembly spent Kshs.9.71 million on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.24.05 million. The average monthly sitting allowance was Kshs.41,513 per MCA. The County Assembly has established 21 Committees.

### 3.2.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.191.00 million to county-established funds in FY 2023/24, constituting 2.2 per cent of the County’s overall budget. Table 3.9 summarises each established Fund’s budget allocation and performance during the reporting period.

**Table 3.9: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Bursary Fund	116,000,000	58,000,000	58,000,000	395,585,040	Yes
2.	Car and Mortgage	-	-	-	120,413,880	Yes
<b>County Assembly Established Funds</b>						
3.	Car and Mortgage	75,000,000	50,000,000	50,000,000	436,000,000	Yes
<b>Total</b>		<b>191,000,000</b>	<b>108,000,000</b>	<b>108,000,000</b>	<b>951,998,920</b>	<b>-</b>

**Source:** Bomet County Treasury

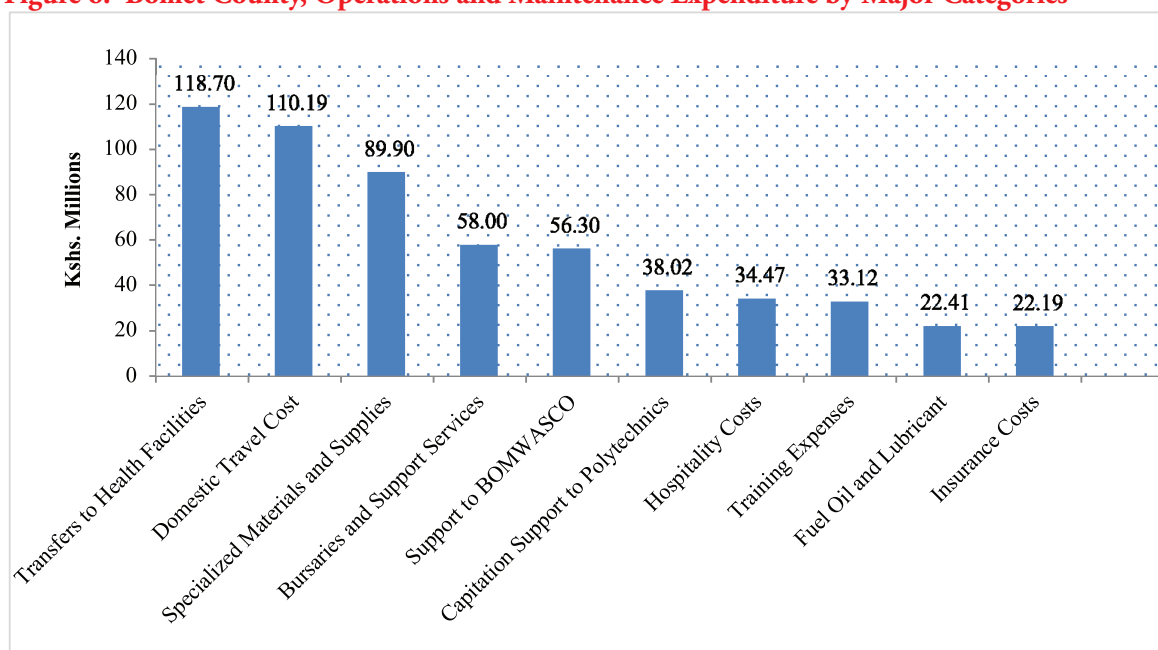
During the reporting period, the CoB received the quarterly financial returns from Fund Administrators of the County Executive Bursary and the County Assembly Car/Mortgage funds as indicated in Table 3.9.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.2.9 Expenditure on Operations and Maintenance

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

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



*Source: Bomet County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.110.19 million and comprised Kshs.49.44 million spent by the County Assembly and Kshs.60.74 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.43 million and comprised Kshs.7.13 million by the County Assembly and Kshs.11.30 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.10

**Table 3.10: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	11th - 17th September, 2023	IPAC's Annual Public Sector Leadership Conference	Canada	3,452,251.00
County Executive	4	10th - 23rd September, 2023	Collaborative business endeavour between Norway and Kenya through the County Government of Bomet	Norway	2,829,334.00
County Executive	3	14th - 18th August, 2023	Induction Workshop for Audit Committees & Boards organized by ICPAK	Singapore	2,072,700.00
County Executive	1	10th - 15th September, 2023	7th Edition of the Producers and Roasters Forum	Colombia	457,856.00
County Executive	1	26th August - 3rd September, 2023	Maputo International Trade Fair 2023	Mozambique	384,722.00
County Executive	4	10th - 11th Aug 2023	Facilitation to attend the Enova eLearning Conference & Exhibition	Uganda	990,180.00
County Executive	1	8th - 14th Jan 2023	Being reimbursement for travel to Moshi Tanzania to attend Continuous Medical Education	Tanzania	308,149.00
County Executive	1	11th -17th Nov, 2023	Exploration of ways of reviving the pyrethrum sector workshop	UK	804,153.00
County Assembly	4	14th - 16th September, 2023	Mara Day Celebrations	Tanzania	646,300
County Assembly	1	10th - 15th September, 2023	Performance Management Systems and Localisation of the SDGs.	United Kingdom	1,498,578

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	26th August - 3rd September, 2023	Training in Trade and Tourism	UAE	4,700,000
County Assembly	1	3rd - 16th September, 2023	African School on Decentralization	Ethiopia	281,400

Source: Bomet County Treasury and County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.19.00 million on garbage collection.

### 3.2.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.647.99 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.191.00 million. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Public Works and Transport	Routine Roads Maintenance	Countywide	209,887,575	209,887,575	100
2	Roads, Public Works and Transport	Acquisition of Heavy Earth Moving Machines & Tippers	Bomet Township	122,428,410	122,428,410	100
3	Lands, Housing and Urban Planning	Acquisition of Land for development	Mulot Bus Park, Stadium, ICT Hub, Kapkimolwa VTC	82,075,000	82,075,000	100
4	Finance, Economic Planning & ICT	Construction of Dr Joyce Laboso Memorial Mother and Child Wellness Centre	Longisa	296,000,000	60,600,353	90
5	Agriculture, Livestock and Cooperatives	Supply of farm implements, Vaccines, Cooling Plants & Seedlings	Countywide	25,696,487	25,696,487	100
6	Education, Vocational Training, Youth & Sports	Construction of ECDE Classrooms and pit latrines	Countywide	23,967,167	23,967,167	100
7	Water Sanitation and Environment	Desilting of water pans	Countywide	23,187,716	23,187,716	100
8	County Assembly	Construction of the Main County Assembly Chambers Fence	Bomet Township	26,615,540	17,892,319	67
9	Water Sanitation and Environment	Water pipeline extension	Countywide	14,134,848	14,134,848	100
10	Water Sanitation and Environment	Supply, delivery and installation of water tanks	Countywide	10,774,190	10,774,190	100

Source: Bomet County Treasury

### 3.2.11 Budget Performance by Department

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

**Table 3.12: Bomet County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,385.23	31.00	984.59	9.62	980.25	9.62	99.6	100.0	41.1	31.0
Finance, Economic Planning & ICT	241.47	162.60	93.87	67.65	93.22	72.42	99.3	107.0	38.6	44.5
Lands, Housing and Urban Planning	114.85	173.50	18.34	87.35	16.11	85.07	87.8	97.4	14.0	49.0
Gender, Culture and Social Services	20.26	13.00	9.25	0.00	9.07	0.00	98.1	-	44.8	-
Medical Services and Public Health	1,888.43	125.60	762.39	4.80	761.72	4.80	99.9	100.0	40.3	3.8
Agriculture, Livestock and Cooperatives	126.51	432.20	10.25	34.94	9.17	32.35	89.4	92.6	7.2	7.5
Water Sanitation and Environment	102.37	427.86	57.15	48.10	57.13	56.33	100.0	117.1	55.8	13.2
Education, Vocational Training, Youth & Sports	298.93	138.75	110.43	26.36	109.42	26.36	99.1	100.0	36.6	19.0
Roads, Public Works and Transport	43.14	603.77	4.17	355.49	3.58	343.07	85.8	96.5	8.3	56.8
Trade, Energy, Tourism and Industry	11.23	110.50	3.46	0.07	3.17	0.07	91.7	100.0	28.2	0.1
Assembly	901.90	168.00	308.80	17.89	308.79	17.89	100.0	100.0	34.2	10.7
<b>Total</b>	<b>6,134.31</b>	<b>2,386.79</b>	<b>2,362.72</b>	<b>652.27</b>	<b>2,351.61</b>	<b>647.99</b>	<b>99.5</b>	<b>99.3</b>	<b>38.3</b>	<b>27.1</b>

*Source: Bomet County Treasury*

Analysis of expenditure by department shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 56.8 per cent, followed by the Department of Lands, Housing and Urban Planning at 49.0 per cent. The Department of Water Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 55.8 per cent while the Department of Agriculture, Livestock and Cooperatives had the lowest at 7.2 per cent.

The Departments of Finance, Economic Planning & ICT and Water Sanitation and Environment recorded absorption rates of 107.0 per cent and 117.1 per cent respectively on Development Expenditure to Exchequer Issues. This is attributable to the balances in the Special Purpose Accounts of KDSP and IDA Climate Change Institutional Support funds of Kshs.26.38 million and Kshs.5.50 million respectively that were expended to partly fund the projects of the two departments in addition to the exchequer received during the period under review.

### 3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.13 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Administration and Public Service</b>							
Administration and Public Service	County Executive	156,785,227	-	93,568,576	-	59.7	-
	County PSB	30,377,376	-	7,916,835	-	26.1	-
	Administration/Governance	11,490,000	31,000,000	2,044,700	9,617,205	17.8	31.0
	Public Service	2,186,580,089	-	876,716,482	-	40.1	-
	<b>Sub Total</b>	<b>2,385,232,692</b>	<b>31,000,000</b>	<b>980,246,593</b>	<b>9,617,205</b>	<b>41.1</b>	<b>31.0</b>
<b>Finance, Economic Planning and ICT</b>							
Finance	Financial Management Services	132,441,082	-	57,204,252	-	43.2	-
	<b>Subtotal</b>	<b>132,441,082</b>	<b>-</b>	<b>57,204,252</b>	<b>-</b>	<b>43.2</b>	<b>-</b>
Economic Planning	Administration	40,293,033	148,000,000	25,185,500	67,369,138	62.5	45.5
	Budget Preparation & Management	6,666,509	-	1,797,600	-	27.0	-
	M & E Services	6,970,000	-	-	-	-	-
	Planning & Statistics	13,223,034	-	7,118,300	-	53.8	-
	<b>Subtotal</b>	<b>67,152,576</b>	<b>148,000,000</b>	<b>34,101,400</b>	<b>67,369,138</b>	<b>50.8</b>	<b>45.5</b>
ICT	Administration	41,878,654	14,600,000	1,911,600	5,050,000	4.6	34.6
	<b>Sub-Total</b>	<b>41,878,654</b>	<b>14,600,000</b>	<b>1,911,600</b>	<b>5,050,000</b>	<b>4.6</b>	<b>34.6</b>
<b>Lands, Housing and Urban Planning</b>							
Lands, Housing and Urban Planning	Lands	14,410,000	145,000,000	2,864,468	82,075,000	19.9	56.6
	Urban Management	50,220,000	26,000,000	12,420,910	2,999,192	24.7	11.5
	Housing Development	4,650,000	0.00	824,900	-	17.7	-
	Municipality	45,565,000	2,500,000	-	-	-	-
	<b>Subtotal</b>	<b>114,845,000</b>	<b>173,500,000</b>	<b>16,110,278</b>	<b>85,074,192</b>	<b>14.0</b>	<b>49.0</b>
<b>Gender, Culture and Social Services</b>							
Gender and Culture	Policy Development and Administrative Services	20,256,300	13,000,000	9,071,238	-	44.8	-
	<b>Subtotal</b>	<b>20,256,300</b>	<b>13,000,000</b>	<b>9,071,238</b>	<b>-</b>	<b>44.8</b>	<b>-</b>
<b>Medical Services and Public Health</b>							
Medical Services and Public Health	Administration, Planning and Support Services	1,231,650,426	-	555,905,476	-	45.1	-
	Policy Development	2,500,000	-	-	-	-	-
	Healthcare financing – transfers to health facilities	243,413,421	-	118,704,250	-	48.8	-
	Curative Services	299,149,570	-	87,108,906	-	29.1	-
	Preventive and Promotive Services	100,713,081	-	-	-	-	-
	Reproductive Health Services	11,000,000	-	-	-	-	-
	Health Infrastructure Development	-	125,599,570	-	4,803,929	-	3.8
	<b>Subtotal</b>	<b>1,888,426,498</b>	<b>125,599,570</b>	<b>761,718,632</b>	<b>4,803,929</b>	<b>40.3</b>	<b>3.8</b>

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Agriculture, Livestock and Cooperatives</b>							
Agriculture	Administration	116,810,229	-	7,527,285	-	6.4	-
	Crop Management	-	284,397,080	-	-	-	-
	Food & Nutrition Security	-	35,000,000	-	13,040,642	-	37.3
	<b>Subtotal</b>	<b>116,810,229</b>	<b>319,397,080</b>	<b>7,527,285</b>	<b>13,040,642</b>	<b>6.4</b>	<b>4.1</b>
Livestock, Fisheries & Veterinary Services	Livestock Development	-	15,500,000	-	4,533,750	-	29.3
	Fisheries Development	-	4,700,000	-	-	-	-
	Veterinary Services	-	66,000,000	-	7,196,928	-	10.9
	<b>Subtotal</b>	<b>-</b>	<b>86,200,000</b>	<b>-</b>	<b>11,730,678</b>	<b>-</b>	<b>13.6</b>
Co-operative & Enterprise Development	Administration	9,697,080	26,602,920	1,642,000	7,576,188	16.9	28.5
	<b>Subtotal</b>	<b>9,697,080</b>	<b>26,602,920</b>	<b>1,642,000</b>	<b>7,576,188</b>	<b>16.9</b>	<b>28.5</b>
<b>Water Sanitation and Environment</b>							
Water and Irrigation	Administration	87,783,221	-	56,770,191	-	64.7	-
	Development of Water Supply for Domestic and Commercial purposes	-	213,262,724	0.00	30,610,388	-	14.4
	Irrigation Development	-	2,000,000	-	-	-	-
	<b>Subtotal</b>	<b>87,783,221</b>	<b>215,262,724</b>	<b>56,770,191</b>	<b>30,610,388</b>	<b>64.7</b>	<b>14.2</b>
Waste Water management	Waste Water management	-	10,000,000	-	-	-	-
	<b>Subtotal</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Environment & Natural resources	Administration	14,584,200	-	356,000	-	2.4	-
	Environmental and natural resources protection and conservation	-	202,600,000	-	25,723,522	-	12.7
	<b>Subtotal</b>	<b>14,584,200</b>	<b>202,600,000</b>	<b>356,000</b>	<b>25,723,522</b>	<b>2.4</b>	<b>12.7</b>
<b>Education and Vocational Training</b>							
Education and Vocational Training	Policy Planning & General Administration	273,232,880	-	102,096,439	-	37.4	-
	Early Childhood Development and Education	0.00	118,450,000	-	26,359,666	-	22.3
	Youths & Sports	25,700,000	20,300,000	7,321,430	-	28.5	-
	<b>Subtotal</b>	<b>298,932,880</b>	<b>138,750,000</b>	<b>109,417,869</b>	<b>26,359,666</b>	<b>36.6</b>	<b>19.0</b>
<b>Roads, Public Works and Transport</b>							
Roads, Public Works and Transport	Policy planning and administrative services	43,142,772	1,500,000	3,576,800	-	8.3	-
	Roads Construction & Maintenance	-	408,000,000	-	215,203,949	-	52.7
	Development and Maintenance of other Public works	-	58,274,836	-	5,442,003	-	9.3
	County Transport Infrastructure	-	136,000,000	-	122,428,410	-	90.0
	<b>Subtotal</b>	<b>43,142,772</b>	<b>603,774,836</b>	<b>3,576,800</b>	<b>343,074,362</b>	<b>8.3</b>	<b>56.8</b>



Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Trade, Energy, Tourism and Industry</b>							
Trade, Energy, Tourism and Industry	Administration	11,226,738	0.00	3,167,730	-	28.2	-
	Trade Development	-	27,500,000	-	65,763	-	0.2
	Energy Development	-	26,000,000	-	-	-	-
	Tourism Development	-	5,000,000	-	-	-	-
	Industry	-	50,000,000	-	-	-	-
	Investment	-	2,000,000	-	-	-	-
	<b>Subtotal</b>	<b>11,226,738</b>	<b>110,500,000</b>	<b>3,167,730</b>	<b>65,763</b>	<b>28.2</b>	<b>0.1</b>
<b>The County Assembly</b>							
County Assembly	General Administration, Human Resources and Administrative Services	441,971,305	168,000,000	164,068,320	17,892,319	37.1	10.7
	Legislative Services	413,654,793	-	116,447,651	-	28.2	-
	Oversight and Representation	46,277,158	-	28,274,207	-	61.1	-
	<b>Sub-Total</b>	<b>901,903,256</b>	<b>168,000,000</b>	<b>308,790,178</b>	<b>17,892,319</b>	<b>34.2</b>	<b>10.7</b>
<b>Grand Total</b>	<b>6,134,313,178</b>	<b>2,386,787,130</b>	<b>2,351,612,046</b>	<b>647,987,992</b>	<b>38.3</b>	<b>27.1</b>	

*Source: Bomet County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration under the Department of Water, Sanitation and Environment at 64.7 per cent and Oversight and Representation under the County Assembly at 61.1 per cent of budget allocation.

### 3.2.13 Accounts Operated Commercial Banks

The County government operated a total of 15 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.2.14 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. The underperformance of own-source revenue at Kshs.67.70 million against an annual projection of Kshs.332.04 million, representing 20.4 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.512.80 million as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.189.76 million were processed through the manual payroll, accounting for 12.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The 15 operational commercial bank accounts are for the County Established Funds and the Conditional Grants as well as the standing imprests for the two arms of the county.

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

1. *The County should devise strategies to enhance its own-source revenue performance and ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires except for imprest bank accounts for petty cash.*

### 3.3. County Government of Bungoma

#### 3.3.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.15.47 billion, comprising Kshs.5.36 billion (36.5 per cent) and Kshs.9.83 billion (63.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 7.0 per cent compared to the previous financial year when the approved budget was Kshs.14.45 billion and comprised of Kshs.4.48 billion towards development expenditure and Kshs.9.97 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.11 billion (71.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.75 billion (11.3 per cent) as additional allocations/conditional grants, a cash balance of Kshs.425.35 million (2.7 per cent) brought forward from FY 2022/23, and generate Kshs.2.02 billion (13.0 per cent) as gross own source revenue. The own source revenue includes Kshs.1.15 billion (7.4 per cent) as ordinary Appropriations-in-Aid (A-I-A), and, Kshs.868.20 million (5.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.14.

#### 3.3.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.09 billion as the equitable share of the revenue raised nationally, Kshs.39.44 million as additional allocations/conditional grants, a cash balance of Kshs.425.35 million from FY 2022/23, and raised Kshs.422.38 million as own-source revenue (OSR). The raised OSR includes Kshs.291.99 million as ordinary A-I-A and Kshs.130.39 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.97 billion, as shown in Table 3.14.

**Table 3.14: Bungoma County, Revenue Performance in the First Half of FY 2023/24**

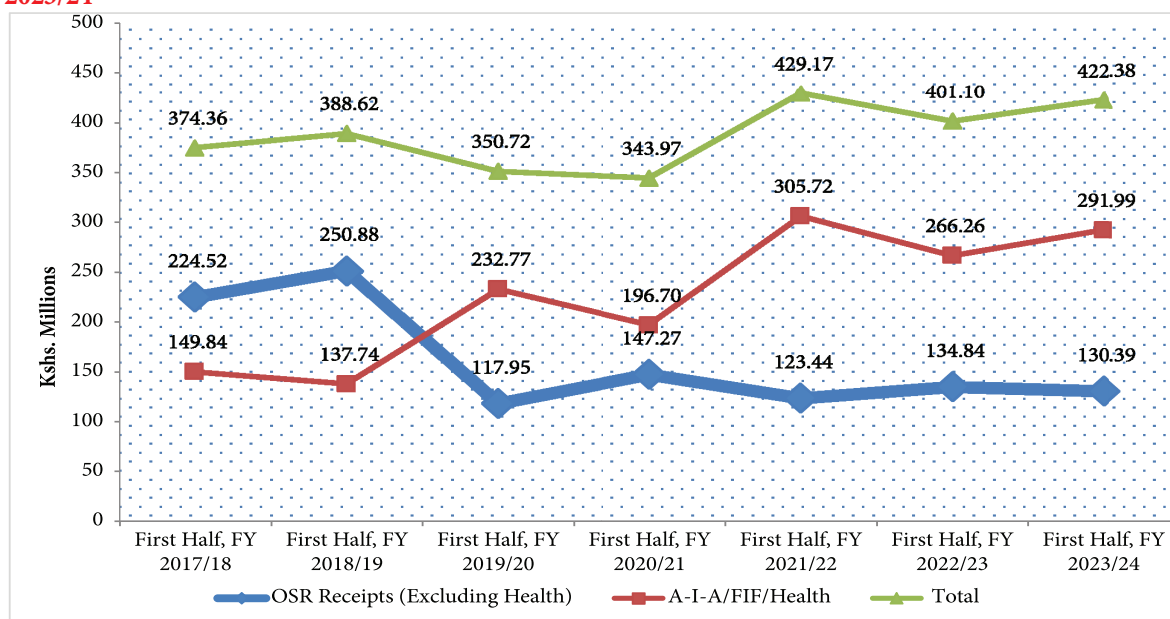
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,111,983,608.00	3,086,447,552.00	31.6
<b>Sub Total</b>		<b>11,111,983,608.00</b>	<b>3,086,447,552.00</b>	<b>31.6</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Equalization Fund	137,839,232	-	-
2	Leasing of Medical Equipment	124,723,404	-	-
3	Aggregated Industrial Park Grant	250,000,000	-	-
4	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000	-	-
5	Fertilizer Subsidy Programme	242,962,800	-	-
6	Transfer of Library Services	6,865,428	-	-
7	UNICEF	1,571,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Danish International Development Agency (DANI-DA)	44,837,065	28,609,313	63.8
9	World Bank Agricultural and Rural Growth Project	211,681,141	-	-
10	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
11	Kenya Livestock Commercialization Project (KELCLOP)	34,500,000	-	-
12	Sweden Agricultural Sector Development Sector Development Support Program Programme (ASDSP II)	5,144,293	-	-
13	Kenya Devolution Support Programme- Level 11	12,792,823	-	-
14	Urban Support Programme (Development)	133,767,487	-	-
15	Urban Support Programme (Recurrent)	35,885,078	-	-
16	KISP II (Kenya Informal Settlement Improvement Project)	80,000,000	-	-
17	Finance Locally Led Climate Action Program (FLOCA) - Water	11,110,884	-	-
18	Climate Change Grant	125,000,000	10,830,250	8.7
<b>Sub-Total</b>		<b>1,753,680,635</b>	<b>39,439,563</b>	<b>2.2</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	868,201,471	130,391,752	15.0
2	Balance b/f from FY2022/23	425,350,297	425,350,297	0.0
3	Facility Improvement Fund (FIF)	1,152,071,383	291,991,052	25.3
4	Other Revenues	158,808,217	-	0.0
<b>Sub Total</b>		<b>2,604,431,368</b>	<b>847,733,101</b>	<b>16.2</b>
<b>Grand Total</b>		<b>15,470,095,611</b>	<b>3,973,620,216</b>	<b>25.7</b>

Source: Bungoma County Treasury

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

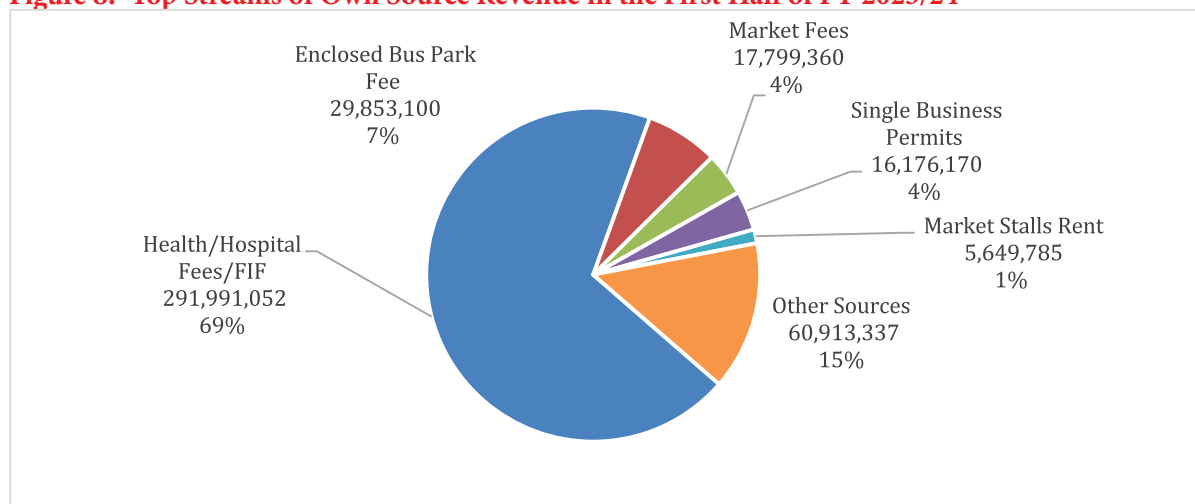
**Figure 7: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Bungoma County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.422.38 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 5.0 per cent compared to Kshs.401.10 million realised in a similar period in FY 2022/23 and was 20.9 per cent of the annual target and 13.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 8.

**Figure 8: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Bungoma County Treasury

The highest revenue stream of Kshs.291.99 million was from A.I.A (Health), contributing to 69 per cent of the total OSR receipts during the reporting period.

### 3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.97 billion from the CRF account during the reporting period which comprised Kshs.377.48 million (9.5 per cent) for development programmes and Kshs.3.60 billion (90.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.59 billion was released towards Employee Compensation, and Kshs.1 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.39.39 million.

### 3.3.4 Borrowing by the County

The County has a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments to avoid any delay in paying salaries. As of 31<sup>st</sup> December 2023, the outstanding short-term facility stood at Kshs.485.38 million.

### 3.3.5 County Expenditure Review

The County spent Kshs.3.97 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the CoB and comprised Kshs.324.73 million and Kshs.3.64 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.8 per cent, while recurrent expenditure represented 37.1 per cent of the annual recurrent expenditure budget.

### 3.3.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.20 billion, comprising of Kshs.666.16 million for recurrent expenditure and Kshs.541.33 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.86.45 million were settled, consisting of Kshs.17.01 million for recurrent expenditure and Kshs.69.43 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.12 billion.

The outstanding pending bills for the County Assembly were Kshs.23.76 million as of 31<sup>st</sup> December 2023.

### 3.3.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.39 billion on employee compensation, Kshs.708.78 million on operations and maintenance, and Kshs.299.99 million on development activities. Similarly, the County Assembly spent Kshs.150.42 million on employee compensation, Kshs.397.72 million on operations and maintenance, and Kshs.24.75 million on development activities, as shown in Table 3.15.

**Table 3.15: 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
<b>Total Recurrent Expenditure</b>	<b>8,694,819,954</b>	<b>1,132,238,230</b>	<b>3,096,172,389</b>	<b>548,146,425</b>	<b>35.6</b>	<b>48.4</b>
Compensation to Employees	5,963,017,848	575,365,837	2,387,395,670	150,422,433	40.0	26.1
Operations and Maintenance	2,731,802,106	556,872,393	708,776,719	397,723,992	25.9	71.4
<b>Development Expenditure</b>	<b>5,506,299,777</b>	<b>136,737,650</b>	<b>299,986,954</b>	<b>24,746,860</b>	<b>5.4</b>	<b>18.1</b>
<b>Total</b>	<b>14,201,119,731</b>	<b>1,268,975,880</b>	<b>3,396,159,343</b>	<b>572,893,285</b>	<b>23.9</b>	<b>45.1</b>

Source: Bungoma County Treasury

### 3.3.8 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.54 billion, or 63.9 per cent of the available revenue which amounted to Kshs.3.97 billion. This expenditure represented a decrease from Kshs.2.58 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.04 billion paid to health sector employees, translating to 41.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.46 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.75.2 million was processed through manual payrolls. The manual payrolls accounted for 3.0 per cent of the total PE cost.

The County Assembly spent Kshs.19.61 million on committee sitting allowances for the 62 MCAs and the Speaker against the annual budget allocation of Kshs.61.33 million. The average monthly sitting allowance was Kshs.51,880 per MCA. The County Assembly has established 24 Committees.

### 3.3.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.505.67 million to county-established funds in FY 2023/24, constituting 3.3 per cent of the County's overall budget. Table 3.16 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.16: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
	Scholarships and Educational Benefits	320,000,000	-	-	No
	Trade Loan	165,673,533	-	-	No
	Disability Fund	4,000,000	-	-	No
	Women Fund	6,000,000	-	-	No
	Youth Fund	10,000,000	-	-	No
<b>Total</b>		<b>505,673,533</b>	-	-	

Source: Bungoma County Treasury

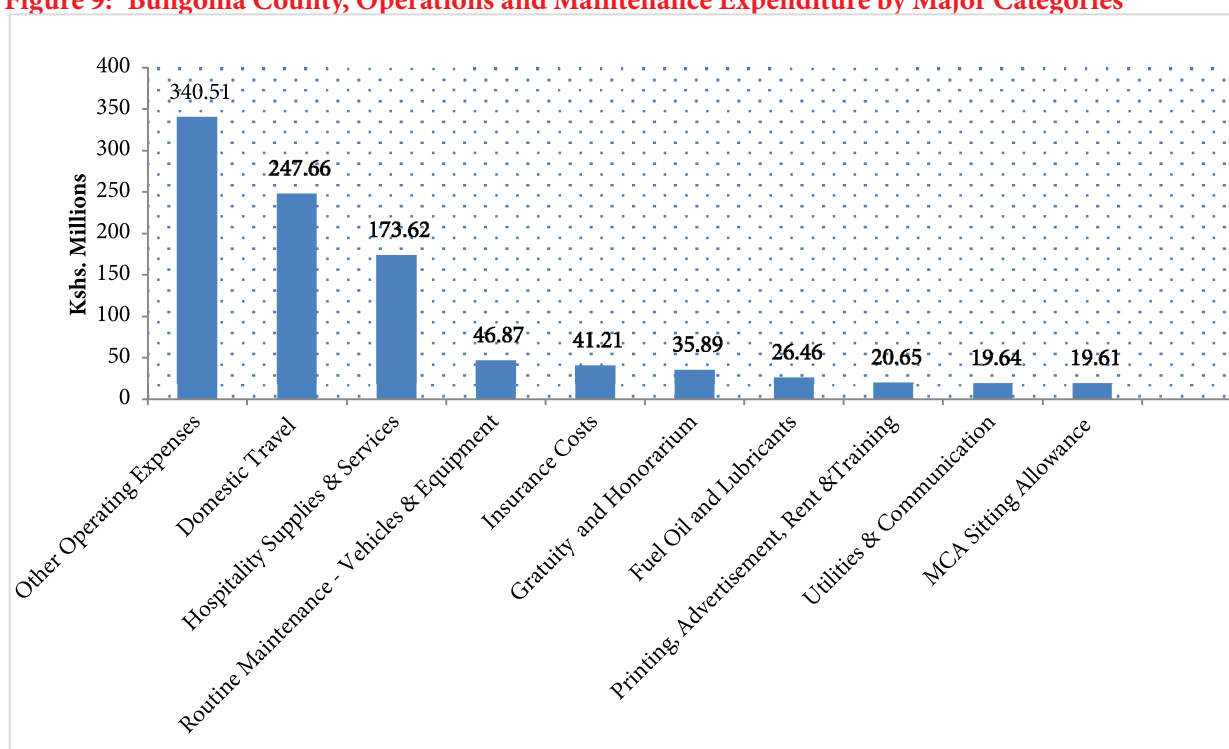
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Scholarships and Educational Benefits, Trade Loans, Disability, Women and Youth funds as indicated in Table 3.15, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.3.10 Expenditure on Operations and Maintenance

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

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



Source: Bungoma County Treasury

During the period, expenditure on domestic travel amounted to Kshs.247.66 million and comprised Kshs.26.66 million spent by the County Assembly and Kshs.221.0 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.07 million and comprised Kshs.1.26 million by the County Assembly and Kshs.4.81 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.17 below; -

**Table 3.17: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5 officers	11 <sup>th</sup> Sept - 17 <sup>th</sup> Sept 2023	Facilitation for High-level meetings in Israel	Israel	4,807,835
County Assembly	1 officer	3 <sup>rd</sup> July to 7 <sup>th</sup> July,2023	Legal & Legislature Drafting Workshop	Arusha	283,860
	3 officers	8 <sup>th</sup> Sept - 14 <sup>th</sup> Sept, 2023	Corporate Leadership Conference	Arusha	974,095

Source: Bungoma County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.117.98 million on garbage collection.

### 3.3.11 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.324.73 million on development programmes, representing an increase of 119.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.147.94 million. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads and Public works	Misikhu-Brigadier	Misikhu	140,000,000	76,509,173	54.7
2	Trade, Energy and Industrialization	Development of Market Infrastructure Kamukuywa Market	Kamukuywa	75,500,000	41,006,345	54.3
3	Tourism, Forestry, Environment	Ward Based Projects	45 Wards	166,831,400	40,776,578	24.4
4	Trade, Energy and Industrialization	Purchase and Installation of Transformers (REREC)	County Wide	50,006,400	39,993,600	80.0
5	Gender Youth and sports	Construction and modernization of Masinde Muliro Stadium	Kanduyi	36,000,000	35,798,705	99.4
6	Tourism, Forestry, Environment	Climate Change Resilient Fund	County Wide	125,000,000	11,756,279	9.4
7	Education, Science and ICT	Other Infrastructure and Civil Works	45 Wards	89,602,000	9,993,022	11.2
8	Land, Urban and Physical Planning	Ward Based Projects	45 Wards	20,151,400	6,880,000	34.1
9	Agriculture, Livestock, Fisheries and Co-operative Development	Agricultural materials, supplies and small equipment	Mabanga ATC	7,009,425	5,796,658	82.7
10	Roads and Public works	Maintenance of Rural Un-paved Roads - County Routine Maintenance (150KMs) Routine Maintenance Frameworks	County Wide	142,500,000	3,885,104	2.7

Source: Bungoma County Treasury

### 3.3.12 Budget Performance by Department

Table 3.19 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.19: Bungoma County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries and Co-operative Development	376.80	967.20	152.66	10.48	130.68	7.63	85.6	72.9	34.7	0.8
Tourism, Forestry, Environment	373.48	212.40	108.99	10.83	131.88	9.76	121.0	90.1	35.3	4.6
Water and Natural Resources	61.61	209.64	24.90	47.61	24.05	42.78	96.6	89.8	39.0	20.4
Roads and Public works	113.46	1,128.28	67.60	124.61	48.25	80.39	71.4	64.5	42.5	7.1
Education, Science and ICT	1235.58	459.10	497.89	9.99	503.82	9.99	101.2	100.0	40.8	2.2
Health	3632.70	471.03	1,102.56	-	1,091.92	-	99.0	-	30.1	-
Sanitation	2.02	15.36	-	-	-	-	-	-	-	-
Trade, Energy and Industrialization	55.93	807.34	23.92	46.66	23.71	86.00	99.1	184.3	42.4	10.7
Gender, Culture, Youth and Sports	110.60	130.36	47.24	36.79	45.90	35.80	97.2	97.3	41.5	27.5
Land, Urban and Physical Planning	47.10	48.96	15.74	5.00	15.14	6.88	96.2	137.6	32.1	14.1
Bungoma Municipality	43.10	242.68	9.75	-	8.98	-	92.1	-	20.8	-
Kimilili Municipality	44.86	191.85	9.60	20.75	9.18	20.75	95.5	100.0	20.5	10.8
Housing	29.81	206.50	6.65	-	7.65	-	115.1	-	25.7	-
Finance and Planning	1174.26	336.59	447.43	40.00	556.64	-	124.4	-	47.4	-
County Public Service	48.35	14.50	15.19	-	14.85	-	97.8	-	30.7	-
Governor's	445.73	-	217.39	-	215.88	-	99.3	-	48.4	-
D/Governor's office	27.34	-	12.43	-	10.12	-	81.4	-	37.0	-
Public Administration	842.24	51.71	311.09	-	249.02	-	80.0	-	29.6	-
County Secretary	23.87	12.79	10.06	-	8.52	-	84.7	-	35.7	-
Sub County Administrators	6.00	-	-	-	-	-	-	-	-	-
County Assembly	1132.24	136.74	515.05	24.75	548.15	24.75	106.4	100.0	48.4	18.1
<b>Total</b>	<b>9,827.06</b>	<b>5,643.04</b>	<b>3,596.14</b>	<b>377.48</b>	<b>3,644.32</b>	<b>324.73</b>	<b>101.3</b>	<b>86.0</b>	<b>37.1</b>	<b>5.8</b>

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of Gender recorded the highest absorption rate of development budget at 27.5 per cent, followed by the Department of Water and Natural Resources at 20.4 per cent. The Department of Sanitation and the Sub-County Administrators did not report any expenditure.

### 3.3.13 Budget Execution by Programmes and Sub-Programmes

Table 3.20 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.



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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Agriculture, Livestock and Co-operative</b>							
Programme 1: General Administration, planning and support services	S.P 1.1 Administrative and Support Services	21,278,650		20,970,604		98.6	0
	S.P 1.2 Human Resource Management and Development.	333,213,299		104,617,386		31.4	0
	S.P 1.3: Policy, Legal and Regulatory Framework	5,847,440		4,918,919		84.1	0
	S.P 1.4: Planning and Financial Management	2,615,043		173,020		6.6	0
	S.P 1.5 Sector Coordination	1,100,000				0	0
	S.P 1.6: Leadership and Governance					0	0
	S.P 1.7 Sub-County Administrative Costs	3,400,000				0	0
Programme 2: Land and Crop Development and Management	S.P 2.1: Agricultural Extension and Training Services		5,000,000			0	0
	S.P 2.2: Crop Production and Productivity		154,850,000		5,796,658	0	3.7
	SP 2.8 Irrigation Infrastructure Development and Agricultural Water Storage		10,000,000		1,837,579	0	18.4
Programme 3: Livestock Development and Management	SP 3.4 Disease and Vector Control	-	2,000,000			0	0
	SP 3.5 Food Safety and Quality Control	2,345,500	2,654,500			0	0
	SP 3.7 Veterinary Extension Services		3,600,000			0	0
	SP 3.8 Breeding and AI Subsidy Programme		2,000,000			0	0
Programme 4: Fisheries development and management	SP 4.2 Fisheries Product Value-Chain Development		4,000,000			0	0
Programme 5: Cooperatives Development and Management	SP 5.1 Co-operatives Extension Service and Training (Co-operative Governance (Training))	2,700,000	-			0	0
	SP 5.2 Co-operatives Audit Services	1,300,000	-			0	0
	SP 5.3 Production, Agro-processing, Value Addition & Marketing (Input and Infrastructural Support to Cooperatives)	-	4,982,125			0	0
Programme 6: Institutional Development and Management	SP 6.1 Mabanga ATC Administration Management Services					0	0
	SP 6.2 Agricultural Enterprise Development (ATC)		3,560,000			0	0
	SP 6.3 Infrastructural Development (ATC)		10,000,000			0	0
	SP 6.5 Tractor Hire Services	3,000,000				0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	SP 6.8 Operational Development (CFF)		10,300,000			0	0
NARIGP			704,113,827			0	0
ASDSP II			39,644,293			0	0
Ward Based Projects			10,500,000			0	0
<b>Sub Total</b>		<b>376,799,932</b>	<b>967,204,745</b>	<b>130,679,929</b>	<b>7,634,237</b>	<b>11.6</b>	<b>3.6</b>
<b>Health and Sanitation</b>							
Programme 1: General Administration Planning and Support Services	SP 1. 1 Health Administrative and support services	126,916,175	40,673,929	21,453,581		16.9	0
	SP 1. 2. Leadership and Governance.	34,500,000	-			0	0
	SP 1. 3 Health Policy	4,000,000	-			0	0
	SP 1. 6 Human Resource Management	2,778,861,658		1,042,454,223		37.5	0
	SP 1. 7 Infrastructural Developments		430,358,722	-		0	0
Programme 2: Preventive and Promotive	SP 2.1 Communicable and Non-communicable Disease Control	20,000,000				0	0
	SP 2.2 Community Health Strategy	5,600,000				0	0
	SP 2.3 Health Promotion	3,000,000				0	0
	SP 2.6 Reproductive, Maternal, Newborn, Child and Adolescent Health.	15,000,000				0	0
	SP 2.7 Public Health and Sanitation	8,000,916	15,358,366			0	0
	Specialized Materials and Supplies	501,885,740				0	0
Programme 3: Curative Health Services	SP3. 1 Routine Medical Services.	95,171,405				0	0
Grants; DANIDA/ UNICEF		41,777,772		28,015,305		67.1	0
<b>Sub Total</b>		<b>3,634,713,666</b>	<b>486,391,017</b>	<b>1,091,923,109</b>	<b>-</b>	<b>30</b>	<b>0</b>
<b>Roads and Public Works</b>							
Programme 1: General Administration, Planning, and Support Services	SP1.1: Capacity Development and Motivation	85,121,330	16,000,000	38,878,703		45.7	0
	SP1.3: Administration Services	23,615,544		9,366,662		39.7	0
	SP1.4: Financial Services, Planning and Stewardship	4,726,720				0	0
Programme 2: Transport Infrastructure Development and Management	SP2.1: Construction of Roads Bridges and Drainage Works	-	962,503,320	-	76,509,173	0	8
	SP2.2: Maintenance of Roads	-	145,500,000	-	3,885,104	0	2.7
	SP3.1: Building Standards and Research	-	4,275,000			0	0
<b>Sub Total</b>		<b>113,463,594</b>	<b>1,128,278,320</b>	<b>48,245,365</b>	<b>80,394,277</b>	<b>42.5</b>	<b>7.1</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Education and Vocational Training</b>							
Programme 1: General Administration Planning and Support Services	SP 1: Salaries and Allowances	1,208,144,825		492,675,478	-	40.8	0
	SP 2: Policy formulation	-	-			0	0
	SP3: Administration and Support Services	18,551,478	18,000,000	7,261,551		39.1	0
Programme 2: Early Childhood Development Education	SP6: Infrastructure Development		5,000,000	-	-	0	0
Programme 3: Education Support Programme	Sp1: Education Support and Bursary Scheme		205,000,000			0	0
	VTC Capitation	462,080	64,482,000			0	0
	Sp: School Feeding Programme		30,000,000			0	0
	Ward Based Projects		94,620,000		9,993,022	0	10.6
Programme 4: VTC General Administration Planning and Policy Formulation	SP 2: Policy Formulation	1,765,902				0	0
	SP3: Administration and Support Services	6,655,828		3,880,000	-	58.3	0
	Programme 5: Training and Skill Development	-	-	-	-	0	0
	Sp1: Tuition Support Grant		20,000,000			0	0
	Sp2: Tools and Equipment for VTC		14,000,000			0	0
	Sp4: Quality Assurance and Standards		2,000,000			0	0
	SP6: Capacity Building for VTC Instructors		3,000,000			0	0
	SP7: Monitoring and Evaluation		3,000,000			0	0
<b>Sub Total</b>		<b>1,235,580,113</b>	<b>459,102,000</b>	<b>503,817,029</b>	<b>9,993,022</b>	<b>40.8</b>	<b>2</b>
<b>Finance and Economic Planning</b>							
Programme 1: General Administration, Planning and Support Services	SP 1.1: Personnel costs	490,517,391		321,655,538		65.6	0
	SP 1.2: Administration Services	200,896,303	27,550,000	143,146,620		71.3	0
	SP 1.3: Employer Contribution for Staff Pension	202,275,646				0	0
	Donor Fund		137,839,232			0	0
Programme 2: County Planning Management	SP 2.1: Economic Policy and County Planning Services	26,095,966		13,355,825		51.2	0
	SP 2.2: Budgeting	67,257,695		22,051,040		32.8	0
	SP 2.3: Monitoring and Evaluation	17,121,610		4,532,320		26.5	0
	SP 2.4: Resource Mobilization Strategies	5,000,000				0	0
	SP 2.5: Enforcement of Revenue Collection	5,000,000				0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Programme 3: County Financial Service Management	SP 3.1: Revenue Mobilization	39,279,040		16,113,500		41	0
	SP3.2: Accounting Services	20,319,230		15,076,946		74.2	0
	SP 3.3: Audit Services	17,547,721		5,144,207		29.3	0
	SP 3.4: Supply Chain Services	18,118,235		8,562,159		47.3	0
	SP 3.5: Asset Management	5,000,000				0	0
Programme 4: Service Delivery and Organizational Transformation	SP 4.1: Service Delivery Unit	5,000,000				0	0
	SP 4.3: Investment Initiative	5,000,000				0	0
	SP 4.4: Special Coordination Unit	17,827,013		2,907,625		16.3	0
	SP 4.5: Maintenance of computer, software and networks - Revenue System	12,000,000				0	0
	SP 4.8: System Enhancement	20,000,000	-	4,092,320		20.5	0
	SP 4.9: Emergency Fund		100,000,000			0	0
	ICT		33,250,000			0	0
Health Management System		37,955,528			0	0	
<b>Sub Total</b>		<b>1,174,255,850</b>	<b>336,594,760</b>	<b>556,638,099</b>	<b>-</b>	<b>47.4</b>	<b>0</b>
<b>Trade and Industrialization</b>							
Programme 1: General Administration and Support Services	SP 1. Human Resource Development and Management	19,208,655		9,614,177		50.1	0
	SP 3. Administrative Services & Planning	6,428,510	23,327,308	4,780,834		74.4	0
Programme 2: Trade and Enterprise Development	SP 2. 1. Business Loan		165,673,533		39,993,600	0	24.1
Programme 3: Market Infrastructure Development and Management	SP 3.1. Market Infrastructure		104,000,000			0	0
	SP 3.2. Ward Based Projects		48,336,000			0	0
<b>Energy</b>							
Programme 1: General Administration and Support Services	SP 1. Human Resource Development and Management	4,219,452				0	0
	SP 2. Planning and Support Services	4,087,361				0	0
	SP 3. Administrative Services	14,915,603		7,374,764		49.4	0
Programme 2: Energy Development and Management	SP 2. 1. Energy Access		6,000,000		4,999,170	0	83.3
	REREC		50,006,400			0	0
<b>Industry</b>							
Programme 1: General Administration and Support Services	SP 1. Human Resource Development and Management	1,885,920				0	0
	SP 2. Planning and Support Services	2,643,200				0	0
	SP 3. Administrative Services	2,542,657		1,942,981		76.4	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Programme 2: Industrial Investment and Development	SP 2. 1. Industrial Development	-	410,000,000			0	0
<b>Sub Total</b>		<b>55,931,358</b>	<b>807,343,241</b>	<b>23,712,757</b>	<b>44,992,770</b>	<b>42.4</b>	<b>5.6</b>
<b>Lands, Urban and Physical Planning</b>							
Programme 1: General Administration, Planning and Support Services	Human Resource Management	26,637,264		10,183,107		38.2	0
	Administrative and support services	12,129,145	11,171,083	4,957,060		40.9	0
	Capacity Building	-				0	0
	Land Registration	5,000,000				0	0
	Planning and Financial Management	-				0	0
	Policy and Legal Framework	3,330,155				0	0
Programme 2: Land Development and Management	SP 3: Physical and Land Use Plans		7,637,625			0	0
	Land		10,000,000			0	0
	Ward Based Projects		20,151,400		6,880,000	0	34.1
<b>Housing</b>							
Programme 1 General Administration, Planning and Support Services	SP 1: Salaries and Emoluments	9,586,560				0	0
	SP 2: Administrative Services	17,766,990				0	0
	SP 4: Planning and Financial Management	1,184,125				0	0
	SP 5: Policy and Legal Framework	1,273,500				0	0
Programme 2 Housing Development and Management	SP 2: Housing Infrastructural Development		206,500,100			0	0
<b>Bungoma Municipality</b>							
Programme I: General Administration, Planning and Support services	SP 1.1: Salaries and Personnel Emoluments	12,397,661		4,798,749		38.7	0
	SP 1.2: Human Resource Capacity Development and Management	3,857,300				0	0
	SP 1.3: General Administration and Support Services	21,021,953		4,176,800		19.9	0
	SP 1.4: Planning and Financial Management	2,820,000				0	0
	SP 1.5: Institutional Accountability, Leadership, Efficiency and Effectiveness	3,003,000				0	0
Programme III: Urban Infrastructure Development and Management	SP 3.2: Urban Transport and Infrastructure Development	-	90,500,000			0	0
Programme IV: Urban Environment and Social Services	SP 4.2: Urban Waste Management and Sanitation Services	-	11,000,000			0	0
	SP 4.3: Urban greening and environment protection	-	4,200,000			0	0
	Ward Based Projects		68,400,000			0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Grant	-	68,575,248			0	0
<b>Kimilili Municipality</b>							
Programme 1: Urban Governance	SP1: General Adm Planning and Support Services (Inclusive of salary)	31,044,460		3,579,486		11.5	0
	SP2: Human Resource	13,811,045		5,595,565		40.5	0
Programme 2: Urban Infrastructure Development and Management	Infrastructure. Housing and Public Works	-	191,846,979		20,754,740	0	10.8
<b>Sub Total</b>		<b>164,863,158</b>	<b>689,982,435</b>	<b>33,290,767</b>	<b>27,634,740</b>	<b>9</b>	<b>5.7</b>
<b>County Public Service Board</b>							
Programme I: General Administration, Planning and Support services	SP 1. 1 Administrative Service	22,141,121		10,721,620		48.4	0
	SP1.2 Construction 1 Storey Building Administrative Block	-	14,500,000			0	0
Programme 2: Human Resource Management and Development	SP 2. 1 Human Resource Management	10,374,532		4,125,445		39.8	0
Programme 3: Governance and National Values	SP 3. 1 Quality Assurance	5,120,330				0	0
	SP 3. 2 Ethics Governors and National	10,716,570				0	0
<b>Sub Total</b>		<b>48,352,553</b>	<b>14,500,000</b>	<b>14,847,065</b>	<b>-</b>	<b>30.7</b>	<b>0</b>
<b>Public Service and Administration</b>							
Programme 1: General Administration, Planning and Support Services	Sp1.1: Salaries	428,997,892		185,408,367		43.2	0
	Sp1.2: Utilities	5,700,000				0	0
	Sp1.3: Maintenance	1,730,000				0	0
	Sp1.4: Operations	53,636,755		63,612,769		118.6	0
	Sp1.5: Contracted Security and Cleaning Services	67,179,450				0	0
	Sp1.6: Purchase of Uniforms	4,000,000				0	0
	Sp1.7: Medical Insurance	250,000,000				0	0
	Sp1.9: National Holidays	10,000,000				0	0
	Infrastructure Development		64,506,063			0	0
	Sp1.10: Devolved Units	9,000,000				0	0
Programme 2: Public Participation, Civic Education and Outreach Services	Sp2.1: Public Participation	4,000,000				0	0
	Sp2.2: Civic Education	4,000,000				0	0
Programme 3: Service Delivery and Organizational Transformation	Sp3.1 Service Delivery and Organizational Transformation	10,000,000				0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Office of the County Secretary and County Attorney</b>							
Programme 1: General Administration, Planning and Support Services (County Secretary)	Payroll Cleaning	500,000				0	0
	Staff and Workplace Surveys	2,000,000				0	0
	Records Management	2,806,720				0	0
	Utilities and Maintenance	1,300,000				0	0
	Operation	3,500,000		4,806,464		137.3	0
Programme 3: General Administration, Planning and Support Services County Attorney	Sp3.1: Utilities	350,000				0	0
	Sp3.2: Maintenance	300,000				0	0
	Sp3.3: Operations	6,109,000		3,711,880		60.8	0
	Sp3.4: Legal Fees	7,000,000				0	0
<b>Sub Total</b>		<b>872,109,817</b>	<b>64,506,063</b>	<b>257,539,479</b>		<b>29.5</b>	<b>0</b>
<b>Gender and Culture</b>							
Programme 1: 1 General Administration, planning and support services	Compensation to Employees	34,907,953		14,006,477		40.1	0
	Planning and Budgeting	2,500,000				0	0
	Utility for office operations	500,000				0	0
	Administrative Service Management(boards and Committees, travel costs, catering services, others)	19,553,513	958,513	2,660,560		13.6	0
Programme 2 Cultural Development and Management	Participate in KICOSCA and EALASCA Games	18,147,000		20,965,723		115.5	0
	Participate Kenya Music Cultural Festival	500,000				0	0
	Hold at the herbal medicine day	500,000				0	0
	Liquor and licensing enforcement exercise	2,000,000				0	0
	Construction of Sang'alo Multipurpose Hall	-	6,440,351			0	0
	Microfinance Youth Programme	-	1,128,440			0	0
Programme 3: Gender Equity and Social Protection	Operations of GTWG	1,500,000	-			0	0
	Gender-Based Violence Response Programs (16 days of activism against women)	2,000,000	-			0	0
	Mark and Celebrate International Women's Day	2,000,000	-			0	0
	Mark and Celebrate International Disability Day	1,000,000	-			0	0
	Disability Empowerment program		12,317,615			0	0
	Women Empowerment program		20,526,343			0	0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Youth and Sports</b>							
PROGRAMME 2: General Administration Planning and Support Services	Payment of Salaries	13,331,452		5,466,164		41	0
	Planning and Budgeting	830,126				0	0
	Utility for office operations	520,000				0	0
	Administrative Service Management (boards and Committees, travel costs, catering services, other recurrent)	10,809,497	4,000,000	2,805,559		26	0
PROGRAMME 3: Sports and Talent Development	Construction of phase 1 Masinde Muliro stadium		26,000,000		25,511,240	0	98.1
	Completion and equipping of Phase 1 and Phase 11 of the High-Altitude Training Centre		19,000,000		10,287,465	0	54.1
	Boards and Committees (Operations Cost)		300,000			0	0
	Sports Facility development and management		10,000,000			0	0
	Youth Empowerment fund		29,684,326			0	0
<b>Sub Total</b>		<b>110,599,541</b>	<b>130,355,588</b>	<b>45,904,483</b>	<b>35,798,705</b>	<b>41.5</b>	<b>27.5</b>
<b>Governor's and Deputy Governor's Office</b>							
Programme 1: General Administration, Planning and Support Services	Sp1.1: County budget and economic forum	3,000,000				0	0
	Sp1.2: Public consultative meetings	15,000,000				0	0
	Sp1.3: Feasibility Studies/ Advisory Services	2,000,000				0	0
	Sp1.4: Utilities	9,347,663				0	0
	Sp1.5: Operations and Other Departmental Programs	68,951,486		104,978,686		152.3	0
	Sp1.6: Maintenance	14,000,000				0	0
	Sp1.7: Salaries	228,432,549		110,902,890		48.6	0
Programme2: County Executive Committee Affairs	Sp2.1 Leadership and Coordination of County Departments and Agencies	20,000,000				0	0
Programme3: County Strategic and Service Delivery Coordination	Sp3.1 Staff Management Services.	12,000,000				0	0
	Sp3.2 Events Management and Protocol Services.	10,000,000				0	0
	Sp3.3 Communication	1,000,000				0	0
	Sp3.4 Integrity	2,000,000				0	0
	Sp3.5 Intergovernmental relations	10,000,000				0	0
	Special Programmes	50,000,000				0	0
<b>Office of the Deputy Governor</b>							
Programme 1: General Administration, Planning and Support Services	Sp1.1: Utilities	1,328,000				0	0
	Sp1.2: Operations	22,108,583		10,115,950		45.8	0
	Sp1.3: Maintenance	3,900,000				0	0



Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Sub Total</b>		<b>473,068,281</b>		<b>225,997,527</b>		<b>47.8</b>	<b>0</b>
<b>Environment, Tourism and Climate Change</b>							
Programme 1: General Administration Planning and Support Services	SP. Human Resources Management	31,136,359		10,647,702		34.2	0
	Sp. Planning and Support Services	7,676,864		3,252,449		42.4	0
Programme 2: Protection and Conservation of the Environment	SP. Waste Management and Control	312,552,734		117,980,594		37.8	0
Programme 3: Climate Change Coordination and Management	Sp. Climate Change Resilience Investment Grant	22,110,885	125,000,000			0	0
	Sp. Climate Change Fund		80,000,000			0	0
<b>Water and Natural Resources</b>							
Programme 1: General Administration Planning and Support Services	SP. Human Resources Management	38,151,374		15,144,378		39.7	0
	Sp. Planning and Support Services	23,453,875	21,399,464	8,902,514		38	0
Programme 2: Water and Sanitation Development and Management	SP. Borehole Development		8,810,745			0	0
	SP.KOICA Counterpart Funding	-	20,000,000			0	0
	Ward Based Projects		166,831,400		40,776,578	0	24.4
<b>Sub Total</b>		<b>435,082,091</b>	<b>422,041,609</b>	<b>155,927,638</b>	<b>40,776,578</b>	<b>37.8</b>	<b>9.7</b>
<b>County Assembly</b>							
General Administration and Support Services	Salaries and personnel Emoluments	622,227,383		303,561,601		48.8	0
	Human Resource Capacity Development and Management	31,542,328		12,380,142		39.3	0
	General administration and support services	278,451,735		102,320,859		47	0
	Research knowledge sharing and development services	6,650,000		1,756,458		26.4	0
Legislation	Legislation Services	10,486,000				0	0
Representation and Outreach Services	Representation services	70,876,984		43,458,115		61.3	0
	Public Participation and Outreach Services	5,000,000		4,073,545		81.5	0
Oversight	Oversight services	107,003,800		80,595,706		75.3	0
General Infrastructure	General Infrastructure		136,737,650		24,746,860	0	29.9
<b>Sub Total</b>		<b>1,132,238,230</b>	<b>136,737,650</b>	<b>548,146,426</b>	<b>24,746,860</b>	<b>51.2</b>	<b>29.9</b>
<b>Grand Total</b>		<b>9,827,058,184</b>	<b>5,643,037,428</b>	<b>3,636,669,673</b>	<b>271,971,189</b>	<b>34</b>	<b>5.8</b>

*Source: Bungoma County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Operations and Other Departmental Programs in the Department of Governors at 152.3 per cent, operations in the Department of Public Administration at 118.6 per cent, operations in the Department of County Secretary at 137.3 per cent, and KICOSCA in gender at 115.5 per cent of budget allocation.

### 3.3.14 Accounts Operated Commercial Banks

The County government operated a total of 321 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.3.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.130.39 million against an annual projection of Kshs.868.20 million, representing 15.0 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.19, where the County incurred expenditure over approved exchequer issues in several departments. Further, there was a failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Women Fund, Trade Loan, Disability Fund and Youth Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.12 billion as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.75.2 million were processed through the manual payroll, accounting for 3.0 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Low absorption of development funds which translated to 5.8 per cent of the approved annual development budget.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget. Further, the County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County should identify and address issues causing delays in implementing development programmes and projects.*

## 3.4. County Government of Busia

### 3.4.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.7.47 billion (87.4 per cent) as the equitable share of revenue raised nationally, Kshs.152.22 million (1.8 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.526.36 million (6.2 per cent) as conditional grants, and generate Kshs.396.79 million (4.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.21.

### 3.4.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.47 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.39 billion from FY 2022/23, and raised Kshs.133.16 million as own-source revenue (OSR). The raised OSR includes Kshs.61.65 million as FIF and Kshs.71.51 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.99 billion, as shown in Table 3.21.

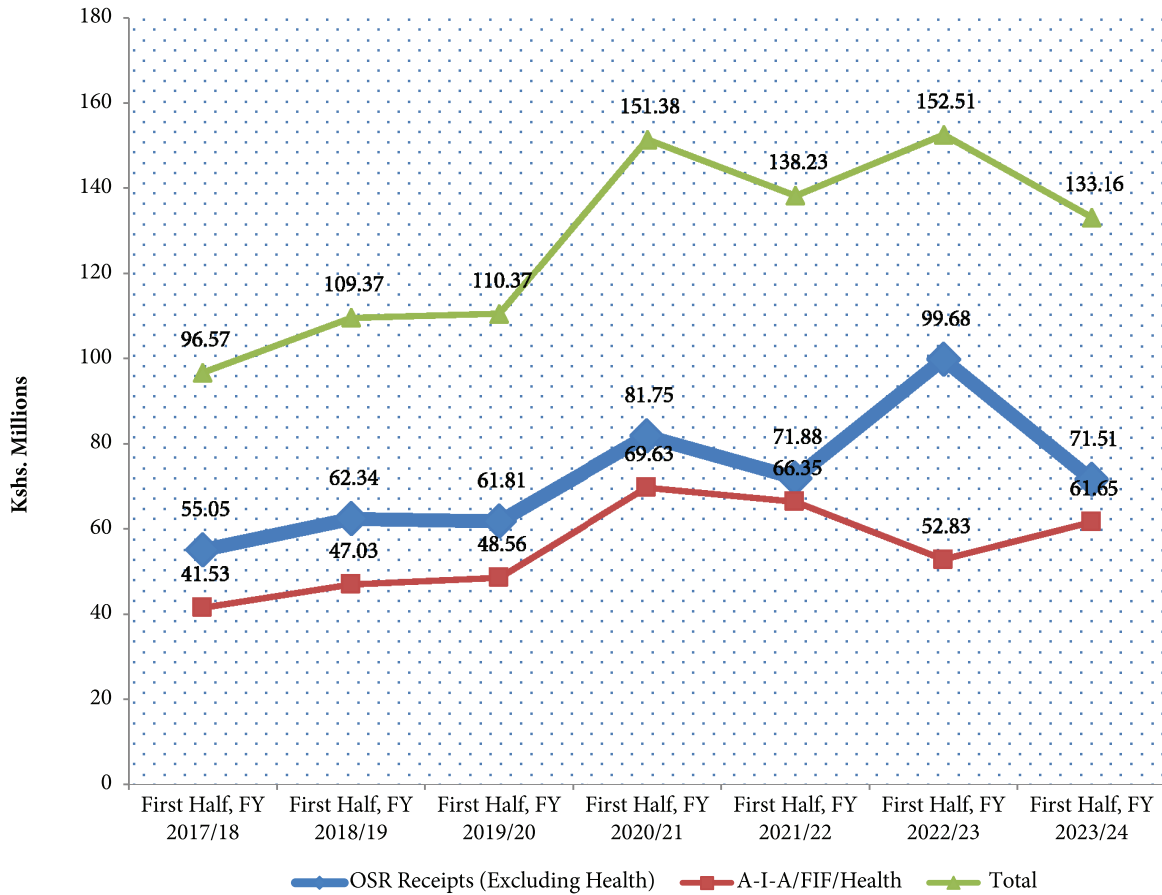
**Table 3.21: Busia County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,467,233,148	2,466,943,148	33.0
	<b>Sub Total</b>	<b>7,467,233,148</b>	<b>2,466,943,148</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
2	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
3	DANIDA	32,017,375	-	-
4	Agriculture Sector Development Support Programme II (ASDSP II)	31,498,206	-	-
5	Kenya Livestock Commercialization Project (KeLCop)	30,500,000	-	-
6	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)-County Climate Institutional Support	22,000,000	-	-
7	Nutrition International	20,000,000	-	-
8	Agriculture Business Development Project	13,000,000	-	-
9	Kenya Urban Support Programme (KUSP)	1,194,559	-	-
10	Kenya Urban Support Programme (KUSP)	1,145,356	-	-
	<b>Sub-Total</b>	<b>526,355,496</b>	<b>-</b>	<b>0.0</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	396,793,350	71,508,528	18.0
2	Balance b/f from FY2022/23	-	1,398,513,294	-
3	Facility Improvement Fund (FIF)	152,222,283	61,650,557	-
	<b>Sub Total</b>	<b>549,015,633</b>	<b>1,531,672,379</b>	<b>279.0</b>
	<b>Grand Total</b>	<b>8,542,604,277</b>	<b>3,998,615,527</b>	<b>40.5</b>

Source: Busia County Treasury

Figure 10 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

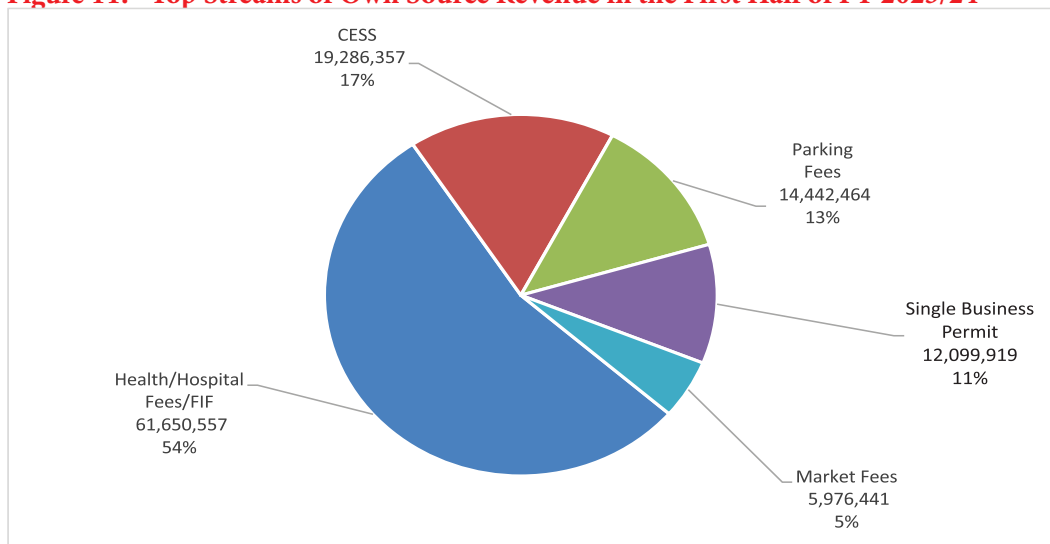
**Figure 10: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Busia County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.133.16 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented a decrease of 12.7 per cent compared to Kshs.152.51 million realised in a similar period in FY 2022/23 and was 24.3 per cent of the annual target and 5.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 11.

**Figure 11: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Busia County Treasury

The highest revenue stream of Kshs.61.65 million was from the Facility Improvement Fund (FIF) contributing to 46.3 per cent of the total OSR receipts during the reporting period.

### 3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.10 billion from the CRF account during the reporting period which comprised Kshs.202.84 million (6.6 per cent) for development programmes and Kshs.2.89 billion (93.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.96 billion was released towards Employee Compensation, and Kshs.933.76 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.602.77 million.

### 3.4.4 County Expenditure Review

The County spent Kshs.3.22 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.1 per cent of the total funds released by the CoB and comprised Kshs.298.49 million and Kshs.2.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.6 per cent, while recurrent expenditure represented 49.0 per cent of the annual recurrent expenditure budget.

### 3.4.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.2.27 billion, comprising of Kshs.1.03 billion for recurrent expenditure and Kshs.1.24 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.41.98 million were settled, consisting of Kshs.5.42 million for recurrent expenditure and Kshs.36.56 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.2.23 billion.

The outstanding pending bills for the County Assembly were Kshs.71.41 million as of 31<sup>st</sup> December 2023.

### 3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.79 billion on employee compensation, Kshs.643.15 million on operations and maintenance, and Kshs.281.50 million on development activities. Similarly, the County Assembly spent Kshs.166.59 million on employee compensation, Kshs.323.48 million on operations and maintenance, and Kshs.16.99 million on development activities, as shown in Table 3.22.

**Table 3.22: 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
<b>Total Recurrent Expenditure</b>	<b>4,963,996,785</b>	<b>1,007,157,352</b>	<b>2,435,283,554</b>	<b>490,070,321</b>	<b>49.1</b>	<b>48.7</b>
Compensation to Employees	2,971,561,278	452,433,683	1,792,131,071	166,586,314	60.3	36.8
Operations and Maintenance	1,992,435,507	554,723,669	643,152,483	323,484,007	32.3	58.3
<b>Development Expenditure</b>	<b>2,511,450,140</b>	<b>60,000,000</b>	<b>281,500,328</b>	<b>16,989,500</b>	<b>11.2</b>	<b>28.3</b>
<b>Total</b>	<b>7,475,446,925</b>	<b>1,067,157,352</b>	<b>2,716,783,882</b>	<b>507,059,821</b>	<b>36.3</b>	<b>47.5</b>

Source: Busia County Treasury

### 3.4.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.96 billion, or 49.1 per cent of the available revenue which amounted to Kshs.3.99 billion. This expenditure represented a decrease from Kshs.1.97 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.789.61 million paid to health sector employees, translating to 40.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.86 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.101.41 million was processed through manual pay-rolls. The manual payrolls accounted for 5.2 per cent of the total PE cost.

The County Assembly spent Kshs.19.49 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.56.66 million. The average monthly sitting allowance was Kshs.60,155 per MCA. The County Assembly has established 18 Committees.

### 3.4.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.26.0 million to county-established funds in FY 2023/24, constituting 0.3 per cent of the County's overall budget. Table 3.23 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.23: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Busia County (public officers) Revolving Fund.	-	-	-	222,000,000	Yes
2.	Busia County Health Services Fund	20,000,000	-	-	57,000,000	Yes
3.	Busia County Cooperative Enterprise Development Fund	6,000,000	-	-	123,005,000	Yes
4.	Busia County Education Support Scheme	-	-	-	-	No
5.	Busia County Agricultural Development fund	-	-	-	90,000,000	Yes
<b>County Assembly Established Funds</b>						
6.	Busia County Assembly Revolving Fund	-	-	-	641,249,842	No
<b>Total</b>		<b>26,000,000</b>			<b>1,133,254,842</b>	

**Source:** Busia County Treasury

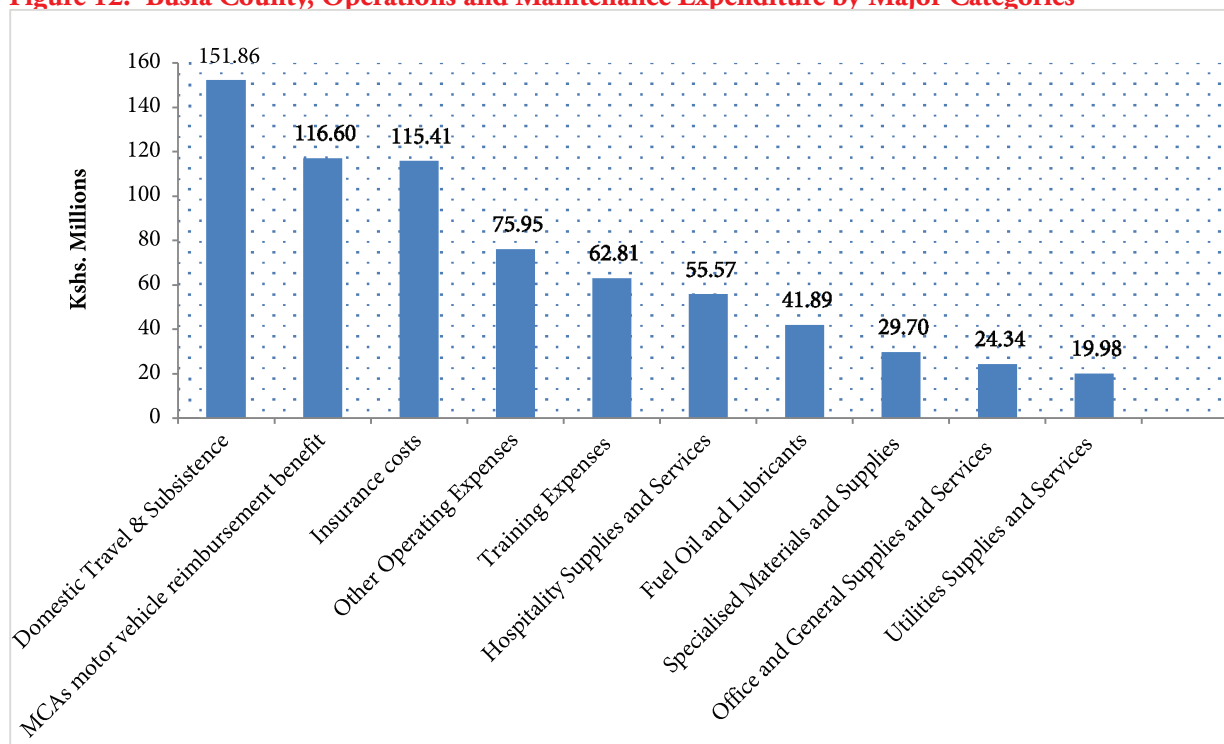
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of two funds as indicated in Table 3.22, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.4.9 Expenditure on Operations and Maintenance

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

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



Source: Busia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.151.86 million and comprised Kshs.59.91 million spent by the County Assembly and Kshs.91.95 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.04 million and comprised Kshs.2.06 million by the County Assembly and Kshs.11.98 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.24.

**Table 3.24: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	22/08/2023	Benchmarking in Ethiopia for Aggregation and Industrial Park	Ethiopia	5,306,997
County Executive	2	18 <sup>th</sup> September 2023 to 23 <sup>rd</sup> September 2023	Participation in the United Nations General Assembly	New York USA	964,299
County Executive	2	16-10-2023 to 19-10-2023	Participate in the third Belt and Road for International Cooperation (BRF)	Beijing China	1,223,750
County Executive	3	30-11-2023 to 12-12-2023	Attend the twenty-eighth session of the conference of parties to the United Nations Framework on Climate Change (COP 28).	Dubai UAE	3,251,238
County Assembly	1	23 <sup>rd</sup> July to 30 <sup>th</sup> July 2023	Attending Sub-Total, he Conference on Leadership Management	Addis Ababa-Ethiopia	419,968
County Assembly	1	8 <sup>th</sup> to 15 <sup>th</sup> December 2018	Facilitation for EALASCA games held in Uganda Kampala	Kampala	245,456
County Assembly	1	27 <sup>th</sup> October to 5 <sup>th</sup> November 2023	Performance Management Systems and Localisation of SDGs	United Kingdom	1,161,126
County Assembly	1	10 <sup>th</sup> to 14 <sup>th</sup> December 2023	Workshop on Strengthening Capacity of Border Municipalities	South Africa	230,025
<b>Total</b>					<b>12,802,859</b>

Source: Busia County Treasury and County Assembly

**Table 3.25: The table below provides a breakdown of other operating expenses reported in the above graph.**

Other Operating Expenses						
Item	Department	Approved Budget FY 2023-24	Budget FY	Expenditure FY 2023-24	2nd Quarter	Quarter
Budget Preparation	Finance, ICT and Economic Planning		15,373,000			15,370,003
Public Participation	Finance, ICT and Economic Planning		18,000,000			17,854,589
Capacity Building	Finance, ICT and Economic Planning		26,040,000			24,340,705
General Office administration	Public Service, Administration and Gender		8,626,900			8,393,300
Devolution Conference	The Governorship		10,000,000			9,993,700
<b>Total</b>			<b>78,039,900</b>			<b>75,952,297</b>

Source: Busia County Treasury

### 3.4.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.298.49 million on development programmes, representing an increase of 67.0 per cent compared to a similar period of FY 2022/23 when the County spent Kshs178.78 million. The table 3.26 summarises development projects with the highest expenditure in the reporting period.

**Table 3.26: Busia County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Trade, Investment, Co-operatives and Industry	Construction of industrial park at Nasewa Phase 1	Nasewa	250,000,000	79,680,479	Ongoing
2	Finance, CT and Economic Planning	Supply, delivery, installation, customization and commissioning of an integrated revenue collection and management system and a hospital information management system	County wide	11,977,046	11,977,046	Complete
3	Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness	Installation of fish Cages	Bunyala West	5,000,000	5,000,000	Complete
4	Transport, Public Works and Energy	Routine Maintenance of County Roads	Chakol South	5,000,000	4,737,044	Complete
5	Water, Irrigation and Natural Resources	Afforestation Programme in Public Institutions	Bukhayo West	5,000,000	4,405,408	Complete
6	Water, Irrigation and Natural Resources	Livelihood Diversification (Apiary Promotion)	Amukura Central	4,000,000	3,871,395	Complete
7	Transport, Public Works and Energy	Routine Maintenance of County Roads	Mungatsi	4,500,000	3,799,501	Complete
8	Governorship	Purchase of Fire Engine	Samia and Bunyala	55,000,000	3,240,000	ongoing
9	Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness	Agriculture inputs support services	Matayos	3,205,500	3,205,500	Complete
10	Water, Irrigation and Natural Resources	Installation of lightning arrestors at Musokoto Secondary, Igara Secondary and Lupida Secondary	Bukhayo North / Walatsi	4,000,000	2,000,000	Ongoing

Source: Busia County Treasury

### 3.4.11 Budget Performance by Department

Table 3.27 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.



**Table 3.27: Busia County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries, Climate Change, Blue Economy and Agri-business	262.89	466.95	130.31	35.96	159.37	112.43	122.3	312.7	60.6	24.1
Trade, Investment, Co-operatives and Industry	85.84	361.30	22.00	100.00	15.27	79.68	69.4	79.7	17.8	22.1
Education and Vocational Training	513.39	199.80	246.54	-	328.98		133.4	-	64.1	-
Finance, ICT and Economic Planning	753.06	22.00	325.67	11.98	597.56	11.98	183.5	100.0	79.4	54.4
Sports, Culture and Social Services	110.56	112.00	44.41	-	22.25		50.1	-	20.1	-
Transport, Public Works and Energy	263.47	457.04	147.27	27.37	114.88	24.25	78.0	88.6	43.6	5.3
Public Service, Administration and Gender	464.77	-	142.58	-	148.49		104.2	-	31.9	-
Lands, Housing and Urban Development	136.00	169.09	53.82	-	28.60	0.55	53.1	-	21.0	0.3
Water, irrigation and Natural Resources	155.29	299.70	59.00	10.55	23.38	22.06	39.6	209.2	15.1	7.4
Health and Sanitation	1,794.64	346.57	1,052.69	-	874.93	27.31	83.1	-	48.8	7.9
County Public Service Board	114.71	-	21.52	-	9.20		42.7	-	8.0	-
County Attorney	66.27	-	13.13	-	8.48		64.6	-	12.8	-
The Governorship	243.10	77.00	110.94	-	103.90	3.24	93.6	-	42.7	4.2
County Assembly	1,007.16	60.00	522.74	16.99	490.07	16.99	93.8	100.0	48.7	28.3
<b>Total</b>	<b>5,971.15</b>	<b>2,571.45</b>	<b>2,892.63</b>	<b>202.84</b>	<b>2,925.35</b>	<b>298.49</b>	<b>101.1</b>	<b>147.2</b>	<b>49.0</b>	<b>11.6</b>

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Finance, ICT and Economic Planning recorded the highest absorption rate of development budget at 54.4 per cent, followed by the County Assembly at 28.3 per cent. The Department of Finance, ICT and Economic Planning had the highest percentage of recurrent expenditure to budget at 79.4 per cent while the County Public Service Board had the lowest at 8.0 per cent.

Development expenditure incurred by the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness and the Department of Water, irrigation and Natural Resources can be attributed to the funds which were held in the Special Purpose Accounts at the end of last financial year. While the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness, the Department of Education and Vocational Training, department of the Department of Finance, ICT and Economic Planning and the Department of Public Service, Administration and Gender recurrent expenditure was above the exchequer issues during the reporting period due to diversion of funds released to other departments.

The recurrent budget allocation for the County Assembly is Kshs.1.01 billion while the County Allocation of Revenue Act,2023 ceiling is Kshs.890.56 million. The County has been advised to review the allocation in the light of CARA,2023 ceiling.

### 3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 3.28 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.28: Busia County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Rec (Kshs.)	Dev (Kshs.)	Rec (Kshs.)	Dev (Kshs.)	Rec	Dev
<b>Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness</b>							
General Administration and support services	Administrative support service	262,893,875	-	159,374,791	-	60.6	-
Land use and management	Agricultural mechanization	-	12,000,000	-	2,995,680	-	25.0
Crop production and Management	Input support services	-	67,600,000	-	-	-	-
	Crop development	-	5,000,000	-	-	-	-
	Multi-Sectoral Nutrition Improvement	-	2,000,000	-	-	-	-
	ATC Infrastructure Development	-	31,498,206	-	2,610,445	-	8.3
Agribusiness and agricultural Value Chain Development	Value addition	-	255,000,000	-	82,155,953	-	32.2
Fisheries and Aquaculture Resource Development	Aquaculture development	-	33,000,000	-	8,205,380	-	24.9
	Fisheries training infrastructure development	-	7,000,000	-	-	-	-
Livestock Production Development	Livestock production improvement	-	34,000,000	-	14,463,075	-	42.5
Veterinary health services	Veterinary Disease Control	-	6,850,000	-	-	-	-
	AI services	-	2,000,000	-	1,998,240	-	99.9
	Meat inspection services	-	7,000,000	-	-	-	-
	Veterinary Extension	-	4,000,000	-	-	-	-
	<b>Sub total</b>	<b>262,893,875</b>	<b>466,948,206</b>	<b>159,374,791</b>	<b>112,428,773</b>	<b>60.6</b>	<b>24.1</b>
<b>Trade, Investment, Co-operatives and Industry</b>							
General Administration and support services	Administrative support service	85,836,520	-	15,265,973	-	18	-
	Market modernization and development Establishment of Industrial park	-	351,300,000	-	79,680,479	-	22.7
Fair Trade practices	Weights and measures.	-	4,000,000	-	-	-	-
Cooperative development	Busia County Co-operative Enterprise Development Fund (equipping of vocational training centres)	-	6,000,000	-	-	-	-
	<b>Sub total</b>	<b>85,836,520</b>	<b>361,300,000</b>	<b>15,265,973</b>	<b>79,680,479</b>	<b>18</b>	<b>22.7</b>
<b>Education and Vocational Training</b>							
: General Administration and support services	Administrative support service	513,388,021	-	328,979,418	-	64.1	-
Early Childhood Development Education (Basic Education)	: Improvement of infrastructure in E.C.D.E Centres	-	52,600,000	-	-	-	-
	E.C.D.E Capitation	-	10,400,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Rec (Kshs.)	Dev (Kshs.)	Rec (Kshs.)	Dev (Kshs.)	Rec	Dev
Technical/ vocational training development	Infrastructure development	-	30,000,000	-	-	-	-
Education support	Education support scheme	-	106,800,000	-	-	-	-
	<b>Sub total</b>	<b>513,388,021</b>	<b>199,800,000</b>	<b>328,979,418</b>	-	<b>64.1</b>	-
<b>Finance, ICT and Economic Planning</b>							
General Administration and support services	Administrative support service	753,064,403	-	597,557,824	-	79.4	-
Financial management control and development	Revenue generation services	-	-	-	-	-	-
Infrastructure Development	Construction and Renovation	-	8,000,000	-	-	-	-
	ICT Support services	-	14,000,000	-	11,977,046	-	85.6
	<b>Sub total</b>	<b>753,064,403</b>	<b>22,000,000</b>	<b>597,557,824</b>	<b>11,977,046</b>	<b>79.4</b>	<b>85.6</b>
<b>Sports, Culture and Social Services</b>							
General Administration and support services	Administrative support service	110,556,236	-	22,251,833	-	20.1	-
Social services	Infrastructural development	-	25,000,000	-	-	-	-
	Sports promotion	-	74,000,000	-	-	-	-
Child care and protection	Rehabilitation and custody	-	8,000,000	-	-	-	-
Alcoholic drinks and drugs control	Infrastructure development	-	5,000,000	-	-	-	-
	<b>Sub total</b>	<b>110,556,236</b>	<b>112,000,000</b>	<b>22,251,833</b>	-	<b>20.1</b>	-
<b>Transport, Public Works and Energy</b>							
General Administration and support services	Administrative support service	263,469,068	-	114,879,335	-	43.6	-
Development and maintenance of roads	Routine maintenance of roads	-	102,900,000	-	7,168,953	-	-
	Development of Roads	-	273,040,000	-	17,081,671	-	-
Building Infrastructure Development	Infrastructure Development	-	17,000,000	-	-	-	-
Energy Development	Solar Energy Exploration	-	60,100,000	-	-	-	-
Alternative Transport Infrastructure Development	Road safety campaign	-	4,000,000	-	-	-	-
	<b>Sub total</b>	<b>263,469,068</b>	<b>457,040,000</b>	<b>114,879,335</b>	<b>24,250,624</b>	<b>43.6</b>	-
<b>Public Service, Administration and Gender</b>							
General Administrative and support services	Administrative support services	464,771,629	-	148,493,919	-	31.9	-
	<b>Sub total</b>	<b>464,771,629</b>	-	<b>148,493,919</b>	-	<b>31.9</b>	-
<b>Lands, Housing and Urban Development</b>							
General Administrative and support services	Administrative support services	136,001,139	-	28,599,462	-	21.0	-
County Land Administration and Planning	Land use planning	-	44,900,000	-	-	-	-
Housing Development and Management	Housing Development	-	51,194,559	-	550,000	-	1.1
Urban management and development control	Urban management	-	30,000,000	-	-	-	-
	Urban Development	-	43,000,000	-	-	-	-
	<b>Sub total</b>	<b>136,001,139</b>	<b>169,094,559</b>	<b>28,599,462</b>	<b>550,000</b>	<b>21.0</b>	<b>1.1</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Rec (Kshs.)	Dev (Kshs.)	Rec (Kshs.)	Dev (Kshs.)	Rec	Dev
<b>Water, irrigation and Natural Resources</b>							
General Administrative and support services	Administrative support services	155,286,456	-	23,379,175	-	15.1	-
Water supply services	Urban water supply and sewerage	-	18,000,000	-	-	-	-
	Rural water supply	-	114,600,000	-	785,789	-	0.7
Environmental management and protection	Environmental management	-	16,700,000	-	-	-	-
Smallholder irrigation and drainage	Irrigation infrastructure development	-	5,000,000	-	-	-	-
Forest development and management	Rehabilitation and Restoration of degraded landscape	-	15,400,000	-	-	-	-
Climate Change Fund	Financing Locally-Led Climate Action Program (FLLOCA)	-	125,000,000	-	21,276,804	-	17.0
	Establishment of Climate Change Information Service Hub Phase 1	-	5,000,000	-	-	-	-
	<b>Sub total</b>	<b>155,286,456</b>	<b>299,700,000</b>	<b>23,379,175</b>	<b>22,062,593</b>	<b>15.1</b>	<b>17.7</b>
<b>Health and Sanitation</b>							
General Administration and support services	Administrative support service	1,794,641,011	0	874,929,715	-	48.8	-
Curative Health Services	Infrastructure development	-	136,100,000	-	-	-	-
	Hospital equipment	-	32,000,000	-	-	-	-
Preventive and Promotive Health Services	Infrastructure development	-	65,850,000	-	-	-	-
	Lower-level hospital equipment	-	17,600,000	-	-	-	-
	Preventive Services	-	5,000,000	-	-	-	-
	Health promotion unit	-	90,017,375	-	27,310,813	-	30.3
	<b>Sub total</b>	<b>1,794,641,011</b>	<b>346,567,375</b>	<b>874,929,715</b>	<b>27,310,813</b>	<b>48.8</b>	<b>30.3</b>
<b>County Public Service Board</b>							
General Administration and support services	Administrative support service	114,713,417	-	9,196,700	-	8.0	-
	<b>Sub total</b>	<b>114,713,417</b>	<b>-</b>	<b>9,196,700</b>	<b>-</b>	<b>8.0</b>	<b>-</b>
<b>County Attorney</b>							
General Administration and support services	Administrative support service	66,273,000	-	8,479,806	-	12.8	-
	<b>Sub total</b>	<b>66,273,000</b>	<b>-</b>	<b>8,479,806</b>	<b>-</b>	<b>12.8</b>	<b>-</b>
<b>The Governorship</b>							
General Administration and support services	Administrative Support Services	243,102,010	-	103,895,604	-	42.7	-
Disaster Risk Management	Disaster preparedness	-	75,000,000	-	3,240,000	-	4.3
Information Dissemination and Knowledge Management	Communication Services	-	2,000,000	-	-	-	-
ICT Support Services	ICT Services	-	-	-	-	-	-
	<b>Sub total</b>	<b>243,102,010</b>	<b>77,000,000</b>	<b>103,895,604</b>	<b>3,240,000</b>	<b>42.7</b>	<b>4.3</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Rec (Kshs.)	Dev (Kshs.)	Rec (Kshs.)	Dev (Kshs.)	Rec	Dev
<b>County Assembly</b>							
General Administration and support services	Administrative support service	1,007,157,352	-	490,070,321	-	48.7	-
Infrastructure Development	infrastructure	-	60,000,000	-	16,989,500	-	28.3
	<b>Sub total</b>	<b>1,007,157,352</b>	<b>60,000,000</b>	<b>490,070,321</b>	<b>16,989,500</b>	<b>48.7</b>	<b>28.3</b>
<b>Total Expenditure</b>		<b>5,971,154,137</b>	<b>2,571,450,140</b>	<b>2,925,353,875</b>	<b>298,489,828</b>	<b>49.0</b>	<b>10.2</b>

Source: Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: AI services in the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness at 99.9 per cent, ICT Support services in the Department of Finance, ICT and Economic Planning at 85.6 per cent, Administrative support service in the Department of Finance, ICT and Economic Planning at 79.4 per cent, and Administrative support service in the Department of Education and Vocational training at 64.1 per cent of budget allocation.

### 3.4.13 Accounts Operated Commercial Banks

The County government operated a total of twenty-one (21) accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.4.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation. The report was received on 24<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.133.16 million against an annual projection of Kshs.549.02 million, representing 24.3 per cent of the annual target.
3. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.28.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Busia County Assembly Revolving and Busia County Education Support Scheme Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.2.29 billion as of 31<sup>st</sup> December 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.101.41 million were processed through the manual payroll, accounting for 5.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts for 16 government entities are held in Commercial banks.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

### **3.5. County Government of Elgeyo Marakwet**

#### **3.5.1 Overview of FY 2023/24 Budget**

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

To finance the budget, the County expects to receive Kshs.4.8 billion (67.1 per cent) as the equitable share of revenue raised nationally, Kshs.150 million (2.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.549.31 million (7.7 per cent) as conditional grants, a cash balance of Kshs.1.59 billion (22.2 per cent) was brought forward from FY 2022/23, and generate Kshs.70.34 million (1.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.29.

#### **3.5.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.1.99 billion as the equitable share of the revenue raised nationally, Kshs.18.05 million as additional allocations/conditional grants, had a cash balance of Kshs.1.59 billion from FY 2022/23, and raised Kshs.124.06 million as own-source revenue (OSR). The raised OSR includes Kshs.98.74 million as FIF and Kshs.25.32 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.72 billion, as shown in Table 3.29.

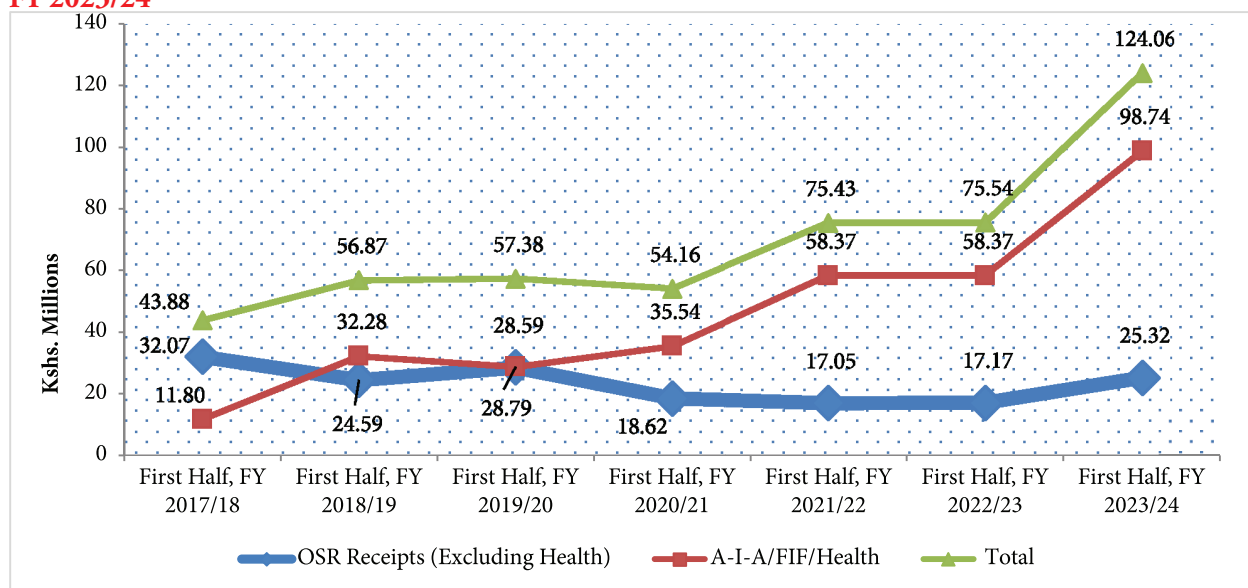
**Table 3.29: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>4,801,453,188</b>	<b>1,993,103,073</b>	<b>41.5</b>
<b>Subtotal</b>		<b>4,801,453,188</b>	<b>1,993,103,073</b>	<b>41.5</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	DANIDA (UHiDSP) - Health	7,045,000	7,045,000	100.0
2	World Bank Credit Finance locally-led Climate Action (FLLoCA)	11,000,000	11,000,000	100.0
3	Kenya Climate Smart Agriculture Project (IDA- World Bank)	90,000,000	-	-
4	Sweden Agriculture Sector Development Support Programme (ASDSP)	1,042,262	-	-
5	Kenya Informal Settlements Improvement Projects (KISIP)	50,000,000	-	-
6	Kenya Livestock Commercialization Project	36,500,000	-	-
7	Livestock Value chain support project	35,809,200	-	-
8	Emergency Locust Response project	138,144,044	-	-
9	Provision of the fertilizer subsidy program	63,970,782	-	-
10	Nutrition International (NI)	10,000,000	-	-
11	County Aggregated Industrial Park	100,000,000	-	-
12	Transfer for Library services	5,795,078	-	-
<b>Subtotal</b>		<b>549,306,366</b>	<b>18,045,000</b>	<b>3.3</b>
<b>C</b>	<b>Own Source Revenue</b>			
13	Ordinary Own Source Revenue	70,327,132	25,321,468	36.0
14	Facility Improvement Fund (FIF)	150,000,000	98,735,915	65.8
<b>Subtotal</b>		<b>220,327,132</b>	<b>124,057,383</b>	<b>56.3</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
15	Unspent balance from FY 2022/23	1,586,552,582	1,586,552,582	100.0
<b>Sub Total</b>		<b>1,586,552,582</b>	<b>1,586,552,582</b>	<b>100.0</b>
<b>Grand Total</b>		<b>7,157,639,268</b>	<b>3,721,758,038</b>	<b>52.0</b>

Source: Elgeyo Marakwet County Treasury

Figure 13 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

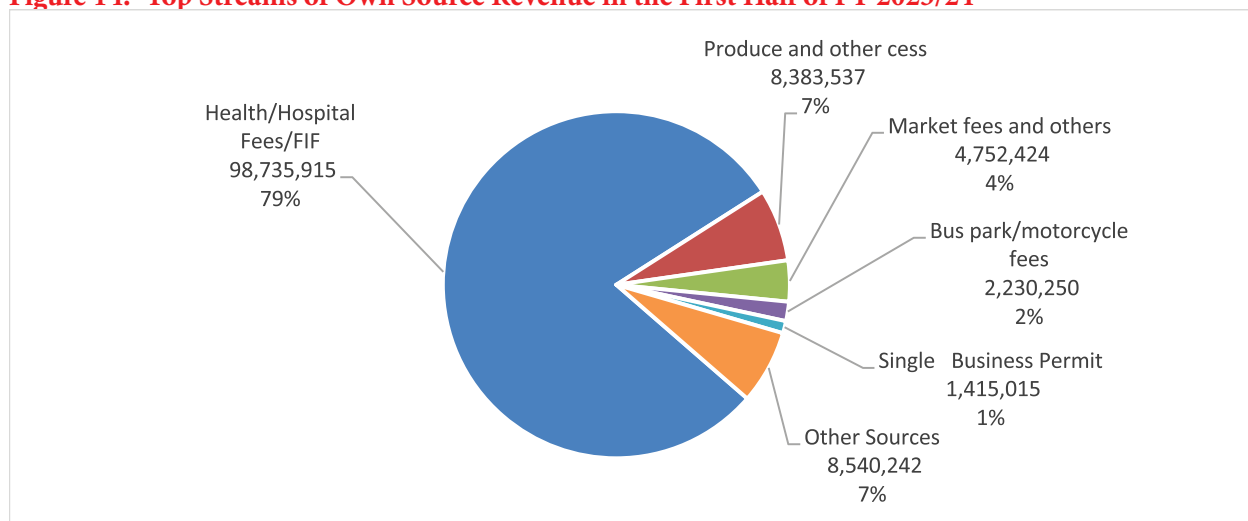
**Figure 13: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Elgeyo Marakwet County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.124.06 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 64.2 per cent compared to Kshs.75.43 million realised in a similar period in FY 2022/23 and was 56.3 per cent of the annual target and 6.2 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from the previous financial year. The revenue streams which contributed the highest OSR receipts are shown in Figure 14.

**Figure 14: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Elgeyo Marakwet County Treasury

The highest revenue stream of Kshs.98.74 million was from Facility Improvement Fund contributing to 79 per cent of the total OSR receipts during the reporting period.

### 3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.06 billion from the CRF account during the reporting period which comprised Kshs.97.38 million (4.7 per cent) for development programmes and Kshs.1.96 billion (95.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.47 billion was released towards Employee Compensation and Kshs.494.25 million was for Operations and Maintenance expenditure.



### 3.5.4 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.18.65 million, comprising Kshs.7.95 million for recurrent expenditure and Kshs.10.69 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.15.86 million were settled, consisting of Kshs.6.21 million for recurrent expenditure and Kshs.9.65 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.2.79 million.

The County Assembly did not report outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.5.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.32 billion on employee compensation, Kshs.213.78 million on operations and maintenance, and Kshs.130.01 million on development activities. Similarly, the County Assembly spent Kshs.152.49 million on employee compensation and Kshs.244.17 million on operations and maintenance as shown in Table 3.30.

**Table 3.30: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>3,097,605,597</b>	<b>732,213,522</b>	<b>1,530,521,155</b>	<b>396,659,460</b>	<b>49.4</b>	<b>54.2</b>
Compensation to Employees	2,531,100,948	289,229,629	1,316,740,123	152,487,007	52.0	52.7
Operations and Maintenance	566,504,649	442,983,893	213,781,032	244,172,453	37.7	55.1
<b>Development Expenditure</b>	<b>3,327,820,149</b>	<b>-</b>	<b>130,006,494</b>	<b>-</b>	<b>3.9</b>	<b>-</b>
<b>Total</b>	<b>6,425,425,746</b>	<b>732,213,522</b>	<b>1,660,527,649</b>	<b>396,659,460</b>	<b>25.8</b>	<b>54.2</b>

Source: Elgeyo Marakwet County Treasury

### 3.5.6 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.47 billion, or 39.5 per cent of the available revenue which amounted to Kshs.3.72 billion. This expenditure represented an increase from Kshs.1.32 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.636.08 million paid to health sector employees, translating to 43.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.33 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.136.29 million was processed through manual payrolls. The manual payrolls accounted for 9.3 per cent of the total PE cost.

The County Assembly spent Kshs.15.5 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.30.99 million. The average monthly sitting allowance was Kshs.75,960 per MCA. The County Assembly has established 18 Committees.

### 3.5.7 County Emergency Fund and County-Established Funds

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

During the FY 2023/24, the county allocated Kshs.1 million to the Emergency Fund constituting 0.01 per cent of the County's overall budget. The County further allocated Kshs.162.95 million to county-established funds constituting 2.3 per cent of the County's overall budget. Table 3.31 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.31: Performance of County Established Funds in the First Half of FY 2023/24**

No.	Name of the Fund	Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31st December 2023
		(Kshs.)	(Kshs.)	(Kshs.)	(Yes/No.)
<b>County Executive Established Funds</b>					
1	Elgeyo Marakwet County Education Fund	99,307,938	-	-	Yes
2	County Executive Car & Mortgage Loan Revolving Fund	63,646,000	-	-	Yes
3	Elgeyo Marakwet County Alcoholic Drinks Control Fund	-	-	-	Yes
<b>County Assembly Established Funds</b>					
4	Elgeyo Marakwet County Assembly Car and Mortgage Revolving Fund	-	-	-	Yes
5	Elgeyo Marakwet County (County Assembly) Catering Services Revolving Fund	-	-	-	Yes
<b>Total</b>		<b>162,953,938</b>	-	-	-

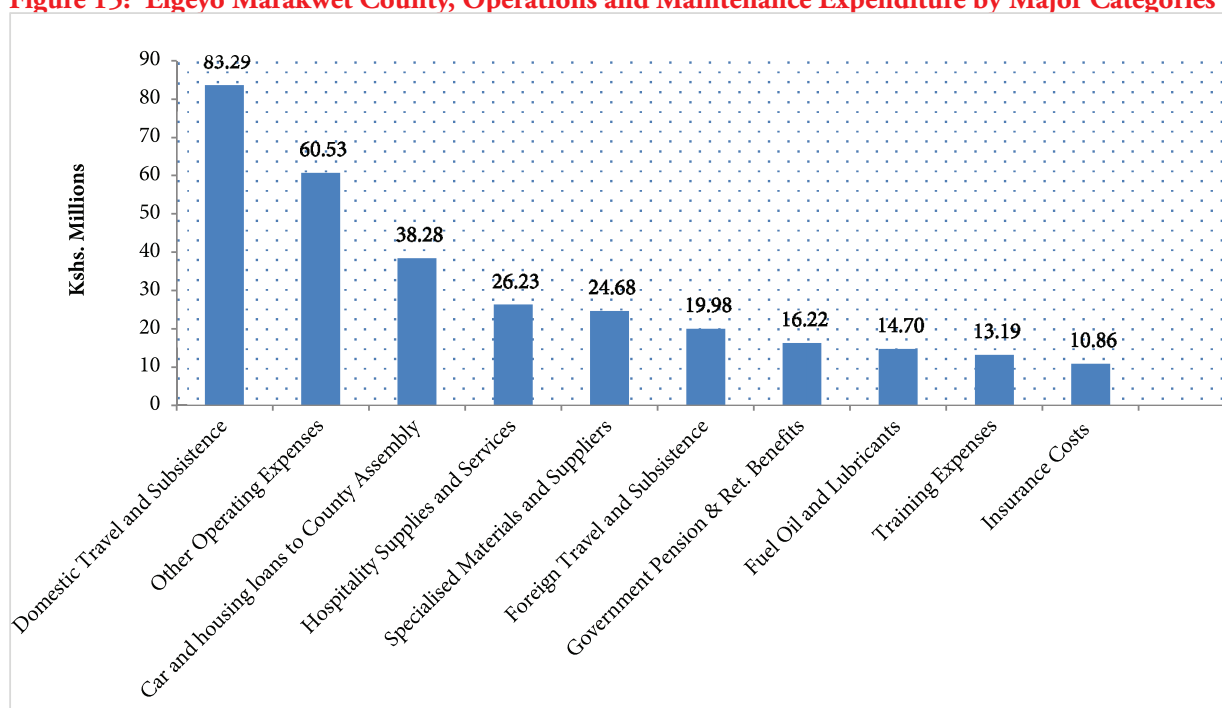
Source: Elgeyo Marakwet County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82 (1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.5.8 Expenditure on Operations and Maintenance

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

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



Source: Elgeyo Marakwet County Treasury

Other Operating Expenses are made up of majorly of Committee services (Oversight & Public Participation) at Kshs.53,919,300.

During the period, expenditure on domestic travel amounted to Kshs.83.29 million and comprised Kshs.53.94 million spent by the County Assembly and Kshs.29.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.98 million and comprised Kshs.19.64 million by the County Assembly and

Kshs.0.34 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.32 below; -

**Table 3.32: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	19 <sup>th</sup> - 26 <sup>th</sup> July 2023	Attending Training on Building Smart Cities	Dubai	1,600,618
County Assembly	1	26 <sup>th</sup> September - 3rd October 2023	Attending Government Performance Management Symposium	Dubai	805,797
County Assembly	47	24 <sup>th</sup> - 30 <sup>th</sup> September 2023	Attending Benchmarking Visit to EALA	Arusha	16,671,162

Source: Elgeyo Marakwet County Treasury

### 3.5.9 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.130.01 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not spend. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.33: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health	Kapcherop sub-county Hospital	County Head Quarters	64,795,683	23,274,818	35.9
2	Health	Landscaping of mother and baby unit at ICRH	County Head Quarters	14,000,000	12,991,428	92.8
3	Agriculture & Livestock	Purchase of Heifers	Sambirir	5,910,000	5,910,000	100.0
4	Water, Environment and Climate Change	Kipsero Water Project	Sengwer	4,000,000	3,998,400	100.0
5	Water, Environment and Climate Change	Cheptongei Sub-Location Water Project	Moiben/Kuserwo	4,000,000	3,921,530	98.0
6	Water, Environment and Climate Change	Financing Locally Led Climate Change Action (FLLOCA) Program	County Head Quarters	9,928,400	3,530,200	35.6
7	Health	construction of laboratory and pharmacy at Kaptalamwa Health Centre	Lelan	3,500,000	3,500,000	100.0
8	Education & Technical Training	Kabiemit VTC at Tambul	Kabiemit	5,000,000	3,499,970	70.0
9	Water, Environment and Climate Change	Kapkutung water project	Sengwer	3,500,010	3,449,800	98.6
10	Roads & Public Works	Boroko-Cheman-Kasokotou road	Embobut/ Embolot	3,340,000	3,330,900	99.7

Source: Elgeyo Marakwet County Treasury

### 3.5.10 Budget Performance by Department

Table 3.34 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.34: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	732.21	-	396.66	-	396.66	-	100.0	-	54.2	-
Office of Governor	145.28	-	86.43	-	85.33	-	98.7	-	58.7	-
Finance and Economic Planning	198.24	-	98.07	-	93.70	-	95.5	-	47.3	-
Agriculture Livestock Fisheries and Irrigation	150.22	741.30	75.37	19.71	63.50	20.04	84.2	101.7	42.3	2.7
Water, Environment and Climate Change	54.77	442.28	28.79	39.80	17.04	31.57	59.2	79.3	31.1	7.1
Education and Technical Training	276.38	347.38	159.62	8.24	152.90	7.92	95.8	96.1	55.3	2.3
Health and Sanitation	1,677.65	511.92	779.94	15.07	782.77	52.10	100.4	345.6	46.7	10.2
Lands, Physical Planning, Housing and Urban Development	51.90	144.73	29.17	-	28.80	2.06	98.7	-	55.5	1.4
Roads, Public Works and Transport	99.97	577.85	49.44	11.32	54.09	11.32	109.4	100.0	54.1	2.0
Cooperatives, Trade, Industrialization, Tourism and Wildlife	65.17	382.37	31.30	-	29.34	1.16	93.7	-	45.0	0.3
Sports, Youth Affairs, ICT and Social Services	53.31	127.41	20.11	3.23	17.77	3.83	88.4	118.5	33.3	3.0
Public Service Management and County Administration	272.68	50.07	176.22	-	175.88	-	99.8	-	64.5	-
County Public Service Board	52.05	2.50	32.35	-	29.39	-	90.8	-	56.5	-
<b>TOTAL</b>	<b>3,829.82</b>	<b>3,327.82</b>	<b>1,963.48</b>	<b>97.38</b>	<b>1,927.18</b>	<b>130.01</b>	<b>98.2</b>	<b>133.5</b>	<b>50.3</b>	<b>3.9</b>

*Source: Elgeyo Marakwet County Treasury*

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 10.2 per cent, followed by the Department of Water, Environment and Climate Change at 7.1 per cent. The Department of Public Service Management and County Administration had the highest percentage of recurrent expenditure to budget at 64.5 per cent while the Department of Water, Environment and Climate Change had the lowest at 31.1 per cent.

Some departments reported expenditure above exchequer issues. This is attributed to the county spending part of the monies in Special Purpose Accounts at the Central Bank of Kenya and Commercial Banks. The cash was not banked into the CRF at the end of the financial year.

### 3.5.11 Budget Execution by Programmes and Sub-Programmes

Table 3.35 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.35: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes**

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Legislation and Representation	Legislation and Representation	306,745,412	-	144,434,410	-	47.1	-
	Legislative Oversight	Legislative Oversight	65,179,450	-	53,919,300	-	82.7	-
	General Administration, Planning and Support Services	General Administration, Planning and Support Services	360,288,660	-	198,305,750	-	55.0	-
Office of Governor	General administration and support services	General administration and support services	145,279,638	-	85,334,665	-	58.7	-
Finance and Economic Planning	General administration and support services	Finance and Planning Headquarters	175,057,117	-	82,226,734	-	47.0	-
		Economic Planning & Budgeting	4,222,103	-	3,176,310	-	75.2	-
		Accounting services	5,206,987	-	4,327,495	-	83.1	-
		Supply Chain Management	2,773,262	-	1,271,862	-	45.9	-
		Revenue Management Services	10,982,567	-	2,700,798	-	24.6	-
Agriculture Livestock Fisheries and Irrigation	General administration and support services	General administration and support services	150,216,569	-	63,495,115	-	42.3	-
	Crop Development	Agricultural Extension and Training Services	-	396,639,192	-	3,083,167	-	0.8
		Crop Commercialization	-	63,055,461	-	-	-	-
	Irrigation Development	Irrigation Development	-	99,483,968	-	2,939,400	-	3.0
	Livestock Development	Livestock Extension and Training Services	-	74,868,264	-	-	-	-
		Livestock Commercialization	-	42,177,266	-	11,446,000	-	27.1

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Cooperatives Development	Cooperatives Development	-	10,615,194	-	-	-	-
	Veterinary Services	Livestock Disease Control	-	46,358,903	-	2,575,909	-	5.6
		Breeding	-	8,099,548	-	-	-	-
<b>Sub Total</b>								
Water, Environment and Climate Change	General administration and support services	General administration and support services	54,768,511	-	17,044,072	-	31.1	-
		Energy	-	900,090	-	-	-	-
		Water Services	-	394,365,515	-	28,040,609	-	7.1
		Environmental Management	-	2,650,000	-	-	-	-
		Climate Change Management	-	39,017,938	-	3,530,200	-	9.0
		County Public Land Management	-	4,350,000	-	-	-	-
		Physical Planning	-	1,000,000	-	-	-	-
Education and Technical Training	General administration and support services	Pre-Primary Education	275,878,471	-	152,902,715	-	55.4	-
		Pre-primary Infrastructure Development	500,000	-	-	-	-	-
		Pre-primary Quality Control and Support	-	215,422,213	-	7,920,844	-	3.7
		Vocational Education and Training	-	4,084,244	-	-	-	-
		VTC Infrastructure Development	-	32,290,197	-	-	-	-
		VTC Quality Control and Support	-	95,583,894	-	-	-	-
Health and Sanitation	General administration and support services	General administration and support services	1,677,654,881	-	782,765,860	-	46.7	-
		Community and Environmental Health	-	28,156,921	-	-	-	-

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
		Health Services	-	483,767,475	-	52,097,967	-	10.8
Lands, Physical Planning, Housing and Urban Development	General administration and support services	General administration and support services	51,900,726	-	28,798,905	-	55.5	-
		Energy	-	10,996,837	-	-	-	-
		Solid waste management	-	800,000	-	-	-	-
		County Public Land Management	-	39,195,343	-	-	-	-
		Physical Planning	-	14,002,459	-	-	-	-
		Urban Infrastructure	-	79,740,171	-	2,060,900	-	2.6
Roads, Public Works and Transport	General administration and support services	General administration and support services	96,489,154	-	52,981,754	-	54.9	-
	Roads Improvement	Rural road Works	-	566,846,121	-	11,237,300	-	2.0
	Public Works	Public works	1,810,000	3,300,000	482,800	-	26.7	-
	Energy	Energy	-	7,700,000	-	86,038	-	1.1
	Transport Services	Transport Services	1,670,000	-	629,300	-	37.7	-
Cooperatives, Trade, Industrialization, Tourism and Wildlife	General administration and support services	Cooperatives development	61,865,191	-	28,837,490	-	46.6	-
		Rimoi National Reserve	3,300,000	-	500,000	-	15.2	-
		General administration and support services	-	9,696,112	-	-	-	-
		Tourism Development	-	554,680	-	-	-	-
		Trade and enterprise development	-	372,122,136	-	1,159,860	-	0.3
Sports, Youth Affairs, ICT and Social Services	General administration and support services	General administration and support services	53,307,152	-	17,773,798	-	33.3	-

User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
		Sports Development	-	31,881,105	-	2,314,300	-	7.3
		Sports Talent Development	-	27,733,814	-	-	-	-
		Social Empowerment	-	33,841,766	-	1,514,000	-	4.5
		Social Protection	-	950,000	-	-	-	-
		Social Empowerment	-	31,807,961	-	-	-	-
		Culture Preservation	-	1,200,000	-	-	-	-
Public Service Management and County Administration	General administration and support services	General administration and support services	1,900,000	-	684,600	-	36.0	-
		ICT services	500,000	-	117,500	-	23.5	-
		County Administration and Devolution	267,276,827	-	173,599,360	-	65.0	-
		Enforcement and Compliance	600,000	-	145,000	-	24.2	-
		Citizen Participation and Civic Education	500,000	-	291,200	-	58.2	-
		Human Resource Management	650,000	-	377,000	-	58.0	-
		Payroll Management	750,000	-	489,160	-	65.2	-
		County Communication Corporate Affairs	500,000	-	178,400	-	35.7	-
		Citizen Participation and Civic Education	-	800,000	-	-	-	-
		County Administration and Devolution	-	48,215,361	-	-	-	-
		ICT services	-	350,000	-	-	-	-
		Human Resource Management	-	700,000	-	-	-	-



User Department	Programme	Sub-Programme	Approved FY 2023/24 Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
			Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Public Service Board	General administration and support services	General administration and support services	52,046,441	2,500,000	29,389,262	-	56.5	-
<b>Grand Total</b>			<b>3,829,819,119</b>	<b>3,327,820,149</b>	<b>1,927,180,615</b>	<b>130,006,494</b>	<b>50.3</b>	<b>3.9</b>

Source: Elgeyo Marakwet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting Services in the Department of Finance and Economic Planning at 83.1 per cent, Legislative oversight in the County Assembly at 82.7 per cent, Economic Planning & Budgeting in the Department of Finance and Economic Planning at 75.2 per cent, and Payroll Management in the department of Public Service Management and County Administration at 65.2 per cent of budget allocation.

### 3.5.12 Accounts Operated Commercial Banks

The County government operated a total of 9 accounts with commercial banks. This is contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.5.13 Key Observations and Recommendations

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

1. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.35.
2. Failure to budget Kshs.1.59 billion cash balance from the previous financial year.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.136.29 million were processed through the manual payroll, accounting for 9.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Conditional Loans and Grants, Emergency Fund and County established funds.
5. Low absorption of development funds which translated to 3.9 per cent of the approved annual development budget.

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

1. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*

2. *The County Treasury should factor in the Kshs.1.59 billion cash balance from the previous financial year in the subsequent supplementary budget*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
5. *The County should identify and address issues causing delays in implementing development programmes and projects.*

## **3.6. County Government of Embu**

### **3.6.1 Overview of FY 2023/24 Budget**

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

To finance the budget, the County expects to receive Kshs.5.34 billion (68.8 per cent) as the equitable share of revenue raised nationally, Kshs.367.20 million (4.7 per cent) as Appropriations-in-Aid (A-I-A), including Facility Improvement Fund (revenue from health facilities), Kshs.1.07 billion (13.8 per cent) as conditional grants, a cash balance of Kshs.601.40 million (7.7 per cent) brought forward from FY 2022/23, and generate Kshs.382.8 million (4.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.34.

### **3.6.2 County Expenditure Review**

The County spent Kshs.2.06 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised Kshs.130.01 million and Kshs.1.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.9 per cent, while recurrent expenditure represented 50.3 per cent of the annual recurrent expenditure budget.

### **3.6.3 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.1.76 billion as the equitable share of the revenue raised nationally, Kshs.2.5 million as additional allocations/conditional grants, a cash balance of Kshs.601.4 million from FY 2022/23, and raised Kshs.272.20 million as own-source revenue (OSR). The raised OSR includes Kshs.125.91 million as A-I-A (AIA is inclusive of FIF) and Kshs.146.29 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.64 billion, as shown in Table 3.36.

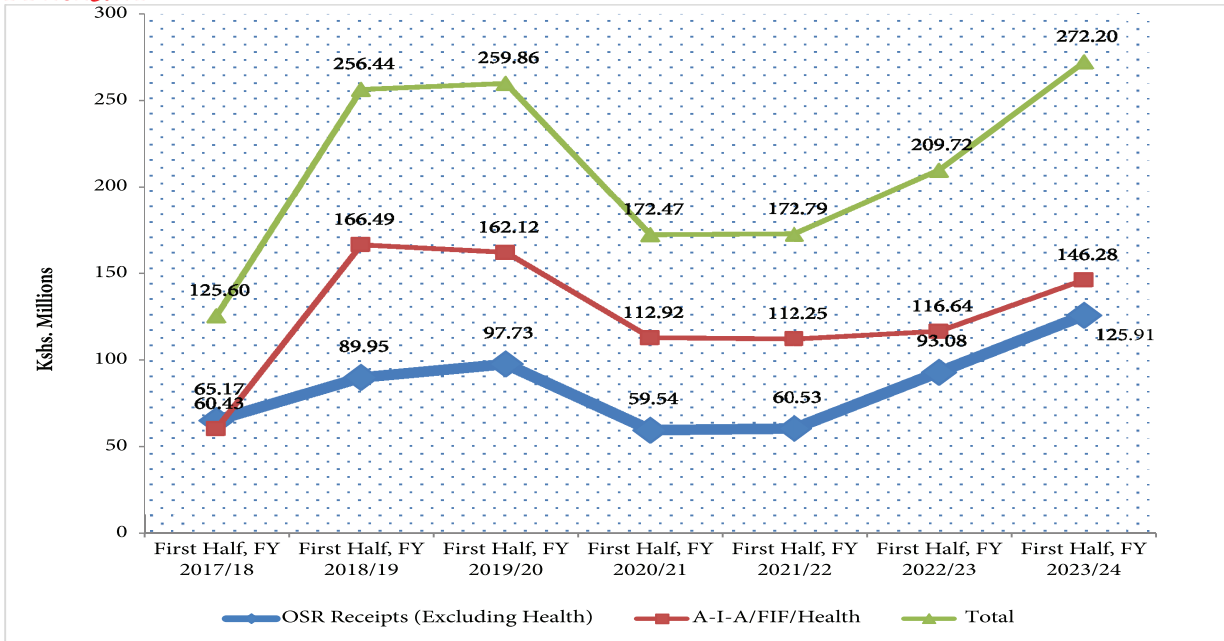
**Table 3.36: Embu County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	5,341,810,744.00	1,762,797,546.00	33.0
<b>Subtotal</b>		<b>5,341,810,744.00</b>	<b>1,762,797,546.00</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	Conditional Grant for Leasing of Medical Equipment	124,723,404	-	-
2	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	-	-
3	Conditional Grant for Provision of Fertilizer Subsidy Programme	110,930,145	-	-
4	Unconditional Allocations to County Governments from Court Fines and Mineral Royalties	2,142	-	-
5	Agriculture and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
6	Conditional Allocation for National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
7	Livestock Value Chain Support Project	35,809,200	-	-
8	Conditional Allocation for Primary Health Care in Devolved Context-DANIDA Grant	7,854,000	-	-
9	Financing Locally Led Climate Action (FL-LoCA)-County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
10	Agricultural Sector Development Support Programme (ASDSP)	961,306	-	-
11	Emergency Locust Response Project (ELRP)	106,400,361	-	-
12	Aquaculture Business Development Project (ABDP)	10,237,551	-	-
13	Kenya Nutrition Support Grant	11,000,000	2,500,000	22.7
<b>Subtotal</b>		<b>1,068,918,109</b>	<b>2,500,000</b>	<b>0.2</b>
<b>C</b>	<b>Own Source Revenue</b>			
14	Ordinary Own Source Revenue	382,801,875	146,282,588	34.5
15	Ordinary Appropriation in Aid (A-I-A)	367,198,125	125,913,781	34.3
<b>Subtotal</b>		<b>750,000,000</b>	<b>272,196,369</b>	<b>34.4</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
16	Unspent balance from FY 2022/23	601,396,760	601,396,760	100.0
<b>Sub Total</b>		<b>601,396,760</b>	<b>601,396,760</b>	<b>100.0</b>
<b>Grand Total</b>		<b>7,762,125,613</b>	<b>2,638,890,675</b>	<b>34.00</b>

Source: Embu County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF. **Figure 16** shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

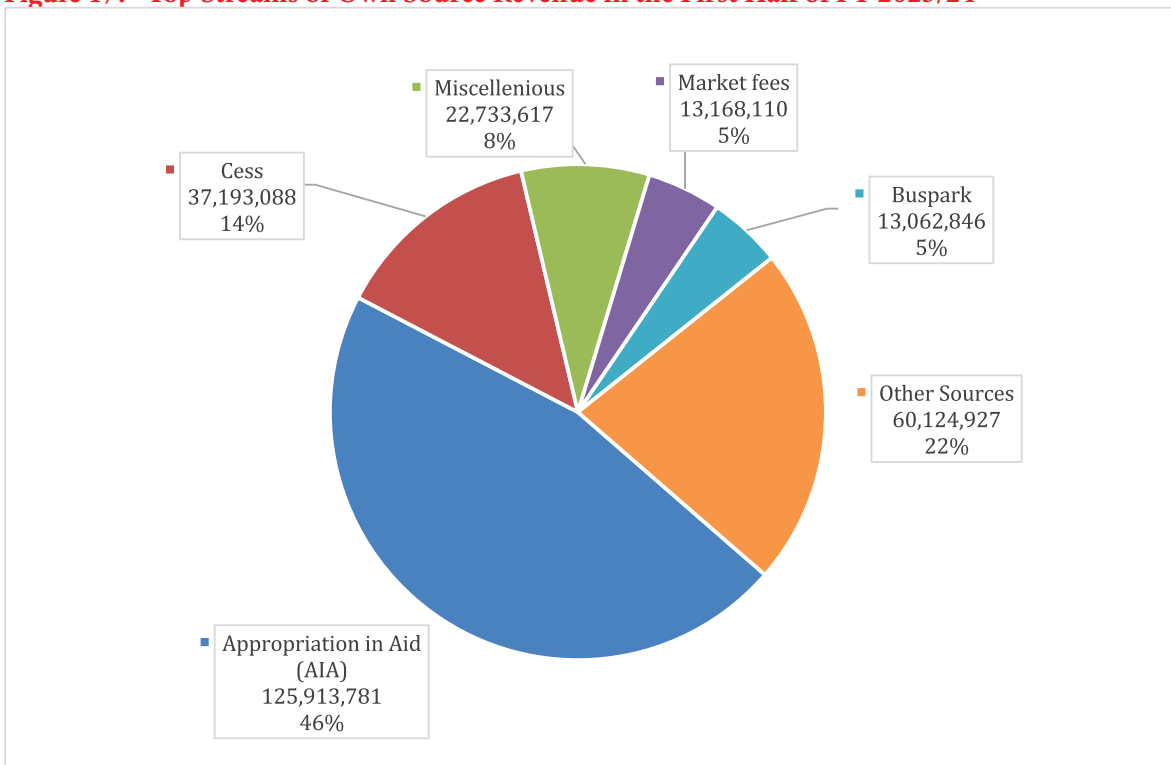
**Figure 16: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Embu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.272.20 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 29.8 per cent compared to Kshs.209.72 million realised in a similar period in FY 2022/23 and was 34.4 per cent. The revenue streams which contributed the highest OSR receipts are shown in Figure 17.

**Figure 17: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Embu County Treasury

The increase in OSR can be attributed to various strategies put in place by the County that include the following;

- i) Reorganization and Restructuring of the Embu County Revenue Authority (ECRA) Management.
- ii) Implementation of cashless collection and automation of revenue streams
- iii) Sealing of revenue leakages
- iv) Rotation and transfer of staff
- v) Revenue performance targets
- vi) Citizenry Partnership in Revenue Enhancement

The highest revenue stream of Kshs.125.91 million was from A-I-A, contributing to 46 per cent of the total OSR receipts during the reporting period.

### 3.6.4 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.47 billion from the CRF account during the reporting period which comprised Kshs.286.27 million (11.6 per cent) for development programmes and Kshs.2.19 billion (88.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.66 billion was released towards Employee Compensation, and Kshs.546.28 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.6.28 million.

### 3.6.5 County Expenditure Review

The County spent Kshs.2.44 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.8 per cent of the total funds released by the CoB and comprised Kshs.283.16 million and Kshs.2.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent, while recurrent expenditure represented 41.3 per cent of the annual recurrent expenditure budget.

### 3.6.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.43 billion, comprising of Kshs.1.26 billion for recurrent expenditure and Kshs.1.17 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.487.45 million were settled, consisting of Kshs.324.60 million for recurrent expenditure and Kshs.162.85 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.94 billion.

The outstanding pending bills for the **County Assembly** were Kshs.16.68 million as of 31<sup>st</sup> December 2023.

### 3.6.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.55 billion on employee compensation, Kshs.400.24 million on operations and maintenance, and Kshs.278.39 million on development activities. Similarly, the County Assembly spent Kshs.108.77 million on employee compensation, Kshs.100.08 million on operations and maintenance and Kshs.4.77 million on development activities, as shown in Table 3.37.

**Table 3.37: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>4,614,162,271</b>	<b>614,021,950</b>	<b>1,949,448,074</b>	<b>208,848,002</b>	<b>42.2</b>	<b>34.0</b>
Compensation to Employees	3,455,993,195	348,813,194	1,549,210,935	108,772,358	44.8	31.2
Operations and Maintenance	1,158,169,076	265,208,756	400,237,140	100,075,644	34.6	37.7
<b>Development Expenditure</b>	<b>2,493,941,392</b>	<b>40,000,000</b>	<b>278,389,330</b>	<b>4,769,462</b>	<b>11.2</b>	<b>11.9</b>
<b>Total</b>	<b>7,108,103,663</b>	<b>654,021,950</b>	<b>2,227,837,404</b>	<b>213,617,464</b>	<b>31.3</b>	<b>32.7</b>

Source: Embu County Treasury

### 3.6.8 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.66 billion, or 62.8 per cent of the available revenue which amounted to Kshs.2.64 billion. This expenditure represented an increase of 0.07 billion from Kshs.1.59 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.759.34 million paid to health sector employees, translating to 45.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.58 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.76.74 million was processed through manual payrolls. The manual payrolls accounted for 4.6 per cent of the total PE cost.

The County Assembly spent Kshs.7.96 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.86.42 million. The average monthly sitting allowance was Kshs.42,776 per MCA. The County Assembly has established 16 Committees.

### 3.6.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.33.85 million to county-established funds in FY 2023/24, constituting 0.4 per cent of the County's overall budget. Table 3.38 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.38: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1	Embu County Education Support Fund	-	-	-	Yes
2	Embu County Youth Trust Fund	-	-	-	Yes
3	Embu County Emergency Fund	15,000,000.00	15,000,000.00	15,000,000.00	Yes
4	Embu County Road Maintenance Levy Fund	-	-	-	Yes
5	Embu County Climate Change Fund	-	-	-	Yes
6	Embu County Car and Mortgage Fund	-	-	-	Yes
<b>Sub-Total</b>		<b>15,000,000.00</b>	<b>15,000,000.00</b>	<b>15,000,000.00</b>	-

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Assembly Established Funds</b>					
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	8,848,000.00	8,848,000.00	8,848,000.00	Yes
2	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	10,000,000.00	-	-	Yes
<b>Sub-Total</b>		<b>18,848,000.00</b>	<b>8,848,000.00</b>	<b>8,848,000.00</b>	-
<b>TOTAL</b>		<b>33,848,000.00</b>	<b>23,848,000.00</b>	<b>8,848,000.00</b>	-

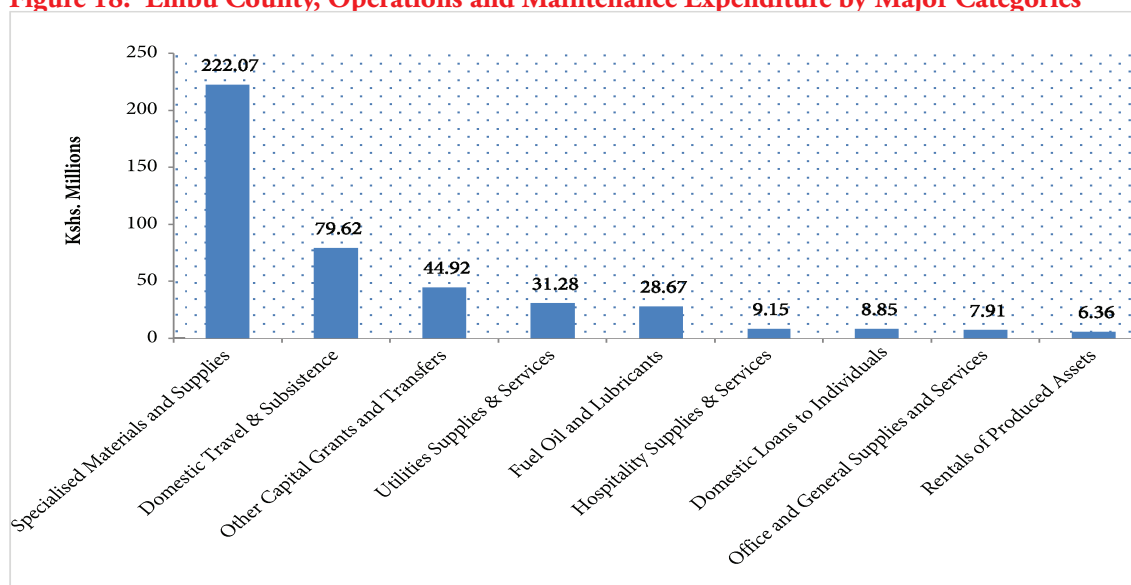
Source: Embu County Treasury

During the reporting period, the OCoB received quarterly financial returns from Fund Administrators of all the funds as indicated in Table 3. Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.6.10 Expenditure on Operations and Maintenance

Figure 18 summarises the Operations and Maintenance expenditure by major categories.

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



Source: Embu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.79.62 million and comprised Kshs.31.39 million spent by the County Assembly and Kshs.48.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.83 million and comprised Kshs.1.02 million by the County Assembly and Kshs.4.81 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.39 below; -

**Table 3.39: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	30th November to 12th December 2023	Attending the 28th Session of the Conference of Parties to the United Nations Framework on Climate Change (COP-28)	Dubai UAE	4,807,896
<b>Sub-Total</b>					<b>4,807,896</b>
County Assembly	1	24th July 2023 to 3rd August 2023	To attend training for chairperson Health committee Arusha Tanzania	Arusha, Tanzania	423,324
County Assembly	1	7th to 13th August 2023	To attend leaders' Summit for EAC integration agenda of promoting inclusive Sustainable cities and local government	Bujumbura	358,713
County Assembly	1	13th to 14th June 2023	To attend the peer-to-peer regional learning Event for local authorities	Botswana	236,221
<b>Sub-Total</b>					<b>1,018,258</b>
<b>GRAND TOTAL</b>					<b>5,826,154</b>

Source: Embu County Treasury and Embu County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.2.35 million on garbage collection.

### 3.6.11 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.283.16 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.74.58 million. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Embu Level 5 And Referral Hospital	Completion and Equipping of Badea Block B Phase 1	County Wide	19,388,508.00	8,209,446.00	98.99
2	Trade Tourism Investment and Industrialization	Rehabilitation of Kithimu Market	Manyatta	5,288,441.00	5,235,163.50	100
3	Infrastructure, Public Works, Housing and Energy	Remarking and Patching of Embu Town Roads	Manyatta	4,900,000.00	4,899,994.50	65
4	County Assembly	Construction of The County Assembly Office Complex	Assembly	35,000,000.00	4,769,462.00	100
5	Infrastructure, Public Works, Housing and Energy	Maintenance of Embu Town Roads L2	Manyatta	4,549,900.00	4,549,898.75	100
6	Infrastructure, Public Works, Housing and Energy	Dozing, Opening, Graveling and Grading of Roads in Gatari North	Runyenjes	4,499,094.00	4,499,094.80	100
7	Infrastructure, Public Works, Housing and Energy	Grading of Gaikiro-Kiandari-Kasarani In Gatari North	Runyenjes	4,495,742.00	4,495,742.40	100



No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
8	Infrastructure, Public Works, Housing and Energy	Maintenance of Embu Town Roads L3	Manyatta	4,199,900.00	4,199,899.15	100
9	Infrastructure, Public Works, Housing and Energy	Bush Clearing, Heavy Grading and Gravelling of Roads-Kyeni South	Runyenjes	4,000,000.00	3,999,935.20	100
10	Infrastructure, Public Works, Housing and Energy	Opening, Dozing, Grading and Maintenance of Roads in Evurore	Mbeere North	3,998,630.00	3,998,630.20	42.34

Source: Embu County Treasury

### 3.6.12 Budget Performance by Department

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

**Table 3.41: Embu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	256.08	15.00	82.28	15.00	77.53	15.00	94.2	100.0	30.28	100.0
County Public Service Board	29.57	-	11.24	-	14.15	-	125.9	-	47.85	-
Public Service, Administration and Devolution	706.94	23.70	249.27	-	247.78	-	99.4	-	35.05	-
County Assembly	614.02	40.00	208.85	4.77	208.85	4.77	100.0	100.0	34.01	11.9
Finance and Economic Planning	531.22	1.00	421.20	-	416.95	-	99.0	-	78.49	-
Trade Tourism Investment and Industrialization	31.01	478.37	6.85	11.35	12.03	11.35	175.5	100.0	38.79	2.4
Agriculture, Livestock, Fisheries and Cooperatives	290.68	731.16	66.40	70.69	49.49	70.69	74.5	100.0	17.02	9.7
Water Environment and Natural Resources	31.99	120.52	11.07	7.47	3.46	6.47	31.3	86.6	10.82	5.4
Health	1,867.09	169.63	807.51	6.53	850.19	6.53	105.3	100.0	45.54	3.9
Embu Level 5 Hospital	174.11	129.00	74.61	8.21	77.83	8.21	104.3	100.0	44.70	6.4
Infrastructure, Public Works, Housing and Energy	32.66	612.07	7.68	133.45	1.67	131.68	21.7	98.7	5.11	21.5
Education, Science and Technology	380.50	86.77	128.99	26.54	170.91	26.20	132.5	98.7	44.92	30.2

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
Youth Empowerment, Sports, Gender, Culture, Children and Social Services	163.21	21.93	83.01	-	0.74	-	0.9	-	0.46	-
Lands, Physical Planning and Urban Development, Water, Environment and Natural Resources	82.10	44.30	24.32	-	5.66	-	23.3	-	6.89	-
Embu County Revenue Authority	12.16	3.00	1.35	-	2.21	-	163.8	-	18.19	-
Embu Municipal Board Headquarters	7.85	50.51	7.85	2.25	7.85	2.25	100.0	100.0	100.00	4.5
Financing Locally Led Climate Action Program	17.00	7.00	11.00	-	11.00	-	100.0	-	64.71	-
<b>Total</b>	<b>5,228.18</b>	<b>2,533.94</b>	<b>2,203.47</b>	<b>286.27</b>	<b>2,158.30</b>	<b>283.16</b>	<b>97.9</b>	<b>98.9</b>	<b>41.28</b>	<b>11.2</b>

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Office of Governor recorded the highest absorption rate of development budget at 100.00 per cent, followed by the Department of Education, Science and Technology at 30.2 per cent. The Department of Embu Municipal Board had the highest percentage of recurrent expenditure to budget at 100.00 per cent while the Department of Youth Empowerment, Sports, Gender, Culture, Children and Social Services had the lowest at 0.46 per cent.

### 3.6.13 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 2023/24.

**Table 3.42: Embu County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>OFFICE OF GOVERNOR</b>							
General Administration Planning and Support Services	Management of County Affairs (Office of Governor)	159,318,905	9,331,999	48,234,462	9,331,999	30.28	-
County Leadership and Coordination	Sub-County Administration and Field Services (Office of County Secretary)	24,191,484	1,417,000	7,324,073	1,417,000	30.28	-
County Leadership and Coordination	Management of County Executive Services (Office of County Secretary)	24,191,484	1,417,000	7,324,073	1,417,000	30.28	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Government Advisory Services	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	48,382,968	2,834,000	14,648,145	2,834,000	30.28	-
<b>Sub Total</b>		<b>256,084,841</b>	<b>15,000,000</b>	<b>77,530,753</b>	<b>15,000,000</b>	<b>30.28</b>	<b>100</b>
<b>COUNTY PUBLIC SERVICE BOARD</b>							
General Administration Planning and Support Services	Recruitment and Selection, Career Management, HR Policy & Audit	12,417,322	-	5,942,229	-	47.85	-
General Administration Planning and Support Services	Administration of Board programmes/ Agenda	10,347,768	-	4,951,858	-	47.85	-
General Administration Planning and Support Services	Performance Management & Discipline	6,799,962	-	3,254,078	-	47.85	-
<b>Sub Total</b>		<b>29,565,052</b>	<b>-</b>	<b>14,148,165</b>	<b>-</b>	<b>47.85</b>	<b>-</b>
<b>ADMINISTRATION, PUBLIC SERVICE, DEVOLUTION, GOVERNANCE, ICT AND GOVERNOR'S DELIVERY UNIT</b>							
General Administration Planning and Support Services	Service delivery and management of County Affairs	308,949,968	10,357,740	108,287,289	-	35.05	-
Public Service	Human Resource Development	243,988,984	8,179,882	85,518,396	-	35.05	-
Public Service	Construction of Ward Offices	154,000,335	5,162,957	53,977,280	-	35.05	-
<b>Sub Total</b>		<b>706,939,287</b>	<b>23,700,579</b>	<b>247,782,965</b>	<b>-</b>	<b>35.05</b>	<b>-</b>
<b>COUNTY ASSEMBLY</b>							
General Administration, Planning and Support Services	Administrative Services	182,548,311	11,891,973	62,090,370	1,417,958	34.01	-
General Administration, Planning and Support Services	Legislation, Representation and Legislative Oversight	182,548,311	11,891,973	62,090,370	1,417,958	34.01	-
General Administration, Planning and Support Services	Representation Services	182,548,311	11,891,973	62,090,370	1,417,958	34.01	-
General Administration, Planning and Support Services	County Assembly Infrastructure Improvement	66,377,016	4,324,081	22,576,892	515,589	34.01	-
<b>Sub Total</b>		<b>614,021,950</b>	<b>40,000,000</b>	<b>208,848,002</b>	<b>4,769,462</b>	<b>34.01</b>	<b>11.92</b>
<b>FINANCE AND ECONOMIC PLANNING</b>							
General Administration Planning and Support Services	Administration, Planning and Support Services	354,326,857	667,009	278,109,603	-	78.49	-
Economic Policy and County Planning	Economic Development, Planning and Coordination Services	94,821,131	178,498	74,424,692	-	78.49	-
Financial Management Services	Control and Management of Public Finances	82,069,801	154,494	64,416,228	-	78.49	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Sub Total</b>		<b>531,217,789</b>	<b>1,000,000</b>	<b>416,950,523</b>	-	<b>78.49</b>	-
<b>TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION</b>							
General Administration and Planning	General Administration and Support Services	1,927,790	29,742,407	747,702	705,938	38.79	-
Trade Development	Capacity Development	5,558,662	85,760,357	2,155,953	2,035,527	38.79	-
Trade Development	Weights and measures	5,558,662	85,760,357	2,155,953	2,035,527	38.79	-
Trade Development	Alcohol and licensing	5,558,662	85,760,357	2,155,953	2,035,527	38.79	-
Industrial Development and Investment	Investment promotion venture	3,410,693	52,620,971	1,322,853	1,248,962	38.79	-
Industrial Development and Investment	Promotion of value addition	3,410,693	52,620,971	1,322,853	1,248,962	38.79	-
Tourism development and promotion	Tourism Infrastructure Development	2,790,567	43,053,522	1,082,334	1,021,878	38.79	-
Tourism development and promotion	International and domestic Tourism Promotion & Marketing	2,790,567	43,053,522	1,082,334	1,021,878	38.79	-
<b>Sub Total</b>		<b>31,006,296</b>	<b>478,372,465</b>	<b>12,025,934</b>	<b>11,354,199</b>	<b>38.79</b>	<b>2.37</b>
<b>AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVE DEVELOPMENT</b>							
Administrative Support Services	General Administration and Support Services	36,577,327	92,003,420	6,227,108	8,894,529	17.02	-
Crop Development and Management	Agriculture Extension Services	62,981,550	158,418,304	10,722,296	15,315,259	17.02	-
Crop Development and Management	Irrigation and civil works	55,396,437	139,339,370	9,430,968	13,470,783	17.02	-
Livestock Resources Management and Development	Livestock productivity	54,001,864	135,831,582	9,193,549	13,131,664	17.02	-
Livestock Resources Management and Development	Value chain development	51,261,928	128,939,786	8,727,089	12,465,392	17.02	-
Fisheries Development	Promotion of fish production	15,231,380	38,311,685	2,593,067	3,703,823	17.02	-
Cooperative Development & Management	Capacity development in value addition	15,231,380	38,311,685	2,593,067	3,703,823	17.02	-
<b>Sub Total</b>		<b>290,681,865</b>	<b>731,155,833</b>	<b>49,487,144</b>	<b>70,685,274</b>	<b>17.02</b>	<b>9.67</b>
<b>WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES</b>							
General Administration, Planning and Support Services	General Administration Services	6,398,065	24,103,173	692,222	1,294,510	10.82	-
Water Service Delivery	Domestic water supply	12,796,131	48,206,348	1,384,443	2,589,019	10.82	-
Irrigation and civil works	Irrigation and civil works	3,199,033	12,051,587	346,111	647,255	10.82	-
Environmental Management and Conservation	Physical Planning Services	3,199,033	12,051,587	346,111	647,255	10.82	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	3,199,033	12,051,587	346,111	647,255	10.82	-
Climate Change Mitigation and Adaptation	Climate Change Mitigation and Adaptation	3,199,033	12,051,587	346,111	647,255	10.82	-
<b>Sub Total</b>		<b>31,990,326</b>	<b>120,515,868</b>	<b>3,461,108</b>	<b>6,472,548</b>	<b>10.82</b>	<b>5.37</b>
<b>HEALTH</b>							
Curative Health Services	Primary Health-care	1,073,546,753	97,532,616	488,848,118	3,756,361	45.54	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	443,446,522	40,287,486	201,926,928	1,551,628	45.54	-
General Administration Planning and Support Services	General Administration Services	350,092,246	31,806,172	159,417,310	1,224,980	45.54	-
<b>Sub Total</b>		<b>1,867,085,521</b>	<b>169,626,274</b>	<b>850,192,356</b>	<b>6,532,969</b>	<b>45.54</b>	<b>3.85</b>
<b>EMBU LEVEL 5 HOSPITAL</b>							
Curative Health Services	Primary Health-care	117,990,665	87,420,220	52,743,343	5,563,346	44.70	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	32,412,785	24,014,890	14,488,931	1,528,286	44.70	-
General Administration Planning and Support Services	General Administration Services	23,707,250	17,564,890	10,597,445	1,117,814	44.70	-
<b>Sub Total</b>		<b>174,110,700</b>	<b>129,000,000</b>	<b>77,829,720</b>	<b>8,209,446</b>	<b>44.70</b>	<b>6.36</b>
<b>INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.</b>							
General Administration, Planning and Support Services	General Administration Services	3,265,587	61,206,669	166,908	13,168,386	5.11	-
Road Development	Road Development	21,226,317	397,843,346	1,084,901	85,594,506	5.11	-
Public Works	Public Works	1,632,794	30,603,334	83,454	6,584,193	5.11	-
Renewable Energy Development	Energy	3,265,587	61,206,669	166,908	13,168,386	5.11	-
Transport and logistics	Transport and Logistics	3,265,587	61,206,669	166,908	13,168,386	5.11	-
<b>Sub Total</b>		<b>32,655,872</b>	<b>612,066,687</b>	<b>1,669,079</b>	<b>131,683,856</b>	<b>5.11</b>	<b>21.51</b>
<b>EDUCATION, SCIENCE AND TECHNOLOGY</b>							
Education Administration and Support Services	Human Resource Development	25,366,976	5,784,374	11,393,725	1,746,736	44.92	-
Education Administration and Support Services	General Operation and Maintenance	25,366,976	5,784,374	11,393,725	1,746,736	44.92	-
Education Administration and Support Services	Continuous assessment, monitoring and Evaluation	25,366,976	5,784,374	11,393,725	1,746,736	44.92	-
Access and Retention In ECDE Centres	Construction of ECD Classes.	22,830,279	5,205,936	10,254,352	1,572,062	44.92	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Access and Retention In ECDE Centres	Community mobilization and sensitization	22,830,279	5,205,936	10,254,352	1,572,062	44.92	-
Access and Retention In ECDE Centres	Development and review of nurturing care ACTS & Policies	22,830,279	5,205,936	10,254,352	1,572,062	44.92	-
Access and Retention In ECDE Centres	Facilitate school feeding Programme/ Re-introduce school milk programmes	22,830,279	5,205,936	10,254,352	1,572,062	44.92	-
Access and Retention In ECDE Centres	Provide and improve on outdoor and indoor play equipment.	22,830,279	5,205,936	10,254,352	1,572,062	44.92	-
Improve Quality and Relevance of ECDE Services	Enhance the use of digital learning programmes	7,610,093	1,735,312	3,418,117	524,021	44.92	-
Improve Quality and Relevance of ECDE Services	Retooling of ECDE Teachers	7,610,093	1,735,312	3,418,117	524,021	44.92	-
Improve Quality and Relevance of ECDE Services	Provision of adequate and relevant learning materials	7,610,093	1,735,312	3,418,117	524,021	44.92	-
Improve Quality and Relevance of ECDE Services	Renovation of ECDE facilities	7,610,093	1,735,312	3,418,117	524,021	44.92	-
Improve Quality and Relevance of ECDE Services	Improve quality assurance	7,610,093	1,735,312	3,418,117	524,021	44.92	-
Improve on Transition from Pre-Primary to Primary School	Develop a county education management system to track the transition of children.	47,563,080	10,845,700	21,363,233	3,275,130	44.92	-
Improve on Transition from Pre-Primary to Primary School	Sensitization of parents and BOMs on ECDE issues	47,563,080	10,845,700	21,363,233	3,275,130	44.92	-
Increase access and retention in Vocational training.	Refurbish existing VTCs	11,415,139	2,602,968	5,127,176	786,031	44.92	-
Increase access and retention in Vocational training.	Construction of dormitories, in existing VTCs	11,415,139	2,602,968	5,127,176	786,031	44.92	-
Increase access and retention in Vocational training.	Construction of dining halls and kitchens in existing VTCs	11,415,139	2,602,968	5,127,176	786,031	44.92	-
Increase access and retention in Vocational training.	Provision of bursaries, grants, and scholarships	11,415,139	2,602,968	5,127,176	786,031	44.92	-
Increase access and retention in Vocational training.	Provision of modern tools and equipment	11,415,139	2,602,968	5,127,176	786,031	44.92	-
<b>Sub Total</b>		<b>380,504,642</b>	<b>86,765,603</b>	<b>170,905,868</b>	<b>26,201,039</b>	<b>44.92</b>	<b>30.20</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES</b>							
General Administration, Planning and Support Services	General Administrative Unit	19,585,174	2,631,360	89,288	-	0.46	-
Gender and Social Development	Gender mainstreaming and Development	24,481,468	3,289,200	111,610	-	0.46	-
Children Services	Child Rehabilitation and Custody	16,320,979	2,192,800	74,407	-	0.46	-
Culture and Cultural Preservation	Cultural preservation	21,217,272	2,850,640	96,728	-	0.46	-
Youth Development and Empowerment Services	Youth Development and Empowerment Services	44,066,642	5,920,560	200,898	-	0.46	-
Management and development of Sports and Sport facilities	Community Sports Programme	18,769,126	2,521,720	85,567	-	0.46	-
Management and development of Sports and Sport facilities	Sports administration and development	18,769,126	2,521,720	85,567	-	0.46	-
<b>Sub Total</b>		<b>163,209,786</b>	<b>21,928,000</b>	<b>744,065</b>	<b>-</b>	<b>0.46</b>	<b>-</b>
<b>LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT</b>							
General Administration, Planning and Support Services	General Administration Services	8,209,887	4,430,214	565,779	-	6.89	-
Physical Planning	Physical Planning Services	20,524,717	11,075,535	1,414,448	-	6.89	-
Physical Planning	Establishment and Promotion of Land Policy	8,209,887	4,430,214	565,779	-	6.89	-
Urban Development	Urban Development	32,839,548	17,720,857	2,263,117	-	6.89	-
Municipality of Embu	Municipality of Embu	4,104,944	2,215,107	282,890	-	6.89	-
Automation of land records and operations	Establishment of a GIS (Geo-referencing) Information Station	4,104,944	2,215,107	282,890	-	6.89	-
Valuation and Rating	Valuation Roll	4,104,944	2,215,107	282,890	-	6.89	-
<b>Sub Total</b>		<b>82,098,870</b>	<b>44,302,142</b>	<b>5,657,793</b>	<b>-</b>	<b>6.89</b>	<b>-</b>
<b>EMBU COUNTY REVENUE AUTHORITY (ECRA)</b>							
General Administration Planning and Support Services	General Administration Planning and Support Services	8,111,774	2,001,026	1,475,825	-	18.19	-
General Administration Planning and Support Services	Revenue Management Services	4,049,649	998,974	736,777	-	18.19	-
<b>Sub Total</b>		<b>12,161,423</b>	<b>3,000,000</b>	<b>2,212,602</b>	<b>-</b>	<b>18.19</b>	<b>-</b>
<b>EMBU MUNICIPAL BOARD</b>							
General Administration, Planning and Support Services	1) General Administration Services	493,829	3,177,363	493,829	141,543	100	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Road Transport	1) Rural Roads Improvement and Maintenance Services	7,356,171	47,330,578	7,356,171	2,108,457	100	-
<b>Sub Total</b>		<b>7,850,000</b>	<b>50,507,941</b>	<b>7,850,000</b>	<b>2,250,000</b>	<b>100</b>	<b>4.45</b>
<b>EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM</b>							
General Administration, Planning and Support Services	General Administration Services	9,350,000	3,850,000	6,050,000	-	64.71	-
Locally Led Climate Action Program	Environment and Natural Resource Management	1,700,000	700,000	1,100,000	-	64.71	-
Locally Led Climate Action Program	Urban and Rural Development	4,250,000	1,750,000	2,750,000	-	64.71	-
Locally Led Climate Action Program	Social Development and Protection	1,700,000	700,000	1,100,000	-	64.71	-
<b>Sub Total</b>		<b>17,000,000</b>	<b>7,000,000</b>	<b>11,000,000</b>	<b>-</b>	<b>64.71</b>	<b>-</b>
<b>Grand Total</b>		<b>5,228,184,220</b>	<b>2,533,941,392</b>	<b>2,158,296,076</b>	<b>283,158,792</b>	<b>41.28</b>	<b>11.17</b>

Source: Embu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Sub-County Administration and Field Services (Office of County Secretary), Management of County Executive Services (Office of County Secretary), Sub-County Administration and Field Services (Office of County Secretary), Management of County Executive Services (Office of County Secretary), Management of County Affairs (Office of Governor), Management of County Affairs (Office of Governor), Public Sector, Advisory Services (Legal, Political, and Economic Advisors), Public Sector Advisory Services (Legal, Political, and Economic Advisors)-All under the Office of the Governor at 100.0 per cent, Rural Roads Improvement and Maintenance, General Administration Services and Rural Roads Improvement and Maintenance Services in the Embu County Revenue Authority at 100.0 per cent, General Administration Planning and Support Services and Financial Management Services in the Finance and Economic Planning at 78.49 per cent.

### 3.6.14 Accounts Operated Commercial Banks

The County government operated a total of 37 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for Imprest bank accounts for petty cash and revenue collection accounts.

### 3.6.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.272.2 million against an annual projection of Kshs.750.0 million, representing 34.4 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.94 billion as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.76.74 million were processed through the manual payroll, accounting for 4.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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



1. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
2. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.
3. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

### 3.7. County Government of Garissa

#### 3.7.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget is Kshs.10.36 billion, comprising Kshs.3.73 billion (36.0 per cent) and Kshs.6.63 billion (64.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease compared to the previous financial year when the approved first supplementary budget was Kshs.10.39 billion and comprised Kshs.3.87 billion (37.3 per cent) towards development expenditure and Kshs.6.52 billion (62.7 per cent) for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.25 billion (79.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.24 billion (12.0 per cent) million as additional allocations/conditional grants, a cash balance of Kshs.634.18 million (6.1 per cent) brought forward from FY 2022/23 and generated Kshs.230.00 million (2.2 per cent) as gross own source revenue. The own-source revenue includes Kshs.91.00 million (0.9 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.139.00 million (1.3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.43.

#### 3.7.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.72 billion as the equitable share of the revenue raised nationally, Kshs.160.02 million as additional allocations/conditional grants, had a cash balance of Kshs. 634.18 million from FY 2022/23, and raised Kshs.76.52 million as own-source revenue (OSR). The raised OSR includes Kshs.45.07 million as FIF and Kshs.31.45 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.59 billion, as shown in Table 3.43.

**Table 3.43: Garissa County, Revenue Performance in the First Half of FY 2023/24**

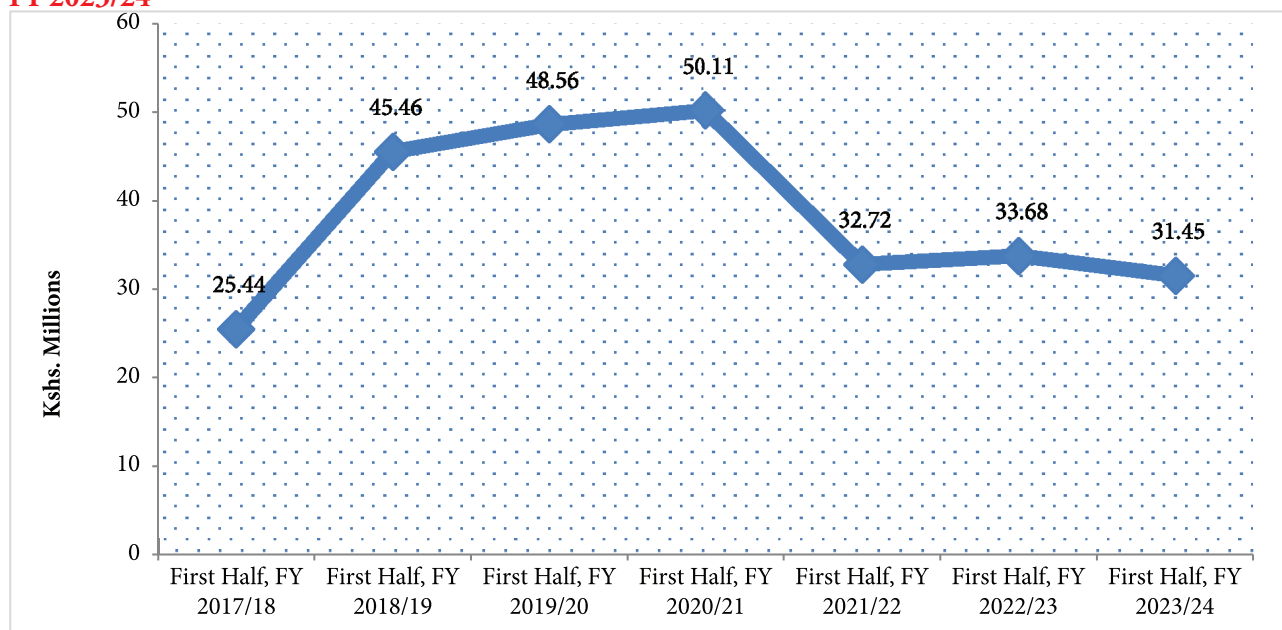
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	8,248,748,101	2,722,086,874	33.0
<b>Subtotal</b>		<b>8,248,748,101</b>	<b>2,722,086,874</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	Water and Sanitation Development Project (World Bank)	600,000,000	160,022,276	26.7
2	Emergency locust response project World Bank	169,365,353	-	-
3	De-risking, inclusion value enhancement of pastoral economies in the Horn of Africa projects (Drive project)	128,454,980	-	-
4	Kenya Climate Smart Agricultural Project (World Bank) KCSAP	90,000,000	-	-
5	DANIDA Grant (Universal Healthcare in Devolved System Program	12,820,500	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6	Financing locally-led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (World Bank)	11,000,000	-	-
7	Sweden Agricultural Sector Development Support Program (ASDSP)II	3,047,337	-	-
8	Lease of medical equipment	124,723,404	-	-
9	Conditional Grant for aggregated Industrial parks program	100,000,000	-	-
10	Conditional Grant for Provision of Fertilizer Subsidy Program	3,965,140	-	-
11	Unconditional Allocation for mineral Royalties	844,693	-	-
<b>Subtotal</b>		<b>1,244,221,407</b>	<b>160,022,276</b>	<b>12.9</b>
<b>C</b>	<b>Own Source Revenue</b>			
12	Ordinary Own Source Revenue	139,000,000	31,450,988	22.6
13	Facility Improvement Fund (FIF)	91,000,000	45,067,403	49.5
<b>Subtotal</b>		<b>230,000,000</b>	<b>76,518,391</b>	<b>33.3</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
14	Unspent balance from FY 2022/23	634,176,980	634,176,980	100.0
<b>Sub Total</b>		<b>634,176,980</b>	<b>634,176,980</b>	<b>100.0</b>
<b>Grand Total</b>		<b>10,357,146,488</b>	<b>3,592,804,521</b>	<b>34.7</b>

Source: Garissa County Treasury

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

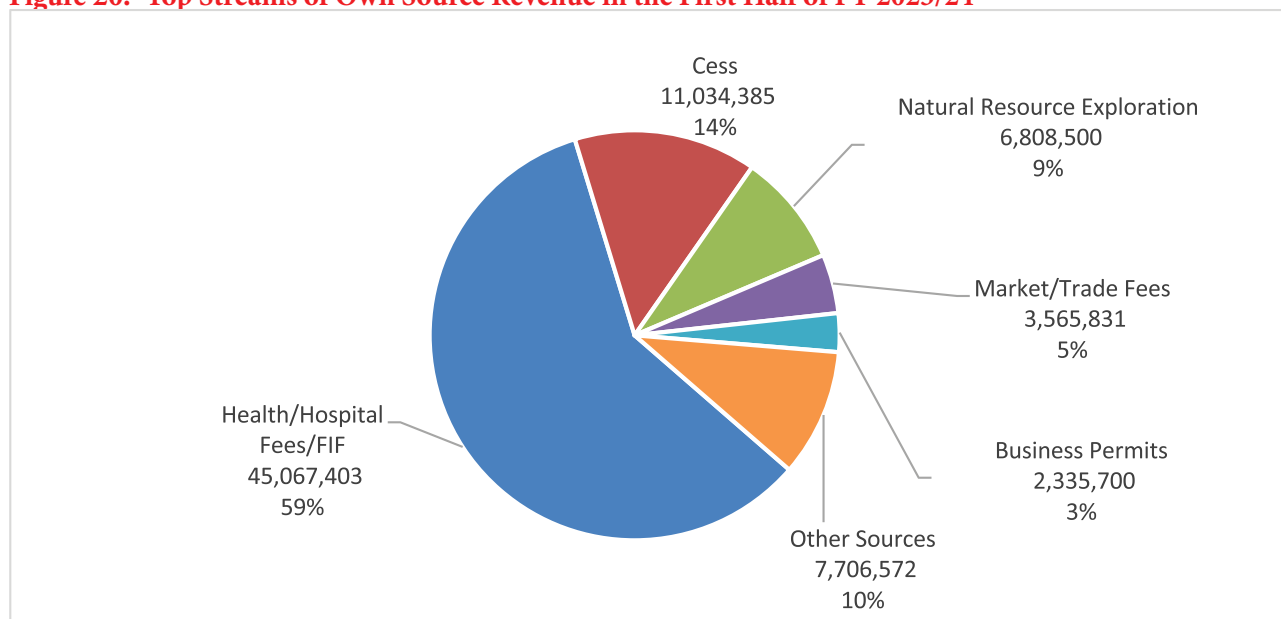
**Figure 19: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Garissa County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.76.52 million from its sources of revenue inclusive of FIF of Kshs.45.07 million. The County Treasury did not provide information on receipts of FIF in the previous financial years. This amount was 33.3 per cent of the annual target and 2.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 20.

**Figure 20: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Garissa County Treasury

The highest revenue stream of Kshs.45.07 million was from Health/Hospital Fees/FIF, contributing to 59 per cent of the total OSR receipts during the reporting period.

### 3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.60 billion from the CRF account during the reporting period which comprised Kshs.825.92 million (23.0 per cent) for development programmes and Kshs.2.77 billion (77.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.95 billion was released towards Employee Compensation, and Kshs.816.71 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.229.80 million.

### 3.7.4 County Expenditure Review

The County spent Kshs.3.4 billion on development and recurrent programmes in the reporting period. The expenditure represented 94.6 per cent of the total funds released by the CoB and comprised Kshs.804.73 million and Kshs.2.6 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.6 per cent, while recurrent expenditure represented 39.2 per cent of the annual recurrent expenditure budget.

### 3.7.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the **County Executive** reported a stock of pending bills amounting to Kshs.910.28 million, comprising Kshs.152.03 million for recurrent expenditure and Kshs.758.25 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.304 million were settled, consisting of Kshs.100 million for recurrent expenditure and Kshs.204 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.606.28 million.

The outstanding pending bills for the **County Assembly** at the beginning of FY 2023/24 were Kshs.83.38 million. It comprising of Kshs.34.91 million for recurrent expenditure and Kshs. 48.47 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.26.35 million were settled, consisting of Kshs.11.85 million for recurrent expenditure and Kshs.14.50 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.57.04 million

### 3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.84 billion on employee compensation, Kshs.388.62 million on operations and maintenance, and Kshs.790.25 million on development activities. Similarly, the County Assembly spent Kshs.226.75 million on employee compensation, Kshs.143.12 million on operations and maintenance, and Kshs.14.5 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
<b>Total Recurrent Expenditure</b>	<b>5,701,325,141</b>	<b>928,822,377</b>	<b>2,226,504,798</b>	<b>369,871,868</b>	<b>39.1</b>	<b>39.8</b>
Compensation to Employees	3,716,570,004	520,000,000	1,837,879,886	226,750,775	49.5	43.6
Operations and Maintenance	1,984,755,137	408,822,377	388,624,912	143,121,093	19.6	35.0
<b>Development Expenditure</b>	<b>3,573,998,969</b>	<b>153,000,000</b>	<b>790,246,661</b>	<b>14,500,000</b>	<b>22.1</b>	<b>9.5</b>
<b>Total</b>	<b>9,275,324,111</b>	<b>1,081,822,377</b>	<b>3,016,751,459</b>	<b>384,371,868</b>	<b>32.5</b>	<b>35.5</b>

Source: Garissa County Treasury

### 3.7.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.06 billion, or 57.5 per cent of the available revenue which amounted to Kshs.3.59 billion. This expenditure represented an increase from Kshs. 2.23 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.703.43 million paid to health sector employees, translating to 34.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.83 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.238.68 million was processed through manual payrolls. The manual payrolls accounted for 11.6 per cent of the total PE cost.

The County Assembly spent Kshs.12.40 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs30.83 million. The average monthly sitting allowance was Kshs.42,166 per MCA. The County Assembly has established 19 Committees.

### 3.7.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.160 million to county-established funds in FY 2023/24, constituting 1.5 per cent of the County's overall budget. Table 3.45 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.45: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
1.	Disaster Management Fund/Emergency	70,000,000	70,000,000	70,000,000	70,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
2.	Bursary Fund	50,000,000	25,000,000	25,000,000	25,000,000	Yes
3.	Micro and Small Enterprises Development Revolving Fund	40,000,000	40,000,000	40,000,000	40,000,000	No
<b>Total</b>		<b>160,000,000</b>	<b>135,000,000</b>	<b>135,000,000</b>	<b>135,000,000</b>	-

Source: Garissa County Treasury

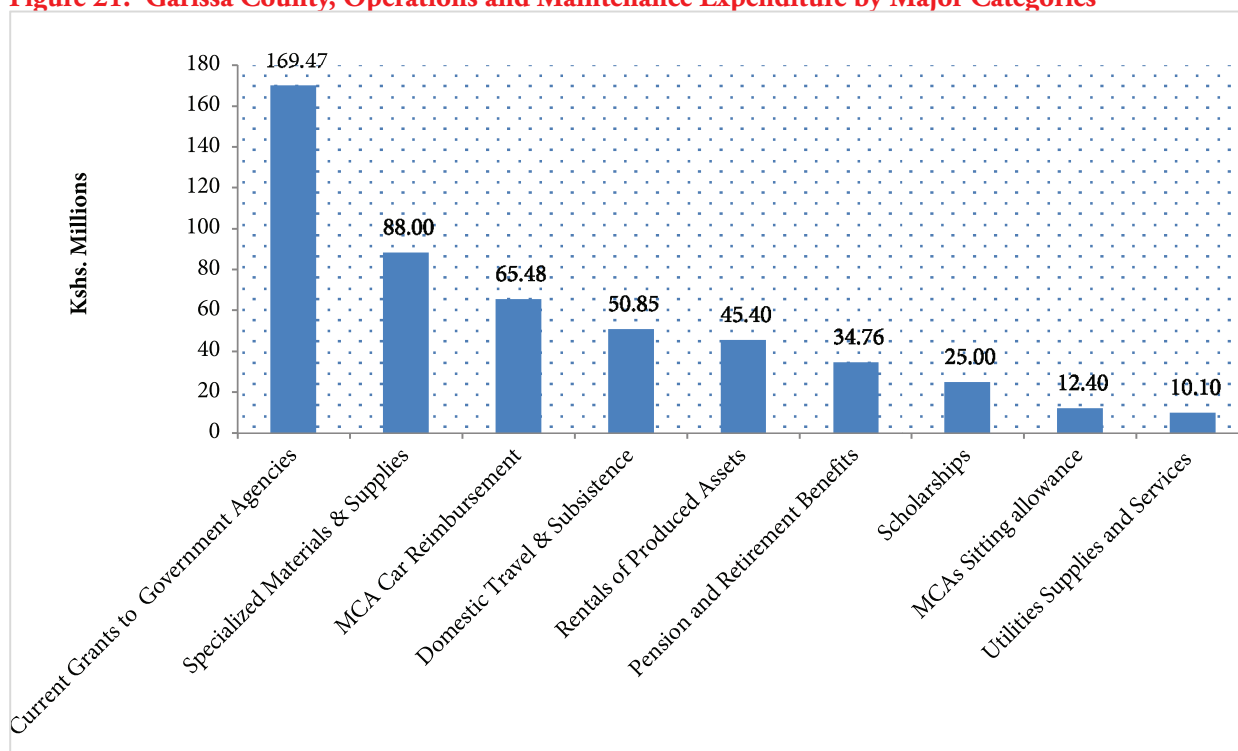
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the Micro and Small Enterprises Development Revolving Fund as indicated in Table 3.43, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the CoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.7.9 Expenditure on Operations and Maintenance

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

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



Source: Garissa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.50.85 million. Expenditure on foreign travel amounted to Kshs.4.47 million by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.46 below; -

**Table 3.46: Summary of Highest Expenditure on Foreign Travel**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	3 <sup>rd</sup> July to 14 <sup>th</sup> July 2023	Attended Parliamentary Proceedings and Procedures workshop in Lusaka Zambia	Lusaka Zambia	912,537
County Assembly	4	24 <sup>th</sup> August to 27 <sup>th</sup> August 2024	Attended the 8 <sup>th</sup> International Conference on Social Sciences Humanities and Education held in Oxford United Kingdom	Britain	2,705,938
County Assembly	1	20 <sup>th</sup> Sept to 28 <sup>th</sup> Sept, 2023	IFPSM World Summit	Italy	850,512.00
<b>Total Kshs.</b>					<b>4,468,987.00</b>

Source: County Assembly of Garissa

### 3.7.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.804.73 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.111.68 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.47: Garissa County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Executive	Qone Modogashe Pipeline Project	Lagdera	438,400,586.00	62,000,000.00	80
2	County Executive	Bula Madina Bitumen	Garissa Township	97,809,866.00	97,809,866.00	100
3	County Executive	Moit Water Park	Ijara	19,782,600	19,782,600	100
4	County Executive	Proposed Construction of New Access Roads at Soko Mugdi Market Centre	Garissa Township	65,632,234.50	65,632,234.50	100
5	County Executive	Construction of Masonry Perimeter Fence	Garissa Township	41,804,474	41,804,474	100
6	County Executive	Proposed of power upgrade at County Referral Hospital	Garissa Township	13,519,800	13,519,800	100
7	County Executive	Construction of 250,000 litres of underground water storage	Garissa Township	12,214,452	12,214,452	100
8	County Executive	Proposed Borehole Development and Assorted Works at ADC	Garissa Township	29,474,594	29,474,594	100
9	County Assembly	Construction of Buildings- Construction of Additional office block extension	Assembly Head-quarters	98,570,082.00	80,565,592.00	80
10	County Assembly	Proposed Construction of Chambers at the County Assembly offices	Assembly Head-quarters	43,164,658.00	25,000,000.00	70%

Source: Garissa County Treasury

### 3.7.11 Budget Performance by Department

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

**Table 3.48: Garissa County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & Pastoral	122.40	572.82	89.35	0.00	78.50	0.00	87.9	-	64.1	-
Gender, Social Service and Sport	46.21	120.00	15.58	0.00	15.58	0.00	100.0	-	33.7	-
Roads, Transport & Public Works	46.07	100.00	22.50	18.68	17.50	18.68	77.8	100	38.0	18.7
Education, Information & ICT	505.21	55.00	310.26	0.00	306.76	0.00	98.9	-	60.7	-
Lands, Physical Planning and Urban Development	457.04	255.00	208.14	46.69	207.78	45.50	99.8	97.4	45.5	17.8
Finance and Economic Planning	1227.17	801.18	464.26	525.10	368.66	525.10	79.4	100	30.0	65.5
Health and Sanitation	2459.77	434.72	903.33	4.60	902.75	4.60	99.9	100	36.7	1.1
Trade, Investments Development and Tourism	70.00	245.00	46.37	40.00	36.50	20.00	78.7	50	52.1	8.2
Water, Environment and Natural Resources	210.80	990.28	114.74	176.34	114.74	176.34	100.0	100.0	54.4	17.8
County Affairs, Public Service and Intergovernmental Relations	522.57	0.00	194.10	0.00	160.66	0.00	82.8	-	30.7	-
County Public Service Board	34.07	0.00	19.58	0.00	17.08	0.00	87.2	-	50.1	-
County Assembly	928.82	153.00	382.51	14.50	369.87	14.50	96.7	100	39.8	9.5
<b>Total</b>	<b>6,630.15</b>	<b>3,727.00</b>	<b>2,770.72</b>	<b>825.92</b>	<b>2,596.38</b>	<b>804.73</b>	<b>93.7</b>	<b>90.6</b>	<b>39.2</b>	<b>21.6</b>

Source: Garissa County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 65.5 per cent, followed by the Department of Roads, Transport & Public Works at 18.7 per cent. The Department of Agriculture, Livestock & Pastoral had the highest percentage of recurrent expenditure to budget at 64.1 per cent while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 30.7 per cent.

### 3.7.12 Budget Execution by Programmes and Sub-Programmes

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

**Table 3.49: Garissa County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Agriculture, Livestock & Pastoral							
Agriculture Department		68,044,597	205,000,000	39,000,000	-	57	0
	CSP 1.1 Agriculture Administration & Support Services	56,632,159	155,000,000	39,000,000		69	0
	CSP 1.2 Crop production and value chains	11,412,438		-	-	0	
	CSP 1.3 Agricultural Mechanization Services		50,000,000	-	-		0
Livestock Department		53,559,147	367,820,333	39,497,742	-	73.7	0.0
	CSP 2.1 Livestock Administration and Support Service	46,159,147	169,365,353	39,497,742		85.6	0.0
	CSP 2.2 Livestock Production	3,050,000	128,454,980			0.0	0.0
	CSP 2.3 Livestock Value Chains Development	1,000,000	40,000,000			0.0	0.0
	CSP 2.4 Veterinary Service	3,350,000	30,000,000	-	-	0.0	0.0
Fisheries Department		200,000				0.0	
	CSP 3.1 Fisheries services	200,000		-		0.0	
Co-operatives		600,000				0.0	
	CSP 4.1 Cooperatives Development	600,000				0.0	
Sub Total		122,403,744	572,820,333	78,497,742	-	64.1	0.0
Department Gender, Social Services & Sports							
CP1: CP1. Gender, Social Services, Culture, Youth and Sports		46,210,946	120,000,000	15,580,215	-	33.7	0.0
	CSP 1.1 Administration And Support Services	35,422,346		15,580,215		44.0	
	CSP 1.2 Social Protection,	3,025,000	8,000,000			0.0	0.0
	CSP 1.3 Gender and Women Empowerment	1,500,000	4,000,000			0.0	0.0
	CSP 1.4 Promotion and preservation of culture and Heritage	1,500,000	5,000,000			0.0	0.0
	CSP 1.5 Youth development	1,500,000	3,000,000			0.0	0.0
	CSP 1.6 Sports & Talent Development	3,263,600	100,000,000			0.0	0.0
Sub Total		46,210,946	120,000,000	15,580,215	-	33.7	0.0
Department Roads, Transport & Public Works							



Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP1: Administration & Support Services		31,406,400	-	17,500,000	-	55.7	
	CSP 1.1: Administration & Support Services	31,406,400		17,500,000		55.7	
CP 2: Road & Transport		4,417,200	100,000,000		18,684,880	0.0	18.7
	CSP 2.1: Roads	2,417,200	100,000,000		18,684,880	0.0	18.7
	CSP 2.2: Transport	2,000,000				0.0	
CP3: Public Works & Housing		10,250,000			-	0.0	
	CSP3.1: Public Works	10,250,000				0.0	
Sub Total		46,073,600	100,000,000	17,500,000	18,684,880	38.0	18.7
Department of Education, Information & ICT							
CP1. General Administration & Support Services		454,889,663	-	303,260,460		66.7	
	CSP1.1 Administration	454,889,663		303,260,460		66.7	
CP2. Education Development		27,236,109	50,000,000	500,000	-	1.8	0.0
	CSP 2.1 ECD and Schools	24,234,909	45,000,000	500,000	-	2.06	0.00
	CSP 2.2 Vocational Training Centre	3,001,200	5,000,000	-	-	0.0	0.0
CP3. ICT, Information & Libraries		23,082,733	5,000,000	3,000,000	-	13.0	0.0
	CSP3.1: Information and Libraries	23,082,733	5,000,000	3,000,000	-	13.0	0.0
Sub Total		505,208,505	55,000,000	306,760,460	-	60.7	0.0
Department Lands, Physical Planning and Urban Development							
CP1: Administration and Services		295,155,273	50,000,000	175,636,612	-	59.5	0.0
	CSP 1.1 Urban Administration and Support Services	295,155,273	50,000,000	175,636,612		59.5	0.0
CP2: Land & Physical planning		20,374,997	15,000,000		-	0.0	0.0
	CSP 2.1 Lands Services	8,000,000	10,000,000			0.0	0.0
	CSP 2.2 Physical planning	12,374,997	5,000,000			0.0	0.0
CP 3: Urban development		141,514,626	190,000,000	32,145,356	45,500,000	22.7	23.9
	CSP 3.1 Urban Disaster & Risk Management	138,114,626	10,000,000	32,145,356		23.3	0.0
	CSP 3.0 Urban Development and Infrastructure	2,500,000	90,000,000	-	45,500,000	0.0	50.6
	CSP 3.2 Urban Sanitation Services	900,000	90,000,000	-		0.0	0.0
Sub Total		457,044,896	255,000,000	207,781,968	45,500,000	45.5	17.8
Department of Finance, Revenue & Economic Planning							
P1: Administration & Support Services		1,023,865,359	771,176,980	312,662,478	525,100,000	30.5	68.1
	CSP 1.1 Administration	480,925,359	771,176,980	219,662,478	525,100,000	45.7	68.1

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 1.2 Special Program	542,940,000		93,000,000		17.1	
P2: Public Finance Management		165,214,120	30,000,000	45,500,000	-	27.5	0.00
	CSP2.1 Accounting Services	3,713,739				0.0	
	CSP2.2 Budget Formulation	8,280,000				0.0	
	CSP2.3 Audit Services	5,362,600		1,500,000		28.0	
	CSP2.4 Revenue	142,227,781	30,000,000	44,000,000		31	0
	CSP2.5 Supply Chain Management	5,630,000				0	
P3: Economic Planning		38,086,000	-	10,500,000	-	27.6	
	CSP 3.1 Planning & M&E	31,086,000		10,500,000		33.8	
	CSP 3.2 Statistics & Research	7,000,000				0.00	
Sub Total		1,227,165,479	801,176,980	368,662,478	525,100,000	30.0	65.5
Department of Health and Sanitation							
CP1: Governance, quality assurance and support services		2,115,750,159	175,870,420	749,425,645	4,600,000	35.4	2.6
	CSP 1.1 Administration And Support Services	2,115,750,159	165,870,420	749,425,645	4,600,000	35.4	2.8
	CSP 1.2 Health Information Systems	-	5,000,000				0.0
	CSPS 1.3 policy Research and planning		5,000,000				0.0
Programme 2: CP2: Curative Services		344,020,500	236,158,889	153,320,500	-	44.6	0.0
	CSP 2.1: Health products and technologies	200,000,000	177,223,404	113,320,500		56.7	0.0
	CSP 2.2: Rehabilitative services	-	11,500,000				0.0
	CSP 2.3 Referral and Emergency Services	144,020,500	47,435,485	40,000,000		27.8	0.0
Programme 3: CP3: Preventive Services			22,694,095	-	-		0.0
	CSP 3.1: Maternal, newborn, child health and nutrition services	-	11,075,645				0.0
	CSP 3.2: Preventive and Primitive Health Services	-	11,618,450				0.0
Sub Total		2,459,770,659	434,723,404	902,746,145	4,600,000	36.7	1.1
Department of Trade, Investments and Enterprise Development							
CP1: Administration and Support Services		64,047,996	-	36,500,000	-	57.0	
	CSP1.1 Administration And Support Services	64,047,996		36,500,000		57.0	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP2 Trade and Enterprise Development		3,150,000	45,000,000	-	20,000,000	0.0	44.4
	CSP 2.1 micro and small enterprises development	2,400,000	45,000,000		20,000,000	0.0	44.4
	CSP 2.2 Trade infrastructure and services	750,000	-	-		0.0	
CP3.Industrialization and Investment Programme		1,400,000	200,000,000	-	-	0.0	0.0
	CSP 3.1 Industrialization and Investment Programme	1,400,000	200,000,000			0.0	0.0
CP 4: Tourism		1,402,259		-	-	0.0	
	CSP 4.1 Tourism Development	1,402,259	-			0.0	
Sub Total		70,000,255	245,000,000	36,500,000	20,000,000	52.1	8.2
Department of Water, Environment and Natural Resources							
CP1: Administration and Support Services		190,899,386	60,000,000	114,740,655	16,339,505	60.1	27.2
	CSP1.1 Administration & Support Services	150,056,361	60,000,000	101,740,655	16,339,505	67.8	27.2
	CSP 4.1 Environment and Natural Resources Management	40,843,025		13,000,000		31.8	
CP2: Water Services			780,278,252		160,002,276		20.5
	CSP 2.1 Water Infrastructure Development		780,278,252		160,002,276		20.5
CP3: Irrigation Services		5,000,000	40,000,000	-	-	0.0	0.0
	CSP 3.1 Irrigation Development	5,000,000	40,000,000			0.0	0.0
CP4: Environment Management and Natural Resources		14,905,000	110,000,000	-	-	0.0	0.0
	CSP 4.1 Environment and Natural Resources Management	1,100,000	30,000,000			0.0	0.0
	CSP 4.2 climate change and adaptation	12,600,000	80,000,000			0.0	0.0
	CSP 4.3 Energy Development	1,205,000	-			0.0	
Sub Total		210,804,386	990,278,252	114,740,655	176,341,781	54.4	17.8
Department of County Affairs, Public Service and Intergovernmental Relation							
Programme 1: CP 1 Executive Services		225,020,000		27,000,000	-	12.0	
	Governor's Office	188,900,000		13,000,000		6.9	
	Deputy Governor's Office	36,120,000		14,000,000		38.8	
Programme 2: CSP2 County Secretary		297,550,671		133,659,056	-	44.9	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 2.1 Street Lighting Headquarters	63,156,215		24,000,000		38.0	
	CSP 2.2 Operations & Sub-County Administration	104,810,000		40,400,000		38.5	
	CSP 2.3 Intergovernmental & public participation	18,812,430		6,500,000		34.6	
	CSP 2.4 County Attorney	17,000,000		5,000,000		29.4	
	CSP 2.5 HR Department	76,991,478		48,759,056		63.3	
	CSP 2.6 Donor coordination	16,780,548		9,000,000		53.6	
Sub Total		522,570,671		160,659,056	-	30.7	
Department of County Public Service Board							
CP1: Administration and Support Services		34,072,000		17,076,079	-	50.1	
	CSP 1.1 Administrative And Support Services	34,072,000	-	17,076,079	-	50.1	
Sub Total		34,072,000	-	17,076,079	-	50.1	
Department of County Assembly							
CP1: Administration and Support Services		928,822,377	153,000,000	369,871,868	14,500,000	39.8	9.5
	CSP 1.1 Administrative & Support Services	928,822,377	153,000,000	369,871,868	14,500,000	39.8	9.5
Sub Total		928,822,377	153,000,000	369,871,868	14,500,000	39.8	9.5
Grand Total		6,630,147,518	3,726,998,969	2,596,376,666	804,726,661	39.2	21.6

**Source:** Garissa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration in the Department of Finance, Revenue & Economic Planning at 68.1 per cent, Urban Development and Infrastructure in the Department of Lands, Physical Planning and Urban Development at 50.6 per cent, micro and small enterprises development in the Department of Trade, Investments and Enterprise Development at 44.4 per cent, and Administration And Support Services in the Department of Water, Environment and Natural Resources at 27.2 per cent of budget allocation.

### 3.7.13 Accounts Operated Commercial Banks

The County government operated a total of four accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.7.14 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. The underperformance of own-source revenue at Kshs.76.52 million against an annual projection of Kshs.230 million, representing 33.3 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Micro and Small Enterprises Development Revolving Fund were not submitted to the Controller of Budget.
3. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank account is for the Emergency Fund, Scholarship Fund, Revolving Fund and Revenue Collection Account.
4. High level of pending bills for the County Executive which stood at Kshs.606.28 million as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.238.68 million were processed through the manual payroll, accounting for 11.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
4. *The County leadership should ensure outstanding pending bills are cleared in line with the law.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

## 3.8. County Government of Homa Bay

### 3.8.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget estimates for the FY 2023/24 is Kshs.11.70 billion, comprising of Kshs.3.98 billion (34.0 per cent) and Kshs.7.72 billion (66.0 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 16.1 per cent compared to the previous financial year when the approved budget was Kshs.10.08 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.6.98 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.13 billion (69.5 per cent) as the equitable share of revenue raised nationally, Kshs.916.27 million (7.8 per cent) as additional allocations/conditional grants, Kshs.131.60 million (1.1 per cent) as share of equalization funds, a cash balance of Kshs.142.87 million (1.2 per cent) from FY 2022/23, and generated Kshs.2.38 billion (20.3 per cent) as gross own source revenue. The own source revenue includes Kshs.1.88 billion as Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F), and Kshs.490.90 million as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.48.

### 3.8.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.37 billion as the equitable share of the revenue raised nationally, Kshs.43.34 million as additional allocations/conditional grants, a cash balance of Kshs.142.87 million from FY 2022/23 and raised Kshs.566.45 million as ordinary own-source revenue (OSR). The raised OSR includes Kshs.441.60 million as Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F) and Kshs.124.85 million as ordinary own source revenue. The total funds available for budget implementation during the period amounted to Kshs.4.16 billion, as shown in Table 3.50.

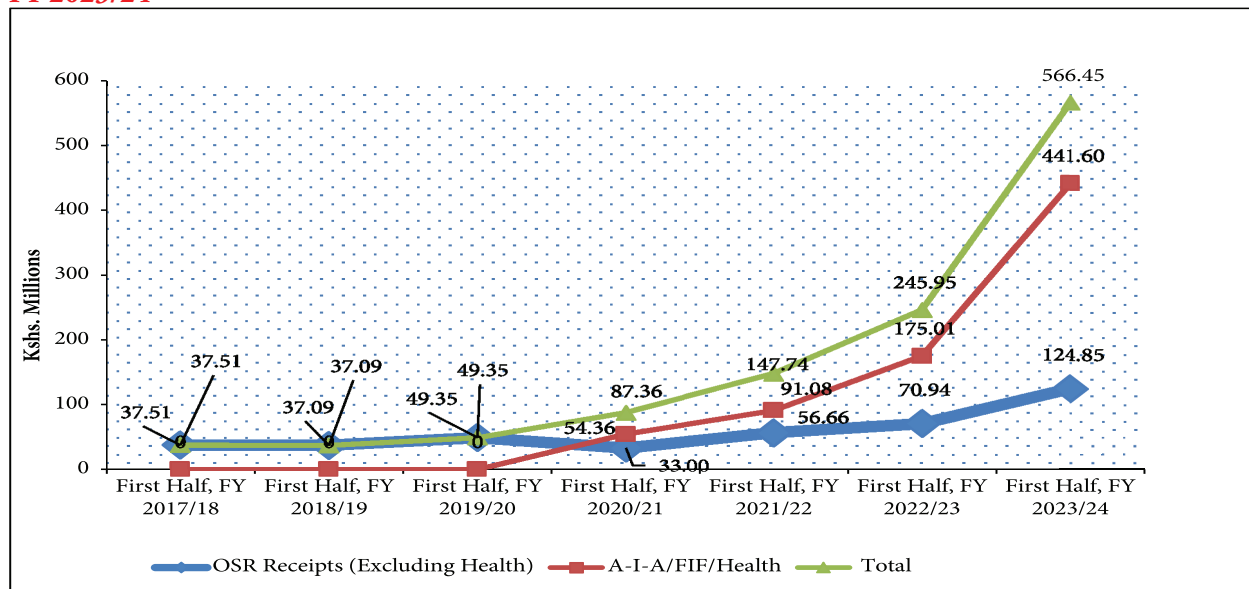
**Table 3.50: Homa Bay County, Revenue Performance in FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,128,387,250	3,373,280,708	41.5
<b>Sub Total</b>		<b>8,128,387,250</b>	<b>3,373,280,708</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	National Agriculture and Rural Inclusive Growth Project (NARIG)	-	-	-
2	National Value Chain Development Project	250,000,000	-	-
3	Provision of Fertilizer Subsidies	165,917,803	-	-
4	Aquaculture Business Development Programme	12,509,422	-	-
5	Livestock Value Chain Support Project	14,321,680	-	-
6	Agricultural Sector Development Support Programme (ASDSP)	4,159,580	-	-
7	Leasing of medical equipment	124,720,000	-	-
8	DANIDA	12,300,750	-	-
9	Transforming Health Systems for Universal Care Project	-	-	-
10	Nutrition International	30,000,000	-	-
11	Financing Locally-Led Climate Actions Programme	200,000,000	-	-
12	Kenya Informal Settlements Improvement Programme	100,000,000	30,000,000	30.0
13	Kenya Urban Support Programme-UIG	1,194,559	1,194,559	100.0
14	Kenya Urban Support Programme-UDG	1,145,356	1,145,356	100.0
<b>Sub-Total</b>		<b>916,272,554</b>	<b>43,339,915</b>	<b>4.7</b>
<b>C</b>	<b>Own Source of Revenue</b>			
1	Own Source Revenue	490,895,690.00	124,851,629	25.4
2	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	1,888,053,228	441,601,689	23.4
<b>Sub-Total</b>		<b>2,378,948,918</b>	<b>566,453,318</b>	<b>23.8</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
1	Unspent balance from FY 2022/23	142,874,788	142,874,788	100.0
2	Share of Equalization funds	131,603,304	-	-
<b>Sub-Total</b>		<b>274,478,092</b>	<b>142,874,788</b>	<b>52.1</b>
<b>Grand Total</b>		<b>11,698,086,814</b>	<b>4,125,948,729</b>	<b>35.3</b>

Source: Homa Bay County Treasury

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

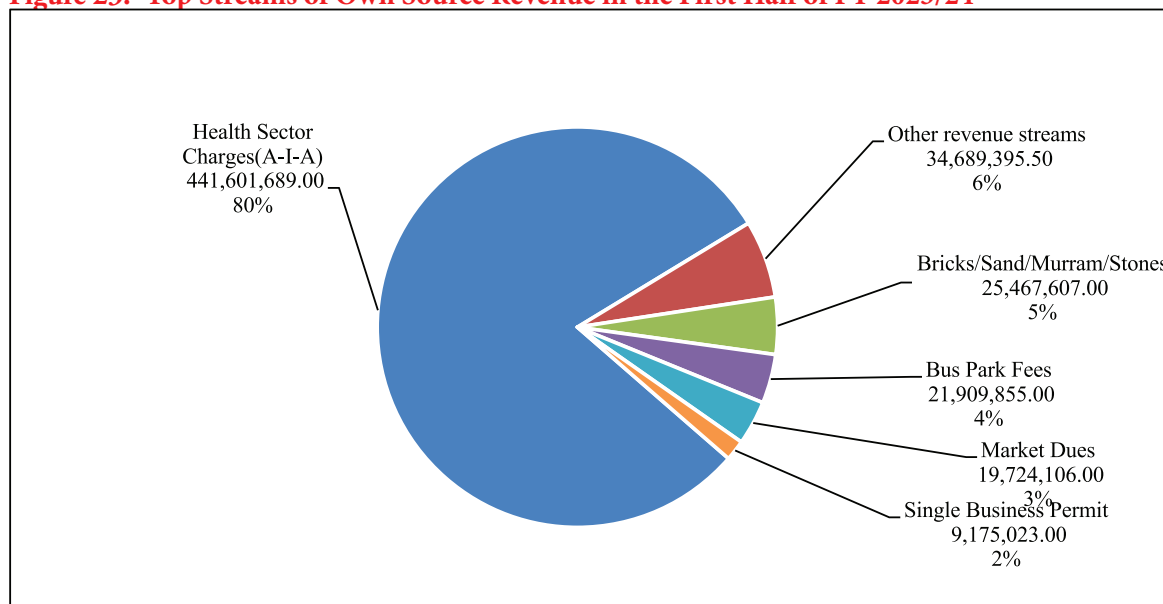
**Figure 22: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Homa Bay County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.566.45 million from its own sources of revenue inclusive of Health Sector Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F). This amount represented an increase of 130.3 per cent compared to Kshs.245.95 million realised in a similar period in FY 2022/23 and 23.8 per cent of the annual target and 16.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 23.

**Figure 23: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Homa Bay County Treasury

The Health Sector Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F) amounted to Kshs.441.60 million representing 78.0 cent of the overall OSR in FY 2023/24. The entire amount realized was not swept to the CRF account. The County Assembly enacted the Homa Bay County Facility Improvement Fund Act, 2023 which allowed the County health facilities to collect and retain revenue paid as user fees to defray operational, management and capital costs.

### 3.8.3 Exchequer Issues

The Controller of Budget authorised withdrawals of Kshs.2.95 billion from the CRF account during the reporting period which comprised Kshs.290.08 million (9.8 per cent) for development programmes and Kshs.2.66 billion (90.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2023/24 indicates that Kshs.1.79 billion was released towards Employee Compensation and Kshs.871.19 million was released for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.692.69 million.

### 3.8.4 Borrowing by the County

The County has an agreement with Kenya Commercial Bank Limited for advance payroll processing for County Executive staff, whereby the bank pays salaries for the staff every month. The outstanding payroll management overdraft facility as of 31<sup>st</sup> December 2023 amounted to Kshs.425.43 million.

### 3.8.5 County Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB and comprised Kshs.289.51 million and Kshs.2.66 billion on development and recurrent programmes, respectively. Expenditure on recurrent activities represented 34.4 per cent of the annual recurrent expenditure budget estimates.

### 3.8.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.961.70 million, comprising Kshs.58.71 million for recurrent expenditure and Kshs.903.00 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs. 99.81 million were settled, consisting of Kshs.14.67 million for recurrent expenditure and Kshs.85.11 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.861.90 million.

The outstanding pending bills for the County Assembly were Kshs.59.16 million as of 31<sup>st</sup> December 2023.

### 3.8.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.63 billion on employee compensation, Kshs.674.74 million on operations and maintenance and Kshs.289.51 million on development activities. Similarly, the County Assembly spent Kshs.153.86 million on employee compensation, and Kshs.196.14 million on operations and maintenance. The County Assembly did not incur any expenditure on development activities. as shown in Table 3.51.

**Table 3.51: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>6,665,829,395</b>	<b>1,053,468,687</b>	<b>2,308,113,040</b>	<b>350,000,000</b>	<b>34.6</b>	<b>33.2</b>
Compensation to Employees	4,850,029,437	465,579,343	1,633,373,619	153,861,288	33.7	33.0
Operations and Maintenance	1,815,799,958	587,889,344	674,739,421	196,138,712	33.4	36.2
<b>Development Expenditure</b>	<b>3,827,241,514</b>	<b>151,549,218</b>	<b>289,512,065</b>	-	<b>7.6</b>	<b>-</b>
<b>Total</b>	<b>10,493,070,909</b>	<b>1,205,017,905</b>	<b>2,597,625,105</b>	<b>350,000,000</b>	<b>24.8</b>	<b>29.0</b>

Source: Homa Bay County Treasury

### 3.8.8 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.79 billion, or 43.3 per cent of the available revenue which amounted to Kshs.4.12 billion. This expenditure represented an increase of 4.7 per cent from Kshs.1.71 billion reported in a similar period in FY 2022/23. The increase in PE expenditure in the reporting period as compared to a similar period in FY 2022/23 is attributable to the employment of additional County revenue enforcement officers as well as other staff cadres. The wage bill included Kshs.748.64 million paid to health sector employees, translating to 41.9 per cent of the total wage bill.



