Paper Laid by the Hon. Majority Leader
21/7/2026

GOVERNMENT OF NAIROBI CITY COUNTY

THE NAIROBI CITY COUNTY ASSEMBLY

OFFICE OF THE CLERK

THIRD ASSEMBLY

(FIFTH SESSION)

NCCA APPROVED
21 JUL 2026
Sign:.....
HON. SPEAKER

NCCA/TJ/PL/2026(82)

21ST JULY 2026

PAPER LAID

SUBJECT: OCOB REPORT

Pursuant to Article 228 of the Constitution of Kenya, 2010, I beg to lay the following Paper on the Table of this Assembly, today Tuesday 21st July 2026:

— **THE REPORT OF THE OFFICE OF THE CONTROLLER OF BUDGET ON COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW FOR FIRST HALF OF FY 2025/2026.**

(The Leader of Majority Party)

Copies to:
The Speaker
The Clerk
Hansard Editor
Hansard Reporters
The Press

REPUBLIC OF KENYA

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REF: COB/DBI/007/43 (111)

14th April 2026

TO ALL CLERKS OF COUNTY ASSEMBLIES

RE: COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT FOR THE FIRST SIX MONTHS OF FY 2025/26

The Office of the Controller of Budget is established under Article 228 of the Constitution of Kenya, 2010 to oversee the implementation of the budgets of the National and County Governments by authorizing withdrawals from public funds as established under Articles 204, 206 and 207 of the Constitution. Article 228 (5) of the Constitution requires the Controller of Budget (CoB) not to approve any withdrawals from public funds unless satisfied that such withdrawals are authorized by law. Article 228 (6) mandates the CoB to monitor, evaluate, report and make recommendations to the National and County Governments on measures to improve budget implementation.

Pursuant to Article 228(6) of the Constitution, the CoB has prepared the County Governments Budget Implementation Review Report for the First Six Months of FY 2025/26, covering the period 1st July 2025 to 31st December 2025.

Forwarded herewith, please find two copies of the report for your further perusal and necessary action. A soft copy of the report is also available on the OCOB website: www.cob.go.ke.

FCPA Dr. Margaret Nyakang'o, CBS
CONTROLLER OF BUDGET

REPUBLIC OF KENYA

Office of the Controller of Budget

Budget Oversight for Transparency

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST HALF OF FY 2025/26

FEBRUARY, 2026





Office of the Controller of Budget

COUNTY GOVERNMENTS

BUDGET IMPLEMENTATION REVIEW REPORT

FIRST HALF OF FY 2025/26

FEBRUARY, 2026

FOREWORD

The County Governments Budget Implementation Review Report (CBIRR) for the first half of FY 2025/26 provides an analysis of the budget performance of the forty-seven County Governments. It examines various aspects, including receipts into the County Revenue Fund, exchequer issues, expenditures, and funds absorption relative to the approved budget. Additionally, the report tracks trade payables and revenue arrears. Further, the CBIRR contains the key issues that hindered effective budget implementation during the period and offers recommendations to address the challenges.

This report is prepared per Article 228 (6) of the Constitution, which mandates the Controller of Budget to submit a report on the implementation of the budgets of the National and County Governments to each House of Parliament every four months. It also aligns with Section 9 of the Controller of Budget Act, 2016, which outlines the required contents of budget implementation reports. The report serves as a means for the Controller of Budget to disseminate information on budget implementation at the County Government level, as stipulated in Section 39(8) of the Public Finance Management Act, 2012.

To compile this report, financial and non-financial data were reviewed and analysed, including reports submitted to the Controller of Budget under Sections 166 and 168 of the Public Finance Management Act. It also draws on data from the Integrated Financial Management Information System and the approved FY 2025/26 budgets. Continuous monitoring of budget implementation by the Office of the Controller of Budget also served to inform the findings of this report.

This report will be valuable to the Legislature and Executive branches of both the National and County Governments, as well as the public, by increasing awareness of budget implementation and improving the management of public funds. I encourage the public and other stakeholders to use this report to scrutinise how County Governments are utilising public funds.

The preparation of this report was made possible through the dedication and hard work of the Controller of Budget staff and County Government personnel, whom I would like to acknowledge and greatly appreciate.

The report is also available at https://cob.go.ke/.



FCPA Dr Margaret Nyakang'o, CBS

CONTROLLER OF BUDGET

EXECUTIVE SUMMARY

This report presents the first half of the County Budget Implementation Review Report (CBIRR) for the FY 2025/26, encompassing the period from July 2025 to December 2025. It is prepared in accordance with Article 228(6) of the Constitution of Kenya of 2010 and Section 9 of the Controller of Budget Act of 2016. The report offers a comprehensive analysis of budget implementation across all 47 County Governments during the reporting period, focusing on revenue and expenditure performance. It also identifies key challenges faced and provides actionable recommendations for future enhancements.

The total approved budgets for the County Governments for FY 2025/26 amount to Kshs.619.87 billion, with Kshs.228.20 billion (37 per cent) earmarked for development expenditure and Kshs.391.67 billion (63 per cent) for recurrent expenditure. This cumulative allocation aligns with Section 107(2)(b) of the Public Finance Management (PFM) Act of 2012, which mandates a minimum of 30 per cent of total budgets to be designated for development initiatives.

To finance the FY 2025/26 budget, the County Governments project revenues of Kshs.415 billion from the equitable share of nationally raised revenues; Kshs.99.73 billion from ordinary own sources, which includes Kshs.29.47 billion from the Facility Improvement Fund (FIF) and Appropriation in Aid (A-I-A); Kshs.71.90 billion in additional (conditional) allocations from the National Government and Development Partners; and Kshs.33.24 billion in unspent funds from FY 2024/25.

In the first half of FY 2025/26, the total funds available to County Governments amounted to Kshs.227.15 billion. This comprised Kshs.172.73 billion as the equitable share of national revenue, authorised for withdrawal from the Consolidated Fund to the County Revenue Funds (CRF) by the Controller of Budget (CoB) in accordance with Article 206(4) of the Constitution; Kshs.26.40 billion in cash balances carried forward from FY 2024/25; and Kshs.26.94 billion generated from local revenue sources, including Kshs.12.70 billion from FIF/A-I-A.

During the reporting period, County Governments generated Kshs.26.94 billion from own sources, which represents 27 per cent of the annual target of Kshs.99.73 billion. Of the counties, 3 achieved an own-source revenue performance of over 50 per cent, 20 counties between 30 per cent and 49 per cent, and 24 counties below 29 per cent. The top-performing counties in this regard were Samburu (79 per cent), Garissa (71 per cent), and West Pokot (54 per cent).

As of December 31st, 2025, the total outstanding revenue arrears stood at Kshs.143.04 billion, comprised of Kshs.101.54 billion from ordinary own source revenue arrears, Kshs.8.29 billion in Facility Improvement Financing arrears, and Kshs.33.20 billion regarding the December 2025 equitable share. This situation hinders liquidity and impedes the effective implementation of the FY 2025/26 budget.

The Controller of Budget authorised the withdrawal of Kshs.184.64 billion from the County Revenue Fund (CRF) to the County Operational Accounts. Out of this, Kshs.156.17 billion (85 per cent) was designated for recurrent activities, while Kshs.28.47 billion (15 per cent) was allocated for development activities.

Cumulatively, the County Governments' expenditure during the review period totalled Kshs.192.59 billion, consisting of Kshs.160.10 billion (83 per cent) for recurrent activities and Kshs.32.49 billion (17 per cent) for development initiatives. This expenditure represents 31 per cent of the County Governments' overall annual budget. Notably, five counties achieved an overall absorption rate of 40 per cent or more, 21 counties recorded rates between 20 and 39 per cent, and 21 counties had rates below 19 per cent. High-performing counties included Bungoma (45 per cent), Marsabit (43 per cent), Machakos (41 per cent), Meru (41 per cent), and Tharaha Nithi (40 per cent)

In the first half of FY 2025/26, development expenditure was Kshs.32.49 billion, translating to an absorption rate of only 14 per cent of the total annual development budget of Kshs.228.20 billion. Alarmingly, 45 counties reported development absorption rates below 29 per cent, with only two counties exceeding 30 per cent, namely Marsabit (32 per cent) and Mandera (30 per cent).

Recurrent expenditure for County Governments in the review period amounted to Kshs.160.10 billion, accounting for 41 per cent of the annual recurrent budget. This includes Kshs.115.39 billion spent on employee compensation and Kshs.44.71 billion on operations and maintenance. During this period, four counties demonstrated recurrent budget absorption rates of 50 per cent or more, while 22 counties reported absorption rates below 50 per cent.

During the reporting period, the Controller of Budget identified some challenges that hindered effective budget execution. They include: (i) delays by the National Treasury in disbursing the Equitable Share of revenue raised nationally, (ii) underperformance in the collection of Own-Source revenue, (iii) overreliance on funding from Facility Improvement Financing, (iv) high levels of

trade payables, (v) low expenditure on development programs, and (vi) delays in the submission of financial and non-financial reports to the Controller of Budget.

To enhance budget implementation at the county level for the remainder of FY 2025/26, the Controller of Budget recommends several actions. The National Treasury should ensure that disbursements to County Revenue Funds are made by the 15th of each month. Further, County governments should strengthen their revenue collection efforts, reduce reliance on single revenue streams, prioritise settling trade payables, increase development expenditure, and comply with legal requirements for submitting financial and non-financial reports to the Controller of Budget. Implementing these measures will collectively improve effective budget execution and foster county development.

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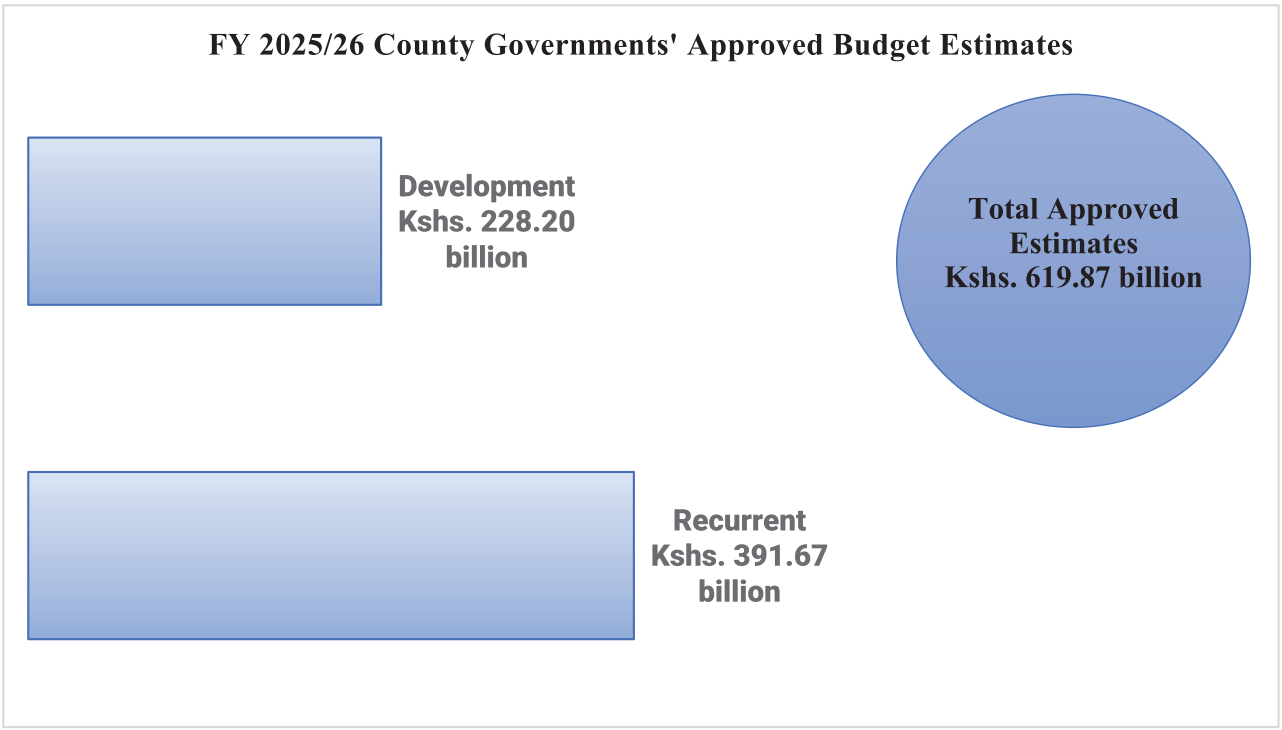
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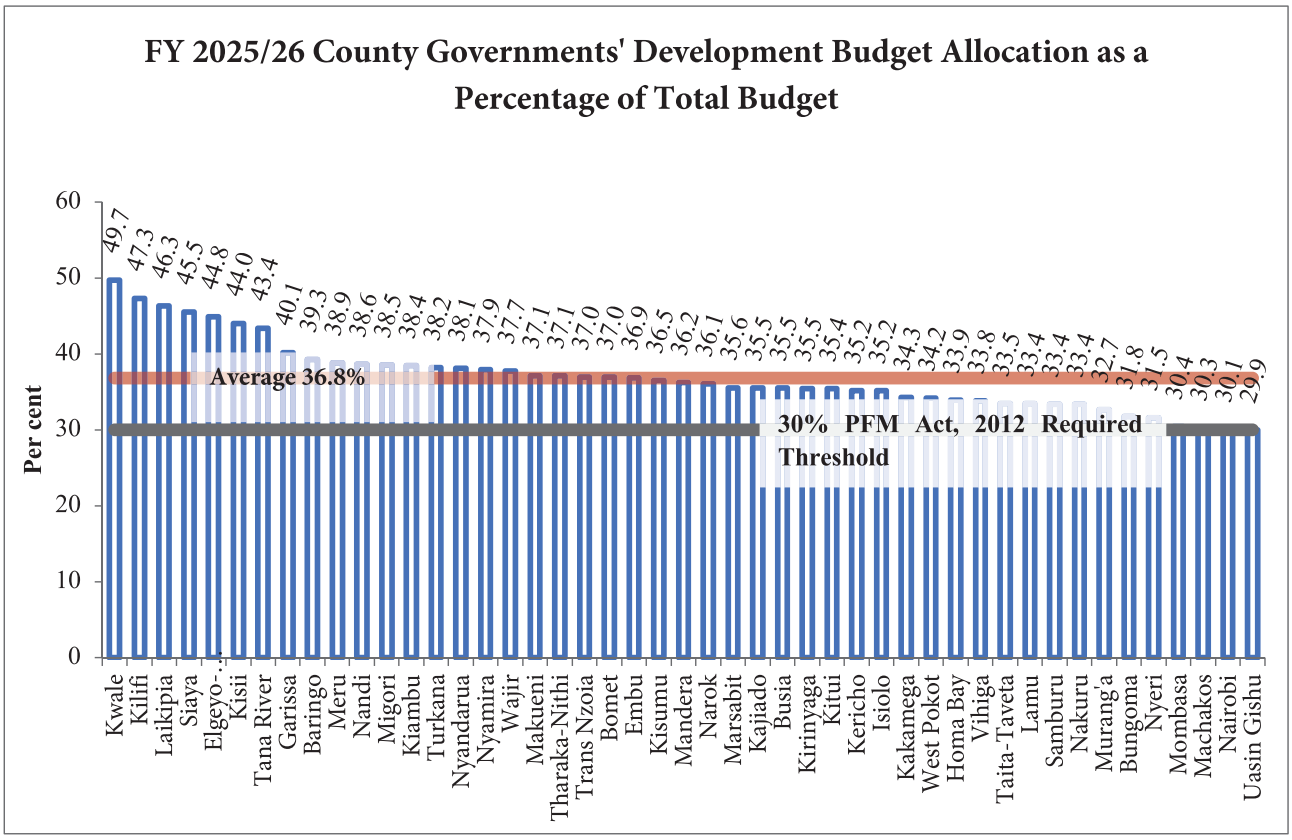
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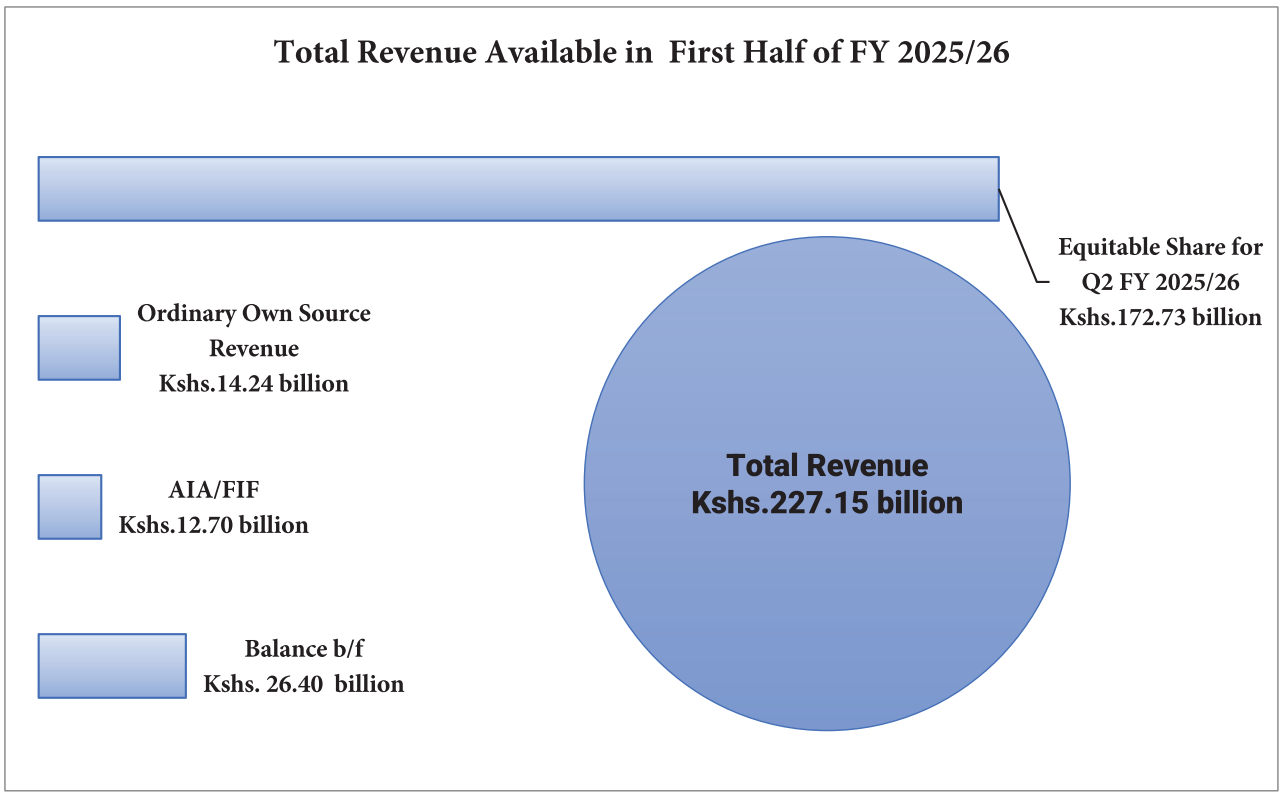
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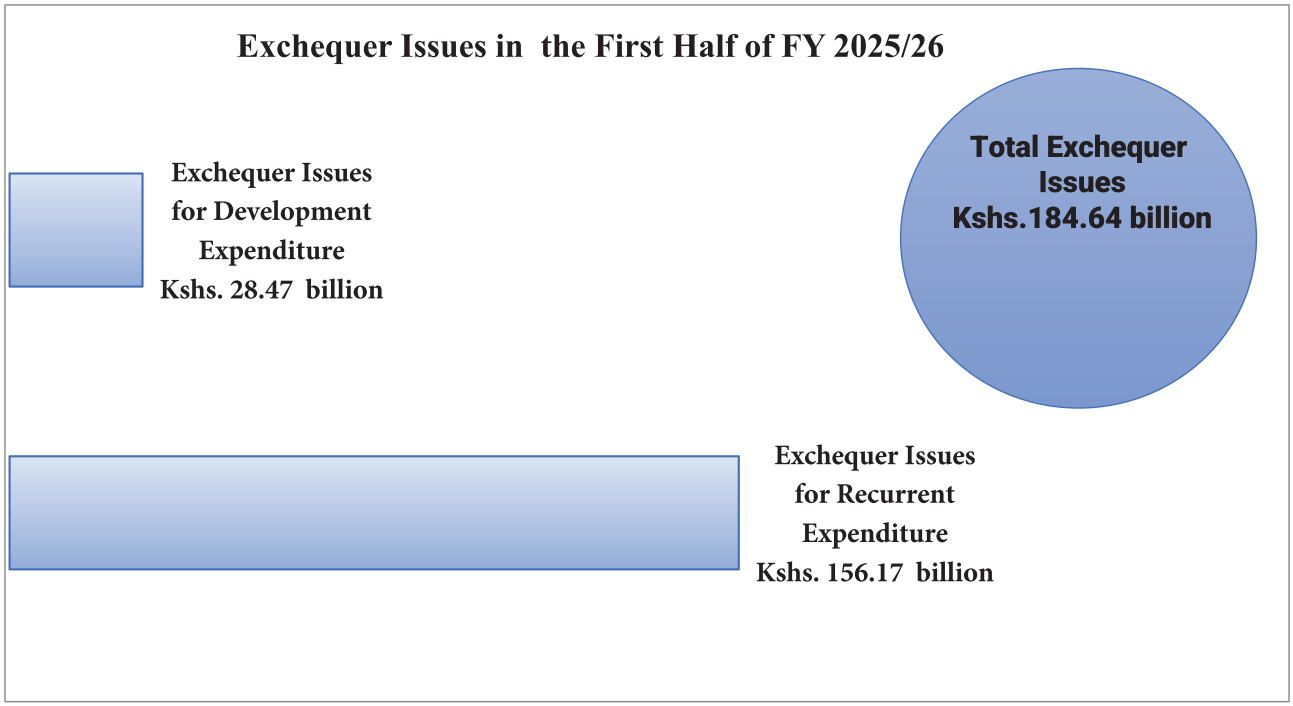
AIA	Appropriation in Aid
ASDSP	Agriculture Sector Development Support Programme
CAIP	County Aggregation and Industrial Parks
CARA	County Allocation Revenue Act
CBIRR	County Budget Implementation Review Report
CGAAA	County Governments Additional Allocation Act
CHP/V	Community Health Promoters/ Volunteers
CoB	Controller of Budget
CPF	County Pension Fund
CRF	County Revenue Fund
DANIDA	Danish International Development Agency (Primary Health Care)
Dev	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ELRP	Emergency Locust Response Project
FIF	Facility Improvement Fund/ Financing
FLLoCA	Financing Locally – Led Climate Action Programme
FSRP	Food System Resilience Project
FY	Financial Year
GHRIS	Government Human Resources Information System
IB	Internet Banking
IDA	International Development Association
IDEAs	Instrument for Devolution Advice and Support
IFAD	International Fund for Agricultural Development
IFMIS	Integrated Financial Management System
IPPD	Integrated Payroll and Personnel Database
KABDP	Kenya Agricultural Business Development Project
KDSP	Kenya Devolution Support Programme
KeLCoP	Kenya Livestock Commercialisation Project
KUSP	Kenya Urban Support Project
MCA	Member of the County Assembly
NAVCDP	National Agricultural Value Chain Development Project
NHIF	National Health Insurance Fund
PHDC	Primary Health Care in Devolved Context
RMLF	Road Maintenance Levy Fund
UIG	Urban Institutional Grant
WASH	Kenya Water Sanitation and Hygiene

KEY HIGHLIGHTS

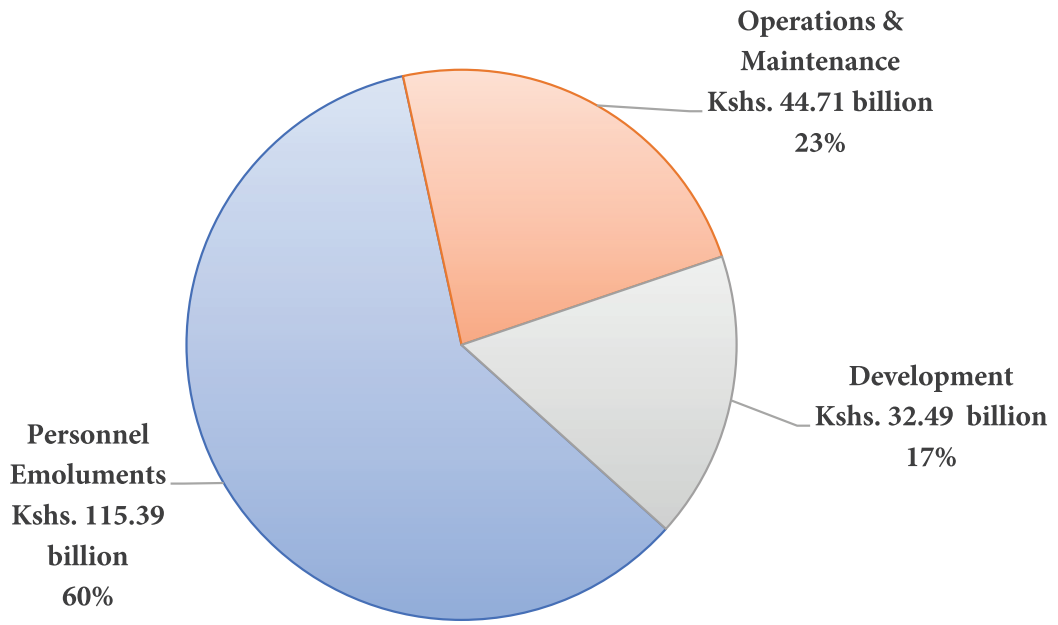




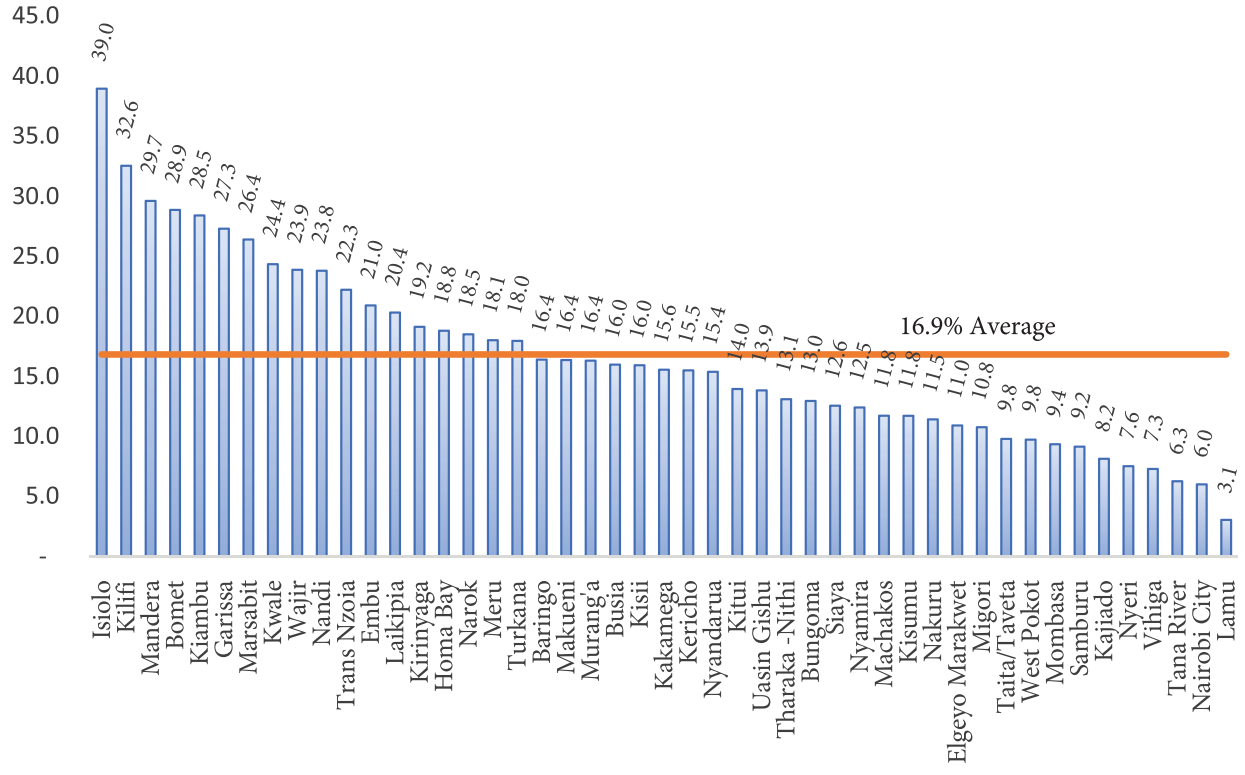

Total Revenue Available in First Half of FY 2025/26
Equitable Share for Q2 FY 2025/26 Kshs.172.73 billion
Ordinary Own Source Revenue Kshs.14.24 billion
AIA/FIF Kshs.12.70 billion
Balance b/f Kshs. 26.40 billion
Total Revenue Kshs.227.15 billion


Exchequer Issues in the First Half of FY 2025/26
Exchequer Issues for Development Expenditure Kshs. 28.47 billion
Total Exchequer Issues Kshs.184.64 billion
Exchequer Issues for Recurrent Expenditure Kshs. 156.17 billion

First Half FY 2025/26 Expenditure by Economic Classification



First Half FY 2025/26 County Governments' Development Expenditure as a Percentage of Total Expenditure



1. INTRODUCTION

The Controller of Budget (CoB) is established under Article 228 of the Constitution of Kenya to oversee and report on the implementation of budgets for the National and County Governments. According to Article 228(6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, the CoB should submit a report to each house of Parliament on budget implementation every four months.

The County Budget Implementation Review Report (CBIRR) for the first half of FY 2025/26 **e**ncompasses the period from July 2025 to December 2025. The report analyses information on own-source revenue, transfers received from the National Government and Development Partners, and total expenditures for the reporting period. It also tracks the settlement of trade payables and revenue arrears, and is based on financial reports submitted to the CoB by County Treasuries, in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management Information System (IFMIS), and information gathered by the CoB during the monitoring of budget implementation. This report uses an absorption rate to measure performance, calculated as the percentage of actual expenditure relative to the approved budget estimates.

The report is structured into various chapters. Chapter One provides an introduction, while Chapter Two analyses the budget performance of County Governments for the first half of FY 2025/26. Chapter Two discusses the performance of county governments in generating own-source revenue, including an analysis of outstanding revenue. The chapter also discusses actual expenditure compared with budget estimates for recurrent and development activities. It also provides a summary of sub-programme performance, focusing on those that over-absorbed and those with less than 5 per cent absorption. A summary of the trade payables for the forty-seven County Governments as of December 31, 2025, is also included in this Chapter.

Chapter Three presents a detailed report by individual Counties, discussing budget performance across recurrent and development expenditures, exchequer issues, and actual spending, which is categorised into Compensation of Employees, Operations and Maintenance, and Development Expenditure. Additionally, this Chapter analyses development projects undertaken in the first half of FY 2025/26.

Chapter Four summarises the key challenges identified by the CoB in the budget implementation process for Counties during the first half of FY 2025/26. The report also includes recommendations to enhance effective, efficient budget implementation and to promote best practices.

Chapter Five concludes the report.

2. FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION FOR FY FIRST HALF OF 2025/26

2.1. Introduction

This chapter presents the financial analysis of the aggregated County budget implementation for the first half of FY 2025/26, covering the period from July 2025 to December 2025.

2.2. Revenue Analysis

The combined budgets of the County Governments, approved by the County Assemblies, amounted to Kshs.619.87 billion, comprising Kshs.228.20 billion (37 per cent) allocated to development expenditure and Kshs.391.67 billion (63 per cent) to recurrent expenditure.

Aggregately, County Governments are expected to receive their equitable share of nationally raised revenue for FY 2025/26, amounting to Kshs.415 billion. Own Source Revenue is estimated at Kshs.99.73 billion, including Appropriations in Aid (A-i-A) and Facility Improvement Financing (FIF) of Kshs.29.47 billion and ordinary OSR of Kshs.70.26 billion. County Governments projected Additional Allocations of Kshs.71.90 billion, while the unspent balances from FY 2024/25 were projected at Kshs.33.24 billion.

2.2.1 Revenue Outturn

The total funds available to the County Governments in the first half of FY 2025/26 amounted to Kshs.227.15 billion. This included Kshs.172.73 billion in the equitable share of revenue raised nationally for FY 2025/26; own-source revenue collection of Kshs.26.94 billion, which includes A-i-A/FIF of Kshs.12.70 billion, and ordinary OSR of Kshs.14.24 billion. The counties also reported additional allocations of Kshs.1.08 billion, with cash balances brought forward from FY 2024/25 of Kshs.26.40 billion.

2.2.2 Own-Source Revenue

During the reporting period, County Governments received a total of Kshs.26.94 billion from their own-source revenue (OSR), which was 27 per cent of the annual target of Kshs.99.73 billion. The realised OSR is higher than the Kshs.25.54 billion received in a similar period in FY 2024/25. An analysis of the own-source revenue collection from July 2025 to December 2025 is shown in Table 2:1.

Table 2.1: Own Source Revenue Collection in the First Half of FY 2025/26

County	Target (Kshs.Million)			Actual Realised (Kshs.Million)			Performance (%)		
	Ordinary OSR	FIF/ AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Baringo	331.94	320	651.94	86.19	106.45	192.64	26	33	30
Bomet	607.50	290	897.50	17.01	181.31	198.31	3	63	22
Bungoma	671.06	1400.67	2071.73	163.73	335.45	499.18	24	24	24
Busia	554.70	445.06	999.76	64.15	204.42	268.57	12	46	27
Elgeyo-Marakwet	107.43	350	457.43	22.76	131.28	154.04	21	38	34
Embu	712.49	600	1,312.49	101.42	318.13	419.55	14	53	32
Garissa	198	252	450	22.57	295.28	317.85	11	117	71
Homa Bay	566.18	1,064.91	1,631.09	144.57	507.69	652.26	26	48	40
Isiolo	271.21	104	375.21	78.62	23.20	101.82	29	22	27
Kajiado	1,240	440	1,680	231.90	128.37	360.27	19	29	21
Kakamega	957.37	1,242.63	2,200	126.81	385.31	512.13	13	31	23
Kericho	870.13	724.25	1,594.38	70.02	161.08	231.10	8	22	14
Kiambu	7,242.87	2,611.85	9,854.72	1,034.17	732.06	1,766.23	14	28	18
Kilifi	1,875.71	500	2,375.71	265.99	480.88	746.87	14	96	31
Kirinyaga	399	305	704	92.62	235.74	328.36	23	77	47
Kisii	1,467	1,700	3,167	155.26	521.51	676.77	11	31	21
Kisumu	2,741.31	800	3,541.31	207.20	176.25	383.45	8	22	11

County	Target (Kshs.Million)			Actual Realised (Kshs.Million)			Performance (%)		
	Ordinary OSR	FIF/ AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR	Ordinary OSR	FIF/AIA	Total OSR
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	F=E/B*100	G=F/C*100
Kitui	312.35	806.90	1,119.25	105.37	284.23	389.60	34	35	35
Kwale	486.04	400	886.04	86.86	93.87	180.73	18	23	20
Laikipia	725	626	1,351	145.16	307.50	452.66	20	49	34
Lamu	150	130	280	33.26	80.83	114.08	22	62	41
Machakos	3,020.88	1,138.15	4,159.03	430.46	786.98	1,217.44	14	69	29
Makueni	1,067.56	600	1,667.56	130.62	342.12	472.75	12	57	28
Mandera	360	322.53	682.53	90.05	87.65	177.70	25	27	26
Marsabit	150	173.50	323.50	39.68	43.87	83.55	26	25	26
Meru	796	1,025.50	1,821.50	125.08	479.01	604.09	16	47	33
Migori	503	250	753	99.78	161.75	261.52	20	65	35
Mombasa	3,877.93	1,200	5,077.93	969.18	1,072.37	2,041.56	25	89	40
Murang'a	1,018.57	588.10	1,606.67	195.40	310.60	506	19	53	31
Nairobi City	19,942.05	1,236	21,178.05	4,396.94	828.22	5,225.17	22	67	25
Nakuru	2,400	2,175.90	4,575.90	479.18	912.42	1,391.61	20	42	30
Nandi	669.21	453.61	1,122.82	91.57	214.61	306.18	14	47	27
Narok	6,205.46	120.95	6,326.42	2,447.69	76.21	2,523.90	39	63	40
Nyamira	218.71	650	868.71	35.38	170.49	205.87	16	26	24
Nyandarua	675	300	975	75.80	151.34	227.14	11	50	23
Nyeri	800	850	1,650	236.62	396.89	633.51	30	47	38
Samburu	282.37	19.64	302	195.03	43.56	238.58	69	222	79
Siaya	2,036.24	1,078.69	3,114.92	82.16	220.62	302.78	4	20	10
Taita-Taveta	669.60	280	949.60	136.18	107.46	243.64	20	38	26
Tana River	196.07	4.35	200.42	47.14	1.32	48.46	24	30	24
Tharaka-Nithi	280	305.40	585.40	89.60	129.82	219.42	32	43	37
Trans Nzoia	324.97	275.03	600	98.85	143.05	241.90	30	52	40
Turkana	600	600	1,200	54.58	36.88	91.46	9	6	8
Uasin Gishu	1,300	0	1,300	256.91	20.50	277.41	20		21
Vihiga	170	274.13	444.13	99.82	70.35	170.17	59	26	38
Wajir	110	240	350	47.75	74.16	121.92	43	31	35
West Pokot	98.15	192.81	290.96	31.46	124.71	156.17	32	65	54
Total	**70,259.04**	**29,467.55**	**99,726.59**	**14,238.54**	**12,697.81**	**26,936.35**	**20**	**43**	**27**

***Source**: County Treasuries*

An analysis of own-source revenue (OSR), including Facility Improvement Financing (FIF), as a percentage of the annual OSR target shows that three counties achieved a performance level of 50 per cent or higher. The top performer, Samburu County, reached 79 per cent, attributed to strong tourism-related revenues. It was closely followed by Garissa County, which achieved 71 per cent, largely due to an exceptional FIF performance of 117 per cent of its target. West Pokot County followed with a performance rate of 54 per cent, also driven by a commendable FIF achievement of 65 per cent of its target.

In contrast, six counties reported OSR performances of 20 per cent or lower. These counties are Kwale at 20 per cent, Kiambu at 18 per cent, Kericho at 14 per cent, Kisumu at 11 per cent, Siaya at 10 per cent, and Turkana at 8 per cent. The low performance in these counties may be attributed to weak results in ordinary OSR streams, failure to utilise revenue forecasting tools, and/or inadequate performance in FIF streams. A detailed analysis of own-source revenue by stream for each county is available in Chapter Three.

2.2.3 Revenue Arrears

As of December 31, 2025, the total outstanding arrears amounted to Kshs.143.04 billion a 14.5 percent increase from Kshs.124.95 billion report as of June 30, 2025. This figure includes Kshs.101.54 billion in ordinary Own Source Revenue arrears, Kshs.8.29 billion in Facility Improvement Financing arrears, and Kshs.33.20 billion related to the December 2025 equitable share. A detailed breakdown of these revenue arrears is presented in Table 2.2.

Table 2.2: Summary of County Governments' Revenue Arrears

County	Arrears as at 31st December 2025(Kshs.Million)			
	Ordinary OSR	FIF	Equitable Share	Totals
Baringo	301.75	109.87	566.69	978.31
Bomet	676.37	54.22	595.78	1,326.37
Bungoma	270.81	387.25	947.04	1,605.11
Busia	-	-	636.53	636.53
Elgeyo-Marakwet	171.27	-	441.21	612.48
Embu	-	163.74	486.20	649.94
Garissa	-	415.83	710.22	1,126.05
Homa Bay	23.27	-	691.71	714.98
Isiolo	210.34	-	450.51	660.85
Kajiado	411.90	256.82	711.54	1,380.26
Kakamega	-	642.44	1,093.99	1,736.42
Kericho	198.55	-	574.29	772.84
Kiambu	5,144.17	466.08	1,045.75	6,656
Kilifi	-	-	1,025.07	1,025.07
Kirinyaga	-	-	492.13	492.13
Kisii	621.78	112.28	785.58	1,519.64
Kisumu	-	1,866.95	712.16	2,579.11
Kitui	1,431.25	333.02	920.31	2,684.59
Kwale	154.25	201.02	726.30	1,081.57
Laikipia	722.03	-	488.33	1,210.36
Lamu	218.71	-	308.61	527.32
Machakos	-	-	814.33	814.33
Makueni	738.25	-	718.11	1,456.35
Mandera	-	-	981.21	981.21
Marsabit	-	-	648.45	648.45
Meru	-	-	844.32	844.32
Migori	281.35	185.42	710.72	1,177.49
Mombasa	13,183.79	657.10	670.67	14,511.56
Murang'a	-	-	637.56	637.56
Nairobi	63,672.37	-	1,713.37	65,385.74
Nakuru	11,577.48	1,107.69	1,156.41	13,841.58
Nandi	-	-	621.74	621.74
Narok	586.96	54.76	781.63	1,423.35
Nyamira	-	-	485.87	485.87
Nyandarua	226.18	219.73	533.01	978.92
Nyeri	670.82	633.55	551.69	1,856.06
Samburu	-	4	506.96	510.96
Siaya	45.90	287.48	620.36	953.73
Taita-Taveta	-	-	460.84	460.84
Tana River	-	-	577.80	577.80
Tharaka-Nithi	-	136.55	404.66	541.22
Trans Nzoia	-	-	639.29	639.29
Turkana	-	-	1,111.41	1,111.41
Uasin Gishu	-	-	718.16	718.16
Vihiga	-	-	480.70	480.70
Wajir	-	-	840.61	840.61

County	Arrears as at 31st December 2025(Kshs.Million)			
	Ordinary OSR	FIF	Equitable Share	Totals
West Pokot	-	-	560.19	560.19
Total	**101,539.54**	**8,295.82**	**33,200**	**143,035.36**

Source: *County Treasuries*

As of December 31, 2025, Nairobi City County had the highest arrears, totalling Kshs.65.39 billion, which represented 45 per cent of the overall revenue arrears. Mombasa County reported Kshs.14.51 billion in arrears (10 per cent), and Nakuru County had Kshs.13.84 billion (10 per cent). This overall situation regarding arrears underscores persistent challenges in revenue mobilisation, which constrain liquidity.

2.3. Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the Counties

In the period under review, the CoB approved the transfer of Kshs.172.73 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 of Kenya, 2010. Chapter Three provides a detailed analysis of the released equitable share to each County.

2.3.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.184.64 billion from the County Revenue Funds to the County Operational Accounts, comprising Kshs.156.17 billion (85 per cent) for recurrent expenditure and Kshs.28.47 billion (15 per cent) for development expenditure. This was an increase from the Kshs.182.05 billion authorised in a similar period in FY 2025/26. Chapter Three provides a detailed analysis of the funds released to each County.

2.4. Expenditure Analysis

In the first half of the FY 2025/26, County Governments spent a total of Kshs.192.59 billion, corresponding to an overall absorption rate of 31 per cent of the total annual budget for County Governments, set at Kshs.619.87 billion. This marks a similar performance of 31 per cent reported in the same period of FY 2024/25, when total expenditures amounted to Kshs.184.86 billion against a budget of Kshs.588.38 billion.

Recurrent expenditure amounted to Kshs.160.10 billion, accounting for 41 per cent of the annual recurrent budget. This is an increase in performance compared to the 40 per cent for recurrent expenditure absorption observed in a similar period of FY 2024/25. Conversely, development expenditure totalled Kshs.32.49 billion, representing an absorption rate of 14 per cent, a decrease from the 16 per cent reported in the same period in FY 2024/25. Table 2:3 presents an analysis of expenditures by economic classification for the first half of FY 2025/26.

