

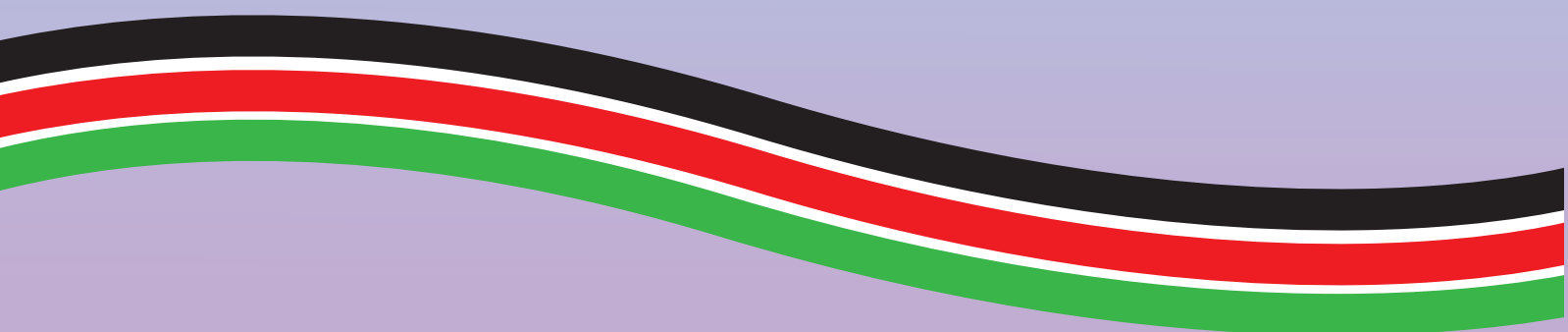
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FOR THE FIRST NINE MONTHS
FY 2023/24

APRIL, 2024



OFFICE OF THE CONTROLLER OF BUDGET



REPUBLIC OF KENYA



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FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya, 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 thirty days after the end of each quarter.

In line with foregoing, I am pleased to present the County Governments' Budget Implementation Review Report for the first nine months of the Financial Year (FY) 2023/24 covering 1st July 2023 to 31st March 2024. The report is based on data from the approved county budgets for the FY 2023/2024, financial and non financial performance reports for the first nine months of the financial year submitted to the CoB inline with Section 166 and 168 of the Public Financial 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 in to the County Revenue Fund, exchequer issues, expenditure by major economic classifications of Personnel Emoluments, Operations and Maintenance and Development Expenditure, Expenditure by Programmes, and absorption of funds against the approved budget.

The report further highlights the key issues identified by the COB that hampered effective budget implementation during the period and makes appropriate recommendations to address them. 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 the Executive arms of government in facilitating decision-making relating to the management of public funds. I call upon all the 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 the 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 at all time.



FCPA Dr. Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

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ACRONYMS

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

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

EXECUTIVE SUMMARY

The County Budget Implementation Review Report (CBIRR) for the first nine months of FY 2023/24 covers the period from July 2023 to March 2024. It fulfils the requirements of Article 228(6) of the Constitution of Kenya, 2010, which mandates the Controller of Budget to report on the implementation of budgets for both the National and County Governments. The report provides an analysis of revenue and expenditure performance for each of the 47 County Governments, identifies challenges faced during the review period, and offers recommendations to address them going forward.

The aggregate budget for FY 2023/24 for the County Governments was Kshs.563.53 billion, with Kshs.203.48 billion (36 per cent) allocated to development expenditure and Kshs.361.05 billion (64 per cent) to recurrent expenditure. The allocation for development activities met the requirement of allocating at least 30 per cent of the budget to development expenditure as stipulated by the PFM Act, 2012.

To finance the FY 2023/24 budget, the County Governments expected to receive Kshs.385.42 billion as the equitable share of revenue raised nationally, Kshs.46.36 billion as additional conditional allocations from the National Government and Development Partners, Kshs.80.78 billion from ordinary own sources of revenue and Facility Improvement Fund (FIF)/Appropriation in Aid (A-I-A), and utilize Kshs.42.26 billion of unspent funds carried forward from FY 2022/23.

The total available funds to the County Governments in the reporting period amounted to Kshs.316.91 billion. This amount comprised Kshs.223.55 billion as the equitable share of revenue raised nationally authorized for withdrawal from Consolidated Fund to respective County Revenue Funds (CRF) accounts by the Controller of Budget in line with Article 206(4) of the Constitution; Kshs.42.26 billion as cash balances from FY 2022/23; Kshs.41.40 billion as revenue mobilized from own source revenue streams, and Kshs.9.69 billion as balances in the Special Purpose Account.

In the first nine months of FY 2023/24, the County Governments generated Kshs.41.40 billion from their own revenue sources, which accounted for 51.3 per cent of the annual own revenue target of Kshs.80.78 billion. This represented an increase of 43.9 per cent compared to a similar period in FY 2022/23. Some Counties, such as Uasin Gishu, Samburu, Isiolo, Kirinyaga, Turkana, and Nandi achieved higher percentages of own revenue collection at 92.5 per cent, 90.7 per cent, 87.6 per cent, 86 per cent, 81.6 per cent and 81.1 per cent respectively, while others, including Bungoma, Mandera, Kericho, Nyandarua, Machakos, and Lamu, had lower percentages at 36.7 per cent, 32.7 per cent, 30.8 per cent, 27.1 per cent, 26.3 per cent and 20.7 per cent respectively. A substantial proportion of the revenue was from the health FIF collections.

During the reporting period, the Controller of Budget authorized the withdrawals of Kshs.263.55 billion from the County Revenue Funds (CRF) accounts to the County Operational Accounts for the County Governments. Of this amount, Kshs.219.94 billion (83.4 per cent) was for recurrent activities, and Kshs.43.67 billion (16.6 per cent) was for development activities.

The total expenditure by the County Governments in the period amounted to Kshs.274.08 billion. This expenditure included Kshs.229.18 billion (83.6 per cent) for recurrent activities and Kshs.44.89 billion (16.4 per cent) for development activities. The expenditure represented 48.5 per cent of the annual County Governments' budget and showed improvement compared to the same period in FY 2022/23 when the cumulative expenditure was Kshs.239.67 billion. The Counties that achieved higher overall absorption

rates of their respective approved annual County Governments' budgets were Uasin Gishu at 59.9 per cent, Kitui at 59.8 per cent, Narok at 58.8 per cent, Bomet at 58.6 per cent, Nandi at 57.9 per cent, and Isiolo at 57.5 per cent, while others like Garissa, Kisumu, Migori, Siaya, Bungoma, and Kisii recorded the lowest aggregate absorption rates at 43.5 per cent, 43.1 per cent, 42.9 per cent, 42.8 per cent, 38.3 per cent and 37.3 per cent respectively.

The County Governments' recurrent expenditure during the period amounted to Kshs.229.18 billion, was an improvement of 9.2 per cent compared to a similar period in FY 2022/23. The expenditure included Kshs.146.53 billion (63.9 per cent) for personnel emoluments and Kshs.82.65 billion (36.1 per cent) for operations and maintenance. The County Assemblies spent Kshs.1.09 billion on MCAs' sitting allowances against an approved annual FY 2023/24 budget allocation of Kshs.2.00 billion, representing an increase of 34.6 per cent compared to the similar period of FY 2022/23.

The development expenditure for the County Governments in the first nine months of FY 2023/24 amounted to Kshs.44.89 billion, translating to an absorption rate of 22.1 per cent of the annual FY 2023/24 development budget of Kshs.203.48 billion, showing an improvement from an absorption rate of 17.5 per cent realized in a similar period of FY 2022/23. Narok, Bomet, Uasin Gishu, Mandera, and Kitui Counties achieved higher absorption rates of their respective approved development budgets at 54.4 per cent, 48.8 per cent, 41.5 per cent, 38 per cent and 36.6 per cent respectively. The Counties that had the lowest absorption rates of their respective approved development budgets included Bungoma at 11.7 per cent, Nairobi City at 9 per cent, Mombasa at 7.7 per cent, Taita Taveta at 7 per cent and Kisii at 5.7 per cent.

The Controller of Budget identified several challenges that hindered effective budget execution, including (i) High Expenditure on Personnel Emoluments; (ii) Use of Commercial Bank Accounts (iii) underperformance in own-source revenue collection and (iv) a high level of pending bills (v) Weak Budgetary Control

Based on the findings, the Controller of Budget recommends the following actions to improve budget implementation:

- i) High Expenditure on Personnel Emoluments: The 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.
- ii) Use of Commercial Bank Accounts: The County Executive Committee Members responsible for Finance follow up and ensure compliance with the law by maintaining bank accounts at the Central Bank of Kenya for accountable spending.
- iii) Under-performance in Own Source Revenue Collection: The County governments to build the capacity of key staff involved in revenue collection and implement revenue enhancement programmes to realise the OSR potential.
- iv) High Level of Pending Bills: The County Governments should settle the eligible pending bills as a first charge on the budget in line with the law.
- v) Weak Budgetary Control: County governments should ensure that there are proper internal controls mechanisms to ensure expenditure is within the approved budget and in-line with approved work plans

KEY HIGHLIGHTS

FY 2023/24 County Governments' Approved Budget Estimates

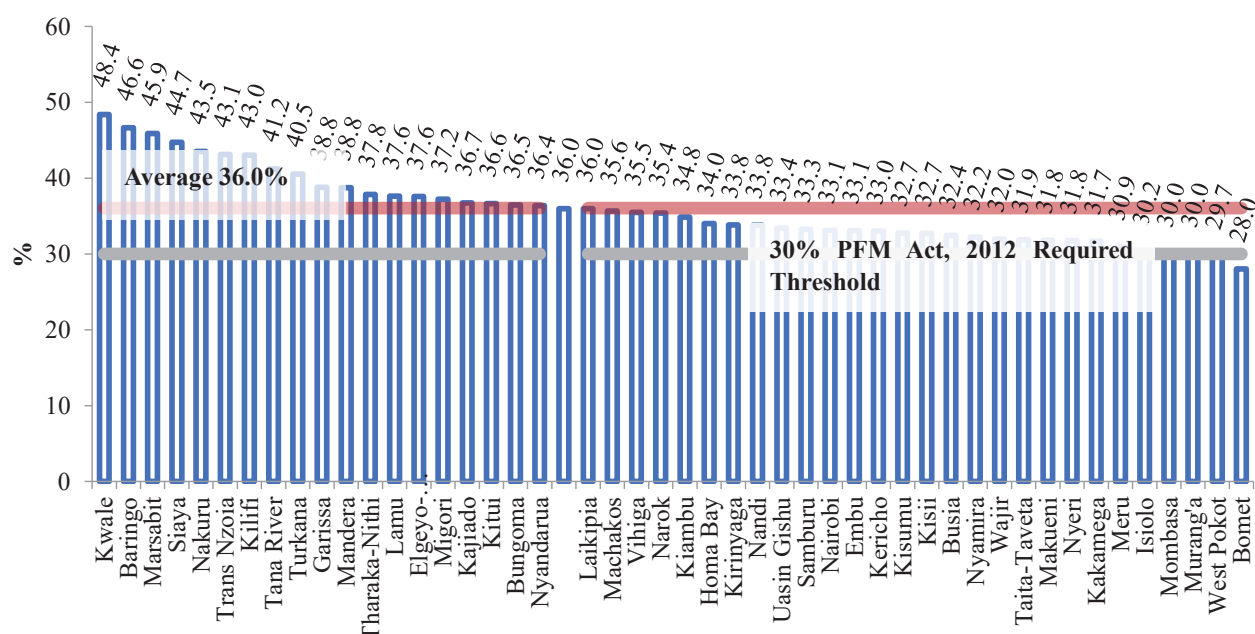


Development
Kshs. 203.48 billion

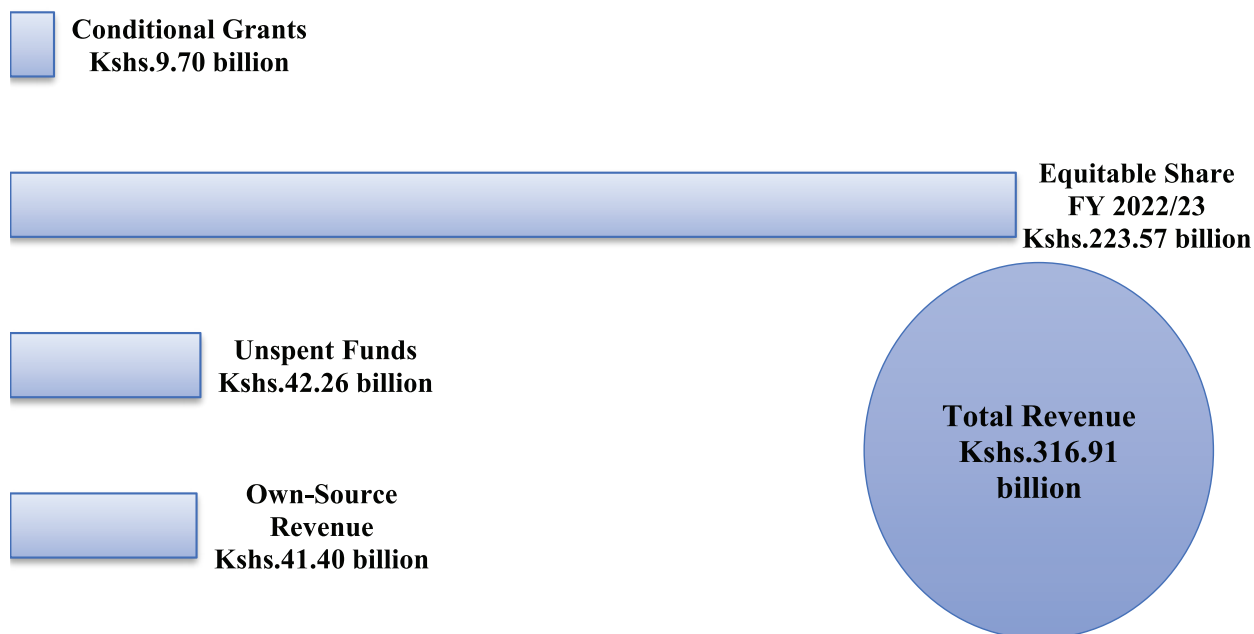


Recurrent
Kshs. 361.05 billion

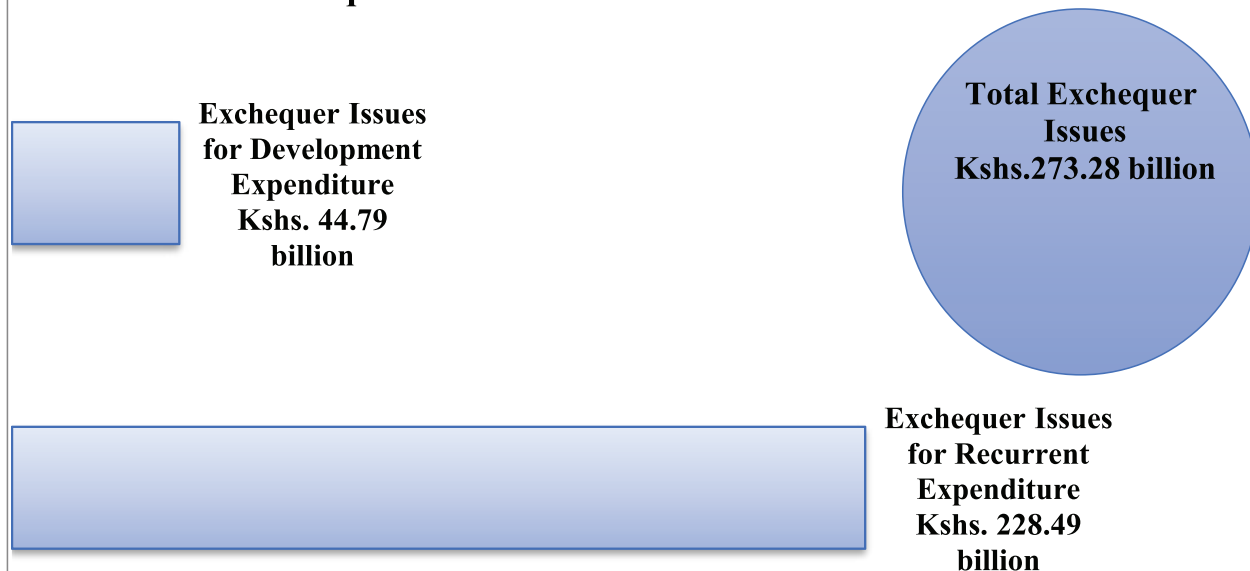
FY 2023/24 County Governments' Development Budget Allocation as a Percentage of Total Budget



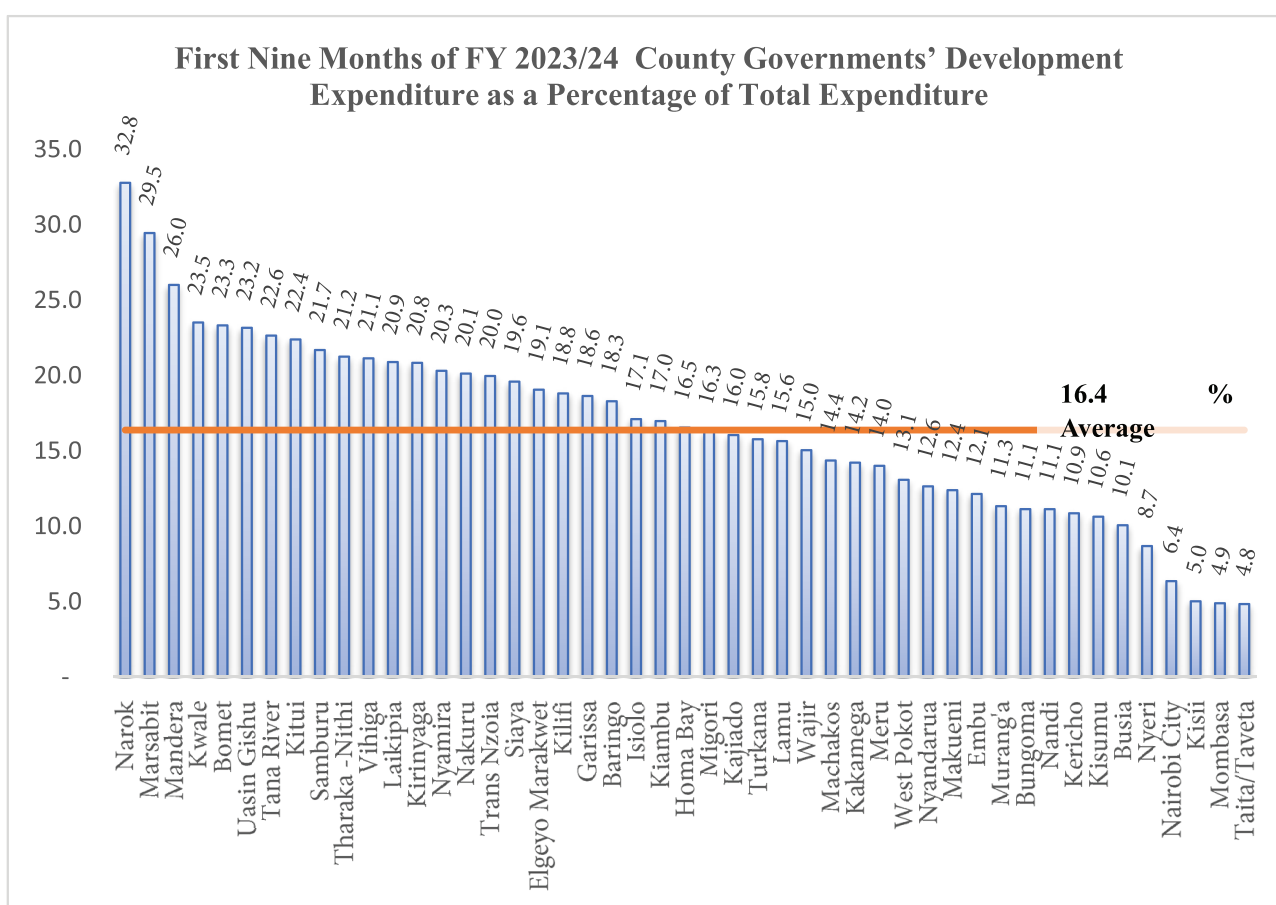
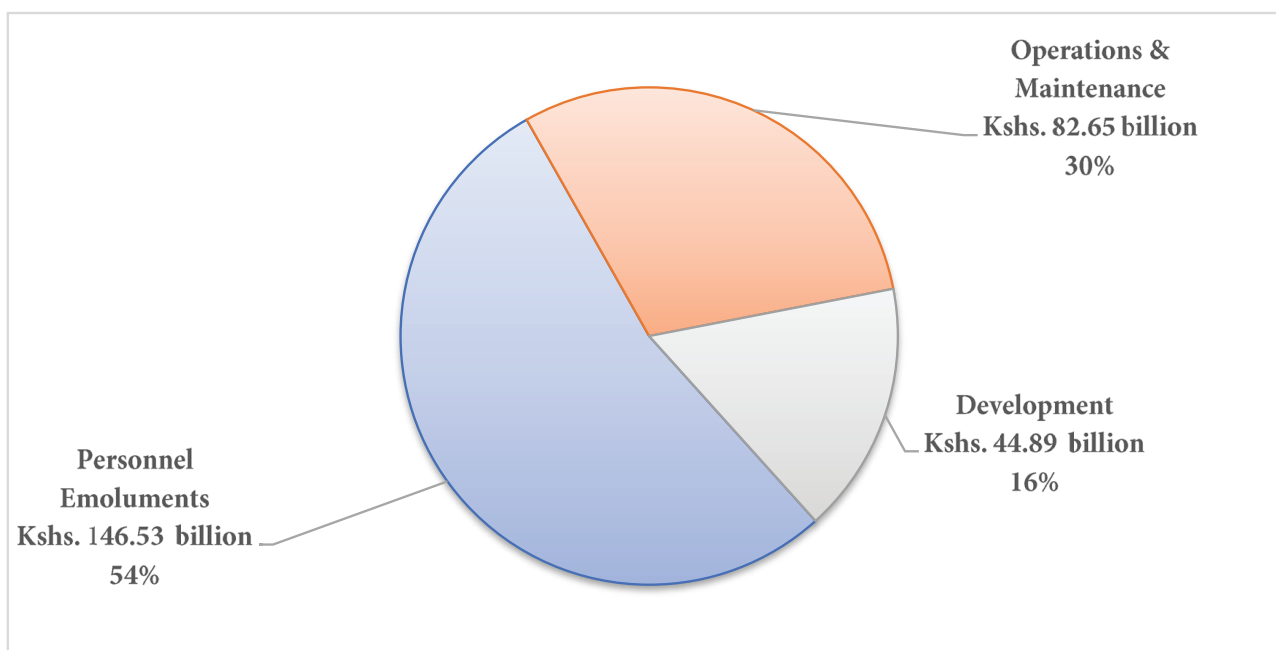
Total Revenue Available in First Nine Months of FY 2023/24



Exchequer Issues in First Nine Months of FY 2023/24



Expenditure by Economic Classification in the First nine months of FY 2023/24



1. INTRODUCTION

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya, 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, 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) covers the first nine months of FY 2023/24 and is prepared in line with the above legal requirements. The first nine months of FY 2023/24 cover the period from July 2023 to March 2024

The CBIRR presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers from the National Government and Development Partners, and the total expenditure in the reporting period. The report is based on quarterly financial reports submitted to the CoB 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 CoB in the course of overseeing budget implementation.

The structure of this report is as follows; Chapter one is the introduction, and Chapter two analyses the County budget performance during the first nine months 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. 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 31st March 2024, 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, operations and maintenance, and development expenditure) are discussed in Chapter Three. The report on budget execution by programmes and sub-programmes for each department and information on development projects undertaken in the first nine months of FY 2023/24 is also covered in Chapter Three.

Chapter four summarises the critical challenges observed in budget implementation in the first nine months of FY 2023/24 by each County and provides recommendations to ensure effective and efficient implementation of the budget 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 NINE MONTHS OF FY 2023/24

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for the first nine months of FY 2023/24 and covers the period from July 2023 to March 2024.

2.2. Revenue Analysis

The combined County governments' budgets approved by the County Assemblies amounted to Kshs.564.53 billion. They comprised Kshs.203.48 billion (36 per cent) allocated to development expenditure and Kshs.361.05 billion (64 per cent) for recurrent expenditure.

To finance the budgets, County governments expected to receive Kshs.385.42 billion as the equitable share of revenue raised nationally, generate Kshs.80.78 billion from their revenue sources, receive Kshs.46.36 billion as additional allocations from the National government and Development Partners while utilising Kshs.42.26 billion unspent cash balances from the previous financial year, along with the Kshs.9.69 billion balances in their Special Purpose Accounts. The own source revenue target includes Kshs.19.94 billion for the Facility Improvement Fund and Appropriations in Aid.

2.3. Revenue Out-turn

The total funds available to the County Governments in the first nine months of FY 2023/24 amounted to Kshs.316.91 billion, comprised of Kshs.223.55 billion as the equitable share of revenue raised nationally, Kshs.42.26 billion cash balance from FY 2022/23, Kshs.41.40 billion raised from own revenue sources, and Kshs.9.69 billion balances in the Special Purpose Account.

2.4. Own-Source Revenue

During the reporting period, County governments generated a total of Kshs.41.40 billion from their own-source revenue (OSR), which was 51.3 per cent of the annual target of Kshs.80.78 billion. The realised OSR is an improvement compared to Kshs.28.77 billion generated in a similar period in FY 2022/23. Analysis of own-source revenue collection for July 2023 to March 2024 is shown in Table 2.1

Table 2.1: Own Source Revenue Collection in the First Nine Months of FY 2023/24

County	Ordinary OSR Target (Kshs.)	FIF/AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual realised (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	142,413,652	130,336,532	272,750,184	60.6
Bomet	187,592,587	144,449,243	332,041,830	104,141,101	52,964,182	157,105,283	47.3
Bungoma	868,201,471	1,152,071,383	2,020,272,854	316,098,816	426,237,143	742,335,959	36.7
Busia	396,793,350	252,222,283	649,015,633	157,636,805	104,176,549	261,813,354	40.3
Elgeyo-Marakwet	70,326,633	200,000,000	270,326,633	56,522,867	148,030,950	204,553,817	75.7
Embu	382,801,875	367,198,125	750,000,000	211,121,647	296,020,373	507,142,020	67.6
Garissa	139,000,000	91,000,000	230,000,000	67,684,090	85,837,524	153,521,614	66.7
Homa Bay	490,895,690	1,888,053,228	2,378,948,918	258,230,138	668,995,814	927,225,952	39.0
Isiolo	223,208,180	48,000,000	271,208,180	159,819,466	77,822,198	237,641,664	87.6
Kajiado	1,200,000,000	315,702,515	1,515,702,515	545,685,853	183,820,486	729,506,339	48.1

County	Ordinary OSR Target (Kshs.)	FIF/AIA Target (Kshs.)	Total Revenue Target (Kshs.)	OSR Actual realised (Kshs.)	FIF/AIA Actual (Kshs.)	Actual Revenue (Kshs.)	Performance (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Kakamega	1,359,000,000	841,000,000	2,200,000,000	497,052,140	377,365,342	874,417,482	39.7
Kericho	530,071,600	743,350,000	1,273,421,600	242,738,708	149,617,514	392,356,222	30.8
Kiambu	5,780,140,717	2,200,000,000	7,980,140,717	2,471,630,571	879,454,422	3,351,084,993	42.0
Kilifi	1,588,634,222	200,000,000	1,788,634,222	554,915,190	287,458,199	842,373,389	47.1
Kirinyaga	349,000,000	201,000,000	550,000,000	281,840,918	190,976,914	472,817,832	86.0
Kisii	650,000,000	986,826,327	1,636,826,327	226,892,449	472,769,466	699,661,915	42.7
Kisumu	1,682,844,694	600,000,000	2,282,844,694	523,686,993	419,105,165	942,792,158	41.3
Kitui	585,000,000	273,930,000	858,930,000	365,419,990	273,930,000	639,349,990	74.4
Kwale	325,783,400	274,216,600	600,000,000	183,939,270	101,403,245	285,342,515	47.6
Laikipia	850,400,000	624,600,000	1,475,000,000	362,227,798	257,975,196	620,202,994	42.0
Lamu	290,000,000	60,000,000	350,000,000	61,084,927	11,531,984	72,616,911	20.7
Machakos	2,998,879,462	1,008,000,000	4,006,879,462	868,926,690	183,052,577	1,051,979,268	26.3
Makueni	865,000,000	375,000,000	1,240,000,000	355,710,617	386,176,270	741,886,887	59.8
Mandera	284,748,838	51,785,008	336,533,846	87,424,352	22,696,129	110,120,481	32.7
Marsabit	120,000,000	70,000,000	190,000,000	35,208,022	68,752,783	103,960,805	54.7
Meru	550,000,000	300,000,000	850,000,000	273,793,634	390,994,471	664,788,105	78.2
Migori	485,474,299	140,000,000	625,474,299	236,793,993	115,662,009	352,456,002	56.4
Mombasa	3,875,296,118	1,377,500,000	5,252,796,118	2,445,722,553	854,453,538	3,300,176,091	62.8
Murang'a	876,181,883	238,818,117	1,115,000,000	459,976,333	256,466,200	716,442,533	64.3
Nairobi	19,420,072,415	270,000,000	19,690,072,415	8,671,663,723	560,351,606	9,232,015,328	46.9
Nakuru	2,100,000,000	1,700,000,000	3,800,000,000	1,329,533,964	1,060,294,518	2,389,828,481	62.9
Nandi	360,325,820	155,231,711	515,557,531	277,423,977	140,611,796	418,035,773	81.1
Narok	4,989,012,257	120,951,908	5,109,964,165	3,880,210,695	52,588,228	3,932,798,922	77.0
Nyamira	395,000,000	230,000,000	625,000,000	98,739,716	159,807,485	258,547,201	41.4
Nyandarua	793,435,975	431,564,025	1,225,000,000	166,979,408	165,532,429	332,511,837	27.1
Nyeri	800,000,000	526,970,571	1,326,970,571	492,640,214	526,970,571	1,019,610,785	76.8
Samburu	239,027,400	17,000,000	256,027,400	223,838,095	8,460,946	232,299,041	90.7
Siaya	434,494,994	325,505,006	760,000,000	150,556,001	252,044,945	402,600,946	53.0
Taita-Taveta	529,000,000	201,682,445	730,682,445	171,056,703	144,277,465	315,334,168	43.2
Tana River	92,673,773	3,956,827	96,630,600	50,314,773	2,751,097	53,065,870	54.9
Tharaka-Nithi	295,200,000	149,800,000	445,000,000	166,376,724	107,655,094	274,031,818	61.6
Trans Nzoia	342,000,000	301,700,000	643,700,000	187,028,763	172,676,601	359,705,364	55.9
Turkana	220,000,000	-	220,000,000	135,061,092	44,564,078	179,625,170	81.6
Uasin Gishu	1,108,243,370	70,800,000	1,179,043,370	1,042,764,618	48,058,091	1,090,822,709	92.5
Vihiga	248,083,481	52,465,973	300,549,454	114,705,103	128,235,932	242,941,035	80.8
Wajir	70,000,000	80,000,000	150,000,000	64,379,766	52,537,819	116,917,585	77.9
West Pokot	97,200,000	132,800,000	230,000,000	44,786,584	78,314,000	123,100,584	53.5
Total	60,839,763,720	19,944,529,475	80,784,293,195	29,822,399,501	11,579,815,874	41,402,215,375	51.3

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicated that twelve counties achieved a performance of above 75 per cent of the annual target, namely; Uasin Gishu, Samburu, Isiolo, Kirinyaga, Turkana, Nandi, Vihiga, Meru, Wajir, Narok, Nyeri, and Elgeyo-Marakwet. Conversely, counties with the

lowest proportion of own source revenue against targets were Kericho at 30.8 per cent, Nyandarua at 27.1 per cent, Machakos at 26.3 per cent, and Lamu at 20.7 per cent of the annual target.

The Controller of Budget advises the county governments that recorded performance below 50 per cent of their annual target to control budget commitments to avoid accumulating pending bills in the coming financial year.

2.5. Funds Released to the Counties

2.5.1 Funds Released from the Consolidated Fund to the Counties

In the first nine months of FY 2023/24, the Controller of Budget (COB) approved the transfer of Kshs.223.55 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 58 per cent of the allocated equitable share of Kshs.385.42 billion.

During the period, county governments received additional conditional grants, namely; Kshs.1.2 billion as a conditional grant for Financing Locally Led-Climate Action Programme, Kshs.6.17 billion for the National Agricultural Value Chain Development Project (NAVCDP), Kshs.304.16 million for the National Agricultural and Rural Inclusive Growth Project (NARIGP), Kshs.58.41 million for the Agricultural Sector Development Support Programme Phase (ASDSP) II, Kshs.1.65 billion for the Kenya Emergency Locust Response Programme, Kshs.160.96 million for the Kenya Livestock Commercialization Program, and Kshs.1,02 billion for the Second Informal Improvement Project (KISIP II). 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.263.60 billion from the County Revenue Funds to the County Operational Accounts comprised of Kshs.43.67 billion (16.6 per cent) for development expenditure and Kshs.219.94 billion (83.4 per cent) for recurrent expenditure, an improvement from the Kshs.239.92 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 nine months of FY 2023/24 was Kshs.274.08 billion, representing an absorption rate of 48.5 per cent of the total annual county governments' budget of Kshs.564.53 billion, an improvement from an absorption rate of 46.7 per cent reported in a similar period in FY 2022/23, where the total expenditure was Kshs.239.67 billion.

Recurrent expenditure was Kshs.229.18 billion, representing 63.5 per cent of the annual recurrent budget, an increase from 61.1 per cent reported in the first nine months of FY 2022/23. Development expenditure amounted to Kshs.44.89 billion, representing an absorption rate of 22.1 per cent and an improvement from 17.5 per cent attained in the first nine months of FY 2022/23 when total development expenditure was Kshs.29.73 billion. The analysis of expenditure by economic classification in the first nine months of FY 2023/24 is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification in the First Nine Months 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	2,410,272,468	1,138,357,505	3,548,629,973.00	794,329,952	4,342,959,925
Bomet	2,441,623,192	1,384,150,198	3,825,773,390.00	1,163,734,023	4,989,507,413
Bungoma	3,729,630,802	1,539,130,183	5,268,760,985.00	660,007,509	5,928,768,494
Busia	2,656,150,154	1,830,812,359	4,486,962,513.12	502,114,181	4,989,076,694
Elgeyo Marakwet	1,809,426,024	778,551,290	2,587,977,314.00	609,340,636	3,197,317,950
Embu	2,246,490,915	821,248,124	3,067,739,038.25	423,886,464	3,491,625,502
Garissa	2,699,782,558	1,023,881,332	3,723,663,890.00	853,061,781	4,576,725,671
Homa Bay	3,237,499,601	1,174,843,052	4,412,342,653.83	874,442,448	5,286,785,102
Isiolo	1,669,927,028	1,072,215,628	2,742,142,656.00	565,796,163	3,307,938,819
Kajiado	2,856,648,570	1,551,693,845	4,408,342,415.00	842,638,155	5,250,980,570
Kakamega	5,278,008,990	2,754,791,274	8,032,800,264.18	1,331,270,307	9,364,070,571
Kericho	2,410,692,326	1,117,389,222	3,528,081,548.15	429,735,768	3,957,817,316
Kiambu	6,005,913,448	3,063,427,579	9,069,341,027.00	1,854,211,765	10,923,552,792
Kilifi	2,978,361,141	4,228,269,351	7,206,630,492.00	1,669,557,694	8,876,188,186
Kirinyaga	1,743,228,073	1,199,092,308	2,942,320,380.29	774,550,034	3,716,870,414
Kisii	3,837,185,104	863,953,858	4,701,138,961.75	248,389,699	4,949,528,661
Kisumu	3,389,198,248	1,851,819,633	5,241,017,881.00	623,468,833	5,864,486,714
Kitui	3,448,839,272	3,044,855,496	6,493,694,768.00	1,873,378,790	8,367,073,558
Kwale	2,851,921,041	2,318,562,148	5,170,483,189.00	1,589,656,389	6,760,139,578
Laikipia	2,189,286,252	814,192,778	3,003,479,030.13	793,181,250	3,796,660,280
Lamu	1,303,204,680	706,576,079	2,009,780,759.00	372,787,584	2,382,568,343
Machakos	5,064,840,104	1,522,259,242	6,587,099,346.19	1,104,358,646	7,691,457,992
Makueni	2,785,256,788	1,590,961,777	4,376,218,565.00	618,932,683	4,995,151,248
Mandera	2,631,548,657	2,815,973,617	5,447,522,274.22	1,914,694,963	7,362,217,237
Marsabit	2,325,295,324	1,074,379,635	3,399,674,959.35	1,419,172,574	4,818,847,533
Meru	3,372,588,318	2,095,245,693	5,467,834,011.00	890,600,827	6,358,434,838
Migori	2,398,790,088	1,792,400,258	4,191,190,345.78	814,392,265	5,005,582,611
Mombasa	4,599,936,180	2,582,643,535	7,182,579,715.10	369,206,243	7,551,785,958
Murang'a	2,924,787,967	1,261,079,924	4,185,867,891.24	534,781,701	4,720,649,592
Nairobi City	13,105,312,697	5,387,095,528	18,492,408,224.81	1,255,073,524	19,747,481,749
Nakuru	5,527,961,785	3,101,534,591	8,629,496,376.21	2,174,349,661	10,803,846,037
Nandi	3,345,296,441	1,476,421,072	4,821,717,513.35	603,872,557	5,425,590,070
Narok	2,587,195,181	3,361,592,907	5,948,788,088.03	2,901,089,693	8,849,877,781

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
Nyamira	2,522,473,805	784,469,173	3,306,942,978.00	842,773,672	4,149,716,650
Nyandarua	1,875,731,354	1,724,572,673	3,600,304,026.95	521,117,285	4,121,421,312
Nyeri	3,080,234,502	1,321,590,095	4,401,824,597.00	418,560,604	4,820,385,201
Samburu	2,101,689,060	883,323,691	2,985,012,751.38	826,657,495	3,811,670,246
Siaya	2,172,525,347	1,456,266,130	3,628,791,477.00	884,202,715	4,512,994,192
Taita Taveta	2,125,520,454	1,082,547,745	3,208,068,199.00	163,001,065	3,371,069,264
Tana River	1,442,560,164	1,614,076,388	3,056,636,551.65	894,848,525	3,951,485,077
Tharaka Nithi	2,055,291,218	491,726,700	2,547,017,918.16	687,274,801	3,234,292,719
Trans Nzoia	2,594,282,283	1,116,226,067	3,710,508,350.10	925,649,663	4,636,158,013
Turkana	4,371,991,368	3,178,970,045	7,550,961,413.00	1,413,752,632	8,964,714,045
Uasin Gishu	3,346,499,279	2,247,400,517	5,593,899,795.88	1,686,241,661	7,280,141,457
Vihiga	1,918,619,058	876,020,535	2,794,639,593.00	749,046,271	3,543,685,864
Wajir	2,947,514,671	2,072,826,449	5,020,341,120.00	888,972,701	5,909,313,821
West Pokot	2,117,056,334	1,461,149,938	3,578,206,272.00	538,372,261	4,116,578,533
Total	146,534,088,316	82,650,567,167	229,184,655,482	44,890,536,113	274,075,191,595

Source: OCoB and County Treasuries

A review of cumulative expenditure by economic classification showed that Kshs.146.53 billion (53.5 per cent) was spent on Personnel Emoluments, Kshs.82.65 billion (30.2 per cent) on Operations and Maintenance, and Kshs.44.89 billion (16.4 per cent) on Development Expenditure.

2.6.1 Development Expenditure

The County governments spent Kshs.44.89 billion on development activities, representing an absorption rate of 22.1 per cent of the annual development budget of Kshs.203.48 billion, which increased from an absorption rate of 17.5 per cent reported in the first nine months of FY 2022/23 when development expenditure was Kshs.29.73 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 Nine Months 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	3,548.63	794.33	4,342.96	69.6	17.8	45.5
Bomet	6,134.31	2,386.79	8,521.10	3,825.77	1,163.73	4,989.51	62.4	48.8	58.6
Bungoma	9,827.06	5,643.04	15,470.10	5,268.76	660.01	5,928.77	53.6	11.7	38.3
Busia	6,819.12	3,273.89	10,093.01	4,486.96	502.11	4,989.08	65.8	15.3	49.4
Elgeyo/Marakwet	4,241.23	2,552.88	6,794.10	2,587.98	609.34	3,197.32	61.0	23.9	47.1
Embu	5,321.13	2,631.46	7,952.60	3,067.74	423.89	3,491.63	57.7	16.1	43.9

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			
Garissa	6,445.15	4,081.69	10,526.84	3,723.66	853.06	4,576.73	57.8	20.9	43.5
Homa Bay	7,719.30	3,978.79	11,698.09	4,412.34	874.44	5,286.79	57.2	22.0	45.2
Isiolo	4,012.49	1,736.32	5,748.81	2,742.14	565.80	3,307.94	68.3	32.6	57.5
Kajiado	7,312.33	4,247.43	11,559.76	4,408.34	842.64	5,250.98	60.3	19.8	45.4
Kakamega	11,308.34	5,242.57	16,550.92	8,032.80	1,331.27	9,364.07	71.0	25.4	56.6
Kericho	5,965.67	2,939.97	8,905.63	3,528.08	429.74	3,957.82	59.1	14.6	44.4
Kiambu	15,961.74	8,533.30	24,495.04	9,069.34	1,854.21	10,923.55	56.8	21.7	44.6
Kilifi	10,787.68	8,148.63	18,936.30	7,206.63	1,669.56	8,876.19	66.8	20.5	46.9
Kirinyaga	4,791.44	2,449.10	7,240.55	2,942.32	774.55	3,716.87	61.4	31.6	51.3
Kisii	8,941.88	4,344.63	13,286.51	4,701.14	248.39	4,949.53	52.6	5.7	37.3
Kisumu	9,155.40	4,457.73	13,613.13	5,241.02	623.47	5,864.49	57.2	14.0	43.1
Kitui	8,864.51	5,124.27	13,988.78	6,493.69	1,873.38	8,367.07	73.3	36.6	59.8
Kwale	7,733.65	7,251.09	14,984.74	5,170.48	1,589.66	6,760.14	66.9	21.9	45.1
Laikipia	4,947.91	2,778.56	7,726.47	3,003.48	793.18	3,796.66	60.7	28.5	49.1
Lamu	2,999.07	1,808.32	4,807.39	2,009.78	372.79	2,382.57	67.0	20.6	49.6
Machakos	10,666.60	5,908.68	16,575.28	6,587.10	1,104.36	7,691.46	61.8	18.7	46.4
Makueni	7,615.83	3,554.48	11,170.32	4,376.22	618.93	4,995.15	57.5	17.4	44.7
Mandera	7,970.53	5,043.69	13,014.22	5,447.52	1,914.69	7,362.22	68.3	38.0	56.6
Marsabit	5,100.31	4,324.34	9,424.65	3,399.67	1,419.17	4,818.85	66.7	32.8	51.1
Meru	8,225.46	3,676.35	11,901.81	5,467.83	890.60	6,358.43	66.5	24.2	53.4
Migori	7,318.03	4,339.01	11,657.04	4,191.19	814.39	5,005.58	57.3	18.8	42.9
Mombasa	11,192.29	4,797.71	15,990.00	7,182.58	369.21	7,551.79	64.2	7.7	47.2
Murang'a	7,287.71	3,120.66	10,408.37	4,185.87	534.78	4,720.65	57.4	17.1	45.4
Nairobi City	28,315.60	14,014.65	42,330.25	18,492.41	1,255.07	19,747.48	65.3	9.0	46.7
Nakuru	13,037.54	10,046.78	23,084.32	8,629.50	2,174.35	10,803.85	66.2	21.6	46.8
Nandi	6,199.20	3,164.11	9,363.32	4,821.72	603.87	5,425.59	77.8	19.1	57.9
Narok	9,726.15	5,328.95	15,055.10	5,948.79	2,901.09	8,849.88	61.2	54.4	58.8
Nyamira	4,983.93	2,369.72	7,353.64	3,306.94	842.77	4,149.72	66.4	35.6	56.4
Nyandarua	5,567.05	3,181.10	8,748.15	3,600.30	521.12	4,121.42	64.7	16.4	47.1
Nyeri	6,185.38	2,878.71	9,064.08	4,401.82	418.56	4,820.39	71.2	14.5	53.2
Samburu	5,048.02	2,516.63	7,564.65	2,985.01	826.66	3,811.67	59.1	32.8	50.4
Siaya	5,828.86	4,713.27	10,542.13	3,628.79	884.20	4,512.99	62.3	18.8	42.8
Taita/Taveta	4,973.94	2,328.02	7,301.96	3,208.07	163.00	3,371.07	64.5	7.0	46.2
Tana River	5,215.04	3,654.46	8,869.50	3,056.64	894.85	3,951.49	58.6	24.5	44.6
Tharaka -Nithi	4,040.32	2,460.18	6,500.50	2,547.02	687.27	3,234.29	63.0	27.9	49.8
Trans Nzoia	5,831.24	4,420.86	10,252.11	3,710.51	925.65	4,636.16	63.6	20.9	45.2
Turkana	10,168.88	6,928.19	17,097.07	7,550.96	1,413.75	8,964.71	74.3	20.4	52.4
Uasin Gishu	8,088.51	4,059.68	12,148.19	5,593.90	1,686.24	7,280.14	69.2	41.5	59.9
Vihiga	4,392.52	2,414.55	6,807.08	2,794.64	749.05	3,543.69	63.6	31.0	52.1
Wajir	8,260.49	3,882.53	12,143.02	5,020.34	888.97	5,909.31	60.8	22.9	48.7
West Pokot	5,422.92	2,292.05	7,714.97	3,578.21	538.37	4,116.58	66.0	23.5	53.4
Total	361,047.31	203,479.87	564,527.18	229,184.66	44,890.54	274,075.19	63.5	22.1	48.5

Source: OCoB and County Treasuries

The analysis of development expenditure shows that counties with the lowest absorption rates were Kisii at 5.7 per cent, Taita Taveta at 7 per cent, Mombasa at 7.7 per cent and Nairobi City at 9 per cent. Only Narok County reported an absorption rate of development expenditure above 50 per cent at 54.4 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.229.18 billion or 3.6 per cent of the total expenditure on recurrent activities. This expenditure represented 63.5 per cent of the annual County government's budget for recurrent activities and was an improvement from 61.1 per cent recorded in a similar period of the FY 2022/23 when expenditure stood at Kshs.209.95 billion.

The recurrent expenditure comprised Kshs.146.53 billion (63.9 per cent) on Personnel Emoluments and Kshs.82.65 billion (36.1 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.1.09 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.0 billion during the reporting period. This expenditure translated to 54.4 per cent of the approved MCAs sitting allowance budget, an increase from 34.6 per cent in the first nine months of FY 2022/23 when Kshs.716.57 million was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first nine months of FY 2023/24.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Nine Months 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		E=B/D/3
Baringo	89,808,000	65,951,523	73.4	45	162,843
Bomet	24,048,960	13,026,000	54.2	39	37,111
Bungoma	61,334,400	23,724,557	38.7	62	42,517
Busia	46,662,600	30,645,580	65.7	54	63,057
Elgeyo Marakwet	29,021,429	21,390,029	73.7	33	72,020
Embu	86,424,734	40,685,622	47.1	31	145,827
Garissa	30,832,000	14,396,900	46.7	49	32,646
Homa Bay	56,659,200	25,214,673	44.5	54	51,882
Isiolo	10,503,758	10,133,004	96.5	17	66,229
Kajiado	47,471,010	16,238,200	34.2	42	42,958
Kakamega	131,609,160	79,423,626	60.3	88	100,282
Kericho	34,669,600	25,181,328	72.6	48	58,290
Kiambu	74,000,000	53,424,800	72.2	89	66,698
Kilifi	31,949,940	24,091,600	75.4	56	47,801
Kirinyaga	54,484,345	12,353,982	22.7	32	42,896
Kisii	64,396,800	39,370,300	61.1	71	61,612
Kisumu	45,305,000	30,203,333	66.7	48	69,915
Kitui	23,085,000	11,652,834	50.5	61	21,226
Kwale	43,249,600	14,939,300	34.5	31	53,546
Laikipia	21,189,600	6,951,100	32.8	22	35,107

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100		E=B/D/3
Lamu	24,040,000	10,237,000	42.6	21	54,164
Machakos	43,000,000	48,120,200	111.9	61	87,651
Makueni	40,575,947	26,145,300	64.4	49	59,286
Mandera	32,000,000	9,484,900	29.6	51	20,664
Marsabit	34,714,469	19,854,500	57.2	33	66,850
Meru	71,355,600	35,498,200	49.7	69	57,163
Migori	54,221,000	19,944,478	36.8	60	36,934
Mombasa	39,391,000	20,797,800	52.8	42	55,021
Murang'a	34,500,000	19,728,271	57.2	48	45,667
Nairobi City	84,396,000	34,871,200	41.3	124	31,247
Nakuru	40,000,000	26,865,394	67.2	74	40,338
Nandi	30,888,000	13,256,100	42.9	45	32,731
Narok	35,113,760	23,826,400	67.9	50	52,948
Nyamira	12,314,820	7,036,258	57.1	36	21,717
Nyandarua	35,100,000	22,436,200	63.9	42	59,355
Nyeri	19,300,000	13,292,500	68.9	42	35,165
Samburu	31,200,000	12,397,000	39.7	27	51,016
Siaya	38,476,848	15,263,871	39.7	43	39,442
Taita Taveta	33,600,000	16,367,100	48.7	32	56,830
Tana River	8,400,000	7,146,300	85.1	27	29,409
Tharaka Nithi	29,203,200	12,253,332	42.0	24	56,728
Trans Nzoia	32,857,610	17,796,000	54.2	34	58,157
Turkana	44,965,952	8,496,100	18.9	48	19,667
Uasin Gishu	40,000,000	22,300,800	55.8	45	55,064
Vihiga	30,680,000	20,215,836	65.9	37	60,708
Wajir	47,600,800	26,773,500	56.2	46	64,670
West Pokot	24,000,000	17,666,800	73.6	33	59,484
Total	1,998,600,142	1,087,069,631	54.4	2,215	54,531

Source: OCoB and County Treasuries

Baringo and Embu County Assemblies reported the highest average monthly sitting allowance per MCA at Kshs.162,843 and Kshs.145,827 respectively.

2.6.4 Pending Bills as of 31st March 2024

Counties reported outstanding pending bills of Kshs.152.37 billion as of 31st March 2024. These comprised Kshs.150.85 billion by the County Executive and Kshs.1.52 billion by County Assemblies, as shown in Table 2.5.

Table 2.5: Pending Bills for the Counties as of 31st March 2024 (In Kshs.)

County	County Executive		County Assembly		Total
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	
Baringo	33,722,467	12,389,467	-	-	46,111,934
Bomet	94,862,272	364,095,110	-	-	458,957,382
Bungoma	397,834,447	594,334,881	16,390,000	-	1,008,559,328
Busia	793,573,323	1,218,669,654	71,777,333	-	2,084,020,310
Elgeyo-Marakwet	1,687,200	1,046,255	-	-	2,733,455
Embu	922,992,786	600,224,254	15,494,190	1,187,000	1,539,898,231
Garissa	17,031,929	360,167,253	21,145,458	27,137,682	425,482,322
Homa Bay	36,728,843	679,130,837	42,903,151	-	758,762,830
Isiolo	320,876,741	96,753,500	5,812,806	8,094,676	431,537,722
Kajiado	492,539,619	705,044,450	10,680,050	-	1,208,264,119
Kakamega	206,032,127	478,181,489	34,001,464	-	718,215,079
Kericho	88,456,444	315,460,684	-	-	403,917,128
Kiambu	3,394,504,627	2,169,918,643	77,228,246	23,153,446	5,664,804,962
Kilifi	842,634,847	586,137,042	12,346,776	-	1,441,118,665
Kirinyaga	415,041,433	221,110,222	-	-	636,151,655
Kisii	234,036,766	837,398,917	1,744,470	51,227,694	1,124,407,847
Kisumu	-	1,380,371,400	3,804,194	-	1,384,175,594
Kitui	129,189,768	225,022,475	11,691,804	-	365,904,047
Kwale	173,123,857	-	-	-	173,123,857
Laikipia	891,448,303	774,006,347	6,310,755	-	1,671,765,404
Lamu	31,262,843	26,981,439	-	-	58,244,282
Machakos	1,335,613,863	1,477,177,007	83,105,285	-	2,895,896,155
Makueni	137,707,337	39,507,332	-	-	177,214,669
Mandera	82,308,279	1,886,187,134	-	-	1,968,495,413
Marsabit	-	47,406,068	-	241,057,181	288,463,248
Meru	123,873,357	457,124,542	-	-	580,997,899
Migori	361,188,019	414,302,241	80,667,666	40,005,433	896,163,359
Mombasa	3,914,442,437	-	-	-	3,914,442,437
Murang'a	572,004,108	32,387,342	62,231,805	12,201,263	678,824,518
Nairobi	106,431,208,458	-	157,053,000	-	106,588,261,458
Nakuru	1,052,506,956	132,820,464	38,120,921	-	1,223,448,341
Nandi	96,463,404	81,506,757	-	19,834,936	197,805,097
Narok	479,465,712	477,444,658	29,480,255	1,406,960	987,797,585
Nyamira	111,600,372	76,787,755	-	-	188,388,127
Nyandarua	5,093,000	93,013,828	79,356,993	-	177,463,821
Nyeri	8,662,849	8,893,304	664,890	-	18,221,043
Samburu	92,173,005	229,195,807	-	-	321,368,812
Siaya	216,316,053	122,604,789	-	-	338,920,842
Taita-Taveta	413,373,026	318,978,848	49,384,952	-	781,736,826
Tana River	1,173,276,838	723,797,302	-	-	1,897,074,140

County	County Executive		County Assembly		Total
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	
Tharaka-Nithi	559,778,317	99,126,912	115,507,190	-	774,412,419
Trans Nzoia	613,792,432	258,209,402	-	-	872,001,834
Turkana	33,673,777	1,365,818,777	-	-	1,399,492,554
Uasin Gishu	11,471,800	25,624,636	-	-	37,096,436
Vihiga	545,743,894	605,365,832	-	-	1,151,109,726
Wajir	1,213,209,533	966,018,743			2,179,228,276
West Pokot	140,941,392	17,910,953	2,458,512	66,172,434	227,483,291
Total	129,243,468,860	21,603,654,751	1,029,362,166	491,478,704	152,367,964,481

Source: County Treasuries

Nairobi City County accounted for 70 per cent of the total pending bills at Kshs.106.59 billion. County governments with the lowest outstanding pending bills were Elgeyo Marakwet at Kshs.2.73 million, Nyeri at Kshs.18.22 million, Uasin Gishu at Kshs.37.10 million, Baringo at Kshs.46.11 million, and Lamu at Kshs.58.24 million.

The CoB 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 of 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 million (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 nine months of FY 2023/24, the County received Kshs.3.89 billion from the equitable share of the revenue raised nationally, raised Kshs.130.34 million as FIF, utilized a cash balance of Kshs.1.76 billion from FY 2022/23, and raised Kshs.142.41 million as ordinary own-source revenue, and 16.60 million as Conditional grants. The total funds available for budget implementation during the period amounted to Kshs.5.93 billion, as shown in Table 3.1.

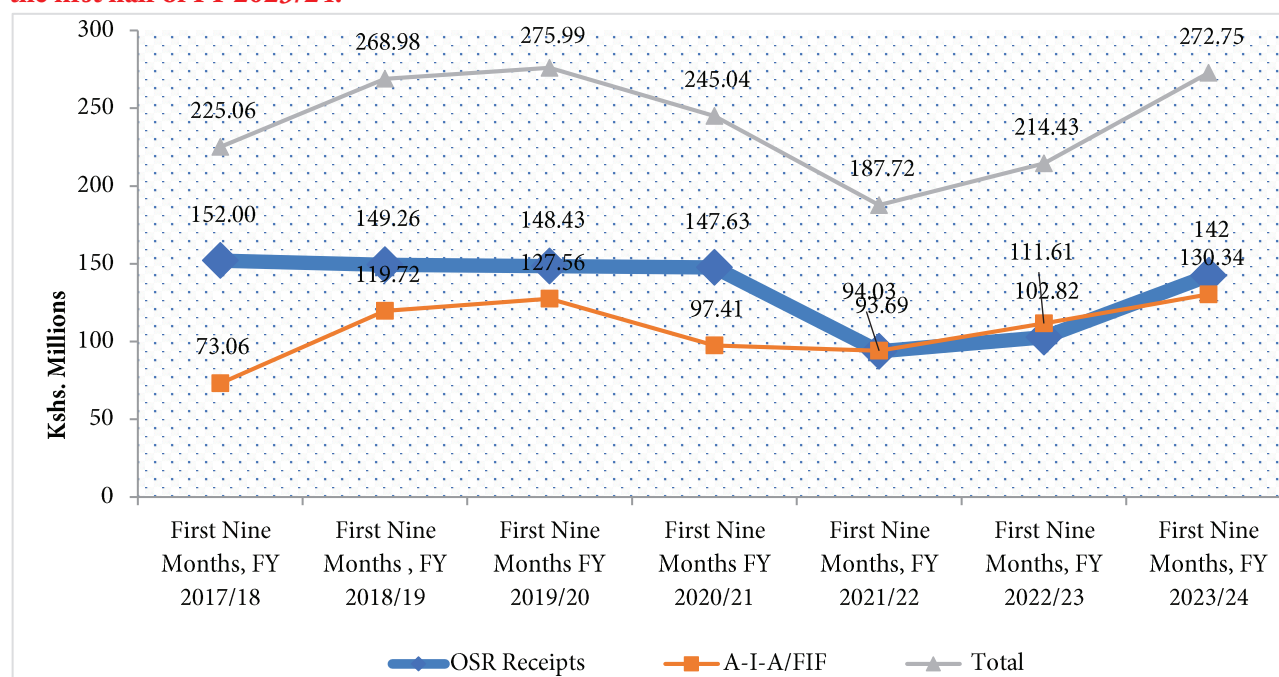
Table 3.1: Baringo County, Revenue Performance in FY 2023/24

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	3,888,946,144	58.5
Sub Total		6,647,771,186	3,888,946,144	58.5
B	Conditional Grants			
1	Kenya Livestock Commercialization Project (KELCLOP) II	36,500,000	16,095,837.00	44.1
2	Livestock Value Chain Support Project	28,647,360	-	0.0
3	De- Risking and Value Enhancement (DRIVE)	63,341,980	-	0.0
4	DANIDA Grant Primary Health Care	9,297,750	-	0.0
5	Conditional Grants for provision of Fertilizer subsidy Programme	75,977,677	-	0.0
6	IDA World Bank (KCSAP)	90,000,000	-	0.0
7	IDA (World Bank) credit (FLLoCA) climate	11,000,000	-	0.0
8	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	1,733,647	500,000.00	29
9	World Bank Emergency Locusts Project	126,616,044	-	0.0
Sub-Total		443,114,458	16,595,837	3.7
D	Other Sources of Revenue			
1	Ordinary Own Source Revenue	300,719,215	142,413,652	47.4
2	Aggregated Industrial Park Programme	100,000,000		

S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Transfer of Library Services	24,613,310		
4	Court Fines and Minerals Royalties	20,355		
5	Balance B/F from FY2022/23	1,755,454,595	1,755,454,595	100.0
6	Leasing of Medical Equipment	124,723,404		
7	Appropriation in Aid (AIA)	-	-	0.0
8	Facility Improvement Fund (FIF)	149,378,181	130,336,532	87.3
Sub Total		2,454,909,060	2,028,204,779	82.6
Grand Total		9,545,794,704	5,933,746,760	62.2

Source: Baringo County Treasury

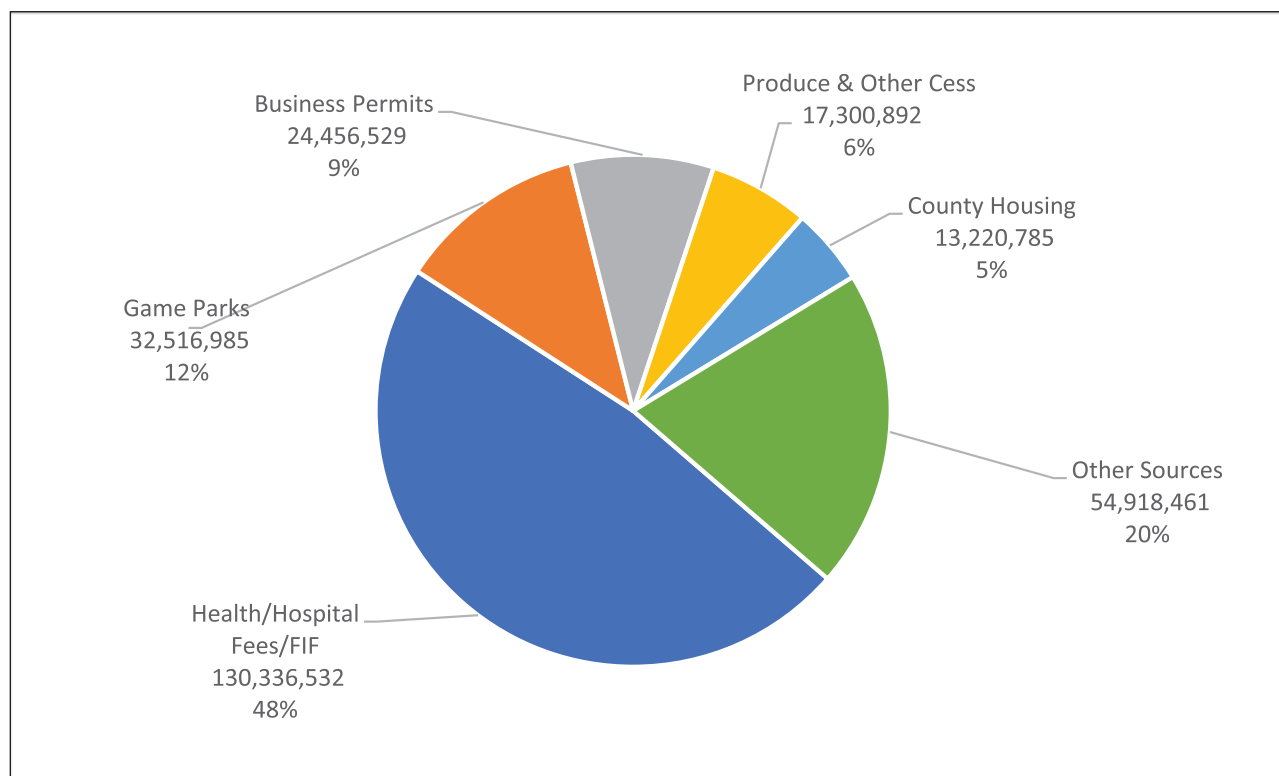
Figure 1: Shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first half of FY 2023/24.



Source: Baringo County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.272.75 million from its sources of revenue inclusive of FIF and AIA. This amount represented an increase of 21.4 per cent compared to Kshs.214.43 million realised in a similar period in FY 2022/23 and was 60.6 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 2.

Figure 2: Top Streams of Own Source Revenue in the First Nine months FY 2023/24 in Kshs.



Source: Baringo County Treasury

The highest revenue stream of Kshs.130.34 million was from F.I.F from Health facilities contributing to 48 per cent of the total OSR receipts during the reporting period.

3.1.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.85 billion from the CRF account during the reporting period which comprised Kshs.660.49 million (20.0 per cent) for development programmes and Kshs.3.19 billion (82.8per cent) for recurrent programmes. Analysis of the exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.41 billion was released towards Employee Compensation, Kshs.1.33 billion was for Operations and Maintenance expenditure and Kshs.660.49 million was for Development expenditure

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

3.1.4 County Expenditure Review

The County Executive spent Kshs.4.34 billion on development and recurrent programmes in the reporting period. The expenditure represented 112 per cent of the total funds released by the CoB and comprised of Kshs.794.33 million and Kshs.3.55 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18 per cent, while recurrent expenditure represented 70 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 nine months of FY 2023/24, pending bills amounting to Kshs.166.41 million were settled comprising Kshs.22.19 million for recurrent expenditure and Kshs.148.74 million for Development expenditure. At the end of the first nine months of FY2023/24 the county reported a stock of pending bills amounting to Kshs.46.11 comprising of Kshs.33.72 million for recurrent expenditure and Kshs.12.39 million for development expenditure

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.41 billion on employee compensation, Kshs.1.14 billion on operations and maintenance, and Kshs.794.33 million on development activities. Similarly, the County Assembly spent Kshs.282.91 million on employee compensation, Kshs.263.48 million on operations and maintenance, as shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,266,579,606	799,582,151	3,548,629,973	546,387,350	83.2	68.3
Compensation to Employees	3,106,422,263	409,008,685	2,410,272,468	282,910,158	77.6	69.2
Operations and Maintenance	1,160,157,343	390,573,466	1,138,357,505	263,477,192	98.1	67.5
Development Expenditure	4,450,052,447	29,380,500	794,329,952	-	17.8	0.0
Total	8,716,632,053	828,962,651	4,342,959,925	546,387,350	49.8	65.9

Source: Baringo County Treasury

3.1.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.69 billion, or 45.4 per cent of the available revenue which amounted to Kshs.5.93 billion. This expenditure represented an increase from Kshs.2.50 billion reported in the first nine months of FY 2022/23. The wage bill included Kshs.1.46 billion paid to health sector employees, translating to 67.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.69 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.75.60 million was processed through manual payrolls. The manual payrolls accounted for 2.8 per cent of the total PE cost.

The County Assembly spent Kshs.65.95 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.224,264.90 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.162.80 million to county-established funds in FY 2023/24, constituting 2.8 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 Nine Months 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)
County Executive Established Funds					
1.	Baringo County House Mortgage Scheme	56,000,000	56,000,000	56,000,000	Yes
2.	Baringo County Bursary & Scholarships Fund	61,796,277.75	61,796,277.75	61,796,277.75	Yes

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No)
3.	Baringo County Emergency Fund	23,000,000	22,540,000.00	22,540,000.00	No
4.	Baringo County Small & Medium Enterprise Fund	3,000,000	-	-	No
5.	Baringo County Executive Car Loan	5000,000	1,135,145.00	1,135,145.00	Yes
6.	Baringo County Community Wildlife Conservation Fund	Based on Revenue Collection	-	-	Yes
County Assembly Established Funds					
7	Baringo County Assembly Staff Car Loans & Mortgage Fund	14,000,000	7,300,000.00	7,300,000.00	Yes
	Total	162,796,277			

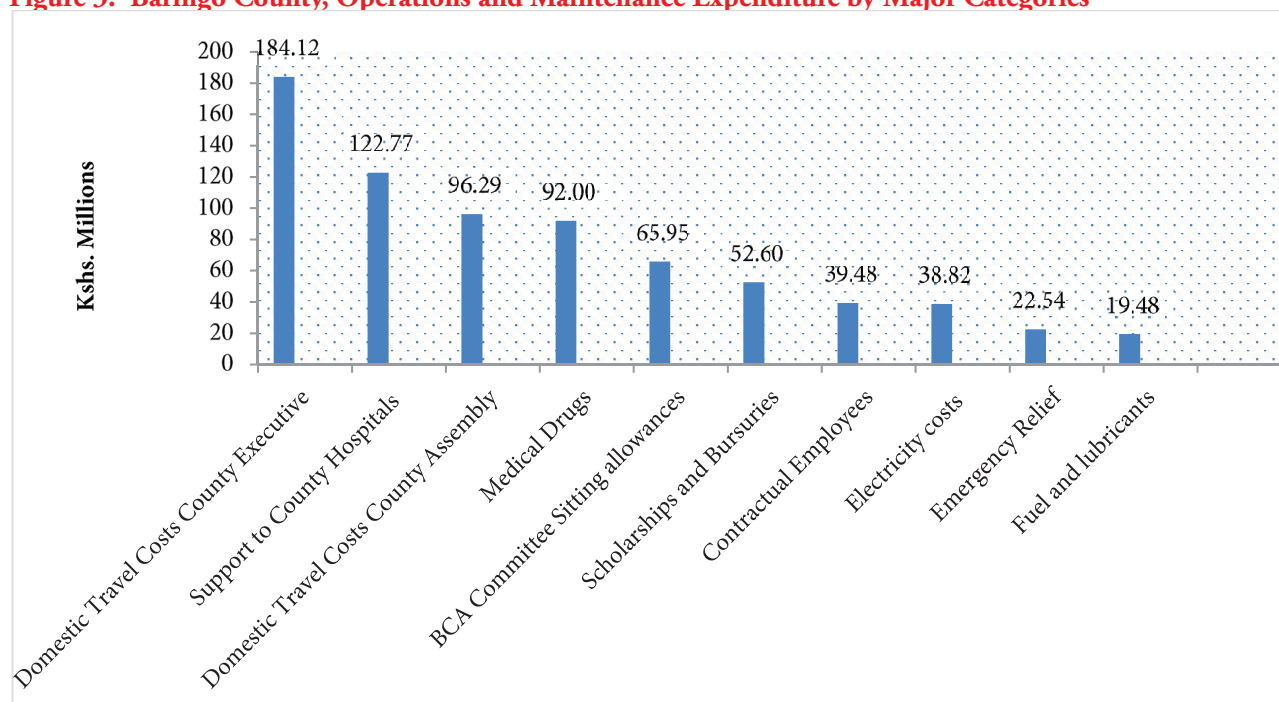
Source: Baringo County Treasury

During the reporting period, the CoB did receive quarterly financial returns from Fund Administrators of 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.281.41 million and comprised Kshs.96.29 million spent by the County Assembly and Kshs.184.12 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.660.50 million on development programmes, representing 18.0 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.862.80 million on development expenditure. The table 3.4 summarises development projects with the highest expenditure in the reporting period.

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

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	156,366,221.00	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, Tangelbei and Barwessa Centres	4,000,000	2,000,000	ongoing
7	Trade and Tourism	Tourism development Services	Construction and Branding Lake Bogoria gate and campsite	34,320,101	9,500,000	ongoing
8	Youth and Gender	Infrastructural development	Construction of various Empowerments 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.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	828.96	126.93	546.39	-	546.39	-	-	-	66	-
The Governor's Office	3,401.64	71.08	2,127.55	2.10	2,410.27	6.58	113		71	9
County Finance and Economic Planning	142.05	188.02	115.71	-	121.39	158.96	105	-	85	85
Roads, Transport, Energy and Public Works	35.70	706.28	30.25	108.84	11.29	112.09	37	103	32	16

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Trade, Cooperatives and Industrial-ization	18.45	509.05	10.17	59.14	12.20	45.95	120	78	66	9
Education and Vocational training	84.49	264.15	65.32	62.75	63.96	61.80	98	98	76	23
Health Services	398.63	592.98	171.53	43.38	282.21	43.65	165	101	71	7
Lands, Housing & Urban Development	21.92	135.99	11.05	17.45	12.77	21.56	116	124	58	16
Agriculture, Livestock, and Fisheries Management	30.78	665.81	18.51	40.75	11.36	10.46	61	26	37	2
Youth Affairs, Sports, Culture, Gender and Social services	33.59	129.26	20.76	32.09	25.04	45.58	121	142	75	35
Water and Irrigation	62.66	1,021.01	46.92	282.31	41.08	287.71	88	102	66	28
Environment, Tourism, Wildlife Management, Natural Resources and Mining	18.75	39.48	11.40	11.70	10.68	-	94		57	-
County Public Service Board	17.92	-	14.70	-	-	-	-	-	-	
Total	5,095.54	4,450.05	3,190.25	660.49	3,548.63	794.33	111.2	120	70	18

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 development budget at 85 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.

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Office of the clerk		-	-				
	General administration						
	General Administration, / Support Services	828,962,651		546,387,350	-	66	
	Land scaping and beautification of Speakers residential buildings	-	19,000,000.00	-	-	-	-
	Drilling and equipping of 2No. Water boreholes at County Assembly and Speakers residence	-	10,000,000.00	-	-	-	-
	Proposed Installation of Electric, Razor wires and CCTV at the speaker's residence	-	10,100,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
	Supply, Installation, Commissioning of Hansard System and Equipment for the Assembly Chambers.	-	74,300,000.00	-	-	-	-
	Purchase and Installation of interior designs of County Assembly chambers		4,526,227.00	-	-	-	-
	Feasibility studies on Projects preparation and design for CCTV, Boreholes and Landscaping		9,000,000.00	-	-	-	-
				-	-	-	-
Office of the Governor and Deputy Governor	General Administration		-		-		-
	P3 Governor's Office	39,829,600	-	58,552,457	-	147	-
	Office of County Secretary	182,100,000.00	-	154,754,955.70	-	85	-
	P4 Acquisition of Assets	6,500,000	-	392,000	-	0	-
	Office of the Deputy Governor	19,109,339	-	7,378,420		39	-
Public Services, Administration, Devolution, & ICT	General Administration, salaries and Operations	3,128,345,281	-	2,164,666,783		69	-
	Tiaty sub county-West (Administration)	3,679,080		1,973,714	-	54	-
	Tiaty sub county East (Administration)	2,971,000	-	1,378,227	-		
	Baringo North sub county	3,886,222	-	3,168,950	-	82	
	Baringo central sub county	4,018,027	-	1,709,100	-	43	
	Baringo South sub county	3,784,000	-	2,061,319	-	54	
	Mogotio sub county	3,762,377	-	1,808,450	-	48	
	Eldama Ravine sub county	3,652,412	-	1873518	-	51	
	Infrastructure Development - Ward offices	-	33,548,807.00		-	54	
	Acquisition of Kabarnet Hotel	-	20,000,000.00	-	-	-	-
	Acquisition of land for Deputy Governor's Residence	-	5,000,000.00	-	-	-	-
	Support to Baringo ICT centre	-	1,000,000.00	-	-	-	-
	Support to ELIAS ICT Centre	-	3,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
	Ajira Centre Connectivity	-	30,743.00	-	-	-	-
	Installation of LAN at Mogotio and Marigat subcounty hospital	-	3,000,000.00	-	-	-	-
	Installation of CIMES Operationalization		1,000,000.00				
	Redesign of County website to include online recruitment, tourism, Town and hospital portals	-	4,500,000.00		6,578,971.00		-
Finance & Economic Planning	Finance Administration	91,425,000	-	77,525,909	-	85	
	Economic Planning	50,624,618	-	43,864,412	-	87	
	Infrastructural Development	-			-		
	Infrastructural Development- Boda shades	-	4,000,000.00				
	KDS Programme	-	179,001,764.00		156,366,221.00		87
	Revenue Services Development Services	-	5,020,355.00		2,592,644.00		
	Treasury Accounts	-					
	Purchase of Utility Project Vehicles						
Revenue Department	KDSP programme project (Level II grant)	-	-	-	-	-	-
	Eldama Ravine	-			-		
	sub county						
Monitoring and Evaluation	Economic Planning, Budget, Monitoring and Evaluation Services	-			-		
Transport and Infrastructure	General Administration	35,700,173		11,292,334		32	
	Urban Infrastructure Development	-	50,578,960.00		-		
	Rural Infrastructure Development	-	67,200,000.00				
	New and maintenance of roads County wide	-	431,424,045.00		112,088,738.30		26
	Installation of Floodlights	-	12,080,641.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
	Complete Construction of Public Works Office Block	-	23,000,000.00	-	-	-	-
	Construction of Foot Bridges	-	47,509,057.00	-	-	-	-
	Culverts and Bridges	-	17,100,000.00	-	-	-	-
Industry, Commerce, Tourism, Cooperatives and Enterprise Development	General Administration	18,448,989		12,200,210		66	
	Co-operative services Development	-	82,234,780.00				
	Tourism Development & Marketing	-	46,320,101.25		45,948,608.00		99
	Infrastructures and Trade Development	-	17,500,000.00				
	Industrial Development and Investment services		359,000,000.00				
Trade Development and Management Services	General administration						
	Trade Development		2,000,000.00				
Education	General Administration, Planning and support services	84,490,000		63,956,380		76	
Early Childhood Development	Infrastructure development		173,906,666.00				
Early Childhood Development Education	Curriculum development and Equipment		2,500,000.00				
Vocational Training development	Infrastructure Development		25,948,249.25				
Vocational Training development	Bursary and Scholarship Programme		61,796,277.75		61,796,277.75		100
County Health Services	General Administration	398,631,775		282,209,791		71	
Curative and Rehabilitative Services	Infrastructure development		321,342,202.00		43,651,898.60		14
Preventive and Promotive Health Services	Infrastructure development		271,642,611.40				
	Health/preventive services	-	-	-	-	71	
	Medical Drugs	-	-	-	-	-	
Promotion of primary health care	General administration						
Lands and Urban Development	General administration	10,003,832		6,778,254		68	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
Land use planning and Information management	Land Policy and Planning Services		5,500,000.00			0	
Land use planning and Information management	Land Survey Services		11,100,000.00				
Eldama ravine Town- Urban Development	Infrastructure development	5,154,129	18,853,000.00	2,458,214		48	
Kabarnet Municipality Services	Infrastructure development	6,759,157	23,500,000.00	3,529,197		52	-
Housing Development and management	Housing development		1,200,000.00				-
Land use planning and Information management	Land Adjudication Services		17,500,000.00	-	-	-	-
Land use planning and Information management	Land adjudication and demarcation		1,500,000.00	-	-	-	-
Land use planning and Information management	Land Policy and Planning Services		25,237,350.00	-	-	-	-
General Administration, Planning and Support Services	Infrastructure Development		6,000,000.00	-	-	-	-
Kabarnet Municipality Services	Sanitation & waste management		8,500,000.00		7,600,500.00		89
	Urban Safety and Disaster control Services		2,000,000.00	-	-	-	-
	Infrastructure development		15,100,000.00		13,959,386.00		92
	Urban Infrastructure development and management	-	-	-	-	-	-
Agricultural Services	General administration and Planning	30,779,781		11,356,783		37	
Livestock resources management and development	Livestock upgrading		149,789,340.00		-	-	
Milk Processing Plant-Eldama Ravine	Completion of Milk Processing Plant	-	46,000,000.00	-	-	-	-
Kabartonjo Milk Cooling Plant	Construction of Ossen Milk Cooling Plant	-	3,500,000.00			37	
-Livestock Sales-yards	Maintenance of Livestock Sale Yards-Emining, Loruk and Loitip	-	1,500,000.00	-	-	-	-
Slaughter houses Maintenances	maintenance of slaughter houses and slabs	-	1,000,000.00	-	-	-	-
Maoi Slaughter House	Slaughter houses and slabs:	-	10,000,000.00	-	-	-	-
Loruk Slaughter House	Completion of Loruk Slaughter House	-	3,000,000.00	-	-	-	-
Barwessa Slaughter House	Completion of Barwessa Slaughter House	-	3,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
Ngental Slaughter House	Completion of Ngental Slaughter House	-	4,000,000.00	-	-	-	-
Cattle dips and Animal Vaccinations	Dips and Vaccines	-	18,000,000.00	-	-	-	-
Bee Keeping	Beehives	-	9,000,000.00	-	-	-	-
Hay stores, purchase of pasture seeds and Climate change	Hay stores, purchase of pasture seeds and Climate change	-	10,000,000.00	-	-	-	-
Support to ATC Services	Support to ATC Services	-	7,000,000.00	-	-	-	-
Agricultural Machinery	Purchase of Tractor	-	4,500,000.00	-	-	-	-
Conditional Grants for provision of Fertilizer subsidy programme	Conditional Grants for provision of Fertilizer subsidy programme	-	75,977,677.00	-	-	-	-
IDA World Bank (KCSAP)	IDA World Bank (KCSAP)	-	90,000,000.00	-	-	-	-
Matching fund to IDA World Bank (KCSAP)	Matching fund to IDA World Bank (KCSAP)	-	1,200,000.00	-	-	-	-
SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	SWEDEN: Agricultural Sector Development Support Programme (ASDSP) II	-	1,733,647.00	-	-	-	-
World Bank Emergency Locusts Project	World Bank Emergency Locusts Project	-	126,616,043.61	-	-	-	-
Certified pasture and maize	Provision of pastures and maize seeds	-	4,000,000.00	-	-	-	-
Purchase of Mangoes, Macadamia and Coffee Seedlings	Purchase of Mangoes, Macadamia and Coffee Seedlings for Mochongoi	-	19,900,000.00	-	-	-	-
Cattle dips and Animal Vaccinations	Renovations of Cattle Dips	-	41,046,396.00	-	-	-	-
Cooperative stores	Construction of Cooperative stores	-	21,746,057.00	-	-	-	-
Motor Boats	Purchase of Motor Boats	-	-	-	-	-	-
Fisheries development and management	Fish breeding cages at lake Baringo and Kirandich dam	-	12,300,000.00	-	10,455,345.00	-	85
Culture, Youth and Gender	General Administration	33,592,453	-	25,039,250	-	75	-
Social Services and Safety nets	Affirmative Action Initiatives	-	28,952,631.00	-	-	-	-
Social Services and Safety nets	Infrastructure Development	-	8,097,229.00	-	-	-	-
Cultural and Creative Arts Development	Infrastructural development	-	4,500,000.00	-	-	-	-
Gender development and management	Gender Initiatives	-	1,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31th March 2024		Absorption Rate (%)	
Youth Development and Management	Infrastructure Development	-	11,000,000.00		10,000,000.00		91
Sports development And Management	Infrastructural development	-	26,988,728.00		24,126,027.00		89
Culture and Creative Arts Development	Cultural Promotion Initiative	-	3,100,000.00	-	-	-	-
Culture and Creative Arts Development	Infrastructural development-social Halls	-	13,950,419.00		11,458,023.45		82
Gender development and management	Gender Initiatives-Women Empowerment	-	3,600,000.00	-	-	-	-
Youth Development and Management	Youth initiatives-Youth Empowerment	-	7,900,000.00	-	-	-	-
Youth Development and Management	Infrastructural development-Playing Grounds	-	8,573,985.00	-	-	-	-
Water Management Services	General Administration	62,655,512.00		41,077,257		66	
Water resource development and supplies management	Water resource management and storage	-	994,914,244.00	-	287,707,311.70		29
Irrigation infrastructure development	Irrigation Infrastructure		26,100,000.00	-	-	-	-
Environment Administration and planning	Planning and Administration	18,754,819		10,682,164		57	29
Environmental conservation and Management	Environmental conservation and protection	-	11,300,000.00	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and wild-life conservation and Management	-	3,500,000.00	-	-	-	-
Environmental conservation and management	Solid Waste management	-	9,350,400.00	-	-	-	-
Environmental conservation and Management	Environmental conservation and protection	-	14,024,900.00	-	-	-	-
Natural Resources Conservation, Exploitation and Management	Forestry and wild-life conservation and Management	-	1,300,000.00	-	-	-	-
Climate Change Fund Projects	Water resource/pasture development and supplies management	-	71,988,914.00	-	-	-	-
	Protection of rivers and streams						
County public Service Board	Administration and Planning	17,922,030.00	-	10,554,575		59	-
	Grand Total	5,095,542,257	4,450,052,447	3,548,629,973	794,329,952	70	18

Source: Baringo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Scholarship and Bursary at the Department of Education and Vocational Training at 100 percent, Tourism Development and Marketing in the Department of Commerce and Industry at 99 per cent, , Infrastructure Development ant the Kabarnet municipality at the Department of Land and Housing at 92 Percent.

3.1.13 Accounts Operated in Commercial Banks

The County government operated a total of 304 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.1.14 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 final reports from County Executive were received on 19th April ,2024 against a stipulated timeline of 15th April, 2024.
2. Poor management of inter-departmental vote books by the County Treasury and weak budgeting practice, as shown in Table 3.5, where the County incurred expenditure over approved exchequer issues in several departments and diversion of funds .
3. Use of manual payroll. Personnel emoluments amounting to Kshs.75.60 million were processed through the manual payroll, accounting for 2.8 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.
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 mainly for County Health facilities & Dispensaries and for various departments' office operations and activities.

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 the timelines prescribed in Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary controls to ensure expenditure is within the approved budget and exchequer releases*
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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*

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 2.8 per cent compared to the previous financial year when the approved budget was Kshs.8.29 billion and comprised of Kshs.2.44 billion towards development expenditure and Kshs.5.85 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.570.26 million (6.7 per cent) as additional allocations/conditional grants, a cash balance of Kshs.640.88 million (7.5 per cent) brought forward from FY 2022/23, and generate Kshs.332.04 million (3.9 per cent) as gross own source revenue. The own-source revenue includes Kshs.144.45 million (1.7 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.187.59 million (2.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.12.

3.2.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.05 billion as an equitable share of the revenue raised nationally, Kshs.228 million as additional allocations/conditional grants, had a cash balance of Kshs.640.88 million from FY 2022/23 and raised Kshs.157.11 million as own-source revenue (OSR). The raised OSR includes Kshs.52.96 million as FIF and Kshs.104.14 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.07 billion, as shown in Table 3.7.

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

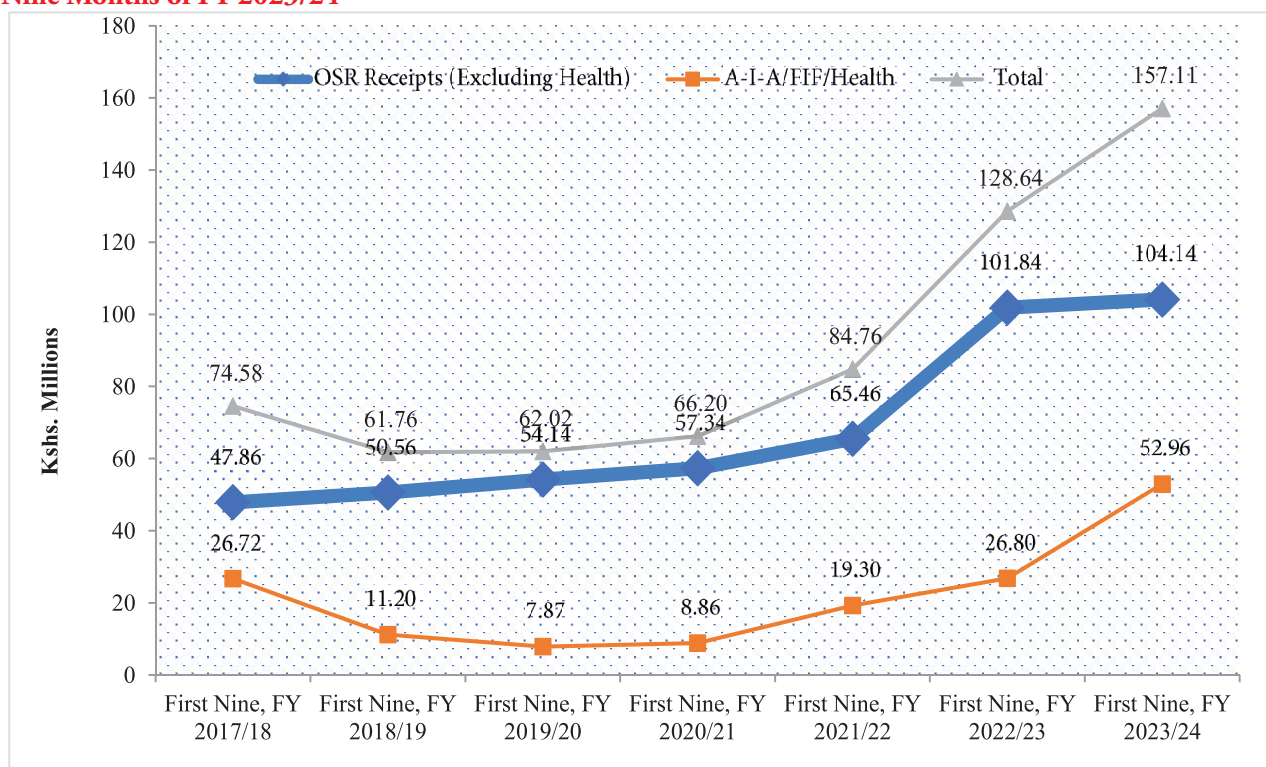
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,977,924,070.00	4,047,195,962.00	58.0
	Subtotal	6,977,924,070.00	4,047,195,962.00	58.0
B	Additional Allocations/Conditional Grants			
1	KDSP (Level 1) B/F-Recurrent	3,622,576.00	-	-
2	KDSP (Level 2 Grant) B/F-Development	28,000,000.00	26,376,621.00	94.2
3	WASH - Health & Water - Dig Deep Africa (DDA)	41,552,260.00	1,108,205.00	2.7
4	Nutritional International	22,884,446.00	6,748,800.00	29.5
5	IDA Kenya/Climate Change Resilience Invest (CCRI)	136,000,000.00	-	-
6	IDA (World Bank) Credit (Financing Locally – Led Climate Action (FLLoCA) Program County Climate Institutional Support (CCIS) Grant	11,000,000.00	5,500,000.00	50.0
7	IDA (World Bank) Credit Agricultural Value Chain Development Project (NAVCDP)	327,200,000.00	186,050,876.00	56.9
8	Sweden - Agricultural Sector Development Support Programme (ASDSP)	-	2,216,655.00	-
	Subtotal	570,259,282.00	228,001,157.00	40.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	Own Source Revenue			
1	Ordinary Own Source Revenue	187,592,587.00	104,141,101.00	55.5
2	Facility Improvement Fund (FIF)	144,449,243.00	52,964,182.00	36.7
Subtotal		332,041,830.00	157,105,283.00	47.3
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	640,875,126.00	640,875,126.00	100.0
Subtotal		640,875,126.00	640,875,126.00	100.0
Grand Total		8,521,100,308.00	5,073,177,528.00	59.5

Source: Bomet County Treasury

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

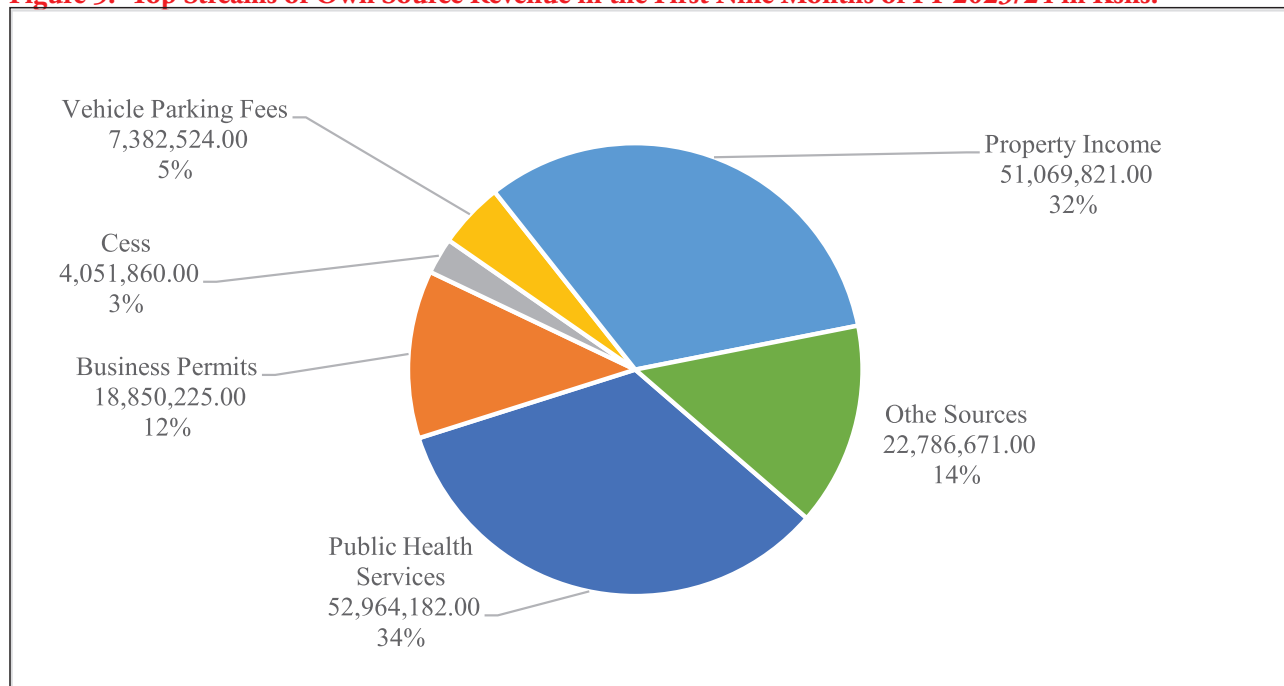
Figure 4: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Bomet County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.157.11 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 22.1 per cent compared to Kshs.128.64 million realised in a similar period in FY 2022/23 and was 47.3 per cent of the annual target and 3.9 per cent of the equitable revenue share disbursed during the period. The increase can be attributed to the introduction of a cashless system that has improved the own source revenue collection efforts. 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 Nine Months of FY 2023/24 in Kshs.



Source: Bomet County Treasury

The highest revenue stream of Kshs.52.96 million was from Public Health Services, contributing to 33.7 per cent of the total OSR receipts during the reporting period.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.02 billion from the CRF account during the reporting period, which comprised Kshs.1.17 billion (23.3 per cent) for development programmes and Kshs.3.85 billion (76.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.45 billion was released towards Employee Compensation and Kshs.1.41 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.496,859.

3.2.4 County Expenditure Review

The County spent Kshs.4.99 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.3 per cent of the total funds released by the CoB and comprised of Kshs.1.16 billion and Kshs.3.83 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 48.8 per cent, while recurrent expenditure represented 62.4 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 of Kshs.156.24 million for recurrent expenditure and Kshs.741.69 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.438.98 million. They consisted of Kshs.61.38 million for recurrent expenditure and Kshs.377.60 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.458.96 million.

The County Assembly did not report any outstanding pending bills as of 31st March 2024.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.21 billion on employee compensation, Kshs.1.07 billion on operations and maintenance, and Kshs.1.10 billion on development activities. Similarly, the County Assembly spent Kshs.230.30 million on employee compensation, Kshs.313.28 million on operations and maintenance, and Kshs.67 million on development activities, as shown in Table 3.8.

Table 3.8: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,232,409,922	901,903,256	3,282,198,131	543,575,259	62.7	60.3
Compensation to Employees	3,309,801,636	355,747,263	2,211,326,290	230,296,902	66.8	64.7
Operations and Maintenance	1,922,608,286	546,155,993	1,070,871,841	313,278,357	55.7	57.4
Development Expenditure	2,218,787,130	168,000,000	1,096,728,767	67,005,256	49.4	39.9
Total	7,451,197,052	1,069,903,256	4,378,926,898	610,580,515	58.8	57.1

Source: Bomet County Treasury

3.2.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.44 billion, or 48.1 per cent of the available revenue, which amounted to Kshs.5.07 billion. This expenditure represented an increase from Kshs.2.25 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.782.66 billion paid to health sector employees, translating to 32.1 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.283.37 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.13.03 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.37,111 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 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 Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Bursary Fund	116,000,000	116,000,000.00	91,000,000	453,585,040	Yes
2	Car and Mortgage		-	29,500,000	120,413,880	Yes
County Assembly Established Funds						
3	Car and Mortgage	75,000,000	65,000,000	65,000,000	451,000,000	Yes
	Total	191,000,000	181,000,000	185,500,000	1,024,998,920	

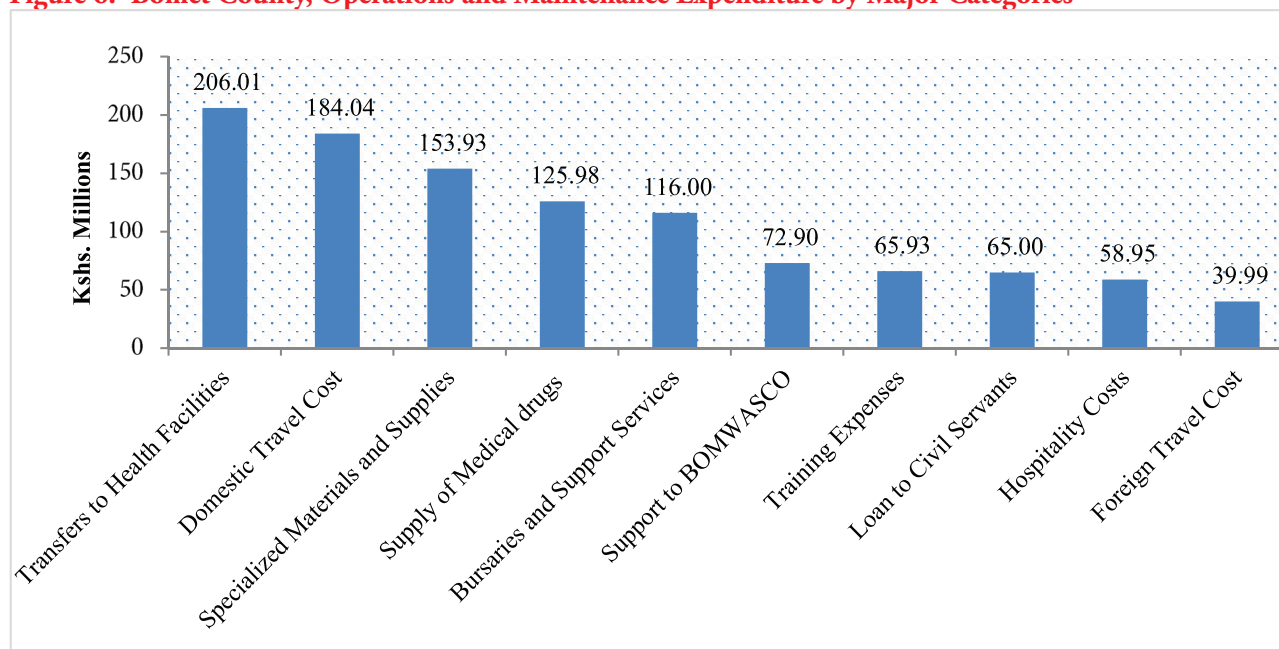
Source: Bomet County Treasury

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

3.2.9 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.184.04 million and comprised Kshs.103.27 million spent by the County Assembly and Kshs.80.77 million by the County Executive. Expenditure on foreign travel amounted to Kshs.39.99 million and comprised Kshs.26.90 million by the County Assembly and Kshs.13.09 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.10

Table 3.10: Summary of highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	26th August - 3rd September, 2023	Training on Trade Tourism and Industrialization Programme	UAE	7,651,600.00
County Assembly	7	3rd - 10th February, 2024	Attend Conference on Integration of Mental Health Care	UAE	7,512,766.00
County Assembly	7	29th November - 14th December, 2023	Training on Budgeting and Budgetary Reforms Programme	UAE	4,281,176.80
County Assembly	7	3rd - 10th February, 2024	Attend Conference on Agriculture and Value Edition Engagement	Uganda	3,578,400.00
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	3	14th - 18th August, 2023	Induction Workshop for Audit Committees & Boards Organized By ICPAKA	Singapore	1,786,440.00
County Assembly	1	10th - 15th September, 2023	Performance Management Systems and Localization of Sustainable Development Goals	UK	1,498,574.00
County Assembly	3	27th January - 3rd February, 2024	Programme in Digital Leadership Navigating Governance in Public Sector	Tanzania	1,454,320.00

Source: Bomet County Treasury and Bomet County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.19.5 million on garbage collection.

3.2.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.16 billion on development programmes, representing an increase of 171.6 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.428.44 million. The table 3.11 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	359,943,768.00	359,943,768.00	100
2	Finance, Economic Planning & ICT	Construction of Dr Joyce Laboso Memorial Mother and Child Wellness Centre	Longisa	296,937,205.00	258,822,107.00	90

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Roads, Public Works and Transport	Acquisition of Heavy Earth Moving Machines & Tipplers	Bomet Township	122,428,410.00	122,428,410.00	100
4	Lands, Housing and Urban Planning	Acquisition of Land for development	Mulot Bus Park, Stadium, ICT Hub, Kapkimolwa VTC, Silibwet	85,075,000.00	85,075,000.00	100
5	County Assembly	Construction of the Main County Assembly Chambers	Bomet Township	473,470,000.00	60,993,460.00	94
6	Water Sanitation and Environment	Desilting of water pans	Countywide	50,095,924.00	50,095,924.00	100
7	Water Sanitation and Environment	Supply, delivery and installation of water tanks	Countywide	44,284,544.00	44,284,544.00	100
8	Education, Vocational Training, Youth & Sports	Construction of ECDE Classrooms and pit latrines	Countywide	41,887,459.05	41,887,459.05	100
9	Agriculture, Livestock and Cooperatives	Supply of farm implements, Vaccines, Cooling Plants & Seedlings	Countywide	40,937,139.40	40,937,139.40	100
10	Medical Services and Public Health	Renovation/completion of Dispensaries/pit latrines	Countywide	20,100,729.00	20,100,729.00	100

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 3.12 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months 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	1,560.25	9.62	1,539.68	9.62	98.7	100.0	64.6	31.0
Finance, Economic Planning & ICT	241.47	162.60	159.46	87.23	159.46	87.23	100.0	100.0	66.0	53.6
Lands, Housing and Urban Planning	114.85	173.50	41.71	99.75	41.71	99.75	100.0	100.0	36.3	57.5
Gender, Culture and Social Services	20.26	13.00	10.65	-	10.59	-	99.5	-	52.3	-
Medical Services and Public Health	1,888.43	125.60	1,230.14	24.90	1,230.14	18.17	100.0	73.0	65.1	14.5
Agriculture, Livestock and Cooperatives	126.51	432.20	19.46	245.81	19.46	245.81	100.0	100.0	15.4	56.9
Water Sanitation and Environment	102.37	427.86	75.15	107.51	75.07	107.51	99.9	100.0	73.3	25.1
Education, Vocational Training, Youth & Sports	298.93	138.75	185.78	69.28	185.78	69.28	100.0	100.0	62.1	49.9
Roads, Public Works and Transport	43.14	603.77	14.83	442.91	14.01	442.91	94.5	100.0	32.5	73.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Energy, Tourism and Industry	11.23	110.50	6.29	16.46	6.29	16.46	100.0	100.0	56.0	14.9
County Assembly	901.90	168.00	549.55	67.19	543.58	67.01	98.9	99.7	60.3	39.9
Total	6,134.31	2,386.79	3,853.27	1,170.66	3,825.77	1,163.73	99.3	99.4	62.4	48.8

Source: Bomet County Treasury

Analysis of expenditure by departments shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 73.4 per cent, followed by the Department of Lands, Housing and Urban Planning at 57.5 per cent. The Department of Water Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 73.3 per cent while the Department of Agriculture, Livestock and Cooperatives had the lowest at 15.4 per cent.

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 nine months 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 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service							
Administration and Public Service	County Executive	156,785,227.00	-	140,226,469.00	-	89.4	-
	County PSB	30,377,376.00	-	22,276,885.00	-	73.3	-
	Administration/Governance	11,490,000.00	31,000,000.00	2,464,900.00	9,617,205.00	21.5	31.0
	Public Service	2,186,580,089.00	-	1,374,711,208.00	-	62.9	-
	Sub-Total	2,385,232,692.00	31,000,000.00	1,539,679,462.00	9,617,205.00	64.6	31.0
Finance, Economic Planning and ICT							
Finance	Financial Management Services	132,441,082.00	-	104,778,153.00	-	79.1	-
	Sub-Total	132,441,082.00	-	104,778,153.00	-	79.1	-
Economic Planning	Administration	40,293,033.00	148,000,000.00	32,118,100.00	77,178,634.00	79.7	52.1
	Budget Preparation & Management	6,666,509.00	-	5,806,150.00	-	87.1	-
	M & E Services	6,970,000.00	-	-	-	-	-
	Planning & Statistics	13,223,034.00	-	7,118,300.00	-	53.8	-
	Sub-Total	67,152,576.00	148,000,000.00	45,042,550.00	77,178,634.00	67.1	52.1
ICT	Administration	41,878,654.00	14,600,000.00	9,636,020.00	10,050,000.00	23.0	68.8
	Sub-Total	41,878,654.00	14,600,000.00	9,636,020.00	10,050,000.00	23.0	68.8

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Lands, Housing and Urban Planning							
Lands, Housing and Urban Planning	Lands	14,410,000.00	145,000,000.00	5,388,768.00	90,448,306.00	37.4	62.4
	Urban Management	50,220,000.00	26,000,000.00	34,154,910.00	9,298,099.00	68.0	35.8
	Housing Development	4,650,000.00	-	1,361,500.00	-	29.3	
	Municipality	45,565,000.00	2,500,000.00	807,000.00	-	1.8	-
	Sub-Total	114,845,000.00	173,500,000.00	41,712,178.00	99,746,405.00	36.3	57.5
Gender, Culture and Social Services							
Gender and Culture	Policy Development and Administrative Services	20,256,300.00	13,000,000.00	10,594,437.00	-	52.3	-
	Sub-Total	20,256,300.00	13,000,000.00	10,594,437.00	-	52.3	-
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,231,650,426.00	-	883,141,979.00	-	71.7	-
	Policy Development	2,500,000.00	-	-	-	-	-
	Healthcare financing – transfers to health facilities	243,413,421.00	-	206,012,750.00	-	84.6	-
	Curative Services	299,149,570.00	-	138,933,513.00	-	46.4	-
	Preventive and Promotive Services	100,713,081.00	-	2,048,300.00	-	2.0	-
	Reproductive Health Services	11,000,000.00	-	-	-	-	-
	Health Infrastructure Development	-	125,599,570.00	-	18,168,451.00	-	14.5
	Sub-Total	1,888,426,498.00	125,599,570.00	1,230,136,542.00	18,168,451.00	65.1	14.5
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	116,810,229.00	-	15,014,707.00	-	12.9	-
	Crop Management	-	284,397,080.00	-	201,339,669.00	-	70.8
	Food & Nutrition Security	-	35,000,000.00	-	13,040,642.00	-	37.3
	Sub-Total	116,810,229.00	319,397,080.00	15,014,707.00	214,380,311.00	12.9	67.1
Livestock, Fisheries & Veterinary Services	Livestock Development	-	15,500,000.00	-	4,963,626.00	-	32.0
	Fisheries Development	-	4,700,000.00	-	1,255,000.00	-	26.7
	Veterinary Services	-	66,000,000.00	-	14,297,956.00	-	21.7
	Sub-Total	-	86,200,000.00	-	20,516,582.00	-	23.8
Co-operative & Enterprise Development	Administration	9,697,080.00	26,602,920.00	4,444,401.00	10,908,330.00	45.8	41.0
	Sub-Total	9,697,080.00	26,602,920.00	4,444,401.00	10,908,330.00	45.8	41.0
Water Sanitation and Environment							
Water and Irrigation	Administration	87,783,221.00	-	74,568,991.00		84.9	-
	Development of Water Supply for Domestic and Commercial purposes	-	213,262,724.00	-	60,562,674.00	-	28.4
	Irrigation Development	-	2,000,000.00	-	-	-	-
	Sub-Total	87,783,221.00	215,262,724.00	74,568,991.00	60,562,674.00	84.9	28.1
Waste Water management	Waste Water management	-	10,000,000.00	-	-	-	-
	Sub-Total	-	10,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Environment & Natural resources	Administration	14,584,200.00	-	506,000.00	-	3.5	-
	Environmental and natural resources protection and conservation	-	202,600,000.00	-	46,950,092.00	-	23.2
	Sub-Total	14,584,200.00	202,600,000.00	506,000.00	46,950,092.00	3.5	23.2
Education and Vocational Training							
Education and Vocational Training	Policy Planning & General Administration	273,232,880.00	-	177,025,279.00	-	64.8	-
	Early Childhood Development and Education	-	118,450,000.00	-	69,279,955.00	-	58.5
	Youths & Sports	25,700,000.00	20,300,000.00	8,757,510.00	-	34.1	-
	Sub-Total	298,932,880.00	138,750,000.00	185,782,789.00	69,279,955.00	62.1	49.9
Roads, Public Works and Transport							
Roads, Public Works and Transport	Policy planning and administrative services	43,142,772.00	1,500,000.00	14,010,402.00	-	32.5	-
	Roads Construction & Maintenance	-	408,000,000.00	-	301,238,740.00	-	73.8
	Development and Maintenance of other public works	-	58,274,836.00	-	19,244,957.00	-	33.0
	County Transport Infrastructure	-	136,000,000.00	-	122,428,410.00	-	90.0
	Sub-Total	43,142,772.00	603,774,836.00	14,010,402.00	442,912,107.00	32.5	73.4
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	11,226,738.00	-	6,291,499.00	-	56.0	-
	Trade Development	-	27,500,000.00	-	6,421,719.00	-	23.4
	Energy Development	-	26,000,000.00	-	10,036,302.00	-	38.6
	Tourism Development	-	5,000,000.00	-	-	-	-
	Industry	-	50,000,000.00	-	-	-	-
	Investment	-	2,000,000.00	-	-	-	-
	Sub-Total	11,226,738.00	110,500,000.00	6,291,499.00	16,458,021.00	56.0	14.9
The County Assembly							
County Assembly	General Administration, Human Resources and Administrative Services	524,171,121.00	168,000,000.00	309,749,249.00	67,005,256.00	59.1	39.9
	Legislative Services	302,622,156.00	-	191,712,637.00	-	63.4	-
	Oversight and Representation	75,109,979.00	-	42,113,373.00	-	56.1	-
	Sub-Total	901,903,256.00	168,000,000.00	543,575,259.00	67,005,256.00	60.3	39.9
Grand Total		6,134,313,178.00	2,386,787,130.00	3,825,773,390.00	1,163,734,023.00	62.4	48.8

Source: Bomet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Finance in the Department of Finance, Economic Planning and ICT at 79.1 per cent, Roads in the Department of Roads, Public Works and Transport at 70.6 per cent, Administration in the Department of Administration and Public Service at 64.1 per cent of budget allocation.

3.2.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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.157.11 million against an annual target of Kshs.332.04 million, representing 47.3 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.458.96 million as of 31st March 2024.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.283.37 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.
4. 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 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 imprest for the two arms of the county.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that 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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*

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 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 nine months of FY 2023/24, the County received Kshs.5.73 billion as an equitable share of the revenue raised nationally, Kshs.89.44 million as additional allocations/conditional grants, had a cash balance of Kshs.425.35 million from FY 2022/23, and raised Kshs.742.34 million as own-source revenue (OSR). The raised OSR includes Kshs.426.24 million as ordinary A-I-A, Kshs.426.24 million as FIF and Kshs.316.10 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.99 billion, as shown in Table 3.14.

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

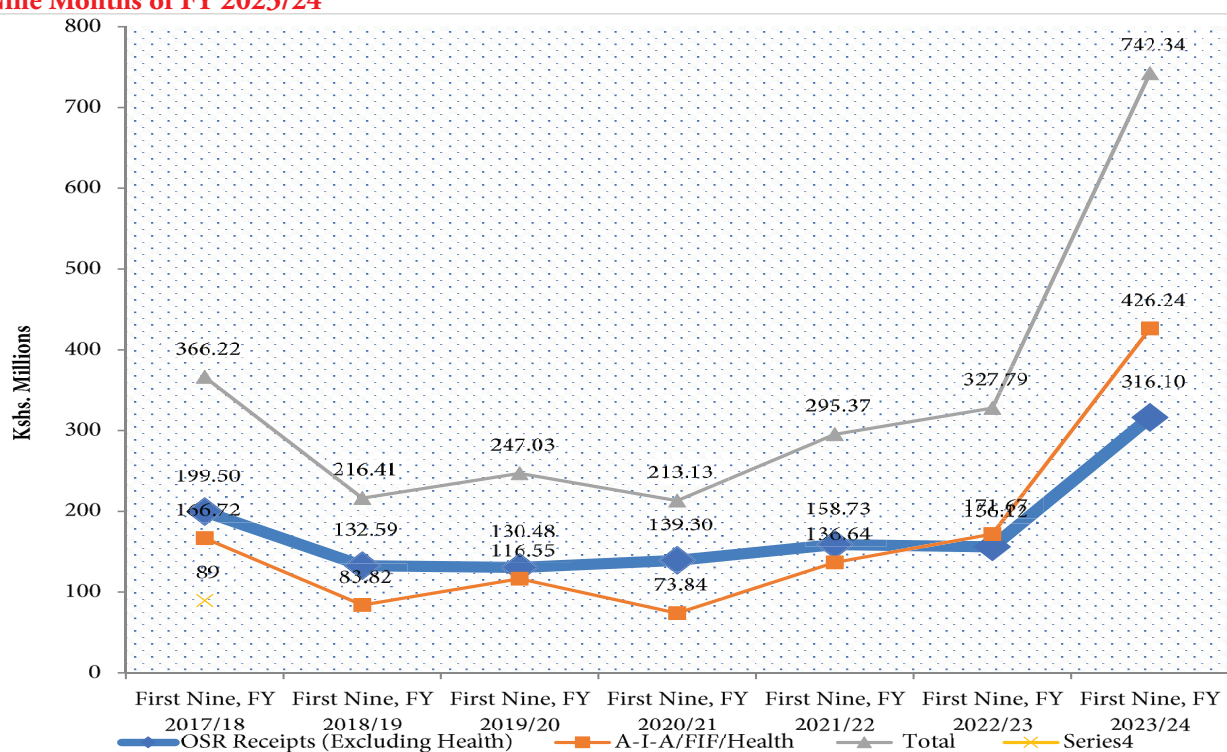
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,111,983,608	5,734,716,072	51.6
Sub Total		11,111,983,608	5,734,716,072	51.6
B	Conditional Grants			
1	Equalization Fund	137,839,232		-
2	Leasing Of Medical Equipment	124,723,404		-
3	Aggregated Industrial Park Grant	250,000,000	50,000,000	20.0
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		-
8	Danish International Development Agency (DANIDA)	44,837,065	28,609,313	63.8
9	World Bank Agricultural and Rural Growth Projects	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	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
17	Finance Locally Led Climate Action Program (FLLOCA)- Water	11,110,884		-
18	Climate Change Grant	125,000,000	10,830,250	8.7
Sub-Total		1,753,680,635	89,439,563	5.1
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	868,201,471	316,098,816	36.4
2	Balance b/f from FY2022/23	425,350,297	425,350,297	100.0
3	Facility Improvement Fund (FIF)	158,808,217	-	-
4	Appropriation in Aid (AIA)	1,152,071,383	426,237,143	37.0
Sub Total		2,604,431,368	1,167,686,256	44.8
Grand Total		15,470,095,611	6,991,841,891	45.2

Source: Bungoma County Treasury

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

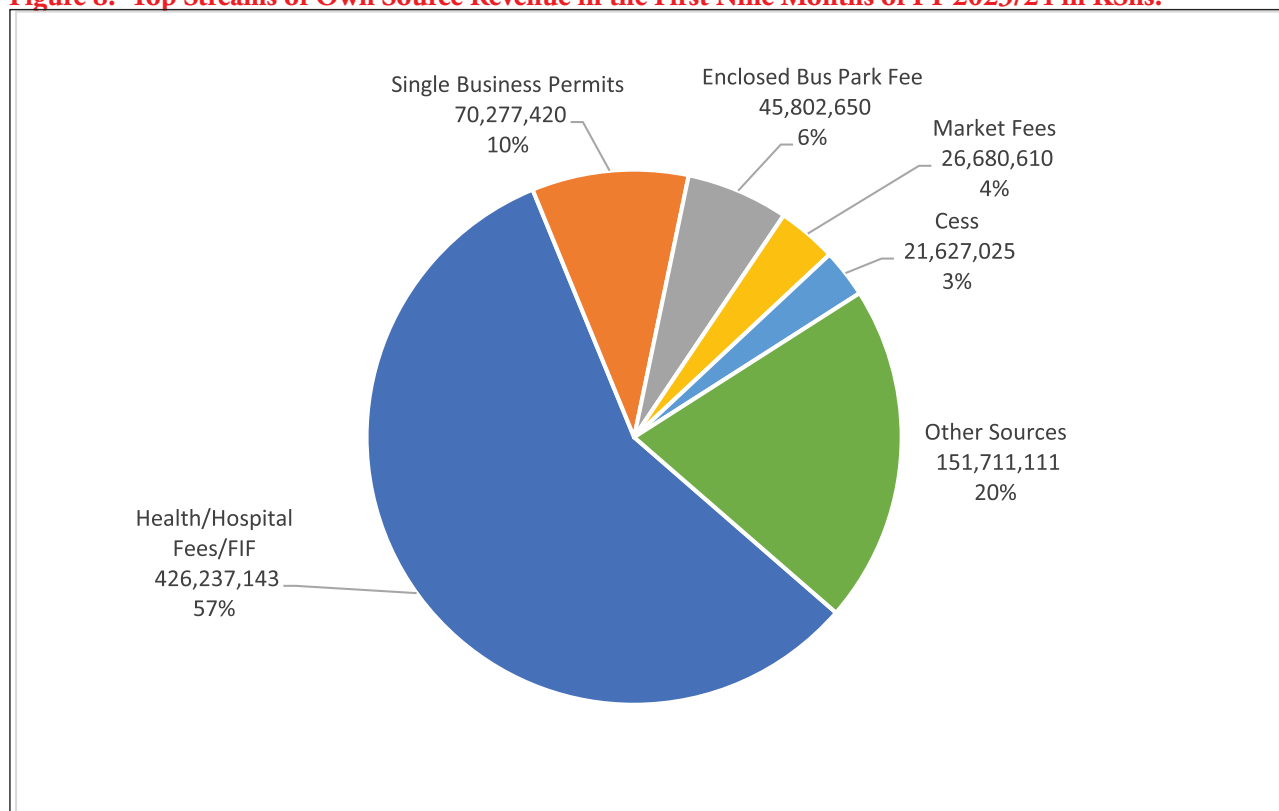
Figure 7: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Bungoma County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.742.34 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 126 per cent compared to Kshs.327.79 million realised in a similar period in FY 2022/23 and was 32 per cent of the annual target and 5.5 per cent of the equitable revenue share disbursed during the period.

Figure 8: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in KShs.



Source: Bungoma County Treasury

The highest revenue stream of Kshs.426.24 million was from Health/Hospital Fees/FIF, contributing to 57 per cent of the total OSR receipts during the reporting period.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.82 billion from the CRF account during the reporting period, which comprised Kshs.693.55 million (11.9 per cent) for development programmes and Kshs.5.13 billion (88.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.73 billion was released towards Employee Compensation and Kshs.1.54 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.22 billion.

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 31st March 2024, the outstanding short-term facility stood at Kshs.494.39 million.

3.3.5 County Expenditure Review

The County spent Kshs.5.93 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.8 per cent of the total funds released by the CoB and comprised of Kshs.5.27 billion and Kshs.660.0 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.7 per cent, while recurrent expenditure represented 53.6 per cent of the annual recurrent expenditure budget.

3.3.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.19 billion, comprising Kshs.627.46 million for development expenditure and Kshs.569.87 million for recurrent activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.188.78 million. They consisted of Kshs.155.65 million for recurrent expenditure and Kshs.33.13 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.01 billion.

The County Assembly reported outstanding pending bills of Kshs.16.39 million as of 31st March 2024.

3.3.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.57 billion on employee compensation, Kshs.981.52 million on operations and maintenance, and Kshs.602.17 million on development activities. Similarly, the County Assembly spent Kshs.156.02 million on employee compensation, Kshs.557.61 million on operations and maintenance, and Kshs.57.84 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
Total Recurrent Expenditure	8,694,819,954	1,132,238,230	4,555,124,948	713,636,037	52.4	63.0
Compensation to Employees	5,963,017,848	575,365,837	3,573,607,390	156,023,412	59.9	27.1
Operations and Maintenance	2,731,802,106	556,872,393	981,517,558	557,612,625	35.9	100.1
Development Expenditure	5,506,299,777	136,737,650	602,171,395	57,836,114	10.9	42.3
Total	14,201,119,731	1,268,975,880	5,157,296,343	771,472,151	36.3	60.8

Source: Bungoma County Treasury

3.3.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.73 billion, or 59.9 per cent of the available revenue, which amounted to Kshs.6.99 billion. This expenditure represented an increase from Kshs.3.67 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.54 billion paid to health sector employees, translating to 41.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.62 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.105.69 million was processed through manual payrolls. The manual payrolls accounted for 2.8 per cent of the total PE cost.

The County Assembly spent Kshs.23.72 million on committee sitting allowances for the 62 MCAs against the annual budget allocation of Kshs.61.33 million. The average monthly sitting allowance was Kshs.42,517 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 Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
1	Scholarships and Educational Benefits	320,000,000	60,000,000	39,112,875	60,000,000	Yes
2	Trade Loan	165,673,533	-	-	-	No
3	Disability Fund	4,000,000	-	-	-	No
4	Women Fund	6,000,000	-	-	-	No
5	Youth Fund	10,000,000	-	-	-	No
	Total	505,673,533	60,000,000	39,112,87	60,000,000	

Source: Bungoma County Treasury

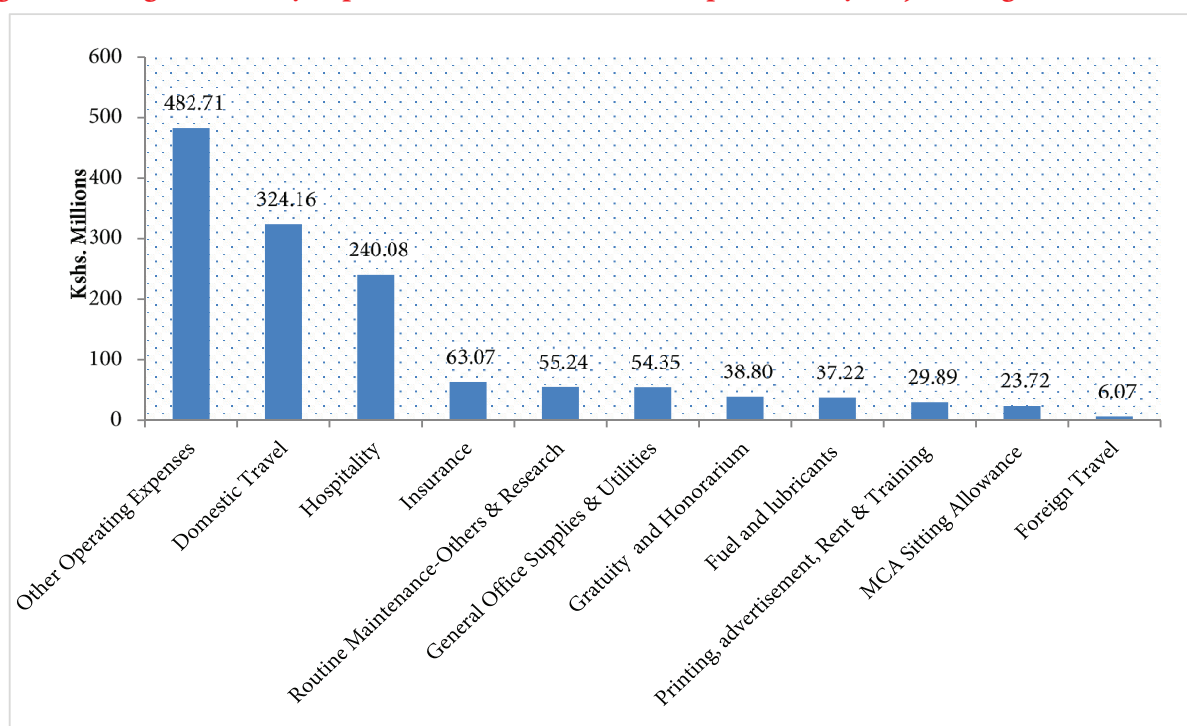
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Trade Loan, Disability, Women and Youth funds in Table 3.16, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.324.16 million and comprised Kshs.278.18 million spent by the County Executive and Kshs.45.98 million by the County Assembly. 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. Expenditure on foreign travel is summarised in Table 3.17 below; -

Table 3.17: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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 th Sept - 17 th Sept ,2023	Facilitation for High-level meetings in Israel	Israel	4,807,835
County Assembly	1 officer	3 rd July - 7 th July,2023	Legal & Legislature Drafting Workshop	Arusha	283,860
	3 officers	8 th Sept - 14 th Sept, 2023	Corporate Leadership Conference	Arusha	974,095

Source: Bungoma County Treasury and Bungoma County Assembly

Included in the operations and maintenance costs are an expenditure of Kshs.259.92 million on garbage collection and Kshs.2.40 million on legal fees.

3.3.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.660.01 million on development programmes, representing an increase of 14.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.577.94 million. The table 3.18 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads and Public Works	Misikhu-Brigadier	Misikhu-Brigadier	140,000,000	168,373,876	120.3
2	Trade, Energy and Industrialization	Development of Market Infrastructure Kamukuywa Market	Kamukuywa Ward	75,500,000	52,038,813	68.9
3	Trade, Energy and Industrialization	Purchase and installation of transformers (REREC)	County Wide	50,006,400	39,993,600	80.0
4	Gender, Culture, Youth and Sports	Construction and Modernization of Masinde Muliro Stadium	Kanduyi	36,000,000	35,798,705	99.4
5	Roads and Public Works	Maintenance of Rural Unpaved Roads - County Routine Maintenance (150KMs) Routine Maintenance Frameworks	County Wide	142,500,000	24,047,394	16.9
6	Health and Sanitation	Ward Based Projects	45 Wards	75,971,500	22,610,331	29.8
7	Education	Other Infrastructure and Civil Works	County Wide	89,602,000	22,213,383	24.8
8	Agriculture, Livestock, Fisheries and Cooperative Development	Agricultural Materials, Supplies and Small Equipment (Mabanga ATC)	Mabanga ATC	7,009,425	5,796,658	82.7

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
9	Agriculture, Live-stock, Fisheries and Cooperative Development	Upgrading of Chwele Poultry Slaughterhouse	Chwele/ Kabu-chai Ward	10,000,000	3,637,579	36.4
10	Agriculture, Live-stock, Fisheries and Cooperative Development	Veterinary supplies	45 Wards	8,550,000	1,045,000	12.2

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 nine months 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, Livestock, Fisheries and Co-operative Development	376.80	967.20	206.49	26.24	188.37	26.24	91.2	100.0	50.0	2.7
Tourism, Forestry, Environment	373.48	212.40	197.94	12.83	195.72	11.76	98.9	91.6	52.4	5.5
Water and Natural Resources	61.61	209.64	33.39	44.61	32.39	43.69	97.0	97.9	52.6	20.8
Roads and Public works	113.46	1,128.28	92.97	240.92	64.42	238.13	69.3	98.8	56.8	21.1
Education, Science and ICT	1235.58	459.10	797.36	90.61	821.19	69.72	103.0	76.9	66.5	15.2
Health	3632.70	471.03	1,600.53	47.01	1,597.13	45.98	99.8	97.8	44.0	9.8
Sanitation	2.02	15.36	-	-			-	-	-	-
Trade, Energy and Industrialization	55.93	807.34	33.57	98.69	40.11	98.47	119.5	99.8	71.7	12.2
Gender, Culture, Youth and Sports	110.60	130.36	61.32	36.79	60.97	35.80	99.4	97.3	55.1	27.5
Land, Urban and Physical Planning	47.10	48.96	22.78	8.98	22.24	8.86	97.7	98.7	47.2	18.1
Bungoma Municipality	43.10	242.68	12.52	-	12.27		98.0	-	28.5	-
Kimilili Municipality	44.86	191.85	12.73	25.04	11.99	20.75	94.1	82.9	26.7	10.8
Housing	29.81	206.50	10.24	2.16	10.19	0.94	99.5	43.6	34.2	0.5
Finance and Planning	1174.26	336.59	623.56	-	870.14		139.5	-	74.1	-
County Public Service	48.35	14.50	23.02		22.52		97.8	-	46.6	-
Governor's	445.73	-	259.25		273.56		105.5	-	61.4	-
D/Governor's	27.34	-					-	-	-	-
Public Administration	842.24	51.71	560.62	1.83	321.12	1.83	57.3	100.0	38.1	3.5
County Secretary	23.87	12.79	13.05		10.80		82.8	-	45.3	-
Sub County Administrators	6.00	-					-	-	-	-
County Assembly	1132.24	136.74	569.25	57.84	713.36	57.84	125.3	100.0	63.0	42.3
Total	9,827.06	5,643.04	5,130.61	693.55	5,268.49	660.01	102.7	95.2	53.6	11.7

Source: Bungoma County Treasury

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of development budget at 42.3 per cent, followed by the Department of Housing at 0.5 per cent. The Department of Finance had the highest percentage of recurrent expenditure to budget at 74.1 per cent while the Department of Kimilili Municipality had the lowest at 26.7 per cent.

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 nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Co-operative							
Programme 1: General Administration, Planning and Support Services							
	S.P 1.1 Administrative and Support Services	28,278,650		26,212,855		92.7	-
	S.P 1.2 Human Resource Management and Development.	333,213,299		162,153,461		48.4	
	S.P 1.3: Policy, Legal and Regulatory Framework	847,440		-		-	-
	S.P 1.4: Planning and Financial Management	2,615,043		-		-	-
	S.P 1.5 Sector Coordination	1,100,000				-	-
	S.P 1.7 Sub-County Administrative Costs	1,400,000				-	-
Programme 2: Land and Crop Development and Management							
	S.P 2.1: Agricultural Extension and Training Services	-	5,000,000			-	-
	S.P 2.2: Crop Production and Productivity	-	154,850,000		21,555,633	-	13.9
	SP 2.8 Irrigation Infrastructure Development and Agricultural Water Storage		10,000,000		3,637,579	-	36.4
Programme 3: Livestock Development and Management							
	SP 3.4 Disease and Vector Control	-	2,000,000			-	-
	SP 3.5 Food Safety and Quality Control	2,345,500	2,654,500		1,045,000	-	39.4
	SP 3.6 Leather Development						
	SP 3.7 Veterinary Extension Services		3,600,000			-	-
	SP 3.8 Breeding and AI Subsidy Programme		2,000,000			-	-
Programme 4: Fisheries Development and Management							
	SP 4.2 Fisheries Product Value-Chain Development		4,000,000			-	-
Programme 5: Cooperatives Development and Management							
	SP 5.1 Cooperatives Extension Service and Training (Co-operative Governance (Training))	2,700,000				-	-
	SP 5.2 Cooperatives Audit Services	1,300,000				-	-
	SP 5.3 Production, Agro Processing, Value Addition & Marketing (Input and Infrastructural Support to Cooperatives)	-	4,982,125			-	-
Programme 6: Institutional Development and Management							
	SP 6.2 Agricultural Enterprise Development (ATC)	-	3,560,000			-	-
	SP 6.3 Infrastructural Development (ATC)		10,000,000			-	-
	SP 6.5 Tractor Hire Services	3,000,000				-	-
	SP 6.8 Operational Development (CFF)	-	10,300,000			-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	NARIGP		704,113,827			-	-
	ASDSP II		39,644,293			-	-
	Ward Based Projects		10,500,000			-	-
Sub Total		376,799,932	967,204,745	188,366,317	26,238,212	50.0	-
Health and Sanitation							
Programme 1: General Administration Planning and Support Services							
	SP 1. 1 Health Administrative and Support Services	126,916,175	40,673,929	25,373,340	20,148,908	20.0	49.5
	SP 1. 2. Leadership and Governance.	34,500,000				-	-
	SP 1. 3 Health Policy	4,000,000				-	-
	SP 1. 6 Human Resource Management	2,778,861,658		1,543,737,985		55.6	-
	SP 1. 7 Infrastructural Development		430,358,722		25,827,858	6.0	0.1
Programme 2: Preventive and Promotive							
	SP 2.1 Communicable and Non-Communicable Disease Control	20,000,000				-	-
	SP 2.2 Community Health Strategy	5,600,000				-	-
	SP 2.3 Health Promotion	3,000,000				-	-
	SP 2.6 Reproductive, Maternal, Newborn, Child, and Adolescent Health.	15,000,000				-	-
	SP 2.7 Public Health and Sanitation	8,000,916	15,358,366			-	-
	Specialized Materials and Supplies	501,885,740				-	-
Programme 3: Curative Health Services							
	SP3. 1 Routine Medical Services.	95,171,405				-	-
	Grants; DANIDA/UNICEF	41,777,772		28,015,305		67.1	-
Sub Total		3,634,713,666	486,391,017	1,597,126,630	45,976,765	43.9	9.5
Roads & Public Works							
Programme 1: General Administration, Planning, and Support Services							
	SP1.1: Capacity Development and Motivation	85,121,330	16,000,000	53,120,184	16,064,576	62.4	100.4
	SP1.3: Administration Services	23,615,544		11,296,162		47.8	-
	SP1.4: Financial Services, Planning and Stewardship	4,726,720				-	-
Programme 2: Transport Infrastructure Development and Management							
	SP2.1: Construction of Roads Bridges and Drainage Works	-	962,503,320		198,014,188	-	20.6
	SP2.2: Maintenance of Roads	-	145,500,000		24,047,394	-	16.5
Programme 3 Building Standards and Quality Assurance							
	SP3.1: Building Standards and Research	-	4,275,000			-	-
Sub Total		113,463,594	1,128,278,320	64,416,346	238,126,158	0.6	0.2
Education and Vocational Training							
Programme 1: General Administration Planning and Support Services							
	SP 1: Salaries and Allowances	1,208,144,825		805,699,863		66.7	-
	SP3: Administration and Support Services	18,551,478	18,000,000	8,429,451	8,393,843	45.4	46.6
Programme 2: Early Childhood Development Education							
	SP6: Infrastructure Development		5,000,000			-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 3: Education Support Programme							
	Sp1: Education Support and Bursary Scheme		205,000,000		39,112,875	-	19.1
	VTC Capitation	462,080	64,482,000			-	-
	Sp: School Feeding Programme		30,000,000			-	-
	Ward Based Projects		94,620,000		22,213,383	-	23.5
Programme 4: VTC General Administration Planning and Policy Formulation							
	SP 2: Policy Formulation	765,902				-	-
	SP3: Administration and support services	7,655,828		7,064,265	-	92.3	-
Programme 5: Training and Skill Development							
	Sp1: Tuition Support Grant		20,000,000			-	-
	Sp2: Tools and Equipment for VTC		14,000,000			-	-
	Sp4: Quality Assurance and Standards		2,000,000			-	-
	SP6: Capacity Building for VTC Instructors		3,000,000			-	-
	SP7: Monitoring and Evaluation		3,000,000			-	-
Sub Total		1,235,580,113	459,102,000	821,193,579	69,720,101	66.5	15.2
Finance & Economic Planning							
Programme 1: General Administration, Planning and Support Services							
	SP 1.1: Personnel costs	490,517,391		330,565,924		67.4	-
	SP 1.2: Administration Services	200,896,303	27,550,000	189,484,692		94.3	-
	SP 1.3: Employer Contribution for Staff Pension	202,275,646		181,433,671		89.7	-
	Donor Fund		137,839,232			-	-
Programme 2: County Planning Management							
	SP 2.1: Economic Policy and County Planning Services	26,095,966		19,913,541		76.3	-
	SP 2.2: Budgeting	67,257,695		53,318,770		79.3	-
	SP 2.3: Monitoring and Evaluation	17,121,610		6,298,004		36.8	-
	SP 2.4: Resource Mobilization Strategies	5,000,000				-	-
	SP 2.5: Enforcement of Revenue Collection	5,000,000				-	
Programme 3: County Financial Service Management							-
	SP 3.1: Revenue Mobilization	39,279,040		24,991,400		63.6	-
	SP3.2: Accounting Services	20,319,230		18,250,556		89.8	-
	SP 3.3: Audit Services	17,547,721		12,755,451		72.7	-
	SP 3.4: Supply Chain Services	18,118,235		14,671,979		81.0	-
	SP 3.5: Asset Management	5,000,000				-	-
Programme 4: Service Delivery and Organizational Transformation							
	SP 4.1: Service Delivery Unit	5,000,000				-	-
	SP 4.3: Investment Initiative	5,000,000				-	-
	SP 4.4: Special Coordination Unit	17,827,013		12,973,095		72.8	-
	SP 4.5: Maintenance of Computer, Software and Networks - Revenue System	12,000,000				-	-
	SP 4.8: System Enhancement	20,000,000	-	5,484,395		27.4	-
	SP 4.9: Emergency Fund		100,000,000			-	-
ICT			33,250,000			-	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Health Management System	Health Management System		37,955,528			-	-
Sub Total		1,174,255,850	336,594,760	870,141,478	-	74.1	-
Trade and Industrialization							
Programme 1: General Administration and Support Services							
	SP 1. Human Resource Development and Management	19,208,655		12,043,363		62.7	-
	SP 3. Administrative Services & Planning	6,428,510	23,327,308	5,088,076		79.1	-
Programme 2: Trade and Enterprise Development							-
	SP 2. 1. Business Loan		165,673,533		1,438,810	-	-
Programme 3: Market Infrastructure Development and Management0.0							
	SP 3.1. Market Infrastructure		104,000,000		52,038,813	-	50.0
	SP 3.2. Ward Based Projects		48,336,000			-	-
Sub Total		25,637,165	341,336,841	17,131,439	53,477,623	66.8	15.7
Energy							
Programme 1: General Administration and Support Services							
	SP 1. Human Resource Development and Management	4,219,452		2,719,352		64.4	-
	SP 2. Planning and Support Services	587,361				-	-
	SP 3. Administrative Services	18,415,603		17,904,444		97.2	-
Programme 2: Energy Development and Management							
	SP 2. 1. Energy Access		6,000,000		4,999,170	-	83.3
RREC	RREC		50,006,400		39,993,600	-	80.0
Sub Total		23,222,416	56,006,400	20,623,795	44,992,770		
Industry							
Programme 1: General Administration and Support Services							
SP 1. Human Resource Development and Management	SP 1. Human Resource Development and Management	1,885,920				-	-
SP 2. Planning and Support Services	SP 2. Planning and Support Services	2,643,200				-	-
SP 3. Administrative Services	SP 3. Administrative Services	2,542,657		2,349,981		92.4	-
Programme 2: Industrial Investment and Development							
SP 2. 1. Industrial Development	SP 2. 1. Industrial Development	-	410,000,000			-	-
Sub Total		7,071,777	410,000,000	2,349,981	-	71.7	12.2
Lands, Urban and Physical Planning							
Programme 1: General Administration, Planning and Support services							
	Human Resource Management	26,637,264		14,657,060		55.0	-
	Administrative and Support Services	12,129,145	11,171,083	7,584,780	-	62.5	-
	Land Registration	5,000,000				-	-
	Policy and Legal Framework	3,330,155				-	-
Programme 2: Land Development and Management							
	SP 3: Physical and Land Use Plans		7,637,625			-	-
	Land		10,000,000		943,235	-	9.4
	Ward Based Projects		20,151,400		8,860,000	-	44.0

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Sub Total		47,096,564	48,960,108	22,241,840	9,803,235	47.2	20.0
Housing							
Programme 1 General Administration, Planning and Support Services							
	SP 1: Salaries and Emoluments	9,586,560		6,271,002		65.4	-
	SP 2: Administrative Services	17,766,990		3,922,810		22.1	-
	SP 4: Planning and Financial Management	1,184,125				-	-
	SP 5: Policy and Legal Framework	1,273,500				-	-
Programme 2 Housing Development and Management							
	SP 2: Housing Infrastructural Development		206,500,100			-	-
Sub Total		29,811,175	206,500,100	10,193,812	-	34.2	-
Bungoma Municipality							
Programme 1: General Administration, Planning and Support Services							
	SP 1.1: Salaries and Personnel Emoluments	12,397,661		8,090,765		65.3	-
	SP 1.2: Human Resource Capacity Development and Management	3,857,300				-	-
	SP 1.3: General Administration and Support Services	21,021,953		4,176,800		19.9	-
	SP 1.4: Planning and Financial Management	2,820,000				-	-
	SP 1.5: Institutional Accountability, Leadership, Efficiency and Effectiveness	3,003,000				-	-
Programme 3: Urban Infrastructure Development and Management							
	SP 3.2: Urban Transport and Infrastructure Development	-	90,500,000			-	-
Programme 4: Urban Environment and Social Services0							
	SP 4.2: Urban Waste Management and Sanitation Services	-	11,000,000			-	-
	SP 4.3: Urban greening and environment protection	-	4,200,000			-	-
	Ward Based Projects	-	68,400,000			-	-
	Grant	-	68,575,248			-	-
Sub Total		43,099,914	242,675,248	12,267,565	-	28.5	-
Kimilili Municipality							
Programme 1: Urban Governance							
	SP1: General Administrative, Planning and Support Services (Inclusive of salary)	31,044,460		3,734,786		12.0	-
	SP2: Human Resource	13,811,045		8,253,598		59.8	-
Programme 2: Urban Infrastructure Development and Management							
	Infrastructure. Housing and Public Works	-	191,846,979		20,754,740	-	10.8
Sub Total		44,855,505	191,846,979	11,988,384	20,754,740	26.7	10.8
County Public Service Board							
Programme 1: General Administration, Planning and Support Services							
	SP 1. 1 Administrative Services	22,141,121		16,443,765		74.3	-
	SP1.2 Construction 1 Storey Building Administrative Block	-	14,500,000			-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 2: Human Resource Management and Development0.0							
	SP 2. 1 Human Resource Man- agement	10,374,532		6,074,953		58.6	-
Programme 3: Governance and National Values							
	SP 3. 1Quality Assurance	5,120,330				-	
	SP 3. 2 Ethics Governors and National	10,716,570				-	-
Sub Total		48,352,553	14,500,000	22,518,717		46.6	-
Public Service							
Programme 1: General Administration, Planning and Support Services							
	Sp1.1: Salaries	428,997,892		225,632,907		0.5	-
	Sp1.2: Utilities	5,700,000				-	-
	Sp1.3:Maintenance	1,730,000				-	-
	Sp1.4: Operations	53,636,755		27,559,846		51.4	-
	Sp1.5: Contracted Security and Cleaning Services	67,179,450		36,070,494		53.7	-
	Sp1.6: Purchase of Uniforms	4,000,000				-	-
	Sp1.7: Medical Insurance	250,000,000		27,860,664		11.1	-
	Sp1.9: National Holidays	10,000,000				-	-
	Infrastructure Development		64,506,063		1,834,683	-	2.8
	Sp1.10: Devolved Units	9,000,000				-	-
Programme 2: Public Participation, Civic Education and Outreach Services							
	Sp2.1: Public Participation	4,000,000		4,000,000		100.0	-
	Sp2.2: Civic Education	4,000,000				-	-
Programme 3: Service Delivery and Organizational Transformation							
	Sp3.1Service Delivery and Organi- zational Transformation	10,000,000				-	-
Sub Total		848,244,097	64,506,063	321,123,912	1,834,683	37.9	-
Office of the County Secretary and County Attorney							
Programme 1: General Adminis- tration, Planning and Support Services (County Secretary)							
	Payroll Cleaning	500,000				-	-
	Records Management	2,806,720				-	-
	Utilities and Maintenance	750,000		101,724		13.6	-
	Operation	6,050,000	-	6,042,806		99.9	-
Programme 3: General Adminis- tration, Planning and Support Services County Attorney							
	Sp3.1: Utilities	350,000				-	-
	Sp3.2: Maintenance	300,000				-	-
	Sp3.3: Operations	6,109,000	-	4,656,414		76.2	-
	Sp3.4: Legal Fees	7,000,000				-	-
Sub Total		23,865,720	-	10,800,944	-	38.1	-
Gender and Culture							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 1: 1 General Administration, Planning and Support Services							
	Compensation to Employees	34,907,953		21,265,262		60.9	-
	Planning and Budgeting	2,500,000				-	-
	Utility for Office Operations	500,000				-	-
	Administrative Service Management (boards and Committees, travel costs, catering services, others)	10,825,513	958,513	2,660,560		24.6	-
Programme 2 Cultural Development and Management							-
	Participate in KICOSCA and EALASCA Games	29,875,000		24,596,123		82.3	-
	Construction of Sanga'lo Multipurpose Hall	-	6,440,351			-	-
	Microfinance Youth Programme	-	1,128,440			-	-
Programme 3: Gender Equity and Social Protection							
	Operations of GTWG	1,500,000	-			-	-
	Gender-Based Violence Response Programs (16 days of activism against women)	2,000,000	-			-	-
	Mark and Celebrate International Women's Day	2,000,000	-			-	-
	Mark and Celebrate International Disability Day	1,000,000	-			-	-
	Disability Empowerment Program		12,317,615			-	-
	Women Empowerment Program		20,526,343			-	-
Sub Total		85,108,466	41,371,262	48,521,945	-	57.0	-
Youth and Sports							
Programme 2: General Administration Planning and Support Services							
	Payment of Salaries	13,331,452		7,640,620		57.3	-
	Planning and Budgeting	830,126				-	-
	Utility for Office Operations	520,000				-	-
	Administrative Service Management (boards and Committees, travel costs, catering services, other recurrent)	10,809,497	4,000,000	4,808,631		44.5	-
Programme 3: Sports and Talent Development							
	Construction of Phase 1 Masinde Muliro Stadium		26,000,000		25,511,240	-	-
	Completion and Equipping of Phase 1 and Phase 2 of the High-Altitude Training Centre		19,000,000		10,287,465	-	-
	Boards and Committees (Operations Cost)		300,000			-	-
Programme 4: Sports and Talent Development							
Sports Facility development and management	Sports Facility Development and Management		10,000,000			-	-
Project supervision	Project Supervision		-			-	-
Youth Empowerment fund	Youth Empowerment Fund		29,684,326			-	-
Sub Total		25,491,075	88,984,326	12,449,252	35,798,705	48.8	0.4

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Governor’s and Deputy Governor’s Office							
Programme 1: General Administration, Planning and Support Services							
	Sp1.1: County Budget and Economic Forum	3,000,000				-	-
	Sp1.2: Public Consultative Meetings	15,000,000		15,000,000		100.0	-
	Sp1.4: Utilities	2,347,663		-		-	
	Sp1.5: Operations and Other Departmental Programs	82,951,486		78,902,228		95.1	-
	Sp1.6: Maintenance	14,000,000		271,000		1.9	-
	Sp1.7: Salaries	228,432,549		145,879,989		63.9	-
Programme 2: County Executive Committee Affairs							
	Sp2.1Leadership and Coordination of County Departments and Agencies	25,000,000		20,970,589		83.9	-
Programme 3: County Strategic and Service Delivery Coordination							-
	Sp3.1Staff Management Services.	7,000,000				-	-
	Sp3.2Events Management and Protocol Services.	10,000,000				-	-
	Sp3.3Communication	1,000,000				-	-
	Sp3.4 Integrity	2,000,000				-	-
	Sp3.5 Intergovernmental relations	5,000,000				-	-
	Special Programmes	50,000,000				-	-
Office of the Deputy Governor							-
Programme 1: General administration, planning and support services							-
	Sp1.1: Utilities	1,328,000				-	-
	Sp1.2: Operations	22,108,583		12,534,950		56.7	-
	Sp1.3: Maintenance	3,900,000				-	-
Sub Total		473,068,281		273,558,756		57.8	-
Environment, Tourism and Climate Change							
Programme 1: General Administration Planning and Support Services							
	SP. Human Resources Management	31,136,359		15,488,686		49.7	-
	Sp. Planning and Support Services	7,676,864		4,469,774		58.2	-
Programme 2: Protection and Conservation of the Environment							
	SP. Waste Management and Control	312,552,734		175,759,839		56.2	-
Programme3: Climate Change Co-ordination and Management							
	Sp. Climate Change Resilience Investment Grant		125,000,000		11,756,279	-	9.4
	Sp. Climate Change Fund		80,000,000			-	-
	SP. Climate Change Institutional Support Grant	22,110,885				-	-
Sub Total		373,476,842	205,000,000	195,718,299	11,756,279	52.4	5.7
Water and Natural Resources							
Programme 1: General Administration Planning and Support Services							
	SP. Human Resources Management	38,151,374		21,161,224		55.5	-
	Sp. Planning and Support Services	23,453,875	21,399,464	11,230,733		47.9	-
Programme 2: Water and Sanitation development and management							
	SP. Borehole Development		8,810,745			-	-
	SP.KOICA Counterpart Funding	-	20,000,000			-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Ward Based Projects		166,831,400		43,692,122	-	26.2
Sub Total		61,605,249	217,041,609	32,391,957	43,692,122	52.6	20.1
County Assembly							
Programme 1: General Administration Planning and Support Services	Salaries and Personnel Emoluments	622,227,383		416,660,380		67.0	-
	Human resources Capacity Development and management	31,542,328		2,552,675		8.1	-
	General Administration and Support Services	278,451,735		142,098,450		65.3	-
	Research Knowledge Sharing and Development Services	6,650,000		3,002,685		45.2	-
Programme 2: Legislation	Legislation Services	10,486,000				-	-
Programme 3: Representation and Outreach Services	Representation Services	70,876,984				-	-
	Public Participation and Outreach services	5,000,000				-	-
Programme 4: Oversight	Oversight Services	107,003,800				-	-
Programme 5: General infrastructure	General Infrastructure		136,737,650		57,836,114	-	42.3
Sub Total		1,132,238,230	136,737,650	564,314,190	57,836,114	52.7	42.3
Grand Total		9,827,058,183	5,643,037,428	5,119,439,135	660,007,508	52.4	11.7

Source: Bungoma County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human resource management in the Department of Health at 55.6 per cent, Capacity Development and Motivation in the Department of Roads at 10- per cent, Capacity Development and Motivation in the Department of County Public Service Board at 74.3 per cent, and Operation at 99.9 per cent of budget allocation.

3.3.14 Accounts Operated in Commercial Banks

The County government operated a total of 352 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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.316.10 million against an annual projection of Kshs.868.20 million, representing 36.4 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 3.5.
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 Women's 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.1.01 billion as of 31st March 2024.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.105.69 million were processed through the manual payroll, accounting for 2.8 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for vocational training centres (152), health facilities & dispensaries (146), local revenue accounts (4), level 4 & 5 hospitals (21) and funds accounts (29).

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.4. County Government of Busia

3.4.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.10.09 billion, comprising Kshs.3.27 billion (32.4 per cent) and Kshs.6.82 billion (67.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 5.4 per cent compared to the previous financial year when it 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.7.48 billion (74.1 per cent) as the equitable share of revenue raised nationally, Kshs.552.51 million as additional allocations/conditional grants, a cash balance of Kshs.1.42 billion (14.0 per cent) brought forward from FY 2022/23, and generate Kshs.649.01 million (6.4 per cent) as gross own source revenue. The own-source revenue includes Kshs.252.22 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.396.79 million (3.9 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.21

3.4.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.34 billion as an equitable share of the revenue raised nationally, Kshs.188.40 million as additional allocations/conditional grants, had a cash balance of Kshs.1.42 billion from FY 2022/23, and raised Kshs.261.81 million as own-source revenue (OSR). The raised OSR includes Kshs.104.17 million as FIF and Kshs.157.64 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs6.20 billion, as shown in Table 3.21

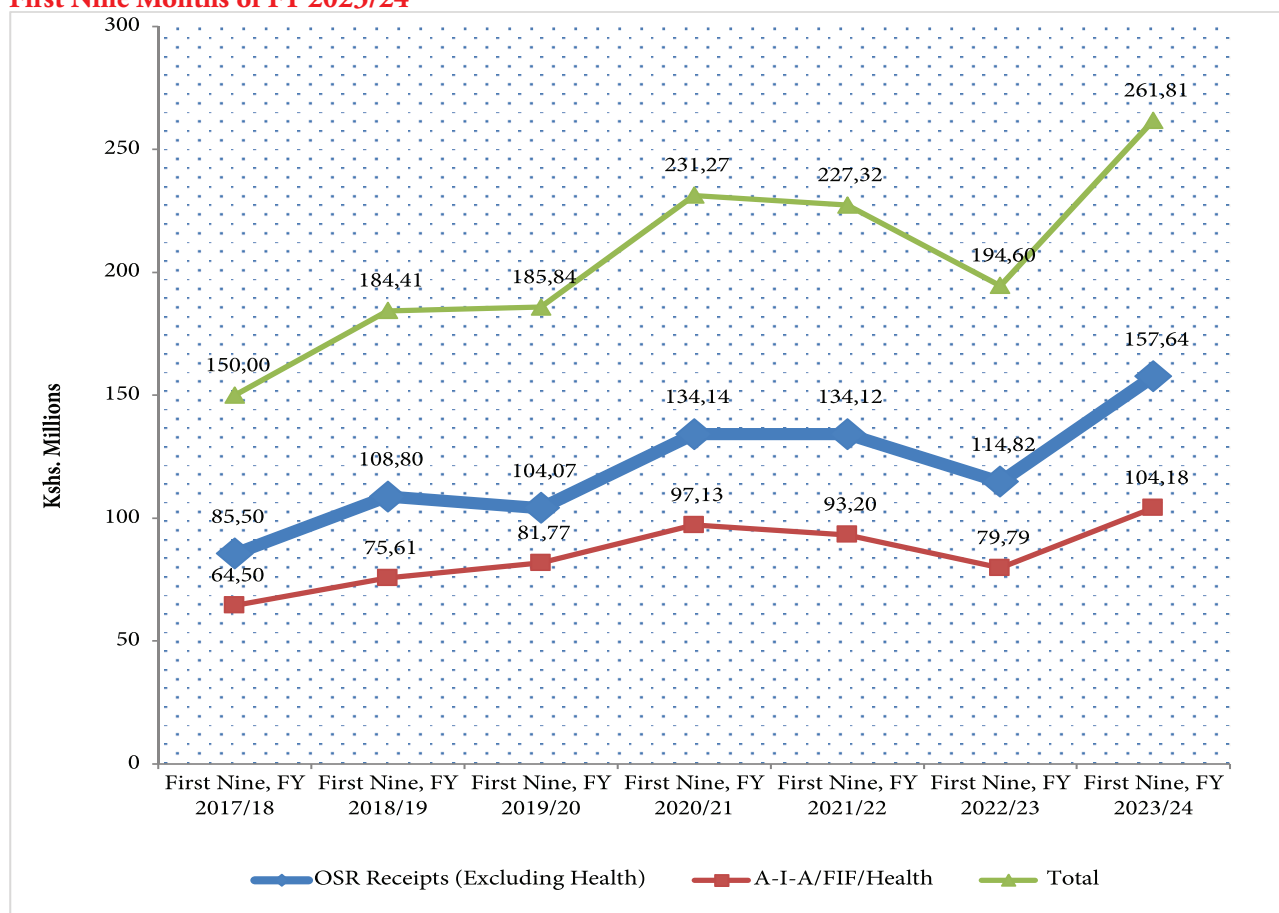
Table 3.21: Busia County, Revenue Performance in the First Nine Months of FY 2023/24

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	7,475,585,295.00	4,335,839,472.00	58.0
Sub Total		7,475,585,295.00	4,335,839,472.00	58.0
B	Conditional Grants			
1	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	185,948,248	74.4
2	Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
3	DANIDA	10,972,500	-	-
4	Agriculture Sector Development Support Programme II (ASDSP II)	2,450,905	2,450,905	100.0
5	Aquaculture Business Development Project (ABDP)	22,585,560	-	-
6	Kenya Livestock Commercialization Project (KeLCoP)	30,500,000	-	-
7	Nutrition International	10,000,000	-	-
8	Financing Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
9	Financing Locally-Led Climate Action Program (FLLoCA)-County Climate Institutional Support (CCIS)	11,000,000	-	-
Sub-Total		552,508,965	188,399,153	34.1
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	396,793,350	157,636,805	39.7
2	Balance b/f from FY2022/23	1,415,902,624	1,415,902,624	100.0
3	Facility Improvement Fund (FIF)	252,222,283	104,176,549	41.3
Sub Total		2,064,918,257	1,677,715,978	81.2
Grand Total		10,093,012,517	6,201,954,603	61.4

Source: Busia County Treasury

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 10 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

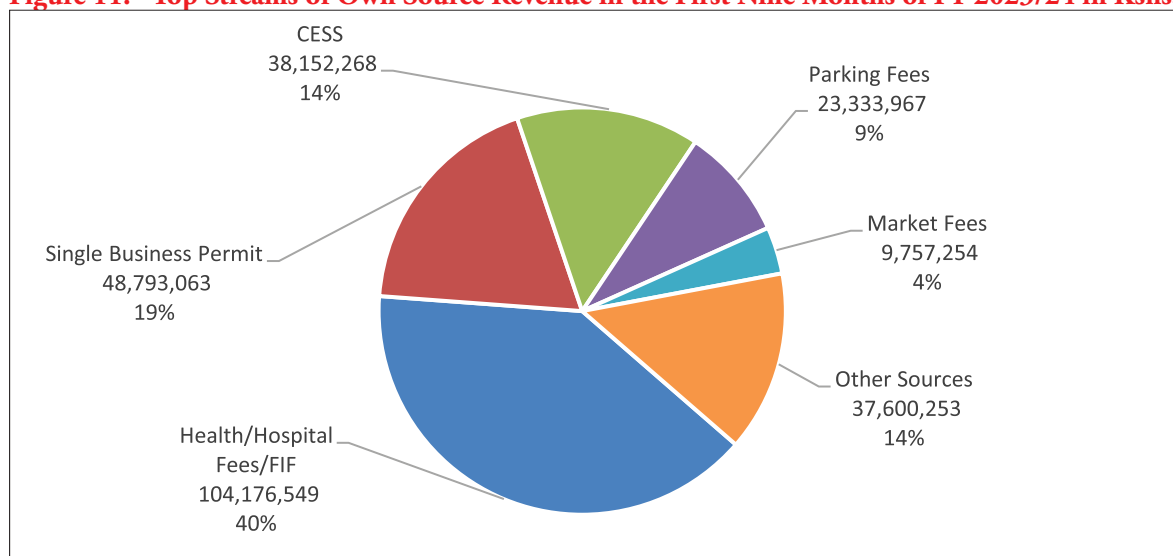
Figure 10: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Busia County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.261.81 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 34.5 per cent compared to Kshs.194.60 million realised in a similar period in FY 2022/23 and was 40.3 per cent of the annual target and 6.0 per cent of the equitable revenue share disbursed during the period. The increase in OSR can be attributed to the improved collection of Single Business Permits coupled with the automation of some of the revenue streams. 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 Nine Months of FY 2023/24 in Kshs.



Source: Busia County Treasury

The highest revenue stream of Kshs.48.79 million was from Single Business Permit contributing to 19.0 per cent of the total OSR receipts during the reporting period.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.94 billion from the CRF account during the reporting period, which comprised Kshs.398.88 million (8.1 per cent) for development programmes and Kshs.4.52 billion (91.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.66 billion was released towards Employee Compensation and Kshs.1.86 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.12 billion.

3.4.4 County Expenditure Review

The County spent Kshs.4.99 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 of Kshs.502.11 million and Kshs.4.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15.3 per cent, while recurrent expenditure represented 65.8 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.35 billion, comprising of Kshs.1.11 billion for recurrent expenditure and Kshs.1.24 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.267.54 million. They consisted of Kshs.244.42million for recurrent expenditure and Kshs.23.12 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.2.08 billion.

The County Assembly reported outstanding pending bills of Kshs.71.78 million as of 31st March 2024.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.39 billion on employee compensation, Kshs.1.42 billion on operations and maintenance, and Kshs.485.12 million on development activities. Similarly, the County Assembly spent Kshs.266.53 million on employee compensation, Kshs.410.54 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
Total Recurrent Expenditure	5,928,566,676	890,557,352	3,809,894,721	677,067,792	64.3	76.0
Compensation to Employees	3,284,201,771	420,050,615	2,389,621,921	266,528,233	72.8	63.5
Operations and Maintenance	2,644,364,905	470,506,737	1,420,272,800	410,539,559	53.7	87.3
Development Expenditure	3,183,388,489	90,500,000	485,124,681	16,989,500	15.2	18.8
Total	9,111,955,165	981,057,352	4,295,019,402	694,057,292	47.1	70.7

Source: Busia County Treasury

3.4.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.66 billion, or 42.9 per cent of the available revenue, which amounted to Kshs.6.20 billion. This expenditure represented a decrease from Kshs.2.83 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.36 billion paid to health sector employees, translating to 51.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.53 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.129.34 million was processed through manual pay-rolls. The manual payrolls accounted for 4.9 per cent of the total PE cost.

The County Assembly spent Kshs.30.65 million on committee sitting allowances for the 54 MCAs against the annual budget allocation of Kshs.46.66 million. The average monthly sitting allowance was Kshs.63,057per 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.163.67 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 Nine Months 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 st March 2024 (Kshs)	Submission of Financial State-ments as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1.	Emergency Fund	35,800,000	-	-	-	No
2.	Busia County (public offi-cers) Revolving Fund.	-	-	-	222,000,000	Yes
3.	Busia County Health Services Fund	21,572,618	-	-	57,000,000	Yes
4.	Busia County Cooperative Enterprise Development Fund	6,000,000	-	-	123,005,000	Yes
5.	Scholarships and Other Education benefits	100,300,000	100,300,000	51,283,200.00	100,300,000	No
6.	Busia County Agricultural Development fund	-	-	-	90,000,000	Yes
County Assembly Established Funds						
7.	Busia County Assembly Revolving Fund	-	-	-	641,249,842	No
Total		163,672,618			1,233,554,842	

Source: Busia County Treasury

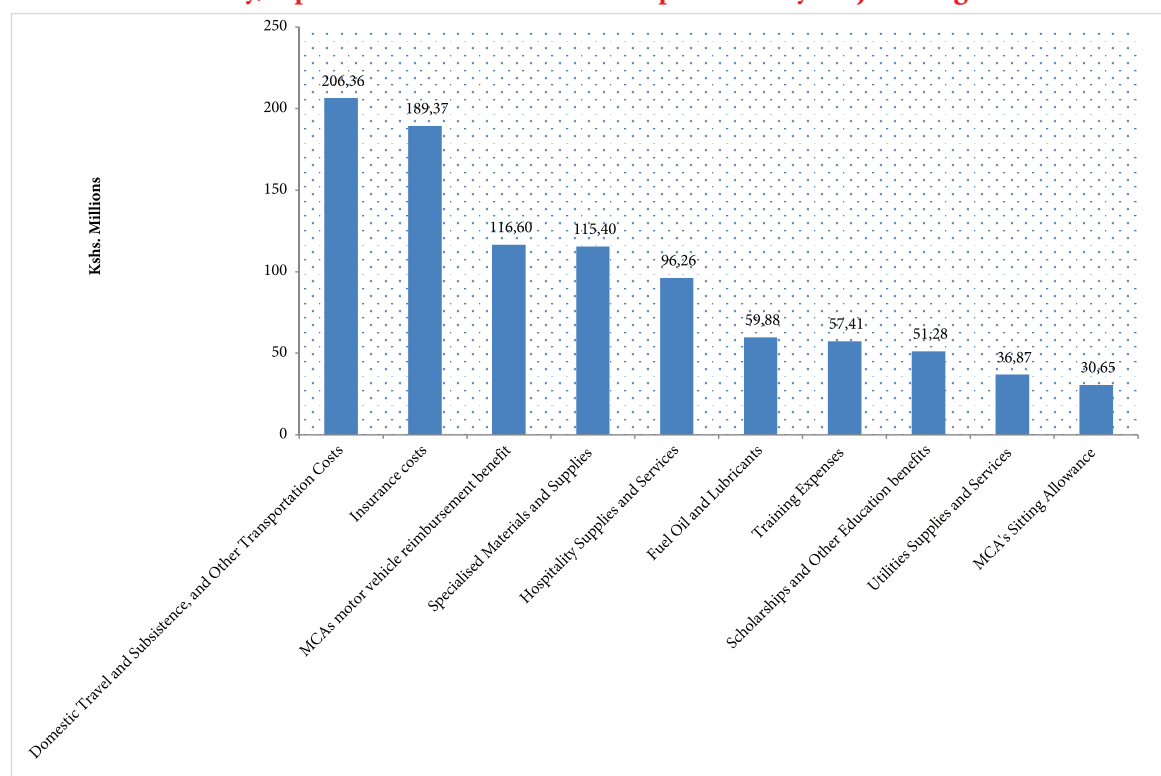
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Busia Scholarship and other Education Benefits, Busia County Assembly Revolving funds, as indicated in Table 3.23, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.206.36 million and comprised Kshs.97.01 million spent by the County Assembly and Kshs.109.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.31 million and comprised Kshs.2.05 million by the County Assembly and Kshs.20.26 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.24 below;

Table 3.24: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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 th September 2023 to 23 rd 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

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	23 rd July to 30 th July 2023	Attending a Conference on Leadership Management	Adis Ababa-Ethiopia	419,968
County Assembly	1	8 th to 15 th December 2018	Facilitation for EALASCA games held in Uganda Kampala	Kampala	245,456
County Assembly	1	27 th October to 5 th November 2023	Performance Management Systems and Localisation of SDGs	United Kingdom	1,161,126
County Assembly	1	10 th to 14 th December 2023	Workshop on Strengthening Capacity of Border Municipalities	South Africa	230,025
Total					12,802,859

Source: Busia County Treasury and Busia County Assembly

3.4.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.502.11 million on development programmes, representing an increase of 0.09 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.501.61 million. The table 3.25 summarises development projects with the highest expenditure in the reporting period.

Table 3.25: 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	79,680,478.85	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	11,977,046.00	Complete
3	Agriculture, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness	Installation of fish Cages	Bunyala West	5,000,000	5,000,000.00	Complete
4	Transport, Public works and Energy	Routine Maintenance of County Roads	Chakol South	5,000,000	4,737,044.00	Complete
5	Water, Irrigation and Natural Resources	Afforestation Programme in Public Institutions	Bukhaya West	5,000,000	4,405,408.00	Complete
6	Water, Irrigation and Natural Resources	Livelihood Diversification (Apiary Promotion)	Amukura Central	4,000,000	3,871,395.00	Complete
7	Transport, Public works and Energy	Routine Maintenance of County Roads	Mungatsi	4,500,000	3,799,501.00	Complete
8	Governorship	Purchase of Fire Engine	Samia and Bunyala	55,000,000	3,240,000.00	ongoing
9.	Agriculture, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness	Agriculture inputs support services	Matayos	3,205,500	3,205,500.00	Complete
10	County Assembly	Purchase of Original Mace	Busia Town	16,989,500	16,989,500.00	Complete

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 3.26 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.26: 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, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness	280.13	855.58	175.36	88.45	177.30	164.33	101.1	129.5	63.3	19.2
Trade, Investment, Co-operatives and Industry	96.21	405.29	41.20	100.00	58.33	95.31	141.6	76.2	60.6	23.5
Education and Vocational Training	697.55	80.84	504.88	-	452.15	-	89.6	-	64.8	-
Finance, ICT and Economic Planning	669.20	61.00	520.90	35.93	559.88	41.30	107.5	114.9	83.7	67.7
Sports, Culture and Social Services	149.25	44.73	76.70	-	91.25	-	119.0	-	61.1	-
Transport, Public Works and Energy	227.59	444.49	192.61	106.48	145.53	121.46	75.6	102.8	63.9	27.3
Public Service, Administration and Gender	512.47	-	276.97	-	310.20	-	112.0	-	60.5	-
Lands, Housing and urban Development	170.23	254.95	115.75	-	109.37	0.55	94.5	115.8	64.2	0.2
Water, irrigation and Natural Resources	161.90	574.41	109.11	38.33	108.80	42.96	99.7	66.1	67.2	7.5
Health and Sanitation	2,371.29	408.51	1,532.21	3,79	1,580.69	3.23	103.2	13.0	66.7	0.8
County Public Service Board	100.77	-	51.16	-	35.62	-	69.6	-	35.3	-
County Law Office	85.75	-	29.18	-	20.11	-	68.9	-	23.4	-
Strategic Partnership and Digital Economy	52.08	10.00	20.80	-	-	-	-	-	-	-
The Governorship	354.16	43.58	196.75	8.9	160.67	15.99	81.7	108.4	45.4	36.7
County Assembly	890.56	90.50	667.48	16.99	648.65	16.99	97.2	100.0	72.8	18.8
Total	6,819.12	3,273.89	4,511.06	398.87	4,458.54	502.11	98.8	94.8	65.4	15.3

Source: Busia County Treasury

Analysis of expenditure by departments shows that the Department of Finance, ICT and Economic Planning recorded the highest absorption rate of development budget at 67.7 per cent, followed by the Governorship at 36.7 per cent. The Department of Finance, ICT and Economic Planning had the highest percentage of recurrent expenditure to budget at 83.7 per cent while the Department of Strategic Partnership and Digital Economy had the lowest at 0.0 per cent.

Development expenditure incurred by the Department of Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness 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.

3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 3.27 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.27: Busia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Agriculture, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness							
CP 1: General Administration and support services	CSP 1.1: Administrative support service	280,129,929	-	177,300,562	-	63.3	-
CP 2: Land use and management	CSP 2.1: Agricultural mechanization	-	31,896,313	-	7,995,680	-	25.1
CP 3: Crop production and Management	CSP 3.1 Input support services	-	133,831,384	-	6,096,760	-	4.6
	CSP 3.2: Crop development	-	17,843,386	-	-	-	-
	CSP 3.3: Crop protection	-	3,998,880	-	-	-	-
CP 4: Agricultural Training and Extension Services	CSP 4.2: Agricultural Training services	-	5,061,350	-	2,610,445	-	51.6
CP 6: Agribusiness and agricultural Value chain Development	CSP 6.1: Value addition	-	442,247,944	-	82,155,953	-	18.6
CP 8: Fisheries and Aquaculture Resource Development	CSP 8.1: Aquaculture development	-	48,385,370	-	12,604,130	-	26.0
	CSP 8.2: Fisheries training infrastructure development	-	36,081,798	-	7,918,713	-	21.9
CP 9: Livestock Production Development	CSP 9.1: Livestock production improvement	-	50,377,306	-	26,684,597	-	53.0
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease control	-	21,215,833	-	2,499,000	-	11.8
	CSP 10.2: AI services	-	12,000,000	-	4,766,415	-	39.7
	CSP 10.3: Meat inspection serviceS	-	7,000,000	-	5,795,030	-	82.8
	CSP 10.4: Veterinary Extension	-	45,639,704	-	5,203,740	-	11.4
	Sub Total	280,129,929	855,579,268	177,300,562	164,330,463	63.3	19.2
Department of Trade, Investment, Cooperatives and Industry							
CP 12: General Administration and support services	CSP 12.1: Administrative support service	96,211,577	-	58,325,787	-	60.6	-
CP 13: Trade Development	CSP 13.2: Market modernization and development Establishment of Industrial Park	-	389,697,995	-	95,310,633	24.5	-
CP 14: Fair Trade practices	CSP 14.1: Weights and measures.	-	6,995,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP 15: Cooperative development	CSP 15.1: Busia County cooperative enterprise development fund (equipping of vocational training centres)	-	8,600,000	-	-	-	-
	Sub-Total	96,211,577	405,292,995	58,325,787	95,310,633	85.1	-
Department of Education and Vocational Training							
CP 17: General Administration and support services	CSP 17.1: Administrative support service	697,547,533	-	452,154,567	-	64.8	-
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of infrastructure in E.C.D.E Centres	-	10,600,000	-	-	-	-
	CSP 18.2: E.C.D.E Capitation	-	9,400,000	-	-	-	-
CP 19: Technical/vocational training development	CSP 19.1: Infrastructure development	-	60,000,000	-	-	-	-
CP 20: Education support	CSP 20.1: Education support scheme	-	839,336	-	-	-	-
	Sub-Total	697,547,533	80,839,336	452,154,567	-	64.8	-
Department Finance ICT and Economic Planning							
CP 22: General Administration and support services	CSP 22.1: Administrative support service	669,195,450	-	559,880,892	-	83.7	-
CP 24: Infrastructure Development	CSP 24.2: ICT Support services	-	61,000,000	-	41,300,185	-	67.7
	Sub-Total	669,195,450	61,000,000	559,880,892	41,300,185	83.7	67.7
Department of Sports, Culture and Social Services							
CP 26: General Administration and support services	CSP 26.1: Administrative support service	149,252,295	-	91,249,314	-	-	-
CP 27: Social services	CSP 27.1: Infrastructural development	-	28,000,000	-	-	-	-
CP 29: Promotion and development of sports	CSP 29.2: Sports promotion	-	8,026,968	-	-	-	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	-	8,698,760	-	-	-	-
	Sub-Total	149,252,295	44,725,728	91,249,314	-	-	-
Department of Transport, Public Works and Energy							
CP 34: General Administration and support services	CSP 34.1: Administrative support service	227,588,102	-	145,526,910	-	63.9	-
CP 35: Development and maintenance of roads	CSP 35.1: Routine maintenance of roads	-	216,710,189	-	25,145,947	-	11.6
	CSP 35.2: Development of Roads	-	206,783,906	-	96,309,672	-	46.6
CP 36: Building Infrastructure Development	CSP 36.1: Infrastructure Development	-	17,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	-	4,000,000	-	-	-	-
	Sub-Total	227,588,102	444,494,095	145,526,910	121,455,619	63.9	58.2
Department of Public Service, Administration and Gender							
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	512,469,929	-	310,200,947	-	60.5	-
	Sub-Total	512,469,929	-	310,200,947	-	60.5	-
Department of Lands, Housing and Urban Development							
CP 41: General Administrative and support services	CSP 41.1: Administrative support services	170,227,501	-	109,370,336	-	64.2	-
CP 42: County Land Administration and planning	CSP 42.1: Land use planning	-	113,200,000	-	-	-	-
CP 43: Housing Development and Management	CSP 43.1: Housing Development	-	38,388,495	-	550,000	-	1.4
CP 44: Urban management and development control	CSP 44.1: Urban management	-	5,000,000	-	-	-	-
	CSP 44.2: Urban Development	-	98,361,630	-	-	-	-
	Sub-Total	170,227,501	254,950,125	109,370,336	550,000	64.2	0.2
Department of Water, Irrigation and Natural Resources							
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	161,899,790	-	108,796,729	-	67.2	-
CP 47: Water supply services	CSP 47.1: Urban water supply and sewerage	-	18,998,385	-	-	-	-
	CSP 47.2: Rural water supply	-	201,644,823	-	-	-	-
CP 48: Environmental management and protection	CSP 48.1 Environmental management	-	26,400,000	-	4,881,574	-	18.5
CP 49: Small holder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	-	8,648,809	-	-	-	-
CP 50: Forest development and management	CSP 50.1: Rehabilitation and Restoration degraded landscape	-	22,771,169	-	1,125,701	-	4.9
CP 51: Climate Change Fund	CSP 51.1: Financing Locally-Led Climate Action Program (FLLOCA)	-	171,276,420	-	36,947,971	-	21.6
	CSP 51.2: Establishment of Climate Change information service hub Phase 1	-	10,985,500	-	-	-	-
CP 52: Other projects	CSP 52.1: Other Development projects	-	113,688,487	-	-	-	-
	Sub-Total	161,899,790	574,413,593	108,796,729	42,955,246	67.2	7.5

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Health and Sanitation							
CP 53: General Administration and support services	CSP 53.1: Administrative support service	2,371,289,114	-	1,580,693,632	-	66.7	-
CP 54: Curative Health Services	CSP 54.1: Infrastructure development	-	195,668,376	-	3,234,664	-	1.7
	CSP 54.2: Hospital equipment	-	18,000,000	-	-	-	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	-	119,877,878	-	-	-	-
	CSP 55.2: Lower-level hospital equipment	-	19,499,950	-	-	-	-
	CSP 55.4: Health promotion unit	-	55,466,970	-	-	-	-
	Sub-Total	2,371,289,114	408,513,174	1,580,693,632	3,234,664	66.7	1.7
County Public Service Board							
CP 57: General Administration and support services	CSP 57.1: Administrative support service	100,769,619	-	35,616,283	-	-	-
	Sub-Total	100,769,619	-	35,616,283	-	-	-
County Law Office							
CP 57: General Administration and support services	CSP 57.1: Administrative support service	85,751,725	-	20,108,053	-	-	-
	Sub-Total	85,751,725	-	20,108,053	-	-	-
Department of Strategic Partnership and Digital Economy							
CP 58: General Administration and support services	CSP 58.1: Administrative support service	52,076,677		-	-	-	-
CP 59: Information Communication Technology	CSP 59.1: Infrastructure		10,000,000				
	Sub-Total	52,076,677	10,000,000	-	-	-	-
The Governorship							
CP 60: General Administration and support services	CSP 60.1: Administrative support service	354,157,435	-	160,670,709	-	45.4	-
CP 61: Disaster Risk Management	CSP 61.1: Disaster preparedness	-	43,580,175	-	15,987,870	-,-	36.7
	Sub-Total	354,157,435	43,580,175	160,670,709	15,987,870	45.4	36.7
	County Assembly						
CP 65: General Administration and support services	CSP 65.1: Administrative support service	890,557,352	-	648,646,038	-	72.8	-
CP 66: Infrastructure Development	CSP 65.1: Infrastructure	-	90,500,000		16,989,500	-	18.8

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub-Total	890,557,352	90,500,000	648,646,038	16,989,500	72.8	18.8
Grand Total		6,819,124,028	3,273,888,489	4,458,540,759	502,114,181	65.4	15.3

Source: Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative support service in the Department of Finance ICT and Economic Planning at 83.7 per cent, Meat inspection services in the Department of Agriculture, Livestock, Fisheries, climate Change, Blue Economy and Agribusiness at 82.8 per cent and administrative support service at 72.8 per cent in the County Assembly per cent of budget allocation.

3.4.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 report. The report was received on 16th April 2024
2. The underperformance of own-source revenue at Kshs.261.81 million against an annual target of Kshs.649.01 million, representing 40.3 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for Busia County Assembly Revolving and Busia County Education Support Scheme Fund
4. High level of pending bills which amounted to Kshs.2.08 billion as of 31st March 2024. Further, there was no pending bills payment plan prepared by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs129.34 million were processed through the manual payroll, accounting for 4.9 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 requires that County government bank accounts 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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*

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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 revenue collection accounts are exempted.*

3.5. County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2023/24 Budget

The County's approved First supplementary budget for FY 2023/24 is Kshs.6.79 billion, comprising Kshs.2.55 billion (37.6 per cent) and Kshs.4.24 billion (62.4 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 it was Kshs.6.25 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.4.80 billion (70.7 per cent) as the equitable share of revenue raised nationally, Kshs.789.89million (11.6 per cent) as additional allocations/conditional grants, a cash balance of Kshs.931.43 million (13.7 per cent) brought forward from FY 2022/23, Kshs.980,199 as other revenues and generate Kshs.270.23 million (4.0 per cent) as gross own source revenue. The own-source revenue includes Kshs.200.0 million (3.0 per cent) million as Facility Improvement Fund (revenue from health facilities), and, Kshs.70.33 million (1.0 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.28

3.5.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.2.78billion as an equitable share of the revenue raised nationally, Kshs.85.17 million as additional allocations/conditional grants, had a cash balance of Kshs.931.45 million from FY 2022/23, and raised Kshs.204.41million as own-source revenue (OSR). The raised OSR includes Kshs.148.03 million as FIF and Kshs.56.52 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.0 billion, as shown in 3.28.

Table 3.28: Elgeyo Marakwet County, Revenue Performance in the First Nine Months 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	4,801,453,188	2,784,842,849	58
Subtotal		4,801,453,188	2,784,842,849	58

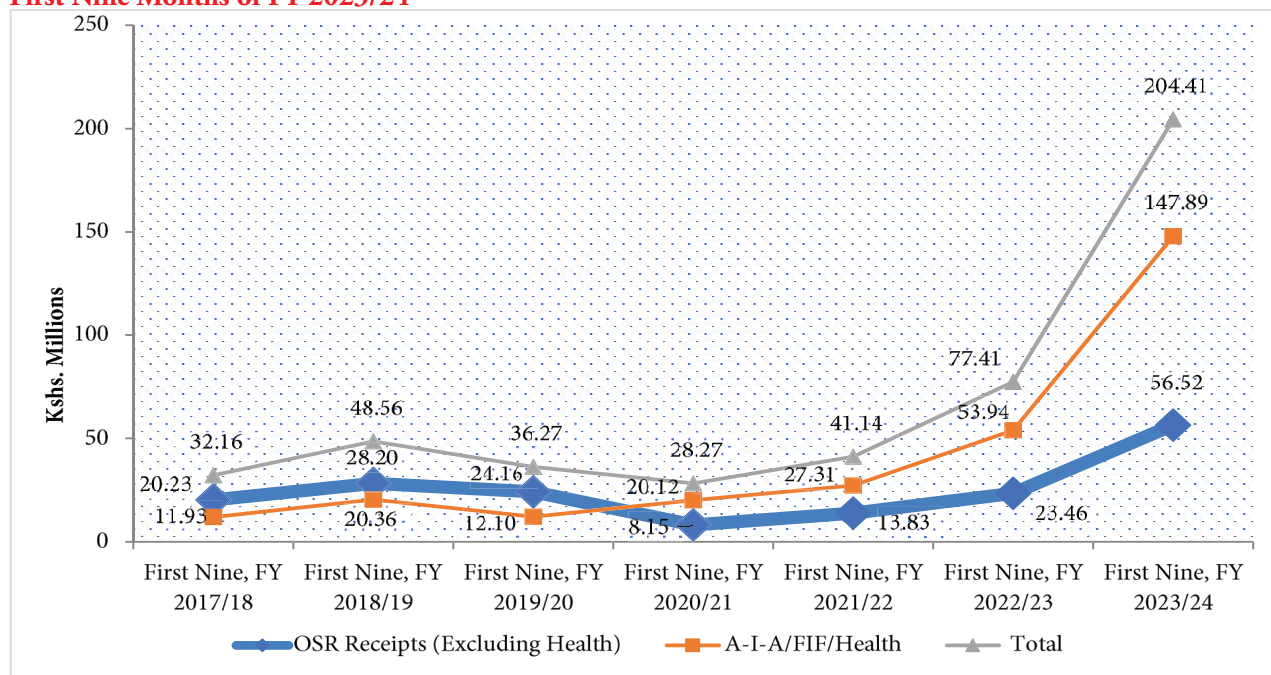
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B	Additional Allocations/Conditional Grants			
1	DANIDA	14,617,125	7,571,625	51.8
2	Kenya Climate Smart Agriculture Program	90,000,000	-	-
3	Kenya Livestock Commercialization Project	36,500,000	16,095,837	44.1
4	Livestock Value Chain Support Project	35,809,200	-	-
5	Agriculture Sector Development Support Program II	1,042,262	500,000	48
6	Emergency Locust Response Project	138,144,044	-	-
7	Provision of a fertilizer subsidy Program	63,970,782	-	-
8	Financing Locally Led Climate Action Program (FLoCCA)	229,591,850	11,000,000	4.8
9	Nutrition International (NI)	10,000,000	-	-
10	Kenya Information Settlement Improvement Program II	58,324,295	50,000,000	85.7
11	County Aggregated Industrial Park	100,000,000	-	-
12	Transfer for Library services	5,795,078	-	-
13	Kenya Urban Support Programme	6,097,085	-	-
Subtotal		789,891,721	-	-
C	Own Source Revenue			
1	Ordinary Own Source Revenue	70,236,633	56,522,867	80.5
2	Ordinary Appropriation in Aid (A-I-A)	-	-	-
3	Facility Improvement Fund (FIF)	200,000,000	148,030,950	74.0
Subtotal		270,236,633	-	-
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	931,450,814	931,450,814	100
2	Other Revenues (provide a list)	980,199	-	-
Sub Total		932,431,013	-	-
Grand Total		6,794,102,555	4,006,014,942	59

Source: Elgeyo Marakwet County Treasury

The County has governing legislation on the operation of FIF called The Elgeyo Marakwet County Health Facilities Improvement Fund Act, 2022

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

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

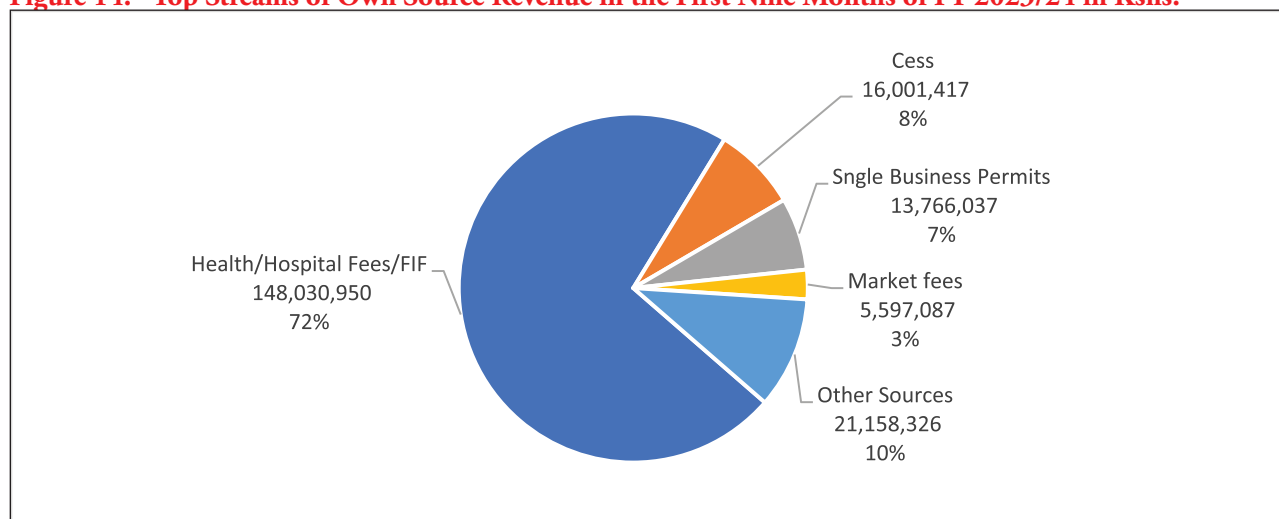


Source: Elgeyo Marakwet County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.204.41 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 164 per cent compared to Kshs.77.41 million realised in a similar period in FY 2022/23 and was 75.6 per cent of the annual target and 4.5 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on fees and levies from previous financial years.

The increase in OSR can be attributed to the rolling out of the integrated Revenue Management System and efficient enforcement measures. 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 Nine Months of FY 2023/24 in Kshs.



Source: Elgeyo Marakwet County Treasury

The highest revenue stream of Kshs.148.03 was from the Facility Improvement Fund (FIF), contributing to 72.0 per cent of the total OSR receipts during the reporting period.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.79 billion from the CRF account during the reporting period, which comprised Kshs.175.94 million (6.3 per cent) for development programmes and Kshs.2.62 billion (93.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2,12 billion was released towards Employee Compensation and Kshs.496.56 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.568.0 million.

3.5.4 County Expenditure Review

The County spent Kshs.3.19 billion on development and recurrent programmes in the reporting period. The expenditure represented 114.4 per cent of the total funds released by the CoB and comprised Kshs.609.34 million and Kshs.2.59 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.9 per cent, while recurrent expenditure represented 61.0 per cent of the annual recurrent expenditure budget. The County had balances on the Special purpose accounts and part of the Kshs.931,450,814 Balance B/F from 2023/24 FY was for conditional grants which the county had not spent by the end of the previous year, 2022/2023. The County has provided bank statements for the same.

3.5.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.18.64 million, comprising of Kshs.7.95 million for recurrent expenditure and Kshs.10.69 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.12.86 million. They consisted of Kshs.5.97 million for recurrent expenditure and Kshs.6.89 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.2.73 million.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.57 billion on employee compensation, Kshs.436.0 million on operations and maintenance, and Kshs.609.34 million on development activities. Similarly, the County Assembly spent Kshs.235.35 million on employee compensation, and Kshs.342.55 million on operations and maintenance, as shown in Table 3.29.

Table 3.29: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,534,378,160	706,848,845	2,321,804,773	577,899,091	56.9	81.8
Compensation to Employees	2,595,739,267	299,405,495	1,574,071,997	235,354,027	62.8	78.6
Operations and Maintenance	1,028,638,893	407,443,350	434,808,092	342,545,064	42.4	84.1
Development Expenditure	2,552,875,550	-	609,340,636	-	23.9	-
Total	6,087,253,710	706,848,845	2,619,418,859	577,899,091	43.0	81.8

Source: Elgeyo Marakwet County Treasury

3.5.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.81 billion, or 45.3 per cent of the available revenue, which amounted to Kshs.4.0 billion. This expenditure represented a decrease from Kshs.1.85 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.953.57 million paid to health sector employees, translating to 52.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.61 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.201.35 million was processed through manual pay-rolls. The manual payrolls accounted for 11.3 per cent of the total PE cost.