Further analysis indicates that PE costs amounting to Kshs.1.30 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.490.53 million was processed through manual pay-rolls. The manual payrolls accounted for 27.5 per cent of the total PE cost.

The County Assembly spent Kshs.14.25 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.56.66 million. The average monthly sitting allowance was Kshs.43,977 per MCA. The County Assembly has established 22 Committees.

### 3.8.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.631.65 million to county-established funds in FY 2023/24, constituting 4.9 per cent of the County's overall budget. Table 3.52 summarises each established Fund's budget allocation and performance during the reporting period.

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

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure for FY 2023/24 (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
	Homa Bay County Bursary Fund	430,000,000	160,000,000	167,560,400	YES
	Homa Bay Emergency Fund	20,000,000	-	-	NO
	Homa Bay County Car Loan and Mortgage Scheme Fund	80,000,000	14,000,000	-	NO
	Homa Bay County Alcoholic Drinks Control Fund	-	-	-	-
<b>County Assembly Established Funds</b>					
	MCA's Car and loan and Mortgage	101,651,682	-	-	NO
<b>Total</b>		<b>631,651,682</b>	<b>174,000,000</b>	<b>11,876,550</b>	<b>-</b>

**Source:** Homa Bay County Treasury

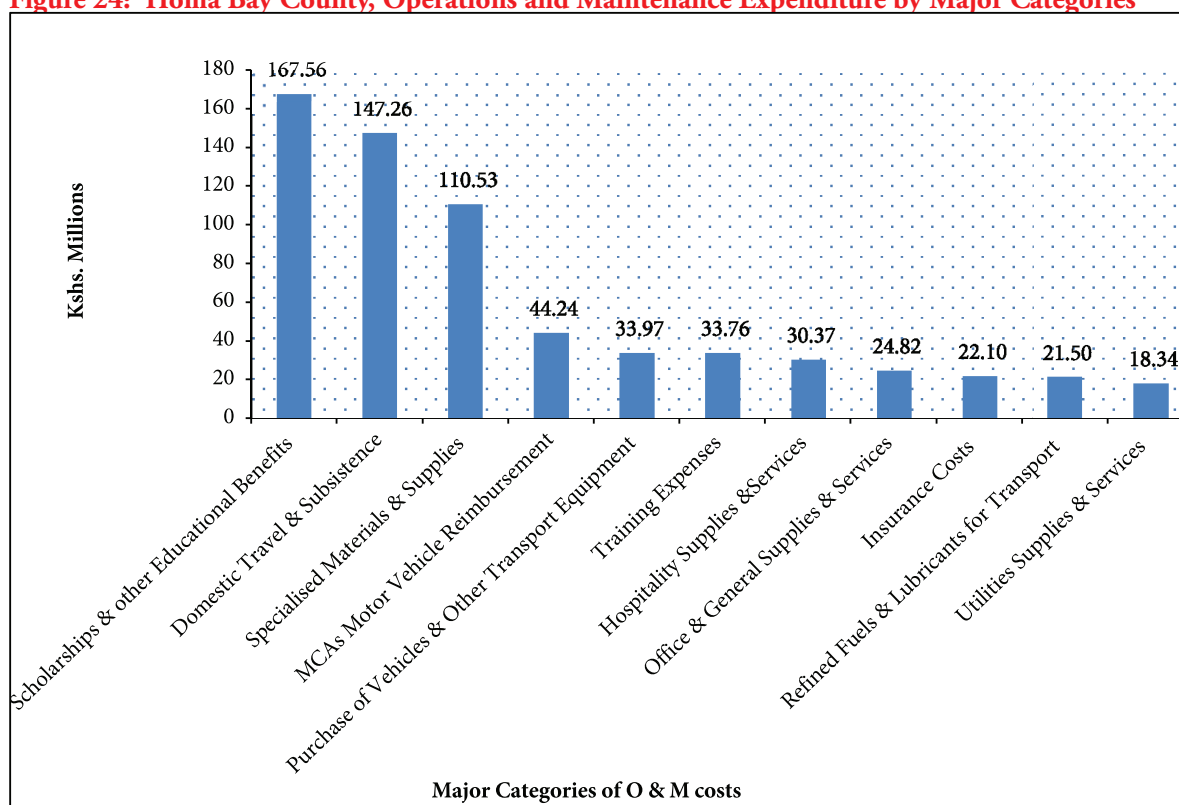
During the reporting period, the CoB did not receive quarterly financial returns for some of the established Funds as indicated in Table 2, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the established public funds in table 2 above contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.8.10 Expenditure on Operations and Maintenance

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

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



Source.: Homa Bay County Treasury

During the period, expenditure on domestic travel amounted to Kshs.147.26 million and comprised Kshs.62.15 million spent by the County Assembly and Kshs.85.11 million by the County Executive. The County Executive incurred Kshs.2.55 million on foreign travel subsistence and other transportation costs. The County Assembly did not report any expenditure on foreign travel during the reporting period. The highest expenditure on foreign travel was incurred as summarised in Table 3.53 below; -

**Table 3.53: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers who Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	8	30.11.2023 -12.12.2023	Travel to attend the 28th Conference of the Parties (COP 28) under the United Nations Framework Convention on Climate Change (UNFCCC)	Dubai, United Arab Emirates	1,050,000
County Executive	2	19-09.2023-28.09.2023	Travel to attend the Strong Cities Global Summit	New York City, USA	1,498,009
<b>Total</b>					<b>2,548,009</b>

Source: Homa Bay County Treasury

### 3.8.11 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.289.51 million on development programmes, representing a decrease of 14.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.338.47 million. The table below summarises some of the development projects with the highest expenditure in the reporting period.

**Table 3.54: Homa Bay County, List of Development Projects with the Highest Expenditure**

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands, Physical Planning, Housing and Urban Development	Informal Settlement Improvement Project (KISIP)	All Sub counties	30,000,000	30,000,000	30,000,000	100.0
2	Public Health and Medical Services	Delivery of assorted medical equipment	Homa Bay Teaching and Referral Hospital	14,951,881	14,951,881	14,951,881	100.0
3	Public Health and Medical Services	Capital Grants and transfer-DANIDA Grant Primary Health Care Program	All Sub counties	13,219,313	13,219,313	13,219,313	100.0
4	Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	Proposed Construction of Stadium Gates, Perimeter Wall, Drive Way and Parking at Homabay Stadium	ARUJO WARD	13,400,000	13,400,000	12,653,157	94.4
5	Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Capital Grants and transfer to ward adaptation/mitigation projects for Locally-Led Climate Action Program (FL-LoCA)	All sub counties	11,000,000	11,000,000	11,000,000	100.0
6	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Kitawa-Obanga Road	Suba South	8,500,000	8,500,000	8,195,832	96.4
7	Roads, Public Works, Transport and Infrastructure	Proposed routine maintenance of Ohero-Tinga-Majiwa-Magiye-Ogande-Rata Oyala Road	Rangwe	7,322,036	7,322,036	6,976,133	95.3
8	Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	installation of Electrical System-Highmast Floodlight at The Stadium.	Homa Bay Town	6,500,000	6,500,000	6,283,484	96.7
9	Lands, Physical Planning, Housing and Urban Development	Preparation of valuation roll for Homa Bay Municipality	Homa Bay Town	6,500,000	6,500,000	6,154,726	94.7
10	Roads, Public Works, Transport and Infrastructure	Proposed routine maintenance of JNC B2 Sare -Wachara SDA Tau Kongongo Twist Road	Rachuonyo North	4,860,633	4,860,633	4,639,614	95.5
11	Roads, Public Works, Transport and Infrastructure	Proposed Routine maintenance of JNC Kamolo Nyawino Road	Rachuonyo North	4,850,192	4,850,192	4621062.25	95.3

Source: Homa Bay County Treasury

The County undertook various development activities in the period under review and payment certificates amounting to Kshs.543.29 million were raised and payments were processed up to the Internet Banking level but could not be settled due to delays in the disbursement of the equitable share of revenue raised nationally for the month of November 2023 and December 2023.

### 3.8.12 Budget Performance by Department

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

**Table 3.55: Homa Bay County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	695.41	43.35	257.45	-	257.45	0.00	100.0	-	37.0	-
County Public Service Board	92.03	4.00	27.04	-	27.03	-	100.0	-	29.4	-
County Assembly Service Board	1,053.47	151.55	350.00	-	-	-	100.0	-	100.0	-
Homa Bay Municipal Board	28.81	20.44	13.20	1.19	13.13	1.19	99.5	100.0	45.6	5.8
Office of the Deputy Governor and Department of Agriculture and Livestock	218.13	521.59	73.97	2.70	73.94	2.20	100.0	81.5	33.9	0.4
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	152.82	76.47	49.89	22.43	49.89	22.43	100.0	100.0	32.6	29.3
Roads, Public Works, Transport and Infrastructure	163.38	955.03	57.70	90.04	57.68	90.04	100.0	74.3	35.3	9.4
Blue Economy, Fisheries, Mining and Digital Economy	96.29	106.46	34.73	17.88	34.69	17.88	99.9	100.0	36.0	16.8
Education, Human Capital Development and Vocational Training	1,218.29	263.59	449.92	19.84	449.92	19.84	100.0	100.0	36.9	7.5
Public Health and Medical Services	2,531.82	601.11	904.23	48.61	904.23	48.61	100.0	100.0	35.7	8.1
Lands, Physical Planning, Housing and Urban Development	53.09	196.00	21.10	37.30	21.09	37.30	100.0	100.0	39.7	19.0
Trade, Industry, Tourism, Cooperative Development and Marketing	166.45	388.82	64.00	17.72	63.97	17.65	99.9	99.6	38.4	4.5
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	274.48	477.48	71.24	32.36	71.24	32.36	100.0	100.0	26.0	6.8
Governance, Administration, Communication and Devolution	382.03	32.00	98.09	-	98.09	-	100.0	-	25.7	-
Executive Office of the Governor	552.55	100.00	185.37	-	185.37	-	100.0	-	33.5	-
Kendu Bay Municipal Board	10.06	10.00	-	-	-	-	-	-	-	-
Mbita Municipal Board	10.06	10.00	-	-	-	-	-	-	-	-
Ndhiwa Municipal Board	10.06	10.89	-	-	-	-	-	-	-	-
Oyugis Municipal Board	10.06	10.00	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,719.30</b>	<b>3,978.79</b>	<b>2,658.11</b>	<b>290.08</b>	<b>2,657.73</b>	<b>289.51</b>	<b>100.0</b>	<b>99.8</b>	<b>34.4</b>	<b>7.3</b>

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services recorded the highest absorption rate of development budget at 29.3 per cent, followed by the Department of Lands, Physical Planning, Housing and Urban Development at 19.0 per cent.

Analysis of expenditure by department shows that the Homa Bay Municipal Board; Lands, Physical Planning, Housing and Urban Development; Trade, Industry, Tourism Cooperatives and Enterprise Development and Blue Economy, Fisheries, Mining had the highest percentage of recurrent expenditure to the recurrent budget estimates at 45.6 per cent, 39.7 per cent and 38.4 per cent respectively. Kendu Bay Municipal Board, Mbita Municipal Board, Ndhiwa Municipal Board, and Oyugis Municipal Board did not report any expenditure.

### 3.8.13 Budget Execution by Programmes and Sub-Programmes

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

**Table 3.56: Homa Bay County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
<b>Department of Finance and Economic Planning</b>					
General administration and support services	Staff Remuneration and Welfare Support Services	498,293,113	174,364,188	323,928,925	35.0
	General Logistics, Coordination and Asset Management Services	56,529,916	48,951,262	7,578,654	86.6
	<b>Sub total</b>	<b>554,823,029</b>	<b>223,315,450</b>	<b>331,507,579</b>	<b>40.2</b>
Planning, Budgeting and Development Coordination Services	Economic planning and development coordination services	26,781,800	1,061,428	25,720,372	4.0
	Resource allocation services	14,433,400	-	14,433,400	-
	Public Participation Facilitation services	9,499,000	2,000,000	7,499,000	21.1
	<b>Sub total</b>	<b>50,714,200</b>	<b>3,061,428</b>	<b>47,652,772</b>	<b>6.0</b>
Resource mobilization services	External Resources Mobilization Services	8,899,200	2,916,121	5,983,079	32.8
	Internal Revenue Generation Services	41,314,834	13,630,500	27,684,334	33.0
	<b>Sub total</b>	<b>50,214,034</b>	<b>16,546,621</b>	<b>33,667,413</b>	<b>33.0</b>
Financial management services	Accounting and Financial Reporting Services	21,784,580	-	21,784,580	-
	Supply Chain Management Services	31,725,767	10,913,272	20,812,495	-
	Audit and Advisory Services	12,000,000	3,609,439	8,390,561	30.1
	Emergency Management Services	17,500,000	-	17,500,000	-
	<b>Sub total</b>	<b>83,010,347</b>	<b>14,522,711</b>	<b>68,487,636</b>	<b>17.5</b>
	<b>Grand total</b>	<b>738,761,610</b>	<b>257,446,210</b>	<b>481,315,400</b>	<b>34.8</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
<b>County Public Service Board</b>					
General Policy, Planning and Administration Services	Policy Development Services	3,470,000	1,169,200	2,300,800	33.7
	Administrative Support Services	81,513,555	25,863,400	55,650,155	31.7
	Infrastructure Development Services	4,000,000		4,000,000	-
	<b>Sub total</b>	<b>88,983,555</b>	<b>27,032,600</b>	<b>61,950,955</b>	<b>30.4</b>
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	2,080,000	-	2,080,000	-
	Human Resource Management and Development Services	1,760,000	-	1,760,000	-
	Establishment and abolishment of Offices	200,000	-	200,000	-
	National Performance Management Systems	320,000	-	320,000	-
	Capacity Development Services	2,690,000	-	2,690,000	-
	<b>Sub total</b>	<b>7,050,000</b>	<b>-</b>	<b>7,050,000</b>	<b>-</b>
	<b>Grand total</b>	<b>96,033,555</b>	<b>27,032,600</b>	<b>69,000,955</b>	<b>28.1</b>
<b>County Assembly Service Board</b>					
Legislative Services	Members' welfare Support services	245,865,808	82,043,761	163,822,047	33.4
	Legislative development and approval services	217,502,825	20,708,500	196,794,325	9.5
	<b>Sub total</b>	<b>463,368,633</b>	<b>102,752,261</b>	<b>360,616,372</b>	<b>22.2</b>
Oversight and Control Services	Capacity building services	12,000,000	-	12,000,000	-
	Report writing services	37,000,000	24,928,100	12,071,900	67.4
	Public Participation and Education Services	11,000,000	8,566,000	2,434,000	77.9
	<b>Sub total</b>	<b>60,000,000</b>	<b>33,494,100</b>	<b>26,505,900</b>	<b>55.8</b>
Ward Representation Services	Staff welfare support services	67,246,265	14,761,848	52,484,417	22.0
	Ward operations and maintenance	17,284,320	5,898,528	11,385,792	34.1
	<b>Sub total</b>	<b>84,530,585</b>	<b>20,660,376</b>	<b>63,870,209</b>	<b>24.4</b>
Policy, Planning and Administrative Support Services	Administrative support services	277,775,469	108,647,137	169,128,332	39.1
	Financial Management Services	167,794,000	84,446,126	83,347,874	50.3
	Assembly Infrastructure Development Services	151,549,218	-	151,549,218	-
	<b>Sub total</b>	<b>597,118,687</b>	<b>193,093,263</b>	<b>404,025,424</b>	<b>32.3</b>
	<b>Grand total</b>	<b>1,205,017,905</b>	<b>350,000,000</b>	<b>855,017,905</b>	<b>29.0</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
<b>Homa Bay Municipal Board</b>					
Planning, Finance and Administrative Support Services	Policy and planning services	-	-	-	-
	Financial Management Services	5,863,721	593,380	5,270,341	-
	Personnel remuneration and development services	22,945,272	12,536,600	10,408,672	54.6
	<b>Sub total</b>	<b>28,808,993</b>	<b>13,129,980</b>	<b>15,679,013</b>	<b>45.6</b>
Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvement Services	1,194,559	-	1,194,559	-
	Environmental Management Services	11,000,000	1,194,559	9,805,441	10.9
	<b>Sub total</b>	<b>12,194,559</b>	<b>1,194,559</b>	<b>11,000,000</b>	<b>9.8</b>
	Social outreach and Engagement Services	-	-	-	-
	Neighbourhood Planning and Development Services	8,250,000	-	8,250,000	-
	Workforce development and enterprise support services	-	-	-	-
	<b>Sub total</b>	<b>8,250,000</b>	<b>-</b>	<b>8,250,000</b>	<b>-</b>
	<b>Grand total</b>	<b>49,253,552</b>	<b>14,324,539</b>	<b>34,929,013</b>	<b>29.1</b>
<b>Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security</b>					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,105,600	3,638,700	466,900	88.6
	General Administration and Support Services	214,027,568	70,300,000	143,727,568	32.8
	<b>Sub total</b>	<b>218,133,168</b>	<b>73,938,700</b>	<b>144,194,468</b>	<b>33.9</b>
Crop, Land and Agribusiness Development Services	Crop Development Services	10,500,000	-	10,500,000	-
	Agribusiness Development Services	-	-	-	-
	Land Development Services	-	-	-	-
	National Agriculture Rural Inclusive Growth	-	-	-	-
	Agriculture Sector Development Support Programme	-	-	-	-
	National Value Chain Project	-	-	-	-
	<b>Sub total</b>	<b>10,500,000</b>	<b>-</b>	<b>10,500,000</b>	<b>-</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Food Security Enhancement Services	Sub Sector Infrastructure Development Services	13,257,234	0	13,257,234	-
	Farm Input Access Services	208,917,803	2,200,000	206,717,803	1.1
	National Agriculture Rural Inclusive Growth	-	-	-	-
	Agriculture Sector Development Support Programme	4,159,580	-	4,159,580	-
	National Value Chain Project	255,000,000	-	255,000,000	-
	<b>Sub total</b>	<b>481,334,617</b>	<b>2,200,000</b>	<b>479,134,617</b>	<b>05</b>
Livestock Development Programme	Livestock Improvement and Development	14,323,680	0	14,323,680	-
	Livestock Infrastructure Development Services	5,000,000	0	5,000,000	-
	Livestock Health and Disease Management	10,432,625	0	10,432,625	-
	<b>Sub total</b>	<b>29,756,305</b>	<b>0</b>	<b>29,756,305</b>	<b>-</b>
<b>Grand total</b>	<b>739,724,090</b>	<b>76,138,700</b>	<b>663,585,390</b>	<b>10.3</b>	
<b>Department of Gender Equality and Inclusivity Youth, Sports, Talent Development, Cultural Heritage and Social Services</b>					
Policy, Planning and General Administration services	General Administration and Support Services	83,952,751	41,000,000	42,952,751	48.8
	Policy and Planning Services	21,772,768	5,616,508	16,156,260	25.8
	Office Development Operations	210,460	-	210,460	-
	<b>Sub total</b>	<b>105,935,979</b>	<b>46,616,508</b>	<b>56,109,011</b>	<b>44.0</b>
Cultural and Creative Sector Development Services	Creative Economy Development Services	3,873,589	-	3,873,589	-
	Cultural Development and Promotion Services	9,684,288	3,132,325	6,551,963	32.3
	<b>Sub total</b>	<b>13,557,877</b>	<b>3,132,325</b>	<b>10,425,552</b>	<b>23.1</b>
Social Development and Empowerment Services	Gender Mainstreaming and Women Empowerment Services	7,404,418	140,001	7,264,417	1.9
	Youth Empowerment and Mainstreaming Services	5,432,000	-	5,432,000	-
	SGBV Control Services	-	-	-	-
	Disability Mainstreaming Services	8,573,000	-	8,573,000	-
	Youth and women support grants	-	-	-	-
	<b>Sub total</b>	<b>21,409,418</b>	<b>140,001</b>	<b>21,269,417</b>	<b>0.7</b>
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	66,580,218	22,433,178	44,147,040	33.7
	Sports Management and Talent Development	21,816,250	-	21,816,250	-
	<b>Sub total</b>	<b>88,396,468</b>	<b>22,433,178</b>	<b>65,963,290</b>	<b>25.4</b>



Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
	<b>Grand total</b>	<b>229,299,742</b>	<b>72,322,012</b>	<b>156,977,730</b>	<b>31.5</b>
<b>Department of Roads, Transport and Public Works and Infrastructure</b>					
General Administration, Planning and Support Services	Human Resource and Capacity Development Services	161,114,540	57,326,638	103,787,902	35.6
	Policy Planning and Field Support Services	2,032,000	357,160	1,674,840	17.6
	Roads and Transport Services	231,323		231,323	-
	<b>Sub total</b>	<b>163,377,863</b>	<b>57,683,798</b>	<b>105,694,065</b>	<b>35.3</b>
Public works and maintenance services	Quality Control and, Enforcement	-	-	-	-
	Infrastructure Development Services	-	-	-	-
	Purchase of Plant and Machinery maintenance	64,031,538.00	-	64,031,538.00	-
Road Development and Rehabilitation Services	Road Development Services	520,000,000	-	520,000,000	-
	Road Maintenance Services	370,000,000	90,037,878	279,962,122	24.3
	<b>Sub total</b>	<b>890,000,000</b>	<b>90,037,878</b>	<b>799,962,122</b>	<b>10.1</b>
Transport Development and Rehabilitation Services	Water Transport Services	1,000,000	-	1,000,000	-
	<b>Sub total</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>-</b>
	<b>Grand total</b>	<b>1,118,409,401</b>	<b>147,721,676</b>	<b>970,687,725</b>	<b>13.2</b>
<b>Department of Blue Economy, Fisheries Mining and Digital Economy</b>					
Blue Economy and Fisheries Resources Development Services	Capture Fisheries and Development Services	30,200,000	-	30,200,000	-
	Aquaculture Development Services	32,559,422	-	32,559,422	-
	Blue Economy Development Services	10,000,000	-	10,000,000	-
	<b>Sub total</b>	<b>76,759,422</b>	<b>0</b>	<b>76,759,422</b>	<b>-</b>
Mineral resources development and marketing services	Artisanal Mining Services	4,000,000	-	4,000,000	-
	Mineral Prospecting Services	-	-	-	-
	<b>Sub total</b>	<b>4,000,000</b>	<b>0</b>	<b>4,000,000</b>	<b>-</b>
ICT And Digital Economy Development Services	ICT Infrastructure Development Services	27,000,000	17,881,489	9,118,511	66.2
	Digital Literacy and Skill Development Services	7,700,000		7,700,000	-
	<b>Sub total</b>	<b>34,700,000</b>	<b>17,881,489</b>	<b>16,818,511</b>	<b>51.5</b>
General Administration, Planning and Support Services	Policy Development Services	4,335,000	3,000,000	1,335,000	69.2
	Personnel Remuneration and Welfare Services	76,286,892	31,694,207	44,592,685	41.5
	Administrative Support Services	10,665,000	-	10,665,000	-
	<b>Sub total</b>	<b>91,286,892</b>	<b>34,694,207</b>	<b>56,592,685</b>	<b>38.0</b>
	<b>Grand total</b>	<b>202,746,314</b>	<b>52,575,696</b>	<b>150,170,618</b>	<b>25.9</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
<b>Department of Education, Human Capital Development and Vocational Training</b>					
General Administration and Quality Assurance Service	General administration Services	769,389,789	265,000,000	504,389,789	34.4
	Quality Assurance Services	18,903,800	7,364,058	18,084,900	4.3
	<b>Sub total</b>	<b>788,293,589</b>	<b>272,364,058</b>	<b>655,474,689</b>	<b>16.8</b>
Early Years Education (EYE) Services	EYE Services	243,000,000	19,842,923	223,157,077	8.2
	<b>Sub total</b>	<b>243,000,000</b>	<b>19,842,923</b>	<b>223,157,077</b>	<b>8.2</b>
Education, Human Capital Development and Vocational Training Services	Education Services	430,000,000	177,560,400	252,439,600	41.3
	Human Capital Development Services	-	-	-	-
	Vocational Training Services	20,590,000	-	20,590,000	-
	<b>Sub total</b>	<b>450,590,000</b>	<b>177,560,400</b>	<b>273,029,600</b>	<b>39.4</b>
	<b>Grand total</b>	<b>1,481,883,589</b>	<b>469,767,381</b>	<b>1,012,116,208</b>	<b>31.7</b>
<b>Department of Public Health and Medical Services</b>					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	11,513,500	4,674,892	6,838,608	40.6
	Administrative Support Services	2,072,804,248	748,639,841	1,324,164,407	36.1
	<b>Sub total</b>	<b>2,084,317,748</b>	<b>753,314,733</b>	<b>1,331,003,015</b>	<b>36.1</b>
Preventive and promotive health services	Community health services	88,680,000	16,366,299	72,313,701	18.5
	Disease control services	52,081,702	17,434,818	34,646,884	33.5
	infrastructure improvement services	196,891,806	-	196,891,806	-
	<b>Sub total</b>	<b>337,653,508</b>	<b>33,801,117</b>	<b>303,852,391</b>	<b>10.0</b>
Curative and rehabilitative health services	Routine medical health services	304,346,746	91,702,044	212,644,702	30.1
	Medical emergency response services	123,000,000	25,411,401	97,588,599	20.7
	Facility infrastructure improvement services	279,605,247	48,609,681	230,995,566	17.4
	<b>Sub total</b>	<b>706,951,993</b>	<b>165,723,126</b>	<b>541,228,867</b>	<b>23.4</b>
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	2,000,000	-	2,000,000	-
	<b>Sub total</b>	<b>4,000,000</b>	<b>0</b>	<b>4,000,000</b>	<b>-</b>
	<b>Grand total</b>	<b>3,132,923,249</b>	<b>952,838,976</b>	<b>2,180,084,273</b>	<b>30.4</b>
<b>Department of Lands, Housing, Urban Development and Physical Planning</b>					
General Administration Services	General administrative support services	42,308,719	18,250,000	24,058,719	43.1
	Operation and Maintenance Services	9,735,343	2,844,968	6,890,375	29.2
	General Office Infrastructure Development Services	1,041,000	-	1,041,000	-
	<b>Sub total</b>	<b>53,085,062</b>	<b>21,094,968</b>	<b>31,990,094</b>	<b>39.7</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Lands and Physical Planning Services	County Development Planning Services	13,558,615		13,558,615	-
	Land Valuation and Registration Support Services	10,300,000	-	10,300,000	-
	County Land Acquisition and Management Services	18,000,000	-	18,000,000	-
	<b>Sub total</b>	<b>41,858,615</b>	<b>-</b>	<b>41,858,615</b>	<b>-</b>
Housing and Urban Development Services	Housing Infrastructure Development Services	5,000,000	-	5,000,000	-
	Settlements Upgrading Services	149,145,354	37,300,081	111,845,273	-
	Urban Areas Establishment Services	-	-	-	-
	<b>Sub total</b>	<b>154,145,354</b>	<b>37,300,081</b>	<b>116,845,273</b>	<b>24.2</b>
<b>Grand total</b>	<b>249,089,031</b>	<b>58,395,049</b>	<b>190,693,982</b>	<b>23.4</b>	
<b>Department of Trade, Industry, Tourism, Cooperative Development and Marketing</b>					
Policy, Planning and Administrative services	Remuneration and welfare support services	148,767,292	53,000,000	95,767,292	35.6
	Policy and plans development services	6,750,000	2,074,500	4,675,500	30.7
	Administrative Support Services	10,930,000	-	-	-
<b>Sub total</b>	<b>166,447,292</b>	<b>55,074,500</b>	<b>111,372,792</b>	<b>33.1</b>	
Trade, Cooperative and Entrepreneurship Development Services	Enterprise development and promotion services	25,340,500	3,412,250	21,928,250	13.5
	Cooperative development services	47,382,200	1,875,500	45,506,700	4.0
	Trade infrastructure and development services	102,600,000	17,654,942	84,945,058	17.2
	<b>Sub total</b>	<b>175,322,700</b>	<b>22,942,692</b>	<b>152,380,008</b>	<b>13.1</b>
Tourism, Industrial and Investment Promotion Services	Value Chain Development Services	21,017,800	-	21,017,800	-
	Tourism promotion and marketing	19,975,070	3,607,999	19,975,070	-
	Tourism infrastructure development services	10,000,000	-	10,000,000	-
	Industrial Park Development	150,000,000	-	150,000,000	-
	Investment promotion and facilitation	12,500,000	-	12,500,000	-
	<b>Sub total</b>	<b>213,492,870</b>	<b>3,607,999</b>	<b>209,884,871</b>	<b>1.7</b>
<b>Grand total</b>	<b>555,262,862</b>	<b>81,625,191</b>	<b>473,637,671</b>	<b>14.7</b>	
<b>Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change</b>					
General Administrative services	Administrative Support Services	268,482,343	68,689,326	199,793,017	25.6
	Policy and Planning Services	6,000,000	2,550,400	3,449,600	42.5
	<b>Sub total</b>	<b>274,482,343</b>	<b>71,239,726</b>	<b>203,242,617</b>	<b>26.0</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Water Supply and Management Services	Urban Water Supply Services	14,000,000	-	14,000,000	-
	Rural Water Supply Services	140,707,351	21,357,335	119,350,017	15.2
	Industrial Water Supply Services	-	-	-	-
	Maintenance of Water Supply Services	-	-	-	-
	<b>Sub total</b>	<b>154,707,351</b>	<b>21,357,335</b>	<b>133,350,017</b>	<b>13.8</b>
Energy Services	Electrical Power Services	40,000,000	-	40,000,000	-
	Solar Power Services	950,565	-	950,565	-
	Renewable Energy Services	-	-	-	-
	<b>Sub total</b>	<b>40,950,565</b>	<b>-</b>	<b>40,950,565</b>	<b>-</b>
Irrigation Development and Management Services	Irrigation Infrastructure Development and Rehabilitation Services	4,087,470	-	4,087,470	-
	Small Holder Community Irrigation Support Services	-	-	-	-
	<b>Sub total</b>	<b>4,087,470</b>	<b>-</b>	<b>4,087,470</b>	<b>-</b>
Environmental Protection and Management Services	Pollution and Waste Management services	6,523,340	-	6,523,340	-
	Forestry Development Services	10,500,000	-	10,500,000	-
	Climate Change Governance	6,713,617	-	6,713,617	-
	Climate Change Mitigation, Adaptation and Resilience Building	254,000,000	11,000,000	243,000,000	4.3
	<b>Sub total</b>	<b>277,736,957</b>	<b>11,000,000</b>	<b>266,736,957</b>	<b>4.0</b>
	<b>Grand Total</b>	<b>751,964,686</b>	<b>103,597,061</b>	<b>648,367,626</b>	<b>13.8</b>
<b>Governance and Administration, Communication and Devolution</b>					
Governance, Administration and Devolution Services	Governance and Administration	294,368,112	72,590,474	221,777,638	24.7
	Field Coordination and Administration Services	32,450,400	21,246,031	11,204,369	-
	Compliance and Enforcement Services	24,710,000	-	24,710,000	-
	<b>Sub total</b>	<b>351,528,512</b>	<b>93,836,505</b>	<b>257,692,007</b>	<b>26.7</b>
Stakeholder Management and Communication	Communication and Public Engagement Services	23,602,565	4,249,615	19,352,950	18.0
	<b>Sub total</b>	<b>23,602,565</b>	<b>4,249,615</b>	<b>19,352,950</b>	<b>18.0</b>
Special Projects and Disaster Management	Special Projects Services	11,200,519	-	11,200,519	-
	Disaster Prevention and Management Services	27,701,214	-	27,701,214	-
	<b>Sub total</b>	<b>38,901,733</b>	<b>-</b>	<b>38,901,733</b>	<b>-</b>
	<b>Grand total</b>	<b>414,032,810</b>	<b>98,086,120</b>	<b>315,946,690</b>	<b>23.7</b>

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
<b>Executive Office of the Governor</b>					
Public Service Administration support services	Human resource management and development services	392,425,341	118,933,089	273,492,252	30.3
	Performance Management Services	6,310,000	-	6,310,000	-
	Legal Services	20,000,000	-	20,000,000	-
	<b>Sub total</b>	<b>418,735,341</b>	<b>118,933,089</b>	<b>246,579,866</b>	<b>28.4</b>
Governance and coordination services	Executive management and liaison services	202,233,970	66,438,219	135,795,751	32.9
	Field coordination and administration services	11,585,135	-	11,585,135	-
	<b>Sub total</b>	<b>213,819,105</b>	<b>66,438,219</b>	<b>147,380,886</b>	<b>31.1</b>
Strategy and service delivery improvement services	Strategy and advisory services	9,734,000	-	9,734,000	-
	Information and Communications	10,266,000	-	10,266,000	-
	<b>Sub total</b>	<b>20,000,000</b>	<b>-</b>	<b>20,000,000</b>	<b>-</b>
	<b>Grand total</b>	<b>652,554,446</b>	<b>185,371,307</b>	<b>467,183,139</b>	<b>28.4</b>
<b>Kendu Bay Municipal Board</b>					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Personnel remuneration and development services	3,803,640	-	3,803,640	-
	Administration and Support Services	3,081,110	-	3,081,110	-
	<b>Sub total</b>	<b>10,060,000</b>	<b>-</b>	<b>10,060,000</b>	<b>-</b>
Public Works and Infrastructure Improvements Services	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Public facilities improvement services	-	-	-	-
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	<b>Sub total</b>	<b>10,000,000</b>	<b>-</b>	<b>10,000,000.0</b>	<b>-</b>
	<b>Grand total</b>	<b>20,060,000</b>	<b>-</b>	<b>20,060,000</b>	<b>-</b>
<b>Mbita Municipal Board</b>					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Personnel remuneration and development services	3,803,640	-	3,803,640	-
	Administration and Support Services	3,081,110	-	3,081,110	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs)	Variance (Kshs)	Absorption rate (%)
Public Works and Infrastructure Improvements Services	<b>Sub total</b>	<b>10,060,000</b>	-	<b>10,060,000</b>	-
	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Public facilities improvement services	-	-	-	-
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	<b>Sub total</b>	<b>10,000,000</b>	-	<b>10,000,000.0</b>	-
	<b>Grand total</b>	<b>20,060,000</b>	-	<b>20,060,000</b>	-
<b>Ndhiwa Municipal Board</b>					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Personnel remuneration and development services	3,803,640	-	3,803,640	-
	Administration and Support Services	3,081,110	-	3,081,110	-
Public Works and Infrastructure Improvements Services	<b>Sub total</b>	<b>10,060,000</b>	-	<b>10,060,000</b>	-
	Transport Infrastructure Improvements	5,891,972	-	5,891,972	-
	Public facilities improvement services	-	-	-	-
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	<b>Sub total</b>	<b>10,891,972</b>	-	<b>10,891,972</b>	-
	<b>Grand total</b>	<b>20,060,000</b>	-	<b>20,060,000</b>	-
<b>Oyugis Municipal Board</b>					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	3,175,250	-	3,175,250	-
	Personnel remuneration and development services	3,803,640	-	3,803,640	-
	Administration and Support Services	3,081,110	-	3,081,110	-
Public Works and Infrastructure Improvements Services	<b>Sub total</b>	<b>10,060,000</b>	-	<b>10,060,000</b>	-
	Transport Infrastructure Improvements	5,000,000	-	5,000,000	-
	Public facilities improvement services	-	-	-	-
Housing and Urban Development Services	Environmental Management Services	5,000,000	-	5,000,000	-
	Land Use Management	-	-	-	-
	<b>Sub total</b>	<b>10,000,000</b>	-	<b>10,000,000</b>	-
	<b>Grand total</b>	<b>20,060,000</b>	-	<b>20,060,000</b>	-
<b>Grand Total</b>		<b>11,698,088,814</b>	<b>2,947,242,517</b>	<b>8,750,846,298</b>	<b>25.2</b>

Source: Homa Bay County Treasury

Sub-programmes with the highest levels of budget implementation based on absorption rates were General Logistics, Coordination and Asset Management Services in the Department of Finance and Economic Planning at 86.6 per cent; Public Participation and Education Services and Report Writing Services in the County Assembly Service Board at 77.9 per cent and 67.4 per cent of budget allocation respectively and Policy Development Services in the Department of Blue Economy, Fisheries Mining and Digital Economy at 69.2 per cent of budget allocation.

### 3.8.14 Accounts Operated Commercial Banks

The County Executive and County Assembly operated a total of 7 accounts and 5 accounts with commercial banks respectively. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and own source revenue collection accounts.

### 3.8.15 Key Observations and Recommendations

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

1. Huge pending bills amounting to Kshs.921.06 million as of 31<sup>st</sup> December 2023.
2. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the prescribed date of 15<sup>th</sup> January 2024.
3. The underperformance of own-source revenue at Kshs.566.45 million against an annual projection of Kshs. 2.38 billion, representing 23.8 per cent of the annual target.
4. A high wage bill, which accounted for 43.3 per cent of the realised revenue in the first three months of FY 2023/24 of Kshs.4.13 billion, thus constraining funding to other programmes.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Homa Bay County Car Loan and Mortgage Scheme Fund and MCA's Car and Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.490.53 million were processed through the manual payroll, accounting for 27.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for county-established funds, salary processing and operations.
8. Low absorption of development funds which translated to 7.3 per cent of the approved annual development budget.

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

1. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
2. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
3. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*

4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash and own source revenue collection accounts are exempted.*
8. *The County should identify and address issues causing delays in implementing development programmes and projects.*

## 3.9. County Government of Isiolo

### 3.9.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.5.75 billion, comprising Kshs.1.74 billion (30.2 per cent) and Kshs.4.01 billion (69.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 11 per cent compared to the previous financial year when the approved budget was Kshs.6.46 billion and comprised of Kshs.2.08 billion towards development expenditure and Kshs.4.38 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.90 billion (85.2 per cent) as the equitable share of revenue raised nationally, Kshs.460.66 million (8.0 per cent) as additional allocations/conditional grants, a cash balance of Kshs.117.91 million (2.1 per cent) brought forward from FY 2022/23, and generate Kshs.271.21 million (4.7 per cent) as gross own source revenue. The own-source revenue includes Kshs.48 million (17.7 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.223.21 million (82.3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.57.

### 3.9.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.03 billion as the equitable share of the revenue raised nationally, Kshs.31.45 million as additional allocations/conditional grants, a cash balance of Kshs.117.91 million from FY 2022/23, and raised Kshs.168.23 million as own-source revenue (OSR). The raised OSR includes Kshs.49.92 million as FIF and Kshs.118.31 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.35 billion, as shown in Table 3.57.

**Table 3.57: Isiolo County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>4,899,041,209</b>	<b>2,033,102,103</b>	<b>41.5</b>
<b>Subtotal</b>		<b>4,899,041,209</b>	<b>2,033,102,103</b>	<b>41.5</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	Danida grant - Primary Health Care in Devolved Context	7,738,500	4,698,375	60.7
2	UNFPA, Library services	19,501,997	-	-
3	IDA (World Bank) Credit (Financing Locally-Led Climate Action (FLLoCA) Program (County Climate Institutional Support (CCIS) Grant	136,000,000	11,000,000	8.1

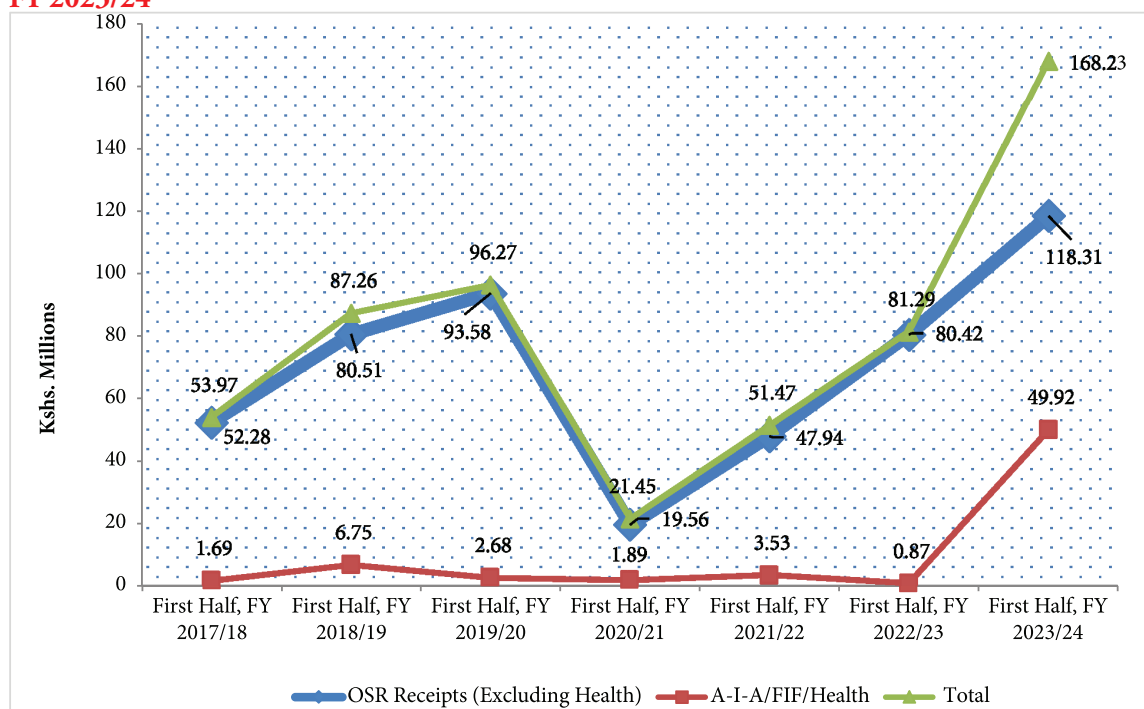


S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4	Sweden Agricultural Sector Development Support Programme (ASDSP) II	18,446,882	15,758,238	85.4
5	World Bank- Emergency Locust Response Project (ELRP)	188,968,553	-	-
6	Ida - (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
<b>Subtotal</b>		<b>460,655,932</b>	<b>31,456,613</b>	<b>6.8</b>
<b>C</b>	<b>Own Source Revenue</b>			
7	Ordinary Own Source Revenue	223,208,180	118,309,944	53.0
8	Facility Improvement Fund (FIF)	48,000,000	49,918,657	104.0
<b>Subtotal</b>		<b>271,208,180</b>	<b>168,228,601</b>	<b>62.0</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
9	Unspent balance from FY 2022/23	117,905,059	117,905,059	100.0
<b>Sub Total</b>		<b>117,905,059</b>	<b>117,905,059</b>	<b>100.0</b>
<b>Grand Total</b>		<b>5,748,810,380</b>	<b>2,350,692,376</b>	<b>40.9</b>

Source: Isiolo County Treasury

The FIF performed above 100% due to the payment of a pending NHIF debt to the County and the automation of hospital revenue collection. Figure 25 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

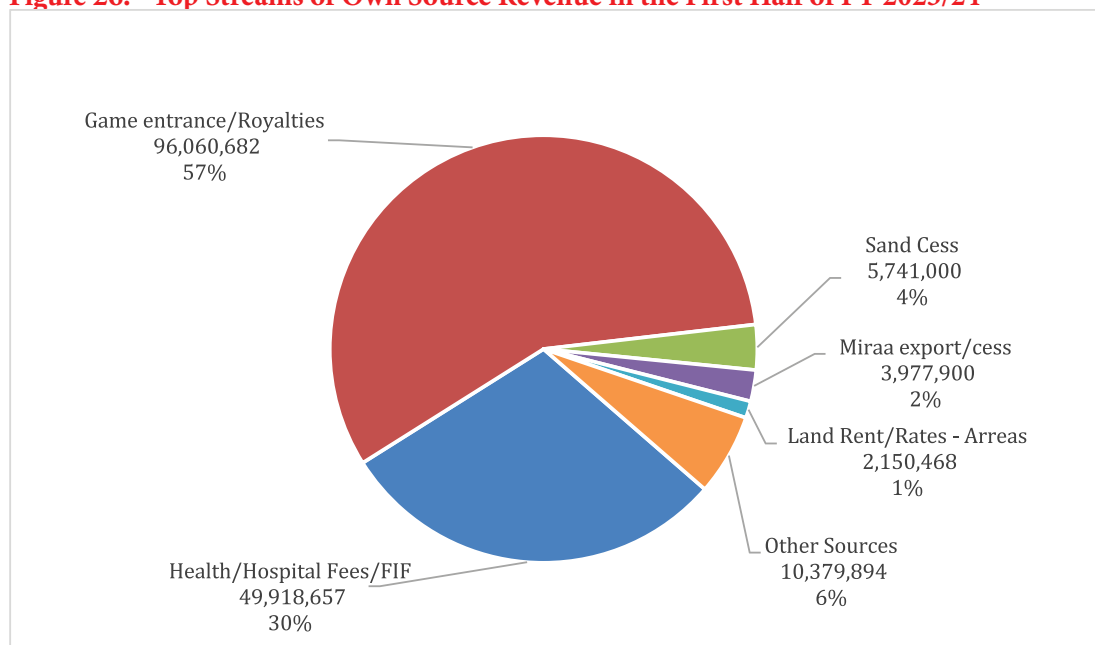
**Figure 25: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Isiolo County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.168.23 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 107.0 per cent compared to Kshs.81.29 million realised in a similar period in FY 2022/23 and was 62.0 per cent of the annual target and 8.3 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.10.48 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 26.

**Figure 26: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Isiolo County Treasury

The highest revenue stream of KShs.96.06 million was from the game entrance/royalties' stream, contributing to 57 per cent of the total OSR receipts during the reporting period. The increase in revenue by 107 per cent may be attributed to the revival of revenue streams that initially reported less revenue, revenue collection supervision change, and partial automation

### 3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of KShs.1.79 billion from the CRF account during the reporting period which comprised KShs.299.07 million (16.7 per cent) for development programmes and KShs.1.49 billion (83.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that KShs.746.18 million was released towards Employee Compensation and KShs.742.75 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was KShs.427.51 million.

### 3.9.4 County Expenditure Review

The County spent KShs.1.81 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.2 per cent of the total funds released by the CoB and comprised KShs.169.11 million and KShs.1.64 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.7 per cent, while recurrent expenditure represented 40.9 per cent of the annual recurrent expenditure budget.

### 3.9.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to KShs.462.19 million, comprising of KShs.331.49 Million for recurrent expenditure and KShs.130.70 billion for development activities. In the first half of FY 2023/24, pending bills amounting to KShs.43.85 million were settled and therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was KShs.418.35 million.

The outstanding pending bills for the County Assembly were KShs.13.91 million as of 31<sup>st</sup> December 2023.

### 3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent KShs.827.82 million on employee compensation, KShs.639.88 million on operations and maintenance, and KShs.169.11 million on development activities. Similarly, the County Assembly spent KShs.95.52 million on employee compensation and KShs.77.60 million on operations and maintenance, as shown in Table 3.58.

**Table 3.58: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>3,473,236,081</b>	<b>539,252,680</b>	<b>1,467,699,594</b>	<b>173,120,972</b>	<b>42.3</b>	<b>32.1</b>
Compensation to Employees	2,021,376,407	264,673,202	827,815,147	95,517,352	41.0	36.1
Operations and Maintenance	1,451,859,674	274,579,478	639,884,447	77,603,620	44.1	28.3
<b>Development Expenditure</b>	<b>1,696,321,618</b>	<b>40,000,000</b>	<b>169,113,704</b>	<b>-</b>	<b>10.0</b>	<b>-</b>
<b>Total</b>	<b>5,169,557,699</b>	<b>579,252,680</b>	<b>1,636,813,298</b>	<b>173,120,972</b>	<b>31.7</b>	<b>29.9</b>

Source: Isiolo County Treasury

### 3.9.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.923.33 million, or 39.3 per cent of the available revenue which amounted to Kshs.2.35 billion. This expenditure represented a decrease from Kshs.1.01 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.515.07 million paid to health sector employees, translating to 55.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.04 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.27.11 million was processed through manual payrolls. The manual payrolls accounted for 2.5 per cent of the total PE cost. The PE cost provided in this paragraph is more than under the expenditure paragraph due to postings in the IPPD that were not paid within the reporting period.

The County Assembly spent Kshs4.44 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.41,104 per MCA. The County Assembly has established 11 Committees.

### 3.9.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.188.06 million to county-established funds in FY 2023/24, constituting 3.3 per cent of the County's overall budget. Table 3.59 summarises each established Fund's budget allocation and performance during the reporting period.

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

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Isiolo County Emergency Fund	110,000,000	50,000,500	96,995,682	373,918,664	Yes
2.	Isiolo County Education Bursary Fund	75,000,000	-	-	-	Yes
<b>County Assembly Established Funds</b>						
3.	Isiolo County Assembly Mortgage and Car Loan Scheme Fund	3,060,000	-	-	64,500,000	Yes
<b>Total</b>		<b>188,060,000</b>	<b>50,000,500</b>	<b>96,995,682</b>	<b>438,418,664</b>	<b>-</b>

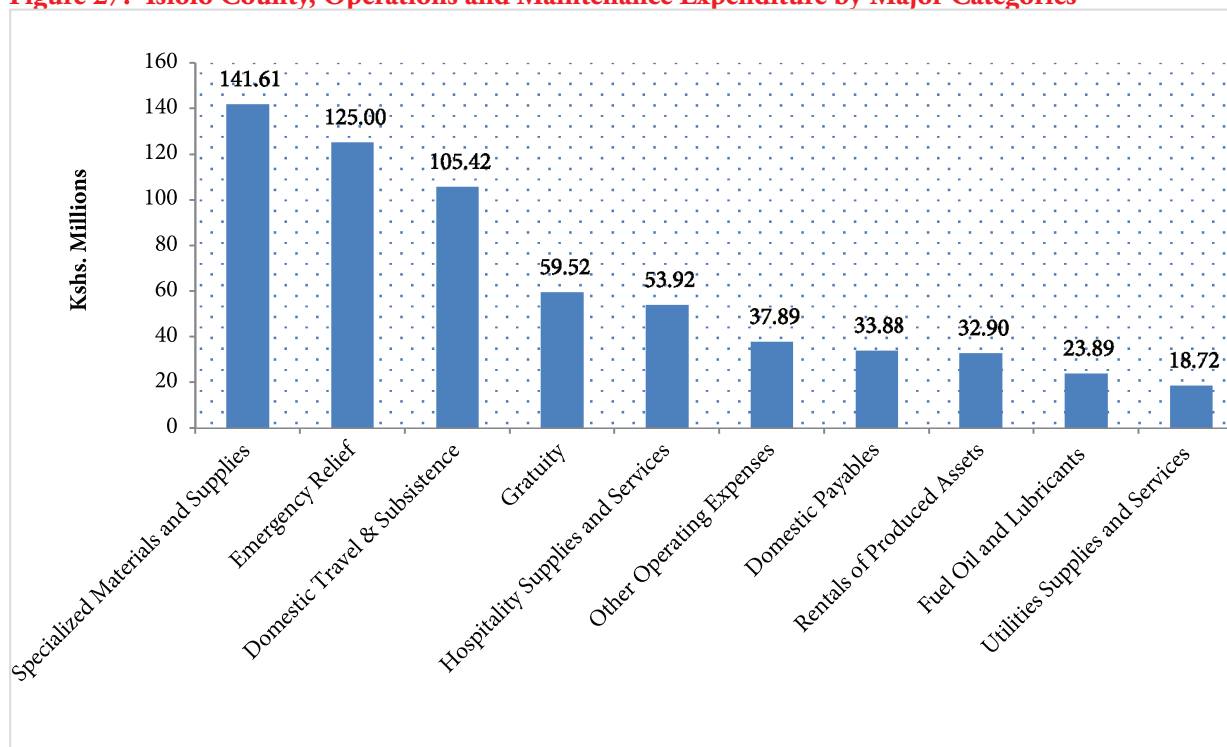
Source: Isiolo County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.9.9 Expenditure on Operations and Maintenance

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

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



Source: Isiolo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.105.42 million and comprised Kshs.35.71 million spent by the County Assembly and Kshs.69.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.35 million by the County Executive all incurred on sundry Items (e.g. airport tax, taxis, etc) by the County Executive.

**Table 3.60: A breakdown of “Other Operating Expenses” is in the above graph.**

County Ministry	Department	Description	Expenditure
Municipal Administration	Municipal Administration	Contracted Guards and Cleaning Services	3,500,000
Health Services	Medical Services	Contracted Guards and Cleaning Services	5,423,200
	Medical Services	Other Operating Expenses - Other	1,608,608
	Public Health	Emergency Medical Expenses	1,500,000
	Medical Services	Emergency Medical Expenses	1,500,000
Tourism, Culture and Trade including PSM	Tourism& Wildlife	Security Operations	600,000
	Public Service Management and Administration	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	12,000
County Treasury and Economic Planning and Special Programme and ICT and Cohesion	Finance Headquarters	Contracted Professional Services	993,192
	Finance Headquarters	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	650,200
	Revenue Services	Security Operations	42,000

County Ministry	Department	Description	Expenditure
County Executive Sector	County Attorney	Legal Dues/fees, Arbitration and Compensation Payments	10,000,000
	Office of Governor	Security Operations	1,956,100
	County Secretary	Legal Dues/fees, Arbitration and Compensation Payments	1,500,000
	Office of Governor	Contracted Guards and Cleaning Services	1,349,600
	County Public Service Board	Contracted Professional Services	1,000,000
	Office of Governor	Contracted Professional Services	730,000
	Deputy Governor	Security Operations	90,000
County Assembly	County Assembly	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2,000,000
		Legal Dues/fees, Arbitration and Compensation Payments	1,000,000
		Contracted Professional Services	400,000
		Constituency Office Expenses	2,040,000
<b>Total</b>			<b>37,894,900</b>

Source: Isiolo County Treasury

### 3.9.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.169.11 million on development programmes, representing an increase of 8.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.156.50 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.61: Isiolo County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Budget Allocation (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Treasury and Economic Planning and Special Programme and ICT and Cohesion	Emergency fund	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	110,000,000	50,000,500	45.5
2	Municipal Administration	Isiolo Market construction	Isiolo town	80,000,000	26,251,651	32.8
3	County Treasury and Economic Planning and Special Programme and ICT and Cohesion	Pending Bill	Headquarters	100,000,000	16,168,826	16.2
4	Environment and Climate Change	Financing Locally Led Climate Action (FLLo-CA) B/f	Headquarters	11,000,000	11,000,000	100.0
5	County Treasury and Economic Planning and Special Programme and ICT and Cohesion	Pending bill KRA	Head quarters	68,287,942	9,755,420	14.3
6	Water, Energy, Environment and Natural Resources Management	2 Km pipeline works (rising main and distributions) for each of the borehole water supplies at Akadeli, Alango, Lakole, Attan, Bisani Biliqo, Malkagalla, Iresaboru, Oldonyiro, Kulamawe, Forosa, Gubadida-Charabdicha, Hawayee, Nyachis	Akadeli, Alango, Lakole, Attan, Bisani Biliqo, Malkagalla, Iresaboru, Oldonyiro, Kulamawe, Forosa, Gubadida-Charabdicha, Hawayee, Nyachis	12,000,000	7,271,676	60.6

No.	Sector	Project Name	Project Location	Budget Allocation (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
7	Health Services	Current Capital Grants (Danida)	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	7,738,500	4,698,375	60.7
8	Water, Energy, Environment and Natural Resources Management	Drilling of new boreholes at Oldonyiro, Kulamawe, Forosa, Gubadida-Charabdicha, Hawayee, Nyachis	Oldonyiro (Narasha), Kulamawe, Forosa, Gubadida-Charabdicha, Hawayee, Nyachis	22,000,000	4,694,520	21.3
9	Health Services	Construction of Centre of excellence for maternal and child health services at ICTRH	Isiolo County Referral Hospital	10,084,886	4,658,954	46.2
10	Health Services	Construction of Specialist Clinics and offices (Pathology and ENT)	Isiolo County Referral Hospital	7,500,000	3,570,950	47.6

Source: Isiolo County Treasury

### 3.9.11 Budget Performance by Department

Table 3.62 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.62: Isiolo County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	539.25	40.00	173.12	-	173.12	-	100.0	-	32.1	-
County Executive Sector	383.27	-	156.49	-	203.14	-	129.8	-	53.0	-
County Treasury and Economic Planning and Special Programme and ICT and Cohesion	574.21	428.69	283.12	69.25	226.32	82.87	79.9	119.7	39.4	19.3
Lands, Urban Planning, Roads, Housing and Public Works	44.09	157.59	15.55	93.26	15.73	3.00	101.1	3.2	35.7	1.9
Agriculture, Livestock, Veterinary and Fisheries	173.60	521.26	59.61	16.97	82.66	4.50	138.7	26.5	47.6	0.9
Education, Youth, Sports, and Gender, Culture and Social Services	286.22	55.77	76.86	3.90	41.49	11.61	54.0	297.6	14.5	20.8
Tourism, Culture and Trade including PSM	508.90	44.00	212.58	-	176.10	-	82.8	-	34.6	-
Water, Energy, Environment and Natural Resources Management	76.63	279.19	27.91	46.73	35.66	25.86	127.8	55.3	46.5	9.3

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
Health Services	1,376.04	113.11	458.65	4.70	667.65	15.03	145.6	319.9	48.5	13.3
Municipal Administration	50.26	96.72	25.04	64.27	18.93	26.25	75.6	40.8	37.7	27.1
<b>Total</b>	<b>4,012.49</b>	<b>1,736.32</b>	<b>1,488.94</b>	<b>299.07</b>	<b>1,640.82</b>	<b>169.11</b>	<b>110.2</b>	<b>56.5</b>	<b>40.9</b>	<b>9.7</b>

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Municipal Administration recorded the highest absorption rate of development budget at 27.1 per cent, followed by the Department of Education, Youth, Sports, and Gender, Culture and Social Services at 20.8 per cent. The Department of County Executive Sector had the highest percentage of recurrent expenditure to budget at 53 per cent while the Department of Education, Youth, Sports, and Gender, Culture and Social Services had the lowest at 14.5 per cent.

### 3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 3.63 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.63: Isiolo County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Assembly</b>							
Legislative service	Legislative service	539,252,680	0	173,120,972	0	32.1	∞
Infrastructure support	Infrastructure support	0	40,000,000	0	-	∞	0.0
	<b>Sub-Total</b>	<b>539,252,680</b>	<b>40,000,000</b>	<b>173,120,972</b>	<b>0</b>	<b>32.1</b>	<b>0.0</b>
<b>County Executive Sector</b>							
<b>County Governance and Coordination Affairs</b>	County Governance	91,632,605		41,771,746		45.6	∞
	General Administration Planning & Support Services	141,668,054		80,991,607		57.2	∞
	<b>Sub-Total</b>	<b>233,300,659</b>	<b>0</b>	<b>122,763,353</b>		<b>52.6</b>	∞
<b>Human Resources Mgt &amp; Deployment</b>	General Administration Planning & Support Services	31,647,996		15,823,997		50.0	∞
	Human Resource Planning & Development	9,800,000		4,895,700		50.0	∞
	Board Operation & Management	13,439,000		5,711,500		42.5	∞
	Board Operation & Management	1,000,000		461,600		46.2	∞
	<b>Sub-Total</b>	<b>55,886,996</b>		<b>26,892,797</b>		<b>48.1</b>	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Prudent use of Financial Resources</b>	General Administration Planning & Support Services	11,031,840		5,181,919		47.0	∞
	Efficiency Monitoring & Community Engagement	2,125,034		1,212,900		57.1	∞
	<b>Sub-Total</b>	<b>13,156,874</b>		<b>6,394,819</b>		<b>48.6</b>	∞
<b>Legal &amp; Legislative Services</b>	Legal Services	29,775,000		10,000,000		33.6	∞
	Legislative Services	11,597,000		1,898,080		16.4	∞
	<b>Sub Total</b>	<b>41,372,000</b>		<b>11,898,080</b>		<b>28.8</b>	∞
<b>Management of County Affairs</b>	Personnel Services	0	0	0	-		∞
	Partnerships Inter-governmental & NGO Coordination	5,153,500		1,655,500		32.1	∞
	<b>Sub-Total</b>	<b>5,153,500</b>	<b>0</b>	<b>1,655,500</b>		<b>32.1</b>	∞
<b>Total</b>		<b>348,870,029</b>	<b>0</b>	<b>169,604,549</b>	-	<b>48.6</b>	∞
<b>County Treasury and Economic Planning and Special Programme and ICT and Cohesion</b>							
<b>Public financial management</b>	Administrative Services	76,532,103		35,573,598		46.5	∞
	Supply Chain Management Services	119,601,053	286,691,868	41,824,520	25,924,246	35.0	9.0
	Accounting Services	34,611,849		17,257,029		49.9	∞
	<b>Sub-Total</b>	<b>230,745,005</b>	<b>286,691,868</b>	<b>94,655,147</b>	<b>25,924,246</b>	<b>41.0</b>	<b>9.0</b>
<b>Disaster Preparedness Prevention Response &amp; Recovery</b>	General Administration Planning & Support Services	31,000,000		14,000,000		45.2	∞
	Coordination Training & Capacity Development	10,889,248		3,026,300		27.8	∞
	Disaster Risk Awareness Preparedness & Management	163,400,000		50,004,000		30.6	∞
	Social Protection	30,350,000	110,000,000	10,000,000	50,000,500	32.9	45.5
	<b>Sub-Total</b>	<b>235,639,248</b>	<b>110,000,000</b>	<b>77,030,300</b>	<b>50,000,500</b>	<b>32.7</b>	<b>45.5</b>
<b>Economic Planning and Coordination</b>	Monitoring and Evaluation	15,995,240		4,944,185		30.9	∞
	Budget Formulation & Coordination	17,321,489	4,000,000	10,471,400	0	60.5	0.0
	Monitoring & Evaluation	13,821,730		7,826,400		56.6	∞
	<b>Sub-Total</b>	<b>47,138,459</b>	<b>4,000,000</b>	<b>23,241,985</b>	<b>0</b>	<b>49.3</b>	<b>0.0</b>



Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Cohesion and Peace Building</b>	Administrative and Civic Education Services	6,074,000		74,000		1.2	∞
	Peace and Cohesion	6,987,503		2,098,100		30.0	∞
	Violent Extremism Prevention	8,805,266		3,890,600		44.2	∞
	<b>Sub-Total</b>	<b>21,866,769</b>	<b>0</b>	<b>6,062,700</b>	<b>0</b>	<b>27.7</b>	<b>∞</b>
<b>Revenue Enhancement</b>	General Administration Planning & Support Services	20,035,000		9,117,500		45.5	∞
	Source Revenue Enhancement	8,755,000	1,000,000	3,150,500	500,000	36.0	50.0
	<b>Sub-Total</b>	<b>28,790,000</b>	<b>1,000,000</b>	<b>12,268,000</b>	<b>500,000</b>	<b>42.6</b>	<b>50.0</b>
<b>ICT and E-Government services</b>	ICT Innovation and Enterprises	6,015,000		7,500		0.1	∞
	County Government Public Image Improvement	3,990,000		1,478,000		37.0	∞
	E- Government Services		27,000,000		0	∞	0.0
	<b>Sub-Total</b>	<b>10,005,000</b>	<b>27,000,000</b>	<b>1,485,500</b>	<b>0</b>	<b>14.8</b>	<b>0.0</b>
<b>Total</b>	<b>574,184,481</b>	<b>428,691,868</b>	<b>214,743,632</b>	<b>76,424,746</b>	<b>37.4</b>	<b>17.8</b>	
<b>Lands, Urban Planning, Roads, Housing and Public Works</b>							
<b>Land Survey and land use planning</b>	County land planning and spatial development	10,587,020		3,744,510		35.4	∞
	Land Use Planning	4,912,980	54,080,782	1,035,000	3,000,000	21.1	5.5
	Land Survey & Mapping	3,100,000		100,000		3.2	∞
	<b>Sub-Total</b>	<b>18,600,000</b>	<b>54,080,782</b>	<b>4,879,510</b>	<b>3,000,000</b>	<b>26.2</b>	<b>5.5</b>
<b>Roads &amp; Infrastructure</b>	Road Improvement	10,080,000		4,287,000		42.5	∞
	Routine Roads Maintenance	2,561,000		1,503,500		58.7	∞
	<b>Sub-Total</b>	<b>12,641,000</b>		<b>5,790,500</b>	<b>0</b>	<b>45.8</b>	<b>∞</b>
<b>Planning and Survey of Urban Areas (Modogashe and Olndonyiro)</b>	Administration and Planning Services	110,000		23,743		21.6	∞
	Housing Development	2,550,000		810,000		31.8	∞
	Urban Development		3,000,000		0	∞	0.0
	<b>Sub-Total</b>	<b>2,660,000</b>	<b>3,000,000</b>	<b>833,743</b>	<b>0</b>	<b>31.3</b>	<b>0.0</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Public Works &amp; Infrastructure</b>	General Administration Planning & Support Services	10,193,160		3,001,018		29.4	∞
	Routine Roads Maintenance		100,511,280		0	∞	0.0
	<b>Sub-Total</b>	<b>10,193,160</b>	<b>100,511,280</b>	<b>3,001,018</b>		<b>29.4</b>	<b>0.0</b>
	<b>Total</b>	<b>44,094,160</b>	<b>157,592,062</b>	<b>14,504,771</b>	<b>3,000,000</b>	<b>32.9</b>	<b>1.9</b>
<b>Agriculture, Livestock, Veterinary and Fisheries</b>							
<b>Sustainable Crop Development &amp; Agricultural Land Use</b>	General Administration Planning & Support Services	47,722,420		23,506,209		49.3	∞
	Irrigation Schemes	585,100	300,000	185,100	0	31.6	0.0
	Crop Development & Management	3,095,591	299,415,435	826,800	2,000,000	26.7	0.7
	Agribusiness & Market Development	1,070,000	0	515,000		48.1	∞
	<b>Sub-Total</b>	<b>52,473,111</b>	<b>299,715,435</b>	<b>25,033,109</b>	<b>2,000,000</b>	<b>47.7</b>	<b>0.7</b>
<b>Livestock Production</b>	General Administration Planning & Support Services	92,721,352	0	44,879,124		48.4	∞
	Rangeland Rehabilitation & Management	2,481,083	0	450,000		18.1	∞
	Marketing & Value Addition		200,000,000		0	∞	0.0
	Breeds Improvement & Livestock Risk Mgt		17,743,151		0	∞	0.0
	Livelihood Diversification		1,044,000		0	∞	0.0
	<b>Sub-Total</b>	<b>95,202,435</b>	<b>218,787,151</b>	<b>45,329,124</b>	<b>0</b>	<b>47.6</b>	<b>0.0</b>
<b>Value Addition</b>	Livestock Diseases & Pests Control	15,000,000		8,769,600		58.5	∞
	Diagnostics & Laboratory Services	600,000		0		0.0	∞
	Veterinary Public Health Services	3,875,000		2,032,750		52.5	∞
	<b>Sub-Total</b>	<b>19,475,000</b>	<b>0</b>	<b>10,802,350</b>	<b>0</b>	<b>55.5</b>	<b>∞</b>
<b>Fisheries Development</b>	General Administration & Support Services	4,324,240		1,236,488	0	28.6	∞
	Aquaculture Technology Development & Innovation Transfer	181,000	2,753,000	96,000	0	53.0	0.0
	Fish Safety Assurance Value Addition & Marketing	1,940,000		775,000	0	39.9	∞
	<b>Sub-Total</b>	<b>6,445,240</b>	<b>2,753,000</b>	<b>2,107,488</b>		<b>32.7</b>	<b>0.0</b>
	<b>Total</b>	<b>173,595,786</b>	<b>521,255,586</b>	<b>83,272,071</b>	<b>2,000,000</b>	<b>48.0</b>	<b>0.4</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Education, Youth, Sports, and Gender, Culture and Social Services</b>							
<b>Provision of education and training services</b>	General Administration & Support Services	153,887,827		25,648,335		16.7	∞
	ECDE Retention	7,000,000		6,000,000		85.7	∞
	Education Support Services	76,703,184	0	768,700	37,500,000	1.0	∞
	Quality ECDE Services	745,035	0	370,000		49.7	∞
	ECDE Access		23,400,000			#DIV/0!	0.0
	<b>Sub-Total</b>	<b>238,336,046</b>	<b>23,400,000</b>	<b>32,787,035</b>	<b>37,500,000</b>	<b>13.8</b>	<b>160.3</b>
<b>Youth, Sports and Gender</b>	Sports Performance & Management	7,255,600		2,438,800		33.6	∞
	General Administration Planning & Support	7,732,080		5,000		0.1	∞
	Youth Development	8,024,199	0	3,050,000	0	38.0	∞
	Sports Facilities Development		6,000,000		0	#DIV/0!	0.0
	<b>Sub-Total</b>	<b>23,011,879</b>	<b>6,000,000</b>	<b>5,493,800</b>	<b>0</b>	<b>23.9</b>	<b>0.0</b>
<b>Culture and social services</b>	Administration & Support Services	16,900,280		7,129		0.0	∞
	Arts & Culture Development	900,000	12,025,011	449,500	0	49.9	0.0
	<b>Sub-Total</b>	<b>17,800,280</b>	<b>12,025,011</b>	<b>456,629</b>	<b>0</b>	<b>2.6</b>	<b>0.0</b>
<b>Gender Main-streaming</b>	Gender-Based Violence & Harmful Practices	1,380,000		627,600	0	45.5	∞
	Women Empowerment	220,000	0	110,000	0	50.0	∞
	Child Protection		2,000,000		2,000,000	∞	100.0
	<b>Sub-Total</b>	<b>1,600,000</b>	<b>2,000,000</b>	<b>737,600</b>	<b>2,000,000</b>	<b>46.1</b>	<b>100.0</b>
Disability Empowerment	PWDs Social-Economic Empowerment	2,696,484	0	1,100,000		40.8	∞
	<b>Sub-Total</b>	<b>2,696,484</b>	<b>0</b>	<b>1,100,000</b>	<b>0</b>	<b>40.8</b>	<b>#DIV/0!</b>
<b>Cultural and Arts Empowerment</b>	TVET Access & Retention	248,157	10,875,185	99,950	2,175,000	40.3	20.0
	VTC Quality Development	2,531,843		588,000		23.2	∞
	Secondary & and Tertiary Education Support		1,465,185			∞	0.0
	<b>Sub-Total</b>	<b>2,780,000</b>	<b>12,340,370</b>	<b>687,950</b>	<b>2,175,000</b>	<b>24.7</b>	<b>17.6</b>
	<b>Total</b>	<b>286,224,689</b>	<b>55,765,381</b>	<b>41,263,014</b>	<b>41,675,000</b>	<b>14.4</b>	<b>74.7</b>
<b>Tourism, Culture and Trade including PSM</b>							
<b>Tourism Promotion</b>	Tourism Promotion and Marketing	123,926,330		51,418,197		41.5	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Tourism Development	700,000		1,099,600		157.1	∞
	Wildlife Protection		8,000,000		0	∞	0.0
	<b>Sub-Total</b>	<b>124,626,330</b>	<b>8,000,000</b>	<b>52,517,797</b>	<b>0</b>	<b>42.1</b>	<b>0.0</b>
<b>Trade development and promotion</b>	Entrepreneurship and business management training	3,407,867		1,216,000		35.7	∞
	General Administration & Support Services	12,693,520		70,796		0.6	∞
	Co-operative Development & Management	2,200,000		393,600		17.9	∞
	Development of new market stalls		30,000,000		0	∞	0.0
	<b>Sub-Total</b>	<b>18,301,387</b>	<b>30,000,000</b>	<b>1,680,396</b>	<b>0</b>	<b>9.2</b>	<b>0.0</b>
<b>Peace and Unity Building Initiatives</b>	General Administration Planning & Support Services	166,510,090		48,833,807		29.3	∞
	County Administration	25,934,954		10,397,900		40.1	∞
	Public Service Productivity & Reforms	181,752,720		62,587,238		34.4	∞
	Performance Management Framework	9,437,000	6,000,000	6,133,220	0	65.0	0.0
	Devolved Units	7,575,000	0	2,726,800	0	36.0	∞
	<b>Sub-Total</b>	<b>391,209,764</b>	<b>6,000,000</b>	<b>130,678,965</b>	<b>0</b>	<b>33.4</b>	<b>0.0</b>
<b>Civic Education &amp; Public Participation</b>	General Administration Planning & Support Services	5,010,000	-	35,000		0.7	∞
	Civic Education	1,460,000		550,000		37.7	∞
	Public Participation	1,750,000	-	732,900		41.9	∞
	Customer Service	950,000		150,000		15.8	∞
	<b>Sub-Total</b>	<b>9,170,000</b>		<b>1,467,900</b>	<b>0</b>	<b>16.0</b>	<b>∞</b>
	<b>Total</b>	<b>543,307,481</b>	<b>44,000,000</b>	<b>186,345,058</b>		<b>34.3</b>	<b>0.0</b>
<b>Water, Energy, Environment and Natural Resources Management</b>							
<b>Water Supply and Storage Services</b>	Procurement of survey equipment and accessories	30,021,320		12,990,635		43.3	∞
	Rural Water Supply & Storage Services	12,699,573	93,316,619	2,461,976	13,763,268	19.4	14.7
	Rural Water Services Governance	750,000	4,000,000	146,000	0	19.5	0.0
	Adaptive Capacity to Natural Disaster	3,000,000		0		0.0	∞
	<b>Sub-Total</b>	<b>46,470,893</b>	<b>97,316,619</b>	<b>15,598,611</b>	<b>13,763,268</b>	<b>33.6</b>	<b>14.1</b>
<b>Climate Change Mitigation &amp; Adaptation</b>	General Administration & Support Services	19,565,040		9,723,265		49.7	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Enabling Legal & Implementation Frameworks	1,006,732		502,200		49.9	∞
	Inclusive Climate Resilience	800,000		295,400		36.9	∞
	Climate Smart Practices	2,270,000	177,870,282	200,000	11,000,000	8.8	6.2
	<b>Sub-Total</b>	<b>23,641,772</b>	<b>177,870,282</b>	<b>10,720,865</b>	<b>11,000,000</b>	<b>45.3</b>	<b>6.2</b>
<b>Conservation of Environment &amp; Natural Resources</b>	Administration and Support Services	20,000		36,000		180.0	∞
	Sustainable Natural Resources Exploitation	2,020,000	0	786,200	0	38.9	∞
	Environmental Conservation	550,000		150,000		27.3	∞
	<b>Sub-Total</b>	<b>2,590,000</b>	<b>0</b>	<b>972,200</b>	<b>0</b>	<b>37.5</b>	<b>∞</b>
<b>Energy services</b>	General Administration & Support Services	135,000		77,000		57.0	∞
	Green Energy Promotion	3,790,000		604,500		15.9	∞
	Renewable Energy Technologies		4,000,000		0	∞	0.0
	<b>Sub-Total</b>	<b>3,925,000</b>	<b>4,000,000</b>	<b>681,500</b>		<b>17.4</b>	<b>0.0</b>
	<b>Total</b>	<b>76,627,665</b>	<b>279,186,901</b>	<b>27,973,176</b>	<b>24,763,268</b>	<b>36.5</b>	<b>8.9</b>
<b>Health Services</b>							
<b>Health Curative Services</b>	Administration Support Services	0		1,013,400		∞	∞
	Human Resource Management	968,741,288		475,790,177		49.1	∞
	Monitoring & Evaluation	4,071,674		1,476,788		36.3	∞
	Quality Assurance & Standards	4,402,000		1,083,200		24.6	∞
	Curative and Rehabilitative Health Services	37,248,592	42,476,986	12,803,527	4,658,954	34.4	11.0
	Pharmaceutical & Pharmaceutical Commodities	143,717,960		39,655,655		27.6	∞
	<b>Sub-Total</b>	<b>1,158,181,514</b>	<b>42,476,986</b>	<b>531,822,747</b>	<b>4,658,954</b>	<b>45.9</b>	<b>11.0</b>
<b>Health Preventive and Promotive Services</b>	Preventive and Promotive Health Services	0		898,000		∞	∞
	Human Resource Management	119,068,341		58,652,942		49.3	∞
	Primary Health Care	46,311,079	57,399,145	2,149,600	4,698,375	4.6	8.2
	Nutrition	2,502,646		611,620		24.4	∞

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Community Health Services	31,000,000		10,567,000		34.1	∞
	Communicable Diseases Control	5,177,900		2,709,100		52.3	∞
	Public Health Emergency Coordination	13,796,400	13,231,500	2,675,000		19.4	0.0
	<b>Sub-Total</b>	<b>217,856,366</b>	<b>70,630,645</b>	<b>78,263,262</b>	<b>4,698,375</b>	<b>35.9</b>	<b>6.7</b>
	<b>Total</b>	<b>1,376,037,880</b>	<b>113,107,631</b>	<b>610,086,009</b>	<b>9,357,329</b>	<b>44.3</b>	<b>8.3</b>
<b>Municipal Administration</b>							
<b>Municipal Administration</b>	General Administration and Planning	29,920,749		11,367,661		38.0	∞
	Infrastructural Development	7,500,000	8,394,689	3,500,000		46.7	0.0
	Municipality Amenities	5,125,000	80,000,000	2,425,000	26,251,651	47.3	32.8
	Municipal Disaster Management	2,300,000	8,327,500	640,500		27.8	0.0
	Municipal Transport Services & Management	5,418,161		1,000,000		18.5	∞
	<b>Sub-Total</b>	<b>50,263,910</b>	<b>96,722,189</b>	<b>18,933,161</b>	<b>26,251,651</b>	<b>37.7</b>	<b>27.1</b>
<b>Grand Total</b>		<b>4,012,458,761</b>	<b>1,736,321,618</b>	<b>1,539,846,413</b>	<b>183,471,994</b>	<b>38.4</b>	<b>10.6</b>

Source: Isiolo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and Support Services in the Department of Water, Energy, Environment and Natural Resources Management at 180 per cent, Tourism Development in the Department of Tourism, Culture and Trade including PSM at 157.1 per cent, Child Protection in the Department of Education, Youth, Sports, and Gender, Culture and Social Services at 100 per cent, and ECDE Retention at 85.7 per cent of budget allocation in the same department.

### 3.9.13 Accounts Operated Commercial Banks

The County government operated a total of six accounts with commercial banks. This is contrary with Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.9.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Treasury presented reports to OCOB on 24<sup>th</sup> Jan 2024.
2. High level of pending bills which amounted to Kshs.432.25 million as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.27.11 million were processed through the manual payroll, accounting for 2.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government

bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Respective Public Funds, Conditional Grants, OSR collection and imprest.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted and revenue collection accounts.*

### 3.10. County Government of Kajiado

#### 3.10.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.11.56 billion, comprising Kshs.4.25 billion (36.7 per cent) and Kshs.7.32 billion (63.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 14.3 per cent compared to the previous financial year when the approved budget was Kshs.10.11 billion and comprised of Kshs.3.24 billion towards development expenditure and Kshs.6.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.33 billion (72.1 per cent) as the equitable share of revenue raised nationally, Kshs.315.70 million (2.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.71 billion (14.8) as conditional grants and generate Kshs.1.20 billion (10.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.64.

#### 3.10.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.44 billion as the equitable share of the revenue raised nationally, Kshs.2.5 million as additional allocations/conditional grants, a cash balance of Kshs.9.48 million from FY 2022/23, and raised Kshs.299.02 million as own-source revenue. The raised OSR includes Kshs.104.90 million as FIF and Kshs.194.12 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.75 billion, as shown in Table 3.64.

**Table 3.64: Kajiado County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	8,332,649,396	3,444,588,634	41.3
<b>Subtotal</b>		<b>8,332,649,396</b>	<b>3,444,588,634</b>	<b>41.3</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	Aggregated Industrial Park	250,000,000.00	-	
2	DANIDA-Capital grants from foreign government	24,331,572.00	-	
3	DANIDA- Level 1 grants	2,588,510.00	-	
4	Nutritional International	16,322,858.00	2,499,400	15.3
5	Kenya Informal Settlement Improvement Project	44,974,785.00	-	

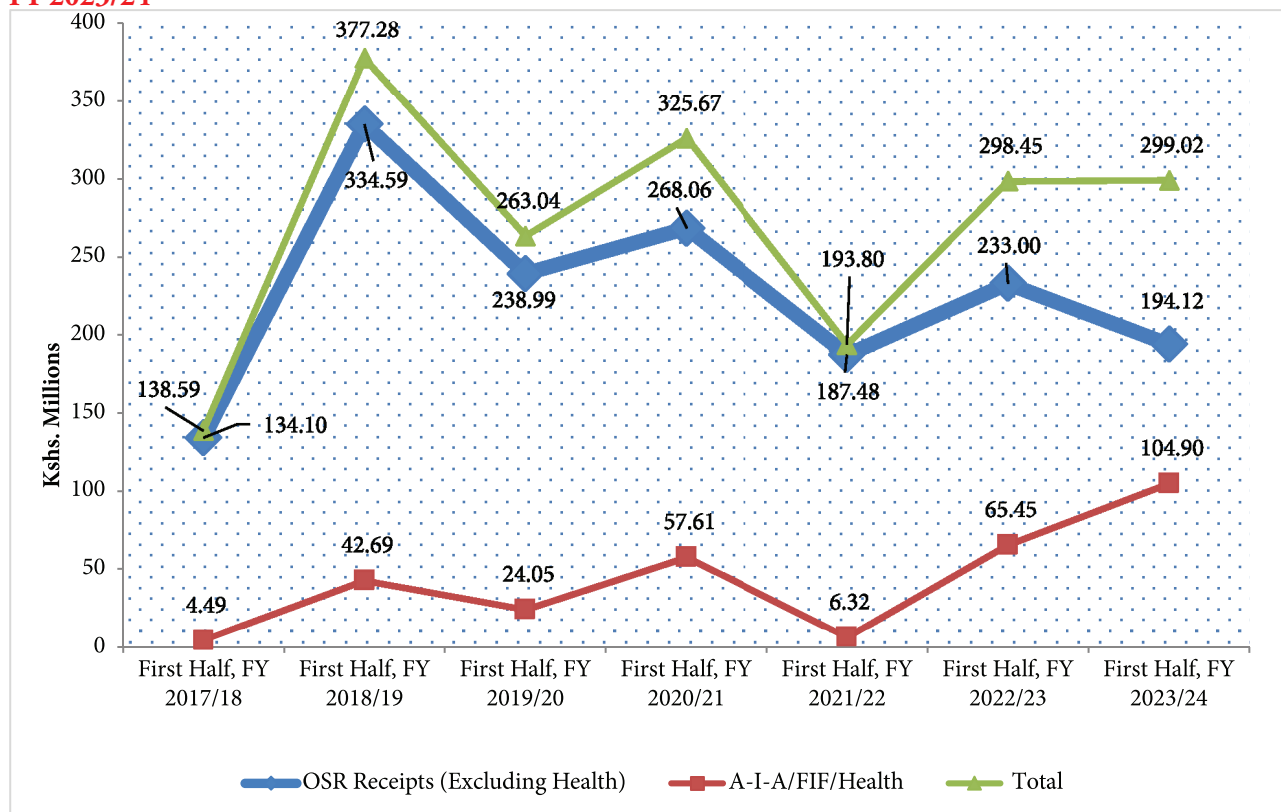
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6	IDA-National Agricultural Value Chain Development Project	250,000,000.00	-	
7	Aquaculture Business Development Project	10,509,643.00	-	
8	Fertilizer Subsidy grants	41,355,485.00	-	
9	livestock Value Chain Support Project	28,647,360.00	-	
10	De-risking and Value Chain Enhancement	96,691,980.00	-	
11	Kenya Climate Smart Agriculture	90,000,000.00	-	
12	Financially of Locally Led Climate Action-FLLoCA-County Climate Resilience grants	125,000,000.00	-	
13	Agriculture Sector Development Support	5,585,811.00	-	
14	Financially of Locally Led Climate Action-FLLoCA-County Climate Institutional	22,558,300.00	-	
15	Kenya Devolution Support Programme -Level 1	30,636,596.00	-	
16	Kenya Devolution Support Programme -Level 2	11,961,075.00	-	
17	Mineral Royalties	660,242,992.00	-	
<b>Subtotal</b>		<b>1,711,406,967</b>	<b>2,499,4000</b>	<b>0.1</b>
<b>C</b>	<b>Own Source Revenue</b>			
18	Ordinary Own Source Revenue	1,200,000,000	194,120,724	16.2
19	Facility Improvement Fund (FIF)	315,702,515	104,895,021	33.2
<b>Subtotal</b>		<b>1,515,702,515</b>	<b>299,015,746</b>	<b>19.7</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
20	Unspent balance from FY 2022/23	-	9,479,466	-
<b>Sub Total</b>		<b>-</b>	<b>9,479,466</b>	<b>-</b>
<b>Grand Total</b>		<b>11,559,758,878</b>	<b>3,753,083,846</b>	<b>32.5</b>

Source: Kajiado County Treasury

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



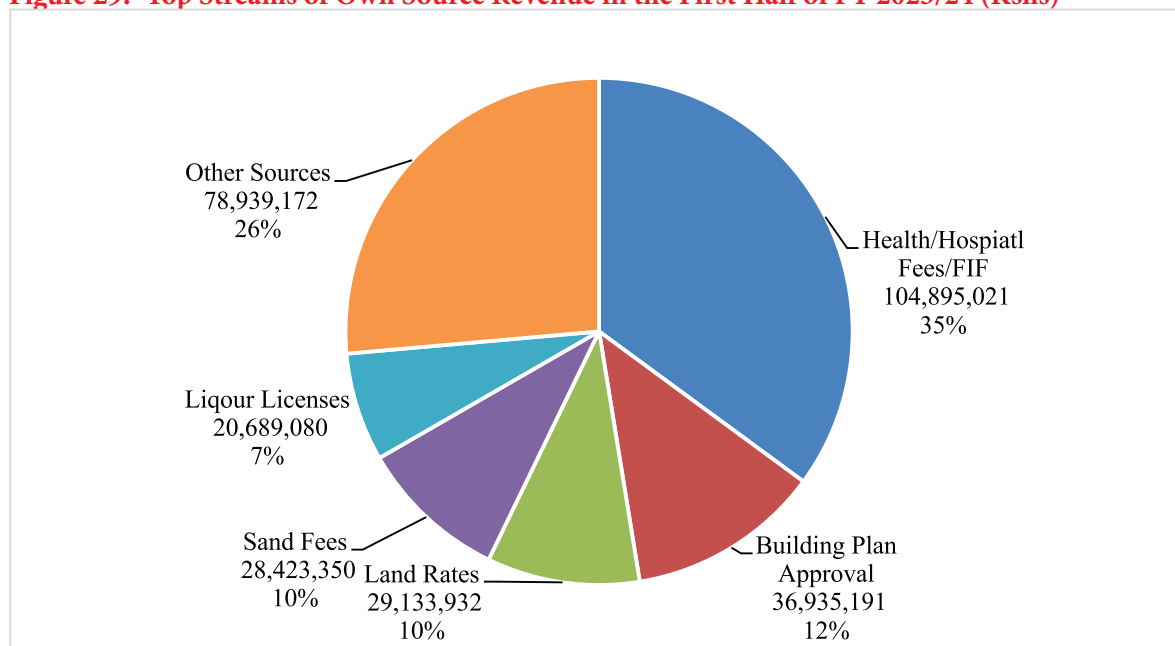
**Figure 28: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kajiado County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.299.02 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 0.3 per cent compared to Kshs.298.45 million realised in FY 2022/23 and was 19.7 per cent of the annual target and 8.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 29.

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



Source: Kajiado County Treasury

The highest revenue stream of Kshs.104.90 million was from Health/ Hospital Fees/ FIF contributing to 35 per cent of the total OSR receipts during the reporting period.

### 3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.43 billion from the CRF account during the reporting period which comprised Kshs.368.52 million (10.8 per cent) for development programmes and Kshs.3.06 billion (89.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.02 billion was released towards Employee Compensation, and Kshs.1.04 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.719.47 million.

### 3.10.4 County Expenditure Review

The County spent Kshs.3.30 billion on development and recurrent programmes in the reporting period. The expenditure represented 96.2 per cent of the total funds released by the CoB and comprised Kshs.368.5 million and Kshs.2.93 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.7 per cent, while recurrent expenditure represented 40.0 per cent of the annual recurrent expenditure budget.

### 3.10.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.69 billion, comprising Kshs.492.54 million for recurrent expenditure and Kshs.1.20 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.318.52 million were settled, which was entirely for the development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.37 billion.

The outstanding pending bills for the County Assembly were Kshs.13.89 million as of 31<sup>st</sup> December 2023.

### 3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.85 billion on employee compensation, Kshs.688.32 million on operations and maintenance, and Kshs.368.52 million on development activities. Similarly, the County Assembly spent Kshs.139.58 million on employee compensation and Kshs.254.27 million on operations and maintenance, as shown in Table 3.65.

**Table 3.65: 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
<b>Total Recurrent Expenditure</b>	<b>6,445,460,909</b>	<b>866,865,718</b>	<b>2,534,416,535</b>	<b>393,855,726</b>	<b>39.3</b>	<b>45.4</b>
Compensation to Employees	4,289,801,362	312,177,793	1,846,100,083	139,584,146	43.0	44.7
Operations and Maintenance	2,155,659,547	554,687,925	688,316,452	254,271,580	31.9	45.8
<b>Development Expenditure</b>	<b>4,014,432,251</b>	<b>233,000,000</b>	<b>368,524,228</b>	<b>-</b>	<b>9.2</b>	<b>-</b>
<b>Total</b>	<b>10,459,893,160</b>	<b>1,099,865,718</b>	<b>2,902,940,763</b>	<b>393,855,726</b>	<b>27.8</b>	<b>35.8</b>

Source: Kajiado County Treasury

### 3.10.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.99 billion, or 54.5 per cent of the available revenue which amounted to Kshs.3.65 billion. This expenditure represented a decrease from Kshs.2.06 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.841.8 million paid to health sector employees, translating to 42.2 per cent of the total wage bill.

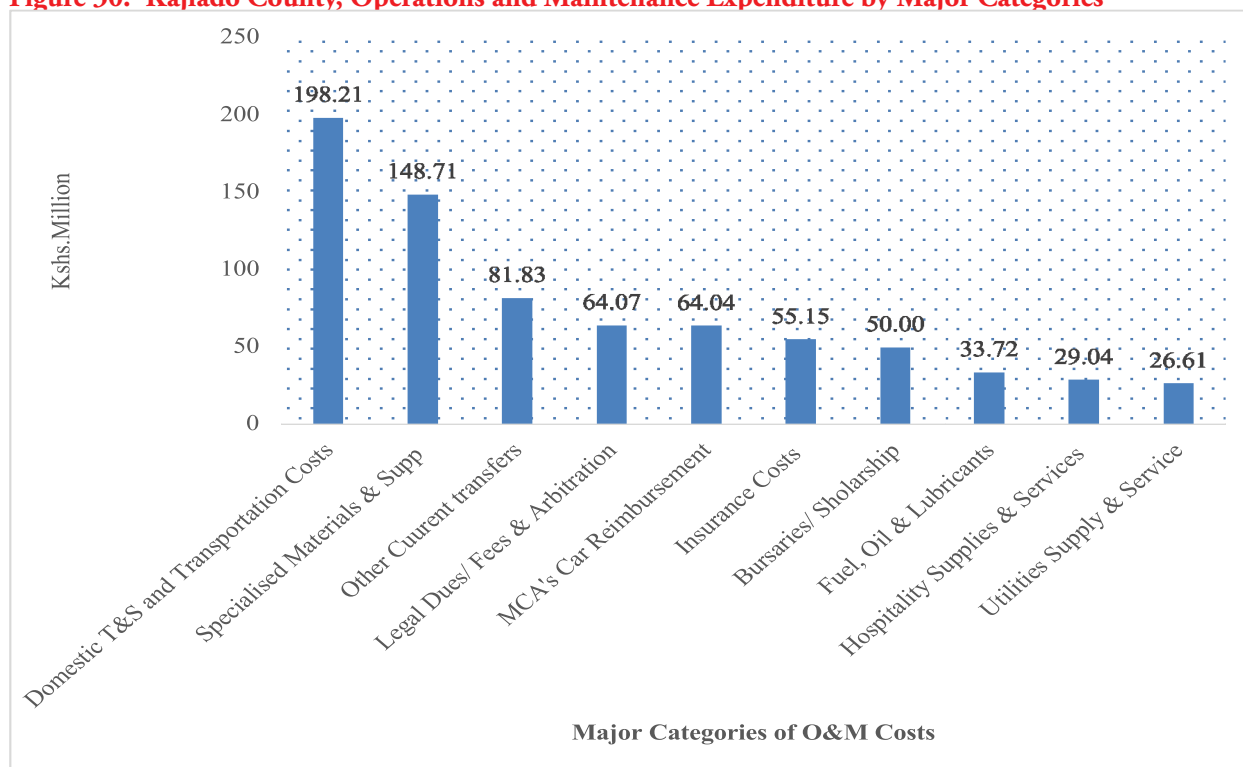
Further analysis indicates that PE costs amounting to Kshs.1.89 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.131.83 million was processed through manual payrolls. The manual payrolls accounted for 6.5 per cent of the total PE cost.

The County Assembly spent Kshs.12.66 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.47.47 million. The average monthly sitting allowance was Kshs.50,254 per MCA. The County Assembly has established 19 Committees.

### 3.10.8 Expenditure on Operations and Maintenance

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

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



Source: Kajiado County Treasury

During the period, expenditure on domestic travel amounted to Kshs.198.21 million and comprised Kshs.112.96 million spent by the County Assembly and Kshs.85.25 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.49 million, which was entirely incurred by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.66.

**Table 3.66: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	27	29 <sup>th</sup> October 2023 to 3 <sup>rd</sup> November, 2023	Training on legislative drafting	Arusha- Tanzania	7,829,651
County Assembly	1	29 <sup>th</sup> October, 2023 to 4 <sup>th</sup> November, 2023	Training on leadership	Kent- United Kingdom	657,458

Source: Kajiado County Assembly

### 3.10.9 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.368.52 million on development programmes, representing a decrease of 24.8 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.490.18 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.67: Kajiado County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation Status (%)
1	Finance	Maintenance and administrative cost of revenue collection system	Ildamat	24,705,000	24,650,224	100
2	Finance	Automation of revenue collection system	Ildamat	21,671,681	21,671,681	100
3	Finance	Construction of the supply chain office	Ildamat	20,259,043	13,003,210	100
4	Trade	Rehabilitation of Kajiado Market	Kapatiei	18,675,000	18,672,414	100
5	Health	Supply and delivery testing of Mortuary for the Ngong and Ongata Rongai	Ngong	18,478,400	18,478,400	100
6	Health	Construction of 20m High Mast at Kajiado Teaching and Referral Hospital	Nkaimurunya	10,060,500	10,054,585	100
7	Trade	Open shed and electrical works at Kajiado Market	Kapatiei	7,333,200	7,333,200	100
8	Water	Drilling of Olmapinu Community Boreholes		6,918,200	6,226,380	100
9	Water	Drilling of Isisira Community boreholes	Imaroro	5,945,116	5,945,116	100
10	Education	Construction of two Classrooms at Oleinkati Primary School	Iloodokilanti	5,000,000	4,991,486	100

Source: Kajiado County Treasury

### 3.10.10 Budget Performance by Department

Table 3.68 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.68: Kajiado County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	226.21	-	89.82	-	89.81	-	100.0	-	39.7	-
County Public Service Board	116.97	-	53.56	-	44.58	-	83.2	-	38.1	-
Medical Service and Public Health	2,371.60	437.42	1,058.76	-	1,019.87	-	96.3	-	43.0	-
Water, Irrigation, Environment and Natural Resource	191.30	320.26	78.23	-	64.35	-	82.3	-	33.6	-
Roads, Transport, Public Works and Energy	172.35	180.50	78.04	-	77.33	-	99.1	-	44.9	-
Public Service, Administration and Citizen Participation	821.90	-	315.43	-	289.02	-	91.6	-	35.2	-
County Treasury	658.03	1,430.96	235.60	368.52	235.31	-	99.9	100.0	35.8	25.8
Lands, Physical Planning and Urban Development	141.47	-	58.32	-	58.30	-	100.0	-	41.2	-
County Assembly	866.87	233.00	393.86	-	393.83	368.52	100.0	-	45.4	-
Education, Youth and Sport	737.80	141.00	278.40	-	267.32	-	96.0	-	36.2	-
Gender, Cooperative, Culture, Tourism and Wildlife	181.56	-	67.83	-	67.18	-	99.0	-	37.0	-
Agriculture, Livestock, Veterinary Services and Fisheries	285.93	534.29	105.76	-	100.62	-	95.1	3.0	35.2	-

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
Trade, Investment and Enterprise Development	197.90	540.00	91.31	-	86.08	-	94.3	-	43.5	-
Kajiado Municipality	57.25	125.00	26.45	-	19.23	-	72.7	-	33.6	-
Ngong Municipality	89.66	215.00	38.78	-	30.61	-	78.9	-	34.1	-
Office of the County Attorney	160.63	-	75.01	-	74.84	-	99.8	-	46.6	-
Kitengela Municipality	34.89	90.00	17.01	-	9.98	-	57.2	-	28.6	-
<b>Total</b>	<b>7,312.33</b>	<b>4,247.43</b>	<b>3,062.60</b>	<b>368.52</b>	<b>2,928.27</b>	<b>368.52</b>	<b>95.6</b>	<b>100.0</b>	<b>40.0</b>	<b>8.7</b>

Source: Kajiado County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 25.8 per cent and all the other departments did not report any development expenditure during the period under review. The Department of County Attorney had the highest percentage of recurrent expenditure to budget at 46.6 per cent while the Department of Kitengela Municipality had the lowest at 28.6 per cent.

### 3.10.11 Budget Execution by Programmes and Sub-Programmes

Table 3.69 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.69: Kajiado County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
Office of the Governor and Deputy Governor							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	161,558,629	-	69,846,006	-	43	-
Coordination Devolution Service	County Executive	23,880,000	-	19,968,238	-	84	-
	Intergovernmental Relation	18,788,000	-	-	-	-	-
	County Advisory	10,210,000	-	-	-	-	-
	Special Programs	11,776,000	-	-	-	-	-
	<b>Sub Total</b>	<b>226,212,629</b>	<b>-</b>	<b>89,814,244</b>	<b>-</b>	<b>40</b>	<b>-</b>
Department of County Public Service Board							
General Administration, Planning and Support Service	General Administration, Planning and Support Service		116,966,917		44,576,716		38
<b>Sub Total</b>			<b>116,966,917</b>		<b>44,576,716</b>		<b>38</b>

Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
<b>Department of Medical Service and Public Health</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	2,008,820,505	10,000,000	877,232,976	-	44	-
Curative and Rehabilitative	Hospital Service	7,264,200	315,702,516	4,047,320	-	56	-
	Health Products and Technologies	270,872,533	-	124,842,360	-	46	-
	Emergency Responses	6,529,000	-	5,117,000	-	78	-
Public Health and Sanitation	Reproductive Maternal	32,617,507	-	854,810	-	3	-
	Communicable and Non-Communicable disease	4,990,642	-	-	-	-	-
	Primary Health Care	22,386,689	107,220,082	2,776,745	-	12	-
	Disease Surveillance and Response	3,869,815	-	2,030,701	-	53	-
	Environmental Health	14,251,840	4,500,000	2,970,196	-	21	-
	<b>Sub Total</b>	<b>2,371,602,731</b>	<b>437,422,598</b>	<b>1,019,872,108</b>	-	<b>43</b>	-
<b>Department of Water, Irrigation, Environment and Natural Resource</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	106,014,390	-	44,564,335	-	42	-
Water Service	Water Service	34,820,000	150,700,000	10,533,268	-	30	-
	Storm Water Management	7,236,148	-	-	-	-	-
	Sanitation Service	4,820,000	-	-	-	-	-
Environment and Natural Resources	Environmental	30,685,867	-	9,253,577	-	30	-
	Natural Resources	2,121,984	-	-	-	-	-
	Climate Change	5,600,000	169,558,300	-	-	-	-
	<b>Sub Total</b>	<b>191,298,389</b>	<b>320,258,300</b>	<b>64,351,180</b>	-	<b>34</b>	-
<b>Department of Roads, Transport, Public Works and Energy</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	123,805,838	-	57,714,694	-	47	-
Public Works and Infrastructure	Roads	10,500,000	168,500,000	6,956,165	-	66	-
	Energy	9,982,500	12,000,000	3,952,750	-	40	-
	Fire Fighter	5,900,000	-	8,704,272	-	148	-
	Transport	14,348,000	-	-	-	-	-

Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
	Public Works	7,814,183	-	-	-	-	-
	<b>Sub Total</b>	<b>172,350,521</b>	<b>180,500,000</b>	<b>77,327,881</b>	-	<b>45</b>	-
<b>Department of Public Service, Administration and Citizen Participation</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	504,618,020	-	200,803,217	-	40	-
Public Service and Administration	County Administration	12,434,557	-	1,829,150	-	15	-
	County Inspectorate	6,515,500	-	1,723,900	-	27	-
Human Resource Management and Development	Human Resource	253,149,400	-	75,515,567	-	30	-
Citizen Participation	Citizen Participation	13,172,624	-	2,763,600	-	21	-
	Social Protection	13,000,000	-	6,387,900	-	49	-
	Disability Mainstreaming	3,500,500	-	-	-	-	-
	Control of Alcohol and Substance Abuse	12,506,000	-	-	-	-	-
	County Organization	3,000,000	-	-	-	-	-
	<b>Sub Total</b>	<b>821,896,601</b>	-	<b>289,023,334</b>	-	<b>35</b>	-
<b>Department of County Treasury</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	548,170,019	1,395,961,075	205,825,501	368,524,228	38	26
	Information, Communication and Technologies	22,010,000	5,000,000	9,708,802	-	44	-
Public Finance Management	Budget Coordination and Management	11,500,000	-	6,733,014	-	59	-
	Accounting Service	10,210,000	-	2,614,200	-	26	-
	Supply Chain Management	28,490,000	-	4,709,160	-	17	-
	Internal Audit	7,600,000	-	3,417,200	-	45	-
	Revenue Collection/ Resource Mobilization	13,433,094	30,000,000	2,300,000	-	17	-
Economy Policy Coordination	Economic Planning	8,300,000	-	-	-	-	-
	Monitoring and Evaluation	8,321,000	-	-	-	-	-
	<b>Sub Total</b>	<b>658,034,113</b>	<b>1,430,961,075</b>	<b>235,307,877</b>	<b>368,524,228</b>	<b>36</b>	<b>26</b>
<b>Department of Lands, Physical Planning and Urban Development</b>							

Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
General Administration, Planning and Support Service	General Administration, Planning and Support Service	96,317,286	-	47,674,518	-	50	-
Land Policy and Planning	Physical Planning	9,484,700	-	3,674,600	-	39	-
	Lands Survey and Mapping	5,570,000	-	2,885,123	-	52	-
	Lands Administration	6,170,000	-	548,200	-	9	-
Urban Development and Management	Urban Development	17,776,900	-	2,192,465	-	12	-
	Housing	6,150,000	-	1,327,877	-	22	-
	<b>Sub Total</b>	<b>141,468,886</b>	<b>-</b>	<b>58,302,783</b>	<b>-</b>	<b>41</b>	<b>-</b>
<b>Department of County Assembly</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	505,518,310	233,000,000	184,813,377	-	37	-
Legislation, Representation and Oversight	Legislation, Representation and Oversight	361,347,408	-	209,042,349	-	58	-
	<b>Sub Total</b>	<b>866,865,718</b>	<b>233,000,000</b>	<b>393,855,726</b>	<b>-</b>	<b>45</b>	<b>-</b>
<b>Department of Education, Youth and Sport</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	506,365,886	-	257,660,995	-	51	-
Early Childhood Development	Early Childhood	214,150,000	131,000,000	3,712,512	-	2	-
Technical and Vocational	Technical and Vocational Training	4,520,880	20,000,000	892,500	-	20	-
Youth and Sports	Sport Training and Competition	12,764,150	-	5,050,574	-	40	-
	<b>Sub Total</b>	<b>737,800,916</b>	<b>151,000,000</b>	<b>267,316,581</b>	<b>-</b>	<b>36</b>	<b>-</b>
<b>Department of Gender, Cooperative, Culture, Tourism and Wildlife</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	108,370,915	-	49,429,028	-	46	-
Gender Mainstreaming	Gender Mainstreaming	22,345,284	-	8,809,800	-	39	-
Arts and Culture	Cultural Heritage	10,421,373	-	2,849,900	-	27	-
	Cultural Activities	15,049,365	-	-	-	-	-
Local Tourism and Wildlife	Local Tourism Promotion and Wildlife Management	4,259,150	-	-	-	-	-
Cooperative Development	Cooperative Development	21,115,436	-	6,086,300	-	29	-



Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
	<b>Sub Total</b>	<b>181,561,523</b>	<b>-</b>	<b>67,175,028</b>	<b>-</b>	<b>37</b>	<b>-</b>
<b>Department of Agriculture, Livestock, Veterinary Services and Fisheries</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	185,460,479	-	72,931,745	-	39	-
Crop Production	Crop Development	6,968,118	386,941,296	742,000	-	11	-
	Agricultural Mechanization Services	7,354,234	-	1,694,700	-	23	-
	Agricultural Training Centre	2,173,607	-	83,800	-	4	-
	Plant Disease Control	2,722,912	-	-	-	-	-
	AgriBusiness and Market Development	2,722,911	-	673,476	-	25	-
Irrigation	Irrigation Service	10,230,339	-	1,043,000	-	10	-
Livestock Resources	Animal Husbandry	7,212,134	3,000,000	-	-	-	-
	Livestock Market	704,960	133,839,340	-	-	-	-
	Veterinary Service	3,568,839	-	504,000	-	14	-
	Animal Disease Control	49,558,914	-	19,736,200	-	40	-
Fisheries	Fisheries	7,250,690	10,509,642	3,211,840	-	44	-
	<b>Sub Total</b>	<b>285,928,137</b>	<b>534,290,278</b>	<b>100,620,761</b>	<b>-</b>	<b>35</b>	<b>-</b>
<b>Department of Trade, Investment and Enterprise Development</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	148,192,085	-	79,848,384	-	54	-
Trade Development	Trade Development	47,962,535	540,000,000	6,228,000	-	13	-
	Enterprise Development	1,749,902	-	-	-	-	-
Cooperative Enterprise Development	Cooperative Development	-	-	-	-	-	-
	<b>Sub Total</b>	<b>197,904,522</b>	<b>540,000,000</b>	<b>86,076,384</b>	<b>-</b>	<b>44</b>	<b>-</b>
<b>Department of Kajiado Municipality</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	46,615,226	-	19,226,613	-	41	-

Programme	Sub/Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)		Recurrent Expenditure	Development Expenditure
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure		
Urban Infrastructure	Urban Infrastructure	2,384,000	135,000,000	-	-	-	-
Environmental Management and Public Health	Environmental Management and Public Health	8,255,667	-	-	-	-	-
	<b>Sub Total</b>	<b>57,254,893</b>	<b>135,000,000</b>	<b>19,226,613</b>	-	<b>34</b>	-
<b>Department of Ngong Municipality</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	76,716,430	-	30,610,731	-	40	-
Urban Infrastructure	Urban Infrastructure	3,480,000	215,000,000	-	-	-	-
Environmental Management and Public Health	Environmental Management and Public Health	9,466,667	-	-	-	-	-
	<b>Sub Total</b>	<b>89,663,097</b>	<b>215,000,000</b>	<b>30,610,731</b>	-	<b>34</b>	-
<b>Department of County Attorney</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	160,630,578	-	74,837,880	-	47	-
	<b>Sub Total</b>	<b>160,630,578</b>	-	<b>74,837,880</b>	-	<b>47</b>	-
<b>Department of Kitengela Municipality</b>							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	24,469,790	-	9,976,434	-	41	-
Urban Infrastructure	Urban Infrastructure	850,000	90,000,000	-	-	-	-
Environmental Management and Public Health	Environmental Management and Public Health	9,566,666	-	-	-	-	-
	<b>Sub Total</b>	<b>34,886,456</b>	<b>90,000,000</b>	<b>9,976,434</b>	-	<b>29</b>	-
<b>Grand Total</b>		<b>7,312,326,627</b>	<b>4,267,432,251</b>	<b>2,928,272,261</b>	<b>368,524,228</b>	<b>40</b>	<b>9</b>

Source: Kajiado County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Fire Fighter in the Department of Roads, Transport, Public Works and Energy at 147.5 per cent, County Executive in the Office of the Governor and Deputy Governor at 83.6 per cent, Emergency Response in the Department of Medical Services and Public Health at 78.3 per cent, and Roads at 66.2 per cent of budget allocation.

### 3.10.12 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.310.00 million to county-established funds in FY 2023/24, constituting 2.7 per cent of the County's overall budget. Table 3.70 summarises each established Fund's budget allocation and performance during the reporting period.

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

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1	Educational Benefits- Scholarship	175,000,000	50,000,000	45,940,957	795,000,000	Yes
2	Executive Car Loans/ Mortgage	50,000,000	15,500,000	15,500,000	250,247,500	yes
3	Youth and Sport Fund	10,000,000	5,000,000	4,976,031	85,000,000	Yes
4	Disability Fund	10,000,000	5,000,000	3,252,345	73,000,000	Yes
5	Liquor Fund	10,000,000	-	-	-	NO
6	Investments Authority Funds	25,000,000	12,500,000	12,491,232	12,500,000	Yes
<b>County Assembly Established Funds</b>						
7	MCA's Car Loan and Mortgage	30,000,000	-	-	384,500,000	N0
<b>Total</b>		<b>310,000,000</b>	<b>88,000,000</b>	<b>82,160,565</b>	<b>1,600,247,500</b>	<b>-</b>

**Source:** Kajiado County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the Liquor Fund and the County Assembly Car Loan and Mortgage as indicated in Table 3.67, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.10.13 Accounts Operated Commercial Banks

The County government operated a total of eight accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.10.14 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. The underperformance of own-source revenue at Kshs.299.02 million against an annual projection of Kshs.1.52 billion, representing 19.7 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.39 billion as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.133.83 million were processed through the manual payroll, accounting for 6.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Kajiado County Revenue Collection Account, Kajiado County Bursary Fund Account,

Kajiado County Emergency Fund Account, Kajiado County Executive Car Loan and Mortgage Account, Kajiado County Disability Mainstreaming Fund Account and Women and Youth Fund Account, Kajiado County Assembly Car Loan and Mortgage Fund Account and Kajiado County Assembly Operation Account.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law.*

### 3.11. County Government of Kakamega

#### 3.11.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.12.92 billion (73.0 per cent) as the equitable share of revenue raised nationally, Kshs.318.27 million (1.8 per cent) as Appropriations-in-Aid inclusive of Facility Improvement Fund (revenue from health facilities and public health sector), Kshs.575.53 million as conditional grants, a cash balance of Kshs.2.0 billion (11.3 per cent) was brought forward from FY 2022/23, and generate Kshs.1.88 billion (10.6 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.71.

#### 3.11.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.5.36 billion as the equitable share of the revenue raised nationally, Kshs.31.37 million as conditional grants, had a cash balance of Kshs.886.17 million from FY 2022/23 and raised Kshs.301.67 million as own-source revenue (OSR). The raised OSR includes Kshs.195.56 million as FIF and Kshs.106.11 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.58 billion, as shown in Table 3.71.

**Table 3.71: Kakamega County, Revenue Performance in the First Half of FY 2023/24**

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,917,304,053	5,358,748,198	41.5
<b>Sub Total</b>		<b>12,917,304,053</b>	<b>5,358,748,198</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	KCSAP-Kenya Climate Smart Agriculture Project	90,000,000	-	-
2	Aquaculture Business Development Project	29,791,621	-	-

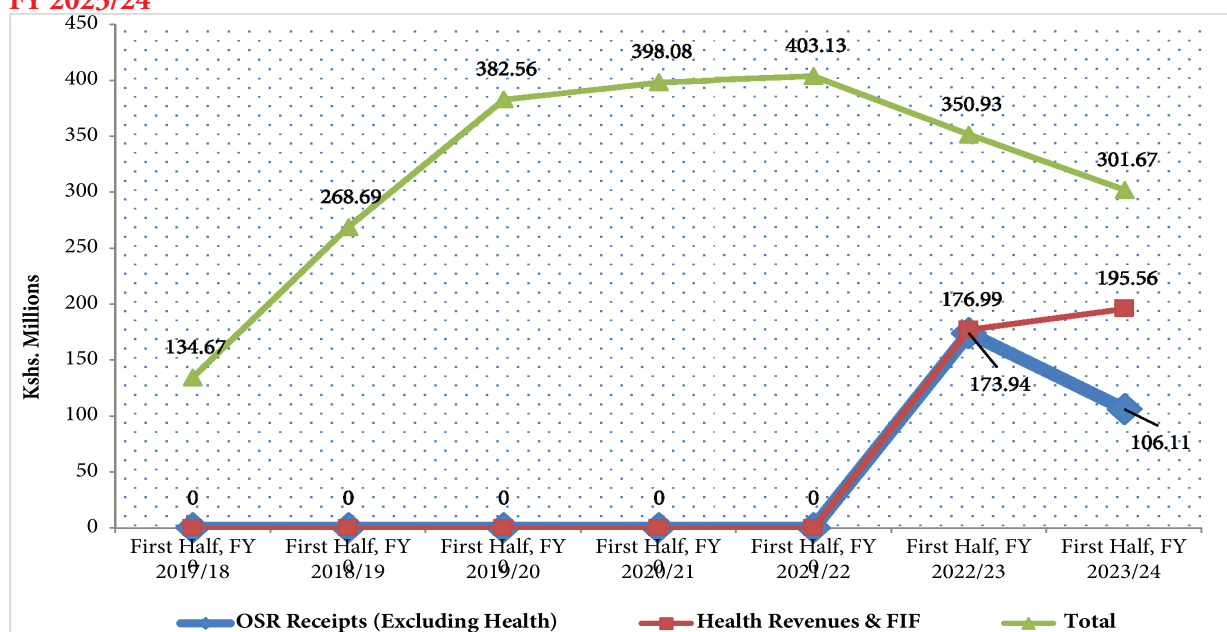
No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	National Agricultural Value Chain Development Project (NVCDP)	250,000,000	-	-
4	Kenya Livestock Commercialization Project (KELCLOP)	30,500,000	-	-
5	Kenya Informal Settlement Improvement Project (KISIP II)	141,964,627	-	-
6	ASDSP (Agricultural Sector Development Support Programme)	3,254,212	-	-
7	DANIDA Grant	18,999,750	20,370,041	107.2
8	FLLoCA-(CCIS)	11,000,000	11,000,000	100.0
9	Unconditional Grant- Mineral Royalties	16,555	-	-
<b>Sub-Total</b>		<b>575,526,765</b>	<b>31,370,041</b>	<b>5.5</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	1,881,730,000	106,108,380	5.6
2	Balance B/F from FY2022/23	1,996,000,000	886,166,543	44.4
3	Facility Improvement Fund (FIF)	318,270,000	195,561,750	61.4
<b>Sub Total</b>		<b>4,196,000,000</b>	<b>1,187,836,673</b>	<b>28.3</b>
<b>Grand Total</b>		<b>17,688,830,818</b>	<b>6,577,954,912</b>	<b>37.2</b>

Source: Kakamega County Treasury

The County has governing legislation on the operation of FIF through the Kakamega County Health Services Fund Act. The revenue raised through the Kakamega County Alcoholic Drinks Control Fund is not swept into CRF but duly reported through the County Revenue Agency.

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

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



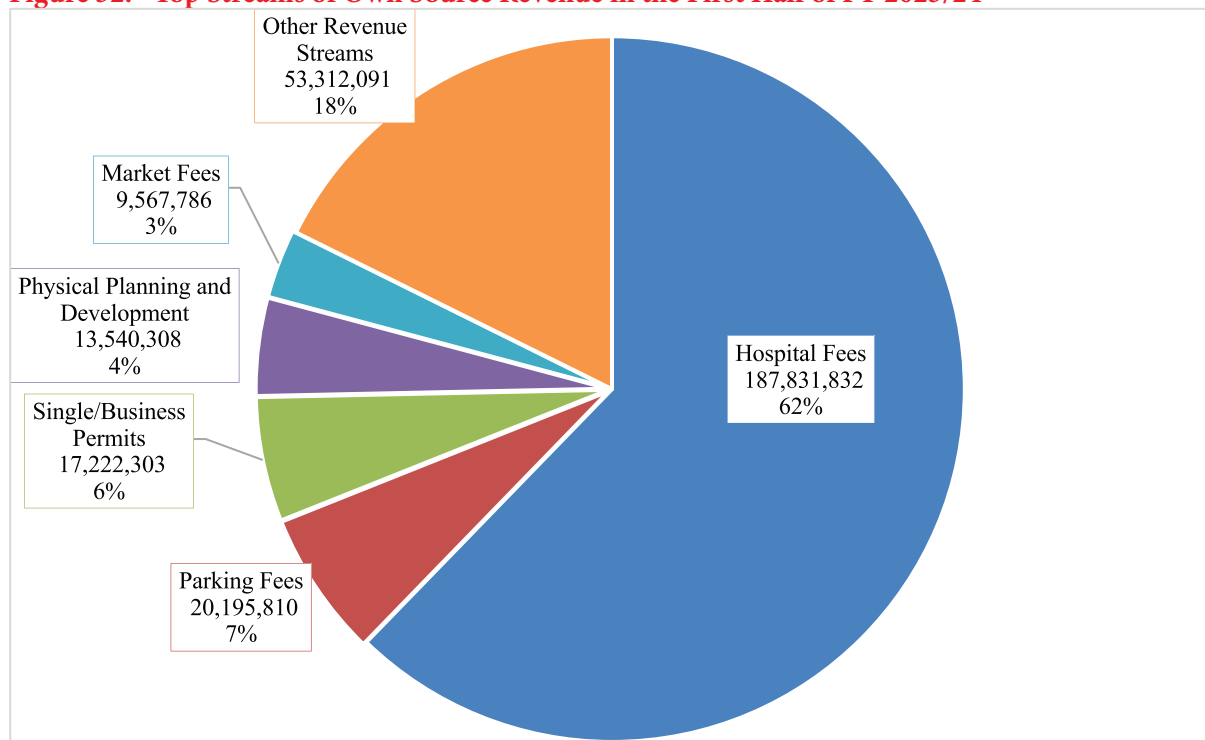
Source: Kakamega County Treasury<sup>1</sup>

In the first half of FY 2023/24, the County generated a total of Kshs.301.67 million from its sources of revenue

<sup>1</sup>

inclusive of FIF. This amount represented a decrease of 14.0 per cent compared to Kshs.350.93 million realised in FY 2022/23 and was 13.7 per cent of the annual target and 5.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 32.

**Figure 32: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kakamega County Treasury

The highest revenue stream of Kshs.187.83 million was from Hospital Fees contributing to 62 per cent of the total OSR receipts during the reporting period.

### 3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.13 billion from the CRF account during the reporting period which comprised Kshs.787.19 million (15.3 per cent) for development programmes and Kshs.4.34 billion (84.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.3.15 billion was released towards Employee Compensation and Kshs.1.19 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.10.23 million.

### 3.11.4 County Expenditure Review

The County spent Kshs.4.50 billion on development and recurrent programmes in the reporting period. The expenditure represented 87.8 per cent of the total funds released by the CoB and comprised Kshs.873.55 million and Kshs.3.63 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.8 per cent, while recurrent expenditure represented 31.9 per cent of the annual recurrent expenditure budget.

The outstanding pending bills for the County Assembly were Kshs.66.6 million as of 30th June 2023 which had reduced to Kshs.44.27 as of 31st December 2023.

### 3.11.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.47 billion, comprising Kshs.487.81 million for recurrent expenditure and Kshs.979.33 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.136.31 million were settled for development programmes. However, the reported recurrent amount as of 30<sup>th</sup> June 2023 changed from Kshs.487.81 million to Kshs.421.21 million as of the end of the reporting period. This was due to the disclosure of pending

bills by departments. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.47 billion.

The outstanding pending bills for the County Assembly were Kshs.66.6 million as of 31<sup>st</sup> December 2023.

### 3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.93 billion on employee compensation, Kshs.1.08 billion on operations and maintenance, and Kshs.873.55 million on development activities. Similarly, the County Assembly spent Kshs.222.56 million on employee compensation and Kshs.398.85 million on operations and maintenance as shown in Table 3.72.

**Table 3.72: 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
<b>Total Recurrent Expenditure</b>	<b>9,967,218,850</b>	<b>1,335,821,103</b>	<b>3,005,966,726</b>	<b>621,411,071</b>	<b>30.2</b>	<b>46.5</b>
Compensation to Employees	5,950,000,000	617,785,596	1,930,857,040	222,558,000	32.5	36.0
Operations & Maintenance	4,017,218,850	718,035,507	1,075,109,685	398,853,071	26.8	55.5
Development Expenditure	6,320,790,865	65,000,000	873,547,545	-	13.8	-
<b>Total</b>	<b>16,288,009,715</b>	<b>1,400,821,103</b>	<b>3,879,514,271</b>	<b>621,411,071</b>	<b>23.8</b>	<b>44.4</b>

Source: Kakamega County Treasury

### 3.11.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.15 billion, or 32.7 per cent of the available revenue which amounted to Kshs.6.58 billion. This expenditure represented a decrease from Kshs.2.87 billion reported in a similar period in FY 2022/23. The wage bill paid to health sector employees was not provided to compute the per cent of the total wage bill.

Further analysis of exchequer approvals indicates that PE costs amounting to Kshs.3.03 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.121.22 million was processed through manual payrolls. The manual payroll was made up of stipends paid to Community Health Volunteers, County Youth Service and Women's Empowerment Programme and Compensation for unfair dismissal. The manual payrolls accounted for 3.8 per cent of the total PE cost. The County Assembly paid Kshs.10.14 million through manual payroll and Kshs.297.70 million through the IPPD for both the PE costs and sitting allowances.

The County Assembly spent Kshs.31.23 million on committee sitting allowances for the 88 MCAs and the Speaker against the annual budget allocation of Kshs.131.61 million. The average monthly sitting allowance was Kshs.59,155 per MCA.

### 3.11.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.1.44 billion to county-established funds in FY 2023/24, constituting 8.0 per cent of the County's overall budget. Table 3.73 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.73: Performance of County Established Funds in the First Half of FY 2023/24**

No	Name of the Fund	Approved Budget Allocation in FY23/24 (Kshs)	Exchequer Issues (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 30.12.2023 (Yes/No)
		A	B	C	D
1	Kakamega County Investment Development Agency	34,000,000	10,750,000	7,740,954	Yes
2	Kakamega County Microfinance Corporation	10,500,000	5,250,000	3,524,754	Yes
3	Mumias Municipality	107,478,227	11,892,710	1,426,155	Yes
4	Maternal child health & family planning (Imarisha Fund)	110,000,000	10,000,000	9,713,497	Yes
5	Kakamega County Small Scale Trade Development fund	-	-	1,065	Yes
6	Kakamega Dairy Corporation	113,292,775	19,000,000	26,547,185	Yes
7	Emergency Fund	100,000,000		1,604,338	Yes
8	Kakamega Municipality	140,802,460	32,527,189	10,737,026	Yes
9	Kakamega Revenue Agency	72,000,000	-	31,564,871	Yes
10	Farm Input Fund	485,000,000	-	343,602	Yes
11	Bursary & Scholarship Fund	263,000,000	-	7,800	Yes
12	Car Loan & Mortgage	-	-	Not reported	No
	<b>TOTAL</b>	<b>1,436,073,462</b>	<b>125,419,899</b>	<b>91,263,307</b>	-

Source: Kakamega County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the County Assembly Car Loan and Mortgage fund as indicated in Table 3.73, contrary to the requirement of Section 168 of the PFM Act, 2012.

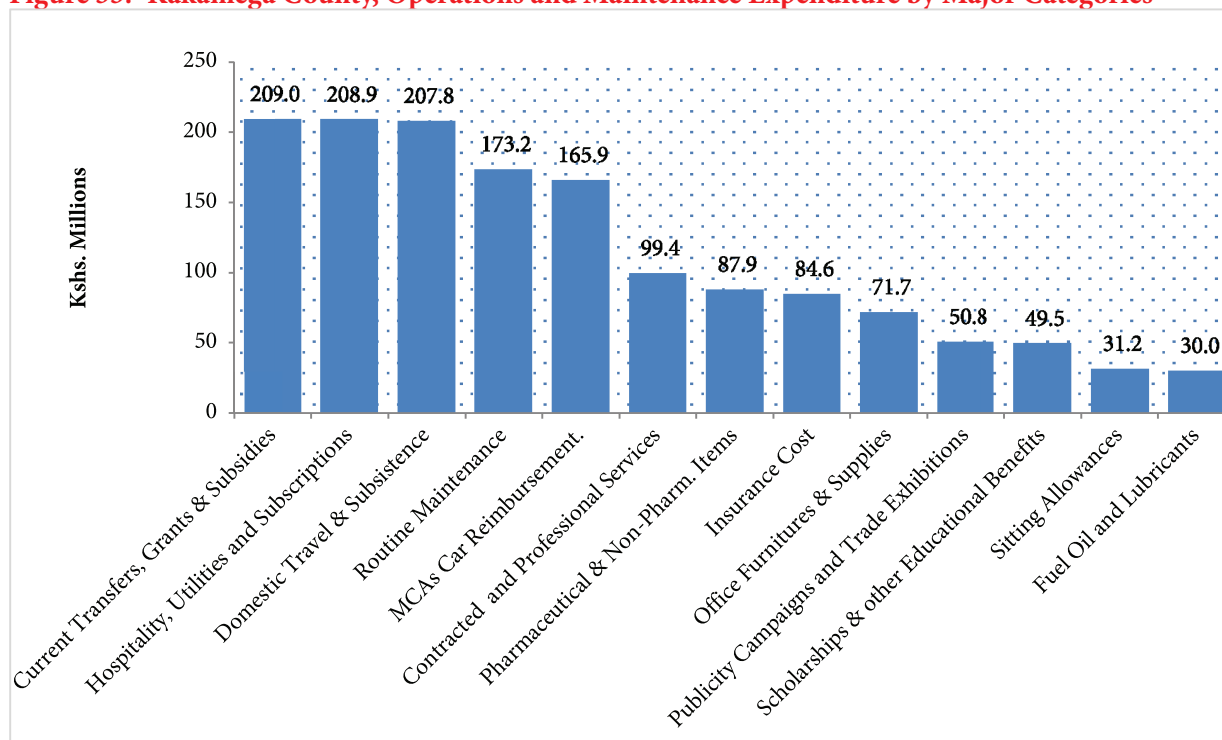
Further, the CoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.11.9 Expenditure on Operations and Maintenance

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



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



Source: Kakamega County Treasury

During the period, expenditure on domestic travel amounted to Kshs.207.78 million and comprised Kshs.97.29 million spent by the County Assembly and Kshs.110.49 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.99 million and comprised Kshs.2.85 million by the County Assembly and Kshs.1.13 million by the County Executive. The County Assembly did not submit the foreign travel details. The highest expenditure on foreign travel as incurred by the County Executive is summarised in Table 3.74 below.

**Table 3.74: Summary of Highest Expenditure on Foreign Travel**

No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	10 <sup>th</sup> to 20 <sup>th</sup> Sep 2023	Not Provided	USA-New York	1,821,934
1	25 <sup>th</sup> to 30 <sup>th</sup> Aug 2023	Not Provided	USA-Seattle	1,350,600
1	25 <sup>th</sup> Sep to 7 <sup>th</sup> Oct 2023	Not Provided	USA	1,294,130
1	19 <sup>th</sup> to 25 <sup>th</sup> Aug 2023	Not Provided	Serbia	898,950
1	9 <sup>th</sup> to 18 <sup>th</sup> Oct 2023	Not Provided	USA-Dallas	715,696
1	17 <sup>th</sup> to 28 <sup>th</sup> Aug 2023	FEASSSA East Africa Term 2 Championships	Rwanda	570,680
1	7 <sup>th</sup> to 16 <sup>th</sup> Aug 2023	Participate in the 2023, Youth and Women Empowerment Program, County Specific Program	Republic of Korea	210,512

Source: Kakamega County Treasury

### 3.11.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.873.55 million on development programmes, representing an increase of 24.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.703.63 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.75: Kakamega County, List of Development Projects with the Highest Expenditure**

No	Project Name	Project location	Project Activities	Project Cost	Amount Spent (Kshs.)
1	Sports	Lurambi	Bukhundu Stadium Construction	3,240,001,303	1,599,158,031
2	Agriculture Sector Development Support Programme	Countywide	Building capacities of value chain actors on Entrepreneurship and Climate Smart Agriculture technologies and innovations  Procurement of items for innovations.	106,221,015	100,834,832
3	Road and Infrastructure	Matungu	Harambe Musamba bridge road	649,938,642	49,936,330
4	Road and Infrastructure		Lumakanda Manyonyi road	100,000,000	47,255,195
5	Road and Infrastructure	Malava	Butali Malekha bitumen road	257,868,967	47,003,200
6	Road and Infrastructure	Navakholo	Ingotse Navakholo bitumen road	481,332,796	39,735,336
7	Road and Infrastructure	Various	Maintenance and improvement of roads	242,979,995	17,109,962
8	Kakamega municipality	Kakamega	Proposed construction of Sichirai Retail Market	178,111,050	16,122,643
9	Road and Infrastructure	Khwisero	Ebukwala Khukolomani bitumen road	108,831,548	15,662,642
10	Mumias municipality	Mumias	Proposed Construction of Refuse Chambers and Bins	10,434,332	14,681,942
11	Trade, Industrialization and Tourism	Lugari	Completion and Correction of Defects in Kipkaren Modern Market	10,865,585	10,863,620

Source: Kakamega County Treasury

### 3.11.11 Budget Performance by Department

Table 3.76 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.76: Kakamega County, Budget Allocation and Absorption Rate by Department**

1. Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,400.8	-	732.0	-	621.4	-	84.9	-	44.4	-
Agriculture, Live-stock, Fisheries, and Cooperatives	157.5	1,222.6	46.2	21.2	44.4	250.0	96.0	1,181.2	28.2	20.5
County Public Service Board	30.0	-	15.8	-	25.3	-	160.3	-	84.4	-
County Treasury and Economic Planning	528.9	152.0	99.0	7.3	220.7	41.3	222.8	563.8	41.7	27.2
Education, Science and Technology	444.2	481.8	4.1	8.8	55.8	6.9	1,376.8	78.2	12.6	1.4
Health Services	839.4	639.9	282.9	24.4	227.7	12.9	80.5	52.7	27.1	2.0
ICT, E-Government and Communication	35.0	145.0	6.8	-	11.6	31.8	170.5	-	33.2	21.9
Lands, Housing, Physical Planning and Urban Areas	260.0	515.0	75.0	32.3	107.6	42.7	143.4	132.3	41.4	8.3
Office of The Governor	371.4	14.0	64.7	-	92.1	-	142.3	-	24.8	-
Public Service and County Administration	6,719.6	190.0	2,918.0	10.5	2,086.1	9.5	71.5	90.0	31.0	5.0
Roads, Public Works and Energy	33.0	1,309.2	8.3	581.8	3.7	263.3	45.3	45.3	11.4	20.1

1. Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Social Services Sports Youth Women Empowerment and Culture	446.4	761.0	68.6	51.3	99.6	78.9	145.3	153.7	22.3	10.4
Trade, Industrializa- tion and Tourism	37.9	440.8	11.2	33.3	15.5	27.0	137.7	81.2	40.8	6.1
Water, Environment & Natural Resources	64.0	449.5	9.0	16.3	15.9	109.3	177.4	670.4	24.8	24.3
<b>Grand Total</b>	<b>9,967</b>	<b>6,321</b>	<b>3,610</b>	<b>787</b>	<b>3,006</b>	<b>874</b>	<b>83.3</b>	<b>111.0</b>	<b>30.2</b>	<b>13.8</b>

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of County Treasury and Economic Planning recorded the highest absorption rate of development budget at 27.2 per cent, followed by the Department of Water, Environment & Natural Resources at 24.3 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 84.8 per cent while the Department of Education, Science and Technology had the lowest at 12.6 per cent.

### 3.11.12 Budget Execution by Programmes and Sub-Programmes

The County departments including the County assembly did not submit a standard report on budget performance by programmes and sub-programmes. Table 3.77 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24”

**Table 3.77: Kakamega County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Estimates	Dev Estimates	Rec Exp	Dev Exp	Rec	Dev
<b>Trade, Industrialization and Tourism</b>							
Development of Small scale and Medium Trade	Other Operating Expenses - Other	-	50,000,000	-	5,074,780	-	10.1
Trade Development and Investment	Modern Market infrastructure development	-	115,800,000	-	21,930,154	-	18.9
Industrial Promotion and development	Industrial development	-	45,000,000	-	-	-	-
	Cottage industrial development and SME development	-	220,000,000	-	-	-	-
Tourism Development	Heritage Tourism	-	5,000,000	-	-	-	-
Fairtrade and consumer protection	Weights and Measures infrastructure development	-	5,000,000	-	-	-	-
<b>Grand Total</b>		-	<b>440,800,000</b>	-	<b>27,004,934</b>		<b>6.1%</b>
<b>Roads, Public Works &amp; Energy</b>							
Major Roads	Bitumen road	-	463,600,000	-	199,305,037	-	43.0%
RMLF	Road maintenance	-	62,500,000	-	-	-	-
10KM	Gravel road	-	600,000,000	-	54,823,367	-	9.1%
Bridges	Bridge and culvert installation	-	16,170,000	-	9,220,280	-	57.0%
Other Infrastructure		-	166,977,000	-	-	-	-
<b>Sub-Total</b>		-	<b>1,309,247,000</b>	-	<b>263,348,684</b>		<b>20.1%</b>
<b>Health Services</b>							
401024810	Community Health Strategy	254,371,825	-	16,246,357	-	6.4	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Estimates	Dev Estimates	Rec Exp	Dev Exp	Rec	Dev
401034810	Disease Surveillance and Emergency Response	2,650,984	-	582,040	-	22	-
401044810	Nutrition Service Promotion	500,000	-	-	-	-	-
401054810	HIV /AIDS Control	500,000	-	-	-	-	-
401064810	Maternal and child health-care promotion	80,450,000	158,000,000	2,320,500	-	2.9	-
401074810	TB Control	500,000	-	-	-	-	-
401084810	Malaria control	500,000	-	-	-	-	-
401094810	Promotion of family planning	900,000	-	430,757	-	47.9	-
<b>Sub-Total</b>		<b>340,372,809</b>	<b>158,000,000</b>	<b>19,579,654</b>	<b>-</b>	<b>5.8</b>	<b>-</b>
402014810	Health Infrastructure Development	-	-	-	-	-	-
402024810	Primary medical health services	457,735,894	422,000,000	128,700,759	5,359,077	28.1	1.3
402034810	Blood Transfusion Services	-	15,000,000	-	7,500,000	-	50
<b>Sub-Total</b>		<b>457,735,894</b>	<b>437,000,000</b>	<b>128,700,759</b>	<b>12,859,077</b>	<b>28.1</b>	<b>2.9</b>
403014810	Administrative and Human Resources management	31,732,563	19,900,000	12,965,317	-	40.9	-
403024810	Disability mainstreaming	500,000	-	-	-	-	-
403034810	Health Data and Information Management	9,102,385	25,000,000	2,736,500	-	30.1	-
<b>Sub-Total</b>		<b>41,334,948</b>	<b>44,900,000</b>	<b>15,701,817</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Grand Total</b>		<b>839,443,650</b>	<b>639,900,000</b>	<b>163,982,230</b>	<b>12,859,077</b>	<b>19.5</b>	<b>2</b>
<b>Water Environment Natural Resources and Climate Change</b>							
Programme 1: Water Service Provision and Management	Sub-programme 1: Water Supply Services	20,258,023	303,240,000	4,467,797	76,000,622	22.1	25.1
Programme 3: Environmental Protection and Conservation	Sub-programme 1: Environmental Conservation	7,749,413	136,260,000	708,500	31,219,988	9.1	22.9
Programme 4: Natural Resource Management	Sub-programme 1: Environmental Conservation	4,180,321	-	-	349,200	-	-
Programme 4: Climate Change, Mitigation and Adaptation	Sub-programme 1: Climate Change Management	6,025,963	48,000,000	-	47,609,000	-	99.2
<b>Education, Science and Technology</b>							
Programme 1	Polytechnic Support and Development	109,704,715	98,000,000	51,590,929	9,829,256	47	10
	Childcare and development	64,959,913	381,800,000	1,529,175	24,428,749	2.4	6.4
	Non-Tertiary Education Support	269,510,372	2,000,000	2,283,832	-	0.8	-
<b>Grand Total</b>		<b>444,175,000</b>	<b>481,800,000</b>	<b>55,403,936</b>	<b>34,258,004</b>	<b>12.5</b>	<b>7.1</b>
1. Agriculture, Livestock, Fisheries and Co-operatives							

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Estimates	Dev Estimates	Rec Exp	Dev Exp	Rec	Dev
Crop Production	Crops recurrent	62,014,462		22,080,833	-	35.6	-
	Subsidies to Non-Financial Private Enterprises	-	10,000,000	-	2,188,620	-	21.9
	Purchase of Certified Crop Seed	-	5,000,000	-	-	-	-
	Purch. of Certified Seeds - Other	-	15,000,000	-	1,480,000	-	9.9
	Subsidies to Non-Financial - Other (Budget)	-	450,000,000	-	72,009,887	-	16
	Subsidies to Financial Priv. - Other (Budget)	-	25,000,000	-	12,500,000	-	50
	Other Capital Grants and Trans	-	3,254,212	-	-	-	-
	Other Capital Grants and Trans	-	346,200,000	-	72,192,729	-	20.9
	<b>Sub Total</b>	<b>62,014,462</b>	<b>854,454,212</b>	<b>22,080,833</b>	<b>160,371,236</b>	<b>35.6</b>	<b>18.8</b>
Livestock	Livestock recurrent	44,253,686	-	16,518,078	-	37.3	-
	Current Grants to Semi-Autonomous Government Agencies	-	73,292,776	-	33,323,194	-	45.5
	Other Capital Grants and Trans	-	30,500,000	-	5,719,100	-	18.8
	Other Capital Grants and Trans	-	35,000,000	-	3,758,800	-	10.7
	Other Capital Grants and Trans	-	40,000,000	-	15,419,820	-	38.5
	<b>Sub-Total</b>	<b>44,253,686</b>	<b>178,792,776</b>	<b>16,518,078</b>	<b>58,220,914</b>	<b>37.3</b>	<b>32.6</b>
Fisheries	Fisheries recurrent	11,859,244		966,590		8.2	
	Other Operating Expenses - Other	-	10,000,000	-	-	-	-
	Other Capital Grants and Trans	-	29,791,620	-	-	-	-
	Other Capital Grants and Trans	-	15,000,000	-	7,296,080	-	48.6
	Construction of Buildings - Other	-	5,000,000	-	-	-	-
	Other Infrastructure and Civil Works	-	7,000,000	-	-	-	-
	<b>Sub-Total</b>	<b>11,859,244</b>	<b>66,791,620</b>	<b>966,590</b>	<b>7,296,080</b>	<b>8.2</b>	<b>10.9</b>
Veterinary	Veterinary Recurrent	10,477,130	-	1,334,395	-	12.7	-
	Veterinarian Supplies and Materials	-	73,784,000	-	18,217,610	-	24.7
	<b>Sub-Total</b>	<b>10,477,130</b>	<b>73,784,000</b>	<b>1,334,395</b>	<b>18,217,610</b>	<b>12.7%</b>	<b>24.7%</b>
Cooperative Development and Marketing	Cooperative recurrent	12,508,479	-	2,944,891	-	23.5	-
	Co-operative Societies	-	20,000,000	-	-	-	-
	<b>Sub-Total</b>	<b>12,508,479</b>	<b>20,000,000</b>	<b>2,944,891</b>	<b>-</b>	<b>23.5</b>	<b>-</b>
Agricultural Training Centres (ATC)	Bukura recurrent	5,956,382		-	-	-	-
	Current Grants to Semi-Autonomous Government Agencies	-	10,000,000	-	1,834,749	-	18.3
	<b>Sub-Total</b>	<b>5,956,382</b>	<b>10,000,000</b>	<b>-</b>	<b>1,834,749</b>	<b>-</b>	<b>18.3</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Estimates	Dev Estimates	Rec Exp	Dev Exp	Rec	Dev
Irrigation	Irrigation recurrent	10,397,005		512,787	-	4.9	-
	Other Infrastructure and Civil Works		18,756,630	-	4,100,554	-	21.9
	<b>Sub-Total</b>	<b>10,397,005</b>	<b>18,756,630</b>	<b>512,787</b>	<b>4,100,554</b>	<b>4.9</b>	<b>21.9</b>
<b>Grand Total</b>		<b>157,466,388</b>	<b>1,222,579,238</b>	<b>44,357,574</b>	<b>250,041,143</b>	<b>28.2</b>	<b>20.5</b>

Source: Kakamega County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Climate Change, Mitigation and Adaptation in the Department of Water Environment Natural Resources and Climate Change at 99.2 per cent, Bridge and Culvert installation in the Department of Roads and Public Works at 57 per cent, Subsidies to Financial in crop production in the Department of Agriculture at 50 per cent, and Blood Transfusion Services at 50 per cent of budget allocation.

### 3.11.13 Accounts Operated Commercial Banks

The County government operated a total of 17 accounts with commercial banks excluding revenue collection accounts. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest and revenue collection bank accounts for petty cash.

### 3.11.14 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. The underperformance of own-source revenue at Kshs.301.67 million against an annual projection of Kshs.2.20 billion, representing 13.7 per cent of the annual target.
2. Failure to refund unspent funds in FY 2022/23 into the CRF account or misappropriation of approved exchequer requests which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.77.
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 report for the car and mortgage Fund by the County Assembly was not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.47 billion as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.121.22 million were processed through the manual payroll, accounting for 3.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012 and funds duly approved by COB are used in conformity to the documents presented to COB*

3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.12. County Government of Kericho

### 3.12.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.6.70 billion (75.3 per cent) as the equitable share of revenue raised nationally, Kshs.743.35 million (8.3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.537.08 million (6.0 per cent) as conditional grants, a cash balance of Kshs.392.00 million (4.4 per cent) brought forward from FY 2022/23, and generate Kshs.530.07 million (6.0 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.78.

### 3.12.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.78 billion as the equitable share of the revenue raised nationally, Kshs.75.74 million as additional allocations/conditional grants, a cash balance of Kshs.15.38 million from FY 2022/23, and raised Kshs.161.34 million as own-source revenue (OSR). The raised OSR includes Kshs.74.33 million as FIF and Kshs.87.02 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.03 billion, as shown in Table 3.78.

**Table 3.78: Kericho County, Revenue Performance in the First Half of FY 2023/24**

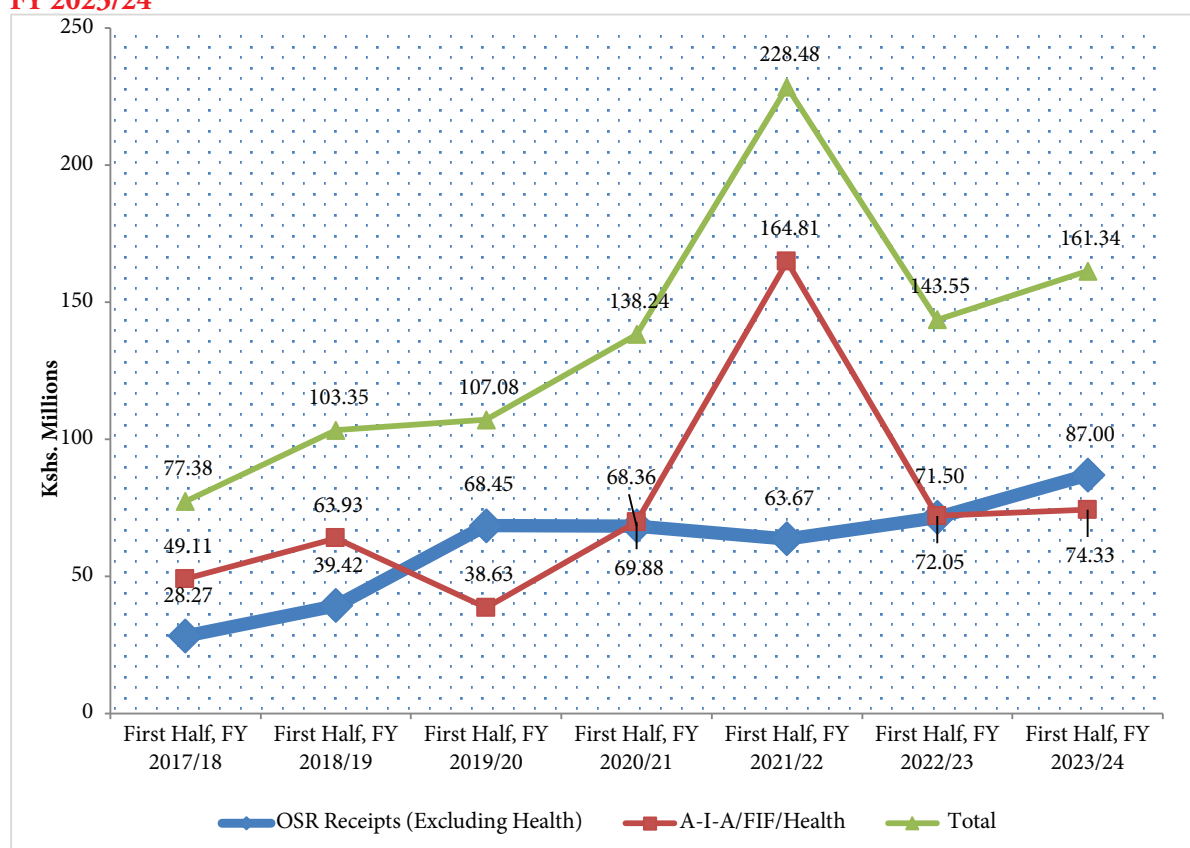
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,703,129,925	2,781,798,920	41.5
<b>Sub Total</b>		<b>6,703,129,925</b>	<b>2,781,798,920</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Aggregated Industrial Park NG	100,000,000	-	-
2	Danida Fund	9,817,500	-	-
3	Agricultural Sector Development Support Fund (ASDSP II)	1,027,780	500,000	48.6
4	Kenya Devolution Support Project	75,235,660	75,235,660	100.0
5	Climate Smart Agriculture Project	90,000,000	-	-
6	IDA National Agricultural Value Chain Dev. Project	250,000,000	-	-
7	FLOCCA Grants to Support Climate Change	11,000,000	-	-

S/ No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	<b>Sub-Total</b>	<b>537,080,940</b>	<b>75,735,660</b>	<b>14.1</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	530,071,600	87,002,290	16.4
2	Balance b/f from FY2022/23	392,000,044	15,376,949	3.9
3	Facility Improvement Fund (FIF)	743,350,000	74,334,310	10.0
	<b>Sub Total</b>	<b>1,665,421,644</b>	<b>176,713,549</b>	<b>10.6</b>
	<b>Grand Total</b>	<b>8,905,632,509</b>	<b>3,034,248,128</b>	<b>34.1</b>

Source: Kericho County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 34 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

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

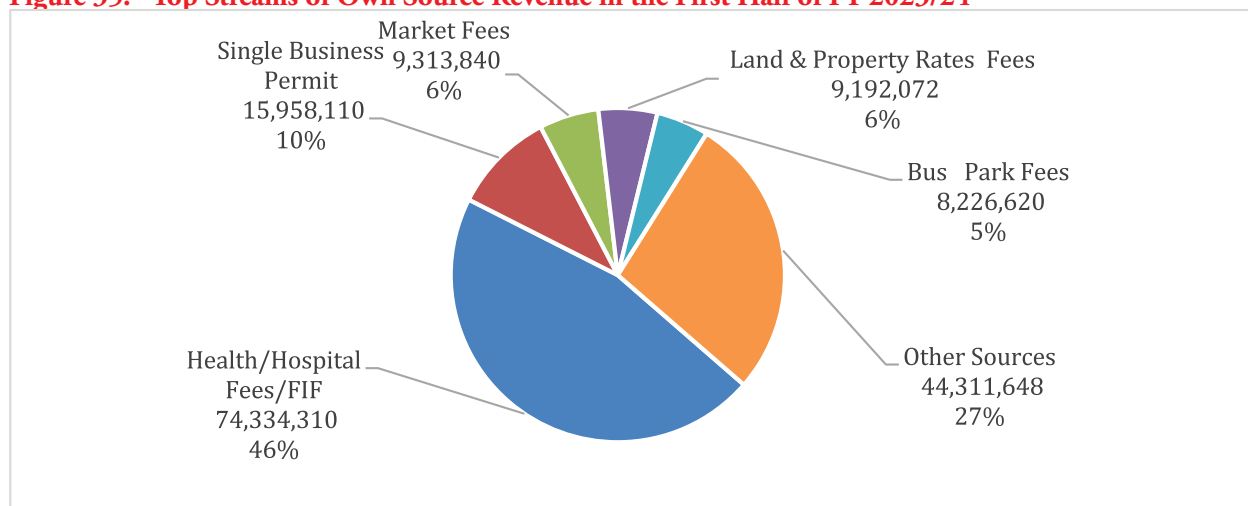


Source: Kericho County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.161.34 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 11.0 per cent compared to Kshs.143.55 million realised in a similar period in FY 2022/23 and was 12.7 per cent of the annual target and 41.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 35.



**Figure 35: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kericho County Treasury

The highest revenue stream of Kshs.74.33 million was from Hospital fees contributing to 46 per cent of the total OSR receipts during the reporting period.

### 3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.41 billion from the CRF account during the reporting period which comprised Kshs.222.96 million (9.3 per cent) for development programmes and Kshs.2.18 billion (90.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.49 billion was released towards Employee Compensation and Kshs.694.17 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.570.46 million.

### 3.12.4 County Expenditure Review

The County spent Kshs.2.40 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised Kshs.222.79 million and Kshs.2.18 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.6 per cent, while recurrent expenditure represented 36.5 per cent of the annual recurrent expenditure budget.

### 3.12.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.526.21 million, comprising Kshs.143.09 million for recurrent expenditure and Kshs.383.12 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.60.41 million were settled, consisting of Kshs.34.63 million for recurrent expenditure and Kshs.25.79 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.465.80 million.

There were no outstanding pending bills for the County Assembly as of 31<sup>st</sup> December 2023.

### 3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.28 billion on employee compensation, Kshs.404.84 million on operations and maintenance, and Kshs.222.79 million on development activities. Similarly, the County Assembly spent Kshs.220.01 million on employee compensation and Kshs.272.04 million on operations and maintenance, as shown in Table 3.79.

**Table 3.79: 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
<b>Total Recurrent Expenditure</b>	<b>5,082,868,724</b>	<b>882,798,755</b>	1,686,989,026	492,096,429	<b>33.2</b>	<b>55.7</b>
Compensation to Employees	3,392,055,102	367,127,149	1,282,148,583	220,060,004	37.8	59.9
Operations and Maintenance	1,690,813,622	515,671,606	404,840,443	272,036,425	23.9	52.8
<b>Development Expenditure</b>	<b>2,861,972,590</b>	<b>77,992,439</b>	222,794,015	-	7.8	-
<b>Total</b>	<b>7,944,841,314</b>	<b>960,791,194</b>	<b>1,909,783,041</b>	<b>492,096,429</b>	<b>24.0</b>	<b>51.2</b>

Source: Kericho County Treasury

### 3.12.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.50 billion, or 45.5 per cent of the available revenue which amounted to Kshs.3.03 billion. This expenditure represented a decrease from Kshs.1.68 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.0.74 billion paid to health sector employees, translating to 49.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.36 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.139.70 million was processed through manual payrolls. The manual payrolls accounted for 9.3 per cent of the total PE cost.

The County Assembly spent Kshs.12.60 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.35.67 million. The average monthly sitting allowance was Kshs.43,759 per MCA. The County Assembly has established 24 Committees.

### 3.12.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.79.33 million to county-established funds in FY 2023/24, constituting 1 per cent of the County's overall budget. Table 3.80 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.80: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Emergency Fund	15,000,000	-	2,536,475	No.
2.	Staff Mortgage	10,000,000	-	55,911,860	No.
3.	Car Loan	-	-	19,752,400	No.
<b>County Assembly Established Funds</b>					
4.	Car Loan for MCA'S	16,109,146	-	-	No.
5.	Car Loan/Mortgage for Staff	38,222,854	-	-	No.
<b>Total</b>		<b>79,332,000</b>	<b>-</b>	<b>43,050,000</b>	<b>-</b>

Source: Kericho County Treasury

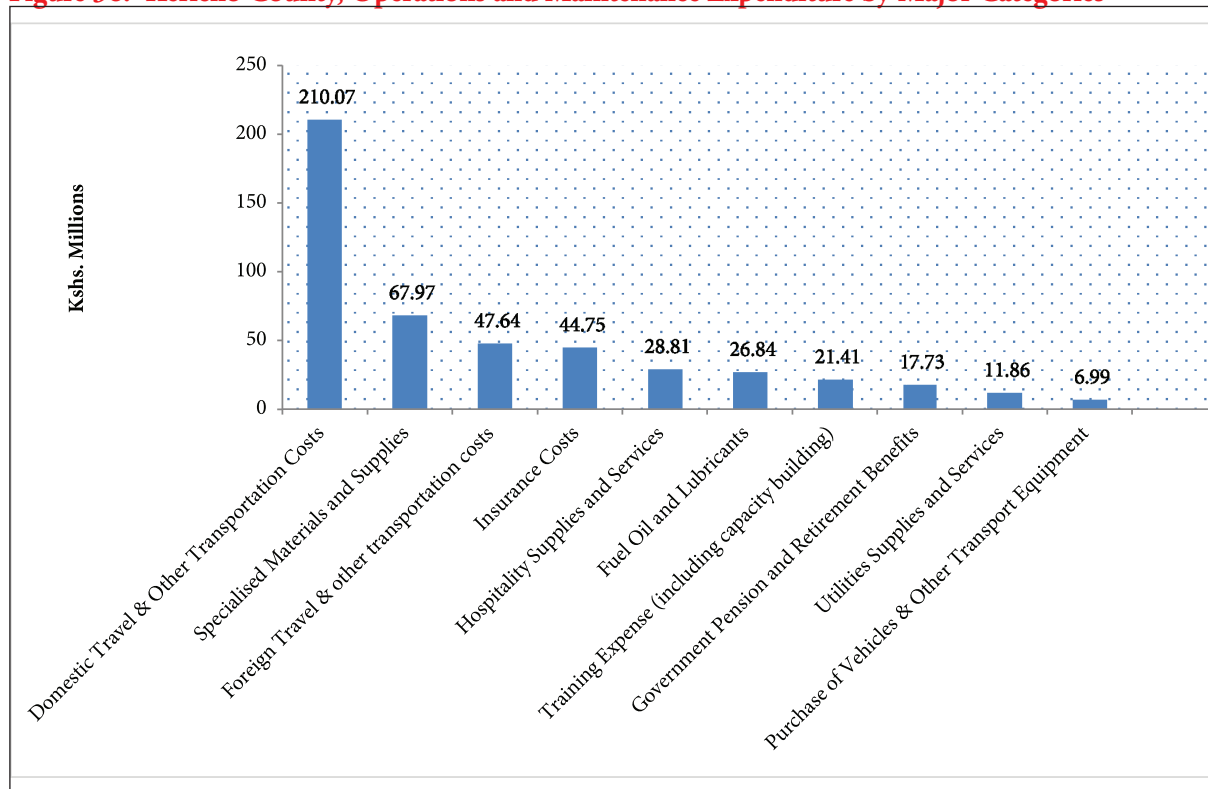
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of all funds as indicated in Table 3.80, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the CoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.12.9 Expenditure on Operations and Maintenance

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

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



Source: Kericho County Treasury

During the period, expenditure on domestic travel amounted to Kshs.210.07 million and comprised Kshs.144.63 million spent by the County Assembly and Kshs.65.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.64 million and comprised Kshs.42.87 million by the County Assembly and Kshs.4.77 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.81.

**Table 3.81: Summary of Highest Expenditure on Foreign Travel**

Arm	No. of Officers Travelled	Date	Purpose	Destination	Amount
County Executive	1	30th November 2023-12th Dec 2023	COP-28 Summit	Dubai	1,000,000.00
County Executive	3	27th August-2nd Sept 2023	International Conference and 5th Pan African Forum for Youth in TVET	Ghana	878,782.00
County Executive	1	19th-30th June 2023	Operationalising Service Delivery Goals in Public Service -Arusha	Tanzania	827,120.00
County Executive	3	7th-17th Dec 2023	23rd EAC Trade Fair	Burundi	2,059,721.00
Kericho County Assembly	6	15th -21st July 2023	International Trade & Economic Development	Singapore	1,845,146.00
Kericho County Assembly	7	15th -21st July 2023	Leadership and Governance Conference	Dubai	1,753,064.00

Arm	No. of Officers Travelled	Date	Purpose	Destination	Amount
Kericho County Assembly	2	17-28th July 2023	Rotary international convection	Australia	2,555,903.00
Kericho County Assembly	3	26-30th July 2023	Youth spark emerging leaders' entrepreneurs conference	Ghana	579,384.00
Kericho County Assembly	2	26-2nd Aug 2023	East African Conference on Governance	Ethiopia	524,159.00
Kericho County Assembly	2	25-3rd Aug 2023	Library conference	Zimbabwe	2,444,580.00
Kericho County Assembly	1	29-10th Aug 2023	International Conference on post-pandemic	Ethiopia	452,600.00
Kericho County Assembly	3	15-22nd Sept 2023	Corporate leadership conference	Tanzania	2,694,946.00
Kericho County Assembly	4	16-21st Nov 2023	East African Summit	Tanzania	3,982,336.00
Kericho County Assembly	1	31-9th Nov 2023	Program on performance management system	UK	3,119,997.00
Kericho County Assembly	8	10-16th Dec 2023	Result-based Performance Conference	Singapore	7,909,549.00
Kericho County Assembly	8	10-16th Dec 2023	Culture and Heritage Conference	Dubai	9,616,685.00

Source: County Treasury and County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.10.04 million on garbage collection.

### 3.12.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.222.79 million on development programmes, representing an increase of 43.9 per cent compared to FY 2022/23 when the County spent Kshs.125.05 million. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Livestock Development and Fisheries	Transfer of NAVCDP	HQ	10,000,000	10,000,000	100
2	Education, Youth Affairs, Children, Culture and Social Services	Supply of ECDE branded chairs	All wards	5,250,000	5,250,000.00	100
3	Education, Youth Affairs, Children, Culture and Social Services	Construction of a twin Workshop	Bureti Sub-County	4,982,000	4,982,000.00	100
4	Education, Youth Affairs, Children, Culture and Social Services	Construction of an Administration Block and Library	Chepseon Ward	4,899,080	4,899,080.00	100
5	Lands, Housing and Physical Planning	Development Grant to Kericho Municipal	Kericho Municipality	18,500,000.00	18,500,000.00	100
6	Public Works, Roads, Transport and ICT	Construction and Rehabilitation of Chesanga - Jonland Academy -Church of Christ road	SOIN	4,532,475.88	4,532,475.88	100
7	Public Works, Roads, Transport and ICT	Construction and Rehabilitation of Baraka Kap Maina road	Kipchimchim	4,769,530.00	4,769,530.00	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
8	Finance and Economic Planning	Construction of Kiptunoi Water Project	Kapsoit	12,527,785.00	12,527,785.00	100
9	Finance and Economic Planning	Construction of Kapkures water project	Kipkelion	23,348,580.00	23,348,580.00	100
10	Finance and Economic Planning	Construction of Stormwater Drainage in Kapkatet	Kapkatet	14,136,919.00	14,136,919.00	100

Source: Kericho County Treasury

### 3.12.11 Budget Performance by Department

Table 3.83 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.83: Kericho County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	882.80	77.99	494.70	-	492.10	-	99.5	-	55.7	-
Public Service Management	441.87	28.24	179.46	-	178.13	-	99.3	-	40.3	-
Governor's Office	137.05	-	63.79	-	60.21	-	94.4	-	43.9	-
County Public Service Board	71.31	-	27.82	-	27.22	-	97.8	-	38.2	-
Finance and Economic Planning	273.20	438.48	98.44	54.18	98.34	57.34	99.9	105.8	36.0	13.1
Health Services	2,752.47	283.79	902.55	-	903.13	-	100.1	-	32.8	-
Agriculture, Livestock and Fisheries	172.78	518.52	62.32	10.00	67.58	10.00	108.4	100.0	39.1	1.9
Education, Youth, Culture and Social Services	768.98	173.61	161.79	28.36	162.69	28.36	100.6	100.0	21.2	16.3
Public Works, Roads and Transport	98.32	590.44	45.97	94.02	44.22	90.70	96.2	96.5	45.0	15.4
Trade, Industrialization, Tourism, Wildlife and Co-operative Development	64.12	228.20	21.08	-	21.12	-	100.2	-	32.9	-
Environment, Water, Energy and Natural Resources	158.44	282.01	62.59	13.90	61.82	13.90	98.8	100.0	39.0	4.9
Lands, Housing and Physical Planning	90.49	67.02	42.80	22.50	42.14	22.50	98.5	100.0	46.6	33.6
Information, Communication and E-government	53.84	43.66	20.51	-	20.37	-	99.3	-	37.8	-
Strategic Intervention Phase 1	-	108.00	-	-	-	-	-	-	-	-
Strategic Intervention Phase 2	-	100.00	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,965.67</b>	<b>2,939.97</b>	<b>2,183.83</b>	<b>222.96</b>	<b>2,179.09</b>	<b>222.79</b>	<b>99.8</b>	<b>99.9</b>	<b>36.5</b>	<b>7.6</b>

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Lands, Housing and Physical Planning recorded the highest absorption rate of development budget at 33.6 per cent, followed by the Department of Education, Youth, Culture and Social Services at 16.3 per cent. The Department of County Assembly had the

highest percentage of recurrent expenditure to budget at 55.7 per cent while the Strategic Intervention Phase units did not report any expenditure.

### 3.12.12 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 2023/24.

**Table 3.84: Kericho County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)		Actual Expenditure Jul - Dec 23 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Develop- ment Ex- penditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
County Coordination Services	County Coordination Services	137,051,145	-	60,213,075	-	44%	
		<b>137,051,145</b>	<b>-</b>	<b>60,213,075</b>	<b>-</b>	<b>44%</b>	
<b>DEPARTMENT: FINANCE AND ECONOMIC PLANNING</b>							
Administration, Planning and Support Services.	Administration Services.	231,136,530	83,735,659	87,724,527	57,339,884	38%	68%
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	28,687,985	6,379,644	7,486,680	-	26%	0%
Public Finance Management	Budget Formulation coordination and management	8,400,000	553,360,903	1,973,600	-	23%	0%
Audit Services	County Audit	4,975,639	3,000,000	1,158,200	-	23%	
		<b>273,200,154</b>	<b>646,476,206</b>	<b>98,343,007</b>	<b>57,339,884</b>	<b>36%</b>	<b>9%</b>
<b>DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES</b>							
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	53,301,163	-	8,858,545	10,000,000	17%	
Crop Development and Management	Agriculture Extension Services	58,894,485	496,837,574	57,460,908	-	98%	0%
Livestock Resource Management and Development	Livestock Disease Management and Control.	2,024,041	21,184,205	554,100	-	27%	0%
Livestock Resource Management and Development	Livestock Production and Extension Services	51,654,981	-	381,050	-	1%	
Fisheries development	Management and Development of Capture Fisheries	6,905,001	500,000	324,500	-	5%	0%
		<b>172,779,671</b>	<b>518,521,779</b>	<b>67,579,102</b>	<b>10,000,000</b>	<b>39%</b>	<b>2%</b>
<b>DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT</b>							
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	144,072,462	63,145,000	60,487,245	-	42%	0%
Water supply services	Rural Water Supply	14,365,228	218,860,274	1,337,500	13,899,863	9%	6%
		<b>158,437,690</b>	<b>282,005,274</b>	<b>61,824,745</b>	<b>13,899,863</b>	<b>39%</b>	<b>5%</b>

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)		Actual Expenditure Jul - Dec 23 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Develop- ment Expen- diture	Recurrent Expendi- ture	Develop- ment Expendi- ture
<b>DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES</b>							
General Administration & Planning Services.	Policy Development and Administration	549,596,382	10,000,000	160,944,293		29%	
Basic Education	Early Childhood Development Education	216,382,852	89,573,270	750,000	28,357,815	0%	32%
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	3,000,000	17,035,537	1,000,000	-	33%	0%
Youth development and empowerment services	Youth Development (YP) Training	-	57,000,000	-	-		0%
		<b>768,979,234</b>	<b>173,608,807</b>	<b>162,694,293</b>	<b>28,357,815</b>	<b>21%</b>	<b>16%</b>
<b>DEPARTMENT: HEALTH SERVICES</b>							
Curative Health	Administration and Planning	1,581,600,049	142,141,193	719,001,777	-	45%	0%
Curative Health	Hospital(curative) Services	-	-	-	-		
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,170,865,728	141,648,789	184,130,648	-	16%	0%
		<b>2,752,465,777</b>	<b>283,789,982</b>	<b>903,132,425</b>	<b>-</b>	<b>33%</b>	<b>0%</b>
<b>DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING</b>							
Administration and support services	General Administration and Planning	40,701,923	45,000,000	32,887,837	22,500,000	81%	50%
Housing Development and Human Resource	Housing Development	9,243,184	-	715,800	-	8%	0%
Land policy and planning	Development Planning and Land Reforms	34,395,730	22,022,942	8,382,574	-	24%	0%
Land policy and planning	Land Use Planning	6,152,443	-	149,250	-	2%	
		<b>90,493,280</b>	<b>67,022,942</b>	<b>42,135,462</b>	<b>22,500,000</b>	<b>47%</b>	<b>34%</b>
<b>DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT</b>							
Transport Management and Safety	General Administration Planning and Support Services	73,712,784	-	44,140,266	-	60%	
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	587,441,016	80,000	90,696,453	2%	15%
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/ Periodic Maintenance	21,206,317	3,000,000	-	-	0%	0%
		<b>98,319,101</b>	<b>590,441,016</b>	<b>44,220,266</b>	<b>90,696,453</b>	<b>45%</b>	<b>15%</b>

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)		Actual Expenditure Jul - Dec 23 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Develop- ment Expen- diture	Recurrent Expendi- ture	Develop- ment Expendi- ture
<b>DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT</b>							
Trade development and investment	Fair Trade Practices and Consumer Protection (weight & measures)	20,620,890	23,202,942	1,129,447	-	5%	0%
Trade development and investment	Administrative and Support Services.	37,619,414	200,000,000	19,773,808	-	53%	0%
Cooperative development and management	Cooperative Advisory & Extension Services.	-	-	-	-	0%	0%
Tourism development and marketing	Local Tourism Development.	5,882,961	5,000,000	215,400	-	-	0%
		<b>64,123,265</b>	<b>228,202,942</b>	<b>21,118,655</b>	<b>-</b>	<b>33%</b>	<b>0%</b>
<b>DEPARTMENT: ICT AND E-GOVERNMENT</b>							
Information & Communication Service	News and Information Services	53,836,604	-	20,370,790	-	38%	0%
Information & Communication Service	ICT and BPO development services	-	40,262,387	-	-	0%	0%
Youth development and empowerment services	Youth Development (YP) Training	-	3,400,000	-	-	0%	0%
		<b>53,836,604</b>	<b>43,662,387</b>	<b>20,370,790</b>	<b>-</b>	<b>38%</b>	<b>0%</b>
<b>DEPARTMENT: COUNTY PUBLIC SERVICE BOARD</b>							
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	71,312,544	-	27,222,382	-	38%	-
		<b>71,312,544</b>	<b>-</b>	<b>27,222,382</b>	<b>-</b>	<b>38%</b>	<b>-</b>
<b>DEPARTMENT: PUBLIC SERVICE MANAGEMENT</b>							
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	294,637,612	28,241,257	161,996,494	-	55%	0%
Administration of Human Resources and Public Service	Human Resource Development	147,232,645	-	16,138,330	-	11%	-
		<b>441,870,257</b>	<b>28,241,257</b>	<b>178,134,824</b>	<b>-</b>	<b>40%</b>	<b>0%</b>
<b>County Executive Grand Total</b>		<b>5,082,868,722</b>	<b>2,861,972,592</b>	<b>1,686,989,026</b>	<b>222,794,015</b>	<b>33%</b>	<b>8%</b>
Speaker's office	Speaker's office	497,868,056	-	261,160,298	-	16	-
Clerk's Office	Clerk's Office	375,643,063	77,992,439	227,959,199	-	27	-
County Assembly Service Board	County Assembly Service Board	9,287,636	-	2,976,932	-	13	-
<b>Total Expenditure</b>	<b>Total Expenditure</b>	<b>882,798,755</b>	<b>77,992,439</b>	<b>492,096,429</b>	<b>-</b>	<b>56%</b>	<b>0%</b>
<b>GRAND TOTAL</b>		<b>5,965,667,477</b>	<b>2,939,965,031</b>	<b>2,179,085,455</b>	<b>222,794,015</b>	<b>36.5%</b>	<b>7.6%</b>

Source: Kericho County Treasury



Sub-programmes with the highest levels of implementation based on absorption rates were: Agriculture Extension Services in the Department of Agriculture, Livestock and Fisheries at 98 per cent (Rec), General Administration and Planning in the Department of Lands, Housing and Physical Planning at 81 per cent (Rec), Administration Services in the Department of Finance and Economic Planning at 68 per cent (Dev) and General Administration Planning and Support Services at 60 per cent (Rec) of budget allocation.

### 3.12.13 Accounts Operated Commercial Banks

The County government operated accounts with commercial banks which is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for: Kericho County Executive Staff Mortgage Loan, Kericho County Executive Staff Mortgage Loan, Kericho County Executive Staff Mortgage Loan, Kericho County Bursary Fund, Kericho County Bursary Fun, Kericho County Executive Staff Car Loan, Kericho County Agricultural Development Fund, Kericho County Alcoholic Drinks Fund, Kericho County Emergency Fund, Kericho County Emergency Fund Retention, Kericho County Agricultural Sector Development Support Program, Kericho County Climate Smart Agriculture Project Account, Kericho County Enterprise Fund -Main, Kericho County Donation Account, Kericho Municipality KUSP UDG Fund Account, Kericho County KUSP UIG Fund Account, Kericho County Health Emergency Account, Litein Municipal Board Recurrent Account, Litein Municipal Board Development Account, Kericho Municipal Board Recurrent Account, Kericho Municipal Board Development Account, and Kericho County KUSP Retention Account

### 3.12.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation. The report was submitted on 25<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.161.34 million against an annual projection of Kshs.1.27 billion, representing 12.7 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.83, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kericho County Emergency Fund, Kericho County Executive Staff Mortgage Fund, Kericho County Executive Car Loan, Car loans for MCA'S and Car loans/Mortgage for Staff Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.465.80 million as of 31<sup>st</sup> December 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.139.70 million were processed through the manual payroll, accounting for 9.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.
8. Low absorption of development funds which translated to 7.6 per cent of the approved annual development budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*

2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*
8. *The County should identify and address issues causing delays in implementing development programmes and projects*

### 3.13. County Government of Kiambu

#### 3.13.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 is Kshs.21.57 billion, comprising Kshs.7.27 billion (33.7 per cent) and Kshs.14.30 billion (66.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 31 per cent compared to the previous financial year when the approved budget was Kshs.16.47 billion and comprised of Kshs.4.88 billion towards development expenditure and Kshs.11.59 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.23 billion (56.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.33 billion (6.2 per cent) as additional allocations/conditional grants, and generate Kshs.8.02 billion (37.2 per cent) as gross own source revenue. The own-source revenue includes Kshs.1.96 billion (9.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.6.02 billion (27.9 per cent) as ordinary own-source revenue and Kshs.35.5 million (0.2 per cent) as other revenues. A breakdown of the additional allocations/conditional grants is provided in Table 3.85.

#### 3.13.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.4.04 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.2.55 billion from FY 2022/23, and raised Kshs.1.66 billion as own-source revenue (OSR). The raised OSR includes Kshs.562.63 million as FIF, Kshs.1.08 billion ordinary OSR and Kshs.15.92 million from other revenues. The total funds available for budget implementation during the period amounted to Kshs.8.24 billion, as shown in Table 3.85.

**Table 3.85: Kiambu County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,227,552,449	4,035,092,308	33.0
	<b>Sub Total</b>	<b>12,227,552,449</b>	<b>4,035,092,308</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Medical Leasing	124,723,404	-	-
2	Industrial Park & Aggregation Centers Grant	250,000,000	-	-
3	Provision of a fertilizer subsidy Programme	159,665,074	-	-
4	Court Fines	5,084,684	-	-

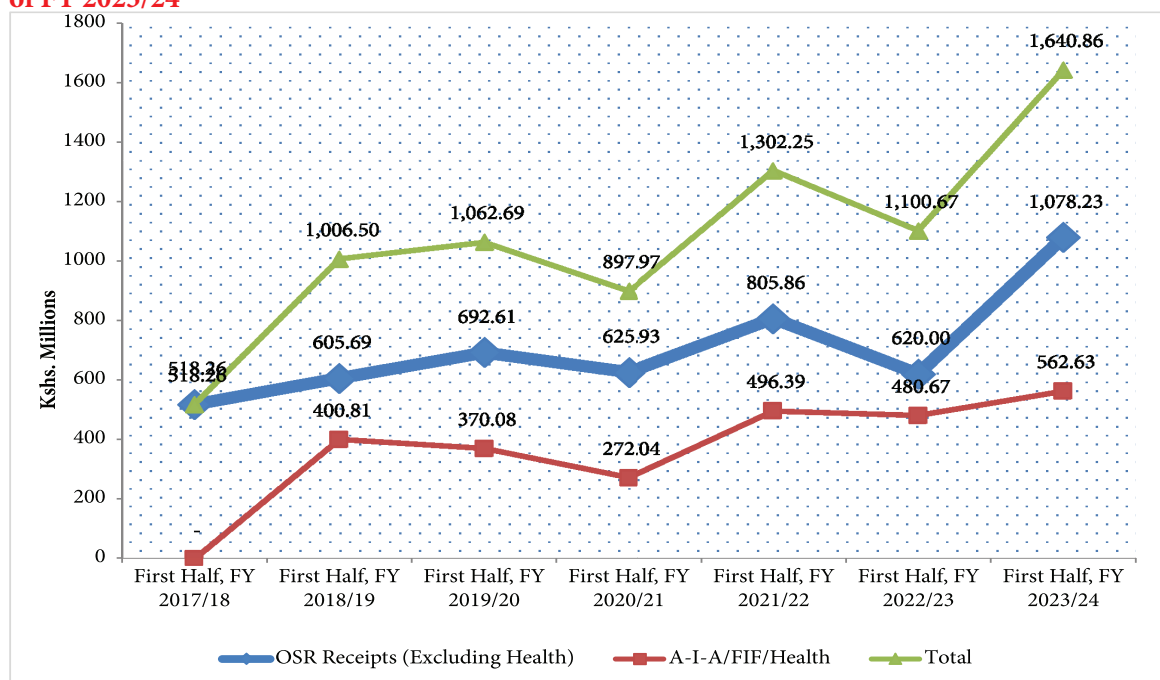
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	Mineral Royalties	10,139,863	-	-
6	IDA (World bank) National Agricultural & Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
7	IDA (World Bank) National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
8	DANIDA Grant- Primary Health care Devolved	17,209,500	-	-
9	IDA (World Bank) FLLoCA- County climate institutional support (CCIS) Grant	11,000,000	-	-
10	IDA (World bank) FLLoCA- County climate Resilience Investment Grant	125,000,000	-	-
11	Sweden-Agricultural sector Development support Programme -ASDSPII	2,583,952	-	-
12	World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	50,000,000	-	-
13	Aquaculture Business Development Project (ABDP)	23,664,715	-	-
14	Livestock Value Chain Support Project	149,092,200	-	-
	<b>Sub-Total</b>	<b>1,328,163,392</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	6,021,825,729	1,078,228,145	17.9
2	Balance b/f from FY2022/23	-	2,549,313,528	0.0
3	Facility Improvement Fund (FIF)	1,958,314,988	562,633,718	28.7
5	MSF Belgium	26,400,000	13,648,800	51.7
6	Nutrition International Project	9,100,000	2,274,400	25.0
	<b>Sub Total</b>	<b>8,015,640,717</b>	<b>4,206,098,591</b>	<b>52.5</b>
	<b>Grand Total</b>	<b>21,571,356,558</b>	<b>8,241,190,899</b>	<b>38.2</b>

Source: Kiambu County Treasury

The County has a governing legislation to operationalise the Facility Improvement Fund (FIF).

Figure 37 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

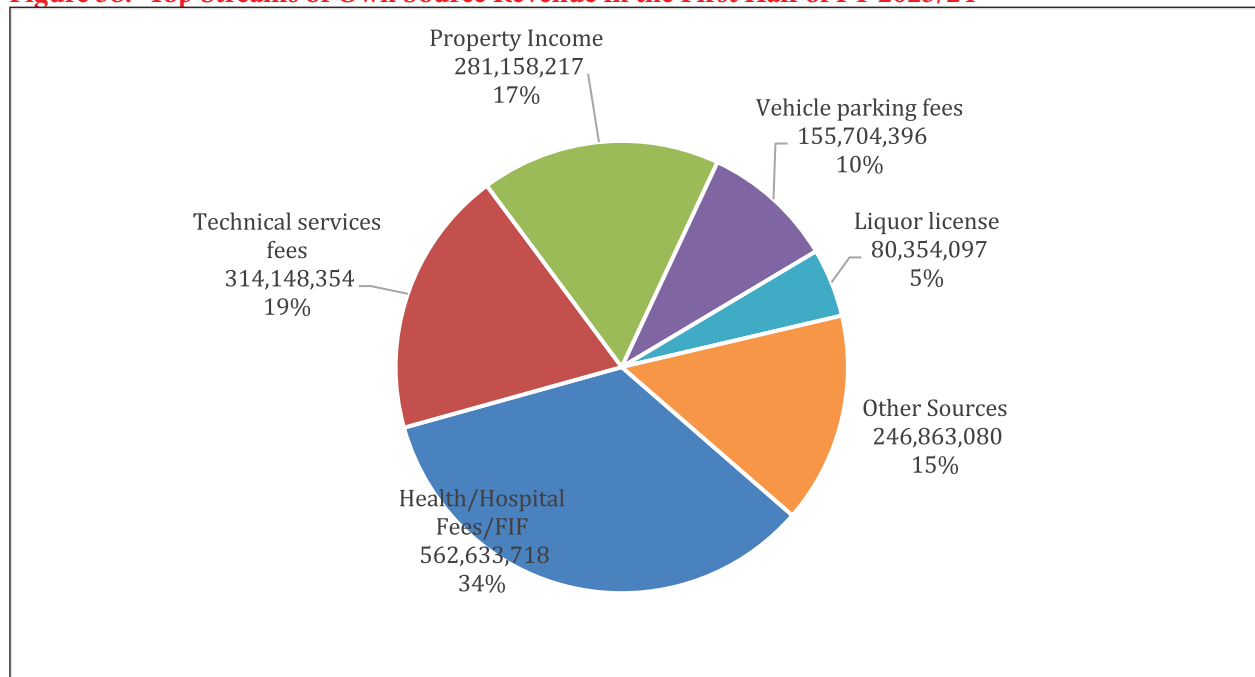
**Figure 37: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kiambu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.1.64 billion from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 49 per cent compared to Kshs.1.10 billion realised in a similar period in FY 2022/23 and was 20.6 per cent of the annual target and 40.7 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.4.75 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 38.

**Figure 38: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kiambu County Treasury

The highest revenue stream of Kshs.562.63 million was from the Facility Improvement Fund (Health Fund), contributing to 34 per cent of the total OSR receipts during the reporting period.

The increase in OSR may be attributed to the implementation of an automated revenue management system, which has helped seal loopholes, with a focus on revenue streams like physical planning, land rates, vehicle parking, hospital fees and single business permits. Further, the provision of waivers on tax arrears, and public sensitisation on the importance of revenue payment, including reminders through sending of bulk SMS, have also contributed to revenue collection efficiency.

### 3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.36 billion from the CRF account during the reporting period which comprised Kshs.641.04 million (8.7 per cent) for development programmes and Kshs.6.72 billion (91.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.4.47 billion was released towards Employee Compensation and Kshs.2.24 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.172.99 million.

### 3.13.4 County Expenditure Review

The County spent Kshs.6.17 billion on development and recurrent programmes in the reporting period. The expenditure represented 83.9 per cent of the total funds released by the CoB and comprised Kshs.838.68 million and Kshs.5.33 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.5 per cent, while recurrent expenditure represented 37.3 per cent of the annual recurrent expenditure budget.

### 3.13.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.5.87 billion, comprising of Kshs.3.51 billion for recurrent expenditure and Kshs.2.36 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.254.33 million were settled, consisting of Kshs.106.77 million for recurrent expenditure and Kshs.147.56 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.5.61 billion.

The outstanding pending bills for the County Assembly were Kshs.100.38 million as of 31<sup>st</sup> December 2023.

### 3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.39 billion on employee compensation, Kshs.1.21 billion on operations and maintenance, and Kshs.838.68 million on development activities. Similarly, the County Assembly spent Kshs.298.23 million on employee compensation and Kshs.427.50 million on operations and maintenance, 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 Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>12,857,056,861</b>	<b>1,442,783,227</b>	<b>4,606,173,155</b>	<b>725,725,538</b>	<b>35.8</b>	<b>50.3</b>
Compensation to Employees	7,727,874,086	558,501,227	3,391,178,444	298,227,131	43.9	53.4
Operations and Maintenance	5,129,182,775	884,282,000	1,214,994,711	427,498,407	23.7	48.3
<b>Development Expenditure</b>	<b>7,144,516,473</b>	<b>127,000,000</b>	<b>838,682,140</b>	<b>-</b>	<b>11.7</b>	<b>-</b>
<b>Total</b>	<b>20,001,573,334</b>	<b>1,569,783,227</b>	<b>5,444,855,295</b>	<b>725,725,538</b>	<b>27.2</b>	<b>46.2</b>

Source: Kiambu County Treasury

### 3.13.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.3.69 billion, or 44.8 per cent of the available revenue which amounted to Kshs.8.24 billion. This expenditure represented a decrease from Kshs.3.74 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.13 billion paid to health sector employees, translating to 57.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.58 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.109.56 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.34.39 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.64,408 per MCA. The County Assembly has established 23 Committees.

### 3.13.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.3.26 billion to county-established funds in FY 2023/24, constituting 51.1 per cent of the County's overall budget. Table 3.87 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.87: Performance of County Established Funds in the First Half of FY 2023/24**

S/No	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31st Dec. 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1	Kiambu Alcoholic Drinks Control Fund	82,000,000	16,000,000	10,460,342	Yes
2	Kiambu County Education Bursary Fund	200,000,000	200,000,000	120,693,927	Yes
3	Kiambu County Emergency Fund	30,000,000	-	600	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	112,500,000	-	280,325	Yes
5	Kiambu County Jiinue Fund	50,000,000	-	6,348,304	Yes
6.	Kiambu County Facility Improvement Fund	2,200,000,000	-	567,900,131	Yes
7	Kiambu County Climate Fund	256,072,746	-	4,519,320	Yes
<b>County Assembly Established Funds</b>					
8	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	328,232,000	25,000,000	1,836,466	Yes
9	Kiambu County Assembly Staff Mortgage Scheme Fund	-	-	1,079,678	Yes
<b>Total</b>		<b>3,258,804,746</b>	<b>241,000,000</b>	<b>713,119,093</b>	<b>-</b>

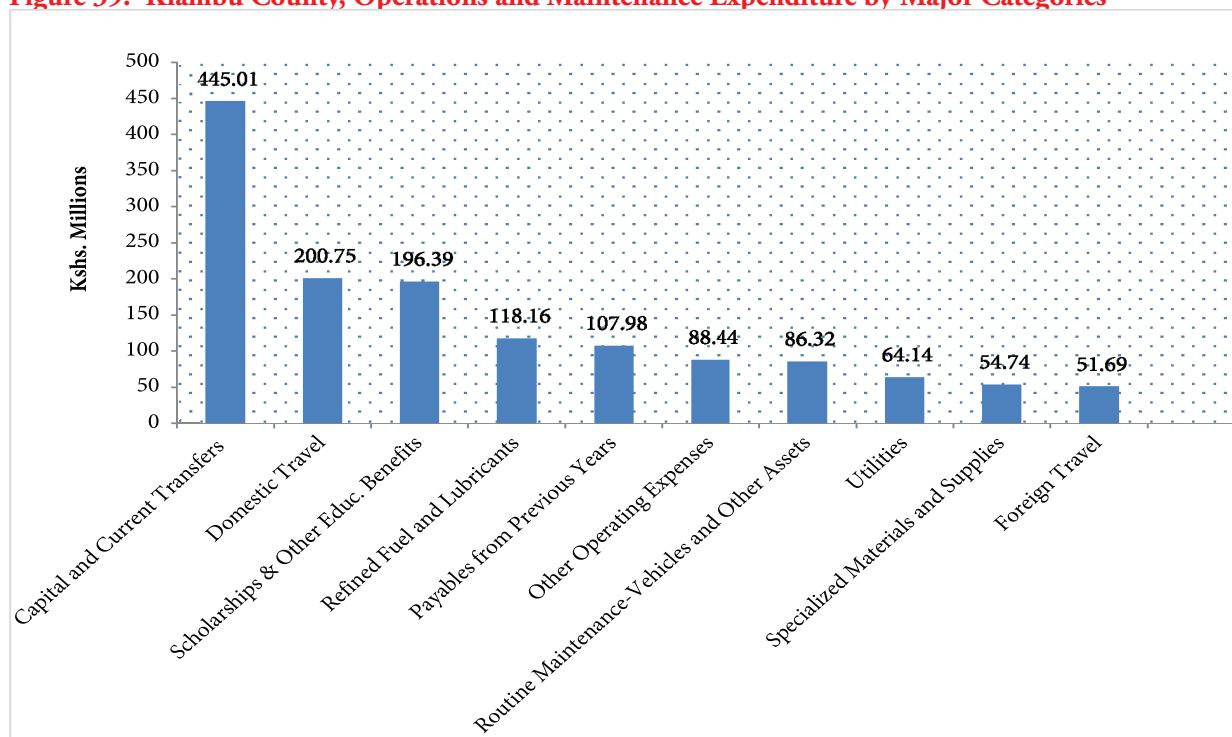
Source: *Kiambu County Treasury*

During the reporting period, the CoB received all the quarterly financial returns from Fund Administrators as indicated in Table 3.87. Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires County government bank accounts to be opened and maintained at the Central Bank of Kenya.

### 3.13.9 Expenditure on Operations and Maintenance

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

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



Source: Kiambu County Treasury

Included in the “Other Operating Expenses”, are costs on other operating expenses – others, of Kshs.46.05 million, management fees of Kshs.22.90 million and other expenses such as legal fees, membership subscriptions etc.

During the period, expenditure on domestic travel amounted to Kshs.200.75 million and comprised Kshs.184.02 million spent by the County Assembly and Kshs.16.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.51.69 million and comprised Kshs.50.98 million by the County Assembly and Kshs.883,037 by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.88 below; -

**Table 3.88: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

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

Source: Kiambu County Treasury

The County Assembly did not provide information on foreign trips for staff and members who travelled outside the country, even though an approved exchequer request for foreign travel during the reporting period was granted.

### 3.13.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.838.68 million on development programmes, representing an increase of 130.3 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.206.54 million. Table 3.89 summarises development projects with the highest expenditure in the reporting period.

**Table 3.89: Kiambu County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Transport, Public Works & Utilities	Rehabilitation of Rural Access Roads(420KM)	All wards	426,000,000	178,688,007	43
2	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	579,648,652	99,233,949	17
3	Roads, Transport, Public Works & Utilities	Purchase of specialized plant	Ruiru	200,000,000	88,673,000	44
4	Agriculture, Livestock and Cooperative Development	Procurement and distribution of certified seeds/ seedlings	County-wide	98,625,245	84,781,450	86
5	Agriculture, Livestock and Cooperative Development	Procurement of food crop fertilizer, and coffee fertilizer	County-wide	100,000,000	75,453,037	75
6	Health	Construction of a 4-storeyed type medical ward block at Wangige level 4 hospital	Kabete ward	220,283,842	38,279,815	95
7	Administration	Juja sub-county offices-to pay works completed from previous years	Juja	49,459,500	25,659,090	85
8	Health	Construction of Kikuyu level 4 hospital,	Kikuyu ward, Kikuyu sub county	211,723,000	21,053,993	70
9	Environmental Management and Compliance	Procuring Dump trucks	County Wide	23,000,000	20,700,000	90
10	Trade and Markets	Construction of market shed	Gatundu North Sub County	25,000,000	14,787,989	59.1

Source: Kiambu County Treasury

### 3.13.11 Budget Performance by Department

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

**Table 3.90: Kiambu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,442.78	127.00	725.73	116.53	725.73	-	100.0	-	50.3	-
County Executive	386.70	-	121.44	-	94.90	-	78.1	-	24.5	-
Public Service Board	85.25	-	31.64	-	17.17	-	54.3	-	20.1	-
Finance Economic Planning and ICT	1,475.39	257.97	547.84	17.89	520.22	1.58	95.0	8.8	35.3	0.6
Water, Environment and Natural resource	435.29	455.58	258.97	67.27	152.53	72.96	58.9	108.5	35.0	16.0
Health Services	6,724.90	1,086.36	3,232.92	44.64	2,532.89	109.95	78.3	246.3	37.7	10.1
Roads, Transport and Public Works	510.83	2,058.65	264.25	160.99	151.12	382.28	57.2	237.5	29.6	18.6
Administration and Public Service	841.80	107.86	403.57	14.68	324.48	32.37	80.4	220.6	38.5	30.0
Agriculture, Livestock and fisheries	501.78	1,340.25	276.78	171.09	93.30	184.66	33.7	107.9	18.6	13.8
Education, culture and Social Services	1,181.69	354.69	633.47	27.00	568.12	27.00	89.7	100.0	48.1	7.6
Youth and Sports	145.41	186.07	64.40	-	44.55	-	69.2	-	30.6	-
Lands, Physical Planning and Housing	439.60	428.82	114.53	8.85	92.55	0.80	80.8	9.1	21.1	0.2



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
Trade Tourism Industry and Cooperative	128.41	868.26	39.93	12.11	14.34	27.07	35.9	223.5	11.2	3.1
<b>Total</b>	<b>14,299.84</b>	<b>7,271.52</b>	<b>6,715.48</b>	<b>641.04</b>	<b>5,331.90</b>	<b>838.68</b>	<b>79.4</b>	<b>130.8</b>	<b>37.3</b>	<b>11.5</b>

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Administration and Public Service recorded the highest absorption rate of development budget at 30 per cent, followed by the Department of Roads, Transport and Public Works at 18.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 50.3 per cent while the Department of Trade Tourism Industry and Cooperatives had the lowest at 11.2 per cent.

Expenditure to exchequer issues for six departments were above 100 per cent as shown in Table 3.87. This may be attributed to the use of financial statements derived from the IFMIS system while preparing reports, in which some transactions may appear as having been paid at IFMIS while actual payments have not yet made.