Table 2.3: Expenditure by Major Economic Classification in the First Half of FY 2025/26

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs. Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,673.19	385.38	2,058.57	405.01	2,463.58
Bomet	1,653.69	612.13	2,265.82	921.59	3,187.41
Bungoma	4,188.91	2,032.77	6,221.68	929.30	7,150.98
Busia	1,959.37	516.89	2,476.27	472.48	2,948.75
Elgeyo-Marakwet	1,501.38	312.96	1,814.34	223.18	2,037.51
Embu	1,474.47	524.80	1,999.26	529.99	2,529.25
Garissa	2,489.57	788.13	3,277.70	1,233.77	4,511.47
Homa Bay	2,986.50	343.04	3,329.54	773.17	4,102.71
Isiolo	570.73	465.98	1,036.71	663.18	1,699.89
Kajiado	2,240.66	912.89	3,153.55	280.88	3,434.43

County	Recurrent Expenditure (Kshs.Million)			Development Expenditure (Kshs. Million)	Total Expenditure (Kshs.Million)
	Compensation to Employees	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kakamega	3,524.95	1,331.80	4,856.75	897.60	5,754.35
Kericho	2,004.28	509.62	2,513.90	462.67	2,976.58
Kiambu	3,415.76	2,070.45	5,486.21	2,181.69	7,667.90
Kilifi	3,057.42	1,444.57	4,501.99	2,176.52	6,678.52
Kirinyaga	1,417.65	766.92	2,184.57	518.17	2,702.75
Kisii	3,187.57	1,113.30	4,300.87	817.37	5,118.24
Kisumu	2,393.33	992.35	3,385.67	451.16	3,836.84
Kitui	3,176.36	1,235.22	4,411.59	717.71	5,129.30
Kwale	1,976.66	1,154.33	3,130.99	1,010.03	4,141.02
Laikipia	1,294.56	333.25	1,627.82	416.17	2,043.98
Lamu	1,016.28	290.93	1,307.21	41.64	1,348.84
Machakos	3,736.33	1,796.39	5,532.72	737.76	6,270.48
Makueni	2,541.19	1,055.22	3,596.41	705.73	4,302.14
Mandera	2,243.89	1,686.43	3,930.32	1,657.48	5,587.80
Marsabit	2,368.51	908.11	3,276.62	1,178.22	4,454.85
Meru	3,188.68	2,188.42	5,377.09	1,184.89	6,561.98
Migori	2,016.22	1,227.64	3,243.86	393.08	3,636.93
Mombasa	3,474.33	613.52	4,087.86	423.61	4,511.47
Murang'a	1,954.50	907.51	2,862.01	559.54	3,421.55
Nairobi	10,044.60	3,310.58	13,355.19	859.40	14,214.58
Nakuru	4,074.10	1,514.89	5,588.99	723.45	6,312.44
Nandi	1,720.55	1,077	2,797.55	875.91	3,673.46
Narok	3,801.82	1,124.58	4,926.40	1,121.89	6,048.29
Nyamira	1,712.93	313.85	2,026.78	288.29	2,315.07
Nyandarua	1,470.85	634.29	2,105.14	383.95	2,489.09
Nyeri	2,215.96	329.33	2,545.29	208.19	2,753.49
Samburu	1,320.65	776.40	2,097.05	212.17	2,309.23
Siaya	1,811.15	414.35	2,225.50	320.85	2,546.34
Taita-Taveta	2,034.30	548.10	2,582.41	281.65	2,864.06
Tana River	1,240.87	559.82	1,800.69	121.18	1,921.87
Tharaka-Nithi	1,944.44	432.74	2,377.18	359.70	2,736.88
Trans Nzoia	1,956.01	772.83	2,728.84	781.42	3,510.25
Turkana	3,027.24	1,123.25	4,150.49	911.03	5,061.52
Uasin Gishu	2,440.18	916.59	3,356.77	540.81	3,897.59
Vihiga	1,647.91	695.21	2,343.12	185.36	2,528.48
Wajir	2,520.21	957.41	3,477.62	1,093.61	4,571.23
West Pokot	1,682.93	684.66	2,367.59	256.48	2,624.07
Total	**115,393.64**	**44,706.86**	**160,100.50**	**32,488.93**	**192,589.43**

***Source**: County Treasuries*

A review of cumulative expenditures by economic classification revealed that Kshs.115.39 billion (60 per cent) was spent on Compensation to Employees, Kshs.44.71 billion (23 per cent) on Operations and Maintenance, and Kshs.32.49 billion (17 per cent) on Development Expenditures.

2.4.1 Development Expenditure

County governments spent Kshs.32.49 billion on development activities, representing an absorption rate of 14 per cent of the annual development budget of Kshs.228.20 billion. Table 2:4 analyses County budget allocations, expenditures, and absorption rates during the period under review.

Table 2.4: County Budget Allocation, Expenditure, and Absorption Rate for the First Half of FY 2025/26

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate(%)		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Baringo	5,793.60	3,748.43	9,542.03	2,058.57	405.01	2,463.58	36	11	26
Bomet	6,818.55	3,997.23	10,815.78	2,265.82	921.59	3,187.41	33	23	29
Bungoma	10,863.51	5,062.89	15,926.41	6,221.68	929.30	7,150.98	57	18	45
Busia	7,253.89	3,994.27	11,248.15	2,476.27	472.48	2,948.75	34	12	26
Elgeyo-Marakwet	4,880.60	3,969.02	8,849.61	1,814.34	223.18	2,037.51	37	6	23
Embu	5,673.12	3,317.13	8,990.25	1,999.26	529.99	2,529.25	35	16	28
Garissa	7,730.03	5,183.14	12,913.16	3,277.70	1,233.77	4,511.47	42	24	35
Homa Bay	8,055.03	4,130.15	12,185.18	3,329.54	773.17	4,102.71	41	19	34
Isiolo	4,899.68	2,656.16	7,555.84	1,036.71	663.18	1,699.89	21	25	22
Kajiado	8,882.07	4,893.40	13,775.47	3,153.55	280.88	3,434.43	36	6	25
Kakamega	11,927.24	6,226.73	18,153.96	4,856.75	897.60	5,754.35	41	14	32
Kericho	6,506.27	3,528.69	10,034.96	2,513.90	462.67	2,976.58	39	13	30
Kiambu	16,517.87	10,313.45	26,831.32	5,486.21	2,181.69	7,667.90	33	21	29
Kilifi	10,479.03	9,397.48	19,876.51	4,501.99	2,176.52	6,678.52	43	23	34
Kirinyaga	5,163.90	2,837.38	8,001.28	2,184.57	518.17	2,702.75	42	18	34
Kisii	11,233.88	8,814.05	20,047.93	4,300.87	817.37	5,118.24	38	9	26
Kisumu	10,366.33	5,965.19	16,331.52	3,385.67	451.16	3,836.84	33	8	23
Kitui	9,518.59	5,226.77	14,745.36	4,411.59	717.71	5,129.30	46	14	35
Kwale	7,960.38	7,867.18	15,827.56	3,130.99	1,010.03	4,141.02	39	13	26
Laikipia	4,946.67	4,270.47	9,217.14	1,627.82	416.17	2,043.98	33	10	22
Lamu	3,094.58	1,553.78	4,648.36	1,307.21	41.64	1,348.84	42	3	29
Machakos	10,597.21	4,596.38	15,193.59	5,532.72	737.76	6,270.48	52	16	41
Makueni	8,238.17	4,867.90	13,106.07	3,596.41	705.73	4,302.14	44	14	33
Mandera	9,570.93	5,440.74	15,011.67	3,930.32	1,657.48	5,587.80	41	30	37
Marsabit	6,656.99	3,672.95	10,329.94	3,276.62	1,178.22	4,454.85	49	32	43
Meru	9,794.27	6,224.56	16,018.83	5,377.09	1,184.89	6,561.98	55	19	41
Migori	6,656.34	4,169.47	10,825.81	3,243.86	393.08	3,636.93	49	9	34
Mombasa	10,179.29	4,450.71	14,630	4,087.86	423.61	4,511.47	40	10	31
Murang'a	7,887.83	3,828.92	11,716.75	2,862.01	559.54	3,421.55	36	15	29
Nairobi	31,203.19	13,417.70	44,620.89	13,355.19	859.40	14,214.58	43	6	32
Nakuru	14,924.87	7,472.53	22,397.40	5,588.99	723.45	6,312.44	37	10	28
Nandi	6,529.92	4,111.27	10,641.18	2,797.55	875.91	3,673.46	43	21	35
Narok	11,018.82	6,212.24	17,231.06	4,926.40	1,121.89	6,048.29	45	18	35
Nyamira	5,365.31	3,280.99	8,646.30	2,026.78	288.29	2,315.07	38	9	27
Nyandarua	5,833.86	3,592.61	9,426.48	2,105.14	383.95	2,489.09	36	11	26
Nyeri	5,829.63	2,686.21	8,515.85	2,545.29	208.19	2,753.49	44	8	32
Samburu	5,403.79	2,705.59	8,109.38	2,097.05	212.17	2,309.23	39	8	28
Siaya	6,974.55	5,818.79	12,793.34	2,225.50	320.85	2,546.34	32	6	20
Taita-Taveta	5,220.99	2,628	7,848.99	2,582.41	281.65	2,864.06	49	11	36
Tana River	5,639.26	4,325.61	9,964.87	1,800.69	121.18	1,921.87	32	3	19

County	Budget Estimates (Kshs.Million			Actual Expenditure (Kshs.Million)			Absorption Rate(%)		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
	A	B	C=A+B	D	E	F=D+E	G=D/A 100	H=E/B 100	I=F/C 100
Tharaka-Nithi	4,258.55	2,511.85	6,770.40	2,377.18	359.70	2,736.88	56	14	40
Trans Nzoia	6,250.62	3,667.04	9,917.66	2,728.84	781.42	3,510.25	44	21	35
Turkana	12,303.86	7,602.43	19,906.29	4,150.49	911.03	5,061.52	34	12	25
Uasin Gishu	7,132.71	3,048.31	10,181.02	3,356.77	540.81	3,897.59	47	18	38
Vihiga	5,244.37	2,681.85	7,926.22	2,343.12	185.36	2,528.48	45	7	32
Wajir	8,711.73	5,282.65	13,994.38	3,477.62	1,093.61	4,571.23	40	21	33
West Pokot	5,681.27	2,947.01	8,628.28	2,367.59	256.48	2,624.07	42	9	30
Total	**391,673.12**	**228,197.30**	**619,870.42**	**160,100.50**	**32,488.93**	**192,589.43**	**41**	**14**	**31**

Source: CoB and County Treasuries

An analysis of development expenditures reveals that two County Governments had development absorption rates above 30 per cent: Marsabit at 32 per cent and Mandera at 30 per cent. On the other hand, 17 Counties had a development absorption of 10 per cent or less in the first half of FY 2025/26, which includes Laikipia, Nakuru, Mombasa, Migori, Kisii, Nyamira, West Pokot, Samburu, Nyeri, Kisumu, Vihiga, Nairobi, Kajiado, Elgeyo-Marakwet, Siaya, Tana River and Lamu. Chapter Three provides a detailed analysis of the implementation of development expenditures in these counties.

2.4.2 Recurrent Expenditure

Counties collectively spent Kshs.160.10 billion on recurrent expenditure, accounting for 83 per cent of their total expenditure. This amount represented 41 per cent of the annual recurrent budget for County Governments. Four counties demonstrated strong recurrent expenditure absorption rates of 50 per cent or higher, including Bungoma (57 per cent), Tharaka Nithi (56 per cent), Meru (55 per cent), and Machakos (52 per cent). Conversely, 10 County Governments reported recurrent performance levels of 35 per cent or lower, as shown in Table 2.4. Chapter Three provides a detailed analysis of recurrent expenditure by county.

2.4.3 Review of MCA Sitting Allowances

County Assemblies spent Kshs.772.68 million on MCAs' sitting allowances against an approved budget of Kshs.2.07 billion during the reporting period. This reflects an absorption rate of 37 per cent. Table 2.5 shows the budgetary allocation and expenditure on MCAs' and Speakers' sitting allowances for the first half of FY 2025/26.

Table 2.5: MCA's Budget Allocation, Expenditure and Absorption Rate for the First Half of FY 2025/26

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/6
Baringo	50,784,000	13,057,400	26	46	47,309
Bomet	35,942,400	26,567,600	74	39	113,537
Bungoma	51,228,800	32,569,690	64	63	86,163
Busia	65,657,400	35,403,544	54	54	109,270
Elgeyo-Marakwet	30,024,494	13,024,494	43	34	63,846
Embu	27,916,000	13,182,700	47	31	70,875
Garissa	78,304,000	29,538,269	38	48	102,563
Homa Bay	45,676,800	11,806,400	26	54	36,440
Isiolo	10,503,758	6,912,000	66	18	64,000
Kajiado	32,000,000	9,938,000	31	42	39,437
Kakamega	154,871,600	22,297,864	14	89	41,756
Kericho	48,410,400	11,245,000	23	48	39,045
Kiambu	75,000,000	36,127,000	48	89	67,654
Kilifi	28,000,000	12,794,400	46	56	38,079
Kirinyaga	144,000,000	14,313,700	10	34	70,165
Kisii	65,000,710	34,847,500	54	71	81,802

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCAs	Average monthly sitting allowances per MCA (Kshs.)
	A	B	C=B/A100	D	E=B/D/6
Kisumu	45,907,664	21,508,925	47	48	74,684
Kitui	12,093,346	8,694,140	72	61	23,754
Kwale	24,814,300	10,816,600	44	31	58,154
Laikipia	20,968,000	5,450,700	26	22	41,293
Lamu	15,232,000	7,885,000	52	20	65,708
Machakos	50,000,000	19,724,900	39	60	54,791
Makueni	43,692,800	17,362,800	40	49	59,057
Mandera	30,000,000	5,396,800	18	51	17,637
Marsabit	30,000,000	17,911,200	60	33	90,461
Meru	71,043,600	29,298,882	41	70	69,759
Migori	44,330,000	10,474,100	24	60	29,095
Mombasa	35,881,608	16,620,100	46	43	64,419
Murang'a	38,937,600	16,656,578	43	48	57,835
Nairobi	70,000,000	26,249,591	37	124	35,282
Nakuru	53,000,000	23,977,311	45	76	52,582
Nandi	32,828,800	18,655,666	57	45	69,095
Narok	35,113,760	15,210,100	43	50	50,700
Nyamira	41,184,012	13,510,900	33	34	66,230
Nyandarua	36,855,000	15,217,600	41	42	60,387
Nyeri	18,000,000	10,280,200	57	43	39,846
Samburu	20,483,518	15,052,317	73	25	100,349
Siaya	29,745,100	12,852,400	43	45	47,601
Taita-Taveta	27,800,000	12,659,200	46	32	65,933
Tana River	34,611,200	14,541,500	42	27	89,762
Tharaka-Nithi	27,899,124	8,728,200	31	24	60,613
Trans Nzoia	42,432,000	6,914,800	16	34	33,896
Turkana	60,373,202	8,583,700	14	48	29,805
Uasin Gishu	39,918,400	12,261,600	31	44	46,445
Vihiga	30,680,000	13,601,300	44	38	59,655
Wajir	38,610,000	18,419,100	48	46	66,736
West Pokot	29,075,800	14,537,900	50	33	73,424
Total	**2,074,831,196**	**772,679,672**	**37**	**2,222**	**57,957**

Source: County Treasuries

Expenditure performance on MCAs' sitting allowances varied significantly across counties, with Bomet, Samburu, and Kitui registering high utilisation levels. At the same time, Kakamega, Turkana and Kirinyaga recorded minimal absorption.

2.4.4 Trade Payables as of December 31 2025

A trade payable is an unsettled financial obligation at the end of a financial year. It arises when an entity fails to settle invoiced amounts for goods and services that were adequately procured, delivered, or rendered at the end of the financial year.

As of December 31, 2025, County Governments reported outstanding trade payables totaling Kshs.163.74 billion a 10.5 percent decrease from Kshs.183.03 billion reported as of 30th June 2025. This amount includes Kshs.121.77 billion for recurrent activities and Kshs.41.97 billion for development activities. The trade payables for the County Executive as of this date were Kshs.158.80 billion, while trade payables for the Assemblies amounted to Kshs.4.94 billion. Table 2.6 shows more details on trade payables.

Table 2.6: Trade Payables for the Counties as of December 31 2025

County	County Executive (Kshs.Million)			County Assembly (Kshs.Million)			Grand Total (Kshs.Million)	FY 2025/26 Budget (Kshs. Million)	% of Pending Bill to Budget
	Rec	Dev	Sub-Total	Rec	Dev	Sub-Total			
Baringo	120.37	107.19	**227.56**	68.86	-	**68.86**	**296.43**	9,542.03	3
Bomet	229.87	352.85	**582.71**	7.21	23.70	**30.91**	**613.63**	10,815.78	6
Bungoma	799.90	2,045.69	**2,845.59**	0.61	-	**0.61**	**2,846.20**	15,926.41	18
Busia	1,361.93	1,165.61	**2,527.54**	594.40	-	**594.40**	**3,121.94**	11,248.15	28
Elgeyo-Marak-wet	6.31	2.41	**8.72**	-	-	-	**8.72**	8,849.61	0
Embu	635.09	686.49	**1,321.58**	8.34	-	**8.34**	**1,329.91**	8,990.25	15
Garissa	731.47	814.44	**1,545.91**	57.89	26.74	**84.63**	**1,630.54**	12,913.16	13
Homa Bay	191.63	902.81	**1,094.44**	103.44	197.70	**301.14**	**1,395.58**	12,185.18	11
Isiolo	645.12	180.35	**825.46**	104.45	51.15	**155.60**	**981.06**	7,555.84	13
Kajiado	1,142.25	1,337.58	**2,479.83**	36.99	8.69	**45.67**	**2,525.50**	13,775.47	18
Kakamega	-	-	-	-	-	-	-	18,153.96	-
Kericho	690.78	952.33	**1,643.12**	-	13.21	**13.21**	**1,656.32**	10,034.96	17
Kiambu	2,575.21	2,468.55	**5,043.76**	181.33	31.21	**212.54**	**5,256.30**	26,831.32	20
Kilifi	10,429.57	3,412.94	**13,842.51**	218.97	75.94	**294.91**	**14,137.42**	19,876.51	71
Kirinyaga	389.11	375.98	**765.08**	-	-	-	**765.08**	8,001.28	10
Kisii	657.73	215.02	**872.75**	2.41	28.43	**30.84**	**903.59**	20,047.93	5
Kisumu	1,857.14	1,230.46	**3,087.59**	12.08	-	**12.08**	**3,099.68**	16,331.52	19
Kitui	-	-	-	-	-	-	-	14,745.36	-
Kwale	256.11	166.83	**422.93**	0.66	273.46	**274.12**	**697.05**	15,827.56	4
Laikipia	403.83	1,070.70	**1,474.53**	20.77	3.99	**24.76**	**1,499.29**	9,217.14	16
Lamu	-	17.20	**17.20**	-	-	-	**17.20**	4,648.36	0
Machakos	3,050.40	2,416.46	**5,466.86**	234.23	-	**234.23**	**5,701.08**	15,193.59	38
Makueni	169.63	83.80	**253.44**	122.38	-	**122.38**	**375.81**	13,106.07	3
Mandera	802.27	966.78	**1,769.05**	-	-	-	**1,769.05**	15,011.67	12
Marsabit	-	306.94	**306.94**	3.37	97.95	**101.32**	**408.26**	10,329.94	4
Meru	356.67	413.04	**769.72**	-	-	-	**769.72**	16,018.83	5
Migori	338.64	280.01	**618.65**	646.83	0.30	**647.13**	**1,265.77**	10,825.81	12
Mombasa	1,811.76	1,270.60	**3,082.36**	21.36	-	**21.36**	**3,103.72**	14,630	21
Murang'a	735.22	178.47	**913.69**	38.07	-	**38.07**	**951.76**	11,716.75	8
Nairobi	72,654.26	6,737.92	**79,392.19**	650.60	-	**650.60**	**80,042.79**	44,620.89	179
Nakuru	1,540.94	493.02	**2,033.96**	123.42	-	**123.42**	**2,157.38**	22,397.40	10
Nandi	259.49	302.31	**561.81**	-	-	-	**561.81**	10,641.18	5
Narok	3,712.24	1,472.77	**5,185.01**	21.80	-	**21.80**	**5,206.81**	17,231.06	30
Nyamira	350.01	339.41	**689.42**	3.70	11.93	**15.63**	**705.05**	8,646.30	8
Nyandarua	334.52	630.67	**965.19**	50.97	0.05	**51.02**	**1,016.20**	9,426.48	11
Nyeri	316.03	12.45	**328.48**	-	-	-	**328.48**	8,515.85	4
Samburu	52.60	231.05	**283.64**	24.92	7.72	**32.64**	**316.28**	8,109.38	4
Siaya	804.79	774.90	**1,579.69**	56.45	-	**56.45**	**1,636.14**	12,793.34	13
Taita-Taveta	1,357.28	556.87	**1,914.15**	90.93	-	**90.93**	**2,005.08**	7,848.99	26
Tana River	1,193.95	1,175.57	**2,369.52**	-	-	-	**2,369.52**	9,964.87	24
Tharaka-Nithi	251.60	125.45	**377.06**	138.48	3.92	**142.40**	**519.46**	6,770.40	8
Trans Nzoia	923.41	1,041.77	**1,965.18**	-	-	-	**1,965.18**	9,917.66	20
Turkana	948.77	1,227.17	**2,175.94**	14.11	121.46	**135.57**	**2,311.51**	19,906.29	12
Uasin Gishu	1,345.66	199.65	**1,545.31**	134.23	-	**134.23**	**1,679.54**	10,181.02	16
Vihiga	334.83	641.96	**976.78**	6.69	-	**6.69**	**983.47**	7,926.22	12

County	County Executive (Kshs.Million)			County Assembly (Kshs.Million)			Grand Total (Kshs.Million)	FY 2025/26 Budget (Kshs. Million)	% of Pending Bill to Budget
	Rec	Dev	Sub-Total	Rec	Dev	Sub-Total			
Wajir	861.99	1,587.01	**2,449**	142.08	-	**142.08**	**2,591.08**	13,994.38	19
West Pokot	180.16	22.89	**203.05**	18.47	-	**18.47**	**221.52**	8,628.28	3
Total	**117,810.53**	**40,994.37**	**158,804.90**	**3,961.51**	**977.53**	**4,939.03**	**163,743.94**	**619,870.42**	**26**

**Kakamega and Kitui Counties failed to self-report on their status of trade payables as of 31st December 2025*

Source: County Treasuries

Several county governments did not follow their scheduled payment plans for outstanding trade payables (refer to Chapter Three for more details). According to Regulation 55(2)(b) of the Public Finance Management (County Governments) Regulations, 2015, county governments are required to prioritize the settlement of all eligible trade payables in the budget as a first charge for the fiscal year 2025/26.

Nairobi City County had the highest percentage of trade payables relative to its budget at 179 per cent, amounting to Kshs.80.04 billion. It was followed by Kilifi County at 71 per cent (Kshs14.14 billion), Machakos County at 38 per cent (Kshs 5.7 billion), and Narok County at 30 per cent (Kshs 5.21 billion).

3. BUDGET PERFORMANCE BY COUNTY GOVERNMENT

3.1. County Government of Baringo

3.1.1 Overview of FY 2025/26 Budget

The Baringo County Approved Budget for FY 2025/26 is Kshs.9.54 billion. It comprises Kshs 3.75 billion (39 per cent) and Kshs.5.79 billion (61 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.3 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.5.74 billion. The increase in the budget was primarily due to higher own-source revenue.

The Baringo County Budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally of Kshs.7 billion (73 per cent), additional allocations of Kshs.461.31 million (5 per cent), a cash balance of Kshs.1.34 billion (14 per cent) brought forward from FY 2024/25.The own-source revenue includes Kshs.320 million (3 per cent) as Facility Improvement Fund (revenue from health facilities), Kshs.331.94 million (4 per cent) as ordinary own-source revenue and Kshs.85.78 million (1 per cent) as other revenues(municipality). A breakdown of the additional allocations is shown in Table 3.1.

3.1.2 Revenue Performance

During the first Half of FY 2025/26, the County generated Kshs.192.64 million in revenue. This amount represented an increase of 7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.179.58 million. The total revenue consisted of Kshs.2.27 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.192.64 million. Additionally, the County had a cash balance of Kshs.1.34 billion from FY 2024/25. The total OSR collection of Kshs.192.64 million included the Facilities Improvement Fund (FIF) of Kshs.106.45 million, and Kshs.86.19 million from other OSR sources. Table 3:1 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.1: Baringo County, Revenue Performance in the First Half of FY 2025/26

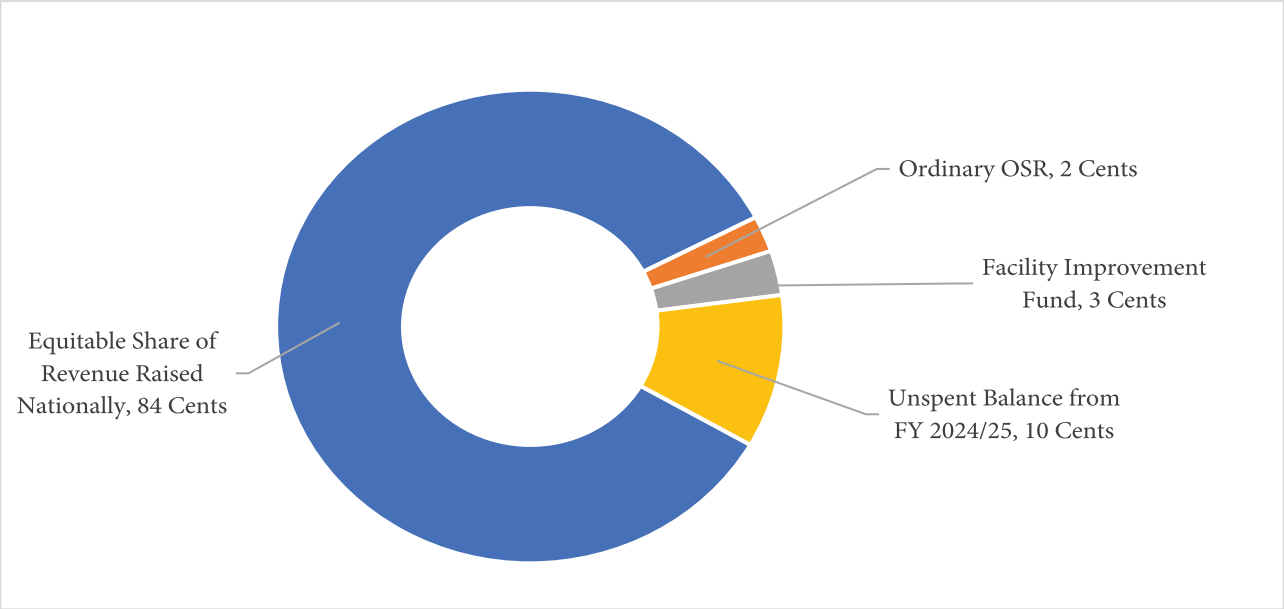
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)	Revenue Performance(%)
		A	B	C	D=B+C	E=A-D	
A	**Unspent Balance from FY 2024/25**						
1	Balance at CRF	1,340,686,287.01	272,978,952.60	-	272,978,952.60	1,067,707,334.41	20
2	County Executive Refunds to CRF	-	92,523,912.65	-	92,523,912.65	-92,523,912.65	-
3	County Assembly Refunds to CRF	-	638,770.40	-	638,770.40	-638,770.40	-
	Sub-Total	1,340,686,287.01	366,141,635.65	-	366,141,635.65	974,544,651.36	27
B	**Equitable Share of Revenue Raised Nationally**						
1	Equitable Share	7,002,310,782	2,269,791,895.10	-	2,269,791,895.10	4,732,518,886.90	32
	Sub-Total	7,002,310,782	**2,269,791,895.10**		**2,269,791,895.10**	**4,732,518,886.90**	
C	**Additional Allocations (Including Grants)**						
1	KDSP Level II recurrent	37,500,000	-	-	-	37,500,000	-
2	KDSP Level II Development	352,500,000	-	-	-	352,500,000	-
3	Road Maintenance Levy Fund (RMLF)	71,309,824	-	-	-	71,309,824	-
	Sub-Total	**461,309,824**	-	-	-	**461,309,824**	
D	**Ordinary Own Source Revenue (OSR)**						
1	Ordinary Own Source Revenue	331,939,770	86,189,046		86,189,046	245,750,724	25
	Sub-Total	**331,939,770**	**86,189,046**		**86,189,046**	**245,750,724**	**25**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)	Revenue Performance(%)
		A	B	C	D=B+C	E=A-D	
E	Facility Improvement Fund (FIF)	320,000,000	106,448,700		106,448,700	213,551,300	33
	Sub-Total	**320,000,000**	**106,448,700**		**106,448,700**	**213,551,300**	**33**
	Total	**651,339,770**	**192,637,746**		**192,637,746**	**459,302,024**	**30**
F	Kabarnet Municipality	85,779,445			-	85,779,445	
	Sub-Total	**85,779,445**	-	-	-	**85,779,445**	
Sub-Total		**737,119,215**	**192,637,746**		**192,637,746**	**545,081,470**	
Grand Total		**9,542,026,108**	**2,828,571,277**	-	**2,828,571,277**	**6,713,454,831**	

Source: *Baringo County Treasury*

Figure 1 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

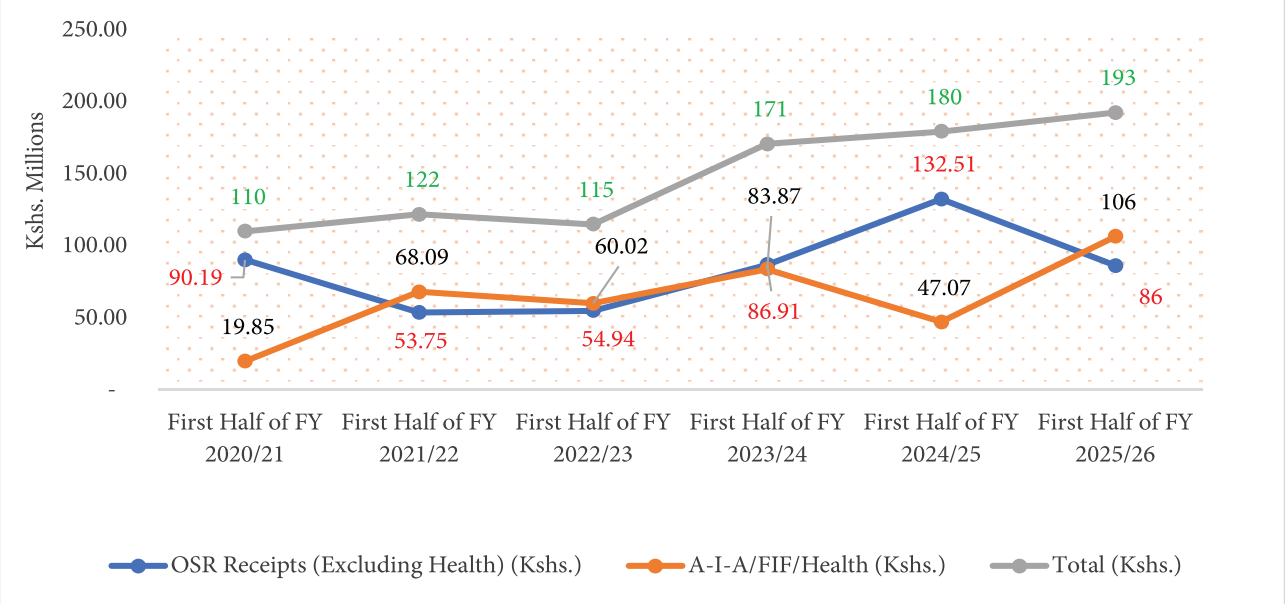
Figure 1: Baringo County Composition of Each Shilling Earned in the First Half of FY



Source: *Baringo County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 84 per cent, 3 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 2 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

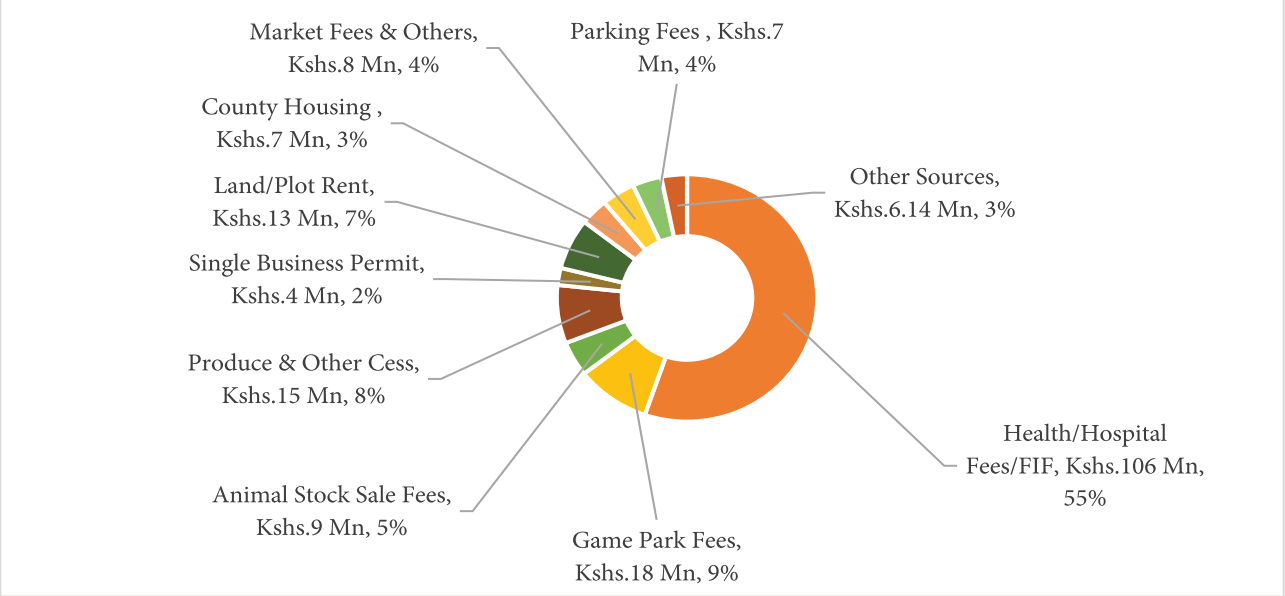
Figure 2: Baringo County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Baringo County Treasury*

During the first half of FY 2025/26, the County received Kshs.192.64 million from OSR, including FIF. This amount was an increase of 7 per cent compared to Kshs.179.58 million realised in a similar period in FY 2024/25, and was less than one per cent of the annual target and the equitable revenue share disbursed. The increase in OSR was attributed to automation and systems reforms, especially in hospitals, markets, and cess collection points. The revenue streams that contributed the most to OSR receipts are shown in Figure 3

Figure 3: Baringo County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Baringo County Treasury

As shown in Figure 3, the highest revenue stream, at Kshs.106 million, was from the facility improvement fund, accounting for 55 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.1.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.430.47 million, which decreased to Kshs.411.62 million as of 31st December 2025 Table 3.2 Baringo County Revenue Arrears as of 31st December 2025 presents a breakdown of the County's revenue arrears.

Table 3.2: Baringo County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	OSR	301,747,163				301,747,163
	Sub-Total	301,747,163				301,747,163
B	**Facility Improvement Fund (FIF)**					
1	SHIF	61,348,899.15		61,348,899	42,497,432	42,497,432
2	Defunct NHIF	67,371,095				67,371,095
	Sub-Total	**128,719,994**	**-**	**61,348,899**	**42,497,432**	**109,868,527**
Total		**430,467,157**	**-**	**61,348,899**	**42,497,432**	**411,615,690**

Source: Baringo *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.411.62 million, comprising Kshs.301.75 million for ordinary own-source revenue (73 per cent) and Kshs.109.87 million for the facility improvement fund (27 per cent). The measures the County has instituted to collect outstanding arrears in FY 2025/26 include waivers, under which accumulated penalties and interest are cancelled once the principal amount is settled.

3.1.4 Borrowing by the County

Baringo County government did not borrow any amount during the review period.

3.1.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.27 billion from the Baringo County Revenue Fund (CRF) account. This amount consisted of Kshs.211.22 million (9 per cent) designated for development programs and Kshs.2.06 billion (91 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.67 billion was allocated to employee compensation and Kshs.385.38 million to operations and maintenance expenditures. Within the operations and maintenance category, 55 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.202.24 million, which included Kshs.123.60 million for the County Executive and Kshs.78.63 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.19.86 million, with Kshs.6.78 million for the County Executive and Kshs.13.085 million for the County Assembly.

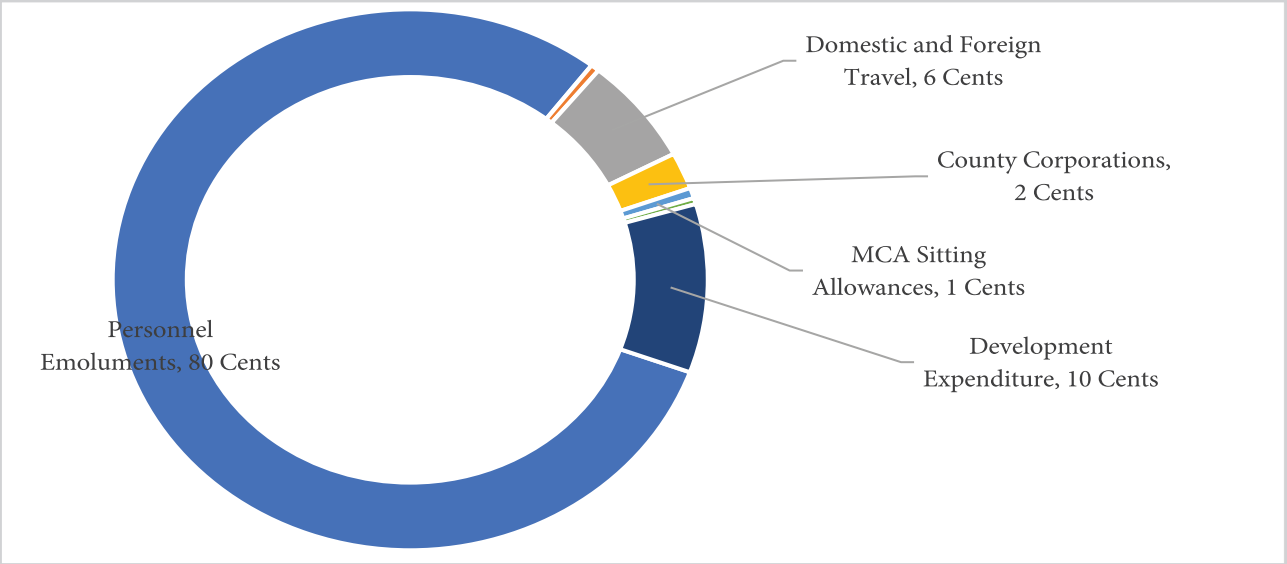
As of December 31, 2025, the County Government's cash balance in the County Revenue Fund account was Kshs.1.11 billion.

3.1.6 Expenditure Review

The County spent Kshs.2.27 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.211.22 million for development programmes and Kshs.2.06 billion for recurrent programmes. Expenditure on development programmes represented 6 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 4 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 4: Baringo County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Baringo *County Treasury*

As shown in Figure 4, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which contributed 80, 10, and 2 per cent of total expenditure for the reporting period.

3.1.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.477.14 million. This amount included Kshs.395.6 million from the County Executive and Kshs.81.53 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.178.3 million for recurrent expenditures and Kshs.217.32 million for development expenditures while the County Assembly had Kshs.81.53 million as recurrent expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.168.05 million, comprising Kshs.57.93 million (34 per cent) for recurrent programmes and Kshs.110.126 million (66 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totalling Kshs.12.66 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.227.56 million for the County Executive and Kshs.68.86 million for the County Assembly. Table 3:3 provides additional details of trade payables.

Table 3.3: Baringo County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	217,316,202.88	178,302,220	395,618,423
		County Assembly	-	81,526,122.61	81,526,123
		Total	**217,316,203**	**259,828,342**	**477,144,545**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	150,000,000	75,000,000	225,000,000
		County Assembly	-	65,000,0000	65,000,000
		Total	**150,000,000**	**140,000,000**	**290,000,000**
Amount paid in the First Half of FY 2025/26	c	County Executive	110,125,756	57,927,983	168,053,739
		County Assembly		12,663,179	12,663,179
		Total	**110,125,756**	**70,591,162**	**180,716,918**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	107,190,447	120,374,236.82	227,564,684
		County Assembly		68,862,943	68,862,943
		Total	**107,190,447**	**189,237,180**	**296,427,627**

Source: *Baringo County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.217.32 million and Kshs.259.83 million on recurrent and development expenditure, respectively, in FY 2025/26. The County prioritised new development projects over settling trade payables under the payment plan, as this cleared Kshs.168.05 million for the Executive and Kshs.12.66 million for the Assembly.

Table 3.4 and Table 3.5 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.296.43 million.

Table 3.4: Baringo County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	100,568,988.93		4,771,710.98	1,849,746.90	107,190,446.81
Recurrent Trade Payables (Goods & Services)	120,374,236.82	-	-	-	120,374,236.82
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**120,374,236.82**	-	-	-	**120,374,236.82**
Total Trade Payables	**220,943,225.75**	-	**4,771,710.98**	**1,849,746.90**	**227,564,684**
% of Total	**97%**	**%**	**2%**	**1%**	**100%**

Source: *Baringo County Treasury*

Table 3.5: Baringo County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	68,862,943				**68,862,943**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	--	-
Total Recurrent Trade Payables	68,862,943	-	-	-	-
Total Trade Payables	**68,862,943**	-	-	-	**68,862,943**
% of Total	**100%**	**%**	**%**	**%**	**100%**

Source: *Baringo County Treasury*

3.1.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.48 billion on compensation of employees, Kshs.276.31 million on operations and maintenance, and Kshs.211.22 million on development activities. Similarly, the County Assembly spent Kshs.192.79 million on compensation of employees, Kshs.109.07 million on operations and maintenance activities, as shown in Table 3.6

Table 3.6: Baringo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,970,116,609**	**823,484,225**	**1,756,709,334**	**301,861,290**	-	-	1,756,709,334	301,861,290	**35**	**37**
Compensation of Employees	3,935,294,801	452,816,878	1,480,394,684	192,792,083	-	-	1,480,394,684	192,792,083	38	43
Operations and Maintenance	1,034,821,809	370,667,347	276,314,650	109,069,207	-	-	276,314,650	109,069,207	27	29
Development Expenditure	**3,716,961,753**	**31,463,520**	**211,221,271**	-	-	-	211,221,271	-	**6**	
Total	**8,687,078,363**	**854,947,745**	**1,967,930,605**	**301,861,290**			1,967,930,605	301,861,290	**23**	**35**

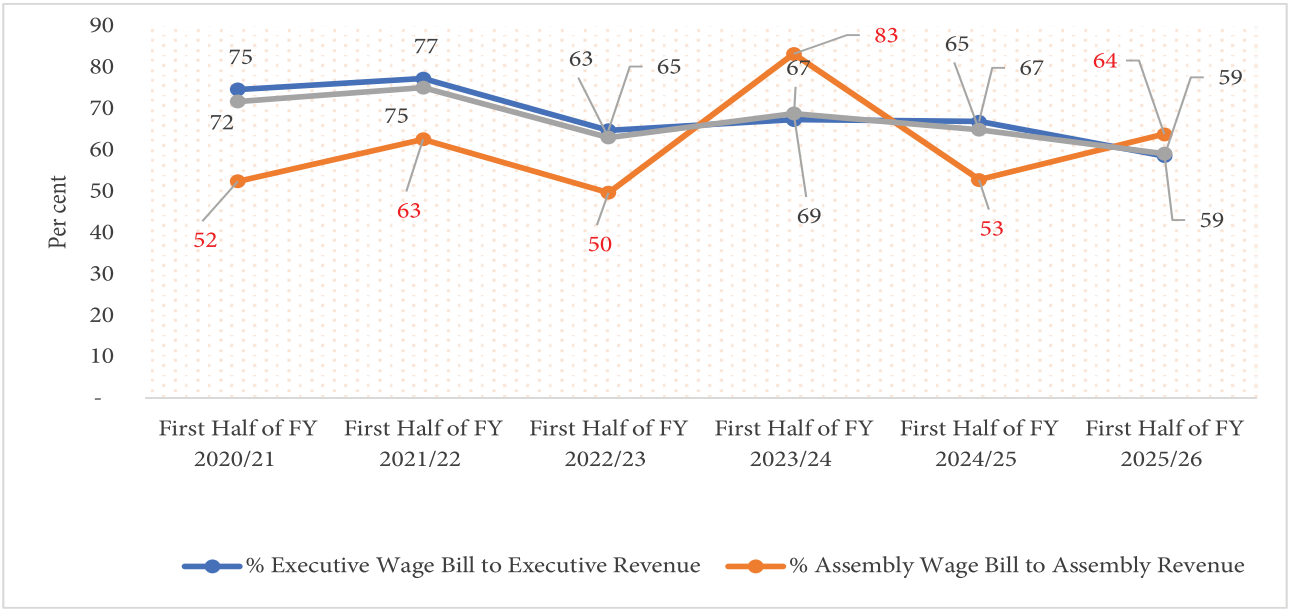
Source: *Baringo County Treasury*

3.1.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.67 billion. The percentage of compensation of employees to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs 1.63 billion reported in a similar period in FY 2024/25. Of this total, Kshs.940.24 million related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 5 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 5: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



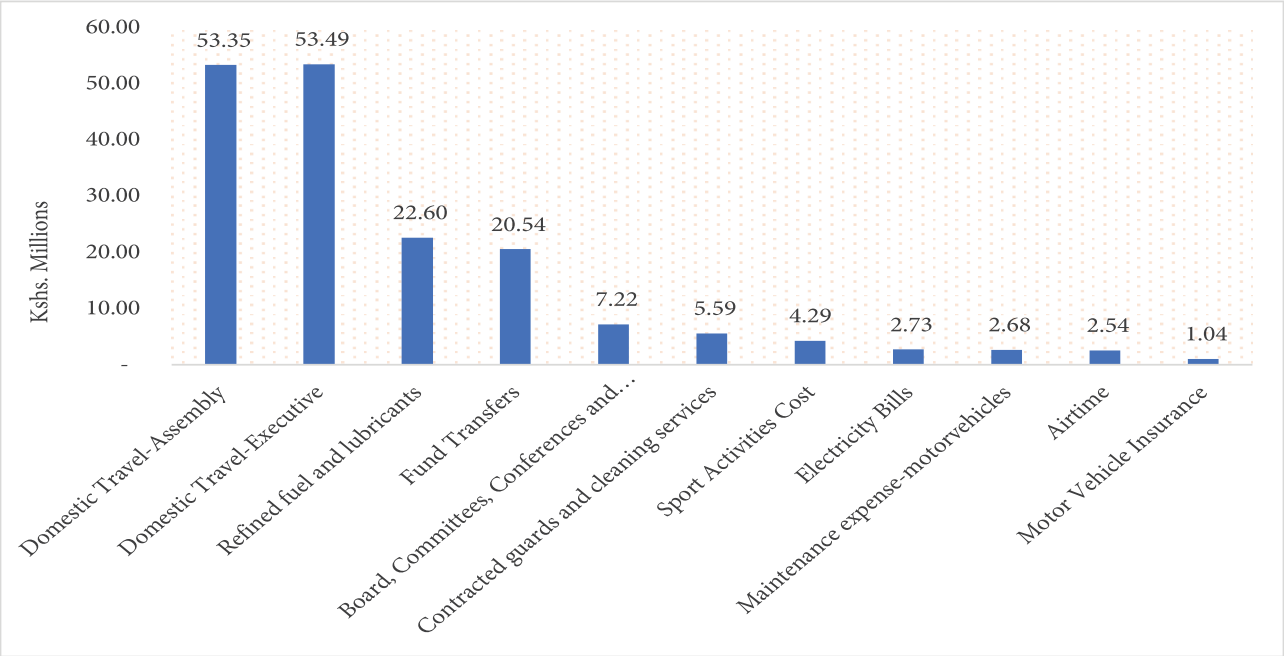
Source: *Baringo County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.67 billion were processed through the Human Resource Information System (HRIS). The County Assembly spent Kshs.13.06 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.50.78 million. The average monthly sitting allowance was Kshs.47,309 per MCA. The County Assembly has 25 House Committees.