The County Assembly spent Kshs.21.39 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.29.02 million. The average monthly sitting allowance was Kshs.72,020 per MCA. The County Assembly has established 18 Committees.

3.5.8 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.253.28 million to county-established funds in FY 2023/24, constituting 3.7 per cent of the County's overall budget. Table 3.30 summarises each established Fund's budget.

Table 3.30: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Elgeyo Marakwet County Education Fund	98,969,651	95,000,000	95,000,000	182,299,495	YES
2	County Executive Car & Mortgage Loan Revolving Fund	120,000,000	--	--	120,000,000	Yes
3	Elgeyo Marakwet County Alcoholic Drinks and Control Fund	-	-	-	4,000,000	Yes
County Assembly Established Funds						
4	Elgeyo Marakwet County Assembly MCA's and Staff Car Loan and Mortgage Fund	38,281,323	-	-	139,281,323	YES
5	Elgeyo Marakwet County (County Assembly Catering Services Revolving Fund	-	-	-	11,000,000	Yes
Total		253,281,323	133,281,323	133,281,323	456,580,818	

Source: Elgeyo Marakwet County Treasury

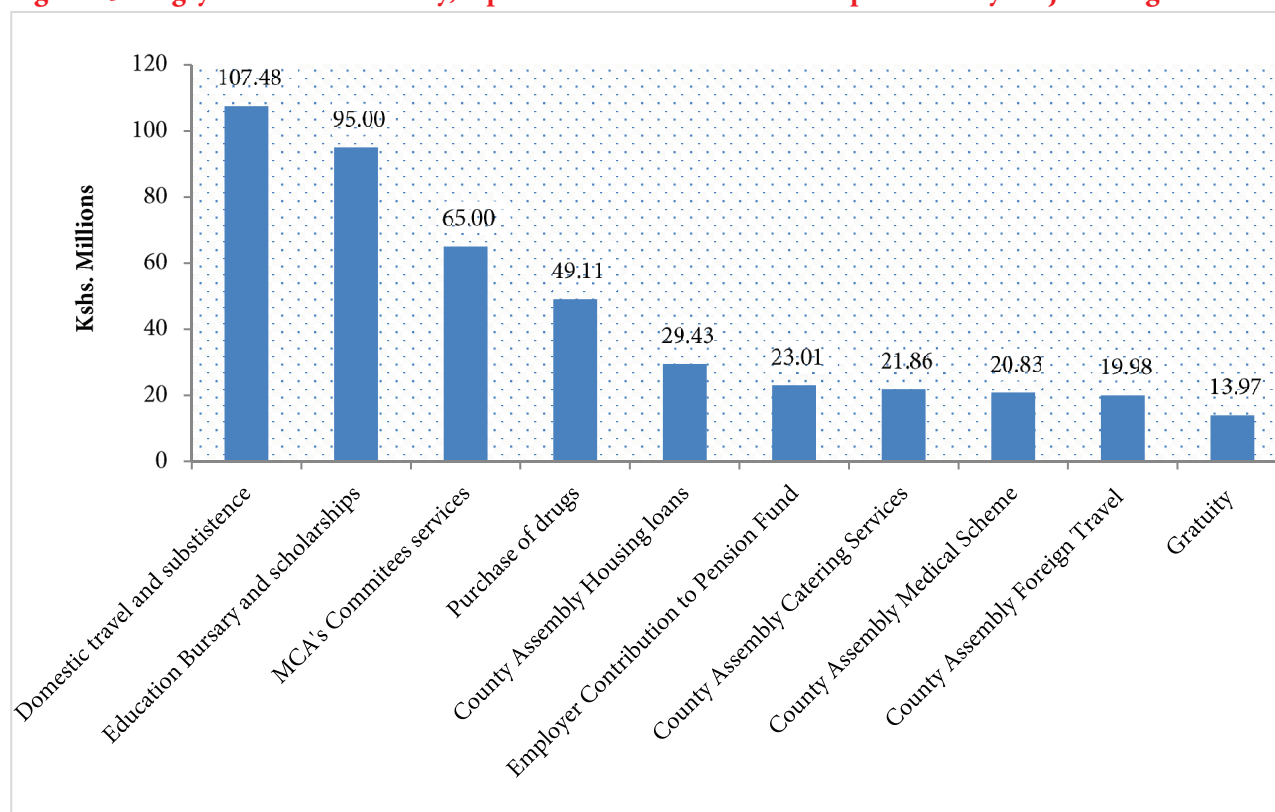
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all funds as indicated in Table 3, as per the requirement of Section 168 of the PFM Act, 2012.

Further, the OCoB notes that the County government uses commercial bank accounts to operate the 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.

3.5.9 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

During the period, expenditure on domestic travel amounted to Kshs.107.47 million and comprised Kshs.76.37 million spent by the County Assembly and Kshs.31.10 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.98 million and comprised Kshs.19.98 million by the County Assembly as the County Executive did not incur any foreign travel expenditure. Expenditure on foreign travel is summarised in Table 3.31 below; -

Table 3.31: Summary of Highest Expenditure on Foreign Travel as of 31st March,2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	47	24 th September to 30 th September,2023	Benchmarking Visit to EALA	Arusha	16,671,162
County Assembly	1	29 th June- 10 th July,2023	Conference on Pan-demic Strategic Public Administration and Management	Australia	565,515
County Assembly	1	19 th -26 th July,2023	Training on Building Smart Cities	Dubai	1,600,618
County Assembly	1	26 th September -30 th September,2023	Performance Management Symposium	Dubai	805,797
County Assembly	1	25 th February – 2 nd March,2024	EALGA Executive Committee meeting and 8 th EALGF Conference	Arusha	337,132
Total					19,980,224

Source: Elgeyo Marakwet County Treasury and County Assembly

3.5.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.609.34 million on development programmes, representing an increase of 30.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.462.98 million. The table 3.32 summarises development projects with the highest expenditure in the reporting period.

Table 3.32: 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	Roads and Public works	Purchase of ward grader	Cherangany Chebororwa ward	19,850,732	19,850,732	100
2	Health and Sanitation	-	Kapchemutwa ward	6,500,000	6,499,712	100
3	Agriculture, livestock, and fisheries	Purchase of (breeding Stock) Heifers	Sambirir Ward	5,820,000	5,820,000	100
4	Water and Sanitation	Kipsero water project	Sengwer Ward	3,998,400	3,998,400	100
5	Water and Sanitation	Kamok water project/ Katee Water tank	Moiben Kuserwo ward	3,989,120	3,989,120	100
6	Water and Sanitation	Cheptongei Sub Location Water Project	Moiben Kuserwo ward	3,921,530	3,921,530	100
7	Health and Sanitation	Construction of laboratory and pharmacy at Kaptalamwa Health Centre	Lelan	3,500,000	3,500,000	100
8	Education and Technical Training	Construction of Kabiemit VCT at Tambul	Kabiemit	3,499,970	3,499,970	100
9	Water and Sanitation	Kapkutung water project	Sengwer ward	3,449,800	3,449,800	100
10	Roads and Public Works	Opening and maintenance of Boroko-Cheman-Kasokotou Road	Embobut Embolot Ward	3,330,900	3,330,900	100

Source: Elgeyo Marakwet County Treasury

3.5.11 Budget Performance by Department

Table 3.33 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.33: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	706.84	-	582.22	-	577.90	-	99.3	-	81.8	-
Office of the Governor	162.51	-	102.42	-	102.43	-	100.0	-	63.0	-
Finance and Economic Planning	219.15	-	130.58	-	130.58	-	100.0	-	59.6	-
Agriculture, Livestock and Fisheries	156.93	593.41	98.94	36.13	76.74	167.61	77.6	463.9	48.9	28.2
Water, Environment and Climate Change	56.07	534.17	35.56	45.65	31.36	48.93	88.2	107.2	55.9	92.0
Education and Technical Training	375.25	173.16	188.75	28.96	188.74	29.21	100.0	100.9	50.3	16.9
Health and Sanitation	1,771.66	408.10	1,064.87	25.52	1,064.87	221.45	100.0	867.8	60.1	54.3
Lands, Housing, Physical Planning and Urban Development	68.64	128.44	38.45	-	38.45	64.42	100.0	-	57.4	50.2
Roads, Public Works and Transport	186.42	257.58	70.71	34.45	70.71	71.31	100.0	207.0	37.9	27.7
Tourism, Culture, Wildlife, Trade and Industry	75.16	369.08	39.65	0.60	39.65	1.76	100.0	293.3	52.8	0.5
Youth Affairs, Sports, and ICT	94.84	59.84	25.06	4.64	25.06	4.64	100.0	-	26.4	7.8
Public Service Management	315.72	29.09	203.42	-	203.42	-	100.0	-	64.4	-
County Public Service Board	52.05	-	37.08	-	37.08	-	100.0	-	71.2	-
Total	4,241.23	2,552.88	2,617.72	175.95	2,587.98	609.34	98.9	346.3	61.0	23.9

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by departments shows that the Department of Water, Environment and Climate Change recorded the highest absorption rate of development budget at 92.0 per cent, followed by the Department of Health and Sanitation at 54.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 81.8 per cent while the Department of Youth Affairs, Sports and ICT had the lowest at 26.4 per cent.

The departments that had expenditures above 100 per cent were because they had money in the Special Purpose Accounts at the close of the last financial year which was spent during the current year.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.34 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and Representation	Legislation and Representation	318,040,242	-	235,354,026	-	74	-
Legislative Oversight	Legislative Oversight	65,179,450	-	65,154,300	-	100	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration, Planning and Support Services	General Administration, Planning and Support Services	323,629,153	-	277,390,765	-	85.7	-
Office of Governor							
General administration and support services	General administration and support services	143,511,550	-	96,477,014	-	67.2	-
	Peace building, and conflict resolution	12,150,000	-	2,702,630	-	22.2	-
	Internal Audit	6,850,000	-	3,246,900	-	47.4	-
Finance and Economic Planning							
General administration and support services	Finance and Planning Headquarters	169,757,117	-	110,958,463	-	65.4	-
	Economic Planning & Budgeting	19,322,103	-	8,076,310	-	41.8	-
	Accounting services	6,906,987	-	5,532,495	-	80.1	-
	Supply Chain Management	3,473,262	-	1,391,862	-	40.1	-
	Revenue Management Services	17,272,235	-	4,625,675	-	26.8	-
	Monitoring and Evaluation	2,414,180	-	-	-	-	-
Agriculture Livestock Fisheries and Irrigation							
General administration and support services	General administration and support services	156,927,049	-	76,743,332	-	48.9	-
Crop Development	Agricultural Extension and Training Services	-	345,589,423	-	12,966,755	-	4
	Crop Commercialization	-	39,583,947.0	-	2,844,616	-	7
Irrigation Development	Irrigation Development	-	55,680,996	-	12,431,203	-	22
Livestock Development	Livestock Extension and Training Services	-	72,409,200	-	-	-	-
	Livestock Commercialization	-	32,484,555	-	13,197,480	-	41
Cooperatives Development	Cooperatives Development	-	211,100	-	-	-	-
Veterinary Services	Livestock Disease Control	-	41,886,394	-	2,989,497	-	7
	Breeding	-	5,564,404	-	-	-	-
Water, Environment and Climate Change							
General administration and support services	General administration and support services	56,072,511	-	31,359,354	-	55.9	-
	Energy	-	21,719	-	-	-	-
	Water Services	-	283,220,580	-	33,887,946	-	12
	Environmental Management	-	1,750,000	-	-	-	-
	Climate Change Management	-	249,181,388	-	105,685,603	-	42

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education and Technical Training							
General administration and support services	Pre-Primary Education	375,148,122	-	188,745,340	-	50	-
	Pre-primary Infrastructure Development	100,000	-	-	-	-	-
	Pre-primary Quality Control and Support	-	145,969,909	-	29,214,990	-	20
	Vocational Education and Training	-	1,685,000	-	-	-	-
	VTC Infrastructure Development	-	24,204,494	-	-	-	-
	VTC Quality Control and Support	-	1,300,000	-	-	-	-
Health and Sanitation							
General administration and support services	General administration and support services	1,766,070,761	-	1,063,091,103	-	60	-
	Community and Environmental Health	5,585,000	1,900,000	1,775,100	-	32	-
	Health Services	-	406,198,433	-	345,729,410	-	85
Lands, Physical Planning, Housing and Urban Development							
General administration and support services	General administration and support services	68,637,885	-	39,432,207	-	57.4	-
	Energy	-	16,035,922	-	-	-	-
	Solid waste management	-	1,200,000	-	-	-	-
	County Public Land Management	-	44,074,944	-	-	-	-
	Physical Planning	-	2,699,950	-	-	-	-
	Urban Infrastructure	-	64,425,350	-	6,095,900	-	9.5
Roads, Public Works, and Transport							
General administration and support services	General administration and support services	170,805,025	-	69,130,857	-	40.5	-
Roads Improvement	Rural road Works	-	256,495,740	-	37,808,038	-	14.7
Public Works	Public works	2,810,000	1,000,000	902,550.00	-	32.1	-
Energy	Energy	-	86,038	-	86,038.00	-	100
Transport Services	Transport Services	12,800,645	-	679,300	-	5.3	-
Cooperatives, Trade, Industrialization, Tourism and Wildlife							
General administration and support services	Cooperatives development	72,957,946	-	38,855,042	-	53.3	-
	Rimoi National Reserve	2,200,000	-	796,650	-	36.2	-
	General administration and support services	-	6,708,000	-	-	-	-
	Tourism Development	-	554,680	-	-	-	-
	Trade and enterprise development	-	361,820,800	-	1,759,860	-	0.5

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sports, Youth Affairs, ICT and Social Services							
General adminis- tration and support services	General administration and support services	94,837,553	-	25,061,959		26.4	
	Sports Development	-	28,261,071	-	2,314,300	-	8.2
	Sports Talent Development	-	264,200	-	-	-	-
	Social Empowerment	-	4,821,000	-	2,329,000	-	48.3
	Social Protection	-	950,000	-	-	-	-
	Social Empowerment	-	25,539,332	-	-	-	-
	Culture Preservation	-	-	-	-	-	-
Public Service Management and County Administration							
General adminis- tration and support services	General administration and support services	3,908,000.00	-	884,600.00	-	22.6	-
	ICT services	500,000	-		-	-	-
	County Administration and Devolution	307463588	600,000	200,610,104	-	65.2	-
	Enforcement and Compliance	600,000	-	145,000.00	-	24.2	-
	Citizen Participation and Civic Education	500,000	-	494,200.00	-	98.8	-
	Human Resource Management	650,000	-	423,500.00	-	65.2	-
	Payroll Management	750,000	-	564,160.00	-	75.2	-
	County Communication Corporate Affairs	500,000	-	178,400.00	-	35.7	-
	Citizen Participation and Civic Education	-	-	-	-	-	-
	County Administration and Devolution	-	17,146,981	-	-	-	-
	ICT services	850,000.00	11,350,000	117,500.00	-	-	-
	Human Resource Management	-	-	-	-	-	-
County Public Service Board							
General adminis- tration and support services	General administration and support services	52,046,441	-	37,076,616	-	-	-
Total		4,241,226,805	2,552,875,550	2,587,977,314	609,340,636	61.0	23.9

Source: Elgeyo Marakwet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Legislative Oversight in the County Assembly at 100 per cent, General Administration, Planning and Support services in the County Assembly at 85.7 per cent, Accounting Services in the Department of Finance and Economic Planning at 80.1 per cent, and Legislation and Representation in County Assembly at 74 per cent of budget allocation.

3.5.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.5.14 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. Use of manual payroll. Personnel emoluments amounting to Kshs.201.35 million were processed through the manual payroll, accounting for 10.2 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.
2. 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for county-established funds, Salary processing and operations.
3. A high wage bill, which accounted for 45.3 per cent of the realised revenue in the first nine months of 2023/24 of Kshs.2.12 billion, thus constraining funding for other programmes.
4. The County Assembly spent Kshs.19.8 million on foreign travel to various destinations in violation of a circular that had been issued by the National Treasury advising on austerity measures, among them, banning foreign travel.

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

1. *The Government requires that all 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 Government Act, 2012. Further, there should be strict compliance with approved staff establishment.*
2. *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 revenue collection accounts are exempted.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25(I)(b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County Assembly should adhere to all circulars issued by the National Treasury on austerity measures.*

3.6. County Government of Embu

3.6.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.7.95 billion, comprising Kshs.2.63 billion (33.1 per cent) and Kshs.5.32 billion (66.9 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 8.9 per cent compared to the previous financial year when it was Kshs.7.30 billion, and comprised of Kshs.2.19 billion towards development expenditure and Kshs.5.11 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.34 billion (67.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.21 billion as additional allocations/conditional grants, a cash balance of Kshs.650.19 million (8.2 per cent) brought forward from FY 2022/23, and generate Kshs.750.00 million (9.4 per cent) as gross own source revenue. The own source revenue includes Kshs.367.20 million (4.6 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.382.80 million (4.8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.35.

3.6.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.10 billion as an equitable share of the revenue raised nationally, Kshs.303.60 million as additional allocations/conditional grants, had a cash balance of Kshs.650.19 million from FY 2022/23, and raised Kshs.507.14 million as own-source revenue (OSR). The raised OSR includes, Kshs.296.02 million as FIF and Kshs.211.12 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.56 billion, as shown in Table 3.35.

Table 3.35: Embu County, Revenue Performance in the First Nine Months of FY 2023/24

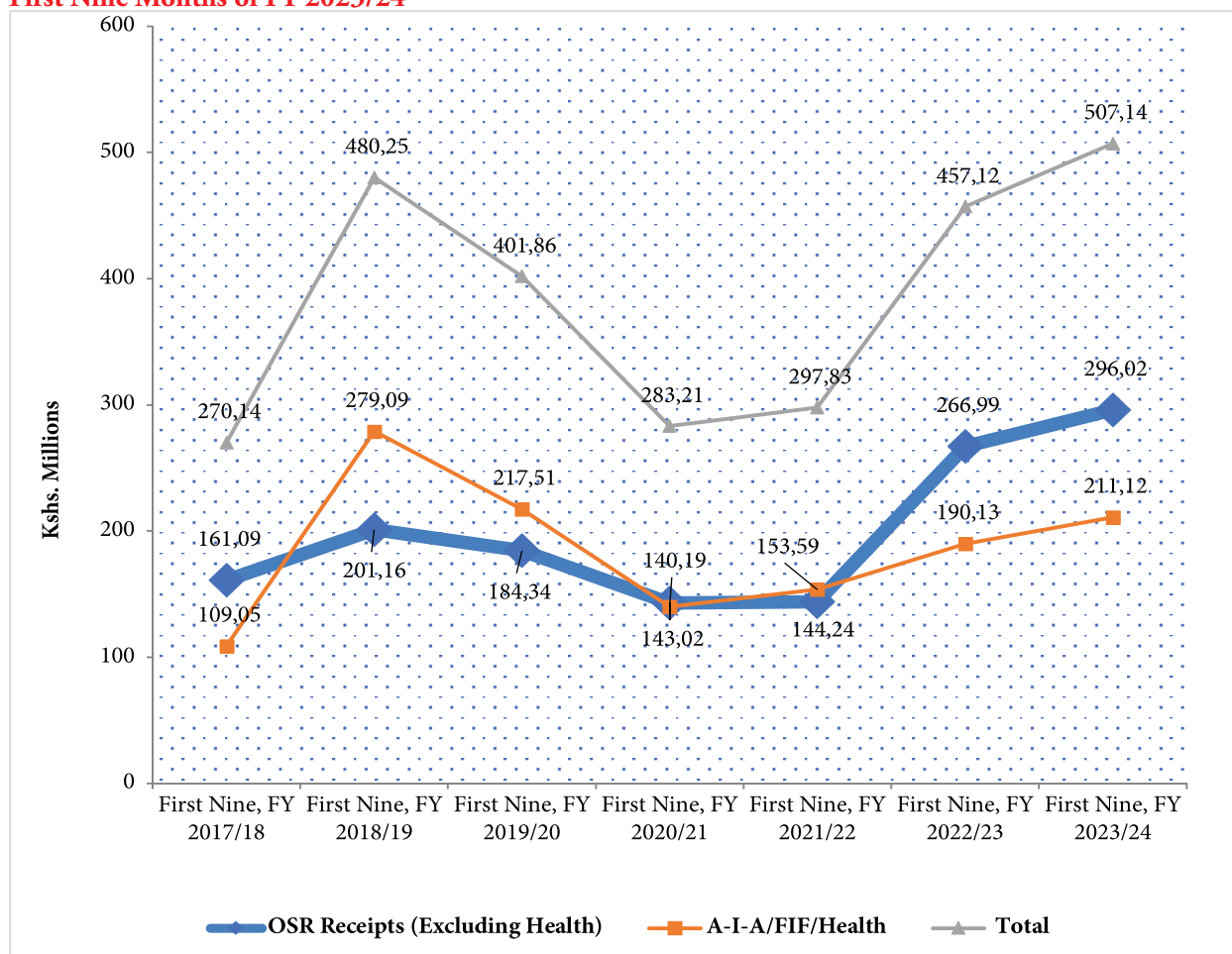
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,341,810,744.00	3,098,250,233.00	58.0
	Sub Total	5,341,810,744.00	3,098,250,233.00	58.0
B	Conditional Grants			
1	Conditional Grant for Leasing of Medical Equipment	124,723,404	124,723,404	100.0
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	175,414,632	70.2
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 (FLLoCA)-County Climate Institutional Support (CCIS) Grant	148,500,000	-	-
10	Agricultural Sector Development Support Programme (ASDSP)	961,306	961,306	100.0
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
	Sub-Total	1,206,418,109	303,599,342	25.2
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	382,801,875	211,121,647	55.2
2	Balance b/f from FY2022/23	650,190,565	650,190,565	100.0
3	Facility Improvement Fund (FIF)	367,198,125	296,020,373	80.6
4	Other Revenues	4,180,000	-	-
	Sub Total	1,404,370,565	1,157,332,585	82.4
	Grand Total	7,952,599,418	4,559,182,160	57.3

Source: Embu County Treasury

The County has a 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 nine months of FY 2017/18 to the first nine months of FY 2023/24.

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



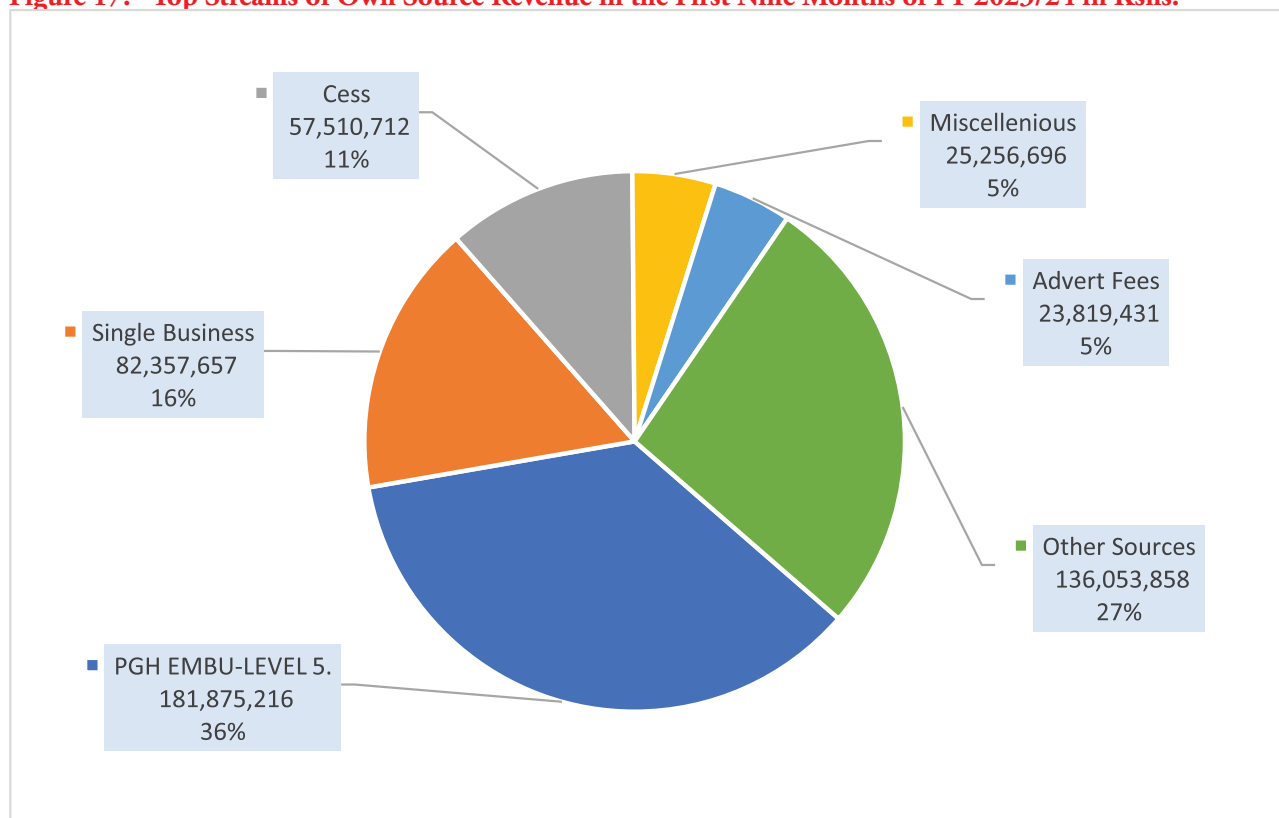
Source: Embu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.507.14 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 10.9 per cent compared to Kshs.457.10 million realised in a similar period in FY 2022/23 and was 48.1 per cent of the annual target and 15.5 per cent of the equitable revenue share disbursed during the period.

The increase of 10.9 per cent in OSR can be attributed to implementation of strategies put in place to improve the performance of revenue that include re-organization and re-structuring of Embu County Revenue Authority (ECRA), Automation of Revenue Streams Sealing of Revenue leakages, Rotation and Transfer of Staff, assigning Revenue performance targets to Embu County Revenue Authority Staff, Citizenry Partnership in revenue enhancement amongst others.

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 Nine Months of FY 2023/24 in Kshs.



Source: Embu County Treasury

The highest revenue stream of Kshs.181.88 million was from Embu Level Hospital contributing to 35.9 per cent of the total OSR receipts during the reporting period.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.04 billion from the CRF account during the reporting period, which comprised Kshs.427.73 million (12.0 per cent) for development programmes and Kshs.3.13 billion (88.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.97 billion was released towards Employee Compensation and Kshs.651.06 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs. 690.81 million.

3.6.4 County Expenditure Review

The County spent Kshs.3.49 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.30 per cent of the total funds released by the CoB and comprised of Kshs.423.89 million and Kshs.3.07 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.10 per cent, while recurrent expenditure represented 57.7 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting Kshs.2.43 billion, comprising of Kshs.1.26 billion for recurrent expenditure and Kshs.1.17 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.889.02 million.

They consisted of Kshs.324.60 million for recurrent expenditure and Kshs.564.42 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.54 billion.

The County Assembly reported outstanding pending bills of Kshs.16.68 million as of 31st March 2024.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.08 billion on employee compensation, Kshs.675.57 million on operations and maintenance, and Kshs.394.67 million on development activities. Similarly, the County Assembly spent Kshs.163.17 million on employee compensation, Kshs.145.67 million on operations and maintenance, and Kshs.29.21 million on development activities, as shown in Table 3.36.

Table 3.36: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,697,112,788	624,021,950	2,358,214,199	258,848,000	2,758,891,036	308,848,002	58.7	49.5
Compensation to Employees	3,287,451,695	342,961,194	1,831,801,874	134,200,161	2,083,317,177	163,173,738	63.4	47.6
Operations and Maintenance	1,409,661,093	281,060,756	526,412,325	124,647,839	675,573,860	145,674,264	47.9	51.8
Development Expenditure	2,601,464,680	30,000,000	398,518,558	29,212,756	394,673,708	29,212,756	15.2	97.4
Total	7,298,577,468	654,021,950	2,756,732,757	288,060,756	3,153,564,744	338,060,758	43.2	51.7

Source: Embu County Treasury

3.6.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.25 billion, or 63.4 per cent of the available revenue, which amounted to Kshs.3.49 billion. This expenditure represented a 4 per cent decrease from Kshs.2.34 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.998.23 million paid to health sector employees, translating to 44.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.15 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.99.62 million was processed through manual payrolls. The manual payrolls accounted for 4.4 per cent of the total PE cost.

The County Assembly spent Kshs.40.69 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.86.42 million. The average monthly sitting allowance was Kshs.145.85 per MCA. The County Assembly has established 16 Committees.

3.6.8 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.33.85 million to county-established funds in FY 2023/24, constituting 4.26 per cent of the County's overall budget. Table 3.37 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.37: Performance of County Established Funds in the First Nine Months of FY 2023/24

S/No.	Name of the Fund	Approved Supplementary Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds					
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
Sub-Total		15,000,000.00	15,000,000.00	15,000,000.00	-
County Assembly Established Funds					
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
Sub-Total		18,848,000.00	8,848,000.00	8,848,000.00	
TOTAL		33,848,000.00	23,848,000.00	8,848,000.00	

Source: Embu County Treasury

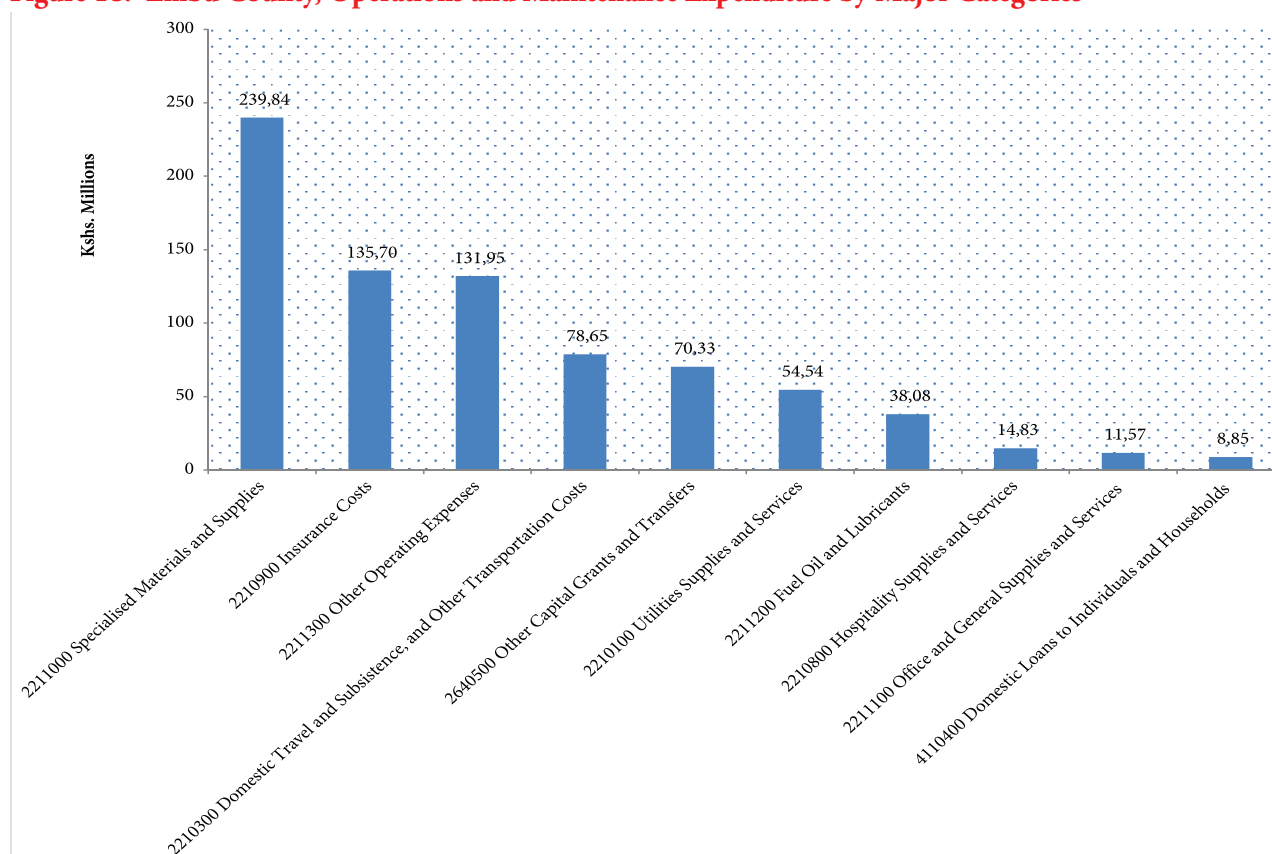
During the reporting period, the CoB did receive quarterly financial returns from Fund Administrators of 6 funds, as indicated in Table 3.37, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.6.9 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.78.66 million and comprised Kshs.48.19 million spent by the County Assembly and Kshs.30.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.99 million entirely spent by the County Executive. Expenditure on foreign travel is summarised in Table 3.38 below; -

Table 3.38: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

S/No.	Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of the Travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	3	30 th November to 12 th December 2023	Attending the 28 th Session of the Conference of Parties to the United Nations Framework on Climate Change (COP-28)	Dubai UAE	4,807,896
2	County Executive	3	11 th to 22 nd March 2024	Attending the 68 th Session of the Commission on the Status of Women (CSW68-2024), New York USA	New York, USA	3,111,040
TOTAL						7,918,936

Source: Embu County Treasury and Embu County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.1.76 million on garbage collection and Kshs.17.35million on legal fees.

3.6.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.423.89 million on development programmes, representing an increase of 427.9 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.99.06 million. The table 3.39 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs)	Implementation status (%)
1	County Assembly	Construction Of the County Assembly Office Complex	Assembly	30,000,000	29,212,756	16
2	Infrastructure, Public Works and Housing.	Upgrading to Bitumen Standards of Exit Road from 1st Bus Park (Embu Runyenjes Bus Park to Mama Ngina Street), Embu Town	Kirimari	25,000,000	18,295,151	73
3	Infrastructure, Public Works and Housing.	Construction Of Stalls, Sheds and Ablution Block at The Relocated Embu Market	Kirimari	22,500,000	17,878,164	79
4	Embu Level 5 Hospital	Completion and equipping of Badea Block B Phase 1	Kirimari	10,388,508	8,209,446	79
5	Trade Tourism Investment and Industrialization	Rehabilitation Of Kithimu Market	Kithimu	5,288,441	5,235,164	99
6	Infrastructure, Public Works and Housing.	Ndumari-Nguruka Road	Kagaari South	5,000,000	4,997,454	100
7	Public Service and Administration	Completion Of Embu County Headquarters	County Wide	4,500,000	4,994,426	111
8	Infrastructure, Public Works and Housing.	Remarking And Patching of Embu Town Roads	Kirimari	4,900,000	4,899,995	100
9	Infrastructure, Public Works and Housing.	Maintenance Of Embu Town Roads L2	Kirimari	4,549,900	4,549,899	100
10	Infrastructure, Public Works and Housing.	Grading Of Gaikiro-Ki-andari-Kasarani in Gaturi North	Gaturi North	4,495,742	4,495,742	100

Source: Embu County Treasury

3.6.11 Budget Performance by Department

Table 3.40 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.40: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	276,284,841	15,000,000	115,728,178	15,000,000	165,301,826	15,000,000	142.8	100.0	59.8	100.0
County Public Service Board	29,565,052	-	14,941,626	-	22,119,911	-	148.0	-	74.8	-
Public Service and Administration	577,557,787	8,200,579	333,361,671	6,978,601	428,406,415	6,978,601	128.5	100.0	74.2	85.1
County Assembly	624,021,950	30,000,000	358,848,000	29,212,756	308,848,002	29,212,756	86.1	100.0	49.5	97.4
Finance and Economic Planning.	581,384,769	1,000,000	460,977,890	-	479,832,847	-	104.1	-	82.5	-
Trade Tourism Investment and Industrialization	26,006,296	338,676,384	9,449,856	16,838,024	12,491,274	17,838,024	132.2	105.9	48.0	5.3
Agriculture, Livestock, Fisheries and Co-Operative Development	290,631,865	730,755,833	95,711,310	75,280,124	82,695,972	71,435,274	86.4	94.9	28.5	9.8
Water Environment and Natural Resources	31,990,326	151,164,368	15,771,875	11,958,270	3,461,108	10,958,520	21.9	91.6	10.8	7.2
Health	1,912,540,958	185,308,989	1,185,938,335	25,854,438	1,156,503,948	29,353,172	97.5	113.5	60.5	15.8
Embu Level 5 Hospital	224,326,400	116,000,000	148,009,659	13,704,696	154,863,712	13,704,696	104.6	100.0	69.0	11.8
Infrastructure, Public Works and Housing.	39,755,872	603,823,415	10,914,207	193,728,166	3,516,777	193,066,766	32.2	99.7	8.8	32.0
Education, Science and Technology	380,832,042	181,865,603	185,011,069	36,926,242	194,520,452	34,088,657	105.1	92.3	51.1	18.7
Youth Empowerment and Sports and Gender Empowerment	179,991,287	21,237,367	130,142,623	-	7,439,377	-	5.7	-	4.1	-
Lands, Physical Planning and Urban Development & Water	67,833,870	53,482,142	39,797,525	-	24,465,768	-	61.5	-	36.1	-
Embu County Revenue Authority (ECRA)	12,861,423	8,300,000	1,598,420	-	4,421,650	-	276.6	-	34.4	-
Embu Municipal Board	48,550,000	42,150,000	7,850,000	2,250,000	7,850,000	2,250,000	100.0	100.0	16.2	5.3
Climate Change Unit	17,000,000	144,500,000	11,000,000	-	11,000,000	-	100.0	-	64.7	-
Total	5,321,134,738	2,631,464,680	3,125,052,245	427,731,314	3,067,739,038	423,886,464	98.2	99.1	57.7	16.1

Source: Embu County Treasury

Analysis of expenditure by departments shows that the Department of Office of the Governor recorded the highest absorption rate of development budget at 100.0 per cent, followed by the County Assembly at 97.4 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 82.5 per cent while the Department of Youth Empowerment Sports and Gender had the lowest at 4.1 per cent.

The allocations for recurrent expenditure for both the County Assembly of Embu and the Embu County Executive are within the ceilings in CARA, 2023.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.41 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Devel- opment Expendi- ture
OFFICE OF GOVERNOR							
General Adminis- tration Planning and Support Services	Management of County Affairs (Office of Gov- ernor)	171,885,997.72	9,331,999.38	102,839,769.30	9,331,999.38	59.83	-
County Leadership and Coordination	Sub-County Administra- tion and Field Services (Office of County Secretary)	26,099,710.82	1,417,000.15	15,615,514.21	1,417,000.15	59.83	-
County Leadership and Coordination	Management of County Executive Services (Office of County Secretary)	26,099,710.82	1,417,000.15	15,615,514.21	1,417,000.15	59.83	-
County Govern- ment Advisory Services	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	52,199,421.64	2,834,000.31	31,231,028.42	2,834,000.31	59.83	-
Sub Total		276,284,841.00	15,000,000.00	165,301,826.13	15,000,000.00	59.83	100
COUNTY PUBLIC SERVICE BOARD							
General Adminis- tration Planning and Support Services	Recruitment and Selection, Career Management, HR Policy & Audit	12,417,322.00	-	9,290,362.83	-	74.82	-
General Adminis- tration Planning and Support Services	Administration of Board programmes/ Agenda	10,347,768.00	-	7,741,968.78	-	74.82	-
General Adminis- tration Planning and Support Services	Performance Management & Discipline	6,799,962.00	-	5,087,579.61	-	74.82	-
Sub Total		29,565,052.00	-	22,119,911.22	-	74.82	-
ADMINISTRATION, PUBLIC SERVICE, DEVOLUTION, GOVERNANCE, ICT AND GOVERNOR'S DELIVERY UNIT							
General Adminis- tration Planning and Support Services	Service delivery and management of County Affairs	252,407,050.02	3,583,856.02	187,224,208.19	3,049,821.21	74.18	-
Public Service	Human Resource Devel- opment	199,334,992.48	2,830,300.95	147,857,740.62	2,408,554.31	74.18	-
Public Service	Construction of Ward Offices	125,815,744.50	1,786,422.03	93,324,465.93	1,520,225.07	74.18	-
Sub Total		577,557,787.00	8,200,579.00	428,406,414.75	6,978,600.60	74.18	85.10
COUNTY ASSEMBLY							
General Adminis- tration, Planning and Support Services	Administrative Services	185,521,304.42	8,918,979.75	91,820,302.47	8,684,932.64	49.49	-
General Adminis- tration, Planning and Support Services	Legislation, Represen- tation and Legislative Oversight	185,521,304.42	8,918,979.75	91,820,302.47	8,684,932.64	49.49	-
General Adminis- tration, Planning and Support Services	Representation Services	185,521,304.42	8,918,979.75	91,820,302.47	8,684,932.64	49.49	-
General Adminis- tration, Planning and Support Services	County Assembly Infra- structure Improvement	67,458,036.74	3,243,060.76	33,387,094.58	3,157,958.09	49.49	-
Sub Total		624,021,950.00	30,000,000.00	308,848,002.00	29,212,756.00	49.49	97.38

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
FINANCE AND ECONOMIC PLANNING.							
General Administration Planning and Support Services	Administration, Planning and Support Services	387,788,665.91	667,008.64	320,052,655.90	-	82.53	-
Economic Policy and County Planning	Economic Development, Planning and Coordination Services	103,775,819.95	178,497.66	85,649,039.58	-	82.53	-
Financial Management Services	Control and Management of Public Finances	89,820,283.13	154,493.70	74,131,151.06	-	82.53	-
Sub Total		581,384,769.00	1,000,000.00	479,832,846.54	-	82.53	-
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION							
General Administration and Planning	General Administration and Support Services	1,616,919.63	21,056,920.00	776,634.49	1,109,064.14	48.03	-
Trade Development	Capacity Development	4,662,285.99	60,716,303.47	2,239,376.68	3,197,916.65	48.03	-
Trade Development	Weights and measures	4,662,285.99	60,716,303.47	2,239,376.68	3,197,916.65	48.03	-
Trade Development	Alcohol and licensing	4,662,285.99	60,716,303.47	2,239,376.68	3,197,916.65	48.03	-
Industrial Development and Investment	Investment promotion venture	2,860,692.55	37,254,402.17	1,374,040.16	1,962,182.58	48.03	-
Industrial Development and Investment	Promotion of value addition	2,860,692.55	37,254,402.17	1,374,040.16	1,962,182.58	48.03	-
Tourism development and promotion	Tourism Infrastructure Development	2,340,566.65	30,480,874.63	1,124,214.68	1,605,422.12	48.03	-
Tourism development and promotion	International and domestic Tourism Promotion & Marketing	2,340,566.65	30,480,874.63	1,124,214.68	1,605,422.12	48.03	-
Sub Total		26,006,296.00	338,676,384.00	12,491,274.22	17,838,023.50	48.03	5.27
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT							
Administrative Support Services	General Administration and Support Services	36,571,035.08	91,953,087.13	10,405,869.55	8,988,903.92	28.45	-
Crop Development and Management	Agriculture Extension Services	62,970,716.98	158,331,636.28	17,917,596.95	15,477,760.57	28.45	-
Crop Development and Management	Irrigation and civil works	55,386,908.20	139,263,140.46	15,759,710.94	13,613,713.57	28.45	-
Livestock Resources Management and Development	Livestock productivity	53,992,574.91	135,757,271.66	15,362,969.36	13,270,996.22	28.45	-
Livestock Resources Management and Development	Value chain development	51,253,110.27	128,869,245.95	14,583,486.04	12,597,655.03	28.45	-
Fisheries Development	Promotion of fish production	15,228,759.78	38,290,725.76	4,333,169.33	3,743,122.34	28.45	-
Cooperative Development & Management	Capacity development in value addition	15,228,759.78	38,290,725.76	4,333,169.33	3,743,122.34	28.45	-
Sub Total		290,631,865.00	730,755,833.00	82,695,971.50	71,435,274.00	28.45	9.78

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Devel- opment Expendi- ture
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES							
General Adminis- tration, Planning and Support Services	General Administration Services	6,398,065.13	30,232,873.26	692,221.59	2,191,703.89	10.82	-
Water Service Delivery	Domestic water supply	12,796,130.62	60,465,748.23	1,384,443.22	4,383,407.89	10.82	
Irrigation and civil works	Irrigation and civil works	3,199,032.56	15,116,436.63	346,110.80	1,095,851.94	10.82	-
Environmental Management and Conservation	Physical Planning Services	3,199,032.56	15,116,436.63	346,110.80	1,095,851.94	10.82	-
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	3,199,032.56	15,116,436.63	346,110.80	1,095,851.94	10.82	-
Climate Change Mitigation and Adaptation	Climate Change Mitiga- tion and Adaptation	3,199,032.56	15,116,436.63	346,110.80	1,095,851.94	10.82	-
Sub Total		31,990,326.00	151,164,368.00	3,461,108.00	10,958,519.55	10.82	7.25
HEALTH							
Curative Health Services	Primary Healthcare	1,099,682,961.84	106,549,947.09	664,972,784.69	16,877,642.60	60.47	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	454,242,522.03	44,012,245.68	274,678,180.24	6,971,593.82	60.47	-
General Adminis- tration Planning and Support Services	General Administration Services	358,615,474.13	34,746,796.23	216,852,982.85	5,503,935.24	60.47	
Sub Total		1,912,540,958.00	185,308,989.00	1,156,503,947.78	29,353,171.65	60.47	15.84
EMBU LEVEL 5 HOSPITAL							
Curative Health Services	Primary Healthcare	152,020,645.77	78,610,430.64	104,947,440.24	9,287,345.30	69.03	-
Preventive and Promotive Health Services	Health Promotion and Disease Control	41,761,037.12	21,594,784.68	28,829,728.52	2,551,292.75	69.03	-
General Adminis- tration Planning and Support Services	General Administration Services	30,544,717.12	15,794,784.68	21,086,542.94	1,866,057.95	69.03	-
Sub Total		224,326,400.00	116,000,000.00	154,863,711.70	13,704,696.00	69.03	11.81
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.							
General Adminis- tration, Planning and Support Services	General Administration Services	3,975,587.21	60,382,341.59	351,677.70	19,306,676.65	8.85	-
Road Develop- ment	Road Development	25,841,316.78	392,485,219.42	2,285,905.05	125,493,397.92	8.85	-
Public Works	Public Works	1,987,793.60	30,191,170.80	175,838.85	9,653,338.32	8.85	-
Renewable Ener- gy Development	Energy	3,975,587.21	60,382,341.59	351,677.70	19,306,676.65	8.85	-
Transport and logistics	Transport and Logistics	3,975,587.21	60,382,341.59	351,677.70	19,306,676.65	8.85	-
Sub Total		39,755,872.00	603,823,415.00	3,516,777.00	193,066,766.20	8.85	31.97
EDUCATION, SCIENCE AND TECHNOLOGY							
Education admin- istration and Support Services	Human Resource Devel- opment	25,388,802.75	12,124,373.51	12,968,030.09	2,272,577.10	51.08	-
Education admin- istration and Support Services	General Operation and Maintenance	25,388,802.75	12,124,373.51	12,968,030.09	2,272,577.10	51.08	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education administration and Support Services	Continuous assessment, monitoring and Evaluation	25,388,802.75	12,124,373.51	12,968,030.09	2,272,577.10	51.08	-
Access and Retention in ECDE Centres	Construction of ECD Classes.	22,849,922.55	10,911,936.20	11,671,227.13	2,045,319.39	51.08	-
Access and Retention in ECDE Centres	Community mobilization and sensitization	22,849,922.55	10,911,936.20	11,671,227.13	2,045,319.39	51.08	-
Access and Retention in ECDE Centres	Development and review of nurturing care ACTS & policies	22,849,922.55	10,911,936.20	11,671,227.13	2,045,319.39	51.08	-
Access and Retention in ECDE Centres	Facilitate school feeding Programme/ Reintroduce school milk programmes	22,849,922.55	10,911,936.20	11,671,227.13	2,045,319.39	51.08	-
Access and Retention in ECDE Centres	Provide and improve on outdoor and indoor play equipment.	22,849,922.55	10,911,936.20	11,671,227.13	2,045,319.39	51.08	-
Improve Quality and Relevance of ECDE Services	Enhance use of digital learning programmes	7,616,640.91	3,637,312.09	3,890,409.07	681,773.14	51.08	-
Improve Quality and Relevance of ECDE Services	Retooling of ECDE Teachers	7,616,640.91	3,637,312.09	3,890,409.07	681,773.14	51.08	-
Improve Quality and Relevance of ECDE Services	Provision of adequate and relevant learning materials	7,616,640.91	3,637,312.09	3,890,409.07	681,773.14	51.08	-
Improve Quality and Relevance of ECDE Services	Renovation of ECDE facilities	7,616,640.91	3,637,312.09	3,890,409.07	681,773.14	51.08	-
Improve Quality and Relevance of ECDE Services	Improve quality assurance	7,616,640.91	3,637,312.09	3,890,409.07	681,773.14	51.08	-
Improve on Transition from Pre-Primary to Primary School	Develop a county education management system to track transition of children.	47,604,005.05	22,733,200.28	24,315,056.37	4,261,082.04	51.08	-
Improve on Transition from Pre-Primary to Primary School	Sensitization of parents and BOMs on ECDE issues	47,604,005.05	22,733,200.28	24,315,056.37	4,261,082.04	51.08	-
Increase access and retention in Vocational training.	Refurbish existing VTCs	11,424,961.28	5,455,968.10	5,835,613.56	1,022,659.70	51.08	-
Increase access and retention in Vocational training.	Construction of dormitories, in existing VTCs	11,424,961.28	5,455,968.10	5,835,613.56	1,022,659.70	51.08	-
Increase access and retention in Vocational training.	Construction of dining halls and kitchens in existing VTCs	11,424,961.28	5,455,968.10	5,835,613.56	1,022,659.70	51.08	-
Increase access and retention in Vocational training.	Provision of bursary, grants, and scholarships	11,424,961.28	5,455,968.10	5,835,613.56	1,022,659.70	51.08	-
Increase access and retention in Vocational training.	Provision of modern tools and equipment	11,424,961.28	5,455,968.10	5,835,613.56	1,022,659.70	51.08	-
Sub Total		380,832,042.00	181,865,603.00	194,520,451.82	34,088,656.50	51.08	18.74

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Devel- opment Expendi- ture
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES							
General Adminis- tration, Planning and Support Services	General Administrative Unit	21,598,954.13	2,548,484.00	892,725.29	-	4.13	-
Gender and So- cial Development	Gender mainstreaming and Development	26,998,693.15	3,185,605.06	1,115,906.63	-	4.13	-
Children Services	Child Rehabilitation and Custody	17,999,129.09	2,123,736.75	743,937.76	-	4.13	-
Culture and Cul- tural Preservation	Cultural preservation	23,398,867.14	2,760,857.69	967,119.07	-	4.13	-
Youth Devel- opment and Empowerment Services	Youth Development and Empowerment Services	48,597,647.28	5,734,089.06	2,008,631.91	-	4.13	-
Management and development of Sport and Sport facilities	Community Sports pro- gramme	20,698,998.11	2,442,297.22	855,528.42	-	4.13	-
Management and development of Sport and Sport facilities	Sports administration and development	20,698,998.11	2,442,297.22	855,528.42	-	4.13	-
Sub Total		179,991,287.00	21,237,367.00	7,439,377.49	-	4.13	-
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT							
General Adminis- tration, Planning and Support Services	General Administration Services	6,783,386.89	5,348,214.11	2,446,576.77	-	36.07	-
Physical Plan- ning	Physical Planning Services	16,958,467.41	13,370,535.43	6,116,441.99	-	36.07	-
Physical Plan- ning	Establishment and Promo- tion of Land Policy	6,783,386.89	5,348,214.11	2,446,576.77	-	36.07	-
Urban Develop- ment	Urban Development	27,133,547.93	21,392,856.74	9,786,307.21	-	36.07	-
Municipality of Embu	Municipality of Embu	3,391,693.63	2,674,107.20	1,223,288.45	-	36.07	-
Automation of land records and operations	Establishment of GIS (Geo- referencing) Infor- mation Station	3,391,693.63	2,674,107.20	1,223,288.45	-	36.07	-
Valuation and Rating	Valuation Roll	3,391,693.63	2,674,107.20	1,223,288.45	-	36.07	-
Sub Total		67,833,870.00	53,482,142.00	24,465,768.10	-	36.07	-
EMBU COUNTY REVENUE AUTHORITY (ECRA)							
General Adminis- tration Planning and Support Services	General Administration Planning and Support Services	8,578,680.30	5,536,171.74	2,949,278.77	-	34.38	-
General Adminis- tration Planning and Support Services	Revenue Management Services	4,282,742.70	2,763,828.26	1,472,371.23	-	34.38	-
Sub Total		12,861,423.00	8,300,000.00	4,421,650.00	-	34.38	-
EMBU MUNICIPAL BOARD							
General Adminis- tration, Planning and Support Services	1) General Administration Services	3,054,192.78	2,651,580.34	493,829.32	141,543.43	16.17	-
Road Transport	1) Rural Roads Improve- ment and Maintenance Services	45,495,807.22	39,498,419.66	7,356,170.68	2,108,456.57	16.17	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub Total		48,550,000.00	42,150,000.00	7,850,000.00	2,250,000.00	16.17	5.34
EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM							
General Administration, Planning and Support Services	General Administration Services	9,350,000.08	79,475,000.66	6,050,000.05	-	64.71	-
Locally Led Climate Action Program	Environment and Natural Resource Management	1,699,999.97	14,449,999.77	1,099,999.98	-	64.71	-
Locally Led Climate Action Program	Urban and Rural Development	4,249,999.98	36,124,999.80	2,749,999.99	-	64.71	-
Locally Led Climate Action Program	Social Development and Protection	1,699,999.97	14,449,999.77	1,099,999.98	-	64.71	-
Sub Total		17,000,000.00	144,500,000.00	11,000,000.00	-	64.71	0.00
Grand Total		5,321,134,738.00	2,631,464,680.00	3,067,739,038.25	423,886,464.00	57.65	16.11

Source: Embu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Support Services (Finance and Economic Planning), Economic Development, Planning and Co-ordination Services (Finance and Economic Planning), General Administration Planning and Support Services (County Public Service Board), Service delivery and management of County Affairs (Public Service and Administration) amongst others.

3.6.13 Accounts Operated in Commercial Banks

The County government operated a total of 37 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.

3.6.14 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.507.1 million against an annual target of Kshs.750.0 million, representing 67.6 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.88 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.92.58 million were processed through the manual payroll, accounting for 4.13 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 requires that County government bank accounts 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*

3.7. County Government of Garissa

3.7.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs 10.53 billion, comprising Kshs.4.08 billion (38.8 per cent) and Kshs.6.45 billion (61.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 1.4 per cent compared to the previous financial year when it was Kshs.10.39 billion, and comprised of Kshs.3.87 billion towards development expenditure and Kshs.6.52 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.25billion (78.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.41 billion as additional allocations/conditional grants, a cash balance of Kshs.634.18 million (6.0 per cent) brought forward from FY 2022/23, and generate Kshs.230 million (2.2 per cent) as gross own source revenue. The own-source revenue includes Kshs.91 million (0.9 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.139 million (1.3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 9.47.

3.7.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.78billion as an equitable share of the revenue raised nationally, Kshs.160 million as additional allocations/conditional grants, had a cash balance of Kshs.634.18 million from FY 2022/23 and raised Kshs.153.52 million as own-source revenue (OSR). The raised OSR includes Kshs.85.84 million as FIF and Kshs.67.68 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.73 billion, as shown in Table 3.42.

Table 3.42: Garissa County, Revenue Performance in the First Nine Months 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	8,248,748,101.00	4,784,273,899.00	58.0
	Subtotal	8,248,748,101.00	4,784,273,899.00	58.0

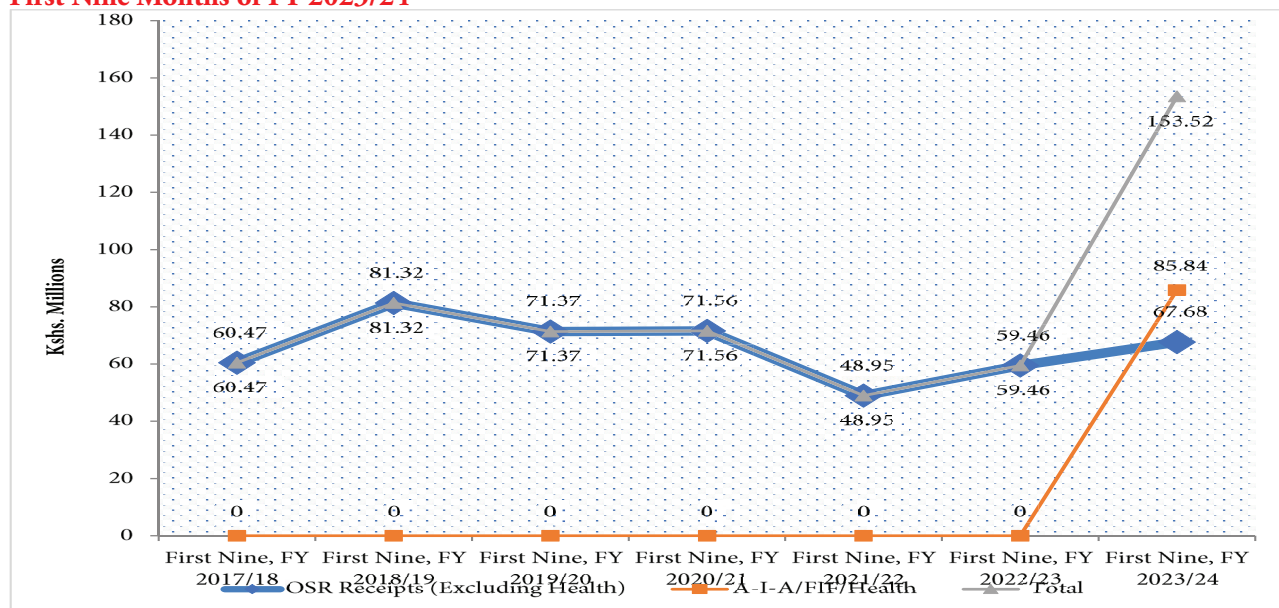
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B	Additional Allocations/Conditional Grants			
1	Lease of medical equipment	124,723,404		
2	Conditional grant for the provision of a fertilizer subsidy program	3,965,101		
3	Conditional grant for transfer of library services	19,694,322		
4	Conditional grant for aggregated industrial parks program	250,000,000		
5	Unconditional allocation for Mineral Royalties	844,692		
6	Kenya Climate Smart Agricultural Project (World Bank) KCSAP	90,000,000		
7	Sweden Agricultural Sector Development Support Program (ASDSP)II	3,047,337		
8	DANIDA Grant (Universal Healthcare in Devolved System Program	12,820,500		
9	De-risking, inclusion &value Enhancement of pastoral Economies in the Horn of Africa projects (Drive project)	128,454,980		
10	Emergency locust response project World Bank	169,365,353		
11	Water and Sanitation Development Project (World Bank)	600,000,000	160,022,276	26.7
12	Financing locally-led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (World Bank)	11,000,000		
Subtotal		1,413,915,689	160,022,276	11.3
C	Own Source Revenue			
1	Ordinary Own Source Revenue	139,000,000	67,684,090	48.7
2	Facility Improvement Fund (FIF)	91,000,000	85,837,524	94.3
Subtotal		230,000,000	153,521,614	66.7
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	634,176,980	634,176,980	100.0
Sub Total		634,176,980	634,176,980	100.0
Grand Total		10,756,840,770	5,731,994,769	54.5

Source: Garissa County Treasury

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

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

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

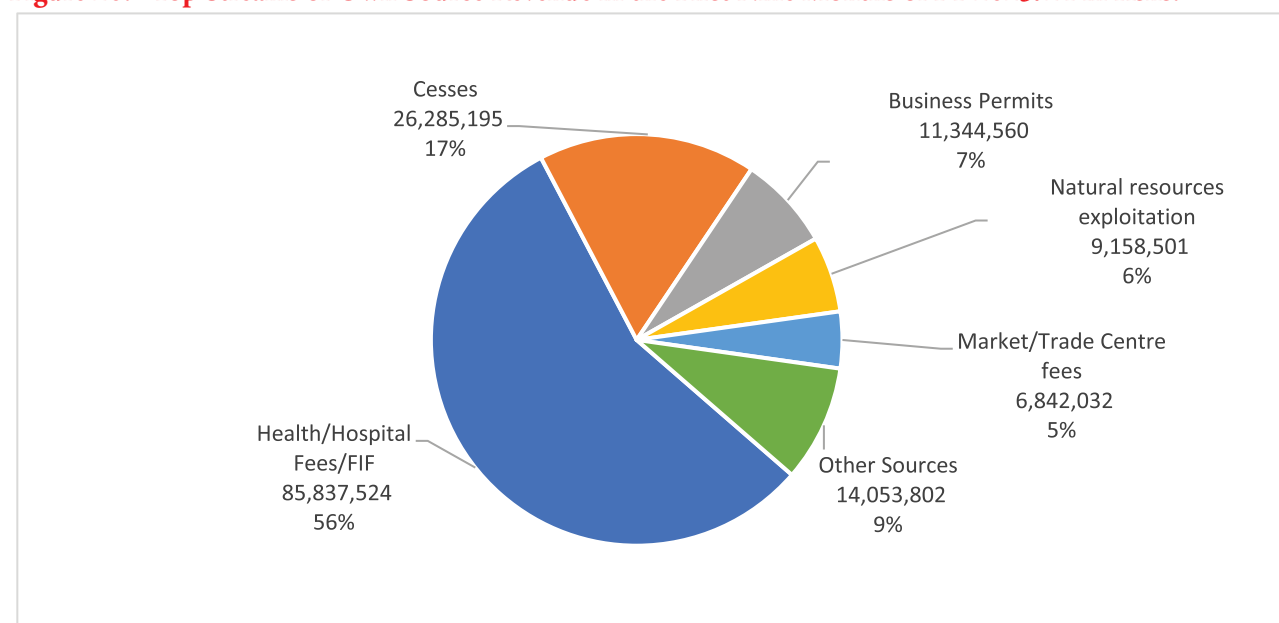


Source: Garissa County Treasury

Information on receipts of FIF in the previous financial years was not provided. In the first nine months of FY 2023/24, the County generated a total of Kshs.153.52 million from its revenue sources, including FIF. This amount represented an increase of 158.2 per cent compared to Kshs.59.46 million realised in a similar period in FY 2022/23 and was 66.7 per cent of the annual target and 3.2 per cent of the equitable revenue share disbursed during the period.

The increase in OSR can be attributed to the increased awareness of regulatory implications, hiring of an additional 100 clerks in all the CESS points, reintroduction of land rates which previously was put on halt and hiring of more consultants in the referral hospital which has boosted the FIF collection. 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 Nine Months of FY 2023/24 in Kshs.



Source: Garissa County Treasury

The highest revenue stream of Kshs.85.84 million was from Health/Hospital Fees/, contributing to 55.9 per cent of the total OSR receipts during the reporting period.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.12 billion from the CRF account during the reporting period, which comprised Kshs.1.20 billion (23.4 per cent) for development programmes and Kshs.3.92 billion (76.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.83 billion was released towards Employee Compensation and Kshs.1.09 billion for Operations and Maintenance expenditure.¹

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.04 billion.

3.7.4 County Expenditure Review

The County spent Kshs.4.58 billion on development and recurrent programmes in the reporting period. The expenditure represented 89.4 per cent of the total funds released by the CoB and comprised Kshs.853.06 million and Kshs.3.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.7 per cent, while recurrent expenditure represented 57.8 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.993.67 million, comprising of Kshs.186.94 million for recurrent expenditure and Kshs.806.72 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.568.18 million. They consisted of Kshs.148.76 million for recurrent expenditure and Kshs.419.42 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.425.48 million.

The County Assembly reported outstanding pending bills of Kshs.48.28 million as of 31st March 2024.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.39 billion on employee compensation, Kshs.804.30 million on operations and maintenance, and Kshs.833.56 million on development activities. Similarly, the County Assembly spent Kshs.312.81 million on employee compensation, Kshs.219.58 million on operations and maintenance, and Kshs.19.50 million on development activities, as shown in Table 3.43

Table 3.43: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,481,325,102	963,822,377	3,191,278,882	532,385,008	58.2	55.2
Compensation to Employees	3,496,569,965	520,000,000	2,386,974,721	312,807,837	68.3	60.2
Operations and Maintenance	1,984,755,137	443,822,377	804,304,161	219,577,171	40.5	49.5
Development Expenditure	3,963,693,291	153,000,000	833,561,781	19,500,000	21.0	12.7
Total	9,445,018,393	1,116,822,377	4,024,840,663	551,885,008	42.6	49.4

Source: Garissa County Treasury

3.7.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.70 billion, or 47.1 per cent of the available revenue, which amounted to Kshs.5.73 billion. This expenditure represented a decrease from Kshs.3.17 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.980.64 million paid to health sector employees, translating to 36.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.50 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.203.40 million was processed through manual pay-rolls. The manual payrolls accounted for 7.5 per cent of the total PE cost.

The County Assembly spent Kshs.14.40 million on committee sitting allowances for the 49 MCAs against the annual budget allocation of Kshs.30.83 million. The average monthly sitting allowance was Kshs.32,646 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 CEC Member for Finance and the County Assembly.

The County allocated Kshs.200.00 million to county-established funds in FY 2023/24, constituting 1.9 per cent of the County's overall budget. Table 3.44 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.44: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024(Yes/No.)
	County Executive Established Funds					
1	Disaster Management Fund/Emergency	110,000,000	70,000,000	70,000,000	70,000,000	No
2	Bursary Fund	50,000,000	50,000,000	50,000,000	50,000,000	Yes
3	Micro and Small Enterprises Development Revolving Fund	40,000,000	40,000,000	40,000,000	40,000,000	No
	Total	200,000,000	160,000,000	160,000,000	160,000,000	

Source: Garissa County Treasury

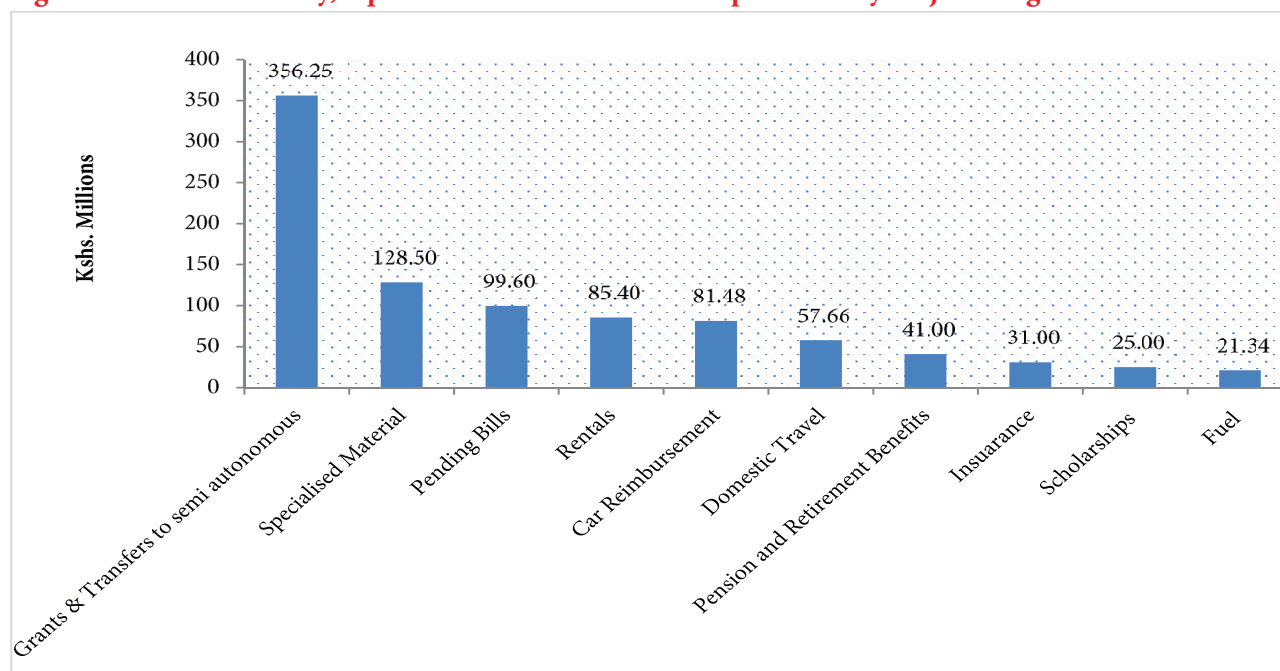
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Disaster Management Fund/Emergency and Micro and Small Enterprises Development Revolving funds, as indicated in Table 3.45, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.7.9 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.57.66 million and comprised Kshs.54.40 million spent by the County Assembly and Kshs.3.26 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.14 million and comprised Kshs.4.47 million by the County Assembly and Kshs.0.67 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.45 below; -

Table 3.45: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	24 th Nov to 1 st December 2023	CECM Water, Environment, Natural Resources and Climate Change/ National Chairperson Caucus of County CECs to attend the 28 th UN Climate Change Conference for 7 DAYS	Dubai	667,620 (Above is foreign subsistence allowance only. The air ticket costed Kshs. 94,105)
County Executive Total					667,620
County Assembly	1	3 rd July to 14 th July 2023	Attended Parliamentary Proceedings and Procedures Workshop in Lusaka Zambia	Lusaka Zambia	912,537
County Assembly	4	24 th August to 27 th August 2024	Attended the 8 th International Conference on Social Sciences Humanities and Education held in Oxford United Kingdom	Britain	2,705,938
County Assembly	1	20 th Sept to 28 th Sept, 2023	IFPSM World Summit	Italy	850,512.00
County Assembly Total					4,468,987.00
Grand Foreign Total					5,136,607

Source: Garissa County Treasury and Garissa County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs. 7 million on legal fees.

3.7.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.853.56 million on development programmes, representing an increase of 90.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.448.71 million. Table 3.46 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Executive	Expansion of County HQ	Township	63490550	54500789	100
2	Education and Vocational Training	Construction and renovation of 2 ECDE Class-rooms,	Countywide	80,000,000	27,139,358	100
3	Agriculture, livestock and pastoral Economy	Farm Access Roads	Countywide	40,000,000	28,256,760	100
4	Education And Vocational Training	Purchase of Educational Aids and Related Equipment	Countywide	10,000,000	5,495,500	100
5	Roads, Transport and public works	Maintenance of county Roads	Countywide	100,000,000	79933848	100
6	Health and Sanitation	Proposed Renovation and Expansion of Eye Unit	Township	24,497,668	11,000,000	45
7	Health and Sanitation	Construction of Outpatient Unit at Bulla Madina Health Centre	Township	19,354,344	7,000,000	35
8	Water, Environment and Natural Resources	Proposed Madina water for Garissa Water and Sewerage Company	Township	24,680,552	9,805,131	40
9	County Assembly	Construction of Buildings- Construction of Additional office block extension	Assembly Headquarters	98,570,082	80,565,592	80
10	County Assembly	Proposed Construction of Chambers at the County Assembly offices	Assembly Headquarters	43,164,658	25,000,000	70

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 3.47 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.47: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & Pastoral	128.31	507.82	93.35	-	93.35	-	100	-	72.7	-
Gender, Social Service and Sport	46.21	120.00	22.58	-	22.58	-	100	-	48.9	-
Roads, Transport & Public Works	46.07	250.00	22.50	18.68	22.50	-	100	-	48.8	-
Education, Information & ICT	505.21	134.69	410.26	-	395.14	-	96.3	-	78.2	-
Lands, Physical Planning and Urban Development	398.04	260.00	289.14	93.41	285.50	45.50	98.7	48.7	71.7	17.5
Finance and Economic Planning	1,076.07	731.18	553.76	617.59	524.26	525.10	94.7	85.0	48.7	71.8
Health and Sanitation	2,456.76	329.72	1,542.02	4.60	1,402.85	4.60	91.0	100.0	57.1	1.4
Trade, Investments Development and Tourism	70.00	390.00	55.37	80.00	55.37	20.00	100	25.0	79.1	5.1
Water, Environment and Natural Resources	220.80	1,240.28	148.74	364.84	140.74	238.36	94.6	65.3	63.7	19.2
County Affairs, Public Service and Intergovernmental Relations	499.77	-	225.26	-	225.26	-	100.	-	45.1	-
County Public Service Board	34.07	-	23.72	-	23.72	-	100.	-	69.6	-
County Assembly	963.82	118.00	534.20	19.50	532.39	19.50	99.7	100.0	55.2	16.5
Total	6,445.15	4,081.69	3,920.90	1,198.63	3,723.66	853.06	95.0	71.2	57.8	20.9

Source: Garissa County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 71.8 per cent, followed by the Department of Water, Environment and Natural Resources at 19.2 per cent. The Department of Trade, Investments Development and Tourism had the highest percentage of recurrent expenditure to budget at 79.1 per cent while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 45.1 per cent.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.48 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
Department of Agriculture, Livestock & Pastoral							
Programme 1: CP1: Agriculture	CSP 1.1 Agriculture Administration & Support Services	61,442,158.5	153,000,000	49,349,487		80.3	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 1.2 Crop production and value chains	11,412,438					
	CSP 1.3 Agricultural Mechanization Services						
Programme 2: CP2: Livestock Pastoral Economy	CSP 2.1 Livestock Administration and Support Service	47,259,147.5	169,365,353	43,747,854		92.6	
	CSP 2.2 Livestock Production	3,050,000.00	128,454,980				
	CSP 2.3 Livestock Value Chains Development	1,000,000.00	27,000,000				
	CSP 2.4 Veterinary Service	3,350,000.00	30,000,000				
CP1: Fish Production	CSP 1.4 Fisheries services	200,000.00					
CP 4: Cooperatives	CSP 4.1 Cooperatives Development	600,000.00		250,000		41.7	
	Sub Total	128,313,744	507,820,333	93,347,341	-	72.7	
Department Gender, Social Service and Sport							
Programme 1: CP1. Gender, Social Services, Culture, Youth and Sports	CSP 1.1 Administration and Support Services	35,422,346		22,580,215		63.7	
	CSP 1.2 Social Protection,	3,025,000	8,000,000				
	Gender and Women Empowerment	1,500,000	4,000,000				
	Promotion and preservation of culture and Heritage	1,500,000	5,000,000				
	Youth development	1,500,000	3,000,000				
	Sports & talent development	3,263,600	100,000,000				
	Sub-Total	46,210,946	120,000,000	22,580,215	-	48.9	
Department Roads, Transport & Public Works							
Programme 1: CP1: Administration and support services	CSP 1.1 Administration and Services	31,406,400		22,000,000		70.0	
Programme 2: CP2.0 Road and transport	CSP2.1 Roads	2,417,200	165,000,000	500,000		20.7	
	CSP 2.2 Transport	2,000,000					
Programme 3: CP3 Public works & housing	CSP3.1 PUBLIC WORKS	10,250,000	85,000,000				
	Sub-Total	46,073,600	250,000,000	22,500,000	-	48.8	
Department of Education, Information & ICT							
Programme 1: CP1: General Administration and support services	CSP1.1 Administration and Support Services	444,889,663	15,000,000	378,135,660		85.0	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Programme 2: CP2. Education Development	CSP 2.1 E.C.D	34,234,909	90,000,000				
	CSP 2.2 Vocational Training	3,001,200	5,000,000				
Programme 3: CP3. ICT, Information and Libraries	CSP3.1 ICT, Information and Libraries	23,082,733	24,694,322	17,000,000		73.6	
	Sub-Total	505,208,505	134,694,322	395,135,660	-	78.2	
Department Lands, Physical Planning and Urban Development							
Programme 1: CP 1: Administration	CSP 1.1 Urban Administration & Support Services	326,155,273		281,004,912		86.2	
Programme 2: CP 2: Lands & physical planning	CSP 2.1 Lands Services	8,000,000	80,000,000	500,000		6.3	
	CP 2.2: Lands & physical planning	12,374,997	5,000,000				
	CSP 2.3 Physical Planning		150,000,000		45,500,000		30.3
Programme 3: CP 3: Urban Development	CSP 3.1 Urban Development and Infrastructure	2,500,000	25,000,000				
	CSP 3.2 Urban Disaster and Risk Management	28,114,626		4,000,000		14.2	
	CSP 3.3 Urban Sanitation Services	20,900,000					
	Sub-Total	398,044,896	260,000,000	285,504,912	45,500,000	71.7	17.5
Department of Finance and Economic Planning							
Programme 1: CP1: Administration and Support Services	CSP1.1 Administration and Support Services	529,925,320	731,176,980	302,830,620	525,100,000	57.1	71.8
	CSP 1.2 Special Programme	340,940,000		85,800,000		25.2	
Programme 2: CP1: Administration and Support Services	CSP 2.1 Accounting Services	3,713,739		396,320		10.7	
	CSP 2.2 Budget Formulation	9,180,000		605,360		6.6	
	CSP 2.3 Audit Services	6,462,600		2,170,300		33.6	
	CSP 2.5 Revenue Management	142,127,781		114,718,000		80.7	
	CSP 2.6 Supply Chain Mgt	5,630,000		778,320		13.8	
Programme 3: Economic planning	CSP 3.1 Planning and M&E	31,086,000		16,963,558		54.6	
	CSP3.2 Statistics and Research	7,000,000					
	Sub-Total	1,076,065,440	731,176,980	524,262,478	525,100,000	48.7	71.8

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Health and Sanitation							
Programme 1: CP1: Governance, quality assurance and support services	CSP 1.1 Administration and Support Services	2,148,131,079	165,000,000	1,266,532,880	4,600,000	59.0	2.8
	CSP 1.2 Health Information Systems	5,000,000					
	CSPS 1.3 policy Research and planning	5,000,000					
Programme 2: CP1: Curative Services	Health products and technologies	217,500,000	164,723,404	136,320,500		62.7	
	Rehabilitative services	11,500,000					
	Referral and Emergency services	46,935,485					
CP3: Preventive Services	Maternal, newborn, child health and nutrition services	11,075,645					
	Preventive and Promotive health services	11,618,450					
	Sub-Total	2,456,760,659	329,723,404	1,402,853,380	4,600,000	57.1	1.4
Department Trade, Investments Development and Tourism							
Programme 1: CP1: Administration and Support Services	CSP1.1 Administration and Support Services	64,047,996		54,304,936		84.8	
Programme 2: CP2 Trade and Enterprise Development	CSP 2.1 micro and small enterprises development	2,400,000	40,000,000		20,000,000		50
	CSP 2.2 Trade infrastructure and services	750,000					
Programme 3: CP3. Industrialization and Investment Programme	CSP 3.1 Industrialization and Investment Programme	1,400,000	350,000,000	667,454		47.7	
Programme 4: CP 4: Tourism	CSP 4.1 Tourism Development	1,402,259		400,000		28.5	
	Sub-Total	70,000,255	390,000,000	55,372,390	20,000,000	79.1	5.1
Department of Water, Environment and Natural Resources							
Programme 1: CP1: Water Services	CSP1.1 Administration and Support Services	160,056,361	20,000,000	139,740,655	16,339,505	87.3	81.7
	CSP 1.2 Water Infrastructure Development	55,748,025	1,190,278,252		222,022,276	0.0	
Programme 2: CP2: Irrigation Services	CSP 2.1 Irrigation Development	5,000,000	30,000,000	1,000,000		20.0	
	Sub-Total	220,804,386	1,240,278,252	140,740,655	238,361,781	63.7	19.2
Department of County Affairs, Public Service and Intergovernmental Relation							
Programme 1: CP 1 Executive Services	CSP 1.1 Governor Operations	118,900,000		26,500,000		22.3	
	CSP 1.2 Deputy Governor Operations	42,120,000		23,000,000		54.6	
Programme 2: CSP2 County Secretary	CSP 2.1County Secretary	63,656,215		40,000,000		62.8	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 2.2 Operations & Sub-County Administration	104,410,000		44,259,056		42.4	
	CSP 2.3 Intergovernmental & public participation	18,812,430		6,500,000		34.6	
	CSP 2.4 County Attorney	48,200,000		5,000,000		10.4	
	Human Resource Department	86,891,478		71,000,000		81.7	
	Donor coordination	16,780,548		9,000,000		53.6	
	Sub-Total	499,770,671	-	225,259,056	-	45.1	
Department County Public Service Board							
Programme 1: CPI: County Public Service Board	CSP1.1 Administration and Support Services	34,072,000		23,722,795		69.6	
	Sub-Total	34,072,000	-	23,722,795	-	69.6	
Department County Assembly							
CPI: Administration and Support Services	CSP 1.1 Administrative and Support Services	963,822,377	118,000,000	532,385,008	19,500,000	55.2	16.5
	Sub-Total	963,822,377	118,000,000	532,385,008	19,500,000	55.2	16.5
Grand Total		6,445,147,479	4,081,693,291	3,723,663,89	853,061,781	57.8	20.9

Source: Garissa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and Support Services under Water Services in the Department of Water, Environment and Natural Resources at 81.7 per cent, Administration and Support Services in the Department of Finance and Economic Planning at 71.8 per cent, micro and small enterprises development under Trade and Enterprise Development programme in the Department of Trade, Investments Development and Tourism at 50 per cent, and physical planning under Lands & physical planning programme at 30.3 per cent of budget allocation.

3.7.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. 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 26th April 2024

2. The underperformance of own-source revenue at Kshs.153.52 million against an annual target of Kshs.230 million, representing 66.7 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Disaster Management Fund/Emergency Fund and Micro and Small Enterprises Development Revolving Fund were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.203.40 million were processed through the manual payroll, accounting for 7.5 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.

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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, strict compliance with the approved staff establishment should be maintained.*

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 3.54

3.8.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.86 billion as the equitable share of the revenue raised nationally, Kshs.255.30 million as additional allocations/conditional grants, had a cash balance of Kshs.142.87 million from FY 2022/23 and raised Kshs.927.23 million as ordinary own-source revenue (OSR).

The raised OSR includes Kshs.669.00 million as Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F) and Kshs.258.23 million as ordinary own source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.18 billion, as shown in Table 3.54.

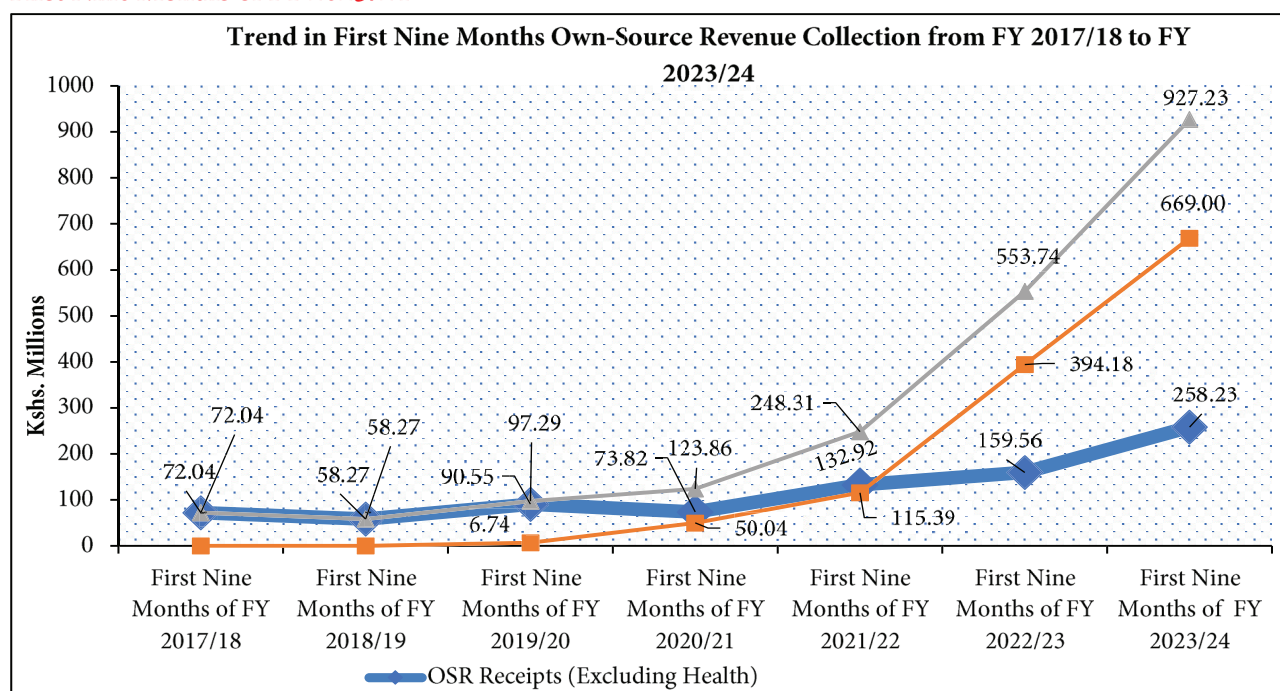
Table 3.49: Homa Bay County, Revenue Performance in FY 2023/24

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	8,128,387,250.00	4,858,923,042.90	59.8
Sub Total		8,128,387,250.00	4,858,923,042.90	59.8
B	Conditional Grants			
1	National Agriculture and Rural Inclusive Growth Project (NARIG)	-	-	-
2	National Value Chain Development Project	250,000,000	195,580,652	78.2
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	3,159,580	76.0
7	Leasing of medical equipment	124,720,000	-	-
8	DANIDA	12,300,750	13,219,313	107.5
9	Transforming Health Systems for Universal Care Project	-	-	-
10	Nutrition International	30,000,000	-	-
11	Financing Locally-Led Climate Actions Programme	200,000,000	11,000,000	5.5
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
Sub-Total		916,272,554	255,299,459	27.9
C	Own Source of Revenue			
1	Own Source Revenue	490,895,690.00	258,230,138.10	52.6
2	Appropriation in Aid (A-I-A)/Facility Improvement Fund (F.I.F)	1,888,053,228.00	668,995,814.00	35.4
Sub-Total		2,378,948,918.00	927,225,952.10	39.0
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	142,874,788	142,874,788	100.0
2	Share of Equalization funds	131,603,304	-	-
Sub-Total		274,478,092	142,874,788	52.1
Grand Total		11,698,086,814	6,184,323,242	52.9

Source: Homa Bay County Treasury

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

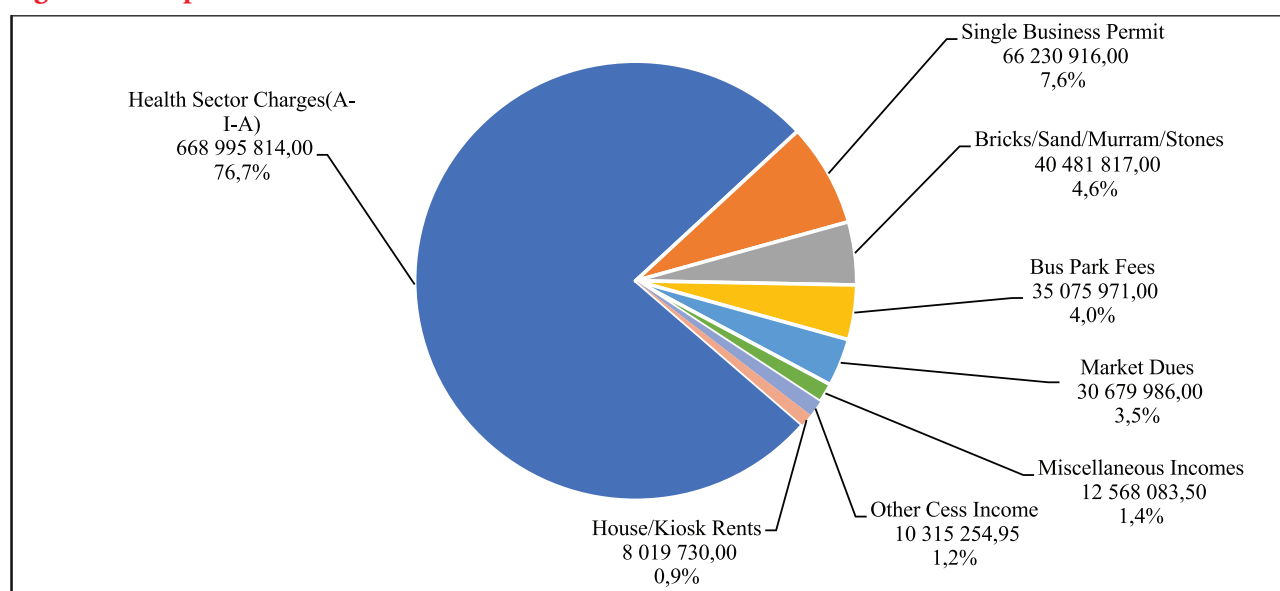
Figure 22: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Homa Bay County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.927.23 million from its own source of revenue inclusive of the Health Sector Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F). This amount represented an increase of 67.4 per cent compared to Kshs.553.71 million realised in a similar period in FY 2022/23 and 39.0 per cent of the annual target and 19.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 23.

Figure 23: Top Streams of Own Source Revenue in the First nine months of FY 2023/24 in Kshs.



Source: Homa Bay County Treasury

The Health Sector Appropriation in Aid (A.I.A)/Facility Improvement Fund (F.I.F) amounted to Kshs.669.00 million representing 72.2 cent of the overall OSR in the reporting period. The entire amount realized was not swept to the CRF account.

It is worth noting that 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 in order to defray operational, management and capital costs.

The highest ordinary revenue stream of Kshs.66.23 million was from single business permit contributing 7.1 per cent of the total OSR receipts during the reporting period.

3.8.3 Exchequer Issues

The Controller of Budget authorised withdrawals of Kshs.5.30 billion from the CRF account during the reporting period which comprised Kshs.874.68 million (16.5 per cent) for development programmes and Kshs.4.43 billion (83.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2023/24 indicates that Kshs.3.24 billion was released towards Employee Compensation, and Kshs.1.19 billion was released for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.92 million.

3.8.4 Borrowing by the County

The County entered an agreement with Equity Bank Limited for advance payroll processing for County Executive staff February 2024, whereby the bank pays salaries for the staff every month at an interest of 1 per cent and excise duty of 20 per cent. The outstanding payroll management overdraft facility from Equity Bank Limited as of 31st March 2024 amounted to Kshs.419.94 million.

The County also entered an agreement with Kenya Commercial Bank Limited for advance payroll processing for County Executive staff for the month of March 2024, whereby the bank pays salaries for the staff every month at an interest of 0.5 per cent and excise duty of 20 per cent. The outstanding payroll management overdraft facility from Kenya Commercial Bank Limited as of 31st March 2024 amounted to Kshs.442.16 million.

3.8.5 County Expenditure Review

The County spent Kshs.5.29 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 of Kshs.874.44 million and Kshs.4.41 billion on development and recurrent programmes, respectively. Expenditure on recurrent activities represented 57.2 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 of Kshs.58.71 million for recurrent expenditure and Kshs.903.00 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.99.81million. They consisted of Kshs.21.98 million for recurrent expenditure and Kshs.223.87 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.758.76 million.

The outstanding pending bills for the County Assembly were Kshs.42.90 million as of 31st March 2024.

3.8.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.97 billion on employee compensation, Kshs.830.88 million on operations and maintenance and Kshs.865.33 million on development activities. Similarly, the County Assembly spent Kshs.266.96 million on employee compensation, and Kshs.343.96 million on operations and maintenance and Kshs.9.11 million on development activities as shown in Table 3.50.

Table 3.50: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,665,829,395	1,053,468,687	3,801,415,022	610,927,632	57.0	57.2
Compensation to Employees	4,850,029,437	465,579,343	2,970,534,334	266,965,267	61.2	60.9
Operations and Maintenance	1,815,799,958	587,889,344	830,880,687	343,962,365	45.8	48.9
Development Expenditure	3,827,241,514	151,549,218	865,330,080	9,112,368	22.6	22.0
Total	10,493,070,909	1,205,017,905	4,666,745,102	620,040,000	44.5	45.2

Source: Homa Bay County Treasury

3.8.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.24 billion, or 52.4 per cent of the available revenue which amounted to Kshs.6.18 billion. This expenditure represented an increase of 26.1 per cent from Kshs.2.57 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.1.40 billion 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.2.52 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.718.01 million was processed through manual payrolls. The manual payrolls accounted for 22.2 per cent of the total PE cost.

The County Assembly spent Kshs.25.21 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.51,882 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 3.51 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.51: Performance of County Established Funds in the First Nine Months of FY 2023/24

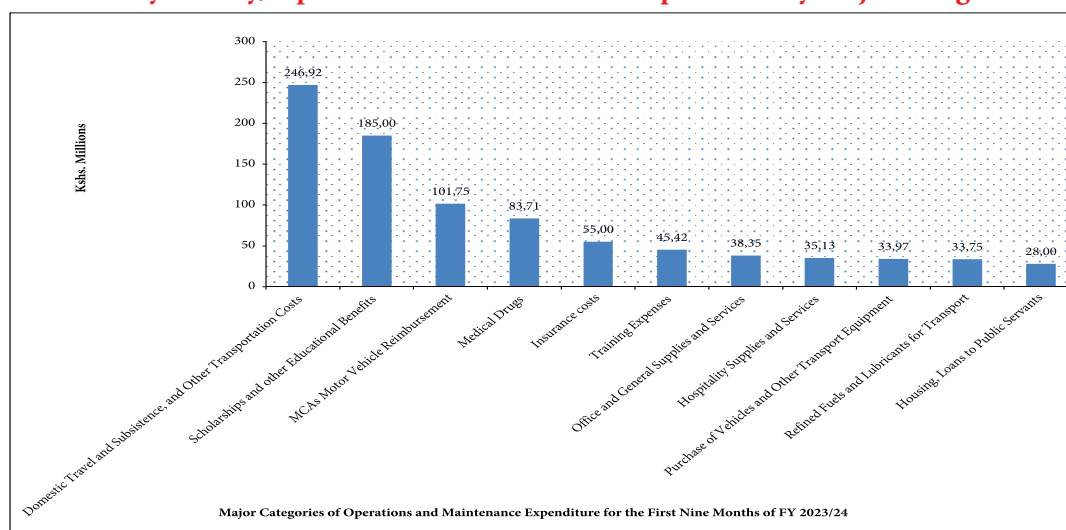
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Homa Bay County Bursary Fund	430,000,000	195,000,000	192,500,000	YES
2	Homa Bay Emergency Fund	20,000,000	-	869,518	YES
3	Homa Bay County Car Loan and Mortgage Scheme Fund	80,000,000	14,000,000	11,081,053	YES
4	Homa Bay County Alcoholic Drinks Control Fund	-	-	-	YES
County Assembly Established Funds					
5	Homa Bay County Assembly Car and loan and Mortgage Scheme Fund	101,651,682	-	-	NO
Total		631,651,682	-	204,450,571	

Source: Homa Bay County Treasury

Further, the OCoB notes that the County government uses commercial bank accounts to operate the established public funds in the table 3.52 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.246.92 million and comprised Kshs.87.84 million spent by the County Assembly and Kshs.159.09 million by the County Executive.

The County Executive incurred Kshs.2.55 million on foreign travel and Subsistence, and other Transportation Costs. The County Assembly did not incur any expenditure on foreign travel during the reporting period. The highest expenditure on foreign travel was incurred as summarised in Table 3.52

Table 3.52: Summary of Highest Expenditure on Foreign Travel as of 31st December 2024

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
Total					2,548,009

3.8.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.874.44 million on development programmes, representing an increase of 53.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.571.46 million. The table 3.53 summarises some of the development projects with the highest expenditure in the reporting period.

Table 3.53: 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	Office of the Deputy Governor and Department of Agriculture and Livestock	Capital Grants and transfers to (NAVCDP)	County Head-quarter	195,580,652	195,580,652	195,580,652	100.0
2	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
3	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
4	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
5	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 Homa-bay Stadium	Arujo Ward	13,400,000	13,400,000	12,653,157	94.4

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Capital Grants and transfer to ward adaption/ mitigation projects-Finance for locally-Led Climate Action Program (FLLo-CA)	All sub counties	11,000,000	11,000,000	11,000,000	100.0
7	Blue Economy, Fisheries, Mining and Digital Economy	Provision of Microsoft 365 and Email Security Solution	Homa bay town	10,775,114	10,775,114	10,775,114	100.0
8	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Ndiru-Uriek Road	Kagan/Kochia	10,000,000	10,000,000	9,259,620	100.0
9	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
10	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Ndhiwa-Rangeny-Unga Road	Ndhiwa	7,128,200	7,128,200	7,128,200	100
11	Roads, Public Works, Transport and Infrastructure	Proposed routine maintenance of Ohero-Tingga-Majiwa-Magiye-Ogande-Rata Oyala Road	Rangwe	7,322,036	7,322,036	6,976,133	95.3
12	Public Health and Medical Services	Supply & installation of Oxygen Plant Materials at Homa Bay Teaching and Referral Hospital.	Homa Bay Town	6,800,000	6,800,000	6,698,884	98.5
13	Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	installation of Electrical System-High mast Floodlight at The Stadium.	Homa Bay Town	6,500,000	6,500,000	6,283,484	96.7
14	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
15	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
16	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

Note: The County undertook various development activities in the period under review. We note that additional payment certificates amounting to Kshs.526.34 million were raised and payments amounting to Kshs.427.77 million were processed up to 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 February, 2024 and March, 2024.

3.8.12 Budget Performance by Department

Table 3.54 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.54: Homa Bay County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	695.41	43.35	408.32	-	407.84	-	99.9	-	58.6	-
County Public Service Board	92.03	4.00	50.50	-	50.32	-	99.7	-	54.7	-
County Assembly Service Board	1,053.47	151.55	610.93	9.11	610.93	9.11	100.0	100.0	58.0	6.0
Homa Bay Municipal Board	28.81	20.44	19.62	1.19	19.48	1.19	99.3	100.0	67.6	5.8
Office of the Deputy Governor and Department of Agriculture and Livestock	218.13	521.59	129.97	200.94	129.40	200.94	99.6	100.0	59.3	38.5
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	152.82	76.47	79.88	22.43	79.44	22.43	99.4	100.0	52.0	29.3
Roads, Public Works, Transport and Infrastructure	163.38	955.03	105.70	304.87	104.50	304.87	98.9	100.0	64.0	31.9
Blue Economy, Fisheries, Mining and Digital Economy	96.29	106.46	56.93	38.81	55.55	38.58	97.6	99.4	57.7	36.2
Education, Human Capital Development and Vocational Training	1,218.29	263.59	678.56	19.84	675.11	19.84	99.5	100.0	55.4	7.5
Public Health and Medical Services	2,531.82	601.11	1567.01	117.51	1,566.32	117.51	100.0	100.0	61.9	19.5
Lands, Physical Planning, Housing and Urban Development	53.09	196.00	34.10	37.30	33.67	37.30	98.7	100.0	63.4	19.0
Trade, Industry, Tourism, Cooperative Development and Marketing	166.45	388.82	106.05	38.05	101.95	38.05	96.1	100.0	61.3	9.8
Water, Sanitation, Irrigation, Environment, Energy and Climate Change	274.48	477.48	123.02	84.61	122.17	84.61	99.3	100.0	44.5	17.7
Governance, Administration, Communication and Devolution	382.03	32.00	190.32	-	190.24	-	100.0	-	49.8	-
Executive Office of the Governor	552.55	100.00	266.23	-	265.43	-	99.7	-	48.0	-
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	-	-	-	-	-	-	-	-
Total	7,719.30	3,978.79	4,427.13	874.68	4,412.34	874.44	99.7	100.0	57.2	22.0

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Office of the Deputy Governor and Department of Agriculture and Livestock recorded the highest absorption rate of development budget at 38.5 per cent, followed by the Department of Blue Economy, Fisheries, Mining and Digital Economy at 36.2 per cent.

Analysis of expenditure by department shows that the Homa Bay Municipal Board; Roads, Public Works, Transport and Infrastructure; Lands, Physical Planning, Housing and Urban Development; had the highest

percentage of recurrent expenditure to the recurrent budget estimates at 67.6 per cent, 64.0 per cent and 63.4 per cent respectively while the Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change had the lowest at 44.5 per cent.

The County Executive and the County Assembly complied with County Government Ceilings on recurrent expenditure FY 2023/24 contained in the second schedule of the County Allocation of Revenue Act, 2023 (CARA, 2023). The recurrent expenditure ceiling for the County Executive and the County Assembly prescribed in the CARA, 2023 amount to Kshs.612.65 million and Kshs.951.62 million respectively.

3.8.13 Budget Execution by Programmes and Sub-Programmes

Table 3.55 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

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

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	498,293,113	319,754,738	178,538,375	64.2
	General Logistics, Coordination and Asset Management Services	56,529,916	48,951,262	7,578,654	86.6
	Sub total	554,823,029	368,706,000	186,117,029	66.5
Planning, Budgeting and Development Coordination Services	Economic planning and development coordination services	26,781,800	6,061,428	20,720,372	22.6
	Resource allocation services	14,433,400	-	14,433,400	-
	Public Participation Facilitation services	9,499,000	2,000,000	7,499,000	21.1
	Sub total	50,714,200	8,061,428	42,652,772	15.9
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
	Sub total	50,214,034	16,546,621	33,667,413	33.0
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	-
	Sub total	83,010,347	14,522,711	68,487,636	17.5
	Grand total	738,761,610	407,836,760	330,924,850	55.2
County Public Service Board					
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	49,154,106	32,359,449	60.3
	Infrastructure Development Services	4,000,000	-	4,000,000	-
	Sub total	88,983,555	50,323,306	38,660,249	56.6
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	-
	Sub total	7,050,000	-	7,050,000	-
	Grand total	96,033,555	50,323,306	45,710,249	52.4

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
County Assembly Service Board					
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
	Sub total	463,368,633	102,752,261	360,616,372	22.2
Oversight and Control Services	Capacity building services	12,000,000	-	12,000,000	-
	Report writing services	37,000,000	34,480,200	2,519,800	93.2
	Public Participation and Education Services	11,000,000	10,416,000	584,000	94.7
	Sub total	60,000,000	44,896,200	26,505,900	74.8
Ward Representation Services	Staff welfare support services	67,246,265	27,908,234	39,338,031	41.5
	Ward operations and maintenance	17,284,320	8,847,792	8,436,528	51.2
	Sub total	84,530,585	36,756,026	47,774,559	43.5
Policy, Planning and Administrative Support Services	Administrative support services	277,775,469	214,720,246	63,055,223	77.3
	Financial management Services	167,794,000	113,188,615	54,605,385	67.5
	Assembly infrastructure development Services	151,549,218	9,112,368	142,436,850	6.0
	Sub total	597,118,687	337,021,229	260,097,458	56.4
	Grand total	1,205,017,905	620,040,000	584,977,905	51.5
Homa Bay Municipal Board					
Planning, Finance and Administrative Support Services	Policy and planning services	-	-	-	-
	Financial Management Services	5,863,721	593,380	5,270,341	10.1
	Personnel remuneration and development services	22,945,272	18,886,600	4,058,672	82.3
	Sub total	28,808,993	19,479,980	9,329,013	67.6
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
	Sub total	12,194,559	1,194,559	11,000,000	9.8
	Social outreach and Engagement Services	-	-	-	-
	Neighborhood Planning and Development Services	8,250,000	-	8,250,000	-
	Workforce development and enterprise support services	-	-	-	-
	Sub total	8,250,000	-	8,250,000	-
	Grand total	49,253,552	20,674,539	34,929,013	42.0
Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security					
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	125,759,000	88,268,568	58.8
	Sub total	218,133,168	129,397,700	88,735,468	59.3
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	-	-	-	-
	Sub total	10,500,000	-	10,500,000	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
Food Security Enhancement Services	Sub Sector Infrastructure Development Services	13,257,234	-	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	3,159,580	1,000,000	76.0
	National Value Chain Project	255,000,000	195,580,652	59,419,348	76.7
	Sub total	481,334,617	200,940,232	280,394,385	41.7
Livestock Development Programme	Livestock Improvement and Development	14,323,680	-	14,323,680	-
	Livestock Infrastructure Development Services	5,000,000	-	5,000,000	-
	Livestock Health and Disease Management	10,432,625	-	10,432,625	-
	Sub total	29,756,305	-	29,756,305	-
Grand total		739,724,090	330,337,932	409,386,158	44.7
Department of Gender Equality and Inclusivity Youth, Sports, Talent Development, Cultural Heritage and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	83,952,751	70,551,976	13,400,775	84.0
	Policy and Planning Services	21,772,768	5,616,508	16,156,260	25.8
	Office Development Operations	210,460	-	210,460	-
	Sub total	105,935,979	76,168,484	29,767,495	71.9
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
	Sub total	13,557,877	3,132,325	10,425,552	23.1
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	-	-	-	-
	Sub total	21,409,418	140,001	21,269,417	0.7
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	-
	Sub total	88,396,468	22,433,178	65,963,290	25.4
Grand total		229,299,742	101,873,988	127,425,754	44.4
Department of Roads, Transport and Public Works and Infrastructure					
General Administration, Planning and Support Services	Human Resource and Capacity Development Services	161,114,540	104,138,465	56,976,075	64.6
	Policy Planning and Field Support Services	2,032,000	357,160	1,674,840	17.6
	Roads and Transport Services	231,323	-	231,323	-
	Sub total	163,377,863	104,495,625	58,882,238	64.0
Public works and maintenance services	Quality Control and, Enforcement	-	-	-	-
	Infrastructure Development Services	-	-	-	-
	Purchase of Plant and Machinery maintenance	64,031,538	-	64,031,538	-
Road Development and Rehabilitation Services	Road Development Services	520,000,000	214,831,929	305,168,071	41.3
	Road Maintenance Services	370,000,000	90,037,878	279,962,122	24.3
	Sub total	890,000,000	304,869,807	585,130,193	34.3
Transport Development and Rehabilitation Services	Water Transport Services	1,000,000	-	1,000,000	-
	Sub total	1,000,000	-	1,000,000	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
	Grand total	1,118,409,401	409,365,432	709,043,969	36.6
Department of Blue Economy, Fisheries Mining and Digital Economy					
Blue Economy and Fisheries Resources Development Services	Capture Fisheries and Development Services	30,200,000	6,278,100	23,921,900	20.8
	Aquaculture Development Services	32,559,422	-	32,559,422	-
	Blue Economy Development Services	10,000,000	6,530,200	3,469,800	65.3
	Sub total	76,759,422	12,808,300	63,951,122	16.7
Mineral resources development and marketing services	Artisanal Mining Services	4,000,000	-	4,000,000	-
	Mineral Prospecting Services	-	-	-	-
	Sub total	4,000,000	-	4,000,000	-
ICT And Digital Economy Development Services	ICT Infrastructure Development Services	27,000,000	25,770,674	1,229,326	95.4
	Digital Literacy and Skill Development Services	7,700,000		7,700,000	-
	Sub total	34,700,000	25,770,674	8,929,326	74.35
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	44,694,207	31,592,685	58.6
	Administrative Support Services	10,665,000	7,854,527	2,810,473	73.6
	Sub total	91,286,892	55,548,734	35,738,158	60.9
	Grand total	202,746,314	94,127,708	108,618,606	46.4
Department of Education, Human Capital Development and Vocational Training					
General Administration and Quality Assurance Service	General administration Services	769,389,789	455,185,886	314,203,903	59.2
	Quality Assurance Services	18,903,800	7,364,058	11,539,742	39.0
	Sub total	788,293,589	462,549,944	325,743,645	58.7
Early Years Education (EYE) Services	EYE Services	243,000,000	19,842,923	223,157,077	8.2
	Sub total	243,000,000	19,842,923	223,157,077	8.2
Education, Human Capital Development and Vocational Training Services	Education Services	430,000,000	212,560,400	217,439,600	49.4
	Human Capital Development Services	-	-	-	-
	Vocational Training Services	20,590,000	-	20,590,000	-
	Sub total	450,590,000	212,560,000	238,030,000	47.2
	Grand total	1,481,883,589	694,953,267	786,930,322	46.9
Department of Public Health and Medical Services					
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	1,419,507,591	653,296,657	68.5
	Sub total	2,084,317,748	1,424,182,483	660,135,265	68.3
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	37,300,081	159,591,725	-
	Sub total	337,653,508	71,101,198	266,552,310	21.1
Curative and rehabilitative health services	Routine medical health services	304,346,746	114,523,946	189,822,800	37.1
	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
	Sub total	706,951,993	188,545,028	518,406,965	26.7
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	2,000,000	-	2,000,000	-
	Sub total	4,000,000	-	4,000,000	-
	Grand total	3,132,923,249	1,683,828,709	1,449,094,540	53.7
Department of Lands, Housing, Urban Development and Physical Planning					

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
General Administration Services	General administrative support services	42,308,719	30,825,109	11,483,610	72.9
	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	-
	Sub total	53,085,062	33,670,077	19,414,985	63.4
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	-
	Sub total	41,858,615	-	41,858,615	-
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	-	-	-	-
	Sub total	154,145,354	37,300,081	116,845,273	24.2
	Grand total	249,089,031	70,970,158	178,118,873	28.5
Department of Trade, Industry, Tourism, Cooperative Development and Marketing					
Policy, Planning and Administrative services	Remuneration and welfare support services	148,767,292	93,900,000	54,867,292	63.1
	Policy and plans development services	6,750,000	2,074,500	4,675,500	30.7
	Administrative Support Services	10,930,000	5,974,861	4,955,139	54.7
	Sub total	166,447,292	101,949,361	64,497,931	61.3
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	23,654,942	78,945,058	23.1
	Sub total	175,322,700	28,942,692	146,380,008	16.5
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	16,367,071	18.1
	Tourism infrastructure development services	10,000,000	5,496,268	4,503,732	55.0
	Industrial Park Development	150,000,000	-	150,000,000	-
	Investment promotion and facilitation	12,500,000	-	12,500,000	-
	Sub total	213,492,870	9,104,267	204,388,603	4.3
	Grand total	555,262,862	139,996,320	415,266,542	25.2
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change					
General Administrative services	Administrative Support Services	268,482,343	119,622,706	148,859,637	44.6
	Policy and Planning Services	6,000,000	2,550,400	3,449,600	42.5
	Sub total	274,482,343	122,173,106	152,309,237	44.5
Water Supply and Management Services	Urban Water Supply Services	14,000,000	-	14,000,000	-
	Rural Water Supply Services	140,707,351	73,610,762	67,096,589	52.3
	Industrial Water Supply Services	-	-	-	-
	Maintenance of Water Supply Services	-	-	-	-
	Sub total	154,707,351	21,357,335	133,350,017	13.8
Energy Services	Electrical Power Services	40,000,000	-	40,000,000	-
	Solar Power Services	950,565	-	950,565	-
	Renewable Energy Services	-	-	-	-
	Sub total	40,950,565	-	40,950,565	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
Irrigation Development and Management Services	Irrigation Infrastructure Development and Rehabilitation Services	4,087,470	-	4,087,470	-
	Small Holder Community Irrigation Support Services	-	-	-	-
	Sub total	4,087,470	-	4,087,470	-
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
	Sub total	277,736,957	11,000,000	266,736,957	4.0
	Grand Total	751,964,686	206,783,868	545,180,818	27.5
Governance and Administration, Communication and Devolution					
Governance, Administration and Devolution Services	Governance and Administration	294,368,112	161,467,705	132,900,407	54.9
	Field Coordination and Administration Services	32,450,400	21,246,031	11,204,369	-
	Compliance and Enforcement Services	24,710,000	-	24,710,000	-
	Sub total	351,528,512	182,713,736	168,814,776	52.0
Stakeholder Management and Communication	Communication and Public Engagement Services	23,602,565	4,249,615	19,352,950	18.0
	Sub total	23,602,565	4,249,615	19,352,950	18.0
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	-
	Sub total	38,901,733	-	38,901,733	-
	Grand total	414,032,810	190,241,751	223,791,059	45.9
Executive Office of the Governor					
Public service administration support services	Human resource management and development services	392,425,341	173,933,089	218,492,252	44.3
	Performance Management Services	6,310,000	-	6,310,000	-
	Legal Services	20,000,000	-	20,000,000	-
	Sub total	418,735,341	173,933,089	244,802,252	41.5
Governance and coordination services	Executive management and liaison services	202,233,970	91,498,276	110,735,694	45.2
	Field coordination and administration services	11,585,135	-	11,585,135	-
	Sub total	213,819,105	91,498,276	122,320,829	42.8
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	-
	Sub total	20,000,000	-	20,000,000	-
	Grand total	652,554,446	265,431,364	387,123,082	40.7
Kendu Bay Municipal Board					
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	-
	Sub total	10,060,000	-	10,060,000	-
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	-	-	-	-
	Sub total	10,000,000	-	10,000,000.0	-

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 31 st March, 2024 (Kshs)	Variance (Kshs)	Absorption rate (%)
	Grand total	20,060,000	-	20,060,000	-
Mbita Municipal Board					
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	-
	Sub total	10,060,000	-	10,060,000	-
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	-	-	-	-
	Sub total	10,000,000	-	10,000,000.0	-
	Grand total	20,060,000	-	20,060,000	-
Ndhiwa Municipal Board					
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	-
	Sub total	10,060,000	-	10,060,000	-
Public Works and Infrastructure Improvements Services	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	-	-	-	-
	Sub total	10,891,972	-	10,891,972	-
	Grand total	20,060,000	-	20,060,000	-
Oyugis Municipal Board					
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	-
	Sub total	10,060,000	-	10,060,000	-
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	-	-	-	-
	Sub total	10,000,000	-	10,000,000	-
	Grand total	20,060,000	-	20,060,000	-
GRAND TOTAL		11,698,088,814	5,286,785,102	6,411,303,712	45.2

Source: Homa Bay County Treasury

Sub-programmes with the highest levels of budget implementation based on absorption rates were Public Participation and Report Writing Services in the County Assembly Service Board at 94.7 per cent and 93.2 per cent of budget allocation respectively; Policy and Planning Services in the Office of the Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security at 88.6 per cent; and General Logistics, Coordination and Asset Management Services in the Department of Finance and Economic Planning at 86.6 per cent of budget allocation.

3.8.14 Accounts Operated in Commercial Banks

The County Executive and County Assembly operated a total of 7 accounts and 5 accounts with commercial banks respectively. 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 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.801.66 million as of 31st March 2024.
2. The underperformance of own-source revenue at Kshs.927.23 million against an annual projection of Kshs. 2.38 billion, representing 39.0 per cent of the annual target.
3. A high wage bill, which accounted for 52.4 per cent of the realised revenue in the first nine months of FY 2023/24 of Kshs.6.18 billion, thus constraining funding to other programmes.
4. Failure by the Fund Administrator for the Homa Bay County Assembly Car and Loan and Mortgage Scheme Fund to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.718.01 million were processed through the manual payroll, accounting for 22.2 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.
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 county-established funds, salary processing and operations.

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 should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
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 own source revenue collection accounts are exempted.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for 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 3.56.

3.9.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.2.84 billion as an equitable share of the revenue raised nationally, Kshs.31.46 million as additional allocations/conditional grants, had a cash balance of Kshs.117.91 million from FY 2022/23 and raised Kshs.237.64 million as own-source revenue (OSR). The raised OSR includes Kshs.77.82 million as FIF and Kshs.159.82 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.23 billion, as shown in Table 3.56.

Table 3.56: Isiolo County, Revenue Performance in the First Nine Months of FY 2023/24

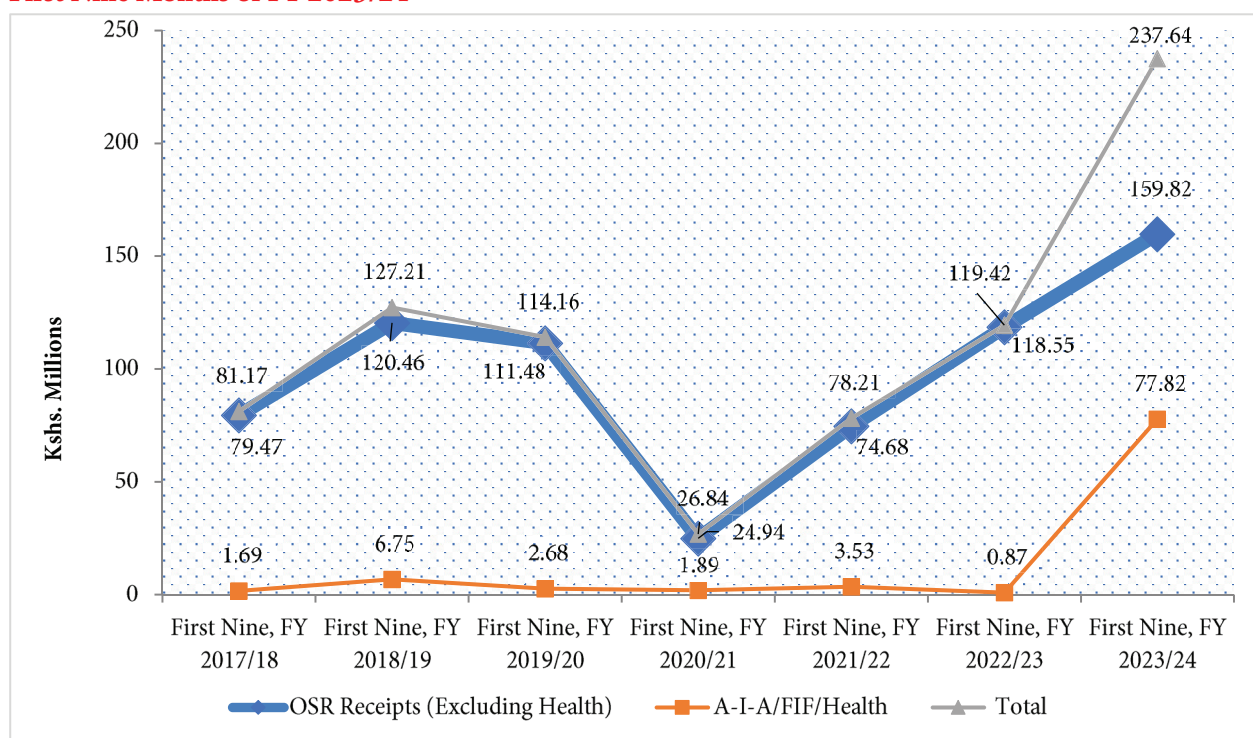
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	4,899,041,209	2,841,443,902	58.0
Subtotal		4,899,041,209	2,841,443,902	58.0
B	Additional Allocations/Conditional Grants			
1	DANIDA grant - Primary Health Care in Devolved Context	7,738,500	4,698,375	60.7
2	UNFPA, Library services	19,501,997	-	0.0
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
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	-	0.0
6	Ida - (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	0.0
Subtotal		460,655,932	31,456,613	6.8
C	Own Source Revenue			
1	Ordinary Own Source Revenue	223,208,180	159,819,466	71.6
2	Facility Improvement Fund (FIF)	48,000,000	77,822,198	162.1
Subtotal		271,208,180	237,641,664	87.6

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	117,905,059	117,905,059	100.0
Sub Total		117,905,059	117,905,059	100.0
Grand Total		5,748,810,380	3,228,447,238	56.2

Source: Isiolo County Treasury

FIF performed above 10- due to payment of a pending NHIF debt to the county and automation of hospital revenue collection. Figure 25 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

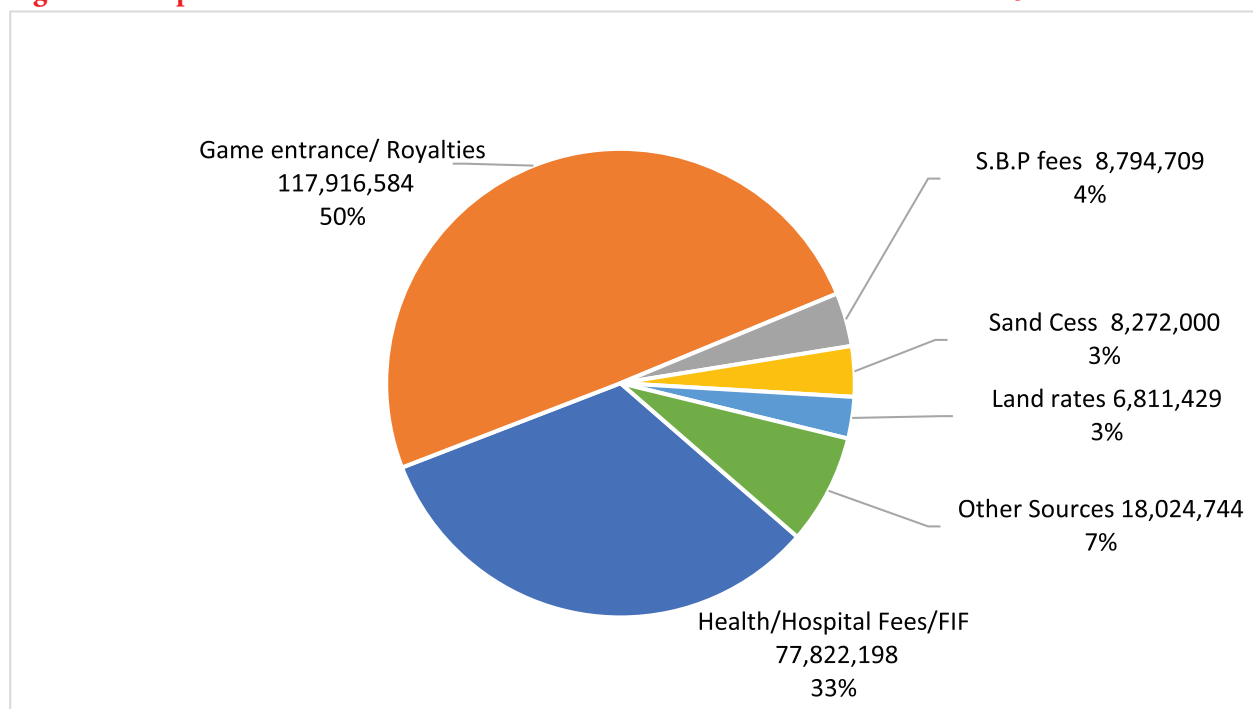
Figure 25: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Isiolo County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.237.64 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 99 per cent compared to Kshs.119.42 million realised in a similar period in FY 2022/23 and was 87.6 per cent of the annual target and 8.4 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.10.48 million. The increase in revenue by 99 per cent may be attributed to the revival of revenue streams that initially reported less revenue, Revenue collection supervision change, and partial automation. 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 Nine Months of FY 2023/24 in KShs.



Source: Isiolo County Treasury

The highest revenue stream of Kshs.117.92 million was from Game entrance/royalties, contributing to 49.6 per cent of the total OSR receipts during the reporting period.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.87 billion from the CRF account during the reporting period, which comprised Kshs.573.13 million (20 per cent) for development programmes and Kshs.2.29 billion (80 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.34 billion was released towards Employee Compensation and Kshs.950.79 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.181.64 million.

3.9.4 County Expenditure Review

The County spent Kshs.3.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 115.4 per cent of the total funds released by the CoB and comprised Kshs.565.80 million and Kshs.2.74 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 32.6 per cent, while recurrent expenditure represented 68.3 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.475.38 million, comprising of Kshs.336.59 million for recurrent expenditure and Kshs.138.80 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.43.85 million. They consisted of Kshs.9.9 million for recurrent expenditure and Kshs.33.95 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.431.54 million.

The County Assembly reported outstanding pending bills of Kshs.13.91 million as of 31st March 2024.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.50 billion on employee compensation, Kshs.947.21 million on operations and maintenance, and Kshs.565.80 million on development activities. Similarly, the County Assembly spent Kshs.174.54 million on employee compensation, Kshs.125.00 million on operations and maintenance, and none on development activities, as shown in Table 3.57.

Table 3.57: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,473,311,481	539,252,680	2,442,596,966	299,545,690	70.3	55.5
Compensation to Employees	2,021,346,407	264,673,202	1,495,385,863	174,541,165	74.0	65.9
Operations and Maintenance	1,451,965,074	274,579,478	947,211,103	125,004,525	65.2	45.5
Development Expenditure	1,696,321,618	40,000,000	565,796,163		33.4	0.0
Total	5,169,633,099	579,252,680	3,008,393,129	299,545,690	58.2	51.7

Source: Isiolo County Treasury

3.9.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.67 billion, or 51.7 per cent of the available revenue, which amounted to Kshs.3.23 billion. This expenditure represented an increase from Kshs.3.00 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.878.36 million paid to health sector employees, translating to 52.6 per cent of the total wage bill. The wage bill increased by 29.5 per cent compared to the previous due to recruitment of additional staff in the period under review.

Further analysis indicates that PE costs amounting to Kshs.1.63 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.44.62 million was processed through manual payrolls. The manual payrolls accounted for 2.7 per cent of the total PE cost.

The County Assembly spent Kshs.10.13 million on committee sitting allowances for the 17 MCAs against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.66,228.78 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 Kshs188.06 million to county-established funds in FY 2023/24, constituting 3.3 per cent of the County's overall budget. Table 3.58 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.58: Performance of County Established Funds in the First Nine Months 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 st March 2023 (Kshs)	Submission of Financial Statements as of 31 st March 2024(Yes/No.)
County Executive Established Funds						
1	Isiolo County Emergency Fund	110,000,000	107,500,000	155,000,932	373,918,664	Yes
2	Isiolo County Education Bursary Fund	75,000,000	40,000,000	8,832,842	-	Yes
County Assembly Established Funds						
3	Isiolo County Assembly Mortgage and Car Loan Scheme Fund	3,060,000	-	-	64,500,000	Yes
Total		188,060,000	147,500,000	119,033,274	438,418,664	

Source: Isiolo County Treasury

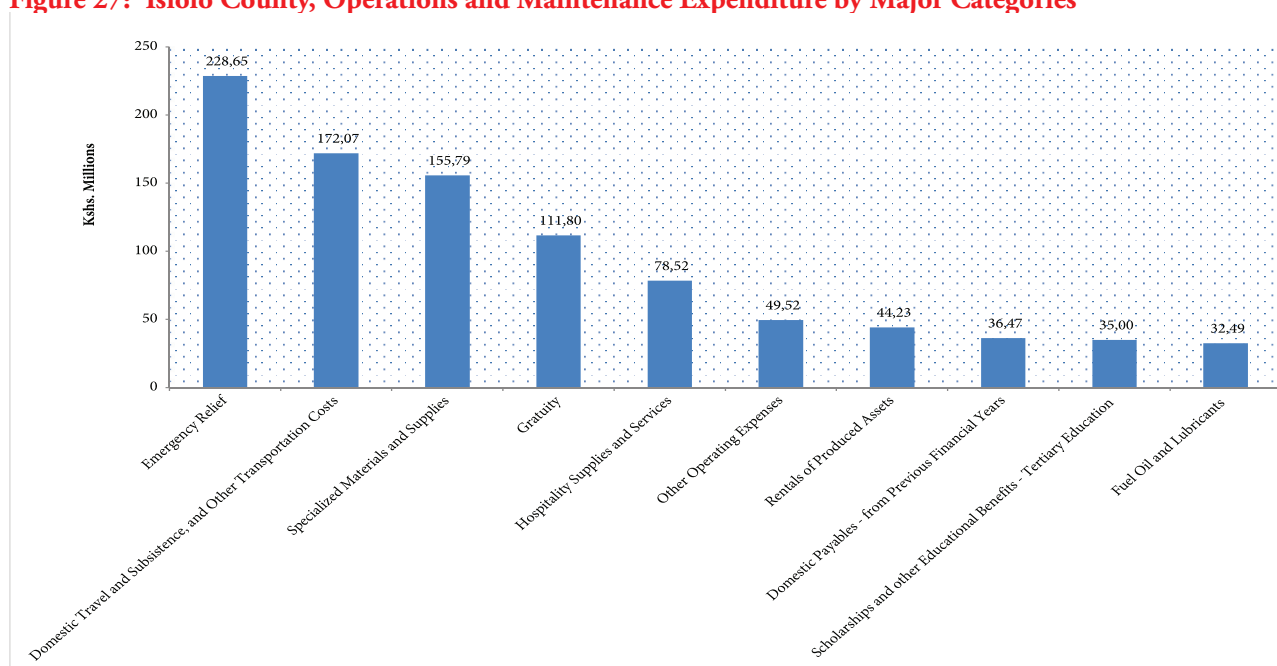
Note: Cumulative disbursements to a fund include all monies that the County Treasury has transferred to the Fund since its inception to the reporting period. The Emergency fund received Kshs.44,800,500 other incomes outside the county's main budget. The Bursary Fund Administrator did not provide cumulative disbursements to the fund since its inception.

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all established public funds, as indicated in Table 3, as required by Section 168 of the PFM Act, 2012. The administration costs of all the Funds were below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

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.

3.9.9 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.172.07 million and comprised Kshs.68.70 million spent by the County Assembly and Kshs.103.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.08 million all by the County Executive. Part expenditure on foreign travel is summarised in Table 3.59 below; -

Table 3.59: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Transport cost	Daily Subsistence Allowance	Total Costs of the Travel (Kshs.)
County Executive	1	Nov 30-12 Dec 2023	Attending the 28 th conference of the Parties to the UN Framework Convention on Climate Change (COP28)	Expo City Dubai	122,000.00	724,617.60	846,617.60

Source: Isiolo County Treasury and Isiolo County Assembly

A breakdown of “Other operating expenses” in the above graph is provided in the Table 3.60.

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

County Ministry	Department	Description	Cumulative Expenditure (Kshs.)
County Assembly	County Assembly	Contracted Professional Services	400,000
		Legal Dues/fees, Arbitration and Compensation Payments	1,000,000
		Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2,000,000
		Constituency Office Expenses	2,040,000
Office of Governor	County Attorney	Legal Dues/fees, Arbitration and Compensation Payments	10,000,000
	County Public Service Board	Contracted Professional Services	2,000,000
	Deputy Governor	Security Operations	90,000
	Office of Governor	Contracted Professional Services	730,000
		Contracted Guards and Cleaning Services	1,349,600
		Security Operations	3,087,300
Finance, Planning, National Development and Vision 2030	Revenue Services	Security Operations	42,000
	Finance	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	677,400
Lands and Urban Planning	Lands & Physical Planning	Legal Dues/fees, Arbitration and Compensation Payments	2,272,000
Tourism Culture and Social Services	Public Service Management and Administration	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	12,000
	Tourism & Wildlife	Security Operations	1,055,600
Health Services	Medical Services	Emergency Medical Expenses	1,500,000
	Medical Services	Other Operating Expenses - Other	1,608,608
	Public Health	Emergency Medical Expenses	5,304,200
	Medical Services	Contracted Guards and Cleaning Services	10,846,400
Town Administrator	Municipal Administration	Contracted Guards and Cleaning Services	3,500,000
Total			49,515,108

Source: Isiolo County Treasury

3.9.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.565.80 million on development programmes, representing a decrease of 17.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.687.23 million. The table 3.61 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	Livestock & Veterinary Service	Completion of Isiolo Abattoir Expo	Burat	200,000,000	130,000,000	65.0
2	Municipality	Isiolo Market construction	Isiolo town	80,000,000	74,761,910	93.5
3	Finance	Construction of Revenue Access Points/Roads	Garbatulla, Ngaremara, Oldonyiro, Burat, Chari, Cherab, Kinna, Sericho	40,000,000	39,983,356	100.0
4	Finance	Accident and Emergency centre KDSP b/f 2022/23	Isiolo County Referral Hospital (ICRH)	56,503,926	31,607,476	55.9
5	Livestock & Veterinary Service	Supplies for Production & breeds	Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	17,500,000	17,500,000	100.0
6	Agriculture	Kenya climate-smart agriculture (World Bank)	All Wards	90,000,000	16,258,238	18.1
7	Water and Sanitation	Equipping new boreholes with Solar pumping systems	Alango, Lakole, Oldonyiro, Kilamawe, Iresaburu	15,000,000	14,923,732	99.5
8	Water and Sanitation	50m3 EST construction at Akadeli, Alango, Lakole, Attan, Bisan Biliqo, Malkagalla, Kombola, Gafarsa, Iresaburu, Goda, Oldonyiro, Forosa, Malkadaka, Mogore, Nyachis	Akadeli, Alango, Lakole, Attan, Bisan Biliqo, Malkagalla, Kombola, Gafarsa, Iresaburu, Goda, Oldonyiro, Forosa, Malkadaka, Mogore, Nyachis	16,000,000	12,762,889	79.8
9	Medical Services	Construction of Centre of excellence for maternal and child health services at ICRH	ICRH	10,084,886	10,000,654	99.2
10	Water and Sanitation	Rehabilitate broken-down water supplies during drought	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	10,316,619	9,469,000	91.8

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 nine months 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	299.55	-	299.55		100.0	-	55.5	-
County Executive Sector	383.27	-	199.88	-	301.81	-	151.0	-	78.7	-
County Treasury and Economic Planning and Special Programme and ICT and Cohesion	574.21	428.69	367.72	166.25	430.37	228.97	117.0	137.7	74.9	53.4
Lands, Urban Planning, Roads, Housing and Public Works	44.09	157.59	23.19	93.26	28.81	8.50	124.2	9.1	65.3	5.4
Agriculture, Livestock, Veterinary and Fisheries	173.60	521.26	96.34	163.22	85.55	193.26	88.8	118.4	49.3	37.1
Education, Youth, Sports, and Gender, Culture and Social Services	286.22	55.77	159.76	3.90	145.58	6.35	91.1	162.8	50.9	11.4
Tourism, Culture and Trade including PSM	508.90	44.00	278.46	-	318.82	-	114.5	-	62.6	-
Water, Energy, Environment and Natural Resources Management	76.63	279.19	45.37	46.73	39.43	42.52	86.9	91.0	51.5	15.2
Health Services	1,376.04	113.11	788.96	4.70	1,066.59	11.46	135.2	243.9	77.5	10.1
Municipal Administration	50.26	96.72	33.51	95.08	25.63	74.74	76.5	78.6	51.0	77.3
Total	4,012.49	1,736.32	2,292.74	573.13	2,742.14	565.80	119.6	98.7	68.3	32.6

Source: Isiolo County Treasury

Reported recurrent expenditure exceeds the exchequer released to the County. This may be attributed to spending FIF at source and non-reconciliation of reports. Analysis of expenditure by departments shows that the Department of Municipal Administration recorded the highest absorption rate of development budget at 77.3 per cent, followed by the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion at 53.4 per cent. The Department of County Executive Sector had the highest percentage of recurrent expenditure to budget at 78.7 per cent while the Department of Agriculture, Livestock, Veterinary and Fisheries had the lowest at 49.3 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 nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly of Isiolo							
Legislative service	Legislative service	539,252,680	-	299,545,690	-	55.5	-
Infrastructure support	Infrastructure support	-	40,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Total	539,252,680	40,000,000	299,545,690	-	55.5	-
County Executive Sector							
County Governance and Coordination Affairs	County Governance	91,632,605		54,265,729		59.2	-
	General Administration Planning & Support Services	141,668,054		82,251,607		58.1	-
	Sub-Total	233,300,659	-	136,517,336		58.5	-
Human Resources Mgt & Deployment	General Administration Planning & Support Services	31,647,996		15,823,997		50.0	-
	Human Resource Planning & Development	9,800,000		6,126,000		62.5	-
	Board Operation & Management	13,439,000		10,602,360		78.9	-
	Board Operation & Management	1,000,000		853,800		85.4	-
	Sub-Total	55,886,996		33,406,157		59.8	-
Prudent use of Financial Resources	General Administration Planning & Support Services	11,031,840		5,181,919		47.0	-
	Efficiency Monitoring & Community Engagement	2,125,034		1,867,100		87.9	-
	Sub-Total	13,156,874		7,049,019		53.6	-
Legal & Legislative Services	Legal Services	29,775,000		10,000,000		33.6	-
	Legislative Services	11,597,000		3,653,280		31.5	-
	Sub Total	41,372,000		13,653,280		33.0	-
Management of County Affairs	Personnel Services	-	-	-	-		
	Partnerships Intergovernmental & NGO Coordination	5,153,500		2,377,700		46.1	-
	Sub-Total	5,153,500	-	2,377,700		46.1	-
	Total	348,870,029	-	193,003,492	-	55.3	-
County Treasury and Economic Planning and Special Programme and ICT and Cohesion							
Public financial management	Administrative Services	76,532,103		36,170,159		47.3	-
	Supply Chain Management Services	119,601,053	286,691,868	44,435,720	107,269,498	37.2	37.4
	Accounting Services	34,611,849		30,655,339		88.6	-
	Sub-Total	230,745,005	286,691,868	111,261,218	107,269,498	48.2	37.4
Disaster Preparedness Prevention Response & Recovery	General Administration Planning & Support Services	31,000,000		14,000,000		45.2	-
	Coordination Training & Capacity Development	10,889,248		3,968,100		36.4	-
	Disaster Risk Awareness Preparedness & Management	163,400,000		135,294,000		82.8	-
	Social Protection	30,350,000	110,000,000	30,350,000	107,500,000	100.0	97.7
	Sub-Total	235,639,248	110,000,000	183,612,100	107,500,000	77.9	97.7
Economic Planning and Coordination ion	Monitoring and Evaluation	15,995,240		4,993,901		31.2	-
	Budget Formulation & Coordination	17,321,489	4,000,000	12,098,500	943,600	69.8	23.6
	Monitoring & Evaluation	13,821,730		7,896,400		57.1	-
	Sub-Total	47,138,459	4,000,000	24,988,801	943,600	53.0	23.6
Cohesion and Peace Building	Administrative and Civic Education Services	6,074,000		74,000		1.2	-
	Peace and Cohesion	6,987,503		5,237,600		75.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Violent Extremism Prevention	8,805,266		3,890,600		44.2	-
	Sub-Total	21,866,769	-	9,202,200	-	42.1	-
Revenue Enhancement	General Administration Planning & Support Services	20,035,000		9,130,000		45.6	-
	Source Revenue Enhancement	8,755,000	1,000,000	4,107,496	500,000	46.9	50.0
	Sub-Total	28,790,000	1,000,000	13,237,496	500,000	46.0	50.0
ICT and E-Government services	ICT Innovation and Enterprises	6,015,000		15,000		0.2	-
	County Government Public Image Improvement	3,990,000		3,414,900		85.6	-
	E-Government Services		27,000,000		2,999,700	-	11.1
	Sub-Total	10,005,000	27,000,000	3,429,900	2,999,700	34.3	11.1
	Total	574,184,481	428,691,868	345,731,715	219,212,798	60.2	51.1
Lands, Urban Planning, Roads, Housing and Public Works							
Land Survey and land use planning	County land planning and spatial development	10,587,020		3,744,510		35.4	-
	Land Use Planning	4,912,980	54,080,782	2,183,252	8,500,000	44.4	15.7
	Land Survey & Mapping	3,100,000		2,492,800		80.4	-
	Sub-Total	18,600,000	54,080,782	8,420,562	8,500,000	45.3	15.7
Roads & Infrastructure	Road Improvement	10,080,000		4,290,749		42.6	-
	Routine Roads Maintenance	2,561,000		2,239,800		87.5	-
	Sub-Total	12,641,000		6,530,549	-	51.7	-
Planning and Survey of Urban Areas (Modogashe and Olndonyiro)	Administration and Planning Services	110,000		68,743		62.5	-
	Housing Development	2,550,000		1,390,400		54.5	-
	Urban Development		3,000,000		-	-	-
	Sub-Total	2,660,000	3,000,000	1,459,143	-	54.9	-
Public Works & Infrastructure	General Administration Planning & Support Services	10,193,160		3,614,858		35.5	-
	Routine Roads Maintenance		100,511,280		-	-	-
	Sub-Total	10,193,160	100,511,280	3,614,858		35.5	-
	Total	44,094,160	157,592,062	20,025,112	8,500,000	45.4	5.4
Agriculture, Livestock, Veterinary and Fisheries							
Sustainable Crop Development & Agricultural Land Use	General Administration Planning & Support Services	47,722,420		23,551,209		49.4	-
	Irrigation Schemes	585,100	300,000	185,100	-	31.6	-
	Crop Development & Management	3,095,591	299,415,435	1,340,100	48,258,238	43.3	16.1
	Agribusiness & Market Development	1,070,000	-	1,023,300		95.6	-
	Sub-Total	52,473,111	299,715,435	26,099,709	48,258,238	49.7	16.1
Livestock Production	General Administration Planning & Support Services	92,721,352	-	45,068,124		48.6	-
	Rangeland Rehabilitation & Management	2,481,083	-	850,000		34.3	-
	Marketing & Value Addition		200,000,000		130,000,000	-	65.0
	Breeds Improvement & Livestock Risk Mgt		17,743,151		14,230,400	-	80.2
	Livelihood Diversification		1,044,000		-	-	-
	Sub-Total	95,202,435	218,787,151	45,918,124	144,230,400	48.2	65.9
Value Addition	Livestock Diseases & Pests Control	15,000,000		8,769,600		58.5	-
	Diagnostics & Laboratory Services	600,000		0		0.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Veterinary Public Health Services	3,875,000		2,406,950		62.1	-
	Sub-Total	19,475,000		11,176,550	-	57.4	-
Fisheries Development	General Administration & Support Services	4,324,240		1,280,488	-	29.6	-
	Aquaculture Technology Development & Innovation Transfer	181,000	2,753,000	156,000	-	86.2	-
	Fish Safety Assurance Value Addition & Marketing	1,940,000		1,072,400	-	55.3	-
	Sub-Total	6,445,240	2,753,000	2,508,888		38.9	0.0
	Total	173,595,786	521,255,586	85,703,271	192,488,638	49.4	36.9
Education, Youth, Sports, and Gender, Culture and Social Services							
Provision of education and training services	General Administration & Support Services	153,887,827		75,776,354		49.2	-
	ECDE Retention	7,000,000		6,000,000		85.7	-
	Education Support Services	76,703,184	-	36,023,500	-	47.0	-
	Quality ECDE Services	745,035	-	370,000	-	49.7	-
	ECDE Access		23,400,000		-	-	-
	Sub-Total	238,336,046	23,400,000	118,169,854	-	50	-
Youth, Sports and Gender	Sports Performance & Management	7,255,600		3,250,300		44.8	-
	General Administration Planning & Support	7,732,080		6,125,593		79.2	-
	Youth Development	8,024,199	-	7,226,000	-	90.1	-
	Sports Facilities Development		6,000,000		-	-	-
	Sub-Total	23,011,879	6,000,000	16,601,893	-	72.1	-
Culture and social services	Administration & Support Services	16,900,280		5,602,905		33.2	-
	Arts & Culture Development	900,000	12,025,011	760,300	-	84.5	-
	Sub-Total	17,800,280	12,025,011	6,363,205	-	35.7	-
Gender Mainstreaming	Gender-Based Violence & Harmful Practices	1,380,000		802,000		58.1	-
	Women Empowerment	220,000	-	170,000	-	77.3	-
	Child Protection		2,000,000		2,000,000	-	100.0
	Sub-Total	1,600,000	2,000,000	972,000	2,000,000	60.8	100.0
Disability Empowerment	PWDs Social-Economic Empowerment	2,696,484	-	1,100,000	-	40.8	-
	Sub-Total	2,696,484	-	1,100,000	-	40.8	-
Cultural and Arts Empowerment	TVET Access & Retention	248,157	10,875,185	99,950	4,350,000	40.3	40.0
	VTC Quality Development	2,531,843		966,000		38.2	-
	Secondary & Tertiary Education Support		1,465,185		-	-	-
	Sub-Total	2,780,000	12,340,370	1,065,950	4,350,000	38.3	35.3
	Total	286,224,689	55,765,381	144,272,902	6,350,000	50.4	11.4
Tourism, Culture and Trade including PSM							
Tourism Promotion	Tourism Promotion and Marketing	123,926,330		76,419,250		61.7	-
	Tourism Development	700,000		1,406,400		200.9	-
	Wildlife Protection		8,000,000		-	-	-
	Sub-Total	124,626,330	8,000,000	77,825,650	-	62.4	-
Trade development and promotion	Entrepreneurship and business management training	3,407,867		2,123,200		62.3	-
	General Administration & Support Services	12,693,520		4,453,608		35.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Co-operative Development & Management	2,200,000		925,800		42.1	-
	Development of new market stalls		30,000,000		-	-	-
	Sub-Total	18,301,387	30,000,000	7,502,608	-	50.4	-
Peace and Unity Building Initiatives	General Administration Planning & Support Services	166,510,090		97,813,120		58.7	-
	County Administration	25,934,954		17,289,550		66.7	-
	Public Service Productivity & Reforms	181,752,720		116,726,375		64.2	-
	Performance Management Framework	9,437,000	6,000,000	9,011,330	-	95.5	-
	Devolved Units	7,575,000	-	6,005,200	-	79.3	-
	Sub-Total	391,209,764	6,000,000	246,845,574	-	63.1	-
Civic Education & Public Participation	General Administration Planning & Support Services	5,010,000	-	2,390,000		47.7	-
	Civic Education	1,460,000		709,400		48.6	-
	Public Participation	1,750,000	-	977,300		55.8	-
	Customer Service	950,000		249,300		26.2	-
	Sub-Total	9,170,000		4,326,000	-	47.2	-
	Total	539,899,614	44,000,000	336,499,832	-	62.3	-
Water, Energy, Environment and Natural Resources Management							
Water Supply and Storage Services	Procurement of survey equipment & accessories	30,021,320		13,403,859		44.6	-
	Rural Water Supply & Storage Services	12,699,573	93,316,619	9,062,176	35,546,813	71.4	38.1
	Rural Water Services Governance	750,000	4,000,000	146,000	-	19.5	0.0
	Adaptive Capacity to Natural Disaster	3,000,000		2,200,000		73.3	-
	Sub-Total	46,470,893	97,316,619	24,812,035	35,546,813	53.4	36.5
Climate Change Mitigation & Adaptation	General Administration & Support Services	19,565,040		9,729,265		49.7	-
	Enabling Legal & Implementation Frameworks	1,006,732		589,400		58.5	-
	Inclusive Climate Resilience	800,000		466,200		58.3	-
	Climate Smart Practices	2,270,000	177,870,282	1,190,000	4,968,500	52.4	2.8
	Sub-Total	23,641,772	177,870,282	11,974,865	4,968,500	50.7	2.8
Conservation of Environment & Natural Resources	Administration and Support Services	20,000		36,000		180.0	-
	Sustainable Natural Resources Exploitation	2,020,000	-	1,046,200	-	51.8	-
	Environmental Conservation	550,000		150,000		27.3	-
	Sub-Total	2,590,000	-	1,232,200	-	47.6	-
Energy services	General Administration & Support Services	135,000		82,000		60.7	-
	Green Energy Promotion	3,790,000		1,285,600		33.9	-
	Renewable Energy Technologies		4,000,000		2,000,000	-	50.0
	Sub-Total	3,925,000	4,000,000	1,367,600	2,000,000	34.8	50.0
	Total	76,627,665	279,186,901	39,386,700	42,515,313	51.4	15.2
Health Services							
Health Curative Services	Administration Support Services	-		1,013,400		-	-
	Human Resource Management	968,741,288		486,250,472		50.2	-
	Monitoring & Evaluation	4,071,674		3,389,326		83.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Quality Assurance & Standards	4,402,000		1,333,200		30.3	-
	Curative and Rehabilitative Health Services	37,248,592	42,476,986	16,480,175	6,758,954	44.2	15.9
	Pharmaceutical & Pharmaceutical Commodities	143,717,960		78,408,299		54.6	-
	Sub-Total	1,158,181,514	42,476,986	586,874,872	6,758,954	50.7	15.9
Health Preventive and Promotive Services	Preventive and Promotive Health Services	-		898,000		-	-
	Human Resource Management	119,068,341		59,350,852		49.8	-
	Primary Health Care	46,311,079	57,399,145	23,148,263	4,698,375	50.0	8.2
	Nutrition	2,502,646		1,118,320		44.7	-
	Community Health Services	31,000,000		16,807,000		54.2	-
	Communicable Diseases Control	5,177,900		5,067,500		97.9	-
	Public Health Emergency Coordination	13,796,400	13,231,500	2,991,282	-	21.7	0.0
	Sub-Total	217,856,366	70,630,645	109,381,217	4,698,375	50.2	6.7
	Total	1,376,037,880	113,107,631	696,256,089	11,457,329	50.6	10.1
Municipal Administration							
Municipal Administration	General Administration and Planning	29,920,749		16,167,661		54.0	-
	Infrastructural Development	7,500,000	8,394,689	3,500,000	255,155	46.7	3.0
	Municipality Amenities	5,125,000	80,000,000	3,424,400	71,161,910	66.8	89.0
	Municipal Disaster Management	2,300,000	8,327,500	1,290,500	3,327,500	56.1	40.0
	Municipal Transport Services & Management	5,418,161		1,250,000		23.1	-
	Sub-Total	50,263,910	96,722,189	25,632,561	74,744,565	51.0	77.3
Grand Total		4,012,458,761	1,736,321,618	2,186,057,364	555,268,643	54.5	32.0

Source: Isiolo County Treasury

The county-submitted program report does not tally with its submitted expenditure report summarised in Table 3.63.

Sub-programmes with the highest levels of implementation based on absorption rates were: Tourism Development in the Department of Tourism, Culture and Trade including PSM at 200.9 per cent, Administration and Support Services in the Department of Water, Energy, Environment and Natural Resources Management at 180 per cent, Social Protection in the Department of County Treasury and Economic Planning and Special Programme and ICT and Cohesion at 100 per cent, and Child Protection in the department of Education, Youth, Sports, and Gender, Culture and Social Services at 100 per cent of budget allocation.

3.9.13 Accounts Operated in Commercial Banks

The County government operated a total of 13 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

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 report was received on 19th April 2024.
2. High level of pending bills which amounted to Kshs.431.54 million as of 31st March 2024.
3. Under absorption of development budget at 32.6 per cent of its annual budget in the first 9 months of the FY.
4. 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 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 the timelines prescribed in Section 166 of the PFM Act, 2012.*
2. *County Treasury to come up with strategies to improve absorption of the development budget in the remaining three months of the FY.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *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 revenue collection accounts are exempted.*

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 nine months of FY 2023/24, the County received Kshs.4.81 billion as an equitable share of the revenue raised nationally, Kshs.229.20 million as additional allocations/conditional grants, had a cash balance of Kshs.9.38 million from FY 2022/23, and raised Kshs.729.51 million as own-source revenue (OSR). The raised OSR includes Kshs.183.82 million as FIF and Kshs.545.69 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.78 billion, as shown in Table 3.64.

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

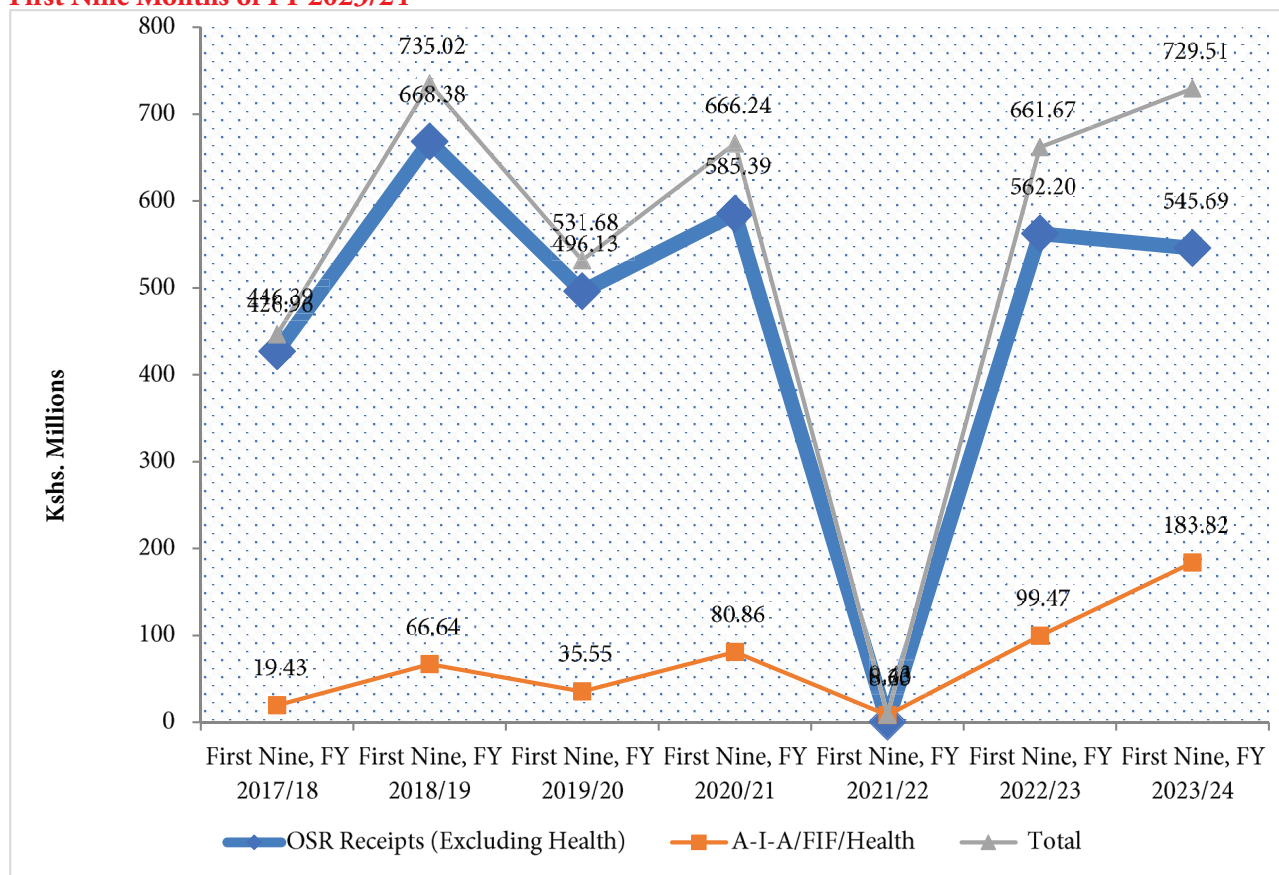
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,332,649,396	4,814,123,873	57.8
	Subtotal	8,332,649,396	4,814,123,873	57.8
B	Additional Allocations/Conditional Grants			
	Aggregated Industrial Park	250,000,000.00	-	-
	DANIDA-Capital grants from foreign government	24,331,572.00	-	-
	DANIDA- Level 1 grants	2,588,510.00	-	-
	Nutritional International	16,322,858.00	2,499,400	15.3
	Kenya Informal Settlement Improvement Project	44,974,785.00	30,000,000	66.7
	IDA-National Agricultural Value Chain Development Project	250,000,000.00	195,112,952	78.0
	Aquaculture Business Development Project	10,509,643.00	-	-
	Fertilizer Subsidy grants	41,355,485.00	-	-
	livestock Value Chain Support Project	28,647,360.00	-	-
	De-risking and Value Chain Enhancement	96,691,980.00	-	-
	Kenya Climate Smart Agriculture	90,000,000.00	-	-
	Financially of Locally Led Climate Action-FLLoca- County Climate Resilience grants	125,000,000.00		
	Agriculture Sector Development Support	5,585,811.00	1,585,811	28.4
	Financially of Locally Led Climate Action-FLLoca- County Climate Institutional	22,558,300.00		
	Kenya Devolution Support Programme -Level1	30,636,596.00		
	Kenya Devolution Support Programme -Level 2	11,961,075.00		
	Mineral Royalties	660,242,992.00		
	Subtotal	1,711,406,967	229,198,163	13.5
C	Own Source Revenue			
	Ordinary Own Source Revenue	1,200,000,000	545,685,853	45.5
	Ordinary Appropriation in Aid (A-I-A)	-	-	
	Facility Improvement Fund (FIF)	315,702,515	183,820,486	58.2
	Subtotal	1,515,702,515	729,506,339	48.0
D	Other Sources of Revenue			
	Unspent balance from FY 2022/23	-	9,379,466	-
	Sub Total	-	9,379,466	-
Grand Total		11,559,758,878	5,782,307,841	50.0

Source: Kajiado County Treasury

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

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

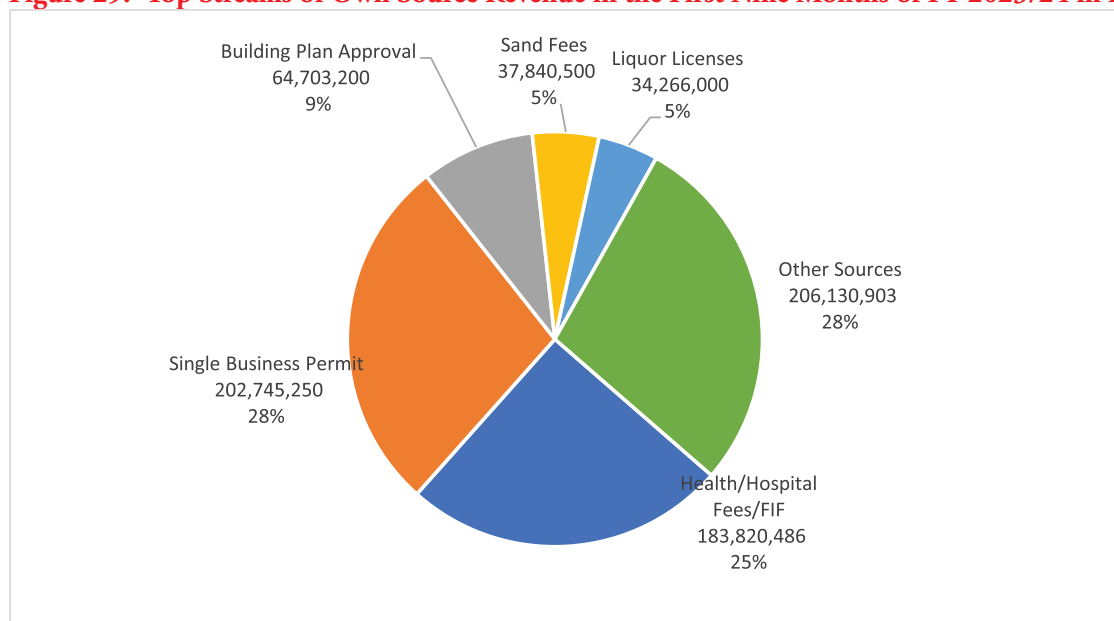
Figure 28: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Kajiado County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.729.51 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 10.3 per cent compared to Kshs.661.67 million realised in a similar period in FY 2022/23 and was 48.0 per cent of the annual target and 15.2 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 Nine Months of FY 2023/24 in Kshs.



Source: Kajiado County Treasury

The highest revenue stream of Kshs.202.75 million was from Single Business Permit contributing to 27.8 per cent of the total OSR receipts during the reporting period.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.60 billion from the CRF account during the reporting period, which comprised Kshs.1.04 billion (18.6 per cent) for development programmes and Kshs.4.56 billion (81.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.86 billion was released towards Employee Compensation and Kshs.1.70 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.284.22 million.

3.10.4 County Expenditure Review

The County spent Kshs.5.25 billion on development and recurrent programmes in the reporting period. The expenditure represented 93.8 per cent of the total funds released by the CoB and comprised Kshs.842.64 million and Kshs.4.41 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.8 per cent, while recurrent expenditure represented 60.3 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.69 billion, comprising Kshs.494.09 million for recurrent expenditure and Kshs.1.20 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.492.67 million, which were entirely for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.21 billion.

The County Assembly reported outstanding pending bills of Kshs.10.68 million as of 31st March 2024.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.66 billion on employee compensation, Kshs.1.20 billion on operations and maintenance, and Kshs.821.26 million on development activities. Similarly, the County Assembly spent Kshs.193.81 million on employee compensation, Kshs.346.89 million on operations and maintenance, and Kshs.21.38 million on development activities, 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
Total Recurrent Expenditure	6,445,460,909	866,865,718	3,867,650,486	540,691,929	60.0	62.4
Compensation to Employees	4,289,801,362	312,177,793	2,662,843,406	193,805,164	62.1	62.1
Operations and Maintenance	2,155,659,547	554,687,925	1,204,807,080	346,886,765	55.9	62.5
Development Expenditure	4,014,432,251	233,000,000	821,258,953	21,379,202	20.5	9.2
Total	10,459,893,160	1,099,865,718	4,688,909,439	562,071,131	44.8	51.1

Source: Kajiado County Treasury

3.10.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.86 billion, or 49.5 per cent of the available revenue, which amounted to Kshs.5.78 billion. This expenditure represented a decrease from Kshs.3.07 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.20 billion paid to health sector employees, translating to 42 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.69 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.169.13 million was processed through manual pay-rolls. The manual payrolls accounted for 5.9 per cent of the total PE cost.

The County Assembly spent Kshs.16.24 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.47.47 million. The average monthly sitting allowance was Kshs.42,958 per MCA. The County Assembly has established 19 Committees.

3.10.8 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.310 million to county-established funds in FY 2023/24, constituting 2.7 per cent of the County's overall budget. Table 3.66 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.66: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Educational Benefits-Scholarship	175,000,000	125,000,000	117,410,521	870,000,000	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	10,000,000	10,000,000	90,000,000	yes
4	Disability Fund	10,000,000	10,000,000	8,252,345	78,000,000	Yes
5	Liquor Fund	10,000,000	-	-		No
6	Investments Authority Funds	25,000,000	18,500,000	18,500,000	18,500,000	yes
County Assembly Established Funds						
7	MCA's Car Loan and Mortgage	30,000,000	-	-	384,500,000	No
	Total	310,000,000	179,000,000	169,662,866	1,691,247,500	

Source: Kajiado County Treasury

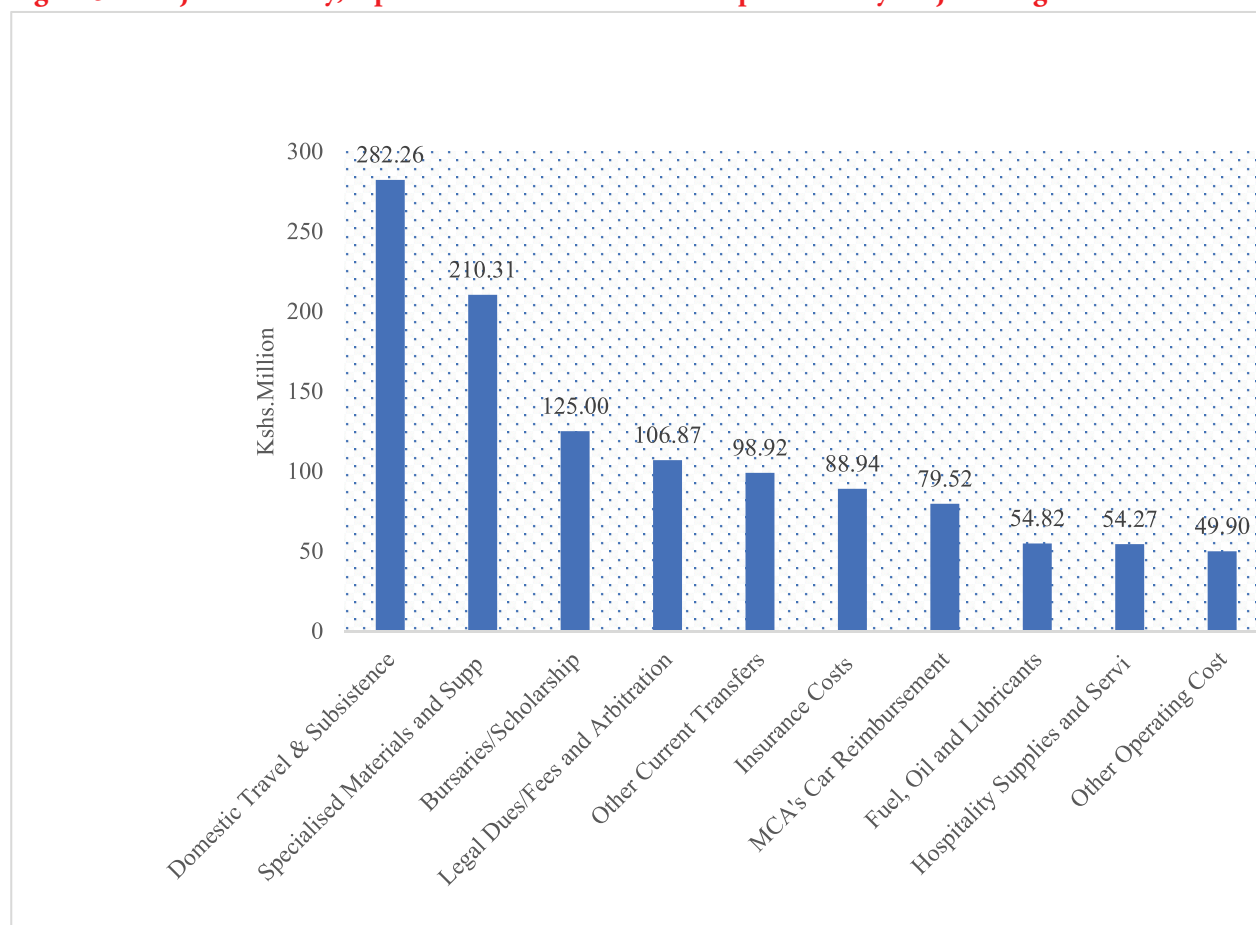
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Liquor and County Assembly Car loan and Mortgage funds, as indicated in Table 3, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.10.9 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.282.26 million and comprised Kshs.150.36 million spent by the County Assembly and Kshs.131.90 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.67 million, which was entirely incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.67 below; -

Table 3.67: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	16 th to 22 nd October, 2023	A workshop on Public Finance Training	South Africa	468,722
County Assembly	27	29 th October, 2023 to 3 rd November, 2023	Training on Legislative Drafting	Arusha, Tanzania	7,829,651
County Assembly	1	29 th October 2023 to 4 th November, 2023	Training on leadership	Kent, UK	657,458
County Assembly	6	13 th to 17 th November, 2023	EALASCA games preparation	Kampala, Uganda	1,443,792
County Assembly	3	21 st to 27 th January 2024	Governance and leadership training	Dubai, UAE	2,616,677
County Assembly	4	22 nd to 27 th January, 2024	International relations Diplomacy	Arusha, Tanzania	1,517,476

Source: Kajiado County Assembly

3.10.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.842.64 million on development programmes, representing a decrease of 10.4 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.940.87 million. The table 3.68 summarises development projects with the highest expenditure in the reporting period.

Table 3.68: 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.	Road	Construction of Pakaase bridge for flood mitigation	Magadi	147,201,634	33,505,896	100
2.	Finance	Maintenance and administrative cost of revenue collection system	Ildamat	24,705,000	24,650,224	100
3.	Road	Construction of Olkatetamai Footbridge	Kenyawa	47,005,138	23,502,569	100
4.	Finance	Automation of revenue collection system	Ildamat	21,671,681	21,671,681	100
5.	Finance	Construction of Supply Chain Office	Ildamat	20,259,043	14,730,196	100
6.	Health	Supply, Delivery and Testing of Mortuary for Ngong and Ongata Rongai	Ngong	18,478,400	18,478,400	100
7.	Road	Construction of Kimana Road Box Culvert	Kimana	30,500,042	15,250,021	100
8.	Health	Construction of a male ward at Kajiado Referral Hospital	Ildamat	32,499,371	14,165,927	100
9.	Health	Construction of 20m High Mast at Kajiado Teaching and Referral Hospital	Nkaimurunya	10,060,500	10,054,585	100
10.	Health	Cabro paving at Kajiado County Referral Hospital	Ildamat	11,508,824	9,336,608	100

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 3.69 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.69: 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	-	123.50	-	119.27	-	96.6	-	52.7	-
County Public Service Board	116.97	-	74.12	-	70.84	-	95.6	-	60.6	-
Medical Service and Public Health	2,371.60	437.42	1,561.41	15.00	1,479.71	15.00	94.8	100.0	62.4	3.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resource	191.30	320.26	113.34	-	103.39	-	91.2	-	54.0	-
Roads, Transport, Public Works and Energy	172.35	180.50	122.38	-	117.46	-	96.0	-	68.2	-
Public Service Administration and Citizen Participation	821.90	-	467.62	-	463.76	-	99.2	-	56.4	-
County Treasury	658.03	1,430.96	347.15	807.33	337.95	806.26	97.3	99.9	51.4	56.3
Lands, Physical Planning and Urban Development	141.47	-	86.33	-	84.40	-	97.8	-	59.7	-
County Assembly	866.87	233.00	540.69	21.38	540.69	21.38	100.0	100.0	62.4	9.2
Education, Youth and Sport	737.80	141.00	458.32	-	450.83	-	98.4	-	61.1	-
Gender, Cooperative, Culture, Tourism and Wildlife	181.56	-	99.70	-	86.79	-	87.1	-	47.8	-
Agriculture, Livestock, Veterinary Service and Fisheries	285.93	534.29	168.15	197.61	162.19	-	96.5	-	56.7	-
Trade, Investment and Enterprise Development	197.90	540.00	142.04	-	141.09	-	99.3	-	71.3	-
Kajiado Municipality	57.25	125.00	40.86	-	39.61	-	96.9	-	69.2	-
Ngong Municipality	89.66	215.00	60.55	-	59.51	-	98.3	-	66.4	-
Office of the County Attorney	160.63	-	127.22	-	125.58	-	98.7	-	78.2	-
Kitengela Municipality	34.89	90.00	26.75	-	25.28	-	94.5	-	72.5	-
Total	7,312.33	4,247.43	4,560.14	1,041.32	4,408.34	842.64	96.7	80.9	60.3	19.8

Source: Kajiado County Treasury

Analysis of expenditure by departments shows that the Department of County Treasury has the highest absorption rate of development budget at 56.3 per cent, followed by County Assembly at 9.2 per cent. The Department of County Attorney had the highest percentage of recurrent expenditure to budget at 78.2 per cent while the Department of County Treasury Municipality had the lowest at 51.4 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.70 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

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

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		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	161,558,629.00	-	95,494,374.00	-	59.1	-
Coordination Devolution Service	County Executive	23,880,000.00	-	8,405,185.00	-	35.2	-
	Intergovernmental Relation	18,788,000.00	-	8,785,408.00	-	46.7	-
	County Advisory	10,210,000.00	-	2,450,994.00	-	24	-
	Special Programs	11,776,000.00	-	4,130,400.00	-	35.1	-
	Sub Total	226,212,629.00	-	119,266,361.00	-	52.7	-
County Public Service Board							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	116,966,917.00	-	70,839,688.00	-	60.6	-
	Sub-Total	116,966,917.00	-	70,839,688.00	-	60.6	-
Department of Medical Service and Public Health							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	2,008,820,505.00	10,000,000.00	1,249,277,622.00	-	62.2	-
Curative and Rehabilitative	Hospital Service	7,264,200.00	315,702,516.00	3,361,011.00	15,000,000.00	46.3	4.8
	Health Products and Technologies	270,872,533.00	-	170,313,370.00	-	62.9	-
	Emergency Responses	6,529,000.00	-	4,394,500.00	-	67.3	-
Public Health and Sanitation	Reproductive Maternal	32,617,507.00	-	22,729,300.00	-	69.7	-
	Communicable and non-communicable disease	4,990,642.00	-	3,030,501.00	-	60.7	-
	Primary Health Care	22,386,689.00	107,220,082.00	19,017,745.00	-	85	-
	Disease Surveillance and Response	3,869,815.00	-	1,970,810.00	-	50.9	-
	Environmental Health	14,251,840.00	4,500,000.00	5,610,298.00	-	39.4	-
	Sub Total	2,371,602,731.00	437,422,598.00	1,479,705,157.00	15,000,000.00	62.4	3.4
Department of Water, Irrigation, Environment and Natural Resource							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	106,014,390.00	-	70,485,302.00	-	66.5	-
Water Service	Water Service	34,820,000.00	150,700,000.00	15,767,838.00	-	45.3	-
	Storm Water Management	7,236,148.00	-	574,568.00	-	7.9	-
	Sanitation Service	4,820,000.00	-	832,464.00	-	17.3	-
Environment and Natural Resources	Environmental	30,685,867.00	-	14,734,577.00	-	48	-
	Natural Resources	2,121,984.00	-	769,000.00	-	36.2	-
	Climate Change	5,600,000.00	169,558,300.00	224,000.00	-	4	-
	Sub Total	191,298,389.00	320,258,300.00	103,387,749.00	-	54	-
Department of Roads, Transport, Public Works and Energy							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	123,805,838.00	-	92,544,547.00	-	74.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Works and Infrastructure	Roads	10,500,000.00	168,500,000.00	3,540,865.00	-	33.7	-
	Energy	9,982,500.00	12,000,000.00	7,461,324.00	-	74.7	-
	Fire Fighter	5,900,000.00	-	2,114,172.00	-	35.8	-
	Transport	14,348,000.00	-	8,998,185.00	-	62.7	-
	Public Works	7,814,183.00	-	2,802,700.00	-	35.9	-
	Sub Total	172,350,521.00	180,500,000.00	117,461,793.00	-	68.2	-
Department of Public Service, Administration and Citizen Participation							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	504,618,020.00	-	350,949,470.00	-	69.5	-
Public Service and Administration	County Administration	12,434,557.00	-	1,829,150.00	-	14.7	-
	County Inspectorate	6,515,500.00	-	2,012,300.00	-	30.9	-
Human Resource Management and Development	Human Resource	253,149,400.00	-	99,656,267.00	-	39.4	-
Citizen Participation	Citizen Participation	13,172,624.00	-	2,633,400.00	-	20	-
	Social Protection	13,000,000.00	-	2,497,600.00	-	19.2	-
	Disability Mainstreaming	3,500,500.00	-	3,150,000.00	-	90	-
	Control of Alcohol and Substance Abuse	12,506,000.00	-	52,000.00	-	0.4	-
	County Organization	3,000,000.00	-	981,100.00	-	32.7	-
	Sub Total	821,896,601.00	-	463,761,287.00	-	56.4	-
Department of County Treasury							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	548,170,019.00	1,395,961,075.00	276,535,912.00	806,258,953.00	50.4	57.8
	Information, Communication and Technologies	22,010,000.00	5,000,000.00	16,929,402.00	-	76.9	-
Public Finance Management	Budget Coordination and Management	11,500,000.00	-	6,159,532.00	-	53.6	-
	Accounting Service	10,210,000.00	-	5,632,784.00	-	55.2	-
	Supply Chain Management	28,490,000.00	-	7,217,271.00	-	25.3	-
	Internal Audit	7,600,000.00	-	5,265,150.00	-	69.3	-
	Revenue Collection/ Resource Mobilization	13,433,094.00	30,000,000.00	9,626,397.00	-	71.7	-
Economy Policy Coordination	Economic Planning	8,300,000.00	-	4,726,250.00	-	56.9	-
	Monitoring and Evaluation	8,321,000.00	-	5,858,400.00	-	70.4	-
	Sub Total	658,034,113	1,430,961,075	337,951,098.00	806,258,953	51.4	56.3
Department of Lands, Physical Planning and Urban Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	96,317,286.00	-	65,259,729.00	-	67.8	-
Land Policy and Planning	Physical Planning	9,484,700.00	-	6,089,600.00	-	64.2	-
	Lands Survey and Mapping	5,570,000.00	-	2,792,063.00	-	50.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Lands Administration	6,170,000.00	-	3,044,480.00	-	49.3	-
Urban Development and Management	Urban Development	17,776,900.00	-	4,930,769.00	-	27.7	-
	Housing	6,150,000.00	-	2,285,451.00	-	37.2	-
	Sub Total	141,468,886	-	84,402,092	-	59.7	-
County Assembly							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	505,518,310.00	233,000,000.00	273,575,114.00	-	54.1	-
Legislation, Representation and Oversight	Legislation, Representation and Oversight	361,347,408.00	-	267,116,817.00	21,379,202.00	73.9	-
	Sub Total	866,865,718	233,000,000	540,691,931	21,379,202	62.4	9.2
Department of Education, Youth and Sport							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	506,365,886.00	-	440,212,245.00	-	86.9	-
Early Childhood Development	Early Childhood	214,150,000.00	131,000,000.00	5,397,512.00	-	2.5	-
Technical and Vocational	Technical and Vocational Training	4,520,880.00	10,000,000.00	1,060,500.00	-	23.5	-
Youth and Sports	Sport Training and Competition	12,764,150.00	-	4,155,375.00	-	32.6	-
	Sub Total	737,800,916	141,000,000	450,825,632	-	61.1	-
Department of Gender, Cooperative, Culture, Tourism and Wildlife							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	108,370,915.00	-	58,138,701.00	-	53.6	-
Gender Mainstreaming	Gender Mainstreaming	22,345,284.00	-	7,832,400.00	-	35.1	-
Arts and Culture	Cultural Heritage	10,421,373.00	-	5,649,165.00	-	54.2	-
	Cultural Activities	15,049,365.00	-	5,759,900.00	-	38.3	-
Local Tourism and Wildlife	Local Tourism Promotion and Wildlife Management	4,259,150.00	-	1,008,000.00	-	23.7	-
Cooperative Development	Cooperative Development	21,115,436.00	-	8,399,689.00	-	39.8	-
	Sub Total	181,561,523	-	86,787,855	-	47.8	-
Department of Agriculture, Livestock, Veterinary Service and Fisheries							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	185,460,479.00	-	116,193,809.00	-	62.7	-
Crop Production	Crop Development	6,968,118.00	386,941,296.00	622,300.00	-	8.9	-
	Agricultural Mechanization Services	7,354,234.00	-	2,051,570.00	-	28	-
	Agricultural Training Centre	2,173,607.00	-	83,800.00	-	3.9	-
	Plant Disease Control	2,722,912.00	-	164,500.00	-	6	-
	Agri-Business and Market Development	2,722,911.00	-	673,476.00	-	24.7	-
Irrigation	Irrigation Service	10,230,339.00	-	2,342,100.00	-	22.9	-
Livestock Resources	Animal Husbandry	7,212,134.00	3,000,000.00	951,700.00	-	13.2	-
	Livestock Market	704,960.00	133,839,340.00	31,500.00	-	4.5	-
	Veterinary Service	3,568,839.00	-	693,000.00	-	19.4	-
	Animal Disease Control	49,558,914.00	-	35,167,200.00	-	71	-
Fisheries	Fisheries	7,250,690.00	10,509,642.00	3,211,840.00	-	44.3	-
	Sub Total	285,928,137	534,290,278	162,186,795	-	56.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Trade, Investment and Enterprise Development							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	148,192,085.00	-	129,111,619.00	-	87.1	
Trade Development	Trade Development	47,962,535.00	540,000,000.00	11,271,634.00	-	23.5	-
	Enterprise Development	1,749,902.00	-	710,200.00	-	40.6	-
Cooperative Enterprise Development	Cooperative Development	-	-	-	-	0	-
	Sub Total	197,904,522	540,000,000	141,093,453	-	71.3	-
Department of Kajiado Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	46,615,226.00	-	37,011,832.00	-	79.4	-
Urban Infrastructure	Urban Infrastructure	2,384,000.00	125,000,000.00	1,023,400.00	-	42.9	-
Environmental Management and Public Health	Environmental Management and Public Health	8,255,667.00	-	1,574,572.00	-	19.1	-
	Sub Total	57,254,893.00	125,000,000.00	39,609,804.00	-	69.2	-
Department of Ngong Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	76,716,430.00	-	57,687,139.00	-	75.2	-
Urban Infrastructure	Urban Infrastructure	3,480,000.00	215,000,000.00	1,824,500.00	-	52.4	-
Environmental Management and Public Health	Environmental Management and Public Health	9,466,667.00	-	-	-	0	-
	Sub Total	89,663,097.00	215,000,000.00	59,511,639.00	-	66.4	-
County Attorney							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	160,630,578.00	-	125,580,975.00	-	78.2	-
	Sub Total	160,630,578	-	125,580,975	-	78.2	-
Department of Kitengella Municipality							
General Administration, Planning and Support Service	General Administration, Planning and Support Service	24,469,790.00	-	18,275,509.00	-	74.7	-
Urban Infrastructure	Urban Infrastructure	850,000.00	90,000,000.00	300,000.00	-	35.3	-
Environmental Management and Public Health	Environmental Management and Public Health	9,566,666.00	-	6,703,600.00	-	70.1	-
	Sub Total	34,886,456.00	90,000,000.00	25,279,109.00	-	72.5	-
Grand Total		7,312,326,627	4,247,432,251	4,408,342,418	842,638,155	60.3	19.8

Source: Kajiado County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Disability mainstreaming in the Department of Public Service Administration and Citizen Participation at 90 per cent, General Administration, Planning and Support Service in the Department of Trade, Investment and Enterprise Development at 87.1 per cent, General Administration, Planning and Support Service in the Department of Education, Youth and Sport at 86.9 per cent, and General Administration, Planning and Support Service in Kitengela Municipality at 79.4 per cent of budget allocation.

3.10.13 Accounts Operated in Commercial Banks

The County government operated a total of twenty-seven (27) accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is

for imprest bank accounts for petty cash and revenue collection bank accounts.

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, Kajiado County Investment Authority Fund Accounts and Women and Youth Fund Account, Kajiado County Assembly Car Loan and Mortgage Fund Account, Kajiado County Assembly Operation Account, Kajiado Debt Collection Account, Agricultural Sector Development Support Program II account, Kenya Climate Smart Account, Kajiado County NAVCDP Account, Kajiado County Climate Change Fund Account, Women Economic Empowerment Funds, Kajiado Referral Hospital Account, Ngong Hospital Account, Ongata Rongai Hospital Account, Kitengela Hospital Account, Loitokitok Hospital Account.

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.729.51 million against an annual target of Kshs.1.52 billion, representing 48.0 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Liquor Fund and MCA's Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.1.21 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.169.13 million were processed through the manual payroll, accounting for 5.9 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 requires that County government bank accounts 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.16.55 billion, comprising Kshs.5.24 billion (31.7 per cent) and Kshs.11.31 billion (68.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 1.1 per cent compared to the previous financial year when it was Kshs.16.37 billion, and comprised of Kshs.5.52 billion towards development expenditure and Kshs.10.85 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.92 billion (78 per cent) as the equitable share of revenue raised nationally, Kshs.547.45 million as additional allocations/conditional grants, a cash balance of Kshs.886.17 million (5.4 per cent) brought forward from FY 2022/23, and generate Kshs.2.22 billion (13.3 per cent) as gross own source revenue. The own-source revenue includes Kshs.841.0 million (5.1 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.1.36 billion (8.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.71.

3.11.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.7.49 billion as an equitable share of the revenue raised nationally, Kshs.207.37 million as additional allocations/conditional grants, had a cash balance of Kshs.886.17 million from FY 2022/23 and raised Kshs.874.42 million as own-source revenue (OSR). The raised OSR includes Kshs.377.37 million as FIF and Kshs.497.05 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.9.46 billion, as shown in Table 3.71.

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

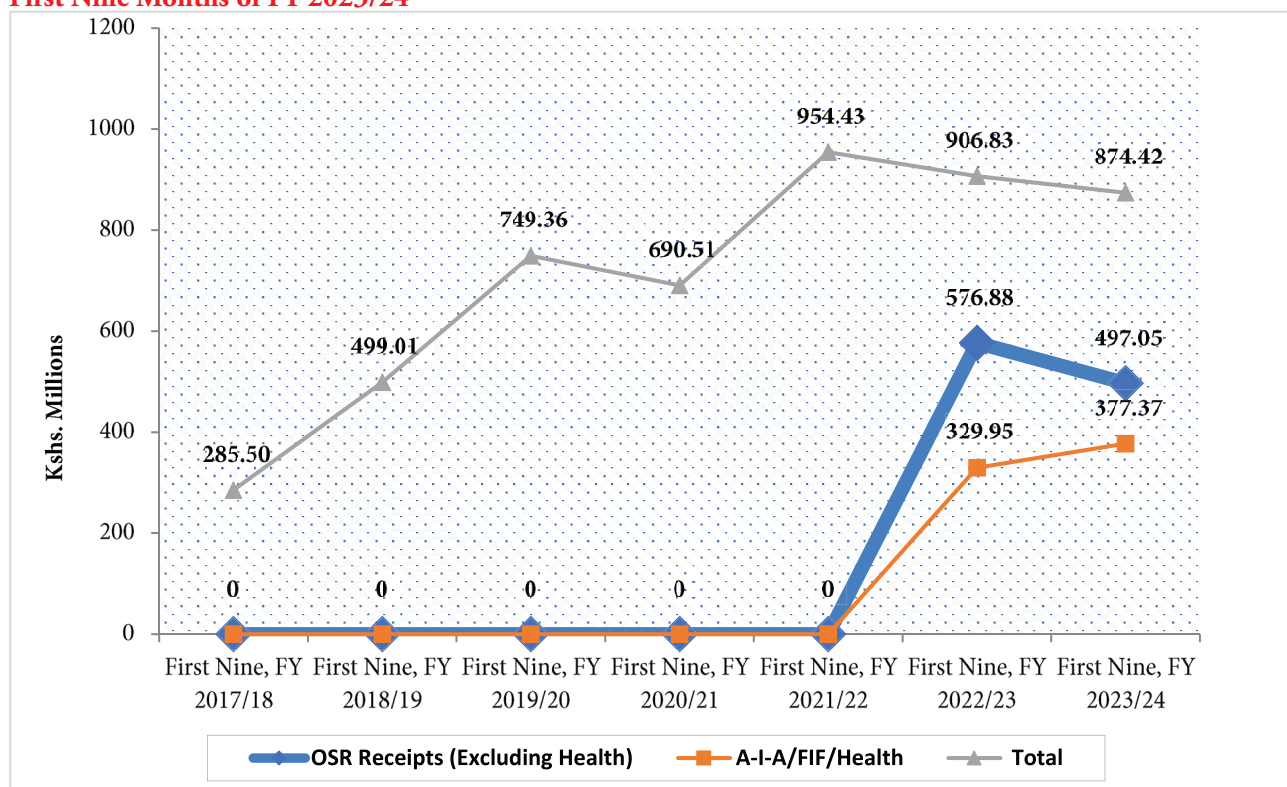
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,917,304,053	7,489,334,831	58.0
Sub Total		12,917,304,053	7,489,334,831	58.0
B	Conditional Grants			
1	KCSAP-Kenya Climate Smart Agriculture Project	-	-	-
2	Aquaculture Business Development Project	24,417,125	-	-
3	National Agricultural Value Chain Development Project (NVCDP)	250,000,000	191,274,891	76.5
4	Kenya Livestock Commercialization Project (KELCLOP)	30,500,000	-	-
5	Kenya Informal Settlement Improvement Project (KISIP II)	141,964,627	-	-
6	Conditional Grants-KDSP)	12,000,000	-	-
7	ASDSP (Agricultural Sector Development Support Programme	1,254,212	-	-
8	DANIDA Grant	18,999,750	16,095,837	84.7
9	FLLoCA-(CCIS)	11,000,000	-	-
10	Livestock Value Chain Support Project	57,294,720	-	-
11	Unconditional Grant- Mineral Royalties	16,555	-	-
Sub-Total		547,446,989	207,370,728	37.9

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	1,359,000,000	497,052,140	36.6
2	Balance B/F from FY2022/23	886,166,543	886,166,543	100.0
3	Facility Improvement Fund (FIF)	841,000,000	377,365,342	44.9
Sub Total		3,086,166,543	1,760,584,025	57.0
Grand Total		16,550,917,585	9,457,289,584	57.1

Source: Kakamega County Treasury

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

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

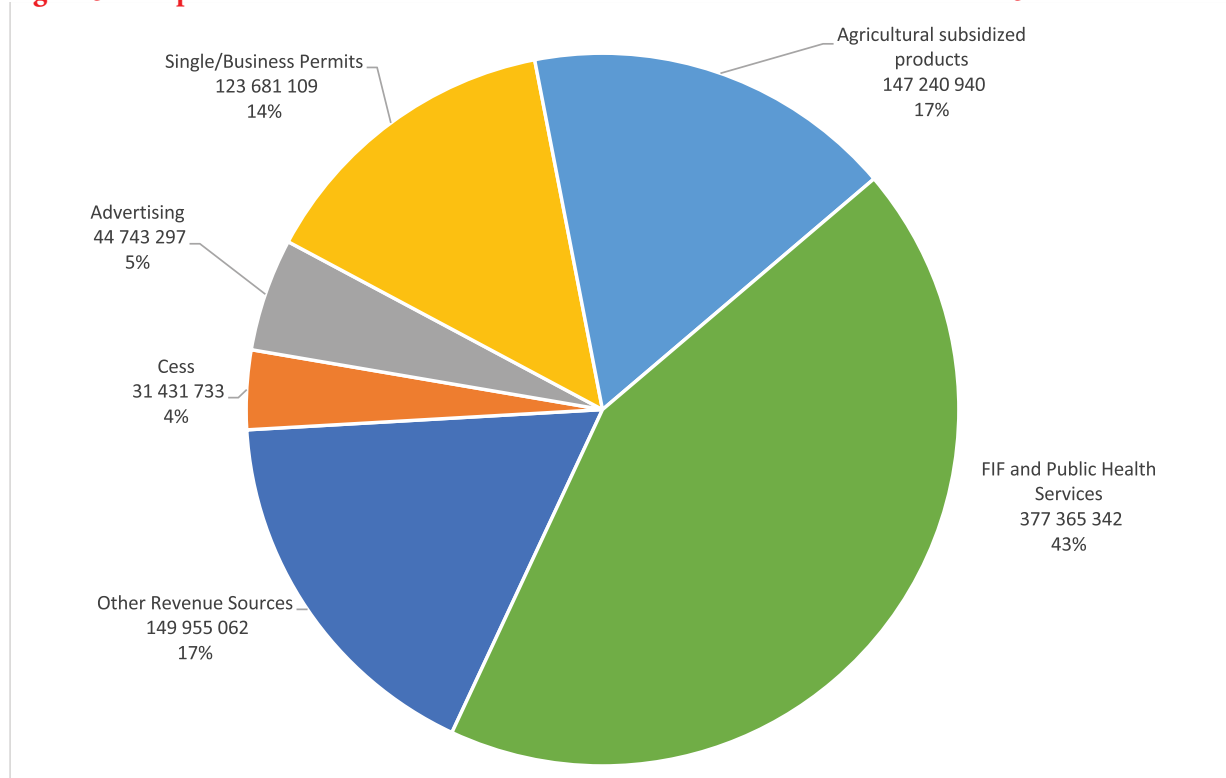


Source: Kakamega County Treasury¹

In the first nine months of FY 2023/24, the County generated a total of Kshs.871.12 million from its sources of revenue, inclusive of FIF and Public Health Service Fees. This amount represented a decrease of 3.6 per cent compared to Kshs.906.83 million realised in a similar period in FY 2022/23 and was 39.4 per cent of the annual target and 11.7 per cent of the equitable revenue share disbursed during the period. There were no revenue arrears and penalties charged on fees and levies from previous financial years.