### 3.13.12 Budget Execution by Programmes and Sub-Programmes

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

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Assembly</b>							
Legislation and oversight	Legislation and oversight	904,732,000	-	498,311,163	-	16.3	-
General Administration Planning and Support Services	General Administration Planning and Support Services	399,051,227	127,000,000	180,133,180	-	18.4	-
Representation services	Representation services	139,000,000	-	47,281,195	-	20.4	-
	<b>Sub-Total</b>	<b>1,442,783,227</b>	<b>127,000,000</b>	<b>725,725,538</b>	<b>-</b>	<b>17.3</b>	<b>-</b>
<b>County Executive</b>							
Leadership & Coordination of County Admin & Departments	General Administration and Support Services	349,615,988	-	93,229,438	-	21.1	-
	Representation Services	37,086,506	-	1,669,576	-	2.7	-
	<b>Sub-Total</b>	<b>386,702,494</b>	<b>-</b>	<b>94,899,014</b>	<b>-</b>	<b>19.3</b>	<b>-</b>
-							
Leadership and Administration of Human Resources and Development in County Public Service	Human Resource development and management services	85,250,972	-	17,174,187	-	1.7	-
	<b>Sub-Total</b>	<b>85,250,972</b>	<b>-</b>	<b>17,174,187</b>	<b>-</b>	<b>1.7</b>	<b>-</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Finance, Economic Planning and ICT</b>							
Public Finance Management and Economic Policy and Strategy	Budget	28,224,548	-	9,204,691	-	31.8	-
	Revenue	410,500,000	-	119,894,842	-	9.8	-
	Accounting	62,500,000	-	10,020,176	-	10.0	-
	Internal Audit	4,143,000	-	1,148,630	-	27.2	-
General Administration and support services	General Administration and support services	955,025,458	-	379,351,607	-	15.5	-
ICT Services	ICT services	15,000,000	257,966,018	598,550	1,577,600	-	-
	<b>Sub-Total</b>	<b>1,475,393,006</b>	<b>257,966,018</b>	<b>520,218,496</b>	<b>1,577,600</b>	<b>13.9</b>	<b>-</b>
<b>Water, Environment and Natural Resources</b>							
Administration, Planning & Support Services	Administration, Planning & Support Services	411,675,926	-	152,527,989	-	6.2	-
Water Resources Management & Sanitation Services	Water Resource Management and Sanitation	-	191,000,000	-	39,482,321	-	20.7
Natural Resources, Forest Conservation and Management	Natural Resources, Forest Conservation and Management	-	25,000,000	-	3,844,000	-	15.4
Environmental Management and Compliance	Environment and Solid Waste Management	-	94,580,000	-	29,634,810	-	31.3
Climate Change Mitigation & Adaptation	Climate Change Mitigation & Adaptation	23,617,867	145,000,000	-	-	-	0.0
	<b>Sub-Total</b>	<b>435,293,793</b>	<b>455,580,000</b>	<b>152,527,989</b>	<b>72,961,131</b>	<b>5.8</b>	<b>16.0</b>
<b>Health Services</b>							
Health Services	Curative	978,623,124	886,359,884	42,315,630	67,639,324	-	7.6
Health Services	Preventive and Promotive	837,900,000	200,000,000	251,119,969	42,315,630	0.1	21.2
Health Services	Pharmaceuticals	120,000,000	-	38,262,444	-	31.9	-
Health Services	Administration and Support	4,788,380,636	-	2,201,195,895	-	36.2	-
	<b>Sub-Total</b>	<b>6,724,903,760</b>	<b>1,086,359,884</b>	<b>2,532,893,938</b>	<b>109,954,954</b>	<b>26.4</b>	<b>10.1</b>
<b>Roads, Transport and Public Works</b>							
Maintenance of Roads, Bridges, Transport, Construction and Maintenance	General administration and support services	510,828,022	-	151,121,627	-	14.8	0
	Construction of road and civil works	-	2,058,648,652	-	382,281,596	-	18.6
	<b>Sub-Total</b>	<b>510,828,022</b>	<b>2,058,648,652</b>	<b>151,121,627</b>	<b>382,281,596</b>	<b>14.8</b>	<b>18.6</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Administration and Public Service</b>							
General Administration Planning and Support services	General Administration Planning and Support services	786,064,944	57,860,000	306,237,776	32,372,331	7.1	-
Human Resource Management & Development Services	Human Resource Management & Development	23,731,500	-	2,240,523	-	1.8	-
Alcoholic Fund	Alcoholic Drinks Control & Rehabilitation	32,000,000	50,000,000	16,000,000	-	-	-
	<b>Sub-Total</b>	<b>841,796,444</b>	<b>107,860,000</b>	<b>324,478,299</b>	<b>32,372,331</b>	<b>6.7</b>	<b>-</b>
<b>Agriculture, Crop Production &amp; Irrigation</b>							
Agriculture, Livestock and Co-Operative Development	General Administration, Planning and Support Services	419,262,457	-	87,762,769	-	1.3	-
	Crop Development, Irrigation and Marketing Services	9,500,000	974,496,063	-	168,848,840	-	17.3
	Livestock and Fisheries Management and Development	40,014,781	335,756,915	3,624,733	15,810,957	2.5	4.7
	Co-operative Development and Management	33,000,000	30,000,000	1,911,028	-	1.7	-
	<b>Sub-Total</b>	<b>501,777,238</b>	<b>1,340,252,978</b>	<b>93,298,530</b>	<b>184,659,797</b>	<b>1.4</b>	<b>13.8</b>
<b>Education, Culture and Social Services</b>							
Pre-primary Education, Promotion of Culture and Social Services	Pre-primary education and youth polytechnics services	369,000,000	307,688,453	242,379,898	26,995,608	55.1	-
	Culture and Social Services	10,500,000	47,000,000	-	-	-	-
	General administration and support services	802,193,881	-	325,737,568	-	5.3	-
	<b>Sub-Total</b>	<b>1,181,693,881</b>	<b>354,688,453</b>	<b>568,117,466</b>	<b>26,995,608</b>	<b>20.8</b>	<b>-</b>
	Youth Affairs	11,000,000	-	894,994	-	6.8	-
	Sports	38,000,000	-	25,575,200	-	35.3	-
	Communication	7,930,000	-	2,610,562	-	28.7	-
	General Administration	88,476,534	-	15,470,538	-	3.4	-
	Other Capital Grants & Trans	-	50,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Improvement of Sports Infrastructure	-	136,071,184	-	-	-	-
	<b>Sub-Total</b>	<b>145,406,534</b>	<b>186,071,184</b>	<b>44,551,294</b>	<b>-</b>	<b>13.4</b>	<b>-</b>
<b>Lands, Physical Planning and Housing</b>							
Urban Areas Development & Administration	Urban Areas Administration and Management	191,952,608	186,000,000	37,671,537	-	16.1	-
General Administration, Planning and Support Services	General administration and support services	202,649,501	-	54,777,330	-	2.5	-
Land Use Management, Valuation & Rating and Physical Planning	Land Administration services	45,000,000	147,543,092	106,000	-	-	-
Housing and Community Development	Housing Development	-	95,281,719	-	804,634	-	0.8
	<b>Sub-Total</b>	<b>439,602,109</b>	<b>428,824,811</b>	<b>92,554,867</b>	<b>804,634</b>	<b>8.2</b>	<b>0.2</b>
<b>Trade, Tourism, Industry and Co-operative</b>							
Trade, Industrialization, Tourism, Investments and Cooperative Development	General Administration, Planning and Support Services	24,955,000	-	2,651,260	-	4.6	-
	Trade Administration, Development and Promotion	103,453,608	-	11,686,188	-	1.4	-
	Trade and Markets	-	286,665,916	-	27,074,489	-	9.4
	Tourism promotion and marketing	-	16,500,000	-	-	-	-
	Industrialization	-	560,000,000	-	-	-	-
	Investment	-	5,098,576	-	-	-	-
	<b>Sub-Total</b>	<b>128,408,608</b>	<b>868,264,492</b>	<b>14,337,448</b>	<b>27,074,489</b>	<b>-</b>	<b>-</b>
	<b>Grand Total</b>	<b>14,299,840,088</b>	<b>7,271,516,472</b>	<b>5,331,898,693</b>	<b>838,682,140</b>	<b>37.3</b>	<b>11.5</b>

Source: Kiambu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Pre-primary Education and Youth Polytechnics Services in the Department of Education, Culture and Social Services at 55.1 per cent, Administration and Support Services in the Department of Health Services at 36.2 per cent, Sports in the Department of Youth Affairs, Sports and Communication at 35.3 per cent, and Pharmaceuticals in the Department of Health Services at 31.9 per cent of budget allocation.

### 3.13.13 Accounts Operated Commercial Banks

The County government operated a total of 52 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which requires County government bank accounts to be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.13.14 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. The underperformance of own-source revenue at Kshs.1.64 billion against an annual projection of Kshs.7.98 billion, representing 20.6 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.5.71 billion as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.109.56 million were processed through the manual payroll, accounting for 3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

## 3.14. County Government of Kilifi

### 3.14.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.11.91 billion (63.6 per cent) as the equitable share of revenue raised nationally, Kshs.200 million (1.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.2.52 billion (13.4 per cent) as conditional grants, a cash balance of Kshs.2.52 billion (13.4 per cent) brought forward from FY 2022/23, and generate Kshs.1.59 billion (8.5 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.92.

### 3.14.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.99 billion as the equitable share of the revenue raised nationally, Kshs.64.82 million as FIF, had a cash balance of Kshs.2.52 billion from FY 2022/23 raised Kshs.122.29 million as ordinary own-source revenue, and Kshs.64.82 million as FIF. The total funds available for budget implementation during the period amounted to Kshs.6.70 billion, as shown in Table 3.92.

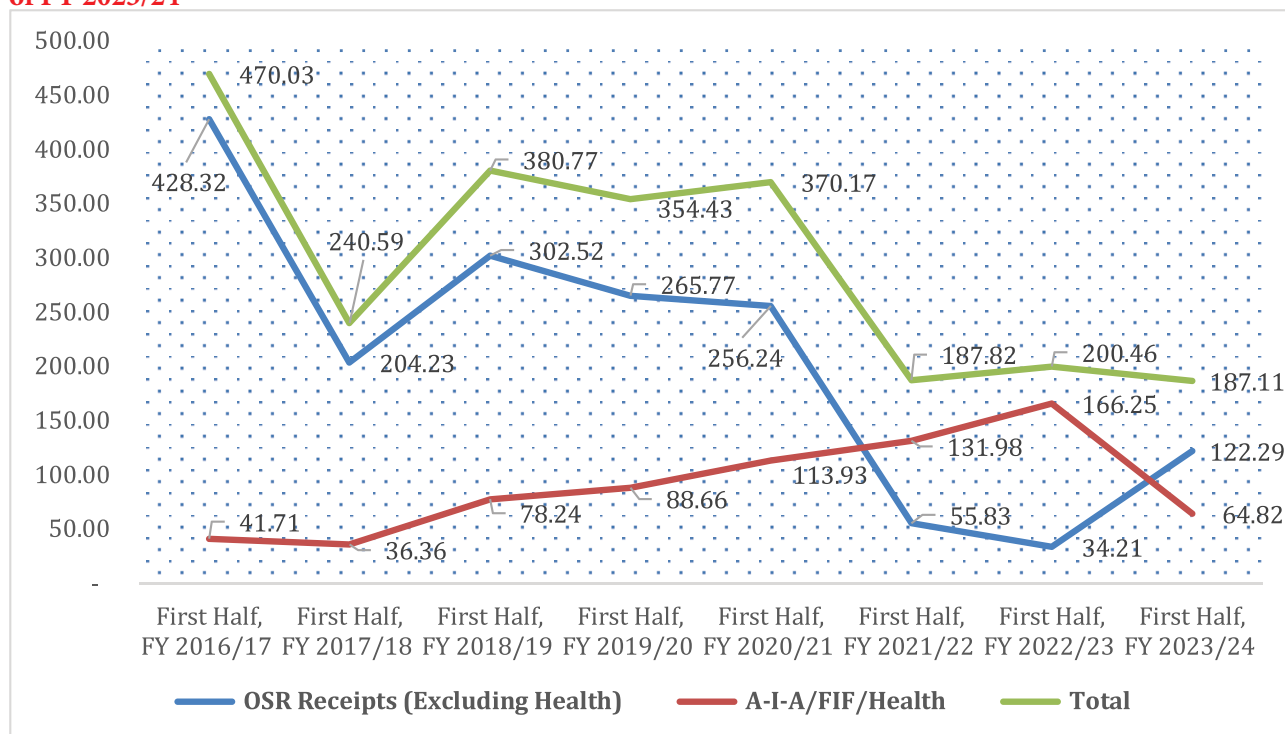
**Table 3.92: Kilifi County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,913,735,120	3,996,036,164	33.5
<b>Sub Total</b>		<b>11,913,735,120</b>	<b>3,996,036,164</b>	<b>33.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Leasing of Medical Equipment	124,723,404	-	-
2	Provision of Fertilizer Subsidy Programme	134,390,478	-	-
3	Aggregated Industrial Parks Programme	100,000,000	-	-
4	Livestock Value Chain Support Project	14,323,680	-	-
5	De-Risking and Value Enhancement (DRIVE)	63,341,980	-	-
6	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	98,880,952	-	-
7	National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
8	DANIDA Grant (Universal Healthcare in Devolved System Programme)	19,057,500	-	-
9	Water Sanitation Development Programme (WSDP)	1,300,000,000	-	-
10	World Bank Credit to Finance Locally-Led Climate Action Program	11,000,000	-	-
11	Agricultural Sector Development Support Programme (ASDSP) II	1,248,343	-	-
12	Kenya Informal Settlement and Improvement Project (KISIP)	250,000,000	-	-
13	World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
<b>Sub-Total</b>		<b>2,516,966,337</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	1,588,634,222	122,286,381	7.7
2	Balance b/f from FY2022/23	2,516,966,337	2,516,966,337	100.0
3	Facility Improvement Fund (FIF)	200,000,000	64,819,992	32.4
<b>Sub Total</b>		<b>4,305,600,559</b>	<b>2,704,072,710</b>	<b>62.8</b>
<b>Grand Total</b>		<b>18,736,302,016</b>	<b>6,700,108,874</b>	<b>35.8</b>

*Source: Kilifi County Treasury*

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

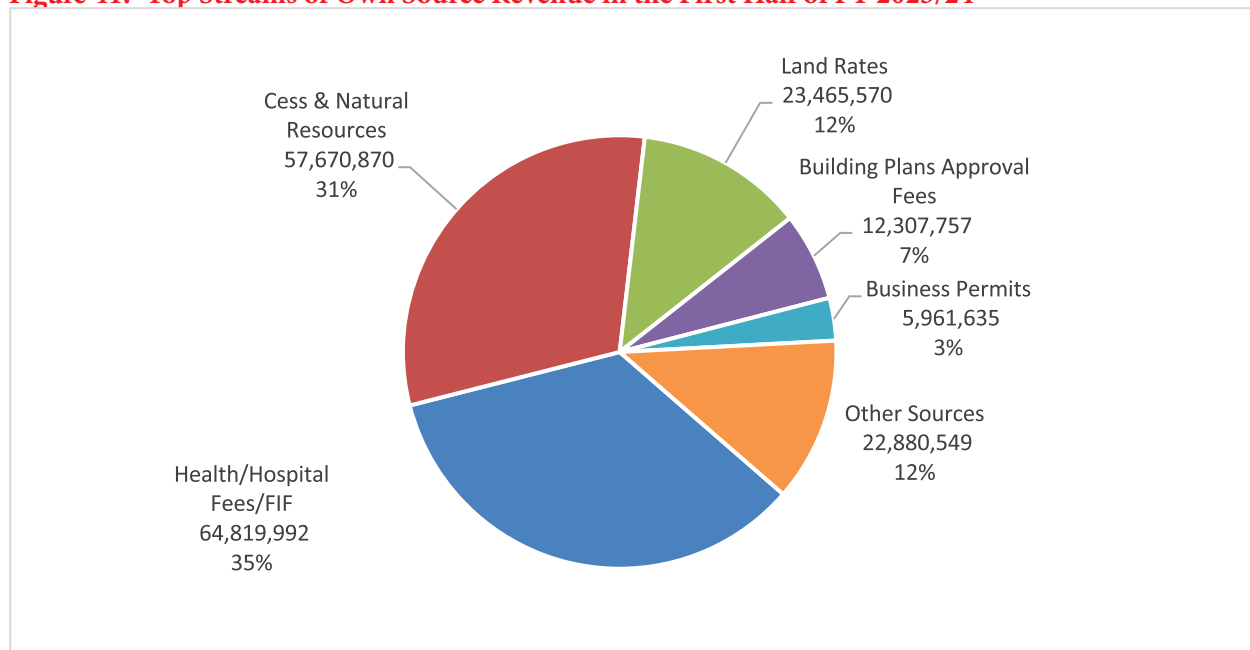
**Figure 40: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kilifi County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.187.11 million from its sources of revenue inclusive of FIF and AIA. This amount represented a decrease of 38.9 per cent compared to Kshs.200.46 million realised in a similar period in FY 2022/23 and was 10.5 per cent of the annual target and 3.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 41.

**Figure 41: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kilifi County Treasury

The highest revenue stream of Kshs.64.82 million was from Facility Improvement Fee contributing to 35 per cent of the total OSR receipts during the reporting period.

### 3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.4 billion from the CRF account during the reporting period which comprised Kshs.927.94 million (17.2 per cent) for development programmes and Kshs. 4.47 billion (82.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.16 billion was released towards Employee Compensation and Kshs.2.31 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.444.95 million.

### 3.14.4 County Expenditure Review

The County spent Kshs.5.34 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.9 per cent of the total funds released by the CoB and comprised Kshs.940.13 million and Kshs.4.40 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.3 per cent, while recurrent expenditure represented 38.1 per cent of the annual recurrent expenditure budget.

### 3.14.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.3.12 billion, comprising of Kshs.1.75 billion for recurrent expenditure and Kshs.1.37 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.1.77 billion were settled, consisting of Kshs.1.02 billion for recurrent expenditure and Kshs.751.43 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.35 billion.

### 3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.94 billion on employee compensation, Kshs.1.91 billion on operations and maintenance, and Kshs.935.72 million on development activities. Similarly, the County Assembly spent Kshs.205.70 million on employee compensation, Kshs.341.66 million on operations and maintenance, and Kshs.4.41 million on development activities, as shown in Table 3.93.

**Table 3.93: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>10,609,895,172</b>	<b>949,209,543</b>	<b>3,855,863,571</b>	<b>547,358,321</b>	<b>36.3</b>	<b>57.7</b>
Compensation to Employees	4,976,169,935	468,603,589	1,941,947,818	205,701,012	39.0	43.9
Operations and Maintenance	5,633,725,237	480,605,954	1,913,915,753	341,657,309	34.0	71.1
<b>Development Expenditure</b>	<b>8,126,406,844</b>	<b>221,000,000</b>	<b>935,719,406</b>	<b>4,409,113</b>	<b>11.5</b>	<b>2.0</b>
<b>Total</b>	<b>18,736,302,016</b>	<b>1,170,209,543</b>	<b>4,791,582,977</b>	<b>551,767,434</b>	<b>25.6</b>	<b>47.2</b>

### 3.14.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.15 billion, or 32.1 per cent of the available revenue which amounted to Kshs.6.70 billion. This expenditure represented a decrease from Kshs.2.55 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.0 billion paid to health sector employees, translating to 46.5 per cent of the total wage bill

Further analysis indicates that PE costs amounting to Kshs.1.98 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.165.98 million was processed through manual payrolls. The manual payrolls accounted for 7.7 per cent of the total PE cost.

The County Assembly spent Kshs.17.17 million on committee sitting allowances for the 56 MCAs and the Speaker against the annual budget allocation of Kshs.31.95 million. The average monthly sitting allowance was Kshs.51,102 per MCA. The County Assembly has established 23 Committees.



### 3.14.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs. 857.93 million to county-established funds in FY 2023/24, constituting 4.6 per cent of the County's overall budget. Table 3.94 summarizes each established Fund's budget allocation and performance during the reporting period.

**Table 3.94: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements
<b>County Executive Established Funds</b>					
1.	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-	No
2.	Kilifi County Ward Scholarship Fund	350,000,000	175,000,000	175,000,000	Yes
3.	Kilifi County Emergency Fund	100,000,000	100,000,000	100,000,000	No
4.	Kilifi County Wezesha Fund	150,000,000	75,000,000	75,000,000	Yes
5.	Kilifi County Health Services Improvement Fund	25,932,178	-	-	No
<b>County Assembly Established Funds</b>					
1.	Kilifi County Assembly Car Loan & Mortgage Fund	112,000,000	24,308,000	24,308,000	Yes
<b>Total</b>		<b>857,932,178</b>	<b>374,308,000</b>	<b>374,308,000</b>	

**Source:** Kilifi County Treasury

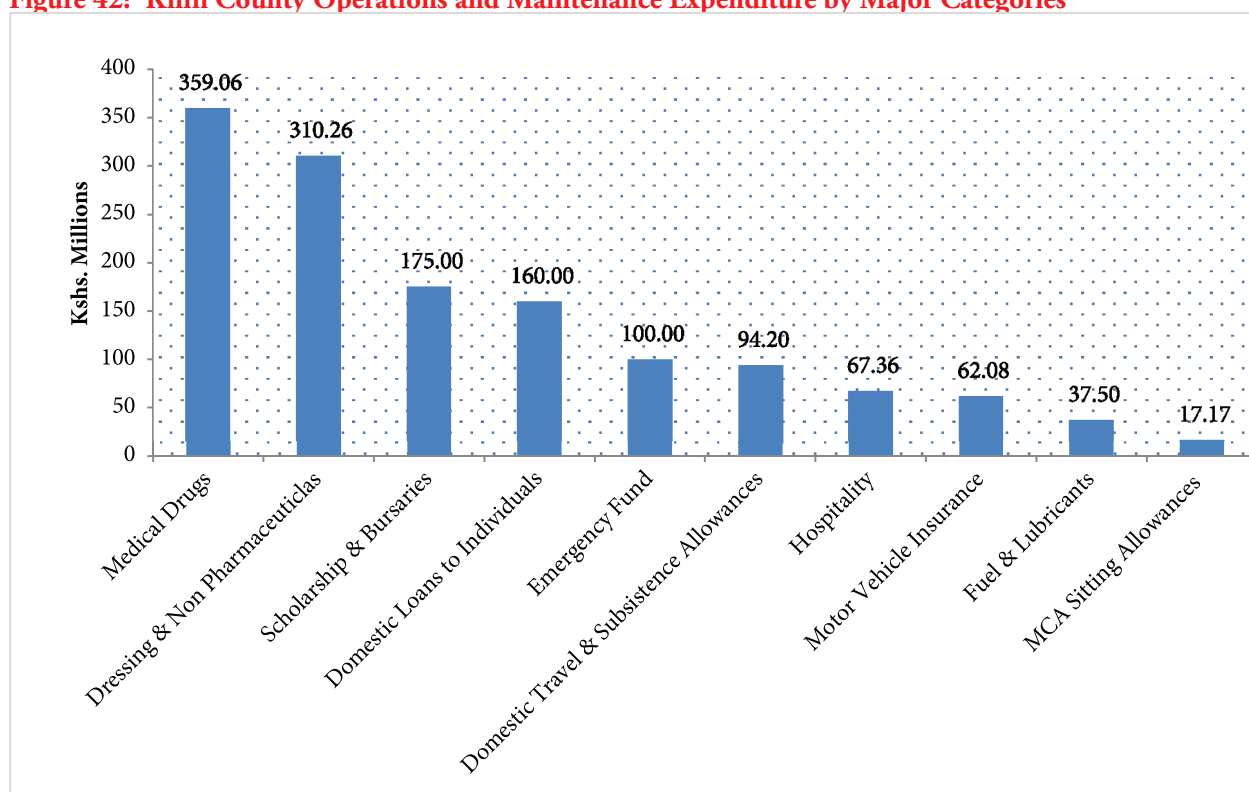
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Kilifi County Executive Car loan & Mortgage, Kilifi County Health Services Improvement funds as indicated in Table 3.94, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the CoB notes that the County government uses commercial bank accounts to operate the above established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.14.9 Expenditure on Operations and Maintenance

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

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



Source: Kilifi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.94.20 million and comprised Kshs.60.06 million spent by the County Assembly and Kshs.35.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.45 million and comprised Kshs.1.1 million by the County Assembly and Kshs.26.35 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.95

**Table 3.95: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

County Department	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Office of the Governor	2	25/8/2023	Meeting in Dubai on collaboration with Kilifi County in the sustainable project for carbon credits	Dubai	3,180,160
Roads, Transport & Public Works	2	09/09/2023	FIDIC Global Infrastructure Project	Singapore	3,031,600
Office of the Governor	2	15/9/2023	Trade mission in Slovakia from 15th -23rd September 2023	Slovakia	2,661,917
Finance	1	25/8/23-4/09/23	Signing of memorandum of understanding for collaboration with Kilifi County Sustainable Project for Carbon Credits Generation in Kenya	Dubai	1,799,560
Finance	1	15/09/23-23/09/23	Trade Mission with H.E the Governor	Slovakia	1,693,426
Agriculture	2	10/07/2023	Sustainable development of coastal communities and study tour	Italy	913,160.00

Source: Kilifi County Treasury

### 3.14.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.940.13 million on development programmes, representing an increase of 277 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.249.43 million. The 3.96 summarises development projects with the highest expenditure in the reporting period.

**Table 3.96: Kilifi County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Blue Economy	Construction of Shore Protection Wall at Ngomeni	Ngomemi	73,000,000	5,206,412	7.1
2	Water	Upgrade of Mwavumbo pumping station	Mariakani	15,991,934	7,000,000	43.8
3	Youth & Sports	Talent search programme	County wide	12,220,538	4,803,500	39.3
4	Water	Bodoi Pipeline	Garashi	5,000,000	4,999,999.00	100.0
5	Water	Mazeras Booster Pump	Rabai Kisurutini	5,000,000	4,999,999.00	100.0
6	Water	Maintenance and repair of 10 No. Boreholes in Sabaki Ward	Sabaki	5,000,000	4,999,999.00	100.0
7	Water	Maintenance and repair of 8 No. Boreholes in Matsangoni Ward	Matsangoni	4,000,000	3,999,999.00	100.0
8	Water	construction of Makonje Mare water pipeline	Sokoce	3,998,638	3,998,638	100.0
9	Water	Water Pipeline Mazia Mairi - Nasoro ECDE	Bamba	2,998,937	2,998,937	100.0
10	Water	Gongoni Water Pipeline connection	Gongoni	2,500,000	2,500,000	100.0

Source: Kilifi County Treasury

### Budget Performance by Department

Table 3.97 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.97: Kilifi County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	949.21	292.12	547.58	4.41	547.36	4.41	100	100	57.7	1.5
Office of the Governor	403.66	-	167.92	-	147.69	-	88	-	36.6	-
County Division for Finance	483.05	55.89	239.93	-	202.99	-	84.6	-	42	-
Agriculture	88.93	747.44	17.50	79.61	7.83	117.28	44.7	147.3	8.8	15.7
Lands & Energy	109.69	257.58	28.09	35.88	12.29	35.68	43.8	99.4	11.2	13.9
County Public Service Boards	62.87	-	12.13	-	16.45	-	135.6	-	26.2	-
Public Service Management	4,976.17	75.00	1,985.75	0.94	1,958.47	-	98.6	-	39.4	-
County Attorney	136.54	24.00	23.64	-	19.07	-	80.7	-	14.0	-
Economic Planning	130.25	-	-	-	22.51	-	-	-	17.3	-
Livestock	36.69	157.38	7.96	29.18	7.96	54.50	100	186.8	21.7	34.6
Information Communication Technology	42.85	-	-	-	-	-	-	-	-	-
Physical Planning, Urban Development & Housing	238.14	356.48	170.84	-	177.70	-	104	-	74.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Cooperative Development	54.20	35.00	6.77	-	6.65	-	98.2	-	12.3	-
Resource Mobilization	173.42	-	4.02	-	-	-	-	-	-	-
Blue Economy	38.73	189.29	3.17	6.13	3.17	27.89	99.9	455.1	8.2	14.7
Water Services	91.95	2,256.93	17.07	268.14	17.04	292.93	99.8	109.2	18.5	13
County Division for Environment and Natural Resources	102.39	19.00	17.39	-	17.39	-	100	-	17	-
Forestry and Climate Change	18.01	72.59	-	-	-	-	-	-	-	-
Early Childhood Education and Vocational Training	449.88	635.76	214.88	87.51	-	-	-	-	-	-
Health and Sanitation Services	1,250.42	849.79	934.73	94.83	896.77	93.58	95.9	98.7	71.7	11.0
Roads and Transport Services	353.34	1,174.51	74.00	152.26	75.47	132.22	102	86.8	21.4	11.3
Public Works	20.00	-	-	-	0.60	-	-	-	3	-
Gender and Social Services	104.76	146.19	11.95	40.28	11.92	24.34	99.8	60.4	11.4	16.6
Youth Affairs & Sports	15.15	151.08	-	22.55	5.35	45.39	-	201.3	35.3	30
Trade Development	51.05	509.31	16.30	106.21	16.28	106.56	99.9	100.3	31.9	20.9
Tourism Promotion	55.48	37.89	-	-	11.76	-	-	-	21.2	-
Devolution & Civic Education	60.63	42.81	-	-	1.93	0.94	-	-	3.2	2.2
Special Programs & Disaster Management	112.44	40.32	-	-	6.02	-	-	-	5.4	-
<b>Total</b>	<b>10,609.90</b>	<b>8,126.36</b>	<b>4,472.30</b>	<b>927.94</b>	<b>4,190.67</b>	<b>935.72</b>	<b>93.7</b>	<b>100.8</b>	<b>39.5</b>	<b>11.5</b>

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Livestock recorded the highest absorption rate of development budget at 34.6 per cent, followed by the Department of Youth Affairs & Sports at 30 per cent. The Department of Health and Sanitation Services had the highest percentage of recurrent expenditure to budget at 71.7 per cent while the Department of Public Works had the lowest at 3.0 per cent.

### 3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.98 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.98: Kilifi County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Blue Economy</b>							
	Administration Planning and Support Services	3,752,192	7,500,000	3,253,240	5,206,413	86.7	69.4
	<b>Sub Total</b>	<b>3,752,192</b>	<b>7,500,000</b>	<b>3,253,240</b>	<b>5,206,413</b>	<b>86.7</b>	<b>69.4</b>
	Sub-programme	111,500	-	-	-	-	-
	<b>Sub-Total</b>	<b>111,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>3,863,692</b>	<b>7,500,000</b>	<b>3,253,240</b>	<b>5,206,413</b>	<b>84.2</b>	<b>69.4</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Trade &amp; Tourism</b>	Administration Planning and Support Services	7,000,000	-	701,400	-	10.0	-
	<b>Sub Total</b>	<b>7,000,000</b>	<b>-</b>	<b>701,400</b>	<b>-</b>	<b>10.0</b>	<b>-</b>
	Promotion of Co-operative & Advisory services	47,200,567	35,000,000	23,646,222	-	50.1	-
	<b>Sub-Total</b>	<b>47,200,567</b>	<b>35,000,000</b>	<b>23,646,222</b>	<b>-</b>	<b>50.1</b>	<b>-</b>
<b>Grand Total</b>		<b>54,200,567</b>	<b>35,000,000</b>	<b>24,347,622</b>	<b>-</b>	<b>44.9</b>	<b>-</b>
<b>Water sanitation and Natural Resources</b>							
	Administration, planning and support services	45,974,612	-	25,985,291	-	56.5	-
	<b>Sub-Total</b>	<b>45,974,612</b>	<b>-</b>	<b>25,985,291</b>	<b>-</b>	<b>56.5</b>	<b>-</b>
Water Resources Management	Water resources management	-	1,128,461,950	-	292,930,152	-	26.0
	<b>Sub-Total</b>	<b>-</b>	<b>1,128,461,950</b>	<b>-</b>	<b>292,930,152</b>	<b>-</b>	<b>26.0</b>
<b>Grand Total</b>		<b>45,974,612</b>	<b>1,128,461,950</b>	<b>25,985,291</b>	<b>292,930,152</b>	<b>56.5</b>	<b>26.0</b>
Sports and Talent Development	Sports and Talent Development	10,124,610	92,974,561	5,348,900	43,484,306	52.8	46.8
<b>GRAND TOTAL</b>		<b>10,124,610</b>	<b>92,974,561</b>	<b>5,348,900</b>	<b>43,484,306</b>	<b>52.8</b>	<b>46.8</b>
<b>Special Programmes</b>	Special Programmes	56,219,106	-	6,021,800	-	10.7	-
	Disaster Risk Management	-	20,161,770	-	-	-	-
<b>GRAND TOTAL</b>		<b>56,219,106</b>	<b>20,161,770</b>	<b>6,021,800</b>	<b>-</b>	<b>10.7</b>	<b>-</b>
<b>Roads &amp; Transport Services</b>	Sub-Programme						-
		353,340,721	-	75,470,338	-	21.4	-
		-	1,174,514,808	-	132,215,224	-	11.3
	<b>Sub-Total</b>	<b>353,340,721</b>	<b>1,174,514,808</b>	<b>75,470,338</b>	<b>132,215,224</b>	<b>21.4</b>	<b>11.3</b>
<b>Grand Total</b>		<b>353,340,721</b>	<b>1,174,514,808</b>	<b>75,470,338</b>	<b>132,215,224</b>	<b>21.4</b>	<b>11.3</b>
<b>Public Works</b>							
	202013110	20,000,000	-	604,800	-	3.0	-
	<b>Sub-Total</b>	<b>20,000,000</b>	<b>-</b>	<b>604,800</b>	<b>-</b>	<b>3.0</b>	<b>-</b>
<b>Grand Total</b>		<b>20,000,000</b>	<b>-</b>	<b>604,800</b>	<b>-</b>	<b>3.0</b>	<b>-</b>
<b>Public Service Management</b>							
	Administration, Planning and Support Services	4,969,381,302	75,000,000	1,958,466,088	-	39.4	-
	Human Resource Development	6,788,633	-	-	-	-	-
<b>Grand Total</b>		<b>4,976,169,935</b>	<b>75,000,000</b>	<b>1,958,466,088</b>	<b>-</b>	<b>39.4</b>	<b>-</b>
<b>Livestock</b>							
	Sub-programme	22,307,752	69,932,830	14,204,302	28,427,616	63.7	40.6
	<b>Sub Total</b>	<b>22,307,752</b>	<b>69,932,830</b>	<b>14,204,302</b>	<b>28,427,616</b>	<b>63.7</b>	<b>40.6</b>
	Sub-programme	-	20,558,824	-	11,499,638	-	55.9
	<b>Sub Total</b>	<b>-</b>	<b>20,558,824</b>	<b>-</b>	<b>11,499,638</b>	<b>-</b>	<b>55.9</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Grand Total</b>		<b>22,307,752</b>	<b>90,491,654</b>	<b>14,204,302</b>	<b>39,927,254</b>	63.7	44.1
<b>Lands &amp; Energy</b>							
	Sub-programme 1.1 Administration, Planning and Support Services	87,764,056				0.0	-
	<b>Sub Total</b>	87,764,056				0.0	-
	Sub-Programme 4.1 Land use	6,519,938				0.0	-
	Sub-Programme 4.2 Land Survey, Mapping and Valuation	5,251,310	140,918,025			0.0	0.0
	Sub-Total	11,771,248	140,918,025			0.0	0.0
	Sub-Programme 5.1: Physical Planning and Development	-	66,000,000			-	0.0
	Sub-Total	-	66,000,000			-	0.0
	<b>Sub Program 7.1: Alternative energy technologies</b>	10,150,000	50,662,410			0.0	0.0
	<b>Sub-Total</b>	10,150,000	50,662,410			0.0	0.0
<b>Grand Total</b>		<b>109,685,304</b>	<b>257,580,435</b>	-		0.0	0.0
<b>Health &amp; Sanitation</b>	Non-Communicable Disease Controls	55,799,547	6,966,025	48,833,523		87.5	0.0
SUB-TOTAL		55,799,547	6,966,025	48,833,523		87.5	0.0
	County Health Care Services	700,000,000	692,593,079	7,406,921		1.1	0.0
<b>SUB-TOTAL</b>		700,000,000	692,593,079	7,406,921		1.1	0.0
	Administrative and Planning Services	1,109,703,733	290,786,318	818,917,415		73.8	0.0
SUB-TOTAL		1,109,703,733	290,786,318	818,917,415		73.8	0.0
	Reproductive, Maternal, Neonatal, Child, & Adolescent Health (RMNCA)	9,814,150	-	9,814,150		100.0	-
SUB-TOTAL		9,814,150	-	9,814,150		100.0	-
<b>Grand Total</b>		<b>1,875,317,430</b>	<b>990,345,422</b>	<b>884,972,009</b>		47.2	0.0
<b>Gender, Culture &amp; Social Services</b>							
	Administration Services	46,116,479	-	36,519,232	-	79.2	-
	Heritage Conservation Programme	22,055,946	5,000,000	18,495,780	-	83.9	-
	Gender Development	5,600,000	73,500,500	1,773,200	21,842,298	31.7	29.7
	Library Services	1,226,976	5,674,160	222,500	-	18.1	-
	Social Protection	-	6,170,500	-	500,000	-	8.1
	Sports and Talent Development	-	2,000,000	-	1,999,980	-	100.0
<b>Grand Total</b>		<b>74,999,401</b>	<b>92,345,160</b>	<b>57,010,712</b>	<b>24,342,278</b>	76.0	26.4
<b>Office of the Governor</b>							
	Administrative services	145,456,235		142,140,790		97.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Governance and national values	56,375,435		5,550,000		9.8	-
	<b>Sub Total</b>	201,831,670		147,690,790		73.2	-
	<b>Sub-Total</b>	201,831,670		147,690,790		73.2	-
<b>Grand Total</b>		<b>201,831,670</b>		<b>147,690,790</b>		73.2	-
<b>Environment &amp; Natural Resources</b>							
	Administration, planning and support services	67,946,969	-	54,725,273	-	80.5	-
	Sub Total	67,946,969	-	54,725,273	-	80.5	-
	Natural resources conservation and management	-	6,000,000		-	-	-
	Environment Management and Protection		500,000		-	-	-
	Solid waste Management		12,500,000		-	-	-
	Sub-Total	-	19,000,000	-	-	-	-
<b>Grand Total</b>		<b>67,946,969</b>	<b>19,000,000</b>	<b>54,725,273</b>	-	80.5	-
<b>Devolution &amp; Civic Education</b>							
	Administration, Planning and Support Services	60,634,761	-	1,926,543	942,662	3.2	-
	Sub Total	60,634,761	-			0.0	-
	Devolution Services	-	42,811,865	-	-	-	-
	<b>Sub-Total</b>	-	42,811,865	-	-	-	-
<b>Grand Total</b>		<b>60,634,761</b>	<b>42,811,865</b>	-	-	-	-
<b>County Public Service Board</b>							
	Administration, Planning and Support Services	43,424,548	-	12,330,772	-	28.4	-
	Recruitment and Selection	19,440,500	-	4,121,500	-	21.2	-
<b>Grand Total</b>		<b>62,865,048</b>	-	<b>16,452,272</b>	-	26.2	-
<b>Office of the County Attorney</b>	Administration Planning and Support Services	120,742,164		19,071,084		15.8	-
	Legal Advisory and Legislative Drafting	15,796,702	24,000,000			0.0	0.0
	<b>Grand Total</b>	<b>136,538,866</b>	<b>24,000,000</b>	<b>19,071,084</b>	-	14.0	0.0
<b>Cooperative Development</b>							
	Administration Planning and Support Services	7,000,000	-	701,400	-	10.0	-
	Sub Total	7,000,000	-	701,400	-	10.0	-
	Promotion of Co-operative & Advisory services	47,200,567	35,000,000	23,646,222	-	50.1	-
	<b>Sub-Total</b>	<b>47,200,567</b>	<b>35,000,000</b>	<b>23,646,222</b>	-	50.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Grand Total</b>		<b>54,200,567</b>	<b>35,000,000</b>	<b>24,347,622</b>	-	44.9	-
<b>Climate Change</b>							
	Climate Change Adaptation	9,002,916	36,299,148			0.0	0.0
	<b>Grand Total</b>	<b>9,002,916</b>	<b>36,299,148</b>			0.0	0.0
	Sub-programme	19,879,891	366,228,330	13,645,628	74,984,310	68.6	20.5
	Sub Total	19,879,891	366,228,330	13,645,628	74,984,310	68.6	20.5
	Sub-programme	25,640,000	50,694,286	17,111,980	42,295,415	66.7	83.4
	<b>Sub-Total</b>	<b>25,640,000</b>	<b>50,694,286</b>	<b>17,111,980</b>	<b>42,295,415</b>	<b>66.7</b>	<b>83.4</b>
	Sub-programme	3,054,632	3,000,000	386,935	1	12.7	0.0
	Sub-Total	3,054,632	3,000,000	386,935	1	12.7	0.0
<b>Grand Total</b>		<b>48,574,523</b>	<b>419,922,616</b>	<b>31,144,543</b>	<b>117,279,726</b>	64.1	27.9

*Source: Kilifi County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative services in the Department of Office of the Governor at 97.7 per cent, heritage and conservation programme in the Department of Gender and Social Services at 83.7 per cent, administrative services in the Department of Gender and social services at 79.2 per cent. However, this report on budget execution by programmes and sub-programmes did not tally with other expenditure reports submitted by the County Treasury and points to failure to do regular reconciliations.

### 3.14.12 Accounts Operated Commercial Banks

The County government operated a total of 8 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.14.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.122.28 million against an annual projection of Kshs.1.58 billion, representing 7.7 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kilifi County Executive Car Loan & Mortgage Fund, and Health Services Improvement Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.1.35 billion as of 31<sup>st</sup> December 2023.
4. Inconsistency in financial reporting. The expenditure report on programs and sub-programs does not tally with expenditures by departments.



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

1. *The County should devise and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The County Treasury should address the issue of reporting inconsistently by reconciling their expenditure by programs and sub-programs and expenditure by departments.*

### 3.15. County Government of Kirinyaga

#### 3.15.1 Overview of FY 2023/24 Budget

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

To finance the budget, the County expects to receive Kshs.5.42 billion (74.9 per cent) as the equitable share of revenue raised nationally, Kshs.201.00 million (2.1 per cent) as Appropriations-in-Aid (A-I-A, revenue from health facilities), Kshs. 612.97 million (8.5 per cent) as conditional grants, a cash balance of Kshs. 657.36 million (9.1 per cent) brought forward from FY 2022/23, and generate Kshs.349.00 million (4.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.95.

#### 3.15.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.25 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.657.36 million from FY 2022/23 and raised Kshs.192.71 million as own-source revenue (OSR). The raised OSR includes Kshs. 104.85 million as FIF and Kshs. 87.86 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.09 billion, as shown in Table 3.99.

**Table 3.99: Kirinyaga County, Revenue Performance in the First Half of FY 2023/24**

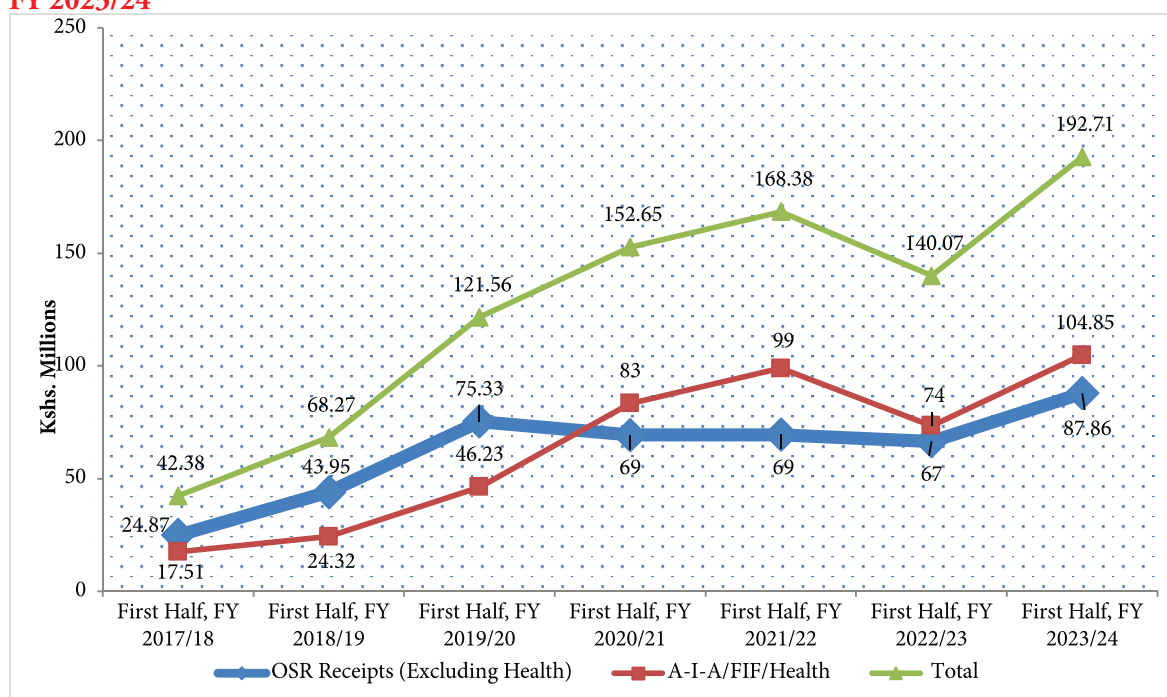
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>A.</b>	<b>Equitable Share of Revenue Raised Nationally</b>	5,420,217,528.00	2,249,390,274.00	41.5
<b>Sub Total</b>		<b>5,420,217,528.00</b>	<b>2,249,390,274.00</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	144,370,399.38	-	-
2	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	317,307,692.31	-	-
3	DANIDA Grant	7,738,499.93	-	-
4	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	900,970.34	-	-
5	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	11,000,000.00	-	-
6	IDA (World Bank) Credit (Financing Locally- Led Climate Action (FLLoCA) Program – County Climate Resilience Investment Grant (CCRIG)	131,648,937.75	-	-
<b>Sub-Total</b>		<b>612,966,500</b>	<b>-</b>	<b>-</b>

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	349,000,000	87,861,942	25.2
2	Balance b/f from FY2022/23	657,363,378	657,363,378	100.0
3	Facility Improvement Fund (FIF)	201,000,000	104,846,743	52.2
<b>Sub Total</b>		<b>1,207,363,378</b>	<b>850,072,063</b>	<b>70.4</b>
<b>Grand Total</b>		<b>7,240,547,406</b>	<b>3,099,462,337</b>	<b>42.8</b>

Source: Kirinyaga County Treasury

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

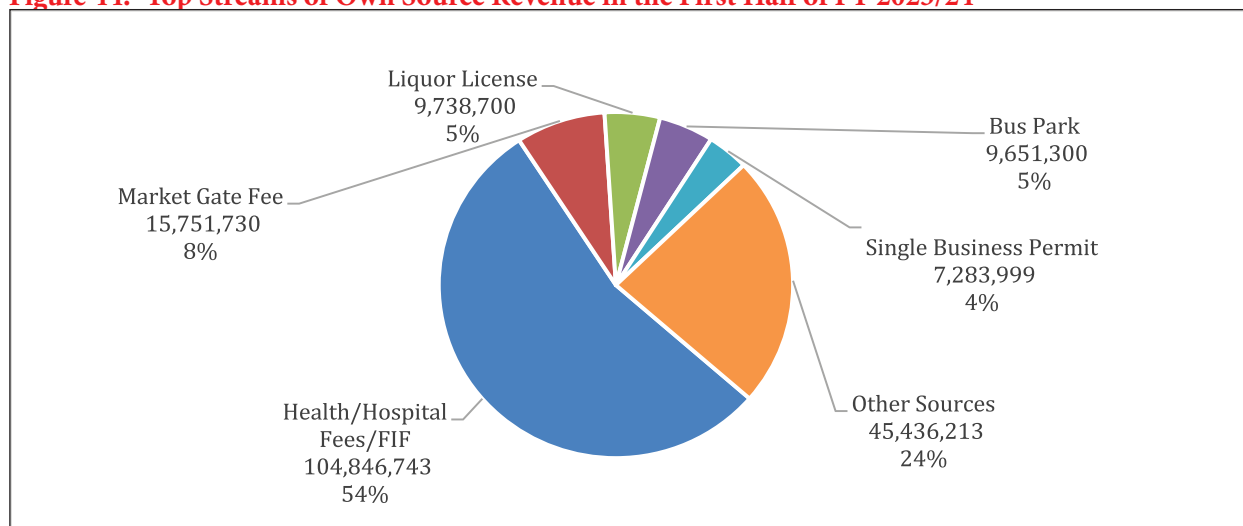
**Figure 43: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kirinyaga County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.192.71 million from its sources of revenue inclusive of FIF. This amount represented an increase of 37.6 per cent compared to Kshs.140.07 million realised in a similar period in FY 2022/23 and was 35.0 per cent of the annual target and 3.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 44.

**Figure 44: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kirinyaga County Treasury

The highest revenue stream of Kshs.104.85 million was from, Health/Hospital Fees/FIF contributing to 54 per cent of the total OSR receipts during the reporting period.

### 3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.04 billion from the CRF account during the reporting period which comprised Kshs. 321.42 million (15.7 per cent) for development programmes and Kshs.1.72 billion (84.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.979.03 million was released towards Employee Compensation, and Kshs.742.88 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.541.51 million.

### 3.15.4 County Expenditure Review

The County spent Kshs.1.99 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.3 per cent of the total funds released by the CoB and comprised Kshs.267.46 million and Kshs.1.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.9 per cent, while recurrent expenditure represented 35.9 per cent of the annual recurrent expenditure budget.

### 3.15.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.676.15 million, comprising Kshs.415.04 million for recurrent expenditure and Kshs.261.11 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.40.0 million were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.636.15 million.

The County Assembly reported no pending bills as of 31<sup>st</sup> December 2023.

### 3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.863.22 million on employee compensation, Kshs.549.76 million on operations and maintenance, and Kshs.267.46 million on development activities. Similarly, the County Assembly spent Kshs.115.81 million on employee compensation and Kshs.192.62 million on operations and maintenance, as shown in Table 3.100.

**Table 3.100: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assem- bly	County Exec- utive	County Assem- bly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>4,118,123,551</b>	<b>673,319,674</b>	<b>1,412,982,388</b>	<b>308,425,142</b>	<b>34.3</b>	<b>45.8</b>
Compensation to Employees	2,619,740,688.00	339,575,589.00	863,221,486.83	115,805,250.45	33.0	34.1
Operations and Maintenance	1,498,382,863.20	333,744,085.00	549,760,901.55	192,619,892.00	36.7	57.7
<b>Development Expenditure</b>	<b>2,363,874,720.44</b>	<b>85,229,460.00</b>	<b>267,461,987.02</b>	<b>-</b>	<b>11.3</b>	<b>-</b>
<b>Total</b>	<b>6,481,998,272</b>	<b>758,549,134</b>	<b>1,680,444,375</b>	<b>308,425,142</b>	<b>25.9</b>	<b>40.7</b>

Source: Kirinyaga County Treasury

### 3.15.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.979.03 million, or 31.6 per cent of the available revenue which amounted to Kshs.3.10 billion. This expenditure represented a decrease from Kshs.1.47 billion reported in a similar period in FY 2022/23. The wage bill included Kshs. 491.03 million paid to health sector employees, translating to 50.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs. 914.10 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.64.93 million was processed through manual payrolls. The manual payrolls accounted for 6.6 per cent of the total PE cost.

The County Assembly spent Kshs. 10.75 million on committee sitting allowances for the 31 MCAs and the Speaker against the annual budget allocation of Kshs. 54.48 million. The average monthly sitting allowance was Kshs.56,000 per MCA. The County Assembly has established 23 Committees.

### 3.15.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.187.90 million to county-established funds in FY 2023/24, constituting 3.0 per cent of the County's overall budget. Table 3.101 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.101: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023
			(Kshs.)		(Yes/No.)
<b>County Executive Established Funds</b>					
1.	County Emergency Fund	8,000,000.00	-	-	Yes
2.	County Bursary Fund	148,600,000.00	-	29,045,228.75	Yes
3.	Executive Car Loan and Mortgage Fund	31,300,000.00	15,560,000	43,654,669.15	Yes
<b>County Assembly Established Funds</b>					
4.	County Assembly Staff Car Loans and Mortgage Fund	-	-	-	Yes
<b>Total</b>		<b>187,900,000.00</b>	<b>15,560,000.00</b>	<b>72,699,897.90</b>	<b>-</b>

Source: Kirinyaga County Treasury

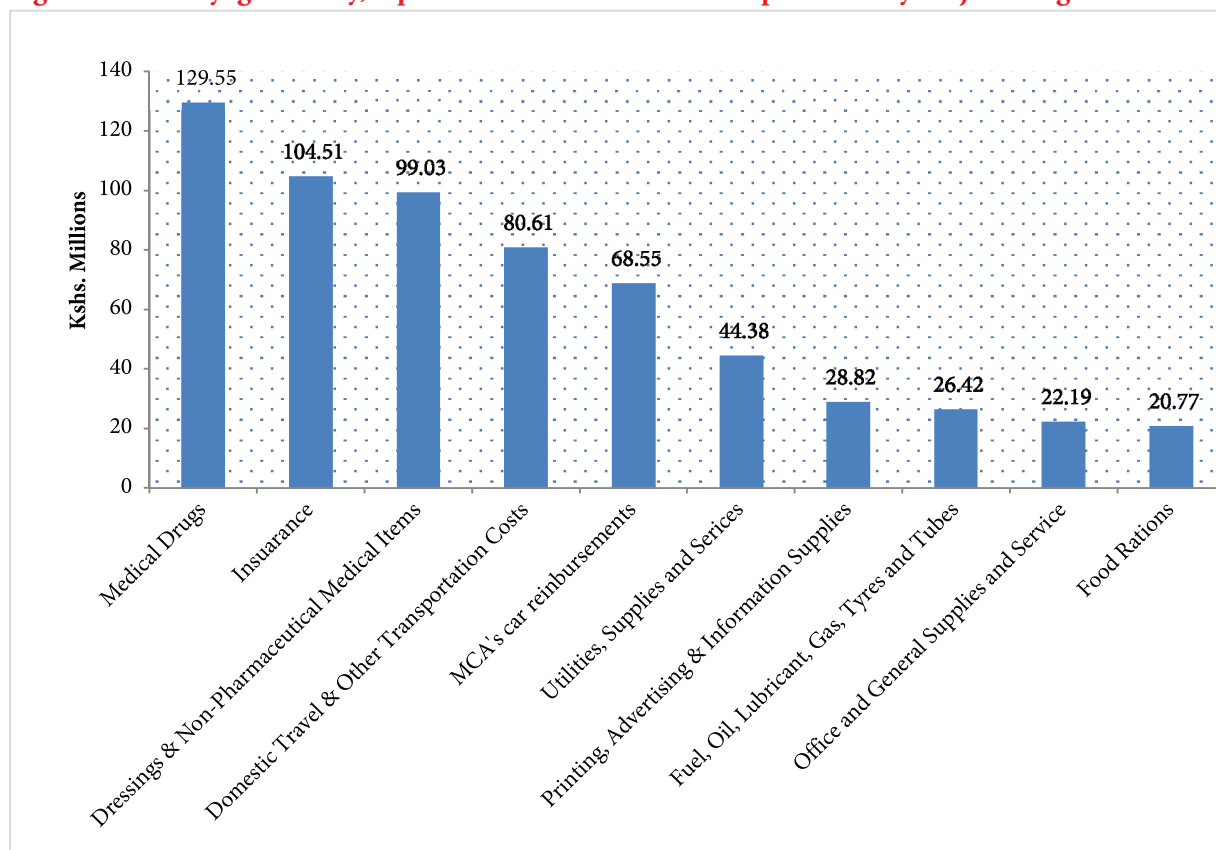
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of County Assembly Established funds as indicated in Table 3.101, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.15.9 Expenditure on Operations and Maintenance

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

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



Source: Kirinyaga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.80.61 million and comprised of Kshs.60.56 million spent by the County Assembly and Kshs.20.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.51 million and comprised of Kshs.9.90 million by the County Assembly and Kshs.1.61 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.102 below; -

**Table 3.102: Summary of Highest Expenditure on Foreign Travel as of 31st December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	30th Nov. -12th Dec 2023	Invitation to participate in the third Belt and Road Forum for International Cooperation (BRF) in Beijing, China.	China	3,830,054
County Executive	2	16th – 20th October 2023	Invitation to attend the twenty-eighth session of the conference of parties to the United Nations framework on climate change in Dubai UAE from 30th November to 12th December 2023	Dubai UAE	1,055,047

Source: Kirinyaga County Treasury

### 3.15.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.267.46 million on development programmes, representing a decrease of 22.0 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.326.26 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.103: Kirinyaga County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services and Public Health	Completion of 220-bed Medical Complex at Kerugoya	Kerugoya	1,474,988,910	1,447,111,320	98
2	Finance and Economic Planning	Settlement of pending Bills	County Wide	95,000,000	40,000,000	42
3	Transport and Infrastructure	Proposed Construction of Wanguru Town Parking Spaces, Street Roads, Walkways and Associated Works. CGK/SCM/TR&PW/001/2021-2022	Wanguru Town	135,745,230	120,003,941	88
		Proposed Construction of Kagumo Town Parking Spaces, Street Roads, Walkways and Associated Works. CGK/SCM/TR&PW/001/2021-2022	Mutira Ward	43,408,650	10,457,975	24
		Proposed Construction of Sagana Town Parking Spaces, Street Roads, Walkways and Associated Works. CGK/SCM/TR&PW/001/2021-2022	Kariti Ward	25,643,331	23,343,698	91
4	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY2022/23	County Wide	27,156,162	27,156,162	1
5	Finance and Economic Planning	Purchase of project supervision vehicles/Monitoring & Evaluation	County Wide	19,240,000	19,240,000	1
6	Medical Services and Public Health	Upgrading of Kirinyaga Level 4 Hospital	Baragwi Ward	426,270,794	128,655,483	30
7	Medical Services and Public Health	Upgrading of Kimbimbi Level 4 Hospital	Nyangati Ward	426,070,795	115,652,860	27
8	Finance and Economic Planning	Design and development of a Revenue Management System (RMS)	County Wide	39,893,320	37,925,324	95
9	Transport and Infrastructure	Maintenance of roads Equipment (Purchase of tyres, service parts)	County Wide	10,000,000	10,000,000	1
10	Medical Services and Public Health	Upgrading of Kirinyaga Level 4 Hospital	Baragwi Ward	426,270,794.00	128,655,483	30

Source: Kirinyaga County Treasury

### 3.15.11 Budget Performance by Department

Table 3.104 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.104: Kirinyaga County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	217.98	524.99	75.16	27.16	74.66	27.16	99.3	100	34.3	5.2
Cooperative Development Trade and Tourism	47.84	285.70	11.70	53.96	11.70	-	100	-	24.5	-
County Assembly	673.32	85.23	308.43	-	308.43	-	100	-	45.8	-
County Executive	496.02	-	136.37	-	136.37	-	100	-	27.5	-
Education	356.63	50.90	60.29	2.96	60.29	2.96	100	100	16.9	5.8
Environment and Natural Resources	119.49	293.49	48.51	-	48.51	-	100	-	40.6	-
Finance and Economic Planning	573.09	126.00	237.04	69.24	237.04	69.24	100	100	41.4	55
Gender and Youth	43.67	51.15	13.55	-	13.55	-	100	-	31	-
Lands, Housing and Urban Development	33.97	56.43	3.74	3.21	3.74	3.21	100	100	11	5.7
Medical Services and Public Health	2,116.49	605.26	790.12	101.91	790.12	101.91	100	100	37.3	16.8
Sports Culture and Social Services	38.21	21.52	14.95	-	14.95	-	100	-	39.1	-
Transport and Infrastructure	74.73	348.42	22.05	62.99	22.05	62.99	100	100	29.5	18.1
<b>Total</b>	<b>4,791.44</b>	<b>2,449.10</b>	<b>1,721.91</b>	<b>321.42</b>	<b>1,721.41</b>	<b>267.46</b>	<b>100</b>	<b>83.2</b>	<b>35.9</b>	<b>10.9</b>

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 55.0 per cent, followed by the Department of Transport and Infrastructure at 18.1 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 41.4 per cent while the Department of Lands, Housing and Urban Development had the lowest at 11.0 per cent.

### 3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.105 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.105: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Assembly</b>							
Legislation and Oversight	Legislation and Oversight	673,319,674	85,229,460	308,425,142.45	-	45.8	-
<b>Sub Total</b>		<b>673,319,674</b>	<b>85,229,460</b>	<b>308,425,142</b>	<b>-</b>	<b>45.8</b>	<b>-</b>
<b>County Executive</b>							
Office of the Governor and Deputy Governor	070601 County Executive Services	334,594,668	-	97,924,144	-	29.3	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive Administration	070701 County Executive Services	-	-	-	-	-	-
Management of County Affairs	070801 Coordination of County Functions	117,691,297	-	28,775,888	-	24.5	-
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	-	369,600	-	6.	-
County Public Service Board	071001 Human Resource Management	12,906,040	-	2,879,171	-	22.3	-
Administrative Support Services	020202 ICT Governance	3,480,000	-	1,191,440	-	34.2	-
	020701 Government Buildings Services	2,567,000	-	236,500	-	9.2	-
	070411 Audit Committee	1,919,000	-	284,000	-	14.8	-
	070412 County Enforcement Activities	4,185,000	-	1,332,300	-	31.8	-
	070413 ICT Infrastructure Development Management	10,958,800	-	3,328,789	-	30.4	-
	070414 ICT Systems Development Management	1,522,000	-	49,700	-	3.3	-
<b>Sub Total</b>		<b>496,023,805</b>	-	<b>136,371,532</b>	-	<b>27.5</b>	-
<b>Finance and Economic Planning</b>							
Public Finance Management	070401 Finance Services	508,173,322	126,000,000	207,593,120	69,240,000	40.9	55
	070402 Revenue Services	17,300,000	-	8,802,618	-	50.9	-
	070404 Procurement and Supply Services	9,770,000	-	6,174,590	-	63.2	-
	070405 Internal Audit Services	1,718,200	-	201,800	-	11.7	-
	070408 Budget Formulation, Coordination and Management	8,970,920	-	5,442,040	-	60.7	-
	070409 Accounting Services	7,445,000	-	2,259,150	-	30.3	-
County Planning and Economic Policy Management	070501 Economic Planning Services	19,714,168	-	6,569,900	-	33.3	-
<b>Sub Total</b>		<b>573,091,610</b>	<b>126,000,000</b>	<b>237,043,218</b>	<b>69,240,000</b>	<b>41.4</b>	<b>55</b>
<b>Medical Services and Public Health</b>							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,116,489,802	605,258,331	790,117,733	101,914,994	37.3	16.8
<b>Sub Total</b>		<b>2,116,489,802</b>	<b>605,258,331</b>	<b>790,117,733</b>	<b>101,914,994</b>	<b>37.3</b>	<b>16.8</b>



Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Education</b>							
Basic Education	050101 General Administration	340,514,905	-	59,953,360	-	17.6	-
	050102 Free Pre- Primary Education	15,440,000	-	100,000	-	0.6	-
State Education Function Support	050203 Tertiary Education	-	31,000,000	-	2,957,800.00	-	9.5
	050501 Pre-Primary and Child Care Services	-	19,900,000	-	-	-	-
Technical and Vocational Training	050301 Village Polytechnique	678,500	-	232,000	-	34.2	-
<b>Sub Total</b>		<b>356,633,405</b>	<b>50,900,000</b>	<b>60,285,360</b>	<b>2,957,800</b>	<b>16.9</b>	<b>5.8</b>
<b>Agriculture, Livestock and Fisheries</b>							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	-	-	-	-
	010105 Livestock Production Management	-	-	-	-	-	-
	010106 Livestock Disease Management & Control	1,200,000	-	188,685	-	15.7	-
Crop Development and Management	010202 Agricultural Extension Services	1,000,000	-	328,600	-	32.9	-
	010203 Agribusiness and Market Development	100,000	-	-	-	-	-
	010206 Land and Crop Development	5,149,000	-	621,000	-	12.1	-
	010207 Food Security Initiatives	400,000	-	-	-	-	-
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	-	-	-
Fisheries Development	010402 Aquaculture Development	200,000	-	-	-	-	-
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	162,700	-	30	-
	011001 General Administration and Planning	209,081,626	524,997,954	73,357,332	27,156,162	35.1	5.2
<b>Sub Total</b>		<b>217,978,626</b>	<b>524,997,954</b>	<b>74,658,317</b>	<b>27,156,162</b>	<b>34.3</b>	<b>5.2</b>
<b>Gender and Youth</b>							
Culture	090702 Social Welfare Services	10,687,000	-	768,200	-	7.2	-
	091201 Gender Administration Services	30,821,210	-	12,528,264	-	40.6	-
	091301 Gender and Social Development	1,490,000	51,150,000	229,000	-	15.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth	090901 Youth Development and Empowerment Services	670,000	-	25,000	-	3.7	-
<b>Sub Total</b>		<b>43,668,210</b>	<b>51,150,000</b>	<b>13,550,464</b>	<b>-</b>	<b>31</b>	
<b>Sports Culture and Social Services</b>							
Sports	090701 General Administration	12,721,217	-	5,310,194	-	41.7	-
	090801 Development of Sports and Sports Facilities	-	21,520,000	-	-	-	-
	091401 Management & Development of Sports and Sports Facilities	18,905,000	-	7,827,300	-	41.4	-
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	774,500	-	50	-
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	10,000	-	4	-
Children Services	091101 Child Community Support Services	4,784,000	-	1,027,650	-	21.5	-
<b>Sub Total</b>		<b>38,208,017</b>	<b>21,520,000</b>	<b>14,949,644</b>	<b>-</b>	<b>39.1</b>	
<b>Cooperative Development Trade and Tourism</b>							
Trade Development and Investment	030401 General Administration and Planning	-	285,700,000	-	-	-	-
	030103 Capacity Building for Traders and SME's	977,000	-	-	-	-	-
	030104 promotion, Development & Growth of Trade	354,000	-	-	-	-	-
	030105 Fair Trade Practises and Consumer Protection	205,000	-	-	-	-	-
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	-	-	-	-
	030304 International Tourism Promotion and Marketing	310,000	-	50,000	-	16.1	-
	030305 Promotion of Industrial Development	6,268,500	-	144,100	-	2.3	-
	030306 Provision of Industrial Training	140,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Cooperative Development and Marketing	030101 General Administration & Planning	38,449,441	-	11,134,292	-	29	-
	030405 Cooperative Advisory and Extension Services	295,000	-	103,400	-	35.1	-
	030406 Cooperative Education and Training	416,000	-	108,400	-	26.1	-
	030407 Cooperative Governance and Accountability	159,000	-	145,000	-	91.2	-
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	17,600	-	25.1	-
<b>Sub Total</b>		<b>47,839,441</b>	<b>285,700,000</b>	<b>11,702,792</b>	<b>-</b>	<b>24.5</b>	
<b>Environment and Natural Resources</b>							
Water Supply Services	090101 Water and Irrigation	-	161,843,333	-	-	-	-
Energy Programme	090301 Energy Services	405,000	-	70,000	-	17.3	-
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	-	-	-	-	-
Environment Management and Protection	100401 Environment Management and Protection	11,000,000	131,648,938	11,000,000	-	10.2	-
Nema	090401 Waste Management Services	107,408,439	-	37,440,260	-	-	-
<b>Sub Total</b>		<b>119,489,239</b>	<b>293,492,271</b>	<b>48,510,260</b>	<b>-</b>	<b>40.6</b>	<b>-</b>
<b>Lands, Housing and Urban Development</b>							
Land and Physical Planning	010601 General Administration and Planning	29,853,028	-	3,241,325	-	10.9	-
	010604 County Spatial Planning	3,190,000	-	100,000	-	3.1	-
	010605 Town Zoning and Mapping	-	56,433,333	-	3,205,475.20	-	5.7
	010607 Survey and Mapping	505,000	-	236,200	-	46.8	-
Housing Development	010701 Improvement and Development of Human Settlements	420,000	-	161,700	-	38.5	-
<b>Sub Total</b>		<b>33,968,028</b>	<b>56,433,333</b>	<b>3,739,225</b>	<b>3,205,475</b>	<b>11</b>	<b>5.7</b>
<b>Transport and Infrastructure</b>							
Transport Management	020301 General Administration and Planning	61,511,285	-	16,656,893	-	27.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	1,313,400	-	59.1	-
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	348,422,832	228,750	62,987,556	17.6	18.1
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	-	3,854,801	-	39.7	-
<b>Sub Total</b>		<b>74,733,368</b>	<b>348,422,832</b>	<b>22,053,844</b>	<b>62,987,556</b>	<b>29.5</b>	<b>18.1</b>
<b>Grand Total</b>		<b>4,791,443,225</b>	<b>2,449,104,181</b>	<b>1,721,407,531</b>	<b>267,461,987</b>	<b>35.9</b>	<b>10.9</b>

Source: Kirinyaga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: cooperative governance and accountability in the Department of Cooperative Development Trade and Tourism at 63.2 per cent, procurement and supply services in the Department of Finance and Economic Planning at 63.2 per cent, budget formulation, coordination and management in the Department of finance and economic planning at 60.7 per cent, and disaster management at 59.1 per cent of budget allocation.

### 3.15.13 Accounts Operated Commercial Banks

The County government operates accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.15.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the prescribed timeline of 15<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.192.7 million against an annual projection of Kshs. 550 million, representing 35 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.636.15 million as of 31<sup>st</sup> December 2023.

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

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

## 3.16. County Government of Kisii

### 3.16.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 is Kshs.13.81 billion, comprising Kshs.5.15 billion (37.3 per cent) and Kshs.8.66 billion (62.7 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 15.9 per cent compared to the previous financial year when the approved budget was Kshs.11.91 billion and comprised of Kshs.3.66 billion towards development expenditure and Kshs.8.25 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.25 billion (67 per cent) as the equitable share of revenue raised nationally, Kshs.1.56 billion as additional allocations/conditional grants, and a cash balance of Kshs.2.35 billion (17 per cent) was brought forward from FY 2022/23, and generate Kshs.650 million (4.7 per cent) as gross own source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.106.

### 3.16.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.06 billion as the equitable share of the revenue raised nationally, Kshs.0.5 million as additional allocations/conditional grants, had a cash balance of Kshs.2.33 billion from FY 2022/23, and raised Kshs.259.53 million as own-source revenue (OSR). The raised OSR includes Kshs.120.97 million as FIF and Kshs.138.56 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.65 billion, as shown in Table 3.106.

**Table 3.106: Kisii County, Revenue Performance in the First Half of FY 2023/24**

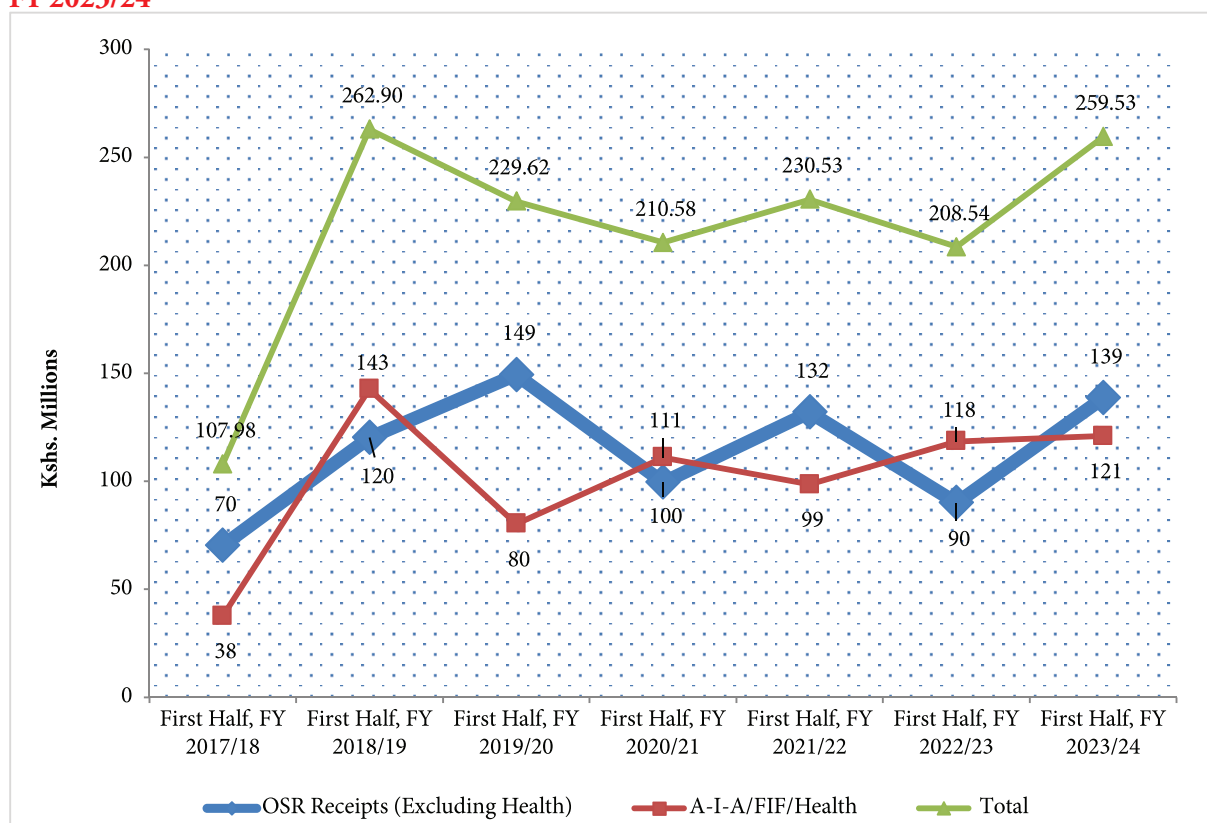
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	9,248,560,518	3,055,334,242	33.0
	<b>Subtotal</b>	<b>9,248,560,518</b>	<b>3,055,334,242</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1	Leasing of Medical Equipment	124,723,404	-	-
2	Aquaculture Business Development Programme	23,165,743	-	-
3	DANIDA	14,206,500	-	-
4	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
5	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Resilient Investment Grant	33,192,137	-	-
6	Construction of Cancer Centre	620,000,000	-	-
7	Agricultural Sector Development Support Programme (ASDSP)	3,168,601	500,000	15.8
8	Industrial Park	100,000,000	-	-
9	Library Services	8,557,807	-	-
10	National Agricultural and Rural Inclusive Project	150,000,000	-	-
11	Livestock Value Chain Support Program- Poland	35,809,200	-	-
12	Provision of Fertilizer Subsidy	186,645,942	-	-
13	Allocation for Mineral Royalties	682,562	-	-
14	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	250,000,000	-	-
	<b>Subtotal</b>	<b>1,561,151,896</b>	<b>500,000</b>	<b>-</b>

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>C</b>	<b>Own Source Revenue</b>			
15	Ordinary Own Source Revenue	650,000,000	138,562,706	21.3
16	Facility Improvement Fund (FIF)	-	120,969,550	-
<b>Subtotal</b>		<b>650,000,000</b>	<b>259,532,256</b>	<b>39.9</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
17	Unspent balance from FY 2022/23	2,350,000,000	2,330,107,826	99.2
<b>Sub Total</b>		<b>2,350,000,000</b>	<b>2,330,107,826</b>	<b>99.2</b>
<b>Grand Total</b>		<b>13,809,712,414</b>	<b>5,645,474,324</b>	<b>40.9</b>

Source: Kisii County Treasury

Figure 46 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

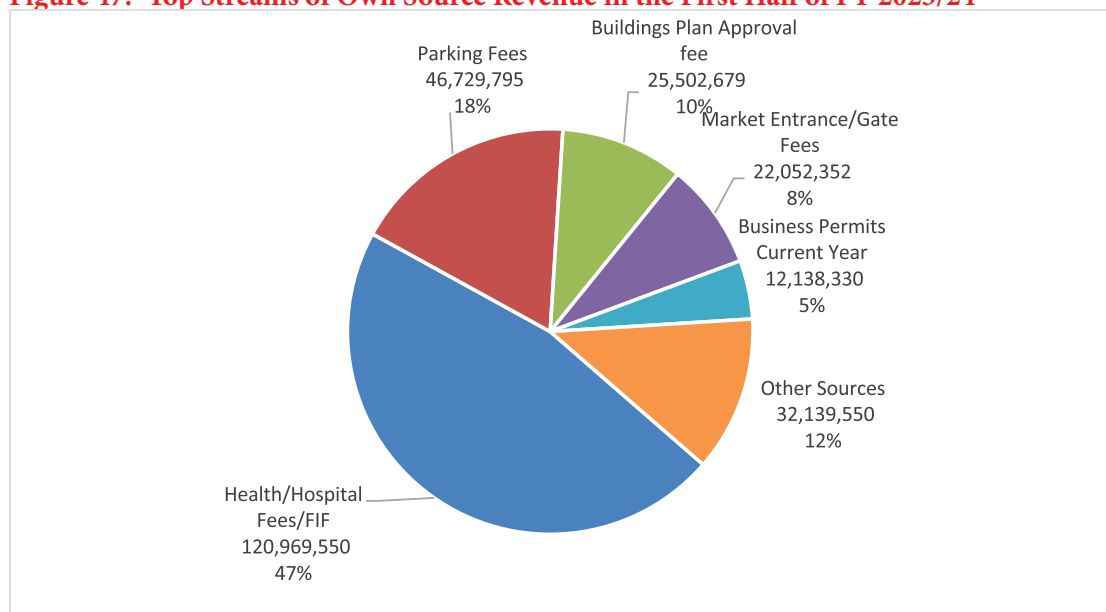
**Figure 46: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kisii County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.259.53 million from its sources of revenue inclusive of FIF. This amount represented an increase of 24.5 per cent compared to Kshs.208.54 million realised in a similar period in FY 2022/23 and was 39.9 per cent of the annual target and 8.5 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.2.12 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 47.

**Figure 47: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kisii County Treasury

The highest revenue stream of Kshs.120.97 million was from the Facility Improvement Fund (Health Sector), contributing to 47 per cent of the total OSR receipts during the reporting period.

### 3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.30 billion from the CRF account during the reporting period which comprised Kshs.134.17 million (3.1 per cent) for development programmes and Kshs.4.17 billion (96.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.95 billion was released towards Employee Compensation and Kshs.781.71 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.1.76 billion.

### 3.16.4 County Expenditure Review

The County spent Kshs.3.88 billion on development and recurrent programmes in the reporting period. The expenditure represented 90.2 per cent of the total funds released by the CoB and comprised Kshs.151.93 million and Kshs.3.73 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.9 per cent, while recurrent expenditure represented 43.0 per cent of the annual recurrent expenditure budget.

### 3.16.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.19 billion, comprising of Kshs.287.35 million for recurrent expenditure and Kshs.903.56 million for development activities. In the first half of FY 2023/24, the County Executive did not report any payment towards pending bills. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.19 billion.

The outstanding pending bills for the County Assembly were Kshs.52.97 million as of 31<sup>st</sup> December 2023.

### 3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.67 billion on employee compensation, Kshs. 419.71 million on operations and maintenance, and Kshs.138.61 million on development activities. Similarly, the County Assembly spent Kshs.278.80 million on employee compensation, Kshs.362.0 million on operations and maintenance, and Kshs.13.32 million on development activities, as shown in Table 3.107.

**Table 3.107: 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
<b>Total Recurrent Expenditure</b>	<b>7,426,599,053</b>	<b>1,232,890,743</b>	<b>3,086,054,592</b>	<b>640,805,691</b>	<b>41.6</b>	<b>52.0</b>
Compensation to Employees	5,457,304,081	622,071,233	2,666,347,400	278,799,871	48.9	44.8
Operations and Maintenance	1,969,294,972	610,819,510	419,707,192	362,005,820	21.3	59.3
<b>Development Expenditure</b>	<b>4,925,731,387</b>	<b>224,491,231</b>	<b>138,612,746</b>	<b>13,316,710</b>	<b>2.8</b>	<b>5.9</b>
<b>Total</b>	<b>12,352,330,440</b>	<b>1,457,381,974</b>	<b>3,224,667,338</b>	<b>654,122,401</b>	<b>26.1</b>	<b>44.9</b>

Source: Kisii County Treasury

### 3.16.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.95 billion, or 52.2 per cent of the available revenue which amounted to Kshs.5.65 billion. This expenditure represented an increase from Kshs.2.71 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.49 billion paid to health sector employees, translating to 51 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.43.86 million was processed through manual payrolls. The manual payrolls accounted for 1.3 per cent of the total PE cost.

The County Assembly spent Kshs.33.88 million on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs.64.40 million. The average monthly sitting allowance was Kshs.79,537 per MCA. The County Assembly has established 20 Committees.

### 3.16.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.1.42 million to county-established funds in FY 2023/24, constituting 16.4 per cent of the County's overall budget. Table 3.108 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.108: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	County Executive Car Loan and Mortgage (Staff) Scheme Fund	40,000,000	40,000,000	40,000,000	40,000,000	Yes
2.	County Bursary Fund	245,000,000	-	3,252.00	-	Yes
3.	County Emergency Fund	5,000,000	-	600	-	Yes
4.	Alcoholic drinks control fund	-	-	662,500	-	Yes
5.	Kisii Teaching and Referral Hospital Health Fund	69,021,956	-	30,848,684	-	Yes
6.	Facility Improvement Fund (FIF)	917,804,371	-	156,377,784	-	Yes



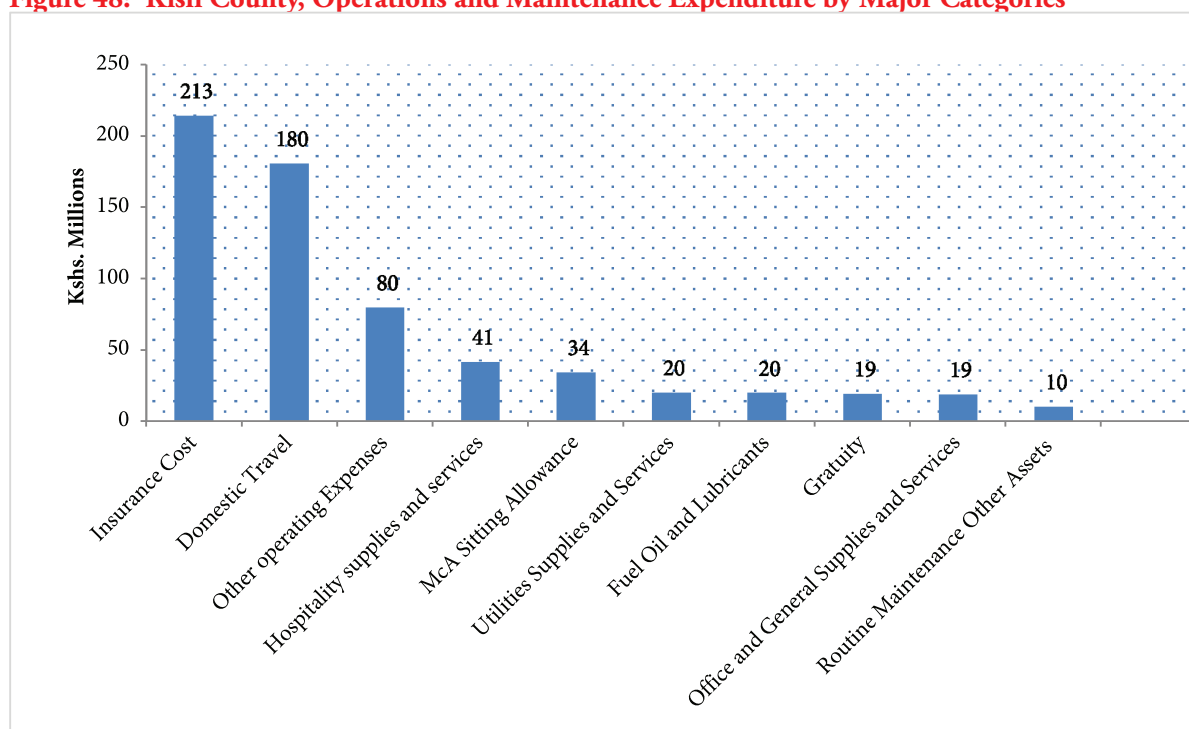
S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Assembly Established Funds</b>						
7.	MCA's Car Loan and Mortgage Fund	100,000,000	100,000,000	100,000,000	100,000,000	Yes
	<b>Total</b>	<b>1,416,826,328</b>	<b>140,000,000</b>	<b>327,892,820</b>	<b>140,000,000</b>	<b>-</b>

Source: Kisii County Treasury

### 3.16.9 Expenditure on Operations and Maintenance

Figure 48 summarises the Operations and Maintenance expenditure by major categories.

**Figure 48: Kisii County, Operations and Maintenance Expenditure by Major Categories**



Source: Kisii County Treasury

During the period, expenditure on domestic travel amounted to Kshs.180 million and comprised Kshs.144.22 million spent by the County Assembly and Kshs.36.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.05 million spent by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.109 below; -

**Table 3.109: Summary of Highest Expenditure on Foreign Travel as of 31st December 2023**

No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
3	17th - 22nd March 2022	Being Payment to Attend Strategic Leadership, Governance, Continuity and Resilience Planning Masterclass for Counties.	Dubai	587,250.00
1	23rd - 27th Jan 2023	Being Payment to Attend Speakers of County Assembly Training on Optimising Institutional Governance in The County Assembly in Dubai United Arap Emirates	Dubai	190,100.00

No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	22nd - 30th April 2023	Being Payment to Attend CPST Training on Leadership and Management of Committees at United Arab Emirates	Dubai	190,100.00
1	1st - 6th March 2023	Being Payment to Attend the First East African Clinical Officers Conference at State University of Zanzibar Marubi	Tanzania	85,300
<b>Total</b>				<b>1,052,750</b>

Source: Kisii County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.1.82 million on garbage collection.

### 3.16.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.151.93 million on development programmes, representing an increase of 41.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.107.67 million. Table 3.110 summarises development projects with the highest expenditure in the reporting period.

**Table 3.110: Kisii County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Upgrading of Riana health centre.	Bonchari	58,977,363	53,191,363	90
2	Health and Sanitation	Upgrading of Mosochi Market health centre.	Kitutu Chache South	58,197,157	29,370,111	50
3	Kisii County Assembly	Proposed renovation, furnishing and alteration to Kisii County Assembly Chambers	Kisii County Assembly HQs	39,997,968	22,127,103	55
4	Kisii County Assembly	Renovation of Kisii County Assembly blocks A and B	Kisii County Assembly HQs	23,513,500	21,735,082	92
5	Kisii County Assembly	Proposed construction of the Kisii County Speakers' official residence	Bobaracho	32,970,110	9,186,500	27
6	Kisii County Assembly	Proposed construction of reinforced concrete underground water tank and elevated steel tower at Kisii County Assembly	Kisii County Assembly HQs	10,578,848.40	6,301,868	59
7	Agriculture	Construction of Masonry perimeter wall at ATC	Kisii ATC	12,712,760	6,141,994	48
8	Kisii County Assembly	Proposed construction of ward offices	Various Wards	43,113,139	6,004,289.50	17
9	Agriculture	Sewer connectivity at ATC	Kisii ATC	8,542,240	4,554,160	53
10	Roads and public works	Repair and maintenance of Nyabiu-to Junction-Nyamoronga-Riamagutu road	Bassi Chache	3,866,280	3,866,048	100

Source: Kisii County Treasury

### 3.16.11 Budget Performance by Department

Table 3.111 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.111: Kisii County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	416.21	207.56	177.01	-	153.83	-	86.9	-	37.0	-
Administration and Stakeholder Management	634.44	66.00	256.23	-	210.84	-	82.3	-	33.2	-
Finance and Economic Planning	1113.42	200.00	587.58	-	540.64	-	92.0	-	48.6	-
Agriculture and Co-operative Development	336.55	839.61	146.73	86.29	113.71	80.06	77.5	92.8	33.8	9.5
Energy, Water, Environment and Natural Resources	138.50	409.13	41.68	3.00	35.84	3.00	86.0	100.0	25.9	0.7
Education, Youth, Affairs and Social Development	1035.00	236.12	349.81	-	277.35	-	79.3	-	26.8	-
County Health Services	3005.67	1130.97	1653.94	-	1550.87	23.98	93.8	-	51.6	2.1
Lands, Physical Planning and Urban Development	145.70	234.00	63.38	-	39.18	-	61.8	-	26.9	-
Roads, Public Works and Transport	189.00	1039.33	75.60	31.57	60.89	31.57	80.6	100.0	32.2	3.0
Trade Development, Industry and Tourism	153.01	255.28	36.78	-	30.56	-	83.1	-	20.0	-
Culture And Social Services	130.11	97.75	51.81	-	44.31	-	85.5	-	34.1	-
Kisii Municipality	115.00	150.00	37.54	-	26.63	-	70.9	-	23.2	-
Ogembo Municipality	14.00	60.00	1.41	-	1.41	-	100.0	-	10.1	-
Kisii County Assembly	1232.89	224.49	686.00	13.32	640.81	13.32	93.4	100.0	52.0	5.9
<b>Total</b>	<b>8,659.49</b>	<b>5150.22</b>	<b>4,165.48</b>	<b>134.17</b>	<b>3726.86</b>	<b>151.93</b>	<b>89.5</b>	<b>113.2</b>	<b>43.0</b>	<b>2.9</b>

Source: Kisii County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Cooperative Development recorded the highest absorption rate of development budget at 9.5 per cent, followed by County Assembly at 5.9 per cent. The Department of County Health Services had the highest percentage of recurrent expenditure to budget at 51.6 per cent while the Ogembo Municipality had the lowest at 10.1 per cent.

### 3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.112 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.112: Kisii County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Administration and Support Services	812,866,779	-	362,220,259	-	44.6	-
	Oversight and Legislative Services	420,023,964	224,491,231	278,585,432	13,316,710	66.3	5.9
	<b>Sub Total</b>	<b>1,232,890,743</b>	<b>224,491,231</b>	<b>640,805,691</b>	<b>13,316,710</b>	<b>52.0</b>	<b>5.9</b>
Executive (Office of the Governor, Deputy Governor, County Secretary and Public Service Board	Administration, Planning and Support Services	350,396,720	130,000,000	137,725,895	-	39.3	-
	Office of the County Secretary	12,820,000	-	329,700	-	2.6	-
	Legal Services	34,670,000	-	15,085,424	-	43.5	-
	Communication Services	4,630,000	-	-	-	-	-
	Governor's Advisors, Service Delivery Unit and Efficiency Monitoring	2,960,000	-	689,500	-	23.3	-
	Chief of staff	650,000	-	-	-	-	-
	County Public Service Board	7,460,000	-	-	-	-	-
	County Liaison office	2,620,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>416,206,720</b>	<b>130,000,000</b>	<b>153,830,519</b>	-	<b>37.0</b>	-
Administration, Corporate Services and Stakeholder Management	Administration, Planning and Support Services	488,121,883	-	191,444,136	-	39.2	-
	Devolved Units Services	2,591,532	77,559,553	500,000	-	19.3	-
	Human Resource Development	9,500,000	-	-	-	-	-
	Enforcement Services	14,908,000	-	-	-	-	-
	Stakeholder Management	43,603,018	-	17,194,175	-	39.4	-
	Public Participation and Civic Education	8,100,000	-	448,500	-	5.5	-
	Disaster Management	26,250,000	26,000,000	250,000	-	1.0	-
	Fleet Management	5,766,014	-	999,887	-	17.3	-
	Strategy Delivery & Project Management	2,700,000	-	-	-	-	-
	Special Programmes	32,900,000	40,000,000	-	-	-	-
<b>Sub-Total</b>	<b>634,440,447</b>	<b>143,559,553</b>	<b>210,836,698</b>	-	<b>33.2</b>	-	
Finance and Economic Planning	Administration, Coordination and Support Services	872,518,722	-	482,013,275	-	55.2	-
	Public Financial management services	82,770,448	-	14,962,624	-	18.1	-
	County Planning Services	158,132,978	200,000,000	43,667,459	-	27.6	-
	<b>Sub-Total</b>	<b>1,113,422,148</b>	<b>200,000,000</b>	<b>540,643,358</b>	-	<b>48.6</b>	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock, Fisheries and Co-operative Development	Administration and Support Services	122,074,568	-	42,820,725	-	35.1	-
	Veterinary Services	5,000,000	50,725,099	10,000	-	0.2	-
	Livestock Development	4,080,000	60,509,200	20,000	-	0.5	-
	Fisheries development	3,370,000	43,771,013	226,258	-	6.7	-
	Crop development headquarters	189,645,432	410,168,601	70,054,692	65,965,780	36.9	16.1
	Kisii Agricultural Training Centre	5,240,000	42,240,000	150,000	10,696,154	2.9	25.3
	Co-operative Development and Management	3,200,000	7,800,000	325,000	-	10.2	-
	Crop development	1,300,000	219,396,662	-	3,400,720	-	1.6
	Monitoring and Evaluation	900,000	-	49,000	-	5.4	-
	Agro-processing, Value addition, and Marketing	550,000	4,000,000	50,000	-	9.1	-
	Engineering, Irrigation and Drainage	1,190,000	1,000,000	-	-	-	-
	<b>Sub-Total</b>	<b>336,550,000</b>	<b>839,610,575</b>	<b>113,705,675</b>	<b>80,062,654</b>	<b>33.8</b>	<b>9.5</b>
Energy, Water, Environment and Natural Resources	Energy Services	-	2,700,000	-	-	-	-
	Environment Management	11,000,000	40,692,137	-	-	-	-
	Water and sanitation services	127,495,000	365,737,650	35,837,930	2,998,000	28.1	0.8
	<b>Sub-Total</b>	<b>138,495,000</b>	<b>409,129,787</b>	<b>35,837,930</b>	<b>2,998,000</b>	<b>25.9</b>	<b>0.7</b>
Education, Labour and Manpower Development	General Administration and Planning Services	1,035,000,000	-	277,349,399	-	26.8	-
	Early childhood development education	-	183,907,511	-	-	-	-
	Vocational training	-	52,199,150	-	-	-	-
	<b>Sub-Total</b>	<b>1,035,000,000</b>	<b>236,106,661</b>	<b>277,349,399</b>	<b>-</b>	<b>26.8</b>	<b>-</b>
County Health Services	Medical Services	2,981,137,498	1,130,965,955	1,550,871,997	23,984,171	52.0	2.1
	public health	24,530,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>3,005,667,498</b>	<b>1,130,965,955</b>	<b>1,550,871,997</b>	<b>23,984,171</b>	<b>51.6</b>	<b>2.1</b>
Lands, Physical Planning and Urban Development	Administration, planning and support services	145,700,000	-	39,180,388	-	26.9	-
	Urban development	-	234,000,000	-	-	-	-
	Land use services	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>145,700,000</b>	<b>234,000,000</b>	<b>39,180,388</b>	<b>-</b>	<b>26.9</b>	<b>-</b>
Roads, Public Works, Transport and Housing	General administration and planning services	153,750,000	-	58,000,001	-	37.7	-
	Roads development	-	1,000,937,932	-	31,567,921	-	3.2
	Public works	35,250,000	38,390,474	2,892,580	-	8.2	-
	<b>Sub-Total</b>	<b>189,000,000</b>	<b>1,039,328,406</b>	<b>60,892,581</b>	<b>31,567,921</b>	<b>32.2</b>	<b>3.0</b>
Trade, Tourism and Industry	Administration and planning services	136,000,000	255,280,450	30,560,397	-	22.5	-
	Tourism development	12,512,240	-	-	-	-	-
	Weights and measures	4,500,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>153,012,240</b>	<b>255,280,450</b>	<b>30,560,397</b>	<b>-</b>	<b>20.0</b>	<b>-</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and Social Services	Administration and planning services	98,221,884	-	35,938,689	-	36.6	-
	Cultural services (Council of Elders and Cultural Activities)	1,650,000	11,700,000	-	-	-	-
	Sports development (KICOSCA Games and other Sporting Activities)	27,403,116	86,050,000	8,367,600	-	30.5	-
	Social Development Services (Youth, Women and PWDs)	1,550,000	-	-	-	-	-
	Liquor Licensing	1,050,000	-	-	-	-	-
	Betting, Lotteries and Gaming	230,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>130,105,000</b>	<b>97,750,000</b>	<b>44,306,289</b>	-	<b>34.1</b>	-
Kisii Municipality	General administration, planning and support services	115,000,000	-	26,631,025	-	23.2	-
	Infrastructure development	-	150,000,000	-	-	-	-
	<b>Sub-Total</b>	<b>115,000,000</b>	<b>150,000,000</b>	<b>26,631,025</b>	-	<b>23.2</b>	-
Ogembo Municipality	General administration, planning and support services	14,000,000	-	1,408,336	-	10.1	-
	Infrastructure development	-	60,000,000	-	-	-	-
	<b>Sub-Total</b>	<b>14,000,000</b>	<b>60,000,000</b>	<b>1,408,336</b>	-	<b>10.1</b>	-
<b>GRAND TOTAL</b>		<b>8,659,489,796</b>	<b>5,150,222,618</b>	<b>3,726,860,283</b>	<b>151,929,456</b>	<b>43.0</b>	<b>2.9</b>

Source: Kisii County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Oversight and Legislative Services in the County Assembly at 66.3 per cent, Administration, Coordination and Support Services in the Department of Finance and Economic Planning at 55.2 per cent, Medical Services in the Department of County Health Services at 52.0 per cent, and Administration and support services at 44.6 per cent of budget allocation.

### 3.16.13 Accounts Operated Commercial Banks

The County government operated a total of 16 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.16.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the 15<sup>th</sup> of January 2024.
2. The underperformance of own-source revenue at Kshs.138.56 million against an annual projection of Kshs.650 million, representing 21.3 per cent of the annual target.

3. Low absorption of development funds as indicated by the expenditure of Kshs.151.93 million from the annual development budget allocation of Kshs.5.15 billion. The development expenditure represented 2.9 per cent of the annual development budget.
4. High level of pending bills which amounted to Kshs.1.24 billion as of 31<sup>st</sup> December 2023.
5. Huge wage bill which accounted for 52.2 per cent of the revenue for the first half of FY 2023/24 of Kshs.5.65 billion during the reporting period, thus constraining funding to other programmes.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.43.86 million were processed through the manual payroll, accounting for 1.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County should identify and address issues causing delays in implementing development projects.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

### **3.17. County Government of Kisumu**

#### **3.17.1 Overview of FY 2023/24 Budget**

The County's approved original budget for the FY 2023/24 is Kshs.13.61 billion, comprising Kshs.4.46 billion (32.7 per cent) and Kshs.9.16 billion (67.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 13.1 per cent compared to the previous financial year when the approved budget was Kshs.12.04 billion and comprised of Kshs.3.81 billion towards development expenditure and Kshs.8.22 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.36 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.52 billion (11.2 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.45 billion (10.7 per cent) brought forward from FY 2022/23, and generate Kshs.2.28 billion (16.8 per cent) as gross own source revenue. The own-source revenue includes Kshs.600 million (4.4 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.1.68 billion (12.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.113.

#### **3.17.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.3.47 billion as the equitable share of the revenue raised nationally, Kshs.8.45 million as additional allocations/conditional grants, had a cash balance of Kshs.1.45 billion from FY 2022/23, and raised Kshs.426.28 million as own-source revenue (OSR). The raised OSR includes Kshs.223.52 million as FIF and Kshs. 202.76 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs. 5.36 billion, as shown in Table 3.113.

**Table 3.113: Kisumu County, Revenue Performance in the First Half of FY 2023/24**

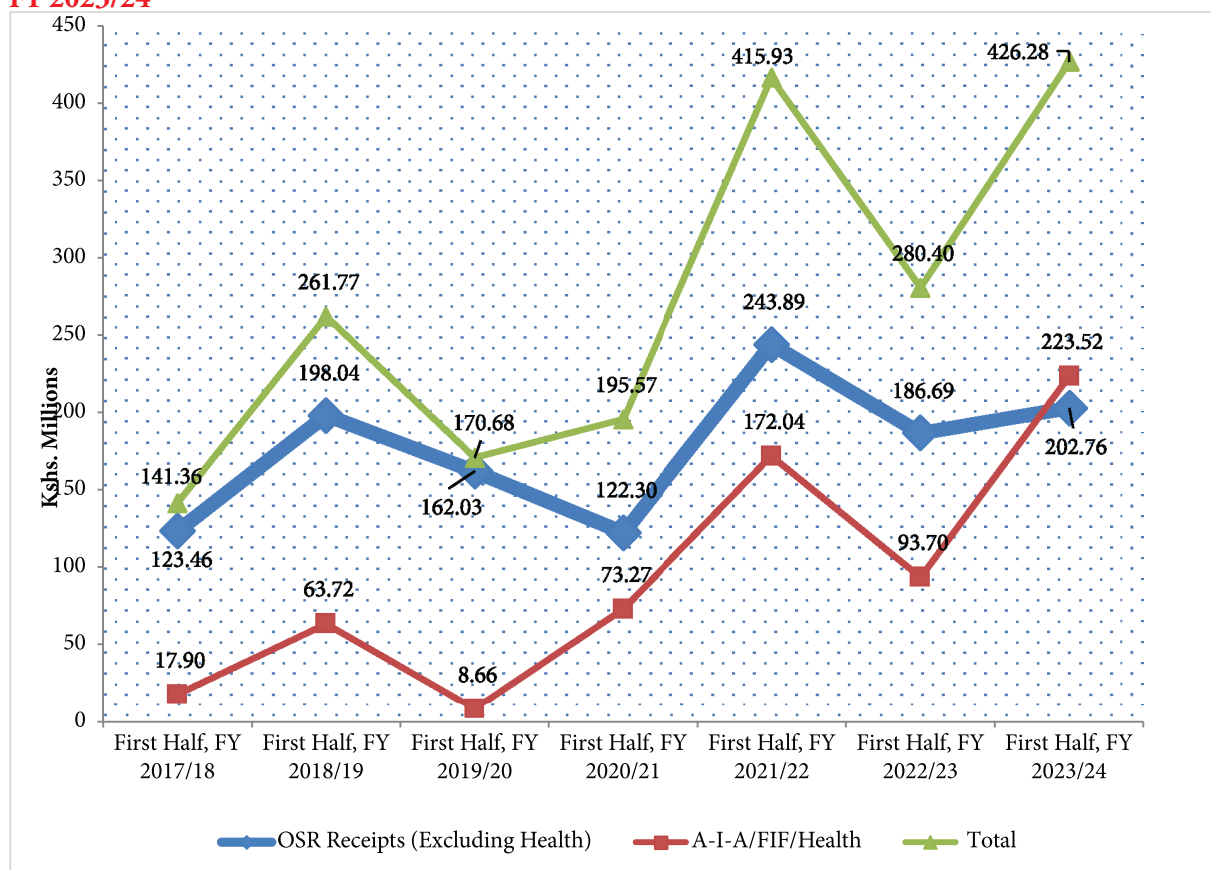
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,361,797,770.00	3,470,146,074.00	41.5
<b>Sub Total</b>		<b>8,361,797,770.00</b>	<b>3,470,146,074.00</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	DANIDA	36,380,926.00	-	-
2	AFRICITIES	40,000,000.00	-	-
3	KISIP	600,000,000.00	-	-
4	Finance Locally -Led Climate Action Plan (FLLOCA)	111,000,000.00	-	-
5	Kenya Climate Smart Agriculture Project (KCSAP)	139,274,117.00	-	-
6	IDA (World Bank Credit to Finance Agricultural Value Chain Development Project (NAVCDP)	250,000,000.00	-	-
7	ASDSP II	5,367,707.00	-	-
8	Aquaculture Business Development Project (ABDP)	15,407,244.00	-	-
9	European Research Agency (REA)- Practice	28,269,703.00	8,451,078.00	29.9
10	Allocation for court fines	233,000.00	-	-
11	Conditional Grant for Aggregated Industrial Parks Programme	100,000,000.00	-	-
12	Conditional Grant for provision of fertilizer subsidy programme	120,042,858.00	-	-
13	Livestock Value Chain Support Project	14,323,680.00	-	-
14	THS	10,699,473.00	-	-
15	TVET	8,332,281.00	-	-
16	IDEAS	3,898,833.00	-	-
17	Climate Change	17,950,658.00	-	-
18	KDSP	12,742,939.00	-	-
19	KUSP	2,339,915.00	-	-
20	KRB	896,372.00	-	-
21	Common Wealth of Learning Credit Information	706,500.00	-	-
<b>Sub-Total</b>		<b>1,517,866,206.00</b>	<b>8,451,078.00</b>	<b>0.6</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	1,682,844,694	202,759,925	12.0
2	Balance b/f from FY2022/23	1,450,625,819	1,450,625,819	100.0
3	Facility Improvement Fund (FIF)	600,000,000	223,523,407	37.3
<b>Sub Total</b>		<b>3,733,470,513</b>	<b>1,876,909,151</b>	<b>50.3</b>
<b>Grand Total</b>		<b>13,613,134,489</b>	<b>5,355,506,303</b>	<b>39.3</b>

Source: Kisumu County Treasury

Figure 49 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.



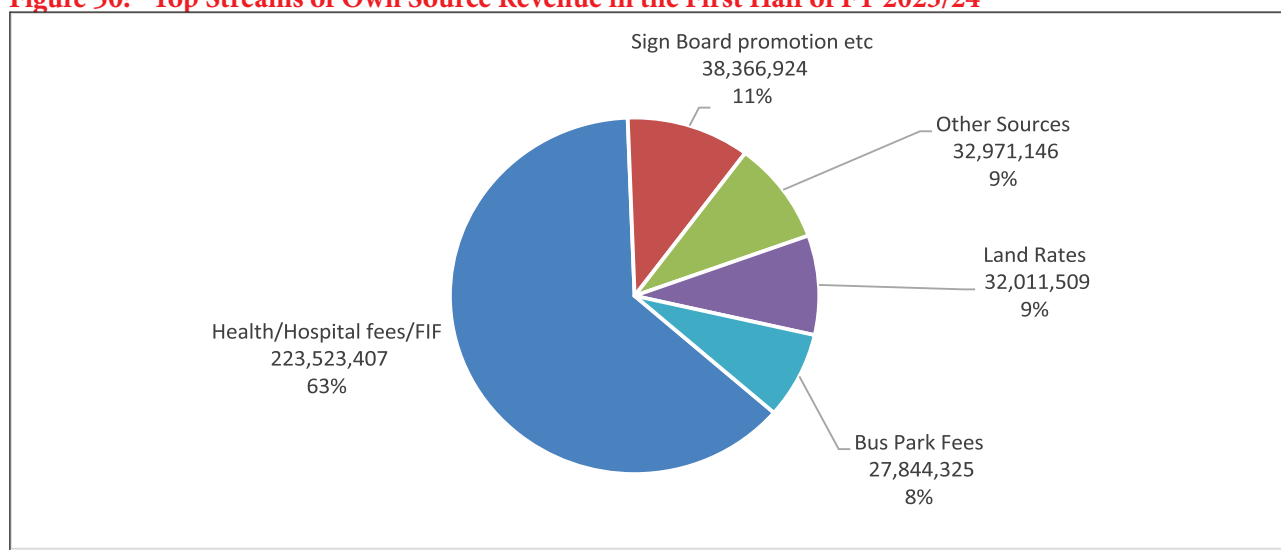
**Figure 49: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kisumu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.426.28 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 34.2 per cent compared to Kshs.280.4 million realised in a similar period in FY 2022/23 and was 18.7 per cent of the annual target and 12.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 50.

**Figure 50: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kisumu County Treasury

The increase in OSR can be attributed to the new revamp County Revenue Authority that has managed to seal revenue leakages. The highest revenue stream of Kshs.223.52 million was from the Health Department, contributing to 63 per cent of the total OSR receipts during the reporting period.

### 3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.89 billion from the CRF account during the reporting period which comprised Kshs. 573.94 million (per 14.8 cent) for development programmes and Kshs.3.31 billion (85.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.44 billion was released towards Employee Compensation and Kshs. 871.55 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.338.89 million.

### 3.17.4 County Expenditure Review

The County spent Kshs.3.39 billion on development and recurrent programmes in the reporting period. The expenditure represented 87.1 per cent of the total funds released by the CoB and comprised Kshs. 401.63 million and Kshs. 2.98 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9 per cent, while recurrent expenditure represented 32.6 per cent of the annual recurrent expenditure budget.

### 3.17.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.2.04 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.401.63 million were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.64 billion.

The outstanding pending bills for the County Assembly were Kshs.17.33 million as of 31<sup>st</sup> December 2023.

### 3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.17 billion on employee compensation, Kshs.509.89 million on operations and maintenance, and Kshs.401.63 million on development activities. Similarly, the County Assembly spent Kshs.107.69 million on employee compensation and Kshs.195.04 million on operations and maintenance, as shown in Table 3.114.

**Table 3.114: 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
<b>Total Recurrent Expenditure</b>	<b>8,185,866,481</b>	<b>969,533,370</b>	<b>2,680,780,275</b>	<b>302,735,809</b>	<b>32.7</b>	<b>31.2</b>
Compensation to Employees	5,087,012,006	369,456,394	2,170,889,586	107,692,506	42.7	29.1
Operations and Maintenance	3,098,854,475	600,076,976	509,890,689	195,043,304	16.5	32.5
<b>Development Expenditure</b>	<b>4,292,734,638</b>	<b>165,000,000</b>	<b>401,625,893</b>	-	<b>9.4</b>	<b>-</b>
<b>Total</b>	<b>12,478,601,119</b>	<b>1,134,533,370</b>	<b>3,082,406,168</b>	<b>302,735,809</b>	<b>24.7</b>	<b>26.7</b>

Source: Kisumu County Treasury

### 3.17.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.28 billion, or 42.6 per cent of the available revenue which amounted to Kshs.5.36 billion. This expenditure represented an increase from Kshs.1.76 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.27 billion paid to health sector employees, translating to 58.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.16 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.118.47 million was processed through manual payrolls. The manual payrolls accounted for 5.2 per cent of the total PE cost.

The County Assembly spent Kshs.8.96 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.45.31 million. The average monthly sitting allowance was Kshs.31,119 per MCA. The County Assembly has established 14 Committees.

### 3.17.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.520 million to county-established funds in FY 2023/24, constituting 3.8 per cent of the County's overall budget. Table 3.115 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.115: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs)	Actual Expenditure FY 2023/24 (Kshs.)	Submission of Financial Statements. (Yes/No.)
<b>County Executive Established funds</b>					
1	Bursary / Education	205,000,000.00	80,000,000.00	80,000,000.00	yes
2	Kisumu County Social Health Insurance Fund.	105,000,000.00			Not in Operation
3	Kisumu County Emergency Fund	100,000,000.00	42,000,000.00	42,000,000.00	yes
4	Kisumu Enterprises Fund	50,000,000.00	-	-	Not in Operation
5	Kisumu County Rural Electrification and renewal Energy corp. Fund	35,000,000.00	-	-	Not in Operation
<b>Total</b>		<b>495,000,000.00</b>	<b>122,000,000.00</b>	<b>122,000,000.00</b>	<b>-</b>
<b>County Assembly Established Funds</b>					
1	Kisumu County Assembly Loan Mortgage Fund	25,000,000.00	-	-	No.
<b>Total</b>		<b>25,000,000.00</b>	<b>244,000,000.00</b>	<b>244,000,000.00</b>	<b>-</b>

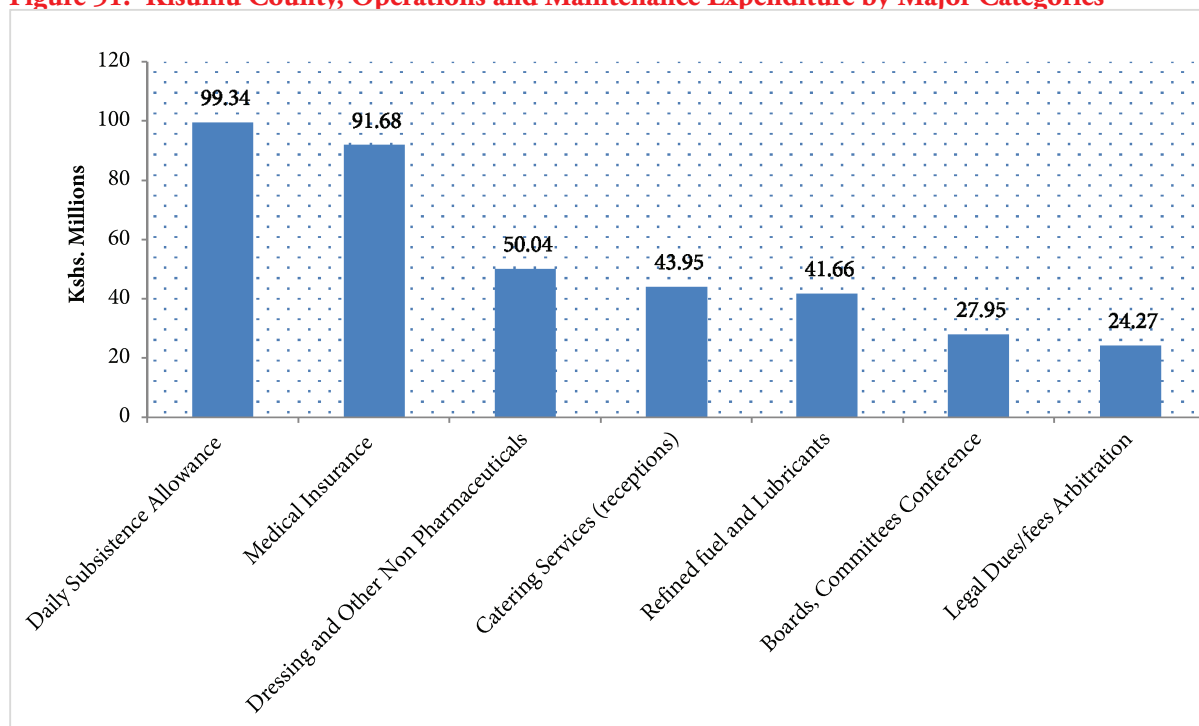
**Source:** *Kisumu County Treasury*

The CoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.17.9 Expenditure on Operations and Maintenance

Figure 51 summarises the Operations and Maintenance expenditure by major categories.

**Figure 51: Kisumu County, Operations and Maintenance Expenditure by Major Categories**



Source: Kisumu County Treasury

During the period, expenditure on domestic travel amounted to Kshs. 99.34 million and comprised Kshs.67.01 million spent by the County Assembly and Kshs.32.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 5.37 million by the County Assembly who travelled to Norway to attend a workshop from 1<sup>st</sup> July to 15<sup>th</sup> August 2023.

### 3.17.10 Development Expenditure

In the first half of FY 2023/24, the County spent Kshs.401.63 million mainly on payment of pending bills.

### 3.17.11 Budget Performance by Department

Table 3.116 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.116: Kisumu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Fisheries, Livestock Development & Irrigation	284.83	648.73	74.47	105.00	69.34		93.11	-	24.3	-
City of Kisumu	463.42	297.30	74.73		200.12	-	267.78	-	43.2	-
Infrastructure, Energy & Public Works.	251.11	510.20	122.00		114.40	28.00	93.77	-	45.6	5.5
Kisumu County Public Service Board	103.26	-	21.47	-	43.40		202.10	-	42.0	-
Education, Technical Training, Innovation & Social Services	718.93	200.83	120.50	-	151.25	35.82	125.52	-	21.0	17.8
Medical Services, Public Health & Sanitation	3,381.06	236.17	938.12		1,102.56		117.53	-	32.6	-

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
Public Service, County Administration & Participatory Development, Office of the Governor.	1,003.01	58.50	732.64	-	300.59	-	-	-	30.0	-
Sports, Culture, Gender & Youth Affairs	191.07	127.56	46.49	-	72.15	-	155.20	-	37.8	-
Lands, Physical Planning, Housing & Urban Development	121.27	450.00	38.85	-	45.50	-	117.10	-	37.5	-
Trade, Tourism, Industry & Marketing	117.41	275.15	29.13	-	43.94	-	150.84	-	37.4	-
Finance, Economic Planning & ICT Services	1,390.65	1,122.14	754.80	468.94	487.16	337.81	64.54	72.0	35.0	30.1
Water, Environment, Natural Resources & Climate Change	159.85	366.15	56.87	-	50.36	-	88.6	-	31.5	-
Kisumu County Assembly	969.53	165.00	302.76	-	302.76	-	100.0	-	31.2	-
<b>Total</b>	<b>9,155.40</b>	<b>4,457.73</b>	<b>3,312.83</b>	<b>573.94</b>	<b>2,983.54</b>	<b>401.63</b>	<b>81.0</b>	<b>70.0</b>	<b>32.6</b>	<b>9.0</b>

Source: Kisumu County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 30.1 per cent, followed by the Department of Education, Technical Training, Innovation & Social Services at 17.8 per cent. The Department of Infrastructure, Energy & Public Works had the highest percentage of recurrent expenditure to budget at 45.6 per cent while the Department of Education, Technical Training, Innovation & Social Services had the lowest at 21.0 per cent.

### 3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3.117 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.117: Kisumu County, Budget Execution by Programmes and Sub-Programmes**

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
<b>5088-Kisumu - Public Service County Administration and Participatory Development</b>								
<b>206005088</b>			<b>27,420,000.00</b>	<b>0</b>	<b>9,195,904.00</b>	<b>0</b>	33.5	
	206055060	Resource Mobilization	27,420,000.00	0	9,195,904.00	0	33.5	
<b>515005088</b>			<b>20,220,000.00</b>	<b>0</b>	<b>8,452,222.00</b>	<b>0</b>	41.8	
	515015060	Primary Policy and Legislation	20,220,000.00	0	8,452,222.00	0	41.8	
<b>701005088</b>			<b>52,270,000.00</b>	<b>28,500,000.00</b>	<b>14,592,647.00</b>	<b>0</b>	27.9	0.0
	701025060	Development and Management of County Administrative systems	52,270,000.00	28,500,000.00	14,592,647.00	0	27.9	0.0
<b>702005088</b>			<b>26,000,800.00</b>	<b>0</b>	<b>6,907,395.00</b>	<b>0</b>	26.6	
	702025060	Inter-Government Coordination and protocol	10,800,800.00	0	1,402,155.00	0	13.0	

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	702015060	Emergency, Relief, Disaster Management and Control	15,200,000.00	0	5,505,240.00	0	36.2	
<b>703005088</b>			<b>22,500,000.00</b>	<b>0</b>	<b>5,060,608.00</b>	<b>0</b>	22.5	
	703015060	Governors Press Service and Communication	22,500,000.00	0	5,060,608.00	0	22.5	
<b>704005088</b>			<b>828,913,314.00</b>	<b>30,000,000.00</b>	<b>251,646,626.35</b>	<b>0</b>	30.4	0.0
	704025060	Human Resource Recruitment and Development	251,326,788.00	0	86,381,985.50	0	34.4	
	704015060	General Administration and Support services	577,586,526.00	30,000,000.00	165,264,640.85	0	28.6	0.0
<b>706005088</b>			<b>9,854,000.00</b>	<b>0</b>	<b>1,782,500.00</b>	<b>0</b>	18.1	
	706025060	Monitoring & Evaluation	9,854,000.00	0	1,782,500.00	0	18.1	
<b>709005088</b>			<b>3,300,000.00</b>	<b>0</b>	<b>500,000.00</b>	<b>0</b>	15.2	
	709025060	Public participation services	3,300,000.00	0	500,000.00	0	15.2	
<b>711005088</b>			<b>12,530,000.00</b>	<b>0</b>	<b>2,454,425.00</b>	<b>0</b>	19.6	
	711005060	County Planning and Development Coordination Services	12,530,000.00	0	2,454,425.00	0	19.6	
		<b>Sub Total</b>	<b>1,003,008,114.00</b>	<b>58,500,000.00</b>	<b>300,592,327.35</b>	<b>0</b>	30.0	0.0
<b>5072-Kisumu - City of Kisumu</b>								
<b>108005072</b>			<b>21,855,964.00</b>	<b>0</b>	<b>8,676,252.95</b>	<b>0</b>	39.7	
	108015060	Local Revenue Mobilization	21,855,964.00	0	8,676,252.95	0	39.7	
<b>109005072</b>			<b>32,793,465.00</b>	<b>0</b>	<b>12,972,087.35</b>	<b>0</b>	39.6	
	109015060	Urban planning and development	32,793,465.00	0	12,972,087.35	0	39.6	
<b>401005072</b>			<b>107,912,257.00</b>	<b>0</b>	<b>53,576,883.15</b>	<b>0</b>	49.6	
	401045060	Health promotion service	45,290,823.00	0	22,533,031.20	0	49.8	
	401015060	Environmental health and sanitation	62,621,434.00	0	31,043,851.95	0	49.6	
<b>501005072</b>			<b>33,411,122.00</b>	<b>0</b>	<b>16,577,500.00</b>	<b>0</b>	49.6	
	501015060	Promotion of early childhood education.	33,411,122.00	0	16,577,500.00	0	49.6	
<b>704005072</b>			<b>267,443,526.00</b>	<b>297,300,000.00</b>	<b>108,313,055.80</b>	<b>0</b>	40.5	0.0
	704015060	General Administration and Support services	267,443,526.00	297,300,000.00	108,313,055.80	0	40.5	0.0
		<b>Sub Total</b>	<b>463,416,334.00</b>	<b>297,300,000.00</b>	<b>200,115,779.25</b>	<b>0</b>	43.2	0.0
5075-Kisumu-County Public Service Board								

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
<b>Program</b>	<b>Sub Program</b>	<b>Description</b>	<b>Recurrent</b>	<b>Development</b>	<b>Recurrent</b>	<b>Development</b>		
704005075			103,258,091.00	0	43,400,643.45	0	42.0	
	704015060	General Administration and Support services	101,646,491.00	0	42,811,043.45	0	42.1	
	704045060	Promotion of Values and Principles	1,291,600.00	0	589,600.00	0	45.6	
	704025060	Human Resource Recruitment and Development	320,000.00	0	0	0	0.0	
		<b>Sub Total</b>	<b>103,258,091.00</b>	<b>0</b>	<b>43,400,643.45</b>	<b>0</b>	<b>42.0</b>	
<b>5081-Kisumu - Department of Education, Technical Training, Innovation and Social Service</b>								
<b>Program</b>	<b>Sub Program</b>	<b>Description</b>	<b>Recurrent</b>	<b>Development</b>	<b>Recurrent</b>	<b>Development</b>		
101005081			467,786,687.00	0	98,890,854.55	0	21.1	
	101015060	Planning and Coordination Services	467,786,687.00	0	98,890,854.55	0	21.1	
502005081			1,600,000.00	14,800,000.00	509,100.00	0	31.8	0.0
	502015060	Youth Polytechnics Services	1,600,000.00	14,800,000.00	509,100.00	0	31.8	0.0
505005081			247,790,263.00	88,700,000.00	51,627,200.00	0	20.8	0.0
	505015060	Early Child Education	247,790,263.00	88,700,000.00	51,627,200.00	0	20.8	0.0
517005081			1,750,000.00	97,332,281.00	226,050.00	35,816,281.00	12.9	36.8
	517015060	Youth Training and Legislation	1,750,000.00	97,332,281.00	226,050.00	35,816,281.00	12.9	36.8
		<b>Sub Total</b>	<b>718,926,950.00</b>	<b>200,832,281.00</b>	<b>151,253,204.55</b>	<b>35,816,281.00</b>	<b>21.0</b>	<b>17.8</b>
<b>5083-Kisumu - Department of Finance, Economic Planning and ICT Services</b>								
<b>Program</b>	<b>Sub Program</b>	<b>Description</b>	<b>Recurrent</b>	<b>Development</b>	<b>Recurrent</b>	<b>Development</b>		
109005083			51,363,996.00	0	29,266,293.00	0	57.0	
	109015060	Urban planning and development	51,363,996.00	0	29,266,293.00	0	57.0	
201005083			15,000,000.00	0	3,411,474.00	0	22.7	
	201015060	General administration and planning	15,000,000.00	0	3,411,474.00	0	22.7	
203005083			1,008,436,139.00	1,050,000,000.00	334,083,343.60	331,809,612.00	33.1	31.6
	203015060	Administrative services	1,008,436,139.00	1,050,000,000.00	334,083,343.60	331,809,612.00	33.1	31.6
208005083			65,000,000.00	0	15,465,898.00	0	23.8	
	208015060	ICT Services	65,000,000.00	0	15,465,898.00	0	23.8	
703005083			15,000,000.00	0	4,638,100.00	0	30.9	
	703025060	Internal Auditing Services	15,000,000.00	0	4,638,100.00	0	30.9	
705005083			150,600,000.00	72,142,939.00	76,377,401.95	6,000,000.00	50.7	8.3
	705055060	Budget Formulation & Coordination Services	54,600,000.00	12,142,939.00	17,386,151.95	6,000,000.00	31.8	49.4

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	705035060	management of public financial resources	16,000,000.00	0	5,007,300.00	0	31.3	
	705015060	Revenue Mobilization	80,000,000.00	60,000,000.00	53,983,950.00	0	67.5	0.0
<b>706005083</b>			<b>85,249,719.00</b>	<b>0</b>	<b>23,918,620.00</b>	<b>0</b>	28.1	
	706025060	Monitoring & Evaluation	33,000,000.00	0	10,020,400.00	0	30.4	
	706015060	Policy Formulation & Planning	52,249,719.00	0	13,898,220.00	0	26.6	
		<b>Sub Total</b>	<b>1,390,649,854.00</b>	<b>1,122,142,939.00</b>	<b>487,161,130.55</b>	<b>337,809,612.00</b>	35.0	30.1
<b>5082-Kisumu - Department of Infrastructure, Energy and Public Works</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>201005082</b>			<b>96,000,000.00</b>	<b>443,400,000.00</b>	<b>48,000,000.00</b>	<b>28,000,000.00</b>	50.0	6.3
	201025060	Road construction and maintenance services	96,000,000.00	443,400,000.00	48,000,000.00	28,000,000.00	50.0	6.3
<b>205005082</b>			<b>6,000,000.00</b>	<b>66,800,000.00</b>	<b>2,787,190.00</b>	<b>0</b>	46.5	0.0
	205025060		6,000,000.00	66,800,000.00	2,787,190.00	0	46.5	0.0
<b>207005082</b>			<b>26,051,994.00</b>	<b>0</b>	<b>8,858,496.00</b>	<b>0</b>	34.0	
	207045060	Mechanical Engineering Services	23,551,994.00	0	8,858,496.00	0	37.6	
	207015060	Public Works	2,500,000.00	0	0	0	0.0	
<b>304005082</b>			<b>123,056,493.00</b>	<b>0</b>	<b>54,757,633.45</b>	<b>0</b>	44.5	
	304015060	Administration planning	123,056,493.00	0	54,757,633.45	0	44.5	
		<b>Sub Total</b>	<b>251,108,487.00</b>	<b>510,200,000.00</b>	<b>114,403,319.45</b>	<b>28,000,000.00</b>	45.6	5.5
<b>5067-Kisumu - Department of Lands, Housing and Physical Planning</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>103005067</b>			<b>13,150,000.00</b>	<b>0</b>	<b>2,597,850.00</b>	<b>0</b>	19.8	
	103015060	Physical planning services	13,150,000.00	0	2,597,850.00	0	19.8	
	103025060	county housing management	0	0	0	0		
<b>109005067</b>			<b>6,850,000.00</b>	<b>0</b>	<b>2,165,000.00</b>	<b>0</b>	31.6	
	109015060	Urban planning and development	6,850,000.00	0	2,165,000.00	0	31.6	
<b>201005067</b>			<b>101,272,041.00</b>	<b>450,000,000.00</b>	<b>40,732,336.65</b>	<b>0</b>	40.2	0.0
	201015060	General administration and planning	101,272,041.00	450,000,000.00	40,732,336.65	0	40.2	0.0
		<b>Sub Total</b>	<b>121,272,041.00</b>	<b>450,000,000.00</b>	<b>45,495,186.65</b>	<b>0</b>	37.5	0.0
<b>5085-Kisumu - Department of Medical Services, Public Health and Sanitation</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>401005085</b>			<b>600,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	0.0	
	401035060	Disease surveillance	600,000.00	0	0	0	0.0	
<b>402005085</b>			<b>2,480,000.00</b>	<b>0</b>	<b>345,500.00</b>	<b>0</b>	13.9	



Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	402025060	Elimination of communicable and non-communicable disease	360,000.00	0	119,700.00	0	33.3	
	402035060	Reproductive Health	1,760,000.00	0	85,800.00	0	4.9	
	402015060	Essential Service	360,000.00	0	140,000.00	0	38.9	
<b>403005085</b>			<b>3,151,800,741.00</b>	<b>0</b>	<b>1,213,065,727.70</b>	<b>0</b>	<b>38.5</b>	
	403035060	Governance and leadership	423,646,001.00	0	173,961,241.90	0	41.1	
	403045060	Human Resources for Health	2,728,154,740.00	0	1,039,104,485.80	0	38.1	
<b>404005085</b>			<b>39,050,398.00</b>	<b>0</b>	<b>19,170,283.00</b>	<b>0</b>	<b>49.1</b>	
	404015060	Primary Health-care Services	39,050,398.00	0	19,170,283.00	0	49.1	
<b>405005085</b>			<b>11,132,698.00</b>	<b>0</b>	<b>4,594,683.00</b>	<b>0</b>	<b>41.3</b>	
	405015060	Health Promotive Services	11,132,698.00	0	4,594,683.00	0	41.3	
<b>407005085</b>			<b>90,000,000.00</b>	<b>25,000,000.00</b>	<b>30,000,000.00</b>	<b>0</b>	<b>33.3</b>	<b>0.0</b>
	407015060	Jaramogi Oginga Odinga Teaching and Referral Hospital	90,000,000.00	25,000,000.00	30,000,000.00	0	33.3	0.0
<b>408005085</b>			<b>42,000,000.00</b>	<b>0</b>	<b>14,924,278.00</b>	<b>0</b>	<b>35.5</b>	
	408015060	Kisumu County Referral Hospital	42,000,000.00	0	14,924,278.00	0	35.5	
<b>409005085</b>			<b>42,000,000.00</b>	<b>211,174,534.00</b>	<b>20,922,110.00</b>	<b>0</b>	<b>49.8</b>	<b>0.0</b>
	409015060	County and Sub-County Hospital Services	42,000,000.00	211,174,534.00	20,922,110.00	0	49.8	0.0
<b>514005085</b>			<b>2,000,000.00</b>	<b>0</b>	<b>222,600.00</b>	<b>0</b>	<b>11.1</b>	
	514015060	Routine Nutritional Survey	2,000,000.00	0	222,600.00	0	11.1	
		<b>Sub Total</b>	<b>3,381,063,837.00</b>	<b>236,174,534.00</b>	<b>1,102,562,042.70</b>	<b>0</b>	<b>32.6</b>	<b>0.0</b>
<b>5086-Kisumu - Department of Sports, Culture, Gender and Youth Affairs</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>101005086</b>			<b>91,056,101.00</b>	<b>22,561,013.00</b>	<b>39,382,591.60</b>	<b>0</b>	<b>43.3</b>	<b>0.0</b>
	101015060	Planning and Coordination Services	91,056,101.00	22,561,013.00	39,382,591.60	0	43.3	0.0
<b>103005086</b>			<b>1,078,875.00</b>	<b>0</b>	<b>229,375.00</b>	<b>0</b>	<b>21.3</b>	
	103015060	Physical planning services	1,078,875.00	0	229,375.00	0	21.3	
<b>301005086</b>			<b>14,053,355.00</b>	<b>0</b>	<b>1,594,625.00</b>	<b>0</b>	<b>11.3</b>	
	301015060	Infrastructure Development	14,053,355.00	0	1,594,625.00	0	11.3	
<b>304005086</b>			<b>32,267,690.00</b>	<b>0</b>	<b>14,061,065.00</b>	<b>0</b>	<b>43.6</b>	
	304015060	Administration planning	32,267,690.00	0	14,061,065.00	0	43.6	

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
<b>502005086</b>			<b>1,020,000.00</b>	<b>100,000,000.00</b>	<b>366,433.40</b>	<b>0</b>	35.9	0.0
	502025060	Youth Training Facilities	1,020,000.00	100,000,000.00	366,433.40	0	35.9	0.0
<b>504005086</b>			<b>2,373,000.00</b>	<b>0</b>	<b>451,000.00</b>	<b>0</b>	19.0	
	504015060	Gender & Disability Mainstreaming	577,500.00	0	0	0	0.0	
	504025060	Social Dev. Facilities	1,795,500.00	0	451,000.00	0	25.1	
<b>506005086</b>			<b>26,554,385.00</b>	<b>5,000,000.00</b>	<b>10,382,285.00</b>	<b>0</b>	39.1	0.0
	506015060	Sports Management	4,274,375.00	5,000,000.00	901,300.00	0	21.1	0.0
	506025060	Talent Development	22,280,010.00	0	9,480,985.00	0	42.6	
<b>507005086</b>			<b>7,943,400.00</b>	<b>0</b>	<b>2,143,758.00</b>	<b>0</b>	27.0	
	507015060	Sports Academy	7,943,400.00	0	2,143,758.00	0	27.0	
<b>907005086</b>			<b>14,726,825.00</b>	<b>0</b>	<b>3,538,350.00</b>	<b>0</b>	24.0	
	907025060	Artistic Talent Development	2,798,625.00	0	789,850.00	0	28.2	
	907015060	Culture and Heritage Development	11,928,200.00	0	2,748,500.00	0	23.0	
		<b>Sub Total</b>	<b>191,073,631.00</b>	<b>127,561,013.00</b>	<b>72,149,483.00</b>	<b>0</b>	37.8	0.0
<b>5084-Kisumu - Department of Trade, Tourism, Industry &amp; Marketing.</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>301005084</b>			<b>3,200,000.00</b>	<b>57,647,203.00</b>	<b>480,100.00</b>	<b>0</b>	15.0	0.0
	301025060	Trade Support Services	3,200,000.00	57,647,203.00	480,100.00	0	15.0	0.0
<b>302005084</b>			<b>4,750,000.00</b>	<b>17,500,000.00</b>	<b>1,053,900.10</b>	<b>0</b>	22.2	0.0
	302015060	Verification and Calibration of Weighing Equipment	4,750,000.00	17,500,000.00	1,053,900.10	0	22.2	0.0
<b>303005084</b>			<b>22,250,000.00</b>	<b>0</b>	<b>4,287,945.00</b>	<b>0</b>	19.3	
	303035060	Tourism Event Management	18,349,998.00	0	3,516,075.00	0	19.2	
	303015060	Tourism Development	3,900,002.00	0	771,870.00	0	19.8	
<b>305005084</b>			<b>3,900,000.00</b>	<b>0</b>	<b>1,703,600.00</b>	<b>0</b>	43.7	
	305055060	Co-operative Governance	3,900,000.00	0	1,703,600.00	0	43.7	
<b>306005084</b>			<b>1,700,000.00</b>	<b>200,000,000.00</b>	<b>83,600.00</b>	<b>0</b>	4.9	0.0
	306015060	Business Development Services	1,700,000.00	200,000,000.00	83,600.00	0	4.9	0.0
<b>504005084</b>			<b>200,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	0.0	
	504055060	Betting Control Services	200,000.00	0	0	0	0.0	
<b>508005084</b>			<b>100,000.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	0.0	

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	508015060	Alcoholic Drinks	100,000.00	0	0	0	0.0	
<b>704005084</b>			<b>81,314,464.00</b>	<b>0</b>	<b>36,334,675.00</b>	<b>0</b>	44.7	
	704015060	General Administration and Support services	81,314,464.00	0	36,334,675.00	0	44.7	
		<b>Sub Total</b>	<b>117,414,464.00</b>	<b>275,147,203.00</b>	<b>43,943,820.10</b>	<b>0</b>	37.4	0.0
<b>5087-Kisumu - Department of Water Environment Natural Resources and Climate Change</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>101005087</b>			<b>44,650,927.00</b>	<b>0</b>	<b>15,003,602.40</b>	<b>0</b>	33.6	
	101045060	Planning and Administration	44,650,927.00	0	15,003,602.40	0	33.6	
<b>105005087</b>			<b>28,950,658.00</b>	<b>0</b>	<b>5,397,985.00</b>	<b>0</b>	18.6	
	105055060	Management of Stations	28,950,658.00	0	5,397,985.00	0	18.6	
<b>205005087</b>			<b>6,200,000.00</b>	<b>0</b>	<b>1,002,800.00</b>	<b>0</b>	16.2	
	205035060	Climate Change	6,200,000.00	0	1,002,800.00	0	16.2	
<b>206005087</b>			<b>1,208,000.00</b>	<b>0</b>	<b>185,800.00</b>	<b>0</b>	15.4	
	206045060	Mining Efficiency	1,208,000.00	0	185,800.00	0	15.4	
<b>301005087</b>			<b>6,963,826.00</b>	<b>0</b>	<b>445,200.00</b>	<b>0</b>	6.4	
	301015060	Infrastructure Development	6,963,826.00	0	445,200.00	0	6.4	
<b>902005087</b>			<b>64,553,191.00</b>	<b>366,150,000.00</b>	<b>26,621,748.30</b>	<b>0</b>	41.2	0.0
	902015060	Sustainable Access to Safe Water	1,897,362.00	0	61,200.00	0	3.2	
	902025060	Water resources & sewerage services	62,655,829.00	366,150,000.00	26,560,548.30	0	42.4	0.0
<b>904005087</b>			<b>5,243,044.00</b>	<b>0</b>	<b>1,340,375.00</b>	<b>0</b>	25.6	
	904035060	Solid Waste Management	4,022,800.00	0	1,117,600.00	0	27.8	
	904025060	Environment Conservation Of Natural Resources	1,220,244.00	0	222,775.00	0	18.3	
<b>906005087</b>			<b>2,076,000.00</b>	<b>0</b>	<b>367,200.00</b>	<b>0</b>	17.7	
	906015060	Pollution Control	2,076,000.00	0	367,200.00	0	17.7	
		<b>Sub Total</b>	<b>159,845,646.00</b>	<b>366,150,000.00</b>	<b>50,364,710.70</b>	<b>0</b>	31.5	0.0
<b>Agriculture, Fisheries, Livestock Development &amp; Irrigation-5068</b>								
Program		Description						
<b>5068</b>								
	<b>101005068</b>		<b>203,471,353</b>	<b>643,726,668</b>	<b>67,571,827</b>	<b>0</b>	33.2	
		Planning and Administration	203,471,353	643,726,668	67,571,827	0	33.2	
	<b>104005068</b>		<b>488,550</b>				0.0	

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
		Promotion of Soil and Water Management	488,550				0.0	
	<b>105005068</b>		<b>65,548,629</b>		<b>1,766,801</b>	0	2.7	
		Promotion of Crop production Value Chains	6,641,500				0.0	
		Management of Agriculture Advisory services	18,978,200		503,800	0	2.7	
		Development of Product Quality Assurance	1,145,500				0.0	
		Management of Stations	20,513,726		268,800	0	1.3	
		Promotion of Livestock Production Value Chains	18,269,703		994,205	0	5.4	
	<b>106005068</b>		<b>1,288,750</b>				0.0	
		Agriculture input Access	439,000				0.0	
		Agriculture Credit Access	849,750				0.0	
	<b>107005068</b>		<b>912,500</b>	<b>5,000,000</b>		0	0.0	
		Promotion value addition	439,000	5,000,000		0	0.0	
		Promotion of Agribusiness	473,500				0.0	
	<b>701005068</b>		<b>119,250</b>				0.0	
		Human Resource development services	119,250				0.0	
	<b>707005068</b>		<b>13,000,000</b>				0.0	
		Management Information System	13,000,000				0.0	
<b>5067-Kisumu - County Assembly</b>								
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development		
<b>103005067</b>			<b>13,150,000.00</b>	<b>0</b>	<b>2,597,850.00</b>	<b>0</b>	19.8	
	103015060	Physical planning services	13,150,000.00	0	2,597,850.00	0	19.8	
	103025060	county housing management	0	0	0	0		
<b>109005067</b>			<b>6,850,000.00</b>	<b>0</b>	<b>2,165,000.00</b>	<b>0</b>	31.6	
	109015060	Urban planning and development	6,850,000.00	0	2,165,000.00	0	31.6	
<b>201005067</b>			<b>101,272,041.00</b>	<b>450,000,000.00</b>	<b>40,732,336.65</b>	<b>0</b>	40.2	0.0
	201015060	General administration & planning	101,272,041.00	450,000,000.00	40,732,336.65	0	40.2	0.0
		<b>Grand Total</b>	<b>9,155,399,851.00</b>	<b>4,457,734,638.00</b>	<b>2,983,535,373.00</b>	<b>401,625,893.00</b>	<b>32.6</b>	<b>9.0</b>

Source: Kisumu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Urban planning and development in the Department of Finance and Economic Planning at 57.0 per cent, Road Construction and Maintenance and services in the Department of Infrastructure Energy and Public Works at 50 per cent of budget allocation.

### 3.17.13 Accounts Operated Commercial Banks

The County government operated a total of 29 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.17.14 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. The underperformance of own-source revenue at Kshs.426.28 million against an annual projection of Kshs.2.28 billion, representing 18.7 per cent of the annual target.
2. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.116.
3. High level of pending bills which amounted to Kshs.1.64 billion as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.118.47 million were processed through the manual payroll, accounting for 5.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. Seventeen (17) commercial bank accounts are held for donor projects, eight (8) commercial banks are held for county operations and four (4) for contingencies and funds.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

## 3.18. County Government of Kitui

### 3.18.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.13.99 billion, comprising Kshs.5.12 billion (36.6 per cent) and Kshs.8.86 billion (63.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 13.7 per cent compared to the previous financial year when the approved budget was Kshs.12.31 billion and comprised of Kshs.3.64 billion towards development expenditure and Kshs.8.66 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.83 billion (77.4 per cent) as the equitable share of revenue raised nationally, Kshs.562.09 million (4 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.65 billion (11.6 per cent) was brought forward from FY 2022/23, and generate Kshs.950.82 million (6.8 per cent) as gross own source revenue. The own-source revenue includes Kshs.365.82 million (38 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.585 million (62 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.118.

### 3.18.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.57 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.65 billion from FY 2022/23, and raised Kshs.198.30 million as own-source revenue (OSR). The raised OSR includes Kshs.127.30 million as FIF and Kshs.70.99 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.42 billion, as shown in Table 3.118.

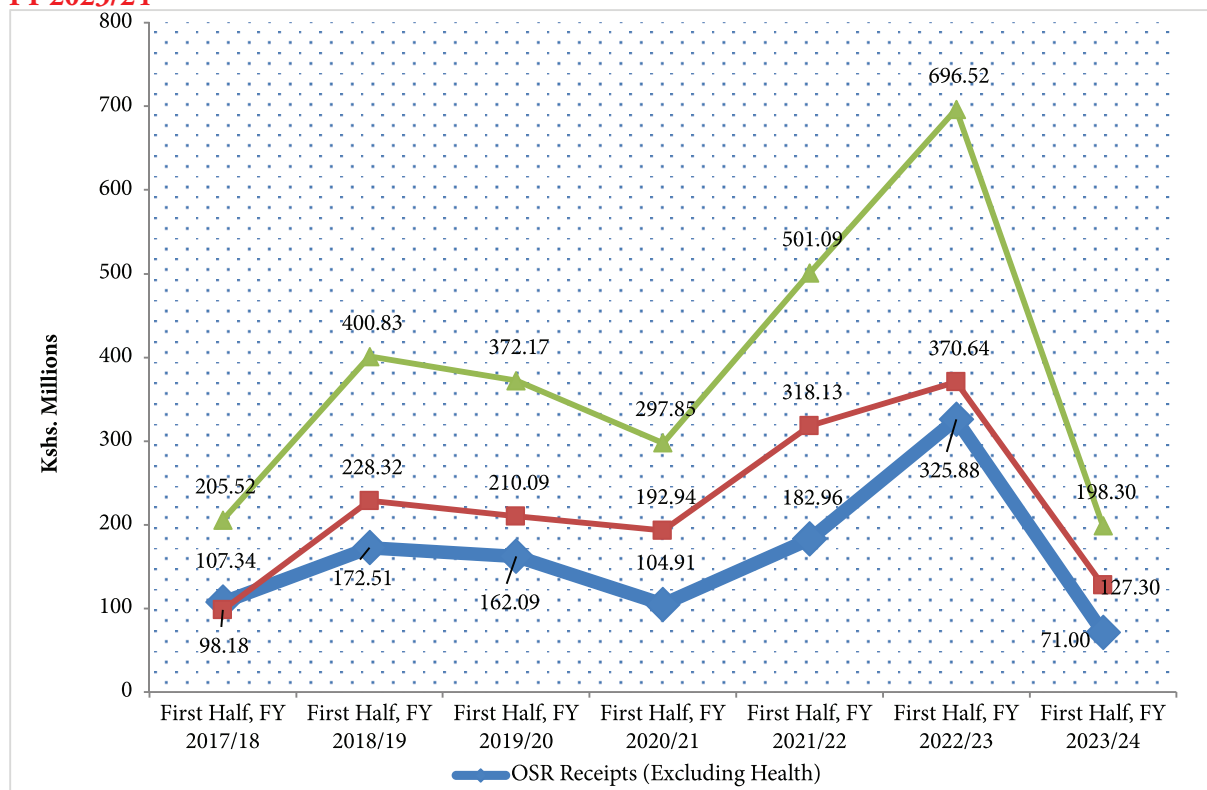
**Table 3.118: Kitui County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>A.</b>	Equitable Share of Revenue Raised Nationally	10,829,486,936	3,573,730,690	33.0
<b>Sub Total</b>		<b>10,829,486,936</b>	<b>3,573,730,690</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	World Bank (Emergency Locust Response Project (ELRP)	133,683,244	-	-
2	HSSP/HSPP/DANIDA/IDA	16,112,250	-	-
3	World Bank loan for National Agricultural and Rural Inclusive Growth Project	150,000,000	-	-
4	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5	Agricultural Sector Development of Youth Polytechnic (ASDSP)	1,292,965	-	-
6	World Bank Programme to Finance locally -Led Climate Action Program (FLLoCA)	11,000,000	-	-
<b>Sub-Total</b>		562,088,459	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	585,000,000	70,999,168	12.1
2	Balance b/f from FY2022/23	1,646,384,897	1,646,384,897	100.0
3	Facility Improvement Fund (FIF)	365,820,000	127,298,120	36.3
<b>Sub Total</b>		<b>2,597,204,897</b>	<b>198,297,288</b>	<b>14.7</b>
<b>Grand Total</b>		<b>13,988,780,292</b>	<b>5,418,412,875</b>	<b>38.7</b>

Source: Kitui County Treasury

Figure 52 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

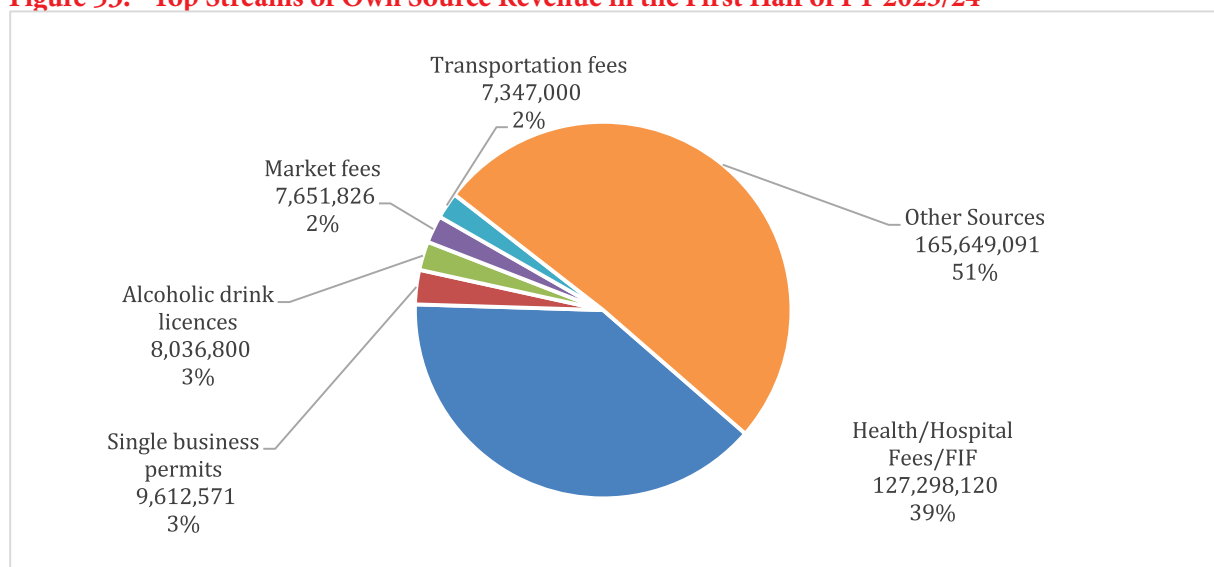
**Figure 52: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kitui County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.198.30 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented a decrease of 71.5 per cent compared to Kshs.696.52 million realised in a similar period in FY 2022/23 and was 20.9 per cent of the annual target and 4 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.0.05 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 53.

**Figure 53: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kitui County Treasury

The highest revenue stream of Kshs.127.30 million was from Health/Hospital Fees/FIF, contributing to 39 per cent of the total OSR receipts during the reporting period.

### 3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.43 billion from the CRF account during the reporting period which comprised Kshs.1.03 billion (19 per cent) for development programmes and Kshs.4.40 billion (81 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.84 billion was released towards Employee Compensation, and Kshs.1.56 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.430.83 million.

### 3.18.4 County Expenditure Review

The County spent Kshs.5.68 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.6 per cent of the total funds released by the CoB and comprised of Kshs.1.05 billion and Kshs.4.63 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.7 per cent, while recurrent expenditure represented 45.4 per cent of the annual recurrent expenditure budget.

### 3.18.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.582.15 million, comprising Kshs.174.64 million for recurrent expenditure and Kshs.407.50 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.193.48 million were settled, consisting of Kshs.57.15 million for recurrent expenditure and Kshs.136.33 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.388.67 million.

The outstanding pending bills for the County Assembly were Kshs.11.69 million as of 31<sup>st</sup> December 2023.

### 3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.77 billion on employee compensation, Kshs.1.42 billion on operations and maintenance, and Kshs.1.05 billion on development activities. Similarly, the County Assembly spent Kshs.198.48 million on employee compensation and Kshs.248.06 million on operations and maintenance, as shown in Table 3.119.

**Table 3.119: 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
<b>Total Recurrent Expenditure</b>	<b>7,673,477,624</b>	<b>1,180,814,288</b>	<b>4,024,628,799</b>	<b>665,113,500</b>	<b>52.4</b>	<b>37.8</b>
Compensation to Employees	4,968,187,664	448,836,247	2,766,300,240	198,444,238	55.7	44.2
Operations and Maintenance	2,705,289,960	731,978,041	1,416,369,688	248,058,911	52.4	33.9
<b>Development Expenditure</b>	<b>4,905,429,827</b>	<b>229,058,553</b>	<b>1,053,954,083</b>	<b>-</b>	<b>21.5</b>	<b>-</b>
<b>Total</b>	<b>12,578,907,451</b>	<b>1,409,872,841</b>	<b>5,236,624,011</b>	<b>446,503,149</b>	<b>41.6</b>	<b>39.5</b>

Source: Kitui County Treasury

### 3.18.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.96 billion, or 54.7 per cent of the available revenue which amounted to Kshs.5.42 billion. This expenditure represented an increase from Kshs.2.58 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.57 billion paid to health sector employees, translating to 49 per cent of the total wage bill. The increase in wage bill as compared to the previous FY may be associated with the conversion of ECDE teachers from casual to permanent and pensionable terms in the FY 2023/24.



Further analysis indicates that PE costs amounting to Kshs.2.82 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.149.10 million was processed through manual pay-rolls. The manual payrolls accounted for 5.0 per cent of the total PE cost.

The County Assembly spent Kshs.9.96 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.17.64 million. The average monthly sitting allowance was Kshs.27, 212 per MCA. The County Assembly has established 22 Committees.

### 3.18.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.160.59 million to county-established funds in FY 2023/24, constituting 1.1 per cent of the County's overall budget. Table 3.120 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.120: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in the First Half of FY 2023/24	Actual Expenditure for the First Half of FY 2023/24 (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023
<b>County Executive Established Funds</b>						
1.	Empowerment fund	20,000,000.00	-	-	160,000,000	No
<b>County Assembly Established Funds</b>						
2.	Kitui County Assembly Service Board employees' car and mortgage fund schemes		-	-	196,207,234	Yes
3.	Kitui County Assembly car loan and mortgage (members) scheme fund	140,594,663			242,887,928	Yes
	<b>Total</b>	<b>160,594,663</b>	<b>-</b>	<b>-</b>	<b>242,887,928</b>	<b>-</b>

Source: Kitui County Treasury

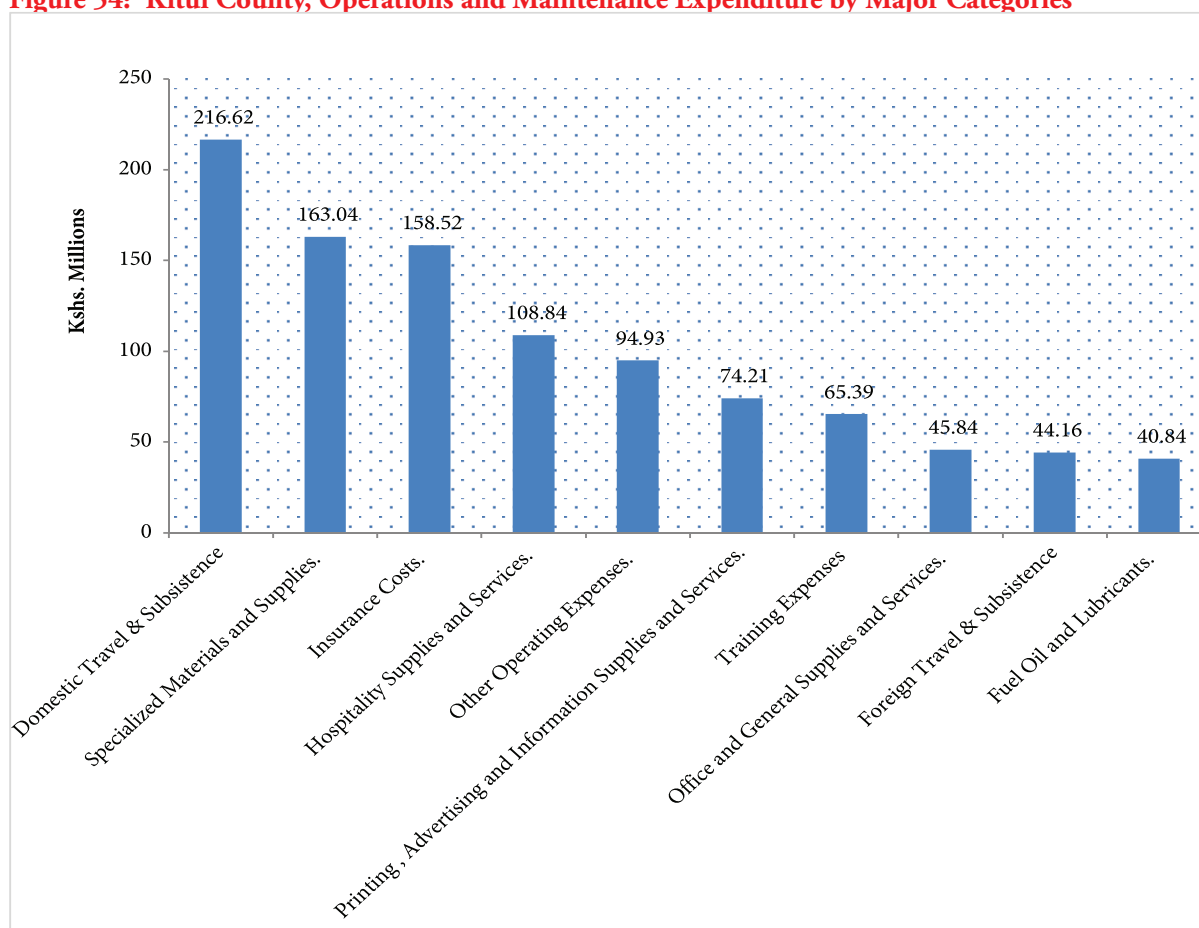
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all the funds except the Empowerment fund as indicated in Table 3.120. In line with the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.18.9 Expenditure on Operations and Maintenance

Figure 54 summarises the Operations and Maintenance expenditure by major categories.

**Figure 54: Kitui County, Operations and Maintenance Expenditure by Major Categories**



Source: Kitui County Treasury

During the period, expenditure on domestic travel amounted to Kshs.279.62 million and comprised Kshs.63.22 million spent by the County Assembly and Kshs.216.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.44.16 million by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.121 below; -

**Table 3.121: Summary of Highest Expenditure on Foreign Travel**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7 (6 MCAs +1 member of staff)	27/11/2023-01/12/2023	Training Workshop on advanced parliamentary theory and practice organized by ESAMI (Committee on Lands Infrastructure and Urban Development)	Istanbul, Turkey	7,492,926.00
County Assembly	1 (Clerk of Assembly)	20-28/10/2023	Training on the international transformative leadership	United Kingdom	2,121,200.00
County Assembly	7 (6 MCAs +I member of staff)	30/10/2023-3/11/2023	Training workshop on value chain addition on Agriculture organized by ESAMI (Committee on Agriculture, Water and Irrigation)	Singapore	11,639,250.00
County Assembly	1 (Speaker of the County Assembly)	27/10/2023-5/11/2023	Attending an international workshop on performance management systems and localization of SDGs	London, United Kingdom	2,390,786.00
County Assembly	7 (6 MCAs +I member of staff)	30/10/2023-3/11/2023	Training workshop on the role of PIAC Committee scrutinizing public expenditure organized by ESAMI (Public Investments Accounts Committee-PIAC).	Singapore	11,096,600.00

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7 (6 MCAs +1 member of staff)	16-20/10/2023	Training on strengthening Healthcare systems in the County Governments organised by ESAMI (Committee on Health and Sanitation)	Istanbul, Turkey	9,423,050.00

Source: Kitui County Assembly

### 3.18.10 Development Expenditure

In the first half of FY 2023/24, the County spent ksh.1.05 billion on development programmes. This represents an increase compared to a similar period of FY 2022/23 when the County spent Kshs.205.5 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.122: Kitui County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Water and Irrigation	Payment for the supply and delivery of drilling materials for the Mwingi region	Mwingi west	6,023,439	6,023,439	100
2	Water and Irrigation	Payment for construction of Kwa Kaavu 2 sand dam in Ngomeni	Mwingi North	6,846,446	6,846,446	100
3	Water and Irrigation	Payment for construction of Rehabilitation of Ngomane sand dam	Kitui South	8,659,129	8,659,129	100
4	Water and Irrigation	Payment for construction of Kithayoni sand dam	Mwingi North	9,300,344	9,300,344	100
5	Water and Irrigation	Payment for construction of Kwa Katune Sand Dam	Mwingi North	10,000,000	10,000,000	100
6	Water and Irrigation	Payment of Nduni borehole drilling	Kitui East	10,689,612	10,689,612	100
7	Water and Irrigation	Payment of Timboni intake upgrade and pipeline interconnections	Timboni	14,458,861	14,458,861	100
8	Water and Irrigation	Payment for supply and delivery of solar, submersible and acrider several pumps	Kitui Central	15,273,322	15,273,322	100
9	Water and Irrigation	Payment for the supply and delivery of drilling materials for Mwingi region	Mwingi North	18,637,826	18,637,826	100
10	Water and Irrigation	Payment for solarization and pipeline construction of Kwa Waita borehole in Kanziko/Simisi ward	Kitui South	23,235,651	23,235,651	100

Source: Kitui County Treasury

### 3.18.11 Budget Performance by Department

Table 3.123 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.123: Kitui County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,264.83	1,296.32	868.98	327.35	709.18	377.33	81.6	115.3	56.1	29.1
Office of The Deputy Governor	185.32	49.94	62.92	2.30	62.17	5.68	98.8	247.1	33.5	11.4
Water & Irrigation	115.78	778.75	21.67	194.85	40.05	247.25	184.8	126.9	34.6	31.7
Basic Education ICT & Youth Development	855.33	191.24	187.13	8.04	404.72	9.61	216.3	119.5	47.3	5.0
Infrastructure, Housing, Transport & Public Works	199.72	492.79	80.90	229.01	67.62	305.39	83.6	133.4	33.9	62.0
Health and Sanitation	3,463.39	249.98	2,041.99	16.18	2,039.53	34.54	99.9	213.4	58.9	13.8
Trade, Cooperatives & Investment	189.54	287.03	67.79	31.64	87.90	32.61	129.7	103.1	46.4	11.4
Environment, Tourism & Natural Resources	88.61	168.63	20.92	65.22	37.47	27.81	179.1	42.6	42.3	16.5
Gender, Sports & Culture	113.09	136.56	45.05	23.28	44.86	29.12	99.6	125.1	39.7	21.3
County Treasury	523.74	139.96	235.85	-	253.39	42.75	107.4	-	48.4	30.5
County Public Service Board	64.33	15.00	16.71	-	27.68	-	165.6	-	43.0	-
County Assembly	1,180.81	229.06	446.69	-	446.50	-	100	-	37.8	-
Kitui Municipality	79.48	112.97	27.52	21.34	36.07	24.69	131.1	115.7	45.4	21.9
Mwingi Town Administration	65.09	35.05	20.50	-	18.36	1.24	89.6	-	28.2	3.6
Livestock, Agriculture & Fisheries	361.57	845.77	220.15	102.52	156.77	68.50	71.2	66.8	43.4	8.1
Lands & Physical Planning	113.86	95.23	38.95	8.00	38.86	5.47	99.8	68.4	34.1	5.7
<b>Total</b>	<b>8,864.51</b>	<b>5,124.27</b>	<b>4,403.71</b>	<b>1,029.74</b>	<b>4,471.13</b>	<b>1,212.00</b>	<b>91.4</b>	<b>117.7</b>	<b>45.4</b>	<b>23.7</b>

*Source: Kitui County Treasury*

Analysis of expenditure by department shows that the Department of Infrastructure, Housing, Transport & Public Works recorded the highest absorption rate of development budget at 62 per cent, followed by the County Treasury at 30.5 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 58.9 per cent while the Mwingi Town Administration had the lowest at 28.9 per cent.

### 3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3.124 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.124: Kitui County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>3711-Office of the governor</b>							
General Administration Planning and Support Services	701013710	-	-	-	-	-	-
	702013710	861,378,443.00	80,000,000.00	508,979,409.00	5,135,751.00	59.1	6.4
Governors Service Delivery Unit and Public Communication	701023710	98,990,000.00	1,072,405,539.00	90,816,900.00	346,740,498.00	91.7	32.3
	703013710	9,003,852.00	-	1,817,347.00	-	20.2	-
	703023710	13,709,790.00	-	5,953,067.00	-	43.4	-
Decentralized Unit Service Delivery Coordination	705013710	53,965,520.00	-	25,977,839.00	-	48.1	-
	706013710	55,317,827.00	106,727,844.00	24,393,074.00	25,451,764.00	44.1	23.8
	707013710	21,094,146.00	37,184,474.00	5,034,831.00	-	23.9	-
	717013710	22,579,280.00	-	7,884,836.00	-	34.9	-
Office of Chief of Staff	717023710	46,500,672.00	-	9,707,298.00	-	20.9	-
Office of County Attorney	717033710	29,116,000.00	-	1,711,907.00	-	5.9	-
Monitoring and evaluation	717023710	50,738,866.00	-	26,906,640.00	-	53.0	-
	Sub Total	2,436,000.00	-	-	-	-	-
<b>3716-Kitui - Health and Sanitation</b>		<b>1,264,830,396.00</b>	<b>1,296,317,857.00</b>	<b>709,183,148.00</b>	<b>377,328,013.00</b>	<b>56.1</b>	<b>29.1</b>
Curative and Rehabilitate Services	402013710	-	-	-	-	-	-
Medical Services	401013710	1,131,279,988.00	5,500,000.00	543,967,910.00	-	48.1	-
	401023710	849,175,197.00	29,267,495.00	655,574,218.00	15,399,336.00	77.2	52.6
	401033710	65,719,509.00	166,609,023.00	58,078,763.00	18,434,770.00	88.4	11.1
	402023710	2,809,567.00	3,000,000.00	2,809,567.00	-	100.0	-
	402033710	870,000.00	22,087,656.00	465,000.00	-	53.4	-
Public Health	403013710	256,771,353.00	-	129,254,341.00	-	50.3	-
	403023710	1,235,557.00	-	590,771.00	-	47.8	-
	403033710	868,875,729.00	23,512,834.00	457,063,872.00	704,583.00	52.6	3.0
	404013710	1,133,900.00	-	566,900.00	-	50.0	-
	404023710	981,436.00	-	473,999.00	-	48.3	-
	404033710	58,037,337.00	-	28,540,800.00	-	49.2	-
Curative Health Services	402033710	89,424,170.00	-	57,648,975.00	-	64.5	-
	404033710	136,494,576.00	-	104,200,970.00	-	76.3	-
		580,000.00	-	290,000.00	-	50.0	-
			-		-	-	-
		3,463,388,319.00	249,977,008.00	2,039,526,086.00	34,538,689.00	58.9	13.8
<b>3722-Kitui - County Public Service Board</b>							
General Administration and Planning Headquarters	701013710	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	713013710	46,475,589.00	15,000,000.00	21,206,303.00		45.6	-
	713023710	6,316,300.00	-	2,171,375.00	-	34.4	-
	714013710	6,877,796.00	-	2,711,945.00	-	39.4	-
	Sub-Total	4,664,118.00	-	1,589,539.00	-	34.1	-
3723-Kitui - County Assembly		64,333,803.00	15,000,000.00	27,679,162.00	-	43.0	-
General Administration and Planning Headquarters	701013710	-	-	-	-	-	-
Legislative Department Headquarters	715013710	326,055,863.00	229,058,553.00	133,799,502.00	-	41.0	-
Assembly Board Services	715013710	713,340,762.00	-	332,832,358.00	-	46.7	-
	Sub-Total	141,417,663.00	-	-	-	-	-
3724-Kitui - Kitui Municipality		1,180,814,288.00	229,058,553.00	466,631,860.00	-	39.5	-
Environment, Culture, Recreation and Community Development - Headquarters	207013710	-	-	-	-	-	-
General Administration and Planning- Headquarters	201013710	16,590,000.00	10,000,000.00	7,099,464.00	-	42.8	-
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	45,340,083.00	8,000,000.00	22,533,833.00	-	49.7	-
Trade, Commerce and Industrialization	207033710	7,281,500.00	3,500,000.00	2,473,250.00	-	34.0	-
Water and Sewerage Charges	207023710	3,480,000.00	6,761,711.00	1,277,951.00	-	36.7	-
	207013710	4,531,184.00	3,000,000.00	2,689,166.00	-	59.3	-
	207023710	1,680,000.00	47,000,000.00	-	1,984,010.00	-	4.2
	Sub-Total	580,000.00	34,708,731.00	-	22,708,744.00	-	65.4
3725-Kitui - Mwingi Town Administration		79,482,767.00	112,970,442.00	36,073,664.00	24,692,754.00	45.4	21.9
Environment, Culture, Recreation and Community Development - Headquarters							
General Administration and Planning- Headquarters	109013710	698,900.00	12,000,000.00	254,158.00	-	36.4	-
	201013710	6,036,446.00	4,744,530.00	2,132,763.00	1,244,530.00	35.3	26.2
	706013710	40,555,896.00	2,197,992.00	14,132,301.00	-	34.8	-
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	298,147.00	-	101,922.00	-	34.2	-
	207023710	16,122,430.00	8,902,594.00	971,420.00	-	6.0	-
	207033710	1,099,910.00	-	674,623.00	-	61.3	-
	706013710	142,158.00	-	17,645.00	-	12.4	-
	Sub-Total	135,720.00	7,200,000.00	73,560.00	-	54.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
3728-Kitui - Office of the Deputy Governor		65,089,607.00	35,045,116.00	18,358,392.00	1,244,530.00	28.2	3.6
Performance Management and Disaster Mitigation	205013710	-	-	-	-	-	-
Tourism Development and Promotion	305013710	25,062,014.00	12,000,000.00	9,918,585.00	1,417,820.00	39.6	11.8
	305033710	39,688,044.00	15,242,271.00	18,610,818.00	3,764,680.00	46.9	24.7
Administration Planning and Support Services	701013710	8,235,977.00	11,996,130.00	1,520,032.00	496,130.00	18.5	4.1
	717013710	39,723,474.00	-	10,125,360.00	-	25.5	-
	1003023710	41,219,717.00	-	7,749,134.00	-	18.8	-
	Sub-Total	31,391,632.00	10,700,000.00	14,243,395.00	-	45.4	-
3729-Kitui - Ministry of Water and Irrigation		185,320,858.00	49,938,401.00	62,167,324.00	5,678,630.00	33.5	11.4
General Administration Planning and Support Services							
Irrigation	104013710	77,979,558.00		31324646		40.2	-
Water	111013710	15,287,836.00	515,907,784.00	5328730	199,004,407.00	34.9	38.6
	111023710	17,270,221.00	146,351,352.00	1707568	17,357,945.00	9.9	11.9
	101013710	3,715,593.00	116,487,989.00	1240800	30,887,691.00	33.4	26.5
	Sub-Total	1,527,497.00		447043		29.3	-
3730-Kitui - Education Training and Skills Development		115,780,705.00	778,747,125.00	40,048,787.00	247,250,043.00	34.6	31.7
General Administration Planning and Support Services							
Basic Education Ecde And Childcare Facilities	502013710	118,923,531.00	42,204,000.00	50,569,644.00	-	42.5	-
Polytechnique's, Vocational Centers and Homecraft Centers	503013710	700,345,477.00	64,223,917.00	344,979,493.00	-	49.3	-
	Sub-Total	36,063,512.00	84,816,677.00	9,170,005.00	9,613,774.00	25.4	11.3
3731-Kitui - Ministry of Roads, Public Works and Transport		855,332,520.00	191,244,594.00	404,719,142.00	9,613,774.00	47.3	5.0
General Administration Planning and Support Services							
Public Works	109013710	132,467,797.00	-	57,224,903.00		43.2	-
Roads Transport and Mechanical Services	110013710	31,945,250.00	326,308,657.00	5,624,392.00	249,540,930.00	17.6	76.5
	203013710	4,611,000.00	120,166,400.00	546,100.00	53,948,856.00	11.8	44.9
	Sub-Total	30,696,000.00	46,317,068.00	4,223,350.00	1,905,068.00	13.8	4.1
3732-Kitui - Trade Industry MSMS Innovation & Cooperatives		199,720,047.00	492,792,125.00	67,618,745.00	305,394,854.00	33.9	62.0
General Administration Planning and Support Services						-	-
Trade and Markets	303023710	111,402,472.00	287,027,587.00	51,230,602.00	32,606,837.00	46.0	11.4
Co-operatives	304013710	1,152,310.00	-	88,245.00	-	7.7	-
	304023710	36,018,102.00	-	26,836,448.00	-	74.5	-
	301013710	17,902,620.00	-	5,954,561.00	-	33.3	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub-Total	23,068,327.00	-	3,794,012.00	-	16.4	-
3733-Kitui - Ministry of Energy Environment Forestry & Natural Resources	701013710	189,543,831.00	287,027,587.00	87,903,868.00	32,606,837.00	46.4	11.4
General Administration and Planning	701023710	1,742,596.00	5,000,000.00	1,044,011.00	987,960.00	59.9	19.8
	1001013710	1,717,278.00	-	910,463.00	-	53.0	-
Environment and Forestry	1002013710	33,702,521.00	-	10,840,194.00	-	32.2	-
Energy Minerals & Natural Resources	1003013710	18,117,628.00	-	8,757,522.00	-	48.3	-
	1003043710	1,385,014.00	-	333,000.00	-	24.0	-
	1004013710	2,298,058.00	-	617,800.00	-	26.9	-
	1005013710	2,083,379.00	-	964,515.00	-	46.3	-
	1006013710	12,272,819.00	-	6,222,175.00	-	50.7	-
	1007013710	1,758,979.00	54,045,946.00	1,286,187.00	10,189,562.00	73.1	18.9
	1007023710	5,080,161.00	-	2,731,700.00	-	53.8	-
	1008013710	4,509,180.00	-	1,671,300.00	-	37.1	-
	Sub-Total	3,946,103.00	109,583,166.00	2,092,184.00	16,632,627.00	53.0	15.2
3734-Kitui - Ministry of Culture Gender Youth ICT Sports and Social Services		88,613,716.00	168,629,112.00	37,471,051.00	27,810,149.00	42.3	16.5
General Administration Planning and Support Services							
Sports	306013710	40,317,632.00	-	14,876,103.00	-	36.9	-
	306023710	26,692,049.00	-	13,634,822.00	-	51.1	-
Culture Gender and Social Services	307013710	887,400.00	77,640,185.00	444,682.00	16,582,075.00	50.1	21.4
Youth Sports ICT And Innovations	307023710	7,847,295.00	-	2,739,258.00	-	34.9	-
	308013710	17,084,993.00	38,796,703.00	5,070,650.00	3,972,439.00	29.7	10.2
	308023710	881,600.00	-	325,740.00	-	36.9	-
	505013710	1,571,800.00	-	168,196.00	-	10.7	-
	506013710	8,872,622.00	7,974,899.00	2,804,422.00	3,890,850.00	31.6	48.8
	Sub-Total	8,939,389.00	12,150,000.00	4,791,927.00	4,678,610.00	53.6	38.5
3735-Kitui - Ministry of Finance Economic Planning and Revenue Management		113,094,780.00	136,561,787.00	44,855,800.00	29,123,974.00	39.7	21.3
Accounts	704013710	390,869,631.00	139,956,716.00	170,776,012.00	42,745,066.00	43.7	30.5
Economic Planning	710013710	7,849,400.00	-	6,369,691.00	-	81.1	-
Budgetary Supplies	710023710	27,203,567.00	-	19,404,772.00	-	71.3	-
Revenue Management	712013710	8,294,000.00	-	5,003,865.00	-	60.3	-
	712023710	44,308,219.00	-	25,224,770.00	-	56.9	-
Internal Audit	712033710	15,056,800.00	-	8,199,677.00	-	54.5	-
	712053710	9,036,400.00	-	6,180,716.00	-	68.4	-



Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	712033710	20,100,400.00	-	11,948,862.00	-	59.4	-
	Sub-Total	1,020,800.00	-	284,980.00	-	27.9	-
3736-Kitui - Ministry of Agriculture and Livestock		523,739,217.00	139,956,716.00	253,393,345.00	42,745,066.00	48.4	30.5
General Administration Planning and Support Services	101013710	-	-	-	-	-	-
Agriculture	102013710	283,120,743.00	-	138,450,074.00	-	48.9	-
	103013710	4,870,497.00	390,979,706.00	1,195,664.00	43,330,840.00	24.5	11.1
	103023710	35,767,524.00	206,982,915.00	6,410,688.00	7,169,580.00	17.9	3.5
Aquaculture	105013710	22,688,369.00	161,609,923.00	7,388,086.00	-	32.6	-
Livestock Development	106013710	1,040,677.00	-	111,290.00	-	10.7	-
	106023710	8,901,748.00	65,198,750.00	1,443,892.00	17,999,465.00	16.2	27.6
	Sub-Total	5,180,194.00	21,000,000.00	1,765,932.00	-	34.1	-
3737-Kitui - Ministry of Lands Housing and Urban Development		361,569,752.00	845,771,294.00	156,765,626.00	68,499,885.00	43.4	8.1
General Administration	101013710	-	-	-	-	-	-
Land and Housing	107013710	70,856,914.00	-	28,057,164.00	-	39.6	-
Land Survey	108013710	20,013,844.00	27,554,707.00	6,732,583.00	-	33.6	-
Land Information and Management	108023710	7,901,600.00	3,936,922.00	1,980,404.00	399,000.00	25.1	10.1
	Sub-Total	15,085,200.00	63,738,781.00	2,094,508.00	5,069,014.00	13.9	8.0
		113,857,558.00	95,230,410.00	38,864,659.00	5,468,014.00	34.1	5.7
<b>Grand Total</b>		<b>8,864,512,164.00</b>	<b>5,124,268,127.00</b>	<b>4,491,260,659.00</b>	<b>1,211,995,212.00</b>	<b>50.7</b>	<b>23.7</b>

*Source: Kitui County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Curative and rehabilitative services in the Department of Health and Sanitation at 100 per cent, Governors' Service Delivery Units and Public Communication in the Department of Governor's Office at 91.7 per cent, Administration and Support Services in the Department of Health and Sanitation at 88.4 per cent. However, it is noted that the actual expenditure reported in the Budget Execution by Programmes and Sub-programmes does not tally with the other reports submitted by the County Treasury for the same period, which is an indication of the absence of reconciliation of financial reports.

### 3.18.13 Accounts Operated Commercial Banks

The County government operated a total of 6 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collections.

### 3.18.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received after the 15<sup>th</sup> of January 2024.

2. The underperformance of own-source revenue at Kshs.198.30 million against an annual projection of Kshs. 950.82 million, representing 20.9 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Empowerment Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.400.36 million as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.149.10 million were processed through the manual payroll, accounting for 5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for established public funds and conditional grants,

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should devise and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should ensure that Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

### **3.19. County Government of Kwale**

#### **3.19.1 Overview of FY 2023/24 Budget**

The County's approved supplementary budget for the FY 2023/24 is Kshs.14.98 billion, comprising Kshs.7.25 billion (48.4 per cent) and Kshs.7.73 billion (51.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 25.6 per cent compared to the previous financial year when the approved budget was Kshs.11.93 billion and comprised of Kshs.4.87 billion towards development expenditure and Kshs.7.06 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.58 billion (57.3 per cent) as the equitable share of revenue raised nationally, Kshs.3.74 billion as additional allocations/conditional grants, and a cash balance of Kshs.2.06 billion (13.7 per cent) was brought forward from FY 2022/23 and generated Kshs.600 million (4.0 per cent) as gross own source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.125.

### 3.19.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.83 billion as the equitable share of the revenue raised nationally, Kshs.0.5 million as additional allocations/conditional grants, a cash balance of Kshs.2.06 million from FY 2022/23, and raised Kshs.138.70 million as own-source revenue (OSR). The raised OSR includes Kshs.72.66 million as ordinary A-I-A and Kshs.66.04 million as revenue from the health department. The total funds available for budget implementation during the period amounted to Kshs.5.03 billion, as shown in Table 3.125.

**Table 3.125: Kwale County, Revenue Performance in the First Half of FY 2023/24**

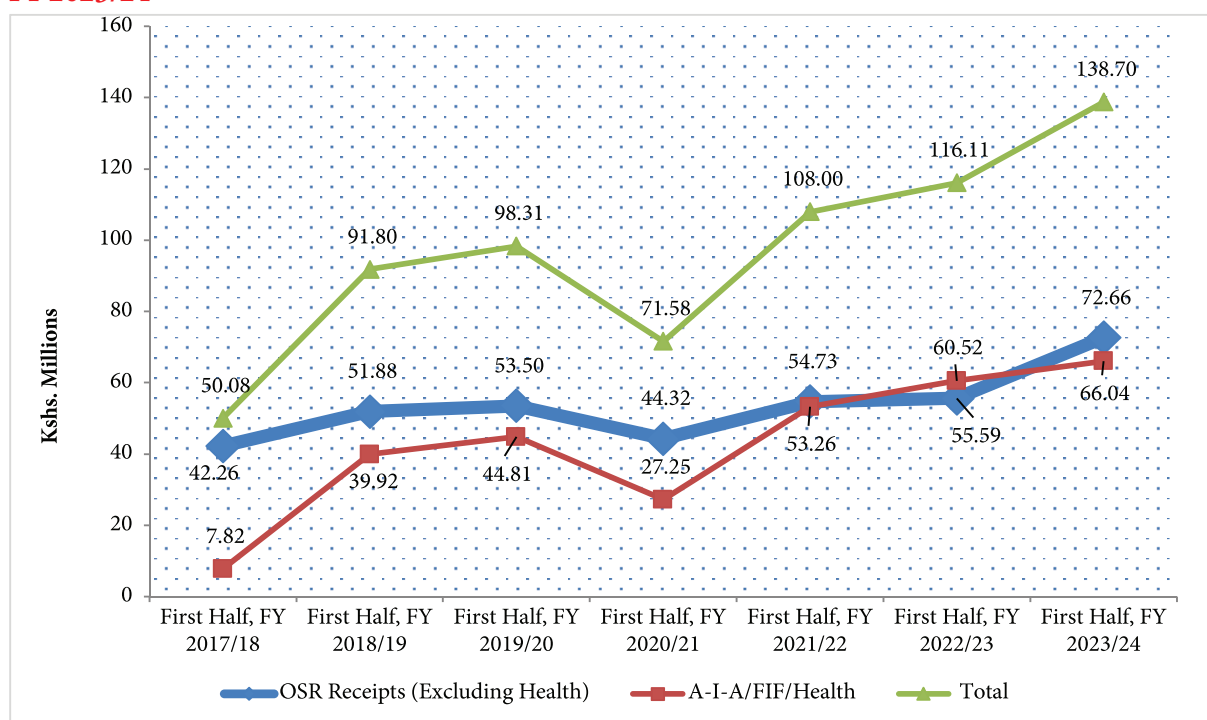
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,584,103,693	2,832,754,218	33.0
<b>Sub Total</b>		<b>8,584,103,693</b>	<b>2,832,754,218</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Compensation for User Fees Forgone	14,814,598	-	-
2	Leasing of Medical Equipment	124,723,404	-	-
3	Kenya Devolution Support Programme (KDSP)- Level 1 Grant	91,452,573	-	-
4	Aggregated Industrial Park Programme Grant	100,000,000	-	-
5	Provision of Fertilizer Subsidy Programme	90,011,220	-	-
6	Allocation for Mining Royalties (Unconditional Grant)	1,166,507,886	-	-
7	Urban Institutional Grant (UIG)	11,426,233	-	-
8	DANIDA Grant to Supplement Financing of Health Facilities	57,774,828	-	-
9	World Bank Grant for Universal Health Care Project - THS	22,171,888	-	-
10	European Union IDEAS Grant Trench III	11,000,000	-	-
11	National Agricultural and Rural Inclusive Growth Project	448,761,388	-	-
12	National Agricultural Value Chain Development Project (NAVCDP)	252,807,271	-	-
13	Agricultural Sector Development Support Programme	31,711,863	500,000	1.6
14	Water and Sanitation Development Project (WSDP)	900,000,000	-	-
15	Kenya Informal Settlement Improvement Project KISIP II	71,905,911	-	-
16	Financing Locally-Led Climate Action (FLLoCA)-Institutional Grant	11,000,000	-	-
17	De-risking and Value Enhancement (DRIVE)	63,341,980	-	-
18	World Bank Loan for Kenya Urban Support Program	33,395,288	-	-
19	Kenya Marine Fisheries & Socio-Economic Development (KEMFSED)	100,730,260	-	-
20	County Climate Change Resilient Investment (CCCRI)	137,500,000	-	-
	<b>Sub-Total</b>	<b>3,741,036,591</b>	<b>500,000</b>	<b>-</b>

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	325,783,400	72,657,725	22.3
2	Balance b/f from FY2022/23	2,059,602,333	2,059,602,333	100.0
3	Revenue from Health	274,216,600	66,042,310	24.1
<b>Sub Total</b>		<b>2,659,602,333</b>	<b>2,198,302,368</b>	<b>82.7</b>
<b>Grand Total</b>		<b>14,984,742,617</b>	<b>5,031,556,586</b>	<b>33.6</b>

Source: Kwale County Treasury

Figure 55 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

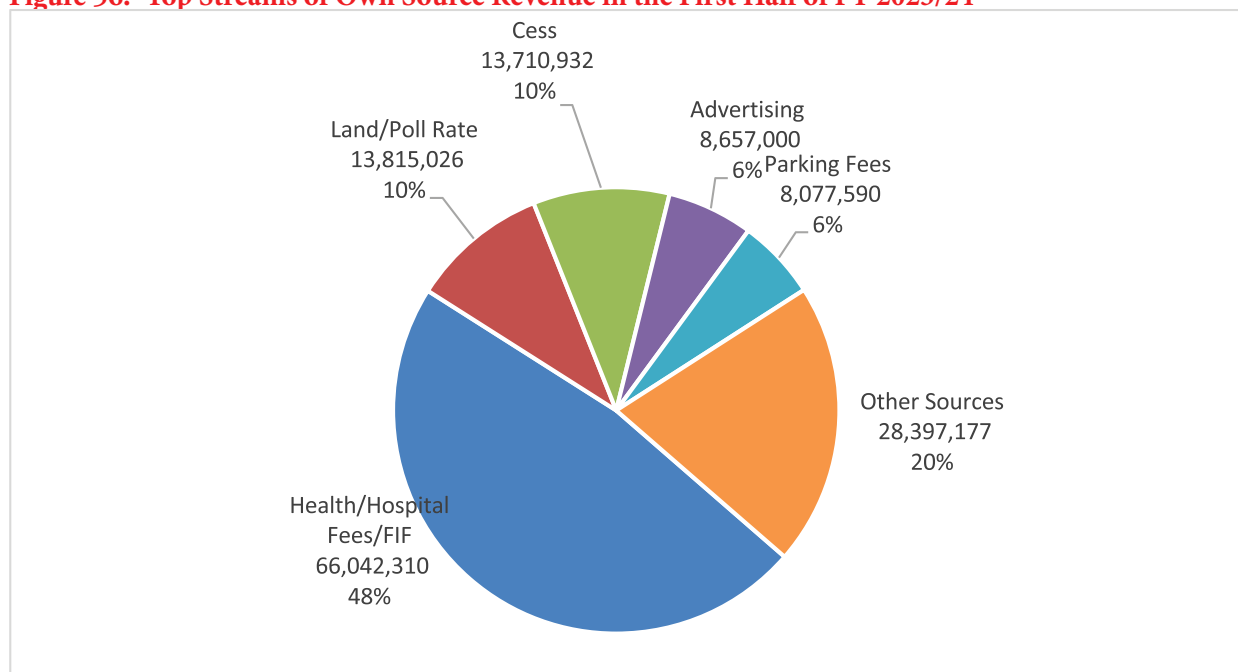
**Figure 55: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Kwale County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.138.70 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 19.5 per cent compared to Kshs.116.11 million realised in a similar period in FY 2022/23 and was 23.1 per cent of the annual target and 4.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.7.60 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 56.

**Figure 56: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Kwale County Treasury

The highest revenue stream of Kshs.66.04 million was from health/hospital fees contributing to 48.0 per cent of the total OSR receipts during the reporting period.

### 3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.08 billion from the CRF account during the reporting period which comprised Kshs. 885.79 million (21.7 per cent) for development programmes and Kshs.3.19 billion (78.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.73 billion was released towards Employee Compensation, and Kshs.1.46 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.10.60 million.

### 3.19.4 County Expenditure Review

The County spent Kshs.3.78 billion on development and recurrent programmes in the reporting period. The expenditure represented 92.6 per cent of the total funds released by the CoB and comprised of Kshs.2.68 billion and Kshs.1.10 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15.1 per cent, while recurrent expenditure represented 34.7 per cent of the annual recurrent expenditure budget.

### 3.19.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.260.12 million for recurrent expenditure. In the first half of FY 2023/24, pending bills amounting to Kshs.95.05 million were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was 173.12 million.

The County Assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.57 billion on employee compensation, Kshs.959.96 million on operations and maintenance, and Kshs.1.10 billion on development activities. Similarly, the County Assembly spent Kshs.91.10 million on employee compensation and Kshs.64.89 million on operations and maintenance, as shown in Table 3.126.

**Table 3.126: Summary of Budget and Expenditure by Economic Classification ( Kshs.Million)**

Expenditure Classification	Budget (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>6,939.5</b>	<b>794.13</b>	<b>2,865.49</b>	<b>327.19</b>	<b>2,526.21</b>	<b>155.99</b>	<b>36.4</b>	<b>19.6</b>
Compensation to Employees	3,501.1	308.61	1,612.94	115.85	1,566.25	91.10	44.7	29.5
Operations and Maintenance	3,438.4	485.52	1,252.55	211.34	959.96	64.89	27.9	13.4
<b>Development Expenditure</b>	<b>7,008.9</b>	<b>242.13</b>	<b>941.40</b>	<b>49.74</b>	<b>1,095.53</b>	<b>-</b>	<b>15.6</b>	<b>-</b>
<b>Total</b>	<b>13,948.4</b>	<b>1,036.26</b>	<b>3,806.90</b>	<b>376.93</b>	<b>3,621.74</b>	<b>155.99</b>	<b>26.0</b>	<b>15.1</b>

Source: Kwale County Treasury

### 3.19.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.66 billion, or 32.9 per cent of the available revenue which amounted to Kshs.5.03 billion. This expenditure represented an increase from Kshs.1.73 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.803.08 million paid to health sector employees, translating to 48.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.62 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.39.32 million was processed through manual payrolls. The manual payrolls accounted for 2.4 per cent of the total PE cost.

The County Assembly spent Kshs.8.10 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.43.25 million. The average monthly sitting allowance was Kshs.43,541 per MCA. The County Assembly has established 22 Committees.

### 3.19.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.667.38 million to county-established funds in FY 2023/24, constituting 4.5 per cent of the County's overall budget. Table 3.127 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.127: Performance of County Established Funds in the First Half of FY 2023/24 (in Kshs. Million)**

S/No.	Name of The Fund	Approved Budget Allocation in FY 2032/24	Exchequer Issues	Actual Expenditure	Cumulative Disbursements to The Fund as of 31st December 2023	Submission of Financial Statements as of 31st December 2023 (Yes/No)
<b>The County Executive established funds</b>						
1.	Bursary & Scholarship Fund	500.00	300.00	241.96	2,950.00	Yes
2.	Emergency Fund	10.00	5.00	-	5.00	Yes
3.	Trade Revolving Fund	-	-	-	123.49	Yes
4.	Youth, Women & PWD Fund	-	-	-	42.00	Yes
5.	Kwale County Climate Change Fund	-	-	7.52	22.00	Yes

S/No.	Name of The Fund	Approved Budget Allocation in FY 2032/24	Exchequer Issues	Actual Expenditure	Cumulative Disbursements to The Fund as of 31st December 2023	Submission of Financial Statements as of 31st December 2023 (Yes/No)
	<b>Total</b>	<b>510.00</b>	<b>305.00</b>	<b>249.48</b>	<b>3,142.49</b>	
<b>County Assembly Established Funds</b>						
6	Car Loan & Mortgage Fund (County Assembly)	126.42	-	3.64	286.80	Yes
	<b>Total</b>	<b>126.42</b>	<b>-</b>	<b>3.64</b>	<b>286.80</b>	<b>-</b>
<b>Grand total</b>		<b>636.42</b>	<b>305.00</b>	<b>253.13</b>	<b>3,429.29</b>	<b>-</b>

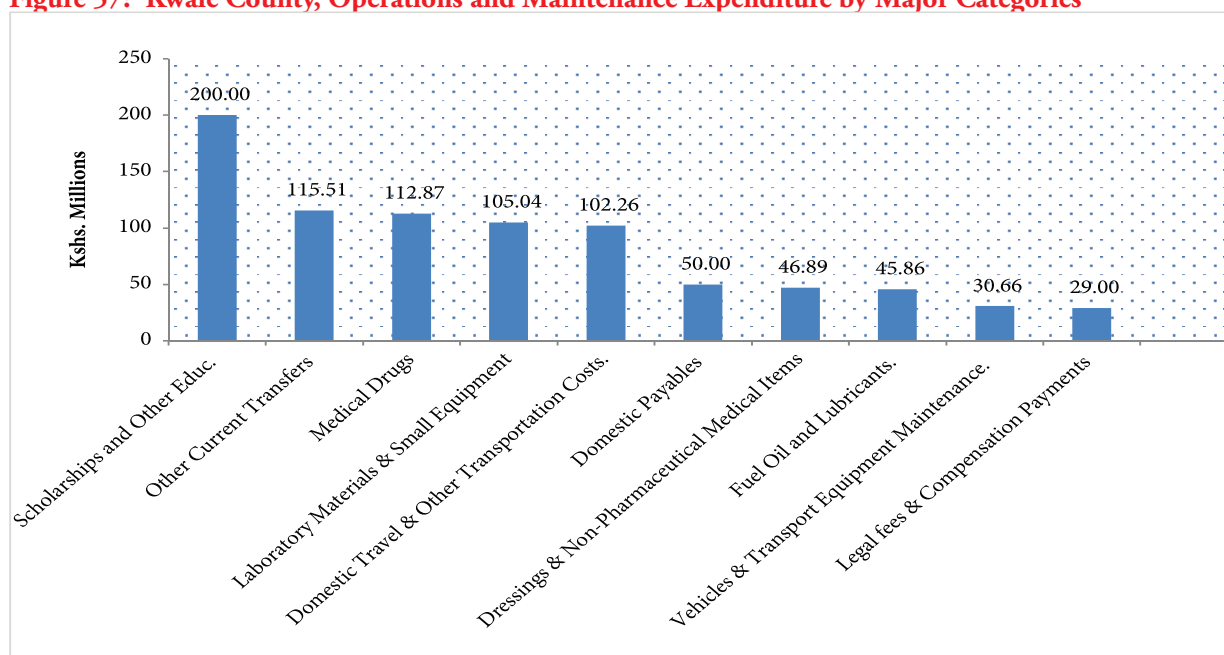
Source: Kwale County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.19.9 Expenditure on Operations and Maintenance

Figure 57 summarises the Operations and Maintenance expenditure by major categories.

**Figure 57: Kwale County, Operations and Maintenance Expenditure by Major Categories**



Source: Kwale County Treasury

During the period, expenditure on domestic travel amounted to Kshs.102.26 million and comprised Kshs.10.02 million spent by the County Assembly and Kshs.92.23 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.56 million and comprised Kshs.22.98 million by the County Assembly and Kshs.0.58 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.128 below; -

**Table 3.128: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. Of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Kwale	5 pax	17th to 22 July	Attending a county Assembly Service Board (CASB) training program on leadership in parliamentary institutions	Dubai	3,115,298.00
County Assembly of Kwale	1pax	25th to 29th September	Attending speakers of a parliamentary institution training summit program	Dubai	660,600.00
County Assembly of Kwale	1pax	27th to 5th November	Attending a CRID (Centre for Research, innovation and Development) summit program	United Kingdom	1,464,457.50
County Assembly of Kwale	14 pax	29th November to 4th December	Benchmarking tour on the Zanzibar House of Representatives	Zanzibar	4,888,865.58
County Assembly of Kwale	10pax	2nd to 6th November	Study and benchmarking tour of the East African Legislative Assembly	Arusha	2,945,393.62
County Assembly of Kwale	12 pax	5th to 11th November	Study and benchmarking tour of the Rwanda bicameral parliament and extensive road networks and organised public transport	Rwanda	3,943,223.64
County Assembly of Kwale	10 pax	16th to 19th November	Study and benchmarking tour of the Malaysian thriving economic sector with a focus on agribusiness and thriving services & and transport sectors	Malaysia	3,132,429.50
County Assembly of Kwale	9pax	26th to 2nd January	Study and benchmarking tour of the East African Legislative Assembly	Daresalaam	2,373,697.20
County Executive	1 pax	16th July to 29 July 2023	Understanding and Analysing the Public Sector Budget Programme	Dar es Salaam	577,760.00
<b>Total</b>					<b>23,101,725.04</b>

Source: Kwale County Treasury

### 3.19.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.1.10 billion on development programmes, representing an increase of compared to a similar period of FY 2022/23 when the County spent Kshs.72.64 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.129: Kwale County, List of Development Projects with the Highest Expenditure**

S/No	Sector	Project Name	Project Location	Contract Sum {Kshs.}	Budget (Kshs.)	Amount Paid to Date {Kshs.}	Implementation Status {%}
1.	Water Services	Water and Sanitation Project Grant	Kwale HQ	-	900,000,000	220,003,130	24
2.	Assembly	Assembly complex-Proposed External Works	Tsimba-Golini Ward	156,399,413	1,474,461	154,924,952	99
3.	Assembly	Assembly complex-Fittings & Fixtures	Tsimba-Golini Ward	136,525,897	474,104	136,051,793	100
4.	Executive Services	Construction of Governor Residence	Tsimba/Golini	183,403,077	11,840,486	124,239,639	-
5.	Social services	Construction of Kwale stadium	Kwale	102,429,001	102,429,001	85,866,697	84



S/No	Sector	Project Name	Project Location	Contract Sum {Kshs.}	Budget (Kshs.)	Amount Paid to Date {Kshs.}	Implementation Status {%}
6.	Water Services	Construction of Bofu Dam (Minimum budget requirement for phase I--Kshs 80,000,000)	Kasemeni Ward	68,082,925	68,082,925	68,078,459	100
7.	Trade	Construction of fruit processing plant in Shimba Hills Phase I - Kubo south	Kubo South Ward	67,794,770	6,913,445	67,694,998	100
8.	Assembly	Assembly Complex-Mechanical Works	Tsimba-Golini Ward	69,486,668	14,469,656	55,017,012	79
9.	Trade	Proposed construction of Lemba (Diani) market	Ukunda	46,730,483	271,072	46,730,483	100
10.	Education	Completion of Works at Kwale Teaches Training College Phase II in Kinango Subcounty (Hostel and Administration block)	Puma	46,091,843	46,091,843	46,052,094	100

Source: Kwale County Treasury

### 3.19.11 Budget Performance by Department

Table 3.130 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.130: Kwale County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,095.38	91.67	411.68	.00	250.40	.00	60.83	-	22.86	-
Agriculture, Livestock and Fisheries	194.40	1,343.92	70.04	69.93	76.46	156.48	109.17	223.78	39.33	11.64
Land, Environment, Mining and natural resources	76.05	474.06	32.69	26.72	23.83	45.53	72.89	170.41	31.33	9.61
Medical and Public Health Services	2,763.73	517.20	1,327.71	19.14	1,222.84	90.59	92.10	473.40	44.25	17.52
County Assembly	794.13	242.13	327.19	49.74	155.99	.00	47.68	-	19.64	-
Trade, Investment and Co-operative Development	84.79	404.26	23.42	22.66	23.37	35.86	99.79	158.23	27.57	8.87
Community Development	121.21	244.04	52.29	8.60	24.75	8.60	47.32	100.00	20.41	3.53
Executive Services	162.98	11.84	71.60	.00	50.41	.00	70.40	-	30.93	-
Education	1,249.64	575.14	560.51	105.36	507.26	106.37	90.50	100.95	40.59	18.49
Water Services	121.03	1,806.92	44.78	380.42	48.81	424.30	108.98	111.54	40.33	23.48
Roads and Public Works	139.65	902.39	46.94	151.39	50.54	169.07	107.65	111.68	36.19	18.74
Tourism and ICT	58.89	87.51	16.03	21.32	17.53	21.17	109.37	99.30	29.77	24.18
County Public Service Board	73.35	.00	25.71		26.04	.00	101.28	-	35.49	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service & Administration	310.62	27.29	120.22	7.80	152.58	.00	126.92	-	49.12	-
Kwale Municipality	22.11	101.77	1.69	.00	1.72	14.85	101.34	-	7.76	18.77
Diani Municipality	31.82	79.10	.99	22.71	2.00	22.71	201.88	-	6.30	45.4
County Attorney	260.85	.00	37.61	.00	30.05	.00	79.90	-	11.52	-
Lunga Lunga Municipality	4.50	50.00	0.16	.00	0.11	.00	66.80	-	2.4	-
Kinango Municipality	4.80	50.00	0.32	.00	0.26	.00	81.48	-	5.44	-
Preventive Health Services	163.69	241.85	21.08	.00	15.68	.00	74.38	-	9.58	-
<b>Total</b>	<b>7,733.65</b>	<b>7,251.09</b>	<b>3,192.68</b>	<b>885.79</b>	<b>2,680.61</b>	<b>1,095.53</b>	<b>83.9</b>	<b>123.6</b>	<b>34.7</b>	<b>15.11</b>

Source: Kwale County Treasury

Analysis of expenditure by department shows that the Department of Diani Municipality recorded the highest absorption rate of the development budget at 45.4 per cent, followed by the Department of Tourism & ICT at 24.2 per cent. The Department of Public Service Administration had the highest percentage of recurrent expenditure to budget at 49.1 cent while the Department of Lunga Lunga Municipality had the lowest at 2.4 per cent.