3.1.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.385.38 million on operations and maintenance, representing a decrease of 47 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.733.177 million. Figure 6 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Baringo County Treasury*

3.1.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.4.76 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.385.38 million. This category of expenditure Kshs.50,000 for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.7

Table 3.7: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305-00001001-0702014460-44600001	Contracted Guards and Cleaning Services	2,700,000	2,160,000
2211306-00001001-0702014460-44600001	Membership Fees	2,999,700	1,333,880
2211308-00001001-0702014460-44600001	Management Fees	1,000,000	393,400
2211306-00001001-0713014460-44600001	Contracted Guards and Other Services	2,440,000	616,000
2211309-00001001-0713014460-44600001	Cleaning Services	200,000	126,000
2211305-00001001-0201014460-44600001	Legal Dues/fees,	2,000,000	50,000
2211305-00001001-0301014460-44600001	Membership Fees	100,000	54,000
	Total	**11,681,700**	**4,757,280**

Source: *Baringo County Treasury*

3.1.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.63.15 million to County-Established funds in FY 2025/26, representing 1 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012.

Table 3.8 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.8: Performance of Baringo County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
1	Baringo County Emergency Fund	2014/2015	20,000,000	10,000,000	30,000,000	No
2	Baringo County Executive Car Loan Fund	2015/2016	-	-	-	No
3	Baringo County Executive Mortgage Fund	2015/2016	-		--	No
4	Baringo County SME Fund	2014/2015	-	-	-	No
5	Baringo County Bursary Fund	2014/2015	23,050,000	-	-	No
6	Baringo County Youth and Women Fund	2014/2015	-	-	17,147,507	No
7	Baringo County Cooperative Development Fund	2014/2015	-	-	-	No
8	Baringo County PWD Fund	2014/2015	15,100,000	-	-	No
9	Baringo County Lake Bogoria Grants	2014/2015	5,000,000	-	-	No
10	County Assembly Car and Mortgage Fund	2014/2015	-	-	6,000,000	No
	Total		**63,150,000**	**10,000,000**	**53,147,507**	

Source: *Baringo County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Fund Administrators, as indicated in Table 3.8, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of **the** Emergency Fund, County SME Fund, Bursary Fund, Youth and Women Fund, Cooperative Development Fund, County PWD Fund, Lake Bogoria Grants and County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.1.13 County Corporations

The County has three County Corporations, which were allocated Kshs.49.5 milion FY 2025/26. Their total transfer for the review period amounted to Kshs.46 million as shown in Table 3.9

Table 3.9: Performance of Baringo County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Baringo County Investment and Economic Development Corporation	3,500,000	-	-	-
2	Chemususu Water Company Limited	-	-	-	-
3	Kirandich Water Company Limited	46,000,000	46,000,000	46,000,000	46,000,000
	Total	**49,500,000**	**46,000,000**	**46,000,000**	**46,000,000**

Source: *Baringo County Treasury*

3.1.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.106.84 million and comprised Kshs.53.49 million spent by the County Assembly and Kshs.53.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.41 million and comprised Kshs.11.12 million by the County Assembly and Kshs.6.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.10

Table 3.10: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	13	24th July 2025	Strategic Leadership Training	Tanzania, Arusha	5,240,040	-	5,240,040
County Executive	1	30th October,2025	Official Travel	Botswana, Gaborone	450,740	-	450,740
County Executive	1	6th -13th Sept 2025	Africa Climate Summit	Ethiopia, Addis Ababa	602,062	-	602,062
County Assembly	6	6th -13th Sept 2025	Attend the Africa Climate Summit	Ethiopia	2,064,025	-	2,064,025
County Assembly	7	2nd -8th Sept 2025	Governance and Leadership Training	Arusha	2,942,527	-	2,942,527
County Assembly	6	20th – 30th Sept 2025	Training on Navigating Governance	Arusha	2,474,047	-	2,474,047
County Assembly	6	29th Sept- 7th Oct 2025	Result-Based Performance Training	Singapore	3,635,539	-	3,635,539
Total					17,408,980		17,408,980

Source: Baringo County Treasury and Baringo County Assembly

3.1.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.106.45 million as FIF, which was 33 per cent of the annual target of Kshs.320 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.96.06 million, as shown in Table 3.11

Table 3.11: Baringo County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	6	320,000,000	96,063,214	30.02
3.	Level 3 Facility	25	3,466,948	-	-
4.	Level 2 Facility	205	5,227,052	-	-
	Total	**236**	**328,694,000**	**96,063,214**	**30.02**

Source: *Baringo County Treasury*

3.1.16 Development Expenditure

In the review period, the County reported spending Kshs.211.22 million on development programmes, representing an increase of 100 per cent compared to FY 2024/25. Table 3.12 summarises the development projects with the highest expenditure in the reporting period.

Table 3.12: Baringo County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance and Economic Planning	Installation of Revenue System	Baringo County Treasury			4,541,324	4,541,324	4,541,324	4,541,324	

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock, and Fisheries Management	Counter Funding Projects	County Wide			110,125,756.05	110,125,756.05	110,125,756.05	110,125,756.05	
	TOTAL					**114667080.1**	**114667080.1**	**114667080.1**	**114667080.1**	

Source: *Baringo County Treasury*

The County reported 24 stalled development projects as of 31st December 2025, with an estimated value of Kshs.1.33 billion, of which Kshs.131,056,053 has already been paid. The stalled projects are shown in Table 3.13

Table 3.13: Baringo County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
1	Health Services	Construction Staff house at Sugut Dispensary-	Tirioko	1,999,849	698,146	-	1,301,703	Insecurity
2	Health Services	Construction of a laboratory at Riongo Dispensary	Silale	1,458,574	1,050,716	-	407,858	Insecurity
3	Health Services	Construction and completion of Emining theatre block	Emining	11,947,541	9,823,041	-	2,124,500	The contractor's capacity and incapacity due to a road accident
4	Youth and social services	Marigut Community Social Hall	Barwessa	3,000,000		-	2,500,000	Contract terminated due to the contractor's delay.
5	Agriculture, Livestock and Fisheries	ATC Guesthouse	Lembus perkerra	19,000,000	16,000,000	-	3,000,000	It is a phased project. Challenges of low funding
6	Public Service and Administration	Proposed Construction of pitlatrine, fencing and installation of 10,000 litres tanks and gutters at Saimo Kipsaraman Wardoffice	Saimo Kipsaraman	1,493,252	1,041,215	-	452,037	The contractor is behind schedule.
7	Public Service and Administration	Tirioko Ward Office: Cash Transfer	Tirioko	1,000,000	-	-	997,762	The contractor is behind schedule.
8	Public Service and Administration	Construction of Ajira Centre at Cheplambus Phase 1	Tenges	1,989,295.20	-	-	1,702,439.20	The contractor is behind schedule.

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
9	Youth and social services	Construction of Youth Empowerment Centre, Marigat	Marigat	13,000,000	5,329,956.60	-	7,670,043.40	No Budget allocation and no Structural Assessment report for the foundation adjustment due to a possible fault line.
10	Youth and social services	Construction of Kabarnet Stadium	Kabarnet	1,167,638,590	47,362,304.40	-	-	Inadequate appropriation of funds
11	Trade, Enterprise, tourism, and wildlife management	Construction: Mogotio Information Centre, radio room, kitchen, globe. Amphitheatre, integrated gate	Mogotio	54,650,000	26,800,000	-	27,850,000	Inadequate funding
12	Trade, Enterprise, tourism, and wildlife management	Construction of the Kipsaraman Museum with a laboratory	Saimo Soi	32,280,674	12,460,674	-	19,820,000	Inadequate funding
13	Education and vocational training	Hospitality Centre at Marigat VTC	Marigat ward	10,000,000	5,000,000	-	5,000,000	Budget expunged/ contractor delay.
14	Education and vocational training	Kaplop Pri ECD	kabarnet	1,100,000	300,000	-	800,000	Contractor declined
15	Education and vocational training	Construction of Milimani ECD	Ravine	1,200,000	490,000	-	710,000	Contractor declined
16	Education and vocational training	Kaburwo ECD classroom	Ravine	1,200,000	-	-	1,200,000	Contractor declined
17	Education and vocational training	Chemayes ecd classroom	Tirioko	1,000,000	700,000	-	300,000	Contractor declined
18	Education and vocational training	Chesakam ecd classroom	Loyamorok	1,000,000	400,000	-	600,000	Contractor declined
19	Education and vocational training	Noswo ecd classroom	Churo	1,000,000	400,000	-	600,000	Contractor declined
20	Education and vocational training	Borokwo ECD Classroom	Mogotio	1,000,000	600,000	-	400,000	Contractor declined
21	Education and vocational training	Psau ECD classroom	Tirioko	1,000,000	700,000	-	300,000	Contractor declined
22	Education and vocational training	Mwal ECD classroom	Tirioko	1,000,000	600,000	-	400,000	Contractor declined
23	Education and vocational training	Ketukoi ECD classroom	Kolowa	1,000,000	600,000	-	400,000	Contractor declined

No	Sector	Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Reason for Project Stalling
24	Education and vocational training	Toplen ECDE Staff House	Silale	1,000,000	700,000	-	300,000	Contractor declined
		TOTAL		**1,330,957,775**	**131,056,053**	-	**78,536,343**	

Source: Baringo County Treasury

The county government has taken up the initiative to complete the stalled projects to ensure value for money, as indicated in the annual development plan for FY 2026/2027

3.1.17 Budget Performance by Department

Table 3.14 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.14: Baringo County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	823.48	31.46	301.87	-	301.87	-	-	-	10	-
County Treasury Services	90.63	12	39.01	4.54	39.01	4.54	37.8	100	8.8	37.8
Transport and Infrastructure	40.8	591.9	12.93	-	12.93	-	-	-	-	-
Industrialisation, Commerce and Tourism	21.4	190.59	7.09	-	7.09	-	-	-	-	-
Education and ICT	26.49	336.53	4.79	-	4.79	-	-	-	-	-
Health	450.35	476.02	18.96	39.05	18.96	39.05	8.2	100	-	8.2
Lands, Housing & Urban Development	29.16	143.92	5.02	-	5.02	-	-	-	-	-
Agriculture, Livestock, Fisheries & Marketing	29.78	281.03	11.39	11.5	11.39	11.5	4.1	100	-	4.1
Youth, Gender & Social Security Services	47.6	196.46	25.56		25.56	-	-	-	-	-
Water & Irrigation	37.01	715.85	7.21	156.13	7.21	156.13	21.8	100	-	21.8
Environment & Natural Resources	16.5	309.01	3.04	-	3.04	-	-	-	-	-
Kabarnet Municipality	16.26	63.99	5.69	-	5.69	-	-	-	-	-
County Public Service Board	17.92	-	3.38	-	3.38	-	-	-	4.0	-
Devolution, Public and Special Programs	168.3	384.51	65.20	-	65.20	-	-	-	22.5	-
Public Devolution and Public Administration	3,935	-	1,528.95	-	1,528.95	-	-	-	8.1	-
County Treasury Economic Planning	42.62	15.15	18.48	-	18.48	-	-	-	9.4	-
TOTAL	**5,793.60**	**3748.42**	**2,058.57**	**211.22**	**2,058.57**	**211.22**		5.6	100	

Source: *Baringo County Treasury*

Analysis of departmental expenditure shows that the Department of County Treasury Services recorded the highest absorption rate of the development budget at 38 per cent, followed by the Department of Water and Irrigation at 21.8 per cent. The Department of Devolution, Public and Special Programs had the highest percentage of recurrent expenditure to budget at 22.5 per cent, while the Department of County Public Service Board had the lowest at 4 per cent.

3.1.18 Budget Execution by Programmes and Sub-Programmes

Table 3.15 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.15: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Finance and Accounting Services				
Revenue Services	SP2. Revenue Infrastructure Services	12,000,000	4,541,323.70	38
Agriculture, Livestock & Fisheries				
Crops Production and Management	SP3. Agriculture Training Centre	33,852,824	11,500,000	34
Water and Irrigation				
Water Resource Development and Supplies Management	Water Resource Management and Storage	688,415,679.81	156,125,755.05	23
Health Services				
Curative and Rehabilitative Services	SP3. Infrastructure Development Services	291,316,139.52	39,054,191	13
RECURRENT				
County Executive Devolution & Special Programmes				
General Administration, Planning and Support Services	SP1: Office of the Governor Services	60,000,000	30,491,038	52
County Executive Devolution & Special Programmes				
General Administration, Planning and Support Services	SP1: Office of the Governor Services	60,000,000	30,491,038	51
County Treasury and Economic Planning				
General Administration, Planning and Support Service	General Administration	11,000,000	5,451,400	50
County Assembly				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	648,515,944	235,793,139.90	36
County Public Service Board				
County Public Service Board Services	General Administration, Planning and Support Services	13,622,030	2,848,800	21

Source: Baringo County Treasury

The development sub-programmes with the highest budget implementation rates were: Revenue Infrastructure Services in the Department of County Finance and Accounting Services at 38 per cent, Agriculture Training Centre in the Department of Agriculture Livestock & Fisheries at 34 per cent, Water Resource Management and Storage in the Department of Water and Irrigation at 23 per cent, Infrastructure Development in the Department of Services of Health Services at 13 per cent.

For recurrent sub-programmes, the top performers included: Office of the Governor Services in the Department of County Executive Devolution & Special Programs at 51 per cent, General Administration in the Department of County Treasury and Economic Planning at 50 per cent, and General Administration, Planning and Support Services in the Department of County Assembly at 36 per cent.

Table 3.16: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
Legislative Representation and Oversight Services	Office of the Speaker	12,500,000	446,546	4
Water and Irrigation				
Water Resource Development and Supplies Management	Water Resource Management and Storage	688,415,679.81	156,125,755.05	23
Agriculture, Livestock & Fisheries				
Crops Production and Management	SP3. Agriculture Training Centre	33,852,824	11,500,000	34
County Finance and Accounting Services				
Revenue Services	SP2. Revenue Infrastructure Services	12,000,000	4,541,323.70	38
RECURRENT				
PUBLIC SERVICE ADMINISTRATION ICT & E-GOVERNMENT				
General Administration, Planning, and Support Services.	SP1: Office of the County Secretary Services	144,500,000	18,093,355	13
Economic Planning				
Economic Planning Services	SP3. Resource Mobilisation and Investment Promotion	7,500,000	931,500	12
County Assembly				
Legislative Representation and Oversight Services	Office of the Speaker	12,500,000	74,546	6
County Finance and Accounting Services				
Revenue Services	SP1. Revenue Administration Services	8,000,000	393,400	5
County Executive Devolution & Special Programs				
Devolution and Special Programs	SP8: Civic Education	4,000,000	26,200	1

Source: Baringo County Treasury

The development sub-programmes with the lowest budget implementation rates were: Office of the Speaker in the Department of County Assembly (4 per cent) and Water Resource Management and Storage in the Department of Water and Irrigation (23 per cent). and Agriculture Training Centre in the Department of Agriculture, Livestock and Fisheries at 34 per cent. The low absorption was as result of low adoption, inadequate technological infrastructure, and staff skill gaps in undertaking the new procurement system.

For recurrent sub-programmes, the lowest-performing included: Office of the County Secretary Services in the Department of Public Service Administration, ICT & e-Government at 13 per cent, Resource Mobilisation and Investment Promotion in the Department of Economic Planning at 12 per cent, and Revenue Administration Services in the Department at 5 per cent. The activities are more seasonal activities that are undertaken on quarterly basis.

3.1.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 263 accounts with commercial banks, including 10 accounts for Established Funds, 1 revenue account, and 2 grant accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.1.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Baringo County budget, the CoB made the following observations, which hampered effective budget implementation;

1. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January,2026
2. Low development performance in the review period as the County incurred Kshs.211.22 million on development activities, achieving a 6 per cent absorption rate against an approved budget of Kshs.3.75 billion.
3. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Emergency Fund, County SME Fund, Bursary Fund, Youth and Women Fund, Cooperative Development Fund, County PWD Fund, Lake Bogoria Grants and County Assembly Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15 January 2026.
5. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
6. The County did not adhere to their submitted trade payables payment plan in the first half of FY 2025/26
7. The County has Inadequate network Infrastructure in revenue collection hindering the effectiveness of automated revenue system.
8. Non-existence of Essential Utilities for complete projects hindering the utilization and usage of the projects leading to stalled projects.
9. Non-existence of pre-feasibility studies for the projects to assess critical risks, project scope and viability of the projects across the county.
10. The County reported low performance in own source revenue collection which has has hindered project implementation due budgetary constraints

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The county should have a good monitoring and oversight mechanism for all revenue streams.*
viii. *The County should engage other stakeholders to ensure good and modern network connectivity and infrastructure for transparent revenue collection.*
ix. *The county should ensure that essential utilities (Water, electricity and personnel) are available for completed projects to avoid unutilised development projects.*
x. *The county should undertake feasibility studies for development projects to avoid unfinished projects due to improper design.*
xi. *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.*

3.2. County Government of Bomet

3.2.1 Overview of FY 2025/26 Budget

The Bomet County Approved Budget for FY 2025/26 is Kshs.10.85 billion. It comprises Kshs.4.0 billion (37 per cent) and Kshs.6.82 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.984.08 million (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.36 billion and a recurrent budget of Kshs.6.47 billion. The increase in the budget was primarily attributed to the high balance carried forward from FY 2024/25 of Kshs.743 million.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7.45 billion (69 per cent), additional allocations of Kshs.1.73 billion (16 per cent), a cash balance of Kshs.743 million (7 per cent) brought forward from FY 2024/25, and Kshs.897 million (8 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.17

3.2.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.18 billion. This amount represented an increase of 10 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.81 billion. The total revenue consisted of Kshs.3.1 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.152.55 million, as well as the own-source revenue (OSR) collection of Kshs.198.3 million. Additionally, the County had a cash balance of Kshs.743 million from FY 2024/25. The total OSR collection of Kshs.198.3 million included Facilities Improvement Financing (FIF) of Kshs.181.3 million and Kshs.17 million from other OSR sources. Table 3.17 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.17: Bomet County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1.	County Executive Refunds to CRF	593,000,001	593,000,001	-	593,000,001	-
2	County Assembly Refunds to CRF	30,000,000	30,000,000	-	30,000,000	-
3.	A-I-A Balance at CRF	120,000,000	120,000,000	-	120,000,000	
	Sub-Total	**743,000,001**	**743,000,001**	-	**743,000,001**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,447,200,499	3,090,588,207	-	3,090,588,207	4,356,612,292
	Sub-Total	**7,447,200,499**	**3,090,588,207**	-	**3,090,588,207**	**4,356,612,292**
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Fuel Levy (KRB)	163,000,000	-	-	-	163,000,000
2	Community Health Promoters	74,070,000	-	-	-	74,070,000
3	Conditional Allocation for Libraries	950,259	-	-	-	950,259
4	World Bank Loan for the Transforming Health Systems for Universal Care project	-	-		-	-
5	Primary Healthcare in a Devolved Context	8,482,500	-		-	8,482,500
6	Kenya Urban Support Programme (KUSP) - UIG B/F	35,000,000	35,000,000		35,000,000	-
7	Kenya Urban Support Programme (KUSP) - UIG	28,500,000	-		-	28,500,000
8	IDA Kenya Urban Development Grant (UDG) B/F	18,278,289	18,278,289		18,278,289	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	IDA Kenya Urban Development Grant (UDG)	-	-		-	-
10	KDSP (Level 1)	37,500,000	-		-	37,500,000
11	KDSP (Level 1 Grant) B/F-Recurrent	-	-		-	-
12	KDSP (Level 2 Grant) -Development	352,000,000	-		-	352,000,000
13	WASH - Health & Water- DIG DEEP	80,000,000	-		-	80,000,000
14	Kenya Water, Sanitation and Hygiene (K-WASH) Program	197,903,000	-		-	197,903,000
15	Nutritional International B/F	4,453,054	4,453,053.50		4,453,054	-
16	Nutritional International	15,000,000	-		-	15,000,000
17	HSSF Danida	20,056,500	-		-	20,056,500
18	IDA Kenya/Climate Change Resilience Invest (CCRI) - BAL B/F	44,814,161	44,814,161.30	-	44,814,161	-
19	IDA Kenya/Climate Change Resilience Invest (CCRI)KfW	85,000,000	-	-	-	85,000,000
20	IDA Kenya/Climate Change Resilience Invest (CCRI)	130,126,688	50,000,000	-	50,000,000	80,126,688
21	IDA Kenya/Climate Change Institutional Support (CCIS)	11,000,000	-	-	-	11,000,000
22	Fertiliser Subsidy Program	131,684,382	-	-	-	131,684,382
23	REREC Matching Funds	-	-	-	-	-
24	Agriculture Sector Development Support Programme (ASDSP)	1,716,655	-	-	-	1,716,655
25	Livestock Value Chain Support Project - GRANTS	57,294,720	-	-	-	57,294,720
26	IDA World Bank-Value Chain NAVCDP	231,250,000	-	-	-	231,250,000
	Sub-Total	**1,728,080,208**	**152,545,504**	**-**	**152,545,504**	**1,575,534,704**
D	**Ordinary Own Source Revenue (OSR)**					
1	Cess	13,012,732	630,030	-	630,030	12,382,702
2	Land Rate	101,620,869	326,530	-	326,530	101,294,339
3	Single/Business Permits	38,179,571	1,546,400	-	1,546,400	36,633,171
4	Conservancy Administration		95,500	-	95,500	-95,500
5	Administration Control fees	35,088,000	1,764,640	-	1,764,640	33,323,360
6	Other Fines, Penalties, And Forfeiture Fees	6,360,034	139,000	-	139,000	6,221,034
7	Public Health Service Fees	336,268,500	54,301	-	54,301	336,214,199
8	Physical Planning and Development	3,190,000	50,900	-	50,900	3,139,100
9	Parking Fees	13,739,777	1,520,400	-	1,520,400	12,219,377
10	Market Fees	6,533,306	256,020	-	256,020	6,277,286
11	Property Rent	30,013,816	406,717	-	406,717	29,607,099
12	Advertising	5,623,400	445,550	-	445,550	5,177,850
13	Hire of County Assets	13,369,998	295,620	-	295,620	13,074,378
14	Sale of assets	1,899,998	4,154,796	-	4,154,796	-2,254,798
15	Park Fees	2,600,000	13,200	-	13,200	2,586,800
16	Miscellaneous receipts (unreceipted deposits)	-	5,307,150	-	5,307,150	-5,307,150
	Sub-Total	**607,500,000**	**17,006,754**	**-**	**17,006,754**	**590,493,246**

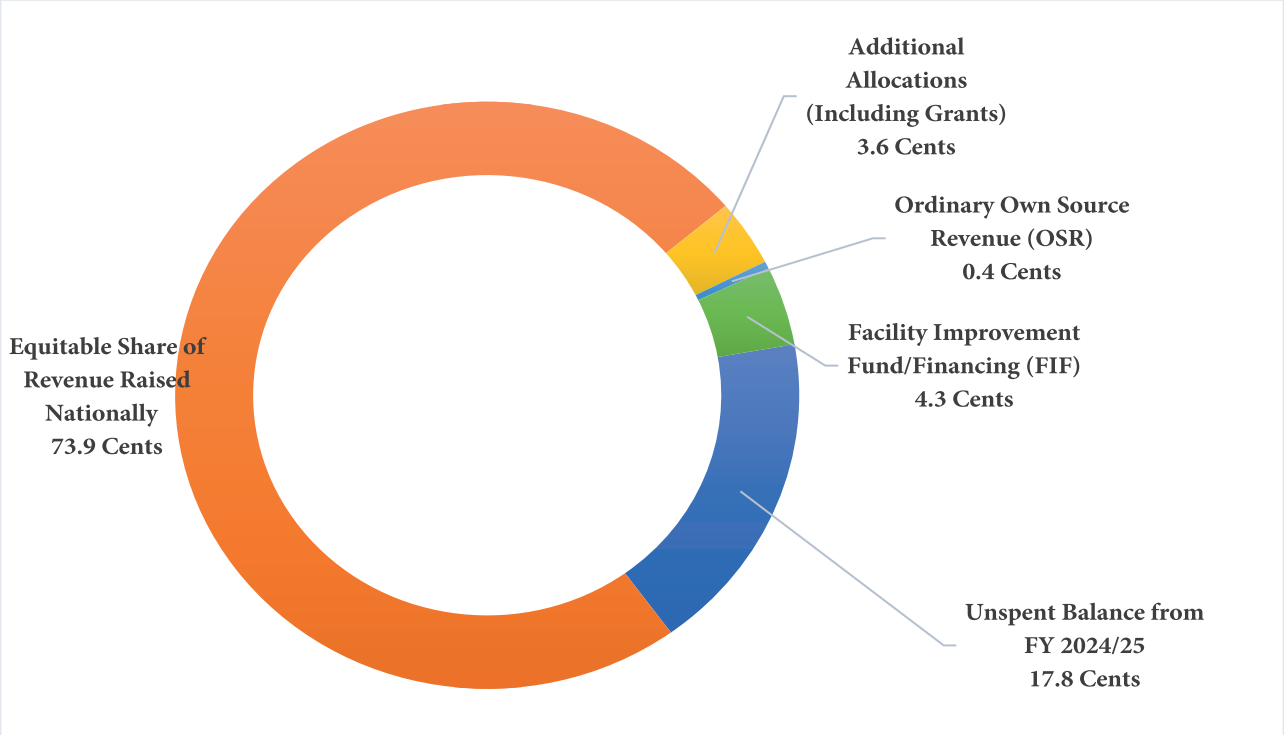
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	290,000,000	181,306,834		181,306,834	108,693,166
	Sub-Total	290,000,000	181,306,834		181,306,834	108,693,166
	Grand Total	**10,815,780,708**	**4,184,447,300**	-	**4,184,447,300**	**6,631,333,407**

Source: *Bomet County Treasury*

The County is yet to finalise the approval process for the governing regulations to operationalise the Facility Improvement Fund (FIF). The draft Act is pending approval at the County Assembly.

Figure 7 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 7: Bome County Composition of Each Shilling Earned in the First Half of FY 2025/26

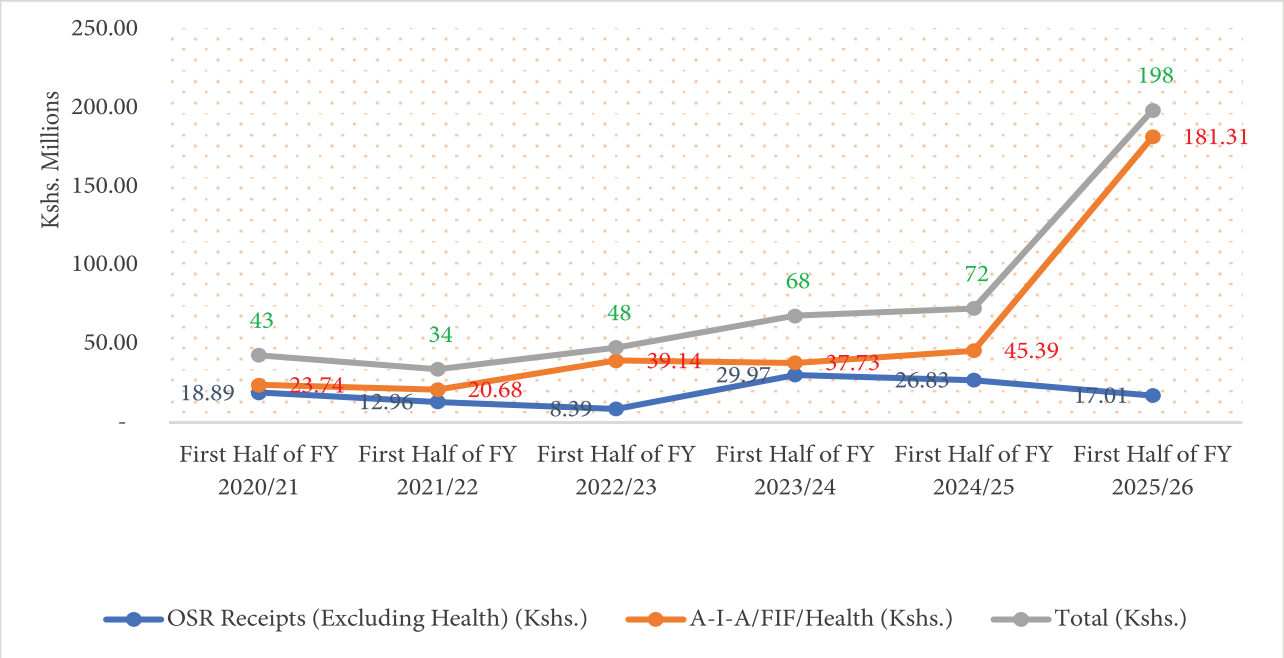


Source: *Bomet County Treasury*

The equitable share of revenue raised nationally, the Unspent balance brought forward, and FIF contributed 74 per cent, 18 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 8 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 8: Bomet County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

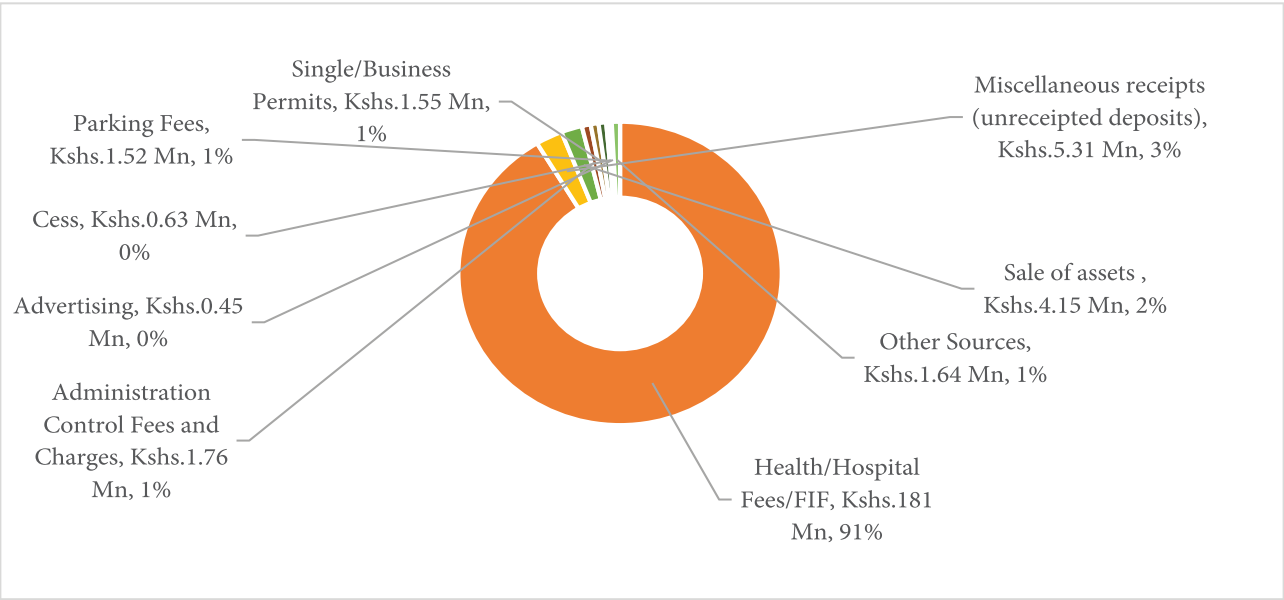


Source: *Bomet County Treasury*

During the first half of FY 2025/26, the County received Kshs.198 million from OSR, including FIF. This amount was an increase of 175 per cent compared to Kshs.72 million realised in a similar period in FY 2024/25, and was 22 per cent of the annual target and 6 per cent of the equitable revenue share disbursed.

The increase in collections was attributed to improved collection under FIF following its operationalisation following adoption of the FIF Act passed by the national Assembly. The revenue streams that contributed the most to OSR receipts are shown in Figure 8

Figure 9: Bomet County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Bomet County Treasury

As shown in Figure 9, the highest revenue stream, at Kshs.181 million, was from Facility Improvement Fees, accounting for 91 per cent of the total OSR receipts. The County Government has automated all revenue streams.

3.2.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.33 billion, which decreased to Kshs.730.59 million as of 31st December 2025. Table 3.18 presents a breakdown of the County's revenue arrears.

Table 3.18: Bomet County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**	**596,285,282**	-	**596,285,282**	-	-
	Sub-Total	**596,285,282**	-	**596,285,282**	-	-
B	**Ordinary Own Sources of Revenue**		-	-	-	-
	Land rate	670,873,265	-			670,873,265
	Property rent	5,500,000				5,500,000
	Sub-Total	**676,373,265**	-	-	-	**676,373,265**
C	**Facility Improvement Fund (FIF)**	-	-	-	-	-
1	SHIF	54,216,282	-	-	-	54,216,282
	Total	**1,326,874,829**	-	**596,285,282**	-	**730,589,547**

Source: *Bomet County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.730.59 million, comprising Kshs.676.37 million for ordinary source revenue (93 per cent) and Kshs.54.22 million for SHIF (7 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include issuing demand notices to debtors and sending reminders, among others.

3.2.4 Borrowing by the County

Bomet County Executive and County Assembly did not report any borrowing in the reporting period.

3.2.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.15 billion from the Bomet County Revenue Fund (CRF) account. This amount consisted of Kshs.883.15 million (28 per cent) designated for development programs and Kshs.2.26 billion (72 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.56 billion was allocated for employee compensation, and Kshs.703.9 million for operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.105.6 million, which included Kshs.75.3 million for the County Executive and Kshs.30.1 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.35.38 million, with Kshs.3.72 million for the County Executive and Kshs.31.66 million for the County Assembly.

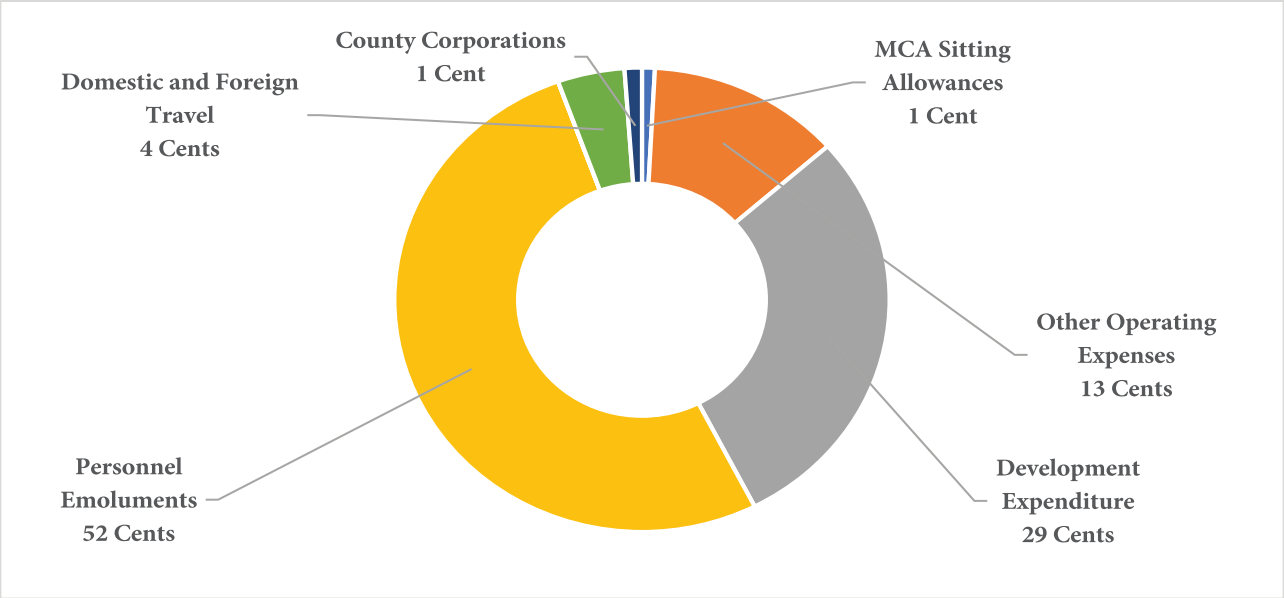
As of December 31, 2025, the County Government's cash balance in the Bomet CRF account was Kshs.47,342,741.

3.2.6 Expenditure Review

The County spent Kshs.3.19 billion on development and recurrent programmes during the reporting period. The expenditure represented 101.3 per cent of the total funds released by the CoB. It comprised Kshs.921.59 million for development programmes and Kshs.2.27 billion for recurrent programmes. Expenditure on development programmes accounted for 23 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33.3 per cent of the annual recurrent expenditure budget.

Figure 10 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 10: Bomet County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Bomet County Treasury*

As shown in Figure 10, the three highest expenditure categories were Personnel emoluments, development expenditure, and Other operating expenses, which accounted for 52, 29, and 13 per cent of total expenditure for the reporting period, respectively.

3.2.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.52 billion. This amount consisted of Kshs.1.46 billion from the County Executive and Kshs.65.87 million from the County Assembly. The trade payables from the County Executive comprised Kshs.599.97 million for recurrent expenditure and Kshs.857.4 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.874.66 million, comprising Kshs.370.12 million (42 per cent) for recurrent programmes and Kshs.504.55 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.96 million, which included Kshs.12.84 million (37 per cent) for recurrent activities and Kshs.22.11 million (63 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.582.7 million for the County Executive and Kshs.30.9 million for the County Assembly. Table 3.19 provides additional details of trade payables.

Table 3.19: Bomet County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	857,398,556	599,970,751	1,457,369,307
	County Assembly	45,807,600	20,063,977	65,871,577
	Total	903,206,156	620,034,728	1,523,240,884
Amount paid in FY 2025/26	County Executive	504,550,161	370,105,415	874,655,576
	County Assembly	22,110,398	12,849,829	34,960,227
	Total	526,660,559	382,955,244	909,615,803
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	352,848,395	229,865,336	582,713,731
	County Assembly	23,697,202	7,214,148	30,911,350
	Total	**376,545,597**	**237,079,484**	**613,625,081**

Source: *Bomet County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.620 million and Kshs.903.3 million on recurrent and development expenditure, respectively. During the FY 2025/26 reporting period, the County adhered to this payment plan, as it cleared Kshs.370.11 million and Kshs.504.55 million for recurrent and development, respectively.

Similarly, the County Assembly submitted a trade payables payment plan, committing to pay Kshs.20.06 million and Kshs.45.81 million on recurrent and development expenditure, respectively. In the reporting period of FY 2025/26, the County Assembly adhered to this payment plan, as it cleared Kshs.12.85 million and Kshs.22.11 million for recurrent and development, respectively

Table 3.20 and Table 3.21 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.613.63 million

Table 3.20: Bomet County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive	-	-	-	-	-
Development Trade Payables	-	352,848,395	-	-	352,848,395
Recurrent Trade Payables (Goods & Services)	-	*229,865,336*	-	-	*229,865,336*
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	*229,865,336*	-	-	*229,865,336*
Executive Trade Payables	-	*582,713,731*	-	-	*582,713,731*
% of Executive Trade Payables	-	**100**	-	-	**100**

Source: Bomet *County Treasury*

Table 3.21: Bomet County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables		23,697,202			23,697,202
Recurrent Trade Payables (Goods & Services)	-	7,214,148	-	-	7,214,148
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	7,214,148	-	-	7,214,148
Assembly Trade Payables	-	30,911,350	-	-	30,911,350
% of Assembly Payables	-	100	-	-	100
% of Total Trade Payables	-	100	-	-	100

Source: *Bomet County Assembly*

The County Executive and County Assembly used the FIFO basis for settling trade payables. Further, the two entities followed the trade payables action plan submitted to the Office of the Controller of Budget to a great extent.

3.2.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.46 billion on compensation of employees, Kshs.477.29 million on operations and maintenance, and Kshs.904.23 million on development activities. Similarly, the County Assembly spent Kshs.195.56 million on employee compensation, Kshs.134.84 million on operations and maintenance, and Kshs.17.36 million on development activities, as shown in Table 3.22

Table 3.22: Bomet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	6,092,736,270	725,816,719	1,935,418,003	330,404,117	-	-	1,935,418,003	330,404,117	**32**	**46**
Compensation of Employees	3,510,000,000	407,738,131	1,458,128,116	195,562,134	-	-	1,458,128,116	195,562,134	**42**	**48**
Operations and Maintenance	2,582,736,270	318,078,588	477,289,887	134,841,983	-	-	477,289,887	134,841,983	**18**	**42**
Development Expenditure	3,925,227,719	72,000,000	904,229,805	17,361,111	-	-	904,229,805	17,361,111	**23**	**24**
Total	**10,017,963,989**	**797,816,719**	**2,839,647,808**	**347,765,228**	-	-	**2,839,647,808**	**330,404,117**	**55**	**46**

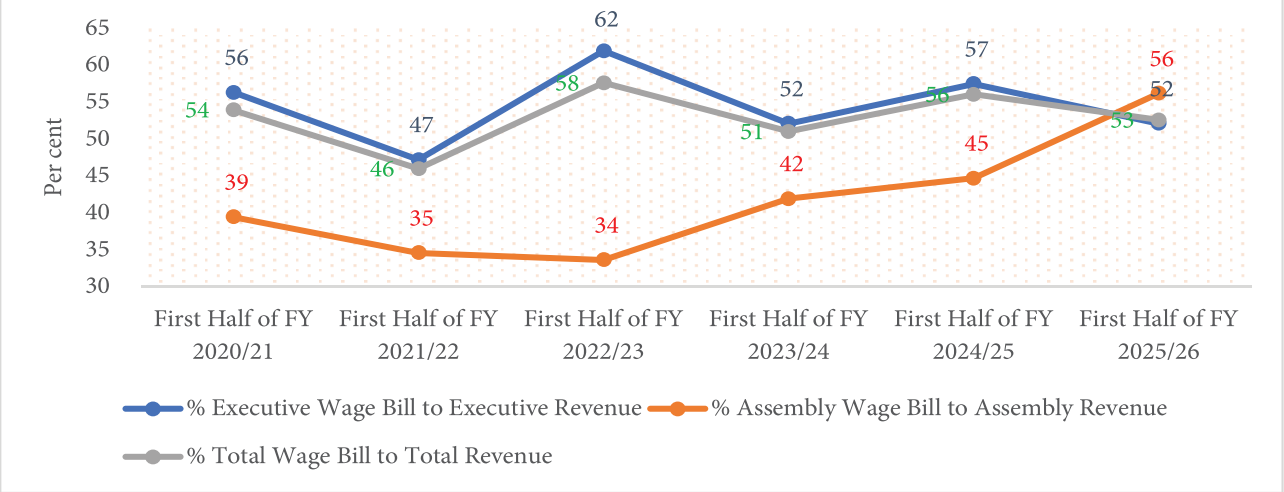
***Source**: Bomet County Treasury & County Assembly*

3.2.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.65 billion. This expenditure on employee compensation shows a decrease compared to the Kshs1.91 billion reported in a similar period in FY 2024/25. Of this total, Kshs.497.67 million for Health Sector employees, accounting for 30 per cent of overall employees' compensation. The reduction in personnel emoluments was due to the one-time arrears settlement effected in the previous FY.