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 Nine Months of FY 2023/24 in Kshs.



Source: Kakamega County Treasury

The highest revenue stream of Kshs.377.37 million was from FIF and Public Health services, contributing to 43.0 per cent of the total OSR receipts during the reporting period.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.93 billion from the CRF account during the reporting period, which comprised Kshs.1.58 billion (17.7 per cent) for development programmes and Kshs.7.34 billion (82.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.4.88 billion was released towards Employee Compensation and Kshs.2.46 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.57.62 million.

3.11.4 Borrowing by the County

The county did not report any borrowed amounts as of 31st March 2024. However, both arms of the Government have each signed a renewable salary Memorandum of Understanding (MoU) with commercial banks to manage the salary payment every month.

3.11.5 County Expenditure Review

The County spent Kshs.9.36 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.9 per cent of the total funds released by the CoB and comprised of Kshs.1.33 billion and Kshs.8.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 25.4 per cent, while recurrent expenditure represented 71.0 per cent of the annual recurrent expenditure budget.

3.11.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.47 billion, comprising Kshs.419.41 million for recurrent expenditure and Kshs.1.05 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.751.80 million. They consisted of Kshs.179.38 million for recurrent expenditure and Kshs.572.42 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.718.22 million².

The County Assembly reported outstanding pending bills of Kshs.34.00 million as of 31st March 2024.

3.11.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.98 billion on employee compensation, Kshs.2.18 billion on operations and maintenance, and Kshs.1.33 billion on development activities. Similarly, the County Assembly spent Kshs.293.33 million on employee compensation and Kshs.573.87 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
Total Recurrent Expenditure	9,967,218,850	1,400,821,103	7,165,600,820	867,199,444	71.9	61.9
Compensation to Employees	5,950,000,000	617,795,595	4,984,679,081	293,329,909	83.8	47.5
Operations and Maintenance	4,017,218,850	783,025,508	2,180,921,739	573,869,535	54.3	73.3
Development Expenditure	5,242,572,676	-	1,331,270,307	-	25.4	-
Total	15,209,791,526	1,400,821,103	8,496,871,127	867,199,444	55.9	61.9

Source: Kakamega County Treasury

3.11.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.5.28 billion, or 55.81 per cent of the available revenue, which amounted to Kshs.9.46 billion. This expenditure represented an increase from Kshs.3.79 billion reported in a similar period in FY 2022/23. The wage bill included only Kshs.95.56 million paid to health sector casual workers. The gross amount of employee compensation paid to Health sector employees was not provided to compute the percentage of the health department to the total county wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.17 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.359.07 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.79.42 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. 100,282.36 per MCA.

3.11.9 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.1.71 billion to county-established funds in FY 2023/24, constituting 10.3 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 and Corporations in the First Nine Months 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	57,000,000	45,000,000	45,275,443	Yes
2	Kakamega County Microfinance Corporation	143,750,057	5,250,000	16,391,717	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	10,086,400	12,148,280	Yes
	Kakamega County Facility Improvement Fund	-	423,199,223	423,199,223	Yes
5	Kakamega County Small Scale Trade Development fund	-	-	1,065	Yes
6	Kakamega Dairy Corporation	113,292,775	19,970,200	45,090,229	Yes
7	Emergency Fund	105,053,948	764,286	51,757,151	Yes
8	Kakamega Municipality	165,483,443	9,194,559	23,399,913	Yes
9	Kakamega Revenue Agency	72,000,000	-	31,564,871	Yes
10	Kakamega County Agricultural Farm Input Fund	485,000,000	13,980	481,823	Yes
11	County Executive Car Loan and Mortgage	89,000,000	-	85,679,564	Yes
12	Bursary & Scholarship Fund	263,000,000	120,000,000	278,760,005	Yes
13	County Assembly Car Loan & Mortgage	-	-	Not reported	No
Total		1,711,058,450	645,371,358	1,015,175,439	-

Source: Kakamega County Treasury

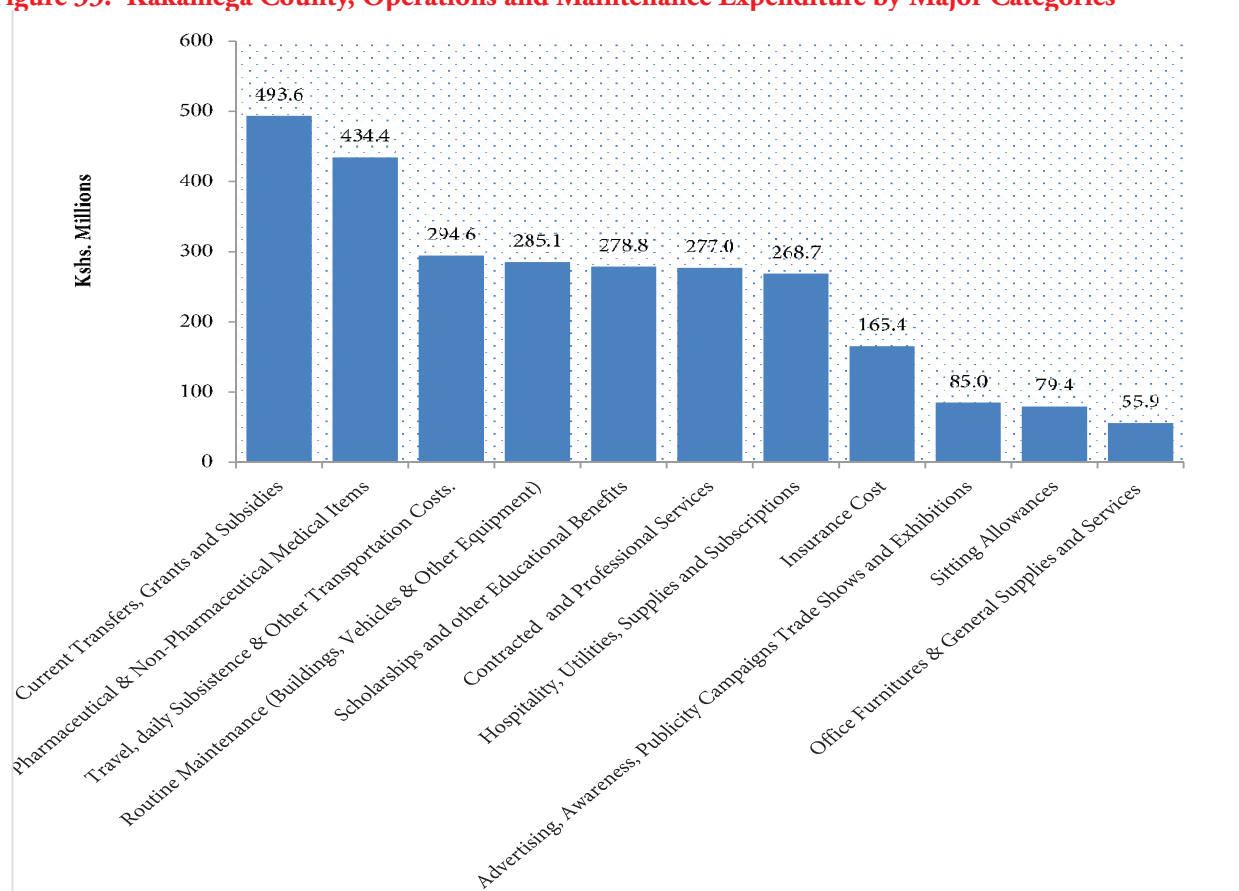
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of County Assembly Car Loan & Mortgage funds as indicated in Table 3, contrary to the requirement of Section 168 of the PFM Act, 2012.-

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.

3.11.10 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.285.80 million and comprised Kshs.157.95 million spent by the County Assembly and Kshs.127.85 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.81 million and comprised Kshs.3.36 million by the County Assembly and Kshs.5.45 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.74 below; -

Table 3.74: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	1	7 th to 16 th August 2023	Participate in the 2023, Youth and Women Empowerment Program, County Specific Program	Republic of Korea	210,512.13
County Executive	1	17 th to 28 th August 2023	FEASSSA East Africa Term 2 Championships	Rwanda	570,680
County Executive	1	9 th to 18 th October 2023	To attend the East Africa Business Network Investments and Trade Conference	USA	715,696
Assembly	1	7 th Sept-12 th Sept	CAF Meeting	Singapore	758,000
County Executive	1	19 th to 25 th August 2023	To attend high-level consultations on accelerating SDGs.	Serbia	898,950
County Executive	1	25 th Sept to 7 th October 2023	Benchmarking on projects carried out by Synergy Inc	USA	1,294,130
County Executive	1	25 th to 30 th August 2023	To attend the Luhya community official meeting	USA	1,350,600

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	10 th to 20 th September 2023	To attend the High-level week of the 78th session of the United Nations General Assembly	USA	1,821,934
Kakamega County	3	30 th Oct 2023 to 4 th Nov 2023	Meeting with G.C. group of companies in India, exploring partnership on medical services	India	2,409,032
Assembly	10	7 th -11 th Nov 2023	CASA meeting	Uganda	2,602,212

Source: Kakamega County Treasury and Kakamega County Assembly

3.11.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.33 billion on development programmes, representing an increase of 15.6 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.15 million. Table 3.75 summarises development projects with the highest expenditure in the reporting period.

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

Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)
Sports	Bukhungu Stadium Construction Phase II	Lurambi	3,240,001,303	1,629,053,355
Roads, Public Works and Energy	Lumakanda Mwamba bitumen road	Lugari	237,836,374	57,385,261
	Harambe musamba bridge road	Matungu	649,938,641	49,936,330
	Lumakanda manyonyi road		100,000,000	47,255,195
	Butali Malekha bitumen road	Malava	257,868,967	47,003,200
	Maintenance and improvement of roads	Various	242,979,995	45,188,813
Lands	Land Bank	Shirere	130,000,000	43,200,000
Physical Planning	County Spatial Plan	Countywide	50,000,000	42,090,639
Roads, Public Works and Energy	Ingotse Navakholo bitumen road	Navakholo	481,332,796	39,735,336
Mumias municipality	Proposed Construction of Refuse Chambers and Bins	Mumias	10,434,332	39,203,972

Source: Kakamega County Treasury

3.11.12 Budget Performance by Department

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

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,400.8	-	1,049.9	-	867.2	-	82.6	-	61.9	-
Agriculture, Live-stock, Fisheries, and Cooperatives	92.0	1,036.6	79.0	298.6	57.9	18.0	73.2	6.0	62.9	1.7
County Public Service Board	27.5	-	19.5	-	11.9	-	61.2	-	43.5	-
Education, Science and Technology	413.5	426.4	149.5	21.4	293.9	19.8	196.6	92.5	71.1	4.6
Finance and Economic Planning	582.3	115.0	271.7	7.3	252.2	135.7	92.8	1,851.9	43.3	118.0
Health Services	972.6	407.9	467.5	110.3	619.4	153.2	132.5	138.9	63.7	37.6
ICT, E-Government and Communication	26.7	95.8	17.9	21.8	24.1	36.3	134.2	166.9	90.1	37.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing, Physical Planning and Urban Areas	249.8	481.4	151.1	61.6	175.7	177.2	116.3	287.7	70.4	36.8
Office of the Governor	392.8	14.3	169.8	0.3	146.0	-	86.0	-	37.2	-
Public Service and County Administration	6,632.7	132.7	4,658.7	32.0	5,285.4	32.0	113.5	99.8	79.7	24.1
Roads, Public Works and Energy	19.8	1,244.2	16.4	713.8	18.2	372.0	111.0	52.1	92.0	29.9
Social Services, Youth and Sports	389.5	434.5	236.6	146.9	232.7	170.8	98.3	116.2	59.8	39.3
Trade, Industrialization and Tourism	46.9	344.6	28.3	99.8	29.9	83.5	105.5	83.6	63.8	24.2
Water, Environment & Natural Resources	61.6	509.2	32.3	67.5	18.2	132.9	56.3	196.7	29.5	26.1
Total	11,308	5,243	7,348	1,582	8,033	1,331	109.3	84.2	71.0	25.4

Source: Kakamega County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 118 per cent, followed by the Department of Social Services, Youth and Sports at 39.3 per cent. The Department of Roads, Public Works and Energy had the highest percentage of recurrent expenditure to budget at 92 per cent while the Department of Water, Environment & Natural Resources had the lowest at 29.5 per cent.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2023.

3.11.13 Budget Execution by Programmes and Sub-Programmes

Table 3.77 summarises the budget execution by programmes and sub-programmes in the first nine months 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 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Exp	Dev Exp
Department: Water Environment Natural Resources and Climate Change							
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 2: Sanitation Service Provision and Management	Sub-programme 1: Urban Sanitation	-	-	-	-	-	-
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
Subtotal		38,213,720	449,500,000	15,902,312	109,282,780	41.6	24.3

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Exp	Dev Exp
Department: Water Environment Natural Resources and Climate Change							
County Public Service Board							
712004810	712024810	27,450,000	-	11,880,954	-	43.3	-
Education Science and Technology							
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	-
	Sub Total	444,175,000	481,800,000	55,403,936	34,258,004	12.5	7.1
Department: Finance & Economic Planning							
Revenue	Communication Supplies	-	33,000,000	-	10,515,000	-	31.9
	Other Creditors	-	80,000,000	-	30,783,131	-	38.5
Investment	Development of revenue	-	2,000,000	-	-	-	-
Sub Total		-	115,000,000	-	41,298,131	-	35.9
Department Health Services							
401024810	Community Health Strategy	156,800,000	-	8,262,757	-	5.3	-
401034810	Disease surveillance & Emergency response	4,021,770	-	1,419,320	-	35.3	-
401044810	Nutrition service Promotion	1,000,000	-	990,000	-	99	-
401054810	HIV /AIDS Control	1,000,000	-	-	-	-	-
401064810	Maternal and child healthcare promotion	2,900,000	110,000,000	607,980	5,484	21	-
401074810	TB Control	900,000	-	-	-	-	-
401084810	Malaria control	900,000	-	-	-	-	-
401094810	Promotion of family planning	1,800,000	-	460,757	-	25.6	-
Sub Total		169,321,770	110,000,000	11,740,814	5,484	6.9	-
402014810	Health Infrastructure Development	-	267,907,646	-	133,226,209	-	49.7
402024810	Primary medical health services	745,675,261	20,000,000	578,719,622	20,000,000	77.6	100
402034810	Blood Transfusion Services	-	10,000,000	-	-	-	-
Sub Total		745,675,261	297,907,646	578,719,622	153,226,210	77.6	51.4
403014810	Administrative and Human Resources management	42,736,965	-	25,766,032	-	60.3	-
403024810	Disability mainstreaming	1,000,000	-	-	-	-	-
403034810	Health Data and Information Management	13,854,770	-	3,204,528	-	23.1	-
Sub Total		57,591,735	-	28,970,560	-	50.3	-
Grand Total		972,588,766	407,907,646	619,430,996	153,231,694	63.7	37.6
Department of Public Service and Administration							
703004820	County Executive Services	6,824,652	-	3,172,042	-	46.5	-
706004820	Statistical Data Management	4,144,180	-	786,400	-	19	-
712004820	County Administration	403,149,727	127,700,000	273,062,537	31,982,279	67.7	25

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Exp	Dev Exp
Department: Water Environment Natural Resources and Climate Change							
	Human Resource Management	6,205,001,876	-	5,002,292,147	-	80.6	-
713004820	Administrative Services	2,458,604	-	937,900	-	38.1	-
716004820	Alcohol and Drug Rehabilitation	6,750,457	5,000,000	3,030,947	-	44.9	-
717004820	Disaster Response and Mitigation	4,402,227	-	2,100,000	-	47.7	-
Sub-Total		6,632,731,723	132,700,000	5,285,381,972	31,982,279	79.7	24.1
Department: ICT, E-Government & Communication							
General Administrative Services	Operations and Maintenance	-	26,702,420		11,627,954	-	43.5
ICT infrastructure Development	County Connectivity	13,000,000	-	7,787,207	-	59.9	-
	Integrated Surveillance System	5,000,000	-	1,369,264	-	27.4	-
Adoption of e-Government services	Automation	43,840,000	-	27,190,939	-	62.0	-
	e-Government services	16,340,000	-	-	-	-	-
County Information Management and Awareness	Media production	17,660,000	-	-	-	-	-
Grand Total		95,840,000	26,702,420	36,347,410	11,627,954	37.9	43.5
Department: Roads, Public Works & Energy							
Major Roads	Bitumen road	-	397,300,000	-	279,839,649	-	70.4
RMLF	Road maintenance	-	85,500,000	-	-	-	-
10KM	Gravel road	-	600,000,000	-	82,902,218	-	13.8
Bridges	Bridge and culvert installation	-	16,170,000	-	9,220,280	-	57
Other Infrastructure		-	145,277,000	-	-	-	-
Total	-	-	1,244,247,000	-	371,962,147	-	29.9
Department of Social Services							
Shelter Improvement	Construction of Semi-Permanent to the vulnerable	-	39,000,000	-	-	-	-
Support to women, youth and persons with disabilities enterprises	Issuance of grants	-	50,000,000	-	-	-	-
People with disabilities support programme-	Issuance of assistive devices	-	11,000,000	-	-	-	-
Support to Vulnerable persons/groups	Supply of foodstuff	-	5,000,000	-	-	-	-
Sports Support Programmes	Support to local teams	-	15,000,000	-	-	-	-
Total		-	120,000,000	-	-	-	-
Department Office of the Governor							
0703004821	0703024810	212,785,223	-	90,781,226	-	42.7	-
0704004821	0704014810	135,498,657	2,000,000	28,256,962	-	20.9	-
0705004821	0705014810	-	5,500,000	-	-	-	-
0709004821	0709014810	32,949,450	-	7,481,207	-	22.7	-
	0709024810	11,538,424	6,780,711	6,848,577	-	59.4	-
Grand Total		392,771,754	14,280,711	133,367,972	-	34	-
Department: Trade, Industrialization and Tourism							
Development of Small scale and Medium Trade	Other Operating Expenses	-	26,000,000	-	5,074,780	-	19.5

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Exp	Dev Exp
Department: Water Environment Natural Resources and Climate Change							
Trade Development and Investment	Modern Market infrastructure development	-	72,550,000	-	32,592,735	-	44.9
Industrial Promotion and development	Industrial development	-	36,000,000	-	9,175,718	-	25.5
	Cottage industrial development and SME development	-	205,000,000	-	36,624,000	-	17.9
Tourism Development	Heritage Tourism	-	-	-	-	-	-
Fairtrade and consumer protection	Weights and Measures infrastructure development	-	5,000,000	-	-	-	-
Grand Total			344,550,000		83,467,232		24.2
Department: Lands, Physical Planning and Urban Development							
Lands	Fencing of Government land	-	10,000,000	-	-	-	-
	Land Bank	-	130,000,000	-	44,752,112	-	34.4
	Establishment of county registry offices	-	5,000,000	-	-	-	-
	Sub- Total	-	145,000,000	-	44,752,112	-	30.9
Physical Planning	Valuation roll	-	25,000,000	-	20,010,000	-	80
	Development of county and urban centres spatial plan	-	50,000,000		42,090,639		84.2
	GIS Data and images (km2)	-	20,000,000	-	-	-	-
	GIS Software licence	-	5,000,000	-	-	-	-
Survey	Purchase and calibration of survey equipment	-	5,000,000	-	-	-	-
Housing	Renovation and fencing of public rental houses	-	15,000,000	-	10,286,830	-	68.6
Kakamega Township	Affordable housing project	-	8,000,000	-		-	-
Kakamega Township	Kakamega municipality	-	50,000,000	-	20,841,944	-	41.7
Project	Kenya Informal Settlement Improvement Project (KISIP 2)	-	141,964,627	-	-	-	-
Mumias Township	Mumias municipality	-	50,000,000	-	39,203,972	-	78.4
Grand Total		-	659,964,627	-	221,937,609	-	33.6

Source: Kakamega County Treasury

The county did not submit this section of the report using the standardized reporting template. For instance, the Lands, Finance, Roads, Social and Trade departments did not include the recurrent components of the Program Based Budget. While Agriculture and County Assembly did not submit this section of the report.

Sub-programmes with the highest levels of implementation based on development absorption rates were: Primary medical health services in the Department of Health Service at 100 per cent, Climate Change Management in the Department of Water Environment Natural Resources and Climate Change at 99.2 per cent and development of the county and urban centres spatial plan, and valuation roll both in the department of Physical Planning at 84.2 per cent 80 per cent of budget allocation respectively.

3.11.14 Accounts Operated in Commercial Banks

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

3.11.15 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. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The full report was received on 22nd April 2024.
2. The underperformance of own-source revenue at Kshs.874.42 million against an annual target of Kshs.2.22 billion, representing 39.4 per cent of the annual target.
3. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.76.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car Loan & Mortgage Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.718.22 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
6. Use of manual payroll by both county assembly and county executive. Personnel emoluments amounting to Kshs.359.07 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.
7. 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for conditional grants, health facilities, and county funds or corporations
8. The County Treasury misappropriates funds to other uses other than the services duly approved by COB. Analysis of financial statements submitted by departments on the Emergency Fund and Bursary & Scholarship Fund reveals that lesser amounts were transferred to respective entities compared to the amount approved by COB.

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 revenue collection accounts are exempted.*
8. *County treasury should adhere to the schedules and settlement plan duly submitted to COB during the exchequer requisition process without diverting funds to other services.*

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 nine months of FY 2023/24, the County received Kshs.3.89 billion as an equitable share of the revenue raised nationally, Kshs.262.03 million as additional allocations/conditional grants, had a cash balance of Kshs.15.38 million from FY 2022/23, and raised Kshs.392.36 million as own-source revenue (OSR). The raised OSR includes Kshs.14962 million as FIF and Kshs.242.74 million ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.56 billion, as shown in Table 3.78.

Table 3.78: Kericho County, Revenue Performance in the First Nine Months of FY 2023/24 in Kshs.

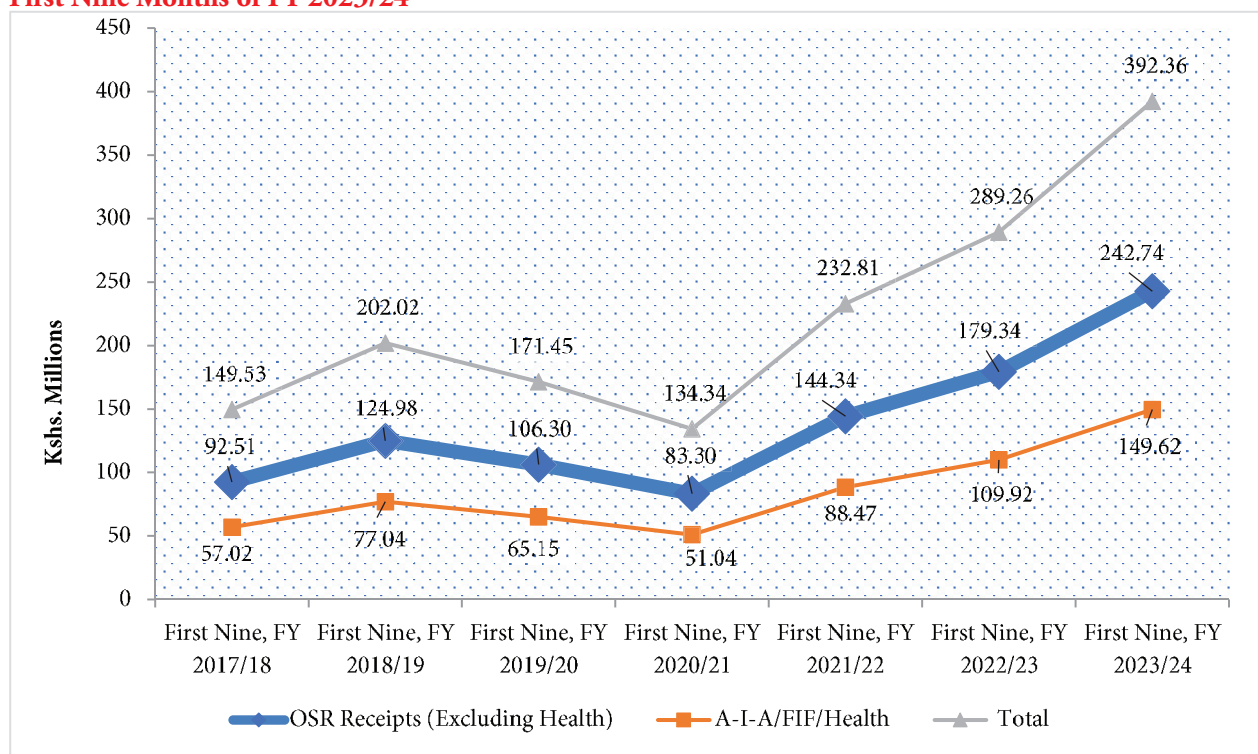
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,703,129,925	3,887,815,357	58.0
Sub Total		6,703,129,925	3,887,815,357	58.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B	Conditional Grants			
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	1,527,779	148.6
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 Development Project	250,000,000	185,266,367	74.1
7	FLOCCA Grants to Support Climate Change	11,000,000	-	-
Sub-Total		537,080,940	262,029,805	48.8
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	530,071,600	242,738,708	45.8
2	Balance b/f from FY2022/23	392,000,044	15,376,949	3.9
3	Facility Improvement Fund (FIF)	743,350,000	149,617,514	20.1
4	Appropriation in Aid (AIA)		-	-
Sub Total		1,665,421,644	407,733,171	32.0
Grand Total		8,905,632,508	4,557,578,333	51.2

Source: Kericho County Treasury

Figure 34 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

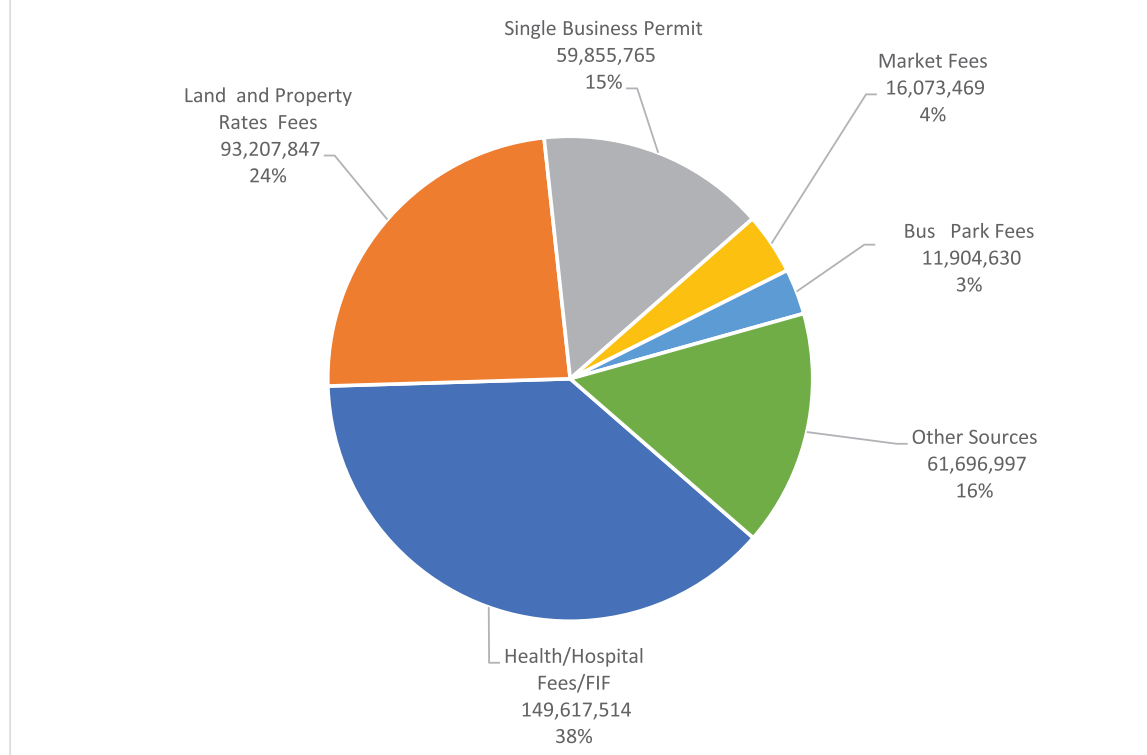
Figure 34: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Kericho County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.392.36 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 26.3 per cent compared to Kshs.289.26 million realised in a similar period in FY 2022/23 and was 30.8 per cent of the annual target and 10.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 35.

Figure 35: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Kericho County Treasury

The highest revenue stream of Kshs.149.62 million was from Hospital fees, contributing to 38 per cent of the total OSR receipts during the reporting period.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.98 billion from the CRF account during the reporting period, which comprised Kshs.434.43 million (10.9 per cent) for development programmes and Kshs.3.55 billion (89.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.41 million was released towards Employee Compensation and Kshs.1.13 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.493.77 million.

3.12.4 County Expenditure Review

The County spent Kshs.3.53 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.4 per cent of the total funds released by the CoB and comprised Kshs.429.74 million and Kshs.3.53 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.6 per cent, while recurrent expenditure represented 59.1 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.526.21 million, comprising of Kshs.143.09 million for recurrent expenditure and Kshs.383.12 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.136.95 million. They consisted of Kshs.54.63 million for recurrent expenditure and Kshs.82.32 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.403.92 million.

The County Assembly didn't report any outstanding pending bills as of 31st March 2024.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.12 billion on employee compensation, Kshs.770.50 million on operations and maintenance, and Kshs.429.74 million on development activities. Similarly, the County Assembly spent Kshs.284.72 billion on employee compensation, Kshs.346.89 million on operations and maintenance, and no development activities, as shown in Table 3.79.

Table 3.79: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,082,868,724	882,798,755	2,915,004,898	631,622,650	2,896,467,564	631,613,984	57.0	71.5
Compensation to Employees	3,392,055,102	367,127,149	2,125,970,604	286,711,908	2,125,970,604	284,721,722	62.7	77.6
Operations and Maintenance	1,690,813,622	515,671,606	789,034,294	344,910,742	770,496,960	346,892,262	45.6	67.3
Development Expenditure	2,861,972,590	77,992,439	434,434,443	-	429,735,768	-	15.0	-
Total	7,944,841,314	960,791,194	3,349,439,341	631,622,650	3,326,203,332	631,613,984	41.9	65.7

Source: Kericho County Treasury

3.12.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.41 billion, or 52.9 per cent of the available revenue, which amounted to Kshs.4.56 billion. This expenditure represented an increase from Kshs.2.38 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.34 billion paid to health sector employees, translating to 56.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.26 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.151.98 million was processed through manual payrolls. The manual payrolls accounted for 6.3 per cent of the total PE cost.

The County Assembly spent Kshs.25.18 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.34.67 million. The average monthly sitting allowance was Kshs.58,290.00 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.15.00 million to county-established funds in FY 2023/24, constituting 0.17 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 Nine Months 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 30 th September 2023 (Yes/No.)
County Executive Established Funds					
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.
County Assembly Established Funds					
	Car Loan for MCA'S	16,109,146	-	-	No.
	Car Loan/Mortgage for Staff	38,222,854	-	-	No.
Total		79,332,000	-	43,050,000	-

Source: Kericho County Treasury

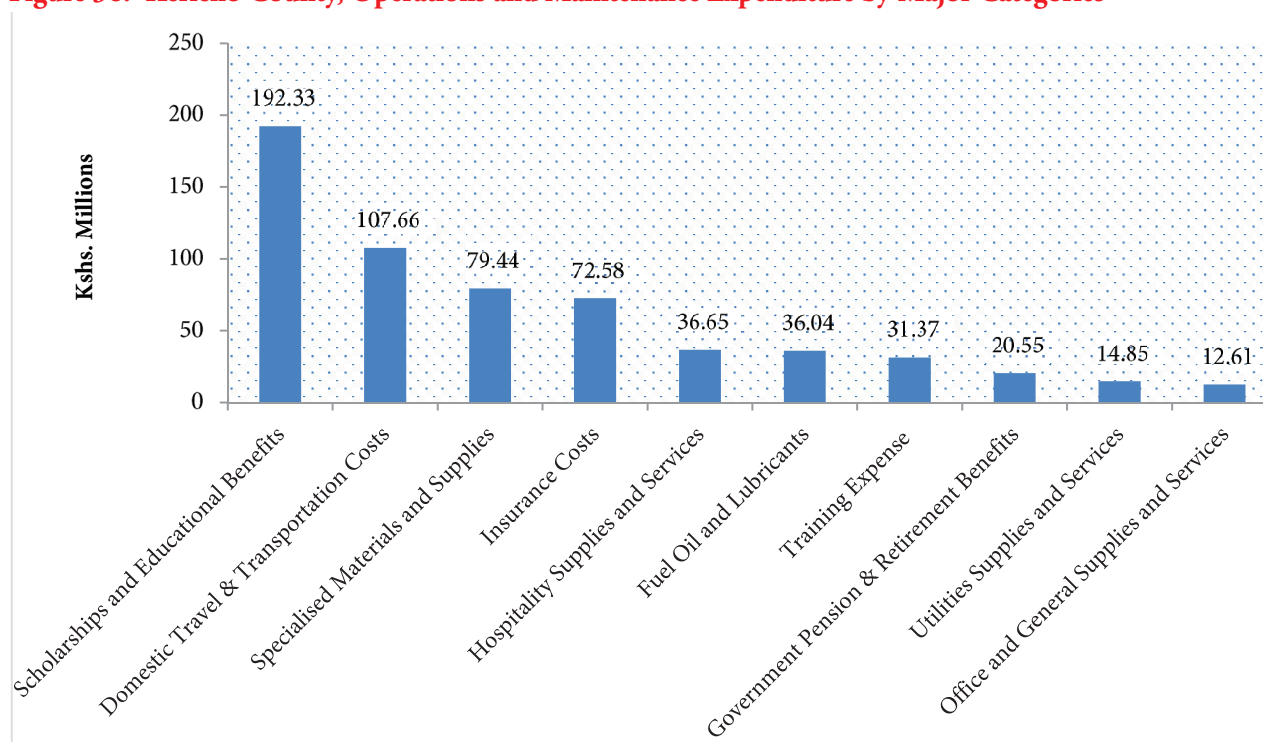
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of all funds as indicated in Table 3.80, contrary to the requirement of Section 168 of the PFM Act, 2012.

Further, the 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.

3.12.9 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.265.91 million and comprised Kshs.158.25 million spent by the County Assembly and Kshs.107.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.88.57 million and comprised Kshs.78.29 million by the County Assembly and Kshs.10.28 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.81.

Table 3.81: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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
Kericho County Assembly	2	17-28th July 2023	Rotary international convention	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

Arm	No. of Officers Travelled	Date	Purpose	Destination	Amount
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: Kericho County Treasury and Kericho 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 nine months of FY 2023/24, the County incurred Kshs.429.76 million on development programmes, representing an increase of 40.4 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.256.20 million. Table 3.82 summarises development projects with the highest expenditure in the reporting period.

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

	DEPARTMENT	PROJECT NAME	PROJECT LOCATION	Contract Sum	Amount Paid to date	Implementation Status
1	Finance & Economic Planning	Rehabilitation and construction of Kapkures water supply	Chilchila Ward	23,348,580.00	23,348,580.00	90
2	Water, Energy, Environment, Forestry & Natural Resources	Land for Litein Town Water and Sewerage Treatment Works	Litein Ward	15,600,000.00	15,600,000.00	100
3	Finance & Economic Planning	Rehabilitation and construction of Kapkatet drainage works in Kapkatet town	Kapaketet Ward	14,136,919.00	14,136,919.00	100
4	Finance & Economic Planning	Rehabilitation and extension of the Kiptunoi water supply	Kapsoit Ward	12,527,785.00	12,527,785.00	100
5	Finance & Economic Planning	Construction of Chepsir-Kwenet- Kiplelachbei water project	Chepseon Ward	12,009,009.95	12,009,009.95	70
6	Finance & Economic Planning	Rehabilitation of access road to oxygen plant at Kericho County Referral Hospital	Kericho County Referral Hospital	8,633,271.00	8,633,271.00	100
7	Education, Culture and Social Services	Supply and Delivery of Branded ECDE Chairs	Various County Wards	5,250,000.00	5,250,000.00	100

	DEPARTMENT	PROJECT NAME	PROJECT LOCATION	Contract Sum	Amount Paid to date	Implementation Status
8	Education, Culture and Social Services	Construction of twin Workshop at Chemosot VTC	Chemosot Ward	4,982,000.00	4,982,000.00	100
9	Water, Energy, Environment, Forestry and Natural Resources	Mabasi Water Project	Chemosot Ward	4,972,265.75	4,972,265.75	100
10	Water, Energy, Environment, Forestry and Natural Resources	Kapjoshua Borehole Water Project	Kamasian Ward	4,905,816.00	4,905,816.00	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 nine months of FY 2023/24.

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

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	882,798,755	77,992,439	631,622,650	-	631,613,984	-	100.0	-	71.5	-
Public Service Management	441,870,257	28,241,257	281,891,850	2,998,800	293,873,953	2,998,800	104.3	100.0	66.5	10.6
Governor's Office	137,051,145	-	101,647,419	-	94,759,480	-	93.2	-	69.1	-
County Public Service Board	71,312,544	-	43,638,658	-	42,064,776	-	96.4	-	59.0	-
Finance and Economic Planning	273,200,154	438,476,205	167,462,357	57,933,484	171,242,052	98,215,085	102.3	169.5	62.7	22.4
Health Services	2,752,465,777	283,789,982	1,423,663,261	12,934,195	1,415,279,074	12,934,195	99.4	100.0	51.4	4.6
Agriculture, Livestock and Fisheries	172,779,672	518,521,779	99,926,288	14,294,995	101,828,030	12,636,195	101.9	88.4	58.9	2.4
Education, Youth, Culture and Social Services	768,979,234	173,608,807	499,135,032	37,904,994	501,137,661	36,354,994	100.4	95.9	65.2	20.9
Public Works, Roads and Transport	98,319,101	590,441,016	60,566,149	184,254,624	59,256,368	167,062,562	97.8	90.7	60.3	28.3
Trade, Industrialization, Tourism, Wildlife and Co-operative Development	64,123,265	228,202,942	35,104,581	4,926,116	34,914,146	-	99.5	-	54.4	-
Environment, Water, Energy and Natural Resources	158,437,690	282,005,274	103,927,526	65,478,375	91,160,882	89,307,308	87.7	136.4	57.5	31.7
Lands, Housing and Physical Planning	90,493,280	67,022,943	64,161,440	40,747,177	61,172,766	40,747,177	95.3	100.0	67.6	60.8
Information, Communication and E-government	53,836,604	43,662,387	33,880,337	12,961,683	29,778,376	8,201,683	87.9	63.3	55.3	18.8
Strategic Intervention Phase 1	-	108,000,000	-	-	-	-	-	-	-	-
Strategic Intervention Phase 2	-	100,000,000	-	-	-	-	-	-	-	-
Total	5,965,667,478	2,939,965,031	3,546,627,548	434,434,443	3,528,081,548	468,457,999	99.5	107.8	59.1	15.9

Source: Kericho County Treasury

Analysis of expenditure by departments shows that the Department of Lands, Housing and Physical Planning recorded the highest absorption rate of development budget at 60.8 per cent, followed by the Department of Environment, Water, Energy and Natural Resources at 31.7 per cent. The Department of Governor's Office had the highest percentage of recurrent expenditure to budget at 69.1 per cent while the Department of Health Services had the lowest at 51.4 per cent. The Allocation for recurrent expenditure for both the Assembly and the Executive is within the ceilings in CARA, 2023

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 nine months 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 - Mar 24 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Coordination Services	County Coordination Services	137,051,145	-	137,051,145	94,759,480	-	69	-
		137,051,145	-	137,051,145	94,759,480	-	69	-
DEPARTMENT: FINANCE AND ECONOMIC PLANNING								
Administration, Planning and Support Services.	Administration Services.	231,136,530	83,735,659	314,872,189	160,623,572	98,215,085	69	117
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	28,687,985	6,379,644	35,067,629	7,486,680	-	26	-
Public Finance Management	Budget formulation, coordination and management	8,400,000	553,360,903	561,760,903	1,973,600	-	23	-
Audit Services	County Audit	4,975,639	3,000,000	7,975,639	1,158,200	-	23	-
Sub-Total		273,200,154	646,476,206	919,676,360	171,242,052	98,215,085	63	15
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES								
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	53,301,163	-	53,301,163	35,230,890	10,000,000	66	-
Crop Development and Management	Agriculture Extension Services	58,894,485	496,837,574	555,732,059	47,795,592	2,636,195	81	1
Livestock Resource Management and Development	Livestock Disease Management and Control.	2,024,041	21,184,205	23,208,246	554,100	-	27	-
Livestock Resource Management and Development	Livestock Production and Extension Services	51,654,981	-	51,654,981	17,922,948	-	35	-
Fisheries development	Management and Development of Capture Fisheries	6,905,001	500,000	7,405,001	324,500	-	5	-
Sub-Total		172,779,671	518,521,779	691,301,450	101,828,030	12,636,195	59	2
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT								
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	144,072,462	63,145,000	207,217,462	89,823,382	13,899,863	62	22
Water supply services	Rural Water Supply	14,365,228	218,860,274	233,225,502	1,337,500	75,407,445	9	34
Sub-Total		158,437,690	282,005,274	440,442,964	91,160,882	89,307,308	58	32

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - Mar 24 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Develop-ment Expen- diture	Recurrent Expendi- ture	Devel- opment Expendi- ture
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES								
General Adminis- tration & Planning Services.	Policy Development and Administration	549,596,382	10,000,000	559,596,382	354,075,739	-	64	-
Basic Education	Early Childhood Devel- opment Education	216,382,852	89,573,270	305,956,122	146,061,921	28,870,745	68	32
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	3,000,000	17,035,537	20,035,537	1,000,001	7,484,249	33	44
Youth development and empowerment services	Youth Development (YP) Training	-	57,000,000	57,000,000	-	-	-	-
Sub-Total		768,979,234	173,608,807	942,588,041	501,137,661	36,354,994	65	21
DEPARTMENT: HEALTH SERVICES								
Curative Health	Administration and Planning	1,581,600,049	142,141,193	1,723,741,242	934,841,810	-	59	-
Curative Health	Hospital(curative) Services	-	-	-	-	-	-	-
Preventive and Promo- tive Health	Preventive Medicine and Promotive Health	1,170,865,728	141,648,789	1,312,514,517	480,437,264	12,934,195	41	9
Sub-Total		2,752,465,777	283,789,982	3,036,255,759	1,415,279,074	12,934,195	51	5
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING								
Administration and support services	General Administration and Planning	40,701,923	45,000,000	85,701,923	42,249,640	22,500,000	104	50
Housing Development and Human Resource	Housing Development	9,243,184	-	9,243,184	5,717,940	-	62	-
Land policy and planning	Development Planning and Land Reforms	34,395,730	22,022,942	56,418,672	8,382,574	18,247,177	24	-
Land policy and planning	Land Use Planning	6,152,443	-	6,152,443	4,822,611	-	78	-
Sub-Total		90,493,280	67,022,942	157,516,222	61,172,766	40,747,177	68	61
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT								
Transport Management and Safety	General Administration Planning and Support Services	73,712,784	-	73,712,784	59,276,368	-	80	-
Infrastructure, Roads and Transport	Rehabilitation of Road	3,400,000	587,441,016	590,841,016	80,000	167,062,562	2	28
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	21,206,317	3,000,000	24,206,317	-	-	-	-
Sub-Total		98,319,101	590,441,016	688,760,117	59,356,368	167,062,562	60	28
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT								
Trade development and investment	Fairtrade Practices and Consumer Protection (weight & measures)	20,620,890	23,202,942	43,823,832	14,924,938	-	72	-
Trade development and investment	Administrative and Support Services.	37,619,414	200,000,000	237,619,414	19,773,808	-	53	-
Cooperative develop- ment and management	Cooperative Advisory & Extension Services.	-	-	-	-	-	-	-
Tourism development and marketing	Local Tourism Devel- opment.	5,882,961	5,000,000	10,882,961	215,400	-	-	-
Sub-Total		64,123,265	228,202,942	292,326,207	34,914,145	-	54	-
DEPARTMENT: ICT AND E-GOVERNMENT								
Information & Com- munication Service	News and Information Services	53,836,604	-	53,836,604	29,778,377	8,201,683	55	-
Information & Com- munication Service	ICT and BPO develop- ment services	-	40,262,387	40,262,387	-	-	-	-

Programme	Sub-Programme	Approved Original Estimates FY 2023/24 (Kshs.)			Actual Expenditure Jul - Mar 24 (Kshs.)		Absorption Rate	
		Recurrent Expenditure	Development Expenditure	Gross	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth development and empowerment services	Youth Development (YP) Training	-	3,400,000	3,400,000	-		-	-
Sub-Total		53,836,604	43,662,387	97,498,991	29,778,377	8,201,683	55	19
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD								
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	71,312,544	-	71,312,544	42,064,777	-	59	-
Sub-Total		71,312,544	-	71,312,544	42,064,777	-	59	-
DEPARTMENT: PUBLIC SERVICE MANAGEMENT								
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	294,637,612	28,241,257	322,878,869	277,735,623	2,998,800	94	11
Administration of Human Resources and Public Service	Human Resource Development	147,232,645	-	147,232,645	16,138,330	-	11	-
Sub-Total		441,870,257	28,241,257	470,111,514	293,873,953	2,998,800	67	11
County Executive Grand Total		5,082,868,722	2,861,972,592	7,944,841,314	2,896,567,563	468,457,999	57	16
Speaker's office		497,868,056	-	497,868,056	296,907,550	-	16	-
Clerk's Office		375,643,063	77,992,439	453,635,502	328,792,654	-	27	-
County Assembly Service Board		9,287,636	-	9,287,636	5,913,780	-	13	-
Total Expenditure		882,798,755	77,992,439	960,791,194	-	-	13	-
GRAND TOTAL		5,965,667,477	2,939,965,031	8,905,632,508	2,896,567,563	468,457,999	70	16

Source: Kericho County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and Support Services in the Department of Lands, Housing and Physical Planning at 104 per cent (Rec), Crop Development and Management in the Department of Agriculture, Livestock and Fisheries at 81 per cent (Rec), Administration, Planning and Support Services in the Department of Finance and Economic Planning at 117 per cent (Dev) and Administration and support services Department of Department of Lands, Housing and Physical Planning at 60 per cent (Dev) of budget allocation.

3.12.13 Accounts Operated in Commercial Banks

The County government operated a total of 25 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.

3.12.14 Key Observations and Recommendations

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 17th April 2024.
2. The underperformance of own-source revenue at Kshs.392.36 million against an annual projection of Kshs.1.27 billion, representing 30.89 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 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.

4. High level of pending bills, which amounted to Kshs.403.97 million as of 31st March 2024.
5. 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.
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 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 required by the law. However, imprest bank accounts for petty cash are exempted.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.24.50 billion, comprising Kshs.8.53 billion (34.8 per cent) and Kshs.15.96 billion (65.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 48.7 per cent compared to the previous financial year when it was Kshs.16.47 billion, and comprised of Kshs.4.89 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 (49.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.66 billion as additional allocations/conditional grants (6.8 per cent), a cash balance of Kshs.2.55 billion (10.4 per cent) brought forward from FY 2022/23, and generate Kshs.7.98 billion (32.6 per cent) as gross own source revenue. The own-source revenue includes Kshs.2.20 billion (9.0 per cent) as Facility Improvement Fund (revenue from health facilities), and Kshs.5.78 billion (23.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.85.

3.13.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.7.09 billion as an equitable share of the revenue raised nationally, Kshs.246.97 million as additional allocations/conditional grants, had a cash balance of Kshs.2.55 billion from FY 2022/23, and raised Kshs.3.35 billion as own-source revenue (OSR). The raised OSR includes Kshs.879.45 million as FIF and Kshs.2.47 billion as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.13.25 billion, as shown in Table 3.85.

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

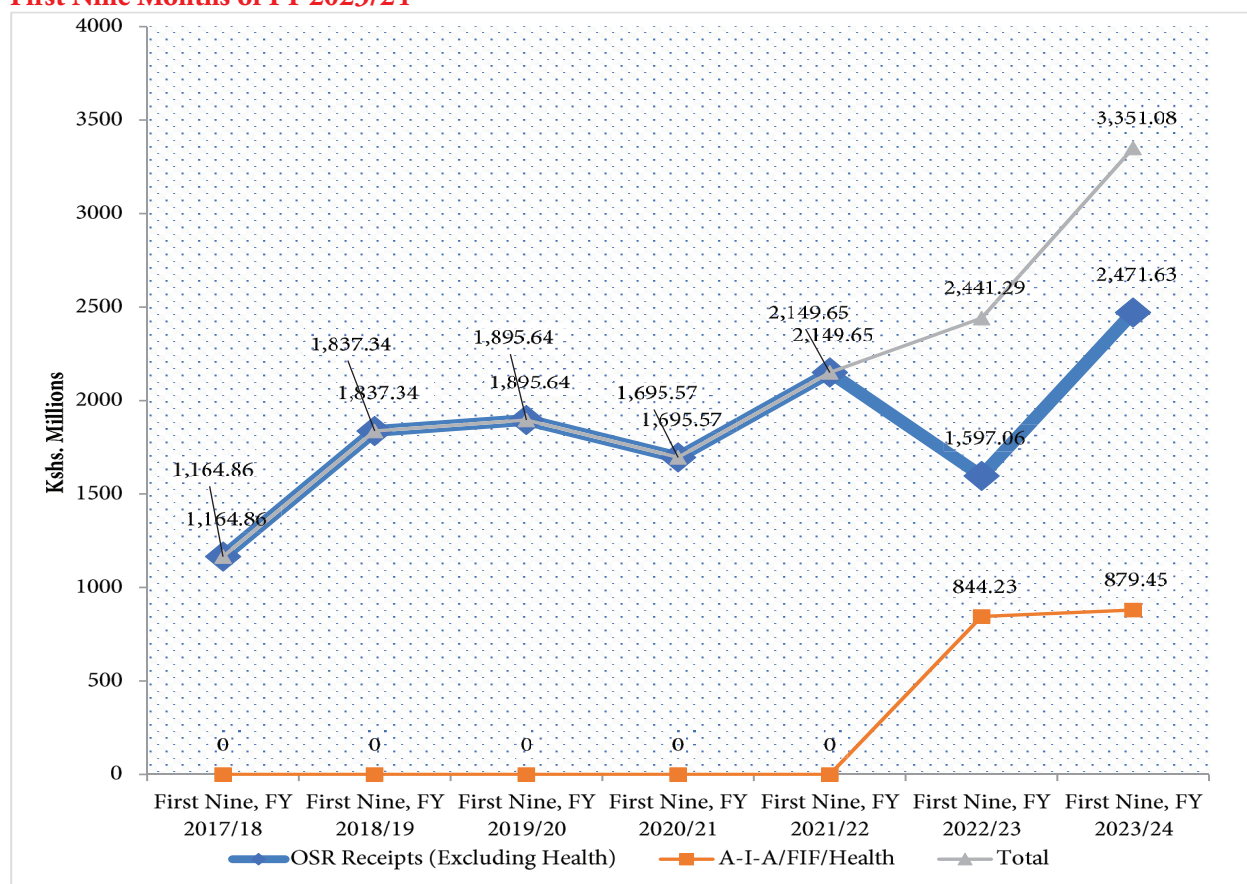
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,227,552,449	7,091,980,421	58.0
Sub Total		12,227,552,449	7,091,980,421	58.0
B	Conditional Grants			
1	Medical Leasing	124,723,404	-	-
2	Industrial Park & Aggregate Centre Grant	250,000,000	-	-
3	Provision of fertilizer subsidy programme	159,665,074	-	-
4	Court Fines	5,084,684	-	-
5	Mineral Royalties	10,139,863	-	-
6	IDA (World Bank) National Agricultural & Rural Inclusive Growth Project (NAGRIP)	303,275,969	51,435,542	17.0
7	IDA (World Bank) National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	195,533,663	78.2
8	DANIDA Grant - Primary Health Care Devolved	17,209,500	-	-
9	IDA (World Bank) FLLoCA - County Climate Institutional Support (CCIS) Grant	35,982,967	-	-
10	IDA (World Bank) FLLoCA - County Climate Resilience Investment Grant	125,000,000	-	-
11	Sweden - Agricultural Sector Development Support Programme - ASDSP II	2,583,952	-	-
12	World Bank - Kenya Informal Settlement Improvement Project II (KISIP II)	200,000,000	-	-
13	Aquaculture Business Development Project ABDP	23,664,715	-	-
14	Livestock Value Chain Support Project	149,092,200	-	-
Sub-Total		1,656,422,328	246,969,205	14.9
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	5,530,140,717	2,471,630,571	44.7
2	Balance b/f from FY2022/23	2,548,373,286	2,548,373,286	100.0
3	Facility Improvement Fund (FIF)	2,450,000,000	879,454,422	35.9
4	Appropriation in Aid (AIA)	-	-	-
5	MSF Belgium	43,200,000	13,648,800	-
6	Nutritional International	39,356,035	2,274,400	-
Sub Total		10,611,070,038	5,915,381,479	55.7
Grand Total		24,495,044,815	13,254,331,105	54.1

Source: Kiambu County Treasury

The County has governing legislation on the operation of FIF.

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

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



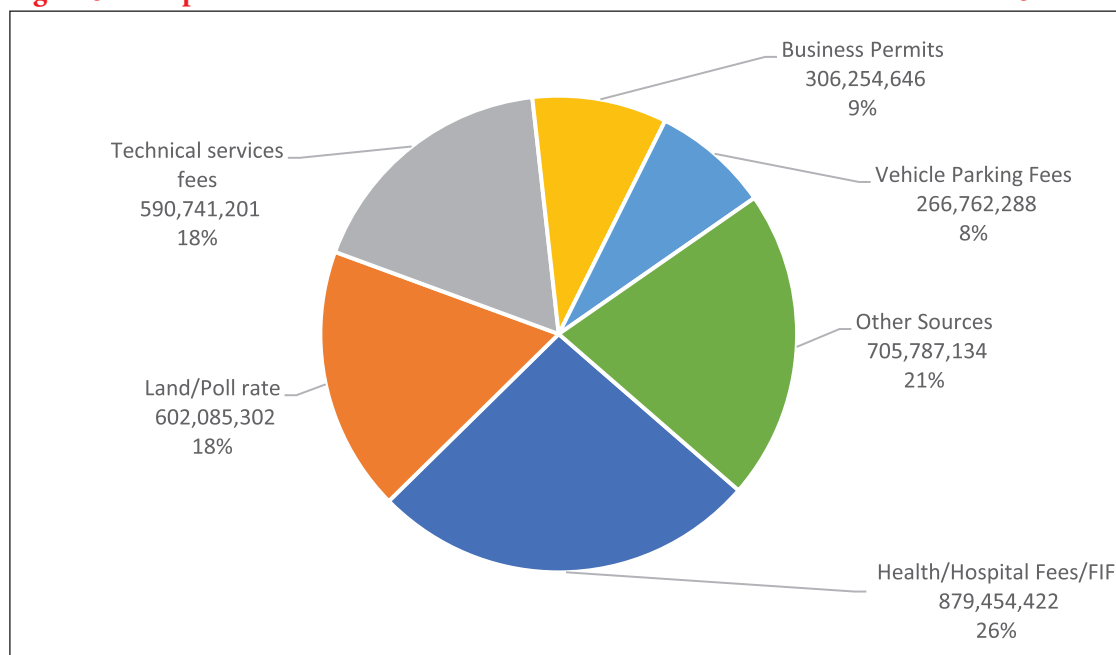
Source: Kiambu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.3.35 billion from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 27.2 per cent compared to Kshs.2.44 billion realised in a similar period in FY 2022/23 and was 42 per cent of the annual target and 47.3 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.267.2 million.

The increase in OSR is attributed to the implementation of the valuation roll and granting of waivers on land rates as well as the mobilization of revenue collection at the sub-county level.

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 Nine Months of FY 2023/24 in Kshs.



Source: Kiambu County Treasury

The highest revenue stream of Kshs.879.45 million was from hospital revenue (FIF), contributing to 26.2 per cent of the total OSR receipts during the reporting period.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.45 billion from the CRF account during the reporting period, which comprised Kshs.1.88 billion (16.4 per cent) for development programmes and Kshs.9.57 billion (83.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.6.01 billion was released towards Employee Compensation and Kshs.3.57 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.13.25 billion.

3.13.4 County Expenditure Review

The County spent Kshs.10.92 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.4 per cent of the total funds released by the CoB and comprised Kshs.1.85 billion and Kshs.9.07 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.7 per cent, while recurrent expenditure represented 56.8 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.5.97 billion, comprising of Kshs.3.59 billion for recurrent expenditure and Kshs.2.38 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.301.14 million. They consisted of Kshs.114.13 million for recurrent expenditure and Kshs.187.01 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.5.66 billion.

The County Assembly reported outstanding pending bills of Kshs.100.38 million as of 31st March 2024.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.56 billion on employee compensation, Kshs.2.44 billion on operations and maintenance, and Kshs.1.85 billion on development activities. Similarly, the County Assembly spent Kshs.448.68 million on employee compensation, Kshs.619.43 million on operations and maintenance, and nil on development activities, as shown in Table 3.86.

Table 3.86: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	14,332,755,737	1,628,986,518	8,535,463,964	1,037,217,431	8,001,232,082	1,068,108,945	55.8	65.6
Compensation to Employees	8,087,220,407	573,451,227	5,557,235,964	448,677,485	5,557,235,964	448,677,485	68.7	78.2
Operations and Maintenance	6,245,535,330	1,055,535,291	2,978,228,000	588,539,946	2,443,996,118	619,431,460	39.1	58.7
Development Expenditure	8,406,302,485	127,000,000	1,765,298,535	116,527,774	1,854,211,765	-	22.1	0.0
Total	22,739,058,222	1,755,986,518	10,300,762,499	1,153,745,205	9,855,443,847	1,068,108,945	43.3	60.8

Source: Kiambu County Treasury

3.13.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.6.01 billion, or 45.1 per cent of the available revenue, which amounted to Kshs.13.25 billion. This expenditure represented an increase from Kshs.5.33 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.3.40 billion paid to health sector employees, translating to 56.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.83 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.179.67 million was processed through manual payrolls. The manual payrolls accounted for 3 per cent of the total PE cost.

The County Assembly spent Kshs.53.42 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.74 million. The average monthly sitting allowance was Kshs.66,697 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.3.51 billion to county-established funds in FY 2023/24, constituting 14.3 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 Nine Months 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 March 2024
County Executive Established Funds					
1	Kiambu Alcoholic Drinks Control Fund	82,000,000	16,000,000	211,337,009	Yes
2	Kiambu County Education Bursary Fund	300,000,000	200,000,000	207,648,928	Yes
3	Kiambu County Emergency Fund	50,000,000	-	600	Yes
4	Kiambu County Executive Car Loan & Mortgage Scheme Fund	112,500,000	-	399,188	Yes
5	Kiambu County Jiinue Fund	50,000,000	-	6,348,304	Yes
6	Kiambu County Facility Improvement Fund	2,200,000,000	-	824,267,318	Yes
7	Kiambu County Climate Fund	385,982,967	-	6,970,320	Yes
County Assembly Established Funds					
8	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	328,232,000	25,000,000	6,020	Yes
9	Kiambu County Assembly Staff Mortgage Scheme Fund	-	-	-	Yes
	Total	3,508,714,967	241,000,000	1,256,977,687	

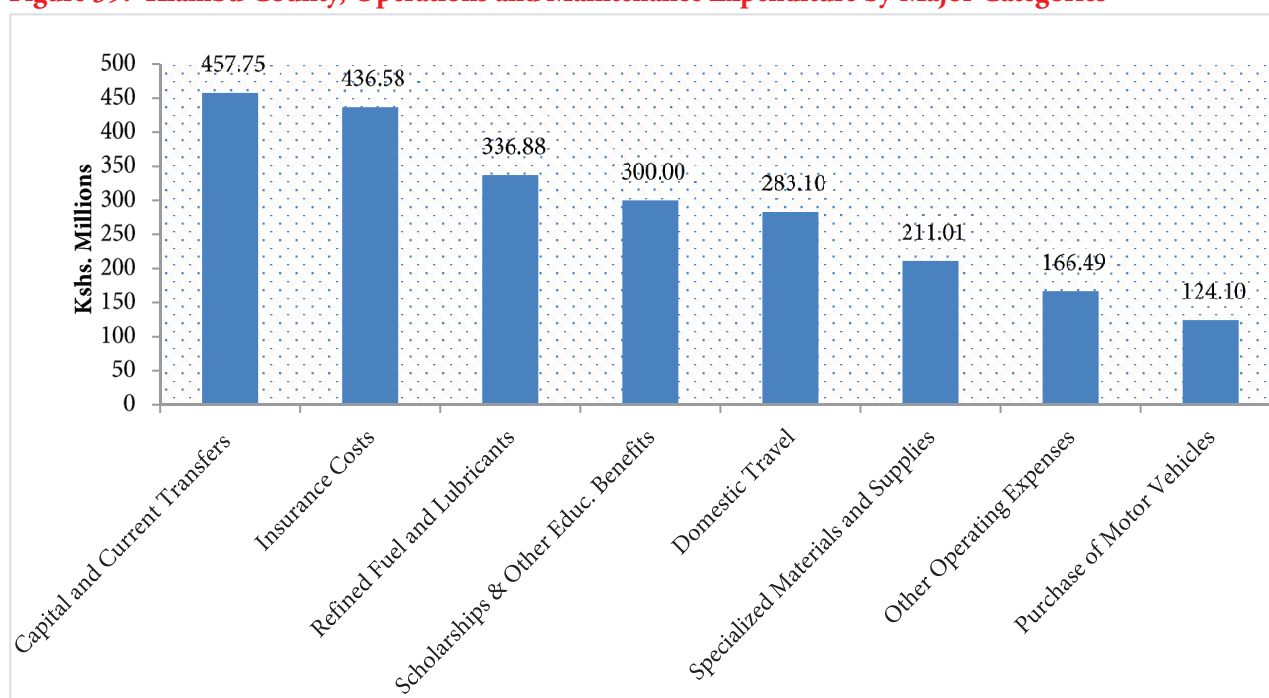
Source: Kiambu County Treasury

During the reporting period, the CoB received quarterly financial returns from all Fund Administrators.

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.

3.13.9 Expenditure on Operations and Maintenance

Figure 39 summarizes 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 operations and maintenance costs is an expenditure of Kshs.64.95 million on other operating expenses 'others', Kshs.41.69 million on management fees and Kshs.25.45 million on legal fees.

During the period, expenditure on domestic travel amounted to Kshs.283.10 million and comprised Kshs.240.20 million spent by the County Assembly and Kshs.42.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.87 million and comprised Kshs.65.17 million by the County Assembly and Kshs.0.70 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.88.

Table 3.88: Summary of Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	1.1.1 3rd to 09th 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	04th to 13th September, 2023	Attend a Karate Championship in Berlin	Germany	789,372
County Assembly of Kiambu	7	15-21 October, 2023	Training	Dubai	6,018,472
County Assembly of Kiambu	7	1.1.2 15-28 October 2023	Training	Uganda	6,632,154
County Assembly of Kiambu	7	15-28 October 2023	Training	Tanzania	6,689,960
County Assembly of Kiambu	8	19th-2nd December 2024	Training	Tanzania	7,571,610
County Assembly of Kiambu	7	19-26 November 2023	Training	Ethiopia	6,121,470
County Assembly of Kiambu	7	3-16 December 2023	Training	Tanzania	6,779,707
County Assembly of Kiambu	9	3-16 December 2023	Training	Tanzania	8,409,534
County Assembly of Kiambu	7	10-18 December 2023	Training	Uganda	4,551,264
County Assembly of Kiambu	7	4-11 February 2024	Training	Dubai	8,413,972
County Assembly of Kiambu	7	28th January-10th February 2024	Training	Tanzania	6,974,122
County Assembly of Kiambu	7	11-18 February 2024	Training	Ethiopia	6,019,257

Source: Kiambu County Treasury and Kiambu County Assembly

3.13.10 3.13.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.85 billion on development programmes, representing an increase of 130 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.807.14 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

	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Contract variation (Kshs)	Implementation status (%)
1	Roads, Transport, Public Works & Utilities	Rehabilitation of Rural Access Roads(420KM)	All wards	426,000,000	426,000,000	364,040,253	-	85
2	Agriculture, Livestock and Cooperative Development	NAVCDP	County-wide	414,665,074	414,665,074	258,468,703	-	62
3	Agriculture, Livestock and Cooperative Development	Procurement & distribution of certified seeds/ seedlings	County-wide	125,625,245	125,625,245	122,948,350	-	98
4		Payables from previous financial years	All Wards	579,648,652	579,648,652	119,064,672	-	21
5	Agriculture, Livestock and Cooperative Development	Procurement of food crop fertilizer, and coffee fertilizer	County-wide	100,000,000	100,000,000	97,666,105	-	98
6		Purchase of specialized plant	Ruiru	200,000,000	200,000,000	88,673,000	-	44
7		Street lighting installation (1134 No)	All wards	200,000,000	200,000,000	64,945,356	-	32
8	Agriculture, Livestock and Cooperative Development	Sex Semen, convectional semen, month-old chicks, piglets	County-wide	230,000,000	230,000,000	60,523,500	-	26
9	Health	Construction of a 4-storeyed type medical ward block at Wangige level 4 hospital	Kabete ward	220,283,842	5,000,000	38,279,815	270,725,815	14
10	Health	Construction of a level IV Hospital at Gachororo Health Centre	Juja ward	196,699,815	52,319,515	37,174,395	-	19
	Gross Total			2,692,922,628	2,333,258,486	1,251,784,149	270,725,815	

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 nine months of FY 2023/24.

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

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,628.99	127.00	1,037.22	116.53	1,068.11	-	103.0	-	65.6	-
County Executive	452.05	-	206.36	-	228.83	-	110.9	-	50.6	-
County Public Service Board	98.09	-	45.05	-	35.13	-	78.0	-	35.8	-
Finance & Economic Planning & ICT	1,542.09	350.97	853.94	23.84	839.85	22.85	98.3	95.9	54.5	6.5

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment & Natural Resources	580.63	696.58	374.97	179.67	290.52	121.16	77.5	67.4	50.0	17.4
Health Services	7,104.43	1,186.68	4,531.83	200.91	4,555.86	164.94	100.5	82.1	64.1	13.9
Roads, Transport & Public Works	700.63	2,157.65	381.99	593.63	371.09	649.73	97.1	109.5	53.0	30.1
Administration & Public Service	992.61	127.86	610.15	40.20	461.35	37.20	75.6	92.5	46.5	29.1
Agriculture, Livestock and Cooperatives	525.78	1,528.91	351.00	565.33	194.01	586.36	55.3	103.7	36.9	38.4
Education, Gender, Culture & Social Services	1,532.75	631.57	837.37	211.69	766.41	198.40	91.5	93.7	50.0	31.4
Youth Affairs, Sports & Communication	181.48	165.07	84.85	-	71.32	-	84.1	-	39.3	-
Lands, Housing, Physical Planning & Municipal Adm & Urban Devt	440.90	528.82	183.14	13.85	139.83	33.87	76.4	244.5	31.7	6.4
Trade, Tourism, Industrialization & Investment	181.31	1,032.19	74.81	39.52	47.02	39.69	62.9	100.4	25.9	3.8
Total	15,961.74	8,533.30	9,572.68	1,985.17	9,069.34	1,854.21	94.7	93.4	56.8	21.7

Source: Kiambu County Treasury

Analysis of expenditure by departments shows that the Department of Agriculture, Livestock and Cooperatives recorded the highest absorption rate of development budget at 38.4 per cent, followed by the Department of Education, Gender, Culture & Social Services at 31.4 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 65.6 per cent while the Department of Trade, Tourism, Industrialization & Investment had the lowest at 25.9 per cent.

Expenditure to exchequer issues for seven departments were above 100 per cent as shown in Table 3.90. This is 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 but in practice, they are awaiting funding at the CBK Internet Banking (IB) level but are reported as expenditure.

The approved recurrent budget for the County Executive is Kshs.689.62 million, which is within the recurrent expenditure ceiling set in the County Allocation of Revenue Act, (CARA) 2023 of Kshs.689.62 million. The County Executive, therefore, complied with the CARA ceiling. On the other hand, the Kiambu County Assembly's approved recurrent budget is Kshs.1.44 billion against the CARA, 2023 set ceiling of Kshs. 1.35 billion. This is attributed to the allocation to MCAs' car loan and mortgage fund of Kshs.237 million which is excluded from the ceiling.

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 nine months 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 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and oversight	Legislation and oversight	1,020,301,188	-	708,058,060	-	69	-
General Administration Planning and Support Services	General Administration Planning and Support Services	462,580,014	127,000,000	280,580,347	-	61	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Representation services	Representation services	146,105,316	-	79,470,538	-	54	-
	Sub-Total	146,105,316	-	79,470,538	-	54	-
Sub-Total		1,628,986,518	127,000,000	1,068,108,945	-	66	-
County Executive							
Leadership & Coordination of County Admin & Departments	General Administration and Support Services	402,515,989	-	200,928,170	-	50	-
	Representation Services	49,536,506	-	27,899,882	-	56	-
Sub-Total		452,052,495	-	228,828,052	-	51	-
County Public Service Board							
Leadership and Administration of Human Resources and Development in County Public Service	Human Resource development and management services	98,090,971	-	35,131,777	-	36	-
Sub-Total		98,090,971	-	35,131,777	-	36	-
Finance ICT & Economic Planning							
Public Finance Management and Economic Policy & Strategy	Budget	33,224,547	-	16,408,792	-	49	-
	Revenue	394,500,000	10,000,000	167,674,957	-	43	-
	Accounting	55,500,000	-	30,974,199	-	56	-
	Internal Audit	4,143,000	-	2,074,329	-	50	-
General Administration and support services	General Administration and support services	1,029,723,460	23,000,000	611,357,929	6,800,000	59	30
ICT Services	ICT services	25,000,000	317,966,018	11,356,205	16,054,127	45	5
Sub-Total		1,542,091,007	350,966,018	839,846,411	22,854,127	54	7
Water, Energy, Environment & Natural Resources							
Water and environment administration	Administration, Planning & Support Services	-	-	-	-	-	-
Water	Water Resource Management and Sanitation	507,838,854	238,000,000	281,467,041	83,737,296	55	35
Natural Resources	Natural Resources, Forest Conservation and Management	-	25,000,000	-	3,844,000	-	15
Environment	Environment and Solid Waste Management	24,192,000	94,580,000	-	33,575,776	-	35
Renewable Energy and Climate Change	Climate Change Mitigation & Adaptation	48,600,838	339,000,000	9,050,950	-	19	-
Sub-Total		580,631,688	696,580,000	290,517,961	121,157,072	50	17
Health Services							
Health Services	Curative	1,178,623,125	1,186,679,399	49,360,932	164,944,736	4	14
	Preventive and Promotive	983,345,000	-	324,025,454	-	33	-
	Pharmaceuticals	120,000,000	-	80,862,108	-	67	-
	Administration And Support	4,822,459,295	-	4,101,612,260	-	85	-
Sub-Total		7,104,427,420	1,186,679,399	4,555,860,754	164,944,736	1	14
Roads, Transport, Public Works & Utilities							
Maintenance of Roads, Bridges, Transport, Construction and Maintenance	General administration and support services	700,628,021	-	371,094,975	-	53	-
	Roads	-	2,132,648,652	-	649,731,007	-	30
	Energy		25,000,000		-	-	-
Sub-Total		700,628,021	2,157,648,652	371,094,975	649,731,007	53	30
Administration & Public Service							
General Administration Planning and Support services	General Administration Planning and Support services	936,882,896	77,860,000	439,183,512	37,197,118	47	48

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Human Resource Management & Development Services	Human Resource Management & Development	23,731,500	-	6,170,521	-	26	-
Alcoholic Fund	Alcoholic Drinks Control & Rehabilitation	32,000,000	50,000,000	16,000,000	-	50	-
Sub-Total		992,614,396	127,860,000	461,354,033	37,197,118	46	29
Department: Agriculture, Livestock and Co-Operative Development							
	General Administration, Planning and Support Services	426,762,457	-	181,533,404	-	43	-
	Crop Development, Irrigation and Marketing Services	8,800,000	1,023,150,240	-	489,488,468	-	48
	Livestock and Fisheries Management and Development	40,314,781	455,756,915	8,238,838	71,803,984	20	16
	Co-operative Development and Management	49,900,000	50,000,000	4,238,528	25,070,000	8	50
Sub-Total		525,777,238	1,528,907,155	194,010,770	586,362,452	37	38
Education, Gender, Culture & Social Services							
Pre-primary Edu, Promotion of Culture and Social Services	Preprimary education and youth polytechnics services	497,000,000	584,570,773	365,800,498	195,410,592	74	33
	Gender, Culture and Social Services	40,500,000	47,000,000	357,540	2,990,255	1	6
	General administration and support services	995,248,958	-	400,254,818	-	40	-
Sub-Total		1,532,748,958	631,570,773	766,412,856	198,400,847	50	31
Youth Affairs, Sports & Communication							
Youth Affairs, Sports and Communication	Youth Affairs	7,500,000	-	1,818,794	-	24	-
	Sports	53,500,000	-	28,434,190	-	53	-
	Communication	29,430,000	-	9,169,039	-	31	-
	General Administration	91,052,827	-	31,896,878	-	35	-
	Improvement of Sports Infrastructure	-	165,071,184	-	-	-	-
Sub-Total		181,482,827	165,071,184	71,318,901	-	39	-
Department of Land, Housing, Physical Planning, Municipal Administration & Urban Development							
Urban Areas Development & Administration	Urban Areas Administration and Management	131,052,608	129,450,000	55,509,867	-	42	-
General Administration, Planning and Support Services	General administration and support services	214,849,501	-	81,876,673	-	38	-
Land Use Management, Valuation & Rating and Physical Planning	Land Administration services	95,000,000	74,093,092	2,445,660	9,020,115	3	12
Housing and Community Development	Housing Development	-	325,281,719	-	24,850,324	-	8
Sub-Total		440,902,109	528,824,811	139,832,200	33,870,439	32	6
Trade, Industrialization, Tourism, Investments and Cooperative Development							
	Trade Administration, Development and Promotion	62,755,000	-	12,176,246	-	19	-
	General Administration, Planning and Support Services	118,553,607	-	34,847,145	-	29	-
	Trade and Markets		422,095,916		37,277,964	0	9
	Tourism promotion and marketing	-	10,000,000	-	-	-	-
	Industrialization	-	595,000,000	-	-	-	-
	Investment	-	5,098,576	-	2,416,003	-	47
Sub-Total		181,308,607	1,032,194,492	47,023,391	39,693,967	26	4
GRAND TOTAL		15,961,742,255	8,533,302,484	9,069,341,026	1,854,211,765	57	22

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 74 per cent, Legislation and Oversight in the County Assembly at 69 per cent and Pharmaceuticals in the Department of Health Services at 67 per cent of budget allocation.

3.13.13 Accounts Operated in 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 that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

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. 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 29th April, 2024.
2. The underperformance of own-source revenue at Kshs.3.35 billion against an annual target of Kshs.7.98 billion, representing 42 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.5.66 billion as of 31st March, 2024.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.179.67 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.
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 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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The county leadership should address the situation of pending bills to ensure that 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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.18.94 billion, comprising Kshs.8.15 billion (43.0 per cent) and Kshs.10.79 billion (57.0 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 23.3 per cent compared to the previous financial year when it was Kshs.15.35 billion, and comprised of Kshs.5.79 billion towards development expenditure and Kshs.9.56 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.11 billion (64 per cent) as the equitable share of revenue raised nationally, Kshs.2.52 billion (13.3 per cent) as conditional grants, a cash balance of Kshs.2.52 billion (13.3 per cent) brought forward from FY 2022/23, and generate Kshs.1.79 billion (9.4 per cent) as gross own source revenue. The own-source revenue includes Kshs.200 million (1.1 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.1.59 billion (8.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.92.

3.14.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.7.02 billion as an equitable share of the revenue raised nationally, Kshs.897.6 million as conditional grants, had a cash balance of Kshs.2.52 billion from FY 2022/23, and raised Kshs.187.11 million as own-source revenue (OSR). The raised OSR includes Kshs.64.82 million as FIF and Kshs.122.29 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.10.63 billion, as shown in Table 3.92

Table 3.92: Kilifi County, Revenue Performance in the First Nine Months 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	12,113,734,119	7,023,336,287	58.0
Sub Total		12,113,734,119	7,023,336,287	58.0
B	Conditional Grants			
1	Water Sanitation Development Programme (WSDP)	1,300,000,000	571,709,518	44.0
2	Kenya Informal Settlement and Improvement Project (KISIP)	250,000,000	125,000,000	50.0
3	World Bank Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	195,379,764	78.2
4	National Agricultural and Rural Inclusive Growth Project (NARIGP)	150,000,000	4,261,825	2.8
5	Agricultural Sector Development Support Programme (ASDSP) II	1,248,343	1,248,343	100.0
6	DANIDA Grant (Universal Healthcare in Devolved System Programme)	19,057,500	-	-
7	Conditional Grants from National Government Revenue	535,660,494	-	-
8	World Bank Credit to Finance Locally-Led Climate Action Program	11,000,000	-	-
Sub-Total		2,516,966,337	897,599,450	35.7

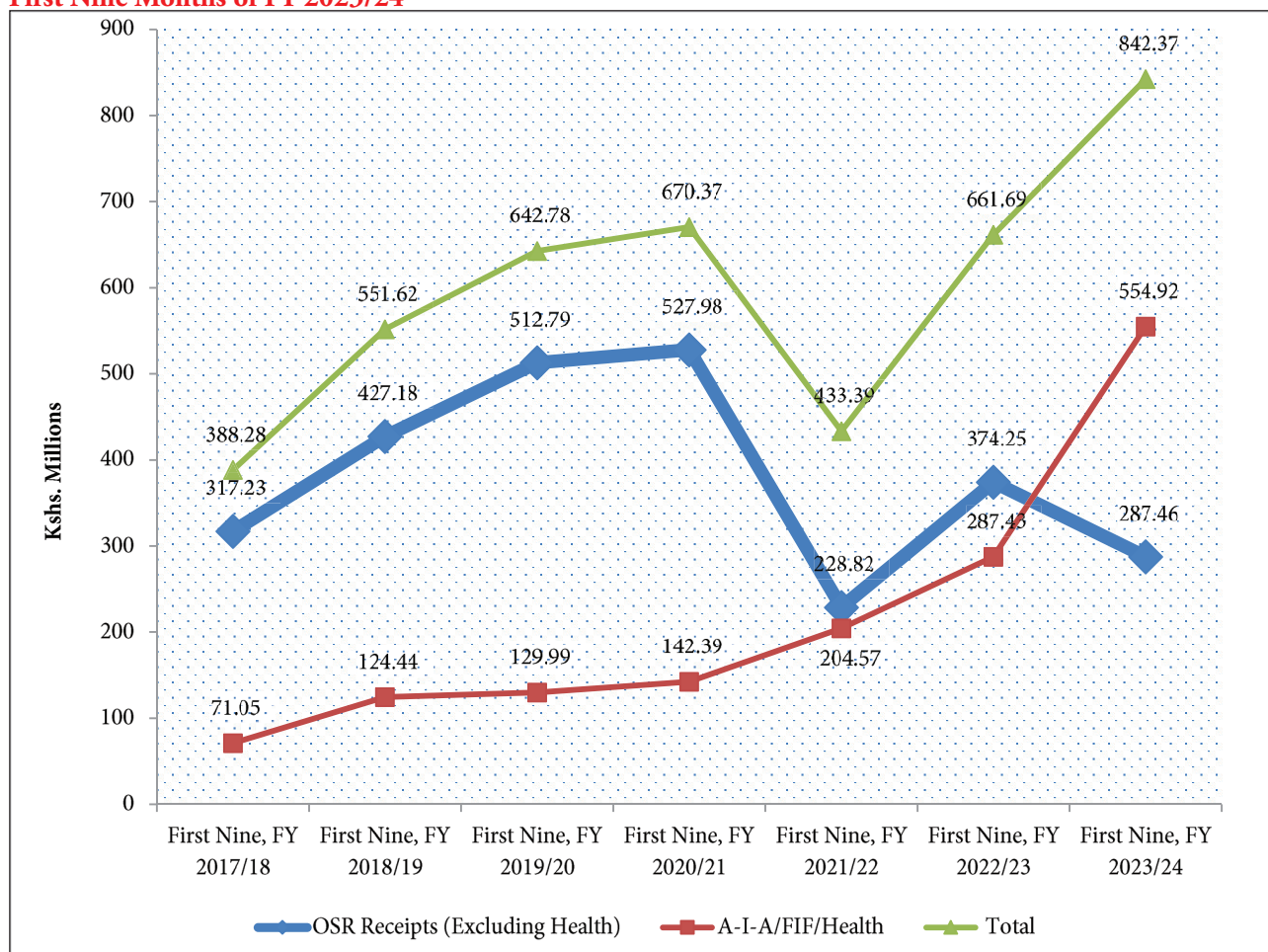
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	1,588,634,222	554,915,190	34.9
2	Balance b/f from FY2022/23	2,516,966,337	2,516,966,337	100.0
3	Facility Improvement Fund (FIF)	200,000,000	287,458,199	143.7
4	Appropriation in Aid (AIA)	-	-	-
Sub Total		4,305,600,559	2,704,072,710	62.8
Grand Total		18,936,301,015	11,280,275,463	59.6

Source: Kilifi County Treasury

The increment in FIF collection is attributed to a tighter revenue collection mechanism including the automation of the revenue collection process.

Figure 40 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 40: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

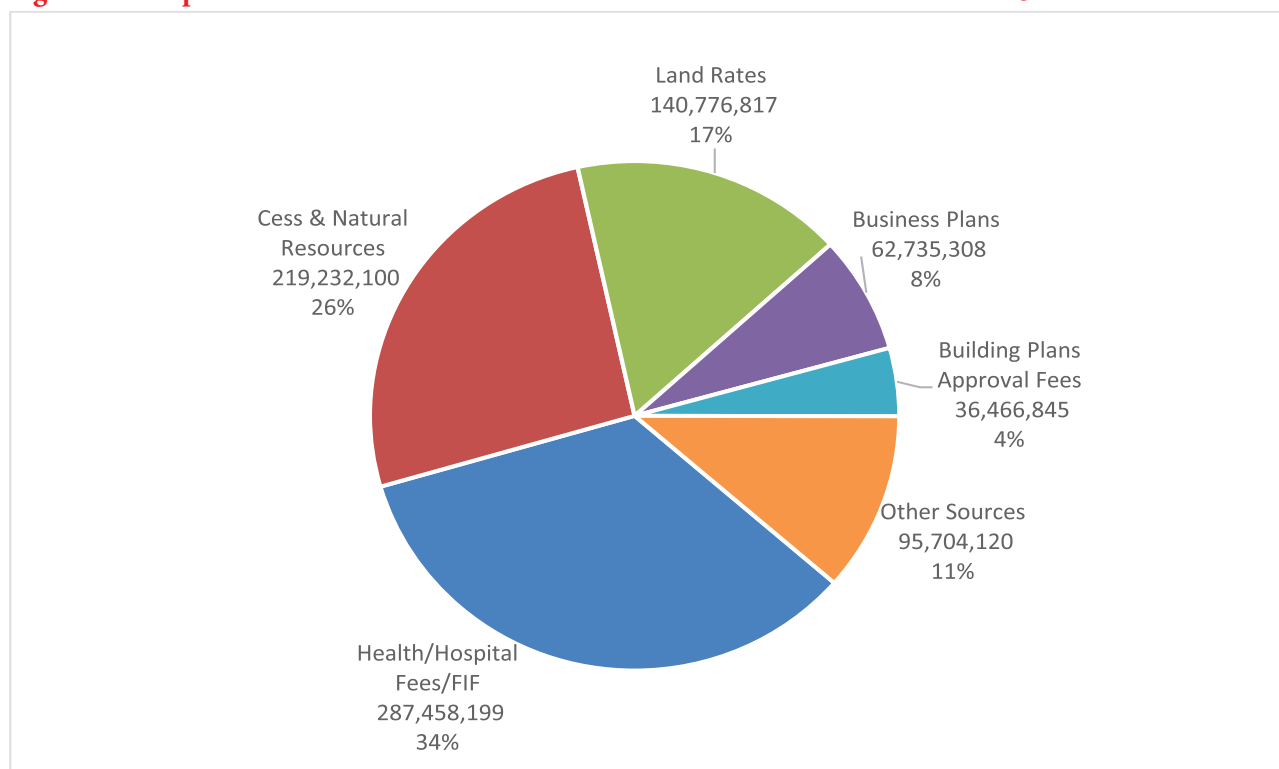


Source: Kilifi County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.842.37 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 27.31 per cent compared to Kshs.661.69 million realised in a similar period in FY 2022/23 and was 53 per cent of the annual target and 11.9 per cent of the equitable revenue share disbursed during the period.

The revenue streams which contributed the highest OSR receipts are shown in Figure 41.

Figure 41: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Kilifi County Treasury

The highest revenue stream of Kshs.287.46 million was from the Facility Improvement Fund (FIF) contributing to 34 per cent of the total OSR receipts during the reporting period.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.89 billion from the CRF account during the reporting period, which comprised Kshs.1.39 billion (17.6 per cent) for development programmes and Kshs.6.50 billion (82.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.98 million was released towards Employee Compensation and Kshs.3.52 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.2.11 billion.

3.14.4 County Expenditure Review

The County spent Kshs.8.87 billion on development and recurrent programmes in the reporting period. The expenditure represented 112.5 per cent of the total funds released by the CoB and comprised of Kshs.1.67 billion and Kshs.7.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.5 per cent, while recurrent expenditure represented 66.8 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.2.21 billion, comprising Kshs.870.95 million for recurrent expenditure and Kshs.1.34 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.765.99 million. They consisted of Kshs.15.97 million for recurrent expenditure and Kshs.750.02 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.44 billion.

The County Assembly reported outstanding pending bills of Kshs.12.35 million as of 31st March 2024.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.66 billion on employee compensation, Kshs.3.78 billion on operations and maintenance, and Kshs.1.61 billion on development activities. Similarly, the County Assembly spent Kshs.322.58 million on employee compensation, Kshs.445.62 million on operations and maintenance, and Kshs.62.24 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
Total Recurrent Expenditure	9,788,466,157	999,209,543	6,438,425,372	768,205,120	65.8	76.9
Compensation to Employees	4,492,834,612	468,603,589	2,655,777,484	322,583,657	59.1	68.8
Operations and Maintenance	5,295,631,545	530,605,954	3,782,647,888	445,621,463	71.4	84.0
Development Expenditure	7,906,500,591	242,124,724	1,607,319,294	62,238,400	20.3	25.7
Total	17,694,966,748	1,241,334,267	8,045,744,666	830,443,520	45.5	66.9

Source: Kilifi County Treasury

3.14.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.98 billion, or 26.4 per cent of the available revenue, which amounted to Kshs.10.63 billion. This expenditure represented a decrease of 15.6 per cent from Kshs.3.53 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.54 billion paid to health sector employees, translating to 52 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.77 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.205.34 million was processed through manual payrolls. The manual payrolls accounted for 6.9 per cent of the total PE cost.

The County Assembly spent Kshs.24.09 million on committee sitting allowances for the 56 MCAs against the annual budget allocation of Kshs.31.95 million. The average monthly sitting allowance was Kshs.47,800 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 Nine Months of FY 2023/24

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements
County Executive Established Funds					
1.	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-	No
2.	Kilifi County Ward Scholarship Fund	350,000,000	235,000,000	235,000,000	Yes
3.	Kilifi County Emergency Fund	100,000,000	150,000,000	100,000,000	Yes
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
County Assembly Established Funds					
6.	Kilifi County Assembly Car Loan & Mortgage Fund	112,000,000	110,290,000	110,290,000	Yes
Total		857,932,178	570,290,000	520,290,000	-

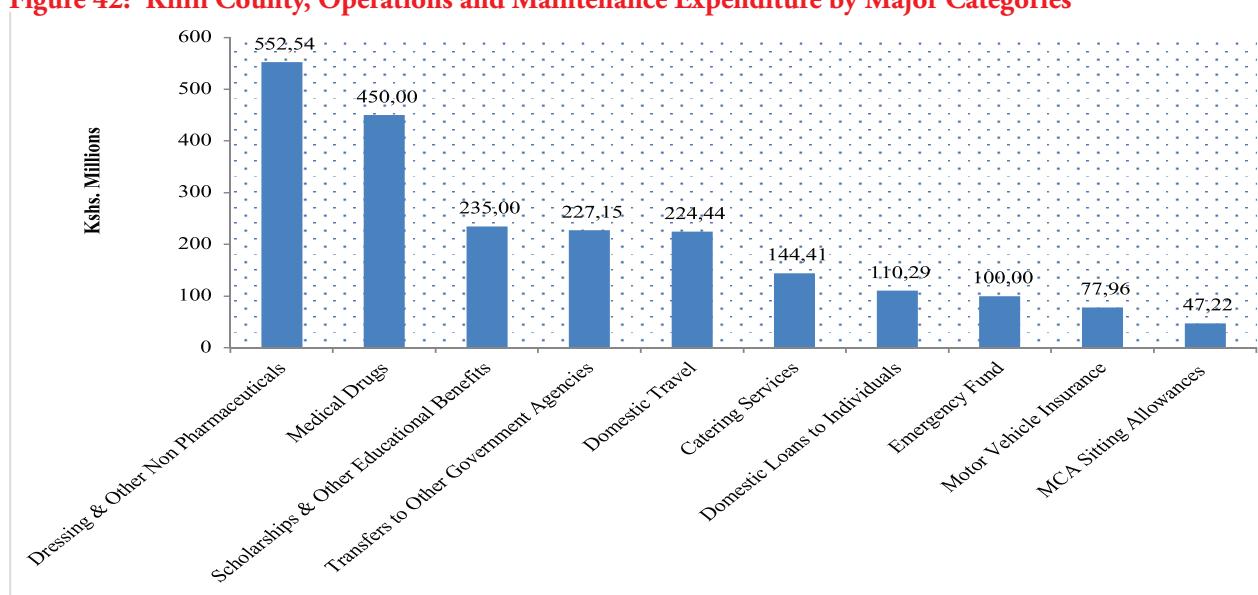
Source: Kilifi County Treasury

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 OCoB notes that the County government uses 10 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.

3.14.9 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.224.44 million and comprised Kshs.95.78 million spent by the County Assembly and Kshs.128.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.40.20 million and comprised Kshs.4.68 million by the County Assembly and Kshs.35.52 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.95.

Table 3.95: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

County Department	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Tourism	2	6.11.2023 - 17.11.2023	World Travel Market Expo-London	London	3,854,515
Office of the Governor	2	25/8/2023	Trade conferences for Carbon Credit	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	2,661,918
Office of the Governor	4	4/9/23 to 4/9/23	Climate Change Seminar	UAE	2,297,184
Finance	1	25/8/23-4/9/23	Signing of memorandum of understanding for collaboration with Kilifi County Sustainable Project for Carbon Credits Generation in Kenya	Dubai	1,799,560
Finance	2	15/9/23- 23/9/24	Travel to Slovakia on a Trade Mission	Slovakia	1,779,370
Finance	1	15/09/23-23/09/23	Trade Mission	Slovakia	1,693,426
Tourism	1	23.09.2023 - 6.10.2023	Trade Fair in Belgium	Belgium	1,487,668
Agriculture	2	10/07/2023	Sustainable development of coastal communities and study tour	Italy	913,160

Source: Kilifi County Treasury and Kilifi County Assembly

3.14.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.61 billion on development programmes, representing an increase of 255.82 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 452.47 million. Table 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	Amount paid to date (Kshs)	Implementation status (%)
1	Education & Early Childhood Development	Provision of Nutritious Porridge at ECDS	Countywide	100,000,000	69,552,000.00	Ongoing
2	Roads & Transport	Maintenance of Roads at County Head Quarters	County Head Quarters	70,000,000	60,841,619	Complete
3	Health & Sanitation	Construction of KCH Complex Phase II	County Head Quarters	389,235,734.52	13,824,345.00	Complete
4	Water	Upgrade of Mwavumbo pumping Station	Mariakani	15,991,934	7,000,000	Ongoing
5	Blue Economy	Construction of Shore Protection Wall at Ngomeni	Ngomemi	73,000,000	5,206,412	Ongoing
6	Water	Bodoi Pipeline	Garashi	5,000,000	4,999,999.00	Complete
7	Water	Mazeras Booster Pump	Rabai Kisurutini	5,000,000	4,999,999.00	Complete
8	Water	Maintenance & Repair of 10 No. Boreholes in Sabaki Ward	Sabaki	5,000,000	4,999,999.00	Complete
9	Youth & Sports	Talent search programme	County wide	12,220,538	4,803,500	Ongoing
10	Water	Maintenance & Repair of 8 No. Boreholes in Matsangoni Ward	Matsangoni	4,000,000	3,999,999.00	Complete

Source: Kilifi County Treasury

3.14.11 Budget Performance by Department

Table 3.97 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.97: Kilifi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	999.21	242.12	739.11	62.24	768.21	62.24	103.9	100.0	76.9	25.7
County Division for Office of the Governor	402.73	-	305.02	-	273.67	-	89.7	-	68.0	-
County Division for Finance	556.35	65.90	376.26	-	350.60	-	93.2	-	63.0	-
County Division for Agriculture	69.48	784.44	26.99	81.04	7.83	233.17	29.0	287.7	11.3	29.7
County Division for Lands & Energy	58.72	292.58	46.08	55.88	30.87	60.93	67.0	109.0	52.6	20.8
County Public Service Boards	45.20	-	13.64	-	15.77	-	115.6	-	34.9	-
County Division for Public Service Management	4,852.95	75.00	2,771.89	0.94	3,530.84	-	127.4	-	72.8	-
County Division for County Attorney	159.67	26.40	30.50	-	25.49	-	83.6	-	16.0	-
County Division for Economic Planning	81.85	-	10.20	-	57.64	-	565.3	-	70.4	-
County Division for Livestock	27.91	166.38	10.80	29.18	23.46	49.02	217.2	168.0	84.1	29.5
County Division for Information Communication Technology	29.16	-	-	-	9.93	-	-	-	34.1	-
County Division for Physical Planning, Urban Development & Housing	373.33	332.48	231.58	18.15	231.65	5.00	100.0	27.5	62.1	1.5

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Division for Cooperative Development	29.12	35.00	6.77	-	29.00	-	428.1	-	99.6	-
County Division for Resource Mobilization	128.21	-	8.43	-	99.69	-	1,183.0	-	77.8	-
County Division for Blue Economy	27.23	190.29	3.17	6.13	7.59	76.59	239.0	1,249.8	27.9	40.3
County Division for Water Services	61.06	2,315.78	24.45	381.04	25.49	316.25	104.3	83.0	41.7	13.7
County Division for Environment and Natural Resources	125.37	19.00	30.50	-	37.07	-	121.5	-	29.6	-
County Division for Forestry and Climate Change	11.00	72.60	-	-	-	1.34	-	-	-	1.8
County Division for Early Childhood Education and Vocational Training	555.66	533.79	288.20	191.30	267.74	174.51	92.9	91.2	48.2	32.7
County Division for Health and Sanitation Services	1,504.33	855.99	1,362.56	116.29	1,182.42	107.82	86.8	92.7	78.6	12.6
County Division for Roads and Transport Services	285.84	1,217.36	113.71	228.58	114.30	230.49	100.5	100.8	40.0	18.9
County Division for Public Works	13.80	-	-	-	0.70	-	-	-	5.0	-
County Division for Gender and Social Services	70.08	172.59	20.69	73.80	20.59	44.97	99.5	60.9	29.4	26.1
Youth Affairs & Sports	46.92	151.08	-	22.55	4.11	46.50	-	206.3	8.8	30.8
County Division for Trade Development	25.29	478.81	40.18	118.38	19.94	241.26	49.6	203.8	78.8	50.4
County Division for Tourism Promotion	40.43	37.90	-	-	21.18	-	-	-	52.4	-
County Division for Devolution & Civic Education	39.76	42.81	-	-	26.54	19.47	-	-	66.7	45.5
County Division for Special Programs & Disaster Management	96.99	40.32	41.97	-	24.31	-	57.9	-	25.1	-
County Division for the County Secretary	70.00	-	-	-	-	-	-	-	-	-
Total	10,787.68	8,148.63	6,502.69	1,385.49	7,206.63	1,669.56	110.8	120.5	66.8	20.5

Source: Kilifi County Treasury

Analysis of expenditure by departments shows that the Department of Trade recorded the highest absorption rate of development budget at 50.4 per cent, followed by the Department of County Division for Devolution & Civic Education at 45.5 per cent. The Department of County Division for Health & Sanitation Services had the highest percentage of recurrent expenditure to budget at 78.6 per cent while other departments had zero absorption rates

Recurrent Expenditure by the County Assembly is within the Ceiling in CARA, 2023.

3.14.12 Budget Execution by Programmes and Sub-Programmes

Table 3.98 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.98: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	De- velop- ment Ex- pen- diture
Division of Lands, Energy, Physical Planning and Development Control							
Programme 1 Administration, Planning and Support Services	Sub-programme 1.1 Administration, Planning and Support Services	341,210,877.00	36,716,597.00	231,654,805.00	-	-	-
Sub Total		341,210,877.00	36,716,597.00	231,654,805.00	-	68	-
Programme 2: Housing Development and Human Settlement	Sub-Programme 2.1: Housing Development and Human Settlement	-	-	-	-	-	-
Sub-Total		-	-	-	-	-	-
Programme 3: Urban Development and Management	Sub-Programme 3.1: Urban Development and Management	-	-	-	-	-	-
	Sub-Programme. 3.2: Town Administration Services	23,716,598.00	295,760,584.00	-	5,000,000.00	-	-
Sub-Total		23,716,598.00	295,760,584.00	-	5,000,000.00	-	-
Grand Total		364,927,475.00	332,477,181.00	231,654,805.00	5,000,000.00	68	-
Youth Affairs & Sports							
Sports and Talent Development	Sports and Talent Development	46,919,221.00	151,084,830.00	4,106,200.00	46,578,846.35	0.09	0.31
Sub Total		46,919,221.00	151,084,830.00	4,106,200.00	46,578,846.35	0.09	0.31
Trade Development							
Administration, Planning & Support Services	Administration Planning and Support Services	12,350,000.00	5,036,889.00	6,446,459.00	5,036,889.00	0.5	1.0
Sub Total		12,350,000.00	5,036,889.00	6,446,459.00	5,036,889.00	-	-
Trade Development	Trade Development	12,941,214.00	473,776,283.00	12,980,823.00	236,225,336.00	1.0	0.5
Sub-Total		12,941,214.00	473,776,283.00	12,980,823.00	236,225,336.00	-	-
Grand Total		25,291,214.00	478,813,172.00	19,427,282.00	241,262,225.00	-	-
Tourism Development							
Administration, Planning & Support Services	Tourism promotion and marketing	40,427,680.00	37,895,761.00	21,177,619.00	-	0.52	-
Sub Total		40,427,680.00	37,895,761.00	21,177,619.00	-	-	-
Special Programmes & Disaster Management							
Special Programmes	Special Programmes	96,988,211.00	-	24,313,228.00	-	-	-
Disaster Risk Management	Disaster Risk Management	-	40,323,539.00	-	-	-	-
Sub Total		96,988,211.00	40,323,539.00	24,313,228.00	-	-	-
Public Service Management							
Administration, planning and support services	Administration, planning and support services	4,852,954,904.00	-	3,530,843,613.00	-	0.73	-
Grand Total		4,852,954,904.00	-	3,530,843,613.00	-	-	-
Department: Livestock							
Programme 1	Sub-programme	27,913,627.00	125,265,660.00	23,464,306.00	28,822,487.00	0.84	0.23
Sub Total		27,913,627.00	125,265,660.00	23,464,306.00	28,822,487.00	-	-
Programme 2	Sub-programme	-	41,117,647.00	-	20,195,000.00	-	0.49
Sub Total		27,913,627.00	125,265,660.00	-	-	-	-
Division of Lands, Energy, Physical Planning and Development Control							
Programme 1 Administration, Planning and Support Services	Sub-programme 1.1 Administration, Planning and Support Services	39,827,972.00	-	27,977,661.00	-	-	-
Sub Total		39,827,972.00	-	27,977,661.00	-	42	-
Programme 4: Land Survey, Mapping and Valuation	Sub-Programme 4.1 Land use	-	-	46,548.00	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	De- velop- ment Ex- pen- diture
Sub-Programme 4.2 Land Survey, Mapping and Valuation		5,651,240.00	125,918,025.00	2,046,340.00	55,431,262.00	36.21	16.00
Sub-Total		5,651,240.00	125,918,025.00	2,092,888.00	55,431,262.00	-	-
Programme 5: Physical Planning and Development	Sub-Programme 5.1: Physical Planning and Development	1,693,718.00	96,000,000.00	-	2,999,980.00	-	-
Sub-Total		1,693,718.00	96,000,000.00	-	2,999,980.00	-	3
Program 7: Alternative energy technologies	Sub Program 7.1: Alternative energy technologies	6,550,000.00	70,662,410.00	798,600.00	2,499,580.00	-	-
Sub-Total		6,550,000.00	70,662,410.00	798,600.00	2,499,580.00	38	4
Grand Total		53,722,930.00	292,580,435.00	30,869,149.00	60,930,822.00	36	9
Department: County Division of Information Technology & Communication							
0905023110 P2.1: E-Gov- ernment	E-Government	29,159,058.00	-	9,934,601.20	-	0.34	-
Sub Total		29,159,058.00	-	9,934,601.20	-	0.34	-
Health & Sanitation							
Non- communicable	Sub-programme	40,319,547.00	-	28,902,816.80	-	-	-
County Health	Sub-programme	1,179,835,850.00	-	1,034,078,996.70	-	-	-
Admin & Planning	Sub-programme	363,457,952.00	-	119,439,288.30	-	-	-
Reproductive & Maternal	Sub-programme	7,214,150.00	-	-	-	-	-
General Administration	Sub-programme	-	849,791,561.00	-	107,820,709.00	0.13	-
Sub-Total		1,590,827,499.00	849,791,561.00	1,182,421,101.80	107,820,709.00	0.74	0.13
County Division for Gender and Social Services							
Administration, Planning and Support ServiceS	Administration Services	42,155,591.00	-	16,178,108.85	-	38.38	-
Culture and Arts	Heritage Conservation Programme	19,562,800.00	10,000,000.00	2,514,800.00	6,879,310.35	12.86	-
Gender Development	Gender Development	6,962,200.00	128,900,500.00	1,768,500.00	32,589,278.20	25.40	-
Library and Information Services	Library Services	1,303,951.00	16,348,320.00	124,600.00	5,000,000.00	9.56	-
Social Protection	Social Protection	-	15,341,000.00	-	-	-	-
Sports and Talent Devel- opment	Sports and Talent Devel- opment	-	2,000,000.00	-	500,000.00	-	-
Sub-Total		69,984,542.00	172,589,820.00	-	-	-	-
Office of the Governor							
Administration, Planning and Support ServiceS	Administrative services	295,076,269.00	-	179,105,768.00	-	60.70	-
Governance and national values		107,657,070.00	-	94,561,194.00	-	87.84	-
Sub-Total		402,733,339.00	-	273,666,962.00	-	-	-
Department of Water Sanitation and Natural Resources							
Administration, planning and support services	Administration, planning and support services	91,873,938.00	-	37,072,316.00	-	0.40	-
Sub Total		91,873,938.00	-	37,072,316.00	-	-	-
Natural resources conser- vation and management	Natural resources conserva- tion and management	-	6,000,000.00	-	-	-	-
Environment Management and Protection	Environment Management and Protection	-	500,000.00	-	-	-	-
Solid waste Management	Solid waste Management	-	12,500,000.00	-	-	-	-
Sub-Total		-	19,000,000.00	-	-	-	-
Department: County Division of Early Childhood Education & Vocational Training.							
Administration, Planning and Support Services	Administration, Planning and Support Services	43,848,880.00	17,000,000.00	25,917,800.50	-	0.59	-
Sub Total		43,848,880.00	17,000,000.00	25,917,800.50	-	0.59	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Free Pre-Primary Education	Early Childhood Education	7,908,194.00	362,538,520.00	4,454,053.60	170,288,361.25	0.56	0.47
Ward Scholarship Administration		500,000,000.00	-	235,000,000.00	-	0.47	-
Vocational Education and Training		3,900,000.00	52,271,812.00	2,367,500.00	4,219,610.25	0.61	0.08
Sub-Total		511,808,194.00	414,810,332.00	241,821,553.60	174,507,971.50	0.47	0.42
Grand Total		555,657,074.00	431,810,332.00	267,739,354.10	174,507,971.50	0.48	0.40
County Division for Economic Planning							
P1: Administration, Planning and Support Services	25623615	-	17,715,153.60	-	0.69	-	-
2.0 Economic Planning and Statistical Services	50582999	-	35,782,917.36	-	0.71	-	-
SP 3: Public Investment Management	2992400	-	4,137,717.24	-	1.38	-	-
Grand Total		-	57,635,788.20	-	0.73	-	-
Department: County Public Service Board							
Programme 1: General Administration, Planning and Support Services	Administration, Planning and Support Services	36,291,577.00	-	13,507,336.35	-	37.21	-
Recruitment and Selection		8,910,400.00	-	2,267,000.00	-	25.44	-
Grand Total		45,201,977.00	-	15,774,336.35	-	62.66	-
County Attorney							
Administration planning and support services	Administration Planning and Support Services	120,742,164.00	-	25,490,613.65	-	0.211	-
legal advisory and legislative drafting	Legal Advisory and Legislative Drafting	15,796,702.00	24,000,000.00	-	-	-	-
Sub-Total		136,538,866.00	24,000,000.00	25,490,613.65	-	-	-
Grand Total		273,077,732.00	24,000,000.00	25,490,613.65	-	-	-
Blue Economy							
Programme 1	Sub-programme	11,947,500.00	-	-	-	-	-
Sub Total		11,947,500.00	-	-	-	-	-
Programme 2	Sub-programme	15,286,377.00	183,293,248.00	-	-	-	-
Sub-Total		15,286,377.00	183,293,248.00	-	-	-	-
Grand Total		27,233,877.00	183,293,248.00	-	-	-	-
Agriculture Division							
Programme 1	Sub-programme	21,347,891.00	661,997,741.00	22,815,726.00	130,079,570.00	0.68	0.21
Sub Total		21,347,891.00	661,997,741.00	22,815,726.00	130,079,570.00	-	-
Programme 2	Sub-programme	44,860,000.00	120,938,572.00	32,698,683.00	103,085,845.00	0.67	0.83
Sub-Total		44,860,000.00	120,938,572.00	32,698,683.00	103,085,845.00	-	-
Programme 3	Sub-programme	3,269,264.00	1,500,000.00	1,885,433.00	-	0.13	-
Sub-Total		3,269,264.00	1,500,000.00	1,885,433.00	-	-	-
Grand Total		69,477,155.00	784,436,313.00	57,399,842.00	233,165,415.00	-	-
Finance							
S.P 1 Administration, Planning and Support Service	416528205	30,117,647.00	269,788,897.51	-	0.65	-	-
S.P 2.1. Budget Formulation, Coordination and Management	23815250	23,000,000.00	28,571,159.15	-	1.20	-	-
S.P 2.2: Audit Services	14256533	15,500,000.00	21,482,819.10	-	1.51	-	-
S.P 2.3: Accounting Services	13650000	600,000.00	6,789,174.30	-	0.50	-	-
S.P 2.4: Public Procurement and Disposal Services	14800000	21,228,205.00	23,970,810.94	-	1.62	-	-
Grand Total		483049988	90,445,852.00	350,602,861.00	-	0.73	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	De- velop- ment Ex- pen- diture
County Division for Forestry and Climate Change							
Climate Change Affairs	Climate Change Adaptation	11,000,000.00	72,598,295.00	-	1,339,400.00	-	0.02
Grand Total		11,000,000.00	72,598,295.00	-	1,339,400.00	-	-
Devolution & Civic Education							
Administration, planning and support services	Administration, planning and support services	39,764,520.00	-	-	-	-	-
Sub Total		39,764,520.00	-	-	-	-	-
Devolution Services	Devolution services	-	42,811,865.00		19,469,462.00	-	0.45
Sub-Total		-	42,811,865.00	-	19,469,462.00	-	0.45
County Division for Cooperative Development							
0301013110 P1.1: Ad- ministration Planning and Support Services	0301013110 P1.1: Adminis- tration Planning and Support Services	4,670,900.00	-	1,787,868.00	-	0.38	-
Sub Total		4,670,900.00	-	1,787,868.00	-	-	-
0303013110 P2.1: Pro- motion of Co-operative & Advisory services	0303013110 P2.1: Promotion of Co-operative & Advisory services	24,449,667.00	35,000,000.00	27,724,367.00	-	1.13	
Sub-Total		24,449,667.00	35,000,000.00	27,724,367.00	-	-	-
County Division for Roads and Transport Services							
202013110	202013110	285,843,747.00	-	114,302,728.35	-	0.40	-
201013110	201013110	-	1,217,356,990.00	-	230,489,604.35	-	0.19
Sub-Total		285,843,747.00	1,217,356,990.00	114,302,728.35	230,489,604.35	-	0.19
Grand Total		10,787,675,700.00	8,148,625,315.00	7,206,632,791.95	1,669,557,693.85	66.85	19.73

Source: Kilifi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Governance & National Values in the Department of Office of the Governor at 87.84 per cent, Administration, Planning and Support Services in the Department of Office of the Governor at 60.70 per cent, Administration, Planning and Support Services in the Department of Gender & Social Services at 38.38 per cent, and Administration, Planning and Support Services in the department of County Public Service Board at 37.21 per cent of budget allocation.

3.14.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.14.14 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 19th April 2024.
2. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.97.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, 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 Kilifi County Health

Services Improvement Fund were not submitted to the Controller of Budget.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.205.33 million were processed through the manual payroll, accounting for 6.9 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for deposits and programs.
6. Failure to report as per the CoB Reporting templates resulted in some departments not reporting their performances in expenditures by programs and sub-programs and others omitting crucial information i.e. submitting only program and subprograms numbers without titles, budget lines & expenditures resulting in inconsistency in financial reporting.

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 the timelines prescribed in Section 166 of the PFM Act, 2012.*
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 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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*
6. *The County should ensure strict reporting using the CoB Templates to eliminate inconsistencies in financial reporting.*

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 3.103.

3.15.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs. 3.14 billion as the equitable share of the revenue raised nationally, Kshs.0.00 million as additional allocations/conditional grants, had a cash balance of Kshs. 657.36 million from FY 2022/23, and raised Kshs. 472.81 million as own-source revenue (OSR). The raised OSR includes Kshs. 0.00 million as ordinary A-I-A, Kshs. 190.98 million as FIF and Kshs. 281.84 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.

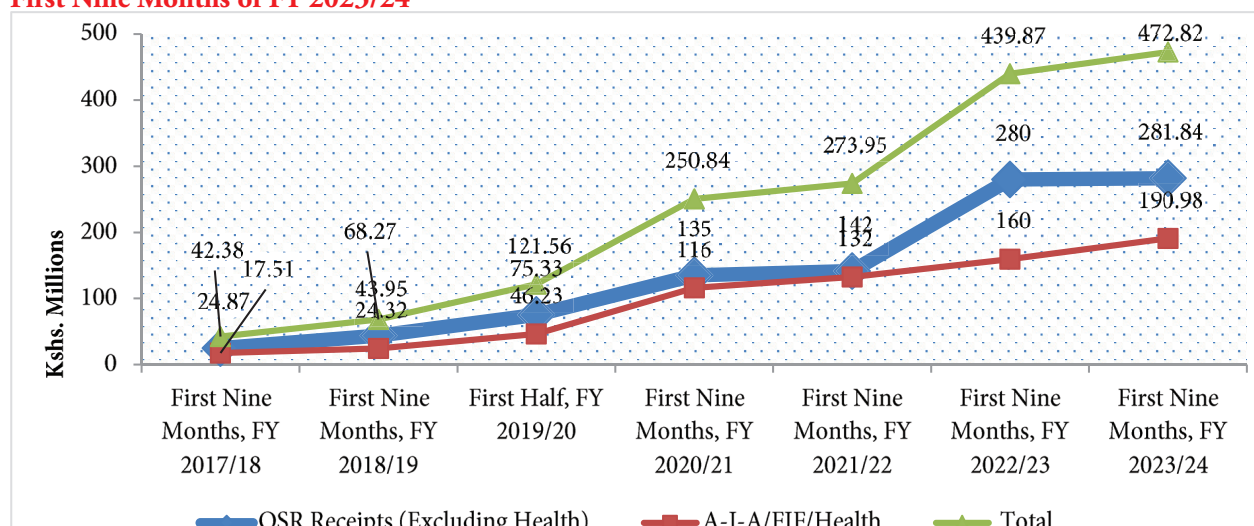
Table 3.99: Kirinyaga County, Revenue Performance in the First Nine Months of FY 2023/24

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	5,420,217,528.00	3,143,726,167.00	41.5
Sub Total		5,420,217,528.00	3,143,726,167.00	41.5
B	Conditional Grants			
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	144,370,399.38	4,261,826.00	-
2	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	317,307,692.31	195,165,690.00	-
3	DANIDA Grant	7,738,499.93	-	-
4	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	900,970.34	900,970.00	-
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	-	-
Sub-Total		612,966,500.00	200,328,486.00	-
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	349,000,000.00	281,840,918.00	25.2
2	Balance b/f from FY2022/23	657,363,378.00	657,363,378.00	100.0
3	Facility Improvement Fund (FIF)	201,000,000.00	190,976,914.00	52.2
Sub Total		1,207,363,378.00	1,130,181,210.00	70.4
Grand Total		7,240,547,406.00	4,474,235,863.00	42.8

Source: Kirinyaga County Treasury

Figure 43 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

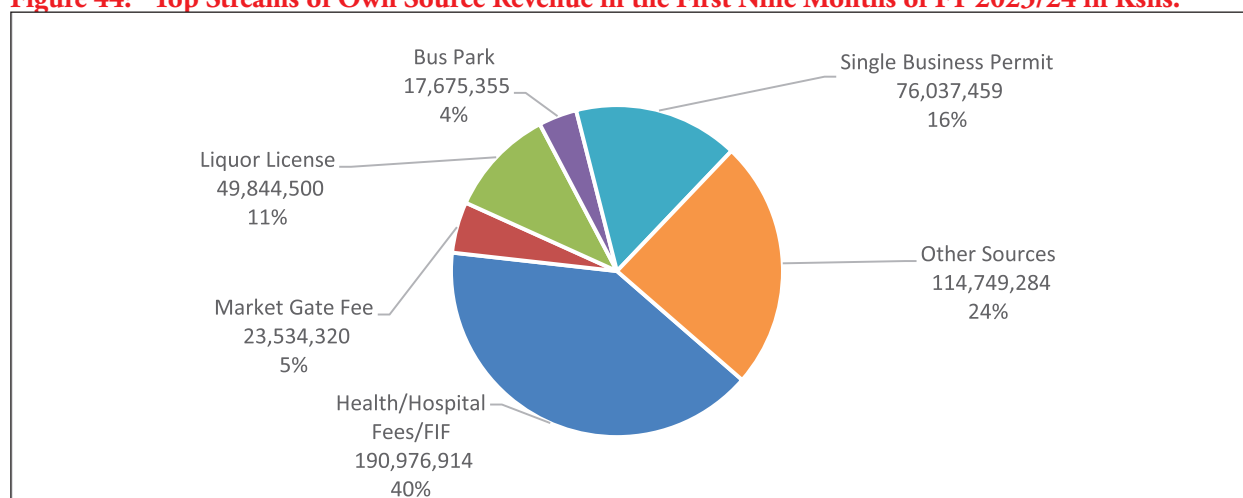
Figure 43: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Kirinyaga County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.472.81 million from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 7.0 per cent compared to Kshs.439.87 million realised in FY 2022/23 and was 86.0 per cent of the annual target and 9.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 44.

Figure 44: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Kirinyaga County Treasury

The highest revenue stream of Kshs. 190.98 million was from, Health/Hospital Fees/FIF contributing to 40.0 per cent of the total OSR receipts during the reporting period.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.72 billion from the CRF account during the reporting period which comprised Kshs.774.55 million (20.8 per cent) for development programmes and Kshs.2.94 billion (79.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.74 billion was released towards Employee Compensation, and Kshs.1.20 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.354.25 million.

3.15.4 County Expenditure Review

The County spent Kshs.3.72 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 of Kshs. 774.55 million and Kshs.3.24 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.6 per cent, while recurrent expenditure represented 61.4 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 nine months of FY 2023/24, pending bills amounting to Kshs.40.0 million were settled for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.636.15 million.

The County Assembly did not report any outstanding pending bills as of 31st March 2024.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.54 billion on employee compensation, Kshs.917.04 million on operations and maintenance, and Kshs.774.55 million on development activities. Similarly, the County Assembly spent Kshs.199.28 million on employee compensation, and Kshs.282.05 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 Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,118,123,551	673,319,674	2,460,994,774	481,325,606	59.8	71.5
Compensation to Employees	2,619,740,688.00	339,575,589.00	1,543,951,303.16	199,276,769.45	58.9	58.7
Operations and Maintenance	1,498,382,863.20	333,744,085.00	917,043,470.68	282,048,837.00	61.2	84.5
Development Expenditure	2,363,874,720.44	85,229,460.00	774,550,033.73	-	32.8	-
Total	6,481,998,272	758,549,134	3,235,544,808	481,325,606	49.9	63.5

Source: Kirinyaga County Treasury

3.15.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.74 billion, or 39.0 per cent of the available revenue which amounted to Kshs.4.47 billion. This expenditure represented a decrease from Kshs.1.94 billion reported in a similar period in FY 2022/23. The wage bill included Kshs. 863.61 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.1.64 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.100.39 million was processed through manual payrolls. The manual payrolls accounted for 6.0 per cent of the total PE cost.

The County Assembly spent Kshs.12.35 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 2.0 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 Nine Months of FY 2023/24

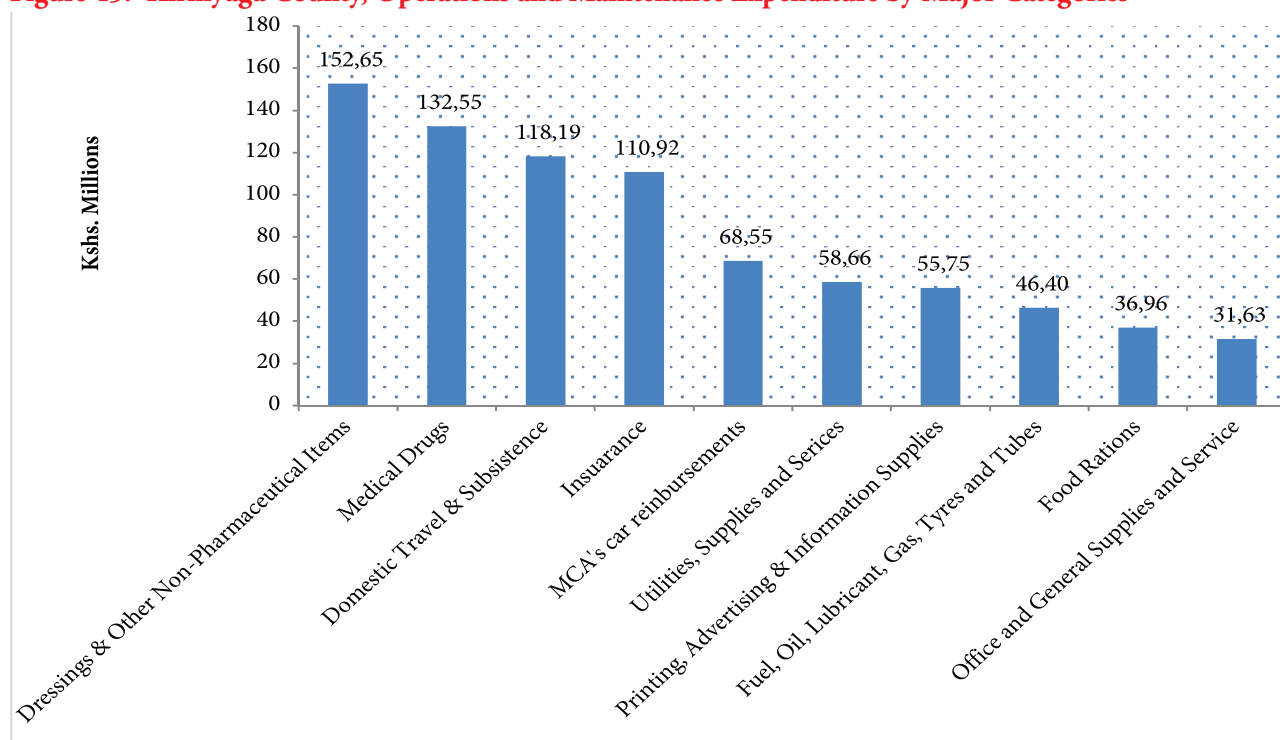
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds					
1.	County Emergency Fund	8,000,000.00	-	-	Yes
2.	County Bursary Fund	148,600,000.00	147,500,000	38,735,293.00	Yes
3.	Executive Car Loan and Mortgage Fund	31,300,000.00	15,560,000	45,129,365.96	Yes
County Assembly Established Funds					
4.	County Assembly Staff Car Loans and Mortgage Fund	-	-	-	Yes
	Total	187,900,000.00	163,060,000.00	83,864,658.96	

Source: Kirinyaga County Treasury

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.118.19 million and comprised of Kshs.88.54 million spent by the County Assembly and Kshs.29.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.56 million and comprised of Kshs.8.54 million by the County Assembly and Kshs.10.02 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.102.

Table 3.102: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	30 th Nov. -12 th 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	16 th – 20 th 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
County Executive	2	10.03.2024 to 24.03.2024	Invitation to participate in the forthcoming CSW68 from 10th to 23rd March 2024 in New York City, United States of America.	USA	5,137,126

Source: Kirinyaga County Treasury

3.15.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.774.55 million on development programmes, representing an increase of 55.0 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.426.33 million. Table 3.103 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	100
5	Finance and Economic Planning	Purchase of project supervision vehicles/Monitoring & Evaluation	County Wide	19,240,000	19,240,000	100
6	Medical Services and Public Health	Upgrading of Kianyaga Level 4 Hospital	Baragwi Ward	426,270,794	150,380,238.80	35
7	Medical Services and Public Health	Upgrading of Kimbimbi Level 4 Hospital	Nyangati Ward	426,070,795	137,377,615.51	32
8	Finance and Economic Planning	Design & 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	100
10	Transport and Infrastructure	Road Maintenance Levy Fund (RMLF)	County Wide	75,877,630	75,877,630	100
11	Co-operatives, Trade, Tourism and Industrialization	Development of Sagana Agro-industrial Park (EPZ & CAIPS), feasibility studies, Branding, Marketing and other Infrastructures	Kariti Ward	275,000,000	111,866,440	41
12	Agriculture, Livestock and Fisheries	IDA (World Bank) credit National Agricultural Value Chain Development Project (NAVCDP)	County Wide	317,307,692	195,165,690	62

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 nine months 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	525.00	124.93	229.57	124.93	229.57	100	100	57.3	43.7
Cooperative Development Trade and Tourism	47.84	285.70	24.08	111.87	24.08	111.87	100	100	50.3	39.2
County Assembly	673.32	85.23	481.33	-	481.33	-	100	-	71.5	-
County Executive	496.02	-	278.84	-	278.84	-	100	-	56.2	-
Education	356.63	50.90	269.92	2.96	269.92	2.96	100	100	75.7	5.8
Environment and Natural Resources	119.49	293.49	73.74	2.00	73.74	2.00	100	100	61.7	0.7
Finance and Economic Planning	573.09	126.00	315.51	69.99	315.51	69.99	100	100	55.1	55.5
Gender and Youth	43.67	51.15	21.31	10.38	21.31	10.38	100	100	48.8	20.3
Lands, Housing and Urban Development	33.97	56.43	9.79	11.46	9.79	11.46	100	100	28.8	20.3
Medical Services and Public Health	2,116.49	605.26	1,266.95	168.74	1,266.95	168.74	100	100	59.9	27.9
Sports Culture and Social Services	38.21	21.52	28.10	-	28.10	-	100	-	73.6	-
Transport and Infrastructure	74.73	348.42	47.81	167.58	47.81	167.58	100	100	64	48.1
Total	4,791.44	2,449.10	2,942.32	774.55	2,942.32	774.55	100	100	61.4	31.6

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 55.5 per cent, followed by the Department of Transport and Infrastructure at 48.1 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 75.7 per cent while the Department of Lands, Housing and Urban Development had the lowest at 28.8 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 nine months of FY 2023/24.

Table 3.105: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
County Assembly							
Legislation and Oversight	Legislation and Oversight	673,319,674	85,229,460	481,325,606.45	-	71.5	-
Sub Total		673,319,674	85,229,460	308,425,142	-	71.5	-
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	334,594,668	-	207,824,471	-	62.1	-
County Executive Admin- istration	070701County Executive Services	-	-	-	-	-	-
Management of County Affairs	070801 Coordination of County Functions	117,691,297	-	58,544,480	-	49.7	-
County Executive Com- mittee Affairs	070901 Organization of County Business	6,200,000	-	470,400	-	7.6	-
County Public Service Board	071001 Human Resource Management	12,906,040	-	2,942,771	-	22.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administrative Support Services	020202 ICT Governance	3,480,000	-	1,259,140	-	36.2	-
	020701 Government Buildings Services	2,567,000	-	750,000	-	29.2	-
	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	-	5,381,194	-	49.1	-
	070414 ICT Systems Development Management	1,522,000	-	49,700	-	3.3	-
Sub Total		496,023,805	-	278,838,456	-	56.2	-
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	508,173,322	126,000,000	271,577,790	69,990,000	53.4	55.5
	070402 Revenue Services	17,300,000	-	12,902,518	-	74.6	-
	070404 Procurement and Supply Services	9,770,000	-	7,256,590	-	74.3	-
	070405 Internal Audit Services	1,718,200	-	201,800	-	11.7	-
	070408 Budget Formulation, Coordination and Management	8,970,920	-	6,041,540	-	67.3	-
	070409 Accounting Services	7,445,000	-	2,359,150	-	31.7	-
County Planning and Economic Policy Management	070501 Economic Planning Services	19,714,168	-	15,172,750	-	77.0	-
Sub Total		573,091,610	126,000,000	315,512,138	69,990,000	55	55.1
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,116,489,802	605,258,331	1,266,945,196	168,744,995	59.9	27.9
Sub Total		2,116,489,802	605,258,331	1,266,945,196	168,744,995	59.9	27.9
Education							
Basic Education	050101 General Administration	340,514,905	-	269,592,310	-	79.2	-
	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	-
Sub Total		356,633,405	50,900,000	269,924,310	2,957,800	75.7	6
Agriculture, Livestock and Fisheries							
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	-	220,185	-	18.3	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
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	-	2,499,490	-	48.5	-
	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	-	30.0	-
	011001 General Administration and Planning	209,081,626	524,997,954	121,717,968	229,573,978	58.2	43.7
Sub Total		217,978,626	524,997,954	124,928,943	229,573,978	57.3	44
Gender and Youth							
Culture	090702 Social Welfare Services	10,687,000	-	2,365,950	-	22.1	-
	091201 Gender Administration Services	30,821,210	-	18,394,246	-	59.7	-
	091301 Gender and Social Development	1,490,000	51,150,000	529,000	10,384,350.05	35.5	20.3
Youth	090901 Youth Development and Empowerment Services	670,000	-	25,000	-	3.7	-
Sub Total		43,668,210	51,150,000	21,314,196	10,384,350	48.8	20
Sports Culture and Social Services							
Sports	090701 General Administration	12,721,217	-	6,781,261	-	53.3	-
	090801 Development of Sports and Sports Facilities	-	21,520,000	-	-	-	-
	091401 Management & Development of Sports and Sports Facilities	18,905,000	-	18,420,900	-	97.4	-
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	774,500	-	50.0	-
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	10,000	-	4.0	-
Children Services	091101 Child Community Support Services	4,784,000	-	2,117,670	-	44.3	-
Sub Total		38,208,017	21,520,000	28,104,331	-	73.6	
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	-	285,700,000	-	111,866,440.00	-	39.2
	030103 Capacity Building for Traders and SME's	977,000	-	452,530	-	46.3	-
	030104 promotion, Development & Growth of Trade	354,000	-	-	-	-	-
	030105 Fair Trade Practises and Consumer Protection	205,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	45,000	-	23.0	-
	030304 International Tourism Promotion and Marketing	310,000	-	50,000	-	16.1	-
	030305 Promotion of Industrial Development	6,268,500	-	1,529,150	-	24.4	-
	030306 Provision of Industrial Training	140,000	-	20,000	-	14.3	-
Cooperative Development and Marketing	030101 General Administration & Planning	38,449,441	-	21,609,916	-	56.2	-
	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	-
Sub Total		47,839,441	285,700,000	11,702,792	111,866,440	25	39
Environment and Natural Resources							
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	1,999,996.00	100.0	1.5
Neema	090401 Waste Management Services	107,408,439	-	62,671,584	-	58.3	-
Sub Total		119,489,239	293,492,271	48,510,260	1,999,996	41	0.6
Lands, Housing and Urban Development							
Land and Physical Planning	010601 General Administration and Planning	29,853,028	-	9,295,475	-	31.1	-
	010604 County Spatial Planning	3,190,000	-	100,000	-	3.1	-
	010605 Town Zoning and Mapping	-	56,433,333	-	11,455,307.20	-	20.3
	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	-
Sub Total		33,968,028	56,433,333	3,739,225	11,455,307	11	20
Transport and Infrastructure							
Transport Management	020301 General Administration and Planning	61,511,285	-	37,713,819	-	61.3	-
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	1,727,083	-	77.7	-
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	348,422,832	228,750	167,577,167	17.6	48.1
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	-	8,141,599	-	83.9	-
Sub Total		74,733,368	348,422,832	22,053,844	167,577,167	31	48
Grand Total		4,791,443,225	2,449,104,181	1,721,407,531	605,805,038	36	25

Source: Kirinyaga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Environment Management and Protection in the Department of Cooperative Development Trade and Tourism at 63.2 per cent, Procurement And Supply Services in the Department of Environment and Natural Resources at 100.0 per cent, Management & Development of Sports and Sports Facilities in the Department of Sports Culture and Social Services at 97.4 per cent and Cooperative Governance and Accountability at 91.2 per cent in the Department of Cooperative Development Trade and Tourism of budget allocation.

3.15.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the 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.
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 31st March 2024.

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 ensure adequate budget allocation is provided towards the settlement of pending bills in line with the law.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.13.28 billion, comprising Kshs.4.34 billion (32.7 per cent) and Kshs.8.94 billion (67.3 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 it was Kshs.11.11 billion, and comprised of Kshs.3.29 billion towards development expenditure and Kshs.7.82 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.26 billion (64.9 per cent) as the equitable share of revenue raised nationally, Kshs. 945.46 million as additional allocations/conditional grants (6.6 per cent), a cash balance of Kshs.2.43 billion (17 per cent) brought forward from FY 2022/23, and generate Kshs.650 million (4.6 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 nine months of FY 2023/24, the County received Kshs.5.37 billion as an equitable share of the revenue raised nationally, Kshs.138.74 million as additional allocations/conditional grants, had a cash balance of Kshs. 2.33 billion from FY 2022/23, and raised Kshs. 321.22 million as own-source revenue (OSR). The raised OSR includes, Kshs. 94.33 million as FIF and Kshs.226.89 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs. 8.16 billion, as shown in Table 3.106.

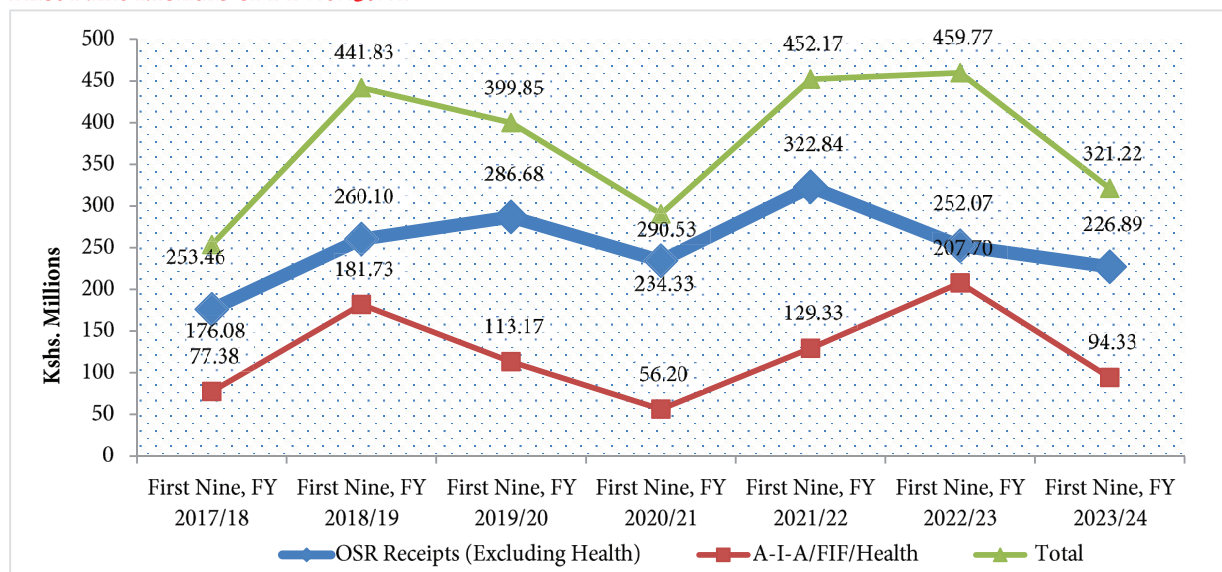
Table 3.106: Kisii County, Revenue Performance in the First Nine Months of FY 2023/24

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	9,258,588,608	5,369,981,394	58.0
Subtotal		9,258,588,608	5,369,981,394	58.0
B	Additional Allocations/Conditional Grants			
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	137,500,000	-	-
6	Construction of Cancer Centre	-	-	-
7	Agricultural Sector Development Support Programme (ASDSP)	3,168,601	1,668,601	52.7
8	Industrial Park	-	-	-
9	Library Services	8,557,807	-	-
10	National Agricultural and Rural Inclusive Project	150,000,000	4,261,826	2.8
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	132,807,344	53.1
Subtotal		945,459,759	138,737,771	14.7
C	Own Source Revenue			
15	Ordinary Own Source Revenue	650,000,000	226,892,449	34.9
16	Facility Improvement Fund (FIF)	986,826,327	94,332,010	9.6
Subtotal		1,636,826,327	321,224,459	19.6
D	Other Sources of Revenue			
	Unspent balance from FY 2022/23	2,432,460,031	2,330,107,826	95.8
Sub Total		2,432,460,031	2,330,107,826	95.8
Grand Total		14,273,334,725	8,160,051,450	57.2

Source: Kisii County Treasury

Figure 46 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 46: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

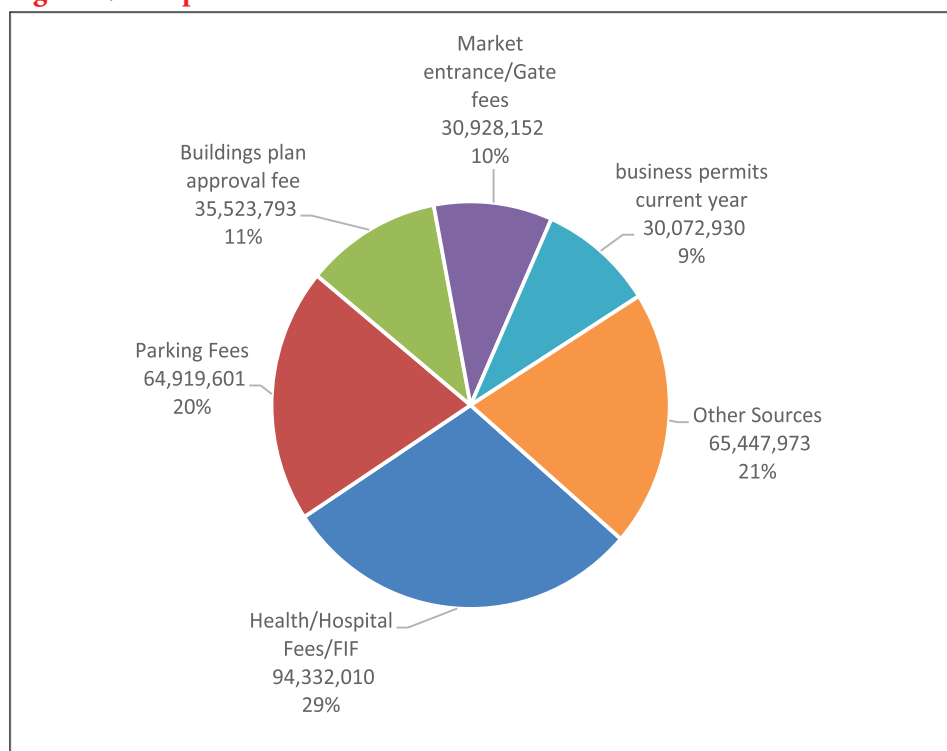


Source: Kisii County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.321.22 million from its sources of revenue, inclusive of FIF. This amount represented a decrease of 30.1 per cent compared to Kshs.459.77 million realised in a similar period in FY 2022/23 and was 49.4 per cent of the annual target and 6.0 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.2.11 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 Nine Months of FY 2023/24 in Kshs.



Source: Kisii County Treasury

The highest revenue stream of Kshs.94.33 million was from the facility improvement fund, contributing to 29 per cent of the total OSR receipts during the reporting period.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.92 billion from the CRF account during the reporting period, which comprised Kshs.204.71 million (4.2 per cent) for development programmes and Kshs. 4.71 billion (95.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.84 billion was released towards Employee Compensation and Kshs.874.33 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.3.27 billion.

3.16.4 County Expenditure Review

The County spent Kshs.4.95 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.7 per cent of the total funds released by the CoB and comprised Kshs.248.39 million and Kshs.4.70 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.7 per cent, while recurrent expenditure represented 52.6 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.31 billion, comprising Kshs.296.27 million for recurrent expenditure and Kshs.1.02 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs. 75.16 million. They consisted of Kshs.11.98 million for recurrent expenditure and Kshs.63.18 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.12 billion.

The County Assembly reported outstanding pending bills of Kshs. 52.97 million as of 31st March 2024.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.46 billion on employee compensation, Kshs. 496.56 million on operations and maintenance, and Kshs.235.07 million on development activities. Similarly, the County Assembly spent Kshs. 374.83 billion on employee compensation, Kshs.367.39 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
Total Recurrent Expenditure	7,657,985,909	1,232,890,743	3,958,914,354	742,224,608	51.7	60.2
Compensation to Employees	5,707,304,081	622,071,233	3,462,350,958	374,834,146	60.7	60.3
Operations and Maintenance	1,950,681,828	610,819,510	496,563,396	367,390,462	25.5	60.1
Development Expenditure	4,190,140,515	154,491,231	235,072,989	13,316,710	5.6	8.6
Total	11,848,126,424	1,387,381,974	4,193,987,343	755,541,318	35.4	54.5

Source: Kisii County Treasury

3.16.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.84 billion, or 47.0 per cent of the available revenue, which amounted to Kshs.8.16 billion. This expenditure represented an increase from Kshs.3.69 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.80 billion paid to health sector employees, translating to 47 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.79 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.46.69 million was processed through manual payrolls. The manual payrolls accounted for 1.2 per cent of the total PE cost.

The County Assembly spent Kshs.39.37 million on committee sitting allowances for the 71 MCAs against the annual budget allocation of Kshs.64.40 million. The average monthly sitting allowance was Kshs.61,612 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.1.62 billion to county-established funds in FY 2023/24, constituting 12.3 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 Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	County Executive Car Loan and Mortgage (Staff) Scheme Fund	40,000,000.00	40,000,000.00	40,000,000.00	40,000,000.00	Yes
2	County Bursary Fund	245,000,000.00	-	490,675.00	-	Yes
3	County Emergency Fund	5,000,000.00	-	-	-	Yes
4	Alcoholic Drinks Control Fund	-	-	2,525,685.60	-	Yes
5	Kisii Teaching and Referral Hospital Health Fund	917,804,371.00	-	283,599,875.00	-	Yes
6	Facility Improvement Fund	276,087,827.00	-	20,963,751.00	-	Yes
7	Trade And Credit Scheme Fund	40,000,000.00	-	-	-	No
County Assembly Established Funds						
	MCAs Car Loan and Mortgage Fund	100,000,000	100,000,000	100,000,000	100,000,000	Yes
Total		1,623,892,198.00	140,000,000	447,579,986.60	140,000,000	-

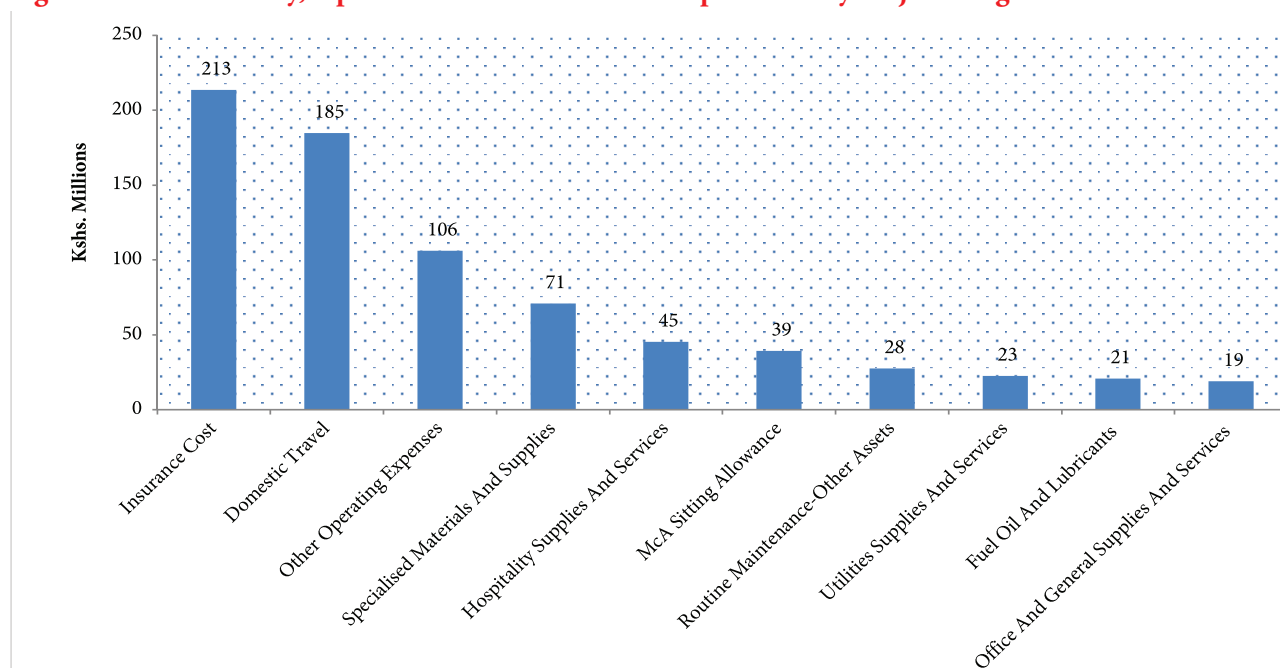
Source: Kisii County Treasury

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.

3.16.9 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.185 million and comprised Kshs.144.31 million spent by the County Assembly and Kshs.40.50 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.05 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.109.

Table 3.109: Summary of Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	17 th to 22 nd March 2022	Being part of the payment to attend Strategic Leadership, Governance, Continuity and Resilience Planning Masterclass for Counties.	Dubai	587,250
County Assembly	1	23rd to 27th Jan 23	Being part of the payment to attend Speakers of County Assembly Training on Optimizing Institutional Governance in The County Assembly in Dubai United Arab Emirates	Dubai	190,100

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	22nd to 30th April 2023	Being part of the payment to attend Cost Training on Leadership and Management of Committees at the United Arab Emirates	Dubai	190,100
County Assembly	1	1st to 6th March 2023	Being part of the payment to attend the First East African Clinical Officers Conference at the State University of Zanzibar Marubi	Tanzania	85,300
Total					1,052,750

Source: Kisii County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.17.11 million on legal fees.

3.16.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.248.39 million on development programmes, representing an increase of 53.8 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.114.69 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	County Health Services	Upgrading of Riana health centre.	Bonchari	58,977,363	53,191,363	90
2	County Health Services	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 of Kisii County Assembly Chambers	Kisii County Assembly Hqs	39,997,968	22,127,103	55
4	Kisii County Assembly	Renovation of Kisii County Assembly Block A and B	Kisii County Assembly Hqs	23,513,500	21,735,082	92
5	Kisii County Assembly	Proposed Construction of The Kisii County Speaker's 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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
10	Roads and public works	Repair and Maintenance of Kiaruta-Matongo-Rianyansera-Nyam-erako-Ekebuse Road	Bogiakumu	3,513,130	3,513,129	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 nine months 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	430.48	90.00	205.58	-	203.43	-	99.0	-	47.3	-
Administration and Stakeholder Management	570.94	106.85	298.58	-	297.06	-	99.5	-	-	-
Finance and Economic Planning	1076.62	159.28	636.51	-	637.79	-	100.2	-	59.2	-
Agriculture and Co-operative Development	318.66	870.41	168.50	86.29	165.28	132.00	98.1	153.0	51.9	15.2
Energy, Water, Environment and Natural Resources	130.00	419.78	48.74	3.00	48.64	3.00	99.8	100.0	37.4	0.7
Education, Youth Affairs and Social Development	1010.71	143.21	412.36	-	412.13	-	99.9	-	40.8	-
County Health Services	3325.91	628.02	1873.84	-	1873.64	23.98	100.0	-	56.3	3.8
Lands, Physical Planning and Urban Development	141.95	213.85	71.26	-	71.02	0.00	99.7	-	50.0	-
Roads, Public Works and Transport	218.77	1072.06	102.76	82.42	102.06	73.91	99.3	89.7	46.7	6.9
Trade Development, Industry and Tourism	142.51	240.04	43.36	2.19	43.36	2.19	100.0	100.0	30.4	0.9
Culture and Social Services	132.11	77.46	58.51	4.44	57.94	-	99.0	-	43.9	-
Kisii Town Urban Area	145.33	122.83	47.00	-	45.17	-	96.1	-	31.1	-
Ogembo Municipality	14.00	46.37	1.41	13.06	1.41	-	100.0	-	10.1	-
Kisii County Assembly	1232.89	154.49	743.11	13.31	742.22	13.32	99.9	100.0	60.2	8.6
Total	8890.88	4344.63	4711.51	204.71	4701.14	248.39	99.8	121.3	52.9	5.7

Source: Kisii County Treasury

Analysis of expenditure by departments shows that the Department of Agriculture and Co-operative Development recorded the highest absorption rate of development budget at 15.2 per cent, followed by the County Assembly at 8.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 60.2 per cent while the Department of Administration and Stakeholder Management had the lowest at 0.0 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 nine months of FY 2023/24.

Table 3.112: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Kisii County Assembly	Administration and Support Services	812,866,779	-	459,208,532	-	56.5	-
	Oversight and Legislative Services	420,023,964	154,491,231	283,016,076	13,316,710	67.4	8.6
	Sub Total	1,232,890,743	154,491,231	742,224,608	13,316,710	60.2	8.6
County Executive	administration, planning and support services	360,396,720	90,000,000	186,685,061	-	51.8	-
	office of the county secretary	9,620,000	-	329,700	-	3.4	-
	legal services	34,670,000	-	15,648,766	-	45.1	-
	communication services	2,230,000	-	-	-	-	-
	Governor's Advisors, Service Delivery Unit and Efficiency Monitoring	1,960,000	-	721,000	-	36.8	-
	Chief of Staff	650,000	-	-	-	-	-
	County Public Service Board	18,329,000	-	42,500	-	0.2	-
	County Liaison Office	2,620,000	-	-	-	-	-
	Sub-Total	430,475,720	90,000,000	203,427,027	-	47.3	-
Administration, Corporate Services and Stakeholder Management	Administration, Planning and Support Services	489,121,883	-	270,198,576	-	55.2	-
	Devolved Units' Services	2,091,532	40,846,072	500,000	-	23.9	-
	Human Resource Development	4,000,000	-	-	-	-	-
	Enforcement services	14,908,000	-	-	-	-	-
	Stakeholder management	41,103,018	-	23,972,315	-	58.3	-
	public participation and civic Education	2,700,000	-	448,500	-	16.6	-
	disaster management	10,050,000	26,000,000	250,000	-	2.5	-
	Fleet Management	5,266,014	-	1,687,413	-	32.0	-
	Strategy Delivery & Project Management	1,700,000	-	-	-	-	-
	Special Programmes	-	40,000,000	-	-	-	-
	Sub-Total	570,940,447	106,846,072	297,056,804	-	52.0	-
Finance and Economic Planning	Administration, Coordination and Support Services	838,468,722	-	563,765,210	-	67.2	-
	Public Financial Management Services	89,870,448	-	15,794,824	-	17.6	-
	County Planning Services	148,282,978	159,280,850	58,226,916	-	39.3	-
	Sub-Total	1,076,622,148	159,280,850	637,786,950	-	59.2	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock, Fisheries and Cooperative Development	Administrative and Support Services	112,224,568	-	60,450,210	-	53.9	-
	Veterinary Services	5,000,000	49,225,099	10,000	-	0.2	-
	Livestock Development	4,060,000	46,609,200	20,000	-	0.5	-
	Fisheries Development	3,370,000	41,471,013	456,258	-	13.5	-
	Crop Development Headquarters	182,428,473	482,361,257	103,664,718	117,901,122	56.8	24.4
	Kisii Agricultural Training Centre	5,240,000	44,700,000	150,000	10,696,154	2.9	23.9
	Co-Operative Development and Management	2,900,000	5,800,000	325,000	-	11.2	-
	Crop Development	999,809	199,246,662	50,000	3,400,720	5.0	1.7
	Monitoring and Evaluation	700,000	-	49,000	-	7.0	-
	Agro-processing, Value addition and marketing	550,000	-	50,000	-	9.1	-
	Engineering, Irrigation and Drainage	1,189,000	1,000,000	-	-	-	-
	Sub-Total	318,661,850	870,413,231	165,225,186	131,997,996	51.8	15.2
Energy, Water, Environment and Natural Resources	Energy Services	-	1,200,000	-	-	-	-
	Environment Management	11,000,000	216,000,000	-	-	-	-
	Water and Sanitation Services	118,995,000	202,577,397	48,640,606	2,998,000	40.9	1.5
	Sub-Total	129,995,000	419,777,397	48,640,606	2,998,000	37.4	0.7
Education, Labour and Manpower Development	General Administration and Planning Services	1,010,708,729	-	412,134,398	-	40.8	0.0
	Early Childhood Development Education	-	129,841,591	-	-	-	-
	Vocational Training	-	13,366,950	-	-	-	-
	Sub-Total	1,010,708,729	143,208,541	412,134,398	-	40.8	-
County Health Services	Medical Services	3,271,384,873	628,015,312	1,873,635,104	23,984,171	57.3	3.8
	Public Health	54,530,000	-	-	-	-	-
	Sub-Total	3,325,914,873	628,015,312	1,873,635,104	23,984,171	56.3	3.8
Lands, Physical Planning and Urban Development	Administration, Planning and Support Services	141,950,000	-	71,022,695	-	50.0	-
	Urban Development	-	213,845,336	-	-	-	-
	Land Use Services	-	-	-	-	-	-
	Sub-Total	141,950,000	213,845,336	71,022,695	-	50.0	-
Roads, Public Works Transport and Housing	general administration and planning services	154,015,000	-	82,500,000	-	53.6	-
	roads development	-	963,891,163	-	70,924,251	0.0	7.4
	public works	64,750,000	108,165,400	18,205,420	2,981,345	28.1	2.8
	Sub-Total	218,765,000	1,072,056,563	100,705,420	73,905,596	46.0	6.9
Trade, Tourism and Industry	Administration and Planning Services	130,500,000	240,035,907	43,357,361	2,187,226	33.2	0.9
	Tourism Development	5,512,240	-	-	-	-	-
	Weights and Measures	3,500,000	-	-	-	-	-
	Markets Development	3,000,000	-	-	-	-	-
	Sub-Total	142,512,240	240,035,907	43,357,361	2,187,226	30.4	0.9

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and Social Services	administration and planning services	95,221,884	-	49,576,177	-	52.1	-
	Cultural Services (Council of Elders and Cultural Activities)	1,650,000	6,171,150	-	-	0.0	-
	Sports Development (KI-COSCA Games and other Sporting Activities)	32,403,116	71,291,170	8,367,600	-	25.8	-
	Social Development Services (Youth, Women and PWDs)	1,550,000	-	-	-	-	-
	Liquor Licensing	1,050,000	-	-	-	-	-
	Betting, Lotteries and Gaming	230,000	-	-	-	-	-
	Sub-Total	132,105,000	77,462,320	57,943,777	-	43.9	-
Kisii Municipality	General Administration, Planning and Support Services	145,334,902	-	45,167,464	-	31.1	-
	Infrastructure Development	-	122,826,294	-	-	-	-
	Sub-Total	145,334,902	122,826,294	45,167,464	-	31.1	-
Ogembo Municipality	General Administration, Planning and Support Services	14,000,000	-	1,408,336	-	10.1	-
	Infrastructure Development	-	46,372,692	-	-	-	-
	Sub-Total	14,000,000	46,372,692	1,408,336	-	10.1	-
Grand Total		8,890,876,652	4,344,631,746	4,701,138,962	248,389,699	52.6	5.7

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 67.4 per cent, Administration, coordination and Support Services in the Department of Finance and Economic Planning at 67.2 per cent, Stakeholder Management in the Department of Administration, Corporate Services and Stakeholder Management at 58.3 per cent, and crop development headquarters at 56.8 per cent of budget allocation.

3.16.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. Low absorption of development funds as indicated by the expenditure of Kshs 248.39 million from the annual development budget allocation of Kshs.4.34 billion. The development expenditure represented 5.7 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.226.89 million against an annual target of Kshs.650 million, representing 34.9 per cent of the annual target.
3. Huge wage bill which accounted for 47 per cent of the revenue for the first nine months of FY 2023/24 of Kshs.8.16 billion during the reporting period, thus constraining funding to other programmes.

4. High level of pending bills which amounted to Kshs.1.12 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.46.69 million were processed through the manual payroll, accounting for 1.2 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.
6. 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Conditional Grants/ Additional allocations and established County Funds.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

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 nine months of FY 2023/24, the County received Kshs. 5.09 billion as an equitable share of the revenue raised nationally, Kshs. 369.65 million as additional allocations/conditional grants, had a cash balance of

Kshs. 1.45 billion from FY 2022/23, and raised Kshs. 942.79 million as own-source revenue (OSR). The raised OSR includes Kshs. 419.11 million as FIF and Kshs.523.69 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs. 7.85 billion, as shown in Table 3.113.

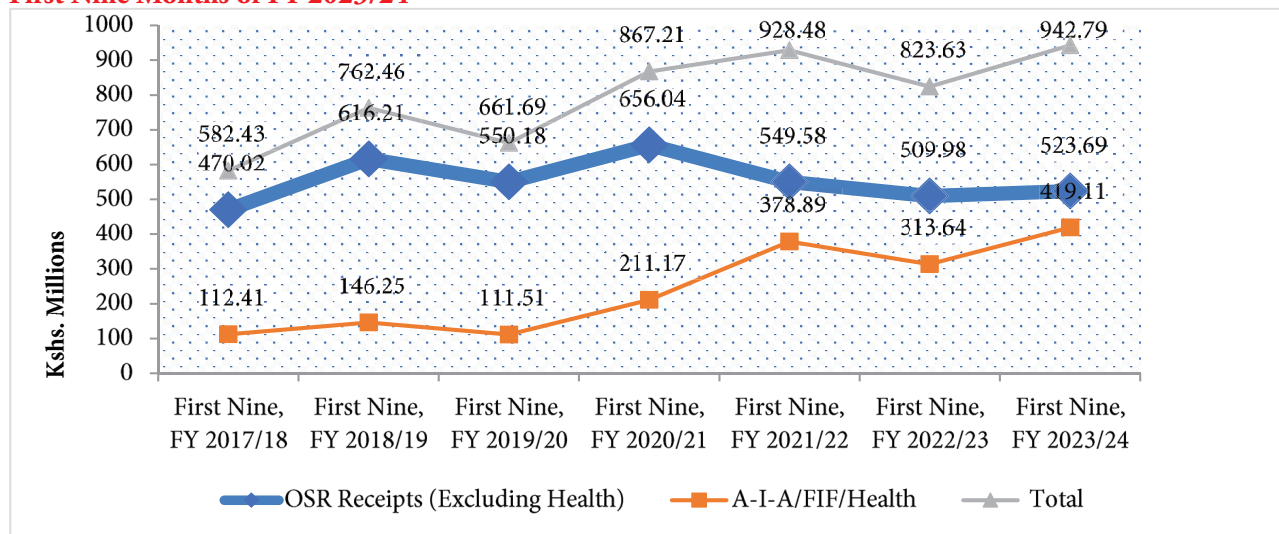
Table 3.113: Kisumu County, Revenue Performance in the First Nine Months of FY 2023/24

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	5,091,570,631.15	60.9
Sub Total		8,361,797,770.00	5,091,570,631.15	60.9
B	Conditional Grants			
1	Danida	36,380,926.00	-	-
2	Africities	40,000,000.00	-	-
3	KISIP	600,000,000.00	150,000,000.00	25.0
4	Finance Locally -Led Climate Action Plan (FLOCA)	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	195,112,951.00	78.0
7	ASDSP II	5,367,707.00	1,036,771.00	19.3
8	Aquaculture Business Development Project (ABDP)	15,407,244.00	15,051,795.60	-
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		
Sub-Total		1,517,866,206	369,652,596	24.4
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	1,682,844,694	523,686,993.49	31.1
2	Balance b/f from FY2022/23	1,450,625,819	1,450,625,819.00	100.0
3	Facility Improvement Fund (FIF)	600,000,000	419,105,165.00	69.9
4	Appropriation in Aid (AIA)	-	-	-
Sub Total		3,733,470,513	2,393,417,977.49	64.1
Grand Total		13,613,134,489	7,854,641,204	57.7

Source: Kisumu County Treasury

Figure 49 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 49: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

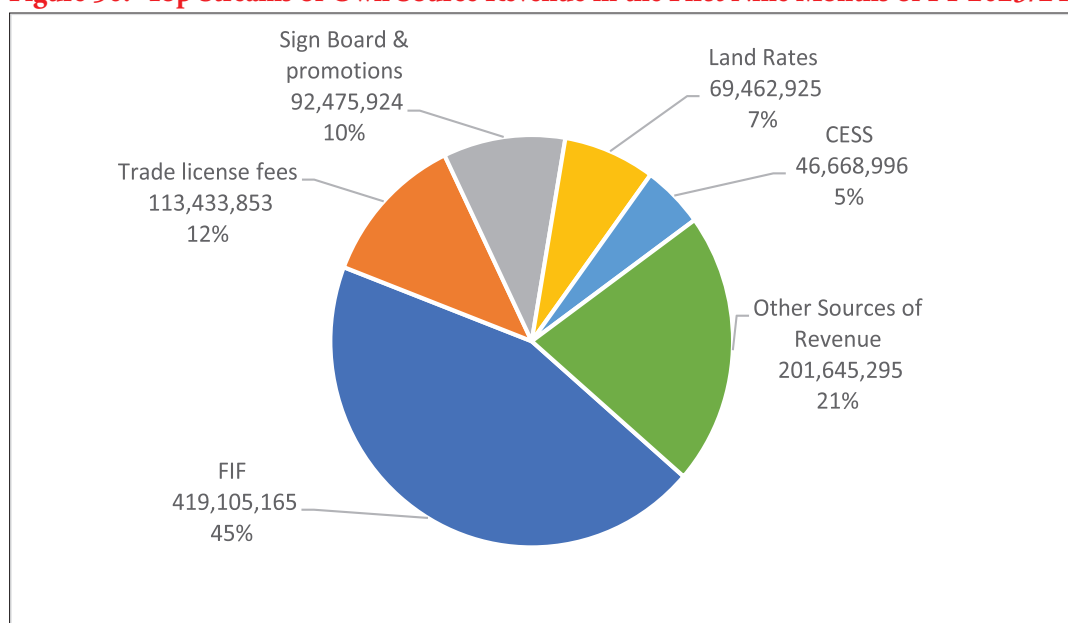


Source: Kisumu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs. 942.79 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 14.5 per cent compared to Kshs.823.63 million realised in a similar period in FY 2022/23 and was 41.3 per cent of the annual target and 11.3 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 Nine Months of FY 2023/24 in Kshs.



Source: Kisumu County Treasury

The highest revenue stream of Kshs.419.11 million was from the Health Department under FIF, contributing to 45.1 per cent of the total OSR receipts during the reporting period.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs. 6.35 billion from the CRF account during the reporting period, which comprised Kshs.657.91 million (10.4 per cent) for development programmes and Kshs.5.69 billion (89.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.39 billion was released towards Employee Compensation and Kshs.1.85 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.414.5 million.

3.17.4 Borrowing by the County

The county did not borrow from commercial banks during the reporting period.

3.17.5 County Expenditure Review

The County spent Kshs. 4.38 billion on development and recurrent programmes in the reporting period. The expenditure represented 69.1 per cent of the total funds released by the CoB and comprised Kshs. 623.47 million and Kshs.3.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.0 per cent, while recurrent expenditure represented 41.1 per cent of the annual recurrent expenditure budget.

3.17.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs. 2.04 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs. 657.91 million on development spending programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.38 billion.

The County Assembly reported outstanding pending bills of Kshs 3.8 million as of 31st March 2024.

3.17.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 3.22 billion on employee compensation, Kshs.1.48 billion on operations and maintenance, and Kshs.623.47 million on development activities. Similarly, the County Assembly spent Kshs167.29 million on employee compensation, Kshs.372.58 million on operations and maintenance, and nothing on development activities, 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
Total Recurrent Expenditure	8,185,866,481	969,533,370	4,701,151,394	539,866,487	57.4	55.7
Compensation to Employees	5,087,012,006	336,490,356	3,221,906,854	167,291,394	63.3	49.7
Operations and Maintenance	3,098,854,475	633,043,014	1,479,244,540	372,575,093	47.7	58.9
Development Expenditure	4,292,734,638	165,000,000	623,468,833.10	-	14.5	-
Total	12,478,601,119	1,134,533,370	5,324,620,227	539,866,487	42.7	47.6

Source: Kisumu County Treasury

3.17.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.39 billion, or 43.2 per cent of the available revenue, which amounted to Kshs.7.85 billion. This expenditure represented a decrease from Kshs. 3.7 billion reported in a similar period in FY 2022/23. The wage bill included Kshs. 2.83 billion paid to health sector employees, translating to 83.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.25 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.140.3 million was processed through manual pay-rolls. The manual payrolls accounted for 4.1 per cent of the total PE cost.

The County Assembly spent Kshs.30.2 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.45.31 million. The average monthly sitting allowance was Kshs 69,915.12 per MCA. The County Assembly has established 14 Committees.

3.17.9 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.520 million to county-established funds in FY 2023/24, constituting 3.2 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 Nine Months of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues FY 2024/25 (Kshs)	Actual Expenditure FY 2024/25 (Kshs.)	Submission of Financial Statements. (Yes/No.)
The County Executive established Funds					
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			Yes
3	Kisumu County Emergency Fund	100,000,000.00	82,000,000.00	82,000,000.00	Yes
4	Kisumu Enterprises Fund	50,000,000.00	-		No
5	Kisumu County Rural Electrification and renewal Enegy corp. Fund	35,000,000.00	-		No
Total		495,000,000.00	162,000,000.00	162,000,000.00	
County Assembly Established Funds					
1	Kisumu County Assembly Loan Mortgage Fund	25,000,000.00	-	-	Yes
Total		25,000,000.00	324,000,000.00	324,000,000.00	

Source: Kisumu County Treasury

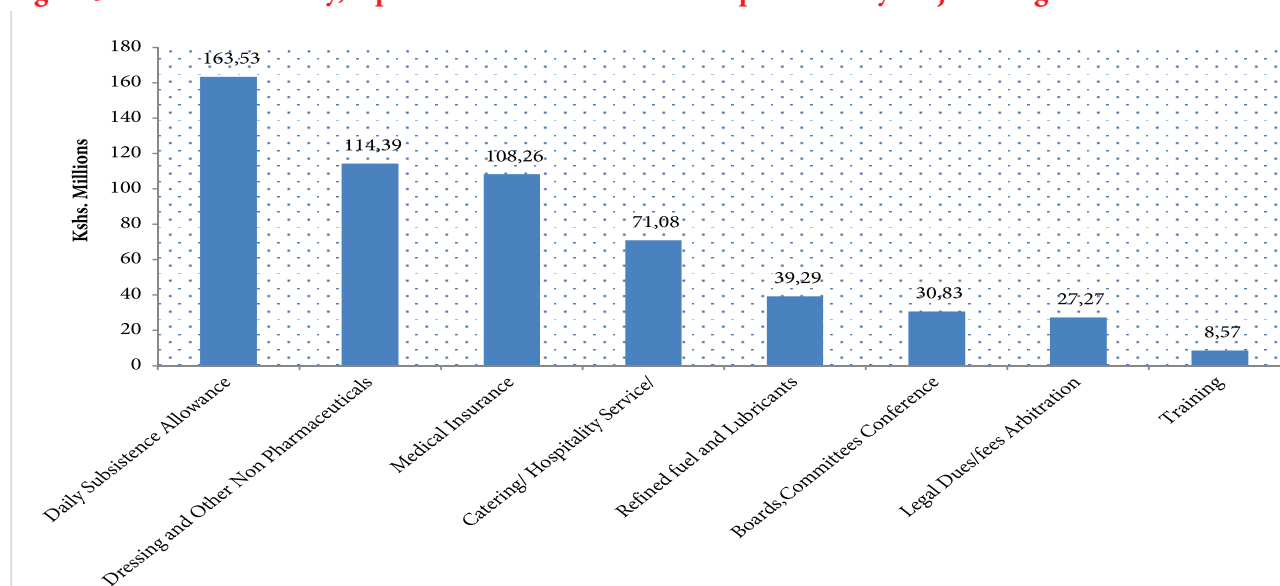
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 2 funds, as indicated in Table 3.115, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.17.10 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.258.14 million and comprised Kshs.158.40 million spent by the County Assembly and Kshs. 50.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.11 million and comprised Kshs.10.78 million by the County Assembly and Kshs.14.33 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.116.

Table 3.116: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	28.2.24 to 2.2.2024	Leadership Forum	South Africa	451,647.50
County Executive	1	19.2.24 to 23.2.2024	ULCG executive meeting	Barcelona	847,700.00
County Executive	1	28.2.24 to 2.2.2024	Leadership Forum	South Africa	338,900.00
County Executive	1	19.2.24 to 23.2.2024	ULCG executive meeting	Barcelona	629,346.00
County Assembly	6	14.8.23 to 18.8.23	Workshop on Political Empowerment & Democracy	Norway	5,228,884.00
County Assembly	1	24.7.2023 to 2,8.2023	Attend Russia-Africa Economic Humanitarian Forum	Russia	145,262.00
County Assembly	15	11.10.2023 to 15.10.2023	Study Tour at Mulago National Referral Hospital	Uganda	4,004,917.00
County Assembly	2	3.11.2023 to 10.11 2023	Education trip- Understanding of USA City Government and waste Management program	USA	1,397,400.00

Source: Kisumu County Treasury and Kisumu County Assembly

3.17.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs. 623.47 million on payment of pending bills development programmes, representing an increase of 17.3 per cent compared to a similar period of FY 2022/23

when the County spent Kshs.515.46 million. The county did not make payment to current year development Programs The table summarises development projects with the highest expenditure in the reporting period.

3.17.12 Budget Performance by Department

Table 3.117 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.117: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Fisheries, Livestock Development & Irrigation	284.83	648.73	135.53		135.53		100.0	-	47.6	-
City of Kisumu	463.42	297.30	421.33	38.33	421.33	24.19	100.0	63.1	90.9	8.1
Infrastructure, Energy & Public Works.	251.11	510.20	130.87	-	130.87	-	100.0	-	52.1	-
Kisumu County Public Service Board	103.26	-	618.58	-	618.58	-	100.0	-	599.1	-
Education, Technical Training, Innovation & Social Services	718.93	200.83	236.94	-	236.94	-	100.0	-	33.0	-
Medical Services, Public Health & Sanitation	3,381.06	236.17	2,538.11	-	2,089.14	-	82.3	-	61.8	-
Public Service, County Administration & Participatory Development, Office of the Governor.	1,003.01	58.50	45.01	-	45.01	-	100.0	-	4.5	-
Sports, Culture, Gender & Youth Affairs	191.07	127.56	83.30	-	83.30	-	100.0	-	43.6	-
Lands, Physical Planning, Housing & Urban Development	121.27	450.00	49.79	-	49.79	-	100.0	-	41.1	-
Trade, Tourism, Industry & Marketing	117.41	275.15	43.51	-	43.51	-	100.0	-	37.1	-
Finance, Economic Planning & ICT Services	1,390.65	1,122.14	779.68	619.58	779.68	599.28	100.0	96.7	56.1	53.4
Water, Environment, Natural Resources & Climate Change	159.85	366.15	67.48	-	67.48	-	100.0	-	42.2	-
County Assembly	969.53	165.00	540.22	-	539.87	-	-	-	-	-
Total	9,155.40	4,457.73	5,690.34	657.91	5,241.02	623.47	92.1	94.8	57.2	14.0

Source: Kisumu County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget 53.4 per cent, followed by the City of Kisumu at 8.1 per cent. The Department of Kisumu City had the highest percentage of recurrent expenditure to budget at 90.9 per cent while the Department of Public Service, County Administration & Participatory Development, Office of the Governor had the lowest at 4.5 per cent.

3.17.13 Budget Execution by Programmes and Sub-Programmes

Table 3.118 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.118: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Lands, Physical Planning, Housing & Urban Development- 5067							
Physical planning services		13,150,000.00	-	14,080,950.00	-	107.1	-
Urban planning and development		6,850,000.00	-	4,945,000.00	-	72.2	-
General administration & planning		101,272,041.00	450,000,000.00	57,074,387.95	-	56.4	-
Agriculture, Fisheries, Livestock Development & Irrigation- 5068							
Planning and Administration		203,471,353.00	643,726,668.00	114,535,426.70	80,292,233.35	56.3	12.5
Promotion of Soil and Water Management		488,550.00	-	290,800.00	-	59.5	-
Promotion of Crop production Value Chains		6,641,500.00	-	2,645,990.00	-	39.8	-
Management of Agriculture Advisory services		18,978,200.00	-	4,558,700.00	-	24.0	-
Development of Product Quality Assurance		1,145,500.00	-	632,500.00	-	55.2	-
Management of Stations		20,513,726.00	-	7,574,524.40	-	36.9	-
Promotion of Livestock Production Value Chains		18,269,703.00	-	10,840,526.00	-	59.3	-
Agriculture input Access		439,000.00	-	328,500.00	-	74.8	-
Agriculture Credit Access		849,750.00	-	-	-	0.0	-
Promotion value addition		439,000.00	5,000,000.00	23,800.00	-	5.4	-
Promotion of Agribusiness		473,500.00	-	-	-	0.0	-
Human Resource development services		119,250.00	-	-	-	0.0	-
Management Information System		13,000,000.00	-	1,829,250.00	-	14.1	-
City of Kisumu - 5072							
Local Revenue Mobilization		21,855,964.00	-	10,532,279.40	-	48.2	-
Urban planning and development		32,793,465.00	-	12,972,087.35	-	39.6	-
Health promotion service		45,290,823.00	-	28,707,033.75	-	63.4	-
Environmental health and sanitation		62,621,434.00	-	31,043,851.95	-	49.6	-
Promotion of early childhood education.		33,411,122.00	-	18,685,089.95	-	55.9	-
General Administration and Support services		267,443,526.00	297,300,000.00	150,366,909.75	43,309,058.00	56.2	14.6
Public Service, County Administration & Participatory Development, Office of the Governor. - 5075							
General Administration and Support services		101,646,491.00	-	60,492,109.15	-	59.5	-
Promotion of Values and Principles		1,291,600.00	-	1,227,200.00	-	95.0	-
Human Resource Recruitment and Development		320,000.00	-	80,000.00	-	25.0	-

Program	Sub Program	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Education, Technical Training, Innovation & Social Services-5081							
Planning and Coordination Services		467,786,687.00	-	365,321,740.05	-	78.1	-
Youth Polytechnics Services		1,600,000.00	14,800,000.00	922,700.00	-	57.7	-
Early Child Education		247,790,263.00	88,700,000.00	114,005,000.00	698,100.00	46.0	0.8
Youth Training and Legislation		1,750,000.00	97,332,281.00	782,750.00	71,440,062.00	44.7	73.4
Infrastructure, Energy & Public Works. - 5082							
Road construction and maintenance services		96,000,000.00	443,400,000.00	48,000,000.00	30,990,263.00	50.0	7.0
		6,000,000.00	66,800,000.00	2,787,190.00	-	46.5	-
Mechanical Engineering Services		23,551,994.00	-	8,858,496.00	-	37.6	-
Public Works		2,500,000.00	-	-	-	-	-
Administration planning		123,056,493.00	-	57,024,600.20	-	46.3	-
Finance, Economic Planning & ICT Services-5083							
Urban planning and development		51,363,996.00	-	35,501,273.60	-	69.1	-
General administration & planning		15,000,000.00	-	8,968,989.40	-	59.8	-
Administrative services		1,008,436,139.00	1,050,000,000.00	693,597,874.60	749,671,204.65	68.8	71.4
ICT Services		65,000,000.00	-	31,945,814.10	-	49.1	-
Internal Auditing Services		15,000,000.00	-	10,045,100.00	-	67.0	-
Budget Formulation & Coordination Services		54,600,000.00	12,142,939.00	36,372,670.95	12,086,230.00	66.6	99.5
management of public financial resources		16,000,000.00	-	10,391,808.00	-	64.9	-
Revenue Mobilization		80,000,000.00	60,000,000.00	47,480,229.00	19,822,670.00	59.4	33.0
Monitoring & Evaluation		33,000,000.00	-	19,393,200.00	-	58.8	-
Policy Formulation & Planning		52,249,719.00	-	33,326,865.00	-	63.8	-
Trade, Tourism, Industry & Marketing-5084							
Trade Support Services		3,200,000.00	57,647,203.00	688,010.00	-	21.5	-
Verification and Calibration of Weighing Equipment		4,750,000.00	17,500,000.00	1,295,000.10	-	27.3	-
Tourism Event Management		18,349,998.00	-	4,285,075.00	-	23.4	-
Tourism Development		3,900,002.00	-	955,870.00	-	24.5	-
Co-operative Governance		3,900,000.00	-	1,859,300.00	-	47.7	-
Business Development Services		1,700,000.00	200,000,000.00	521,800.00	-	30.7	-
Betting Control Services		200,000.00	-	-	-	-	-

Program	Sub Program	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Alcoholic Drinks		100,000.00	-	-	-	-	-
General Administration and Support services		81,314,464.00	-	39,000,956.00	-	48.0	-
Medical Services, Public Health & Sanitation-5085							
Disease surveillance		600,000.00	-	440,700.00	-	73.5	-
Elimination of communicable and non-communicable disease		360,000.00	-	235,200.00	-	65.3	-
Reproductive Health		1,760,000.00	-	119,400.00	-	6.8	-
Essential Service		360,000.00	-	158,000.00	-	43.9	-
Governance and leadership		423,646,001.00	-	280,018,556.90	-	66.1	-
Human Resources for Health		2,728,154,740.00	-	2,032,595,048.95	-	74.5	-
Primary Healthcare Services		39,050,398.00	-	38,950,466.00	-	99.7	-
Health Promotive Services		11,132,698.00	-	4,594,683.00	-	41.3	-
Jaramogi Oginga Odinga Teaching and Referral Hospital		90,000,000.00	25,000,000.00	150,000,000.00	25,000,000.00	166.7	100.0
Kisumu County Referral Hospital		42,000,000.00	-	42,000,000.00	-	100.0	-
County and Sub-County Hospital Services		42,000,000.00	211,174,534.00	41,922,110.00	770,489.00	99.8	0.4
Routine Nutritional Survey		2,000,000.00	-	417,000.00	-	20.9	-
Sports, Culture, Gender & Youth Affairs-5086							
Planning and Coordination Services		91,056,101.00	22,561,013.00	51,421,646.70	998,000.00	56.5	4.4
Physical planning services		1,078,875.00	-	278,575.00	-	25.8	-
Infrastructure Development		14,053,355.00	-	3,882,055.00	-	27.6	-
Administration planning		32,267,690.00	-	23,306,550.00	-	72.2	-
Youth Training Facilities		1,020,000.00	100,000,000.00	430,848.00	-	42.2	-
Gender & Disability Mainstreaming		577,500.00	-	25,000.00	-	4.3	-
Social Dev. Facilities		1,795,500.00	-	541,960.00	-	30.2	-
Sports Management		4,274,375.00	5,000,000.00	1,463,258.00	-	34.2	-
Talent Development		22,280,010.00	-	18,479,010.50	-	82.9	-
Sports Academy		7,943,400.00	-	4,143,758.00	-	52.2	-
Artistic Talent Development		2,798,625.00	-	1,248,050.00	-	44.6	-
Culture and Heritage Development		11,928,200.00	-	6,306,107.50	-	52.9	-
Water, Environment, Natural Resources & Climate Change-5087							
Planning and Administration		44,650,927.00	-	22,336,323.65	-	50.0	-

Program	Sub Program	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Management of Stations		28,950,658.00	-	13,893,514.00	-	48.0	-
Climate Change		6,200,000.00	-	2,768,800.00	-	44.7	-
Mining Efficiency		1,208,000.00	-	185,800.00	-	15.4	-
Infrastructure Development		6,963,826.00	-	1,020,800.00	-	14.7	-
Sustainable Access to Safe Water		1,897,362.00	-	1,561,200.00	-	82.3	-
Water resources & Sewerage services		62,655,829.00	366,150,000.00	38,881,328.55	3,315,600.00	62.1	0.9
Solid Waste Management		4,022,800.00	-	2,287,400.00	-	56.9	-
Environment Conservation of Natural Resources		1,220,244.00	-	320,375.00	-	26.3	-
Pollution Control		2,076,000.00	-	555,200.00	-	26.7	-
5067-Kisumu - County Assembly							
103005067		13,150,000.00	-	2,597,850.00	-	19.8	
Physical planning services		13,150,000.00	-	2,597,850.00	-	19.8	
county housing management		-	-	-	-		
109005067		6,850,000.00	-	2,165,000.00	-	31.6	
Urban planning and development		6,850,000.00	-	2,165,000.00	-	31.6	
201005067		101,272,041.00	450,000,000.00	40,732,336.65	-	40.2	-
General administration & planning		101,272,041.00	450,000,000.00	40,732,336.65	-	40.2	-
Sub Total		165,000,000.00	969,533,370.00	302,735,809.35	-	183.5	-
Governance and Administration-5088							
Resource Mobilization		27,420,000.00	-	22,245,440.00	-	81.1	
Primary Policy and Legislation		20,220,000.00	-	9,492,612.00	-	46.9	
Development and Management of County Administrative systems		52,270,000.00	28,500,000.00	18,586,180.00	-	35.6	-
Inter-Government Coordination and protocol		10,800,800.00	-	4,163,853.00	-	38.6	
Emergency, Relief, Disaster Management and Control		15,200,000.00	-	12,704,116.00	-	83.6	
Governor's Press Service and Communication		22,500,000.00	-	8,269,340.00	-	36.8	
Human Resource Recruitment and Development		251,326,788.00	-	117,445,069.65	-	46.7	
General Administration and Support services		577,586,526.00	30,000,000.00	492,264,262.30	7,941,840.00	85.2	26.5
Monitoring & Evaluation		9,854,000.00	-	2,610,442.10	-	26.5	

Program	Sub Program	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Public participation services		3,300,000.00	-	500,000.00	-	15.2	
County Planning and Development Coordination Services		12,530,000.00	-	4,079,425.00	-	32.6	
Grand Total		9,155,399,851.00	4,457,734,638.00	5,241,017,882.00	623,468,833.10	57.2	14.0

Source: Kisumu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Promotion of Values and Principles in the Department of Public Service, County Administration & Participatory Development, Office of the Governor at 99.7 per cent, Primary Healthcare Services in the Department of Medical Services at 99.5 per cent, and Talent Development in the Department of Sports, Culture, Gender and youth affairs at 82.9 per cent of budget allocation.

3.17.14 Accounts Operated in Commercial Banks

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

3.17.15 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.942.79 million against an annual target of Kshs. 2.28 billion, representing 41. per cent of the annual target.
2. Failure to refund unspent funds from FY 2022/23 into the CRF account at the end of the financial year led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.116.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu Enterprises Fund and Kisumu County Assembly Loan Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs. 1.38 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.140.29 million were processed through the manual payroll, accounting for 4.1 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.
6. 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 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.18. County Government of Kitui

3.18.1 3.18.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for 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 per cent compared to the previous financial year when it was Kshs.12.31 billion and comprised of Kshs.3.64 billion towards development expenditure and Kshs.8.67 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.83 billion (77.8 per cent) as the equitable share of revenue raised nationally, Kshs.562.59 million (4.0 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.67 billion (12 per cent) brought forward from FY 2022/23, and generate Kshs.858.93 million (6.1 per cent) as gross own source revenue. The own-source revenue includes Kshs.273.93 million (28.0 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.585.00 million (62.0 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.119.

3.18.2 3.18.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.6.28 billion as an equitable share of the revenue raised nationally, Kshs.200.64 million as additional allocations/conditional grants, had a cash balance of Kshs.1.67 million from FY 2022/23 and raised Kshs.639.35 million as own-source revenue (OSR). The raised OSR includes Kshs.273.93 million as FIF and Kshs.365.42 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.8.79 billion, as shown in Table 3.119.

Table 3.119: Kitui County, Revenue Performance in the First Nine Months of FY 2023/24

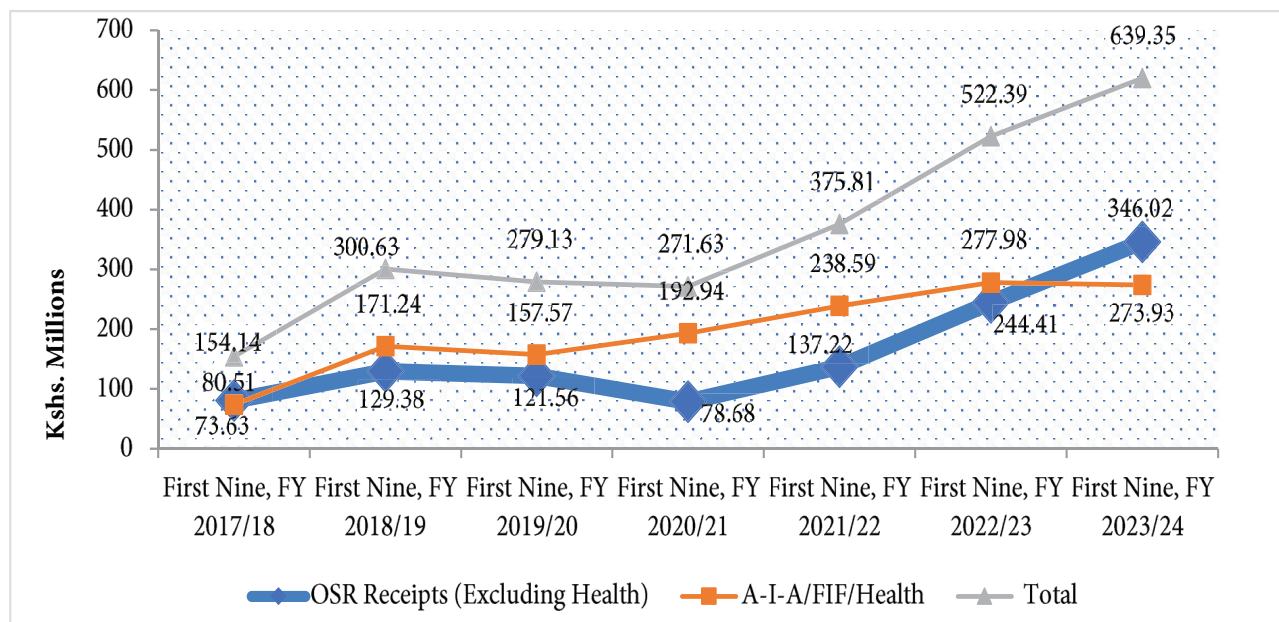
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,829,486,936	6,281,102,425	58
Sub Total		10,829,486,936	6,281,102,425	58
B	Conditional Grants			
1	World Bank (Emergency Locust Response Project (ELRP))	133,683,244	-	-
2	HSSP/HSPS/DANIDA/IDA	16,112,250	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	World Bank loan for National Agricultural and Rural Inclusive Growth Project	150,000,000	4,261,825.85	2.8
4	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP))	250,000,000	195,087,953	78
5	Agricultural Sector Development of Youth Polytechnic (ASDSP)	1,292,965	1,292,965	100
6	World Bank programme to Finance locally -Led Climate Action Program (FLLoCA)	11,000,000	-	-
Sub-Total		562,088,459	200,642,744	35.7
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	585,000,000	365,419,990	62.5
2	Balance b/f from FY2022/23	1,646,384,897	1,646,384,897	100
3	Facility Improvement Fund (FIF)	365,820,000	273,930,000	74.9
Sub Total		2,597,204,897	2,304,801,762	88.7
Grand Total		13,988,780,292	8,767,480,146	62.7

Source: Kitui County Treasury

Figure 52 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

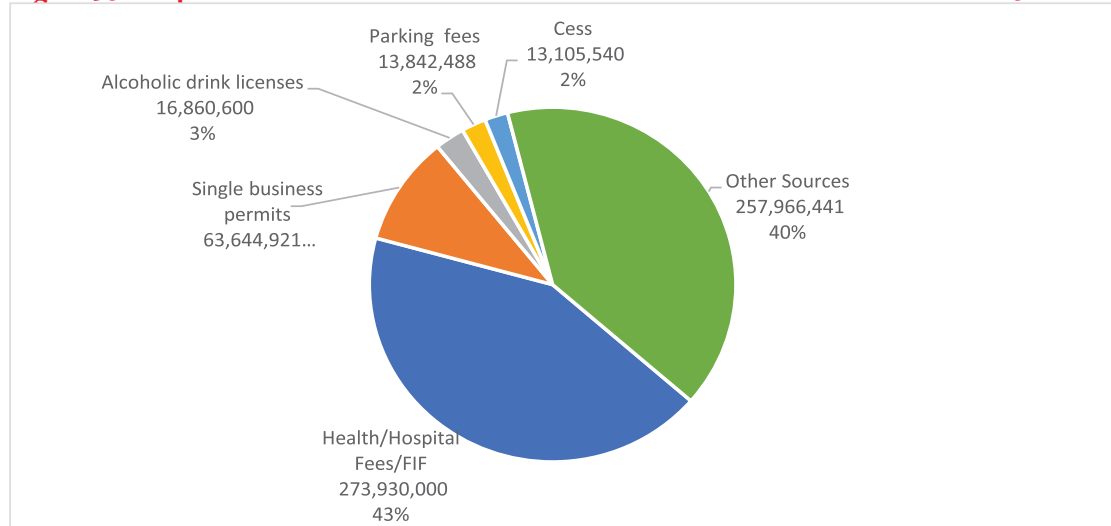
Figure 52: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Kitui County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.619.95 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 18.7 per cent compared to Kshs.522.39 million realised in a similar period in FY 2022/23 and was 67.2 per cent of the annual target and 10.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.4.68 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 Nine Months of FY 2023/24 in Kshs.