### 3.19.12 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 2023/24.

**Table 3.131: Kwale County, Budget Execution by Programmes and Sub-Programmes**

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Finance and Economic Planning</b>						
Budget formulation, co-ordination and management (0703023060)	134,600,942.00	-	47,581,590.00	-	35.35	-
General Administration (0704043060)	312,004,635.5	66,670,601.00	63,081,888.10	-	20.22	-
Revenue Collection Management (0710013060)	81,956,464.50	-	16,052,051.00	-	19.59	-
Public Finance and Accounting Services (0711013060)	11,145,920.50	-	3,769,700.00	-	33.82	-
Procurement Services (0711023060)	5,540,000.00	-	1,969,700.00	-	35.55	-
Risk Assurance Services (0711033060)	10,482,500.00	-	4,075,680.00	-	38.88	-
Personal Services (0704013060)	122,421,339.5	-	113,873,057.1	-	93.02	-
<b>Total</b>	<b>678,151,802.0</b>	<b>66,670,601.00</b>	<b>250,403,666.2</b>	<b>-</b>	<b>36.92</b>	<b>-</b>

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Agriculture, Livestock and Fisheries</b>						
102053060 General administration	79,192,415.00	342,147,092.00	72,085,606.00	49,498,152.00	91.03	14.47
107013060 Crop production	3,215,000.00	646,814,098.00	966,203.00	98,649,452.00	30.05	15.25
108023060 Dairy and meat production	1,160,000.00	23,459,714.00	688,575.00	-	59.36	-
109023060 fish production	1,410,000.00	19,500,000.00	550,000.00	-	39.01	-
108033060 Livestock disease control	5,215,000.00	39,081,775.00	400,000.00	-	7.67	-
107033060 Farm utilization and mechanization	10,806,710.00	15,490,286.00	1,573,810.00	8,333,505.50	14.56	53.80
107023060 Agriculture extension research training	700,000.00	2,500,000.00	200,000.00	-	28.57	-
<b>Total</b>	<b>101,699,125.0</b>	<b>1,088,992,965.0</b>	<b>76,464,194.00</b>	<b>156,481,109.5</b>	<b>75.19</b>	<b>14.37</b>
<b>Land, Environment, Mining and Natural Resources</b>						
General administration and support services (0102053060)	14,010,900.00	176,555,815.00	6,653,984.00	27,347,673.20	47.49	15.49
Personnel Services (0102063060)	17,966,536.00	-	16,453,214.10	-	91.58	-
Physical development plans (0104013060)	-	5,000,000.00	-	-	-	-
Establishment of squatter settlement schemes (0105013060)	3,300,000.00	36,500,000.00	444,600.00	7,186,200.00	13.47	19.69
County Environmental Awareness Initiative (0106023060)	6,450,000.00	165,500,000.00	273,700.00	11,000,000.00	4.24	6.65
Rehabilitation of degraded natural landscapes (0106033060)	300,000.00	-	-	-	-	-
<b>TOTAL</b>	<b>42,027,436.00</b>	<b>383,555,815.0</b>	<b>23,825,498.10</b>	<b>45,533,873.2</b>	<b>56.69</b>	<b>11.87</b>
<b>Medical and Public Health Services</b>						
402023060 Operational Rural Health Facilities	-	(3,199,975.00)	-	-	-	-
402043060 Medical Health Drugs	407,859,883.00	-	316,409,452.40	-	77.58	-
403013060 General Administration	81,479,694.00	330,978,051.00	40,553,080.80	87,393,483.40	49.77	26.40
403053060 Personnel Services	957,324,469.50	-	801,961,457.20	-	83.77	-
405013060 Msambweni Hospital	34,903,000.00	58,399,950.00	27,830,751.50	-	79.74	-
406013060 Kinango Hospital	17,980,850.00	6,000,000.00	13,546,798.00	-	75.34	-
407013060 Kwale Hospital	18,007,500.00	8,500,000.00	8,835,376.00	3,200,000.00	49.06	37.65

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
409013060 Samburu Hospital	11,060,750.00	9,000,000.00	5,038,170.00	-	45.55	-
410013060 Lunga Lunga Hospital	10,351,000.00	12,000,000.00	8,660,977.00	-	83.67	-
<b>Total</b>	<b>1,538,967,146.5</b>	<b>421,678,026.0</b>	<b>1,222,836,062.9</b>	<b>90,593,483.4</b>	<b>79.46</b>	<b>21.48</b>
<b>County Assembly</b>						
Audit Services (0704013060)	308,612,771.0	-	91,100,825.25	-	29.52	-
General Administration and Support Services (0704043060)	307,544,203.0	137,821,986.0	15,755,220.45	-	5.12	-
Oversight and legislation of county affairs	177,971,831.0	104,310,567.0	49,136,416.05	-	27.61	-
<b>Total</b>	<b>794,128,805.0</b>	<b>242,132,553.0</b>	<b>155,992,461.8</b>	<b>-</b>	<b>19.64</b>	<b>-</b>
<b>Trade, Investment and Co-operative Development</b>						
Administration services (0305023060)	19,155,878.00	104,606,666.0	2,721,915.00	35,856,703.3	14.21	34.28
Trade Development and Investment (0301013060)	1,239,750.00	1,500,000.00	1,296,595.00	-	104.59	-
Construction of New Markets (0306023060)	1,946,000.00	31,680,000.00	1,073,340.00	-	55.16	-
Weights & Measures (0301043060)	1,375,038.50	1,500,000.00	542,763.20	-	39.47	-
Availing Affordable Credit to Entrepreneurs for Wealth Creation (301023060)	-	-	-	-	-	-
Personnel Services (305013060)	19,258,267.50	-	16,265,489.90	-	84.46	-
Cooperative Development (0302023060)	2,431,000.00	-	1,113,268.00	-	45.79	-
Industry & Enterprise Development (307013060)	944,303.50	45,725,196.00	360,410.00	-	38.17	-
<b>Total</b>	<b>46,350,237.50</b>	<b>185,011,862.0</b>	<b>23,373,781.10</b>	<b>35,856,703.3</b>	<b>50.43</b>	<b>19.38</b>
<b>Community Development</b>						
Community Development (0903003067)	14,275,000.00	(500,000.00)	2,832,110.00	-	19.84	-
Community Development (0903003067)	4,772,869.50	-	2,633,000.00	-	55.17	-
Community Development (0903003067)	2,000,000.00	-	457,900.00	-	22.90	-
Culture and Heritage (0904003067)	10,600,000.00	27,064,600.00	890,000.00	-	8.40	-
Culture and Heritage (0904003067)	-	-	-	-	-	-
Sports and Youth Development (0905003067)	25,700,000.00	-	150,000.00	-	0.58	-

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sports and Youth Development (0905003067)	-	55,766,762.50	-	-	-	-
Sports and Youth Development (0905003067)	-	-	-	-	-	-
Administration (0906003067)	17,209,978.50		15,466,669.70	8,603,448.50	89.87	-
Administration (0906003067)	11,020,000.00	58,267,392.00	2,315,334.40		21.01	-
<b>TOTAL</b>	<b>85,577,848.00</b>	<b>140,598,754.5</b>	<b>24,745,014.10</b>	<b>8,603,448.50</b>	<b>28.92</b>	<b>6.12</b>
<b>Executive Services</b>						
County Coordination Services 702013060	4,477,000.00	-	859,345.50	-	19.19	-
Audit Services 704013060	36,195,436.50	-	30,350,547.30	-	83.85	-
General Administration 704043060	50,647,995.00	11,840,486.00	16,580,831.85	-	32.74	-
Media and Communication Services 707033060	5,406,260.50		2,615,400.00	-	48.38	-
<b>TOTAL</b>	<b>96,726,692.00</b>	<b>11,840,486.00</b>	<b>50,406,124.65</b>	<b>-</b>	<b>52.11</b>	<b>-</b>
<b>Education</b>						
Personnel Services-0502023060	313,629,610.5	-	292,029,275.9	-	93.11	-
Administration Planning and Support Services-0502013060	30,819,314.50	222,425,556.0	6,855,777.00	106,366,980.0	22.25	47.82
Administration Planning support service ECDE-0501013060	33,668,248.50	-	6,170,875.00	-	18.33	-
Administration Planning support service VTC-0503013060	7,625,000.00	-	2,200,503.00	-	28.86	-
Scholarship and Bursary-0504013060	256,210,000.0	-	200,000,000.0	-	78.06	-
Infrastructure development Ecde-0501043060	-	105,897,600.0	-	-	-	-
Infrastructure development VTC-0503023060	-	63,957,500.00	-	-	-	-
<b>TOTAL</b>	<b>641,952,173.5</b>	<b>392,280,656.0</b>	<b>507,256,430.9</b>	<b>106,366,980.0</b>	<b>79.02</b>	<b>27.12</b>
<b>Water Services</b>						
Construction and maintenance of water pipeline supply systems-1001023060	-	69,329,038.00	-	-	-	-
1001033060-Development of Borehole water supply system	-	90,083,912.00	-	-	-	-
1001043060-Development/Construction of surface water supply systems	-	102,260,450.00	-	-	-	-

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
1001063060-Community Water Project	-	15,800,000.00	-	-	-	-
1002013060-Personnel Services	26,184,726.00	-	22,401,804.00	-	85.55	-
1002023060-Administration Services	46,750,572.00	919,941,763.00	26,404,750.00	424,303,525.0	56.48	46.12
<b>TOTALS</b>	<b>72,935,298.00</b>	<b>1,197,415,163.0</b>	<b>48,806,554.00</b>	<b>424,303,525.0</b>	<b>66.92</b>	<b>35.43</b>
<b>Roads and Public Works</b>						
Personnel Services 305013060	34,621,341.00	-	34,461,615.80	-	99.54	-
Administration Planning support service 305023060	43,793,050.00	324,740,999.0	16,074,745.00	169,069,028.0	36.71	52.06
Rehabilitation of Roads Drainage & Bridges 202013060	-	237,967,612.5	-	-	-	-
Installation of street Lighting Facilities 203013060	-	41,887,500.00	-	-	-	-
<b>TOTALS</b>	<b>78,414,391.00</b>	<b>604,596,111.5</b>	<b>50,536,360.80</b>	<b>169,069,028.0</b>	<b>64.45</b>	<b>27.96</b>
<b>Tourism and ICT</b>						
Tourism Promotion {0304013060}	2,741,374.50	9,500,000.00	1,369,517.50	-	49.96	-
Personnel services {0305013060}	13,750,308.00	-	12,559,583.15	-	91.34	-
Administration services {0305023060}	9,471,895.50	60,514,869.00	1,928,110.00	21,165,119.4	20.36	34.98
Local area network installation and ICT support {0308013060}	4,130,467.00	4,000,000.00	1,673,450.00	-	40.51	-
<b>TOTALS</b>	<b>30,094,045.00</b>	<b>74,014,869.00</b>	<b>17,530,660.65</b>	<b>21,165,119.4</b>	<b>58.25</b>	<b>28.60</b>
<b>County Public Service Board</b>						
Human Resource Planning (706013060)	36,676,055.50	-	26,035,428.00	-	70.99	-
<b>TOTAL</b>	<b>36,676,055.50</b>	<b>-</b>	<b>26,035,428.00</b>	<b>-</b>	<b>70.99</b>	<b>-</b>
<b>Public Service &amp; Administration</b>						
704043060 General Administration	19,634,800.00	9,794,310.00	125,013,924.6	-	636.70	-
704013060 Audit Services	108,315,821.0	-	17,896,813.00	-	16.52	-
708033060 County compliance and enforcement	3,766,100.00	-	763,222.00	-	20.27	-
712013060 Sub County Admin Msambweni	3,958,000.00	-	1,842,500.00	-	46.55	-
712023060 Sub County Admin Lunga Lunga	4,020,800.00	-	2,028,310.00	-	50.45	-
712033060 Sub County Admin Matuga	4,338,500.00	-	2,405,600.00	-	55.45	-

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
712043060 Sub County Admin Kinango	5,671,800.00	-	-	-	-	-
713013060 County Garbage and Cleaning Services	2,650,000.00	-	2,026,424.45	-	76.47	-
714013060 General Administration Livestock Development	4,472,747.00	-	600,310.00	-	13.42	-
	<b>156,828,568.0</b>	<b>9,794,310.00</b>	<b>152,577,104.0</b>	-	<b>97.29</b>	-
<b>Kwale Municipality-</b>						
General administration and Support services (0102053060)	2,636,342.00	-	1,715,500.00	-	65.07	-
Personnel Services (0102063060)	7,901,088.00	-	-	-	-	-
Kwale Municipality (0111013060)	-	78,524,548.00	-	14,846,126.0	-	18.91
<b>TOTAL</b>	<b>10,537,430.00</b>	<b>78,524,548.00</b>	<b>1,715,500.00</b>	<b>14,846,126.0</b>	<b>16.28</b>	<b>18.91</b>
<b>Diani Municipality</b>						
General administration and Support services (0102053060)	21,138,906.00	-	2,004,655.00	-	9.48	-
Diani Municipality (0112013060)	-	57,102,237.00	-	22,706,459.0	-	39.76
<b>TOTAL</b>	<b>21,138,906.00</b>	<b>57,102,237.00</b>	<b>2,004,655.00</b>	<b>22,706,459.0</b>	<b>9.48</b>	<b>39.76</b>
<b>County Attorney</b>						
County Attorney	227,337,957.0	-	30,051,980.00	-	13.22	-
	<b>227,337,957.0</b>	-	<b>30,051,980.00</b>	-	<b>13.22</b>	-
<b>Lunga Lunga Municipality</b>						
General administration and Support services (0102053060)	-	25,000,000.00	108,333.00	-	-	-
Lunga Lunga Municipality (0704043060)	2,250,000.00	-	-	-	-	-
<b>TOTAL</b>	<b>2,250,000.00</b>	<b>25,000,000.00</b>	<b>108,333.00</b>	-	<b>4.81</b>	-
<b>Kinango Municipality</b>						
General administration and Support services (0704043060)	1,500,000.00	-	261,000.00	-	17.40	-
Personnel Services (00704013060)	1,050,000.00	-	-	-	-	-
Kwale Municipality (0102053060)	-	17,500,000.00	-	-	-	-
Kwale Municipality (0104013060)	-	7,500,000.00	-	-	-	-

Programme	Approved Estimates		Actual Expenditure as of 31st December, 2023		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>TOTAL</b>	<b>2,550,000.00</b>	<b>25,000,000.00</b>	<b>261,000.00</b>	<b>-</b>	<b>10.24</b>	<b>-</b>
<b>Preventive Health Services</b>						
401033060 TB/HIV/ Malaria	3,202,500.00	-	-	-	-	-
401043060 Neglected tropical diseases	500,000.00	-	-	-	-	-
401063060 Healthcare Waste Management	2,403,000.00	-	-	-	-	-
401013060 Community health strategy	800,000.00	-	-	-	-	-
401053060 Public health Hygiene	2,919,824.50	-	-	-	-	-
401073060 Epidermis Control	500,000.00	-	-	-	-	-
403013060 General Administration	-	72,897,725.00	-	-	-	-
408013060 Tiwi Rural Health Facility	4,037,000.00	5,000,000.00	-	-	-	-
412013060 Rural Health Faculties	109,012,119.5	62,993,880.00	15,452,608.25	-	14.18	-
413013060 Diani Health Centre	1,438,250.00	-	227,120.15	-	15.79	-
<b>Total</b>	<b>124,812,694.0</b>	<b>140,891,605.0</b>	<b>15,679,728.25</b>	<b>-</b>	<b>12.56</b>	<b>-</b>
<b>Grand Total</b>	<b>4,789,156,610.0</b>	<b>5,145,100,562.0</b>	<b>2,680,610,537.4</b>	<b>1,095,525,855.2</b>	<b>55.97</b>	<b>21.29</b>

Source: Kwale County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration in the Department of Public Service & Administration at 636.7 per cent, Personnel Services in the Department of Roads and Public Works at 99.5 per cent, Personnel services in the Department of Education at 93.1 per cent and Personnel Services in the Department of Finance at 93.0 per cent of budget allocation.

### 3.19.13 Accounts Operated Commercial Banks

The County government operated a total of 165 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.19.14 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. The underperformance of own-source revenue at Kshs.138.70 million against an annual projection of Kshs.600 million, representing 23.1 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.173.12 million as of 31<sup>st</sup> December 2023



3. Use of manual payroll. Personnel emoluments amounting to Kshs.39.32 million were processed through the manual payroll, accounting for 2.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are the established funds, grants, gratuities, and hospitals.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.20. County Government of Laikipia

### 3.20.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.25 billion, comprising Kshs.2.37 billion (32.8 per cent) and Kshs.4.87 billion (67.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 4.7 per cent compared to the previous financial year when the approved budget was Kshs.7.59 billion and comprised of Kshs.2.33 billion towards development expenditure and Kshs.5.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.36 billion (73.9 per cent) as the equitable share of revenue raised nationally, Kshs.624.60 million (8.6 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.413.43 million (5.7 per cent) as conditional grants, and generate Kshs.850.40 million (11.7 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.132.

### 3.20.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.22 billion as the equitable share of the revenue raised nationally, Kshs.30.62 million as additional allocations/conditional grants, a cash balance of Kshs.131.48 million from FY 2022/23 and raised Kshs.425.55 million as own-source revenue (OSR). The raised OSR includes A-I-A, Kshs.253.52 million as FIF and Kshs.171.98 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.81 billion, as shown in Table 3.132.

**Table 3.132: Laikipia County, Revenue Performance in the First Half of FY 2023/24**

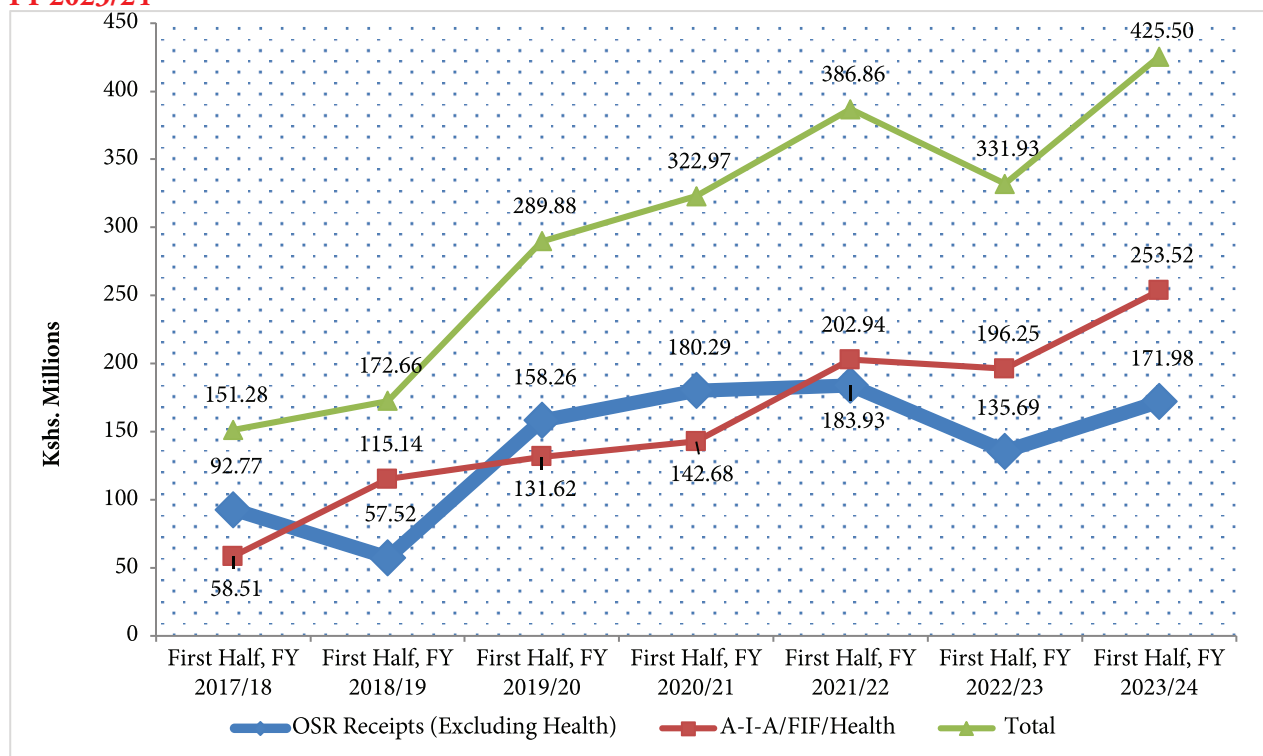
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,358,246,532	2,223,672,308	41.5
<b>Sub Total</b>		<b>5,358,246,532</b>	<b>2,223,672,308</b>	<b>41.5</b>

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>B</b>	<b>Conditional Grants</b>			
1	Kenya Climate Smart Agriculture Project (KCSAP)	94,870,868	4,870,868	5.1
2	DANIDA Grant	7,623,000	84	-
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,933,282	3,775,125	195.3
4	Financing Locally Led Climate Action Programme (FLLoCA)	11,000,000	7,087,150	64.4
5	UNICEF Grant	10,000,000	1,753,500	17.5
6	Aggregated Industrial Parks Programme	100,000,000	-	-
7	Provision of Fertiliser subsidy	66,899,161	-	-
8	Livestock Value Chain Support Project	28,647,360	-	-
9	De-risking and Value Chain Enhancement (DRIVE)	90,941,980	-	-
10	Unconditional allocations from Court fines	1,515,334		-
11	Transforming Health Care Grant	-	35,115	-
12	EU Ideas (opening balance)	-	10,119,996	-
13	Urban Support Grant	-	2,339,915	-
14	Fuel levy Fund (Opening Balance)	-	66,862	-
15	Village Polytechnic Support grant (opening balance)	-	26,097	-
16	Kenya Devolution Support Project Level 2	-	286,323	-
17	KDSP Level 1 - Capacity Building (Opening Balance)	-	3,043	-
18	Emergency Fund Opening Balance	-	71,692	-
19	CRF Returns	-	180,466	-
<b>Sub-Total</b>		<b>413,430,985</b>	<b>30,616,237</b>	<b>7.4</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	850,400,000	171,981,344	20.2
2	Balance b/f from FY2022/23	-	131,481,122	-
3	Facility Improvement Fund (FIF)	624,600,000	253,516,980	40.6
<b>Sub Total</b>		<b>1,475,000,000</b>	<b>556,979,446</b>	<b>37.8</b>
<b>Grand Total</b>		<b>7,246,677,517</b>	<b>2,811,267,991</b>	<b>38.8</b>

Source: Laikipia County Treasury

Figure 58 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

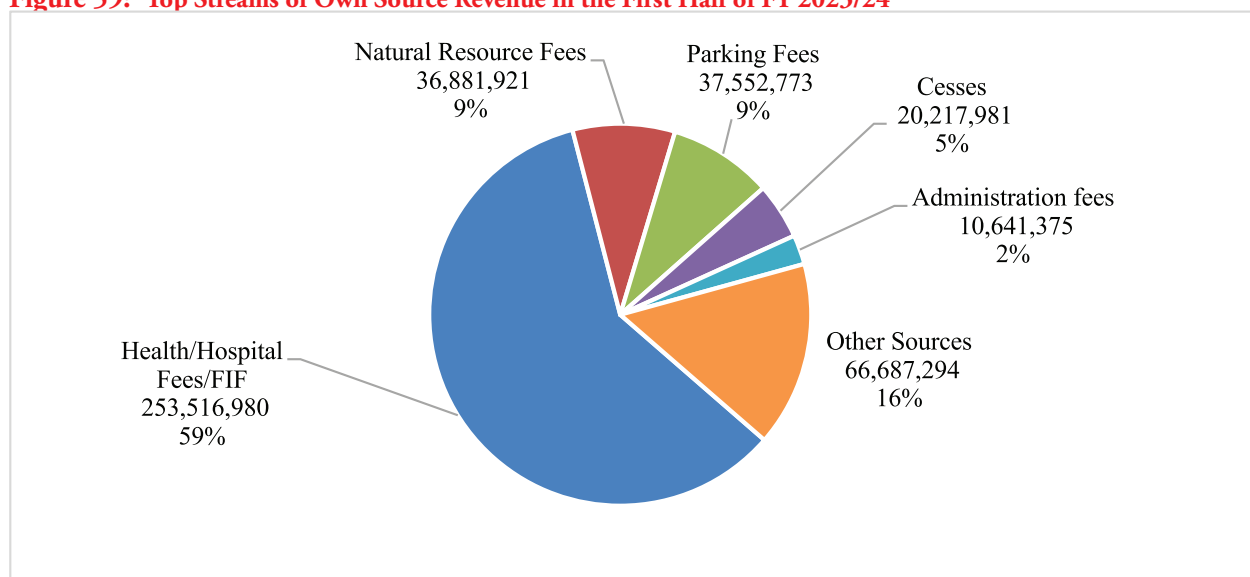
**Figure 58: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Laikipia County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.425.50 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 28.2 per cent compared to Kshs.331.93 million realised in a similar period in FY 2022/23 and was 28.8 per cent of the annual target and 15.13 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.0.6 million (where applicable). The revenue streams which contributed the highest OSR receipts are shown in Figure 59.

**Figure 59: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Laikipia County Treasury

The highest revenue stream of Kshs.253.51 million was from FIF (Facility Improvement Fund) and parking fees contributing 59 per cent of the total OSR receipts during the reporting period.

### 3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.35 billion from the CRF account during the reporting period which comprised Kshs.538.31 million (22.9 per cent) for development programmes and Kshs.1.81 billion (77.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs. 1.31 million was released towards Employee Compensation, and Kshs.502.43 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.131.48 million.

### 3.20.4 County Expenditure Review

The County spent Kshs.2.35 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.273.40 million and Kshs.2.08 billion for County Assembly and County Executive, respectively. Expenditure on development programmes represented an absorption rate of 22.5 per cent, while recurrent expenditure represented 37.3 per cent of the annual recurrent expenditure budget.

### 3.20.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.2.02 billion, comprising of Kshs.1.07 billion for recurrent expenditure and Kshs.948.75 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.286.43 million were settled, consisting of Kshs.149.01 million for recurrent expenditure and Kshs.137.41 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.75 billion.

The outstanding pending bills for the County Assembly were Kshs.15.99 million as of 31<sup>st</sup> December 2023.

### 3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.20 billion on employee compensation, Kshs.348.35 million on operations and maintenance, and Kshs.523.94 million on development activities. Similarly, the County Assembly spent Kshs.107.93 million on employee compensation, Kshs.154.07 million on operations and maintenance, and Kshs.11.40 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
<b>Total Recurrent Expenditure</b>	<b>4,306,117,600</b>	<b>565,809,049</b>	<b>1,553,252,640</b>	<b>261,999,383</b>	<b>36.1</b>	<b>46.3</b>
Compensation to Employees	3,047,155,793	272,661,653	1,204,900,532	107,925,584	39.5	39.6
Operations and Maintenance	1,258,961,807	293,147,396	348,352,108	154,073,799	27.7	52.6
<b>Development Expenditure</b>	<b>2,344,750,868</b>	<b>30,000,000</b>	<b>523,940,366</b>	<b>11,398,592</b>	<b>22.3</b>	<b>38.0</b>
<b>Total</b>	<b>6,650,868,468</b>	<b>595,809,049</b>	<b>2,077,193,006</b>	<b>273,397,975</b>	<b>31.2</b>	<b>45.9</b>

Source: Laikipia County Treasury

### 3.20.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.31 billion, or 46.7 per cent of the available revenue which amounted to Kshs.2.35 billion. This expenditure represented a decrease from Kshs.1.58 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.294.26 million paid to health sector employees, translating to 22.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.972.55 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.302.88 million was processed through manual payrolls. The manual payrolls accounted for 23.7 per cent of the total PE cost.

The County Assembly spent Kshs.6.68 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.21.19 million. The average monthly sitting allowance was Kshs.50,601 per MCA. The County Assembly has established 18 Committees.

### 3.20.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.251.06 million to county-established funds in FY 2023/24, constituting 3 per cent of the County's overall budget. Table 3.134 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.134: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
1.	<b>County Executive Established Funds</b>				
2.	Laikipia County Development Authority	10,990,000	5,995,000	5,995,000	Yes
3.	Laikipia County Business Stimulus Fund	-	-	-	-
4.	Laikipia County Education Bursary Fund	75,000,000	-	-	Yes
5.	Laikipia County Emergency Fund	50,071,625	10,970,825	10,970,825	Yes
6.	Laikipia County Enterprise Fund	-	-	-	-
7.	Laikipia County Cooperative Development Revolving Fund	10,000,000	-	-	-
8.	Laikipia County Leasing Fund	85,000,000	46,315,839	46,315,839	Yes
9.	<b>County Assembly Established Funds</b>				
10.	County Assembly Staff Car & Mortgage Scheme	20,000,000	20,000,000	20,000,000	Yes
	<b>Total</b>	<b>251,061,625</b>	<b>83,281,664</b>	<b>83,281,664</b>	-

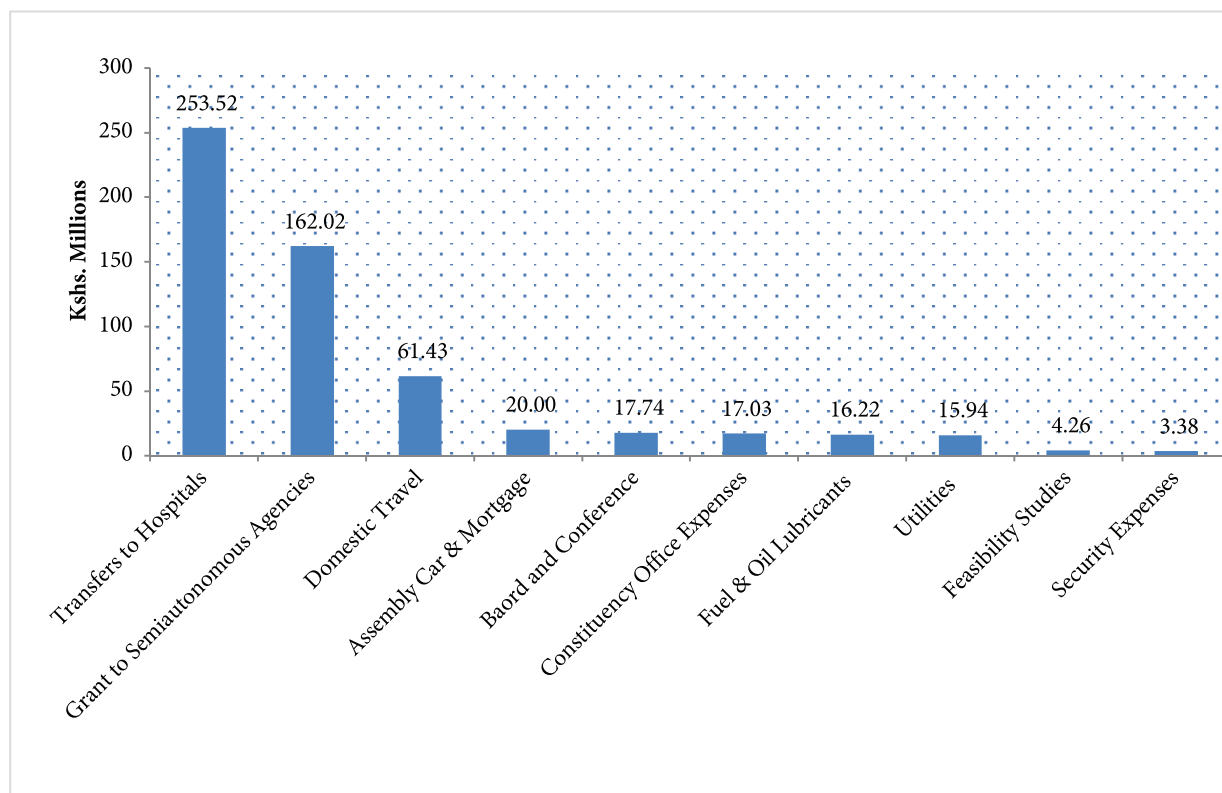
Source: Laikipia County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.20.9 Expenditure on Operations and Maintenance

Figure 60 summarises the Operations and Maintenance expenditure by major categories.

**Figure 60: Laikipia County, Operations and Maintenance Expenditure by Major Categories**



*Source: Laikipia County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.64.97 million and comprised Kshs.22.67 million spent by the County Assembly and Kshs.42.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.73 million and comprised Kshs.25.63 million by the County Assembly and Kshs.3.10 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.135 below; -

**Table 3.135: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Laikipia County Assembly	25	10th-16th September 2023	Training	Arusha	14,253,378
Laikipia County Assembly	20	10-16/12/2023	Training	Arusha	11,378,658
<b>Sub-Total</b>					<b>25,632,036</b>
Executive (County Administration)	2	24th-31st July 2023	Participating in Due Diligence of Irrigation, Technology & Resource Mobilization	ISRAEL	2,775,256
<b>Total</b>					<b>2,775,256</b>

*Source: Laikipia County Treasury*

### 3.20.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.535.34 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.121.12 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.136: Laikipia County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance	Renovations at Nyahururu Social Hall at Igwamiti Ward	Igwamiti Ward	1,053,877.00	1,053,877.00	100
2	Infrastructure	Opening, Grading and Culvert Installation Works at Ngorong to Nosorai to Olmoitok Dispensary in Mukogondo West	Mukogodo Ewest Ward	3,253,504.20	3,253,504.20	100
3	Infrastructure	Grading, Gravelling and Culverts Installation Works of Kagaa-Mwireri Road in Rumuruti Ward	Rumuruti Ward	3,936,228.00	3,936,228.00	100
4	Agriculture	Rehabilitation of Nyakinyua Dam in Githiga Ward	Githiga Ward	3,100,000.00	3,100,000.00	100
5	Water	Second and Final Payment for Rehabilitation of Matigeri Borehole	Marmanet Ward	3,944,000.00	1,944,000.00	100
6	Water	Drilling of Ndunyoloip Borehole in Sosian Ward	Sosian Ward	1,801,480.00	1,801,480.00	100
7	Infrastructure	First Instalment Payment in Respect of Proposed Mukuri Bridge in Nanyuki Ward	Nanyuki Ward	12,481,727.60	6,240,863.80	100
8	Health and Sanitation	Medical Drugs, Non-Pharmaceuticals, and Lab, Reagents	Nanyuki Teaching and Referral Hospital	80,000,000	65,571,333	70
9	Health and Sanitation	Medical Drugs, Non-Pharmaceuticals, And Lab, Reagents	Laikipia West, East and North Sub-County Stores	169,250,000	77,047,445	45
10	Trade	Proposed Abulition Block at Kinamba Market in Githiga Ward	Githiga Ward	3,894,392.00	3,894,392.00	100

Source: Laikipia County Treasury

### 3.20.11 Budget Performance by Department

Table 3.137 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.137: Laikipia County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration, Public Service and Office of the Governor	3,316.96	19.10	1,129.71	0.31	1,148.13	0.31	101.6	100.0	34.6	1.6
Finance, Economic Planning and the County Treasury	192.52	511.64	127.49	259.39	111.02	244.65	87.1	94.3	57.7	47.8
Health and Sanitation	379.61	712.44	218.17	179.02	208.13	186.89	95.4	104.4	54.8	26.2
Agriculture, Livestock and fisheries	209.92	155.26	10.72	13.21	22.61	18.09	210.9	136.9	10.8	11.6
Infrastructure & Public Works	37.62	385.30	17.95	34.70	17.90	33.30	99.7	96	47.6	8.6
Education, Youth & Sports	102.00	63.91	10.60	-	10.64	-	100.5	-	10.4	-

Trade, Tourism & Enterprise Development	20.00	375.80	8.36	-	8.48	-	101.4	-	42.4	-
Gender, Culture and Social Services	23.00	15.20	12.92	1.10	12.79	1.10	99	100	55.6	7.2
Water	21.00	100.10	12.24	35.67	11.30	38.60	92.3	108.2	53.8	38.6
County Assembly	565.81	30.00	257.35	11.40	261.99	11.39	101.8	100	46.3	38
Nanyuki Municipality	1.00	1.00	1.00	1.00	1.00	1.00	100	100	100	100
Rumuruti Municipality	2.50	5.00	1.25	2.50	1.25	-	100	-	50	-
<b>Total</b>	<b>4,871.92</b>	<b>2,374.75</b>	<b>1,807.76</b>	<b>538.31</b>	<b>1,815.25</b>	<b>535.34</b>	<b>100.4</b>	<b>99.4</b>	<b>37.3</b>	<b>22.5</b>

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the Nanyuki Municipality recorded the highest absorption rate of the development budget at 100 per cent, followed by the Department of Finance, Economic Planning and the County Treasury at 47.8 per cent. The Department of Gender, Culture and Social Service had the highest percentage of recurrent expenditure to budget at 55.6 per cent while the Department of Education, Youth & Sports had the lowest at 10.4 per cent.

### 3.20.12 Budget Execution by Programmes and Sub-Programmes

Table 3.138 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.138: Laikipia County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Administration</b>							
P3 General Administration and Planning	0103014510 Headquarters Administration Services	17,900,000		9,196,998	-	51	-
Information Communication and Technical	0505014510 ICT Infrastructure and Connectivity	2,400,000	1,600,000	826,600	313,200	34	20
General Administration and Planning	0701034510 County Administration - Laikipia East	1,800,000		341,600	-	19	-
General Administration and Planning	0701044510 County Administration - Laikipia North	400,000		145,600	-	36	-
General Administration and Planning	0701054510 County Administration - Laikipia West	450,000		96,000	-	21	-
<b>Sub Total</b>		<b>22,950,000</b>	<b>1,600,000</b>	<b>10,606,799</b>	<b>313,200</b>	<b>46</b>	<b>20</b>
<b>County Administration</b>							
General Administration and Planning	0701064510 Compensation to Employees	3,226,955,793		1,107,131,101	-	34	-
<b>Sub-Total</b>		<b>3,226,955,793</b>	<b>-</b>	<b>1,107,131,101</b>	<b>-</b>	<b>34</b>	<b>-</b>
<b>County Administration</b>							
County Executive Committee Support	0708014510 Executive Support Service	29,500,000		15,767,302	-	53	-
County Executive Committee Support	0708024510 Legal Services	4,900,000		2,030,500	-	41	-
County Executive Committee Support	0708034510 Intergovernmental & Donor Liaison	1,050,000		222,000	-	21	-
<b>Sub-Total</b>		<b>35,450,000</b>	<b>-</b>	<b>18,019,802</b>	<b>-</b>	<b>51</b>	<b>-</b>



Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Administration</b>							
County Administration	0702054510 Public Participation	2,400,000		1,547,500	-	64	-
County Administration	0702084510 County Services Delivery and Result Report	1,000,000		500,000	-	50	-
County Administration	0702064510 Decentralized Services		13,000,000	-	-	-	-
<b>Sub-Total</b>		<b>3,400,000</b>	<b>13,000,000</b>	<b>2,047,500</b>	<b>-</b>	<b>60</b>	<b>-</b>
<b>County Administration</b>							
Security and Policing Support Services	0723024510 Urban Facilities Management Services	6,000,000		708,866	-	12	-
Human Capital Management and Devolution	0722024510 County Public Service Board	14,500,000	1,500,000	6,581,508	-	45	-
Human Capital Management and Devolution	0722034510 Information and Records Management	2,000,000		806,900	-	40	-
<b>Sub-Total</b>		<b>22,500,000</b>	<b>1,500,000</b>	<b>8,097,274</b>	<b>-</b>	<b>36</b>	<b>-</b>
<b>County Administration</b>							
County Administration	0702074510 Fleet	800,000		257,400	-	32	-
<b>Sub-Total</b>		<b>800,000</b>	<b>-</b>	<b>257,400</b>	<b>-</b>	<b>32</b>	<b>-</b>
<b>County Administration</b>							
Public Safety, Enforce and Disaster Management	0705014510 Disaster Reduction Management	2,000,000	1,000,000	799,759	-	40	-
Public Safety, Enforce and Disaster Management	0705024510 Fire Services	1,400,000	2,000,000	682,750	-	49	-
Public Safety, Enforce and Disaster Management	0705034510 Enforcement and Disaster Management	1,100,000		399,000	-	36	-
Public Safety, Enforce and Disaster Management	0705044510 Alcohol Control Committee	400,000		87,100	-	22	-
<b>Sub-Total</b>		<b>4,900,000</b>	<b>3,000,000</b>	<b>1,968,609</b>	<b>-</b>	<b>40</b>	<b>-</b>
<b>Total - County Administration</b>		<b>3,316,955,793</b>	<b>19,100,000</b>	<b>1,148,128,484</b>	<b>313,200</b>	<b>35</b>	<b>2</b>
<b>Department: Finance, Economic Planning and The County Treasury</b>							
707004510 Financial Services	707064510 County Treasury Administrative Services	20,000,000	-	108,471	-	1	-
	707084510 Financial Automation Services	500,000	-	202,000	-	40	-
	707074510 Laikipia County Emergency Fund	-	55,054,900	-	10,970,825	-	20
	707044510 Revenue Management Services	-	43,900,000	-	21,950,000	-	50
<b>Sub-Total</b>		<b>20,500,000</b>	<b>98,954,900</b>	<b>310,471</b>	<b>32,920,825</b>	<b>2</b>	<b>33</b>
0709004510 Administration and Support Services	709014510 Generation Administration and Support Services	98,515,334	409,700,000	76,500,758	210,229,971	78	51
<b>Sub-Total</b>		<b>98,515,334</b>	<b>409,700,000</b>	<b>76,500,758</b>	<b>210,229,971</b>	<b>78</b>	<b>51</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
0725004510 Public Finance Management Services	725014510 County Treasury Accounting and Reporting Services	3,900,000	-	1,228,861	-	32	-
	725044510 Budget Management	8,000,000	-	2,740,276	-	3	-
	725034510 Internal Audit Services	5,000,000	-	2,169,850	-	43	-
	725024510 Supply Chain Management Services	3,600,000	-	1,450,600	-	40	-
<b>Sub-Total</b>		<b>20,500,000</b>	<b>-</b>	<b>7,589,587</b>	<b>-</b>	<b>37</b>	<b>-</b>
0706004510 Departmental Administrative Services/ Centralized Services	706044510 Revenue Collection Services	<b>36,000,000</b>	-	18,000,000	-	50	-
<b>Sub-Total</b>		<b>36,000,000</b>	<b>-</b>	<b>18,000,000</b>	<b>-</b>	<b>50</b>	<b>-</b>
0726004510 Development Planning Services	726014510 Integrated Planning Services	2,200,000	-	612,850	-	28	-
	726024510 Participatory Budgeting Support Services	4,550,000	-	2,389,600	-	53	-
	726034510 Research Statistics and Documentation Services	2,250,000	-	1,620,400	-	72	-
	726064510 Strategic Partnership and Collaboration	8,000,000	2,990,000	4,000,000	1,495,000	50	50
<b>Sub-Total</b>		<b>17,000,000</b>	<b>2,990,000</b>	<b>8,622,850</b>	<b>1,495,000</b>	<b>51</b>	<b>50</b>
<b>Total Finance</b>		<b>192,515,334</b>	<b>511,644,900</b>	<b>111,023,666</b>	<b>244,645,796</b>	<b>58</b>	<b>48</b>
<b>Department: Laikipia County Department of Health</b>							
<b>Curative and Rehabilitatee Health</b>							
Curative and Rehabilitatee Health	Health Products and Technologies Support-0401014510	40,000,000	169,250,000	21,330,940	84,575,605	53	50
	Health Infrastructure Development-0401034510	-	150,000,000	-	24,149,000	-	16
	Emergency Referral and Rehabilitative Service-0401064510	239,423,000	393,185,500	143,973,329	78,167,674	60	20
<b>Sub Total</b>		<b>279,423,000</b>	<b>712,435,500</b>	<b>165,304,269</b>	<b>186,892,279</b>	<b>59</b>	<b>26</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>General Administration and Planning Services</b>							
General Administration and Planning Services	402014510 Administration, Project Planning and Implementation Services	10,000,000	-	4,500,000	-	45	-
	Human Resource Development-0402024510	25,000,000	-	14,930,906	-	60	-
	402034510 Standards and Quality Assurance	10,000,000	-	4,710,100	-	47	-
	402044510 Health Leadership and Governance	5,832,080	-	1,581,480	-	27	-
	Health Policy, Governance, Planning and Financing -0402054510	2,000,000	-	988,050	-	49	-
	Health Information Standards and Quality Assurance-0402064510	2,000,000	-	458,100	-	23	-
<b>Sub-Total</b>		<b>54,832,080</b>	<b>-</b>	<b>27,168,636</b>	<b>-</b>	<b>50</b>	<b>-</b>
<b>Preventive Health Services</b>							
Preventive Health Services	Community Health Strategy, Advocacy and Surveillance-0405044510	12,000,000	-	4,999,242	-	42	-
	Family Planning, Maternal, And Child Health Services-0405014510	2,000,000	-	961,300	-	48	-
	Non-Communicable Diseases Control and Prevention-0405024510	2,000,000	-	434,700	-	22	-
	Public Health Promotion and Nutrition Services-0405034510	9,350,000	-	3,284,750	-	35	-
	405064510 Social Health Insurance Schemes	6,000,000	-	-	-	-	-
	Tb/HIV/Aids Prevention and Control-0405054510	14,000,000	-	5,978,775	-	43	-
<b>Sub-Total</b>		<b>45,350,000</b>	<b>-</b>	<b>15,658,767</b>	<b>-</b>	<b>35</b>	<b>-</b>
<b>Total - Finance</b>		<b>379,605,080</b>	<b>712,435,500</b>	<b>208,131,672</b>	<b>186,892,279</b>	<b>55</b>	<b>26</b>
<b>Department: Agriculture Livestock and Fisheries</b>							
Headquarters	SP1 0103014510 Headquarter Administration Services	10,800,000	10,500,000	5,377,547	500,000	50	5
	SP3 0103034510 Agriculture Sector Extension Management	1,933,282	94,870,868	1,933,282	8,870,868	100	9
Livestock Production	SP2 0104024510 Livestock Resource Development and Management	121,389,340	11,000,000	892,300	999,000	1	9
Veterinary Services	SP5 0107054510 Animal Health and Disease Management	1,800,000	10,500,000	726,400	485,480	40	5

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Fisheries Production	SP1 0110014510 Fisheries Development and Management	1,500,000	5,000,000	606,400	1,000,000	40	20
Crop Production & Horticulture	SP2 0117024510 Land and Crop Productivity Enhancement and Management	3,800,000	2,400,000	2,027,650	465,000	53	19
	SP4 0117044510 Strategic Food Security Service	66,899,161	-	10,119,997	465,000	15	-
	SP4 1006044510 Climate Change Adaptation & Mitigation	1,800,000	20,990,000	923,395	5,300,000	51	25
<b>Total - Agriculture</b>		<b>209,921,783</b>	<b>155,260,868</b>	<b>22,606,971</b>	<b>18,085,348</b>	<b>11</b>	<b>12</b>
<b>Department: Lands, Infrastructure, Housing and Urban Development</b>							
P3-0103004510-General Administration and Planning Services	SP1 Administration Services-0105014510	6,619,610	-	1,062,942	-	16	-
P12-0112004510 - Physical Planning and Survey	SP1-0112014510 - Survey and Planning Services	5,000,000	9,000,000	946,140	3,526,700	19	39
	SP2-0112024510 - Land Management Services	-	5,000,000	-	503,450	-	10
	SP3-0112034510- Strategic Project Monitoring and Intervention	-	2,000,000	-	944,640	-	47
	SP4-0112044510 -Policy Management, Public Mobilisation and Participation	-	6,500,000	-	717,900	-	11
P13-0113004510-Land and Housing Management	SP2 Housing Policy Development-0113024510	1,000,000	20,000,000	100,000	607,600	10	3
P14-0114004510-Public Works Service Delivery Improvement	SP4 County Building Construction Standard-0114044510	1,000,000	2,500,000	474,850	-	47	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1 Road Network Improvement-0115014510	2,000,000	265,300,000	1,246,500	25,000,000	62	9
	SP3- Road Network Maintenance-0115034154	-	10,000,000	-	-	-	-
	SP4 Heavy Equipment Maintenance-0115044510	-	10,000,000	-	900,160	-	9
	SP5-0115054510 - Mechanisation Services	-	30,000,000	-	-	-	-
	SP Urban Development-0115094510	-	15,000,000	-	-	-	-
P18-0118004510-Renewable /Green Energy Services	SP1 County Renewable/ Green Energy Services-0118014510	22,000,000	10,000,000	14,070,170	1,100,000	64	11
<b>Total Infrastructure</b>		<b>37,619,610</b>	<b>385,300,000</b>	<b>17,900,602</b>	<b>33,300,450</b>	<b>48</b>	<b>9</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Department: Education and Library Services</b>							
<b>Administration and Planning Services</b>							
	Administration Services	-	4,110,000	-	-	-	-
	Headquarter Services	3,000,000	-	1,950,000	-	65	-
	Personnel Services	2,000,000	-	939,400	-	47	-
<b>Sub Total</b>		<b>5,000,000</b>	<b>4,110,000</b>	<b>2,889,400</b>	<b>-</b>	<b>58</b>	<b>-</b>
<b>Early Childhood Development (ECD) And Childcare Facilities</b>	Education Empowerment	75,000,000	-	-	-	-	-
	ECDE Infrastructure Improvement		39,800,000		-	-	-
	ECDE Teacher Services	2,000,000		1,000,000	-	50	-
<b>Sub-Total</b>		<b>77,000,000</b>	<b>39,800,000</b>	<b>1,000,000</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Youth, Polytechnics, Vocational Training</b>							
	Vocational Education and Training	20,000,000	20,000,000	6,755,500	-	34	-
<b>Sub-Total</b>		<b>20,000,000</b>	<b>20,000,000</b>	<b>6,755,500</b>	<b>-</b>	<b>34</b>	<b>-</b>
<b>Total - Education</b>		<b>102,000,000</b>	<b>63,910,000</b>	<b>10,644,900</b>	<b>-</b>	<b>10</b>	<b>-</b>
<b>Department: Trade, Tourism and Co-Operative Development</b>							
<b>P1 Administration, Planning and Support Services</b>							
	301014510-SP1 Administration Service	4,350,000	-	968,000	-	22	-
	301044510-SP2 Personnel Services	1,800,000	-	1,575,250	-	88	-
	304024510-SP3 Policy Services	3,450,000	-	1,814,800	-	53	-
<b>Sub Total</b>		<b>9,600,000</b>	<b>-</b>	<b>4,358,050</b>	<b>-</b>	<b>45</b>	<b>-</b>
<b>Co-Operative Development</b>							
	0302034510 SP3 Research and Development	2,300,000		716,600	-	31	-
	302024510-SP2 Co-Operative Revolving Fund		6,500,000	-	-	-	-
<b>Sub Total</b>		<b>2,300,000</b>	<b>6,500,000</b>	<b>716,600</b>	<b>-</b>	<b>31</b>	<b>-</b>
<b>Trade and Investment</b>							
	0304014510- SP1 Market Infrastructure Development	-	14,000,000		-	-	-
	0304054510-SP5 Industrial Development and Investment Promotion	6,500,000	350,000,000	2,613,200	-	40	-
	0304064510-SP6 Informal Sector Development	-	1,500,000	-	-	-	-
<b>Sub Total</b>		<b>6,500,000</b>	<b>365,500,000</b>	<b>2,613,200</b>	<b>-</b>	<b>40</b>	<b>-</b>
<b>Tourism Development and Promotion</b>							
	0305014510 SP1 Tourism Promotion and Marketing	1,600,000	-	796,000		50	-
	0305024510 SP2 Tourism Infrastructural Development	-	3,800,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Sub Total</b>	<b>0305014510 SP1 Tourism Promotion and Marketing</b>	<b>1,600,000</b>	<b>3,800,000</b>	<b>796,000</b>	<b>-</b>	<b>50</b>	<b>-</b>
<b>Total – Trade</b>		<b>20,000,000</b>	<b>375,800,000</b>	<b>8,483,850</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>Department: Gender, Culture and Social Services</b>							
Use of Goods and Services	901014510	3,900,000	2,200,000	2,312,476	1,100,000.00	59	50
<b>Sub Total</b>		<b>3,900,000</b>	<b>2,200,000</b>	<b>2,312,476</b>	<b>1,100,000</b>	<b>59</b>	<b>50</b>
Children Institutions Support Program (CEDC)	904,014,510	3,400,000	3,500,000	1,943,649.00	-	57	-
<b>Sub-Total</b>		<b>3,400,000</b>	<b>3,500,000</b>	<b>1,943,649</b>	<b>-</b>	<b>57</b>	<b>-</b>
Cultural Events Promotion Services	903,014,510	2,100,000		1,636,900		78	-
Social Services Infrastructure	903,034,510		1,500,000		-	-	-
<b>Sub-Total</b>		<b>2,100,000</b>	<b>1,500,000</b>	<b>1,636,900</b>	<b>-</b>	<b>78</b>	<b>-</b>
Talent Identification Programme	902,034,510	8,000,000		4,751,700		59	-
Youth Mainstreaming Initiative	902,044,510		500,000	-		-	-
Sports Promotion Services	902,054,510	2,500,000		711,700		28	-
Sports Facility Improvement	902,064,510	100,000	7,500,000	-	-	-	-
Cultural Events Promotion Services	903,014,510	3,000,000		1,430,700		48	0
<b>Sub-Total</b>		<b>13,600,000</b>	<b>8,000,000</b>	<b>6,894,100</b>	<b>-</b>	<b>51</b>	<b>-</b>
<b>Total – Trade</b>		<b>23,000,000</b>	<b>15,200,000</b>	<b>12,787,125</b>	<b>1,100,000</b>	<b>56</b>	<b>7</b>
<b>Department: Water, Environment and Natural Resources</b>							
Water Development	1001024510 Rural Water Supply and Sanitation	-	15,300,000	-	1,019,998	-	7
General Administration and Support Services	1) 0301014510 Administrative and Planning Services	16,500,000	1,000,000	8,910,270	-	54	-
	2)0301014510 Motor Vehicle Maintenance and Fuel Provision	4,500,000	-	2,385,100	-	53	-
Environment and Natural Resources	1006014510 Solid Waste Management	-	21,300,000	-	4,661,196	-	22
	1006024510 Human-Wildlife Conflict Prevention	-	500,000	-	-	-	-
	1006034510 Natural Resources Management	-	-	-	-	-	-
	1006044510 Climate Change Adaptation & Mitigation	-	<b>61,500,000</b>	-	<b>32,922,099</b>	-	54
	1006054510 Integrated Land Rehabilitation	-	<b>500,000</b>				-
<b>Total - Water</b>		<b>21,000,000</b>	<b>100,100,000</b>	<b>11,295,370</b>	<b>38,603,293</b>	<b>54</b>	<b>39</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Nanyuki Municipality</b>							
P3-0103004510-General Administration and Planning Services	SP1 0103014510 Administration Services	1,000,000	-	1,000,000	-	100	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network Improvement	-	1,000,000	-	1,000,000	-	100
<b>Total</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>100</b>	<b>100</b>
<b>Rumuruti Municipality</b>							
P3-0103004510-General Administration and Planning Services	SP1 0103014510 Administration Services	2,500,000	-	1,250,000	-	50	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network Improvement	-	5,000,000	-	-	-	-
<b>Total</b>		<b>2,500,000</b>	<b>5,000,000</b>	<b>1,250,000</b>	<b>-</b>	<b>50</b>	<b>-</b>
General Administration Support Services	Compensation of Employees/MCAs	226,209,653	-	107,925,584	-	48	-
	Other Recurrent Expenditure	93,275,776	-	29,274,045	-	31	-
	County Assembly Staff Car & Mortgage Scheme	20,000,000	-	20,000,000	-	100	-
	Training of Staff	-	-	-	-	-	-
	Sub Total	339,485,429	-	157,199,630	-	46	-
Legislative and Oversight	Other Recurrent Expenditure	219,143,620	-	100,912,994	-	46	-
	Training	3,000,000	-	1,823,120	-	61	-
	Public Participation	4,180,000	-	2,063,640	-	49	-
	Sub Total	226,323,620	-	104,799,753	-	46	-
County Assembly Infrastructure Services	Purchase of Motor Vehicles	-	-	-	-	-	-
	Refurbishment of Non-Residential Building-	-	28,000,000	-	11,398,592	-	41
	Refurbishment of Residential Buildings	-	2,000,000	-	-	-	-
		-	30,000,000	-	11,398,592	-	38
Total	Sub-Total	565,809,049.00	30,000,000.00	261,999,383.20	11,398,592.00	0.46	0.38
<b>Grand Total</b>		<b>4,871,926,649</b>	<b>2,374,751,268</b>	<b>1,815,252,023</b>	<b>535,338,958</b>	<b>37</b>	<b>23</b>

Source: Laikipia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Assembly Staff Loan and Mortgage in the Department of Assembly at 100 per cent, General Administration and Services in the Department of Nanyuki Municipality at 100 per cent, Personnel Services in the Department of Trade at 88 per cent, and Department of Gender and Culture, Cultural Events promotional services at 78 per cent of budget allocation.

### 3.20.13 Accounts Operated Commercial Banks

The County government operated a total of 12 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.20.14 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. The underperformance of own-source revenue at Kshs.171.98 million against an annual projection of Kshs.850.4 million, representing 20.2 per cent of the annual target.
2. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.137.
3. High level of pending bills which amounted to Kshs.1.75 billion as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.302.88 million were processed through the manual payroll, accounting for 23.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.21. County Government of Lamu

### 3.21.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 is Kshs.4.59 billion, comprising Kshs.1.9 billion (41.4 per cent) and Kshs.2.69 billion (58.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 1.2 per cent compared to the previous financial year when the approved budget was Kshs.4.64 billion and comprised of Kshs.1.64 billion towards development expenditure and Kshs.3 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.24 billion (71 per cent) as the equitable share of revenue raised nationally, Kshs.561.34 million (12.2 per cent) as additional allocations/conditional grants, a



cash balance of Kshs.438.22 million (8 per cent) brought forward from FY 2022/23, and generate Kshs.350 million (8 per cent) as gross own source revenue. The own-source revenue includes Kshs.150.18 million (3.3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.199.82 million (4.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.139.

### 3.21.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.1.07 billion as the equitable share of the revenue raised nationally, Kshs.11.5 million as additional allocations/conditional grants, had a cash balance of Kshs.438.22 million from FY 2022/23 and raised Kshs.90.35 million as own-source revenue (OSR). The raised OSR includes Kshs.59.09 million as FIF and Kshs.31.26 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.1.61 billion, as shown in Table 3.139.

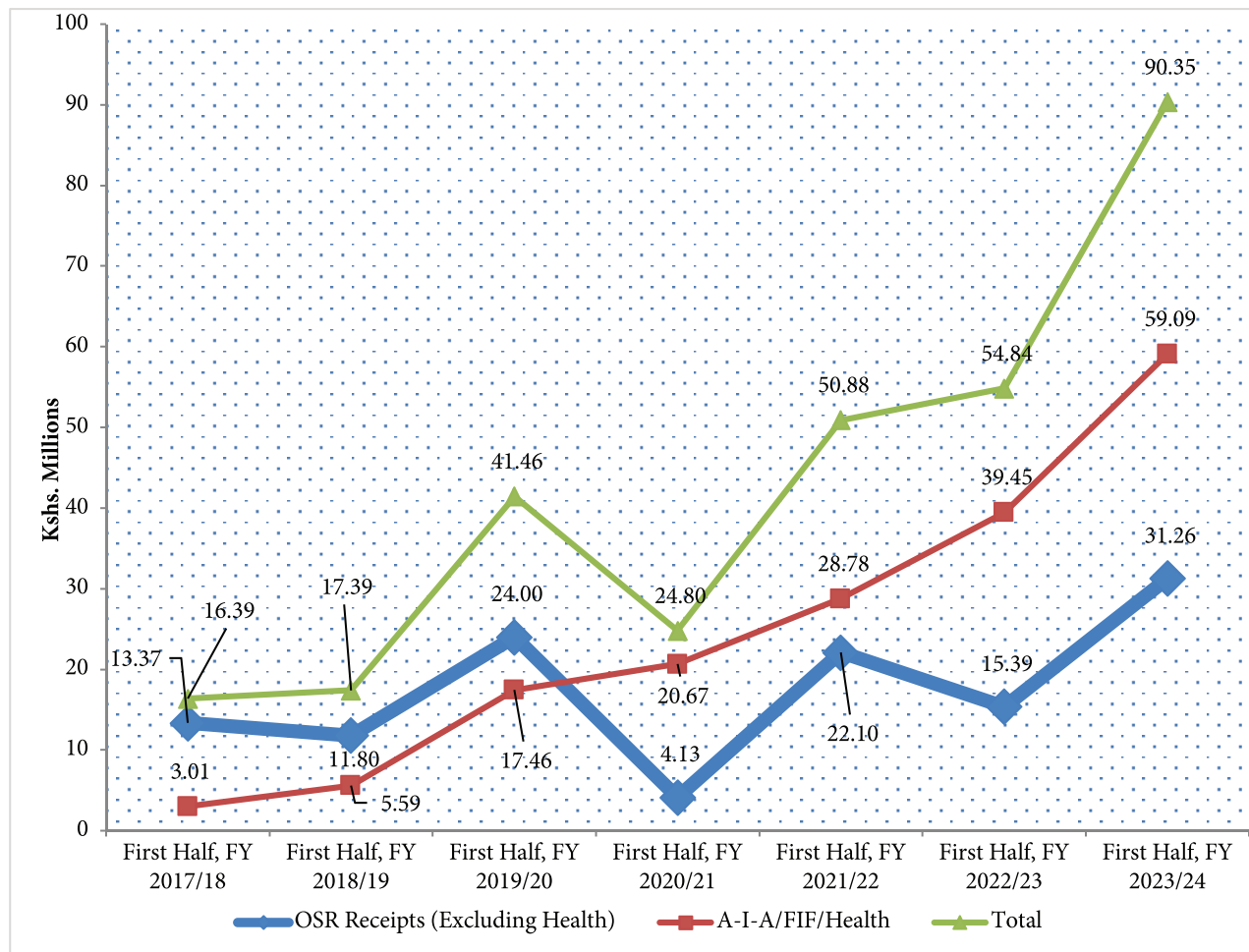
**Table 3.139: Lamu County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>3,237,350,707</b>	<b>1,068,325,734</b>	<b>33.0</b>
<b>Subtotal</b>		<b>3,237,350,707</b>	<b>1,068,325,734</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Agricultural Sector Development Support Program	1,622,700	500,000	30.8
2.	Climate Smart	90,000,000	11,000,000	12.2
<b>Subtotal</b>		<b>91,622,700</b>	<b>11,500,000</b>	<b>12.6</b>
<b>C</b>	<b>Own Source Revenue</b>			
3.	Ordinary Own Source Revenue	199,820,000	31,257,088	15.6
4.	Facility Improvement Fund (FIF)	150,180,000	59,088,557	39.3
<b>Subtotal</b>		<b>350,000,000</b>	<b>90,345,645</b>	<b>25.8</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
5.	Unspent balance from FY 2022/23	438,223,152	438,223,152	100
<b>Sub Total</b>		<b>438,223,152</b>	<b>438,223,152</b>	<b>100</b>
<b>Grand Total</b>		<b>4,586,913,973</b>	<b>1,608,394,531</b>	<b>35.1</b>

*Source: Lamu County Treasury*

Figure 61 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

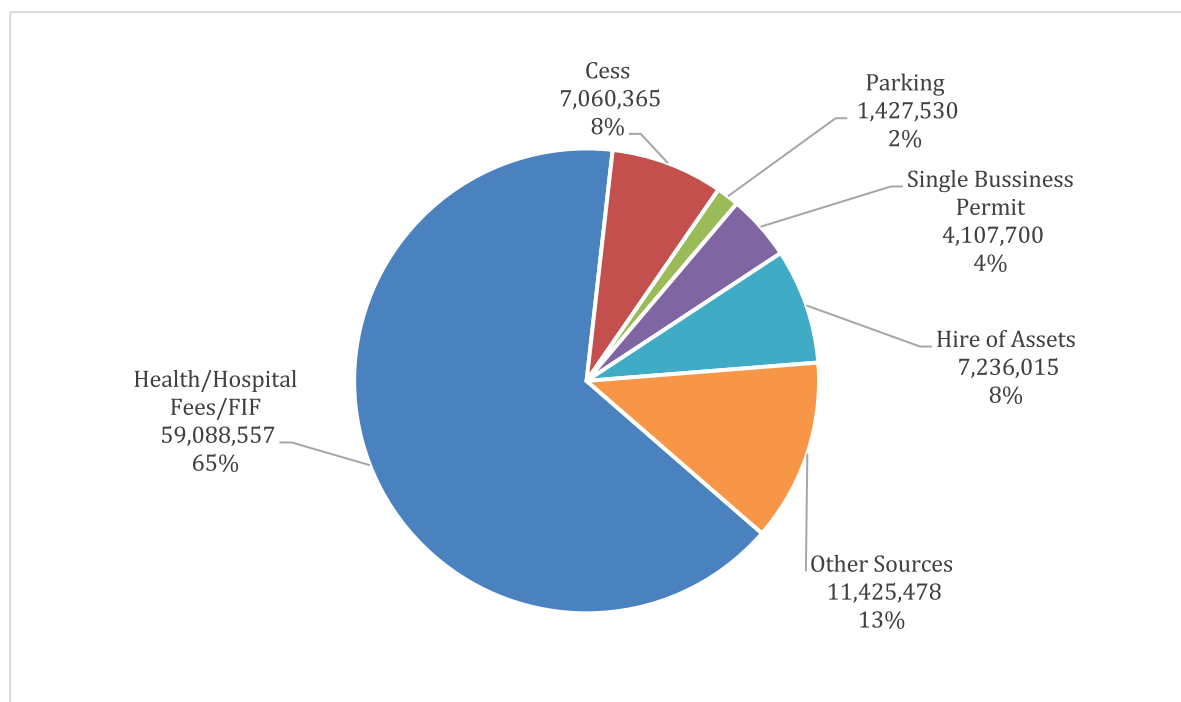
**Figure 61: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



**Source:** Lamu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.90.35 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 60.7 per cent compared to Kshs.54.84 million realised in a similar period in FY 2022/23 and was 25.8 per cent of the annual target and 8.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 62.

**Figure 62: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Lamu County Treasury*

The highest revenue stream of Kshs.59.09 million was from Facility Improvement Fund contributing to 65 per cent of the total OSR receipts during the reporting period.

### 3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.46 billion from the CRF account during the reporting period which comprised Kshs.221.58 million (15.2 per cent) for development programmes and Kshs.1.24 billion (84.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.900.27 million was released towards Employee Compensation and Kshs.335.07 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.469.88 million.

### 3.21.4 County Expenditure Review

The County spent Kshs.1.29 billion on development and recurrent programmes in the reporting period. The expenditure represented 88.3 per cent of the total funds released by the CoB and comprised Kshs.141.62 million and Kshs.1.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.5 per cent, while recurrent expenditure represented 42.6 per cent of the annual recurrent expenditure budget.

### 3.21.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.69.35 million, comprising Kshs.42.25 million for recurrent expenditure and Kshs.4.22 million for development activities. No amount of the pending bill was settled during the period under review.

The County Assembly did not report any pending bills as of 31<sup>st</sup> December 2023.

### 3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.714.14 million on employee compensation, Kshs.254.34 million on operations and maintenance, and Kshs.141.62 million on development activities. Similarly, the County Assembly spent Kshs.94.95 million on employee compensation and Kshs.81.16 million on operations and maintenance, the County Assembly as shown in Table 3.140.

**Table 3.140: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>2,226,171,972</b>	<b>460,000,000</b>	<b>968,480,929</b>	<b>176,108,032</b>	<b>43.5</b>	<b>38.3</b>
Compensation to Employees	1,502,370,415	225,162,450	714,144,864	94,949,910	47.5	42.2
Operations and Maintenance	723,801,557	234,837,550	254,336,065	81,158,122	35.1	34.6
<b>Development Expenditure</b>	<b>1,811,742,001</b>	<b>89,000,000</b>	<b>141,617,575</b>	-	<b>7.8</b>	-
<b>Total</b>	<b>4,037,913,973</b>	<b>549,000,000</b>	<b>1,110,098,504</b>	<b>176,108,032</b>	<b>27.5</b>	<b>32.1</b>

*Source: Lamu County Treasury*

### 3.21.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.809.10 million, or 47.5 per cent of the available revenue which amounted to Kshs.1.61 billion. This expenditure represented an increase from Kshs.732.33 million reported in a similar period in FY 2022/23. The wage bill included Kshs.428.97 million paid to health sector employees, translating to 53 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.725.14 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.83.95 million was processed through manual payrolls. The manual payrolls accounted for 10.4 per cent of the total PE cost.

The County Assembly spent Kshs.6.6 million on committee sitting allowances for the 20 MCAs and the Speaker against the annual budget allocation of Kshs.10.49 million. The average monthly sitting allowance was Kshs.54,956 per MCA. The County Assembly has established 17 Committees.

### 3.21.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.190 million to county-established funds in FY 2023/24, constituting 4.1 per cent of the County's overall budget. Table 3.141 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.141: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
1.	Emergency Fund	20,000,000.00	17,953,157.96	17,352,438.96	Yes
2.	Scholarship and Other Education Benefits	100,000,000.00	81,032,786.09	79,662,447.52	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
3.	Executive Housing Fund	40,000,000.00	37,231,755.00	37,231,755.00	Yes
4.	Disability Fund	10,000,000.00	8,731,217.00	8,731,217.00	Yes
5.	Youth Development Fund	10,000,000.00	8,568,566.00	8,568,566.00	Yes
6.	Women Empowerment Fund	10,000,000.00	8,384,499.00	8,384,499.00	Yes
	<b>Total</b>	<b>190,000,000.00</b>	<b>161,901,981.05</b>	<b>159,930,923.48</b>	<b>-</b>

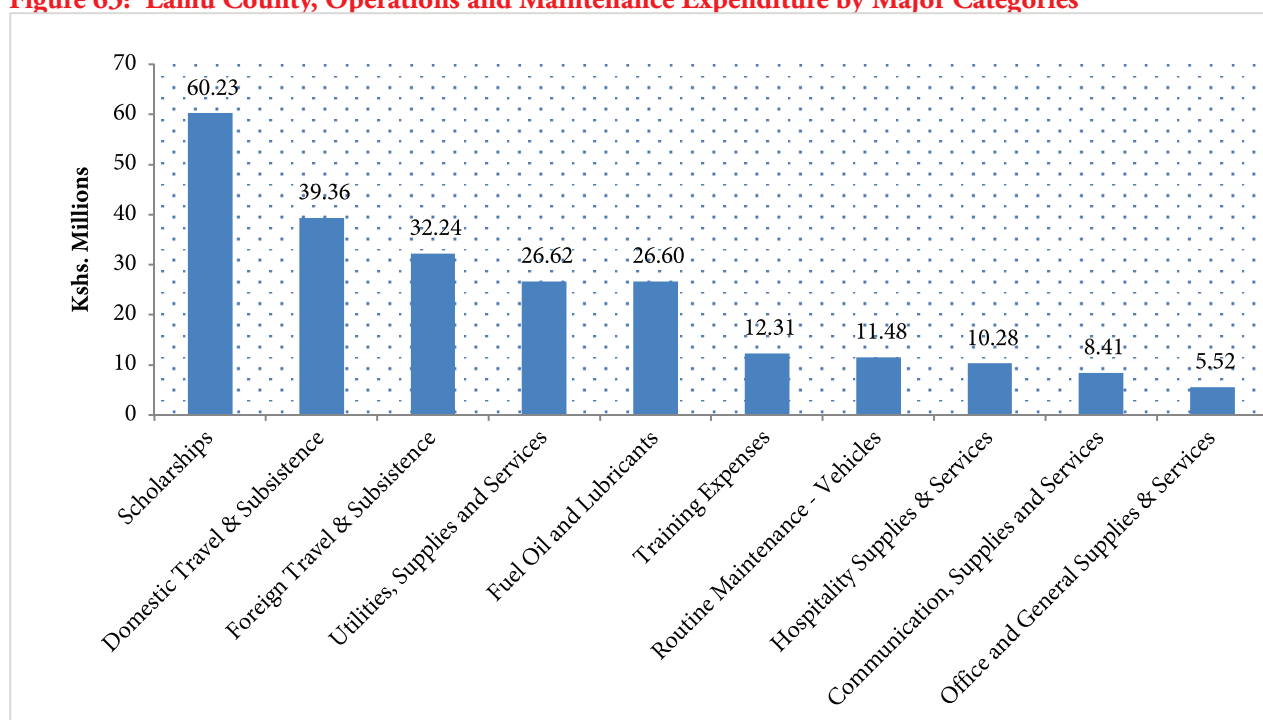
Source: Lamu County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.21.9 Expenditure on Operations and Maintenance

Figure 63 summarises the Operations and Maintenance expenditure by major categories.

**Figure 63: Lamu County, Operations and Maintenance Expenditure by Major Categories**



Source: Lamu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.39.36 million and comprised Kshs.20.23 million spent by the County Assembly and Kshs.19.13 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32.24 million and comprised Kshs.31.06 million by the County Assembly and Kshs.1.18 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.142.

**Table 3.142: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	19th Aug-1st September 2023	Claim for the CASB Members to attend training hosted by ESAMI	Dubai	5,884,970
County Assembly	3	8th-22st July 2023	Claim to attend the 3rd Executive Leadership Summit Hosted by ICPAK	Dubai	3,367,770
County Assembly	3	17th-23rd December 2023	Claim to attend Leadership Summit meeting	Dubai	1,948,772
County Assembly	1	09th-16th September 2023	Claim to attend Result-Based Management in the Public Sector	Dubai	711,760
County Assembly	3	2nd November-15th December 2023	Facilitation for the Lamu County Assembly members to attend training hosted by ESAMI	Dubai	3,823,540
County Assembly	10	15th-29th July 2023	Claim for the PA of the Speaker to attend Managing Intergenerational Workforce hosted by ESAMI	Tanzania	6,682,760
County Assembly	4	12th-24th November 2023	Facilitation for the Lamu County Assembly Service Board to attend Training Hosted by ESAMI	Tanzania	3,101,060
County Assembly	1	27th Oct-07th Nov 2023	Claim to attend training on performance management system and localization of SDGs	United Kingdom	895,900

Source: Lamu County Assembly

### 3.21.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.141.62 million on development programmes, representing an increase of 179.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.50.74 million. The table 3.143 summarises development projects with the highest expenditure in the reporting period.

**Table 3.143: Lamu County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Executive and PSM	Construction of sub-county headquarters offices county contribution	Faza	48,644,051.00	35,365,894.00	100.0
2	County Executive and PSM	Construction of Governors Residence	County HQRS	27,000,000.00	13,499,921.00	100.0
3	Water & Energy	Manda Yawi-Raskitau Water Project	Shella	15,000,000.00	11,076,144.00	100.0
4	Lamu Municipality	Cabro Paving at Hindi	Hindi	8,400,000.00	8,397,690.00	100.0
5	Water & Energy	Basuba water project	Basuba	15,000,000.00	6,955,464.00	100.0
6	Lamu Municipality	Cabro Paving at Mkunumbi	Mkunumbi	10,000,000.00	5,445,852.00	100.0
7	Lamu Municipality	Renovation of Faza Social Hall	Faza	5,000,000.00	4,927,564.00	100.0
8	Water & Energy	Kiwayu Chandani water project and pump station house	Kiunga	4,500,000.00	4,062,780.00	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
9	Land, Physical Planning, & Urban Development	Digitization of Land Records	County Wide	10,000,000.00	3,971,840.00	100.0
10	Land, Physical Planning, & Urban Development	Planning and surveying of Witu village	Witu	10,000,000.00	3,880,000.00	100.0

Source: Lamu County Treasury

### 3.21.11 Budget Performance by Department

Table 3.144 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.144: Lamu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	460.00	89.00	164.68	-	176.11	-	106.9	-	38.3	-
County Executive and PSM	238.26	77.00	136.19	13.50	93.13	13.50	68.4	100.0	39.1	17.5
Finance, Economy & Strategic Planning	104.35	6.50	50.56	-	46.69	-	92.3	-	44.7	-
Agriculture, Irrigation & Food Security	71.69	185.74	27.08	4.98	30.34	15.78	112.1	316.9	42.3	8.5
Land, Physical Planning, & Urban Development	28.17	228.00	10.68	71.17	10.42	21.17	97.6	29.7	37.0	9.3
Education, Technology, Gender, Youth Affairs, Sports & Social Services	302.93	153.90	149.83	6.11	141.95	6.11	94.7	100.0	46.9	4.0
Medical Services	1,002.92	265.30	498.79	49.09	466.25	4.95	93.5	10.1	46.5	1.9
Trade, Investment & Tourism	47.05	225.00	12.80	-	14.91	-	116.5	-	31.7	-
Climate Change, Information, Communication, E-Government & Citizen Participation	35.26	131.00	13.60	-	3.13	-	23.0	-	8.9	-
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	63.80	166.11	22.57	-	21.18	7.44	93.9	-	33.2	4.5
County Public Service Board	54.36	-	23.92	-	22.39	-	93.6	-	41.2	-
Water & Energy	46.12	149.00	21.22	22.09	25.09	18.03	118.2	81.6	54.4	12.1
Public Health, Environment and Sanitation	80.67	12.00	35.07	3.18	32.65	3.18	93.1	100.0	40.5	26.5
Budget And Economic Planning	17.44	-	6.56	-	6.03	-	91.9	-	34.5	-
Road, Transport, Infrastructure & Public Works	26.76	111.05	11.53	16.09	10.22	16.09	88.7	100.0	38.2	14.5
Lamu Municipality	50.06	42.50	17.46	-	15.95	-	91.4	-	31.9	-
Devolutions, Disaster and Resource Mobilization	56.33	58.64	32.82	35.37	28.16	35.37	85.8	100.0	50.0	60.3
<b>Total</b>	<b>2,686.17</b>	<b>1,900.74</b>	<b>1,235.35</b>	<b>221.58</b>	<b>1,144.59</b>	<b>141.62</b>	<b>92.7</b>	<b>63.9</b>	<b>42.6</b>	<b>7.5</b>

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Devolution, Disaster and Resource Mobilization recorded the highest absorption rate of development budget at 60.3 per cent, followed by the Department of Public Health Environment and Sanitation at 26.5 per cent. The Department of Water and Energy had the highest percentage of recurrent expenditure to budget at 54.4 per cent while the Department of Climate Change, Information, Communication, E-Government & Citizen Participation had the lowest at 8.9 per cent.

### 3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.145 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.145: Lamu County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure As of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent	Development	Rec	Dev
<b>County Assembly</b>		<b>460,000,000</b>	<b>89,000,000</b>	<b>176,108,032</b>	-	38.3	0.0
	P1 Administration, Planning and Support Services.	241,012,380	-	88,836,835	-	36.9	-
	P2 Legislation and Oversight	218,987,620	89,000,000	87,271,197	-	39.9	0.0
<b>County Executive</b>		<b>238,258,500.00</b>	<b>77,000,000.00</b>	<b>93,128,527.00</b>	<b>13,499,920.00</b>	39.1	17.5
	P3 Administration, Planning and Support Services.	238,258,500	77,000,000	93,128,527.00	13,499,920.00	39.1	17.5
<b>Finance, Economy &amp; Strategic Planning</b>		<b>104,350,900.00</b>	<b>6,500,000.00</b>	<b>46,689,546.00</b>	-	44.7	0.0
	P11 Administration, Planning Support Services	94,147,282	-	44,742,875	-	47.5	-
	P12 Control & Management of Public	10,203,618	6,500,000.00	1,946,671	-	19.1	-
	A. Budget Formulation	5,101,809	-	365,450	-	-	-
	B. Accounting Services	2,043,128	-	406,795	-	19.9	-
	C. Procurement	1,096,853	-	537,920	-	49.0	-
	D. Resource Mobilization	1,071,728	6,500,000	636,506	-	59.4	0.0
	E. Internal Audit	890,101	-	-	-	-	-
<b>Agriculture &amp; Planning</b>		<b>71,692,506</b>	<b>185,742,700</b>	<b>30,344,586</b>	<b>15,778,770</b>	42.3	8.5
P1 Administration, Planning & Support	Directorate of Agriculture & Extension Services	71,692,506	-	30,344,586	1996595	42.3	-
Crop Development & Management	Promotion of Agro Processing & Value Addition Technologies	-	170,742,700	-	10,799,000	-	6.3



Programme	Sub-Programme	Approved Estimates		Actual Expenditure As of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent	Development	Rec	Dev
P17 Irrigation & Drainage Services	Promotion of Agro Processing & Value Addition Technologies	-	15,000,000.00	-	2,983,175	-	19.9
<b>Land, Physical Planning, Infrastructure, Urban Dev, Water &amp; Resources</b>		<b>28,173,869</b>	<b>227,998,461</b>	<b>10,419,560</b>	<b>21,165,288</b>	<b>37.0</b>	<b>9.3</b>
P1 Administration, Planning & Support Services	Headquarters	28,173,869	-	10,419,560		37.0	-
P2 Land Management	Physical Planning		77,998,461		21,165,288	-	27.1
P4 Infrastructure Development		-	150,000,000			-	-
<b>Education, Gender, Youth Affairs, Sports &amp; Social Services</b>		<b>302,926,726</b>	<b>153,900,000</b>	<b>141,946,140</b>	<b>6,111,592</b>	<b>46.9</b>	<b>4.0</b>
P1 General Administration, Planning And	Headquarters	202,926,726	-	-		0.0	-
P2 Education and Training Programme	Early Childhood Development	100,000,000	76,200,000.00	81,713,482	1,184,028	81.7	1.6
P3 Sports & Youth Development	Sports & Youth Development	-	64,700,000.00	60,232,657		-	0.0
P4 Social Services		-	13,000,000.00		4,927,564.00	-	37.9
<b>Medical, Health Services, Sanitation &amp; Environment</b>		<b>1,002,923,315</b>	<b>265,300,000</b>	<b>466,247,846</b>	<b>4,951,947</b>	<b>46.5</b>	<b>1.9</b>
P1 Administration, Planning & Support Services		-	500,000.00	-		-	0.0
P1 General Administration, Planning and Support Services	Sp:1.1 Human Resource Management and Development	836,985,125	-	383,272,191		45.8	-
P2 Curative Services	Sp:2.1 Primary Health Services	152,912,690	184,800,000.00	72,230,812		47.2	0.0
P3 Preventive & Promotive Services	Sp4 Preventive and Promotive Services-Headquarters	13,025,500	80,000,000.00	10,744,843	4,951,947	82.5	6.2
<b>Trade, Investment, Culture &amp; Tourism</b>		<b>47,053,453</b>	<b>225,000,000</b>	<b>14,910,918</b>	<b>-</b>	<b>31.7</b>	<b>0.0</b>
P1 Administration, Planning & Support Service	Sp1.1 Headquarters	24,496,897	-	8,572,091		35.0	-
P2 Tourism Promotion	Sp 2.1tourism Marketing and Promotion	1,794,556	-			0.0	-
P3 Trade Development	Sp 3.3 Trade Investment	762,000	25,000,000.00			0.0	0.0
P4 Art & Culture	Sp 3.4 Cultural Festival	20,000,000	-	6,237,927		31.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure As of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent	Development	Rec	Dev
P5 Industrial Development & Investment		-	200,000,000.00	100,900		#Value!	-
<b>Information, Communication &amp; E-Government</b>		<b>35,264,200</b>	<b>131,000,000</b>	<b>3,127,513</b>	-	8.9	-
P1 Administration, Planning & Support Service	Sp1.2 Personnel Service	35,264,200	131,000,000.00	3,127,513		8.9	-
<b>Fisheries, Livestock, Veterinary &amp; Cooperative Development</b>		<b>63,795,798</b>	<b>166,106,789</b>	<b>21,183,887</b>	<b>7,443,574</b>	33.2	4.5
Administration, Planning, Monitoring & Evaluation	Sp1. Headquarters	57,401,948	-	20,310,817		35.4	-
Co-Management	Sp4.2: Cooperative Development	575,000.00	-	101,400		17.6	-
Fish Farming	Purchase of Specialized Plant	2,350,500.00	79,764,809	428,120		18.2	-
Livestock Extension Services	Livestock Improvement Programme	963,350.00	80,341,980	91,250	7,443,574	9.5	9.3
Veterinary Service Management	Veterinary Services	2,505,000.00	6,000,000	252,300		10.1	-
<b>County Public Service Board</b>		<b>54,355,987</b>	-	<b>22,388,564</b>	-	41.2	-
Administration, Planning and Support Services.	Sp1.2 Personnel Service	43,866,987	-	18,909,914		43.1	-
Human Resource Management & Development	Sp2.1 Headquarters	10,489,000	-	3,478,650		33.2	-
<b>Water Management And Conservation</b>		<b>46,121,238</b>	<b>149,000,000</b>	<b>25,087,504</b>	<b>18,031,608</b>	54.4	12.1
Water Management, Conservation & Provision	Sp5.1 Administration Services	46,121,238	149,000,000	25,087,504	18,031,608	54.4	12.1
<b>Public Health, Environment And Sanitation</b>		<b>80,666,136</b>	<b>12,000,000</b>	<b>32,648,054</b>	<b>3,175,440</b>	40.5	26.5
General Administration, Planning and Support Services	Sp1.1 Headquarters	64,003,136		32,648,054		51.0	-
	Sp1.2: Public Health and Sanitation	16,663,000		-		0.0	-
Preventive & Promotive Services		-	9,000,000.00		3,175,440	-	35.3
Environmental Health & Sanitation		-	3,000,000.00		-	-	0.0
<b>Budget And Economic Planning</b>		<b>17,444,291</b>	-	<b>6,026,172</b>	-	34.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure As of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent	Development	Rec	Dev
Administration, Planning Support Services	Sp1.1headquarters	10,444,291	-	4,741,397		45.4	-
Economic Planning	Sp2.1 Budget & Economic Planning	7,000,000	-	1,284,775		18.4	-
<b>Infrastructure and Energy</b>		<b>26,759,296</b>	<b>111,050,000</b>	<b>10,219,394</b>	<b>16,093,542</b>	<b>38.2</b>	<b>14.5</b>
Administration, Planning & Support Services	Headquarters	26,759,296	-	-	0	-	-
Infrastructure Development	Other Infrastructure and Civil Works	-	111,050,000.00	10,219,394	16,093,542.05	-	14.5
<b>Lamu Municipality</b>		<b>50,060,678</b>	<b>42,500,000</b>	<b>15,952,548</b>	<b>-</b>	<b>31.9</b>	<b>-</b>
Administration, Planning & Support Services	Headquarters	50,060,678.00	-	15,952,548		31.9	-
Infrastructure Development		-	42,500,000.00		0	-	-
<b>Devolution, Disaster Management And Resource Mobilization</b>		<b>56,325,079</b>	<b>58,644,051</b>	<b>28,160,171</b>	<b>35,365,894</b>	<b>50.0</b>	<b>60.3</b>
Administration, Planning & Support Services	Headquarters	56,325,079.00	58,644,051.00	28,160,171	35,365,894.00	50.0	60.3
<b>Grand Total</b>		<b>2,686,171,972</b>	<b>1,900,742,001</b>	<b>1,144,588,960</b>	<b>141,617,575</b>	<b>42.6</b>	<b>7.5</b>

Source: Lamu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, Planning & Support Services in the Department of Devolution, Disaster Management and Resource Mobilization at 55.3 per cent, Administration, Planning & Support Services in the Department of Public Health, Environment and Sanitation at 51 per cent, Public Finance Management in the Department of Finance, Economy and Strategic Planning at 49 per cent of budget allocation.

### 3.21.13 Accounts Operated Commercial Banks

Other than the Central Bank Accounts and Special Purpose accounts the County is operating a total of 9 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. Imprest bank accounts for petty cash and revenue collection accounts are exempted.

### 3.21.14 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. The underperformance of own-source revenue at Kshs.90.35 million against an annual projection of Kshs.350 million, representing 25.8 per cent of the annual target.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.83.95 million were processed through the manual payroll, accounting for 10.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

3. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.
4. Low absorption of development funds which translated to 7.5 per cent of the approved annual development budget.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash are exempted.*
4. *The County should identify and address issues causing delays in implementing development programmes and projects.*

## 3.22. County Government of Machakos

### 3.22.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.16.58 billion, comprising Kshs.5.91 billion (35.6 per cent) and Kshs.10.67 billion (64.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 12.3 per cent compared to the previous financial year when the approved budget was Kshs.14.75 billion and comprised of Kshs.5.16 billion towards development expenditure and Kshs.9.59 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.55 billion (57.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.47 billion (8.8 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.46 billion (8.8 per cent) brought forward from FY 2022/23, and generate Kshs.4.11 billion (24.8 per cent) as gross own source revenue. The own source revenue includes Kshs.100 million (2.5 per cent) as ordinary Appropriations-in-Aid (A-I-A), Kshs.1.0 billion (24.5 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.3.0 billion (73 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.146.

### 3.22.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.15 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.46 billion from FY 2022/23, and raised Kshs.295.25 million as own-source revenue (OSR). The raised OSR includes Kshs.52.08 million as FIF and Kshs.243.17 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.90 billion, as shown in Table 3.146.

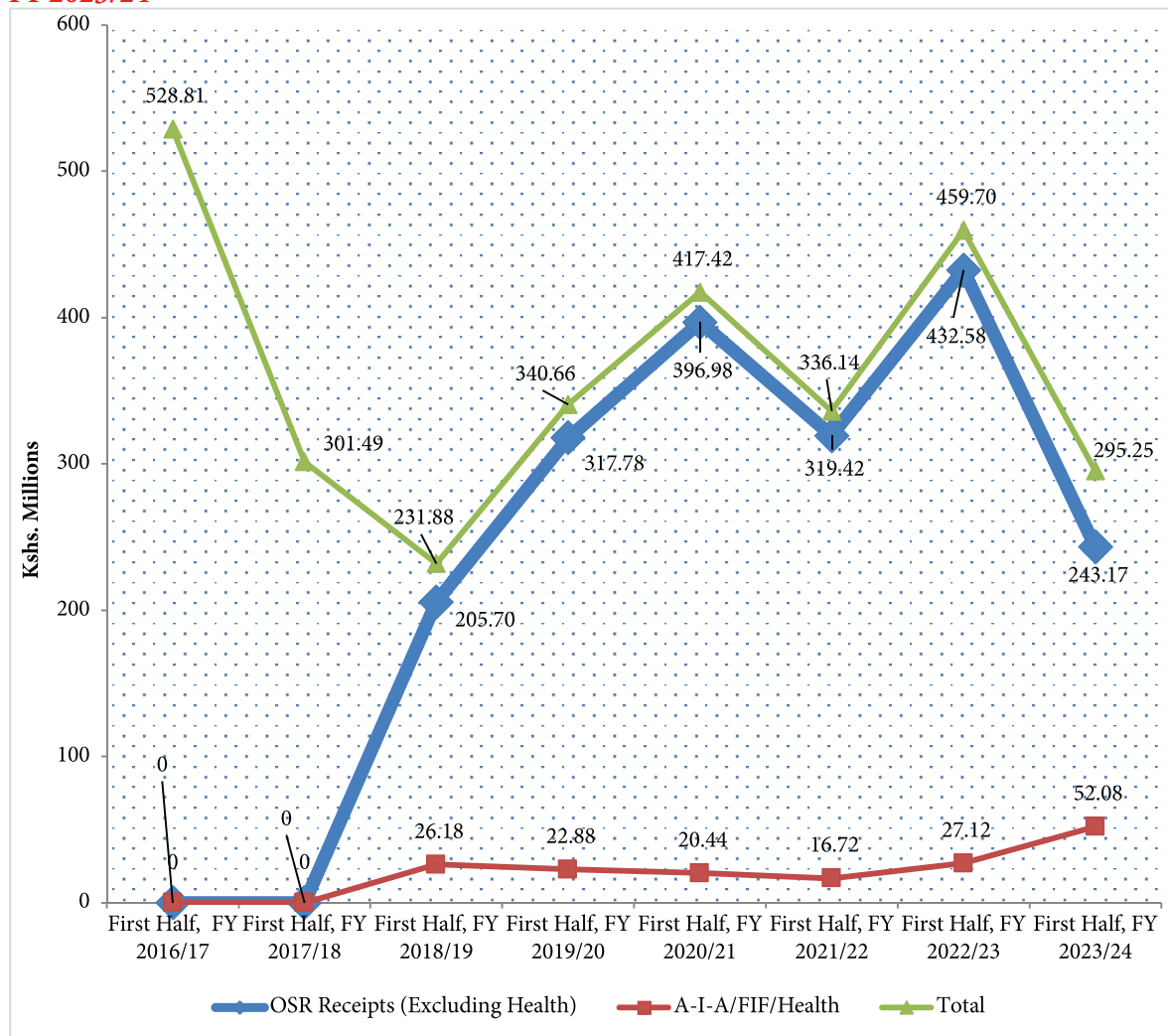
**Table 3.146: Machakos County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	9,547,295,309	3,150,607,452	33
<b>Subtotal</b>		<b>9,547,295,309</b>	<b>3,150,607,452</b>	<b>33</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Leasing of Medical Equipment	124,723,404	-	-
2.	Aggregated Industrial Parks Programme	100,000,000	-	-
3.	Fertilizer Subsidy Programme	195,350,986	-	-
4.	Court Fines	14,436,324	-	-
5.	Mineral Royalties	99,716	-	-
6.	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	90,000,000	-	-
7.	Universal Healthcare in Devolved Context-DANIDA	14,148,750	-	-
8.	Agriculture Sector Development Support Programme (ASDSP) II-SIDA	3,761,966	-	-
9.	Emergency Locust Response Project (ELRP)-World Bank	105,095,561	-	-
10.	Aquaculture Business Development Program (ABDP)-IFAD	15,401,768	-	-
11.	Financing Locally Led Climate Change Action (FLLoCA) Programme-World Bank	133,000,000	-	-
12.	FLLoCA County Climate Institutional Support -World Bank	11,000,000	-	-
13.	Livestock Value Chain Support Project-Poland	35,809,200	-	-
14.	National Agriculture Value Chain Development Project (NAVCDP)	250,000,000	-	-
15.	Kenya Urban Support Project (UDG)-World Bank	96,640,253	-	-
16.	Kenya Devolution Support Program	142,185,298	-	-
17.	Transforming Health Systems for Universal Care Project	5,718,823	-	-
18.	Kenya Urban Support Project (UDG)-World Bank	96,640,253	-	-
19.	Equalization Fund	12,923,347	-	-
<b>Subtotal</b>		<b>1,465,101,103</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Own Source Revenue</b>			
1.	Ordinary Own Source Revenue	2,998,879,462	243,169,963	8.1
2.	Ordinary Appropriation in Aid (A-I-A)	100,000,000	-	-
3.	Facility Improvement Fund (FIF)	1,008,000,000	52,082,967	5.2
<b>Subtotal</b>		<b>4,106,879,462</b>	<b>295,252,930</b>	<b>7.2</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
1.	Unspent balance from FY 2022/23	1,456,001,038	1,456,001,038	100
<b>Sub Total</b>		<b>1,456,001,038</b>	<b>1,456,001,038</b>	<b>100</b>
<b>Grand Total</b>		<b>16,575,276,912</b>	<b>4,901,861,420</b>	<b>29.6</b>

Source: Machakos County Treasury

Figure 64 shows the trend in own-source revenue collection from the first half of FY 2016/17 to the first half of FY 2023/24.

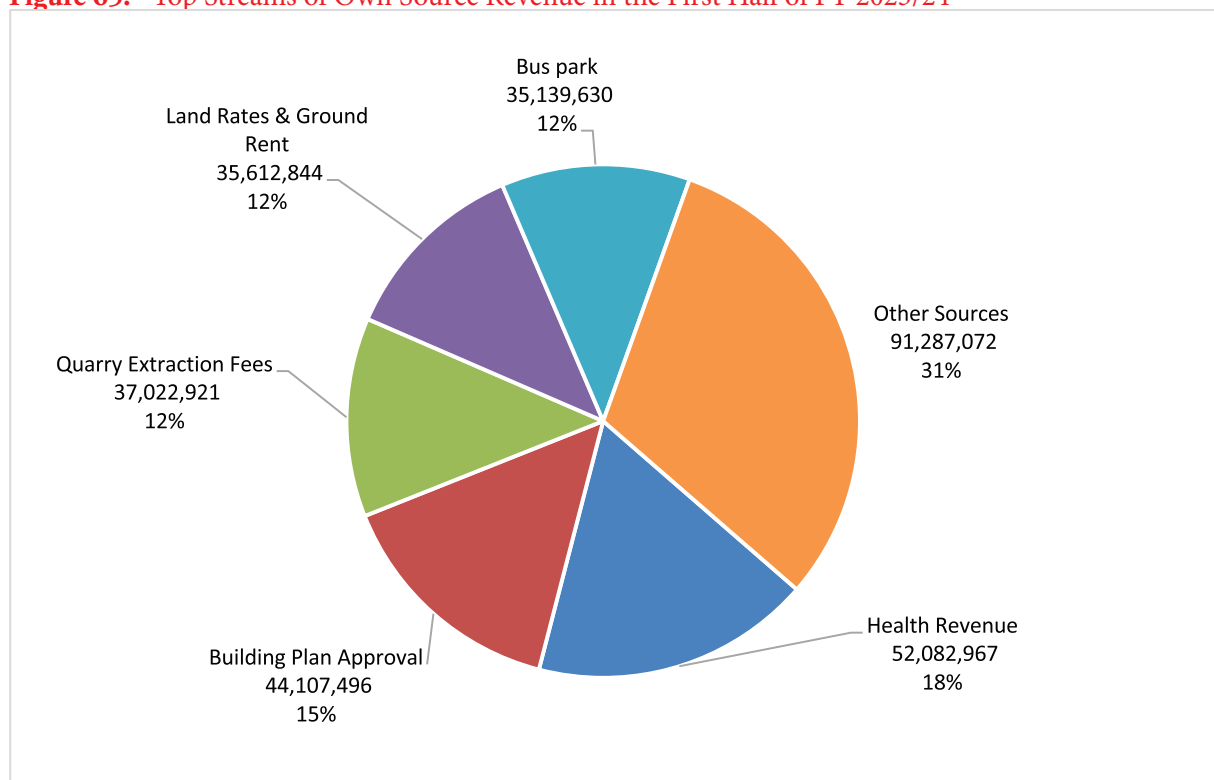
**Figure 64: Trend in Own-Source Revenue Collection from the First Half of FY 2016/17 to the First Half of FY 2023/24**



*Source: Machakos County Treasury*

In the first half of FY 2023/24, the County generated a total of Kshs.295.25 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented a decrease of 35.8 per cent compared to Kshs.459.70 million realised in a similar period in FY 2022/23 and was 7.4 per cent of the annual target and 9.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 65.

**Figure 65: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Machakos County Treasury

The highest revenue stream of Kshs.52.08 million was from FIF, contributing to 18 per cent of the total OSR receipts during the reporting period.

### 3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.07 billion from the CRF account during the reporting period which comprised Kshs.209.14 million (5.1 per cent) for development programmes and Kshs.3.86 billion (94.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.71 billion was released towards Employee Compensation, and Kshs.1.16 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.1.07 billion.

### 3.22.4 County Expenditure Review

The County spent Kshs.4 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.2 per cent of the total funds released by the CoB and comprised Kshs.209.14 million and Kshs.3.79 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.5 per cent, while recurrent expenditure represented 32.5 per cent of the annual recurrent expenditure budget.

### 3.22.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.3.07 billion, comprising of Kshs.1.45 billion for recurrent expenditure and Kshs.1.62 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.41.90 million were settled, consisting of Kshs.25.26 million for recurrent expenditure and Kshs.16.64 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.3.03 billion.

The outstanding pending bills for the County Assembly were Kshs.91.72 million as of 31<sup>st</sup> December 2023.

### 3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.04 billion on employee compensation, Kshs.212.83 million on operations and maintenance, and Kshs.198.94 million on development activities. Similarly, the County Assembly spent Kshs.267.58 billion on employee compensation, Kshs.274.89 million on operations and maintenance, and Kshs.10.20 million on development activities, as shown in Table 3.147.

**Table 3.147: 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
<b>Total Recurrent Expenditure</b>	<b>10,666,596,067</b>	<b>1,008,995,826</b>	<b>3,247,939,584</b>	<b>542,471,269</b>	<b>30.4</b>	<b>53.8</b>
Compensation to Employees	6,129,685,741	491,404,060	3,035,110,311	267,584,714	49.5	54.5
Operations and Maintenance	4,536,910,326	517,591,766	212,829,273	274,886,555	4.7	53.1
<b>Development Expenditure</b>	<b>5,616,680,845</b>	<b>292,000,000</b>	<b>198,944,352</b>	<b>10,199,956</b>	<b>3.5</b>	<b>3.5</b>
<b>Total</b>	<b>16,283,276,912</b>	<b>1,300,995,826</b>	<b>3,446,883,936</b>	<b>552,671,225</b>	<b>21.2</b>	<b>42.5</b>

*Source: Machakos County Treasury*

### 3.22.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.3.30 billion, or 67.4 per cent of the available revenue which amounted to Kshs.4.90 billion. This expenditure represented an increase from Kshs.2.83 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.58 billion paid to health sector employees, translating to 47.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.05 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.250.28 million was processed through manual payrolls. The manual payrolls accounted for 7.6 per cent of the total PE cost.

The County Assembly spent Kshs.36.19 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.43 million. The average monthly sitting allowance was Kshs.98,888 per MCA. The County Assembly has established 25 Committees.

### 3.22.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.347.56 million to county-established funds in FY 2023/24, constituting 2.1 per cent of the County's overall budget. Table 3.148 summarises each established Fund's budget allocation and performance during the reporting period.



**Table 3.148: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Machakos County Education Bursary Fund	120,000,000	1,800,000	-	1,800,000	Yes
2.	Machakos County Executive Mortgage & Car Loan Scheme	-	-	-	-	Yes
3.	Machakos County Climate Fund	177,175,584	-	-	-	Yes
<b>County Assembly Established Funds</b>						
4.	Machakos County Housing & Car Loan Scheme Fund - MCA	50,384,166	20,000,000	20,000,000	20,000,000	Yes
5.	Machakos County Housing & Car Loan Scheme Fund - Staff	-	-	-	-	Yes
<b>Total</b>		<b>347,559,750</b>	<b>21,800,000</b>	<b>20,000,000</b>	<b>21,800,000</b>	<b>-</b>

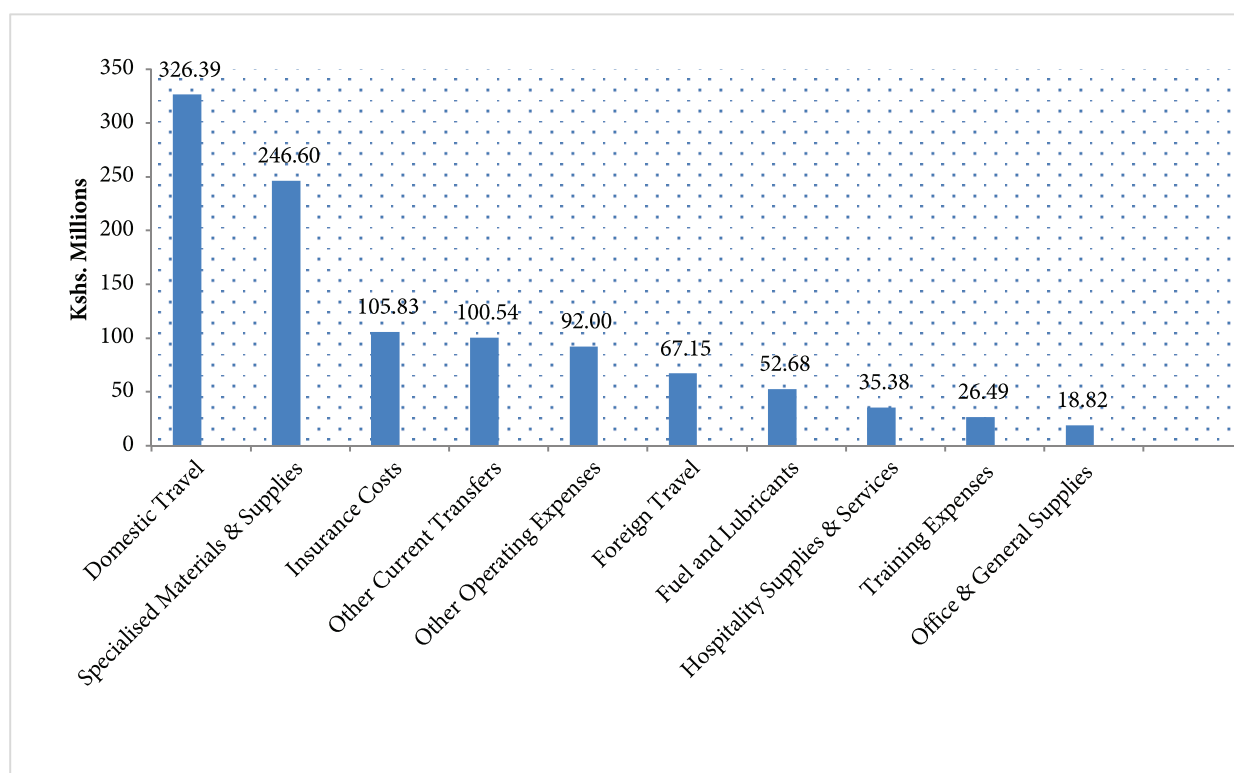
Source: Machakos County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.22.9 Expenditure on Operations and Maintenance

Figure 66 summarises the Operations and Maintenance expenditure by major categories.

**Figure 66: Machakos County, Operations and Maintenance Expenditure by Major Categories**



Source: Machakos County Treasury

During the period, expenditure on domestic travel amounted to Kshs.326.38 million and comprised Kshs.125.66 million spent by the County Assembly and Kshs.200.73 million by the County Executive. Expenditure on foreign travel amounted to Kshs.67.15 million and comprised Kshs.38.76 million by the County Assembly and Kshs.28.39 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.149.

**Table 3.149: Summary of Highest Expenditure on Foreign Travel as of 31st December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	11 <sup>th</sup> – 22 <sup>nd</sup> December, 2023	Attend 4th Executive Leadership Summit	Istanbul Turkey	6,649,900
County Assembly	7	8 <sup>th</sup> – 12 <sup>th</sup> October, 2023	Attending the Annual Meeting of the Internet Governance Forum.	Tokyo, Japan	5,386,670
County Assembly	7	24 <sup>th</sup> – 30 <sup>th</sup> September, 2023	Attending training on Food Security.	Tel Aviv, Israel	4,640,446
County Executive	4	30 <sup>th</sup> Nov – 12 <sup>th</sup> Dec 2023	Attending COP-28 In UAE	Dubai	4,348,345
County Assembly	7	19 <sup>th</sup> – 26 <sup>th</sup> November, 2023	Attending Leadership Training	Dubai, United Arab Emirates	4,310,489
County Assembly	7	11 <sup>th</sup> – 17 <sup>th</sup> October, 2023	Attending training on Leadership Planning for Public Administration	United Kingdom	4,141,172
County Assembly	14	11 <sup>th</sup> – 17 <sup>th</sup> September, 2023	Visiting the EAC Secretariat by the Assembly House Leadership	Arusha, Tanzania	4,101,380
County Assembly	7	8 <sup>th</sup> – 15 <sup>th</sup> October, 2023	Attending a 7-Day Workshop on Amazon Web Services (AWS) for Local Governments	Dubai, United Arab Emirates	3,704,932
County Executive	6	5 <sup>th</sup> – 15 <sup>th</sup> December 2023	Attend the EAC MSME Trade Fair	Bujumbura Rwanda	3,342,815
County Assembly	8	30 <sup>th</sup> June – 10 <sup>th</sup> July, 2023	Attending a meeting on Legislative procedures and processes at the East Africa Legislative Assembly.	Arusha, Tanzania	2,934,871
County Executive	7	31 <sup>st</sup> July – 5 <sup>th</sup> August, 2023	Attending Energy, Physical Planning & Infrastructure Learning trip.	South Africa	2,611,361
County Assembly	7	12 <sup>th</sup> – 18 <sup>th</sup> November, 2023	Attending a workshop at the EAC on good governance and promotion of justice by the Justice and Legal Affairs Committee	Arusha, Tanzania	2,384,129
County Assembly	7	6 <sup>th</sup> – 12 <sup>th</sup> November, 2023	Attending a treaty on Exhibition and Interaction on Cultural Diversity at the EAC by the Culture and Tourism Committee	Arusha, Tanzania	2,073,875
County Assembly	7	11 <sup>th</sup> – 17 <sup>th</sup> September, 2023	Visiting the East African Community Secretariat	Arusha, Tanzania	2,047,980
County Executive	2	21 <sup>st</sup> – 25 <sup>th</sup> November 2023	Attending the International Trade Fair, Business & Investors Summit	Calgary, Canada	2,031,511
County Executive	1	12 <sup>th</sup> – 22 <sup>nd</sup> May, 2023	Attending the IAMRA Meeting in California USA	USA	1,784,254
County Assembly	7	21 <sup>st</sup> – 26 <sup>th</sup> November, 2023	Visiting the East African Community Secretariat	Arusha, Tanzania	1,743,251
County Executive	2	16 <sup>th</sup> – 23 <sup>rd</sup> September, 2023	Attend emergency response benchmarking and exposure trip	Germany	1,731,407
County Executive	1	3 <sup>rd</sup> – 12 <sup>th</sup> September, 2023	Attend a Strategic Leadership Conference	Washington DC	1,006,270

Source: Machakos County Treasury and County Assembly

### 3.22.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.209.14 million on development programmes, representing an increase of 36.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.153.72 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.150: Machakos County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Crop Development and Management	Purchase of Certified Crop Seed	All Wards	54,936,968	54,936,968	100
2	Climate Change	Desilting Kwa Masambya dam	Ndalani	19,372,928.	19,592,941	100
3	Roads, Transport and Public Works	Construction of Building	People's Park	394,999,999	16,638,226	4.2
4	Climate Change	Desilting Kwa Itumbi dam	Kinanie	13,633,828	11,527,150	84.6
5	County Assembly	Construction of ward offices	Various Wards	114,000,000	10,199,953	8.9
6	Roads, Transport & Public Works	Grading of Roads	All wards	10,000,000	10,000,000	100
7	Climate Change	Desilting Kwa Masilu dam	Muthetheni	9,881,808	8,495,042	86.0
8	Agriculture & Food Security	Other Capital Grants and Transfers	All Wards	633,386,860	8,347,900	1.3
9	Trade, Industrialization and Innovation	Exhibition (Devolution Conference)	Eldoret	887,350	887,350	100
10	Livestock Development	Refined Fuels and Lubricants for Transport	All Wards	250,000	250,000	100

Source: Machakos County Treasury

Under the Climate Change sector, the Desilting Kwa Masambya dam, in Ndalani ward, the amount paid was higher than the contract sum since there was a variation of the contract by Kshs.220,013.

### 3.22.11 Budget Performance by Department

Table 3.151 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.151: Machakos County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	590.87	19.58	202.96	-	149.05	-	73.4	-	25.2	-
County Public Service Board	380.14	3.00	24.54	-	12.05	-	49.1	-	31.7	-
Roads, Transport and Public Works.	251	649.23	107.52	26.64	19.94	26.68	18.5	100.2	8.0	4.1
Health	4,277	1,095.25	1,775.93	-	1,970.95	-	111.0	-	46.1	-
Water, Irrigation, Environment and Climate Change	146	821.68	99.48	2.00	48.30	2.00	48.6	100.0	33.0	0.2

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
Agriculture, Food Security and Co-operative Development.	390	874.53	94.17	-	75.36	-	80.0	-	9.3	-
Finance, Economic Planning & Revenue Management	1,322	849.70	299.43	170.31	358.44	170.26	119.7	100.0	7.1	20.0
Gender, Youth, Sports & Social Welfare	220	337.66	63.99	-	52.60	-	82.2	-	23.9	-
Trade, Industry, Tourism & Innovation	198	498.78	79.73	-	77.96	-	97.8	-	39.4	-
Education	637	97.73	151.05	-	154.12	-	102.0	-	24.2	-
Lands, Urban Development, Housing & Energy	241	264.40	94.12	-	90.27	-	95.9	-	37.5	-
Devolution	1,264	95.86	308.09	-	231.09	-	75.0	-	18.3	-
Office of the County Attorney	84	9.30	30.74	-	7.80	-	25.4	-	9.3	-
County Assembly	1,009	292.00	530.61	10.20	542.47	10.20	102.2	100.0	53.8	3.5
<b>Totals</b>	<b>10,666.60</b>	<b>5,908.68</b>	<b>3,862.36</b>	<b>209.14</b>	<b>3,790.41</b>	<b>209.14</b>	<b>98.1</b>	<b>100.0</b>	<b>35.5</b>	<b>3.5</b>

*Source: Machakos County Treasury*

Analysis of expenditure by department shows that the Department of Finance, Economic Planning & Revenue Management recorded the highest absorption rate of development budget at 20 per cent, followed by the Department of Roads, Transport and Public Works at 4.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 53.8 per cent while the Department of Office of the County Attorney had the lowest at 9.3 per cent.

Further analysis shows expenditures to exchequer issues for the Department of Health Services is at 111 per cent for recurrent expenditure which is above 100 per cent as indicated by the financial statements using payments done at IFMIS level. This also applies to the Department of Finance, Economic Planning & Revenue Management (119.7 per cent), department of Education (102 per cent), and County Assembly (102.2 per cent). Generally, a substantial number of transactions may appear as having been paid at IFMIS but in practice, they are awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

The approved recurrent budget for the County Executive is Kshs.590.87 million, which is within the recurrent expenditure ceiling set in the County Allocation of Revenue Act, (CARA) 2023 of Kshs.618.89 million. The County Executive, therefore, did comply with the CARA ceiling. On the other hand, the County Assembly's approved recurrent budget is Kshs.1.00 billion, which is within the recurrent expenditure ceiling set in the County Allocation of Revenue Act, 2023 at Kshs.1.01 billion.

### 3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 3.152 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.152: Machakos County, Budget Execution by Programmes and Sub-Programmes**

Programmes	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st December 2023 (Kshs.)		Absorption Rates (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Office of the Governor</b>							
Co-ordination and Supervisory Services	Office of the Governor	314,336,718	12,243,690	95,873,556	-	30.5	-
	Transport Services	31,733,750	-	11,885,278	-	37.5	-
	Human Resource and Administration Section	55,250,000	-	14,266,335	-	25.8	-
	ICT Section	21,641,444	-	3,240,500	-	15.0	-
	Hospitality Services Section	20,973,355	-	4,495,324	-	21.4	-
	Cabinet Office	6,493,175	-	1,030,400	-	15.9	-
	Office of the Deputy Governor	74,457,386	7,334,480	9,944,163	-	13.4	-
	Office of the County Secretary	45,816,786	-	250,000	-	0.5	-
	Office of the County Advisors	20,171,540	-	1,279,640	-	6.3	-
	<b>Sub-Total</b>	<b>590,874,154</b>	<b>19,578,170</b>	<b>149,046,229</b>	-	<b>25.2</b>	-
<b>County Public Service Board</b>							
Human Resource and Administration	Human Resource and Administration	38,013,709	3,000,000	12,049,729	-	31.7	-
	<b>Sub-Total</b>	<b>38,013,709</b>	<b>3,000,000</b>	<b>12,049,729</b>	-	<b>31.7</b>	-
<b>Roads, Transport and Public Works.</b>							
General Administration & Support Services	General Administration & Support Services	199,956,258	80,500,000	32,369	-	0.0	-
Road Development Management	Road Development and Management	350,000	356,500,000	-	-	-	-
County Government Building Services	County Government Buildings	10,100,000	142,231,765	-	-	-	-
County Fleet Management	County Fleet Management	40,100,000	70,000,000	16,701,789	26,680,453	41.7	38.1
	<b>Sub-Total</b>	<b>250,506,258</b>	<b>649,231,765</b>	<b>19,938,689</b>	<b>26,680,453</b>	<b>8.0</b>	<b>4.1</b>
<b>Health</b>							
General Administration and Support Services	General Administration and support services	3,527,366,086	780,712,974	1,615,015,227	-	45.8	-
Curative and Rehabilitative health	Machakos Level 5	177,929,588	32,000,000	123,401,009	-	69.4	-
	Kangundo Level 4	54,100,000	22,000,000	35,700,043	-	66.0	-
	Matuu Level 4	43,600,000	40,000,000	31,358,110	-	71.9	-
	Kathiani Level 4	58,600,000	12,258,937	29,599,318	-	50.5	-

Programmes	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st December 2023 (Kshs.)		Absorption Rates (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Mwala Level 4	43,600,000	13,000,000	34,859,173	-	80.0	-
	Kimiti Level 4	38,600,000	4,000,000	17,810,695	-	46.1	-
	Masinga Level 4	40,600,000	4,000,000	23,977,077	-	59.1	-
	Athi River Level 4	30,600,000	4,000,000	18,485,778	-	60.4	-
	Mutituni Level 4	30,600,000	4,000,000	11,848,391	-	38.7	-
	Ndithini Level 4	30,600,000	21,000,000	10,494,906	-	34.3	-
	Kalama Level 4	30,600,000	4,000,000	12,179,971	-	39.8	-
Preventive and promotive services	Public Health and Community Outreach	170,066,838	154,273,127	6,221,370	-	3.7	-
	<b>Sub-Total</b>	<b>4,276,862,512</b>	<b>1,095,245,038</b>	<b>1,970,951,074</b>	-	<b>46.1</b>	-
<b>Water, Irrigation, Environment and Climate Change.</b>							
Water Resources Management	Water Resources Management	107,924,249	320,000,000	44,819,778	2,000,000	41.5	0.6
Sewerage System and Sanitation Management	Sewerage System and Sanitation Management	1,550,000	29,000,000	645,000	-	41.6	-
General Administrative and Support Services	General administrative and Support Services	5,250,000	-	1,537,600	-	29.3	-
Environment and Natural Resources	Environment and Natural Resources	9,546,172	24,900,000	300,000	-	3.1	-
Climate Change	Climate Change	21,917,699	348,213,860	1,000,000	-	4.6	-
Water Supply and Sewerage			-		-		
Irrigation Schemes Development & Promotion			99,561,723		-		-
	<b>Sub-Total</b>	<b>146,188,120</b>	<b>821,675,583</b>	<b>48,302,378</b>	<b>2,000,000</b>	<b>33.0</b>	<b>0.2</b>
<b>Agriculture, Food Security and Co-operative Development</b>							
Agriculture and Food Security	General Administration and support services	340,820,165	640,879,819	72,163,232	-	21.2	-
	Crop Development and Management	2,235,009	82,459,386	402,300	-	18.0	-
	Livestock Resources Management and Development	2,216,548	54,809,200	611,250	-	27.6	-
	Fisheries Development	1,056,906	17,329,908	290,000	-	27.4	-
	Veterinary Services	1,355,993	21,126,331	20,000	-	1.5	-
	Agriculture Training Centre	3,439,704	25,500,000	175,000	-	5.1	-
Co-operative Development	Co-operative Development and Marketing	32,648,487	10,000,000	983,600	-	3.0	-
	Capacity Building to Co-operative Societies	1,000,000	-	200,000	-	20.0	-
	Promotion of Co-operative Marketing and Value Chain	1,000,000	20,000,000	-	-	-	-

Programmes	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st December 2023 (Kshs.)		Absorption Rates (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expendi- ture	Develop- ment Ex- penditure
	Co-operative Financial Services	1,500,000	-	-	-	-	-
	Promotion and Growth of Co-operative Societies	1,250,000	2,425,498	105,000	-	8.4	-
	Co-operative Audit Support Services	1,550,000	-	414,600	-	26.7	-
	<b>Sub-Total</b>	<b>390,072,812</b>	<b>874,530,142</b>	<b>75,364,981</b>	-	19.3	-
<b>Finance, Economic Planning &amp; Revenue Management</b>							
Resource mobilization	Revenue Management	509,983,592	87,750,745	271,932,473	-	53.3	-
County Treasury	Budget formulation, Coordination and Implementation	65,363,780	72,059,500	14,188,859	-	21.7	-
	Supply Chain Management Section	15,926,490	-	8,709,907	-	54.7	-
	Accounts Services	148,354,674	573,727,111	23,172,900	170,263,899	15.6	29.7
	Audit Section	17,640,360	15,500,000	2,694,100	-	15.3	-
	Human Resource Management and Support Services	302,128,124	-	10,014,132	-	3.3	-
Economic Planning & External Resource Mobilization	Economic Planning and Statistical Services	73,804,068	-	12,318,757	-	16.7	-
	Monitoring and Evaluation	15,950,248	-	123,900	-	0.8	-
	External Resource Mobilization	19,449,126	-	586,000	-	3.0	-
Directorate of Governors Project Delivery Unit	Directorate of Governors Project Delivery Unit	44,850,000	-	50,000	-	0.1	-
ICT	ICT General Administration and support services	51,300,361	-	14,500,601	-	28.3	-
	ICT Infrastructure	6,143,554	100,666,177	150,000	-	2.4	-
	Closed Circuit Television	1,525,000	-	-	-	-	-
	Public Communication	49,645,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>1,322,064,377</b>	<b>849,703,533</b>	<b>358,441,629</b>	<b>170,263,899</b>	27.1	20.0
<b>Gender, Youth, Sports &amp; Social Welfare</b>							
Youth and Sports	Administrative Services	141,296,383	-	33,478,190	-	23.7	-
	Stadium Management	-	31,000,000	-	-	-	-
	Sports	-	85,000,000	-	-	-	-
	Youth Empowerment	-	90,000,000	-	-	-	-
Gender and Social Welfare	Administrative Services	78,343,386	131,655,003	19,117,589	-	24.4	-
	<b>Sub-Total</b>	<b>219,639,769</b>	<b>337,655,003</b>	<b>52,595,779</b>	-	23.9	-
<b>Trade, Industry, Tourism &amp; Innovation</b>							
Trade, Industry and Innovation	Headquarters and Administrative Services	44,797,449	8,000,000	16,892,866	-	37.7	-
	Trade Development	2,715,433	39,298,083	650,000	-	23.9	-
	International Trade	-	2,000,000	-	-	-	-

Programmes	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st December 2023 (Kshs.)		Absorption Rates (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Business and Enterprise Development	10,000,000	53,666,647	5,754,533	-	57.5	-
	Industrialization and Innovation	46,736,010	350,000,000	-	-	-	-
	Investment Facilitation and Support	10,000,000	-	-	-	-	-
Tourism Administrative & Support Services	Tourism Administrative & Support Service	58,147,873	5,164,003	48,088,042	-	82.7	-
	Heritage & Culture	5,999,722	2,450,000	4,272,800	-	71.2	-
	Liquor Management	5,501,270	-	300,000	-	5.5	-
	Tourism Development and Marketing	2,087,350	-	-	-	-	-
	Management of Recreational Services	1,299,502	18,000,000	400,000	-	30.8	-
	Machawood	5,998,308	20,000,000	118,450	-	2.0	-
	County Image Directorate	1,001,198	200,000	-	-	-	-
	Digital Economy	3,700,000	-	525,000	-	14.2	-
	<b>Sub-Total</b>	<b>197,984,115</b>	<b>498,778,733</b>	<b>77,960,740</b>	-	<b>39.4</b>	-
<b>Education</b>							
General Administration and Support Service	Head quarter Administrative services	613,929,693	35,000,000	153,288,847	-	25.0	-
Basic Education	Basic Education	11,350,000	15,000,000	833,575	-	7.3	-
	Youth Development Services		47,729,112	-	-	-	-
	Vocational Training	12,100,000			-	-	-
	<b>Sub-Total</b>	<b>637,379,693</b>	<b>97,729,112</b>	<b>154,122,422</b>	-	<b>24.2</b>	-
<b>Lands, Urban Development, Housing &amp; Energy</b>							
Lands and Physical Planning	Lands and Physical Planning	62,346,321	42,755,550	23,533,478	-	37.7	-
County Electrification	County Electrification	28,076,213	75,000,000	4,049,390	-	14.4	-
Housing and Urban Development	Housing and Urban Development	98,643,736	1,400,000	55,492,576	-	56.3	-
	Machakos Municipality	17,000,000	100,417,607	3,694,963	-	21.7	-
	Mavoko Municipality	19,000,000	12,328,536	2,000,000	-	10.5	-
	Kangundo Tala Municipality	15,700,000	32,494,110	1,500,000	-	9.6	-
	<b>Sub-Total</b>	<b>240,766,270</b>	<b>264,395,803</b>	<b>90,270,406</b>	-	<b>37.5</b>	-
<b>Devolution</b>							
Public Service Administration and Support Services	General Administration and support services	548,971,916	2,000,000	66,405,413	-	12.1	-
	Performance Management	2,500,000	-	238,200	-	9.5	-
	Training, Research and Development	47,841,500	-	16,115,442	-	33.7	-



Programmes	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st December 2023 (Kshs.)		Absorption Rates (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Administration & Decentralized Units	County Administration & Decentralized Units	407,409,131	-	192,467,769	-	47.2	-
	Civic Engagement	2,750,000	-	90,100	-	3.3	-
	Administration and Co-ordination	6,350,000	49,923,347	1,205,400	-	19.0	-
	Solid Waste Management	3,500,000	2,205,000	-	-	-	-
Inspectorate, Firefighting and Emergency Services	Inspectorate Services and Management	225,222,199	41,729,618	-	-	-	-
	Emergency Services	19,139,000	-	550,000	-	2.9	-
	<b>Sub-Total</b>	<b>1,263,683,746</b>	<b>95,857,965</b>	<b>231,094,566</b>	<b>-</b>	<b>18.3</b>	<b>-</b>
<b>Office of the County Attorney</b>							
	Legal Services	83,564,716	9,300,000	7,800,962	-	9.3	-
	<b>Sub-Total</b>	<b>83,564,716</b>	<b>9,300,000</b>	<b>7,800,962</b>	<b>-</b>	<b>9.3</b>	<b>-</b>
<b>County Assembly</b>							
	Representation, Oversight & Legislative Services	1,008,995,826	292,000,000	542,471,269	10,199,953	53.8	3.5
	<b>Sub-Total</b>	<b>1,008,995,826</b>	<b>292,000,000</b>	<b>542,471,269</b>	<b>10,199,953</b>	<b>53.8</b>	<b>3.5</b>
<b>Grand Total</b>		<b>10,666,596,077</b>	<b>5,908,680,847</b>	<b>3,790,410,853</b>	<b>209,144,305</b>	<b>396.8</b>	<b>3.5</b>

Source: Machakos County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Tourism Administration and Support Services in the Department of Trade, Industry, Tourism & Innovation at 82.7 per cent, Mwala Level 4 at 80.0 per cent in the Department of Health Services, Mutuu Level 4 at 71.9 per cent in the Department of Health Services, Heritage and culture in the Department of Gender, and Youth, Sports & Social Welfare at 71.2 per cent of budget allocation.

### 3.22.13 Accounts Operated Commercial Banks

The County government operated a total of 5 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash, and revenue collection accounts.

### 3.22.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received after the prescribed timeline of 15<sup>th</sup> January 2024.
2. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank

accounts are for the management of funds for education bursaries, staff and MCAs car loans and mortgages, and management of donor funds.

3. The underperformance of own-source revenue at Kshs.295.25 million against an annual projection of Kshs.4.11 billion, representing 7.2 per cent of the annual target. Further, the revenue target of Kshs.4.11 billion seems unachievable considering the trend of own source revenue collection of Kshs.1.12 billion and Kshs.1.43 billion for the previous financial years 2021/22 and 2022/23 respectively.
4. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.152, where the County incurred expenditure over approved exchequer issues.
5. High level of pending bills which amounted to Kshs.3.03 billion as of 31<sup>st</sup> December 2023 despite the available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 of Kshs.1.07 billion.
6. Low development expenditure of Kshs.209.14 million, representing a 3.5 per cent absorption rate.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
3. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The County should re-align its procurement and programme activities to the implementation period to improve the absorption rate of development activities.*

### **3.23. County Government of Makueni**

#### **3.23.1 Overview of FY 2023/24 Budget**

The County's approved supplementary budget for the FY 2023/24 is Kshs.11.17 billion, comprising Kshs.3.55 billion (31.8 per cent) and Kshs.7.62 billion (68.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 3.8 per cent compared to the previous financial year when the approved budget was Kshs.10.76 billion and comprised of Kshs.3.28 billion towards development expenditure and Kshs.7.45 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.46 billion (75.7 per cent) as the equitable share of revenue raised nationally, Kshs.820.84 million (7.3 per cent) as additional allocations/conditional grants, Kshs.13.0 million (0.1 per cent) as other local grant (Anglican Development Services) a cash balance of Kshs.641.01 million (5.7 per cent) brought forward from FY 2022/23, and generate Kshs.1.24 billion (11.1 per cent) as gross own source revenue. The own-source revenue includes Kshs.375.0 million (3.4 per cent) as

Facility Improvement Fund (revenue from health facilities), and, Kshs.865.0 million (7.7 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.153.

### 3.23.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.79 billion as the equitable share of the revenue raised nationally, Kshs.0.5 million as additional allocations/conditional grants, a cash balance of Kshs.641.01 million from FY 2022/23, and raised Kshs.367.89 million as own-source revenue (OSR). The raised OSR includes Kshs.222.07 million as Health A-I-A/FIF and Kshs.145.82 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.80 billion, as shown in Table 3.153.

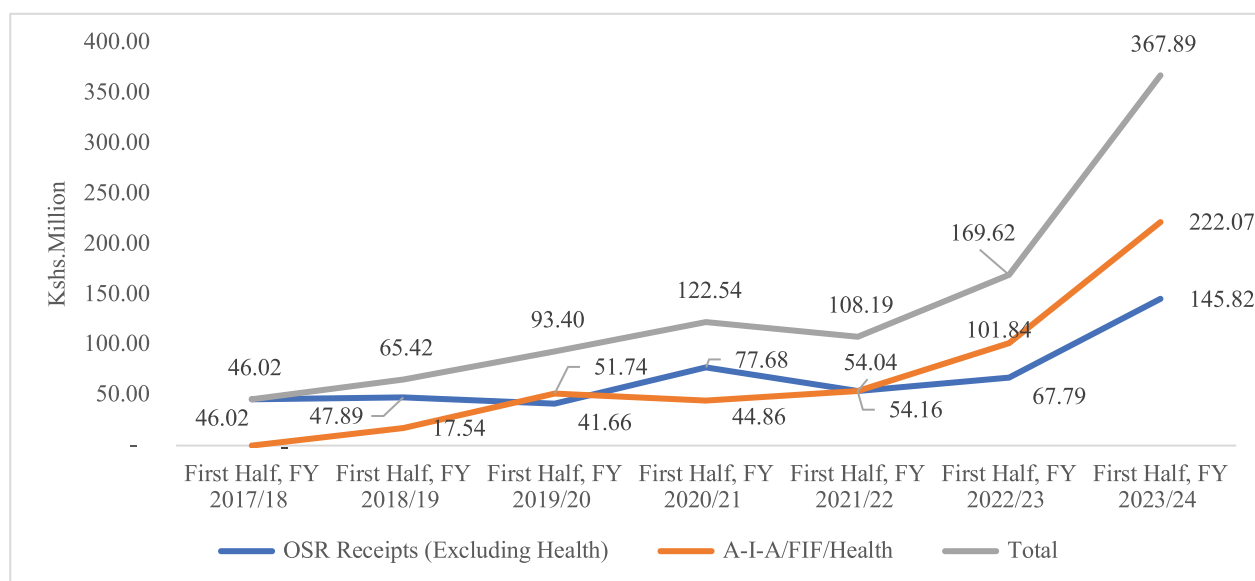
**Table 3.153: Makueni County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,455,460,962	2,790,302,118	33.0
<b>Sub Total</b>		<b>8,455,460,962</b>	<b>2,790,302,118</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	3,101,701	500,000	16.1
2	IDA (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
3	Conditional Grant for Provision of Fertilizer Subsidy Programme	162,562,856	-	-
4	IDA (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
5	De-Risking and Value Enhancement (DRIVE) project	63,341,980	-	-
6	Livestock Value Chain Support Project	21,485,520	-	-
7	Anglican Development Services	13,000,000	-	-
8	DANIDA Grant - Primary Health Care in Devolved Context	13,513,500	-	-
9	Conditional Grant for Leasing of Medical Equipment	124,723,404	-	-
10	Nutrition International Donor funding	21,013,780	-	-
11	20% Share of Mineral Royalties	99,857	-	-
12	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
<b>Sub-Total</b>		<b>833,842,598</b>	<b>500,000</b>	<b>0.1</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	865,000,000	145,817,098	16.9
2	Balance b/f from FY2022/23	641,011,699	641,011,699	100.0
3	Facility Improvement Fund (FIF)	375,000,000	222,070,115	59.2
<b>Sub Total</b>		<b>1,881,011,699</b>	<b>1,008,898,912</b>	<b>53.6</b>
<b>Grand Total</b>		<b>11,170,315,259</b>	<b>3,799,701,030</b>	<b>34.0</b>

*Source: Makueni County Treasury*

The County has legislation (The Makueni County Health Services Act 2017) to govern the operation of Health FIF. Figure 67 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

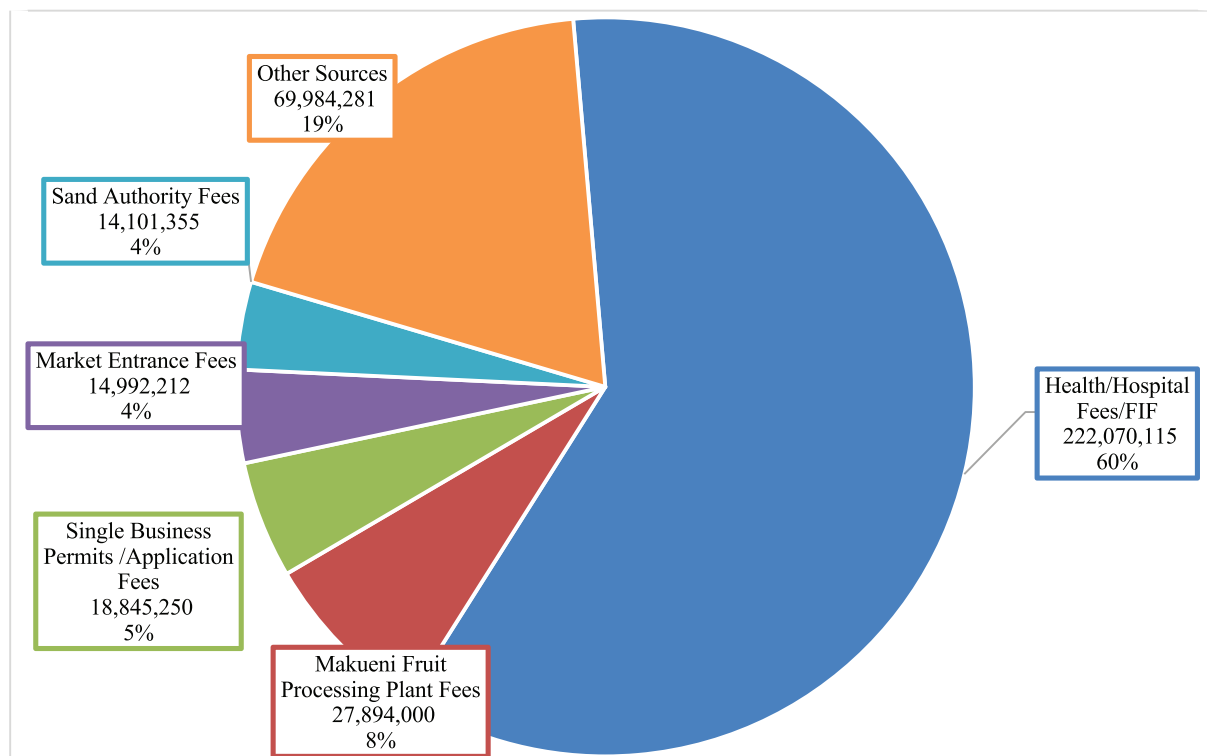
**Figure 67: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



*Source: Makueni County Treasury*

In the first half of FY 2023/24, the County generated a total of Kshs.367.89 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 17.2 per cent compared to Kshs.313.86 million realized in a similar period in FY 2022/23 and was 29.7 per cent of the annual target and 13.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.9.21 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 68.

**Figure 68: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Makueni County Treasury*

The increase in OSR can be attributed to the timely issuance of invoices and demand notes to clients after consultative meetings. The County is going cashless on revenue collection through automation of the revenue services.

The highest revenue stream of Kshs.222.07 million was from Hospital FIF Fees contributing to 60 per cent of the total OSR receipts during the reporting period.

### 3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.46 billion from the CRF account during the reporting period which comprised Kshs.295.63 million (8.6 per cent) for development programmes and Kshs.3.16 billion (91.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.94 billion was released towards Employee Compensation and Kshs.1.22 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.105.55 million.

### 3.23.4 County Expenditure Review

The County spent Kshs.2.73 billion on development and recurrent programmes in the reporting period. The expenditure represented 78.9 per cent of the total funds released by the CoB and comprised Kshs.251.15 million and Kshs.2.48 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.1 per cent, while recurrent expenditure represented 32.5 per cent of the annual recurrent expenditure budget.

### 3.23.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the **County Executive** reported a stock of pending bills amounting to Kshs.341.49 million, comprising Kshs.279.2 million for recurrent expenditure and Kshs.44.28 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.138.91 million were settled, consisting of Kshs.138.90 million for recurrent expenditure and Kshs.4,900 for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.184.58 million.

The **County Assembly** did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1,31 billion on employee compensation, Kshs.786.84 million on operations and maintenance, and Kshs.251.15 million on development activities. Similarly, the County Assembly spent Kshs.298.87 million on employee compensation and Kshs.135.20 million on operations and maintenance, as shown in Table 3.154.

**Table 3.154: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)		Overall Absorption (%)
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	
<b>Total Recurrent Expenditure</b>	<b>6,733,780,398</b>	<b>882,052,960</b>	<b>2,045,043,508</b>	<b>433,463,027</b>	<b>30.4</b>	<b>49.1</b>	<b>32.5</b>
Compensation to Employees	4,263,420,536	345,094,338	1,308,197,882	298,266,650	30.7	86.4	34.9
Operations & Maintenance	2,470,359,862	536,958,622	736,845,626	135,196,377	29.8	25.2	29.0
<b>Development Expenditure</b>	<b>3,487,533,414</b>	<b>66,948,488</b>	<b>251,148,916</b>	<b>-</b>	<b>7.2</b>	<b>0.0</b>	<b>7.1</b>
<b>Total</b>	<b>10,221,313,811</b>	<b>949,001,448</b>	<b>2,296,192,424</b>	<b>433,463,027</b>	<b>22.5</b>	<b>45.7</b>	<b>24.4</b>

Source: Makueni County Treasury

### 3.23.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.61 billion, or 42.3 per cent of the available revenue which amounted to Kshs.3.80 billion. This expenditure represented a decrease of 19.3 per cent from Kshs.2.10 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.884.84 million paid to health sector employees, translating to 55.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.47 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.133.55 million was processed through manual payrolls. The manual payrolls accounted for 8.3 per cent of the total PE cost.

The County Assembly spent Kshs.17.66 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.40.58 million. The average monthly sitting allowance was Kshs.69,059 per MCA. The County Assembly has established 23 Committees.

### 3.23.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.249.68 million to county-established funds in FY 2023/24, constituting 2.2 per cent of the County's overall budget. Table 3.155 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.155: Performance of County Established Funds in the First Half of FY 2023/24**

No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
<b>1.</b>	<b>County Executive Established Funds</b>				
1.	Makueni Emergency Fund	50,000,000	0	0	Yes
2.	Makueni County Bursary Fund	153,000,000	7,255,600	15,708,568	Yes
3.	Makueni County State and Public officers Car loan and Mortgages Fund	30,000,000	30,000,000	30,000,000	Yes

No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
4.	Makueni County Youth, Women, PWDs and Table Banking Fund (Tetheka Fund)	500,000	0	0	Yes
<b>County Assembly Established Funds</b>					
5.	Makueni County Assembly MCAs and Public officers Car loan and Mortgages Fund (MCAs Car Reimburse-ments Benefit)	66,176,000	45,300,000	45,300,000	Yes
<b>Total</b>		<b>249,676,000</b>	<b>82,555,600</b>	<b>91,800,568</b>	

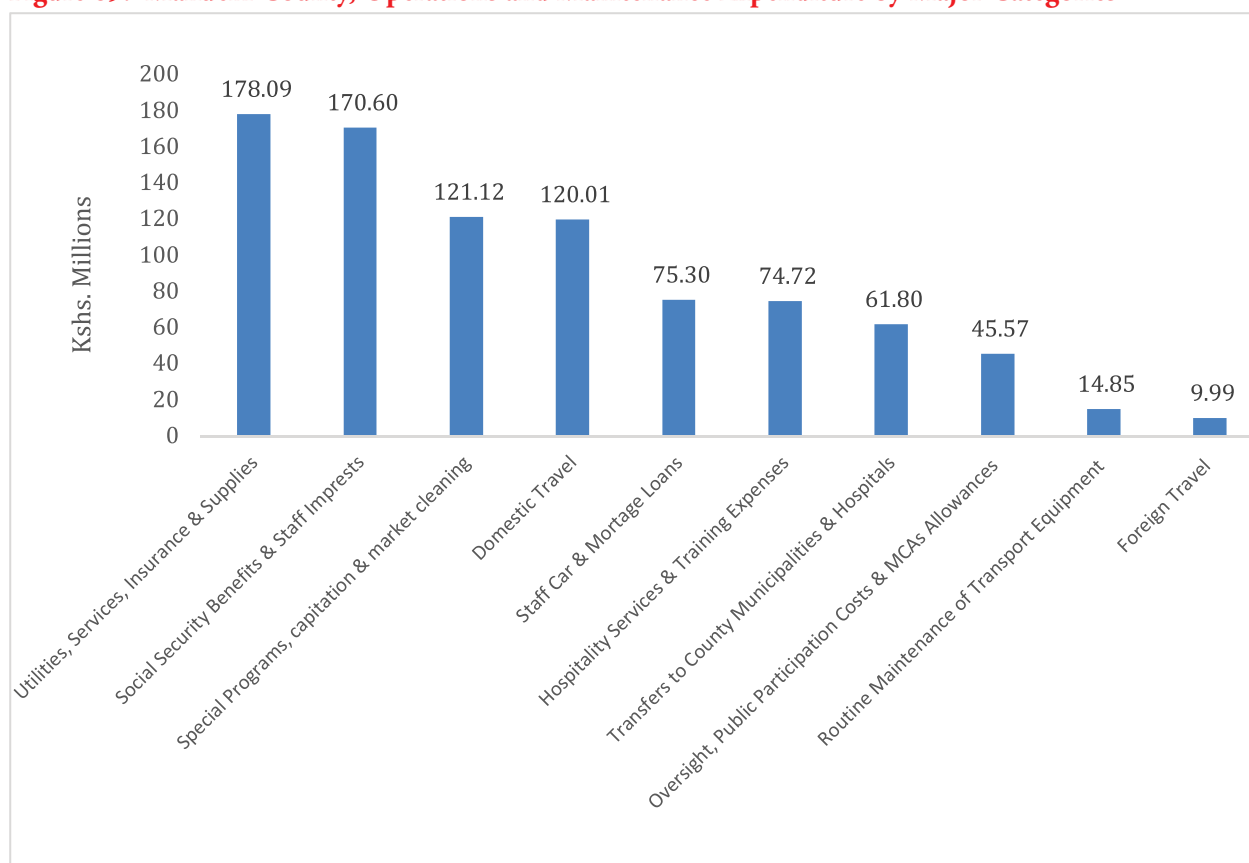
Source: Makueni County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate all other above-established public funds contrary to Regulations 82(1)(b) of the PFM. (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya. Only the Emergency Fund account is maintained with the Central Bank of Kenya.

### 3.23.9 Expenditure on Operations and Maintenance

Figure 69 summarises the Operations and Maintenance expenditure by major categories.

**Figure 69: Makueni County, Operations and Maintenance Expenditure by Major Categories**



Source: Makueni County Treasury

During the period, expenditure on domestic travel amounted to Kshs.120.0 million and comprised Kshs.47.41 million spent by the County Assembly and Kshs.72.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.99 million and comprised Kshs.6.37 million by the County Assembly and Kshs.3.62 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.156 below; -

**Table 3.156: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Assembly	2	27th July to 10th Aug 2023	Attending the NCLS Congress	USA	TRAVEL COST 1,752,376 DSA 539,970.30 SUNDRY 400,000
	3	03 Aug. to 10 Aug. 2023	Attending the ICPAK Board induction workshop	Singapore	DSA 1,745,915.4 SUNDRY 300,000
	1	28 June 2023 to 11 July 2023	Participate in the International Conference on strategic public administration and management	Australia	DSA 889,512
	1	13 September 2023 to 1 October 2023	To attend an international programme on Performance Management Systems and localisation of sustainable development goals	UK	1,054,728 DSA & TRAVEL COSTS
		10 <sup>th</sup> to 21 <sup>st</sup> November 2023	To participate in an international conference Young Liberal & Conservative Democrats	Norway	473,160.29
<b>SUB TOTAL COST</b>					<b>6,369,440</b>
County Executive	1	20 <sup>th</sup> to 28 <sup>th</sup> June 2023	To attend training at Galilee Institute	Israel	233,610 DSA
	1	10 <sup>th</sup> to 2to 8th June 2023	To attend an international workshop -Industrial Environment Management through techno-managerial Policy Choices, Dr Ambedkar Institute of Productivity,	India	331,440 DSA
	8	16th-20th October 2023	To attend training on the Strategic Human Resources Leadership Programme	Esami Arusha, Tanzania	2,303,117.00
	1	30 <sup>th</sup> October to 3 <sup>rd</sup> November 2023	Attend an ICPAK conference - 29th ICPAK Executive seminar	Dubai	751,920.00
<b>Sub Total cost</b>					<b>3,620,087.00</b>
<b>Total cost</b>					<b>9,989,527.00</b>

*Source: Makueni County Treasury*

Included in the operations and maintenance costs is an expenditure of Kshs.17.20 million on garbage collection.

### 3.23.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.251.15 million on development programmes, representing a decrease compared to a similar period of FY 2022/23 when the County spent Kshs.278.97 million. The table below summarises development projects with the highest expenditure in the reporting period.



**Table 3.157: Makueni County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	FY 2023/24 Supplementary Budget Estimates (1)	Amount paid to Date (Kshs)	Implementation status (%)
1	Health	Universal health care programme	County wide	100,000,000	60,000,000	Ongoing- 60%
2	Transport	Rural Electrification Programme - REREC Matching grant	County wide	30,000,000	29,892,665.00	Ongoing- 99.6%.
3	Education	CTTI Development and Capitation	HQ	20,553,968	10,421,647.05	Ongoing- 50.7%
4	Lands	Makueni Climate Fund Board & CCIS FLLoCA Matching Grant	Countywide	20,906,480	10,382,071	Ongoing- 49.7%
5	Agriculture	Agriculture extension programme	HQ	14,000,000	4,820,000	Ongoing- 34.4%
6	Makueni Fruit Development Authority	Fruit Puree production	HQ	13,549,224	4,763,601	Ongoing- 35.2%
7	Agriculture	Establishment of low pest zones	Countywide	15,000,000	4,352,070	Ongoing- 30.9%
8	Water	Rehabilitation of Kam-bu-Kiteng'ei Water project- Rehabilitation of tanks, distribution lines and revival of closed kiosks. - KIMAWASCO	Mtito Andei	4,000,000	4,000,000	100%
9	Water	Makueni Rural Water Board (MARUWAB) Operationalization	Headquarters	4,700,000	1,198,818	Ongoing-25.5%
10	Emali-Sultan Municipality	Emali-Sultan Municipality Spatial Plan	Emali-Sultan Municipality	10,000,000	9,999,999	Ongoing

Source: Makueni County Treasury

### 3.23.11 Budget Performance by Department

Table 3.158 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.158: Makueni County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship	455.83	-	267.99	-	71.90	-	26.8	-	15.8	-
Office of the County Secretary	422.73	-	280.83	-	169.06	-	60.2	-	40.0	-
County Attorney's Office	49.02	-	10.40	-	7.92	-	76.1	-	16.1	-
County Public Service Board	72.96	-	29.39	-	19.90	-	67.7	-	27.3	-
Devolution, County Administration and Special Programmes	314.39	23.05	115.90	1.29	75.50	1.29	65.1	100.0	24.0	5.6

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
Finance and Socio-Economic Planning	495.22	53.43	181.17	1.70	191.83	13.82	105.9	814.2	38.7	25.9
Agriculture, Irrigation, Livestock, Fisheries and Cooperative development	292.65	852.67	117.01	17.52	105.59	12.61	90.2	72.0	36.1	1.5
Makueni Fruit Development Authority	50.36	68.54	-	60.00	10.42	4.76	-	7.9	20.7	7.0
Water and Sanitation	110.04	649.09	36.65	42.57	24.31	29.30	66.3	68.8	22.1	4.5
ICT, Education and Internship	693.41	255.51	319.02	16.30	136.02	13.75	42.6	84.3	19.6	5.4
Health Services	3,214.69	581.37	1,079.20	61.73	1,037.79	69.38	96.2	112.4	32.3	11.9
Lands, Urban Planning and Development, Environment and Climate change	81.24	154.07	34.98	7.48	21.82	16.54	62.4	221.1	26.9	10.7
Sand Authority	64.64	10.00	33.05	7.50	33.42	5.36	101.1	71.5	51.7	53.6
Wote Municipality	44.08	15.47	16.04	1.43	18.30	3.30	114.1	231.2	41.5	21.4
Emali Municipality	28.27	26.66	3.94	24.60	3.48	22.04	88.3	89.6	12.3	82.7
The Department of Infrastructure, Transport, Public Works and Energy	158.97	593.27	77.54	48.08	67.96	53.98	87.6	112.3	42.7	9.1
Trade, Marketing, Industry, Culture and Tourism	120.52	44.76	50.11	3.67	33.55	3.08	66.9	83.9	27.8	6.9
Gender, Children, Youth, Sports and Social Services	64.76	159.64	19.76	1.75	16.30	1.93	82.5	109.7	25.2	1.2
County Assembly	882.05	66.95	489.04	-	433.46	-	88.6	-	49.1	-
<b>Total</b>	<b>7,615.83</b>	<b>3,554.48</b>	<b>3,162.02</b>	<b>295.63</b>	<b>2,478.51</b>	<b>251.15</b>	<b>78.4</b>	<b>85.0</b>	<b>32.5</b>	<b>7.1</b>

*Source: Makueni County Treasury*

Analysis of expenditure by the department shows that the seven Departments of Finance, Health Services, Lands, Sand Authority, Emali Municipality, Infrastructure and Gender reported expenditure above exchequer issues. This is irregular and indicates a lack of internal controls by the County Treasury.

### 3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.159 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.159: Makueni County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Land, Physical Planning &amp; Mining</b>							
Programme 1: General administration & planning	SP1. General administration and planning	63,586,600.12	-	14,732,197.30	-	23%	
Programme 2: Land Survey & Mapping	SP2. Land Survey & Mapping	1,050,000.00	33,796,780.85	500,000.00	1,605,950.00	48%	5%
Programme 3: Urban planning	SP3. 1 Urban planning	2,500,000.00	23,511,471.05	1,000,000.00	1,736,550.00	40%	7%
Programme 4: Mining mapping & development	SP4. 1 Mining mapping & development	2,300,000.00	2,599,857.00	500,000.00	-	22%	0%
Programme 5: Environment management and protection	SP 5. 1 Environment management and protection	11,800,000.00	94,164,536.42	5,085,000.00	13,198,211.45	43%	14%
	<b>Sub Total</b>	<b>81,236,600.12</b>	<b>154,072,645.31</b>	<b>21,817,197.30</b>	<b>16,540,711.45</b>	<b>27%</b>	<b>11%</b>
<b>Wote Municipality</b>							
Programme 1: Wote Municipality	SP 1. 1 Wote Municipality	44,076,807.56	15,472,931.20	18,295,704.45	3,304,422.30	42%	21%
	<b>Sub Total</b>	<b>44,076,807.56</b>	<b>15,472,931.20</b>	<b>18,295,704.45</b>	<b>3,304,422.30</b>	<b>42%</b>	<b>21%</b>
<b>Emali-Sultan Municipality</b>							
Programme 1: Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	28,270,314.42	26,660,000.00	3,477,286.10	<b>22,039,999.40</b>	12%	83%
	<b>Sub Total</b>	<b>28,270,314.42</b>	<b>26,660,000.00</b>	<b>3,477,286.10</b>	<b>22,039,999.40</b>	<b>12%</b>	<b>83%</b>
<b>Sand Authority</b>							
Programme 1: General administration & planning	SP 1.1: General Administration & Planning	64,642,065.20	10,000,000.00	33,417,023.71	5,364,925.00	52%	54%
	<b>Sub Total</b>	<b>64,642,065.20</b>	<b>10,000,000.00</b>	<b>33,417,023.71</b>	<b>5,364,925.00</b>	<b>52%</b>	<b>54%</b>
<b>Health Services</b>							
Programme 1: General administration & planning	SP1. 1 General administration & planning	2,789,775,688.64	512,595,788.47	1,003,476,035.10	60,000,000.00	36%	12%
Programme 2: Curative health care services	SP2. 1: Curative health care services	295,020,000.00	32,210,592.55	16,900,000.00	8,444,170.35	6%	26%
Programme 3: Preventive and promotive health care services	SP3. 1 Preventive and promotive healthcare services	129,899,000.00	36,559,292.00	17,412,815.50	932,319.10	13%	3%
	<b>Sub Total</b>	<b>3,214,694,688.64</b>	<b>581,365,673.02</b>	<b>1,037,788,850.60</b>	<b>69,376,489.45</b>	<b>32%</b>	<b>12%</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Infrastructure, Transport, Public Works, Housing &amp; Energy</b>							
Programme 1: General administration & planning	SP1. 1 General administration & planning	136,820,287.80	-	57,788,356.45		42%	
Programme 2: Road Transport	SP2.1: Road transport	4,423,500.00	490,223,822.60	1,759,000.00	19,285,274.40	40%	4%
Programme 3: Infrastructure development	SP3.3: Infrastructure development	2,863,000.00	-	1,114,780.00	-	39%	
Programme 4: Energy Infrastructure & development	SP4.1: Energy Infrastructure & development	14,863,467.00	103,050,000.00	7,297,113.00	34,695,063.00	49%	34%
	<b>Sub Total</b>	<b>158,970,254.80</b>	<b>593,273,822.60</b>	<b>67,959,249.45</b>	<b>53,980,337.40</b>	<b>43%</b>	<b>9%</b>
<b>ICT, Education and Internship</b>							
Programme 1: General administration & planning	SP1. 1 General administration & planning	509,049,775.80	-	108,575,012.85	-	21%	0%
Programme 2: Early childhood development education	SP2.1: Early Childhood Development Education	23,300,628.83	138,507,470.59	4,543,088.80		19%	0%
Programme 3: Technical training & non-formal education	SP3.3: Technical training & non-formal education	1,300,000.00	77,586,701.87	367,748.80	10,421,647.05	28%	13%
Programme 4: Support to Education and Library Services	SP4.1: Support to Education and Library Services	133,000,000.00	1,000,000.00	18,562,411.30		14%	0%
Programme 5: ICT Infrastructure & Systems Development	SP5.1: ICT Infrastructure & Systems Development	15,705,000.00	38,416,681.28	1,424,488.80	3,326,700.00	9%	9%
Programme 6: Internship, Mentorship and Volunteerism	SP6.1: Internship, Mentorship and Volunteerism	11,055,000.00		2,550,528.80		23%	0%
	<b>Sub Total</b>	<b>693,410,404.63</b>	<b>255,510,853.74</b>	<b>136,023,279.35</b>	<b>13,748,347.05</b>	<b>20%</b>	<b>5%</b>
<b>Trade, Industry &amp; Cooperatives</b>							
Programme 1: General administration & planning	SP1. 1 General administration & planning	97,439,101.71	3,375,724.85	26,196,198.45		27%	0%
Programme 2: Trade development & promotion	SP2.1; Trade development & promotion	4,300,000.00	31,384,963.85	1,985,680.00	1,774,097.20	46%	6%

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P3; Industrial development and promotion	SP3. 1 Industrial development and promotion	650,000.00	-	300,000.00	-	46%	
Programme 4: Tourism development & promotion	SP4. 1 Tourism development & promotion	730,000.00	10,000,000.00	300,000.00	302,400.00	41%	3%
Programme 5: Culture, Art and the Music Promotion	SP5. 1 Culture, Art and the Music promotion	17,400,000.00	-	4,764,720.00	1,000,000.00	27%	
	<b>Sub Total</b>	<b>120,519,101.71</b>	<b>44,760,688.70</b>	<b>33,546,598.45</b>	<b>3,076,497.20</b>	<b>28%</b>	<b>7%</b>
<b>Department of Gender, Children, Youth, Sports, and Social Services</b>							
Programme 1: General administration & planning	P1: General administration & planning	46,912,188.97		10,026,177.68		21%	
Programme 2: Gender and Social Development	P2: Gender and Social Development	11,451,971.56	60,145,549.05	4,356,873.84		38%	0%
Programme 3; Sports development	P3; Sports development	4,200,000.00	71,870,771.75	1,028,888.84	1,688,550.00	24%	2%
Programme 4; Youth empowerment	P4; Youth empowerment	2,200,000.00	27,620,650.00	883,888.84	236,500.00	40%	1%
	<b>Sub Total</b>	<b>64,764,160.53</b>	<b>159,636,970.80</b>	<b>16,295,829.20</b>	<b>1,925,050.00</b>	<b>25%</b>	<b>1%</b>
<b>County Attorney</b>							
SP1. 1 General Administration & Support Services	P1: General administration & planning	49,023,507.00	-	7,916,354.35		16%	
	<b>Sub Total</b>	<b>49,023,507.00</b>	<b>-</b>	<b>7,916,354.35</b>		<b>16%</b>	
<b>Governorship</b>							
SP1. 1 General Administration & Support Services	P1: General administration & planning	455,827,360.32	-	71,897,746.25		16%	
	<b>Sub Total</b>	<b>455,827,360.32</b>	<b>0.00</b>	<b>71,897,746.25</b>		<b>16%</b>	
<b>County Secretary</b>							
Programme 1. Leadership and coordination of departments	SP1. 1 Leadership & coordination of departments	422,725,533.26		169,057,763.30		40%	
	<b>Sub Total</b>	<b>422,725,533</b>	<b>0</b>	<b>169,057,763.30</b>		<b>40%</b>	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>CPSB</b>							
Programme 1: Public Service Human Resource Management and Development.	SP2: Public Service Human Resource Management and Development.	72,963,647.16		19,895,510.95		27%	
	<b>Sub Total</b>	<b>72,963,647.16</b>		<b>19,895,510.95</b>		<b>27%</b>	
<b>Finance &amp; Socio-Economic Planning</b>							
SP1. 1 General Administration & Support Services	SP1: General administration & planning	362,477,457.49	53,425,662.46	130,904,143.23	13,821,752.00	36%	26%
Programme 2: Public Financial Management	SP2: Public financial management	132,745,622.12		60,927,991.73		46%	
	<b>Sub Total</b>	<b>495,223,079.61</b>	<b>53,425,662.46</b>	<b>191,832,134.95</b>	<b>13,821,752.00</b>	<b>39%</b>	<b>26%</b>
<b>Devolution, Public participation, County Administration and Special Programmes</b>							
Programme 1: General Administration & Planning	SP1: General Administration & Planning	253,538,486.34	23,054,646.00	48,650,020.81	1,290,800.00	19%	6%
Programme 2: Participatory development & civic education	SP2: Participatory development & civic education	13,417,797.09		6,000,000.00		45%	
Programme 3: Research, Documentation and Knowledge Management	SP3: Research, Documentation and Knowledge Management	4,500,000.00		1,550,006.94		34%	
Programme 4: Coordination of Service Delivery and Enforcement	SP4: Coordination of Service Delivery and Enforcement	26,670,000.00		12,100,013.87		45%	
Programme 5: Disaster Risk Preparedness and Mitigation	SP5: Disaster Risk Preparedness and Mitigation	9,861,200.00		4,100,013.87		42%	
Programme 6: Alcoholic Drinks Control and Licencing	SP6: Alcoholic Drinks Control and Licencing	6,400,000.00		3,100,013.87		48%	
	<b>Sub Total</b>	<b>314,387,483.43</b>	<b>23,054,646.00</b>	<b>75,500,069.36</b>	<b>1,290,800.00</b>	<b>24%</b>	<b>6%</b>
<b>Water and Sanitation</b>							
Programme 1: General administration & planning	SP1: General Administration & Planning	87,894,325	16,037,965	16,204,781.05	5,490,833.20	18%	34%

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Programme 2: Water Infrastructure Development	SP 2.1: Water harvesting and storage	8,422,000	218,368,534	4,417,662.46		52%	0%
	SP2: Piped water supply infrastructure	3,860,000	315,680,384	1,268,231.00	18,636,561.00	33%	6%
	SP.3: Groundwater development	9,860,000	99,005,129	2,417,661.49	5,176,137.95	25%	5%
	<b>Sub Total</b>	<b>110,036,324.75</b>	<b>649,092,011.60</b>	<b>24,308,336.00</b>	<b>29,303,532.15</b>	<b>22%</b>	<b>5%</b>
<b>Agriculture, Irrigation, Livestock, Fisheries and Cooperative</b>							
Programme 1: General administration & planning	SP1: General Administration & Planning	64,262,759.82	413,633,329.55	31,120,937.41	4,820,000.00	48%	1%
Programme 2: Land, Crop development & productivity	SP 2: Land, Crop development & productivity	74,502,083.58	256,567,460.89	22,618,284.26	6,834,152.00	30%	3%
P3; Agribusiness and information management	SP3; Agribusiness and information management	13,800,000.00	97,538,127.40	3,236,568.52		23%	0%
Programme 4: Livestock Production, Management and Development	SP 4: Livestock Production, Management and Development	120,601,520.42	76,298,450.70	39,618,284.26	250,000.00	33%	0%
Programme 5: Cooperative Development	SP 5: Cooperative Development	19,486,287.96	8,633,915.00	9,000,000.00	708,300.00	46%	8%
	<b>Sub Total</b>	<b>292,652,651.79</b>	<b>852,671,283.54</b>	<b>105,594,074.45</b>	<b>12,612,452.00</b>	<b>36%</b>	<b>1%</b>
<b>Makueni Fruit Development and Marketing Authority</b>							
SP1. 1 General Administration & Support Services	P1: General administration & planning	50,356,412.51	68,536,224.00	10,420,500.02	4,763,601.00	21%	7%
	<b>Sub Total</b>	<b>50,356,412.51</b>	<b>68,536,224.00</b>	<b>10,420,500.02</b>	<b>4,763,601.00</b>	<b>21%</b>	<b>7%</b>
<b>County Assembly</b>							
Programme 1: Legislation and Representation	SP1: Legislation and Representation	882,052,960.00	66,948,487.80	433,463,027.00	-	52%	0%
	<b>Sub Total</b>	<b>882,052,960.00</b>	<b>66,948,487.80</b>	<b>433,463,027.00</b>	<b>-</b>	<b>49%</b>	<b>0%</b>
<b>Grand Total</b>		<b>7,615,833,357.44</b>	<b>3,554,481,900.77</b>	<b>2,478,506,535.23</b>	<b>251,148,916.40</b>	<b>33%</b>	<b>7%</b>

*Source: Makueni County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: Emali Sultan Municipality development in the Department of Land, Physical Planning and Mining at 83 per cent, Sand Authority in the same Department of Land, Physical Planning and Mining at 54 per cent in development and 52 per cent in recurrent activities of budget allocation.

### 3.23.13 Accounts Operated Commercial Banks

The County government operated a total of 24 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.23.14 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. The underperformance of own-source revenue at Kshs.367.89 million against an annual projection of Kshs.1.24 billion, representing 29.7 per cent of the annual target.
2. Failure to set up proper internal control systems regarding the management of exchequer issues being above-approved exchequer issues in several departments as shown in Table 3.158.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.133.55 million were processed through the manual payroll, accounting for 8.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for the County Funds, receipt and management of Hospital funds.
5. Low absorption of development funds which translated to 7.1 per cent of the approved annual development budget.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts and revenue collection accounts are exempted.*
5. *The County should identify and address issues causing delays in implementing development programmes and projects.*



## 3.24. County Government of Mandera

### 3.24.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.13.01 billion, comprising Kshs.7.97 billion (61.2 per cent) and Kshs.5.04 billion (38.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 2.4 per cent compared to the previous financial year when the approved budget was Kshs.12.71 billion and comprised of Kshs.4.29 billion towards development expenditure and Kshs.8.42 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.63 billion (89.4 per cent) as the equitable share of revenue raised nationally, Kshs.519.46 million (4 per cent) as conditional grants, a cash balance of Kshs.525.03 million (4 per cent) brought forward from FY 2022/23, Kshs.51.79 million (0.4 per cent) as Facility Improvement Fund (revenue from health facilities) and generate Kshs.284.75 million (2.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.160.

### 3.24.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.4.83 billion as the equitable share of the revenue raised nationally, Kshs.28.59 million as additional allocations/conditional grants, a cash balance of Kshs.525.03 million from FY 2022/23, and raised Kshs.51.48 million as own-source revenue (OSR). The raised OSR includes Kshs.11.62 million as FIF and Kshs.39.86 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.43 billion, as shown in Table 3.160.

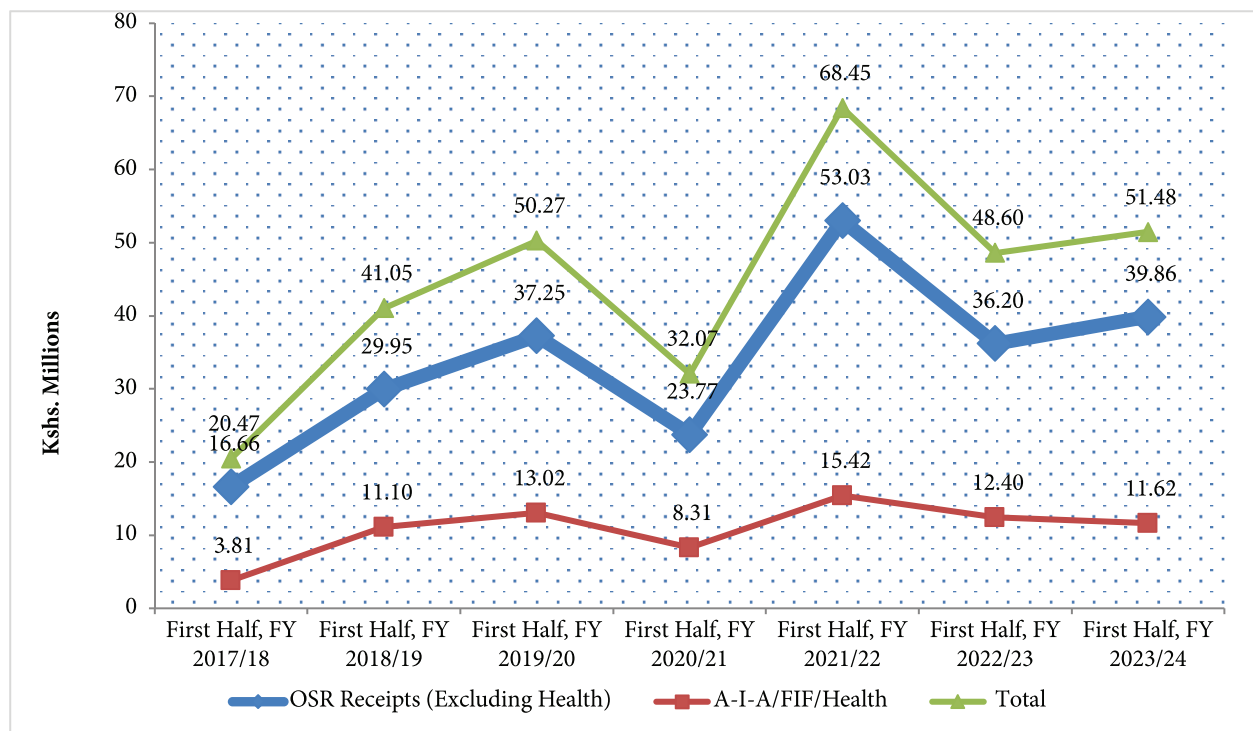
**Table 3.160: Mandera County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,633,191,646	4,827,774,534	41.5
<b>Sub Total</b>		<b>11,633,191,646</b>	<b>4,827,774,534</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Kenya Urban and Institutional Grant b/f	21,451,158	21,451,158	100.0
2	FLOCCA balance from FY 2022/2023 in SP Account	6,644,937	6,644,937	100.0
3	Sweden -Agricultural Sector Development Support Program (ASDSP) II - Co-Funding	4,257,207	500,000	11.7
<b>Sub-Total</b>		<b>32,353,302</b>	<b>28,596,095</b>	<b>88.4</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	284,748,838	39,859,990	14.0
2	Balance b/f from FY2022/23	525,029,928	525,029,928	100.0
3	Facility Improvement Fund (FIF)	51,785,008	11,616,921	22.4
<b>Sub Total</b>		<b>861,563,774</b>	<b>576,506,839</b>	<b>66.9</b>
<b>Grand Total</b>		<b>12,527,108,722</b>	<b>5,432,877,468</b>	<b>43.4</b>

Source: Mandera County Treasury

Figure 70 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

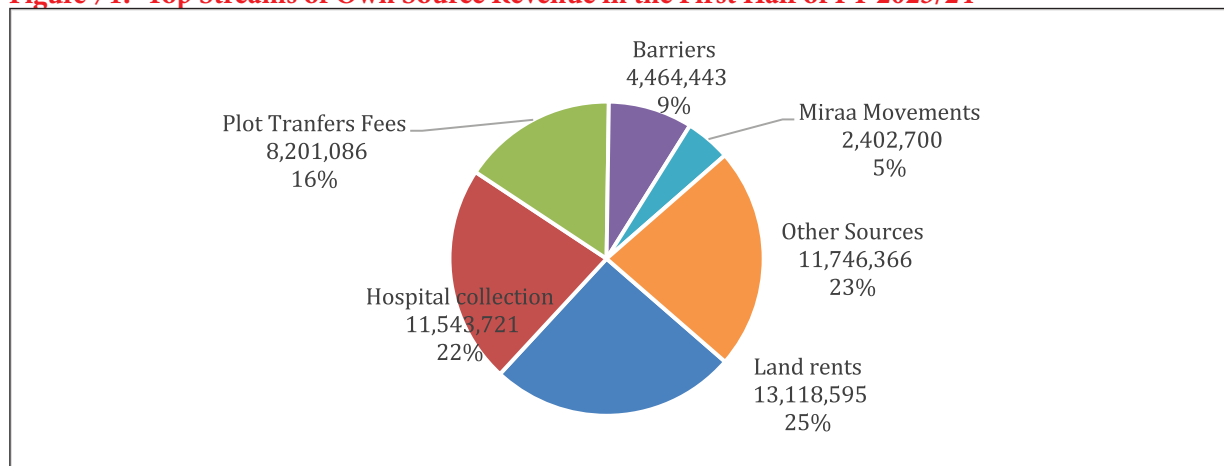
**Figure 70: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Mandera County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.51.48 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 5.9 per cent compared to Kshs.48.6 million realised in a similar period in FY 2022/23 and was 15.3 per cent of the annual target and 1.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 71.

**Figure 71: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Mandera County Treasury

The highest revenue stream of Kshs.13.1 million was from Land Rates, contributing to 25 per cent of the total OSR receipts during the reporting period.

### 3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.42 billion from the CRF account during the reporting period which comprised Kshs.755.95 million (17.1 per cent) for development programmes and Kshs.3.66 billion (82.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.23 billion was released towards Employee Compensation, and Kshs.1.43 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.989.38 million.

### 3.24.4 County Expenditure Review

The County spent Kshs.4.11 billion on development and recurrent programmes in the reporting period. The expenditure represented 93.2 per cent of the total funds released by the CoB and comprised Kshs.755.95 million and Kshs.3.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15 per cent, while recurrent expenditure represented 42.1 per cent of the annual recurrent expenditure budget.

### 3.24.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.3.01 billion, comprising Kshs.736.5 million for recurrent expenditure and Kshs.2.36 billion for development activities. In the first half of FY 2023/24, the county paid Kshs.137.14 million towards the payment of pending bills. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.2.96 billion.

The County Assembly did not report any pending bills as of 31<sup>st</sup> December 2023.

### 3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.08 billion on employee compensation, Kshs.1.28 billion on operations and maintenance, and Kshs.723.85 million on development activities. Similarly, the County Assembly spent Kshs.146.46 billion on employee compensation, Kshs.134.03 million on operations and maintenance, and Kshs.32.1 million on development activities, as shown in Table 3.161.

**Table 3.161: 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
<b>Total Recurrent Expenditure</b>	<b>7,096,618,120</b>	<b>873,911,204</b>	<b>3,078,441,740</b>	<b>280,492,141</b>	<b>43.4</b>	<b>32.1</b>
Compensation to Employees	4,372,525,851	431,848,816	2,083,070,257	146,459,252	47.6	33.9
Operations and Maintenance	2,724,092,269	442,062,388	995,371,483	134,032,889	36.5	30.3
<b>Development Expenditure</b>	<b>4,784,598,760</b>	<b>259,088,796</b>	<b>723,846,509</b>	<b>32,102,821</b>	<b>15.1</b>	<b>12.4</b>
<b>Total</b>	<b>11,881,216,880</b>	<b>1,133,000,000</b>	<b>3,802,288,249</b>	<b>312,594,962</b>	<b>32.0</b>	<b>27.6</b>

*Source: Mandera County Treasury*

### 3.24.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.23 billion, or 41 per cent of the available revenue which amounted to Kshs.5.43 billion. This expenditure represented an increase from Kshs.1.94 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.644.79 million paid to health sector employees, translating to 28.9 per cent of the total wage bill. This increase is attributed to the settlement of Salary arrears from the previous financial year in the current reporting period.

Further analysis indicates that PE costs amounting to Kshs.2.1 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.126.91 million was processed through manual pay-rolls. The manual payrolls accounted for 5.7 per cent of the total PE cost.

The County Assembly spent Kshs.7.3 million on committee sitting allowances for the 51 MCAs and the Speaker against the annual budget allocation of Kshs.32 million. The average monthly sitting allowance was Kshs.23,860 per MCA. The County Assembly has established 22 Committees.

### 3.24.8 County Emergency Fund and County-Established Funds

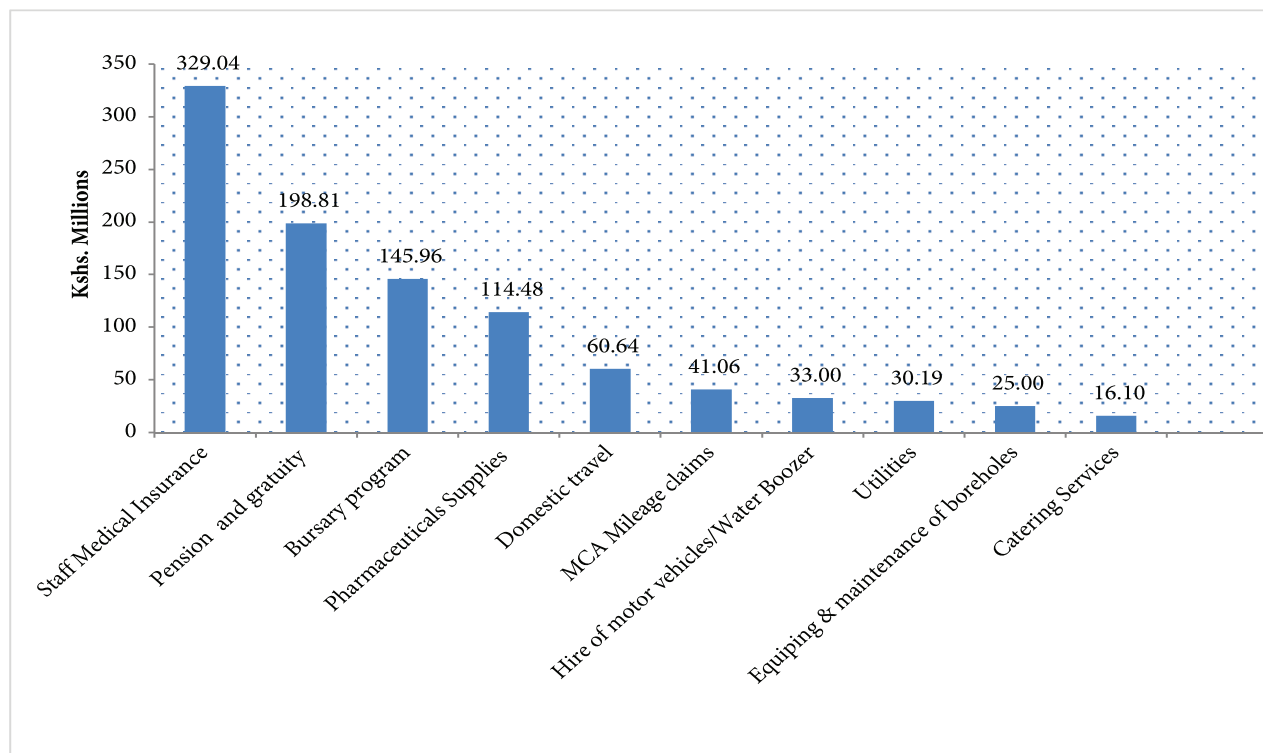
Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.460 million to county Bursary funds in FY 2023/24, constituting 3.5 per cent of the County’s overall budget. The Fund Administrator reported an expenditure of Kshs.145.96 million during the period. The OCoB notes that the County government uses commercial bank accounts to operate the Bursary Fund which is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.24.9 Expenditure on Operations and Maintenance

Figure 72 summarises the Operations and Maintenance expenditure by major categories.

**Figure 72: Mandera County, Operations and Maintenance Expenditure by Major Categories**



*Source: Mandera County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.60.64 million and comprised Kshs.29.56 million spent by the County Assembly and Kshs.31.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.69 million by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.162 below; -

**Table 3.162: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	2	27th Oct - 5th Nov 2023	Performance management system and localization of SDGs	Kent, United Kingdom	3,766,631.00
County Assembly	2	1st - 7 <sup>th</sup> Oct 2023	Official duty to attend smart innovation conference in Las Vegas	Las Vegas, USA	1,930,208.00

Source: Mandera County Assembly

### 3.24.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.755.95 million on development programmes, representing a decrease of 31.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.1 billion. The table 3.163 summarises development projects with the highest expenditure in the reporting period.

**Table 3.163: Mandera County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture	Construction of Slaughter House in Elwak	Elwak	104,959,824	83,762,213	79.8
2	Water Services	Desilting of Qonqay and Chachabole Earthpan	Mandera West	18,457,300	18,457,300	100.0
3	Water Services	Desilting of Didkuro 2, Danish And Omar Jillow Earthpans	Mandera West	18,186,700	18,186,700	100.0
4	Water Services	Proposed Construction of 60,000M3 Chame Earth Pan	Banisa	31,877,040	14,750,000	46.3
5	Water Services	Proposed Construction of 60,000M3 Silkin Earth Pan	Banisa	31,277,000	14,700,000	47.0
6	Health	Proposed Construction of KMTC In Mandera East	Mandera East	11,123,509	11,123,509	100.0
7	Water Services	Proposed Construction of 60,000M3 Fino Earth Pan	Lafey	31,273,000	10,600,000	33.9
8	Health	Renovation and Alteration works of the Dental Unit Block at MCRH	Mandera East	10,000,000	10,000,000	100.0
9	Water Services	Desilting of Kosaye Earthpan	Banisa	10,000,000	10,000,000	100
10	Health	Proposed Construction of KMTC - Additional Works In Mandera East	Mandera East	5,000,000	5,000,000	100

Source: Mandera County Treasury

### 3.24.11 Budget Performance by Department

Table 3.164 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.164: Mandera County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	873.91	259.09	293.38	32.10	280.49	32.10	95.6	100.0	32.1	12.4
Office of the Governor & Deputy Governor	447.18	-	235.86	-	211.76	-	89.8	-	47.4	-
Finance and Economic Planning	375.06	36.75	168.61	-	168.61	-	100.0	-	45.0	-
Agriculture, Livestock and Fisheries	252.68	604.28	107.42	45.00	107.42	45.00	100.0	100.0	42.5	7.4
Water, Energy, Environment & Natural Resources	367.43	1,516.69	167.33	262.30	167.33	274.07	100.0	104.50	45.5	18.1
Education and Human Capital Development	1,075.49	198.56	423.46	8.00	397.46	8.00	93.9	100.0	37.0	4.0
Health Services	1,988.71	439.08	1,011.03	74.12	821.38	74.12	81.2	100.0	41.3	16.9
Lands and Urban Development	202.35	561.32	57.72	238.82	49.72	219.80	86.1	92.0	24.6	39.2
Roads, Transport and Works	331.83	515.23	109.32	-	101.32	8.00	92.7	-	30.5	1.6
Social Development	98.84	605.50	35.38	95.60	35.38	94.85	100.0	99.2	35.8	15.7
Public Service Management, Devolved Units & Community Cohesion	1,555.25	39.13	946.73	-	913.43	-	96.5	-	58.7	-
County Public Service Board	73.22	10.73	32.94	-	32.94	-	100.0	-	45.0	-
Trade and Cooperative Development	68.89	257.31	27.95	-	27.95	-	100.0	-	40.6	-
Office of the County Secretary	82.50	-	13.70	-	13.70	-	100.0	-	16.6	-
Office of the County Attorney	177.19	-	30.03	-	30.03	-	100.0	-	16.9	-
<b>Total</b>	<b>7,970.53</b>	<b>5,043.69</b>	<b>3,660.87</b>	<b>755.95</b>	<b>3,358.93</b>	<b>755.95</b>	<b>91.8</b>	<b>100.0</b>	<b>42.1</b>	<b>15.0</b>

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Lands & Urban Development recorded the highest absorption rate of development budget at 39.2 per cent, followed by the Department of Water at 18.1 per cent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 58.7 per cent while the Office of the County Secretary had the lowest at 16.6 per cent.

### 3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.165 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.165: Mandera County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure as of 31st December 2023 (Kshs.)	Absorption Rate (%)
		A	B	C=B/A*100
County Assembly	Legislation, Oversight and Representation	1,133,000,000	312,594,962	27.6
	<b>Sub-Total</b>	<b>1,133,000,000</b>	<b>312,594,962</b>	<b>27.6</b>
Agriculture, Livestock and Irrigation	General Administration & Support Services	121,096,434	61,824,069	51.1
	Livestock Resources Management and Development	206,367,443	63,020,000	30.5
	Crop Management and Development	473,817,322	23,680,000	5.0
	Irrigation Development and Management	55,684,348	3,900,000	7.0
	<b>Sub-Total</b>	<b>856,965,547</b>	<b>152,424,069</b>	<b>17.8</b>
Lands, Housing and Physical Development	Administration Services	59,567,253	29,972,983	50.3
	Land Use Planning and Survey	111,148,981	2,550,000	2.3
	Physical Planning housing and urban development	508,051,158	223,500,000	44.0
	Solid Waste Management	84,900,000	13,500,000	15.9
	<b>Sub-Total</b>	<b>763,667,392</b>	<b>269,522,983</b>	<b>35.3</b>
Roads, Public Works and Transport	Administrative Services	150,295,375	72,060,841	47.9
	Road and Air Transport Infrastructure Development	661,904,594	32,660,000	4.9
	Public Works Management	34,856,126	4,600,000	13.2
	<b>Sub-Total</b>	<b>847,056,095</b>	<b>109,320,841</b>	<b>12.9</b>
Trade and Cooperative Development	General Administration and Planning	40,489,411	20,053,151	49.5
	Cooperative Development and Promotion	20,650,281	2,900,000	14.0
	Trade Development and Promotion	265,064,774	5,000,000	1.9
	<b>Sub-Total</b>	<b>326,204,466</b>	<b>27,953,151</b>	<b>8.6</b>
Health Services	Administrative Services	1,410,585,931	644,796,360	45.7
	Preventive, Promotive and Reproductive Health Services	800,507,668	53,652,000	6.7
	Curative Rehabilitative and Referral Services	216,694,813	197,056,750	90.9
	<b>Sub-Total</b>	<b>2,427,788,412</b>	<b>895,505,110</b>	<b>36.9</b>
Education and Human Capital	General Administration & Support Services	952,691,488	386,789,372	40.6
	Early Childhood Education	91,045,470	12,270,000	13.5
	Vocational and Technical Training Services	25,250,000	3,500,000	13.9
	Education Support Services	205,061,582	2,900,000	1.4
	<b>Sub-Total</b>	<b>1,274,048,540</b>	<b>405,459,372</b>	<b>31.8</b>
County Executive Service	Management of County Affairs	447,179,685	211,758,440	47.4
	<b>Sub-Total</b>	<b>447,179,685</b>	<b>211,758,440</b>	<b>47.4</b>
Office of the County Secretary	Leadership and executive coordination	82,502,802	13,700,000	16.6
	<b>Sub-Total</b>	<b>82,502,802</b>	<b>13,700,000</b>	<b>16.6</b>
Office of the County Attorney	Legal and advisory services	177,190,939	30,030,000	16.9
	<b>Sub-Total</b>	<b>177,190,939</b>	<b>30,030,000</b>	<b>16.9</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure as of 31st December 2023 (Kshs.)	Absorption Rate (%)
		A	B	C=B/A*100
County Public Service Board	Ethics, Governance and Public Service Values	83,949,490	32,940,301	39.2
	<b>Sub-Total</b>	<b>83,949,490</b>	<b>32,940,301</b>	<b>39.2</b>
Finance and Economic Planning	Administrative and Planning Services	290,703,038	131,571,106	45.3
	Accounting Services	39,553,275	7,889,951	19.9
	Financial Services and Report	3,200,000	2,300,000	71.9
	Internal Audit Services	2,800,000	1,600,000	57.1
	Supply Chain Management Affairs	12,000,000	7,600,000	63.3
	County Asset Management system	2,800,000	1,800,000	64.3
	County Economic Planning and Statistics	20,804,811	5,000,000	24.0
	Revenue Collection and Enhancement	20,400,000	8,450,000	41.4
	ICT and E-Government Services	19,551,179	2,400,000	12.3
	<b>Sub-Total</b>	<b>411,812,303</b>	<b>168,611,057</b>	<b>40.9</b>
County Public Service Management	Administration and Support Services	1,442,477,418	885,306,174	61.4
	Devolved Governance and Enforcement Services	111,072,521	15,900,000	14.3
	Civic Education and Public Participation	7,500,000	3,120,000	41.6
	De-Radicalization and Countering Violence	17,530,000	4,300,000	24.5
	Community Cohesion and Conflict Management	15,800,000	4,800,000	30.4
	<b>Sub-Total</b>	<b>1,594,379,939</b>	<b>913,426,174</b>	<b>57.3</b>
Social Development	Administration and Support Services	33,519,696	19,469,978	58.1
	Women's Empowerment and Affirmative Action	9,000,000	4,100,000	45.6
	Youth Empowerment and Sports	28,575,276	4,000,000	14.0
	Culture and Gender Development Promotion	27,850,000	4,750,000	17.1
	Disaster Preparedness and Management	605,398,642	97,912,000	16.2
	<b>Sub-Total</b>	<b>704,343,614</b>	<b>130,231,978</b>	<b>18.5</b>
Water, Energy, Environment and Climate Change	Administrative Services	162,772,457	80,033,771	49.2
	Water and Sewerage Management	1,636,036,012	355,171,000	21.7
	Energy and Natural Resources	23,700,000	3,400,000	14.3
	Environment and Climate Change	61,619,187	2,800,000	4.5
<b>Sub-Total</b>	<b>1,884,127,656</b>	<b>441,404,771</b>	<b>23.4</b>	
<b>Grand Total</b>		<b>13,014,216,880</b>	<b>4,114,883,210</b>	<b>31.6</b>

Source: Mandera County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Curative Services in the Department of Health at 90.9 per cent, Financial Services and Reporting in the Department of Finance at 71.9 per cent, Administration and Support Services in the Department of Public Service at 61.4 per cent of budget allocation.



### 3.24.13 Accounts Operated Commercial Banks

The County government operated a total of 21 accounts with commercial banks for local revenue collection, water companies and municipalities, hospitals and other departmental accounts for petty cash. The County Government should ensure compliance with Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which requires that bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.24.14 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. The underperformance of own-source revenue at Kshs.51.48 million against an annual projection of Kshs.336.53 million, representing 15.3 per cent of the annual target.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.126.91 million were processed through the manual payroll, accounting for 5.7 per cent of the total payroll cost.
3. IFMIS Network connectivity challenges affecting the implementation of the budget.
4. Failure of the County Treasury to establish an Emergency Fund contrary to the recommendation in Section 110 of the PFM Act 2012.
5. High level of pending bills which amounted to Kshs.2.96 billion as of 31<sup>st</sup> December 2023.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The National Treasury and the County government should invest in appropriate network infrastructure to improve IFMIS connectivity.*
4. *The County should establish an Emergency Fund in line with section 110 of the PFM Act 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*

## 3.25. County Government of Marsabit

### 3.25.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.9.42 billion, comprising Kshs.4.32 billion (45.9 per cent) and Kshs.5.10 billion (54.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 6.7 per cent compared to the previous financial year when the approved budget was Kshs.8.83 billion and comprised of Kshs.3.79 billion towards development expenditure and Kshs.5.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.56 billion (80.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.16 billion (12.3 per cent) as additional allocations/conditional grants, a cash balance of Kshs.513.53 million (5.4 per cent) brought forward from FY 2022/23, and generate Kshs.190 million (2.1 per cent) as gross own source revenue. The own-source revenue includes Kshs.118.67 million (62.5 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.71.32 million (37.5 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.166.

### 3.25.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.14 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.513.53 million from FY 2022/23 and raised Kshs.60.12 million as own-source revenue (OSR). The raised OSR includes Kshs.28.96 million as FIF and Kshs.31.16 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.71 billion, as shown in Table 3.166.