Figure 11 shows the trend in employees' compensation as a percentage of total revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 11: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Bomet County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.65 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.3.5 million was processed through manual payroll, accounting for 0.2 per cent of the total PE cost. The justification for the continued use of manual payroll was the settlement of gratuity for staff without payroll numbers.

The manual payroll comprised salaries for 2 staff not onboarded into the Human Resource Information System (HRIS) and gratuity remittances for members of the county assembly on contract, as shown in Table 3.23.

Table 3.23: Breakdown of Bomet County Manual Payroll

S.No	Description of Manual Payroll	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	-	1,105,830	1,105,830
2	Gratuity for contract staff	-	2,398,376	2,398,376
	Total	**-**	**3,504,206**	**3,504,206**

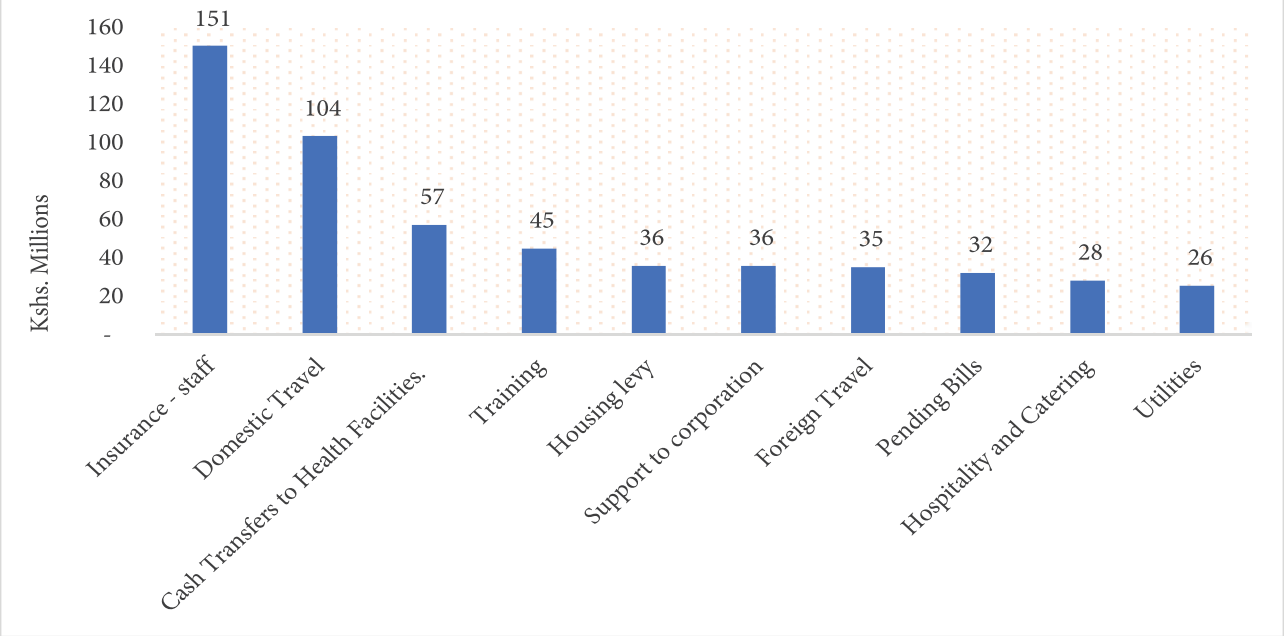
Source: *Bomet County Treasury*

The County Assembly spent Kshs.26.57 million on committee sitting allowances for the 39 MCAs against the annual budget allocation of Kshs.35.94 million. The average monthly sitting allowance was Kshs.113,537 per MCA. The County Assembly has 21 House Committees.

3.2.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.612.13 million on operations and maintenance, representing a decrease of 23 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.798.06 million. Figure 12 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Bomet County Treasury*

The highest expenditure under operations and maintenance was on the procurement of staff insurance services at Kshs.151. million followed by domestic travel at Kshs.104. million and Cash transfers to entities at Kshs.57 million

3.2.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.99 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.612.13 million. This category of expenditure excludes Kshs.20.3 million for garbage collection. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.24.

Table 3.24: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Community Participation [other operating expenses]	300,000	31,500
2211399	Community Participation	50,000	25,000
2211399	Other Operating expenses- Community Participation, civic education, stakeholder forums and other citizen engagements	24,000,000	7,877,000
Total		**24,350,000**	**7,933,500**

Source: *Bomet County Treasury*

A review of the other expense items listed in the table revealed that the bulk of the expenditure was incurred on community participation and other civic engagement activities.

3.2.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.110 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate funds to the Emergency Fund in line with Section 110 of the PFM Act, 2012, as the Emergency Funds Act had expired. Table 3.25 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.25: Performance of Bomet County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the Half Year of FY 2025/26 (Kshs.)	Actual Expenditure in theHalf Year of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Bomet County Bursary Fund	2021	85,000,000	-	-	590,458,915	No
2.	Bomet County Executive Car Loan and Mortgage Fund	2014	-	-	-	124,813,880	No
		County Assembly Established Funds					
1.	Bomet County Assembly Car Loan and Mortgage Fund	2017	25,000,000	-	-	483,307,071	No
	Total		110,000,000	-	-	1,198,579,866	

Source: *Bomet County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the 3 listed Fund Administrators, as indicated in Table 3.25, contrary to the requirement of Section 168 of the PFM Act, 2012. Further, the county did not disclose whether the administration costs of the 3 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Bomet County Executive Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.2.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.150.45 million for FY 2025/26. Their total expenditure for the review period amounted to Kshs.66.02 million, as shown in Table 3.26

Table 3.26: Performance of Bomet County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Bomet Municipality	66,750,000	-	-	33,102,820
2.	Sotik Municipality	3,700,000	-	-	-
3.	Bomwasco	80,000,000	66,023,043	66,023,043	186,000,000
	Total	150,450,000	66,023,043	66,023,043	219,102,820

Source: *Bomet County Treasury*

3.2.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.105.36 million and comprised Kshs.75.3 million spent by the County Assembly and Kshs.30.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.35.38 million and comprised Kshs.31.66 million by the County Assembly and Kshs.3.72 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.27.

Table 3.27: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Costs of the Travel (Kshs.)
Bomet County Assembly	25	13th - 23rd Sept - 2025	2nd Edition of the RAID Okavango Region	Angola	13,941,200	-	13,941,200
Bomet County Assembly	10	12th - 22nd November 2025	Attending the 30th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30)	Brazil	10,393,040	-	10,393,040
Bomet County Assembly	7	1st - 10th December 2025	Attending an exchange program in the Parliament of Victoria in Melbourne, Australia	Australia	5,966,805	-	5,966,805
Bomet County Assembly	1	16th -26th October 2025	Attending Leadership Masterclass on steering the devolved system towards integrity	Zanzibar	548,600	-	548,600
Bomet County Assembly	1	24th October - 4th November 2025	Attending the International Exchange Programme on empowering legislative administration	Spain / France	813,800	-	813,800
Bomet County Executive	4	23 August 2025-29 September 2025	Signing ceremony of the cooperation and twinning agreement between the region of Western Greece and the Bomet County Government	Greece	1,165,050	-	1,165,050

Source: *Bomet County Treasury and Bomet County Assembly*

3.2.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.181.31 million as FIF, which was 62.5 per cent of the annual target of Kshs.290 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County is yet to finalise the approval process for the governing regulations to operationalise the Facility Improvement Fund (FIF). The draft Act is pending approval at the County Assembly.

The expenditure by the health facilities amounted to Kshs.184.96 million, as shown in Table 3.28.

Table 3.28: Bomet County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	4	418,864,080	61,550,980	15
2.	Level 3 Facility	31	296,857,835.92	56,435,246.40	19
3.	Level 2 Facility	126	331,723,352.52	66,973,173.25	20
	Total	**161**	**1,047,445,268.44**	**184,959,399.65**	**18**

3.2.16 Development Expenditure

In the review period, the County reported spending Kshs.912.59 million on development programmes, representing an increase of 48 per cent compared to FY 2024/25, when the County spent Kshs.617.86 million.Table 3.29 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the prioritisation of settling payables incurred in prior years.

Table 3.29: Bomet County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance	Construction of avocado value addition packhouse	Hq	2025	2026	30,637,195	30,637,195	30,637,195	30,637,195	100
2	Health	Proposed Completion of Radiology at Tegat Hospital	Hq	2025	2026	10,003,016	10,003,016	10,003,016	10,003,016	100
3	Health	Construction of theatre, radiology, and surgical wards at Sor Sub County Hospital	Hq	2025	2026	34,103,385	34,103,385	34,103,385	34,103,385	100
4	County Assembly	Construction of Bomet County Assembly	Hq	2025	2026	27,280,356	27,280,356	27,280,356	27,280,356	100
5	Water	procurement of works under the contract	Hq	2025	2026	4,976,273	4,976,273	4,976,273	4,976,273	100
6	Water	Procurement of works for Marangetit water	Hq	2025	2026	4,840,240	4,840,240	4,840,240	4,840,240	100
7	Water	Procurement of works for the Kuriot Pipeline Extension	Hq	2025	2026	4,565,000	4,565,000	4,565,000	4,565,000	100
8	Roads	Routine Maintenance of Chebaibai-Kapboisyo Road	Hq	2025	2026	4,380,000	4,380,000	4,380,000	4,380,000	100
9	Roads	Routine Maintenance of Arap Chebusit -Kamogiboi Road	Hq	2025	2026	3,456,620	3,456,620	3,456,620	3,456,620	100
10	Roads	Routine maintenance of the Kipsoen -youth empowerment box culvert	Hq	2025	2026	3,729,864	3,729,864	3,729,864	3,729,864	100

Source: *Bomet County Treasury*

The County did not submit a report on stalled development projects as of 31st December 2025, as requested by OCOB.

3.2.17 Budget Performance by Department

Table 3.30 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.30: Bomet County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	751	47	331	17	330	17	99.9	100.0	44.0	36.9
Administration, ICT, and Public Service	3,042	397	1,222	34	1,120	3	91.7	8.0	36.8	0.7
Finance And Economic Planning	164	229	54	5	80	70	147.4	1,295.3	48.9	30.6
Lands, Housing, and Urban Planning	163	129	7	6	22	3	292.5	53.5	13.3	2.3
Municipalities	52	19	1	1	-	-	-	-	-	-
Gender And Culture	45	10	9	-	4		44.7	-	8.4	-
Health Services	2,129	287	530	34	611	17	115.3	49.6	28.7	5.9
Education, Vocational Training, Youth & Sports	172	237	11	35	11	47	100.4	132.8	6.6	19.6
Water, Sanitation, and Environment	166	910	58	248	64	241	109.8	97.2	38.4	26.5
Agriculture, Livestock, Fisheries, Cooperatives	27	583	6	15	1	9	9.3	59.1	2.2	1.5
Roads, Transport & Public Works	127	1,097	15	486	23	510	155.3	104.9	18.1	46.4
Trade, Energy, Tourism & Investment	6	28	-	2	2	6	789.1	329.3	41.0	21.7
Total	6,844	3,972	2,244	883	2,268	922	101.1	104.4	33.1	23.2

Source: *Bomet County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Trade and Energy recorded the highest absorption rate of development budget at 46 per cent, followed by the County Assembly at 40 per cent and Finance and Economic Planning at 30.6 per cent. The Department of Finance and Economic Planning recorded the highest recurrent expenditure-to-budget ratio at 49 per cent, while the Municipalities Department reported nil expenditure.

3.2.18 Budget Execution by Programmes and Sub-Programmes

Table 3.31 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.31: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-programme	Gross approved estimates fy 2025/26 (kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (kshs.)		Absorption rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department-cooperatives and marketing							
Cooperatives	Completion and development of cooling plants and storage facilities	-	4,000,000	-	3,999,742	-	100
Water and environment							
Development of water supply for domestic, commercial, industrial and irrigation purposes	Pipeline extension services	-	171,500,000	-	147,371,745	-	86

Programme	Sub-programme	Gross approved estimates fy 2025/26 (kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (kshs.)		Absorption rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County assembly							
Office of the Clerk - General Administration, Human Resources, and Administrative Services	County assembly service board	46,455,200	-	34,568,091	-	74	
Finance							
Policy, planning & general administrative services	General administration	63,502,100		44,916,277		71	
	Development of county ict infrastructure and enhancement of connectivity	-	8,000,000	-	5,416,144	-	68
General administrative services	General administration	49,183,420	-	29,730,114	-	60	
Water and environment							
Water supply infrastructure	Water supply infrastructure	-	75,000,000	-	44,236,253	-	59
County assembly							
County legislature (legislative services)	Committee services and house proceedings	93,929,040	-	48,852,493	-	52	-
Office of the Clerk - general administration, human resources, and administrative services	Sub-programme 3.2: Human resource and administrative services	263,706,407	-	136,675,720	-	52	-
Health services							
Health services	Human resources for health services	1,119,632,965	-	533,783,710	-	48	-
County assembly							
County legislature (legislative services)	Legislative services	222,253,319	-	104,681,313	-	47	-

Source: *Bomet County Treasury*

The development sub-programmes with the highest budget implementation rates included Completion and development of cooling plants and storage facilities in the Department of Cooperatives at 100 per cent, Pipeline extension services in the Department of Water and Environment at 86 per cent, and Development of county ICT infrastructure and enhancement of connectivity in the Finance and Economic Planning department at 68 per cent.

For recurrent sub-programmes, the top performers were the County Assembly Service Board in the County Assembly at 74 per cent, General Administration in the Department of Finance and Economic Planning at 71 per cent, and Committee Services and House Proceedings in the County Assembly at 52 per cent. Their improved performance is attributed to enhanced procurement processes.

Table 3.32 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.32: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Actual Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of The Governor And Administration							
Economic, Social and Political Advisory Services	Devolution and Special Programs	78,000,000		-		-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Actual Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Infrastructural Development	-	356,000,000	-		-	-
Lands, housing and urban planning							
	Land use planning and management	-	120,000,000	-		-	-
Roads, public works, and transport							
Development and Maintenance of other public works	Construction and Maintenance of Motorised Bridges, culverts and foot bridges	-	131,000,000	-	-	-	-
Agriculture, livestock and veterinary services							
Agriculture services	Crop management	-	375,951,037	-	-	-	-
Water and environment							
	NAWASIP K-WASH		100,270,853				
	IDA Kenya/Climate Change Resilience Invest (CCRI Grant) World Bank	-	130,126,688	-	-	-	-
	IDA Kenya/Climate Change Resilience Invest (CCRI)KfW	-	85,000,000	-	-	-	-
Health services							
	Kenya Water, Sanitation and Hygiene (K-WASH) Program	97,632,147	-	-	-	-	-
	Purchase of Medical and Dental Equipment - for Mother & Child, Subcounty Hospitals and completed health facilities	-	130,889,570	-	-	-	-

Source: *Bomet County Treasury*

A significant number of sub-programs did not report any expenditure in the period. Among the development sub-programmes with the lowest budget implementation rates were crop management in the Department of Agriculture, Livestock and Fisheries; infrastructure development in the Department of Public Service and Administration; and Construction and Maintenance of Motorised Bridges, culverts, and footbridges in the Department of Roads and Public Transport. For recurrent sub-programmes, among the poor performers were Devolution and special Programs in the Public Service and Administration and Kenya Water, Sanitation and Hygiene (K-WASH) in the Department of Health Services

3.2.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 148 accounts with commercial banks, including 131 accounts for Health Facilities, four accounts for Established Funds, one revenue account, seven special-purpose accounts (additional allocations), four imprest accounts, one recurrent operational account, and one development operational account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.2.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Bomet County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 3rd February, 2026.
ii. The underperformance of own-source revenue at Kshs.17 million against an annual target of Kshs.607.5 million, representing 3 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.921.6 million on development activities, achieving a 23 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Executive Mortgage and Car Loan Fund making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bomet County Bursary Fund, Bomet County Executive Car Loan and Mortgage Fund and Bomet County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 January 2025.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.3. County Government of Bungoma

3.3.1 Overview of FY 2025/26 Budget

The Bungoma County Approved Budget for FY 2025/26 is Kshs.15.93 billion. It comprises Kshs.5.06 billion (32 per cent) and Kshs.10.86 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.336.96million (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.97 billion and a recurrent budget of Kshs.10.62 billion. The increase in the budget was primarily attributed to growth in the Equitable share and conditional allocations to the Facility Improvement Fund.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.11.69 billion (73 per cent), additional allocations of Kshs.2.17 billion (14 per cent) and generate Kshs.2.07 billion (13 per cent) as gross own-source revenue. The own-source revenue includes Kshs.1.40 billion (67 per cent) as Facility Improvement Fund (revenue from health facilities) and Kshs.671.06 million (33 per cent) as ordinary own-source revenue. A breakdown of the additional allocations is shown in Table 3.33

3.3.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.08 billion. This amount represented an increase of 17 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.6.03 billion. The total revenue consisted of Kshs.5.86 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.470.47million. Additionally, the County had a cash balance of Kshs.686.90 million from FY 2024/25 and Equalisation Fund of Kshs.32.75 million, which were not budgeted. The total OSR collection of Kshs.499.18 million included Facilities Improvement Financing (FIF) of Kshs.335.45 million and Kshs.163.73 million from other OSR sources. Table 3.33 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.33: Bungoma County, Revenue Performance in the First Half of FY 2025/26

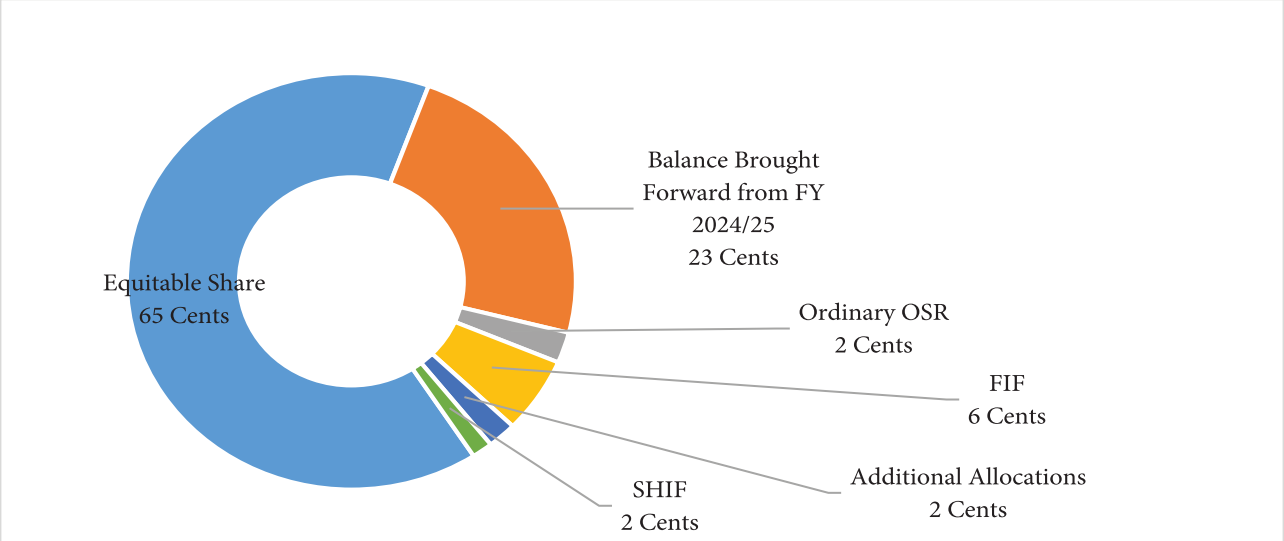
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	685,017,970	-	685,017,970	- 685,017,970
3	County Assembly Refunds to CRF	-	1,884,078	-	1,884,078	- 1,884,078
	Sub-Total	**-**	**686,902,047**	**-**	**686,902,047**	**- 686,902,047**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,688,348,752	4,912,792,687	947,044,373	5,859,837,060	5,828,511,692
	Sub-Total	**11,688,348,752**	**4,912,792,687**	**947,044,373**	**5,859,837,060**	**5,828,511,692**
C	**Transfers from the Equalisation Fund**					
1	Finance and Economic Planning: Equalisation Fund	-	32,746,967	-	32,746,967	- 32,746,967
	Sub-Total	**-**	**32,746,967**	**-**	**32,746,967**	**- 32,746,967**
D	**Additional Allocations (Including Grants)**					
1	Road Maintenance Levy Fund	184,554,999	-	-	-	184,554,999
2	County Aggregated Industrial Park Grant	133,368,420	-	-	-	133,368,420
3	Rural Electrification and Renewable Energy Corporation (REREC)	45,000,000	-	-	-	45,000,000
4	UNICEF	1,571,000	-	-	-	1,571,000
5	DANIDA	13,698,750			-	13,698,750
6	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	-	-	-	151,515,152
7	Kenya Livestock Commercialisation Project (KELCoP)	34,500,000	-	-	-	34,500,000
8	County Secretary: Kenya Devolution Support Programme- Level 1	37,500,000	-	-	-	37,500,000
9	Kenya Devolution Support Programme- Level 11	352,500,000	-	-	-	352,500,000
10	Kenya Urban Support Programme(Development)-Lands	135,434,139	-	-	-	135,434,139
11	KISP II (Kenya Informal Settlement Improvement Project)	297,400,190	-	-	-	297,400,190
12	Finance Locally Led Climate Action Program(FLLoCA)- Water	11,000,000	-	-	-	11,000,000
13	Climate Change Grant	153,488,888	-	-	-	153,488,888
14	Water and Natural Resources I) WATER KOICA	500,000,000	-	-	-	500,000,000
15	UNFPA	7,400,000	-	-	-	7,400,000
16	Community Health Promoters	107,400,000	-	-	-	107,400,000
17	Village Polytechnique				-	-
	Sub-Total	**2,166,331,538**	**-**	**-**	**-**	**2,166,331,538**
E	**Ordinary Own Source Revenue (OSR)**					
1	Other Ordinary OSR	384,451,208	42,241,242	-	42,241,242	342,209,967
2	Enclosed Bus Park Fee	73,957,268	32,931,200	-	32,931,200	41,026,068
3	Cess	48,942,309	32,879,685	-	32,879,685	16,062,624
4	Market Fees	46,513,704	18,366,255	-	18,366,255	28,147,449
5	Mabanga ATC	33,360,868	14,223,212	-	14,223,212	19,137,656
6	Parking Fees	11,376,226	11,376,226	-	11,376,226	-
7	Land Rates	58,316,975	6,234,395	-	6,234,395	52,082,580
8	Plan Approval	14,138,889	5,476,071	-	5,476,071	8,662,818
	Sub-Total	**671,057,448**	**163,728,286**	**-**	**163,728,286**	**507,329,162**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	105,600,000	-	-	-	105,600,000
	Sub-Total	**105,600,000**	-	-	-	**105,600,000**
G	**Appropriations in Aid**					
1	Health and Sanitation	1,295,070,023	306,745,038	28,701,591	335,446,629	959,623,394
	Sub-Total	**1,295,070,023**	**306,745,038**	**28,701,591**	**335,446,629**	**959,623,394**
	Grand Total	**15,926,407,761**	**6,102,915,026**	**975,745,964**	**7,078,660,990**	**8,847,746,771**

Source: *Bungoma County Treasury*

The County is yet to finalise the approval process for the governing legislation to operationalise the Facility Improvement Fund (FIF). Figure 13 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

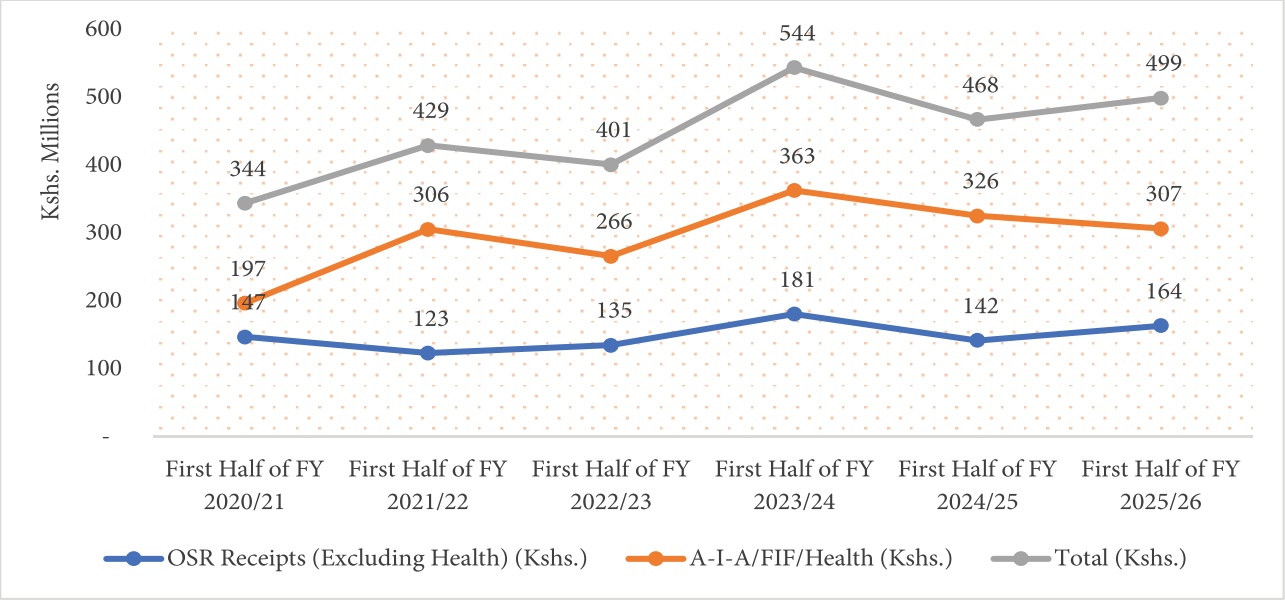
Figure 13: Bungoma County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Bungoma County Treasury*

The equitable share of revenue raised nationally, the balance brought forward, and OSR contributed 65 per cent, 23 per cent, and 8 per cent, respectively, of total receipts for the reporting period. Figure 14 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the first half of FY 2025/26.

Figure 14: Bungoma County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

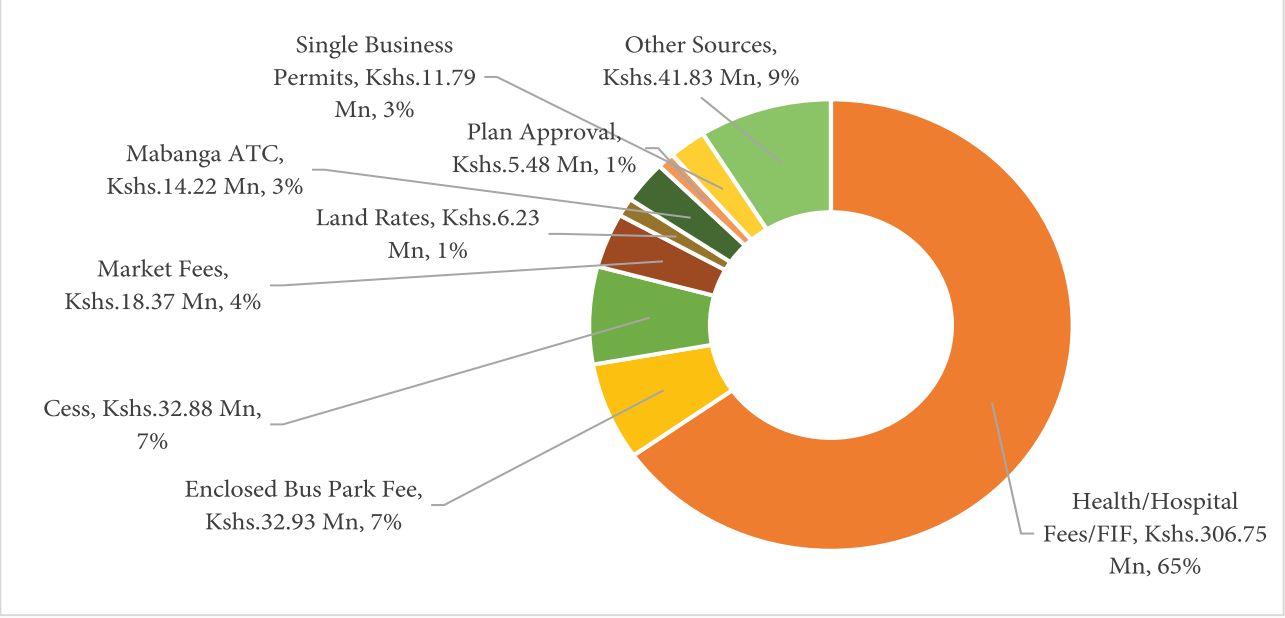


Source: *Bungoma County Treasury*

During the first half of FY 2025/26, the County collected Kshs.499.18 million from OSR, including FIF. This amount was an increase of 9 per cent compared to Kshs.456.89 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 10 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to revenue enhancement from implementation of revenue acts.Figure 14.

Figure 15: Bungoma County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Bungoma County Treasury

As shown in Figure 15 , the highest revenue stream, at Kshs.306.75 million, was from Health /Hospital Fees/FIF, accounting for 65 per cent of the total OSR receipts. The County Government indicated that it has automated 48 of 52 revenue streams.

3.3.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.660.69 million, which decreased to Kshs.626.95 million as of 31st December 2025. Table 3.34 presents a breakdown of the County's revenue arrears.

Table 3.34: Bungoma County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30th December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in December of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Cess	84,641,795	-		-	**84,641,795**
2	Land rate	183,756,587	-	**3,235,529**	-	**180,521,058**
Sub-Total		**268,398,383**	-	**3,235,529**	-	**268,398,383**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	**358,551,600**	-	-	**28,701,591**	**387,253,191**
Sub-Total		**358,551,600**	-	-	**28,701,591**	**28,701,571**
Total		**626,949,982**	-	**3,235,529**	**28,701,591**	**684,353,145**

Source: Bungoma *County Treasury*

As of 31 st December 2025, the revenue arrears totalled to Kshs.684.35 million, comprising Kshs.268.40 million (40 per cent)for Ordinary Own Sources of Revenue and Kshs.387.25 million for facility improvement fund (60 per cent) The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include enforcement actions against defaulters, stricter compliance monitoring, and follow-up on unpaid obligations to ensure improved revenue performance.

During the period under review, Kshs.3.24 million was collected as land rates arrears, and no cess arrears were collected.

3.3.4 Borrowing by the County

The County did not borrow any funds during the period under review.

3.3.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.48 billion from the Bungoma County Revenue Fund (CRF) account. This amount consisted of Kshs.334 million (6 per cent) designated for development programs and Kshs.5.15 billion (94 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.4.19 billion was allocated to employee compensation and Kshs.959.84 million to operations and maintenance expenditures. Within the operations and maintenance category, 30 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.289.40 million, including Kshs.227.38 million for the County Executive and Kshs.62.02 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.9.85 million, with Kshs.2.74 million for the County Executive and Kshs.6.60 million for the County Assembly.

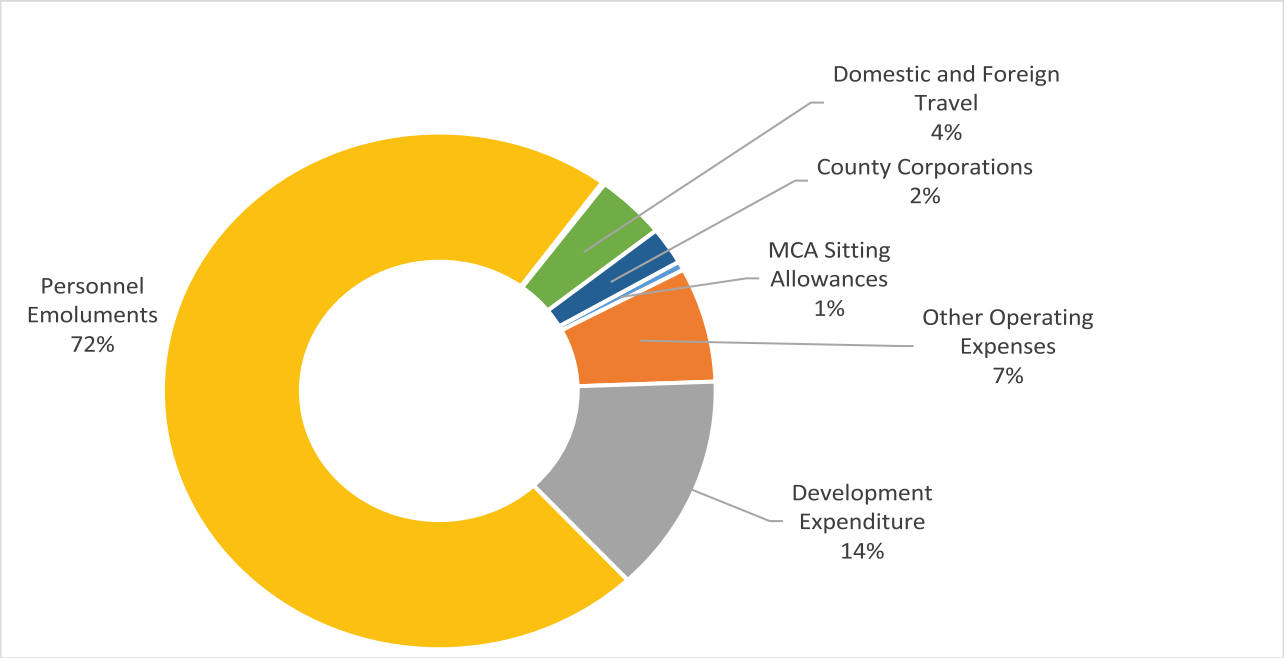
As of 31st December, 2025, the County Government's cash balance in the Bungoma CRF account was Kshs.352.31 million.

3.3.6 Expenditure Review

The County spent Kshs.7.15 billion on development and recurrent programmes during the reporting period. The expenditure represented 130 per cent of the total funds released by the CoB. It comprised Kshs.929.30 million for development programmes and Kshs.6.22 billion for recurrent programmes. Expenditure on development programmes accounted for 18 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 50 per cent of the annual recurrent expenditure budget.

Figure 16 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 16: Bungoma County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Bungoma *County Treasury*

As shown in Figure 16, the three highest expenditure categories were personnel emoluments, development expenditure, and other operating expenses, which accounted for 72, 14, and 7 per cent of total expenditure, respectively, for the reporting period.

3.3.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.3.99 billion. This amount included Kshs.3.98 billion from the County Executive and Kshs.16.36 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.1.74 billion for recurrent expenditures and Kshs.2.24 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.14 billion, comprising Kshs.949.02 million (83 per cent) for recurrent programmes and Kshs.197.25 million (17 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totalling Kshs.15.74 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.85 billion for the County Executive and Kshs.0.61 million for the County AssemblyTable 3.35 provides additional details of trade payables.

Table 3.35: Bungoma County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	2,242,939,069	1,740,134,004	3,983,073,073
		County Assembly	-	16,356,038	16,356,038
		Total	**2,242,939,069**	**1,756,490,042**	**3,999,429,111**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	246,491,882	940,844,751	1,187,336,632
		County Assembly	-	8,178,019	8,178,019
		Total	**246,491,882**	**949,022,770**	**1,195,514,651**
Amount paid in the First Half of FY 2025/26	c	County Executive	197,246,489	940,844,751	1,138,091,240
		County Assembly		15,744,856	15,744,856
		Total	**197,246,489**	**956,589,607**	**1,153,836,096**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	2,045,692,580	799,900,436	2,845,593,016
		County Assembly	-	611,182	**611,182**
		Total	**2,045,692,580**	**800,511,618**	**2,846,204,198**

Source: *Bungoma County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.949.02 million and Kshs.246.49 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan for development expenditure, as it cleared only Kshs.197.25 million for the County Executive.

Table 3.36 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.85 billion and Kshs.0.61 million respectively.

Table 3.36: Bungoma County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**696,147,733**	**717,490,602**	**387,138,932**	**244,915,313**	**2,045,692,580**
Recurrent Trade Payables (Goods & Services)	807,218,610	165,853,549	51,555,728	88,168,280	1,112,796,168
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	35,800,000	82,362,818		681,126,436	799,289,254
Recurrent Trade Payables (Staff Claims)	55,392,920				55,392,920
Total Recurrent Trade Payables	898,411,530	248,216,367	51,555,728	769,294,716	**1,967,478,342**
Total Trade Payables	**1,594,559,264**	**965,706,969**	**438,694,660**	**1,014,210,029**	**4,013,170,922**
% of Total	**40**	**24**	**11**	**25**	**100**

Source: *Bungoma County Treasury*

The County should adopt IBEC's trade payables action plan tracker templates to manage, track, and report on its trade payables and their status.

3.3.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.94 billion on compensation of employees, Kshs.1.89 billion on operations and maintenance, and Kshs.786.08 million on development activities. Similarly, the County Assembly spent Kshs.246.12 million on compensation of employees, Kshs.144.64 million on operations and maintenance, and Kshs.143.22 million on development activities, as shown in Table 3.37

Table 3.37: Bungoma County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	**9,894,291,357**	6,359,892,748	3,534,398,609	**4,819,404,450**	**14,713,695,807**
	Assembly	**969,221,694**	512,000,967	457,220,727	**243,490,260**	**1,212,711,954**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	**5,100,234,434**	3,942,789,885	1,537,650,478	**380,205,929**	**5,860,646,292**
	Assembly	**390,757,864**	246,122,784	144,635,080	-	**390,757,864**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	**350,480,473**	-	350,480,473	**405,875,473**	**756,355,946**
	Assembly	-	-	-	**143,218,452**	**143,218,452**
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	**5,450,714,907**	3,942,789,885	1,888,130,951	**786,081,401**	**6,236,796,308**
	Assembly	**390,757,864**	246,122,784	144,635,080	**143,218,452**	**533,976,316**
Absorption (%) (d/a*100)	**Executive**	**55**	**62**	**53**	**16**	**42**
	Assembly	**40**	**48**	**32**	**59**	**44**

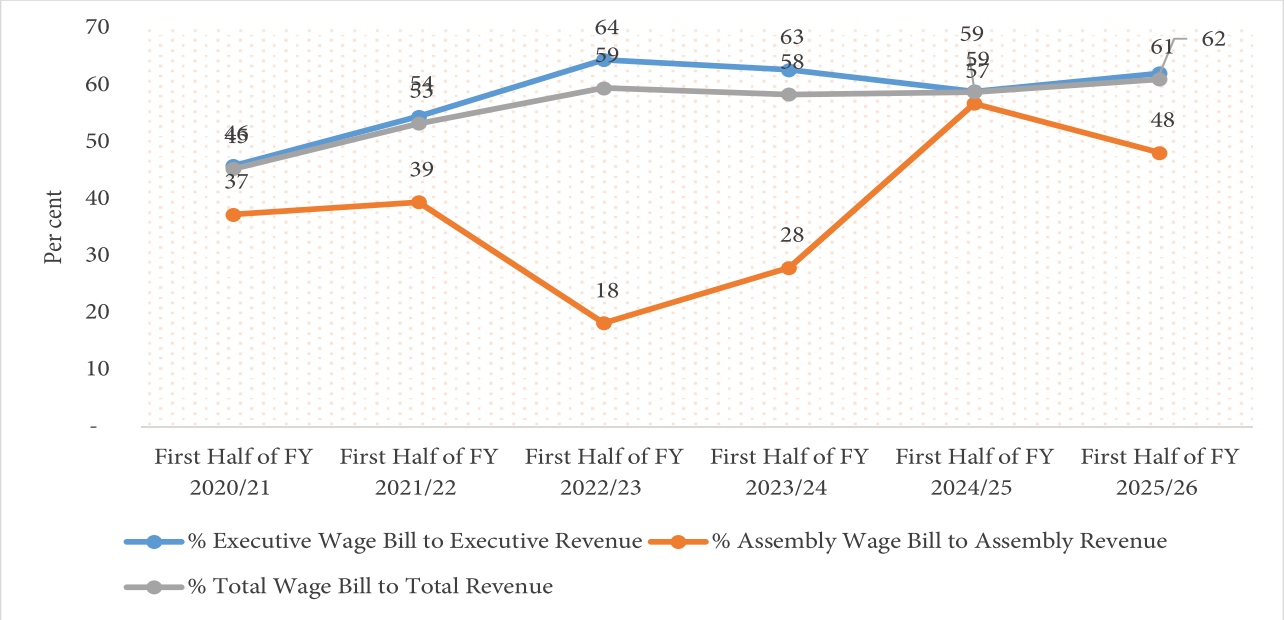
Source: *Bungoma County Treasury*

3.3.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.4.19 billion. The percentage of employee compensation to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.54 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.49 billion related to Health Sector employees, accounting for 36 per cent of the overall employees' compensation. The increase in PE expenditure in the reporting period compared with a similar period in FY 2024/25 is attributable to annual salary increases for various staff cadres.

Figure 17 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 17: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Bungoma County Treasury

Further analysis indicated that PE costs totalling Kshs.4.14 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.44.75 million was processed through manual payrolls, accounting for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was that Community Health Volunteers Staff Were not onboarded into the Human Resource Information System (HRIS).

The manual payroll included salaries for 2,238 staff not onboarded into the Human Resource Information System (HRIS) for County Health Volunteers Staff (CHVs), as shown in Table 3.38.

Table 3.38: Breakdown of Bungoma County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
	Salaries for 2,238 staff not onboarded into HRIS- County Health Volunteers Staff (CHVs)	44,750,000
	Total	**44,750,000**

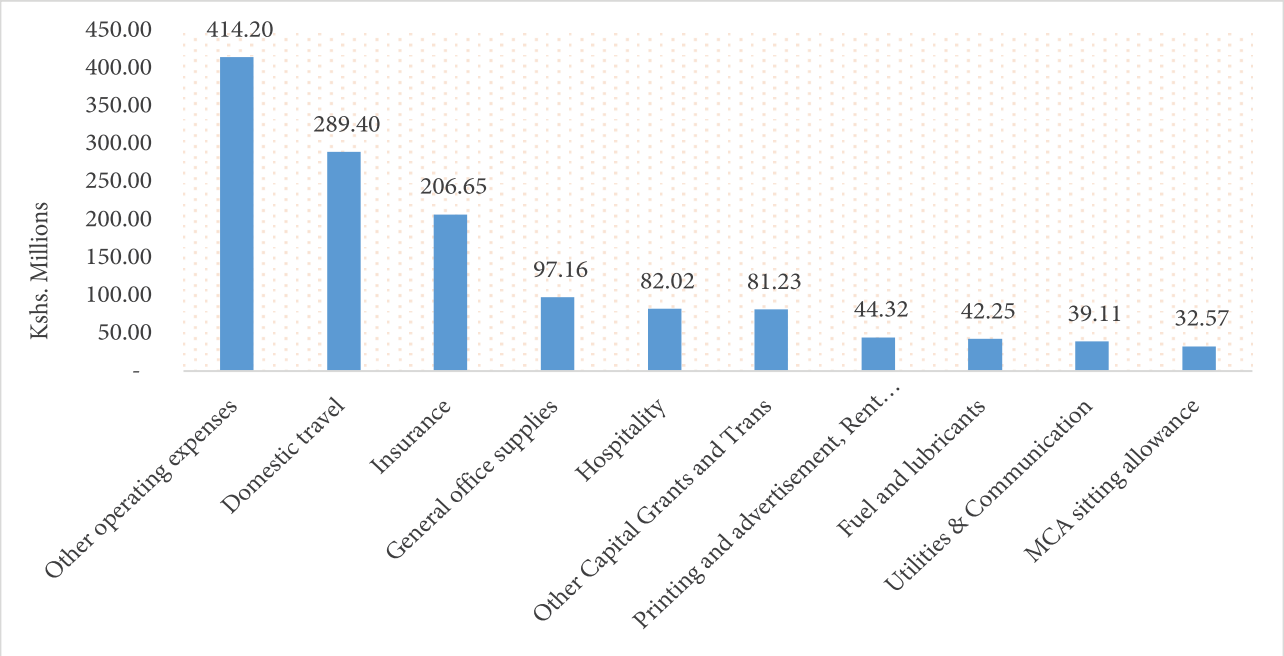
Source: Bungoma County Treasury

The County Assembly spent Kshs.32.57 million on committee sitting allowances for the 63 MCAs against the annual budget allocation of Kshs.51.23 million. The average monthly sitting allowance was Kshs.86,163 per MCA. The County Assembly has 24 House Committees.