Source: Kitui County Treasury

The highest revenue stream of Kshs.273.93 million was from Health Hospital Fees/ FIF), contributing to 43 per cent of the total OSR receipts during the reporting period.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.37 billion from the CRF account during the reporting period, which comprised Kshs.1.87 billion (22.4 per cent) for development programmes and Kshs.6.50 billion (77.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.45 billion was released towards Employee Compensation and Kshs.3.05 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.65.05 million.

3.18.4 County Expenditure Review

The County spent Kshs.8.37 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 of Kshs.1.87 billion and Kshs.6.50 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 36.5 per cent, while recurrent expenditure represented 73.3 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.593.84 million, comprising Kshs.186.34 million for recurrent expenditure and Kshs.407.50 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.239.63 million. They consisted of Kshs.182.48 million for recurrent expenditure and Kshs.57.15 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.365.90 million.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.16 billion on employee compensation, Kshs.2.71 billion on operations and maintenance, and Kshs.1.87 billion on development activities. Similarly, the County Assembly spent Kshs.288.00 million on employee compensation and Kshs.339.57 million on operations and maintenance, as shown in Table 3.120.

Table 3.120: 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	7,673,477,624	1,180,814,288	5,866,126,472	627,568,296	76.4	53.1
Compensation to Employees	4,968,187,664	448,836,247	3,160,836,512	288,002,760	63.6	64.2
Operations and Maintenance	2,705,289,960	731,978,041	2,705,289,960	339,565,536	100	46.4
Development Expenditure	4,905,429,827	229,058,553	1,873,378,790	-	38.2	-
Total	12,578,907,451	1,409,872,841	7,739,505,262	627,568,296	61.5	44.5

Source: Kitui County Treasury

3.18.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.45 billion, or 39.3 per cent of the available revenue, which amounted to Kshs.8.79 billion. This expenditure represented a decrease from Kshs.3.90 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.41 billion paid to health sector employees, translating to 70 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.67 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.779.38 million was processed through manual payrolls. The manual payrolls accounted for 22.6 per cent of the total PE cost.

The County Assembly spent Kshs.11.65 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.23.09 million. The average monthly sitting allowance was Kshs.191,030 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.140.59 million to county-established funds in FY 2023/24, constituting 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 Kitui County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Assembly Established Funds						
1.	Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund	140,594,663.00	-	-	130,887,928.00	Yes
2.	Kitui County Assembly Service Board Employees' Car Loan & Mortgage Fund	-	-	-	196,207,234.00	Yes
Total		140,594,663.00	-	-	327,095,162.00	

Source: Kitui County Treasury

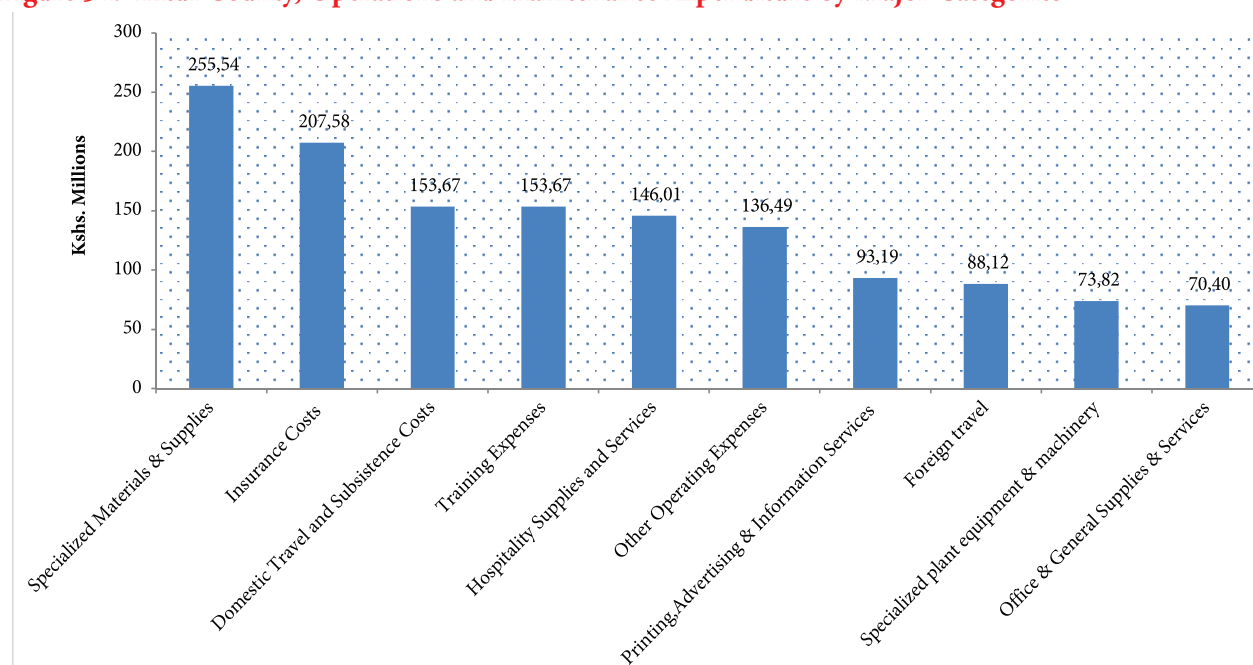
During the reporting period, the CoB has received quarterly financial returns from Fund Administrators of Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund and Kitui County Assembly Service Board Employees' Car Loan & Mortgage Fund, as indicated in Table 3, as per the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund and Kitui County Assembly Service Board Employees' Car Loan & Mortgage Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1) (d) of the Public Finance Management (County Governments) Regulations, 2015.

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.153.67 million and comprised Kshs.62.3 million spent by the County Assembly and Kshs.91.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.88.12 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.121.

Table 3.121: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Air tickets (Kshs.)	Ground Package (Kshs.)	Accommodation Allowances (Kshs.)
County Assembly of Kitui	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	280,000	2,902,900	4,310,026
County Assembly of Kitui	1(Clerk of Assembly)	20-28/10/2023	Training on the international transformative leadership	United Kingdom	1,123,400	217,500	780,300
County Assembly of Kitui	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	3,589,950	3,150,000	4,899,300
County Assembly of Kitui	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	1,392,986	217,500	780,300
County Assembly of Kitui	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	2,999,400	3,150,000	4,947,200
County Assembly of Kitui	7(6 MCAs +I member of staff)	16-20/10/2023	Training on strengthening Healthcare systems in the County Governments organized by ESAMI (Committee on Health and Sanitation)	Istanbul, Turkey	2,603,300	2,625,000	4,194,750
County Assembly of Kitui	7(6 MCAs +I member of staff)	12-16/2/2024	Training on the Role of Legislature in Labor Practice and Vetting Nominees to Public Office organized by ESAMI (Labor and Appointment Committee)	Singapore	4,184,600	2,835,000	5,133,114
County Assembly of Kitui	7(6 MCAs +I member of staff)	4-8/3/2024	Training on the Role of Legislature in Justice and Legal Affairs organized by ESAMI (Justice and Legal Affairs Committee)	Singapore	4,184,600	2,625,000	4,757,550

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Air tickets (Kshs.)	Ground Package (Kshs.)	Accommodation Allowances (Kshs.)
County Assembly of Kitui	4(Speaker of the County Assembly, Clerk of the Assembly, Deputy Clerk of the Assembly +1 member of staff)	4-8/3/2024	Training on Infrastructure Project Management Program organized by Soft Skills Limited	Tokyo, Japan	5,123,500	1,329,700	2,920,800
County Assembly of Kitui	7(6 MCAs +1 member of staff)	11-15/3/2024	Training on Legislative, Policy Intervention and Role of Committee organized by ESAMI (Trade Industry ICT and Cooperatives and Education Committee)	Singapore	3,484,600	2,625,000	4,757,550

Source: Kitui County Assembly

3.18.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.87 billion on development programmes, representing an increase of over 100 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.514.01 million. Table 3.122 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	Ministry of water and irrigation	Piping of water from the Mukuni water project borehole to Kyandoo and Mukuni and installation of solar panels	Mwingi Central	6,570,684.95	6,570,684.95	100
2	Lands & Infrastructure	Payment of Ngunga River drift on Kisayani-Imwange-Katundu-Kilui road	Kitui rural	6,846,446.26	6,846,446.26	100
3	Ministry of water and irrigation	Construction of Mutomo Syunguni Makongoni water project	Kitui south	6,884,398.16	6,884,398.16	100
4	Ministry of roads and public works	Construction of Mwinga stream in Zombe	Kitui east	9,300,344.08	9,300,344.08	100
5	Ministry of Public Works	Construction of Kitumbi Itumbi road and construction of Mbitini and Kilea drift	Kitui rural	9,906,803.45	9,906,803.45	100
6	Office of the Governor	Construction of the police station at Mandongoi	Mwingi north	10,689,612.00	10,689,612.00	100
7	Lands & Infrastructure	Payment for maintenance of KATSE-Musosya Market Road	Mwingi North	14,458,861.32	14,458,861.32	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
8	Lands & Infrastructure	Payment for improvement of Thaana Nzau Kithyoke river & drift	Mwingi West	15,273,321.75	15,273,321.75	100
9	Ministry of roads and public works	Maintenance of Mbitini/Voo junction Kinakoni market	Kitui East	18,637,826.26	18,637,826.26	100
10	Lands & Infrastructure	Payment for proposed maintenance of Kinakoni-Imali Kiangini-Kyukuni road with 150m drift on Thua River	Mwingi West	23,235,651.35	23,235,651.35	-

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 nine months of FY 2023/24.

Table 3.123: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
3711-Kitui - Office of The Governor	1,264,830,396	1,296,317,857	1,084,253,397	486,059,621	1,084,253,397	486,059,621	100	100	85.7	37.5
3716-Kitui - Health and Sanitation	3,463,388,320	249,977,008	3,121,670,991	63,481,866	3,121,670,991	63,481,866	100	-	90.1	25.4
3722-Kitui - County Public Service Board	64,333,803	15,000,000	37,072,613	-	37,072,613	-	100	-	57.6	-
3723-Kitui - County Assembly	1,180,814,288	229,058,553	629,871,963	-	627,568,296	-	99.6	-	53.1	-
3724-Kitui - Kitui Municipality	79,482,767	112,970,442	53,247,731	58,478,481	53,247,731	58,478,481	100	100	67	-
3725-Kitui - Mwingi Town Administration	65,089,607	35,045,116	32,576,633	16,907,703	32,576,633	16,907,703	100.0	100.0	50.0	48.2
3728-Kitui - Office of the Deputy Governor	185,320,858	49,938,401	133,863,218	11,932,741	133,863,218	11,932,741	100.0	100.0	72.2	23.9
3729-Kitui - Ministry of Water and Irrigation	115,780,705	778,747,125	52,364,074	287,471,233	52,364,074	287,471,233	100.0	100.0	45.2	36.9
3730-Kitui - Education Training and Skills Development	855,332,520	191,244,594	427,157,457	27,381,599	427,157,457	27,381,599	100.0	100.0	49.9	14.3
3731-Kitui - Ministry of Roads, Public Works and Transport	199,720,047	492,792,125	99,925,770	358,552,354	99,925,770	358,552,354	100.0	100.0	50.0	72.8
3732-Kitui - Trade Industry MSMEs Innovation & Cooperatives	189,543,831	287,027,587	129,718,042	65,222,916	129,718,042	65,222,916	100.0	100.0	68.4	22.7
3733-Kitui - Ministry of Energy Environment Forestry & Natural Resources	88,613,716	168,629,112	54,030,853	53,295,349	54,030,853	53,295,349	100.0	100.0	61.0	31.6
3734-Kitui - Ministry of Culture Gender Youth ICT Sports and Social Services	113,094,780	136,561,787	68,983,181	30,679,683	68,983,181	30,679,683	100.0	100.0	61.0	22.5
3735-Kitui - Ministry of Finance Economic Planning and Revenue Management	523,739,217	139,956,716	336,893,399	98,099,035	336,893,399	98,099,035	100.0	100.0	64.3	70.1
3736-Kitui - Ministry of Agriculture and Livestock	361,569,752	845,771,294	185,932,487	297,820,810	185,932,487	297,820,810	100.0	100.0	51.4	35.2
3737-Kitui - Ministry of Lands Housing and Urban Development	113,857,558	95,230,410	47,919,266	17,995,399	47,919,266	17,995,399	100.0	100.0	42.1	18.9
Total	8,864,512,165	5,124,268,127	6,495,481,075	1,873,378,790	6,493,177,408	1,873,378,790	100.0	100.0	73.2	36.6

Source: Kitui County Treasury

Analysis of department expenditure shows that the Department of Ministry of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 72.8 per cent, followed by the Department of Education Training and Skills Development at 14.3 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 90.1 per cent while the Department of Lands Housing and Urban Development had the lowest at 42.1 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 nine months of FY 2023/24.

Table 3.124: Kitui County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi-ture	Develop-ment Ex-penditure
3711-Office of the governor							
P1: General Administration Planning and Support Services	70100370	861,552,443.00	1,084,405,539.00	782,103,433.00	422,399,710.00	90.8	39.0
P2: National Social Safety Net	702003710	108,154,884.00	55,184,474.00	100,872,580.00	26,114,030.00	93.3	47.3
P3: Enforcement Unit	703003710	-	215,822,385.00	55,638,097.00	-	-	-
SP 4.1 Public Communication	704003710	109,470,044.00	-	-	-	-	-
P4: Cabinet Affairs, Public Affairs and Human Re-source Management	705003710	13,535,790.00	-	43,160,873.00	37,545,881.00	318.9	-
P6: County Government Administration and Field Services	705003710	55,317,827.00	156,727,844.00	-	-	-	-
P7: Devolution Services	706003710	21,094,145.00	-	9,605,994.00	-	45.5	-
P8: Monitoring and Evaluation	707003710	22,579,280.00	-	92,872,420.00	-	411.3	-
Office of the Chief of Staff		31,552,000.00	-	-	-	-	-
Office of the County Attorney		50,738,866.00	-	-	-	-	-
Sub Total		1,273,995,279.00	1,512,140,242.00	1,084,253,397.00	486,059,621.00	85.1	32.1
Office of The Deputy Governor							
P1: General Administration Planning and Support Services	701003710	39,723,474.00	-	-	4,024,321.00	-	-
P2: Tourism Development and Promotion	305003710	79,315,653.00	32,284,459.00	39,606,810.00	4,939,775.00	49.9	15.3
Performance Contracting, Disaster and Emergency Services	-	66,281,731.00	17,653,942.00	94,256,408.00	2,968,645.00	142.2	16.8
Sub Total		185,320,858.00	49,938,401.00	133,863,218.00	11,932,741.00	72.2	23.9
Agriculture, Water & Irrigation							
P1: General Administration Planning and Support Services	101003710	65,128,225.00	-	34,785,373.00	-	53.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P5: Irrigation and Drainage Infrastructure	104003710	15,287,836.00	330,358,006.00	9,278,933.00	116,597,529.00	60.7	35.3
P8: Water Resources Management	111003710	35,364,645.00	448,389,119.00	8,299,768.00	170,873,704.00	23.5	38.1
Sub Total		115,780,706.00	778,747,125.00	52,364,074.00	287,471,233.00	45.2	36.9
Education, Training & Skills Development							
P1: General Administration, Planning and Support Services	501003710	118,923,531.00	-	53,883,629.00	-	45.3	-
P2: Primary Education	502003710	700,345,477.00	121,640,594.00	342,780,669.00	18,526,173.00	48.9	15.2
P4: Youth Training and Development	507003710	36,063,512.00	67,400,000.00	-	-	-	-
P5: Quality Assurance and Standards	503003710	-	2,204,000.00	30,493,159.00	8,855,426.00		401.8
Sub Total		855,332,520.00	191,244,594.00	427,157,457.00	27,381,599.00	49.9	14.3
Roads, Public Works & Transport							
P1: General Administration Planning and Support Services	101003710	132,467,797.00	-	70,039,245.00	85,831,755.00	52.9	-
P4: Government Buildings	109003710	6,111,650.00	8,000,000.00	8,588,115.00	2,290,925.00	140.5	28.6
P5: Road Transport	110003710	22,107,000.00	503,843,772.00	21,298,410.00	270,429,674.00	96.3	53.7
Sub Total		160,686,447.00	511,843,772.00	99,925,770.00	358,552,354.00	62.2	70.1
Health & Sanitation							
P1: General Administration, Planning & Support Services	401003710	917704270	151,740,505.00	898,594,855.00	34,102,307.00	97.9	22.5
P2: Maternal and Child Health	404003710	959,490,136.00	22,087,656.00	133,529,219.00	-	13.9	-
P3: Preventive & Promotive Health Services	403003710	2,740,657.00	-	856,072,313.00	1,598,770.00	31236.0	-
P4: Curative Health Services	402003710	1,613,321,975.00	56,041,829.00	1,233,474,604.00	27,780,789.00	76.5	49.6
Sub Total		3,493,257,038.00	229,869,990.00	3,121,670,991.00	63,481,866.00	89.4	27.6
Trade, Industry, MSMEs, Innovations & Cooperatives							
P1: General administration and support-H/Qs	301003710	115,269,569.00	-	89,071,510.00	65,222,916.00	77.3	-
P2: Trade Development and Promotion	303003710	20,353,540.00	287,027,587.00	125,245.00	-	0.6	-
P3: Cooperative Development and Management	304003710	53,920,722.00	-	40,521,287.00	-	75.1	-
Sub Total		189,543,831.00	287,027,587.00	129,718,042.00	65,222,916.00	68.4	22.7
Energy, Environment, Forestry, Natural & Mineral Resources							
P1 General Administration, Planning and Support Services	1001003710	33,702,520.00	-	24,332,711.00	4,757,690.00	72.2	-
P2 Environment Management and Protection	1002003710	25,045,894.00	78,831,960.00	13,004,119.00	9,913,189.00	51.9	12.6

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P3 Power Transmission and Distribution	1005003710	12,272,819.00	20,000,000.00	6,380,675.00	1,558,125.00	52.0	7.8
P4 Alternative Energy Technologies	1006003710	1,758,979.00	65,392,177.00	7,095,408.00	34,345,313.00	403.4	52.5
P5 Mineral Resources Management	1008003710	15,833,503.00	10,225,228.00	3,217,940.00	2,721,032.00	20.3	26.6
Sub Total		88,613,715.00	174,449,365.00	54,030,853.00	53,295,349.00	61.0	30.6
Culture, Gender, Youth, ICT, Sports and Social Services							
P1: General Administration, Planning and Support Services	301003710	40,317,633.00	-	25,442,156.00	20,787,784.00	63.1	-
P2: Gender	902003710	17,084,993.00	6,474,899.00	-	7,863,289.00	-	121.4
P3: Sports	903003710	27,579,449.00	77,640,185.00	1,469,256.00	1,450,000.00	5.3	1.9
P4: Culture	904003710	7,847,294.00	39,796,703.00	6,751,169.00	578,610.00	86.0	1.5
P5: ICT Infrastructure Development	21000	8,872,622.00	11,950,000.00	3,249,222.00	-	36.6	-
P6: Youth Training and Development	504003710	8,939,389.00	700,000.00	18,612,617.00	-	208.2	-
P7: Social Development and Children Services	905003710	2,453,400.00	-	13,458,761.00	-	548.6	-
Sub Total		113,094,780.00	136,561,787.00	68,983,181.00	30,679,683.00	61.0	22.5
Finance, Economic Planning & Revenue Management							
P1: General Administration, Planning and Support Services	701003710	390,869,631.00	139,956,716.00	239,569,973.00	98,099,035.00	61.3	70.1
P2: Economic Policy and County Planning	710003710	42,260,367.00	-	30,215,285.00	-	71.5	-
P3: Monitoring and Evaluation Services	711003710	8,294,000.00	-	-	-	0.0	-
P4: Public Financial Management	712003710	82,315,219.00	-	67,108,141.00	-	81.5	-
Sub Total		523,739,217.00	139,956,716.00	-	-	-	-
Agriculture & Livestock							
P1: General Administration Planning and Support Services	101003710	63,119,308.00	-	144,894,667.00	-	229.6	-
P5: Crop Development and Management	102003710	4,870,497.00	393,299,439.00	3,685,582.00	30,658,901.00	75.7	7.8
P6: Agribusiness and Information Management	103003710	35,767,524.00	341,256,173.00	28,922,943.00	259,208,684.00	80.9	76.0
P7: Agricultural Extension Services and Training	101020000	22,688,369.00	92,542,032.00	-	-	-	-
P2: Fisheries Development and Management	105003710	1,040,677.00	-	199,676.00	-	19.2	-
P3: Livestock Resources Management and Development	106003710	234,083,377.00	18,673,650.00	8,229,619.00	7,953,225.00	3.5	42.6
Sub Total		361,569,752.00	845,771,294.00	185,932,487.00	297,820,810.00	51.4	35.2

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Lands, Housing & Urban Development							
P1: General Administration Planning and Support Services	101003710	70,856,914.00	-	32,071,616.00	-	45.3	-
P2: Land Policy and Planning	108003710	22,986,800.00	45,791,629.00	7,162,468.00	734,704.00	31.2	1.6
P3: Housing Development and Human Settlement	107003710	20,013,844.00	53,838,781.00	8,685,182.00	17,260,695.00	43.4	32.1
Sub Total		113,857,558.00	99,630,410.00	47,919,266.00	17,995,399.00	42.1	18.1
County Public Service Board							
P1: General Administra- tion, Planning and Support Services	701003710	46,475,589.00	-	23,615,803.00	-	50.8	-
P2: Human Resource Man- agement and Development	713003710	13,194,096.00	-	9,819,379.00	-	74.4	-
P3: Governance and Coun- ty Values	714003710	4,664,118.00	15,000,000.00	3,637,431.00	-	78.0	-
Sub Total		64,333,803.00	15,000,000.00	37,072,613.00	-	57.6	-
County Assembly Service Board							
P1: General Administra- tion, Planning and Support Services	701013710	326,055,863.00	229,058,553.00	227,806,602.00	-	69.9	-
P2: Legislation, Represen- tation and Oversight	715013710	854,758,425.00	-	502,703,632.00	-	58.8	-
Sub Total		1,180,814,288.00	229,058,553.00	730,510,234.00	-	61.9	-
Kitui Municipality							
P1: General Administration Planning and Support Services	201003710	45,340,082.00	3,000,000.00	28,943,556.00	5,646,858.00	63.8	188.2
P2: Road Transport	202003710	8,961,500.00	77,208,731.00	12,092,958.00	52,831,623.00	134.9	68.4
P 3: Trade Development and Promotion	307003710	3,480,000.00	12,500,000.00	5,552,991.00	-	159.6	-
P.4 Control and Manage- ment of Public Finances	730003710	5,111,184.00	-	4,336,502.00	-	84.8	-
P .5 Social Protection, Culture and Recreation	900003710	16,590,000.00	20,261,711.00	2,322,224.00	-	14.0	-
P .6 Kenya Urban Support Programme	26405033710	-	-	-	-	-	-
Sub Total		79,482,766.00	112,970,442.00	53,248,231.00	58,478,481.00	67.0	51.8
Mwingi Municipality							
P1: General Administration Planning and Support Services	201003710	40,555,896.00	3,500,000.00	2,714,441.00	3,720,517.00	6.7	106.3

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P2: Environmental Policy Management	1001000000	698,900.00	8,500,000.00	20,869,983.00	1,329,751.00	2986.1	15.6
P3: Government Buildings	109003710	6,036,446.00	4,744,530.00	7,270,726.00	8,244,614.00	120.4	173.8
P4: Urban and Metropolitan Development	207003710	17,364,498.00	16,102,594.00	889,529.00	1,230,055.00	5.1	7.6
P5: Devolution Services	706003710	433,867.00	2,197,992.00	831,954.00	2,382,766.00	191.8	108.4
Sub Total		65,089,607.00	35,045,116.00	32,576,633.00	16,907,703.00	50.0	48.2
GRANT TOTAL		8,864,512,165.00	5,349,255,394.00	6,259,226,447.00	1,775,279,755.00	70.6	33.2

Source: Kitui County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Social Development and Children Services in the Department of Culture, Gender, Youth, ICT, Sports and Social Services at 548.6 per cent, Alternative Energy Technologies in the Department of Energy, Environment, Forestry, Natural & Mineral Resources at 403.4 per cent, General Administration Planning and Support Services in the department of Agriculture & Livestock at 229.6 per cent, and Youth Training and Development in the Department of Culture, Gender, Youth, ICT, Sports and Social Services at 208.2 per cent.

3.18.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

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 on 24th April 2024.
2. The underperformance of own-source revenue at Kshs.365.42 against an annual target of Kshs.585 million, representing 62.5 per cent of the annual target.
3. High level of pending bills, which amounted to Kshs.365.9 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.779.38 million were processed through the manual payroll, accounting for 14.4 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.
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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for ASDSP Account, Kenya Climate Project Account, Emergency Locust Response Project, Imprest Account and Bursary Fund Account (Pro-poor).

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 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 FY 2023/24 is Kshs.14.98 billion, comprising Kshs.7.25 billion (48.4 per cent) and Kshs.7.33 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 it 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) brought forward from FY 2022/23 and generated Kshs.600 million (4.0 per cent) as gross own source revenue. The own-source revenue includes Kshs.274.22 million (1.8 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.325.78 million (2.2 per cent) as ordinary 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 nine months of FY 2023/24, the County received Kshs.4.98 billion as an equitable share of the revenue raised nationally, Kshs.445.54 million as additional allocations/conditional grants, had a cash balance of Kshs.2.06 billion from FY 2022/23, and raised Kshs.285.34 million as own-source revenue (OSR). The raised OSR includes Kshs.101.40 million as FIF and Kshs.183.93 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.7.77 billion, as shown in Table 3.125.

Table 3.125: Kwale County, Revenue Performance in the First Nine Months 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	4,978,780,140	58.0
Sub Total		8,584,103,693	4,978,780,140	58.0
B	Conditional Grants			
1	Compensation for User Fees Forgone	14,814,598	-	-
2	Leasing of Medical Equipment	124,723,404	-	-

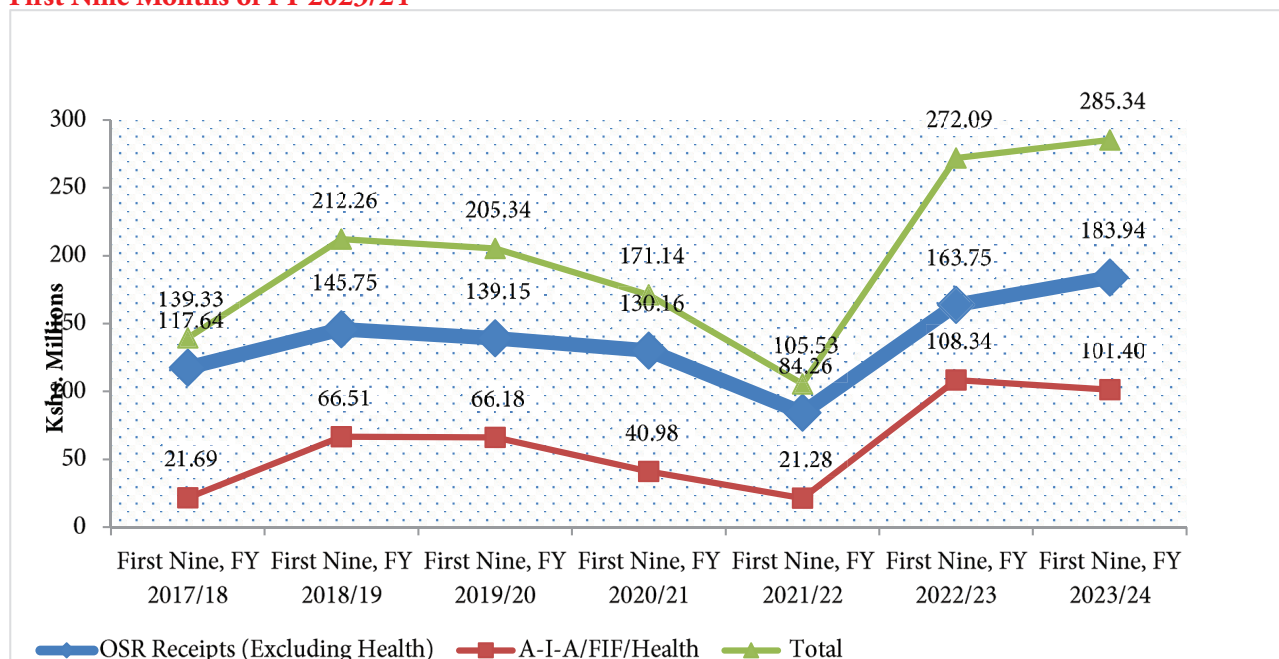
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Kenya Devolution Support Programme (KDSP)- Level 1 Grant	91,452,573	-	-
4	Aggregated Industrial Park Programme Grant	100,000,000	-	-
5	Provision of Fertilizer Subsidy Programme	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	-	-
14	Water and Sanitation Development Project (WSDP)	900,000,000	414,432,672	46.0
15	Kenya Informal Settlement Improvement Project KISIP II	71,905,911	1,111,669	1.5
16	Financing Locally-Led Climate Action (FLLoCA)-Institutional Grant	11,000,000	-	-
17	De-risking and Value Enhancement (DRIVE)	63,341,980	30,000,000	47.4
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	-	-
Sub-Total		3,741,036,591	445,544,341	11.9
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	325,783,400	183,939,270	56.5
2	Balance b/f from FY2022/23	2,059,602,333	2,059,602,333	100.0
3	Facility Improvement Fund (FIF)	274,216,600	101,403,245	37.0
4	Appropriation in Aid (AIA)	-	-	-
Sub Total		2,659,602,333	2,344,944,848	88.2
Grand Total		14,984,742,617	7,769,269,329	51.8

Source: Kwale County Treasury

The county lacks governing legislation on the operation of standard AIA and FIF. Therefore, all the collected revenue is transferred to the County Revenue Fund.

Figure 55 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 55: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

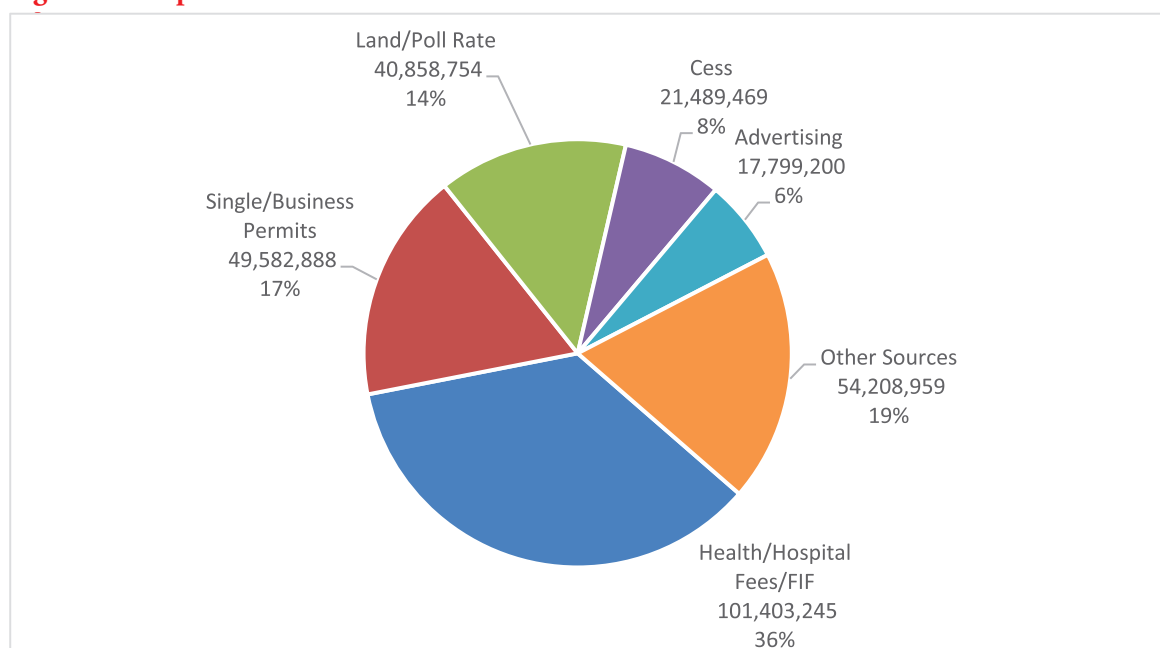


Source: Kwale County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.285.3 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 4.9 per cent compared to Kshs.272.09 million realised in a similar period in FY 2022/23 and was 47.6 per cent of the annual target and 5.7 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.8.60 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 Nine Months of FY 2023/24 in Kshs.



Source: Kwale County Treasury

The highest revenue stream of Kshs.101.40 million was from Health, contributing to 36.0 per cent of the total OSR receipts during the reporting period.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.59 billion from the CRF account during the reporting period, which comprised Kshs.1.11 million (19.9 per cent) for development programmes and Kshs.4.48 billion (80.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.55 billion was released towards Employee Compensation and Kshs.1.93 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.20 billion.

3.19.4 County Expenditure Review

The County spent Kshs.6.76 billion on development and recurrent programmes in the reporting period. The expenditure represented 120.9 per cent of the total funds released by the CoB and comprised of Kshs.1.59 billion and Kshs.5.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.8 per cent, while recurrent expenditure represented 62.7 per cent of the annual recurrent expenditure budget.

The total amount spent is greater than the amount released by the COB. This is due to invoices that have been validated in the system but not yet paid due to the delay in the disbursement of funds by the National Treasury.

3.19.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.176.07 million for recurrent expenditure. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.95.05 million. Therefore, as of 31st March 2024, the outstanding amount was Kshs.173.12 million.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.69 billion on employee compensation, Kshs.2.02 billion on operations and maintenance, and Kshs.1.53 billion on development activities. Similarly, the County Assembly spent Kshs.162.71 million on employee compensation, Kshs.294.15 million on operations and maintenance, and Kshs.62.35 million on development activities, as shown in Table 3.126.

Table 3.126: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,939,519,112	794,128,805	4,713,622,448	456,860,741	67.9	57.5
Compensation to Employees	3,501,124,001	308,612,771	2,689,210,567	162,710,474	76.8	52.7
Operations and Maintenance	3,438,395,111	485,516,033	2,024,411,881	294,150,267	58.9	60.6
Development Expenditure	7,008,962,149	242,132,553	1,527,311,342	62,345,047	21.8	25.7
Total	13,948,481,260	1,036,261,357	6,240,933,790	519,205,788	44.7	50.1

Source: Kwale County Treasury

3.19.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.85 billion, or 36.7 per cent of the available revenue, which amounted to Kshs.7.77 billion. This expenditure represented an increase from Kshs.2.42 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.46 billion paid to health sector employees, translating to 51.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.80 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.50.95 million was processed through manual payrolls. The manual payrolls accounted for 1.8 per cent of the total PE cost.

The County Assembly spent Kshs.14.94 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.43.25 million. The average monthly sitting allowance was Kshs.53,545.88 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.1.15 billion 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 Nine Months of FY 2023/24 (in Kshs. Million)

S/No.	Name of The Fund	Approved Budget Allocation in FY 2023/24	Exchequer Issues	Actual Expenditure	Cumulative Disbursements to The Fund as of 31st March 2024	Submission of Financial Statements as of 31st March 2024 (Yes/No)
The County Executive established funds						
1	Bursary & Scholarship Fund	500	300	242.12	2,950.00	Yes
2	Emergency Fund	5	5	-	5	No
3	Trade Revolving Fund	-	-	-	123.49	No.
4	Youth, Women & PWD Fund	-	-	-	42	No.
5	Kwale County Climate Change Fund	520	11	7.52	11	No.
		1025	316	249.64	3131.49	
County Assembly Established Funds						
6	Car Loan & Mortgage Fund (County Assembly)	126.42	-	-	286.8	No.
	Total	126.42	-	-	286.8	
	Total	1151.42	316	249.64	3418.29	

Source: Kwale County Treasury

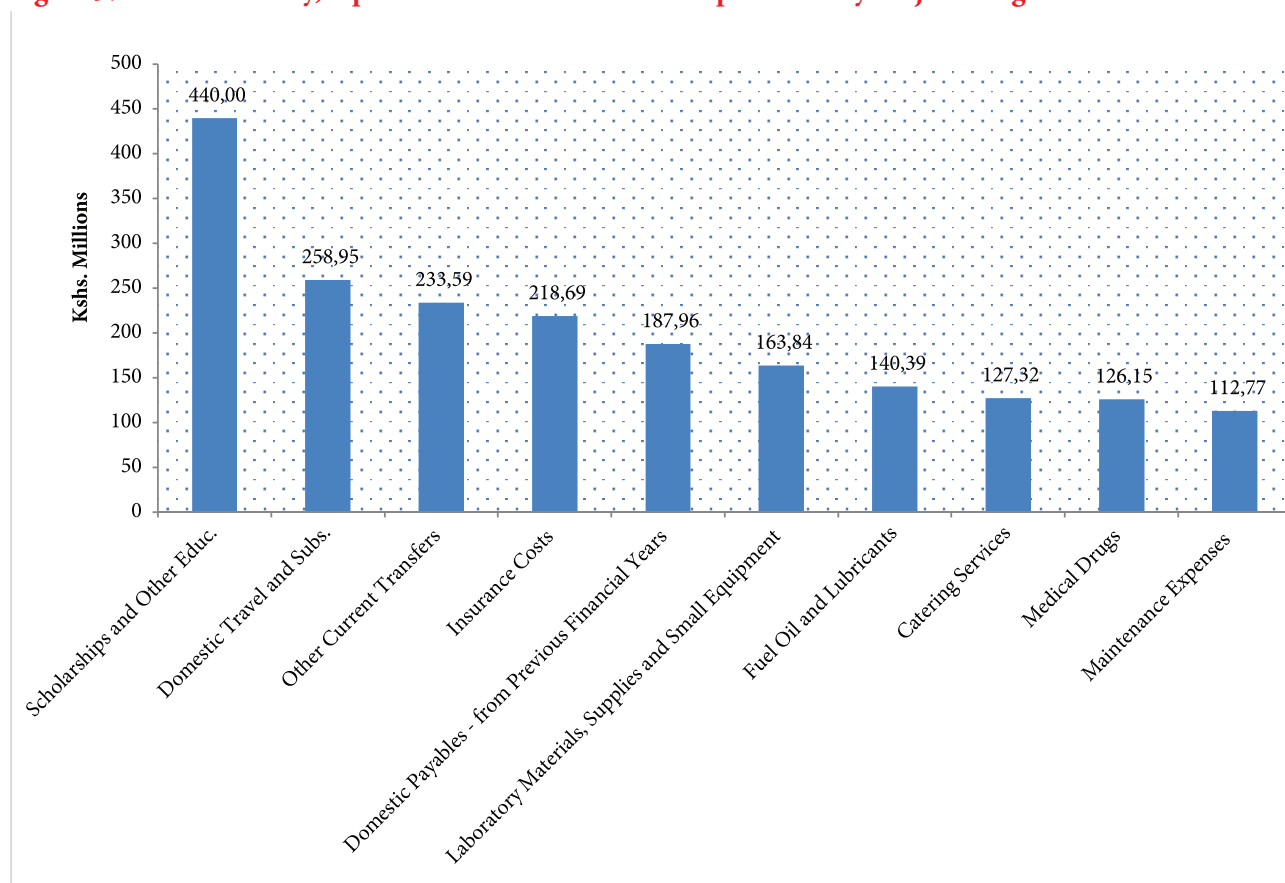
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Emergency, trade revolving, Youth women and PWD & Kwale County Climate Change funds, as indicated in Table 3, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.19.9 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.258.95 million and comprised Kshs.89.97 million spent by the County Assembly and Kshs.168.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.34.46 million and comprised Kshs.33.61 million by the County Assembly and Kshs.0.85 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.128.

Table 3.128: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	9	3-9 Nov 2023	Study tour for the MCAs and Staff	Arusha, Tanzania	4,333,489.93
County Assembly	12	5-11 Nov 2023	Benchmarking trip to Kigali Rwanda	Kigali, Rwanda	4,093,923.64
County Assembly o	1	28 Oct-7 Nov 2023	Attending Centre for Regional and International Development Programme in the UK.	United Kingdom	1,464,457.50
County Assembly	10	16-22 Nov 2023	MCAs and Staff study tour to Malaysia	Malaysia	4,831,909.50

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	14	28/11/2023	MCAs and Staff at Zanzibar Study Tour	Zanzibar	5,588,865.58
County Assembly	7	17-22 July 2023	CASB during Study Tour to Dubai	Dubai	3,915,298.90
County Assembly	1	30/12/2023	Hon Speaker at Conference Dubai	Dubai	984,443.00
Total					25,212,388.05
Executive	1	03/03/2024	Participation in ITB Berlin 2024	Germany	754,088.00
Executive	1	03/03/2024	Participation in ITB Berlin 2024	Germany	549,616.00
Executive	1	03/03/2024	Participation in ITB Berlin 2024	Germany	532,504.00
Total					1,836,208.00
Total					1,030,860.00
GRAND TOTAL					28,079,456.05

Source: Kwale County Treasury and Kwale County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.35.5 million on legal fees.

3.19.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.59 billion on development programmes, representing an increase of 47.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.08 million. Table 3.129 summarises development projects with the highest expenditure in the reporting period.

Table 3.129: Kwale County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Budget (Kshs.)	Amount Paid To date {Kshs.}	Contract Variation {Kshs.}	Implementation Status { % }
Water Services	Water and Sanitation Project Grant	Kwale HQ	900,000,000	900,000,000	220,003,130	-	24
Assembly	Assembly complex-Proposed External Works	Tsimba-Golini Ward	156,399,413	1,474,461	154,924,952	-	99
Assembly	Assembly complex-Fittings & Fixtures	Tsimba-Golini Ward	136,525,897	474,104	136,051,793	-	100
Executive Services	Construction of Governor Residence	Tsimba/Golini	149,216,375	11,840,486	124,239,639	34,186,701	67
Social services	Construction of Kwale Stadium	Kwale	102,429,001	102,429,001	100,417,560	-	98
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
Trade	Construction of fruit processing plant in Shimba Hills Phase I - Kubo south	Kubo southward	67,794,770	8,089,590	67,794,770	-	100
Assembly	Assembly Complex-Mechanical Works	Tsimba-Golini Ward	69,486,668	14,469,656	55,017,012	-	79

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Budget (Kshs.)	Amount Paid To date {Kshs.}	Contract Variation {Kshs.}	Implementation Status {%}
Assembly	Hansard Equipment	Tsimba-Golini Ward	100,000,000	100,000,000	47,501,722	-	48
Trade	Proposed construction of Lemba (Diani) market phase 1	Ukunda	46,730,483	30,342,159	46,730,483	-	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 nine months of FY 2023/24.

Table 3.130: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,095.38	91.67	739.29	-	682.93	-	92.38	-	62.35	-
Agriculture, Livestock and Fisheries	194.40	1,343.92	111.06	69.93	142.68	201.31	128.47	287.87	73.40	14.98
Environment and Natural Resources	76.05	474.06	49.84	48.35	57.11	64.83	114.59	134.08	75.10	13.68
Curative and Rehabilitative Health Services	2,763.73	517.20	1,768.36	102.04	2,013.00	121.21	113.83	118.79	72.84	23.44
County Assembly	794.13	242.13	399.80	49.74	456.86	62.35	114.27	125.35	57.53	25.75
Trade, Investment and Cooperatives	84.79	404.26	3.69	22.66	52.42	52.72	1,420.60	232.66	61.82	13.04
Social Services & Talent Management	121.21	244.04	74.36	23.15	64.95	23.15	87.35	100.00	53.58	9.49
Executive Services	162.98	11.84	112.12	-	96.11	-	85.72	-	58.97	-
Education	1,249.64	575.14	783.64	105.36	934.78	155.57	119.29	147.66	74.80	27.05
Water Services	121.03	1,806.92	65.27	483.90	88.25	604.56	135.21	124.93	72.92	33.46
Roads and Public Works	139.65	902.39	61.92	151.39	96.25	206.46	155.44	136.38	68.92	22.88
Tourism and ICT	58.89	87.51	22.86	21.32	30.00	35.97	131.23	168.71	50.94	41.10
County Public Service Board	73.35	-	35.87	7.80	47.77	-	133.18	-	65.13	-
Public Service and Administration	310.62	27.29	165.59	3.40	202.71	7.80	122.42	229.41	65.26	28.58
Kwale Municipality	22.11	101.77	3.90	22.71	5.87	14.82	150.51	65.26	26.55	14.56
Diani Municipality	31.82	79.10	4.99	-	5.31	22.71	106.41	-	16.69	28.71
Office of the County Attorney	260.85	-	38.72	-	171.51	-	442.91	-	65.75	-
Lungalunga Municipality	4.50	50.00	715.50	-	0.66	-	92.48	-	14.67	-
Kinango Municipality	4.80	50.00	1,647.32	-	1.45	-	87.78	-	30.21	-
Promotive and Preventive Health Services	163.69	241.85	8.19	-	19.87	16.20	242.64	-	12.14	6.70
Total	7,733.62	7,251.09	6,812.29	1,111.75	5,170.49	1,589.66	115.37	142.99	66.86	21.92

Source: Kwale County Treasury

Analysis of expenditure by departments shows that the Department of Tourism and ICT recorded the highest absorption rate of the development budget at 41.1 per cent, followed by the Department of Water Services at

33.5 per cent. The Department of Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 75.1 per cent while the Department of Promotive and Preventive Health had the lowest at 12.1 per cent.

The total amount spent is greater than the amount released by the COB. This is due to invoices that have been validated in the system but not yet paid due to the delay in the disbursement of funds by the National Treasury.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2023.

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 nine months of FY 2023/24.

Table 3.131: Kwale County, Budget Execution by Programmes and Sub-Programmes

Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance and Economic Planning						
Budget formulation, coordination and management (0703023060)	160,033,884.00	-	131,200,456.00	-	81.98	-
General Administration (0704043060)	559,024,698.00	91,670,601.00	298,023,059.05	-	53.31	-
Revenue Collection Management (0710013060)	91,643,833.00	-	42,530,018.20	-	46.41	-
Public Finance and Accounting Services (0711013060)	15,291,841.00	-	7,804,267.00	-	51.04	-
Procurement Services (0711023060)	9,080,000.00	-	3,110,800.00	-	34.26	-
Risk Assurance Services (0711033060)	15,465,000.00	-	7,876,282.90	-	50.93	-
Personal Services (0704013060)	244,842,679.00	-	192,385,671.25	-	78.58	-
Total	1,095,381,935.00	91,670,601.00	682,930,554.40	-	62.35	-
Agriculture, Livestock and Fisheries						
102053060 General Administration	157,384,830.00	342,147,092.00	123,266,421.00	55,975,912.00	78.32	16
107013060 Crop production	4,430,000.00	819,224,720.00	2,553,723.00	107,729,452.00	57.65	13
108023060 Dairy and meat production	2,320,000.00	44,400,000.00	1,253,189.00	5,320,000.00	54.02	12
109023060 fish production	2,820,000.00	39,000,000.00	1,046,949.00	2,985,000.00	37.13	8
108033060 Livestock disease control	6,430,000.00	68,163,550.00	758,800.00	13,321,086.00	11.80	20
107033060 Farm utilization and mechanization	19,613,421.00	25,980,573.00	13,487,104.00	15,978,005.00	68.76	61
107023060 Agriculture extension research training	1,400,000.00	5,000,000.00	310,000.00	-	22.14	-
Total	194,398,251.00	1,343,915,935.00	142,676,186.00	201,309,455.00	73.39	15
Environment and Natural Resources						
General administration and support services (0102053060)	25,021,800.00	186,555,815.00	17,273,672.00	35,644,604.15	69.03	19
Personnel Services (0102063060)	35,933,072.00	-	35,570,894.90	-	98.99	-
Physical development plans (0104013060)	-	10,000,000.00	-	-	-	-

Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Establishment of squatter settlement schemes (0105013060)	6,600,000.00	73,000,000.00	1,517,000.00	7,186,200.00	22.98	10
County Environmental Awareness Initiative (0106023060)	7,900,000.00	204,500,000.00	2,751,536.00	22,000,000.00	34.83	11
Rehabilitation of degraded natural landscapes (0106033060)	600,000.00	-	-	-	-	-
TOTAL	76,054,872.00	474,055,815.00	57,113,102.90	64,830,804.15	75.09	14
Curative and Rehabilitative Health Services					-	-
402023060 Operational Rural Health Facilities		37,000,000.00	-	-	-	-
402043060 Medical Health Drugs	560,719,766.00	-	388,785,706.40	-	69.34	-
403013060 General Administration	134,959,388.00	386,297,200.00	61,526,211.30	118,007,640.05	45.59	31
403053060 Personnel Services	1,883,448,939.00	-	1,460,110,470.20	-	77.52	-
405013060 Msambweni Hospital	69,806,000.00	58,399,950.00	40,261,107.50	-	57.68	-
406013060 Kinango Hospital	35,961,700.00	6,000,000.00	21,306,212.00	-	59.25	-
407013060 Kwale Hospital	36,015,000.00	8,500,000.00	18,758,869.00	3,200,000.00	52.09	38
409013060 Samburu Hospital	22,121,500.00	9,000,000.00	9,379,606.00	-	42.40	-
410013060 Lunga lunga Hospital	20,702,000.00	12,000,000.00	12,870,874.00	-	62.17	-
Total	2,763,734,293.00	517,197,150.00	2,012,999,056.40	121,207,640.05	72.84	23
County Assembly				-	-	-
Audit Services (0704013060)	308,612,771.00	-	162,710,473.85	-	52.72	-
General Administration and Support Services (0704043060)	307,544,203.00	137,821,986.00	164,488,649.45	62,345,047.00	53.48	45
Oversight and legislation of county affairs	177,971,831.00	104,310,567.00	129,661,617.65	-	72.86	-
Total	794,128,805.00	242,132,553.00	456,860,740.95	62,345,047.00	57.53	26
Trade, Investment and Cooperatives						-
Administration services	27,289,267.00	104,606,666.00	12,737,973.00	49,721,735.00	46.68	48
Trade Development and Investment	5,289,500.00	3,000,000.00	1,886,991.00	-	35.67	-
Construction of new markets	3,892,000.00	61,430,000.00	1,509,015.00	-	38.77	-
Weights & Measures	2,750,077.00	3,000,000.00	712,763.00	3,000,000.00	25.92	100
Availing Affordable credit to entrepreneurs for wealth creation	-	-	-	-	-	-
Personnel Services	38,516,535.00	-	33,064,249.00	-	85.84	-
Cooperative Development	5,162,000.00	-	1,822,227.00	-	35.30	-
Industry & Enterprise Development	1,888,607.00	232,225,196.00	685,910.00	-	36.32	-
Total	84,787,986.00	404,261,862.00	52,419,128.00	52,721,735.00	61.82	13
Social Services & Talent Management						

Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Community Development (0903003067)	18,525,000.00	-	5,729,674.50	-	30.93	-
Community Development (0903003067)	10,245,739.00	-	5,893,134.00	-	57.52	-
Community Development (0903003067)	4,500,000.00	-	2,995,890.00	-	66.58	-
Culture and Heritage (0904003067)	11,200,000.00	54,129,200.00	6,681,651.00	-	59.66	-
Sports and Youth Development (0905003067)	26,500,000.00	-	6,612,990.00	-	24.95	-
Sports and Youth Development (0905003067)	-	131,643,525.00	-	-	-	-
Administration (0906003067)	34,419,957.00	-	32,634,371.05	-	94.81	-
Administration (0906003067)	15,820,000.00	58,267,392.00	4,404,691.90	23,154,311.40	27.84	40
TOTAL	121,210,696.00	244,040,117.00	64,952,402.45	23,154,311.40	53.59	9
Executive Services						
County Coordination Services702013060	7,044,000.00	-	1,001,845.50	-	14.22	-
Audit Services704013060	74,390,873.00	-	28,850,847.30	-	38.78	-
General Administration704043060	72,776,490.00	11,840,486.00	62,066,734.85	-	85.28	-
Media and Communication Services 707033060	8,772,521.00		4,189,885.00	-	47.76	-
TOTAL	162,983,884.00	11,840,486.00	96,109,312.65	-	58.97	-
Education	-	-				
Personnel Services-0502023060	617,259,221.00	-	444,648,585.70	-	72.04	-
Administration Planning and Support Services-0502013060	42,586,680.00	222,425,556.00	21,697,996.40	113,379,196.30	50.95	51
Administration Planning support service ECDE-0501013060	67,836,497.00	-	24,664,609.80	-	36.36	-
administration Planning support service VTC-0503013060	15,750,000.00	-	3,768,243.40	-	23.93	-
Scholarship and Bursary-0504013060	506,210,000.00	-	440,000,000.00	-	86.92	-
Infrastructure development Ecde-0501043060	-	224,795,200.00	-	42,190,482.30	-	19
Infrastructure development VTC-0503023060	-	127,915,000.00	-	-	-	-
TOTAL	1,249,642,398.00	575,135,756.00	934,779,435.30	155,569,678.60	74.80	0.27
Water Services						
Construction & Maintenance of water pipeline supply systems-1001023060	-	168,887,276.00	-	47,316,785.00	-	28
1001033060-Development of Borehole water supply system	-	185,167,824.00	-	28,353,555.00	-	15
1001043060-Development/Construction of surface water supply systems	-	200,620,900.00	-	31,392,582.00	-	16
1001063060-Community Water Project	-	25,800,000.00	-	15,482,390.00	-	60
1002013060-Personnel Services	48,730,993.00	-	37,329,454.00	-	76.60	-
1002023060-Administration Services	72,300,154.00	1,226,441,763.00	50,923,508.00	482,016,984.00	70.43	39

Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
TOTALS	121,031,147.00	1,806,917,763.00	88,252,962.00	604,562,296.00	72.92	33
Roads and Public Works						
Personnel Services 305013060	69,242,682.00		50,602,652.00		73.08	-
administration Planning support service 305023060	70,412,127.00	324,740,999.00	45,648,089.50	169,069,028.00	64.83	52
Rehabilitation of Roads Drainage & Bridges 202013060	-	513,870,675.00		37,386,646.75	-	7
Installation of street Lighting Facilities 203013060	-	63,775,000.00	-	-	-	-
TOTALS	139,654,809.00	902,386,674.00	96,250,741.50	206,455,674.75	68.92	23
Tourism and ICT						
Tourism Promotion {0304013060}	5,182,749.00	19,000,000.00	2,052,787.90	9,838,354.00	39.61	52
Personnel services {0305013060}	27,500,616.00	-	21,139,505.85	-	76.87	-
Administration services {0305023060}	18,943,791.00	60,514,869.00	4,038,290.00	21,165,119.00	21.32	35
Local area network installation and ICT support {0308013060}	7,260,934.00	8,000,000.00	2,769,677.60	4,966,006.00	38.14	62
TOTALS	58,888,090.00	87,514,869.00	30,000,261.35	35,969,479.00	50.94	41
County Public Service Board					-	-
Human Resource Planning (706013060)	73,352,111.00	-	47,772,409.00		65.13	-
TOTAL	73,352,111.00	-	47,772,409.00	-	65.13	-
Public Service and Administration						
704043060 General Administration	33,691,600.00	27,294,310.00	17,896,813.00	7,800,000.00	53.12	29
704013060 Audit Services	219,831,642.00	-	175,143,651.85	-	79.67	-
708033060 County compliance and enforcement	8,036,200.00	-	763,222.00	-	9.50	-
712013060 Sub County Admin Msambweni	7,466,000.00	-	1,842,500.00	-	24.68	-
712023060 Sub County Admin Lunga Lunga	8,041,600.00	-	2,028,310.00	-	25.22	-
712033060 Sub County Admin Matuga	8,677,000.00	-	2,405,600.00	-	27.72	-
712043060 Sub County Admin Kinango	10,727,600.00	-	-	-	-	-
713013060 County Garbage and Cleaning Services	5,300,000.00	-	2,026,424.45	-	38.23	-
714013060 General Administration Livestock Development	8,847,747.00		600,310.00	-	6.78	-
TOTAL	310,619,389.00	27,294,310.00	202,706,831.30	7,800,000.00	65.26	29
Kwale Municipality						
General administration and Support services (0102053060)	22,108,475.00	-	5,868,207.00	-	26.54	-
Kwale municipality (0111013060)	-	101,774,548.00	-	14,819,333.00	-	15
TOTAL	22,108,475.00	101,774,548.00	5,868,207.00	14,819,333.00	26.54	15

Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Diani municipality						
General administration and Support services (0102053060)	31,823,811.00	-	5,305,121.00	-	16.67	-
Diani municipality (0112013060)	-	79,102,237.00	-	22,706,459.00	-	29
TOTAL	31,823,811.00	79,102,237.00	5,305,121.00	22,706,459.00	16.67	29
Office of the County Attorney						
County Attorney	260,854,007.00	-	171,506,044.00	-	65.75	-
TOTAL	260,854,007.00	-	171,506,044.00	-	65.75	-
Lunga Lunga Municipality						
General administration and Support services (0102053060)	-	50,000,000.00	661,665.00	-	-	-
Lunga Lunga Municipality (0704043060)	4,500,000.00	-	-	-	-	-
TOTAL	4,500,000.00	50,000,000.00	661,665.00	-	14.70	-
Kinango municipality					-	-
Kinango municipality (0102053060)	4,800,000.00	50,000,000.00	1,445,980.00	-	30.12	-
					-	-
TOTAL	4,800,000.00	50,000,000.00	1,445,980.00	-	30.12	-
Promotive and Preventive Health Services						
401033060 TB/HIV/ Malaria	6,405,000.00	-	-	-	-	-
401043060 Neglected tropical diseases	1,000,000.00	-	-	-	-	-
401063060 Healthcare Waste Management	4,803,000.00	-	-	-	-	-
401013060 Community health strategy	1,600,000.00	-	-	-	-	-
401053060 Public health Hygiene	5,839,657.00	-	1,199,700.00	-	20.54	-
401073060 Epidemics Control	1,000,000.00	-	-	-	-	-
403013060 General Administration	-	72,897,725.00	-	-	-	-
408013060 Tiwi Rural Health Facility	8,074,000.00	10,000,000.00	2,279,627.00	-	28.23	-
412013060 Rural Health Facilities	132,094,800.00	158,956,300.00	16,166,600.00	16,204,476.00	12.24	10
413013060 Diani Health Centre	2,876,500.00	-	227,120.00	-	7.90	-
Total	163,692,957.00	241,854,025.00	19,873,047.00	16,204,476.00	12.14	7
GRAND TOTAL	7,733,647,916.00	7,251,094,701.00	5,170,483,188.20	1,589,656,388.95	66.86	22

Source: Kwale County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: personnel services in the Department of Environment and Natural Resources at 99.0 per cent, Administration in the Department of Social Services and Talent Management at 94.8 per cent, Scholarship and Bursary in the Department of Education at 86.9 per cent and personnel services in the department of trade at 85.8 per cent of budget allocation.

3.19.13 Accounts Operated in Commercial Banks

The County government operated a total of 63 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. 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 2nd May 2024.
2. The underperformance of own-source revenue at Kshs.285.34 million against an annual target of Kshs.600 million, representing 47.6 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, car loan and Mortgage Fund, PWD Fund, Trade revolving Fund and Climate Change Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.173.12 million as of 31st March 2024.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.50.95 million were processed through the manual payroll, accounting for 1.8 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for imprest, funds, development projects, conditional grants, office operation, gratuity and retention.

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 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 supplementary budget for FY 2023/24 is Kshs.7.73 billion, comprising Kshs.2.78 billion (36.0 per cent) and Kshs.4.95 billion (64.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 12.7 per cent compared to the previous financial year when it was Kshs.6.85 billion, and comprised of Kshs.1.80 billion towards development expenditure and Kshs.5.05 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.36 billion (69.3 per cent) as the equitable share of revenue raised nationally, Kshs.746.74 million (9.7 per cent) as additional allocations/conditional grants, a cash balance of Kshs.146.48 million (1.9 per cent) brought forward from FY 2022/23, and generate Kshs.1.47 billion (19.1 per cent) as gross own source revenue. The own-source revenue includes Kshs.624.6 million (8.1 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.850.4 million (11 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.122.

3.20.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.11 billion as an equitable share of the revenue raised nationally, Kshs.79.17 million as additional allocations/conditional grants, and cash balance of Kshs.103.99 million from FY 2022/23 and raised Kshs.620.21 million as own-source revenue (OSR). The raised OSR includes Kshs.257.98 million as FIF and Kshs.362.23 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.91 billion, as shown in Table 3.132.

Table 3.132: Laikipia County, Revenue Performance in the First Nine Months of FY 2023/24

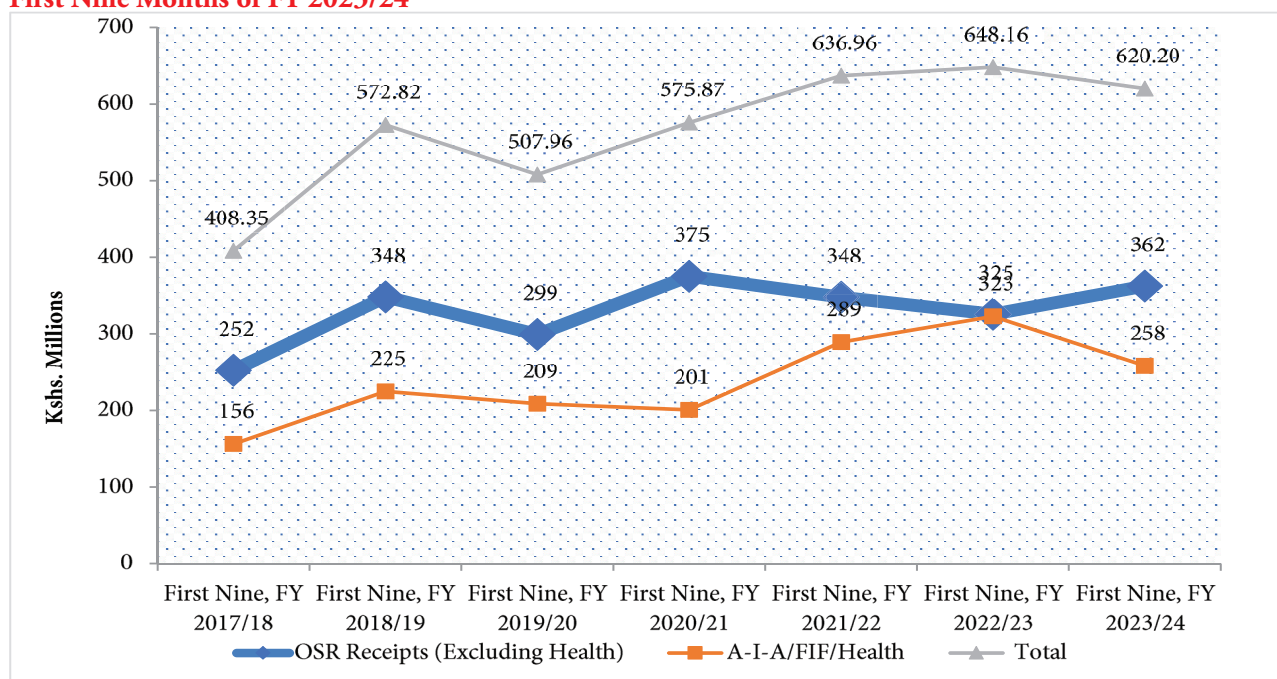
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,358,246,532.00	3,107,782,989.00	58.0
Sub Total		5,358,246,532.00	3,107,782,989.00	58.0
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	94,870,868	18,742,740	19.8
2	DANIDA Grant	7,623,000	1,753,500	23.0
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,933,282	1,933,282	100.0
4	Financing Locally Led Climate Action Programme (FLLoCA)	159,500,000	46,624,873	29.2
5	Provision of Fertiliser subsidy	66,899,161		-
6	Aggregated Industrial Parks Programme	100,000,000		-
7	EU Ideas (opening balance)	10,119,996	10,119,996	100.0
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	Equalization fund	119,083,799		-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12	Kenya Food Systems Resilience Program (KFSRP)	50,000,000		-
13	Kenya Agriculture Business Development Program (KABDP)	15,602,837		-
14	Fuel levy Fund (Opening balance)			-
15	Village Polytechnic Support grant (opening balance)			-
16	Kenya Devolution Support Project Level 2			-
17	KDSP Level 1 - Capacity Building (Opening Balance)			-
18	Emergency Fund Opening Balance			-
19	Stimulus Fund balance (returns to CRF)			-
Sub-Total		746,737,617	79,174,391	10.6
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	850,400,000	362,227,798	42.6
2	Balance b/f from FY2022/23	146,481,123	103,993,511	71.0
3	Facility Improvement Fund (FIF)	624,600,000	257,975,196	41.3
4	Appropriation in Aid (AIA)			-
Sub Total		1,621,481,123	724,196,505	44.7
Grand Total		7,726,465,272	3,911,153,885	50.6

Source: Laikipia County Treasury

Figure 58 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 58: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



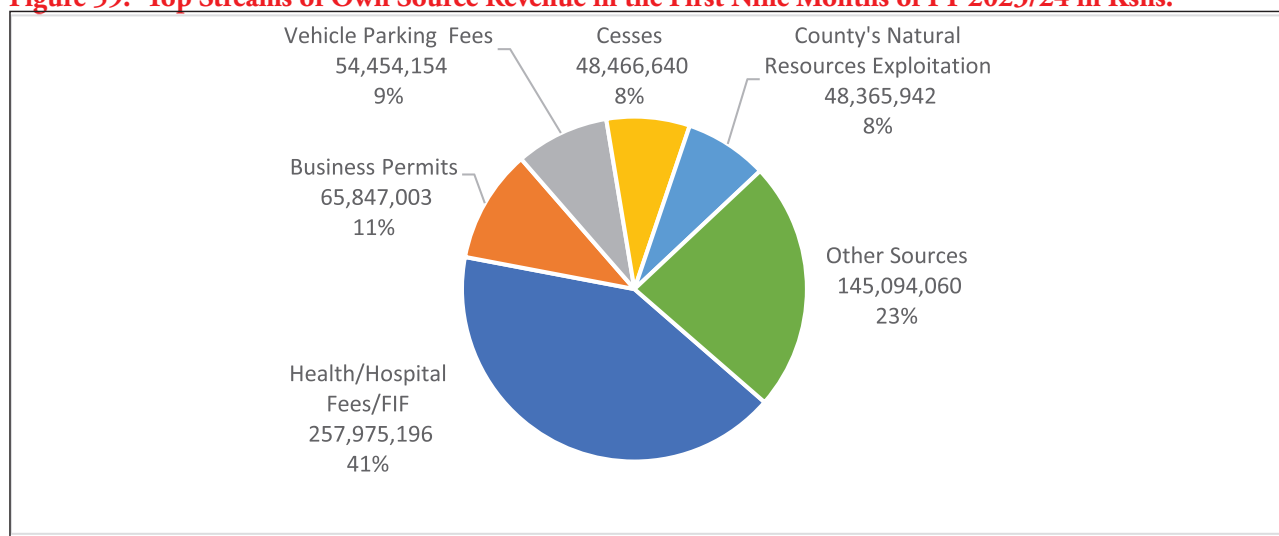
Source: Laikipia County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.620.21 million from its sources of revenue inclusive of FIF. This amount represented an increase of 4.0 per cent compared to Kshs.648.16 million realised in a similar period in FY 2022/23 and was 35.6 per cent of the annual target and 15.9 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties.

charged on fees and levies from the previous financial year.

The revenue streams which contributed the highest was Hospital Facility Improvement Fund of Kshs.267.97 and OSR receipts as shown in Figure 59.

Figure 59: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Laikipia County Treasury

The highest revenue stream of Kshs.257.98million was from Health/Hospital Fees FIF contributing to 41 per cent of the total OSR receipts during the reporting period.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.85 billion from the CRF account during the reporting period, which comprised Kshs.845.94 million (22.0 per cent) for development programmes and Kshs.2,99 billion (78 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.19 billion was released towards Employee Compensation and Kshs.814.19 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.36.31 million.

3.20.4 County Expenditure Review

The County spent Kshs.3.79 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.793.18 million and Kshs.3.0 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 28.5 per cent, while recurrent expenditure represented 60.7 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.05 billion, comprising Kshs.1.09 billion for recurrent expenditure and Kshs.954.32 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.374.26 million. They consisted of Kshs.193.94 million for recurrent expenditure and Kshs.180.32 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.67 billion.

The County Assembly reported outstanding pending bills of Kshs.6.31 million as of 31st March 2024.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.03 billion on employee compensation, Kshs.583.90 million on operations and maintenance, and Kshs.780.92 million on development activities. Similarly, the County Assembly spent Kshs.157.28 million on employee compensation, Kshs.230.28 million on operations and maintenance, and Kshs.12.26 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.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,306,117,600	565,809,049	2,628,897,426	370,182,602	2,615,919,597	387,559,434	60.7	68.5
Compensation to Employees	3,047,155,793	272,661,653	2,032,010,201	157,276,052	2,032,010,201	157,276,052	66.7	57.7
Operations and Maintenance	1,258,961,807	293,147,396	596,887,225	212,906,550	583,909,396	230,283,382	46.4	78.6
Development Expenditure	2,344,750,868	30,000,000	833,675,168	12,263,904	780,917,345	12,263,905	33.3	40.9
Total	6,650,868,468	595,809,049	3,462,572,594	382,446,506	3,396,836,942	399,823,339	51.1	67.1

Source: Laikipia County Treasury

3.20.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.19 billion, or 65.9 per cent of the available revenue, which amounted to Kshs.3.79 billion. This expenditure represented an increase from Kshs.2.16 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.398.05 million paid to health sector employees, translating to 18 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.416.81 million was processed through manual payrolls. The manual payrolls accounted for 19 per cent of the total PE cost.

The County Assembly spent Kshs.6.95 million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.21.19 million. The average monthly sitting allowance was Kshs.50,601.5per 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 Nine Months 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 st March 2023 (Kshs)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds						
1	Laikipia County Development Authority	10,990,000	5,995,000	5,995,000	5,995,000	Yes
2	Laikipia County Business Stimulus Fund	-	-	-	-	-
3	Laikipia County Education Bursary Fund	75,000,000	-	75,000,000	75,000,000	Yes
4	Laikipia County Emergency Fund	50,071,625	10,970,825	10,970,825	10,970,825	Yes
5	Laikipia County Enterprise Fund	-	-	-	-	-
6	Laikipia County Cooperative Development Revolving Fund	10,000,000	-	-	-	-
7	Laikipia County Leasing Fund	85,000,000	65,457,072	65,457,072	65,457,072	Yes
County Assembly Established Funds						
8	County Assembly Staff Car & Mortgage Scheme	20,000,000	20,000,000	20,000,000	20,000,000	Yes
Total		251,061,625	177,422,897.00	177,422,897.00	177,422,897.00	-

Source: Laikipia County Treasury

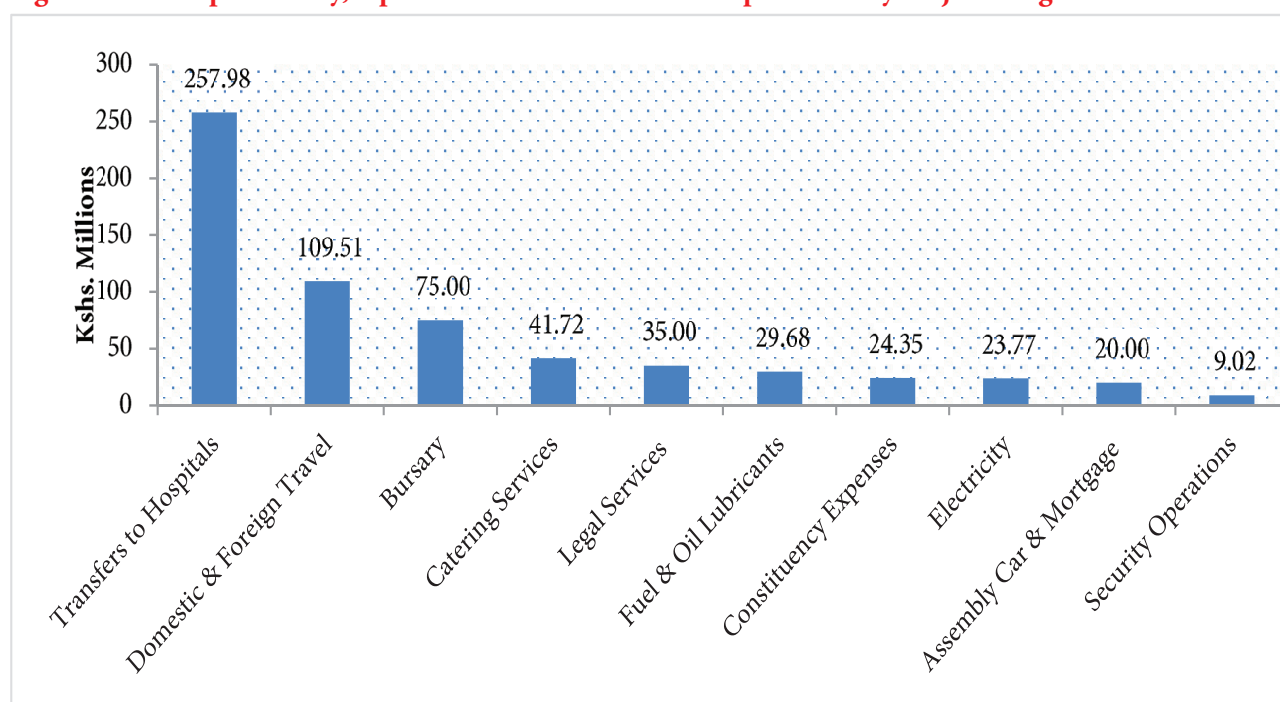
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all funds, as indicated in Table 3.134, in compliance with the requirement of Section 168 (3) of the PFM Act, 2012.

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.

3.20.9 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. 58.4 million and comprised Kshs. 25.43 million spent by the County Assembly and Kshs.32.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs 51.11 million and comprised Kshs.46.29 million by the County Assembly and Kshs.4.72 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.135.

Table 3.135: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. Of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Department: County Coordination, Administration, ICT And Public Service					
Executive (county administration)	2	24th-31st July 2023	Participating in due diligence of irrigation, technology & resource mobilization	Israel	2,775,256
Total - county administration	-	-	-	-	2,775,256
Department: agriculture livestock and fisheries					
Department of agriculture livestock and fisheries	2	24th-31st July 2023	To attend an agriculture, visit of the Avnon Academy in Israel	Israel	1,947,395
Total - Agriculture					1,947,395
Laikipia County Assembly	25	10th-16th September 2023	Training	Arusha	14,253,378
Laikipia County Assembly	20	10th-16th December 2024	Training	Arusha	11,378,658
Laikipia County Assembly	28	08th January-12th January 2024	Training	Arusha	20,754,739
Grand Total					4,722,651

Source: Laikipia County Treasury and County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.3.1 million on garbage collection and Kshs.35 million on legal fees.

3.20.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.793.18 million on development programmes, representing an increase of 99 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.398.52 million. Table 3.136 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	Infrastructure	Leasing Fund	County wide	50,000,000	25,000,000	50
2	Water	Opalization of a drilling rig	County wide	10,000,000	9,804,851	98
3		Purchase of bore-hole consumables	County wide	14,928,109	15,000,000	100
4		Opalization of a drilling rig	County wide	35,000,000	3,550,000	10
5	Construction of roads-others	Laikipia west	-	14,000,000	611,320	4
6	Infrastructure	First Instalment Payment in Respect of Proposed Mukuri Bridge in Nanyuki Ward	Nanyuki Ward	12,481,727.60	6,240,863.80	50
7	Health and Sanitation	Medical Drugs, Non-Pharmaceuticals, And Lab, Reagents	Nanyuki Teaching and Referral Hospital	80,000,000	65,571,333	82
8	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
9	Trade	Proposed Ablution 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 nine months of FY 2023/24.

Table 3.137: Laikipia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration, Public Service and Office of the Governor	3,345,955,793.00	19,100,000.00	1,979,885,859.96	9,262,173.00	1,995,054,911	9,262,173	100.8	100.0	59.6	48.5
Finance, Economic Planning and the County Treasury	227,996,457.00	630,728,299.00	188,129,320.00	367,436,099.60	158,511,235	348,993,277	84.3	95.0	69.5	55.3

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health and Sanitation	369,605,080.00	712,435,500.00	267,275,102.00	250,980,085.40	259,555,053	273,793,660	97.1	109.1	70.2	38.4
Agriculture, Livestock and fisheries	209,921,783.00	234,983,701.00	17,428,732.00	27,414,285.00	27,333,781	32,109,291	156.8	117.1	13.0	13.7
Infrastructure & Public Works	47,619,610.00	385,300,000.00	27,858,298.00	52,990,179.75	28,130,198	53,829,780	101.0	101.6	59.1	14.0
Education, Youth & Sports	102,000,000.00	63,910,000.00	88,957,413.00	-	89,056,713	-	100.1	-	87.3	-
Trade, Tourism & Enterprise Development	20,000,000.00	375,800,000.00	14,122,243.00	16,000,000.00	14,262,143	16,000,000	101.0	100.0	71.3	4.3
Gender, Culture and Social Services	24,500,000.00	21,700,000.00	20,628,076.90	4,272,351.00	20,749,401	3,733,082	100.6	87.4	84.7	17.2
Water	26,000,000.00	248,600,000.00	22,362,381.10	35,819,994.00	21,016,161	42,196,083	94.0	117.8	80.8	17.0
Nanyuki Municipality	6,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000	1,000,000	100.0	100.0	16.7	100.0
Rumuruti Municipality	2,500,000.00	5,000,000.00	1,250,000.00	2,500,000.00	1,250,000	-	100.0	-	50.0	-
County Assembly	565,809,049.00	80,000,000.00	370,182,601.55	12,263,904.38	387,559,434	12,263,905	104.7	100.0	68.5	15.3
Total	4,947,907,772	2,778,557,500.00	2,999,080,028	845,939,072.13	3,003,479,030	793,181,251	100.1	93.8	60.7	28.5

Source: Laikipia County Treasury

Analysis of expenditure by departments shows that the Department of Nanyuki municipality recorded the highest absorption rate of the development budget at 100 per cent, followed by the Department of Finance at 55.3 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 87.3 per cent while the Department of Agriculture had the lowest at 13 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 nine months of FY 2023/24.

Table 3.138: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department: County Coordination, Administration, ICT and Public Service								
P3 General Administration and Planning	Headquarter Administration Services	0103014510	27,000,000	-	18,960,330	-	70	-
Information Communication and technical	ICT Infrastructure and Connectivity	0505014510	1,800,000	1,600,000	1,268,030	313,200	70	20
General Administration and Planning	County Administration - Laikipia East	0701034510	1,800,000	-	591,600	-	33	-
	County Administration - Laikipia North	0701044510	400,000	-	264,600	-	66	-
	County Administration - Laikipia West	0701054510	450,000	-	121,420	-	27	-
Sub-Total	-	-	31,450,000	1,600,000	21,205,981	313,200	-	-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration and Planning	Compensation to Employees	0701064510	3,226,955,793	-	1,924,215,713	-	60	-
Sub-Total	-	-	3,226,955,793	-	1,924,215,713	-		-
County Executive Committee Support	Executive Support Service	0708014510	54,000,000	-	29,893,978	-	55	-
	Legal Services	0708024510	4,900,000	-	2,180,500	-	45	-
	Intergovernmental & Donor Liaison	0708034510	1,050,000	-	622,000	-	59	-
Sub-Total	-	-	59,950,000	-	32,696,478	-		-
County Administration	Public Participation	0702054510	2,400,000	-	1,780,100	-	74	-
	County Services Delivery and Result Report	0702084510	1,000,000	-	1,000,000	-	100	-
	Decentralized Services	0702064510	-	13,000,000	-	8,030,473	-	62
Sub-Total	-	-	3,400,000	13,000,000	2,780,100	8,030,473	-	-
Security and Policing Support Services	Urban Facilities Management Services	0723024510	2,000,000	-	1,107,047	-	55	-
	County Public Service Board	0722024510	14,500,000	1,500,000	8,322,208	-	57	-
	Information and Records Management	0722034510	2,000,000	-	1,198,900	-	60	-
Sub-Total	-	-	18,500,000	1,500,000	10,628,155	-	-	-
County Administration	Fleet	0702074510	800,000	-	284,600	-	36	-
Sub-Total	-	-	800,000	-	284,600	-		-
Public Safety, Enforce and Disaster Management	Disaster Reduction Management	0705014510	2,450,000	1,000,000	1,700,035	918,500	69	92
Public Safety, Enforce and Disaster Management	Fire Services	0705024510	1,250,000	2,000,000	857,750	-	69	-
Public Safety, Enforce and Disaster Management	Enforcement and Disaster Management	0705034510	800,000	-	599,000	-	75	-
Public Safety, Enforce and Disaster Management	Alcohol Control Committee	0705044510	400,000	-	87,100	-	22	-
Sub-Total	-	-	4,900,000	3,000,000	3,243,885	918,500	-	-
COUNTY ADMINISTRATION TOTAL			3,345,955,793	19,100,000	1,995,054,911	9,262,173	-	-
Department: Finance, Economic Planning and The County Treasury								
707004510 Financial Services	-	-	-	-	-	-	-	-
	County Treasury administrative services	707064510	20,000,000	119,083,799	177,791	-	1	-
	Financial Automation Services	707084510	500,000	-	399,180	-	80	-
	Laikipia County Emergency Fund	707074510	-	45,054,500	-	10,970,825	-	24
	Revenue management services	707044510	-	43,900,000	-	33,202,000	-	76
Sub-Total	-	-	20,500,000	208,038,299	576,971	44,172,825	-	-
0709004510 Administration and Support Services								
	Generation administration and support services	709014510	133,496,457	419,700,000	102,192,127	303,325,452	77	72

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-Total	-	-	133,496,457	419,700,000	102,192,127	303,325,452		
0725004510 Public Finance Management Services	-	-	-	-	-	-	-	-
	County Treasury Accounting and Reporting Services	725014510	3,900,000	-	2,905,700	-	75	-
	Budget Management	725044510	8,500,000	-	4,250,586	-	50	-
	Internal Audit Services	725034510	5,000,000	-	3,782,650	-	76	-
	Supply Chain Management Services	725024510	3,600,000	-	2,397,180	-	67	-
Sub-Total			21,000,000	-	13,336,116	-	-	-
0706004510 Departmental administrative services/ Centralized services	-	-	-	-	-	-	-	-
	Revenue collection services	706044510	36,000,000	-	31,069,828	-	86	-
Sub-Total	-	-	36,000,000	-	31,069,828	-		-
0726004510 Development Planning Services	-	-	-	-	-	-	-	-
	Integrated Planning Services	726014510	1,700,000	-	1,020,150	-	60	-
	Participatory Budgeting support services	726024510	4,950,000	-	3,070,100	-	62	-
	Research Statistics and Documentation services	726034510	2,350,000	-	1,745,943	-	74	-
	Strategic Partnership and Collaboration	726064510	8,000,000	2,990,000	5,500,000	1,495,000	69	50
Sub-Total	-	-	17,000,000	2,990,000	11,336,193	1,495,000		
FINANCE TOTAL			227,996,457	630,728,299	158,511,235	348,993,277		
Department: Health								
Curative and rehabilitative health	Health products and technologies support-	401014510	40,000,000	169,250,000	23,267,630	102,586,174	58	61
	Health infrastructure development	401034510	-	150,000,000	-	49,801,665	-	33
	Emergency referral and rehabilitative service-	401064510	239,423,000	393,185,500	172,328,356	121,405,820	72	31
Sub-Total	-	-	279,423,000	712,435,500	195,595,986	273,793,660	-	-
General administration and planning services	Administration, project planning and implementation services	402014510	10,000,000	-	10,892,560	-	109	-
	Human resource development-	402024510	25,000,000	-	19,452,939	-	78	-
	Standards and quality assurance	402034510	10,000,000	-	7,212,500	-	72	-
	Health leadership and governance	402044510	5,832,080	-	2,818,571	-	48	-
	Health policy, governance, planning and financing -	402054510	2,000,000	-	1,774,350	-	89	-
	Health information standards and quality assurance-	402064510	2,000,000	-	985,350	-	49	-
Sub-Total			54,832,080	-	43,136,270	-		-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Preventive health services	Community health strategy, advocacy and surveillance-	405044510	12,000,000	-	5,953,532	-	50	-
	Family planning, maternal, and child health services	405014510	2,000,000	-	961,300	-	48	-
	Non -communicable diseases control and prevention-	405024510	2,000,000	-	434,700	-	22	-
	Public health promotion and nutrition services-	405034510	9,350,000	-	7,232,791	-	77	-
	Social health insurance scheme	405064510	6,000,000	-	-	-	-	-
	TB/HIV/AIDS prevention and control	405054510	4,000,000	-	6,240,475	-	156	-
Sub-Total	-	-	35,350,000	-	20,822,798	-	-	-
Total Health	-	-	369,605,080	712,435,500	259,555,054	273,793,660	-	-
Department: Agriculture Livestock and Fisheries								
Headquarters	SP1 Headquarter Administration Services	103014510	10,800,000	10,500,000	9,048,357	500,000	1	-
	SP3 Agriculture Sector Extension Management	103034510	1,933,282	94,870,868	1,933,282	8,870,868	1	-
Livestock Production	SP2 Livestock Resource Development and Management	104024510	121,389,340	11,000,000	1,022,900	999,000	-	-
Veterinary Services	SP5 Animal Health and Disease Management	107054510	1,800,000	10,500,000	944,850	3,485,375	1	-
Fisheries Production	SP1 Fisheries Development and Management	110014510	1,500,000	5,000,000	606,400	1,000,000	-	-
Crop Production & Horticulture	SP2 Land and Crop Productivity Enhancement and Management	117024510	3,800,000	2,400,000	2,395,750	1,464,910	1	1
	SP4 Strategic Food Security Service	117044510	66,899,161	-	10,119,997	465,000	-	-
	SP4 Climate Change Adaptation & Mitigation	1006044510	1,800,000	20,990,000	1,262,245	15,324,138	1	1
Grand Total			209,921,783	155,260,868	27,333,781	32,109,291	-	-
Department: Lands, Infrastructure, Housing and Urban Development								
P3-0103004510-General Administration and Planning Services	SP1 Administration Services-0105014510	-	6,619,610	-	2,738,075	-	41	-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P12-0112004510 - Physical Planning and Survey	SP1-0112014510 - Survey and Planning services	-	5,000,000	9,000,000	1,654,990	8,187,430	33	91
	SP2-0112024510 - Land management services	-	-	6,055,360	-	6,055,360	-	100
	SP3-0112034510- Strategic project monitoring and intervention	-	-	944,640	-	944,640	-	100
	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	250,000	607,600	25	3
P14-0114004510- Public Works Service Delivery Improvement	SP4 County Building Construction Standard-0114044510	-	1,000,000	2,500,000	774,520	-	77	-
P15-0115004510- Roads Network Improvement Housing and Urban Development	SP1 Road Network improvement-0115014510	-	2,000,000	260,000,000	1,910,500	33,222,640	96	13
	SP3- Road network maintenance-0115034154	-	-	15,300,000	-	-	-	-
	SP4 Heavy equipment Maintenance-0115044510	-	-	10,000,000	-	2,994,210	-	30
	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	-	32,000,000	10,000,000	20,802,113	1,100,000	65	11
Total Infrastructure		-	47,619,610	385,300,000	28,130,198	53,829,780	-	-
Department: Education and Library Services								
General Administration & Personnel Services	Administration Services	502014510		4,110,000	-	-		-
	Headquarter Services	502024510	3,500,000	-	2,831,000	-	81	-
	Personnel services	502044510	1,500,000	-	1,354,500	-	90	-
Sub-Total	-	-	5,000,000	4,110,000	4,185,500	-	-	-
Early childhood development (ECD) and childcare facilities	Education Empowerment	501034510	75,000,000	-	75,000,000	-	100	-
	ECDE Infrastructure Improvement	506014510		39,800,000		-	-	-
	ECDE Teacher Services	506034510	2,000,000		1,000,000	-	50	-
Sub-Total	-	-	77,000,000	39,800,000	76,000,000	-	-	-
Youth, Polytechnics, Vocational Training	-	-	-	-	-	-	-	-
	Vocational Education and Training	511014510	19,500,000	20,000,000	8,755,500	-	45	-
	-	511044510	500,000		115,713		23	-
Sub-Total	-	-	20,000,000	20,000,000	8,871,213	-	-	-
Education Total	-	-	102,000,000	63,910,000	89,056,713	-	-	-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department: Trade, Tourism and Co-Operative Development								
P1 Administration, planning and support services	-	-	-	-	-	-	-	-
	SP1 Administration Service	301014510	4,350,000	-	3,451,650	-	1	-
	SP2 Personnel Services	301044510	1,800,000	-	1,789,100	-	1	-
	SP3 Policy Services	304024510	3,450,000	-	2,501,000	-	1	-
Sub Total	-	-	9,600,000	-	7,741,750	-	-	-
Co-operative Development	-	-	-	-	-	-	-	-
	SP3 Research and Development	302034510	2,300,000	-	1,548,100	-	1	-
	SP2 Co-operative Revolving fund	302024510	-	6,500,000	-	-	-	-
Sub Total	-	-	2,300,000	6,500,000	1,548,100	-	-	-
Trade and Investment	-	-	-	-	-	-	-	-
	SP1 Market Infrastructure Development	304014510	-	17,000,000	-	-	-	-
	SP5 Industrial Development and Investment Promotion	304054510	6,500,000	347,000,000	4,095,069	16,000,000	1	-
	SP6 Informal Sector Development	304064510	-	1,500,000	-	-	-	-
Sub Total	-	-	6,500,000	365,500,000	4,095,069	-	-	-
Tourism Development and Promotion	-	-	-	-	-	-	-	-
	SP1 Tourism Promotion and Marketing	305014510	1,600,000	-	877,224	-	1	-
	SP2 Tourism Infrastructural Development	305024510	-	3,800,000	-	-	-	-
Sub Total	-	-	1,600,000	3,800,000	877,224	-	-	-
Total Trade	-	-	20,000,000	375,800,000	14,262,143	16,000,000	-	-
Administration and planning services	Use of goods and services	901014510	7,200,000	3,300,000	5,554,883	2,913,082	77	88
	Purchase of Software	902014510	-	3,000,000	-	-	-	-
	Sub Total		7,200,000	6,300,000	5,554,883	2,913,082	-	-
CEDC	Children's Institutions Support Program (CEDC)	904014510	3,400,000	3,400,000	2,667,769	-	78	78
	Sub-Total		3,400,000	3,400,000	2,667,769	-	-	-
Culture and Social Services	Cultural events promotion services	903014510	4,100,000	-	3,066,600	-	75	-
	Social services infrastructure	903034510	-	-	-	-	-	-
	Sub-Total	-	4,100,000	-	3,066,600	-	-	-
Sports	Talent identification programme	902034510	-	-	4,852,500	-	-	-
	Youth mainstreaming initiative	902044510	-	1,000,000	-	-	-	-
	Sports promotion services	902054510	6,700,000	-	2,111,150	820,000	32	39
	Sports Facility Improvement	902064510	100,000	11,000,000	-	-	-	-
	Cultural events promotion services	903014510	3,000,000	-	2,496,500	-	83	-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-Total	-	-	9,800,000	12,000,000	9,460,150	820,000	-	-
Total Gender	-	-	24,500,000	21,700,000	20,749,401	3,733,082	-	-
Department: Water, Environment Natural Resources and Natural Resources								
Water Development	Rural water supply and sanitation	1001024510	-	14,280,000.00	-	1,019,998.00	-	7
General administration and support services	1) Administrative and Planning Services	301014510	17,000,000.00	1,000,000.00	13,730,871.00	-	81	-
	2) Motor vehicle maintenance and fuel provision	301014510	9,000,000.00		7,285,290.00	-	81	-
Environment and Natural Resources	Solid Waste Management	1006014510	-	23,320,000.00		4,811,196.00	-	21
	Human-Wildlife Conflict Prevention	1006024510	-	-	-	-	-	-
	Natural Resources Management	1006034510	-	-	-	-	-	-
	Climate Change Adaptation & Mitigation	1006044510	-	210,000,000.00	-	36,364,889.00	-	17
	Integrated land rehabilitation	1006054510	-	-	-	-	-	-
Total Water	-	-	26,000,000	248,600,000	21,016,161	42,196,083		
Department: Nanyuki Municipality								
P3-0103004510-General Administration and Planning Services	SP1 Administration Services	103014510	6,000,000	-	1,000,000	-	17	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-Road Network improvement	115014510	-	1,000,000	-	1,000,000	-	100
Total	-	-	6,000,000	1,000,000	1,000,000	1,000,000		
Department: Rumuruti Municipality								
P3-0103004510-General Administration and Planning Services	SP1 Administration Services	103014510	2,500,000	-	1,250,000	-	50	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1- Road Network improvement	115014510	-	5,000,000		-	-	-
Total	-	-	2,500,000	5,000,000	1,250,000	-	-	-
County Assembly								
General administration support services	Compensation of employees/MCAs	-	226,209,653	-	151,156,141.00	-	67	-
	Other recurrent expenditure	-	93,275,776	-	61,379,519.40	-	66	-
	County Assembly Staff Car & Mortgage Scheme	-	20,000,000	-	20,000,000	-	100	-
	Training of staff	-	-	-	-	-	-	-
	Sub total	-	339,485,429	-	232,535,660.40	-	68	-
Legislative and oversight	Other recurrent expenditure	-	214,834,780	-	149,614,013.60	-	70	-
	Training	-	7,119,160	-	2,354,320	-	33	-
	Public participation	-	4,369,680	-	3,055,440	-	70	-
	Sub total	-	226,323,620	-	155,023,773.60	-	68	-

Programme	Sub-Programme	Sub-Program	Approved Estimates FY 2023/24		Actual Expenditure Jul 2023 - March 2024		Absorption Rate (%)	
		Code	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly infrastructure services	Purchase of motor vehicles	-	-	-	-	-	-	-
	Refurbishment of non-residential buildings-	-	-	78,000,000	-	12,263,905	-	16
	Refurbishment of residential buildings	-	-	2,000,000	-	-	-	-
	Sub total	-	-	80,000,000	387,559,434.00	12,263,905	-	15
TOTAL	-	-	565,809,049	80,000,000	387,559,434.00	12,263,905	68	15
Grand Total	-	-	4,947,907,772	2,698,834,667	3,003,479,031	793,181,251	61	29

Source: Laikipia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Educational scholarship in the Department of Education at 100 per cent, Planning and Implementation of Infrastructure at 109 per cent, and Car loan and mortgage in the County Assembly at 100 per cent of budget allocation.

3.20.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. 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 23/4/2024.
2. The underperformance of own-source revenue at Kshs.362.23 million against an annual target of Kshs.850.4 million, representing 42.6 per cent of the annual target.
3. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.137.
4. High level of pending bills which amounted to Kshs.1.67 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.416.81 million were processed through the manual payroll, accounting for 19 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 requires that County government bank accounts 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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.

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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 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 supplementary budget for FY 2023/24 is Kshs.4.81 billion, comprising Kshs.1.81 billion (37.6 per cent) and Kshs.3.0 billion (62.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 3.6 per cent compared to the previous financial year when it was Kshs.4.64 billion, and comprised of Kshs.1.65 billion towards development expenditure and Kshs.3.0 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.24 billion (67.3 per cent) as the equitable share of revenue raised nationally, Kshs.464.38 million as additional allocations/conditional grants, a cash balance of Kshs.755.66 million (15.7 per cent) brought forward from FY 2022/23, and generate Kshs.350 million (7.2 per cent) as gross own source revenue. The own source revenue includes Kshs.290 million (6 per cent) as ordinary revenue, and Kshs.60 million (7.2 per cent) as Facility Improvement Fund (revenue from health facilities). A breakdown of the additional allocations/conditional grants is provided in Table 3.139.

3.21.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.1.6 billion as an equitable share of the revenue raised nationally, Kshs.2.1 million as additional allocations/conditional grants, had a cash balance of Kshs.37.9 million from FY 2022/23 and raised Kshs.72.6 million as own-source revenue (OSR). The raised OSR includes Kshs.11.5 million as FIF and Kshs. 61.1 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.1.7 billion, as shown in Table 3.139.

Table 3.139: Lamu County, Revenue Performance in the First Nine Months of FY 2023/24

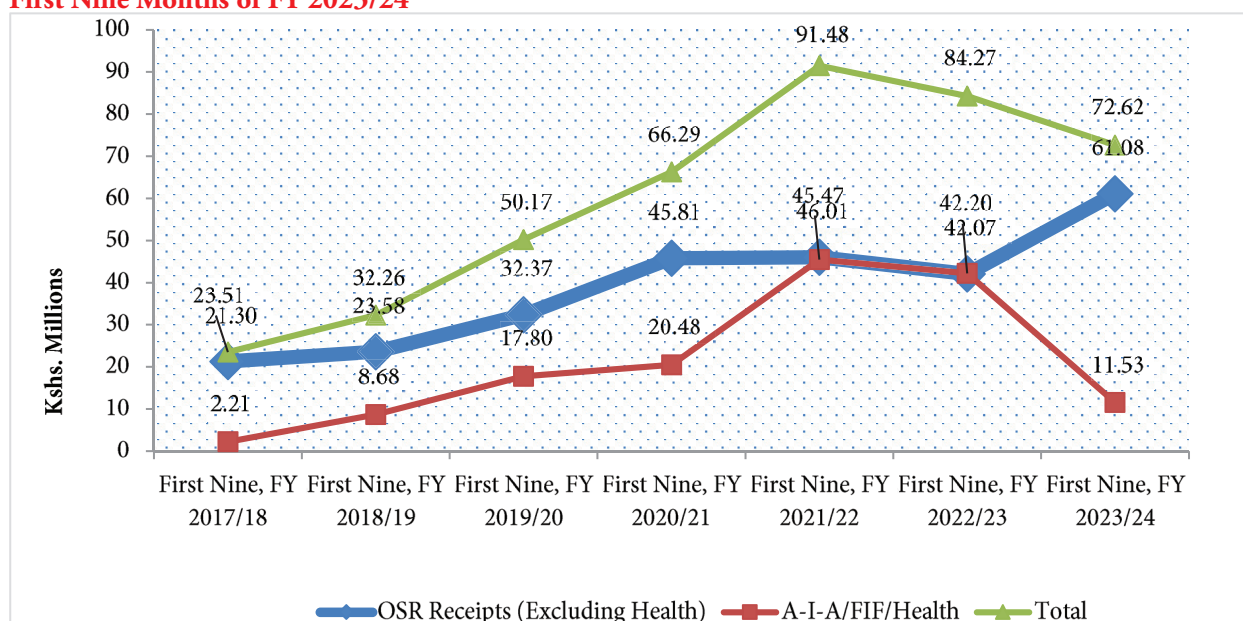
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	3,237,350,707	1,602,488,601	49.5
	Subtotal	3,237,350,707	1,602,488,601	49.5
B	Additional Allocations/Conditional Grants			
1	Agricultural Sector Development Support Program	1,622,700	-	-
2	Climate Smart	90,000,000	11,000,000	12.2

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3	FLLoCA	137,087,540	-	-
4	DANIDA	13,519,125	-	-
5	KISIP II	200,000,000	-	-
6	FUEL LEVY	8,631,794	-	-
7	KDSDP	5,132,506	-	-
8	Urban Institutional Grant	5,508,061	-	-
9	Urban Development Grant	41,214	-	-
Subtotal		91,622,700	13,122,700	14.3
C	Own Source Revenue			
1	Ordinary Own Source Revenue	290,000,000	61,084,927	21.1
2	Facility Improvement Fund (FIF)	60,000,000	11,531,984	19.3
Subtotal		350,000,000	72,616,011	20.7
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	755,656,014	37,904,478	5.0
Sub Total		755,656,014	37,904,478	5
Grand Total		4,586,913,973	1,726,132,690	36.6

Source: Lamu County Treasury

Figure 61 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 61: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

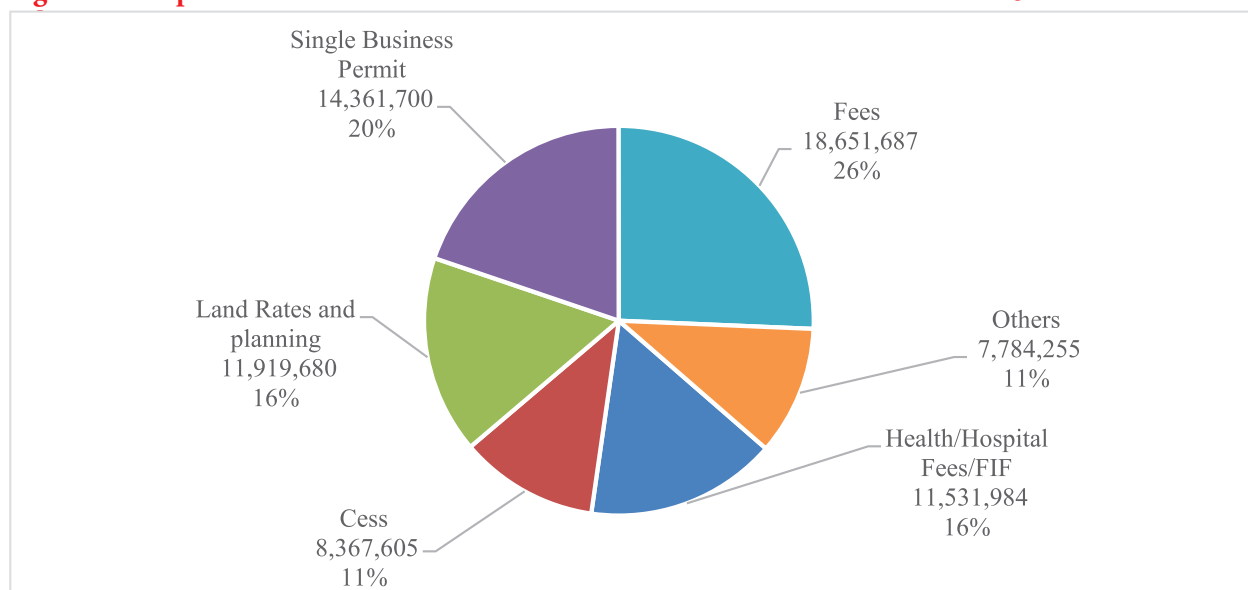


Source: Lamu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.72.62 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented a decrease of 13.8 per cent compared to Kshs.84.27 million realised in a similar period in FY 2022/23 and was 20.7 per cent of the annual target and 3.8 per cent of the equitable revenue share disbursed during the period.

The revenue streams which contributed the highest OSR receipts are shown in Figure 62.

Figure 62: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Lamu County Treasury

The highest revenue stream of Kshs.18.65 million from fees collection (Meet inspection, open-air market, slaughter and street parking), contributing to 26 per cent of the total OSR receipts during the reporting period.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.2 billion from the CRF account during the reporting period, which comprised Kshs.380.38 million (17.3 per cent) for development programmes and Kshs.1.82 billion (82.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.18 billion was released towards Employee Compensation and Kshs.635.56 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.563.43 million.

3.21.4 County Expenditure Review

The County spent Kshs.2.38 billion on development and recurrent programmes in the reporting period. The expenditure represented 20.6 per cent of the total funds released by the CoB and comprised Kshs.372.79 million and Kshs.2.01 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.6 per cent, while recurrent expenditure represented 67 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County 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. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.11.11 million. They consisted of Kshs.10.98 million for recurrent expenditure and Kshs.122,900 for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.58.24 million.

The County Assembly did not report on any pending bills during the reporting period

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.18 billion on employee compensation, Kshs.551.7 million on operations and maintenance, and Kshs.369.29 million on development activities. Similarly, the County Assembly spent Kshs.121.84 billion on employee compensation, Kshs.154.87 million on operations and maintenance, and Kshs.3.50 million on development activities, as shown in Table 3.140.

Table 3.140: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,529,073,938	470,000,000	1,733,073,233	276,707,526	68.5	58.9
Compensation to Employees	1,667,708,255	235,162,450	1,181,369,170.00	121,835,510	70.8	51.8
Operations and Maintenance	861,365,683	234,837,550	551,704,063.00	154,872,016	64.0	65.9
Development Expenditure	1,688,815,440	119,500,000	369,287,585	3,499,999	21.9	2.9
Total	4,217,889,378	589,500,000	2,102,360,818	280,207,525	49.8	47.5

Source: Lamu County Treasury

3.21.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.30 billion, or 76 per cent of the available revenue, which amounted to Kshs.1.72 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.644.76 million paid to health sector employees, translating to 49.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.993.59 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.309 million was processed through manual payrolls. The manual payrolls accounted for 23.8 per cent of the total PE cost.

The County Assembly spent Kshs.10.24 million on committee sitting allowances for the 21 MCAs against the annual budget allocation of Kshs.24.04 million. The average monthly sitting allowance was Kshs.54,164 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.250.71 million to county-established funds in FY 2023/24, constituting 5.2 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 Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024(Yes/No.)
County Executive Established Funds						
1	Emergency Fund	37,253,158	33,800,000	27,451,246	33,800,000	Yes
2	Bursary Fund	147,777,911	126,977,782	125,049,808	126,977,782	Yes
3	Fisheries Revolving Fund	2,767,651	-	2,162	-	Yes
4	Housing Fund	37,231,755	-	-	-	Yes
5	Disability Fund	8,731,217	-	1,820,740	-	Yes
6	Youth Fund	8,568,566	-	3,870,220	-	Yes
7	Women Fund	8,384,499	-	5,954,440	-	Yes
	Total	250,714,757	160,777,782	164,148,616	160,777,782	

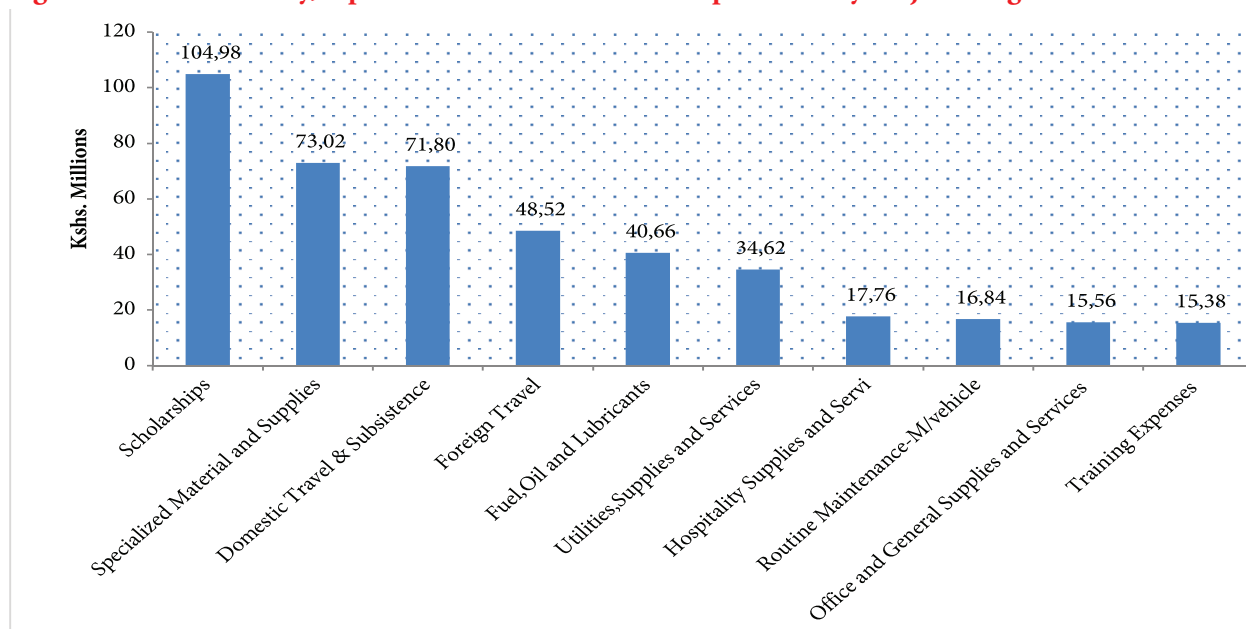
Source: Lamu County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of the 7 (seven) funds, as indicated in Table 3.141, in accordance 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.

3.21.9 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.71.8 million and comprised Kshs.35.31 million spent by the County Assembly and Kshs.36.49 million by the County Executive. Expenditure on foreign travel amounted to Kshs.48.52 million and comprised Kshs.46.24 million by the County Assembly and Kshs.2.28 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.142.

Table 3.142: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	10	15th-29th July 2023	Claim for the Driver and CASB Members to attend Managing Intergenerational Workforce hosted by ESAMI	Tanzania	6,682,760
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	7	20th-26th January 2024	Claim to attend Leadership for Result Course Program	Dubai	4,335,520
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	5	11th-25th November 2023	Claim to attend the Public Policy Designing and Management Program	Tanzania	3,374,138
County Assembly	3	8th-22st July 2023	Claim to attend the 3rd Executive Leadership Summit Hosted by ICPAK	Dubai	3,367,770
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	3	17th-23rd December 2023	Claim to attend Leadership Summit meeting	Dubai	1,948,772
County Assembly	2	17th-23rd December 2023	Claim to attend Leadership Summit meeting	Dubai	1,589,224
County Assembly	1	02nd-16th December 2023	Claim to attend the Public Sector Governance and Budgetary Reform Programme	Dubai	1,441,888
County Executive	2	5th - 19 December 2023	Travel to Dubai Attending COP 28 Conference Meeting	Dubai	1,044,219

Source: Lamu County Treasury and Lamu County Assembly

3.21.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.380.38 million on development programmes, representing an increase of 57.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.217.4 million. 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	Construction of Governors Residence	Mkomani	39,410,080	13,499,921	34
2	Agriculture & Food Security	Purchase of tractors countywide	Countywide	10,000,000	9,970,000	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
3	Agriculture & Food Security	Establish irrigation projects countywide	Countywide	15,000,000	11,969,660	80
4	Education And Vocational Training	Construction of 2 Ecde Classrooms, TVET & Social Hall	Countywide	28,950,000	24,608,475	85
5	Medical Services	Construction and Equipping of County Facilities	Countywide	128,984,971.00	64,718,414.05	50
6	Trade And Tourism	Fencing, Paving and Construction works	Hindi,Faza and Bahari Markets	10,586,432.00	7,004,421.05	66
7	Fisheries, Blue Economy, Live-stock, Veterinary and Cooperative Development	Purchasing, Construction and Rehabilitation	Countywide	32,400,000.00	19,377,764.60	60
8	Water And Energy	Constructions of water pans and Pipeline extension	Hindi,Kunga,Basuba and Shella	51,749,814.00	43,025,054.00	83
9	Public Works and Infrastructure	Construction, paving and Cabro installation of roads	Countywide	113,349,952.00	51,908,534.05	46
10	Devolution, Disaster Management and Resource Mobilization	Construction of Headquarters, equipping and Refurbing of Ward Offices	Faza and other wards	56,644,051.00	48,365,894.20	85

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 nine months 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	470.00	119.50	274.87	3.50	276.71	3.50	100.7	100.0	58.9	2.9
County Executive and PSM	352.73	90.31	214.16	15.00	250.33	13.50	116.9	90.0	71.0	14.9
Finance, Economy & Strategic Planning	139.82	6.50	84.98	-	94.21	1.50	110.9	-	67.4	23.0
Agriculture, Irrigation & Food Security	66.37	170.44	38.85	24.71	44.78	27.89	115.3	112.9	67.5	16.4
Land, Physical Planning, & Urban Development	43.19	288.51	14.72	95.82	16.87	45.82	114.6	47.8	39.1	15.9
Education, Technology, Gender, Youth Affairs, Sports & Social Services	301.71	97.81	224.35	26.55	237.25	26.55	105.7	100.0	78.6	27.1
Medical Services	1,100.89	300.24	680.10	60.32	776.16	77.34	114.1	128.2	70.5	25.8
Trade, Investment & Tourism	44.76	143.15	28.49	7.00	37.14	9.64	130.4	137.7	83.0	6.7

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
Climate Change, Information, Communication, E-Government & Citizen Participation	26.46	186.01	14.04	2.48	6.42	2.48	45.7	100.0	24.3	1.3
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	61.25	46.46	30.45	19.38	34.16	19.38	112.2	100.0	55.8	41.7
County Public Service Board	54.34	-	35.39	-	40.02	-	113.1	-	73.6	-
Water & Energy	75.68	137.40	41.29	40.24	44.17	38.96	107.0	-	58.4	-
Public Health, Environment and Sanitation	89.10	13.25	45.81	4.94	54.51	4.94	119.0	100.0	61.2	37.3
Budget And Economic Planning	20.74	-	9.28	-	11.86	-	127.8	-	57.2	-
Road, Transport, Infrastructure & Public Works	34.57	113.35	16.25	31.08	11.90	51.91	73.2	167.0	34.4	45.8
Lamu Municipality	56.71	38.73	24.38	1.00	29.45	1.00	120.8	-	51.9	-
Devolutions, Disaster and Resource Mobilization	60.77	56.64	41.28	48.37	43.85	48.37	106.2	100.0	72.2	85.4
Total	2,999.07	1,808.32	1,818.69	380.38	2,009.78	372.79	106.2	100.0	72.2	85.4

Source: Lamu County Treasury

Analysis of expenditure by departments shows that the Department of Devolutions, Disaster and Resource Mobilization recorded the highest absorption rate of development budget at 85.4 per cent, followed by the Department of Road, Transport, Infrastructure & Public Works at 45.8 per cent. The Department of Trade, Investment & Tourism had the highest percentage of recurrent expenditure to budget at 85.4 per cent while the Department of Climate Change, Information, Communication, E-Government & Citizen Participation had the lowest at 1.3 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 nine months of FY 2023/24.

Table 3.145: Lamu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub-Programme	Approved Estimated FY 2023/2023 (Kshs.)		Actual Expenditure for the period ended 31st March 2024 (Kshs.)		Absorption Rate (10)	
		Recurrent	Development	Recurrent	Develop- ment	Recurrent	Develop- ment
COUNTY ASSEMBLY							
701003210		470,000,000	119,500,000	276,707,526	3,499,999	58.9	2.9
	Administration, planning and support services.	233,018,305	-	131,602,305	-	-	-
	Legislation and Oversight	236,981,695	119,500,000	145,105,221	3,499,999	-	-
SUB-TOTAL		470,000,000	119,500,000	276,707,526	3,499,999	58.9	2.9
COUNTY EXECUTIVE							
703003212		352,726,491	90,310,930	250,330,217	13,499,920	71.0	14.9
	Administration Services	352,726,491	90,310,930	250,330,217	13,499,920	71.0	14.9
SUBTOTAL		352,726,491	90,310,930	250,330,217	13,499,920	71.0	14.9
FINANCE							

Program	Sub-Programme	Approved Estimated FY 2023/2023 (Kshs.)		Actual Expenditure for the period ended 31st March 2024 (Kshs.)		Absorption Rate (10)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
711003213		123,485,783	-	89,912,748	-	72.8	-
	Administration Services	123,485,783	-	89,912,748	-	72.8	-
712003213		16,336,124	-	4,296,453	-	26.3	-
	Resource mobilization	2,543,455	-	621,840	-	24.4	-
	Internal Audit	1,780,202	-	611,911	-	34.4	-
	Procurement	2,193,705	-	1,335,940	-	60.9	-
	Public Finance & Accounting	4,686,256	-	1,726,762	-	36.8	-
	Management of Public finance	5,132,506	-	-	-	-	-
		139,821,907	-	94,209,201	-	67.4	-
712003213			6,500,000	-	1,498,000	-	23.0
	Resource mobilization	-	6,500,000	-	1,498,000	-	23.0
SUBTOTAL		139,821,907	6,500,000	94,209,201	1,498,000	67.4	23.0
AGRICULTURE							
201003214		66,365,839	-	44,784,454	-	67.5	-
	Administration, Personnel & Policy Formulation	66,365,839	-	44,784,454	-	67.5	-
		66,365,839	-	44,784,454	-	67.5	-
116003214		-	155,442,700	-	12,925,595	-	8.3
	Agricultural Extension Research & Training	-	8,720,000	-	-	-	-
	Promotion of Mechanized Agriculture	-	10,000,000	-	9,970,000	-	99.7
	Promotion of Agro-Processing & Value Addition Technologies	-	93,322,700	-	189,000	-	0.2
	Demonstration Farm Fund	-	2,000,000	-	1,996,595	-	99.8
	Promotion of the Cashewnuts Programme	-	1,800,000	-	770,000	-	42.8
	Provision of Relief seeds to vulnerable farmers	-	39,600,000	-	-	-	-
117003214			15,000,000	-	14,967,865	-	99.8
	Irrigated Farming		15,000,000		14,967,865	-	99.8
SUBTOTAL		66,365,839	170,442,700	44,784,454	27,893,460	67.5	16.4
LANDS AND PHYSICAL PLANNING							
101003215		33,192,509	-	16,873,010	-	50.8	-
	Administration Services	33,192,509	-	16,873,010	-	50.8	-
102003215		5,000,000	88,507,549	-	45,823,206	-	51.8
	Physical planning	5,000,000	78,507,549	-	41,851,366	-	53.3
	Land Adjudication & Regularization	-	10,000,000	-	3,971,840	-	39.7
104003215		5,000,000	200,000,000	-	-	-	-
	Infrastructure Development	5,000,000	200,000,000	-	-	-	-
SUBTOTAL		43,192,509	288,507,549	16,873,010	45,823,206	39.1	15.9
EDUCATION, GENDER, SOCIAL SERVICE							
501003216		193,711,372	-	132,020,424	-	68.2	-
	Administration Services	193,711,372	-	132,020,424	-	68.2	-
502003216		100,000,000	49,750,114	99,977,782	5,180,912	100.0	10.4
	Promotion of Early Childhood Education	100,000,000	49,750,114	99,977,782	5,180,912	100.0	10.4
503003216		8,000,000	34,498,099	5,250,000	16,445,000	65.6	36.3
	Village Polytechnics	-	23,500,000	-	14,500,000	-	61.7

Program	Sub-Programme	Approved Estimated FY 2023/2023 (Kshs.)		Actual Expenditure for the period ended 31st March 2024 (Kshs.)		Absorption Rate (10)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Development of Sports facilities	-	8,998,099	-	-	-	-
	Youth and Sports	8,000,000	2,000,000	5,250,000	1,945,000	65.6	97.3
504003216		-	13,565,462	-	4,927,564	-	36.3
	Social Development	-	13,565,462	-	4,927,564	-	36.3
SUBTOTAL		301,711,372	97,813,675	237,248,206	26,553,476	78.6	27.1
MEDICAL SERVICE							
101003217		0	500,000	0	0	-	0.0
	Administration Services	0	500,000	0	0	-	0.0
402003217		1,077,191,014	204,736,771	760,007,468	37,343,246	70.6	18.2
	Human Resource & Development	905,194,795	-	667,690,257	-	73.8	-
	Primary Health Care Services	111,996,219	5,000,000	90,548,446	3,402,240	80.8	-
	SP4 curative Services	60,000,000	91,530,148	1,768,765	10,042,104	2.9	11.0
	Hospital Services		108,206,623	-	23,898,902	-	22.1
403003217		23,694,531	95,000,000	16,148,844	40,000,000	68.2	42.1
	SP4 Preventive and Promotive Services	23,694,531	95,000,000	16,148,844	40,000,000	68.2	42.1
SUBTOTAL		1,100,885,545	300,236,771	776,156,312	77,343,246	70.5	25.8
TRADE, INVESTMENT, CULTURE AND TOURISM							
301003218		21,856,837	-	12,964,577	-	59.3	-
	Administration Services	21,856,837	-	12,964,577	-	59.3	-
302003218		1,464,556	-	784,150	-	53.5	-
	Promotion & Marketing	1,464,556	-	784,150	-	53.5	-
304003218		20,726,000	-	23,183,089	-	111.9	-
	Cultural Festival	20,726,000	-	23,183,089	-	111.9	-
303003218		714,000	41,959,899	203,520	9,057,808	28.5	21.6
	Trade Promotion	714,000	5,000,000	203,520	-	28.5	0.0
	Market development	-	36,959,899	-	9,057,808	-	24.5
305003218		-	101,194,267	-	586,432	-	0.6
	SME Development		101,194,267	-	586,432	-	0.6
SUBTOTAL		44,761,393	143,154,166	37,135,336	9,644,240	83.0	6.7
ICT & E-GOVERNANCE							
101003219		18,159,900	181,604,300	6,417,599	1,579,920	35.3	0.9
	Administration Services	18,159,900	181,604,300	6,417,599	1,579,920	35.3	0.9
201003219							
	Administration, Personnel & Policy Formulation						
202003219		2,000,000	-	-	-		
	Communication & Citizen Participation	2,000,000		-			
203003219		6,297,000	4,402,387	-	902,387	-	20.5
	Networking Infrastructure	6,297,000	4,402,387	-	902,387	-	20.5
SUBTOTAL		26,456,900	186,006,687	6,417,599	2,482,307	24.3	1.3
FISHERIES, LIVESTOCK, VETERINARY AND COOPERATIVE							
106003220		54,856,278	-	31,763,157	-	57.9	-
	Administration, Planning and Monitoring & Evaluation	54,856,278	-	31,763,157	-	57.9	-
108003220		575,000	-	140,000	-	24.3	-
	Co-management	575,000	-	140,000	-	24.3	-
109003220		2,350,500	24,000,000	1,070,272	2,998,000	45.5	12.5
	Fish farming	2,350,500	24,000,000	1,070,272	2,998,000	4.5	12.5
111003220		963,350	14,000,000	253,490	10,427,384	26.3	74.5

Program	Sub-Programme	Approved Estimated FY 2023/2023 (Kshs.)		Actual Expenditure for the period ended 31st March 2024 (Kshs.)		Absorption Rate (10)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Livestock Extension Services	963,350	14,000,000	253,490	10,427,384	1.8	74.5
112003220		2,505,000	8,464,746	932,170	5,952,381	37.2	70.3
	Veterinary Service Management	2,505,000	8,464,746	932,170	5,952,381	11.0	70.3
SUBTOTAL		61,250,128	46,464,746	34,159,089	19,377,765	55.8	41.7
COUNTY PUBLIC SERVICE BOARD		61,250,128					
709003221		44,313,887	-	35,062,777	-	79.1	-
	Administration Services	44,313,887	-	35,062,777	-	79.1	-
710003221		10,028,721	-	4,959,201	-	49.4	-
	Human Resource Management and Development	10,028,721	-	4,959,201	-	49.4	-
SUBTOTAL		54,342,608	-	40,021,978	-	73.6	-
WATER MANAGEMENT & CONSERVATION							
105003223		75,680,623	137,399,688	44,167,357	38,962,275	0.6	28.4
	Water management, Conservation & Provision	75,680,623	137,399,688	44,167,357	38,962,275	0.6	28.4
SUBTOTAL		75,680,623	137,399,688	44,167,357	38,962,275	58.4	28.4
PUBLIC HEALTH, ENVIRONMENT AND SANITATION							
501003225		89,097,215	-	54,505,007	-	61.2	-
	Administration Services	89,097,215	-	54,505,007	-	61.2	-
403003225		-	5,668,576	-	4,938,422	-	87.1
	Community Health	-	5,668,576	-	4,938,422	-	87.1
404003225		-	7,581,390	-	-	-	-
	Waste management	-	4,581,390	-	-	-	-
	Public Health & licensing	-	3,000,000	-	-	-	-
SUBTOTAL		89,097,215	13,249,966	54,505,007	4,938,422	61.2	37.3
BUDGET, ECONOMIC AND PLANNING							
711003227		11,725,295	-	9,095,613	-	77.6	-
	Administration Services	11,725,295	-	9,095,613	-	77.6	-
713003227		9,010,000	-	2,760,835	-	30.6	-
	Budget and Economic Planning	9,010,000	-	2,760,835	-	30.6	-
SUBTOTAL		20,735,295	-	11,856,448	-	57.2	-
INFRASTRUCTURE ENERGY, ROADS AND URBAN DEVELOPMENT							
104003228		34,569,898	113,349,952	11,902,058	51,908,534	34.4	45.8
	Administration Services	34,569,898	-	11,902,058	-	34.4	-
	Infrastructure Development	-	113,349,952	-	51,908,534	-	45.8
SUBTOTAL		34,569,898	113,349,952	11,902,058	51,908,534	34.4	45.8
MUNICIPALITY OF LAMU							
104003229		56,709,905	35,747,400	29,452,559	996,840	51.9	2.8
	Administration Services	56,709,905	-	29,452,559	-	51.9	-
	Infrastructure Development	-	35,747,400	-	996,840	-	2.8
404003229		-	2,987,159	-	-	-	-
	Waste management	-	2,987,159	-	-	-	-
SUBTOTAL		56,709,905	38,734,559	29,452,559	996,840	51.9	2.6
DEVOLUTION, DISASTER MANAGEMENT AND RESOURCE MOBILIZATION							
101003230		60,766,310	56,644,051	43,854,402	48,365,895	72.2	85.4

Program	Sub-Programme	Approved Estimated FY 2023/2023 (Kshs.)		Actual Expenditure for the period ended 31st March 2024 (Kshs.)		Absorption Rate (10)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Administration Services	60,766,310	56,644,051	43,854,402	48,365,895	72.2	85.4
SUBTOTAL		60,766,310	56,644,051	43,854,402	48,365,895	72.2	85.4
GRAND TOTAL		2,999,073,938	1,808,315,440	2,009,780,759	372,787,584	67.0	20.6

Source: Lamu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Cultural festivals in the Department of Trade, Investment, Culture and Tourism at over 100 per cent, Community Health in the Department of Public Health, Environment and Sanitation at 87.1 per cent, Administration Services in the Department of Devolution, Disaster Management and Resource Mobilization at 85.4 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.61.1 million against an annual target of Kshs.350 million, representing 21.1 per cent of the yearly target.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.309.61 million were processed through the manual payroll, accounting for 23.8 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.
3. 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 be opened and maintained at the Central Bank of Kenya. accept bank accounts for petty cash are exempted

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

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 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 3.134.

3.22.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.5.54 billion as an equitable share of the revenue raised nationally, Kshs.186.61 million as additional allocations/conditional grants, had a cash balance of Kshs.1.46 billion from FY 2022/23, and raised Kshs.1.05 billion as own-source revenue (OSR). The raised OSR includes Kshs.183.05 million as FIF and Kshs.868.93 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.8.43 billion, as shown in Table 3.146

Table 3.146: Machakos County, Revenue Performance in the First Nine Months of FY 2023/24

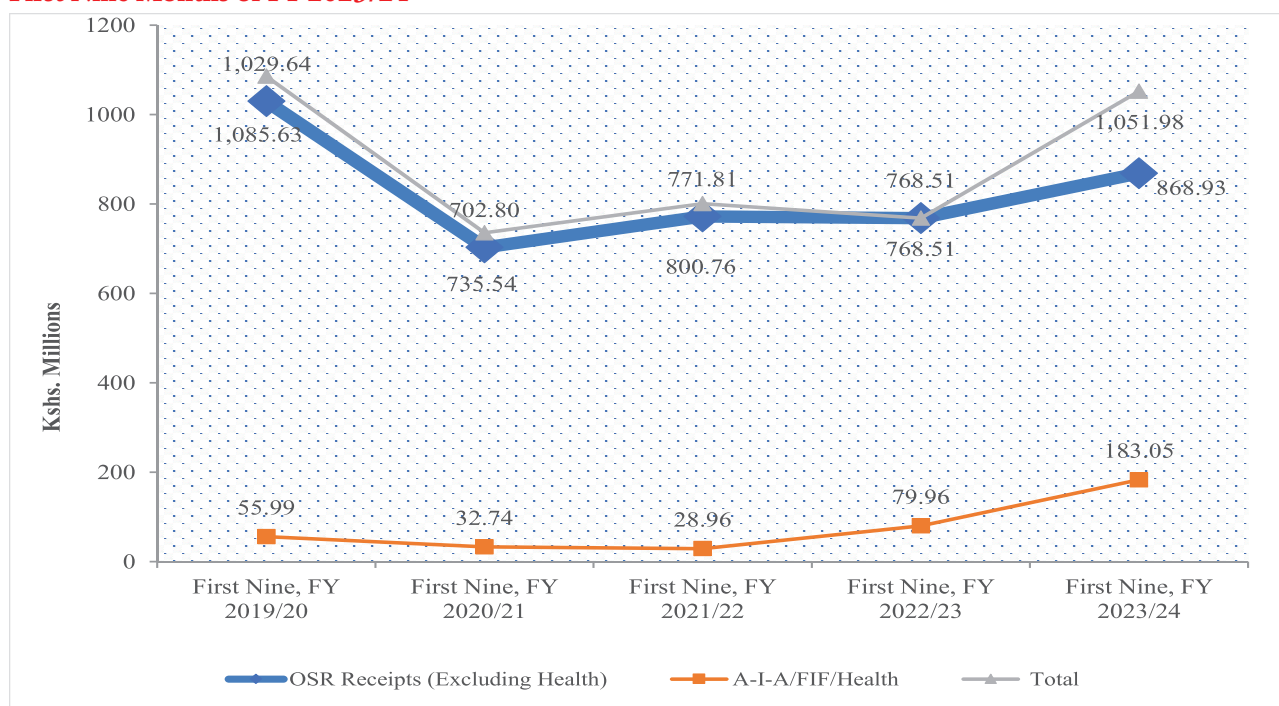
S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	9,547,295,309	5,537,431,280	58.0
	Subtotal	9,547,295,309	5,537,431,280	58.0
B	Additional Allocations/Conditional Grants			
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	-	-
8	Universal Healthcare in Devolved Context-DANIDA	14,148,750	-	-
9	Agriculture Sector Development Support Programme (ASDSP) II-SIDA	3,761,966	-	-
10	Emergency Locust Response Project (ELRP)-World Bank	105,095,561	-	-
11	Aquaculture Business Development Program (ABDP)-IFAD	15,401,768	-	-
12	Financing Locally Led Climate Change Action (FLLoCA) Programme-World Bank	133,000,000	-	-
13	FLLoCA County Climate Institutional Support -World Bank	11,000,000	-	-
14	Livestock Value Chain Support Project-Poland	35,809,200	-	-
15	National Agriculture Value Chain Development Project (NAVCDP)	250,000,000	186,605,472	58.8
16	Kenya Urban Support Project (UDG)-World Bank	96,640,253	-	-
17	Kenya Devolution Support Program	142,185,298	-	-
18	Transforming Health Systems for Universal Care Project	5,718,823	-	-
19	Kenya Urban Support Project (UDG)-World Bank	96,640,253	-	-
20	Equalization Fund	12,923,347	-	-
	Subtotal	1,465,101,103	186,605,472	12.7

S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	Own Source Revenue			
1	Ordinary Own Source Revenue	2,998,879,462	868,926,690	29.0
2	Ordinary Appropriation in Aid (A-I-A)	100,000,000	-	-
3	Facility Improvement Fund (FIF)	1,008,000,000	183,052,577	18.2
Subtotal		4,106,879,462	1,051,979,267	45.1
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	1,456,001,038	1,456,001,038	100
Sub Total		1,456,001,038	1,456,001,038	100
Grand Total		16,575,276,912	8,232,017,057	49.7

Source: Machakos County Treasury

The County has a Facilities Improvement Financing Act, 2023, which was assented to on the 19th of October 2023 and became operational on the 2nd of November 2023. However, the FIF regulations 2024 are under development. Figure 64 shows the collection trend in own-source revenue from the first nine months of FY 2019/20 to FY 2023/24.

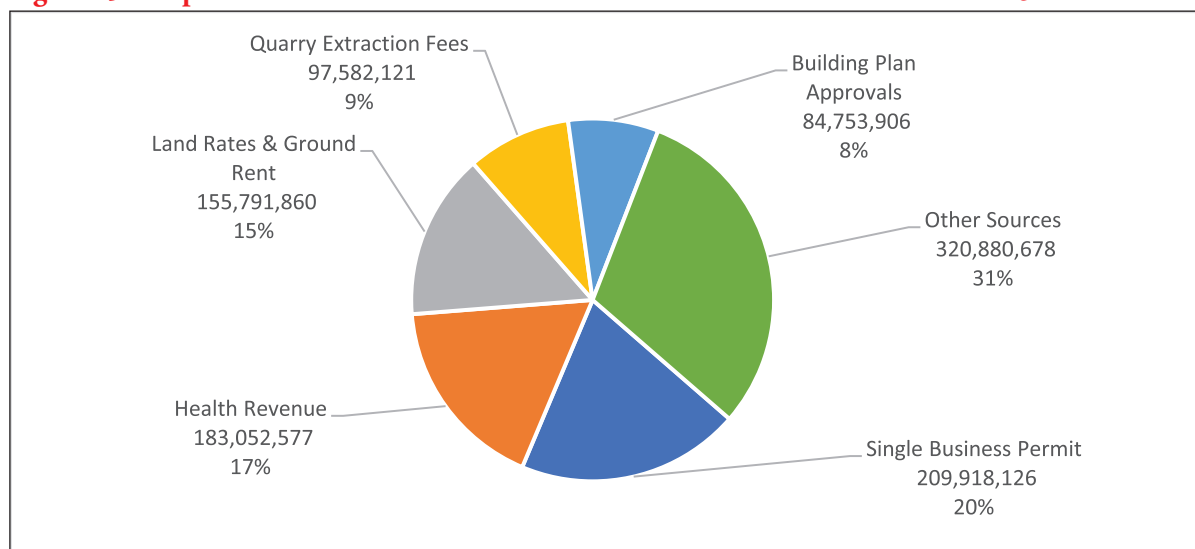
Figure 64: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2019/20 to the First Nine Months of FY 2023/24



Source: Machakos County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.1.05 billion from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 24.0 per cent compared to Kshs.848.47 million realized in a similar period in FY 2022/23 and was 26.3 per cent of the annual target and 19.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 65.

Figure 65: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Machakos County Treasury

The highest revenue stream of Kshs.209.92 million was from the single business permit, contributing to 20.0 per cent of the total OSR receipts during the reporting period.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.42 billion from the CRF account during the reporting period, which comprised Kshs.873.95 million (11.8 per cent) for development programmes and Kshs.6.55 billion (88.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.4.37 billion was released towards Employee Compensation and Kshs.2.18 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.694.53 million.

3.22.4 County Expenditure Review

The County spent Kshs.7.70 billion on development and recurrent programmes in the reporting period. The expenditure represented 103.6 per cent of the total funds released by the CoB and comprised of Kshs.1.10 billion and Kshs.6.59 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.7 per cent, while recurrent expenditure represented 61.8 per cent of the annual recurrent expenditure budget.

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.3.07 billion, comprising Kshs.1.45 billion for recurrent expenditure and Kshs.1.62 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.177.33 million. They comprised Kshs.33.89 million for recurrent expenditure and Kshs.143.46 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.2.90 billion.

The County Assembly reported outstanding pending bills of Kshs.83.11 million as of 31st March 2024.

3.22.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.67 billion on employee compensation, Kshs.1.17 billion on operations and maintenance, and Kshs.1.09 billion on

development activities. Similarly, the County Assembly spent Kshs.390.04 million on employee compensation, Kshs.351.51 million on operations and maintenance, and Kshs.17.89 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
Total Recurrent Expenditure	10,666,596,067	1,008,995,826	5,845,549,773	741,549,573	60.5	73.5
Compensation to Employees	6,129,685,741	491,404,060	4,674,799,366	390,040,738	76.3	79.4
Operations and Maintenance	4,536,910,326	517,591,766	1,170,750,407	351,508,835	33.2	67.9
Development Expenditure	5,616,680,845	292,000,000	1,086,470,403	17,888,243	19.3	6.1
Total	16,283,276,912	1,300,995,826	6,932,020,177	759,437,816	45.4	58.4

Source: Machakos County Treasury

3.22.6 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.5.06 billion, or 60.1 per cent of the available revenue, which amounted to Kshs.8.43 billion. This expenditure represented an increase from Kshs.3.99 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.34 billion paid to health sector employees, translating to 46.3 per cent of the total wage bill. The increase in employee compensation is attributed to the review of staff salaries upwards effective July 1st, 2023, the increase in NSSF contributions from Ksh.200 to Ksh.1,080 for both employee and employer, the introduction of the mandatory Housing Levy at 3% of the gross salary shared equally between the employer and employee, and recruitment of Sub-County Administrators, Ward Administrators and Village Administrators across the County.

Further analysis indicates that PE costs amounting to Kshs.4.64 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.427.21 million was processed through manual payrolls. The manual payrolls accounted for 8.4 per cent of the total PE cost.

The County Assembly spent Kshs.48.12 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.43.0 million. The average monthly sitting allowance was Kshs.87,651 per MCA. The County Assembly has established 25 Committees.

3.22.7 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.

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 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 3.148: Performance of County Established Funds in the First Nine Months of FY 2023/24

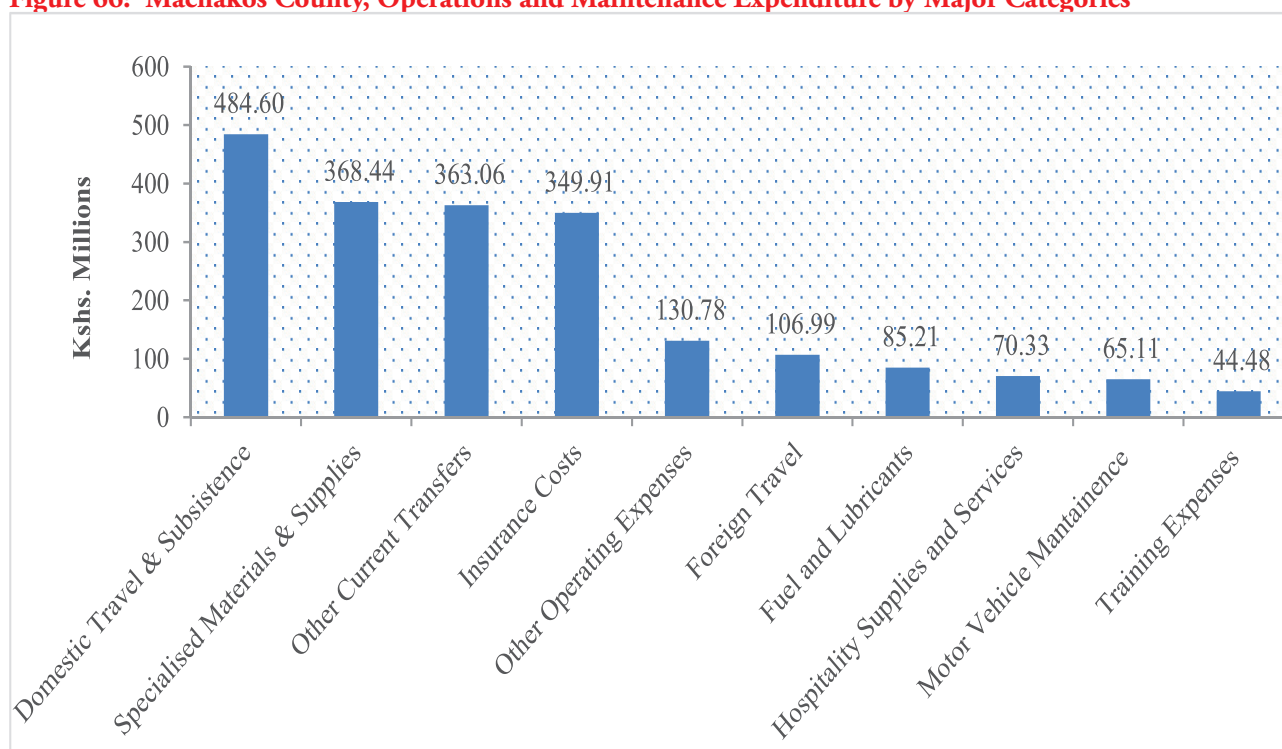
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
	Machakos County Education Bursary Fund	120,000,000	120,000,000	157,436,362	688,324,374	Yes
	Machakos County Executive Mortgage & Car Loan Scheme	-	-	-	96,000,000	Yes
	Machakos County Climate Fund	177,175,584	11,000,000	49,985,493	130,553,971	Yes
County Assembly Established Funds						
	Machakos County Housing & Car Loan Scheme Fund - MCA	50,384,166	20,000,000	20,000,000	386,000,000	Yes
	Machakos County Housing & Car Loan Scheme Fund - Staff	-	-	-	254,000,000	Yes
	Total	347,559,750	151,000,000	227,421,855	1,554,878,345	

Source: Machakos County Treasury

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 be opened and maintained at the Central Bank of Kenya.

3.22.8 Expenditure on Operations and Maintenance

Figure 66 summarizes the Operations and Maintenance expenditure by major categories.

Figure 66: Machakos County, Operations and Maintenance Expenditure by Major Categories

Source: Machakos County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.37.33 million on contracted guards and cleaning services and Kshs.11.03 million on legal fees.

During the period, expenditure on domestic travel amounted to Kshs.484.60 million and comprised Kshs.165.19 million spent by the County Assembly and Kshs.319.41 million by the County Executive. Expenditure on foreign travel amounted to Kshs.106.99 million and comprised Kshs.57.54 million by the County Assembly and Kshs.49.45 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.149 below;

Table 3.149: Summary of Highest Expenditure on Foreign Travel as of 31st March, 2024

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 th – 22 nd December, 2023	Attend 4th Executive Leadership Summit	Istanbul Turkey	6,649,900
County Assembly	7	8 th – 12 th October, 2023	Attending the Annual Meeting of the Internet Governance Forum.	Tokyo, Japan	5,386,670
County Assembly	7	14 th - 20 th January, 2024	Attending training on Budget Making Process	Dubai, United Arab Emirates	4,710,146
County Assembly	7	24 th – 30 th September, 2023	Attending training on Food Security.	Tel Aviv, Israel	4,649,446
County Executive	4	30 th Nov – 12 th Dec 2023	Attending COP-28 In UAE	Dubai	4,348,345
County Assembly	7	19 th – 26 th November, 2023	Attending Leadership Training	Dubai, United Arab Emirates	4,345,489
County Assembly	7	11 th – 17 th October, 2023	Attending training on Leadership Planning for Public Administration	United Kingdom	4,176,172
County Assembly	14	11 th – 17 th September, 2023	Visiting the EAC Secretariat by the Assembly House Leadership	Arusha, Tanzania	4,171,380
County Assembly	5	21 st - 27 th January, 2024	Attending a Leadership Experiential Certified Leadership Masterclass	Dubai, United Arab Emirates	3,971,220
County Assembly	7	8 th – 15 th October, 2023	Attending a 7-Day Workshop on Amazon Web Services (AWS) for Local Governments	Dubai, United Arab Emirates	3,739,932
County Executive	6	5 th – 15 th December 2023	Attend the EAC MSME Trade Fair	Bujumbura Rwanda	3,342,815
County Assembly	8	30 th June – 10 th 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 st July – 5 th August, 2023	Attending Energy, Physical Planning & Infrastructure Learning trip.	South Africa	2,611,361
County Assembly	7	12 th – 18 th November, 2023	Attending a workshop at the EAC on good governance and promotion of justice by the Justice and Legal Affairs Committee	Arusha, Tanzania	2,419,129
County Assembly	7	4 th - 10 th February, 2024	Devolution Committee visiting the East African Community Offices on Official duty	Arusha, Tanzania	2,110,128
County Assembly	7	6 th – 12 th November, 2023	Attending a treaty on Exhibition & Interaction on Cultural Diversity at the EAC by the Culture and Tourism Committee	Arusha, Tanzania	2,108,875
County Assembly	7	11 th – 17 th September, 2023	Visiting the East African Community Secretariat	Arusha, Tanzania	2,047,980

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	10 th - 16 th December, 2023	Attending a Workshop on Good Governance & Promotion of Justice by the Justice & Legal Committee at the East African Secretariat	Arusha, Tanzania	2,082,242
County Assembly	7	11 th - 17 th December, 2023	Work visit at the East African Community & Interact with the Department of Youth Affairs to share best practices	Arusha, Tanzania	2,082,242
County Executive	2	21 st – 25 th November 2023	Attending the International Trade Fair, Business & Investors Summit	Calgary, Canada	2,031,511
County Executive	1	12 th – 22 nd May, 2023	Attending the IAMRA Meeting in California, USA	USA	1,784,254
County Assembly	7	21 st – 26 th November, 2023	Visiting the East African Community Secretariat	Arusha, Tanzania	1,743,251
County Executive	2	16 th – 23 rd September, 2023	Attend Emergency Response Benchmarking & Exposure trip	Germany	1,731,407
County Executive	1	3 rd – 12 th September, 2023	Attend a Strategic Leadership Conference	Washington DC	1,006,270

Source: Machakos County Treasury and Machakos County Assembly

3.22.9 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.10 billion on development programmes, representing an increase compared to a similar period of FY 2022/23 when the County spent Kshs.356.02 million. Table 3.150 summarizes 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	Agriculture & Food Security	Other Capital Grants and Trans (donor funding)	All Wards	633,386,860	203,554,340	32.1
2	Infrastructure Public works	Construction of Office Block (Thin Tall Building)	Mua	399,999,999	251,728,760	62.9
3	Crop Development and Management	1.1.1 Purchase of Certified Crop Seed	All Wards	54,936,968	54,936,968	100.0
4	Medical Services	Kenya Devolution Support Programme Masii L4 Multi-Year Project	Masii	161,906,472	39,332,709	24.3
5	Infrastructure Public works	Supply Refined Fuels and Lubricants for Roads grading programme	County wide	20,000,000	20,000,000	100.0
6	Climate Change	Desilting Kwa Masambaya, & Kwa Kiio Dam	Kalukuni & Kithimani	19,372,928	19,592,941	101.1
7	Climate Change	Desilting kivuluni, Kwa Mukendu, Ngangani, & Kwa Nzambu Earth Dam	Kangundo East & North	15,807,900	14,656,136	92.7
8	Public Health	Capital Grants-DANI-DA Level 2S and 3S Operations	Level 2s and 3s	45,825,207	13,801,667	30.1

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
9	Climate Change	Desilting Mang'etheni, Kakongo, Kwa Matinga, Kwa Sika Earth Dam	Ekalakala & Matuu	18,604,032	13,598,156	73.1
10	Climate Change	Desilting Kathese & Kwa Muisyo earth dams	Mbumbuni North	13,377,004	12,074,902	90.3

Source: Machakos County Treasury

The Desilting Kwa Masambya, and Kwa Kiio earth dams in Kalukuni and Kithimani wards had contract variations upwards of Kshs.220,012, resulting in over-absorption of 101.1 per cent, as shown in Table 3.150.

3.22.10 Budget Performance by Department

Table 3.151 summarizes the approved budget allocation, expenditure and absorption rate by departments in the first nine months 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	307.33	-	255.98	-	83.3	-	43.3	-
County Public Service Board	380.14	3.00	37.03	-	23.49	-	63.4	-	61.8	-
Roads, Transport and Public Works.	251	649.23	210.94	47.53	137.27	49.94	65.1	105.1	54.8	7.7
Health	4,277	1,095.25	2,982.56	64.76	2,963.78	509.98	99.4	787.5	69.3	46.6
Water, Irrigation, Environment and Climate Change	146	821.68	108.90	130.47	77.70	80.64	71.4	61.8	53.2	9.8
Agriculture, Food Security and Co-operative Development.	390	874.53	175.54	247.04	156.50	124.86	89.2	50.5	40.1	14.3
Finance, Economic Planning & Revenue Management	1,322	849.70	568.09	298.75	633.30	273.66	111.5	91.6	47.9	32.2
Gender, Youth, Sports & Social Welfare	220	337.66	82.44	10.00	80.74	5.03	97.9	50.3	36.8	1.5
Trade, Industry, Tourism & Innovation	198	498.78	94.22	53.17	122.12	42.35	129.6	79.7	61.7	8.5
Education	637	97.73	368.04	-	339.87	-	92.3	-	53.3	-
Lands, Urban Development, Housing & Energy	241	264.40	121.11	-	135.01	-	111.5	-	56.1	-

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
Devolution	1,264	95.86	716.83	-	895.61	-	124.9	-	70.9	-
Office of the County Attorney	84	9.30	38.66	-	24.21	-	62.6	-	29.0	-
County Assembly	1,009	292.00	736.19	22.23	741.55	17.89	100.7	80.5	73.5	6.1
Total	10,666.60	5,908.68	6,547.89	873.95	6,587.10	1,104.36	100.6	126.4	61.8	18.7

Source: Machakos County Treasury

Analysis of expenditure by departments shows that the Department of Health recorded the highest absorption rate of development budget at 46.6 per cent, followed by the Department of Finance, Economic Planning & Revenue Management at 32.2 per cent. The Department of Devolution had the highest percentage of recurrent expenditure to budget at 70.9 per cent. In comparison, the Department of Office of the County Attorney had the lowest at 29.0 per cent.

Further analysis shows expenditures to exchequer issues for the Department of Finance, Economic Planning & Revenue Management is at 111.5 per cent for recurrent expenditure, which is above 100 per cent as indicated by the financial information generated from IFMIS. This also applies to the Department of Trade, Industry, Tourism & Innovation (129.6 per cent), Department of Lands, Urban Development, Housing & Energy (111.5 per cent), Devolution (124.9 per cent), and County Assembly (100.7 per cent). Regarding development expenditure, the Department of Health has 787.5 per cent expenditure, above 100 per cent, and Roads, Transport and Public Works. 105.1 per cent. Generally, a substantial number of transactions may appear to have been paid in IFMIS, but in practice, they are awaiting funding at the CBK Internet Banking (IB) level.

The approved recurrent budget for the County Executive is Kshs.628.89 million, which is above the recurrent expenditure ceiling set in the County Allocation of Revenue Act (CARA), 2023 of Kshs.618.89 million. The County Executive, therefore, did not comply with the legal ceiling. On the other hand, the County Assembly's approved recurrent budget is Kshs.1.00 billion, which is within the legal ceiling set in the County Allocation of Revenue Act, 2023 at Kshs.1.02 billion.

3.22.11 Budget Execution by Programmes and Sub-Programmes

Table 3.152 summarizes the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.152: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor							
Co-ordination and Supervisory Services		314,336,718	12,243,690	171,586,859	-	54.6	-
	Transport Services	31,733,750	-	19,268,890	-	60.7	-
	Human Resource and Administration Section	55,250,000	-	23,193,275	-	42.0	-
	ICT Section	21,641,444	-	5,393,500	-	24.9	-
	Hospitality Services Section	20,973,355	-	7,723,554	-	36.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Cabinet Office	6,493,175	-	2,757,745	-	42.5	-
	Office of the Deputy Governor	74,457,386	7,334,480	20,623,669	-	27.7	-
	Office of the County Secretary	45,816,786	-	990,717	-	2.2	-
	Office of the County Advisors	20,171,540	-	4,429,640	-	22.0	-
Sub-Total		590,874,154	19,578,170	255,967,849	-	43.3	-
County Public Service Board							-
Human Resource and Administration	Human Resource and Administration	38,013,709	3,000,000	23,485,975	-	61.9	-
Sub-Total		38,013,709	3,000,000	23,485,975	-		-
Roads, Transport and Public Works							
General Administration & Support Services	General Administration & Support Services	199,956,258	80,500,000	97,023,590	4,948,107	48.5	6.2
Road Development Management	Road Development and Management	350,000	356,500,000	-	2,543,530	-	-
County Government Building Services	County Government Buildings	10,100,000	142,231,765	150,000	16,672,206	1.5	11.7
County Fleet Management	County Fleet Management	40,100,000	70,000,000	40,099,989	25,779,586	100.0	36.8
Sub-Total		250,506,258	649,231,765	137,273,579	49,943,430	54.8	7.7
Health and Emergency Services							
General Administration and Support Services	General Administration and Support Services	3,527,366,086	780,712,974	2,394,479,573	75,596,802	67.9	9.7
Curative and Rehabilitative health	Machakos Level 5	177,929,588	32,000,000	140,575,199	-	79.0	
	Kangundo Level 4	54,100,000	22,000,000	44,220,043	5,041,082	81.7	22.9
	Matuu Level 4	43,600,000	40,000,000	37,878,110	-	86.9	-
	Kathiani Level 4	58,600,000	12,258,937	39,669,318	-	67.7	-
	Mwala Level 4	43,600,000	13,000,000	40,659,173	-	93.3	-
	Kimiti Level 4	38,600,000	4,000,000	28,112,053	-	72.8	-
	Masinga Level 4	40,600,000	4,000,000	31,727,922	-	78.2	-
	Athi River Level 4	30,600,000	4,000,000	24,505,778	-	80.1	-
	Mutituni Level 4	30,600,000	4,000,000	21,168,821	-	69.2	-
	Ndithini Level 4	30,600,000	21,000,000	24,494,906	-	80.1	-
	Kalama Level 4	30,600,000	4,000,000	26,279,971	-	85.9	-
Preventive and promotive services	Public Health and Community Outreach	170,066,838	154,273,127	110,004,449	-	64.7	-
Sub-Total		4,276,862,512	1,095,245,038	2,963,775,316	80,637,885	69.3	7.4
Water, Irrigation, Environment, Climate Change and Natural Resources							
Water Resources Management	Water Resources Management	107,924,249	320,000,000	71,539,956	117,456,381	66.3	36.7

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sewerage System and Sanitation Management	Sewerage System and Sanitation Management	1,550,000	29,000,000	655,000	146,466	42.3	0.5
General Administrative and Support Services	General administrative and Support Services	5,250,000	-	3,776,485	-	71.9	-
Environment and Natural Resources	Environment and Natural Resources	9,546,172	24,900,000	351,724	-	3.7	-
Climate Change	Climate Change	21,917,699	348,213,860	1,379,600	7,258,100	6.3	2.1
Water Supply and Sewerage			-		-	-	-
Irrigation Schemes Development & Promotion			99,561,723		-	-	-
Sub-Total		146,188,120	821,675,583	77,702,765	124,860,947	53.2	15.2
Agriculture, Food Security and Co-operative Development							
Agriculture and Food Security	General Administration and Support Services	340,820,165	640,879,819	146,095,666	455,043,997	42.9	71.0
	Crop Development and Management	2,235,009	82,459,386	977,800	54,936,968	43.8	66.6
	Livestock Resources Management and Development	2,216,548	54,809,200	1,160,991	-	52.4	-
	Fisheries Development	1,056,906	17,329,908	660,780	-	62.5	-
	Veterinary Services	1,355,993	21,126,331	623,000	-	45.9	-
	Agriculture Training Centre	3,439,704	25,500,000	1,705,805	-	49.6	-
Co-operative Development	Co-operative Development and Marketing	32,648,487	10,000,000	1,938,000	-	5.9	-
	Capacity Building to Co-operative Societies	1,000,000	-	528,500	-	52.9	-
	Promotion of Co-operative Marketing and Value Chain	1,000,000	20,000,000	100,000	-	10.0	-
	Co-operative Financial Services	1,500,000	-	750,000	-	50.0	-
	Promotion and Growth of Co-operative Societies	1,250,000	2,425,498	840,000	-	67.2	-
	Co-operative Audit Support Services	1,550,000	-	1,114,600	-	71.9	-
Sub-Total		390,072,812	874,530,142	156,495,142	509,980,965	40.1	58.3
Finance, Economic Planning and Revenue Management							
Resource mobilization	Revenue Management	509,983,592	87,750,745	375,582,224	-	73.7	-
County Treasury	Budget formulation, Coordination and Implementation	65,363,780	72,059,500	28,053,639	-	42.9	-
	Supply Chain Management Section	15,926,490	-	9,609,919	-	60.3	-
	Accounts Services	148,354,674	573,727,111	86,094,895	273,663,305	58.0	47.7

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Audit Section	17,640,360	15,500,000	4,810,495	-	27.3	-
	Human Resource Management and Support Services	302,128,124	-	61,861,282	-	20.5	-
Economic Planning & External Resource Mobilization	Economic Planning and Statistical Services	73,804,068	-	27,851,696	-	37.7	-
	Monitoring and Evaluation	15,950,248	-	2,627,106	-	16.5	-
	External Resource Mobilization	19,449,126	-	2,051,986	-	10.6	-
Directorate of Governors Project Delivery Unit	Directorate of Governors Project Delivery Unit	44,850,000	-	7,551,600	-	16.8	-
ICT	ICT General Administration and Support Services	51,300,361	-	20,681,204	-	40.3	-
	ICT Infrastructure	6,143,554	100,666,177	579,700	-	9.4	-
	Closed Circuit Television	1,525,000	-	-	-	-	-
	Public Communication	49,645,000	-	5,939,500	-	11.9	-
Sub-Total		1,322,064,377	849,703,533	633,295,246	273,663,305	47.9	47.7
Gender, Youth, Sports & Social Welfare							
Youth and Sports	Administrative Services	141,296,383	-	46,167,868	-	32.7	-
	Stadium Management	-	31,000,000	-	-	-	-
	Sports	-	85,000,000	-	5,028,873	-	-
	Youth Empowerment	-	90,000,000	-	-	-	-
Gender and Social Welfare	Administrative Services	78,343,386	131,655,003	34,572,745	-	44.1	-
Sub-Total		219,639,769	337,655,003	80,740,613	5,028,873	36.8	1.5
Trade, Industry, Tourism and Innovation							
Trade, Industry and Innovation	Headquarters & Administrative Services	44,797,449	8,000,000	22,927,611	-	51.2	-
	Trade Development	2,715,433	39,298,083	650,000	-	23.9	-
	International Trade		2,000,000	-	-	-	-
	Business and Enterprise Development	10,000,000	53,666,647	6,792,933	-	67.9	-
	Industrialization and Innovation	46,736,010	350,000,000	31,079,862	42,354,999	66.5	12.1
	Investment Facilitation and Support	10,000,000	-	-	-	0.0	-
Tourism Administrative & Support Services	Tourism Administrative & Support Service	58,147,873	5,164,003	49,744,157	-	85.6	-
	Heritage & Culture	5,999,722	2,450,000	4,272,800	-	71.2	-
	Liquor Management	5,501,270	-	2,650,000	-	48.2	-
	Tourism Development and Marketing	2,087,350	-	310,000	-	14.9	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Management of Recreational Services	1,299,502	18,000,000	800,000	-	61.6	-
	Macha wood	5,998,308	20,000,000	118,450	-	2.0	-
	County Image Directorate	1,001,198	200,000	300,000	-	30.0	-
	Digital Economy	3,700,000	-	2,470,400	-	66.8	-
Sub-Total		197,984,115	498,778,733	122,116,213	42,354,999	61.7	8.5
Education							-
General Administration and Support Service	Headquarters Administrative services	613,929,693	35,000,000	338,116,496	-	55.1	-
Basic Education	Basic Education	11,350,000	15,000,000	1,261,675	-	11.1	-
	Youth Development Services		47,729,112	-	-	-	-
	Vocational Training	12,100,000		491,379	-	4.0	-
Sub-Total		637,379,693	97,729,112	339,869,550	-	53.3	-
Lands, Housing and Urban Development & Energy							
Lands and Physical Planning	Lands and Physical Planning	62,346,321	42,755,550	45,695,307	-	73.3	-
County Electrification	County Electrification	28,076,213	75,000,000	16,776,797	-	59.8	-
Housing and Urban Development	Housing and Urban Development	98,643,736	1,400,000	57,994,132	-	58.8	-
	Machakos Municipality	17,000,000	100,417,607	8,860,733	-	52.1	-
	Mavoko Municipality	19,000,000	12,328,536	4,180,201	-	22.0	-
	Kangundo Tala Municipality	15,700,000	32,494,110	1,500,000	-	9.6	-
Sub-Total		240,766,270	264,395,803	135,007,170	-	56.1	-
Devolution							-
Public Service Administration and Support Services	General Administration and Support Services	548,971,916	2,000,000	481,438,058	-	87.7	-
	Performance Management	2,500,000	-	238,200	-	9.5	-
	Training, Research and Development	47,841,500	-	20,236,082	-	42.3	-
County Administration & Decentralized Units	County Administration & Decentralized Units	407,409,131	-	324,496,228	-	79.7	-
	Civic Engagement	2,750,000	-	90,100	-	3.3	-
	Administration and Co-ordination	6,350,000	49,923,347	2,602,159	-	40.9	-
	Solid Waste Management	3,500,000	2,205,000	1,231,811	-	35.2	-
Inspectorate, Firefighting and Emergency Services	Inspectorate Services and Management	225,222,199	41,729,618	64,633,926	-	28.7	-
	Emergency Services	19,139,000		647,800	-	3.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-Total		1,263,683,746	95,857,965	895,614,364	-	70.9	-
Office of the County Attorney							
Legal Services	Legal Services	83,564,716	9,300,000	24,205,983	-	29.0	-
	Sub-Total	83,564,716	9,300,000	24,205,983	-		-
Representation, Oversight & Legislative	Representation, Oversight & Legislative	1,008,995,826	292,000,000	741,549,573	17,888,243	73.5	6.1
Sub-Total		1,008,995,826	292,000,000	741,549,573	17,888,243	73.5	6.1
Grand Total		10,666,596,077	5,908,680,847	6,590,099,338	1,104,358,646	61.8	18.7

Source: Machakos County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Mwala Level 4 Hospital in the Department of Health at 93.3 per cent, Matuu Level 4 in the Department of Health at 86.9 per cent, Kalama Level 4 in the Department of Health at 85.9 per cent, and General Administration and Support services at 71.0 per cent of budget allocation.

3.22.12 Accounts Operated in Commercial Banks

The County government operated a total of 31 accounts in commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya except for imprest bank accounts for petty cash and revenue collection bank accounts.

3.22.13 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 under-performance of own-source revenue collection at Kshs.1.05 billion against an annual target of Kshs.4.01 billion, representing 26.3 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.2.90 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.427.21 million were processed through the manual payroll, accounting for 8.4 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 operates commercial bank accounts contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the CBK. There are 31 commercial bank accounts.
5. There was an over-expenditure on the County Assembly committee sitting allowances at Kshs.48.12 million against the annual approved budget allocation of Kshs.43.0 million for the 61 MCAs. This is an indication of possible misappropriation of public funds.
6. Unexplained variances of Kshs.400.90 million between the submitted expenditures reports and IFMIS expenditure reports.
7. The underperformance of the development budget at an 18.7 per cent absorption rate as opposed to the expected absorption rate of 75 per cent of the total development expenditure in the reporting period.

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

1. *The County Treasury should address its own-source revenue performance to ensure the approved budget is fully financed. Meanwhile, appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The County Treasury should ensure that genuine pending bills are paid promptly in the remaining part of the financial year in line with the payment plan.*
3. *The Government requires that salaries be processed through the IPPD system. Accordingly, 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 and also ensure strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*
5. *The County Assembly should regularize the excess expenditure on committee sitting allowances within two months as provided in the PFM Act, 2012.*
6. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget and plans.*
7. *The County Government should address the procurement challenges so as to improve the absorption capacity of the development budget.*

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. 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 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 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 no Appropriations-in-Aid (A-I-A), 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 nine months of FY 2023/24, the County received Kshs.4.90 billion as an equitable share of the revenue raised nationally, Kshs.247.80 million as additional allocations/conditional grants, a cash balance of Kshs.641.01 million from FY 2022/23 and raised Kshs.741.89 million as own-source revenue (OSR). The raised OSR includes no ordinary A-I-A, Kshs.386.18 million as FIF and Kshs.355.71 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.53 billion, as shown in Table 3.153.

Table 3.153: Makueni County, Revenue Performance in the First Nine Months of FY 2023/24

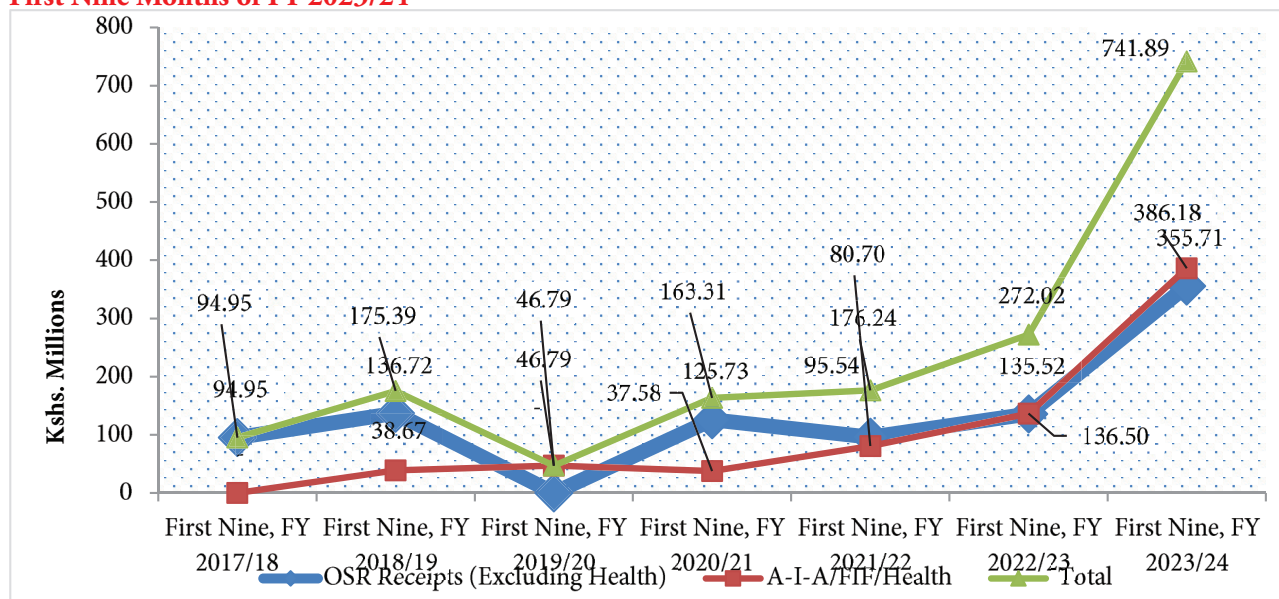
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,455,460,962	4,904,167,358	58.0
	Sub Total	8,455,460,962	4,904,167,358	58.0
B	Conditional Grants			
1	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	3,101,701	1,101,751	35.5
2	IDA (World Bank) Credit National Agricultural Value Chain Development Project (NAVC-DP)	250,000,000	195,552,033	78.2
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	51,141,910	34.1
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	2- 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	-	-
	Sub-Total	833,842,598	247,795,694	29.7
C	Other Sources of Revenue			
13	Ordinary Own Source Revenue	865,000,000	355,710,617	41.1
14	Balance b/f from FY2022/23	641,011,699	641,011,699	100.0
15	Facility Improvement Fund (FIF)	375,000,000	386,176,270	103.0
	Sub Total	1,881,011,699	1,382,898,586	73.5
	Grand Total	11,170,315,259	6,534,861,638	58.5

Source: Makueni County Treasury

The County has a FIF governing legislation known as The Makueni County Health Services Act 2017 to oversee the operation of Health FIF/A-I-A.

Figure 67 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 67: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



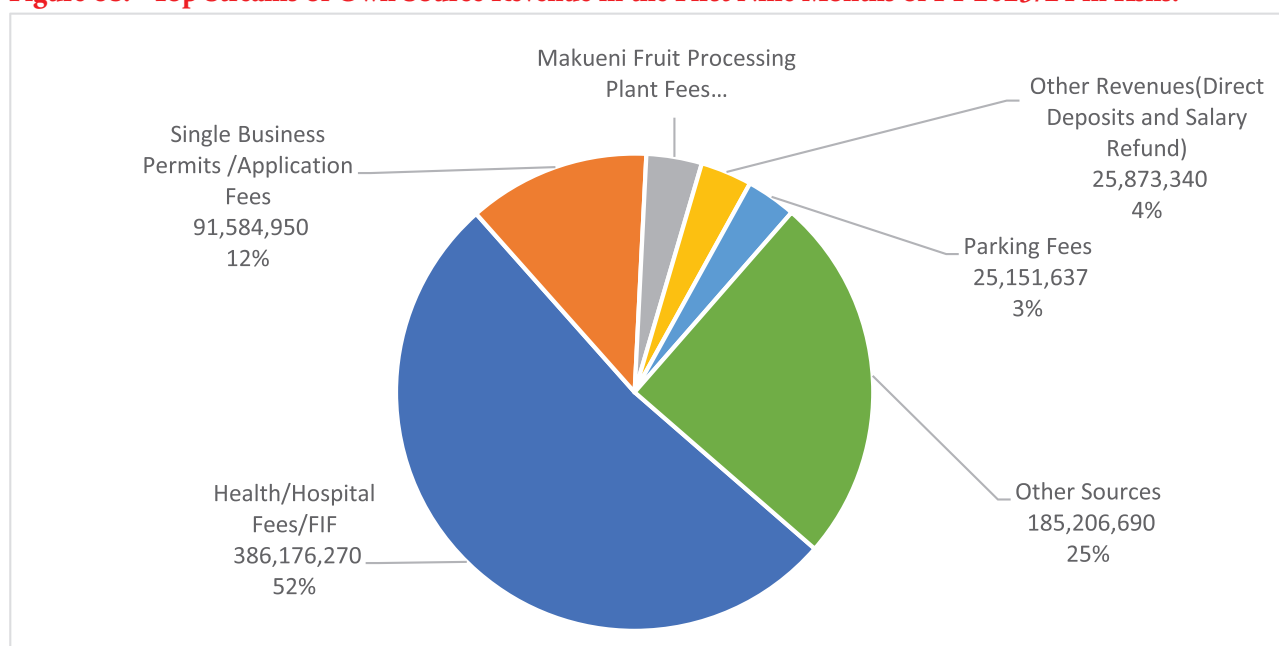
Source: Makueni County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.741.89 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 172.7 per cent compared to Kshs.272.02 million realised in a similar period in FY 2022/23 and was 59.8 per cent of the annual target and 15.1 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.9.21 million.

The Kshs.469.87 million (172.7 per cent) increase in OSR can be attributed to the timely issuance of invoices and demand notes to clients after consultative meetings. The County has enhanced revenue generation in semi-autonomous entities like The Makueni Fruit Processing and the Sand Authority to increase fees raised. The County is going Cashless on revenue collection through automation of the revenue services.

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 Nine Months of FY 2023/24 in Kshs.



Source: Makueni County Treasury

The highest revenue stream of Kshs.386.18 million was from Health Hospital fees/FIF, contributing to 52 per cent of the total OSR receipts during the reporting period.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.96 billion from the CRF account during the reporting period, which comprised Kshs.611.32 million (12.3 per cent) for development programmes and Kshs.4.35 billion (87.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.80 billion was released towards Employee Compensation and Kshs.1.54 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.0 billion.

3.23.4 County Expenditure Review

The County spent Kshs.5.0 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.8 per cent of the total funds released by the CoB and comprised Kshs.618.93 million and Kshs.4.38 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.7 per cent, while recurrent expenditure represented 57.5 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of verified pending bills amounting to Kshs.332.96 million, comprising Kshs.288.68 million for recurrent expenditure and Kshs.44.28 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.155.75 million. They consisted of Kshs.150.98 million for recurrent expenditure and Kshs.4.77 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.177.21 million.

The County Assembly had no pending bills as of 31st March 2024.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.45 billion on employee compensation, Kshs.1.31 billion on operations and maintenance, and Kshs.618.93 million on development activities. Similarly, the County Assembly spent Kshs.335.90 million on employee compensation, Kshs.275.16 million on operations and maintenance, and had no development expenditure, as shown in Table 3.154.

Table 3.154: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,733,780,398	882,052,960	3,765,155,018	611,063,547	55.9	69.3
Compensation to Employees	4,263,420,536	345,094,338	2,449,351,996	335,904,792	57.5	97.3
Operations and Maintenance	2,470,359,862	536,958,622	1,315,803,022	275,158,754	53.3	51.2
Development Expenditure	3,487,533,414	66,948,488	618,932,683	-	17.7	-
Total	10,221,313,811	949,001,448	4,384,087,701	611,063,547	42.9	64.4

Source: Makueni County Treasury

3.23.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.79 billion, or 42.6 per cent of the available revenue, which amounted to Kshs.6.53 billion. This expenditure represented an increase of 89.53 million (3.2 per cent) from Kshs.2.70 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 46.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.61 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.176.14 million was processed through manual pay-rolls. The manual payrolls accounted for 6.3 per cent of the total PE cost.

The County Assembly spent Kshs.26.14 million on committee sitting allowances for the 49 MCAs against the annual budget allocation of Kshs.40.58 million. The average monthly sitting allowance was Kshs.59,286 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 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 3.155: Performance of County Established Funds in the First Nine Months 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 30 th September 2023 (Yes/No.)
1.1.1.0.0.0.1 County Executive Established Funds					
	Makueni Emergency Fund	50,000,000	2,804,445	8,394,893	No
	Makueni County Bursary Fund	153,000,000	135,968,156	97,500,000.00	Yes
	Makueni County State and Public officers Car loan and Mortgages Fund	30,000,000	30,000,000	30,000,000	Yes
	Makueni County Youth, Women, PWDs and Table Banking Fund (Tetheka Fund)	500,000	-	-	Yes
County Assembly Established Funds					
	Makueni County Assembly MCAs and Public officers Car loan and Mortgages Fund (MCAs Car Reimbursements Benefit)	66,176,000	59,724,000	59,724,000	Yes
	Total	249,676,000	228,496,601	195,618,893	

Source: Makuni County Treasury

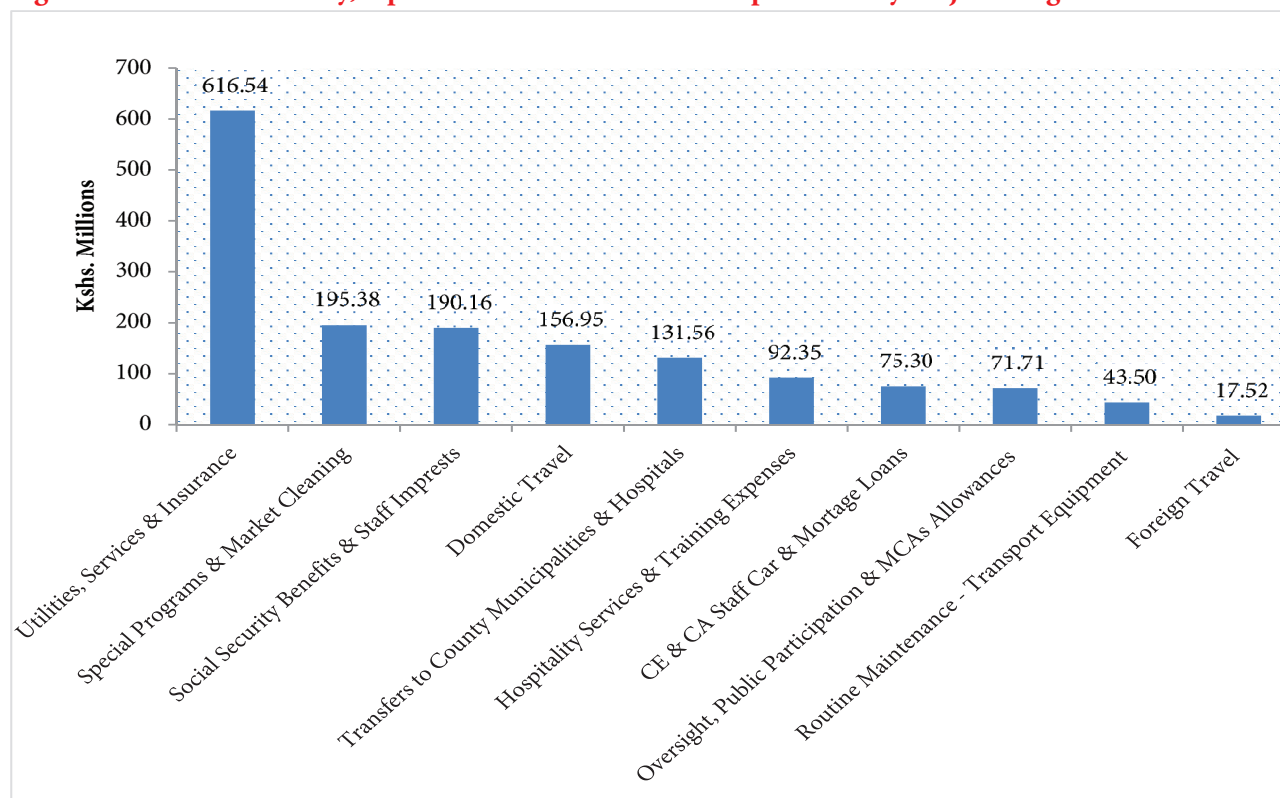
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the Makueni Emergency Fund, as indicated in Table 3.155, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration costs of the other listed funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Further, the Makueni Emergency Fund account is at the Central Bank of Kenya. 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.

3.23.9 Expenditure on Operations and Maintenance

Figure 69 summarizes 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.156.99 million and comprised Kshs.59.32 million spent by the County Assembly and Kshs.97.68 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.52 million and comprised Kshs.13.27 million by the County Assembly and Kshs.4.25 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.156.

Table 3.156: Summary of Expenditure on Foreign Travel as of 31st March 2024

Arm of the 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	To attend the National Conference of State Legislature	USA	2,692,346
County Executive	8	16th-20th October 2023	To attend training on the Strategic Human Resources Leadership Programme	Tanzania	2,303,117
County Assembly	4	25th to 30th November 2023	Study visit to the Parliament of Singapore	Singapore	2,110,864
County Assembly	5	26th November to 2nd dec 2023	Study visit to the Parliament of Uganda	Uganda	2,077,850

Arm of the Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Assembly	3	03rd Aug to 10th Aug 2023	To attend Board induction	Singapore	2,045,915
County Assembly	1	28th June 2023 to 11th July 2023	To attend an international conference on post-pandemic strategic public administration and management	Australia	1,189,512

Source: Makueni County Treasury and Makueni County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.50.26 million on garbage collection and Kshs.0.28 million on legal fees.

3.23.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.618.93 million on development programmes, representing an increase of 120.3 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.280.97 million. Table 3.157 summarises development projects with the highest expenditure in the reporting period.

Table 3.157: Makueni County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Contract sum	FY 2023/24 Supplementary Budget Estimates (1)	Amount paid to Date (Kshs)	Implementation status (%)
1	Health	Universal health care programme	Countywide	n/a	100,000,000.00	60,000,000.00	6-
2	Infrastructure	Rural Electrification Programme - RE-REC Matching grant	County wide	27,750,000.00	30,000,000.00	29,909,465.00	1-
3	Makueni Fruit Development Authority	Purchase of mangoes for puree production	HQ	14,400,000.00	14,400,000.00	14,262,531.00	10-
4	Makueni Fruit Development Authority	Puree production	HQ	13,000,000.00	13,549,224.00	13,549,224.00	10-
5	Infrastructure	Road Maintenance - all wards	All Wards	13,774,219.00	13,014,218.85	13,014,218.85	10-
6	Water	Purchase of a Backhoe to excavate communal household small dams of 500M cubic and desilting of earth dams	Kathonzweni	13,000,000.00	13,500,000.00	13,000,000.00	10-
7	Infrastructure	Roads improvement programme	County wide	12,007,102.00	12,007,102.32	11,662,098.60	10-
8	Water	Kyamakuthi earth dam in Kimeeni sub-location-Surveying, redesigning, desilting, rehabilitation, protection, setting up draw-off systems, water treatment systems and distribution	Kalawa		14,910,011.82	11,070,902.20	10-

S/No.	Sector	Project Name	Project Location	Contract sum	FY 2023/24 Supplementary Budget Estimates (1)	Amount paid to Date (Kshs)	Implementation status (%)
9	ICT, Education & Internship	CTTI Development and Capitation	HQ	-	20,553,968.10	10,488,847.00	5-
10	Emali-Sultan Municipality	Development of Municipal Integrated Development Plan (IDEP) and Municipal Spatial Plan	Emali-Sultan Municipality	9,884,998.00	10,000,000.00	9,999,999.40	10-

Source: Makueni County Treasury

3.23.11 Budget Performance by Department

Table 3.158 summarizes the approved budget allocation, expenditure and absorption rate by departments in the first nine months 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	-	330.42	-	327.72	-	99.2	-	71.9	-
Office of the County Secretary	422.73	-	337.21	-	337.08	-	100.0	-	79.7	-
County Attorney's Office	49.02	-	18.86	-	14.12	-	74.9	-	28.8	-
County Public Service Board	72.96	-	40.55	-	43.97	-	108.5	-	60.3	-
The Department of Devolution, County Administration and Special Programmes	314.39	23.05	182.38	1.29	168.84	3.99	92.6	309.2	53.7	17.3
The Department of Finance and Socio-Economic Planning	495.22	53.43	270.09	4.86	274.41	17.59	101.6	361.7	55.4	32.9
Agriculture, Irrigation, Livestock, Fisheries and Cooperative development	292.65	852.67	167.06	58.60	171.71	60.56	102.8	103.3	58.7	7.1
Makueni Fruit Development Authority	50.36	68.54	-	60.00	19.32	29.33	-	48.9	38.4	42.8
Water and Sanitation	110.04	649.09	62.05	138.03	53.13	133.43	85.6	96.7	48.3	20.6
ICT, Education and Internship	693.41	255.51	418.24	29.98	379.27	25.39	90.7	84.7	54.7	9.9
Health Services	3,214.69	581.37	1,567.29	98.11	1,638.22	104.72	104.5	106.7	51.0	18.0
Lands, Urban Planning and Development, Environment and Climate change	81.24	154.07	46.14	14.47	50.14	26.86	108.7	185.6	61.7	17.4
Sand Authority	64.64	10.00	36.09	7.50	45.04	5.71	124.8	76.1	69.7	57.1
Wote Municipality	44.08	15.47	31.32	4.62	31.42	6.76	100.3	146.3	71.3	43.7
Emali Municipality	28.27	26.66	16.82	24.60	9.61	22.04	57.1	89.6	34.0	82.7

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
Infrastructure, Transport, Public Works and Energy	158.97	593.27	107.86	146.68	90.37	148.76	83.8	101.4	56.8	25.1
Trade, Marketing, Industry, Culture and Tourism	120.52	44.76	75.75	6.83	78.88	10.13	104.1	148.3	65.5	22.6
Gender, Children, Youth, Sports and Social Services	64.76	159.64	32.32	15.75	31.91	23.66	98.7	150.2	49.3	14.8
County Assembly	882.05	66.95	604.99	-	611.06	-	101.0	-	69.3	-
Total	7,615.83	3,554.48	4,345.44	611.32	4,376.22	618.93	100.7	101.2	57.5	17.4

Source: Makueni County Treasury

Analysis of expenditure by departments shows that the Department of Emali Municipality recorded the highest absorption rate of the development budget at 82.7 per cent, followed by the Department of Finance and Socio-Economic Planning at 42.8 per cent. The Department of the Office of the County Secretary had the highest percentage of recurrent expenditure to budget at 79.7 per cent while the Department of the County Attorney's Office had the lowest at 28.8 per cent.

A breakdown of expenditure by department shows that 12 out of 19 departments benefited from Exchequer funds requested by other departments or balances carried forward from the previous financial year. These departments listed more than 100 per cent of expenditure beyond the granted exchequer releases.

The Supplementary Budget recurrent allocations for the County Assembly and the Executive were within the ceilings in CARA, 2023.

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 nine months of FY 2023/24.