**Table 3.166: Marsabit County, Revenue Performance in the First Half of FY 2023/24**

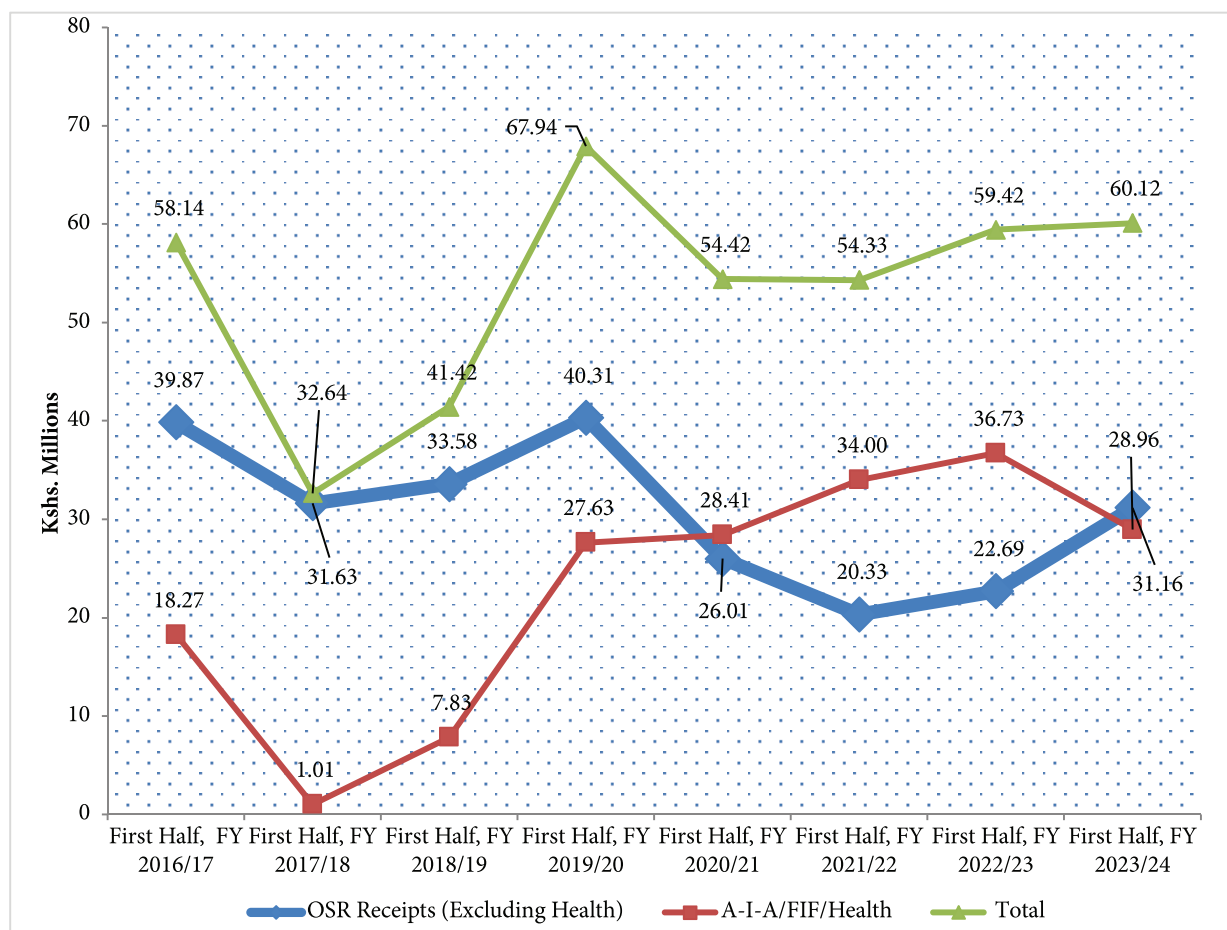
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	7,560,398,412.00	3,137,565,341.00	41.5
<b>Subtotal</b>		7,560,398,412.00	3,137,565,341.00	41.5
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
2.	DANIDA Grant - Primary Health	12,538,500	-	-
3.	IDA (World Bank) Credit (Financing Locally Led Climate Action (FLLOCA) Programme, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,431,190	500,000	34.9
5.	German Development Bank (KfW) - Drought Resilience Programme in Northern Kenya (DRPNK)	300,000,000	-	-
6.	World Bank- Emergency Locust Response Project (ELRP)	195,670,752	-	-
7.	Kenya Livestock Commercialization Project (KELCOP)	37,500,000	-	0.0
8.	Leasing of Medical Equipment	124,723,404	-	-
9.	Aggregated Industrial Parks Programme	100,000,000	-	-
10.	Conditional Grant for Provision of Fertilizer Subsidy Programme	2,389,320	-	-
11.	Locally Led Climate Action Programme (FLLoCA) Programme	137,500,000	-	-
12.	Conditional Grant for Rehabilitation of Village Polytechnic-Balance B/F	1,159,347	-	-
13.	Marsabit County Climate Change Fund-Balance B/F	1,768,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
14.	Marsabit County Drought Resilience-Balance B/F	145,038,663	-	-
<b>Subtotal</b>		<b>1,160,719,176</b>	<b>500,000</b>	<b>-</b>
<b>C</b>	<b>Own Source Revenue</b>			
1.	Ordinary Own Source Revenue	71,325,046	31,160,803.20	43.7
2.	Facility Improvement Fund (FIF)	118,674,954	28,960,441.00	24.4
<b>Subtotal</b>		<b>190,000,000</b>	<b>60,121,244.20</b>	<b>31.6</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
1.	Unspent balance from FY 2022/23	513,532,859	513,532,859	100
<b>Sub Total</b>		<b>513,532,859</b>	<b>513,532,859</b>	<b>100</b>
<b>Grand Total</b>		<b>9,424,650,447</b>	<b>3,711,719,444</b>	<b>39.4</b>

Source: Marsabit County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 73 shows the trend in own-source revenue collection from the first half of FY 2016/17 to the first half of FY 2023/24.

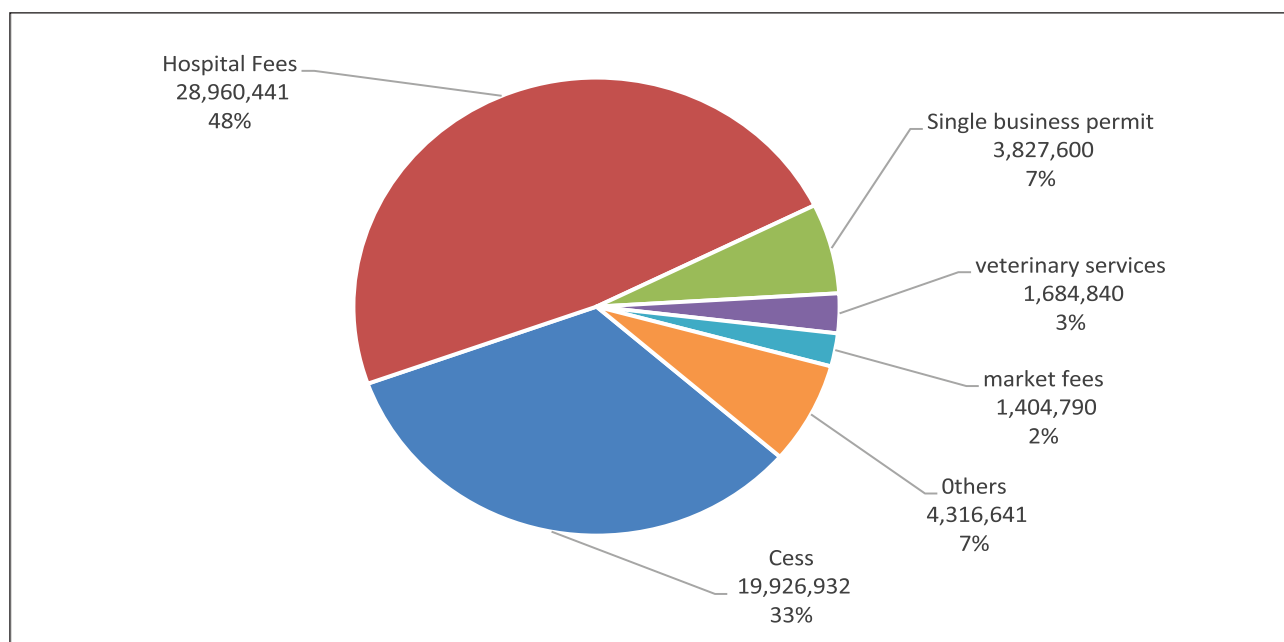
**Figure 73: Trend in Own-Source Revenue Collection from the First Half of FY 2016/17 to the First Half of FY 2023/24**



Source: Marsabit County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.60.12 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 1.2 per cent compared to Kshs.59.42 million realised in a similar period in FY 2022/23 and was 31.6 per cent of the annual target and 1.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 74.

**Figure 74: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Marsabit County Treasury

The highest revenue stream of Kshs.28.96 million was from hospital fees contributing to 48.2 per cent of the total OSR receipts during the reporting period.

### 3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.45 billion from the CRF account during the reporting period which comprised Kshs.937.00 million (27.2 per cent) for development programmes and Kshs.2.51 billion (72.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.74 billion was released towards Employee Compensation, and Kshs.770.61 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.293.32 million.

### 3.25.4 County Expenditure Review

The County spent Kshs.3.36 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.6 per cent of the total funds released by the CoB and comprised of Kshs.937.00 million and Kshs.2.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.7 per cent, while recurrent expenditure represented 47.6 per cent of the annual recurrent expenditure budget.

### 3.25.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.440.32 million for development activities only. In the first half of FY 2023/24, pending bills amounting to Kshs.277.48 million were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.162.83 million.

The outstanding pending bills for the County Assembly were Kshs.177.71 million as of 31<sup>st</sup> December 2023.

### 3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.60 billion on employee compensation, Kshs.438.21 million on operations and maintenance, and Kshs.926.39 million on development activities. Similarly, the County Assembly spent Kshs.136.32 million on employee compensation, Kshs.250.66 million on operations and maintenance, and Kshs.10.61 million on development activities, as shown in Table 3.167.

**Table 3.167: 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
<b>Total Recurrent Expenditure</b>	<b>4,309,096,362</b>	<b>791,217,081</b>	<b>2,039,907,733</b>	<b>386,981,862</b>	<b>47.3</b>	<b>48.9</b>
Compensation to Employees	3,068,503,691	275,586,934	1,601,699,511	136,321,047	52.2	49.5
Operations and Maintenance	1,240,592,671	515,630,147	438,208,222	250,660,815	35.3	48.6
<b>Development Expenditure</b>	<b>3,798,853,015</b>	<b>525,483,989</b>	<b>926,394,296</b>	<b>10,608,674</b>	<b>24.4</b>	<b>2.0</b>
<b>Total</b>	<b>8,107,949,377</b>	<b>1,316,701,070</b>	<b>2,966,302,029</b>	<b>397,590,536</b>	<b>36.6</b>	<b>30.2</b>

*Source: Marsabit County Treasury*

### 3.25.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.74 billion, or 50.4 per cent of the available revenue which amounted to Kshs.3.45 billion. This expenditure represented an increase from Kshs.1.50 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.751 million paid to health sector employees, translating to 43.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.46 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.276.14 million was processed through manual payrolls. The manual payrolls accounted for 15.9 per cent of the total PE cost.

The County Assembly spent Kshs.13.21 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.34.71 million. The average monthly sitting allowance was Kshs.66,694 per MCA. The County Assembly has established 21 Committees.

### 3.25.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.377.41 million to county-established funds in FY 2023/24, constituting 4.0 per cent of the County's overall budget. Table 3.168 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.168: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
County Executive Established Funds						
1.	Scholarship Fund	200,000,000	150,000,000	150,000,000	597,000,000.00	yes
2.	Emergency Fund	50,000,000	25,000,000	25,000,000	801,999,240.00	yes
3.	Car Loan and Mortgage- Executive	70,000,000	-	-	121,000,000.00	NO
4.	<b>Sub Total</b>	<b>320,000,000</b>	<b>175,000,000</b>	<b>175,000,000</b>	<b>1,519,999,240.00</b>	
County Assembly Established Funds						
5.	Car and mortgage loan scheme for staff	57,407,675	-	-	84,162,996	No
<b>Subtotal</b>		<b>57,407,675</b>	<b>-</b>	<b>-</b>	<b>84,162,996</b>	
<b>Grand Total</b>		<b>377,407,675</b>	<b>175,000,000</b>	<b>175,000,000</b>	<b>1,604,162,236</b>	<b>-</b>

Source: Marsabit County Treasury

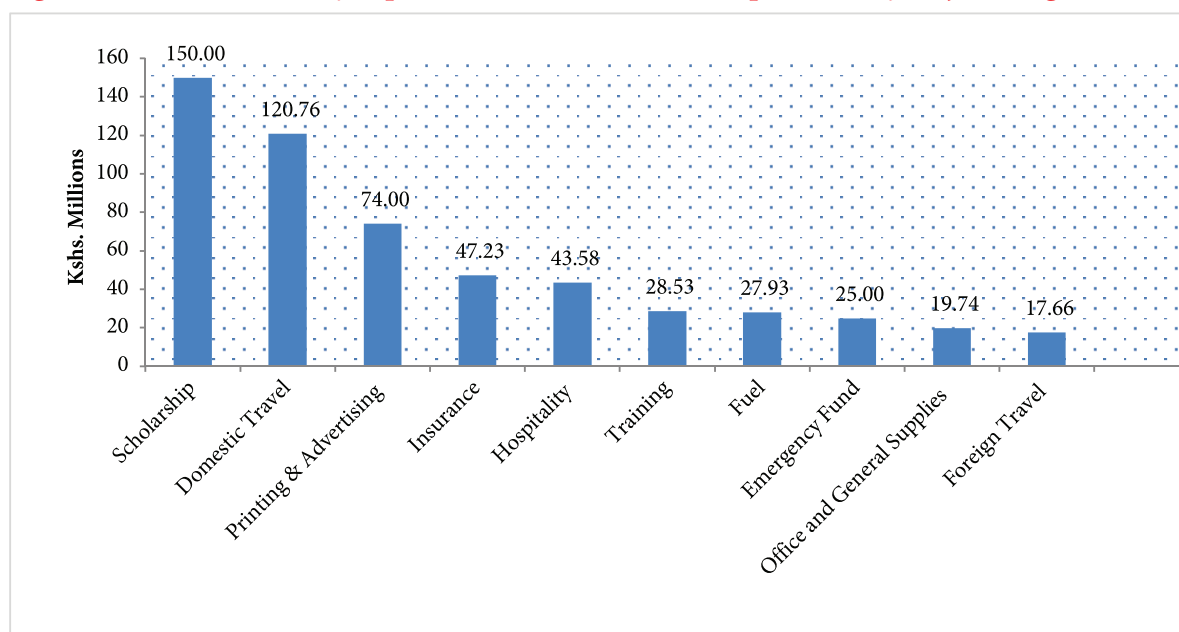
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Car and mortgage loan scheme (staff of county assembly and executive) funds as indicated in Table 3.168, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.25.9 Expenditure on Operations and Maintenance

Figure 75 summarises the Operations and Maintenance expenditure by major categories.

**Figure 75: Marsabit County, Operations and Maintenance Expenditure by Major Categories**



Source: Marsabit County Treasury

During the period, expenditure on domestic travel amounted to Kshs.120.76 million and comprised Kshs.81.17 million spent by the County Assembly and Kshs.39.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.66 million and comprised Kshs.7.46 million by the County Assembly and Kshs.10.19 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.169 below; -

**Table 3.169: Summary of Highest Expenditure on Foreign Travel as of 31<sup>ST</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	13th- 18th December 2023	Training on Leadership and corporate governance	Dubai	3,500,000
County Assembly	11	14th-19th December 2023	Training on corporate governance and finance	Dubai	3,960,330
County Executive	3	16-20 <sup>th</sup> November 2023	To receive Ambulances Donation	U. K	3,399,484
County Executive	3	27 <sup>th</sup> Nov to 7 <sup>th</sup> Dec.2023	To attend conference of parties -CORP 28	Dubai	4,354,912
County Executive	2	7 <sup>th</sup> November 2023	16 <sup>th</sup> African Regional assembly and conference	Abuja- Nigeria	1,623,122
County Executive	1	19-21/09/2023	Workshop for African Governance Award	Mauritius	819,201

Source: Marsabit County Treasury

### 3.25.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.937.00 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County did not spend any amounts on development programmes. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.170: Marsabit County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Executive	Drought Mitigation project	Countywide	536,712,933	449,955,543	84
2	Roads	upgrading of Moyale town roads to bitumen standard	Moyale	61,875,057	61,875,057	
3	Water	Rehabilitation of pipelines within Marsabit Town	Marsabit Town	10,000,000	6,000,000	60
4	Water	Drilling of a borehole at Lolkurur Borehole	Lolkurur	4,499,900	4,499,900	100
5	Water	Drilling of Bori Junction Borehole	Bori	4,287,660	4,287,660	100
6	Health and Medical services	Supply and delivery of three phase Transformer	Sololo	4,178,581	4,178,581	100
7	Health	Proposed refurbishment at Jaldesa Dispensary	Saku	3,599,000	3,599,000	100
8	Health	Construction of guard-house and fencing of Rengumo borehole	Laisamis	3,497,800	3,497,800	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
9	Water and natural resources	Nana Community Water project	Moyale	4,947,150	4,947,150	100
10	Executive	Refurbishment work at North Horr Sub County	NORTH HERR	1,999,990	1,999,990	100
11	Executive	construction of 2no Double Door pit latrine at Walda Complex secondary	WALDA	1,500,000	1,500,000	100

Source: Marsabit County Treasury

### 3.25.11 Budget Performance by Department

Table 3.171 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.171: Marsabit County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	791.22	525.48	389.88	10.61	386.98	10.61	99.3	100.0	48.9	2.0
County Executive	477.79	535.11	221.91	474.06	197.94	449.96	89.2	94.9	41.4	84.1
Finance & Economic Planning	467.00	440.44	226.38	205.13	226.38	209.40	100.0	102.1	48.5	47.5
Agriculture, Livestock & Fisheries	250.59	850.83	114.06	20.06	114.06	63.18	100.0	315.0	45.5	7.4
County Public Service Board	96.87	23.50	27.92	-	24.68	-	88.4	-	25.5	-
Education, Skill Development, Youth & Sports	533.86	214.29	321.16	4.99	321.16	17.05	100.0	342.0	60.2	8.0
County Health Services	1,525.98	503.18	758.80	58.48	758.80	39.84	100.0	68.1	49.7	7.9
Administration, Coordination & ICT	335.20	162.80	143.92	91.84	139.24	98.95	96.8	107.7	41.5	60.8
Energy, Lands & Urban Development	134.98	134.39	84.06	23.00	84.06	29.02	100.0	126.2	62.3	21.6
Roads & Public Works	104.36	236.46	46.43	16.48	31.45	2.00	67.7	12.1	30.1	0.8
Water, Environment & Natural Resources	146.90	476.03	67.80	22.26	49.08	10.37	72.4	46.6	33.4	2.2
Trade, Industry & Enterprise Development	86.70	189.30	38.02	10.09	29.11	6.62	76.6	65.6	33.6	3.5
Tourism, Culture & Social Services	123.36	32.50	65.55	-	63.05	-	96.2	-	51.1	-
Office of the County Attorney	14.50	-	1.69	-	0.90	-	53.5	-	6.2	-
Office of the County Secretary	11.00	-	1.30	-	-	-	-	-	-	-
<b>Total</b>	<b>5,100.31</b>	<b>4,324.34</b>	<b>2,508.88</b>	<b>937.00</b>	<b>2,426.89</b>	<b>937.00</b>	<b>96.7</b>	<b>100.0</b>	<b>47.6</b>	<b>21.7</b>

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of County Executive recorded the highest absorption rate of development budget at 84.1 per cent, followed by the Department of Admin-



istration, Coordination & ICT at 60.8 per cent. The Departments of Agriculture, Livestock & Fisheries, Education, Skill Development, Youth & Sports, Energy, Lands & Urban Development and Departments of Administration, Coordination & ICT had their development expenditures above the requested funds. This was occasioned by the diversion of the funds requested. The Office of the County Secretary did not report any expenditure.

### 3.25.12 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 2023/24.

**Table 3.172: Marsabit County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
<b>County Assembly</b>							
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C. As	252,669,199.	-	155,506,885	-	61.5	-
	SP 1.2 Employer Contribution to Pension	9,550,000.00	-	4,997,188.	-	52.3	-
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	45,074,469.	-	11,441,525	-	25.4	-
	SP 1.3 Domestic payables from previous financial years	19,717,081.	275,801,070.	8,848,000.00	10,608,674.	44.9	3.8
Programme 2: Legislature and Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	146,357,475.	-	90,123,840.	-	61.6	0.0
	SP 2.2 ICT, Hansard and Communication Equipment	7,500,000.00	-	2,410,021.00	-	32.1	0.0
	SP 2.3 Mortgage & Car Loans and Tax	57,407,675.	-	-	-	0.0	0.0
	SP 2.4 Staff Training and Development and Tuitions	32,907,263.	-	19,853,021.	-	60.3	0.0
Programme 3: County Assembly Infrastructure improvement	SP 3.11 Equipping of library		-		-	-	0.0
	SP 3.12 Maintenance of motor vehicle	7,750,000.00	-	7,516,786.00	-	97.0	0.0
	SP 3.13 Purchase of furniture and general equipment	1,500,000.00	-	1,500,000.00	-	100.0	0.0

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices		249,682,919	-	-	-	0.0
	SP 3.15 Improvement of ICT services		-		-	-	-
	SP 3.16 Maintenance of plants, machinery and other assets	7,016,760.00	-	2,472,900.00	-	35.2	-
	SP 3.17 Electricity, water and sewerage and other utility charges	11,928,878.	-	10,028,878.	-	84.1	-
	SP 3.18 Printing, advertisement and information supplies and services	33,321,371.	-	28,248,413	-	84.8	-
	SP 3.19 Rental of approved assets and hire of motor vehicles	2,200,000.00	-	-	-	0.0	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	31,480,382.	-	3,417,259.00	-	10.9	-
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	37,386,793.	-	6,389,013.80	-	17.1	-
	SP 3.22 Fuel, oil, lubricants and tyres	8,000,000.00	-	4,500,000.00	-	56.3	-
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	15,230,000.00	-	7,913,392.00	-	52.0	-
	SP 3.24 Ward office	32,352,000.00	-	9,466,656.00	-	29.3	-
	SP 3.25 Uniform, Specialized materials and supplies	8,000,000.00	-	5,999,090.00	-	75.0	-
	-SP 3.26 Membership fees and dues and subscription for international organization	5,500,000.00	-	-	-	0.0	-
	SP 3.28 Refurbishment of buildings	4,000,000.00	-	2,000,000.00	-	50.0	-
	SP 3.29 Gratuity/pension	14,367,735.00	-	4,348,994.00	-	30.3	-
	<b>Sub Total</b>	<b>791,217,081.00</b>	<b>525,483,989.00</b>	<b>386,981,861.80</b>	<b>10,608,674</b>	<b>48.9</b>	<b>2.0</b>
<b>County Executive services</b>							
Management of County Affairs	County Executive services	477,791,217.00	-	197,935,297.00	-	41.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
Management of County Affairs	Executive Infrastructure Development		535,112,933.00	-	449,955,542.5	-	84.1
	<b>Sub-Total</b>	<b>477,791,217.00</b>	<b>535,112,933.00</b>	<b>197,935,297.00</b>	<b>449,955,543</b>	<b>41.4</b>	<b>84.1</b>
<b>Finance &amp; Economic Planning</b>							
General administration planning and Support Services	Financial Services	467,000,000.00	440,442,096.00	226,383,656.27	209,403,747.	48.5	47.5
	<b>Sub-Total</b>	<b>467,000,000.00</b>	<b>440,442,096.00</b>	<b>226,383,656.27</b>	<b>209,403,747</b>	<b>48.5</b>	<b>47.5</b>
<b>Agriculture, Livestock &amp; Fisheries</b>							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	102,921,590.00	-	68,858,331.00		66.9	-
Livestock Production and Management	Livestock Production and Management	116,732,928.00	-	39,664,890.00		34.0	-
Crop Development and Management	Lands and Crop Development	-	850,829,926.00		63,184,103	-	7.4
Fisheries Development and Management	Fisheries Policy, Strategy and Capacity Building	30,938,970.00	-	5,534,081.00		17.9	-
	<b>Sub-Total</b>	<b>250,593,488.00</b>	<b>850,829,926.00</b>	<b>114,057,302.00</b>	<b>63,184,103</b>	<b>45.5</b>	<b>7.4</b>
<b>County Public Service Board</b>							
General administration planning and Support Services	Administration services	96,868,000.00	-	24,683,503.00	-	25.5	-
Human Resource Management and Development	Board Management Service	-	23,500,000.00	-	-	-	0.0
	<b>Sub-Total</b>	<b>96,868,000.00</b>	<b>23,500,000.00</b>	<b>24,683,503.00</b>	<b>-</b>	<b>25.5</b>	<b>0.0</b>
<b>Education, Skill Development, Youth &amp; Sports</b>							
General Administration, Planning and Support Services	Administration Services	533,863,481.00	-	321,162,940.42		60.2	-
Early Childhood Development and Education	Early Childhood Development and Education	-	214,294,347.00	-	17,050,480.00	-	8.0
	<b>Sub-Total</b>	<b>533,863,481.00</b>	<b>214,294,347.00</b>	<b>321,162,940.42</b>	<b>17,050,480</b>	<b>60.2</b>	<b>8.0</b>
<b>Administration, Coordination &amp; ICT</b>							
General administration planning and Support Services	Administration services	335,200,000.00	-	139,240,734.00	-	41.5	-
Coordination of functions of devolved Units	Executive Infrastructure Development		162,800,000.00		98,946,200	-	60.8
	<b>Sub-Total</b>	<b>335,200,000.00</b>	<b>162,800,000.00</b>	<b>139,240,734</b>	<b>98,946,200</b>	<b>41.5</b>	<b>60.8</b>
<b>County Health Services</b>							
General Administration, Planning and Support Services	Administration and support services	1,525,981,500.00	-	758,797,157.63		49.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
General Administration, Planning and Support Services	Health Infrastructure development	-	503,182,283.00	-	39,844,563.40	-	7.9
	<b>Sub-Total</b>	<b>1,525,981,500.00</b>	<b>503,182,283.00</b>	<b>758,797,157.63</b>	<b>39,844,563.40</b>	<b>49.7</b>	<b>7.9</b>
<b>Trade, Industry &amp; Enterprise Development</b>							
General administration planning and Support Services	Financial Services	86,700,000.00	-	29,106,599.00	-	33.6	-
Trade and Industrial Development	Development of infrastructure and facilities	-	189,300,000.00	-	6,620,976.05	-	3.5
	<b>Sub-Total</b>	<b>86,700,000.00</b>	<b>189,300,000.00</b>	<b>29,106,599.00</b>	<b>6,620,976.05</b>	<b>33.6</b>	<b>3.5</b>
<b>Tourism, Culture &amp; Social Services</b>							
Culture Services	Cultural infrastructure development	-	32,500,000.00	-	-	-	0.0
General administration, planning and support services	General Administration Services	123,358,270.00	-	63,049,421.00	-	51.1	-
	<b>Sub-Total</b>	<b>123,358,270.00</b>	<b>32,500,000.00</b>	<b>63,049,421.00</b>	<b>-</b>	<b>51.1</b>	<b>0.0</b>
<b>Water, Environment &amp; Natural Resources</b>							
Water Resources Management	Water Supply Infrastructure Development	-	351,033,000.00	-	1,749,500.00	-	0.5
General administration planning and Support Services	General administration planning and Support Services	108,512,000.00	-	38,360,628.00	-	35.4	-
Natural Resources Conservation and Management	Environmental policy development	-	125,001,968.00	-	8,618,800.00	-	6.9
Natural Resources Conservation and Management	Forests Conservation and Management	38,388,560.00	-	10,717,903.00	-	27.9	-
	<b>Sub-Total</b>	<b>146,900,560.00</b>	<b>476,034,968.00</b>	<b>49,078,531.00</b>	<b>10,368,300.00</b>	<b>33.4</b>	<b>2.2</b>
<b>Roads &amp; Public Works</b>							
General administration planning and Support Services	General administration planning and Support Services	65,760,878.00	-	27,385,764.00	-	41.6	-
General administration planning and Support Services	Operations and Maintenance	38,603,609.00	-	4,067,999.00	-	10.5	-
Road Transport Infrastructure Development	Roads Infrastructure Development	-	236,461,903.00	-	2,000,000.00	-	0.8
	<b>Sub-Total</b>	<b>104,364,487.00</b>	<b>236,461,903.00</b>	<b>31,453,763.00</b>	<b>2,000,000.00</b>	<b>30.1</b>	<b>0.8</b>
<b>Energy, Lands &amp; Urban Development</b>							
Urban Development Services	Solid Waste Management	-	134,394,560.00	-	29,020,384.00	-	21.6
General administration planning and Support Services	Administration and Support services	134,975,359.00	-	84,055,597.60	-	62.3	-
	<b>Sub-Total</b>	<b>134,975,359.00</b>	<b>134,394,560.00</b>	<b>84,055,597.60</b>	<b>29,020,384.00</b>	<b>62.3</b>	<b>21.6</b>

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec	Dev
<b>Office of the County Secretary</b>							
General administration, planning and support services	General Administration Services	11,000,000.00	-	-	-	0.0	-
	<b>Sub-Total</b>	<b>11,000,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>
<b>Attorney</b>							
General administration, planning and support services	General Administration Services	14,500,000.00	-	903,230.00	-	6.2	-
	<b>Sub-Total</b>	<b>14,500,000.00</b>	<b>-</b>	<b>903,230.00</b>	<b>-</b>	<b>6.2</b>	<b>-</b>
<b>Grand Total</b>		<b>5,100,313,443</b>	<b>4,324,337,005</b>	<b>2,426,889,595</b>	<b>937,002,970</b>	<b>47.6</b>	<b>21.7</b>

Source: Marsabit County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Energy, Lands & Urban Development Education, Skill Development, Youth & Sports at 62.3 per cent, General administration planning and Support Services in the Department of Education, Skill Development, Youth & Sports at 60.2 per cent, General administration, planning and support services in the Department of Tourism, Culture & Social Services at 51.1 per cent, and General Administration, Planning and Support Services in the department of County Health Services at 49.7 per cent of budget allocation.

### 3.25.13 Accounts Operated Commercial Banks

The County government operated a total of 11 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.25.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the prescribed timeline of 15<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.60.12 million against an annual projection of Kshs.190.00 million, representing 31.6 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car and mortgage loan scheme for staff of the County Assembly funds Fund and the Car and mortgage loan scheme Fund for the executive staff were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.340.55 million as of 31<sup>st</sup> December 2023.

5. Use of manual payroll. Personnel emoluments amounting to Kshs.276.14 million were processed through the manual payroll, accounting for 15.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for the Executive Mortgage Scheme, County Members Car Loan Scheme, Payments of Marsabit County Assembly staff car loan and mortgage scheme, Emergency Fund payments, Development account, County Deposit /retention account and three other accounts for conditional grants.
7. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.171, where the County incurred expenditure over approved exchequer issues in several departments.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash are exempted.*
7. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*

## **3.26. County Government of Meru**

### **3.26.1 Overview of FY 2023/24 Budget**

The County's approved budget for the FY 2023/24 was Kshs.11.9 billion, comprising Kshs.3.68 billion (30.9 per cent) and Kshs.8.22 billion (69.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 5 per cent compared to the previous financial year when the approved budget was Kshs.11.36 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.8.01 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.89 billion (83.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.14 billion as additional allocations/conditional grants, and generate Kshs.866.00 million (7.3 per cent) as gross own source revenue. The own source revenue includes Kshs.16.00 million (0.1 per cent) as ordinary Appropriations-in-Aid (A-I-A), Kshs.300.00 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.550.00 million (4.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.173.

### 3.26.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.4.11 billion as the equitable share of the revenue raised nationally, Kshs.0.50 billion as additional allocations/conditional grants, had a cash balance of Kshs30.85 million from FY 2022/23 and raised Kshs.374.63 million as own-source revenue (OSR). The raised OSR includes Kshs.5.62 million as ordinary A-I-A, Kshs.263.64 million as FIF and Kshs.105.37 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.51 billion, as shown in Table 3.173.

**Table 3.173: Meru County, Revenue Performance in the First Half of FY 2023/24**

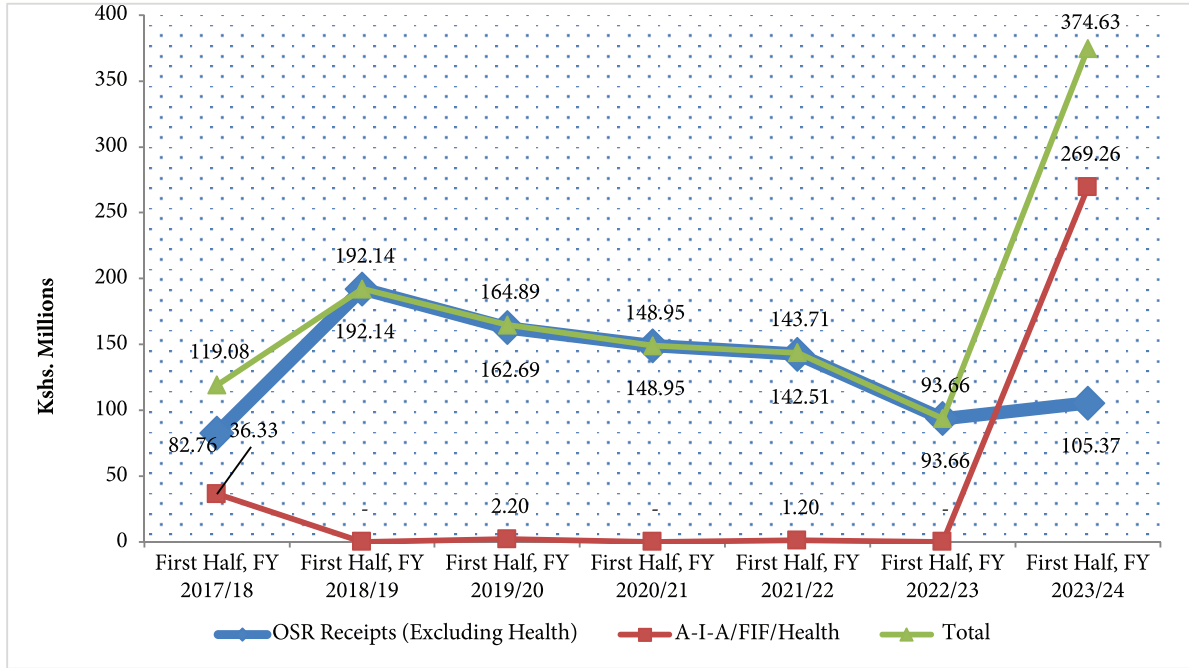
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>9,892,625,172</b>	<b>4,105,439,448</b>	<b>41.5</b>
<b>Subtotal</b>		<b>9,892,625,172</b>	<b>4,105,439,448</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	150,000,000	-	-
2.	IDA (World Bank) Credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
3.	DANIDA Grant	25,860,375	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	6,105,100	500,000	8.2
5.	Kenya Informal Settlement Programme (KISP)II	67,546,296	-	-
6.	World Bank Emergency Locust Responses Projects (ELRP)	121,171,561	-	-
7.	Aquaculture Business Development Programme (ABDP)	23,306,584	-	-
8.	Aggregated Industrial Parks Programme	100,000,000	-	-
9.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	11,000,000	-	-
10.	Livestock Value Chain Support Project	99,394,800	-	-
11.	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	-	-
12.	Provision for provision of Fertilizer Subsidy Programme	225,426,721	-	-
13.	Mineral Royalties	32,901	-	-
<b>Subtotal</b>		<b>1,143,186,318</b>	<b>500,000</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
14.	Ordinary Own Source Revenue	550,000,000	105,367,701	19.2
15.	Ordinary Appropriation in Aid (A-I-A)	16,000,000	5,617,992	35.1
16.	Facility Improvement Fund (FIF)	300,000,000	263,642,402	87.9
17.	Unspent balance from FY 2022/23	-	30,854,770	-
<b>Sub Total</b>		<b>866,000,000</b>	<b>405,482,865</b>	<b>46.8</b>
<b>Grand Total</b>		<b>11,901,811,490</b>	<b>4,511,422,313</b>	<b>37.9</b>

Source: Meru County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 76 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

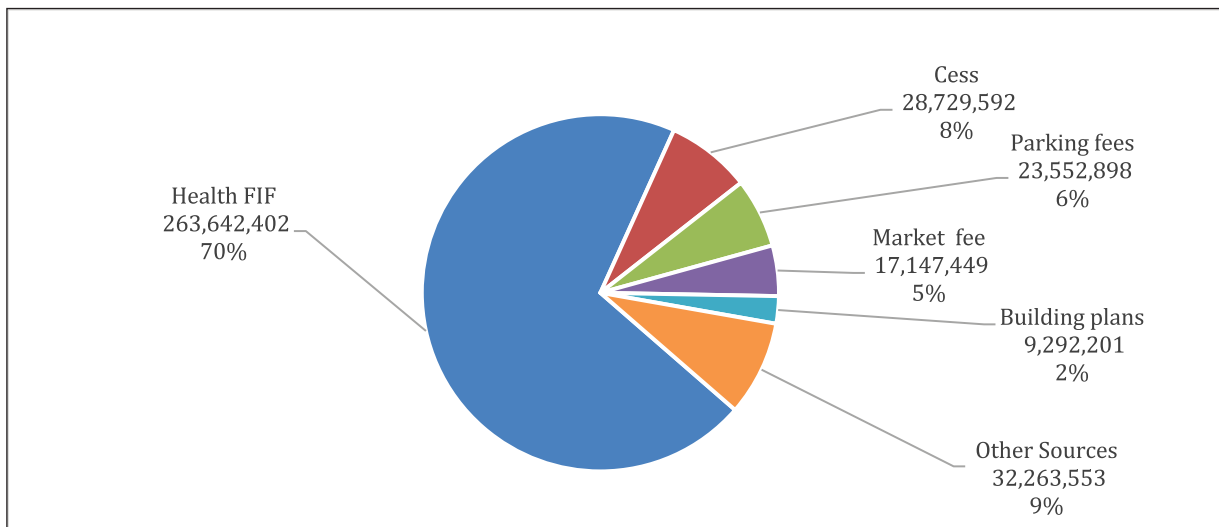
**Figure 76: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Meru County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.374.63 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented 43.3 per cent of the annual target and 9.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 77.

**Figure 77: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Meru County Treasury

The highest revenue stream of Kshs.263.64 million was from Health FIF, contributing to 70 per cent of the total OSR receipts during the reporting period.



### 3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.36 billion from the CRF account during the reporting period which comprised Kshs.241.90 million (6.6 per cent) for development programmes and Kshs.3.12 billion (37.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.88 billion was released towards Employee Compensation, and Kshs.1.24 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.876.86 million.

### 3.26.4 County Expenditure Review

The County spent Kshs.3.62 billion on development and recurrent programmes in the reporting period. The expenditure represented 107.8 per cent of the total funds released by the CoB and comprised Kshs.359.54 million and Kshs.3.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.8 per cent, while recurrent expenditure represented 39.7 per cent of the annual recurrent expenditure budget.

### 3.26.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.707.57 million, comprising Kshs.155.33 million for recurrent expenditure and Kshs.552.23 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.58.75 million were settled, consisting of Kshs.58.75 million for development programmes only. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.648.82 million.

There were no outstanding pending bills for the County Assembly as of 31<sup>st</sup> December 2023.

### 3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.70 billion on employee compensation, Kshs.1.14 billion on operations and maintenance, and Kshs.359.54 million on development activities. Similarly, the County Assembly spent Kshs.171.79 million on employee compensation and Kshs.244.80 million on operations and maintenance, 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
<b>Total Recurrent Expenditure</b>	<b>7,257,082,901</b>	<b>968,378,295</b>	<b>2,847,351,718</b>	<b>416,588,455</b>	<b>39.2</b>	<b>43.0</b>
Compensation to Employees	4,574,618,453	504,250,017	1,703,761,494	171,793,176	37.2	34.1
Operations and Maintenance	2,682,464,448	464,128,278	1,143,590,225	244,795,279	42.6	52.7
<b>Development Expenditure</b>	<b>3,636,350,293</b>	<b>40,000,000</b>	<b>359,542,358</b>	<b>-</b>	<b>9.9</b>	<b>-</b>
<b>Total</b>	<b>10,893,433,194</b>	<b>1,008,378,295</b>	<b>3,206,894,076</b>	<b>416,588,455</b>	<b>29.4</b>	<b>41.3</b>

Source: Meru County Treasury

### 3.26.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.88 billion, or 41.6 per cent of the available revenue which amounted to Kshs.4.51 billion. This expenditure represented a decrease from Kshs.2.90 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.29 billion paid to health sector employees, translating to 68.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.81 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.64.88 million was processed through manual payrolls. The manual payrolls accounted for 3.5 per cent of the total PE cost.

The County Assembly spent Kshs.20.65 million on committee sitting allowances for the 68 MCAs and the Speaker against the annual budget allocation of Kshs.71.36 million. The average monthly sitting allowance was Kshs.49,884 per MCA. The County Assembly has established 27 Committees.

### 3.26.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.810.30 million to county-established funds in FY 2023/24, constituting 6.8 per cent of the County's overall budget. Table 3.175 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.175: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund/Corporation	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Micro-Finance	76,155,481	20,986,412	39,902,873	Yes
2.	Investment and Development	21,709,324	6,116,344	31,071,930	Yes
3.	Meru Youth Service	45,000,000	19,935,858	23,272,355	Yes
4.	Revenue Board	359,932,000	140,038,183	145,038,183	No
5.	Education Scholarship	156,500,000	-	-	No
6.	Executive Staff Housing Fund	121,000,000	-	-	No
<b>County Assembly Established Funds</b>					
7.	County Assembly of Meru Staff Car Loan and Mortgage Fund	30,000,000	30,000,000	30,000,000	No
8.	County Assembly of Meru MCAs Car Loan and Mortgage Fund	-	-	-	No
<b>Total</b>		<b>810,296,805</b>	<b>217,076,797</b>	<b>269,285,341</b>	<b>-</b>

Source: Meru County Treasury

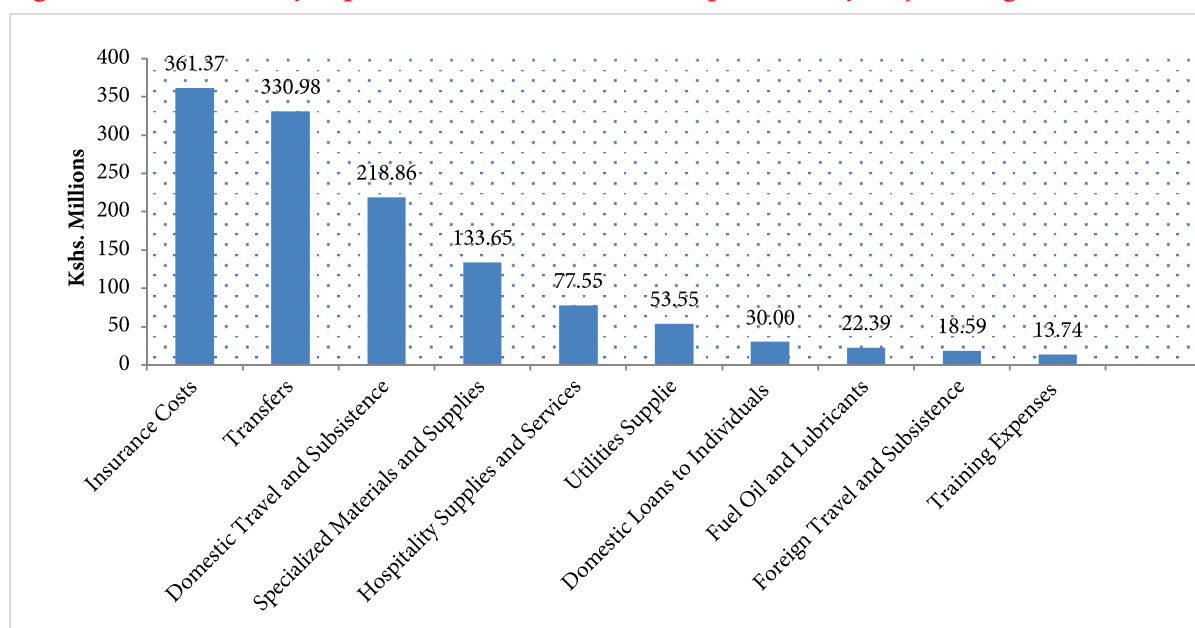
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 5 funds as indicated in Table 3.175, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.26.9 Expenditure on Operations and Maintenance

Figure 78 summarises the Operations and Maintenance expenditure by major categories.

**Figure 78: Meru County, Operations and Maintenance Expenditure by Major Categories**



Source: Meru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.218.86 million and comprised Kshs.122.61 million spent by the County Assembly and Kshs.96.26 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.59 million and comprised Kshs.17.69 million by the County Assembly and Kshs.0.90 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.176 below; -

**Table 3.176: Summary of Highest Expenditure on Foreign Travel as of 31st December 2023**

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	28th June to 11th July 2023	International Conference for Clerks on Post Pandemic strategic public administration and management	Australia	1,690,800
County Assembly	1	6th to 15th Aug 2023	workshop on legislation, oversight and rep	Arusha, Tz	500,000
County Assembly	7	4th to 11th Sept 2023	East Africa Legislative Summit on Climate Conversation	Rwanda	3,500,000
County Assembly	2	15th to 21st Sept 2023	training on Developing effective Public Service	Arusha, Tz	1,000,000
County Assembly	7	14th to 21st September 2023	Capacity-building training on governance leadership, public policy and peacebuilding across East Africa	Uganda	3,497,450
County Assembly	7	24th Sept to 4th Oct 2023	Facilitation to a workshop on Efficient Governance and Sustainable Progress for Decentralized Authorities	Arusha, Tz	3,500,000
County Assembly	1	15th to 20th September 2023	Legislative Oversight and Representation Workshop	Arusha, Tz	500,000
County Assembly	2	19th to 26th Sept 2023	Workshop on Capacity Building for Assemblies	Dubai, UAE	1,000,000
County Assembly	5	22nd to 28th Sept 2023	Monitoring, Evaluation on Oversight Roles Workshop	Uganda	2,500,000

Source: Meru County Assembly

### 3.26.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.359.54 million on development programmes, representing an increase of 411.6 per cent compared to a similar period of FY 2022/23 when the County

spent Kshs.70.28 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.177: Meru County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health Services	Payment of projects in hospital facilities under FIF	All Facilities	-	113,642,402	76
2	Water, Irrigation, Environment & Natural Resources	Climate Change Action Co-funding	Countywide	59,882,428	59,882,428	100
3	Finance, ICT & Economic Planning	Procurement of a cashless revenue system	Headquarters	27,000,000	27,000,000	100
4	Human Resource	Legal fees compensation for Leopard Rock	Headquarters	20,000,000	20,000,000	20
5	Energy	Purchase of Lighting equipment	Countywide	20,000,000	19,823,345	99
6	Roads & Transport	Maintenance of roads under the Mechanical Transport Fund	All Wards	100,000,000	15,000,000	15
7	Meru Youth Service	Meru Youth Service annual intake facilitation and purchase of materials	Countywide	11,576,450	11,576,450	58
8	Roads & Transport	Payment for Grading & Graveling Works in Antuambui Ward	Antuambui Ward	6,973,467	6,973,467	100
9	Agricultural Training Centre-Kaguru	Fencing of Kaguru ATC & Mitunguu AMS	Imenti South	6,534,916	6,534,916	33
10	Health Services	Payment For Proposed Construction of Athiru Ruujine Inpatient Ward	Athiru Ruujine	Not provided	6,074,153	100

Source: Meru County Treasury

### 3.26.11 Budget Performance by Department

Table 3.178 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.178: Meru County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	968.38	40.00	416.62	-	416.59	-	100.0	-	43.0	-
Office of the Governor	173.03	-	56.63	-	56.63	-	100.0	-	32.7	-
Finance, Economic Planning and ICT	827.50	119.41	263.10	32.00	263.10	32.00	100.0	100.0	31.8	26.8
Agriculture, Livestock & Fishery	39.45	1,061.04	11.33	10.03	11.33	10.03	100.0	100.0	28.7	0.9
Water, & Irrigation	50.13	399.52	20.22	61.87	16.22	65.87	80.2	106.5	32.3	16.5
Education, Technology, Gender, Culture & Social Development	256.06	88.17	45.29	-	45.29	-	100.0	-	17.7	-
Health Services	557.26	448.82	118.27	30.25	268.27	143.89	226.8	475.7	48.1	32.1
Lands, Physical Planning, Urban Development & Public Works	71.18	172.55	15.70	3.89	15.70	3.89	100.0	100.0	22.1	2.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Administration & Legal Affairs	5,080.07	105.00	2,103.29	20.00	2,103.29	20.00	100.0	100.0	41.4	19.0
Roads, Transport & Energy	38.24	696.47	9.96	57.04	9.96	57.04	100.0	100.0	26.1	8.2
Trade, Investment, Industrialization, Tourism & Co-op Development	44.90	401.13	14.05	10.85	14.05	10.85	100.0	100.0	31.3	2.7
Youth Affairs & Sports	94.77	144.25	35.48	15.96	35.48	15.96	100.0	100.0	37.4	11.1
County Public Service Board	24.50	-	8.05	-	8.05	-	100.0	-	32.8	-
<b>Total</b>	<b>8,225.46</b>	<b>3,676.35</b>	<b>3,117.97</b>	<b>241.90</b>	<b>3,263.94</b>	<b>359.54</b>	<b>104.7</b>	<b>148.6</b>	<b>39.7</b>	<b>9.8</b>

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 32.1 per cent, followed by the Department of Finance, Economic Planning and ICT at 26.8 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 48.1 per cent while the Department of Education, Technology, Gender, Culture & Social Development had the lowest at 17.7 per cent.

The over-expenditure above the exchequer requisitions in the Department of Health Services arose due to the spending of health FIF which is not swept to the CRF. The FIF is spent as per the county legislation governing the operation of ordinary A-I-A and FIF.

### 3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.179 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.179: Meru County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>COUNTY ASSEMBLY OF MERU</b>							
Legislation and Representation	Legislation and Representation	423,198,171	-	143,426,176	-	33.9	-
Legislative Oversight	Legislative Oversight	223,126,596	-	102,850,151	-	46.1	-
General Admin, Planning & Support	General Admin, Planning & Support	322,053,528	40,000,000	170,312,128	-	52.9	-
<b>Sub-Total</b>		<b>968,378,295</b>	<b>40,000,000</b>	<b>416,588,455</b>	<b>-</b>	<b>43.0</b>	<b>-</b>
<b>OFFICE OF THE GOVERNOR</b>							
Headquarters	Headquarters	84,914,018	-	34,057,555	-	40.1	-
Communication	Communication	25,480,000	-	3,535,400	-	13.9	-
Monitoring and Evaluation	Monitoring and Evaluation	13,179,000	-	2,761,300	-	21.0	-
Delivery unit (Research and Strategy)	Delivery unit (Research and Strategy)	9,250,000	-	1,772,600	-	19.2	-
Special Programmes (Fire, Rescue and Emergency Services)	Special Programmes (Fire, Rescue and Emergency Services)	25,000,000	-	8,087,500	-	32.4	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive Administration Headquarters	County Executive Administration Headquarters	7,100,000	-	2,597,400	-	36.6	-
External Linkages & Partnership	External Linkages & Partnership	8,111,000	-	3,813,500	-	47.0	-
<b>Sub-Total</b>		<b>173,034,018</b>	<b>-</b>	<b>56,625,255</b>	<b>-</b>	<b>32.7</b>	<b>-</b>
<b>FINANCE ECONOMIC PLANNING &amp; ICT</b>							
General Administration	Administration	267,857,430	-	60,761,629	-	22.7	-
Investment Corporation	MCIDC	21,709,324	-	6,116,344	-	28.2	-
Microfinance Corporation	Meru Microfinance Corporation	76,155,481	-	20,986,412	-	27.6	-
Revenue Board	Meru County Revenue Board	332,432,000	27,500,000	140,038,183	5,000,000	42.1	18.2
Procurement	Procurement	8,951,480	-	2,814,900	-	31.4	-
Internal Audit	Internal Audit	8,785,200	-	3,935,800	-	44.8	-
Budget and Policy	Budget and Policy	30,686,777	-	8,881,600	-	28.9	-
Accounts	Accounts	6,591,200	-	2,893,600	-	43.9	-
ICT Development	ICT Development	12,770,900	68,600,000	3,677,366	27,000,000	28.8	39.4
Economic Planning and Coordination Services	Economic Planning and Coordination Services	8,780,000	-	4,108,600	-	46.8	-
Fleet Management	Fleet Management	42,250,000	-	2,827,225	-	6.7	-
Administration Services	Administration Services	10,525,665	23,311,393	6,056,374	-	57.5	-
<b>Sub-Total</b>		<b>827,495,457</b>	<b>119,411,393</b>	<b>263,098,033</b>	<b>32,000,000</b>	<b>31.8</b>	<b>26.8</b>
<b>AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES</b>							
General Administration	General Administration	8,540,000	841,837,419	3,742,400	-	43.8	-
Livestock	Livestock	8,250,000	153,394,800	1,366,250	-	16.6	-
Fisheries	Fisheries	4,605,000	26,806,584	800,000	-	17.4	-
Veterinary Services	Veterinary Services	-	19,000,000	-	-	-	-
Agricultural Services	Agricultural Services	13,792,586	-	4,763,425	-	34.5	-
Animal Disease Management	Animal Disease Management	4,260,000	-	657,000	-	15.4	-
Agricultural Training Centre (Kaguru)	Agricultural Training Centre (ATC)	-	20,000,000	-	10,032,563	-	50.2
<b>Sub-Total</b>		<b>39,447,586</b>	<b>1,061,038,803</b>	<b>11,329,075</b>	<b>10,032,563</b>	<b>28.7</b>	<b>0.9</b>
<b>WATER IRRIGATION ENVIRONMENT &amp; NATURAL RESOURCES</b>							
Water & Irrigation	Water & Irrigation	21,014,471	328,639,884	6,711,619	5,991,995	31.9	1.8
Environment and Natural Resources	Environment and Natural Resources	29,113,144	70,882,428	9,504,310	59,882,428	32.6	84.5
<b>Sub-Total</b>		<b>50,127,615</b>	<b>399,522,312</b>	<b>16,215,929</b>	<b>65,874,423</b>	<b>32.3</b>	<b>16.5</b>
<b>EDUCATION, TECHNOLOGY, GENDER &amp; SOCIAL DEVELOPMENT</b>							
Administration Services	Administration Services	12,402,100	-	3,259,500	-	26.3	-
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	223,557,595	40,143,318	35,414,500	-	15.8	-
Technical and Vocation Education	Technical and Vocation Education	9,372,225	48,027,375	3,468,100	-	37.0	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture & Arts	Culture & Arts	10,726,400	-	3,146,300	-	29.3	-
<b>Sub-Total</b>		<b>256,058,320</b>	<b>88,170,693</b>	<b>45,288,400</b>	-	<b>17.7</b>	-
<b>HEALTH SERVICES</b>							
General Administration Support & Planning	General Administration Support & Planning	21,732,383	-	6,147,144	-	28.3	-
Curative Health	Curative Health	495,079,867	448,815,213	255,944,424	143,889,105	51.7	32.1
Preventive and Promotive Health	Preventive and Promotive Health	40,451,102	-	6,180,050	-	15.3	-
<b>Sub-Total</b>		<b>557,263,353</b>	<b>448,815,213</b>	<b>268,271,618</b>	<b>143,889,105</b>	<b>48.1</b>	<b>32.1</b>
<b>LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT &amp; PUBLIC WORKS</b>							
Lands & Housing	Lands & Housing	15,050,000	60,000,000	4,628,296	3,891,034	30.8	6.5
Physical Planning, & Urban Development	Lands & Public Works	15,600,000	102,546,296	4,143,500	-	26.6	-
Meru Municipality	Meru Municipality	20,000,000	-	4,215,600	-	21.1	-
Maua Municipality	Maua Municipality	9,000,000	-	711,200	-	7.9	-
Timau Municipality	Timau Municipality	7,000,000	-	717,200	-	10.2	-
Public Works	Public Works	4,530,000	10,000,000	1,283,700	-	28.3	-
<b>Sub-Total</b>		<b>71,180,000</b>	<b>172,546,296</b>	<b>15,699,496</b>	<b>3,891,034</b>	<b>22.1</b>	<b>2.3</b>
<b>PUBLIC SERVICE ADMINISTRATION &amp; LEGAL AFFAIRS</b>							
General Administration	General Administration	17,860,531	-	8,614,396	-	48.2	-
Coordination of County Government Functions Sub-County	Coordination of County Government Functions Sub-County	26,613,124	-	6,157,700	-	23.1	-
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	46,671,068	-	5,574,480	-	11.9	-
Human Resource	Human Resource	4,910,623,731	105,000,000	2,023,810,061	20,000,000	41.2	19.0
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	77,200,000	-	59,134,900	-	76.6	-
Town Management & Administration	Town Management & Administration	1,100,000	-	-	-	-	-
<b>Sub-Total</b>		<b>5,080,068,454</b>	<b>105,000,000</b>	<b>2,103,291,536</b>	<b>20,000,000</b>	<b>41.4</b>	<b>19.0</b>
<b>ROADS, TRANSPORT &amp; ENERGY</b>							
General Administration-Roads	General Administration-Roads	27,770,000	671,469,433	7,739,780	32,743,041	27.9	4.9
Energy	Energy	10,465,558	25,000,000	2,221,000	24,299,445	21.2	97.2
<b>Sub-Total</b>		<b>38,235,558</b>	<b>696,469,433</b>	<b>9,960,780</b>	<b>57,042,486</b>	<b>26.1</b>	<b>8.2</b>
<b>TRADE, TOURISM &amp; COOPERATIVE DEVELOPMENT</b>							
Co-operatives Development	Co-operatives Development	12,723,540	18,100,000	4,571,800	10,848,438	35.9	59.9
Tourism	Tourism	17,600,000	-	5,304,900	-	30.1	-
Trade	Trade	14,575,000	383,026,150	4,171,778	-	28.6	-
<b>Sub-Total</b>		<b>44,898,540</b>	<b>401,126,150</b>	<b>14,048,478</b>	<b>10,848,438</b>	<b>31.3</b>	<b>2.7</b>
<b>YOUTH AFFAIRS &amp; SPORTS</b>							
Youth Affairs Programme	Youth Affairs Programme	8,380,000	10,000,000	3,249,300	-	38.8	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Meru Youth Service	Meru Youth Service	25,000,000	20,000,000	8,368,844	14,461,208	33.5	72.3
Sports Development	Sports Development	33,390,000	45,250,000	17,332,125	1,503,100	51.9	3.3
Gender Mainstreaming	Gender Mainstreaming	28,000,000	69,000,000	6,527,450	-	23.3	-
<b>Sub-Total</b>		<b>94,770,000</b>	<b>144,250,000</b>	<b>35,477,719</b>	<b>15,964,308</b>	<b>37.4</b>	<b>11.1</b>
<b>COUNTY PUBLIC SERVICE BOARD</b>							
Human Resource Management	Human Resource Management	24,504,000	-	8,045,400	-	32.8	-
<b>Sub-Total</b>		<b>24,504,000</b>	<b>-</b>	<b>8,045,400</b>	<b>-</b>	<b>32.8</b>	<b>-</b>
<b>Grand Total</b>		<b>8,225,461,197</b>	<b>3,676,350,293</b>	<b>3,263,940,174</b>	<b>359,542,358</b>	<b>39.7</b>	<b>9.8</b>

Source: Meru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Legal Representation, Advisory Services and Legislative Process in the Department of Public Service Administration & Legal Affairs at 76.6 per cent, Energy in the Department of Roads, Transport & Energy at 74.8 per cent, and Environment and Natural Resources in the Department of Water Irrigation Environment & Natural Resources at 69.4 per cent of budget allocation.

### 3.26.13 Accounts Operated Commercial Banks

The County government operated a total of 22 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.26.14 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. The underperformance of own-source revenue at Kshs.374.63 million against an annual projection of Kshs.866.00 million, representing 43.3 per cent of the annual target.
2. 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. The reports for the Education Scholarship Fund, County Assembly Staff Car Loan & Mortgage Fund, County Assembly of Meru MCAs Car Loan and Mortgage Fund, Executive Staff Housing Fund and Meru County Revenue Board were not submitted to the Controller of Budget.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.178, where the County incurred expenditure over approved exchequer issues in the Department of Water Irrigation Environment & Natural Resources.
4. High level of pending bills which amounted to Kshs.648.82 million as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.64.88 million were processed through the manual payroll, accounting for 3.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.



6. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for the County Assembly Members Fund Account, County Assembly Staff Car loan and mortgage Fund Account, Retention Account, County Assembly Operations Account, Revenue collection account for Level 4 & 3 Hospitals, SPA- Urban Development (Meru Municipality), SPA- Urban Institution Capacity Development, Support Agricultural Projects, Support Agricultural Projects, Energy & Environment Programme Grants, Revenue collection account for Meru Level 5 Hospital, Support of Fisheries Programme, Operations at level 4 & 5 Hospitals, County Executive Operations, ECDE Development Fund, Emergency Locust Response Programs, Level 5 Operations, Fund to support education for needy students, Informal Settlement Support, Climate Change, Support Agricultural Projects, and Industrial Park Development.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collections accounts are exempted.*

## 3.27. County Government of Migori

### 3.27.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.11.66 billion, comprising Kshs.4.34 billion (37.2 per cent) and Kshs.7.32 billion (62.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 12.6 per cent compared to the previous financial year when the approved budget was Kshs.10.36 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.7.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.34 billion (71.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.71 million (14.6 per cent) as additional allocations/conditional grants including balances brought forward, a cash balance of Kshs.984.97 million (8.4 per cent) brought forward from FY 2022/23, and generate Kshs.625.47 million (5.4 per cent) as gross own source revenue. The own source revenue includes Kshs.5.47 million (0.9 per cent) as ordinary Appropriations-in-Aid (A-I-A), Kshs.140 million (22.4 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.480 million (76.7 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.180.

### 3.27.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.75 billion as the equitable share of the revenue raised nationally, 0.5 million as additional allocations/conditional grants, a cash balance of Kshs.984.97 million from FY 2022/23, and raised Kshs.187.13 million as own-source revenue (OSR). The raised OSR includes Kshs.3.83 million as ordinary A-I-A, Kshs.76.75 million as FIF and Kshs.106.55 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.93 billion, as shown in Table 3.180.

**Table 3.180: Migori County, Revenue Performance in the First Half of FY 2023/24**

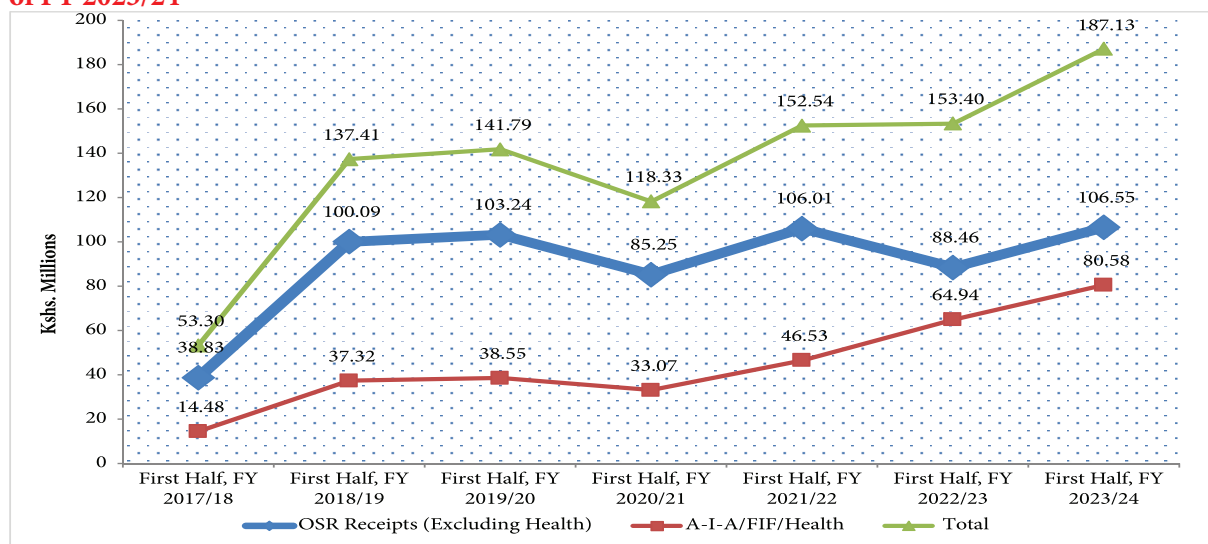
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	8,341,446,108	2,752,677,216	33.0
	<b>Sub Total</b>	<b>8,341,446,108</b>	<b>2,752,677,216</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	26,754,689	-	-
2.	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP) Balances B/Fwd	199,558,600	-	-
3.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,120,452	500,000	44.6
4.	Aquaculture Business Development Project (ABDP)	13,617,785	-	-
5.	Livestock Value Chain Support Project	14,323,680	-	-
6.	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
7.	Grant from National Government - Industrial Park	250,000,000	-	-
8.	Climate Change Grant Plus Balances B/Fwd	627,700,000	-	-
9.	Transforming Health Services for Universal Care Project Balances B/Fwd	4,801,620	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grants (UDG) Balances B/Fwd	32,678,182	-	-
11.	EU Grant for Instrument for Devolution Advice and Support (IDEAS) Balances B/Fwd.	5,706,628	-	-
12.	Road Maintenance Fuel Levy Balances B/Fwd.	5,442,438	-	-
13.	Leasing of Medical Equipment	124,723,404	-	-
14.	Fertilizer Subsidy	144,621,807	-	-
15.	Allocation for Court fines	974,165	-	-
16.	Allocation for Mineral Royalties	3,125,408	-	-
<b>Sub Total</b>		<b>1,705,148,858</b>	<b>500,000</b>	<b>0.03</b>
<b>C</b>	<b>Own Source Revenue</b>			
17.	Ordinary Own Source Revenue	480,000,000	106,551,295	22.2
18.	Ordinary Appropriation in Aid (A-I-A)	5,474,299	3,825,799	69.9
19.	Facility Improvement Fund (FIF)	140,000,000	76750347	54.8
<b>Subtotal</b>		<b>625,474,299</b>	<b>187,127,441</b>	<b>29.9</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
20.	Unspent balance from FY 2022/23	984,968,256	984,968,256	100.0
<b>Sub Total</b>		<b>984,968,256</b>	<b>984,968,256</b>	<b>100.0</b>
<b>Grand Total</b>		<b>11,657,037,521</b>	<b>3,925,272,913</b>	<b>33.7</b>

Source: Migori County Treasury

Figure 79 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

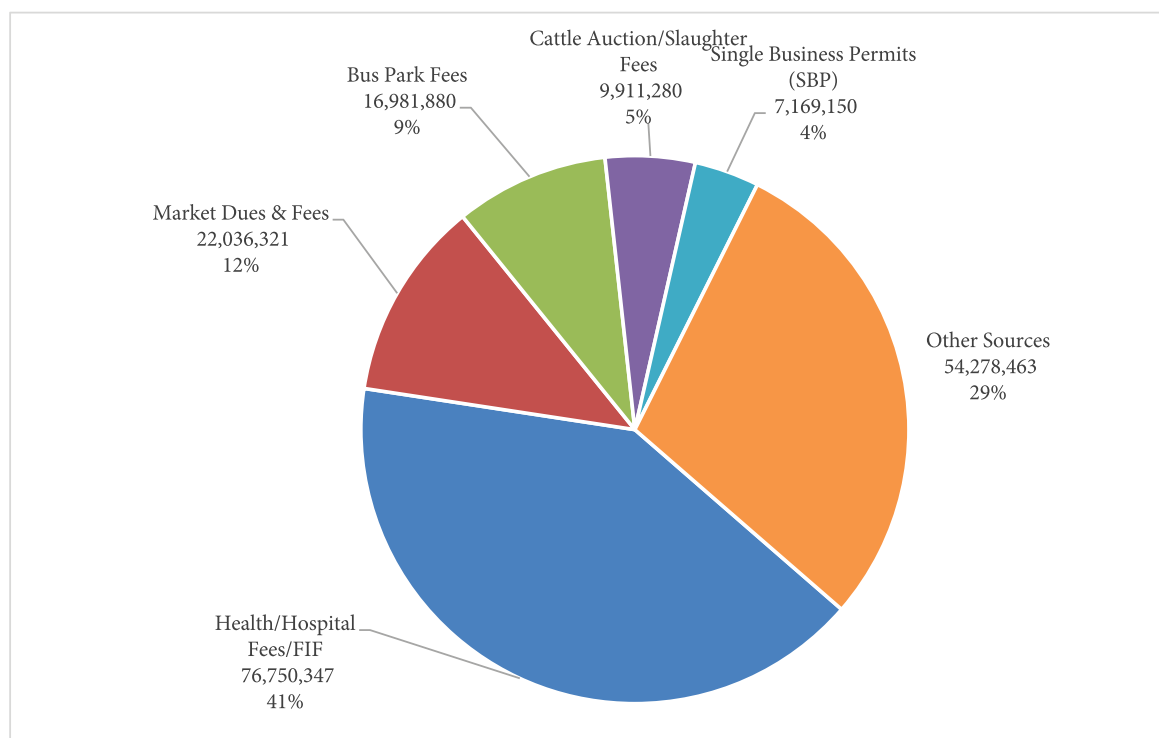
**Figure 79: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Migori County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.187.13 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 22 per cent compared to Kshs.153.40 million realised in a similar period in FY 2022/23 and was 29.9 per cent of the annual target and 6.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 80.

**Figure 80: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Migori County Treasury*

The highest revenue stream of Kshs.76.75 million was from Hospital service fees (F.I.F) contributing to 41 per cent, followed by Market dues and fees at 12 per cent of the total OSR receipts during the reporting period.

### 3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.68 billion from the CRF account during the reporting period which comprised Kshs.530.96 million (14.4 per cent) for development programmes and Kshs.3.15 billion (85.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.78 billion was released towards Employee Compensation, and Kshs.1.36 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.190.61 million.

### 3.27.4 County Expenditure Review

The County spent Kshs.3.64 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.7 per cent of the total funds released by the CoB and comprised Kshs.518.41 million and Kshs.3.12 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.9 per cent, while recurrent expenditure represented 42.6 per cent of the annual recurrent expenditure budget.

### 3.27.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.39 billion, comprising of Kshs.523.22 million for recurrent expenditure and Kshs.862.98 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.484.38 million

were settled, consisting of Kshs.112.14 million for recurrent expenditure and Kshs.497.95 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.901.83 million.

The outstanding pending bills for the County Assembly was Kshs.134.43 million as of 31<sup>st</sup> December 2023.

### 3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.54 billion on employee compensation, Kshs.1.00 billion on operations and maintenance, and Kshs.518.41 million on development activities. Similarly, the County Assembly spent Kshs.239.51 million on employee compensation and Kshs.336.93 million on operations and maintenance, as shown in Table 3.181.

**Table 3.181: 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
<b>Total Recurrent Expenditure</b>	<b>6,314,517,845</b>	<b>1,003,508,709</b>	<b>2,542,061,583</b>	<b>576,439,776</b>	<b>40.3</b>	<b>57.4</b>
Compensation to Employees	3,103,388,617	484,603,213	1,538,220,634	239,505,697	49.6	49.4
Operations and Maintenance	3,211,129,228	518,905,496	1,003,840,949	336,934,079	31.3	64.9
<b>Development Expenditure</b>	<b>4,239,010,967</b>	<b>100,000,000</b>	<b>518,410,635</b>	<b>-</b>	<b>12.2</b>	<b>-</b>
<b>Total</b>	<b>10,553,528,812</b>	<b>1,103,508,709</b>	<b>3,060,472,219</b>	<b>576,439,776</b>	<b>29.0</b>	<b>52.2</b>

*Source: Migori County Treasury*

### 3.27.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.78 billion, or 45.3 per cent of the available revenue which amounted to Kshs.3.93 billion. This expenditure represented an increase of 8.3 per cent from Kshs.1.64 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.605.54 million paid to health sector employees, translating to 34.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.71 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.69.25 million was processed through manual payrolls. The manual payrolls accounted for 3.9 per cent of the total PE cost.

The County Assembly spent Kshs.19.89 million on committee sitting allowances for the 59 MCAs and the Speaker against the annual budget allocation of Kshs.54.22 million. The average monthly sitting allowance was Kshs.55,253 per MCA. The County Assembly has established 27 House Committees.

### 3.27.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.204 million to county-established funds in FY 2023/24, constituting 1.8 per cent of the County's overall budget. Table 3.182 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.182: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Migori County Executive Car loans & House Mortgage fund Scheme	-	-	-	247,500,000	Yes
2.	Migori County Education Bursary Fund	120,000,000	-	-	720,000,000	Yes
3.	Migori County Scholarships & Educational Benefits Fund	20,000,000	-	-	260,000,000	Yes
4.	Migori County Alcoholic Drink Fund	-	-	-	2,250,318	Yes
5.	Migori County SMEs Trade Development - Revolving Loan Scheme	54,000,000	-	-	-	Inactive
<b>County Assembly Established Funds</b>						
6.	Migori County Assembly Car loans & House Mortgage fund Scheme	10,000,000	-	-	236,000,000	No
<b>Total</b>		<b>204,000,000</b>	<b>-</b>	<b>-</b>	<b>1,465,750,318</b>	

Source: Migori County Treasury

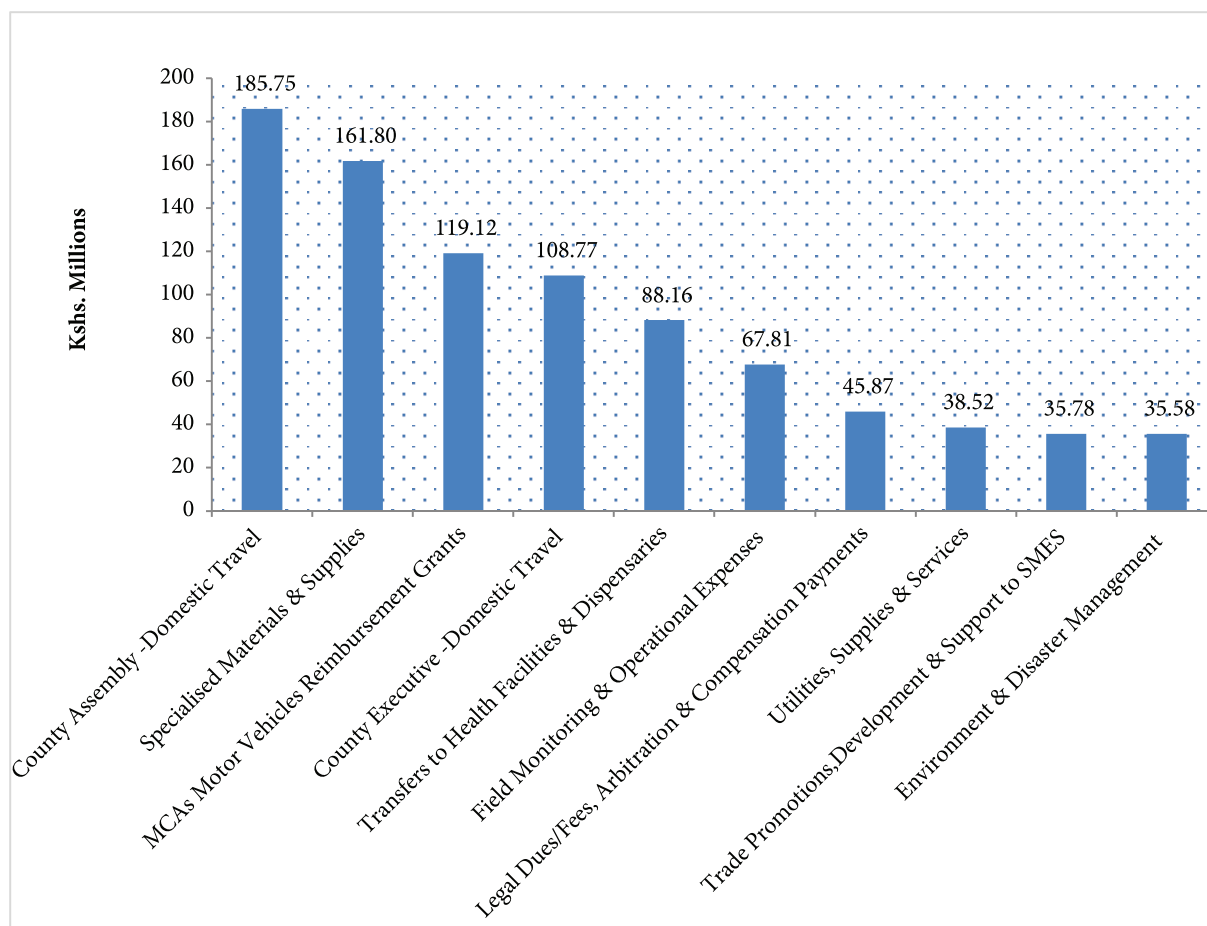
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Car Loans & Mortgage Fund Scheme as indicated in Table 3.182, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.27.9 Expenditure on Operations and Maintenance

Figure 81 summarises the Operations and Maintenance expenditure by major categories.

**Figure 81: Migori County, Operations and Maintenance Expenditure by Major Categories**



Source: Migori County Treasury

During the period, expenditure on domestic travel amounted to Kshs.294.52 million and comprised Kshs.185.75 million spent by the County Assembly and Kshs.108.77 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.71 million which was entirely incurred by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.183.

**Table 3.183: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	4th September-9th September, 2023	LARVac Local Meeting on Financial Issues	Tanzania, Entebbe	1,682,570.30
County Assembly	1	30th April-10th May 2023	Training by Young Norwegian Christian Democrats, the Conservatives and the Young Liberals	Norway	681,556.20
County Assembly	1	16th May-20th May 2023	Opening of LARVac Account & LARVac Meeting	Tanzania, Mbarara	347,294.50
<b>Total</b>					<b>2,711,421.00</b>

Source: Migori County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.16 million on garbage collection and management

### 3.27.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.518.41 million on development programmes, representing an increase of 100 per cent compared to a similar period of FY 2022/23 when the County did not report any expenditure on development programmes. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.184: Migori County, List of Development Projects with the Highest Expenditure**

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation Status (%)
1	Roads, Transport, Public Works & Infrastructural Development	Upgrading to Bitumen Std Of C727 Junction -Kanyimach Junction-Cham Gi Wadu Road	South Kamag-ambo	350,000,000	110,139,594	31
2	Roads, Transport, Public Works & Infrastructural Development	Repairs & Resurfacing of A1- Access to Government Offices HQ-Omboo Loop Road	Suna Central	18,901,504	18,901,504	100
3	Water & Energy	Installation of Solar Floodlights in Migori County	County Wide	11,980,480	11,980,480	100
4	Finance & Economic	Planning Supply, Installation, Implementation & Commissioning of Revenue Management System (RMS) Headquarters		14,121,866	9,036,045	64
5	Water & Energy	Repair of Solar Powered Commercial Floodlights	County Wide	8,920,563	8,920,563	100
6	Education, Gender Inclusivity, Social Services, Youth & Sports	Construction of Administration & Workshop Block at Uriri Training Centre PH 1	Central Kanyamkago	8,805,668	8,805,668	100
7	Roads, Transport, Public Works & Infrastructural Development	Maintenance/Opening of E109 Kwoyo Kodalo-A1 Rongo-Maram-Sango- A1 Marera-Nyaburu-C20 Winyo Road	Central Kamag-ambo	7,533,946	7,533,946	100
8	Health Medical Services	Construction of Maternity Ward at Nyamaraga Sub-County Hospital	Wasimbete	6,979,375	6,979,375	100
9	Water & Energy	Repair of Rig Utility Vehicle & Support Track	Suna Central	6,009,527	6,009,527	100
10	Education, Gender Inclusivity, Social Services, Youth & Sports	Supply & Delivery of Building Materials to Macalder Vocational Training Centre	Macalder Kanyarwanda	4,999,600	4,999,600	100

Source: Migori County Treasury

### 3.27.11 Budget Performance by Department

Table 3.185 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.



**Table 3.185: Migori County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	228.64	738.27	166.92	9.56	166.92	3.76	100.0	39.3	73.0	0.5
Trade, Tourism, Industry, Market & Cooperative Development	183.48	569.21	66.47	20.49	61.56	20.49	92.6	100.0	33.6	3.6
Health Medical Services	1,796.85	410.75	932.92	34.95	928.72	34.95	99.5	100.0	51.7	8.5
Education, Gender inclusivity, Social Services, Youth and Sports	550.90	125.55	192.27	22.77	192.27	22.77	100.0	100.0	34.9	18.1
Roads, Transport, Public Works & Infrastructural Development	132.38	774.41	59.98	181.33	56.00	178.91	93.4	98.7	42.3	23.1
Lands, Physical Planning, Housing & Urban Development	180.43	109.01	64.89	9.77	64.89	6.53	100.0	66.9	36.0	6.0
Environment, Natural Resources, Climate Change and Disaster Management	234.76	666.50	66.02	-	66.02	0.00	100.0	-	28.1	-
Finance and Economic Planning	972.85	24.12	341.12	9.04	336.07	9.04	98.5	100.0	34.5	37.5
Public Service Management, Monitoring and Evaluation & Performance Contracting	786.94	51.13	334.34	9.50	328.90	9.50	98.4	100.0	41.8	18.6
County Executive	602.44	147.97	198.87	0.04	198.87	0.04	100.0	-	33.0	0.0
County Assembly	1,003.51	100.00	582.90	-	576.44	0.00	98.9	-	57.4	-
Water and Energy	166.95	437.32	50.04	154.54	47.97	154.54	95.9	100.0	28.7	35.3
Public Health & Sanitation	309.62	184.76	33.03	78.95	32.96	77.87	99.8	98.6	10.6	42.1
Office of the County Attorney	168.27	0.00	64.11	-	60.92	0.00	95.0	-	36.2	-
<b>Total</b>	<b>7,318.03</b>	<b>4,339.01</b>	<b>3,153.89</b>	<b>530.96</b>	<b>3,118.50</b>	<b>518.41</b>	<b>98.9</b>	<b>97.6</b>	<b>42.6</b>	<b>11.9</b>

*Source: Migori County Treasury*

Analysis of expenditure by department shows that the Department of Public Health & Sanitation recorded the highest absorption rate of development budget at 42.1 per cent, followed by the Department of Finance and Economic Planning at 37.5 per cent. The Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy had the highest percentage of recurrent expenditure to budget at 73 per cent while the Department of Public Health & Sanitation posted the lowest at 10.6 per cent.

Table 3.186 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.186: Migori County, Budget Execution by Programmes and Sub-Programmes**

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Department of County Executive</b>							
General administration and support services	General Administration (Office of the Governor)	202,600,000	-	82,013,688	-	40.5	-
	other infrastructure		140,000,000		43,426	-	-
	General Administration (County sec)	44,450,000	-	10,945,640	-	24.6	-
	General Administration (dep gov)	40,300,000	-	12,444,100	-	30.9	-
	General Administration (ICT)	13,780,000	-	6,732,650	-	48.9	-
	General Administration (Special prog)	16,100,000	-	2,159,680	-	13.4	-
Governance & Administration Services	Governor's Statehouse Services	24,000,000	-	16,439,688	-	68.5	-
	Co-ordination and Supervision Services (Gov)	36,000,000		28,630,654		79.5	-
	Co-ordination and Supervision Services (ICT)	28,000,000		5,311,018		19.0	-
	Lake Region Economic Bloc	5,000,000	-	519,800	-	10.4	-
	Council of Governors	5,000,000	-	-	-	-	-
	Liaison office - Nairobi	5,500,000	-	700,000	-	12.7	-
	Chief of Staff	5,000,000	-	-	-	-	-
	Protocol Office	5,000,000	-	-	-	-	-
	Security Services (Gov)	8,000,000	-	-	-	-	-
	Security Services(D/Gov)	2,000,000		-		-	-
	Communication and Press	5,000,000	-	-	-	-	-
	Political Advisor	4,500,000	-	-	-	-	-
Economic Advisor	4,500,000	-	-	-	-	-	
County secretary services	County secretary service.	14,600,000	-	6,309,750	-	43.2	-
Cohesion & peace-building	Peace Building Initiatives	9,300,000	-	1,860,000	-	20.0	-
	Conflict management and resolution	9,400,000	-	164,000	-	1.7	-
	Civic Education	1,900,000	-	113,000	-	5.9	-
	Peace Building Initiatives	1,200,000	-	264,235	-	22.0	-
Research & Education	Research & Education Services	1,000,000	-	-	-	-	-
Geospatial information services.	Geospatial information services.	-	-	-	-	-	-
Performance management services	Performance management services	4,000,000	-	-	-	-	-
ICT Infrastructure	ICT infrastructure & connectivity	-	7,970,000	-	-	-	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Communication services	Communication services	6,950,000	-	208,557	-	3.0	-
	County Media and Branding Services	10,000,000	-	75,000	-	0.8	-
	Digital Media	8,300,000	-	-	-	-	-
E-governance	Automation services	13,950,000	-	-	-	-	-
E-learning	Digital curriculum integration & development.	3,900,000	-	-	-	-	-
Digital innovation	Innovation services	2,820,000	-	-	-	-	-
Resource Mobilization Service	Resource Mobilization Service	5,000,000	-	918,815	-	18.4	-
External partnerships & affairs	External partners' relations management	35,800,000	-	20,512,670	-	57.3	-
Pending Bills	Pending Bills (Gov)	6,365,257	-	1,043,500	-	16.4	-
	Pending Bills (ICT)	13,227,800	-	1,499,500	-	11.3	-
	<b>Sub- Total</b>	<b>602,443,057</b>	<b>147,970,000</b>	<b>198,865,945</b>	<b>43,426</b>	<b>33.0</b>	<b>0.03</b>
<b>Office of the County Attorney</b>							
General administration & support services	Finance & administration	35,270,000	-	8,532,400	-	24.2	-
Legal Services	Advisory & Research services	2,900,000	-	570,000	-	19.7	-
	Staff Development	2,600,000	-	858,000	-	33.0	-
	Legal compliance services	127,499,400	-	50,958,013	-	40.0	-
	<b>Sub- Total</b>	<b>168,269,400</b>	<b>0</b>	<b>60,918,413</b>	<b>-</b>	<b>36.2</b>	<b>-</b>
<b>Department of Public Service Management, Monitoring and Evaluation and Performance Contracting</b>							
General Administration & Support Services	Administrative Support Services (PSM)	592,885,934	-	282,387,418	-	47.6	-
	General Administration Services (PSB)	70,296,400	-	18,030,755	-	25.6	-
	Field Services	6,000,000	-	-	-	-	-
	General Administration services (Monitoring)	6,500,000	-	1,437,700	-	22.1	-
	Efficient monitoring & evaluation	9,687,000	-	851,300	-	8.8	-
Human Capital Management & Development Services	Human Resource Management Services (PSM)	7,500,000	-	4,570,512	-	60.9	-
	Human Resource Management Services(PSB)	3,500,000	-	-	-	-	-
Devolved Units Administration Services	Devolved Units Administration Services	28,600,000	20,000,000	13,489,537	-	47.2	-
	Devolution and Regional Bodies	20,000,000	-	5,342,000	-	26.7	-
Civic Education & Public Participation	Civic Education services	4,500,000	-	800,000	-	17.8	-
Public Communication & Records Management Services	Record management programme	2,800,000	-	-	-	-	-
	Security Enforcement Services	7,450,000	-	1,105,122	-	14.8	-
	Public Communications	2,600,000	-	-	-	-	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Service Board services	Public Service Board services	4,909,442	-	205,000	-	4.2	-
National values & principles of governance	National values & principles of governance	600,000	-	100,000	-	16.7	-
Information & records management	Records management services	2,500,000	-	-	-	-	-
Pending Bills	Pending Bills	16,616,123	31,133,306	578,890	9,498,706	3.5	30.5
	<b>Sub- Total</b>	<b>786,944,899</b>	<b>51,133,306</b>	<b>328,898,234</b>	<b>9,498,706</b>	<b>41.8</b>	<b>18.6</b>
<b>Department of Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy</b>							
General Administration & Support Services	Administrative services (Agric)	170,191,018	-	142,303,010	-	83.6	-
	Administrative services (Livestock)	11,537,562	-	6,323,320	-	54.8	-
	Administrative services(vet)	8,008,562	-	1,526,421	-	19.1	-
	Administrative services(fisheries)	15,427,400	-	6,922,190	-	44.9	-
Agricultural Policy & Planning	Policies & Legal Framework	1,967,000	-	1,320,000	-	67.1	-
Agricultural Extension services	Field extension services & support	6,236,209	-	3,086,520	-	49.5	-
Agribusiness Development	Agribusiness Development	1,043,000	-	490,000	-	47.0	-
Donor Funds	Donor Funds	-	620,400,239	-	-	-	-
Crop Development & Management	Crop Development & Management	-	25,262,750	-	-	-	-
	Emerging crop enterprises	-	-	-	-	-	-
Climate-smart agriculture	Sorghum & Millet promotion	-	-	-	-	-	-
Livestock extension & support services	Extension services	4,366,000	-	80,000	-	1.8	-
Livestock breeding & livestock products improvement	Breeds selection & artificial insemination	2,224,800	9,375,000	150,000	1,575,000	6.7	-
Livestock market development	Market support infrastructure	-	700,000	-	-	-	-
Livestock Climate Change Adaptation & Mitigation	Livestock-focused climate risk management	-	3,600,000	-	-	-	-
Livestock disease & pest control management	Disease & pest control	-	12,500,199	-	-	-	-
Donor Funds	Donor Funds (Livestock)	-	14,323,680	-	-	-	-
Market support infrastructure	Market support infrastructure	-	975,000	-	-	-	-
Veterinary public health	Meat hygiene services	915,000	-	587,605	-	64.2	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Veterinary extension & clinical services	Extension services	400,000		100,000		25.0	-
Fisheries policy & planning	Policy & planning services	1,500,000		1,210,800		80.7	-
	Licensing services	300,000		300,000		100.0	-
Lakefront (capture) fisheries development & management	Fisheries co-management services.	1,884,695		734,400		39.0	-
Extension supports services	Extension supports services	1,602,800		819,600		51.1	-
Fisheries & Blue Economy	Fisheries & Blue Economy		42,767,785		-	-	-
Fish safety & quality assurance	Fish inspection services	208,000		208,000		100.0	-
	Residue monitoring & control services	328,000		260,800		79.5	-
Pending Bills	Pending Bills (Agriculture)	498,750	3,818,051	498,750	2,187,551	100.0	57.3
Pending Bills	Pending Bills (Livestock)		4,547,500		-	-	-
	<b>Sub- Total</b>	<b>228,638,796</b>	<b>738,270,204</b>	<b>166,921,416</b>	<b>3,762,551</b>	<b>73.0</b>	<b>0.5</b>
<b>Department of Education, Gender Inclusivity, Social Services, Youth and Sports</b>							
General Administration & Support Services	General administration	306,049,054	-	154,667,329	-	50.5	-
	Quality assurance & standard services	4,406,215	-	3,019,000	-	68.5	-
Early Childhood Development Education Services	Quality assurance & standard services	16,000,000	-	-	-	-	-
	ECDE co-curriculum development	4,000,000	-	2,450,600	-	61.3	-
	School feeding programme.	2,250,000	-	-	-	-	-
	Community ECD services		32,550,000		-	-	-
Education support services	Bursary/scholarship	146,000,000	-	5,150,000	-	3.5	-
Child Care Services	Child protection responsive services & caregiving support service	2,500,000	-	2,500,000	-	100.0	-
Youth development & empowerment	Technical, vocational, education & training	20,000,000	42,596,350	-	-	-	-
	Youth empowerment program	9,000,000	-	5,869,850	-	65.2	-
	Youth enterprise development	3,000,000	-	3,000,000	-	100.0	-
Sports Development	Sports Development Services	3,000,000	10,000,000	2,127,700	-	70.9	-
	Talent development Services	1,000,000		-		-	-
	Local Sports	17,000,000		6,944,654		40.9	-
Pending Bills	Pending Bills	1,921,946	40,400,786	1,791,946	22,772,698	93.2	56.4

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Gender Development & Equality Services	Women Empowerment	4,570,000	-	1,800,225	-	39.4	-
	Gender-responsive education support	2,400,000	-	622,650	-	25.9	-
	Adolescent Girls & women water, sanitation, & hygiene support services	1,800,000	-	300,000	-	16.7	-
	People with Disability (PWDs) Empowerment	5,000,000	-	1,405,900	-	28.1	-
Culture Development Promotion & Arts	Culture & heritage conservation	1,000,000	-	622,652	-	62.3	-
	<b>Sub- Total</b>	<b>550,897,215</b>	<b>125,547,136</b>	<b>192,272,506</b>	<b>22,772,698</b>	<b>34.9</b>	<b>18.1</b>
<b>Department of Medical Services</b>							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & Evaluation, Research, & Learning.	22,840,000	-	2,257,800	-	9.9	-
	Administration & support services	62,183,902	-	28,546,089	-	45.9	-
	Human Resource Management & Development	1,281,219,949	-	775,386,204	-	60.5	-
	Infrastructure & Health Facility Management	-	222,544,237	-	-	-	-
	Health Financing & Universal Health Coverage (UHC) coordination	5,340,000	-	1,803,400	-	33.8	-
	Standards & Quality Assurance	2,800,000	-	1,000,000	-	35.7	-
Preventive & Promotive Health Services	Environmental health services	2,100,000	-	700,000	-	33.3	-
	Human Nutrition & Dietetics services	3,700,000	-	100,000	-	2.7	-
	HIV/AIDS management	2,900,000	-	1,200,000	-	41.4	-
	TB control	2,900,000	-	500,000	-	17.2	-
	Malaria Control	3,300,000	-	-	-	-	-
	Non-Communicable Diseases (NCDs)	2,900,000	4,000,000	-	-	-	-
	Disease surveillance/ Emergency preparedness	2,500,000	-	500,000	-	20.0	-
	Maternal & Reproductive Health services	5,660,000	-	-	-	-	-
	Neonatal, Child, Adolescent & Youth health services	3,200,000	-	-	-	-	-
	Expanded Program for Immunization (Immunization)	4,000,000	-	-	-	-	-
	Gender-Based Violence health services	4,200,000	-	-	-	-	-
Pending Bills	Pending Bills	93,267,995	44,478,239	9,054,520	34,952,399	9.7	78.6
Donor Funds	Donor Funds		124,723,404				

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Curative, Rehabilitative & Referral Services	Ambulance & Referral Services	16,500,000	-	3,194,403	-	19.4	-
	Hospital-Level Services		10,000,000		-	-	-
	Health Products & Technologies	113,840,996		51,627,004		45.4	-
	Diagnostic & Rehabilitation Services	26,500,000		11,619,350		43.8	-
	Health Services Management Fund	135,000,000	5,000,000	41,229,078	-	30.5	-
	<b>Sub- Total</b>	<b>1,796,852,842</b>	<b>410,745,880</b>	<b>928,717,848</b>	<b>34,952,399</b>	<b>51.7</b>	<b>8.5</b>
<b>Department of Health Services &amp; Sanitation</b>							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	20,600,000		10,310,000		50.0	60.0
	Administration & support services	26,393,818		9,901,000		37.5	-
	Human Resource Management & Development	26,600,000		400,000		1.5	-
	Infrastructure & Health Facility Management	19,694,473	100,936,943	600,000	-	3.0	-
	Health Financing & Universal Health Coverage (UHC) coordination	26,300,000		100,000		0.4	-
	Standards & Quality Assurance	550,000		100,000		18.2	-
	Community health infrastructure services (CHVs)	32,908,754		130,000		0.4	-
Donor Funds	DANIDA	26,754,689		-		-	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Preventive & Promotive Health Services	Human Nutrition & Dietetics services	2,600,000		140,000		5.4	-
	HIV/AIDS management	11,970,000		1,400,000		11.7	-
	TB control	1,400,000		1,400,000		100.0	-
	Malaria Control	2,700,000		780,000		28.9	-
	Non-Communicable Diseases (NCDs)	1,600,000		135,000		8.4	-
	Disease surveillance/ Emergency preparedness	8,500,000		2,640,000		31.1	-
	Health promotion & education	1,800,000		443,000		24.6	-
	Maternal & Reproductive Health services	4,200,000		695,000		16.5	-
	Neonatal, Child, Adolescent & Youth health services	1,400,000		768,500		54.9	-
	Expanded Program for Immunization (Immunization)	3,400,000		350,000		10.3	-
	Gender-Based Violence health services	900,000		225,000		25.0	-
	Neglected Tropical Diseases services.	1,050,000		225,000		21.4	-
	Environmental health services	2,300,000		369,000		16.0	-
Donor Funds	Donor Funds-THS	4,801,620		-		-	-
Pending Bills	Pending Bills		83,826,542		77,865,086	-	92.9
Curative, Rehabilitative & Referral Services	Health Products & Technologies	80,400,000		1,650,000		2.1	-
	Diagnostic & Rehabilitation Services	800,000		195,000		24.4	-
	<b>Sub- Total</b>	<b>309,623,354</b>	<b>184,763,485</b>	<b>32,956,500</b>	<b>77,865,086</b>	<b>10.6</b>	<b>42.1</b>
<b>Department of Environment, Natural Resources, Climate Change and Disaster Management</b>							
General administration & support services	General administration	37,967,116	-	24,570,162	-	64.7	-
Environment Management & Protection	Solid Waste Management Services	9,267,000	-	2,700,769	-	29.1	-
	Garbage Management	35,000,000		16,000,000		45.7	-
Mazingira Youth Programme	Mazingira Youth Programme	24,000,000		12,059,900		50.2	-
Donor Funds	Climate change response strategy	4,099,573	-	-	-	-	-
Climate Change Adaptation & Mitigation	Climate change response strategy	121,300,000	666,500,000	9,690,000	-	8.0	-
Pending Bills	Pending Bills	1,300,000		1,000,000		76.9	-
Natural Resources Management & Forestry Development	Forestry development	1,823,223	-	-	-	-	-
	Artisanal mining & quarry services	-	-	-	-	-	-
	<b>Sub- Total</b>	<b>234,756,912</b>	<b>666,500,000</b>	<b>66,020,831</b>	<b>-</b>	<b>28.1</b>	<b>-</b>



Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Department of Finance &amp; Economic Planning</b>							
General administration & support services	Administrative services (accounting)	506,812,722	-	126,794,863	-	25.0	-
	Administrative services (procurement)	31,720,000	-	21,627,719	-	68.2	-
	Administrative services (Economic)	23,440,000	3,000,000	8,366,800	-	35.7	-
Finance & Accounting services	Accounting services	174,840,790	-	56,200,770	-	32.1	-
	Emergency Activities/ Fund	15,000,000		-		-	-
Resource Mobilization services	Resource Mobilization services	49,500,000	-	13,582,870	-	27.4	-
	Revenue board services	6,300,000	-	-	-	-	-
Supply chain management services	Supply chain management services	5,040,000	7,000,000	3,632,515	-	72.1	-
Audit services	Audit services	38,138,326	-	30,665,340	-	80.4	-
	Internal Audit Committee	4,600,000		3,450,000		75.0	-
County Asset Valuation	County Asset Valuation	10,000,000		4,956,420		49.6	-
Pending Bills	Pending Bills	3,799,776	14,121,866	1,656,000	9,036,045	43.6	64.0
Economic Planning Services	Policy plans & formulation	18,000,000	-	9,780,000	-	54.3	-
Budgeting Services	Budget coordination & management	66,516,061	-	45,369,150	-	68.2	-
County Statistical Information Services	County Statistical Information Services	9,146,243	-	3,829,167	-	41.9	-
County Budget & Economic Forum Services	County Budget & Economic Forum Services	10,000,000	-	6,157,350	-	61.6	-
	<b>Sub- Total</b>	<b>972,853,918</b>	<b>24,121,866</b>	<b>336,068,964</b>	<b>9,036,045</b>	<b>34.5</b>	<b>37.5</b>
<b>Department of Lands, Physical Planning, Housing and Urban Development</b>							
General administrative services	Administrative Services (lands)	39,100,756	14,600,087	20,964,272	3,299,672	53.6	22.6
	Administrative Services (physical)	54,381,010	36,400,000	21,565,596	-	39.7	-
	Administrative Services (rongo)	11,244,625	10,346,227	3,974,270	-	35.3	-
	Administrative Services (kehancha)	12,204,624	5,400,000	3,120,000	-	25.6	-
	Administrative Services (migori)	11,244,625	17,505,755	3,479,682	-	30.9	-
	Administrative Services (awendo)	11,244,625	21,026,200	4,377,212	-	38.9	-
	Board Activities (Rongo)	6,300,000		800,000		12.7	-
	Board Activities (Kehancha)	6,300,000		1,000,000		15.9	-
	Board Activities (Migori)	6,300,000		1,300,000		20.6	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Board Activities (Awendo)	6,300,000		0		-	-
Physical Planning Services	Physical Planning Services	8,000,000		3,446,500		43.1	-
Pending Bills	Pending Bills	850,000	3,735,203	250,000	3,235,290	29.4	86.6
Urban Development Services	Urban Development Services	6,957,244		610,100		8.8	-
	<b>Sub- Total</b>	<b>180,427,509</b>	<b>109,013,472</b>	<b>64,887,631</b>	<b>6,534,962</b>	<b>36.0</b>	<b>6.0</b>
<b>Department of Roads, Transport, Public Works and Infrastructural Development</b>							
General administration & support services	Administrative services(roads)	104,249,883		41,738,168		40.0	-
	Administrative services(works)	12,404,251		2,835,100		22.9	-
Road Development, Maintenance & Management	Mechanization service	-	92,000,000	-	-	-	-
	Community access roads	-	120,000,000	-	-	-	-
	Major roads	-	350,000,000	-	110,139,594	-	31.5
	Other Infrastructure		15,000,000		-	-	-
	KRB-RMLF		60,442,438		-	-	-
	Bridges & culverts services	-	30,000,000	-	-	-	-
Pending Bills	Pending Bills	5,959,600.00	68,769,371	5,959,600.00	68,769,233	100.0	100.0
Transport Infrastructure Management Services	Transport management services	-	5,701,864	-	-	-	-
Public works services	Architectural Services	3,410,000		1,360,400		39.9	-
	Building & construction services.		32,500,000		-	-	-
	Quantity Surveyor's Services	1,880,000		1,074,300		57.1	-
	Mechanical & Electrical Engineering services	1,740,000		1,535,200		88.2	-
	Structural engineering services	1,716,000		1,270,500		74.0	-
	Mechanization service	1,020,000		230,700		22.6	-
	<b>Sub- Total</b>	<b>132,379,734</b>	<b>774,413,673</b>	<b>56,003,968</b>	<b>178,908,827</b>	<b>42.3</b>	<b>23.1</b>
<b>Department of Trade, Tourism, Industry, Market &amp; Cooperative Development</b>							
Policy, Planning & administrative support services	Administrative support services(trade)	82,403,268	-	40,520,762	-	49.2	-
	Administrative support services(industrialization)	3,240,000	-	1,962,592	-	60.6	-
	Administrative support services(tourism)	4,649,104	-	1,579,000	-	34.0	-
	Administrative support services(cooperative)	4,500,000	-	2,029,000	-	45.1	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Trade Promotion, Development & Support to SMEs	Trade development & promotion of SME services	54,000,000	-	-	-	-	-
	Trade regulation & information management systems	5,629,825	-	4,331,184	-	76.9	-
	Trade infrastructure development services	-	19,626,000	-	-	-	-
	Community projects	-	22,000,000	-	-	-	-
Legal metrology services	Legal metrology services	1,660,000	-	954,000	-	57.5	-
Industrial development & investment services	Industrial & enterprise development	800,000	500,000,000	385,000	-	48.1	-
	Investment promotion services.	3,189,106	-	900,492	-	28.2	-
Pending Bills	Pending Bills	499,999	26,084,481	-	20,494,006	-	78.6
Liquor Licensing and Control	Alcohol Fund	5,474,299	-	-	-	-	-
	Liquor Licensing and Control	2,000,000	-	400,000	-	20.0	-
Tourism Research & Development	Tourism product development	2,940,000	-	1,364,500	-	46.4	-
	Tourism promotion, investment & marketing	1,760,000	1,500,000	1,111,000	-	63.1	-
Co-operative Policy, Research Advisory	Co-operative Policy, Research Advisory	2,185,788	-	976,000	-	44.7	-
Co-operative Development & Promotion Services	Co-operative Development & Promotion Services	5,320,000	-	4,496,150	-	84.5	-
Co-operative Audit	Co-operative Audit	2,154,004	-	225,000	-	10.4	-
Co-operative Governance, Oversight and Compliance	Co-operative Governance, Oversight and Compliance	1,070,206	-	323,750	-	30.3	-
	<b>Sub- Total</b>	<b>183,475,599</b>	<b>569,210,481</b>	<b>61,558,430</b>	<b>20,494,006</b>	<b>33.6</b>	<b>3.6</b>
<b>County Assembly Entity</b>							
County Assembly	General administration, planning & support service - All Sectors	724,778,413	-	363,613,378	-	50.2	-
	Oversight Management services	-	-	-	-	-	-
	Governance and Executive Management	-	-	-	-	-	-
	Legislative services	-	-	-	-	-	-
Office of the Clerk	Infrastructure Development	-	100,000,000	-	-	-	-
	General administration, planning & support service - All Sectors	-	-	-	-	-	-

Programmes	Sub-Programmes	Approved Budget Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Speakers Office	Legislative services	29,719,664	-	-	-	-	-
	General administration, planning & support service - All Sectors	31,907,299	-	22,756,684	-	71.3	-
	Oversight Management services	217,103,333	-	190,069,714	-	87.5	-
	<b>Sub- Total</b>	<b>1,003,508,709</b>	<b>100,000,000</b>	<b>576,439,776</b>	<b>-</b>	<b>57.4</b>	<b>-</b>
<b>Department of Water and Energy</b>							
Policy, General Administration & Support Services	Policies & legal framework	4,047,990	-	2,434,770	-	60.1	-
	General administrative services	85,277,944	21,200,000	19,643,306	-	23.0	-
	Operation & maintenance of rural water services	1,399,000	-	-	-	-	-
Water supply & Management services	Urban Water Supply & Sewerage services	44,000,000	16,238,849	25,228,471	-	57.3	-
	Rural Water Services	2,000,000	55,153,354	664,350	-	33.2	-
	Water Conservation, protection, & Governance	-	4,768,000	-	-	-	-
	Community water services	-	83,000,000	-	-	-	-
Pending Bills	Pending Bills	25,229,676.00	256,961,261	-	154,541,929	-	60.1
Energy Development Services	Renewable energy development	5,000,000.00	-	-	-	-	-
	<b>Sub- Total</b>	<b>166,954,610</b>	<b>437,321,464</b>	<b>47,970,898</b>	<b>154,541,929</b>	<b>28.7</b>	<b>35.3</b>
	<b>Grand Total</b>	<b>7,318,026,554</b>	<b>4,339,010,967</b>	<b>3,118,501,359</b>	<b>518,410,635</b>	<b>42.6</b>	<b>11.9</b>

Source: Migori County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Two sub-programmes namely; Child Protection Responsive Services & Caregiving Support Service & Youth Development & Empowerment in the Department of Education, Gender Inclusivity, Social Services, Youth and Sports, Three sub-programmes namely; Licensing Services, Fish Inspection Services & Pending Bills (Agriculture) in the Department of Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy and One sub-programme; TB Control in the Department of Health Services & Sanitation all at 100 per cent each. These are followed by the Mechanical & Electrical Engineering Services program at 88.2 per cent in the Department of Roads, Transport, Public Works and Infrastructural Development and finally Co-operative Development & Promotion Services at 84.5 per cent in the Department of Trade, Tourism, Industry, Market & Cooperative Development of their budget allocation.

### 3.27.12 Accounts Operated Commercial Banks

The County government operated a total of 208 accounts comprising 207 for the County Executive and one for the County Assembly with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.27.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.187.13 million against an annual gross projection of Kshs.625.47 million, representing 29.9 per cent of the annual target
2. Failure by the Fund Administrator to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car loans & Mortgage Fund Scheme Fund were not submitted to the Controller of Budget as of end 31<sup>st</sup> December 2023
3. High level of pending bills which amounted to Kshs.1.04 billion as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.69.25 million were processed through the manual payroll, accounting for 3.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are mainly for County Health facilities & Dispensaries and various departments' office operations and activities

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

1. *The County should devise strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.28. County Government of Mombasa

### 3.28.1 Overview of FY 2023/24 Budget

The County's approved FY 2023/24 budget was Kshs.14.70 billion, comprising Kshs.5.43 billion (36.9 per cent) and Kshs.9.27 billion (63.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 7.3 per cent compared to the previous financial year when the approved budget was Kshs.13.70 billion and comprised of Kshs.4.40 billion towards development expenditure and Kshs.9.30 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.86 billion (53.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.59 billion (10.8 per cent) as conditional grants, and generate Kshs.5.25 billion (35.7 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.187.

### 3.28.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.26 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.17.31 million from FY 2022/23 and raised Kshs.1.61 billion as own-source revenue (OSR). The raised OSR includes Kshs.496.97 million as FIF and Kshs.1.12 billion ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.89 billion, as shown in Table 3.187.

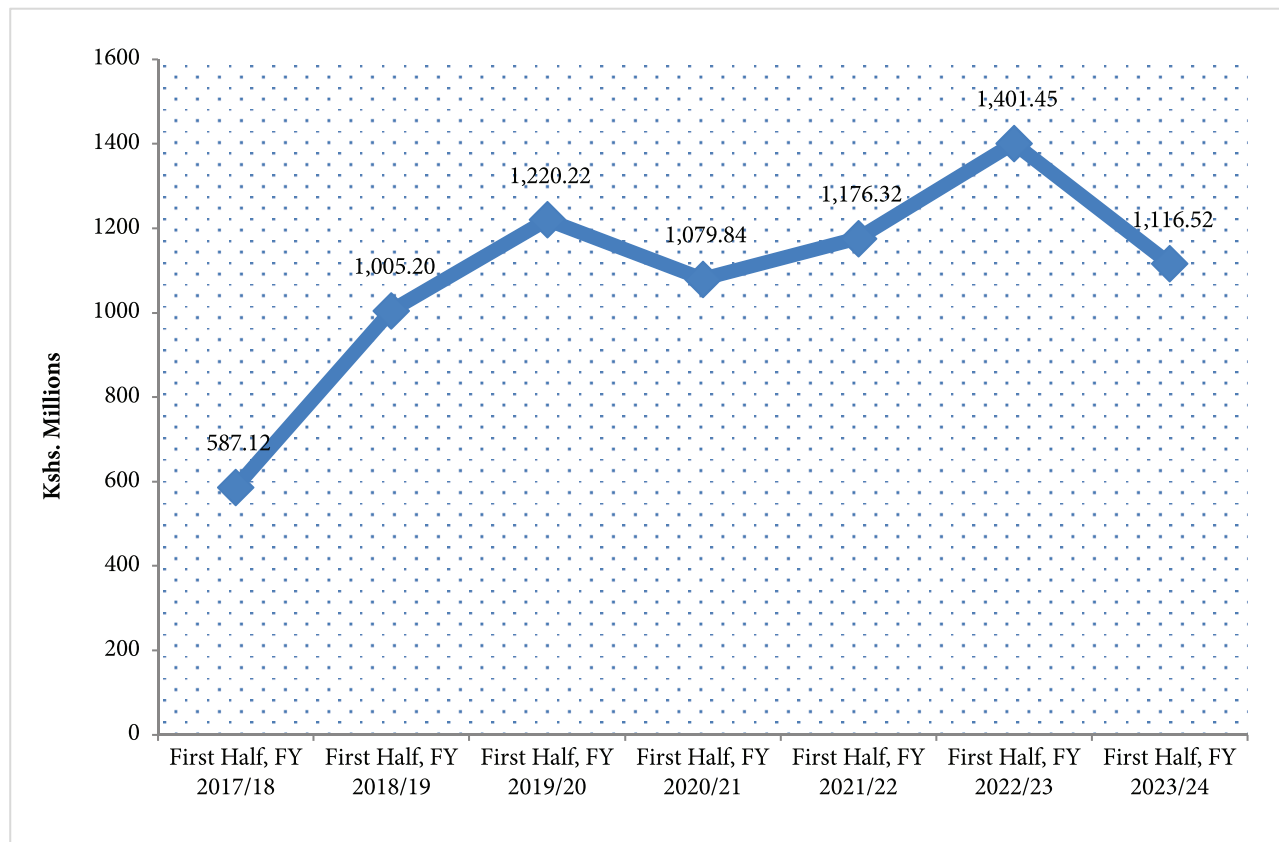
**Table 3.187: Mombasa County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	7,861,523,820	3,262,532,387	41.5
	<b>Subtotal</b>	<b>7,861,523,820</b>	<b>3,262,532,387</b>	<b>41.5</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Aggregated Industrial Park	250,000,000	-	-
2.	Allocation for court fines	13,428,433	-	-
3.	Mineral Royalties	18,830	-	-
4.	Water, Sanitation Development Project - World Bank	1,000,000,000	-	-
5.	Finance Locally - Led Climate Action Program (FLLOCA)	11,000,000	-	-
6.	DANIDA	12,878,250	-	-
7.	Agriculture Sector Support Program II	2,512,539	-	-
8.	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	39,346,299	-	-
9.	Fertiliser Subsidy Programme	6,495,711	-	-
10.	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	250,000,000	-	-
	<b>Subtotal</b>	<b>1,585,680,062</b>	-	-
<b>C</b>	<b>Own Source Revenue</b>			
11.	Ordinary Own Source Revenue	5,252,796,118	1,116,521,313	21.3
12.	Facility Improvement Fund (FIF)	-	496,967,714	65.3
	<b>Subtotal</b>	<b>5,252,796,118</b>	<b>1,613,489,027</b>	<b>26.8</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
14.	Unspent balance from FY 2022/23	-	17,308,258	-
	<b>Sub Total</b>	-	<b>17,308,258</b>	-
	<b>Grand Total</b>	<b>14,700,000,000</b>	<b>4,893,329,672</b>	<b>31.6</b>

Source: Mombasa County Treasury

Figure 82 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

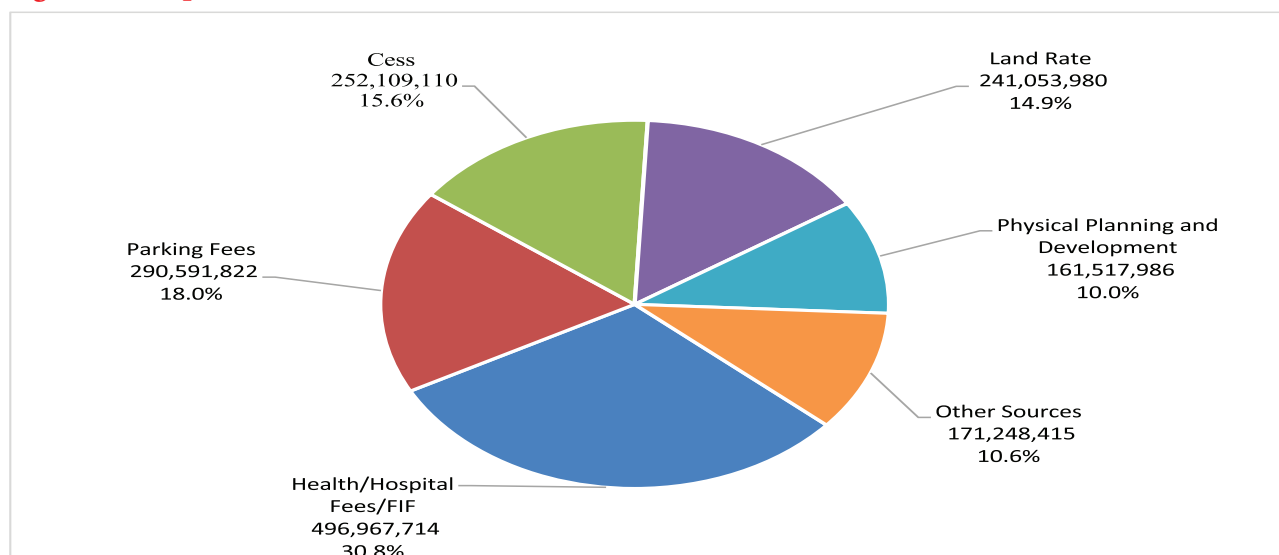
**Figure 82: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



*Source: Mombasa County Treasury*

In the first half of FY 2023/24, the County generated a total of Kshs.1.61 billion from its sources of revenue inclusive of FIF of Kshs.496.97 million. The County Treasury did not provide information on realised FIF in the previous financial years. This amount represented an increase of 15.1 per cent compared to Kshs.1.4 billion realised in a similar period in FY 2022/23 and was 21.3 per cent of the annual target and 34.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.161.19 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 83.

**Figure 83: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Mombasa County Treasury

The highest revenue stream of Kshs.496.97 million was from Hospital Fees (FIF) contributing to 30.8 per cent of the total OSR receipts during the reporting period.

### 3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.64 billion from the CRF account during the reporting period which comprised Kshs.188.44 million (4.1 per cent) for development programmes and Kshs.4.45 billion (95.9 per cent) for recurrent programmes.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.711,653,794.

### 3.28.4 County Expenditure Review

The County spent Kshs.4.05 billion on development and recurrent programmes in the reporting period. The expenditure represented 86.6 per cent of the total funds released by the CoB and comprised Kshs.208.13 million and Kshs.3.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.8 per cent, while recurrent expenditure represented 41.1 per cent of the annual recurrent expenditure budget.

### 3.28.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.4.24 billion, comprising of Kshs.2.58 billion for recurrent expenditure and Kshs.1.66 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.320.59 million were settled, consisting of Kshs.315.55 million for recurrent expenditure and Kshs.5.04 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.3.92 billion.

The County Assembly did not report outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.07 billion on employee compensation, Kshs.362.38 million on operations and maintenance, and Kshs.204.55 million on development activities. Similarly, the County Assembly spent Kshs.142.44



million on employee compensation, Kshs.165.26 million on operations and maintenance, and Kshs.3.58 million on development activities, as shown in Table 3.188.

**Table 3.188: 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
<b>Total Recurrent Expenditure</b>	<b>8,360,404,489</b>	<b>914,100,000</b>	<b>3,430,444,147</b>	<b>307,696,865</b>	<b>41.0</b>	<b>33.7</b>
Compensation to Employees	4,514,048,575	432,922,427	3,068,066,959	142,440,291	68.0	32.9
Operations and Maintenance	3,846,355,914	481,177,573	362,377,188	165,256,574	9.4	34.3
<b>Development Expenditure</b>	<b>5,375,495,511</b>	<b>50,000,000</b>	<b>204,548,205</b>	<b>3,579,550</b>	<b>3.8</b>	<b>7.2</b>
<b>Total</b>	<b>13,735,900,000</b>	<b>964,100,000</b>	<b>3,634,992,352</b>	<b>311,276,415</b>	<b>26.5</b>	<b>32.3</b>

Source: Mombasa County Treasury

### 3.28.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.3.21 billion, or 65.6 per cent of the available revenue which amounted to Kshs.4.89 billion. This expenditure represented an increase from Kshs.2.71 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.770.39 million paid to health sector employees, translating to 24.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs. 2.97 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.244.37 million was processed through manual payrolls. The manual payrolls accounted for 7.6 per cent of the total PE cost.

The County Assembly spent Kshs. 13.39 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.41.65 million. The average monthly sitting allowance was Kshs.51, 891 per MCA. The County Assembly has established 21 Committees.

### 3.28.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.675.00 million to county-established funds in FY 2023/24, constituting 4.6 per cent of the County's overall budget. Table 3.189 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.189: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Mombasa County Scholarship and Other Educational Benefits	580,000,000	48,375,000	37,921,839.80	No
<b>County Assembly Established Funds</b>					
2.	Car Loans and Mortgage for Members and Staff	95,000,000	-	-	No
<b>Total</b>		<b>675,000,000</b>	<b>48,375,000</b>	<b>-</b>	<b>-</b>

Source: Mombasa County Treasury

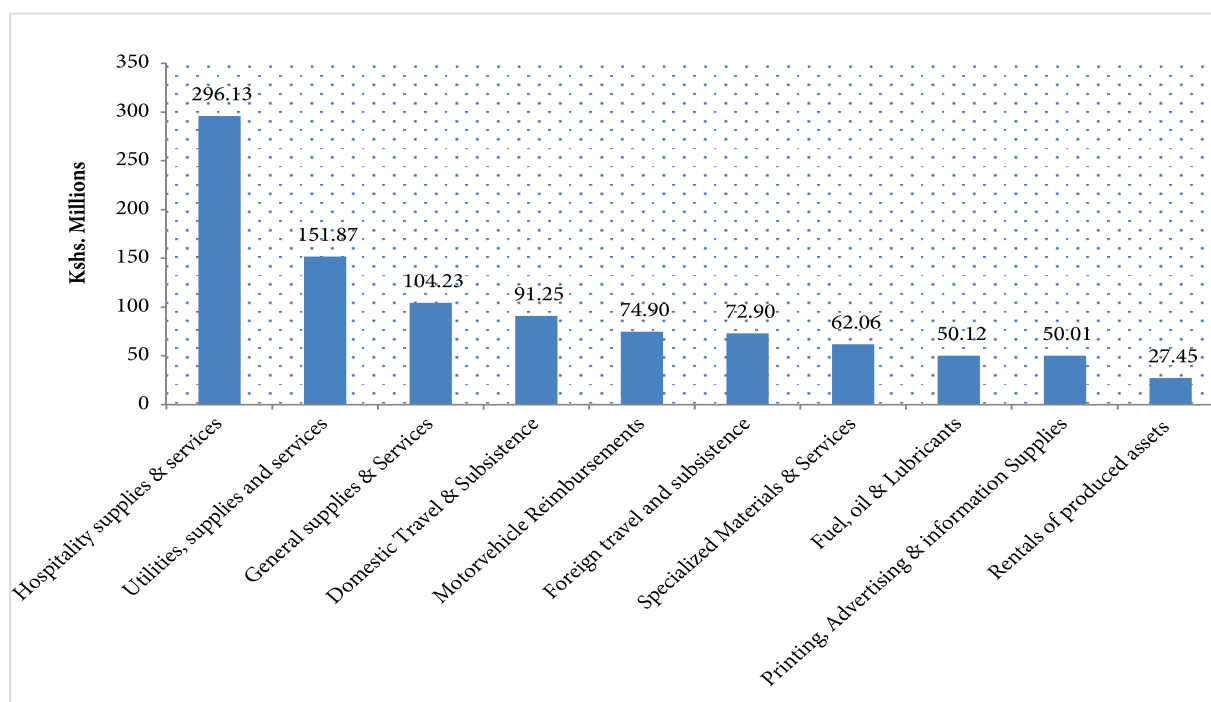
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of two funds as indicated in Table 3.189, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.28.9 Expenditure on Operations and Maintenance

Figure 84 summarises the Operations and Maintenance expenditure by major categories.

**Figure 84: Mombasa County, Operations and Maintenance Expenditure by Major Categories**



*Source: Mombasa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.91.25 million and comprised Kshs.19.31 million spent by the County Assembly and Kshs.71.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.09 million and comprised Kshs.5.97 million by the County Assembly and Kshs.12.12 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.190 below; -

**Table 3.190: Summary of Highest Expenditure on Foreign Travel**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1		Travel to Attend The 78th United Nations General Assembly 2023 Sessions and Side Meetings In New York	USA	1,143,000
County Executive	1		Travel to Busan South Korea	SOUTH KOREA	433,090
County Executive	1	15 OCT 2023 TO 26 NOV 2023	Travel to Japan To Attend A JICA Training 15 Oct 2023 to 26 Nov 2023	JAPAN	1,010,951

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	29 NOV 2023 TO 12 DEC 2023	Travel to Dubai UAE 29 Nov 2023 to 12 Dec 2023 Attending Cop 28	DUBAI	1,487,120
County Executive	1		Travel to Attend the International Friendship Cities Cultural Festival in China	CHINA	437,306
County Executive	2	30TH SEPT 2023-7TH OCT 2023	Attending the Art of Maximizing Personal Productivity and Positive Thinking Workshop In South Africa	SOUTH AFRICA	926,100
County Executive	1	3RD DEC 2023-9TH DEC 2023	Attending the African Association for Public Administration And Management 42nd Annual Roundtable Conference In Livingstone Zambia	ZAMBIA	528,800

Source: Mombasa County Treasury

### 3.28.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.208.13 million on development programmes, representing an increase of 595 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.29.97 million. The table 3.191 summarises development projects with the highest expenditure in the reporting period.

**Table 3.191: Mombasa County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance & Economic Planning	Revenue Management System-Techbiz Limited	Mvita Ward	34,546,779	34,546,779	100.0
2	Finance & Economic Planning	Being payment for School Milk Program in six Sub Counties	Across The County	10,830,876	10,830,876	100.0
3	Finance & Economic Planning	Revenue Management System-Techbiz Limited	Mvita Ward	10,591,630	10,591,630	100.0
4	Education & Digital Transformation	Being Payment For School Feeding Program For All Learners In Public Schools	Across The County	7,732,650	7,732,650	100.0
5	Education & Digital Transformation	Being Payment Of Supply And Delivery Of Tools And Equipment For Vocational Training Centres	Across The County	5,129,504	5,129,504	100.0
6	Finance & Economic Planning	Being Payment For Supply Of Non-Pharmaceuticals Items At Coast General	Mvita Ward	5,345,871	5,076,487	95.0
7	Transport, Infrastructure & Public Works	Proposed Improvement / Upgrading Of Msamuli Mwarendo Murram Road 2Km Mwakirunge Ward	Mwakirunge Ward	4,966,071	4,159,437	83.8
8	Transport, Infrastructure & Public Works	Proposed Improvement Of Masilahi Rd.	Shanzu Ward	4,854,025	4,136,519	85.2
9	Finance & Economic Planning	Proposed Early Childhood Development Centre at Chaani Mombasa	Changamwe Ward	2,840,441	2,840,441	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
10	Finance & Economic Planning	Proposed Construction of Early Childhood Development Centre at Digirikani Primary School	Bamburi Ward	26,264,610	2,689,405	10.2

Source: Mombasa County Treasury

### 3.28.11 Budget Performance by Department

Table 3.192 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.192: Mombasa County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	914.10	50.00	383.87	3.60	383.92	3.58	100	99.5	42.0	7.2
County Executive	174.00	25.00	17.45	-	24.59	-	140.9	-	14.1	-
County Public Service Board	131.40	20.00	39.64	-	-	-	-	-	-	-
Finance & Economic Planning	1,121.50	716.00	602.58	-	487.13	80.68	80.8	-	43.4	11.3
Environment & Solid Waste Management	623.00	164.00	321.28	76.65	174.34	0.81	54.3	1.1	28.0	0.5
Education & Digital Transformation	984.00	166.00	200.44	-	100.67	64.18	50.2	-	10.2	38.7
Health Services	1,943.97	1,584.03	1,598.51	20.02	1,169.15	21.17	73.1	105.8	60.1	1.3
Water, Natural Resources & Climate Change Resilience	114.00	1,083.00	31.50	30.80	11.96	-	38.0	-	10.5	-
Public Service Administration, Youth, Gender, Social Services & Sports	1,357.00	225.00	739.72	10.00	974.72	-	131.8	-	71.8	-
Tourism, Culture & Trade	390.11	221.89	107.82	-	124.30	-	115.3	-	31.9	-
Land, Planning, Housing and Urban Renewal	266.42	559.58	89.26	-	53.42	5.06	59.9	-	20.1	0.9
Transport, Infrastructure & Public Works	916.00	361.00	246.20	4.22	225.84	21.01	91.7	497.6	24.7	5.8
Blue Economy, Agriculture & Livestock	209.00	250.00	63.48	30.95	49.88	11.65	78.6	37.6	23.9	4.7
The County Attorney	130.00	-	12.48	12.20	34.46	-	276.0	-	26.5	-
<b>Total</b>	<b>9,274.50</b>	<b>5,425.50</b>	<b>4,454.25</b>	<b>188.44</b>	<b>3,814.37</b>	<b>208.13</b>	<b>85.6</b>	<b>110.4</b>	<b>41.1</b>	<b>3.8</b>

Source: Mombasa County Treasury

Analysis of expenditure by the department shows that the Department of Education & Digital Transformation recorded the highest absorption rate of development budget at 38.7 per cent, followed by the Department of Finance & Economic Planning at 11.3 per cent. The Department of Public Service Administration, Youth, Gender, Social Services & Sports had the highest percentage of recurrent expenditure to budget at 71.8 per cent while the Department of Education & Digital Transformation had the lowest at 10.2 per cent.

### 3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.193 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.193: Mombasa County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Exp	Dev. Exp	Rec Exp	Dev. Exp	Rec Exp	Dev. Exp
<b>THE EXECUTIVE</b>							
Programme 1	Governor's and Deputy Governor's Affairs	78,000,000	11,000,000	17,951,440	0	23.0	0.0
	Protocol, Hospitality and Communication	26,000,000	14,000,000	2,803,300	0	10.8	0.0
	County Secretary & Cabinet Affairs	26,000,000	0	1,884,850	0	7.2	
	Governor's Advisory Council, Special Programs, Intergovernmental and External Relations	24,500,000	0	0	0	0.0	
	Governor's Delivery Unit, Policy, Planning & Research	19,500,000	0	1,950,000	0	10.0	
	<b>Sub Total</b>	<b>174,000,000</b>	<b>25,000,000</b>	<b>24,589,590</b>	<b>0</b>	<b>14.1</b>	<b>0.0</b>
<b>COUNTY ASSEMBLY</b>							
Programme 2	General Administration and Planning	674,720,738	0	387,471,767	0	57.4	
	Legislation, Oversight and Representation	239,379,262	50,000,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>914,100,000</b>	<b>50,000,000</b>	<b>387,471,767</b>	<b>0</b>	<b>42.4</b>	<b>0.0</b>
<b>COUNTY PUBLIC SERVICE BOARD</b>							
Programme 3	Administration Unit	131,400,000	20,000,000	27,536,323	0	21.0	0.0
	<b>Sub-Total</b>	<b>131,400,000</b>	<b>20,000,000</b>	<b>27,536,323</b>	<b>0</b>	<b>21.0</b>	<b>0.0</b>
<b>FINANCE AND ECONOMIC PLANNING</b>							
Programme 4	Administration Unit	1,068,186,927	703,000,000	453,191,940	80,676,911	42.4	11.5
	Financial Management Services-Accounting Unit	23,601,372	11,000,000	13,125,560	0	55.6	0.0
	Planning and Monitoring Unit	29,711,701	2,000,000	20,807,700	0	70.0	0.0
	<b>Sub-Total</b>	<b>1,121,500,000</b>	<b>716,000,000</b>	<b>487,125,200</b>	<b>80,676,911</b>	<b>43.4</b>	<b>11.3</b>
<b>ENVIRONMENT &amp; SOLID WASTE MANAGEMENT</b>							
Programme 5	Administration, Planning and Support Services	462,632,991	43,333,334	136,705,279	0	29.5	0.0
	Environment Compliance and Enforcement	79,855,670	46,333,333	23,232,298	0	29.1	0.0
	Solid Waste Management	80,511,339	74,333,333	14,400,000	806,069	17.9	1.1
	<b>Sub-Total</b>	<b>623,000,000</b>	<b>164,000,000</b>	<b>174,337,578</b>	<b>806,069</b>	<b>28.0</b>	<b>0.5</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Exp	Dev. Exp	Rec Exp	Dev. Exp	Rec Exp	Dev. Exp
<b>EDUCATION &amp; DIGITAL TRANSFORMATION</b>							
Programme 6	General Administration, Planning and Support Services	309,766,000	23,000,000	100,260,608	5,836,190	32.4	25.4
	Early Childhood Education	18,500,000	101,000,000	70,500	7,732,650	0.4	7.7
	Vocational Training & Education	17,500,000	5,000,000	0	2,235,177	0.0	44.7
	Child Care	2,500,000	0	0	0	0.0	
	Elimu Fund	583,000,000	0	0	48,375,000	0.0	
	Digital Transformation	52,734,000	37,000,000	337,900	0	0.6	0.0
	<b>Sub-Total</b>	<b>984,000,000</b>	<b>166,000,000</b>	<b>100,669,008</b>	<b>64,179,017</b>	<b>10.2</b>	<b>38.7</b>
<b>HEALTH SERVICES</b>							
Programme 7	Administration Unit	1,719,690,329	212,285,497	1,165,160,276	19,475,440	67.8	9.2
	Preventive and Promotive Health services	69,402,768	5,790,000	3,726,171	801,552	5.4	13.8
	Curative/Clinical Health Services	118,729,822	1,364,729,648	258,900	893,894	0.2	0.1
	Special Programs	36,150,937	1,221,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>1,943,973,855</b>	<b>1,584,026,145</b>	<b>1,169,145,347</b>	<b>21,170,886</b>	<b>60.1</b>	<b>1.3</b>
<b>WATER, NATURAL RESOURCES &amp; CLIMATE CHANGE RESILIENCE</b>							
Programme 8	Administration unit	70,906,170	1,000,000,000	11,958,778	0	16.9	0.0
	Natural Resources Management	8,543,830	22,500,000	0	0	0.0	0.0
	Sanitation Services and Management	3,050,000	10,000,000	0	0	0.0	0.0
	Water Supply and Management	7,100,000	15,000,000	0	0	0.0	0.0
	Renewable Energy	6,500,000	2,000,000	0	0	0.0	0.0
	Climate Resilience	17,900,000	33,500,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>114,000,000</b>	<b>1,083,000,000</b>	<b>11,958,778</b>	<b>0</b>	<b>10.5</b>	<b>0.0</b>
<b>PUBLIC SERVICE ADMINISTRATION, YOUTH, GENDER, SOCIAL SERVICES &amp; SPORTS</b>							
Programme 9	Administration planning and support services	940,872,839	11,000,000	872,591,886	0	92.7	0.0
	Human Resource Management & Development	219,434,994	0	101,167,875	0	46.1	
	County Administration & Decentralized Services	19,853,424	105,000,000	0	0	0.0	0.0
	Enforcement, Compliance & Disaster Management	21,588,743	19,000,000	0	0	0.0	0.0
	Youth Affairs & Sports Development	121,000,000	70,000,000	0	0	0.0	0.0

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Exp	Dev. Exp	Rec Exp	Dev. Exp	Rec Exp	Dev. Exp
	Gender, PWD Integration & Social Services	34,250,000	20,000,000	963,495	0	2.8	0.0
	<b>Sub-Total</b>	<b>1,357,000,000</b>	<b>225,000,000</b>	<b>974,723,256</b>	<b>0</b>	<b>71.8</b>	<b>0.0</b>
<b>TOURISM, CULTURE &amp; TRADE</b>							
Programme 10	General Administration Planning and Support Services	314,945,978	0	122,317,718	0	38.8	
	Trade Development and Markets/ Consumer Protection	14,900,000	125,000,000	1,096,800	0	7.4	0.0
	E-Licensing & Services	9,801,997	2,500,000	0	0	0.0	0.0
	Tourism Marketing and Product Development	33,559,215	89,392,810	873,080	0	2.6	0.0
	Cultural Affairs	7,600,000	0	12,800	0	0.2	
	Co-operative Development	9,300,000	5,000,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>390,107,190</b>	<b>221,892,810</b>	<b>124,300,398</b>	<b>0</b>	<b>31.9</b>	<b>0.0</b>
<b>LANDS, PLANNING, HOUSING AND URBAN RENEWAL</b>							
Programme 11	Administration planning and support services	172,157,269	55,576,556	50,879,820	4,222,400	29.6	7.6
	Housing Development & Management	11,350,000	281,000,000	232,350	835,485	2.0	0.3
	Urban Renewal	64,050,000	190,000,000	1,937,341	0	3.0	0.0
	Land Administration and Valuation	15,566,175	2,000,000	372,000	0	2.4	0.0
	Physical Planning	3,300,000	31,000,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>266,423,444</b>	<b>559,576,556</b>	<b>53,421,511</b>	<b>5,057,885</b>	<b>20.1</b>	<b>0.9</b>
<b>TRANSPORT, INFRASTRUCTURE &amp; PUBLIC WORKS</b>							
Programme 12	General Administration and Support Services	718,675,000	0	225,604,904	0	31.4	
	Roads Infrastructure Development	18,400,000	245,000,000	177,800	21,009,666	1.0	8.6
	Transportation Management	8,200,000	12,000,000	0	0	0.0	0.0
	County Public Works	27,650,000	23,000,000	55,800	0	0.2	0.0
	Mechanical and Electrical Services	75,600,000	6,000,000	0	0	0.0	0.0
	Safety, Risk and Disaster Management Services	67,475,000	75,000,000	0	0	0.0	0.0
	<b>Sub-Total</b>	<b>916,000,000</b>	<b>361,000,000</b>	<b>225,838,504</b>	<b>21,009,666</b>	<b>24.7</b>	<b>5.8</b>
<b>BLUE ECONOMY, AGRICULTURE &amp; LIVESTOCK</b>							
Programme 13	Administration Unit-Headquarters	144,000,000	10,000,000	47,568,699	0	33.0	0.0

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec Exp	Dev. Exp	Rec Exp	Dev. Exp	Rec Exp	Dev. Exp
	Crops Development	18,368,785	35,000,000	0	0	0.0	0.0
	Livestock Production	14,010,000	30,653,701	1,059,000	9,020,960	7.6	29.4
	Fisheries Development	16,800,000	154,346,299	416,000	0	2.5	0.0
	Veterinary Services	15,821,215	20,000,000	834,370	2,626,812	5.3	13.1
	<b>Sub-Total</b>	<b>209,000,000</b>	<b>250,000,000</b>	<b>49,878,069</b>	<b>11,647,772</b>	<b>23.9</b>	<b>4.7</b>
<b>THE COUNTY ATTORNEY</b>							
Programme 14	General Administration & Legal Services	130,000,000	0	34,456,907	0	26.5	
	<b>Sub-Total</b>	<b>130,000,000</b>	<b>0</b>	<b>34,456,907</b>	<b>0</b>	<b>26.5</b>	
<b>Grand Total</b>		<b>9,274,504,489</b>	<b>5,425,495,511</b>	<b>3,845,452,237</b>	<b>204,548,205</b>	<b>41.5</b>	<b>3.8</b>

Source: Mombasa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Public Service Administration, Youth, Gender, Social Services and Sports at 92.7 per cent, Planning and Monitoring Unit in the Department of Finance and Economic Planning at 70 per cent, and General Administration, Planning and Support Services in the Department of Health Services at 67.8 per cent.

### 3.28.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the PFM Act 2012 legal timeline of 15<sup>th</sup> January 2024.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.192, where the County incurred expenditure over approved exchequer issues in several departments
3. The underperformance of own-source revenue at Kshs.1.12 billion against an annual projection of Kshs.5.25 billion, representing 21.3 per cent of the annual target.
4. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.193.
5. High level of pending bills which amounted to Kshs.3.92 billion as of 31st December 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.244.37 million were processed through the manual payroll, accounting for 7.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. Low absorption of development funds which translated to 3.8 per cent of the approved annual development budget



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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County should identify and address issues causing delays in implementing development programmes and projects.*

### **3.29. County Government of Murang'a**

#### **3.29.1 Overview of FY 2023/24 Budget**

The County's approved budget for the FY 2023/24 was Kshs.10.76 billion, comprising Kshs.3.58 billion (33.3 per cent) and Kshs.7.18 billion (66.7 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 9.7 per cent compared to the previous financial year when the approved budget was Kshs.9.8 billion which comprised of Kshs.2.94 billion towards development expenditure and Kshs.6.86 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.47 billion (69.5 per cent) as the equitable share of revenue raised nationally, Kshs.238.82 million (2.2 per cent) as Appropriations-in-Aid (A-I-A, revenue from health facilities), Kshs.1.16 billion as conditional grants, a cash balance of Kshs.650.31 million (6.0 per cent) brought forward from FY 2022/23, and generate Kshs.1.24 billion (11.5 per cent) as ordinary own-source revenue.

#### **3.29.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.2.46 billion as the equitable share of the revenue raised nationally, Kshs.5.00 million as additional allocations/conditional grants, had a cash balance of Kshs.650.31 million from FY 2022/23 and raised Kshs.295.12 million as own-source revenue (OSR). The raised OSR includes Kshs.107.71 million as FIF and Kshs.187.41 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.42 billion, as shown in Table 3.194

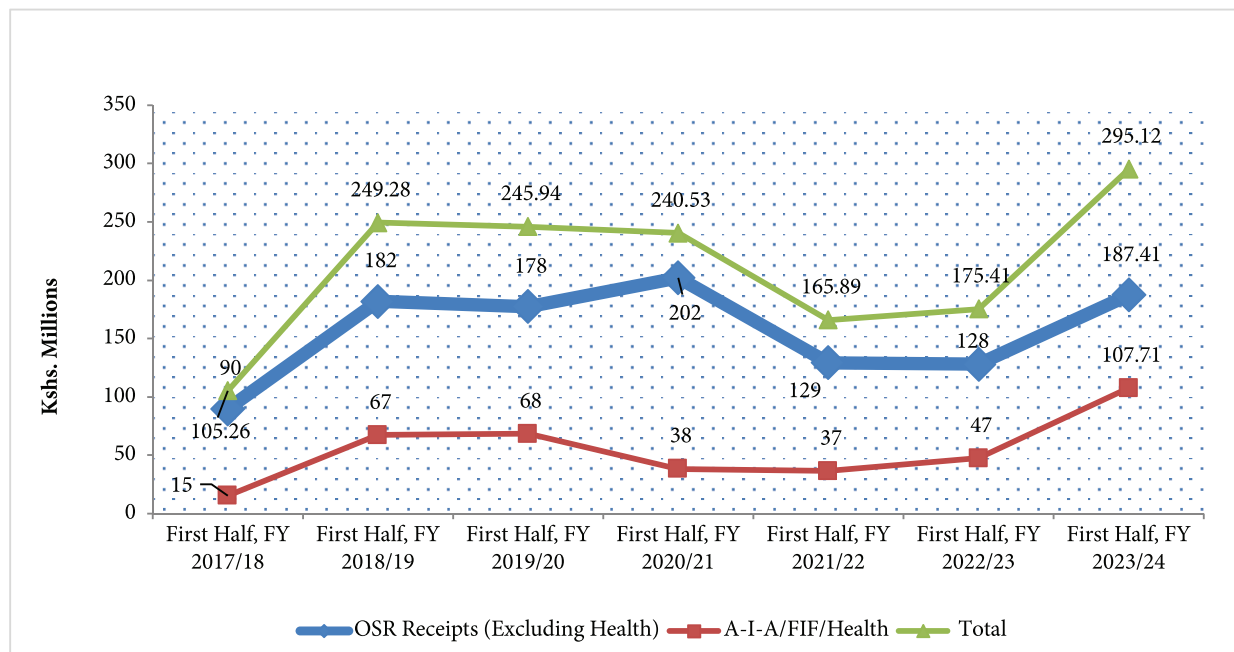
**Table 3.194: Murang'a County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,473,786,703	2,466,349,612	33.0
<b>Sub Total</b>		<b>7,473,786,703</b>	<b>2,466,349,612</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Leasing of Medical Equipment	124,733,404		-
2	Nutritional International Grant	20,000,000	5,000,000	25.0
3	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	197,147,434	-	-
4	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5	DANIDA Grant	11,492,250	-	-
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,899,127	-	-
7	Livestock Value Chain Support	71,618,400	-	-
8	World Bank (Finance Locally-Led Climate Program (FL-LoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	-	-
9	Conditional Grant for Fertilizer Subsidy	197,960,790	-	-
10	Transfer of Library Services	13,019,070	-	-
11	Aggregated Industrial Park	250,000,000	-	-
<b>Sub-Total</b>		<b>1,159,870,475</b>	<b>5,000,000</b>	<b>0.4</b>
<b>c</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	1,236,181,883	187,411,896	15.2
2	Balance b/f from FY2022/23	650,313,246	650,313,246	100.0
3	Facility Improvement Fund (FIF)	238,818,117	107,710,313	45.1
<b>Sub Total</b>		<b>2,125,313,246</b>	<b>945,435,455</b>	<b>44.5</b>
<b>Grand Total</b>		<b>10,758,970,424</b>	<b>3,416,785,067</b>	<b>31.8</b>

*Source: Murang'a County Treasury*

Figure 85 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

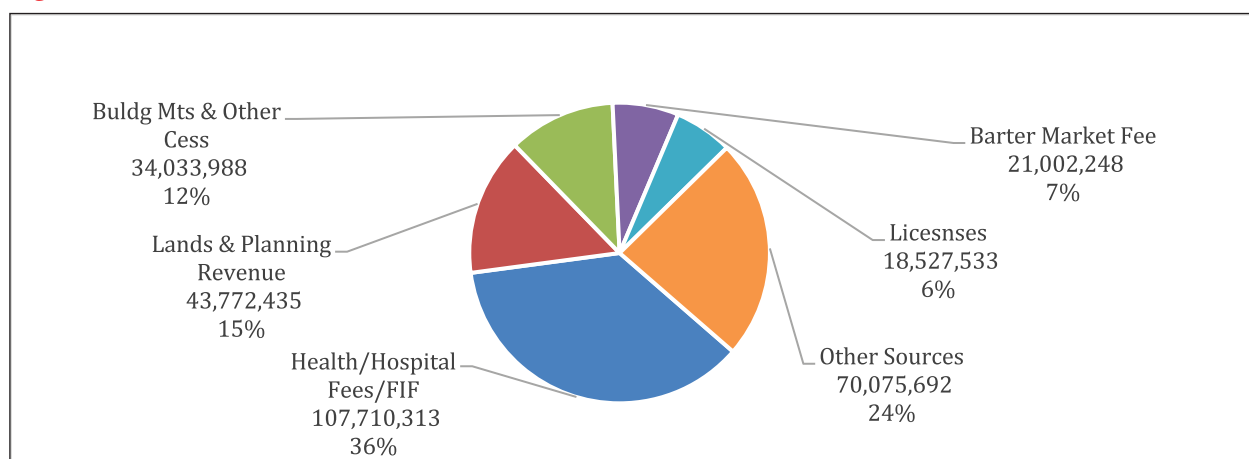
**Figure 85: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Murang'a County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.295.12 million from its sources of revenue inclusive of FIF and ordinary revenues. This amount represented an increase of 40.6 per cent compared to Kshs.175.41 million realised in the first half of FY 2022/23 and was 20.0 per cent of the annual target and 3.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

**Figure 86: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Murang'a County Treasury

The highest revenue stream of Kshs.107.71 million was from Health/ Hospital Fees (FIF), contributing to 36.0 per cent of the total OSR receipts during the reporting period.

### 3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.37 billion from the CRF account during the reporting period which comprised Kshs.310.39 million (9.2 per cent) for development programmes and Kshs.3.06 billion (90.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.12 billion was released towards Employee Compensa-

tion, and Kshs.938.56 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.33.89 million.

### 3.29.4 County Expenditure Review

The County spent Kshs.3.36 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.6 per cent of the total funds released by the CoB and comprised Kshs.308.01 million and Kshs.3.05 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.6 per cent, while recurrent expenditure represented 42.6 per cent of the annual recurrent expenditure budget.

### 3.29.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.13 billion, comprising of Kshs.1.05 billion for recurrent expenditure and Kshs.81.66 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.512.78 million were settled, consisting of Kshs.477.18 million for recurrent expenditure and Kshs.35.59 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.624.71 million. The County also has ineligible pending bills amounting to Kshs.2.09 billion.

The outstanding pending bills for the County Assembly were Kshs.77.84 million as of 31<sup>st</sup> December 2023, comprising Kshs.65.64 million for recurrent expenditure and Kshs.12.20 million for development activities.

### 3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.01 billion on employee compensation, Kshs.700 million on operations and maintenance, and Kshs.308.01 million on development activities. Similarly, the County Assembly spent Kshs.121.01 million on employee compensation and Kshs.217.03 million on operations and maintenance, as shown in Table 3.195.

**Table 3.195: 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
<b>Total Recurrent Expenditure</b>	<b>6,321,209,237</b>	<b>855,709,032</b>	<b>2,716,997,091</b>	<b>338,140,902</b>	<b>43.0</b>	<b>39.5</b>
Compensation to Employees	4,133,663,665	363,990,000	2,016,996,596	121,101,789	48.8	33.3
Operations and Maintenance	2,187,545,571	491,719,032	700,000,494	217,039,111	32.0	44.1
<b>Development Expenditure</b>	<b>3,537,052,155</b>	<b>45,000,000</b>	<b>308,016,606</b>	<b>-</b>	<b>8.7</b>	<b>-</b>
<b>Total</b>	<b>9,858,261,392</b>	<b>900,709,032</b>	<b>3,025,013,698</b>	<b>338,140,902</b>	<b>30.7</b>	<b>37.5</b>

Source: Murang'a County Treasury

### 3.29.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.14 billion, or 62.6 per cent of the available revenue which amounted to Kshs.3.42 billion. This expenditure represented an increase from Kshs.2.13 billion reported in a similar period in FY 2022/23. The wage bill included

Kshs.1.16 billion paid to health sector employees, translating to 54.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.94 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.180.58 million was processed through manual payrolls. The manual payrolls accounted for 8.5 per cent of the total PE cost.

The County Assembly spent Kshs.14.10 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.48,967 per MCA. The County Assembly has established 17 Committees.

### 3.29.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.675 million to county-established funds in FY 2023/24, constituting 6.3 per cent of the County's overall budget. Table 3.196 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.196: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Murang'a County Education Scholarship Fund	245,000,000.00	175,422,480.00	63,950,311.00	774,815,950.00	Yes
2.	Small Traders Empowerment Program	-	-	600.00	20,000,000.00	Yes
3.	Executive Car Loan and Mortgage Fund	20,000,000.00	-	-	-	Not in Operation
4.	Emergency Fund	20,000,000.00	-	-	-	Not in Operation
5.	Youth Fund	115,000,000.00	60,000,000.00	31,408,671.90	60,000,000.00	Yes
6.	Agricultural Farm Inputs Subsidy and Incentives Fund	250,000,000.00	100,000,000.00	110,862,492.98	298,900,000.00	Yes
<b>County Assembly Established Funds</b>						
7.	County Assembly Car Loan and Mortgage Fund	25,000,000.00	-	46,987,679.00	467,274,313.00	Yes
	<b>Total</b>	<b>675,000,000.00</b>	<b>335,422,480.00</b>	<b>253,209,754.88</b>	<b>1,620,990,263.00</b>	

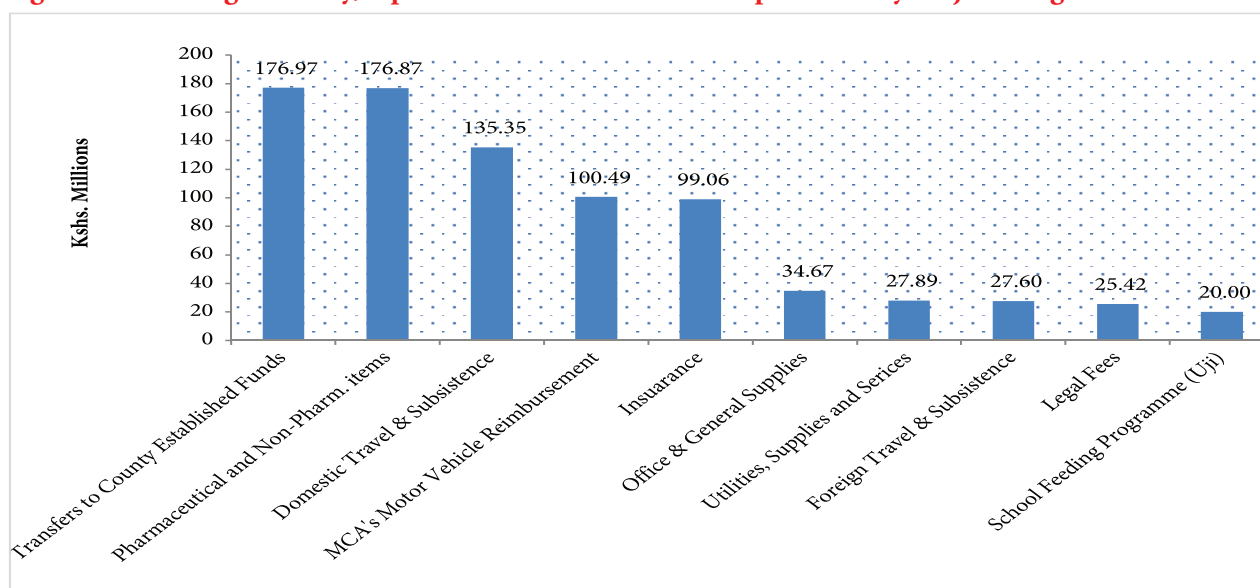
Source: Murang'a County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.29.9 Expenditure on Operations and Maintenance

Figure 87 summarises the Operations and Maintenance expenditure by major categories.

**Figure 87: Murang'a County, Operations and Maintenance Expenditure by Major Categories**



Source: *Murang'a County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.135.35 million and comprised Kshs.85.20 million spent by the County Assembly and Kshs.50.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.60 million and comprised Kshs.12.99 million by the County Assembly and Kshs.14.60 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.197.

**Table 3.197: Summary of Highest Expenditure on Foreign Travel as of 31st December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	14 July 2023 -21 July 2023	Being Payment of Foreign Travel Allowances while attending a Conference Showcasing the County Development Agenda in Trade, Agri-Business, Youth Empowerment and ICT in Singapore held between 14th July 2023 - 21st July 2023	Singapore	8,402,581.00
County Executive	5	12 September 2023 - 19 September 2023	Official Duty Belgium, Netherlands and Germany to participate in the Coffee and Tea Cupping Sessions	Belgium, Netherlands & Germany	4,050,138.00
County Executive	2	22nd August 2023 – 28th August 2023	Official Duty while representing Kenya at the Panasa Presidents Cup after Emerging top in the National Scrabble Champions in Lagos Nigeria held between 22nd August 2023 – 28th August 2023	Nigeria	970,631.00
County Executive	2	01st May 2023 – 08th May 2023	Official Duty in India to understand the Function of LVPEI and its standards in delivering Eye Care Services to emulate some of them in the local hospitals held between 01st May 2023 – 08th May 2023	India	520,092.00
County Assembly	1	27th October 2023 - 05th November 2023	Being Payment of Foreign Travel Allowances while attending A programme on Performance Management Systems and Localisation of SDGs in Kent United Kingdom held between 27th October 2023 - 05th November 2023	Kent United Kingdom	1,372,950.00

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	15th October 2023 -21st October 2023	Participation fee for members attending transformational leadership corporate governance and resilience planning masterclass in Dubai from 15th October -21st October 2023	Dubai UAE	2,384,000.00
County Assembly	7	22nd October 2023 -28th October 2023	Participation fee for members attending transformational leadership corporate governance and resilience planning masterclass in Dubai from 22nd October -28th October 2023	Dubai UAE	2,086,000.00
County Assembly	8	22nd October 2023 -28th October 2023	Participation fee for members attending transformational leadership corporate governance and resilience planning masterclass in Dubai from 22nd October -28th October 2023	Dubai UAE	2,384,000.00
County Assembly	8	29th October 2023 - 04th November 2023	Participation fee for members attending transformational leadership corporate governance and resilience planning masterclass in Dubai from 29th October -04th November 2023	Dubai UAE	2,384,000.00
County Assembly	8	27th October 2023 - 05th November 2023	Participation fee for members attending transformational leadership corporate governance and resilience planning masterclass in Dubai from 27th October -05th November 2023	Dubai UAE	2,384,000.00

Source: Murangá County Treasury and County Assembly

### 3.29.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.308.01 million on development programmes, representing an increase of 41.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.181.23 million. The table 3.198 summarises development projects with the highest expenditure in the reporting period.

**Table 3.198: Murang'a County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Livestock and Fisheries	Agricultural Farm Input Subsidy fund	County wide	250,000,000.00	100,000,000.00	40.0
2	Youth, Culture, Gender, Social Services & Sports	Murang'a Youth Service Programme	County Wide	115,000,000.00	60,000,000.00	52.2
3	Health and Sanitation	Mathioya Hospital	Mathioya	23,797,922.00	23,797,921.85	100.0
4	Health and Sanitation	Maternal health and infant support	MCRH	19,995,200.00	19,995,200.00	100.0
5	Health and Sanitation	Medical equipment's	Muranga Level V Hospital	15,700,781.00	15,700,781.00	100.0
6	Energy Transport and Roads	Upgrading to Bitumen standard at Maragua, Kiharu, and Mathioya sub-counties	Maragua, Kiharu, Mathioya	60,275,191.50	15,315,901.25	25.4
7	Health and Sanitation	Maragua Level IV Hospital	Maragua Level IV Hospital	9,933,368.55	9,933,368.55	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
8	Energy Transport and Roads	Upgrading to Bitumen standard at Murarandia, Muguru ward	Murarandia, Muguru ward	8,896,511.00	8,896,511.00	100.0
9	Environment, Natural Resources, Water and irrigation	Supply of Skip Loaders	County Wide	10,000,000.00	8,000,000.00	80.0
10	Energy Transport and Roads	Upgrading to Bitumen standard at Kigumo, Kandara & Gatanga sub-counties	Kigumo, Kandara, Gatanga	60,275,191.50	5,563,875.00	9.2

Source: Murang'a County Treasury

### 3.29.11 Budget Performance by Department

Table 3.199 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.199: Murang'a County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	263.07	1,014.13	108.23	100.00	162.17	100.00	149.8	100.0	61.6	9.9
Commerce, Trade, Industry and Tourism	98.04	613.50	29.98	12.26	22.52	9.88	75.1	80.6	23.0	1.6
County Public Service Board	57.82	-	9.58	-	13.13	-	137.1	-	22.7	-
Education & Technical Training	698.12	145.00	312.26	3.36	330.26	-	105.8	-	47.3	-
Energy Transport and Roads	22.14	660.00	7.74	50.12	10.76	53.48	139.1	106.7	48.6	8.1
Environment, Natural Resources, Water and irrigation	139.74	162.70	4.75	8.00	2.73	8.00	57.6	100.0	2.0	4.9
Finance and Economic Planning	366.67	20.00	139.29	-	150.73	-	108.2	-	41.1	-
Health and Sanitation	3,059.40	590.73	1,566.46	73.19	1,437.45	73.19	91.8	100.0	47.0	12.4
Lands, Housing & Physical Planning	36.06	61.00	7.20	-	3.84	-	53.3	-	10.6	-
Public Service Administration & Information Technology	1,027.52	80.00	337.59	-	378.88	-	112.2	-	36.9	-
Youth, Culture, Gender, Social Services & Special Programs	83.37	160.00	53.17	60.00	39.40	60.00	74.1	100.0	47.3	37.5
County Assembly	855.71	45.00	340.60	-	338.14	-	99.3	-	39.5	-
Governorship, County Coordination and Administration	399.91	10.00	146.89	-	163.56	-	111.3	-	40.9	-
Murang'a Municipality	69.37	20.00	1.72	3.47	1.55	3.47	90.3	100.0	2.2	17.4
<b>Total</b>	<b>7,176.92</b>	<b>3,582.05</b>	<b>3,065.45</b>	<b>310.40</b>	<b>3,055.14</b>	<b>308.02</b>	<b>99.7</b>	<b>99.2</b>	<b>42.6</b>	<b>8.6</b>

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Youth, Culture, Gender, Social Services & Special Programs recorded the highest absorption rate of development budget at 37.5 per cent, followed by the Murang'a Municipality at 17.4 per cent. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 61.6 per cent while the Department of Environment, Natural Resources, Water and Irrigation had the lowest at 2.0 per cent.

The allocation for recurrent expenditure for the County Assembly and the County Executive is within the ceilings set out in CARA, 2023.



### 3.29.12 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 2023/24.

**Table 3.200: Murang'a County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Budget Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Governorship, County Coordination and Administration</b>							
Monitoring and Evaluation	101024010 Project Co-ordination and Monitoring	3,600,000	-	1,072,800	-	29.8	-
County Co-ordination	705024010 Office Administration and Support Services	170275677	-	36,807,944	-	21.6	-
Public and Citizen Participation	705034010 Public Participation	6,896,000	-	1,244,450	-	18.0	-
Administration and Support	706014010 County Executive and Coordination	182,044,209	10,000,000	117,580,476	-	64.6	-
Audit and Monitoring	718014010 Audit and Other Monitoring	5,670,000	-	1,434,216	-	25.3	-
Disaster Program	902044010 Disaster Response and Mitigation	16,421,000	-	2,948,515	-	18.0	-
Communication and Information Services	203014010 Communication	15,000,000	-	2,467,414	-	16.4	-
<b>Sub Total</b>		<b>399,906,886</b>	<b>10,000,000</b>	<b>163,555,815</b>	<b>-</b>	<b>40.9</b>	<b>-</b>
<b>Finance, Information Technology and Economic Planning</b>							
Revenue Program	108014010 Local Revenue Mobilisation	20,430,000	-	6,072,300	-	29.7	-
ICT Program	703014010 Automation and Revenue System	500,000	-	-	-	-	-
Financial Management Program	703024010 Budget Formulation Coordination and Management		-	-	-	-	-
	703034010 Economic Planning and CIDP Review	33,071,184	-	3,362,512	-	10.2	-
	718024010 Corporate Governance	3,990,000	-	884,800	-	22.2	-
	705014010 Budget Implementation and Monitoring	7,460,000	-	1,231,090	-	16.5	-
	705034010 Public Participation	39,180,000	-	5,703,970	-	14.6	-
	730014010 Budget Implementation and Monitoring	3,320,000	-	807,945	-	24.3	-
Administration and Support	706014010 General Administration Planning and Support Services	258,717,923	20,000,000	132,670,246	-	51.3	-
<b>Sub Total</b>		<b>366,669,107</b>	<b>20,000,000</b>	<b>150,732,863</b>	<b>-</b>	<b>41.1</b>	<b>-</b>
<b>Agriculture, Livestock and Fisheries</b>							

Programme	Sub-Programme	Approved Budget Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Food Security	101014010 Land and Crops Development	2,970,000	-	1,070,255	-	36.0	-
	101024010 Promotion Food Security	4,850,000	907,507,351	729,000	100,000,000	15.0	11.0
	101124010 Capacity Development, Mechanization and Innovation	3,850,000	-	943,000	-	24.5	-
Livestock Development Program	103084010 Veterinary Services	5,370,000	5,000,000	624,800	-	11.6	-
	107024010 Livestock and Fisheries Development	1,705,000	-	239,400	-	14.0	-
Administration and Support	706014010 General Administration Planning and Support Services	244,320,350	101,618,400	158,565,807	-	64.9	-
<b>Sub Total</b>		<b>263,065,350</b>	<b>1,014,125,751</b>	<b>162,172,263</b>	<b>100,000,000</b>	<b>61.6</b>	<b>9.9</b>
<b>Energy Transport and Roads</b>							
Urban Development Program	102074010 Urban Development and Support	3,650,900	150,000,000	529,880	37,720,948	14.5	25.1
Energy Development Program	103094010 Promotion of Energy & Renewable Energy Sources	1,100,000	-	297,000	-	27.0	-
Infrastructure Development Program	201014010 Construction of Roads and Bridges	17,384,487	-	9,937,182	-	57.2	-
	202064010 Infrastructure Development	-	510,000,000	-	15,755,042	-	3.1
<b>Sub Total</b>		<b>22,135,387</b>	<b>660,000,000</b>	<b>10,764,062</b>	<b>53,475,990</b>	<b>48.6</b>	<b>8.1</b>
<b>Commerce, Trade, Industry and Tourism</b>							
Agro Marketing	102054010 Cooperatives	8,420,000	60,000,000	875,655	-	10.4	-
Tourism Program	110014010 Tourism Development	2,060,000	-	161,500	-	7.8	-
	301014010 Tourism Promotion and Marketing	-	8,500,000	-	-	-	-
Trade Development Program	111014010 Trade & Enterprise Development	16,160,000	545,000,000	1,008,634	9,877,668	6.2	1.8
	302014010 Domestic Trade Development	54,202,894	-	18,879,321	-	34.8	-
	302024010 Fair Trade and Consumer Protection	3,220,000	-	8,500	-	0.3	-
Administration and Support	706014010 General Administration Planning and Support Services	13,980,706	-	1,584,482	-	11.3	-
<b>Sub Total</b>		<b>98,043,600</b>	<b>613,500,000</b>	<b>22,518,091</b>	<b>9,877,668</b>	<b>23.0</b>	<b>1.6</b>
<b>Education &amp; Technical Training</b>							
ECDE Programme	501034010 Early Childhood Development Education	-	130,000,000	-	-	-	-
	509014010 Early Child Development and Education	288,468,651	-	112,676,854	-	39.1	-
Polytechnics Program	507014010 Revitalisation of Youth Polytechnics	125,766,773	5,000,000	37,570,123	-	29.9	-

Programme	Sub-Programme	Approved Budget Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education Intervention Program	501054010 Motivation of Primary and Secondary School	-	10,000,000	-	-	-	-
	509024010 Motivation of Primary and Secondary Schools	271,219,070	-	175,881,235	-	64.8	-
Administration and Support	706014010 General Administration Planning and Support Services	12,662,790	-	4,133,237	-	32.6	-
<b>Sub Total</b>		<b>698,117,284</b>	<b>145,000,000</b>	<b>330,261,449</b>	<b>-</b>	<b>47.3</b>	<b>-</b>
<b>Health and Sanitation</b>							
Infrastructure Development Program	101104010 Infrastructure Development	-	286,000,000	-	31,792,665	-	11.1
	109024010 Infrastructure Improvement Services	1,815,000	-	475,175	-	26.2	-
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	10,160,000	-	1,732,853	-	17.1	-
	402034010 Preventive and Promotive Care	-	60,000,000	-	-	-	-
Curative Program	402054010 Free Primary HealthCare	754,270,000	244,726,404	265,429,963	41,396,041	35.2	16.9
Administration and Support	706014010 General Administration Planning and Support Services	2,293,156,373	-	1,169,813,945	-	51.0	-
<b>Sub Total</b>		<b>3,059,401,373</b>	<b>590,726,404</b>	<b>1,437,451,936</b>	<b>73,188,706</b>	<b>47.0</b>	<b>12.4</b>
<b>Lands, Housing &amp; Physical Planning</b>							
Urban Development	102074010 Urban Development	5,000,000	2,000,000	-	-	-	-
	103074010 Land Administration	-	59,000,000	-	-	-	-
Land Policy Succession and Surveying	103014010 Land Policy and Planning	-	-	-	-	-	-
	103044010 Land Survey	-	-	-	-	-	-
Estate Management	701034010 Public Trusts and Estates Management	-	-	-	-	-	-
Administration and Support	706014010 General Administration Planning and Support Services	31,059,460	-	3,837,586	-	12.4	-
<b>Sub Total</b>		<b>36,059,460</b>	<b>61,000,000</b>	<b>3,837,586</b>	<b>-</b>	<b>10.6</b>	<b>-</b>
<b>County Public Service Board</b>							
National Values and Governance Program	706014010 General Administration Planning and Support Services	57,815,881	-	13,131,934	-	22.7	-
<b>Sub Total</b>		<b>57,815,881</b>	<b>-</b>	<b>13,131,934</b>	<b>-</b>	<b>22.7</b>	<b>-</b>
<b>Youth, Culture, Gender, Social Services &amp; Special Programs</b>							

Programme	Sub-Programme	Approved Budget Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Social Development Program	102054010 Cooperatives	-	-	-	-	-	-
	901014010 Social Welfare and Vocational Rehabilitation	2,450,000	5,000,000	731,950	-	29.9	-
	902024010 Persons Living with Disabilities	-	5,000,000	-	-	-	-
	711024010 Gender & Social-Economic Empowerment	-	5,000,000	-	-	-	-
General Administration and Support	706014010 General Administration Planning and Support Services	53,514,429	-	24,954,969	-	46.6	-
Youth Development Program	711014010 Youth Development Services	660,000	135,000,000	207,800	60,000,000	31.5	44.4
	903034010 Development and Management of Sports Facilities	23,623,500	5,000,000	12,740,770	-	53.9	-
Cultural Development Program	904014010 Development and Promotion of Culture	3,119,238	5,000,000	764,940	-	24.5	-
<b>Sub Total</b>		<b>83,367,168</b>	<b>160,000,000</b>	<b>39,400,429</b>	<b>60,000,000</b>	<b>47.3</b>	<b>37.5</b>
<b>Environment, Natural Resources, Water and Irrigation</b>							
Waste Management Program	101094010 Solid Waste Management	6,074,872	49,000,000	1,052,900	8,000,000	17.3	16.3
	102064010 Environmental Management & Protection	14,553,072	78,700,000	369,340	-	2.5	-
Administration and Support	706014010 General Administration Planning and Support Services	47,355,186	-	281,000	-	0.6	-
Environmental Governance	1001054010 Environmental Leadership and Governance	25,700,000	-	230,260	-	0.9	-
Administration and Support	706014010 General Administration Planning and Support Services	-	-	-	-	-	-
Water Development Program	1004014010 Water Supply Infrastructure	-	35,000,000	-	-	-	-
Irrigation Development	1003024010 Irrigation Development	46,054,370	-	801,200	-	1.7	-
<b>Sub Total</b>		<b>139,737,500</b>	<b>162,700,000</b>	<b>2,734,700</b>	<b>8,000,000</b>	<b>2.0</b>	<b>4.9</b>
<b>Public Service Administration</b>							
Human Resource Development Program	101064010 Human Resource Management and Development	-	-	-	-	-	-
Administration and Support	706001410 General Administration Planning and Support Services	1,027,520,241	-	378,882,364	-	36.9	-
ICT Program	Automation	-	80,000,000	-	-	-	-
<b>Sub Total</b>		<b>1,027,520,241</b>	<b>80,000,000</b>	<b>378,882,364</b>	<b>-</b>	<b>36.9</b>	<b>-</b>

Programme	Sub-Programme	Approved Budget Estimates		Actual Expenditure as of 31 <sup>st</sup> December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Murang'a Municipality</b>							
Municipal Development Program	10109410 Solid Waste Management	-	-	-	-	-	-
	101104010 Infrastructure Development	-	-	-	-	-	-
	102074010 Urban Development and Support	3,950,000	10,000,000	-	-	-	-
	109024010 Other Municipalities	-	10,000,000	-	3,474,243	-	34.7
	703014010 Revenue Automation	-	-	-	-	-	-
	706014010 General Administration Planning and Support Services	65,420,000	-	1,553,600	-	2.4	-
<b>Sub Total</b>		<b>69,370,000</b>	<b>20,000,000</b>	<b>1,553,600</b>	<b>3,474,243</b>	<b>2.2</b>	<b>17.4</b>
<b>County Assembly</b>							
Legislation and representation	Legislation and representation	292,897,813	-	100,597,352.00	-	34.3	-
Oversight	Oversight	336,750,000	-	172,924,052.00	-	51.4	-
Administration planning and support	Administration planning and support	226,061,220	45,000,000	64,619,498.00	-	28.6	-
<b>Sub Total</b>		<b>855,709,033</b>	<b>45,000,000</b>	<b>338,140,902</b>	<b>-</b>	<b>39.5</b>	<b>-</b>
<b>Grand Total</b>		<b>7,176,918,269</b>	<b>3,582,052,155</b>	<b>3,055,137,993</b>	<b>308,016,607</b>	<b>42.6</b>	<b>8.6</b>

Source: Murang'a County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Executive Coordination in the Department of Governorship, County Coordination and Administration at 61.2 per cent, Construction of Roads and Bridges in the Department of Energy Transport And Roads at 57.2 per cent, Oversight in the County Assembly at 51.4 per cent, and General Administration, Planning and Support Services in the Department of Health And Sanitation at 51.0 per cent of budget allocation.

### 3.29.13 Accounts Operated Commercial Banks

The County government operated a total of 37 accounts with commercial banks comprising 31 accounts spent by the County Executive and 7 accounts by the County Assembly. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash purposes.

### 3.29.14 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. The underperformance of own-source revenue at Kshs.295.12 million against an annual projection of Kshs.1.47 billion, representing 20.0 per cent of the annual target.
2. High level of eligible pending bills which amounted to Kshs.702.55 million as of 31<sup>st</sup> December 2023.

3. Use of manual payroll. Personnel emoluments amounting to Kshs.180.58 million were processed through the manual payroll, accounting for 8.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

### **3.30. Nairobi City County Government**

#### **3.30.1 Overview of FY 2023/24 Budget**

The County's approved budget for the FY 2023/24 was Kshs.42.33 billion, comprising Kshs.14.01 billion (33.1 per cent) and Kshs.28.32 billion (66.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 10.4 per cent compared to the previous financial year when the approved budget was Kshs.38.33 billion and comprised of Kshs.11.35 billion towards development expenditure and Kshs.26.98 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.20.07 billion (47.4 per cent) as the equitable share of revenue raised nationally, Kshs.270 million (0.6 per cent) as Appropriations-in-Aid (A-I-A), which includes the Department of Health's Facility Improvement Fund (FIF) collections. Other expected revenues were Kshs.606.56 million (1.4 per cent) as conditional grants, a cash balance of Kshs.1.66 billion (3.9 per cent) was brought forward from FY 2022/23, and generate Kshs.19.42 billion (45.9 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.201.

#### **3.30.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.8.33 billion as the equitable share of the revenue raised nationally, Kshs.3 million as additional allocations/conditional grants, had a cash balance of Kshs.1.21 billion from FY 2022/23, and raised Kshs.3.81 billion as own-source revenue (OSR). The raised OSR includes Kshs.124.98 million as ordinary A-I-A, Kshs.126.70 million as FIF and Kshs.3.56 billion ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.13.36 billion, as shown in Table 3.201.

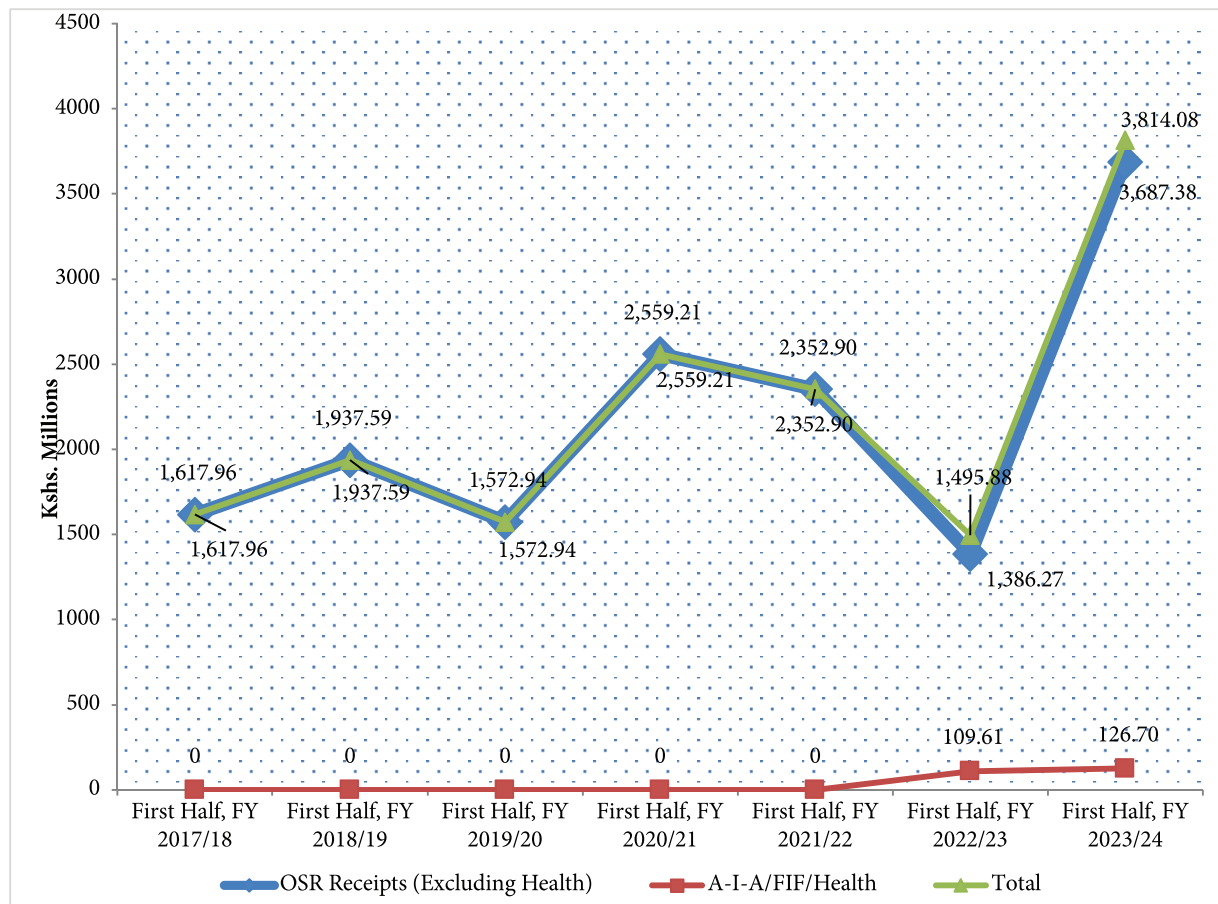
**Table 3.201: Nairobi City County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>A.</b>	<b>Equitable Share of Revenue Raised Nationally</b>	20,072,059,113	8,329,904,533	41.5
<b>Sub Total</b>		<b>20,072,059,113</b>	<b>8,329,904,533</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Sweden – Agricultural Sector Development Support Programme II	5,507,770	3,000,000	54.5
2	World Bank - to finance Locally Led Climate Action Plans (FFLoCA)	22,000,000	-	-
3	DANIDA Grant-Primary Health Care in De-volved Context	29,048,250	-	-
4	World Bank -Kenya Informal Settlement Im-provement Project II	550,000,000	-	-
<b>Sub-Total</b>		<b>606,556,020</b>	<b>3,000,000</b>	<b>0.5</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	19,420,072,415	3,562,393,657	18.3
2	Balance b/f from FY2022/23	1,661,782,568	1,213,602,336	73.0
3	Facility Improvement Fund (FIF)	270,000,000	126,702,816	46.9
4	Appropriation in Aid (AIA)	300,000,000	124,983,315	41.7
<b>Sub Total</b>		<b>21,651,854,983</b>	<b>5,027,682,124</b>	<b>23.2</b>
<b>Grand Total</b>		<b>42,330,470,116</b>	<b>13,360,586,657</b>	<b>31.6</b>

*Source: Nairobi City County Treasury*

Figure 88 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

**Figure 88: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**

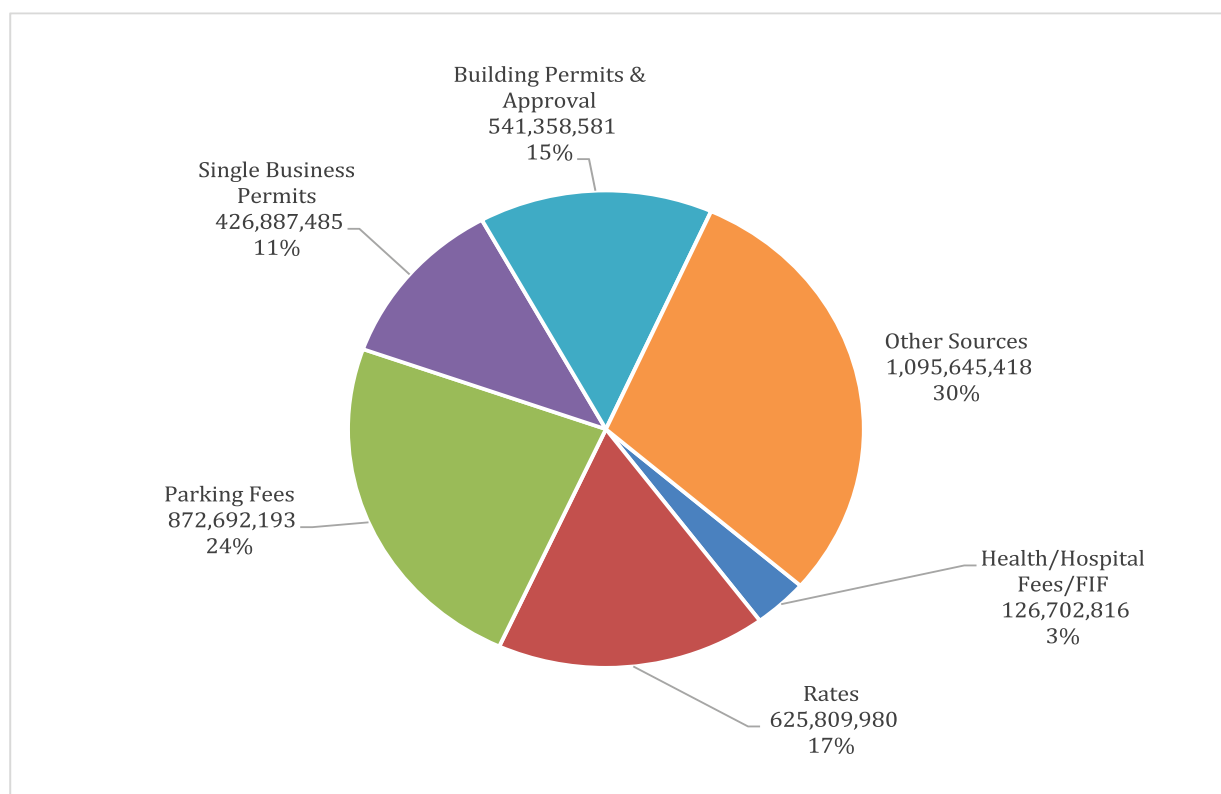


Source: Nairobi City County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.3.81 billion from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 155 per cent compared to Kshs.1.49 billion realised in a similar period in FY 2022/23 and was 19.1 per cent of the annual target and 46.0 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.37 billion. The revenue streams which contributed the highest OSR receipts are shown in Figure 89.



**Figure 89: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.872.70 million was from Parking fees, contributing to 24 per cent of the total OSR receipts during the reporting period.

### 3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.48 billion from the CRF account during the reporting period which comprised Kshs.233.53 million (2.2 per cent) for development programmes and Kshs.10.25 billion (97.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.7.19 billion was released towards Employee Compensation, and Kshs.3.06 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.1.92 billion.

### 3.30.4 County Expenditure Review

The County spent Kshs10.81 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB and comprised Kshs.461.50 million and Kshs.10.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.3 per cent, while recurrent expenditure represented 36.6 per cent of the annual recurrent expenditure budget.

### 3.30.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.107.33 billion. This amount is not broken into recurrent and development. In the first half of FY 2023/24, pending bills amounting to Kshs.448.79 million were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.106.88 billion.

The outstanding pending bills for the County Assembly were Kshs.157.05 million as of 31<sup>st</sup> December 2023.

### 3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.7.13 billion on employee compensation, Kshs.2.24 billion on operations and maintenance, and Kshs.461.50 million on development activities. Similarly, the County Assembly spent Kshs.368.87 million on employee compensation and Kshs.617.42 million on operations and maintenance, 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
<b>Total Recurrent Expenditure</b>	<b>26,291,598,651</b>	<b>2,024,000,000</b>	<b>9,363,857,374</b>	<b>986,296,275</b>	<b>35.6</b>	<b>48.7</b>
Compensation to Employees	15,397,241,901	924,794,904	7,125,179,297	368,872,305	46.3	39.9
Operations and Maintenance	10,894,356,750	1,099,205,096	2,238,678,077	617,423,970	20.5	56.2
<b>Development Expenditure</b>	<b>12,799,652,484</b>	<b>1,215,000,000</b>	<b>461,497,508</b>	<b>-</b>	<b>3.6</b>	<b>-</b>
<b>Total</b>	<b>39,091,251,135</b>	<b>3,239,000,000</b>	<b>9,825,354,882</b>	<b>986,296,275</b>	<b>25.1</b>	<b>30.5</b>

*Source: Nairobi City County Treasury*

### 3.30.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.7.49 billion, or 56.1 per cent of the available revenue which amounted to Kshs.13.36 billion. This expenditure represented an increase from Kshs.7.08 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.90 billion paid to health sector employees, translating to 38.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.6.49 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.1.01 billion was processed through manual payrolls. The manual payrolls accounted for 13.5 per cent of the total PE cost.

The County Assembly spent Kshs.25.28 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.84.40 million. The average monthly sitting allowance was Kshs.33.973 per MCA. The County Assembly has established 26 Committees.

### 3.30.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.300 million to county-established funds in FY 2023/24, constituting 0.7 per cent of the County's overall budget. Table 3.203 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.203: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
<b>County Executive Established Funds</b>					
	Emergency Fund	200,000,000	20,000,000	180,777,500	No
<b>County Assembly Established Funds</b>					
	Car loan and Mortgage Fund	100,000,000	99,540,000	99,540,000	No
<b>Total</b>		<b>300,000,000</b>	<b>119,540,000</b>	<b>279,317,500</b>	<b>-</b>

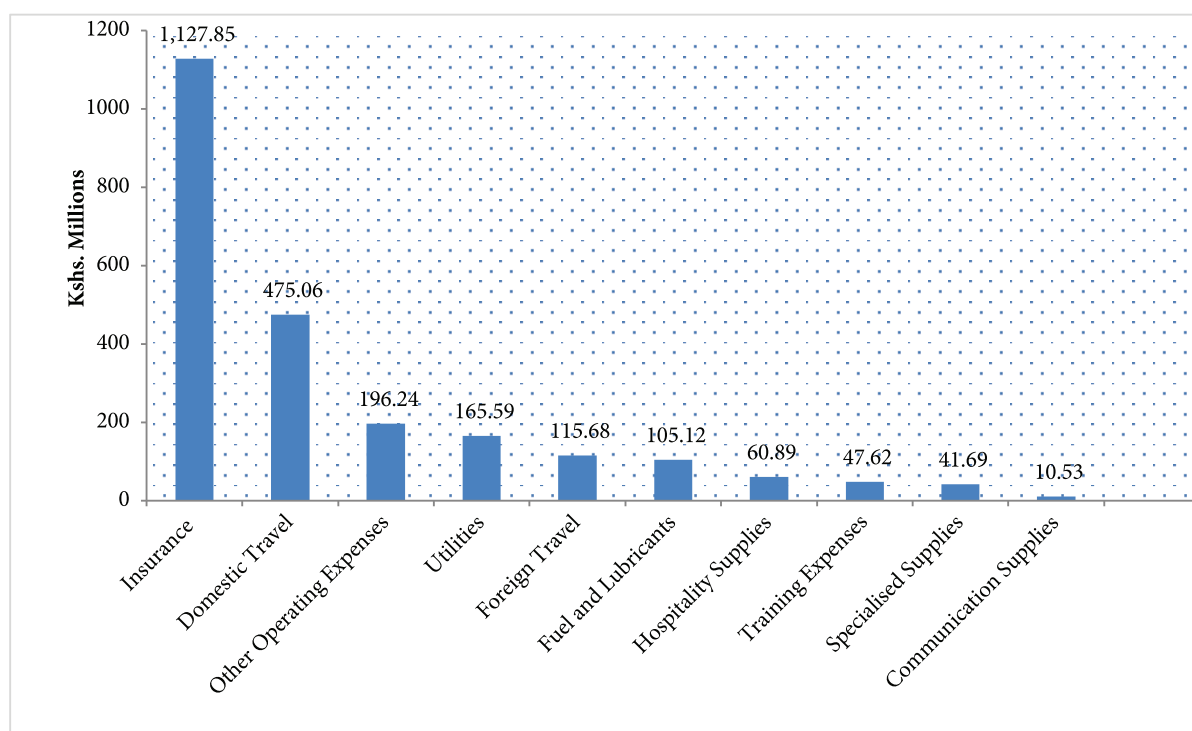
Source: Nairobi City County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the two funds as indicated in Table 3.198, contrary to the requirement of Section 168 of the PFM Act, 2012.

### 3.30.9 Expenditure on Operations and Maintenance

Figure 90 summarises the Operations and Maintenance expenditure by major categories.

**Figure 90: Nairobi City County, Operations and Maintenance Expenditure by Major Categories**



Source: Nairobi City County Treasury

During the period, expenditure on domestic travel amounted to Kshs.475.06 million and comprised Kshs.183.00 million spent by the County Assembly and Kshs.292.07 million by the County Executive. Expenditure on foreign travel amounted to Kshs.115.68 million and comprised Kshs.46.24 million by the County Assembly and Kshs.69.44 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.204 below; -

**Table 3.204: Summary of Highest Expenditure on Foreign Travel**

Arm of county	No. Of officers travelled	Dates Travelled	Purpose of Travel	Destination	Total costs of the Travel (Kshs.)
County Executive	7	18 <sup>th</sup> Aug. to 2 <sup>nd</sup> Sept,2023	To attend a personal branding and people professional summit	Dubai	8,993,450.00
County Executive	8	16 <sup>th</sup> to 23 <sup>rd</sup> September 2023	To attend a series of summits alongside the 8th United Nations General Assembly from 16th to 23rd September in New York	New York	8,782,764.00
County Executive	8	22 <sup>nd</sup> to 7th August, 2023	Not Indicated	Vancouver Canada	6,761,520.00
County Executive	7	17th to 21th October 2023	Being payment per diem and transport to attend FIAT/IFTA World Conference 2023 from 17th to 21st October in Locarno Switzerland	Locarno Switzerland	5,368,497.00
County Executive	Not Indicated	17-27th Oct 2023	To attend water inclusivity and sewerage conference, technical tour and business matching.	Tokyo japan	5,080,800.00

Source: Nairobi County Treasury

### 3.30.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.465.04 million on development programmes, representing a decrease of 49.9 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.927.33 million. The table 3.205 summarises development projects with the highest expenditure in the reporting period.

**Table 3.205: Nairobi City County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport, Roads and Public Works	Road Maintenance Fuel Levy	Countywide	927,334,931	227,967,900	24.6
2	Business and Hustler Opportunities	Construction of 10 No. centralized kitchens and 100 No. serving sheds in schools	Selected school countywide	324,954,236	198,995,725	61.2
3	Talent Skills Development & Care	Construction of Dandora Stadium	Dandora	276,000,000	34,533,882	12.5

Source: Nairobi City County Treasury

The total development expenditure is more than the exchequer issued because some of the expenditure is funded by the Road Maintenance Fuel Levy grant which was not refunded to the CRF at the end of the financial year.

### 3.30.11 Budget Performance by Department

Table 3.206 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.206: Nairobi County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	127.32	10.00	26.01	-	25.01	-	96.2	-	19.6	-
Finance & Economic Planning	2,418.36	800.00	1,062.32	-	991.86	-	93.4	-	41.0	-
Public Service Management	2,209.44	30.00	1,241.29	-	1,099.85	-	88.6	-	49.8	-
Agriculture, Livestock Development, Fisheries & Forestry	293.91	123.96	70.01	-	70.01	-	100.0	-	23.8	-
Environment, Water, Energy & Natural Resources	2,388.04	421.04	579.51	-	579.42	-	100.0	-	24.3	-
Ward Development Programs	92.38	1,955.00	3.91	-	3.91	-	100.0	-	4.2	-
Emergency Fund	200.00	-	20.00	-	185.37	-	926.9			
Liquor Licensing Board	220.57	70.00	-	-	103.14	-	-			
Boroughs and Public Administration	4,437.25	1,186.00	1,744.23	-	1,746.83	-	100.1	-	39.4	-
County Attorney	252.62	15.00	46.50	-	46.33	-	99.6	-	18.3	-
Innovation and Digital Economy	228.76	200.00	51.14	-	50.84	-	99.4	-	22.2	-
Health Wellness & Nutrition	7,071.30	1,129.00	2,919.75	-	2,961.24	-	101.4	-	41.9	-
Built Environment & Urban Planning	449.12	625.00	171.38	-	171.48	-	100.1	-	38.2	-
Mobility and Works	1,100.72	3,300.27	506.26	-	510.16	227.97	100.8	-	46.3	6.9
Talent Skills Development & Care	2,085.60	829.38	478.82	34.53	478.72	34.53	100.0	100.0	23.0	4.2
Business & Hustler Opportunities	612.50	1,445.00	252.13	-	252.03	-	100.0	-	41.1	-
Inclusivity Public Participation, & Citizen Engagement	1,653.71	560.00	34.49	199.00	34.69	199.00	100.6	100.0	2.1	35.5
Nairobi Revenue Authority	450.00	100.00	52.95	-	52.95	-	100.0	-	11.8	-
County Assembly	2,024.00	1,215.00	986.30	-	986.30	-	100.0	-	48.7	-
<b>Total</b>	<b>28,315.60</b>	<b>14,014.65</b>	<b>10,247.00</b>	<b>233.53</b>	<b>10,350.15</b>	<b>461.50</b>	<b>101.0</b>	<b>197.6</b>	<b>36.6</b>	<b>3.3</b>

*Source: Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Inclusivity Public Participation, and Citizen Engagement recorded the highest absorption rate of development budget at 35.5 per cent, followed by the Department of Mobility and Works at 6.6 per cent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 49.8 per cent while the Department of Inclusivity Public Participation and Citizen Engagement had the lowest at 2.2 per cent.

The Assembly's recurrent budgetary allocation of Kshs2.02 billion is Kshs.100 million above the CARA ceilings. This issue has already been highlighted and discussed. The way forward is that it is to be reduced at the next supplementary.