3.3.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.03 billion on operations and maintenance, representing an increase of 41 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.829.82 million. Figure 18 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Bungoma County Treasury*

3.3.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.414.20 million on "*other operating expenses*," which is 30 per cent of the total operations and maintenance expenditure of Kshs.2.03 billion. This category of expenditure includes Kshs.201.05 million for garbage collection and Kshs.26.25 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.39.

Table 3.39: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	409,206,618	208,444,929
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	30,517,928	2,855,221
2211308	Legal Dues/fees, Arbitration and Compensation Payments	66,351,660	26,250,199
2211309	Management Fees	76,163,300	19,792,570
2211310	Contracted Professional Services	37,240,423	5,505,714
2211311	Contracted Technical Services	5,000,000	-
2211320	Temporary Committee Expenses	36,332,474	20,658,870
2211323	Laundry Expenses	300,000	-
2211324	Registration of Land	4,333,544	753,000
2211325	Constituency Office Expenses	46,793,880	7,728,296
2211399	Other Operating Expenses	223,097,959	122,212,965
Total		**935,337,786**	**414,201,764**

Source: *Bungoma County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Other Operating Expenses County Assembly (Kshs.15.78 million), Other Operating Expenses County Executive (Kshs.26.60 million), KRA payment Penalties (Kshs.23.10 million), M-Pox Sensitisation (Kshs.3.09 million), and Medical Reports and Records (Kshs 0.26 million).

3.3.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.155.25 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (less

than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.40 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.40: Performance of Bungoma County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds								
1.	Scholarships and other Educational Benefits	2014		-	-	747,408	1,864,000,000	Yes
2.	Trade Development Loan	2014	20,000,000	-	-	251,515	135,450,678	Yes
3.	Disability Empowerment Fund	2016	5,125,000	-	-		7,535,256	Yes
4.	Youth and Women Empowerment Fund	2015	30,000,000	-	-	1,920	75,414,500	Yes
5.	Emergency Fund	2019	100,000,000	4,725,000	-	5,052,478	337,871,021	Yes
County Assembly Established Funds								
6.	Employees' Car Loan and Mortgage Scheme Fund	2017	-	-	-	2,319,608	266,248,930	Yes
7.	MCAs' Car Loan and Mortgage Scheme Fund	2014	-	-	-	1,420,910	323,999,829	Yes
	Total		155,125,000	4,725,000		9,793,789	3,010,520,214	

Source: *Bungoma County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, Employees' Car Loan and Mortgage Scheme Fund and MCAs' Car Loan and Mortgage Scheme Fund Administrators, as indicated in Table 3.40.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespans of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.3.13 County Corporations

The County has one County Corporation, which was allocated Kshs.402.77 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.134.13 million, as shown in Table 3.41

Table 3.41: Performance of Bungoma County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Bungoma Water and Sewerage Plc-BWASCO	402,773,236	30,000,000	15,000,000	134,129,259	15,000,000
	Total	402,773,236	30,000,000	15,000,000	134,129,259	15,000,000

Source: *Bungoma County Treasury*

3.3.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.289.40 million and comprised Kshs.62.02 million spent by the County Assembly and Kshs.227.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.34 million and

comprised Kshs.6.60 million by the County Assembly and Kshs.2.74 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.42

Table 3.42: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	29th September to 2nd October ,2025	Facilitation for Inter-Cultural Competence Annual Conference and Travel Fee	Rabat-Morocco	2,738,899	-	2,738,899
County Assembly	5	29th to 30th August,2025	Facilitation to the SECOND UMUKUUKA 111 Royal Anniversary Dinner 2025	Uganda	388,759	-	388,759
	1	5th to 10th September, 2025	Facilitation for DSA to attend the Second Africa Climate Summit in Addis Ababa	Ethiopia	674,424	-	674,424
	19	28th October to 3rd November 2025	Leadership Retreat in Kampala	Uganda	5,534,487	-	5,534,487
Total					9,336,569		9,336,569

Source: Bungoma County Treasury and Bungoma County Assembly

3.3.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.335.45 million as FIF, which was 25 per cent of the annual target of Kshs.1.3 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.390.45 million, as shown in Table 3.43.

Table 3.43: Bungoma County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	2	671,296,847	246,926,640	37
2.	Level 4 Hospital	8	402,773,175	44,346,061	11
3.	Level 2& 3 Facility	180	221,000,001	99,176,084	45
Total			**1,2950,070,023**	**390,448,785**	**30**

Source: *Bungoma County Treasury*

3.3.16 Development Expenditure

In the review period, the County reported spending Kshs.929.30 million on development programmes, representing an increase of 22 per cent compared to FY 2024/25, when the County spent Kshs.760.70 million. Table 3.44 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the e-GP system.

Table 3.44: Bungoma County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads and Public Works	Ward-Based Projects	45 Wards	2025/2026	-	-	769,765,000	35,808,704	147,225,632	35
2	County Assembly	Debating Chambers	County Headquarters	15th March,2024	13th March,2026	399,734,190	-	114,820,897	114,820,897	57
3	Agriculture, Livestock, Fisheries and Co-operative Development	Farm Input Support – Fertiliser for 500 Beneficiaries per Ward	45 Wards	2025/2026	30th June, 2026	-	117,000,000	117,000,000	117,000,000	20
4	Roads and Public Works	Upgrading of Rural Roads - Misikhu - Brigadier Road	Tongaren	April 2024	June 2026	-	155,999,390	58,626,690	58,626,690	78
5	Roads and Public Works	Upgrading of Urban Roads - Salmond – Khalaba River Road	Township Ward	1st December, 2023	31st December,2026	174,606,810.50	73,973,232	31,063,639	31,063,639	90
6	Finance and Economic Planning	Revenue System Management	County Headquarters	2015/16	-	25,000,000	25,000,000	-	25,000,000	100
7	County Assembly	Speaker's Residence	Ndeng'elwa	19th April,2024	19th April,2025	34,904,935	34,904,935	24,664,691	24,664,691	82
8	Housing Department	Construction of Office Block	Milimani	February, 2024	1st September, 2026	78,798,211	22,500,000	-	22,500,000	15
Donor Funded Projects										
1	Trade, Energy and Industrialisation	County Aggregated Industrial Park -CAIP	Sang'alo	29th September,2023	2nd December,2026	-	133,368,420	-	54,018,156	59
Equalisation Funded Projects										
1	Finance and Economic Planning	Spot Improvement of Kapkurongo-Kiptega-Chepkwende Road	Mt.Elgon	5th December,2024	15th February,2025	11,276,360	11,276,360	11,245,040	11,245,040	100
2		Construction Of Makutano-Kabukwo Box Culvert		2nd December,2024	15th April,2025	10,340,878	10,340,878	10,340,058	10,340,058	100
3		Construction Of Wards and Laboratory of Kubura Dispensary		4th December,2024	25th January,2025	9,936,434	9,936,434	-	9,936,434	100
4		Sambocho Water Project		3rd December,2024	5th January,2026	9,474,907	9,474,907	4,743,320	4,743,320	100
5		Sacho Water Project		2nd December,2024	28th February,2025	4,241,337	4,241,337	4,241,337	4,241,337	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
6		Spot Improvement of Land B-Kopsiro Health Centre-Chepyuk Centre Road		3rd December,2024	10th February,2025	2,202,120	2,202,120	2,193,212	2,193,212	100

Source: *Bungoma County Treasury*

3.3.17 Budget Performance by Department

Table 3.45 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.45: Bungoma County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operative Development	70.06	535.02	8.6	4.52	26.05	194.02	303	4,293	37	36
Tourism, Forestry, Environment	375.27	244.49	203.22	55.5	211.42	98.05	104	177	56	40
Water and Natural Resources	60.32	743.41	15.76	17.79	24.35	51.35	155	289	40	7
Roads and Public Works	45.76	1,291.65	9.52	148.79	20.09	248.21	211	167	44	19
Education, Science and ICT	93.65	165.59	44.11	18.97	21.9	46.16	50	243	23	28
Health and Sanitation	1,471.70	225.03	38.05	9.04	75.63	9.04	199	100	5	4
Trade, Energy and Industrialisation	78.29	382.64	11.87	6.65	19.07	60.67	161	912	24	16
Gender, Culture, Youth and Sports	110.66	21.13	34.58	2.95	41.57	2.95	120	100	38	14
Land, Urban and Physical Planning	27.67	96.09	6.32	-	9.44	16.38	149	-	34	17
Bungoma Municipality	44.25	75.39	7.4	7.04	6.36	7.04	86	100	14	9
Kimilili Municipality	43.69	87.1	8.26	-	6.78	-	82	-	16	-
Housing	28.43	319.9	22.02	22.5	21.94	22.5	100	100	77	7
Finance and Economic Planning	384.47	225	113.9	35.24	163.14	29.73	143	84	42	13
County Public Service	38.29	13.23	12.66	-	16.73	-	132	-	44	-
Governor's	191.57	-	59.24	-	92.56	-	156	-	48	-
D/Governor's Office	39.61	-	1.34	-	10.96	-	821	-	28	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Administration	349.65	393.72	46.7	5	254.12	-	544	-	73	-
County Secretary	6,338.56	-	4,155.92	-	4,003	-	96	-	63	-
Sub-County Administrators'	8.47	-	1.96	-	3.22	-	164	-	38	-
ICT	15.99	-	0.31	-	-	-	-	-	-	-
County Attorney	76.91	-	1.65	-	31.4	-	1,899	-	41	-
Records Management	1	-	-	-	0.24	-	-	-	24	-
County Assembly	969.22	243.49	345.38	-	390.76	143.22	113	-	40	59
Total	**10,863.51**	**5,062.89**	**5,148.78**	**334**	**5,450.71**	**929.3**	**106**	**278**	**50**	**18**

Source: *Bungoma County Treasury*

Analysis of departmental expenditure shows that the Department of County Assembly recorded the highest absorption rate of the development budget at 59 per cent, followed by the Department of Tourism, Forestry, and Environment at 40 per cent. The Department of Housing had the highest recurrent expenditure-to-budget ratio at 77 per cent, while the Department of Health and Sanitation had the lowest at 5 per cent.

The departments and entities namely; Records Management, County Attorney, Sub County Administrators', D/Governor's Office, Governor's, County Public Service, Kimilili Municipality, Bungoma Municipality, Land, Urban and Physical Planning, Gender, Culture, Youth and Sports, Trade, Energy and Industrialisation, Health and Sanitation, Education, Science and ICT, Roads and Public Works, Water and Natural Resource, Tourism, Forestry, Environment, and Agriculture, Livestock, Fisheries and Co-operative Development reported below 50 per cent absorption rate for both recurrent and development expenditures occasioned by intermittent delays in roll out of procurement plans and implementation of e-GP system.

The absorption of funds above the approved exchequer was due to funds carried forward from the 2024/25 financial year in special-purpose accounts for additional allocations to the Department of Trade, Energy and Industrialisation, Bungoma Municipality, and Land, Urban and Physical Planning. The Agriculture, Livestock, Fisheries and Co-operative Development, Tourism, Forestry, Environment, Roads and Public Works, and Education, Science and ICT had overcommitted funds in the system and reported on an accrual basis.

3.3.18 Budget Execution by Programmes and Sub-Programmes

Table 3.46 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rates.

Table 3.46: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
Crop Development and Management	Crop Production and Productivity	184,500,000	184,500,000	100
Department of Finance and Economic Planning				
Service Delivery and Organisational Transformation	ICT Development	25,000,000	25,000,000	100
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
Crop Development and Management	Pending Bill	6,680,980	5,557,966	83

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Department of Tourism, Environment, Water, Natural Resources and Climate Change				
Climate Change Coordination and Management	Climate Change Resilience Investment Grant	153,488,888	98,046,975	64
Department of County Assembly				
General Administration, Planning and Support Services	Infrastructural Development	243,490,260	143,218,452	59
RECURRENT				
Department of Health and Sanitation				
General Administration, Planning and Support Services	Medical Insurance	200,000,000	200,000,000	100
Department of Housing				
General Administration, Planning and Support Services	KISIP Co-Funding –Administrative	18,500,000	18,500,000	100
Department of Youth and Sports				
General Administration, Planning and Support Services	Catering Items	1,890,000	1,861,595	98
Department of Gender and Culture				
Cultural Development and Management	Participate in KICOSCA and EALSCA Games	26,000,000	25,319,700	97
Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development				
General Administration, Planning and Support Services	Administrative and Support Services	13,767,465	12,664,972	92

Source: *Bungoma County Treasury*

The development sub-programmes with the highest budget implementation rates were: Crop Production and Productivity in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 100 per cent, ICT Development in the Department of Finance and Economic Planning at 100 per cent, Pending Bill in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 83 per cent, Climate Change Resilience Investment Grant in the Department of Tourism, Environment, Water, Natural Resources and Climate Change at 64 per cent and Infrastructural Development in the Department of County Assembly at 59 per cent.

For recurrent sub-programmes, the top performers included: Medical Insurance in the Department of Department of Health and Sanitation at 100 per cent, KISIP Co-Funding –Administrative in the Department of Department of Housing at 100 per cent, Catering Items in the Department of Youth and Sports at 98 per cent, Participate in KICOSCA and EALSCA Games in the Department of Gender and Culture at 97 per cent and Administrative and Support Services in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-Operatives Development at 92 per cent.

The higher performance of these programmes can be attributed to the payment of trade payables for goods and services and to Participation in the KICOSCA Games, with approximately 400 participants, in November 2025, in Siaya County.

Table 3.47 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.47: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Department of Tourism, Water, Natural Resources and Climate Change				
Water and Sanitation Development and Management	Ward-Based Projects	189,450,000	25,201,754	**13**
Department of Housing				
Housing Development Management	Housing Financing Services	297,400,190	22,500,000	8
Department of Health and Sanitation				
General Administration, Planning and Support Services	Construction and Maintenance of Buildings	175,033,801	9,040,743	5
Department of Agriculture, Livestock, Fisheries and Co-Operative Development				
Crop Development and Management	National Agricultural Value Chain Development Programme (NAVCDP)	151,515,152	1,997,000	1
Department of Agriculture, Livestock, Fisheries and Co-Operative Development				
Crop Development and Management	Ward-Based Projects	140,500,000	1,214,800	1
RECURRENT				
Department of Finance and Economic Planning				
Service Delivery and Organisational Transformation	Special Coordination Unit	135,450,000	25,166,860	19
Department of Tourism, Water, Natural Resources and Climate Change				
General Administration Planning and Support Services	Planning and Support Services	10,436,507	1,908,910	18
Department of Finance and Economic Planning				
County Planning Management	Monitoring and Evaluation	7,785,507	1,174,524	15
Department of Health and Sanitation				
Curative and Rehabilitative Health Services	Hospital Level Services	1,250,070,023	50,134,120	4
Department of County Assembly				
Legislation, Oversight and Representation	Representation Services	7,135,018	50,000	1

Source: *Bungoma County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Ward Based Projects in the Department of Tourism, Environment, Water, Natural Resources and Climate Change at 13 per cent, Housing Financing Services in the Department Housing at 8 per cent, Pending Bill Construction and Maintenance of Buildings in the Department of Health and Sanitation at 5 per cent, National Agricultural Value Chain Development Programme (NAVCDP) and Ward Based Projects in the Department of Agriculture, Livestock, Fisheries, Irrigation and Co-operatives Development at 1 per cent.

For recurrent sub-programmes, the lowest-performing included: Special Coordination Unit in the Department of Finance and Economic Planning at 19 per cent, Planning and Support Services Department of Housing at 18 per cent, Monitoring and Evaluation in the Department of Finance and Economic Planning at 15 per cent, Hospital Level Services in the Department of Health and Sanitation at 4 per cent and Representation Services in the Department of County Assembly at **1** per cent.

These lower performances are attributed to delays in exchequer releases by the National Treasury and Challenges in implementing the Electronic Government Procurement System (e-GP).

3.3.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 301 accounts in commercial banks, including 145 accounts for Health Facilities and Dispensaries, 116 accounts for Vocational Training Centres, 16 accounts for Established Funds, 14 accounts for level 4 and 5 hospitals, 4 revenue accounts, and 6 accounts for operations of the County Assembly.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 301 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.3.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Bungoma County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.499.17 million against an annual target of Kshs.1.97 billion, representing 25 per cent of the financial year target, instead of the expected 50 per cent.
ii. The County Treasury failed to appropriate the unspent cash balance from the previous financial year, amounting to Kshs.686.93 million.
iii. Low development performance in the review period, as the County incurred Kshs.929.30 million on development activities, achieving an 18 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Scholarships and other Educational Benefits Fund, Trade Development Loan Fund, Disability Empowerment Fund, Youth and Women Empowerment Fund, Emergency Fund, and MCAs' Car Loan and Mortgage Scheme Fund had lapsed, making them ineligible for further withdrawals.
v. High level of trade payables, amounting to Kshs.2.85 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.44.75 million for Salaries for 2,238 staff not onboarded into HRIS- County Health Volunteers Staff (CHVs') were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.122.21 million under "*other operating expenses,*" accounting for 30 per cent of total operation and maintenance costs.

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

i. *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.*
ii. *The County Treasury should prepare a Supplementary budget to appropriate the unspent cash balances from the previous financial year.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vi. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*

vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.4. County Government of Busia

3.4.1 Overview of FY 2025/26 Budget

The Busia County Approved Supplementary Budget for FY 2025/26 is Kshs.11.25 billion. It comprises Kshs.3.99 billion (36 per cent) and Kshs.7.25 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.478 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.91 billion and a recurrent budget of Kshs.6.86 billion. The increase in the budget was primarily due to higher own-source revenue and FIF.

The budget is be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.7.97 billion (71 per cent), additional allocations of Kshs.1.17 billion (10 per cent), a cash balance of Kshs.1.12 billion (10 per cent) brought forward from FY 2024/25, and Kshs.999.76 million (9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.48

3.4.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.08 billion. This amount represented a decrease of 1.0 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.12 billion. The total revenue consisted of Kshs.3.30 billion from the equitable share of revenue raised nationally, and the own-source revenue (OSR) collection of Kshs.268.55 million. Additionally, the County had a cash balance of Kshs.508.26 million from FY 2024/25. The total OSR collection of Kshs.268.57 million included Facilities Improvement Financing (FIF) of Kshs.204.42 million, and Kshs.64.15 million from other OSR sources. Table 3.48 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.48: Busia County, Revenue Performance in the First Half of FY 2025/26

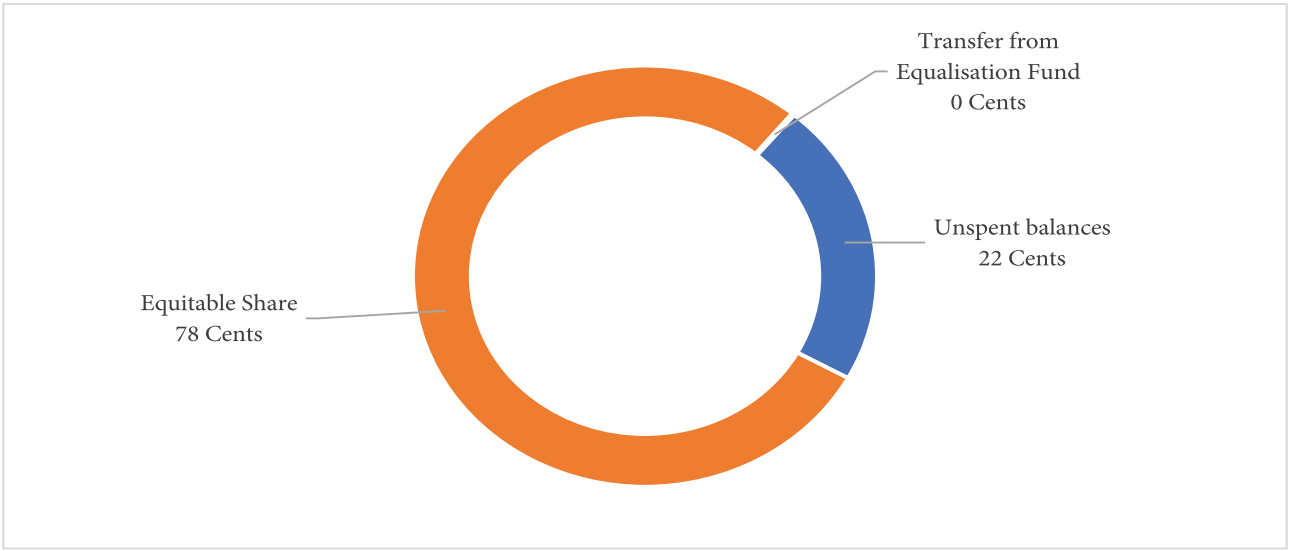
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**506, 871, 860**	**506, 871, 860**	-	**506, 871, 860**	-
2	County Executive Refunds to CRF	**225, 633**	**225, 633**	-	**225, 633**	-
3	County Assembly Refunds to CRF	**1, 158, 654**	**1, 158, 654**	-	**1, 158, 654**	-
	0ther receivables	**612, 108, 110**	-	**612, 108, 110**	**612, 108, 110**	
	Sub-Total	**1,120,364,257**	**508, 256, 147**	**612, 108, 110**	**1,120,364,257**	
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	**7, 956, 564, 058**	**3, 301, 974, 083**	**676, 303, 946**	**3, 978, 282, 029**	3, 978, 282, 029
	Sub-Total	**7, 956, 564, 058**	**3, 301, 974, 083**	**676, 303, 946**	**3, 978, 282, 029**	
C	**Transfers from the Equalisation Fund**					
1	Equalisation Fund	**17, 919, 656**	-	**8, 959, 828**	**8, 959, 828**	8, 959, 828
	Sub-Total	**17, 919, 656**	-	**8, 959, 828**	**8, 959, 828**	
D	**Additional Allocations (Including Grants)**					
1	Kenya devolution support program II	**353, 500, 000**	-	-	-	-
2	National agricultural value chain development project	**231, 250, 000**	-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	FFLoCA- County climate resilient investment	**217, 000, 000**	-	-	-	-
4	Kenya urban support program - UDG	**197, 124, 703**	-	-	-	-
5	Kenya devolution support program I	**37, 500, 000**	-	-	-	-
6	Kenya livestock commercialisation project	**33, 550, 000**	-	-	-	-
7	Kenya urban support program - UIG	**28, 400, 000**	-	-	-	-
8	Aquaculture business development project	**22, 945, 560**	-	-	-	-
9	Kenya agricultural business development project	**10, 918, 919**	-	-	-	-
10	Affordable housing program	**8, 817, 410**	-	-	-	-
	Sub-Total	**1, 153, 544, 092**	-			
E	**Ordinary Own Source Revenue (OSR)**					
1	Own source revenue	**554, 697, 942**	**64, 147, 962**	-	-	-
	Sub-Total	**554, 697, 942**	**64, 147, 962**			
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	**445, 062, 668**	**204, 418, 245**	-	-	-
	Sub-Total	**445, 062, 668**	**204, 418, 245**	-	-	-
Total		**11, 248, 152, 673**	**4, 078, 796, 436**			

Source: *Busia County Treasury*

Figure 19 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 19: Busia County Composition of Each Shilling Earned in the First Half of FY 2025/26

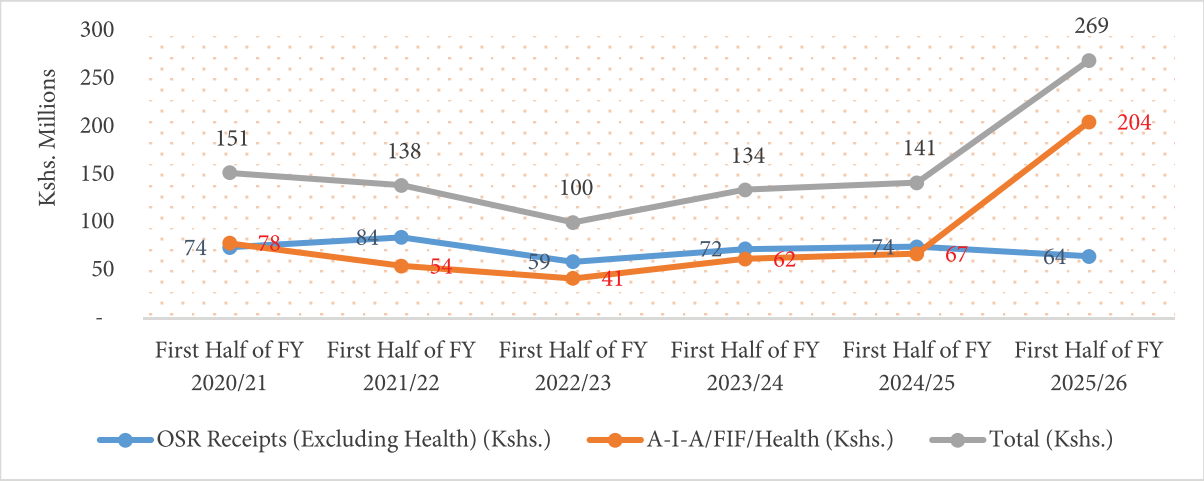


Source: *Busia County Treasury*

The equitable share of revenue raised nationally, OSR, and unspent balances contributed 78 per cent, 22 per cent , of the total receipts for the reporting period.

Figure 20 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 20: Busia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

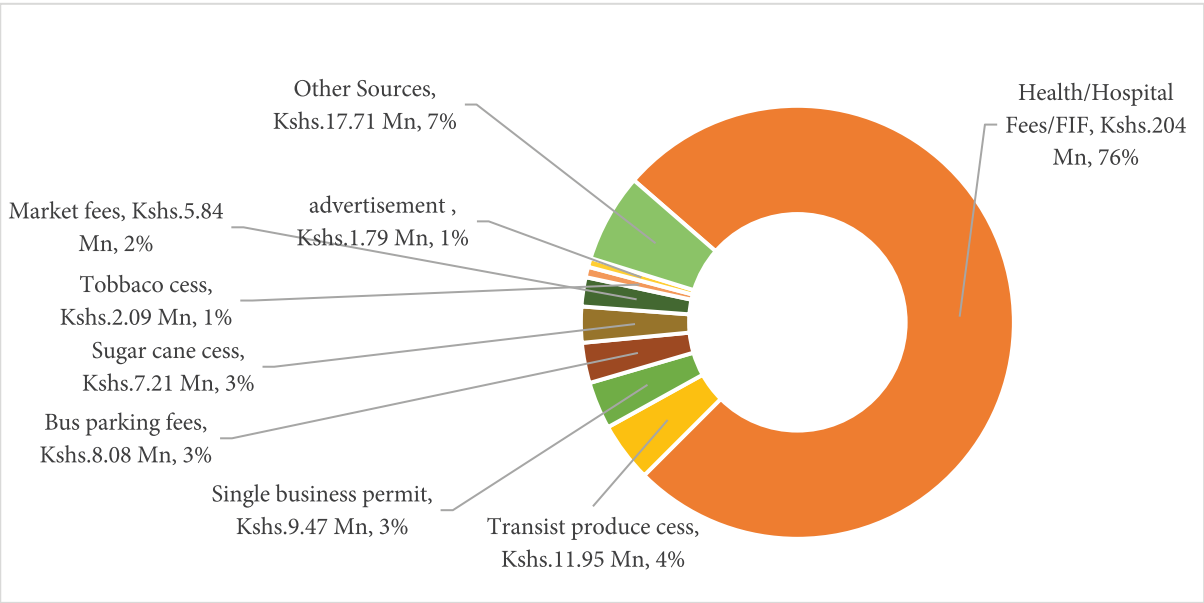


Source: *Busia County Treasury*

During the first half of FY 2025/26, the County received Kshs.268.57 million from OSR, including FIF. This amount was an increase of 90 per cent compared to Kshs.141.06 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved collections from the FIF. The revenue streams that contributed the most to OSR receipts are shown in Figure 20.

Figure 21: Busia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Busia County Treasury.

As shown in Figure 21, the highest revenue stream, at Kshs.204.42 million, was from the Facility improvement fund, accounting for 76 per cent of the total OSR receipts.

3.4.3 Revenue Arrears/ Receivables.

As of 1st July 2025, the County reported revenue arrears of Kshs.746.03 million, which increased to Kshs.1.47 billion as of 31st December 2025. Table 3.49 presents a breakdown of the County's revenue arrears.

Table 3.49: Busia County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	**676, 303, 946**	**676, 303, 946**
	Sub-Total	-	-	-	**676, 303, 946**	**676, 303, 946**
B	**Transfers from the Equalisation Fund**					
1	**Equalization fund**	-	-		**8, 959, 828**	**8, 959, 828**
	Sub-Total	-	-	-	**8, 959, 828**	**8, 959, 828**
C	**Additional Allocations**					
1	**FLLoCA – County climate resilient investment grant**	**217, 000, 000**	-	**12, 705, 306**	-	**204,294, 694**
2	**National value chain development program**	**165, 424, 528**	-	-	-	**165, 424, 528**
3	**The county aggregated the industrial park**	**116, 631, 579**	-	**63, 500, 000**	-	**53, 131, 579**
4	**Kenya urban support program II - UDG**	**76, 464, 543**	-	-	-	**76, 464, 543**
5	**Kenya devolution support program II**	**37, 500, 000**	-	-	-	**37, 500, 000**
6	**Aquaculture business development project**	**22, 585, 560**	-	-	-	**22, 585, 560**
7	**FLLoCA – County climate institutional support grant**	**11, 000, 000**	-	-	-	**11, 000, 000**
8	**Nutrition international**	**6, 000, 000**	-	-	-	**6, 000, 000**
9	**Kenya urban support program II - UIG**	**2, 690, 700**	-	-	-	**2, 690, 700**
	Sub-Total	**638, 615, 342**	-	**76, 205, 306**	-	**562, 410, 036**
E	**Facility Improvement Fund (FIF)**					
1	SHA	**86, 900, 350**	-	**86, 900, 350**	**204, 870, 939**	**204, 870, 939**
2	Defunct NHIF	**20, 510, 166**	-		-	**20, 510, 166**
	Sub-Total	**107, 410, 516**	-	**86, 900, 350**	**204, 870, 939**	**225, 381, 105**
Total		**746, 025, 858**	-	**163, 105, 656**	**890, 134, 713**	**1,473,054,915**

Source: Busia *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1,473.05 million, comprising Kshs.676.03 million for Equitable share (46 per cent), Kshs.562.41 million for additional conditional allocations (43 per cent) and Kshs.204.87 million for SHA (13 per cent)

3.4.4 Borrowing by the County

Busia County has no credit facility with any bank that has come to OCOB knowledge during the reporting period.

3.4.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3 billion from the Busia County Revenue Fund (CRF) account. This amount consisted of Kshs.241.46 million (8 per cent) designated for development programs and Kshs.2.76 billion (92 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.20 billion was allocated to employee compensation and Kshs.558.59 million to operations and maintenance expenditures. Within the operations and maintenance category, 21 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.136.90 million, which included Kshs.65.24 million for the County Executive and Kshs.71.66 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.8 million, with Kshs.2.03 million for the County Executive and Kshs.10.77 million for the County Assembly.

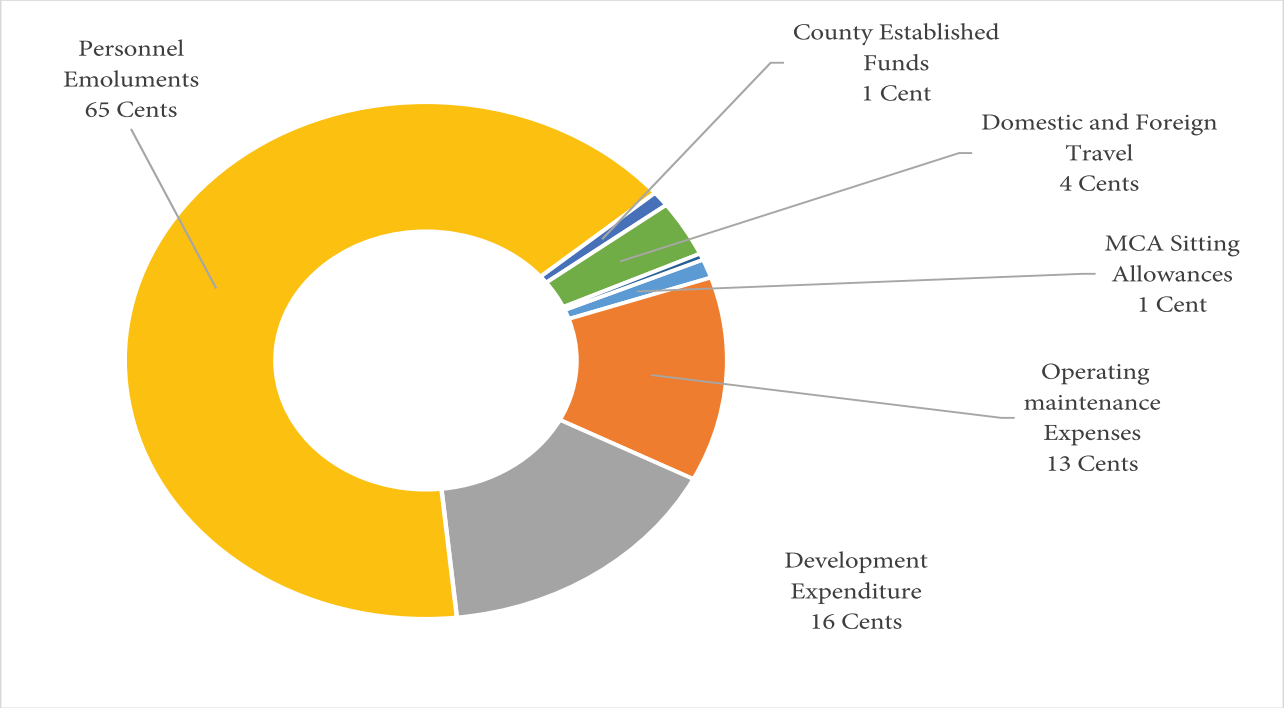
As of December 31, 2025, the County Government's cash balance in the Busia County CRF account was Kshs.658.80 million. The Busia County Assembly Fund (CAF) account has not been made operational as at 31st December 2025.

3.4.6 Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the Controller of Budget. It comprised Kshs.472.48 million for development programmes and Kshs.2.48 billion for recurrent programmes. Expenditure on development programmes represented 12 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 22 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 22: Busia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Busia *County Treasury*

As shown in Figure 22 the three highest expenditure categories were personnel emoluments, development expenditure, and operating and maintenance expenses, which accounted for 65, 16, and 13 per cent of total expenditure, respectively, for the reporting period.

3.4.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.3.27 billion. This amount consisted of Kshs.2.65 billion from the County Executive and Kshs.620.48 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.40 billion for recurrent expenditure and Kshs.1.26 billion for development expenditure. The trade payables from the County Assembly was entirely for recurrent expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.126.5 million, comprising Kshs.33.99 million (26.9 per cent) for recurrent programmes and Kshs.92.51 million (73.1 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.26.08 million (100 per cent) for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.53 billion for the County Executive and Kshs.594.4 million for the County Assembly. Table 3.50 provides additional details of trade payables.

Table 3.50: Busia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1, 258, 115, 665	1, 395, 958, 621	2, 654, 074, 286
		County Assembly	-	620, 481, 376	620, 481, 376
		Total	1, 258, 115, 665	2, 016, 439, 997	3, 274, 555, 662

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	629, 057, 833	697, 979, 310	1, 327, 037, 143
		County Assembly	-	310, 240, 686	310, 240, 686
		Total	629, 057, 833	1, 008, 219, 999	1, 637, 277, 831
Amount paid in the First Half of FY 2025/26	c	County Executive	92, 509, 168	33, 931, 297	126, 500, 465
		County Assembly	-	26, 077, 323	26, 077, 323
		Total	92, 509, 168	60, 068, 620	152, 577, 788
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**1, 165, 606, 497**	**1, 361, 931, 324**	**2, 527, 537, 821**
		County Assembly	**-**	**594, 404, 053**	**594, 404, 053**
		Total	**1, 165, 606, 497**	**1, 956, 335, 377**	**3, 121, 941, 874**

Source: *Busia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.272.88 million and Kshs.51.71 million on recurrent and development expenditure, respectively per month in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.126.50 million for the Executive and Kshs.26.08 million for the Assembly.

Table 3.51 andTable 3.52 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.12 billion.

Table 3.51: Busia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**591, 152, 235**	**316, 983, 854**	**57, 734, 589**	**199, 735, 819**	**1, 165, 606, 497**
Recurrent Trade Payables (Goods & Services)	538, 494, 021	368, 234, 512	207, 548, 958	247, 653, 833	**1, 361, 931, 324**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	538, 494, 021	368, 234, 512	207, 548, 958	247, 653, 833	**1, 361, 931, 324**
Total Trade Payables	**1, 129, 646, 256**	**658, 218, 366**	**265, 283, 547**	**447, 389, 652**	**2, 527, 537, 821**
% of Total	**45%**	**27%**	**10%**	**18%**	**100%**

Source: *Busia County Treasury*

Table 3.52: Busia County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	6, 837, 377	-	-	-	**6, 687, 377**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	190, 927, 605	359, 504, 151	6, 097, 086	-	**556, 528, 842**
Recurrent Trade Payables (Staff Claims)	10, 403, 495	20, 634, 340	-	-	**31, 037, 935**
Total Recurrent Trade Payables	208, 168, 477	380, 138, 491	6,097, 086	-	**594, 404, 053**
% of Total	35	64	1	-	**100**
Total Trade Payables	**1, 337, 814, 733**	**1, 065, 356, 857**	**271, 380, 633**	**447, 389, 652**	**3, 121, 941, 874**
% of Total	**43%**	**34%**	**9%**	**14%**	**100%**

Source: *Busia County Assembly & Treasury.*

The County Government of Busia has not implemented the pending bills action plan for the first half of the FY 2025/26.

3.4.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.75 billion on compensation of employees, Kshs.364.39 million on operations and maintenance, and Kshs.471.03 million on development activities. Similarly, the County Assembly spent Kshs.206.35 million on compensation of employees, Kshs.152.50 million on operations and maintenance, and Kshs.1.45 million on development activities, as shown in Table 3.53.

Table 3.53: Busia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,949,224,674**	**859,598,045**	**2,117,410,130**	**358,855,963**	**2,117,410,130**	**358,855,963**	**36**	**42**
Compensation of Employees	4,038,194,122	405,650,970	1,754,022,443	206,352,070	1,754,022,443	206,352,070	43	51
Operations and Maintenance	1,911,030,552	453,947,075	364,387,687	152,503,893	364,387,687	152,503,893	12	34
Development Expenditure	**3,939,767,286**	**54,500,000**	**471,030,353**	**1,450,000**	**471,030,353**	**1,450,000**	**12**	**3**
Total	**9,888,991,960**	**914,098,045**	**2,588,440,483**	**360,305,963**	**2,588,440,483**	**360,305,963**	**26**	**39**

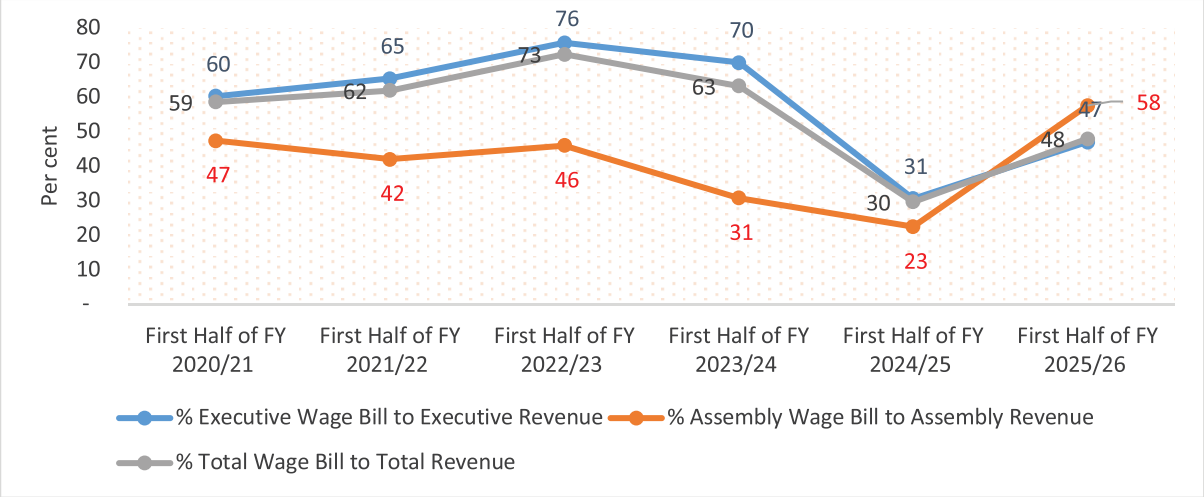
***Source**: Busia County Treasury*

3.4.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.96 billion. The percentage of compensation of employees to revenue was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.1 billion reported in a similar period in FY 2024/25. Of this total, Kshs.969.59 million related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Figure 23 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 23: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Busia County Treasury

Further analysis indicated that PE costs totalling Kshs.1.82 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.135.57 million was processed through manual payrolls, which accounted for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the county executive's late processing of personal file numbers and uploads to HRIS.

The manual payroll comprised salaries for 44 staff not onboarded into the Human Resource Information System (HRIS), salaries for 99 casual staff, gratuity remittances to pension schemes for staff on contract, and Community health promoters, as shown in Table 3.54.

Table 3.54: Breakdown of Busia County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	28, 821, 297
2	Salaries for casual staff	58, 706, 901
4	Community health volunteers	32, 837, 500
5	Gratuity for contract staff	15, 207, 992
	Total	**135, 573, 690**

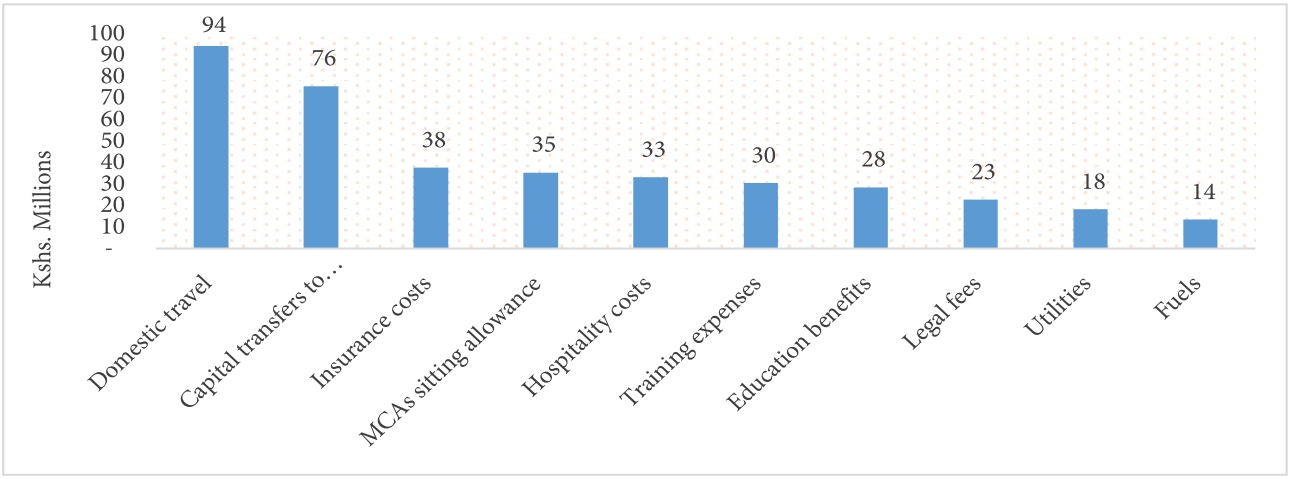
Source: Busia County Treasury

The County Assembly spent Kshs.35.40 million on committee sitting allowances for the 53 MCAs and the speaker against the annual budget allocation of Kshs.65.66 million. The average monthly sitting allowance was Kshs.109, 270 per MCA. The County Assembly has 20 House Committees.