Table 3.159: Makueni County, Budget Execution by Programmes and Sub-Programmes

Programme/ Sub Programme	2023/24 Supplementary 1 Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
	Recurrent Budget	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Land, Physical Planning & Mining						
SP1. General administration & planning	63,586,600	-	39,752,034	-	62.5	-
Programme 2: Land Survey & Mapping		-		-		
SP2. Land Survey & Mapping	1,050,000	33,796,781	850,000	3,924,060	81.0	11.6
Programme 3 : Urban planning				-		
SP3. 1 Urban planning	2,500,000	23,511,471	2,000,000	6,363,000	80.0	27.1
Programme 4: Mining mapping & development				-		
SP4. 1 Mining mapping & development	2,300,000	2,599,857	950,000	-	41.3	-
Programme 5: Environment management and protection						
SP 5. 1 Environment management and protection	11,800,000	94,164,536	6,585,000	16,576,261	55.8	17.6
Sub Total	81,236,600	154,072,645	50,137,034	26,863,321	61.7	17.4

Programme/ Sub Programme	2023/24 Supplementary 1 Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
Wote Municipality						
Programme 1: Wote Municipality						
SP 1. 1 Wote Municipality	44,076,808	15,472,931	31,416,697	6,762,178	71.3	43.7
Sub Total	44,076,808	15,472,931	31,416,697	6,762,178	71.3	43.7
Emali-Sultan Municipality						
Programme 1: Emali-Sultan Municipality						
SP 1. 1 Emali-Sultan Municipality	28,270,314	26,660,000	9,613,126	22,039,999	34.0	82.7
Sub Total	28,270,314	26,660,000	9,613,126	22,039,999	34.0	82.7
Sand Authority						
Programme 1: General administration & planning						
SP 1.1: General administration & Planning	64,642,065	10,000,000	45,043,014	5,707,765	69.7	57.1
Sub Total	64,642,065	10,000,000	45,043,014	5,707,765	69.7	57.1
Health Services						
Programme 1: General administration & planning						
SP1. 1 General administration & planning	2,789,775,689	512,595,788	1,415,125,093	95,342,216	50	18.6
Programme 2: Curative health care services						
SP2. 1 :Curative health care services	295,020,000	32,210,593	160,264,194	8,444,170	54.3	26.2
Programme 3; Preventive and promotive health care services						
SP3. 1 Preventive and promotive health care services	129,899,000	36,559,292	62,830,805	932,319	48.4	2.6
Sub Total	3,214,694,689	581,365,673	1,638,220,092	104,718,706	51.0	18.0
Infrastructure, Transport, Public works, Housing & Energy						
Programme 1: General administration & planning						
SP1. 1 General administration & planning	136,820,288	-	76,557,867		56	
Programme 2: Road Transport						
SP2.1: Road transport	4,423,500	490,223,823	2,417,380	101,130,179	54.6	20.6
Programme 3: Infrastructure development						
SP3.3: Infrastructure development	2,863,000	-	353,100	-	12.3	-
Programme 4 :Energy Infrastructure & development						
SP4.1:Energy Infrastructure & development	14,863,467	103,050,000	11,040,806	47,626,778	74.3	46.2
Sub Total	158,970,255	593,273,823	90,369,153	148,756,957	56.8	25.1
ICT, Education and Internship						
Programme 1: General administration & planning						
SP1. 1 General administration & planning	509,049,776	-	236,179,992	-	46.4	-
Programme 2: Early childhood development education						
SP2.1 : Early childhood development education	23,300,629	138,507,471	3,837,022	7,987,170	16.5	5.8
Programme 3: Technical training & non-formal education				-		

Programme/ Sub Programme	2023/24 Supplementary 1 Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
SP3.3: Technical training & non-formal education	1,300,000	77,586,702	647,650	13,268,092	49.8	17.1
Programme 4: Support to Education and Library Services						
SP4.1: Support to Education and Library Services	133,000,000	1,000,000	132,991,591	-	100.0	-
Programme 5: ICT Infrastructure & Systems Development						
SP5.1: ICT Infrastructure & Systems Development	15,705,000	38,416,681	5,506,770	4,135,050	35.1	10.8
Programme 6: Internship, Mentorship and volunteerism						
SP6.1: Internship, Mentorship and volunteerism	11,055,000	-	102,700	-	0.9	-
Sub Total	693,410,405	255,510,854	379,265,725	25,390,312	54.7	9.9
Trade and Industry						
Programme 1: General administration & planning						
SP1. 1 General administration & planning	97,439,102	3,375,725	61,759,704	-	63.4	-
Programme 2: Trade development & promotion						
SP2.1; Trade development & promotion	4,300,000	31,384,964	3,447,300	8,189,481	80.2	26.1
P3; Industrial development and promotion						
SP3. 1 Industrial development and promotion	650,000	-	300,000	-	46.2	-
Programme 4: Tourism development & promotion						
SP4. 1 Tourism development & promotion	730,000	10,000,000	700,000	940,600	95.9	9.4
Programme 5: Culture, Art and the Music promotion						
SP5. 1 Culture, Art and the Music promotion	17,400,000	-	12,677,720	1,000,000	72.9	-
Sub Total	120,519,102	44,760,689	78,884,724	10,130,081	65.5	22.6
Gender, Children, Youth, Sports, and Social Services						
Programme 1: General administration & planning				-		
P1: General administration & planning	46,912,189	-	24,516,464	-	52.3	-
Programme 2: Gender and Social Development						
P2: Gender and Social Development	11,451,972	60,145,549	3,871,385	6,946,935	33.8	11.6
Programme 3: Sports development						
P3; Sports development	4,200,000	71,870,772	3,193,040	15,656,447	76.0	21.8
Programme 4: Youth empowerment						
P4; Youth empowerment	2,200,000	27,620,650	325,000	1,053,000	14.8	3.8
Sub Total	64,764,161	159,636,971	31,905,889	23,656,382	49.3	14.8
County Attorney						
SP1. 1 General Administration & Support Services						
P1: General administration & planning	49,023,507	-	14,120,396	-	28.8	-
Sub Total	49,023,507	-	14,120,396	-	28.8	-
Governorship						
SP1. 1 General Administration & Support Services						
P1: General administration & planning	455,827,360	-	327,718,939	-	71.9	-

Programme/ Sub Programme	2023/24 Supplementary 1 Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
Sub Total	455,827,360	-	327,718,939	-	71.9	-
County Secretary						
Programme 1. Leadership & coordination of departments						
SP1. 1 Leadership & coordination of departments	422,725,533	-	337,082,012	-	79.7	-
Sub Total	422,725,533	-	337,082,012	-	79.7	-
CPSB						
Programme 1: Public Service Human Resource Management and Development.						
SP2 : Public Service Human Resource Management and Development.	72,963,647	-	43,971,954	-	60.3	-
Sub Total	72,963,647	-	43,971,954	-	60.3	-
Finance & Socio-Economic Planning						
SP1. 1 General Administration & Support Services						
SP1: General administration & planning	362,477,457	53,425,662	201,660,856	17,591,851	55.6	32.9
Programme 2: Public financial management						
SP2: Public financial management	132,745,622	-	72,745,413	-	54.8	-
Sub Total	495,223,080	53,425,662	274,406,269	17,591,851	55.4	32.9
Devolution, Public participation, County Administration and Special Programmes						
Programme 1: General Administration & Planning						
SP1: General Administration & Planning	253,538,486	23,054,646	126,986,621	3,991,061	50.1	17.3
Programme 2: Participatory Development. & civic education						
SP2: Participatory Development. & civic education	13,417,797	-	10,000,000	-	74.5	-
Programme 3: Research, Documentation and Knowledge Management						
SP3: Research, Documentation and Knowledge Management	4,500,000	-	2,550,007	-	56.7	-
Programme 4: Coordination of Service Delivery and Enforcement						
SP4: Coordination of Service Delivery and Enforcement	26,670,000	-	20,100,014	-	75.4	-
Programme 5: Disaster Risk Preparedness and Mitigation						
SP5: Disaster Risk Preparedness and Mitigation	9,861,200	-	6,100,014	-	61.9	-
Programme 6: Alcoholic Drinks Control and Licencing						
SP6: Alcoholic Drinks Control and Licencing	6,400,000	-	3,100,014	-	48.4	-
Sub Total	314,387,483	23,054,646	168,836,669	3,991,061	53.7	17.3
Water and Sanitation						
Programme 1: General administration & planning						
SP1: General Administration & Planning	87,894,325	16,037,965	44,431,095	7,753,690	50.6	48.3
Programme 2: Water infrastructure Development						
SP 2.1: Water harvesting and storage	8,422,000	218,368,534	5,702,550	49,263,353	67.7	22.6

Programme/ Sub Programme	2023/24 Supplementary 1 Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
SP2: Piped water supply infrastructure	3,860,000	315,680,384	1,609,990	56,316,760	41.7	17.8
SP3: Ground water development	9,860,000	99,005,129	1,388,648	20,098,929	14.1	20.3
Sub Total	110,036,325	649,092,012	53,132,283	133,432,731	48.3	20.6
Agriculture, Irrigation, Livestock, Fisheries and Cooperative						
Programme 1: General administration & planning						
SP1: General Administration & Planning	64,262,760	413,633,330	40,272,956	5,355,350	62.7	1.3
Programme 2: Land, Crop development & productivity						
SP 2: Land, Crop development & productivity	74,502,084	256,567,461	55,173,763	22,097,865	74.1	8.6
P3; Agribusiness and information management						
SP3; Agribusiness and information management	13,800,000	97,538,127	9,881,532	17,422,511	71.6	17.9
Programme 4: Livestock Production, Management and Development						
SP 4: Livestock Production, Management and Development	120,601,520	76,298,451	51,858,430	14,513,431	43.0	19.0
Programme 5: Cooperative Development						
SP 5: Cooperative Development	19,486,288	8,633,915	14,523,696	1,169,310	74.5	13.5
Sub Total	292,652,652	852,671,284	171,710,377	60,558,467	58.7	7.1
Makueni Fruit Development and Marketing Authority						
SP1. 1 General Administration & Support Services						
P1: General administration & planning	50,356,413	68,536,224	19,320,665	29,332,872	38.4	42.8
Sub Total	50,356,413	68,536,224	19,320,665	29,332,872	38.4	42.8
County Assembly						
Programme 1: Legislation and Representation						
SP1: Legislation and Representation	882,052,960	66,948,488	611,063,547	-	69.3	-
Sub Total	882,052,960	66,948,488	611,063,547	-	69.3	-
Grand Totals	7,615,833,357	3,554,481,901	4,376,218,564	618,932,683	61.9	17.4

Source: Makueni County Treasury

Sub-programmes with the highest levels of recurrent implementation were Sub programs Support to Education and Library Services at 100 per cent and Tourism Development Promotion at 95.9 per cent. The Sub programs with the Highest levels of development implementation was Emali Sultan Municipality at 82.7 per cent and Sand Authority General Administration and Planning Program at 57.1 per.

3.23.13 Accounts Operated in Commercial Banks

The County government operated a total of 17 accounts with commercial banks. This is 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. The only exemption is for imprest bank accounts for petty cash and Own Source Revenue collection and sweeping 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. Failure to refund unspent grants and county 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 3.155 and Table 3.158.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.176.14 million were processed through the manual payroll, accounting for 6.3 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.
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 accounts are for the County Funds, receipt and management of Hospital funds.

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 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 and revenue collection accounts are exempted.*
4. *The County Treasury observe fiscal discipline in line with the budget allocations to ensure expenditure is authorized.*

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 is Kshs.13.01 billion, comprising Kshs.5.04 billion (38.8 per cent) and Kshs.7.97 billion (61.2 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.8.43 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 nine months of FY 2023/24, the County received Kshs.6.75 billion as an equitable share of the revenue raised nationally, Kshs.40.45 million as additional allocations/conditional grants, had a cash balance of Kshs.525.03 million from FY 2022/23, and raised Kshs.110.12 million as own-source revenue (OSR). The raised OSR includes Kshs.22.7 million as FIF and Kshs.87.42 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.7.42 billion, as shown in Table 3.160.

Table 3.160: Mandera County, Revenue Performance in the First Nine Months of FY 2023/24

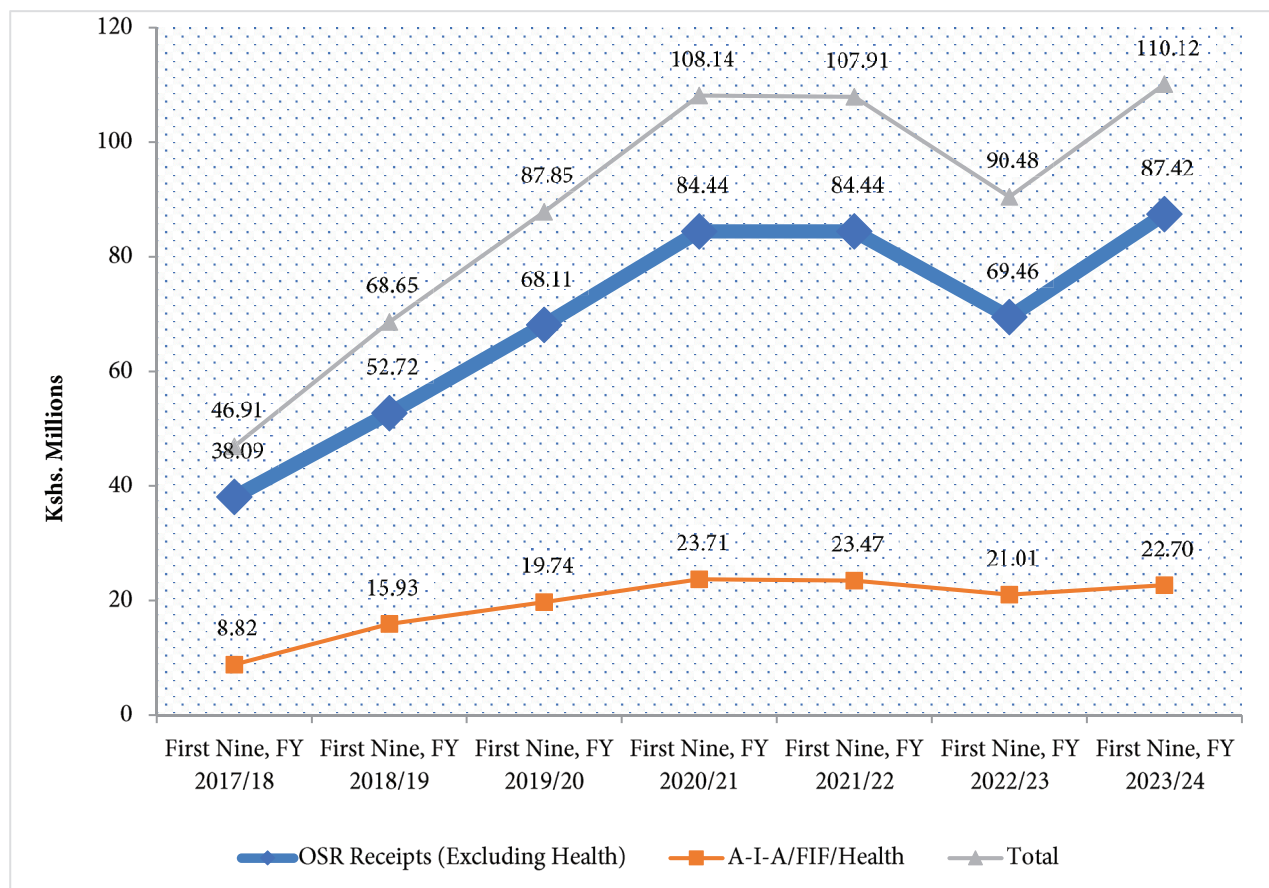
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	11,633,191,646	6,747,251,155	58.0
	Subtotal	11,633,191,646	6,747,251,155	58.0
B	Additional Allocations/Conditional Grants			
1.	Kenya Urban and Institutional Grant b/f	21,451,158	21,451,158	100.0
2.	FLLoCA	11,000,000	11,000,000	100.0
3.	FLOCCA balance from FY 2022/2023 in SP Account	6,644,937	6,644,937	100.0
4.	KDSP balance in SP Account	851,785	851,785	100.0
5.	Sweden -Agricultural Sector Development Support Program (ASDSP) II - Co-Funding	4,257,207	500,000	11.7
6.	World Bank Emergency Locust Response Project (ENRP)	180,282,153	-	-
7.	Conditional Grant for Aggregated Industrial Parks Programme	100,000,000	-	-
8.	Kenya Climate-smart Agriculture Project (NEDI)	90,000,000	-	-
9.	De-Risking and Value Enhancement (DRIVE)	72,541,980	-	-
10.	DANIDA Grant - Primary Health Care	18,653,250	-	-
11.	Conditional Grant for Provision of Fertilizer Subsidy Programme	13,777,962	-	-
12.	Allocation for Mineral royalties	1,028	-	-
	Subtotal	519,461,460	40,447,880	7.8
C	Own Source Revenue			
13.	Ordinary Own Source Revenue	284,748,838	87,424,352	30.7
14.	Facility Improvement Fund (FIF)	51,785,008	22,696,129	43.8
	Subtotal	336,533,846	110,120,481	32.7
D	Other Sources of Revenue			
15.	Unspent balance from FY 2022/23	525,029,928	525,029,928	100.0
	Sub Total	525,029,928	525,029,928	100.0
	Grand Total	13,014,216,880	7,422,849,444	57.0

Source: Mandera County Treasury

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 70 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 70: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

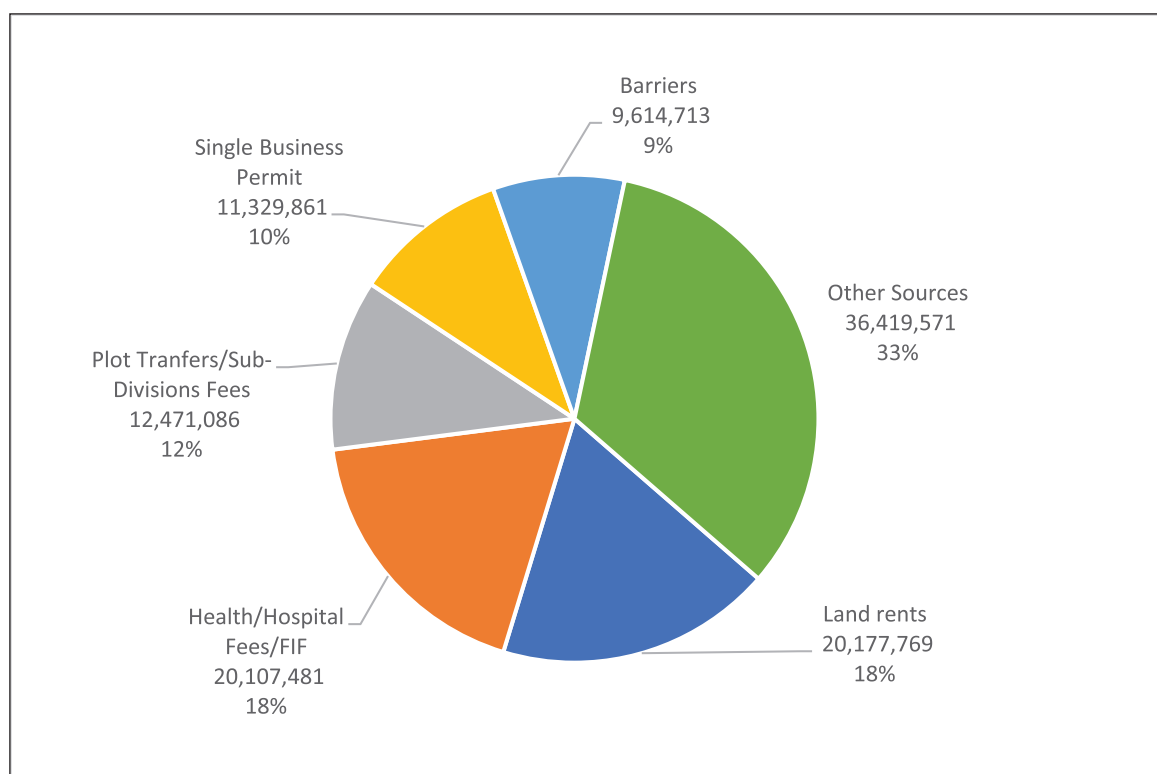


Source: Mandera County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.110.12 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 23.6 per cent compared to Kshs.90.5 million realised in a similar period in FY 2022/23 and was 32.7 per cent of the annual target and 1.6 per cent of the equitable revenue share disbursed during the period.

The increase in OSR can be attributed to improvement in revenue automation and enforcement as well as relative security stability leading to improved revenue collection. 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 Nine Months of FY 2023/24 in Kshs.



Source: Mandera County Treasury

The highest revenue stream of Kshs.20.18 was from Land Rates contributing to 18 per cent of the total OSR receipts during the reporting period.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.36 billion from the CRF account during the reporting period, which comprised Kshs.1.91 billion (26 per cent) for development programmes and Kshs.5.45 billion (74 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.63 billion was released towards Employee Compensation and Kshs.2.82 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.21.3 million.

3.24.4 County Expenditure Review

The County spent Kshs.7.36 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.5.45 billion and Kshs.1.91 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 38 per cent, while recurrent expenditure represented 68.3 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.3.10 billion, comprising of Kshs.736.5 million for recurrent expenditure and Kshs.2.36 billion for development activities. In the first nine months of FY 2023/24, the county paid off recurrent pending bills attributed to salary arrears of Kshs.654.19 million and Kshs.473.21 million from Development pending bills. The county reported that, as of 31st March 2024, the outstanding amount was Kshs.1.97 billion.

The County Assembly did not report any outstanding pending bills as of 31st March 2024.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.43 billion on employee compensation, Kshs.2.56 billion on operations and maintenance, and Kshs.1.79 billion on development activities. Similarly, the County Assembly spent Kshs.205.1 million on employee compensation, Kshs.251.37 million on operations and maintenance, and Kshs.119.1 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
Total Recurrent Expenditure	7,096,618,120	873,911,204	4,991,081,751	456,440,523	70.3	52.2
Compensation to Employees	4,372,525,851	431,848,816	2,426,481,031	205,067,626	55.5	47.5
Operations and Maintenance	2,724,092,269	442,062,388	2,564,600,720	251,372,897	94.1	56.9
Development Expenditure	4,784,598,760	259,088,796	1,795,640,330	119,054,633	37.5	46.0
Total	11,881,216,880	1,133,000,000	6,786,722,081	575,495,156	57.1	50.8

Source: Mandera County Treasury

3.24.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.63 billion, or 35.5 per cent of the available revenue, which amounted to Kshs.7.42 billion. This expenditure represented an increase from Kshs.2.03 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 39.9 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.2.49 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.205.07 million was processed through manual payrolls. The manual payrolls accounted for 5.6 per cent of the total PE cost.

The County Assembly spent Kshs.9.48 million on committee sitting allowances for the 51 MCAs against the annual budget allocation of Kshs.32 million. The average monthly sitting allowance was Kshs.20,664.27 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. Table 3.162 summarises the established Fund's budget allocation and performance during the reporting period.

Table 3.162: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
	County Executive Established Funds					
1.	Bursary Fund	460,000,000.00	305,963,200.00	305,963,200.00	1,392,000,000	YES
	Total	460,000,000.00	305,963,200.00	305,963,200.00	-	

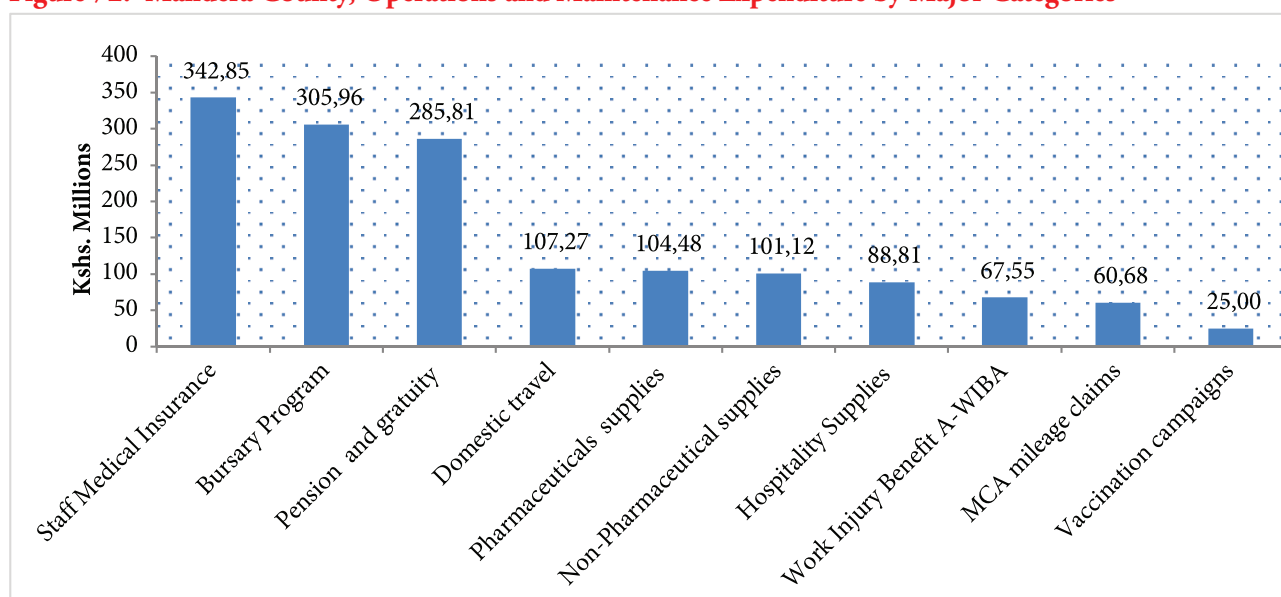
Source: Mandera County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of the Bursary fund, as indicated in Table 3, in line with the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Bursary Funds were within the 3 per cent limit of the Fund budget set in Regulation 197(1) (d) of the Public Finance Management (County Governments) Regulations, 2015.

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.

3.24.9 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.107.3 million and comprised Kshs.53.33 million spent by the County Assembly and Kshs.53.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.1 million and was all incurred by the County Assembly. The County Executive did not incur any expenditure on foreign travel. Expenditure on foreign travel is summarised in Table 3.163.

Table 3.163: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	4 th to 11 th Feb, 2024	Attended effective leadership and management training	Landmark Hotel -UAE	7,934,718
County Assembly	8	11 th to 17 th Feb, 2024	Attended Modern Governance dynamics: legislation and oversight training	Holiday Inn Hotel - Kuala Lambur	7,728,410
County Assembly	2	27 th Oct – 5 th Nov, 2023	Performance management system and localization of SDGs	Kent, United Kingdom	3,766,631
County Assembly	2	1 st – 7 th Oct, 2023	Official duty to attend smart innovation conference in Las Vegas	Las Vegas, USA	1,930,208
County Assembly	1	28th February to 7th March 2024	Invitation to an educational conference and tour of India	Mumbai	690,200

Source: Mandera County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.40 million on garbage collection and Kshs.25 million on legal fees.

3.24.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.91 billion on development programmes, representing an increase of 15 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.67 billion. Table 3.164 summarises development projects with the highest expenditure in the reporting period.

Table 3.164: 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	Water Services	Proposed Construction Of 60,000M3 Alungu Earth Pan	Lafey	32,147,000.0	5,000,000.0	16
2	Water Services	Proposed Construction Of 60,000M3 Chame Earth Pan	Banisa	31,877,040.0	14,750,000.0	46
3	Water Services	Proposed Construction Of 60,000M3 Silkin Earth Pan	Banisa	31,277,000.0	14,700,000.0	47
4	Water Services	Proposed Construction Of 60,000M3 Fino Earth Pan	Lafey	31,273,000.0	10,600,000.0	34
5	Water Services	Proposed Construction Of 60,000M3 Sukela Dera Earth Pan	Mandera West	31,137,000.0	5,600,000.0	18
6	Water Services	Construction Of Baaye Earth pan	Banisa	31,075,000.0	5,000,000.0	16
7	Water Services	Desilting of qonqay and chachabole earthpan	Mandera West	18,457,300.0	18,457,300.0	100
8	Water Services	Desilting Of Didkuro 2, Danish and Omar Jillow Earth pans	Mandera West	18,186,700.0	18,186,700.0	100
9	Health	Renovation and Alteration works of the Dental Unit Block at MCRH	Mandera East	10,000,000.0	10,000,000.0	100
10	Water Services	Desilting Of Kosaye Earth pan	Banisa	10,000,000.0	10,000,000.0	100

Source: Mandera County Treasury

3.24.11 Budget Performance by Department

Table 3.165 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.165: 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	457.60	119.05	456.44	119.05	99.7	100.0	52.2	46.0
Office of the Governor & Deputy Governor	447.18	-	335.44	-	335.44	-	100.0	-	75.0	-
Finance and Economic Planning	375.06	36.75	271.76	14.00	271.76	14.00	99.4	100.0	72.5	38.1
Agriculture, Livestock and Fisheries	252.68	604.28	160.24	48.40	160.24	48.40	100.0	100.0	63.4	8.0
Water, Energy, Environment & Natural Resources	367.43	1,516.69	266.72	708.57	266.72	708.57	100.0	100.0	72.6	46.7
Education and Human Capital Development	1,075.49	198.56	731.68	53.62	731.68	53.62	100.0	100.0	68.0	27.0
Health Services	1,988.71	439.08	1,405.69	185.12	1,405.69	185.12	100.0	100.0	70.7	42.2
Lands and Urban Development	202.35	561.32	103.75	293.50	103.75	293.50	100.0	100.0	51.3	52.3
Roads, Transport and Works	331.83	515.23	138.48	84.00	138.48	84.00	100.0	100.0	41.7	16.3
Social Development	98.84	605.50	62.36	382.83	62.36	382.83	100.0	100.0	63.1	63.2
Public Service Management, Devolved Units & Community Cohesion	1,555.25	39.13	1,341.91	1.60	1,341.91	1.60	100.0	100.0	86.3	4.1
County Public Service Board	73.22	10.73	52.55	-	52.55	-	100.0	-	71.8	-
Trade and Cooperative Development	68.89	257.31	44.55	24	44.55	24.00	100.0	100.0	64.7	9.3
Office of the County Secretary	82.50	-	29.70	-	29.70	-	100.0	-	36.0	-
Office of the County Attorney	177.19	-	46.26	-	46.26	-	100.0	-	26.1	-
	7,970.53	5,043.69	5,448.68	1,914.69	5,447.52	1,914.69	100.0	100.0	68.3	38.0

Source: Mandera County Treasury

Analysis of expenditure by departments shows that the Department of Social Development recorded the highest absorption rate of development budget at 63.2 per cent, followed by the Department of Lands at 52.3 per cent. The Department of Public Service had the highest percentage of recurrent expenditure to budget at 86.3 per cent while the Department of Roads had the lowest at 41.7 per cent.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in the CARA, 2023.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.166 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.166: Mandera County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A *100
Agriculture, Livestock and Irrigation	General Administration & Support Services	121,096,434	92,390,173	28,706,261	76.3
	Livestock Resources Management and Development	206,367,443	77,671,000	128,696,443	37.6
	Crop Management and Development	473,817,322	30,230,000	443,587,322	6.4
	Irrigation Development and Management	55,684,348	8,350,000	47,334,348	15.0
		856,965,547	208,641,173	648,324,374	24.3
Lands, Housing and Physical Development	Administration Services	59,567,253	44,977,778	14,589,475	75.5
	Land Use Planning and Survey	111,148,981	10,199,900	100,949,081	9.2
	Physical Planning housing and urban development	508,051,158	291,400,000	216,651,158	57.4
	Solid Waste Management	84,900,000	50,670,000	34,230,000	59.7
		763,667,392	397,247,678	366,419,714	52.0
Roads, Public Works and Transport	Administrative Services	150,295,375	109,031,959	41,263,416	72.5
	Road And Air Transport Infrastructure Development	661,904,594	106,895,921	555,008,673	16.1
	Public Works Management	34,856,126	6,550,000	28,306,126	18.8
		847,056,095	222,477,880	624,578,215	26.3
Trade and Cooperative Development	General Administration and Planning	40,489,411	30,294,719	10,194,692	74.8
	Cooperative Development and Promotion	20,650,281	4,360,000	16,290,281	21.1
	Trade Development and Promotion	265,064,774	33,900,000	231,164,774	12.8
		326,204,466	68,554,719	257,649,747	21.0
Health Services	Administrative Services	1,410,585,931	1,049,364,371	361,221,561	74.4
	Preventive, Promotive and Reproductive Health Services	216,694,813	87,572,000	129,122,813	40.4
	Curative Rehabilitative and Referral Services	800,507,668	453,874,913	346,632,755	56.7
		2,427,788,412	1,590,811,284	836,977,128	65.5
Education and Human Capital	General Administration & Support Services	952,691,488	672,405,497	280,285,991	70.6
	Early Childhood Education	289,607,052	101,939,000	187,668,052	35.2
	Vocational and Technical Training Services	25,250,000	5,050,000	20,200,000	20.0
	Education Support Services	6,500,000	5,900,000	600,000	90.8
		1,274,048,540	785,294,497	488,754,043	61.6
Office of the Governor	Management of County Affairs	447,179,685	335,437,615	111,742,070	75.0
		447,179,685	335,437,615	111,742,070	75
Office of the County Secretary	Leadership and executive coordination	82,502,802	29,700,000	52,802,802	36.0
		82,502,802	29,700,000	52,802,802	36
Office of the County Attorney	Legal and advisory services	177,190,939	46,260,000	130,930,939	26.1

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
		177,190,939	46,260,000	130,930,939	26.1
County Public Service Board	Ethics, Governance and Public Service Values	83,949,490	52,546,144	31,403,346	62.6
		83,949,490	52,546,144	31,403,346	62.6
County Assembly	Legislation and Representation	1,133,000,000	575,495,156	1,133,000,000	50.8
		1,133,000,000	575,495,156	1,133,000,000	51
Finance and Economic Planning	Administrative and Planning Services	290,703,038	213,908,873	76,794,165	73.6
	Accounting Services	39,553,275	16,550,000	23,003,275	41.8
	Financial Services and Report	3,200,000	2,700,000	500,000	84.4
	Internal Audit Services	2,800,000	1,900,000	900,000	67.9
	Supply Chain Management Affairs	12,000,000	11,650,000	350,000	97.1
	County Asset Management system	2,800,000	2,100,000	700,000	75.0
	County Economic Planning and Statistics	20,804,811	8,300,000	12,504,811	39.9
	Revenue Collection and Enhancement	20,400,000	16,550,000	3,850,000	81.1
	ICT and E-Government Services	19,551,179	12,100,000	7,451,179	61.9
		411,812,303	285,758,873	126,053,430	69.4
County Public Service Management	Administration and Support Services	1,442,477,418	1,273,927,003	168,550,415	88.3
	Devolved Governance and Enforcement Services	111,072,521	37,156,105	73,916,416	33.5
	Civic Education and Public Participation	7,500,000	5,800,000	1,700,000	77.3
	De-Radicalization and Countering Violence	17,530,000	14,530,000	3,000,000	82.9
	Community Cohesion and Conflict Management	15,800,000	12,100,000	3,700,000	76.6
		1,594,379,939	1,343,513,108	250,866,831	84.3
Social Development	Administration and Support Services	33,519,696	30,467,611	3,052,085	90.9
	Women Empowerment and Affirmative Action	9,000,000	5,800,000	3,200,000	64.4
	Youth Empowerment and Sports	28,575,276	5,400,000	23,175,276	18.9
	Culture and Gender Development Promotion	27,850,000	10,650,000	17,200,000	38.2
	Disaster Preparedness and Management	605,398,642	392,870,000	212,528,642	64.9
		704,343,614	445,187,611	259,156,003	63
Water, Energy, Environment and Climate Change	Administrative Services	162,772,457	120,020,500	42,751,957	73.7
	Water and Sewerage Management	1,636,036,012	833,171,000	802,865,012	50.9
	Energy and Natural Resources	23,700,000	6,500,000	17,200,000	27.4
	Environment and Climate Change	61,619,187	15,600,000	46,019,187	25.3
		1,884,127,656	975,291,500	908,836,156	51.8
	GRAND TOTAL	13,014,216,880	7,362,217,237	5,651,999,643	52.1

Source: Mandera County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Supply Chain management affairs in the Department of Finance at 97.1 per cent, Administration and Support Services in the Department of Social Services at 90.9 per cent, Education Support Services in the Department of Education at 90.8 per cent of budget allocation.

3.24.13 Accounts Operated in Commercial Banks

The County government operated a total of 20 accounts with commercial banks. Contrary to regulations 82(1) (b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

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.110.12 million against an annual target of Kshs.336.53 million, representing 32.7 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.1.83 billion as of 31st March 2024.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.205.1 million were processed through the manual payroll, accounting for 7.8 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.
4. Poor network connectivity affecting operations at the county treasury

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with the available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *The County treasury should liaise with the National Government to address the frequent address network connectivity challenges*

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.190.00 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.71.33 million (37.5 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.153.

3.25.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.38 billion as an equitable share of the revenue raised nationally, Kshs.18.02 million as additional allocations/conditional grants, had a cash balance of Kshs.513.53 million from FY 2022/23 and raised Kshs.103.96 million as own-source revenue (OSR). The raised OSR includes Kshs.68.75 million as FIF and Kshs.35.21 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.02 billion, as shown in Table 3.167.

Table 3.167: Marsabit County, Revenue Performance in the First Nine Months of FY 2023/24

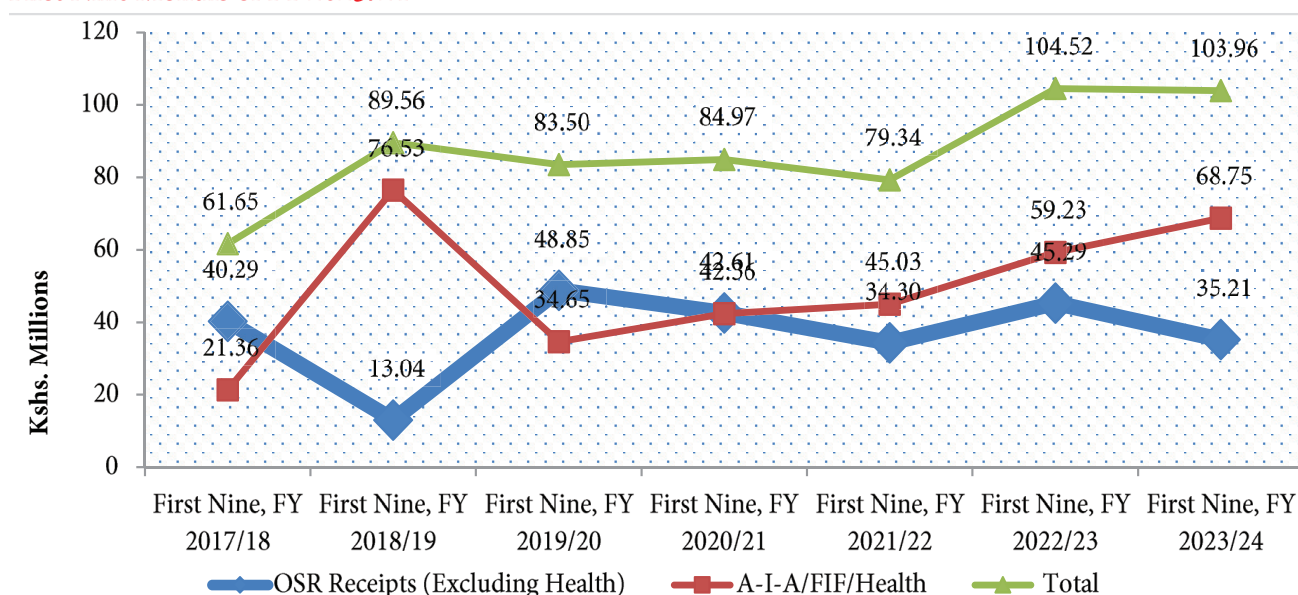
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,560,398,412.00	4,385,031,079.00	58.0
	Subtotal	7,560,398,412.00	4,385,031,079.00	58.0
B	Additional Allocations/Conditional Grants			
1	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	500,000	0.6
2	DANIDA Grant - Primary Health	12,538,500	-	0.0
3	IDA (World Bank) Credit (Financing Locally Led Climate Action (FLLOCA) Programme, County Climate Institutional Support (CCIS) Grant	11,000,000	-	0.0
4	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,431,190	1,431,190	100.0
5	German Development Bank (KfW) - Drought Resilience Programme in Northern Kenya (DRPNK)	300,000,000	-	0.0
6	World Bank- Emergency Locust Response Project (ELRP)	195,670,752	-	0.0
7	Kenya Livestock Commercialization Project (KELCOP)	37,500,000	16,095,846	42.9
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	-	-
14	Marsabit County Drought Resilience-Balance B/F	145,038,663	-	-
	Subtotal	1,160,719,176	18,027,036	1.6

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	Own Source Revenue			
1	Ordinary Own Source Revenue	118,670,000	35,208,022	29.3
2	Facility Improvement Fund (FIF)	71,330,000	68,752,783	98.2
	Subtotal	190,000,000	103,960,805	54.7
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	513,532,859	513,532,859	100.0
	Sub Total	513,532,859	513,532,859	100.0
	Grand Total	9,424,650,447	5,020,551,779	53.3

Source: Marsabit County Treasury

Figure 73 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

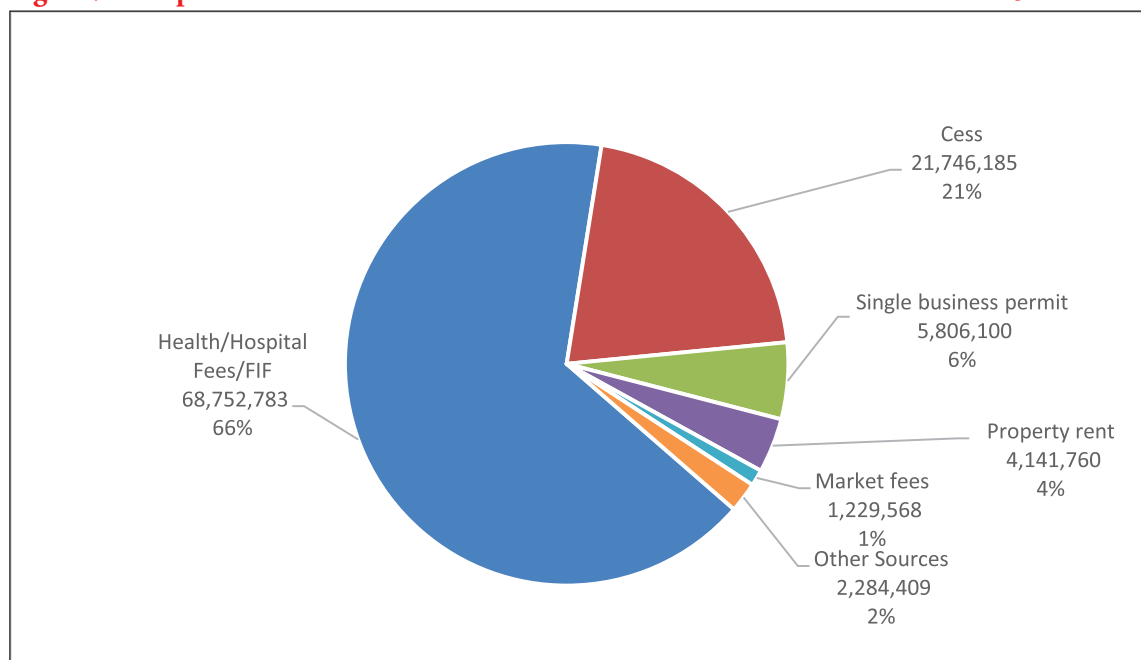
Figure 73: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Marsabit County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.103.96 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented a decrease of 0.5 per cent compared to Kshs.104.52 million realised in a similar period in FY 2022/23 and was 54.7 per cent of the annual target and 2.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 74.

Figure 74: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Marsabit County Treasury

The highest revenue stream of Kshs.68.75 million was from hospital fees/facility improvement funds, contributing to 66.0 per cent of the total OSR receipts during the reporting period.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.88 billion from the CRF account during the reporting period, which comprised Kshs.1.42 billion (29.1 per cent) for development programmes and Kshs.3.46 billion (70.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.32 billion was released towards Employee Compensation and Kshs.1.13 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.75.07 million.

3.25.4 County Expenditure Review

The County spent Kshs.4.82 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.1.42 billion and Kshs.3.39 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 32.8 per cent, while recurrent expenditure represented 66.7 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.716.12 million, comprising Kshs.19.72 million for recurrent expenditure and Kshs.696.40 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.427.66 million. They consisted of Kshs.19.72 million for recurrent expenditure and Kshs.407.94 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.288.46 million.

The County Assembly reported outstanding pending bills of Kshs.241.06 million as of 31st March 2024.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.14 billion on employee compensation, Kshs.605.82 million on operations and maintenance, and Kshs.1.38 billion on development activities. Similarly, the County Assembly spent Kshs.183.22 million on employee compensation, Kshs.468.55 million on operations and maintenance, and Kshs.30.93 million on development activities, as shown in Table 3.168.

Table 3.168: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,309,096,362	791,217,081	2,747,886,648	651,788,311	63.8	82.4
Compensation to Employees	3,068,503,691	275,586,934	2,142,066,546	183,228,778	69.8	66.5
Operations and Maintenance	1,240,592,671	515,630,147	605,820,102	468,559,533	48.8	90.9
Development Expenditure	3,798,853,015	525,483,989	1,388,237,050	30,935,524	36.5	5.9
Total	8,107,949,377	1,316,701,070	4,136,123,698	682,723,835	51.0	51.9

Source: Marsabit County Treasury

3.25.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.33 billion, or 46.3 per cent of the available revenue, which amounted to Kshs.5.02 billion. This expenditure represented an increase from Kshs.2.11 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.981.51 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.1.96 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.356.79 million was processed through manual payrolls. The manual payrolls accounted for 15.3 per cent of the total PE cost.

The County Assembly spent Kshs.19.85 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.34.71 million. The average monthly sitting allowance was Kshs.66,850 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 3.169 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.169: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Scholarship Fund	200,000,000	200,000,000	150,000,000	647,000,000.00	No
2	Emergency Fund	50,000,000	50,000,000	50,000,000	826,999,240.00	No
3	Car Loan and Mortgage- Executive	70,000,000	-	-	121,000,000.00	No
4	Sub Total	320,000,000	250,000,000	250,000,000	1,594,999,240.00	
County Assembly Established Funds						
5	Car and mortgage loan scheme for staff	57,407,675	40,000,000	55,600,000	219,000,000	No
6	Marsabit County Assembly Car Loan and Mortgage –Members	NIL	NIL	14,366,505	124,162,996	No
7	Sub Total	57,407,675	40,000,000	69,966,505	343,162,996	
	Total	377,407,675	290,000,000	319,966,505	1,938,162,236	

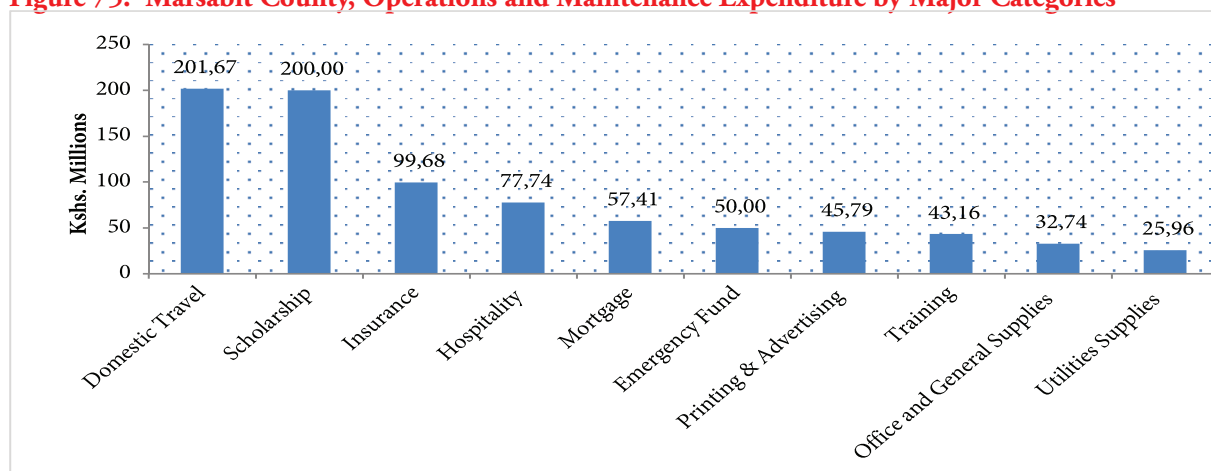
Source: Marsabit County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Scholarship, Emergency, Car Loan and Mortgage- Executive & County Assembly 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.201.67 million and comprised Kshs.113.58 million spent by the County Assembly and Kshs.88.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.29 million and comprised Kshs.14.60 million by the County Assembly and Kshs.4.69 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.170.

Table 3.170: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	22/11/2023	To receive Ambulances Donation	U. K	3,399,484
County Executive	3	30/11/2023	To attend a conference of parties -CORP 28	Dubai	4,354,912
County Executive	2	7 th November 2023	16 th African Regional assembly and conference	Abuja- Nigeria	1,623,122
County Executive	1	19/09/2023	Workshop for African Governance Award	Mauritius	819,201
County Executive	3	22/11/2023	To receive Ambulances Donation	U. K	3,399,484
Marsabit County Assembly	8	11-15th December 2023	Corporate Leadership and Governance Training	Dubai-UAE	3,960,330
Marsabit County Assembly	7	26th March-1st April 2024	Corporate and Legislative aspects of parliament	Ethiopia-Addis Ababa	3,345,714
Marsabit County Assembly	7	4th-10th December 2023	Corporate Leadership and Governance Training	Dubai-UAE	3,500,000
Marsabit County Assembly	6	11-15th December 2023	Corporate Leadership and Governance Training	Dubai-UAE	2,889,610

Source: Marsabit County Treasury and Marsabit County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.2.50 million on legal fees, however, the county did not report any cost on garbage collection.

3.25.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.42 billion on development programmes, representing an increase of 27.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.03 billion. Table 3.171 summarises development projects with the highest expenditure in the reporting period.

Table 3.171: 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	County wide	536,712,933	449,955,543	84
2	Roads	upgrading of Moyale town roads to bitumen standard	Moyale	61,875,057	61,875,057	100
3	Health Services	Plumbing, Electrical, Internal drainage and other services at sololo level 4 hospital	Sololo ward-Moyale sub-county	21,300,131	21,300,131	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
4	Lands, Energy and Urban Development	Registration, land adjudication and titling of lands	Sololo ward-Moyale sub-county	18,900,000	18,900,000	100
5	Health Services	Construction of level 4 hospital at sololo makutano.	Moyale sub-county	18,000,000	16,380,000	90
6	Health Services	Floor finishes and electrical works for proposed KMTC at Marsabit hospital	Central ward-saku sub-county	14,201,500	14,201,500	100
7	Health Services	Civil and mechanical works for KMTC at Marsabit Hospital	Central ward	12,842,000	12,842,000	100
8	Health Services	Painting and decoration work for the proposed KMTC at Marsabit Hospital	Central ward	12,411,732	12,411,732	100
9	Health Services	Supply and delivery of dialysis reagent to Marsabit County referral hospital.	Saku	12,408,839	12,408,839	100
10	Lands, Energy and Urban Development	Provision of physical and land use settlement Spatial plans.	Moyale	8,679,468	8,679,468	100

Source: Marsabit County Treasury

3.25.11 Budget Performance by Department

Table 3.172 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.172: 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	621.80	30.94	651.79	30.94	104.8	100.0	82.4	5.9
County Executive	477.79	535.11	298.70	474.06	344.56	474.06	115.4	100.0	72.1	88.6
Finance & Economic Planning	467.00	440.44	268.01	423.26	319.72	423.26	119.3	100.0	68.5	96.1
Agriculture, Livestock & Fisheries	250.59	850.83	155.69	39.25	129.90	39.25	83.4	100.0	51.8	4.6
County Public Service Board	96.87	23.50	34.77	2.75	15.97	3.25	45.9	118.1	16.5	13.8
Education, Skill Development, Youth & Sports	533.86	214.29	443.61	10.82	433.79	10.82	97.8	100.0	81.3	5.0
County Health Services	1,525.98	503.18	1,035.48	164.51	997.78	143.32	96.4	87.1	65.4	28.5
Administration, Coordination & ICT	335.20	162.80	208.27	91.84	223.07	126.70	107.1	138.0	66.5	77.8
Energy, Lands & Urban Development	134.98	134.39	107.34	46.57	67.71	66.51	63.1	142.8	50.2	49.5
Roads & Public Works	104.36	236.46	62.74	52.31	36.70	44.13	58.5	84.4	35.2	18.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment & Natural Resources	146.90	476.03	90.63	69.11	88.55	31.68	97.7	45.8	60.3	6.7
Trade, Industry & Enterprise Development	86.70	189.30	50.99	16.93	46.52	17.08	91.2	100.9	53.7	9.0
Tourism, Culture & Social Services	123.36	32.50	73.87	-	41.77	8.18	56.5	0.0	33.9	25.2
Office of the County Attorney	14.50	-	3.79	-			0.0	0.0	0.0	0.0
Office of the County Secretary	11.00	-	2.55	-	1.86		72.9	0.0	16.9	-
Total	5,100.31	4,324.34	3,458.23	1,422.35	3,399.67	1,419.17	98.3	99.8	66.7	32.8

Source: Marsabit County Treasury

Analysis of expenditure by departments shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 96.1 per cent, followed by the Department of County Executive at 88.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 82.4 per cent while the Department of County Public Service Board had the lowest at 16.5 per cent.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 3.173 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.173: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C.As	252,669,199.00	-	185,158,724.00	-	73.3	-
	SP 1.2 Employer Contribution to Pension	9,550,000.00	-	7,529,789.00	-	78.8	-
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	45,074,469.00	-	35,294,293.00	-	78.3	-
	SP 1.3 Domestic payables from previous financial years	19,717,081.00	275,801,070.00	19,717,081.00	10,608,674.00	100.0	3.8
Programme 2: Legislature and Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	146,357,475.00	-	128,182,522.0		87.6	-
	SP 2.2 ICT, Hansard and Communication Equipment	7,500,000.00	-	4,100,989.00		54.7	-
	SP 2.3 Mortgage & Car Loans and Tax	57,407,675.00	-	57,407,675.00		100.0	-
	SP 2.4 Staff Training and Development and Tuitions	32,907,263.00	-	27,077,720.00		82.3	-
Programme 3: County Assembly Infrastructure Improvement	SP 3.11 Equipping of library		-				
	SP 3.12 Maintenance of motor vehicle	7,750,000.00	-	7,750,000.00	-	100.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	SP 3.13 Purchase of furniture and general equipment	1,500,000.00	-	1,500,000.00	-	100.0	-
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices		249,682,919.00	-	20,326,850.00	-	8.1
	SP 3.15 Improvement of ICT services	3,015,500	-	3,015,500.00	-	100.0	-
	SP 3.16 Maintenance of plants, machinery & other assets	7,016,760.00	-	3,538,600.00	-	50.4	-
	SP 3.17 Electricity, water and sewerage and other utility charges	11,928,878.00	-	9,873,000.00	-	82.8	-
	SP 3.18 Printing, advertisement and information supplies and services	33,321,371.00	-	32,460,953.00	-	97.4	-
	SP 3.19 Rental of approved assets and hire of motor vehicles	2,200,000.00	-	650,000.00	-	29.5	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	34,979,999.00	-	34,979,999.00	-	100.0	-
	SP 3.21 Purchase of computers, printers, general office supplies, accessories and sanitary cleaning materials	37,386,793.00	-	37,357,918.00	-	99.9	-
	SP 3.22 Fuel, oil, lubricants and tyres	8,000,000.00	-	8,000,000.00	-	100.0	-
	SP 3.23 Bank service commission and charges, legal fees, management fees, contracted professional charges and other operating expenses	8,714,883.00	-	5,451,092.00	-	44.6	-
	SP 3.24 Ward office	32,352,000.00	-	21,882,533.00	-	67.6	-
	SP 3.25 Uniform, Specialized materials and supplies	8,000,000.00	-	7,589,090.00	-	94.9	-
	-SP 3.26 Membership fees and dues and subscription for international organization	5,500,000.00	-	978,232	-	17.8	-
	SP 3.28 Refurbishment of buildings	4,000,000.00	-	3,500,000.00	-	87.5	-
	SP 3.29 Gratuity/pension	14,367,735.00	-	8,792,601.00	-	61.2	-
	Sub Total	791,217,081.00	525,483,989.00	651,788,311.00	30,935,524.00	82.4	5.9
County Executive services							
Management of County Affairs	County Executive services	477,791,217.00	-	344,564,682.48	-	72.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Management of County Affairs	Executive Infrastructure Development		535,112,933.00	-	474,058,303.75	-	88.6
	Sub-Total	477,791,217.00	535,112,933.00	344,564,682.48	474,058,303.75	72.1	88.6
Finance & Economic Planning							
General administration planning and Support Services	Financial Services	467,000,000.00	440,442,096.00	319,722,934	423,261,367	68.5	96.1
	Sub-Total	467,000,000.00	440,442,096.00	319,722,934.15	423,261,366.80	68.5	96.1
Agriculture, Livestock & Fisheries							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	102,921,590.00	-	82,526,666.57	-	80.2	-
Livestock Production and Management	Livestock Production and Management	116,732,928.00	-	41,652,850.00	-	35.7	-
Crop Development and Management	Lands and Crop Development	-	850,829,926.00	-	39,246,429	-	4.6
Fisheries Development and Management	Fisheries Policy, Strategy and Capacity Building	30,938,970.00	-	5,717,010.00	-	18.5	-
	Sub-Total	250,593,488.00	850,829,926.00	129,896,526.57	39,246,429.00	51.8	4.6
County Public Service Board							
General administration planning and Support Services	Administration services	96,868,000.00	-	15,970,101	-	16.5	-
Human Resource Management and Development	Board Management Service	-	23,500,000.00	-	3,249,000	-	13.8
	Sub-Total	96,868,000.00	23,500,000.00	15,970,101.00	3,249,000.00	16.5	13.8
Education, Skill Development, Youth & Sports							
General Administration, Planning and Support Services	Administration Services	533,863,481.00	-	433,785,798	-	81.3	-
Early Childhood Development and Education	Early Childhood Development and Education	-	214,294,347.00	-	10,818,880.00	-	5.0
	Sub-Total	533,863,481.00	214,294,347.00	433,785,798.00	10,818,880.00	81.3	5.0
Administration, Coordination & ICT							
General administration planning and Support Services	Administration services	335,200,000.00	-	223,066,620	-	66.5	-
Coordination of functions of devolved Units	Executive Infrastructure Development	-	162,800,000.00	-	126,704,500	-	77.8
	Sub-Total	335,200,000.00	162,800,000.00	223,066,620.20	126,704,500.00	66.5	77.8

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Health Services							
General Administration, Planning and Support Services	Administration and support services	1,525,981,500.00	-	997,782,677	-	65.4	-
General Administration, Planning and Support Services	Health Infrastructure development	-	503,182,283.00	-	143,321,467	-	28.5
	Sub-Total	1,525,981,500.00	503,182,283.00	997,782,677.00	143,321,467.00	65.4	28.5
Trade, Industry & Enterprise Development							
General administration planning and Support Services	Financial Services	86,700,000.00	-	46,515,854	-	53.7	-
Trade and Industrial Development	Development of infrastructure and facilities	-	189,300,000.00		17,076,488	-	9.0
	Sub-Total	86,700,000.00	189,300,000.00	46,515,854.00	17,076,488.00	53.7	9.0
Tourism, Culture & Social Services							
Culture Services	Cultural infrastructure development	-	32,500,000.00	41,766,654	-	-	-
General administration, planning and support services	General Administration Services	123,358,270.00	-	-	8,178,600	-	-
	Sub-Total	123,358,270.00	32,500,000.00	41,766,654.00	8,178,600.00	33.9	25.2
Water, Environment & Natural Resources							
Water Resources Management	Water Supply Infrastructure Development	-	351,033,000.00		8,261,542.00	-	2.4
General administration planning and Support Services	General administration planning and Support Services	108,512,000.00	-	70,376,671.12	-	64.9	-
Natural Resources Conservation and Management	Environmental policy development	-	125,001,968.00	-	23,418,458.00	-	18.7
Natural Resources Conservation and Management	Forests Conservation and Management	38,388,560.00	-	18,168,603.00	-	47.3	-
	Sub-Total	146,900,560.00	476,034,968.00	88,545,274.12	31,680,000.00	60.3	6.7
Roads & Public Works							
General administration planning and Support Services	General administration planning and Support Services	65,760,878.00	-	30,735,216.73	-	46.7	-
General administration planning and Support Services	Operations and Maintenance	38,603,609.00	-	5,960,149.00	-	15.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Road Transport Infrastructure Development	Roads Infrastructure Development	-	236,461,902.00	-	44,130,243.00	-	18.7
	Sub-Total	104,364,487.00	236,461,902.00	36,695,365.73	44,130,243.00	35.2	18.7
Energy, Lands & Urban Development							
Urban Development Services	Solid Waste Management	-	134,394,560.00	-	66,511,772	-	49.5
General administration planning and Support Services	Administration and Support services	134,975,359.00	-	67,714,661	-	50.2	-
	Sub-Total	134,975,359.00	134,394,560.00	67,714,661.00	66,511,772.00	50.2	49.5
Office of the County Secretary							
General administration, planning and support services	General Administration Services	11,000,000.00	-	1,859,500	-	16.9	-
	Sub-Total	11,000,000.00	-	1,859,500.00	-	16.9	-
Office of the County Attorney							
General administration, planning and support services	General Administration Services	14,500,000.00	-	-	-	-	-
	Sub-Total	14,500,000.00	-	-	-	-	-
Grand Total		5,100,313,443	4,324,337,004	3,399,674,959	1,419,172,573	66.7	32.8

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 Finance & Economic Planning at 96.1 per cent, General Administration, Planning and Support Services in the Department of Education, Skill Development, Youth & Sports at 81.3 per cent, General Administration, Planning and Support Services in the Department of Agriculture, Livestock & Fisheries at 80.2 per cent, and Coordination of functions of devolved Units at 77.8 per cent of budget allocation.

3.25.13 Accounts Operated in Commercial Banks

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

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 received on 22nd April 2024.

2. The underperformance of own-source revenue at Kshs.103.96 million against an annual target of Kshs.190.00 million, representing 54.7 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship, Emergency, Car Loan and Mortgage- Executive & County Assembly funds were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.288.46 million as of 31st March 2024.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.356.79 million were processed through the manual payroll, accounting for 15.3 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.
6. 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 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 schemes, Emergency Fund payments, Development account, County Deposit /retention account, cultural festival account, sub-counties operation account and three other accounts for conditional grants.
7. 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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts 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.11.90 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, a cash balance of Kshs.0.00 million (0.0 per cent) brought forward from FY 2022/23, 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 million (2.5 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.550 million (4.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.159.

3.26.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.5.78 billion as an equitable share of the revenue raised nationally, Kshs.181.40 million as additional allocations/conditional grants, a cash balance of Kshs.30.85 million from FY 2022/23, and raised Kshs.671.87 million as own-source revenue (OSR). The raised OSR includes Kshs.7.08 million as ordinary A-I-A, Kshs.390.99 million as FIF and Kshs.273.73 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.62 billion, as shown in Table 3.174.

Table 3.174: Meru County, Revenue Performance in the First Nine Months 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	9,892,625,172	5,737,722,601	58.0
	Subtotal	9,892,625,172	5,737,722,601	58.0
B	Conditional Grants			
1.	Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	150,000,000	4,261,826	2.8
2.	Credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	175,537,196	70.2
3.	DANIDA Grant	25,860,375	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	6,105,100	1,605,100	26.3
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.	Credit Financing Locally Led Climate Action Programme (FLLoCA) Program,	11,000,000	-	-
10.	Livestock Value Chain Support Project	99,394,800	-	-

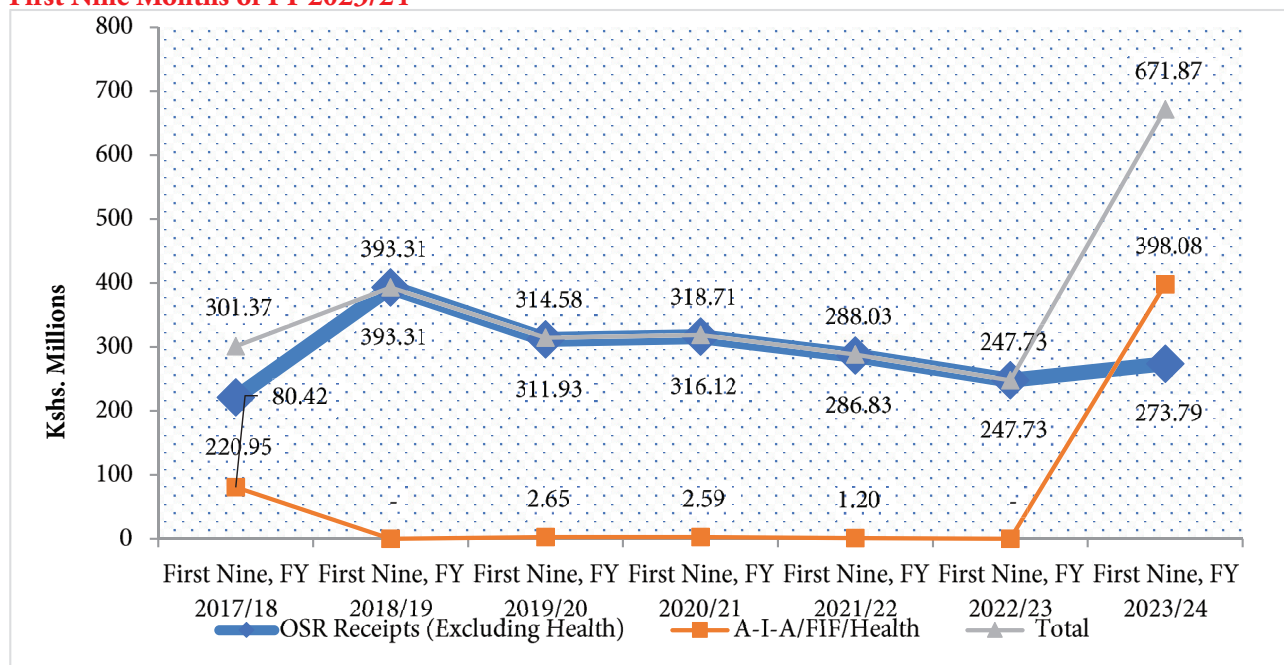
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
11.	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	-	-
12.	Provision for provision of Fertilizer Subsidy Programme	225,426,721	-	-
13.	Mineral Royalties	32,901	-	-
Subtotal		1,143,186,318	181,404,122	15.9
C	Other Sources of Revenue			
14.	Ordinary Own Source Revenue	550,000,000	273,793,634	49.8
15.	Ordinary Appropriation in Aid (A-I-A)	16,000,000	7,082,397	44.3
16.	Facility Improvement Fund (FIF)	300,000,000	390,994,471	130.3
Sub Total		866,000,000	671,870,502	77.6
D	Other Sources of Revenue			
17.	Unspent balance from FY 2022/23	-	30,854,770	-
Sub Total		-	30,854,770	-
Grand Total		11,901,811,490	6,621,851,994	55.6

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 nine months of FY 2017/18 to the first nine months of FY 2023/24.

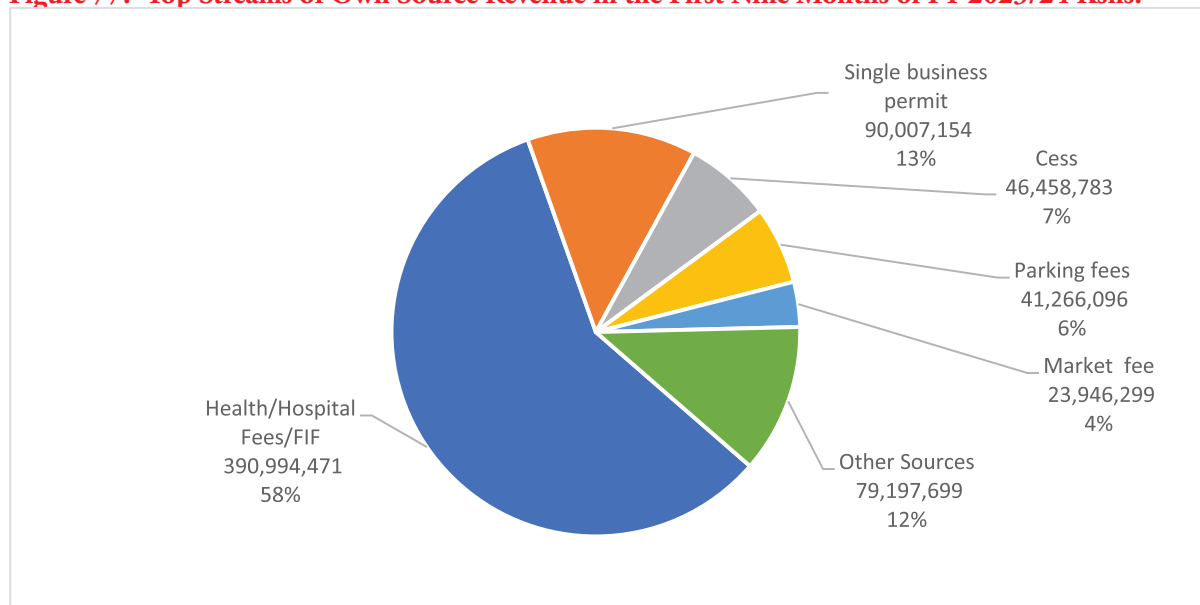
Figure 76: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Meru County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.671.87 million from its sources of revenue, inclusive of FIF and ordinary AIA. This represents 77.6 per cent of the annual target and 11.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 77.

Figure 77: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 Kshs.



Source: Meru County Treasury

The highest revenue stream of Kshs.390.99 million was from Health FIF, contributing to 58.2 per cent of the total OSR receipts during the reporting period.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.06 billion from the CRF account during the reporting period, which comprised Kshs.743.76 million (12.3 per cent) for development programmes and Kshs.5.32 billion (87.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.37 billion was released towards Employee Compensation and Kshs.1.95 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.124.78 million.

3.26.4 County Expenditure Review

The County spent Kshs.6.36 billion on development and recurrent programmes in the reporting period. The expenditure represented 104.9 per cent of the total funds released by the CoB and comprised Kshs.890.60 million and Kshs.5.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 24.2 per cent, while recurrent expenditure represented 66.5 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.654.31 million, comprising Kshs.127.27 million for recurrent expenditure and Kshs.527.04 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.73.31 million. They consist of Kshs.3.40 million for recurrent expenditure and Kshs.69.92 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.581.00 million.

However, there is a variance from the previously reported pending bills by the County as of 30th June 2023 where the County reported a stock of pending bills amounting to Kshs.707.56 million, comprising Kshs.155.33 million for recurrent expenditure and Kshs.552.23 million for development activities. Moreover, there is inconsistency and inaccuracy in the computation of the pending bills by the county government.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.07 billion on employee compensation, Kshs.1.73 million on operations and maintenance, and Kshs.890.60 million on development activities. Similarly, the County Assembly spent Kshs.303.73 million on employee compensation, Kshs.365.49 million on operations and maintenance, and no expenditure on development activities, as shown in Table 3.175.

Table 3.175: 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	7,257,082,901	968,378,295	4,798,616,636	669,217,375	66.1	69.1
Compensation to Employees	4,574,618,453	504,250,017	3,068,859,089	303,729,229	67.1	60.2
Operations and Maintenance	2,682,464,448	464,128,278	1,729,757,547	365,488,146	64.5	78.7
Development Expenditure	3,636,350,293	40,000,000	890,600,827	-	24.5	-
Total	10,893,433,194	1,008,378,295	5,689,217,463	669,217,375	52.2	66.4

Source: Meru County Treasury

3.26.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.37 billion, or 50.9 per cent of the available revenue, which amounted to Kshs.6.62 billion. This expenditure represented a decrease from Kshs.4.09 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.86 billion paid to health sector employees, translating to 55.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.36 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.102.94 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.35.50 million on committee sitting allowances for the 68 MCAs against the annual budget allocation of Kshs.71.36 million. The average monthly sitting allowance was Kshs.57,163 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 3.176 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.176: Performance of County Established Funds in the First Nine Months 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 st March 2024
			(Kshs.)		(Yes/No.)
County Executive Established Funds					
1.	Meru County Micro-Finance Corporation	76,155,481	51,911,631	63,201,198	Yes
2.	Meru County Investment and Development Corporation	21,709,324	6,116,344	37,651,546	Yes
3.	Meru Youth Service	45,000,000	29,062,485	29,503,494	Yes
4.	Meru County Revenue Board	359,932,000	231,080,341	212,046,225	Yes
5.	Education Scholarship Fund	156,500,000	136,500,000	136,500,000	No
6.	Executive Staff Housing Fund	121,000,000	-	2,085,188	Yes
County Assembly Established Funds					
7.	County Assembly of Meru Staff Car Loan and Housing Scheme Fund	30,000,000	30,000,000	785,565	Yes
8.	County Assembly of Meru Members Car Loan and Housing Scheme Fund	-	-	8,508,240	Yes
Total		810,296,805	484,670,801	489,474,069	

Source: Meru County Treasury

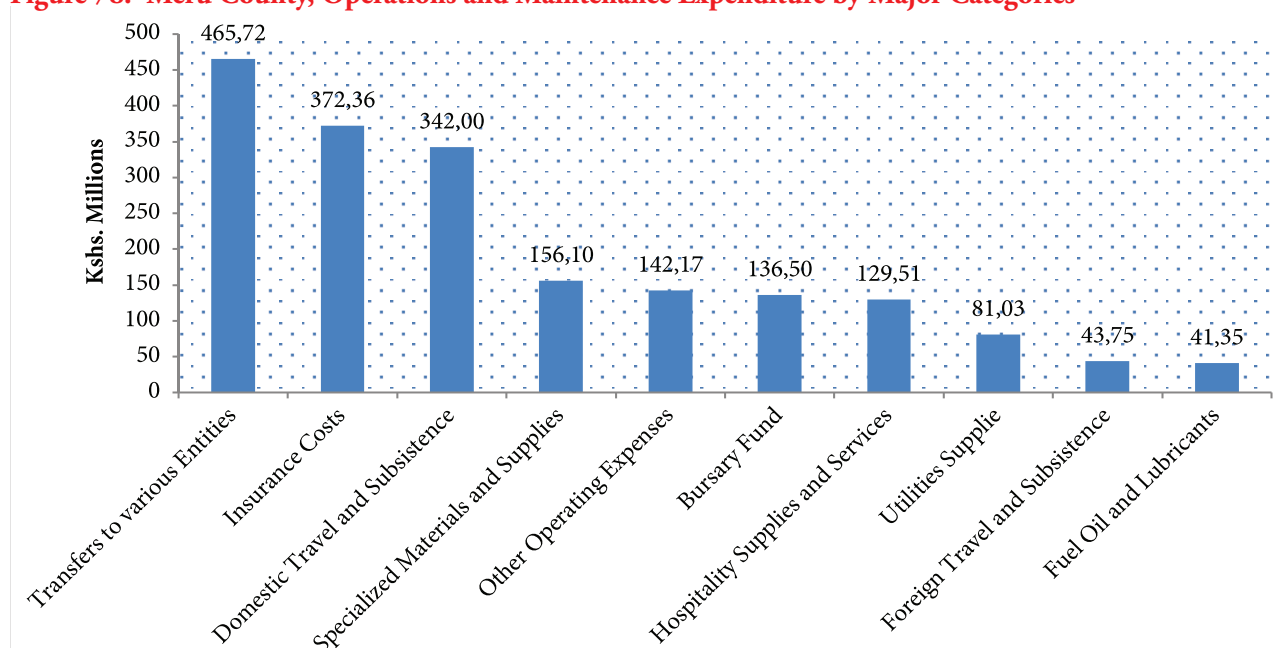
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of one fund as indicated in Table 3.176, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.342.00 million and comprised Kshs.182.11 million spent by the County Assembly and Kshs.159.89 million by the County Executive. Expenditure on foreign travel amounted to Kshs.43.75 million and comprised Kshs.42.84 million by the County Assembly and Kshs.903,200 by the County Executive. Expenditure on foreign travel is summarised in Table 3.177.

Table 3.177: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel
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, Tanzania	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, Tanzania	1,000,000
County Assembly	7	14th to 21st Sept 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, Tanzania	3,500,000
County Assembly	1	15th to 20th Sept 2023	Legislative oversight and representation workshop	Arusha, Tanzania	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 of oversight roles workshop	Uganda	2,500,000
County Assembly	7	25th Sept to 2nd Oct 2023	Facilitation to a workshop on African community empowerment through devolution & oversight in Africa	Arusha, Tanzania	3,431,240
County Assembly	5	25th Sept to 2nd Oct 2023	Facilitation training on mainstream cross-cutting issues in political leadership and policy formulation	Kampala	2,500,000

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	7	25th Sept to 2nd Oct 2023	Facilitation to attend a workshop on climate justice and sustainable development	Arusha, Tanzania	3,500,000
County Assembly	7	25th Sept to 2nd Oct 2023	Facilitation to attend a workshop on climate justice and sustainable development	Arusha, Tanzania	3,431,240
County Assembly	7	25th Sept to 2nd Oct 2023	Facilitation to attend a workshop on climate justice and sustainable development	Arusha, Tanzania	3,431,240
County Assembly	1	2nd to 8th Oct 2023	Facilitation to attend a workshop on climate justice and sustainable	Arusha, Tanzania	500,000
County Assembly	1	29th Oct to 7th Nov 2023	Facilitation legislative oversight and representation workshop	Arusha, Tanzania	500,000
County Assembly	6	31st Oct to 7th Nov 2023	Facilitation to workshop on equity environmental sustainability- climate justice and sustainable development	Arusha, Tanzania	2,931,376
County Assembly	7	31st Oct to 7th Nov 2023	Facilitation workshop on effective legislation and sustainable development for devolved governments	Arusha, Tanzania	3,431,376
County Assembly	1	24th Nov to 3rd Dec 2023	Training workshop for young leaders on ethical leadership	Arusha, Tanzania	500,000
County Assembly	2	29th Oct to 5th Nov 2023	Facilitation to a workshop on legislative leadership for human resource	Arusha, Tanzania	1,000,000

Source: Meru County Treasury and Meru County Assembly

A breakdown of other operating expenses included Kshs.1.18 million for Registration of Land, Kshs.32.26 million for Other Operating Expenses – Others, Kshs.1.63 million for Membership Fees, Dues and Subscriptions to Professional and Trade Bodies, Kshs.0.82 million for Medical Expenses, Kshs.1.61 million Management Fees, Kshs.70.88 million for Legal Dues/fees, Arbitration and Compensation Payments, Kshs.0.14 million for Laundry Expenses, Kshs.0.35 for million HIV AIDS Secretariat workplace Policy Development, Kshs.1.49 million for Counselling Services, Kshs.1.22 million for Contracted Technical Services, Kshs.0.01 million for Contracted Professional Services, Kshs.7.23 million Contracted Guards and Cleaning Services, Kshs.23.28 million for Constituency Office Expenses, and Kshs.0.06 million for Bank Service Commission and Charges.

3.26.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.890.60 million on development programmes, representing an increase of 166.8 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.333.80 million. Table 3.178 summarises development projects with the highest expenditure in the reporting period.

Table 3.178: 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

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Finance, ICT & Economic Planning	Procurement of a cash-less 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	-	6,074,153	100

Source: Meru County Treasury

3.26.11 Budget Performance by Department

Table 3.179 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.179: 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	669.22	-	669.22	-	100.0	-	69.1	-
Office of the Governor	173.03	-	109.60	-	109.60	-	100.0	-	63.3	-
Finance, Economic Planning and ICT	827.50	119.41	493.39	32.00	493.39	32.00	100.0	100.0	59.6	26.8
Agriculture, Livestock & Fishery	39.45	1,061.04	17.60	200.23	17.60	200.23	100.0	100.0	44.6	18.9
Water, & Irrigation	50.13	399.52	27.87	108.66	27.87	112.66	100.0	103.7	55.6	28.2
Education, Technology, Gender, Culture & Social Development	256.06	88.17	190.25	32.89	190.25	32.89	100.0	100.0	74.3	37.3
Health Services	557.26	448.82	164.59	55.32	314.59	198.16	191.1	358.2	56.5	44.2
Lands, Physical Planning, Urban Development & Public Works	71.18	172.55	35.34	32.58	35.34	12.58	100.0	38.6	49.6	7.3
Public Service Administration & Legal Affairs	5,080.07	105.00	3,496.07	20.00	3,496.07	40.00	100.0	200.0	68.8	38.1
Roads, Transport & Energy	38.24	696.47	20.42	133.33	20.42	133.33	100.0	100.0	53.4	19.1

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
Trade, Investment, Industrialization, Tourism & Co-op Development	44.90	401.13	21.63	98.77	21.63	98.77	100.0	100.0	48.2	24.6
Youth Affairs & Sports	94.77	144.25	56.57	29.98	56.57	29.98	100.0	100.0	59.7	20.8
County Public Service Board	24.50	-	15.28	-	15.28	-	100.0	-	62.4	-
TOTAL	8,225.46	3,676.35	5,317.83	743.76	5,467.83	890.60	102.8	119.7	66.5	24.2

Source: Meru County Treasury

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 44.2 per cent, followed by the Department of Public Service Administration & Legal Affairs at 38.1 per cent. The Department of Education, Technology, Gender, Culture & Social Development had the highest percentage of recurrent expenditure to budget at 74.3 per cent while the Department of Agriculture, Livestock & Fishery had the lowest at 44.6 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 3.180 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.180: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
COUNTY ASSEMBLY OF MERU							
Legislation and Representation	Legislation and Representation	423,198,171	-	272,032,596	-	64.3	-
Legislative Oversight	Legislative Oversight	223,126,596	-	156,618,401	-	70.2	-
General Admin, Planning & Support	General Admin, Planning & Support	322,053,528	40,000,000	240,566,378	-	74.7	-
Sub-Total		968,378,295	40,000,000	669,217,375	-	69.1	-
OFFICE OF THE GOVERNOR							
Headquarters	Headquarters	84,914,018	-	61,860,935	-	72.9	-
Communication	Communication	25,480,000	-	18,632,360	-	73.1	-
Monitoring and Evaluation	Monitoring and Evaluation	13,179,000	-	3,937,900	-	29.9	-
Delivery unit (Research and Strategy)	Delivery unit (Research and Strategy)	9,250,000	-	4,944,600	-	53.5	-
Special Programmes (fire, Rescue and Emergency Services)	Special Programmes (Fire, Rescue and Emergency Services)	25,000,000	-	11,543,500	-	46.2	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		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	-	4,136,300	-	58.3	-
External Linkages & Partnership	External Linkages & Partnership	8,111,000	-	4,544,700	-	56.0	-
Sub-Total		173,034,018	-	109,600,295	-	63.3	-
FINANCE ECONOMIC PLANNING & ICT							
General Administration	Administration	267,857,430	-	99,540,825	-	37.2	-
Investment Corporation	MCIDC	21,709,324	-	6,116,344	-	28.2	-
Meru Microfinance Corporation	Meru Microfinance Corporation	76,155,481	-	60,516,126	-	79.5	-
Meru County Revenue Board	Meru County Revenue Board	332,432,000	27,500,000	226,080,341	5,000,000	68.0	18.2
Procurement	Procurement	8,951,480	-	6,033,060	-	67.4	-
Internal Audit	Internal Audit	8,785,200	-	8,183,957	-	93.2	-
Budget and Policy	Budget and Policy	30,686,777	-	24,815,836	-	80.9	-
Accounts	Accounts	6,591,200	-	4,195,524	-	63.7	-
ICT Development	ICT Development	12,770,900	68,600,000	7,798,697	27,000,000	61.1	39.4
Economic Planning and Coordination Services	Economic Planning and Coordination Services	8,780,000	-	5,924,342	-	67.5	-
Fleet Management	Fleet Management	42,250,000	-	34,695,436	-	82.1	-
Administration Services	Administration Services	10,525,665	23,311,393	9,486,274	-	90.1	-
Sub-Total		827,495,457	119,411,393	493,386,762	32,000,000	59.6	26.8
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES							
General Administration	General Administration	8,540,000	841,837,419	4,599,850	180,299,022	53.9	21.4
Livestock	Livestock	8,250,000	153,394,800	3,620,150	-	43.9	-
Fisheries	Fisheries	4,605,000	26,806,584	1,235,000	2,499,575	26.8	9.3
Agriculture Development	Agriculture Development	13,792,586	-	6,938,425	-	50.3	-
Animal Disease Management	Animal Disease Management	4,260,000	19,000,000	1,206,100	-	28.3	-
Semi-Autonomous ATC KAGURU	Semi-Autonomous ATC KAGURU	-	20,000,000	-	17,432,563	-	87.2
Sub-Total		39,447,586	1,061,038,803	17,599,525	200,231,160	44.6	18.9
WATER IRRIGATION ENVIRONMENT & NATURAL RESOURCES							
Water & Irrigation	Water & Irrigation	21,014,471	328,639,884	13,153,449	52,778,860	62.6	16.1
Environment and Natural Resources	Environment and Natural Resources	29,113,144	70,882,428	14,718,850	59,882,428	50.6	84.5
Sub-Total		50,127,615	399,522,312	27,872,299	112,661,288	55.6	28.2
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT							
Administration Services	Administration Services	12,402,100	-	5,699,350	-	46.0	-
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	223,557,595	40,143,318	174,700,340	4,210,665	78.1	10.5

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Technical and Vocation Education	Technical and Vocation Education	9,372,225	48,027,375	5,293,900	28,680,000	56.5	59.7
Culture & Arts	Culture & Arts	10,726,400	-	4,555,800	-	42.5	-
Sub-Total		256,058,320	88,170,693	190,249,390	32,890,665	74.3	37.3
HEALTH SERVICES							
General Administration Support & Planning	General Administration Support & Planning	21,732,383	-	11,098,315	-	51.1	-
Curative Health	Curative Health	495,079,867	448,815,213	280,004,278	198,159,222	56.6	44.2
Preventive and Promotive Health	Preventive and Promotive Health	40,451,103	-	23,489,129	-	58.1	-
Sub-Total		557,263,353	448,815,213	314,591,722	198,159,222	56.5	44.2
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS							
Lands & Housing	Lands & Housing	15,050,000	60,000,000	7,789,954	6,886,034	51.8	11.5
Physical Planning, & Urban Development	Lands & Public Works	15,600,000	102,546,296	7,191,308	20,000,000	46.1	19.5
Meru Municipality	Meru Municipality	20,000,000	-	11,965,580	-	59.8	-
Maua Municipality	Maua Municipality	9,000,000	-	3,887,400	-	43.2	-
Timau Municipality	Timau Municipality	7,000,000	-	2,632,050	-	37.6	-
Public Works	Public Works	4,530,000	10,000,000	1,871,800	5,695,218	41.3	57.0
Sub-Total		71,180,000	172,546,296	35,338,092	32,581,252	49.6	18.9
PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS							
General Administration	General Administration	17,860,531	-	13,114,724	-	73.4	-
Coordination of County Government Functions Sub-County	Coordination of County Government Functions Sub-County	26,613,124	-	9,527,700	-	35.8	-
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	46,671,068	-	12,083,704	-	25.9	-
Human Resource	Human Resource	4,910,623,730	105,000,000	3,390,582,256	20,000,000	69.0	19.0
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	77,200,001	-	70,763,242	-	91.7	-
Town Management & Administration	Town Management & Administration	1,100,000	-	-	-	0.0	-
Sub-Total		5,080,068,454	105,000,000	3,496,071,626	20,000,000	68.8	19.0
ROADS, TRANSPORT & ENERGY							
General Administration-Roads	General Administration-Roads	27,770,000	671,469,433	16,223,230	109,030,066	58.4	16.2
Energy	Energy	10,465,558	25,000,000	4,195,150	24,299,445	40.1	97.2
Sub-Total		38,235,558	696,469,433	20,418,380	133,329,511	53.4	19.1
TRADE, TOURISM & COOPERATIVE DEVELOPMENT							
Co-operatives Development	Co-operatives Development	12,723,540	18,100,000	6,954,080	-	54.7	-
Tourism	Tourism	17,600,000	-	6,624,100	-	37.6	-
Trade	Trade	14,575,000	383,026,150	8,056,228	98,772,442	55.3	25.8
Sub-Total		44,898,540	401,126,150	21,634,408	98,772,442	48.2	24.6
YOUTH AFFAIRS & SPORTS							

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth Affairs Programme	Youth Affairs Programme	8,380,000	10,000,000	5,331,575	6,997,700	63.6	70.0
Meru Youth Service	Meru Youth Service	33,390,000	45,250,000	23,569,189	1,503,100	70.6	3.3
Sports Development	Sports Development	25,000,000	20,000,000	14,601,277	14,461,208	58.4	72.3
Gender Mainstreaming	Gender Mainstreaming	28,000,000	69,000,000	13,070,950	7,013,278	46.7	10.2
Sub-Total		94,770,000	144,250,000	56,572,991	29,975,286	59.7	20.8
COUNTY PUBLIC SERVICE BOARD							
Human Resource Management	Human Resource Management	24,504,000	-	15,281,145	-	62.4	-
Sub-Total		24,504,000	-	15,281,145	-	62.4	-
Grand Total		8,225,461,196	3,676,350,293	5,467,834,010	890,600,827	0.7	0.2

Source: Meru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Internal Audit in the Department of Finance Economic Planning & ICT at 93.2 per cent, Legal Representation, Advisory Services and Legislative Process in the Department of Public Service Administration & Legal Affairs at 91.7 per cent, Semi-Autonomous ATC Kaguru in the Department of Agriculture, Livestock Development and Fisheries at 87.2 per cent, and Budget and Policy in the Department of Finance Economic Planning & ICT at 80.9 per cent of budget allocation.

3.26.13 Accounts Operated in Commercial Banks

The County government operated a total of 26 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. 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 between the 15th and 24th April 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 Education Scholarship Fund 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 departments of Water Irrigation Environment & Natural Resources and Public Service Administration & Legal Affairs.
4. High level of pending bills which amounted to Kshs.581.00 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
5. Inconsistency and inaccuracy in the reporting and computation of the pending bills by the County Treasury. Whereas previously reported pending bills by the County as of 30th June 2023 were Kshs.707.56 million, comprising Kshs.155.33 million for recurrent expenditure and Kshs.552.23 million for development activities, the currently reported pending bills differ.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.102.94 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.

7. 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County Assembly Members Fund Account, County Assembly Staff Car loan and mortgage Fund Account, Retention Account, County Assembly Operations Account, Meru ABDP Programme Account, Meru Hospital Revenue Account, Meru County Teaching & Referral Hospital Account, Meru County Hospital Account, Meru County, Bursary Account, Meru County Climate Change Fund Account, Meru County ECDE project, County Government of Meru (NAVCDP), Meru County Aggregation and Industrial Parks Account (CAIPS), Kenya Informal Settlement Improvement Project (KISIIP), School Meals and Nutrition Program, Meru Municipality Urban Development Grant Account, Meru County Urban Institutional Grant Account, Meru County Emergency Locust –ELRP Account, Meru County Energy & Environment Programme, Meru County (NARIGP), County Government of Meru (ASDSP 11), Kenya Informal Settlement Improvement Project (KISIIP 2), and Meru County Transport Dept OPS.

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 the timelines prescribed in 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 Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget and exchequer requests.*
4. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
5. *The County Treasury should be consistent in reporting pending bills and ensure accuracy in the computation.*
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, strict compliance with the approved staff establishment should be maintained.*
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 revenue collection 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 includ-

ing 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 nine months of FY 2023/24, the County received Kshs.4.84 billion as an equitable share of the revenue raised nationally, Kshs.202.80 million as additional allocations/conditional grants, had a cash balance of Kshs.984.97 million from FY 2022/23 and raised Kshs.352.46 million as own-source revenue (OSR). The raised OSR includes Kshs.8.35 million as ordinary A-I-A, Kshs.115.66 million as FIF and Kshs.228.44 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.38 billion, as shown in Table 3.181.

Table 3.181: Migori County, Revenue Performance in the First Nine Months of FY 2023/24

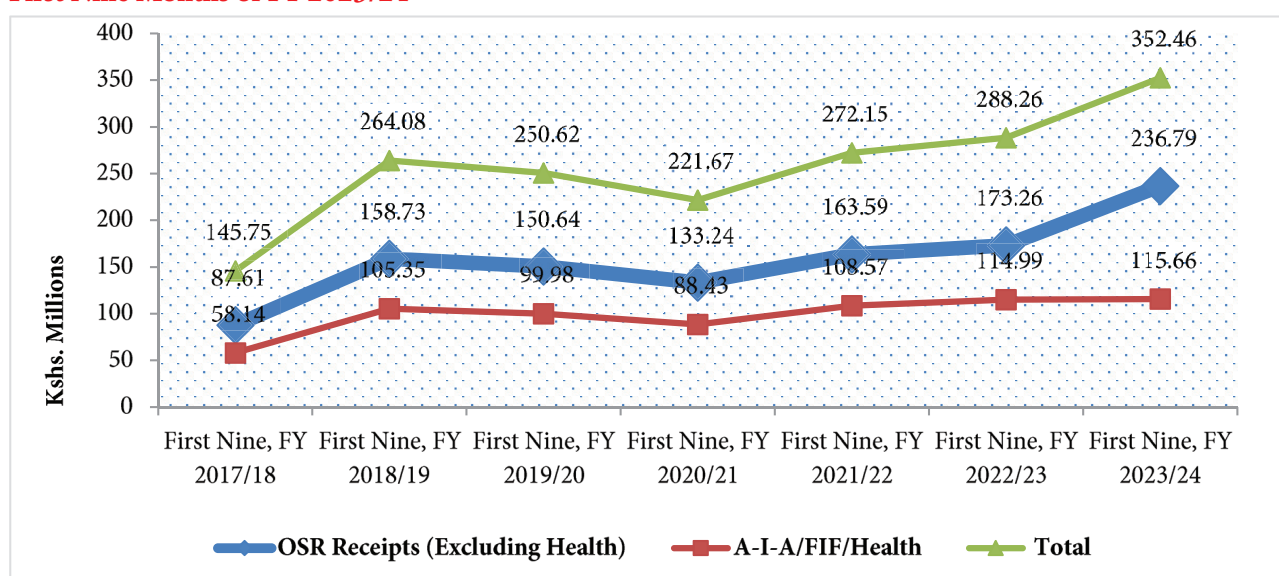
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,341,446,108	4,838,038,743	58.0
	Subtotal	8,341,446,108	4,838,038,743	58.0
B	Additional Allocations/Conditional Grants			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	26,754,689	13,281,375	49.6
2.	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP) B/Fwd.	199,058,600	-	-
3.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II Plus Balances B/Fwd.	1,620,452	1,620,452	100.0
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	187,899,969	75.2
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	-	-
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	-	-
	Subtotal	1,705,148,858	202,801,796	11.9
C	Own Source Revenue			
9.	Ordinary Own Source Revenue	480,000,000	228,441,992	47.6

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
10.	Ordinary Appropriation in Aid (A-I-A)	5,474,299.00	8,352,001	152.6
11.	Facility Improvement Fund (F.I.F)	140,000,000	115,662,009	82.6
Subtotal		625,474,299	352,456,002	56.4
D	Other Sources of Revenue			
12.	Unspent balances from FY 2022/23	984,968,256	984,968,256	100.0
13.	Other Revenues (provide a list)	-	-	-
Sub Total		984,968,256	984,968,256	100.0
Grand Total		11,657,037,521	6,378,264,797	54.7

Source: Migori County Treasury

Figure 79 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24

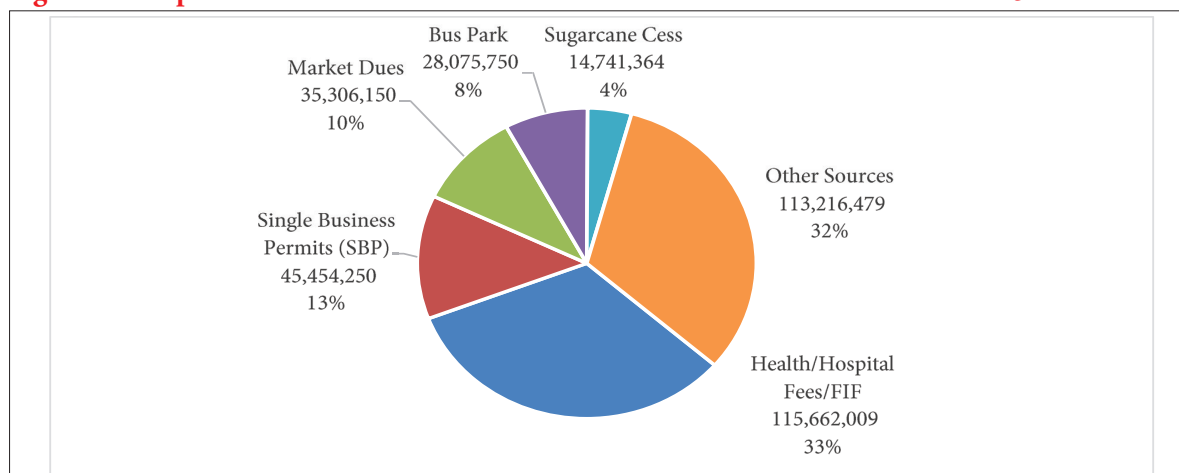
Figure 79: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Migori County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.352.46 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 22.3 per cent compared to Kshs.288.26 million realised in a similar period in FY 2022/23 and was 56.4 per cent of the annual target and 7.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 80.

Figure 80: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Migori County Treasury

The highest revenue stream of Kshs.115.66 million was from Health/Hospital fees contributing to 32.8 per cent of the total OSR receipts during the reporting period.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.09 billion from the CRF account during the reporting period, which comprised Kshs.826.94 million (16.2 per cent) for development programmes and Kshs.4.27 billion (83.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.40 billion was released towards Employee Compensation and Kshs.1.87 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.16 billion.

3.27.4 County Expenditure Review

The County spent Kshs.5.01 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.814.39 million and Kshs.4.19 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.8 per cent, while recurrent expenditure represented 57.3 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.53 billion, comprising Kshs.617.01 million for recurrent expenditure and Kshs.912.98 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.635.93 million. They consisted of Kshs.178.09 million for recurrent expenditure and Kshs.457.83 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.896.16 million.

The County Assembly reported outstanding pending bills of Kshs.120.67 million as of 31st March 2024.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.08 billion on employee compensation, Kshs.1.44 billion on operations and maintenance, and Kshs.774.67 million on development activities. Similarly, the County Assembly spent Kshs.320.27 billion on employee compensation, Kshs.352.06 million on operations and maintenance, and Kshs.39.72 million on development activities, as shown in Table 3.182.

Table 3.182: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,314,517,845	1,003,508,709	3,518,858,648	672,331,698	55.7	67.0
Compensation to Employees	3,103,388,617	484,603,213	2,078,521,546	320,268,542	67.0	66.1
Operations and Maintenance	3,211,129,228	518,905,496	1,440,337,102	352,063,156	44.9	67.8
Development Expenditure	4,239,010,967	100,000,000	774,672,530	39,719,735	18.3	39.7
Total	10,553,528,812	1,103,508,709	4,293,531,178	712,051,433	40.7	64.5

Source: Migori County Treasury

3.27.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.40 billion, or 37.6 per cent of the available revenue, which amounted to Kshs.6.38 billion. This expenditure represented an increase from Kshs.2.20 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.987.68 million paid to health sector employees, translating to 41.2 per cent of the total wage bill. The increase is largely attributed to new changes in remuneration for the County Executive Members, County Secretaries, County attorneys, speakers and clerks of the county assemblies as per the SRC circular issued on 10th August 2023.

Further analysis indicates that PE costs amounting to Kshs.2.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.93.24 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.19.94 million on committee sitting allowances for the 59 MCAs and a speaker against the annual budget allocation of Kshs.54.22 million. The average monthly sitting allowance was Kshs.36,934 per MCA. The County Assembly has established 27 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 3.183 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.183: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1.	Migori County Executive Car loans & House Mortgage fund Scheme	-	-	-	247,500,000	Yes

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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
2.	Migori County Education Bursary Fund	120,000,000	-	-	720,000,000	Yes
3.	Migori County Scholarships & Educational Benefits Fund	20,000,000	20,000,000	19,000,000	279,000,000	Yes
4.	Migori County Alcoholic Drink Fund	-	-	-	2,250,318	Yes
5.	Migori County SMEs Trade Development - Revolving Loan Scheme	54,000,000	-	-	-	Inactive
County Assembly Established Funds						
6.	Migori County Assembly Car loans & House Mortgage fund Scheme	10,000,000	-	-	236,000,000	No
	Total	204,000,000	20,000,000	19,000,000	1,484,750,318	

Source: Migori County Treasury

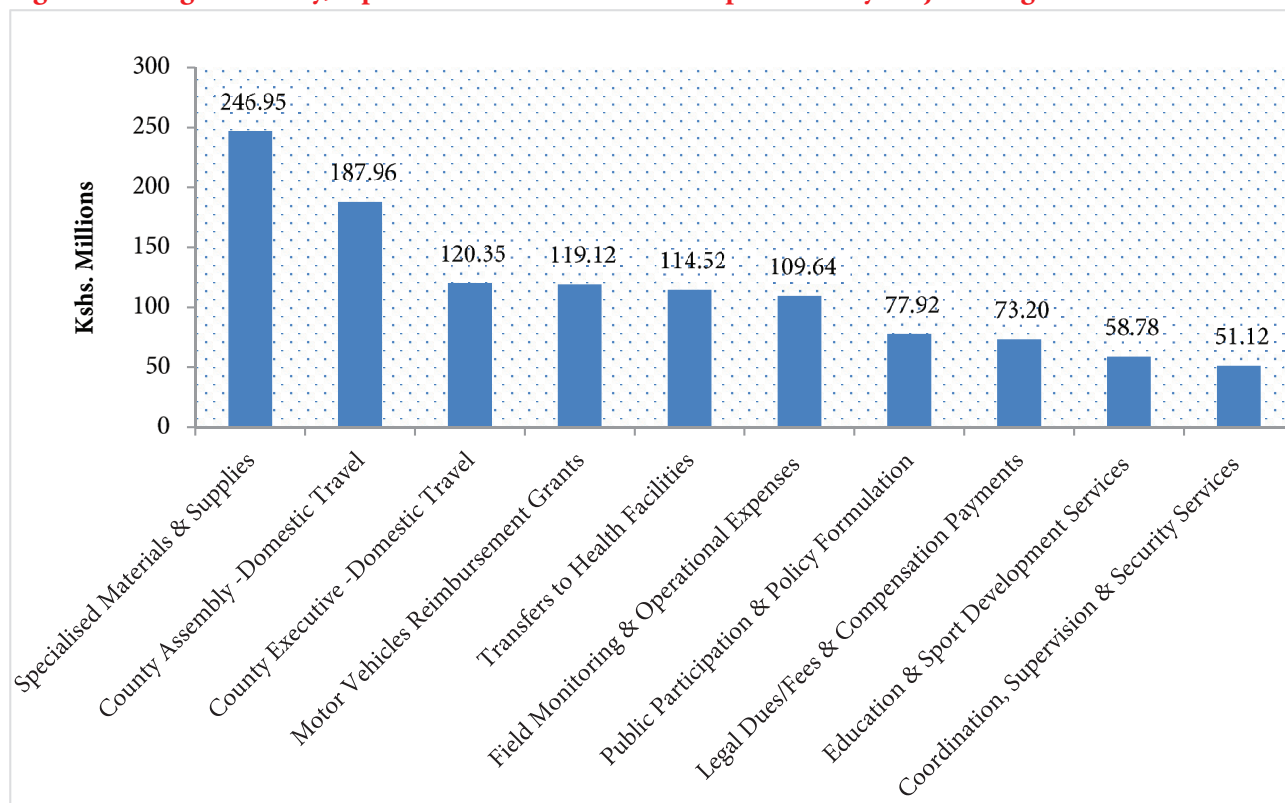
During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Car Loans & Mortgage Fund Scheme as indicated in Table 3.182, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.308.31 million and comprised Kshs.187.96 million spent by the County Assembly and Kshs.120.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.87 million and comprised Kshs.2.71 million by the County Assembly and Kshs.2.16 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.184.

Table 3.184: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	3	5th December -15th December,2023	To attend the 23rd MSME trade fair in Burundi	Burundi	2,157,292.00
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 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

Source: Migori County Treasury and Migori County Assembly

The foreign travel costs reported include foreign subsistence allowances to members and staff, air tickets and bus tickets. Included in the operations and maintenance costs is an expenditure of Kshs.23.72 million on garbage collection and Kshs.73.20 million on legal fees.

3.27.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.814.64 million on development programmes, representing an increase of 334 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.187.64 million. Table 3.185 summarises development projects with the highest expenditure in the reporting period.

Table 3.185: Migori 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 & Infrastructural Development	Upgrading to bitumen std of C727 junction -Kanyimach junction-Chamgi wadu road	South Kamagambo	350,000,000	239,177,457	68.3
2	Roads, Transport, Public Works & Infrastructural Development	Acquisition of One-unit Motor Grader Komatsu GD 555-5 Machinery for road maintenance	Headquarters	43,848,000	43,848,000	100.0
3	Roads, Transport, Public Works & Infrastructural Development	Repairs and resurfacing of A1-Access to Government offices HQ-Omboo Loop Road	Suna Central	18,901,504	18,901,504	100.0
4	County Assembly	Construction of a Storey Building Office for County Assembly Committees	County Assembly Head Quarter	35,000,000	18,114,580	55.0
5	Water & Energy	Installation of Solar floodlights	Countywide	11,980,480	11,980,480	100.0
6	County Assembly	Installation of Biometric system	County Assembly Head Quarter	34,000,000	9,994,567	50.0

No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation Status (%)
7	Water & Energy	Supply, Installation, Implementation & Commissioning of Revenue Management system	Headquarters	14,121,866	9,036,045	64.0
8	Water & Energy	Repair of Solar powered commercial floodlights across the county	Countywide	8,920,563	8,920,563	100.0
9	Water & Energy	Construction of Administration & workshop block at Uriri Training Centre PH 1	Central Kanyamkago	8,805,668	8,805,668	100.0
10	Roads, Transport, Public Works & Infrastructural Development	Maintenance/Opening of E109 Kwoyo Kodalo-A1 Rongo-Maram-Sango- A1 Marera-Nyaburu-C20 Winyo road	Central Kamagambo	7,533,946	7,533,946	100.0

Source: Migori County Treasury

3.27.11 Budget Performance by Department

Table 3.186 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.186: 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	175.11	9.66	173.71	3.76	99.2	38.9	76.0	0.5
Trade, Tourism, Industry, Market & Cooperative Development	183.48	569.21	102.03	25.39	87.73	25.49	86.0	100.4	47.8	4.5
Health Medical Services	1,796.85	410.75	1,295.94	25.37	1270.28	40.35	98.0	159.0	70.7	9.8
Education, Gender inclusivity, Social Services, Youth and Sports	550.90	125.55	268.65	22.77	292.20	22.77	108.8	100.0	53.0	18.1
Roads, Transport, Public Works & Infrastructural Development	132.38	774.41	90.95	359.22	80.61	356.79	88.6	99.3	60.9	46.1
Lands, Physical Planning, Housing & Urban Development	180.43	109.01	82.56	31.18	85.96	27.94	104.1	89.6	47.6	25.6
Environment, Natural Resources, Climate Change and Disaster Management	234.76	666.50	91.62	-	86.07	-	93.9	-	36.7	-
Finance and Economic Planning	972.85	24.12	480.49	9.04	481.79	9.04	100.3	100.0	49.5	37.5
Public Service Management, Monitoring & Evaluation & Performance Contracting	786.94	51.13	466.92	4.98	468.83	9.50	100.4	190.7	59.6	18.6
County Executive	602.44	147.97	230.09	-	237.28	0.04	103.1	-	39.4	-
County Assembly	1,003.51	100.00	727.70	39.72	672.33	39.72	92.4	-	67.0	39.7
Water and Energy	166.95	437.32	78.94	182.62	76.47	184.99	96.9	101.3	45.8	42.3
Public Health & Sanitation	309.62	184.76	86.12	116.99	86.45	93.99	100.4	80.3	27.9	50.9
Office of the County Attorney	168.27	0.00	94.67	-	91.48	0.00	96.6	-	54.4	-
Total	7,318.03	4,339.01	4,271.78	826.94	4,191.19	814.39	98.1	98.5	57.3	18.8

Source: Migori County Treasury

Analysis of department expenditure shows that the Department of Public Health & Sanitation recorded the highest absorption rate of development budget at 50.9 per cent, followed by the Department of Roads, Transport, Public Works & Infrastructural Development at 46.1 per cent. The Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy had the highest percentage of recurrent expenditure to budget at 76 per cent while the Department of Public Health & Sanitation on the contrary registered the lowest at 27.9 per cent

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3.187 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.187: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of County Executive							
General administration & support services	General Administration (Office of the Governor)	202,600,000	-	100,780,498	-	49.7	-
	other infrastructure		140,000,000	-	43,426	-	-
	General Administration (County sec)	44,450,000	-	13,283,140	-	29.9	-
	General Administration (dep gov)	40,300,000	-	16,144,100	-	40.1	-
	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	-	17,958,018	-	74.8	-
	Co-ordination and Supervision Services (Gov)	36,000,000	-	30,645,154	-	85.1	-
	Co-ordination and Supervision Services (ICT)	28,000,000	-	8,113,718	-	29.0	-
	Lake Region Economic Bloc	5,000,000	-	1,519,800	-	30.4	-
	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	-	2,728,875	-	34.1	-
	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	-	7,309,750	-	50.1	-
Cohesion & peace-building	Peace Building Initiatives	9,300,000	-	1,860,000	-	20.0	-
	Conflict management & 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	-	36,400	-	0.9	-
ICT Infrastructure	ICT infrastructure & connectivity	-	7,970,000	-	-	-	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Communication services	Communication services	6,950,000	-	1,207,957	-	17.4	-
	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	-	22,021,170	-	61.5	-
Pending Bills	Pending Bills (Gov)	6,365,257	-	1,043,500	-	16.4	-
	Pending Bills (ICT)	13,227,800	-	1,499,500	-	11.3	-
	Sub- Total	602,443,057	147,970,000	237,278,960	43,426	39.4	0.03
Office of the County Attorney							
General administration & support services	Finance & Administration	35,270,000	-	10,552,900	-	29.9	-
Legal Services	Advisory & Research services	2,900,000	-	570,000	-	19.7	-
	Staff Development	2,600,000	-	978,640	-	37.6	-
	Legal compliance services	127,499,400	-	79,378,013	-	62.3	-
	Sub- Total	168,269,400	-	91,479,553	-	54.4	-
Department of Public Service Management, Monitoring and Evaluation and Performance Contracting							
General Administration & Support Services	Administrative Support Services (PSM)	592,885,934	-	398,429,880	-	67.2	-
	General Administration Services (PSB)	70,296,400	-	25,622,522	-	36.4	-
	Field Services	6,000,000	-	4,002,245	-	66.7	-
	General Administration services (Monitoring)	6,500,000	-	1,718,220	-	26.4	-
	Efficient monitoring & evaluation	9,687,000	-	1,902,950	-	19.6	-
Human Capital Management & Development Services	Human Resource Management Services (PSM)	7,500,000	-	5,278,552	-	70.4	-
	Human Resource Management Services (PSB)	3,500,000	-	-	-	-	-
Devolved Units Administration Services	Devolved Units Administration Services	28,600,000	20,000,000	17,647,537	-	61.7	-
	Devolution and Regional Bodies	20,000,000	-	8,452,500	-	42.3	-
Civic Education & Public Participation	Civic Education services	4,500,000	-	3,000,000	-	66.7	-
Public Communication & Records Management Services	Record management programme	2,800,000	-	200,000	-	7.1	-
	Security Enforcement Services	7,450,000	-	1,105,122	-	14.8	-
	Public Communications	2,600,000	-	-	-	-	-
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	1,161,028	9,498,706	7.0	30.5
	Sub- Total	786,944,899	51,133,306	468,825,556	9,498,706	59.6	18.6
Agriculture, Livestock, Veterinary Services, Fisheries and Blue Economy							

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration & Support Services	Administrative Services (Agriculture)	170,191,018	-	143,326,810	-	84.2	-
	Administrative Services (Livestock)	11,537,562	-	7,604,820	-	65.9	-
	Administrative services(vet)	8,008,562	-	2,426,421	-	30.3	-
	Administrative services(fisheries)	15,427,400	-	8,422,190	-	54.6	-
Agricultural Policy & Planning	Policies & Legal Framework	1,967,000	-	1,386,000	-	70.5	-
Agricultural Extension services	Field extension services & support	6,236,209	-	3,549,520	-	56.9	-
Agribusiness Development	Agribusiness Development	1,043,000	-	890,000	-	85.3	-
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	-	880,000	-	20.2	-
Livestock breeding & livestock products improvement	Breeds selection & artificial insemination	2,224,800	9,375,000	150,000	1,575,000	6.7	16.8
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	-
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	-	1,084,900	-	57.6	-
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	-	-	-	-
	Sub- Total	228,638,796	738,270,204	173,706,216	3,762,551	76.0	0.5
Department of Education, Gender Inclusivity, Social Services, Youth and Sports							
General Administration & Support Services	General administration	306,049,054	-	214,364,754	-	70.0	-
	Quality assurance & standard services	4,406,215	-	3,425,000	-	77.7	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Early Childhood Development Education Services	Quality assurance & standard services	16,000,000	-	-	-	-	-
	ECDE co-curriculum development	4,000,000	-	3,464,600	-	86.6	-
	School feeding programme.	2,250,000	-	-	-	-	-
	Community ECD services	-	32,550,000	-	-	-	-
Education support services	Bursary/scholarship	146,000,000	-	18,985,000	-	13.0	-
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	20,000,000	-	100.0	-
	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	-	9,074,804	-	53.4	-
Pending Bills	Pending Bills	1,921,946	40,400,786	1,791,946	22,772,698	93.2	56.4
Gender Development & Equality Services	Women Empowerment	4,570,000	-	1,800,225	-	39.4	-
	Gender-responsive education support	2,400,000	-	1,329,650	-	55.4	-
	Adolescent Girls & women water, sanitation, & hygiene support services	1,800,000	-	1,593,000	-	88.5	-
	People with Disability (PWDs) Empowerment	5,000,000	-	2,254,500	-	45.1	-
Culture Development Promotion & Arts	Culture & heritage conservation	1,000,000	-	622,652	-	62.3	-
Sub- Total		550,897,215	125,547,136	292,203,681	22,772,698	53.0	18.1
Department of Medical Services							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	22,840,000	-	2,562,800	-	11.2	-
	Administration & support services	62,183,902	-	41,350,179	-	66.5	-
	Human Resource Management & Development	1,281,219,949	-	1,054,652,893	-	82.3	-
	Infrastructure & Health Facility Management	-	222,544,237	-	-	-	-
	Health Financing & Universal Health Coverage (UHC) coordination	5,340,000	-	2,803,400	-	52.5	-
	Standards & Quality Assurance	2,800,000	-	2,800,000	-	100.0	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Preventive & Promotive Health Services	Environmental health services	2,100,000	-	1,700,000	-	81.0	-
	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	-	100,000	-	3.0	-
	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	11,152,520	40,350,710	12.0	90.7
Donor Funds	Donor Funds	-	124,723,404	-	-	-	-
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	-	76,575,130	-	67.3	-
	Diagnostic & Rehabilitation Services	26,500,000	-	11,619,350	-	43.8	-
	Health Services Management Fund	135,000,000	5,000,000	59,472,354	-	44.1	-
	Sub- Total	1,796,852,842	410,745,880	1,270,283,029	40,350,710	70.7	9.8
Department of Health Services & Sanitation							
Planning & Administrative Support Services	Policy formulation, planning, Monitoring & evaluation, Research, & learning.	20,600,000	-	12,310,000	-	59.8	-
	Administration & support services	26,393,818	-	13,880,025	-	52.6	-
	Human Resource Management & Development	26,600,000	-	2,400,000	-	9.0	-
	Infrastructure & Health Facility Management	19,694,473	100,936,943	14,788,873	10,126,830	75.1	10.0
	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	-	6,465,378	-	19.6	-
Donor Funds	DANIDA	26,754,689	-	-	-	-	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		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	-	1,345,991	-	51.8	-
	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	-	83,862,204	-	100.0
Curative, Rehabilitative & Referral Services	Health Products & Technologies	80,400,000	-	25,431,959	-	31.6	-
	Diagnostic & Rehabilitation Services	800,000	-	195,000	-	24.4	-
	Sub- Total	309,623,354	184,763,485	86,447,726	93,989,034	27.9	50.9
Department of Environment, Natural Resources, Climate Change and Disaster Management							
General administration & support services	General administration	37,967,116	-	24,570,162	-	64.7	-
Environment Management & Protection	Solid Waste Management Services	9,267,000	-	2,867,170	-	30.9	-
	Garbage Management	35,000,000	--	23,721,400	-	67.8	--
Mazingira Youth Programme	Mazingira Youth Programme	24,000,000	-	21,220,000	-	88.4	-
Donor Funds	Climate change response strategy	4,099,573	-	0	-	-	-
Climate Change Adaptation & Mitigation	Climate change response strategy	121,300,000	666,500,000	12,688,700	-	10.5	-
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	-	-	-	-	-	-
	Sub- Total	234,756,912	666,500,000	86,067,432	-	36.7	-
Department of Finance & Economic Planning							
General administration & support services	Administrative Services (Accounting)	506,812,722	-	184,121,365	-	36.3	-
	Administrative Services (procurement)	31,720,000	-	27,262,700	-	85.9	-
	Administrative Services(Economic)	23,440,000	3,000,000	17,891,600	-	76.3	-
Finance & Accounting services	Accounting services	174,840,790	-	73,550,599	-	42.1	-
	Emergency Activities/Fund	15,000,000	--	11,922,990	-	79.5	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Resource Mobilization services	Resource Mobilization services	49,500,000	-	19,350,330	-	39.1	-
	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	-	35,089,270	-	92.0	-
	Internal Audit Committee	4,600,000	-	4,550,000	-	98.9	-
County Asset Valuation	County Asset Valuation	10,000,000	-	9,973,620	-	99.7	-
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	-	14,000,000	-	77.8	-
Budgeting Services	Budget coordination & management	66,516,061	-	61,781,817	-	92.9	-
County Statistical Information Services	County Statistical Information Services	9,146,243	-	8,028,267	-	87.8	-
County Budget & Economic Forum Services	County Budget & Economic Forum Services	10,000,000	-	8,981,350	-	89.8	-
	Sub- Total	972,853,918	24,121,866	481,792,423	9,036,045	49.5	37.5
Department of Lands, Physical Planning, Housing and Urban Development							
General administrative services	Administrative Services(lands)	39,100,756	14,600,087	24,593,633	3,299,672	62.9	22.6
	Administrative Services (physical)	54,381,010	36,400,000	31,378,973	18,381,409	57.7	50.5
	Administrative Services (Rongo)	11,244,625	10,346,227	4,054,270	-	36.1	-
	Administrative Services (Kehancha)	12,204,624	5,400,000	3,120,000	3,028,412	25.6	56.1
	Administrative Services (Migori)	11,244,625	17,505,755	3,479,682	-	30.9	-
	Administrative Services (Awendo)	11,244,625	21,026,200	4,457,212	-	39.6	-
	Board Activities (Rongo)	6,300,000	-	2,089,000	-	33.2	-
	Board Activities (Kehancha)	6,300,000	-	2,097,400	-	33.3	-
	Board Activities (Migori)	6,300,000	-	2,765,000	-	43.9	-
	Board Activities (Awendo)	6,300,000	-	1,222,000	-	19.4	-
Physical Planning Services	Physical Planning Services	8,000,000	-	5,846,500	-	73.1	-
Pending Bills	Pending Bills	850,000	3,735,203	250,000	3,235,290	29.4	-
Urban Development Services	Urban Development Services	6,957,244	-	610,100	-	8.8	-
	Sub- Total	180,427,509	109,013,472	85,963,769	27,944,783	47.6	25.6
Department of Roads, Transport, Public Works and Infrastructural Development							
General administration & support services	Administrative services(roads)	104,249,883	-	65,087,922	-	62.4	-
	Administrative services(works)	12,404,251	-	4,088,760	-	33.0	-
Road Development, Maintenance & Management	Mechanization service	-	92,000,000	-	43,848,000	-	47.7
	Community access roads	-	120,000,000	-	4,998,149	-	4.2
	Major roads	-	350,000,000	-	239,177,457	-	68.3
	Other Infrastructure	-	15,000,000	-	-	-	-
	KRB-RMLF	-	60,442,438	-	-	-	-
	Bridges & culvert services	-	30,000,000	-	-	-	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
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	-	1,361,970	-	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	-
	Sub- Total	132,379,734	774,413,673	80,608,952	356,792,839	60.9	46.1
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Policy, Planning & administrative support services	Administrative support services(trade)	82,403,268	-	58,249,164	-	70.7	-
	Administrative support services(industrialization)	3,240,000	-	2,912,592	-	89.9	-
	Administrative support services(tourism)	4,649,104	-	2,361,000	-	50.8	-
	Administrative support services(co-operative)	4,500,000	-	3,530,200	-	78.4	-
Trade Promotion, Development & Support to SMEs	Trade development & promotion of SME services	54,000,000	-	-	-	-	-
	Trade regulation & information management systems	5,629,825	-	5,137,184	-	91.2	-
	Trade infrastructure development services	-	19,626,000	-	2,787,319	-	14.2
	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	684,776	-	85.6	-
	Investment promotion services.	3,189,106	-	1,650,492	-	51.8	-
Pending Bills	Pending Bills	499,999	26,084,481	-	21,203,266	-	81.3
Liquor Licensing and Control	Alcohol Fund	5,474,299	-	-	-	-	-
	Liquor Licensing and Control	2,000,000	-	1,200,000	-	60.0	-
Tourism Research & Development	Tourism product development	2,940,000	-	1,824,500	-	62.1	-
	Tourism promotion, investment & marketing	1,760,000	1,500,000	1,111,000	1,500,000	63.1	100.0
Co-operative Policy, Research Advisory	Co-operative Policy, Research Advisory	2,185,788	-	1,920,392	-	87.9	-
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	-	1,372,700	-	63.7	-
Co-operative Governance, Oversight and Compliance	Co-operative Governance, Oversight and Compliance	1,070,206	-	323,750	-	30.3	-
	Sub- Total	183,475,599	569,210,481	87,727,900	25,490,585	47.8	4.5
County Assembly Entity							
County Assembly	General administration, planning & support service sectors	724,778,413	-	450,656,346	-	62.2	-
	Oversight Management services	-	-	-	-	-	-

Programme	Sub-Programme	Approved Supplementary Budget Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Governance and Executive Management	-	-	-	-	-	-
	Legislative services	-	-	-	-	-	-
Office of the Clerk	Infrastructure Development	-	100,000,000	-	39,719,735	-	39.7
	General administration, planning & support service sectors	-	-	-	-	-	-
Speakers Office	Legislative services	29,719,664	-	2,209,784	-	7.4	-
	General administration, planning & support service all sectors	31,907,299	-	31,005,639	-	97.2	-
	Oversight Management services	217,103,333	-	188,459,929	-	86.8	-
	Sub- Total	1,003,508,709	100,000,000	672,331,698	39,719,735	67.0	39.7
Department of Water and Energy							
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	27,223,779	-	31.9	-
	Operation & maintenance of rural water services	1,399,000	-	-	-	-	-
Water supply & Management services	Urban Water Supply & sewerage services	44,000,000	16,238,849	42,361,302	-	96.3	-
	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	3,789,250.00	184,991,153	15.0	72.0
Energy Development Services	Renewable energy development	5,000,000.00	-	-	-	-	-
	Sub- Total	166,954,610	437,321,464	76,473,452	184,991,153	45.8	42.3
	Grand Total	7,318,026,554	4,339,010,967	4,191,190,346	814,392,265	57.3	18.8

Source: Migori County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Three sub-programmes namely; Child Protection Responsive Services & Caregiving Support Service; Technical, Vocational, Education & Training; and Youth enterprise development 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; Standards & Quality Assurance in the Department of Medical Services; TB Control in the Department of Health Services; Tourism promotion, investment & marketing in the Department of Trade, Tourism, Industry, Market & Cooperative Development all at 100 per cent each respectively , followed by County Asset Valuation in the Department of Finance & Economic Planning at 99.7 per cent , and finally General administration, planning & support service in the County Assembly Entity at 97.2 per cent of their budget allocation.

3.27.13 Accounts Operated in Commercial Banks

The County government operated a total of 208 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.27.14 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 final reports from the County Executive were received on 19th April 2024 against a stipulated timeline of 15th April 2024
2. The underperformance of own-source revenue at Kshs.352.46 million against an annual target of Kshs.625.47 million, representing 56.4 per cent of the yearly target
3. Poor management of inter-departmental vote books by the County Treasury and weak budgeting practice, as shown in Table 3.184, where the County incurred expenditure over approved exchequer issues in several departments and diversion of funds
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, 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 at end 15th April 2024
5. High level of pending bills which amounted to Kshs.896.16 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.93.24 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.
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 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 Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The County Treasury should improve the Vote book and budgetary controls to ensure expenditure is within the approved budget and exchequer releases*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced*
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, strict compliance with the approved staff establishment should be maintained.*
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 revenue collection accounts are exempted.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.15.99 billion, comprising Kshs.4.80 billion (30.0 per cent) and Kshs.11.19 billion (70.0 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 16.7 per cent compared to the previous financial year when it was Kshs.13.70 billion, comprising 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 (48.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.59 billion as additional allocations/conditional grants, and generate Kshs.5.25 billion (35.7 per cent) as gross own source revenue. The own-source revenue includes Kshs.1.38 billion (9.4 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.3.89 billion (26.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.188.

3.28.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.56 billion as an equitable share of the revenue raised nationally, Kshs.488.16 million as additional allocations/conditional grants, had a cash balance of Kshs.17.31 million from FY 2022/23 and raised Kshs.3.30 billion as own-source revenue (OSR). The OSR includes Kshs.854.45 million as FIF and Kshs.2.45 billion as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.8.37 billion, as shown in Table 3.188.

Table 3.188: Mombasa County, Revenue Performance in the First Nine Months of FY 2023/24

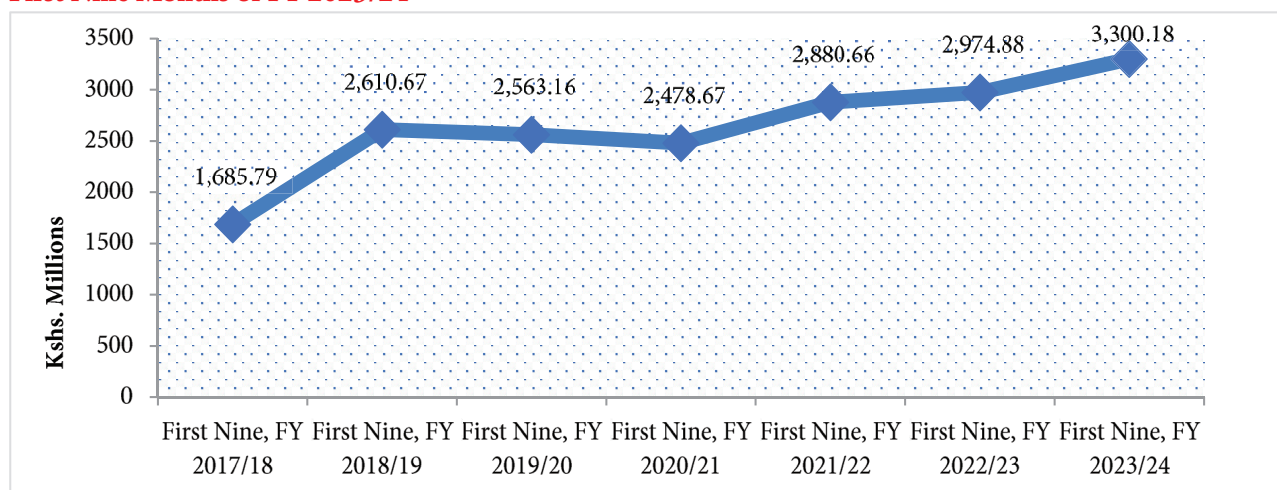
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,861,523,820	4,559,683,818	58.0
	Subtotal	7,861,523,820	4,559,683,818	58.0
B	Additional Allocations/Conditional Grants			
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	487,650,672	48.8
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	512,539	20.4
8	Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)	39,346,299	-	-
9	Fertilizer Subsidy Programme	6,495,711	-	-
10	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	250,000,000	-	-
	Subtotal	1,585,680,062	488,163,211	30.8

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
C	Own Source Revenue			
1	Ordinary Own Source Revenue	3,875,296,118	2,445,722,553	63.1
2	Facility Improvement Fund (FIF)	1,377,500,000	854,453,538	62.0
	Sub Total			
D	Other Sources of Revenue			
1	Unspent balance from FY 2022/23	-	17,308,258	-
	Sub Total	5,252,796,118	3,317,484,349	63.2
Grand Total		14,700,000,000	8,365,331,378	56.9

Source: Mombasa County Treasury

Figure 82 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

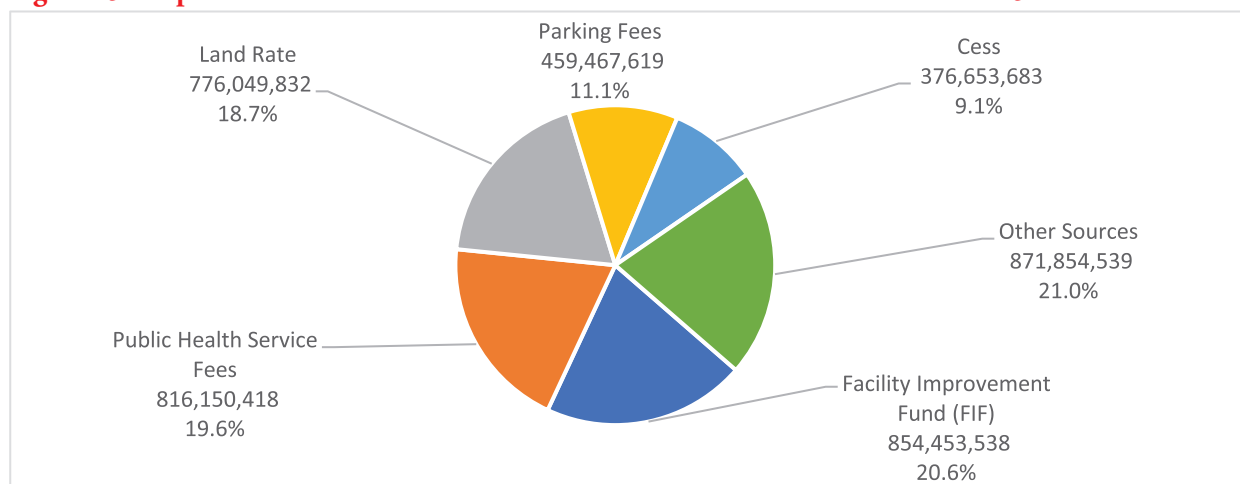
Figure 82: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Mombasa County Treasury

In the first nine months of FY 2023/24, the County generated Kshs.3.30 billion from its revenue sources, including FIF. This amount represented an increase of 10.9 per cent compared to Kshs. 2.97 million realised in a similar period in FY 2022/23 and was 62.8 per cent of the annual target and 72.4 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.34.66 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 Nine Months of FY 2023/24 in Kshs.



Source: Mombasa County Treasury

The highest revenue stream of Kshs.854.45 million was from the Facility Improvement Fund contributing to 20.6 per cent of the total OSR receipts during the reporting period.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.97 billion from the CRF account during the reporting period, which comprised Kshs.492.20 million (7.1 per cent) for development programmes and Kshs.6.48 billion (92.9 per cent) for recurrent programmes.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.40 billion.

3.28.4 County Expenditure Review

The County spent Kshs.6.93 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.4 per cent of the total funds released by the CoB and comprised Kshs.369.21 million and Kshs.6.56 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.7 per cent, while recurrent expenditure represented 58.6 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.4.24 billion. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.328.28 million. Therefore, as of 31st March 2024, the outstanding amount was Kshs.3.91 billion.

The County Assembly did not submit a report on outstanding pending bills as of 31st March 2024.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.35 billion on employee compensation, Kshs.2.22 billion on operations and maintenance, and Kshs.361.12 million on development activities. Similarly, the County Assembly spent Kshs.251.83 million on employee compensation, Kshs.364.02 million on operations and maintenance, and Kshs. 8.08 million on development activities, as shown in Table 3.189.

Table 3.189: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,360,404,489	914,100,000	6,566,725,867	615,853,848	78.5	67.4
Compensation to Employees	4,514,048,575	381,844,958	4,348,101,768	251,834,412	96.3	66.0
Operations and Maintenance	3,846,355,914	532,255,042	2,218,624,099	364,019,436	57.7	68.4
Development Expenditure	5,375,495,511	50,000,000	361,123,853	8,082,390	6.7	16.2
Total	13,735,900,000	964,100,000	6,927,849,721	623,936,238	50.4	64.7

Source: Mombasa County Treasury

3.28.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.4.60 billion, or 55.0 per cent of the available revenue, which amounted to Kshs. 8.37 billion. This expenditure represented an increase from Kshs.4.05 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.23 billion paid to health sector employees, translating to 48.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.4.51 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs. 362.04 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.20.8 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.39.39 million. The average monthly sitting allowance was Kshs. 55,020 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.580 million to county-established funds in FY 2023/24, constituting 3.6 per cent of the County's overall budget. Table 3.190 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.190: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024(Yes/No.)
County Executive Established Funds						
1	Mombasa County Scholarship and Other Educational Benefits	580,000,000	48,375,000	-	-	No
County Assembly Established Funds						
2	Car Loans and Mortgage for Members and Staff	-	-	-	-	No
	Total	580,000,000	48,375,000			

Source: Mombasa County Treasury

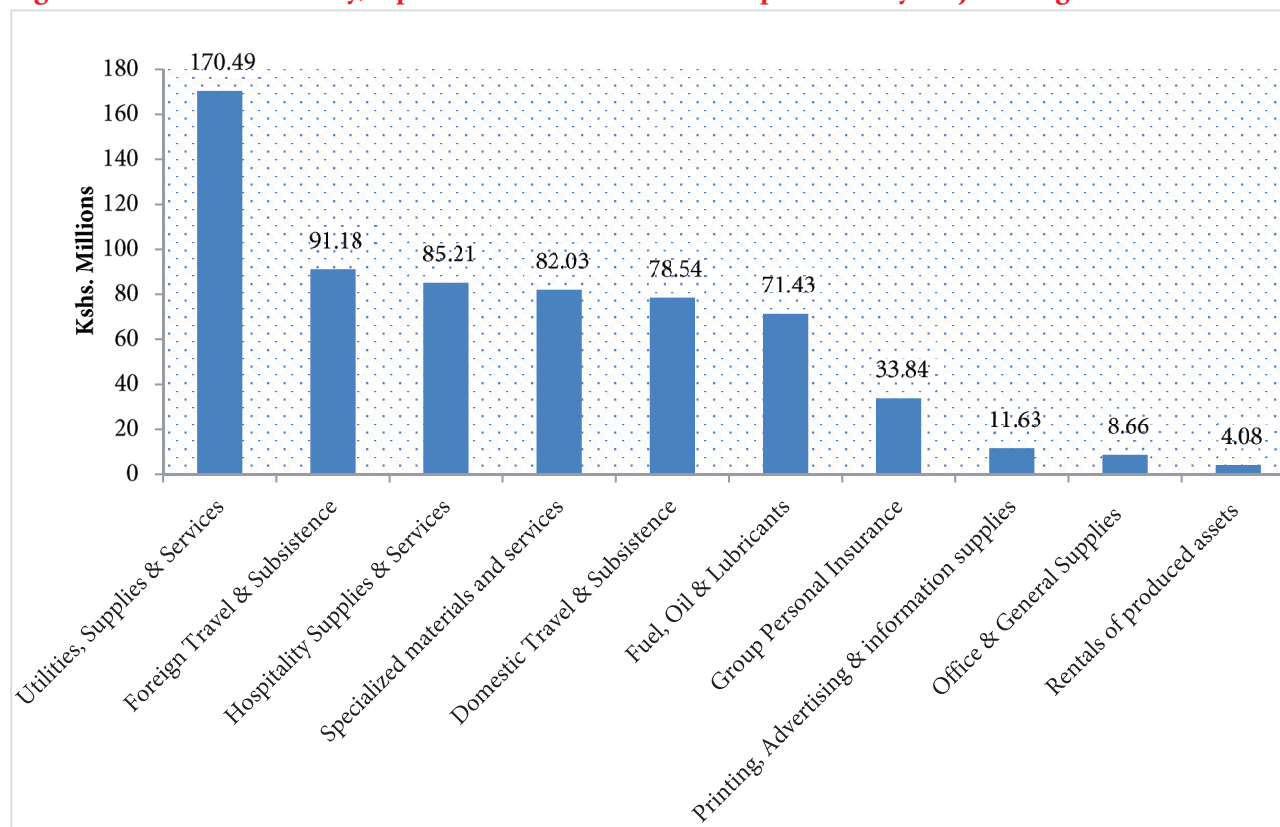
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 2 funds, as indicated in Table 3.190, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.78.54 million and comprised Kshs.38.56 million spent by the County Assembly and Kshs.39.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.91.18 million and comprised Kshs.77.21 million by the County Assembly and Kshs.13.97 million by the County Executive. Spending on foreign travel is summarised in Table 3.191.

Table 3.191: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	18th Sept 2023-26th Sept 2023	78 th United Nations General Assembly 2023 Sessions and Side Meetings in New York	USA	1,143,000
County Executive	1	20th May 2023 To 31st May 2023	Busan South Korea	South Korea	433,090
County Executive	1	15th Oct 2023 To 26th Nov 2023	JICA Training 15 Oct 2023 TO 26 Nov 2023	Japan	1,010,951
County Executive	2	29th Nov 2023 To 12th Dec 2023	Travel to Dubai UAE from 29 Nov 2023 TO 12 Dec 2023 attending COP 28	Dubai	1,487,120
County Executive	1	22nd Sept 2023 To 26th Sept 2023	International Friendship Cities Cultural Festival in China	China	437,306

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
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	African Association for Public Administration and Management 42nd Annual Roundtable Conference	Zambia	528,800
County Executive	1	29th Nov 2023 To 12th Dec 2023	Being claim for travel to Dubai	Dubai	1,447,120
County Assembly	6	8th-14th January 2024	Committee On Environment Training	Dubai	3,763,716
County Assembly	6	27th Jan-2nd Feb 2024	Consolidated Water Resource Management Training	Dubai	3,830,076
County Assembly	6	3rd-10th February 2024	Public Financial Management Training	Dubai	3,763,716
County Assembly	7	21st-27th February 2024	Education Sector Policy Formulation & Development	Dubai	4,467,680
County Assembly	7	13th-20th February 2024	Measurement & Improvement of Infrastructure Performance Training	Dubai	4,421,760
County Assembly	7	29 th -Feb-6th March 2024	Affirmative Action Programmes for Grassroot Leadership in Youth & Women Organizations.	Dubai	4,401,915

Source: Mombasa County Treasury

3.28.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.369.21 million on development programmes, representing a decrease of 16.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.443.18 million. Table 3.192 summarises development projects with the highest expenditure in the reporting period.

Table 3.192: Mombasa County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Finance & Economic Planning	Revenue Management System-Techbiz Limited	Mvita	55,730,039	45,138,409	81.0
Education and Digital Transformation	Being Payment for School Feeding Program For all Learners in Public Schools	Across The County	61,050,000	24,491,550	40.1
Finance & Economic Planning	Being Payment for School Milk Program in Six Sub Counties	Across The County	10,830,876	10,830,876	100.0
Education & Digital Transformation	Being Payment of Supply and Delivery of Tools and Equipment for Vocational Training Centers	Across The County	12,681,139	5,129,504	40.4
Finance & Economic Planning	Being Payment for Supply of Non-Pharmaceuticals Items at Coast General	Mvita	5,345,871	5,076,487	95.0
Tourism, Culture and Trade	Proposed Construction of Boundary Wall at Kongowea Phase II	Kongowea	4,965,110	4,234,040	85.3

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Transport & Infrastructure	Proposed Improvement /Up-grading of Msamuli Mwar-endo Murram Road 2Km Mwakirunge Ward	Mwakirunge Ward	4,966,071	4,159,437	83.8
Transport & Infrastructure	Proposed Improvement of Masilahi Rd.	Shanzu	4,854,025	4,136,519	85.2
Finance and Economic Planning	Proposed Construction of Kongowea Cemetary Bound-ary Wall Repairs	Kongowea	4,844,175	4,130,912	85.3

Source: Mombasa County Treasury

3.28.11 Budget Performance by Department

Table 3.193 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.193: 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	990.94	55.00	616.41	8.10	615.85	8.08	99.9	99.8	62.2	14.7
Public Service Board	145.36	20.00	126.13	-	45.49	-	36.1	-	31.3	-
Finance & Economic Planning	1,069.88	405.32	1,010.17	203.63	654.29	105.49	64.8	51.8	61.2	26.0
Health Services	4,002.83	663.79	1,690.43	82.50	1,949.98	40.01	115.4	48.5	48.7	6.0
Transport & Infra-structure	821.37	644.14	281.17	56.61	360.01	42.36	128.0	74.8	43.8	6.6
Environment & Solid Waste Management	661.12	204.51	600.80	42.46	286.34	44.73	47.7	105.3	43.3	21.9
Education & Digital Transformation	937.41	229.80	626.26	39.96	522.13	81.54	83.4	204.0	55.7	35.5
Water, Natural Resources & Climate Change Resilience	92.54	1,091.50	68.56	10.00	19.23	10.00	28.0	100.0	20.8	0.9
Public Service Admin-istration, Youth, Gen-der, Social Services & Sports	1,440.22	225.00	919.18	-	1,607.60	-	174.9	-	111.6	-
Tourism, Culture & Trade	422.52	460.69	247.60	17.41	202.74	8.29	81.9	47.6	48.0	1.8
Land, Planning, Housing and Urban Renewal	206.08	609.58	146.46	11.51	92.87	8.89	63.4	77.3	45.1	1.5
Blue Economy, Agri-culture & Livestock	186.50	150.00	107.00	20.01	87.93	19.82	82.2	99.0	47.2	13.2
The County Attorney	94.87	13.43	17.48	-	83.03	-	474.9	-	87.5	-
County Executive	120.63	24.95	17.45	-	30.57	-	175.2	-	25.3	-
Total	11,192.29	4,797.71	6,475.10	492.20	6,558.07	369.21	101.3	75.0	58.6	7.7

Source: Mombasa County Treasury

Analysis of expenditure by departments shows that the Department of Education & Digital Transformation recorded the highest absorption rate of development budget at 35.5 per cent, followed by the Department of Finance & Economic Planning at 26.0 per cent. The Department of Public Service Administration, Youth, Gender, Social Services & Sports had the highest percentage of recurrent expenditure to budget at 111.6 per cent, which is irregular and should be addressed through the passage of a supplementary budget.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.194 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24

Table 3.194: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec Exp	Dev Exp
THE EXECUTIVE							
Programme 1	Governor’s and Deputy Governor’s Affairs	78,000,000	11,000,000	23,493,240	-	30.1	-
	Protocol, Hospitality and Communication	26,000,000	14,000,000	2,803,300	-	10.8	-
	County Secretary & Cabinet Affairs	26,000,000	-	1,884,850	-	7.2	-
	Governor’s Advisory Council, Special Programs, Intergovernmental and External Relations	24,500,000	-	-	-	-	-
	Governor’s Delivery Unit, Policy, Planning & Research	19,500,000	-	2,390,880	-	12.3	-
	Sub Total	174,000,000	25,000,000	30,572,270	-	17.6	-
COUNTY ASSEMBLY							
Programme 2	General Administration and Planning	674,720,738	-	624,511,404	-	92.6	-
	Legislation, Oversight and Representation	239,379,262	50,000,000	-	-	-	-
	Sub-Total	914,100,000	50,000,000	624,511,404	-	68.3	-
COUNTY PUBLIC SERVICE BOARD							
Programme 3	Administration Unit	131,400,000	20,000,000	45,490,328	-	34.6	-
	Sub-Total	131,400,000	20,000,000	45,490,328	-	34.6	-
FINANCE AND ECONOMIC PLANNING							
Programme 4	Administration Unit	1,068,186,927	703,000,000	615,687,913	105,493,245	57.6	15.0
	Financial Management Services-Accounting Unit	23,601,372	11,000,000	15,967,576	-	67.7	-
	Planning and Monitoring Unit	29,711,701	2,000,000	22,633,741	-	76.2	-
	Sub-Total	1,121,500,000	716,000,000	654,289,229	105,493,245	58.3	14.7
ENVIRONMENT & SOLID WASTE MANAGEMENT							
Programme 5	Administration, Planning and Support Services	462,632,991	43,333,334	226,072,117	14,970,395	48.9	34.5
	Environment Compliance and Enforcement	79,855,670	46,333,333	26,377,514	20,341,489	33.0	43.9
	Solid Waste Management	80,511,339	74,333,333	33,893,890	9,414,868	42.1	12.7
	Sub-Total	623,000,000	164,000,000	286,343,521	44,726,753	46.0	27.3
Education & Digital Transformation							
Programme 6	General Administration, Planning and Support Services	309,766,000	23,000,000	168,771,014	6,438,254	54.5	28.0
	Early Childhood Education	18,500,000	101,000,000	70,500	24,491,550	0.4	24.2
	Vocational Training & Education	17,500,000	5,000,000	118,850	2,235,177	0.7	44.7
	Child Care	2,500,000	-	722,328	-	28.9	-
	Elimu Fund	583,000,000	-	350,548,534	48,375,000	60.1	-
	Digital Transformation	52,734,000	37,000,000	1,895,478	-	3.6	-
	Sub-Total	984,000,000	166,000,000	522,126,704	81,539,981	53.1	49.1
HEALTH SERVICES							
Programme 7	Administration Unit	1,719,690,329	212,285,497	1,916,969,917	38,315,628	111.5	18.0
	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	29,288,713	893,894	24.7	0.1

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec Exp	Dev Exp
	Special Programs	36,150,937	1,221,000	-	-	-	-
	Sub-Total	1,943,973,855	1,584,026,145	1,949,984,801	40,011,074	100.3	2.5
WATER, NATURAL RESOURCES & CLIMATE CHANGE RESILIENCE							
Programme 8	Administration unit	70,906,170	1,000,000,000	19,225,378	10,000,000	27.1	1.0
	Natural Resources Management	8,543,830	22,500,000	-	-	-	-
	Sanitation Services and Management	3,050,000	10,000,000	-	-	-	-
	Water Supply and Management	7,100,000	15,000,000	-	-	-	-
	Renewable Energy	6,500,000	2,000,000	-	-	-	-
	Climate Resilience	17,900,000	33,500,000	-	-	-	-
	Sub-Total	114,000,000	1,083,000,000	19,225,378	10,000,000	16.9	0.9
PUBLIC SERVICE ADMINISTRATION, YOUTH, GENDER, SOCIAL SERVICES & SPORTS							
Programme 9	Administration planning and support services	940,872,839	11,000,000	1,437,588,710	-	152.8	-
	Human Resource Management & Development	219,434,994	-	155,072,834	-	70.7	-
	County Administration & Decentralized Services	19,853,424	105,000,000	574,781	-	2.9	-
	Enforcement, Compliance & Disaster Management	21,588,743	19,000,000	4,081,162	-	18.9	-
	Youth Affairs & Sports Development	121,000,000	70,000,000	2,377,917	-	2.0	-
	Gender, PWD Integration & Social Services	34,250,000	20,000,000	7,909,172	-	23.1	-
	Sub-Total	1,357,000,000	225,000,000	1,607,604,576	-	118.5	-
TOURISM, CULTURE & TRADE							
Programme 10	General Administration Planning & support services	314,945,978	-	197,163,695	-	62.6	-
	Trade Development and Markets/ Consumer Protection	14,900,000	125,000,000	2,709,386	1,193,000	18.2	1.0
	E-Licensing & Services	9,801,997	2,500,000	727,241	-	7.4	-
	Tourism Marketing and Product Development	33,559,215	89,392,810	1,385,011	7,092,530	4.1	7.9
	Cultural Affairs	7,600,000	-	749,869	-	9.9	-
	Co-operative Development	9,300,000	5,000,000	-	-	-	-
	Sub-Total	390,107,190	221,892,810	202,735,202	8,285,530	52.0	3.7
LANDS, PLANNING, HOUSING AND URBAN RENEWAL							
Programme 11	Administration planning and support services	172,157,269	55,576,556	81,030,369	8,056,400	47.1	14.5
	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	11,236,731	-	17.5	-
	Land Administration and Valuation	15,566,175	2,000,000	372,000	-	2.4	-
	Physical Planning	3,300,000	31,000,000	-	-	-	-
	Sub-Total	266,423,444	559,576,556	92,871,450	8,891,885	34.9	1.6
TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS							
Programme 12	General Administration and Support Services	718,675,000	-	356,333,351	1,742,674	49.6	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Rec Exp	Dev Exp
	Roads Infrastructure Development	18,400,000	245,000,000	277,800	32,129,843	1.5	13.1
	Transportation Management	8,200,000	12,000,000	-	1,511,521	-	12.6
	County Public Works	27,650,000	23,000,000	55,800	-	0.2	-
	Mechanical and Electrical Services	75,600,000	6,000,000	3,341,962	-	4.4	-
	Safety, Risk and Disaster Management Services	67,475,000	75,000,000	-	6,971,500	-	9.3
	Sub-Total	916,000,000	361,000,000	360,008,913	42,355,539	39.3	11.7
BLUE ECONOMY, AGRICULTURE & LIVESTOCK							
Programme 13	Administration Unit-Head-quarters	144,000,000	10,000,000	78,440,162	3,511,730	54.5	35.1
	Crops Development	18,368,785	35,000,000	1,830,460	4,660,345	10.0	13.3
	Livestock Production	14,010,000	30,653,701	2,730,275	9,020,960	19.5	29.4
	Fisheries Development	16,800,000	154,346,299	1,746,530	-	10.4	-
	Veterinary Services	15,821,215	20,000,000	3,179,791	2,626,812	20.1	13.1
	Sub-Total	209,000,000	250,000,000	87,927,219	19,819,847	42.1	7.9
THE COUNTY ATTORNEY							
Programme 14	General Administration & Legal Services	130,000,000	-	83,034,873	-	63.9	-
	Sub-Total	130,000,000	-	83,034,873	-	63.9	-
Grand Total		9,274,504,489	5,425,495,511	6,566,725,867	361,123,853	70.8	6.7

Source: Mombasa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration Planning and Support Services in the Department of Public Service Administration, Youth, Gender, Social Services and Sports at 152.8 per cent, Administration Unit in the Department of Health Services at 111.5 per cent, General Administration and Planning in the County Assembly at 92.6 per cent, and Planning and Monitoring Unit in the Department of Finance and Economic Planning at 76.2 per cent of budget allocation.

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. Weak public financial management controls as demonstrated by expenditure exceeding budget ceilings in some departments. The Public Service Administration, Youth, Gender, Social Services and Sports spent Kshs.1.61 billion on recurrent programmes against an approved budget of Kshs.1.44 billion. The expenditure translated to an absorption rate of 111.6 per cent.
2. The underperformance of own-source revenue at Kshs.3.30 billion against an annual target of Kshs.5.25 billion, representing 62.8 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.3.91 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.362.04 million were processed through the manual payroll, accounting for 7.4 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.
5. The County did not furnish the OCOB with information on short-term borrowing and information on the number of bank accounts in operation.

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

1. *The County Treasury should strengthen financial controls to prevent expenditures from exceeding budget ceilings.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
5. *The County Treasury should ensure that it submits information on any short-term borrowing arrangement with commercial banks and information on bank accounts in operation.*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2023/24 Budget

The County's Approved Supplementary Budget for FY 2023/24 is Kshs.10.41 billion, comprising Kshs.3.12 billion (30.0 per cent) and Kshs.7.29 billion (70.0 per cent) allocation for development and recurrent programmes. The approved budget estimates represented an increase of 6.2 per cent compared to the previous financial year when it was Kshs.9.80 billion and 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 (71.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.10 billion (10.6 per cent) as additional conditional grants, a cash balance of Kshs. 719.36 million (6.9 per cent) was brought forward from FY 2022/23, and generate Kshs.1.12 billion (10.7 per cent) as gross own-source revenue. The own-source revenue includes Kshs.238.81 million (2.3 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.876.18 million (8.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.195.

3.29.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.33 billion as an equitable share of the revenue raised nationally, Kshs.200.49 million as additional allocations/conditional grants, had a cash balance of Kshs.719.36 million from FY 2022/23 and raised Kshs.716.44 million as own-source revenue (OSR). The raised OSR includes Kshs.256.47 million as FIF and Kshs.459.98 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.97 billion, as shown in Table 3.195.

Table 3.195: Murang'a County, Revenue Performance in the First Nine Months of FY 2023/24

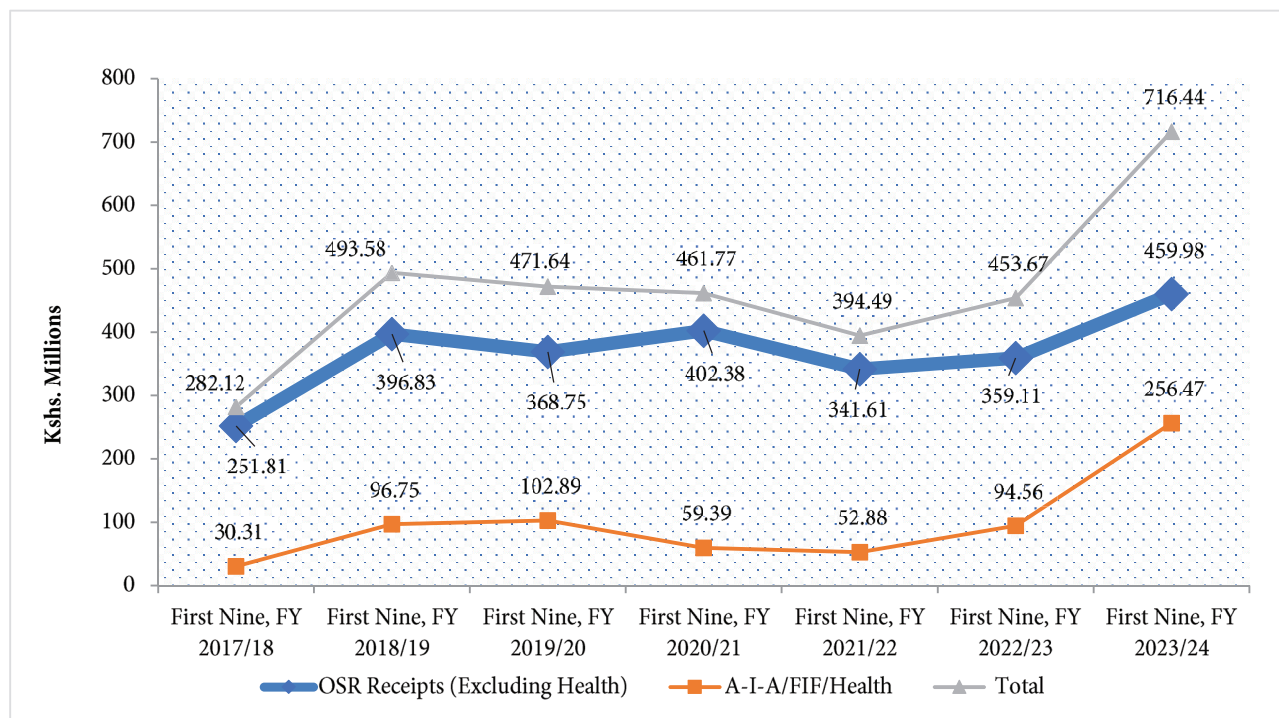
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,473,786,703.00	4,334,796,288.00	58.0
	Sub Total	7,473,786,703.00	4,334,796,288.00	58.0
B	Conditional Grants			
1	Leasing of Medical Equipment	124,733,404.30	-	-
2	Nutritional International Grant	20,000,000.00	5,000,000.00	25.0
3	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	150,000,000.00	-	-
4	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP)	250,000,000.00	195,458,644	78.2
5	DANIDA Grant	11,492,250.00	-	-
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,899,127.00	-	-
7	Livestock Value Chain Support	71,618,400.00	-	-
8	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000.00	-	-
9	World Bank (Finance Locally-Led Climate Program (FLLoCA) Level 2Grant	137,500,000.00	-	-
10	Conditional Grant for Fertilizer Subsidy	197,960,790.00	-	-
11	Transfer of Library Services	13,019,070.00	-	-
12	Aggregated Industrial Park	100,000,000.00	-	-
	Sub-Total	1,100,223,041.30	200,458,644.05	18.2
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	876,181,883	459,976,333	52.5
2	Balance B/F from FY2022/23	719,356,302	719,356,302	100.0
3	Facility Improvement Fund (FIF)	238,818,117	256,466,200	107.4
	Sub Total	1,834,356,302.00	1,435,798,834.85	78.27
	Grand Total	10,408,366,046.30	5,971,053,766.90	57.37

Source: Murang'a County Treasury

The Facility Improvement Fund (FIF) had a performance of Kshs.256.47 million (107.4 per cent) which was above the revenue target. This is attributed by the County not having factored the NHIF refunds in their annual revenue targets.

Figure 85 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

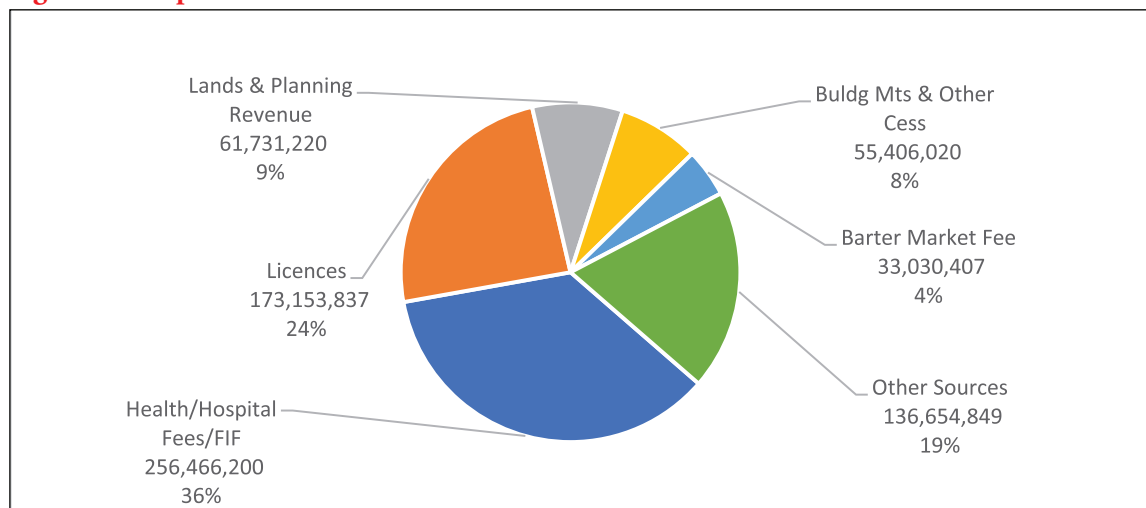
Figure 85: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Murang'a County Treasury

The County generated a total of Kshs.716.44 million from its sources of revenue, including FIF and ordinary AIA. This amount represented an increase of 36.7 per cent compared to Kshs.453.67 million realised in a similar period in FY 2022/23 and was 64.3 per cent of the annual target and 16.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

Figure 86: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Murang'a County Treasury

The highest revenue stream of Kshs.256.47 million was from Health/Hospital Fees/FIF, contributing to 36.0 per cent of the total OSR receipts during the reporting period. The improved performance of the revenue stream is attributed to the automation, monitoring through the Murang'a County Health Management Information System. The improvement of also the other revenue streams is attributable to the partnership between the County Government of Murang'a and the Cooperative Bank of Kenya for the installation of a Revenue Management System.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.03 billion from the CRF account during the reporting period, which comprised Kshs.738.23 million (14.9 per cent) for development programmes and Kshs.5.03 billion (85.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.92 billion was released towards Employee Compensation and Kshs.1.30 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.935.04 million.

3.29.4 County Expenditure Review

The County spent Kshs.4.27 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.0 per cent of the total funds released by the CoB and comprised Kshs.534.78 million and Kshs.4.18 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.1 per cent, while recurrent expenditure represented 57.4 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 nine months of FY 2023/24, the County Executive settled pending bills amounting to Kshs.533.11 million. They consisted of Kshs.483.83 million for recurrent expenditure and Kshs.49.28 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.604.39 million. The County Executive also has ineligible pending bills amounting to Kshs.2.09 billion.

The County Assembly reported outstanding pending bills of Kshs.74.43 million as of 31st March 2024, comprising Kshs.62.23 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.2.73 billion on employee compensation, Kshs.1.01 billion on operations and maintenance, and Kshs.534.78 million on development activities. Similarly, the County Assembly spent Kshs.195.51 million on employee compensation and Kshs.252.04 million on operations and maintenance, as shown in Table 3.196.

Table 3.196: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,415,001,625.70	872,709,033.00	3,738,314,722.43	447,553,168.81	58.3	51.3
Compensation to Employees	4,164,163,665.09	336,790,000.00	2,729,276,940.00	195,511,027.00	65.5	58.1
Operations and Maintenance	2,250,837,960.61	535,919,033.00	1,009,037,782.43	252,042,141.81	44.8	47.0
Development Expenditure	3,100,655,387.30	20,000,000.00	534,781,701.05	-	17.2	0.0
Total	9,515,657,013.00	892,709,033.00	4,273,096,423.48	447,553,168.81	44.9	50.1

Source: Murang'a County Treasury

3.29.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.92 billion, or 48.9 per cent of the available revenue, which amounted to Kshs.5.97 billion. The wage bill included Kshs.1.45 billion paid to health sector employees, translating to 49.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.64 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.280.69 million was processed through manual pay-rolls. The manual payrolls accounted for 9.6 per cent of the total PE cost.

The County Assembly spent Kshs.19.73 million on committee sitting allowances for the 48 MCAs, including the Speaker, against the annual budget allocation of Kshs.34.50 million. The average monthly sitting allowance was Kshs.45,667 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.705.00 million to county-established funds in FY 2023/24, constituting 6.8 per cent of the County's overall budget. Table 3.197 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.197: Performance of County Established Funds in the First Nine Months of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure in FY 2023/24 (Kshs.)	Cumulative disbursements to the fund as of 31st March 2024 (Kshs)	Submission of Financial Statements as of 31st March 2024 (Yes/No.)
County Executive Established Funds						
1.	Murang'a County Education Scholarship Fund	252,000,000.00	216,422,480.00	230,077,586.00	815,815,950.00	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 yet funded
4.	Emergency Fund	23,000,000.00	-			Not operationalised
5.	Youth Fund	145,000,000.00	60,000,000.00	58,461,619.80	60,000,000.00	Yes
6.	Agricultural Farm Inputs Subsidy and Incentives Fund	240,000,000.00	100,000,000.00	151,492,465.53	298,900,000.00	Yes
County Assembly Established Funds						
7.	County Assembly Car Loan and Mortgage Fund	25,000,000.00	-	52,087,346.00	467,274,313.00	Yes
	Total	705,000,000.00	376,422,480.00	492,119,617.33	1,661,990,263.00	

Source: Murang'a County Treasury

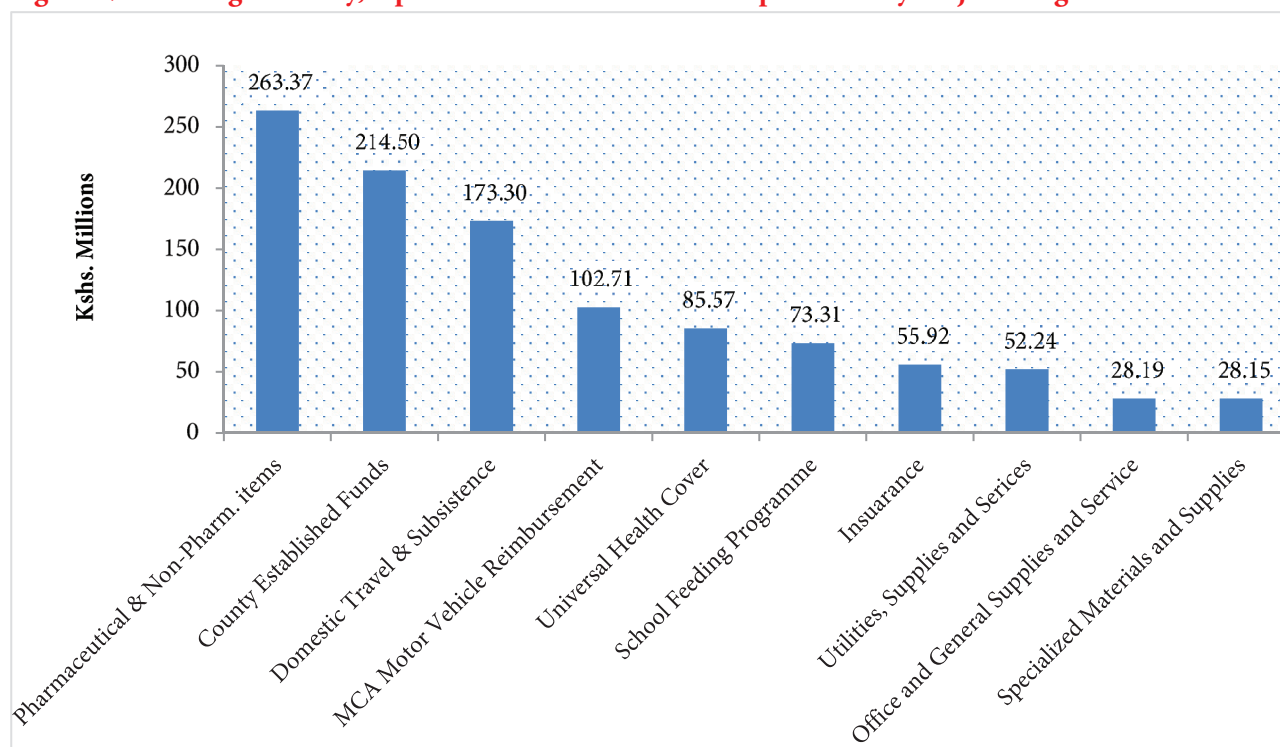
During the reporting period, the CoB received the quarterly financial returns from all Fund Administrators of the County Established funds, as indicated in Table 3.

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.

3.29.9 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

Included in the operations and maintenance costs is an expenditure of Kshs.25.41 million on legal fees. During the period, expenditure on domestic travel amounted to Kshs.173.30 million and comprised Kshs.112.06 million spent by the County Assembly and Kshs.61.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.28.24 million and comprised Kshs.12.99 million by the County Assembly and Kshs.15.25 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.198.

Table 3.198: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	14th July 2023 - 21st July 2023	Foreign Travel Allowances and Air Tickets while on Official duty 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	12th September 2023 - 19th September 2023	Foreign Travel Allowances while on Official duty Belgium, Netherlands and Germany to participate in the Coffee and Tea Cupping Sessions	Belgium, Netherlands & Germany	4,050,138.00

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	22nd August 2023 – 28th August 2023	Foreign Travel Allowances while on 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	Foreign Travel Allowances while on 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 Hospital held between 01st May 2023 – 08th May 2023	India	520,092.00
County Executive	3	24th September -30th September 2023	Foreign Travel Allowances while on Official duty attending an Exchange Programme from Uplands -Bro Municipal in Sweden from 24th September -30th September 2023	Sweden	358,985.34
County Executive	8	26th September -02nd October 2023	Foreign Travel Allowances while on Official duty attending an Exchange Programme from Uplands -Bro Municipal in Sweden from 26th September -02nd October 2023	Sweden	943,399.94
County Assembly	1	27th October 2023 - 05th November 2023	Foreign Travel Allowances and Conference Fees 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
County Assembly	8	15th October 2023 -21st October 2023	Conference Fees while on Official duty 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	Conference Fees while on Official duty 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

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	22nd October 2023 -28th October 2023	Conference Fees while on Official duty for members attending trans-formational 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	Conference Fees while on Official duty for members attending trans-formational 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	Conference Fees while on Official duty for members attending trans-formational leadership corporate governance and resilience planning masterclass in Dubai from 27th October -05th November 2023	Dubai UAE	2,384,000.00

Source: Murang'a County Treasury and Murang'a County Assembly

3.29.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.534.78 million on development programmes, representing an increase of 5.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.506.81 million. Table 3.199 summarises development projects with the highest expenditure in the reporting period.

Table 3.199: Murang'a 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	Agriculture, Livestock and Fisheries	Agricultural Farm Input Subsidy fund	Countywide	100,000,000.00	100,000,000.00	100
2	Public Service Administration & Information Technology	ICT Automation and Development systems & Equipment in all County hospitals to improve and enhance efficiency in all County hospitals under the Curative Health Programme	Countywide	78,333,724.00	78,333,724.00	98
3	Energy Transport and Roads	Upgrading to Bitumen standard at Kigumo, Kandara, Gatanga, Maragwa, Kiharu, & Mathioya	Kigumo, Kandara, Gatanga, Kenol, Muranga Town and Kiria ini	121,794,526.00	64,517,748.00	53
4	Youth, Culture, Gender, Social Services & Sports	Murang'a County Youth Fund	Countywide	60,000,000.00	60,000,000.00	60
5	Health And Sanitation	Construction of Kenol Level IV Hospital	Makenji	56,595,144.00	56,595,144.00	76

S No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs.)	Implementation Status (%)
6	Health And Sanitation	Construction of Murang'a level V Hospital Casualty & Wards	MCRH	24,065,387.00	23,797,922.00	25
7	Commerce, Trade, Cooperatives, Tourism and Investments	Cooperative Societies	Maragua	20,000,000.00	20,000,000.00	100
8	Health And Sanitation	Maternal health and infant support	MCRH	19,995,200.00	19,995,200.00	40
9	Health And Sanitation	Medical Equipment	Muranga Level V Hospital	15,700,841.00	15,700,841.00	79
10	Energy Transport and Roads	Upgrading to Bitumen standards	Mururandia, Muguru ward	8,896,511.00	8,896,511.00	100

Source: Murang'a County Treasury

3.29.11 Budget Performance by Department

Table 3.200 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.200: 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	248.92	936.16	131.07	295.46	180.63	100.00	137.8	33.8	72.6	10.7
Commerce, Trade, Industry and Tourism	89.03	266.30	38.46	54.91	28.83	54.45	75	99.2	32.4	20.4
County Public Service Board	40.52	-	12.98	-	16.49	-	127	-	40.7	-
Education & Technical Training	785.75	23.00	559.61	8.66	593.45	5.68	106	65.6	75.5	24.7
Energy Transport and Roads	28.96	693.00	9.39	95.19	12.47	98.55	132.8	103.5	43.1	14.2
Environment, Natural Resources, Water and irrigation	123.92	288.53	8.24	12.24	5.84	8.00	70.9	65.3	4.7	2.8
Finance And Economic Planning	348.67	23.00	182.21	-	191.60	-	105.2	-	55	-
Health And Sanitation	3,117.18	554.27	2,017.63	128.59	1,862.23	126.29	92.3	98.2	59.7	22.8
Lands, Housing & Physical Planning	23.68	23.00	7.20	-	3.84	-	53.3	-	16.2	-
Public Service Administration & Information Technology	1,077.37	90.00	551.62	79.71	596.32	78.33	108.1	98.3	55.3	87
Youth, Culture, Gender, Social Services & Special Programs	102.39	180.00	53.27	60.00	40.53	60.00	76.1	100	39.6	33.3
County Assembly	872.71	20.00	466.35	-	447.55	-	96	-	51.3	-
Governorship, County Co-ordination and Administration	358.36	-	177.32	-	194.14	-	109.5	-	54.2	-
Murang'a Municipality	70.27	23.40	13.58	3.47	11.95	3.47	88	100	17	14.8
Total	7,287.71	3,120.66	4,228.94	738.23	4,185.87	534.78	99	72.4	57.4	17.1

Source: Murang'a County Treasury

Analysis of expenditure by departments shows that the Department of Public Service Administration & Information Technology recorded the highest absorption rate of development budget at 87.0 per cent, followed by the Department of Youth, Culture, Gender, Social Services & Special Programs at 33.3 per cent. The Department of Education & Technical Training had the highest percentage of recurrent expenditure to budget at 75.5 per cent, while the Department of Environment, Natural Resources, Water and Irrigation had the lowest at 4.7 per cent.

Further analysis shows expenditures to exchequer issue indicates that the recurrent expenditures in the department of Agriculture, Livestock and Fisheries (137.8 per cent), County Public Service Board (127.0 per cent), Education and Technical Training (106.0), Energy, Transport and Roads (132.8) per cent), Public Service Administration & Information Technology (108.1 per cent), Finance and Economic Planning (105.2 per cent) Governorship, County Coordination and Administration (109.5 per cent). Equally for development expenditure in the department of Energy, Transport and Roads (103.5) per cent) whereby the County incurred expenditure over approved exchequer issues which is attributable to weak budgeting practises and also some cases where transactions appear as having been paid at IFMIS but in practice, they are awaiting funding at the CBK Internet Banking (IB) level resulting in the above 10- absorption rates.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.201: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governorship, County Co-ordination and Administration							
Monitoring and Evaluation	101024010 Project Co-ordination and Monitoring	3,450,000	-	1,122,800	-	32.5	-
County Co-ordination	705024010 Office Administration and Support Services	137,325,677	-	43,654,166	-	31.8	-
Public and Citizen Participation	705034010 Public Participation	6,246,000	-	1,885,794	-	30.2	-
Administration and Support	706014010 County Executive and Co-ordination	175,044,209	-	132,090,465	-	75.5	-
Audit and Monitoring	718014010 Audit and Other Monitoring	5,370,000	-	1,634,216	-	30.4	-
Disaster Program	902044010 Disaster Response and Mitigation	10,421,000	-	5,086,446	-	48.8	-
Communication and Information Services	203014010 Communication	20,500,000	-	8,666,155	-	42.3	-
Sub Total		358,356,886	-	194,140,041	-	54.2	-
Finance, Information Technology and Economic Planning							
Revenue Program	108014010 Local Revenue Mobilisation	17,430,000	-	8,133,900	-	46.7	-
ICT Program	703014010 Automation and Revenue System	500,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Financial Management Program	703024010 Budget Formulation Co-ordination and Management	-	-	-	-	-	-
	703034010 Economic Planning and CIDP Review	27,571,184	-	4,494,937	-	16.3	-
	718024010 Corporate Governance	2,890,000	-	1,055,972	-	36.5	-
	705014010 Budget Implementation and Monitoring	6,060,000	-	1,461,090	-	24.1	-
	705034010 Public Participation	34,180,000	-	13,686,430	-	40.0	-
	730014010 Budget Implementation and Monitoring	2,320,000	-	1,401,250	-	60.4	-
Administration and Support	706014010 General Administration Planning and Support Services	257,717,923	23,000,000	161,365,420	-	62.6	-
Sub Total		348,669,107	23,000,000	191,598,999	-	55.0	-
Agriculture, Livestock and Fisheries							
Food Security	101014010 Land and Crops Development	2,970,000	-	1,365,255	-	46.0	-
	101024010 Promotion Food Security	3,850,000	849,537,917	729,000	100,000,000	18.9	11.8
	101124010 Capacity Development, Mechanization and Innovation	3,850,000	-	973,000	-	25.3	-
Livestock Development Program	103084010 Veterinary Services	5,220,000	-	1,412,800	-	27.1	-
	107024010 Livestock and Fisheries Development	1,705,000	-	239,400	-	14.0	-
Administration and Support	706014010 General Administration Planning and Support Services	231,320,350	86,618,400	175,911,608	-	76.0	-
Sub Total		248,915,350	936,156,317	180,631,064	100,000,000	72.6	10.7
Energy Transport and Roads							
Urban Development Program	102074010 Urban Development and Support	3,650,900	190,000,000	1,077,400	64,517,748	29.5	34.0
Energy Development Program	103094010 Promotion of Energy & Renewable Energy Sources	1,100,000	15,000,000	297,000	-	27.0	-
Infrastructure Development Program	201014010 Construction of Roads and Bridges	24,209,487	-	11,094,594	-	45.8	-
	202064010 Infrastructure Development	-	488,000,000	-	34,034,082	-	7.0
Sub Total		28,960,387	693,000,000	12,468,994	98,551,830	43.1	14.2
Commerce, Trade, Industry and Tourism							
Agro Marketing	102054010 Cooperatives	5,610,000	22,500,000	2,667,296	20,000,000	47.5	88.9
Tourism Program	110014010 Tourism Development	2,560,000	-	209,500	-	8.2	-
	301014010 Tourism Promotion and Marketing	-	-	-	-	0.0	-
Trade Development Program	111014010 Trade & Enterprise Development	13,150,000	243,800,000	3,301,379	34,448,879	25.1	14.1
	302014010 Domestic Trade Development	45,712,894	-	19,010,321	-	41.6	-
	302024010 Fair Trade and Consumer Protection	1,520,000	-	323,700	-	21.3	-
	502034010 Industry Development Program	1,500,000	-	24,621	-	1.6	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Support	706014010 General Administration Planning and Support Services	18,980,706	-	3,293,883	-	17.4	-
Sub Total		89,033,600	266,300,000	28,830,699	54,448,879	32.4	20.4
Education & Technical Training							
Ecde Programme	501034010 Early Childhood Development Education	-	15,000,000	-	5,681,274	-	37.9
	509014010 Early Child Development and Education	159,562,000	-	102,010,280	-	63.9	-
Polytechnics Program	507014010 Revitalisation of Youth Polytechnics	7,500,000	8,000,000	1,199,680	-	16.0	-
Education Intervention Program	501054010 Motivation of Primary and Secondary School	-	-	-	-	-	-
	509024010 Motivation of Primary and Secondary Schools	266,100,000	-	212,931,235	-	80.0	-
Administration and Support	706014010 General Administration Planning and Support Services	352,586,214	-	277,308,208	-	78.6	-
Sub Total		785,748,214	23,000,000	593,449,404	5,681,274	75.5	24.7
Health and Sanitation							
Infrastructure Development Program	101104010 Infrastructure Development	-	271,000,000	-	84,895,709	-	31.3
	109024010 Infrastructure Improvement Services	1,815,000	-	475,175	-	26.2	-
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	3,510,000	-	1,732,853	-	49.4	-
	402034010 Preventive and Promotive Care	-	69,542,924	-	-	-	-
Curative Program	402054010 Free Primary HealthCare	832,470,000	213,726,404	390,046,583	41,396,041	46.9	19.4
Administration and Support	706014010 General Administration Planning and Support Services	2,279,384,061	-	1,469,975,809	-	64.5	-
Sub Total		3,117,179,061	554,269,328	1,862,230,420	126,291,750	59.7	22.8
Lands, Housing & Physical Planning							
Urban Development	102074010 Urban Development	4,700,000	1,000,000	-	-	-	-
	103074010 Land Administration	-	22,000,000	-	-	-	-
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	18,979,031	-	3,837,586	-	20.2	-
Sub Total		23,679,031	23,000,000	3,837,586	-	16.2	-
County Public Service Board							
National Values and Governance Program	706014010 General Administration Planning and Support Services	40,515,881	-	16,485,467	-	40.7	-
Sub Total		40,515,881	-	16,485,467	-	40.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth, Culture, Gender, Social Services and Special Programs							
Social Development Program	102054010 Cooper-atives	-	-	-	-	-	-
	901014010 Social Welfare and Vocational Rehabilitation	9,450,000	-	781,950	-	8.3	-
	902024010 Persons Living with Disabilities	-	5,000,000	-	-	-	-
	711024010 Gender & Social-Economic Empowerment	-	5,000,000	-	-	-	-
General Ad- ministration and Support	706014010 General Administration Planning and Support Services	50,063,668	-	26,174,355	-	52.3	-
Library Services	Library Services	18,019,070	-	-	-	-	-
Youth Development Program	711014010 Youth De-velopment Services	660,000	165,000,000	207,800	60,000,000	31.5	36.4
	903034010 Develop-ment and Management of Sports Facilities	22,623,500	5,000,000	12,840,680	-	56.8	-
Cultural Development Program	904014010 Develop-ment and Promotion of Culture	1,570,000	-	530,000	-	33.8	-
Sub Total		102,386,238	180,000,000	40,534,785	60,000,000	39.6	33.3
Environment, Natural Resources, Water and Irrigation							
Waste Management Program	101094010 Solid Waste Management	10,074,872	19,000,000	3,286,900	8,000,000	32.6	42.1
	102064010 Environ-mental Management & Protection	9,950,000	234,529,742	369,340	-	3.7	-
Adminis- tration and Support	706014010 General Administration Planning and Support Services	3,319,500	-	-	-	-	-
Environmental Governance	1001054010 Environ-mental Leadership and Governance	7,885,129	-	1,047,360	-	13.3	-
Adminis- tration and Support	706014010 General Administration Planning and Support Services	91,193,128	-	336,000	-	0.4	-
Water Development Program	1004014010 Water Supply Infrastructure	-	35,000,000	-	-	-	-
Irrigation Development	1003024010 Irrigation Development	1,500,000	-	801,200	-	53.4	-
Sub Total		123,922,629	288,529,742	5,840,800	8,000,000	4.7	2.8
Public Service Administration							
Human Resource Development Program	101064010 Human Resource Management and Development	-	-	-	-	-	-
Adminis- tration and Support	706001410 General Administration Planning and Support Services	1,077,365,242	-	596,321,365	-	55.3	-
ICT Program	Automation	-	90,000,000	-	78,333,724	-	87.0
Sub Total		1,077,365,242	90,000,000	596,321,365	78,333,724	55.3	87.0
Murang’a Municipality							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Municipal Development Program	10109410 Solid Waste Management	-	-	-	-	-	-
	101104010 Infrastructure Development	-	-	-	-	-	-
	102074010 Urban Development and Support	5,950,000	10,000,000	-	-	-	-
	109024010 Other Municipalities	-	13,400,000	-	3,474,243	-	25.9
	703014010 Revenue Automation	-	-	-	-	-	-
	706014010 General Administration Planning and Support Services	64,320,000	-	11,945,099	-	18.6	-
Sub Total		70,270,000	23,400,000	11,945,099	3,474,243	17.0	14.8
County Assembly							
Legislation and representation	Legislation and representation	289,933,813	-	132,816,091.00	-	45.8	-
Oversight	Oversight	333,614,000	-	196,679,032.00	-	59.0	-
Administration planning and support	Administration planning and support	249,161,220	20,000,000.00	118,058,045.00	-	47.4	-
Sub Total		872,709,033	20,000,000	447,553,168	-	51.3	-
Grand Total		7,287,710,659	3,120,655,387	4,185,867,890	534,781,701	57.4	17.1

Source: Murang'a County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: ICT Programme in the Department of Public Service Administration & Information Technology at 87.0 per cent, Cooperatives in the Department of Commerce, Trade, Industry and Tourism at 80.6 per cent, Motivation of Primary and Secondary Schools in the Department of Education & Technical Training at 80.0 per cent, and General Administration, Planning and Support at 78.6 per cent of budget allocation.

3.29.13 Accounts Operated in Commercial Banks

The County government operated a total of 36 accounts with commercial banks comprising 30 accounts spent by the County Executive and 6 accounts by the County Assembly. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

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.716.44 million against an annual target of Kshs.1.12 billion, representing 64.3 per cent of the annual target.
2. High level of pending bills, which amounted to Kshs.678.82 million as of 31st March 2024 and non-adherence to the pending bills payment plan by the County Treasury. Further, the County leadership should develop a strategy to address the pending bills classified as ineligible, which amounts to Kshs.2.09 billion.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.280.69 million were processed through the manual payroll, accounting for 9.6 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.
4. 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 be opened and maintained at the Central Bank of Kenya.
5. Underperformance of development budget at 17.1 per cent absorption rate of the total development expenditure.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced. Strategies to address the ineligible pending bills should be developed and implemented.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*
5. *The County Government should address the procurement challenges so as to improve the absorption capacity of the development budget.*

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.570.00 million (1.3 per cent) as Appropriations-in-Aid (A-I-A). A-in-A includes the Department of Health's Facility Improvement Fund – FIF collections. Other expected revenues were, Kshs.606.56 million as conditional grants, a cash balance of Kshs.1.66 billion (3.9 per cent) 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 nine months of FY 2023/24, the County received Kshs.13.35 billion as an equitable share of the revenue raised nationally, Kshs.6.51 million as additional allocations/conditional grants, had a cash balance of Kshs.1.21 billion from FY 2022/23, and raised Kshs.9.43 billion as own-source revenue (OSR). The raised OSR includes Kshs.198.28 million as ordinary A-I-A, Kshs.560.35 million as FIF and Kshs.8.67 billion as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.24.0 billion, as shown in Table 3.202.

Table 3.202: Nairobi City County, Revenue Performance in the First Nine Months of FY 2023/24

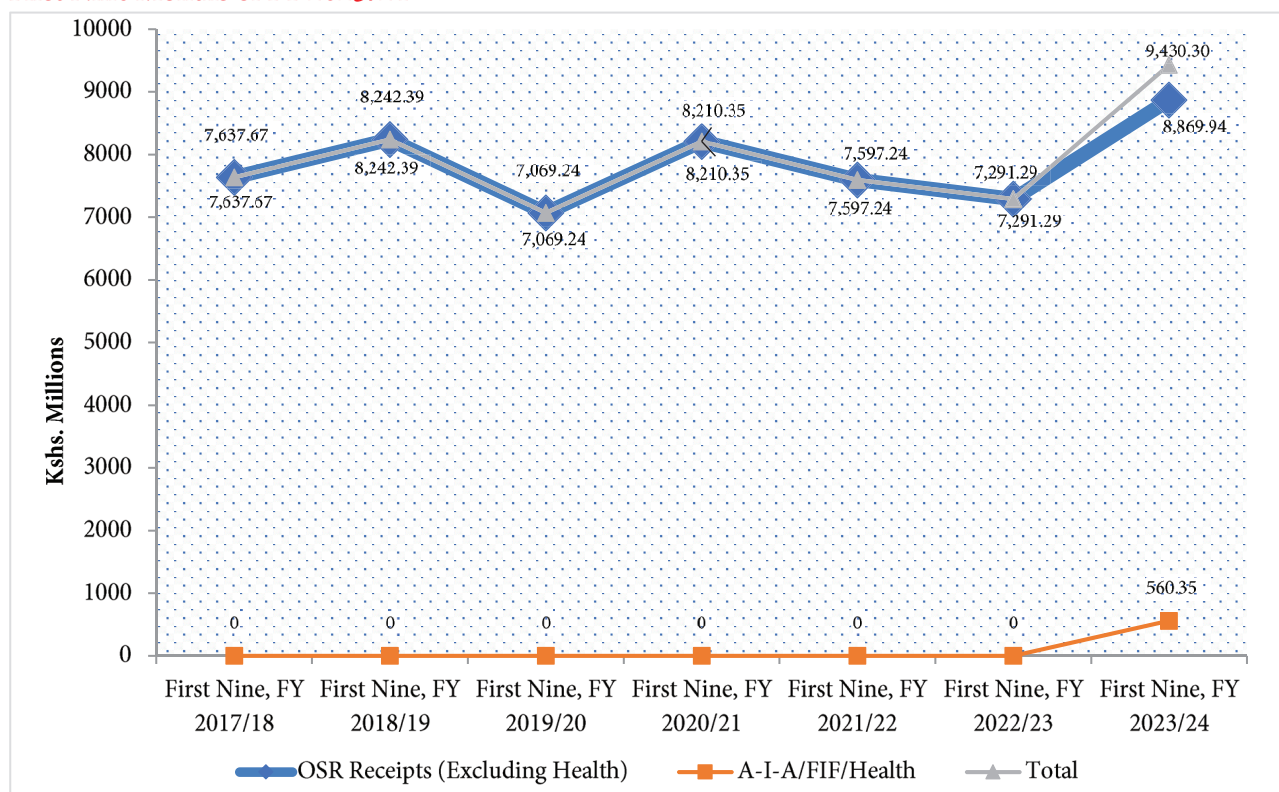
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	20,072,059,113.00	13,347,919,313.00	66.5
Sub Total		20,072,059,113.00	13,347,919,313.00	66.5
B	Conditional Grants			
1	Sweden-Agricultural Sector Development Support Programme II	5,507,770.00	6,507,770.00	118.2
2	World Bank-to Finance Locally Led Climate Action Plans (FFLoCA)	22,000,000.00	-	-
3	DANIDA Grant-Primary Health Care in Devolved Context	29,048,250.00	-	-
4	World Bank -Kenya Informal Settlement Improvement Project II	550,000,000.00	-	-
Sub-Total		606,556,020.00	6,507,770.00	1.1
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	19,420,072,415.00	8,671,663,722.98	44.7
2	Balance b/f from FY2022/23	1,661,782,568.00	1,213,602,336.05	73.0
3	Facility Improvement Fund (FIF)	270,000,000.00	560,351,605.50	207.5
4	Appropriation in Aid (AIA)	300,000,000.00	198,281,075.00	66.1
Sub Total		21,651,854,983.00	10,643,898,739.53	49.2
Grand Total		42,330,470,116.00	23,998,325,822.53	56.7

Source: Nairobi City County Treasury

- The performance of the conditional grant – ASDSP II is above 10- because the county received an additional Kshs.1 million that was not disbursed in the previous financial year.
- The performance of FIF is also above 10- because of under projection in the budget.
- The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 88 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

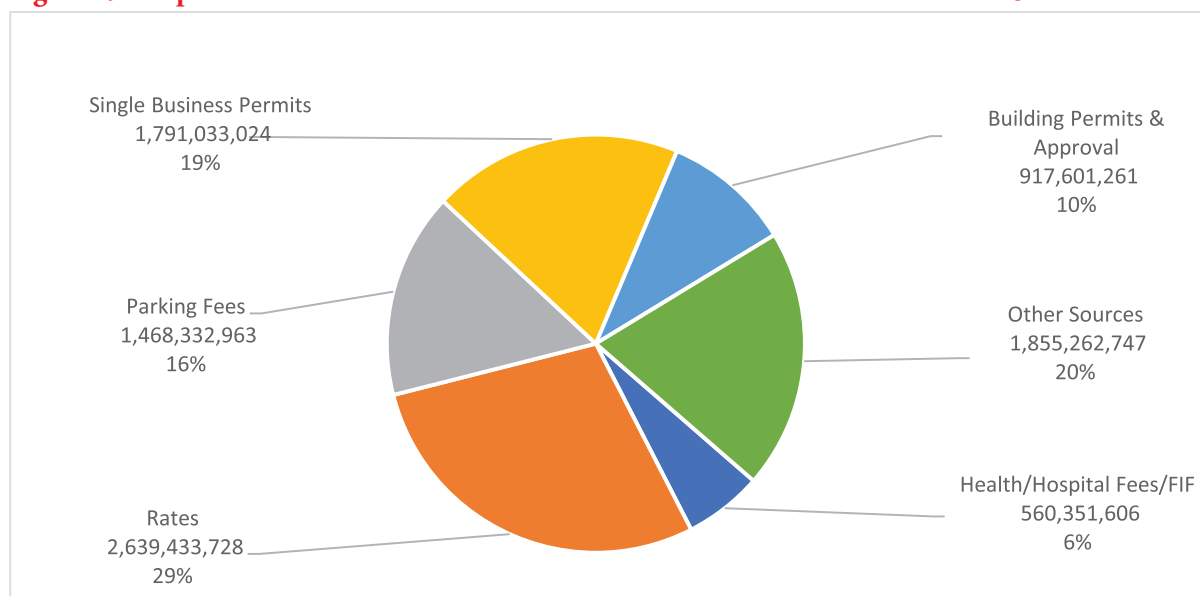
Figure 88: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Nairobi City County Treasury

The County did not provide information on receipts of FIF from the previous financial years. In the first nine months of FY 2023/24, the County generated a total of Kshs.9.43 billion from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 29.4 per cent compared to Kshs.7.29 billion realised in a similar period in FY 2022/23 and was 48.6 per cent of the annual target and 70.6 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.406.93 million. 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 Nine Months of FY 2023/24 in Kshs.