### 3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.207 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.207: Nairobi City County, Budget Execution by Programmes and Sub-Programmes**

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
5311000000 county public service board	0718005310 general administrative services	0701010 sp.1.1 gen- eral administration planning and support services	127,315,242	10,000,000	-	-	-	-
		Total 5311000000 COUNTY PUBLIC SERVICE BOARD	127,315,242	10,000,000	-	-	-	-
5314000000 finance & economic planning	0701005310 public financial management	0701015310 assets management ser- vices	217,500,000		-		-	#DIV/0!
		0701065310 sp1.6 Accounting Services	213,000,000	25,000,000	1,099,850,466	-	516.4	-
		0701105310 Sp10 Debt Management Services	576,000,000	775,000,000	1,263,910	-	0.2	-
		0718085310 Sp8 Supply Chain Man- agement	128,318,757		-		-	-
	0718005310 general administrative services	0718015310 sp1 general adminis- tration & support services	975,044,718		1,652,000		0.2	0
	0731005310 P31: Eco- nomic Policy, Formulation and Budget Management	0731015310 Sp31:1 Economic Planning Formulation and Management	133,499,947		590,200		0.4	-
		0731025310 Sp31:2 Budget Formulation Coordination and mgt	175,000,000		-		-	-
		Total 5314000000 FINANCE & ECO- NOMIC PLAN- NING	2,418,363,422	800,000,000	1,103,356,576	-	45.6	-
5320000000 public service management	0718005310 general administrative services	0718015310 sp1 general adminis- tration & support services	522,797,530		-		-	-
	0729005310 p29:public service trans- formation	0729015310 sp 29.1 human resource management	1,599,470,762		-		-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
		0729025310 Sp 29.2 Human Resource Development	87,172,507	30,000,000	448,280		0.5	-
		Total 5320000000 PUBLIC SERVICE MANAGEMENT	2,209,440,799	30,000,000	448,280	-	0.0	-
5321000000 agriculture, livestock development, fisheries & forestry	0106005310 P.6 General Administra- tion Planning and Support Services	0106015310 Sp 6.1 Administration, Planning & Support Services	188,450,937	18,960,000	-		-	-
			2,551,000		410,937		16.1	-
			5,507,770		52,209,375		947.9	-
	0119005310 p.19 urban agriculture promotion & regulation	0119015310 sp 19.1 crop development and management	9,093,928	21,000,000	-		-	-
		0119025310 Sp 19.2 Fisheries Develop- ment and Manage- ment	7,300,130	20,000,000	-		-	-
		0119035310 Sp 19.3 Livestock Resources Management and Development	7,392,192	20,000,000	-		-	-
	0116005310 P.10:Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	8,171,991	20,000,000	-		-	-
	0117005310 p.11:aforesta- tion	0117015310 sp 11.1 forestry services	58,000,000	10,000,000	-		-	-
	0118005310 P.18:Food Systems and Surveillance	0118015310 Sp.18.1: Food Sys- tems and Surveil- lance Services	7,441,114	14,000,000	-		-	-
		Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	293,909,062	123,960,000	52,620,312	-	17.9	-
5323000000 environment, water, energy & natural resources	1001005310 p1 general administration & support services	1001015310 sp1 general adminis- tration & support services	1,096,039,622		-		-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
	1002005310 P2 Environment Management and Protection.	1002045310 sp 2.4 Beautification, Recreation and Greening Services	30,000,000			-		-	-
		1002035310 sp 2.3 Solid waste management	1,100,000,000	206,040,000	12,720,600		-	1.2	-
		1002055310 sp 2.5 Environment Planning Management Services	20,000,000			-		-	-
		1004055310 sp 4.5 Energy & Natural resources	100,000,000	215,000,000	774,000		-	0.8	-
	1004005310 p4 water resources management		42,000,000			-		-	-
		Total 5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	2,388,039,622	421,040,000	13,494,600		-	0.6	-
5325000000 ward development programmes	0214005310 p8:ward development	0214015310 sp 8.1 ward development & administration	92,375,466	1,955,000,000		-		-	-
		Total 5325000000 WARD DEVELOPMENT FUND	92,375,466	1,955,000,000		-		-	-
R5326: emergency fund	0718005310 general administrative services	0718015310 sp1 general administration & support services	200,000,000			-		-	-
		5326000000 EMERGENCY FUND	200,000,000			-		-	-
R5329 boroughs and public administration	0718005310 general administrative services	0718015310 sp1 general administration & support services	335,031,862	491,000,000	493,525,767			147.3	-
		0718105310 Sp10 Records Mgt Services	11,511,004	20,000,000	105,853,037			919.6	-
		0718015310 Sp1 General Administration & Support Services	5,348,942			-		-	-
	0733005310 P33 Coordination of boroughs and devolved units	0733015310 Sp33.1 Boroughs, Sub County Administration & coordination of devolve	1,124,914,947	400,000,000	19,543,096			1.7	-



Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
	0732005310 P32 Coordination of executive services	0718075310 Sp7 County Executive	289,589,837			-	-	-	-
		0723015310 sp 23.1 Performance Contracting management	12,984,171			65,873,368		507.3	-
			8,197,171			109,600		1.3	-
		0732015310 Sp 32.1 Executive Office Management Services	166,906,726			161,800		0.1	-
			30,494,686			329,204		1.1	-
	0723005310 P 23 Performance Management and Public Service Delivery	0732025310 Sp 32.2 Intergovernmental Relation services	22,836,895			-		-	-
		0732035310 Sp 32.3 Donor Coordination Services	87,564,522			201,442		0.2	-
	0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	1,883,318,724	105,000,000		-	-	-	-
		0724015310 sp 24.1 investigative Services	66,921,747			-	-	-	-
	0726005310 p.26 disaster management & coordination	0726035310 p.26.3 fire fighting and rescue services	288,083,045	120,000,000		-	198,995,725	-	165.8
		0726055310 P.25.5 Ambulance Services	4,805,989			-		-	-
		0726045310 P.26.4 Disaster Risk Reduction	2,093,913	45,000,000		-	-	-	-
	0734005310 p34 internal audit	0734015310 sp34.1 audit services	96,641,013	5,000,000		-		-	-
		5329000000 BOROUGH AND PUBLIC ADMINISTRATION	4,437,245,194	1,186,000,000		685,597,314	198,995,725	15.5	16.8
R5330 office of county attorney	0725005310 P 25 Management of legal affairs	0725015310 sp 25.1 legal services	252,622,287	15,000,000		-	465,041,158	-	3,100.3
		5330000000 COUNTY ATTORNEY	252,622,287	15,000,000		-	465,041,158	-	3,100.3

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
R5331 innovation & digital economy	0215005310 P15 General Administration Planning and Support Services	0215015310 Sp1 General Administration, Planning And Support Services	98,443,659			-		-	-
	0217005310 P17 Digital Economy and Start-Ups	0217015310 SP17.1 Digital Economy	18,745,000			-		-	-
		0217025310 SP17.2 E-Learning	11,000,000			-		-	-
		0217035310 SP17.3 Start-ups	10,275,000			-		-	-
	0218005310 p18 smart nairobi	0218015310 sp18.1 smart nairobi	40,000,000	200,000,000		-		-	-
	0314005310 p14: ict infrastructure connectivity	0314015310 sp1 ict infrastructure connectivity	6,715,000			-		-	-
		0314025310 Sp14.1 Information Security	43,585,000			1,910,800		4.4	-
		5331000000 INNOVATION AND DIGITAL ECONOMY	228,763,659	200,000,000		1,910,800		0.8	-
R5332 health, wellness and nutrition	0405005310 p5 public health	0405015310 sp5.1 hiv/aids prevention & control unit	1,000,000			-		-	-
		0405025310 Sp5.2 TB Control	900,000			-		-	-
		0405035310 Sp5.3 Malaria Control & Other Communicable Diseases	900,000			-		-	-
		0405045310 Sp5.4 Environmental / Public Health	10,000,000			-		-	-
		0405055310 Sp5.5 Health Policy and Regulation	10,000,000	45,000,000		-		-	-
		0404105310 Sp 4.10 Coroner Services Unit	15,000,000	69,000,000		-		-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
		0405075310 Sp5.7 Nairobi County Public Health Emer- gency Response	7,200,000	73,000,000	-		-	-
	0406005310 p6 health facilities	0406015310 sp6.1 county referral hospitals	5,000,000	100,000,000	1,045,995,291		20,919.9	-
			6,800,000	70,000,000	-		-	-
			6,000,000	190,000,000	-	-	-	-
			5,000,000		94,758,938		1,895.2	-
			2,200,000	42,000,000	-		-	-
		0406025310 Sp6.2 Health planning and financing	31,165,000	77,000,000	-	-	-	-
		0406035310 Sp6.3 Health Centres & Dispensaries	72,228,250	433,000,000	661,600	-	0.9	-
		0406045310 Sp6.4 Pumwani School of Nursing	5,655,000	30,000,000	-		-	-
		0406055310 Sp6.5 Health Commodities	400,000,000		-		-	-
	0407005310 P7 medical services	0407015310 Sp7.1 Primary Health Care	22,635,000		-		-	-
		0407025310 Sp7.2 Nairobi Medical Insurance	50,000,000		-		-	-
		0407035310 Sp7.3 Reproductive Health & Maternal Health (RMNCAH)	7,765,000		-		-	-
		0407045310 Sp7.4 Clinical Services	5,700,000		-		-	-
			4,900,000		-		-	-
		0407055310 Sp7.5 Research, Quality assurance & stan- dards unit	4,000,000		1,629,000		40.7	-
	0408005310 P8 Wellness and Nutrition	0408015310 Sp8.1 Nutrition	12,250,000		-		-	-
		0408025310 Sp8.2 Wellness	9,000,000		-		-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
	0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/ Human Resource for Health	6,376,005,086			100,000		0.0	-
		5332000000 HEALTH WELLNESS & NUTRITION	7,071,303,336	1,129,000,000		1,143,144,829	-	16.2	-
R5333 built environment & urban planning	0718005310 general administrative services	0106015310 sp 6.1 administration, planning & support services	367,120,278			-		-	-
	0121005310 p21 urban development & planning	0121015310 sp21.1 urban planning compliance & enforcement services	26,000,000	45,000,000		-		-	-
	0115005310 P9:Land management	0122015310 Sp22.1 Land Survey, GIS and Mapping Services	26,000,000			-		-	-
	0123005310 P23 Housing Development and Building Services	0102045310 SP4 Urban Renewal 580,000,000; 0123015310 Sp23.1 Housing and Urban Renewal Services	20,000,000	580,000,000		-	-	-	-
		0123025310 Sp23.2 Building services	10,000,000			3,090,560		30.9	-
		5333000000 BUILT ENVIRONMENT & URBAN PLANNING	449,120,278	625,000,000		3,090,560	-	0.7	-
R5334 mobility and works	0216005310 p16:general administration, planning And support services	5334000101 mobility and works headquarters	914,660,962			-		-	-
	0219005310 p19 works	5334000201 roads	15,200,000	2,269,184,460		-	-	-	-
		5334000301 Electrical	6,000,000	400,000,000		-	-	-	-
		5334000401 Building Works	3,160,000	8,000,000		-	-	-	-
	0220005310 p20 mobility	0220015310 sp20.1 transportation 574,700,000; 0220025310 sp20.2 traffic management services	154,700,000	488,735,000		13,217,537		8.5	-
		5334000601 Garage/Transportation	7,000,000	134,350,000		-	-	-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
		5334000000 MOBILITY AND WORKS	1,100,720,962	3,300,269,460	13,217,537	-	1.2	-
R5335 talent skills devt & care	0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,752,420,205		517,800		0.0	-
	0509005310 P9 Education services	0509025310 sp 9.2 Early Childhood Development Centres	100,000,000	130,950,000	-	-	-	-
		0509035310 sp 9.3 Technical and Vocational Training	5,500,000	38,933,024	-	-	-	-
		0509015310 sp 9.1 Quality Assurance and Co-curriculum	400,000		-		-	-
	0902005310 2.1 social services	0902015310 general administration & support services	122,348,766		-		-	-
		0902025310 Sp.2.2 Gender and Community Empowerment	2,750,000		98,400		3.6	-
		0902065310 Sp 2.6 Social welfare and care for the Aged	6,050,000		118,700		2.0	-
		0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	5,000,000	10,000,000	98,400		2.0	-
		0903015310 Sp3.1 Control of Drugs and Pornography	3,950,000		-		-	-
	0903005310 p3 youth, talent & sports	0903025310 sp3.2 general administration & support services	47,185,185		-		-	-
		0903035310 Sp3.3 Youth Empowerment and Promotion	6,000,000		1,842,220		30.7	-
		0903045310 Sp3.4 Recreational Services	4,000,000	100,000,000	-	-	-	-
		0903055310 Sp3.5 Development and promotion of sports	28,000,000	545,000,000	-	-	-	-
		0903065310 Sp3.6 Promotion of Library and Information Services	2,000,000	4,500,000	-		-	-
		5335000000 TALENT SKILLS DEVT & CARE	2,085,604,156	829,383,024	2,675,520	-	0.1	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
R5336 business & hustler opportunities	0302005310 P2:General Administration Planning and Support Services	5336000100 Business & Hustler Opportunities Headquarters	472,498,302			-		-	-
	0310005310 P.10 Co-operative Development and Audit Services	5336000201 Co-operative Development	18,500,000			742,000		4.0	-
		5336000300 Co-operative Audit	11,500,000			-		-	-
	0312005310 P.12 Trade Development and Market Services	5336000401 Markets Department Headquarters	15,000,000	991,000,000		-		-	-
		5336000700 Trade Development Department	15,000,000	260,000,000		-		-	-
	0313005310 P.13 Licensing and Fair Trade Practices	5336000500 Weights & Measures Services	6,000,000	30,000,000		-		-	-
		5336000601 Trade Licensing	9,000,000	35,000,000		-		-	-
		0313045310 sp 13.4 Betting & Gaming Services 25,000,000; 0316025310 P16.2 Betting & Gaming Services	25,000,000	29,000,000	52,946,286			211.8	-
	0316005310 P16 Business & hustler opportunities	0316015310 P16.1 Micro, Small and Medium Enterprises development	40,000,000	100,000,000		-		-	-
		5336000000 BUSINESS & HUSTLER OPPORTUNITIES	612,498,302	1,445,000,000	53,688,286			8.8	-
R5337 inclusivity public participation,& citizen engagement	0904005310 p4 public participation, citizen engagement & customer service	0904015310 sp4.1 public participation, citizen engagement & customer service	99,455,565	40,000,000		-		-	-
			33,000,000			-		-	-
			34,945,000			-		-	-
			32,555,000			-		-	-

Vote	Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)			Absorption Rate (%)		
			Recurrent	Development	Recurrent	Development	Recurrent	Development	
	0905005310 p5 city culture arts & tourism	0905015310 sp5.1 city culture arts & tourism	130,000,000			-	-	-	-
	0906005310 P6 school feeding	0906015310 Sp6.1 School feeding	1,223,750,000	500,000,000		-	-	-	-
	0907005310 P7 Gender and Inclusivity	0907015310 Sp7.1 Gender and Inclu- sivity	100,000,000	20,000,000		-	-	-	-
		5337000000 INCLUSIVITY PUBLIC PARTIC- IPATION, AND CITIZEN EN- GAGEMENT	1,653,705,565	560,000,000		-	-	-	-
R5338 nairobi revenue au- thority	0735005310 p35 nairobi revenue au- thority	0735015310 sp35.1 nairobi revenue authority services	450,000,000	100,000,000		-	-	-	-
		5338000000 NAI- ROBI REVENUE AUTHORITY	450,000,000	100,000,000		-	-	-	-
R5327 liquor Licensing board	0313005310 P.13 Licensing and Fair Trade Practices	0313015310 sp 13.1 Liquor Licensing & Regulation	220,571,299	70,000,000		-	-	-	-
		R5327 LIQUOR LICENSING BOARD	220,571,299	70,000,000		-	-	-	-
County assembly	0730005310 P30: Legisla- tion, Oversight and Represen- tation	0730015310 Sp 30.1 Legislation and Representation; 0730025310 Sp 30.2 Oversight; 0730035310 Sp 30.3 General Adminis- tration and Support Services	2,024,000,000	1,215,000,000		-	-	-	-
		R5322 COUNTY ASSEMBLY	2,024,000,000	1,215,000,000		-	-	-	-
<b>Total Voted Expenditure .... Kshs.</b>			<b>28,315,598,651</b>	<b>14,014,652,484</b>	<b>3,073,244,614</b>	<b>664,036,882</b>	<b>10.9</b>	<b>4.7</b>	

Source: Nairobi County Treasury

This report on programmes and sub-programmes does not tally with the other reports submitted by the County Treasury, especially on actual expenditure. The County Treasury should ensure the IFMIS reports are reconciled to improve budget credibility.

### 3.30.13 Accounts Operated Commercial Banks

The information on commercial bank accounts operated by the county was not availed.

### 3.30.14 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. The underperformance of own-source revenue at Kshs.3.81 billion against an annual projection of Kshs.19.99 billion, representing 19.1 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.106.88 billion as of 31<sup>st</sup> December 2023. Coupled with the lack of a concrete strategy/approach for settling pending bills.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.1.01 billion were processed through the manual payroll, accounting for 13.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Low absorption of development funds which translated to 3.3 per cent of the approved annual development budget.

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

1. *The County should devise and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County should identify and address issues causing delays in implementing development programmes and projects.*

## 3.31. County Government of Nakuru

### 3.31.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.23.08 billion, comprising Kshs.10.04 billion (43.5 per cent) and Kshs.13.04 billion (56.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 8.8 per cent compared to the previous financial year when the approved budget was Kshs.21.21 billion and comprised of Kshs.8.34 billion towards development expenditure and Kshs.12.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.59 billion (58.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.58 billion as additional allocations/conditional grants, a cash balance of Kshs.3.60 billion (15.6 per cent) from FY 2022/23, and generate Kshs.2.1 billion (9.1 per cent) as gross own source revenue. The own source revenue excludes Kshs.1.70 billion (7.4 per cent) as Facility Improvement Fund (revenue from health facilities) and, Kshs.491.70 million (2.1 per cent) balance brought forward of Facility Improvement Fund (FIF). A breakdown of the additional allocations/conditional grants is provided in Table 3.208.



### 3.31.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.4.49 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.3.60 billion from FY 2022/23, and raised Kshs.505.14 million as own-source revenue (OSR). The raised OSR excludes Kshs.682.98 million as FIF and Kshs. 491.70 million balance brought forward of Facility Improvement Fund. The total funds available for budget implementation during the period amounted to Kshs.9.77 billion, as shown in Table 3.208.

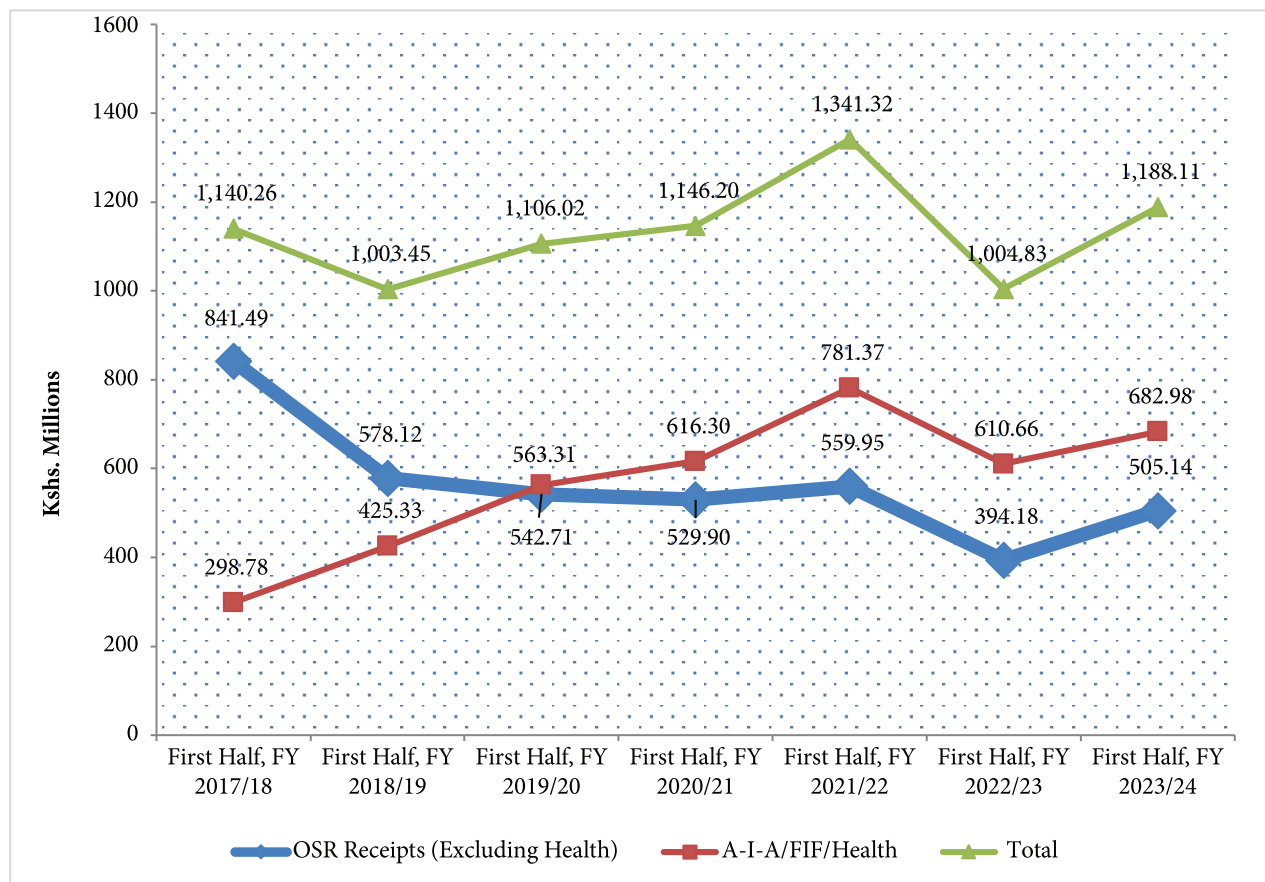
**Table 3.208: Nakuru County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	13,593,424,693	4,485,830,148	33.0
	<b>Subtotal</b>	<b>13,593,424,693</b>	<b>4,485,830,148</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1.	DANIDA	19,115,250	-	-
2.	National Agriculture and Rural Inclusive Growth Projects (NARIGP)	150,000,000	-	-
3.	Agricultural Sector Development Support Projects (ASDSP II)	1,083,629	-	-
4.	Conditional Allocation from a World Bank credit to finance Locally-led Climate Action Program (FLLoCA)	11,000,000	-	-
5.	Conditional Allocation from a World Bank credit to finance Locally-led Climate Resilience Investment Grant (FLLoCA)	125,000,000	-	-
6.	Kenya Informal Settlement Improvement Project II (KISIP II)	400,000,000	-	-
7.	Conditional Fund of Leasing Medical Equipment	124,723,404	-	-
8.	World Bank National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
9.	Conditional Grant for the provision of fertilizer subsidy programme	234,883,209	-	-
10.	IFAD Conditional grant Kenya Livestock Commercialization Project (KELCOP)	34,800,000	-	-
11.	Conditional Grant - Kenya Livestock Value Chain support project	121,315,800	-	-
12.	County Allocation for Court Fines	1,948,197	-	-
13.	County Allocation for Mineral Royalties	82,769	-	-
14.	Nutrition International Grant	12,500,000	-	-
15.	The conditional grant from GoK for Aggregated Industrial Parks Programme	100,000,000	-	-
16.	Equalization Fund Allocation (Soin Warden Rongai)	6,435,119	-	-
17.	KUSP UDG Interest Earned – Q3	3,200,000		
	<b>Subtotal</b>	<b>1,596,087,377</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
18.	Ordinary Own Source Revenue	2,100,000,000	505,136,353	24.1
19.	Facility Improvement Fund (FIF)	1,700,000,000	682,976,876	40.2
20.	Unspent balance from FY 2022/23	3,603,111,491	3,603,111,491	100.0
21.	Balance b/f FIF Account	491,696,867	491,696,867	100.0
	<b>Sub Total</b>	<b>7,894,808,358</b>	<b>5,282,921,586</b>	<b>66.9</b>
	<b>Grand Total</b>	<b>23,084,320,428</b>	<b>9,768,751,734</b>	<b>42.3</b>

Source: Nakuru County Treasury

Figure 91 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

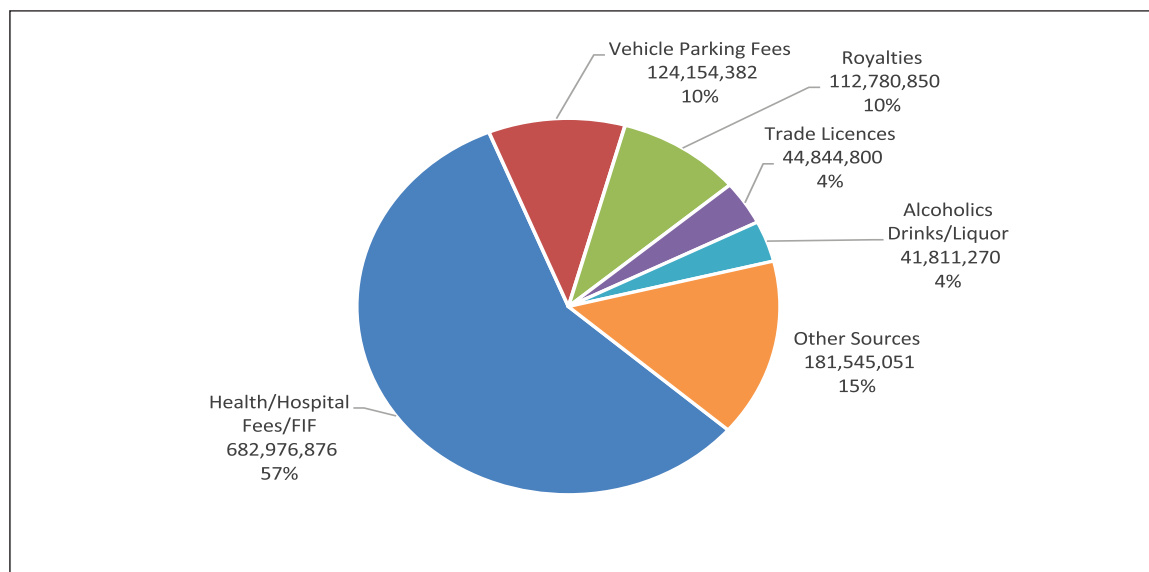
**Figure 91: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Nakuru County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.1.19 billion from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 19 per cent compared to Kshs.1 billion realised in a similar period in FY 2022/23 and was 31.3 per cent of the annual target and 26.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 92.

**Figure 92: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Nakuru County Treasury

The highest revenue stream of Kshs.682.98 million was from the Facility Improvement Fund (Hospital fees), contributing to 57 per cent of the total OSR receipts during the reporting period.

### 3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.78 billion from the CRF account during the reporting period which comprised Kshs.886.51 million (13.1 per cent) for development programmes and Kshs.5.89 billion (86.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.3.66 billion was released towards Employee Compensation, and Kshs.2.23 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.1.96 billion.

### 3.31.4 County Expenditure Review

The County spent Kshs.7.05 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.0 per cent of the total funds released by the CoB and comprised of Kshs.1.46 billion and Kshs.5.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.6 per cent, while recurrent expenditure represented 42.8 per cent of the annual recurrent expenditure budget.

### 3.31.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.56 billion, comprising of Kshs.1.32 billion for recurrent expenditure and Kshs.236.41 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.145.63 million were settled, consisting of Kshs.143.59 million for recurrent expenditure and Kshs.2.04 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.41 billion.

The outstanding pending bills for the County Assembly were Kshs.44.46 million as of 31<sup>st</sup> December 2023.

### 3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.41 billion on employee compensation, Kshs.1.68 billion on operations and maintenance, and Kshs.1.46 billion on development activities. Similarly, the County Assembly spent Kshs.227.75 million on employee compensation, Kshs.272.96 million on operations and maintenance, and Kshs.3.17 million on development activities, as shown in Table 3.209.

**Table 3.209: 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
<b>Total Recurrent Expenditure</b>	<b>11,943,519,084</b>	<b>1,094,023,432</b>	<b>5,085,499,449</b>	<b>500,710,534</b>	<b>42.6</b>	<b>45.8</b>
Compensation to Employees	6,823,582,572	433,348,654	3,406,031,368	227,746,463	49.9	52.6
Operations and Maintenance	5,119,936,512	660,674,778	1,679,468,081	272,964,071	32.8	41.3
<b>Development Expenditure</b>	<b>9,907,318,594</b>	<b>139,459,318</b>	<b>1,459,716,785</b>	<b>3,171,428</b>	<b>14.6</b>	<b>2.3</b>
<b>Total</b>	<b>21,850,837,678</b>	<b>1,233,482,750</b>	<b>6,691,187,912</b>	<b>503,881,962</b>	<b>30.0</b>	<b>40.9</b>

*Source: Nakuru County Treasury*

### 3.31.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.3.63 billion, or 37.2 per cent of the available revenue which amounted to Kshs.9.77 billion. This expenditure represented an increase from Kshs.3.29 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.91 billion paid to health sector employees, translating to 52.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.13 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.112.91 million was processed through manual payrolls. The manual payrolls accounted for 3.5 per cent of the total PE expenditure.

The County Assembly spent Kshs.26.66 million on committee sitting allowances for the 83 MCAs and the Speaker against the annual budget allocation of Kshs.40.00 million. The average monthly sitting allowance was Kshs.53,529 per MCA. The County Assembly has established 23 Committees.

### 3.31.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.735.97 million to county-established funds in FY 2023/24, constituting 3.2 per cent of the County's overall budget. Table 3.210 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.210: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in the First Six Months of FY 2023/24 (Kshs.)	Actual Expenditure for the First Months of FY 2023/24 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	70,000,000	-	60,657,033	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in the First Six Months of FY 2023/24 (Kshs.)	Actual Expenditure for the First Months of FY 2023/24 (Kshs.)	Submission of Financial Statements (Yes/No.)
2.	Nakuru County Persons Living with Disability Fund	27,500,000	-	-	Yes
3.	Bursary Fund	443,799,963	248,473,029	8,975,114	Yes
4.	Nakuru County Executive Car and Mortgage Loan	144,675,000	-	27,900,000	Yes
5.	Nakuru County Enterprise Fund	50,000,000	-	-	Yes
6.	Nakuru County Climate Change Fund		39,035,606	4,071,793	Yes
County Assembly Established Funds					
7.	Nakuru County Assembly MCA Car and Mortgage Loan	-	-	979,162	Yes
<b>Total</b>		<b>735,974,963</b>	<b>287,508,635</b>	<b>102,583,102</b>	<b>-</b>

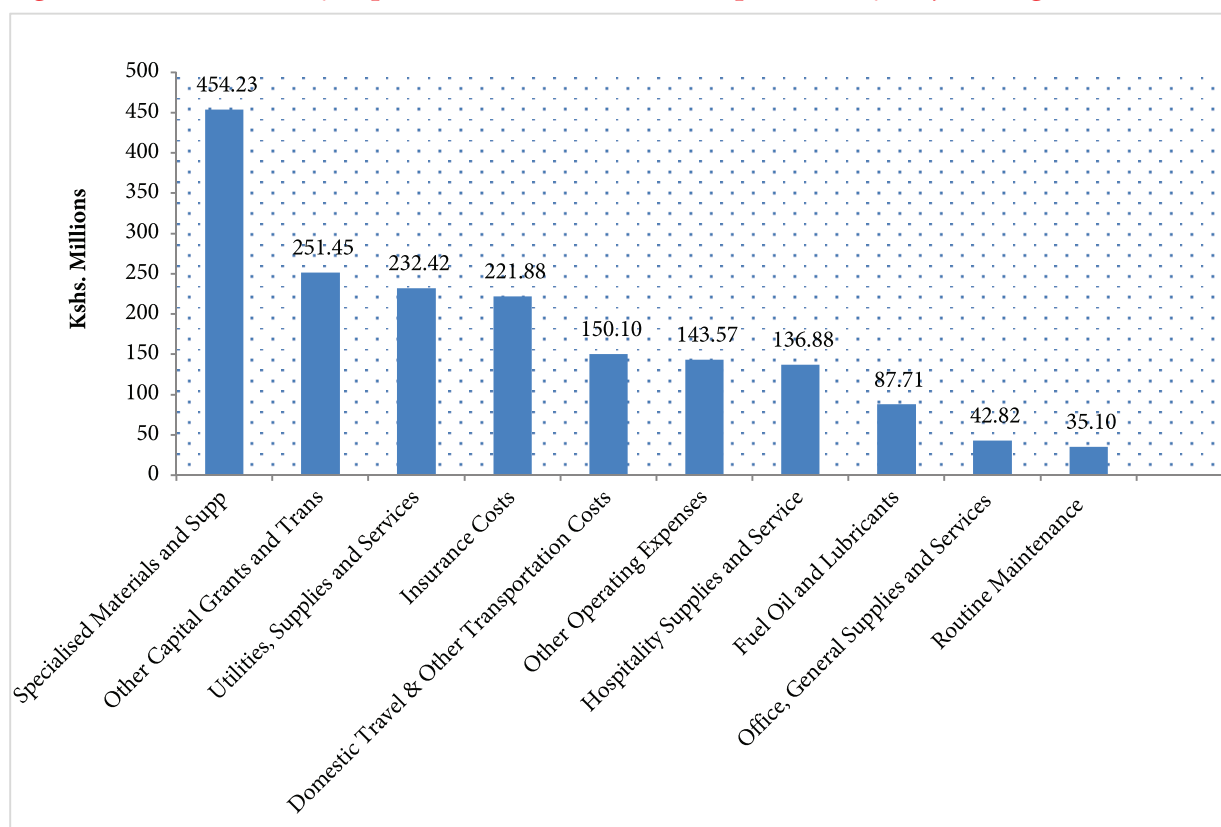
Source: Nakuru County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.31.9 Expenditure on Operations and Maintenance

Figure 93 summarises the Operations and Maintenance expenditure by major categories.

**Figure 93: Nakuru County, Operations and Maintenance Expenditure by Major Categories**



Source: Nakuru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.150.10 million and comprised Kshs.63.07 million spent by the County Assembly and Kshs.87.03 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.19 million and comprised Kshs.18.89 million by the County Assembly and Kshs.7.30 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.211 below; -

**Table 3.211: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Nakuru County Assembly	3	31st-22nd September 2023	Training on procurement of goods, work and non-consultancy service 31st-22nd September 2023 Kampala	Uganda	4,206,130.00
Nakuru County Assembly	7	4-11th September 2023	Leadership and integrity course for MCAs in Arusha	Tanzania	4,231,983.00
Nakuru County Assembly	2	25-2nd July 2023	attending the annual devolution conference	Uganda	1,220,908.00
Nakuru County Assembly	7	11-17th September 2023	Training on leadership, corporate oversight and integrity training of county assembly leaders in Kampala	Uganda	2,647,498.00
Nakuru County Assembly	2	1-7th October 2023	Training on executive management program	Uganda	708,855.00
Nakuru County Assembly	1	19-27th September 2023	Training on Leadership Management Symposium	Indiana USA	485,100.00
Nakuru County Assembly	1	11-17th September 2023	Training on leadership, corporate oversight and integrity training of county assembly leaders	Uganda	378,214.00
Nakuru County Assembly	1	29-9th October 2023	Attending a conference on performance management and accountability of public officers	Dubai	580,650.00
Nakuru County Assembly	1	11-17th September 2023	Training on strategic planning, development and implementation	Uganda	378,214.00
Nakuru County Assembly	1	5 to 12th September 2023	Training on corporate financial planning, budget and analysis	Singapore	674,134.00
Nakuru County Assembly	7	29-4th November 2023	training on leadership and integrity course for county assembly leadership	Tanzania	2,685,200.00
Nakuru County Assembly	1	23-28 <sup>th</sup> October 2023	training on strategic leadership and management planning	Singapore	690,900.00
Nakuru County Executive	4	14th to 16 <sup>th</sup> September 2023	Regional Mara Day celebration	Tanzania	608,964.00
Nakuru County Executive	1	14-25 <sup>th</sup> August 2023	Training in web-based GIS and mapping	Tanzania	727,202

Source: Nakuru County Treasury and County Assembly

### 3.31.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.1.46 billion on development programmes, representing an increase of 183.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.516.06 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.212: Nakuru County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Nakuru City	Proposed Construction of Afraha Stadium Phase 1	Nakuru City	186,910,608	118,749,805	63.5
2	Lands, Physical Planning and Housing	Conditional Fund - World Bank—Kenya Informal Settlement Improvement Project II (KISIP II)	County Wide	200,000,000	116,645,608	58.3
3	Nakuru City	Purchase of tartan track for Afraha Stadium	Nakuru City	95,000,000	54,000,000	56.8
4	Finance and economic planning	Construction of County Treasury Office Block	County Headquarters	886,630,388	50,601,158	18.0
5	Office of the Governor and Deputy Governor	office block in Milimani (annexe to the main governor's office)	County Headquarters	366,103,209	32,868,978	22.8
6	Naivasha Municipality	3110499 Improvement of 3km roads in Lakeview ward to bitumen standards and construction of related infrastructure	Naivasha	58,184,314.00	29,865,116	51.3
7	Health Services	Purchase of medical and dental equipment (FIF)	Nakuru	115,000,000	28,875,601	25.1
8	Naivasha Municipality	3110504 Construction of Naivasha Market Phase 2	Naivasha	37,349,788.00	28,526,769	76.4
9	Nakuru City	Mbugua and Mbugua Road and drainage	Nakuru City	60,856,114	18,627,430	86.1
10	Finance and economic planning	Kenya Devolution Support Programme Level II	Countywide	114,412,437	17,473,734	15.3

Source: Nakuru County Treasury

### 3.31.11 Budget Performance by Department

Table 3.213 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.213: Nakuru County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1094.02	139.46	517.78	3.17	500.71	3.17	96.7	100.0	45.8	2.3
County Treasury	1728.78	850.90	825.69	133.51	646.66	133.38	78.3	99.9	37.4	15.7
Public Service, Training and Devolution	666.50	39.35	390.84	0.00	284.85	0.00	72.9	-	42.7	-
Agriculture, Livestock and Fisheries	479.06	1241.35	241.34	0.50	178.29	156.67	73.9	31,334.3	37.2	12.6
Lands, Physical Planning and Housing	184.33	808.32	69.40	0.00	48.06	200.00	69.2	-	26.1	24.7
Office of the Governor and Deputy Governor	342.27	143.90	178.42	58.04	148.88	32.87	83.4	56.6	43.5	22.8

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
Education, Vocational training, ICT and E-Government	1148.54	620.44	583.58	0.00	447.42	21.82	76.7	-	39.0	3.5
Trade, Industry, Marketing and Tourism	222.41	531.30	73.32	100.00	55.98	-	76.4	-	25.2	-
Youth, Culture, Gender, Sports and Social Services.	289.02	197.19	81.79	8.25	58.52	8.25	71.5	100.0	20.2	4.2
Infrastructure	367.66	1608.90	231.92	517.41	195.21	101.97	84.2	19.7	53.1	6.3
Water, Environment, Energy and Natural Resources	339.11	1342.48	163.78	55.00	121.46	0.00	74.2	-	35.8	-
Health Services	5936.66	1979.02	2443.58	10.63	2,853.51	354.92	116.8	3,339.1	48.1	17.9
County Public Service Board	75.32	3.00	41.01	-	24.64	0.00	60.1	-	32.7	-
Nakuru Municipality	58.17	399.59	18.69	-	15.86	349.03	84.9	-	27.3	87.3
Naivasha Municipality	38.07	137.57	6.79	-	4.15	100.81	61.2	-	10.9	73.3
Office of the County Attorney	57.61	4.00	22.13	-	2.00	0.00	9.0	-	3.5	-
Molo Municipality	5.00	-	-	-	-	-	-	-	-	-
Gilgil Municipality	5.00	-	--	-	-	-	-	-	-	-
<b>Total</b>	<b>13,037.54</b>	<b>10,046.78</b>	<b>5,890.05</b>	<b>886.51</b>	<b>5,586.21</b>	<b>1462.89</b>	<b>94.8</b>	<b>165.0</b>	<b>42.8</b>	<b>14.6</b>

*Source: Nakuru County Treasury*

Analysis of expenditure by department shows that the Nakuru Municipality recorded the highest absorption rate of the development budget at 87.3 per cent, followed by the Naivasha Municipality at 73.3 per cent. The Molo Municipality and the Gilgil Municipality did not report expenditure during the period.

The Departments of Health Services and Agriculture, Livestock and Fisheries had some of their expenditures more than 100 per cent of exchequer issues because they have FIF and conditional grants that are not refunded at the end of the financial year to the CRF. Consequently, they were able to spend this money in the current financial year according to the available legislation.

### 3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.214 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.



**Table 3.214: Nakuru County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
<b>DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES</b>							
Programme 1; Administration, planning and support services	SP 1.1: Administration planning and support services	60,027,815	181,097,680	12,192,549	-	0.20	-
	SP 1.2: Human Resource	369,379,098	-	164,460,712	-	0.45	-
Programme 2: Livestock resource management and development	SP 2.1: Livestock production and management	-	2,000,000	-	-	-	-
	SP 2.2: Promotion of value addition of livestock and livestock products	-	177,615,800	-	146,671,419	-	82.6
	SP 2.3: Livestock extension service delivery	8,300,000	-	894,240	-	0.11	-
	SP 2.4: Food safety and livestock products development	15,846,049	-	-	-	-	-
	SP 2.5: livestock diseases management and control	17,235,366	-	-	-	-	-
Programme 3; Fisheries development	SP 3.1: Aquaculture development	-	-	-	-	-	-
	SP 3.2: development of capture fisheries resources	2,000,000	-	126,730	-	0.06	-
	SP 3.3 Fish quality assurance value addition and marketing	-	-	-	-	-	-
Programme 4; Crop development and management	SP 4.1 Agriculture extension research and training	-	3,000,000	-	-	-	-
	SP 4.2 crop production and food security	4,250,000	876,638,259	-	-	-	-
	SP 4.3 Farmland utilization, conservation and mechanization	-	-	-	-	-	-
	SP 4.4 Agribusiness development and marketing	2,026,226	1,000,000	618,020	1,000,000	0.31	100
	SP 4.5 Agri-Nutrition	-	-	-	-	-	-
	<b>Sub Total</b>	<b>479,064,564</b>	<b>1,241,351,739</b>	<b>178,292,251</b>	<b>156,671,419</b>	<b>0.37</b>	<b>12.6</b>
<b>NAIVASHA MUNICIPALITY</b>							
Programme 1; Administration and planning and support services	SP 1.1 Administration and Planning	19,924,400	-	1,623,896	-	8	-
	SP 1.2; personnel services	11,042,628	-	2,528,870	-	2.3	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2; Naivasha municipal services	SP 2.1 planning and infrastructure	-	142,670,841	-	100,812,392	-	70.7
	SP 2.2 environmental management and sanitation	-	-	-	-	-	-
	SP 2.3 Naivasha Social Services	1,000,000	-	-	-	-	-
	SP 2.4 tourism investment and trade	1,000,000	-	-	-	-	-
	<b>Sub-Total</b>	<b>32,967,028</b>	<b>142,670,841</b>	<b>4,152,766</b>	<b>100,812,392</b>	<b>13</b>	<b>73.3</b>

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
<b>PUBLIC SERVICE, DEVOLUTION, CITIZEN ENGAGEMENT, DISASTER MANAGEMENT &amp; HUMANITARIAN ASSISTANCE</b>							
Programme 1: Administration, planning and support service	SP 1.1 administration service	51,535,552	-	8,031,285	-	15.6	-
	SP 1.2 personal service	575,013,298	-	188,961,292	-	32.9	-
	SP 1.3 FINANCIAL SERVICE	-	-	-	-	-	-
	SP 1.4 Co-ordination of public and special community	-	-	-	-	-	-
	SP 1.5 Mainstream workplace HIV/aids, alcohol and drug abuse control	990,000	-	-	-	-	-
	SP 1.6 Construction of county offices	-	39,352,925	-	-	-	-
	SP 1.7; Co-ordination of county compliance and enforcement agents	-	-	-	-	-	-
Programme 2; human resource management and development	SP 2.1; performance contracting	9,855,040	-	-	-	-	-
	SP 2.2 PERFORMANCE Appraisal system	9,855,040	-	-	-	-	-
	SP 2.3 Staff development through capacity building and training	3,350,000	-	-	-	-	-
Programme 3; civil education & public participation Programme 4: Disaster management and humanitarian assistance	SP 3.1 co-ordination of public and special community programme	530,000	-	-	-	-	-
	SP 4.1 disaster management and humanitarian assistance	15,374,119	-	-	-	-	-
	<b>Subtotals</b>	<b>666,503,049</b>	<b>39,352,925</b>	<b>196,992,578</b>	-	<b>30</b>	-
<b>DEPARTMENT OF EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT</b>							
Programme 1: Administration, planning and support service	SP 1.1 administration and support service	31,060,217	530,237,974	4,231,938	-	14	-
	SP 1.2 Personnel service	533,139,735	-	201,654,944	-	38	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2: Promotion of early childhood education and development	SP 2.1 Promotion of Early Childhood	92,375,165	-	709,000	-	0.8	-
	SP 2.2 Bursaries	387,510,069	-	239,860,644	-	62	-
	SP 2.3 Education development	-	16,500,000	-	-	-	-
Programme 3: Vocational training	SP 3.1 Vocational training	-	67,899,955	-	21,819,753	-	32.1
	SP 3.2 Skill Upgrading	74,128,501	-	495,100	-	0.67	-
Programme 4 Information and communication	SP 4.1 Public communication and media services	8,000,016	-	395,750	-	5	-
Programme 5 ICT Infrastructure Development and E-government services	SP 5.1 Network Infrastructure	22,325,303	2,800,000	105,000	-	0.47	-
	5.2 Hardware and software platforms	-	3,000,000	-	-	-	-
	5.3 E-government services	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>148,539,006</b>	<b>620,437,969</b>	<b>447,416,374</b>	<b>21,819,753</b>	<b>39</b>	<b>3.5</b>

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
<b>COUNTY TREASURY</b>							
Programme 1; Administration, planning and support services	SP 1.1 Administration services	707,967,807	419,879,178	336,908,618	50,601,158	48	12
	SP 1.2 Personnel services	542,845,778	-	266,236,193	-	49	-
	SP 1.3 financial services	300,000	-	-	-	-	-
Programme 2; Public Finance Management	SP 2.1 Budget formulation coordination and management	211,231,190	-	75,010,067	-	36	-
	SP 2.2 Resources mobilization	84,299,962	-	11,012,970	-	13	-
	SP 2.3 internal audit	40,469,007	-	5,332,420	-	13	-
	SP 2.4 procurement	18,681,885	-	1,244,200	-	7	-
	SP 2.5 public finance and accounting	25,066,504	-	5,577,428	-	22	-
	SP 2.6 Debt management	40,763,581	326,425,808	1,145,600	65,300,725	2.8	20.0
	SP 2.7 External Resources Mobilization	10,538,988	-	844,655	-	8	-
Programme 3: Economic and financial policy formulation and management	SP 3.1 Fiscal planning	37,335,796	-	3,942,958	-	11	-
	SP 3.2 monitoring and evaluation /statistical data management	9,248,167	-	900,000	-	10	-
	SP 3.3 KDSP programme	-	104,594,212	-	17,473,734	-	17
	<b>Sub-Total</b>	<b>1,728,784,665</b>	<b>850,899,198</b>	<b>708,155,108</b>	<b>133,375,617</b>	<b>41</b>	<b>15.7</b>
<b>NAKURU CITY</b>							
Programme 1	SP 1.1 Administration and Planning	16,870,000	-	5,725,854	-	34	-
	SP 1.2 personnel services	27,630,170	-	9,933,436	-	36	-
	SP 1.3 financial services	600,000	-	-	-	-	-
Programme 2	SP 2.1 Infrastructure development and urban	7,371,545	398,088,810	203,162	354,945,951	3	89
	SP 2.2 Nakuru City Environments Management	-	1,500,000	-	-	-	-
	SP 2.3 Trade markets and investments	2,800,000	-	-	-	-	-
	SP 2.4 Nakuru City Social Services	2,899,418	-	-	-	-	-
	<b>Sub-Total</b>	<b>58,171,133</b>	<b>399,588,810</b>	<b>15,862,452</b>	<b>354,945,951</b>	<b>27</b>	<b>89</b>
<b>DEPARTMENT OF YOUTH, CULTURE, GENDER, SPORTS AND SOCIAL SERVICES</b>							
Programme 1: Administration, planning and support services	SP 1.1 Administration	61,494,853	39,367,161	1,876,350	-	3	-
	SP 1.2 Personnel services	116,995,934	-	48,534,192	-	41	-
	SP 1.3 financial services	1,000,000	-	-	-	-	-
Programme 2 Development of social-cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.1; gender equality and empowerment	18,450,000	56,825,970	297,300	-	1	-
	SP 2.2 social inclusion and empowerment	34,139,052	-	379,147	-	1	-

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 3 Management and development of sports, recreation and sports facilities	SP 3.1 development of sports infrastructure	-	61,629,242,	-	8,247,112	-	13
	SP 3.2 promotion of sports development and recreation	20,262,000	-	7,155,502	-	35	-
	SP 3.3 Sports funding	-	-	-	-	-	-
Programme 4: Youth empowerment and participation	SP 4.1 youth empowerment and participation	36,674,533	39,397,161	279,100	-	0.8	-
	SP 4.2 Youth development	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>289,016,373</b>	<b>197,189,534</b>	<b>58,521,591</b>	<b>8,247,112</b>	<b>20</b>	<b>-</b>
<b>DEPARTMENT OF WATER, ENVIRONMENT, ENERGY AND NATURAL RESOURCES</b>							
Programme 1 Administration	SP 1.1 Administration services	31,000,000	1,525,329	3,707,497	-	12	-
	SP 1.2 Human resources	249,797,612	-	112,303,049	-	45	-
	SP 1.3 Finance services	500,000	-	-	-	-	-
Programme 2 water and sewage management	SP 2.1 Provision of water	9,193,152	1,106,185,449	794,640	-	9	-
	SP 2.2 provision	-	-	-	-	-	-
Programme 3 environment management	SP 3.1 Pollution control	-	11,152,434	-	-	-	-
	SP 3.2 Solid Waste Management	15,173,790	-	290,350	-	2	-
	SP 3.3 Environmental Resources Mapping	1,525,000	-	-	-	-	-
Programme 4 County energy, planning, regulation, operation and development	SP 4.1 County Energy Development	32,919,664	-	-	-	-	-
	SP 4.2 Climate change resilience/forestry	-	<b>213,312,923</b>	<b>67,200</b>	-	-	-
	<b>Sub-Total</b>	<b>339,109,218</b>	<b>1,332,176,135</b>	<b>117,162,736</b>	-	<b>35</b>	<b>-</b>
<b>OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR</b>							
Programme 1 Administration, planning and support	SP;1.1 Administration and Planning	154,231,530	70,467,176	73,340,689	32,871,978	47	46
	SP 1.2 Personnel services	94,925,337	-	60,601,447	-	63	-
Programme 2 management of county affairs	SP 2.1 county executive services	15,618,492	-	-	-	-	-
	SP 2.2 policy direction and coordination	84,609,245	-	11500,000	-	13	-
	SP 2.3 county policing services	4,685,548	-	-	-	-	-
	SP 2.4 leadership and governance	3,123,698	-	-	-	-	-
Programme 3 coordination and supervisory services	SP 3.1 organization of county businesses	23,427,738	-	3,440,800	-	15	-
	SP 3.2 Special programmes	7,809,246	-	-	-	-	-
	<b>Sub-Total</b>	<b>342,271,643</b>	<b>143,899,504</b>	<b>148,882,936</b>	<b>32,871,977</b>		<b>-</b>
<b>OFFICE OF THE COUNTY ATTORNEY</b>							
Programme 1 Administration	SP 1.1 Administration	20,070,798	4,000,000	7,713,386	-	38	-
	SP 1.2 Personnel services	19,229,202	-	234,428	-	1	-
	SP 1.2 financial services	500,000	-	-	-	-	-

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2 Advisory services	SP 2.1 Advisory services	1,300,000	-	-	-	-	-
	SP 2.2 legal matters	<b>3,560,966</b>	-	982,759	-	27	-
	SP 3.1 Litigation	9,950,920	-	7,072,522	-	71	-
	SP 3.2 Formulation and review of bills	2,000,000	-	-	-	-	-
	SP 3.3 Conveyance and commercial transactions	<b>1,000,000</b>	-	-	-	-	-
	<b>Sub-Total</b>	<b>57,611,886</b>	<b>4,000,000</b>	<b>16,003,096</b>	-	<b>28</b>	-
<b>DEPARTMENT OF INFRASTRUCTURE</b>							
Programme 1 administration, planning and support services	SP 1.1 Administration services	44,502,695	-	7,979,763	-	17	-
	SP 1.2 Personnel services	14,518,432	-	61,319,767	-	42	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 infrastructure, development and maintenance	SP 2.1 Construction, rehabilitation and maintenance of road drainage and bridges	19,825,000	1,546,304,195	659,300	47,160,731	3	3
	SP 2.2 Rehabilitation and maintenance of transport terminus	4,800,000	-	-	-	-	-
	SP 2.3 Construction and maintenance of non-residential county buildings	9,725,000	2,000,000	132,000	-	1	-
	SP 2.4 Installation, rehabilitation and maintenance of lighting facilities	143,625,000	60,000,000	125,500,000	54,813,328	87	91.4
Programme 3 firefighting and disaster management	SP 3.1 Firefighting and Emergency Services	-	-	-	-	-	-
	SP 3.2 Disaster management	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>367,663,127</b>	<b>1,608,904,195</b>	<b>195,590,830</b>	<b>101,974,059</b>	<b>53</b>	<b>6.3</b>
<b>DEPARTMENT OF HEALTH SERVICES</b>							
Programme 1 administration and planning	SP 1.1 Health information systems	21,379,000	-	-	-	-	-
	SP 1.2 governance and leadership	554,186,167	-	113,534,466	-	20	-
	SP 1.3 Human resource management	3,694,411,740	-	1,813,504,963	-	49	-
	SP 1.4 Research and development	2,500,000	-	-	-	-	-
	SP 1.5 Health infrastructure and development	12,650,000	-	-	-	-	-

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2 health preventive and promotive services	SP 2.1 Primary Healthcare	15,117,207	603,379,464	-	-	-	-
	SP 2.2 environmental health and sanitation	2,000,000	-	-	-	-	-
	SP 2.3 human resource	19,049,940	-	-	-	-	-
	SP 2.4 Disease surveillance and emergency response	1,997,550	-	-	-	-	-
	SP 2.5 Health promotive	1,000,000	-	-	-	-	-
	SP 2.6 HIV programme	2,000,000	-	129,600	-	-	-
	SP 2.7 Nutrition	10,629,350	14,331,759	-	-	-	-
	SP 2.8 Reproductive health	1,250,000	-	-	-	-	-
	SP 2.9 immunisation	1,596,425	-	-	-	-	-
Programme 3 Health curative and rehabilitative services	SP 3.1 Provision of essential health services in all	1,285,035,576	1,361,310,758	730,336,067	354,920,034	57	26.1
	SP 3.2 Elimination of communicable and non-communicable diseases	2,200,000	-	-	-	-	-
	SP 3.3 Human resource	316,760,037	-	316,760,037	-	100	-
	<b>Sub-Total</b>	<b>5,941,762,992</b>	<b>1,979,021,981</b>	<b>2,974,265,134</b>	<b>354,920,034</b>	<b>50</b>	<b>1</b>
<b>DEPARTMENT OF LANDS, PHYSICAL PLANNING AND HOUSING</b>							
Programme 1: Administration, Planning, Management and Support Services	SP 1.1: Administration and Financial Services	86,118,106	-	6,425,090	-	7	-
	SP 1.2: Personnel Services	98,207,312	-	42,246,657	-	43	-
Programme 2 Urban Development	SP 2.1: Development of	-	630,382,190	-	200,000,000	-	31.7
Programme 3: Land Use	SP 3.1: Land use	-	171,941,427	-	-	-	-
	SP 3.2: Survey	-	3,000,000	-	-	-	-
	SP 4.1 Housing	-	3,000,000	-	-	-	-
	<b>Sub Total</b>	<b>184,325,418</b>	<b>808,323,617</b>	<b>48,671,747</b>	<b>200,000,000</b>	<b>0.26</b>	<b>24,7</b>
<b>DEPARTMENT OF TRADE, INDUSTRY, MARKETING AND TOURISM</b>							
Programme 1 Administration planning	SP 1.1 Administration, planning and support services	24,484,898	2,000,000	4,895,415	-	20	-
	SP 1.2 Personnel services	74,117,995	-	32,918,452	-	44	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 cooperatives	SP 2.1 management of market cooperatives	5,296,556	3,500,000	-	-	-	-
	SP 2.2 Sacc0 empowerment	25,000,000	-	-	-	-	-
	SP 2.3 cooperatives leadership and governance	5,254,475	-	3,011,865	-	57	-
	SP 2.4 Strengthening cooperatives	1,191,381	-	-	-	-	-
	SP 2.5 empowering youth, women and peds participation in cooperatives	1,127,588	-	-	-	-	-

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 3: Commerce and Enterprise	SP 3.1 Business development services for SMEs	2,550,000	-	55,425	-	2	-
	SP 3.2 Producer business groups	800,000	-	-	-	-	-
	SP 3.3 SMES training	1,000,000	-	650,975	-	-	-
	SP 3.4 SMES funding	25,000,000	-	-	-	-	-
	SP 3.5 Development and management of county bus terminus	-	-	-	-	-	-
	SP 3.6 consumer protection	3,100,000	2,000,000	360,600	-	-	-
	SP 3.7 Establishment of the industrial park	-	350,000,000	-	-	-	-
Programme 4 market	SP 4.1 Market rehabilitation	-	12,800,000	-	-	-	-
	SP 4.2 Development of new market	-	161,002,145	-	-	-	-
	SP 4.3 Market users' delivery services	12,500,000	-	5,673,600	-	45	-
Programme 5 Tourism	SP 5.1 Promotion of local tourism	8,500,000	-	5,092,150	-	60	-
	SP 5.2 Management of county tourism information centre	-	-	-	-	-	-
Programme 6 alcoholic drinks and Control	SP 6.1 inspection, approval and liquor licencing	2,450,000	-	1,325,300	-	54	-
	SP 6.2 Liquor enforcement and compliance	150,000	-	33,600	-	22	-
	SP 6.3 research and innovation	600,000	-	-	-	-	-
	SP 6.4 Treatment and rehabilitation of persons dependent on alcoholic drinks	1,050,000	-	-	-	-	-
Programme7; Development of socio-cultural diversity and promotion	SP 6.5 Education and training of sub-county and review committee	1,200,000	-	46400	-	4	-
	SP 7.1 Cultural Development Activities	20,883,063	-	1,070,600	-	17	-
	SP 7.2 promotion of responsible gaming	6,150,000	-	1,070,600	-	17	-
	<b>Sub-Total</b>	<b>222,405,956</b>	<b>531,302,145</b>	<b>56,993,533</b>	-	<b>20</b>	-
<b>Grand Total</b>	<b>13,037,542,515</b>	<b>10,046,777,912</b>	<b>5,586,209,983</b>	<b>1,462,888,213</b>	<b>42.8</b>	<b>14.6</b>	

Source: Nakuru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human resource in the Department of Health Services at 100.0 per cent, Installation, rehabilitation and maintenance of lighting facilities in the Department of Infrastructure at 87 per cent, Litigation in the Office of the County Attorney at 71 per cent, and Promotion of local tourism at 60 per cent of budget allocation.

### 3.31.13 Accounts Operated Commercial Banks

The County government operated a total of 12 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.31.14 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. The underperformance of own-source revenue excluding FIF at Kshs.505.14 million against an annual projection of Kshs.2.10 billion, representing 24.1 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.46 billion as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.112.91 million were processed through the manual payroll, accounting for 3.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for special purpose funds.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

## 3.32. County Government of Nandi

### 3.32.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.9.36 billion, comprising Kshs.3.16 billion (33.8 per cent) and Kshs.6.20 billion (66.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 10 per cent compared to the previous financial year when the approved budget was Kshs.8.51 billion and comprised of Kshs.2.36 billion towards development expenditure and Kshs.6.15 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.85 billion (83.9 per cent) as the equitable share of revenue raised nationally, Kshs.938.82 million (10 per cent) as additional allocations/conditional grants, and generate Kshs.515.56 million (5.5 per cent) as gross own source revenue. The own-source revenue includes Kshs.155.23 million (1.7 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.360.33 million (3.8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.215.



### 3.32.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.03 billion as the equitable share of the revenue raised nationally and raised Kshs.136 million as own-source revenue (OSR). The raised OSR includes Kshs.42.02 million as FIF and Kshs.93.98 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.17 billion, as shown in Table 3.215.

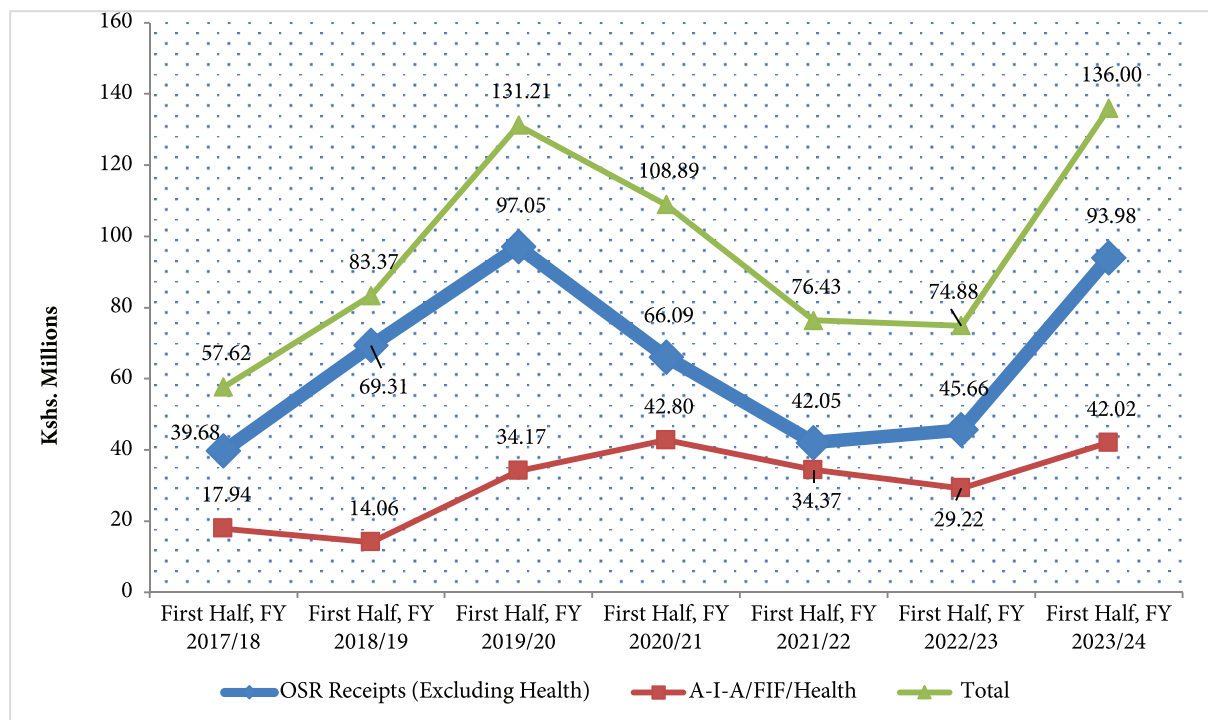
**Table 3.215: Nandi County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,305,294,585	3,031,697,025	41.5
<b>Sub Total</b>		<b>7,305,294,585</b>	<b>3,031,697,025</b>	<b>41.5</b>
B	Conditional Grants			
1	Aggregated Industrial Parks Programme	100,000,000	-	-
2	Provision of Subsidised Fertilizer Programme	128,705,606	-	-
3	Livestock Value Chain Support Project	57,294,720	-	-
4	DANIDA -Health Sector Programme Support III	24,759,750	-	-
5	W B. -National Agricultural and Rural Growth	150,000,000	-	-
6	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
7	Nutrition International	35,500,000	-	-
8	KISIP-Kenya Informal Settlements Improvement Project	50,000,000	-	-
9	Financing Locally Led Climate Action (FLLoCA)	126,000,000	-	-
10	FLLoCA County Climate Institutional Support (CCIS) Grant	11,000,000	-	-
11	Transfer for Library Services	5,047,663	-	-
12	Agricultural Sector Development Support Program (ASDSP)	516,946	-	-
<b>Sub-Total</b>		<b>938,824,685</b>	-	-
D	Other Sources of Revenue			
1	Ordinary Own Source Revenue	360,325,820	93,978,542	26.1
2	Balance b/f from FY2022/23	-	-	-
3	Facility Improvement Fund (FIF)	155,231,711	42,019,297	27.1
4	Other Revenues	55,110,901	-	-
<b>Sub Total</b>		<b>515,557,531</b>	<b>135,997,839</b>	<b>23.8</b>
<b>Grand Total</b>		<b>8,759,676,801</b>	<b>3,167,694,864</b>	<b>33.8</b>

*Source: Nandi County Treasury*

Figure 94 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

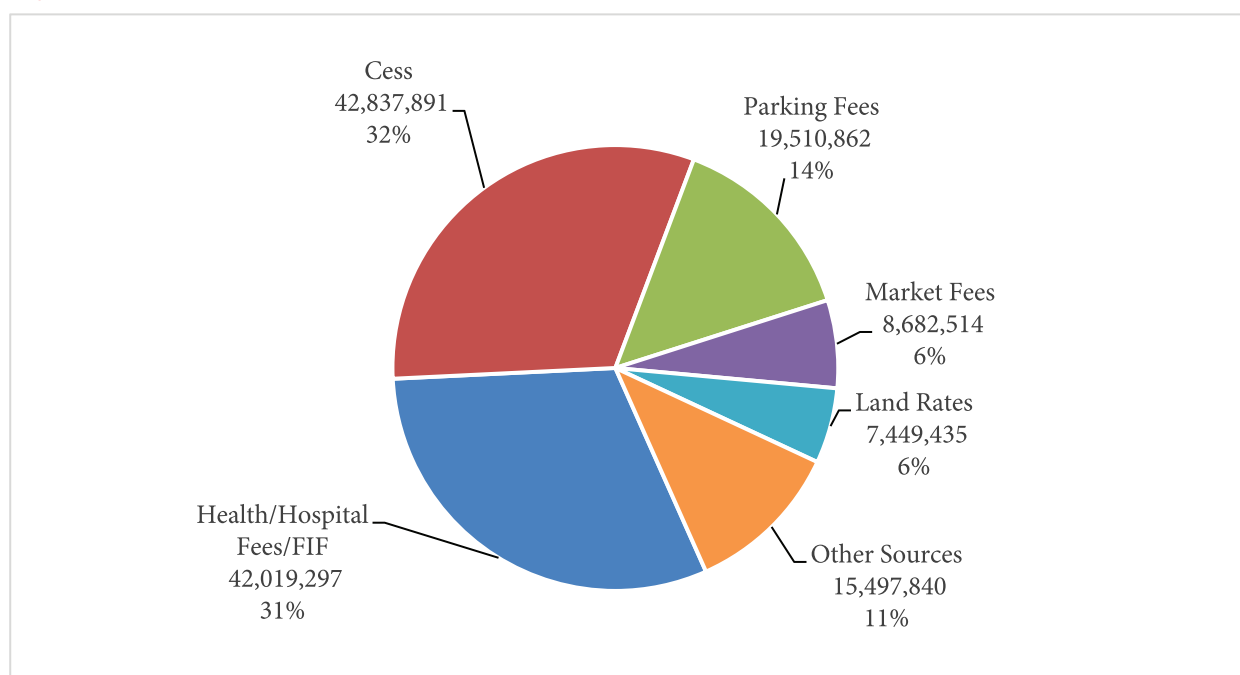
**Figure 94: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Nandi County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.136 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 81.6 per cent compared to Kshs.74.88 million realised in a similar period in FY 2022/23 and was 26.4 per cent of the annual target and 4.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 95.

**Figure 95: Top Streams of Own Source Revenue in the First Half of FY 2023/24 (Kshs)**



Source: Nandi County Treasury

The highest revenue stream of Kshs.42.84 million was from Cess, contributing to 32 per cent of the total OSR receipts during the reporting period.

### 3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.28 billion from the CRF account during the reporting period which comprised Kshs.329.97 million (10.1 per cent) for development programmes and Kshs.2.94 billion (89.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.75 billion was released towards Employee Compensation and Kshs.616.46 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.621.45 million.

### 3.32.4 County Expenditure Review

The County spent Kshs.3.41 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.0 per cent of the total funds released by the CoB. This comprised Kshs.355.53 million and Kshs.3.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent, while recurrent expenditure represented an absorption rate of 49.3 per cent.

### 3.32.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.177.97 million, comprising Kshs.96.46 million for recurrent expenditure and Kshs.81.51 million for development activities. In the first half of FY 2023/24, no pending bills were settled. However, the County Treasury revised the outstanding pending bills to Kshs.285.91 million as of 31<sup>st</sup> December 2023.

The outstanding pending bills for the County Assembly were Kshs.20.65 million as of 31<sup>st</sup> December 2023.

### 3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.75 billion on employee compensation, Kshs.857.16 million on operations and maintenance, and Kshs.334.88 million on development activities. Similarly, the County Assembly spent Kshs.164.36 million on employee compensation, Kshs.280.89 million on operations and maintenance, and Kshs.20.65 million on development activities. as shown in Table 3.216.

**Table 3.216: 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
<b>Total Recurrent Expenditure</b>	<b>5,402,203,084</b>	<b>796,999,461</b>	<b>2,610,202,807</b>	<b>445,248,070</b>	<b>48.3</b>	<b>55.9</b>
Compensation to Employees	3,697,989,243	495,475,129	1,753,047,696	164,362,747	47.4	33.2
Operations and Maintenance	1,704,213,841	301,524,332	857,155,111	280,885,323	50.3	93.2
<b>Development Expenditure</b>	<b>3,064,114,377</b>	<b>100,000,000</b>	<b>334,875,890</b>	<b>20,651,079</b>	<b>10.9</b>	<b>20.7</b>
<b>Total</b>	<b>8,466,317,461</b>	<b>896,999,461</b>	<b>2,945,078,697</b>	<b>465,899,149</b>	<b>34.8</b>	<b>51.9</b>

Source: Nandi County Treasury

### 3.32.7 Expenditure on Employees' Compensation

In the first half of FY 2023/24, expenditure on employee compensation was Kshs.1.92 billion, or 60.5 per cent of the available revenue. This expenditure represented an increase from Kshs.1.83 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.38 billion paid to health sector employees, translating to 72 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.77 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.142.63 million was processed through manual payrolls. The manual payrolls accounted for 7.4 per cent of the total PE cost.

The County Assembly spent Kshs.4.75 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.30.89 million. The average monthly sitting allowance was Kshs.17,608 per MCA. The County Assembly has established 21 Committees.

### 3.32.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.230 million to county-established funds in FY 2023/24, 2.5 per cent of the County's overall budget. Table 3.217 summarises each established fund's budget allocation and performance during the reporting period.

**Table 3.217: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of The Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Nandi County Education Fund	150,000,000	41,000,000	11,500,000	NO
2.	Nandi County Emergency Fund	100,000,000	45,041,585	-	NO
3.	Nandi County Executive Car Loan and Mortgage Scheme Fund	80,000,000	50,000,000	50,000,000	NO
<b>County Assembly Established Funds</b>					
5.	Car Loan & Mortgage Fund	97,328,000	30,968,000	30,968,000	NO
<b>Total</b>		<b>230,000,000</b>	<b>167,009,585</b>	<b>42,468,000</b>	

*Source: Nandi County Treasury*

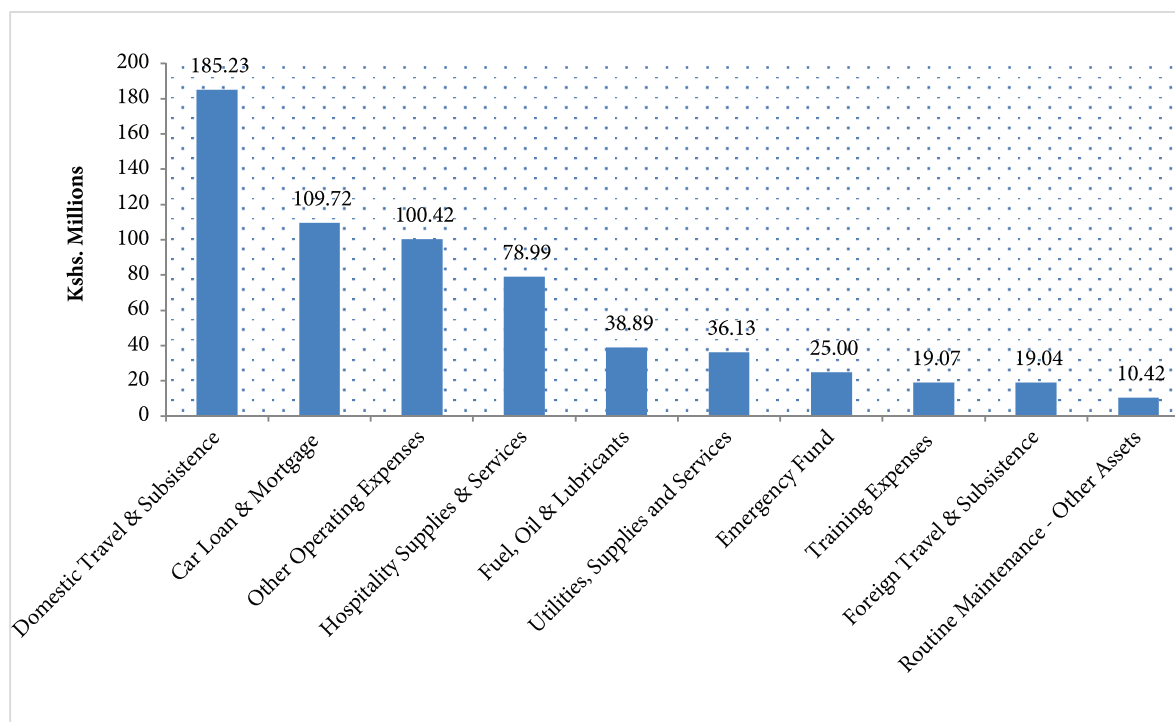
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 4 funds as indicated in Table 3.217, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.32.9 Expenditure on Operations and Maintenance

Figure 96 summarises the Operations and Maintenance expenditure by major categories.

**Figure 96: Nandi County, Operations and Maintenance Expenditure by Major Categories**



Source: Nandi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.185.23 million and comprised Kshs.102.50 million spent by the County Assembly and Kshs.82.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.04 million and comprised Kshs.1.98 million by the County Assembly and Kshs.17.06 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.218 below; -

**Table 3.218: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of Travel	Destination	Total Costs of the Travel (Kshs.)
Executive	2	22-Aug-23	Facilitation to France to attend international conference on food safety and security international conference on vaccines	France	1,823,840
Executive	4	27-Sep-23	Facilitation to South Africa to attend solar system street lighting	South Africa	1,773,478
Executive	1	18-Aug-23	Facilitation to attend UN food systems summit in Rome, Italy	Italy	829,308
Executive	2	21-Aug-23	Facilitation to attend the 7th International Conference on Food Safety and Security in France	France	816,530
Executive	2	05-Dec-23	Facilitation to attend 7th Africa Conference on Agriculture and the 60th annual AEASA Conference in South Africa	South Africa	757,250
Executive	1	22-Nov-23	Facilitation to China to participate in the Third Belt and Road Forum	China	718,842
Executive	1	07-Dec-23	Facilitation to New Delhi, India to accompany H.E the President	India	618,668

Source: Nandi County Treasury

### 3.32.10 Development Expenditure

In the first half of FY 2023/24, the development expenditure incurred of Kshs.355.53 million represented an increase compared to a similar period of FY 2022/23 when the County spent Kshs.165.36 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.219: Nandi County, List of Development Projects with the Highest Expenditure**

No.	Department	Project Name	Project Location	Contract Sum (Kshs)	Amount Paid to Date	Implementation Status (% of Completion)
	County Assembly	Part Payment for Construction of Modern County Assembly chambers, Offices and Its Auxiliary Amenities	Kapsabet	469,469,934	20,651,079	75
	Health and Sanitation	Part Payment for Construction of Mother and Child Unit at the Nandi County Referral Hospital	Kapsabet	20,007,931	20,007,931	100
	County Executive	Construction of Perimeter Wall at Governor's Building	Kapsabet	14,370,570	14,370,570	100
	Transport and Infrastructure	Hire of Machinery for Roadworks	Countywide	9,937,272	9,937,272	100
	Health and Sanitation	Construction of Mother and Child Hospital at Kapsabet County Referral Hospital	Kapsabet	9,527,586	9,527,586	100
	Transport and Infrastructure	Supply of Fuel	Countywide	8,906,329	8,906,329	100
	Transport and Infrastructure	Hire of Excavator for Roadworks	Countywide	7,545,848	7,545,848	100
	Education	Supply of ECDE Books	Countywide	4,365,000	4,365,000	100
	Lands and Natural Resources	Purchase of Water Treatment Chemicals	Kapsabet	3,547,282	3,547,282	100
	Education	Provision for Purchase of Land for Operationalization of Kipsergech Vocational Training Centre	Chepkunyuk	3,000,000	3,000,000	100

Source: Nandi County Treasury

### 3.32.11 Budget Performance by Department

Table 3.220 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.220: Nandi County, Budget Allocation and Absorption Rate by Department (Kshs. Million)**

Department	Budget Allocation (Kshs. 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	446.62	71.50	242.05	25.00	245.77	19.62	101.5	78.5	55.0	27.4
Finance and Economic Planning	520.49	71.00	259.00	6.56	245.34	6.56	94.7	100.0	47.1	9.2
Administration, Public Service and ICT	295.32	51.50	106.45	-	87.14	-	81.9	-	29.5	-
Health and Sanitation	2,901.40	302.42	1,344.30	49.98	1,596.87	41.90	118.8	83.8	55.0	13.9
Agriculture and Co-operative Development	273.80	817.43	110.16	10.53	119.64	18.53	108.6	176.0	43.7	2.3
Sports, Youth Affairs, Gender and Social Welfare Arts	119.52	75.07	35.29	3.00	29.90	11.05	84.7	368.3	25.0	14.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, and Vocational Training and Development	408.53	254.79	265.13	46.48	127.64	35.78	48.1	77.0	31.2	14.0
Lands, Physical Planning, Housing, Environment, Water, Natural Resources and Climate Change	102.66	492.45	45.00	65.94	30.47	75.23	67.7	114.1	29.7	15.3
Transport, Public Works and Infrastructure Development	145.80	439.59	60.00	89.25	54.97	88.85	91.6	99.6	37.7	20.2
Trade, Tourism, Industrialization and Enterprise Development	75.34	416.37	-	12.59	25.59	37.35	-	296.7	34.0	9.0
County Public Service Board and Labour.	44.30	-	44.30	-	21.51	-	48.6	-	48.6	-
County Assembly	797.00	100.00	423.67	20.65	445.25	20.65	105.1	100.0	55.9	20.7
Kapsabet Municipality	11.33	72.00	-	-	-	-	-	-	-	-
Office of the County Attorney	57.10	-	6.91	-	25.35	-	366.8	-	44.4	-
<b>Total</b>	<b>6,199</b>	<b>3,164</b>	<b>2,942</b>	<b>330</b>	<b>3,055</b>	<b>356</b>	<b>103.8</b>	<b>107.7</b>	<b>49.3</b>	<b>11.2</b>

Source: Nandi County Treasury

Analysis of expenditure by department shows that the Department of County Executive recorded the highest absorption rate of development budget at 27.4 per cent, followed by the County Assembly at 20.7 per cent. The County Assembly had the highest absorption rate of the recurrent budget at 55.9 per cent while the Department of Sports, Youth Affairs, Gender and Social Welfare Arts had the lowest at 25 per cent.

### 3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.221 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.221: Nandi County, Budget Execution by Programmes and Sub-Programmes**

Sub Program	Description	Revised Estimates		Expenditure		Absorption	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Health	-	-	-	-		
0	Default - Non-Programmatic	-	-	-	-	-	-
101014410	Administration and support services	-	-	-	-	-	-
107014410	Preparation of Regional & Local Physical Development	-	-	-	-	-	-
		2,901,397,474	154,208,242	1,601,389,839	45,545,298	55.19	29.53
401014410	Health Service Delivery Administration Services	2,901,397,474	154,208,242	1,601,389,839	45,545,298	55.19	29.53
402014410	Community Health Services	-	-	-	-	-	-
403014410	Medical Supplies	-	-	-	-	-	-

Sub Program	Description	Revised Estimates		Expenditure		Absorption	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
403024410	Curative Health Management Services	-	-	-	-	-	-
404024410	Ambulance Vehicles Acquisition	-	-	-	-	-	-
404014410	Infrastructure Construction, Expansion and Maintenance	-	-	-	-	-	-
404034410	Purchase of Medical Equipment	-	-	-	-	-	-
405034410	County Health Facilities Support (DANIDA)	-	-	-	-	-	-
405014410	County Supportive Supervision (DANIDA)	-	-	-	-	-	-
	Total	2,901,397,474	154,208,242	1,601,389,839	45,545,298	55.19	29.53
:	45261					-	-
<b>4424-Nandi-Kapsabet Municipality</b>							
		-	-	-1,194,559	-	-	-
0	Default - Non-Programmatic	-	-	-1,194,559	-	-	-
		11,330,000	18,000,000	2,691,000	2,339,915	23.75	13.00
701024410	General Administration and Support Services	11,330,000	18,000,000	2,691,000	2,339,915	23.75	13.00
		-	18,000,000	-	-	-	-
726024410	Infrastructure and Development	-	18,000,000	-	-	-	-
	Total	11,330,000	36,000,000	1,496,441	2,339,915	13.21	6.50
	County Assembly					-	-
0	Default - Non-Programmatic	-	-	-	-	-	-
701024410	General Administration and Support Services	-	-	-	-	-	-
721014410	Administrative Support Services	-	-	-	-	-	-
723014410	Physical Infrastructure and Equipment	-	-	-	-	-	-
724044410	Support and Co-ordination of Committees	-	-	-	-	-	-
724064410	Capturing and Recording of Assembly Proceedings	-	-	-	-	-	-
724024410	Financial Services	-	-	-	-	-	-
		796,999,461	50,000,000	449,476,631	20,651,079	56.40	41.30
725014410	Personnel services	796,999,461	50,000,000	449,476,631	20,651,079	56.4	41.30
901014410	Administration and support services	-	-	-	-	-	-



Sub Program	Description	Revised Estimates		Expenditure		Absorption	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Total	796,999,461	50,000,000	449,476,631	20,651,079	56.4	41.30
<b>County Public Service</b>							
		1,200,000	-	580,700	-	48.4	-
101014410	Administration and support services	1,200,000	-	580,700	-	48.4	-
		43,100,087	-	21,428,571	-	49.7	-
721014410	Administrative Support Services	43,100,087	-	21,428,571	-	49.7	-
722054410	Human Resources Management and Development	-	-	-	-	-	-
	Total	44,300,087	-	22,009,271	-	49.68	-
<b>County Executive</b>							
Sub Program	Description					-	-
0	Default - Non-Programmatic	-	-	-	-	-	-
101014410	Administration and support services	-	-	-	-	-	-
404014410	Infrastructure Construction, Expansion and Maintenance	-	-	-	-	-	-
501014410	General Administration & Support Services	-	-	-	-	-	-
		446,624,277	45,750,000	245,869,081	19,624,037	55.05	42.89
701024410	General Administration and Support Services	446,624,277	45,750,000	245,869,081	19,624,037	55.05	42.89
702014410	County Executive Services Coordination	-	-	-	-	-	-
703024410	County Hospitality Services	-	-	-	-	-	-
703014410	County Public Service Coordination	-	-	-	-	-	-
704014410	Economic, Political & Social Advisory Services	-	-	-	-	-	-
705014410	Facilitation of Public Participation Forums	-	-	-	-	-	-
706014410	Enforcement of domesticated or enacted laws and regulations	-	-	-	-	-	-
707014410	Construction of Governor's Residence	-	-	-	-	-	-
707034410	Construction of other Offices	-	-	-	-	-	-
707024410	Construction of Governor's Offices	-	-	-	-	-	-

Sub Program	Description	Revised Estimates		Expenditure		Absorption	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
708014410	Disaster Preparedness and Response	-	-	-	-	-	-
709014410	County Bursary Scheme	-	-	-	-	-	-
Total		446,624,277	45,750,000	245,869,081	19,624,037	55.05	42.9
<b>Grand Total</b>		<b>4,200,651,299</b>	<b>285,958,242</b>	<b>2,320,241,263</b>	<b>88,160,329</b>	<b>55.24</b>	<b>30.83</b>

Source: Nandi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were County Bursary Scheme in the Department of County Executive at 42.9 per cent, Personnel Services in the County Assembly at 41.3 per cent, and Health Service Delivery Administration Services in the Department of Health at 29.53 per cent of budget allocation.

### 3.32.13 Accounts Operated Commercial Banks

The County government operated a total of 7 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash, and revenue collections accounts.

### 3.32.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the required timeline of 15<sup>th</sup> January 2024.
2. Failure by Fund Administrators to submit copies of quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Fund Administrators did not submit copies of the financial statements within the timelines in law.
3. Delay in disbursement of the equitable share by the National Treasury which led to challenges in budget implementation.
4. The underperformance of own-source revenue at Kshs. 136 million against an annual projection of Kshs. 515.56 million, representing 26.4 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The National Treasury should put measures in place to ensure that the equitable share of revenue raised nationally is disbursed according to the disbursement schedule.*
4. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*

### 3.33. County Government of Narok

#### 3.33.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.15.0 billion, comprising Kshs.4.57 billion (30.5 per cent) and Kshs.10.42 billion (69.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.14.98 billion and comprised of Kshs.4.83 billion towards development expenditure and Kshs.10.15 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.2 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.21 billion (8.0 per cent) as conditional grants, and generate Kshs.4.59 billion (30.6 per cent) as ordinary own-source revenue. The approved budget does not provide a breakdown of the conditional grants.

#### 3.33.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.82 billion as the equitable share of the revenue raised nationally, Kshs.22.17 million as A-I-A (Liquor), Kshs.35.77 million as FIF, Kshs.0.50 million as conditional grants, had a cash balance of Kshs.0.57million from FY 2022/23, and raised Kshs.2.87 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.75 billion, as shown in Table 3.222.

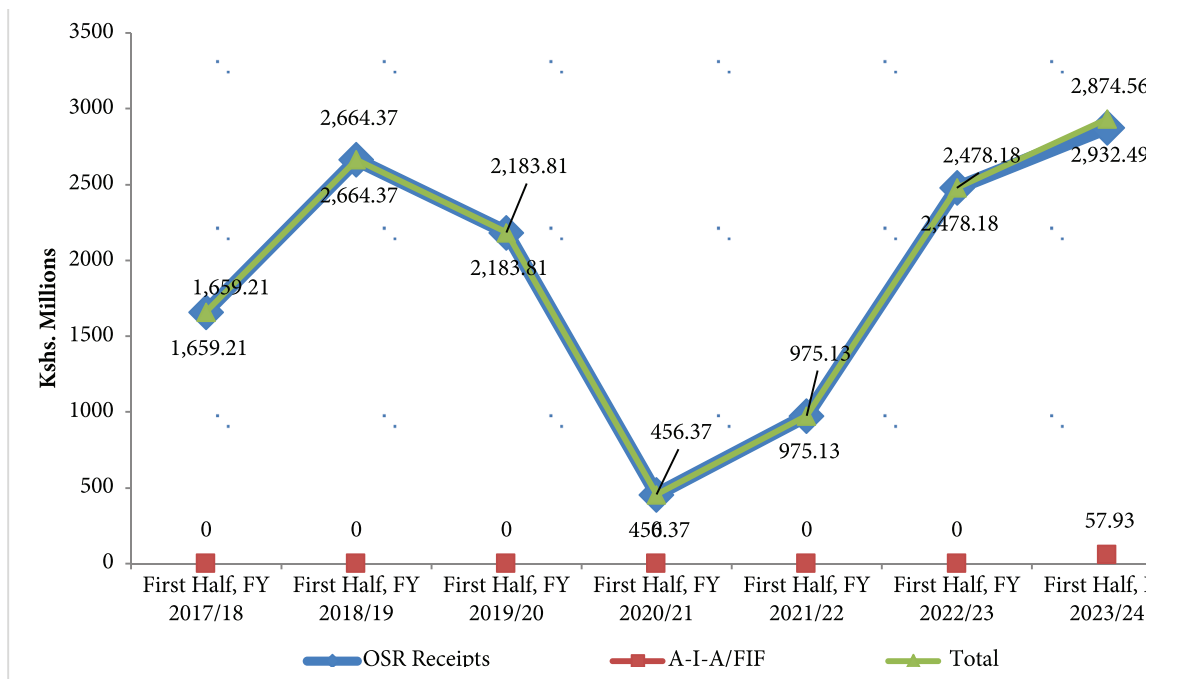
**Table 3.222: Narok County, Revenue Performance in FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,200,560,000	3,816,454,912	41.5
<b>Sub Total</b>		<b>9,200,560,000</b>	<b>3,816,454,912</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Leasing of Medical Equipment	159,890,000	-	-
2	LOANS AND GRANTS (Consolidated)	1,046,030,000	500,000	0.05
<b>Sub-Total</b>		<b>1,205,920,000</b>	<b>500,000</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	4,588,583,534	2,874,556,138	62.6
2	Balance b/f from FY2022/23	-	568,277	-
3	Appropriation in Aid (HEALTH)	-	35,767,422	-
4	Appropriation in Aid (LIQUOR)	-	22,167,319	-
<b>Sub Total</b>		<b>4,588,583,534</b>	<b>2,933,059,155</b>	<b>63.9</b>
<b>Grand Total</b>		<b>14,995,063,534</b>	<b>6,750,014,067</b>	<b>45.0</b>

*Source: Narok County Treasury*

Figure 97 shows the trend in own-source revenue collection from the Second quarter of FY 2017/18 to the Second quarter of FY 2023/24.

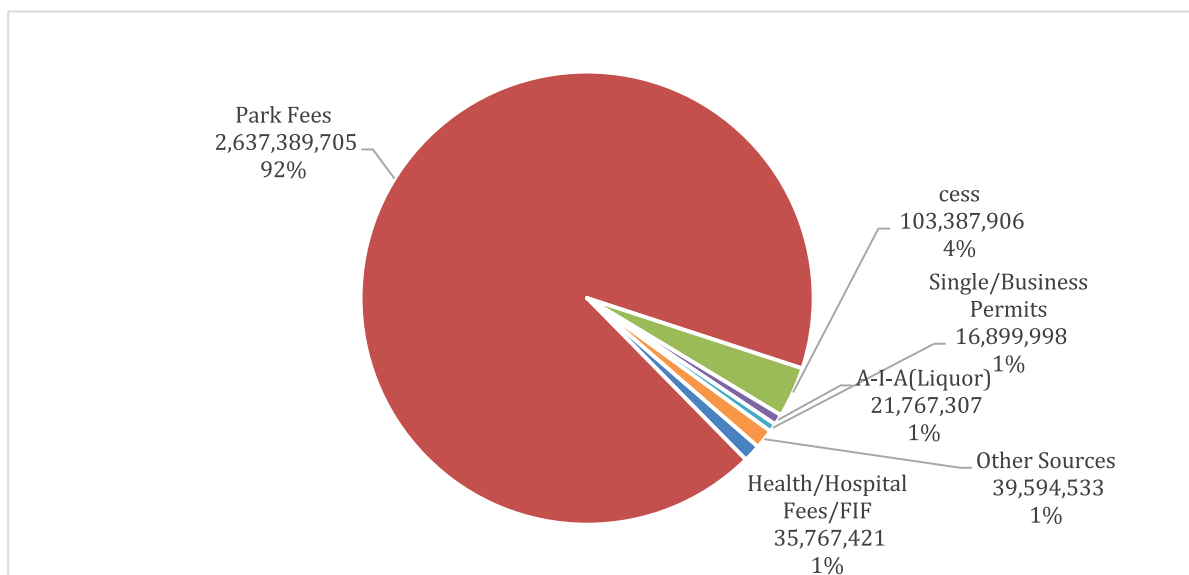
**Figure 97: Trend in Own-Source Revenue Collection from the Second Quarter of FY 2017/18 to the Second Quarter of FY 2023/24**



Source: Narok County Treasury

In the period under review, the County generated a total of Kshs.2.93 billion from its sources of revenue inclusive of FIF and AIA. This amount represented an increase of 18.1 per cent compared to Kshs.2.48 billion realized in a similar period in FY 2022/23 and was 63.9 per cent of the annual target and 76.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 98.

**Figure 98: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Narok County Treasury

The highest revenue stream of Kshs.2.71 billion was from Masai Mara Park's fee, contributing to 92 per cent of the total OSR receipts during the reporting period.

Narok County Government was privileged to be among the few counties earmarked for assessment by the Tax Administration Diagnostic Assessment Tool (TADAT) in April 2022. After training, assessment and the release of the assessment report, a secretariat was formed to develop a Revenue Enhancement Action Plan (REAP) focusing on the priority areas that need improvement (based on the TADAT performance assessment reports). A REAP was developed to cover the period between 2022- 2027 and among the few revenue strategies implemented during the year were the;

- i. Full implementation of County Finance policies and regulations starting with Narok County Government Finance Act 2022/2023.
- ii. Automation of other revenue outside Maasai Mara National Game Reserve.
- iii. Staff re- alignment & Capacity building,
- iv. Employment of new staff.
- v. Revenue targets cascaded from the Directorate to Sub County Revenue Officers level to revenue collection clerks for individual set targets.

### **3.33.3 Exchequer Issues**

The Controller of Budget approved withdrawals of Kshs.5.95 billion from the CRF account during the reporting period which comprised Kshs.2.40 billion (40.5 per cent) for development programmes and Kshs3.54 billion (59.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.68 billion was released towards Employee Compensation, and Kshs.1.87 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.783.55 million.

### **3.33.4 County Expenditure Review**

The County spent Kshs.5.85 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.3 per cent of the total funds released by the CoB and comprised Kshs.2.40 billion and Kshs.3.45 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 52.4 per cent, while recurrent expenditure represented 33.1 per cent of the annual recurrent expenditure budget.

### **3.33.5 Settlement of Pending Bills**

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.53 billion, comprising Kshs.587.86 million for recurrent expenditure and Kshs.938.33 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.91.44 million were settled, consisting of Kshs.61.59 million for recurrent expenditure and Kshs.29.85 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.40 billion.

The outstanding pending bills for the County Assembly were Kshs.30.89 million as of 31<sup>st</sup> December 2023.

### **3.33.6 Expenditure by Economic Classification**

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.50 billion on employee compensation, Kshs.1.67 billion on operations and maintenance, and Kshs.2.40 billion on development activities. Similarly, the County Assembly spent Kshs.174.98 million on employee compensation and Kshs.104.69 million on operations and maintenance, as shown in Table 3.223.

**Table 3.223: 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
<b>Total Recurrent Expenditure</b>	<b>9,524,976,569</b>	<b>896,760,000</b>	3,169,876,568	281,470,628	<b>33.3</b>	<b>31.4</b>
Compensation to Employees	4,382,569,624	585,833,962	1,502,255,399	176,780,936	34.3	30.2
Operations and Maintenance	5,142,406,945	310,926,038	1,667,621,169	104,689,692	32.4	33.7
<b>Development Expenditure</b>	<b>4,423,326,965</b>	<b>150,000,000</b>	2,396,496,170	-	54.2	-
<b>Total</b>	<b>13,948,303,533</b>	<b>1,046,760,000</b>	<b>5,566,372,738</b>	<b>281,470,628</b>	39.9	26.9

Source: Narok County Treasury

### 3.33.7 Expenditure on Employees' Compensation

In the first Six months of FY 2023/24, expenditure on employee compensation of Kshs.1.68 billion was 25.1 per cent of the total revenue realized of ksh.6.75 billion. This expenditure represented a decrease from Kshs.2.16 billion reported in the Second quarter of FY 2022/23. The wage bill included Kshs.520.53 million paid to health sector employees, translating to 31.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.50 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.174.71 was processed through manual payrolls.

The County Assembly spent Kshs.15.3 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.36.11 million. The average monthly sitting allowance was Kshs.50,977 per MCA. The County Assembly has established 21 Committees.

### 3.33.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.650.1 million to county-established funds in FY 2023/24, constituting 4.3 per cent of the County's overall budget. Table 3.224 summarizes each established Fund's budget allocation and performance during the reporting period.

**Table 3.224: Performance of County-Established Funds**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
1.	Scholarships Fund (Bursary)	380,185,354	-	-	No
2.	Capital Grants and Transfer (To Maasai Mara Community Support Fund.	100,000,000	-	-	No
3.	Emergency Fund	50,000,000	-	-	No
4.	Narok Kajiado Economic Block (NAKAEC)	30,794,368	17,240,000	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
County Assembly Established Funds					
5.	Car loans and Mortgage for Members of Assembly and staff	89,098,000	-	-	No
<b>Total</b>		<b>650,077,722</b>	-	-	

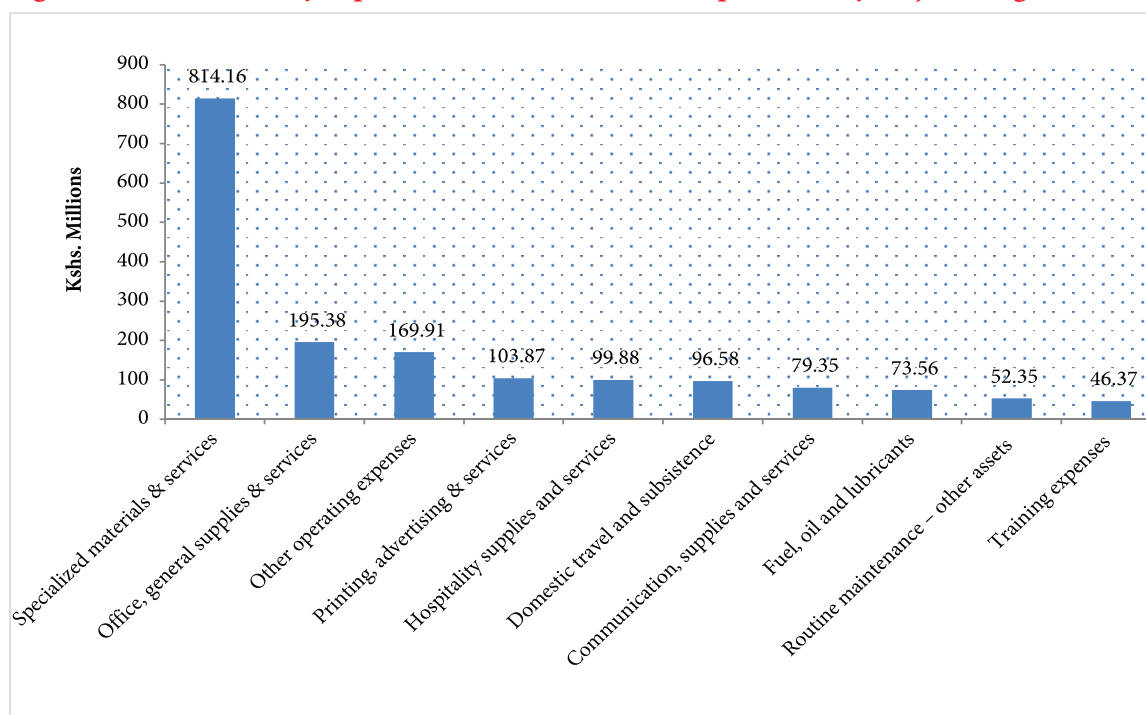
Source: Narok County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the five funds as indicated in Table 3.224, contrary to the requirement of Section 168 of the PFM Act, 2012.

### 3.33.9 Expenditure on Operations and Maintenance

Figure 99 summarises the Operations and Maintenance expenditure by major categories.

**Figure 99: Narok County, Operations and Maintenance Expenditure by Major Categories**



Source: Narok County Treasury

During the period, expenditure on domestic travel amounted to Kshs.108.08 million and comprised Kshs.45.53 million spent by the County Assembly and Kshs.62.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.44 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.225 below; -

**Table 3.225: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	10 Officers	13 <sup>th</sup> – 16 <sup>th</sup> Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	3,100,000.0
Executive	8 Officers	13 <sup>th</sup> – 16 <sup>th</sup> Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	2,900,700
Executive	9 Officers	13 <sup>th</sup> – 16 <sup>th</sup> Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	2,973,000
Executive	8 Officers	3 <sup>rd</sup> – 12 September,2023	To Attend Paralympic Games	Accra Ghana	2,507,910
Executive	3 Officers	5 <sup>th</sup> – 11 <sup>th</sup> July,2023	To Attend Lgt Venture Philanthropy Training	Switzerland	962,930
Executive	1 Officer	25 – 28 <sup>th</sup> Sept, 2023	Climate Technology Show in London	London	861,323

*Source: Narok County Treasury*

A brief breakdown of “Other Operating Expenses” is as follows: -

1. Kecoso & Kicosca Games facilitations = Kshs.11,965,975
2. Workman compensation, Funeral, Medical ex-Garcia, = Kshs.4,683,163
3. School feeding programme = Kshs.30,510,000
4. Mara Conservancy, Security & Surveillances = Kshs. 39,661,940
5. World Aids Day Campaign = Kshs.2,652,300
6. Tree growing Campaign =Kshs.19,274,730
7. Paralympic Games facilitations = Kshs. 1,000,000
8. Rhino surveillances = Kshs.11,303,230

Included in the operations and maintenance costs is an expenditure of Kshs.30.03 million on garbage collection.

### 3.33.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.2.40 billion on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.430 million. The table below summarises development projects with the highest expenditure in the reporting period.



**Table 3.226: Narok County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs.)	Implementa- tion status (%)
1	Transport	Purchase and delivery of Earth Moving Equipment	Narok North	1,487,932,072.0	725,495,641.9	49
2	Health	Mechanical works at NCRH	Narok North	469,614,655.00	118,916,769.0	25
3	Transport	maintenance and repair of earth-moving equipment	Narok North	122,698,536.32	60,548,614.00	49
4	Roads	routine maintenance of county roads-Kirapash junction - Nadosoito 12kms	Oloropil	13,815,381.00	13,815,381.10	100
5	Education	Construction of Vocational Training Centre at Olorkurto	Narok North	25,235,214.90	12,352,961.00	49
6	Roads	Construction of Olelusie-Entotol-Parakarara-Olesimu Roads	Narok North	12,989,970.00	11,777,990.30	91
7	Roads	Maintenance of county roads-Enegentia-Lukumae-Nampaso	Narok North	9,220,836.05	9,220,836.05	100
8	Trade	Construction of a Cattle and sheep sale yard at Aitong Market	Narok West	11,670,117.00	8,603,382.60	74
9	Trade	Construction of a Cattle and sheep sale yard at Ilkerian-Loita Market	Narok South	11,670,117.00	8,603,382.60	74
10	Environment	construction of Suswa dry port water supply	Narok East	71,129,003.40	7,319,672.00	10

Source: Narok County Treasury

### 3.33.11 Budget Performance by Department

Table 3.227 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

**Table 3.227: County, Budget Allocation and Absorption Rate 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
County assembly	896.76	150.00	371.44	10.88	281.47	-	75.8	-	31.4	-
County Executive	347.56	-	78.47	-	78.47	-	100	-	22.6	-
Finance & Economic Planning	1,664.95	292.95	505.60	38.70	505.60	38.70	100	100	30.4	13.2
Transport and Public Works	414.87	1,337.07	34.46	1,316.82	34.46	1,316.62	100	100	8.3	98.5
Education, Youth, Sports, Culture and Social Services	1,553.93	372.70	482.53	165.81	482.53	165.80	100	100	31.1	44.5
Environment Protection, Energy, Water & Natural Resources	380.82	333.45	134.02	97.91	134.02	97.91	100	100	35.2	29.4
Public Service Board	91.92	-	27.76	-	27.76	-	100	-	30.2	-
Agriculture, Livestock & Fisheries	402.55	498.66	99.61	278.57	99.61	278.57	100	100	24.7	55.9
Health & Sanitation	2,805.65	488.75	1,315.88	304.72	1,315.87	304.70	100	100	46.9	62.3
Lands Housing Physical Planning & Urban Development	274.17	248.69	64.13	122.16	64.12	122.13	100	100	23.4	49.1
ICT & E-Government	118.30	85.11	45.13	-	45.13	-	100	-	38.1	-

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
Administration and Public Services Management	784.79	150.66	192.93	40.03	192.87	40.03	100	100	24.6	26.6
Trade, Industry and Cooperative Development	585.47	615.29	167.65	32.04	167.65	32.04	100	100	28.6	5.2
Office of the County Attorney	100.00	-	21.79	-	21.79	-	100	-	21.8	-
<b>Total</b>	<b>10,421.74</b>	<b>4,573.33</b>	<b>3,541.40</b>	<b>2,407.64</b>	<b>3,451.35</b>	<b>2,396.50</b>	<b>97.5</b>	<b>99.5</b>	<b>33.1</b>	<b>52.4</b>

Source: Narok County Treasury

Analysis of expenditure by the department shows that the Department of Roads, Transport and Public recorded the highest absorption rate of development budget at 98.5 per cent, followed by the Department of Health and Sanitation at 62.3 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 46.9 per cent while the Department of Roads, Transport and Public Works had the lowest at 8.3 per cent.

### 3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.228 summarizes the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.228: Narok County, Budget Execution by Programmes and Sub-Programmes**

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference	Absorption (%)
<b>102003000</b>			<b>673,073,004</b>	<b>57,806,904</b>	<b>615,266,100</b>	8.6
	102024610	Crop Productivity Improvement	673,073,004	57,806,904	615,266,100	8.6
<b>103003000</b>			<b>169,790,126</b>	<b>1,380,402</b>	<b>168,409,724</b>	0.8
	103014610	Livestock Pests & Disease Management & Control	66,673,834	45,789,600	20,884,234	68.7
	103074610	Livestock Information Management	103,116,292	19,380,402	83,735,890	18.8
<b>104003000</b>			<b>58,337,187</b>	<b>385,880</b>	<b>57,951,307</b>	0.7
	104014610	Fish Products Production	58,337,187	385,880	57,951,307	0.7
<b>105003000</b>			<b>47,881,099</b>	<b>357,249</b>	<b>47,523,850</b>	0.7
	105014610	Development Planning and Land Reforms	47,881,099	357,249	47,523,850	0.7
<b>106003000</b>			<b>165,126,655</b>	<b>2,996,000</b>	<b>162,130,655</b>	1.8
	106014610	Housing Development	165,126,655	102,996,000	62,130,655	62.4
<b>107003000</b>			<b>309,856,765</b>	<b>13,232,032</b>	<b>296,624,733</b>	4.3
	107014610	Metropolitan Planning & Infrastructure Development	309,856,765	13,232,032	296,624,733	4.3
<b>201003000</b>			<b>1,751,934,137</b>	<b>1,081,415,617</b>	<b>670,518,520</b>	61.7
	201014610	General Administration, Planning and Support Services	75,139,698	5,733,500	69,406,198	7.6
	201024610	Construction of Roads and Bridges	1,594,918,318	1,060,150,344	534,767,974	66.5
	201034610	Maintenance of Roads	81,876,121	15,531,773	66,344,348	19.0
<b>202003000</b>			<b>144,260,000</b>	<b>1,494,351</b>	<b>142,765,649</b>	1.0
	202014610	ICT Infrastructure Development	144,260,000	1,494,351	142,765,649	1.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference	Absorption (%)
<b>208000000</b>		<b>Information and Communication Services</b>	<b>59,150,000</b>	<b>13,000,000</b>	<b>46,150,000</b>	22.0
	208049999	E-Government Services	59,150,000	13,000,000	46,150,000	22.0
<b>301003000</b>			<b>657,034,399</b>	<b>68,000</b>	<b>656,966,399</b>	0.0
	301014610	Administrative Services	6,385,168	-	6,385,168	0.0
	301024610	Cooperative Development & Management	19,774,463	-	19,774,463	0.0
	301034610	Trade Development and Promotion	630,874,768	68,000	630,806,768	0.0
<b>303003000</b>			<b>468,471,796</b>	<b>5,962,930</b>	<b>462,508,866</b>	1.3
	303014610	Tourism Promotion and Marketing	468,471,796	5,962,930	462,508,866	1.3
<b>306000000</b>		<b>Tourism Development and Promotion</b>	<b>75,249,999</b>	<b>-</b>	<b>75,249,999</b>	0.0
	306039999	Tourism Infrastructure Development	75,249,999	-	75,249,999	0.0
<b>401003000</b>			<b>488,750,000</b>	<b>313,217,593</b>	<b>175,532,407</b>	64.1
	401014610	Health Promotion	488,750,000	313,217,593	175,532,407	64.1
<b>402003000</b>			<b>356,111,363</b>	<b>54,179,824</b>	<b>301,931,539</b>	15.2
	402014610	Referral Services	356,111,363	54,179,824	301,931,539	15.2
<b>403003000</b>			<b>2,499,541,415</b>	<b>1,008,961,121</b>	<b>1,716,849,678</b>	40.4
	403014610	Health Policy, Planning and Financing	2,499,541,415	1,008,961,121	1,716,849,678	40.4
<b>502003000</b>			<b>1,537,090,804</b>	<b>663,549,380</b>	<b>873,541,424</b>	43.2
	502014610	Early Child Development and Education	1,537,090,804	663,549,380	873,541,424	43.2
<b>701003000</b>			<b>1,261,025,685</b>	<b>540,114,949</b>	<b>720,910,736</b>	42.8
	701014610	Administrative Services	400,646,203	169,105,963	231,540,240	42.2
	701044610	Coordination and Administrative Services	413,483,334	199,947,204	213,536,130	48.4
	701054610	Public Service and Field Administrative Services	318,218,144	127,655,540	190,562,604	40.1
	701084610	Board Management Services	128,678,004	43,406,242	85,271,762	33.7
<b>702003000</b>			<b>1,036,120,489</b>	<b>564,954,432</b>	<b>471,166,057</b>	54.5
	702014610	Accounting services	110,144,260	47,626,708	62,517,552	43.2
	702024610	Resource Mobilization	487,459,616	434,754,982	53,210,892	89.2
	702034610	Budget Formulation, Coordination and Management	98,277,686	10,690,450	87,587,236	10.9
	702044610	Supply Chain Management Services	154,915,548	62,438,550	92,476,998	40.3
	702054610	Internal Audit Services	85,323,379	9,950,000	75,373,379	11.7
<b>703003000</b>			<b>1,161,783,851</b>	<b>486,738,031</b>	<b>675,045,820</b>	41.9
	703014610	Economic Planning Coordination	836,626,965	409,299,909	427,327,056	48.9
	703024610	Monitoring and Evaluation Services	85,323,379	77,438,122	7,885,257	90.8
<b>704003000</b>			<b>170,660,000</b>	<b>62,262,141</b>	<b>108,397,859</b>	36.5
	704024610	County Co-ordination Services	170,660,000	62,262,141	108,397,859	36.5
<b>901003000</b>			<b>1,189,542,173</b>	<b>198,495,100</b>	<b>991,047,073</b>	16.7
	901014610	Gender and Youth Development	328,649,139	40,602,200	288,046,939	12.4

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference	Absorption (%)
	901024610	Social Assistance to Vulnerable Groups	219,287,741	5,723,859	213,563,882	2.6
	901034610	Development and Promotion of Culture	137,162,324	6,489,096	130,673,228	4.7
	901044610	Development and Management of sports facilities	167,000,000	42,809,040	124,190,960	25.6
	901054610	Sports Services	192,423,612	38,321,907	154,101,705	19.9
	901064610	Voluntary Training Services	145,019,357	64,548,998	80,470,359	44.5
<b>1002003000</b>			<b>714,272,587</b>	<b>495,547,674</b>	<b>218,724,913</b>	<b>69.4</b>
	1002014610	Forests Conservation and Management	714,272,587	495,547,674	218,724,913	69.4
<b>Grand Total</b>			<b>14,995,063,534</b>	<b>5,847,843,366</b>	<b>9,147,220,168</b>	<b>39.0</b>

Source: Narok County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Monitoring and Evaluation Services, and Resources Mobilisation in the Department of Finance & Economic Planning at 90.8 per cent and 98.2 per cent respectively, Livestock Pests & Disease Management & Control in the Department of Agriculture & Livestock at 68.7 per cent, Construction of Roads and Bridges in the department of Transport, Roads at 66.5 per cent and Housing Development in the Department of Lands Housing Physical Planning & Urban Development at 64.2 per cent of budget allocation.

### 3.33.13 Accounts Operated Commercial Banks

The County government operated a total of 27 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collections accounts.

### 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. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Five Funds were not submitted to the Controller of Budget.
2. High level of pending bills which amounted to Kshs.1.43 billion as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.174.71 million were processed through the manual payroll, accounting for 10.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

### 3.34. County Government of Nyamira

#### 3.34.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.7.35 billion, comprising Kshs.2.37 billion (32.2 per cent) and Kshs.4.98 billion (67.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 3.7 per cent compared to the previous financial year when the approved budget was Kshs.7.09 billion and comprised of Kshs.2.19 billion towards development expenditure and Kshs.4.91 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.33 billion (72.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.10 billion (14.9 per cent) as additional allocations/conditional grants, a cash balance of Kshs.204.11 million (2.8 per cent) brought forward from FY 2022/23, and generate Kshs.625.00 million (8.5 per cent) as gross own source revenue. The own source revenue includes Kshs.230.00 million (3.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.395.00 million (5.4 per cent) as ordinary own-source revenue and Kshs.91.06 (1.2 per cent) as other sources of revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.229.

#### 3.34.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.21 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.204.1 million from FY 2022/23 and raised Kshs.117.59 million as own-source revenue (OSR). The raised OSR includes Kshs.80.62 million as FIF and Kshs.36.97 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.63 billion, as shown in Table 3.229.

**Table 3.229: Nyamira County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	5,334,198,486	2,213,692,371	41.5
	<b>Subtotal</b>	<b>5,334,198,486</b>	<b>2,213,692,371</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1.	County Aggregated Industrial Park	250,000,000	-	-
2.	National Agricultural Value Chain project	250,000,000	-	-
3.	National and Rural Inclusive Growth Project	150,000,000	-	-
4.	County Climate Resilience Support	136,000,000	-	-
5.	Kenya Informal Settlement Improvement Project	112,082,214	-	-
6.	Fertilizer Subsidy Programme	92,563,428	-	-
7.	Kenya Urban Support Program - UDG	35,000,000	-	-
8.	Livestock Value Chain Support Project	28,647,360	-	-
9.	Kenya Urban Support Program - UIG	24,678,864	-	-
10.	County Climate Institutional support	11,000,000	-	-
11.	DANINA	8,778,000	-	-
12.	Agricultural Sector Development Support Programme	531,293	-	-
	<b>Subtotal</b>	<b>1,099,281,159</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
13.	Ordinary Own Source Revenue	395,000,000	36,969,647	9.4
14.	Facility Improvement Fund (FIF)	230,000,000	80,619,479	35.1

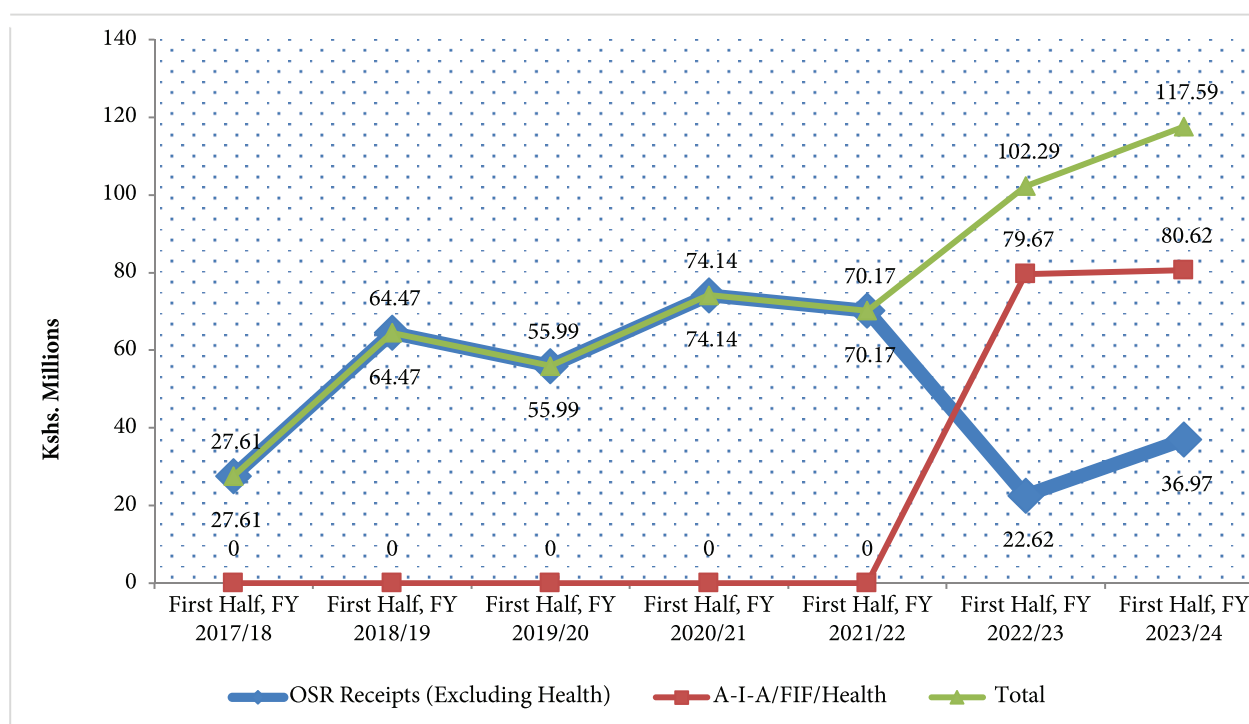
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
15.	Unspent CRF balance from FY 2022/23	204, 105, 761	204, 105, 761	100.0
16	Unspent SPAs balance from FY 2022/23	91, 059, 228	91, 059, 228	100.0
<b>Sub Total</b>		<b>920, 164, 989</b>	<b>412, 754, 115</b>	<b>44.9</b>
<b>Grand Total</b>		<b>7,335,441,841</b>	<b>2,626 446,486</b>	<b>35.7</b>

Source: Nyamira County Treasury

The County has governing legislation on the operation of ordinary FIF.

Figure 100 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

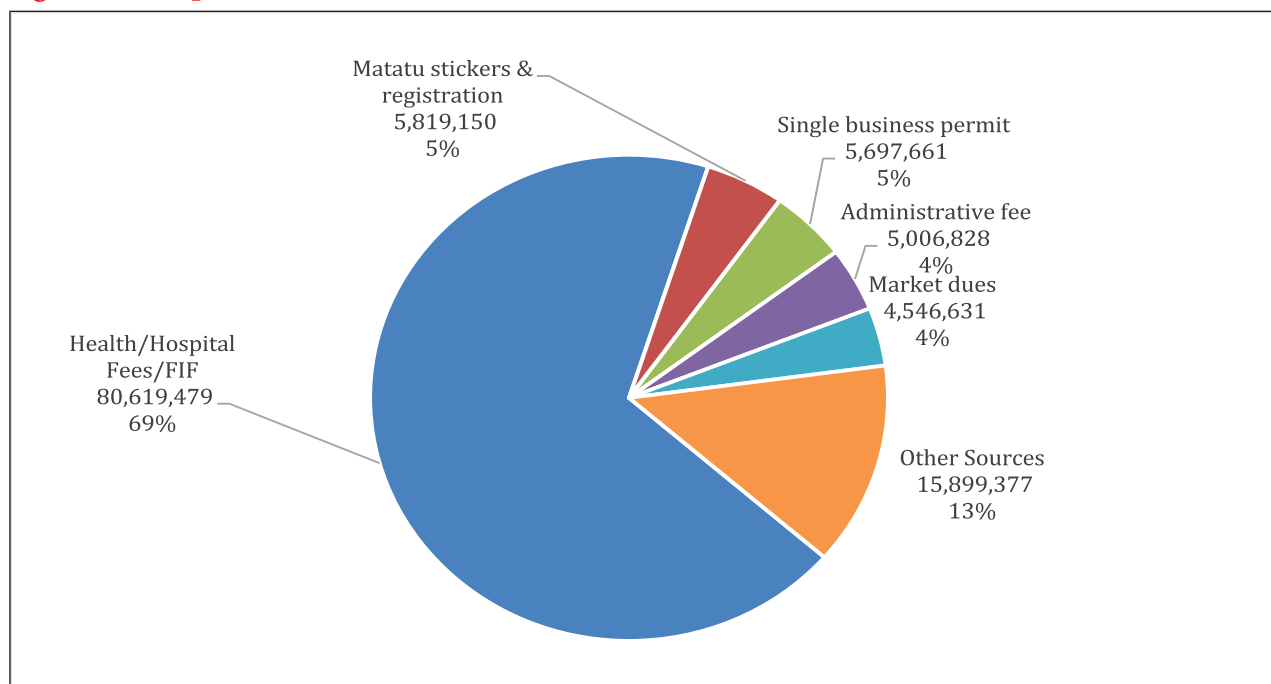
**Figure 100: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24.**



Source: Nyamira County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.117.59 million from its sources of revenue inclusive of FIF. This amount represented an increase of 15.0 per cent compared to Kshs.102.29 million realised in a similar period in FY 2022/23 and was 18.8 per cent of the annual target and 4.5 per cent of the equitable revenue share disbursed during the period. The County Treasury did not provide information on receipts of FIF in the previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 101.

**Figure 101: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Nyamira County Treasury

The highest revenue stream of Kshs.80.62 million was from Hospital FIF contributing to 69 per cent of the total OSR receipts during the reporting period.

### 3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.0 billion from the CRF account during the reporting period which comprised Kshs.241.48 million (12.1 per cent) for development programmes and Kshs.1.76 billion (87.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.38 billion was released towards Employee Compensation, and Kshs.372.16 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.459.54 million.

### 3.34.4 Borrowing by the County

During the period under review, the County Assembly borrowed Kshs.31.89 million from the Cooperative Bank of Kenya Nyamira Branch to pay net salaries for November and December 2023. This amount was outstanding as of 31<sup>st</sup> December 2023. The County Executive also borrowed Kshs.89.99 million from the Cooperative Bank of Kenya Nyamira Branch to pay net salaries for December 2023. This amount was outstanding as of 31<sup>st</sup> December 2023.

### 3.34.5 County Expenditure Review

The County spent Kshs.2.57 billion on development and recurrent programmes in the reporting period. The expenditure represented 128.5 per cent of the total funds released by the CoB and comprised Kshs.351.36 million and Kshs.2.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.8 per cent, while recurrent expenditure represented 44.5 per cent of the annual recurrent expenditure budget.

### 3.34.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.339.74 million, comprising Kshs.151.57 million for recurrent expenditure and Kshs.188.17 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.83.75 million were settled, consisting of Kshs.29.85 million for recurrent expenditure and Kshs.53.90 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.256.0 million.

The County assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.34.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.52 billion on employee compensation, Kshs.370.14 million on operations and maintenance, and Kshs.309.59 million on development activities. Similarly, the County Assembly spent Kshs.150.59 million on employee compensation, Kshs.181.24 million on operations and maintenance, and Kshs.41.77 million on development activities, as shown in Table 3.230.

**Table 3.230: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>4, 237, 351, 125</b>	<b>746, 578, 493</b>	<b>1, 887, 533, 960</b>	<b>331, 822, 048</b>	<b>44.5</b>	<b>44.4</b>
Compensation to Employees	2, 993, 011, 851	386, 391, 070	1, 517, 394, 977	150, 586, 258	50.7	39.0
Operations and Maintenance	1, 244, 339, 274	360, 187, 423	370, 138, 983	181, 235, 790	29.7	50.3
<b>Development Expenditure</b>	<b>2, 171, 314, 360</b>	<b>198, 400, 656</b>	<b>309, 586, 063</b>	<b>41, 773, 933</b>	<b>14.3</b>	<b>21.1</b>
<b>Total</b>	<b>6, 408, 665, 485</b>	<b>944, 979, 149</b>	<b>2, 197, 120, 023</b>	<b>373, 595, 981</b>	<b>34.3</b>	<b>39.5</b>

*Source: Nyamira County Treasury*

### 3.34.8 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.67 billion, or 63.5 per cent of the available revenue which amounted to Kshs.2.63 billion. This expenditure represented an increase from Kshs.1.38 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.775.18 million paid to health sector employees, translating to 46.5 per cent of the total wage bill.

The County Assembly spent Kshs.3.71 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.12.31 million. The average monthly sitting allowance was Kshs.17,186 per MCA. The County Assembly has established 20 Committees.

### 3.34.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.168.22 million to county-established funds in FY 2023/24, constituting 2.3 per cent of the County's overall budget. Table 3.231 summarises each established Fund's budget allocation and performance during the reporting period.



**Table 3.231: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Bursary Fund	133, 218, 112	-	-	611, 000, 000	Yes
2.	Car loan & Mortgage	25, 000, 000	25, 000, 000	25, 000, 000	147, 500, 000	No
3.	Emergency fund	10, 000, 000	-	-	146, 000, 000	No
<b>County Assembly Established Funds</b>						
5.	Car loan & Mortgage Fund	-	-	-	431, 000, 000	No
<b>Total</b>		<b>168, 218, 112</b>	<b>25, 000, 000</b>	<b>25, 000, 000</b>	<b>1, 335, 500, 000</b>	<b>-</b>

Source: Nyamira County Treasury

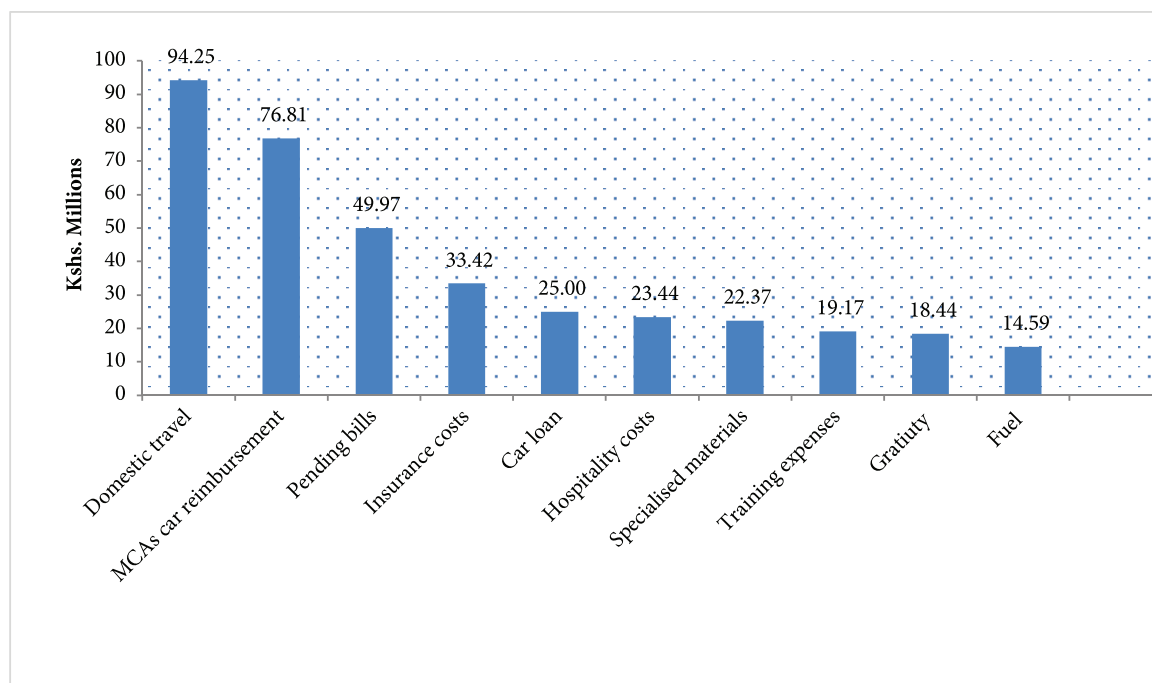
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of three funds as indicated in Table 3.231, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.34.10 Expenditure on Operations and Maintenance

Figure 102 summarises the Operations and Maintenance expenditure by major categories.

**Figure 102: Nyamira County, Operations and Maintenance Expenditure by Major Categories**



Source: Nyamira County Treasury

During the period, expenditure on domestic travel amounted to Kshs.94.25 million and comprised Kshs.36.45 million spent by the County Assembly and Kshs.57.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.93 million and comprised Kshs.5.42 million by the County

Assembly and Kshs.23.51 million by the County Executive. The expenditure on foreign travel was a result of mis-posting in the vote book which should be corrected.

### 3.34.11 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.351.36 million on development programmes, representing an increase of 2.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.344.24 million. The table 3.232 summarises development projects with the highest expenditure in the reporting period.

**Table 3.232: Nyamira County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of Office Block	County Assembly HQ	356,000,000	39,855,552	11.2
2	County Assembly	Construction of the Speaker's Residence	Bosore	34,377,805	14,158,208	41.2
3	Health	Construction of Inpatient ward at Ekerenyo sub-county hospital	Ekerenyo	34,000,000	6,283,937	18.5
4	Health	Renovation of Mortuary at Nyamira Referral Hospital	Referral Hospital	9,040,205	5,992,479	66.3
5	Agriculture	Supply and delivery of 12 motorcycles	County wide	4,668,000	4,668,000	100
6	Water	Equipping of Gesima borehole	Gesima	2,847,800	2,847,800	100
7	Water	Equipping of Bocharia borehole	Rigoma ward	2,848,960	2,848,960	100
8	Lands	Preparation of Nyamira County valuation roll	County HQ	58,000,000	9,000,000	15.5
9	Roads	Maintenance of Ritongo -Nyabira IV – Kambini – Kabosi road	Magombo	4,356,075	4,356,075	100
10	Roads	Maintenance of Magwagwa – Esamba TBC – Ikamu sec. sch. road	Magwagwa	3,465,569	3,465,569	100

Source: Nyamira County Treasury

### 3.34.12 Budget Performance by Department

Table 3.233 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.233: Nyamira County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	746.58	198.40	312.22	41.77	331.82	41.77	106.3	100.0	44.4	21.1
County Executive Office	394.87	-	93.42	-	149.16	-	159.7	-	37.8	-
Finance and Accounting Services	164.73	141.80	118.21	69.71	115.48	125.59	97.7	180.2	70.1	88.6
Agriculture – Crop Management	69.47	501.13	38.88	107.50	26.12	111.57	67.2	103.8	37.6	22.3
Environment, Energy, NR & Mining	100.31	254.1	30.13	22.50	39.90	33.50	132.4	148.9	39.8	13.2
Education & ICT	523.84	50.3	146.08	-	277.21	3.2	189.8	-	52.9	6.4
Health services	773.36	91.22	210.73	-	261.00	0.00	123.8	-	33.7	0.0
Lands, Housing & Urban Development	132.53	170.61	53.33	-	54.18	11.74	101.6	-	40.9	6.9
Roads, Transport & Works	106.12	194.60	42.80	-	51.38	15.55	120.1	-	48.4	8.0
Trade, Tourism, Industrialization	48.43	517.50	15.22	-	18.53	6.50	121.7	-	38.3	1.2
Youths, Sports, Gender, Culture	70.62	25.90	22.66	-	25.81	-	113.9	-	36.5	-
County Public Service Board	58.17	0	21.58	-	31.13	-	144.3	-	53.5	-
Public Administration	307.1	8.00	107.11	-	128.53	-	120.0	-	41.9	-
Nyamira Municipality	65.23	120.31	9.96	-	15.30	0.60	153.6	-	23.5	0.5
County Attorney	5.15	3.00	0.50	-	1.35	-	269.9	-	26.2	-
Economic planning, Resource Mobilization & ICT	262.40	35.00	76.58	-	93.98	-	122.7	-	35.8	-
Livestock and fisheries services	110.90	43.15	21.69	-	50.36	1.41	232.3	-	45.4	3.3
Primary Health Care	1,044.12	41.70	434.70	-	548.00	-	126.1	-	52.5	-
<b>Total</b>	<b>4,983.93</b>	<b>2,369.72</b>	<b>1,755.74</b>	<b>241.48</b>	<b>2,219.24</b>	<b>351.36</b>	<b>126.4</b>	<b>145.5</b>	<b>44.5</b>	<b>14.8</b>

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Finance & Accounting services recorded the highest absorption rate of development budget at 109.4 per cent, followed by the County Assembly at 21.1 per cent. The Department of Finance & Accounting services had the highest percentage of recurrent expenditure to budget at 70.1 per cent while the Nyamira Municipality had the lowest at 23.5 per cent.

The Department of Finance and Accounting Services had the budget for pending bills reduced while they had already expensed.

### 3.34.13 Budget Execution by Programmes and Sub-Programmes

Table 3.234 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.234: Nyamira County, Budget Execution by Programmes and Sub-Programmes**

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
<b>Department of the County Assembly</b>					
<b>Sub total</b>		<b>944, 979, 149</b>	<b>373, 595, 581</b>	<b>571, 383, 168</b>	
010100	Policy planning, general administration	413, 023, 708	223, 037, 295	189, 986, 413	54.0
070800	Committee management services	23, 206, 500	10, 759, 700	12, 703, 700	46.5
070900	Legislation and representation services	508, 748, 941	139, 798, 986	368, 949, 955	27.5
<b>Department of County Executive</b>					
070100	General administration and support services	359, 584, 342	141, 069, 462	218, 514, 880	39.2
<b>subtotal</b>		<b>359, 584, 342</b>	<b>141, 069, 462</b>	<b>218, 514, 880</b>	
070600	Governance and coordination services	35, 288, 483	8, 089, 400	27, 199, 083	22.9
<b>subtotal</b>		<b>35, 288, 483</b>	<b>8, 089, 400</b>	<b>27, 199, 083</b>	
<b>Department of Finance and Economic Planning</b>					
070100	General administration and support services	50, 148, 800	33, 139, 008	17, 009, 792	66.1
010100	Policy planning, general administration	50, 000	50, 000	0.0	100.0
<b>Sub total</b>		<b>50, 198, 800</b>	<b>33, 189, 008</b>	<b>17, 009, 792</b>	
070300	Accounting services	114, 799, 393	125, 591, 815	-10, 792, 422	109.4
070400	County financial management and control	95, 319, 688	76, 604, 638	18, 715, 050	80.4
<b>Sub total</b>		<b>210, 119, 081</b>	<b>202, 196, 453</b>	<b>7, 922, 628</b>	
070100	General administration and support services	8, 414, 006	2, 576, 500	5, 837, 506	30.6
<b>Sub total</b>		<b>8, 414, 006</b>	<b>2, 576, 500</b>	<b>5, 837, 506</b>	
070400	County financial management and control	10, 800, 700	3, 161, 500	7, 639, 200	29.3
<b>Sub total</b>		<b>10, 800, 700</b>	<b>3, 161, 500</b>	<b>7, 639, 200</b>	
<b>Department of Agriculture, livestock and fisheries development</b>					
010100	Policy planning, general administration and support services	48, 681, 488	20, 396, 566	28, 284, 922	41.9
<b>Sub total</b>		<b>48, 681, 488</b>	<b>20, 396, 566</b>	<b>28, 284, 922</b>	
010200	Crop, agribusiness & land management services	515, 199, 784	113, 135, 750	402, 064, 034	22.0
<b>Sub total</b>		<b>515, 199, 784</b>	<b>113, 135, 750</b>	<b>402, 064, 034</b>	
010200	Crop, agribusiness & land management services	6, 718, 230	4, 160, 430	2, 557, 800	61.9
<b>Sub total</b>		<b>6, 718, 230</b>	<b>4, 160, 430</b>	<b>2, 557, 800</b>	
<b>Environment, water and natural resources</b>					
100100	Policy planning, general administration and support services	72, 062, 430	37, 428, 006	34, 634, 424	51.9
<b>Subtotal</b>		<b>72, 062, 430</b>	<b>37, 428, 006</b>	<b>34, 634, 424</b>	
100200	Other energy sources promotion	17, 600, 000	699, 500	16, 900, 500	4.0
<b>Sub total</b>		<b>17, 600, 000</b>	<b>150, 500</b>	<b>29, 449, 500</b>	

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
100300	Water supply and management services	55,100,000	995,600	54,104,400	1.8
<b>Subtotal</b>		<b>55,100,000</b>	<b>995,600</b>	<b>54,104,400</b>	
100400	Agroforestry promotion	209,650,000	34,272,100	175,377,900	16.3
<b>Subtotal</b>		<b>209,650,000</b>	<b>34,272,100</b>	<b>175,377,900</b>	
<b>Department of Education and Vocational Training</b>					
050100	General administration, policy planning & support services	378,075,141	174,882,364	203,192,777	46.3
<b>Sub total</b>		<b>378,075,141</b>	<b>174,882,364</b>	<b>203,192,777</b>	
050200	ECDE and CCC development services	50,300,500	3,967,240	46,333,240	7.9
<b>Subtotal</b>		<b>50,300,500</b>	<b>3,967,240</b>	<b>46,333,240</b>	
050300	Vocational training and development services	145,764,245	101,564,017	44,200,228	69.7
<b>Subtotal</b>		<b>145,764,245</b>	<b>101,564,017</b>	<b>44,200,228</b>	
<b>Department of Health Services</b>					
040100	General administration, planning and support services	509,900,468	237,916,602	271,983,866	46.7
<b>Subtotal</b>		<b>509,900,468</b>	<b>237,916,602</b>	<b>271,983,866</b>	
040200	Curative health services	354,678,901	22,998,594	331,680,307	6.5
<b>Subtotal</b>		<b>354,678,901</b>	<b>22,998,594</b>	<b>331,680,307</b>	
<b>Department of Lands, housing and urban development</b>					
010100	Policy planning, general administration and support services	118,426,549	51,074,087	67,351,988	43.1
<b>Subtotal</b>		<b>118,426,549</b>	<b>51,074,087</b>	<b>67,351,988</b>	
010500	Physical planning and surveying services	42,840,065	12,999,100	29,840,965	43.1
<b>Subtotal</b>		<b>42,840,065</b>	<b>12,999,100</b>	<b>29,840,965</b>	
010700	Management and development of towns	141,871,549	1,840,900	140,030,649	1.3
<b>Subtotal</b>		<b>141,871,549</b>	<b>1,840,900</b>	<b>140,030,649</b>	
<b>Department of roads, transport and public works</b>					
020100	General administration and support services	84,021,297	48,446,325	35,574,972	57.7
<b>Subtotal</b>		<b>84,021,297</b>	<b>48,446,325</b>	<b>35,574,972</b>	
020200	Roads development and management	214,200,163	17,364,671	196,835,492	8.1
<b>Subtotal</b>		<b>214,200,163</b>	<b>17,364,671</b>	<b>196,835,492</b>	
020200	Roads development and management	2,500,000	1,117,400	1,382,600	44.7
<b>Subtotal</b>		<b>2,500,000</b>	<b>1,117,400</b>	<b>1,382,600</b>	
<b>Department of Trade, tourism, industrialization and cooperative development</b>					
030100	Policy planning, general administration and support services	26,004,015	15,683,831	10,320,184	60.3
<b>Subtotal</b>		<b>26,004,015</b>	<b>15,683,831</b>	<b>10,320,184</b>	
030200	Trade, cooperative, investment development promotion	507,553,900	3,263,666	504,290,234	0.6
<b>Subtotal</b>		<b>507,553,900</b>	<b>3,263,666</b>	<b>504,290,234</b>	

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
030200	Trade, cooperative, investment development promotion	32,368,444	6,020,015	26,348,429	18.6
		<b>32,368,444</b>	<b>6,020,015</b>	<b>26,348,429</b>	
<b>Department of youths, sports, gender, culture social services</b>					
070100	General administration and support services	53,341,929	24,802,694	28,539,235	46.5
	<b>Subtotal</b>	<b>53,341,929</b>	<b>24,802,694</b>	<b>28,539,235</b>	
090200	Promotion and management of sports	9,500,000	243,000	9,257,000	2.6
090100	Policy planning, general administration & S. S.	4,810,000	50,000	1,760,000	1.8
<b>Subtotal</b>		<b>14,310,000</b>	<b>198,000</b>	<b>13,112,000</b>	
090200	Promotion and management of sports	27,370,000	187,000	26,064,774	0.7
<b>Subtotal</b>		<b>27,370,000</b>	<b>187,000</b>	<b>26,064,774</b>	
<b>Department of County Public Service Board</b>					
070100	General administration and support services	1,816,600	838,600	978,000	46.2
100100	Policy planning, general administration and support services	56,356,260	30,291,486	26,064,774	53.7
<b>Subtotal</b>		<b>58,172,860</b>	<b>31,130,086</b>	<b>27,042,774</b>	
<b>Department of Public Service Management</b>					
010100	Policy planning, general administration and support services	224,128,088	126,191,439	97,936,649	56.3
070100	General administration and support services	2,075,000	90,000	1,985,000	4.3
070200	Budget formulation and management	500,000	169,800	330,200	34.0
071000	Coordination, strategy and HR Services	88,398,000	2,075,600	86,322,400	2.3
<b>Subtotal</b>		<b>315,101,088</b>	<b>128,526,839</b>	<b>186,574,249</b>	
<b>Department of Nyamira Municipality</b>					
010100	Policy planning, general administration and support services	65,225,362	15,301,278	49,924,084	23.5
020200	Roads development and management	120,305,915	597,275	119,708,640	0.5
<b>Sub total</b>		<b>185,531,277</b>	<b>15,898,553</b>	<b>169,632,724</b>	
<b>County Attorney</b>					
070100	General administration and support services	8,149,000	1,349,600	6,799,400	16.6
<b>Sub</b>		<b>8,149,000</b>	<b>1,349,600</b>	<b>6,799,400</b>	
<b>Economic planning, Resource mobilization and ICT</b>					
070100	General administration and support services	171,604,393	74,594,544	97,009,849	43.5
070200	Budget formulation and management	28,349,000	12,123,335	16,225,665	43.5
<b>Sub total</b>		<b>199,953,393</b>	<b>86,717,879</b>	<b>154,402,701</b>	
070200	Budget formulation and management	16,390,106	79,800	16,310,216	0.5
<b>Sub total</b>		<b>16,390,106</b>	<b>79,800</b>	<b>16,310,216</b>	

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070500	Resource mobilization	44,600,000	5,696,300	38,630,700	13.4
073000	Revenue management	16,800,000	366,000	16,434,000	2.2
<b>Sub total</b>		<b>61,400,000</b>	<b>4,481,000</b>	<b>51,919,000</b>	
050400	ICT services	19,660,000	698,700	18,961,300	3.6
<b>Sub total</b>		<b>19,660,000</b>	<b>698,700</b>	<b>18,961,300</b>	
<b>Livestock and fisheries services</b>					
010100	Policy planning, general administration & S. S	100,936,037	48,206,661	52,729,376	47.8
<b>Sub total</b>		<b>100,936,037</b>	<b>48,206,661</b>	<b>52,729,376</b>	
010300	Fisheries promotion & development services	6,500,000	1,757,000	4,743,000	27.0
<b>Sub total</b>		<b>6,500,000</b>	<b>1,757,000</b>	<b>4,743,000</b>	
010400	Livestock promotion & development services	32,109,360	704,300	31,405,060	2.2
<b>Sub total</b>		<b>32,109,360</b>	<b>704,300</b>	<b>31,405,060</b>	
010400	Livestock promotion & development services	14,500,000	1,126,900	13,373,100	7.8
<b>Sub total</b>		<b>14,500,000</b>	<b>1,126,900</b>	<b>13,373,100</b>	
<b>Primary Healthcare</b>					
010100	Policy planning, general administration & S. S.	1,009,094,540	538,022,821	471,071,719	53.3
<b>Sub total</b>		<b>1,009,094,540</b>	<b>538,022,821</b>	<b>471,071,719</b>	
040100	General administration & support services	1,500,000	325,000	1,175,000	21.7
<b>Sub total</b>		<b>1,500,000</b>	<b>325,000</b>	<b>1,175,000</b>	
040200	Curative health services	75,223,788	9,652,201	65,571,587	12.8
<b>Sub total</b>		<b>75,223,788</b>	<b>9,652,201</b>	<b>65,571,587</b>	
<b>Grand Total</b>		<b>7,353,644,634</b>	<b>2,570,596,002</b>	<b>4,783,048,542</b>	<b>35.0</b>

Source: Nyamira County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting services in the Department of Finance & Accounting Services at 109.4 per cent, County financial management & control in the Department of Finance & Accounting Services at 80.4 per cent, Vocational Training & Development Services at the Department of Education and Vocational Training at 69.6 per cent, and Crop, Agribusiness & Land Management Services in the department of Agriculture, Crop Management at 61.9 per cent of budget allocation.

### 3.34.14 Accounts Operated Commercial Banks

The County government operated a total of twenty accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for standing imprest bank accounts for petty cash and revenue collection accounts.

### 3.34.15 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.117.59 million against an annual projection of Kshs.625.0 million, representing 18.8 per cent of the annual target.
2. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.234.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car loan & mortgage Fund and Emergency Fund were not submitted to the Controller of Budget.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.35. County Government of Nyandarua

### 3.35.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.8.21 billion, comprising Kshs.2.81 billion (34.2 per cent) and Kshs.5.40 billion (65.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 17.3 per cent compared to the previous financial year when the approved budget was Kshs.7.0 billion and comprised of Kshs.2.14 billion towards development expenditure and Kshs.4.86 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.91 billion (72 per cent) as the equitable share of revenue raised nationally, Kshs.348.45 million (4.2 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.1.32 billion (16.1) as conditional grants, a cash balance of Kshs.439.82 million (5.5 per cent) brought forward from FY 2022/23, and generate Kshs.636.55 million (7.4 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.235.

### 3.35.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.45 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.439.82 million from FY 2022/23 and raised Kshs.222.93 million as own-source revenue (OSR). The county did not receive any conditional grants



during the period under review. The raised OSR includes Kshs.123.49 million as FIF and Kshs.99.44 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.11 billion, as shown in Table 3.235.

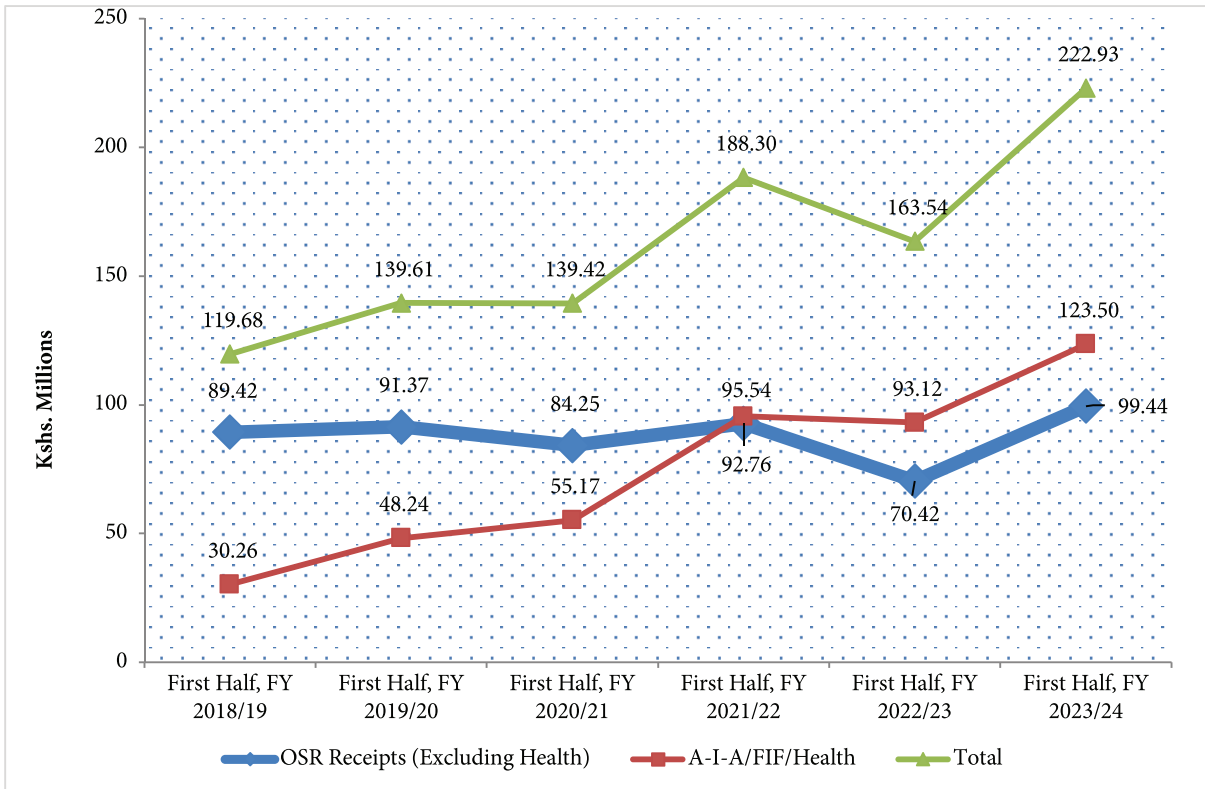
**Table 3.235: Nyandarua County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	5,905,976,056	2,450,980,063	41.5
<b>Sub Total</b>		<b>5,905,976,056</b>	<b>2,450,980,063</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Supplement for Construction of County Headquarters	121,000,000	-	-
2	Leasing of Medical Equipment	124,723,404	-	-
3	Aggregated Industrial Parks Programme	250,000,000	-	-
4	Fertilizer Subsidy Programme	121,624,039	-	-
5	Livestock Value Chains Support Project	135,204,000	-	-
6	IDA (World Bank) - National Agriculture Value Chain Development Project (NAVCDP)	250,000,000	-	-
7	World Bank Grant for Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
8	Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II	499,617	-	-
9	DANIDA - Primary Health Care in a Devolved Context	8,893,500	-	-
10	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	50,000,000	-	-
11	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Institutional Support (CCIS) Grants	11,000,000	-	-
12	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	-	-
13	Kenya Devolution Support Programme Level 1- B/f FY 2022-23	22,538,054	-	-
	<b>Sub-Total</b>	<b>1,321,482,614</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	636,555,000	99,436,237	15.6
2	Balance b/f from FY2022/23	-	439,816,985	-
3	Facility Improvement Fund (FIF)	348,445,000	123,496,734	35.4
<b>Sub Total</b>		<b>985,000,000</b>	<b>662,749,956</b>	<b>67.3</b>
<b>Grand Total</b>		<b>8,212,458,670.30</b>	<b>3,113,730,019</b>	<b>37.9</b>

Source: Nyandarua County Treasury

Figure 103 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

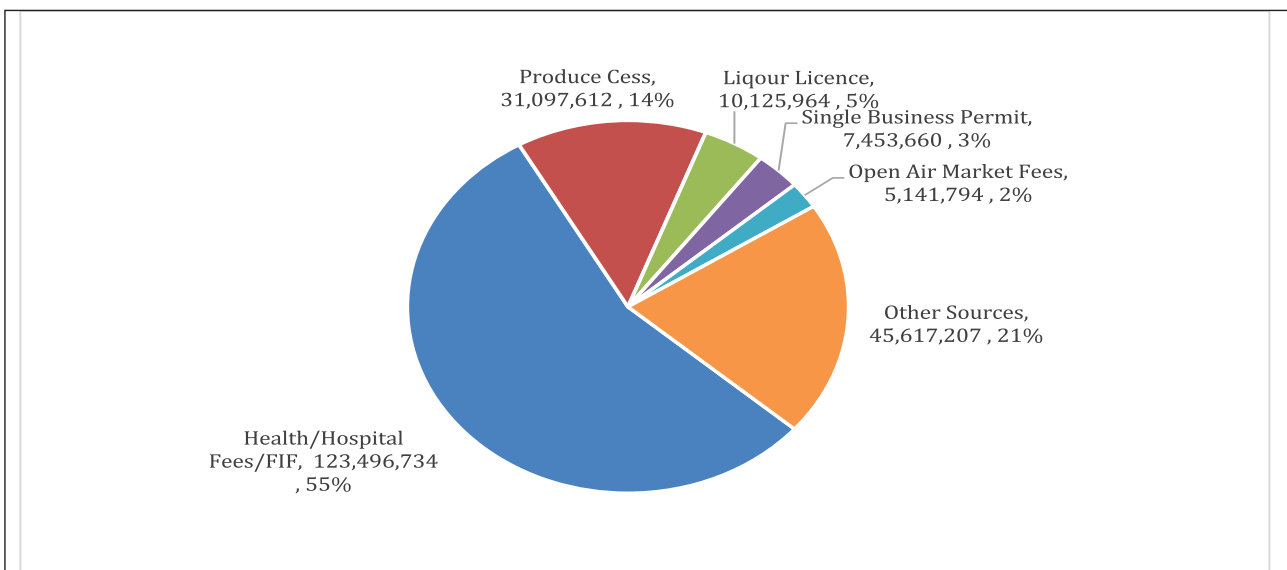
**Figure 103: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Nyandarua County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.222.93 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 36.3 per cent compared to Kshs.163.54 million realised in a similar period in FY 2022/23 and was 22.6 per cent of the annual target and 9.1 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.12.78 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 104.

**Figure 104: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Nyandarua County Treasury

The highest revenue stream of Kshs.123.49 million was from hospital collections contributing to 55 per cent of the total OSR receipts during the reporting period.

### 3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.99 billion from the CRF account during the reporting period which comprised Kshs.263.13 million (8.8 per cent) for development programmes and Kshs.2.73 billion (91.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.38 billion was released towards Employee Compensation, and Kshs.1.35 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.521.88 million.

### 3.35.4 County Expenditure Review

The County spent Kshs.2.5 billion on development and recurrent programmes in the reporting period. The expenditure represented 83.6 per cent of the total funds released by the CoB and comprised Kshs.197.06 million and Kshs.2.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7 per cent, while recurrent expenditure represented 42.7 per cent of the annual recurrent expenditure budget.

### 3.35.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.197.17 million, comprising Kshs.56.45 million for recurrent expenditure and Kshs.140.71 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.50.99 million were settled, consisting of Kshs.25 million for recurrent expenditure and Kshs.25.99 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.146.17 million.

The outstanding pending bills for the County Assembly were Kshs.87.06 million as of 31<sup>st</sup> December 2023.

### 3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.19 billion on employee compensation, Kshs.645.15 million on operations and maintenance, and Kshs.178.53 million on development activities. Similarly, the County Assembly spent Kshs.190.99 million on employee compensation, Kshs.281.19 million on operations and maintenance, and Kshs.18.53 million on development activities, as shown in Table 3.236.

**Table 3.236: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
<b>Total Recurrent Expenditure</b>	<b>4,531,132,601</b>	<b>870,438,804</b>	<b>1,834,729,643</b>	<b>472,184,548</b>	<b>40.5</b>	<b>54.2</b>
Compensation to Employees	2,250,000,000	393,204,041	1,189,579,459	190,993,928	52.9	48.6
Operations and Maintenance	2,281,132,601	477,234,763	645,150,184	281,190,620	28.3	58.9
<b>Development Expenditure</b>	<b>2,695,387,265</b>	<b>115,500,000</b>	<b>178,529,832</b>	<b>18,528,977</b>	<b>6.6</b>	<b>16.0</b>
<b>Total</b>	<b>7,226,519,866</b>	<b>985,938,804</b>	<b>2,013,259,475</b>	<b>490,713,525</b>	<b>27.9</b>	<b>49.8</b>

Source: Nyandarua County Treasury

### 3.35.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.38 billion, or 44.3 per cent of the available revenue which amounted to Kshs.3.11 billion. This expenditure represented an increase from Kshs.1.25 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.525.77 million paid to health sector employees, translating to 38.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.72.32 million was processed through manual payrolls. The manual payrolls accounted for 5.2 per cent of the total PE cost.

The County Assembly spent Kshs.16 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.39.49 million. The average monthly sitting allowance was Kshs.63,525 per MCA. The County Assembly has established 17 Committees.

### 3.35.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.392.5 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.237 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.237: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No)
<b>County Executive Established Funds</b>					
1.	Emergency Fund	40,000,000	40,000,000	40,000,000	No
2.	Executive Car & Mortgage	70,000,000	70,000,000	70,000,000	No
3.	Bursary	182,500,000	182,500,000	182,500,000	No
<b>County Assembly Established Funds</b>					
4.	Staff Car & Mortgage	25,000,000	25000000	25,000,000	Yes
5.	MCAs Car & Mortgage	75,000,000	75000000	75,000,000	Yes
<b>Total</b>		<b>392,500,000</b>	<b>392,500,000</b>	<b>392,500,000</b>	

Source: Nyandarua County Treasury

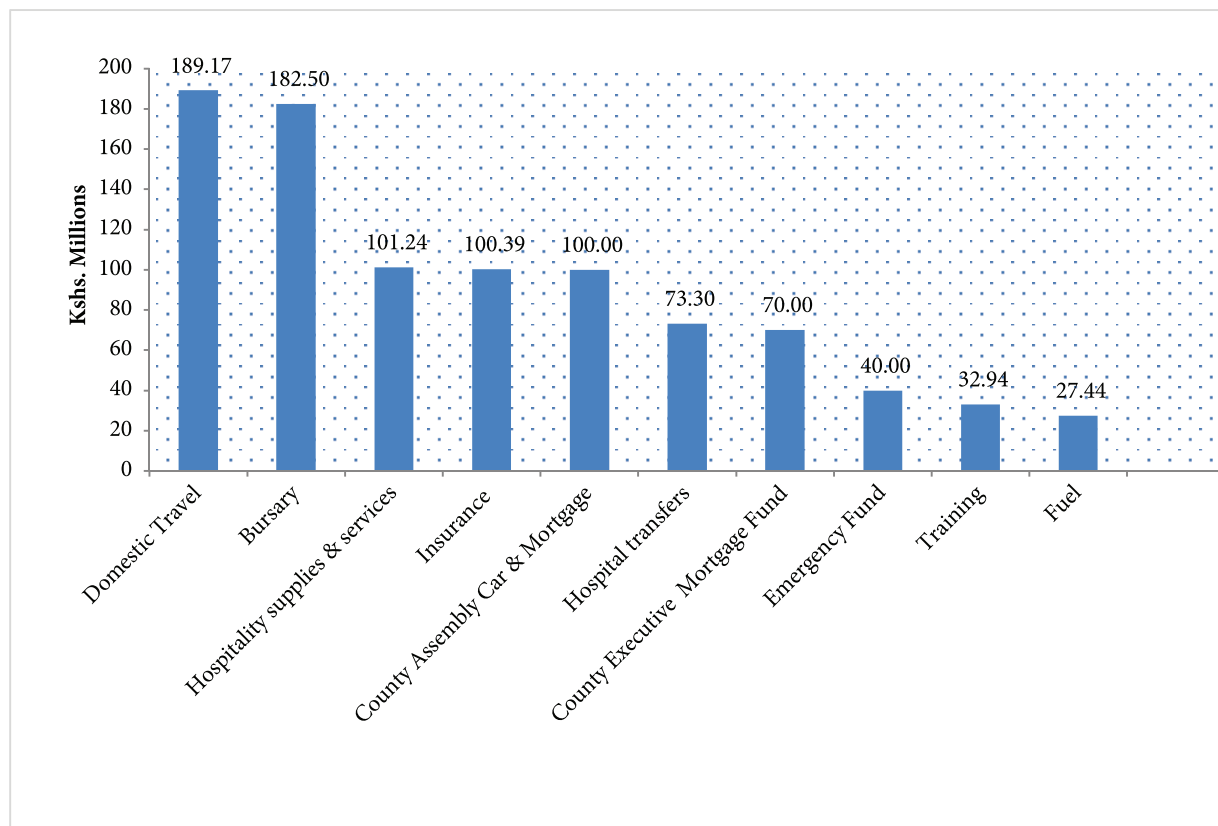
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of three funds as indicated in Table 3.237, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.35.9 Expenditure on Operations and Maintenance

Figure 105 summarises the Operations and Maintenance expenditure by major categories.

**Figure 105: Nyandarua County, Operations and Maintenance Expenditure by Major Categories**



Source: Nyandarua County Treasury

During the period, expenditure on domestic travel amounted to Kshs.189.17 million and comprised Kshs.91.39 million spent by the County Assembly and Kshs.97.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.21 million and comprised Kshs.12.5 million by the County Assembly and Kshs.2.71 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.238 below; -

**Table 3.238: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	01/08/2023 to 7/08/2023	Attend ICPAK training	Dubai	2,304,761
County Assembly	6	15th to 24th June 2023	Parliamentary practices and procedure training	Arusha	1,983,780
County Assembly	7	9th to 18th July 2023	Corporate governance training	Addis Ababa	4,087,878

Source: Nyandarua County Treasury and County Assembly

### 3.35.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.197.06 million on development programmes, representing a decrease of 6.4 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.210.61 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.239: Nyandarua County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid in Half Year of FY 2022/23 (Kshs)	Implementation status (%)
1	Health	Construction and completion of JM Kariuki Medical Complex	OI Kalou	1,470,000,000	49,532,672	23.8 per cent Amount paid to date is Kshs.350.37 million
2	Construction of the Speaker's residence - construction of perimeter wall	County Assembly	County Assembly	19,000,000	14,867,916	78.3
3	Health	Construction of drainage works at JM Memorial Complex	OI Kalou	1,266,865	1,266,865	100.0
4	Transport & Public Works	Road Improvement & Maintenance	Magumu	8,000,000	5,000,000	62.5
			Nyakio	8,000,000	5,000,000	62.5
			Githabai	4,000,000	3,000,000	75.0
			Njabini	8,000,000	5,417,750	67.7
			Gathaara	8,000,000	4,000,000	50.0
			Engineer	4,000,000	1,999,601	50.0
			North Kinangop	8,000,000	6,000,000	75.0
			Murungaru	8,000,000	1,000,000	12.5
Geta	6,000,000	6,000,000	100.0			
5	County Assembly	Construction of an Office Block - interior design and finishing	County Assembly	30,000,000	3,661,061	12.2
6	Water	Assorted road works in -Ndunyu Njeru town in North Kinangop ward.	Kinangop	999,640	999,640	100.0
7	Energy	Floodlight installation 8 No 13 meters	Karau	2,800,000	833,465	29.8

Source: Nyandarua County Treasury

### 3.35.11 Budget Performance by Department

Table 3.240 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.240: Nyandarua County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	126.00	-	72.24	-	64.34	-	89.1	-	51.1	-
County Secretary & Head of Public Service	56.40	-	14.54	-	13.06	-	89.9	-	23.2	-
Office of The County Attorney	34.65	-	11.03	-	4.25	-	38.5	-	12.3	-
Public Service Administration & Devolution	2,546.90	-	1,309.90	-	1,100.22	-	84.0	-	43.2	-
County public Service Board	25.00	-	10.68	-	10.44	-	97.8	-	41.8	-
Finance, Economic Planning and ICT	510.51	21.00	402.45	-	387.12	-	96.2	-	75.8	-
Health Services	520.22	149.21	170.07	80.83	106.52	55.81	62.6	69.0	20.5	37.4
Education, Children, Gender Affairs, Culture and Social Services	180.47	80.93	62.22	7.38	24.41	1.32	39.2	17.9	13.5	1.6
Tourism, Cooperative Development, Trade & Industrialization	60.08	562.42	23.35	8.87	21.39	-	91.6	-	35.6	-
Youth Empowerment, Sports and Arts	79.80	3.00	21.50	-	14.20	-	66.1	-	17.8	-
Water, Environment, Climate Change & Natural Resources	39.80	402.45	16.90	40.11	15.27	40.11	90.4	100.0	38.4	10.0
Public Works, Roads, Transport, Housing & Energy	100.30	751.55	36.65	97.82	30.87	81.29	84.2	83.1	30.8	10.8
Lands, Physical Planning and Urban Development	61.00	86.70	12.64	-	12.64	-	100.0	-	20.7	-
Ol-Kalou Municipality	12.00	14.50	3.29	-	3.29	-	100.0	-	27.4	-
Mairo-Inya Municipality	4.00	5.00	0.57	-	0.57	-	100.0	-	14.3	-
Engineer Municipality	4.00	5.00	0.87	-	0.87	-	100.0	-	21.6	-
Agriculture, Live-stock & Fisheries	170.00	613.63	30.18	-	25.26	-	83.7	-	14.9	-
County Assembly	870.44	115.50	528.20	28.11	472.18	18.53	89.4	65.9	54.2	16.0
<b>Total</b>	<b>5,401.57</b>	<b>2,810.89</b>	<b>2,727.26</b>	<b>263.13</b>	<b>2,306.91</b>	<b>197.06</b>	<b>84.6</b>	<b>74.9</b>	<b>42.7</b>	<b>7.0</b>

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Department of Health recorded the highest absorption rate of the development budget at 37.4 per cent of the annual allocation. Four departments namely; Tourism, Trade & Industry; Youth Empowerment, Sports and Arts; Lands, Physical Planning & Urban Development and Agriculture, Livestock & Fisheries did not incur any expenditure on development.

### 3.35.12 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 2023/24.

**Table 3.241: Nyandarua County, Budget Execution by Programmes and Sub-Programmes**

Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop-ment Expen-diture	Recurrent Expenditure	Development Expenditure
<b>Office of the Governor</b>							
General adminis-tration, planning and support services	Service Delivery Coordination	77,490,000	-	44,402,889	-	57.3	-
	Governor's press services	18,500,000	-	8,710,747	-	47.1	-
	Liaison and In-tergovernmental Relations	30,010,000	-	11,227,038	-	37.4	-
<b>Sub-Total</b>		<b>126,000,000</b>		<b>64,340,674</b>	-	<b>51.1</b>	-
<b>Office of the Country Secretary &amp; Head of Public Service</b>							
County Secretary	County Admin-istration	45,420,000		10,998,037	-	24.2	-
	Cabinet Affairs	2,580,000		827,660	-	32.1	-
	Communica-tion and Public Relations	5,800,000		762,000	-	13.1	-
	County Records Management	2,600,000		473,933	-	18.2	-
<b>Sub-Total</b>		<b>56,400,000</b>		<b>13,061,630</b>	-	<b>23.2</b>	-
<b>Office of the County Attorney</b>							
County Attorney Services	Legal and public affairs	34,650,000		4,246,129	-	12.3	-
<b>Sub-Total</b>		<b>34,650,000</b>		<b>4,246,129</b>	-	12.3	-
<b>Public Service and Administration</b>							
Human Resource Management	Payroll (Includ-ing Compensa-tion to employ-ees)	2,253,070,000		988,324,178	-	43.9	-
	Human Resource Management (In-cluding employee gratuity, pension and medical insurance)	254,075,000		88,141,785	-	34.7	-
Public adminis-tration	Public Adminis-tration	4,505,000		3,842,981	-	85.3	-
	sub-county and ward adminis-tration	22,745,000		12,243,870	-	53.8	-
	Enforcement and Compliance	12,500,000		7,671,332	-	61.4	-
<b>Sub Total</b>		<b>2,546,895,000</b>	-	<b>1,100,224,146</b>	-	43.2	-



Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Public Service Board</b>							
County Public Service Board	County Public Service Board	25,000,000		10,441,970	-	42	-
<b>Sub Total</b>		<b>25,000,000</b>	-	<b>10,441,970</b>	-	42	-
<b>Finance, Economic Planning &amp; ICT</b>							
Public Finance Management	County Funds	292,500,000	15,000,000	292,500,000	-	100.0	-
	Treasury services	64,574,505		33,512,307	-	51.9	-
	Financial reporting	6,893,495		3,535,658	-	51.3	-
	Revenue Collection and Administration (Including automation)	34,160,000		18,912,771	-	55.4	-
	Revenue Enhancement and Monitoring	25,240,000		7,630,384	-	30.2	-
	Supply Chain Management	8,734,500		3,556,035	-	40.7	-
	Internal Audit and Risk Management	9,150,000		4,344,828	-	47.5	-
	Internal Audit Committee	2,350,000		1,080,000	-	46.0	-
Economic planning and development	Economic Development Planning	31,988,670		4,309,628	-	13.5	-
	County Statistics and Data Bank	5,400,000		3,312,800	-	61.3	-
	Monitoring and Evaluation	3,200,000		1,848,700	-	57.8	-
	Economic Modelling and Research	3,000,000		1,806,500	-	60.2	-
	County Budgeting	15,020,000		7,697,249	-	51.2	-
	Resource Mobilization and Debt Management	3,000,000		1,560,500	-	52.0	-
ICT and E-government Services	ICT and E-government Services	5,300,000	6,000,000	1,516,779	-	28.6	-
<b>Sub Total</b>		<b>510,511,170</b>	<b>21,000,000</b>	<b>387,124,139</b>	-	<b>75.8</b>	-
<b>Health Services</b>							
Preventive and Promotive Services	Preventive and Promotive Services	33,030,000		11,018,481	-	33.4	-

Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Curative Services	Curative Services	280,900,000		78,905,968	-	28.1	-
	Universal health care and grants	197,543,404		14,043,518	-	7.1	-
General administration, planning and support services	Solid Waste and Cemeteries	8,750,000		2,548,924	-	29.1	-
	Infrastructure and Equipment		149,214,388		55,813,404		37.40
<b>Sub Total</b>		<b>520,223,404</b>	<b>149,214,388</b>	<b>106,516,891</b>	<b>55,813,404</b>	<b>20.5</b>	<b>37.40</b>
<b>Education, Children, Gender Affairs, Culture &amp; Social Services</b>							
Primary education	ECDE	24,630,000	35,899,376	6,076,504	-	24.7	-
Youth training and development	revitalization of youth polytechnics	50,150,000	38,026,578	6,478,824	1,319,322	12.9	3.47
Culture	development and promotion of culture	6,000,000	7,000,000	3,420,000	-	57.0	-
Children, Gender and Social Services	Social Services	79,940,000		550,000	-	0.7	-
	children and Gender Affairs	12,750,000		4,537,260	-	35.6	-
General administration, planning and support services	Alcohol Drinks Control and Civic Education	7,000,000		3,348,395	-	47.8	-
<b>Sub Total</b>		<b>180,470,000</b>	<b>80,925,954</b>	<b>24,410,983</b>	<b>1,319,322</b>	<b>13.5</b>	<b>1.63</b>
<b>Tourism, Industrialization, Cooperative Development &amp; Trade</b>							
Trade development and promotion	Financial and Trade Services	11,080,000	21,400,000	4,271,429	0	38.6	-
	Nyandarua County Trade Development and Investment Authority (NCT-DIA)	10,000,000		1,454,180	0	14.5	-
Industrial development and investment	Industrial and Enterprise Development	6,400,000	511,000,000	2,861,080	0	44.7	-
	Weights & Measures	5,700,000		2,416,780	0	42.4	-

Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Cooperative development and management	Cooperative Audit Extension Services	2,400,000		1,210,850	0	50.5	-
	Co-operative Development	11,000,000		2,833,680	0	25.8	-
Tourism development and promotion	Tourism infrastructure development	13,500,000	30,016,831	6,344,312	0	47.0	-
<b>Sub Total</b>		<b>60,080,000</b>	<b>562,416,831</b>	<b>21,392,311</b>	-	<b>35.6</b>	-
<b>Youth, Sports &amp; Arts</b>							
Sports	Sports Development	50,800,000	3,000,000	9,813,300	-	19.3	-
Youth Affairs	Youth Affairs	22,003,027		1,750,500	-	8.0	-
Arts & Theater	Arts & Theater	7,000,000		2,639,047	-	37.7	-
<b>Sub Total</b>		<b>79,803,027</b>	<b>3,000,000</b>	<b>14,202,847</b>	-	<b>17.8</b>	-
<b>Water, Environment, Climate Change &amp; Natural Resources</b>							
Water Resource Development	Water resource conservation and protection, infrastructure and flood control	14,400,000	182,800,000	8,050,911	-	55.9	-
Environment	Environmental support and management	4,800,000	1,900,000	2,394,000	-	49.9	-
	Climate change resilience	15,000,000	168,000,000	1,700,000	32,000,000	11.3	19.05
	Natural resource	5,000,000	47,749,054	2,924,375	8,105,251	58.5	16.97
Irrigation and Drainage infrastructure	Promotion of irrigation and drainage development and management	600,000	2,000,000	205,000	-	34.2	-
<b>Sub-Total</b>		<b>39,800,000</b>	<b>402,449,054</b>	<b>15,274,286</b>	<b>40,105,251</b>	<b>38.4</b>	<b>9.97</b>
<b>Transport, Energy &amp; Public Works</b>							
Road transport	Transport (Including fuel level, General Administration & Support Services)	36,900,000	484,239,900	9,177,673	40,417,351	24.9	8.35
	Public Works	10,560,000	235,907,102	2,991,012	40,041,039	28.3	16.97

Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Alternative energy technologies	Alternative energy technologies	24,940,000	31,400,000	15,051,465	833,465	60.4	2.65
General administration, planning and support services	Emergency Response & Preparedness	19,900,000		1,354,760	-	6.8	-
Housing	Housing	8,000,000		2,299,700	-	28.7	-
<b>Sub-Total</b>		<b>100,300,000</b>	<b>751,547,002</b>	<b>30,874,610</b>	<b>81,291,855</b>	<b>30.8</b>	<b>10.82</b>
<b>Lands, Physical Planning &amp; Urban Development</b>							
Land policy and planning	Physical Planning	15,000,000		2,749,520	-	18.3	-
	Survey and Mapping	15,500,000		3,533,255	-	22.8	-
	Land Administration and Management	29,000,000	29,200,000	5,754,018	-	19.8	-
Urban Development	Urban development	1,500,000	57,500,000	600,000	-	40.0	-
<b>Sub-Total</b>		<b>61,000,000</b>	<b>86,700,000</b>	<b>12,636,793</b>	<b>-</b>	<b>20.7</b>	<b>-</b>
<b>Municipalities</b>	Ol'kalou municipality	12,000,000	14,500,000	3,288,151	-	27.4	-
	Engineer Municipality	4,000,000	5,000,000	865,000	-	21.6	-
	Mairo-Inya Municipality	4,000,000	5,000,000	570,000	-	14.3	-
<b>Sub-Total</b>		<b>20,000,000</b>	<b>24,500,000</b>	<b>4,723,151</b>	<b>-</b>	<b>23.6</b>	<b>-</b>
<b>Agriculture, Livestock &amp; Fisheries</b>							
Crop development and management	Land and crop development	51,479,617	469,424,036	3,069,617	-	6.0	-
	Seed Potato Production Unit (SPPU Lab)	4,000,000		678,026	-	<b>17.0</b>	-
Livestock resources management and development	Livestock production and management	36,305,000	141,210,000	1,353,042	-	3.7	-
	Veterinary Services	19,650,000	2,000,000	12,159,500	-	61.9	-

Pro-gramme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Fisheries Development and management	Fisheries policy, strategy and capacity building	3,500,000	1,000,000	511,210	-	14.6	-
General administration, planning and support services	Institution Support (ATCs)	22,000,000		1,609,018	-	7.3	-
	Agriculture Mechanization Services	6,000,000		991,909	-	16.5	-
	General Administration and Extension Services	9,315,383		3,838,661	-	41.2	-
	Subsidized Artificial Insemination	17,750,000		1,048,100	-	5.9	-
<b>Sub-Total</b>		<b>170,000,000</b>	<b>613,634,036</b>	<b>25,259,083</b>	-	<b>14.9</b>	-
<b>County Assembly</b>							
County Assembly Services	Legislative, oversight and representation	870,438,804	115,500,000	472,184,548	18,528,977	54.2	16.04
<b>Sub-Total</b>		<b>870,438,804</b>	<b>115,500,000</b>	<b>472,184,548</b>	<b>18,528,977</b>	54.2	16.04
<b>Grand Total</b>		<b>5,401,571,405</b>	<b>2,810,887,265</b>	<b>2,306,914,191</b>	<b>197,058,809</b>	<b>42.7</b>	<b>7.0</b>

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Fund Services in the Department of Finance & Economic Planning at 100 per cent, Administration services; and enforcement & compliance in the Department of Public Administration at 85.3 per cent and 61.4 per cent respectively of budget allocation.

### 3.35.13 Accounts Operated Commercial Banks

The County government operated a total of 88 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.35.14 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.197.06 million in the first six months of FY 2023/24 against the annual development budget allocation of Kshs.2.81 billion. The development expenditure represented 7 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.222.93 million against an annual projection of Kshs.985 million, representing 22.6 per cent of the annual target.

3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Executive Car & Mortgage Fund, Emergency Fund and Bursary Fund were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.72.32 million were processed through the manual payroll, accounting for 5.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

### **3.36. County Government of Nyeri**

#### **3.36.1 Overview of FY 2023/24 Budget**

The County's supplementary budget 1 for the FY 2023/24 is Kshs.9.06 billion, comprising Kshs.2.88 billion (31.8 per cent) and Kshs.6.18 billion (68.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 19 per cent compared to the previous financial year when the approved budget was Kshs.7.61 billion and comprised of Kshs.2.28 billion towards development expenditure and Kshs.5.33 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.49 billion (71.5 per cent) as the equitable share of revenue raised nationally, Kshs.764.95 million (8.4 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.01 billion (11.2 per cent) brought forward from FY 2022/23, and generate Kshs.800 million (8.8 per cent) as gross own source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.242.

#### **3.36.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.2.14 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.01 billion from FY 2022/23, and raised Kshs.570.9 million as own-source revenue (OSR). The raised OSR includes Kshs.366.97 million as FIF/Heath and Kshs.203.93 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.72 billion, as shown in Table 3.242.

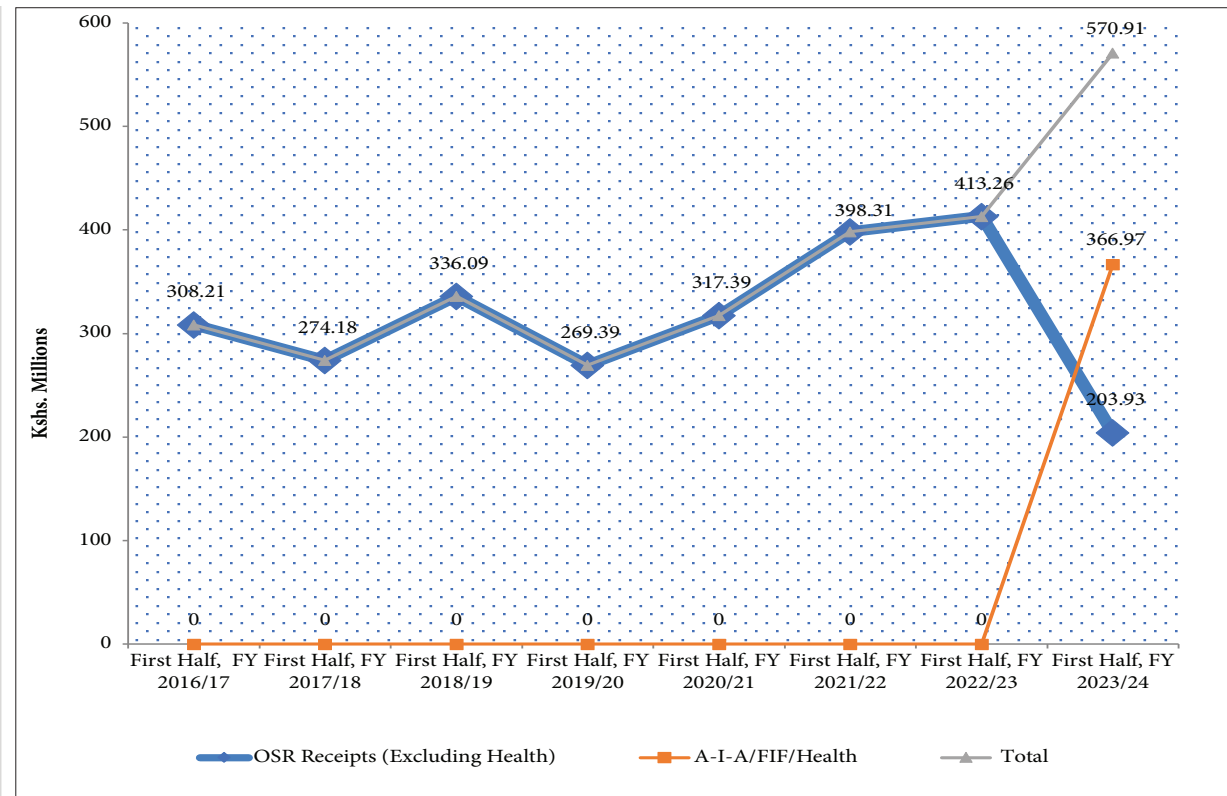
**Table 3.242: Nyeri County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share	6,485,331,051	2,140,159,246	33.0
<b>Sub Total</b>		<b>6,485,331,051</b>	<b>2,140,159,246</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Transfer of library services	24,582,672	-	-
2	Kenya Informal Settlement Programme (KISIP II)	60,000,000	-	-
3	DANIDA	9,875,250	-	-
4	Aggregated Industrial Park Programme	100,000,000	-	-
5	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	250,000,000	-	-
6	KCSAP	90,000,000	-	-
7	ABDP	19,315,146	-	-
8	Livestock Value Chain Support Project	71,182,920	-	-
9	Sweden - Agricultural Sector Development Support Programme (ASDSP II)	3,741,641	-	-
10	IDA (World Bank) Credit - (Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	11,000,000	-	-
11	IDA (World Bank) Credit - FLLoCA Climate Change Grant Level 2	125,000,000	-	-
12	Court fines	250,000	-	-
<b>Sub-Total</b>		<b>764,947,629</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	800,000,000	203,933,746	25.5
2	Balance b/f from FY2022/23	1,013,804,375	1,013,804,375	100.0
3	Facility Improvement Fund (FIF)	-	366,973,244	0.0
<b>Sub Total</b>		<b>1,813,804,375</b>	<b>1,584,711,365</b>	<b>87.4</b>
<b>Grand Total</b>		<b>9,064,083,055</b>	<b>3,724,870,611</b>	<b>41.1</b>

Source: Nyeri County Treasury

Figure 106 shows the trend in own-source revenue collection from the first half of FY 2016/17 to the first half of FY 2023/24.

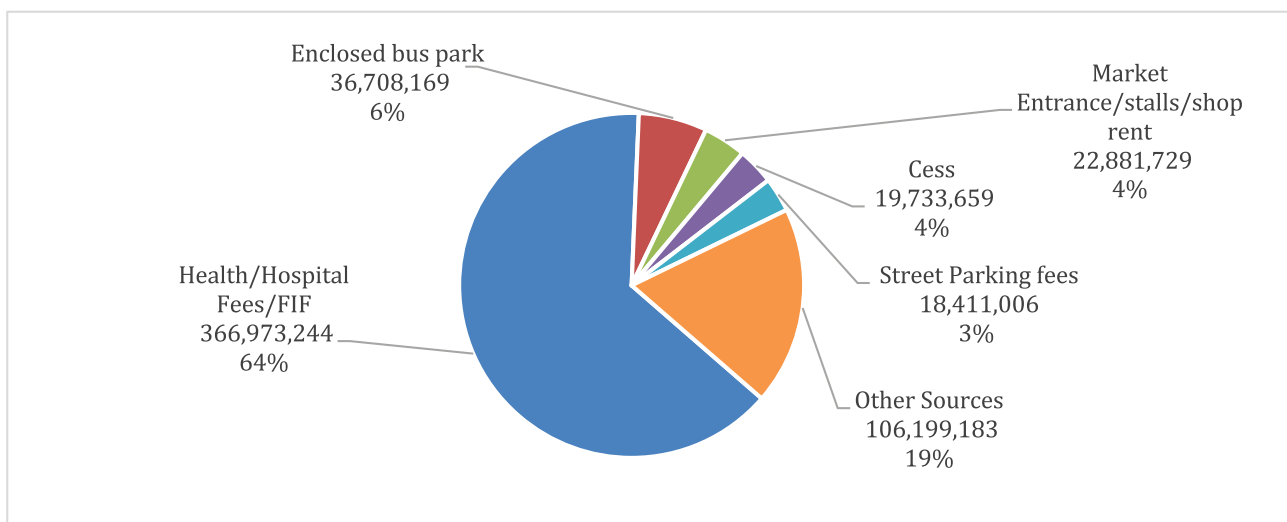
**Figure 106: Trend in Own-Source Revenue Collection from the First Half of FY 2016/17 to the First Half of FY 2023/24**



Source: Nyeri County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.203.93 million from its sources of revenue and Kshs.366.97 million as Facility Improvement Fund (Health Sector revenue). The Facility Improvement Fund was not budgeted for by the County government. The revenue streams which contributed the highest OSR receipts are shown in Figure 107.

**Figure 107: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Nyeri County Treasury

The highest revenue stream of Kshs.366.97 million was from Health/Hospital fees/FIF contributing to 64 per cent of the total OSR receipts during the reporting period.



### 3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.67 billion from the CRF account during the reporting period which comprised Kshs.162.87 million (6.1 per cent) for development programmes and Kshs.2.51 billion (93.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.77 billion was released towards Employee Compensation, and Kshs.734.79 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.661.41 million.

### 3.36.4 County Expenditure Review

The County spent Kshs.2.60 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.3 per cent of the total funds released by the CoB and comprised Kshs.85.34 million and Kshs.2.41 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.4 per cent, while recurrent expenditure represented 39 per cent of the annual recurrent expenditure budget.

### 3.36.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.88.48 million, comprising Kshs.67.95 million for recurrent expenditure and Kshs.20.53 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.47.46 million were settled, consisting of Kshs.45.56 million for recurrent expenditure and Kshs.1.87 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.41.02 million.

The outstanding pending bills for the County Assembly were Kshs.2 million as of 31<sup>st</sup> December 2023.

### 3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.71 billion on employee compensation, Kshs.299.67 million on operations and maintenance, and Kshs.185.34 million on development activities. Similarly, the County Assembly spent Kshs.82.62 billion on employee compensation and Kshs.322.92 million on operations and maintenance, 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
<b>Total Recurrent Expenditure</b>	<b>5,379,662,834</b>	<b>805,714,253</b>	<b>2,006,843,674</b>	<b>405,549,246</b>	<b>37.3</b>	<b>50.3</b>
Compensation to Employees	4,057,730,968	271,014,523	1,707,168,490	82,623,645	42.1	30.5
Operations and Maintenance	1,321,931,866	534,699,730	299,675,184	322,925,601	22.7	60.4
<b>Development Expenditure</b>	<b>2,828,705,968</b>	<b>50,000,000</b>	<b>185,343,593</b>	<b>-</b>	<b>6.6</b>	<b>-</b>
<b>Total</b>	<b>8,208,368,802</b>	<b>855,714,253</b>	<b>2,192,187,267</b>	<b>405,549,246</b>	<b>26.7</b>	<b>47.4</b>

Source: Nyeri County Treasury

### 3.36.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.79 billion, or 48.04 per cent of the available revenue which amounted to Kshs.3.72 billion. This expenditure represent-

ed a decrease from Kshs.1.82 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.27 billion paid to health sector employees, translating to 71 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.76 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.75 million was processed through manual payrolls. The manual payrolls accounted for xx per cent of the total PE cost.

The County Assembly spent Kshs.1.14 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs3.19 million. The average monthly sitting allowance was Kshs.40243 per MCA.

### 3.36.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.100 million to county-established funds in FY 2023/24, constituting 1.1 per cent of the County's overall budget. Table 3.244 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.244: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Elimu Fund	100,000,000.00	-	-	242,000,000.00	No
2.	Emergency Fund	Nil	-	-	20,000,000.00	No
3.	Health Fund	Nil	-	-	141,701,379.00	No
4.	Enterprise Development Fund	Nil	-	-	40,000,000.00	No
5.	Car Mortgage Fund (Executive)	Nil	-	-	100,000,000.00	No
<b>County Assembly Established Funds</b>						
6.	Car & Mortgage Fund (Assembly Members)	Nil	-	-	184,000,000.00	No
7.	Car & Mortgage Fund (Assembly Staff)	Nil	-	-	122,393,125.00	No
<b>Total</b>		<b>100,000,000.00</b>	<b>-</b>	<b>-</b>	<b>850,094,504.00</b>	<b>-</b>

**Source:** Nyeri County Treasury

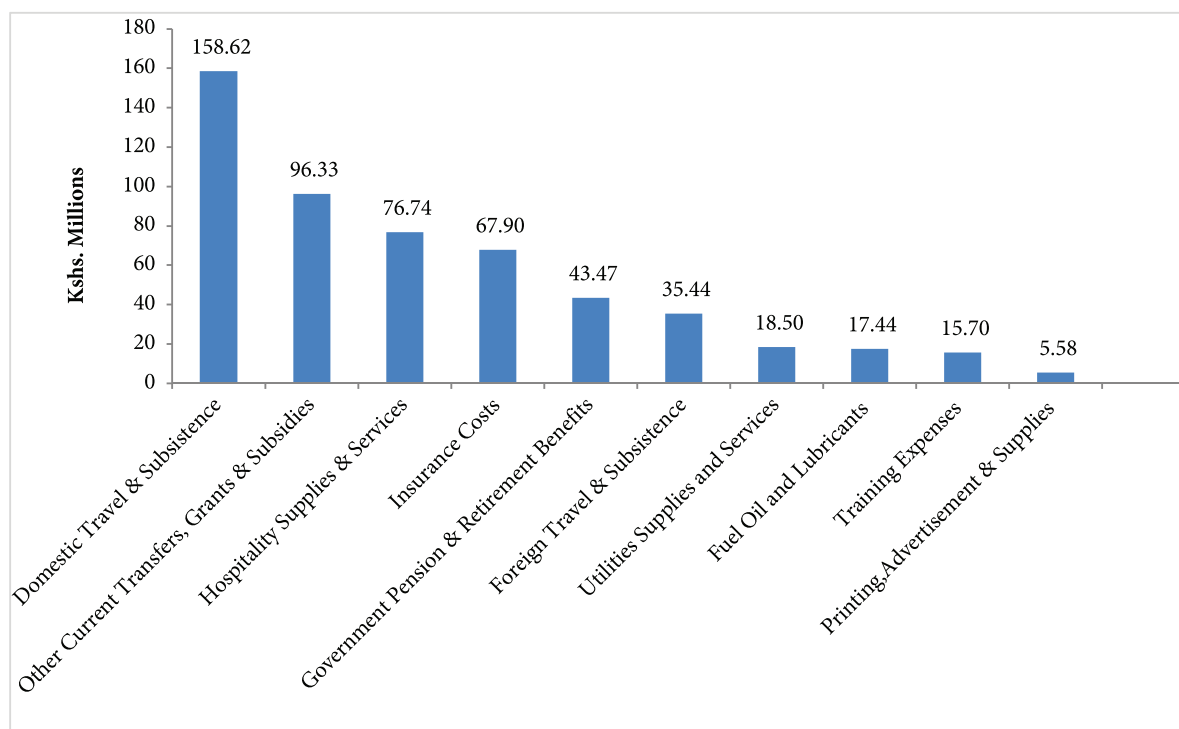
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the established funds as indicated in Table 3.244, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.36.9 Expenditure on Operations and Maintenance

Figure 108 summarises the Operations and Maintenance expenditure by major categories.

**Figure 108: Nyeri County, Operations and Maintenance Expenditure by Major Categories**



Source: Nyeri County Treasury

During the period, expenditure on domestic travel amounted to Kshs.158.62 million and comprised Kshs.100.06 million spent by the County Assembly and Kshs.58.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.44 million and comprised Kshs.23.85 million by the County Assembly and Kshs.11.59 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.245.

**Table 3.245: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Offices	Date of Travel	Purpose of Travel	Destination	Total Cost (Kshs.)
County Executive	2	13/9/23 -20/9/23	DSA Attending the SDG Action Weekend - Side Events Ahead of the 78th Session of The United Nations General Assembly.	New York, USA	1,107,470.84
County Executive	2	11/06/2023-17/6/2023	DSA for foreign travel while accompanying the Governor for an investment and learning mission to the Kingdom of Morocco	Morocco	1,229,067.00
County Assembly	13	18th-27th May 2023	While attending a training on capacity building.	Arusha	6,202,280.00
County Assembly	5	26th June-8th July 2023	While attending a training on East Africa Legislative Assembly	Arusha	2,506,560.00
County Assembly	4	20th Aug to 2rd Sep 2023	While attending training at the East Africa Legislative Assembly	Arusha	2,792,930.00
County Assembly	7	23rd to 28th Oct 2023	While on a retreat to attend effective Leadership and Governance Training.	Dubai	4,099,550.00
County Assembly	6	30th-8th Nov 2023	While on a retreat to attend Effective Oversight for County Transformation Training.	Turkey	4,372,508.00

Source: Nyeri County Treasury

### 3.36.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.185.34 million on development programmes, representing an increase of 32 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.140.4 million. The table summarises development projects with the highest expenditure in the reporting period.

**Table 3.246: Nyeri County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementa- tion status (%)
1	Transport, Public Works & Infrastructure	Streetlight bills	Countywide	110,000,000	43,092,264	39%
2	Health	To support Medical Drugs, Non-pharms and other specialized medical supplies/programmes.	Countywide	243,000,000	34,456,803	14%
3	Agriculture, Livestock and Fisheries	Other Capital grants	Countywide	25,000,000	24,880,579	100%
4	Agriculture, Livestock and Fisheries	KSCAP	Countywide	28,106,080	17,708,704	63%
5	Transport, Public Works & Infrastructure	County-specific projects- (fuel and Machinery Maintenance)	Countywide	51,400,000	9,555,124	19%
6	County Public Service and Solid Waste Management	Fuel (garbage collection and dump-site management)	Countywide	12,000,000	6,000,000	50%
8	County Public Service and Solid Waste Management	Solid waste management; Fuel for Garbage collection trucks-	Countywide	8,500,000	4,000,000	47%
9	Transport, Public Works & Infrastructure	Transfer to KPLC-Dedan Kimathi	Dedan Kimathi	5,000,000	3,919,001	78%
10	Transport, Public Works & Infrastructure	proposed Cabro paving, water storage and minor renovations at the culture Centre	Rware	3,095,113	3,095,113	100%

Source: Nyeri County Treasury

### 3.36.11 Budget Performance by Department

Table 3.247 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.247: Nyeri County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	167	48	69.16	-	64	-	92.8	-	38.4	-
Office of the County Secretary	138	14	69.54	-	59	-	84.4	-	42.5	-
Finance and Economic Planning	922	72	193.35	-	235	-	121.5	-	25.5	-
Lands, Physical Planning, Housing and Urbanization	95	209	33.27	4.00	33	5	99.3	118.3	34.6	2.3
Health, Public Health and sanitation	2,433	475	1,284.11	43.25	1,089	45	84.8	104.9	44.8	9.5
Gender and Social Services	104	118	42.92	9.87	41	11	94.7	109.8	39.0	9.2
County Public Service, Administration & Youth Affairs	404	53	72.35	6.74	77	7	105.9	100.0	19.0	12.8

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
Agriculture, Livestock and Fisheries	246	503	105.10	9.35	105	22	99.8	237.5	42.6	4.4
Trade, Culture, Tourism & Cooperative Development	79	309	19.63	8.94	20	9	103.2	100.0	25.5	2.9
Education, Science and Technology	504	109	127.19	4.27	193	4	151.8	100.0	38.3	3.9
Water, Environment & Natural Resources	86	348	25.55	19.88	27	26	105.0	129.1	31.3	7.4
County Assembly	805.7	50	404.28	-	406	-	100.3	-	50.3	-
County Public Service Board	46	6	15.59	-	17	-	111.0	-	37.2	-
Transport, Public Works & Infrastructure	88	564	30.23	56.57	30	57	99.9	100.0	34.2	10.0
Office of the County Attorney	67	-	15.63	-	17	-	108.5	-	25.4	-
<b>Total</b>	<b>6,185.38</b>	<b>2,878.71</b>	<b>2,507.90</b>	<b>162.87</b>	<b>2,412.39</b>	<b>185.34</b>	<b>96.2</b>	<b>113.8</b>	<b>39.0</b>	<b>6.4</b>

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Department of County Public Service, Admin & Youth Affairs recorded the highest absorption rate of development budget at 12.8 per cent, followed by the Department of Transport Public Works & Infrastructure at 10 per cent. The Department of Health, Public Health and Sanitation had the highest percentage of recurrent expenditure to budget at 44.8 per cent while the Department of County Public Service, Admin & Youth Affairs had the lowest at 19 per cent.