3.4.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.516.89 million on operations and maintenance, representing a decrease of 11 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.581.06 million. Figure 24 summarises the Operations and Maintenance expenditure by major categories.

Figure 24: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: *Busia County Treasury*

3.4.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.126.57 million on "*other operating expenses*," which is 24 per cent of the total operations and maintenance expenditure of Kshs.516.89 million. This category of expenditure includes Kshs.13.37 million for membership dues, subscriptions and registration and Kshs.23.68 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.55.

Table 3.55: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted guards and cleaning services	20, 249, 404	5, 982, 443
2211306	Membership fees, dues & subscriptions to professional and trade bodies	13, 767, 625	13, 368, 038
2211308	Legal fees/dues, arbitration and compensation payments	43, 757, 034	23, 675, 694
2211310	Contracted professional services	48, 454, 684	10, 848, 322

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other operating expenses – Others	277, 347, 520	72, 692, 270
	Total	**403, 576, 267**	**126, 566, 767**

Source: *Busia County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses-Other" category. These include: repairs and maintenance of motor vehicles, domestic travel, Subscription to professional bodies, e.tc.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, miscellaneous services, facilitation fee, etc*

3.4.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.65.65 million to County-Established funds in FY 2025/26. Further, the County allocated Kshs.5 million to the Emergency Fund, in line with Section 110 of the PFM Act, 2012. Table 3.56 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.56: Performance of Busia County Established Funds in the First Half of FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Agriculture development fund	2015	-	-	-	90, 000, 000	NO
2	Bursaries and scholarships	2014	52, 146, 300	-	-	117, 800, 000	NO
3	Cooperative enterprise fund	2016	13, 500, 000	-	-	123, 005, 000	NO
4	County Executive Revolving Fund	2017	-	-	-	222, 000, 000	NO
		County Assembly Established Funds					
1	County Assembly revolving fund	2014	-	-	-	641, 249, 842	NO
	Total		65, 646, 300	-	-	**1,229,854, 842**	

Source: *Busia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.56, contrary to the requirement of Section 168 of the PFM Act, 2012. The County did not disclose administration costs of all the Funds to determine whether were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the 5 Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.4.13 County Corporations

The County has one County Corporation, which was allocated Kshs.20 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.12.03 million, as shown in Table 3.57

Table 3.57: Performance of Busia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Busia water & sewerage company	20, 000, 000	-	12, 025, 000	25, 525, 000
	Total	20, 000, 000	-	12, 025, 000	25, 525, 000

Source: *Busia County Treasury*

3.4.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.94.28 million and comprised Kshs.46.30 million spent by the County Assembly and Kshs.47.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.80 million and comprised Kshs.10.77 million by the County Assembly and Kshs.2.03 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.58.

Table 3.58: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	1st July to 15th August 2025	Attend the UN General Assembly	New York	-	2,026, 300	2,026, 300
County Assembly	14	9 November 2025	e-governance conference	Dubai	-	7, 001, 862	7, 001, 862
County Assembly	7	10 December 2025	e-governance conference	Dubai	-	3, 772, 882	3, 772, 882
Total						12, 801, 044	12, 801, 044

Source: Busia County Treasury and Busia County Assembly

3.4.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.204.42 million as FIF, which was 46 per cent of the annual target of Kshs.445.06 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.13.46 million, as shown in Table 3.59

Table 3.59: Busia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	6	383, 932, 246	13, 254, 903	3.5
3.	Level 3 Facility	16	21, 348, 581	210, 000	1
4.	Level 2 Facility	72	12, 599, 195	-	-
	Total		**417, 880, 022**	**13, 464, 903**	**3.2**

Source: *Busia County Treasury*

3.4.16 Development Expenditure

During the review period, the County reported spending Kshs.472.48 million on development programmes, a 52 per cent decrease from FY 2024/25, when the County spent Kshs.977.04 million. Table 3.60 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in approving the Appropriation Act 2025, EGP, and procurement challenges.

Table 3.60: Busia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Education	Completion of 91 ECDE Classrooms	County wide	May 2025	June 2026	73,000,000	63,000,000	65,750,000	67,232,018	90

Source: *Busia County Treasury*

3.4.17 Budget Performance by Department

Table 3.61 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.61: Busia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Smart Agriculture, Livestock, and Fisheries	277.16	640.92	64.88	40.61	96.22	94.86	148	234	35	15
Trade, cooperative, Tourism & industry	86.04	270.13	29.37	-	14.21	-	48	-	17	-
Education & vocational training	685.74	213.02	231.21	71.63	251.92	72.88	109	102	37	34
Finance & economic planning	648.69	17.92	280.53	-	228.45	-	81	-	35	-
Youths, sports, culture, gender, arts	275.94	25.79	51.08	-	46.47	-	91	-	17	-
Transport, roads & Public works	157.69	786.09	40.76	54.35	43.75	122.52	107	225	28	16
Public service management	760.97	352.5	126.80	-	207.45	-	164	-	27	-
Lands, housing & urban development	223.26	350.12	49.42	-	29.50	1.97	60	-	13	1
Water, environment, irrigation & energy	158.66	890.43	49.10	46	61.51	142.32	125	309	39	16
Health and sanitation	2,127.99	365.13	1,329.49	22.61	991.82	31.67	75	140	47	9
Public service board	74.37	-	31.72	-	14.49	-	46	-	20	-
Office of the Governor	353.73	16.73	93.96	4.80	103.81	4.81	111	100	29	29
County Assembly	859.60	54.5	356.50	1.45	358.86	1.45	101	100	42	3
County Attorney	67.30	-	14.18	-	24	-	169	-	36	-
Strategic partnerships & digital economy	51.68	10.99	9.59	-	3.82	-	40	-	7	-
	6,808.82	**3,994.27**	**2,758.58**	**241.46**	**2,476.27**	**472.48**	**90**	**196**	**36**	**12**

Source: *Busia County Treasury*

Analysis of departmental expenditure shows that the Department of Education and vocational training recorded the highest absorption rate of the development budget at 34 per cent, followed by the Department of the Office of the Governor at 29 per cent. The Department of Health and Sanitation had the highest recurrent expenditure-to-budget ratio at 47 per cent, while the Department of Strategic Partnerships and Digital Economy had the lowest at 7 per cent.

3.4.18 Budget Execution by Programmes and Sub-Programmes

Table 3.62 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.62: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Water, Environment, and Natural Resources							
Programme 3	Urban water infrastructure development	-	20,000,000	-	12,025,000	-	60
	Afforestation & Agro-forestation	-	9,143,500	-	4,999,000	-	55
	General admin and support services	**158,655,750**	-	**61,514,928**	-	39	-
	Sub total	**158,655,750**	**29,143,500**	**61,514,928**	-	-	-
Department Smart agriculture, livestock and fisheries							
Programme 2	Aquaculture development	-	22,586,560	-	10,750,865	-	48
	General admin and support services	277,164,430	-	96,217,641	-	35	-
	Sub-Total	**277,164,430**	**22,586,560**	**96,217,641**	**10,750,865**		
Department of Health and Sanitation							
Programme 1	General admin and support services	**1,995,780,153**	-	**967,397,304**	-	48	-
	Ambulance and referral services	**33,208,100**	-	**12,173,461**	-	37	-
	Sub-Total						
Department County assembly		-	--		-	-	-
Programme 1	General admin and support services	**859,598,045**	-	**357,953,837**	-	42	-
	Sub-Total	**859,598,045**	-	**357,953,837**	-	-	-
Department of County Treasury							
Programme 1	General admin and support services	648,685,703	-	228,448,376	-	35	-
	Sub total	**648,685,703**	-	**228,448,376**	-		
Department of the County Attorney		-	-	-	-	-	-
Programme 4	General admin and support services	67,297,526	-	23,814,005	-	35	-
	Sub Total	**67,297,526**	-	**23,814,005**	-	-	-
Grand Total							

Source: *Busia County Treasury*

The development sub-programmes with the highest budget implementation rates included urban water infrastructure development at 60 per cent, afforestation & Agro-forestation at 55 per cent, both in the department of water, environment and natural resources, and aquaculture development in the department of Smart agriculture, livestock and fisheries at 48 per cent. For recurrent sub-programmes, the top performers were general administration and support services in the Department of Health and sanitation at 48 per cent, general administration and support services in the Department of County assembly at 42 per cent, general administration and support services in the Department of water, environment and natural resources at 39 per cent, and ambulance and referral services in the department of Health and sanitation at 37 per cent.

Table 3.63 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.63: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Health and Sanitation		-					
Programme 6	Tier 2 infrastructure development		161,347,722		5,280,036		3
	Sanitation and hygiene	38,429,254		1,010,500		3	
	Sub Total	**38,429,254**	**161,347,722**	**1,010,500**	**5,280,036**		
Programme 5	Tier 3 infrastructure development		124,325,543		17,715,716		14
	Diagnostic services at high-level facilities	54,201,222		7,720,514		14	
	Sub Total	**54,201,222**	**124,325,543**	**7,720,514**	**17,715,716**		
Department County assembly							
Programme 3	Infrastructure development		54, 500, 000		1,450, 000		3
	Sub-Total		**54, 500, 000**		**1,450, 000**		
Department of Water, Environment, and Natural Resources							
Programme 4	Rural water infrastructure development		**184,624,180**		**8,800,340**		5
	Sub-Total		**184,624,180**		**8,800,340**		
Department Strategic partnerships and digital economy							
Programme 1	General administration and support services	**51,678,603**		**3,823,300**		7	
	Sub-Total	**51,678,603**		**3,823,300**			
Department of Smart Agriculture, Livestock, and Fisheries							
Programme 4	Livestock diseases		61,918,614		5,000,000		8
	Food security initiatives		212,775,301		18,501,390		9
	Sub-Total				**23,501,390**		
Department of Lands, housing and urban development							
Programme 1	General administration and support services	223,262,568		29,496,832		13	
	Sub-Total	**223,262,568**		**29,496,832**			
Grand Total							

Source: *Busia County Treasury*

The development sub-programmes with the lowest budget implementation rates included sanitation & hygiene at 3 per cent, infrastructure development in the Department of County assembly at 3 per cent, and rural water infrastructure development in the Department of Water, Environment and Natural Resources at 5 per cent. For recurrent sub-programmes, poor performers were Tier 2 infrastructure development in the Department of Health and sanitation at 3 per cent, general administration and support services in the Department of strategic partnerships and digital economy at 7 per cent, general administration and support services in the Department of Lands, housing and urban development at 13 per cent, and diagnostic services at high level facilities in the department of health and sanitation at 14 per cent.

3.4.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 57 accounts in commercial banks, including 49 for Health Facilities, 2 for Established Funds, 1 revenue account, 2 special-purpose accounts (additional allocations), and 3 for imprest operations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 57 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.4.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Busia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.268.57 million against an annual target of Kshs.999.76 million, representing 27 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.472.48 million on development activities, achieving a 12 per cent absorption rate.
iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Funds' lifespans had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Funds were not submitted to the Controller of Budget as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.3.12 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Use of manual payroll. Personnel emoluments amounting to Kshs.130.07 million for 42 staff not onboarded into HRIS and 450 casual staff were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
ix. The County reported Kshs.126.57 million under "*other operating expenses,*" accounting for 24 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
ix. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.5. County Government of Elegyo-Marakwet

3.5.1 Overview of FY 2025/26 Budget

The Elgeyo Marakwet County Approved Budget for FY 2025/26 is Kshs.8.85 billion. It comprises Kshs.3.97 billion (45 per cent) and Kshs.4.88 billion (55 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.949.74 million (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.14 billion and a recurrent budget of Kshs.4.75 billion. The increase in the budget was primarily due to additional allocations brought forward from previous financial years.

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.5.05 billion (57 per cent), and additional allocations of Kshs.1.43 billion (16 per cent), a cash balance of Kshs.1.91 billion (22 per cent) brought forward from FY 2024/25, and Kshs.457.42 million (5 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.64.

3.5.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.35 billion. This amount represented an increase of 70 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.2.56 billion. The total revenue consisted of Kshs.2.29 billion from the equitable share of revenue raised nationally and the own-source revenue (OSR) collection of Kshs.154.04 million. Additionally, the County had a cash balance of Kshs.1.91 billion from FY 2024/25. The total OSR collection of Kshs.154.04 million included Facilities Improvement Financing (FIF) of Kshs.131.28 million and Kshs.22.76 million from other OSR sources.Table 3.64 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.64: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2025/26

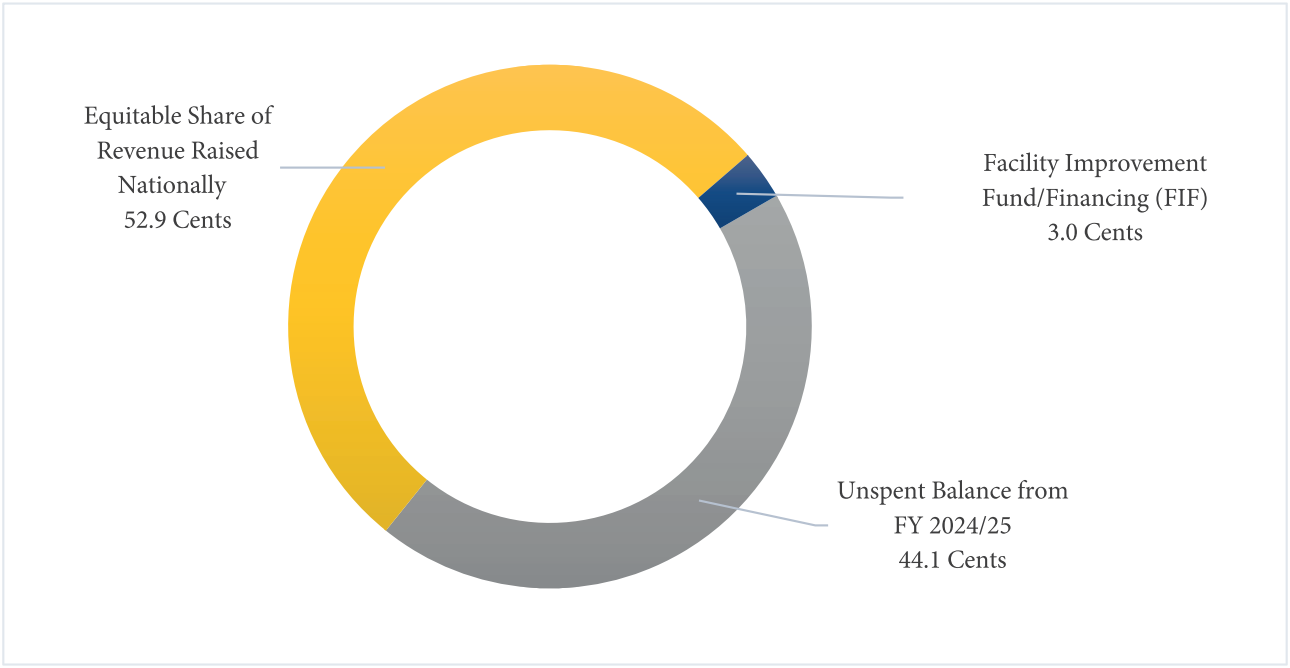
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**1,910,036,119**	**1,910,036,119**	-	**1,910,036,119**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**1,910,036,119**	**1,910,036,119**	-	**1,910,036,119**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	…	**5,049,704,514**	**2,288,785,885**	-	**2,288,785,885**	2,760,918,629
	Sub-Total	**5,049,704,514**	**2,288,785,885**	-	**2,288,785,885**	**2,760,918,629**
C	**Additional Allocations (Including Grants)**					
1	DANIDA	**6,222,000**	-	-	-	6,222,000
2	Kenya Livestock Commercialisation Project	**65,350,000**	-	-	-	65,350,000
3	Food Systems Resilience Project(FSRP)	**246,153,846**	-	-	-	246,153,846
4	Financing Locally Led Climate Action Program (FLoCCA) CCRI Grant	**79,818,750**	-	-	-	79,818,750
5	Financing Locally Led Climate Action Program(FLoCCA)CCRI Grant	**15,480,000**	-	-	-	15,480,000
6	Financing Locally Led Climate Action Program(FLoCCA) CCIS Grant	**1,560,900**	-	-	-	1,560,900

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	Kenya Informal Settlement Improvement Program II-IDA	**25,000,000**	-	-	-	25,000,000
8	Kenya Informal Settlement Improvement Program II-IFAD	**150,000,000**	-	-	-	150,000,000
9	Kenya Urban Support Programme (KUSP)-UDG	**16,770,000**	-	-	-	16,770,000
10	Kenya Urban Support Programme (KUSP)-UIG	**133,202,235**	-	-	-	133,202,235
11	County Aggregated Industrial Park	**250,000,000**	-	-	-	250,000,000
12	Government Health Workers Salary arrears	**15,685,017**	-	-	-	15,685,017
13	KDSP-II Level 2 grant	**352,500,000**	-	-	-	352,500,000
14	KDSP-II Level 1 grant	**37,500,000**	-	-	-	37,500,000
15	Community Health Promoters	**37,200,000**	-	-	-	37,200,000
	Sub-Total	**1,432,442,948**				**1,432,442,948**
D	**Ordinary Own Source Revenue (OSR)**					
1	Animal Stock Auction fees	**4,700,000**	**520,310**	-	**520,310**	4,179,690
2	Produce and other cess	**24,000,000**	**6,519,413**	-	**6,519,413**	17,480,587
3	Single Business Permit	**23,000,000**	**2,007,495**	-	**2,007,495**	20,992,505
4	Lands Rates/Plot Rent	**7,700,000**	**1,848,791**	-	**1,848,791**	5,851,209
5	Trade application fees	**2,800,000**	**9,100**	-	**9,100**	2,790,900
6	Business Park/Motorcycle fees	**7,500,000**	**1,898,200**	-	**1,898,200**	5,601,800
7	Slaughter house	**3,500,000**	**638,100**	-	**638,100**	2,861,900
8	House rent/Stalls/ground	**1,720,000**	**748,560**	-	**748,560**	971,440
9	Conservancy fees	**3,800,000**	**33,600**	-	**33,600**	3,766,400
10	Plan approval fees	**4,700,000**	**43,500**	-	**43,500**	4,656,500
11	Clearance fees	**220,000**	**31,700**	-	**31,700**	188,300
12	Hides and skins	**100,000**	-	-	-	100,000
13	Promotion adverts	**7,800,000**	**413,500**	-	**413,500**	7,386,500
14	Hire of roads/field	**550,000**	-	-	-	550,000
15	Trade	**456,614**	**14,500**	-	**14,500**	442,114
16	Fines	**2,200,000**	**52,446**	-	**52,446**	2,147,554
17	VSD Funds	**1,000,000**	**330,105**	-	**330,105**	669,895
18	Agriculture	**30,000**	**55,000**	-	**55,000**	(25,000)
19	Tourism	**2,000,000**	**151,500**	-	**151,500**	1,848,500
20	Marketing fees and others	**6,000,000**	**5,497,292**	-	**5,497,292**	502,708
21	Recoveries	**1,500,000**	**540,873**	-	**540,873**	959,127
22	others	**2,153,258**	**1,401,694**	-	**1,401,694**	751,564
	Sub-Total	**107,429,872**	**22,755,679**	-	**22,755,679**	**84,674,193**
Total		**8,849,613,253**	**4,352,861,423**	-	**3,352,861,423**	4,496,830

Source: *Elgeyo Marakwet County Treasury*

The low collections of own-source revenue are attributed to reduced FIF collections due to non-remittance by SHA and unfavourable weather conditions, which affected produce and other cesses. Figure 25 provides a detailed breakdown of receipts, showing the earnings for each shilling.

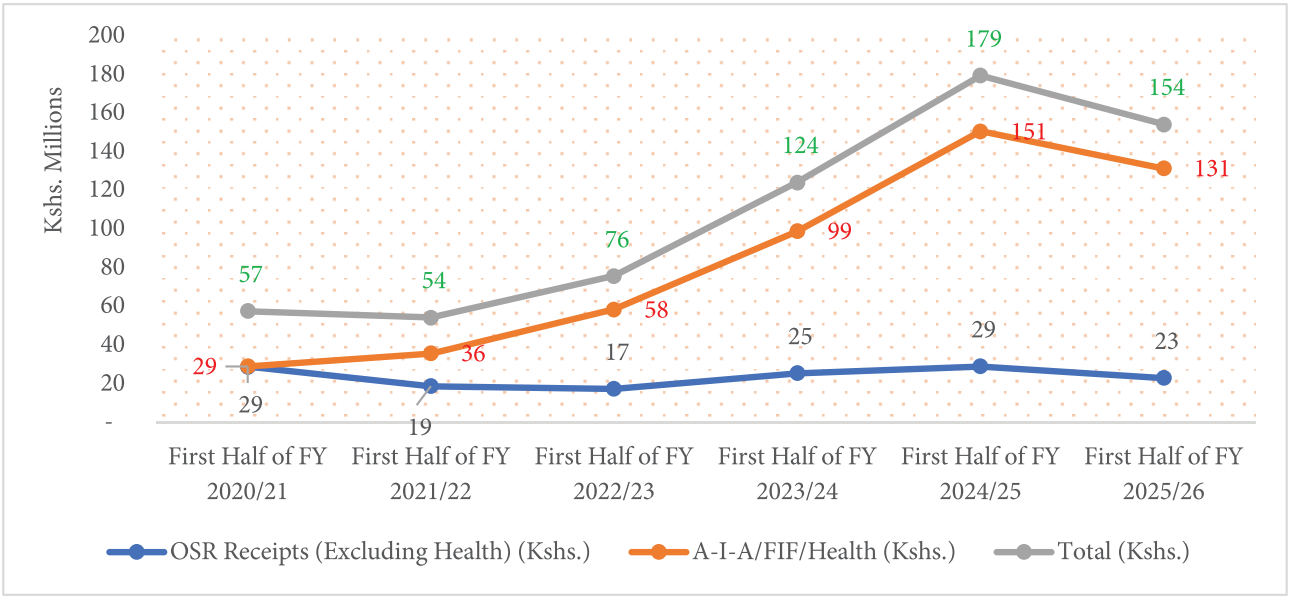
Figure 25: Elgeyo County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Elgeyo Marakwet County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 53 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 26 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 26: Elgeyo Marakwet County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

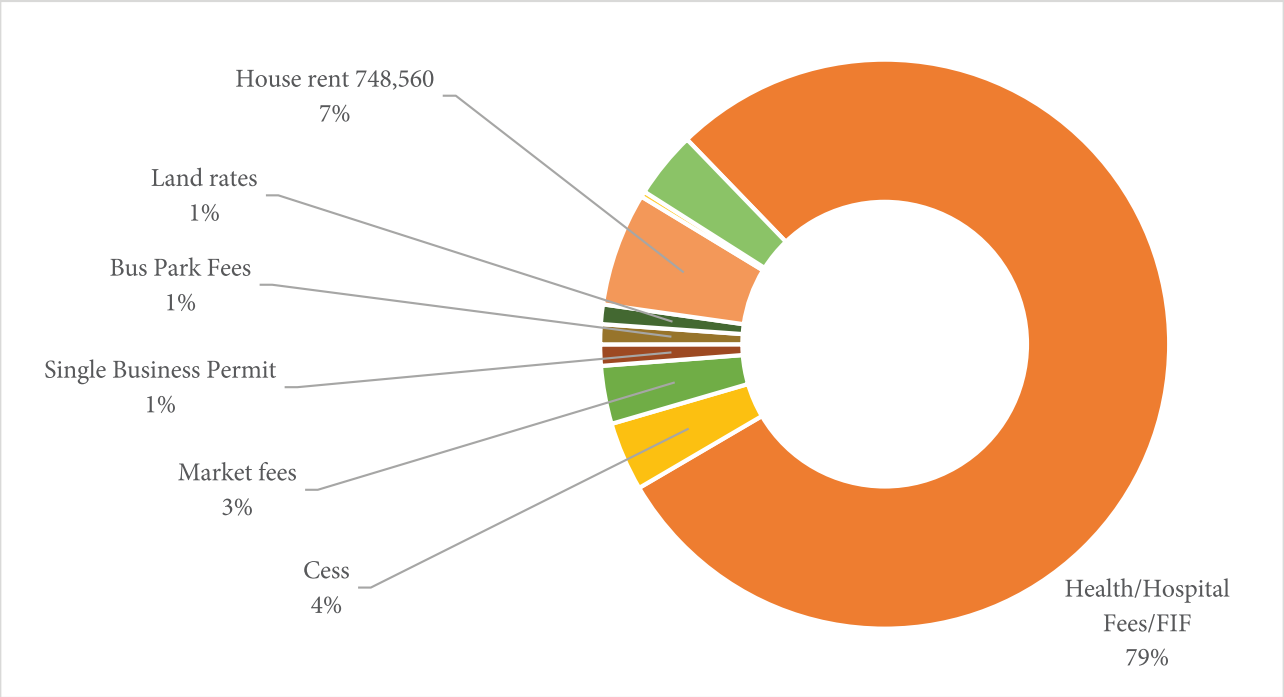


Source: *Elgeyo Marakwet County Treasury*

During the first half of FY 2025/26, the County received Kshs.154.04 million from OSR, including FIF. This amount was a decrease of 16.4 per cent compared to Kshs.179.31 million realised in a similar period in FY 2024/25, and was 44 per cent of the annual target and 7 per cent of the equitable revenue share disbursed. The decrease in OSR was attributed to a decline in production and other cess due to unfavourable weather in the highlands, and to a drop in hospital fees due to non-remittance by SHA.

The revenue streams that contributed the most to OSR receipts are shown in Figure 27

Figure 27: Elgeyo Marakwet County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Elgeyo Marakwet County Treasury

As shown in Figure 27 , the highest revenue stream, at Kshs.131 million, was from FIF, accounting for 79 per cent of the total OSR receipts. The County Government indicated that it has automated 18 of 23 revenue streams.

3.5.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.173.12 million, which decreased to Kshs.171.27 million as of 31st December 2025. Table 3.65 presents a breakdown of the County's revenue arrears.

Table 3.65: Elgeyo Marakwet County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot Rent**	**84,208,348**	-	**1,631,287**	-	**82,577,061**
2	**Land Rates**	**88,912,704**	-	**217,504**	-	**88,695,200**
	Total	**173,121,052**	-	**1,848,791**	-	**171,272,261**

Source: Elgeyo Marakwet *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.171.27 million, comprising Kshs.171.27 million for Ordinary own-source revenue (100 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include sensitising taxpayers and taking legal action.

3.5.4 Borrowing by the County

The County did not borrow during the period under review.

3.5.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.1.91 billion from the Elgeyo Marakwet County Revenue Fund (CRF) account. This amount consisted of Kshs 74.11 million (4 per cent) designated for development programs and Kshs 1.83 billion (96 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.50 billion was allocated to employee compensation and Kshs.331.81 million to operations and maintenance expenditures. Within the operations and maintenance category, 10 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequer totalled Kshs.32.68 million, including Kshs.4.72 million for the County Executive and Kshs.27.96 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.11.76 million for the County Assembly, as the county Executive did not incur any expenditure on foreign travel.

As of December 31, 2025, the County Government's cash balance in the Elgeyo Marakwet County CRF account was Kshs.468,787,471 million.

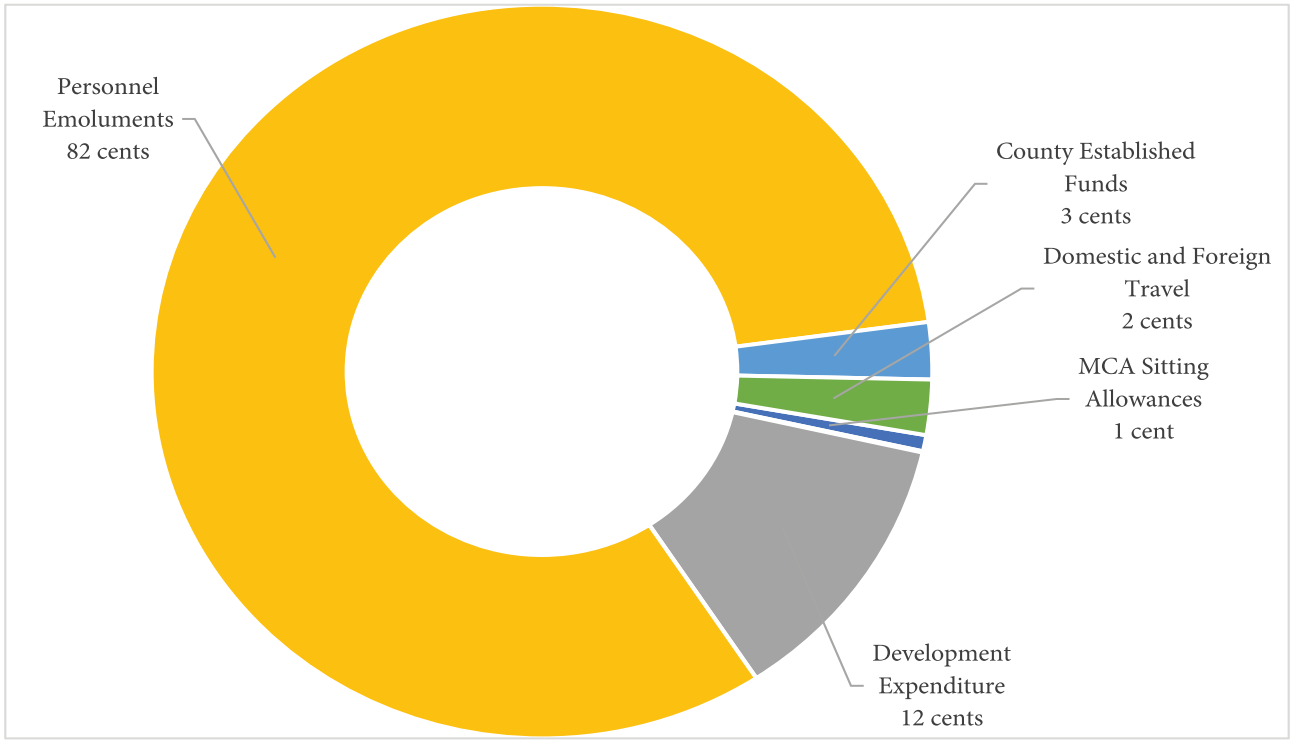
In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Elgeyo Marakwet County Assembly Fund (CAF) account during the review period, as it had not been operationalised.

3.5.6 Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes during the reporting period. The expenditure represented 107 per cent of the total funds released by the CoB. It comprised Kshs.223.18 million for development programmes and Kshs.1.81 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 37 per cent of the annual recurrent expenditure budget.

Figure 28 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 28: Elgeyo Marakwet County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Elgeyo Marakwet *County Treasury*

As shown in Figure 28, the three highest expenditure categories were Personnel Emoluments, Development, and County Established Funds, which accounted for 82, 12, and 3 per cent of total expenditure for the reporting period, respectively.

3.5.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.17.49 million. This amount consisted of Kshs.17.49 billion from the County Executive and nil from the County Assembly. The trade payables from the County Executive comprised Kshs 8.42 million for recurrent expenditure and Kshs.9.07 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.8.77 million, comprising Kshs.2.11 million (24 per cent) for recurrent programmes and Kshs.6.66 million (76 per cent) for development programmes. On the other hand, the County Assembly had no trade payables to settle. The outstanding trade payables as of 31st December 2025 were Kshs.8.71 million for the County Executive.Table 3.66 provides additional details of trade payables.

Table 3.66: Elgeyo Marakwet County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	9,074,260	8,418,682	17,492,942
		County Assembly	-	-	-
		Total	9,074,260	8,418,682	17,492,942
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	9,074,260	-	-
		County Assembly	-	-	-
		Total	9,074,260	8,418,682	17,492,942
Amount paid in the First Half of FY 2025/26	c	County Executive	2,112,995	6,661,261	8,774,256
		County Assembly	-	-	-
		Total	2,112,995	6,661,261	8,774,256
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**2,412,999**	**6,305,687**	**8,718,686**
		County Assembly	-	-	-
		Total	**2,412,999**	**6,305,687**	**8,718,686**

Source: *Elgeyo Marakwet County Treasury.*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.8.42 million and Kshs.9.07 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.8.77 million to the Executive.

Table 3.67 and Table 3.68 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive, which were Kshs.8.72 million.

Table 3.67: Elgeyo Marakwet County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**213,000**	**2,199,999**	-	-	**2,412,999**
Recurrent Trade Payables (Goods & Services)	6,305,687	-	-	-	**6,305,687**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)		-	-	-	-
Total Recurrent Trade Payables	6,305,687	-	-	-	**6,305,687**
Total Trade Payables	**6,518,687**	**2,199,999**	-	-	**8,718,686**
% of Total	**75**	**25**	-	-	**100**

Source: *Elgeyo Marakwet County Treasury*

The County did not adhere to the Trade Payables Action plan, as it did not clear the payables by the end of the half-year as indicated.

3.5.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.35 billion on compensation of employees, Kshs.207.32 million on operations and maintenance, and Kshs.223.18 million on development activities. Similarly, the County Assembly spent Kshs.105.97 million on compensation of employees, Kshs.105.64 million on operations and maintenance, and nil expenditure on development activities, as shown in Table 3.68.

Table 3.68: Elgeyo Marakwet County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	**4,198,322,379**	2,922,246,310	1,276,076,069	**3,942,145,373**	**8,140,467,752**
	Assembly	**682,127,598**	367,644,374	314,483,224	**26,872,402**	**709,000,000**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	**1,557,719,490**	1,350,404,209	207,315,281	**223,178,851**	**1,780,898,341**
	Assembly	**256,616,106**	150,972,910	105,643,196	-	**256,616,106**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	-	-	-	-	-
	Assembly	-	-	-	-	-
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	**1,557,719,490**	1,350,404,209	207,315,281	**223,178,851**	**1,780,898,341**
	Assembly	**256,616,106**	150,972,910	105,643,196	-	**256,616,106**
Absorption (%) (d/a*100)	**Executive**	**37**	46	16	**6**	**22**
	Assembly	**38**	41	34	-	**36**

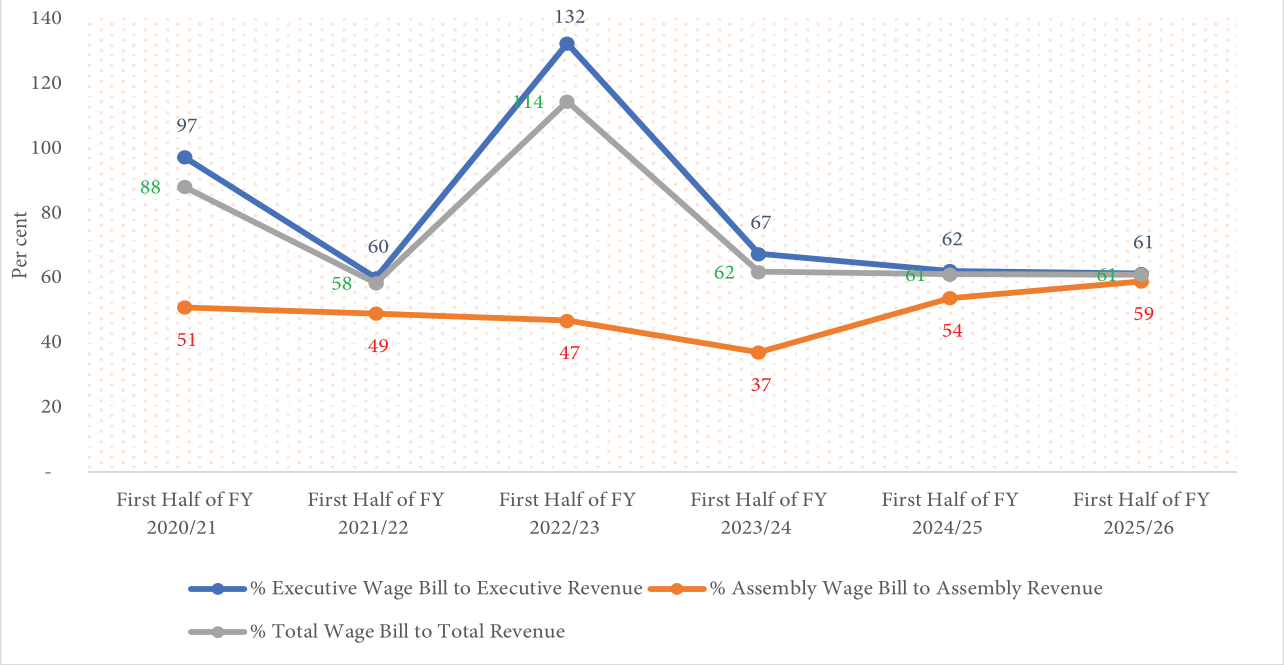
***Source**: Elgeyo Marakwet County Treasury*

3.5.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.50 billion. The compensation-to-revenue ratio was 61 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.1.56 billion reported in a similar period in FY 2024/25. Of this total, Kshs.647.51 million related to Health Sector employees, accounting for 43 per cent of the overall employees' compensation.

Figure 29 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 29: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Elgeyo Marakwet County Treasury*

Further analysis indicated that PE costs amounting to Kshs.1.32 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.183.04 million was processed through manual payroll, accounting for 12 per cent of the total PE cost. The justification for the continued use of manual payroll was that the salaries were for medical interns and casuals who cleaned the major town centre.

The manual payroll comprised salaries for 959 staff not onboarded into the Human Resource Information System (HRIS), salaries for 100 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and NSSF Arrears claims as shown in Table 3.69.

Table 3.69: Breakdown of Elgeyo Marakwet County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	108,619,885
2	Salaries for casual staff	34,935,557
3	Top-up Allowances for Security Officers	2,100,000
4	NSSF Arears claims	21,348,546
5	Gratuity for contract staff	16,033,284
	Total	**183,037,272**

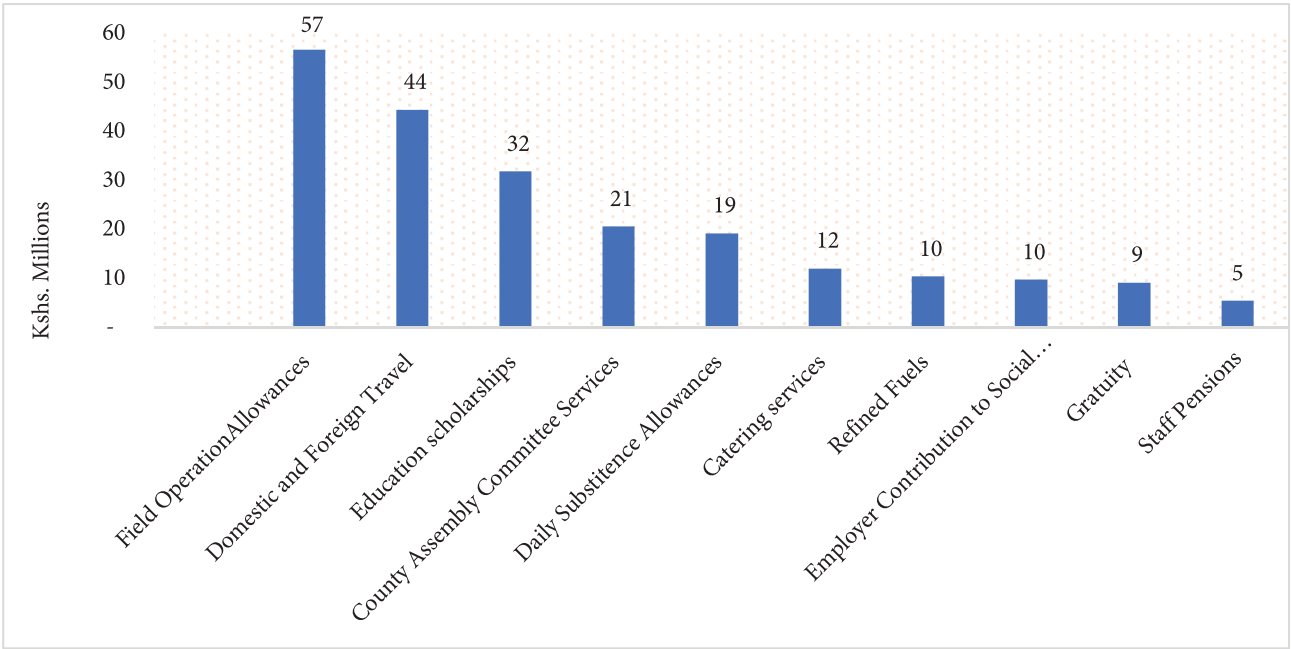
Source: Elgeyo Marakwet County Treasury

The County Assembly spent Kshs.13.02 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.30.02 million. The average monthly sitting allowance was Kshs.63,846 per MCA. The County Assembly has 18 House Committees.

3.5.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.312.96 million on operations and maintenance, representing an increase of 12 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.279.26 million. Figure 30 summarises the Operations and Maintenance expenditure by major categories.

Figure 30: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: *Elgeyo Marakwet County Treasury*

3.5.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.1.04 million on "*other operating expenses*," which is 0.3 per cent of the total operations and maintenance expenditure of Kshs.312.96 million. This category of expenditure includes Kshs.0.26million for garbage collection and Kshs.0.23 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.70.

Table 3.70: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Subscription to professional bodies	150,000	140,000
2211399	Subscription to professional bodies	140,000	139,800
2211305	Contracted Guards	580,000	259,330
2211306	subscription to professional bodies	200,000	199,600
2211308	Legal fees/arbitration	1,750,000	225,791
2211306	subscription to professional bodies	49,961	5,900
2211306	subscription to professional bodies	67,200	67,200
Total		**2,937,161**	**1,037,621**

Source: *Elgeyo Marakwet County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Subscription to professional bodies, Contracted guards, cleaning services and legal fees.*

3.5.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.117.92 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.2.7 million to the Emergency Fund (0.03 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.71 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.71: Performance of Elgeyo Marakwet County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Elgeyo Marakwet County Education Fund		115,223,109	-	-	643,706	Yes
2	County Executive Car and Mortgage Loan Revolving Fund		-	-	-	120,000,000	Yes
3	Elgeyo Marakwet County Alcoholic Drinks Control Fund		-	-	-	4,000,000	Yes
4	Emergency Fund		2,700,000	-	-	-	Yes
	County Assembly Established Funds						
1	Elgeyo Marakwet County Assembly Revolving Fund		-	-	-	139,000,000	Yes
2	Elgeyo Marakwet County Assembly Catering Services Revolving Fund		-	-	-	11,000,000	Yes
	Total		117,923,109	-	-	816,606,962	

Source: ***Elgeyo Marakwet County Treasury***

During the reporting period, the CoB received quarterly financial reports from Six Fund Administrators, as indicated in Table 3.72, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Elgeyo Marakwet Alcoholic Drinks Control Fund, Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund and Elgeyo Marakwet County Assembly Catering Services Revolving Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. During the reporting period, the CoB established that the lifespan of the Elgeyo Marakwet County Education Fund, the County Executive Car and Mortgage Loan Fund and the Elgeyo Marakwet County MCA's and Staff Car Loan and Mortgage Fund had lapsed. The Elgeyo Marak-

wet(County Assembly) Catering Services Revolving Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.5.13 County Corporations

The County did not have any corporations for the period under review.

3.5.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.32.68 million and comprised Kshs.27.96 million spent by the County Assembly and Kshs.4.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.76 million, incurred by the County Assembly, as the County Executive did not incur any expenditure on foreign travel. Expenditure on foreign travel is summarised in Table 3.72.

Table 3.72: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	15	14-20th September,2025	Study visit to Rwanda Co-operation	Rwanda	4,906,988	-	4,906,988
County Assembly	21	5th -10th November,2025	Study visit to Rwanda Co-operation	Rwanda	6,856,963	-	6,856,963
Total							

Source: Elgeyo Marakwet County Assembly

3.5.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.131.28 million as FIF, which was 37 per cent of the annual target of Kshs.350.0 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.161.86 million, as shown in Table 3.73.

Table 3.73: Elgeyo Marakwet County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	254,598,165	97,024,466	38
2.	Level 4 Hospital	2	26,619,923	11,027,345	41
3.	Level 3 Facility	38	53,977,051	40,416,146	75
4.	Level 2 Facility	87	14,804,861	13,388,568	90
	Total	**128**	**350,000,000**	**161,856,525**	**46**

Source: *Elgeyo Marakwet County Treasury*

3.5.16 Development Expenditure

In the review period, the County reported spending Kshs.223.18 million on development programmes, representing an increase of 101 per cent compared to FY 2024/25, when the County spent Kshs.110.80 million. Table 3.74 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the County utilising funds from SPA accounts for development purposes.