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.2.64 billion was from rates, contributing to 29 per cent of the total OSR receipts during the reporting period.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.19.20 billion from the CRF account during the reporting period, which comprised Kshs.934.14 million (4.9 per cent) for development programmes and Kshs.18.27 billion (95.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.11.61 billion was released towards Employee Compensation and Kshs.6.66 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs1.55 billion.

3.30.4 County Expenditure Review

The County spent Kshs.19.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 102.9 per cent of the total funds released by the CoB and comprised of Kshs.1.26 billion and Kshs.18.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.0 per cent, while recurrent expenditure represented 65.3 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

At the time of writing this report, the County Executive had not presented a current report on outstanding pending bills as of 31st March 2024.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.12.45 billion on employee compensation, Kshs.4.69 billion on operations and maintenance, and Kshs.1.26 billion on development activities. Similarly, the County Assembly spent Kshs.658.15 million on employee compensation, Kshs.695.82 million on operations and maintenance, and Kshs.0 on development activities, as shown in Table 3.203.

Table 3.203: 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	26,291,598,651	2,024,000,000	17,138,435,798	1,353,972,426	65	67
Compensation to Employees	15,397,241,901	924,794,904	12,447,160,485	658,152,212	81	71
Operations and Maintenance	10,894,356,750	1,099,205,096	4,691,275,313	695,820,214	43	63
Development Expenditure	12,799,652,484	1,215,000,000	1,255,073,524	-	100	-
Total	39,091,251,135	3,239,000,000	18,393,509,323	1,353,972,426	47	42

Source: Nairobi City County Treasury

3.30.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.13.11 billion, or 54.6 per cent of the available revenue, which amounted to Kshs.24.0 billion. This expenditure represented an increase from Kshs.10.32 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.5.02

billion paid to health sector employees, translating to 38.3 per cent of the total wage bill. The jump of employee compensation by 28.2 per cent (from Kshs.10.2 billion in 2022-23 to Kshs.13.11 in 2023-24) is attributed to massive recruitment that the county undertook in the current financial year.

Further analysis indicates that PE costs amounting to Kshs.10.56 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Ksh2.47 billion was processed through manual payrolls. The manual payrolls accounted for 18.96 per cent of the total PE cost.

The County Assembly spent Kshs.34.87 million on committee sitting allowances for the 124 MCAs against the annual budget allocation of Kshs.84.4 million. The average monthly sitting allowance was Kshs. 31,246.59 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.300,000,000.00 million to county-established funds in FY 2023/24, constituting 0.7 per cent of the County's overall budget. Table 3.204 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.204: Performance of County Established Funds in the First Nine Months 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 30 th September 2023 (Yes/No.)
County Executive Established Funds					
1	Emergency Fund	200,000,000.00	20,000,000.00	200,000,000.00	No
County Assembly Established Funds					
2	Car loan and Mortgage Fund	100,000,000.00	99,540,000	99,540,000	No
	Total	300,000,000.00	119,540,000.00	299,540,000.00	

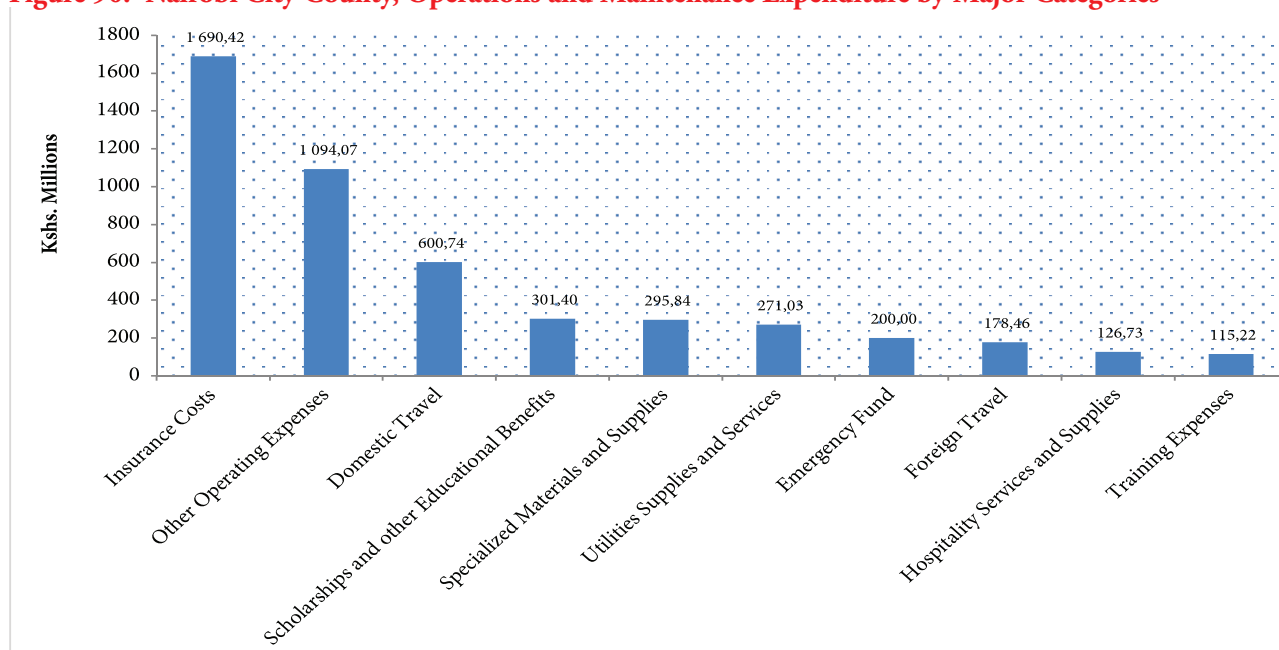
Source: Nairobi City County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the two funds indicated in Table 3.201, 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.567.60 million and comprised Kshs.244.76 million spent by the County Assembly and Kshs.322.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.178.46 million and comprised Kshs.69.48 million by the County Assembly and Kshs.108.98 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.205.

Table 3.205: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of county	No. of officers travelled	Dates Travelled	Purpose of Travel	Destination	Total costs of the Travel
Executive	19	10 th – 24 th June 2024	To attend the proactive management Programme to be held in Marakkesh Morocco	Morocco	37,235,843.00
Executive	14		To attend seminar on leadership management and conflict resolution in Vancouver, Yaletown British Columbia, Canada	Canada	10,920,000.00
Executive	14	5 th – 11 th December 2023	Being per diem and transport to attend workshop on leadership management and conflict resolution to be held in Vancouver Canada	Canada	9,611,748.00
Executive	7	18 th Aug to 2 nd Sept. 2023	To attend a personal branding and people professional summit	Dubai	8,993,450.00
Executive	8	16 th - 23 rd September 2023	To attend a series of summit alongside the 8th united nations general assembly from 16 th to 23 rd September in New York	New York	8,782,764.00
Executive	8	22 nd – 7 th August 2023	A conference	Vancouver Canada	6,761,520.00
Executive	8	30 th June – 30 th July 2023	To attend experimental learning on the process of implementing the concept	Canada	5,800,888.00
Executive	7	17 th – 21 st October 2023	Being payment per diem and transport to attend fiat/ifta world conference 2023 from 17 th to 21 st October in Locarno Switzerland	Locarno Switzerland	5,368,497.00

Arm of county	No. of officers travelled	Dates Travelled	Purpose of Travel	Destination	Total costs of the Travel
Executive		17 th – 27 th October 2023	To attend water inclusivity and sewerage conference, technical tour and business matching.	Tokyo Japan	5,080,800.00
Executive	8	14 th - 22 nd October 2023	Global meeting of school meals	France	4,690,258.00

Source: Nairobi City County Treasury

Note

County Assembly did not provided information on foreign travel despite OCoB approving 12 foreign travel requests over the nine months of the financial year.

3.30.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.26 billion on development programmes, representing a decrease of 3.8 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.31 billion. Table 3.206 summarises development projects with the highest expenditure in the reporting period.

Table 3.206: 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	Finance and Economic Planning	Refurbishment of offices 5th floor	City Hall	-	4,870,690.00	-
2		Pending bills -Development	City Hall	-	293,899,364.85	-
3	Environment, Water, Energy & Natural Resources	Access Roads (Hard-core)	Dandora I,II & III	-	65,304,000.00	-
4	Liquor Licensing Board	Construction of liquor containerized offices	Ruaraka, Embakasi (N), Embakasi(S), Embakasi (c), Makadara, Langata, Dagoretti (N) and Mathare	-	9,734,235.00	-
5		Purchase of 1 vehicle for operations	City Wide	-	3,543,650.00	-
6	Boroughs & Public Administration	Refurbishment of t city hall and city hall annex	City Hall/Annex	-	10,234,738.00	-
7		Construction of 5 Borough Offices -Each borough office to amalgamate several sub-counties	City Wide	-	14,291,187.15	-
8	Mobility & Works	RMF Projects	City Wide	927,334,931	407,659,188.80	-
9		Maintenance of lighting fixtures	City Wide	-	83,790,000.00	-
10		Construction of Selected NMT Corridors in the CBD	City Wide	-	33,000,000.00	-
11		Procurement of spare parts for maintenance of equipment and fleet for Mobility and Works	Highways Depot & Central Garage	-	4,988,000.00	-

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
12	Talent, Skills Development & Care	Construction of Dandora Stadium,	Dandora Stadium,	276,000,000	34,533,882.35	99
13		Rehabilitation of City stadium (Joe Kadenge Stadium)	City stadium	-	88,132,963.50	-
14	Business & Hustler Opportunities	Aggregated Industrial Parks	Jamhuri Park	500,000,000	2,095,900.00	-
15	Inclusivity, Public Participation & Citizen Engagement	Construction of 10 centralized kitchens and 100 serving sheds in schools	County wide	324,954,236	198,995,724.65	85
NAIROBI CITY COUNTY GOVERNMENT					1,255,073,524	

Source: Nairobi City County Treasury

The County failed to provide information on the contract sum of the projects implemented during the reporting period.

3.30.11 Budget Performance by Department

Table 3.207 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.207: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	127.32	10.00	61.35	-	60.56	-	98.7	-	47.6	-
Finance & Economic Planning	2,418.36	800.00	2,054.62	298.77	1,451.65	298.77	70.7	100.0	60.0	37.3
Public Service Management	2,209.44	30.00	1,786.99	-	1,875.55	-	105.0	-	84.9	-
Agriculture, Livestock Development, Fisheries & Forestry	293.91	123.96	159.20	-	155.75	-	97.8	-	53.0	-
Environment, Water, Energy & Natural Resources	2,388.04	421.04	1,873.55	65.30	1,929.68	65.30	103.0	100.0	80.8	15.5
Ward Development Programs	92.38	1,955.00	3.91	-	3.91	-	100.0	-	4.2	-
Emergency Fund	200.00	-	34.63	-	200.00	-	577.6	-	100.0	-
Liquor Licensing Board	220.57	70.00	-	-	138.58	13.28	-	-	62.8	19.0
Boroughs And Public Administration	4,437.25	1,186.00	2,812.74	24.53	2,919.99	24.53	103.8	100.0	65.8	2.1
County Attorney	252.62	15.00	141.81	-	92.03	-	64.9	-	36.4	-
Innovation And Digital Economy	228.76	200.00	80.96	-	91.08	-	112.5	-	39.8	-
Health Wellness & Nutrition	7,071.30	1,129.00	4,894.03	-	5,090.57	-	104.0	-	72.0	-
Built Environment & Urban Planning	449.12	625.00	277.49	100.00	277.05	-	99.8	-	61.7	-
Mobility and Works	1,100.72	3,300.27	712.11	121.78	740.04	529.44	103.9	434.8	67.2	16.0
Talent Skills Devt & Care	2,085.60	829.38	1,132.99	122.67	1,239.00	122.67	109.4	100.0	59.4	14.8
Business & Hustler Opportunities	612.50	1,445.00	445.13	2.10	447.95	2.10	100.6	100.0	73.1	0.1
Inclusivity Public Participation, & Citizen Engagement	1,653.71	560.00	335.99	199.00	333.09	199.00	99.1	100.0	20.1	35.5
Nairobi Revenue Authority	450.00	100.00	91.94	-	91.94	-	100.0	-	20.4	-
County Assembly	2,024.00	1,215.00	1,366.29	-	1,353.97	-	99.1	-	66.9	-
Total	28,316	14,015	18,266	934	18,492	1,255	101.2	134.4	65.3	9.0

Source: Nairobi City County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 37.3 per cent, followed by the Department of Inclusivity Public Participation & Citizen Engagement at 35.5 per cent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 84.9 per cent while the Department of Inclusivity Public Participation & Citizen Engagement had the lowest at 20.1 per cent.

The main reasons for instances expenditure being greater than the exchequer for the vote are:

1. Timing differences. The expenditure report is based on IFMIS output which does not instantaneously translate into a payment in IB.
2. Unspent balances from conditional grants. Since these are not refunded back to the CRF at the end of the financial year, their expenditure in the subsequent year may cause actual expenditure in their respective votes to be greater than exchequer.
3. The other reason is payments in the budget lines that have not been approved by the Controller of Budget.

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.208 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.208: Nairobi City County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board							
General Administrative Services	General Administration Planning and Support Services	127,315,242	10,000,000	-	-	-	-
Total - County Public Service Board		127,315,242	10,000,000	-	-	-	-
Finance & Economic Planning							
Public Financial Management	Assets Management Services	217,500,000	-	77,680,986	-	36	-
	Accounting Services	213,000,000	25,000,000	46,156,671	4,870,690	22	19
	Debt Management Services	576,000,000	775,000,000	238,346,855	293,899,365	41	38
	Supply Chain Management	128,318,757	-	90,455,096	-	70	-
General Administrative Services	General Administration & Support Services	975,044,718	-	887,340,483	-	91	-
Economic Policy, Formulation and Budget Management	Budget Formulation Coordination and management	133,499,947	-	61,933,248	-	46	-
	Economic Planning Formulation and Management	175,000,000	-	49,738,929	-	28	-
Total - Finance & Economic Planning		2,418,363,422	800,000,000	1,451,652,268	298,770,055	60	37
Public Service Management							
General Administration & Support Services	General Administration & Support Services	522,797,530	-	389,320,122	-	74	-
Public Service Transformation	Human Resource Management	1,599,470,762	-	1,478,354,000	-	92	-
	Human Resource Development	87,172,507	30,000,000	7,880,500	-	9	-
Total - Public Service Management		2,209,440,799	30,000,000	1,875,554,622	-	85	-
Agriculture, Livestock Development, Fisheries & Forestry							

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration, Planning & Support Services	Administration, Planning & Support Services	188,450,937	18,960,000	107,983,285	-	57	-
	Agriculture Committees	2,551,000	-	-	-	-	-
	Agricultural Development Support Project	5,507,770	-	3,000,000	-	54	-
Urban Agriculture Promotion & Regulation	Crop Development and Management	9,093,928	21,000,000	767,860	-	8	-
	Fisheries Development and Management	7,300,130	20,000,000	684,660	-	9	-
	Livestock Resources Management and Development	7,392,192	20,000,000	1,263,910	-	17	-
Animal Health, Safety and Quality Assurance	Animal Research, Diseases, Pest Control & Quality Assurance	8,171,991	20,000,000	1,086,825	-	13	-
Afforestation	Forestry Services	58,000,000	10,000,000	40,291,800	-	69	-
Food Systems and Surveillance	Food Systems and Surveillance Services	7,441,114	14,000,000	675,400	-	9	-
Total - Agriculture, Livestock Development, Fisheries & Forestry		293,909,062	123,960,000	155,753,740	-	53	-
Environment, Water, Energy & Natural Resources							
General Administration & Support Services	General Administration & Support Services	1,096,039,622	-	954,590,682	-	87	-
Environment Management and Protection.	Beautification, Recreation and Greening Services	30,000,000	-	-	-	-	-
	Solid waste management	1,100,000,000	206,040,000	959,259,022	65,304,000	87	32
	Environment planning Management Services	20,000,000	-	1,000,000	-	5	-
Water Resources Management	Energy & Natural Resources	100,000,000	215,000,000	14,829,347	-	15	-
	Water Resources Management	42,000,000	-	-	-	-	-
Total - Environment, Water, Energy & Natural Resources		2,388,039,622	421,040,000	1,929,679,051	65,304,000	81	16
Ward Development Programmes							
Ward Development & Administration	Ward Development & Administration	92,375,466	1,955,000,000	3,913,015	-	4	-
Total - Ward Development Fund		92,375,466	1,955,000,000	3,913,015	-	4	-
Emergency Fund							
General Administration & Support Services	General Administration & Support Services	200,000,000	-	200,000,000	-	100	-
Total - Emergency Fund		200,000,000	-	200,000,000	-	100	-
Boroughs And Public Administration							
General Administrative Services	General Administration & Support Services	335,031,862	491,000,000	210,776,341	10,234,738	63	2
	Records Management Services	11,511,004	20,000,000	1,980,870	-	17	-
	General Administration & Support Services	5,348,942	-	628,700	-	12	-
Coordination of boroughs and devolved units	Boroughs, Sub County Administration & coordination of devolve	1,124,914,947	400,000,000	815,899,391	14,291,187	73	4

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Coordination of executive services	County Executive	289,589,837	-	156,683,815	-	54	-
	Performance Contracting management	12,984,171	-	933,000	-	7	-
	Monitoring & Evaluation	8,197,171	-	348,000	-	4	-
	Executive Office Management Services	166,906,726	-	34,709,849	-	21	-
	Executive Communication	30,494,686	-	774,000	-	3	-
Performance Management and Public Service Delivery	Intergovernmental Relation services	22,836,895	-	365,515	-	2	-
	Donor Coordination Services	87,564,522	-	1,599,700	-	2	-
Security and Safety Management	Inspectorate	1,883,318,724	105,000,000	1,427,220,536	-	76	-
	Investigative Services	66,921,747	-	33,545,768	-	50	-
Disaster Management & Coordination	Firefighting and rescue services	288,083,045	120,000,000	192,836,028	-	67	-
	Ambulance Services	4,805,989	-	161,800	-	3	-
	Disaster Risk Reduction	2,093,913	45,000,000	492,800	-	24	-
Internal Audit	Audit Services	96,641,013	5,000,000	41,038,044	-	42	-
Total - Boroughs and Public Administration		4,437,245,194	1,186,000,000	2,919,994,155	24,525,925	66	2
Office Of County Attorney							
Legal Services	Legal Services	252,622,287	15,000,000	92,026,280	-	36	-
Total - County Attorney		252,622,287	15,000,000	92,026,280	-	36	-
Innovation & Digital Economy							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	98,443,659	-	67,448,184	-	69	-
Digital Economy and Start-Ups	Digital Economy	18,745,000	-	790,500	-	4	-
	E-Learning	11,000,000	-	-	-	0	-
	Start ups	10,275,000	-	110,800	-	1	-
Smart Nairobi	Smart Nairobi	40,000,000	200,000,000	2,401,700	-	6	-
ICT Infrastructure Connectivity	ICT Infrastructure Connectivity	6,715,000	-	-	-	-	-
	Information Security	43,585,000	-	20,330,601	-	47	-
Total - Innovation and Digital Economy		228,763,659	200,000,000	91,081,785	-	40	-
R5332 Health, Wellness and Nutrition							

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Health	HIV/AIDS Prevention & Control Unit	1,000,000	-	98,400	-	10	-
	TB Control	900,000	-	127,500	-	14	-
	Malaria Control & Other Communicable Diseases	900,000	-	-	-	-	-
	Environmental / Public Health	10,000,000	-	657,800	-	7	-
	Health policy and Regulation	10,000,000	45,000,000	1,967,000	-	2	-
	Coroner Services Unit	15,000,000	69,000,000	-	-	-	-
	Nairobi County Public Health Emergency Response	7,200,000	73,000,000	-	-	-	-
Health Facilities	County Referral Hospitals	-	-	-	-	-	-
	Mbagathi District Hospital	5,000,000	100,000,000	-	-	-	-
	Pumwani Maternity Hospital	6,800,000	70,000,000	-	-	-	-
	Mama Lucy Hospital	6,000,000	190,000,000	-	-	-	-
	Mama Margaret Uhuru Kenyatta Hospital	5,000,000	--	-	-	-	-
	Mutuini Hospital	2,200,000	42,000,000	--	-	-	-
	Health planning and financing	31,165,000	77,000,000	206,400	-	1	-
	Health Centres & Dispensaries	72,228,250	433,000,000	53,493,648	-	74	-
	Pumwani School of Nursing	5,655,000	30,000,000	-	-	-	-
	Health Commodities	400,000,000	-	-	-	-	-
Medical Services	Primary Health Care	22,635,000	-	1,910,800	-	8	-
	Nairobi Medical Insurance	50,000,000	-	-	-	-	-
	Reproductive Health & Maternal Health (RMNCAH)	7,765,000	-	335,400	-	4	-
	Clinical Services	-	-	-	-	-	-
	Clinical Services	5,700,000	-	1,515,400	-	27	-
	Non-communicable diseases	4,900,000	-	--	-	-	-
	Research, Quality assurance & standards unit	4,000,000	-	-	-	-	-
Wellness and Nutrition	Nutrition	12,250,000	-	105,700	-	1	-
	Wellness	9,000,000	-	52,850	-	1	-
Administration/Human Resource for Health	Administration/Human Resource for Health	6,376,005,086	-	5,030,095,851	-	79	-
Total - Health Wellness & Nutrition		7,071,303,336	1,129,000,000	5,090,566,749	-	72	-
Built Environment & Urban Planning		-	-	-	-	-	-
General Administrative Services	Administration, Planning & Support Services	367,120,278	-	270,252,751	-	74	-
Urban Development & Planning	Urban Planning Compliance & Enforcement Services	26,000,000	45,000,000	661,600	-	3	-
Land management	Land Survey, GIS and Mapping Services	26,000,000	--	4,501,800	-	17	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Housing Development and Building Services	Urban Renewal 580,000,000; 0123015310 Sp23.1 Housing and Urban Renewal Services 20,000,002	20,000,000	580,000,000	1,629,000	-	8	-
	Building services	10,000,000	--	-	-	-	-
Total - Built Environment & Urban Planning		449,120,278	625,000,000	277,045,151	-	62	-
Mobility And Works							
General Administration, Planning & Support Services	Mobility and Works Headquarters	914,660,962	-	634,570,153	-	69	-
Works	Roads	15,200,000	2,269,184,460	-	407,659,189	-	18
	Electrical	6,000,000	400,000,000	-	83,790,000	-	21
	Building Works	3,160,000	8,000,000	400,000	--	13	-
Mobility	Transportation, Traffic Management Services	154,700,000	488,735,000	105,071,620	33,000,000	68	7
	Garage/Transportation	7,000,000	134,350,000	-	4,988,000	-	4
Total - Mobility and Works		1,100,720,962	3,300,269,460	740,041,773	529,437,189	67	16
Talent Skills Development and Care							
General administration, planning and support services	General Administration & Support Services	1,752,420,205	-	994,304,538	-	57	-
Education services	Early Childhood Development Centres	100,000,000	130,950,000	100,000,000	-	10	-
	Technical and Vocational Training	5,500,000	38,933,024	1,037,800	-	19	-
	Quality Assurance and Co-curriculum	400,000	-	-	-	-	-
Social Services	General Administration & Support Services	122,348,766	-	110,201,354	-	9-	-
	Gender and Community Empowerment	2,750,000	-	-	-	-	-
	Social welfare and care for the Aged	6,050,000	-	357,600	-	6	-
	Rescue and Rehabilitation of Children Services	5,000,000	10,000,000	-	-	-	-
	Control of Drugs and Pornography	3,950,000	-	-	-	-	-
Youth, Talent & Sports	General Administration & support Services	47,185,185	--	27,551,705	-	58	-
	Youth Empowerment and Promotion	6,000,000	-	392,000	-	7	-
	Recreational Services	4,000,000	100,000,000	-	-	-	-
	Development and promotion of sports	28,000,000	545,000,000	5,150,895	122,666,846	18	23
	Promotion of Library and Information Services	2,000,000	4,500,000	-	-	-	-
Total - Talent, Skills Development & Care		2,085,604,156	829,383,024	1,238,995,891	122,666,846	59	15
Business & Hustler Opportunities							
General Administration Planning and Support Services	Business & Hustler Opportunities Headquarters	472,498,302	--	438,997,687	-	93	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Co-operative Development and Audit Services	Co-operative Development	18,500,000	-	1,533,900	-	8	-
	Co-operative Audit	11,500,000	-	617,400	-	5	-
Trade development and Market Services	Markets Department Headquarters	-	-	972,900	-	-	-
	Markets Department headquarters	15,000,000	991,000,000	342,300	2,095,900	2	-
	Trade Development Department	15,000,000	260,000,000	-	-	-	-
Licensing and Fair-Trade Practices	Weights & Measures Services	6,000,000	30,000,000	951,800	-	16	-
	Trade Licensing	9,000,000	35,000,000	1,842,220	-	2-	-
	Gaming Services, Betting & Gaming Services	25,000,000	29,000,000	2,696,400	-	11	-
Business & hustler opportunities	Micro, Small and Medium Enterprises development	40,000,000	100,000,000	-	-	-	-
Total - Business & Hustler Opportunities		612,498,302	1,445,000,000	447,954,607	2,095,900	73	-
Inclusivity Public Participation, & Citizen Engagement							
Public Participation, Citizen Engagement & Customer Service	Public Participation, Citizen Engagement & Customer Service	--	-	-	-	-	-
	Inclusivity Public participation & Citizen Engagement Headquarters	99,455,565	40,000,000	81,022,392	-	81	-
	Public Communications	33,000,000	-	361,200	-	1	-
	Public participation & Citizen Engagement	34,945,000	-	1,983,900	-	6	-
	Customer Care Services	32,555,000	-	793,500	-	2	-
City Culture Arts & Tourism	City Culture Arts & Tourism	130,000,000	-	4,807,100	-	4	-
School Feeding	School Feeding	1,223,750,000	500,000,000	240,703,868	198,995,725	-	4-
Gender and Inclusivity	Gender and Inclusivity	100,000,000	20,000,000	3,419,300		3	-
Total - Inclusivity Public Participation, & Citizen Engagement		1,653,705,565	560,000,000	333,091,260	198,995,725	2	36
Nairobi Revenue Authority							
Nairobi Revenue Authority	Nairobi Revenue Authority Services	450,000,000	100,000,000	91,937,763	-	2	-
Total - Nairobi Revenue Authority		450,000,000	100,000,000	91,937,763	-	2	-
Liquor Licensing Board							
Licensing and Fair-Trade Practices	Liquor Licensing & Regulation	220,571,299	70,000,000	138,584,763	13,277,885	63	19
Total – Liquor Licensing Board		220,571,299	70,000,000	138,584,763	13,277,885	63	19
County Assembly							
Legislation, Oversight and Representation	Legislation and Representation; Oversight; General Administration and Support Services	2,024,000,000	1,215,000,000	1,353,972,426	-	67	-
Total - County Assembly		2,024,000,000	1,215,000,000	1,353,972,426	-	67	-
GRAND TOTAL		28,315,598,651	14,014,652,484	18,431,845,300	1,255,073,524	65	9

Source: Nairobi City 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 Business and Hustler Opportunities at 93 per cent, General Administration & Support Services in the Department of Talent Skills Development and Care at 90 per cent, Administration/Human Resource for Health in the Department of Health, Wellness and Nutrition at 79 per cent per cent of budget allocation.

3.30.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.9.43 billion against an annual target of Kshs.19.99 billion, representing 48.6 per cent of the annual target.
2. High level of pending bills estimated at over Kshs.100 billion as of 31st March 2024. Further, there is no proper pending bills payment plan by the County Treasury. This lack of payment plan and adherence to it make settlement of pending bills so haphazard and chaotic. It also makes pending bills to increase year-on-year.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.2.47 billion were processed through the manual payroll, accounting for 19.0 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.
4. Failure to provide information to the Controller of Budget which is against Section 16 of the CoB Act, 2016. Information on bank overdrafts and borrowing, status reports on outstanding pending bills, details of bank accounts being operated and information on foreign travel was not provided.
5. Weak financial controls that allow such as
 - Payments for items that have not been authorised by the controller of Budget
 - Requisition for funds outstripping available funds because of lack of link between the county's spending priorities and the available financial resources in the CRF

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *Failure to respond to any inquiry by the Controller of Budget is an offence as provided under Section 16 of the CoB Act 2016. The County government should ensure they operate within the law and be accountable for public resources.*
5. *As required by law, the treasury should tighten their financial controls so that only what is authorised by the Controller of Budget is paid, undertake regular reconciliations so that county's spending priorities are backed by availability are backed by availability of funds in the CRF*

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.10.05 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, cash balance of Kshs.3.60 billion (15.6 per cent) was brought forward 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. A breakdown of the additional allocations/conditional grants is provided in Table 3.191.

3.31.2 Revenue Performance

In the first six months of FY 2023/24, the County received Kshs.7.88 billion as the equitable share of the revenue raised nationally, did receive conditional grants of Kshs.311.65 million, had a cash balance of Kshs.3.60 billion from FY 2022/23, and raised Kshs.1.33 billion as own-source revenue (OSR). The raised OSR excludes Kshs.1.06 billion generated during the period and Kshs.491.70 million balance brought forward from the prior financial year as Facility Improvement Fund. The total funds available for budget implementation during the period amounted to Kshs.14.68 billion, as shown in Table 3.299.

Table 3.209: Nakuru County, Revenue Performance in the First Half of FY 2023/24

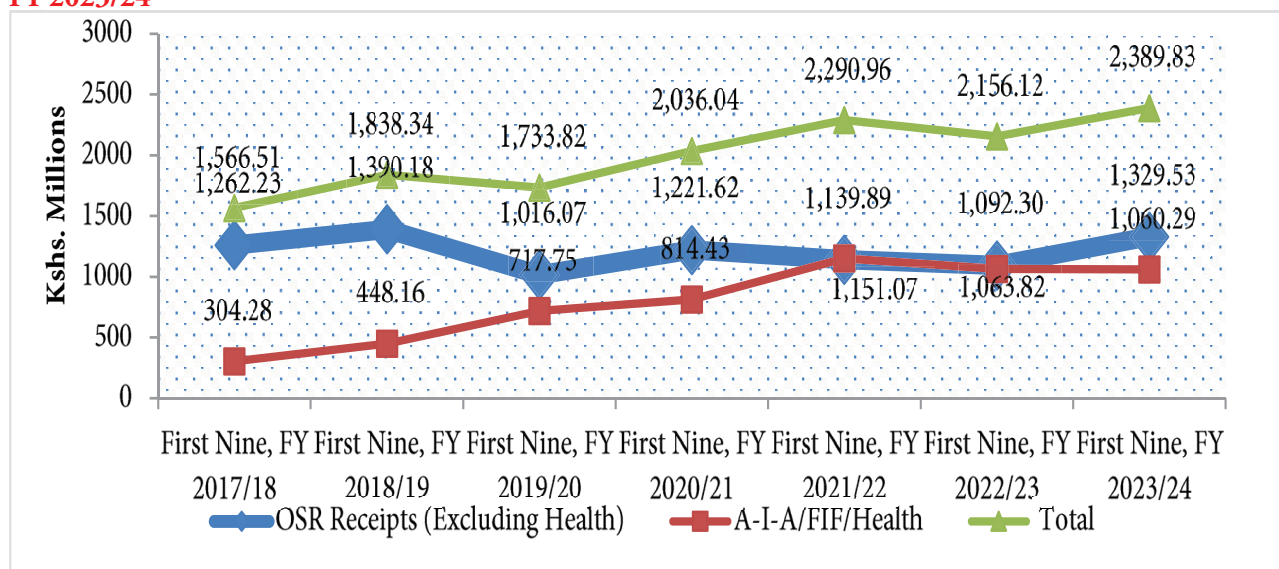
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	13,593,424,693	7,884,186,320	58.0
	Subtotal	13,593,424,693	4,485,830,148	58.0
B	Conditional Grants			
1	DANIDA	19,115,250	-	-
2	National Agriculture and Rural Inclusive Growth Projects (NARIGP)	150,000,000	4,261,826	2.8
3	Agricultural Sector Development Support Projects (ASDSP II)	1,083,629	1,083,629	100
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	enya Informal Settlement Improvement Project II (KISIP II)	400,000,000	125,000,000	31.3
7	Conditional Fund of Leasing Medical Equipment	124,723,404	-	-
8	World Bank National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	176,307,110	70.5
9	Conditional Grant for the provision of fertilizer subsidy programme	234,883,209	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
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	4,999,400	40.0
15	Conditional grant from GoK for Aggregated Industrial Parks Programme	100,000,000	-	-
16	Equalization Fund Allocation (Soin Ward in Rongai)	6,435,119	-	-
17	KUSP UDG Interest Earned – Q3	3,200,000	-	-
Subtotal		1,596,087,377	311,651,964	19.8
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	2,100,000,000	1,329,533,964	63.3
2	Facility Improvement Fund (FIF)	1,700,000,000	1,060,294,518	62.4
3	Unspent balance from FY 2022/23	3,603,111,491	3,603,111,491	100.0
4	Balance b/f FIF Account	491,696,867	491,696,867	100.0
Sub Total		7,894,808,358	6,484,636,839	82.1
Grand Total		23,084,320,428	14,680,475,124	63.6

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.

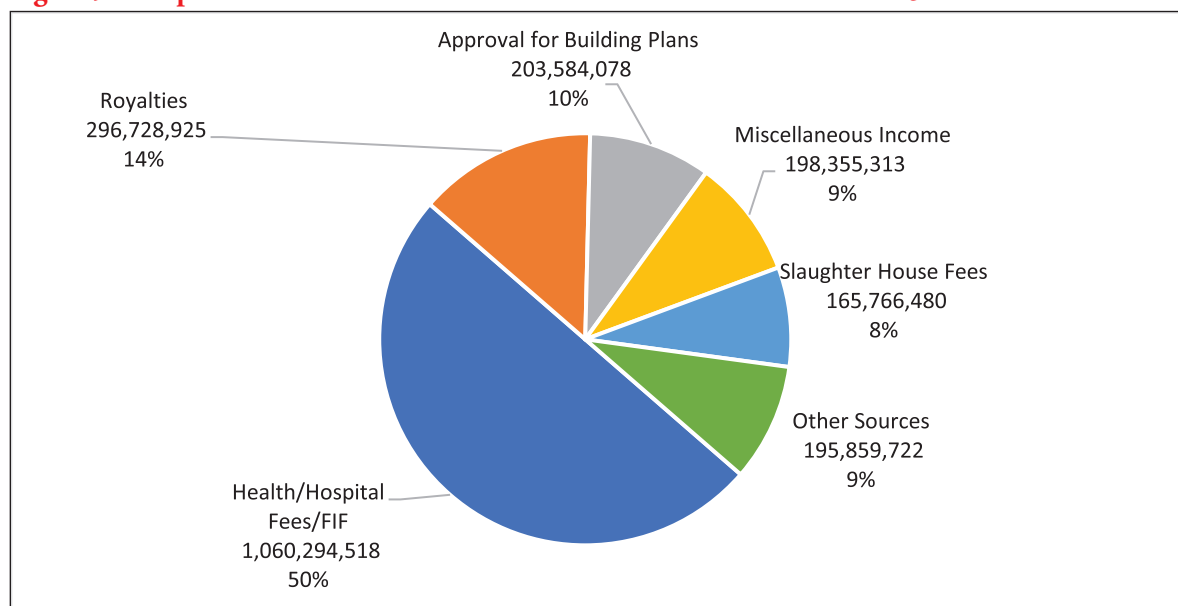
Figure 91: Trend in Own-Source Revenue Collection from the First Half of FY 2017/18 to the First Half of FY 2023/24



Source: Nakuru County Treasury

In the first half of FY 2023/24, the County generated a total of Kshs.2.39 billion from its sources of revenue inclusive of FIF and ordinary AIA. This amount represented an increase of 10.8 per cent compared to Kshs.2.16 billion realised in FY 2022/23 and was 62.9 per cent of the annual target and 30.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 92.

Figure 92: Top Streams of Own Source Revenue in the First Half of FY 2023/24 in Kshs.



Source: Nakuru County Treasury

The increase in OSR can be attributed to strategies that have been put in place to improve the collection of revenue. The highest revenue stream of Kshs.296.73 million was from Royalties, contributing to 14.2 per cent of the total OSR receipts during the reporting period.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.25 billion from the CRF account during the reporting period which comprised Kshs.2.46 billion (21.9 per cent) for development programmes and Kshs.8.79 billion (78.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first half of FY 2023/24 indicates that Kshs.5.33 billion was released towards Employee Compensation, and Kshs.2.39 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.2.82 billion.

3.31.4 County Expenditure Review

The County spent Kshs.10.66 billion on development and recurrent programmes in the reporting period. The expenditure represented 95 per cent of the total funds released by the CoB and comprised Kshs.2.17 billion and Kshs.8.52 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.3 per cent, while recurrent expenditure represented 79.7 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.62 billion, comprising of Kshs.1.38 billion for recurrent expenditure and Kshs.236.41 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.395.95 million. They consisted of Kshs.292.36 million for recurrent expenditure and Kshs.103.59 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.22 billion.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.16 billion on employee compensation, Kshs.2.69 billion on operations and maintenance, and Kshs.2.16 billion on development activities. Similarly, the County Assembly spent Kshs.366.20 million on employee compensation, Kshs.408.24 million on operations and maintenance, and Kshs.11.97 million on development activities, as shown in Table 3.210.

Table 3.210: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,943,519,084	1,094,023,432	6,930,984,678	788,648,169	65.8	60.9
Compensation to Employees	6,823,582,572	433,348,654	4,964,742,181	366,200,627	75.6	84.5
Operations and Maintenance	5,119,936,512	660,674,778	1,966,242,497	408,244,401	52.6	61.8
Development Expenditure	9,907,318,594	139,459,318	2,441,841,206	11,968,298	21.8	8.6
Total	21,850,837,678	1,233,482,750	9,372,825,884	809,817,397	45.8	63.8

Source: Nakuru County Treasury

3.31.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.5.53 billion, or 36.9 per cent of the available revenue, which amounted to Kshs.14.68 billion. This expenditure represented an increase from Kshs.4.74 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.3.31 billion paid to health sector employees, translating to 59.8 per cent of the total wage bill. The significant increase of 16.7 per cent in Personnel Emoluments compared to the previous financial year was attributed to new staff recruitment and other staff who were contractual and confirmed on permanent and pensionable staff and salary arrears that were paid to nurses.

Further analysis indicates that PE costs amounting to Kshs.4.67 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.192.11 million was processed through manual payrolls. The manual payrolls accounted for 4 per cent of the total PE cost.

The County Assembly spent Kshs.26.87 million on committee sitting allowances for the 74 MCAs against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.11,018 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 3.211 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.211: Performance of County Established Funds in the First Nine Months of FY 2023/24

S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues in the (Kshs.)	Actual Expenditure FY 2023/24 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
1	Emergency Fund	70,000,000	-	60,657,033	Yes
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	66,320,000	66,320,000	66,320,000	Yes
	Total	735,974,963	287,508,635	102,583,102	

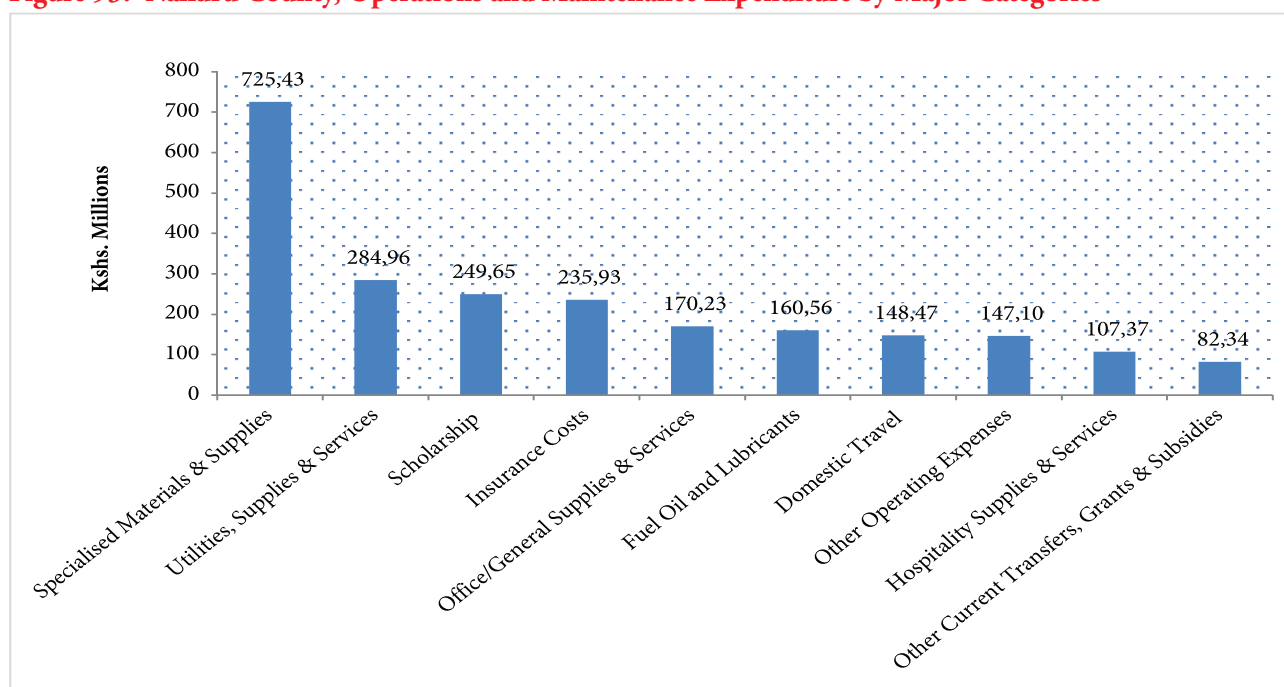
Source: Nakuru County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 4 funds, as indicated in Table 3.211, 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.

3.31.9 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.234.30 million and comprised Kshs.85.83 million spent by the County Assembly and Kshs.148.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.47.81 million and comprised Kshs.28.21 million by the County Assembly and Kshs.19.60 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.212.

Table 3.212: 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.)
Nakuru county assembly	3	31 st -22 nd Sep 2023	Training on procurement of goods, work and non-consultancy service 31st-22nd Sep 2023 Kampala	Uganda	4,206,130.00
Nakuru county assembly	7	4 th -11 th Sep 2023	Leadership and Integrity course for MCA in Arusha	Tanzania	4,231,983.00
Nakuru county assembly	2	25 th -2 nd July 2023	attending the annual devolution conference	Uganda	1,220,908.00
Nakuru county assembly	7	11 th -17 th Sep 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 st -7 th Oct 2023	Training on executive management program	Uganda	708,855.00
Nakuru county assembly	1	5 th to 12 th Sep 2023	Training on corporate financial planning, budget and analysis	Singapore	674,134.00
Nakuru county assembly	7	29 th -4 th Nov 2023	Training on leadership and integrity course for county assembly leadership	Tanzania	2,685,200.00
Nakuru County Executive	3	26 th to 30 th Jun 2022	To Participate in the Eleventh session of the World Urban Forum (WUF-II) from 26th June 2022 to 30th June 2022.	Katowice, Poland	972,360
Nakuru County Executive	2	9 th to 12 th Oct 2023	To attend the Urban Transformation Summit	USA	1,220,212
Nakuru County Executive	1	12th to 28th August 2023	Attending training	Australia	1,790,585
Nakuru County Executive	1	1st to 13th August 2023	Attending Training	Seattle city in Washington State	1,673,720
Nakuru County Executive	3	14th to 22nd August 2023	Attending Training	Singapore	1,629,000

Source: Nakuru County

3.31.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.2.17 billion on development programmes, representing an increase of 159.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.837.79 million. Table 3.213 summarises development projects with the highest expenditure in the reporting period.

Table 3.213: 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	Naivasha Municipality	Construction of Naivasha Market Phase 2	Naivasha town	252,973,477.0	249,952,401.2	100
2	Finance and Economic Planning	County Debt Management (As per the County Medium Term Debt Management Strategy Paper)	Headquarters	326,425,808.0	129,201,778.7	40
3	Nakuru city	Proposed Construction of Afraha Stadium Phase 1	Afraha Stadium	380,000,000.0	118,749,804.7	64
4	Lands Physical Planning Housing and Urban Development	Conditional Fund - World Bank—Kenya Informal Settlement Improvement Project II (KISIP II)	Headquarters	200,000,000.0	116,645,608.0	58
5	Finance and Economic Planning	Construction Of County Treasury Office Block	Headquarters	886,630,388.0	107,024,580.40	37
6	Naivasha municipality	Improvement of 3km roads in Lakeview ward to bitumen standards and construction of related infrastructure	Naivasha town	83,224,000.0	75,502,199.4	60
7	Naivasha municipality	Completion of Construction of Naivasha Municipal Park, construction of drainage and NMT facilities on adjoining Roads	Naivasha town	68,500,837.0	68,500,836.8	100
8	Education	Conditional Allocation for Rehabilitation of Youth Polytechnics	Headquarters	54,289,894	54,287,415	100
9	Nakuru City	Purchase of tartan track for Afraha Stadium	Afraha Stadium	95,000,000.0	54,000,000.0	98
10	Office of the Governor & Deputy Governor	office block in Milimani (annex to the main governor's office)	Headquarters	366,103,209.1	52,358,344.9	42

Source: Nakuru County Treasury

3.31.11 Budget Performance by Department

Table 3.214 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.214: Nakuru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,094.02	139.46	788.65	21.17	665.85	11.97	84.4	56.5	60.9	8.6
County Treasury	1,728.78	850.90	1,227.37	460.64	1,012.12	314.32	82.5	68.2	58.5	36.9
Public Service, Training and Devolution	666.50	39.35	559.89	2.94	431.76	2.94	77.1	100.0	64.8	7.5
Agriculture, Livestock and Fisheries	479.06	1,241.35	346.86	277.75	276.51	210.79	79.7	75.9	57.7	17.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning and Housing	184.33	808.32	116.11	30.51	84.33	212.91	72.6	697.8	45.8	26.3
Office of the Governor and Deputy Governor	342.27	143.90	254.01	58.04	236.89	52.36	93.3	90.2	69.2	36.4
Education, Vocational training, ICT and E-Government	1,148.54	620.44	873.07	177.05	634.89	125.44	72.7	70.9	55.3	20.2
Trade, Industry, Marketing and Tourism	222.41	531.30	112.16	374.70	86.13	35.09	76.8	9.4	38.7	6.6
Youth, Culture, Gender, Sports and Social Services.	289.02	197.19	132.28	27.53	90.48	20.02	68.4	72.7	31.3	10.2
Infrastructure	367.66	1,608.90	340.00	658.71	244.57	316.51	71.9	48.1	66.5	19.7
Water, Environment, Energy and Natural Resources	339.11	1,342.48	245.79	281.58	171.26	147.91	69.7	52.5	50.5	11.0
Health Services	5,936.66	1,979.02	3,668.80	72.00	4,487.96	253.85	122.3	352.6	75.6	12.8
County Public Service Board	75.32	3.00	62.16	-	43.19	-	69.5	-	57.3	-
Nakuru Municipality	58.17	399.59	27.09	13.11	26.39	362.14	97.4	2,761	45.4	90.6
Naivasha Municipality	38.07	137.57	12.09	7.28	9.90	108.10	81.9	1,484	26.0	78.6
Office of the County Attorney	57.61	4.00	25.50	-	18.68	-	73.2	-	32.4	-
Molo Municipality	5.00	0.00	-	-	-	-		-		-
Gilgil Municipality	5.00	0.00	-	-	-	-	-	-	-	-
Total	13,037.54	10,046.78	8,791.83	2,463.01	8,520.90	2,174.35	96.9	88.3	65.4	21.6

Source: Nakuru County Treasury

Analysis of expenditure by departments shows that the Department of Nakuru Municipality recorded the highest absorption rate of the development budget at 90.6 per cent, followed by the Department of Naivasha Municipality at 78.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 75.6 per cent while the Department of Molo and Gilgil Municipalities did not have any expenditures.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.215 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.215: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES							
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	-	-	-
	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	-	-	-	-	-	-
	Sub Total	479,064,564	1,241,351,739	178,292,251	156,671,419	0.37	12.6
NAIVASHA MUNICIPALITY							
Programme 1; Administration and planning and support services	SP 1.1 Administration and Planning	19,924,400	-	3,827,396.15	-	19	-
	SP 1.2; personnel services	11,042,628	-	6,071,133.33	-	55	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2; Naivasha municipal services	SP 2.1 planning and infrastructure	-	142,670,841	-	108,096,786.63	-	75.8
	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	-	-	-	-	-
	Sub-Total	32,967,028	142,670,841	4,152,766	100,812,392	13	73.3
PUBLIC SERVICE, DEVOLUTION, CITIZEN ENGAGEMENT, DISASTER MANAGEMENT &HUMANITARIAN ASSISTANCE							
Programme 1: Administration, planning and support service	Sub-programme 1.1(Administration service)	51,535,552	-	17,718,998	-	34.4	-
	Sub-programme 1.2(Personal Service)	575,013,298	-	414,039,375	-	72.0	-
	Sub-programme 1.3(Financial Service)	-	-	-	-	-	-
	Sub-programme 1.4(Mainstream Workplace HIV/AIDS, Alcohol & Drug Abuse Control)	990,000	-	-	-	-	-
	Sub-programme 1.5(Rehabilitation/Construction of Sub County Offices)	-	39,352,925	-	2,941,084	-	7.5
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	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
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	-	-	-	-	-
	Subtotals	666,503,049	39,352,925	431,758,373	2,941,084	64.8	7.5
DEPARTMENT OF EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT							
Programme 1: Administration, planning and support service	SP 1.1 administration and support service	31,060,217	530,237,974	7,190,696	71,152,428	23.2	0.13
	SP 1.2 Personnel service	533,139,735	-	341,642,629	-	64.1	-
	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	4,044,700	-	4.38	-
Programme 3: Vocational training	SP 3.1 Vocational training	-	67,899,955	29,964,392	-	40.42	-
	SP 3.2 Skill Upgrading	74,128,501	-	-	54,287,415	-	80.0
Programme 4 Information and communication	SP 4.1 Public communication and media services	8,000,016	-	1,349,800	-	16.87	-
Programme 5 ICT Infrastructure Development and e-government Services	SP 5.1 Network Infrastructure	22,325,303	2,800,000	1,043,100	-	0.47	-
	5.2 Hardware and software platforms	-	3,000,000	-	-	-	-
	5.3 E-government services	-	-	-	-	-	-
	Sub-Total	148,539,006	620,437,969	634,887,768	125,439,843	55.3	20.2
COUNTY TREASURY							
Programme 1; Administration, planning and support services	SP 1.1 Administration services	707,967,807	419,879,178	453,396,985	142,214,910	64.0	33.9
	SP 1.2 Personnel services	542,845,778	-	385,963,374	-	71.1	-
	SP 1.3 financial services	300,000	-	-	-	0.0	-
Programme 2; Public Finance Management	SP 2.1 Budget formulation coordination and management	211,231,190	--	93,467,976	-	44.3	--
	SP 2.2 Resources mobilization	84,299,962	-	26,295,460	-	31.2	-
	SP 2.3 internal audit	40,469,007	-	16,449,760	-	40.7	-
	SP 2.4 procurement	18,681,885	-	3,705,652	-	19.8	-
	SP 2.5 public finance and accounting	25,066,504	-	9,087,487	-	36.3	-
	SP 2.6 Debt management	40,763,581	326,425,808	3,871,450	129,201,779	9.5	--
	SP 2.7 External Resources Mobilization	10,538,988	-	1,225,455	-	11.6	-
Programme 3: Economic and financial policy formulation and management	SP 3.1 Fiscal planning	37,335,796	-	16,462,825	-	44.1	-
	SP 3.2 monitoring and evaluation /statistical data management	9,248,167	-	2,189,100	-	23.6	-
	SP 3.3 KDSP programme	-	104,594,212	-	82,902,576	-	-
	Sub-Total	1,728,784,665	850,899,198	708,155,108	133,375,617	41.0	15.7
NAKURU CITY							
Programme 1	SP 1.1 Administration and Planning	16,870,000	-	7,938,217.80	-	47	-
	SP 1.2 personnel services	27,630,170	-	16,025,964.40	-	58	-
	SP 1.3 financial services	600,000	-	396,480.00	-	66	-

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 2	SP 2.1 Infrastructure development and urban	7,371,545	398,088,810	206,200.00	361,154,495.48	3	91
	SP 2.2 Nakuru City Environments Management	-	1,500,000	-	984,950.00	-	66
	SP 2.3 Trade markets and investments	2,800,000	-	577,793.10	-	21	-
	SP 2.4 Nakuru City Social Services	2,899,418	-	1,245,677.80	-	43	-
	Sub-Total	58,171,133	399,588,810	26,390,333.10	362,139,445.48	45	91
DEPARTMENT OF YOUTH, CULTURE, GENDER, SPORTS AND SOCIAL SERVICES							
Programme 1: Administration, planning and support services	SP 1.1 Administration	61,494,853	39,367,161	6,709,708	-	50.4	-
	SP 1.2 Personnel services	116,995,934	-	69,367,377	-	59.3	-
	SP 1.3 financial services	1,000,000	-	-	-	0.0	-
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	1,169,700	-	18.9	-
	SP 2.2 social inclusion and empowerment	34,139,052	-	1,705,168	7,857,507	4.6	56
Programme 3 Management and development of sports, recreation and sports facilities	SP 3.1 development of sports infrastructure	-	61,629,242	-	12,161,962	-	68
	SP 3.2 Promotion of sports development and recreation	20,262,000	-	10,714,805	-	20.9	-
	SP 3.3 Sports funding	-	-	-	-	-	-
Programme 4: Youth empowerment and participation	SP 4.1 youth empowerment and participation	36,674,533	39,397,161	810,755	-	1.43	-
	SP 4.2 Youth development	-	-	-	-	-	-
	Sub-Total	289,016,373	197,189,534	90,477,513	20,019,470	31.3	10.2
DEPARTMENT OF WATER, ENVIRONMENT, ENERGY AND NATURAL RESOURCES							
Programme 1 Administration	SP 1.1 Administration services	31,000,000	1,525,329	6,559,197	-	21.2	-
	SP 1.2 Human resources	249,797,612	-	159,339,069	-	64.6	-
	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	1,828,549	147,912,077	19.9	13.4
	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	-	2,600,055	-	17.1	-
	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	-	213,312,923	932,054	-	-	-
	Sub-Total	339,109,218	1,332,176,135	171,258,924	147,912,077	50.5	13.4
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR							
Programme 1 Administration, planning and support	SP;1.1 Administration and Planning	154,231,530	70,467,176	83,802,197	52,358,345	77.5	36.4
	SP 1.2 Personnel services	94,925,337	-	66,142,994	-	69.7	-
Programme 2 management of county affairs	SP 2.1 county executive services	15,618,492	-	81,500,000.00		96.3	-
	SP 2.2 policy direction and coordination	84,609,245	-				-
	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	-	5,440,800.50		23.2	-
	SP 3.2 Special programmes	7,809,246	-			-	-
	Sub-Total	342,271,643	143,899,504	236,885,992	52,358,345	69.2	36.4
OFFICE OF THE COUNTY ATTORNEY							

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1 Administration, Planning and Sup- port services	SP 1.1 Administration	20,070,798	4,000,000	9,383,037	-	46.7	-
	SP 1.2 Personnel services	19,229,202	-	234,428	-	1.2	-
	SP 1.3 financial services	500,000	-	-	-	-	-
Programme 2Advi- sory services	SP 2.1 Advisory services	1,300,000	-	-	-	-	-
	SP 2.2 legal matters	3,560,966	-	1,544,848.6	-	43.4	-
	SP 3.1 Litigation	9,950,920	-	7,515,626	-	75.5	-
	SP 3.2 Formulation and review of bills	2,000,000	-	-	-	-	-
	SP 3.3 Conveyance and commercial trans- actions	1,000,000	-	-	-	-	-
	Sub-Total	57,611,886	4,000,000	18,677,940	-	32.4	-
DEPARTMENT OF INFRASTRUCTURE							
Programme 1 administration, planning and support services	SP 1.1 Administration services	44,502,695	-	11,362,771	-	25.5	-
	SP 1.2 Personnel services	14,518,432	-	89,268,223	-	61.5	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 infrastructure, development and maintenance	SP 2.1 Construction, rehabilitation and main- tenance of road drainage and bridges	19,825,000	1,546,304,195	1,703,550	316,514,346	8.6	20.5
	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	232,000	-	2.4	-
	SP 2.4 Installation, rehabilitation and mainte- nance of lighting facilities	143,625,000	60,000,000	142,000,000	-	98.9	-
	Sub-Total	367,663,127	1,608,904,195	244,566,545	316,514,346	66.5	19.7
DEPARTMENT OF HEALTH SERVICES							
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 2 health preventive and pro- motive services	SP 2.1 Primary Healthcare	15,117,207	603,379,464		63,324,682	0.0	10.5
	SP 2.2 environmental health and sanitation	2,000,000	-			0.0	-
	SP 2.3 Human resource	19,049,940	-	1,079,253		6.3	-
	SP 2.4 Disease surveillance and emergency response	1,997,550	-			0.0	-
	SP 2.5 Health promotive	1,000,000	--			0.0	--
	SP 2.6 HIV programme	2,000,000	-	189,600		9.5	-
	SP 2.7 Nutrition	10,629,350	14,331,759		963,776	0.0	6.7
	SP 2.8 Reproductive health	1,250,000	-			0.0	
	SP 2.9 immunisation	1,596,425	-	1,224,962		76.7	
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	1,249,978,189	149,359,875	97.3	11.0
	SP 3.2 Elimination of communicable and non-communicable diseases	2,200,000				-	-
	SP 3.3 Human resource	316,760,037	-	316,760,037		100.0	-
	Sub-Total	5,941,762,992	1,979,021,981	4,487,964,654	213,648,333	75.5	9.3
DEPARTMENT OF LANDS, PHYSICAL PLANNING AND HOUSING							

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1: Administration, Planning, Management and Support Services	SP 1.1: Administration and Financial Services	86,118,106	-	23,582,712		27.4	
	SP 1.2: Personnel Services	98,207,312	-	60,748,496		61.9	
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	-	12,911,645		
	SP 3.2: Survey	-	3,000,000	-	-		
	SP 4.1 Housing	-	3,000,000	-	-	-	-
	Sub Total	184,325,418	808,323,617	84,331,209	212,911,645	45.8	26.3
DEPARTMENT OF TRADE, INDUSTRY, MARKETING AND TOURISM							
Programme 1 Administration planning	SP 1.1 Administration, planning and support services	24,484,898	2,000,000	8,967,103	-	36.6	-
	SP 1.2 Personnel services	74,117,995	-	49,792,346	-	67.2	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 co-operatives	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	-	3,291,677	-	62.6	-
	SP 2.4 Strengthening cooperatives	1,191,381	-	1,152,179	-	96.7	-
	SP 2.5 empowering youth, women and peds participation in cooperatives	1,127,588	-	1,104,900	-	98.0	-
Programme 3: Commerce and Enterprise	SP 3.1 Business development services for SMEs	2,550,000	-	639,425	-	25.1	-
	SP 3.2 Producer business groups	800,000	-		-	-	-
	SP 3.3 SMES training	1,000,000	-	826,975	-	82.7	-
	SP 3.4 SMES funding	25,000,000	-			-	-
	SP 3.5 Development and management of county bus terminus	-	-	863,667	303,800	27.9	15.2
	SP 3.6 consumer protection	3,100,000	2,000,000	-	-	-	-
	SP 3.7 Establishment of the industrial park	-	350,000,000	-	-	-	-
Programme 4 market	SP 4.1 Market rehabilitation	-	12,800,000	-	8,405,003		65.7
	SP 4.2 Development of new market	-	161,002,145		26,379,136		16.4
	SP 4.3 Market users' delivery services	12,500,000	-	7,442,900	-	59.5	-
Programme 5 Tourism	SP 5.1 Promotion of local tourism	8,500,000	-	5,671,279		66.7	-
	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	-	1,436,300		58.6	-
	SP 6.2 Liquor enforcement and compliance	150,000	-	33,600		22.4	-
	SP 6.3 research and innovation	600,000	-	-	-	-	
	SP 6.4 Treatment and rehabilitation of persons dependent on alcoholic drinks	1,050,000	-	-	-	-	
	SP 6.5 Education and training of sub-county and review committee	1,200,000	-	737,600	-	61.5	-
Programme 7: Development of socio-cultural diversity and promotion	SP 7.1 Cultural Development Activities	20,883,063	-	2,212,830	-	10.6	-
	SP 7.2 promotion of responsible gaming	6,150,000	-	1,962,100		31.9	-
	Sub-Total	222,405,956	531,302,145	86,134,882	35,087,939	38.7	6.6
COUNTY PUBLIC SERVICE BOARD							

Programme	Sub Programme	Approved Estimates		Expenditure		Absorption Rate	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme1; Administration and Human Resource Planning	SP 1.1 Administrative Services.	59,064,584	3,000,000	32,595,912	-	55.2	-
	SP 1.2 Financial Services	3,500,000	-	203,043	-	5.8	-
Programme2; Human Resource Planning and Advisory Services	SP 2.1 Human Resource Planning	9,781,897	-	8,492,090	-	86.8	-
	SP 2.2 Provision of Human Resource Advisory Services	2,976,544	-	1,900,000	-	63.8	-
	Sub-Total	75,323,025	3,000,000	43,191,045	-	57.3	-
Grand Total		13,037,542,515	10,046,777,912	5,586,209,983	1,462,888,213	42.8	14.6

Source: Nakuru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Agribusiness Development and Marketing in the Department of Agriculture, Livestock and Fisheries at 100 per cent, Infrastructure Development and Urban in the Department of Nakuru City at 91 per cent and Promotion of Value Addition of livestock and livestock products in the Department of Agriculture, Livestock and Fisheries at 82.6 per cent.

Sub-programmes with the highest levels of implementation based on absorption rates were The 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 98.9 per cent, and Empowering Youth, Women and Peds Participation in Cooperatives in the Department of Trade, Industry, Marketing and Tourism at 98 per cent of recurrent budget allocation

3.31.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 at Kshs.2.39 billion against an annual target of Kshs.3.8 billion, representing 62.9 per cent of the annual target.
- 2 Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012.
- 3 High level of pending bills which amounted to Kshs.1.22 billion as of 31st March 2024.
- 4 Use of manual payroll. Personnel emoluments amounting to Kshs.192.11 million were processed through the manual payroll, accounting for 4.0 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.
- 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for the operations of the funds in the County.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts 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 3.216.

3.32.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.24 billion as an equitable share of the revenue raised nationally, Kshs.69.25 million as additional allocations/conditional grants and raised Kshs.385.37 million as own-source revenue (OSR). The raised OSR includes Kshs.140.61 million as FIF and Kshs.244.76 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.03 billion, which included Kshs.310.69 million that was in special purpose accounts, as shown in Table 3.216.

Table 3.216: Nandi County, Revenue Performance in the First Nine Months 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	7,853,823,805	4,237,070,541	53.9
	Sub Total	7,853,823,805	4,237,070,541	53.9

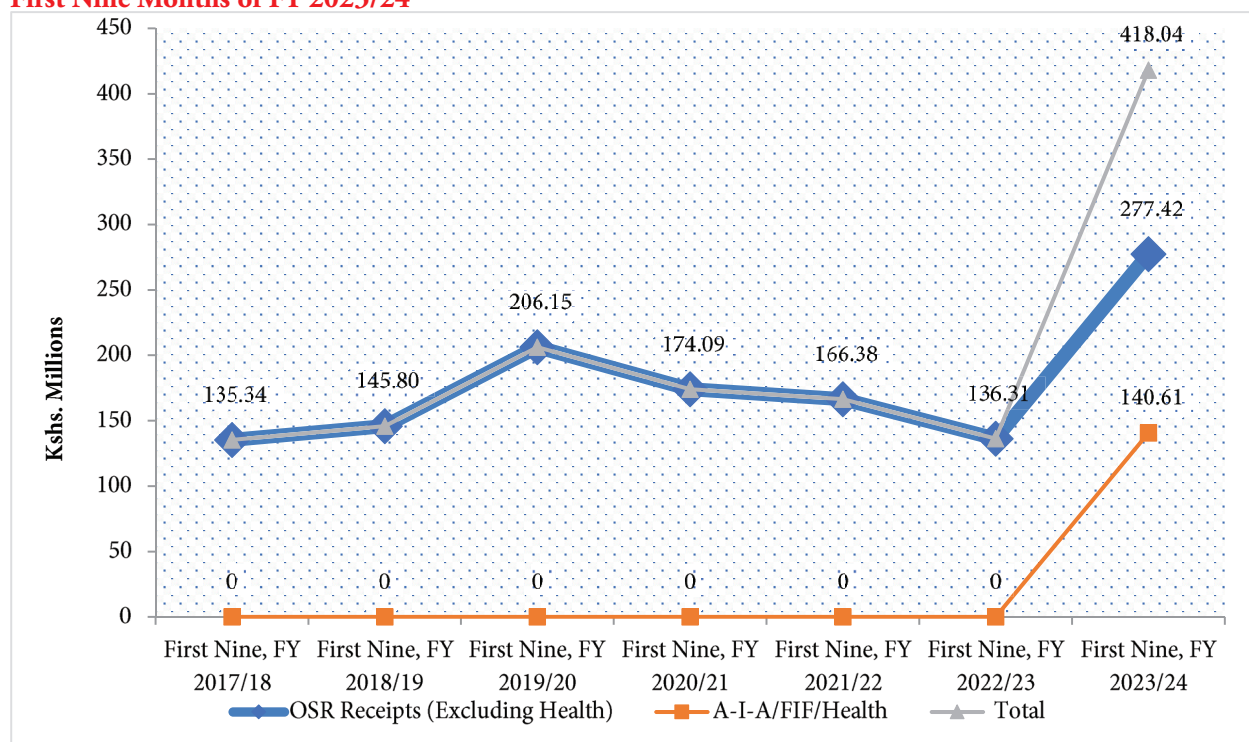
S/ No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B	Conditional Grants			
1.	Aggregated Industrial Parks Programme	100,000,000	-	-
2.	Provision of Subsidised Fertilizer Programme	128,705,606	-	-
3.	Livestock Value Chain 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	38,226,757	25.5
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	30,000,000	60
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	1,016,946	196.7
	Sub-Total	938,824,685	69,243,703	7.4
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	360,325,820	244,763,005	67.9
3	Facility Improvement Fund (FIF)	155,231,711	140,611,796	90.6
4	Other Sources of Revenue	55,110,901	-	-
	Sub Total	570,668,432	385,374,801	67.5
	Grand Total	9,363,316,922	4,691,689,046	50.1

Source: Nandi County Treasury

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 94 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 94: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

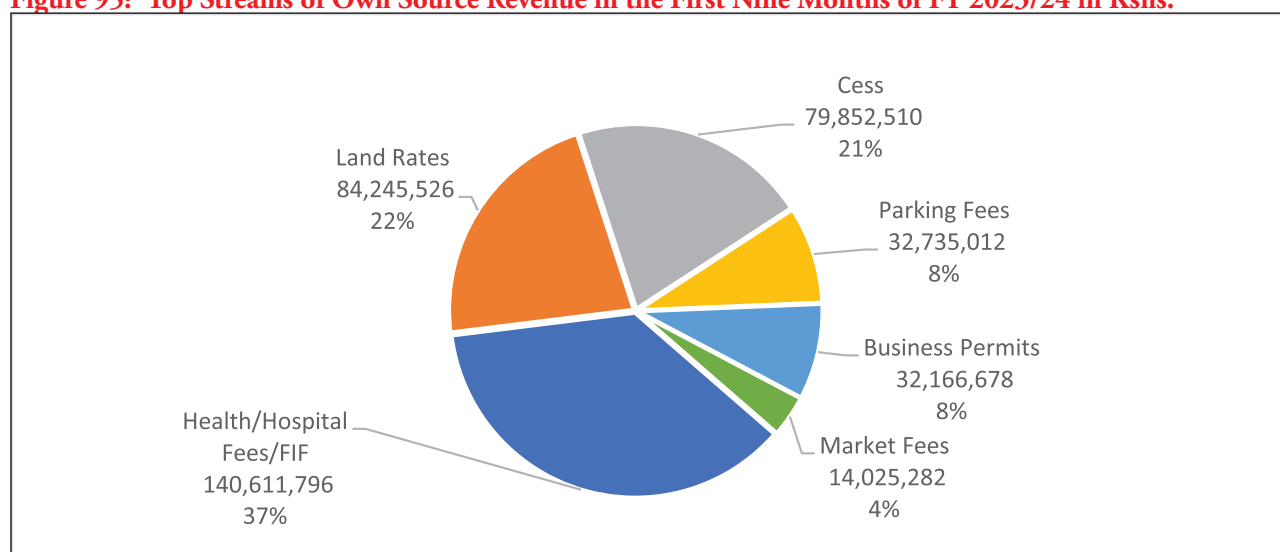


Source: Nandi County Treasury

The County did not provide information on FIF/Health data from previous years. In the first nine months of FY 2023/24, the County generated a total of Kshs.418.04 million from its revenue sources, including FIF and ordinary AIA. This amount was 81.1 per cent of the annual target and 9.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.1.94 million.

The increase in OSR can be attributed to an increase in revenue from Health Services, cess, and land rates from multinationals. 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 Nine Months of FY 2023/24 in Kshs.



Source: Nandi County Treasury

Excluding FIF, the highest revenue stream of Kshs.84.16 million was from land rates, contributing to 22 per cent of the total OSR receipts during the reporting period.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.84 billion from the CRF account during the reporting period, which comprised Kshs.708.22 million (14.6 per cent) for development programmes and Kshs.4.13 billion (85.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.74 billion was released towards Employee Compensation and Kshs.1.39 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.309.66 million.

3.32.4 County Expenditure Review

The County spent Kshs.5.43 billion on development and recurrent programmes in the reporting period. The expenditure represented 114.9 per cent of the total funds released by the CoB and comprised Kshs.603.87 million and Kshs.4.82 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.1 per cent, while recurrent expenditure represented 77.8 per cent of the annual recurrent expenditure budget.

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 31st March 2024.

The outstanding pending bills for the County Assembly were Kshs.20.65 million as of 31st March 2024.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.11 billion on employee compensation, Kshs.1.06 billion on operations and maintenance, and Kshs.583.22 million on development activities. Similarly, the County Assembly spent Kshs.234.34 million on employee compensation, Kshs.416.21 million on operations and maintenance, and Kshs.20.65 million on development activities, as shown in Table 3.217.

Table 3.217: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,402,203,084	796,999,461	4,171,166,603	650,550,910	77.2	81.6
Compensation to Employees	3,697,989,243	495,475,129	3,110,957,113	234,339,329	84.1	47.3
Operations and Maintenance	1,704,213,841	301,524,332	1,060,209,491	416,211,581	62.2	138
Development Expenditure	3,064,114,377	100,000,000	583,221,478	20,651,079	19	20.7
Total	8,466,317,461	896,999,461	4,754,388,081	671,201,989	56.2	74.8

Source: Nandi County Treasury

3.32.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.35 billion, or 70.9 per cent of the available revenue, which amounted to Kshs.4.72 billion. This expenditure represented an increase from Kshs.2.82 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.2.31

billion paid to health sector employees, translating to 69.1 per cent of the total wage bill. The wage bill increase of 18.8 per cent is as a result of an increase in employee statutory deductions.

Further analysis indicates that PE costs amounting to Kshs.3.14 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.209.97 million was processed through manual pay-rolls. The manual payrolls accounted for 6.3 per cent of the total PE cost.

The County Assembly spent Kshs.13.26 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.30.89 million. The average monthly sitting allowance was Kshs.32,731 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.330 million to county-established funds in FY 2023/24, constituting 3.5 per cent of the County's overall budget. Table 3.218 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.218: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Yes/No)
County Executive Established Funds					
1.	Nandi County Education Fund	150,000,000	150,000,000		Yes
2.	Nandi County Emergency Fund	100,000,000	50,041,585	30,000,000	No
3.	Nandi County Executive Car Loan and Mortgage Scheme Fund	80,000,000	62,000,000.00	32,000,000	Yes
County Assembly Established Funds					
4.	Car Loan & Mortgage Fund	97,328,000	30,968,000	93240000	No
	Total	330,000,000	262,041,585	62,000,000	

Source: Nandi County Treasury

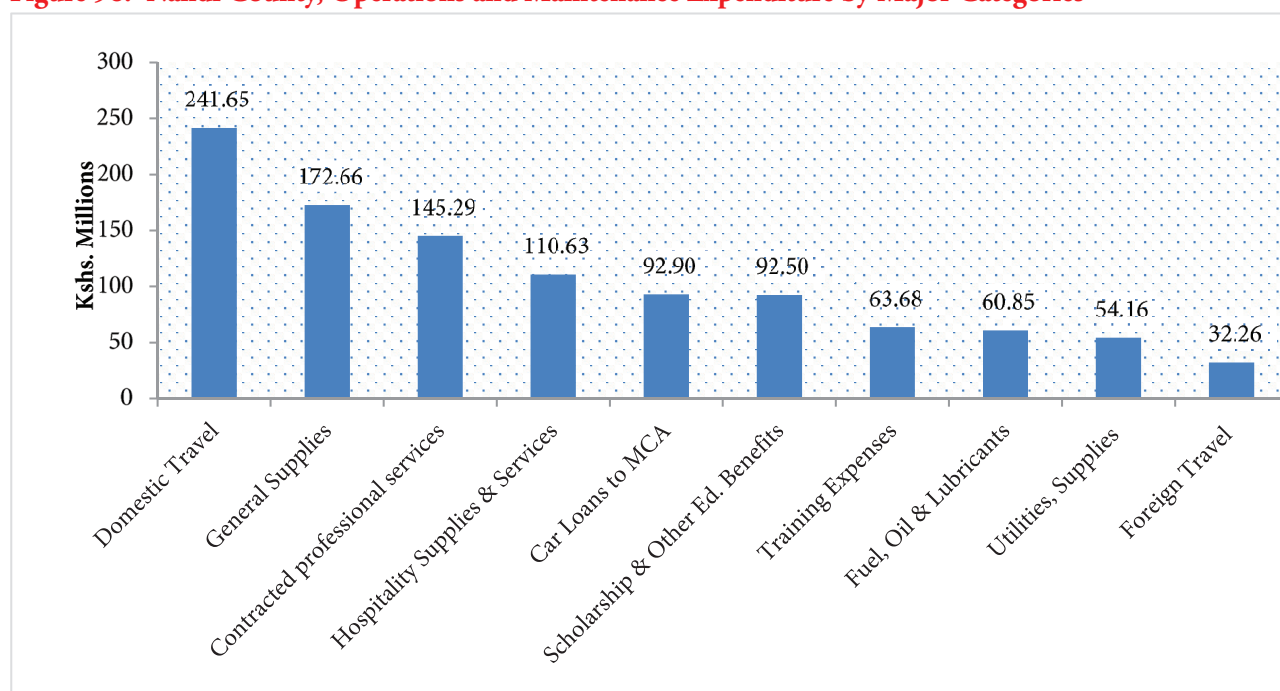
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 2 funds, as indicated in Table 3.217, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.241.65 million and comprised Kshs.120.44 million spent by the County Assembly and Kshs.121.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32.26 million and comprised Kshs.9.59 million by the County Assembly and Kshs.22.67 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.219.

Table 3.219: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of Travel	Destination	Total costs of the travel (Kshs.)
County Assembly	7	5-8 January /2024	First Annual Conference on Integrating Urban Infrastructure and Technological Advancement towards smart cities and sustainable housing	Dubai, UAE	4,306,803
County Assembly	7	4-7 January 2024	Role of Leadership in Efficient Healthcare Management and Advanced Healthcare technologies in a digitally disruptive world	Dubai, UAE	3,633,273
Executive	2	22 Aug 2023	Facilitation to attend international conference on food safety and security international conference on vaccines	France	1,823,840
Executive	4	27 Sep 2023	Facilitation to attend solar system street lighting	South Africa	1,773,478
Executive	1	13 Mar 2024	Facilitation to receive an Innovation award on Behalf of Nandi County	United States of America	1,317,316
County Assembly	1	27 Oct - 5 Nov 2023	Training on Performance Management and Localization of Sustainable Development Goals	Kent, UK	1,042,932
Executive	1	18 Aug 2023	Facilitation to attend UN food systems summit in Rome, Italy	Italy	829,308
Executive	2	21 Aug 2023	Facilitation to attend 7th International Conference on Food Safety and Security	France	816,530

Arm of County Government	No. of Officers Travelled	Dates Travelled	Purpose of Travel	Destination	Total costs of the travel (Kshs.)
Executive	2	5 Dec 2023	Facilitation to attend the 7th Africa Conference on Agriculture and the 60th annual AEASA Conference	South Africa	757,250
Executive	1	22 Nov 2023	Facilitation to participate in the Third Belt and Road Forum	China	718,842
Executive	1	7 Dec 2023	Facilitation to New Delhi, to accompany H.E The President	India	618,668

Source: Nandi County Treasury and Nandi County Assembly

3.32.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.603.87 million on development programmes, representing a decrease of 24.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.802.13 million. Table 3.220 summarises development projects with the highest expenditure in the reporting period.

Table 3.220: Nandi County, List of Development Projects with the Highest Expenditure

Project Name	Project Location	Contract Sum (Kshs)	Budget (Kshs)	Amount Paid to Date	% Completion
Proposed construction of a cooperative creamery processing plant at Kabiyeet Phase III	Kabiyeet	9,527,586	9,527,586	9,527,586	100
Part payment construction of mother and child building	Kapsabet	9,518,059	9,518,059	9,518,059	100
Supply of foot and mouth disease vaccines	CountyWide	7,200,000	7,200,000	7,200,000	100
Construction of Eliud Kipchoge complex	Kapsabet	6,669,310	6,669,310	6,669,310	100
Construction of perimeter wall	Kapsabet	5,117,293	5,117,293	5,117,293	100
Construction of Mokobich Hospital	Lessos	4,763,793	4,763,793	4,763,793	100
Proposed construction of an administration block at the Cheptarit Vocational Training Centre	Lelmokwo Ngechek	4,753,365	4,753,365	4,753,365	100
Supply of mono propylene glycol to Kabiyeet NCC	Kabiyeet	4,601,824	4,601,824	4,601,824	100
Construction of Kaiboi borehole water project	Sangalo Kebulonik	4,558,855	4,558,855	4,558,855	100
Supply of fuel	County Wide	4,033,000	4,033,000	4,033,000	100

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 3.221 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.221: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	446.62	71.50	295.30	25.00	330.40	25.00	111.9	100.0	74.0	35.0
Finance and Economic Planning	520.49	71.00	308.33	6.56	319.89	7.89	103.8	120.2	61.5	11.1
Administration, Public Service and ICT	295.32	51.50	122.45	-	96.71	-	79.0	-	32.7	-
Health and Sanitation	2,901.40	302.42	2,560.65	64.02	2,669.27	75.89	104.2	118.5	92.0	25.1
Agriculture and Co-operative Development	273.80	817.43	125.16	254.01	205.32	74.32	164.0	29.3	75.0	9.1
Sports, Youth Affairs, Gender and Social Welfare Arts	119.52	75.07	42.62	13.00	40.66	21.85	95.4	168.1	34.0	29.1
Education, and Vocational Training and Development	408.53	254.79	355.13	56.86	309.67	73.09	87.2	128.5	75.8	28.7
Lands, Physical Planning, Housing, Environment, Water, Natural Resources and Climate Change	102.66	492.45	55.00	129.16	35.41	117.11	64.4	90.7	34.5	23.8
Transport, Public Works and Infrastructure Development	145.80	439.59	80.56	119.58	74.07	137.55	92.0	115.0	50.8	31.3
Trade, Tourism, Industrialization and Enterprise Development	75.34	416.37	8.92	25.38	28.05	48.19	314.5	189.8	37.2	11.6
County Public Service Board and Labour.	44.30	-	10.00	-	31.19	-	311.9	-	70.4	-
County Assembly	797.00	100.00	575.02	20.65	650.55	20.65	113.1	100.0	81.6	20.7
Kapsabet Municipality	11.33	72.00	-	-	3.79	2.34	-	-	33.5	3.2
Office of the County Attorney	57.10	-	6.91	-	26.73	-	386.8	-	46.8	-
Total	6,199.20	3,164.11	4,546.06	714.22	4,821.72	603.87	106.1	84.6	77.8	19.1

Source: Nandi County Treasury

Analysis of expenditure by departments shows that the Department of Transport, Public Works and Infrastructure Development recorded the highest absorption rate of development budget at 31.3 per cent, followed by the Department of County Executive at 35.0 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 92.0 per cent while the Department of Administration, Public Service and ICT had the lowest at 32.7 per cent.

The allocation for recurrent expenditure for the Assembly and the Executive is within the ceilings in CARA, 2023.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.222 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.222: Nandi County, Budget Execution by Programmes and Sub-Programmes

Description	Revised Estimates		Expenditure			Absorption Rate	
	Recurrent	Development	Recurrent	Development	Total	Recurrent	Development
County Executive							
General Administration and Support Services	446,624,277	71,500,000	330,403,662	24,995,065	355,398,727	74	35
Grand Total	446,624,277	71,500,000	330,403,662	24,995,065	355,398,727	74	35
4414-Nandi - Health						-	-
Sub-Total	2,901,397,474	302,416,483	2,669,272,589	75,887,637	2,745,160,226	92	25.1
Health Service Delivery Administration Services	2,901,397,474	302,416,483	2,669,272,589	75,887,637	2,745,160,226	92	25.1
Grand Total	2,901,397,474	302,416,483	2,669,272,589	75,887,637	2,745,160,226	92	25.1
4422-Nandi - County Public Service							
Sub-Total	1,200,000	-	972,700	-	972,700	81.1	-
Administration and support services	1,200,000	-	972,700	-	972,700	81.1	-
Sub-Total	43,100,087	-	30,214,090	-	30,214,090	70.1	-
Administrative Support Services	43,100,087	-	30,214,090	-	30,214,090	70.1	-
Grand Total	44,300,087	-	31,186,790	-	31,186,790	70.4	-
4424-Nandi-Kapsabet Municipality							
	-	-	-1,194,559	-	-1,194,559	-	-
Default - non-programmatic	-	-	-1,194,559	-	-1,194,559	-	-
Sub-Total	11,330,000	36,000,000	4,987,400	2,339,915	7,327,315	44	6.5
General Administration and Support Services	11,330,000	36,000,000	4,987,400	2,339,915	7,327,315	44	6.5
Sub-Total	-	36,000,000	-	-	-	-	-
Infrastructure and Development	-	36,000,000	-	-	-	-	-
Grand Total	11,330,000	72,000,000	3,792,841	2,339,915	6,132,756	33.5	3.2
4425-Nandi - Office of The County Attorney							
Sub-Total	57,095,643	-	26,734,670	-	26,734,670	46.8	-
Administrative Support Services	57,095,643	-	26,734,670	-	26,734,670	46.8	-
Grand Total	57,095,643	-	26,734,670	-	26,734,670	46.8	-
4426-Nandi-Finance and Economic Planning						-	-
	Revised Estimates		Expenditure			-	-
General Administration and Support Services	520,486,729	-	319,890,365	-	319,890,365	61.5	-
Sub-Total	-	71,000,000	-	7,889,149	7,889,149	-	11.1
Revenue Collection and Management Phase I	-	71,000,000	-	7,889,149	7,889,149	-	11.1
Grand Total	520,486,729	71,000,000	319,890,365	7,889,149	327,779,514	61.5	11.1
4427-Nandi - Administration Public Service and ICT						-	-
Sub-Total	295,323,842	66,501,800	96,710,061	-	96,710,061	32.7	-

Description	Revised Estimates		Expenditure			Absorption Rate	
	Recurrent	Development	Recurrent	Development	Total	Recurrent	Development
Administration and support services	295,323,842	66,501,800	96,710,061	-	96,710,061	32.7	-
Sub-Total	-	-15,000,000	-	-	-	-	-
Administrative Support Services	-	-15,000,000	-	-	-	-	-
Grand Total	295,323,842	51,501,800	96,710,061	-	96,710,061	32.7	-
4428-Nandi - Agriculture and Co-operatives Development						-	-
Administration and support services	273,800,919	817,430,272	205,316,997	74,323,813	279,640,810	75	9.1
Grand Total	273,800,919	817,430,272	205,316,997	74,323,813	279,640,810	75	9.1
4429-Nandi-Sports, Youth Affairs, Gender and Social Welfare Arts						-	-
	Revised Estimates		Expenditure			-	-
Description	Recurrent	Development	Recurrent	Development	Total	-	-
Sub-Total	12,639,970	-	5,290,490	-	5,290,490	41.9	-
Development And Promotion of Culture	12,639,970	-	5,290,490	-	5,290,490	41.9	-
Sub-Total	55,236,946	-	11,536,830	-	11,536,830	20.9	-
General Administration and Support Services	55,236,946	-	11,536,830	-	11,536,830	20.9	-
Sub-Total	51,641,424	75,069,663	23,831,620	21,848,700	45,680,320	46.1	29.1
Sports infrastructure Development	-	75,069,663	-	21,848,700	21,848,700	-	29.1
Sports Activities and Programs	51,641,424	-	23,831,620	-	23,831,620	46.1	-
Grand Total	119,518,340	75,069,663	40,658,940	21,848,700	62,507,640	34	29.1
4430-Nandi - Education Vocational Training and Scholarship						-	-
Sub-Total	408,527,616	-	309,671,999	-	309,671,999	75.8	-
Administration and support services	408,527,616	-	309,671,999	-	309,671,999	75.8	-
Sub-Total	-	254,793,129	-	73,090,707	73,090,707	-	28.7
General Administration & Support Services	-	254,793,129	-	73,090,707	73,090,707	-	28.7
Grand Total	408,527,616	254,793,129	309,671,999	73,090,707	382,762,706	75.8	28.7
4431-4431 Nandi - Lands, Physical Planning, Housing Envi, Water, Natural Resources/CLI						-	-
Sub-Total	102,658,526	-	35,407,028	-	35,407,028	34.5	-
Administration and support services	102,658,526	-	35,407,028	-	35,407,028	34.5	-
Sub-Total	-	492,448,561	-	117,107,925	117,107,925	-	23.8
General Administration and support services	-	492,448,561	-	117,107,925	117,107,925	-	23.8
Grand Total	102,658,526	492,448,561	35,407,028	117,107,925	152,514,953	34.5	23.8

Description	Revised Estimates		Expenditure			Absorption Rate	
	Recurrent	Development	Recurrent	Development	Total	Recurrent	Development
4432-Nandi - Transport, Public Works and Infrastructure Development						-	-
Sub-Total	145,803,856	-	74,071,332	-	74,071,332	50.8	-
General Administration and support services	145,803,856	-	74,071,332	-	74,071,332	50.8	-
Sub-Total	-	439,586,934	-	137,551,643	137,551,643	-	31.3
Road-works	-	439,586,934	-	137,551,643	137,551,643	-	31.3
Grand Total	145,803,856	439,586,934	74,071,332	137,551,643	211,622,975	50.8	31.3
4433-Nandi - Trade, Tourism, Industrialization and Enterprise						-	-
Sub-Total	75,335,775	-	28,049,330	-	28,049,330	37.2	-
General Administration & Support Services	75,335,775	-	28,049,330	-	28,049,330	37.2	-
Sub-Total	-	416,367,535	-	48,186,924	48,186,924	-	11.6
Trade Development & Promotion	-	416,367,535	-	48,186,924	48,186,924	-	11.6
Grand Total	75,335,775	416,367,535	28,049,330	48,186,924	76,236,254	37.2	11.6
Grand Total	5,402,203,084	3,064,114,377	4,171,166,603	583,221,478	4,754,388,081	77.2	19

Source: Nandi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Health Service Delivery Administration Services in the Department of Health and Sanitation at 92 per cent, Administration and Support Services in the Department of County Public Service at 81.1 per cent, Administration and Support Services in the Department of Education Vocational Training and Scholarship at 75.8 per cent, and Administration and Support Services in the Department of Agriculture and Co-operatives Development at 75 per cent, of budget allocation.

3.32.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 received on 26 April 2024
2. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.220.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.209.97 million were processed through the manual payroll, accounting for 6.3 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 the timelines prescribed in Section 166 of the PFM Act, 2012.*
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, strict compliance with the approved staff establishment should be maintained.*

3.33. County Government of Narok

3.33.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.15.05 billion, comprising Kshs.5.33 billion (35.4 per cent) and Kshs.9.73 billion (64.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 0.5 per cent compared to the previous financial year when it 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.9.20 billion (61.1 per cent) as the equitable share of revenue raised nationally, Kshs.699.33 (4.7 per cent) million as additional allocations/conditional grants, a cash balance of Kshs.0.57 million brought forward from FY 2022/23, and generate Kshs.5.15 billion (34.2 per cent) as gross own source revenue. The own source revenue includes Kshs.44.00 million (0.9 per cent) as ordinary Appropriations-in-Aid (A-I-A), Kshs.120.95 million (2.3 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.4.99 billion (96.8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.203.

3.33.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.5.33 billion as an equitable share of the revenue raised nationally, Kshs.201.43 million as additional allocations/conditional grants, had a cash balance of Kshs.0.57 million from FY 2022/23 and raised Kshs.3.96 billion as own-source revenue (OSR). The raised OSR includes Kshs.25.43 million as ordinary A-I-A, Kshs.52.59 million as FIF and Kshs.3.88 billion as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.9.49 billion, as shown in Table 3.223.

Table 3.223: Narok County, Revenue Performance in the First Nine Months of FY 2023/24

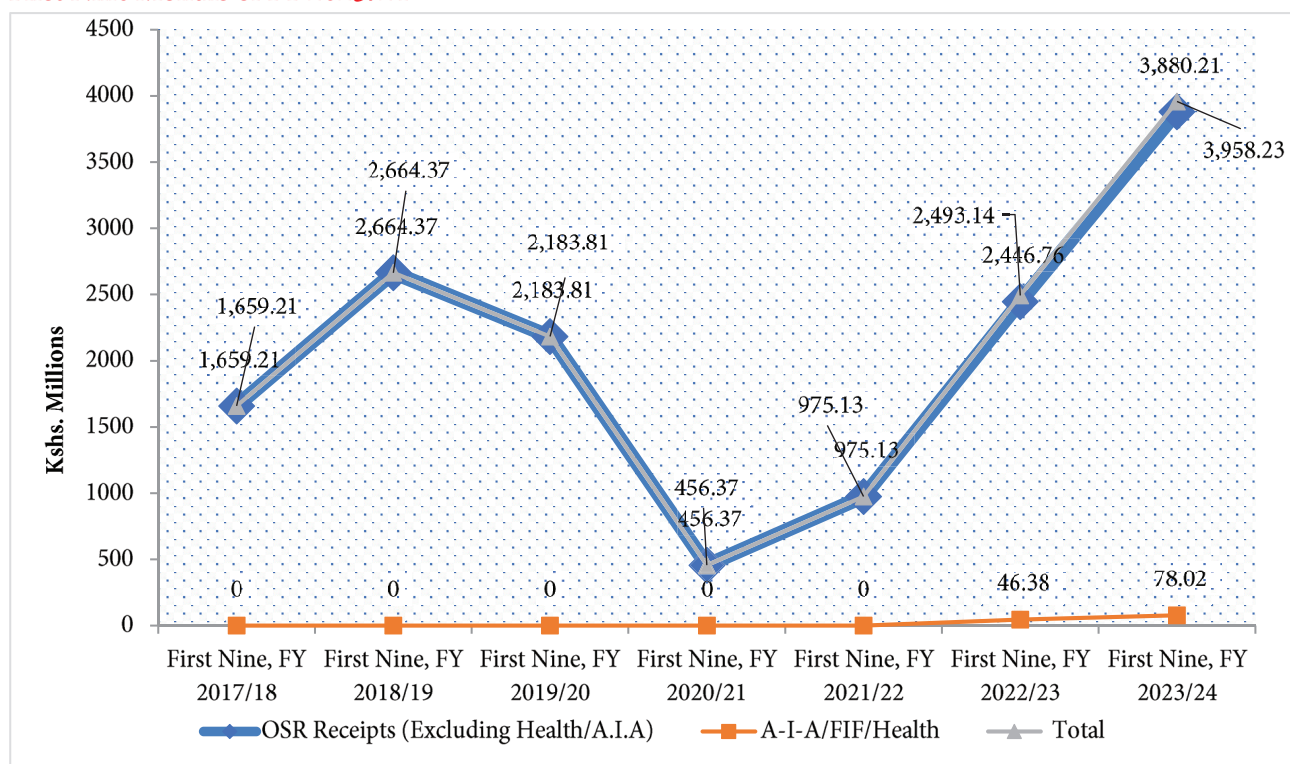
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,196,276,899	5,333,840,599	58.0
	Library	4,956,754		
Sub Total		9,201,233,653	5,333,840,599	58.0
B	Conditional Grants			
1	Allocation for Mineral Royalties	27,206,336	-	0.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	De-Risking and Value Enhancement - DRIVE	63,341,980	-	0.0
3	Livestock Value Chain Support Projects	35,809,200	-	0.0
4	Fertilizer Subsidy Programme	135,733,204	-	0.0
5	World Bank Loan- National Agri & Rural Growth	5,000,000	4,261,825.85	85.2
6	World Bank Loan- NAVCDP	200,000,000	195,553,097.65	97.8
7	DANIDA Grant -PHC	14,668,500	-	0.0
8	Agricultural Sector Development Support Program (ASDSP)	1,119,636	1,619,636.00	144.7
9	Financing Locally Led Climate Action (FL-LoCA - INV)	137,000,000	-	0.0
10	Financing Locally Led Climate Action (FL-LoCA - CB)	11,000,000	-	0.0
11	B/F Grants-KDSP	68,451,638	-	0.0
	Sub-Total	699,330,494	201,434,560	28.8
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	4,989,012,257	3,880,210,695	77.8
3	Facility Improvement Fund (FIF) / Health	120,951,908	52,588,228	43.5
4	Appropriation in Aid (AIA) - Liquor	44,000,000	25,430,319	57.8
	Sub Total	5,153,964,165	3,958,229,241	76.8
	Grand Total	15,054,528,311	9,493,504,399	63.1

Source: Narok County Treasury.

The County has governing legislation on the operation of ordinary A-I-A and Figure 97 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 97: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Narok County Treasury

The County did not provide information on receipts of FIF in the previous financial years. In the first nine months of FY 2023/24, the County generated a total of Kshs.3.96 billion from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 58.8 per cent compared to Kshs.2.49 billion realised in a similar period in FY 2022/23 and was 76.8 per cent of the annual target and 74.2 per cent of the equitable revenue share disbursed during the period.

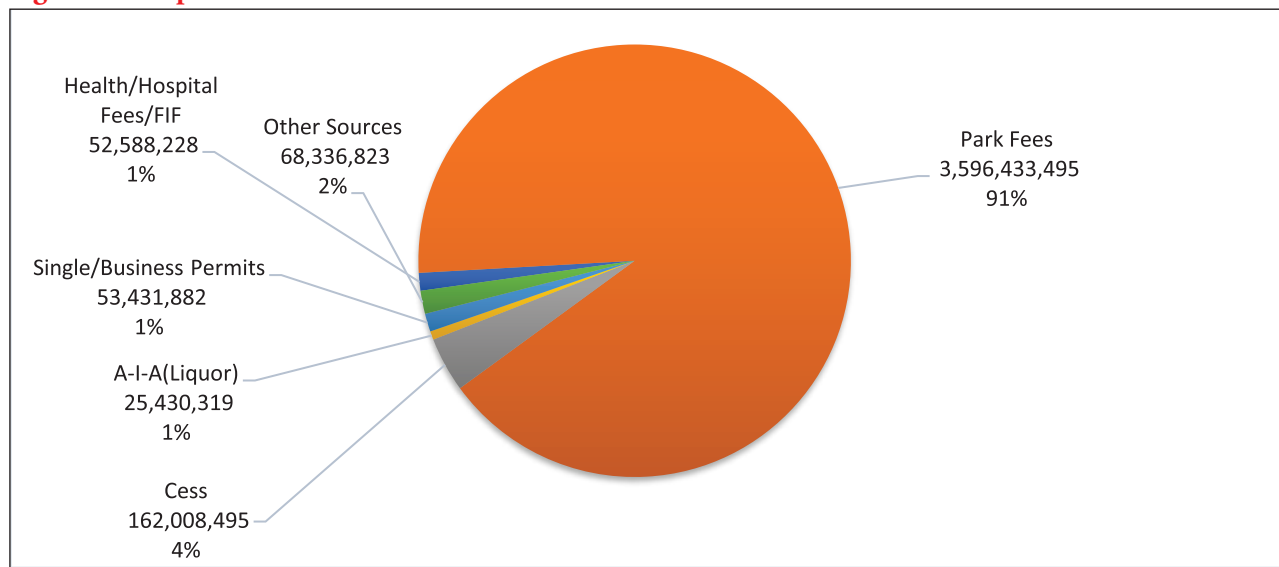
This increase of 58.8 per cent in OSR can be attributed to the following: -

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). Revenue Enhancement Action plans (REAPs) were developed to cover the period between 2022- 2027 and among the few revenue strategies implemented during the year were;

- a) Full implementation of County Finance policies and regulations starting with Narok County Government Finance Act 2023/2024.
- b) Automation of other revenue outside Maasai Mara National Game Reserve.
- c) Staff re-alignment & Capacity building.
- d) Employment of new staff.
- e) Revenue targets cascaded from the Directorate to Sub County Revenue Officers level and then to revenue collection clerks for individual set targets.

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 Nine Months of FY 2023/24 in Kshs.



Source: Narok County Treasury

The highest revenue stream of Kshs.3.60 billion was from Park Fees, contributing to 91.0 per cent of the total OSR receipts during the reporting period.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.96 billion from the CRF account during the reporting period, which comprised Kshs.2.92 billion (32.6 per cent) for development programmes and Kshs.6.04

billion (67.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.59 billion was released towards Employee Compensation and Kshs.3.37 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.429.37 million.

3.33.4 County Expenditure Review

The County spent Kshs.8.85 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.2.90 billion and Kshs.5.95 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 54.4 per cent, while recurrent expenditure represented 61.2 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.56 billion, comprising of Kshs.587.86 million for recurrent expenditure and Kshs.975.76 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.575.83 million. They consisted of Kshs.78.91 million for recurrent expenditure and Kshs.496.91 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.987.80 million.

The County Assembly reported outstanding pending bills of Kshs.30.89 million as of 31st March 2024.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.32 billion on employee compensation, Kshs.3.19 billion on operations and maintenance, and Kshs.2.89 billion on development activities. Similarly, the County Assembly spent Kshs.262.45 million on employee compensation, Kshs.171.24 million on operations and maintenance, and Kshs.9.74 million on development activities, as shown in Table 3.224.

Table 3.224: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,815,150,289	911,000,000	5,515,105,240	443,418,286	62.6	48.7
Compensation to Employees	4,363,493,588	641,683,962	2,324,749,207	262,445,974	53.3	40.9
Operations and Maintenance	4,451,656,701	269,316,038	3,190,356,033	171,236,874	71.7	67.2
Development Expenditure	5,178,946,298	150,000,000	2,891,354,255	9,735,438	55.8	6.5
Total	13,994,096,588	1,061,000,000	8,406,459,495	453,153,724	60.1	42.7

Source: Narok County Treasury

3.33.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.59 billion, or 27.3 per cent of the available revenue, which amounted to Kshs.9.49 billion. This expenditure represented a decrease from Kshs.3.02 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.18 billion paid to health sector employees, translating to 45.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.31 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.274.58 million was processed through manual payrolls. The manual payrolls accounted for 10.6 per cent of the total PE cost.

The County Assembly spent Kshs.23.83 million on committee sitting allowances for the 50 MCAs against the annual budget allocation of Kshs.35.11 million. The average monthly sitting allowance was Kshs.52,947.56 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.582.75 million to county-established funds in FY 2023/24, constituting 4.3 per cent of the County's overall budget. Table 3.225 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 3.225: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Scholarships and Other Educational Benefits (Bursary).	400,185,364	350,000,000	350,000,000	-	No
2	Capital Grants and Transfer (To Maasai Mara Community Support Fund.	-	-	-	-	No
3	Emergency Fund	50,000,000	-	-	-	No
4	Narok Kajiado Economic Block (NAKAEC)	24,468,902	24,251,066	24,251,066	-	No
County Assembly Established Funds						
5	Car loans & Mortgage for Members of Assembly and staff	108,098,000	-	-	-	No
	Total	582,752,266.00	-	-	-	

Source: Narok County Treasury

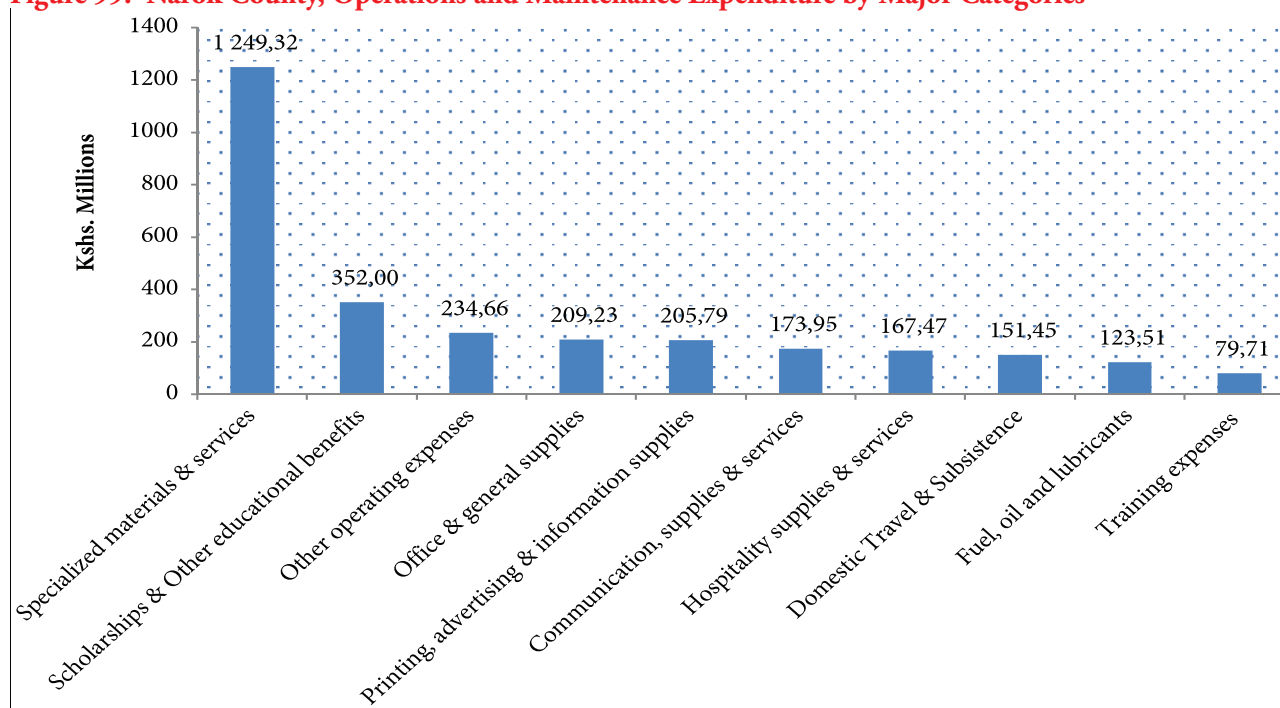
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of four funds, as indicated in Table 3.224, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.33.9 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

Included in the operations and maintenance costs is an expenditure of Kshs.52.57 million on garbage collection and Kshs..41 million on legal fees.

During the period, expenditure on domestic travel amounted to Kshs.270.51 million and comprised Kshs.119.06 million spent by the County Assembly and Kshs.151.45 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.84 million and comprised Kshs.4.60 million by the County Assembly and Kshs.22.24 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.226.

Table 3.226: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	10 Officers	13th – 16th Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	3,100,000.0
Executive	8 Officers	13th – 16th Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	2,900,700
Executive	9 Officers	13th – 16th Sept,2023	To attend the Mara Day celebration at Serengeti District	Tanzania	2,973,000
Executive	8 Officers	3rd – 12 September,2023	To attend the Paralympic Games	Accra Ghana	2,507,910
Executive	3 Officers	5th – 11th July,2023	To attend LGT venture philanthropy training	Switzerland	962,930
Executive	1 Officer	25 – 28th Sept, 2023	Climate Technology Show in London	London	861,323

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	2 officers	18th – 26th March, 2024	Magical Kenya Real Deal Roadshow	USA	1,844,000
Executive	2 Officers	4th – 8th March, 2024	ICPAK leadership summit	Dubai	1,683,885
Executive	4 Officers	18th – 26th March, 2024	Magical Kenya Real Deal Roadshow	USA	3,958,650
Executive	1 Officer	11th – 18th March, 2024	Africa Gaming Expo	Nigeria	1,144,496

Source: Narok County Treasury and Narok County Assembly

3.33.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.2.90 billion on development programmes, representing an increase of 233.9 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.868.84 million. Table 3.227 summarises development projects with the highest expenditure in the reporting period.

Table 3.227: Narok County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount Paid to Date (Kshs)	Implementation Status (%)
Roads and Transport	Supply and delivery of earth-moving equipment	County Hqs	1,487,932,072.00	1,231,306,245.00	10
Health and Sanitation	Construction of various health centres and dispensaries	Olokurto and Oloropil Ward	57,900,000.00	51,142,483.00	88
Education	Construction and equipping of ECDE classrooms	Naikara Ward	36,425,881.00	35,297,457.35	97
Health and Sanitation	Construction of various health centres and dispensaries	Loita Ward	46,525,256.00	28,730,756.00	69
Health and Sanitation	Construction of various health centres and dispensaries	Melili and Narok Town Wards	59,811,169.00	27,098,446.00	45
Agriculture and Livestock	Construction of sale yards	Naikarra and Loita Wards	47,272,968.00	26,118,628.00	61
Roads and Transport	Construction of roads	Olullunga Ward	33,986,400.00	20,847,288.00	61
Education	Construction and equipping of ECDE classrooms	Majimoto/Naroosura Ward	42,517,610.40	20,282,002.00	48
Roads and Transport	Construction of roads	Sogoo Ward	27,190,632.00	18,118,968.00	67
Agriculture and Livestock	Construction of sale yards	Nkareta and Olokurto Wards	30,328,184.79	17,374,447.26	57

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 3.228 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.228: Narok County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	911.00	150.00	525.44	30.95	433.68	9.74	82.5	31.5	47.6	6.5
County Executive	296.01	-	211.39	-	211.39	-	100.0	-	71.4	-
Finance & Economic Planning	1,536.80	154.15	963.95	56.90	963.89	56.90	100.0	100.0	62.7	36.9
Transport and Public Works	305.45	2,336.99	126.83	1,321.59	126.83	1,320.63	100.0	99.9	41.5	56.5
Education, Youth, Sports, Culture and Social Services	1,488.47	311.76	1,056.26	280.92	1,056.26	280.92	100.0	100.0	71.0	90.1
Environment Protection, Energy, Water & Natural Resources	371.12	440.01	214.59	97.91	214.59	97.91	100.0	100.0	57.8	22.3
Public Service Board	91.92	-	35.48	-	35.48	-	100.0	-	38.6	-
Agriculture, Livestock & Fisheries	373.88	848.47	164.96	312.64	164.96	312.35	100.0	99.9	44.1	36.8
Health & Sanitation	2,625.60	586.90	1,916.79	436.84	1,916.79	436.84	100.0	100.0	73.0	74.4
Lands Housing Physical Planning & Urban Development†	220.39	173.57	123.63	169.82	123.63	168.82	100.0	99.4	56.1	97.3
ICT & E-Government	778.10	150.55	307.20	150.55	307.20	150.55	100.0	100.0	39.5	100.0
Administration and Public Services Management	567.72	141.45	294.95	66.45	294.95	66.45	100.0	100.0	52.0	47.0
Trade, Industry and Cooperative Development	104.69	35.11	62.13	-	62.13	-	100.0	-	59.3	-
Office of the County Attorney	54.98	-	37.00	-	37.00	-	100.0	-	67.3	-
Total	9,726.13	5,328.96	6,040.60	2,924.57	5,948.78	2,901.11	98.5	99.2	61.2	54.4

Source: Narok County Treasury

Analysis of expenditure by departments shows that the Department of ICT & E-Government recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Lands Housing Physical Planning & Urban Development at 97.3 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 71.4 per cent while the Department of Public Service Board had the lowest at 38.6 per cent.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.229 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.229: Narok County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Approved Budget KShs	Actual Expenditure KShs	Absorption Rate (%)
102003000			773,073,004.00	559,239,906.80	72.34
	102024610	Crop Productivity Improvement	773,073,004.00	559,239,906.80	72.34
103003000			146,651,285.00	1,742,962.00	1.19
	103014610	Livestock Pests & Disease Management & Control	49,334,993.00	330,660.00	0.67
	103074610	Livestock Information Management	97,316,292.00	1,412,302.00	1.45
104003000			56,244,856.00	385,880.00	0.69
	104014610	Fish Products Production	56,244,856.00	385,880.00	0.69

Program	Sub Program	Description	Approved Budget KShs	Actual Expenditure KShs	Absorption Rate (%)
105003000			42,981,099.00	2,438,949.00	5.67
	105014610	Development Planning and Land Reforms	42,981,099.00	2,438,949.00	5.67
106003000			254,827,146.00	15,606,438.00	6.12
	106014610	Housing Development	254,827,146.00	15,606,438.00	6.12
107003000			346,150,877.00	28,892,617.00	8.35
	107014610	Metropolitan Planning & Infrastructure Development	346,150,877.00	28,892,617.00	8.35
201003000			2,967,981,730.00	1,836,559,716.00	61.88
	201014610	General Administration, Planning and Support Services	195,139,698.00	89,291,240.00	45.76
	201024610	Construction of Roads and Bridges	2,670,965,911.00	1,647,076,744.00	61.67
	201034610	Maintenance of Roads	101,876,121.00	100,191,732.00	98.35
202003000			23,444,235.00	1,494,600.00	6.38
	202014610	ICT Infrastructure Development	23,444,235.00	1,494,600.00	6.38
208000000		Information And Communication Services	59,150,000.00	1,518,500.00	2.57
	208049999	E-Government Services	59,150,000.00	1,518,500.00	2.57
301003000			571,132,831.00	31,544,471.00	5.52
	301014610	Administrative Services	187,195,168.00	30,960,771.00	16.54
	301024610	Cooperative Development & Management	12,607,752.00	-	-
	301034610	Trade Development and Promotion	371,329,911.00	583,700.00	0.16
303003000			454,371,796.00	16,274,575.00	3.58
	303014610	Tourism Promotion and Marketing	454,371,796.00	16,274,575.00	3.58
306000000		Tourism Development and Promotion	61,876,471.00	60,245,768.00	97.36
	306039999	Tourism Infrastructure Development	61,876,471.00	60,245,768.00	97.36
401003000			488,750,000.00	465,308,630.00	95.20
	401014610	Health Promotion	488,750,000.00	465,308,630.00	95.20
402003000			345,509,864.00	78,431,944.00	22.70
	402014610	Referral Services	345,509,864.00	78,431,944.00	22.7
403003000			2,749,541,415.00	1,540,023,665.70	56.0
	403014610	Health Policy, Planning and Financing	2,749,541,415.00	1,540,023,665.70	56.0
502003000			1,276,953,317.00	1,202,468,979.50	94.2
	502014610	Early Child Development and Education	1,276,953,317.00	1,202,468,979.50	94.2
701003000			1,095,609,385.75	643,521,009.00	58.7
	701014610	Administrative Services	264,026,087.00	78,806,428.00	29.9
	701044610	Coordination and Administrative Services	175,654,103.00	150,011,343.00	85.4
	701054610	Public Service and Field Administrative Services	364,011,189.75	361,020,390.00	99.2
	701084610	Board Management Services	291,918,006.00	53,682,848.00	18.4
702003000			1,206,176,271.00	842,891,659.00	69.9

Program	Sub Program	Description	Approved Budget KShs	Actual Expenditure KShs	Absorption Rate (%)
	702014610	Accounting services	289,374,260.00	127,223,083.00	44.0
	702024610	Resource Mobilization	466,041,607.00	395,389,441.00	84.9
	702034610	Budget Formulation, Coordination and Management	139,516,477.00	116,092,286.00	83.2
	702044610	Supply Chain Management Services	136,325,548.00	84,084,953.00	61.7
	702054610	Internal Audit Services	174,918,379.00	120,101,896.00	68.7
703003000			1,052,823,851.00	890,963,263.00	84.6
	703014610	Economic Planning Coordination	836,626,965.00	766,339,173.00	91.6
	703024610	Monitoring and Evaluation Services	216,196,886.00	124,624,090.00	57.6
704003000			150,547,988.00	57,754,734.00	38.4
	704024610	County Co-ordination Services	150,547,988.00	57,754,734.00	38.4
901003000			217,026,578.99	81,943,730.00	37.8
	901014610	Gender and Youth Development	17,449,139.00	602,200.00	3.5
	901024610	Social Assistance to Vulnerable Groups	7,787,741.00	1,641,700.00	21.0
	901034610	Development and Promotion of Culture	37,162,324.00	6,937,096.00	18.7
	901044610	Development and Management of sports facilities	53,265,145.99	38,803,595.00	72.9
	901054610	Sports Services	59,916,612.00	6,292,600.00	10.5
	901064610	Voluntary Training Services	41,445,617.00	27,666,539.00	66.8
1002003000			714,272,587.00	463,443,344.00	64.9
	1002014610	Forests Conservation and Management	714,272,587.00	463,443,344.00	64.9
		Grand Total	15,055,096,587.74	8,844,460,642.00	58.8

Source: Narok County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Public service and Field Administrative Services in the Department of Public Service Board at 99.2 per cent, Maintenance of Roads in the Department of Transport, Roads & Public Works at 98.3 per cent, Tourism Development & Promotions in the Department of Trade, Cooperative Development, Tourism & Wildlife at 97.4 per cent, and Health Promotions at 95.2 per cent of budget allocation.

3.33.13 Accounts Operated in Commercial Banks

The County government operates 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.

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. 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 23rd April, 2024.

2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, 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.
3. High level of pending bills which amounted to Kshs.987.80 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.274.58 million were processed through the manual payroll, accounting for 10.6 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 Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with the timelines prescribed in 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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*

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 million (8.5 per cent) as gross own source revenue. The own source revenue includes Kshs.230 million (3.1 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.395 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 3.230.

3.34.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.09 billion as an equitable share of the revenue raised nationally, Kshs.316.11 million as additional allocations/conditional grants, had a cash balance of Kshs.204.11 million from FY 2022/23 and raised Kshs.258.55 million as own-source revenue (OSR). The raised OSR includes Kshs.159.81 million as FIF and Kshs.98.74 million as ordinary OSR. Kshs.91.06 was from other sources of revenue. The total funds available for budget implementation during the period amounted to Kshs.3.96 billion, as shown in Table 3.230.

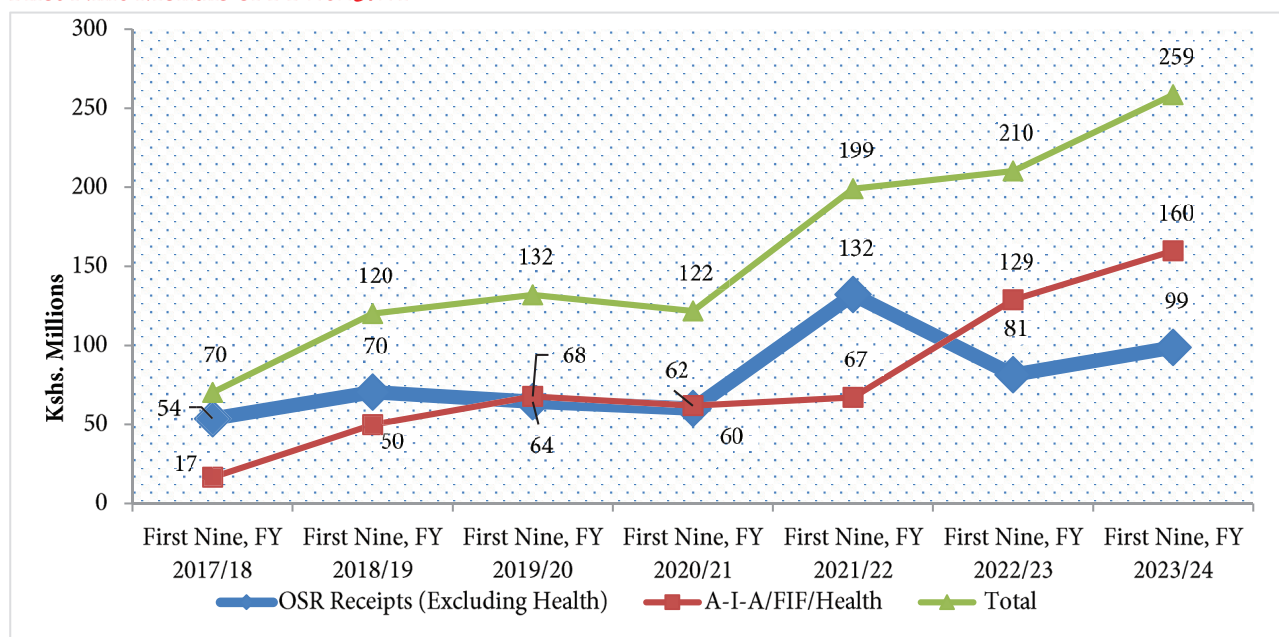
Table 3.230: Nyamira County, Revenue Performance in the First Nine Months of FY 2023/24.

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	5,334,198,486	3, 093, 835, 122	58.0
	Subtotal	5,334,198,486	3, 093, 835, 122	58.0
B	Conditional Grants			
1.	County Aggregated Industrial Park	250, 000, 000	-	-
2.	National Agricultural Value Chain Development Project	250, 000, 000	195, 112, 952	78.0
3.	National and Rural Inclusive Growth Project	150, 000, 000	89, 966, 415	60.0
4.	County Climate Resilience Support	136, 000, 000	-	-
5.	Kenya Informal Settlement Improvement Project	112, 082, 214	30, 000, 000	26.8
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	1, 031, 293	194.1
	Subtotal	1, 099, 281, 159	316, 110, 660	28.7
C	Other Sources of Revenue			
1.	Ordinary Own Source Revenue	395, 000, 000	98, 739, 716	9.4
2.	Facility Improvement Fund (FIF)	230, 000, 000	159, 807, 485	35.1
3.	Unspent CRF balance from FY 2022/23	204, 105, 761	204, 105, 761	100.0
4.	Unspent SPAs balance from FY 2022/23	91, 059, 228	91, 059, 228	100.0
	Sub Total	920, 164, 989	553, 712, 190	44.9
	Grand Total	7,335,441,841	3, 963, 657, 972	35.7

Source: Nyamira County Treasury.

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 100 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

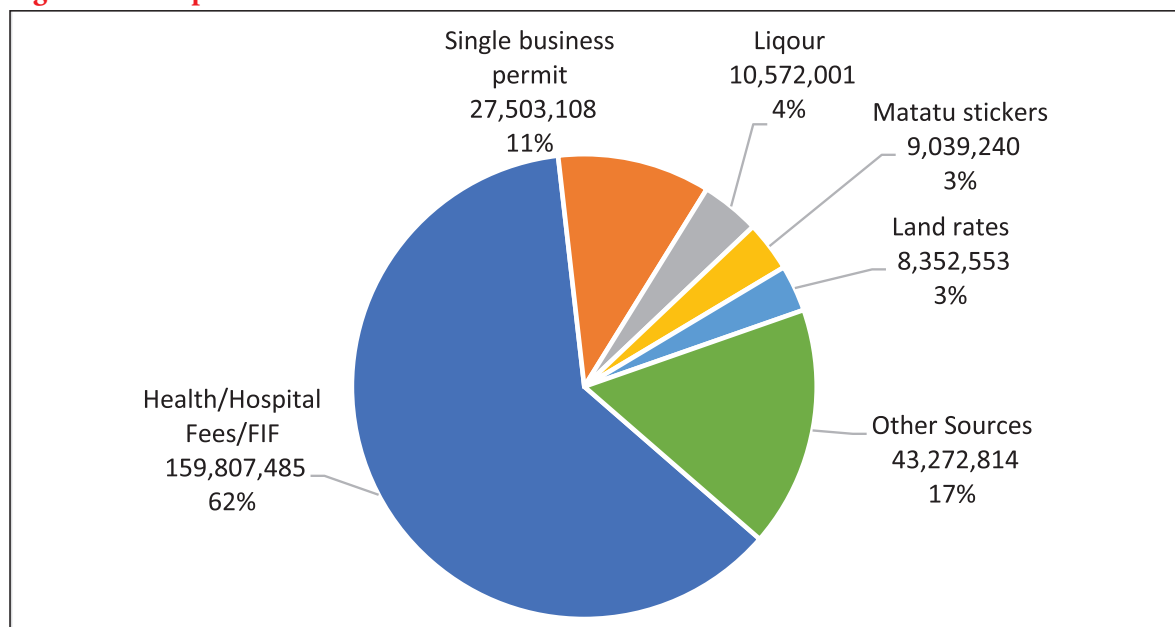
Figure 100: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Nyamira County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.258.55 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 33.0 per cent compared to Kshs.194.34 million realised in a similar period in FY 2022/23 and was 41.4 per cent of the annual target and 8.5 per cent of the equitable revenue share disbursed during the period. The increase in OSR can be attributed to increased FIF collections and stringent revenue collection measures and surveillance. 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 Nine Months of FY 2023/24 in Kshs.



Source: Nyamira County Treasury.

The highest revenue stream of Kshs.159.81 million was from Health / FIF contributing to 62 per cent of the total OSR receipts during the reporting period.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.66 billion from the CRF account during the reporting period, which comprised Kshs.681.12 million (18.6 per cent) for development programmes and Kshs.2.97 billion (81.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.28 billion was released towards Employee Compensation and Kshs.697.00 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.50.59 million.

3.34.4 Borrowing by the County

Include a write-up on any short-term borrowing (County to disclose and provide evidence); the write-up should include the name of the financial institution, approval for the borrowing, the purpose of the borrowing, the amount borrowed and the outstanding amounts as of 31st March 2024.

3.34.5 County Expenditure Review

The County spent Kshs.4.15 billion on development and recurrent programmes in the reporting period. The expenditure represented 113.5 per cent of the total funds released by the CoB and comprised of Kshs.842.77 million and Kshs.3.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 35.6 per cent, while recurrent expenditure represented 66.4 per cent of the annual recurrent expenditure budget.

3.34.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.381.52 million, comprising Kshs.151.57 million for recurrent expenditure and Kshs.229.95 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.193.13 million. They consisted of Kshs.39.97 million for recurrent expenditure and Kshs.153.16 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.188.39 million.

3.34.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.29 billion on employee compensation, Kshs.594.65 million on operations and maintenance, and Kshs.786.84 million on development activities. Similarly, the County Assembly spent Kshs.228.55 billion on employee compensation, Kshs.189.82 million on operations and maintenance, and Kshs.55.93 million on development activities, as shown in Table 3.231.

Table 3.231: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,237,351,125	746,578,493	2,888,574,258	418,368,720	68.2	56.0
Compensation to Employees	3,013,792,752	408,965,482	2,293,923,141	228,550,664	76.1	55.9
Operations and Maintenance	1,223,558,373	337,613,011	594,651,117	189,818,056	48.6	56.2
Development Expenditure	2,171,314,360	198,400,656	786,841,531	55,932,141	36.2	28.2
Total	6,408,665,485	944,979,149	3,675,415,789	474,300,861	57.4	50.2

Source: Nyamira County Treasury

3.34.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.52 billion, or 63.6 per cent of the available revenue, which amounted to Kshs.3.96 billion. This expenditure represented an increase of 19 per cent from Kshs.2.04 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 45.8 per cent of the total wage bill. The increase in employee compensation was due to the introduction of newly recruited staff in various departments in the payroll during the months of January and February 2024, the implementation of the Housing levy and the implementation of the SRC circular which increased civil servants' salary in August 2023.

Further analysis indicates that PE costs amounting to Kshs.2.50 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.20.6 million was processed through manual payrolls. The manual payrolls accounted for 0.8 per cent of the total PE cost.

The County Assembly spent Kshs.7.04 million on committee sitting allowances for the 35 MCAs and the Speaker against the annual budget allocation of Kshs.12.31 million. The average monthly sitting allowance was Kshs.21,716 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 3.232 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.232: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Bursary Fund	133, 218, 112	35, 030, 817	35, 030, 817	611, 000, 000	No
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
County Assembly Established Funds						
4	Car loan & Mortgage Fund	-	-	-	431, 000, 000	No
	Total	168, 218, 112	60, 030, 817	60, 030, 817	1, 335, 500, 000	

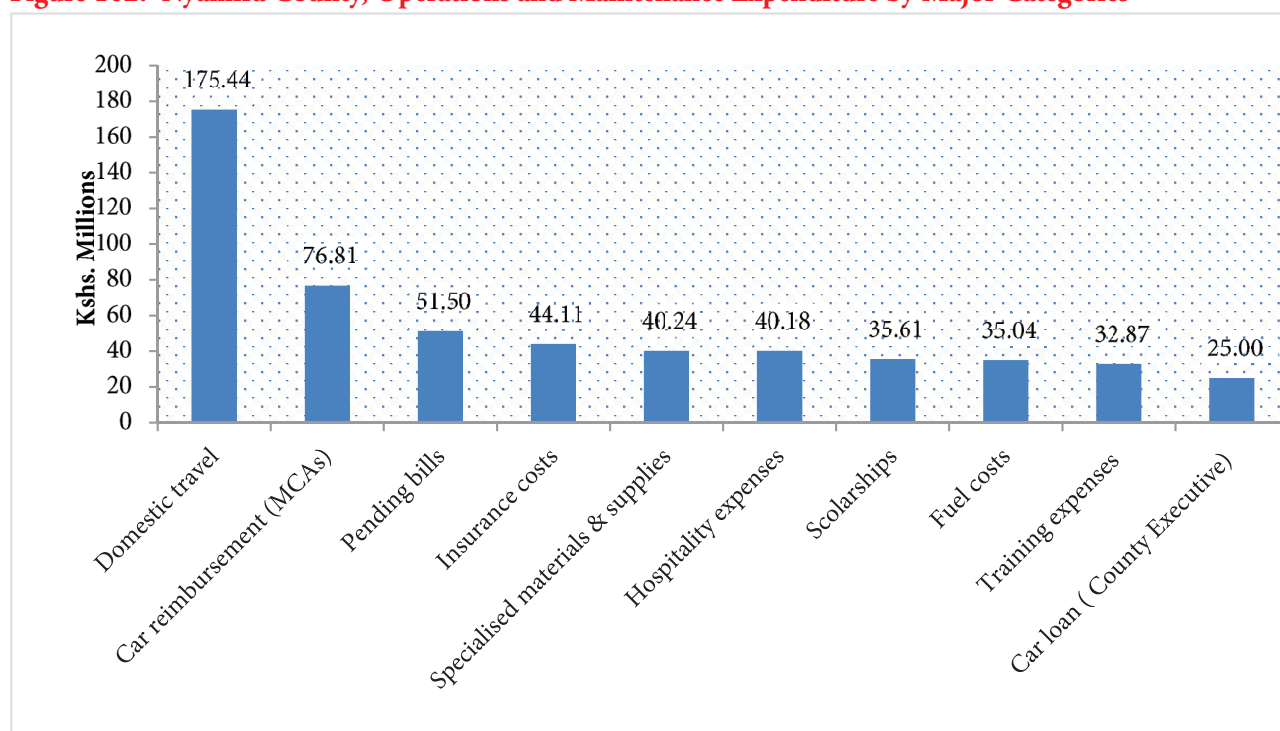
Source: Nyamira County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 4 funds, as indicated in Table 3.231, 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.175.44 million and comprised Kshs.52.98 million spent by the County Assembly and Kshs.122.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.10 million and comprised Kshs.5.42 million by the County Assembly and Kshs.24.67 million by the County Executive. Expenditure on foreign travel was a result of mis-posting in the IFMIS vote book which should be corrected. Included in the operations and maintenance costs is an expenditure of Kshs.3.94 million on legal fees.

3.34.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.842.77 million on development programmes, representing an increase of 15.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.729.84 million. Table 3.233 summarises development projects with the highest expenditure in the reporting period.

Table 3.233: 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	Crop management	NARIGP	Countywide	150, 0000, 000	89, 966, 415	60
2	Crop management	NAVCDP	Countywide	250, 000, 000	195, 112, 952	78.0
3	County Assembly	Installation of Solar panels	Ward Offices	16, 000, 000	3, 998, 056	25.0
4	Water	Emboye-Gitaru water supply	Kiabonyoru ward	4, 993, 220	4, 993, 220	100
5	Water	Riatigo water project	Esise	4, 935, 823	4, 935, 823	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Education	Construction of Nya-machemange ECDE classrooms		3, 199, 257	3, 199, 257	100
7	Transport	Hire of machinery	County HQ	7, 695, 780	7, 695, 780	100
8	Sports	Mang stadium pavilion	Manga	83, 721, 866	81, 038, 703	97
9	Trade	Keroka market ablution block	Keroka	3, 937, 915	3, 937, 915	100
10	Administration	Rigoma sub-county offices	Rigoma	4, 897, 850	4, 897, 850	100

Source: Nyamira County Treasury

3.34.12 Budget Performance by Department

Table 3.234 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.234: 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	489.34	60.23	418.37	55.93	85.5	92.9	56.0	28.2
County Executive Office	394.87	0.00	209.81	0.00	223.20	0.00	106.4	0.00	56.5	-
Finance and Accounting Services	164.73	141.80	132.18	106.13	133.72	160.85	101.2	151.6	81.2	140.1
Agriculture – Crop Management	69.47	501.13	47.56	359.60	50.08	397.68	105.3	110.6	72.1	79.4
Environment, Energy, NR & Mining	100.31	254.1	57.12	22.50	67.03	64.59	117.3	287.1	66.8	25.4
Education & ICT	523.84	50.3	265.75	24.13	360.36	3.2	135.6	13.3	68.8	6.4
Health services	773.36	91.22	413.64	7.24	353.17	14.84	85.4	204.8	45.7	16.3
Lands, Housing & Urban Development	132.53	170.61	96.92	10.34	93.47	29.34	96.4	283.8	70.5	17.2
Roads, Transport & Works	106.12	194.60	76.66	50.18	90.99	50.44	118.7	100.5	85.7	25.9
Trade, Tourism, Industrialization	48.43	517.50	24.07	-	28.77	16.44	119.5	-	59.4	3.2
Youths, Sports, Gender, Culture	70.62	25.90	43.52	13.81	45.88	-	105.4	-	65.0	-
County Public Service Board	58.17	0	39.89	4.90	44.57	-	111.7	-	76.6	-
Public Administration	307.1	8.00	177.28	-	205.42	7.70	115.9	157.2	66.9	96.2
Nyamira Municipality	65.23	120.31	14.08	-	27.66	26.01	196.4	-	42.4	21.6
County Attorney	5.15	3.00	2.91	-	1.74	-	59.8	-	33.8	-
Economic planning, Resource Mobilization & ICT	262.40	35.00	141.50	-	191.62	5.79	135.4	-	73.0	16.5
Livestock and fisheries services	110.90	43.15	57.19	6.44	73.99	8.00	129.4	124.4	66.7	18.6
Primary Health Care	1,044.12	41.70	685.45	15.61	896.91	1.95	130.8	12.5	85.9	4.7
Total	4,983.93	2,369.72	2,974.89	681.12	3,306.94	842.77	111.2	123.7	66.4	35.6

Source: Nyamira County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Accounting Services recorded the highest absorption rate of the development budget at 140.1 per cent, followed by the Department of Public Administration at 96.2 per cent. The Department of Primary Healthcare had the highest percentage of recurrent expenditure to budget at 85.9 per cent while the Department of Nyamira Municipality had the lowest at 42.4 per cent.

The Department of Finance and Accounting Services had a development absorption rate of 140.1 because during the supplementary budget funds allocated to pending bills were reduced. These funds for pending bills had already been expensed before the supplementary budget.

3.34.13 Budget Execution by Programmes and Sub-Programmes

Table 3.235 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.235: Nyamira County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department County Assembly							
Programme 1: general administration & support services		413, 023,708	-	272, 485, 668	-	66.0	-
	S.P. 1. General administration.	281, 888, 438	-	158, 508, 330	-	56.2	-
	S.P. 2. Policy and Planning	131,135, 270	-	113, 977, 338	-	86.9	-
Programme 2: Oversight services		23, 206, 500	-	14, 108, 850	-	60.8	-
	S.P. 1. Committee management services	23, 206, 500	-	14, 108, 850	-	60.8	-
Programme 3: legislation & representation		310, 348, 285	198, 400, 656	131, 774, 202	55, 932, 141	42.5	28.2
	S.P. 1. Legislation services	310, 348, 285	-	131, 774, 202	-	42.5	-
	S.P. 2. Infrastructure development	-	198, 400, 656	-	55, 932, 141	-	28.2
	Sub Total	746, 578, 493	198, 400, 656	418, 368, 720	55, 932, 141	56.0	28.2
Department of County Executive office.							
Programme 1: General administration & support services.		359, 584, 342	-	210, 937, 967	-	58.7	-
	S.P. 1. General administration	296, 086, 009	-	162, 820, 377	-	55.0	-
	S.P. 2. Policy development & support services	63, 498, 333	-	48, 117, 590	-	75.8	-
Programme 2: Governance & coordination services		35, 288, 483	-	12, 261, 000	-	34.7	-
	S.P. 1. County results coordination	9, 621, 880	-	4, 949, 900	-	51.4	-
	S.P. 2. Intergovernmental & public relations	9, 950, 100	-	2, 423, 600	-	24.4	-
	S.P. 3. Executive management services	15, 716, 503	-	4, 887, 500	-	31.1	-
	Sub-Total	394, 872, 825	-	223, 198, 967	-	56.5	-
Department of Finance and Accounting services.							
Programme 1: General administration & support services		58, 612, 806	-	45, 657, 223	-	77.9	-
	S.P. 1 General Administration	48, 098, 800	-	38, 819, 123	-	80.7	-
	S.P. 2. Policy development & support serv.	2, 100, 000	-	698, 500	-	33.3	-
	S.P. 3. Supply chain management	8, 414, 006	-	6, 139, 600	-	73.0	-
Programme 3: Accounting service		-	114, 799, 393	-	160, 854, 863	-	140
	S.P. 1. Accounting & financial services	-	114, 799, 393	-	160, 854, 863	-	140
Programme 4: Financial management & control		106, 120, 388	-	88, 066, 887	-	83.0	-
	S.P. 1. Financial services	95, 319, 688	-	81, 240, 987	-	85.2	-
	S.P. 2. Audit services	10, 800, 700	-	6, 825, 900	-	63.2	-
	Sub-Total	164, 733, 194	114, 799, 393	133, 724, 110	160, 854, 863	81.2	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Crop and Agribusiness Management							
Programme 1: General administration & support services		48, 681, 488	-	42, 195, 218	-	86.7	-
	S.P. 1. General administration	48, 163, 798	-	41, 861, 618	-	86.9	-
	S.P. 2. Policy and Planning	517, 690	-	333, 600	-	64.4	-
Programme 2: Crop, agribusiness		20, 792, 000	501, 126, 014	7, 886, 550	397, 678, 889	37.9	79.4
	S.P. 1. Crop development services	18, 142, 000	497, 057, 784	7, 164, 350	393, 610, 659	39.5	79.2
	S.P. 2. Land use management services	2, 650, 000	4, 068, 230	722, 200	4, 068, 230	27.3	100
	Sub-Total	69, 473, 488	501, 126, 014	50, 081, 768	397, 678, 889	72.1	79.4
Department of Environment, energy, natural resources and mining.							
Programme 1: General administration & support services		72, 062, 430	-	59, 176, 936	-	82.1	-
	S.P. 1 General Administration	72, 062, 430	-	59, 176, 936	-	82.1	-
Programme 2: Energy & mineral resources services		8, 600, 000	9, 000, 000	1, 523, 427	-	17.7	-
	S.P. 1. Other sources of energy	7, 200, 000	9, 000, 000	823, 927	-	11.4	-
	S.P. 4. Mineral exploitation & promotion	1, 400, 000	-	699, 500	-	50.0	-
Programme 3: Water supply & management services		2, 000, 000	53, 100, 000	1, 587, 900	8, 594, 801	79.4	16.2
	S.P. 1. Rural water services	2, 000, 000	53, 100, 000	1, 587, 900	8, 594, 801	79.4	16.2
Programme 4: Environmental protection.		17, 650, 000	192, 000, 000	4, 763, 800	56, 000, 000	26.8	29.2
	S.P. 1. Pollution & waste management	4, 000, 000	-	2, 757, 200	-	68.9	-
	S.P. 2. Agroforestry promotion	13, 650, 000	192, 000, 000	1, 979, 600	56, 000, 000	14.5	29.9
	Sub-total	100, 312, 430	254, 100, 000	67, 025, 063	64, 594, 801	66.8	25.4
Department of Education and Vocational Training.							
Programme 1: General administration & support services		378, 075, 141	-	256, 033, 460	-	67.7	-
	S.P. 1. General administration.	378, 075, 141	-	256, 033, 460	-	67.7	-
Programme 2: ECDE & CCC services		3, 500, 500	46, 800, 000	1, 140, 000	3, 199, 040	32.6	6.8
	S.P. 1. ECDE & CCC management service	3, 500, 500	46, 800, 000	1, 140, 000	3, 199, 040	32.6	6.8
Programme 3: Vocational services		142, 264, 245	3, 500, 000	103, 191, 217	-	72.5	-
	S.P. 1. Vocational management services	142, 264, 245	3, 500, 000	103, 191, 217	-	72.5	-
	Subtotal	523, 839, 886	50, 300, 000	360, 364, 677	3, 199, 040	68.8	6.4
Department of Health Services							
Programme 1: Policy planning & support services.		509,900,468	-	311, 736, 419	-	61.1	-
	S.P. 1. Administration support services	509,900,468		311, 736, 419		61.1	-
Programme 2: Curative Health Services		263,455,000	91,223,901	41, 432, 073	14, 839, 141	15.7	16.3
	S.P. 1. Medical services	261,000,000	91,223,901	40, 199, 973	14, 839, 141	15.4	16.3
	S.P. 2. Facility infrastructural services	2,455,000	-	1, 232, 100	-	50.2	-
	Subtotal	773,355,468	91,223,901	353, 168, 492	14, 839, 141	45.7	16.3
Department of Lands, housing, physical planning and urban development.							
Programme 1: General administration & support services		118,426,075	-	87, 004, 704	-	73.5	-
	S.P. 1. General administration	111,164,634	-	82, 954, 504	-	74.6	-
	S.P. 1. Policy Planning	7,261,441	-	4, 050, 200	-	55.8	-
Programme 5: Physical planning and surveying services		11,600,000	31,240,065	4, 742, 238	27, 843, 000	40.9	89.1
	S.P. 1. Physical planning	11,600,000	31,240,065	4, 742, 238	27, 843, 000	40.9	89.1

Programme	Sub-Programme	Approved Estimates (Kshs.)		Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 7: Management & development of towns		2,500,000	139,371,549	1, 724, 762	1, 494, 500	69.0	1.1
	S.P. 1. Town management & coordination	2,500, 000	139,371,549	1, 724, 762	1, 494, 500	69.0	1.1
	Subtotal	132,526,075	170,611,614	93, 471, 704	29, 337, 500	70.5	17.2
Department of Roads, transport and public works.							
Programme 1. General administration & support services		84,021,297	-	74, 978, 943	-	89.2	-
	S.P. 5. Administration & support services	83,438,047	-	74, 398, 123	-	89.2	-
	S.P. 6. Policy and Planning	583,250	-	580, 820	-	99.6	-
Programme 2: Roads development & management		22,100,000	194,600,163	16, 006, 476	50, 442, 214	72.4	25.9
	S.P. 2. Construction of roads and bridges	19,600,000	194,600,163	14, 314, 576	50, 442, 214	73.0	25.9
	S.P. 4. Infrastructural development	2,500,000	-	1, 691, 900	-	67.7	-
	Subtotal	106,121,297	194,600,163	90, 985, 419	50, 442, 214	85.7	25.9
Department of Trade, tourism, industrialization and Co-operative development							
Programme 1: General administration & support services		26,004,015	-	23, 687, 244	-	91.1	-
	S.P. 1. General administration	25,215,015	-	23, 083, 044	-	91.5	-
	S.P. 2. Policy and planning services	788, 950	-	604, 200	-	76.6	-
Programme 4: Trade, co-operative & investment		22,422,344	517,500,000	5, 081, 300	16, 437, 481	22.7	3.2
	S.P. 1. Co – operative promotion	9,410,000	503,000,000	3, 484, 600	12, 499, 566	37.0	2.5
	S.P. 2. Trade promotion	13,012,344	14,500,000	1, 596, 700	3, 937, 915	12.3	27.2
	Subtotal	48,426,359	517,500,000	28, 768, 544	16, 437, 481	59.4	3.2
Department of Youths, sports, gender, culture and social services							
Programme 1: General administration & support services.		53,341,929	-	39, 552, 737	-	74.1	-
	S.P. 1. General administration	53,341,929	-	39, 552, 737	-	74.1	-
Programme 2: Policy planning & support services.		6,310,000	-	3, 609, 100	-	57.2	-
	S.P. 2. Mainstreaming services	6,310,000	-	3, 609, 100	-	57.2	-
Programme 3: Promotion & management of sports.		10,970,000	25,900,000	2, 715, 300	-	24.8	-
	S.P. 1. Community development	9,470,000	17,900,000	2, 153, 900	-	22.7	-
	S.P. 2. Cultural promotion of heritage	1,500,000	8,000,000	561, 400	-	37.4	-
	Subtotal	70,621,929	25,900,000	45, 877, 137	-	65.0	-
Department of County Public Service Board							
Programme 1: General administration & policy planning		56,356,260	-	43, 682, 685	-	77.5	-
	S.P. 1. General administration	49,580,760	-	37, 306, 136	-	75.2	-
	S.P. 2. Policy Planning	6,775,500	-	6, 376, 549	-	94.1	-
Programme 2. Support services		1,816,000	-	884, 800	-	48.7	-
	S.P. Legal services	1,816,000	-	884, 800	-	48.7	-
	Subtotal	58,172,860	-	44, 567, 485	-	76.6	-
Department of Public Service Management.							
Programme 1: General administration, policy & support services.		226,203,088	-	194, 267, 750	-	85.9	-
	S.P. 1. General administration	217,608,088	-	191, 467, 930	-	88.0	-
	S.P. 2. Policy Planning	6,520,000	-	2, 579, 820	-	39.6	-
	S.P. 7. Communication services	2,075,000	-	220, 000	-	10.6	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 2: Economic planning & budgeting.		500,000	-	339, 800	-	68.0	-
	S.P. 3. Community development	500,000	-	339, 800	-	68.0	-
Programme 10: Coordination, strategy & HR Services		80,398,000	8,000,000	10, 816, 672	7, 697, 834	13.5	96.2
	S.P. 1. Field coordination & administration	4,200,000	8,000,000	940, 212	7, 697, 834	22.4	96.2
	S.P. 2. Strategy & advisory services	3,000,000	-	1, 205, 000	-	40.2	-
	S.P. 3. Human resource management	168,000	-	0	-	0	-
	S.P. 4. Human resource development	73,030,000	-	8, 671, 460		11.9	
	Subtotal	307,101,088	8,000,000	205, 424, 222	7, 697, 834	66.9	96.2
Department of Nyamira Municipality							
Programme 1: General administration & support services.		65, 225,362	-	27, 663, 139	-	42.4	-
	S.P. 1. General administration	20,936,132	-	12, 092, 339	-	57.8	-
	S.P. 2. Policy and Planning	44,289,230		15, 570, 800		35.2	
Programme 2: Roads development & management		-	120,305,915	-	26, 014, 282	-	21.6
	S.P. 4. Infrastructure development	-	120,305,915	-	26, 014, 282	-	21.6
	Subtotal	65,225,362	120,305,915	27, 663, 139	26, 014, 282	42.4	21.6
Department of County Attorney							
Programme 1: General administration & support services		5,149,000	3,000,000	1, 737, 904	-	33.8	0
	S.P. 1. General administration	1,149,000	-	369, 904	-	32.2	-
	S.P. 2. Legal services	4,000,000	3,000,000	1, 368, 000	-	34.2	0
	Subtotal	5,149,000	3,000,000	1, 737, 904	-	33.8	0
Department of Economic planning, resource mobilization & ICT							
Programme 1: General administration & support services		171,604,393	-	132, 557, 698	-	77.2	-
	S.P. 1. General administration	171,604,393	-	132, 557, 698	-	77.2	-
Programme 2: Economic planning & budgeting		42,739,106	2,000,000	29, 706, 208	-	69.5	0
	S.P. 1. Economic planning	42,739,106	2,000,000	29, 706, 208	-	69.5	0
Programme 4: ICT services		6,660,000	13,000,000	2, 541, 070	-	38.2	0
	S.P. 1. ICT Services	6,660,000	13,000,000	2, 541, 070	-	38.2	0
Programme 5: Resource mobilization		39,600,000	5,000,000	25, 814, 388	-	65.2	0
	S.P. 2. Internal resource mobilization	39,600,000	5,000,000	25, 814, 388	-	65.2	0
Programme 30: Control & management of public finances		1,800,000	15,000,000	999, 900	5, 789, 000	55.6	38.6
	S.P. 2. Budget implementation & monitor	1,800,000	15,000,000	999, 900	5, 789, 000	55.6	38.6
	Subtotal	262,403,499	35,000,000	191, 619, 264	5, 789, 000	73.0	16.5
Department of Livestock and Fisheries							
Programme 1: General administration & support services		100,936,037	-	69, 260, 844	-	68.6	-
	S.P. 1. General administration	100,418,347	-	68, 858, 294	-	68.6	-
	S.P. 2. Policy and Planning	517,690	-	402, 550	-	77.8	-
Programme 3: Fisheries development & promotion.		3,500,000	3,000,000	981, 200	1, 242, 000	28.0	41.4
	S.P. 1. Aquaculture promotion services	3,500, 000	3,000,000	981, 200	1, 242, 000	28.0	41.4
Programme 4: Livestock development & promotion		6,492,000	40,147,360	3, 747, 400	6, 767, 200	58.0	16.9
	S.P. 1. Value addition and marketing	2,962,000	29,147,360	1, 202, 300	117, 200	40.6	0.4
	S.P. 2. Animal health disease & mgt.	3,500,000	11,000,000	2, 545, 100	6, 650, 000	72.7	60.5

Programme	Sub-Programme	Approved Estimates (Kshs.)		Expenditure as of 31 st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Subtotal	110,898,037	43,147,360	73, 989, 444	8, 009, 200	66.7	186
Department of Primary - Health							
Programme 1: General administration & support services		1,010,594,540	-	883, 660, 430	-	87.4	-
	S.P. 1. General administration	1,009,594,540	-	883, 660, 430	-	87.5	-
	S.P. 2. Health policy planning & financing	1,500,000	-	608, 600	-	40.6	-
Programme 2: Curative Health Services		33,523,788	41,700,000	13, 246, 490	1, 947, 286	39.5	4.7
	S.P. 2. Facility infrastructure services	33,523,788	41,700,000	13, 246, 490	1, 947, 286	39.5	4.7
	Subtotal	1,044,118,328	41,700,000	896, 906, 920	1, 947, 286	85.9	4.7
Grand Total		4,983,929,618	2,369,715,016	3, 306, 942, 979	842, 773, 672	19.3	137

Source: Nyamira County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting & financial services in the Department of Finance and Accounting Services at 140.1 per cent, Land use management services in the Department of Lands, housing, physical Planning and Urban Development at 100.0 per cent, Field coordination and administration in the Department of Public service management at 96.2 per cent of development budget allocation. Sub-programmes with the highest levels of implementation based on absorption rates were: Policy and Planning in the Department of Roads, transport and Public Works at 99.6 per cent, Policy and Planning in the Department of County Public Service Board at 94.1 per cent, General Administration and Support Services in the department of Trade, tourism, industrialization and Co – operative development at 91.5 per cent of recurrent budget allocation.

3.34.14 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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.259.81 million against an annual target of Kshs.625 million, representing 41.2 per cent of the annual target.
2. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.233.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Emergency Fund and County Assembly Car loan & mortgage scheme Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.188.39 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
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 be opened and maintained at the Central Bank of Kenya. The County government of Nyamira has close to 22 commercial bank accounts for various activities.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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 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 supplementary budget for FY 2023/24 is Kshs.8.75 billion, comprising Kshs.3.18 billion (36.4 per cent) and Kshs.5.57 billion (63.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 15.4 per cent compared to the previous financial year when it was Kshs.7.58 billion, and comprised of Kshs.2.27 billion towards development expenditure and Kshs.5.31 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.91 billion (67.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.18 billion (13.5 per cent) as additional allocations/conditional grants, a cash balance of Kshs.437.46 million (5.0 per cent) brought forward from FY 2022/23, and generate Kshs.1.23 billion (15 per cent) as gross own source revenue. The own source revenue includes Kshs.431.56 million (4.9 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.793.44 million (9.1 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.214.

3.35.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.43 billion as an equitable share of the revenue raised nationally, Kshs.233.24 million as additional allocations/conditional grants, had a cash balance of Kshs.437.46 million from FY 2022/23 and raised Kshs.332.51 million as own-source revenue (OSR). The raised OSR includes Kshs.165.53 million as FIF and Kshs.166.98 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.43 billion, as shown in Table 3.236.

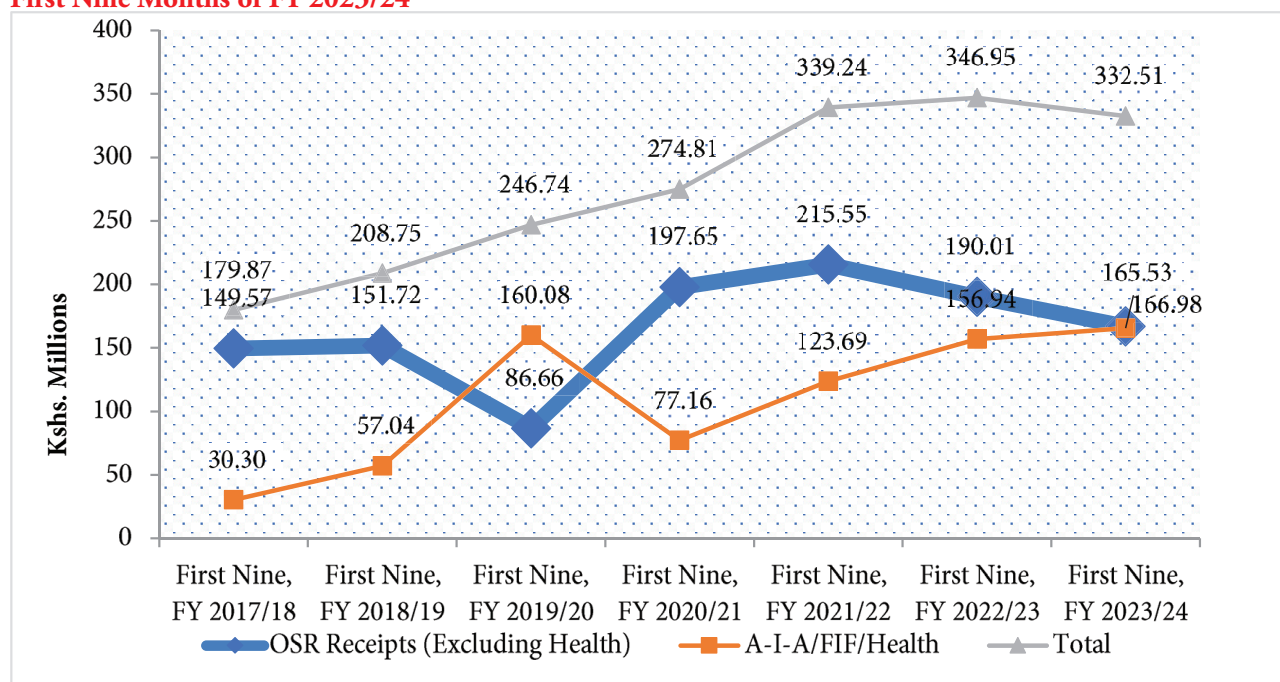
Table 3.236: Nyandarua County, Revenue Performance in the First Nine Months of FY 2023/24

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,905,976,056	3,425,466,112	58.0
Sub Total		5,905,976,056	3,425,466,112	58.0
B	Conditional Grants			
1	Supplement for Construction of County Headquarters	121,000,000	-	-
2	Leasing of Medical Equipment	124,723,404	-	-
3	Aggregated Industrial Parks Programme	100,000,000	-	-
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	232,739,728	93.1
7	World Bank Grant for Climate Smart Agriculture Project (KCSAP)	90,000,000	-	-
8	Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II	2,999,617	500,000	16.7
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)	11,000,000	-	-
12	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	-	-0
13	Transfer of Library services	5,730,418		
14	Kenya Devolution Support Programme Level 1	22,538,054		
Sub-Total		1,179,713,032	233,239,728	20.2
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	793,435,975	166,979,408	21.0
2	Balance b/f from FY2022/23	437,462,456	437,462,456	100.0
3	Facility Improvement Fund (FIF)	431,564,025	165,532,429	38.4
4	Appropriation in Aid (AIA)			
Sub Total		1,662,462,456	769,974,293	46.3
Grand Total		8,748,151,544	4,428,680,133	50.6

Source: Nyandarua County Treasury

Figure 103 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 103: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

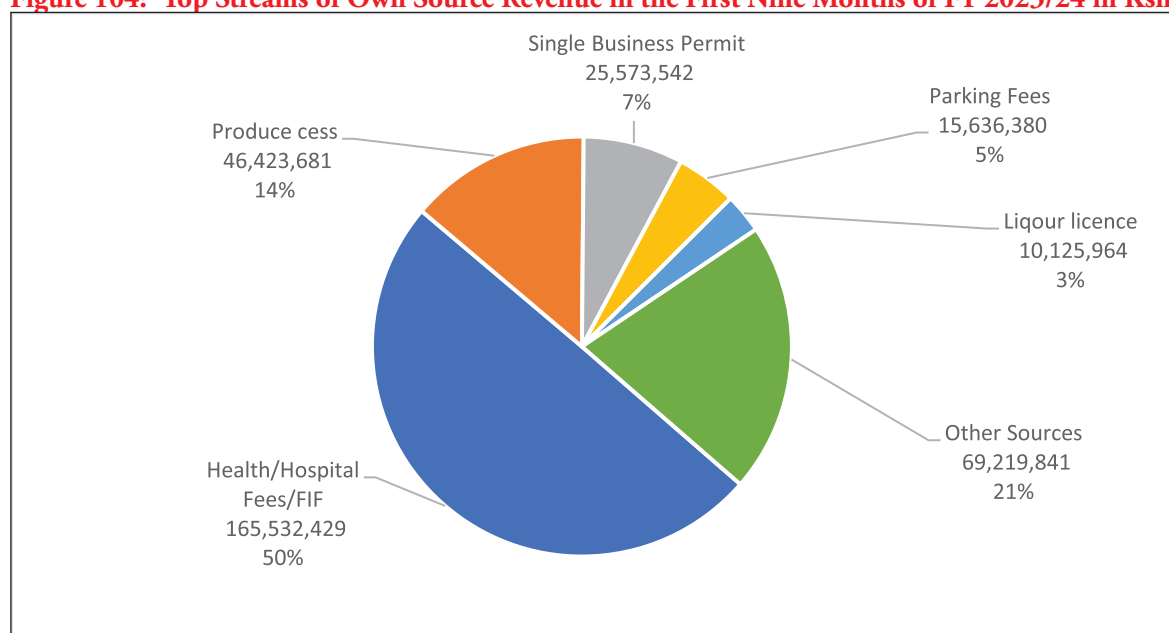


Source: Nyandarua County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.332.51 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented a decrease of 4.2 per cent compared to Kshs.346.95 million realised in a similar period in FY 2022/23 and was 27.1 per cent of the annual target and 9.7 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.13.6 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 Nine Months of FY 2023/24 in Kshs.



Source: Nyandarua County Treasury

The highest revenue stream of Kshs.165.53 million was from hospital fees/FIF contributing to 50 per cent of the total OSR receipts during the reporting period.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.15 billion from the CRF account during the reporting period, which comprised Kshs.536.05 million (12.9 per cent) for development programmes and Kshs.3.62 billion (87.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.87 billion was released towards Employee Compensation and Kshs.1.74 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.607.3 million.

3.35.4 Borrowing by the County

The county treasury has an MoU with Tower Sacco for payment of salaries whenever there is a delay in disbursement of equitable share

3.35.5 County Expenditure Review

The County spent Kshs.4.12 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.3 per cent of the total funds released by the CoB and comprised Kshs.521.12 million and Kshs.3.6 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.4 per cent, while recurrent expenditure represented 64.7 per cent of the annual recurrent expenditure budget.

3.35.6 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 of Kshs.56.53 million for recurrent expenditure and Kshs.140.7 million for development activities. In the approved supplementary budget, the total stock of pending bills was revised upwards to Kshs.520.24 million. In the first nine months of FY 2023/24, the County executive settled pending bills amounting to Kshs.99.06 million. They consisted of Kshs.51.36 million for recurrent expenditure and Kshs.47.7 million for development programmes.

The County Assembly reported outstanding pending bills of Kshs.79.36 million as of 31st March 2024.

3.35.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.59 billion on employee compensation, Kshs.1.37 billion on operations and maintenance, and Kshs.487.83 million on development activities. Similarly, the County Assembly spent Kshs.281.95 million on employee compensation, Kshs.349.69 million on operations and maintenance, and Kshs.33.29 million on development activities, as shown in Table 3.237

Table 3.237: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,686,765,678	880,285,706	2,968,667,521	631,636,506	63.3	71.8
Compensation to Employees	2,250,000,000	393,204,041	1,593,784,982	281,946,372	70.8	71.7
Operations and Maintenance	2,436,765,678	487,081,665	1,374,882,539	349,690,134	56.4	71.8
Development Expenditure	3,071,100,160	110,000,000	487,829,124	33,288,161	15.9	30.3
Total	7,757,865,838	990,285,706	3,456,496,645	664,924,667	44.6	67.1

Source: Nyandarua County Treasury

3.35.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.88 billion, or 42.4 per cent of the available revenue, which amounted to Kshs.4.43 billion. This expenditure represented an increase from Kshs.1.85 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.792.35 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.1.76 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.115.21 million was processed through manual pay-rolls. The manual payrolls accounted for 6.1 per cent of the total PE cost.

The County Assembly spent Kshs.22.44 million on committee sitting allowances for the 41 MCAs and the speaker against the annual budget allocation of Kshs.35.1 million. The average monthly sitting allowance was Kshs.59,355 per MCA. The County Assembly has established 17 Committees.

3.35.9 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.425.4 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.238 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.238: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No)
County Executive Established Funds						
1	Emergency Fund	45,000,000	40,000,000	40,000,000	40,000,000	Yes
2	Executive Car & Mortgage	70,000,000	70,000,000	70,000,000	70,000,000	Yes
3	Bursary	204,900,000	182,500,000	182,500,000	182,500,000	Yes
County Assembly Established Funds						
4	Staff Car & Mortgage	30,500,000	30,500,000	30,500,000	30,500,000	Yes
5	MCAs Car & Mortgage	75,000,000	75,000,000	75,000,000	75,000,000	Yes
	Total	425,400,000	398,000,000	398,000,000	398,000,000	

Source: Nyandarua County Treasury

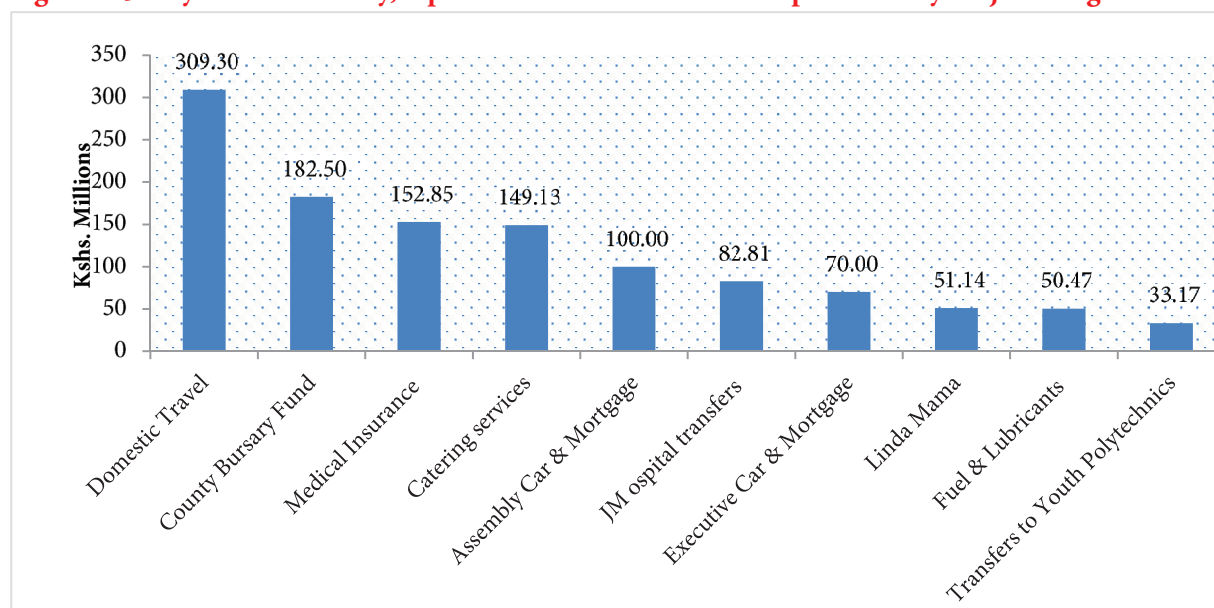
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all the listed funds, as indicated in Table 3.237.

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.

3.35.10 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.302.38 million and comprised Kshs.114.85 million spent by the County Assembly and Kshs.187.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.71 million and comprised Kshs.12.15 million by the County Assembly and Kshs.2.56 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.239.

Table 3.239: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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
County Assembly	5	26th January- 2nd February 2024	Learning tour at the East African Legislative Assembly	Arusha	2,162,400

Source: Nyandarua County Treasury and Nyandarua County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.18.76 million on legal fees.

3.35.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.521.12 million on development programmes, representing an increase of 2.6 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.507.9 million. Table 3.240 summarises development projects with the highest expenditure in the reporting period.

Table 3.240: Nyandarua 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	Construction and completion of JM Kariuki Medical Complex	Ol Kalou	1,470,000,000	50,799,557	34.5
2	Construction of the Speaker's residence - construction of perimeter wall	County Assembly	County Assembly	19,000,000	19,000,000	100.0
3	Health	Equipping of Bamboo H/C	Magumu ward	10,000,000	9,035,000	90.4
4	Agriculture	Purchase of vaccines & sera (vaccination program)	Countywide	7,875,000	7,875,000	100.0
5	Agriculture	Purchase and distribution of certified seeds through Cooperatives	Countywide	13,000,000	13,000,000	100.0
6	Water	Purchase and supply of 500-litre tanks to Kiandogoro, Kiriogo - Ndaragwa central-Quality Equipment Bargain Ltd	Ndaragwa	2,999,700	2,999,700	100.0
7	Energy	Electricity (Floodlights and Streetlights)	Countywide	20,000,000	18,136,341	90.7
8	Works	County headquarters (County contribution)	Ol Kalou	30,000,000	29,912,979	99.7
9	Transport	Road Improvement Works Along Karogini and Starehe Roads in Kiriita Ward-Sance Limited-2021/22Fy	Kiriita	4,950,000	4,900,000	99.0
10	Health	Completion of Matindiri dispensary	Charagita	3,014,388	3,014,388	100.0

Source: Nyandarua County Treasury

3.35.12 Budget Performance by Department

Table 3.241 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.241: Nyandarua County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	136.00	-	108.44	-	108.44	-	100	-	79.7	-
Office of the County Secretary	58.95	-	45.87	-	45.87	-	100	-	77.8	-
County Public Service Board	25.00	-	18.24	-	18.24	-	100	-	73.0	-
Public Service Administration & Devolution	2,625.31	-	1,775.49	-	1,775.49	-	100	-	67.6	-
Office of County Attorney	37.65	-	12.91	-	12.91	-	100	-	34.3	-
Finance, Economic Planning & ICT	585.17	21.00	436.35	-	436.35	-				
Agriculture, Livestock & Fisheries	233.55	611.63	73.03	187.74	73.03	187.74	100	100.0	31.3	30.7

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	424.68	352.09	218.25	89.87	218.25	89.87	100	72.2	51.4	18.4
Education, Children, Gender Affairs, Culture & Social Services	168.58	98.30	85.10	2.59	85.10	2.59	100	100.0	50.5	2.6
Tourism, Cooperatives Development, Trade & Industrialization	68.14	265.17	41.35	31.45	41.35	31.45	100	100.0	60.7	11.9
Public Works, Roads, Transport, Housing & Energy	101.84	1,029.99	58.13	120.95	58.13	120.95	100	133.0	57.1	15.6
Lands, Housing & Physical Planning	61.71	136.40	21.28	4.63	21.28	4.63	100	100.0	34.5	3.4
Water, Environment, Climate Change & Natural Resources	58.03	527.52	25.95	50.60	25.95	50.60	100	100.0	44.7	9.6
Youth Empowerment, Sports & Arts	77.26	3.50	36.58	-	36.58	-	100	-	47.4	-
Oi Kalou Municipality	9.89	19.00	5.26	-	5.26	-	100	-	53.2	-
Mairo Inya Municipality	8.00	3.50	2.65	-	2.65	-	100.	-	33.1	-
Engineer Municipality	7.00	3.00	3.77	-	3.77	-	100.0	-	53.9	-
County Assembly	880.29	110.00	648.86	33.29	631.64	33.29	97.3	100.0	71.8	30.3
Total	5,567.05	3,181.10	3,617.53	521.12	3,600.30	521.12	99.5	102.9	64.7	16.9

Source: Nyandarua County Treasury

Analysis of expenditure by departments shows that the Department of Agriculture recorded the highest absorption rate of development budget at 30.7 per cent, followed by the Department of Health at 18.4 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 79.7 per cent while the Department of Agriculture had the lowest at 31.3 per cent.

3.35.13 Budget Execution by Programmes and Sub-Programmes

Table 3.242 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.242: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor							
General administration, planning and support services	Service Delivery Coordination	84,440,000	-	69,134,169	-	81.9	-
	Governor’s press services	18,500,000	-	16,391,026	-	88.6	-
	Liaison and Intergovernmental Relations	33,060,000	-	22,913,611	-	69.3	-
	Sub-Total	136,000,000		108,438,806		79.7	
Office of the County Secretary & Head of Public Service							
Public Service	County Administration	47,270,000	-	37,969,125	-	80.3	-
	Cabinet Affairs	2,580,000	-	2,446,414	-	94.8	-
	Communication and Public Relations	5,800,000	-	3,079,520	-	53.1	-
	County Records Management	3,300,000	-	2,378,933	-	72.1	-
	Sub-Total	58,950,000		45,873,992	-	77.8	-
Office of the County Attorney							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County attorney services	Legal and public affairs	37,650,000	-	12,909,767	-	34.3	
	Sub-Total	37,650,000		12,909,767		34.3	
Public Administration & Devolution							
Human Resource Management	Payroll (Including Compensation to employees)	2,262,800,418	-	1,597,028,552	-	70.6	-
	Human Resource Management (Including employee gratuity, pension and medical insurance)	322,710,311	-	145,209,099	-	45.0	-
Public Administration	Public Administration	5,255,000	-	4,734,955	-	90.1	
	Sub-county and ward administration	22,145,000	-	18,559,812	-	83.8	
	Enforcement and Compliance	12,400,000	-	9,958,132	-	80.3	
	Sub-Total	2,625,310,729	-	1,775,490,550		67.6	
County Public Service Board							
Public service	County public service	25,000,000	-	18,241,954			
	Sub-Total	25,000,000	-	18,241,954		73.0	
Finance, Economic Planning & ICT							
Public Finance Management	County Funds	319,900,000	15,000,000	292,500,000	-	91.4	-
	Treasury services	67,750,746	-	39,187,694	-	57.8	-
	Financial reporting	7,293,495	-	6,748,820	-	92.5	-
	Revenue Collection and Administration (Including automation)	34,560,000	-	29,484,552	-	85.3	-
	Revenue Enhancement and Monitoring	27,989,028	-	13,566,504	-	48.5	-
	Supply Chain Management	9,434,500	-	8,237,115	-	87.3	-
	Internal Audit and Risk Management	9,650,000	-	8,312,933	-	86.1	-
	Internal Audit Committee	3,050,000	-	2,719,400	-	89.2	-
Economic planning and development	Economic Development Planning including KDSP	63,252,640	-	9,342,817	-	14.8	-
	County Statistics and Data Bank	6,457,000	-	4,509,800	-	69.8	-
	Monitoring and Evaluation	3,500,000	-	2,718,700	-	77.7	-
	Economic Modelling and Research	3,000,000	-	2,480,646	-	82.7	-
	County Budgeting	17,370,000	-	11,175,049	-	64.3	-
	Resource Mobilization and Debt Management	3,300,000		2,365,500	-	71.7	-
ICT and E-government Services	ICT and E-government Services	8,666,234	6,000,000	2,996,639	-	34.6	-
	Sub-Total	585,173,643	21,000,000	436,346,169	-	74.6	-
Health Services							
Preventive and Promotive Services	Preventive and Promotive Services	33,030,000	-	24,386,608	-	73.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Curative Services	Curative Services	279,538,700	-	106,079,317	-	37.9	-
	Universal health care and grants	102,820,000	-	84,255,034	-	81.9	-
General administration, planning and support services	Solid Waste and Cemeteries	9,293,300	1,500,000	3,531,674	-	38.0	-
	Infrastructure and Equipment	-	350,594,012	0	89,865,817	-	25.6
Subtotal		424,682,000	352,094,012	218,252,633	89,865,817	51.4	21.2
Education, Children, Gender Affairs, Culture & Social Services							
Primary education	ECDE	24,630,000	44,899,376	9,644,607	-	39.2	-
Youth training and development	revitalization of youth polytechnics	47,404,576	10,300,000	41,969,674	-	88.5	-
Culture and library services	development and promotion of culture	8,610,000	5,000,000	6,581,032	-	76.4	-
Children, Gender and Social Services	Social Services	42,340,000	7,500,000	11,070,906	-	26.1	-
	children and Gender Affairs	13,150,000	-	9,447,343	-	71.8	-
General administration, planning and support services	Alcohol Drinks Control and Civic Education	32,443,675	30,604,256	6,386,155	2,587,683	19.7	8.5
Sub Total		168,578,251	98,303,632	85,099,717	2,587,683	50.5	3.0
Tourism, Cooperative development, Trade & Industrialization							
Trade development and promotion	Financial and Trade Services	11,850,000	21,825,840	7,064,483	-	59.6	-
	Nyandarua County Trade Development and Investment Authority (NCTDIA)	10,000,000	-	3,556,199	-	35.6	-
Industrial development and investment	Industrial and Enterprise Development	7,850,000	201,400,000	5,800,220	25,000,000	73.9	12.4
	Weights & Measures	5,700,000	-	4,104,410	-	72.0	-
Cooperative development and management	Cooperative Audit Extension Services	2,430,000	-	2,085,330	-	85.8	-
	Co-operative Development	10,102,800	-	4,702,580	-	46.5	-
Tourism development and promotion	tourism infrastructure development	20,206,342	41,940,950	14,041,655	6,453,960	69.5	46.0
Sub Total		68,139,142	265,166,790	41,354,877	31,453,960	60.7	76.1
Youth, Sports & Arts							
Sports	Sports Development	41,220,000	3,498,020	27,234,930	-	66.07	-
Youth Affairs	Youth Affairs	25,890,527	-	5,305,500	-	20.49	-
Arts & Theatre	Arts & Theatre	10,150,000	-	4,043,047	-	39.83	-
Sub Total		77,260,527	3,498,020	36,583,477	-	47.35	-
Water, Environment, Climate Change & Natural Resources							
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	16,350,000	231,674,708	12,887,544	-	78.8	-
Environment	Environmental support and management	4,900,000	13,854,900	3,568,908	-	72.8	-
	Climate change resilience	29,334,875	168,000,000	4,399,766	32,000,000	15.0	19.0
	natural resource	6,450,000	111,988,979	4,492,690	18,602,800	69.7	16.6

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	1,000,000	2,000,000	598,900	-	59.9	-
Sub Total		58,034,875	527,518,587	25,947,808	50,602,800	44.7	9.6
Public Works, Transport and Energy							
Road transport	Transport (Including fuel level, General Administration & Support Services)	44,600,000	623,634,416	19,407,919	86,980,701	43.5	13.9
	Public Works	9,962,265	207,982,000	6,133,942	3,593,855	61.6	1.7
Alternative energy technologies	alternative energy technologies	29,040,000	41,100,000	22,894,387	833,465	78.8	2.0
General administration, planning and support services	Emergency Response & Preparedness	14,180,000		5,900,860	-	41.6	-
Housing	Housing	4,055,800	157,269,359	3,790,550	29,542,638	93.5	18.8
Sub Total		101,838,065	1,029,985,775	58,127,658	120,950,659	57.1	11.7
Lands, physical planning & urban development							
Land policy and planning	Physical Planning	13,800,000		3,958,430	-	28.7	-
	Survey and Mapping	15,500,000		5,125,915	-	33.1	-
	Land Administration and Management	29,046,100	53,000,000	11,120,658	630,000	38.3	1.2
Urban development	Urban development	3,367,322	83,401,644	1,075,000	3,998,477	31.9	4.8
Sub Total		61,713,422	136,401,644	21,280,003	4,628,477	34.5	3.4
MUNICIPALITIES							
Municipalities	Ol'kalou municipality	9,887,900	18,997,664	5,262,035	-	53.2	-
	Engineer Municipality	7,000,000	3,000,000	3,774,140	-	53.9	-
	Mairo-Inya Municipality	8,000,000	3,500,000	2,650,000	-	33.1	-
Sub Total		24,887,900	25,497,664	11,686,175	-	47.0	-
AGRICULTURE, LIVESTOCK AND FISHERIES							
Crop development and management	land and crop development	70,379,617	469,424,036	36,225,402	187,739,728	51.5	40.0
	Seed Potato Production Unit (SPPU Lab)	19,275,325	-	1,542,438		8.0	-
Livestock resources management and development	livestock production and management	34,855,000	139,210,000	3,753,042		10.8	-
	Veterinary Services	18,950,000	2,000,000	13,163,376		69.5	-
Fisheries Development and management	fisheries policy, strategy and capacity building	3,500,000	1,000,000	1,112,005		31.8	-
General administration, planning and support services	Institution Support (ATCs)	21,900,000		3,562,086		16.3	-
	Agriculture Mechanization Services	5,921,800		2,516,549		42.5	-
	General Administration and Extension Services	9,015,383		6,621,367		73.4	-
	Subsidized Artificial Insemination	49,750,000		4,537,670		9.1	-
Sub Total		233,547,125	611,634,036	73,033,935	187,739,728	31.3	30.7

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
County Assembly services	Legislative, oversight and representation	880,285,706	110,000,000	631,636,506	33,288,161	71.8	30.3
Sub Total		880,285,706	110,000,000	631,636,506	33,288,161	71.75	30.3
Grand Total		5,567,051,385	3,181,100,160	3,600,304,027	521,117,285	64.7	16.4

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Cabinet Affairs in the Office of the County Secretary at per cent, Financial Reporting and County Funds in the Department of Finance & Economic Planning at 92.5 per cent and 91.4 per cent respectively and housing services in the department of Public Works, Transport and Energy at 93.5per cent of budget allocation.

3.35.14 Accounts Operated in Commercial Banks

The County government operated a total of 86 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.35.15 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.332.51 million against an annual target of Kshs.1.23 billion, representing 27.1 per cent of the annual target. The county treasury revised its own-source revenue from Kshs.985 million to Kshs.1.23 billion, an unattainable target.
2. Low absorption of development funds as indicated by the expenditure of Kshs.521.12 million in the first nine months of FY 2023/24 against the annual development budget allocation of Kshs.3.18 billion. The development expenditure represented 16.4 per cent of the annual development budget.
3. The county revised its pending bills stock during the period under review to Kshs.520.24 million up from 197.17 million reported on 30th June 2023. There has been non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.115.21 million were processed through the manual payroll, accounting for 6.1 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for 87 accounts

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

1. Treasury should revise its own-source revenue target downwards to avoid a hidden budget deficit that will end up increasing county pending bills.
2. The County should identify and address issues causing delays in implementing development projects.
3. The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.

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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget 1 for FY 2023/24 is Kshs.9.06 billion, comprising Kshs.2.9 billion (31.8 per cent) and Kshs.6.19 billion (68.2 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 19.1 per cent compared to the previous financial year when it 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.775.31 million (8.6) as additional allocations/conditional grants, a cash balance of Kshs.1 billion (11.1 per cent) brought forward from FY 2022/23 and generate Kshs.800 million (8.8 per cent) as gross own source revenue. The own-source revenue excludes Kshs.573.03 million as Facility Improvement Fund (revenue from health facilities) and only includes Kshs.800 million (8.8 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.219.

3.36.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.95 billion as an equitable share of the revenue raised nationally, Kshs.13.24 million as additional allocations/conditional grants, had a cash balance of Kshs.1 billion from FY 2022/23, and raised Kshs.1.02 billion as own-source revenue (OSR). The raised OSR includes Kshs.526.97 million as FIF and Kshs.492.64 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.99 billion, as shown in Table 3.243.

Table 3.243: Nyeri County, Revenue Performance in the First Nine Months of FY 2023/24

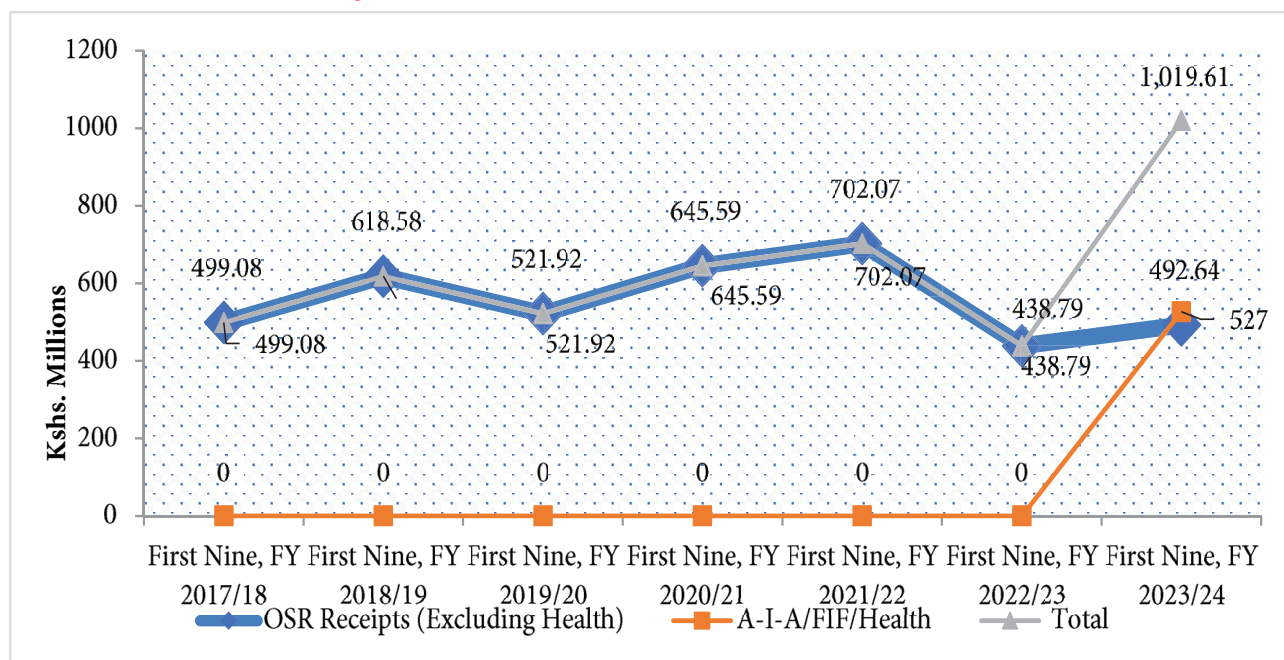
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,485,331,051.00	3,954,031,566.00	61.0
Sub Total		6,485,331,051.00	3,954,031,566.00	61.0
B	Conditional Grants			
1	Transfer of library services	24,582,672.00		-
2	Kenya Informal Settlement Programme (KISIP II)	60,000,000.00		-
3	DANIDA	20,487,938.00		-
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		-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
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	2,241,641	59.9
10	IDA (World Bank) Credit - (Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	11,000,000	11,000,000	100.0
11	IDA (World Bank) Credit - FLLoCA Climate Change Grant Level 2	125,000,000		-
12	Court fines	250,000		-
Sub-Total		775,560,317	13,241,641	1.7
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	800,000,000	492,640,214	61.6
2	Balance b/f from FY2022/23	1,003,191,687	1,003,191,687	100.0
3	Facility Improvement Fund (FIF)	-	526,970,571	-
4	Appropriation in Aid (AIA)			-
Sub Total		1,803,191,687	2,022,802,472	112.2
Grand Total		9,064,083,055	5,990,075,679	66.1

Source: Nyeri County Treasury

The County has governing legislation on the operation of ordinary FIF. Figure 106 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 106: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

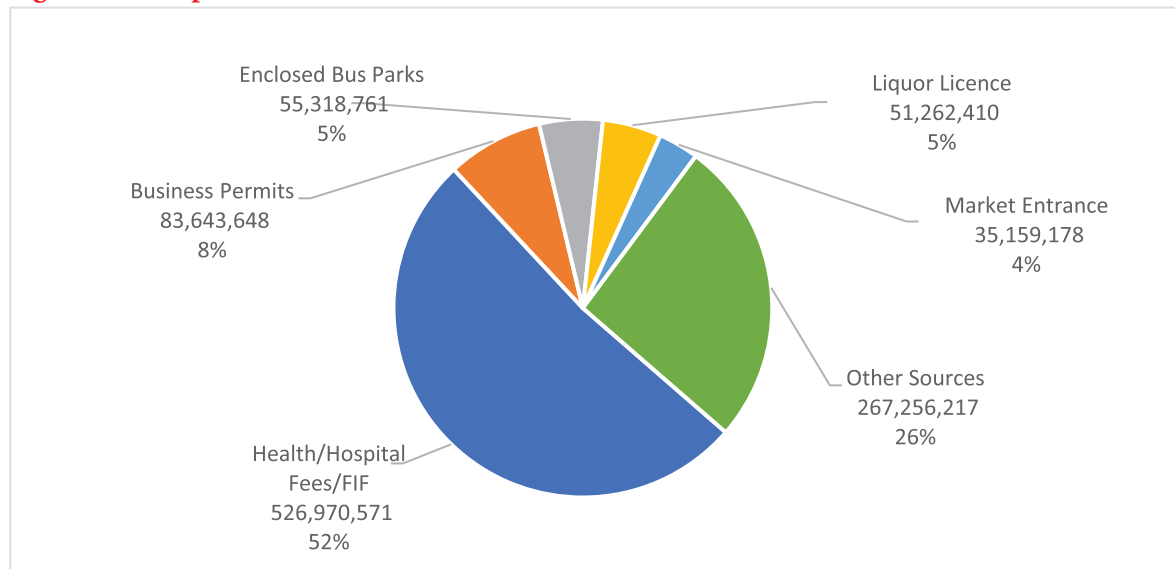


Source: Nyeri County Treasury

The County did not provide information on receipts of FIF in the previous financial years. In the first nine months of FY 2023/24, the County generated a total of Kshs.1.02 billion from its sources of revenue, inclusive of FIF and ordinary own-source revenue. The ordinary own-source revenue of Kshs.492.64 represented an in-

crease of 12.3 per cent compared to Kshs.438.79 million realised in a similar period in FY 2022/23 and the total Kshs.1.02 billion was 74.3 per cent of the annual target and 17 per cent of the equitable revenue share disbursed during the period. 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 Nine Months of FY 2023/24 in Kshs.



Source: Nyeri County Treasury

The highest revenue stream of Kshs.526.97 million was from health/Hospital fee/FIF contributing to 51.7 per cent of the total OSR receipts during the reporting period.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.77 billion from the CRF account during the reporting period, which comprised Kshs.377.81 million (7.9 per cent) for development programmes and Kshs.4.40 billion (92.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.08 billion was released towards Employee Compensation and Kshs.1.32 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.986.83 million.

3.36.4 County Expenditure Review

The County spent Kshs.4.82 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 percent of the total funds released by the CoB and comprised Kshs.418.56 million and Kshs.4.40 billion on development and recurrent programmes respectively. Expenditure on development programmes represented an absorption rate of 14.5 percent, while recurrent expenditure represented 71.2 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County 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 nine months of FY 2023/24, the County settled pending bills amounting to Kshs.70.23 million. They consisted of Kshs.58.62 million for recurrent expenditure and Kshs.11.64 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.18.22 million.