### 3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.248 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.248: Nyeri County, Budget Execution by Programmes and Sub-Programmes**

County Department	Name of the Programme	Recurrent		Development			Absorption	
		Sub-Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Recurrent	Development
Office of the Governor and the Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	142,775,752	56,764,200	48,000,000	-	40	-
		Management of county affairs	4,249,565	1,029,120	-	-	24	-
		Coordination of county functions	20,000,000	6,394,227	-	-	32	-
			<b>167,025,317</b>	<b>64,187,547</b>	<b>48,000,000</b>	-	38	-
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	135,640,811	57,973,424	14,250,000	-	43	-
		County publicity campaign	2,318,220	696,010	-	-	30	-
			<b>137,959,031</b>	<b>58,669,434</b>	<b>14,250,000</b>	-	43	-
Finance, Economic Planning and ICT	Revenue Mobilization	Revenue Mobilization	71,068,678	27,598,977	-	-	39	-

County Department	Name of the Programme	Recurrent		Development			Absorption		
		Sub-Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Recurrent	Development	
	ICT Development	ICT Infrastructure Development	5,467,575	757,300			-	14	-
	Executive services	Administration and personnel services	758,796,361	160,993,959	71,662,775		-	21	-
	Economic Planning and Policy Formulation	Monitoring and Evaluation	8,864,060	4,645,100			-	52	-
	Public Finance Management	Financial Accounting	42,687,349	30,886,475			-	72	-
		Procurement Compliance and Reporting	11,474,323	2,110,712	-	-	-	18	-
		Internal Audit	7,812,300	4,006,787	-	-	-	51	-
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	15,461,036	3,992,937	-	-	-	26	-
			<b>921,631,682</b>	<b>234,992,247</b>	<b>71,662,775</b>		-	25	-
Lands, Housing, Physical Planning and Urban Development	Physical planning services	Administration and personnel services	85,463,643	31,668,311	208,563,046	4,730,900		37	2
	Land Policy and Planning	Land Policy Formulation	4,817,943	1,210,500	-	-	-	25	-
	Housing Development and Human Settlement	Government Building	5,197,057	158,676	-	-	-	3	-
			<b>95,478,643</b>	<b>33,037,487</b>	<b>208,563,046</b>	<b>4,730,900</b>		35	2
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,398,715,893	1,088,030,490	475,230,196	45,376,551		45	10
		Health Services	30,354,638	-	-	-	-	-	-
	Rural Health	Community Health	3,489,200	1,046,123	-	-	-	30	-
			<b>2,432,559,731</b>	<b>1,089,076,613</b>	<b>475,230,196</b>	<b>45,376,551</b>		45	10
Gender, Youths, Social Services and Sports	Sports and Talents Development	Search and nurture talents	7,387,588	2,195,662	-	-	-	30	-
	General Administration and Planning services	Administration and personnel services	75,842,305	32,882,185	-	-	-	43	-
	Library services	Administration and planning services	13,150,000	3,274,647	-	-	-	25	-
	Disaster Management	Administration and planning services	4,745,000	1,147,732	90,608,960	5,207,929		24	6
	Social development	County children's home management	3,072,000	1,145,947	-	-	-	37	-
	Sports and Talents Development	Recreation and Sporting Services	-	-	27,752,011	5,629,069		-	20
			<b>104,196,893</b>	<b>40,646,173</b>	<b>118,360,971</b>	<b>10,836,998</b>		39	9

County Department	Name of the Programme	Recurrent		Development			Absorption	
		Sub-Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Recurrent	Development
County Public Service and Solid Waste Management	Human resources Management	Administration Planning and Support Services	395,995,102	74,736,191	17,194,150	-	19	-
	Sanitation management	Environment Conservation, Protection and Management	8,448,828	1,911,350	-	-	23	-
		Administrative Support Services	-	-	35,500,000	6,737,190	-	19
			<b>404,443,930</b>	<b>76,647,541</b>	<b>52,694,150</b>	<b>6,737,190</b>	19	13
Agriculture, Livestock and Aquaculture Development	Agricultural Management	Administration and planning services	232,258,315	99,900,571	69,193,231	17,856,804	43	26
	Crop Management	County Agriculture Extension Program	1,903,003	388,158	28,999,500	-	20	-
	Wambugu ATC	Farm Development	5,300,000	2,750,000	-	-	52	-
	AMS Naromoru	Development Of Agricultural Land For Crop Production	1,226,000	700,000	2,000,000	-	57	-
	Livestock Production Management	Provision of Extension Services to Livestock farmers	1,645,500	119,510	100,582,920	1,353,000	7	1
	Aquaculture Development	Administrative Support Services	1,473,500	336,150	24,315,146	-	23	-
	Veterinary services	Administrative Support Services	2,275,360	719,510	23,059,965	3,000,000	32	13
	Coffee Improvement Program	Coffee Improvement Program	-	-	255,000,000	-	-	-
			<b>246,081,678</b>	<b>104,913,899</b>	<b>503,150,762</b>	<b>22,209,804</b>	43	4
Trade, Cooperatives, Culture and Tourism	Co-operatives	Cooperative Development And Management	5,769,585	1,644,108	26,000,000	2,448,100	28	9
	Tourism Development	Promotion of Tourism	7,032,000	924,100	14,095,113	4,981,622	13	35
	Trade Development	Trade Promotion	66,689,930	17,692,765	269,372,757	1,512,959	27	1
			<b>79,491,515</b>	<b>20,260,973</b>	<b>309,467,870</b>	<b>8,942,681</b>	25	3
Education and Training	General administration and policy Development and implementation	Administrative Support Services	499,993,691	192,039,820	78,747,036	2,399,922	38	3
	ECDE Management	ECDE Management	3,692,496	1,075,100	-	-	29	-
	Youth Training and Development	Youth Training and Development	-	-	29,913,878	1,873,629	-	6
			<b>503,686,187</b>	<b>193,114,920</b>	<b>108,660,914</b>	<b>4,273,551</b>	38	4

County Department	Name of the Programme	Recurrent		Development			Absorption	
		Sub-Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Recurrent	Development
Water, Environment, and Climate Change	Water Management	Administrative Support Services	78,744,685	24,990,466	-	-	32	-
	Environment and Climate Change	Environment Conservation, Protection and Management	6,914,910	1,846,100	233,092,760	788,600	27	-
	Water Management	Water Services	-	-	115,298,008	24,880,579	-	22
			<b>85,659,595</b>	<b>26,836,566</b>	<b>348,390,768</b>	<b>25,669,179</b>	31	7
County Assembly	General administration, Policy Development and implementation	Administration and planning services	805,714,253	405,549,246	50,000,000	-	50	-
			<b>805,714,253</b>	<b>405,549,246</b>	<b>50,000,000</b>	-	50	-
County Public Service Board	General Administration and Planning services	Administration and personnel services	46,477,641	17,307,220	6,000,000	-	37	-
			<b>46,477,641</b>	<b>17,307,220</b>	<b>6,000,000</b>	-	37	-
Roads, Transport, Public Works, Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	76,606,907	26,809,140	-	-	35	-
	Energy Sector Development	Street lighting programme	11,669,200	3,388,624	-	-	29	-
	Roads development, maintenance and management	County access and feeder road improvement	-	-	283,826,271	9,555,124	-	3
	Energy Sector Development	Street Lighting	-	-	280,448,245	47,011,265	-	17
			<b>88,276,107</b>	<b>30,197,764</b>	<b>564,274,516</b>	<b>56,566,389</b>	34	10
Office of the County Attorney	General Administration and Planning services	Management of county affairs	66,694,884	16,955,290	-	-	25	-
			<b>66,694,884</b>	<b>16,955,290</b>	-	-	25	-
<b>Total</b>			<b>6,185,377,087</b>	<b>2,412,392,920</b>	<b>2,878,705,968</b>	<b>185,343,243</b>	<b>39</b>	<b>6</b>

Source: Nyeri County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Financial Accounting in the Department of Finance, Economic Planning at 72 per cent, Development of Agricultural Land for Crop Production in the Department of Agriculture, Livestock and Aquaculture Development at 57 per cent, Farm Development in the Department of Agriculture, Livestock and Aquaculture Development at 52 per cent, and Monitoring and Evaluation in the Department of Finance, Economic Planning at 52 per cent of budget allocation.

### 3.36.13 Accounts Operated Commercial Banks

The County government operated a total of 9 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.



### 3.36.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received late after the prescribed timeline of 15<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.203.93 million against an annual projection of Kshs.800 million, representing 25.5 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. The reports for all county-established funds were not submitted to the Controller of Budget within the legal timeline.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.52.75 million were processed through the manual payroll, accounting for 2.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are mainly for established county funds.
6. Low absorption of development funds which translated to 6.4 per cent of the approved annual development budget.
7. The County did not budget for FIF.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*
6. *The County should identify and address issues causing delays in implementing development programmes and projects.*
7. *The County should ensure a budget for FIF is included to defray the operating costs of their health facilities.*

## 3.37. County Government of Samburu

### 3.37.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.7.42 billion, comprising Kshs.2.69 billion (36.3 per cent) and Kshs.4.73 billion (63.7 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 19.5 per cent compared to the previous financial year when the approved budget was Kshs.6.21 billion and comprised of Kshs.2.13 billion towards development expenditure and Kshs.4.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.59 billion (75.3 per cent) as the equitable share of revenue raised nationally, Kshs.17 million (0.2 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.856.59 million as conditional grants, a cash balance of Kshs.718 million (9.7 per cent) brought forward from FY 2022/23, and generate Kshs.239.02 million (3.2 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.249.

### 3.37.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.03 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.718 million from FY 2022/23 and raised Kshs.142.52 million as own-source revenue (OSR). The raised OSR includes Kshs.5.61 million as FIF and Kshs.136.91 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.89 billion, as shown in Table 3.249.

**Table 3.249: Samburu County, Revenue Performance in the First Half of FY 2023/24**

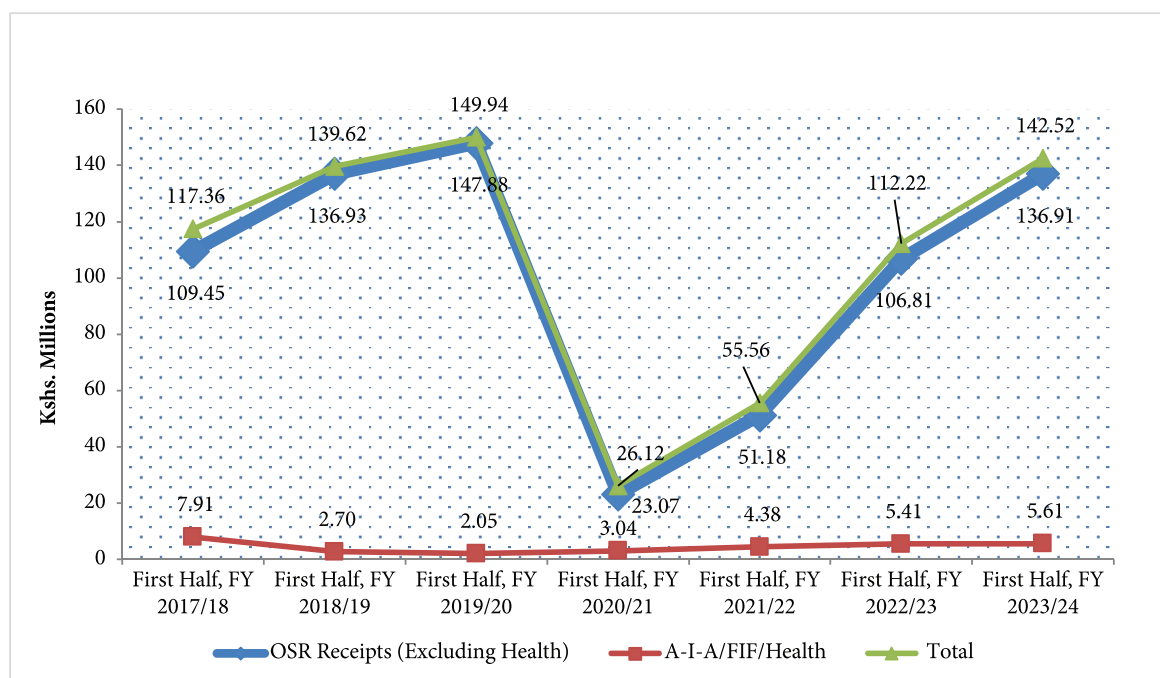
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	5,594,312,489	2,030,278,259	36.3
	<b>Subtotal</b>	<b>5,594,312,489</b>	<b>2,030,278,259</b>	<b>36.3</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Aggregated Industrial Parks Programme	100,000,000	-	-
2.	Conditional Grant-Leasing of Medical Equipment	124,723,404	-	-
3.	DANIDA (Health support funds)	8,431,500	-	-
4.	World bank loan for National agricultural and rural inclusive growth project	150,000,000	-	-
5.	Mineral Royalties	905,740	-	-
6.	De-Risking and Value Enhancement (DRIVE) -livestock	207,839,480	-	-
7.	Fertilizer subsidy	12,431,664	-	-
8.	Agriculture Sector Development Support Programme (ASDSP)	2,793,523	-	-
9.	Kenya Livestock Commercialization Project (KELCLOP)	37,500,000	-	-
10.	ELRP (Locust)	200,970,152	-	-
11.	Finance Locally Led Climate Action Program (FLLoCA)	11,000,000	-	-
	<b>Subtotal</b>	<b>856,595,463</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Own Source Revenue</b>			
1.	Ordinary Own Source Revenue	239,027,400	136,909,999	57.3
2.	Facility Improvement Fund (FIF)	17,000,000	5,610,492	33
	<b>Subtotal</b>	<b>256,027,400</b>	<b>142,520,491</b>	<b>55.7</b>

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>D</b>	<b>Other Sources of Revenue</b>			
3.	Unspent balance from FY 2022/23	718,000,000	718,000,000	100
	<b>Sub Total</b>	<b>718,000,000</b>	<b>718,000,000</b>	<b>100</b>
	<b>Grand Total</b>	<b>7,424,935,352</b>	<b>2,890,798,750</b>	<b>43.1</b>

Source: Samburu County Treasury

Figure 109 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

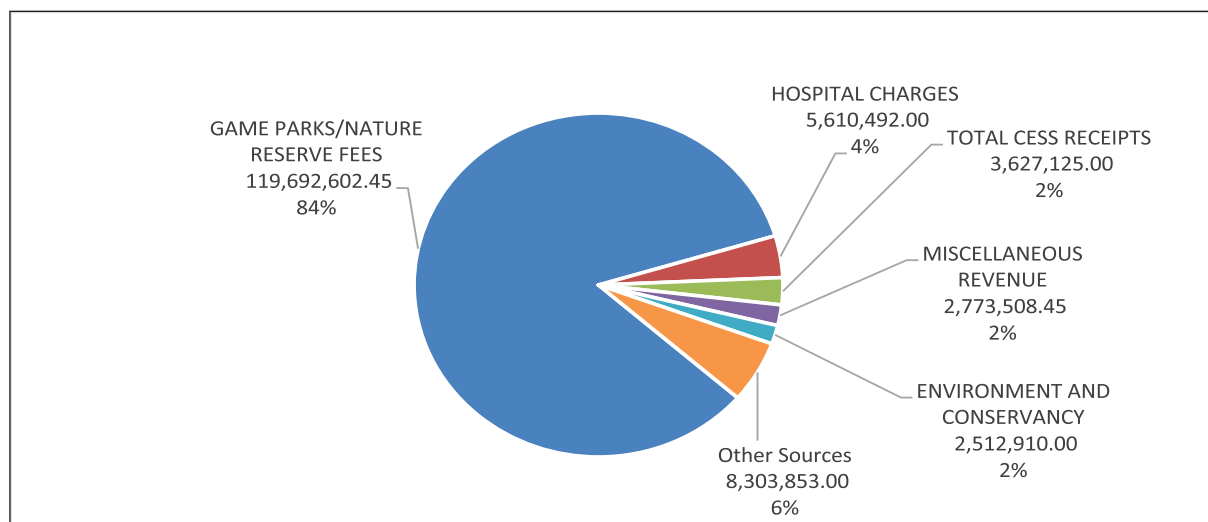
**Figure 109: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Samburu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.142.52 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 27.0 per cent compared to Kshs.112.21 million realised in FY 2022/23 and was 55.7 per cent of the annual target and 7.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 110.

**Figure 110: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Samburu County Treasury

The highest revenue stream of Kshs.119.69 million was from Game park fees, contributing to 84 per cent of the total OSR receipts during the reporting period.

### 3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.19 billion from the CRF account during the reporting period which comprised Kshs.139.79 million (6.4 per cent) for development programmes and Kshs.2.06 billion (93.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.06 million was released towards Employee Compensation, and Kshs.994.15 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.191.76 million.

### 3.37.4 County Expenditure Review

The County spent Kshs.1.98 billion on development and recurrent programmes in the reporting period. The expenditure represented 90.4 per cent of the total funds released by the CoB and comprised Kshs.139.79 billion and Kshs.1.84 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.2 per cent, while recurrent expenditure represented 39 per cent of the annual recurrent expenditure budget.

### 3.37.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.517.42 million, comprising of Kshs.93.89 million for recurrent expenditure and Kshs.423.53 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.104.76 million were settled, consisting of Kshs.1.72 million for recurrent expenditure and Kshs.103.04 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.412.65 million.

### 3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.930.59 million on employee compensation, Kshs.599.08 million on operations and maintenance, and Kshs.103.04 million on development activities. Similarly, the County Assembly spent Kshs.132.63 million on employee compensation, Kshs.180.07 million on operations and maintenance, and Kshs.36.75 million on development activities, as shown in Table 3.250.

**Table 3.250: 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
<b>Total Recurrent Expenditure</b>	<b>4,155,207,835</b>	<b>573,999,097</b>	1,529,676,669	312,700,351	<b>36.8</b>	<b>54.5</b>
Compensation to Employees	2,314,372,336	313,475,227	930,593,815	132,631,281	40.2	42.3
Operations and Maintenance	1,840,835,499	260,523,870	599,082,854	180,069,070	32.5	69.1
<b>Development Expenditure</b>	<b>2,600,728,420</b>	<b>95,000,000</b>	103,040,818	36,754,844	4.0	38.7
<b>Total</b>	<b>6,755,936,255</b>	<b>668,999,097</b>	<b>1,632,717,487</b>	<b>349,455,195</b>	<b>24.2</b>	<b>52.2</b>

Source: Samburu County Treasury

### 3.37.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.06 billion, or 36.8 per cent of the available revenue which amounted to Kshs.2.89 billion. The wage bill included Kshs.397.65 million paid to health sector employees, translating to 37.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.939.77 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.123.44 million was processed through manual payrolls. The manual payrolls accounted for 11.6 per cent of the total PE cost.

The County Assembly spent Kshs.10.99 million on committee sitting allowances for the 27 MCAs and the Speaker against the annual budget allocation of Kshs.31.20 million. The average monthly sitting allowance was Kshs.67,889 per MCA. The County Assembly has established 15 Committees.

### 3.37.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.358 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.251 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.251: Performance of County Established Funds in the First Half of FY 2023/24**

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	-	-	No
2.	Executive Car Loan and Mortgage	8,000,000	-	-	No
3.	Bursaries and Support Services - Department of Education and Vocational Training	134,000,000	18,900,000	115,100,000	No
4.	PLWD Fund	5,000,000	-	-	No
5.	Emergency Fund – Department of Finance	30,000,000	-	-	No
6.	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	-	-	No
<b>County Assembly Established Funds</b>					
7.	County Assembly Car Loan and Mortgage	56,000,000	55,300,000	55,300,000	No
<b>Total</b>		<b>358,000,000</b>	<b>55,300,000</b>	<b>55,300,000</b>	<b>-</b>

Source: Samburu County Treasury

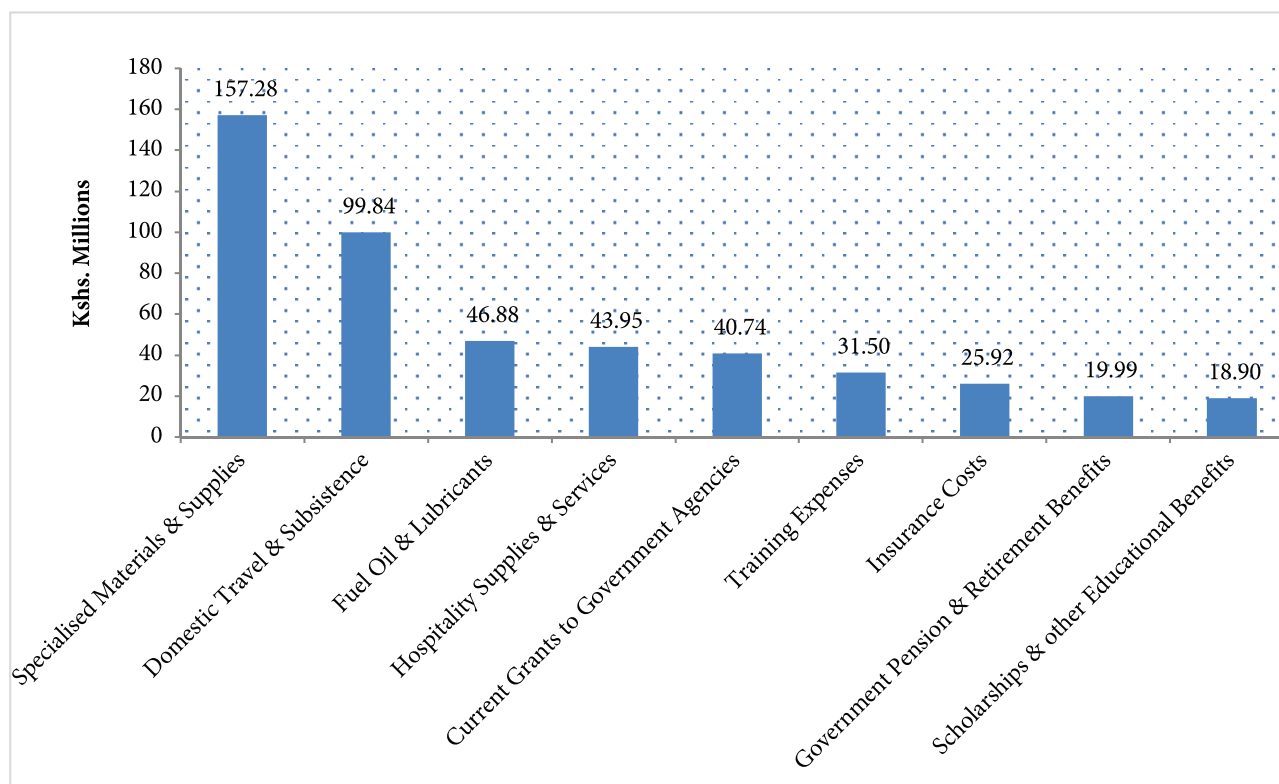
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of all funds as indicated in Table 3.251, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.37.9 Expenditure on Operations and Maintenance

Figure 111 summarises the Operations and Maintenance expenditure by major categories.

**Figure 111: Samburu County, Operations and Maintenance Expenditure by Major Categories**



*Source: Samburu County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.99.84 million and comprised Kshs.33.46 million spent by the County Assembly and Kshs.66.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.34 million which was incurred by the County Assembly on a travel to Dubai to attend ICPA's Leadership Summit training.

### 3.37.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.139.79 million on development programmes, representing an increase of 30.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.107.41 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.252: Samburu County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	County Assembly Chambers	County Headquarters	196,705,876.00	36,754,844.00	19%
2	Trade	Completion of the Maralal retail market	Maralal	16,695,203.00	16,695,203.00	100%
3	Trade and Tourism	Improvement of Samburu National Reserve road from the main Gate to Westgate	Archers post	16,674,200.00	16,674,200.00	100%
4	Gender and Social Services	construction of the Pura fortified camp	Loosuk ward	11,947,860.00	11,947,860.00	100%
5	Education	Construction and completion of Lesidai High Altitude Training Center	Poro	10,556,380.00	10,556,380.00	100%
6	Water	Construction of Ngilai dam to Ngilai Village water extension	Ndoto	7,727,250.00	7,727,250.00	100%
7	Environment	Payment for the proposed Masonry Fencing Works of Suguta Solid Waste Management	Suguta	7,001,220.00	7,001,220.00	100%
8	Health	Being the final payment of the proposed construction of Suguta Marmar Sub-County Hospital OPD Block	Suguta Marmar	4,679,300.00	4,679,300.00	100%
9	Roads	Opening of ndonyo wasin -nkii road	Waso Ward	4,500,000.00	4,500,000.00	100%
10	Roads	Improvement of kalama -kiltamany road	Waso Ward	3,996,000.00	3,996,000.00	100%

Source: Samburu County Treasury

### 3.37.11 Budget Performance by Department

Table 3.253 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.253: Samburu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	500.20	16.26	171.71	-	145.38	-	84.7	-	29.1	-
Finance, Economic Planning & ICT	688.46	47.69	193.98	-	163.14	-	84.1	-	23.7	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	182.33	884.39	92.65	2.96	85.20	2.96	92.0	100.0	46.7	0.3
Water, Environment, Natural Resources & Energy	180.97	350.68	72.78	17.41	71.41	17.41	98.1	100.0	39.5	5.0
Education and Vocational Training	607.27	188.20	250.24	-	215.59	-	86.2	-	35.5	-
Medical Services, Public Health & Sanitation	1,303.64	329.98	619.55	7.64	561.82	7.64	90.7	100.0	43.1	2.3
Lands, Housing, Physical Planning & Urban Development	172.93	94.13	94.75	16.70	77.20	16.70	81.5	100.0	44.6	17.7
Roads, Transport & Public Works	116.68	299.50	52.57	30.89	50.89	30.89	96.8	100.0	43.6	10.3

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
Tourism, Trade, Enterprise Development & Cooperatives	235.41	342.20	65.39	16.90	46.71	16.90	71.4	100.0	19.8	4.9
Culture, Social Services, Gender, Sports & Youth Affairs	167.32	47.70	114.84	10.56	112.33	10.56	97.8	100.0	67.1	22.1
County Assembly	574.00	95.00	328.93	36.75	312.70	36.75	95.1	100.0	54.5	38.7
<b>Total</b>	<b>4,729.21</b>	<b>2,695.73</b>	<b>2,057.38</b>	<b>139.80</b>	<b>1,842.38</b>	<b>139.80</b>	<b>89.5</b>	<b>100.0</b>	<b>39.0</b>	<b>5.2</b>

Source: Samburu County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 38.7 per cent, followed by the Department of Culture and Social Services at 22.1 per cent. The Department of Culture and Social Services had the highest percentage of recurrent expenditure to budget at 67.1 per cent while the Department of Tourism and Trade had the lowest at 19.8 per cent.

### 3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.254 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.254: Samburu County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Recurrent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive							
Sub County Administration		216,897,644	-	112,093,410	-	52	-
Coordination, Supervision and Human Resource Services		171,097,176	16,259,000	67,435,396	-	39	-
Management of County Affairs		40,785,618	-	16,933,553	-	42	-
Organisation of County Business	Organisation of County Business	-	-	-	-	-	-
Economic, Social & Political Advisory Service		15,102,686	-	5,531,201	-	37	-
Economic, Social & Political Advisory Service	County Policing	-	-	-	-	-	-
General Administration Planning and Support Services		15,102,686	-	5,531,201	-	37	-
Administration of Human Resources in County Public Service		56,314,926	-	22,499,054	-	40	-
Administration of Human Resources in County Public Service	General Administration Planning and Support Services	56,314,926	-	-	-	-	-
Administration Services	Special Programs	-	-	-	-	-	-
	Special Programs	-	-	-	-	-	-
	Grand Total	500,198,050	16,259,000	224,492,614	-	45	-
Finance, Economic Planning & ICT							
General Administration Planning and Support Services		-	-	-	-	-	-



Programme	Sub-Programme	Approved Recur- rent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual De- velopment Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
<b>Administration Services</b>		<b>356,778,580</b>	<b>39,694,000</b>	<b>105,243,995</b>	-	29	-
<b>Administration Services</b>	System Security	326,481,438	-	96,887,953	-	30	-
Public Finance Management		30,297,142	39,694,000	8,356,043	-	28	-
	<b>Fiscal Planning</b>	<b>286,141,129</b>	<b>8,000,000</b>	<b>116,992,696</b>	-	41	-
<b>Fiscal Planning</b>	Resource Mobilization	39,744,294	8,000,000	12,578,447	-	32	-
Budget Formulation Coordination and management		88,301,113	-	42,946,178	-	49	-
Public finance and Accounting		13,390,586	-	7,471,522	-	56	-
	Internal Audit	41,378,495	-	23,472,660	-	57	-
	Data Management	19,711,858	-	4,666,329	-	24	-
	Procurement	19,000,000	-	707,582	-	4	-
Monitoring & Evaluation /Statistical		25,939,602	-	10,193,756	-	39	-
	Special Programs	38,675,181	-	14,956,221	-	39	-
	<b>Special Programs</b>	<b>32,854,323</b>	-	<b>6,616,916</b>	-	20	-
<b>Special Programs</b>	General Administration(Economic Planning and ICT)	32,854,323	-	6,616,916	-	20%	-
<b>General Administration (Economic Planning and ICT)</b>		<b>12,682,895</b>	-	<b>5,353,726</b>	-	42	-
		12,682,895	-	5,353,726	-	42	-
	Grand Total	<b>688,456,927</b>	<b>47,694,000</b>	<b>234,207,333</b>	-	34	-
<b>Agriculture, Livestock Development, Veterinary Services &amp; Fisheries</b>							
General Administration Planning and Support Services		-	-	<b>23,853,028</b>	-	-	-
<b>Administration, Planning and Support Services</b>	Livestock Resource Management and Development	51,610,896	-	<b>22,605,620</b>	-	44	-
<b>Promotion of Value Addition of Livestock and Livestock Products</b>	Promotion of Dairy Production, Breeding and Disease control	18,303,764	747,762,632	6,872,831	-	38	-
Livestock marketing and rangeland management		24,141,854	-	3,169,279	-	13	-
Livestock Diseases Management and Control		11,741,904	-	5,092,560	-	43	-
		16,498,756	57,500,000	<b>2,150,194</b>	-	13	-
Development of capture fisheries resources	Crop Production and Management	8,332,664	16,200,000	<b>17,100,157</b>	<b>1,000,000</b>	205	6
<b>Crop Production and Food Security</b>	Agricultural Extension Research and Training	10,632,822	-	16,374,752	1,000,000	154	-
	Grand Total	41,065,886	62,931,664	<b>65,708,999</b>	-	160	-
		<b>182,328,546</b>	<b>884,394,296</b>	-	-	-	-
<b>Water, Environment, Natural Resources &amp; Energy</b>							
Administration	Forests Conservation and Management	70,862,262	279,479,000	17,542,285	19,834,124	25	7
Forests Conservation and Management	Pollution control and monitoring	4,342,020	2,200,000	962,467	-	22	-
Forests Conservation and Management		6,891,831	69,000,000	301,780	-	4	-
Control of soil erosion	Mining Services	5,661,970	-	799,776	-	14	-

Programme	Sub-Programme	Approved Recurrent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual Development Expenditure	Recurrent Expenditure	Development Expenditure
Water Catchment and Protection Services		2,460,790	-	349,200	-	14	-
Environmental Management and Protection		3,352,050	-	868,110	-	26%	0%
Water and sanitation services	Stormwater management	79,170,389	-	43,734,262	-	55	-
		8,232,205	-	892,000	-	11	-
<b>Grand Total</b>		<b>180,973,517</b>	<b>350,679,000</b>	<b>65,449,880</b>	<b>19,834,124</b>	<b>36</b>	<b>6</b>
<b>Education and Vocational Training</b>							
General Administration Planning and Support Services		-	-	-	-	-	-
<b>Administration, Planning and Support Services</b>	General Administration Planning and Support Services	-	-	-	-	-	-
<b>Bursary Management Services</b>	General Administration Planning and Support Services	-	-	-	-	-	-
Education & Training Services		253,466,617	-	38,866,682	-	15	-
<b>Promotion of Early Childhood Education</b>		<b>343,353,381</b>	<b>181,695,000</b>	<b>154,654,186</b>	-	45	-
<b>Promotion of Early Childhood Education</b>	Promotion of youth empowerment	343,353,381	181,695,000	154,654,186	-	45	-
Management and development of Sports and sports facilities		-	-	-	-	-	-
<b>Sports Development, Training &amp; Competition</b>		-	-	-	-	-	-
<b>Sports Development, Training &amp; Competition</b>	Youth Training and Development	-	-	-	-	-	-
<b>SP1 Revitalization of Youth Polytechnics</b>		<b>10,445,312</b>	<b>6,500,000</b>	<b>1,811,574</b>	-	17	-
<b>SP1 Revitalization of Youth Polytechnics</b>		10,445,312	6,500,000	1,811,574	-	17	-
Grand Total		<b>607,265,310</b>	<b>188,195,000</b>	<b>195,332,442</b>	-	32	-
<b>Medical Services, Public Health &amp; Sanitation</b>							
General Administration Planning and Support Services		-	-	-	-	-	-
<b>Non-communicable disease and prevention control</b>	Maternal Health Services	32,518,515	-	15,983,058	-	49	-
Communicable Disease Control		54,637,138	-	26,245,195	-	48	-
Health Promotive Services		84,029,736	-	60,910,340	-	72	-
Health curative Services		105,865,432	-	65,597,026	-	62	-
<b>County Referral Services</b>		<b>784,989,457</b>	-	<b>558,167,433</b>	-	71	-
<b>County Referral Services</b>	Free Primary Health-care	612,859,473	-	413,326,366	-	67	-
Provision Of Essential Health Services In All The Levels		150,675,046	-	126,590,642	-	84	-
General Administration Planning and Support Services		21,454,938	-	18,250,425	-	85	-
<b>Health Standards and Quality Assurance Services</b>		<b>241,603,979</b>	<b>329,977,124</b>	<b>114,567,765</b>	<b>31,136,581</b>	47	9

Programme	Sub-Programme	Approved Recur- rent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual De- velopment Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
<b>Health Standards and Quality Assurance Services</b>	Research And Development	76,834,490	-	41,539,221	-	54	-
Health Infrastructure development		9,056,172	-	4,379,551	-	48	-
Human Resources for health		9,973,576	-	4,367,164	-	44	-
Health Policy, Planning & Financing		101,473,482	-	38,102,775	-	38	-
		44,266,259	329,977,124	26,179,055	31,136,581	59	9
Water Catchment and Protection Services		-	-	-	-	-	-
Grand Total		<b>1,303,644,257</b>	<b>329,977,124</b>	<b>841,470,816</b>	<b>31,136,581</b>	65	9
<b>Lands, Housing, Physical Planning &amp; Urban Development</b>							
General Administration Planning and Support Services		-	-	-	-	-	-
<b>Administration, Planning and Support Services</b>	Land Use Policy and Planning	122,762,015	5,000,000	25,303,566	-	21	-
<b>Housing management services</b>	GIS Data Base creation	1,004,955	-	185,500	-	18	-
Spatial planning		-	-	-	-	-	-
Survey And Mapping		7,617,044	-	2,204,224	-	29	-
Urban Centers Administration		7,950,825	53,130,000	3,055,202	19,943,203	38	38
<b>Urban center management</b>		33,592,739	36,000,000	13,045,727	-	39	-
Grand Total		<b>172,927,578</b>	<b>94,130,000</b>	<b>43,794,219</b>	<b>19,943,203</b>	25	21
<b>Roads, Transport &amp; Public Works</b>							
General Administration Planning and Support Services		-	-	-	-	-	-
<b>Administration, Planning and Support Services</b>	General Administration Planning and Support Services	-	-	-	-	-	-
<b>Administrative services</b>	Design, implementation and supervision of public buildings	55,113,209	-	12,220,316	-	22	-
Firefighting services		14,018,860	-	4,595,438	-	33	-
Infrastructure, Roads & Transport Services		4,627,566	-	583,017	-	13	-
<b>Street lights management</b>		<b>42,923,197</b>	<b>299,500,000</b>	<b>10,167,389</b>	25,014,150	24	8
<b>Street lights management</b>	Rehabilitation of Roads, Drainage and Bridges	16,447,732	19,500,000	6,090,463	-	37	-
Public Road Transport and Parking		11,550,809	280,000,000	449,200	-	4	-
Design, supervision and rehabilitation of County Buildings		3,920,836	-	927,275	-	24	-
General Administration Planning and Support Services		11,003,820	-	2,700,450	-	25	-
<b>Administration</b>	Land Use Policy and Planning	-	-	-	-	-	-
<b>Pollution control and monitoring</b>	Conservation and Management of Natural Ecosystems	-	-	-	-	-	-

Programme	Sub-Programme	Approved Recur- rent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual De- velopment Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
<b>Stormwater manage- ment</b>	Water and sanitation services	-	-	-	-	-	-
	<b>Grand Total</b>	<b>116,682,832</b>	<b>299,500,000</b>	<b>27,566,160</b>	<b>25,014,150</b>	24	8
<b>Tourism, Trade, Enterprise Development &amp; Cooperatives</b>							
General Administration Planning and Support Services		-	-	-	-	-	-
<b>General administration</b>	Cooperatives Development and Management	58,617,224	207,000,000	8,905,960		15	-
<b>SACCO members' empowerment</b>		<b>23,655,289</b>	-	<b>3,384,061</b>	-	14	-
<b>SACCO members' empowerment</b>	Enhance Marketing Co-operatives	-	-	-	-	-	-
Promote Commerce and Enterprises		23,655,289	-	3,384,061	-	14	-
<b>Business Development Services for MSE's</b>		<b>2,541,500</b>	-	<b>156,673</b>	-	6	-
<b>Business Development Services for MSE's</b>	Promotion of Tourism and Marketing	2,541,500	-	156,673	-	6	-
<b>Tourism and Infrastructure Development</b>		<b>120,837,098</b>	-	<b>43,044,887</b>	-	36	-
<b>Tourism and Infrastruc- ture Development</b>	Establishment & Management of the County Tourism Information Centre	-	-	-	-	-	-
Tourism Training & Capacity Building		111,537,098	-	928,890	-	1	-
Trade Development and Promotion		9,300,000	-	42,115,997	-	453	-
<b>Domestic trade development</b>		<b>17,924,771</b>	-	<b>50,000</b>	-	-	-
<b>Domestic trade devel- opment</b>	Market development and promotion of fair trade services	16,604,771	-	50,000	-	-	-
General Administration Planning and Support Services		1,320,000	-	-	-	-	-
<b>General Administration Planning and Support Services</b>		<b>11,837,684</b>	<b>135,200,000</b>	<b>250,000</b>		2	-
<b>General Administration Planning and Support Services</b>		11,837,684	135,200,000	250,000		2	-
	Grand Total	<b>235,413,566</b>	<b>342,200,000</b>	<b>65,781,580</b>	-	28	-
<b>Culture, Social Services, Gender, Sports &amp; Youth Affairs</b>							
	Education & Training Services	-	-	-	-	-	-
<b>Promotion of youth empowerment</b>		-	-	-	-	-	-
<b>Promotion of youth empowerment</b>	Management and de- velopment of Sports and sports facilities	-	-	-	-	-	-
	<b>Sports Development, Training &amp; Compe- tition</b>	<b>51,300,000</b>	<b>19,500,000</b>	<b>2,690,516</b>	<b>3,556,380</b>	5	18
<b>Sports Development, Training &amp; Competition</b>	Public Sector Adviso- ry Services	51,300,000	19,500,000	2,690,516	<b>3,556,380</b>	5	18
	<b>Economic, Social &amp; Political Advisory Service</b>	<b>5,086,036</b>	-	<b>2,201,785</b>	-	43	-
<b>Economic, Social &amp; Po- litical Advisory Service</b>	General Adminis- tration Planning and Support Services	5,086,036	-	2,201,785	-	43	-

Programme	Sub-Programme	Approved Recurrent Expenditure Budget	Actual Recurrent Expenditure	Approved Development Expenditure Budget	Actual Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>General Administration Planning and Support Services</b>	Community Mobilization and Development	60,730,185	28,200,000	11,733,646	-	19	-
	<b>Community Mobilization and Development</b>	<b>25,446,884</b>	-	<b>6,644,306</b>	-	26	-
<b>Community Mobilization and Development</b>	Development and Promotion of Culture	5,608,872	-	2,577,133	-	46	-
	Social Welfare and Gender	4,618,012	-	1,020,074	-	22	-
	Conservation of Heritage	14,400,000	-	2,751,400	-	19	-
	Development and management of sports facilities	820,000	-	295,700	-	36	-
<b>Development and management of sports facilities</b>		<b>7,460,000</b>	-	-	-	-	-
<b>Development and management of sports facilities</b>	General Administration Planning and Support Services	7,460,000	-	-	-	-	-
<b>General Administration Planning and Support Services (Sports)</b>		<b>17,294,147</b>	-	<b>7,994,213</b>	-	46	-
<b>General Administration Planning and Support Services (Sports)</b>	Grand Total	17,294,147	-	7,994,213	-	46	-
		<b>167,317,252</b>	<b>47,700,000</b>	<b>19,530,820</b>	<b>3,556,380</b>	12	7
<b>County Assembly</b>							
<b>Legislative, Oversight and Representation</b>	Legislative and Oversight	106,854,308	83,199,247	-	-	78	-
County Assembly Administration		223,455,385	124,759,575	95,000,000	36,754,844	56	39
	Representation	227,380,166	139,557,249	-	-	61	-
<b>General Administration Planning and Support Services (Sports)</b>	Grand Total	557,689,859	347,516,071	95,000,000	36,754,844	62	39
<b>Total</b>		<b>4,729,206,932</b>	<b>1,842,377,020</b>	<b>2,695,728,420</b>	<b>139,795,662</b>	<b>39</b>	<b>5.2</b>

Source: Samburu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Assembly administration in the County Assembly at 38.7 per cent, Urban Centre administration in the Department of Lands Housing and Urban Development at 37.5 per cent, Public Sector advisory Services in the Department of Culture, Social Services and sports at 18.2 per cent, and Forests, Conservation and Management in the department of Water, Environment and Natural resources at 7.1 per cent of budget allocation.

### 3.37.13 Accounts Operated Commercial Banks

The County government operated a total of 23 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.37.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 22<sup>nd</sup> January 2024.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Conservancies Fund – Department of Tourism, Trade Enterprise Development and Cooperatives, Executive Car Loan and Mortgage, Bursaries and Support Services - Department of Education and Vocational Training, PLWD Fund, Emergency Fund and County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.412.66 million as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.123.44 million were processed through the manual payroll, accounting for 11.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya.
6. Low absorption of development funds which translated to 5.2 per cent of the approved annual development budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*
6. *The County should identify and address issues causing delays in implementing development programmes and projects.*

### 3.38. County Government of Siaya

#### 3.38.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 is Kshs.10.54 billion, comprising Kshs.4.7 billion (44.69 per cent) and Kshs.5.83 billion (55.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 19.5 per cent compared to the previous financial year when the approved budget was Kshs.8.82 billion and comprised of Kshs.3.33 billion towards development expenditure and Kshs.5.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.26 billion (68.9 per cent) as the equitable share of revenue raised nationally, Kshs.950.21 million (9.0 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.57 billion (14.9 per cent) from FY 2022/23, and generate Kshs.760.00 million (7.2 per cent) as gross own source revenue. The own source revenue includes Kshs.325.51 million (3.1 per cent) as Facility Improvement Fund (revenue from health facilities)/A-I-A, and, Kshs.434.49 million (4.1 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.255.

#### 3.38.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.40 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.57 billion from FY 2022/23, and raised Kshs.200.98 million as own-source revenue (OSR). The raised OSR includes Kshs.152.09 million as FIF and Kshs.48.89 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.17 billion, as shown in Table 3.255.

**Table 3.255: Siaya County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>7,263,019,462</b>	<b>2,396,796,422</b>	<b>33.0</b>
<b>Subtotal</b>		<b>7,263,019,463</b>	<b>2,396,796,422</b>	<b>33.0</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Lease of Medical Equipment	124,723,404	-	-
2.	DANIDA -Primary Healthcare	10,568,250	-	-
3.	County Aggregation and Industrial Park	350,000,000	-	-
4.	Provision of Subsidy Fertilizer Program	166,455,063	-	-
5.	Allocation for Mineral Royalties	259,152	-	-
6.	Livestock Value Chain Support Project	14,323,680	-	-
7.	Kenya Climate Smart Agricultural Project (KCSAP)	90,000,000	-	-
8.	Financing Locally Led Climate Action (FLLoCA)	11,000,000	-	-
9.	Agricultural Sector Development Support Project (ASDSP)	1,037,537	-	-
10.	Kenya Livestock Commercialization Project	30,500,000	-	-
11.	Aquaculture Business Development Project (ABDP)	13,838,473	-	-
12.	FLLoCA Development Project	137,500,000	-	-
<b>Subtotal</b>		<b>950,205,559</b>	<b>-</b>	<b>-</b>
<b>C</b>	<b>Own Source Revenue</b>			
13.	Ordinary Own Source Revenue	434,494,994	48,888,200	11.3
14.	Facility Improvement Fund (FIF)/A-I-A	325,505,006	152,089,016	46.7
<b>Subtotal</b>		<b>760,000,000</b>	<b>200,977,216</b>	<b>26.4</b>

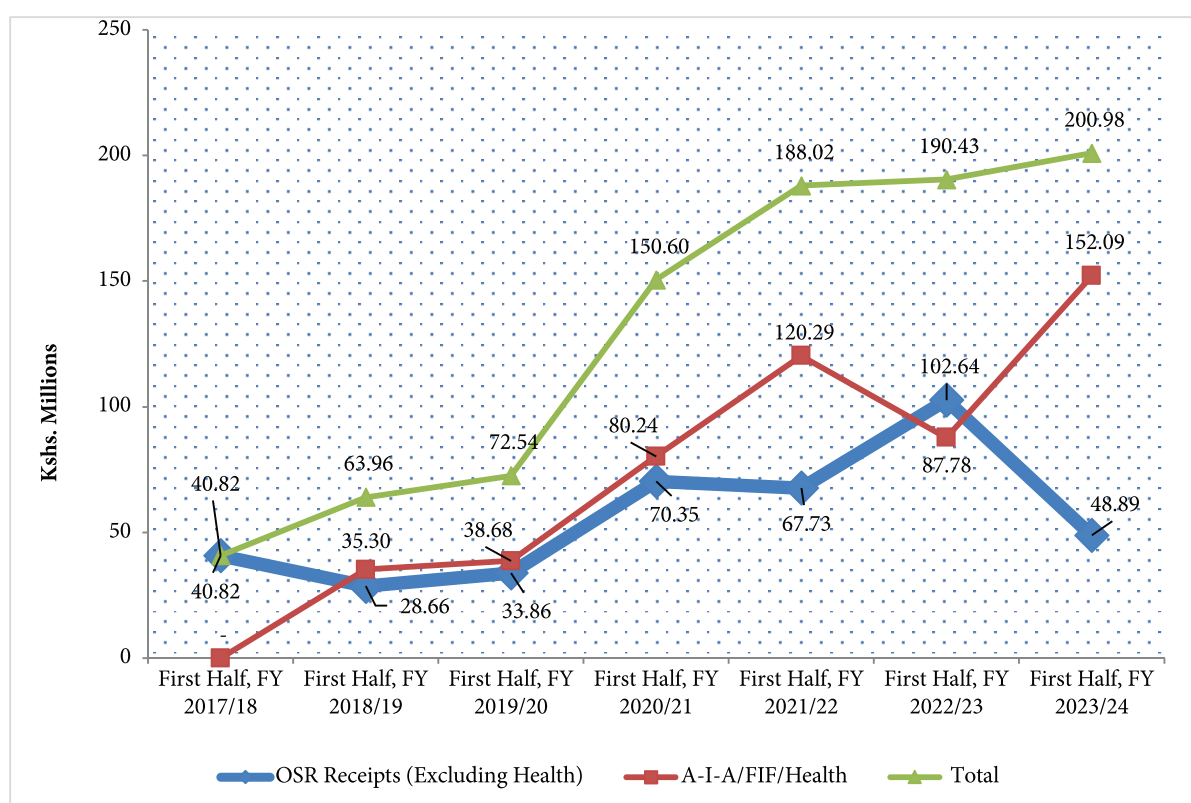
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	Other Sources of Revenue			
15.	Unspent balance from FY 2022/23	1,568,905,262	1,568,905,262	100.0
<b>Sub Total</b>		<b>1,568,905,262</b>	<b>1,568,905,262</b>	<b>100.0</b>
<b>Grand Total</b>		<b>10,452,130,283</b>	<b>4,166,678,900</b>	<b>39.9</b>

Source: Siaya County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 112 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

**Figure 112: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**

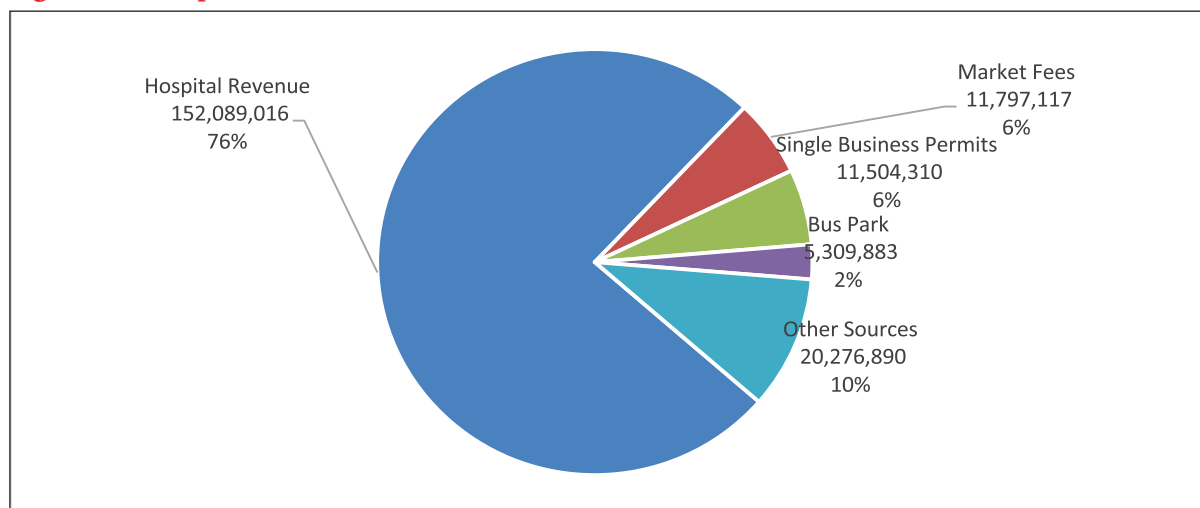


Source: Siaya County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.200.98 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 5.5 per cent compared to Kshs.190.43 million realised in a similar period FY 2022/23 and was 26.4 per cent of the annual target and 8.4 per cent of the equitable revenue share disbursed during the period. The OSR excludes revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 113.



**Figure 113: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Siaya County Treasury

The highest revenue stream of Kshs.152.09 million was from Hospital Revenue, contributing to 76 per cent of the total OSR receipts during the reporting period.

### 3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.15 billion from the CRF account during the reporting period which comprised Kshs.621.95 million (19.7 per cent) for development programmes and Kshs.2.53 billion (80.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.51 billion was released towards Employee Compensation, and Kshs.1.02 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.114.36 million.

### 3.38.4 County Expenditure Review

The County spent Kshs.3.12 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.0 per cent of the total funds released by the CoB and comprised Kshs.609.08 million and Kshs.2.51 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.9 per cent, while recurrent expenditure represented 43.1 per cent of the annual recurrent expenditure budget.

### 3.38.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.741.56 million, comprising of Kshs.391.87 million for recurrent expenditure and Kshs.349.69 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.256.42 million were settled, consisting of Kshs.84.82 million for recurrent expenditure and Kshs.171.59 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.485.14 million.

There were no outstanding pending bills for the County Assembly during the period under review.

### 3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.35 billion on employee compensation, Kshs.834.82 million on operations and maintenance, and Kshs.532.33 million on development activities. Similarly, the County Assembly spent Kshs.159.74 million on employee compensa-

tion, Kshs.169.45 million on operations and maintenance, and Kshs.76.76 million on development activities, as shown in Table 3.256.

**Table 3.256: 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
<b>Total Recurrent Expenditure</b>	<b>5,020,687,778</b>	<b>808,171,751</b>	<b>2,188,682,165</b>	<b>340,361,422</b>	<b>43.5</b>	<b>40.7</b>
Compensation to Employees	3,009,710,864	373,107,654	1,347,754,094	159,738,209	44.8	42.8
Operations and Maintenance	1,010,976,914	435,064,097	840,928,071	180,623,213	41.5	83.2
<b>Development Expenditure</b>	<b>4,169,614,823</b>	<b>543,655,931</b>	<b>545,187,852</b>	<b>76,757,915</b>	<b>12.8</b>	<b>14.1</b>
<b>Total</b>	<b>9,190,302,601</b>	<b>1,351,827,682</b>	<b>2,733,870,017</b>	<b>417,119,337</b>	<b>29.5</b>	<b>30.0</b>

Source: Siaya County Treasury

### 3.38.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.51 billion, or 36.2 per cent of the available revenue which amounted to Kshs.4.17 billion. This expenditure represented an increase from Kshs.1.48 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.689.48 million paid to health sector employees, translating to 41.1 per cent of the total wage bill. The increase in Personnel Emoluments is attributable to the recruitment of new staff across all the departments to enhance service delivery.

Further analysis indicates that PE costs amounting to Kshs.1.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.370.39 million was processed through manual payrolls. The manual payrolls accounted for 22.1 per cent of the total PE cost.

The County Assembly spent Kshs.11.16 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.38.48 million. The average monthly sitting allowance was Kshs.43,269 per MCA. The County Assembly has established 23 Committees.

### 3.38.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.150.60 million to county-established funds in FY 2023/24, constituting 1.6 per cent of the County's overall budget. Table 3.257 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.257: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Siaya County Bursary Fund	110,600,000	-	-	640,600,000	YES
2.	Cooperative Development Fund	30,000,000	-	-	-	Not in Operation
<b>County Assembly Established Funds</b>						
3.	Siaya County Assembly MCAs and Staff Car Loan and Mortgage Fund	10,000,000	-	-	409,212,000	YES
<b>Total</b>		<b>150,600,000</b>	<b>-</b>	<b>-</b>	<b>1,299,812,000</b>	<b>-</b>

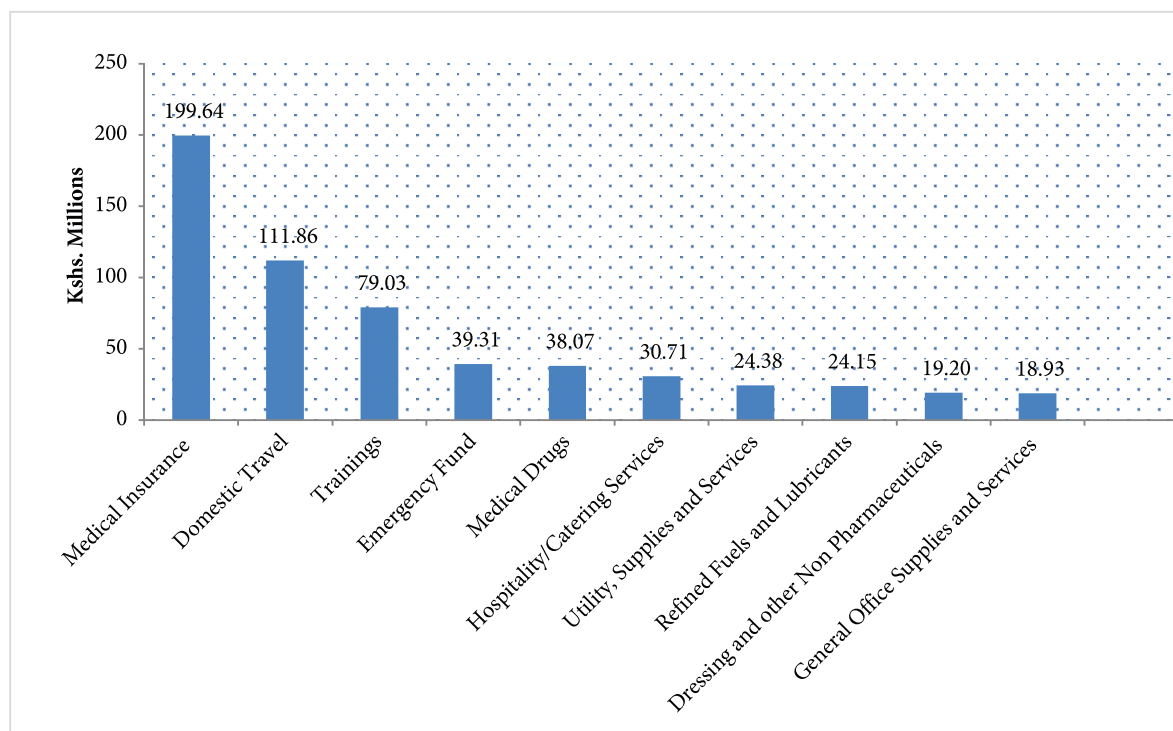
Source: Siaya County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the Siaya Bursary Fund and The County Assembly's Car Loan and Mortgage Fund contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.38.9 Expenditure on Operations and Maintenance

Figure 114 summarises the Operations and Maintenance expenditure by major categories.

**Figure 114: Siaya County, Operations and Maintenance Expenditure by Major Categories**



Source: Siaya County Treasury

During the period, expenditure on domestic travel amounted to Kshs.111.86 million and comprised Kshs.41.45 million spent by the County Assembly and Kshs.70.41 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.82 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.258 below; -

**Table 3.258: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	14 <sup>th</sup> to 21 <sup>st</sup> September, 2023	Trade Mission to the Islamic Republic of Iran to Promote Partnership and Economic Cooperation	Iran	3,570,605
County Executive	8	16 <sup>th</sup> to 21 <sup>st</sup> October, 2023	Invitation to participate in the foreign education program	Qatar	3,438,205
County Executive	3	9 <sup>th</sup> to 15 <sup>th</sup> November, 2023	Intra-African Trade Fair (2023) and 3 <sup>rd</sup> Conference of African Sub-Sovereign Governments Network	Egypt	1,250,604
County Executive	4	2 <sup>nd</sup> to 7 <sup>th</sup> December, 2023	Development of Inter-County Rai 1 Network in the Lake Region	India	1,622,777

Source; Siaya County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.17.06 million on garbage collection.

### 3.38.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.609.08 million on development programmes, representing an increase of 106.0 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.295.68 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.259: Siaya County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	County Executive	Construction of the Maternity wing at Ambira Hospital	Ambira	19,200,000	18,700,000	97.4
2.	County Executive	VTC Student's Capitation by County Government of Siaya	Countywide	47,654,330	41,000,000	86.0
3.	County Assembly	Design, Upgrade, and Installation of Electrical Wiring System	County Assembly Head Quarters	24,255,900	20,618,270	85.1
4.	Construction and Fencing of Ward Offices	Mango Processing Plant	All Ward Offices	160,167,929	125,408,776	78.3
5.	County Executive	Refrigeration at Siaya referral morgues (48-body capacity refrigeration machine)	Siaya Municipality	53,159,593	35,159,593	66.1
6.	County Assembly	Geo-Survey, Drilling and Equipping of Boreholes in 30 ward offices	All Ward Offices	125,662,548	81,170,183	64.6
7.	County Assembly	Ward Office Networking including the development of a Wide Area Network and Structured Cabling in the Ward Offices	All Ward Offices	102,183,608	60,107,092	58.8
8.	County Assembly	Construction of meeting Halls	All Ward Offices	149,913,785	86,980,492	58.0
9.	County Executive	Construction of Rice milling plant at Siriwo	Siriwo	45,815,336	11,481,145.76	25.1
10.	County Executive	Construction of Surgical Theatre at Siaya Referral Hospital	Siaya Municipality	53,132,315	8,808,327	16.6

Source: Siaya County Treasury

### 3.38.11 Budget Performance by Department

Table 3.260 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.260: Siaya County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	808.17	543.66	340.36	76.76	329.19	76.76	96.7	100.0	40.7	14.1
Governance and Administration	540.32	28.15	327.11	3.35	327.05	3.35	100.0	100.0	60.5	11.9
Finance and Economic Planning	980.67	40.77	566.66	-	566.12	-	99.9	-	57.7	-
Agriculture, Food, Livestock and Fisheries	323.40	808.47	132.65	33.10	131.30	30.68	99.0	92.7	40.6	3.8
Water, Irrigation, Environment and Natural Resources	109.43	396.72	36.11	31.87	35.41	29.58	98.1	92.8	32.4	7.5
Education, Youth Affairs, Gender and Social Services	369.33	512.61	121.49	58.66	120.70	56.86	99.3	96.9	32.7	11.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Health Services	2,194.08	600.68	798.04	76.45	797.77	73.73	100.0	96.4	36.4	12.3
Lands, Physical Planning, Urban Development and Housing	129.24	106.21	65.58	19.80	64.93	19.42	99.0	98.0	50.2	18.3
Roads, Public Works, Energy and Transport	95.62	789.58	45.35	169.60	44.57	169.09	98.3	99.7	46.6	21.4
Enterprise and Industrial Development	195.44	637.04	67.98	113.25	67.47	111.05	99.2	98.1	34.5	17.4
Tourism, Culture, Sports and Arts	83.15	249.39	27.71	39.12	27.24	38.58	98.3	98.6	32.8	15.5
<b>Total</b>	<b>5,828.86</b>	<b>4,713.27</b>	<b>2,529.04</b>	<b>621.95</b>	<b>2,511.76</b>	<b>609.08</b>	<b>99.3</b>	<b>97.9</b>	<b>43.1</b>	<b>12.9</b>

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works, Energy and Transport recorded the highest absorption rate of development budget at 21.4 per cent, followed by the Department of Lands, Physical Planning, Urban Development and Housing at 18.3 per cent. The Department of Governance and Administration had the highest percentage of recurrent expenditure to budget at 60.5 per cent while the Department of Water, Irrigation, Environment and Natural Resources had the lowest at 32.4 per cent.

### 3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.261 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.261: Siaya County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>County Assembly</b>							
Legislation	Legislation	389,936,744.00	-	83,169,401.60	-	21.3	-
Oversight	Oversight	40,000,000.00	-	18,822,050.00	-	47.1	-
Staff Management and Development	Staff Management and Development	378,235,007.00	543,655,931.00	93,839,374.40	96,864,158.60	24.8	17.8
	<b>Sub Total</b>	<b>808,171,751.00</b>	<b>543,655,931.00</b>	<b>195,830,826.00</b>	<b>96,864,158.60</b>	<b>24.2</b>	<b>17.8</b>
<b>Governance and Administration</b>							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	204,626,124.00	-	90,006,648.75	-	44.0	-
The Office of the Governor	The Office of the Governor	135,561,668.00	28,148,023.00	37,161,265.95	5,110,974.15	27.4	18.2
County Executive Administration	County Executive Administration	3,814,267.00	-	1,861,778.00	-	48.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Public Service Board	County Public Service Board	61,651,031.00	-	6,154,375.00		10.0	-
Firefighting and Disaster Management	Firefighting and Disaster Management	5,696,955.00	-	2,186,538.70		38.4	-
Sub County Administration	Sub County Administration	121,846,232.00	-	51,647,450.00		42.4	-
Human Resource Management	Human Resource Management	7,126,500.00	-	3,217,694.50		45.2	-
	<b>Sub-Total</b>	<b>540,322,777.00</b>	<b>28,148,023.00</b>	<b>192,235,750.90</b>	<b>5,110,974.15</b>	<b>35.6</b>	<b>18.2</b>
<b>Finance and Economic Planning</b>							
Financial Services	Financial Services	26,678,460.00	-	6,390,932.20		24.0	-
Administration Planning, Revenue and Accounting	Administration Planning, Revenue and Accounting	772,358,419.00	40,768,230.00	346,569,780.25		44.9	-
Procurement	Procurement	9,704,630.00	-	3,746,884.00		38.6	-
Budget Services	Budget Services	85,811,446.00	-	27,499,880.95		32.0	-
Internal Audit	Internal Audit	11,539,329.00	-	4,615,824.40		40.0	-
Economic Planning Services	Economic Planning Services	74,574,832.00	-	15,263,952.00		20.5	-
	<b>Sub-Total</b>	<b>980,667,116.00</b>	<b>40,768,230.00</b>	<b>404,087,253.80</b>	-	<b>41.2</b>	<b>0.0</b>
<b>Agriculture, Food, Livestock and Fisheries</b>							
Administration	Administration	99,981,644.00	401,682,545.00	21,947,776.25	3,703,358.00	22.0	0.9
Veterinary Services	Veterinary Services	27,535,163.00	22,835,589.00	3,080,161.30	-	11.2	0.0
Crop Management	Crop Management	168,628,017.00	320,985,936.00	72,748,639.90	27,251,040.70	43.1	8.5
Fisheries Development and Management	Fisheries Development and Management	27,260,088.00	62,964,820.00	3,358,180.00	5,846,775.20	12.3	9.3
	<b>Sub-Total</b>	<b>323,404,912.00</b>	<b>808,468,890.00</b>	<b>101,134,757.45</b>	<b>36,801,173.90</b>	<b>31.3</b>	<b>4.6</b>
<b>Water, Irrigation, Environment and Natural Resources</b>							
Administration	Administration	39,811,497.00	-	17,974,819.00		45.1	-
Water Services	Water Services	35,436,480.00	305,558,448.00	16,205,083.00	36,085,920.90	45.7	11.8
Forestry	Forestry	34,179,152.00	91,160,000.00	7,580,373.00		22.2	0.0
	<b>Sub-Total</b>	<b>109,427,129.00</b>	<b>396,718,448.00</b>	<b>41,760,275.00</b>	<b>36,085,920.90</b>	<b>38.2</b>	<b>9.1</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Education, Youth Affairs, Gender and Social Services</b>							
Administration Services	Administration Services	326,760,941.00	-	109,567,513.80		33.5	-
ECD Programmes	ECD Programmes	12,049,382.00	285,661,800.00	5,036,629.00	66,517,360.75	41.8	23.3
Youth Polytechnics & Youth Training	Youth Polytechnics & Youth Training	4,693,584.00	120,077,241.00	1,073,706.00	12,276,617.60	22.9	10.2
Sports	Sports	-	235,106,461.00		20,443,694.00	-	8.7
Social Resources	Social Resources	24,829,585.00	38,063,031.00	7,754,666.00	1,080,507.00	31.2	2.8
	<b>Sub Total</b>	<b>368,333,492.00</b>	<b>678,908,533.00</b>	<b>123,432,514.80</b>	<b>100,318,179.35</b>	<b>33.5</b>	<b>14.8</b>
<b>County Health Services</b>							
General Administration and Planning Services	General Administration and Planning Services	1,608,698,362.00	-	238,975,567.00		14.9	-
Curative Healthcare Services	Curative Healthcare Services	188,193,825.00	396,252,780.00	93,609,714.20	57,653,739.60	49.7	14.5
Preventive, Promotive and Rehabilitative Health Services	Preventive, Promotive and Rehabilitative Health Services	101,076,175.00	204,425,562.00	48,122,959.00	35,319,886.60	47.6	17.3
Facility Improvement Fund	Facility Improvement Fund	151,814,034.00	-	8,511,899.00		5.6	-
HIV Services	HIV Services	30,160,688.00	-	13,659,270.00		45.3	-
TB Services	TB Services	4,400,000.00	-	3,615,470.70		82.2	-
Nutrition Services	Nutrition Services	60,578,536.00	-			0.0	-
Environmental Health Services	Environmental Health Services	50,158,116.00	-			0.0	-
	<b>Sub-Total</b>	<b>2,195,079,736.00</b>	<b>600,678,342.00</b>	<b>406,494,879.90</b>	<b>92,973,626.20</b>	<b>18.5</b>	<b>15.5</b>
<b>Lands, Physical Planning, Urban Development and Housing</b>							
Physical Planning	Physical Planning	67,394,533.00	-	25,772,579.00		38.2	-
Land Survey and Mapping	Land Survey and Mapping	11,470,000.00	20,243,766.00	2,423,432.00		21.1	0.0
Housing	Housing	6,615,000.00	22,113,446.00	2,081,200.00		31.5	0.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	43,763,565.00	63,854,295.00	12,296,257.00	16,656,828.60	28.1	26.1
	<b>Sub-Total</b>	<b>129,243,098.00</b>	<b>106,211,507.00</b>	<b>42,573,468.00</b>	<b>16,656,828.60</b>	<b>32.9</b>	<b>15.7</b>
<b>Roads, Public Works, Energy and Transport</b>							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration Services	General Administration Services	4,536,199.00		537,600.00		11.9	-
Road Development, Maintenance and Management	Road Development, Maintenance and Management	89,677,074.00	789,579,895.00	21,683,647.10	184,597,122.70	24.2	23.4
County Government Buildings	County Government Buildings	1,410,000.00		197,600.00		14.0	-
	<b>Sub Total</b>	<b>95,623,273.00</b>	<b>789,579,895.00</b>	<b>22,418,847.10</b>	<b>184,597,122.70</b>	<b>23.4</b>	<b>23.4</b>
<b>Enterprise and Industrial Development</b>							
General Administration and Planning Services	General Administration and Planning Services	137,363,552.00		48,683,395.00		35.4	-
Trade Development and Investment	Trade Development and Investment	3,845,000.00		1,389,370.00		36.1	-
Promotion of Fair-Trade Practices	Promotion of Fair-Trade Practices	17,860,000.00		1,022,400.00		5.7	-
Cooperative Extension Services	Cooperative Extension Services	34,563,532.00		9,186,550.00		26.6	-
Market Services	Market Services	1,806,000.00	637,038,958.00	623,250.00	111,032,841.25	34.5	17.4
	<b>Sub-Total</b>	<b>195,438,084.00</b>	<b>637,038,958.00</b>	<b>60,904,965.00</b>	<b>111,032,841.25</b>	<b>31.2</b>	<b>17.4</b>
<b>Tourism, Culture, Sports and Arts</b>							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,883,161.00		23,340,467.00		34.9	-
Communication Services	Communication Services	9,550,000.00		3,438,025.00		36.0	-
Wildlife Services	Wildlife Services	6,715,000.00		1,461,538.00		21.8	-
ICT	ICT		3,901,829.00			-	0.0
Tourism	Tourism		79,192,168.00		7,386,765.20	-	9.3
	<b>Sub-Total</b>	<b>83,148,161.00</b>	<b>83,093,997.00</b>	<b>28,240,030.00</b>	<b>7,386,765.20</b>	<b>34.0</b>	<b>8.9</b>
<b>Grand Total</b>		<b>5,828,859,529.00</b>	<b>4,713,270,754.00</b>	<b>1,619,113,567.95</b>	<b>687,827,590.85</b>	<b>27.8</b>	<b>14.6</b>

Source: Siaya County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: TB Services in the Department of County Health Services at 82.2 per cent, Curative Healthcare Services at 49.7 per cent in the Department of County Health Services at 49.7 per cent, County Executive Administration in the Department of Governance and Administration at 48.8 per cent, and Oversight in the Department of the County Assembly at 47.1 per cent of budget allocation.



### 3.38.13 Accounts Operated Commercial Banks

The County government operated a total of ten accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collections accounts.

### 3.38.14 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. The underperformance of own-source revenue at Kshs.200.98 million against an annual projection of Kshs.700.00 million, representing 28.7 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.485.14 million as of 31<sup>st</sup> December 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.370.39 million were processed through the manual payroll, accounting for 22.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Siaya County Revenue Account, Siaya County Bursary Fund Account, Siaya County Assembly Service Board Mortgage Car Loan (MCAs) account, Siaya County Assembly Service Board Mortgage and Car Loan (Staff) account, County Health Management Revenue Operation Account, Siaya County Village Polytechnic Account, Siaya County Tourism and Culture Account, Siaya County Alcohol Licencing, Siaya County Project Management Committee Account, and Siaya County Agricultural Training College Account.
5. The budget implementation report submitted by the County Treasury does not reconcile with the Budget execution by programme and Sub-Programme expenditure report indicating weak budgetary control by the County.
6. Low absorption on Development funds as indicated by the expenditure of Kshs.609.08 million from the annual Development allocation of Kshs.4.71 billion representing an absorption rate of 12.9 per cent of the annual development budget.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

5. The County should improve the vote book and budgetary control management and ensure that all payments are done through IFMIS to enhance accuracy in reporting.
6. The County should identify and address issues causing delays in the payments and implementation of development.

### 3.39. County Government of Taita Taveta

#### 3.39.1 Overview of FY 2023/24 Budget

The County's approved Supplementary budget for the FY 2023/24 is Kshs.7.30 billion, comprising Kshs.2.32 billion (31.9 per cent) and Kshs.4.97 billion (68.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 1.5 per cent compared to the previous financial year when the approved budget was Kshs.7.19 billion and comprised of Kshs.2.19 billion towards development expenditure and Kshs.4.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.04 billion (69.0 per cent) as the equitable share of revenue raised nationally, Kshs.1.47 billion (20.3 per cent) as additional allocations/conditional grants, Kshs.51.75 million (0.7 per cent) from other revenue sources, and generate Kshs.730.68 million (10 per cent) as gross own source revenue. The own-source revenue includes Kshs.201.68 million (27.6 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.529 million (72.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.262.

#### 3.39.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.09 billion as the equitable share of the revenue raised nationally, Kshs.0.5 million as additional allocations/conditional grants, a cash balance of Kshs.37,185 from FY 2022/23 and raised Kshs.177.07 million as own-source revenue (OSR). The raised OSR includes Kshs.85.54 million as FIF and Kshs.91.53 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.26 billion, as shown in Table 3.262.

**Table 3.262: Taita Taveta County, Revenue Performance in the First Half of FY 2023/24**

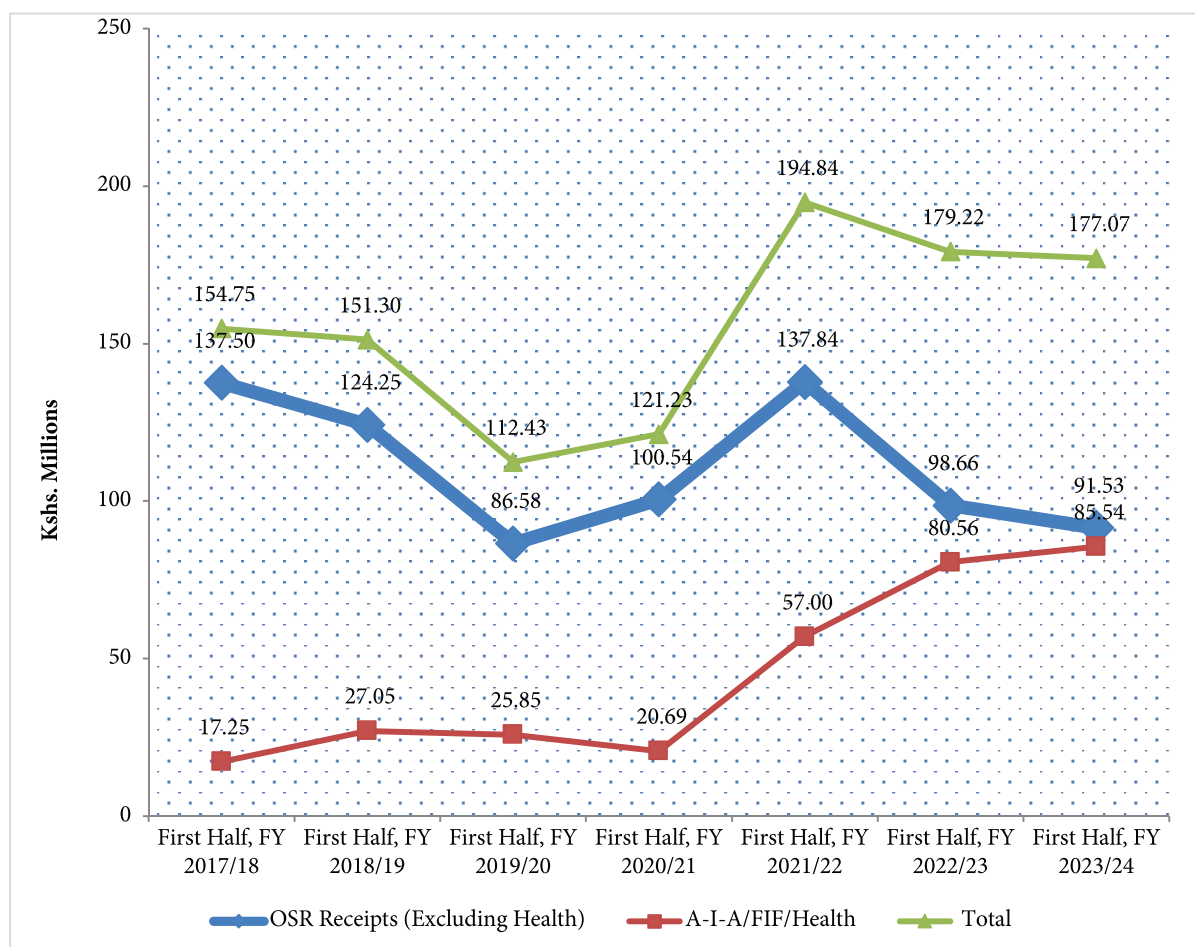
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
<b>A.</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>5,040,427,430</b>	<b>2,091,777,384</b>	<b>42</b>
<b>Sub Total</b>		5,040,427,430	2,091,777,384	42
<b>B</b>	<b>Conditional Grants</b>			
1	Kenya Informal Settlement Improvement Project (KISIP-II)-IDA (World Bank)	40,000,000	-	-
2	IDA-WB National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
3	Kenya Climate Smart Agriculture Program - IDA (World Bank)	90,000,000	-	-
4	Water and Sanitation Development Project (World Bank)	950,000,000	-	-
5	DANIDA grant for Primary healthcare for devolved system program	7,738,500	-	-
6	Locally Led Climate Action Programme-FLLO-CA- CCIS WB grant (2022-23&2023-24)	11,000,000	-	-
7	Agricultural Sector Development Support Programme (ASDSP II)-Sweden	1,991,302	500,000	25.1

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Aggregated Industrial Parks Programme	-	-	-
9	Fertilizer Subsidy Programme	43,540,521	-	-
10	Livestock Value Chain Support Project	21,485,520	-	-
11	De-risking and value enhancement (DRIVE)	63,341,980	-	-
	<b>Sub-Total</b>	<b>1,479,097,823</b>	<b>500,000</b>	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	529,000,000	91,527,600	17.3
2	Balance b/f from FY2022/23	-	37,185	0.0
3	Facility Improvement Fund (FIF)	201,682,445	85,543,730	42.4
5	Mineral royalties	51,756,326	-	-
	<b>Sub Total</b>	<b>782,438,771</b>	<b>177,108,515</b>	<b>22.6</b>
	<b>Grand Total</b>	<b>7,301,964,024</b>	<b>2,269,385,899</b>	<b>31.1</b>

Source: Taita Taveta County Treasury

Figure 115 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

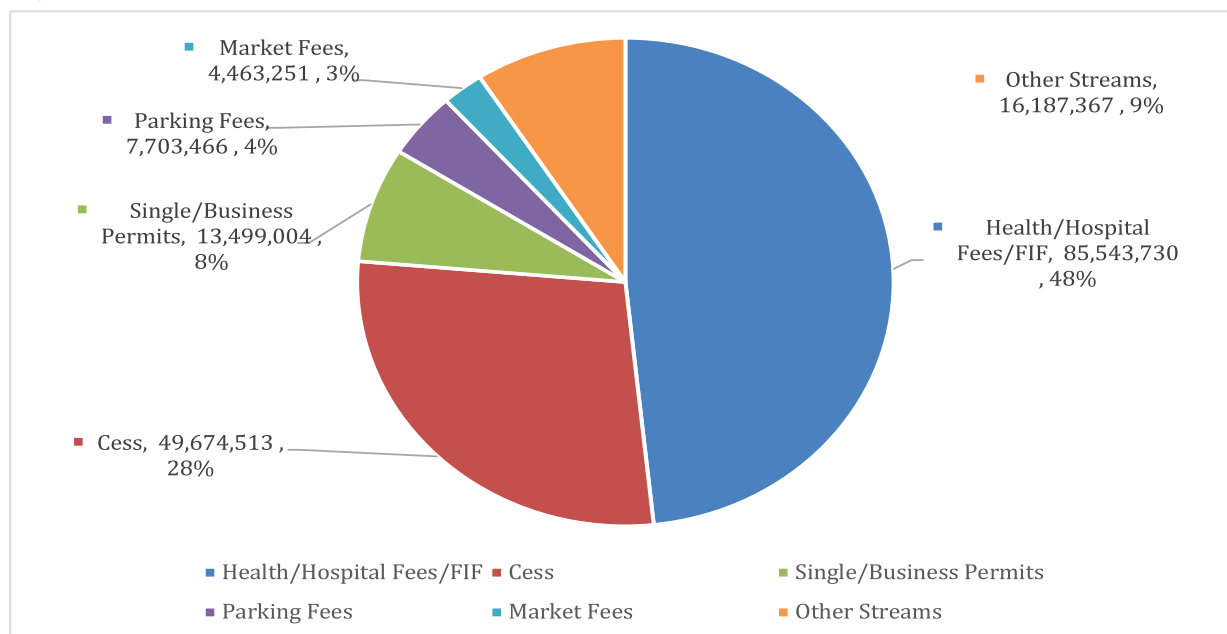
**Figure 115: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Taita Taveta County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.177.07 million from its sources of revenue inclusive of FIF. This amount represented a decrease of 1.2 per cent compared to Kshs.179.22 million realised in a similar period in FY 2022/23 and was 24.2 per cent of the annual target and 8.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 116.

**Figure 116: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Taita Taveta County Treasury

The highest revenue stream of Kshs.85.54 million was from Health/FIF Fees, contributing to 48 per cent of the total OSR receipts during the reporting period.

### 3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.05 billion from the CRF account during the reporting period which comprised Kshs.101.55 million (4.9 per cent) for development programmes and Kshs.1.95 billion (95.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.45 billion was released towards Employee Compensation, and Kshs.494.93 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.122.21 million.

### 3.39.4 County Expenditure Review

The County spent Kshs.2.05 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.101.55 million and Kshs.1.95 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.4 per cent, while recurrent expenditure represented 39.3 per cent of the annual recurrent expenditure budget.

### 3.39.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.940.10 million, comprising Kshs.502.14 million for recurrent expenditure and Kshs.437.96 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.162.81 million were settled, consisting of Kshs.76.76 million for recurrent expenditure and Kshs.86.05 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.777.28 million.

The outstanding pending bills for the County Assembly were Kshs.14.60 million as of 31<sup>st</sup> December 2023.

### 3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.29 billion on employee compensation, Kshs.340.85 million on operations and maintenance, and Kshs.86.05 million on development activities. Similarly, the County Assembly spent Kshs.161.72 million on employee compensation, Kshs.154.08 million on operations and maintenance, and Kshs.15.59 million on development activities, as shown in Table 3.263.

**Table 3.263: 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
<b>Total Recurrent Expenditure</b>	<b>4,193,080,744</b>	<b>780,860,457</b>	<b>1,637,038,661</b>	<b>315,815,459</b>	<b>39.0</b>	<b>40.4</b>
Compensation to Employees	3,043,008,738	275,823,612	1,296,185,345	161,729,262	42.6	58.6
Operations and Maintenance	1,150,072,006	505,036,845	340,853,316	154,086,197	29.6	30.5
<b>Development Expenditure</b>	<b>2,238,022,823</b>	<b>90,000,000</b>	<b>86,050,807</b>	<b>15,599,965</b>	<b>3.8</b>	<b>17.3</b>
<b>Total</b>	<b>6,431,103,567</b>	<b>870,860,457</b>	<b>1,723,089,468</b>	<b>331,415,424</b>	<b>26.8</b>	<b>38.1</b>

*Source: Taita Taveta County Treasury*

### 3.39.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.45 billion, or 64.1 per cent of the available revenue which amounted to Kshs.2.26 billion. This expenditure represented an increase from Kshs.1.34 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.877.25 million paid to health sector employees, translating to 60.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.43 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.18.5 million was processed through manual payrolls. The manual payrolls accounted for 1.3 per cent of the total PE cost.

The County Assembly spent Kshs.10.55 million on committee sitting allowances for the 32 MCAs and the Speaker against the annual budget allocation of Kshs.33.6 million. The average monthly sitting allowance was Kshs.54,979 per MCA. The County Assembly has established 23 Committees.

### 3.39.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.339.78 million to county-established funds in FY 2023/24, constituting 5 per cent of the County's overall budget. Table 3.264 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.264: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (KShs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31st December 2023 (Kshs)	Submission of Financial Statements as of 31st December 2023 (Yes/No)
<b>County Executive Established Funds</b>						
1	Education Fund	236,000,000	20,000,000	20,000,000	758,764,969	Yes
2	County Emergency Fund	20,000,000	8,000,000	8,000,000	107,160,190	Yes
3	County Executive Car Loan & Mortgage Fund	45,187,056	17,000,000	17,000,000	166,140,188	Yes
<b>County Assembly Established Funds</b>						
4	County Assembly Car Loan & Mortgage Scheme Fund	38,600,000	21,000,000	12,000,000	303,400,000	Yes
	<b>Total</b>	<b>339,787,056</b>	<b>66,000,000</b>	<b>57,000,000</b>	<b>1,335,465,347</b>	

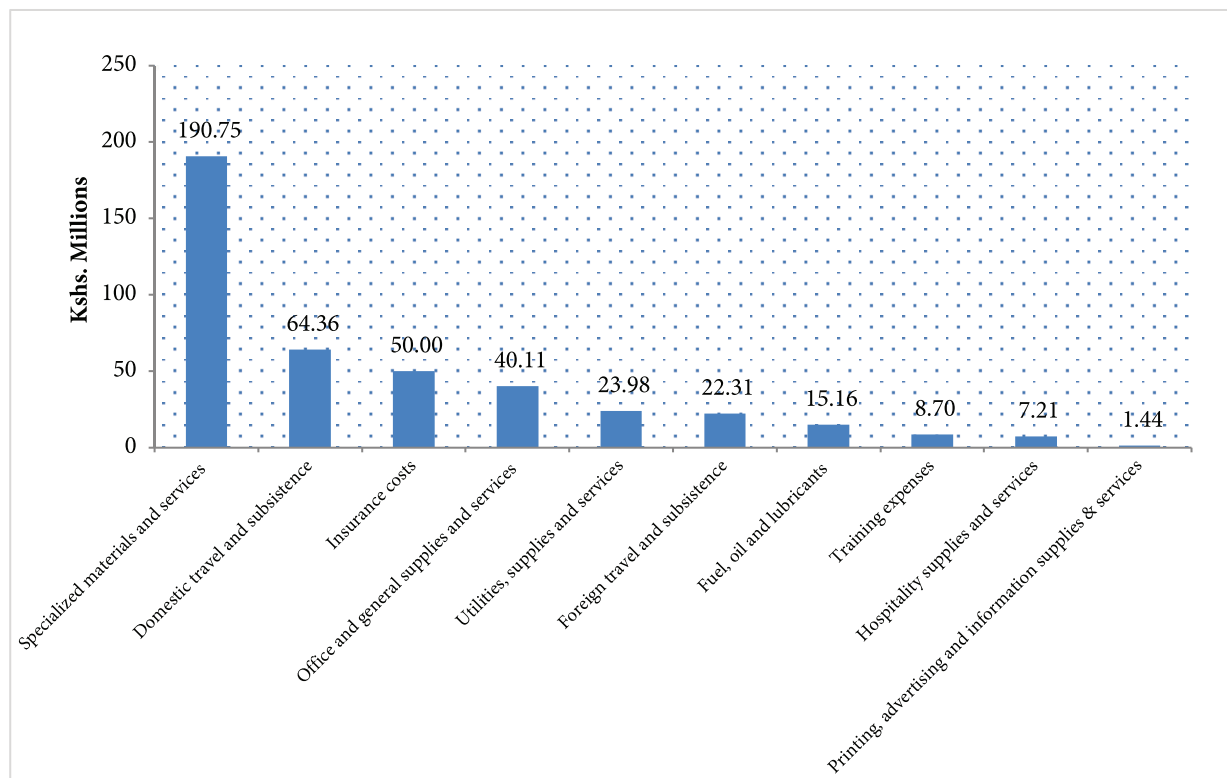
Source: Taita Taveta County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.39.9 Expenditure on Operations and Maintenance

Figure 117 summarises the Operations and Maintenance expenditure by major categories.

**Figure 117: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories**



Source: Taita Taveta County Treasury

During the period, expenditure on domestic travel amounted to Kshs.64.36 million and comprised Kshs.38.26 million spent by the County Assembly and Kshs.26.09 million by the County Executive. Expenditure on for-

foreign travel amounted to Kshs.22.30 million and comprised Kshs.21.07 million by the County Assembly and Kshs.1.20 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.265 below; -

**Table 3.265: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	29th July to 5th August	Training in Public Administration and Management I	Israel	5,254,400
County Assembly	19	22nd to 28th October 2023	Training on legislative process and parliamentary procedures	Uganda	3,800,000
County Assembly	6	1st Aug to 10th Aug 2023	WSPU executive committee meeting and 25th World Scout Jamboree in Korea from 1st to 10th August 2023	South Korea	3,254,860
County Assembly	6	5th to 10th Aug 2023	leadership master class	Dubai	3,042,900
County Assembly	7	5th to 10th Aug 2023	leadership experiential master class	Dubai	2,798,320
County Assembly	8	5th to 10th Aug 2023	Tanzania EALA benchmarking trip	Tanzania	1,600,000
County Assembly	1	27th oct 2023 to 5th Nov 2023	performance management systems training	United Kingdom	1,326,756
County Executive	1	24th Aug to 7th Sept 2023	Jumuiya Trade, Investments & Education Exchange Mission	USA	1,231,970

*Taita Taveta County Treasury*

### 3.39.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.101.55 million on development programmes, representing an increase of 79.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.56.65 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.266: Taita Taveta County, List of Development Projects with the Highest Expenditure**

S/No.	Project Name	Department	Location	Budget	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Pending Bills	Finance	Countywide	261,236,568	94,499,338	94,499,338	36
2	Locally Led Climate Action Programme (Climate Change) WB	Water	Countywide	11,000,000	11,000,000	11,000,000	100
3	Kenya Informal Settlement Improvement Project-World Bank	Lands	County wide	40,000,000	30,000,000	30,000,000	75
4	WB-National Agricultural Value Chain Development Project	Agriculture	County wide	250,000,000	67,192,729	67,192,729	27
5	Construction of County Assembly chamber	County Assembly	Wundanyi	78,220,389	15,599,965	15,599,965	20

*Source: Taita Taveta County Treasury*

### 3.39.11 Budget Performance by Department

Table 3.267 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.267: Taita Taveta County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	780.86	90.00	315.82	15.50	315.82	15.50	100.0	100.0	40.4	17.2
Public Service and Administration	3,071.27	-	1,347.99	-	1,347.99	-	100.0	-	43.9	-
The Governor's and Deputy Governor's Office	163.61	-	49.81	-	49.81	-	100.0	-	30.4	-
Finance and Economic Planning	258.38	200.00	76.43	75.05	76.43	75.05	100.0	100.0	29.6	37.5
Agriculture, Livestock and Fisheries	15.35	559.46	3.67	-	3.67	-	100.0	-	23.9	-
Water and Irrigation	10.45	1,045.73	3.57	11.00	3.57	11.00	100.0	100.0	34.1	1.1
Education and Libraries	247.59	59.30	20.83	-	20.83	-	100.0	-	8.4	-
Health	352.27	75.39	122.03	-	122.03	-	100.0	-	34.6	-
Trade, Tourism and Cooperative Development	10.73	58.60	2.74	-	2.74	-	100.0	-	25.5	-
County Public Service Board	13.48	-	2.36	-	2.36	-	100.0	-	17.5	-
Infrastructure and Public Works	14.34	95.40	2.86	-	2.86	-	100.0	-	19.9	-
Lands, Environment and Natural Resources	20.99	68.00	2.71	-	2.71	-	100.0	-	12.9	-
Youth, Gender, Sports, Culture and Social Services	14.63	76.15	2.06	-	2.06	-	100.0	-	14.1	-
<b>Total</b>	<b>4,973.94</b>	<b>2,328.02</b>	<b>1,952.85</b>	<b>101.55</b>	<b>1,952.85</b>	<b>101.55</b>	<b>100.0</b>	<b>100.0</b>	<b>39.3</b>	<b>4.4</b>

Source: Taita Taveta County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 37.5 per cent, followed by the County Assembly at 17.2 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 43.9 per cent while the Department of Education and Libraries had the lowest at 8.4 per cent.

### 3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.268 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.268: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes**

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	103003260	Infrastructure Development programme	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	701003260	General Administration support services	-	-	-
<b>3261000100</b>	<b>County Assembly Headquarters</b>		<b>870,860,457.00</b>	<b>331,315,424.00</b>	<b>38</b>
	702003260	County Assembly Infrastructure improvement	90,000,000.00	15,499,965	17
	701003260	General Administration support services	780,860,456.97	315,815,459.00	40



Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
<b>3262000100</b>	<b>Headquarters</b>		<b>3,053,733,238.00</b>	<b>1,347,985,344.00</b>	<b>44</b>
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	3,053,733,238.00	1,347,985,344.00	44
	3260		-	-	-
	705003260	Leadership Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	-	-	-
<b>3262000200</b>		<b>Taveta Sub County Administration</b>	<b>1,267,900.00</b>	<b>62,500.00</b>	<b>5</b>
	705003260	Leadership Development Programme	-	-	-
	701003260	General Administration support services	1,267,900.00	62,500.00	5
<b>3262000300</b>		<b>Wundanyi Sub County Administration</b>	<b>1,000,000.00</b>	<b>75,000.00</b>	<b>8</b>
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	1,000,000.00	75,000.00	8
<b>3262000400</b>		<b>Mwatate Sub County Administration</b>	<b>1,073,000.00</b>	<b>268,400.00</b>	<b>25</b>
	701003260	General Administration support services	1,073,000.00	268,400.00	25
	703003260	Decentralised Infrastructure Development Programme	-	-	-
<b>3262000500</b>		<b>Voi Sub County Administration</b>	<b>1,306,000.00</b>	<b>233,000.00</b>	<b>18</b>
	701003260	General Administration support services	1,306,000.00	233,000.00	18
<b>3262000600</b>		<b>Taveta Town Administration</b>	-	-	-
	705003260	Leadership Development Programme	-	-	-
	701003260	General Administration support services	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
<b>3262000700</b>		<b>Voi Town Administration</b>	<b>2563979.347</b>	-	-
	701003260	General Administration support services	2563979.347	-	-
	705003260	Leadership Development Programme	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
<b>3262000800</b>		<b>County Policing Authority</b>	-	-	-
	701003260	General Administration support services	-	-	-
<b>3262000900</b>		<b>Human Resource Management</b>	<b>2,822,000.00</b>	<b>2,051,280.00</b>	<b>73</b>
	701003260	General Administration support services	2,822,000.00	2,051,280.00	73
<b>3262001000</b>			<b>3,019,300.00</b>	<b>1,818,700.00</b>	<b>60</b>

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	701003260	General Administration support services	3,019,300.00	1,818,700.00	60
<b>3262001100</b>			<b>1,410,000.00</b>	<b>250,000.00</b>	<b>18</b>
	701003260	General Administration support services	1,410,000.00	250,000.00	18
<b>3263000100</b>		<b>Headquarters</b>	<b>93,446,669.80</b>	<b>37,051,376.20</b>	<b>40</b>
	704003260	General Administration and Management of County Affairs	83,446,669.80	37,051,376.20	44
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	705003260	Leadership Development Programme	10,000,000.00	-	-
	701003260	General Administration support services	-	-	-
<b>3263000200</b>		<b>Office of the Deputy Governor</b>	<b>18,065,890.00</b>	<b>5,011,621.00</b>	<b>28</b>
	101003260	Administration Planning and Support Services	-	-	-
	704003260	General Administration and Management of County Affairs	18,065,890.00	5,011,621.00	28
	705003260	Leadership Development Programme	-	-	-
<b>3263000300</b>		<b>Special Programmes Unit</b>	<b>10,925,000.00</b>	<b>275,000.00</b>	<b>3</b>
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	10,925,000.00	275,000.00	3
	705003260	Leadership Development Programme	-	-	-
<b>3263000400</b>		<b>Service Delivery Unit</b>	<b>875,000.00</b>	<b>75,000.00</b>	<b>9</b>
	704003260	General Administration and Management of County Affairs	875,000.00	75,000.00	9
<b>3263000500</b>		<b>Industrialization</b>	-	-	-
	705003260	Leadership Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
<b>3263000600</b>		<b>ICT</b>	<b>7,900,000.00</b>	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	705003260	Leadership Development Programme	2,000,000.00	-	-
	704003260	General Administration and Management of County Affairs	5,900,000.00	-	-
<b>3263000700</b>			<b>2,170,000.00</b>	<b>163000</b>	<b>8</b>
	704003260	General Administration and Management of County Affairs	2,170,000.00	163000	8

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
<b>3263000800</b>			<b>1,788,400.00</b>	<b>179,800.00</b>	<b>10</b>
	704003260	General Administration and Management of County Affairs	1,788,400.00	179,800.00	10
<b>3263000900</b>			<b>31,206,750.00</b>	<b>3,805,965.00</b>	<b>12</b>
	704003260	General Administration and Management of County Affairs	31,206,750.00	3,805,965.00	12
<b>3264000100</b>		<b>Headquarters</b>	<b>115,033,057.65</b>	<b>27,155,783.45</b>	<b>24</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	29,845,000.00	27,155,783.45	91
	701003260	General Administration support services	-	-	-
	707003260	Treasury Development Programme	30,000,000.00	-	-
<b>3264000200</b>		<b>County Emergency Fund</b>	<b>20,000,000.00</b>	-	-
	701003260	General Administration support services	-	-	-
	707003260	Treasury Development Programme	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	20,000,000.00	-	-
<b>3264000300</b>		<b>Equalization of Wards Infrastructure</b>	-	-	-
	707003260	Treasury Development Programme	-	-	-
<b>3264000400</b>		<b>Planning</b>	<b>18,332,403.00</b>	<b>21,042,875.00</b>	<b>115</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	18,332,403.00	21,042,875.00	115
	707003260	Treasury Development Programme	-	-	-
<b>3264000500</b>		<b>Gratuity Fund</b>	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
<b>3264000700</b>		<b>County Executive Administration</b>	<b>18,187,056.00</b>	<b>17,000,000.00</b>	<b>93</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	18,187,056.00	17,000,000.00	93
	701003260	General Administration support services	-	-	-
<b>3264000800</b>		<b>Internal Audit Services</b>	<b>4,591,411.00</b>	<b>2,730,589.00</b>	<b>59</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	4,591,411.00	2,730,589.00	59
<b>3264000900</b>		<b>Revenue Management</b>	<b>11,437,805.00</b>	<b>4,343,207.00</b>	<b>38</b>

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	706003260	General Administration, Planning, Internal Audit & Support Services	11,437,805.00	4,343,207.00	38
	701003260	General Administration support services	-	-	-
<b>3264001000</b>		<b>Procurement</b>	<b>1,799,500.00</b>	<b>2,108,000.00</b>	<b>117</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	1,799,500.00	2,108,000.00	117
<b>3264001100</b>		<b>Accounting Services</b>	<b>2,720,000.00</b>	<b>10,297,900.00</b>	<b>379</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	2,720,000.00	10,297,900.00	379
	701003260	General Administration support services	-	-	-
<b>3264001200</b>		<b>Kenya Devolution Support Programme</b>	-	-	-
	701003260	General Administration support services	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
<b>3264001300</b>			<b>90,539,805.20</b>	<b>14,735,600.00</b>	<b>16</b>
	706003260	General Administration, Planning, Internal Audit & Support Services	-	14735600	-
	707003260	Treasury Development Programme	90,539,805.20	-	-
<b>3265000100</b>		<b>Headquarters</b>	<b>485,310,131.00</b>	<b>907,888.00</b>	-
	102003260	Development programme	-	-	-
	105003260	Livestock and Fisheries Development	383,368,021.00	-	-
	104003260	Agricultural Development Programme	98,200,000.00	-	-
	101003260	Administration Planning and Support Services	3,742,110.00	907,888.00	24
<b>3265000200</b>		<b>Livestock</b>	<b>9,784,990.00</b>	<b>425,009.00</b>	<b>4</b>
	104003260	Agricultural Development Programme	6,300,000.00	-	-
	101003260	Administration Planning and Support Services	3,484,990.00	425,009.00	12
	105003260	Livestock and Fisheries Development	-	-	-
	102003260	Development programme	-	-	-
<b>3265000300</b>		<b>Fisheries</b>	<b>902,928.00</b>	<b>262,140.00</b>	<b>29</b>
	102003260	Development programme	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
	101003260	Administration Planning and Support Services	902,928.00	262,140.00	29
<b>3265000400</b>		<b>Veterinary</b>	<b>17,386,604.00</b>	<b>503,600.00</b>	<b>3</b>

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	2,386,604.00	503,600.00	21
	104003260	Agricultural Development Programme	15,000,000.00	-	-
	105003260	Livestock and Fisheries Development	-	-	-
<b>3265000500</b>		<b>Agribusiness Project (EU Grant)</b>	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
	104003260	Agricultural Development Programme	-	-	-
	102003260	Development programme	-	-	-
<b>3265000600</b>		<b>Kenya Climate Smart Agric Program</b>	<b>91,200,000.00</b>	<b>6200000</b>	<b>7</b>
	1001003260	Water and Irrigation Development Programme	-	-	-
	104003260	Agricultural Development Programme	-	-	-
	105003260	Livestock and Fisheries Development	91,200,000.00	6200000	7
<b>3265000700</b>		<b>Water</b>	<b>3,991,302.00</b>	<b>1000000</b>	<b>25</b>
	105003260	Livestock and Fisheries Development	3,991,302.00	1000000	25
	104003260	Agricultural Development Programme	-	-	-
<b>3266000100</b>		<b>Headquarters</b>	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
<b>3266000300</b>		<b>Veterinary</b>	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
<b>3266000400</b>		<b>Fisheries</b>	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
<b>3267000100</b>		<b>Headquarters</b>	<b>111,017,076.00</b>	<b>1,701,722.00</b>	<b>2</b>
	1002003260	General Administration, Support and Support Services	4,117,076.00	1,701,722.00	41
	1001003260	Water and Irrigation Development Programme	106,900,000.00	-	-
<b>3267000200</b>		<b>Water Services</b>	-	-	-
	1001003260	Water and Irrigation Development Programme	-	-	-

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	1002003260	General Administration, Support and Support Services	-	-	-
<b>3267000300</b>		<b>Bulk Water Project</b>	<b>5,000,000.00</b>	-	-
	1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
<b>3267000400</b>		<b>Ambulance services</b>	<b>969,176,400.00</b>	<b>823,600.00</b>	-
	1001003260	Water and Irrigation Development Programme	969,176,400.00	823,600.00	-
<b>3267000500</b>		<b>Public Health and Sanitation</b>	<b>5,000,000.00</b>	-	-
	1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
<b>3267000600</b>		<b>Promotion of primary healthcare</b>	<b>19,719,480.00</b>	<b>23,997,530.00</b>	<b>122%</b>
	1002003260	General Administration, Support and Support Services	-	-	-
	1003003260	Natural Resources Support Programme	2,993,480.00	3,823,530.00	<b>128</b>
	1001003260	Water and Irrigation Development Programme	16,726,000.00	20,174,000.00	<b>121</b>
<b>3268000100</b>		<b>Headquarters</b>	<b>68,087,124.00</b>	<b>537,376.00</b>	<b>1</b>
	501003260	General Administration, Planning and Support services	7,137,124.00	537,376.00	<b>8</b>
	1001003260	Water and Irrigation Development Programme	-	-	-
	502003260	Early Childhood Education and Youth Training Development Programme	60,950,000.00	-	-
<b>3268000200</b>		<b>Polytechnics</b>	<b>9,775,000.00</b>	<b>209,899.00</b>	<b>2</b>
	502003260	Early Childhood Education and Youth Training Development Programme	8,500,000.00	-	-
	501003260	General Administration, Planning and Support services	1,275,000.00	209,899.00	<b>16</b>
<b>3268000300</b>		<b>Early Childhood Development</b>	<b>1,258,800.00</b>	<b>282,433.00</b>	<b>22</b>
	301003260	General Administration and Support Services Programme	-	-	-
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	501003260	General Administration, Planning and Support services	1,258,800.00	282,433.00	<b>22</b>
<b>3268000400</b>		<b>Library services</b>	<b>945,400.00</b>	<b>186,701.00</b>	<b>20</b>
	501003260	General Administration, Planning and Support services	945,400.00	186,701.00	<b>20</b>
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
<b>3268000500</b>		<b>Education Fund</b>	<b>247,739,000.00</b>	<b>30,639,367.00</b>	<b>12</b>
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	501003260	General Administration, Planning and Support services	247,739,000.00	30,639,367.00	12
<b>3268000600</b>		<b>Energy</b>	-	-	-
	501003260	General Administration, Planning and Support services	-	-	-
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
<b>3269000100</b>		<b>Headquarters</b>	<b>293,128,584.00</b>	<b>58,656,522.65</b>	<b>20</b>
	402003260	Health Development Programme	210,338,500.00	7259678.65	3
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	401003260	Administration and Support Services	82,790,084.00	51,396,844.00	62
	704003260	General Administration and Management of County Affairs	-	-	-
<b>3269000200</b>		<b>Wesu Hospital</b>	<b>9,308,059.00</b>	<b>5,412,671.00</b>	<b>58</b>
	401003260	Administration and Support Services	9,308,059.00	5,412,671.00	58
<b>3269000300</b>		<b>Moi Referral Hospital</b>	<b>75,195,434.00</b>	<b>36,040,241.00</b>	<b>48</b>
	401003260	Administration and Support Services	75,195,434.00	36,040,241.00	48
<b>3269000400</b>		<b>Mwatate Hospital</b>	-	-	-
	401003260	Administration and Support Services	-	-	-
<b>3269000500</b>			-	-	-
	401003260	Administration and Support Services	-	-	-
<b>3269000600</b>			<b>14,415,583.00</b>	<b>7,529,011.00</b>	<b>52</b>
	401003260	Administration and Support Services	14,415,583.00	7,529,011.00	52
<b>3269000700</b>			-	-	-
	401003260	Administration and Support Services	-	-	-
<b>3269000800</b>			-	-	-
	401003260	Administration and Support Services	-	-	-
<b>3269000900</b>			<b>8,414,252.00</b>	<b>6,872,663.00</b>	<b>82</b>
	401003260	Administration and Support Services	8,414,252.00	6,872,663.00	82
<b>3269001000</b>			<b>19,988,538.00</b>	<b>12,604,393.00</b>	<b>63</b>
	401003260	Administration and Support Services	19,988,538.00	12,604,393.00	63
<b>3269001100</b>			<b>6,027,852.00</b>	<b>3,714,048.00</b>	<b>62</b>
	401003260	Administration and Support Services	6,027,852.00	3,714,048.00	62
	402003260	Health Development Programme	-	-	-
<b>3270000100</b>		<b>Headquarters</b>	<b>106,835,000.00</b>	<b>864131</b>	<b>1</b>
	302003260	Trade Development programme.	105,100,000.00	-	-

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	301003260	General Administration and Support Services Programme	1,735,000.00	864131	50
<b>3270000200</b>		<b>Trade</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>3270000300</b>		<b>Sports</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>3270000400</b>		<b>Gender</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>3270000500</b>		<b>Cooperative</b>	<b>1,014,271.00</b>	<b>432208</b>	<b>43</b>
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	1,014,271.00	432208	43
<b>3270000600</b>		<b>Youth Development</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>3270000700</b>		<b>Culture</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>3270000800</b>		<b>Markets</b>	<b>2,491,344.00</b>	<b>384,073.00</b>	<b>15</b>
	302003260	Trade Development programme.	2,000,000.00	-	-
	301003260	General Administration and Support Services Programme	491,344.00	384,073.00	78
<b>3270000900</b>			<b>200,000.00</b>	<b>47960</b>	<b>24</b>
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	200,000.00	47960	24
<b>3270001100</b>		<b>Weights and Measures</b>	<b>200,760.00</b>	<b>50318</b>	<b>25</b>
	301003260	General Administration and Support Services Programme	200,760.00	50318	25
<b>3270001200</b>			-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
	302003260	Trade Development programme.	-	-	-
<b>3270001300</b>		<b>Liquor Control and Licensing Fund</b>	<b>2,000,000.00</b>	<b>487000</b>	<b>24</b>



Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	301003260	General Administration and Support Services Programme	2,000,000.00	487000	24
<b>3270001400</b>			<b>518,850.00</b>	<b>555954</b>	<b>107</b>
	301003260	General Administration and Support Services Programme	518,850.00	555954	107
	302003260	Trade Development programme.	-	-	-
<b>3271000100</b>		<b>Headquarters</b>	<b>9,086,343.00</b>	<b>3,087,526.00</b>	<b>34</b>
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	9,086,343.00	3,087,526.00	34
<b>3272000100</b>		<b>Headquarters</b>	<b>3,052,600.00</b>	<b>910,467.70</b>	<b>30</b>
	101003260	Administration Planning and Support Services	3,052,600.00	910,467.70	30
<b>3272000200</b>		<b>ICT</b>	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	103003260	Infrastructure Development programme	-	-	-
<b>3272000300</b>		<b>Roads</b>	<b>148,565,600.00</b>	<b>6,570,920.00</b>	<b>4</b>
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	144,613,000.00	6,467,520.00	4
	101003260	Administration Planning and Support Services	3,952,600.00	103,400.00	3
<b>3272000400</b>		<b>Housing</b>	<b>96,300.00</b>	<b>12,700.00</b>	<b>13</b>
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	96,300.00	12,700.00	13
<b>3272000500</b>		<b>Public Works</b>	<b>265,000.00</b>	<b>60,000.00</b>	<b>23</b>
	101003260	Administration Planning and Support Services	265,000.00	60,000.00	23
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	-	-	-
<b>3272000600</b>		<b>Defunct Local Authorities</b>	-	-	-
	302003260	Trade Development programme.	-	-	-
	103003260	Infrastructure Development programme	-	-	-
<b>3273000100</b>		<b>Headquarters</b>	<b>61,121,587.00</b>	<b>16,370,963.80</b>	<b>27</b>
	102003260	Development programme	56,550,000.00	4547280	8
	1003003260	Natural Resources Support Programme	-	-	-
	101003260	Administration Planning and Support Services	4,571,587.00	1,823,683.80	40

Program	Sub Programme	Description	Approved Budget (Kshs.)	Actual Expenditures as of 31st December 2023 (Kshs)	Absorption (%)
	301003260	General Administration and Support Services Programme	-	-	-
<b>3273000200</b>		<b>Mwatate Municipal Administration</b>	<b>1,650,000.00</b>	<b>1,295,750.20</b>	<b>79</b>
	1003003260	Natural Resources Support Programme	-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	1,650,000.00	1,295,750.20	<b>79</b>
<b>3273000300</b>			<b>14,541,169.00</b>	<b>577620</b>	<b>4</b>
	102003260	Development programme	13,646,169.00	-	-
	1003003260	Natural Resources Support Programme	-	-	-
	101003260	Administration Planning and Support Services	895,000.00	577620	<b>65</b>
<b>3273000400</b>			-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
<b>3273000500</b>		<b>Environment and Natural Resources</b>	<b>607,500.00</b>	-	-
	1003003260	Natural Resources Support Programme	-	-	-
	101003260	Administration Planning and Support Services	607,500.00	-	-
<b>3273000600</b>			<b>98,178,600.00</b>	-	-
	301003260	General Administration and Support Services Programme	4,678,600.00	-	-
	102003260	Development programme	93,500,000.00	-	-
	103003260	Infrastructure Development programme	-	-	-
<b>3274000100</b>		<b>Headquarters</b>	-	-	-
	1003003260	Natural Resources Support Programme	-	-	-
	1002003260	General Administration, Support and Support Services	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
<b>Grand Total</b>			<b>7,301,964,024.00</b>	<b>2,054,404,892.00</b>	<b>28</b>

Source: Taita Taveta County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration, Planning, Internal audit & Support services in the Department of Finance and Economic Planning at 93 per cent, General Administration and Support Services in the Department of Health at 82 per cent, General administration, Planning & Support services in the Department of Lands and Urban Planning at 79 per cent and General Administration and Support Services in the department of Public Service and Administration at 73 per cent of budget allocation.

### 3.39.13 Accounts Operated Commercial Banks

The County government operated a total of 10 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.39.14 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. The underperformance of own-source revenue at KShs.177.07 million against an annual projection of KShs. 730.68 million, representing 24.2 per cent of the annual target.
2. High level of pending bills which amounted to KShs.791.89 million as of 31<sup>st</sup> December 2023.
3. Low absorption of development funds which translated to 4.4 per cent of the approved annual development budget.

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

1. *The County government should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
3. *The County should identify and address issues causing delays in implementing development programmes and projects*

## 3.40. County Government of Tana River

### 3.40.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was KShs.8.87 billion, comprising KShs.3.65 billion (41.2 per cent) and KShs.5.22 billion (58.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 11.0 per cent compared to the previous financial year when the approved budget was KShs.7.98 billion, comprising KShs.2.51 billion (31.5 per cent) and KShs5.47 billion (68.5 per cent) allocation for development and recurrent programmes.

To finance the budget, the County expects to receive KShs.6.79 billion (76.6 per cent) as the equitable share of revenue raised nationally, KShs.3.95 million (0.04 per cent) as Facility Improvement Fund (revenue from health facilities), KShs.872.98 (9.8 per cent) million as conditional grants, a cash balance of KShs.1.11 billion (12.5 per cent) was brought forward from FY 2022/23, and generate KShs.92.67 million (1 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.269.

### 3.40.2 Revenue Performance

In the first six months of FY 2023/24, the County received KShs.2.24 billion as the equitable share of the revenue raised nationally, had a cash balance of KShs.1.11 billion from FY 2022/23, and raised KShs.30.84 million as own-source revenue (OSR). The raised OSR includes KShs.1.44 million as FIF and KShs.29.39 million ordinary OSR. The total funds available for budget implementation during the period amounted to KShs.3.38 billion, as shown in Table 3.269.

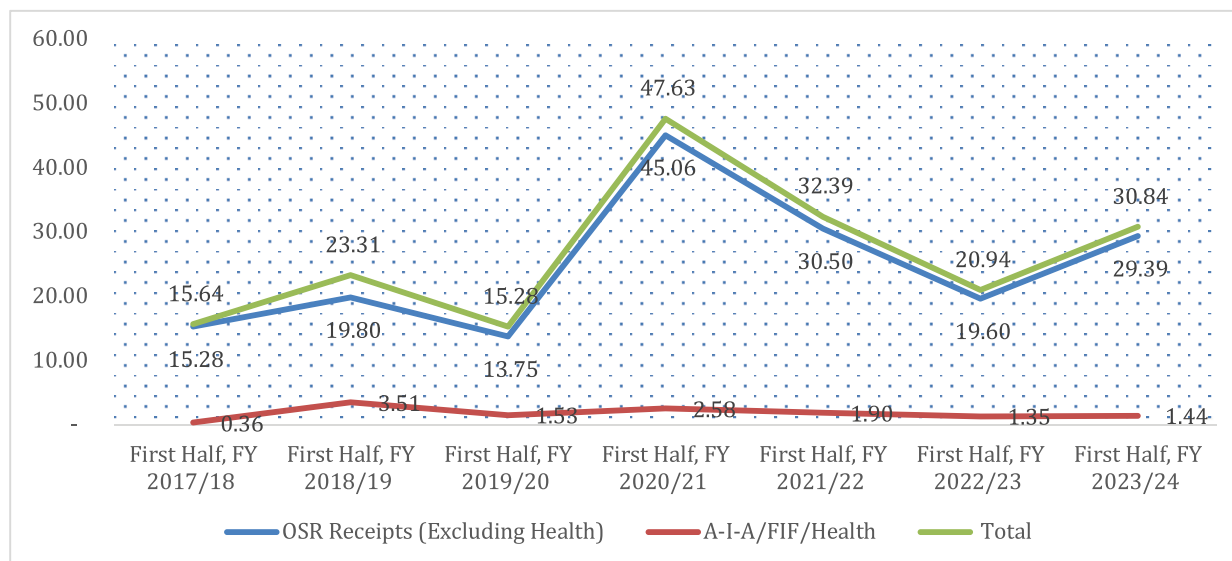
**Table 3.269: Tana River County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,790,702,542	2,240,931,838	33.0
<b>Sub Total</b>		<b>6,790,702,542</b>	<b>2,240,931,838</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1	Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
2	DANIDA (Universal Healthcare in Devolved System Program)	10,683,750	-	-
3	Agricultural Sector Development Support Programme (ASDSP) II	1,296,540	-	-
4	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000	-	-
6	Livestock Value Chain Support Project	14,323,680	-	-
7	De-Risking and Value Enhancement (DRIVE)	226,457,980	-	-
8	Kenya Marine Fisheries and Socio-Economic Development (KEMSFED)	33,164,181	-	-
9	Provision of Fertilizer Subsidy Programme	15,049,566	-	-
10	Supplement for Construction of County Headquarters	121,000,000	-	-
11	Aggregated Industrial Parks Programme	100,000,000	-	-
12	Allocations for Mineral Royalties	10,624	-	-
	<b>Sub-Total</b>	<b>872,986,321</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	92,673,773	29,392,595	31.7
2	Balance b/f from FY2022/23	1,109,178,403	1,109,178,403	100.0
4	Facility Improvement Fund (FIF)	3,956,827	1,444,577	36.5
<b>Sub Total</b>		<b>1,205,809,003</b>	<b>1,140,015,575</b>	<b>94.5</b>
<b>Grand Total</b>		<b>8,869,497,866</b>	<b>3,380,947,413</b>	<b>38.1</b>

Source: Tana River County Treasury

Figure 118 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

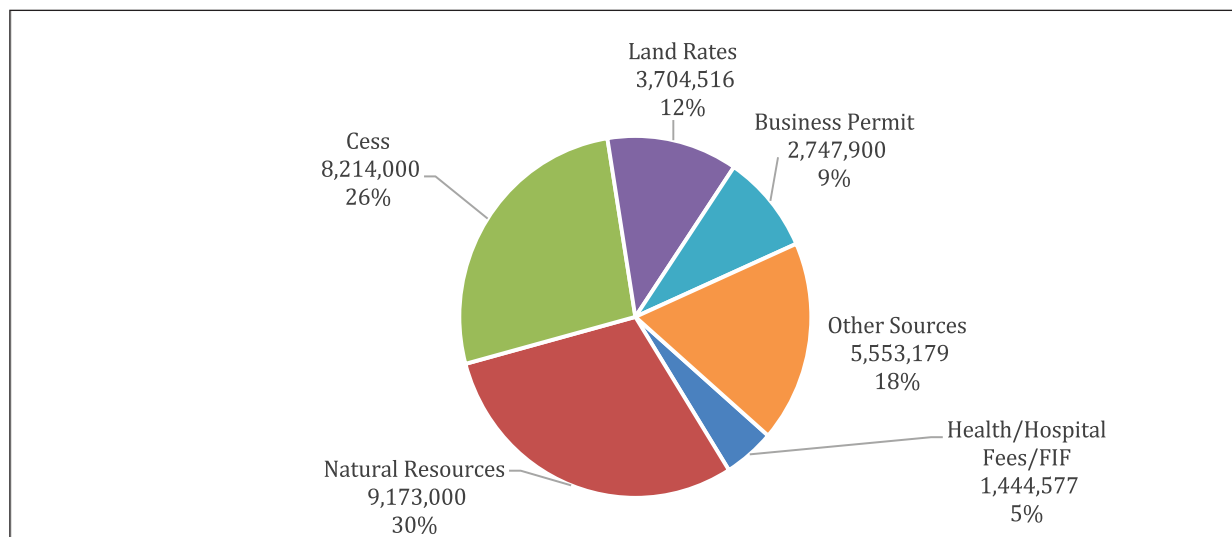
**Figure 118: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Tana River County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.30.8 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 36.5 per cent compared to Kshs.19.5 million realized in a similar period in FY 2022/23 and was 31.9 per cent of the annual target and 0.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 119.

**Figure 119: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Tana River County Treasury

The highest revenue stream of Kshs.9.17 million was from Natural Resources, contributing to 30 per cent of the total OSR receipts during the reporting period.

### 3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.76 billion from the CRF account during the reporting period which comprised Kshs.500.65 million (18.1 per cent) for development programmes and Kshs.2.26 billion (81.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half

of FY 2023/24 indicates that Kshs.1.08 billion was released towards Employee Compensation, and Kshs.1.18 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.752.0 million.

### 3.40.4 County Expenditure Review

The County spent Kshs.2.45 billion on development and recurrent programmes in the reporting period. The expenditure represented 88.9 per cent of the total funds released by the CoB and comprised Kshs.469.51 million and Kshs.1.99 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.8 per cent, while recurrent expenditure represented 38.1 per cent of the annual recurrent expenditure budget.

### 3.40.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.2.16 billion, comprising of Kshs.1.15 billion for recurrent expenditure and Kshs.1.01 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.534.36 million were settled, consisting of Kshs.204.86 million for recurrent expenditure and Kshs.329.50 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.63 billion.

The County Assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.805.05 million on employee compensation, Kshs.863.60 million on operations and maintenance, and Kshs.360.80 million on development activities. Similarly, the County Assembly spent Kshs.176.67 million on employee compensation, Kshs.143.72 million on operations and maintenance, and Kshs.108.70 million on development activities, as shown in Table 3.270.

**Table 3.270: Summary of Budget and Expenditure by Economic Classification**

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,537,385,634	677,653,973	1,668,663,051	320,401,565	36.8	47.3
Compensation to Employees	1,807,334,153	200,035,247	805,059,875	176,673,800	44.5	88.3
Operations and Maintenance	2,730,051,481	477,618,726	863,603,176	143,727,765	31.6	30.1
Development Expenditure	3,323,674,479	330,783,780	360,801,103	108,708,038	10.9	32.9
<b>Total</b>	<b>7,861,060,113</b>	<b>1,008,437,753</b>	<b>2,029,464,154</b>	<b>429,109,603</b>	<b>25.8</b>	<b>42.6</b>

Source: Tana River County Treasury

### 3.40.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.981.73 million, or 29.04 per cent of the available revenue which amounted to Kshs.3.38 billion. This expenditure represented an increase from Kshs.840 million reported in a similar period in FY 2022/23. The wage bill included Kshs.152.78 million paid to health sector employees, translating to 16 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.952.33 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.29.4 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.6.76 million on committee sitting allowances for the 27 MCAs and the Speaker against the annual budget allocation of Kshs.8.40 million. The average monthly sitting allowance was Kshs.41,724 per MCA. The County Assembly has established 19 Committees.

### 3.40.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.466.66 million to county-established funds in FY 2023/24, constituting 5 per cent of the County's overall budget. Table 3.271 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.271: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Tana River County Scholarship Fund	50,000,000.00	-	-	No.
2.	Tana River County Emergency Fund	132,165,375.00	32,995,124.00	-	No.
3.	Tana River County Bursary Fund	154,500,000.00	77,250,000.00	-	No.
4.	Inuka Fund	50,000,000.00	-	-	No.
5.	Tana River Car Loan & Mortgage	60,000,000.00	30,000,000.00	-	No.
<b>Total</b>		<b>446,665,375.00</b>	<b>140,245,124.00</b>	-	-

**Source:** Tana River County Treasury

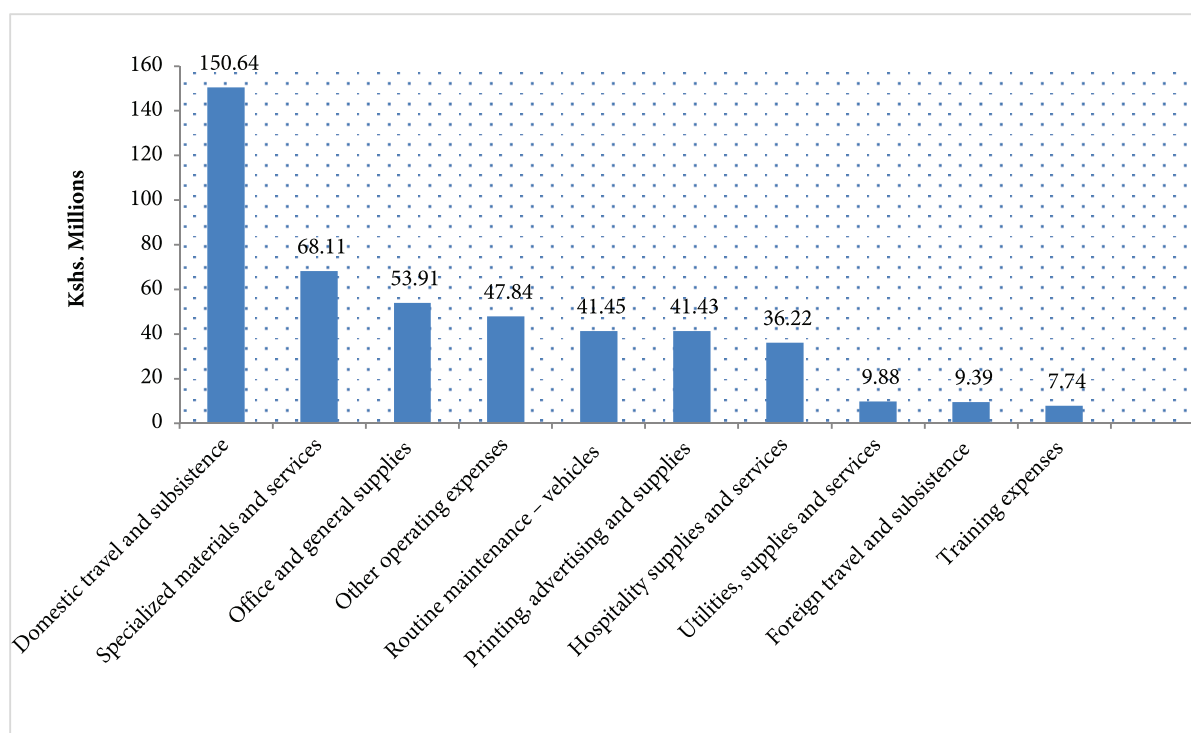
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of five funds as indicated in Table 3.271, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.40.9 Expenditure on Operations and Maintenance

Figure 120 summarises the Operations and Maintenance expenditure by major categories.

**Figure 120: Tana River County, Operations and Maintenance Expenditure by Major Categories**



Source: Tana River County Treasury

During the period, expenditure on domestic travel amounted to Kshs.150.64 million and comprised Kshs.29.75 million spent by the County Assembly and Kshs.120.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.39 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.272 below; -

**Table 3.272: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel
					(Kshs.)
Office of the Governor	4	22/08/2023	Attend the Jumuiya Trade Investment and Education Exchange Mission (TIEEM) from 21st to 15th Sept 2023	USA	6,395,500
Office of the Governor	1	03/02/2023	Attend Annual Heroes Day From 2nd-10th March 2023	South Africa	1,078,640
Office of the Governor	1		Attend The 78th Session of the UN General Assembly	NEWYORK	1,918,450
<b>Total</b>					<b>9,392,590</b>

Source: Tana River County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.2.45 million on garbage collection.

### 3.40.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.469.51 million on the development programme. The table below summarises development projects with the highest expenditure in the reporting period.



**Table 3.273: Tana River County, List of Development Projects with the Highest Expenditure**

No.	sector	project name	project location	contract sum (Kshs.)	Amount paid to date (Kshs)	implementation status (%)
1	Roads	Proposed rehabilitation of Madogo market access roads to cabro standards	Madogo	79,982,000.00	79,982,000.00	100.00
2	Roads	Proposed rehabilitation of Gamba Sailoni Road.	Gamba	76,653,372.00	76,653,372.00	100.00
3	Roads	Construction of roads - other	Madogo	62,040,000.00	62,040,000.00	100.00
4	Roads	Proposed rehabilitation of b89-handlamp to cabro standard.	Handampya	57,282,402.40	57,282,402.40	100.00
5	Roads	Construction of buildings – H/O	Hola	56,802,834.80	56,802,834.80	100.00
6	Roads	Rehabilitation of b89-handampya to cabro standard	Mikinduni	53,646,959.00	53,646,959.00	100.00
7	Hospital	Construction of mini-hospitals	County Wide	50,000,000.00	50,000,000.00	100.00
8	Roads	Construction of roads- H/O	Hola	46,211,896.90	46,211,896.90	100.00
9	water	drilling and equipping of borehole	Wayu	42,006,770.00	42,006,770.00	100.00
10	Roads	proposed rehabilitation of Bura township roads to bitumen standards	Bura	41,057,620.00	41,057,620.00	100.00

Source: Tana River County Treasury

### 3.40.11 Budget Performance by Department

Table 3.274 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.274: Tana River County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	678	331	340	130	320	109	94.3	83.6	47.3	32.9
Office of The Governor and Deputy Governor	437	-	243	-	244		100.3	-	55.9	-
Finance and Planning	463	646	276	329	276	329	100.1	99.7	59.6	50.9
County Public Service Board	73	-	34	-	21		60.6	-	28.4	-
Trade, Tourism, Wildlife and Cooperative Development	84	132	15	-	7		44.0	-	8.0	-
Agriculture, Livestock, Fisheries and Veterinary	178	936	41	5	12	5	29.7	100.0	6.9	0.5
Culture, gender, Youth, Sports and Social Services	53	50	20	-	4	4	19.7	-	7.5	8.5
Education and Vocational Training	241	199	80	11	81	9	100.7	77.6	33.5	4.4
Medical Services, Public Health and Sanitation	1,198	242	513	7	461	5	89.8	71.6	38.5	2.1
Special program	150	-	75	-	71		93.5	-	46.9	-
Roads, Transport, Public works, Housing and Urbanisation	68	626	22	16	6	5	28.2	34.2	8.9	0.9
Water, Irrigation, Environment and Natural Resources	115	300	25	-	15	3	59.5	-	13.2	0.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Administration and Citizen Participation	1,402	50	556	-	449		80.8	-	32.0	-
Lands and Physical Planning	40	94	16	2	16	1	102.5	60.9	41.7	1.3
Hola Municipality	36	50	7	-	7		96.4	-	18.3	-
<b>Total</b>	<b>5,215</b>	<b>3,654</b>	<b>2,264</b>	<b>501</b>	<b>1,989</b>	<b>470</b>	<b>87.9</b>	<b>93.8</b>	<b>38.1</b>	<b>12.8</b>

Source: Tana River County Treasury

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 50.9 per cent, followed by the County Assembly at 32.9 per cent. The Department of Finance and Planning had the highest percentage of recurrent expenditure to budget at 59.6 per cent while the Department of Agriculture, Livestock, Fisheries and Veterinary had the lowest at 6.9 per cent.

### 3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.275 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.275: Tana River County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Office of the Governor</b>							
Executive Services	County leadership & and coordination of CDAs	41,500,000	-	18,374,198	-	44	
	County Government Advisory Service	51,000,000	-	17,836,606	-	35	
	Coordination of peace and cohesion	17,373,562	-	15,149,715	-	87	
	<b>Sub Total</b>	<b>109,873,562</b>	<b>-</b>	<b>51,360,520</b>	<b>-</b>		
General Administration, Planning and support services	General Administration, Planning and support services	326,768,101	-	192,762,944	-	59	
	<b>Sub Total</b>	<b>326,768,101</b>	<b>-</b>	<b>192,762,944</b>	<b>-</b>		
	<b>Grand Total</b>	<b>436,641,663</b>	<b>-</b>	<b>244,123,464</b>	<b>-</b>	<b>56</b>	
<b>Finance and Economic planning</b>							
Public Finance Management	PFM Enhancement	5,789,349		2,059,000	-	36	
	Economic planning and Budgeting	33,625,694		13,602,916	-	40	
	Monitoring and Evaluation	17,980,523		6,739,200	-	37	
	Supply chain management services	20,700,000		7,754,642	-	37	
	Own Source revenue collection	21,620,000		4,772,728	-	22	
	Accounting & Finance	25,200,000		8,925,426	-	35	
	Internal Audit	12,782,110		2,847,250	-	22	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	General Administration	325,022,527		228,998,399		70	
	Development		645,954,219		328,601,951		50.9
	<b>Sub Total</b>	<b>462,720,203</b>	<b>-</b>	<b>275,699,560</b>	<b>-</b>	<b>60</b>	
	<b>Grand Total</b>	<b>462,720,203</b>	<b>645,954,219</b>	<b>275,699,560</b>	<b>328,601,951</b>	<b>60</b>	<b>51</b>
<b>County Public Service Board</b>							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,007,004	-	18,616,023	-	28	
Ethics, Governance and compliance	Ethics, Governance and compliance	1,806,960		934,400			
Skills and competency development	Skills and competency development	1,578,824	-	659,800	-	42	
Human Resource management and development	Human Resource management and development	3,962,316	-	605,800	-	15	
	<b>Grand Total</b>	<b>73,355,104</b>	<b>-</b>	<b>20,816,023</b>	<b>-</b>	<b>28</b>	
<b>Trade, Tourism and co-operative development</b>							
Trade, weights and measures	Trade, weights and measures	66,699,849	132,000,000	3,425,400		5	0
Tourism promotion	Tourism promotion	8,899,849		2,472,297	-	28	
Cooperative Development	Cooperative Development	8,000,000		779,049	-	10	
	<b>Grand Total</b>	<b>83,599,698</b>	<b>132,000,000</b>	<b>6,676,746</b>	<b>-</b>	<b>8</b>	<b>0</b>
<b>Agriculture and Rural Development</b>							
Agricultural Development	Crop Husbandry	6,969,666		2,399,800		34	
	Plant Disease Control	1,600,000		699,906		44	
	Agricultural Mechanization Services(AMS)	24,614,500		4,532,900		18	
	UCSAP	20,000,000				0	
	ASDSP	5,000,000				0	
	FAO	1,245,700		399,900		32	
	Development	-	600,000,000	-			
	<b>Sub-Total</b>	<b>59,429,866</b>	<b>600,000,000</b>	<b>8,032,506</b>	<b>-</b>	<b>14</b>	
Fisheries Development	General Administration, Planning and Support Services	1,887,000	-			0	
	Empowerment of women and youth on fish safety and quality assurance	1,520,000	-	93,500		6	
	Construction of ice plant and cold storage	16,202,370	-		4,986,536	0	
	Development	-	134,727,370				

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	<b>Sub-Total</b>	<b>19,609,370</b>	<b>134,727,370</b>	<b>93,500</b>	<b>4,986,536</b>	<b>0</b>	0.037
Veterinary Services	General Administration, Planning and Support Services	2,612,372	-	-	-	<b>0</b>	
	Extension services	38,072,388	-	244,133	-	<b>1</b>	
	Breed improvement and artificial insemination	2,468,872	-	-	-	<b>0</b>	
	Veterinary Public Health/Abattoirs	1,118,500	-	125,355	-	<b>11</b>	
	Leather Development Services	26,182,846	-	149,300	-	<b>1</b>	
	Control Tsetse fly and Laboratory Services	2,685,000	-	112,000	-	<b>4</b>	
	Conduct disease surveillance and carry out timely vaccination	15,382,000	43,875,087	189,292	-	<b>1</b>	
	<b>Sub-Total</b>	<b>88,521,978</b>	<b>43,875,087</b>	<b>820,080</b>	<b>-</b>	<b>1</b>	
Livestock	General Administration, Planning and Support Services	7,766,440	-	2,452,111	-	<b>32</b>	
	Livestock Extension Services	1,805,000	12,000,000	382,250	-	<b>21</b>	
	Animal Husbandry	1,292,500	145,100,000	514,100	-	<b>40</b>	
	<b>Sub-Total</b>	<b>10,863,940</b>	<b>157,100,000</b>	<b>3,348,461</b>	<b>-</b>	<b>31</b>	
	<b>Grand Total</b>	<b>178,425,154</b>	<b>935,702,457</b>	<b>12,294,547</b>	<b>4,986,536</b>	<b>7</b>	
<b>Gender, Social Service and Youth Development</b>							
Child Protection.	Baseline Survey for OVC	3,700,000	-	262,000	-	<b>7</b>	
	Community Awareness creation on Child Rights and Child Protection	2,000,000	-	-	-	<b>0</b>	
	Enhanced Child Participation	700,000	-	-	-	<b>0</b>	
Social Development and Protection.	Women empowerment	1,050,000	-	61,800	-	<b>6</b>	
	Gender and Leadership	11,450,000	-	-	-	<b>0</b>	
	Youth Empowerment	-	50,000,000	-	4,267,165		
Sports Training and Competitions	county Sports leagues	7,193,447	-	1,371,870	-	<b>19</b>	
	Sports equipment and support	2,000,000	-	-	-	<b>0</b>	
	<b>Sub-Total</b>	<b>28,093,447</b>	<b>50,000,000</b>	<b>1,695,670</b>	<b>4,267,165</b>	<b>6</b>	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and art development	Culture Promotion and Development	11,750,000	-	1,549,460	-	13	
	Empowerment/ Capacity building of cultural practitioners	5,500,000	-	242,000	-	4	
	<b>Sub-Total</b>	<b>17,250,000</b>	<b>-</b>	<b>1,791,460</b>	<b>-</b>	<b>10</b>	
General administration, support and planning	General administration, support and planning	7,340,000	-	472,700	-	6	
	<b>Sub-Total</b>	<b>7,340,000</b>	<b>-</b>	<b>472,700</b>	<b>-</b>	<b>6</b>	
	<b>Grand Total</b>	<b>52,683,447</b>	<b>50,000,000</b>	<b>3,959,830</b>	<b>4,267,165</b>	<b>8</b>	
<b>Education, Vocational training and ECDE</b>							
Early Child care services	ECDE quality education standards service	500,000	-	65,200	-	13	
	ECDE Access and Retention Services	20,300,000	27,000,000		2,789,000	0	
	<b>Sub Total</b>	<b>20,800,000</b>	<b>27,000,000</b>	<b>65,200</b>	<b>2,789,000</b>	<b>0</b>	
Vocational Training Services	VTC quality standards training services	3,010,342	-	2,465,500	-	82	
	Free VTC education and training	56,156,327			-	0	
	<b>Sub Total</b>	<b>59,166,669</b>	<b>-</b>	<b>2,465,500</b>	<b>-</b>	<b>4</b>	
General Administration, Planning and support services	General Administration, Planning and support services	160,800,000	-	78,188,100	-	49	
	<b>Sub-Total</b>	<b>160,800,000</b>	<b>-</b>	<b>78,188,100</b>	<b>-</b>	<b>49</b>	
VTC access and retention of training	Development		171,535,447		5,895,000		
	<b>Sub Total</b>	<b>-</b>	<b>171,535,447</b>	<b>-</b>	<b>5,895,000</b>		
	<b>Grand Total</b>	<b>240,766,669</b>	<b>198,535,447</b>	<b>80,718,800</b>	<b>8,684,000</b>	<b>34</b>	
<b>Health and Sanitation</b>							
Curative and Rehabilitative	Medical Supplies	160,650,000	-	64,792,130	-	40	
	Medical Services	33,200,000	242,200,000	12,060,235	5,115,409	36	
	Ambulance services	10,700,000	-	4,637,236	-	43	
Preventive and Promotive	Preventive and Promotive	17,050,041	-	6,214,999	-	36	
	Mobile clinics	5,800,000		1,438,188			
	Licensing and control of undertaking	9,045,859	-	4,200,593	-	46	
	<b>Sub Total</b>	<b>236,445,900</b>	<b>242,200,000</b>	<b>93,343,381</b>	<b>5,115,409</b>	<b>39</b>	
General Administration, Planning and support services	General Administration, Planning and support services	961,115,377		367,715,327	-	38	
	Development	-		-	-		
	<b>Sub Total</b>	<b>961,115,377</b>	<b>-</b>	<b>367,715,327</b>	<b>-</b>	<b>38</b>	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	<b>Grand Total</b>	<b>1,197,561,277</b>	<b>242,200,000</b>	<b>461,058,707</b>	<b>5,115,409</b>	<b>78</b>	
<b>Special Programme</b>							
Drought management (Preparedness, Response, Mitigation and Recovery)	Drought contingency	2,000,000	-	1,000,000	-	50	
	Disaster Risk Management Fund	139,202,243	-	68,801,121	-	49	
Social protection and response to other disasters	Food distribution and rations	3,032,392	-	729,100	-	24	
	<b>Sub-Total</b>	<b>144,234,635</b>	<b>-</b>	<b>70,530,221</b>	<b>-</b>	<b>49</b>	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	6,000,000	-	-	-	0	
	<b>Sub-Total</b>	<b>6,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	
	<b>Grand Total</b>	<b>150,234,635</b>	<b>-</b>	<b>70,530,221</b>	<b>-</b>	<b>47</b>	
<b>Roads and public works</b>							
County Roads Development	Routine maintenance	3,628,330	124,000,000	1,202,000	5,421,924	33	
	Opening of new roads	1,877,733	-	514,800	-	27	
	Grading, Murruming and tarmacking	1,645,000	-	498,910	-	30	
	Monitoring and Evaluation	1,849,133	-	355,800	-	19	
	<b>Sub-Total</b>	<b>9,000,196</b>	<b>124,000,000</b>	<b>2,571,510</b>	<b>5,421,924</b>	<b>29</b>	
Public works and services	Public works and services	24,536,780	501,782,356	2,188,037	-	9	
	<b>Sub Total</b>	<b>24,536,780</b>	<b>501,782,356</b>	<b>2,188,037</b>	<b>-</b>	<b>9</b>	
General Administration and Support Services	General Administration and Support Services	34,451,763	-	1,322,600	-	4	
	<b>Sub-Total</b>	<b>34,451,763</b>	<b>-</b>	<b>1,322,600</b>	<b>-</b>	<b>4</b>	
	<b>Grand Total</b>	<b>67,988,739</b>	<b>625,782,356</b>	<b>6,082,147</b>	<b>5,421,924</b>	<b>41</b>	<b>-</b>
<b>Water, Environment and Natural Resources</b>							
Environment Management	Environmental Protection	35,552,415	-	-	-	0	
	Environmental Protection	9,863,077	50,000,000	777,058	-	8	
	Control of Air Pollution	2,795,484	-	-	-	0	
	Solid Waste Management	11,098,615	-	6,169,300	-	56	
	<b>Sub-Total</b>	<b>59,309,591</b>	<b>50,000,000</b>	<b>6,946,358</b>	<b>-</b>	<b>12</b>	
General administration, planning support	General administration, planning support	34,780,511	-	4,071,826	-	12	
	<b>Sub-Total</b>	<b>34,780,511</b>	<b>-</b>	<b>4,071,826</b>	<b>-</b>	<b>12</b>	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water Services	Water Management services	12,208,476		2,949,623	2,505,991	24	
	Water Sanitation & Hygiene	3,767,316	249,500,000	741,550	-	20	
	Storm Water Management	3,010,744		270,100		9	
Energy Development	Energy	1,970,640		175,200		9	
	<b>Sub-Total</b>	<b>20,957,176</b>	<b>249,500,000</b>	<b>4,136,473</b>	<b>2,505,991</b>	<b>20</b>	0.01
	<b>Grand Total</b>	<b>115,047,278</b>	<b>299,500,000</b>	<b>15,154,657</b>	<b>2,505,991</b>	<b>13</b>	0.01
<b>Public service and administration</b>							
General Administration, support and planning	General Administration, support and planning	1,178,788,666	-	411,006,202		35	
Human Resource & Development	Performance management system	4,200,000	-	2,216,947		53	
	Human resource development	138,629,351	-	30,431,400		22	
County Administration	Administration	62,100,000	50,000,000	2,357,199	-	4	
	Enforcement	12,500,000	-	1,538,600		12	
Citizen Participation	Citizen Participation	6,100,000	-	827,283		14	
	<b>Sub Total</b>	<b>1,402,318,017</b>	<b>50,000,000</b>	<b>448,377,631</b>	-	<b>32</b>	0
	<b>Grand Total</b>	<b>1,402,318,017</b>	<b>50,000,000</b>	<b>448,377,631</b>	-	<b>32</b>	-
<b>Lands and physical planning</b>							
General Administration, Planning and support services	General Administration, Planning and support services	4,503,188	-	51,250		1	-
Land Policy and Planning	Physical Planning	22,438,245	64,000,000	12,466,426		56	-
	Survey, Mapping and GIS	6,077,817	30,000,000	1,866,500	1,218,126	31	-
	Land Administration	6,574,500	-	2,111,700		32	-
	<b>Grand Total</b>	<b>39,593,750</b>	<b>94,000,000</b>	<b>16,495,876</b>	<b>1,218,126</b>	<b>42</b>	-
<b>County Assembly</b>							
General Administration and Support Services	General Administration and Support Services	677,653,973	330,783,780	320,401,565	108,708,038	47	33
	<b>Sub-Total</b>	<b>677,653,973</b>	<b>330,783,780</b>	<b>320,401,565</b>	<b>108,708,038</b>	<b>47</b>	<b>33</b>
<b>Hola Municipality</b>							
General Administration and Support Services	General Administration and Support Services	36,450,000	50,000,000	6,674,842		18	0
	<b>Sub-Total</b>	<b>36,450,000</b>	<b>50,000,000</b>	<b>6,674,842</b>	-	<b>18</b>	<b>0</b>
<b>Grand Total</b>		<b>5,215,039,607</b>	<b>3,654,458,259</b>	<b>1,989,064,617</b>	<b>469,509,140</b>	<b>38</b>	<b>13</b>

Source: Tana River County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: VCT quality standards in the Department of Education at 87 per cent, Coordination of Peace and Cohesion in the Department of Office of the Governor at 87 per cent, General Administration in the Department of Finance at 70 per cent.

### 3.40.13 Accounts Operated Commercial Banks

The County government operated a total of 33 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.40.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was provided after the legal time-line of 15<sup>th</sup> January 2024.
2. The underperformance of own-source revenue at Kshs.29.4 million against an annual projection of Kshs.92.6 million, representing 31.7 per cent of the annual target
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Inuka Fund, Tana River Car & Mortgage Fund, Tana River Scholarship Fund, Tana River Emergency Fund and Tana River Bursary Fund still need to be submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.63 billion as of 31<sup>st</sup> December 2023.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and revenue collection accounts are exempted.*

## 3.41. County Government of Tharaka Nithi

### 3.41.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.6.32 billion, comprising Kshs.2.52 billion (39.9 per cent) and Kshs.3.80 billion (60.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 15.1 per cent compared to the previous financial



year when the approved budget was Kshs.5.49 billion and comprised of Kshs.1.82 billion towards development expenditure and Kshs.3.67 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.38 billion (69.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.54 billion as additional allocations/conditional grants, and generate Kshs.400.00 million (6.3 per cent) as gross own source revenue. The own-source revenue includes Kshs.122.80 million (1.9 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.277.20 million (4.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.276.

### 3.41.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.1.82 billion as the equitable share of the revenue raised nationally, Kshs.19.2 million as additional allocations/conditional grants, a cash balance of Kshs.264.97 million from FY 2022/23, and raised Kshs.156.13 million as own-source revenue (OSR). The raised OSR includes Kshs.70.23 million as Facility Improvement Fund (FIF) and Kshs.85.89 million as Ordinary own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.26 billion, as shown in Table 3.276.

**Table 3.276: Tharaka Nithi County, Revenue Performance in the First Half of FY 2023/24**

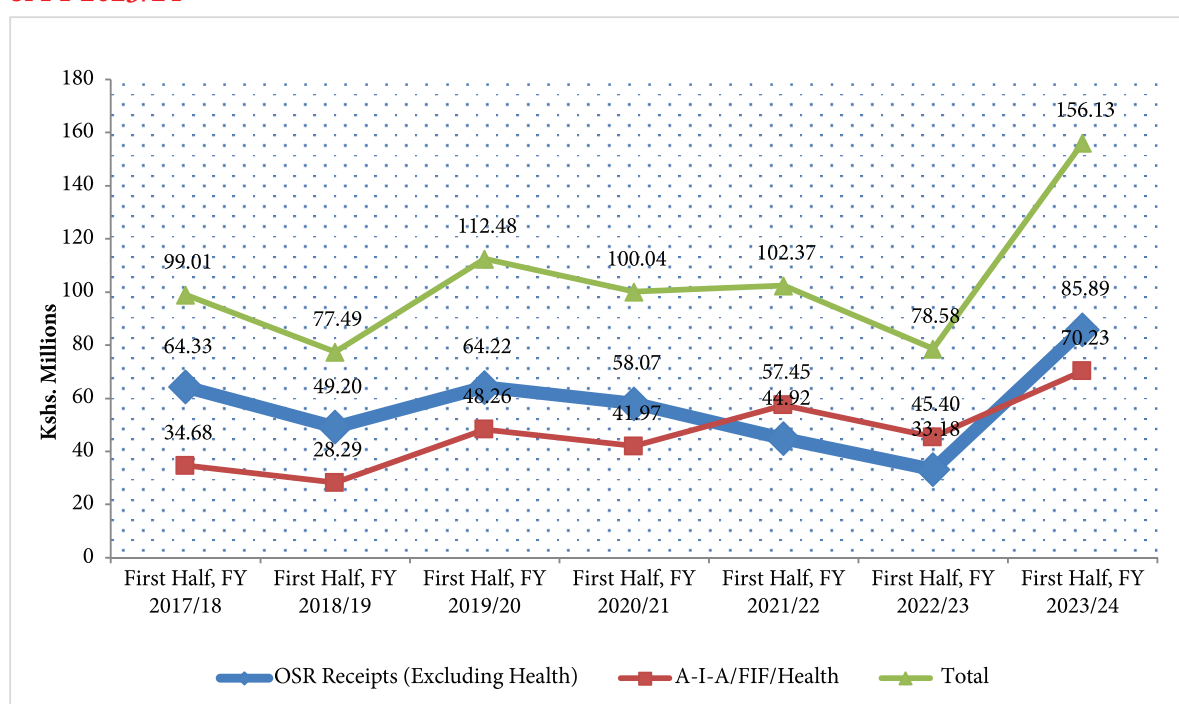
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised nationally</b>	<b>4,378,234,821</b>	<b>1,816,967,452</b>	<b>41.5</b>
<b>Sub total</b>		<b>4,378,234,821</b>	<b>1,816,967,452</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1.	Supplement for construction of county headquarters	103,160,000	-	-
2.	Conditional Grant- Leasing of Medical Equipment	124,723,404	-	-
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
4.	IDA (World Bank) Credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	-	-
5.	DANIDA Grant	7,161,000	7,695,750	107.5
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,785,670	500,000	28.0
7.	Kenya Informal Settlement Programme (KISP)II	80,000,000	-	-
8.	World Bank Emergency Locust Responses Projects (ELRP)	105,805,161	-	-
9.	WB KWASH for	213,000,000	-	-
10.	Equalization Fund	77,518,042	-	-
11.	Aquaculture Business Development Programme (ABDP)	12,810,384	-	-
12.	Aggregated Industrial Parks Programme	250,000,000	-	-
13.	Financing Locally Led Climate Action Programme (FLLoCA) Program	136,000,000	11,000,000	8.1
14.	Livestock Value Chain Support Project	28,647,360	-	-
15.	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	-	-
<b>Sub total</b>		<b>1,543,953,001</b>	<b>19,195,750</b>	<b>1.2</b>

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>C</b>	<b>Other Sources of Revenue</b>			
16.	Ordinary Own Source Revenue	277,200,000	85,893,183	31.0
18.	Facility Improvement Fund (FIF)	122,800,000	70,234,548	57.2
19.	Unspent balance from FY 2022/23	-	264,974,783	-
<b>Sub Total</b>		<b>400,000,000</b>	<b>421,102,514</b>	<b>105.3</b>
<b>Grand Total</b>		<b>6,322,187,822</b>	<b>2,257,265,716</b>	<b>35.7</b>

Source: Tharaka Nithi County Treasury

Figure 121 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

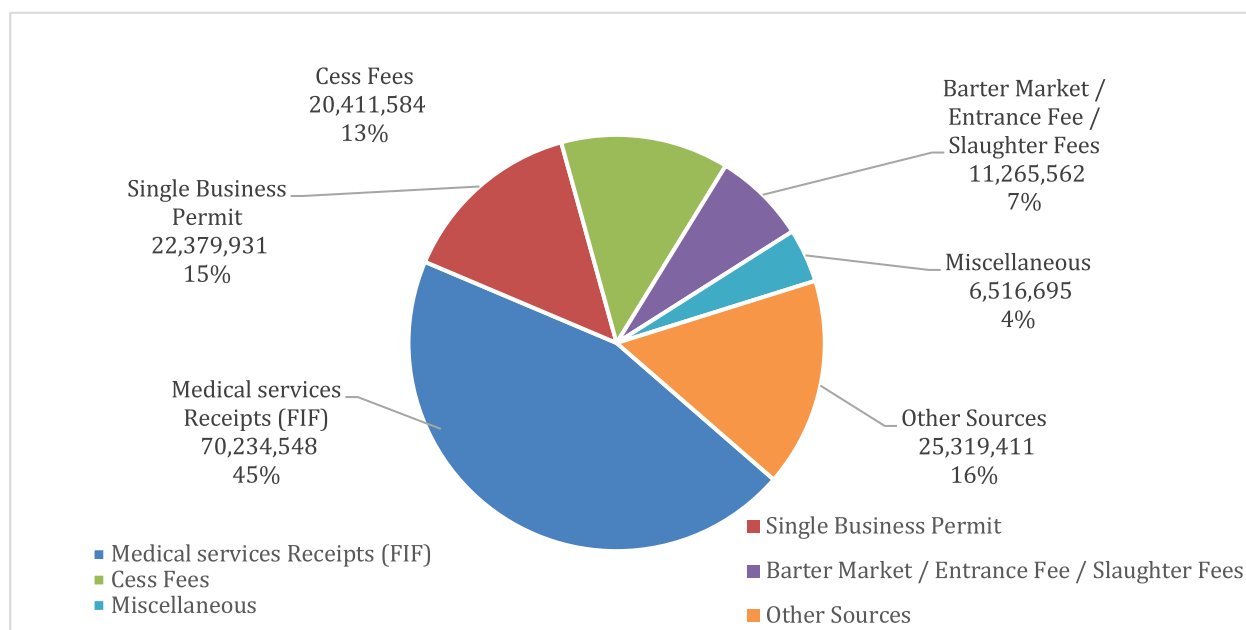
**Figure 121: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Tharaka Nithi County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.156.13 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 98.7 per cent compared to Kshs.78.58 million realised in FY 2022/23 and was 39.0 per cent of the annual target and 8.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 122.

**Figure 122: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Tharaka Nithi County Treasury*

The highest revenue stream of Kshs.70.23 million was from Medical services receipts (FIF), contributing to 45.0 per cent of the total OSR receipts during the reporting period.

### 3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.11 billion from the CRF account during the reporting period which comprised Kshs.297.64 million (14.1 per cent) for development programmes and Kshs.1.82 billion (85.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs1.23 billion was released towards Employee Compensation and Kshs.581.13 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.112.93 million.

### 3.41.4 County Expenditure Review

The County spent Kshs.2.06 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.6 per cent of the total funds released by the CoB and comprised Kshs.296.82 million and Kshs.1.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.8 per cent of the annual development expenditure budget while recurrent expenditure represented 46.4 per cent of the annual recurrent expenditure budget.

### 3.41.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.429.13 million, comprising of Kshs.252.60 million for recurrent expenditure and Kshs.176.53 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.191.76 million were settled, consisting of Kshs.107.93 million for recurrent expenditure and Kshs.83.83 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.237.37 million.

The outstanding pending bills for the County Assembly were Kshs.115.98 million as of 31<sup>st</sup> December 2023.

### 3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.20 billion on employee compensation, Kshs.338.70 million on operations and maintenance, and Kshs.296.82 million on development activities. Similarly, the County Assembly spent Kshs.89.98 million on employee compensation and Kshs.133.66 million on operations and maintenance, as shown in Table 3.277.

**Table 3.277: 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
<b>Total Recurrent Expenditure</b>	<b>3,256,637,907</b>	<b>544,516,596</b>	<b>1,541,453,324</b>	<b>223,645,049</b>	<b>47.3</b>	<b>41.1</b>
Compensation to Employees	2,226,953,017	280,627,733	1,202,757,520	89,982,150	54	32.1
Operations and Maintenance	1,029,684,890	263,888,863	338,695,804	133,662,899	32.9	50.7
<b>Development Expenditure</b>	<b>2,461,033,319</b>	<b>60,000,000</b>	<b>296,815,983</b>	<b>-</b>	<b>12.1</b>	<b>-</b>
<b>Total</b>	<b>5,717,671,226</b>	<b>604,516,596</b>	<b>1,838,269,307</b>	<b>223,645,049</b>	<b>32.2</b>	<b>37</b>

Source: Tharaka Nithi County Treasury

### 3.41.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.29 billion, or 57.3 per cent of the available revenue which amounted to Kshs.2.26 billion. This expenditure represented an increase of 5.7 per cent from Kshs.1.22 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.571.27 billion paid to health sector employees, translating to 44.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.23 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.40.19 million was processed through manual payrolls. The manual payrolls accounted for 3.1 per cent of the total PE cost.

The County Assembly spent Kshs.8.57 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.29.20 million. The average monthly sitting allowance was Kshs.59,537 per MCA. The County Assembly has established 19 Committees.

### 3.41.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.130.00 million to county-established funds in FY 2023/24, constituting 2.1 per cent of the County's overall budget. Table 3.278 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.278: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31st December 2023 (Kshs.) (Yes/No.)	Absorption (%)
<b>County Executive Established Funds</b>						
1.	Tharaka Nithi County Emergency Fund	15,000,000	-	-	Yes	-

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31st December 2023 (Kshs.) (Yes/No.)	Absorption (%)
2.	Tharaka Nithi County Bursary Fund	20,000,000	-	453,762	Yes	2.3
3.	Tharaka Nithi County Executive Staff Mortgage and Car Loan Scheme Fund	50,000,000	50,000,000	42,046,395	Yes	84.1
4.	Tharaka Nithi County Youth Empowerment Fund	20,000,000	-	3,597	Yes	-
<b>County Assembly Established Funds</b>						
1.	Tharaka Nithi County Assembly Car Loan & Mortgage Fund	25,000,000	-	902,636	-	3.6
<b>Total</b>		<b>130,000,000</b>	<b>50,000,000</b>	<b>43,406,390</b>	<b>-</b>	<b>33.4</b>

Source: Tharaka Nithi County Treasury

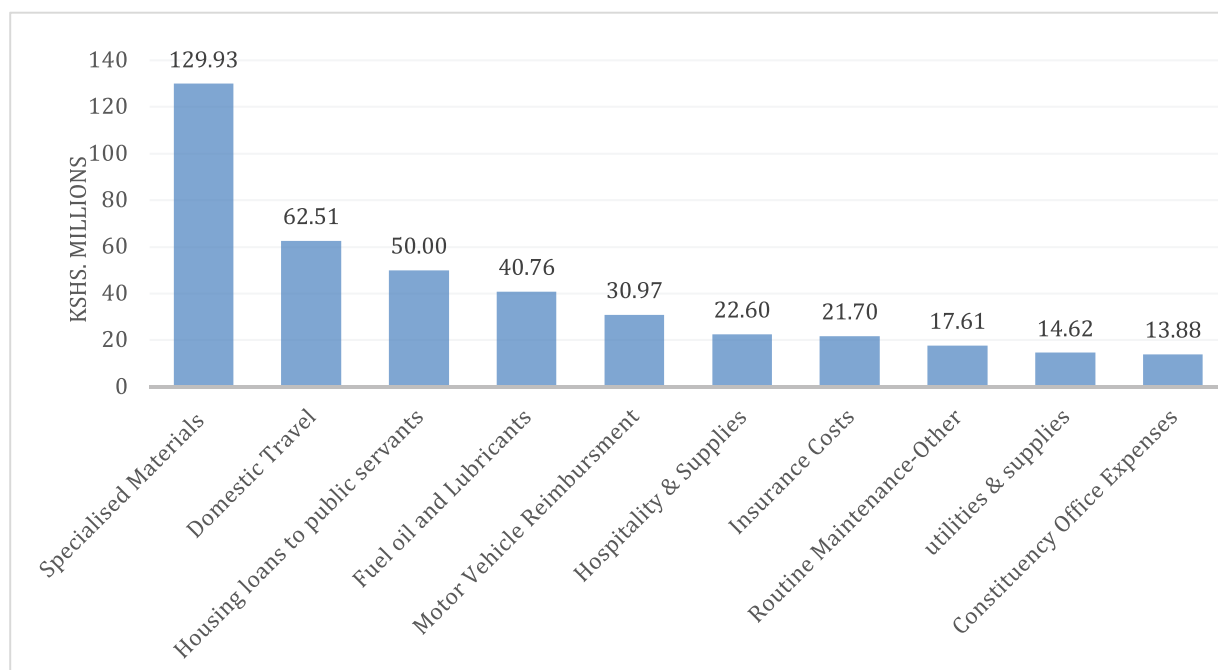
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all Funds as indicated in Table 3, as per the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the established public funds in Table 3.278 above contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.41.9 Expenditure on Operations and Maintenance

Figure 123 summarises the Operations and Maintenance expenditure by major categories.

Figure 123: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.62.51 million and comprised Kshs.52.73 million spent by the County Assembly and Kshs.9.78 million by the County Executive. The County Assembly and County Executive did not report expenditure on foreign travel during the reporting period.

### 3.41.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.296.82 million on development programmes, representing an increase of 41.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.209.76 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.279: Tharaka Nithi County, List of Development Projects with the Highest Expenditure**

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount Paid to date (Kshs.)	Implementation Status (%)
1	Roads, Infrastructure and Public Works	Maintenance and Improvement of Roads	Countywide	-	115,024,590	81,493,008	70.8
2	Roads, Infrastructure and Public Works	Tarmacking Kambandi-Cheera - Ruguti Road	Mugwe	-	140,000,000	77,889,754	55.6
3	Roads, Infrastructure and Public Works	Tarmacking Karandini-Kithioroni Road	Magumoni	-			
4	Agriculture and Livestock	Crop Subsidy	County wide	38,499,272	38,500,000	27,840,000	72.3
5	Agriculture and Livestock	Crop Subsidy	County wide	24,500,000	24,500,000	23,673,614	96.6
6	Education and Vocation Training	Construction of ECDE classes	Chiakariga Mari-manti, Ganga, Mwimbi, Chogoria, Igambang'ombe,, Gatunga, Mugwe, Muthambi	-	45,000,000	21,905,908	48.7
7	Water and Irrigation	Domestic Payables (Pending bills from previous years)	County wide	-	22,000,000	14,681,695	66.7
8	Roads, Infrastructure and Public Works	Construction of Ndagani market	Ndagani - Karingani ward	-	15,000,000	7,490,500	49.9
9	Health Services	Renovation and Improvements of Magutuni Hospital	Mwimbi	-	5,000,000	4,951,100	99
10	Health Services	Construction and equipping of Inpatient Block in Chuka Hospital (phase 1)	Karingani	-	27,000,000	4,807,182	17.8

*Source: Tharaka Nithi County Treasury*

The County allocated Kshs.140 million for the Tarmacking Kambandi- Cheera - Ruguti Road and Tarmacking Karandini- Kithioroni Road. The cumulative expenditure for the two projects in the period under review is Kshs.77,889,754 comprising Kshs.45,375,360 for the tarmacking Kambandi- Cheera - Ruguti Road and Kshs.35,514,394 for tarmacking Karandini- Kithioroni Road

### 3.41.11 Budget Performance by Department

Table 3.280 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.280: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor and Deputy Governor	151.08	-	45.68	-	45.37	-	99.3	-	30.0	-
Roads, Infrastructure, And Public Works	172.35	547.00	111.21	177.20	112.20	177.20	100.9	100.0	65.1	32.4
Medical Services	1,442.99	100.00	745.98	17.16	745.19	17.16	99.9	100.0	51.6	17.2
Agriculture, Livestock, Veterinary Services, and Cooperative Development	194.08	657.34	83.20	59.29	82.52	58.46	99.2	98.6	42.5	8.9
Administration and Public Service	125.95	10.00	60.73	-	60.40	-	99.4	-	48.0	-
Education and Vocational Training	199.65	55.00	84.25	21.91	83.84	21.91	99.5	100.0	42.0	39.8
Finance and Economic Planning	206.41	-	95.10	-	95.02	-	99.9	-	46.0	-
Environment and Natural Resources	40.55	167.00	20.43	-	20.24	-	99.1	-	49.9	-
County Assembly	544.52	60.00	267.98	-	223.65	-	83.5	-	41.1	-
Water Services and Irrigation	51.99	88.00	16.54	18.09	16.20	18.09	98.0	100.0	31.2	20.6
County Public Service Board	40.33	-	10.24	-	10.00	-	97.7	-	24.8	-
Public Health and Sanitation	286.85	124.72	148.80	-	148.26	-	99.6	-	51.7	-
Youth and Sport	37.62	30.00	11.87	-	11.04	-	92.9	-	29.3	-
Culture and Tourism	30.51	6.00	7.71	-	7.00	-	90.8	-	22.9	-
Revenue and Resource Mobilization	115.04	10.00	47.03	-	46.55	-	99.0	-	40.5	-
Lands Physical Planning and Housing	57.25	123.16	22.23	4.00	22.18	4.00	99.8	100.0	38.7	3.2
Fisheries and Ecosystem Development	17.01	19.81	4.58	-	4.00	-	87.4	-	23.5	-
Gender Children and Social Services	26.15	-	7.47	-	7.00	-	93.8	-	26.8	-
Trade Investment Promotion Energy and Industry	60.83	523.00	25.00	-	24.44	-	97.8	-	40.2	-
<b>Total</b>	<b>3,801.15</b>	<b>2,521.03</b>	<b>1,816.03</b>	<b>297.64</b>	<b>1,765.10</b>	<b>296.82</b>	<b>97.2</b>	<b>99.7</b>	<b>46.4</b>	<b>11.8</b>

*Source: Tharaka Nithi County Treasury*

Analysis of expenditure by department shows that the Department of Education and Vocational Training recorded the highest absorption rate of development budget at 39.8 per cent, followed by the Department of Roads, Infrastructure, and Public Works at 32.4 per cent. The Department of Roads, Infrastructure, and Public Works had the highest percentage of recurrent expenditure to budget at 65.1 per cent while the Department of Fisheries and Ecosystem Development had the lowest at 23.5 per cent. The recurrent expenditure for the Department of Roads, Infrastructure, and Public Works exceeded the exchequer releases approved by CoB which is irregular.

The allocation for recurrent expenditure for the County Executive amounting to Kshs.317.36 million is within the prescribed expenditure ceiling for the County Executive of Kshs.445.46 million contained in the Second Schedule of the County Allocation of Revenue Act, 2023 (CARA, 2023). On the other hand, the allocation for recurrent expenditure for the County Assembly amounting to Kshs.544.52 million exceeded the prescribed expenditure ceiling for the County Assembly of Tharaka Nithi of Kshs.497.97 million as contained in CARA, 2023.

### 3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.281 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.281: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
<b>Office of Governor and Deputy Governor</b>							
County Government Advisory Services	Public Sector Advisory Services (Legal & Economic Advisors)	15,900,000	-	844,500	-	5.3	-
County Leadership and Coordination of MDAs	Communication and Strategy	13,100,000	-	1,963,480	-	15.0	-
	Coordination of CMAs (Office of County Secretary)	7,050,000	-	1,566,280	-	22.2	-
General Administration, Planning and Support Services	Management of County Affairs (Office of Governor)	82,675,700	-	39,045,601	-	47.2	-
	Coordination and Supervisory Services (Deputy Governor's Office)	32,350,000	-	1,949,485	-	6.0	-
<b>Sub Total</b>		<b>151,075,700</b>	<b>-</b>	<b>45,369,346</b>	<b>-</b>	<b>30.0</b>	<b>-</b>
<b>Roads, Infrastructure and Public Works</b>							
General Administration Planning and Support Services	General Administration Services	51,722,060	16,000,000	49,103,957	1,844,623	94.9	11.5
Kathwana Municipality Development Programme	Kathwana Urban Area Support	7,707,210	10,000,000	828,679	-	10.8	-
Public Works and Housing Services	Public Works Services	3,727,500	-	175,000	-	4.7	-
Roads Transport	Rural Roads Improvement and Maintenance Services	65,690,000	340,000,000	48,790,890	152,257,533	74.3	44.8
Urban Development and Administration	Urban Administrative Services	43,500,000	181,000,000	13,300,898	23,095,630	30.6	12.8
<b>Sub Total</b>		<b>172,346,770</b>	<b>547,000,000</b>	<b>112,199,424</b>	<b>177,197,785</b>	<b>65.1</b>	<b>32.4</b>
<b>Medical Services</b>							
Curative and Rehabilitative Services	Primary Healthcare	-	72,500,000	-	17,159,300	-	23.7
	Medical Supplies	153,139,134	-	105,513,942	-	68.9	-
	Laboratory Services	20,400,000	-	7,039,470	-	34.5	-
General Administration Planning and Support Services	General Administration Services	56,500,000	27,500,000	22,326,078	-	39.5	-
	Human resource management	1,049,545,879	-	570,673,303	-	54.4	-
	Policy, Planning, Financing and Budgeting	122,800,000	-	27,312,686	-	22.2	-
ICT Infrastructure Development	ICT Infrastructure Development	40,600,500	-	12,320,667	-	30.3	-
<b>Sub Total</b>		<b>1,442,985,513</b>	<b>100,000,000</b>	<b>745,186,146</b>	<b>17,159,300</b>	<b>51.6</b>	<b>17.2</b>
<b>Agriculture and Crop Production</b>							
Cooperative Development and Management	Cooperative Development	3,493,683	-	141,700	-	4.1	-



Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Crop Development and Management	Crops Development, Agribusiness and Market Development	13,129,332	533,090,831	806,900	55,481,679	6.1	10.4
General Administration Planning and Support Services	Administration, Policy, Strategy and Management of Agriculture	106,519,212	10,000,000	58,267,226	2,224,652	54.7	22.2
Livestock and Fisheries Resource Management and Development	Livestock Policy Development and Capacity Building	61,526,264	97,989,340	22,283,827	355,000	36.2	0.4
	Veterinary Services and Disease Prevention	9,412,000	16,259,360	1,024,400	400,000	10.9	2.5
<b>Sub Total</b>		<b>194,080,491</b>	<b>657,339,531</b>	<b>82,524,053</b>	<b>58,461,331</b>	<b>42.5</b>	<b>8.9</b>
<b>Public Administration and Devolution Affairs</b>							
General Administration, Planning and Support Services	General Administration and Support Services	117,424,634	-	59,562,288	-	50.7	-
	Sub-County Administration and Field Services	1,989,665	10,000,000	7,500	-	0.4	-
	SP: Human Resource Management Services	6,540,000	-	826,100	-	12.6	-
<b>Sub Total</b>		<b>125,954,299</b>	<b>10,000,000</b>	<b>60,395,888</b>	<b>-</b>	<b>48.0</b>	<b>-</b>
<b>Education, Gender, Culture and Social Services</b>							
Education and Youth Training	Promotion of Basic Education (ECDE)	30,641,611	45,000,000	166,900	17,796,377	0.5	39.5
	Youth Training and Capacity Building	16,060,089	10,000,000	5,052,000	4,109,531	31.5	41.1
General Administration Planning and Support Services	Administration Planning and Support Services	152,944,800	-	78,616,525	-	51.4	-
<b>Sub Total</b>		<b>199,646,500</b>	<b>55,000,000</b>	<b>83,835,425</b>	<b>21,905,908</b>	<b>42.0</b>	<b>39.8</b>
<b>Finance and Economic Planning</b>							
Economic Policy and County Planning	Monitoring and Evaluation Services	4,270,000	-	406,800	-	9.5	-
	Economic Development, Planning and Coordination Services	4,020,000	-	475,800	-	11.8	-
	County Statistics Services	7,005,000	-	549,500	-	7.8	-
Financial Management Services	Supply Chain Management Services	4,610,000	-	510,200	-	11.1	-
	Audit Services	9,435,000	-	973,750	-	10.3	-
	Budget Formulation and Coordination	4,417,000	-	-	-	10.6	-
	Accounting Services	4,255,000	-	866,800	-	20.4	-
General Administration, Planning and Support Services	Human Resource Management Services	168,402,400	-	90,772,375	-	53.9	-
<b>Sub Total</b>		<b>206,414,400</b>	<b>-</b>	<b>95,022,225</b>	<b>-</b>	<b>46.0</b>	<b>-</b>
<b>Environment, Mining and Natural Resources</b>							
Environment and Natural Resources Management	Environment and Natural Resource	40,550,000	167,000,000	20,243,438	-	49.9	-
<b>Sub Total</b>		<b>40,550,000</b>	<b>167,000,000</b>	<b>20,243,438</b>	<b>-</b>	<b>49.9</b>	<b>-</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
<b>Water Services and Irrigation</b>							
Water Supply Services	Domestic Water Services	43,193,750	58,500,000	15,989,750	13,144,584	37.0	22.5
	Water Storage Services	1,933,000	-	73,200	-	3.8	-
	Irrigation and Drainage Services	6,867,000	29,500,000	138,600	4,947,075	2.0	16.8
<b>Sub Total</b>		<b>51,993,750</b>	<b>88,000,000</b>	<b>16,201,550</b>	<b>18,091,659</b>	<b>31.2</b>	<b>20.6</b>
<b>County Public Service Board</b>							
General Administration, Planning and Support Services	General Administration and Support Services	25,813,400	-	9,444,190	-	36.6	-
	Human Resource Management Services	14,520,000	-	560,518	-	3.9	-
<b>Sub Total</b>		<b>40,333,400</b>	<b>-</b>	<b>10,004,708</b>	<b>-</b>	<b>24.8</b>	<b>-</b>
<b>Public Health and Sanitation</b>							
Preventive and Promotive Health Services	Health Promotion and Disease Control	255,595,400	124,723,404	148,264,129	-	58.0	-
	Environmental Health Services	31,256,750	-	-	-	-	-
<b>Sub Total</b>		<b>286,852,150</b>	<b>124,723,404</b>	<b>148,264,129</b>	<b>-</b>	<b>51.7</b>	<b>-</b>
<b>Youth and Sports</b>							
Sports Development and Promotion	County Football League and Clubs Development	1,200,000	-	-	-	-	-
	Athletics Championships and Other Games	5,560,414	-	-	-	-	-
	Talent Search and Promotion	30,858,386	30,000,000	11,035,400	-	35.8	-
<b>Sub Total</b>		<b>37,618,800</b>	<b>30,000,000</b>	<b>11,035,400</b>	<b>-</b>	<b>29.3</b>	<b>-</b>
<b>Culture and Tourism</b>							
Culture, Arts and Social Services	Culture and Arts Promotion	26,975,200	6,000,000	7,000,000	-	25.9	-
Tourism Development and Promotion	Tourism Promotion and Infrastructure Development	1,380,900	-	-	-	-	-
	Miss Tourism Tharaka Nithi	2,157,150	-	-	-	-	-
<b>Sub Total</b>		<b>30,513,250</b>	<b>6,000,000</b>	<b>7,000,000</b>	<b>-</b>	<b>22.9</b>	<b>-</b>
<b>Revenue and Resource Mobilization</b>							
Financial Management Services	Resource Mobilization and Management	15,759,500	-	1,313,600	-	8.3	-
Resource Mobilization	Revenue Administration	99,279,500	10,000,000	45,234,603	-	45.6	-
<b>Sub Total</b>		<b>115,039,000</b>	<b>10,000,000</b>	<b>46,548,203</b>	<b>-</b>	<b>40.5</b>	<b>-</b>
<b>Lands, Physical Planning and Housing</b>							
General Administration, Planning and Support Services	General Administration and Support Services	-	103,160,000	-	-	-	-
Land Policy and Planning	Physical Planning Services	51,096,000	20,000,000	22,141,289	4,000,000	43.3	20.0
	Land administration and management	6,150,700	-	39,900	-	0.6	-
<b>Sub Total</b>		<b>57,246,700</b>	<b>123,160,000</b>	<b>22,181,189</b>	<b>4,000,000</b>	<b>38.7</b>	<b>3.2</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
<b>Fisheries and Ecosystem Development</b>							
Livestock and Fisheries Resource Management and Development	Fisheries Development and Promotion	17,005,304	19,810,384	4,000,000	-	23.5	-
<b>Sub Total</b>		<b>17,005,304</b>	<b>19,810,384</b>	<b>4,000,000</b>	-	<b>23.5</b>	-
<b>Gender, Children and Social Services</b>							
Gender and Youth Empowerment	Gender, Youth and Women Empowerment	26,150,000	-	7,000,000	-	26.8	-
<b>Sub Total</b>		<b>26,150,000</b>	-	<b>7,000,000</b>	-	<b>26.8</b>	-
<b>Trade, Investment Promotion, Energy and Industry</b>							
Energy Resource Development & Management	Energy Resource Development & Management	3,000,400	13,000,000	61,600	-	2.1	-
General Administration, Planning and Support Services	General Administration and Support Services	48,601,480	5,000,000	24,380,600	-	50.2	-
Industrial Development and Investment	Industrial Development	3,750,000	500,000,000	-	-	-	-
	Consumer Protection & Fair Trade Practices	5,480,000	5,000,000	-	-	-	-
<b>Sub Total</b>		<b>60,831,880</b>	<b>523,000,000</b>	<b>24,442,200</b>	-	<b>40.2</b>	-
<b>County Assembly</b>							
General Administration, Planning and Support Services	Office of the Clerk	283,794,105	60,000,000	109,039,873	-	38.4	-
County Legislation Services	County Assembly Services	198,521,075	-	73,538,434	-	37.0	-
	Coordination Services (Office of the Speaker)	6,300,000	-	2,974,400	-	47.2	-
	Procedure and Oversight Services (Committees)	55,901,416	-	38,092,342	-	68.1	-
<b>Sub Total</b>		<b>544,516,596</b>	<b>60,000,000</b>	<b>223,645,049</b>	-	<b>41.1</b>	-
<b>Grand Total</b>		<b>3,801,154,503</b>	<b>2,521,033,319</b>	<b>1,765,098,373</b>	<b>296,815,983</b>	<b>46.4</b>	<b>11.8</b>

Source: Tharaka Nithi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration Services in the Department of Roads, Infrastructure and Public Works at 75.2 per cent; Medical Supplies in the Department of Medical Services at 68.9 per cent; Procedure and Oversight Services (Committees) in the Department of County Assembly at 68.1 per cent, and Human resource management in the Department of Medical Services at 54.4 per cent of budget allocation.

### 3.41.13 Accounts Operated Commercial Banks

The County government operated a total of 16 accounts with commercial banks This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and own source revenue collection accounts.

### 3.41.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 23<sup>rd</sup> January 2024.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.280, where the County incurred expenditure over approved exchequer issues in the Department of Roads, Infrastructure, And Public Works.
3. High level of pending bills which amounted to Kshs.353.35 million as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.40.19 million were processed through the manual payroll, accounting for 3.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County Assembly Car Loan and Mortgage, Executive Staff Car Loan and Mortgage Fund, Youth Fund, Emergency Fund, Scholarship and School Bursary Fund, Recurrent KUSP Grant, and Development KUSP Grant.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted and own source Revenue Collection Accounts.*

## **3.42. County Government of Trans Nzoia**

### **3.42.1 Overview of FY 2023/24 Budget**

The County's approved supplementary budget for the FY 2023/24 is Kshs.10.25 billion, comprising Kshs.4.42 billion (43.1 per cent) and Kshs.5.83 billion (56.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 12.4 per cent compared to the previous financial year when the approved budget was Kshs.9.12 billion and comprised of Kshs.3.31 billion towards development expenditure and Kshs.5.81 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.50 billion (73.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.20 billion (11.7 per cent) as additional allocations/conditional grants, a cash

balance of Kshs.910.24 million (8.9 per cent) brought forward from FY 2022/23, and generate Kshs.643.70 million (6.3 per cent) as gross own source revenue. The own-source revenue includes Kshs.301.7 million (2.9 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.342.00 million (33 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.282.

### 3.42.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.47 billion as the equitable share of the revenue raised nationally, Kshs.67.69 million as additional allocations/conditional grants, had a cash balance of Kshs.910.24 million from FY 2022/23 and raised Kshs.225.99 million as own-source revenue (OSR). The raised OSR includes Kshs.114.39 million as FIF and Kshs.111.59 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.68 billion, as shown in Table 3.282.

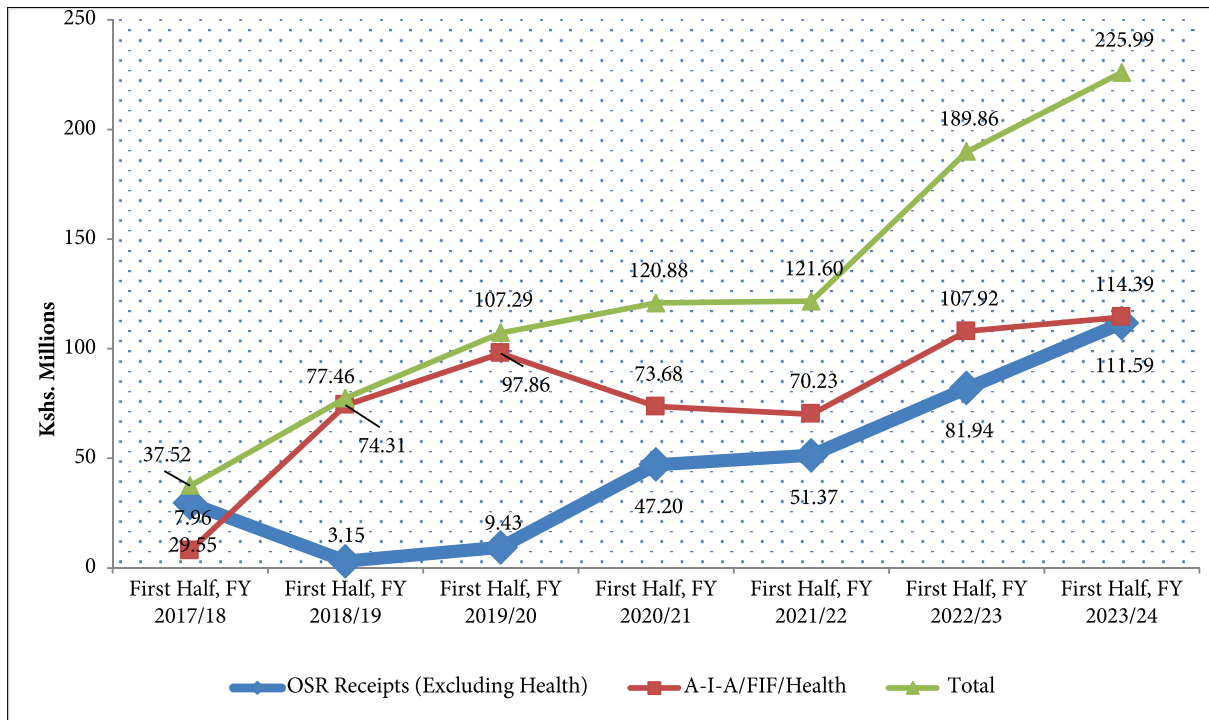
**Table 3.282: Trans Nzoia County, Revenue Performance in the First Half of FY 2023/24**

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,499,822,440	2,474,941,404	33
<b>Subtotal</b>		<b>7,499,822,440</b>	<b>2,474,941,404</b>	<b>33</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	150,000,000	-	-
2.	DANIDA Grant (Universal Healthcare in Devolved System Program)	10,510,500	-	-
3.	Kenya Livestock Commercialization Programme	35,500,000	-	-
4.	Provision of Fertilizer Subsidy	116,941,692	-	-
5.	Livestock Chain Support Project	71,618,400	-	-
6.	Leasing of Medical Equipment	124,723,404	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	3,051,336	500,000	16.4
8.	Kenya Informal Settlement Programme II (KISIP II)	300,000,000	-	-
9.	IDA - FLLoCA (County Climate Institutional Support) Grant	11,000,000	-	-
10.	IDA - FLLoCA (County Climate Resilient Investment) Grant	125,000,000	-	-
11.	National Value Chain Development Programme (NAVCDP)	250,000,000	67,192,729	26.9
<b>Subtotal</b>		<b>1,198,345,332</b>	<b>67,692,729</b>	<b>5.6</b>
<b>C</b>	<b>Own Source Revenue</b>			
12.	Ordinary Own Source Revenue	342,000,000	111,594,643	32.6
13.	Facility Improvement Fund (FIF)	301,700,000	114,390,762	37.9
<b>Sub Total</b>		<b>643,700,000</b>	<b>225,985,405</b>	<b>35.1</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
14.	Unspent balance from FY 2022/23	910,237,312	910,237,312	100
<b>Sub Total</b>		<b>910,237,312</b>	<b>910,237,312</b>	<b>100</b>
<b>Grand Total</b>		<b>10,252,105,084</b>	<b>3,678,856,850</b>	<b>35.9</b>

Source: Trans Nzoia County Treasury

The County has governing legislation on the operation of the Facility Improvement Fund (FIF). Figure 124 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

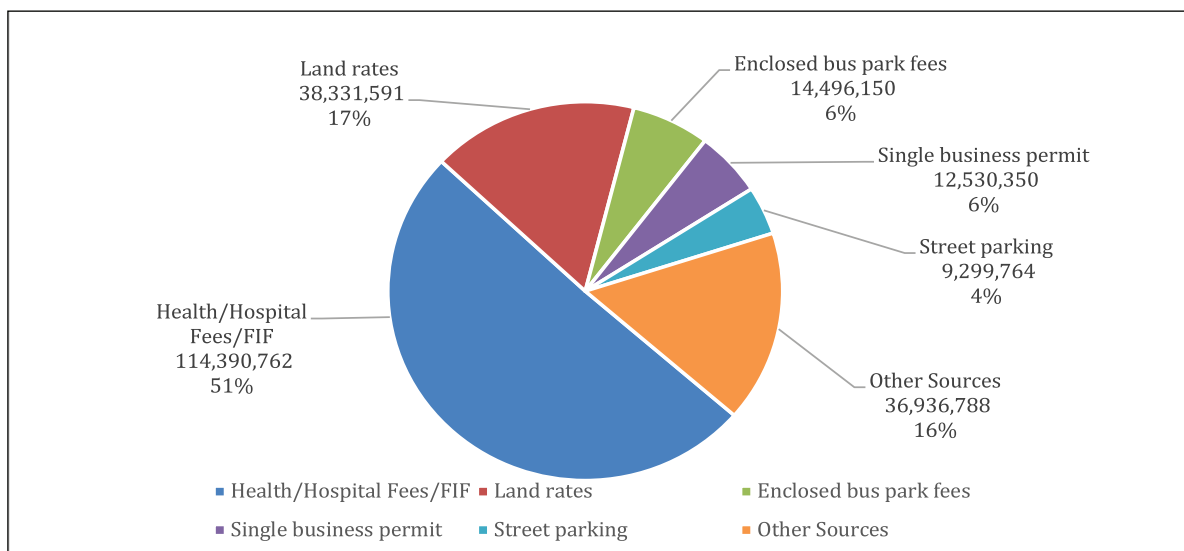
**Figure 124: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Trans Nzoia County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.225.99 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 19.0 per cent compared to Kshs.189.86 million realised in a similar period in FY 2022/23 and was 35.1 per cent of the annual target and 9.1 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 125.

**Figure 125: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs.114.39 million was from Health fess (FIF), contributing to 51 per cent of the total OSR receipts during the reporting period. The increase in OSR can be attributed to enhanced supervision, taxpayer sensitisation and the establishment of the Kiminini sub-county revenue office.

### 3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.04 billion from the CRF account during the reporting period which comprised Kshs.504.43 million (16.6 per cent) for development programmes and Kshs.2.54 billion (83.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.82 billion was released towards Employee Compensation and Kshs.716.31 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.195.58 million.

### 3.42.4 County Expenditure Review

The County spent Kshs.3.03 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB and comprised Kshs.524.03 million and Kshs.2.50 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.9 per cent, while recurrent expenditure represented 42.9 per cent of the annual recurrent expenditure budget.

### 3.42.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.16 billion, comprising Kshs.810.46 million for recurrent expenditure and Kshs.353.60 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.68.49 million were settled, only for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.10 billion.

There were no outstanding pending bills for the County Assembly as of 31<sup>st</sup> December 2023.

### 3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.68 billion on employee compensation, Kshs.418.58 million on operations and maintenance, and Kshs.360.18 million on development activities. Similarly, the County Assembly spent Kshs.147.37 million on employee compensation, Kshs.260.01 million on operations and maintenance, and Kshs.163.85 million on development activities, as shown in Table 3.283.

**Table 3.283: 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
<b>Total Recurrent Expenditure</b>	<b>5,071,470,429</b>	<b>759,771,133</b>	<b>2,094,782,140</b>	<b>407,378,736</b>	<b>41.3</b>	<b>53.6</b>
Compensation to Employees	3,111,210,689	300,309,476	1,676,199,211	147,366,054	53.9	49.1
Operations and Maintenance	1,960,259,740	459,461,657	418,582,929	260,012,682	21.4	56.6
<b>Development Expenditure</b>	<b>4,080,213,522</b>	<b>340,650,000</b>	<b>360,178,003</b>	<b>163,850,904</b>	<b>8.8</b>	<b>48.1</b>
<b>Total</b>	<b>9,151,683,951</b>	<b>1,100,421,133</b>	<b>2,454,960,144</b>	<b>571,229,640</b>	<b>26.8</b>	<b>51.9</b>

Source: Trans Nzoia County Treasury

### 3.42.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.82 billion, or 49.6 per cent of the available revenue which amounted to Kshs.3.68 billion. This expenditure represented an increase

from Kshs.1.73 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.02 billion paid to health sector employees, translating to 56.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.74 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.79.17 million was processed through manual payrolls. The manual payrolls accounted for 4.3 per cent of the total PE cost.

The County Assembly spent Kshs.12.72 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.50.61 million. The average monthly sitting allowance was Kshs.62,369 per MCA. The County Assembly has established 22 Committees.

### 3.42.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.296.47 million to county-established funds in FY 2023/24, constituting 3 per cent of the County's overall budget. Table 3.284 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.284: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Car Loan and Mortgage	50,000,000	25,000,000	-	148,379,626	No
2.	Elimu Bursary Fund	150,500,000	-	-	816,000,000	No
3.	Emergency Fund	50,000,000	-	-	-	No
4.	Nawiri Fund	-	-	-	84,000,000	No
5.	Youth and Women Development fund	-	-	-	102,000,000	No
<b>County Assembly Established Funds</b>						
6.	Car Loan and Mortgage Scheme Fund (Members and Staff)	45,976,857	29,364,000	29,364,000	200,000,000	No
<b>Total</b>		<b>296,476,857</b>	<b>54,364,000</b>	<b>29,364,000</b>	<b>1,350,379,626</b>	<b>-</b>

**Source:** *Trans Nzoia County Treasury*

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds as indicated in Table 3.284, contrary to the requirement of Section 168 of the PFM Act, 2012.

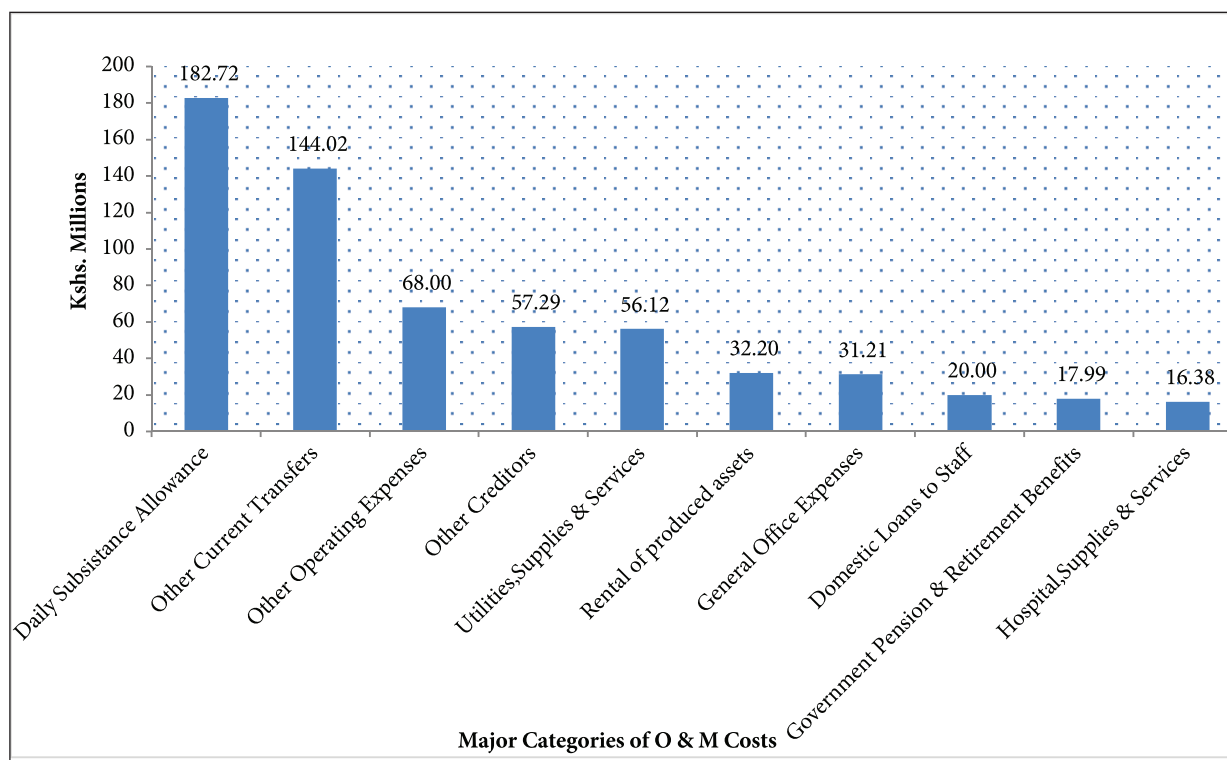
Further, the CoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.42.9 Expenditure on Operations and Maintenance

Figure 126 summarises the Operations and Maintenance expenditure by major categories.



**Figure 126: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories**



Source: Trans Nzoia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.182.72 million and comprised Kshs.107.71 million spent by the County Assembly and Kshs.75.01 million by the County Executive. The County did not report expenditure on foreign travel.

### 3.42.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.524.03 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.30.54 million. The increase in expenditure is attributed to the Construction of the Ultra-Modern Administration Block and Rehabilitation and Modernization of Kenyatta Stadium Phase 1A-Kitale, whose payments were settled in the reporting period. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.285: Trans Nzoia County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of Ultra-Modern Administration Block	County Assembly	464,359,150	258,315,514	65
2	Gender, Youth	Rehabilitation and Modernization of Kenyatta Stadium Phase 1A-Kitale	Kenyatta Stadium	657,305,895	186,324,777	16.4
3	County Assembly	Construction of Speakers Official Residence	Speakers Official Residence	34,966,971.80	14,274,592	60
4	Public works	Proposed gravelling in Chepchoina ward Japata-Kibosit road	Chepchoina ward	4,763,626	4,763,626	100
5	Public works	Routine maintenance of Kapchepsir junction-Mosbei-Kugut junction road in Kaplamai ward	Kaplamai ward	3,810,950	3,810,950	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Public works	Proposed culvert installation in Nabiswa ward	Nabiswa ward	3,279,109	3,279,109	100
7	Public works	Routine maintenance of Sirende-Ma-chungwa	Sirende-Ma-chungwa	3,218,039	3,218,039	100
8	Public works	Routine maintenance of Maritime-Kipkorion road	Maritime-Kipkorion road	3,215,704	3,215,704	100
9	Public works	Routine maintenance of Kwanza-water supply works-Gidea	Kwanza Water Supply works	3,180,109	3,180,109	100
10	Public works	Routine maintenance of Calvary church-Nabunga sec	Calvary church-nabunga se	3,163,608	3,163,608	100

Source: Trans Nzoia County Treasury

### 3.42.11 Budget Performance by Department

Table 3.286 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.286: Trans Nzoia County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	241.18	611.01	83.73	67.19	83.71	67.19	100	100	34.7	11
Livestock	12.95	278.57	0.88	-	0.88	-	100.1	-	6.8	-
Trade, Commerce	48.97	334.5	23.86	-	18.93	-	79.3	-	38.6	-
Water, Env and Natural Resources	73.79	497.73	31.1	-	24.49	28.83	78.8	-	33.2	5.8
Public Works, Transport and Infrastructure	143.18	498.92	49.71	130.26	49.71	121.77	100	93.5	34.7	24.4
Health Corporate	2,054.24	372.68	1,026.63	-	1,026.62	-	100	-	50	-
Lands, Housing	79.54	455.05	36.68	-	35.46	-	96.7	-	44.6	-
Municipality Board of Kitale	26.07	34.45	1.48	-	1.49	-	100.4	-	5.7	-
Gender, Sports, Culture	148.61	230.44	22.25	43.13	21.67	42.39	97.4	98.3	14.6	18.4
Governance	171.01	25	131.39	-	126.04	-	95.9	-	73.7	-
Public Service Management	593.06	300.75	197.9	-	192.72	-	97.4	-	32.5	-
County Public Service Board	75.66	13	10.2	-	10.18	-	99.8	-	13.5	-
Education, ICT	694.68	160.79	198.78	-	197.35	-	99.3	-	28.4	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance	601.86	248.53	302.79	100	298.76	100	98.7	100	49.6	40.2
Economic Planning	42.05	18.8	3.71	-	2.5	-	67.3	-	5.9	-
County Attorney	64.61	-	7.46	-	4.3	-	57.6	-	6.7	-
County Assembly	759.77	340.65	407.38	163.85	407.38	163.85	100	100	53.6	48.1
<b>Total</b>	<b>5,831.24</b>	<b>4,420.86</b>	<b>2,535.93</b>	<b>504.43</b>	<b>2,502.16</b>	<b>524.03</b>	<b>98.7</b>	<b>103.9</b>	<b>42.9</b>	<b>11.9</b>

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 48.1 per cent, followed by the Department of Finance at 40.2 per cent. The Department of Governance had the highest percentage of recurrent expenditure to budget at 73.7 per cent while the Municipality Board of Kitale had the lowest at 5.7 per cent.