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

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Water, Environment and Climate Change	Mutwo Mateny water project	Emsoo	-	-	1,330,000	1,330,000	1,1133,769	1,113,769	85
2,	Water, Environment and Climate Change	Nerkwo-Kamok water project	Moiben/ Kuserwo ward	-	-	2,950,000	2,950,000	2,948,000	2,948,000	100
3.	Water, Environment and Climate Change	Kipkono Water Project	Soy North	-	-	2,850,000	2,849,850	2,849,850	2,849,850	100
4	Water, Environment and Climate Change	Chepkuluny water project	So North	-	-	2,850,000	2,849,650	2,849,650	2,849,650	100
5	Roads, Transport and Public Works	Purchase of a Low Loader	County Headquarters	7/01/2025	14/01/2026	5,300,000	5,300,000	5,300,000	5,300,000	100
6.	Roads, Transport and Public Works	Katgok-Cheptuiya road	Kapsowar	7/01/2025	01/10/2026	3,341,810	3,341,810	3,341,810	3,341,810	97
7.	Agriculture, Livestock and Fisheries	Kapsanayan Water Project	Kapyego	01/07/2025	2/7/2026	1,799,680	1,799.680	1,799,680	1,799,680	100
8	Education and Technical Training	Mwochet ECD classroom	Metkei	06/05/2025	20/07/2026	2,699,935	2,699,935	2,699,935	2,699,935	100
9	Health and Sanitation	Kipsoen Dispensary	Kamariny	1/07/2025	31/12/2025	2,999,760	2,999,760	2,999,760	2,999,760	100
Donor Funded Projects										
10.	Lands, Physical Planning, and Urban Development	Kenya's Informal Settlement Improvement	County	-	-	161,042,849	161,042,849	161,042,849	161,042,849	100

Source: *Elgeyo County, County Treasury*

The County had no stalled development projects as of 31st December 2025.

3.5.17 Budget Performance by Department

Table 3.75 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.75: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	682.13	24.87	256.62	-	256.62	-	100	-	38	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	154.97	0.87	77.48	-	71.84	-	93	-	46	-
Finance and Economic Planning	233.22	2.70	119.86	-	117.84	-	98	-	51	-
Agriculture, Livestock, Fisheries and Irrigation	266.75	698.92	82.36	1.80	70.27	1.80	85	100	26	0.3
Water, Environment, Natural Resources and climate Change management	63.79	667.01	27.79	32.84	26.30	16.58	95	51	41	2.5
Education and Technical Training	452.10	281.73	212.33	16.58	210.53	20.87	99	126	45	7.4
Health Service	2.115.55	604.30	753.52	8.25	756.54	8.25	100	100	36	1.4
Land, Housing, Physical Planning and Urban Development	104.63	881.31	35.68	5.05	40.92	166.08	115	3,298	39	18.8
Road, Public Works and Transport	191.45	222.84	68.66	9.60	66.41	9.60	97	100	35	4.3
Co-operatives, Trade, Industrialization, Tourism and Wildlife	81.15	518.35	32.46	-	29.86	-	92	-	37	-
Sports, Youth Affairs, Culture, Children and Social Services	98.05	30.61	25.25	-	21.14	-	84	-	22	-
Public Service, Devolution, Administration, Communications, ICT and E-Government	373.96	13.50	119.21	-	124.09	-	104	-	33	-
County Public Service Board	62.81	-	21.95	-	21.97	-	100	-		-
TOTAL	**4,880.59**	**3,967.01**	**1,826.12**	**74.11**	**1,814.33**	**223.18**	**99**	**301**	**37**	**6**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by departments shows that the Department of Lands, Housing, Physical Planning and Urban Development recorded the highest absorption rate of development budget at 19 per cent, followed by the Department of Education and Technical Training at 7 per cent. Finance and Economic Planning had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Sports, Youth Affairs, Culture, Children and Social Services had the lowest at 22 per cent.

3.5.18 Budget Execution by Programmes and Sub-Programmes

Table 3.76 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.76: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT Lands, Physical Planning, Housing and Urban Development				
Urban Infrastructure	Urban Infrastructure	809,514,688	166,077,949	21
DEPARTMENT Education and Technical Training				
VTC Infrastructure Development	Pre-primary Infrastructure	147,214,190	20,869,887	14
DEPARTMENT Health Services				
General Administration of Health Services	Health Services	464,681,894	3,779,570	0.8
DEPARTMENT Roads, Transport and Public Works				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Rural Road works	Rural Roads	215,591,244	9,599,310	4
RECURRENT				
Department of Finance and Economic Planning				
General Administration and Support	Supply Chain	2.300,000	1,579,800	69
DEPARTMENT Education and Technical Training				
VTC Infrastructure Development	VTC Infrastructure	9,500,001	7,800,000	82
DEPARTMENT Finance and Economic Planning				
General Administration and Support	Accounting Services	3,950,000	2,668,185	68
DEPARTMENT Education and Technical Training				
Quality Control	Pre-primary quality control	47,801,329	31,834,161	67
DEPARTMENT Finance and Economic Planning				
General Administration and Support	Financial services	211,735,747	104,500,854	49

Source: *Elgeyo Marakwet County Treasury*

The development sub-programmes with the highest budget implementation rates were: Urban Infrastructure in the Department of Lands, Housing, Physical Planning and Urban Development at 21per cent, Pre-Primary Infrastructure in the Department of Education in Technical Training at 14 per cent, and Rural Roads at 4 per cent.

For recurrent sub-programmes, the top performers included: VTC Infrastructure in the Department of Education and Technical Training at 82 per cent, Supply Chain in the Department of Finance and Economic Planning at 69 per cent, and Accounting Services in the Department of Education and Technical Training at 68 per cent.

The higher performance of these programmes can be attributed to the County's programme priorities.

Table 3.77 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.77: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT Agriculture, Livestock, Fisheries and Irrigation				
Crop Development	Livestock Control	13,909,803	-	-
DEPARTMENT Public Service Administration, Devolution, Communication and E-Government				
ICT services	ICT services	11,000,000	-	-
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				
Sports infrastructure	Sports Infrastructure Development	18,281,740	-	-
DEPARTMENT Co-operatives, Trade, Industrialization, Tourism and Wildlife				
Co-operatives development	Co-operatives development	32,814,975	-	-
DEPARTMENT Agriculture, Livestock, Fisheries and Irrigation				
Crop Development	Crop Development	9,616,010	-	-
RECURRENT				
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Sports Development	Sports Development	25,061,551	-	-
DEPARTMENT Agriculture, Fisheries, Livestock and Irrigation				
Veterinary Services	Livestock Disease Control	37,247,353	-	-
DEPARTMENT Sports, Youth Affairs, Culture, Children and Social Services				
Social Empowerment	Social Empowerment	5,730,760	-	-
DEPARTMENT Agriculture, Fisheries, Livestock and Irrigation				
Crop Development	Crop Development	18,698,721	-	-
DEPARTMENT Roads, Transport and Public Works				
Transport Services	Transport services	4,447,048	-	-

***Source**: Elgeyo Marakwet County Treasury*

The lowest budget implementation rates were zero percent for the following development sub-programmes: Livestock disease crop development, ICT services, and Sports Infrastructure. For recurrent sub-programmes, Transport services, Social Empowerment, and Crop Development also had zero percent implementation rates.

These lower performances can be attributed to challenges in procurement due to the new e-procurement system introduced by the National Government.

3.5.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 190 accounts in commercial banks, including 162 for Health Facilities, 16 for Vocational Training Centres, 5 for Established Funds, 2 revenue accounts, 3 special-purpose accounts (for additional allocations), and 2 imprest accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 170 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.5.20 Key Issues and Recommendations

In the course of overseeing and reporting on the implementation of the Elgeyo Marakwet County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.154.04 million against an annual target of Kshs.457.43 million, representing 34 per cent of the financial year target. This was attributed to the new Electronic Government procurement system that delayed project implementation.
ii. Low development performance in the review period as the County incurred Kshs.223.18 million on development activities, achieving a 6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the lifespan of the Elgeyo Marakwet County Executive Car and Mortgage Revolving Fund, Elgeyo Marakwet County Education Fund, Elgeyo Marakwet County Alcoholic Drinks Control Fund, Elgeyo Marakwet County Assembly MCA's and Staff Car Loan and Mortgage Fund, and the Elgeyo Marakwet (County Assembly)Catering Services Revolving Fund had lapsed, making them ineligible for further withdrawals.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

3.6. County Government of Embu

3.6.1 Overview of FY 2025/26 Budget

The Embu County Approved Budget for FY 2025/26 is Kshs.8.99 billion. It comprises Kshs.3.32 billion (37 per cent) and Kshs.5.67 billion (63 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.456.70 million (5 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.82 billion and a recurrent budget of Kshs.5.71 billion. The increase in the budget was primarily attributed to the rise in the balances brought forward from FY 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.08 billion (68 per cent), additional allocations of Kshs.981.40 million (11 per cent), a cash balance of Kshs.566.92 million (6 per cent) brought forward from FY 2024/25, and Kshs.1.36 billion (15 per cent) to be received as own-source revenue. A breakdown of the additional allocations is shown in Table 3.78

3.6.2 Revenue Performance

During the first half year of FY 2025/26, the County reported total revenue amounting to Kshs.3.51 billion in revenue. This amount represented an increase of 15 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.97 billion. The total revenue consisted of Kshs.2.52 billion from the equitable share of revenue raised nationally, nil additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.420.12 million. Additionally, the County had a cash balance of Kshs.566.92 million from FY 2024/25. The total OSR collection of Kshs.420.12 million included Facilities Improvement Financing (FIF) of Kshs.318.13 million, Appropriation in Aid (AiA) of Kshs.578.96 thousand and Kshs.101.42 million from other OSR sources. Table 3.78 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.78: Embu County, Revenue Performance in First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	566,898,131	566,898,131	-	566,898,131	-
2	County Executive Refunds to CRF	14,916	14,916	-	14,916	-
3	County Assembly Refunds to CRF	4,479	4,479	-	4,479	-
	Sub-Total	**566,917,526**	**566,917,526**	-	**566,917,526**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,077,441,672	2,522,138,293	-	2,522,138,293	3,555,303,379
	Sub-Total	**6,077,441,672**	**2,522,138,293**	-	**2,522,138,293**	**3,555,303,379**
D	**Additional Allocations (Including Grants)**					

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	Conditional Allocation for National Agricultural Value Chain Development Project(NAVCDP)	231,250,000	-	-	-	231,250,000
2	DANIDA Grant To Finance Primary Health Care in Devolved Context	6,930,000	-	-	-	6,930,000
3	Conditional Additional Allocation For the Basic Salary Arrears For County Government Health Workers	32,801,231	-	-	-	32,801,231
4	Conditional Additional Allocation for Community Health Promoters	60,300,000	-	-	-	60,300,000
5	Financing Locally Led Climate Action (FLLoCA)-County Climate Resilience Investment (CCRI) Grant	137,500,000	-	-	-	137,500,000
6	Aquaculture Business Development Project (ABDP)	10,020,000	-	-	-	10,020,000
7	Second Kenya Devolution Support Programme (KDSP II)- Level 1 Grant	37,500,000	-	-	-	37,500,000
8	Second Kenya Devolution Support Programme (KDSP II) - Level 2 Grant	352,500,000	-	-	-	352,500,000
9	Kenya Urban Support Programme-Urban Institutional Grants	35,000,000	-	-	-	35,000,000
10	Kenya Urban Support Programme- Urban Development Grants	52,595,562	-	-	-	52,595,562
11	Unconditional Allocations To County Governments From Court Fines And Mineral Royalties	2,142	-	-	-	2,142
12	Kenya Commercial Bank Vocational Training Centre Scholarship Grant	20,000,000	-	-	-	20,000,000
13	Conditional Allocation For Kenya Nutrition Support Grant	5,000,000	-	-	-	5,000,000
	Sub-Total	**981,398,935**	**-**	**-**	**-**	**981,398,935**
E	**Ordinary Own Source Revenue (OSR)**					
1	OSR	712,487,161	101,419,414	-	101,419,414	611,067,747
	Sub-Total	**712,487,161**	**101,419,414**	**-**	**101,419,414**	**611,067,747**
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF	600,000,000	318,126,128	-	318,126,128	281,873,872
	Sub-Total	**600,000,000**	**318,126,128**	**-**	**318,126,128**	**281,873,872**
G	**Appropriations in Aid**					
1	**Appropriations in Aid**	52,000,000	578,964		578,964	51,421,036
	Sub-Total	**52,000,000**	**578,964**	**-**	**578,964**	**51,421,036**
	Grand Total	**8,990,245,294**	**3,509,180,325**	**-**	**3,509,180,325**	**5,481,064,969**

Source: *Embu County Treasury*

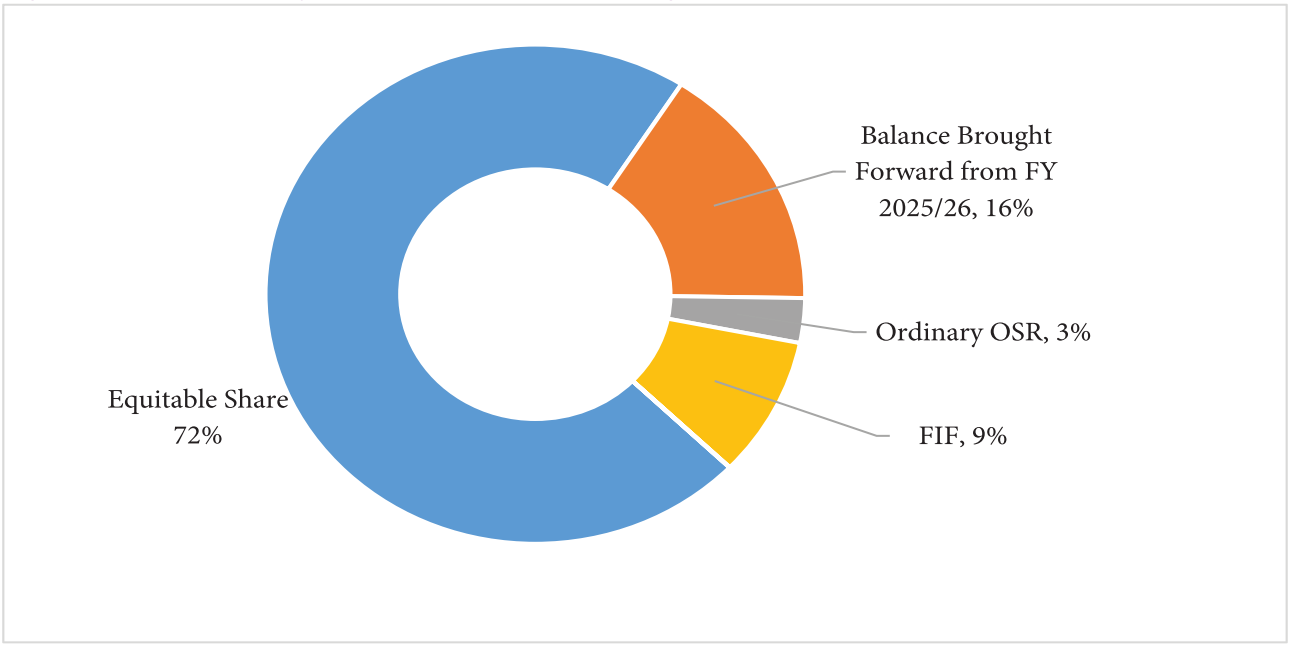
The performance of Ordinary Own Source Revenue (OSR) and Appropriations in Aid (AIA) registered low outturns of 14 per

cent and 1 per cent, respectively, against the annual targets. This subdued performance is primarily due to the first half of the financial year traditionally being a low season for revenue collection, driven by limited economic activity and delayed implementation of key revenue-generating initiatives. Nonetheless, performance is projected to improve significantly in the second half of the year as economic activity picks up and revenue mobilisation strategies are fully rolled out.

The County has the Embu County Health Facilities Improvement Fund legislation on the operation of ordinary A-I-A and FIF.

Figure 31 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

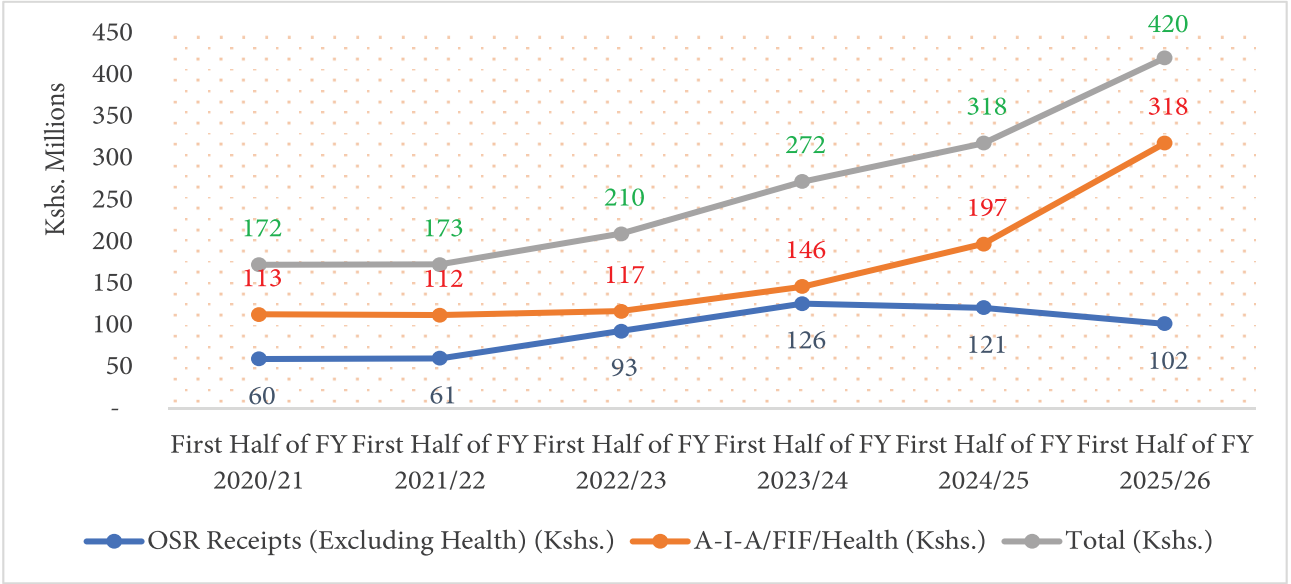
Figure 31: Embu County Composition of Each Shilling Received in the First Half of FY 2025/26



Source: *Embu County Treasury*

The equitable share of revenue raised nationally, the balance brought forward, and OSR contributed 72, 16, and 12 per cent, respectively, of the total receipts for the reporting period. Figure 32 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Quarter of FY 2025/26.

Figure 32: Embu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Embu County Treasury*

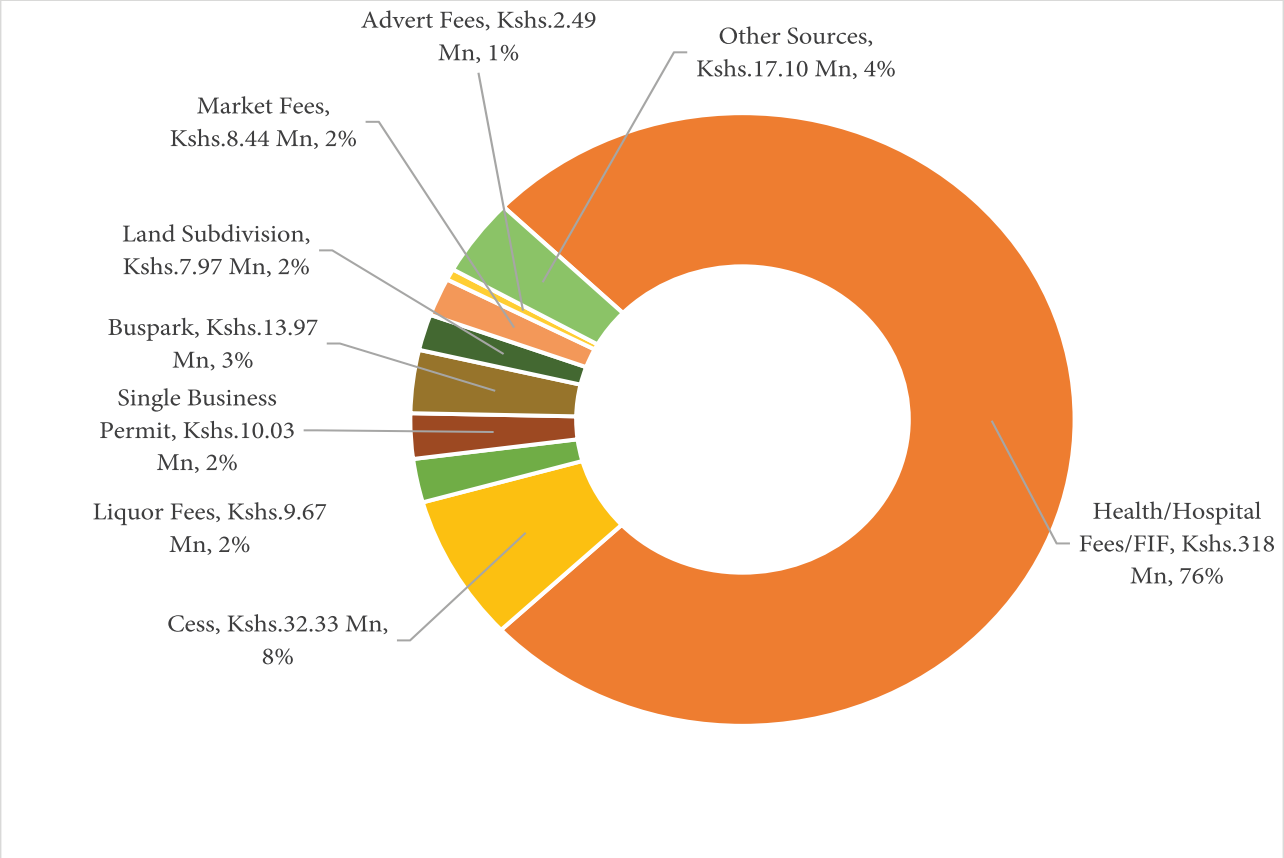
During the First Half of FY 2025/26, the County generated Kshs.420 million from its revenue sources, including FIF. This amount

was an increase of 23 per cent compared to Kshs.318.21 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 17 per cent of the equitable revenue share disbursed.

The increase in FIF can be attributed to various strategies put in place by the county that include the establishment and operationalisation of the Facility Improvement Fund (FIF), regular procurement and distribution of drugs and non-pharmaceutical commodities to ensure uninterrupted service delivery, and strengthening of internal controls that include enhancing financial and administrative controls to improve accountability, transparency, and efficiency. Further staff motivation, mindset transformation, and teamwork by promoting positive behavioural change, improving staff morale, and fostering a culture of collaboration and collective responsibility.

The revenue streams that contributed the highest OSR receipts are shown in Figure 33

Figure 33: Embu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Embu County Treasury*

As shown in Figure 33, the highest revenue stream, at Kshs.318 million, was from Health/Hospital Fees/FIF, accounting for 76 per cent of the total OSR receipts. The County Government indicated that it has automated 20 out of 22 revenue streams.

3.6.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.374.89million, which decreased to Kshs.301.16 million as of 31st December 2025. Table 3.79 presents a breakdown of the County's revenue arrears.

Table 3.79: Embu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Additional Allocations**					
1	Conditional Additional Allocation For Maintenance Of County Roads From The Road Maintenance Levy Fund (RMLF)	211,127,369	-	73,706,112	-	137,421,257
	Sub-Total	**211,127,369**	-	**73,706,112**	-	**137,421,257**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	163,743,779	-	-	-	163,743,779
	Sub-Total	**163,743,779**	-	-	-	**163,743,779**
	Grand Total	**374,871,148**	-	**73,706,112**	-	**301,165,036**

Source: Embu County Treasury

3.6.4 Borrowing by the County

The County Government did not borrow any funds during the reporting period.

3.6.5 Withdrawal from County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.53 billion from the County Revenue Fund (CRF) account. This amount consisted Kshs.529.98 million (9 per cent) for development programmes and Kshs.1.99 billion (91 per cent) for recurrent programmes.

Analysis of the recurrent exchequers released indicates that Kshs.1.47 billion was allocated for employee compensation and Kshs.524.79 million for operations and maintenance expenditure. Within the operations and maintenance exchequer analysis indicates that 14 per cent was for domestic travel and 4.6 per cent of foreign travel expenditure in the review period. The domestic travel exchequer amounted to Kshs.74.92 million and included Kshs.20.62 million for the County Executive and Kshs.54.30 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.24.32 million, with Kshs.7.47 million for the County Executive and Kshs.16.85 million for the County Assembly.

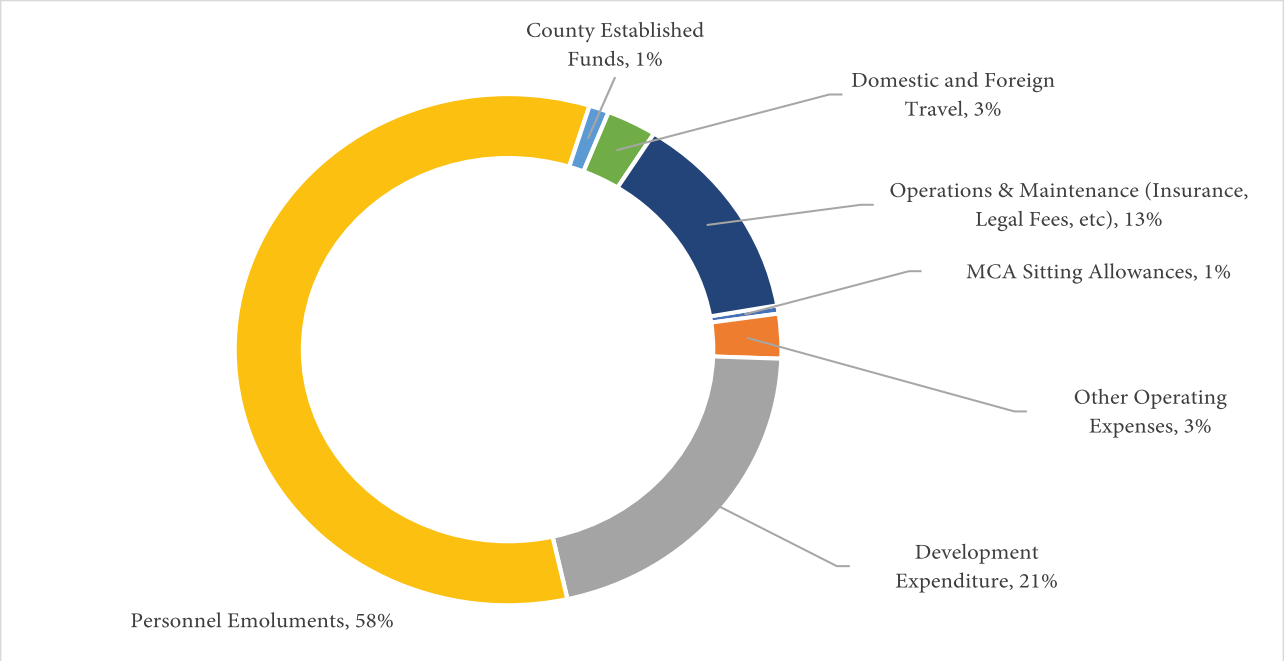
As December 31, 2025, the County Government's cash balance in the CRF account was Kshs.65.98 million.

3.6.6 Expenditure Review

The County spent Kshs.2.53 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.529.98 million for development programmes and Kshs.1.99 billion for recurrent programmes. Expenditure on development programmes accounted for 16 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 39 per cent of the annual recurrent expenditure budget.

Figure 34 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 34: Embu County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: Embu *County Treasury*

As shown inFigure 34, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Operations & Maintenance, which contributed 58 per cent, 21 per cent, and 13 per cent of total expenditure for the reporting period.

3.6.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.24 billion. This amount consisted of Kshs.1.21 billion from the County Executive and Kshs.35.21 million from the County Assembly. The trade payables from the County Executive comprised Kshs.561.83 million for recurrent expenditure and Kshs.648.51 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.281.62 million, comprising Kshs.119.64 million (42 per cent) for recurrent programmes and Kshs.161.98 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.35.21 million, which were for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.Kshs.1.32 billion for the County Executive and Kshs.8.33 million for the County Assembly. Table 3.88 provides additional details of trade payables.

Table 3.80: Embu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	648,508,025	561,836,303	1,210,344,328
	County Assembly	-	35,211,635	35,211,635
	Total	648,508,025	561,836,303	1,245,555,963
Amount paid in FY 2025/26	County Executive	161,982,834	119,644,457	281,627,291
	County Assembly	-	35,211,635	35,211,635
	Total	161,982,834	154,856,092	316,838,926
Trade Payables Incurred in FY 2025/26	County Executive	199,968,701	192,893,502	392,862,203
	County Assembly	-	8,335,098	8,335,098
	Total	199,968,701	201,228,600	401,197,301
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	686,493,893	635,085,348	1,321,579,241
	County Assembly	-	8,335,098	8,335,098
	Total	**686,493,893**	**643,420,446**	**1,329,914,339**

Source: *Embu County Treasury*

The County Executive and the Assembly submitted trade payables payment plans, committing to pay Kshs.316.84 million and Kshs.35.21 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.281.62 million for the Executive and Kshs.35.21 million for the Assembly.

Table 3.81 and Table 3.82 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.32 billion.

Table 3.81: Embu County Executive Trade Payables Ageing Analysis as of 31 December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	70,639,665	192,112,921	2,990,011	420,751,296	686,493,893
Recurrent Trade Payables (Goods & Services)	73,249,045	152,237,183	-	409,599,121	635,085,348
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	73,249,045	152,237,183	-	409,599,121	635,085,348
Executive Trade Payables	143,888,710	344,350,103	2,990,011	830,350,416	1,321,579,241
% of Executive Trade Payables	10.89	26	0.23	62.83	100

Source: *Embu County Treasury*

The Ageing Analysis of Trade Payables for the County Executive indicates that the majority of the outstanding bills, amounting to Kshs.830.35 million, fall into the over 3-year category. This is followed by trade payables totalling Kshs.344.35 million incurred during FY 2024/2025. The final category comprises bills aged between two and three years, with an outstanding amount of Kshs.2.99 million.

Table 3.82: Embu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	8,335,098	-	-	-	8,335,098
Recurrent Trade Payables	8.335,098	-	-	-	8,335,098
Assembly Trade Payables	8,335,098	-	-	-	8,335,098
% of Assembly Payables	100	-	-	-	100
Total Trade Payables	152,223,808	344,350,103	2,990,011	830,350,416	1,329,914,339
% of Total Trade Payables	11	26	-	62	100

Source: *Embu County Assembly*

The outstanding trade payables for the County Assembly of Embu amount to Kshs.8.34 million, all of which were incurred during FY 2025/2026 and therefore fall within the one-year category. According to the Trade Payables Action Plan submitted by the County Assembly, a total of Kshs.8.33 million is earmarked for settlement within the current financial year.

3.6.8 Budget Execution by Programmes and Sub-Programmes

Table 3.83 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.83: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
DEVELOMENT				
FINANCE AND ECONOMIC PLANNING.				
General Administration Planning and Support Services	Administration, Planning and Support Services	26,773,728	9,137,111	34
Economic Policy and County Planning	Economic Development Planning and Coordination	11,287,782	3,852,199	34
Revenue Management	Revenue Management Services	20,934,321	7,144,288	34
Financial Management	Control and Management of Public Finances	13,271,104	4,529,050	34
Monitoring and Evaluation	Monitoring and Evaluation of Projects	680,431	232,212	34
		Rec	Rec	Rec
RECCURENT				
OFFICE OF THE GOVERNOR				
General Administration Planning and Support Services	Management of County Affairs (Office of the Governor)	217,531,716	182,928,912	84
County Leadership and Coordination	Sub-County Administration and Field Services	84,950,779	71,437,645	84
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES				
General Administration Planning and Support Services	General Administration services	14,656,082	9,902,614	68
Gender and Social Development	Gender mainstreaming and development	32,976,184	22,280,882	68
Children Services	Child Rehabilitation and Custody	28,090,823	18,980,010	68

Source: *Embu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration, Planning and support services, Economic Development planning and coordination, Revenue Management services, Control and Management of Public Finances, and Monitoring and Evaluation of projects in the department of Finance and economic planning at 34 per cent

For recurrent sub-programmes, the top performers included: Management of county affairs, Subcounty administration and field services in the department of office of the Governor at 84 per cent and general administration services, gender mainstreaming and development, child rehabilitation and custody at the department of youth empowerment and sports, gender, culture, children and social services at 68 per cent.

The highest performance can be attributed to strategic leadership for the said departments.

Table 3.84 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.84: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	10,199,760	594,347	6
Water Service Delivery	Domestic water supply	30,599,280	1,783,040	6
Sanitation Services	Sanitation Services	5,099,880	297,173	6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Irrigation Development	Development of Irrigation Schemes	10,199,760	594,347	6
Environmental Management and Conservation	Environmental Management and Conservation	10,199,760	594,347	6
		Rec	**Rec**	**Rec**
RECURRENT				
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION				
Administrative Support Services	Administrative Support Services	2,566,886	609,907	24
Trade Development and Promotion	Trade Development and Promotion	21,119,629	5,018,149	24
EMBU LEVEL 5 HOSPITAL				
Curative Health Services	Primary Healthcare	3,048,353	204,997	7
Preventive and Promotive Health Services	Health Promotion and Disease Control	837,402	56,314	7
General Administration Planning and Support Services	General Administration Services	612,490	41,189	7

Source: *Embu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: General Administration, Planning and Support Services, Domestic water supply, Sanitation Services, Development of Irrigation schemes, Environmental Management and Conservation in the Department of Water, Irrigation, Environment and Natural Resources at 6 per cent.

For recurrent sub-programmes, the lowest-performing included: Administrative Support Services, Trade development and Promotion in the Department of Trade, Tourism, Investment and Industrialisation at 24 per cent; and Primary Healthcare, Health Promotion and Disease Control, and General Administration Services in the Department of Embu Level 5 Hospital at 7 per cent.

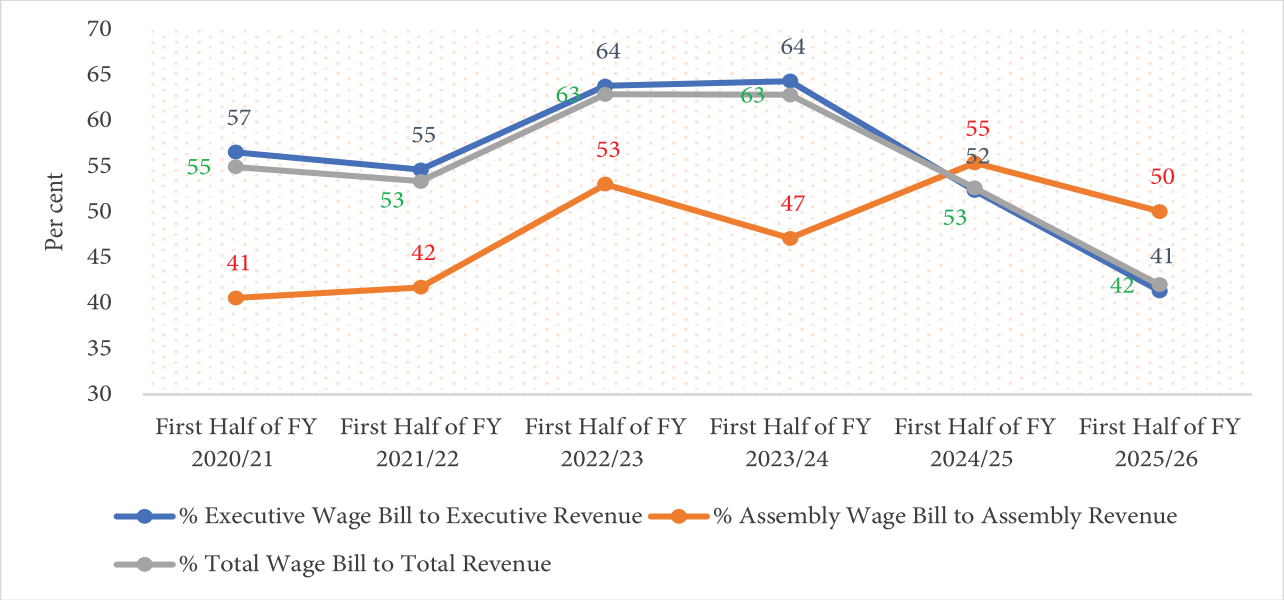
These lower performances can be attributed to a slow pace in implementing the budget utilisation plan.

3.6.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.47 billion. The compensation-to-revenue ratio was 42 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.1.56 billion reported in a similar period in FY 2024/25. Of this total, Kshs.490.70 million related to Health Sector employees, accounting for 33 per cent of the overall employees' compensation. There is a decrease in employee compensation compared to the previous similar period, attributed to the retirement of staff.

Figure 35 shows the trend in employees' compensation as a percentage of total revenue from the First Quarter of FY 2020/21 to the First Half of FY 2025/26.

Figure 35: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Embu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.1.45 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.23.38 million was processed through manual payrolls, accounting for 2 per cent of the total PE cost. The justification for the continued use of manual payroll was the gratuity provision and the need to up allowances for security personnel.

The manual payroll comprised of top-up allowances for security personnel and gratuity remittances to pension schemes for staff on contract, as shown in Table 3.86

Table 3.85: Breakdown of Embu County Manual Payroll

Category	Total (Kshs.)
Top-up Allowances for security officers	15,253,372
Gratuity for contract staff	8,131,882
Total	23,385,254

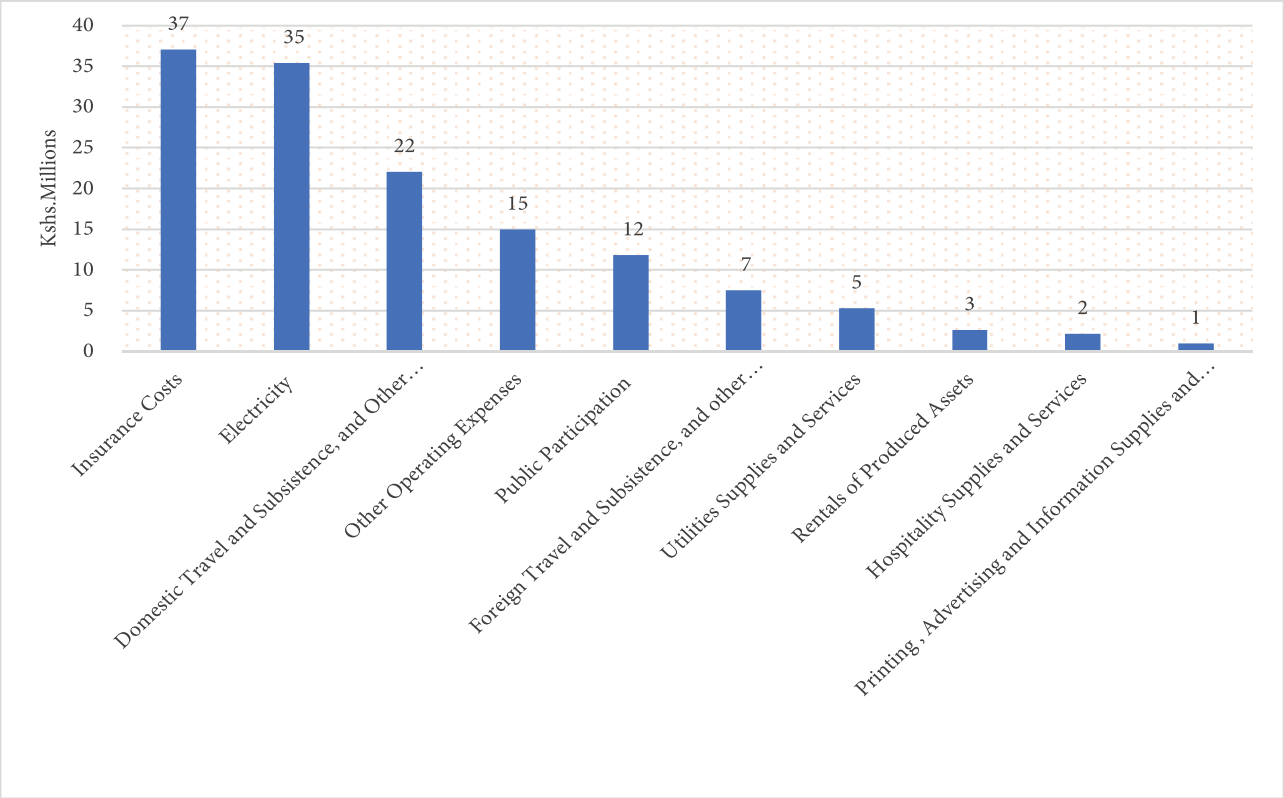
Source*: Embu County Treasury*

The County Assembly spent Kshs.13.18 million on committee sitting allowances for the 31 MCAs, against the annual budget allocation of Kshs.27.92 million. The average monthly sitting allowance was Kshs.70,875 per MCA. The County Assembly has 27 House Committees.

3.6.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.524.79 million on operations and maintenance, representing an increase of 70 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.157.32 million. Figure 36 summarises the Operations and Maintenance expenditure by major categories.

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



Source: *Embu County Treasury*

A review of the other expense items listed in the table did not reveal any inconsistencies:

3.6.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.36.31 million on "*other operating expenses*," which is 27 per cent of the total operations and maintenance expenditure of Kshs.133.99 million. This category of expenditure includes Kshs.19.46 million for community health promoters and Kshs.11.84 million for public participation and 5m for marketing of strategic value chains. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.86.

Table 3.86: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399-00001001-0404013660-36600001	Community Health Promoters Stipend	107,190,000	19,467,500
2211399-00001001-0701013660-36600001	Public Participation	17,800,000	11,843,113
2211399-00001001-0301013660-36600001	Marketing of Strategic Value Chains	9,000,000	5,000,000
Total		133,990,000	36,310,613

Source: *Embu County Treasury*

3.6.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.310.54 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Furthermore, the County allocated Kshs.20 million to the Emergency Fund (0.22 per cent of the total budget). Table 3.87 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.87: Performance of Embu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1	Embu County Education Support Fund	1-January-2015	-	-	-	164,225,0000	Yes
2	Embu County Youth Trust Fund	24-April-2015	-	-	-	20,000,0000	Yes
3	Embu County Climate Change Fund	1-January-2020	290,541,470	29,804,145	29,804,145	226,956,4300	Yes
4	Embu County Emergency Fund	25-March-2020	20,000,000	-	-	23,000,0000	Yes
Sub-Total			**310,541,470**	**9,804,145**	**9,804,145**	434,181,4**300**	
County Assembly Established Funds							
1	County Assembly of Embu Car Loan and Mortgage (MCAs)	March 2014 (Revised in 2022)	-	-	-	165,000,010	Yes
2	County Assembly of Embu Car Loan and Mortgage (Staff)	11th February 2019 (Revised in 2022)	-	-	-	8,000,000	Yes
Sub-Total			-	-	-	**173,000,010**	
Total			**310,541,470**	**29,804,145**	**29,804,145**	**607,181,440**	

Source: *Embu County Treasury*

During the reporting period, the CoB received all the quarterly financial reports from all the Fund Administrators, as indicated in Table 3.87. This is in line with the requirement of Section 168 of the PFM Act, 2012. All the administration costs of all the 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Embu County Youth Trust Fund, the Embu County Bursary Fund and the County Assembly of Embu Car Loan and Mortgage (MCAs) had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.6.13 County Corporations

The County has no corporations; hence, no budgetary allocation was made.

3.6.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.74.92 million and comprised Kshs.54.30 million spent by the County Assembly and Kshs.20.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.09 million and comprised Kshs.16.26 million by the County Assembly and Kshs.7.83 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.88.

Table 3.88: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	21st to 26h Sept 2025	Benchmarking	Watford/ Hertfordshire in the United Kingdom (UK)	2,349,202	2,349,202	2,349,202

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	3rd to 10th September 2025	Africa Climate Summit	Addis Ababa, Ethiopia	747,776	747,776	747,776
County Executive	1	3rd to 5th November 2025	Africa coffee conference	Dar Salam, Tanzania	919,910	919,910	919,910
County Executive	3	10th to 21st November 2025	(COP30) to the UN Framework Convention on Climate Change (UNFCCC).	Belem, Brazil	3,458,770	3,458,770	3,458,770
County Assembly	40	13th -18th October 2025	Benchmarking with the East African legislative Assembly	Arusha	16,258,880	16,258,880	16,258,880
Total							23,734,538

Source: Embu County Treasury

3.6.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.318.12 million as FIF, which was 53 per cent of the annual target of Kshs.600 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.318.13 million, as shown in Table 3.89.