The County Assembly reported outstanding pending bills of Kshs.0.66 million as of 31st March 2024.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.89 billion on employee compensation, Kshs.885.68 million on operations and maintenance, and Kshs.418.56 million on development activities. Similarly, the County Assembly spent Kshs.192.60 million on employee compensation, Kshs.435.91 million on operations and maintenance, and nil on development activities, as shown in Table 3.244.

Table 3.244: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,379,662,834	805,714,233	3,773,314,727	628,509,870	70.1	78.0
Compensation to Employees	4,057,730,968	271,014,523	2,887,629,846	192,604,656	71.2	71.1
Operations and Maintenance	1,321,931,866	534,699,710	885,684,881	435,905,214	67.0	81.5
Development Expenditure	2,828,705,968	50,000,000	418,560,604	-	14.8	-
Total	8,208,368,802	855,714,233	4,191,875,331	628,509,870	51.1	73.4

Source: Nyeri County Treasury

3.36.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.08 billion, or 51.4 per cent of the available revenue, which amounted to Kshs.5.99 billion. This expenditure represented an increase from Kshs.2.74 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.88 billion paid to health sector employees, translating to 61.1 per cent of the total wage bill. The increase in the wage bill is attributed to an increase in salaries, NHIF and a 3 per cent housing levy, leading to higher employer contributions thereby causing a significant increase in the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.74 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.340.42 million was processed through manual payrolls. The manual payrolls accounted for 11.1 per cent of the total PE cost.

The County Assembly spent Kshs.13.29 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.19.30 million. The average monthly sitting allowance was Kshs.35,165 per MCA. The County Assembly has established 24 Committees.

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

Table 3.245: Performance of County Established Funds in the First Nine Months 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 st March 2023 (Kshs)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds						
1.	Elimu Fund	100,000,000.00	-	-	242,000,000.00	No
2.	Emergency Fund	-	-	-	20,000,000.00	No
3.	Health Fund	-	-	-	141,701,379.00	No
4	Enterprise Development Fund	-	-	-	40,000,000.00	No
5	Car& Mortgage Fund (Executive)	-	-	-	100,000,000.00	No
County Assembly Established Funds						
6	Car & Mortgage Fund (Assembly Members)	-	-	-	184,000,000.00	No
7	Car& Mortgage Fund (Assembly Staff)	-	-	-	122,393,125.00	No
	Total	100,000,000.00			850,094,504.00	

Source: Nyeri County Treasury

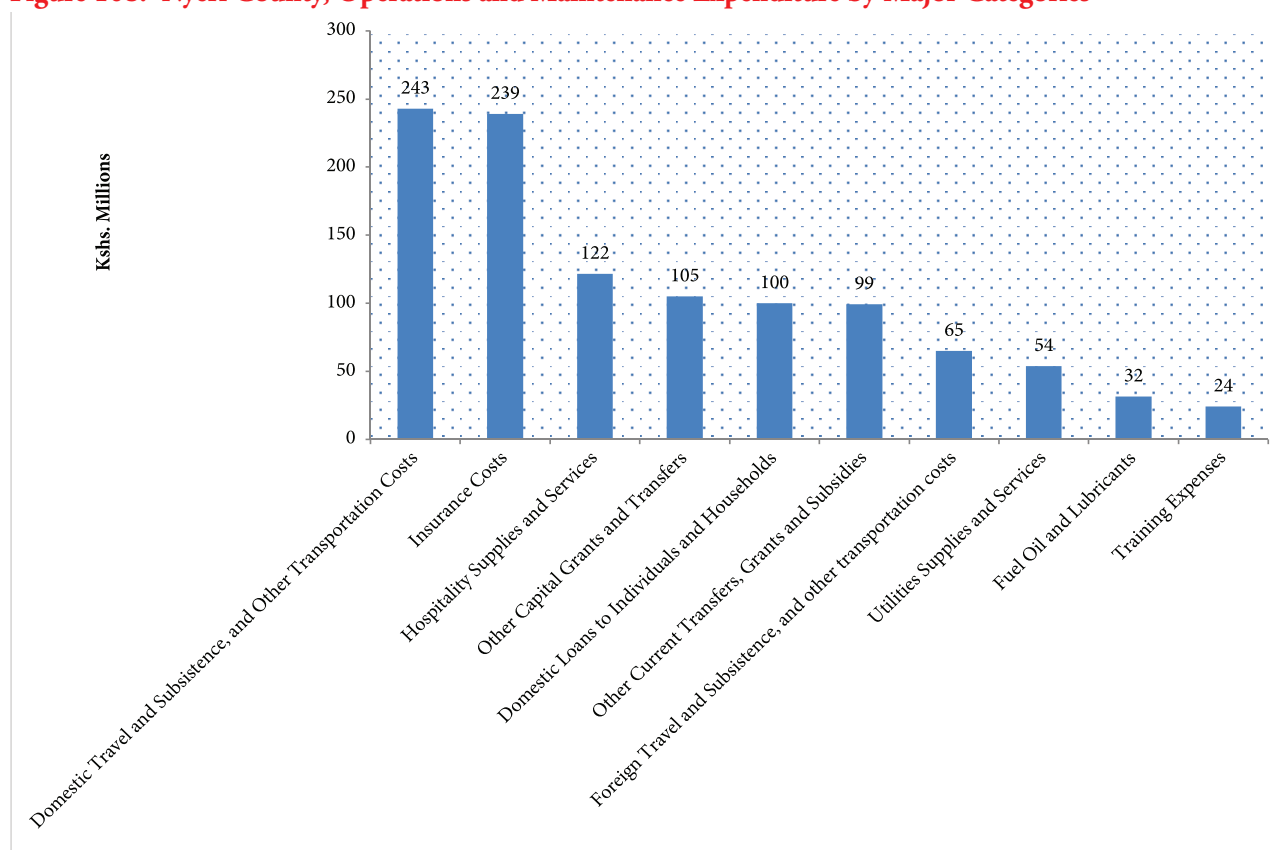
During the reporting period, the CoB did not receive all quarterly financial returns from Fund Administrators of the established funds as indicated in Table 3.244, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.242.92 million and comprised Kshs.144.55 million spent by the County Assembly and Kshs.98.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.03 million and comprised Kshs.54.21 million by the County Assembly and Kshs.10.81 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.246.

Table 3.246: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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	1	1/12/22 -12/12/22	Allowances and sundry items while attending a training on national security and diplomacy at Galilee International Management Institute	Israel	396,494.00
County Executive	1	27/05/2023-3/06/2023	DSA for foreign travel for his excellency the Governor while attending the pension summit and benchmarking tour in Amsterdam, Netherlands	Amsterdam	164,371.00
County Executive	1	19/02/2023-22/02/2023	DSA for foreign travel for his excellency the Governor's field visit to Kigali, Rwanda to benchmark on PPP for rural water services	Kigali	50,465.00

Arm of County Government	No. of Offices	Date Of Travel	Purpose of Travel	Destination	Total Cost (Kshs)
County Executive	2	11/06/2023-17/6/2023	DSA for foreign travel while accompanying his excellency the Governor for an investment and learning mission to the Kingdom of Morocco	Morocco	1,229,067.00
County Executive			Final payment for provision of air ticket from Nairobi to Bogota, Colombia & back		550,000.00
County Executive			Air tickets from Nairobi to Casablanca (Morocco) and back		706,625.00
County Executive			Part-payment cost of air ticket from Nairobi to Israel & back		155,000.00
County Executive	1	22/12/2023-10/12/2023	Facilitation for foreign travel to Zambia to attend AAPAM 42 nd Annual Round Table Conference	Livingstone, Zambia	417,434.83
County Executive	1	6/4/2022-13/4/2022	Facilitation while attending and participating in the International Partnership for Enhanced Capacity on Municipalities for Sustainable Development Programme	Madrid Spain	506,340.00
County Executive	1	13/02/2022-20/02/2022	Facilitation while attending Dubai Expo 2020	Dubai	522,799
County Executive	1	18/03/2023 - 25/03/2023	Facilitation for the P.A to the Governor while accompanying H.E. The Governor while attending a high-level Coffee Exposure visit.	Colombia	245,473
County Executive	1	27/05/2023 - 03/06/2023	Facilitation for the P.A to the Governor while accompanying H.E The Governor while attending A pension summit and benchmarking tour	Netherlands	382,482
County Executive	1	27/05/2023 - 03/06/2024	Reimbursement of money used as an advance payment and travel cost for H.E the Governor and P.A while attending A pension summit and benchmarking tour.	Netherlands	517,500
County Executive	1	18/03/2023 - 25/03/2023	Facilitation for H.E. The Governor while attending a High-Level Coffee Exposure visit.	Colombia	443,670
County Executive	1	19/02/2023 - 22/02/2023	Facilitation for the P.A to the Governor while accompanying H.E The Governor while at Kigali	Rwanda	109,420
County Assembly	13	18/05/2023-27/05/ 2023	While attending a training on capacity building.	Arusha	6,202,280.00
County Assembly	5	26/06/2023-8/07/2023	While attending training at the East Africa Legislative Assembly.	Arusha	2,506,560.00
County Assembly	1	24/07/2023-3/08/2023	While attending a training for chairpersons of County Assemblies Health Committees	Arusha	595,728.00
County Assembly	1	29/06/2023-10/07/2023	While attending an international conference on post-pandemic strategic public Administration and management.	Australia	739,200
County Assembly	1	3/06/2023 - 7/7/2023	While attending a bespoke workshop on legal and legislative drafting training.	Arusha	298,880.00
County Assembly	4	20/08/2023-3/9/2023	While attending training at the East Africa Legislative Assembly.	Arusha	2,792,930.00

Arm of County Government	No. of Offices	Date Of Travel	Purpose of Travel	Destination	Total Cost (Kshs)
County Assembly	7	23/10/2023-28/10/2023	While on a retreat to attend effective Leadership and Governance Training.	Dubai	4,099,550.00
County Assembly	6	30/10/2023-8/11/2023	While on a retreat to attend Effective Oversight for County Transformation Training.	Turkey	4,372,508.00
County Assembly	7	10/12/2023-17/12/2023	While on a study tour at the East Africa legislative assembly	Arusha	2,238,272.00
County Assembly	7	19/01/2024-29/01/2024	while attending a Board training	Dubai	6,503,100.00
County Assembly	1	30/10/2023 – 4/11/2023	While attending a training on effective leadership and Governance oversight for County transformation.	Turkey	698,392.00
County Assembly	1	13/9/2023 – 22/9/2023	While attending County Assemblies Forum training	Arusha	469,236.00
County Assembly	7	13/12/2023-23/12/2023	While on a study tour at the East Africa legislative assembly	Arusha	3,381,840.00
County Assembly	6	10/12/2023-17/12/2023	While on a study tour at the East Africa legislative assembly	Arusha	2,542,272.00
County Assembly	7	18/12/2023-26/12/2023	while attending a facilitation skills training course	Singapore	5,000,268.00
County Assembly	7	9/12/2023-18/12/2023	while attending a facilitation skills training course	Singapore	7,082,180.00

Source: Nyeri County Treasury and Nyeri County Assembly

Foreign travel includes staff allowances and air tickets

3.36.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.418.56 million on development programmes, representing a decrease of 56.6 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.964.87 million. Table 3.247 summarises development projects with the highest expenditure in the reporting period.

Table 3.247: Nyeri 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	To support Medical Drugs, Non-pharms and other specialized medical supplies/programmes.	Countywide	243,000,000	93,111,890	38
2	Transport, Public Works & Infrastructure	Streetlight bills	Countywide	110,000,000	58,198,509	53
3	Transport, Public Works & Infrastructure	County-specific projects- (fuel and Machinery Maintenance)	Countywide	51,400,000	33,358,457	65
4	Transport, Public Works & Infrastructure	KISIP Phase II- Infrastructure development of Mweiga, Chorong'i, Ihwagi, Kiamwathi, Kiawara),30,000,000 balance B/F	Countywide	90,000,000	30,000,000	33
5	Transport, Public Works & Infrastructure	Other Capital grants	Countywide	25,000,000	24,880,579	10

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Agriculture, Livestock and Fisheries	Conditional grant for climate change programme (Level II)	Countywide	185,000,000	24,863,191	13
7	Agriculture, Livestock and Fisheries	KSCAP	Countywide	28,106,080	17,708,704	10
8	Water, Environment & Natural Resources	Fuel (garbage collection and dumpsite management)	Countywide	12,000,000	11,969,500	10
9	Water, Environment & Natural Resources	Solid waste management; Fuel for Garbage collection trucks-	Countywide	8,500,000	7,000,000	82
10	Education, Science and Technology	KICOSCA/KYISA/ OTHER TOURNA-MENTS	Countywide	5,752,011	5,629,069	98

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 3.248 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.248: Nyeri County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs)		Exchequer Issues by Q3 of FY 2023/24 (Kshs)		Expenditure by Q3 of FY 2023/24 (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	167.03	48.00	122.75	-	106.21	-	86.5	-	63.6	-
Office of the County Secretary	137.96	14.25	109.10	-	105.32	-	96.5	-	76.3	-
Finance and Economic Planning	921.63	71.66	443.89	2.92	450.71	2.92	101.5	100.0	48.9	4.1
Lands, Physical Planning, Housing and Urbanization	95.48	208.56	57.53	41.21	57.08	45.08	99.2	109.4	59.8	21.6
Health, Public Health and sanitation	2,432.56	475.23	1,916.28	85.65	1,895.02	120.06	98.9	140.2	77.9	25.3
Gender and Social Services	104.20	118.36	68.08	15.74	62.27	16.49	91.5	104.7	59.8	13.9
County Public Service, Administration & Youth Affairs	404.44	52.69	269.61	9.59	282.53	15.84	104.8	165.2	69.9	30.1
Agriculture, Livestock and Fisheries	246.08	503.15	170.69	9.85	169.56	32.23	99.3	327.1	68.9	6.4
Trade, Culture, Tourism & Cooperative Development	79.49	309.47	54.86	13.21	54.84	13.21	100.0	100.0	69.0	4.3
Education, Science and Technology	503.69	108.66	411.60	7.00	406.48	7.17	98.8	102.5	80.7	6.6
Water, Environment & Natural Resources	85.66	348.39	45.26	100.54	45.75	63.97	101.1	63.6	53.4	18.4
County Assembly	805.71	50.00	588.87	-	628.51	-	106.7	-	78.0	-
County Public Service Board	46.48	6.00	31.67	-	31.87	-	100.6	-	68.6	-
Transport, Public Works & Infrastructure	88.28	564.27	49.79	92.10	49.53	101.59	99.5	110.3	56.1	18.0
Office of the County Attorney	66.69	0.00	55.59	-	56.14	-	101.0	-	84.2	-
TOTAL	6,185.38	2,878.71	4,395.57	377.81	4,401.82	418.56	100.1	110.8	71.2	14.5

Source: Nyeri County Treasury

Analysis of expenditure by departments shows that the Department of County Public Services, Administration and Youth Affairs recorded the highest absorption rate of development budget at 30.1 per cent, followed by the Department of Health Public Health and Sanitation at 25.3 per cent. The Department of Office of the Attorney had the highest percentage of recurrent expenditure to budget at 84.2 per cent while the Department of Finance and Economic Planning had the lowest at 48.9 per cent.

Both the County Assembly and County Executive were within the ceilings in CARA,2023

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.249 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.249: Nyeri County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor and Deputy Governor							
Management and Co-ordination of county affairs	Administration, planning and support services	142,775,752	48,000,000	90,559,136	-	63.4	-
	Coordination of county functions	20,000,000	-	14,283,043	-	71.4	-
	Management of county affairs	4,249,565	-	1,372,820	-	32.3	-
		167,025,317	48,000,000	106,214,999	-	63.6	-
Office of the County Secretary							
Coordination of County Functions and Public Service Management	Administration, planning and support services	135,640,811	14,250,000	104,003,370	-	76.7	-
	County publicity campaign	2,318,220	-	1,313,860	-	56.7	-
		137,959,031	14,250,000	105,317,230	-	76.3	-
Finance, Economic Planning and ICT							
Executive services	Administration and personnel services	758,796,361	71,662,775	343,566,523	2,920,273	45.3	4.1
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	15,461,036	-	6,642,512	-	43.0	-
	Monitoring and Evaluation	8,864,060	-	8,166,400	-	92.1	-
ICT Development	ICT Infrastructure Development	5,467,575	-	1,900,700	-	34.8	-
Public Finance Management	Financial Accounting	42,687,349	-	35,709,341	-	83.7	-
	Internal Audit	7,812,300	-	5,583,630	-	71.5	-
	Procurement Compliance and Reporting	11,474,323	-	3,546,321	-	30.9	-
Revenue Mobilization	Revenue Mobilization	71,068,678	-	45,599,048	-	64.2	-
		921,631,682	71,662,775	450,714,475	2,920,273	48.9	4.1
Lands, Housing, Physical Planning and Urban Development							
Physical planning services	Administration and personnel services	85,463,643	208,563,046	53,492,501	45,078,988	62.6	21.6
Housing Development and Human Settlement	Government Building	5,197,057	-	1,831,862	-	35.2	-
Land Policy and Planning	Land Policy Formulation	4,817,943	-	1,753,447	-	36.4	-
		95,478,643	208,563,046	57,077,810	45,078,988	59.8	21.6

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Health Services							
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,398,715,893	475,230,196	1,892,305,529	120,062,505	78.9	25.3
Health Services	Health Services	30,354,638	-	-	-	-	-
	Community Health	3,489,200	-	2,718,143	-	77.9	-
		2,432,559,731	475,230,196	1,895,023,672	120,062,505	77.9	25.3
Gender, Youth, Social Services and Sports							
General Administration and Planning services	Administration and personnel services	75,842,305	-	51,118,628	-	67.4	-
Library Services and Disaster Management	Administration and planning services	17,895,000	90,608,960	6,546,872	10,856,571	36.6	12.0
Social Development and Protection	County Children’s Home Management	3,072,000	-	1,850,092	-	60.2	-
Sports and Talents Development	Recreation and Sporting Services	-	27,752,011	-	5,629,069	-	20.3
	Search and nurture talents	7,387,588	-	2,753,772		37.3	-
		104,196,893	118,360,971	62,269,364	16,485,640	59.8	13.9
County Public Service and Solid Waste Management							
Human resources Management	Administration Planning and Support Services	395,995,102	17,194,150	278,480,202	1,085,331	70.3	6.3
Sanitation management	Administrative Support Services	-	35,500,000	-	14,756,790	0.0	41.6
	Environment Conservation, Protection and Management	8,448,828	-	4,054,362	-	48.0	-
		404,443,930	52,694,150	282,534,564	15,842,121	69.9	30.1
Agriculture, Livestock and Aquaculture Development							
Agricultural Management	Administration and planning services	232,258,315	69,193,231	159,312,594	20,098,445	68.6	29.0
County Extension Services and Aquaculture Development	Administrative Support Services	3,748,860	47,375,111	2,233,842	6,119,600	59.6	12.9
Coffee Improvement Program	Coffee Improvement Program	-	255,000,000	-	350	-	-
Crop Management	County Agriculture Extension Program	1,903,003	28,999,500	787,999	1,800,000	41.4	6.2
AMS Naromoru	Development Of Agricultural Land for Crop Production	1,226,000	2,000,000	1,226,000	999,845	100.0	50.0
Wambugu ATC	Farm Development	5,300,000	-	5,300,000	-	100.0	-
Livestock Production Management	Provision of Extension Services to Livestock farmers	1,645,500	100,582,920	696,680	3,208,000	42.3	3.2
		246,081,678	503,150,762	169,557,115	32,226,240	68.9	6.4
Trade, Culture, Tourism and Cooperative Development Agriculture, Livestock and Aquaculture Development							
Co-operatives	Cooperative Development and Management	5,769,585	26,000,000	4,440,879	2,448,100	77.0	9.4
Tourism Development	Promotion of Tourism	7,032,000	14,095,113	1,781,500	4,981,622	25.3	35.3
Trade Development	Trade Promotion	66,689,930	269,372,757	48,617,540	5,779,532	72.9	2.1
		79,491,515	309,467,870	54,839,919	13,209,254	69.0	4.3
Education and Training							
General administration and policy Development and implementation	Administrative Support Services	499,993,691	78,747,036	404,838,328	3,806,912	81.0	4.8

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
ECDE Management	ECDE Management	3,692,496	-	1,638,893	-	44.4	-
Youth Training and Development	Youth Training and Development	-	29,913,878	-	3,367,099	-	11.3
		503,686,187	108,660,914	406,477,221	7,174,011	80.7	6.6
Water, Environment and Climate Change							
Water Management	Administrative Support Services	78,744,685	-	42,406,659	-	53.9	0.0
Environment and Climate Change	Environment Conservation, Protection and Management	6,914,910	233,092,760	3,342,613	27,377,841	48.3	11.7
Water Management	Water Services	-	115,298,008	-	36,589,511	-	31.7
		85,659,595	348,390,768	45,749,272	63,967,352	53.4	18.4
County Assembly							
General administration, Policy Development and implementation	Administration and planning services	805,714,253	50,000,000	628,509,870	-	78.0	-
		805,714,253	50,000,000	628,509,870	-	78.0	-
County Public Service Board							
General administration, Policy Development and implementation	Administration and personnel services	46,477,641	6,000,000	31,867,741	-	68.6	-
		46,477,641	6,000,000	31,867,741	-	68.6	-
Transport, Public Works, Infrastructure and Energy							
General Administration and Planning services	Administration, planning and support services	76,606,907	-	43,567,514	-	56.9	-
Roads development, maintenance and management	County access and feeder road improvement	-	283,826,271	-	34,618,784	-	12.2
Energy Sector Development	Street Lighting	-	280,448,245	-	66,975,436	-	23.9
Energy Sector Development	Street lighting programme	11,669,200	-	5,960,319	-	51.1	-
		88,276,107	564,274,516	49,527,833	101,594,220	56.1	18.0
Office of the County Attorney							
General Administration and Planning services	Management of county affairs	66,694,884	-	56,143,512	-	84.2	-
		66,694,884	-	56,143,512	-	84.2	-
Grand Total		6,185,377,087	2,878,705,968	4,401,824,597	418,560,604	71.2	14.5

Source: Nyeri County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Development of Agricultural land for crop production and Farm development in the Department of Agriculture, Livestock and Aquaculture Development at 100 per cent, Monitoring and evaluation in the Department of Finance, Economic Planning and ICT at 92.1 per cent, Management of county affairs in the Department of Office of the County Attorney at 84.2 per cent, Financial accounting in the Department of Finance, Economic Planning and ICT at 83.7 per cent and Administrative Support Services in the Department of Education and Training at 81.0 per cent of budget allocation.

3.36.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 on 26th April 2024
2. The underperformance of own-source revenue at Kshs.492.64 million against an annual target of Kshs.800 million, representing 61.6 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the County Established Funds were not submitted to the Controller of Budget
4. Use of manual payroll. Personnel emoluments amounting to Kshs.340.42 million were processed through the manual payroll, accounting for 11.1 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 use of 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 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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2023/24 Budget

The County's approved First supplementary budget for FY 2023/24 is Kshs.7.56 billion, comprising Kshs.2.52 billion (33.3 per cent) and Kshs.5.05 billion (66.7 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 8.4 per cent compared to the previous financial year when it was Kshs.6.97 billion, and comprised of Kshs.2.18 billion towards development expenditure and Kshs.4.79 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.59 billion (74.0 per cent) as the equitable share of revenue raised nationally, Kshs.919.58 million (12.2 percent) as additional allocations/conditional grants, a cash balance of Kshs.794.93 million (10.5 per cent) brought forward from FY 2022/23, and generate Kshs.256.03 million (3.4 per cent) as gross own source revenue. The own-source revenue includes Kshs.17 million (6.6 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.239.03 million (93.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.250.

3.37.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.2.97 billion as an equitable share of the revenue raised nationally, Kshs.145.38 million as additional allocations/conditional grants, had a cash balance of Kshs.794.93 million from FY 2022/23 and raised Kshs.232.30 million as own-source revenue (OSR). The raised OSR includes Kshs.8.46 million as FIF and Kshs.223.83 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.14 billion, as shown in Table 3.250.

Table 3.250: Samburu County, Revenue Performance in the First Nine Months 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	5,594,312,489.00	2,966,173,751.00	53.0
	Subtotal	5,594,312,489.00	2,966,173,751.00	53.0
B	Additional Allocations/Conditional Grants			
1.	Conditional Grant-Leasing of Medical Equipment	124,723,404.30	-	-
2.	DANIDA (Health support funds)	8,431,500.00	-	-
3.	World bank loan for National agricultural and rural inclusive growth project	150,000,000.00	-	-
4.	Mineral Royalties	905,740.00	-	-
5.	De-risking and Value Enhancement (DRIVE) -livestock	207,839,480.00	-	-
6.	Fertilizer subsidy	12,431,664.00	-	-
7.	Agriculture Sector Development Support Programme (ASDSP)	2,793,523.00	-	-
8.	Kenya Livestock Commercialization Project (KELCLOP)	37,500,000.00	-	-
9.	World bank loan for National agricultural and rural inclusive growth project B/F	39,696,527.00	39,696,527.00	100.0
10.	Agriculture Sector Development Support Programme (ASDSP) B/F	27,783,925.00	27,783,925.00	100.0
11.	ELRP(Locust)	200,970,152.00	-	-
12.	ELRP(Locust) b/f	53,393,156.00	53,393,156.00	100.0
13.	Finance Locally led Climate Action Program(FLLoCA)	28,600,000.00	-	-
14.	Fuel Levy b/f	11,615,658	11,615,658	100.0
15.	Kenya Devolution Support Programme B/F	10,380,389	10,380,389	100.0
16.	Kenya Urban Support Programme-UIG b/f	1,317,155	1,317,155	100.0

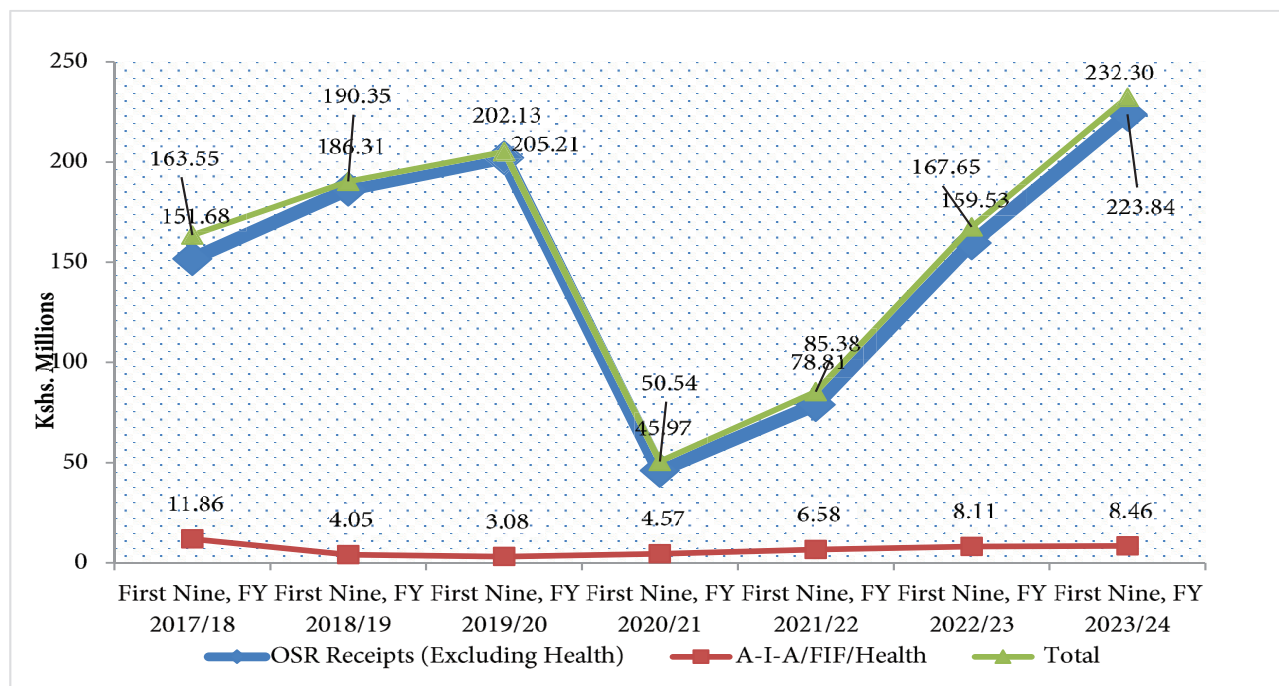
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
17.	Kenya Urban Support Programme-UDG b/f	1,194,559	1,194,559	100.0
	Subtotal	919,576,832		15.8
C	Own Source Revenue			
1.	Ordinary Own Source Revenue	239,027,400	223,838,095	93.6
2.	Ordinary Appropriation in Aid (A-I-A)			
3.	Facility Improvement Fund (FIF)	17,000,000	8,460,946	49.8
	Subtotal	256,027,400	232,299,041	90.7
D	Other Sources of Revenue			
1.	Unspent balance from FY 2022/23	794,929,376	794,929,376	100.0
2.	Other Revenues (provide a list)			
	Sub Total	794,929,376	794,929,376	100.0
	Grand Total	7,564,846,097	4,138,783,537	54.7

Source: Samburu County Treasury

The County of Samburu does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 109 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 109: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



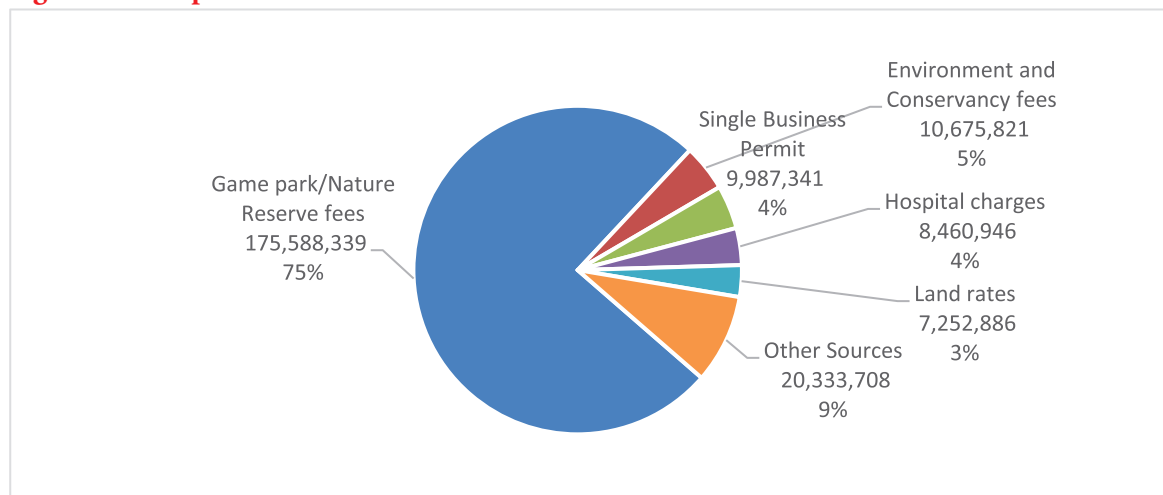
Source: Samburu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.232.30 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 38.6 per cent compared to Kshs.167.65 million realised in a similar period in FY 2022/23 and was 90.7 per cent of the annual target and 7.8 per cent of the equitable revenue share disbursed during the period.

The increase in revenue can be attributed to the adoption of a new revenue system and the focus of the county government on the dormant revenue streams.

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 Nine Months of FY 2023/24 in Kshs.



Source: Samburu County Treasury

The highest revenue stream of Kshs.175.58 million was from Game Parks Fees contributing to 75.2 per cent of the total OSR receipts during the reporting period.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.81 billion from the CRF account during the reporting period, which comprised Kshs.826.66 million (21.7 per cent) for development programmes and Kshs.2.98 billion (78.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.13 billion was released towards Employee Compensation and Kshs.854.27 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.179.1 million.

3.37.4 Borrowing by the County

During the period under review, the county did not make any borrowing.

3.37.5 County Expenditure Review

The County spent Kshs.3.81 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.826.66 million and Kshs.2.98 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 32.8 per cent, while recurrent expenditure represented 59.1 per cent of the annual recurrent expenditure budget.

3.37.6 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.517.43 million, comprising of Kshs.93.89 million for recurrent expenditure and Kshs.423.53 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.196.06 million. They consisted of Kshs.1.72 million for recurrent expenditure and Kshs.194.34 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.321.37 million.

The County Assembly did not report any pending bills as of 31st March 2024.

3.37.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.87 billion on employee compensation, Kshs.623.79 million on operations and maintenance, and Kshs.789.9 million on development activities. Similarly, the County Assembly spent Kshs.232.59 million on employee compensation, Kshs.259.53 million on operations and maintenance, and Kshs.36.75 million on development activities, as shown in Table 3.251.

Table 3.251: 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	4,455,021,629	592,999,097	2,492,888,091	492,124,660	56.0	83.0
Compensation to Employees	2,445,714,408	313,475,227	1,869,094,210	232,594,850	76.4	74.2
Operations and Maintenance	2,009,307,221	279,523,870	623,793,881	259,529,810	31.0	92.8
Development Expenditure	2,421,625,618	95,000,000	789,902,651	36,754,844	32.6	38.7
Total	6,876,647,247	687,999,097	3,282,790,742	528,879,504	47.7	76.9

Source: Samburu County Treasury

3.37.8 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.1 billion, or 50.7 per cent of the available revenue, which amounted to Kshs.4.14 billion. This expenditure represented an increase from Kshs.1.78 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.596.47 million paid to health sector employees, translating to 28.4 per cent of the total wage bill. The increase in the wage bill is a result of the confirmation of health workers who were previously on a contractual basis as well as the introduction of a housing levy.

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.359.51 million was processed through manual payrolls. The manual payrolls accounted for 17.4 per cent of the total PE cost.

The County Assembly spent Kshs.12.39 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.31.2 million. The average monthly sitting allowance was Kshs.51,016.46 per MCA. The County Assembly has established 15 Committees.

3.37.9 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.361 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.252 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.252: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	67,500,000	67,500,000	67,500,000	Yes
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	18,900,000	Yes
4	PLWD Fund	5,000,000	-	-	-	No
5	Youth and Women Fund	11,000,000	-	-	-	No
6	Emergency Fund – Department of Finance	30,000,000	-	-	-	No
County Assembly Established Funds						
7	County Assembly Car Loan and Mortgage	56,000,000	55,300,000	55,300,000	55,300,000	No
Total		361,000,000	141,700,000	237,900,000	141,700,000	

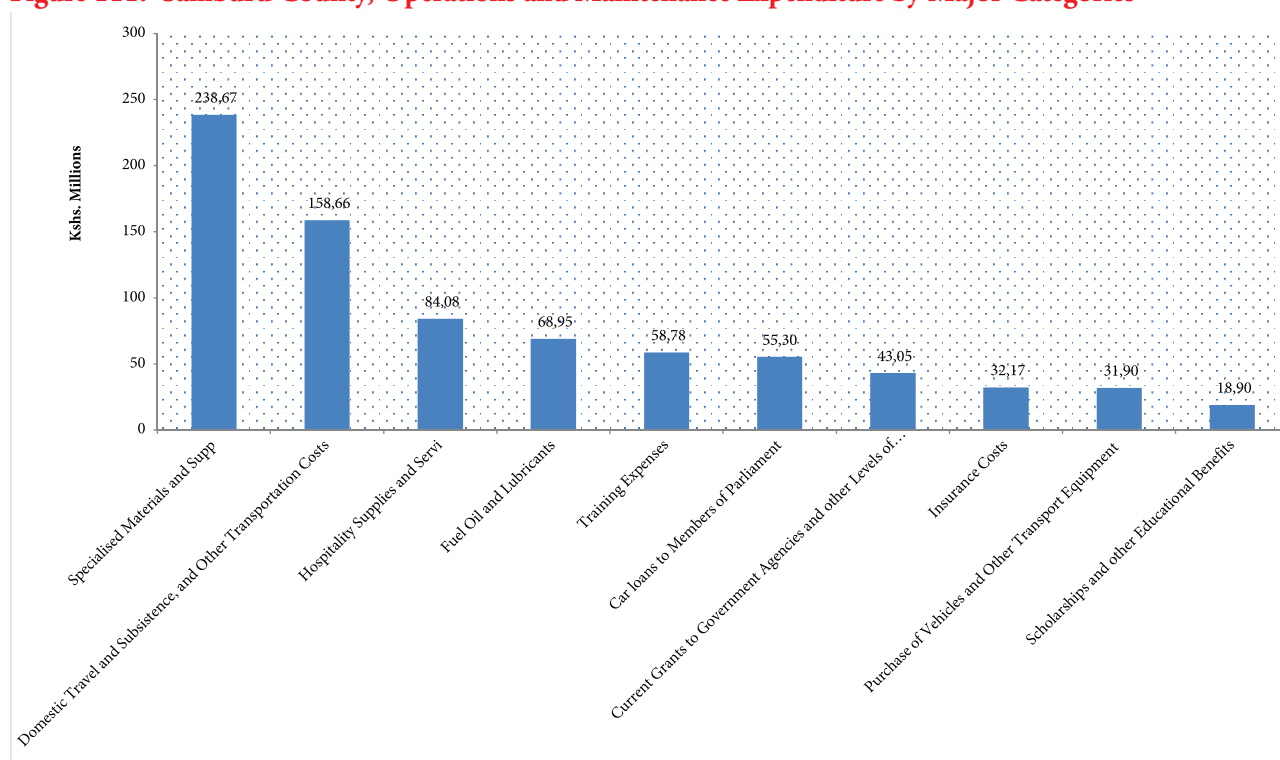
Source: Samburu County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 5 funds, as indicated in Table 3.251, contrary to the requirement of Section 168 of the PFM Act, 2012. The administration costs of the funds that submitted the reports were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Further, the OCoB noted 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.

3.37.10 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.158.66 million and comprised of Kshs.55.17 million spent by the County Assembly and Kshs.103.48 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.35 million and comprised Kshs.6.54 million by the County Assembly and Kshs.2.81 million by the County Executive. Expenditure on foreign travel is summarised in the Table 3.253.

Table 3.253: Summary of highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	09-Mar-24	ICPAK Leadership	UAE	622,164.00
County Executive	1	26th -Oct-2023	Seeking support to purchase a fire engine	USA	1,431,336.14
County Executive	1	26th Oct-2023	Seeking support to purchase a fire engine	USA	805,950.00
County Assembly	4	27th September 2022	ICPAK Training on Leadership Summit	UAE	4,347,874.00
County Assembly	1	July 30, 2023	Agricultural summit	Israel	1,374,250,

Source: Samburu County Treasury and Samburu County Assembly

Included in the operations and maintenance costs are expenditures of Kshs.12.13 million on legal fees. While no expenditures were incurred on garbage collection.

3.37.11 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.826.66 million on development programmes, representing a decrease of 16.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.992.21 million.

Table 3.254 summarises development projects with the highest expenditure in the reporting period.

Table 3.254: 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	Tourism	Conservancies	Samburu County	125,000,000.00	67,500,000.00	50
2	Livestock	Supply of Somali Camel Breed	Samburu East	33,600,000.00	33,600,000.00	100
3	Agriculture and Livestock	Supply of Somali Camel Breed	Samburu County	25,200,000.00	25,200,000.00	100
4	Livestock	Supply And Delivery of Certified Maize and Beans	Samburu County	23,800,000.00	23,800,000.00	100
5	Livestock	Supply of Sahiwal Heifers	Samburu County	21,000,000.00	21,000,000.00	100
6	Livestock	Supply of Sahiwal Heifers	Samburu County	20,418,000.00	20,418,000.00	100
7	Water	Supply Of Sahiwal Heifers	Samburu County	19,500,000.00	19,500,000.00	100
8	Livestock	Payment For Drilling and Equipping of 4 Boreholes	Suguta Marmar & Maralal ward	19,297,357.97	19,297,357.97	100
9	Trade	Supply Of Somali Camels Breeds	Samburu County	16,800,000.00	16,800,000.00	100
10	Trade And Tourism	Completion of Maralal Retail Market	Maralal	16,695,203.00	16,695,203.00	100

Source: Samburu County Treasury

3.37.12 Budget Performance by Department

Table 3.255 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.255: 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	505.20	8.00	271.80	-	271.80	-	100.0	-	53.8	-
Finance, Economic Planning & ICT	849.92	50.19	308.56	14.99	308.56	14.99	100.0	100.0	36.3	29.9
Agriculture, Livestock Development, Veterinary Services & Fisheries	220.96	980.65	123.38	218.69	123.38	218.69	100.0	100.0	55.8	22.3
Water, Environment, Natural Resources & Energy	191.57	338.52	109.52	106.92	109.52	106.92	100.0	100.0	57.2	31.6
Education and Vocational Training	608.27	141.00	389.90	65.72	389.90	65.72	100.0	100.0	64.1	46.6
Medical Services, Public Health & Sanitation	1,362.44	292.98	836.92	121.33	836.92	121.33	100.0	100.0	61.4	41.4
Lands, Housing, Physical Planning & Urban Development	174.24	91.33	127.32	16.70	127.32	16.70	100.0	100.0	73.1	18.3
Roads, Transport & Public Works	116.68	286.17	64.94	115.66	64.94	115.66	100.0	100.0	55.7	40.4

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
Tourism, Trade, Enterprise Development & Cooperatives	249.41	178.06	136.37	111.36	136.37	111.36	100.0	100.0	54.7	62.5
Culture, Social Services, Gender, Sports & Youth Affairs	176.32	54.74	124.18	18.53	124.18	18.53	100.0	100.0	70.4	33.9
County Assembly	593.00	95.00	492.12	36.75	492.12	36.75	100.0	100.0	83.0	38.7
	5,048.02	2,516.63	2,985.01	826.66	2,985.01	826.66	100.0	100.0	59.1	32.8

Source: Samburu County Treasury

Analysis of expenditure by departments shows that the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded the highest absorption rate of development budget at 62.5 per cent, followed by the Department of Education and Vocational Training at 46.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 83.0 per cent while the Department of Lands, Housing, Physical Planning & Urban Development had the lowest at 73.1 per cent. Further, during the period under review both the executive and assembly incurred on their programmes within the ceilings as set by CARA, 2023

3.37.13 Budget Execution by Programmes and Sub-Programmes

Table 3.256 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.256: Samburu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive		-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	-	-
	Management of County Affairs	-	-	-	-	-	-
County Executive Services	County Executive Services	433,780,438.00	8,000,000.00	215,798,923.85	-	55.5	-
	Administration and Coordination of County Affairs	-	-	-	-	-	-
	Sub County Administration	221,897,644.00	-	81,960,487.20	-	48.2	-
	Coordination, Supervision and Human Resource Services	171,097,176.00	8,000,000.00	103,635,568.45	-	60.6	-
	Management of County Affairs	40,785,618.00	-	30,202,868.20	-	74.1	-
Organisation of County Business	Organisation of County Business	-	-	-	-	-	-
	Public Sector Advisory Services	-	-	-	-	-	-
Economic, Social & Political Advisory Service	Economic, Social & Political Advisory Service	15,102,686.00	-	10,492,374.10	-	69.5	-
	County Policing	-	-	-	-	-	-
	General Administration Planning and Support Services	15,102,686.00	-	10,492,374.10	-	69.5	-
Administration of Human Resources in County Public Service	Administration of Human Resources in County Public Service	56,314,926.00	-	45,507,625.90	-	80.8	-
	General Administration Planning and Support Services	56,314,926.00	-	45,507,625.90	-	80.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration Services	Administration Services	-	-	-	-		
	Special Programs	-	-	-	-		
Special Programs	Special Programs	-	-	-	-		
	Grand Total	-	-	-	-		
	Grand Total	505,198,050.00	8,000,000.00	271,798,923.85	-	58.7	-
Finance, Economic Planning & ICT		-	-	-	-		
	General Administration Planning and Support Services	-	-	0	-		
Administration Services	Administration Services	495,378,580.00	42,194,000.00	124,273,514.65	14,993,000.00	25.1	35.5
	System Security	458,581,438.00	-	114,956,823.20	-	25.1	-
	Public Finance Management	36,797,142.00	42,194,000.00	9,316,691.45	14,993,000.00	25.3	35.5
Fiscal Planning	Fiscal Planning	306,503,839.00	8,000,000.00	170,696,330.60	-	55.7	-
	Resource Mobilization	50,273,670.00	8,000,000.00	13,418,006.95	-	26.7	-
	Budget Formulation Coordination and management	91,801,113.00	-	67,359,268.20	-	73.4	-
	Public finance and Accounting	14,311,920.00	-	9,428,701.60	-	65.9	-
	Internal Audit	42,478,495.00	-	28,172,530.40	-	66.3	-
	Data Management	20,411,858.00	-	7,796,791.80	-	38.2	-
	Procurement	19,000,000.00	-	16,199,242.60	-	85.3	-
	Monitoring & Evaluation / Statistical	26,551,602.00	-	10,353,356.30	-	39.0	-
	Special Programs	41,675,181.00	-	17,968,432.75	-	43.1	-
Special Programs	Special Programs	35,354,323.00	-	7,744,538.00	-	21.9	-
	General Administration (Economic Planning and ICT)	35,354,323.00	-	7,744,538.00	-	21.9	-
General Administration (Economic Planning and ICT)	General Administration (Economic Planning and ICT)	12,682,895.00	-	5,821,275.95	-	45.9	-
	Grand Total	12,682,895.00	-	5,821,275.95	-	45.9	-
	Grand Total	849,919,637.00	50,194,000.00	308,535,659.20	14,993,000.00	36.3	29.9
Agriculture, Livestock Development, Veterinary Services & Fisheries		-	-	-	-		
		-	-	-	-		
Administration, Planning and Support Services		79,394,821.00	-	27,701,844.20	-	34.9	-
	Administration, Planning and Support Services	79,394,821.00	-	27,701,844.20	-	34.9	-
Promotion of Value Addition of Livestock and Livestock Products		72,276,278.00	912,767,981.00	28,305,660.25	129,425,023.95	39.2	14.2
	Promotion of Value Addition of Livestock and Livestock Products	18,303,764.00	853,527,981.00	11,010,746.25	105,873,035.95	60.2	12.4
	Promotion of Dairy Production, Breeding and Disease Control	27,141,854.00	1,000,000.00	8,219,204.95	-	30.3	-
	Livestock marketing and rangeland management	11,741,904.00	-	3,169,278.70	-	27.0	-
	Livestock Diseases Management and Control	15,088,756.00	60,240,000.00	5,906,430.35	23,551,988.00	39.1	39.1
Development of capture fisheries resources		8,332,664.00	15,827,086.00	3,246,117.25	11,836,286.00	39.0	74.8
	Development of capture fisheries resources	8,332,664.00	15,827,086.00	3,246,117.25	11,836,286.00	39.0	74.8

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Crop Production and Food Security		60,958,708.00	52,051,664.00	20,256,863.70	24,800,000.00	33.2	47.6
	Crop Production and Food Security	20,392,822.00	-240,000.00	3,384,402.05	-	16.6	-
	Agricultural Extension Research and Training	40,565,886.00	52,291,664.00	16,872,461.65	24,800,000.00	41.6	47.4
	Grand Total	220,962,471.00	980,646,731.00	79,510,485.40	166,061,309.95	36.0	16.9
Water, Environment, Natural Resources & Energy		-	-	-	-		
General Administration Planning and Support Services	General Administration Planning and Support Services	-	-	-	-		
	Administration, Planning and Support Services	-	-	-	-		
Pollution control& monitoring	Pollution control& monitoring	57,862,262.00	267,635,500.00	19,036,564.65	109,211,427.65	32.9	40.8
	Administration	57,862,262.00	267,635,500.00	19,036,564.65	109,211,427.65	32.9	40.8
Forests Conservation and Management	Forests Conservation and Management	32,333,851.00	71,080,550.00	2,264,437.10	-	7.0	-
	Forests Conservation and Management	24,442,020.00	2,200,000.00	1,319,267.10	-	5.4	-
	Pollution control& monitoring	7,891,831.00	68,880,550.00	945,170.00	-	12.0	-
Forests Conservation and Management	Forests Conservation and Management	11,474,810.00	-	2,289,585.60	-	20.0	-
	Control of soil erosion	5,661,970.00	-	937,275.60	-	16.6	-
	Mining Services	2,460,790.00	-	349,200.00	-	14.2	-
	Water Catchment and Protection Services	3,352,050.00	-	1,003,110.00	-	29.9	-
Environmental Management and Protection	Environmental Management and Protection	89,902,594.00	-	49,549,962.00	-	55.1	-
	Water and sanitation services	81,670,389.00	-	47,239,762.00	-	57.8	-
	Stormwater management	8,232,205.00	-	2,310,200.00	-	28.1	-
	Grand Total	191,573,517.00	338,716,050.00	73,140,549.35	109,211,427.65	38.2	32.2
Education and Vocational Training		-	-	-	-	-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	240,766,617.00	-	171,022,773.80	-	71.0	-
	Bursary Management Services	-	-	-	-		
	General Administration Planning and Support Services	240,766,617.00	-	171,022,773.80	-	71.0	-
Education & Training Services	Education & Training Services	357,053,381.00	134,595,000.00	291,207,974.00	63,494,940.00	81.6	47.2
	Promotion of Early Childhood Education	357,053,381.00	134,595,000.00	291,207,974.00	63,494,940.00	81.6	47.2
	Promotion of youth empowerment	-	-	-	-	-	-
Management and development of Sports & Sports facilities	Management and development of Sports & Sports facilities	-	-	-	-	-	-
	Sports Development, Training & Competition	-	-	-	-	-	-
Youth Training and Development	Youth Training and Development	10,445,312.00	6,404,900.00	3,335,034.40	7,904,840.00	31.9	123.4
	SP1 Revitalization of Youth Polytechnics	10,445,312.00	6,404,900.00	3,335,034.40	7,904,840.00	31.9	123.4

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Grand Total	608,265,310.00	140,999,900.00	465,565,782.20	71,399,780.00	76.5	50.6
Medical Services, Public Health & Sanitation		-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	-	-
	Preventive and Promotive Health Services	-	-	-	-	-	-
Non-communicable Disease & Prevention Control	Non-communicable Disease & Prevention Control	301,050,821.00	-	289,014,423.70	-	96.0	-
	Maternal Health Services	32,518,515.00	-	30,703,776.25	-	94.4	-
	Communicable Disease Control	54,637,138.00	-	61,899,908.00	-	113.3	-
	Health Promotive Services	84,029,736.00	-	77,714,430.20	-	92.5	-
	Health curative Services	129,865,432.00	-	118,696,309.25	-	91.4	-
County Referral Services	County Referral Services	819,789,457.00	24,380,389.00	544,966,023.25	3,129,910.00	66.5	12.8
	Free Primary Healthcare	647,659,473.00	24,380,389.00	397,577,181.70	3,129,910.00	61.4	12.8
	Provision Of Essential Health Services in all the Levels	150,675,046.00	-	130,919,364.70	-	86.9	-
	General Administration Planning and Support Services	21,454,938.00	-	16,469,476.85	-	76.8	-
Health Standards and Quality Assurance Services	Health Standards and Quality Assurance Services	241,603,979.00	268,596,424.00	152,265,439.20	125,438,429.00	63.0	46.7
	Research And Development	76,834,490.00	-	48,972,409.70	-	63.7	-
	Health Infrastructure development	9,056,172.00	-	6,119,731.65	-	67.6	-
	Human Resources for health	9,973,576.00	-	8,099,001.25	-	81.2	-
	Health Policy, Planning & Financing	101,473,482.00	-	44,733,661.90	-	44.1	-
		44,266,259.00	268,596,424.00	44,340,634.70	125,438,429.00	100.2	46.7
Water Catchment and Protection Services	Water Catchment and Protection Services	-	-	-	-	-	-
	Grand Total	1,362,444,257.00	292,976,813.00	986,245,886.15	128,568,339.00	72.4	43.9
Lands, Housing, Physical Planning & Urban Development		-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Administration, Planning and Support Services	Administration, Planning and Support Services	122,762,015.00	5,000,000.00	45,001,978.75	-	36.7	-
	Land Use Policy and Planning	122,762,015.00	5,000,000.00	45,001,978.75	-	36.7	-
Housing management services	Housing management services	16,572,824.00	50,130,000.00	6,185,147.05	19,943,203.00	37.3	39.8
	GIS Data Base creation	1,004,955.00	-	363,125.00	-	36.1	-
	Spatial planning	-	-	-	-	-	-
	Survey And Mapping	7,617,044.00	-	2,328,397.00	-	30.6	-
	Urban Centres Administration	7,950,825.00	50,130,000.00	3,493,625.05	19,943,203.00	43.9	39.8
Urban centre management	Urban centre management	34,909,894.00	36,195,293.00	15,331,700.90	1,194,559.00	43.9	3.3
	Urban centre management	34,909,894.00	36,195,293.00	15,331,700.90	1,194,559.00	43.9	3.3
	Grand Total	174,244,733.00	91,325,293.00	66,518,826.7	21,137,762.0	38.2	23.1
		Revised Estimates		Expenditure		Absorption %	Absorption %

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Program	Description	Recurrent	Development	Recurrent	Development	Rec	Dev
Roads, Transport & Public Works		-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Administration, Planning and Support Services	Administration, Planning and Support Services	-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
Administrative services	Administrative services	73,759,635.00	-	38,308,333.95	-	51.9	-
	Design, implementation and supervision of public buildings	55,113,209.00	-	30,961,876.00	-	56.2	-
	Firefighting services	14,018,860.00	-	5,539,937.80	-	39.5	-
	Infrastructure, Roads & Transport Services	4,627,566.00	-	1,806,520.15	-	39.0	-
Street lights management	Street lights management	42,923,197.00	286,165,308.00	11,426,041.90	151,079,339.80	26.6	52.8
	Rehabilitation of Roads, Drainage and Bridges	16,447,732.00	16,000,000.00	6,232,206.25	-	37.9	-
	Public Road transport and parking	11,550,809.00	270,165,308.00	804,500.00	151,079,339.80	7.0	55.9
	Design, supervision and rehabilitation of County Buildings	3,920,836.00	-	1,271,385.65	-	32.4	-
	General Administration Planning and Support Services	11,003,820.00	-	3,117,950.00	-	28.3	-
Administration	Administration	-	-	-	-	-	-
	Land Use Policy and Planning	-	-	-	-	-	-
Pollution control& monitoring	Pollution control& monitoring	-	-	-	-	-	-
	Conservation and Management of Natural Ecosystems	-	-	-	-	-	-
Stormwater management	Stormwater management	-	-	-	-	-	-
	Water and sanitation services	-	-	-	-	-	-
	Grand Total	-	-	-	-	-	-
	Grand Total	116,682,832.00	286,165,308.00	49,734,375.85	151,079,339.80	42.6	52.8
		Revised Estimates		Expenditure		Absorption %	Absorption %
Program	Description	Recurrent	Development	Recurrent	Development	Rec	Dev
Tourism, Trade, Enterprise Development & Cooperatives		-	-	-	-	-	-
	General Administration Planning and Support Services	-	-	-	-	-	-
General administration	General administration	66,617,224.00	152,902,650.00	14,738,910.70	78,042,560.95	22.1	51.0
	Cooperatives Development and Management	66,617,224.00	152,902,650.00	14,738,910.70	78,042,560.95	22.1	51.0
SACCO members' empowerment	SACCO members' empowerment	25,655,289.00	-	4,523,697.70	-	17.6	-
	Enhance Marketing Co-operatives	-	-	-	-	-	-
	Promote Commerce and Enterprises	25,655,289.00	-	4,523,697.70	-	17.6	-
Business Development Services for MSE's	Business Development Services for MSE's	2,541,500.00	-	867,965.00	-	34.2	-
	Promotion of Tourism and Marketing	2,541,500.00	-	867,965.00	-	34.2	-
Tourism and Infrastructure Development	Tourism and Infrastructure Development	122,837,098.00	-	75,498,311.90	-	61.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Establish & Management of County Tourism Information Centre	-	-	-	-	-	-
	Tourism Training & capacity Building	111,537,098.00	-	74,569,421.90	-	66.9	-
	Trade Development and Promotion	11,300,000.00	-	928,890.00	-	8.2	-
Domestic trade development	Domestic trade development	19,924,771.00	-	10,123,876.70	-	50.8	--
	Market development and promotion of fair-trade services	18,604,771.00	-	9,396,176.70	-	50.5	-
	General Administration Planning and Support Services	1,320,000.00	-	727,700.00	-	55.1	-
General Administration Planning and Support Services	General Administration Planning and Support Services	11,837,684.00	25,161,600.00	1,470,612.50	26,393,200.00	12.4	104.9
	Grand Total	11,837,684.00	25,161,600.00	1,470,612.50	26,393,200.00	12.4	104.9
	Grand Total	249,413,566.00	178,064,250.00	107,223,374.50	104,435,760.95	43.0	58.7
		Revised Estimates		Expenditure		Absorption %	Absorption %
Program	Description	Recurrent	Development	Recurrent	Development	Rec	Dev
Culture, Social Services, Gender, Sports & Youth Affairs		-	-	-	-	-	-
	Education & Training Services	-	-	-	-	-	-
Promotion of youth empowerment	Promotion of youth empowerment	-	-	-	-	-	-
	Management and development of Sports & Sports facilities	-	-	-	-	-	-
Sports Development, Training & Competition	Sports Development, Training & Competition	58,300,000.00	29,037,030.00	5,023,966.00	15,537,030.00	8.6	53.5
	Public Sector Advisory Services	58,300,000.00	29,037,030.00	5,023,966.00	15,537,030.00	8.6	53.5
Economic, Social & Political Advisory Service	Economic, Social & Political Advisory Service	5,086,036.00	-	2,466,584.65	-	48.5	-
	General Administration Planning and Support Services	5,086,036.00	-	2,466,584.65	-	48.5	-
General Administration Planning and Support Services	General Administration Planning and Support Services	60,730,185.00	25,700,000.00	24,507,546.70	7,478,900.65	40.4	29.1
	Community Mobilization and Development	60,730,185.00	25,700,000.00	24,507,546.70	7,478,900.65	40.4	29.1
Community Mobilization and Development	Community Mobilization and Development	27,446,884.00	-	10,495,437.40	-	38.2	-
	Development and Promotion of Culture	5,608,872.00	-	2,577,132.90	-	45.9	-
	Social Welfare and Gender	4,618,012.00	-	2,878,404.50	-	62.3	-
	Conservation of Heritage	16,400,000.00	-	4,494,400.00	-	27.4	-
	Development and management of sports facilities	820,000.00	-	545,500.00	-	66.5	-
Development and management of sports facilities	Development and management of sports facilities	7,460,000.00	-	6,848,406.00	-	91.8	-
	General Administration Planning and Support Services	7,460,000.00	-	6,848,406.00	-	91.8	-
General Administration Planning and Support Services (Sports)	General Administration Planning and Support Services (Sports)	17,294,147.00	-	10,074,934.80	-	58.3	-
	Grand Total	17,294,147.00	-	10,074,934.80	-	58.3	-
	Grand Total	176,317,252.00	54,737,030.00	59,416,875.55	23,015,930.65	33.7	42.0
County Assembly							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Legislative, Oversight and Representation	Legislative and Oversight	136,625,668	102,849,397	-	-	-	-
	County Assembly Administration	216,253,823	197,287,349	95,000,000	36,754,844	43.9	18.6
	Representation	240,119,606	191,987,914	-	-	-	-
Assembly Totals		592,999,097	492,124,660	95,000,000	36,754,844	16.0	7.5
	Grand Total	5,048,020,726	2,516,625,618	2,985,012,751	826,657,495	59.1	32.8

Source: Samburu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Youth Training and Development in the Department of Education and Vocational Training at 123.4 per cent, General Administration Planning and Support Services in the Department of Tourism, Trade, Enterprise Development & Cooperatives at 104.9 per cent, Development of capture fisheries resources in the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries at 74.8 per cent, and Public Road transport and parking at 55.9 per cent of budget allocation. The reason for over-absorption in some lines is attributed to adjustments during the 1st supplementary where deductions were made in excess of the already expensed amounts.

3.37.14 Accounts Operated in Commercial Banks

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

3.37.15 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. 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 24th April 2024.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Executive Car Loan and Mortgage Fund, Persons Living with Disability Fund, Youth and Women 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.321.37 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.359.51 million were processed through the manual payroll, accounting for 17.4 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.
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 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 the timelines prescribed in 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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2023/24 Budget

The County's approved budget for FY 2023/24 is Kshs.10.54 billion, comprising Kshs.4.71 billion (44.7 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 it 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) brought forward 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 ordinary Appropriations-in-Aid (A-I-A)/Facility Improvement Fund (revenue from health facilities), 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 3.257.

3.38.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.4.21 billion as an equitable share of the revenue raised nationally, Kshs.234.88 million as additional allocations/conditional grants, had a cash balance of Kshs.1.57 billion from FY 2022/23, and raised Kshs.402.60 million as own-source revenue (OSR). The raised OSR includes Kshs.252.04 million as ordinary A-I-A/FIF and Kshs.150.56 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.42 billion, as shown in Table 3.257.

Table 3.257: Siaya County, Revenue Performance in the First Nine Months of FY 2023/24

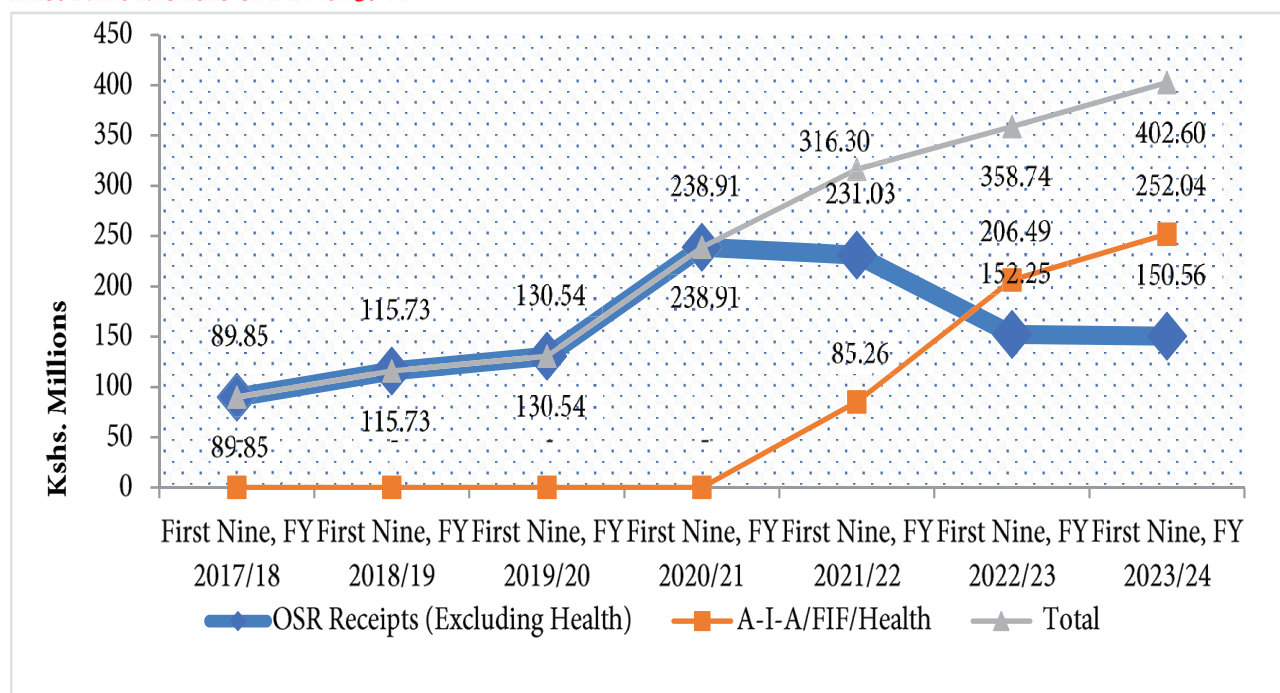
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,263,019,462	4,212,551,286	58.0
	Subtotal	7,263,019,462	4,212,551,286	58.0
B	Additional Allocations/Conditional Grants			
1.	Lease of Medical Equipment	124,723,404		-
2.	DANIDA -Primary Healthcare	10,568,250		-
3.	County Aggregation and Industrial Park	100,000,000		-
4.	Provision of Subsidy Fertilizer Program	166,455,063		-
5.	Allocation of Mineral Royalties	259,152		-
6.	Livestock Value Chain Support Project	14,323,680		-
7.	IDA-Agricultural Value Chain Development Project	250,000,000	195,112,952	78.0
8.	Kenya Climate Smart Agricultural Project (KCSAP)	90,000,000	22,136,824	24.6
9.	Financing Locally Led Climate Action (FLLoCA)	11,000,000		-
10.	Agricultural Sector Development Support Project (ASDSP)	1,037,537	1,537,537	148.2
11.	Kenya Livestock Commercialization Project	30,500,000	16,095,837	52.8
12.	Aquaculture Business Development Project (ABDP)	13,838,473		-
13.	FLLoCA Development Project	137,500,000		-
	Sub Total	950,205,559	234,883,150	24.7
C	Own Source Revenue			
1.	Ordinary Own Source Revenue	434,494,994	150,556,001	-
2.	Ordinary Appropriation in Aid (A-I-A) /Facility Improvement Fund (FIF)	325,505,006	252,044,944	77.4
	Sub Total	760,000,000	402,600,945	53.0
D	Other Sources of Revenue			
1.	Unspent balance from FY 2022/23	1,568,905,262	1,568,905,262	100.0
2.	Other Revenues (provide a list)	-	-	-
	Sub Total	1,568,905,262	1,568,905,262	100.0
	Grand Total	10,452,130,283	6,418,940,644	61.4

Source: Siaya County Treasury

The performance of the Agricultural Sector Development Support Project (ASDSP) grand exceeds 100.0 per cent as a result of the County Contribution. 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 nine months of FY 2017/18 to the first nine months of FY 2023/24.

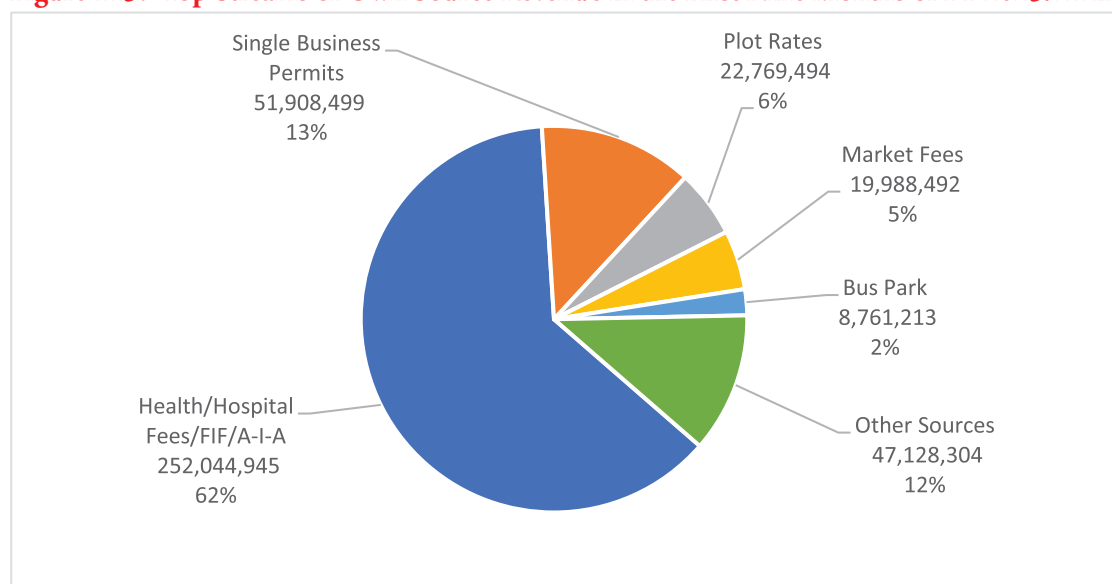
Figure 112: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Siaya County Treasury

The County did not provide information on receipts of FIF in previous financial years. In the first nine months of FY 2023/24, the County generated a total of Kshs.402.60 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 12.2 per cent compared to Kshs.358.74 million realised in a similar period in FY 2022/23 and was 53.0 per cent of the annual target and 9.6 per cent of the equitable revenue share disbursed during the period. The increase is attributed to increased enforcement measures by the county government. 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 Nine Months of FY 2023/24 in Kshs.



Source: Siaya County Treasury

The highest revenue stream of Kshs.252.04 million was from health/Hospital Fees/FIF, contributing to 62.0 per cent of the total OSR receipts during the reporting period.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.55 billion from the CRF account during the reporting period, which comprised Kshs.922.29 million (20.3 per cent) for development programmes and Kshs.3.63 billion (79.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.17 billion was released towards Employee Compensation and Kshs.1.46 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.807.92 million.

3.38.4 County Expenditure Review

The County spent Kshs.4.51 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.1 per cent of the total funds released by the CoB and comprised of Kshs.884.20 billion and Kshs.3.63 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.8 per cent, while recurrent expenditure represented 62.3 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.761.29 million, comprising of Kshs.397.20 million for recurrent expenditure and Kshs.364.09 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.422.37 million. They consisted of Kshs.180.89 million for recurrent expenditure and Kshs.241.48 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.388.92 million.

The County Assembly reported outstanding pending bills of Kshs.0.00 million as of 31st March 2024.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.96 billion on employee compensation, Kshs.1.18 billion on operations and maintenance, and Kshs.787.34 million on development activities. Similarly, the County Assembly spent Kshs.210.83 million on employee compensation, Kshs.279.99 million on operations and maintenance, and Kshs.96.86 million on development activities, as shown in Table 3.258.

Table 3.258: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,020,687,778	808,171,751	3,137,971,323	490,820,155	62.5	60.7
Compensation to Employees	3,009,710,864	373,107,654	1,961,693,958	210,831,390	65.2	56.5
Operations and Maintenance	2,010,976,914	435,064,097	1,176,277,365	279,988,765	58.5	64.4
Development Expenditure	4,169,614,823	543,655,931	787,338,556	96,864,159	18.9	17.8
Total	9,190,302,601	1,351,827,682	3,925,309,879	587,684,314	42.7	43.5

Source: Siaya County Treasury

3.38.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.17 billion, or 33.8 per cent of the available revenue, which amounted to Kshs.6.42 billion. This expenditure represented a decrease from Kshs.2.18 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.00 billion paid to health sector employees, translating to 46.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.68 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.488.96 million was processed through manual pay-rolls. The manual payrolls accounted for 29.0 per cent of the total PE cost.

The County Assembly spent Kshs.15.26 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.34.48 million. The average monthly sitting allowance was Kshs.39,442 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 1.4 per cent of the County's overall budget. Table 3.259 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.259: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Siaya County Bursary Fund	110,600,000	110,600,000	110,600,000	771,400,000	Yes
2	Cooperative Development Fund	30,000,000	-	-	-	-
County Assembly Established Funds						
3	Siaya County Assembly MCA's and Staff Car Loan and Mortgage Fund	10,000,000	-	-	409,212,000	Yes
	Total	150,600,000	110,600,000	110,600,000	1,180,612,000	

Source: Siaya County Treasury

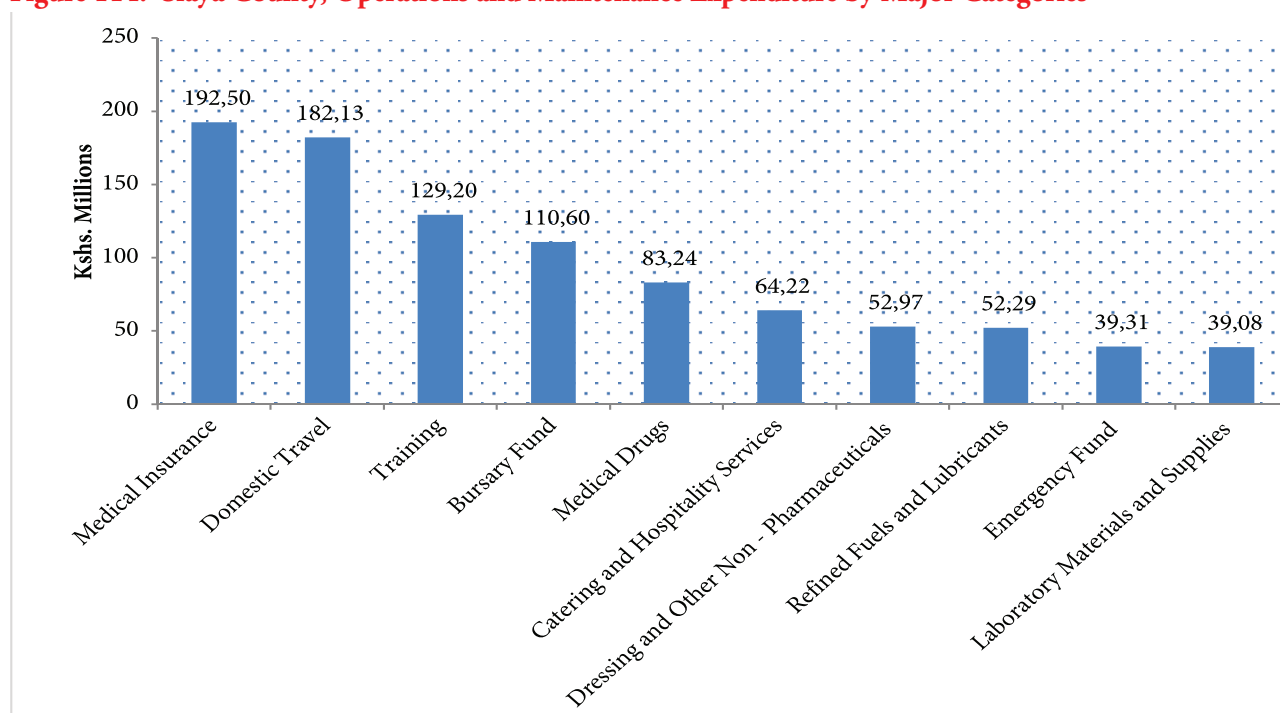
During the reporting period, the CoB received quarterly financial returns from Fund Administrators of the Siaya County Bursary Fund and Siaya County Assembly MCA's & Staff Car Loan and Mortgage Fund, as indicated in Table 3.254, as per the requirement of Section 168 of the PFM Act, 2012. The administration costs of the Siaya County Bursary Fund and Siaya County Assembly MCA's and Staff Car Loan and Mortgage Fund were within the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

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.

3.38.9 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.182.13 million and comprised Kshs.68.25 million spent by the County Assembly and Kshs.113.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.18 million and comprised Kshs.0.00 million by the County Assembly and Kshs.24.18 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.260.

Table 3.260: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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 th -21 st September, 2023	Trade mission to the Islamic Republic of Iran to promote partnership and Economic Cooperation	Iran	3,570,605
County Executive	8	16 th – 21 st October, 2023	Invitation to participate in the Foreign Education Program	Qatar	3,438,205
County Executive	3	9 th -15 th November, 2023	Intra-African Trade Fair 2023 and 3 rd Conference of African Sub-Sovereign Governments Network	Egypt	1,250,604
County Executive	4	2 nd – 7 th December, 2023	Development of Inter-County Rai 1 Network in the Lake Region	India	1,622,777

Source: Siaya County Treasury and Siaya County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.49.30 million on garbage collection and Kshs.37.97 million on legal fees.

3.38.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.884.20 million on development programmes, representing an increase of 72.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.513.33 million. Table 3.261 summarises development projects with the highest expenditure in the reporting period.

Table 3.261: 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	Enterprise and Industrial Development	Establishment of Industrial Park	Central Alego	483,688,922	48,592,902	10.0
2	Tourism, Culture, Sports and Arts	Construction of the Proposed Siaya Stadium	Siaya Municipality	424,872,926.59	441,964,496.98	104.0
3	County Assembly	Construction and fencing of 30 Ward Offices	Ward offices	160,167,929	125,408,776	78.3
4	County Assembly	Geo Survey, Drilling and Equipping of Boreholes in the 30 Ward Offices	Ward Offices	125,662,548	100,188,139	79.7
5	County Assembly	Construction of meeting Halls in the Ward Offices	Ward offices	149,913,785	88,068,780	58.7
6	County Assembly	Ward Office Networking including the Development of Wide Area Networks and Structured Cabling in Ward Offices	Ward Offices	102,183,608	60,107,092	58.8
7	Agriculture, Food, Livestock and Fisheries	Construction of Rice milling plant at Siriwo	Usonga	47,721,373	32,892,954	68.9
8	Education, Youth Affairs, Gender and Social Services	Vocational Training Centres (VTC) Students Capitation	County-wide	47,654,330	41,000,000	86.0
9	County Health Services	Refrigeration at Siaya Referral Morgues (48-body capacity refrigeration machine)	Siaya Municipality	53,159,593	35,159,593	66.1
10	County Health services	Construction of Surgical Theatre at Siaya Referral	Siaya Municipality	53,132,318	19,413,749	36.5

Source: Siaya County Treasury

The absorption rate on the construction of the proposed Siaya stadium exceeds 100.0 per cent due to the construction sum variation of the project cost.

3.38.11 Budget Performance by Department

Table 3.262 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.262: 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	491.56	96.86	490.82	96.86	98.8	100.0	60.7	17.8
Governance and Administration	540.32	28.15	411.30	3.35	411.30	3.35	100.0	100.0	76.1	11.9
Finance and Economic Planning	980.67	40.77	808.80	2.00	898.80	2.00	100.0	100.0	82.5	4.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Food, Livestock and Fisheries	323.40	808.47	189.42	82.62	189.42	81.76	100.0	99.0	58.6	10.1
Water, Irrigation, Environment and Natural Resources	109.43	396.72	47.66	57.30	47.66	50.48	100.0	88.1	43.6	12.7
Education, Youth Affairs, Gender and Social Services	369.33	512.61	248.06	107.06	248.06	99.23	100.0	92.7	67.2	19.4
County Health Services	2,194.08	600.68	1,152.16	99.01	1,152.16	94.06	100.0	95.0	52.5	15.7
Lands, Physical Planning, Urban Development and Housing	129.24	106.21	89.34	30.40	89.34	27.51	100.0	90.5	69.1	25.9
Roads, Public Works, Energy and Transport	95.62	789.58	59.38	249.88	59.38	244.67	100.0	97.9	62.1	31.0
Enterprise and Industrial Development	195.44	637.04	92.05	126.63	92.05	122.95	100.0	97.1	47.1	19.3
Tourism, Culture, Sports and Arts	83.15	249.39	39.79	67.17	39.79	61.30	100.0	91.3	47.9	24.6
	5,828.86	4,713.27	3,629.53	922.29	3,628.79	884.20	100.0	95.9	62.3	18.8

Source: Siaya County Treasury

Analysis of expenditure by departments shows that the Department of Lands, Physical Planning, Urban Development and Housing recorded the highest absorption rate of development budget at 25.9 per cent, followed by the Department of Tourism, Culture, Sports and Arts at 24.6 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 82.5 per cent while the Department of Water, Irrigation, Environment and Natural Resources had the lowest at 43.6 per cent.

The allocation for recurrent expenditure for the County Executive is within the CARA, 2023 ceilings. However, the recurrent expenditure for the County Assembly is above the ceilings by Kshs.32.49 million as a result of the addition of Staff car loan and Mortgage Fund and MCA's Motor Vehicle Reimbursement which are outside the CARA 2023 ceilings.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.263 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.263: Siaya 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
County Assembly							
Legislation	Legislation	389,936,744.00	-	233,139,669.00	-	59.8	-
Oversight	Oversight	40,000,000.00	-	25,385,604.00	-	63.5	-
Staff Management and Development	Staff Management and Development	378,235,007.00	543,655,931.00	232,294,882.00	96,864,159.00	61.4	17.8
	Sub -Total	808,171,751.00	543,655,931.00	490,820,155.00	96,864,159.00	60.7	17.8
Governance and Administration							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	204,626,124.00	-	170,715,731.95	-	83.4	-
The Office of the Governor	The Office of the Governor	135,561,668.00	28,148,023.00	67,985,087.75	5,110,974.15	50.2	18.2
County Executive Administration	County Executive Administration	3,814,267.00	-	3,212,278.00	-	84.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		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	-	51,011,688.00	-	82.7	-
Firefighting and Disaster Management	Firefighting and Disaster Management	5,696,955.00	-	4,782,139.80	-	83.9	-
Sub County Administration	Sub County Administration	121,846,232.00	-	106,632,122.15	-	87.5	-
Human Resource Management	Human Resource Management	7,126,500.00	-	6,122,129.50	-	85.9	-
	Sub -Total	540,322,777.00	28,148,023.00	410,461,177.15	5,110,974.15	76.0	18.2
Finance and Economic Planning							
Financial Services	Financial Services	26,678,460.00	-	11,916,442.20	-	44.7	-
Administration, Planning, Revenue and Accounting	Administration, Planning, Revenue and Accounting	772,358,419.00	40,768,230.00	433,783,451.45	2,004,688.80	56.2	4.9
Procurement	Procurement	9,704,630.00	-	6,697,884.00	-	69.0	-
Budget Services	Budget Services	85,811,446.00	-	43,898,646.80	-	51.2	-
Internal Audit	Internal Audit	11,539,329.00	-	7,188,274.40	-	62.3	-
Economic Planning	Economic Planning	74,574,832.00	-	50,099,982.20	-	67.2	-
	Sub -Total	980,667,116.00	40,768,230.00	553,584,681.05	2,004,688.80	56.4	4.9
Agriculture, Food, Livestock and Fisheries							
Administration Services	Administration Services	99,981,644.00	401,682,545.00	53,108,443.00	69,848,156.90	53.1	17.4
Veterinary Services	Veterinary Services	27,535,163.00	22,835,589.00	5,719,826.30	1,136,000.00	20.8	5.0
Crop Management	Crop Management	168,628,017.00	320,985,936.00	80,625,186.55	96,499,059.40	47.8	30.1
Fisheries Development	Fisheries Development	27,260,088.00	62,964,820.00	7,324,734.00	6,741,475.20	26.9	10.7
	Sub -Total	323,404,912.00	808,468,890.00	146,778,189.85	174,224,691.50	45.4	21.5
Water, Irrigation, Environment and Natural Resources							
Administration Services	Administration Services	39,811,497.00	-	21,889,329.00	-	55.0	-
Water Services	Water Services	35,436,480.00	305,558,448.00	18,971,366.00	87,586,578.45	53.5	28.7
Forestry	Forestry	34,179,152.00	91,160,000.00	8,942,740.00	-	26.2	0.0
	Sub -Total	109,427,129.00	396,718,448.00	49,803,435.00	87,586,578.45	45.5	22.1
Education, Youth Affairs, Gender and Social Services							
Administration Services	Administration Services	326,760,941.00	-	225,460,616.60	-	69.0	-
ECD Programmes	ECD Programmes	12,049,382.00	285,661,800.00	6,725,829.00	113,452,126.25	55.8	39.7
Youth Polytechnics and Youth Training	Youth Polytechnics and Youth Training	4,693,584.00	120,077,241.00	1,832,306.00	51,724,975.75	39.0	43.1
Sports	Sports	-	235,106,461.00	-	57,314,328.00	-	24.4
Social Resources	Social Resources	24,829,585.00	38,063,031.00	15,840,766.00	8,853,607.00	63.8	23.3
	Sub -Total	368,333,492.00	678,908,533.00	249,859,517.60	231,345,037.00	67.8	34.1
County Health Services							
General Administration and Planning Services	General Administration and Planning Services	1,608,698,362.00	-	547,360,214.00	-	34.0	-
Curative Healthcare Services	Curative Healthcare Services	188,193,825.00	396,252,780.00	151,674,732.30	96,715,699.00	80.6	24.4

Programme	Sub-Programme	Approved Estimates		Actual Expenditure		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Preventive, Promotive and Rehabilitative Health Services	Preventive, Promotive Health Services	101,076,175.00	204,425,562.00	79,549,515.00	51,556,341.20	78.7	25.2
Facility Improvement Fund	Facility Improvement Fund	151,814,034.00	-	8,511,899.00	-	5.6	-
HIV Services	HIV Services	30,160,688.00	-	21,577,253.00	-	71.5	-
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	-
	Sub -Total	2,195,079,736.00	600,678,342.00	812,289,084.00	148,272,040.20	37.0	24.7
Lands, Physical Planning, Urban Development and Housing							
Physical Planning	Physical Planning	67,394,533.00	-	29,734,587.80	-	44.1	-
Land Survey and Mapping	Land Survey and Mapping	11,470,000.00	20,243,766.00	4,462,470.00	-	38.9	0.0
Housing	Housing	6,615,000.00	22,113,446.00	4,111,198.00	-	62.1	0.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	43,763,565.00	63,854,295.00	19,814,923.00	32,252,323.35	45.3	50.5
	Sub Total	129,243,098.00	106,211,507.00	58,123,178.80	32,252,323.35	45.0	30.4
Roads, Public Works, Energy and Transport							
General Administration Services	General Administration Services	4,536,199.00	-	1,722,474.00	-	38.0	-
Road Development, Maintenance and Management	Road Development, Maintenance and Management	89,677,074.00	789,579,895.00	34,533,978.30	409,916,600.60	38.5	51.9
County Government Buildings	County Government Buildings	1,410,000.00	-	1,260,200.00	-	89.4	-
	Sub- Total	95,623,273.00	789,579,895.00	37,516,652.30	409,916,600.60	39.2	51.9
Enterprise and Industrial Development							
General Administration and Planning Services	General Administration and Planning Services	137,363,552.00	-	53,632,975.00	-	39.0	-
Trade Development and Investment	Trade Development and Investment	3,845,000.00	-	2,506,710.00	-	65.2	-
Promotion of Fair-Trade Practices	Promotion of Fair-Trade Practices	17,860,000.00	-	11,785,974.00	-	66.0	-
Cooperative Extension Services	Cooperative Extension Services	34,563,532.00	-	9,706,176.00	-	28.1	-
Market Services	Market Services	1,806,000.00	637,038,958.00	1,411,900.00	173,702,396.30	78.2	27.3
	Sub-Total	195,438,084.00	637,038,958.00	79,043,735.00	173,702,396.30	40.4	27.3
Tourism, Culture, Sports and Arts							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,883,161.00	-	27,739,608.00	-	41.5	-
Communication Services	Communication Services	9,550,000.00	-	5,962,995.00	-	62.4	-
Wildlife Services	Wildlife Services	6,715,000.00	-	3,695,594.00	-	55.0	-
ICT	ICT	-	3,901,829.00	-	-	-	0.0
Tourism	Tourism	-	79,192,168.00	-	7,386,765.20	-	9.3
	Sub-Total	83,148,161.00	83,093,997.00	37,398,197.00	7,386,765.20	45.0	8.9
Grand Total		5,828,859,529.00	4,713,270,754.00	2,925,678,002.75	1,368,666,254.55	50.2	29.0

Source: Siaya County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Building Services in the Department of Roads, Public Works, Energy and Transport at 89.4 per cent, Sub County Administration, Human Resource Management and County Executive Administration in the Department of Governance and Administration at 87.5 per cent, 85.9 per cent and 84.2 per cent of the budget allocation respectively.

3.38.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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.402.60 million against an annual target of Kshs.760.00 million, representing 53.0 per cent of the annual target.
2. High level of pending bills which amounted to Kshs.338.92 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.488.96 million were processed through the manual payroll, accounting for 22.5 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for Siaya County Assembly Imprest Account, Siaya County Assembly Service Board Mortgage Car Loan (MCAs), Siaya County Assembly Service Board Mortgage car loan (staff), CHMT Revenue Operation Account, Siaya County Tourism and Culture, Siaya County Imprest (Cooperative Bank), Siaya County Imprest (Equity Bank), Siaya County Alcohol Licensing, Siaya County Bursary Fund, Siaya County PMC ACC (Faulu Bank) and Siaya ATC (KCB)
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.

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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*
5. *The County should improve the vote book and budgetary control management and ensure that all payments are done through the IFMIS platform to enhance accuracy and standardization in reporting.*

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 (7.2 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.264.

3.39.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs. 2.92 billion as an equitable share of the revenue raised nationally, Kshs. 387.15 million as additional allocations/conditional grants, had a cash balance of Kshs. 37.185 million from FY 2022/23, and raised Kshs.315.33 million as own-source revenue (OSR). The raised OSR includes Kshs.144.27 million as FIF and Kshs.171.05 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.62 billion, as shown in Table 3.264.

Table 3.264: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2023/24

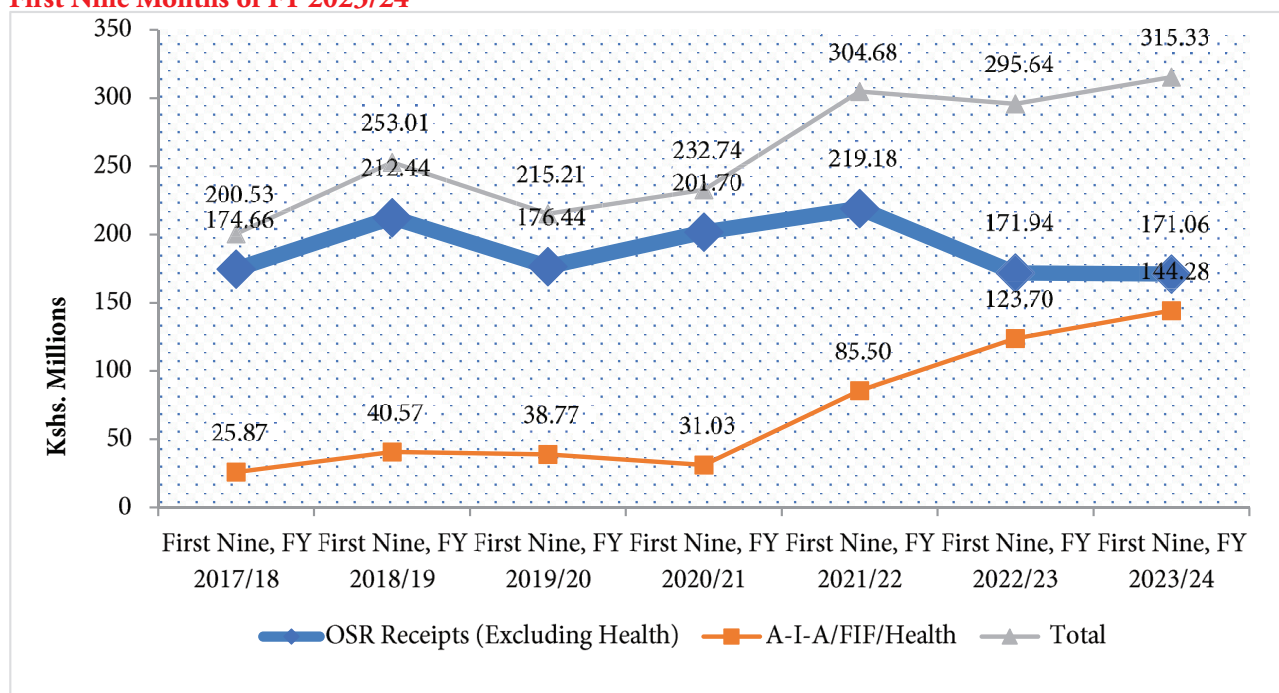
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,040,427,430	2,923,447,910	58.0
Sub Total		5,040,427,430	2,923,447,910	58.0
B	Conditional Grants			
1	Kenya Informal Settlement Improvement Project (KISIP-II)-IDA (World Bank)	40,000,000	30,000,000	75.0
2	IDA-WB National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	195,454,338	78.2
3	Kenya Climate Smart Agriculture Program - IDA (World Bank)	90,000,000	-	0.0
4	Water and Sanitation Development Project (World Bank)	950,000,000	159,212,336	16.8
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	2,491,302	125.1
8	Aggregated Industrial Parks Programme	-	-	-
9	Fertiliser Subsidy Programme	43,540,521	-	-
10	Livestock Value Chain Support Project	21,485,520	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11	De-risking and value enhancement (DRIVE)	63,341,980	-	-
	Sub-Total	1,479,097,823	387,157,976	26.2
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	529,000,000	171,056,703	32.3
2	Balance b/f from FY2022/23	-	37,185	-
3	Facility Improvement Fund (FIF)	201,682,445	144,277,465	71.5
4	Mineral royalties	51,756,326	-	-
	Sub Total	782,438,771	315,371,353	40.3
	Grand Total	7,301,964,024	3,625,977,239	49.7

Source: Taita Taveta County Treasury

The County had under budgeted for the Agricultural Sector Development Support Programme (ASDSP II)-Sweden grant. Figure 115 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

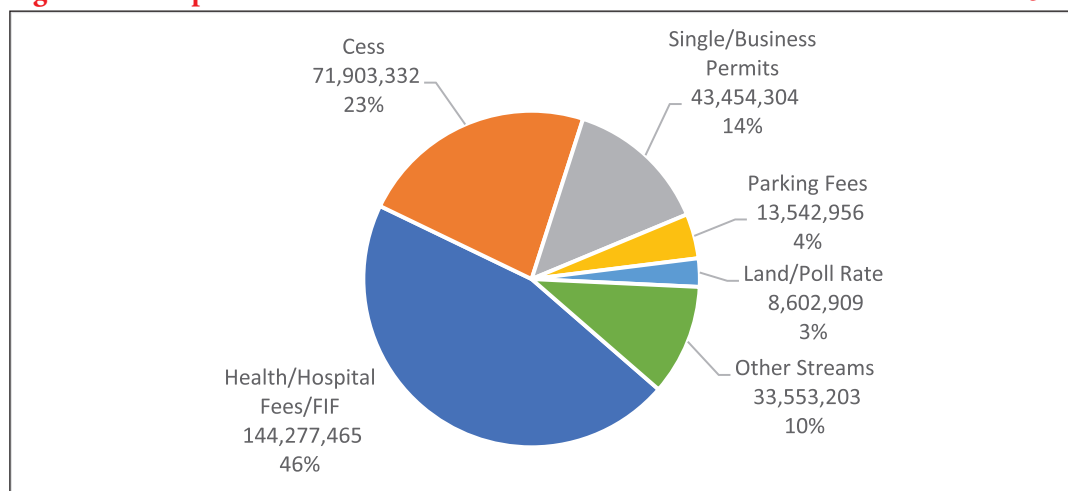
Figure 115: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Taita Taveta County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.315.33 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 7.7 per cent compared to Kshs.295.64 million realised in a similar period in FY 2022/23 and was 43.1 per cent of the annual target and 10.8 per cent of the equitable revenue share disbursed during the period. The increase can be attributed to increased enforcement of OSR collection through the establishment of a revenue mobilisation team. 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 Nine Months of FY 2023/24 in Kshs.



Source: Taita Taveta County Treasury

The highest revenue stream of Kshs.144.27 million was from Hospital Fess/FIF, contributing to 46 per cent of the total OSR receipts during the reporting period.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs. 3.37 billion from the CRF account during the reporting period, which comprised Kshs.163.00 million (4.8 per cent) for development programmes and Kshs.3.20 billion (95.2 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs. 2.12 billion was released towards Employee Compensation and Kshs.1.08 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs. 59.43 million.

3.39.4 County Expenditure Review

The County spent Kshs.3.37 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. 163.00 million and Kshs. 3.20 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.0 per cent, while recurrent expenditure represented 64.5 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs. 1.02 billion, comprising of Kshs. 584.03 million for recurrent expenditure and Kshs. 440.21 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs. 242.51million. They comprised Kshs.121.27 million for recurrent expenditure and Kshs.121.23 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs. 781.73 million.

The County Assembly reported outstanding pending bills of Kshs.49.38 million as of 31st March 2024.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 1.93 billion on employee compensation, Kshs. 741.28 million on operations and maintenance, and Kshs. 147.50 million on development activities. Similarly, the County Assembly spent Kshs. 187.36 million on employee compensation,

Kshs. 341.26 million on operations and maintenance, and Kshs. 15.49 million on development activities, as shown in Table 3.265.

Table 3.265: 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	4,193,080,744	780,860,457	2,679,440,078	528,628,121	63.9	67.7
Compensation to Employees	3,043,008,738	275,823,612	1,938,158,400	187,362,054	63.7	67.9
Operations and Maintenance	1,150,072,006	505,036,845	741,281,678	341,266,067	64.5	67.6
Development Expenditure	2,238,022,823	90,000,000	147,501,100	15,499,965	6.6	17.2
Total	6,431,103,567	870,860,457	2,826,941,178	544,128,086	44.0	62.5

Source: Taita Taveta County Treasury

3.39.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.12 billion, or 58.5 per cent of the available revenue, which amounted to Kshs. 3.62 billion. This expenditure represented a decrease from Kshs.2.29 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.28 billion 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.2.09 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.30.56 million was processed through manual payrolls. The manual payrolls accounted for 1.4 per cent of the total PE cost.

The County Assembly spent Kshs.16.36 million on committee sitting allowances for the 31 MCAs against the annual budget allocation of Kshs.33.60 million. The average monthly sitting allowance was Kshs. 56, 830 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 3.266 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.266: Performance of County Established Funds in the First Nine Months of FY 2023/24

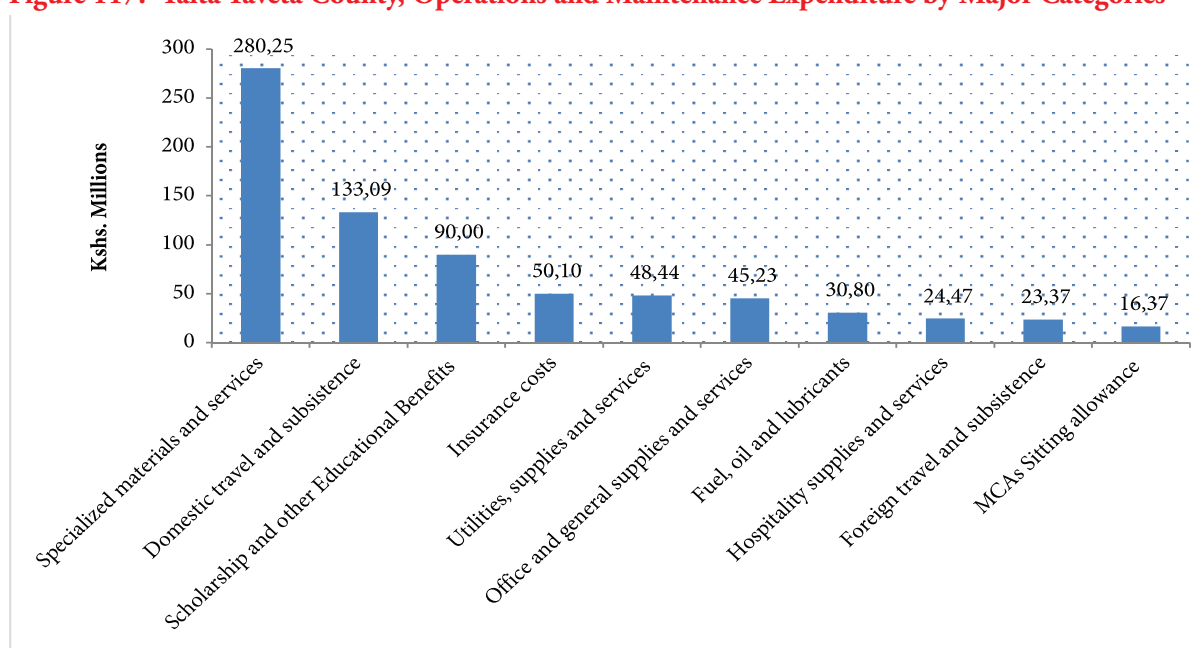
S/No.	Name of the Fund	Approved Budget Allocation in FY 2023/24 (Kshs.)	Exchequer Issues (Kshs)	Actual Expenditure (Kshs.)	Cumulative disbursements to the Fund as of 31st March 2024 (Kshs)	Submission of Financial Statements as of 31st March 2024 (Yes/No.)
County Executive Established Funds						
1	Education Fund	236,000,000	90,000,000	87,130,646	828,764,969	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
County Assembly Established Funds						
4	County Assembly Car Loan & Mortgage Scheme Fund	38,600,000	38,600,000	38,600,000	321,000,000	YES
Total		339,787,056	153,600,000	150,730,646	1,423,065,347	

Source: Taita Taveta County Treasury

During the reporting period, the OCOB received all the quarterly financial returns from the Fund Administrators of the four funds, as indicated in Table 3.241 above the reporting period.

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. 133.09 million and comprised Kshs.80.88 million spent by the County Assembly and Kshs.52.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.37 million and comprised Kshs. 21.07 million by the County Assembly and Kshs.2.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.267.

Table 3.267: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
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	S. Korea	3,254,860.00
County Assembly	8	5th to 10th Aug 2023	Tanzania EALA benchmarking trip	Tanzania	1,600,000.00
County Assembly	6	5th to 10th Aug 2023	Leadership master class	Dubai	3,042,900.00
County Assembly	7	5th to 10th Aug 2023	Leadership experiential master class	Dubai	2,798,320.00
County Assembly	7	29th July to 5th August	Training in Public Administration and Management I	Israel	5,254,400.00
County Assembly	1	27th Oct 2023 to 5th Nov 2023	Performance management systems training	United Kingdom	1,326,756.00
County Assembly	19	22nd to 28th October 2023	Training on the legislative process and parliamentary procedures	Uganda	3,800,000.00
County Executive	1	24th Aug to 7th Sept 2023	Jumuiya Trade, Investments & Education Exchange Mission	USA	1,231,970.00
County Executive	1	17th-20th Oct 2023	The Hand in Hand Initiative Investment Forum	Italy	653,380.00
County Executive	1	4th-9th Feb 2024	Invest in African Mining Indaba Conference	South Africa	409,360.00

Source: Taita Taveta County Treasury and Taita Taveta County Assembly

3.39.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.163.00 million on development programmes, representing a decrease of 63.7 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 499.3 million. Table 3.268 summarises development projects with the highest expenditure in the reporting period.

Table 3.268: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
1	Locally Led Climate Action Programme (Climate Change) WB	Water	Countywide	22,300,000	21,000,000	21,000,000	94
2	Kenya Informal Settlement Improvement Project-World Bank	Lands	Countywide	40,000,000	30,000,000	12,950,920	32
3	County Assembly Chamber	C 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 3.269 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.269: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.) Millions		Exchequer Issues (Kshs.) Millions		Expenditure (Kshs.) Millions		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	780.86	90.00	528.63	15.50	528.63	15.50	100.0	100.0	67.70	17.22
Public Service and Administration	3,071.27	-	2,162.97	-	2,162.97	-	100.0	-	70.43	-
The Governor's and Deputy Governor's Office	163.61	-	76.23	-	76.23	-	100.0	-	46.60	-
Finance and Economic Planning	258.38	200.00	159.03	126.50	159.03	126.50	100.0	100.0	61.55	63.25
Agriculture, Livestock and Fisheries	15.35	559.46	4.54	-	4.54	-	100.0	-	29.59	-
Water and Irrigation	10.45	1,045.73	8.27	21.00	8.27	21.00	100.0	100.0	79.15	2.01
Education and Libraries	247.59	59.30	92.29	-	92.29	-	100.0	-	37.27	-
Health	352.27	75.39	142.78	-	142.78	-	100.0	-	40.53	-
Trade, Tourism and Cooperative Development	10.73	58.60	6.14	-	6.14	-	100.0	-	57.27	-
County Public Service Board	13.48	-	7.46	-	7.46	-	100.0	-	55.31	-
Infrastructure and Public Works	14.34	95.40	4.23	-	4.23	-	100.0	-	29.50	-
Lands, Environment and Natural Resources	20.99	68.00	9.67	-	9.67	-	100.0	-	46.09	-
Youth, Gender, Sports, Culture and Social Services	14.63	76.15	5.82	-	5.82	-	100.0	-	39.80	-
Total	4,973.94	2,328.02	3,208.07	163.00	3,208.07	163.00	100.0	100.0	64.50	7.00

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 63.3 per cent, followed by the County Assembly at 17.2 per cent. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to budget at 79.2 per cent, while the Department of Roads Infrastructure and Public Works had the lowest at 29.5 per cent. The allocation for recurrent expenditure for the Assembly exceeds the ceilings in CARA, 2023.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.270 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.270: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
		Default Value (Non-Departmental)	-	-	-
	3260		-	-	-
	103003260	Infrastructure Development programme	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	701003260	General Administration support services	-	-	-
3261000100		County Assembly Headquarters	870,860,457.00	544,128,086.00	62
	702003260	County Assembly Infrastructure improvement	90,000,000.00	15,499,965	17
	701003260	General Administration support services	780,860,456.97	528,628,121.00	68
3262000100		Headquarters	3,053,733,238.00	2,162,966,276.00	71

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	3,053,733,238.00	2,162,966,276.00	71
	3260		-	-	-
	705003260	Leadership Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	-	-	-
3262000200		Taveta Sub County Administration	1,267,900.00	186,200.00	15
	705003260	Leadership Development Programme	-	-	-
	701003260	General Administration support services	1,267,900.00	186,200.00	15
3262000300		Wundanyi Sub County Administration	1,000,000.00	186,750.00	19
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	1,000,000.00	186,750.00	19
3262000400		Mwatate Sub County Administration	1,073,000.00	364,650.00	34
	701003260	General Administration support services	1,073,000.00	364,650.00	34
	703003260	Decentralised Infrastructure Development Programme	-	-	-
3262000500		Voi Sub County Administration	1,306,000.00	341,400.00	26
	701003260	General Administration support services	1,306,000.00	341,400.00	26
3262000600		Taveta Town Administration	-	-	-
	705003260	Leadership Development Programme	-	-	-
	701003260	General Administration support services	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
3262000700		Voi Town Administration	2,563,979.347	-	-
	701003260	General Administration support services	2,563,979.347	-	-
	705003260	Leadership Development Programme	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
3262000800		County Policing Authority	-	-	-
	701003260	General Administration support services	-	-	-
3262000900		Human Resource Management	2,822,000.00	2,221,920.00	79
	701003260	General Administration support services	2,822,000.00	2,221,920.00	79
3262001000			3,019,300.00	2,573,656.00	85
	701003260	General Administration support services	3,019,300.00	2,573,656.00	85
3262001100			1,410,000.00	250,000.00	18
	701003260	General Administration support services	1,410,000.00	250,000.00	18
3263000100		Headquarters	93,446,669.80	53,484,991.30	57
	704003260	General Administration and Management of County Affairs	83,446,669.80	53,484,991.30	64
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	705003260	Leadership Development Programme	10,000,000.00	-	-
	701003260	General Administration support services	-	-	-
3263000200		Office of the Deputy Governor	18,065,890.00	9,904,714.00	55
	101003260	Administration Planning and Support Services	-	-	-
	704003260	General Administration and Management of County Affairs	18,065,890.00	9,904,714.00	55

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	705003260	Leadership Development Programme	-	-	-
3263000300		Special Programmes Unit	10,925,000.00	1,216,196.00	11
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	10,925,000.00	1,216,196.00	11
	705003260	Leadership Development Programme	-	-	-
3263000400		Service Delivery Unit	875,000.00	345,987.00	40
	704003260	General Administration and Management of County Affairs	875,000.00	345,987.00	40
3263000500		Industrialisation			
	705003260	Leadership Development Programme	-	-	-
	704003260	General Administration and Management of County Affairs	-	-	-
	703003260	Decentralised Infrastructure Development Programme	-	-	-
3263000600		ICT	7,900,000.00	-	-
	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	-	-
3263000700			2,170,000.00	163000	8
	704003260	General Administration and Management of County Affairs	2,170,000.00	163000	8
3263000800			1,788,400.00	179,800.00	10
	704003260	General Administration and Management of County Affairs	1,788,400.00	179,800.00	10
3263000900			31,206,750.00	3,805,965.00	12
	704003260	General Administration and Management of County Affairs	31,206,750.00	3,805,965.00	12
3264000100		Headquarters	115,033,057.65	57,155,783.45	50
	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	30,000,000.00	100
3264000200		County Emergency Fund	20,000,000.00	8,000,000.00	40
	701003260	General Administration support services	-	-	-
	707003260	Treasury Development Programme	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	20,000,000.00	8,000,000.00	40
3264000300		Equalisation of Wards Infrastructure	-	-	-
	707003260	Treasury Development Programme	-	-	-
3264000400		Planning	18,332,403.00	26,450,975.00	144
	706003260	General Administration, Planning, Internal Audit & Support Services	18,332,403.00	26,450,975.00	144
	707003260	Treasury Development Programme	-	-	-
3264000500		Gratuity Fund	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
3264000700		County Executive Administration	18,187,056.00	17,000,000.00	93
	706003260	General Administration, Planning, Internal Audit & Support Services	18,187,056.00	17,000,000.00	93

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	701003260	General Administration support services	-	-	-
3264000800		Internal Audit Services	4,591,411.00	3,132,589.00	68
	706003260	General Administration, Planning, Internal Audit & Support Services	4,591,411.00	3,132,589.00	68
3264000900		Revenue Management	11,437,805.00	9,116,628.00	80
	706003260	General Administration, Planning, Internal Audit & Support Services	11,437,805.00	9,116,628.00	80
	701003260	General Administration support services	-	-	-
3264001000		Procurement	1,799,500.00	2,917,600.00	162
	706003260	General Administration, Planning, Internal Audit & Support Services	1,799,500.00	2,917,600.00	162
3264001100		Accounting Services	2,720,000.00	12,362,150.00	454
	706003260	General Administration, Planning, Internal Audit & Support Services	2,720,000.00	12,362,150.00	454
	701003260	General Administration support services	-	-	-
3264001200		Kenya Devolution Support Programme	-	-	-
	701003260	General Administration support services	-	-	-
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
3264001300			90,539,805.20	14,735,600.00	16
	706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	707003260	Treasury Development Programme	90,539,805.20	14,735,600.00	16
3265000100		Headquarters	485,310,131.00	907,888.00	-
	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
3265000200		Livestock	9,784,990.00	425,009.00	4
	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	-	-	-
3265000300		Fisheries	902,928.00	262,140.00	29
	102003260	Development programme	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
	101003260	Administration Planning and Support Services	902,928.00	262,140.00	29
3265000400		Veterinary	17,386,604.00	5,044,471.00	29
	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	4,540,871.00	30
	105003260	Livestock and Fisheries Development	-	-	-
3265000500		Agribusiness Project (EU Grant)	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
	104003260	Agricultural Development Programme	-	-	-

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	102003260	Development programme	-	-	-
3265000600		Kenya Climate Smart Agric Program	91,200,000.00	6,200,000.00	7
	1001003260	Water and Irrigation Development Programme	-	-	-
	104003260	Agricultural Development Programme	-	-	-
	105003260	Livestock and Fisheries Development	91,200,000.00	6,200,000.00	7
3265000700		Water	3,991,302.00	1,000,000.00	25
	105003260	Livestock and Fisheries Development	3,991,302.00	1,000,000.00	25
	104003260	Agricultural Development Programme	-	-	-
3266000100		Headquarters	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
3266000300		Veterinary	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
3266000400		Fisheries	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	105003260	Livestock and Fisheries Development	-	-	-
3267000100		Headquarters	111,017,076.00	80,962,486.75	73
	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	79260764.75	74
3267000200		Water Services	-	-	-
	1001003260	Water and Irrigation Development Programme	-	-	-
	1002003260	General Administration, Support and Support Services	-	-	-
3267000300		Bulk Water Project	5,000,000.00	-	-
	1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
3267000400		Ambulance services	969,176,400.00	823,600.00	-
	1001003260	Water and Irrigation Development Programme	969,176,400.00	823,600.00	-
3267000500		Public Health and Sanitation	5,000,000.00	-	-
	1001003260	Water and Irrigation Development Programme	5,000,000.00	-	-
3267000600		Promotion of primary healthcare	19,719,480.00	23,997,530.00	122
	1002003260	General Administration, Support and Support Services	-	-	-
	1003003260	Natural Resources Support Programme	2,993,480.00	3,823,530.00	128
	1001003260	Water and Irrigation Development Programme	16,726,000.00	20,174,000.00	121
3268000100		Headquarters	68,087,124.00	537,376.00	1
	501003260	General Administration, Planning and Support services	7,137,124.00	537,376.00	8
	1001003260	Water and Irrigation Development Programme	-	-	-
	502003260	Early Childhood Education and Youth Training Development Programme	60,950,000.00	-	-
3268000200		Polytechnics	9,775,000.00	209,899.00	2
	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	16
3268000300		Early Childhood Development	1,258,800.00	282,433.00	22

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	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	22
3268000400		Library services	945,400.00	186,701.00	20
	501003260	General Administration, Planning and Support services	945,400.00	186,701.00	20
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
3268000500		Education Fund	247,739,000.00	92,288,923.00	37
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	501003260	General Administration, Planning and Support services	247,739,000.00	92,288,923.00	37
3268000600		Energy	-	-	-
	501003260	General Administration, Planning and Support services	-	-	-
	502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
3269000100		Headquarters	293,128,584.00	101,327,724.00	35
	402003260	Health Development Programme	210,338,500.00	49,930,880.00	24
	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	-	-	-
3269000200		West Hospital	9,308,059.00	5,412,671.00	58
	401003260	Administration and Support Services	9,308,059.00	5,412,671.00	58
3269000300		Moi Referral Hospital	75,195,434.00	36,040,241.00	48
	401003260	Administration and Support Services	75,195,434.00	36,040,241.00	48
3269000400		Mwatate Hospital	-	-	-
	401003260	Administration and Support Services	-	-	-
3269000500			-	-	-
	401003260	Administration and Support Services	-	-	-
3269000600			14,415,583.00	7,529,011.00	52
	401003260	Administration and Support Services	14,415,583.00	7,529,011.00	52
3269000700			-	-	-
	401003260	Administration and Support Services	-	-	-
3269000800			-	-	-
	401003260	Administration and Support Services	-	-	-
3269000900			8,414,252.00	6,872,663.00	82
	401003260	Administration and Support Services	8,414,252.00	6,872,663.00	82
3269001000			19,988,538.00	12,604,393.00	63
	401003260	Administration and Support Services	19,988,538.00	12,604,393.00	63
3269001100			6,027,852.00	3,714,048.00	62
	401003260	Administration and Support Services	6,027,852.00	3,714,048.00	62
	402003260	Health Development Programme	-	-	-
3270000100		Headquarters	106,835,000.00	2,061,181.00	2

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	302003260	Trade Development programme.	105,100,000.00	-	-
	301003260	General Administration and Support Services Programme	1,735,000.00	2,061,181.00	119
3270000200		Trade	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
3270000300		Sports	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
3270000400		Gender	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
3270000500		Cooperative	1,014,271.00	974,515.00	96
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	1,014,271.00	974,515.00	96
3270000600		Youth Development	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
3270000700		Culture	-	-	-
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
3270000800		Markets	2,491,344.00	767,687.00	31
	302003260	Trade Development programme.	2,000,000.00	-	-
	301003260	General Administration and Support Services Programme	491,344.00	767,687.00	156
3270000900			200,000.00	117,800.00	59
	302003260	Trade Development programme.	-	-	-
	301003260	General Administration and Support Services Programme	200,000.00	117,800.00	59
3270001100		Weights and Measures	200,760.00	52,210.00	26
	301003260	General Administration and Support Services Programme	200,760.00	52,210.00	26
3270001200			-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
	302003260	Trade Development programme.	-	-	-
3270001300		Liquor Control and Licensing Fund	2,000,000.00	1,154,744.00	58
	301003260	General Administration and Support Services Programme	2,000,000.00	1,154,744.00	58
3270001400			518,850.00	1,118,935.00	216
	301003260	General Administration and Support Services Programme	518,850.00	1,118,935.00	216
	302003260	Trade Development programme.	-	-	-
3271000100		Headquarters	9,086,343.00	4,756,493.00	52

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	703003260	Decentralised Infrastructure Development Programme	-	-	-
	701003260	General Administration support services	9,086,343.00	4,756,493.00	52
3272000100		Headquarters	3,052,600.00	2,451,372.70	80
	101003260	Administration Planning and Support Services	3,052,600.00	2,451,372.70	80
3272000200		ICT	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
	103003260	Infrastructure Development programme	-	-	-
3272000300		Roads	148,565,600.00	15,265,919.00	10
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	144,613,000.00	13,499,999.00	9
	101003260	Administration Planning and Support Services	3,952,600.00	1,765,920.00	45
3272000400		Housing	96,300.00	39,000.00	40
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	96,300.00	39,000.00	40
3272000500		Public Works	265,000.00	90,500.00	34
	101003260	Administration Planning and Support Services	265,000.00	90,500.00	34
	103003260	Infrastructure Development programme	-	-	-
	102003260	Development programme	-	-	-
3272000600		Defunct Local Authorities	-	-	-
	302003260	Trade Development programme.	-	-	-
	103003260	Infrastructure Development programme	-	-	-
3273000100		Headquarters	61,121,587.00	24,650,749.80	40
	102003260	Development programme	56,550,000.00	21,067,280.00	37
	1003003260	Natural Resources Support Programme	-	-	-
	101003260	Administration Planning and Support Services	4,571,587.00	3,583,469.80	78
	301003260	General Administration and Support Services Programme	-	-	-
3273000200		Mwatate Municipal Administration	1,650,000.00	682,513.00	41
	1003003260	Natural Resources Support Programme	-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	1,650,000.00	682,513.00	41
3273000300			14,541,169.00	1,324,191.00	9
	102003260	Development programme	13,646,169.00	-	-
	1003003260	Natural Resources Support Programme	-	-	-
	101003260	Administration Planning and Support Services	895,000.00	1,324,191.00	148
3273000400			-	-	-
	102003260	Development programme	-	-	-
	101003260	Administration Planning and Support Services	-	-	-
3273000500		Environment and Natural Resources	607,500.00	1,154,000.00	190
	1003003260	Natural Resources Support Programme	-	-	-

Program	Sub Programme	Description	Approved Budget	Actual Expenditure as of 31st March 2024	Absorption (%)
	101003260	Administration Planning and Support Services	607,500.00	1,154,000.00	190
3273000600			98,178,600.00	-	-
	301003260	General Administration and Support Services Programme	4,678,600.00	-	-
	102003260	Development programme	93,500,000.00	-	-
	103003260	Infrastructure Development programme	-	-	-
3274000100		Headquarters	-	-	-
	1003003260	Natural Resources Support Programme	-	-	-
	1002003260	General Administration, Support and Support Services	-	-	-
	301003260	General Administration and Support Services Programme	-	-	-
Grand Total			7,301,964,024.00	3,371,069,264.00	46

Source: Taita Taveta County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Treasury Development programme in the Department of Finance and Economic Planning at 100 per cent, General Administration & Support services in the Department of Roads Infrastructure and Public Works at 96 per cent, General Administration and Support Services in the Department of Trade, Tourism and Cooperatives at 96 per cent and General Administration, Planning, Internal audit & Support services in Department of Finance and Economic Planning at 93 per cent of budget allocation.

3.39.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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.315.33 million against an annual target of Kshs.730.68 million, representing 43.1 per cent of the annual target.
2. There is a high level of pending bills, which amounted to Kshs.781.73 million as of 31st March 2024.
3. Low absorption of development funds as indicated by the expenditure of Kshs.163.0 million from the annual development budget allocation of Kshs.2.32 billion. The development expenditure represented 7.0 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
2. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
3. *The County should identify and address issues causing delays in implementing development 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 11.1 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 (0.01 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 3.246.

3.40.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.93 billion as an equitable share of the revenue raised nationally, Kshs.189.34 million as additional allocations/conditional grants, had a cash balance of Kshs.1.1 billion from FY 2022/23, and raised Kshs.53.06 million as own-source revenue (OSR). The raised OSR includes Kshs.2.75 million as FIF and Kshs.50.3 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.5.29 billion, as shown in Table 3.271.

Table 3.271: Tana River County, Revenue Performance in the First Nine Months of FY 2023/24

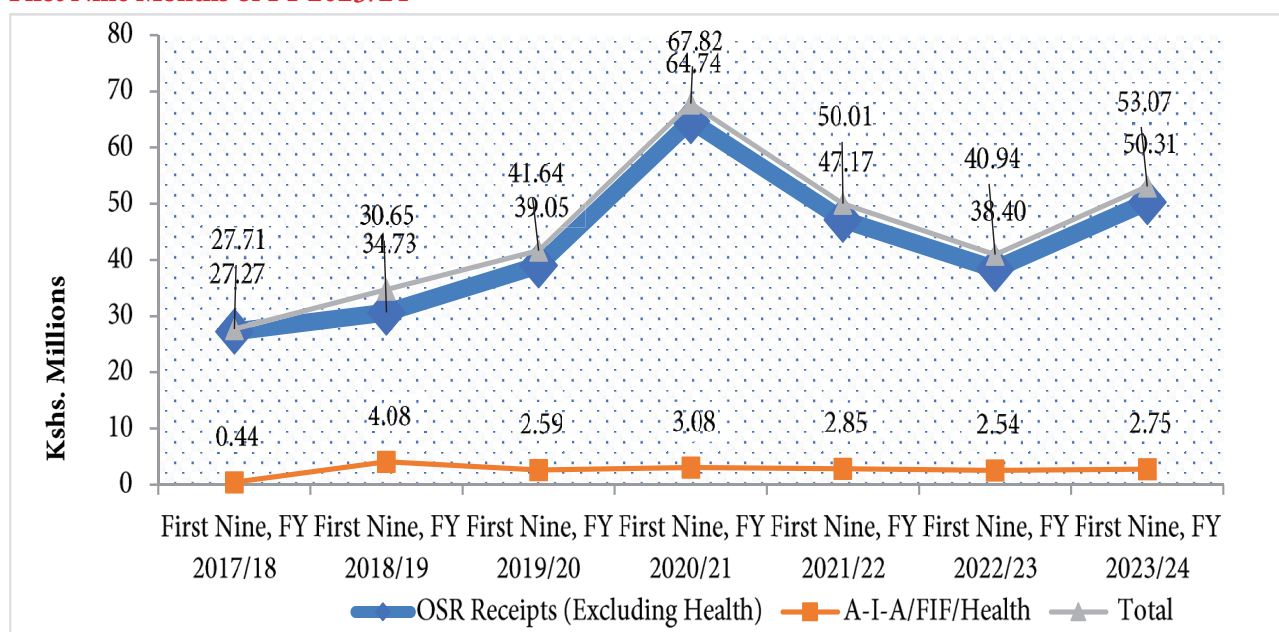
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,790,702,542.00	3,938,607,474.00	58.0
	Sub Total	6,790,702,542.00	3,938,607,474.00	58.0
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000		0.0
2	DANIDA (Universal Healthcare in Devolved System Program)	10,683,750		0.0
3	Agricultural Sector Development Support Programme (ASDSP) II	1,296,540	500,000	38.6
4	National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	188,848,111	75.5
5	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000		0.0
6	Livestock Value Chain Support Project	14,323,680		0.0
7	De-Risking and Value Enhancement (DRIVE)	226,457,980		0.0
8	Kenya Marine Fisheries and Socio-Economic Development (KEMSFED)	33,164,181		0.0
9	Provision of Fertilizer Subsidy Programme	15,049,566		0.0
10	Supplement for Construction of County Headquarters	121,000,000		0.0
11	Aggregated Industrial Parks Programme	100,000,000		0.0
12	Allocations for Mineral Royalties	10,624		0.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Sub-Total	872,986,321	189,348,111	21.7
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	92,673,773	50,314,773	54.3
2	Balance b/f from FY2022/23	1,109,178,403	1,109,178,403	100.0
3	Facility Improvement Fund (FIF)	3,956,827	2,751,097	69.5
	Sub Total	1,205,809,003	1,162,244,273	96.4
	Grand Total	8,869,497,866	5,290,199,858	59.6

Source: Tana River County Treasury

Figure 118 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

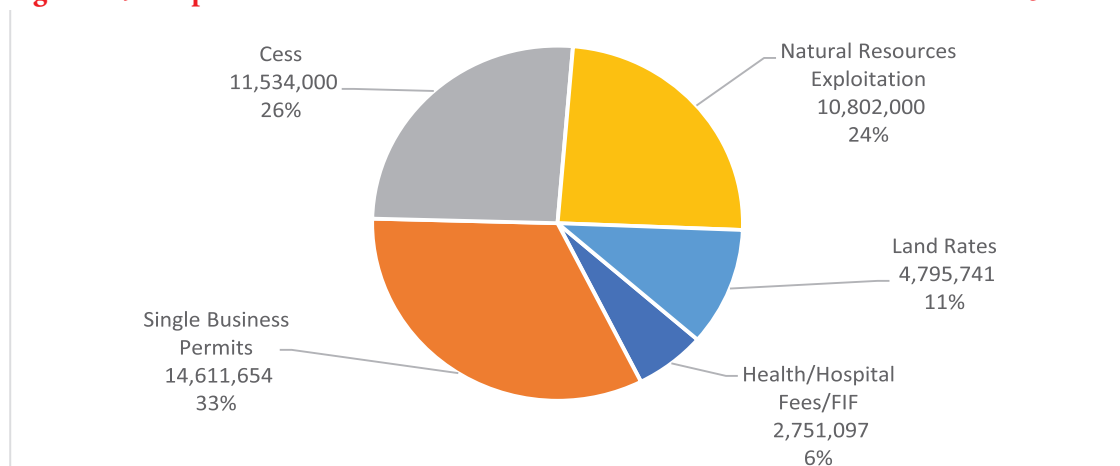
Figure 118: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Tana River County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.53.06 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 22.8 per cent compared to Kshs.40.94 million realised in a similar period in FY 2022/23 and was 54.3 per cent of the annual target and 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 119.

Figure 119: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Tana River County Treasury

The highest revenue stream of Kshs.14.61 million was from single business permits, contributing to 33 per cent of the total OSR receipts during the reporting period.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.18 billion from the CRF account during the reporting period, which comprised Kshs.945.52 million (22.6 per cent) for development programmes and Kshs.3.23 billion (77.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.48 billion was released towards Employee Compensation and Kshs.1.76 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.962 million.

3.40.4 County Expenditure Review

The County spent Kshs.3.95 billion on development and recurrent programmes in the reporting period. The expenditure represented 94.5 per cent of the total funds released by the CoB and comprised Kshs.894.84 million and Kshs.3.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 24.5 per cent, while recurrent expenditure represented 58.6 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.2.63 billion, comprising of Kshs.1.39 billion for recurrent expenditure and Kshs.1.24 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.737.70 million. They consisted of Kshs.221.42 million for recurrent expenditure and Kshs.516.28 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.89 billion.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.18 billion on employee compensation, Kshs.1.45 billion on operations and maintenance, and Kshs.741.15 million on development activities. Similarly, the County Assembly spent Kshs.256.25 million on employee compensation, Kshs.156.19 million on operations and maintenance, and Kshs.153.69 million on development activities, as shown in Table 3.272.

Table 3.272: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,537,385,634	677,653,973	2,644,188,183	412,448,369	58.3	60.9
Compensation to Employees	1,807,334,153	303,754,437	1,186,305,688	256,254,476	65.6	84.4
Operations and Maintenance	2,730,051,481	373,899,536	1,457,882,495	156,193,893	53.4	41.8
Development Expenditure	3,323,674,479	330,783,780	741,150,378	153,698,148	22.3	46.5
Total	7,861,060,113	1,008,437,753	3,385,338,560	566,146,517	43.1	56.1

Source: Tana River County Treasury

3.40.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.44 billion, or 27.2 per cent of the available revenue, which amounted to Kshs.5.13 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.556.99 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.1.44 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.3.31 million was processed through manual payrolls. The manual payrolls accounted for 0.2 per cent of the total PE cost.

The County Assembly spent Kshs.7.14 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.8.40 million. The average monthly sitting allowance was Kshs.29,409 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.402.24 million to county-established funds in FY 2023/24, constituting 4.5 per cent of the County's overall budget. Table 3.273 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.273: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Yes/No.)
County Executive Established Funds					
1	Tana River County Scholarship Fund	50,000,000.00		-	YES
2	Tana River County Emergency Fund	137,746,663	137,746,663.00	163,628,877	YES
3	Tana River County Bursary Fund	154,500,000.00	154,500,000.00	81,102,905	YES
4	Tana River Car Loan & Mortgage	60,000,000.00	60,000,000.00	-	No
	Total	402,246,663.00	352,246,663.00	244,731,782	

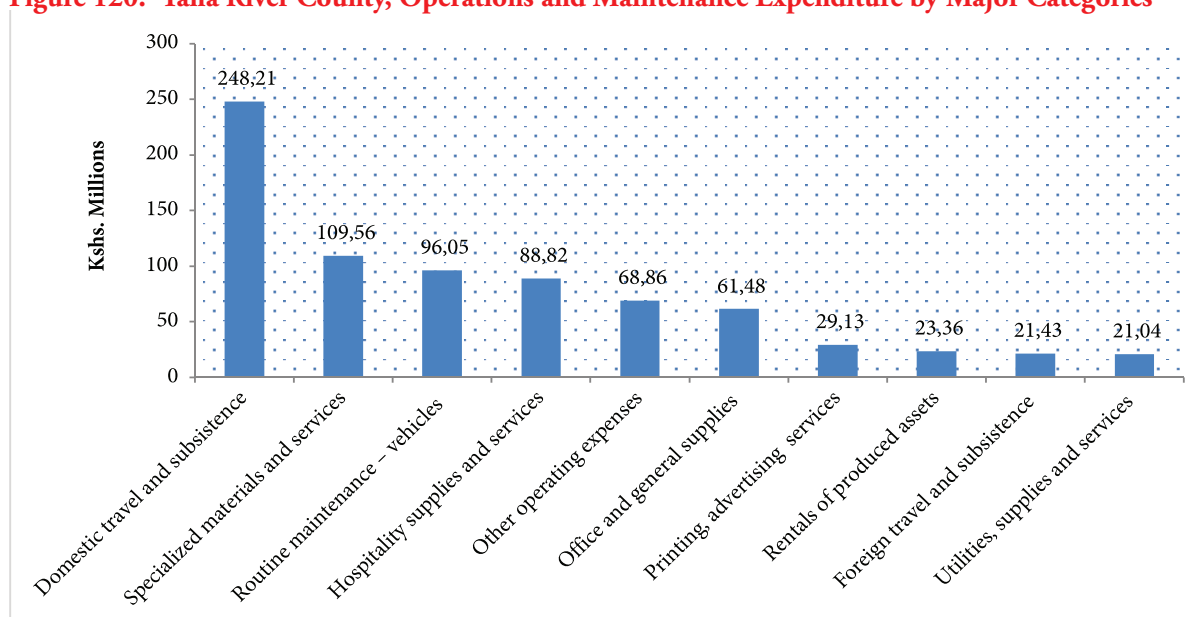
Source: Tana River County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of 4 funds, as indicated in Table 3.273, contrary to the requirement of Section 168 of the PFM Act, 2012 of the car loan and mortgage.

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.248.20 million and comprised Kshs.54.42 million spent by the County Assembly and Kshs.193.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.21.43 million and comprised Kshs.3.13 million by the County Assembly and Kshs.18.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.274.

Table 3.274: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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	Jumuiya Trade Investment and Education Exchange Mission - 15th to 20th Sept. 2023	USA	9,704,750.00
Office of the Governor	1	2/3/2023	Annual heroes' day from 2nd-10th march 2023	South Africa	1,078,640.00
Office of the Governor	1		The 78th session of the UN General Assembly	New York	1,776,920.00
Office of the Governor	1	18/09/2023	Board audit committee training	Turkey	1,398,255.00
Office of the Governor	1		Annual logistics cluster preparedness workshop	Germany	929,000.00

Source: Tana River County Treasury

Included in the operations and maintenance costs is an expenditure of Kshs.2.85 million on garbage collection and Kshs.30 million on legal fees.

3.40.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.894.84 million on development programmes, representing an increase of 72.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.246.24 million. Table 3.275 summarises development projects with the highest expenditure in the reporting period.

Table 3.275: Tana River 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	Roads	Proposed rehabilitation of Madogo market access roads to cabro standards	Madogo	79,982,000.00	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	76,653,372.00	100.00
3	Roads	Construction of roads - other	Madogo	62,040,000.00	62,040,000.00	62,040,000.00	100.00
4	Roads	Proposed rehabilitation of b89-handa mpya to cabro standard.	Han-dampya	57,282,402.40	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	56,802,834.80	100.00
6	Roads	Rehabilitation of b89-handa mpya to cabro standard	Mikinduni	53,646,959.00	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	50,000,000.00	100.00
8	Roads	Construction of roads- H/O	Hola	46,211,896.90	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	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	41,057,620.00	100.00

Source: Tana River County Treasury

3.40.11 Budget Performance by Department

Table 3.276 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.276: 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	413	210	412	154	100	73.2	60.9	46.5
Office of The Governor and Deputy Governor	437	-	336		326		97.3	-	74.8	-
Finance and Planning	463	646	406	510	401	508	98.7	99.5	86.6	78.6
County Public Service Board	73	-	49	-	36		73	-	49.1	-
Trade, Tourism, Wildlife and Cooperative Development	84	132	23	-	23		100.9	-	27.3	-
Agriculture, Livestock, Fisheries and Veterinary	178	936	128	5	115	5	90.1	101.7	64.4	0.5
Culture, gender, Youth, Sports and Social Services	53	50	32	-	17	4	51.5	-	31.4	8.5
Education and Vocational Training	241	199	183	33	171	32	93.5	97.8	71	16.3
Medical Services, Public Health and sanitation	1,198	242	692	10	693	9	100	93.7	57.8	3.9
Special program	150	-	147	-	140		95.7	-	93.4	-
Roads, Transport, Public works, Housing and Urbanization	68	626	31	61	19	61	62.6	99.8	28.6	9.7
Water, Irrigation, Environment and Natural Resources	115	300	49	50	36	50	73.2	100	30.9	16.7
Public Service, Administration and Citizen Participation	1,402	50	711	-	631	1	88.7	-	45	1
Lands and Physical Planning	40	94	24	28	24	27	101	95.9	60.9	29.1
Hola Municipality	36	50	12	43	12	43	100	99.7	34.2	86.4
Total	5,216.00	3,656.00	3,236.00	950.00	3,056.00	894.00	94.4	94.1	58.6	24.5

Source: Tana River County Treasury

Analysis of expenditure by departments shows that the Department of Hola Municipality recorded the highest absorption rate of the development budget at 86.4 per cent, followed by the Department of Finance and Planning at 78.6 percent. The Department of Special Programmes had the highest percentage of recurrent expenditure to budget at 93.4 percent while the Department of Trade and Tourism had the lowest at 27.3 percent.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.277 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.277: Tana River County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor							
Executive Services	County leadership & coordination of CDAs	41,500,000.00	-	29,364,500.00	-	70.8	-
	County Government Advisory Service	51,000,000.00	-	33,560,400.00	-	65.8	-
	Coordination of peace and cohesion	17,373,561.67	-	16,300,700.00	-	93.8	-
	Sub Total	109,873,561.67	-	79,225,600.00	-	-	-
General Administration, Planning and support services	General Administration	326,768,101.33	-	247,245,394.75	-	75.7	-
	Sub Total	326,768,101.33	-	247,245,394.75	-	-	-
	Grand Total	436,641,663.00	-	326,470,994.75	-	74.8	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance and Economic planning							
Public Finance Management	PFM Enhancement	5,789,349.00	-	4,230,400.00	-	73.07	-
	Economic planning and Budgeting	33,625,694.00	-	31,062,678.00	-	92.38	-
	Monitoring and Evaluation	17,980,523.00	-	16,953,300.00	-	94.29	-
	Supply chain management services	20,700,000.00	-	19,765,300.00	-	95.48	-
	Own Source revenue collection	21,620,000.00	-	16,655,214.80	-	77.04	-
	Accounting & Finance	25,200,000.00	-	20,324,105.60	-	80.65	-
	Internal Audit	12,782,110.00	-	10,893,200.00	-	85.22	-
	General Administration	325,022,527.00	-	281,056,340.00		86.47	-
	Development	-	645,954,219.00	-	507,951,325.70	-	78.64
	Sub Total	462,720,203.00	-	400,940,538.40	-	86.65	-
	Grand Total	462,720,203.00	645,954,219.00	400,940,538.40	507,951,325.70	86.65	78.64
County Public Service Board							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	66,007,004.00	-	29,391,273.90	-	44.53	-
	Ethics, Governance and compliance	1,806,960.00	-	1,790,670.00	-	-	-
	Skills and competency development	1,578,824.00	-	1,330,600.00	-	84.28	-
	Human Resource management and development	3,962,316.00	-	3,530,700.00	-	89.11	-
	Grand Total	73,355,104.00	-	36,043,243.90	-	49.14	-
Trade, Tourism and co-operative development							
	Trade, weights and measures	66,699,849.00	132,000,000.00	12,140,892.85	-	18.20	
	Tourism promotion	8,899,849.00	-	6,013,577.00	-	67.57	-
	Cooperative Development	8,000,000.00	-	4,699,778.30	-	58.75	-
	Grand Total	83,599,698.00	132,000,000.00	22,854,248.15	-	27.34	0.00
Agriculture and Rural Development							
Agricultural Development	Crop Husbandry	6,969,666.00	-	4,510,663.00	-	64.72	-
	Plant Disease Control	1,600,000.00	-	879,011.00	-	54.94	-
	Agricultural Mechanization Services (AMS)	24,614,500.00	-	12,162,470.00	-	49.41	-
	UCSAP	20,000,000.00	-	5,000,000.00	-	25.00	-
	ASDSP	5,000,000.00	-	5,000,000.00	-	100.00	-
	FAO	1,245,700.00	-	1,000,000.00	-	80.28	-
	Development	-	600,000,000.00	429,900.00	996,540.00	-	0.17
	Sub-Total	59,429,866.00	600,000,000.00	28,982,044.00	996,540.00	48.77	0.17

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Fisheries Development	General Administration,	1,887,000.00	-	-	-	-	-
	Empowerment of women and youth on fish safety and quality assurance	1,520,000.00	-	-	-	-	-
	Construction of ice plant and cold storage	16,202,370.00	-	12,487,895.20	-	77.07	-
	Development	-	134,727,370.00	-	-	-	-
	Sub-Total	19,609,370.00	134,727,370.00	12,487,895.20	-	63.68	-
Veterinary Services	General Administration	2,612,372.00	-	197,555.00	-	7.56	-
	Extension services	38,072,388.00	-	35,266,533.00	-	92.63	-
	Breed improvement and artificial insemination	2,468,872.00	-	1,423,081.80	-	57.64	-
	Veterinary Public Health/Abattoirs	1,118,500.00	-	395,700.00	-	35.38	-
	Leather Development Services	26,182,846.00	-	25,170,300.00	-	96.13	-
	Control Tsetse fly and Laboratory Services	2,685,000.00	-	-	-	-	-
	Conduct disease surveillance and carry out timely vaccination	15,382,000.00	43,875,087.00	10,000,000.00	4,075,970.75	65.01	9.29
	Sub-Total	88,521,978.00	43,875,087.00	72,453,169.80	4,075,970.75	81.85	9.29
Livestock	General Administration	7,766,440.00	-	-	-	-	-
	Livestock Extension Services	1,805,000.00	12,000,000.00	382,250.00	-	21.18	-
	Animal Husbandry	1,292,500.00	145,100,000.00	558,900.00	-	43.24	-
	Sub-Total	10,863,940.00	157,100,000.00	941,150.00	-	8.66	-
	Grand Total	178,425,154.00	935,702,457.00	114,864,259.00	5,072,510.75	64.38	0.54
Gender, Social Service and Youth Development							
Child Protection.	Baseline Survey for OVC	3,700,000.00	-	593,000.00	-	16.03	-
	Community Awareness of Child Rights and Child Protection	2,000,000.00	-	-	-	-	-
	Enhanced Child Participation	700,000.00	-	300,000.00	-	42.86	-
Social Development and Protection.	Women empowerment	1,050,000.00	-	181,800.00	-	17.31	-
	Gender and Leadership	11,450,000.00	-	7,539,808.30	-	65.85	-
	Youth Empowerment	-	50,000,000.00	-	4,267,165.40	-	8.53
Sports Training and Competitions	county Sports leagues	7,193,447.00	-	2,248,130.00	-	31.25	-
	Sports equipment and support	2,000,000.00	-	-	-	-	-
	Sub-Total	28,093,447.00	50,000,000.00	10,862,738.30	4,267,165.40	38.67	-
Culture and art development	Culture Promotion and Development	11,750,000.00	-	1,976,520.00	-	16.82	-
	Capacity building of cultural practitioners	5,500,000.00	-	1,031,600.00	-	18.76	-
	Sub-Total	17,250,000.00	-	3,008,120.00	-	17.44	-
General administration, support and planning	General administration	7,340,000.00	-	2,689,200.00	-	36.64	-
	Sub-Total	7,340,000.00	-	2,689,200.00	-	36.64	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Grand Total	52,683,447.00	50,000,000.00	16,560,058.30	4,267,165.40	31.43	-
Education, Vocational training and ECDE							
Early Child care services	ECDE quality education standards service	500,000.00	-	484,000.00	-	96.80	-
	ECDE Access and Retention Services	20,300,000.00	27,000,000.00	2,993,000.00	10,606,584.00	14.74	0.39
	Sub Total	20,800,000.00	27,000,000.00	3,477,000.00	10,606,584.00	16.72	0.39
Vocational Training Services	VTC quality standards training services	3,010,342.00	-	2,292,000.00	-	76.14	-
	Free VTC education and training	56,156,327.00		12,156,327.00	-	21.65	-
	Sub Total	59,166,669.00	-	14,448,327.00	-	24.42	-
General Administration, Planning and support services	General Administration, Planning and support services	160,800,000.00	-	152,972,273.00	17,907,000.00	95.13	-
	Sub-Total	160,800,000.00	-	152,972,273.00	17,907,000.00	95.13	-
VTC access and retention of training	Development	-	171,535,447.00	-	3,933,902.15	-	0.02
	Sub Total	-	171,535,447.00	-	3,933,902.15	-	0.02
	Grand Total	240,766,669.00	198,535,447.00	170,897,600.00	32,447,486.15	70.98	0.16
Health and Sanitation							
Curative and Rehabilitative	Medical Supplies	160,650,000.00	-	77,515,258.95	-	48.25	-
	Medical Services	33,200,000.00	242,200,000.00	24,110,495.00	9,447,732.35	72.62	0.04
	Ambulance services	10,700,000.00	-	7,022,890.00	-	65.63	-
Preventive and Promotive	Preventive and Promotive	17,050,041.00	-	13,789,656.80	-	80.88	-
	Mobile clinics	5,800,000.00	-	4,870,664.40	-	-	-
	Licensing and control of undertaking	9,045,859.00	-	8,409,902.00	-	92.97	-
	Sub Total	236,445,900.00	242,200,000.00	135,718,867.15	9,447,732.35	57.40	0.04
General Administration, Planning and support services	General Administration, Planning and support services	961,115,376.69	-	556,996,647.05	-	57.95	-
	Development	-	-	-	-	-	-
	Sub Total	961,115,376.69	-	556,996,647.05	-	57.95	-
	Grand Total	1,197,561,276.69	242,200,000.00	692,715,514.20	9,447,732.35	0.58	0.02
Special Programme							
Drought management (Preparedness, Response and Recovery)	Drought contingency	2,000,000.00	-	-	-	0.00	-
	Disaster Risk Management Fund	139,202,242.80	-	137,602,243.00	-	98.85	-
Social protection and response to other disasters	Food distribution and rations	3,032,392.00	-	838,020.00	-	27.64	-
	Sub-Total	144,234,634.80	-	138,440,263.00	-	95.98	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	6,000,000.00	-	1,844,480.00	-	30.74	-
	Sub-Total	6,000,000.00	-	1,844,480.00	-	30.74	-
	Grand Total	150,234,634.80	-	140,284,743.00	-	93.38	-
Roads and public works							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Roads Development	Routine maintenance	3,628,330.00	124,000,000.00	3,573,263.00	19,150,753.00	98.48	0.15
	Opening of new roads	1,877,733.33	-	1,504,500.00	-	80.12	-
	Grading, Murmuring and tarmacking	1,645,000.00	-	593,710.00	-	36.09	-
	Monitoring and Evaluation	1,849,133.00	-	580,000.00	-	31.37	-
	Sub-Total	9,000,196.33	124,000,000.00	6,251,473.00	19,150,753.20	69.46	0.15
Public works and services	Public works and services	24,536,780.00	501,782,356.00	6,858,734.00	41,797,966.00	27.95	0.08
	Sub Total	24,536,780.00	501,782,356.00	6,858,734.00	41,797,966.00	27.95	0.08
General Administration and Support Services	General Administration and Support Services	34,451,763.00	-	6,343,800.00	-	18.41	-
	Sub-Total	34,451,763.00	-	6,343,800.00	-	18.41	-
	Grand Total	67,988,739.33	625,782,356.00	19,454,007.00	60,948,719.20	0.29	0.24
Water, Environment and Natural Resources							
Environment Management	Environmental Protection	35,552,415.00	-	11,370,505.00	-	31.98	-
	Environmental Protection	9,863,077.00	50,000,000.00	386,303.00	46,000,000.00	3.92	-
	Control of Air Pollution	2,795,484.00	-	-	-	-	-
	Solid Waste Management	11,098,615.00	-	6,958,700.00	-	62.70	-
	Sub-Total	59,309,591.00	50,000,000.00	18,715,508.00	46,000,000.00	31.56	-
General administration, planning support	General administration, planning support	34,780,511.00	-	10,295,911.00	-	29.60	-
	Sub-Total	34,780,511.00	-	10,295,911.00	-	29.60	-
Water Services	Water Management services	12,208,476.00	-	2,848,370.00	2,149,956.00	23.33	-
	Water Sanitation & Hygiene	3,767,316.00	249,500,000.00	3,049,030.00	-	80.93	-
	Storm Water Management	3,010,744.00	-	599,525.00	-	19.91	-
Energy Development	Energy	1,970,640.00	-	-	1,830,549.75	-	-
	Sub-Total	20,957,176.00	249,500,000.00	6,496,925.00	3,980,505.75	31.00	0.02
	Grand Total	115,047,278.00	299,500,000.00	35,508,344.00	49,980,505.75	30.86	0.17
Public service and administration							
General Administration, support and planning	General Administration	1,178,788,666.00	-	561,131,066.70	-	47.60	-
	Performance management system	4,200,000.00	-	2,143,200.00	-	51.03	-
	Human resource development	138,629,351.00	-	31,281,330.00	-	22.56	-
	Administration	62,100,000.00	50,000,000.00	31,549,599.80	522,000.00	50.80	-
	Enforcement	12,500,000.00	-	2,493,350.00	-	19.95	-
	Citizen Participation	6,100,000.00	-	2,317,430.00	-	37.99	-
	Sub Total	1,402,318,017.00	50,000,000.00	630,915,976.50	522,000.00	44.99	0.01
	Grand Total	1,402,318,017.00	50,000,000.00	630,915,976.50	522,000.00	44.99	0.01
Lands and physical planning							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration, Planning and support services	General Administration, Planning and support services	4,503,187.90	-	983,531.00	-	21.84	-
	Physical Planning	22,438,245.00	64,000,000.00	11,885,300.05	12,385,988.00	52.97	0.19
	Survey, Mapping and GIS	6,077,817.00	30,000,000.00	5,084,326.00	14,950,620.45	83.65	0.50
	Land Administration	6,574,500.00	-	6,144,529.00		93.46	-
	Grand Total	39,593,749.90	94,000,000.00	24,097,686.05	27,336,608.45	60.86	0.29
County Assembly							
General Administration and Support Services	General Administration and Support Services	677,653,973.00	330,783,780.00	412,448,369.00	153,698,147.60	60.86	46.46
	Sub-Total	677,653,973.00	330,783,780.00	412,448,369.00	153,698,147.60	60.86	46.46
Hola Municipality							
General Administration and Support Services	General Administration and Support Services	36,450,000.00	50,000,000.00	12,580,968.55	43,176,323.95	34.52	86.35
	Sub-Total	36,450,000.00	50,000,000.00	12,580,968.55	43,176,323.95	34.52	86.35
	Grand Total	5,215,039,606.73	3,654,458,259.00	3,056,636,550.80	894,848,525.30	58.61	24.49

Source: Tana River County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: ASDSP in the Department of Agriculture at 100 per cent, disaster fund in the Department of Special Programmes at 98.8 per cent, routine maintenance in the Department of Roads at 98.5 per cent, and ECDE quality education standards service in the department of Education at 96.8 per cent of budget allocation.

3.40.13 Accounts Operated in Commercial Banks

The County government operated a total of 34 accounts with commercial banks. This is contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 received on 23rd April 2024.
2. The underperformance of own-source revenue at Kshs.50.3 million against an annual target of Kshs.92.6 million, representing 54.3 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Inuka Fund and Tana River Car & Mortgage Fund still need to be submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.89 billion as of 31st March 2024.

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.6.50 billion, comprising Kshs.2.46 billion (37.8 per cent) and Kshs.4.04 billion (62.2 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 it was Kshs.5.68 billion, and comprised of Kshs.1.60 billion towards development expenditure and Kshs.4.08 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.38 billion (67.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.42 billion (21.9 per cent) as additional allocations/conditional grants, a cash balance of Kshs.253.64 million (3.9 per cent) brought forward from FY 2022/23, and generate Kshs.445.00 million (6.8 per cent) as gross own source revenue. The own-source revenue includes Kshs.149.80 million (33.7 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.295.20 million (66.3 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.278.

3.41.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.2.54 billion as an equitable share of the revenue raised nationally, Kshs.256.09 million as additional allocations/conditional grants, had a cash balance of Kshs.253.64 million from FY 2022/23 and raised Kshs.274.03 million as own-source revenue (OSR). The raised OSR includes Kshs.107.66 million as FIF and Kshs.166.38 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.32 billion, as shown in Table 3.278.

Table 3.278: Tharaka Nithi County, Revenue Performance in the First Nine Months 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	4,378,234,821	2,539,376,198	58.0
	Subtotal	4,378,234,821	2,539,376,198	58.0
B	Additional Allocations/Conditional Grants			
1.	Supplement for construction of county headquarters	103,160,000	-	0.0

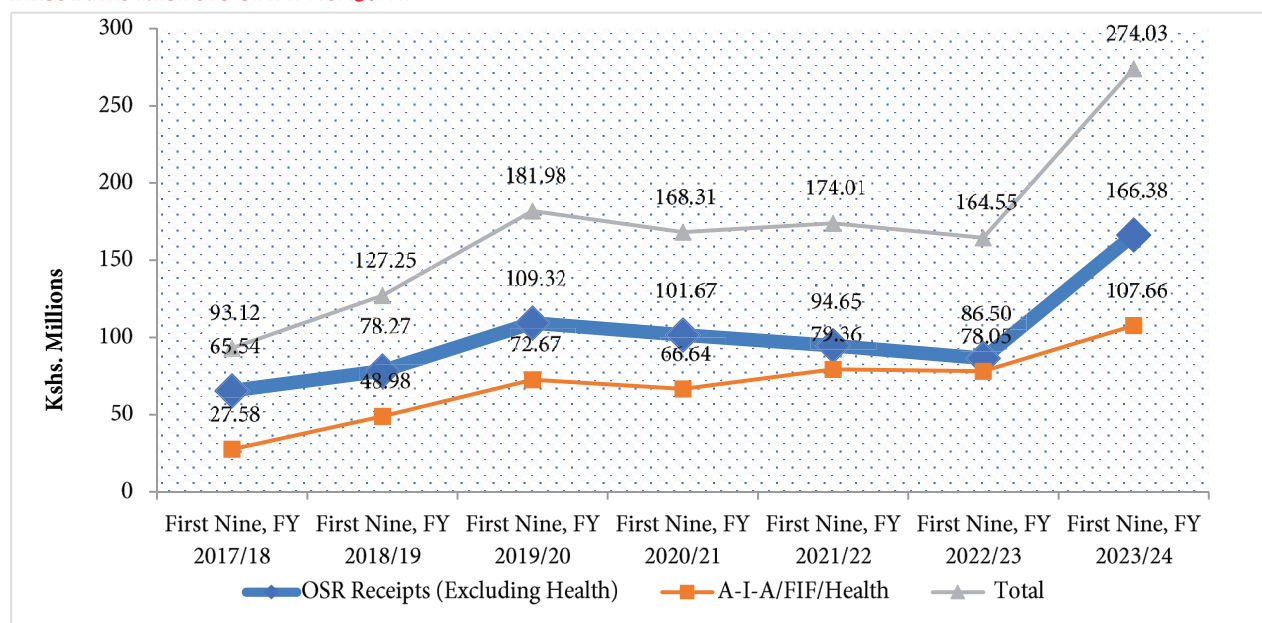
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2.	Conditional Grant- Leasing of Medical Equipment	124,723,404	-	0.0
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	90,000,000	-	0.0
4.	IDA (World Bank) Credit (National Agricultural Value Chain Development Project (NAVCDP)	250,000,000	195,112,952	78.0
5.	DANIDA Grant	14,856,750	7,695,750	51.8
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,785,670	2,285,670	128.0
7.	Kenya Informal Settlement Programme (KISP)II	80,000,000	40,000,000	50.0
8.	World Bank Emergency Locust Responses Projects (ELRP)	105,805,161	-	0.0
9.	Provision for provision of Fertilizer Subsidy Programme	71,299,830	-	0.0
10.	Aquaculture Business Development Programme (ABDP)	12,810,384	-	0.0
11.	Aggregated Industrial Parks Programme	250,000,000	-	0.0
12.	Financing Locally Led Climate Action Programme (FLLoCA) Program	205,050,000	11,000,000	5.4
13.	Livestock Value Chain Support Project	28,647,360	-	0.0
14.	De-risking and Value Chain Enhancement (DRIVE)	63,341,980	-	0.0
15.	Other Conditional Grants/CHP National Grant	22,137,500	-	0.0
Subtotal		1,423,618,039	256,094,372	18.0
C	Own Source Revenue			
16.	Ordinary Own Source Revenue	295,200,000	166,376,724	56.4
17.	Facility Improvement Fund (FIF)	149,800,000	107,655,094	71.9
Subtotal		445,000,000	274,031,818	61.6
D	Other Sources of Revenue			
18.	Unspent balance from FY 2022/23	253,643,267	253,643,267	100.0
Sub Total		253,643,267	253,643,267	100.0
Grand Total		6,500,496,127	3,323,145,655	51.1

Source: Tharaka Nithi County Treasury

Sweden - Agricultural Sector Development Support Programme (ASDSP) II performance was above 100 per cent at 128.0 per cent due to underbudgeting of the grant as shown in Table 3.276.

Figure 121 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

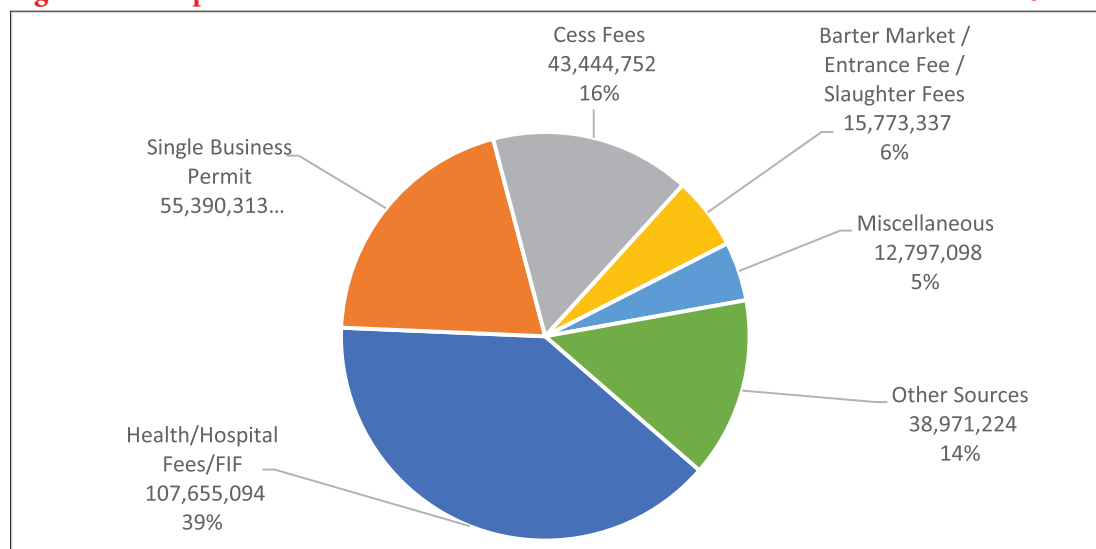
Figure 121: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Tharaka Nithi County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.274.03 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 66.5 per cent compared to Kshs.164.55 million realised in a similar period in FY 2022/23 and was 61.6 per cent of the annual target and 6.6 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on fees and levies from previous financial years of Kshs.6.44 million. 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 Nine Months of FY 2023/24 in Kshs.



Source: Tharaka Nithi County Treasury

The highest revenue stream of Kshs.107.66 million was from Hospital fees, contributing to 39.3 per cent of the total OSR receipts during the reporting period.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.24 billion from the CRF account during the reporting period, which comprised Kshs.687.17 million (21.2 per cent) for development programmes and Kshs.2.56

billion (78.8 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.75 billion was released towards Employee Compensation and Kshs.805.37 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.40.91 million.

3.41.4 County Expenditure Review

The County spent Kshs.3.23 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.687.27 million and Kshs.2.55 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.9 per cent, while recurrent expenditure represented 63.0 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.922.14 million, comprising Kshs.780.96 million for recurrent expenditure and Kshs.141.18 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.147.73 million. They consisted of Kshs.105.68 million for recurrent expenditure and Kshs.42.05 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.774.41 million.

However, there is a variance from the previously reported pending bills by the County as of 30th June 2023 where the County reported a stock of pending bills amounting to Kshs.546.61 million, comprising Kshs.370.08 million for recurrent expenditure and Kshs.176.53 million for development activities.

The County Assembly reported outstanding pending bills of Kshs.115.51 million as of 31st March 2024.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.88 billion on employee compensation, Kshs.309.55 million on operations and maintenance, and Kshs.687.27 million on development activities. Similarly, the County Assembly spent Kshs.174.56 million on employee compensation, Kshs.182.2 million on operations and maintenance, and no expenditure on development activities, as shown in Table 3.279.

Table 3.279: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,495,800,512	544,516,596	2,190,285,750	356,732,168	62.7	65.5
Compensation to Employees	2,240,679,017	280,627,733	1,880,734,541	174,556,677	83.9	62.2
Operations and Maintenance	1,255,121,495	263,888,863	309,551,209	182,175,491	24.7	69.0
Development Expenditure	2,400,179,019	60,000,000	687,274,801	-	28.6	-
Total	5,895,979,531	604,516,596	2,877,560,551	356,732,168	48.8	59.0

Source: Tharaka Nithi County Treasury

3.41.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.06 billion, or 61.8 per cent of the available revenue, which amounted to Kshs.3.32 billion. This expenditure represented an increase from Kshs.1.91 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.00 billion paid to health sector employees, translating to 48.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.90 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.73.34 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.12.25 million on committee sitting allowances for the 23 MCAs against the annual budget allocation of Kshs.29.20 million. The average monthly sitting allowance was Kshs.56.73 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.100.00 million to county-established funds in FY 2023/24, constituting 1.5 per cent of the County's overall budget. Table 3.280 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.280: Performance of County Established Funds in the First Nine Months 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 March 2024 (Yes/No.)
1.	Tharaka Nithi County Emergency Fund	5,000,000	-	-	Yes
2.	Tharaka Nithi County Bursary Fund	20,000,000	-	401,962	Yes
3.	Tharaka Nithi County Executive Staff Mortgage and Car Loan Scheme Fund	75,000,000	70,000,000	55,914,935	Yes
4.	Tharaka Nithi County Youth Empowerment Fund	-	-	5,997	Yes
5.	Tharaka Nithi County Assembly Car Loan & Mortgage Fund	-	-	1,428,671	Yes
	Total	100,000,000	70,000,000	57,751,565	

Source: Tharaka Nithi County Treasury

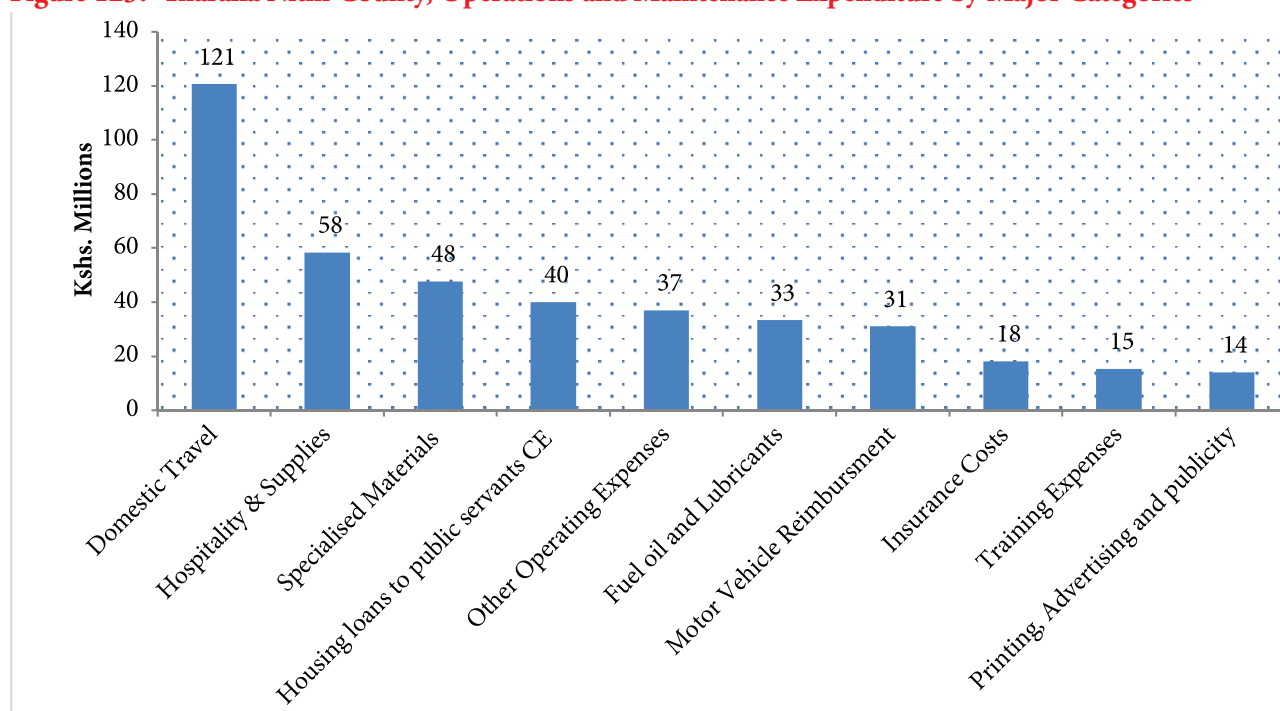
During the reporting period, the CoB received quarterly financial returns from all Fund Administrators, as indicated in Table 3.280, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.41.9 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.120.61 million and comprised Kshs.76.82 million spent by the County Assembly and Kshs.43.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.98 million and comprised Kshs.5.73 million by the County Assembly and Kshs.0.25 million by the County Executive. Expenditure on foreign travel is summarised in the Table 3.281.

Table 3.281: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	22nd-28th Jan 2023	Training of speakers of the county assembly on optimising institutional governance in the county assemblies	Dubai	536,900
County Assembly	1	3rd-10th April 2023	Training in leadership and management	United Kingdom	536,900
County Assembly	14	5th-11th April 2023	Conference on enhancing the effectiveness of County Assembly Women Caucus	Rwanda	844,508
County Assembly	5	5th-11th April 2023	Governance and strategic leadership in government summit	Arusha	398,271
County Assembly	6	19th-24th April 2023	International summit on creative modelling for sustainable development	Ethiopia	1,072,863
County Assembly	1	22nd-30th April 2023	Training for deputy speaker of the county assembly on effective leadership and management of committees in the county assemblies	Dubai	570,000
County Assembly	1	19th-25th May 2023	Training in leadership and management	United Kingdom	586,900
County Assembly	1	31st Jul-4th August 2023	Training on transformative leadership	Malawi	342,200

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	29th July-3rd August 2023	Conference on institutional governance and leadership	Dubai	500,000
County Assembly	1	4th-8th May 2023	Leadership and Management workshop	Daresalaam	340,050

Source: Tharaka Nithi County Treasury and Tharaka Nithi County Assembly

Breakdown of other operating expenses included; Kshs.1.13 million for Temporary Committee Expenses, Kshs.1.88 million for Membership Fees, Dues and Subscriptions to Professional and Trade Bodies, Kshs.7.70 million Legal Dues/fees, Arbitration and Compensation Payments, Kshs.7.19 million Contracted Professional Services, and Kshs.19.00 million spent on Constituency Office Expenses.

Included in the operations and maintenance costs is an expenditure of Kshs.7.70 million on legal fees.

3.41.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.687.27 million on development programmes, representing an increase of 51.2 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.454.55 million. Table 3.282 summarises development projects with the highest expenditure in the reporting period.

Table 3.282: Tharaka Nithi 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, Infrastructure and Public Works	Tarmacking Kambandi-Cheera - Ruguti Road	Mugwe		123,711,184	77.3
2	Roads, Infrastructure and Public Works	Maintenance and Improvement of Roads	Countywide		74,445,539	45.2
3	Agriculture and live-stock	Crop Subsidy	Countywide	38,499,272	73,115,090	79.9
4	Roads, Infrastructure and Public Works	Tarmacking Karandini-Kithioroni Road	Magumoni	-	32,514,394	-
5	Agriculture and live-stock	Crop Subsidy	Countywide	24,500,000	24,500,000	100
6	Roads, Infrastructure and Public Works	Chuka Municipality Infrastructure Support	Chuka Municipality	-	8,961,976	44.8
7	Roads, Infrastructure and Public Works	Construction of Ndagani market	Ndagani - Kar-ingani ward	-	7,490,500	49.9
8	Roads, Infrastructure and Public Works	Bridges and footbridges		-	6,920,329	46.1
9	Agriculture and live-stock	Artificial Insemination and Breeding Programme	Countywide	-	5,425,200	76.9
10	Roads, Infrastructure and Public Works	Improvement of markets	Countywide	-	5,101,480	34

Source: Tharaka Nithi County Treasury

The project of Tarmacking Karandini- Kithioroni Road did not have a budget allocation from the expenditure returns provided. The contract sum for some projects was not provided by the county government.

3.41.11 Budget Performance by Department

Table 3.283 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.283: 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	157.64	-	78.13	-	77.78	-	99.5	-	49.3	-
Roads, Infrastructure, And Public Works	253.72	616.55	164.34	295.66	164.21	295.66	99.9	100.0	64.7	48.0
Medical Services	1,495.79	150.00	1,032.34	19.15	1,032.02	19.15	100.0	100.0	69.0	12.8
Agriculture, Livestock, Veterinary Services, and Cooperative Development	185.88	706.94	115.78	314.10	114.87	314.10	99.2	100.0	61.8	44.4
Administration and Public Service	140.42	10.00	86.15	-	85.17	-	98.9	-	60.7	0.0
Education and Vocational Training	211.65	55.00	120.86	31.62	119.83	31.72	99.1	100.3	56.6	57.7
Finance and Economic Planning	248.51	-	135.31	-	134.78	-	99.6	-	54.2	-
Environment and Natural Resources	42.85	216.00	26.07	-	25.52	-	97.9	-	59.6	0.0
County Assembly	544.52	60.00	356.74	-	356.73	-	100.0	-	65.5	0.0
Water Services and Irrigation	53.59	86.00	25.04	18.09	24.53	18.09	98.0	100.0	45.8	21.0
County Public Service Board	37.62	-	14.58	-	14.16	-	97.1	-	37.6	-
Public Health and Sanitation	316.55	124.72	209.69	-	208.98	-	99.7	-	66.0	0.0
Youth and Sport	37.77	21.00	17.67	-	17.38	-	98.3	-	46.0	0.0
Culture and Tourism	30.51	3.00	10.66	-	10.50	-	98.5	-	34.4	0.0
Revenue and Resource Mobilization	120.04	10.00	75.48	-	74.49	-	98.7	-	62.1	0.0
Lands Physical Planning and Housing	56.72	123.16	33.43	8.54	33.02	8.54	98.8	100.0	58.2	6.9
Fisheries and Ecosystem Development	17.01	19.81	6.98	-	6.75	-	96.8	-	39.7	0.0
Gender Children and Social Services	26.15	-	11.47	-	10.91	-	95.1	-	41.7	-
Trade Investment Promotion Energy and Industry	63.38	258.00	36.31	-	35.38	-	97.5	-	55.8	0.0
TOTAL	4,040.32	2,460.18	2,557.03	687.17	2,547.02	687.27	99.6	100.0	63.0	27.9

Source: Tharaka Nithi County Treasury

Analysis of expenditure by departments shows that the Department of Education and Vocational Training recorded the highest absorption rate of development budget at 57.7 per cent, followed by the Department of Roads, Infrastructure, And Public Works at 48.0 per cent. The Department of Medical Services had the highest percentage of recurrent expenditure to budget at 69.0 per cent while the Department of Culture and Tourism had the lowest at 34.4 per cent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.284 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.284: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
3611 Office of Governor and Deputy Governor							
P: County Government Advisory Services	SP: Public Sector Advisory Services (Legal & Economic Advisors)	16,200,000	-	7,224,020	-	44.6	-
	SP: Communication and Strategy	12,800,000	-	5,749,780	-	44.9	-
P: County Leadership and Coordination of MDAs	SP: Coordination of CMAs (Office of County Secretary)	7,180,000	-	4,442,810	-	61.9	-
P: General Administration, Planning and Support Services	SP: Management of County Affairs (Office of Governor)	87,110,823	-	53,466,124	-	61.4	-
	SP: Coordination and Supervisory Services (Deputy Governor’s Office)	34,350,000	-	6,899,108	-	20.1	-
Sub Total		157,640,823	-	77,781,842	-	49.3	-
3612 Roads, Infrastructure and Public Works							
P: General Administration Planning and Support Services	SP: General Administration Services	-	19,845,700	-	-	-	0
	SP: General Administration Services	66,722,060	-	66,397,347	-	99.5	-
P: Kathwana Municipality Development Programme	SP: Kathwana Urban Area Support	6,920,210	10,000,000	4,247,279	-	61.4	-
P: Public Works and Housing Services	SP: Public Works Services	4,649,002	-	4,882,372	-	105	-
P: Roads Transport	SP: Rural Roads Improvement and Maintenance Services	125,730,000	425,000,000	51,101,857	295,660,635	40.6	69.6
P: Urban Development and Administration	SP: Urban Administrative Services	49,695,000	161,700,000	37,580,685	-	75.6	0.-
Sub Total		253,716,272	616,545,700	164,209,540	295,660,635	64.7	48
3613 Medical Services							
P: Curative and Rehabilitative Services	SP: Primary Healthcare	-	122,500,000	-	19,154,795	-	15.6
	SP: Medical Supplies	152,139,134	-	23,646,152	-	15.5	-
	SP: Laboratory Services	36,400,000	-	-	-	-	-
P: General Administration Planning and Support Services	SP: General Administration Services	78,500,000	27,500,000	1,799,984	-	2.3	-
	SP: Human resource management	1,049,545,879	-	996,303,505	-	94.9	-
	SP: Policy, Planning, Financing and Budgeting	138,600,000	-	4,582,311	-	3.3	-
P: ICT Infrastructure Development	SP: ICT Infrastructure Development	40,600,500	-	5,687,427	-	14	-
Sub Total		1,495,785,513	150,000,000	1,032,019,379	19,154,795	69	12.8
3615 Agriculture and Crop Production							
P: Cooperative Development and Management	SP: Cooperative Development	3,493,683	-	273,600	-	7.8	-
P: Crop Development and Management	SP: Crops Development, Agribusiness and Market Development	10,237,062	586,090,831	3,282,552	298,114,373	32.1	50.9
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	103,519,212	10,000,000	68,214,173	4,980,000	65.9	49.8

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: Livestock and Fisheries Resource Management and Development	SP: Livestock Policy Development and Capacity Building	58,926,264	97,989,340	38,580,806	1,181,386	65.5	1.2
	SP: Veterinary Services and Disease Prevention	9,700,000	12,859,360	4,519,225	9,825,200	46.6	76.4
Sub Total		185,876,221	706,939,531	114,870,356	314,100,959	61.8	44.4
3616 Public Administration and Devolution Affairs							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	130,294,634	-	81,855,934	-	62.8	-
	SP: Sub-County Administration and Field Services	1,889,665	10,000,000	344,600	-	18.2	-
	SP: Human Resource Management Services	8,240,000	-	2,971,800	-	36.1	-
Sub Total		140,424,299	10,000,000	85,172,334	-	60.7	-
3617 Education, Gender, Culture and Social Services							
P: Education and Youth Training	SP: Promotion of Basic Education (ECDE)	42,641,611	45,000,000	6,613,680	31,724,613	15.5	70.5
	SP: Youth Training and Capacity Building	16,060,089	10,000,000	3,975,280	-	24.8	-
P: General Administration Planning and Support Services	SP: Administration Planning and Support Services	152,944,800	-	109,237,611	-	71.4	-
Sub Total		211,646,500	55,000,000	119,826,571	31,724,613	56.6	57.7
3619 Finance and Economic Planning							
P: Economic Policy and County Planning	SP: Monitoring and Evaluation Services	4,270,000	-	1,231,800	-	28.8	-
	SP: Economic Development, Planning and Coordination Services	3,220,000	-	1,633,000	-	50.7	-
	SP: County Statistics Services	7,005,000	-	1,856,180	-	26.5	-
P: Financial Management Services	SP: Supply Chain Management Services	4,610,000	-	657,200	-	14.3	-
	SP: Audit Services	9,435,000	-	2,453,990	-	26.	-
	SP: Budget Formulation and Coordination	4,417,000	-	1,573,760	-	35.6	-
	SP: Accounting Services	5,255,000	-	2,204,880	-	42.	-
P: General Administration, Planning and Support Services	SP: Human Resource Management Services	210,302,400	-	123,171,183	-	58.6	-
Sub Total		248,514,400	-	134,781,993	-	54.2	-
3620 Environment, Mining and Natural Resources							
P: Environment and Natural Resources Management	SP: Environment and Natural Resource	42,850,000	216,000,000	25,523,787	-	59.6	-
Sub Total		42,850,000	216,000,000	25,523,787	-	59.6	-
3622 Water Services and Irrigation							
P: Water Supply Services	SP: Domestic Water Services	40,693,750	59,500,000	22,550,695	18,091,659	55.4	30.4
	SP: Water Storage Services	2,133,000	-	496,400	-	23.3	-
	SP: Irrigation and Drainage Services	10,767,000	26,500,000	1,483,801	-	13.8	-
Sub Total		53,593,750	86,000,000	24,530,896	18,091,659	45.8	21
3623 County Public Service Board							

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	26,400,400	-	13,006,183	-	49.3	-
	SP: Human Resource Management Services	11,220,000	-	1,153,150	-	10.3	-
Sub Total		37,620,400	-	14,159,333	-	37.6	-
3625 Public Health and Sanitation							
P: Preventive and Promotive Health Services	SP: Health Promotion and Disease Control	253,205,400	124,723,404	202,869,737	-	80.1	-
	SP: Environmental Health services	63,347,000	-	6,112,367	-	9.6	-
Sub Total		316,552,400	124,723,404	208,982,104	-	66	-
3628 Youth and Sports							
P: General Administration Planning and Support Services	SP: General Administration Services	-	2,000,000	-	-	-	-
P: Sports Development and Promotion	SP: County Football League and Clubs Development	1,350,000	-	20,000	-	1.5	-
	SP: Athletics Championships and Other Games	5,560,414	-	333,400	-	6.-	-
	SP: Talent Search and Promotion	30,858,386	19,000,000	17,023,374	-	55.2	-
Sub Total		37,768,800	21,000,000	17,376,774	-	46	-
3629 Culture and Tourism							
P: Culture, Arts and Social Services	SP: Culture and Arts Promotion	26,975,200	3,000,000	9,757,200	-	36.2	-
P: Tourism Development and Promotion	SP: Tourism Promotion and Infrastructure Development	1,380,900	-	330,000	-	23.9	-
	SP: Miss Tourism Tharaka Nithi	2,157,150	-	412,000	-	19.1	-
Sub Total		30,513,250	3,000,000	10,499,200	-	34.4	-
3630 Revenue and Resource Mobilization							
P: Financial Management Services	SP: Resource Mobilization and Management	20,759,500	-	10,035,620	-	48.3	-
P: Resource Mobilization	SP: Revenue Administration	99,279,500	10,000,000	64,451,964	-	64.9	-
Sub Total		120,039,000	10,000,000	74,487,584	-	62.1	-
3631 Lands, Physical Planning and Housing							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services		103,160,000		-	-	-
P: Land Policy and Planning	SP: Physical Planning Services	50,571,000	20,000,000	30,919,770	8,542,140	61.1	42.7
	SP: Land administration & management	6,150,700		2,104,235		34.2	-
Sub Total		56,721,700	123,160,000	33,024,005	8,542,140	58.2	6.9
3632 Fisheries and Ecosystem Development							
P: Livestock and Fisheries Resource Management and Development	SP: Fisheries Development and Promotion	17,005,304	19,810,384	6,751,225	-	39.7	-
Sub Total		17,005,304	19,810,384	6,751,225	-	39.7	-

Programme	Sub-Programme	Approved Estimates FY 2023/24		Actual Expenditure as of 31st March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
3633 Gender, Children and Social Services							
P: Gender and Youth Empowerment	SP: Gender, Youth and Women Empowerment	26,150,000	-	10,906,550	-	41.7	-
Sub Total		26,150,000	-	10,906,550	-	41.7	-
3634 Trade, Investment Promotion, Energy and Industry							
P: Energy Resource Development & Management	SP: Energy Resource Development & Management	2,900,400	8,000,000	185,500	-	6.4	-
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	49,101,480	5,000,000	34,763,937	-	70.8	-
P: Industrial Development and Investment	SP: Industrial Development	4,450,000	240,000,000	432,840	-	9.7	-
	SP: Consumer Protection & Fair Trade Practices	6,930,000	5,000,000	-	-	-	-
Sub Total		63,381,880	258,000,000	35,382,277	-	55.8	-
3621 County Assembly							
General Administration, Planning and Support Services	Office of the Clerk	283,794,105	60,000,000	170,828,328	-	60.2	-
County Legislation Services	County Assembly Services	198,521,075	-	132,930,526	-	67.	-
	Coordination Services (Office of the Speaker)	6,300,000	-	4,860,000	-	77.1	-
	Procedure and Oversight Services (Committees)	55,901,416	-	48,113,314	-	86.1	-
Sub Total		544,516,596	60,000,000	356,732,168	-	65.5	-
Grand Total		4,040,317,108	2,460,179,019	2,547,017,918	687,274,801	63.	27.9

Source: Tharaka Nithi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: SP: General Administration Services in the Department of Roads, Infrastructure and Public Works at 99.5 per cent, SP: Human Resource Management in the Department of Medical Services at 94.9 per cent, Procedure and Oversight Services (Committees) in the Department of County Assembly at 86.1 per cent, and Coordination Services (Office of the Speaker) in the Department of County Assembly at 77.1 per cent of budget allocation.

Sub-programme SP: Public Works Services in the Department of Roads, Infrastructure and Public Works had an over-absorption of budget allocation at 105.0 per cent. This should be regularized through passage of supplementary budget.

3.41.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 received between 27th April 2024 and 29th April 2024.
2. The underperformance of own-source revenue at Kshs.274.03 million against an annual target of Kshs.445.00 million, representing 61.6 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.774.41 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
4. Inconsistency and inaccuracy in the reporting and computation of the pending bills by the County Treasury. Whereas previously reported pending bills by the County as of 30th June 2023 were Kshs.546.61 million, comprising Kshs.370.08 million for recurrent expenditure and Kshs.176.53 million for development activities. The currently reported pending bills differ with the earlier submitted report.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.73.34 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County Assembly car loan and mortgage Fund repayment account, County Assembly car loan and mortgage Fund disbursement of loans, County Executive Staff Car Loan and Mortgage fund, Youth Grants, Emergency Expenditure, and Scholarship and School Bursary fund account

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
3. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
4. *The County Treasury should ensure accuracy in reporting pending bills*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

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 12.5 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 3.260.

3.42.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs. 4.35 billion as an equitable share of the revenue raised nationally, Kshs. 374.75 million as additional allocations/conditional grants, had a cash balance of Kshs. 910.24 million from FY 2022/23, and raised Kshs. 359.71 million as own-source revenue (OSR). The raised OSR includes Kshs. 172.68 million as FIF and Kshs. 187.03 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs. 5.99 billion, as shown in Table 3.285.

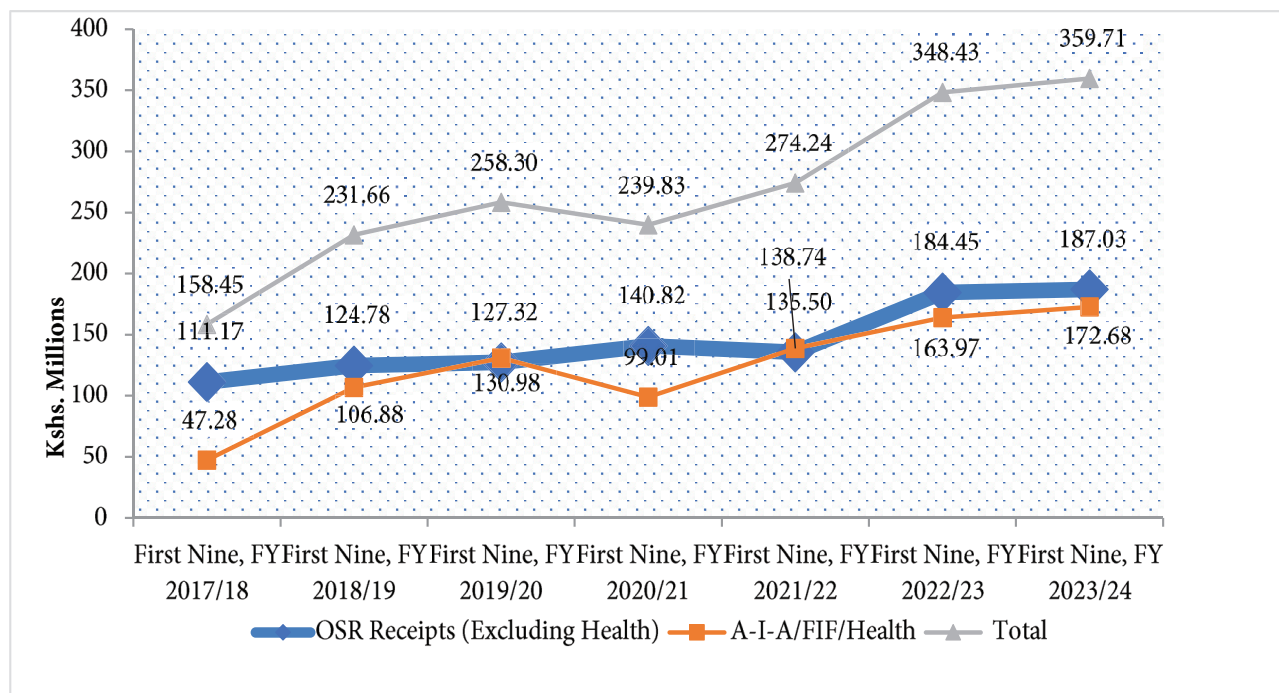
Table 3.285: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2023/24

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	4,349,897,015	58
Subtotal		7,499,822,440	4,349,897,015	58
B	Additional Allocations/Conditional Grants			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	150,000,000	7,099,764	4.7
2.	DANIDA Grant (Universal Healthcare in Devolved System Program)	10,510,500	-	-
3.	Kenya Livestock Commercialization Programme	35,500,000	16,095,837	45.3
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	1,551,336	50.8
8.	Kenya Informal Settlement Programme II (KISIP II)	300,000,000	150,000,000	50
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	200,000,000	80
Subtotal		1,198,345,332	374,746,937	31.3
C	Own Source Revenue			
1.	Ordinary Own Source Revenue	342,000,000	187,028,763	54.7
2.	Facility Improvement Fund (FIF)	301,700,000	172,676,601	57.2
Subtotal		643,700,000	359,705,364	55.9
D	Other Sources of Revenue			
1.	Unspent balance from FY 2022/23	910,237,312	910,237,312	100
Sub Total		910,237,312	910,237,312	100
Grand Total		10,252,105,084	5,994,586,628	58.5

Source: Trans Nzoia County Treasury

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

Figure 124: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24

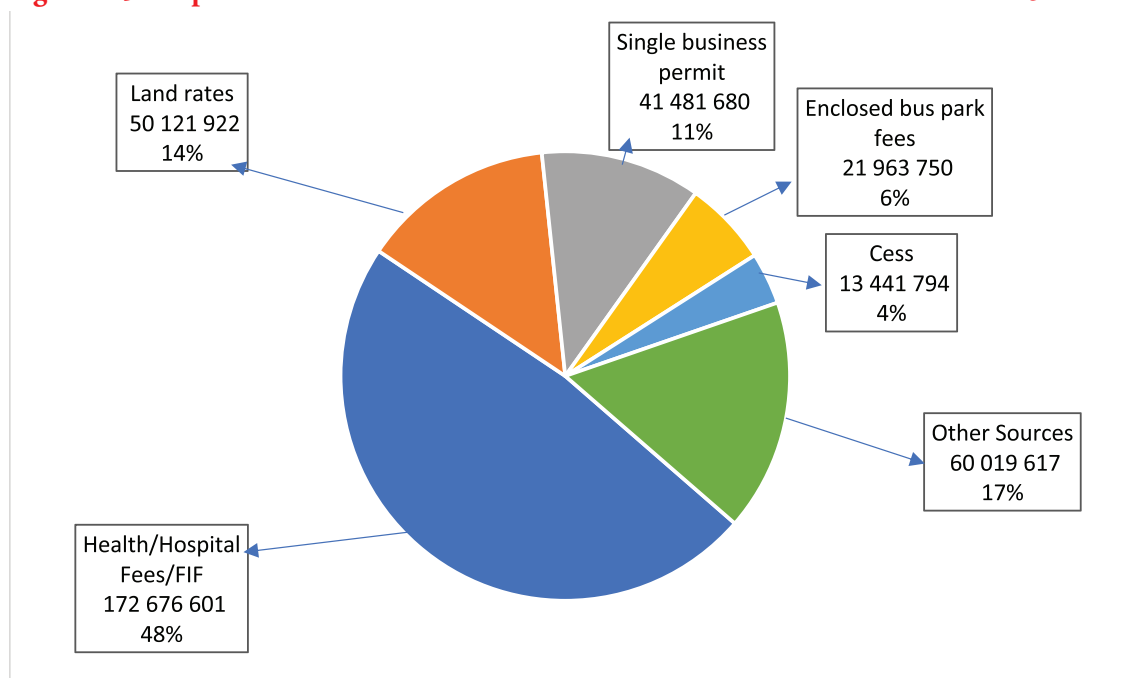


Source: Trans Nzoia County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs. 359.71 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 3.2 per cent compared to Kshs. 348.43 million realised in a similar period in FY 2022/23 and was 55.9 per cent of the annual target and 8.3 per cent of the equitable revenue share disbursed during the period. The OSR doesn't include revenue arrears and penalties charged on fees and levies from previous financial years (where applicable).

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 Nine Months of FY 2023/24 in Kshs.



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs.172.68 million was from Hospital Fees contributing to 48 per cent of the total OSR receipts during the reporting period.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.90 billion from the CRF account during the reporting period, which comprised Kshs.948.76 million (21.5 per cent) for development programmes and Kshs.3.95 billion (67.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.81 billion was released towards Employee Compensation and Kshs.1.14 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.615.02 million.

3.42.4 County Expenditure Review

The County spent Kshs. 4.64 billion on development and recurrent programmes in the reporting period. The expenditure represented 94.5 per cent of the total funds released by the CoB and comprised Kshs. 925.65 million and Kshs.3.87 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.9 per cent, while recurrent expenditure represented 63.6 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs. 1.16 billion, comprising of Kshs. 810.46 million for recurrent expenditure and Kshs. 353.60 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs. 292.05 million. They consisted of Kshs. 95.39 million for recurrent expenditure and Kshs. 196.66 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs. 872.00 million.