### 3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.287 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.287: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Supplementary Estimates (Kshs)		Actual Expenditure as of 31st December 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
<b>Agriculture, Livestock</b>							
<b>Grand Total</b>		<b>254,131,256</b>	<b>889,579,547</b>	<b>84,584,242</b>	<b>67,192,729</b>	<b>33.3</b>	<b>7.6</b>
Crop Development	<b>Sub total</b>	-	<b>889,579,547</b>	-	<b>67,192,729</b>	-	<b>7.6</b>
	Crop Diversification	-	611,014,470	-	67,192,729	-	11
	Post-harvest management and value addition	-	278,565,077	-	-	-	-
Administrative and Support Services	<b>Sub total</b>	<b>254,131,256</b>	-	<b>84,584,242</b>	-	<b>33.3</b>	-
	Administrative and Support Services	254,131,256	-	84,584,242	-	33.3	-
<b>Trade, Commerce and Industry</b>							
<b>Grand Total</b>		<b>48,974,495</b>	<b>334,495,111</b>	<b>18,925,126</b>	-	<b>38.6</b>	-
Medium and small Enterprises	<b>Sub total</b>	-	<b>334,495,111</b>	-	-	-	-
	Medium and small Enterprises	-	334,495,111	-	-	-	-
Administrative and Support Services	<b>Sub total</b>	<b>48,974,495</b>	-	<b>18,925,126</b>	-	<b>38.6</b>	-
	Administrative and Support Services	48,974,495	-	18,925,126	-	38.6	-
<b>Water, Environment and Natural Resources</b>							
<b>Grand Total</b>		<b>73,794,564</b>	<b>497,733,567</b>	<b>24,493,688</b>	<b>28,830,000</b>	<b>33.2</b>	<b>5.8</b>
Environment management and protection	<b>Sub total</b>	-	<b>497,733,567</b>	-	<b>28,830,000</b>	-	<b>5.8</b>
	Waste Management	-	497,733,567	-	28,830,000	-	5.8

Programme	Sub-Programme	Approved Supplementary Estimates (Kshs)		Actual Expenditure as of 31st December 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administrative and Support Services	<b>Sub total</b>	73,794,564	-	24,493,688	-	33.2	-
	Administrative and Support Services	73,794,564	-	24,493,688	-	33.2	-
<b>Public Works, Roads and Infrastructure</b>							
<b>Grand Total</b>		<b>143,177,618</b>	<b>498,921,850</b>	<b>49,710,097</b>	<b>121,767,640</b>	<b>34.7</b>	<b>24.4</b>
Road Construction and Road Maintenance	<b>Sub total</b>	-	<b>498,921,850</b>	-	<b>121,767,640</b>	-	<b>24.4</b>
	Maintenance of Roads	-	498,921,850	-	121,767,640	-	24.4
Administrative and Support Services	<b>Sub total</b>	<b>143,177,618</b>	-	<b>49,710,097</b>	-	<b>34.7</b>	-
	Administrative and Support Services	143,177,618	-	49,710,097	-	34.7	-
<b>Lands, Housing and Urban Planning</b>							
<b>Grand Total</b>		<b>79,543,815</b>	<b>455,045,094</b>	<b>35,462,803</b>	-	<b>44.6</b>	-
Administrative and Support Services	<b>Sub total</b>	<b>79,543,815</b>	<b>455,045,094</b>	<b>35,462,803</b>	-	<b>44.6</b>	-
	Administrative and Support Services	79,543,815	455,045,094	35,462,803	-	44.6	-
<b>Gender, Sports, Culture and Tourism</b>							
<b>Grand Total</b>		<b>148,612,882</b>	<b>230,437,301</b>	<b>21,666,328</b>	<b>42,387,634</b>	<b>14.6</b>	<b>18.4</b>
Cultural development and promotion	<b>Sub total</b>	-	<b>230,437,301</b>	-	<b>42,387,634</b>	-	<b>18.4</b>
	Culture development	-	230,437,301	-	42,387,634	-	18.4
Administrative and Support Services	<b>Sub total</b>	<b>148,612,882</b>	-	<b>21,666,328</b>	-	<b>14.6</b>	-
	Administrative and Support Services	148,612,882	-	21,666,328	-	14.6	-
<b>Public Service Management</b>							
<b>Grand Total</b>		<b>593,055,177</b>	<b>300,749,509</b>	<b>192,721,214</b>	-	<b>32.5</b>	-
Infrastructure Development	<b>Sub total</b>	-	<b>300,749,509</b>	-	-	-	-
	Supervision and Management of Projects	-	300,749,509	-	-	-	-
Administrative And Support Services	<b>Sub total</b>	<b>593,055,177</b>	-	<b>192,721,214</b>	-	<b>32.5</b>	-
	Administrative And Support Services	593,055,177	-	192,721,214	-	32.5	-
<b>Education and ICT</b>							
<b>Grand Total</b>		<b>694,682,622</b>	<b>160,790,725</b>	<b>197,349,587</b>	-	<b>28.4</b>	-
Vocational Training Development	<b>Sub total</b>	-	<b>160,790,725</b>	-	-	-	-
	Vocational Training Development	-	160,790,725	-	-	-	-
Administrative And Support Services	<b>Sub total</b>	<b>694,682,622</b>	-	<b>197,349,587</b>	-	<b>28.4</b>	-
	Administrative And Support Services	694,682,622	-	197,349,587	-	28.4	-
<b>Finance</b>							
<b>Grand Total</b>		<b>601,859,682</b>	<b>248,532,843</b>	<b>298,755,190</b>	<b>100,000,000</b>	<b>49.6</b>	<b>40.2</b>
Administrative and Support Services	<b>Sub total</b>	<b>601,859,682</b>	<b>248,532,843</b>	<b>298,755,190</b>	<b>100,000,000</b>	<b>49.6</b>	<b>40.2</b>
	Supervision and Management of Projects	-	248,532,843	-	100,000,000	-	40.2
	Administrative And Support Services	601,859,682	-	298,755,190	-	49.6	-

Programme	Sub-Programme	Approved Supplementary Estimates (Kshs)		Actual Expenditure as of 31st December 2023 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
<b>Governance</b>							
<b>Grand Total</b>		<b>171,010,020</b>	<b>25,000,000</b>	<b>126,038,314</b>	-	<b>73.7</b>	-
Infrastructure Development	<b>Sub total</b>	-	<b>25,000,000</b>	-	-	-	-
	Supervision and Management of Projects	-	25,000,000	-	-	-	-
Administrative And Support Services	<b>Sub total</b>	<b>171,010,020</b>	-	<b>126,038,314</b>	-	<b>73.7</b>	-
	Administrative And Support Services	171,010,020	-	126,038,314	-	73.7	-
<b>County Public Service Board</b>							
<b>Grand Total</b>		<b>75,660,299</b>	<b>12,995,000</b>	<b>10,177,974</b>	-	<b>13.5</b>	-
Governance and County Values	<b>Sub total</b>	-	<b>12,995,000</b>	-	-	-	-
	Infrastructure Development	-	12,995,000	-	-	-	-
Administrative And Support Services	<b>Sub total</b>	<b>75,660,299</b>	-	<b>10,177,974</b>	-	<b>13.5</b>	-
	Administrative And Support Services	75,660,299	-	10,177,974	-	13.5	-
<b>Health Corporate</b>							
<b>Grand Total</b>		<b>2,054,239,334</b>	<b>372,682,059</b>	<b>1,026,615,395</b>	-	<b>50</b>	-
Administrative and Support Services	<b>Sub total</b>	<b>2,054,239,334</b>	<b>372,682,059</b>	<b>1,026,615,395</b>	-	<b>50</b>	-
	Preventive Health Services		372,682,059	-	-	-	-
	Administrative And Support Services	2,054,239,334	-	1,026,615,395	-	50	-
<b>Economic Planning</b>							
<b>Grand Total</b>		<b>42,053,780</b>	<b>18,800,000</b>	<b>2,497,800</b>	-	<b>5.9</b>	-
County Research and Development Planning	<b>Sub total</b>	-	<b>18,800,000</b>	-	-	-	-
	County Development Planning Services	-	18,800,000	-	-	-	-
Administrative And Support Services	<b>Sub total</b>	<b>42,053,780</b>	-	<b>2,497,800</b>	-	<b>5.9</b>	-
	Administrative And Support Services	42,053,780		2,497,800		5.9	-
<b>Municipality Board of Kitale</b>							
<b>Grand Total</b>		<b>26,067,705</b>	<b>34,450,916</b>	<b>1,487,100</b>	-	<b>5.7</b>	-
Administrative And Support Services	<b>Sub total</b>	<b>26,067,705</b>	<b>34,450,916</b>	<b>1,487,100</b>	-	<b>5.7</b>	-
	Administrative And Support Services	26,067,705	34,450,916	1,487,100	-	5.7	-
<b>County Attorney</b>							
<b>Grand Total</b>		<b>64,607,180</b>	-	<b>4,297,283</b>	-	<b>6.7</b>	-
Administrative And Support Services	<b>Sub total</b>	<b>64,607,180</b>	-	<b>4,297,283</b>	-	<b>6.7</b>	-
	Administrative And Support Services	64,607,180	-	4,297,283	-	6.7	-
<b>County Assembly</b>							
<b>Grand Total</b>		<b>759,771,133</b>	<b>340,650,000</b>	<b>407,378,736</b>	<b>163,850,904</b>	<b>53.6</b>	<b>48.1</b>
Administrative And Support Services	<b>Sub total</b>	<b>759,771,133</b>	<b>340,650,000</b>	<b>407,378,736</b>	<b>163,850,904</b>	<b>53.6</b>	<b>48.1</b>
	Administrative And Support Services	759,771,133	340,650,000	407,378,736	163,850,904	53.6	48.1
<b>Grand Total</b>		<b>5,831,241,562</b>	<b>4,420,863,522</b>	<b>2,502,160,877</b>	<b>524,028,908</b>	<b>42.9</b>	<b>11.9</b>

Source: Trans Nzoia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Governance at 73.7 per cent, Administrative and Support Services in the Department of County Assembly at 53.6 per cent, Administrative and Support Services in the Department of Health Corporate at 50.0 per cent, and Administrative and Support Services in the Department of Finance at 49.6 per cent of budget allocation.

### 3.42.13 Accounts Operated Commercial Banks

The County government operated a total of 11 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and own source revenue collection accounts.

### 3.42.14 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. The underperformance of own-source revenue at Kshs.225.99 million against an annual projection of Kshs.643.70 million, representing 35.1 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Administrators of Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.1.10 billion as of 31<sup>st</sup> December 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.79.17 million were processed through the manual payroll, accounting for 4.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County should develop and implement strategies to enhance its own-source revenue performance and ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as the law requires. However, imprest bank accounts for petty cash are exempted.*

### 3.43. County Government of Turkana

#### 3.43.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.17.10 billion, comprising Kshs.6.93 billion (40.5 per cent) and Kshs.10.17 billion (59.5 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 33.5 per cent compared to the previous financial year when the approved budget was Kshs.12.81 billion and comprised of Kshs.4.13 billion towards development expenditure and Kshs.8.68 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.14 billion (76.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.34 billion as conditional grants (7.8 per cent), a cash balance of Kshs.2.40 billion (14.0 per cent) brought forward from FY 2022/23, and generate Kshs.220 million (1.3 per cent) as gross own source revenue. A breakdown of the conditional grants is provided in Table 3.288.

#### 3.43.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.4.34 billion as the equitable share of the revenue raised nationally, Kshs.0.5 million as conditional grants, had a cash balance of Kshs.2.40 billion from FY 2022/23, and raised Kshs.106.98 million as own-source revenue (OSR). The raised OSR includes Kshs.35.86 million as FIF and Kshs.71.12 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.84 billion, as shown in Table 3.288.

**Table 3.288: Turkana County, Revenue Performance in the First Half of FY 2023/24**

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
<b>A</b>	<b>Equitable Share of Revenue Raised Nationally</b>	<b>13,143,946,933</b>	<b>4,337,502,487</b>	<b>33.0</b>
<b>Subtotal</b>		<b>13,143,946,933</b>	<b>4,337,502,487</b>	<b>33.0</b>
<b>B</b>	<b>Conditional Grants</b>			
1.	DANIDA Grant- Primary Health Care in Devolved Context	19,230,750	-	-
2.	IDA (World Bank) Credit (Financing Locally Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	148,500,000	-	-
3.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	-	-
4.	Sweden- Agricultural Sector Development Support Program (ASDSP) II	3,845,117	500,000	13.0
5.	German Development Bank (KfW)- Drought Resilience Program in Northern Kenya (DRPNK)	465,000,000	-	-
6.	World Bank- Emergency Locust Response Project (ELRP)	220,986,953	-	-
7.	De-Risking and Value Enhancement (DRIVE)	215,141,980	-	-
8.	A grant from the National Government	112,956,314	-	-
<b>Subtotal</b>		<b>1,335,661,113</b>	<b>500,000</b>	<b>-</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
9.	Ordinary Own Source Revenue	220,000,000	71,117,906	32.3

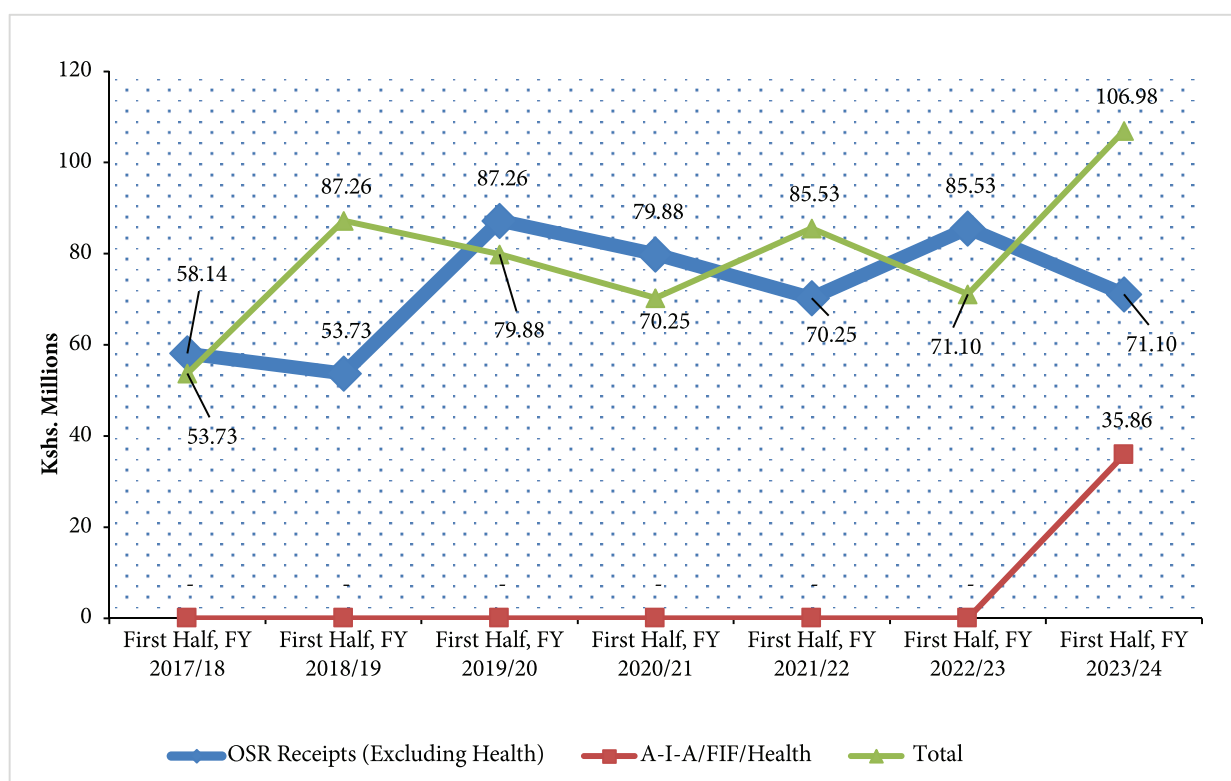
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
10.	Facility Improvement Fund (FIF)	-	35,864,639	0.0
11.	Unspent balance from FY 2022/23	2,397,462,423	2,397,462,423	100.0
<b>Sub Total</b>		<b>2,617,462,424</b>	<b>2,504,444,969</b>	<b>95.7</b>
<b>Grand Total</b>		<b>17,097,070,470</b>	<b>6,842,447,456</b>	<b>40.0</b>

Source: Turkana County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 127 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

**Figure 127: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**

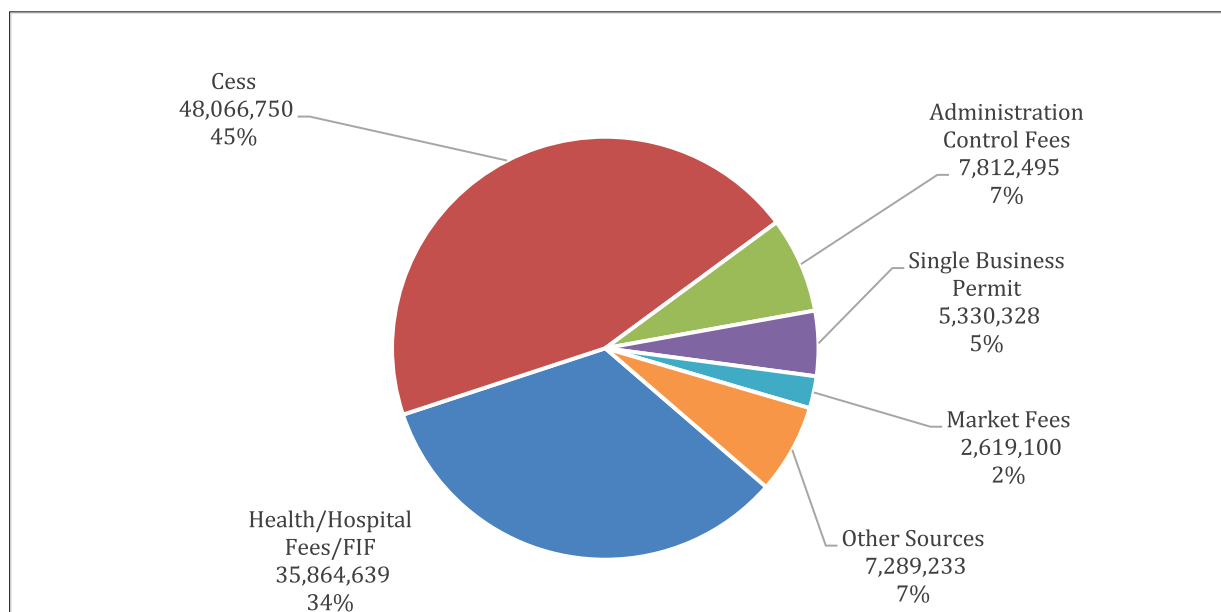


Source: Turkana County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.106.98 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 50.5 per cent compared to Kshs.71.10 million realised in a similar period of FY 2022/23 and was 48.6 per cent of the annual target and 0.6 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.49 million. The County Treasury did not provide a report on the receipt of FIF in the previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 128.



**Figure 128: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



*Source: Turkana County Treasury*

The increase in OSR can be attributed to receipts from FIF/health/hospital fees. We however note that the County did not factor receipts from FIF/health/hospital fees as possible sources of revenue in the FY 2023/24 revenue estimates. The FIF was factored in the FY 2023/24 expenditure estimates under Lodwar County Referral Hospital.

The highest revenue stream of Kshs.48.07 million was from cess, contributing to 45 per cent of the total OSR receipts during the reporting period.

### 3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.54 billion from the CRF account during the reporting period which comprised of Kshs.1.50 billion (22.9 per cent) for development programmes and Kshs.5.06 billion (77.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2023/24 indicates that Kshs.3.02 billion was released towards Employee Compensation, and Kshs.2.04 billion was released for Operations and Maintenance expenditure. The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.586.89 million.

### 3.43.4 County Expenditure Review

The County spent Kshs.6.05 billion on development and recurrent programmes in the reporting period. The expenditure represented 92.5 per cent of the total funds released by the CoB and comprised of Kshs.1.28 billion and Kshs.4.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.5 per cent, while recurrent expenditure represented 46.8 per cent of the annual recurrent expenditure budget.

### 3.43.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.96 billion, comprising Kshs.154.30 million for recurrent expenditure and Kshs.1.81 billion for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.564.44 million were settled, consisting of Kshs.120.63 million for recurrent expenditure and Kshs.443.81 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.39 billion.

The County Assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.71 billion on employee compensation, Kshs.1.45 billion on operations and maintenance, and Kshs.1.24 billion on development activities. Similarly, the County Assembly spent Kshs.327.99 million on employee compensation, Kshs.277.40 million on operations and maintenance, and Kshs.40. million on development activities, as shown in Table 3.289.

**Table 3.289: 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
<b>Total Recurrent Expenditure</b>	<b>9,098,042,022</b>	<b>1,070,834,859</b>	<b>4,156,700,800</b>	<b>605,396,847</b>	<b>45.7</b>	<b>56.5</b>
Compensation to Employees	4,853,050,131	612,239,568	2,705,044,481	327,993,473	55.7	53.6
Operations and Maintenance	4,244,991,891	458,595,291	1,451,656,319	277,403,374	34.2	60.5
<b>Development Expenditure</b>	<b>6,760,151,189</b>	<b>168,042,400</b>	<b>1,243,190,292</b>	<b>39,996,173</b>	<b>18.4</b>	<b>23.8</b>
<b>Total</b>	<b>15,858,193,211</b>	<b>1,238,877,259</b>	<b>5,399,891,092</b>	<b>645,393,020</b>	<b>34.1</b>	<b>52.1</b>

*Source: Turkana County Treasury*

### 3.43.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.3.03 billion, or 44.3 per cent of the available revenue which amounted to Kshs.6.84 billion. This expenditure represented an increase from Kshs.2.62 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.05 billion paid to health sector employees, translating to 34.5 per cent of the total wage bill. The increase in wage bill is attributed to new recruitments and promotions of the existing staff.

Further analysis indicates that PE costs amounting to Kshs.2.96 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.74.08 million was processed through manual payrolls. The manual payrolls accounted for 2.4 per cent of the total PE cost.

The County Assembly spent Kshs.5.61 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.44.97 million. The average monthly sitting allowance was Kshs.19,485 per MCA. The County Assembly has established 21 Committees.

### 3.43.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.924.77 million to county-established funds in FY 2023/24, constituting 5.4 per cent of the County's overall budget. Table 3.290 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.290: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Annual FS as of 31st December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Turkana County Emergency Fund	147,388,667	147,388,667	133,401,207	Yes
2.	Turkana County Biashara Fund	50,000,000	-	1,935	Yes
3.	Turkana County Youth and Women Empowerment Fund	50,000,000	-	483,299	Yes
4.	Turkana County Education and Skills Development Fund	534,219,180	534,219,180	11,072,253	Yes
5.	Turkana County Cooperative Enterprise Development Fund	-	-	378	Yes
6.	Turkana County Climate Change Fund	120,000,000	-	22,064,719	Yes
7.	Turkana County Water Service Fund	23,157,696	-	64,557,676	Yes
8.	Turkana County Car Loan and Mortgage Fund	-	-	1,416	Yes
9.	Turkana County COVID Fund	-	-	-	Yes
<b>Total</b>		<b>924,765,543</b>	<b>681,607,847</b>	<b>231,582,883</b>	

Source: Turkana County Treasury

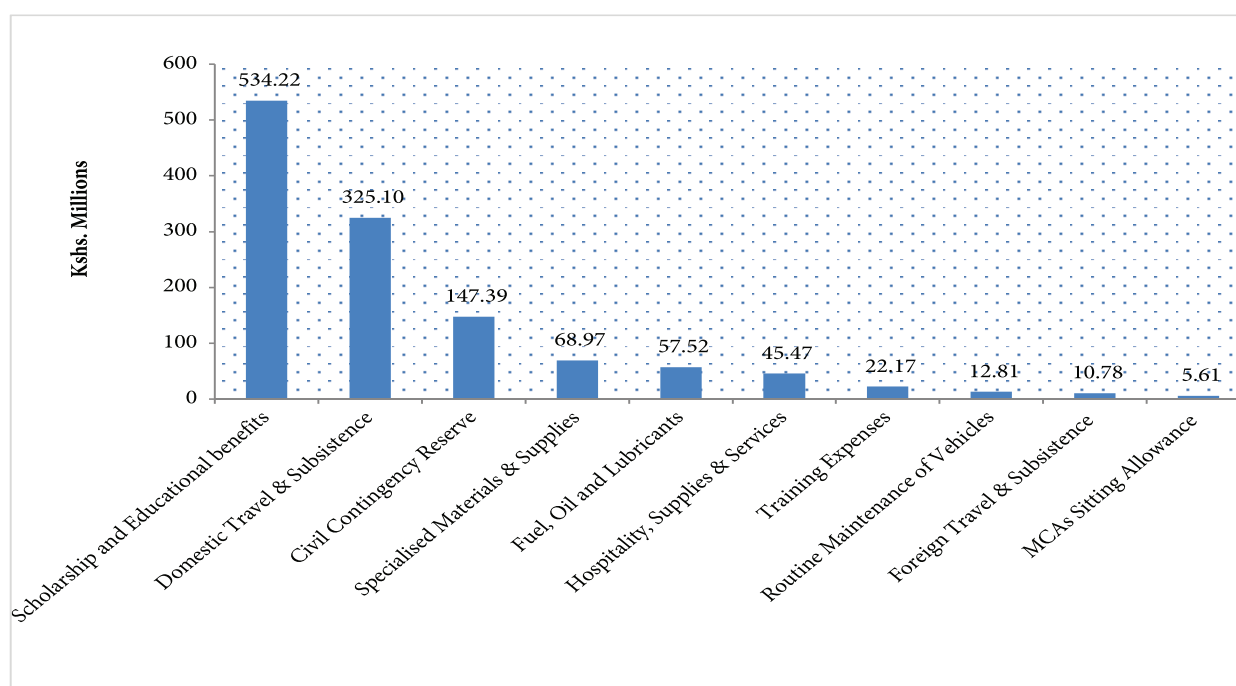
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of 9 funds as indicated in Table 3.290, as per the requirement of Section 168 of the PFM Act, 2012.

The OCoB however noted that the County government uses commercial bank accounts to operate the established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.43.9 Expenditure on Operations and Maintenance

Figure 129 summarises the Operations and Maintenance expenditure by major categories.

**Figure 129: Turkana County, Operations and Maintenance Expenditure by Major Categories**



Source: Turkana County Treasury

During the period, expenditure on domestic travel amounted to Kshs.325.10 million and comprised Kshs.150.34 million spent by the County Assembly and Kshs.174.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.78 million and comprised Kshs.4.95 million by the County Assembly and Kshs.5.83 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.291 below; -

**Table 3.291: Summary of Highest Expenditure on Foreign Travel**

Arm of County Government	No. of Officers who Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	24 <sup>th</sup> August, 2023	PANASA Presidents Cup and Gala Awards	Lagos, Nigeria	2,569,600
County Executive	10	20 <sup>th</sup> August,2023	Case Hearing for 32 Convicted Pastoralists	Kampala-Uganda	2,924,901
County Assembly	10	17 <sup>th</sup> September,2023 to 23 <sup>rd</sup> September,2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,322,528
County Assembly	11	25 <sup>th</sup> September,2023 to 29 <sup>th</sup> September,2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,661,648

Source: Turkana County Treasury

### 3.43.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.1.28 billion on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.376.07 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.292: Turkana County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation Services	Construction of Outpatient Block and Renovation of Staff Houses at Kibish Health Centre	Kibish ward	17,740,000	14,765,195	83.2
2	Infrastructure, Transport and Public Works	Proposed Turkwel River Protection	Township Ward	25,928,823	14,678,013	100
3	Health and Sanitation Services	Construction and renovation of Dispensaries	County Ward	56,527,160	31,613,687	55.9
4	Lodwar Municipality	Routine Maintenance of Street Lights and Flood Lights	Township Ward	9,910,000	9,910,000	100
5	Health and Sanitation Services	Construction and Equipping of Public Health Laboratory	Kakuma Ward	9,982,600	8,722,600	88.8
5	Trade, Enterprise, Gender and Youth Affairs	Completion of Lomokori Market (Stalls, Fencing, Gate and Pit Latrines)	Lokiriama Ward	14,611,200	7,000,860	100
6	Agriculture, Pastoral Economy and Fisheries	Bush Clearing at Lokireriet	Nanam Ward	6,865,265	6,865,265	100
7	Water Services, Environment and Mineral Resources	Improvement of Nawatom Water Supply	Nawoutos Ward	4,999,400	4,999,400	100
8	Health and Sanitation Services	Construction of Psychiatric Unit in Lokori	Lokori Ward	14,400,000	4,957,200	34.4
9	Agriculture, Pastoral Economy and Fisheries	Construction of Model Drip Irrigation at Nanyangakipi	Songot Ward	9,853,767	3,999,743	40.6
10	Lodwar Municipality	Construction of Public Toilets	Township Ward	6,600,875	6,600,875	100

Source: Turkana County Treasury

### 3.43.11 Budget Performance by Department

Table 3.293 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.293: Turkana County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	244.84	101	149.35	-	103.96	-	69.6	-	42.6	-
Office of the Deputy Governor	30.82	-	20.21	-	5.58	-	27.6	-	18.1	-
Finance and Economic Planning	545.62	1,934.77	345.71	557.31	314.38	509.36	90.9	91.4	57.6	26.3
Water Services, Environment and Mineral Resources	59.94	475.07	15.74	28.5	11.65	8.98	74	31.5	19.4	1.9
Health & Sanitation Services	667.86	620.79	190.2	27.25	160.33	27.25	84.3	100	24	4.4
Trade, Gender and Youth Affairs	72.88	453	29.96	100	7.11	100	23.7	100	9.8	22.1
Education, Sports and Social Protection	734.7	385.24	625.61	22	602.8	-	96.4	-	82	-
Public Services, Decentralized Administration & Disaster Management	6,089.25	41.28	2,886.45	-	2,803.96	-	97.1	-	46	-
Infrastructure, Transport and Public Works	85.59	291.54	11.67	126.98	5.71	-	48.9	-	6.7	-
Agriculture Pastoral Economy and Fisheries	116.85	1,584.19	40.63	242.88	9.73	160.48	23.9	66.1	8.3	10.1
Tourism, Culture and Natural Resources	126.94	390.3	74.95	148.5	28.71	131	38.3	88.2	22.6	33.6
Lands, Energy, Housing and Urban Areas Management	76.02	166.58	23.04	11.82	8.55	-	37.1	-	11.3	-
Turkana County Assembly	1,070.83	168.04	593.47	40	605.4	30	102	100	56.5	23.8
Turkana County Public Service Board	124.61	10	29.09	-	33.91	-	116.6	-	27.2	-
Office of the County Attorney	39.18	-	5.16	-	17.19	-	333.2	-	43.9	-
Lodwar Municipality Board	64.92	306.38	22.65	195	43.13	306.12	190.4	-	66.4	99.9
Kakuma Municipality	19	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,168.88</b>	<b>6,928.19</b>	<b>5,063.88</b>	<b>1,500.23</b>	<b>4,762.09</b>	<b>1,283.19</b>	<b>94</b>	<b>85.5</b>	<b>46.8</b>	<b>18.5</b>

*Source: Turkana County Treasury*

Analysis of expenditure by department shows that the Lodwar Municipality Board recorded the highest absorption rate of development budget at 99.9 per cent, followed by the Department of Tourism, Culture and Natural Resources at 33.6 per cent. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 82.0 per cent while the Kakuma Municipality did not report any expenditure.

Further analysis shows the expenditure for the Office of the County Attorney and Lodwar Municipality exceeded the exchequer issues by 332.2 per cent and 190.4 per cent respectively. The anomalies can be attributed to the fact that a substantial number of transactions may appear as having been paid at IFMIS but in practice, they are awaiting funding at the CBK Internet Banking (IB) level.

### 3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3.294 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.294: Turkana County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
<b>Office of the Governor</b>					
General Administration, Planning and Support Service	General Administration and Support services	100,614,869	42,541,029	58,073,840	42.3
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	1,011,042	750,000	261,042	74.2
	Political and Intergovernmental Advisory Services	2,054,117	2,000,000	54,117	97.4
	Legal Advisory Services	1,411,043	650,000	761,043	46.1
	Security and cross-border Advisory Services	1,971,248	675,000	1,296,248	34.2
	Oil and Gas Advisory Service	1,411,042	675,000	736,042	47.8
	Gender and Partnership Advisory Services	1,411,042	450,000	961,042	31.9
	Special Interest groups	1,011,042	650,000	361,042	64.3
	Climate Change advisory services	1,011,042	650,000	361,042	64.3
	Education and youth Advisory services	1,011,042	750,000	261,042	74.2
	Culture, Arts and Heritage advisory services	1,411,042	650,000	761,042	46.1
Security and Peace Building	County Peace Building and Conflict Management	12,015,895	2,732,500	9,283,395	22.7
	Internal Peace Building and Conflict Management	22,183,191	9,500,000	12,683,191	42.8
	Resettlement Infrastructural Programme	92,669,450	3,550,000	89,119,450	3.8
	Cross Border Peace Dividends Programme	45,290,681	19,500,000	25,790,681	43.1
Public Participation and Access to Information	Construction of Citizen Resource Centre	4,038,679	1,910,000	2,128,679	47.3
	Web site Development	6,780,245	1,750,000	5,030,245	25.8
	Social Budgeting and Generation of SIR Reports	2,018,886	-	2,018,886	-
	Intergovernmental Relation	15,606,600	7,689,000	7,917,600	49.3
	Strategy Development, Review, Support and Operationalization	1,577,044	-	1,577,044	-
Service Delivery- ISO Certification	Service Charter	4,021,349	1,234,768	2,786,581	30.7
	Development of County Filing Systems	4,339,073	-	4,339,073	-
	Procedure Manual and Training	11,979,699	5,648,907	6,330,792	47.2

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governors Press Service	Governors Press Support	7,988,296	-	7,988,296	-
	<b>Subtotal</b>	<b>344,837,659</b>	<b>103,956,204</b>	<b>240,881,455</b>	<b>30.1</b>
<b>Office of the Deputy Governor</b>					
General Planning and Support	General Planning and Support services	23,222,687	5,578,586	17,644,101	24
Government Programming	Government Programming	2,300,000	-	2,300,000	-
	Community Engagement	1,900,568	-	1,900,568	-
	Government Stakeholder Engagement	1,800,000	-	1,800,000	-
	Government Transformation	1,600,090	-	1,600,090	-
	<b>Subtotal</b>	<b>30,823,345</b>	<b>5,578,586</b>	<b>25,244,759</b>	<b>18.1</b>
<b>Finance and Economic Planning</b>					
General Administration, Planning and Support Service	General Administration Services	1,841,929,532	638,231,610	1,203,697,922	34.7
	General Administration - Economic planning	192,619,288	-	192,619,288	-
Government Communication and Media Relations	Acquiring and development of communication systems/equipment	2,500,000	-	2,500,000	-
	Policies	15,200,000	-	15,200,000	-
	Development and Implementation of ICT Policy and Regulations	2,490,000	-	2,490,000	-
Revenue Collection Systems	Awareness and Campaigns on Revenue.	7,850,836	2,800,000	5,050,836	35.7
	Revenue Forecast and Revenue Budget Preparation	6,080,564	3,775,000	2,305,564	62.1
	Revenue Governance	3,975,600	-	3,975,600	-
	Revenue Infrastructure	43,000,000	-	43,000,000	-
	Revenue Automation	11,100,000	6,514,100	4,585,900	58.7
Accountability and Transparency	Internal Audit	4,100,000	3,497,800	602,200	85.3
	Consultancy Services	2,015,600	861,000	1,154,600	42.7
	Financial Reporting/Research and Development	3,800,000	-	3,800,000	-
	Emergency Fund	147,388,667	147,388,667	-	100
	Tax Management and Statutory Deduction	2,000,000	875,000	1,125,000	43.8
Social and Policy Formulation	Assurance and Insurance of Government	3,150,000	1,907,000	1,243,000	60.5
	Liability and Debt Management	2,700,000	750,000	1,950,000	27.8
	Turkana Sacco Seed Capital	3,800,000	737,000	3,063,000	19.4
Planning and Policy formulation	Economic Policy Formulation and Dissemination	4,000,000	-	4,000,000	-
	CIDP review and Dissemination	1,546,736	-	1,546,736	-
	County Budget and Economic Forums and Budget Preparation	59,138,777	-	59,138,777	-
	Public Participation and Access to Information	3,500,000	-	3,500,000	-
	Waste Management	10,500,000	2,219,000	8,281,000	21.1

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Monitoring and Evaluation	Asset Management	6,900,000	748,000	6,152,000	10.8
	Field visits, data collection and Reporting	2,500,000	1,184,500	1,315,500	47.4
	Training and Knowledge management	3,900,000	842,400	3,057,600	21.6
	Devolved Monitoring and Evaluation Committees	2,500,000	1,000,000	1,500,000	40
County Statistical Unit	Soft wares, databases and tools	6,175,000	-	6,175,000	-
	Capacity Development	3,026,422	-	3,026,422	-
	Project Management Information System	1,000,000	-	1,000,000	-
Budgetary Supply	Budget Formulation, Co-ordination and Management	40,992,000	5,120,800	35,871,200	12.5
	Public Participation in Budgeting	18,092,000	1,586,000	16,506,000	8.8
	County Budget and Economic Forum	8,300,000	1,418,000	6,882,000	17.1
	Accountability in Resource Allocation	7,600,000	1,550,600	6,049,400	20.4
Resource Mobilisation	Resource Mobilisation	5,017,378	728,700	4,288,678	14.5
	<b>Subtotal</b>	<b>2,480,388,400</b>	<b>823,735,177</b>	<b>1,656,653,223</b>	<b>33.2</b>
<b>Water Services, Environment and Mineral Resources</b>					
Turkana Water Programme	General Administration, Planning and support services	304,317,437	20,633,312	283,684,125	6.8
Joint planning with stakeholders	Technical planning and design	109,177,290	-	109,177,290	-
Irrigation and Schemes Development Programme	Feasibility studies for irrigation systems development	33,300,000	-	33,300,000	-
General Administration and Support	General Administration and Support	88,220,000	-	88,220,000	-
	<b>Subtotal</b>	<b>535,014,727</b>	<b>20,633,312</b>	<b>514,381,415</b>	<b>3.9</b>
<b>Health &amp; Sanitation Services</b>					
General Administration, Planning and support services	General Administration, Planning and support services	545,408,697	-	545,408,697	-
Support to Health Programs	Health Facilities	83,013,324	-	83,013,324	-
	HIV and AIDS including community-based HIV interventions	500,000	-	500,000	-
	TB and Leprosy	500,000	-	500,000	-
	Malaria	300,000	-	300,000	-
	NTDs (neglected tropical diseases)	600,000	-	600,000	-
	Nutrition	600,000	44,100	555,900	7.4
	Reproductive health	1,000,000	-	1,000,000	-
	Disease surveillance	400,000	-	400,000	-
	EPI/outreaches	500,000	-	500,000	-
	Health promotion	81,000,000	24,400,000	56,600,000	30.1
	Environmental health services	600,000	-	600,000	-
	Emergency preparedness and disaster response	600,000	-	600,000	-
	Mainstreaming	350,000	-	350,000	-
Community Health Services	31,000,000	-	31,000,000	-	



Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Laboratory Services	Laboratory Services	700,000	250,000	450,000	35.7
	Blood Transfusion Services	1,400,000	136,000	1,264,000	9.7
	Rehabilitative Services	500,000	-	500,000	-
	Referrals and Emergency Services	24,000,000	200,000	23,800,000	0.8
	Radiology Services	500,000	150,000	350,000	30
	Dental Services	500,000	150,000	350,000	30
	Clinical Services	472,500	-	472,500	-
	Nursing Services	400,000	-	400,000	-
	Rural Health Facility Support	42,417,019	-	42,417,019	-
	Sub County Health Facilities Support	20,000,000	1,654,940	18,345,060	8.3
	Turkana Level 6 Hospital	119,700,000	116,104,800	3,595,200	97
	Medical Supplies	216,000,000	5,633,467	210,366,533	2.6
	UHC Turkana	94,750,000	38,854,800	55,895,200	41
Health Information and Management	Health Information & Management	628,000	-	628,000	-
	Quality Assurance	448,000	-	448,000	-
	Electronic Medical Records	4,400,000	-	4,400,000	-
	Monitoring & Evaluation Health	950,000	-	950,000	-
	Research & Development	200,000	-	200,000	-
	Policy & Planning Services	-	-	-	-
	Rehabilitation & Treatment	1,700,000	-	1,700,000	-
	Public Education & Awareness	800,000	-	800,000	-
	Liquor Licensing	11,215,000	-	11,215,000	-
	Training & Capacity Building	600,000	-	600,000	-
	<b>Subtotal</b>	<b>1,288,652,540</b>	<b>187,578,107</b>	<b>1,101,074,433</b>	<b>14.6</b>
<b>Trade, Gender and Youth Affairs</b>					
Youth Affairs Development	Youth Coordination and Representation	5,700,000	-	5,700,000	-
	Youth Employment Scheme	3,895,000	-	3,895,000	-
	Youth Rare skills	4,105,000	-	4,105,000	-
	Youth and Women Fund	50,000,000	50,000,000	-	100
Modern Physical Markets Infrastructure	Construction & Development of Modern Physical Market	8,172,570	-	8,172,570	-
	Co-operative Marketing, Value Addition, Surveys & Research	5,300,000	-	5,300,000	-
	Co-operative Education, Training, Exchange and Ushirika Day Celeb	6,550,000	-	6,550,000	-
	Strengthening of Key Dormant Co-operative Societies	2,050,000	-	2,050,000	-
	Formulation of Cooperative Policy and Legal Framework	2,800,000	-	2,800,000	-
	Cooperative Development Fund	11,000,000	-	11,000,000	-
Cooperative Societies Development & Performance Improvement	Business Development and Training Services	3,050,000	-	3,050,000	-
	Consumer rights education	1,250,000	-	1,250,000	-
	Industrial Development and Investments	4,700,000	-	4,700,000	-
	Biashara Fund	50,000,000	-	151,592,500	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration	General Administration	367,310,455	57,112,184	310,198,271	15.5
	<b>Subtotal</b>	<b>525,883,025</b>	<b>107,112,184</b>	<b>520,363,341</b>	<b>20.4</b>
<b>Education, Sports and Social Protection</b>					
Social Protection Programs/ Affirmative Action	Construction of PWDs multi-purpose resource centre	23,079,237	-	23,079,237	-
	Marginalized and Minority Groups Support	31,520,000	12,340,000	19,180,000	39.1
	Child Rescue Centres	10,000,000	-	10,000,000	-
	Child Care & Protection	27,226,348	6,578,000	20,648,348	24.2
Sports and arts programme	Construction of Sports Stadia	14,450,000	8,206,000	6,244,000	56.8
General administration	General Administration	26,337,042	12,612,982	13,724,060	47.9
	Turkana Education and Skill Development Fund	534,219,180	534,219,180	-	100
Vocational Training	Youth Polytechnic Infrastructure	60,600,000	-	60,600,000	-
	Training and Development	4,610,000	2,000,000	2,610,000	43.4
	Co-Curricular Activities	3,501,017	2,200,000	1,301,017	62.8
	Youth Polytechnics- Conditional	12,714,291	-	12,714,291	-
	Research and Sensitization	1,708,000	750,000	958,000	43.9
Early Childhood Education	School Feeding	72,631,364	23,890,000	48,741,364	32.9
	Quality Improvement	6,614,000	-	6,614,000	-
	Infrastructure Development	283,522,678	-	283,522,678	-
	Support to Pre-Primary Training	7,201,615	-	7,201,615	-
	<b>Subtotal</b>	<b>1,119,934,772</b>	<b>602,796,162</b>	<b>517,138,610</b>	<b>53.8</b>
<b>Public Services, Decentralized Administration &amp; Disaster Management</b>					
Operationalization of Decentralized Units	Operationalization of Decentralized Units	10,761,200	-	10,761,200	-
	Decentralized County Policy	35,621,258	-	35,621,258	-
	Coordinated development	11,600,000	-	11,600,000	-
	Policy sensitization and dissemination	16,933,500	1,500,000	15,433,500	8.9
Governance and Public Participation	Civic education Programme	1,564,400	650,000	914,400	41.5
	Public Participation and access to information	8,747,050	5,675,899	3,071,151	64.9
	County Dialogue Forum	1,400,000	-	1,400,000	-
	National & County Holidays	1,655,500	670,000	985,500	40.5
	Policies Design	805,500	-	805,500	-
Disaster risk management	Disaster Preparedness Programmes	2,000,000	-	2,000,000	-
	Disaster Mitigation Programmes	2,000,000	-	2,000,000	-
	Stakeholders' Coordination and Support Programme	563,892,100	75,098,000	488,794,100	13.3
	Disaster Risk Management	800,000	-	800,000	-
Inspectorate services	Inspectorate Training Institute	20,866,848	-	20,866,848	-
	Dispute Resolution	2,055,390	-	2,055,390	-
	Capacity Building	2,230,664	-	2,230,664	-
	Inspectorate Services	3,700,000	-	3,700,000	-
	Inspectorate Services	3,700,000	-	3,700,000	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Human resource management	Payroll and record management	1,500,000	-	1,500,000	-
	Human Resource Development	19,900,000	1,500,000	18,400,000	7.5
	GHRIS Leave & Performance Module Implementation	2,200,000	-	2,200,000	-
	Digitization and Automation of Human Resource Registry	3,800,000	1,800,000	2,000,000	47.4
	Mainstreaming Public Sector Integrity Programme	2,435,000	-	2,435,000	-
	County performance management	2,098,400	-	2,098,400	-
	Public Service Week	1,489,000	-	1,489,000	-
	Records Management	1,365,600	-	1,365,600	-
	HRM	1,712,000	-	1,712,000	-
General Administration, Planning and Support Services-Public Service	General Administration	5,403,694,524	2,717,070,810	2,686,623,714	50.3
	<b>Subtotal</b>	<b>6,130,527,934</b>	<b>2,803,964,709</b>	<b>3,326,563,225</b>	<b>45.7</b>
<b>Infrastructure, Transport and Public Works</b>					
Develop and maintain staff housing and public offices	Designing and Construction of Roads	162,212,408	-	162,212,408	-
	Staff Housing	33,300,000	-	33,300,000	-
	Professional Capacity Building	-	-	-	-
General Administration	General Administration	104,205,307	-	104,205,307	-
	General Administration- Public works	77,416,258	5,713,599	71,702,659	7.4
	<b>Sub Total</b>	<b>377,133,973</b>	<b>5,713,599</b>	<b>371,420,374</b>	<b>1.5</b>
<b>Agriculture, Pastoral Economy and Fisheries</b>					
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	76,975,000	1,899,200	75,075,800	2.5
	Policy Formulation	5,725,600	-	5,725,600	-
	Soil & Water Conservation	7,000,000	-	7,000,000	-
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	18,000,000	495,238	17,504,762	2.8
	Fisheries livelihood support	33,200,000	-	33,200,000	-
	Fisheries Extension Services	11,226,559	-	11,226,559	-
	Fisheries resource management	6,287,443	-	6,287,443	-
	Fish Farming & Aquaculture	50,700,000	-	50,700,000	-
Sustainable management of fisheries resources	Frame survey	51,600,000	1,494,000	50,106,000	2.9
	Fish Stock assessment	13,900,000	-	13,900,000	-
	Monitoring, Control and Surveillance	16,300,000	-	16,300,000	-
	Resource monitoring facilities	12,850,000	-	12,850,000	-
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	63,500,000	5,780,345	57,719,655	9.1
	Provision of Livestock Extension services	36,000,000	-	36,000,000	-
	Livestock multiplication and breeding centre	19,083,682	-	19,083,682	-
	Livestock Value Chain	23,800,000	-	23,800,000	-
	Skills Development	16,100,000	-	16,100,000	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration	General Administration	14,400,000	5,209,593	9,190,407	36.2
	General Administration and Support Services- Pastoral Economy	289,737,134	7,736,035	282,001,099	2.7
Agriculture Programme	Agri-nutrition/Urban and peri-urban agriculture	72,800,000	-	72,800,000	-
	Smart agriculture practices (Innovations/technologies to mitigate)	24,000,000	-	24,000,000	-
	Agricultural Sector Development Support Programme (ASDSP)	51,106,056	-	51,106,056	-
	Agricultural Mechanization	17,208,874	-	17,208,874	-
	Agric Market Access	1,100,000	-	1,100,000	-
	Agriculture Extension and Development	30,250,000	-	30,250,000	-
	Subsidy and Support	3,600,000	-	3,600,000	-
	Pest Control Management	47,000,000	-	47,000,000	-
	NARIGP	75,000,000	-	75,000,000	-
	DRNKP/KfW	612,590,978	147,590,978	465,000,000	24.1
	<b>Sub Total</b>	<b>1,701,041,326</b>	<b>170,205,389</b>	<b>1,530,835,937</b>	<b>10</b>
<b>Tourism, Culture and Natural Resources</b>					
General Administration	General Administration, Planning and Support Services	119,591,279	28,707,792	90,883,487	24
Tourism destination marketing and promotion	Tourism expos, incentives, conferences and exhibition programs	1,300,000	-	1,300,000	-
	Community-Based Tourism products	1,000,000	-	1,000,000	-
	Tourism Market Research (Baseline Survey & Mapping)	1,000,000	-	1,000,000	-
	Media Campaigns and Promotion of Tourism Products and Programmes	800,000	-	800,000	-
Culture, arts, heritage development, promotion and preservation	Ushanga Initiative	52,900,000	-	52,900,000	-
	Culture Promotion and Preservation	3,000,000	-	3,000,000	-
Culture development and preservation infrastructure	Equipment and Infrastructure Development at Ekalees Centre	3,000,000	-	3,000,000	-
Forestry and wildlife management development and management	Forestry Management and Conservation	4,000,000	-	4,000,000	-
	Community Wildlife Conservation	1,000,000	-	1,000,000	-
	Forest Nature-Based Development	1,800,000	-	1,800,000	-
	Forestry Development Infrastructure	2,300,000	-	2,300,000	-
	Forestry Protection	1,000,000	-	1,000,000	-
	Prosopis Management	1,000,000	-	1,000,000	-
Heritage Development Promotion & Preservation	Heritage Development Promotion & Preservation	1,000,000	-	1,000,000	-
	Arts & Creativity Development	900,000	-	900,000	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Environmental Governance Compliance Conservation Protection & Management	Environmental Governance & Compliance	1,000,000	-	1,000,000	-
	Environmental Protection & Conservation	1,300,000	-	1,300,000	-
	FLLoCA	279,500,000	131,000,000	148,500,000	46.9
	Climate Change & Adaptation	1,500,000	-	1,500,000	-
Mineral Resource Mapping Capacity Building & management	Mineral Resource Mapping	2,000,000	-	2,000,000	-
	Management of Mining and Quarrying Activities	3,000,000	-	3,000,000	-
	Capacity Building in the Exploitation of Mineral Resources	1,600,000	-	1,600,000	-
	Extractives Engagement Bills & Policies	2,000,000	-	2,000,000	-
Petroleum	Oil and Gas	1,400,000	-	1,400,000	-
	Establishment of Extractive Sector Regulations & Strategies	2,200,000	-	2,200,000	-
Energy Development Programme	Renewable Energy Development	26,150,000	-	26,150,000	-
	<b>Sub Total</b>	<b>517,241,279</b>	<b>159,707,792</b>	<b>357,533,487</b>	<b>30.9</b>
<b>Lands, Energy, Housing and Urban Areas Management</b>					
Land Survey	Land and Property Valuation	5,900,000	950,000	4,950,000	16.1
	Spatial Infrastructure	750,000	350,000	400,000	46.7
	Land Registration	23,994,585	762,384	23,232,201	3.2
	Land Policy and Management	1,050,000	277,050	772,950	26.4
General Administration	Lands General Administration, Planning and Support Services	183,314,644	6,213,762	177,100,882	3.4
Urban Development	Urban Services	2,600,000	-	2,600,000	-
	Urban Governance and Infrastructure	25,000,000	-	25,000,000	-
	<b>Sub Total</b>	<b>242,609,229</b>	<b>8,553,196</b>	<b>234,056,033</b>	<b>3.5</b>
<b>Turkana County Assembly</b>					
Construction of Assembly Building	Construction of New Assembly Building	8,540,000	2,184,200	6,355,800	25.6
	Office of the Speaker	12,650,000	8,038,293	4,611,707	63.5
	Partnership and Donor Engagement	600,000	124,490	475,510	20.7
	Sergeant at Arms and Security Services	10,428,237	4,236,759	6,191,478	40.6
Speakers Resident	Construction of the Speaker's Residence	61,237,250	45,791,179	15,446,071	74.8
	Purchase of Land for Construction	1,206,767	53,088	1,153,679	4.4
Headquarters	General Administration and Planning	1,144,215,005	584,965,011	559,249,994	51.1
	<b>Sub Total</b>	<b>1,238,877,259</b>	<b>645,393,020</b>	<b>593,484,239</b>	<b>52.1</b>
<b>Turkana County Public Service Board</b>					
County Internship Programme	County Internship Programme	16,800,600	-	16,800,600	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Mainstream Public Sector Integrity Programme & Accountability	Mainstream Public Sector Integrity Programme & Accountability	1,000,000	-	1,000,000	-
	Public Evaluation of County Public Service Board Performance	12,674,582	-	12,674,582	-
	Human Resource Conference & Symposium	4,300,000	-	4,300,000	-
	Exit Meetings Per Department	2,350,000	-	2,350,000	-
	Assessment and stakeholder capacity mapping	1,900,000	-	1,900,000	-
	Performance Appraisal	9,980,000	-	9,980,000	-
	Enhancing Leadership In County Public Service	1,570,900	-	1,570,900	-
	Performance Management Monitoring	985,430	-	985,430	-
	County Public Service Pre-Retirement Sensitization	1,198,760	-	1,198,760	-
	Evaluation of Different Cadres of Employees (Promotion, Re-Designation)	4,297,654	-	4,297,654	-
Quality Management Systems	Quality Management Systems Development & Establishment	3,500,000	-	3,500,000	-
	QMS Audit /Routine Inspection	974,500	-	974,500	-
	Documentation/Record Management for QMS	2,014,680	-	2,014,680	-
	Establishment of development committees	2,217,659	-	2,217,659	-
	Training of the development committees	5,242,352	-	5,242,352	-
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,190,000	-	1,190,000	-
General Administration and Support Services	General Administration	62,416,229	33,913,229	28,503,000	54.3
	<b>Sub Total</b>	<b>134,613,346</b>	<b>33,913,229</b>	<b>63,547,106</b>	<b>25.2</b>
<b>Office of the County Attorney</b>					
General Administration, Planning and Support Services	General Administration, Planning and Support Services- County At	9,170,095	2,195,096	7,452,800	23.9
Litigation	Litigation	15,739,125	12,881,800	54,850,000	81.8
	Govt Agreements & Contracts	3,450,000	808,000	3,157,500	23.4
	Legal Audit & Compliance	1,650,000	463,940	2,875,400	28.1
Legislation	Legislation	3,050,000	-	3,456,107	-
	Policy & Legal Briefs	2,275,000	131,400	2,112,000	5.8
Training of Legal Counsel	Training of Legal Counsel	2,050,000	406,800	2,135,000	19.8
	Legal Training & Awareness	1,800,000	302,000	2,112,851	16.8
	<b>Sub Total</b>	<b>39,184,220</b>	<b>17,189,036</b>	<b>78,151,658</b>	<b>43.9</b>

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs)	Actual Expenditure Half Year, FY 2023/24 (Kshs.)	Variance (Kshs)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
<b>Lodwar Municipality Board</b>					
Municipal Services	General Admin Planning and Support Services	15,267,908	10,176,200	5,091,708	66.7
	Urban Development Grant	16,843,747	12,652,396	4,191,351	75.1
	Municipal Planning	29,722,565	25,500,000	4,222,565	85.8
	Municipal Infrastructure	275,466,879	272,466,876	-	98.9
	Research Development Extension	10,279,469	8,108,938	-	78.9
	Municipal Services	23,726,868	20,350,000	3,376,868	85.8
	<b>Sub Total</b>	<b>371,307,436</b>	<b>349,254,410</b>	<b>16,882,492</b>	<b>94.1</b>
<b>Kakuma Municipality</b>					
Municipal Services	General Admin Planning and Support Services	11,678,934	-	11,678,934	-
	Municipal Planning	2,523,823	-	2,523,823	-
	Municipal Services	4,797,243	-	4,797,243	-
	<b>Sub Total</b>	<b>19,000,000</b>	<b>-</b>	<b>19,000,000</b>	<b>-</b>
<b>Grand Total</b>		<b>17,097,070,470</b>	<b>6,045,284,112</b>	<b>11,167,211,787</b>	<b>35.4</b>

*Source: Turkana County Treasury*

Sub-programmes with the highest levels of budget implementation based on absorption rates were: Turkana Education and Skill Development Fund in the Department of Education Sports and Social Protection, at 100 per cent, Youth and Women Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, and Emergency Fund in the Department of Finance and Economic Planning at 100 per cent of budget allocation.

### 3.43.13 Accounts Operated Commercial Banks

The County government operated a total of 15 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and own source revenue collection accounts.

### 3.43.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25<sup>th</sup> January 2024.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.74.08 million were processed through the manual payroll, accounting for 2.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*

2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash and own source revenue collection accounts are exempted.*

### 3.44. County Government of Uasin Gishu

#### 3.44.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.10.25 billion, comprising Kshs.3.19 billion (31.1 per cent) and Kshs.7.06 billion (68.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 13.3 per cent compared to the previous financial year when the approved budget was Kshs.11.82 billion and comprised of Kshs.4.51 billion towards development expenditure and Kshs.7.31 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.43 billion (82.2 per cent) as the equitable share of revenue raised nationally, Kshs.70.8 million (0.7 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.642.19 million (6.3 per cent) as conditional grants and generate Kshs.1.11 billion (10.8 per cent) as ordinary own-source revenue. A breakdown of the conditional grants is provided in Table 3.295. The County did not budget the Kshs.1.48 billion cash balance from the previous financial year.

#### 3.44.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.5 billion as the equitable share of the revenue raised nationally, had a cash balance of Kshs.1.48 billion from FY 2022/23, and raised Kshs.276.3 million as own-source revenue (OSR). The raised OSR includes Kshs.27.16 million as FIF and Kshs.249.14 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.25 billion, as shown in Table 3.295.

**Table 3.295: Uasin Gishu County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,426,072,635	3,496,820,144	41.5
<b>Sub Total</b>		<b>8,426,072,635</b>	<b>3,496,820,144</b>	<b>41.5</b>
<b>B</b>	<b>Conditional Grants</b>			
1	DANIDA (UHiDSP) - Health	11,550,000	-	-
2	National Agricultural Value Chain Development - NAVCDP (IDA- World Bank)	250,000,000	-	-
3	World Bank Credit Finance locally-led Climate Action (FL-LoCA)	90,000,000	-	-
4	Kenya Climate Smart Agriculture Project (IDA- World Bank)	11,000,000	-	-
5	Sweden Agriculture Sector Development Support Programme (ASDSP)	1,022,165	-	-



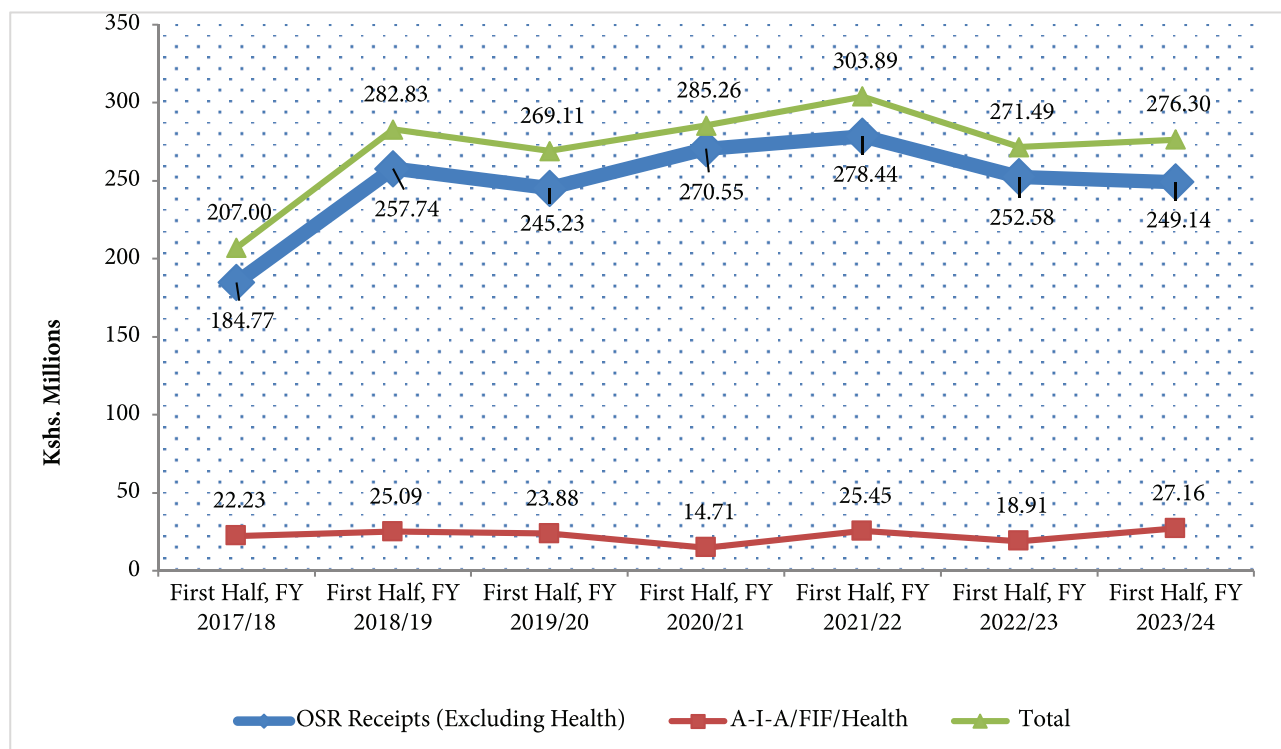
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Kenya Informal Settlements Improvement Projects (KISIP)	173,698,769	-	-
7	20% Share of Mineral Royalties	5,090,269	-	-
8	Livestock Value Chain support project	99,830,280	-	-
	<b>Sub-Total</b>	<b>642,191,483</b>	-	-
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	1,108,243,370	249,138,920	22.5
2	Balance b/f from FY 2022/23	-	1,479,887,043	-
3	Facility Improvement Fund (FIF)	70,800,000	27,158,944	38.4
	<b>Sub Total</b>	<b>1,179,043,370</b>	<b>1,756,184,907</b>	<b>148.9</b>
	<b>Grand Total</b>	<b>10,247,307,488</b>	<b>5,253,005,051</b>	<b>51.3</b>

Source: Uasin Gishu County Treasury

The actual receipts as a percentage of the annual allocation of the sub-total of other sources of revenue is at 148.9 per cent. This is attributed to the county not factoring in the balances brought forward from FY 2022/23 in the approved budget.

Figure 130 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

**Figure 130: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**

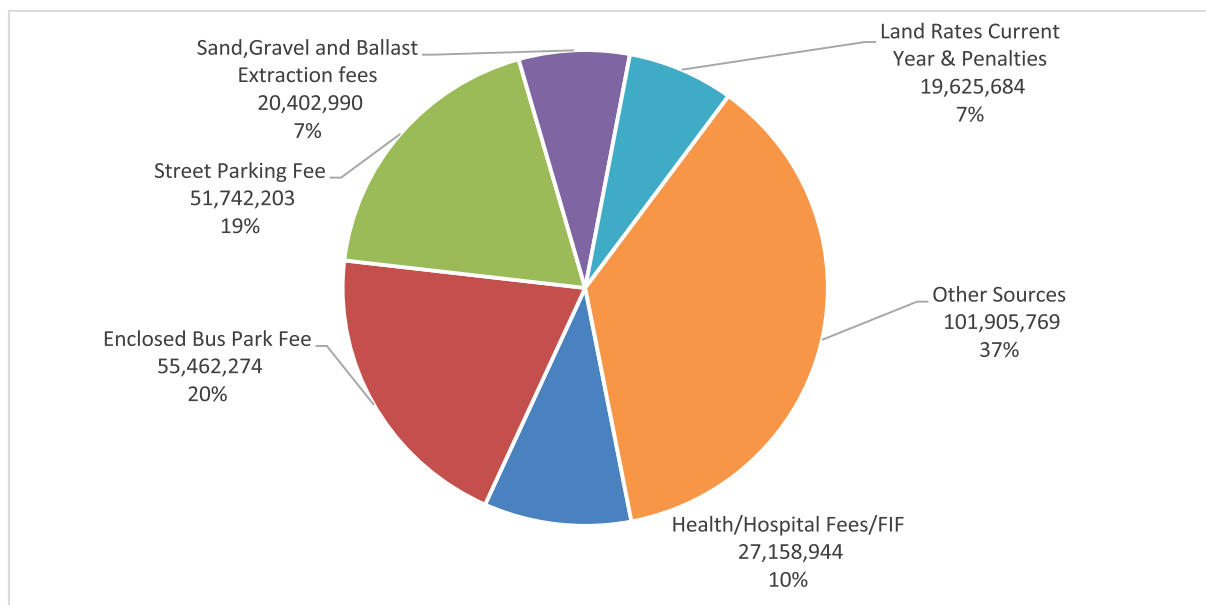


Source: Uasin Gishu County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.276.30 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 1.8 per cent compared to Kshs.271.49 million realised in FY 2022/23 and was 23.4 per cent of the annual target and 7.9 per cent of the

equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 131.

**Figure 131: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs.55.46 million was from the enclosed bus park fee, contributing to 20 per cent of the total OSR receipts during the reporting period.

### 3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.38 billion from the CRF account during the reporting period which comprised Kshs.853.32 million (19.5 per cent) for development programmes and Kshs.3.53 billion (80.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.25 billion was released towards Employee Compensation and Kshs. 1.28 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs. 0.14 million.

### 3.44.4 County Expenditure Review

The County spent Kshs.4.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 93.2 per cent of the total funds released by the CoB and comprised Kshs.860.71 million and Kshs. 3.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27 per cent, while recurrent expenditure represented 45.6 per cent of the annual recurrent expenditure budget.

### 3.44.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.276.33 million, comprising of Kshs.162.42 million for recurrent expenditure and Kshs.113.91 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.236.69 million were settled, consisting of Kshs.134.25 million for recurrent expenditure and Kshs.102.43 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.39.64 million.

The County Assembly did not report any outstanding pending bills as of 31<sup>st</sup> December 2023.

### 3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.1 billion on employee compensation, Kshs.715.05 million on operations and maintenance, and Kshs.833.51 million on development activities. Similarly, the County Assembly spent Kshs.152.59 million on employee compensation, Kshs.256.25 million on operations and maintenance, and Kshs.27.19 million on development activities, as shown in Table 3.296.

**Table 3.296: 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
<b>Total Recurrent Expenditure</b>	<b>6,260,627,966</b>	<b>796,524,510</b>	<b>2,812,520,081</b>	<b>408,841,661</b>	<b>44.9</b>	<b>51.3</b>
Compensation to Employees	3,921,788,363	430,280,364	2,097,469,698	152,591,018	53.5	35.5
Operations and Maintenance	2,338,839,603	366,244,146	715,050,383	256,250,643	30.6	70.0
<b>Development Expenditure</b>	<b>3,140,155,012</b>	<b>50,000,000</b>	<b>833,514,342</b>	<b>27,193,959</b>	<b>26.5</b>	<b>54.4</b>
<b>Total</b>	<b>9,400,782,978</b>	<b>846,524,510</b>	<b>3,646,034,423</b>	<b>436,035,620</b>	<b>38.8</b>	<b>51.5</b>

*Source: Uasin Gishu County Treasury*

### 3.44.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.25 billion, or 42.8 per cent of the available revenue which amounted to Kshs.5.25 billion. This expenditure represented a decrease from Kshs.2.28 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.936.21 million paid to health sector employees, translating to 41.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.07 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.180.1 million was processed through manual payrolls. The manual payrolls accounted for 8 per cent of the total PE cost.

The County Assembly spent Kshs.14.35 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.45 million. The average monthly sitting allowance was Kshs.53,136 per MCA. The County Assembly has established 28 Committees.

### 3.44.8 County Emergency Fund and County-Established Funds

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

During the FY 2023/24, the County allocated Kshs.20 million to the Emergency Fund constituting 0.2 per cent of the County's overall budget. The County further allocated Kshs.396.38 million to county-established funds constituting 3.9 per cent of the County's overall budget Table 3.297:

**Table 3.297: Performance of County Established Funds in the First Half of FY 2023/24**

No.	Name of the Fund	Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues FY 2023/24 First Half	Actual Expenditure FY 2023/24 First Half (Kshs.)	Submission of Financial Statements as of 31st December 2023
		(Kshs.)	(Kshs.)	(Kshs.)	(Yes/No.)
<b>County Executive Established Funds</b>					
1	Uasin Gishu County Bursary and Skills Development Support Fund Disbursement	165,903,182	17,850,000	17,850,000	Yes
2	Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund	55,000,000	55,000,000	55,000,000	Yes
3	Uasin Gishu County Education Revolving Fund	28,609,525	28,547,245	28,547,245	Yes
4	Uasin Gishu County Enterprise Development Fund	53,963,589	-	-	Yes
5	Uasin Gishu County Inua Biashara Fund	92,900,000	-	-	Yes
<b>County Assembly Established Funds</b>					
6	Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund	-	-	-	Yes
	<b>Total</b>	<b>396,376,296</b>	<b>101,397,245</b>	<b>101,397,245</b>	

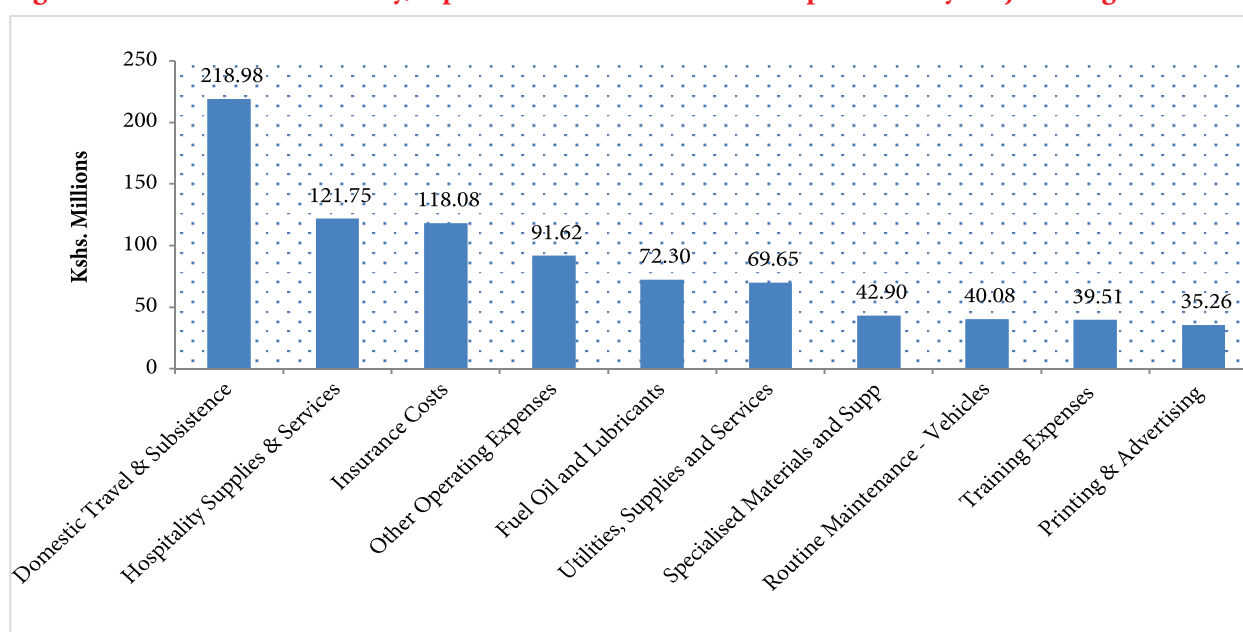
Source: Uasin Gishu County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all funds as indicated in Table 3.297 as per the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.44.9 Expenditure on Operations and Maintenance

Figure 132 summarises the Operations and Maintenance expenditure by major categories.

**Figure 132: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories**

Source: Uasin Gishu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.152.02 million and comprised Kshs.88.67 million spent by the County Assembly and Kshs.63.35 million by the County Executive. The County did not report expenditure on foreign travel. Expenditure on foreign travel amounted to Kshs.8.67 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.298 below; -

**Table 3.298: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	9	18 <sup>th</sup> – 23 <sup>rd</sup> December 2023	Participate in the 23 <sup>rd</sup> EAC MSME Trade Fair	Bujumbura - Burundi	5,499,409.75

Source: Uasin Gishu County Treasury

### 3.44.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.860.71 million on development programmes, representing an increase of 54.3 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.557.75 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.299: Uasin Gishu County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
1	Administration and Devolution	Renovation of County Headquarters	County Headquarters	70,000,000	67,586,870	96.6
2	Eldoret Municipality	Proposed Upgrading of 64 Stadium in Municipal of Eldoret.	Kiplombe (Eldoret West)	1,163,563,925	65,761,727	5.7
3	Clinical Services	Proposed construction of Kesses Phase II	Kesses	450,567,250	45,500,000	10.1
4	Clinical Services	Proposed construction of Turbo level IV Hospital	Tapsagoi	705,710,330	37,297,190	5.3
5	Lands and Physical Planning	Acquisition of land	Countywide	100,000,000	35,000,000	35.0
6	Clinical Services	Proposed construction of Ziwa Level V Phase III	Ziwa	415,317,248	32,000,560	7.7
7	Clinical Services	Proposed Erection and completion of the outpatient unit, ICU & HDU block Burnt Forest Hospital	Ainabkoi	60,000,000	30,449,440	50.7
8	Clinical Services	Proposed construction of Ziwa level V Phase II	Ziwa	806,562,179	29,159,263	3.6
9	Youths and Sports Development	Chagaiya High Altitude Training Camp (Phase III)	Tarakwa ward	150,985,070	29,000,000	19.2
10	Clinical Services	Proposed construction of Sentry box, waiting bay, Pharmacy, Civil works (Cabros) and renovation at UGDH	Moiben	30,000,000	26,000,000	86.7

Source: Uasin Gishu County Treasury

### 3.44.11 Budget Performance by Department

Table 3.300 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.300: Uasin Gishu County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	103.33	-	45.35	-	90.96	-	200.6	-	88.0	-
Finance	366.19	-	147.02	-	180.89	-	123.0	-	49.4	-
Public Service Management	651.19	-	383.87	-	327.79	-	85.4	-	50.3	-
ICT, E-Government and Innovation	70.52	34.81	22.71	12.52	21.18	12.52	93.3	100.0	30.0	36.0
Roads, Transport and Public Works	505.43	452.78	346.35	194.10	261.62	175.96	75.5	90.7	51.8	38.9
Clinical Services	2,131.43	296.20	1,212.86	174.48	992.70	222.68	81.8	127.6	46.6	75.2
Agriculture and Agribusiness	564.44	167.21	115.41	30.72	154.02	26.42	133.5	86.0	27.3	15.8
Trade, Industry, Investment and Tourism	52.95	342.29	22.69	12.38	29.27	18.28	129.0	147.7	55.3	5.3
Education and Vocational Training	663.01	152.12	256.36	10.42	212.61	10.42	82.9	100.0	32.1	6.9
County Public Service Board	64.79	-	30.41	-	49.86	-	164.0	-	77.0	-
County Assembly	796.52	50.00	473.40	27.19	408.84	27.19	86.4	100.0	51.3	54.4
Economic Planning	103.94	-	77.46	-	58.36	-	75.4	-	56.2	-
Administration and Devolution	118.40	81.54	38.79	67.59	61.37	67.59	158.2	100.0	51.8	82.9
Youth and Sports Development	108.33	159.13	65.85	36.00	51.65	43.34	78.4	120.4	47.7	27.2
Co-operatives and Enterprise Development	40.18	79.96	16.20	-	18.32	4.48	113.0	-	45.6	5.6
Livestock Development and Fisheries	148.86	90.88	19.38	6.38	21.80	10.93	112.5	171.5	14.6	12.0
Eldoret Municipality	105.85	128.55	56.05	65.76	45.61	65.76	81.4	100.0	43.1	51.2
Promotive and Preventive Health	20.07	58.59	0.90	-	6.65	-	739.2	-	33.1	-
Energy, Environment, Climate Change and Natural Resources	9.18	160.64	1.93	6.92	2.29	19.67	118.6	284.3	24.9	12.2
Partnership, Liaison and Linkages	59.45	-	52.88	-	49.96	-	94.5	-	84.0	-
Gender, Social Protection and Culture	36.27	39.31	26.10	22.83	24.48	22.83	93.8	100.0	67.5	58.1
Housing and Urban Development	95.59	216.40	15.64	36.73	19.38	38.37	123.9	104.5	20.3	17.7
Lands and Physical Planning	56.47	153.09	16.32	106.45	50.39	40.93	308.8	38.5	89.2	26.7
Water, Irrigation and Sanitation	174.03	526.65	77.12	42.83	76.93	53.32	99.8	124.5	44.2	10.1
Office of the County Attorney	10.73	-	4.22	-	4.42	-	104.8	-	41.2	-
<b>Total</b>	<b>7,057.15</b>	<b>3,190.16</b>	<b>3,525.24</b>	<b>853.32</b>	<b>3,221.36</b>	<b>860.71</b>	<b>91.4</b>	<b>100.9</b>	<b>45.6</b>	<b>27.0</b>

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Administration and Devolution recorded the highest absorption rate of development budget at 82.9 per cent, followed by the Department of Clinical Services at 75.2 per cent. The Governor's Office had the highest percentage of recurrent expenditure to budget at 88

per cent while the Department of Livestock Development and Fisheries had the lowest at 14.6 per cent. Actual expenditure was above exchequer issues in several departments which is attributed to the county spending part of the monies in Special Purpose Accounts. The cash was not banked into the CRF at the end of the financial year.

### 3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.301 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.301: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Re-current Expenditure	De-velopment Expenditure
<b>Governor's Office</b>							
General Administration, Planning and Support Services	Administrative support services	103,334,200	-	90,962,147	-	88.0	-
	<b>Sub Total</b>	<b>103,334,200</b>	<b>-</b>	<b>90,962,147</b>	<b>-</b>	<b>88.0</b>	<b>-</b>
<b>Finance</b>							
Financial Services	Finance services	336,986,476	-	162,935,862	-	48.4	-
	Revenue Services	14,850,000	-	11,238,260	-	75.7	-
	Accounts services	4,850,000	-	2,049,300	-	42.3	-
	Procurement and supply services	4,650,000	-	2,741,000	-	58.9	-
	Internal audit services	4,849,431	-	1,926,380	-	39.7	-
	<b>Sub-Total</b>	<b>366,185,907</b>	<b>-</b>	<b>180,890,802</b>	<b>-</b>	<b>49.4</b>	<b>-</b>
<b>Public Service Management</b>							
Administration and Support Services	Administration and Support Services	651,185,899	-	327,791,892	-	50.3	-
	<b>Sub-Total</b>	<b>651,185,899</b>	<b>-</b>	<b>327,791,892</b>	<b>-</b>	<b>50.3</b>	<b>-</b>
<b>ICT, E-Government and Innovation</b>							
ICT Services & Digital Economy	ICT Services	-	34,813,669	-	12,518,595	-	36.0
	CT Services	70,524,500	-	21,179,320	-	30.0	-
	<b>Sub-Total</b>	<b>70,524,500</b>	<b>34,813,669</b>	<b>21,179,320</b>	<b>12,518,595</b>	<b>30.0</b>	<b>36.0</b>
<b>Roads, Transport and Public Works</b>							
Road Infrastructure Development	Roads Infrastructure Services	505,427,925	91,242,708	261,621,298	34,960,753	51.8	38.3
Community Development Services	Ward Development Services	-	361,539,080	-	140,999,256	-	39.0
	<b>Sub-Total</b>	<b>505,427,925</b>	<b>452,781,788</b>	<b>261,621,298</b>	<b>175,960,009</b>	<b>51.8</b>	<b>38.9</b>
<b>Clinical Services</b>							
Administration and Support Services	Administration and Support Services	2,131,425,035	-	992,698,628	-	46.6	-
Curative and Rehabilitative Services	Health Services	-	241,102,519	-	200,078,868	-	83.0
Community Development Services	Ward Development Services	-	55,100,000	-	22,600,000	-	41.0

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Governor's Office</b>							
	<b>Sub-Total</b>	<b>2,131,425,035</b>	<b>296,202,519</b>	<b>992,698,628</b>	<b>222,678,868</b>	<b>46.6</b>	<b>75.2</b>
<b>Agriculture and Agribusiness</b>							
Crop Production	Climate-smart Agriculture Crop Specialization and Diversification	-	124,212,611	-	20,722,576	-	16.7
	Capacity Building for Farmers	-	12,000,000	-	-	-	0.0
	Agricultural Mechanization Services	-	18,500,000	-	4,225,300	-	22.8
	Post-harvest Management Services	564,444,607	-	154,019,093	-	27.3	-
Community Development Services	Ward Development Services	-	12,500,000	-	1,471,500	-	11.8
	<b>Sub-Total</b>	<b>564,444,607</b>	<b>167,212,611</b>	<b>154,019,093</b>	<b>26,419,376</b>	<b>27.3</b>	<b>15.8</b>
<b>Trade, Industry, Investment and Tourism</b>							
General Administration, Planning and Support Services	Administrative Support Services	52,951,385	-	29,269,647	-	55.3	-
Community Development Services	Ward Development Services	-	71,750,000	-	15,784,010	-	22.0
Trade Development and Promotion	Market Infrastructure Development Services	-	16,537,544	-	2,499,903	-	15.1
	Industrial Development and Investment Services	-	250,000,000	-	-	-	0.0
Tourism Development and Promotion	Tourism Promotion and Marketing	-	4,000,000	-	-	-	0.0
	<b>Sub-Total</b>	<b>52,951,385</b>	<b>342,287,544</b>	<b>29,269,647</b>	<b>18,283,913</b>	<b>55.3</b>	<b>5.3</b>
<b>Education and Vocational Training</b>							
General Administration & Support Services	Administrative and support services	663,013,966	-	212,611,758	-	32.1	-
	Sub-Programme	-	-	-	-	-	-
Community development services	Community development services	-	20,000,000	-	4,024,980	-	20.1
Early Child Development Education	ECDE Services	-	2,000,000	-	1,526,280	-	76.3
Vocational Training and Skills Development	Vocational Training Services	-	33,868,087	-	4,873,436	-	14.4
Community Development Services	Ward Development Services	-	96,250,000	-	-	-	0.0
	<b>Sub-Total</b>	<b>663,013,966</b>	<b>152,118,087</b>	<b>212,611,758</b>	<b>10,424,696</b>	<b>32.1</b>	<b>6.9</b>
<b>County Public Service Board</b>							
General Administration, Planning and Support Services	Administrative support services	64,789,376	-	49,858,955	-	77.0	-
	<b>Sub-Total</b>	<b>64,789,376</b>	<b>-</b>	<b>49,858,955</b>	<b>-</b>	<b>77.0</b>	<b>-</b>



Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Governor's Office</b>							
<b>County Assembly</b>							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	796,524,510	50,000,000	408,841,661	27,193,959	51.3	54.4
	<b>Sub-Total</b>	<b>796,524,510</b>	<b>50,000,000</b>	<b>408,841,661</b>	<b>27,193,959</b>	<b>51.3</b>	<b>54.4</b>
<b>Economic Planning</b>							
County Planning Services	Budget services	77,081,187	-	34,937,397	-	45.3	-
	Planning Services	26,860,330	-	23,425,970	-	87.2	-
	<b>Sub-Total</b>	<b>103,941,517</b>	<b>-</b>	<b>58,363,367</b>	<b>-</b>	<b>56.2</b>	<b>-</b>
<b>Administration and Devolution</b>							
General Administration, Planning and Support Services	Administrative support services	118,402,734	-	61,367,586	-	51.8	-
Public Service Management	Service Delivery Centers	-	81,539,110	-	67,586,870	-	82.9
	<b>Sub-Total</b>	<b>118,402,734</b>	<b>81,539,110</b>	<b>61,367,586</b>	<b>67,586,870</b>	<b>51.8</b>	<b>82.9</b>
<b>Youth and Sports Development</b>							
Youth Empowerment and Development	Youth Development	87,073,876	-	45,543,348	-	52.3	-
Community Development Services	Ward Development Services	-	96,500,000	-	14,337,709	-	14.9
Sports Development	Sports Activities	19,151,673	-	5,640,480	-	29.5	-
Management and Development of Sports and Sports Facilities	Sports facilities	-	29,000,000	-	29,000,000	-	100.0
Youth Empowerment and Development	Youth Empowerment	2,100,279	33,627,339	464,840	-	22.1	0.0
	<b>Sub-Total</b>	<b>108,325,828</b>	<b>159,127,339</b>	<b>51,648,668</b>	<b>43,337,709</b>	<b>47.7</b>	<b>27.2</b>
<b>Co-operatives and Enterprise Development</b>							
Cooperative Development Services	Cooperative Development and Management	40,177,998	-	18,316,177	-	45.6	-
	Cooperatives Development Services	-	6,000,000	-	-	-	0.0
Community Development Services	Ward Development Services	-	20,000,000	-	-	-	0.0
Cooperative Development Services	Cooperative Credit	-	53,963,589	-	4,479,440	-	8.3
	<b>Sub-Total</b>	<b>40,177,998</b>	<b>79,963,589</b>	<b>18,316,177</b>	<b>4,479,440</b>	<b>45.6</b>	<b>5.6</b>
<b>Livestock Development and Fisheries</b>							
General Administration, Planning and Support Services	Administrative support services	148,860,593	-	21,804,327	-	14.6	-
Community Development Services	Ward Development Services	-	54,700,000	-	10,130,774	-	18.5
Fish Production	Fish Farming Technologies	-	5,200,000	-	804,100	-	15.5

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Governor's Office</b>							
Fisheries Development and Management	Value addition and marketing	-	4,000,000	-	-	-	0.0
Livestock Development	Livestock Development Services		26,977,213	-	-	-	0.0
	<b>Sub-Total</b>	<b>148,860,593</b>	<b>90,877,213</b>	<b>21,804,327</b>	<b>10,934,874</b>	<b>14.6</b>	<b>12.0</b>
<b>Promotive and Preventive Health</b>							
Administration and Support Services	0504014310 Administration and Support Services	20,070,000	-	6,652,533	-	33.1	-
Curative and Rehabilitative Services	Health Services	-	58,592,204	-	-	-	0.0
	<b>Sub-Total</b>	<b>20,070,000</b>	<b>58,592,204</b>	<b>,652,533</b>	<b>-</b>	<b>33.1</b>	<b>0.0</b>
<b>Energy, Environment, Climate Change and Natural Resources</b>							
Administration and Support Services	Administration and Support Services	9,180,000	-	2,287,185	-	24.9	-
Community Development Services	Ward Development Services	-	71,200,000	-	5,445,050	-	7.6
Energy services	Energy Services	-	25,440,008	-	2,895,640	-	11.4
Environmental Conservation and Management	Environmental Conservation Services	-	39,001,000	-	-	-	0.0
	Afforestation, Re-Afforestation and Agroforestry	-	25,000,000	-	11,332,290	-	45.3
	<b>Sub-Total</b>	<b>9,180,000</b>	<b>160,641,008</b>	<b>2,287,185</b>	<b>19,672,980</b>	<b>24.9</b>	<b>12.2</b>
<b>Eldoret Municipality</b>							
General Administration, Planning and Support Services	Administrative support services	105,851,567	-	45,606,650	-	43.1	-
Road Infrastructure Development	Roads Infrastructure Services	-	128,551,260	-	65,761,727	-	51.2
	<b>Sub-Total</b>	<b>105,851,567</b>	<b>128,551,260</b>	<b>45,606,650</b>	<b>65,761,727</b>	<b>43.1</b>	<b>51.2</b>
<b>Partnership, Liaison and Linkages</b>							
Partnerships, Liaisons and Linkages	Partnership, liaisons and Linkages	59,450,000	-	49,963,291	-	84.0	-
	<b>Sub-Total</b>	<b>59,450,000</b>	<b>-</b>	<b>49,963,291</b>	<b>-</b>	<b>84.0</b>	<b>-</b>
<b>Gender, Social Protection and Culture</b>							
General Administration, Planning and Support Services	Administrative support services	13,770,000	-	9,544,586	-	69.3	-
Community Development Services	Ward Development Services	-	13,200,000	-	4,271,666	-	32.4
Culture and Heritage	Culture and Heritage Services	15,300,000	3,110,252	11,889,000	-	77.7	0.0
Social Development Services	Gender Mainstreaming	2,700,000	-	925,680	-	34.3	-
	Social Services		18,000,000	-	14,839,466	-	82.4

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Governor's Office</b>							
	Social Protection & Safety Nets	4,500,000	5,000,000	2,125,530	3,720,029	47.2	74.4
	<b>Sub-Total</b>	<b>36,270,000</b>	<b>39,310,252</b>	<b>24,484,796</b>	<b>22,831,161</b>	<b>67.5</b>	<b>58.1</b>
<b>Housing and Urban Development</b>							
Administration and Support Services	Administration and Support Services	37,329,246	-	19,379,215	-	51.9	-
Housing Development Services	Housing Development Services	55,322,222	199,698,769	-	32,244,820	0.0	16.1
Urban Development & Management Services	Urban Development and Management Services	2,938,502	16,700,324	-	6,124,960	0.0	36.7
	<b>Sub-Total</b>	<b>95,589,970</b>	<b>216,399,093</b>	<b>19,379,215</b>	<b>38,369,780</b>	<b>20.3</b>	<b>17.7</b>
<b>Lands and Physical Planning</b>							
Land Management and Administration	Land Management and Administration Services	56,473,755	-	50,387,556	-	89.2	-
Community Development Services	Ward Development Services	-	87,900,000	-	35,000,000	-	39.8
Physical Planning Services	Physical Planning Services	-	30,000,000	-	5,933,354	-	19.8
Land Management and Administration	Survey Services	-	15,187,174	-	-	-	0.0
Land Management and Administration	Land Management and Administration Services	-	20,000,000	-	-	-	0.0
	<b>Sub-Total</b>	<b>56,473,755</b>	<b>153,087,174</b>	<b>50,387,556</b>	<b>40,933,354</b>	<b>89.2</b>	<b>26.7</b>
<b>Water, Irrigation and Sanitation</b>							
Environmental Conservation and Management	Climate Change Services	-	60,000,000	-	-	-	-
Community Development Services	Ward Development Services	-	241,400,000	-	48,351,705	-	20.0
Water and Sanitation Development Services	Water Development Services	174,025,346	-	76,934,694	-	44.2	-
Water Services	Water Supply Development	-	225,250,552	-	4,969,285	-	2.2
	<b>Sub-Total</b>	<b>174,025,346</b>	<b>526,650,552</b>	<b>76,934,694</b>	<b>53,320,990</b>	<b>44.2</b>	<b>10.1</b>
<b>Office of the County Attorney</b>							
Legal Services	Legal Services	10,725,857	-	4,420,495	-	41.2	-
	<b>Sub-Total</b>	<b>10,725,857</b>	<b>-</b>	<b>4,420,495</b>	<b>-</b>	<b>41.2</b>	<b>-</b>
<b>Grand Total</b>		<b>7,057,152,476</b>	<b>3,190,155,012</b>	<b>3,221,361,741</b>	<b>860,708,301</b>	<b>45.6</b>	<b>27.0</b>

Source: Uasin Gishu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Sports Facilities in the Department of Youth and Sports at 100 per cent, Land Management and Administration Services in the Department of Land and Physical Planning at 89.2 per cent, administrative Support services at the Governor's office at 88 per cent, and Planning Services in the Department of Economic Planning at 87.2 per cent of budget allocation.

### 3.44.13 Accounts Operated Commercial Banks

The County government operated a total of 20 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash revenue collection accounts.

### 3.44.14 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. The underperformance of own-source revenue at Kshs.276.3 million against an annual projection of Kshs.1.18 billion, representing 23.4 per cent of the annual target.
2. Failure to refund unspent funds in FY 2022/23 into the CRF account, which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.300.
3. Failure to budget Kshs.1.48 billion cash balance from the previous financial year.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.180.1 million were processed through the manual payroll, accounting for 8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Conditional Loans and Grants, Emergency Funds and County established funds.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
3. *The County Treasury should factor in the Kshs.1.48 billion cash balance from the previous financial year in the subsequent supplementary budget*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

## 3.45. County Government of Vihiga

### 3.45.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.6.81 billion, comprising Kshs.2.41 billion (35.4 per cent) and Kshs.4.40 billion (64.6 per cent) allocation for development and recurrent programmes

respectively. The approved budget estimates represented an increase of 4.9 per cent compared to the previous financial year when the approved budget was Kshs.6.49 billion and comprised of Kshs.1.94 billion towards development expenditure and Kshs.4.55 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.27 billion (77.4 per cent) as the equitable share of revenue raised nationally, Kshs.969.1 million as additional allocations/conditional grants, a cash balance of Kshs.270.4 million (4 per cent) brought forward from FY 2022/23, and generate Kshs.300.6 million (4.4 per cent) as gross own source revenue. The own source revenue includes Kshs.127.8 million (1.9 per cent) as both ordinary Appropriations-in-Aid (A-I-A), and Facility Improvement Fund (revenue from health facilities), and, Kshs.172.8 million (2.5 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.302.

### 3.45.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.2.19 billion as the equitable share of the revenue raised nationally, Kshs.8.0 million as additional allocations/conditional grants, a cash balance of Kshs.270.4 million from FY 2022/23, and raised Kshs.138.7 million as own-source revenue (OSR). The raised OSR includes Kshs.83.53 million as both ordinary A-I-A and FIF and Kshs.55.17 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.2.33 billion, as shown in Table 3.302.

**Table 3.302: Vihiga County, Revenue Performance in the First Half of FY 2023/24**

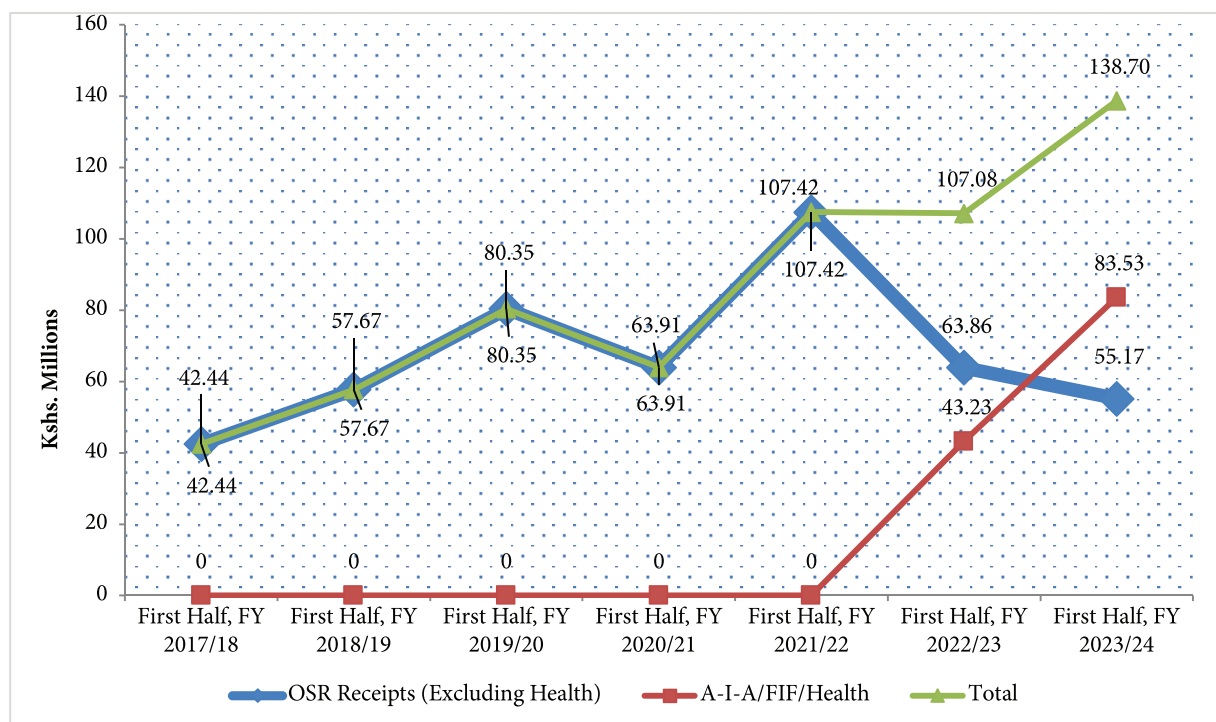
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	<b>Equitable Share of Revenue Raised Nationally</b>	<b>5,267,026,885</b>	<b>2,185,816,157</b>	<b>41.5</b>
<b>Subtotal</b>		<b>5,267,026,885</b>	<b>2,185,816,157</b>	<b>41.5</b>
<b>B</b>	<b>Additional Allocations/Conditional Grants</b>			
1.	Leasing of Medical Equipment	124,723,404	-	-
2.	DANIDA	22,812,439	7,500,000	32.9
3.	Aggregated Industrial Parks Programme	100,000,000	-	-
4.	NARIGP	233,531,672	-	-
5.	ASDSP	6,839,704	500,000	7.3
6.	FLLoCA	11,000,000	-	-
7.	THS-UHC	521	-	-
8.	Provision of Fertilizer Subsidy Programme	97,662,444	-	-
9.	NAVCDP	250,000,000	-	-
10.	Livestock Value Chain Support Project	14,323,680	-	-
11.	KDSP	8,442,092	-	-
12.	Village Polytechnic	6,141,234	-	-
13.	Nutritional International	18,529,528	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
14.	Climate Change Fund	73,906,087		-
15.	KUSP UDG	1,194,955	-	-
<b>Subtotal</b>		<b>969,107,760</b>	<b>8,000,000</b>	<b>0.8</b>
<b>C</b>	<b>Own Source Revenue</b>			
16.	Ordinary Own Source Revenue	172,759,801	55,166,692	31.9
17.	Facility Improvement Fund (FIF)	127,789,653	83,533,238	65.4
<b>Subtotal</b>		<b>300,549,454</b>	<b>138,699,930</b>	<b>24.3</b>
<b>D</b>	<b>Other Sources of Revenue</b>			
18.	Unspent balance from FY 2022/23	270,395,647	-	-
<b>Sub Total</b>		<b>570,945,101</b>	-	-
<b>Grand Total</b>		<b>6,807,079,746</b>	<b>2,332,516,087</b>	-

Source: Vihiga County Treasury

Figure 133 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

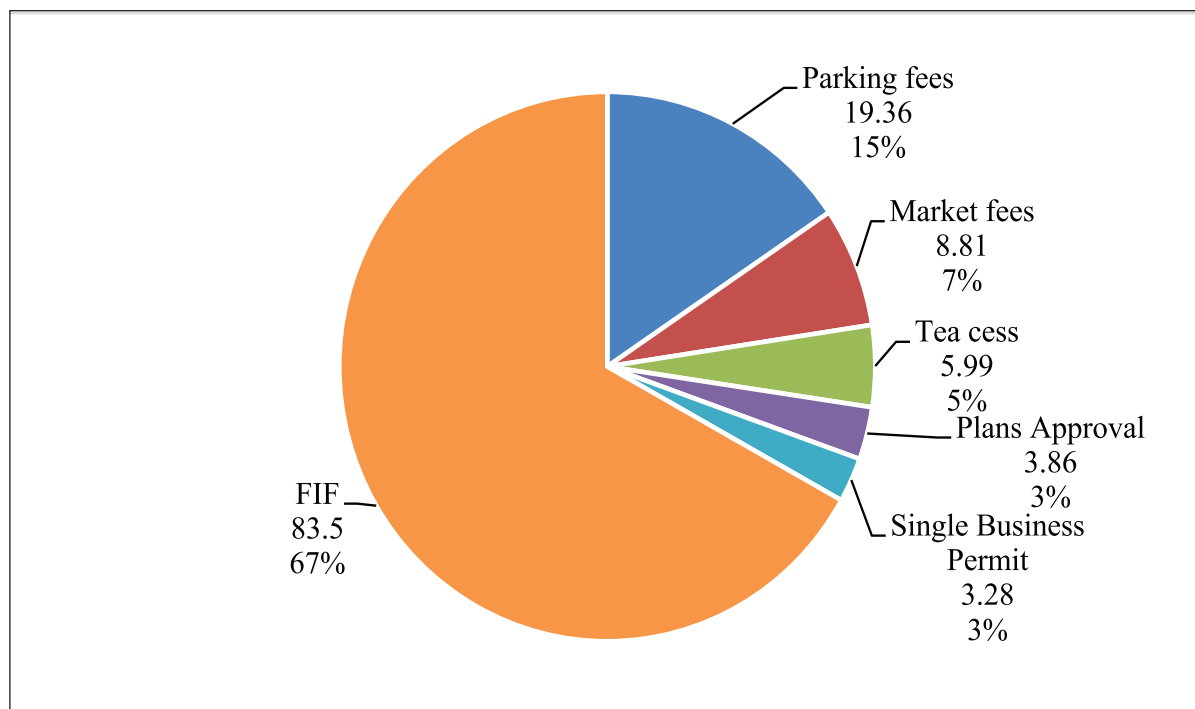
**Figure 133: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Vihiga County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.138.7 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 29.5 per cent compared to Kshs.107.08 million realised in a similar period in FY 2022/23 and was 46.1 per cent of the annual target and 6.3 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.3.8 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 134.

**Figure 134: Top Streams of Own Source Revenue in the First Half of FY 2023/24 (Kshs. Millions)**



Source: Vihiga County Treasury

The highest revenue stream of Kshs.83.5 million was from FIF, contributing to 60.2 per cent of the total OSR receipts during the reporting period.

### 3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.34 billion from the CRF account during the reporting period which comprised Kshs.329.96 million (14.1 per cent) for development programmes and Kshs.2.01 billion (85.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.32 billion was released towards Employee Compensation and Kshs.692.2 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.174.4 million.

### 3.45.4 County Expenditure Review

The County spent Kshs.2.37 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.28 per cent of the total funds released by the CoB and comprised Kshs.397.6 million and Kshs.1.97 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.5 per cent, while recurrent expenditure represented 44.8 per cent of the annual recurrent expenditure budget.

### 3.45.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.1.46 billion, comprising of Kshs.678.5 million for recurrent expenditure and Kshs.789.2 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.345.32 million were settled, consisting of Kshs.104.7 million for recurrent expenditure and Kshs.240.6 million for development programmes. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.1.12 billion.

The outstanding pending bills for the County Assembly were Kshs.18.99 million as of 31<sup>st</sup> December 2023.

### 3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.19 billion on employee compensation, Kshs.390.26 million on operations and maintenance, and Kshs.383.99 million on development activities. Similarly, the County Assembly spent Kshs.174.93 million on employee compensation, Kshs.208.4 million on operations and maintenance, and Kshs.13.64 million on development activities, as shown in Table 3.303.

**Table 3.303: 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
<b>Total Recurrent Expenditure</b>	<b>3,693,753,647</b>	<b>698,771,318</b>	<b>1,584,645,969</b>	<b>383,369,557</b>	<b>42.9</b>	<b>54.9</b>
Compensation to Employees	2,274,039,112	517,968,548	1,194,386,150	174,926,172	52.5	33.8
Operations and Maintenance	1,419,714,535	180,802,770	390,259,819	208,443,385	27.5	115.3
<b>Development Expenditure</b>	<b>2,399,254,781</b>	<b>15,300,000</b>	<b>383,994,068</b>	<b>13,642,534</b>	<b>16.0</b>	<b>89.2</b>
<b>Total</b>	<b>6,093,008,428</b>	<b>714,071,318</b>	<b>1,968,640,037</b>	<b>397,012,091</b>	<b>32.3</b>	<b>55.6</b>

Source: Vihiga County Treasury

### 3.45.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.37 billion, or 58.7 per cent of the available revenue which amounted to Kshs.2.33 billion. This expenditure represented an increase from Kshs.1.18 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.529 million paid to health sector employees, translating to 39 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.33 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.34.9 million was processed through manual payrolls. The manual payrolls accounted for 2.5 per cent of the total PE cost.

The County Assembly spent Kshs.17.5 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.27 million. The average monthly sitting allowance was Kshs.79,194 per MCA. The County Assembly has established 18 Committees.

### 3.45.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.396.45 million to county-established funds in FY 2023/24, constituting 5.8 per cent of the County's overall budget. Table 3.304 summarises each established Fund's budget allocation and performance during the reporting period.



**Table 3.304: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2032/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 <sup>st</sup> December 2023 (Kshs)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>						
1.	Bursary Fund	150,000,000	-	6,222,576	1,016,743,412	Yes
2.	Sports Fund	5,000,000	-	1,403,652	65,000,000	Yes
3.	Trade and Enterprise Fund	10,000,000	-	1,403,010	59,977,000	Yes
4.	Climate Change Fund	168,980,887	62,957,912	48,639,209	119,000,000	Yes
5.	Facility Improvement Fund (FIF)	52,465,973	-	40,140,598	-	Yes
7.	Co-operative Enterprise fund	10,000,000	-	-	-	N/A
8.	Car & Mortgage Fund	-	-	1,343,691	70,000,000	Yes
<b>Grand Total</b>		<b>396,446,860</b>	<b>62,957,912</b>	<b>99,152,736.15</b>	<b>1,330,720,412</b>	<b>-</b>

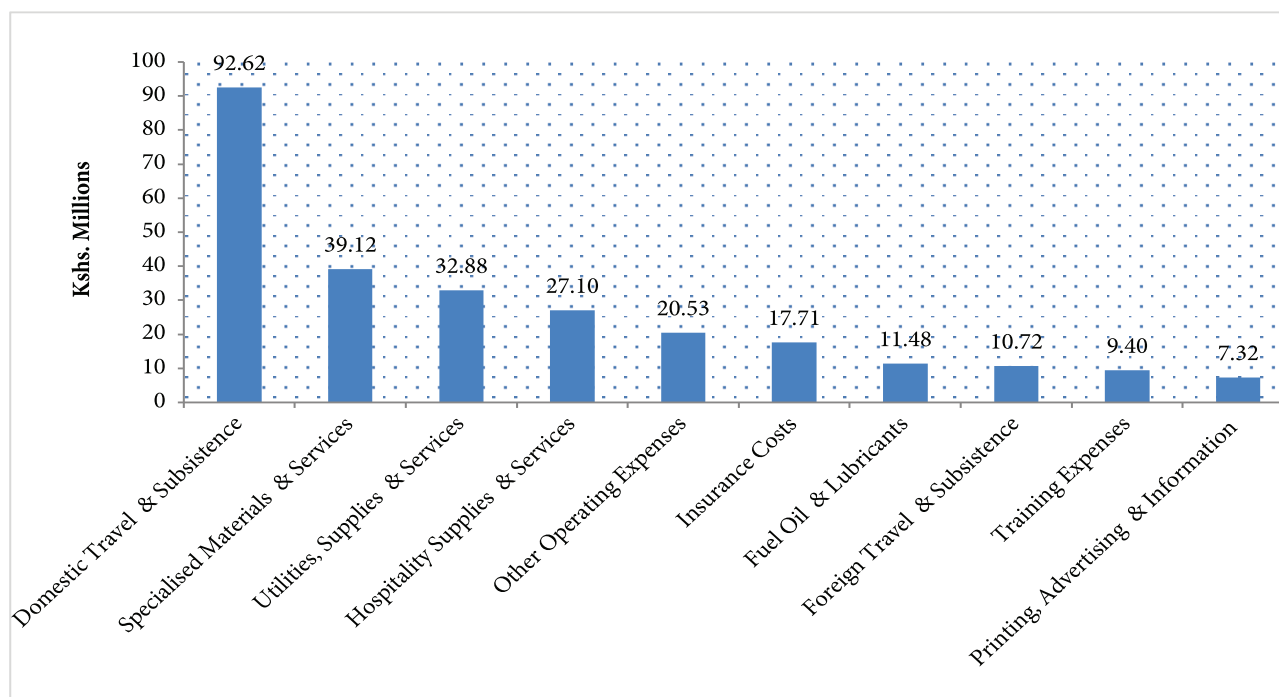
Source: Vihiga County Treasury

The OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.45.9 Expenditure on Operations and Maintenance

Figure 135 summarises the Operations and Maintenance expenditure by major categories.

**Figure 135: Vihiga County, Operations and Maintenance Expenditure by Major Categories**



Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.55.8 million and comprised Kshs.43.5 million spent by the County Assembly and Kshs.12.4 million by the County Executive. Expenditure on foreign

travel amounted to Kshs.7.12 million and comprised Kshs.3.6 million by the County Assembly and Kshs.3.5 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.305 below; -

**Table 3.305: Summary of Highest Expenditure on Foreign Travel**

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	22 August 2023	Attend the 10th East Africa International Arbitration Conference	Zanzibar	204,000
County Executive	2	13 September 2023	Attend registration accreditation of county delegation for participation in Africa climate summit	New York	2,055,000
County Executive	2	9 October 2023	Attend the International Union for Conservation of Nature (IUCN) forum on global goals for Nature	Geneva, Switzerland	1,265,380
Legislature	24	16th December 2023	Training	Kampala Uganda	3,600,000

Source: Vihiga County Treasury

### 3.45.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.397.60 million on development programmes, representing an increase of 4.9 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 379.1 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.306: Vihiga County, List of Development Projects with the Highest Expenditure**

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation Status (%)
Administration	Speakers Residence	Keveye	19,786,352	13,642,534	Completed
Agriculture, Livestock and Fisheries	Hamisi Banana Aggregation and Marketing Centre	Banja	9,908,640	9,900,000	90
Agriculture, Livestock and Fisheries	Sabatia Hay Shed (NARIGP)	Wodanga	8,727,147	8,700,000	100
Agriculture, Livestock and Fisheries	Sabatia Banana Processing (NARIGP)	North Maragoli	6,542,056	6,500,000	100
Agriculture, Livestock and Fisheries	Lunyerere and Serem Lagoons	Chavakali	7,899,803	6,100,000	100
Youth, Gender, Culture, Sports and Social Services	Bunyore Cultural Centre (Ebusiekwe)	West Bunyore	2,500,000	2,300,000	50
Education	Construction of Ecde Classroom at Asiongo	Wemilabi	1,849,948	1,497,091	80
Education	Construction of ECDE Classroom at Ebulako	Emabungo	1,497,091	1,497,091	60
Education	Ebusakami Ecde Classroom	Luanda South	1,497,091	1,497,091	80

Source: Vihiga County Treasury

### 3.45.11 Budget Performance by Department

Table 3.307 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.307: Vihiga County, Budget Allocation and Absorption Rate by Department (Kshs. Millions)**

Department	Budget Allocation (Kshs. 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	241.44	-	87.34	-	89.35	3.02	102.3	-	37.0	-
Finance and Economic Planning	374.31	109.94	153.95	53.17	152.62	59.78	99.1	112.4	40.8	54.4
Agriculture, Livestock and Fisheries	186.69	676.44	84.83	23.95	88.49	24.27	104.3	101.3	47.4	3.6
Health Services	1,399.64	288.31	608.79	53.08	584.40	51.85	96.0	97.7	41.8	18.0
Education, Science, Technical and Vocational Training	551.30	199.43	215.73	5.50	209.70	5.50	97.2	100.0	38.0	2.8
Gender, Culture, Youth, Sports and Social Services	114.67	49.15	66.12	1.32	64.30	2.72	97.3	206.0	56.1	5.5
Commerce, Tourism and Co-operatives	117.95	167.84	48.13	11.96	46.31	12.66	96.2	105.9	39.3	7.5
County Public Service Board	66.11	-	35.13	-	33.66	-	95.8	-	50.9	-
Environment, Water, Energy and Natural Resources	133.78	317.18	75.52	23.57	77.69	72.62	102.9	308.1	58.1	22.9
Transport, Infrastructure and Communication	105.10	452.85	55.92	125.15	53.93	125.51	96.4	100.3	51.3	27.7
Physical Planning, Lands and Housing	113.21	110.60	59.02	25.47	52.47	23.78	88.9	93.4	46.3	21.5
County Assembly	698.77	15.30	370.46	-	383.37	13.64	103.5	-	54.9	89.2
Administration and Coordination of County Affairs	274.76	27.52	136.18	6.78	131.73	2.28	96.7	33.6	47.9	8.3
County Attorney	14.80	-	14.29	-	-	-	-	-	-	-
<b>Total</b>	<b>4,392.52</b>	<b>2,414.55</b>	<b>2,011.43</b>	<b>329.96</b>	<b>1,968.02</b>	<b>397.64</b>	<b>97.8</b>	<b>120.5</b>	<b>44.8</b>	<b>16.5</b>

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 89.2 per cent, followed by the Department of Finance and Economic Planning at 54.4 per cent. The Department of Environment, Water and Natural Resources had the highest percentage of recurrent expenditure to budget at 58.1 per cent while the County Attorney did not report any expenditure.

### 3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.308 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.308: Vihiga County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration, Planning and Support Service		962,860,908	586,600,503	636,809,804	168,738,050	66.1	28.8
	Administrative Service	704,869,156	586,600,503	492,461,085	168,738,050	69.9	28.8
	Legislative	248,378,352		142,842,989		57.5	-
	Research and Development	9,613,400		1,505,730		15.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Livestock Development and Management		5,614,600	46,565,764	-	-	-	-
	Veterinary Services and Extension	5,114,600	3,500,000	-	-	-	-
	Livestock Extension	500,000	22,323,680	-	-	-	-
	Value Chain Development		20,742,084		-	-	-
Fisheries Development and Management		3,541,000	14,000,000	-	-	-	-
	Promotion of Fish Farming	3,541,000	14,000,000	-	-	-	-
Crop Development and Management		5,950,000	102,162,444	1,151,800		19.4	-
	Crop Extension	1,824,000		-		-	-
	Farm Input Subsidy		97,662,444			-	-
	Food Security Initiatives	4,126,000	4,500,000	1,151,800		27.9	-
Agribusiness			255,000,000		-	-	-
	Value Addition		255,000,000		-	-	-
Cooperatives Development		15,987,300		7,001,130		43.8	-
	Cooperative Development Services	15,987,300		7,001,130		43.8	-
Land Survey and Mapping Services		2,570,600	16,645,609	1,305,800	-	50.8	-
	Land Survey and Mapping	2,570,600	16,645,609	1,305,800	-	50.8	-
1 Urban and Physical Planning and Housing Services		27,754,011	16,549,346	3,999,143	3,499,999	14.4	21.2
	Urban and Physical Planning	719,000	9,549,346	63,000		8.8	-
	Housing Development	2,962,400		-		-	-
	Vihiga Municipality {KUSP}	24,074,611	7,000,000	3,936,143	3,499,999	16.4	50.0
Administration, Planning and Support Service		95,273,383	671,814,859	14,587,240	14,564,464	15.3	2.2
	Administrative Service	95,273,383	266,435,620	14,587,240	14,564,464	15.3	5.5
Transport Management		9,823,443	38,535,327	-	-	-	-
	Transport System Management	812,600	38,535,327	-	-	-	-
	Mechanical Services	9,010,843		-		-	-
Infrastructure Development			147,879,239		116,845,188	-	79.0
	Roads Maintenance		147,879,239		116,845,188	-	79.0
Administration, Planning and Support Service		54,557,660	141,267,671	10,779,171	19,662,121	19.8	13.9
	Administrative Service	54,557,600	141,267,671	10,779,171	19,662,121	19.8	13.9

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Finance Management		7,471,012		99,000		1.3	-
	ICT Printing press	7,471,012		99,000		1.3	-
Trade Development and Investment		42,455,794	26,570,274	25,479,374	-	60.0	-
	Market Development and Management	42,455,794	26,570,274	25,479,374		60.0	-
Tourism Development		4,945,734	-	1,114,200	-	22.5	-
	Tourism Promotion and Branding	4,945,734	-	1,114,200	-	22.5	-
Administration, Planning and Support Service		1,185,988,762	204,422,245	723,373,773	6,582,189	61.0	3.2
	Administrative Service	46,589,142	204,422,245	22,044,067	6,582,189	47.3	3.2
	Human Resource Management and Development	1,139,399,620		701,329,706		61.6	-
Promotive and Preventive Healthcare Services		71,771,528		28,063,201		39.1	-
	Public Health Services	550,000		-		-	-
	Community Health Strategy	52,126,000		24,452,621		46.9	-
	Reproductive Healthcare	18,579,528		3,610,580		19.4	-
	Disease Surveillance and Emergency	516,000		-		-	-
Curative And Rehabilitative Health Services		136,838,127	83,886,040	40,277,043	65,266,651	29.4	77.8
	Medical services	42,034,127	83,886,040	14,033,107	65,266,651	33.4	77.8
	Drugs and Other Medical Supplies	94,804,000		26,243,936		27.7	-
Child and Maternal Health Care		5,038,581		2,146,400		42.6	-
	Nutrition Services	5,038,581		2,146,400		42.6	-
Administration, Planning and Support Service		117,464,028	176,929,672	14,893,953	5,498,000	12.7	3.1
	Administrative Service	117,464,028	176,929,672	14,893,953	5,498,000	12.7	3.1
Vocational Education and Training		245,838,400	-	31,898,346	-	13.0	-
	Youth Polytechnic Development	245,838,400	-	31,898,346	-	13.0	-
Early Childhood Development		187,994,500	22,500,000	65,702,720	-	35.0	-
	ECD Development	187,994,500	22,500,000	65,702,720	-	35.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration, Planning and Support of Service		901,564,763	137,458,827	287,481,955	90,079,330	31.9	65.5
	Administrative Service	846,419,863	124,458,827	282,231,615	90,079,330	33.3	72.4
	County Administration	22,815,700	13,000,000	3,983,240		17.5	-
	County Radio Information Services	17,529,200		1,267,100		7.2	-
Public Finance Management		30,512,000		20,302,465		66.5	-
	Public Finance Management	3,400,000		994,000		29.2	-
	Accounting Services	-		-		-	-
	Budget Formulation Coordination	1,143,000		196,365		17.2	-
	Resource Mobilization	23,362,000		17,817,600		76.3	-
	Budget Expenditure Management	2,607,000		1,294,500		49.7	-
Audit Services		6,336,600		2,767,695		43.7	-
	Audit Services	6,336,600		2,767,695		43.7	-
County Planning Services		600,000		-		-	-
	Coordination of Policy Formulation and Plans	600,000		-		-	-
Management and Administration of County Services		15,327,400	-	5,158,810		33.7	-
	County Executive	7,437,100		3,273,860		44.0	-
	County Secretary	78,903,000	-	1,884,950		2.4	-
Administration, Planning and Support Service		56,660,260	6,746,200	4,141,134		7.3	-
	Administrative Service	56,660,260	6,746,200	4,141,134		7.3	-
903004860		45,104,000	37,400,000	9,405,400	2,720,538	20.9	7.3
	Promotion of Sports	18,739,000	21,400,000	7,580,000		40.5	-
	Promotion of Culture and Heritage	12,865,000	12,000,000	1,825,400	2,720,538	14.2	22.7
	Recreation and Arts	13,500,000	4,000,000	-		-	-
904004860		12,903,945	2,500,000	756,300	-	5.9	-
	Social Protection	2,112,945	2,500,000	154,800	-	7.3	-
	Gender, Children, Youth and People with Disability	10,791,000		601,500		5.6	-
Administration, Planning and Support Service		105,666,626		21,009,670		19.9	-
	Administrative Service	105,666,626		21,009,670		19.9	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
1003004860		13,165,000	51,500,000	1,735,400	13,319,019	13.2	25.9
	Water Supply Management	9,830,000	50,500,000	1,735,400	13,319,019	17.7	26.4
	Waste Water Management	3,335,000	1,000,000	-	-	-	-
1004004860		10,035,000	15,000,000	4,996,400	3,956,342	49.8	26.4
	Environmental Protection and Conservation	10,035,000	15,000,000	4,996,400	3,956,342	49.8	26.4
1005004860		4,910,000	15,500,000	1,578,200	3,749,898	32.1	24.2
	Farm Forest Management	3,310,000	7,500,000	1,328,200	2,330,000	40.1	31.1
	Natural Resources management	1,600,000	8,000,000	250,000	1,419,898	15.6	17.8
<b>Grand Total</b>		<b>4,392,524,965</b>	<b>2,414,554,781</b>	<b>1,968,015,526</b>	<b>397,636,602</b>	<b>44.8</b>	<b>16.5</b>

Source: Vihiga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were Resource mobilization in the Department of Finance and Economic Planning at 76.27 per cent, administrative services in the Department of Public Service and Administration at 69.87 per cent, Human resource management and development in the Department of Public Service and Administration at 61.55 per cent, and Market Development and Management at 60.01 per cent of budget allocation.

### 3.45.13 Accounts Operated Commercial Banks

The County government operated a total of 4 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.45.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report, the returns were received past the set deadline of 15<sup>th</sup> January 2024
2. The underperformance of own-source revenue at Kshs.55.1 million against an annual projection of Kshs.172.7 million, representing 31.9 per cent of the annual target.
3. Failure to refund unspent funds in FY 2022/23 into the CRF account which led to actual expenditure being above-approved exchequer issues in several departments as shown in Table 3.307.
4. High level of pending bills which amounted to Kshs.1.2 billion as of 31<sup>st</sup> December 2023.
5. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance its own-source revenue collection to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure unspent funds from the previous financial year are deposited to the CRF Account in line with Section 136 of the PFM Act 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law. However, imprest bank accounts for petty cash are exempted.*

### 3.46. County Government of Wajir

#### 3.46.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for the FY 2023/24 is Kshs.12.52 billion, comprising Kshs.4.27 billion (34.1 per cent) and Kshs.8.25 billion (65.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 11.5 per cent compared to the previous financial year when the approved budget was Kshs.11.23 billion and comprised of Kshs.3.11 billion towards development expenditure and Kshs.8.13 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.85 billion (78.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.47 billion (11.7 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.0 billion (8 per cent) brought forward from FY 2022/23, and generate Kshs.200 million (1.6 per cent) as gross own source revenue. The own-source revenue includes Kshs.55 million (0.4 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.145 million (1.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.309.

#### 3.46.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.3.25 billion as the equitable share of the revenue raised nationally, Kshs.12.56 million as additional allocations/conditional grants, a cash balance of Kshs.1.0 billion from FY 2022/23, and raised Kshs.49.2 million as own-source revenue (OSR). The raised OSR includes Kshs.13.17 million as FIF and Kshs.36.04 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.31 billion, as shown in Table 3.309.

**Table 3.309: Wajir County, Revenue Performance in the First Half of FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,853,656,422	3,251,706,620	33.0
<b>Sub Total</b>		9,853,656,422	3,251,706,620	33.0
<b>B</b>	<b>Conditional Grants</b>			
1	DANIDA to Finance Universal Healthcare	26,952,863	320,488	1.2
2	Emergency Locust Response Project (ELRP)	178,454,153	-	-

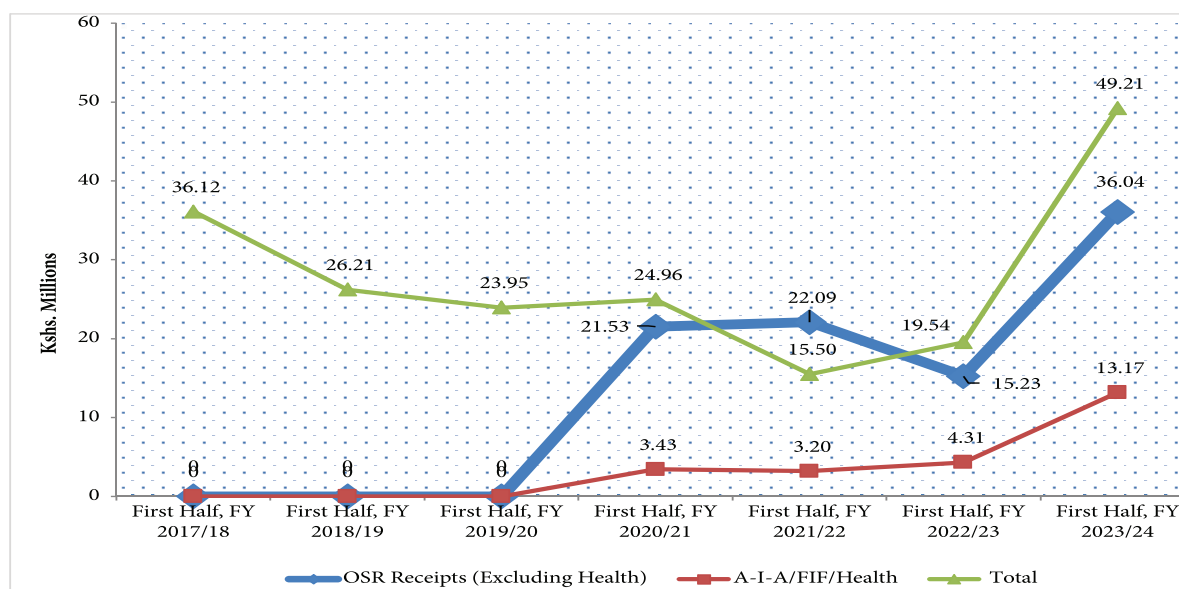


S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Agricultural Sector Development Support Program (ASDSP)	3,901,152	-	-
4	Ministry of Investments, Trade and Industry Conditional Grant for Industrial Park	250,000,000	-	-
5	Kenya Climate Smart Agriculture	90,000,000	-	-
6	Fertilizer Subsidy	2,235,432	-	-
7	Wajir Water and Sanitation Project	600,000,000	-	-
8	Kenya Informal Settlement Improvement Project (KISIP II)	180,000,000	-	-
9	Financing Locally Led Climate Action (FLLoCA)	12,235,782	12,235,782	100.0
10	Financing Locally Led Climate Action (FLLoCA)	125,000,000	-	-
<b>Sub-Total</b>		<b>1,468,779,383</b>	<b>12,556,270</b>	<b>0.9</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	145,000,000	36,042,764	24.9
2	Balance b/f from FY2022/23	1,001,160,705	1,001,160,705	100.0
3	Facility Improvement Fund (FIF)	55,000,000	13,170,000	23.9
<b>Sub Total</b>		<b>1,201,160,705</b>	<b>1,050,373,469</b>	<b>87.4</b>
<b>Grand Total</b>		<b>12,523,596,509</b>	<b>4,314,636,359</b>	<b>34.5</b>

Source: Wajir County Treasury

Figure 136 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

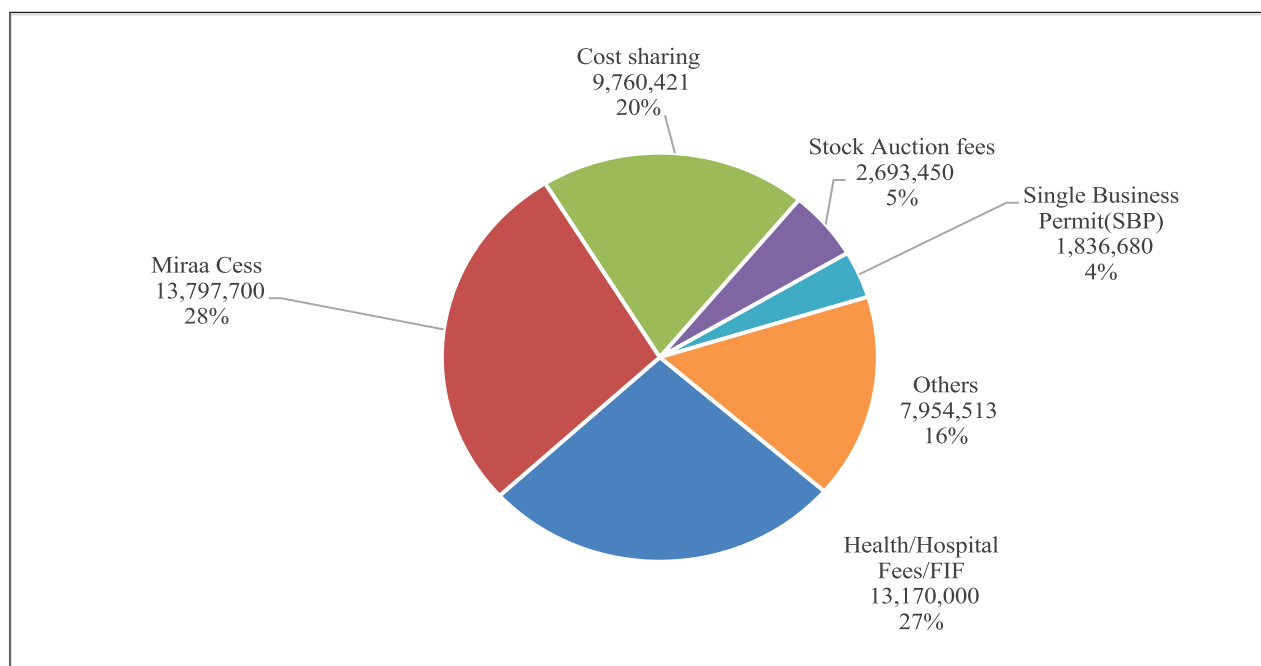
**Figure 136: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24**



Source: Wajir County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.49.2 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 151.8 per cent compared to Kshs.19.54 million realised in a similar period in FY 2022/23 and was 24.6 per cent of the annual target and 1.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 137.

**Figure 137: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



Source: Wajir County Treasury

The highest revenue stream of Kshs.13.8 million was from Miraa, contributing to 28 per cent of the total OSR receipts during the reporting period. The increase in revenue is attributed to enhanced revenue collection measures, a stable political and business environment and favourable weather during the period.

### 3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.17 billion from the CRF account during the reporting period which comprised Kshs.751.2 million (18 per cent) for development programmes and Kshs.3.42 billion (82 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.2.25 billion was released towards Employee Compensation, and Kshs.1.17 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.136.5 million.

### 3.46.4 County Expenditure Review

The County spent Kshs.3.82 billion on development and recurrent programmes in the reporting period. The expenditure represented 91.6 per cent of the total funds released by the CoB and comprised Kshs.751.2 million and Kshs.3.07 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent, while recurrent expenditure represented 37.2 per cent of the annual recurrent expenditure budget.

### 3.46.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the **County Executive** reported a stock of pending bills amounting to Kshs.5.38 billion which were not disaggregated. During the period, the County verified the pending bills and the report of the Verification Committee revealed the stock of eligible pending bills as Kshs.1.65 billion excluding penalties and interest amounting to Ksh.520.1 million.

### 3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.03 billion on employee compensation, Kshs.683.13 million on operations and maintenance, and Kshs.751.23 million on

development activities. Similarly, the County Assembly spent Kshs.215.62 million on employee compensation and Kshs.138.9 million on operations and maintenance as shown in Table 3.310.

**Table 3.310: 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	7,259,502,761	992,922,326	2,717,149,825	354,507,714	37.4	35.7
Compensation to Employees	4,163,552,487	555,486,852	2,034,019,045	215,616,053	48.9	38.8
Operations and Maintenance	3,095,950,274	437,435,474	683,130,780	138,891,661	22.0	31.7
Development Expenditure	4,271,171,423	-	751,230,771	-	17.5	-
<b>Total</b>	<b>11,530,674,184</b>	<b>992,922,326</b>	<b>3,468,380,596</b>	<b>354,507,714</b>	<b>30.0</b>	<b>35.7</b>

Source: Wajir County Treasury

### 3.46.7 Expenditure on Employees' Compensation

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.2.25 billion, or 52.2 per cent of the available revenue which amounted to Kshs.4.31 billion. This expenditure represented an increase from Kshs.1.81 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.830.85 million paid to health sector employees, translating to 36.9 per cent of the total wage bill. The increase is due to remittance of PAYE arrears owed from FY 2017 – 2022 which were settled in the year.

Further analysis indicates that PE costs amounting to Kshs.2.0 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.254.07 million was processed through manual payrolls. The manual payrolls accounted for 11.3 per cent of the total PE cost.

The County Assembly spent Kshs.19.29 million on committee sitting allowances for the 46 MCAs and the Speaker against the annual budget allocation of Kshs.41.78 million. The average monthly sitting allowance was Kshs.69,878 per MCA. The County Assembly has established 21 Committees.

### 3.46.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.476.34 million to county-established funds in FY 2023/24, constituting 3.9 per cent of the County's overall budget. Table 3.311 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.311: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
1.	Wajir County Disaster Management Fund (Emergency Fund)	150,000,000	150,000,000	150,000,000	No.
2.	Wajir County Scholarship Fund	100,000,000	-	-	No
3.	Wajir County Disability Fund	40,344,000	-	-	No
4.	Wajir County Revolving Fund	186,000,000	-	-	No
<b>Total</b>		<b>476,344,000</b>	<b>150,000,000</b>	<b>150,000,000</b>	<b>-</b>

Source: Wajir County Treasury

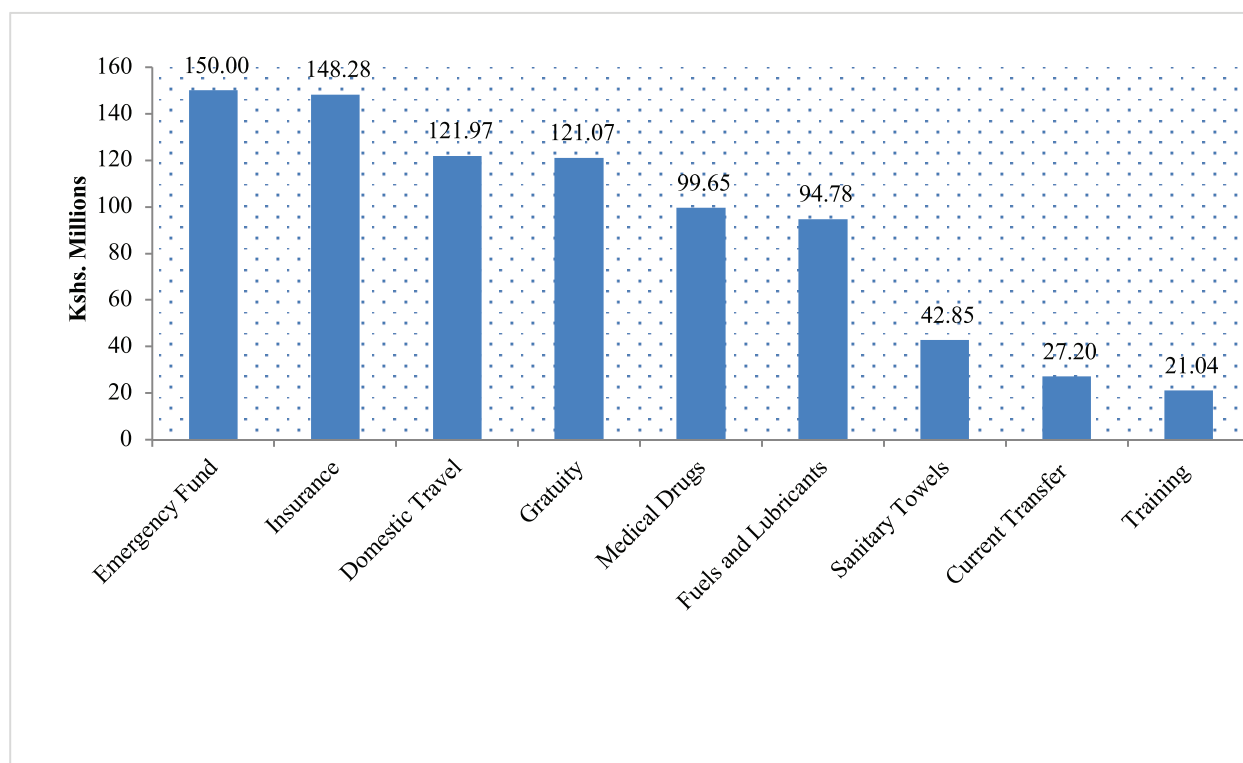
During the reporting period, the CoB did not receive copies of quarterly financial returns from Fund Administrators as indicated in Table 3.311, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the above-established public funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which require that County government bank accounts must be opened and maintained at the Central Bank of Kenya.

### 3.46.9 Expenditure on Operations and Maintenance

Figure 138 summarises the Operations and Maintenance expenditure by major categories.

**Figure 138: Wajir County, Operations and Maintenance Expenditure by Major Categories**



*Source: Wajir County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.121.07 million and comprised Kshs.74.68 million spent by the County Assembly and Kshs.47.29 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.61 million and was spent by the County Assembly.

### 3.46.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.751.2 million on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.14.09 million. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.312: Wajir County, List of Development Projects with the Highest Expenditure**

S. No	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs)	Implementation Status (%)
1	Public works	Non-residential buildings extra works & and furnishing for county assembly)	Wajir Town	77,655,780.00	77,655,780.00	100

S. No	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs)	Implementation Status (%)
2	Health	Construction of accident & Emergency centre at WCRH (3rd payment)	Wajir	60,400,140.00	60,400,140.00	100
3	Agriculture	Construction of 60,000m3 water pan at Arbajahan in Wajir-west sub-county	Arbajahan	59,933,605.39	59,933,605.39	100
4	Agriculture	Construction of 60,000 cubic metre water pan at Dasheq in Tarbaj sub-county	Dasheq	59,888,443.15	59,888,443.15	100
5	Agriculture	Construction of 60,000m3 water pan at Alio Ismail in Wajir-south sub-county	Alio Ismail	59,600,027.27	59,600,027.27	100
6	Agriculture	Proposed construction of 60,000m3 water pan at Gubad Onle in Wajir-west sub-county	Gubad Onle	58,905,941.32	58,905,941.32	100
7	Water	Purchase of crawler excavator and wheel loader	Wajir	44,150,000.00	44,150,000.00	100
8	Health	A&E Center at WCRH (2nd payment)	Wajir Town	38,308,010.00	38,308,010.00	100
9	Roads	Construction of perimeter walling at Wajir waste disposal site	Wajir Town	33,701,530.00	33,701,530.00	100
10	Roads	Improvement to bitumen standard from the Surai market to assembly final payment	Wajir Town	25,536,541.00	25,536,541.00	100

Source: Wajir County Treasury

### 3.46.11 Budget Performance by Department

Table 3.313 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2023/24.

**Table 3.313: Wajir County, Budget Allocation and Absorption Rate by Department**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,000	-	355	-	355	-	100	-	35.5	-
County Executive	586	-	255	-	180	-	70.6	-	30.7	-
Finance and Economic Planning	638	-	469	-	439	-	93.7	-	68.8	-
Roads, Transport, Public Works and Housing	247	433	89	131	59	131	66.3	100	23.9	30.3
Water Resources Development	172	309	77	120	39	120	50.9	100	22.7	38.8
Energy, Environment and Climate Change	93	368	43	-	15	-	35.7	-	16.3	-
Health Services	2,758	494	1,166	172	1,176	172	100.9	99.9	42.6	34.9
Education, Social Welfare and Family Affairs	764	151	320	6	231	6	72.1	95.4	30.2	3.7
Agriculture, Livestock and Veterinary Services	250	700	92	284	41	284	43.9	100	16.2	40.6
ICT, Trade, Investment and Industrialization	154	697	57	-	38	-	66.9	-	24.9	-
Lands and Spatial Planning	67	268	26	-	5	-	20.6	-	8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Labour and Decentralized Unit	1,083	18	345	-	368	-	106.5	-	33.9	-
County Public Service Board	79	-	23	-	9	-	36.9	-	10.8	-
WAJWASCO	154	666	59	-	51	-	87.2	-	33.4	-
Wajir Municipality	208	168	43	38	66	38	155.9	101.1	31.9	22.8
<b>Total</b>	<b>8,252</b>	<b>4,271</b>	<b>3,417</b>	<b>751</b>	<b>3,072</b>	<b>751</b>	<b>89.9</b>	<b>100</b>	<b>37.2</b>	<b>17.6</b>

Source: Wajir County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Veterinary Services recorded the highest absorption rate of development budget at 40.6 per cent, followed by the Department of Water Resources Development at 38.8 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 68.8 per cent while the Department of Lands and Spatial Planning had the lowest at 8 per cent.

The departments of Wajir Municipality, Public Service Labour and Decentralization and Health Services reported actual expenditure above the exchequer request which is irregular.

### 3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.314 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.314: Wajir County, Budget Execution by Programmes and Sub-Programmes**

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Department: County Executive (Office of the Governor)</b>							
Coordination and Supervisory Services	Coordination and Supervisory Services	586,103,162	-	179,952,749	-	30.7	-
	<b>Sub Total</b>	<b>586,103,162</b>	<b>-</b>	<b>179,952,749</b>	<b>-</b>	<b>30.7</b>	<b>-</b>
<b>Department: Finance and Economic Planning</b>							
Public Finance Management	Budget management services	11,000,600	-	4,303,679	-	39.1	-
	County Accounting Services	538,921,438	-	404,898,979	-	75.1	-
	County Revenue Collection and Resource Mobilization	21,031,600	-	3,593,704	-	17.1	-
	Internal Audit Management Services	6,950,000	-	1,257,400	-	18.1	-
	County Supply Chain Management	31,362,800	-	19,192,094	-	61.2	-
	Financial Reporting Services	4,600,000	-	798,600	-	17.4	-
Economic Planning Services	County Integrated Development Planning	24,243,688	-	4,915,967	-	20.3	-
	<b>Sub-Total</b>	<b>638,110,126</b>	<b>-</b>	<b>438,960,424</b>	<b>-</b>	<b>68.8</b>	<b>-</b>

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Department: Agriculture, Livestock and Veterinary Services</b>							
Livestock management Services	Livestock Production Services	17,690,200	13,000,000	2,876,680	-	16.3	-
	Veterinary Services	16,028,000	45,007,800	4,207,120	1,975,576	26.2	4.4
General Administration and Support Services	General Administration and Support Services	184,449,841	-	26,826,596	-	14.5	-
Food Production Services	Food Production Services	22,445,900	631,522,737	5,693,310	282,378,775	25.4	44.7
Irrigation Management Services	Irrigation Management Services	4,552,800	10,000,000	354,500	-	7.8	-
Alternative Livelihood management	Alternative Livelihood management	4,499,600	-	562,000	-	12.5	-
	<b>Sub-Total</b>	<b>249,666,341</b>	<b>699,530,537</b>	<b>40,520,206</b>	<b>284,354,351</b>	16.2	40.6
<b>Department: Health Services</b>							
Curative, Rehabilitative and Emergency Services	Curative and rehabilitative services	870,634,463	352,280,825	312,481,513	172,374,801	35.9	48.9
	Emergency Referral Services	43,091,872	-	21,595,727	-	50.1	-
General Administration and Support Services	General Administration and Support Services	1,742,581,412	30,000,000	831,739,697	101,086	47.7	0.3
Public Health	Reproductive Maternal Neonatal Child Health	67,606,650	111,630,800	3,756,000	-	5.6	-
	Sanitation services	22,820,320	-	4,320,425	-	18.9	-
	Special Programme	7,000,000	-	1,761,639	-	25.2	-
	Health Research	3,800,000	-	225,000	-	5.9	-
	<b>Sub-Total</b>	<b>2,757,534,717</b>	<b>493,911,625</b>	<b>1,175,880,001</b>	<b>172,475,887</b>	42.6	34.9
<b>Department: Roads, Transport, Public Works and Housing</b>							
County Roads and Transport management	maintenance and Rehabilitation of county roads	140,616,380	204,110,872	52,596,327	53,380,013	37.4	26.2
	county Transport Services	99,880,000	-	3,826,430	-	3.8	-
Public Work Services	Public Work Services	6,900,000	228,748,517	2,892,109	77,479,031	41.9	33.9
	<b>Total</b>	<b>247,396,380</b>	<b>432,859,389</b>	<b>59,314,866</b>	<b>130,859,044</b>	24.0	30.2
<b>Department: Water Services</b>							
Water Services	Water Supplies Overhaul and Maintenance Services	162,872,205	123,446,000	28,610,193	9,992,985	17.6	8.1
	Infrastructure development services	9,215,800	185,700,000	10,506,184	109,867,226	114.0	59.2
	<b>Total</b>	<b>172,088,005</b>	<b>309,146,000</b>	<b>39,116,377</b>	<b>119,860,211</b>	22.7	38.8
<b>Department: Energy, Environment and Climate Change</b>							
Energy development services	Energy development services	4,537,600	162,934,500	1,549,589	-	34.1	-
Environmental Conservation Services	Environmental Conservation Services	14,776,582	200,000,000	1,740,992	-	11.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Natural Resource Management	Natural Resource Management	1,683,200	5,000,000	294,600		17.5	-
General Administration and Support Services	General Administration and Support Services	72,259,620	-	11,605,519		16.1	-
	<b>Total</b>	<b>93,257,002</b>	<b>367,934,500</b>	<b>15,190,700</b>	-	16.3	-
<b>Department: Public Service, Special Programs and County Administration</b>							
Human Resources Management and decentralised services	Human Resources Management and decentralised services	867,180,099	-	355,756,495		41.0	-
Service Delivery and Performance Management	Service Delivery and Performance Management	7,010,000	-	1,062,740		15.2	-
	Governance and Ethics	4,796,400	-	378,000		7.9	-
	Efficiency Monitoring	7,936,000	-	1,598,980		20.1	-
Decentralised unit and Town admin	Decentralised unit and Town admin	23,513,600	18,300,000	2,462,424		10.5	-
Special Programs	Disaster Management & Humanitarian Coordination	111,773,000	-	3,240,400		2.9	-
	Conflict, Prevention, Management and Resolution	48,128,230	-	1,216,050		2.5	-
	Intergovernmental Relations	7,444,000	-	1,141,100		15.3	-
	Public Participation Services	4,860,000	-	680,000		14.0	-
	<b>Total</b>	<b>1,082,641,329</b>	<b>18,300,000</b>	<b>367,536,189</b>	-	33.9	-
<b>Education, Social Welfare and Family Affairs</b>							
Sports promotion and development	Sports promotion and development	5,675,000	9,200,000	618,000		10.9	-
Early Childhood Education Development Services	Early Childhood Education Development Services	120,460,200	119,650,000	5,101,240		4.2	-
Culture and Social Services	Promotion of Culture and Social Service	58,982,482		1,404,100		2.4	-
Gender services	Promotion of Gender services	77,190,456	10,000,000	43,265,676		56.1	-
Vocational Training Services	Infrastructural development	13,828,000	11,884,900	635,100	5,881,898	4.6	49.5
General administration, Planning and Support Services	Planning and Support Services	488,254,117	-	179,629,285		36.8	-
	<b>Sub Total</b>	<b>764,390,255</b>	<b>150,734,900</b>	<b>230,653,401</b>	<b>5,881,898</b>	30.2	3.9
<b>ICT, Trade, Industrialization, Co-operative Development</b>							
Trade Services	Business Support & Investment Services	3,660,000	191,000,000	1,037,900		28.4	-
Co-operatives Services	Capacity Building Services	4,000,000	4,000,000	561,200		14.0	-



Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st December 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
ICT Infrastructure Services	ICT Infrastructure Improvement & Enhancement Services	6,852,860	2,000,000	1,500,200		21.9	-
Industrialization and Investment Services	Investment and Industry Services	3,000,000	500,000,000	321,700		10.7	-
General administration, Planning and Support Services	General administration, Planning and Support Services	136,954,887	-	34,993,732		25.6	-
	<b>Sub Total</b>	<b>154,467,747</b>	<b>697,000,000</b>	<b>38,414,732</b>		24.9	-
<b>Lands and Spatial Planning</b>							
Land Policy and Physical Planning	Urban Physical Planning Services	58,778,725	262,000,000	4,673,230		8.0	-
Urban Development Services	Urban Development Services	7,965,000	6,000,000	678,920		8.5	-
	<b>Sub-Total</b>	<b>66,743,725</b>	<b>268,000,000</b>	<b>5,352,150</b>		8.0	-
<b>WAJWASCO</b>						-	-
WAJWASCO	WAJWASCO	153,913,130	666,200,000	51,416,395		33.4	-
	<b>Sub-Total</b>	<b>153,913,130</b>	<b>666,200,000</b>	<b>51,416,395</b>	-	33.4	-
<b>County Public Service Board</b>							
County Public Service Board Services	Coordination and Supervisory	78,784,872		8,533,210		10.8	-
	<b>Sub-Total</b>	<b>78,784,872</b>	-	<b>8,533,210</b>	-	10.8	-
<b>Municipality</b>							
Urban Development Services	Urban Development Services	207,790,329	167,554,472	66,308,429	37,799,380	31.9	22.6
	<b>Sub-Total</b>	<b>207,790,329</b>	<b>167,554,472</b>	<b>66,308,429</b>	<b>37,799,380</b>	31.9	22.6
<b>County Assembly</b>							
County Assembly Services	County Assembly Services	992,922,326	-	354,507,714	-	35.7	-
<b>Grand Total</b>		<b>8,245,809,446</b>	<b>4,271,171,423</b>	<b>3,071,657,540</b>	<b>751,230,771</b>	<b>37.3</b>	<b>17.6</b>

Source: Wajir County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Infrastructure Development services in the Department of Water Services, at 114 per cent, County Accounting Services in the Department of Finance and Economic Planning at 75 per cent, County Supply chain management in the Department of Finance and Economic Planning at 61 per cent, and Promotion of Gender Services in the Department of Education, Social Welfare and Family at 56 per cent of budget allocation.

### 3.46.13 Accounts Operated Commercial Banks

The County government operated a total of eight accounts with commercial banks. This is contrary with Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

### 3.46.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted after the prescribed timeline of 15<sup>th</sup> January 2024.

2. The underperformance of own-source revenue at Kshs.49.2 million against an annual projection of Kshs.200 million, representing 24.6 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Disability Fund, Revolving Fund and Scholarship Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.1.65 billion as of 31<sup>st</sup> December 2023.
5. Use of manual payroll. Personnel emoluments amounting to Ksh.254.07 million were processed through the manual payroll, accounting for 11.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should develop and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

### **3.47. County Government of West Pokot**

#### **3.47.1 Overview of FY 2023/24 Budget**

The County's approved Supplementary budget for the FY 2023/24 was Kshs.7.71 billion, comprising Kshs.2.30 billion (29.8 per cent) and Kshs.5.42 billion (70.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 3.1 per cent compared to the previous financial year when the approved budget was Kshs.7.48 billion and comprised of Kshs.2.58 billion towards development expenditure and Kshs.4.89 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.57 billion (85.29 per cent) as the equitable share of revenue raised nationally, Kshs.97.20 million (1.3 per cent) as ordinary own-source revenue, Kshs.132.8 million as FIF (revenue from health facilities), and Kshs.644.73 million as conditional grants. A breakdown of the conditional grants is provided in Table 3.315.

#### **3.47.2 Revenue Performance**

In the first six months of FY 2023/24, the County received Kshs.2.17 billion as the equitable share of the revenue raised nationally, Kshs.49.87 million as FIF, Kshs.67.19 million as conditional grants and raised Kshs.24.46 million as own-source revenue and balance brought forward of Kshs.266.38 million. The total funds available for budget implementation during the period amounted to Kshs.2.54 billion, as shown in Table 3.315.

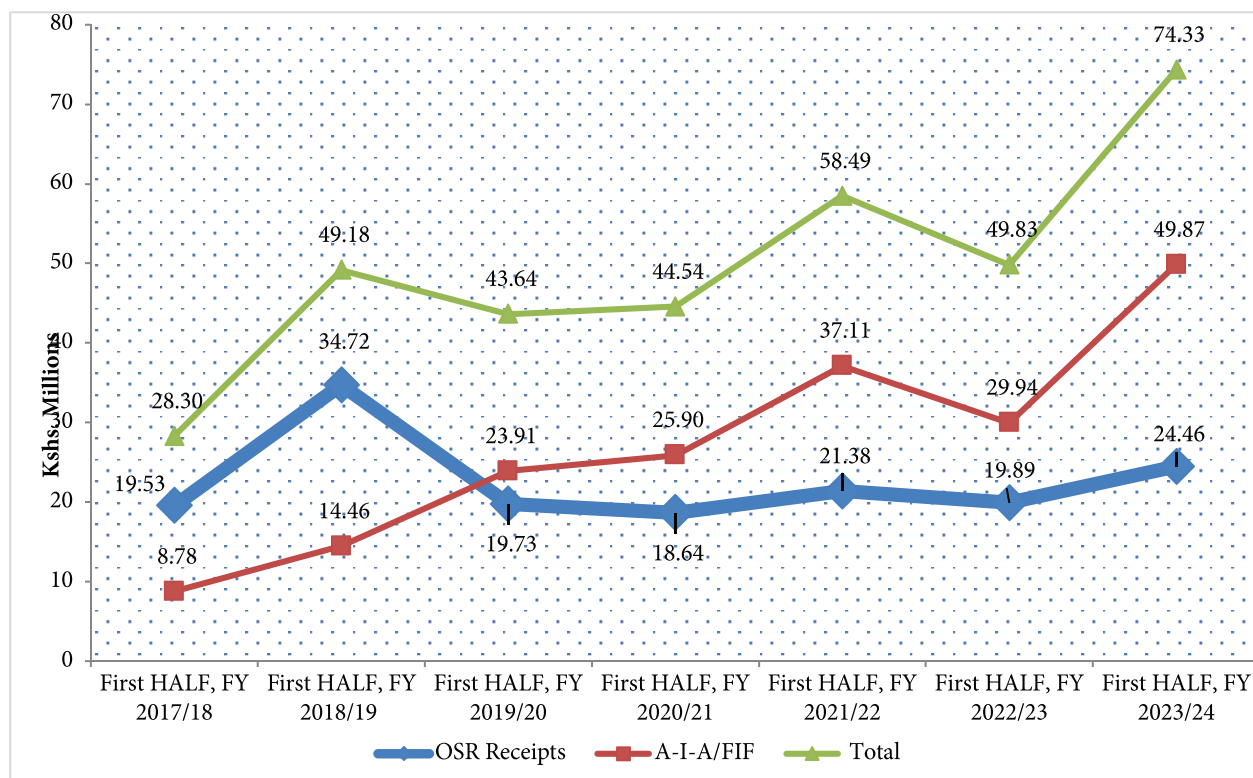
**Table 3.315: West Pokot County, Revenue Performance in FY 2023/24**

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,573,866,403	2,169,375,912	33
<b>Sub-Total</b>		<b>6,573,866,403</b>	<b>2,169,375,912</b>	<b>33</b>
<b>B</b>	<b>Conditional Grants</b>			
1	DANIDA	7,110,000	7,110,000	100
2	DANIDA (Roll Over FY 2021/2022, Fy2022/2023)	14,012,092	8,925,592	64
3	UHC (Roll Over Fy2022/2023)	2,014,000	-	-
4	User fee Forgone (Roll Over FY 2022/2023)	12,128,484	500,000	4
5	Emergency Locust Response	131,007,244	-	-
6	ASDSP II	2,730,960	67,192,729	2460
7	ASDSP II (Rollover FY 2022/2023)	9,740,272	-	-
8	De-Risking and Value Enhancement (Drive)	63,341,980	11,000,000	17
9	Livestock Value Chain Support Project	14,323,680	-	-
10	FLLOCA (CCRI & CCIS GRANT)	159,000,000	-	-
11	KUSP II -Urban Rec & Dev Grant	95,000,000	-	-
12	KUSP UDG Rollover	18,559,250	-	-
13	KDSP Roll Over FY 2022/2023	25,377,012	-	-
14	VTC Grant Rollover	379,478	-	-
15	Aggregated Industrial Parks Programme	0.00	-	-
16	KCSAP	90,000,000	-	-
17	Allocation for Mineral Royalties	1,650	-	-
<b>Sub-Total</b>		<b>644,726,102</b>	<b>27,535,592</b>	<b>4</b>
<b>C</b>	<b>Other Sources of Revenue</b>			
1	Ordinary Own Source Revenue	97,200,000	24,463,891	25
2	Balance b/f from FY2022/23	266,381,77	266,381,778	100
3	Facility Improvement Fund (FIF)	132,800,000	49,868,000	38
<b>Sub Total</b>		<b>496,381,778</b>	<b>340,713,670</b>	<b>69</b>
<b>Grand Total</b>		<b>7,714,974,283</b>	<b>2,537,625,174</b>	<b>33</b>

*Source: West Pokot County Treasury*

Figure 139 shows the trend in own-source revenue collection from the first half of FY 2017/18 to the first half of FY 2023/24.

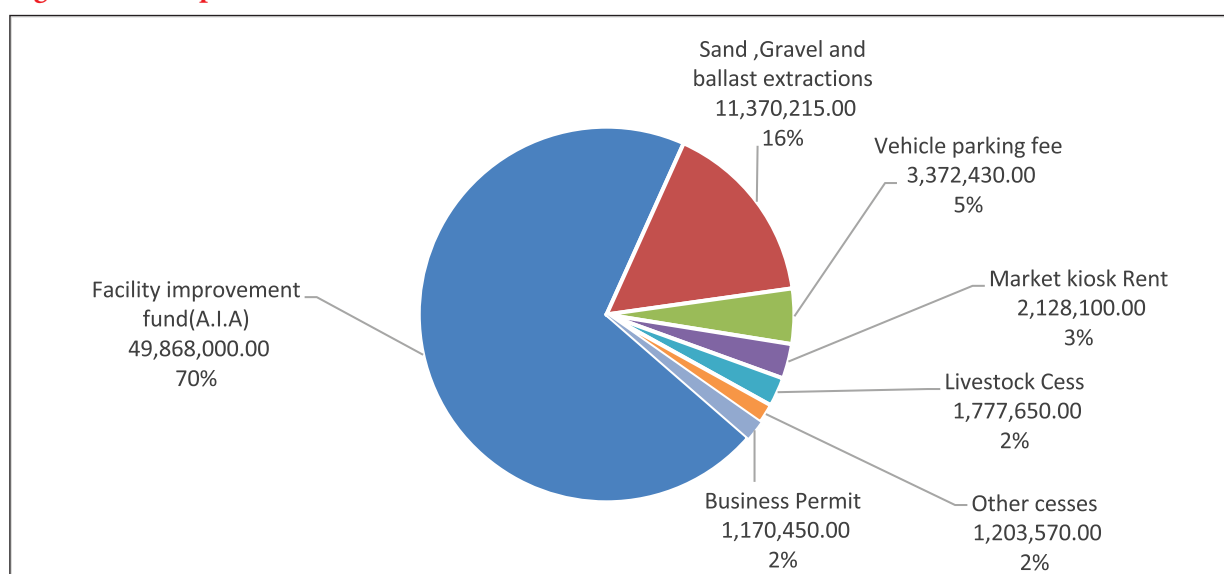
**Figure 139: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Quarter of FY 2023/24.**



**Source:** West Pokot County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.74.33 million from its sources of revenue inclusive of FIF and AIA. This amount represented an increase of 49.2 per cent compared to Kshs.49.83 million realised in a similar period in FY 2022/23 and was 32.3 per cent of the annual target and 3.4 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 140.

**Figure 140: Top Streams of Own Source Revenue in the First Half of FY 2023/24**



**Source:** West Pokot County Treasury

The highest revenue stream of Kshs.49.87 million was from Hospital Fees, contributing to 70 per cent of the total OSR receipts during the reporting period.

### 3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.31 billion from the CRF account during the reporting period which comprised Kshs.209.94 million (9.1 per cent) for development programmes and Kshs.2.1 billion (90.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.1.47 billion was released towards Employee Compensation and Kshs.624.06 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first half of FY 2023/24 was Kshs.100.37 million plus retentions of Kshs.49.95 million.

### 3.47.4 County Expenditure Review

The County spent Kshs.2.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.209.94 million and Kshs.2.10 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.2 per cent, while recurrent expenditure represented 38.6 per cent of the annual recurrent expenditure budget.

### 3.47.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.253.47 million, comprising of Kshs.96.04 million for recurrent expenditure and Kshs.157.43 million for development activities. In the first half of FY 2023/24, pending bills amounting to Kshs.17.22 million comprising of Kshs.14.45 million for recurrent expenditure and Kshs.2.77 million for development activities were settled. Therefore, as of 31<sup>st</sup> December 2023, the outstanding amount was Kshs.225.28 million.

The outstanding pending bills for the County Assembly were Kshs.37.7 million as of 31<sup>st</sup> December 2023.

### 3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.32 billion on employee compensation, Kshs.436.23 million on operations and maintenance, and Kshs.200.06 million on development activities. Similarly, the County Assembly spent Kshs.151.45 million on employee compensation, Kshs.187.84 million on operations and maintenance, and did not spend any money on development activities, as shown in Table 3.316.

**Table 3.316: 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	4,702,770,721	720,152,385	1,755,846,924	339,289,786	37	47
Compensation to Employees	2,636,921,355	363,928,996	1,319,618,382	151,454,742	50	42
Operations and Maintenance	2,065,849,366	356,223,389	436,228,542	187,835,044	21	53
<b>Development Expenditure</b>	<b>2,176,139,084</b>	<b>115,912,093</b>	<b>200,059,994</b>	-	<b>9</b>	-
<b>Total</b>	<b>6,878,909,805</b>	<b>836,064,478</b>	<b>1,955,906,919</b>	<b>339,289,786</b>	<b>28</b>	<b>41</b>

Source: West Pokot County Treasury

### 3.47.7 Expenditure on Employees' Compensation.

In the first six months of FY 2023/24, expenditure on employee compensation was Kshs.1.47 billion, or 58 per cent of the available revenue which amounted to Kshs.3.00 billion. This expenditure represented an increase from Kshs.1.31 billion reported in the first half of FY 2022/23. The wage bill included Kshs.703.30 million paid to health sector employees, translating to 32.32 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.33 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.138.75 million was processed through manual payrolls. The manual payrolls accounted for 9.4 per cent of the total PE cost.

The County Assembly spent Kshs.4.37 million on committee sitting allowances for the 34 MCAs and the Speaker against the annual budget allocation of Kshs.21.00 million. The average monthly sitting allowance was Kshs.21,430 per MCA. The County Assembly has established 23 Committees.

### 3.47.8 County Emergency Fund and County-Established Funds.

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

The County allocated Kshs.409.95 million to county-established funds in FY 2023/24, constituting 5 per cent of the County's overall budget. Table 3.317 summarises each established Fund's budget allocation and performance during the reporting period.

**Table 3.317: Performance of County Established Funds in the First Half of FY 2023/24**

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 <sup>st</sup> December 2023 (Yes/No.)
<b>County Executive Established Funds</b>					
1.	Car Loan and Mortgage	-	-	-	No
2.	Bursary Fund	310,000,000	270,000,000	270,000,000	Yes
3.	Cooperative Development Fund	-	-	-	No
4.	Emergency Fund	5,000,000	-	-	No
5.	Municipality Fund- Kapenguria	73,500,000	-	-	No
6.	Municipality Fund -	2,450,000	-	-	No
7.	Emergency Funds	4,000,000	-	-	No
<b>County Assembly Established Funds</b>					
8.	Car Loan and Mortgage Scheme Fund (Members and Staff)	15,000,000	-	-	No
<b>Total</b>		<b>405,950,000</b>	<b>270,000,000</b>	<b>270,000,000</b>	<b>-</b>

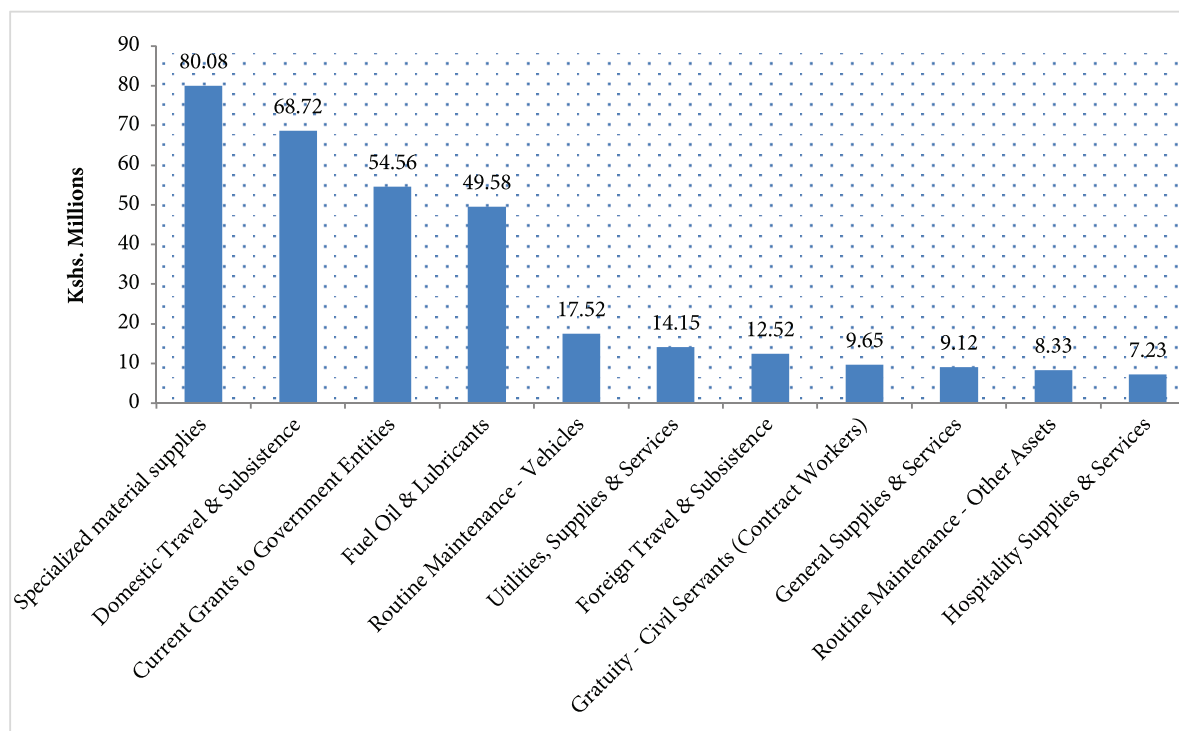
**Source:** West Pokot County Treasury

During the reporting period, the CoB received only the financial statements of the Bursary Fund as the Fund Administrators of the other Funds did not submit their financial statements contrary to the requirement of Section 168 of the PFM Act, 2012.

### 3.47.9 Expenditure on Operations and Maintenance

Figure 141 summarises the Operations and Maintenance expenditure by major categories.

**Figure 141: West Pokot County, Operations and Maintenance Expenditure by Major Categories**



Source: West Pokot County Treasury

During the period, expenditure on domestic travel amounted to Kshs.68.72 million and comprised Kshs.38.45 million spent by the County Assembly and Kshs.30.27 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.318 below; -

**Table 3.318: Summary of Highest Expenditure on Foreign Travel as of 31<sup>st</sup> December 2023**

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	26 <sup>th</sup> -30 <sup>th</sup> November	Public finance for inclusive and sustainable development	Istanbul turkey	4,720,840
County Executive	1	27 Oct -05th Nov 23	Performances management systems and localization of SDGs	Kent - United Kingdom	861,220
County Assembly	3	23 Nov-1st Dec 23	Annual Conference on Efficient Healthcare Care Management and Advanced Healthcare Technologies in Digitally Disruptive World	UAE- Dubai	1,810,176
County Executive	4	23 Nov-1st Dec 23	Building Smart Cities for the Future through Effective Financial Management, Sustainable Urban Planning, Tourism and Integrated Land Use.	UAE- Dubai	2,413,568

Source: West Pokot County Treasury

### 3.47.10 Development Expenditure

In the first half of FY 2023/24, the County incurred Kshs.209.94 million on development programmes. The table below summarises development projects with the highest expenditure in the reporting period.

**Table 3.319: West Pokot County, List of Development Projects with the Highest Expenditure**

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County executive- office of governor	Construction of Governor Residence-Ongoing Contract Sum 53m Budget 40m	Kapenguria	13,000,000	6,765,514	52
2	Roads	County Rural Roads Maintenance	County Wide	34,933,200	16,499,900	47
3	Health	Proposed Construction of Makutano Health Centre	Makutano	33,000,000	14,122,256	43
4	Education	Infrastructure Development of Schools throughout the County	Countywide	300,000,000	110,000,000	37
5	Water	Mtembur Kitelakapel Water Project in Mnagei and Riwo Ward - County Counterpart Funding	Mtembur	7,900,000	7,900,000	100
6	Water	FLLOCA-CCIS Grants	Climate Office	11,000,000	11,000,000	100

Source: West Pokot County Treasury

### 3.47.11 Budget Performance by Department

Table 3.320 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2023/24.

**Table 3.320: West Pokot County, Budget Allocation and Absorption Rate by Department.**

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	491.73	113.37	204.12	19.42	204.12	19.42	100	100	42	17
Finance and Economic Planning	311.49	35.38	132.13	0.67	132.13	0.67	100	100	42	2
Roads, Public Works, Transport and Infrastructure	120.30	331.29	42.74	23.54	42.74	23.54	100	100	36	7
Health, Sanitation and Emergencies	1,844.00	182.18	863.50	15.37	863.50	15.37	100	100	47	8
Education and Technical training	702.48	479.59	177.18	115.65	177.18	115.65	100	100	25	24
Agriculture and Irrigation	107.63	306.91	37.12	-	37.12	-	100	-	35	-
Pastoral Economy	98.33	189.10	37.09	-	37.09	-	100	-	38	-
Trade, Industrialization, Investment & Cooperatives	87.20	46.12	32.77	-	32.77	-	100	-	38	-
Land, Housing, Physical Planning and Urban Dev	173.78	77.74	55.20	-	55.20	-	100	-	32	-
Water, Environment and Natural Resources	90.56	346.05	43.39	25.40	43.39	25.40	100	100	48	7
Tourism, Youth, Sports, Gender and Social Services	107.57	63.40	45.25	-	45.25	-	100	-	42	-



Department	Budget Allocation (Kshs. 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, ICT & Decentralized Units	475.55	5.00	59.01	-	59.01	-	100	-	12	-
Inter-Gov., Special Programmes and Directorates	92.15	-	26.33	-	26.33	-	100	-	29	-
County Assembly	720.15	115.91	339.29	9.88	339.29	9.88	-	-	47	9
<b>Total</b>	<b>5,422.92</b>	<b>2,292.05</b>	<b>2,095.14</b>	<b>209.94</b>	<b>2,095.14</b>	<b>209.94</b>	<b>100.0</b>	<b>100</b>	<b>38.6</b>	<b>9.2</b>

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the Department of Education and Technical Training recorded the highest absorption rate of development budget at 24 per cent, followed by the Office of the Governor at 17 per cent. County Assembly had the highest percentage of recurrent expenditure to budget at 47 per cent while the County Public Service, ICT and Decentralised Units had the lowest at 12 per cent.

### 3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.321 summarises the budget execution by programmes and sub-programmes in the first half of FY 2023/24.

**Table 3.321: West Pokot County, Budget Execution by Programmes and Sub-Programmes.**

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
<b>Programme 1-COUNTY EXECUTIVE</b>						
SP 1 - (General Administration, Planning and Support Services)	412,479,543.68	113,366,466.32	183,908,275.20	19,424,680.65	45	17.13
SP 2 -(County Public service Board	21,847,120.00	-	4,523,583.30	-	21	-
SP 3 -(County Executive Affairs)	40,714,871.00	-	10,116,941.00	-	25	-
SP 4-(Liasion and Intergovernmental service)	16,692,415.00	-	5,570,404.00	-	33	-
<b>TOTAL</b>	<b>491,733,949.68</b>	<b>113,366,466.32</b>	<b>204,119,203.50</b>	<b>19,424,680.65</b>	<b>42</b>	<b>17.13</b>
<b>Programme 2 - FINANCE &amp; ECONOMIC PLANNING</b>						
SP 1(General Administration, Planning and Support Services	227,617,226.00	35,377,012.00	114,496,795.00	674,470.80	50	1.91
SP 2-(Treasury Accounting Services)	10,159,823.00	-	2,077,600.00	-	20	-
SP 3-(Supply Chain Management services)	3,888,000.00	-	598,400.00	-	15	-
SP 4-(Resource Mobilization)	12,707,282.00	-	5,179,632.00	-	41	-

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
SP 5-(Internal Audit services)	6,543,600.00	-	577,700.00	-	9	-
SP 6-(Budget Formulation services)	14,810,000.00	-	3,797,100.00	-	26	-
SP 7-(Economic Planning)	13,261,450.00	-	1,390,800.00	-	10	-
SP 8-(Monitoring and Evaluation )	22,500,000.00	-	4,014,400.00	-	18	-
<b>TOTAL</b>	<b>311,487,381.00</b>	<b>35,377,012.00</b>	<b>132,132,427.00</b>	<b>674,470.80</b>	<b>42</b>	<b>1.91</b>
<b>Programme 3 - ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE</b>						
SP 1(General Administration, Planning and Support Services	93,209,729.00	-	40,288,395.55	-	43	-
SP 2(Road Transport)	5,590,808.00	-	724,152.40	-	13	-
SP 3(CONSTRUCTION OF BRIDGES)	21,499,520.00	145,856,918.00	1,729,138.50	21,244,309.10	8	14.57
SP 5-(Ward Specific Projects)	0.00	185,436,372.00	-	2,300,000.00	-	1.24
<b>TOTAL</b>	<b>120,300,057.00</b>	<b>331,293,290.00</b>	<b>42,741,686.45</b>	<b>23,544,309.10</b>	<b>36</b>	<b>7.11</b>
<b>Programme 4 - HEALTH AND SANITATION</b>						
SP 1(General Administration, Planning and Support Services	1,468,336,243.00	-	742,363,825.25	-	51	-
SP 2-(Preventive Health Services)	85,344,880.20	89,531,075.80	28,018,836.05	14,122,256.85	33	15.77
SP 3-(Curative Health Services)	120,855,383.80	8,164,788.20	42,446,173.50	1,248,370.00	35	15.29
SP 4-(Kacheliba Sub-county hospital)	13,940,000.00	-	6,091,773.30	-	44	-
SP 5-(Sigor Sub-county hospital)	13,860,000.00	-	6,596,123.30	-	48	-
SP 6-(Chepareria Sub-county hospital)	13,860,000.00	-	6,607,557.30	-	48	-
SP 7(Facility Improvement Fund)	127,800,000.00	5,000,000.00	31,376,000.00	-	25	-
SP 8(Ward Specific)	-	79,486,394.00	-	-	-	-
<b>TOTAL</b>	<b>1,843,996,507.00</b>	<b>182,182,258.00</b>	<b>863,500,288.70</b>	<b>15,370,626.85</b>	<b>47</b>	<b>8.44</b>
<b>Programme 5 - EDUCATION AND TECHNICAL TRAINING</b>						
SP 1(General Administration, Planning and Support Services	354,106,405.00	344,064,564.00	172,404,086.85	110,000,000.00	49	31.97

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
SP 2 -(ECD Services)	22,072,234.00	11,817,414.00	- 4,806,007.00	5,646,307.00	-22	47.78
SP 3-(Youth Vocational training)	16,305,408.00	8,379,478.00	8,100,000.00	-	50	-
SP 4-(Bursary Fund)	310,000,000.00	-	1,480,800.00	-	-	-
SP 5 - (Ward specific)	-	115,331,622.00	-	-	-	-
<b>TOTAL</b>	<b>702,484,047.00</b>	<b>479,593,078.00</b>	<b>177,178,879.85</b>	<b>115,646,307.00</b>	<b>25</b>	<b>24.11</b>
<b>Programme 6 - AGRICULTURE AND IRRIGATION</b>						
SP 1 - (General Administration, Planning and Support Services)	96,554,520.00	-	36,175,736.55	-	37	-
SP 2-(Crop Development and Management)	6,000,000.00	26,500,000.00	239,400.00	-	4	-
SP 3-(Cash Crop Production(Special Programs)	5,070,529.00	241,007,244.00	700,000.00	-	14	-
SP 4 -(Ward specific)	-	<b>39,400,000</b>	-	-	-	-
<b>TOTAL</b>	<b>107,625,049.00</b>	<b>306,907,244.00</b>	<b>37,115,136.55</b>	<b>-</b>	<b>34</b>	<b>-</b>
<b>Programme 7 - PASTORAL ECONOMY</b>						
SP 1 - (General Administration, Planning and Support Services)	64,781,979.00	-	12,930,952.10	-	20	-
SP 2 - (Livestock production and Range Management)	14,480,000.00	127,336,892.00	19,594,100.00	-	135	-
SP 3-(Livestock Disease management)	6,670,000.00	480,000.00	2,280,200.00	-	34	-
SP 4-(Fisheries Development)	10,500,000.00	5,800,000.00	997,700.00	-	10	-
SP 5-(Nasukuta Livestock Improvement Center)	1,900,000.00	8,200,000.00	1,288,800.00	-	68	-
SP 6 -(Ward specific)	0.00	47,288,000.00	-	-	-	-
SP 7 -(Dairy Development(Special Programmes)	0.00	-	-	-	-	-
<b>TOTAL</b>	<b>98,331,979.00</b>	<b>189,104,892.00</b>	<b>37,091,752.10</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Programme 8 - TRADE, INDUSTRIALISATION, INVESTMENT &amp; COOPERATIVES DEVELOPMENT</b>						
SP 1 - (General Administration, Planning and Support Services)	82,826,015.00	33,900,000.00	31,009,894.40	-	37	-

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
SP 2-(Cooperative Development)	1,889,601.00	999,999.00	855,200.00	-	45	-
SP 3 - (Trade, License and Market Development)	2,486,000.00	-	908,950.00	-	37	-
SP 4-(Ward specific)	-	11,220,943.00	-	-	-	-
<b>TOTAL</b>	<b>87,201,616.00</b>	<b>46,120,942.00</b>	<b>32,774,044.40</b>	<b>-</b>	<b>38</b>	<b>-</b>
<b>Programme 9 - LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT</b>						
SP 1 - (General Administration, Planning and Support Services)	85,401,239.00	-	45,488,100.50	-	53	-
SP 2 -(Land Policy and Physical Planning)	8,291,200.00	-	1,369,593.10	-	17	-
SP 3-(Housing Development)	1,612,000.00	-	614,050.00	-	38	-
SP 4-(Urban Development)	2,528,800.00	-	729,500.00	-	29	-
SP 5-(Kapenguria Municipality)	73,500,000.00	74,440,288.00	6,341,806.90	-	9	-
SP 6-(Ward specific)	2,450,000.00	3,299,778.00	661,281.10	-	27	-
<b>TOTAL</b>	<b>173,783,239.00</b>	<b>77,740,066.00</b>	<b>55,204,331.60</b>	<b>-</b>	<b>32</b>	<b>-</b>
<b>Programme 10 - WATER, ENVIRONMENT AND NATURAL RESOURCES</b>						
SP 1 - (General Administration, Planning and Support Services)	68,119,585.00	4,200,000.00	30,242,952.85	-	44	-
SP 2 -(Water Supply Services)	13,455,999.50	47,752,107.50	3,144,600.00	11,900,000.00	23	24.92
SP 3 -(Environment & Natural Resource Development)	8,981,280.00	174,752,000.00	7,004,400.00	11,000,000.00	78	6.29
SP 4 -(Ward Specific)	0.00	119,349,900.00	2,999,902.00	2,499,600.00	-	2.09
<b>TOTAL</b>	<b>90,556,864.50</b>	<b>346,054,007.50</b>	<b>43,391,854.85</b>	<b>25,399,600.00</b>	<b>48</b>	<b>7.34</b>
<b>PROGRAMME 11-TOURISM, YOUTH SPORTS AND CULTURE</b>						
SP 1 - (General Administration, Planning and Support Services)	57,332,483.00	-	27,129,707.90	-	47	-
SP 2-(Tourism Development)	4,387,200.00	-	1,137,600.00	-	26	-
SP 3-(Gender, Youths and Sports Development)	0.00	32,000,000.00	-	-	-	-

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
SP 4(Culture and Social Development)	3,039,718.00	-	1,235,400.00	-	41	-
SP 5-(Ward Specific)	42,814,273.00	31,399,828.00	15,748,700.00	-	37	-
<b>TOTAL</b>	<b>107,573,674.00</b>	<b>63,399,828.00</b>	<b>45,251,407.90</b>	<b>-</b>	<b>42</b>	<b>-</b>
<b>Programme 12 - COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS</b>						
SP 1 - (General Administration, Planning and Support Services)	392,241,880.00	5,000,000.00	50,502,570.15	-	13	-
SP 2-(Human Resource)	8,786,000.00	-	522,500.00	-	6	-
SP 3-(Legal Services)	11,320,000.00	-	863,990.00	-	8	-
SP 4 - (Records Management)	16,595,000.00	-	692,400.00	-	4	-
SP 5- (Communication Services)	3,400,000.00	-	696,100.00	-	20	-
SP 6 - (ICT Infrastructure Connectivity)	25,726,926.00	-	1,330,237.00	-	5	-
SP 7 - (Field Administration)	17,480,000.00	-	4,404,850.00	-	25	-
<b>TOTAL</b>	<b>475,549,806.00</b>	<b>5,000,000.00</b>	<b>59,012,647.15</b>	<b>-</b>	<b>12</b>	<b>-</b>
<b>Programme 13 -SPECIAL PROGRAMMES AND DIRECTORATES</b>						
SP 1 - (General Administration, Planning and Support Services)	19,590,551.00	-	13,280,864.30	-	68	-
SP 2 -(Dairy Development)	-	-	-	-	-	-
SP 3-(Cash crop production)	-	-	-	-	-	-
SP 4-(Investment and Cooperative development)	42,880,000.00	-	5,636,400.00	-	13	-
SP 5 - (Emergency and disaster response)	19,106,000.00	-	5,547,600.00	-	29	-
SP 6 -(Peacebuilding and reconciliation)	2,730,000.00	-	819,800.00	-	30	-
SP 7- ( Resource mobilization and Coordination)	-	-	-	-	-	-
SP 8(Gender and special needs)	7,840,000.00	-	1,048,600.00	-	13	-
<b>TOTAL</b>	<b>92,146,551.00</b>	<b>-</b>	<b>26,333,264.30</b>	<b>-</b>	<b>29</b>	<b>-</b>
<b>Programme 14 -COUNTY ASSEMBLY</b>						

Programme/SP	Approved Estimates (Kshs.)		Actual Expenditure as of 31 <sup>st</sup> December 2023 (Kshs.)		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
SP 1 - (General Administration, Planning and Support Services)	407,540,716.00	115,912,093.00	215,766,459.00	9,884,500.00	53	8.53
SP 2 -(Legislation and Representation)	267,144,780.00	-	84,741,281.00	-	32	-
SP 3-(Staff Affairs and development)	45,466,889.00	-	12,721,554.00	-	28	-
<b>TOTAL</b>	<b>720,152,385.00</b>	<b>115,912,093.00</b>	<b>313,229,294.00</b>	<b>9,884,500.00</b>	<b>43</b>	<b>8.53</b>

*Source: West Pokot County Treasury*

Sub-programmes with the highest levels of implementation based on absorption rates were: County Assembly at 48.64 per cent, Health and Sanitation at 43.4 per cent, finance & and economic planning at 38.29 per cent and County Executive at 36.94 per cent of budget allocation.

### 3.47.13 Accounts Operated Commercial Banks

The County government operated a total of 29 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

### 3.47.14 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. The underperformance of own-source revenue at Kshs.24.46 million against an annual projection of Kshs.97.20 million, representing 25 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage Fund, Bursary Fund, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.225.28 million as of 31<sup>st</sup> December 2023. Further, the pending bills figure should be reviewed as there have been various versions of the outstanding pending bills being reported by the County.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.138.75 million were processed through the manual payroll, accounting for 9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The County government operated a total of 29 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 which required that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash.

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

1. *The County should develop and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Government should ensure that bank accounts are opened and operated at the Central Bank of Kenya as required by the law.*

## 4. KEY CHALLENGES AND RECOMMENDATIONS

### 4.1. Introduction

This section highlights cross-cutting issues that affected budget implementation in the first half of FY 2023/24 and includes appropriate recommendations to address the challenges. The cross-cutting challenges included:

### 4.2. Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.19.95 billion, which was 24.9 per cent of the annual target of Kshs.80.20 billion, against an expected performance of 50 per cent of the annual target in the first half of FY 2023/24. Counties that reported the lowest performance against their annual target are Kericho, Kilifi, and Machakos at 12.7 per cent, 10.5 per cent, and 7.4 per cent. Only five counties achieved the target of 50 per cent namely; Samburu at 55.7 per cent, Elgeyo Marakwet at 56.3 per cent, Isiolo at 62 per cent, Narok at 63.9 per cent and Nyeri at 71.4 per cent.

Further, the Controller of Budget noted over-reliance on the health sector as the main source of revenue which amounted to Kshs.6.4 billion and represented 32.1 per cent of the total realised own source revenue. Many counties depended on FIF to prop their revenues, such as Elgeyo Marakwet at 79.6 per cent, Homa Bay at 78 per cent and Siaya at 75.7 per cent. In addition, several county governments are yet to develop their Facility Improvement Financing Regulations to regularise the spending of revenue receipts by health facilities at source.

The underperformance of own-source revenue collection implies that the counties could not implement some planned activities due to budget deficits. The Controller of Budget advises county governments to build the capacity of key staff involved in revenue collection and implement revenue enhancement programmes to realise the OSR potential. In addition, county governments are advised to develop their Regulations to implement the Health Facilities Improvement Financing (FIF) Act 2023. The FIF Act provides for the financial autonomy of health facilities whereby the facilities retain their collections for use to enable them to deliver quality services.

### 4.3. Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget

Section 168 of the PFM Act, 2012, requires Fund Administrators to prepare and submit quarterly financial statements for each Fund. The quarterly financial statements should be submitted to the County Treasury with a copy to the Controller of Budget fifteen days after the end of each quarter. During the reporting period, it was observed that several Fund Administrators did not submit the quarterly financial statements to the Controller of Budget within the legal timeline.

As shown in Chapter Three of this report, Fund Administrators in most counties failed to furnish the CoB with quarterly reports on financial and non-financial information contrary to the requirement of Section 168 of the PFM Act, 2012. The Controller of Budget advises the County Executive Committee Members responsible for Finance to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the PFM Act, 2012.



#### **4.4. High Expenditure on Personnel Emoluments**

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the county government's expenditure on wages and benefits at 35 per cent of the county's total revenue.

Overall, County Governments spent Kshs.98.13 billion on personnel emoluments, which accounted for 58.2 per cent of the total expenditure of Kshs.168.52 billion and 47.8 per cent of the realised revenue of Kshs.205.32 billion in the first half of FY 2023/24. This expenditure increased from Kshs.94.78 billion incurred in a similar period in FY 2022/23. Further, the analysis of the wage bills shows that Kshs.7.06 billion of the payrolls was processed manually and outside the government payroll system which accounts for 7 per cent of the total wage bills. This contradicts the Government policy that requires salaries to be processed through the IPPD system. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The Controller of Budget 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. Further, the County Public Service Boards are advised to fast-track the acquisition of Unified Personnel Numbers for their staff and ensure payroll is processed through the prescribed Government system.

#### **4.5. Use of Commercial Bank Accounts**

Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015 requires County government bank accounts to be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection accounts.

As shown in Chapter Three of this report, the CoB notes that the County governments use commercial bank accounts to operate the established public funds and other operational accounts contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015. The Controller of Budget advises the County Executive Committee Members responsible for Finance to follow up and ensure compliance with the law by maintaining bank accounts at the Central Bank of Kenya for accountable spending.

#### **4.6. Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget**

County Governments must prepare and submit financial and non-financial reports in line with Section 166(4) and Section 168 (3) of the PFM Act, 2012, not later than one month after the end of each quarter. Further, Section 16 of the Controller of Budget Act, 2016, requires Accounting Officers to cooperate with the Controller of Budget to enable the Controller of Budget to carry out their functions per the Constitution and any other law.

Accounting Officers should respond promptly to any inquiry made by the Controller of Budget; furnish the Controller of Budget with periodic reports as to the status of management of the budget and public funds in respect of the question raised within such period as may be prescribed by the Controller of Budget, and provide any other information that the Controller. In line with the above requirement, the Controller of Budget issued a letter to County Treasuries requesting the submission of financial and financial reports for the period under review by 15th January 2024.

Despite the above legal provisions, county governments did not submit the financial and financial reports within the recommended timeline, which led to a delay in finalising this County Budget Implementation Review Report. Sixteen county governments submitted their reports after 23rd January 2024, namely; Busia, Kericho, Mombasa, Isiolo, Tana River, Tharaka Nithi, Nandi, Turkana, Nyeri, Homa Bay, Kitui, Kakamega, Samburu, Kwale, Machakos, and Kisii.

Consequently, county governments must put in place mechanisms to ensure adherence to the legal provisions on the submission of quarterly financial and non-financial reports as provided in law.

#### **4.7. High Level of Pending Bills**

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 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 so that the County government does not default on debt obligations”. Further, Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalised and signed contracts are budgeted before an accounting officer of the County government entity considers new projects.

During the period under review, Counties reported outstanding pending bills amounting to Kshs.156.34 billion and comprised of Kshs.154.86 billion by the County Executive and Kshs.1.48 billion for the County Assemblies. Analysis of the pending bills shows that Nairobi City County accounted for 68.5 per cent of the stock of pending bills at Kshs.107.04 billion. Other Counties with a high level of pending bills are Kiambu at Kshs.5.71 billion, Mombasa at Kshs.3.92 billion, Machakos at Kshs.3.03 billion, Mandera at Kshs.2.30 billion and Busia at Kshs.2.29 billion.

County Governments should settle the eligible pending bills as a first charge on the budget in line with the law.

#### **4.8. Delay by the National Treasury to Disburse the Equitable Share of Revenue**

County Governments were allocated Kshs.385.42 billion as an equitable share of revenue raised nationally to finance their budgets in the FY 2023/24. This allocation is contained in the County Allocation of Revenue Act, 2023, while the Disbursement Schedule provides for monthly transfers to County Governments by the National Treasury. As of 31st December 2022, the National Treasury had disbursed Kshs.142.47 billion as equitable share for FY 2023/24, representing 37 per cent of the allocation for FY 2023/24 of Kshs.385.42 billion.

Failure by the National Treasury to release funds to County Governments affected budget implementation, as shown by low expenditure on development activities, which was Kshs.24.81 billion compared to the budget allocation of Kshs.203.11 billion as the available funds were committed to settling salaries and other essential expenditures.

The National Treasury should ensure that the disbursement of the equitable share of revenue to county governments is in line with the approved disbursement schedule to ensure effective budget implementation.

#### **4.9. Delay by the Parliament to enact the County Governments Additional Allocations Bill, 2023**

The County Governments Additional Allocations Bill, 2023 which provides allocation for conditional grants and additional allocations, had not been approved by Parliament as of 31st December 2023.

Consequently, the National Treasury could not disburse conditional grants to Counties. Further delays by the Parliament to enact the Bill will adversely affect budget implementation. The OCoB therefore advise Parliament to expedite the enactment of the County Governments Additional Allocations Bill, 2023 to enable County governments to access conditional grants to implement their budgets.

## 5. CONCLUSION

This report sought to provide information on budget implementation by County Governments during the first half of FY 2023/24. It was prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act 2016.

The combined County Governments' budget estimates for FY 2023/24 amounted to Kshs.557.44 billion and comprised of Kshs.203.11 billion (36.4 per cent) allocated to development expenditure and Kshs.354.33 billion (63.6 per cent) for recurrent expenditure. To finance the budgets, County governments expect to receive Kshs.385.42 billion as the equitable share of revenue raised nationally, generate Kshs.80.20 billion from their own revenue sources and utilize Kshs.42.90 billion cash balance from FY 2022/23. Further, Counties also expect to receive Kshs.48.92 billion as conditional grants/ additional allocations from the National government and development partners.

In the first half of FY 2023/24, the total funds available to the County Governments amounted to Kshs.205.32 billion, which consisted of Kshs.142.47 billion as the equitable share of revenue raised nationally, Kshs.42.90 billion cash balance from FY 2022/23, and Kshs.19.95 billion raised from own sources.

The total expenditure by County governments in the first half of FY 2023/24 was Kshs.168.52 billion, representing an absorption rate of 30.2 per cent of the total annual County Government Budgets. Recurrent expenditure was Kshs.143.72 billion, while development expenditure was Kshs.24.81 billion. Development expenditure represented 14.7 per cent of the total expenditure in the period under review; hence county governments did not achieve the minimum expenditure of 30 per cent on development programmes.

In overseeing budget implementation, the Controller of the Budget identified key challenges that hampered effective budget execution during the period. They included; underperformance in their own source revenue collection at Kshs.19.95 billion compared to the annual target of Kshs.80.20 billion, a high level of outstanding pending bills of Kshs.156.34 billion as of 31<sup>st</sup> December 2023, delay by the National Treasury to disburse the Equitable Share of revenue raised nationally to the counties, and failure by the Parliament to enact the County Governments Additional Allocations Bill, 2023.

This report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the remaining financial year period. County Governments, especially the County Assemblies, and the National Treasury, must ensure that the concerned entities and Accounting Officers implement the recommendations in this report. The Controller of Budget is committed to ensuring the prudent and effective use of public resources by County Governments and will continue to publish regular reports on budget implementation to inform and influence budget execution in the Country.

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