There were no outstanding pending bills for the County Assembly as of 31st March 2024.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.37 billion on employee compensation, Kshs.755.36 million on operations and maintenance, and Kshs.742.71 million on development activities. Similarly, the County Assembly spent Kshs.224.16 million on employee compensation, Kshs.360.87 million on operations and maintenance, and Kshs.182.94 million on development activities, as shown in Table 3.286.

Table 3.286: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,071,470,429	759,771,133	3,125,479,155	585,029,195	61.6	77.0
Compensation to Employees	3,111,210,689	300,309,476	2,370,121,698	224,160,586	76.2	74.6
Operations and Maintenance	1,960,259,740	459,461,657	755,357,458	360,868,609	38.5	78.5
Development Expenditure	4,080,213,522	340,650,000	742,709,099	182,940,564	18.2	53.7
Total	9,151,683,951	1,100,421,133	3,868,188,254	767,969,759	42.3	69.8

Source: Trans Nzoia County Treasury

3.42.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs. 2.59 billion, or 43.3 per cent of the available revenue, which amounted to Kshs. 5.99 billion. This expenditure represented an increase from Kshs. 2.53 billion reported in a similar period in FY 2022/23. The wage bill included Kshs. 1.44 billion paid to health sector employees, translating to 55.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs. 2.52 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs. 77.17 million was processed through manual pay-rolls. The manual payrolls accounted for 3.0 per cent of the total PE cost.

The County Assembly spent Kshs.17.79 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.50.61 million. The average monthly sitting allowance was Kshs. 58,156 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. 296.48 million to county-established funds in FY 2023/24, constituting 2.9 per cent of the County's overall budget. Table 3.287 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.287: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Car Loan and Mortgage	50,000,000	25,000,000	-	148,379,626	No
2	Elimu Bursary Fund	150,500,000	75,000,000	-	891,000,000	No
3	Emergency Fund	50,000,000	-	-	0	No
4	Nawiri Fund	-	-	-	84,000,000	No
5	Youth and Women Development fund	-	-	-	102,000,000	No
County Assembly Established Funds						
6	Car Loan and Mortgage Scheme Fund (Members and Staff)	45,976,857	29,364,000	-	244,003,097	No
Total		296,476,857	104,364,000	-	1,147,827,723	

Source: Trans Nzoia County Treasury

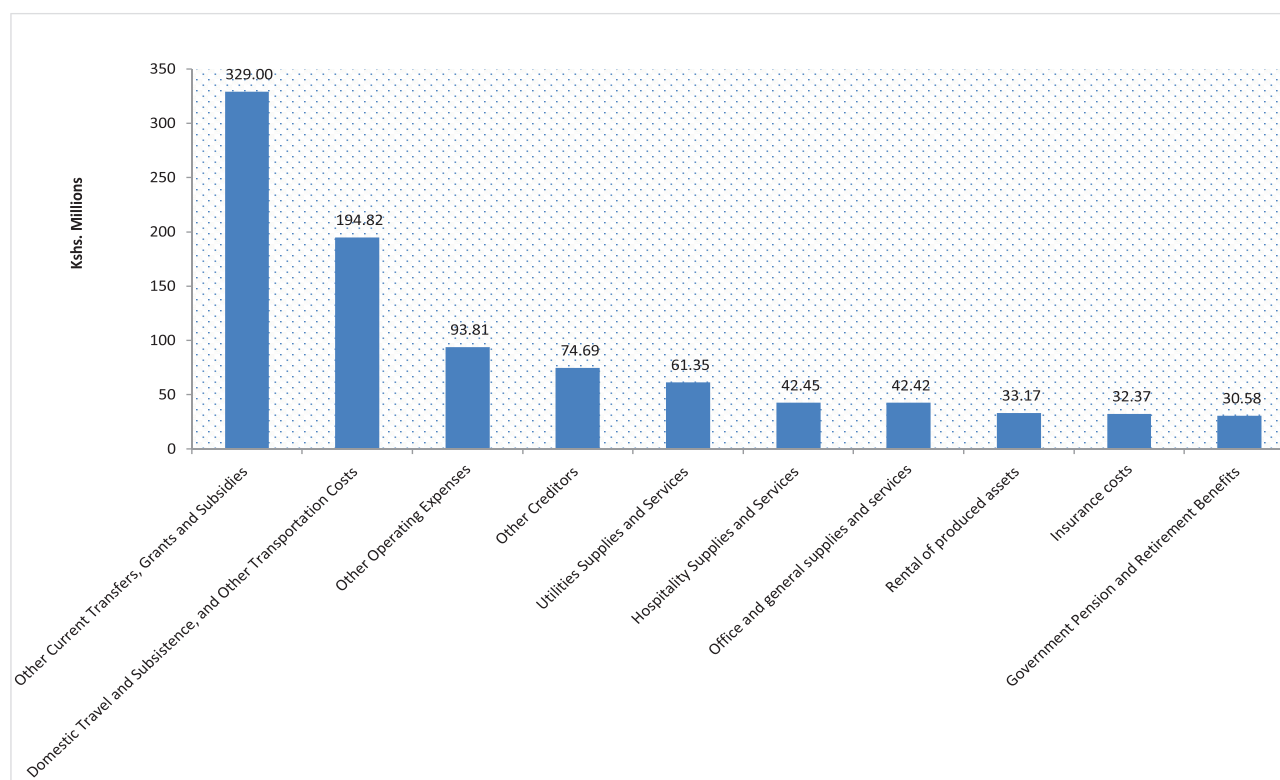
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds, as indicated in Table 3.287, contrary to the requirement of Section 168 of 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.

3.42.9 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. 194.82 million and comprised Kshs. 138.07 million spent by the County Assembly and Kshs. 56.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 0.99 million by the County Assembly. Expenditure on foreign travel is summarised in the table 3.288.

Table 3.288: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	25 th February to 2 nd March 2024	A workshop on the Kenya County Assembly legislative exchange programme	USA	261,000
County Assembly	2	17 th March to 23 rd march 2024	Workshop on Leadership and Management Skills Programme	UAE	734,000

Source: Trans Nzoia County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs. 7.58 million on legal fees.

3.42.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.925.65 million on development programmes, representing an increase of 184 per cent compared to a similar period of FY 2022/23 when the County spent Kshs. 325.78 million. Table 3.289 summarises development projects with the highest expenditure in the reporting period.

Table 3.289: 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	237,011,072	16.4
3	Public Service Management	Proposed construction of Trans Nzoia county headquarters	Trans Nzoia County headquarters	498,835,545	193,397,288	39
4	County Assembly	Construction of Committee Services Complex	Committee Services Complex	46,925,465	18,901,416	40
5	County Assembly	Construction of Speakers Official Residence	Speakers Official Residence	34,966,971.80	14,274,592	55
6	Public works	Routine maintenance of the Kapchepsir junction-Mosbei-Kugut junction road in the Kaplamai ward	Kaplamai ward	3,810,950	3,810,950	100
7	Public works	Proposed culvert installation in Nabiswa ward	Nabiswa ward	3,279,109	3,279,109	100
8	Public works	Routine maintenance of Sirende- Machungwa	Sirende-Machungwa	3,218,039	3,218,039	100
9	Public works	Routine maintenance of Maritime-Kipkorion road	Maritime-Kipkorion road	3,215,704	3,215,704	100
10	Public works	Routine maintenance of Kwanza-water supply works-Gidea	Kwanza Water Supply works	3,180,109	3,180,109	100

Source: Trans Nzoia County Treasury

3.42.11 Budget Performance by Department

Table 3.290 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.290: 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	127.97	68.16	121.51	68.16	95.0	100.0	50.4	11.2
Livestock	12.95	278.57	4.50	26.04	3.92	25.53	87.2	98.0	30.3	9.2
Trade, Commerce	48.97	334.50	41.77	37.88	27.68	36.61	66.2	96.7	56.5	10.9
Water, Env and Natural Resources	73.79	497.73	55.97	50.36	31.94	46.93	57.1	93.2	43.3	9.4
Public Works, Transport and Infrastructure	143.18	498.92	77.28	242.66	53.19	241.57	68.8	99.6	37.2	48.4
Health Corporate	2,054.24	372.68	1,522.43	1.08	1,473.83	0.92	96.8	85.3	71.7	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
Lands, Housing	79.54	455.05	63.40	3.06	57.95	3.01	91.4	98.3	72.9	0.7
Municipality Board of Kitale	26.07	34.45	2.21	-	1.19	-	53.7	-	4.6	-
Gender, Sports, Culture	148.61	230.44	36.17	110.43	34.87	108.45	96.4	98.2	23.5	47.1
Governance	171.01	25.00	123.86	-	76.02	-	61.4	-	44.5	-
Public Service Management	593.06	300.75	397.48	93.63	383.80	79.84	96.6	85.3	64.7	26.5
County Public Service Board	75.66	13.00	21.19	-	19.74	-	93.2	-	26.1	-
Education, ICT	694.68	160.79	383.99	-	343.36	-	89.4	-	49.4	-
Finance	601.86	248.53	482.17	132.51	468.40	131.67	97.1	99.4	77.8	53.0
Economic Planning	42.05	18.80	13.36	-	12.63	-	94.5	-	30.0	-
County Attorney	64.61	-	16.48	-	15.43	-	93.7	-	23.9	-
County Assembly	759.77	340.65	585.03	182.94	585.03	182.94	100.0	100.0	77.0	53.7
Total	5,831.24	4,420.86	3,955.25	948.76	3,710.51	925.65	93.8	97.6	63.6	20.9

Source: Trans Nzoia County Treasury

Analysis of expenditure by departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 53.7 per cent, followed by the Department of Finance at 53.0 per cent. The Department of Finance had the highest percentage of recurrent expenditure to budget at 77.8 per cent while the Department of Municipality Board of Kitale had the lowest at 4.6 per cent. The allocation for recurrent expenditure for the Assembly and the county Executive is within the expenditure ceilings provided for in CARA, 2023.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.291 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.291: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock		254,131,256	889,579,547	125,438,533.00	93,696,971.70	49.4	10.5
Crop Development		-	889,579,547	-	93,696,971.70	-	10.5
	Crop Diversification	-	611,014,470	-	68,162,698.00	-	11.2
	Post-harvest management and value addition	-	278,565,077	-	25,534,273.70	-	9.2
Administrative And Support Services		254,131,256	-	125,438,533.00	-	49.4	-
	Administrative And Support Services	254,131,256	-	125,438,533.00	-	49.4	-
Trade, Commerce and Industry		48,974,495	334,495,111	27,675,147.10	36,612,618.00	56.5	10.9
Medium and small Enterprises		-	334,495,111	-	36,612,618.00	-	10.9
	Medium and small Enterprises		334,495,111		36,612,618.00	-	10.9
Administrative And Support Services		48,974,495	-	27,675,147.10	-	56.5	-
	Administrative And Support Services	48,974,495		27,675,147.10		56.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water, Environment and Natural Resources		73,794,564	497,733,567	31,941,180.90	46,929,842.00	43.3	9.4
Environment management and protection		-	497,733,567	-	46,929,842.00	-	9.4
	Waste Management		497,733,567		46,929,842.00	-	9.4
Administrative And Support Services		73,794,564	-	31,941,180.90	-	43.3	-
	Administrative And Support Services	73,794,564		31,941,180.90		43.3	-
Public Works, Roads and Infrastructure		143,177,618	498,921,850	53,193,084.20	241,570,813.65	37.2	48.4
Road Construction and Road Maintenance		-	498,921,850	-	241,570,813.65	-	48.4
	Maintenance of Roads		498,921,850		241,570,813.65	-	48.4
Administrative And Support Services		143,177,618	-	53,193,084.20	-	37.2	-
	Administrative And Support Services	143,177,618		53,193,084.20		37.2	-
Lands, Housing and Urban Planning		79,543,815	455,045,094	57,952,541.15	3,007,241.35	72.9	0.7
Administrative And Support Services		79,543,815	455,045,094	57,952,541.15	3,007,241.35	72.9	0.7
	Administrative And Support Services	79,543,815	455,045,094	57,952,541.15	3,007,241.35	72.9	0.7
Gender, Sports, Culture and Tourism		148,612,882	230,437,301	34,871,414.70	108,449,360.25	23.5	47.1
Cultural development and promotion		-	230,437,301	-	108,449,360.25	-	47.1
	Culture development		230,437,301		108,449,360.25	-	47.1
Administrative And Support Services		148,612,882	-	34,871,414.70	-	23.5	-
	Administrative And Support Services	148,612,882		34,871,414.70		23.5	-
Public Service Management		593,055,177	300,749,509	383,801,255.90	79,843,942.35	64.7	26.5
Infrastructure Development		-	300,749,509	-	79,843,942.35	-	26.5
	Supervision and Management of Projects		300,749,509		79,843,942.35	-	26.5
Administrative And Support Services		593,055,177	-	383,801,255.90	-	64.7	-
	Administrative And Support Services	593,055,177		383,801,255.90		64.7	-
Education and ICT		694,682,622	160,790,725	343,362,215.70	-	49.4	-
Vocational Training Development		-	160,790,725	-	-	-	-
	Vocational Training Development		160,790,725			-	-
Administrative And Support Services		694,682,622	-	343,362,215.70	-	49.4	-
	Administrative And Support Services	694,682,622		343,362,215.70		49.4	-
Finance		601,859,682	248,532,843	468,403,537.30	131,674,876.85	77.8	53.0
Administrative and Support Services		601,859,682	248,532,843	468,403,537.30	131,674,876.85	77.8	53.0
	Supervision and Management of Projects		248,532,843	-	131,674,876.85	-	53.0
	Administrative And Support Services	601,859,682		468,403,537.30	-	77.8	-
Governance		171,010,020	25,000,000	76,017,755.75	-	44.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Infrastructure Development		-	25,000,000	-	-	-	-
	Supervision and Management of Projects		25,000,000	-	-	-	-
Administrative And Support Services		171,010,020	-	76,017,755.75	-	44.5	-
	Administrative And Support Services	171,010,020	-	76,017,755.75	-	44.5	-
County Public Service Board		75,660,299	12,995,000	19,744,303.00	-	26.1	-
Governance and County Values		-	12,995,000	-	-	-	-
	Infrastructure Development		12,995,000	-	-	-	-
Administrative And Support Services		75,660,299	-	19,744,303.00	-	26.1	-
	Administrative And Support Services	75,660,299	-	19,744,303.00	-	26.1	-
Health Corporate		2,054,239,334	372,682,059	1,473,829,025.10	923,432.70	71.7	0.2
Administrative and Support Services		2,054,239,334	372,682,059	1,473,829,025.10	923,432.70	71.7	0.2
	Preventive Health Services		372,682,059	-	923,432.70	-	0.2
	Administrative And Support Services	2,054,239,334	-	1,473,829,025.10	-	71.7	-
Economic Planning		42,053,780	18,800,000	12,628,616.25	-	30.0	-
County Research and Development Planning		-	18,800,000	-	-	-	-
	County Development Planning Services	-	18,800,000	-	-	-	-
Administrative And Support Services		42,053,780	-	12,628,616.25	-	30.0	-
	Administrative And Support Services	42,053,780		12,628,616.25	-	30.0	-
Municipality Board of Kitale		26,067,705	34,450,916	1,187,030.00	-	4.6	-
Administrative And Support Services		26,067,705	34,450,916	1,187,030.00	-	4.6	-
	Administrative And Support Services	26,067,705	34,450,916	1,187,030.00	-	4.6	-
County Attorney		64,607,180	-	15,433,514.70	-	23.9	-
Administrative And Support Services		64,607,180	-	15,433,514.70	-	23.9	-
	Administrative And Support Services	64,607,180	-	15,433,514.70	-	23.9	-
County Assembly		759,771,133	340,650,000	585,029,195.00	182,940,563.05	77.0	53.7
Administrative And Support Services		759,771,133	340,650,000	585,029,195.00	182,940,563.05	77.0	53.7
	Administrative And Support Services	759,771,133	340,650,000	585,029,195.00	182,940,563.05	77.0	53.7
	Grand Total	5,831,241,562	4,420,863,522	3,710,508,349.75	925,649,661.90	63.6	20.9

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 Finance at 77.8 per cent, Administrative and Support Services in the Department of County Assembly at 77.0 per cent, Administrative and Support Services in the Department of Lands, Housing and Urban Planning at 72.9 per cent, and Administrative and Support Services in the Department of Health Corporate at 71.7 per cent of budget allocation.

3.42.13 Accounts Operated in 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. 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 19th April 2024
2. The underperformance of own-source revenue at Kshs.359.71 million against an annual target of Kshs. 643.70 million, representing 55.9 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage, Elimu Bursary, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.872.00 million as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.77.17 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. 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 be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for conditional grants, Nawiri fund, Elimu bursary fund, and Car & mortgage funds.

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 the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts 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 (76.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.34 billion as conditional grants (7.8 per cent), 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 3.292.

3.43.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.7.62 billion as an equitable share of the revenue raised nationally, Kshs.8.61 million as additional allocations/conditional grants, had a cash balance of Kshs.2.40 billion from FY 2022/23, and raised Kshs.179.63 million as own-source revenue (OSR). The raised OSR includes Kshs.44.56 million as FIF and Kshs.135.06 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.10.21 billion, as shown in Table 3.292.

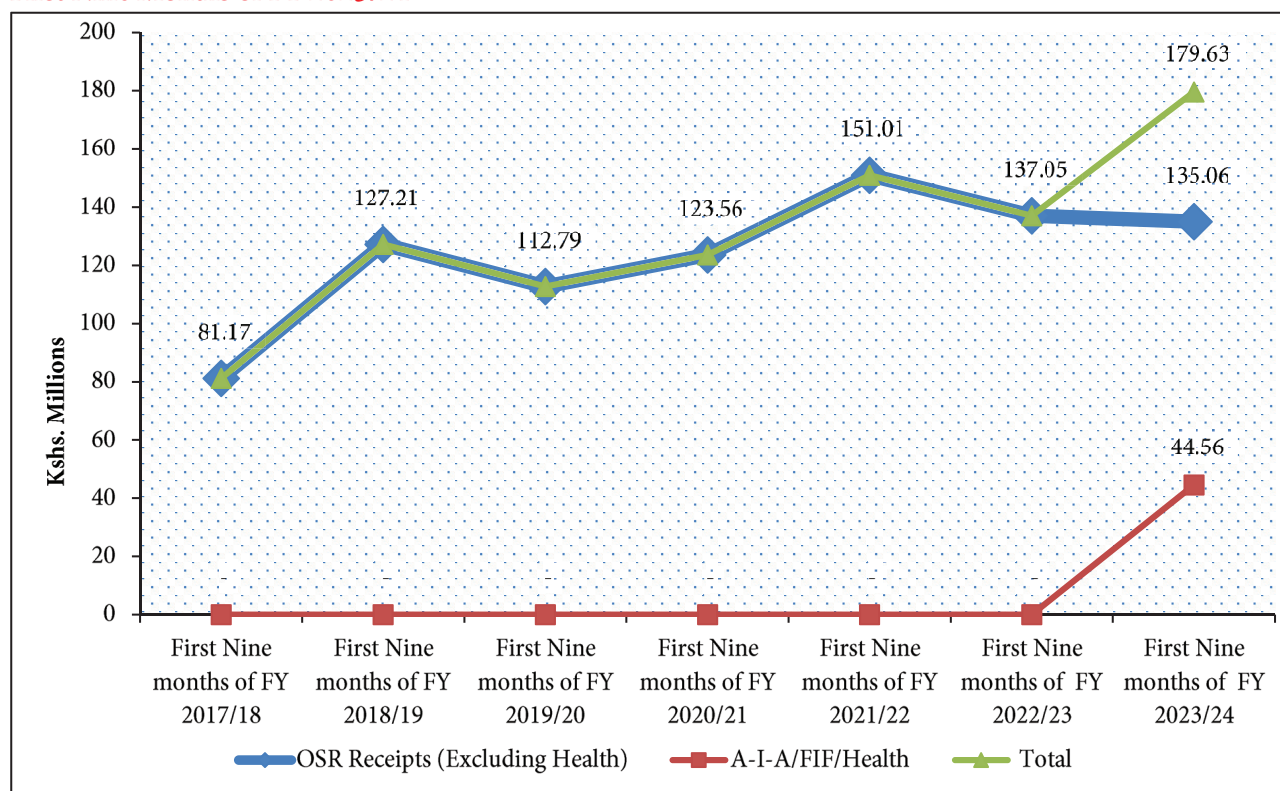
Table 3.292: Turkana County, Revenue Performance in the First Nine Months of FY 2023/24

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	13,143,946,933	7,623,489,220	58.0
	Subtotal	13,143,946,933	7,623,489,220	58.0
B	Conditional Grants			
1.	DANIDA Grant- Primary Health Care in Devolved Context	19,230,750	-	-
2.	IDA (World Bank) Credit (Financing Locally Led Climate Action (FllloCA) 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	4,261,826	2.8
4.	Sweden- Agricultural Sector Development Support Program (ASDSP) II	3,845,117	4,345,117	113.0
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.	Grant from National Government	112,956,314	-	-
	Subtotal	1,335,661,113	8,606,943	0.6
C	Other Sources of Revenue			
1.	Ordinary Own Source Revenue	220,000,000	135,061,092	61.4
2.	Facility Improvement Fund (FIF)	-	44,564,078	0.0
3.	Unspent balance from FY 2022/23	2,397,462,423	2,397,462,423	100.0
	Sub Total	2,617,462,424	2,577,087,594	98.5
	Grand Total	17,097,070,470	10,209,183,757	59.7

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 nine months of FY 2017/18 to the first nine months of FY 2023/24.

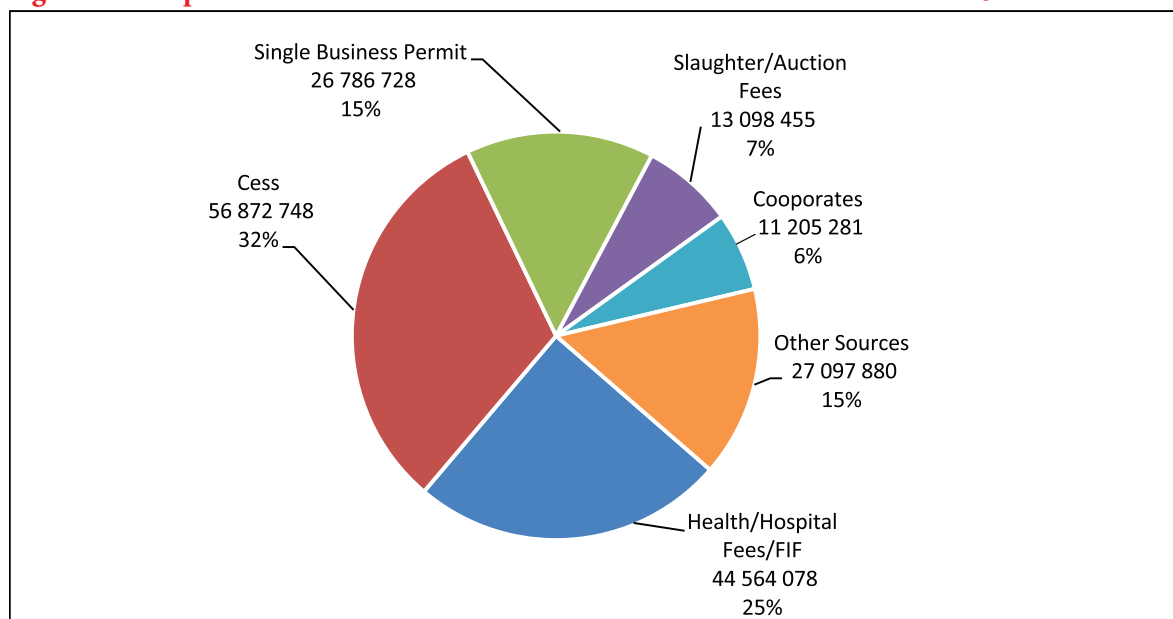
Figure 127: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Turkana County Treasury

Information on receipts of FIF for the previous financial years was not provided. In the first nine months of FY 2023/24, the County generated a total of Kshs.179.63 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 31.1 per cent compared to Kshs.137.05 million realised in a similar period in FY 2022/23 and was 81.7 per cent of the annual own source revenue target and 2.4 per cent of the equitable revenue share disbursed during the period. The increase in OSR can be attributed to the inclusion of FIF and AIA which was not reported during a similar period in FY 2022/23. 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 Nine Months of FY 2023/24 in Kshs.



Source: Turkana County Treasury

The highest revenue stream of Kshs.56.87 million was from Cess, contributing to 32 per cent of the total OSR receipts during the reporting period.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.36 billion from the CRF account during the reporting period, which comprised Kshs.2.47 billion (26.4 per cent) for development programmes and Kshs.6.89 billion (73.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.88 billion was released towards Employee Compensation and Kshs.3.01 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1.15 billion.

3.43.4 County Expenditure Review

The County spent Kshs.8.96 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.8 per cent of the total funds released by the CoB and comprised Kshs.1.41 billion and Kshs.7.55 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.4 per cent, while recurrent expenditure represented 74.3 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County 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 nine months of FY 2023/24, the County settled pending bills amounting to Kshs.564.44 million. They consisted of Kshs.120.63 million for recurrent expenditure and Kshs.443.81 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.40 billion.

The County Assembly did not report any outstanding pending bills as of 31st March 2024.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.88 billion on employee compensation, Kshs.2.75 billion on operations and maintenance, and Kshs.1.35 billion on

development activities. Similarly, the County Assembly spent Kshs.488.17 million on employee compensation, Kshs.431.39 million on operations and maintenance, and Kshs.62.65 million on development activities, as shown in Table 3.293.

Table 3.293: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,098,042,022	1,070,834,859	6,631,395,985	919,565,428	72.9	85.9
Compensation to Employees	4,853,050,131	612,239,568	3,883,819,375	488,171,993	80.0	79.7
Operations and Maintenance	4,244,991,891	458,595,291	2,747,576,610	431,393,435	64.7	94.1
Development Expenditure	6,760,151,189	168,042,400	1,351,102,272	62,650,360	20.0	37.3
Total	15,858,193,211	1,238,877,259	7,982,498,257	982,215,788	50.3	79.3

Source: Turkana County Treasury

3.43.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.4.37 billion, or 42.8 per cent of the available revenue, which amounted to Kshs.10.21 billion. This expenditure represented an increase from Kshs.3.71 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.54 billion paid to the health sector employees, translating to 35.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.4.26 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.111.07 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.8.50 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.44.97 million. The average monthly sitting allowance was Kshs.19,667 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.1.08 billion to county-established funds in FY 2023/24, constituting 5.4 per cent of the County's overall budget. Table 3.294 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.294: Performance of County Established Funds in the First Nine Months 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 Disbursement to the Fund as of 31 st March 2024 (Kshs)	Submission of Annual FS as of 31 st December 2023 (Yes/No.)
		A	B	C	D	E
1	Turkana County Emergency Fund	147,388,667	147,388,667	36,600,403	1,192,388,667	Yes
2	Turkana County Biashara Fund	50,000,000	50,000,000	1,322	360,325,320	Yes
3	Turkana County Youth and Women Empowerment Fund	50,000,000	50,000,000	1,914	425,000,000	Yes
4	Turkana County Education and Skills Development Fund	534,219,180	534,219,180	265,735,503	534,219,180	Yes
5	Turkana County Cooperative Enterprise Development Fund	-	-	121	96,251,070	Yes
6	Turkana County Climate Change Fund	279,500,000	-	2,042,917	120,000,000	Yes
7	Turkana County Water Service Fund	23,157,696	-	64,079,274	94,334,986	Yes
8	Turkana County Car Loan and Mortgage Fund	-	-	1,416	200,822,217	Yes
9	Turkana County COVID Fund	-	-	14,711,658	606,674,113	Yes
	Total	1,084,265,543	781,607,847	383,174,528	6,360,041,872	

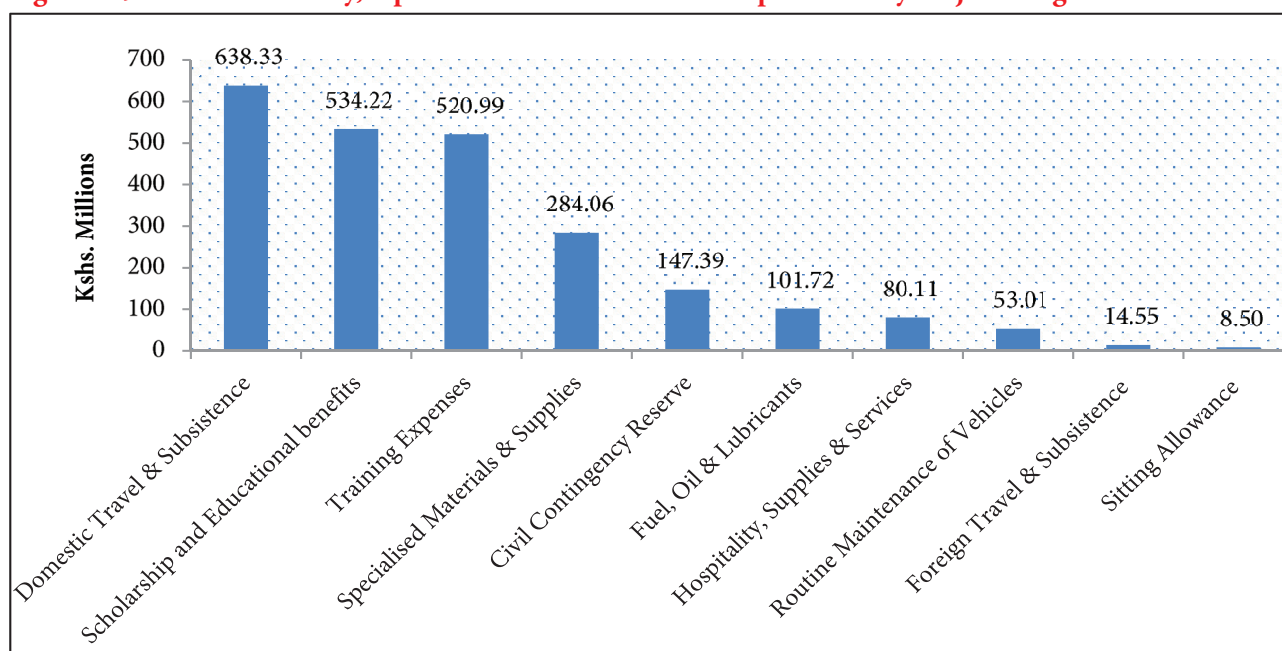
Source: Turkana County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of 9 funds, as indicated in Table 3.294, 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.

3.43.9 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.638.33 million and comprised Kshs.232 million spent by the County Assembly and Kshs.406.33 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.55 million and comprised Kshs.4.95 million by the County Assembly and Kshs.9.60 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.295.

Table 3.295: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

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 th August, 2023	PANASA Presidents Cup and Gala Awards	Lagos, Nigeria	2,569,600
County Executive	10	20 th August, 2023	Case Hearing for 32 Convicted Pastoralists	Kampala-Uganda	2,924,901
County Assembly	10	17 th September, 2023 to 23 rd September, 2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,322,528
County Assembly	11	25 th September, 2023 to 29 th September, 2023	Cross-Border Peace Talks	Moroto-Kotido Uganda	2,661,648

Source: Turkana County Treasury and Turkana County Assembly

3.43.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.41 billion on development programmes, representing an increase of 14.5 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.23 billion. Table 3.296 summarises development projects with the highest expenditure in the reporting period.

Table 3.296: 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	22,737,940	19,763,135	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	106,196,616	60,491,617	90
4	Agriculture, Pastoral Economy and Fisheries	Construction of Integrated Spate Irrigation at Nameliteny	Katilia Ward	21,229,149	12,228,422	58
5	Health and Sanitation Services	Construction and Equipping of Public Health Laboratory	Kakuma Ward	9,982,600	8,722,600	88.8
6	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
7	Agriculture, Pastoral Economy and Fisheries	Bush Clearing	Nanam Ward	6,865,265	6,865,265	100
8	Water Services, Environment and Mineral Resources	Improvement of Nawatom Water Supply	Nawoutos Ward	4,999,400	4,999,400	100
9	Health and Sanitation Services	Construction of Psychiatric Unit	Lokori Ward	14,400,000	4,957,200	34.4
10	Agriculture, Pastoral Economy and Fisheries	Construction of Model Drip Irrigation at Nanyangakipi	Songot Ward	9,853,767	3,999,743	40.6
11	Agriculture, Pastoral Economy and Fisheries	Establishment and Equipping of Bee-Keeping Model Centre	Naotin Ward	9,999,850	7,802,300	78

Source: Turkana County Treasury

3.43.11 Budget Performance by Department

Table 3.297 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.297: 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	243.84	101	160.77	-	160.53	-	99.9	-	65.8	-
Office of the Deputy Governor	30.82	-	22.37	-	18.22	-	81.5	-	59.1	-
Finance and Economic Planning	545.62	1,934.77	388.30	999.99	389.31	871.23	100.3	87.1	71.4	45.0
Water Services, Environment and Mineral Resources	59.94	475.07	28.66	60.64	28.25	53.41	98.6	88.1	47.1	11.2
Health & Sanitation Services	667.86	620.79	474.29	27.25	478.96	54.50	101.0	200.0	71.7	8.8
Trade, Gender and Youth Affairs	72.88	453.00	36.15	293.09	29.61	100.00	81.9	34.1	40.6	22.1
Education, Sports and Social Protection	734.70	385.24	629.72	34.71	646.06	29.64	102.6	85.4	87.9	7.7
Public Services, Decentralized Administration & Disaster Management	6,089.25	41.28	3,967.85	-	4,526.04	-	114.1	-	74.3	-
Infrastructure, Transport and Public Works	85.59	291.54	15.92	131.98	32.49	5.00	204.1	3.8	38.0	1.7
Agriculture Pastoral Economy and Fisheries	116.85	1,584.19	53.81	259.38	78.42	222.50	145.7	85.8	67.1	14.0
Tourism, Culture and Natural Resources	126.94	390.30	84.57	268.50	49.58	1.35	58.6	0.5	39.1	0.3
Lands, Energy, Housing and Urban Areas Management	76.02	166.58	29.09	11.82	40.69	11.82	139.9	100.0	53.5	7.1
Turkana County Assembly	1,070.83	168.04	841.71	74.09	919.57	62.65	109.3	84.6	85.9	37.3
Turkana County Public Service Board	124.61	10.00	57.14	-	76.48	-	133.8	-	61.4	-
Office of the County Attorney	64.92	-	44.04	-	48.97	-	111.2	-	75.4	-
Lodwar Municipality Board	39.18	306.38	39.18	306.38	21.89	1.65	55.9	0.5	55.9	0.5
Kakuma Municipality	19.00	-	19.00	-	5.89	-	31.0	-	31.0	-
Total	10,168.88	6,928.19	6,892.57	2,467.82	7,550.96	1,413.75	109.6	57.3	74.3	20.4

Source: Turkana County Treasury

Analysis of expenditure by the department shows that Finance and Economic Planning recorded the highest absorption rate of development budget at 45 per cent, followed by the County Assembly at 37.3 per cent. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 87.9 per cent

Further analysis shows the expenditure for most departments exceeded the exchequer issues. 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 3.298 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.298: Turkana County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office of the Governor					
General Administration, Planning and Support Service	General Administration and Support services	163,868,782	106,000,149	57,868,633	64.7
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	3,500,000	2,750,000	750,000	78.6
	Political and Intergovernmental Advisory Services	4,500,000	3,030,115	1,469,885	67.3
	Legal Advisory Services	4,000,000	2,855,500	1,144,500	71.4
	Security and cross-border Advisory Services	1,500,000	1,300,000	200,000	86.7
	Oil and Gas Advisory Service	1,500,000	1,450,000	50,000	96.7
	Gender and Partnership Advisory Services	1,500,000	880,663	619,337	58.7
	Special Interest groups	1,000,000	842,400	157,600	84.2
	Climate Change advisory services	1,500,000	1,200,000	300,000	80.0
	Education and youth Advisory services	1,500,000	1,500,000	-	100.0
	Culture, Arts and Heritage advisory services	1,500,000	1,500,000	-	100.0
Security and Peace Building	County Peace Building and Conflict Management	3,000,000	2,400,000	600,000	80.0
	Internal Peace Building and Conflict Management	3,000,000	2,600,000	400,000	86.7
	Resettlement Infrastructural Programme	101,000,000	-	101,000,000	0.0
	Cross Border Peace Dividends Programme	3,500,000	2,300,000	1,200,000	65.7
Public Participation and Access to Information	Construction of Citizen Resource Centre	4,000,000	2,767,000	1,233,000	69.2
	Government Coordination	3,000,000	2,620,640	379,360	87.4
	Community Engagement	9,000,000	7,467,000	1,533,000	83.0
	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	-
Governor's Press Service	Governors Press Support	15,285,233	9,382,115	5,903,118	61.4
	Subtotal	344,837,659	160,534,582	184,303,077	46.6
Office of the Deputy Governor					
General Planning and Support	General Planning and Support services	23,222,687	18,223,534	4,999,153	78.5

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Government Program- ming	Government Programming	2,300,000	-	2,300,000	-
	Community Engagement	1,900,568	-	1,900,568	-
	Government Stakeholder Engage- ment	1,800,000	-	1,800,000	-
	Government Transformation	1,600,090	-	1,600,090	-
	Subtotal	30,823,345	18,223,534	12,599,811	59.1
Finance and Economic Planning					
General Administra- tion, Planning and Support Service	General Administration Services	1,841,929,532	858,231,700	983,697,832	46.6
	General Administration - Economic planning	223,017,424	150,926,680	72,090,744	67.7
Government Commu- nication 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	2,281,020	5,569,816	29.1
	Revenue Forecast and Revenue Budget Preparation	6,080,564	3,242,700	2,837,864	53.3
	Revenue Governance	3,975,600	1,146,720	2,828,880	28.8
	Revenue Infrastructure	43,000,000	-	43,000,000	-
	Revenue Automation	11,100,000	4,189,700	6,910,300	37.7
Accountability and Transparency	Internal Audit	4,100,000	470,000	3,630,000	11.5
	Consultancy Services	3,200,000	1,493,000	1,707,000	46.7
	Financial Reporting/Research and Development	3,800,000	1,038,000	2,762,000	27.3
	Emergency Fund	147,388,667	147,388,667	-	100.0
	Tax Management and Statutory Deduction	2,000,000	926,000	1,074,000	46.3
Social and Policy Formulation	Assurance and Insurance of Government	3,150,000	1,955,600	1,194,400	62.1
	Liability and Debt Management	2,700,000	1,600,000	1,100,000	59.3
	Turkana Sacco Seed Capital	3,800,000	2,589,710	1,210,290	68.2
Planning and Policy formulation	Economic Policy Formulation and Dissemination	4,000,000	2,218,800	1,781,200	55.5
	Social Integration and Reporting	2,000,000	1,148,567	851,433	57.4
	Budget Preparation and Dissem- ination	59,138,777	30,700,496	28,438,281	51.9
	Public Participation and Access to Information	3,500,000	883,469	2,616,531	25.2
	Waste Management	10,500,000	9,030,100	1,469,900	86.0

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Monitoring and Evaluation	Asset Management	6,900,000	1,723,500	5,176,500	25.0
	Field visits, data collection and Reporting	2,500,000	707,750	1,792,250	28.3
	Training and Knowledge management	3,900,000	2,558,500	1,341,500	65.6
	Devolved Monitoring and Evaluation Committees	2,500,000	1,564,500	935,500	62.6
County Statistical Unit	Soft wares, databases and tools	6,175,000	2,441,779	3,733,221	39.5
	Geo-Technologies Services	1,250,000	790,894	459,106	63.3
	Public Investment Management System	1,250,000	544,995	705,005	43.6
Budgetary Supply	Budget Formulation, Co-ordination and Management	18,092,000	13,244,600	4,847,400	73.2
	Public Participation in Budgeting	8,300,000	3,080,448	5,219,552	37.1
	County Budget and Economic Forum	7,600,000	4,944,497	2,655,503	65.1
	Accountability in Resource Allocation	7,000,000	2,404,100	4,595,900	34.3
Resource Mobilisation	Resource Mobilisation	8,500,000	5,077,005	3,422,995	59.7
	Subtotal	2,480,388,400	1,260,543,497	1,219,844,903	50.8
Water Services, Environment and Mineral Resources					
Petroleum	Oil and Gas	2,591,279	-	2,591,279	-
Water Supply and Storage	Water Infrastructure	468,814,415	41,813,215	427,001,200	8.9
	Water Resource Management	23,157,696	23,157,696	-	100.0
	Emergency Response and Drought Mitigation	10,000,000	4,889,541	5,110,459	48.9
	Water Governance, Planning and Coordination	2,950,000	968,160	1,981,840	32.8
General Administration and Support	General Administration and Support	27,501,337	10,833,099	16,668,238	39.4
	Subtotal	535,014,727	81,661,711	453,353,016	15.3
Health and Sanitation Services					
General Administration, Planning and support services	General Administration, Planning and support services	414,404,275	22,845,104	391,559,171	5.5
	Health Facilities	83,013,324	-	83,013,324	-
Support to Health Programs	HIV and AIDS including community-based HIV interventions	500,000	-	500,000	-
	TB and Leprosy	500,000	494,200	5,800	98.8
	Malaria	300,000	-	300,000	-
	NTDs (neglected tropical diseases)	600,000	596,400	3,600	99.4
	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	200,000	-	200,000	-
	Community Health Services	81,000,000	68,745,000	12,255,000	84.9
	Environmental health services	1,000,000	490,400	509,600	49.0
	Emergency preparedness and disaster response	800,000	400,000	400,000	50.0

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Mainstreaming	900,000	-	900,000	-
	Rural Health Facility Support	45,634,941	-	45,634,941	-
Laboratory Services	Laboratory Services	500,000	250,000	250,000	50.0
	Blood Transfusion Services	1,400,000	1,000,000	400,000	71.4
	Rehabilitative Services	900,000	450,000	450,000	50.0
	Referrals and Emergency Services	400,000	317,350	82,650	79.3
	Radiology Services	300,000	150,000	150,000	50.0
	Dental Services	300,000	150,000	150,000	50.0
	Clinical Services	2,000,000	881,400	1,118,600	44.1
	Nursing Services	2,000,000	491,200	1,508,800	24.6
	Sub county Health Facilities Support	30,000,000	14,150,470	15,849,530	47.2
	LCRH	231,000,000	231,000,000	-	100.0
	Turkana Level 6 Hospital	119,700,000	464,500	-	100.0
	Medical Supplies	246,000,000	187,756,244	58,243,756	76.3
	UHC Turkana	9,000,000	-	9,000,000	-
	Subtotal	1,288,652,540	533,458,168	635,958,872	41.4
Trade, Gender and Youth Affairs					
Youth Affairs Development	Youth Coordination and Representation	2,250,000	922,160	1,327,840	41.0
	Youth Capacity Building	2,695,000	396,000	2,299,000	14.7
	Youth Empowerment Centre	10,000,000	-	10,000,000	-
	Youth Talent Development	1,655,000	430,000	1,225,000	26.0
	Youth and Women Fund	50,000,000	50,000,000	-	100.0
Modern Physical Markets Infrastructure	Cooperative Ethics and Governance	2,920,000	888,888	2,031,112	30.4
	Co-operative Marketing, Value Addition, Surveys & Research	2,140,000	480,000	1,660,000	22.4
	Co-operative Education, Training, Exchange and Ushirika Day Celeb	2,840,000	582,000	2,258,000	20.5
	Strengthening of Key Dormant Co-operative Societies	1,560,000	863,440	696,560	55.3
	Formulation of Cooperative Policy and Legal Framework	1,600,000	200,000	1,400,000	12.5
	Cooperative Development Fund	11,000,000	-	11,000,000	-
Cooperative Societies Development & Performance Improvement	Market Infrastructure Development	120,000,000	802,500	119,197,500	0.7
	Completion of Biashara Centre	2,879,640	150,000	2,729,640	5.2
	Industrial Development and Investments	203,000,000	843,000	202,157,000	0.4
	Trade Promotion and Consumer Protection	10,620,000	5,377,959	5,242,041	50.6
	Biashara Fund	50,000,000	50,000,000	151,592,500	100.0

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Adminis- tration	General Administration	50,723,385	17,678,341	33,045,044	34.9
	Subtotal	525,883,025	129,614,288	547,861,237	24.6
Education, Sports and Social Protection					
Social Protection Programs/ Affirmative Action	Construction of PWDs Multi-Pur- pose Resource Centre	22,300,000	14,792,375	7,507,625	66.3
	Marginalized and Minority groups support	4,460,000	2,451,500	2,008,500	55.0
	Child Rescue Centres	10,000,000	5,979,360	4,020,640	59.8
	Child Care & Protection	27,226,348	17,490,257	9,736,091	64.2
Sports and arts pro- gramme	Construction of Sports Stadia	31,450,000	10,708,900	20,741,100	34.1
General adminis- tration	General Administration	16,959,000	11,530,205	5,428,795	68.0
	Turkana Education and Skill Development Fund	534,219,180	534,219,180	-	100.0
Vocational Training	Youth Polytechnic Infrastructure	20,000,000	8,946,313	11,053,687	44.7
	Training and Development	2,002,400	780,000	1,222,400	39.0
	Co-Curricular Activities	2,600,000	1,066,883	1,533,117	41.0
	Youth Polytechnics- Conditional	12,714,291	12,709,894	4,397	100.0
Early Childhood Education	School Feeding	105,000,000	50,066,034	54,933,966	47.7
	ECDE Governance	6,010,805	4,375,000	1,635,805	72.8
	Infrastructure Development	283,022,678	-	283,022,678	-
	Library Infrastructure and Gov- ernance	41,970,070	581,100	41,388,970	1.4
	Subtotal	1,119,934,772	675,697,001	444,237,771	60.3
Public Services, Decentralized Administration and Disaster Management					
Operationalization of Decentralized Units	Operationalization of Decentral- ized 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 dissem- ination	16,933,500	1,500,000	15,433,500	8.9
Governance and Pub- lic Participation	Civic education Programme	7,369,900	4,362,425	3,007,475	59.2
	Public Participation and access to information	10,035,050	1,930,600	8,104,450	19.2
Disaster risk manage- ment	Disaster Preparedness and Mitigation	560,342,100	523,692,964	36,649,136	93.5
	Stakeholders Coordination and Support Programme	1,850,000	250,000	1,600,000	13.5
	Disaster Risk Management	1,700,000	900,000	800,000	52.9
Inspectorate services	Enforcement Services	4,486,100	1,383,700	3,102,400	30.8
	Dispute Resolution	2,055,390	-	2,055,390	-
	County Inspectorate Training Institute	12,500,000	-	12,500,000	-
Human resource management	Payroll Administration	1,600,000	526,870	1,073,130	32.9
	Human Resource Management and Development	5,504,000	733,000	4,771,000	13.3
	GHRIS Leave & Performance Module Implementation	4,287,840	1,339,600	2,948,240	31.2
	County performance management	5,732,560	250,000	5,482,560	4.4
General Adminis- tration, Planning and Support Services-Pub- lic Service	General Administration	5,438,149,036	3,989,172,524	1,448,976,512	73.4
	Subtotal	6,130,527,934	4,526,041,683	1,604,486,251	73.8

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Infrastructure, Transport and Public Works					
Develop and Maintain Roads	Designing and Construction of Roads	267,144,655	5,968,850	261,175,805	2.2
	Purchase Graders and Rollers	3,650,000	1,587,000	2,063,000	43.5
Develop and maintain staff housing and public offices	Staff Housing	33,300,000	3,442,450	29,857,550	10.3
General Administration	General Administration	45,509,318	19,415,360	26,093,958	42.7
	General Administration- Public works	27,530,000	7,072,770	20,457,230	25.7
	Sub Total	377,133,973	37,486,430	339,647,543	9.9
Agriculture, Pastoral Economy and Fisheries					
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	58,950,000	5,509,000	53,441,000	9.3
	Water Saving Irrigation Technologies	56,900,000	1,512,600	55,387,400	2.7
	Climate Proofing of Irrigation Infrastructure	6,500,000	6,456,000	44,000	99.3
	Extension Research	7,300,000	6,771,375	528,625	92.8
	Policy Formulation	7,650,000	6,560,100	1,089,900	85.8
	Soil & Water Conservation	21,000,000	1,948,694	19,051,306	9.3
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	1,348,686	615,002	733,684	45.6
	Fisheries livelihood support	20,168,843	1,537,110	18,631,733	7.6
	Fisheries Extension Services	22,349,999	983,627	21,366,372	4.4
	Fisheries resource management	2,702,225	1,163,097	1,539,128	43.0
	Blue Economy Integration	508,123	-	508,123	-
	Aquaculture Production	24,501,418	1,097,097	23,404,321	4.5
	Fisheries Quality Assurances	750,000	91,640	658,360	12.2
Sustainable management of fisheries resources	Frame survey	56,900,000	31,239,599	25,660,401	54.9
	Fish Stock assessment	23,450,000	15,697,180	7,752,820	66.9
	Monitoring, Control and Surveillance	8,022,836	763,200	7,259,636	9.5
	Resource monitoring facilities	1,700,000	585,500	1,114,500	34.4
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	22,300,000	20,050,000	2,250,000	89.9
	Provision of Livestock Extension services	1,600,000	-	1,600,000	-
	Livestock Risk Management	15,200,000	927,340	14,272,660	6.1
	Rangeland Management	4,100,000	2,930,150	1,169,850	71.5
	Research and Development	900,000	280,550	619,450	31.2
	Livestock multiplication and breeding centre	1,800,000	862,000	938,000	47.9
	Livestock Value Chain	23,800,000	2,957,940	20,842,060	12.4
	Skills Development	16,300,000	78,500	16,221,500	0.5
	General Administration and Support Services- Pastoral Economy	17,024,320	8,184,054	8,840,266	48.1
Agriculture Programme	Agricultural Sector Development Support Programme (ASDSP)	30,579,931	19,731,177	10,848,754	64.5
	Agricultural Mechanization	15,700,000	6,683,889	9,016,111	42.6
	Emergency Locust Response Project	220,986,952	-	220,986,952	-

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	De-Risking and Value Enhancement	215,141,980	-	215,141,980	-
	Agric Market Access	24,315,035	1,250,000	23,065,035	5.1
	Crop Production	3,000,000	2,599,550	400,450	86.7
	Nutrition Sensitive Agriculture	5,000,000	-	5,000,000	-
	NARIGP	150,000,000	4,261,825	145,738,175	2.8
	DRNKP/KfW	612,590,978	147,590,978	465,000,000	24.1
	Subtotal	1,701,041,326	300,918,774	1,290,721,527	17.7
Tourism, Culture and Natural Resources					
Culture, Arts, Heritage Development, Promotion and Preservation	General Administration, Planning and Support Services	455,741,279	13,508,741	442,232,538	3.0
	Tourism Development and Promotion	3,600,000	934,300	2,665,700	26.0
	Ushanga Initiative	3,000,000	603,550	2,396,450	20.1
	Turkana Cultural Festival	49,000,000	34,646,001	14,353,999	70.7
Culture development and preservation infrastructure	Culture Promotion and Preservation	900,000	-	900,000	-
	Equipment and Infrastructure Development at Ekalees Centre	3,000,000	-	3,000,000	-
Heritage Development Promotion & Preservation	Heritage Development Promotion & Preservation	2,000,000	1,239,420	760,580	62.0
	Sub Total	517,241,279	50,932,012	466,309,267	9.8
Lands, Energy, Housing and Urban Areas Management					
Land Survey	Land and Property Valuation	13,300,000	2,561,007	10,738,993	19.3
	Land Governance	75,382,066	6,256,641	69,125,425	8.3
	Spatial Infrastructure	1,900,000	798,800	1,101,200	42.0
	Land Registration	48,189,170	14,049,717	34,139,453	29.2
	Land Policy and Management	2,300,000	855,550	1,444,450	37.2
General Administration	Lands General Administration, Planning and Support Services	41,232,164	19,195,305	22,036,859	46.6
Urban Development	Urban Services	5,700,000	5,400,000	300,000	94.7
	Urban Governance and Infrastructure	54,605,829	3,387,265	51,218,564	6.2
	Sub Total	242,609,229	52,504,285	190,104,944	21.6
Turkana County Assembly					
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 Speakers 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	921,787,771	222,427,234	80.6
	Sub Total	1,238,877,259	982,215,780	256,661,479	79.3
Turkana County Public Service Board					
General Administration, Planning Services	County Internship Programme	52,200,000	32,203,800	19,996,200	61.7
	Human Resource Management	18,548,107	11,645,923	6,902,184	62.8

Programme	Sub-Programme	Approved Estimates FY 2023/24 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	County Public Service Governance	12,405,545	7,586,228	4,819,317	61.2
Performance and Efficiency	Performance Contracting and Monitoring	16,700,000	8,931,130	7,768,870	53.5
	Intergovernmental Relation	12,600,000	6,484,800	6,115,200	51.5
	Public Communication Media Relations	8,623,345	5,024,460	3,598,885	58.3
General Administration and Support Services	General Administration	13,536,349	4,600,951	8,935,398	34.0
	Sub Total	134,613,346	76,477,292	49,200,656	56.8
Office of the County Attorney					
General Administration, Planning and Support Services	General Administration, Planning and Support Services- County At	11,760,000	6,728,640	7,452,800	57.2
Litigation	Litigation	35,888,345	35,888,345	54,850,000	100.0
	Government Agreements and Contracts	3,450,000	1,429,000	3,157,500	41.4
	Legal Audit & Compliance	4,650,000	1,469,540	2,875,400	31.6
Legislation	Legislation	3,050,000	2,082,455	3,456,107	68.3
	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	834,400	2,112,851	46.4
	Sub Total	64,923,345	48,970,580	78,151,658	75.4
Lodwar Municipality Board					
Municipal Services	General Admin Planning and Support Services	13,380,000	5,356,934	8,023,066	40.0
	Urban Development Grant	1,912,497	1,652,395	260,102	86.4
	Municipal Planning	21,100,000	477,800	20,622,200	2.3
	Municipal Infrastructure	262,066,876	400,000	261,666,876	0.2
	Research Development Extension	4,558,938	735,300	3,823,638	16.1
	Municipal Services	42,550,000	14,918,000	27,632,000	35.1
	Sub Total	345,568,311	23,540,429	322,027,882	6.8
Kakuma Municipality					
Municipal Services	General Admin Planning and Support Services	11,678,934	5,894,000	5,784,934	50.5
	Municipal Planning	2,523,823	-	2,523,823	-
	Municipal Services	4,797,243	-	4,797,243	-
	Sub Total	19,000,000	5,894,000	13,106,000	31.0
Grand Total		17,097,070,470.00	8,964,714,046.00	6,351,545,100.00	52.4

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 in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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 23rd April, 2024.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.111.07 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.
3. 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 be opened and maintained at the Central Bank of Kenya.
4. High level of outstanding pending bills which was Kshs.1.40 billion as of 31st March 2024.

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 the timelines prescribed in 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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*
4. *The County government should address the issue of the pending bill by ensuring adequate provision of a budget for settlement in line with the law.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2023/24 Budget

The County's approved first supplementary budget for FY 2023/24 is Kshs.12.15 billion, comprising Kshs.4.06 billion (33.4 per cent) and Kshs.8.09 billion (66.6 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 0.8 per cent compared to the previous financial year when it was Kshs.12.05 billion, and comprised of Kshs.5.12 billion towards development expenditure and Kshs.6.93 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.43 billion (69.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.06 billion (8.8 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.48 billion (12.2 per cent) brought forward from FY 2022/23, and generate Kshs.1.18 billion (9.7 per cent) as gross own source revenue. The own-source revenue includes Kshs.70.8 million (6.6 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.1.11 billion (93.4 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.299.

3.44.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.5.57 billion as an equitable share of the revenue raised nationally, Kshs.176.86 million as additional allocations/conditional grants, had a cash balance of Kshs.1.48 billion from FY 2022/23, and raised Kshs.1.09 billion as own-source revenue (OSR). The raised OSR includes Kshs.48.06 million as FIF and Kshs.1.04 billion as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.8.32 billion, as shown in Table 3.299.

Table 3.299: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2023/24

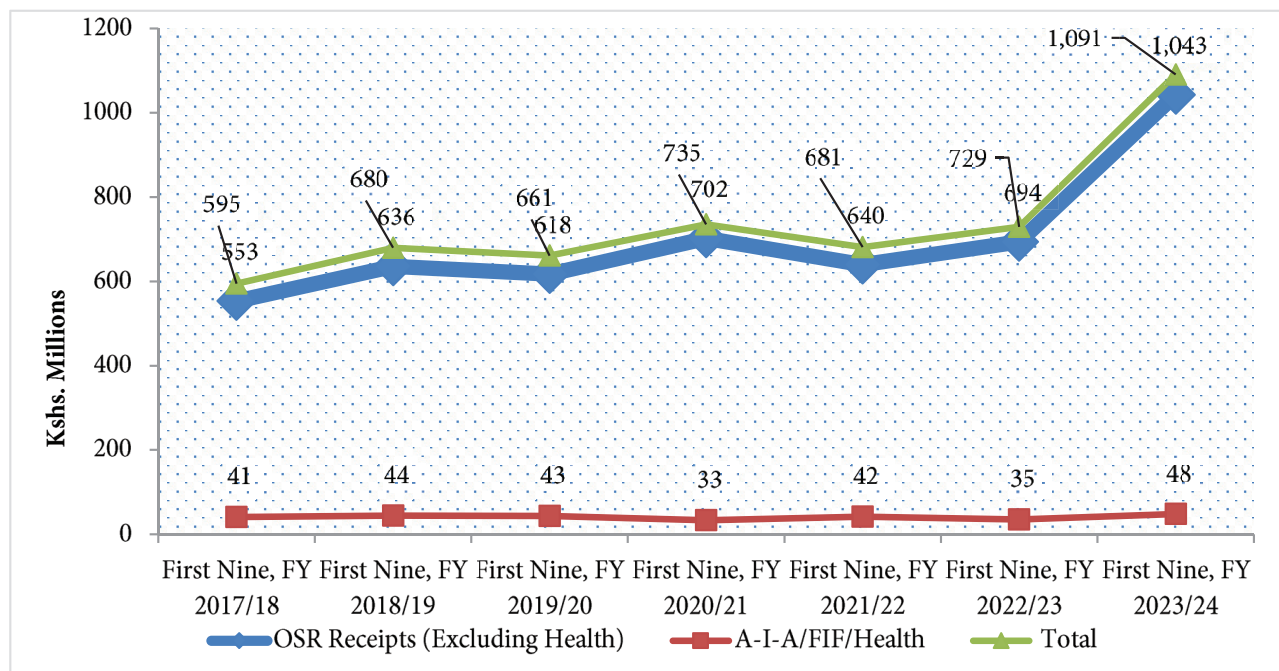
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,426,072,635.00	5,567,450,578.00	66.1
Sub Total		8,426,072,635.00	5,567,450,578.00	66.1
B	Conditional Grants			
1	DANIDA	11,550,000	-	-
2	Conditional grants for the Aggregated Industrial Parks Programme	250,000,000	-	-
3	National Agricultural Value Chain Development - NAVCDP (IDA- World Bank)	250,000,000	175,836,141	70.3
4	Grant from World Bank- IDA (KCSAP)	140,000,000	-	-
5	World Bank Credit Finance locally-led Climate Action (FLLoCA)	22,000,000		-
6	Kenya Climate Smart Agriculture Project (IDA- World Bank)	1,022,165	1,022,165	100.0
7	Kenya Informal Settlements Improvement Projects (KISIP)	283,698,769	-	-
8	2- Share of Mineral Royalties	5,090,269	-	-
9	Livestock Value Chain support project	99,830,280	-	-
Sub-Total		1,063,191,483	176,858,306	16.6
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	1,108,243,370	1,042,764,618	94.1
2	Balance b/f from FY2022/23	1,479,887,043	1,479,887,043	100.0
3	Facility Improvement Fund (FIF)	70,800,000	48,058,091	67.9
Sub Total		2,658,930,413	2,570,709,752	96.7
Grand Total		12,148,194,531	8,315,018,636	68.4

Source: Uasin Gishu County Treasury

The County does not have governing legislation on the operation of ordinary A-I-A and FIF.

Figure 130 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 130: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



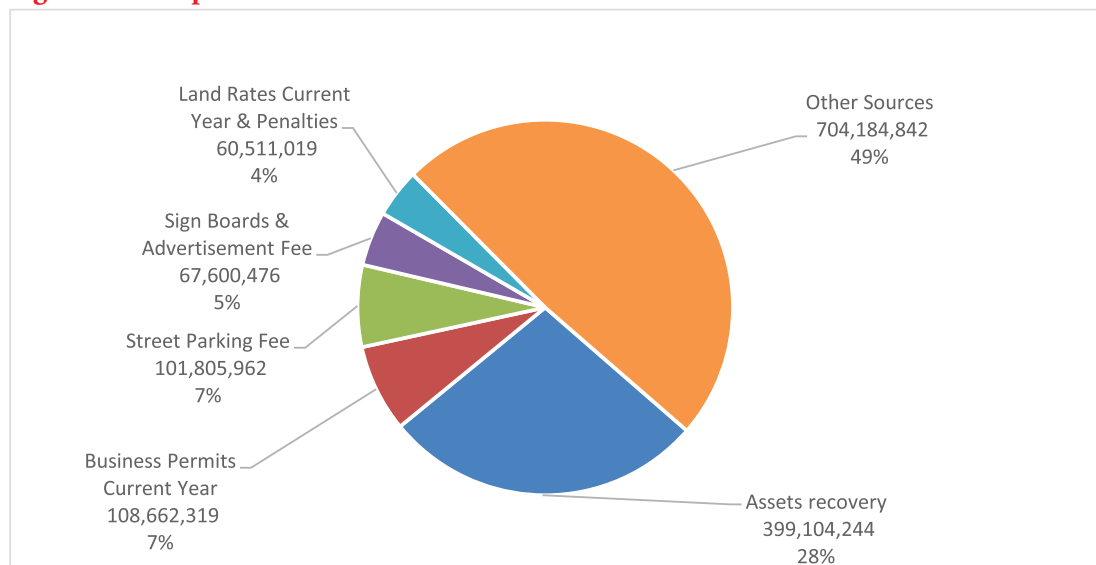
Source: Uasin Gishu County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.1.09 billion from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 49.6 per cent compared to Kshs.729.31 million realised in a similar period in FY 2022/23 and was 98.4 per cent of the annual target and 19.6 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on fees and levies from previous financial years.

The increase in OSR can be attributed to a court order compensation of Kshs.399.1 million on the county government land that had been acquired irregularly by a private developer.

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 Nine Months of FY 2023/24 in Kshs.



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs.399.1 million was from assets recovery contributing to 36.6 per cent of the total OSR receipts during the reporting period.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.74 billion from the CRF account during the reporting period, which comprised Kshs.1.34 billion (20 per cent) for development programmes and Kshs.5.39 billion (80 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.35 billion was released towards Employee Compensation and Kshs.2.05 million for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.422.49 million.

3.44.4 County Expenditure Review

The County spent Kshs.7.28 billion on development and recurrent programmes in the reporting period. The expenditure represented 108 per cent of the total funds released by the CoB and comprised of Kshs.1.69 billion and Kshs.5.59 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 41.5 per cent, while recurrent expenditure represented 69.2 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County 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 nine months of FY 2023/24, the County settled pending bills amounting to Kshs.239.23 million. They consisted of Kshs.150.95 million for recurrent expenditure and Kshs.88.28 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.37.1 million.

The County Assembly did not have any outstanding bills as of 31st March 2024.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.12 billion on employee compensation, Kshs.1.84 billion on operations and maintenance, and Kshs.1.61 billion on development activities. Similarly, the County Assembly spent Kshs.225.33 billion on employee compensation, Kshs.406.83 million on operations and maintenance, and Kshs.72.25 million on development activities, as shown in Table 3.300.

Table 3.300: 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	7,291,988,449	796,524,510	4,961,739,451	632,160,345	68.0	79.4
Compensation to Employees	4,174,634,627	430,280,364	3,121,173,646	225,325,633	74.8	52.4
Operations and Maintenance	3,117,353,822	366,244,146	1,840,565,805	406,834,712	59.0	111.1
Development Expenditure	3,783,149,445	276,532,127	1,613,989,333	72,252,328	42.7	26.1
Total	11,075,137,894	1,073,056,637	6,575,728,784	704,412,673	59.4	65.6

Source: Uasin Gishu County Treasury

3.44.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.3.35 billion, or 40.3 per cent of the available revenue, which amounted to Kshs.8.32 billion. This expenditure represented an in-

crease from Kshs.3.06 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 41.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.1 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.246.2 million was processed through manual pay-rolls. The manual payrolls accounted for 7.4 per cent of the total PE cost.

The County Assembly spent Kshs.22.3 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.55,064 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. 50 million to the Emergency Fund constituting 0.4 per cent of the County's overall budget. The County further allocated Kshs.426.38 million to county-established funds constituting 3.5 per cent of the County's overall budget Table 3.301.

Table 3.301: Performance of County Established Funds in the First Nine Months of FY 2023/24

	Name of the Fund	Approved Budget Allocation FY 2023/24 (Kshs.)	Exchequer Issues First Nine Months of FY 2023/24 Q3	Actual Expenditure FY 2023/24 First Nine Months (Kshs.)	Submission of Annual Financial Statements as of 31st March 2023
		(Kshs.)	(Kshs.)	(Kshs.)	(Yes/No.)
County Executive Established Funds					
1	Uasin Gishu County Bursary and Skills Development Support Fund Disbursement	165,903,182	147,068,430	147,068,430	Yes
2	Uasin Gishu County Staff Mortgage and Car Loans Scheme Fund	85,000,000	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	43,000,000	43,000,000	Yes
County Assembly Established Funds					
6	Uasin Gishu County Assembly Mortgage and Car Loans Scheme Fund	-	-	-	Yes
	Total	426,376,296	273,615,675	273,615,675	

Source: Uasin Gishu County Treasury

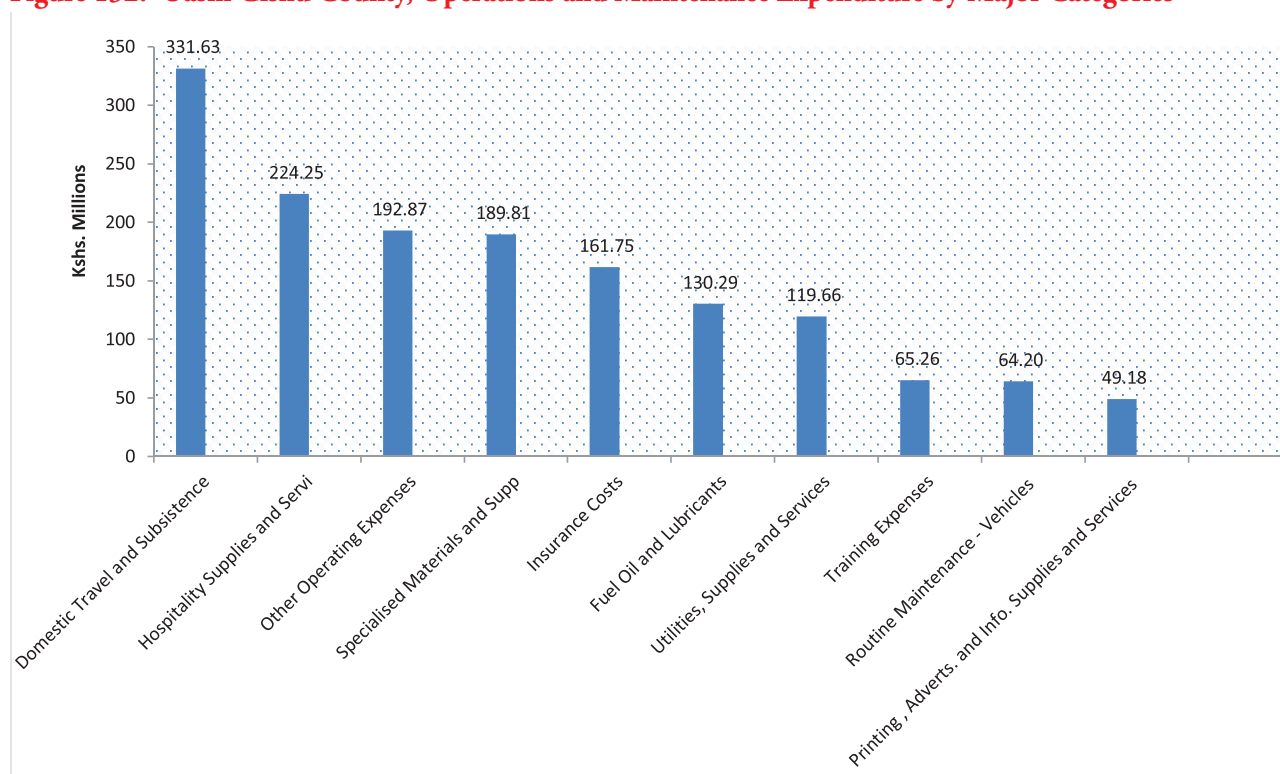
During the reporting period, the CoB received quarterly financial returns from all the Fund Administrators as indicated in Table 3.301, in accordance with the requirement of Section 168 of the PFM Act, 2012.

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.

3.44.9 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.331.6 million and comprised Kshs.172.05 million spent by the County Assembly and Kshs.159.58 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.8.67 million by the County Executive. The highest expenditure on foreign travel was to Bujumbura - Burundi to participate in the 23rd EAC-MSME Trade Fair from 18th – 23rd December 2023 at Kshs. 5.5million.

3.44.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.1.69 billion on development programmes, representing an increase of 56.3 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.1.08 billion. Table 3.302 summarises development projects with the highest expenditure in the reporting period.

Table 3.302: 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	Eldoret Municipality	Proposed Upgrading of 64 Stadium in Municipal of Eldoret.	Kiplombe (Eldoret West)	1,163,563,926	618,858,604	53.2
2	Clinical Services	Construction of Kesses Phase II	Kesses	450,567,250	330,567,679	73.4
3	Clinical Services	Ziwa Level V Phase II	Ziwa	806,562,179	328,844,840	40.8
4	Clinical Services	Ziwa Level V Phase III	Ziwa	415,317,248	147,068,408	35.4

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
5	Administration and Devolution	Construction of Turbo sub-county office	Cheramei	105,055,705	90,010,559	85.7
6	Clinical Services	Construction of Turbo level IV Hospital	Tapsagoi	705,710,330	75,297,190	10.7
7	Administration and Devolution	Renovation of County HQs	County QHs	70,000,000	70,000,000	100
8	Housing and Urban Development	Governor's Residence	Elgon View Estate	-	70,000,000	-
9	Housing and Urban Development	Deputy Governor's Residence	Elgon View Estate	-	65,000,000	-
10	Lands and Physical Planning	Land Banking	Across the county	161,000,000	62,000,000	38.5

Source: Uasin Gishu County Treasury

3.44.11 Budget Performance by Department

Table 3.303 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.303: 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	123.33	-	74.00	-	113.10	-	152.8	-	91.7	-
Finance	647.40	6.50	393.24	-	508.78	-	129.4	-	78.6	-
Public Service Management	946.54	-	609.81	-	674.07	-	110.5	-	71.2	-
ICT, E-Government and Innovation	71.72	54.67	35.35	28.36	24.24	28.48	68.6	100.4	33.8	52.1
Roads, Transport and Public Works	599.08	799.07	461.77	269.61	407.60	346.10	88.3	128.4	68.0	43.3
Clinical Services	2,149.83	362.32	1,770.27	196.81	1,520.31	210.08	85.9	106.7	70.7	58.0
Agriculture and Agribusiness	565.44	82.71	162.57	36.06	237.32	29.17	146.0	80.9	42.0	35.3
Trade, Industry, Investment and Tourism	66.95	458.18	34.66	163.18	48.22	214.50	139.1	131.5	72.0	46.8
Education and Vocational Training	706.13	127.89	475.77	22.94	582.50	76.83	122.4	334.9	82.5	60.1
County Public Service Board	69.79	-	42.59	-	59.67	-	140.1	-	85.5	-
County Assembly	796.52	276.53	632.16	72.25	632.16	72.25	100.0	100.0	79.4	26.1
Economic Planning	147.42	-	109.72	-	92.08	-	83.9	-	62.5	-
Administration and Devolution	135.40	74.16	63.55	68.41	82.71	67.59	130.1	98.8	61.1	91.1
Youth and Sports Development	124.33	120.48	62.15	67.74	68.60	62.53	110.4	92.3	55.2	51.9
Co-operatives and Enterprise Development	61.06	44.48	22.22	-	29.56	44.48	133.0	-	48.4	100.0
Livestock Development and Fisheries	149.86	100.30	24.72	20.70	30.88	27.06	124.9	130.7	20.6	27.0
Eldoret Municipality	117.26	106.56	91.82	69.76	65.34	69.76	71.2	100.0	55.7	65.5
Promotive and Preventive Health	58.57	40.59	7.26	-	17.70	-	243.7	-	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.
Energy, Environment, Climate Change and Natural Resources	30.18	154.44	4.43	80.81	13.30	117.46	300.4	145.4	44.1	76.1
Partnership, Liaison and Linkages	68.55	-	66.88	-	60.30	-	90.2	-	88.0	-
Gender, Social Protection and Culture	67.87	38.16	51.56	28.85	59.87	30.07	116.1	104.2	88.2	78.8
Housing and Urban Development	101.59	386.74	23.49	44.86	28.38	43.37	120.8	96.7	27.9	11.2
Lands and Physical Planning	74.47	325.41	46.34	111.68	69.55	102.93	150.1	92.2	93.4	31.6
Water, Irrigation and Sanitation	177.48	500.49	111.55	62.27	142.04	143.58	127.3	230.6	80.0	28.7
Office of the County Attorney	31.73	-	15.60	-	25.62	-	164.3	-	80.7	-
TOTAL	8,088.51	4,059.68	5,393.49	1,344.30	5,593.90	1,686.24	103.7	125.4	69.2	41.5

Source: Uasin County Treasury

Analysis of expenditure by departments shows that the Department of Co-Operatives and Enterprise Development recorded the highest absorption rate of development budget at 100.0 per cent, followed by the Department of Administration and Devolution at 91.1 per cent. The Department of Lands and Physical Planning had the highest percentage of recurrent expenditure to budget at 93.4 per cent while the Department of Livestock Development and Fisheries had the lowest at 20.6 per cent.

The recurrent expenditure is above recurrent exchequer issues in 18 departments while the development expenditure is above development exchequer issues in 9 departments. This is attributed to the county spending part of the monies in the 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.

The allocation for recurrent expenditure for the Assembly and the County Executive is within the budget ceilings prescribed in CARA, 2023.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.304 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.304: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Program		Revised Estimates		Expenditure		Absorption Rate (%)	
	Sub Program	Recurrent	Development	Recurrent	Development	Recurrent	Development
Governor's Office							
	Administrative support services	123,334,200	-	113,104,426	-	91.7	-
Finance							
	Internal audit services	9,849,431	-	8,986,378	-	91.2	-
	Accounts services	4,850,000	-	4,581,800	-	94.5	-
	Finance services	626,053,449	-	489,706,275	-	78.2	-
	Procurement and supply services	4,650,000	-	4,062,875	-	87.4	-
	Ward Development Services	-	6,500,000	-	-	-	-
	Kenya Devolution Support	2,000,000	-	1,438,088	-	71.9	-
Public Service Management							
	Administration And Support Services	946,541,245	-	674,065,140	-	71.2	-

Program		Revised Estimates		Expenditure		Absorption Rate (%)	
	Sub Program	Recurrent	Development	Recurrent	Development	Recurrent	Development
ICT and E-Government							
	Staff Online Management System (Online Help Desk System)	-	54,669,444	-	28,484,772	-	52.1
	ICT Services	71,724,500	-	24,239,083	-	33.8	-
Roads, Transport and Infrastructure							
	Bridges and Foot Bridge	-	-	-	2,794,675	-	
	Capital roads investments	598,427,925	70,713,733	407,599,627	47,245,167	68.1	66.8
	Safety and emergency	-	11,528,975	-	-	-	-
	Street Lighting	-	6,000,000	-	-	-	-
	Energy Services	650,000	-	-	-	-	-
	Ward Development Services	-	710,824,495	-	296,058,653	-	41.7
Health Services							
	Health Services	-	308,722,065	-	200,078,868	-	64.8
	Administration And Support Services	2,149,825,035	-	1,520,313,591	-	70.7	-
	Ward Development Services	-	53,600,000	-	10,000,000	-	18.7
Agriculture, Livestock and Fisheries							
	Crop Specialization and Diversification	-	26,000,000	-	5,399,900	-	20.8
	Crop Pest and Disease Control Services	-	5,000,000	-	4,225,300	-	84.5
	Climate-smart Agriculture	-	10,212,611	-	10,028,386	-	98.2
	Capacity Building for Farmers	-	2,157,000	-	-	-	-
	Agricultural Mechanization Services	-	1,545,300	-	-	-	-
	SP Post-harvest Management Services	565,444,607	23,994,190	237,319,721	7,994,191	42.	33.3
	Ward Development Services	-	13,800,000	-	1,521,450	-	11.-
Trade, Cooperatives, Tourism, Wildlife							
	Administrative support services	61,951,385	-	43,228,432	-	69.8	-
	Ultra-modern Wholesale market with cold storage go-down	-	15,448,253	-	5,352,468	-	34.6
	Development of way-side Trading Centers	-	360,000,000	-	206,335,555	-	57.3
	Tourism Development Services	5,000,000	-	4,994,700	-	99.9	-
	Tourism Promotion and Marketing	-	6,280,032	-	2,815,852	-	44.8
	Ward Development Services	-	76,450,000	-	-	-	-
Education, Social, Cultural, Youths and Sports							
	Administrative and Support Services	706,130,581	-	582,499,793	-	82.5	-
	ECDE Infrastructure	-	1,000,000	-	-	-	-
	Cultural Preservation and Development Services	-	13,453,425	-	6,498,290	-	48.3
	Vocational Training Services	-	20,541,222	-	-	-	-

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Ward Development Services	-	92,900,000	-	70,330,281	-	75.7
County Public Service Board							
	Administrative support services	69,789,376	-	59,670,711	-	85.5	-
County Assembly							
	Administrative support services	796,524,510	276,532,127	632,160,345	72,252,328	79.4	26
Economic Planning							
	Budget and Economic Affairs services	104,456,187	-	52,632,101	-	50.4	-
	Central planning and M&E services	32,960,330	-	32,767,870	-	99.4	-
	Kenya Devolution Support	10,000,000	-	6,682,925	-	66.8	-
Administration and Devolution							
	Office Accommodation	-	74,160,291	-	67,586,870	-	91
	Administrative support services	135,402,734	-	82,707,622	-	61.1	-
Youth and Sports Development							
	Sports facilities	-	29,000,000	-	29,000,000	-	100
	Youth Empowerment	-	7,127,339	-	699,170	-	9.8
	SP Youth Development	100,174,155	-	51,422,088	-	51.3	-
	Sports Activities	24,151,673	-	17,181,320	-	71.1	-
	Ward Development Services	-	84,350,000	-	32,831,709	-	38.9
Co-operatives and Enterprise Development							
	Standard weighbridge	46,577,998	-	23,869,857	-	51.2	-
	Cooperative Credit	14,484,149	34,479,440	5,689,600	34,479,440	39.3	100
	Ward Development Services	-	10,000,000	-	10,000,000	0	100
Livestock Development and Fisheries							
	Value Addition and Marketing	-	4,000,000	-	804,100	-	20.1
	Administrative support services	149,860,593	-	30,881,707	-	20.6	-
	Livestock Development Services	-	12,580,000	-	-	-	-
	Livestock Disease Control	-	13,000,000	-	8,499,770	-	65.4
	Value Addition and Marketing Services	-	1,150,000	-	-	-	-
	Livestock Diversification	-	2,477,133	-	-	-	-
	Fisheries Production Services	-	862,867	-	-	-	-
	Ward Development Services	-	66,226,425	-	17,753,673	-	26.8
Eldoret Municipality							
	Administrative support services	117,261,567	-	65,342,998	-	55.7	-
	Capital roads investments	-	106,556,260	-	69,761,727	-	65
Promotive and Preventive Health							
	Health Services	-	40,592,204	-	-	-	-
	Administration And Support Services	58,570,000	-	17,695,255	-	30.2	-
Energy Environment Climate Change and Natural Resources							
	Energy Services	-	55,441,008	-	27,574,238	-	49.7
	Environmental Conservation Services	-	-	-	-	-	-

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
	Afforestation, Re-Afforestation and Agroforestry	-	30,000,000	-	29,884,980	-	99.6
	Climate Change Services	17,348,659	60,000,000	8,627,090	60,000,000	49.7	100.
	Administration And Support Services	12,831,341	-	4,675,805	-	36.4	-
	Ward Development Services	-	9,000,000	-	-	-	-
Partnership Liason and Linkages							
	Partnership, liaisons and Linkages	68,550,000	-	60,300,819	-	88	-
Gender Social Protection and Culture							
	Administrative support services	25,270,000	-	21,683,446	-	85.8	-
	Social Welfare and Community Development	-	23,480,000	-	23,479,995	-	100
	Culture and Heritage Services	33,800,000	3,110,252	30,268,300	1,134,500	89.6	36.5
	Gender Mainstreaming	4,800,000	-	4,776,960	-	99.5	-
	Social Protection & Safety Nets	4,000,000	20,000	3,138,030	-	78.5	-
	Ward Development Services	-	11,549,891	-	5,457,116	-	47.2
Housing and Urban Development							
	Housing Development Services	55,322,222	43,000,000	1,806,040	33,094,520	3.3	77
	Urban Development and Management Services	2,938,502	341,244,393	1,889,170	10,274,260	64.3	3
	Administration And Support Services	38,329,247	-	19,680,789	-	51.3	-
	Ward Development Services	5,000,000	2,500,000	5,000,000	-	100	-
Lands and Physical Planning							
	Physical Planning Services	-	10,870,506	-	5,933,354	-	54.6
	Survey Services	-	15,187,174	-	-	-	-
	Land Management and Administration Services	74,473,755	229,000,000	69,550,209	97,000,000	93.4	42.4
	Ward Development Services	-	70,350,000	-	-	-	-
Water, Irrigation and Sanitation							
	Ward Development Services	-	341,325,964	-	133,357,599	-	39.1
	Drilling of boreholes	177,477,746	-	142,040,550	-	80	-
	Water Supply Development	-	159,167,553	-	10,218,504	-	6.4
County Attorney							
	Legal Services	31,725,857	-	25,618,260	-	80.7	-

Source: Uasin Gishu County Treasury

Some of the Sub-programmes with the highest levels of implementation based on absorption rates were: Ward Development Services in the Department of Housing and Urban Planning at 100 per cent, Social Welfare and Community Development in the Department of Gender Social Protection and Culture at 100 per cent, Ward Development Services and Cooperative Credit in the department of Co-Operatives and Enterprise Development.

3.44.13 Accounts Operated in Commercial Banks

The County government operated a total of 20 accounts with commercial banks. This is contrary to Regulation 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. The only exemption is for imprest bank accounts for petty cash.

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. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. In particular, the report was received on 22nd April 2024.
2. Failure to refund unspent funds from FY 2022/23 into the CRF account, which led to actual expenditure being above the approved exchequer issues in several departments as shown in Table 3.303.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.246.2 million were processed through the manual payroll, accounting for 7.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to loss of public funds due to 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.

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 the timelines prescribed in Section 166 of the PFM Act, 2012.*
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, strict compliance with the approved staff establishment should be maintained.*
4. *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 revenue collection accounts are exempted.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 was Kshs.6.81 billion, comprising Kshs.2.42 billion (64.5 per cent) and Kshs.4.39 billion (35.5 per cent) allocation for development and recurrent programmes. The approved budget estimates represented an increase of 4.9 per cent compared to the previous financial year

when it 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.969.12 million as additional allocations/conditional grants, cash balance of Kshs. 270.40 million (4.0 per cent) was brought forward from FY 2022/23, and generate Kshs.300.55 million (4.0 per cent) as gross own source revenue. The own source revenue includes Kshs.52.47 million (0.8 per cent) as Appropriations-in-Aid (A-I-A) and Facility Improvement Fund (revenue from health facilities), and Kshs.248.08 million (3.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.305.

3.45.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs. 3.05 billion as an equitable share of the revenue raised nationally, Kshs. 8.49 million as additional allocations/conditional grants, had a cash balance of Kshs.270.3 million from FY 2022/23 and raised Kshs.242.94 million as own-source revenue (OSR). The raised OSR includes Kshs.128.24 million as A-I-A and FIF and Kshs.114.71 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.3.31 billion, as shown in Table 3.305.

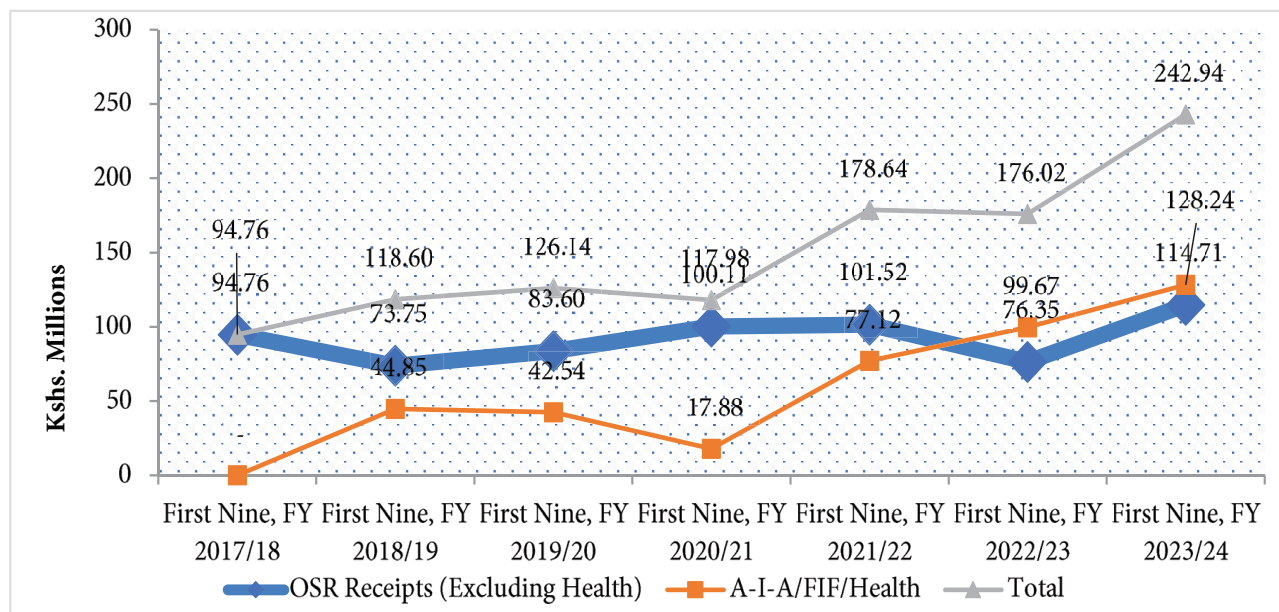
Table 3.305: Vihiga County, Revenue Performance in the First Nine Months of FY 2023/24

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	5,267,026,885	3,054,875,592	58
	Subtotal	5,267,026,885	3,054,875,592	58
B	Additional Allocations/Conditional Grants			
1.	Leasing of Medical Equipment	124,723,404	-	-
2.	Loans and Grants (DANIDA)	22,812,439	-	-
3.	Aggregated Industrial Parks Programme	100,000,000	-	-
4.	Transforming Health Systems for Universal Care Project-THS-UHC	521	-	-
5.	National Agriculture and Rural Inclusive Growth Project - NARIGP	233,531,672	-	-
6.	Provision of Fertilizer Subsidy Programme	97,662,444	-	-
7.	National Agricultural Value Chain Development Project (NAVCPD)	250,000,000	-	-
8.	Agriculture Sector Development Support Programme - ASDSP II	6,839,704	990,847	14.5
9.	Livestock Value Chain Support Project (LVC-SP)	14,323,680	-	-
10.	Treasury Development -(KDSP)	8,442,092	-	-
11.	Kenya Urban Support Programme - UDG Grant	1,194,955	-	-
12.	Village Polytechnic	6,141,234	-	-
13.	Nutrition International	18,529,528	7,500,000	40.5
14.	Climate Change Fund	73,906,087	-	-
15.	FLLoCA	11,000,000	-	-
	Subtotal	969,107,760	8,490,847	0.9
C	Own Source Revenue			
1.	Ordinary Own Source Revenue	248,083,481	114,705,103	46.2
2.	Ordinary Appropriation in Aid (A-I-A) and FIF	52,465,973	128,235,932	244.4
	Subtotal	300,549,454	242,941,035	80.8
D	Other Sources of Revenue			
1.	Unspent balance from FY 2022/23	270,395,647	-	-
	Sub Total	270,395,647	-	-
	Grand Total	6,807,079,746	3,306,307,474	48.6

Source: Vihiga County Treasury

The county under budgeted for the FIF hence the performance of 244.4 percent. Figure 133 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

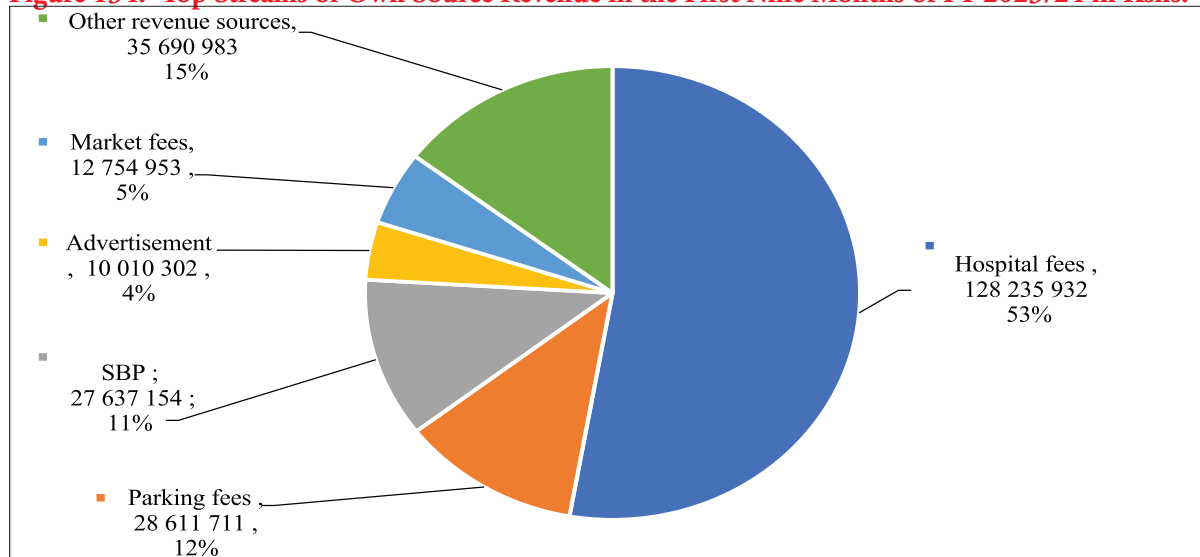
Figure 133: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: Vihiga County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.242.94 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 38.0 per cent compared to Kshs.176.02 million realised in a similar period in FY 2022/23 and was 80.8 per cent of the annual target and 8.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 134.

Figure 134: Top Streams of Own Source Revenue in the First Nine Months of FY 2023/24 in Kshs.



Source: Vihiga County Treasury

The highest revenue stream of Kshs.128.24 million was from Hospital fee/FIF, contributing to 53 per cent of the total OSR receipts during the reporting period.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.43 billion from the CRF account during the reporting period, which comprised Kshs.464.20 million (13.5 per cent) for development programmes and Kshs.2.96 billion (86.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.1.87 billion was released towards Employee Compensation and Kshs.1.01 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.6.57 million.

3.45.4 County Expenditure Review

The County spent Kshs.3.54 billion on development and recurrent programmes in the reporting period. The expenditure represented 103.2 per cent of the total funds released by the CoB and comprised Kshs.749.04 million and Kshs.2.79 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.0 per cent, while recurrent expenditure represented 63.6 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of FY 2023/24, the County reported a stock of pending bills amounting to Kshs.1.46 billion, comprising Kshs.678.5 million for recurrent expenditure and Kshs.789.2 million for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.316.6 million. They consisted of Kshs.132.8 million for recurrent expenditure and Kshs.183.8 million for development programmes. Therefore, as of 31st March 2024, the outstanding amount was Kshs.1.15 billion.

The County Assembly did not report any outstanding pending bills as of 31st March 2024.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.7 billion on employee compensation, Kshs.645.11 million on operations and maintenance, and Kshs.737.3 million on development activities. Similarly, the County Assembly spent Kshs.214.43 million on employee compensation, Kshs.230.91 million on operations and maintenance, and Kshs.11.75 million on development activities, as shown in Table 3.306.

Table 3.306: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,693,753,647	698,771,318	2,349,300,270	445,339,323	63.6	54.9
Compensation to Employees	2,274,039,112	517,968,548	1,704,185,240	214,433,818	74.9	33.8
Operations and Maintenance	1,417,714,535	180,802,770	645,115,030	230,905,505	45.4	115.3
Development Expenditure	2,399,254,781	15,300,000	737,298,593	11,747,678	30.7	89.2
Total	6,093,008,428	714,071,318	3,086,598,863	57,087,001	50.7	55.6

Source: Vihiga County Treasury

The County Assembly reported an expenditure on operations and maintenance which was above the approved budget. This is an issue of misappropriation of funds and should be addressed through a supplementary budget process.

3.45.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.1.92 billion, or 58.0 per cent of the available revenue, which amounted to Kshs.3.31 billion. Further analysis indicates that PE costs amounting to Kshs.1.88 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.34.89 million was processed through manual payrolls. The manual payrolls accounted for 1.8 per cent of the total PE cost.

The County Assembly spent Kshs.20.22 million on committee sitting allowances for the 37 MCAs against the annual budget allocation of Kshs.30.68 million. The average monthly sitting allowance was Kshs.60,708 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.247.56 million to county-established funds in FY 2023/24, constituting 3.6 per cent of the County's overall budget. Table 3.307 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.307: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Kshs)	Submission of Financial Statements as of 31 st March 2024 (Yes/No.)
County Executive Established Funds						
1	Emergency Fund	9,560,000	-	-	-	Not Operational
2	Bursary Fund	212,000,000	-	40,842,552	1,016,743,412	Yes
3	Youth Startup Fund	1,000,000	-	0	0	Not Operational
4	Sports Fund	5,000,000	-	3,982,023	65,000,000	Yes
5	Trade and Enterprise Fund	10,000,000	-	1,403,010	59,977,000	Yes
6	Cooperative Enterprise Fund	10,000,000	-	-	-	Not Operational
7	Car-loan and Mortgage Fund	-	-	1,344,266	70,000,000	Yes
County Assembly Established Funds						
8	Car-loan and Mortgage	0	-	1,500,000	200,000,000	Yes
	Total	247,560,000	-	49,071,851	1,411,720,412	

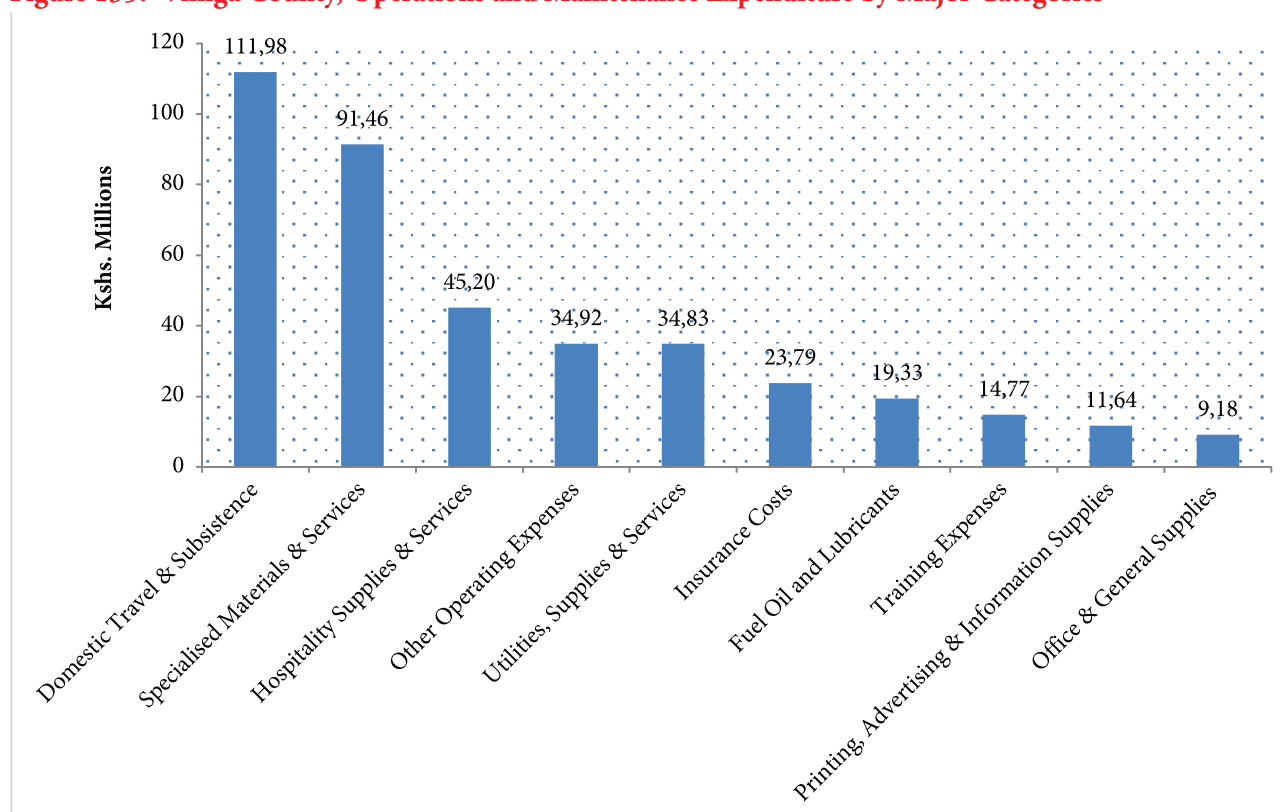
Source: Vihiga County Treasury

The CoB received all quarterly financial returns from Fund Administrators during the reporting period, as indicated in Table 3.307. 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.

3.45.9 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.111.98 million and comprised Kshs.99.63 million spent by the County Assembly and Kshs.12.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.12 million and comprised Kshs.3.60 million by the County Assembly and Kshs.3.52 million by the County Executive. Spending on foreign travel is summarised in Table 3.308.

Table 3.308: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	22.08.2023	Attend the 10th East Africa International Arbitration Conference	Zanzibar	204,000
County Executive	2	13.09.2023	Attend registration accreditation of county delegation for participation in Africa climate summit	New York	2,055,000
County Executive	2	09.10.2023	Attend the International Union for Conservation of Nature (IUCN) forum on global goals for Nature	Geneva, Switzerland	1,265,380
County Assembly	24	16th December 2023	Training	Kampala Uganda	3,600,000

Source: Vihiga County Treasury and Vihiga County Assembly

Included in the operations and maintenance costs is an expenditure of Kshs.5.01 million on legal fees.

3.45.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.749.04 million on development programmes, representing an increase of 32.9 per cent compared to a similar period of FY 2022/23 when the County spent

Kshs.565.05 million. Table 3.309 summarises development projects with the highest expenditure in the reporting period.

Table 3.309: Vihiga County, List of Development Projects with the Highest Expenditure

Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Percentage of Payment (%)
Speakers Residence	Keveye	19,786,352	13,642,534	69
Hamisi Banana Aggregation and Marketing Centre	Banja	9,908,640.00	9,900,000	100
Sabatia Hay Shed (NARIGP)	Wodanga	8,727,147.20	8,700,000	100
Sabatia Banana Processing (NARIGP)	North Maragoli	6,542,055.50	6,500,000	99
Lunyerere And Serem Lagoons	Chavakali	7,899,803.00	6,100,000	77
Bunyore Cultural Centre (Ebusiekwe)	West Bunyore	2,500,000	2,300,000	92
Construction of ECDE Classroom at Asiongo	Wemilabi	1,849,948.00	1,497,090.50	81
Construction Of ECDE Classroom at Ebulako	Emabungo	1,497,090.55	1,497,090.50	100
Ebusakami ECDE Classroom	Luanda South	1,497,090.55	1,497,090.50	100

Source: Vihiga County Treasury

3.45.11 Budget Performance by Department

Table 3.310 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.310: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	241.44	-	186.77	-	158.53	3.02	84.9	-	65.7	-
Finance and Economic Planning.	374.31	109.94	245.41	68.72	234.31	95.29	95.5	138.7	62.6	86.7
Agriculture, Livestock & Fisheries	186.69	676.44	121.04	47.83	98.53	39.91	81.4	83.4	52.8	5.9
Health Services	1,399.64	288.31	953.60	61.21	936.07	95.11	98.2	155.4	66.9	33
Education & Technical Vocational Training	551.30	199.43	317.70	5.50	337.58	5.04	106.3	91.6	61.2	2.5
Gender, Culture, Youth, Sports and Social Services	114.67	49.15	80.88	1.32	51.19	4.67	63.3	353.4	44.6	9.5
Commerce, Tourism and Cooperatives.	117.95	167.84	89.33	27.44	62.08	47.30	69.5	172.4	52.6	28.2
County Public Service Board	66.11	-	45.95	-	38.26	-	83.3	-	57.9	-
Environment, Water, Natural Resources and Climate Change	133.78	317.18	93.95	52.92	70.86	139.10	75.4	262.8	53	43.9
Transport & Infrastructure	105.10	452.85	71.39	123.99	74.42	246.25	104.2	198.6	70.8	54.4
Physical Planning, Lands, Housing & Urban Development	113.21	110.60	80.68	64.71	61.20	58.71	75.9	90.7	54.1	53.1
County Assembly	698.77	15.30	461.05	3.16	445.34	3.16	96.6	100	63.7	76.8
Public Service & Administration	274.76	27.52	199.86	7.40	221.26	2.90	110.7	39.2	80.5	10.5
County Attorney	14.80	-	15.49	-	5.01	-	32.4	-	33.9	-
Total	4,392.52	2,414.55	2,963.09	464.20	2,794.64	740.46	94.3	161.4	63.6	31

Source: Vihiga County Treasury

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 86.7 per cent, followed by the Department of Transport and Infrastructure at 54.4 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 80.5 per cent while the Department of Lands had the lowest at 32.2 per cent. A number of departments reported expenditure above approved exchequer issues which should be addressed by the county treasury.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.311 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.311: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration, Planning and Support Service		620,875,249	571,300,503	284,407,061	177,106,987	46	31
	Administrative Service	611,261,849	571,300,503	282,517,931	177,106,987	46	31
	Research and Development	9,613,400	-	1,889,130	-	20	-
Livestock Development and Management		5,614,600	46,565,764	-	8,870,847	-	19
	Veterinary Services and Extension	5,114,600	3,500,000	-	-	-	-
	Livestock Extension	500,000	22,323,680	-	3,880,000	-	17
	Value chain development	-	20,742,084	-	4,990,847	-	24
Fisheries Development and Management		3,541,000	14,000,000	3,040,000	-	86	-
	Promotion of Fish Farming	3,541,000	14,000,000	3,040,000	-	86	-
Crop Development and Management		5,950,000	102,162,444	1,437,400	-	24	-
	Crop Extension	1,824,000	-	-	-	-	-
	Farm input subsidy	-	97,662,444	-	-	-	-
	Food Security Initiatives	4,126,000	4,500,000	1,437,400	-	35	-
Agribusiness		-	255,000,000	-	-	-	-
	Value Addition	-	255,000,000	-	-	-	-
Cooperatives Development		15,987,300	-	7,541,130	-	47	-
	Cooperative Development Services	15,987,300	-	7,541,130	-	47	-
Land Survey and Mapping Services		2,570,600	16,645,609	2,030,800	15,318,663	79	92
	Land Survey and Mapping	2,570,600	16,645,609	2,030,800	15,318,663	79	92
1 Urban and Physical Planning and Housing Services		27,754,011	16,549,346	7,982,343	5,819,593	29	35
	Urban and Physical Planning	719,000	9,549,346	197,400	-	27	-
	Housing Development	2,962,400	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Vihiga Municipality {KUSP}	24,072,611	7,000,000	7,784,943	5,819,593	32	83
Administration, Planning and Support Service		95,273,383	266,435,620	71,966,530	40,128,190	76	15
	Administrative Service	95,273,383	266,435,620	71,966,530	40,128,190	76	15
Transport Management		9,823,443	38,535,327	1,368,710	22,813,874	14	59
	Transport System Management	812,600	38,535,327	-	22,813,874	-	59
	Mechanical Services	9,010,843	-	1,368,710	-	15	-
Infrastructure Development		-	147,879,239	-	125,235,482	-	85
	Road maintenance	-	147,879,239	-	125,235,482	-	85
Administration, Planning and Support Service		54,557,660	141,267,671	14,451,640	43,404,472	26	31
	Administrative Service	54,557,660	141,267,671	14,451,640	-	26	-
Public Finance Management		7,471,012	-	366,550	-	5	-
	ICT Printing press	7,471,012	-	366,550	-	5	-
Trade Development and Investment		42,455,794	26,570,274	37,789,076	17,540,798	89	66
	Market Development and Management	42,455,794	26,570,274	37,789,076	17,540,798	89	66
Tourism Development		4,945,734	-	1,601,199	-	32	-
	Tourism Promotion and Branding	4,945,734	-	1,601,199	-	32	-
Administration, Planning and Support Service		1,185,988,762	204,422,245	1,042,611,577	6,582,189	88	3
	Administrative Service	46,589,142	204,422,245	34,513,544	6,582,189	74	3
	Human Resource Management and Development	1,139,399,620	-	1,008,098,033	-	88	-
Promotive and Preventive Healthcare Services		71,771,528	-	55,089,028	-	77	-
	Public Health Services	550,000	-	-	-	-	-
	Community Health Strategy	52,126,000	-	49,777,998	-	95	-
	Reproductive Healthcare	18,579,528	-	5,311,030	-	29	-
	Disease Surveillance and Emergency	516,000	-	-	-	-	-
Curative and Rehabilitative Health Services		136,838,127	83,886,040	107,255,679	78,886,040	78	94
	Medical services	42,034,127	-	37,837,567	-	90	-
	County referral services	-	83,886,040	-	78,886,040	-	94
	Drugs and Other Medical Supplies	94,804,000	-	69,418,112	-	73	-
Child and Maternal Health Care		5,038,581	-	2,256,000	-	45	-
	Nutrition Services	5,038,581	-	2,256,000	-	45	-
Administration, Planning and Support Service		117,464,028	176,929,672	28,881,790	14,197,317	25	8
	Administrative Service	117,464,028	176,929,672	28,881,790	14,197,317	25	8

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Vocational Education and Training		245,838,400	-	201,864,904	-	82	-
	Youth Polytechnic Development	245,838,400	-	201,864,904	-	82	-
Early Childhood Development		187,994,500	22,500,000	140,702,720	-	75	-
	ECD Development	187,994,500	22,500,000	140,702,720	-	75	-
Administration, Planning and Support Service		1,243,550,422	152,758,827	621,223,095	148,572,050	50	97
	Administrative Service	1,203,205,522	139,758,827	609,775,180	148,572,050	51	106
	County Administration	22,815,700	13,000,000	8,992,051	-	39	-
	County Radio Information Services	17,529,200	-	2,455,864	-	14	-
Public Finance Management		30,512,000	-	28,799,565	-	94	-
	Public Finance Management	3,400,000	-	3,386,800	-	100	-
	Accounting Services	-	-	0	-	-	-
	Budget Formulation Coordination	1,143,000	-	288,865	-	25	-
	Resource Mobilization	23,362,000	-	22,928,000	-	98	-
	Budget Expenditure Management	2,607,000	-	2,195,900	-	84	-
Audit Services		6,336,600	-	5,881,700	-	93	-
	Audit Services	6,336,600	-	5,881,700	-	93	-
County Planning Services		600,000	-	-	-	-	-
	Coordination of Policy Formulation and Plans	600,000	-	-	-	-	-
Management and Administration of County Services		15,327,400	-	8,205,281	-	54	-
	County Executive	7,437,100	-	5,156,220	-	69	-
	County Secretary	7,890,300	-	3,049,061	-	39	-
Administration, Planning and Support Service		56,660,260	6,746,200	9,405,916	1,946,200	17	29
	Administrative Service	56,660,260	6,746,200	9,405,916	1,946,200	17	29
903004860		45,104,000	37,400,000	34,311,662	2,720,538	76	7
	Promotion of Sports	18,739,000	21,400,000	18,274,450	-	98	-
	Promotion of Culture and Heritage	12,865,000	12,000,000	2,784,012	2,720,538	22	23
	Recreation and Arts	13,500,000	4,000,000	13,253,200	-	98	-
904004860		12,903,945	5,000,000	6,628,100	-	51	-
	Social Protection	2,112,945	5,000,000	154,800	-	7	-
	Gender, Children, Youth and People with Disability	10,791,000	-	6,473,300	-	60	-
Administration, Planning and Support Service		105,666,626	-	53,634,138	-	51	-
	Administrative Service	105,666,626	-	53,634,138	-	51	-
1003004860		13,165,000	51,500,000	3,456,300	13,319,019	26	26
	Water Supply Management	9,830,000	50,500,000	2,253,900	13,319,019	23	26

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 March 2024		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Waste Water Management	3,335,000	1,000,000	1,202,400	-	36	-
1004004860		10,035,000	15,000,000	7,076,700	13,956,342	71	93
	Environmental Protection and Conservation	10,035,000	15,000,000	7,076,700	13,956,342	71	93
1005004860		4,910,000	15,500,000	3,373,000	12,627,670	69	81
	Farm Forest Management	3,310,000	7,500,000	2,873,000	4,830,000	87	64
	Natural Resources management	1,600,000	8,000,000	500,000	7,797,670	31	97
Total	Grand Total	4,392,524,965	2,414,554,781	2,794,639,593	749,046,271	64	31

Source: Vihiga County Treasury

The Administrative Service sub-programme in the Department of Public Service and Administration is at 106 per cent of the budget allocation. This is irregular and should be corrected before the closure of the financial year.

3.45.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank accounts.

3.45.14 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. High level of pending bills which amounted to Kshs.1.15 billion as of 31st March 2024. Further, there was non-adherence to the pending bills payment plan by the County Treasury.
2. 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 be opened and maintained at the Central Bank of Kenya.
3. Expenditure above than the approved budget allocation and approved exchequer issues in the Department of Public Service and Administration and the County Assembly. This demonstrated an absence of budgetary controls and signs of misappropriation of funds.

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

1. The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the payment plan should be enforced.
2. 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 revenue collection accounts are exempted.
3. The County Treasury should improve budgetary controls and ensure expenditure is in line with approved budget allocation and exchequer issues.

3.46. County Government of Wajir

3.46.1 Overview of FY 2023/24 Budget

The County's approved budget for the FY 2023/24 was Kshs.12.14 billion, comprising Kshs.3.88 billion (32 per cent) and Kshs.8.26 billion (68 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 8.1 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 (81.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.14 billion (9.4 per cent) as additional allocations/conditional grants, a cash balance of Kshs.1.0 billion (8.2 per cent) brought forward from FY 2022/23, and generate Kshs.150 million (1.3 per cent) as gross own source revenue. The own source revenue includes Kshs.80 million (0.7 per cent) as Facility Improvement Fund (revenue from health facilities), and, Kshs.70 million (0.6 per cent) as ordinary own-source revenue. A breakdown of the additional allocations/conditional grants is provided in Table 3.312.

3.46.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.5.29 billion as an equitable share of the revenue raised nationally, Kshs.87.56 million as additional allocations/conditional grants, had a cash balance of Kshs.1.0 billion from FY 2022/23, and raised Kshs.117.1 million as own-source revenue (OSR). The raised OSR includes Kshs.52.54 million as FIF and Kshs.64.38 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.6.5 billion, as shown in Table 3.312.

Table 3.312: Wajir County, Revenue Performance in the First Nine Months of FY 2023/24

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,853,656,422.00	5,285,892,077	53.6
Sub Total		9,853,656,422.00	5,285,892,077	53.6
B	Additional Allocations/Conditional Grants			
1	DANIDA to Finance Universal Healthcare	26,952,863.00	320,488	1.2
2	Emergency Locust Response Project (ELRP)	178,454,153.00	-	-
3	Agricultural Sector Development Support Program (ASDSP)	3,901,152.00	-	-
4	Fertilizer Subsidy	2,235,432.00	-	-
5	Wajir Water and Sanitation Project	600,000,000.00	-	-
6	Kenya Informal Settlement Improvement Project (KISIP II)	180,000,000.00	-	-
7	Financing Locally Led Climate Action (F-FLLoCA)	12,235,782.00	12,235,782	100.0
8	Financing Locally Led Climate Action (F-FLLoCA)	125,000,000.00	75,000,000	60.0
9	Conditional Grant for Transfer of Library Function	9,421,475.00	-	-
	Sub-Total	1,138,200,857.00	87,556,270.00	7.7
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	70,000,000.00	64,379,766.00	92
2	Balance b/f from FY2022/23	1,001,160,705.00	1,001,160,705.00	100

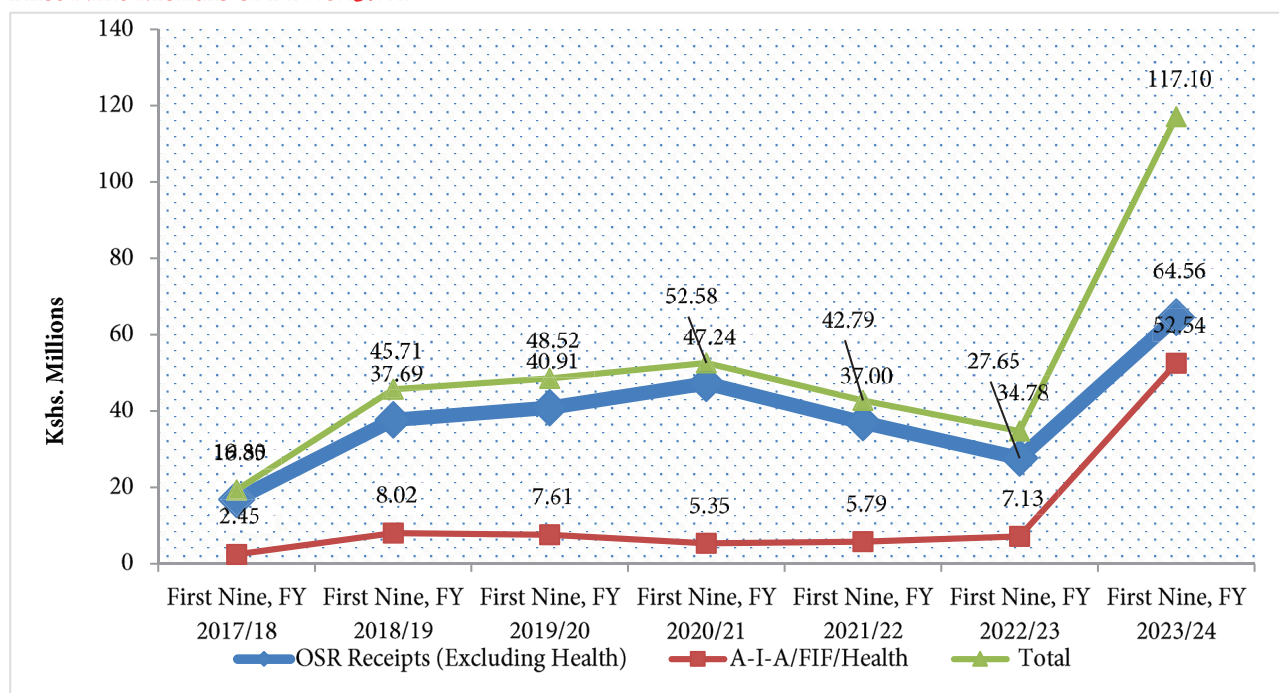
S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3	Facility Improvement Fund (FIF)	80,000,000.00	52,537,819.00	66
Sub Total		1,151,160,705.00	1,118,078,290.00	
Grand Total		12,143,017,984.00	6,491,526,637.00	53.5

Source: Wajir County Treasury

The County's governing legislation on the operation of ordinary FIF is work in progress.

Figure 136 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

Figure 136: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



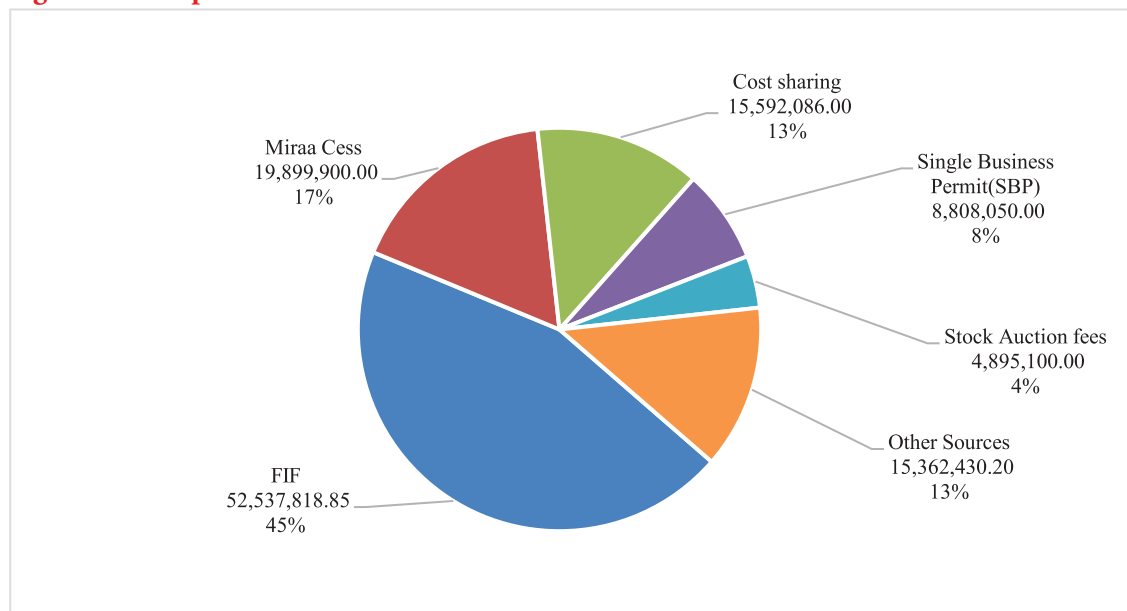
Source: Wajir County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.117.1 million from its sources of revenue, inclusive of FIF and ordinary AIA. This amount represented an increase of 240 per cent compared to Kshs.34.28 million realised in a similar period in FY 2022/23 and was 78 per cent of the annual target and 2.2 per cent of the equitable revenue share disbursed during the period.

The increase can be attributed to the introduction of a cashless system that has improved the own source revenues collection efforts as well as improved collection from hospitals.

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 Nine Months of FY 2023/24 in Kshs



Source: Wajir County Treasury

The highest revenue stream of Kshs.52.34 million was from Public Health Services, contributing to 45 per cent of the total OSR receipts during the reporting period.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.72 billion from the CRF account during the reporting period, which comprised Kshs.888.97 billion (16 per cent) for development programmes and Kshs.4.83 billion (84 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.3.1 billion was released towards Employee Compensation and Kshs.1.76 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs.1,165,351,362

3.46.4 County Expenditure Review

The County spent Kshs.5.9 billion on development and recurrent programs in the reporting period. The expenditure represented 103.3 percent of the total funds released by the CoB and comprised of Kshs.888.9 million and Kshs.5.36 billion on development and recurrent programs, respectively. Expenditure on development programs represented an absorption rate of 22.98 percent, while recurrent expenditure represented 64.9 percent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

During the FY 2023/24, the County Executive reported a stock of pending bills amounting to Kshs.2.33 billion, comprising of Kshs.1.0 billion for recurrent expenditure and Kshs.1.32 billion for development activities. In the first nine months of FY 2023/24, the County settled pending bills amounting to Kshs.151.09 million. They consisted of Kshs.41.9 million for recurrent expenditure and Kshs.109.17 million for development programs. Therefore, as of 31st March 2024, the outstanding amount was Kshs.2.18 billion.

The County Assembly did not share outstanding pending bills as of 31st March 2024.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.63 billion on employee compensation, Kshs.1.84 billion on operations and maintenance, and Kshs.888.9 million on development activities. Similarly, the County Assembly spent Kshs.314.8 million on employee compensation and Kshs.233.8 million on operations and maintenance as shown in Table 3.313.

Table 3.313: 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	7,267,566,792.00	992,922,326.00	4,471,672,853.00	548,668,267.00	61.53	55.26
Compensation to Employees	4,297,531,365.00	555,486,852.00	2,632,677,813.00	314,836,858.35	61.26	56.68
Operations and Maintenance	2,970,035,427.00	437,435,474.00	1,838,995,040.00	233,831,408.65	61.92	53.46
Development Expenditure	3,882,528,866.00	-	888,972,701.00	-	22.90	-
Total	11,150,095,658.00	992,922,326.00	5,360,645,554.00	548,668,267.00	48.08	55.26

Source: Wajir County Treasury

3.46.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.94 billion, or 45.3 per cent of the available revenue, which amounted to Kshs.6.49 billion. This expenditure represented an increase from Kshs.2.57 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.08 billion paid to health sector employees, translating to 36.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.63 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.320.4 million was processed through manual payrolls. The manual payrolls accounted for 10.9 per cent of the total PE cost.

The County Assembly spent Kshs.26.8 million on committee sitting allowances for the 46 MCAs and the Speaker against the annual budget allocation of Kshs.47.65 million. The average monthly sitting allowance was Kshs.64,670 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.581.34 million to county-established funds in FY 2023/24, constituting 4.8 per cent of the County's overall budget. Table 3.314 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.314: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Yes/No.)
County Executive Established Funds					
1.	Wajir County Disaster Management Fund (Emergency Fund)	150,000,000	150,000,000	150,000,000	Yes.
2.	Wajir County Scholarship Fund	130,000,000	0	0	No
3.	Wajir County Disability Fund	40,344,000	0	0	Yes
4.	Wajir County Revolving Fund	186,000,000	0	0	No
5.	Wajir County Climate Fund	75,000,000.00	75,000,000.00	75,000,000.00	Yes
	Total	581,344,000	225,000,000	225,000,000	

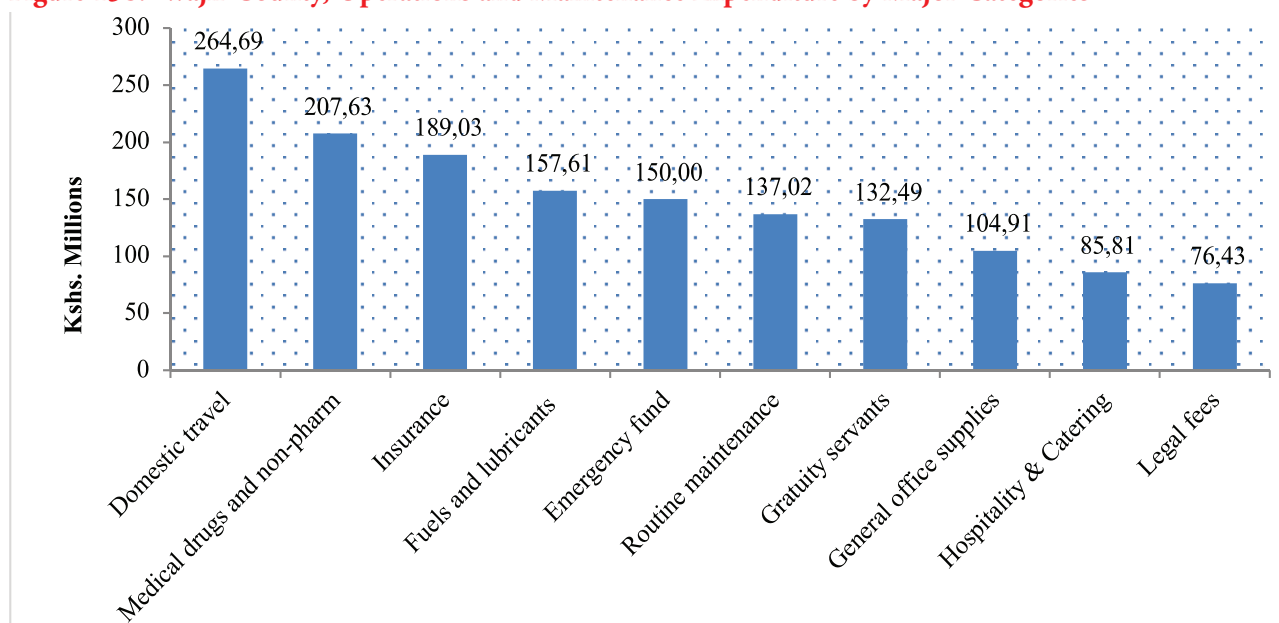
Source: Wajir County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of the County Disaster Management Fund, County Disability Fund and Wajir Climate Fund, as indicated in Table 3.314, 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.

3.46.9 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.264.69 million and comprised Kshs.102.6 million spent by the County Assembly and Kshs.162.1 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.4 million and was incurred by the County Assembly. Expenditure on foreign travel is summarised in the Table 3.315.

Table 3.315: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	10-16th Sept 2023	Training Wajir Assembly Board on Governance, Finance in DUBAI, UAE	Dubai	6,615,640.00
County Assembly	10	23-29th Jan 2024	Training Wajir Assembly Hon MCAs on adaptable Leadership, Resilience & Decision making	Turkey	8,308,260.00

Source: Wajir County Treasury and Wajir County Assembly

3.46.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.888.89 million on development programmes, representing an increase of 56 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.569.7 million. The table 3.316 summarises development projects with the highest expenditure in the reporting period.

Table 3.316: Wajir County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Public Works	Non-residential buildings (extra works & furnishing for county assembly)	Wajir Town	77,655,780	77,655,780.00	100
Health	Construction of accident&emergency centre at wrch (3rd payment)	Wajir	60,400,140	60,400,140.00	100
Agriculture	Construction Of 60,000m3 Water Pan at Arbajahan in Wajir-West Sub-County	Arbajahan	59,933,605.39	59,933,605.39	100
Agriculture	Construction Of 60,000m3 Water Pan at Dasheg in Tarbaj Sub-County	Dasheq	59,888,443.15	59,888,443.15	100
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
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
Water	Purchase Of Crawler Excavator and Wheel Loader	Wajir	44,150,000	44,150,000.00	100
Health	A&E Center at WCRH (2 ND Payment)	Wajir Town	38,308,010.00	38,308,010.00	100
Roads	Construction Of Perimeter Walling at Wajir Waste Disposal Site	Wajir Town	33,701,530.00	33,701,530.00	100
Roads	Improvement to Bitumen Standard from 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 3.317 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.317: Wajir County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	999.6	-	546.29	-	548.67	-	100	-	55	-
County Executive	598.00	-	401.86	0.00	372.80	-	93	-	62	-
Finance and Economic Planning	687.00	-	532.30	0.00	599.06	-	113	-	87	-
Roads, Transport, Public Works and Housing	258.00	609.86	138.98	193.58	189.58	204.08	136	1.1	73	33
Water Resources Development	146.00	423.99	89.97	119.86	117.35	119.86	130	1.0	80	28
Energy, Environment and Climate Change	94.00	228.30	39.34	16.99	35.74	-	91	-	38	-
Health Services	2,778.00	495.38	1,391.75	228.51	1,740.96	228.51	125	1.0	63	46
Education, Social Welfare and Family Affairs	853.00	139.49	366.01	5.88	522.42	5.88	143	1.0	61	4
Agriculture, Livestock and Veterinary Services	240.00	626.74	107.88	284	121.95	284.35	113	1.0	51	45
ICT, Trade, Investment and Industrialization	165.00	261.00	65.55	0.00	46.95	2.00	72	1,996.0	28	1
Lands and Spatial Planning	64.00	244.50	30.98	-	30.39	-	98	-	47	-
Public Service, Labour and Decentralized Unit	924.00	4.50	478.58	-	484.36	4.50	101	-	52	100
CPSB	78.00	-	27.08	-	40.22	-	149	-	52	-
WAJWASCO	156.00	681.20	100.92	1.99	96.12	1.99	95	1.0	62	-
Wajir Municipality	220.00	167.55	63.88	37.80	73.76	37.80	115	1.0	34	23
Total	8,260.60	3,882.51	4,381.36	888.97	5,020.34	888.97	115	1.0	61	23

Source: Wajir County Treasury

Analysis of expenditure by departments shows that the Public Service, Labour and Decentralized services recorded the highest absorption rate of development budget at 100 percent, followed by the Department of Health Services Lands 46 percent and the Department of Agriculture, Livestock and Veterinary Services at 45 percent. The Finance and Economic Planning department has the highest absorption of the recurrent budget at 87 percent followed by the Water Resources department at 80 percent. The Department of ICT, Trade, Investment and Industrialization had the lowest at 28 percent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.318 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.318: Wajir County, Budget Execution by Programmes and Sub-Programmes

			Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development	Recurrent	Development
3369-Wajir - Agriculture, Livestock, and Fisheries Development								
101003369			184,449,841.00	-	80,204,095.35	-	43	-
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
	General administration and support services	General administration and support services	184,449,841.00	-	80,204,095.35	-	43	-
102003369								
	Breed improvement program	Breed improvement program	-	-	-	-	-	-
	Poultry promotion program	Poultry promotion program	-	-	-	-	-	-
	Beekeeping Structures	Beekeeping Structures	-	-	-	-	-	-
	Livestock census	Livestock census	-	-	-	-	-	-
103003369			15,290,200.00	13,000,000.00	11,854,583.00	2,997,420.00	78	23
	Construction of hay stores	Construction of hay stores	-	-	-	-		
	Animal Health & Disease Management and Control	Animal Health & Disease Management and Control	-	-	-	-	-	-
	Livestock markets improvement program	Livestock markets improvement program	-	-	-	-	-	-
	Livestock Production & Management	Livestock Production & Management	15,290,200.00	13,000,000.00	11,854,583.00	2,997,420.00	78	23
	Livestock Products Value Addition and Marketing	Livestock Products Value Addition and Marketing	-	-	-	-	-	-
104003369			12,471,320.00	46,720,800.00	9,199,899.00	44,510,915.20	74	95
	Veterinary support services	Veterinary support services	12,471,320.00	46,720,800.00	9,199,899.00	44,510,915.20	74	95
105003369			-	-	-	-	-	-
	Construction of Vet lab	Construction of Vet lab	-	-	-	-	-	-
	Completion of Wajir Export Slaughter House	Completion of Wajir Export Slaughter House	-	-	-	-	-	-
	Completion of Buna Tannery	Completion of Buna Tannery	-	-	-	-	-	-
106003369			-	-	-	-	-	-
	Construction of office Block	Construction of office Block	-	-	-	-	-	-
	On farm demonstrations	On farm demonstrations	-	-	-	-	-	-
	Supply of farm inputs (Certified seeds for crops and pasture)	Supply of farm inputs (Certified seeds for crops and pasture)	-	-	-	-	-	-
	Agricultural mechanization services	Agricultural mechanization services	-	-	-	-	-	-
107003369			20,653,900.00	546,672,737.00	15,750,130.60	230,132,142.30	76	42
	Irrigation Structures development	Irrigation Structures development	-	-	-	-	-	-

			Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development	Recurrent	Development
	Land and Crop Productivity Services	Land and Crop Productivity Services	20,653,900.00	546,672,737.00	15,750,130.60	230,132,142.30	76	42
	Fruit grafting Center and out-reach program	Fruit grafting Center and out-reach program	-	-	-	-	-	-
	Irrigation Development & Management	Irrigation Development & Management	-	-	-	-	-	-
108003369			2,924,040.00	-	1,834,880.00	-	63	-
	Fisheries Management and Development	Fisheries Management and Development	2,924,040.00	-	1,834,880.00	-	63	-
	Capacity building	Capacity building	-	-	-	-		
113003369			4,552,800.00	20,350,000.00	3,109,300.00	2,400,000.00	68	12
			4,552,800.00	20,350,000.00	3,109,300.00	2,400,000.00	68	12
	Total	Total	240,342,101.00	626,743,537.00	121,952,887.95	284,040,477.50	51	45
718003375			78,784,872.00	-	40,220,736.70	-	51	-
County Public Service Board Services	County Public Service Board Services	County Public Service Board Services	78,784,872.00	-	40,220,736.70	-	51	-
	Total	Total	78,784,872.00	-	40,220,736.70	-	51	-
3368-Wajir - Education, Youth, Gender and Social Services								
501003368			11,675,000.00	9,200,000.00	4,480,000.00	0.00	38	-
	Sports Infrastructure Improvement	Sports Infrastructure Improvement	-	-	-	-	-	-
	Sports Promotion and Development	Sports Promotion and Development	11,675,000.00	9,200,000.00	4,480,000.00		38	-
	Sports infrastructure and facilities	Sports infrastructure and facilities	-	-	-	-	-	-
502003368			186,020,200.00	110,650,000.00	147,590,984.00		79	-
	ECD Infrastructure Improvement	ECD Infrastructure Improvement	-	-	-	-	-	-
	Construction of ECD centers	Construction of ECD centers	-	-	-	-	-	-
	ECD Support Services	ECD Support Services	186,020,200.00	110,650,000.00	147,590,984.00	-	79	-
	Equipping ECD classrooms	Equipping ECD classrooms	-	-	-	-	-	-
503003368			135,893,956.00	15,750,000.00	108,156,598.90	-	80	-
	Gender Promotion Services	Gender Promotion Services	77,180,656.00	15,750,000.00	51,697,498.90	-	67	-
	Cultural promotion and preservation	Cultural promotion and preservation	58,713,300.00	0	56,459,100.00	-	96	-
504003368			13,428,000.00	3,884,900.00	2,977,252.95	5,812,022.00	22	150
	Infrastructural development	Infrastructural development	13,428,000.00	3,884,900.00	2,977,252.95	5,812,022.00	22	150
	Grants to youth polytechnics	Grants to youth polytechnics	-	-	-	-	-	-
505003368			505,991,592.00	-	430,327,973.60	-	85	-
	Planning and Support Services	Planning and Support Services	-	-	-	-	-	-
	Child care centres	Child care centres	-	-	-	-	-	-

Program	Sub Program	Description	Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
	Compensation to Employees	Compensation to Employees	-	-	-	-	-	-
	Human Resources Management	Human Resources Management	505,991,592.00	-	430,327,973.60	-	85	-
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
	Scholarships	Scholarships	-	-	-	-	-	-
506003368			-	-	-	-	-	-
	SP2 Youth Polytechnic Support Services	SP2 Youth Polytechnic Support Services	-	-	-	-	-	-
	SP1 Youth Polytechnic Infrastructure Improvement	SP1 Youth Polytechnic Infrastructure Improvement	-	-	-	-	--	--
507003368								
	Schools' development Support Services	Schools' development Support Services	-	-	-	-	-	-
	Scholarships and Bursaries	Scholarships and Bursaries	-	-	-	-	-	-
708003368			-	-	-	-	-	-
	Library Supplies	Library Supplies	-	-	-	-	-	-
	Total		853,008,748.00	139,484,900.00	522,532,809.45	5,812,022.00	61	4
3366-Wajir - Energy, Environment and Natural Resources								
206003366			4,537,600.00	23,308,800.00	3,864,756.80	-	85	-
	Purchase of Solar lamps	Purchase of Solar lamps	-	-	-	-		
	Installation of street light in Wajir town	Installation of street light in Wajir town	-	-	-	-	-	-
	Development of Alternative Sources of Energy	Development of Alternative Sources of Energy	4,537,600.00	23,308,800.00	3,864,756.80	-	85	-
	Infrastructure Improvement Services	Infrastructure Improvement Services	-	-	-	-		-
207003366			17,596,582.00	205,000,000.00	3,840,354.00	-	22	-
	Construction of sand and check dams	Construction of sand and check dams	-	-	-	-	-	-
	Indigenous trees nursery establishment	Indigenous trees nursery establishment	-	-	-	-	-	-
	Environment Conservation Services	Environment Conservation Services	15,913,382.00	205,000,000.00	2,264,854.00	-	14	-
	Mineral exploration	Mineral exploration	-	-	-	-	-	-
	Environmental sensitization	Environmental sensitization	-	-	-	-	-	-
	Natural Resource Management Services	Natural Resource Management Services	1,683,200.00	-	1,575,500.00	-	94	-
	Forestry & conservation	Forestry & conservation	-	-	-	-	-	-
	Woodland and bush fire protection	Woodland and bush fire protection	-	-	-	-	-	-

			Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
Program	Sub Program	Description	Recurrent	Development	Recurrent	Development	Recurrent	Development
208003366			-	-	-	-	-	-
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
1002003366			72,139,420.00	-	28,036,337.15	-	39	-
	Compensation to Employees	Compensation to Employees	72,139,420.00	-	28,036,337.15	-	39	-
1004003366								
	Wildlife and Tourism	Wildlife and Tourism	-	-	-	-	-	-
	Total	Total	94,273,602.00	228,308,800.00	35,741,447.95	-	38	-
3361-Wajir - The County Executive								
701003361			597,805,662.00	-	372,802,436.60	-	62	-
	Coordination and Supervisory Services	Coordination and Supervisory Services	597,805,662.00	-	372,802,436.60	-	62	-
703003361			-	-	-	-	-	-
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
718003361			-	-	-	-	-	-
	County Public Service Board Services	County Public Service Board Services	-	-	-	-	-	-
	Total	Total	597,805,662.00	-	372,802,436.60	-	62	-
3363-Wajir - Finance and Economic Planning								
701003363								
	KDSP	KDSP	-	-	-	-	-	-
707003363			356,240,623.00	-	303,225,718.60	-	85	-
	County Accounting Services	County Accounting Services	253,549,623.00	-	242,429,983.00	-	96	-
	Treasury Services	Treasury Services	-	-	-	-	-	-
	Revenue Collection Services	Revenue Collection Services	36,031,600.00	-	34,889,182.40	-	97	-
	County Budget Management Services	County Budget Management Services	13,076,600.00	-	10,433,564.00	-	80	-
	Internal Audit Services	Internal Audit Services	6,950,000.00	-	5,067,600.00	-	73	-
	Supply Chain Management Services	Supply Chain Management Services	46,632,800.00	-	46,405,389.20	-	100	-
708003363			25,886,978.00	-	17,002,340.00	-	66	-
	Integrated Development Planning	Integrated Development Planning	15,933,688.00	-	10,556,870.00	-	66	-
	County Statistical Information Services	County Statistical Information Services	7,163,290.00	-	3,897,370.00	-	54	-
	Monitoring & Evaluation Services	Monitoring & Evaluation Services	2,790,000.00	-	2,548,100.00	-	91	-
717003363			304,926,575.00	-	278,832,353.30	-	91	-
	General administration and support services	General administration and support services	304,926,575.00	-	278,832,353.30	-	91	-
	Total	Total	687,054,176.00	-	599,060,411.90	-	87	-
3367-Wajir - Public Health, Medical Services and Sanitation								
401003367			840,441,765.00	381,661,625.00	678,577,074.95	174,400,311.90	81	46

Program	Sub Program	Description	Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
	Curative & Rehabilitative Services	Curative & Rehabilitative Services	840,441,765.00	381,661,625.00	678,577,074.95	165,987,678.00	81	43
	Improvement of existing facilities	Improvement of existing facilities	-	-	-	-	-	-
	Health Infrastructure Development	Health Infrastructure Development	-	-	-	8,412,633.90	-	-
402003367			47,338,920.00	-	21,716,372.00	-	46	-
	Sanitation services	Sanitation services	28,625,000.00	-	9,356,762.00	-	33	-
	Health promotion	Health promotion	4,000,000.00	-	3,998,974.00	-	100	-
	Outreach services	Outreach services	7,895,320.00	-	2,963,836.00	-	38	-
	Child Health and Immunisation services	Child Health and Immunisation services	6,818,600.00	-	5,396,800.00	-	79	-
403003367			1,824,975,217.00	34,000,000.00	1,096,907,342.35	31,651,058.50	60	93
	General Administration and Support Services	General Administration and Support Services	1,824,975,217.00	34,000,000.00	1,096,907,342.35	31,651,058.50	60	93
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
404003367			2,029,600.00	-	1,996,600.00	-	98	-
	Maternal Health Services	Maternal Health Services	2,029,600.00	-	1,996,600.00	-	98	-
405003367			-	-	-	-	-	-
	Kenya Medical Training College	Kenya Medical Training College	-	-	-	-	-	-
406003367			53,979,650.00	79,720,143.00	53,460,796.00	24,287,360.80	99	30
	SP1 RMNCH	SP1 RMNCH	53,979,650.00	79,720,143.00	53,460,796.00	24,287,360.80	99	30
407003367			7,000,000.00	-	6,772,416.00	-	97	-
	TB & HIV - AIDS	TB & HIV - AIDS	7,000,000.00	-	6,772,416.00	-	97	-
408003367			2,600,000.00	-	2,532,000.00	-	97	-
	SP1 TB HIV-AIDS	SP1 TB HIV-AIDS	2,600,000.00	-	2,532,000.00	-	97	-
	Total		2,778,365,152.00	495,381,768.00	1,740,962,601.30	228,265,650.55	63	46
3371-Wajir - Lands, Housing and Physical Planning								
101003371								
	General administration and support services	General administration and support services	-	-	-	-	-	-
	Use of goods and services	Use of goods and services	-	-	-	-	-	-
109003371			-	-	-	-	-	-
	Construction of Lands Registry	Construction of Lands Registry	-	-	-	-	-	-
	Infrastructure Improvement Services	Infrastructure Improvement Services	-	-	-	-	-	-
	Construction of office Block	Construction of office Block	-	-	-	-	-	-
110003371			-	-	-	-	-	-
	Construction of ABT Center	Construction of ABT Center	-	-	-	-	-	-
	ABT Services	ABT Services	-	-	-	-	-	-

Program	Sub Program	Description	Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
	Fencing of Government estates	Fencing of Government estates	-	-	-	-	-	-
	Housing Development Capacity building	Housing Development Capacity building	-	-	-	-	-	-
111003371			56,458,725.00	244,500,000.00	23,272,297.05	198,000,000.00	41	81
	County Survey and Policy Services	County Survey and Policy Services	-	-	-	-	-	-
	Urban Physical Planning Services	Urban Physical Planning Services	56,458,725.00	244,500,000.00	23,272,297.05	198,000,000.00	41	81
	Physical Plans	Physical Plans	-	-	-	-	-	-
202003371			-	-	-	-	-	-
	Public Works Infrastructure Services	Public Works Infrastructure Services	-	-	-	-	-	-
206003371			-	-	-	-	-	-
	Infrastructure Improvement Services	Infrastructure Improvement Services	-	-	-	-	-	-
719003371			7,965,000.00	-	7,115,154.00	-	89	-
	Urban Development Services	Urban Development Services	7,965,000.00	-	7,115,154.00	-	89	-
	Total		64,423,725.00	244,500,000.00	30,387,451.05	-	47	-
3377-Wajir - Municipality	Urban Development Services	Urban Development Services	220,211,079.00	167,554,472.00	73,004,925.50	37,872,274.00	33	23
	Total		220,211,079.00	167,554,472.00	84,004,925.50	88,872,274.00	38	53
3372-Wajir - Public Service, Labor and Decentralized Unit								
101003372			5,140,000.00	-	4,901,640.00	-	95	-
	General administration and support services	General administration and support services	5,140,000.00	-	4,901,640.00	-	95	-
210003372			3,860,000.00	-	2,545,000.00	-	66	-
	Capacity Building Services	Capacity Building Services	-	-	-	-	-	-
	Civic Education Services	Civic Education Services	3,860,000.00	-	2,545,000.00	-	66	-
701003372			7,084,000.00	-	5,128,581.00	-	72	-
	Inter-governmental relations	Inter-governmental relations	7,084,000.00	-	5,128,581.00	-	72	-
	Efficiency Monitoring Unit (EMU)	Efficiency Monitoring Unit (EMU)	-	-	-	-	-	-
704003372			769,115,415.00	4,500,000.00	388,867,806.15	4,499,850.00	51	100
	Human Resources Management and Capacity Building	Human Resources Management and Capacity Building	741,471,415.00	-	372,772,812.15	-	50	-
	Capacity building on county staff - contracted services	Capacity building on county staff - contracted services	-	-	-	-	-	-
	Decentralised Units Services	Decentralised Units Services	27,644,000.00	4,500,000.00	16,094,994.00	4,499,850.00	58	100
713003372			4,369,600.00	-	3,140,680.00	-	72	-
	Town Sanitation Services	Town Sanitation Services	4,369,600.00	-	3,140,680.00	-	72	-

Program	Sub Program	Description	Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
	Town Improvement services	Town Improvement services	-	-	-	-	-	-
714003372			-	-	-	-	-	-
	SP6 TOWN INFRASTRUCTURE IMPROVEMENT	SP6 TOWN INFRASTRUCTURE IMPROVEMENT	-	-	-	-	-	-
716003372			121,717,830.00	-	33,715,444.00	-	28	-
	Inter-governmental relations and EMU	Inter-governmental relations and EMU	-	-	-	-	-	-
	Conflict Resolution and Security	Conflict Resolution and Security	9,944,830.00	-	6,581,714.00	-	66	-
	Disaster Management and Coordination of Humanitarian Services	Disaster Management and Coordination of Humanitarian Services	111,773,000.00	-	27,133,730.00	-	24	-
717003372			-	-	-	-	-	-
	General administration and support services	General administration and support services	-	-	-	-	-	-
719003372			-	-	-	-	-	-
	Urban Development Services	Urban Development Services	-	-	-	-	-	-
720003372			9,336,000.00	-	3,580,380.00	-	38	-
	Service Delivery	Service Delivery	9,336,000.00	-	3,580,380.00	-	38	-
721003372			3,256,400.00	-	2,484,400.00	-	76	-
	Governance and Ethics	Governance and Ethics	3,256,400.00	-	2,484,400.00	-	76	-
	Total	Total	923,879,245.00	4,500,000.00	484,363,931.15	4,499,850.00	52	100
3364-Wajir - Roads, Transport and Public Works								
110003364			3,670,000.00	-	2,784,570.00	-	76	-
	Housing Development Capacity building	Housing Development Capacity building	3,670,000.00	-	2,784,570.00	-	76	-
	Tarmacking of 25 km Wajir roads	Tarmacking of 25 km Wajir roads	-	-	-	-	-	-
	Construction of roads	Construction of roads	-	-	-	-	-	-
	Maintenance & Rehabilitation of County Roads and Bridges	Maintenance & Rehabilitation of County Roads and Bridges	15,441,996.00	376,110,872.00	12,458,246.00	9,910,988.40	81	3
	Construction of County Roads and Bridges	Construction of County Roads and Bridges	-	-	-	-	-	-
	Construction of drifts/culverts	Construction of drifts/culverts	-	-	-	-	-	-
202003364			112,910,000.00	233,748,517.00	79,530,647.35	193,016,471.25	70	83
	County Transport Services	County Transport Services	110,880,000.00	-	79,001,447.35	-	71	-
	Mobile weigh bridges	Mobile weigh bridges	-	-	-	-	-	-
	Public Works Infrastructure Services	Public Works Infrastructure Services	2,030,000.00	233,748,517.00	529,200.00	193,016,471.25	26	83

Program	Sub Program	Description	Revised Estimates (Kshs.)		Expenditure (Kshs.)		Absorption %	
			Recurrent	Development	Recurrent	Development	Recurrent	Development
	General administration and support services	General administration and support services	125,966,380.00	-	149,693,262.15	-	119	-
	Total		257,988,376.00	609,859,389.00	189,466,725.50	204,927,459.65	73	3
3370-Wajir - Trade, Industrialization, Co-operative Development	ICT Infrastructure Improvement & Enhancement Services	ICT Infrastructure Improvement & Enhancement Services	5,372,860.00	6,000,000.00	4,053,640.00	1,996,000.00	75	33
	General administration, Planning and Support Services	General administration, Planning and Support Services	137,954,887.00	-	37,791,486.00	-	27	-
	Business Support & Investment Services	Business Support & Investment Services	12,160,000.00	5,000,000.00	1,529,200.00	-	13	-
	Infrastructure Improvement	Infrastructure Improvement	3,000,000.00	250,000,000.00	2,180,500.00	-	73	-
	Capacity Building Services	Capacity Building Services	4,000,000.00	-	1,391,700.00	-	35	-
	Total		162,487,747.00	261,000,000.00	46,955,526.00	1,996,000.00	29	1
	WAJWASCO	WAJWASCO	155,579,130.00	681,200,000.00	96,114,942.25	1,992,068	62	-
	Total		155,579,130.00	681,200,000.00	96,114,942.25	1,992,068.00	62	-
3365-Wajir - Water Resources Development	Water Supplies Overhaul and Maintenance Services	Water Supplies Overhaul and Maintenance Services	137,891,737.00	124,646,000.00	110,005,143.60	68,601,200.00	80	55
	Infrastructure Development Services	Infrastructure Development Services	8,855,800.00	299,350,000.00	7,349,700.00	50,441,799.00	83	17
	Total	Total	146,747,537.00	423,996,000.00	117,354,843.60	124,042,999.00	80	29
County Assembly Services		General Administration, Human Resource and Administrative Services	999,537,966.00	-	548,668,267.00	-	55	-
		Grand Total	7,260,951,152.00	3,882,528,866.00	4,470,921,676.90	888,948,950.70	62	23
			8,260,489,118.00	3,882,528,866.00	5,019,589,943.90	888,948,950.70	61	23

Source: Wajir County Treasury

Sub-programs with the highest levels of implementation based on absorption rates were: Infrastructural Development in the Education, Youth, Culture and Social Services Department at 150 per cent, Decentralized services and Health Promotion subprograms in the Public Service, labour and Decentralized services and Health Department respectively at 100 per cent. Absorption rate above 100 percent in irregular and should corrected before closure of the financial year.

3.46.13 Accounts Operated in 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 requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprest bank accounts for petty cash and revenue collection bank 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. High level of pending bills which amounted to Kshs.2.18 billion as of 31st March 2024.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.320.4 million were processed through the manual payroll, accounting for 10.9 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.
3. 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 be opened and maintained at the Central Bank of Kenya.
4. Delay in forwarding expenditure returns to Controller of budget. The County executive forwarded the returns on 9th May, 2024.

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

1. *The county leadership should address the situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*
4. *The County executive to forward accurate expenditure returns in time to facilitate timely reporting to Parliament and County Assembly.*

3.47. County Government of West Pokot

3.47.1 Overview of FY 2023/24 Budget

The County's approved supplementary budget for FY 2023/24 is Kshs.7.71 billion, comprising Kshs.2.29 billion (30 per cent) and Kshs.5.42 billion (70 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of Kshs.50.44 million (1 per cent) compared to the previous financial year when it was Kshs.7.67 billion, and comprised of Kshs.2.46 billion towards development expenditure and Kshs.5.20 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.57 billion (85.2 per cent) as the equitable share of revenue raised nationally, Kshs.644.75 million as additional allocations/conditional grants, a cash balance of Kshs.266.38 million (3.5 per cent) brought forward from FY 2022/23, and generate Kshs.230.00 million (3.0 per cent) as gross own source revenue. The own source revenue includes Kshs.132.80 million (1.72 per cent) as Facility Improvement Fund (FIF), Kshs.97.20 million (1.26 per cent) as Ordinary Own Source Revenue.

3.47.2 Revenue Performance

In the first nine months of FY 2023/24, the County received Kshs.3.81 billion as an equitable share of the revenue raised nationally, Kshs.30.27 million as additional allocations/conditional grants, a cash balance of

Kshs.266.81 million from FY 2022/23, and raised Kshs.123.10 million as own-source revenue (OSR). The raised OSR includes nil balance as ordinary A-I-A, Kshs.78.31 million as FIF and Kshs.44.79 million as ordinary OSR. The total funds available for budget implementation during the period amounted to Kshs.4.23 billion, as shown in Table 3.319.

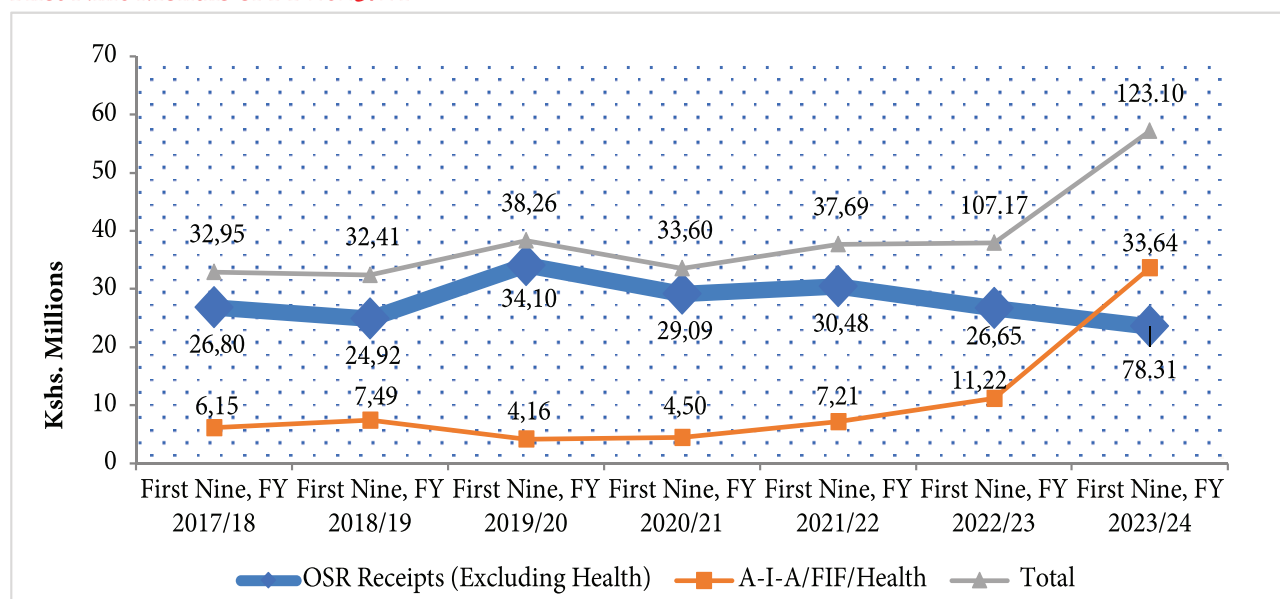
Table 3.319: West Pokot County, Revenue Performance in the First Nine Months of FY 2023/24

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	6,573,866,403.00	3,812,842,512.00	58
	Sub Total	6,573,866,403.00	3,812,842,512.00	58
B	Additional Allocations/Conditional Grants			
1	DANIDA	7,110,000.00	7,110,000.00	100
2	DANIDA (Roll Over FY 2021/2022, FY2022/2023)	14,012,092.00	8,925,592.00	64
3	UHC (Roll Over FY2022/2023)	2,014,000.00		-
4	User fee Forgone (Roll Over FY 2022/2023)	12,128,484.00	500,000.00	4
5	Emergency Locust Response	131,007,244.00		-
6	ASDSP II	2,730,960.00	2,730,960.00	100
7	ASDSP II (Rollover FY 2022/2023)	9,740,272.00		-
8	De-Risking and Value Enhancement (Drive)	63,341,980.00	11,000,000.00	17
9	Livestock Value Chain Support Project	14,323,680.00		-
10	FLLoCA (CCRI & CCIS GRANT)	159,000,000.00		-
11	KUSP II -Urban Rec & Dev Grant	95,000,000.00		-
12	KUSP UDG Rollover	18,559,250.00		
13	KDSP Roll Over FY 2022/2023	25,377,012.00		
14	VTC Grant Rollover	379,478.00		
15	Aggregated Industrial Parks Programme	-		
16	KCSAP	90,000,000.00		
17	Allocation for Mineral Royalties	1,650.00		
	Sub-Total	644,726,102.00	30,266,552.00	5
C	Other Sources of Revenue			
1	Ordinary Own Source Revenue	97,200,000.00	44,786,584.15	46
2	Balance b/f from FY 2022/23	266,381,778.00	266,381,778.00	100
4	Facility Improvement Fund (FIF)	132,800,000.00	78,314,000.00	59
	Sub Total	496,381,778.00	389,482,362.15	78
	Grand Total	7,714,974,283.00	4,232,591,426.15	55

Source: West Pokot County Treasury

Figure 139 shows the trend in own-source revenue collection from the first nine months of FY 2017/18 to the first nine months of FY 2023/24.

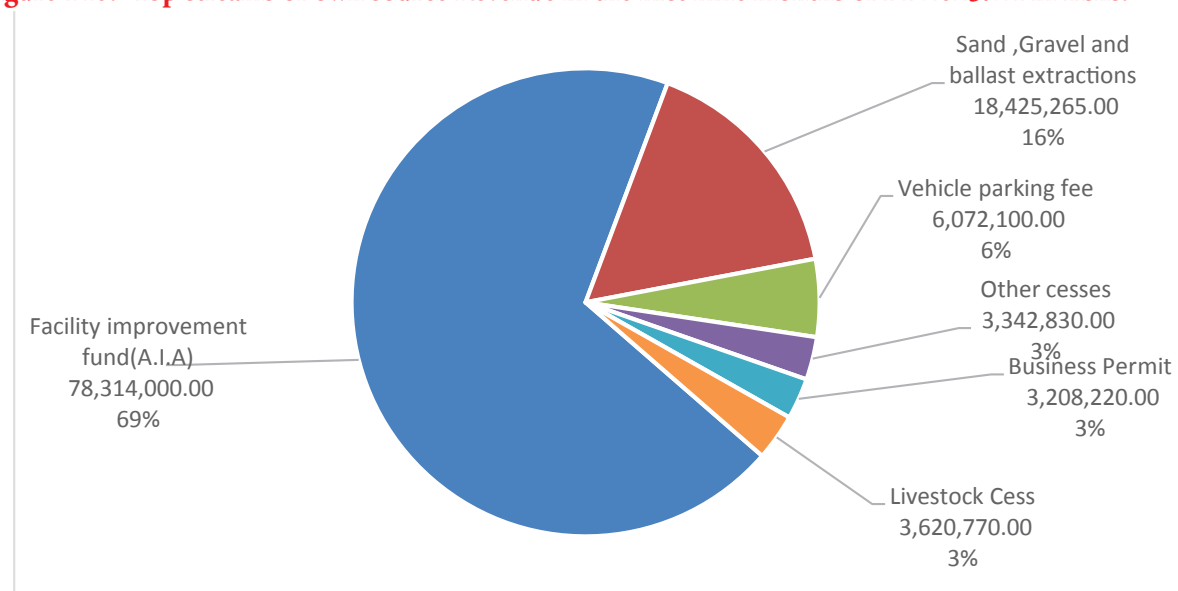
Figure 139: Trend in Own-Source Revenue Collection from the First Nine Months of FY 2017/18 to the First Nine Months of FY 2023/24



Source: West Pokot County Treasury

In the first nine months of FY 2023/24, the County generated a total of Kshs.123.10 million from its sources of revenue, inclusive of FIF. This amount represented an increase of 12.0 per cent compared to Kshs.107.17 million realised in a similar period in FY 2022/23 and was 53.50 per cent of the annual target and 3.28 per cent of the equitable revenue share disbursed during the period. There were no OSR arrears and penalties charged on 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 nine months of FY 2023/24 in Kshs.



Source: West Pokot County Treasury

The highest revenue stream of Kshs.28.45 million was from the Facility Improvement Fund (FIF), contributing to 64 per cent of the total OSR receipts during the reporting period.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.12 billion from the CRF account during the reporting period, which comprised Kshs.538.37 million (12.72 per cent) for development programmes and Kshs.3.58 billion (84.54 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in the first nine months of FY 2023/24 indicates that Kshs.2.12 billion was released towards Employee Compensation and Kshs.1.46 billion for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the first nine months of FY 2023/24 was Kshs. 567.65 million.

3.47.4 County Expenditure Review

The County spent Kshs.4.12 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.538.37 million and Kshs.3.58 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.7 per cent, while recurrent expenditure represented 84.5 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills amounting to Kshs.158.85 million as of 31st March 2024. A review of the trend of pending bills showed that there were inconsistencies in recording the outstanding pending bills at the beginning of the financial year which brings doubts about the correctness of the reported pending bills. The county assembly reported pending bills of KShs. 68.63 million as of 31st March 2024.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.91 billion on employee compensation, Kshs.1.20 million on operations and maintenance, and Kshs.506.82 million on development activities. Similarly, the County Assembly spent Kshs.208.81 million on employee compensation, Kshs.260.06 million on operations and maintenance, and Kshs.31.55 million on development activities, as shown in Table 3.320.

Table 3.320: 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	4,693,770,721	1,219,690,670	3,109,336,667	468,869,605	66.2	38.4
Compensation to Employees	2,636,921,355	363,928,996	1,908,248,975.60	208,807,358	72.4	57.4
Operations and Maintenance	2,056,849,366	855,761,675	1,201,087,691	260,062,247	58.4	30.4
Development Expenditure	2,176,139,084	115,912,093.00	506,821,601.25	31,550,660	23.3	27.2
Total	6,869,909,805	1,335,602,763	3,616,158,268	500,420,265	52.6	37.5

Source: West Pokot County Treasury

3.47.7 Expenditure on Employees' Compensation

In the first nine months of FY 2023/24, expenditure on employee compensation was Kshs.2.12 billion, or 50.1 per cent of the available revenue, which amounted to Kshs.4.23 billion. This expenditure represented an increase from Kshs.1.90 billion reported in a similar period in FY 2022/23. The wage bill included Kshs.1.01 billion paid to health sector employees, translating to 48 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.138.75 million was processed through manual pay-rolls. The manual payrolls accounted for 6.6 per cent of the total PE cost.

The County Assembly spent Kshs.17.67 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.24.00 million. The average monthly sitting allowance was Kshs.59,484 per MCA. The County Assembly has established 27 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.620 million to county-established funds in FY 2023/24, constituting 7 per cent of the County's overall budget. Table 3.321 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.321: Performance of County Established Funds in the First Nine Months 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 st March 2024 (Yes/No.)
County Executive Established Funds					
1.	Car Loan and Mortgage				No.
2.	Bursary Fund	600,000,000	600,000,000	600,000,000	Yes
3.	Cooperative Development Fund	2,161,100	-	-	No
4.	Emergency Fund	5,000,000	-	-	No
County Assembly Established Funds					
5.	Car loan and Mortgage Scheme fund (County Assembly)	15,000,000	7,500,000	7,500,000	yes
	Total	620,000,000	607,500,000	607,500,000	

Source: West Pokot County Treasury

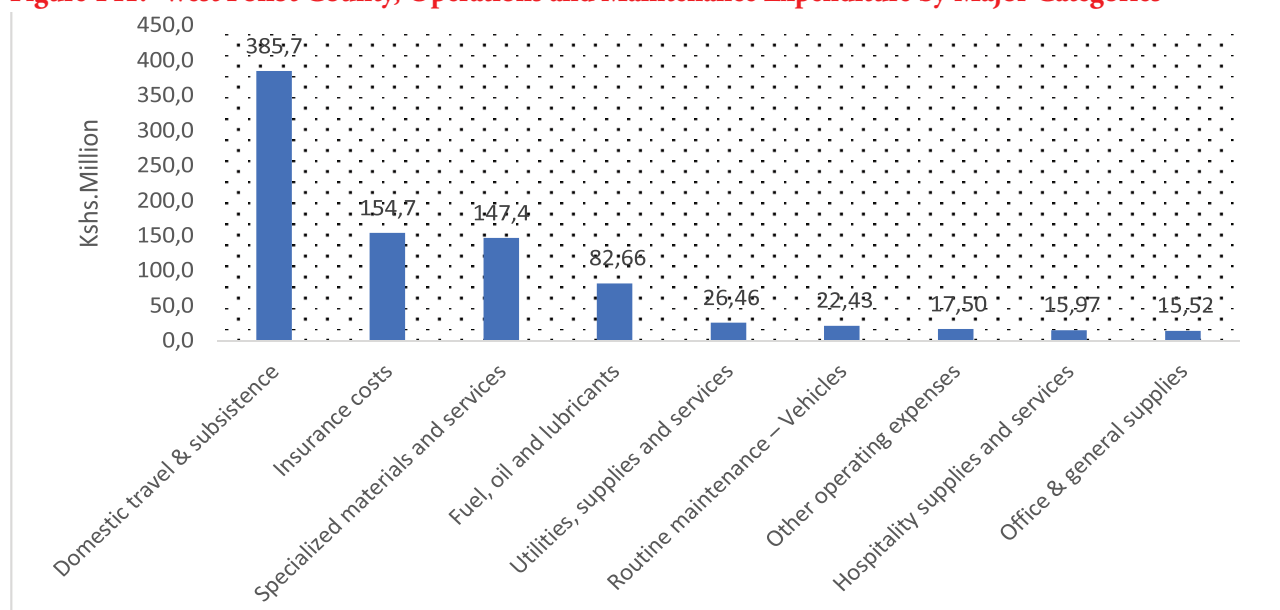
During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Car Loan and Mortgage, Cooperative Development Fund and Emergency Fund as indicated in Table 3.321, contrary to the requirement of Section 168 of the PFM Act, 2012.

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.

3.47.9 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.385.71 million and comprised Kshs.104.60 million spent by the County Assembly and Kshs.281.12 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.52 million and comprised Kshs.7.79 million by the County Assembly and Kshs.4.72 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.322.

Table 3.322: Summary of Highest Expenditure on Foreign Travel as of 31st March 2024

County Assembly	No. of Officers Travelled	Date Travelled	Purpose of the Travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	27 Oct -05th Nov 23	Performances management systems and localisation of SDGs	United Kingdom	861,220
County Assembly	3	23 Nov-1st Dec 23	Annual Conference on Efficient Health-care Management and Advanced Health-care Technologies in Digitally Disruptive World	UAE- Dubai	1,810,176
County Assembly	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
County Assembly	1	7-14 Jan 2024	County assemblies Speaker's training	Ethiopia	524,986
County Assembly	7	23 Nov 2023 to 1st Dec 23	Provision of air ticket to UAE-Dubai for MCAs while on official duties Between 23 Nov 2023 to 1st Dec 23	UAE- Dubai	1,414,000
County Executive	3	26 th -30 th November	Public finance for inclusive and sustainable development	Istanbul turkey	4,720,840.00

Source: West Pokot County Treasury and County Assembly

3.47.10 Development Expenditure

In the first nine months of FY 2023/24, the County incurred Kshs.538.73 million on development programmes, representing an increase of 34.1 per cent compared to a similar period of FY 2022/23 when the County spent Kshs.354.78 million. Table 3.323 summarises development projects with the highest expenditure in the reporting period.

Table 3.323: 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 Governors Residence-Ongoing Contract Sum 53m Budget 40m	Kapenguria	13,000,000	6,765,514.90	52
2	Office of the governor	Construction of Toilets In 20 Ward Offices	Countywide	8,700,000	4,098,711.45	47
3	Roads	Maintenance of St. Francis School - Kapenguria Road (Krb)	Mnagei	2,500,000.00	799,800.00	32
4	Roads	Expansion of St. Marys Siyoi-Aringinyang-Soita Road	Siyoi	2,000,000	617,700.00	31
5	Roads	Opening of Kalas - Ngaina Road	Kalas	2,000,000	1,274,909.10	64
6	Roads	County Rural Roads Maintenance	Countywide	34,933,200	16,499,900.00	47
7	Health	Proposed Construction of Makutano Health Center	Makutano	33,000,000	14,122,256.85	43
8	Water	Purchasing Land (Plots) For Water Tank In Kaiwow-Kapenguria Ward	Kaiwow	4,000,000	4,000,000	100
9	Water	Flloca-Ccis Grants	Climate office	11,000,000	11,000,000.00	100

Source: West Pokot County Treasury

3.47.11 Budget Performance by Department

Table 3.324 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2023/24.

Table 3.324: 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	316.71	27.10	316.71	27.10	100.0	100.0	64.4	23.9
Finance and Economic Planning	311.48	35.38	178.17	674.47	178.17	674.47	100.0	100.0	57.2	1.9
Roads, Public Works, Transport and Infrastructure	120.30	331.29	74.40	74.40	74.40	74.40	100.0	100.0	61.8	22.5
Health, Sanitation and Emergencies	1,844.00	182.18	1,302.95	21.60	1,302.94	21.60	100.0	100.0	70.7	11.9
Education and Technical training	702.48	479.59	551.28	315.80	551.28	315.80	100.0	100.0	78.5	65.9
Agriculture and Irrigation	107.63	306.91	98.04	1.50	98.04	1.50	100.0	100.0	91.1	0.5
Pastoral Economy	98.33	189.10	66.90	2.73	66.90	2.73	100.0	100.0	68.0	1.4
Trade, Industrialization, Investment & Cooperatives	87.20	46.12	42.95	-	42.95	-	100.0	-	49.3	-
Land, Housing, Physical Planning and Urban Dev	173.78	77.74	74.78	1.06	74.78	1.06	100.0	100.0	43.0	1.4
Water, Environment and Natural Resources	90.56	346.05	52.14	59.15	52.15	59.15	100.0	100.0	57.6	17.1
Tourism, Youth, Sports, Gender and Social Services	107.57	63.40	61.47	2.50	61.70	2.50	100.0	100.0	57.1	3.9
County Public Service, ICT & Decentralized Units	475.55	5.00	258.20	0.29	258.20	0.29	100.0	100.0	54.3	5.8
Intergovernmental, Special programmes and Directorates	92.15	-	31.36	-	31.36	-	100.0	-	34.0	-
County Assembly	720	116	469	31.55	469	31	100	100	65	27
Total	5,422	2,292	3,578	538	3,578	538	100	100	66	23

Source: West Pokot County Treasury

Analysis of department expenditure shows that the Department of Education and Technical Training recorded the highest absorption rate of development budget at 65.9 per cent, followed by the County Assembly at 27.2 per cent. The Department of Agriculture and Irrigation had the highest percentage of recurrent expenditure to budget at 91.1 per cent while the Department of Intergovernmental, Special Programmes and Directorates had the lowest at 34.0 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.325 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2023/24.

Table 3.325: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme/SP	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
COUNTY EXECUTIVE							
Programme 1-	SP 1 - (General Administration, Planning and Support Services)	412,479,543	113,366,466.32	274,251,088.05	27,096,840.65	66	23.9
	SP 2 - (County Public service Board	21,847,120	-	12,361,112.95	-	57	-
	SP 3 -(County Executive affairs)	40,714,871	-	21,570,111.30	-	53	-
	SP 4-(Liaison and Intergovernmental service)	16,692,415	-	8,531,794.00	-	51	-
TOTAL		491,733,949	113,366,466.32	316,714,106.30	27,096,840.65	64	23.9
FINANCE &ECONOMIC PLANNING							
Programme 2 -	SP 1(General Administration, Planning and Support Services	227,617,226	35,377,012.00	141,432,061.05	674,470.80	62	1.9
	SP 2-(Treasury Accounting Services)	10,159,823	-	6,182,800.00	-	61	-
	SP 3-(Supply Chain Management services)	3,888,000	-	998,600.00	-	26	-
	SP 4-(Resource Mobilization)	12,707,282	-	6,843,662.00	-	54	-
	SP 5-(Internal Audit services)	6,543,600	-	1,633,550.00	-	25	-
	SP 6-(Budget Formulation services)	14,810,000	-	5,513,965.50	-	37	-
	SP 7-(Economic Planning)	13,261,450	-	5,903,371.65	-	45	-
	SP 8-(Monitoring and Evaluation)	22,500,000	-	9,658,395.85	-	43	-
TOTAL		311,487,381	35,377,012.00	178,166,406.05	674,470.80	57	1.9
ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE							
Programme 3 -	SP 1(General Administration, Planning and Support Services	93,209,729	-	54,178,907.60	26,843,804.40	58	-
	SP 2(Road Transport)	5,590,808	-	2,104,252.40	-	38	-
	SP 3(Construction of bridges)	21,499,520	145,856,918.00	18,620,651.90	44,756,628.95	87	30.7
	SP 5-(Ward Specific Projects)	0.00	185,436,372.00	-	2,799,970.00	-	1.5
TOTAL		120,300,057	331,293,290.00	74,403,841.90	74,400,403.35	62	22.5

Programme/SP	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
HEALTH AND SANITATION							
Programme 4 -	SP 1(General Administration, Planning and Support Services	1,468,336,243	-	1,033,516,174.65	16,339,466.85	70	-
	SP 2-(Preventive Health Services)	85,344,880	89,531,075.80	62,186,659.90	-	73	-
	SP 3-(Curative Health Services)	120,855,383	8,164,788.20	99,876,067.00	2,610,374.50	83	31.9
	SP 4-(Kacheliba Sub-county hospital)	13,940,000	-	6,591,053.30	-	47	-
	SP 5-(Sigor Sub county hospital)	13,860,000	-	6,596,123.30	-	48	-
	SP 6-(Chepareria Sub county hospital)	13,860,000	-	6,607,557.30	-	48	-
	SP 7(Facility Improvement Fund)	127,800,000	5,000,000.00	68,129,140.00	-	53	-
	SP 8(Ward Specific)	0.00	79,486,394.00	19,441,494.80	2,654,630.00	-	-
TOTAL		1,843,996,507	182,182,258.00	1,302,944,270.25	21,604,471.35	71	11.86
EDUCATION AND TECHNICAL TRAINING							
Programme 5 -	SP 1(General Administration, Planning and Support Services	354,106,405	344,064,564.00	320,901,418.60	10,431,435.55	91	3
	SP 2 -(ECD Services)	22,072,234	11,817,414.00	1,886,757.25	-	9	-
	SP 3-(Youth Vocational training)	16,305,408	8,379,478.00	-	-	-	-
	SP 4-(Bursary Fund)	310,000,000	-	302,427,800.00	300,000,000.00	98	-
	SP 5 - (Ward specific)	-	115,331,622.00	26,063,454.45	5,387,290.55	-	4.7
TOTAL		702,484,047	479,593,078.00	551,279,430.30	315,818,726.10	78	65.9
AGRICULTURE AND IRRIGATION							
Programme 6 -	SP 1 - (General Administration, Planning and Support Services)	96,554,520	-	88,912,038.15	-	92	-
	SP 2-(Crop Development and Management)	6,000,000	26,500,000.00	5,000,000.00	-	83	-
	SP 3-(Cash Crop Production(Special Programs)	5,070,529	241,007,244.00	4,126,300.00	1,499,822.00	81	0.6
	SP 4 -(Ward specific)	-	39,400,000	-	-	-	-
TOTAL		107,625,049	306,907,244.00	98,038,338.15	1,499,822.00	91	0.5
PASTORAL ECONOMY							
Programme 7 -	SP 1 - (General Administration, Planning and Support Services)	64,781,979	-	29,360,205.85	-	45	-
	SP 2 - (Livestock production and Range Management)	14,480,000	127,336,892.00	13,988,942.20	2,730,959.00	97	2
	SP 3-(Livestock Disease management)	6,670,000	480,000.00	4,871,800.00	-	73	-
	SP 4-(Fisheries Development)	10,500,000	5,800,000.00	2,493,200.00	-	24	-
	SP 5-(Nasukuta Livestock Improvement Center)	1,900,000	8,200,000.00	1,788,360.00	-	94	-
	SP 6 -(Ward specific)	0.00	47,288,000.00	14,395,200.00	-	-	-
	SP 7 -(Dairy Development(Special Programmes)	0.00	-	-	-	-	-
TOTAL		98,331,979	189,104,892.00	66,897,708.05	2,730,959.00	68	1.44

Programme/SP	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVE DEVELOPMENT							
Programme 8 -	SP 1 - (General Administration, Planning and Support Services)	82,826,015	33,900,000.00	39,148,687.60	-	47	-
	SP 2-(Cooperative Development)	1,889,601	999,999.00	-	-	-	-
	SP 3 - (Trade, License and Market Development)	2,486,000	-	1,792,550.00	-	72	
	SP 4-(Ward specific)	-	11,220,943.00	2,012,200.00	-	-	-
TOTAL		87,201,616	46,120,942.00	42,953,437.60	-	49	-
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT							
Programme 9 -	SP 1 - (General Administration, Planning and Support Services)	85,401,239	-	45,886,497.95	-	54	-
	SP 2 -(Land Policy and Physical Planning)	8,291,200	-	3,645,086.20	-	44	-
	SP 3-(Housing Development)	1,612,000	-	1,154,750.00	-	72	-
	SP 4-(Urban Development)	2,528,800	-	1,263,100.00	-	50	-
	SP 5-(Kapenguria Municipality)	73,500,000	74,440,288.00	20,723,661.55	1,062,282.00	28	1.43
	SP 6-(Ward specific)	2,450,000	3,299,778.00	2,102,422.45	-	86	-
TOTAL		173,783,239	77,740,066.00	74,775,518.15	1,062,282.00	43	1.3
WATER, ENVIRONMENT AND NATURAL RESOURCES							
Programme 10 -	SP 1 - (General Administration, Planning and Support Services)	68,119,585	4,200,000.00	51,934,360.80	4,000,000.00	76	95.2
	SP 2 -(Water Supply Services)	13,455,999	47,752,107.50	-	10,000,000.00	-	20.9
	SP 3 -(Environment & Natural Resource Development)	8,981,280	174,752,000.00	203,404.00	20,000,000.00	2	11.4
	SP 4 -(Ward Specific)	0.00	119,349,900.00	-	25,145,226.00	-	21.0
TOTAL		90,556,864	346,054,007.50	52,137,764.80	59,145,226.00	58	17.
TOURISM, YOUTH SPORTS AND CULTURE							
PROGRAMME 11-	SP 1 - (General Administration, Planning and Support Services)	57,332,483	-	31,078,607.90	-	54	-
	SP 2- (Tourism Development)	4,387,200	-	27,000.00	2,499,000.00	1	-
	SP 3- (Gender, Youths and Sports Development)	0.00	32,000,000.00	-	-	-	-
	SP 4(Culture and Social Development)	3,039,718	-	2,538,900.00	-	84	-
	SP 5-(Ward Specific)	42,814,273	31,399,828.00	27,826,056.00	-	65	-
TOTAL		107,573,674	63,399,828.00	61,470,563.90	2,499,000.00	57	3.9
COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS							
Programme 12 -	SP 1 - (General Administration, Planning and Support Services)	392,241,880	5,000,000.00	226,612,633.85	289,400.00	58	5.79
	SP 2- (Human Resource)	8,786,000	-	4,122,069.65	-	47	-
	SP 3- (Legal Services)	11,320,000	-	9,097,817.30	-	80	-
	SP 4 - (Records Management)	16,595,000	-	6,693,419.65	-	40	-
	SP 5- (Communication Services)	3,400,000	-	1,856,600.00	-	55	
	SP 6 - (ICT Infrastructure Connectivity)	25,726,926	-	4,083,841.65	-	16	-

Programme/SP	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2024 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	SP 7 - (Field Administration)	17,480,000	-	5,729,282.90	-	33	-
TOTAL		475,549,806	5,000,000.00	258,195,665.00	289,400.00	54	-
SPECIAL PROGRAMMES AND DIRECTORATES							
Programme 13 -	SP 1 - (General Administration, Planning and Support Services)	19,590,551	-	11,462,359.40	-	59	
	SP 2 -(Dairy Development)	-	-	-	-	-	-
	SP 3-(Cash crop production)	-	-	-	-	-	-
	SP 4-(Investment and Cooperative development)	42,880,000	-	6,199,100.00	-	14	-
	SP 5 - (Emergency and disaster response)	19,106,000	-	10,522,256.75	-	55	-
	SP 6 -(Peace building and reconciliation)	2,730,000	-	886,500.00	-	32	-
	SP 7- (Resource mobilization and Coordination)	-	-	-	-	-	
	SP 8(Gender and special needs)	7,840,000	-	2,289,400.00	-	29	-
TOTAL		92,146,551	-	31,359,616.15	-	34	-
COUNTY ASSEMBLY							
Programme 14 -	SP 1 - (General Administration, Planning and Support Services)	407,540,716	115,912,093	290,848,523.30	31,550,660.00	71	27.22
	SP 2 - (Legislation and Representation)	267,144,780	-	148,648,724.70	-	56	
	SP 3- (Staff Affairs and development)	45,466,889	-	29,372,357.00	-	65	-
TOTAL		720,152,385	115,912,093	468,869,605	31,550,660	65	27.2
Grand Total		5,422,923,105	2,292,051,176	3,578,206,271	538,372,261	66	23

Source: West Pokot County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were SP 3-(Curative Health Services) in the Department of Health And Sanitation at 31 per cent, SP 1 - (General Administration, planning and Support Services) in the Department of County Assembly at 27.22 per cent, SP 3(construction of bridges) in the Department of Roads, Public Works, Transport And Infrastructure at 30.1 per cent, and SP 1 - (General Administration, planning and Support Services) at 23.9 per cent of budget allocation.

3.47.13 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the 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 18th April 2014.
2. The underperformance of own-source revenue at Kshs.123.10 million against an annual target of Kshs.230.00 million, representing 53.5 per cent of the yearly target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB within the timelines provided in law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage Fund, Cooperative Development Fund, and Emergency Fund were not submitted to the Controller of Budget.
4. Inaccurate reporting of pending bills balances where opening balances are different from the closing balance of the previous FY 2022/23. As of 30th June 2023, the closing balance was Kshs.259.17 million during the half year report of FY 2023/24, pending bills opening balance was reported as Kshs.253.9 million. During the preparation of the half year report of FY 2023/2024 opening balance was reported

as Kshs.253.47 million and at the end of the 3rd Quarter, it was again revised to Kshs.204.8 million. Further, there was inaccurate reporting of pending bills paid during the period under review as the actual amount approved by the Controller of Budget for withdrawal was Kshs.59.91 million, However, the county reported Kshs.45.95 million as having been paid.

5. Use of manual payroll. Personnel emoluments amounting to Kshs.138.75 million were processed through the manual payroll, accounting for 6.6 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.
6. The county government uses commercial bank accounts contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for 24 accounts.

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 per the timelines prescribed in 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. Appropriate austerity measures should be implemented to ensure expenditure commitments are aligned with available revenue.*
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 situation of pending bills to ensure that genuine bills are paid promptly in the remaining financial year. Compliance with the payment plan should be enforced. Further, the County Treasury should put in place mechanisms to ensure reports on pending bills are credible.*
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, strict compliance with the approved staff establishment should be maintained.*
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 and revenue collection accounts are exempted.*

4. KEY CHALLENGES AND RECOMMENDATIONS

4.1. Introduction

This section highlights cross-cutting issues that affected budget implementation in the first nine months of FY 2023/24 and includes appropriate recommendations to address the challenges. The cross-cutting challenges included:

4.2. 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.146.53 billion on personnel emoluments, which accounted for 53.5 per cent of the total expenditure of Kshs.274.08 billion and 46.2 per cent of the realised revenue of Kshs.316.91 billion in the first nine months of FY 2023/24. This expenditure increased from Kshs.135.85 billion incurred in a similar period in FY 2022/23. Only two county governments, namely; Narok and Kilifi had expenditure on personnel emoluments below 35 per cent of total expenditure in the period under review. Further the analysis of the wage bills shows that Kshs.12.28 billions was processed manually and outside the government payroll systems.

The CoB 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.

4.3. 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 County governments used 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.

4.4. 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, county governments generated a total of Kshs.41.40 billion, which was 51.3 per cent of the annual target of Kshs.80.78 billion, against an expected performance of 75 per cent of the annual

target in the first nine months of FY 2023/24. Sixteen counties reported below 50 per cent performance of their annual OSR targets, namely; - Mandera, Bungoma, Homa Bay, Kakamega, Busia, Kisumu, Nyamira, Kiambu, Laikipia, Kisii, Taita-Taveta, Nairobi City, Kilifi, Bomet, Kwale, and Kajiado.

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. Further, county governments should control budget commitments to ensure that procurement is within the available cashflow to avoid the accumulation of pending bills.

4.5. High Levels 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.152.37 billion comprised of Kshs.150.85 billion by the County Executive and Kshs.1.52 billion for the County Assemblies. Analysis of the pending bills shows that Nairobi City County accounted for 70 per cent of the stock of pending bills at Kshs.106.59 billion. Other Counties with high pending bills are Kiambu at Kshs.5.66 billion, Mombasa at Kshs.3.91 billion, Machakos at Kshs.2.90 billion, Wajir at 2.18 billion and Busia at Kshs.2.08 billion.

County Governments should settle the eligible pending bills as a first charge on the budget in line with the law.

4.6. Weak Budgetary Control

In the period under review, the CoB noted that county governments reported expenditures that exceeded the approved exchequer issues by the Controller of Budget and approved budget allocations as approved by their respective County Assemblies, which led to absorption rates above 100 per cent. Several counties were diverting funds between county programmes and departments contrary to the work plans submitted to the Controller of Budget during requisitions for withdrawal of funds. This indicates a weak budgetary control by County Treasuries and possible use of revenue at the source. An absorption rate above 100 per cent implies unauthorised use of funds for purposes other than that for which funds were intended. This weakness was observed in; Mombasa, Machakos, Marsabit, Meru, Migori, Siaya, Vihiga, Kakamega and Baringo.

It is recommended that County Governments should ensure that there are proper internal control mechanisms to ensure expenditure is within the approved budget and in line with approved work plans.

5. CONCLUSION

This report was prepared in fulfillment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act 2016. It sought to provide information on budget implementation by County Governments during the first nine months of FY 2023/24.

The combined County Governments' budget estimates for FY 2023/24 amounted to Kshs.564.53 billion and comprised of Kshs.203.48 billion (36 per cent) allocated to development expenditure and Kshs.361.05 billion (64 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.80.78 billion from their revenue sources, receive Kshs.46.36 billion as additional allocations from the National government and Development Partners while utilizing Kshs.42.26 billion unspent cash balance from the previous financial year, and Kshs.9.69 billion balances in their Special Purpose Accounts. The own source revenue target includes Kshs.19.94 billion for Facility Improvement Fund and Appropriations in Aid.

The total funding available to County Governments in the first nine months of FY 2023/24 was Kshs.316.91 billion. This amount included Kshs.223.55 billion as the equitable share of national revenue raised, Kshs.42.26 billion cash balance from FY 2022/23; Kshs.41.40 billion raised from own sources; and Kshs.9.69 billion balance in the Special Purpose Accounts.

In the first nine months of the FY 2023/24, the total expenditure by county governments was Kshs.274.08 billion, representing an absorption rate of 48.5 per cent of the total annual county governments' budget of Kshs.564.53 billion, an improvement from an absorption rate of 46.7 per cent reported in a similar period in FY 2022/23, where the total expenditure was Kshs.239.67 billion.

During the period under review, the recurrent expenditure was Kshs.229.18 billion, representing 63.5 per cent of the annual recurrent budget and an increase from 61.1 per cent reported in the first nine months of FY 2022/23. Development expenditure amounted to Kshs.44.89 billion, representing an absorption rate of 22.1 per cent and an improvement from 17.5 per cent attained in the first nine months of FY 2022/23 when total development expenditure was Kshs.29.73 billion; in the circumstance, the county governments did not achieve the required minimum expenditure threshold 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; high expenditure on personnel emoluments which accounted for 53.5 per cent of the total expenditure and 46.2 per cent of the realized revenue contrary to the envisaged 35 per cent of the county's total revenue as per the PFM regulations; use of commercial bank accounts to operate the established public funds and other operational accounts contrary to the regulations; under-performance in own source revenue collection at Kshs.41.40 billion, which was 51.3 per cent against an expected performance of 75 per cent of the annual target and high level of pending bills amounting to Kshs.152.37 billion as at 31st March, 2024.

This report has provided appropriate recommendations for addressing the challenges to enhance the smooth execution of the budget in the remaining three months of the financial year. County Governments, namely the County Assemblies and the County Executives, must ensure that the concerned 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 the 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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