Table 3.89: Embu County Health Facilities Expenditure Performance in First Half FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level Five Hospital	1	426,800,000	245,396,223	57.5
2	Level Four Health Facilities	3	61,110,000	24,353,904	39.9
3	Level Three Facilities	3	20,370,000	11,698,938	57.4
4	Level Three Facilities	10	33,465,000	19,219,683	57.4
5	Eighty-seven Level Two Facilities	71	19,497,000	11,197,554	57.4
6	Sub-County Public Health Offices	6	20,758,000	6,259,827	30.2
7	Medical Services-Headquarters	1	18,000,000	-	-
	Total	**95**	**600,000,000**	**318,126,129**	**53%**

Source: *Embu County Treasury*

3.6.16 Development Expenditure

In the review period, the County reported spending Kshs.529.99 million on development programmes, representing an increase of 54 per cent compared to FY 2024/25, when the County spent Kshs.242.08 million. Table 3.90 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the rollout of major projects, such as the upgrading of health centres, the refurbishment of the governor's office, and support to farmers by purchasing seeds; consequently, these projects had a significant impact on development programmes.

Table 3.90: Embu County, List of Development Projects with the Highest Expenditure

S/No	Sector	Project Name	Project Location		Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Implementation status (%)
			Project Location (Ward)	Sub County							
County Funded Projects											
1	Health	Upgrading Of Gategi Health Centre-Phase 2	Mwea	Mbeere South	25 July 2025	30 June 2026	63,000,000	63,000,000	-	36,687,833	58.2
2	Agriculture, Livestock, Blue Economy and Co-Operative Development	Purchase Of Certified Crop Seeds	County Wide	County Wide	25 July 2025	30 June 2026	31,000,000	31,000,000	-	30,999,600	100.0
3	Finance and Economic Planning	Refurbishment Of The County Headquarters Offices	Kirimari	Manyatta	25 July 2025	30 June 2026	35,000,000	35,000,000	-	25,595,365	73.1
4	Lands, Physical Planning and Urban Development	Development Of County Spatial Plan	County Wide	County Wide	25 July 2025	30 June 2026	40,000,000	40,000,000	-	21,799,800	54.5
5	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	Governor's Cup Season 2 Programme	County Wide	County Wide	25 July 2025	30 June 2026	20,000,000	20,000,000	-	20,000,000	100.0
6	Trade, Tourism, Investment, Industrial Development, and Marketing	Construction of the Wholesale Market in Embu Town	Kirimari	Manyatta	25 July 2025	30 June 2026	15,000,000	15,000,000	-	15,000,000	100.0
7	Education, Science and Technology	Scholarships (Capitation) For the Vocational Training Centres	County Wide	County Wide	25 July 2025	30 June 2026	25,000,000	25,000,000	-	12,497,550	50.0
8	Lands, Physical Planning and Urban Development	Acquisition Of Public Land At Njagairi	Kithimu	Manyatta	25 July 2025	30 June 2026	10,000,000	10,000,000	-	10,000,000	100.0
9	Health	Upgrading Of Kanja Health Centre	Kagaari North	Runyenjes	25 July 2025	30 June 2026	23,615,335	23,615,335	-	8,707,239	36.9
10	Health	Construction Of Kamugere/ Kibogi Dispensary	Kyeni North	Runyenjes	25 July 2025	30 June 2026	11,154,270	11,154,270	-	7,577,545	67.9

Source: *Embu County Treasury*

The County did not report any stalled development projects during the reporting period.

3.6.17 Budget Performance by Department

Table 3.91 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.91: Embu 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
Office of the Governor	302.48	-	254.37	-	254.37	-	100.0	-	84	-
County Public Service Board	38.56	-	15.24	-	15.24	-	100.0	-	40	-
Public Service and Administration	932.42	354.15	398.24	-	398.24	-	100.0	-	43	-
County Assembly	654	40	263.69	6.64	263.69	6.64	100.0	100.0	40	17
Finance and Economic Planning.	214.12	75	128.40	25.60	128.40	25.60	100.0	100.0	60.	34
Trade Tourism Investment and Industrialization	39.47	167.50	9.38	20.88	9.38	20.88	100.0	100.0	24	12
Agriculture, Livestock, Fisheries and Co-Operative Development	228.73	255.91	104.24	30.99	104.24	30.99	100.0	100.0	46	12
Water Environment and Natural Resources	40.36	102	14.03	5.94	14.03	5.94	100	100	35	6
Health	1,766.99	430.31	490.40	95.70	490.40	95.70	100	100	28	22
Embu Level 5 Hospital	4.50	78.05	302.50	19.21	302.50	19.21	100	100	7	25
Infrastructure, Public Works and Housing.	94.78	869.47	27.07	179.42	27.07	179.42	100	100	29	21
Education, Science and Technology	450.75	189.08	154.80	40.19	154.80	40.19	100.0	100.0	34	21
Youth Empowerment and Sports and Gender Empowerment	120.91	211.22	81.70	43.80	81.70	43.80	100.0	100.0	68	21
Lands, Physical Planning and Urban Development & Water	51.09	106.70	23.80	31.80	23.80	31.80	100.0	100.0	47	30
Embu County Revenue Authority (ECRA)	23.91	42	11.80	-	11.80	-	100.0	-	49	-
Embu Municipal Board	90.09	105.19	21.80	-	21.80	-	100.0	-	24	-
Climate Change Unit	-	290.54	-	29.80	-	29.80	-	100.0	-	10
County Attorney	19.94	-	-		-		-	-	-	-
Total	5,073.12	3,317.12	1,999.26	529.99	1,999.26	529.99				

Source: *Embu 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 34 per cent, followed by the Department of Lands, Physical Planning and Urban Development & Water at 30 per cent. The Department of Office of Governor had the highest percentage of recurrent expenditure to budget at 84 per cent, followed by the Department of Youth Empowerment and Sports and Gender Empowerment at 68 per cent as well as the Department of Finance and Economic Planning at 60 per cent while, ECRA, Lands, Physical Planning and Urban Development & Water, Agriculture, Livestock, Fisheries and Co-Operative Development, had absorption rates of 49, 47 and 46 per cent respectively, Departments of Public Service and Administration County Public Service Board, County Assembly had absorption rates above 40 per cent other Departments: Trade and Tourism, Water, Health, Embu Level 5, Infrastructure, Public Works and Housing, Education, Science and Technology, Embu Municipal Board had the lowest absorption rates below 40 per cent and the county attorney had 0 per cent. Late budget implementation and reliance on equitable share are attributed to the poor performance of some departments.

3.6.18 Budget Execution by Programmes and Sub-Programmes

Table 3.92 summarises the budget execution by programmes and sub-programmes in the period under review.

Table 3.92: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office Of The Governor							
General Administration Planning and Support Services	Management of County Affairs (Office of the Governor)	217,531,716	-	182,928,912	-	84	-
County Leadership and Coordination	Sub-County Administration and Field Services	84,950,779	-	71,437,645	-	84	-
YOUTH EMPOWERMENT AND SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES							
General Administration Planning and Support Services	General Administration services	14,656,082	25,602,155	9,902,614	5,308,757	68	21
Gender and Social Development	Gender mainstreaming and development	32,976,184	57,604,848	22,280,882	11,944,703	68	21
Children Services	Child Rehabilitation and Custody	28,090,823	49,070,796	18,980,010	10,175,118	68	21
Culture and Cultural Preservation	Cultural Preservation	14,656,082	25,602,155	9,902,614	5,308,757	68	21
Youth Development and Empowerment Services	Youth Development and Empowerment Services	18,320,102	32,002,693	12,378,268	6,635,946	68	21
Management and development of Sport and Sport facilities	Community Sports Programme	12,213,402	21,335,130	8,252,179	4,423,964	68	21
FINANCE AND ECONOMIC PLANNING.							
General Administration Planning and Support Services	Administration, Planning and Support Services	76,437,013	26,773,728	45,835,633	9,137,111	60	-
Economic Policy and County Planning	Economic Development Planning and Coordination	32,225,783	11,287,782	19,324,266	3,852,199	60	-
Grand Total		5,073,120,243	3,317,125,051	1,999,262,379	529,989,692	35%	16%

***Source**: Embu County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration, Planning and Support Services, Domestic water supply, Sanitation Services, Development of Irrigation schemes, Environmental Management and Conservation, Forestry and Landscapes Conservation, Climate Change Mitigation and Adaptation in the Department of Water, Irrigation, Environment and Natural Resources at 35 per cent.

For recurrent sub-programmes, the top performers were Management of County Affairs (Office of Governor), Sub-County Administration and Field Services, Management of County in the Department of Office of Governor at 84 per cent, followed by General Administration services, gender mainstreaming and development in the Department of Youth Empowerment and Sports and Gender Empowerment at 68 per cent as well as the Department of Finance and Economic Planning programmes scored 60 per cent Their higher performances are attributed to good utilization of allocated budget.

Table 3.93: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resources							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	4,036,261	10,199,760	1,403,094	594,347	35	6
Water Service Delivery	Domestic water supply	12,108,784	30,599,280	4,209,281	1,783,040	35	6
Sanitation Services	Sanitation Services	2,018,131	5,099,880	701,547	297,173	35	6
Irrigation Development	Development of Irrigation Schemes	4,036,261	10,199,760	1,403,094	594,347	35	6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environmental Management and Conservation	Environmental Management and Conservation	4,036,261	10,199,760	1,403,094	594,347	35	6
Forestry and Landscapes Conservation	Forestry and Landscapes Conservation	2,018,131	5,099,880	701,547	297,173	35	6
Climate Change Mitigation and Adaptation	Climate Change Mitigation and Adaptation	12,108,784	30,599,280	4,209,281	1,783,040	35	6
Embu Level 5 Hospital							
Curative Health Services	Primary Healthcare	3,048,353	52,892,622	204,997	13,015,485	7	25
Preventive and Promotive Health Services	Health Promotion and Disease Control	837,402	14,529,939	56,314	3,575,436	7	25
General Administration Planning and Support Services	General Administration Services	612,490	10,627,439	41,189	2,615,134	7	25
Grand Total		5,073,120,243		1,999,262,379	529,989,692	35	16

***Source**: Embu County Treasury*

The development sub-programmes with the lowest budget implementation rates included General Administration, Planning and Support Services, Domestic water supply, Development of Irrigation schemes, Environmental Management and Conservation, Forestry and Landscapes Conservation, Climate Change Mitigation and Adaptation in the Department of Water, Irrigation, Environment and Natural Resources at 6 per cent.

For recurrent sub-programmes, poor performers were. Primary Healthcare, Health Promotion and Disease Control, and General Administration Services in the Department of Embu Level 5 Hospital at 7 per cent. These lower performances are attributed to poor departmental action plans and dependence on equitable share to finance programmes.

3.6.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption is for imprests bank accounts for petty cash and revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 219 various valid accounts in commercial banks, including accounts for Health Facilities, vocational training centres, established funds, revenue accounts, special-purpose accounts (for additional allocations), and others.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.6.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 21st January 2026.
ii. The underperformance of own-source revenue at Kshs.420.12 million against an annual target of Kshs.1.36 billion, representing 14 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.529.98 million on development activities, achieving a 16 per cent absorption rate.

iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the Embu County Youth Trust Fund and the Embu County Bursary Fund had lapsed, rendering them ineligible for further withdrawals.
v. High level of trade payables, which amounted to Kshs.1.32 billion as of 31st December 2025.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

3.7. County Government of Garissa

3.7.1 Overview of FY 2025/26 Budget

The Garissa County Approved budget for FY 2025/26 is Kshs.12.91 billion. It comprises Kshs.5.18 billion (40 per cent) and Kshs.7.73 billion (60 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.907.36 million (8 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.66 billion and a recurrent budget of Kshs.7.34 billion.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.88 billion (69 per cent), additional allocations of Kshs.1.59 billion (12 per cent), a cash balance of Kshs.2.0 billion (15 per cent) brought forward from FY 2024/25, and Kshs.450 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.94.

3.7.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.5.75 billion. This amount represented an increase of 10 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.16 billion. The total revenue consisted of Kshs.4.39 billion from the equitable share of revenue raised nationally, nil additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.540.16 million. Additionally, the County had a cash balance of Kshs.815.15 million from FY 2024/25. The total OSR collection of Kshs.540.16 million included Facilities Improvement Financing (FIF) of Kshs.517.59 million, and Kshs.22.57 million from other OSR sources. Table 3.94 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.94: Garissa County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	1,996,630,416	810,793,554	-	810,793,554	1,185,836,862
2	County Executive Refunds to CRF	-	4,350,723	-	4,350,723	- 4,350,723
3	County Assembly Refunds to CRF	-	7,261	-	7,261	- 7,261
	Sub-Total	**1,996,630,416**	**815,151,537**		**815,151,537**	**1,181,478,879**
B	**Equitable Share of Revenue Raised Nationally**					
1	...	8,877,784,676	3,684,280,642	710,222,774	4,394,503,416	4,483,281,260
	Sub-Total	**8,877,784,676**	**3,684,280,642**	**710,222,774**	**4,394,503,416**	**4,483,281,260**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Transfers from the Equalisation Fund**					
1	...					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Water and Sanitation Development Project (World Bank) WSDP	450,000,000	-	-	-	**450,000,000**
2	Kenya Devolution Support Program KDSP11 Development Grant	352,500,000	-	-	-	**352,500,000**
3	FRAMEWORK FOR THE MANAGEMENT OF FOOD SYSTEMS RESILIENCE PROJECT – (FSRP)-IDA	251,000,000	-	-	-	**251,000,000**
4	Road Maintenance levy fund (RMLF)	188,410,093	-	-	-	**188,410,093**
5	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCRI	173,000,000	-	-	-	**173,000,000**
6	Conditional Grant community Health Promoters	74,520,000	-	-	-	**74,520,000**
7	Kenya devolution support program KDSP11	37,500,000	-	-	-	**37,500,000**
8	Kenay urban support prorgam -KUSP UIG	35,000,000	-	-	-	**35,000,000**
9	DANIDA Grant-Primary health care in devolved context	15,817,000	-	-	-	**15,817,000**
10	Financing locally led climate action program (FLLoCA) County climate Institutional support (CCIS) Grant level 1 (world bank)	11,000,000	-	-	-	**11,000,000**
	Sub-Total	**1,588,747,093**	-	-	-	**1,588,747,093**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates Current Year	38,260,000	214,800	-	214,800	38,045,200
2	Business Permits & Weight & Measures	34,500,000	491,501	-	491,501	34,008,499
3	Livestock Cess & Slaughtering Fees	35,500,000	3,783,750	-	3,783,750	31,716,250
4	Sales of Flowers, Plants, Firewood, Produce, etc.	3,000,000	45,000	-	45,000	2,955,000
5	Market Entrance / Gate Fee & Stalls	43,770,000	9,746,874	-	9,746,874	34,023,126
6	Environment, waste management & Fire Clearance	1,470,000	-	-	-	1,470,000
7	Parking	7,500,000	-	-	-	7,500,000
8	Natural Resources Transportation Cess	16,400,000	-	-	-	16,400,000
9	Fines & Penalties	500,000	-	-	-	500,000
10	Outdoor Advertisement	4,000,000	-	-	-	4,000,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	County Asset Leases, Other Health & Sanitation Revenues (DVO) Vet	4,100,000	7,267,900	-	7,267,900	- 3,167,900
12	Buildings Plan Approval Fee	4,000,000	27,000	-	27,000	3,973,000
13	Right-of-Way / Way-Leave Fee (KPLN, Telkom, etc.)	5,000,000	990,390	-	990,390	4,009,610
	Sub-Total	**198,000,000**	**22,567,215**		**22,567,215**	**175,432,785**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	236,250,000	294,183,295	222,309,979	516,493,274	- 280,243,274
2	Defunct NHIF	-			-	-
3	Other	15,750,000	1,100,400		1,100,400	14,649,600
	Sub-Total	**252,000,000**	**295,283,695**	**222,309,979**	**517,593,674**	**265,593,674**
Total		**12,913,162,185**	**4,817,283,089**	**932,532,753**	**5,749,815,842**	**7,163,346,343**

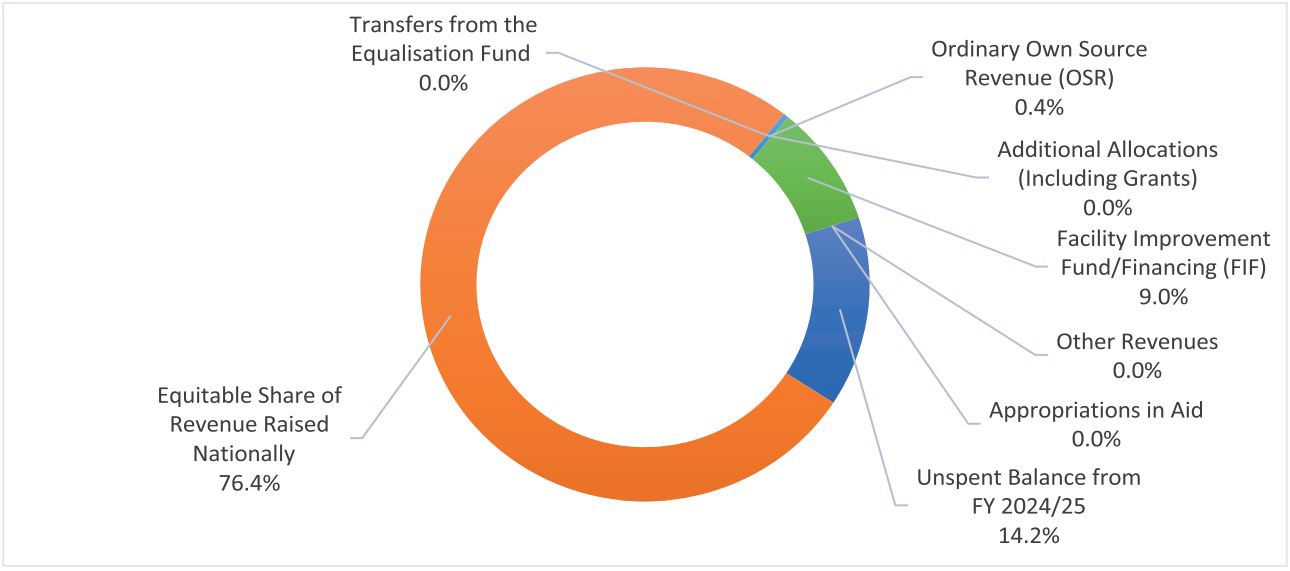
Source: *Garissa County Treasury*

They did not receive any conditional allocation within the reporting period.

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 37 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 37: Garissa County Composition of Each Shilling Earned in the First Half of FY 2025/26

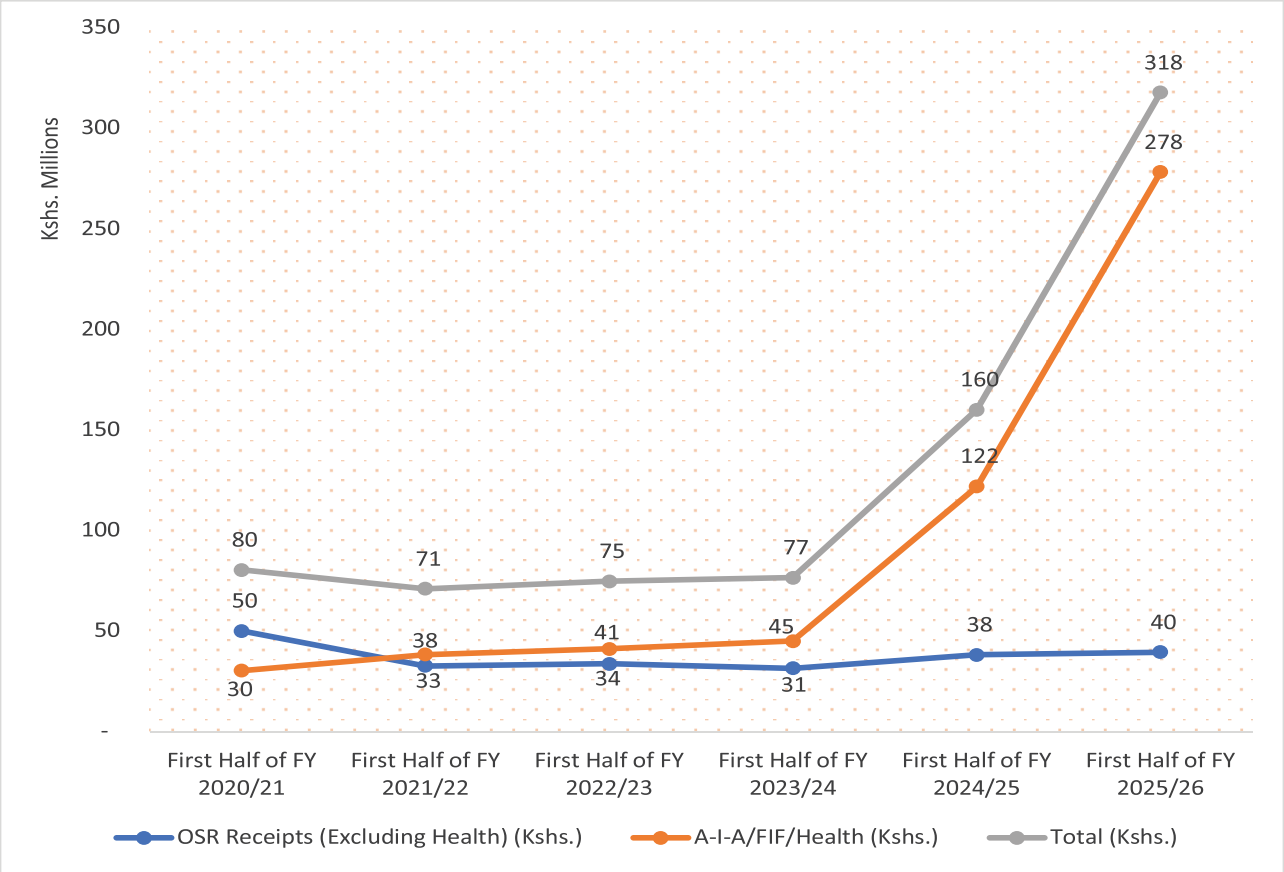


Source: *Garissa County Treasury*

The equitable share of revenue raised nationally, Unspent balances from FY 2024/25, and FIF contributed 76.4 per cent, 14.2 per cent and 9.0 per cent, respectively, of the total receipts for the reporting period.

Figure 38 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 38: Garissa County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



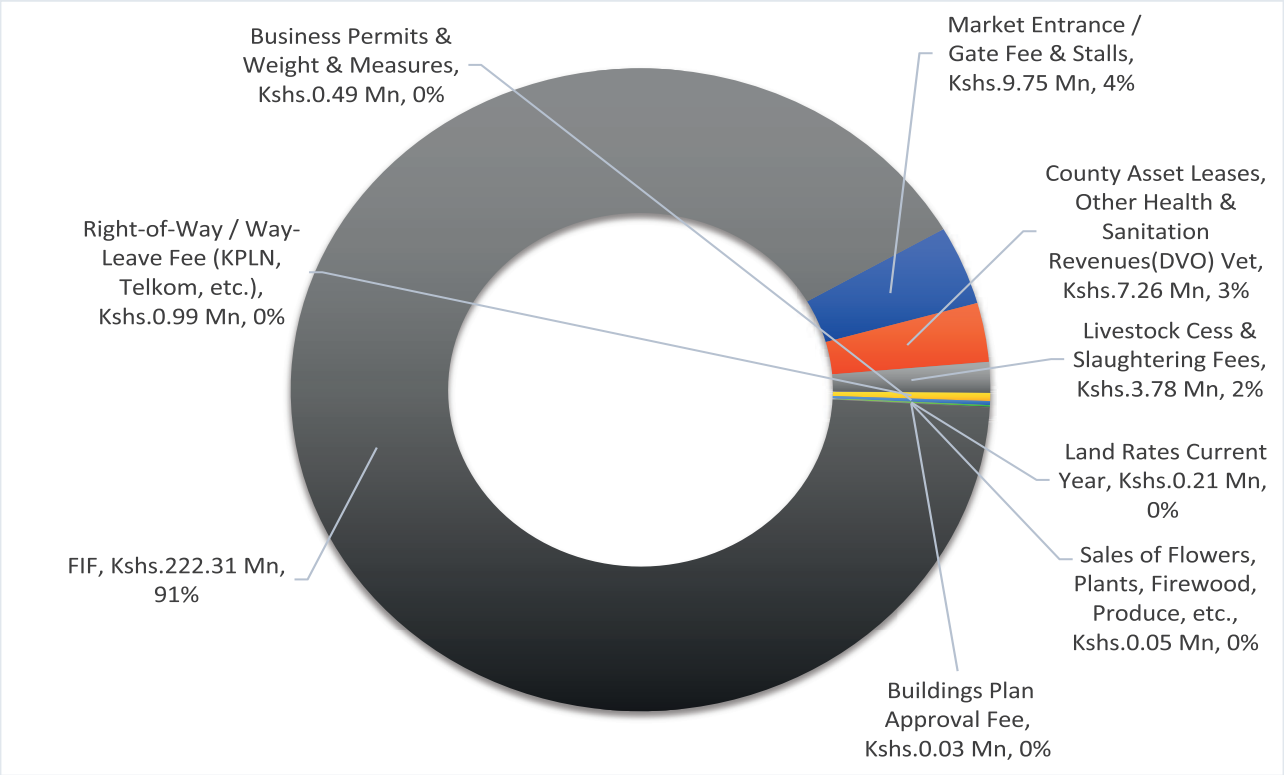
Source: *Garissa County Treasury*

During the first half of FY 2025/26, the County received Kshs.317.85 million from OSR, including FIF. This amount was an increase of 99 per cent compared to Kshs.160.09 million realised in a similar period in FY 2024/25, and was 71 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to collections from FIF, which was caused by an increase in enrolment of SHA by the county residents. Similarly, the decline recorded in the ordinary OSR was caused by severe droughts in the county, thus negatively affecting the cess collections from Livestock. Additionally, the executive order, which gave municipalities the authority to collect fees and levies, has negatively impacted the performance and the reporting of revenues collected from various revenue streams.

The revenue streams which contributed the highest OSR receipts are shown in Figure 39

Figure 39: Garissa County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Garissa County Treasury

As shown in Figure 39, the highest revenue stream, at Kshs.222.31 million, was from FIF, accounting for 91 per cent of the total OSR receipts. The County Government indicated that it has not automated any revenue streams.

3.7.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.193.52 million, which increased to Kshs.932.53 million as of 31st December 2025. Table 3.95 presents a breakdown of the County's revenue arrears.

Table 3.95: Garissa County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	Equitable Share of Revenue Raised Nationally					
1	Month of December	-	-	-	710,222,774	710,222,774
	Sub-Total				710,222,774	710,222,774
E	Facility Improvement Fund (FIF)					
1	SHIF	193,520,405		40,000,000	68,789,574	222,309,979
	Sub-Total	193,520,405		40,000,000	68,789,574	222,309,979
Total		193,520,405	-	40,000,000	779012348	932,532,753

Source: Garissa *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.932.53 million, comprising Kshs.710.22 million for Equitable Share of Revenue Raised Nationally (76 per cent) and Kshs.222.31 million for Facility Improvement Fund (FIF) (24 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include following-up, constituting payment arrangements with the SHA and initiation of a litigation process to compel the authority to clear the long-outstanding arrears.

3.7.4 Borrowing by the County

Garissa County Executive/ Assembly has no credit facility with any bank (Withdrawals from the County Revenue Fund and County Assembly Fund

3.7.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.4.34 billion from the Garissa County Revenue Fund (CRF) account. This amount consisted of Kshs.1.3 billion (30 per cent) designated for development programs and Kshs.3.04 million (70 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.02 billion was allocated for employee compensation, and Kshs.788.13 million for operations and maintenance expenditures. Within the operations and maintenance category, 7.3 per cent was for domestic travel and 1.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.57.69 million, which included Kshs.11.80 million for the County Executive and Kshs.45.89 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.10.56 million, with Kshs.0.48 million for the County Executive and Kshs.10.08 million for the County Assembly.

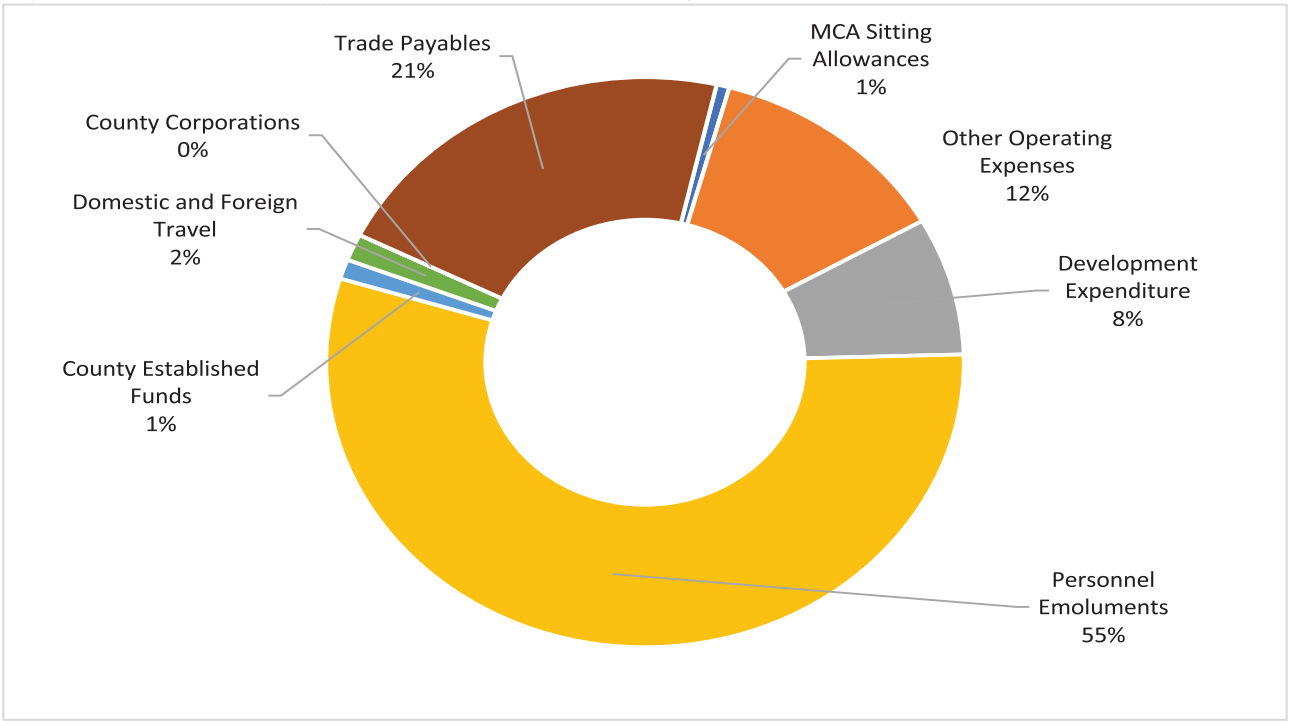
As of December 31, 2025, the County Government's cash balance in the Garissa CRF account was Kshs.204.69 million.

3.7.6 Expenditure Review

The County spent Kshs.4.04 billion on development and recurrent programmes in the reporting period. The expenditure represented 93 per cent of the total funds released by the CoB. It comprised Kshs.1.23 billion for development programmes and Kshs.2.81 billion for recurrent programmes. Expenditure on development programmes represented 23.8 per cent of the annual development expenditure budget, while recurrent expenditure represented 36,3 per cent of the annual recurrent expenditure budget.

Figure 40 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 40: Garissa County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Garissa County *Treasury*

As shown Figure 40, the three highest expenditure categories were Personnel Emoluments, Trade Payables and Development Expenditure and Other Operating Expenses, contributing 55, 21 and 12 per cent of total expenditure for the reporting period.

3.7.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.59 billion. This amount consisted of Kshs.2.42 billion from the County Executive and Kshs.161.26 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.747.21 million for recurrent expenditure and Kshs.1.68 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.878.74 million, comprising Kshs.15.74 million (two per cent) for recurrent programmes and Kshs.863 million (98 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.79.63 million, comprising Kshs.61.37 million (77 per cent) for recurrent activities and Kshs.18.26 million (23 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.55 billion for the County Executive and Kshs.84.63 million for the County Assembly. Table 3.96 provides additional details of trade payables.

Table 3.96: Garissa County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,677,440,562	747,206,030	**2,424,646,592**
		County Assembly	45,001,334	116,262,839	**161,264,173**
		Total	**1,722,441,896**	**863,468,869**	**2,585,910,765**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	1,100,000,000	50,000,000	1,600,000,000
		County Assembly	22,500,000	60,000,000	82,500,0000
		Total	**1,122,500,000**	**110,000,000**	**1,682,500,000**
Amount paid in the First Half of FY 2025/26	c	County Executive	862,999,802	15,736,346	**878,736,148**
		County Assembly	18,263,626	61,370,534	**79,634,160**
		Total	**881,263,428**	**77,106,880**	**958,370,308**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	3,000,000	-
		Total	-	3,000,000	3,000,000
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**814,440,760**	**731,469,684**	**1,545,910,444**
		County Assembly	**26,737,708**	**57,892,305**	**84,630,013**
		Total	**841,178,468**	**789,361,989**	**1,630,540,457**

Source: *Garissa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.60 billion and Kshs.82.50 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.878.74 million for the Executive and Kshs.79.63 million for the Assembly.

Table 3.97 and Table 3.98 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.63 billion.

Table 3.97: Garissa County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	**292,315,510.85**	**238,000,000**	**284,125,249.15**	**814,440,760**
Recurrent Trade Payables (Goods & Services)	145,624,771	-	72,621,067	513,223,846	**731,469,6843**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	145,624,771	-	72,621,067	513,223,846	**731,469,684**
Total Trade Payables	**145,624,771**	**292,315,511**	**310,621,067**	**797,349,095**	**1,545,910,444**
% of Total	**9.4**	**18.9**	**20.1**	**51.6**	**100**

Source: *Garissa County Treasury*

Table 3.98: Garissa County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**7,417,190**	**19,320,518**	-	-	**26,737,708**
Recurrent Trade Payables (Goods & Services)	12,062,313	14,849,256	-	-	**26,911,569**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	18,300,122	12,680,614	-	-	**30,980,736**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	30,362,435	27,529,870	-	-	**57,892,305**
Total Trade Payables	**37,779,625**	**46,850,388**	-	-	**84,630,013**
% of Total	**45**	**55**	-	-	**100**

Source: *Garissa County Treasury*

The ageing analysis highlights significant long-outstanding obligations, especially those over 2 years old (68%). Almost half (49%) of total outstanding balances have been unpaid for over 3 years, indicating significant arrears and a backlog of obligations. The FIFO basis for payment is therefore the most equitable, efficient, and auditable method to manage the county's financial obligations. Hence, adopting a FIFO-based payment approach ensures fairness, enhances transparency, and aligns with sound financial management practices prescribed by public finance management (PFM) principles and auditing standards.

The Trade Payables Action Plan should be leveraged as a strategic framework to: systematically clear arrears, improve supplier confidence, strengthen financial discipline and enhance compliance with the Public Finance Management Act (PFMA).

3.7.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.75 billion on compensation of employees, Kshs.614.34 million on operations and maintenance, and Kshs.1.22 billion on development activities. Similarly, the County Assembly spent Kshs.266.50 million on compensation of employees, Kshs.173.79 million on operations and maintenance, and Kshs.18.26 million on development activities, as shown in Table 3.99.

Table 3.99: Garissa County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,719,812,376**	**1,010,212,868**	**2,368,449,302**	**440,290,335**	**416,032,173**	**52,926,888**	**2,784,481,475**	**493,217,223**	**41**	**49**
Compensation of Employees	4,558,029,713	773,512,908	1,754,109,509	266,501,316	416,032,173	52,926,888	2,170,141,682	319,428,204	48	41
Operations and Maintenance	2,161,782,663	236,699,960	614,339,793	173,789,019	-	-	614,339,793	173,789,019	28	73
Development Expenditure	**5,041,849,809**	**141,287,132**	**1,215,510,487**	**18,263,626**	-	-	**1,215,510,487**	**18,263,626**	**24**	**13**
Total	**11,761,662,185**	**1,151,500,000**	**3,583,959,789**	**458,553,961**	**416,032,173**	**52,926,888**	**3,999,991,962**	**511,480,849**	**34**	**44**

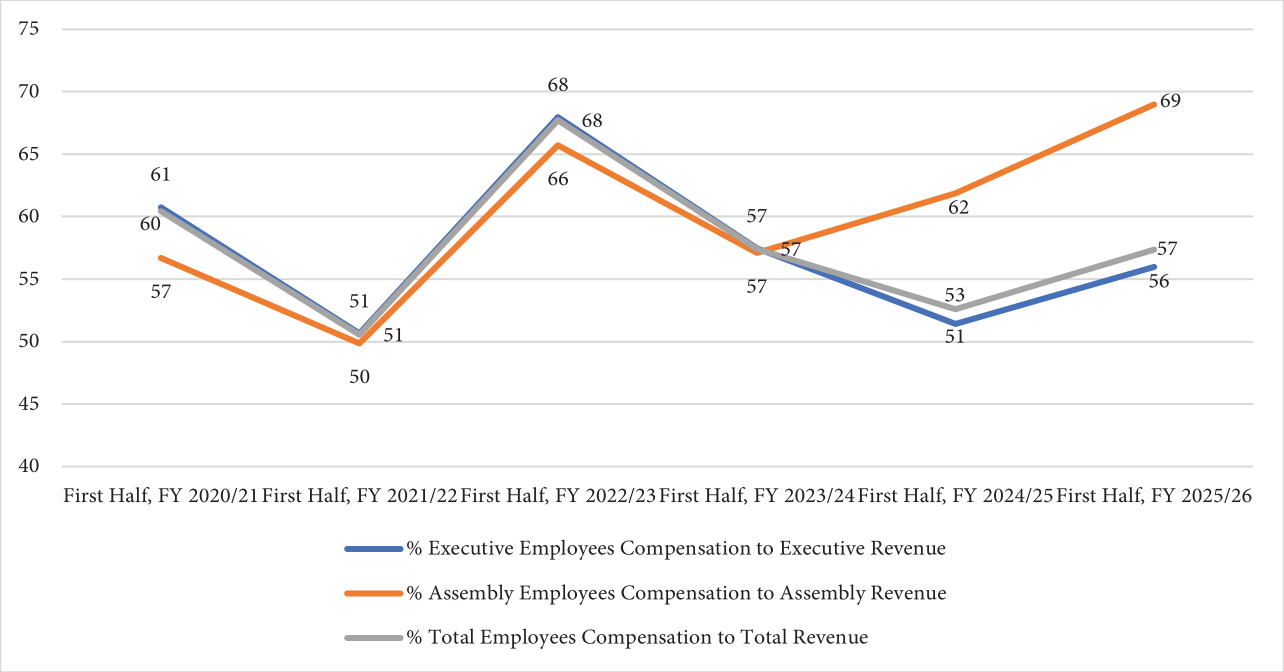
Source: *Garissa County Treasury*

3.7.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.49 billion. The compensation-to-revenue ratio was 56 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.91 billion reported in a similar period in FY 2024/25. Of this total, Kshs.923.88 million related to Health Sector employees, accounting for 37 per cent of the overall employees' compensation. There was an increase of 30 per cent in compensation of employees compared to the previous period performance because of the introduction of the accrual reporting system and employment of more CHEWs.)

Figure 41 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 41: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Garissa County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.182.53 million was processed through manual payrolls, accounting for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the lack of "Personal Numbers" for some of their staff, thus the automated IPPD system cannot process payments, forcing human resource departments to revert to manual vouchers or spreadsheets.

The manual payroll comprised salaries for 195 staff not onboarded into the Human Resource Information System (HRIS), salaries for 508 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.100.

Table 3.100: Breakdown of Garissa County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	46,874,199
2	Salaries for casual staff	10,391,782
3	Top-up Allowances for Security Officers	6,762,466
4	LAPTRUST/LAPFUND Pension Contributions	53,354,793
5	Gratuity for contract staff	46,397,487
6	Community Health Workers	18,750,000
	Total	**182,530,728**

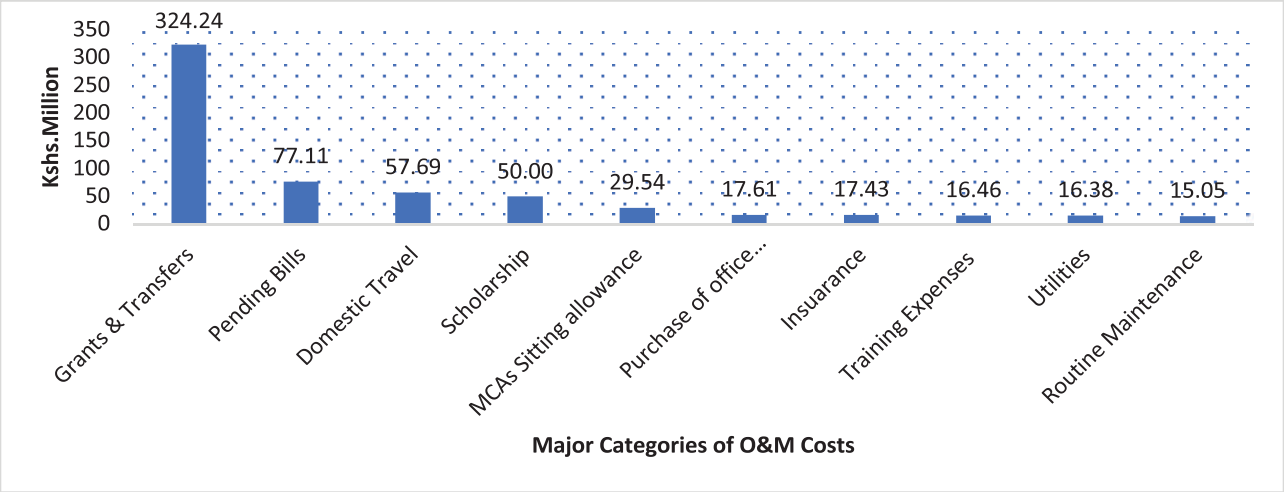
Source: Garissa County Treasury

The County Assembly spent Kshs.29.54 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.78.30 million. The average monthly sitting allowance was Kshs.102,563 per MCA. The County Assembly has 24 House Committees.

3.7.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.788.13 million on operations and maintenance, representing an increase of 35 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.581.88 million. Figure 42 summarises the Operations and Maintenance expenditure by major categories.

Figure 42: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: *Garissa County Treasury*

3.7.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.2.58 million on "*other operating expenses*,". This category of expenditure includes Kshs.2.58 million for Security Allowance. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.101.

Table 3.101: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Assembly - Security Allowances	2120301-00001001-0707013310-3319000201	17,100,000	2,578,900
Executive - Sub County Operations-Administration - Contracted services,	2211399-00001001-0707053310-3320000301	1,000,000	-
Finance - Resource mobilisation program-Revenue - Contracted services,	2211399-00001001-0709023310-3321000301	300,000	-
Finance - Economic Planning - Contracted services,	2211399-00001001-0709053310-3321000401	500,000	-
Finance - Administration and Planning Services-Administration – General Office Supplies	2211399-00001001-0707013310-3321001201	500,000	-
	Total	**19,400,000**	**2,578,900**

Source: *Garissa County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: General Office Supplies, Security Allowances e.tc.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, miscellaneous services, facilitation fee, etc*

3.7.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.90 million to County-Established funds in FY 2025/26, or 0.75 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.3 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.102 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.102: Performance of Garissa County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Disaster Management Fund/ Emergency	2014	40,000,000	-	-	724, 969,431	NO
2	Bursary Fund	2018	50,000,000	50,000,000	50,000,000	675,000,000	YES
3	Micro and Small Enterprises Development Revolving Fund	2015	-	-	-	40,000,000	NO
	Total		90,000,000	50,000,000	50,000,000	1,409,969,431	

Source: *Garissa County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Disaster Management Fund/ Emergency Fund Administrators and Micro and Small Enterprises Development Revolving Fund, as indicated in Table 3.103 , contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Bursary 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of all the Funds had not lapsed.

3.7.13 County Corporations

The County has only one County Corporation, which is operational. It was allocated Kshs.50 million in FY 2025/26. The second one is still in the final stages before it commences. The total expenditure for the review period was nil, as shown in Table 3.103.

Table 3.103: Performance of Garissa County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Garissa Water and Sewerage Company	50,000,000	-	-	345,000,000
	Garissa Rural Water and Sewerage Company	-	-	-	-
	Total	50,000,000	-	-	345,000,000

Source: *Garissa County Treasury*

3.7.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.57.69 million and comprised Kshs.45.89 million spent by the County Assembly and Kshs.11.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.08 million and comprised Kshs.10.08 million by the County Assembly and nil by the County Executive. Expenditure on foreign travel is summarised in Table 3.104.

Table 3.104: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	26TH September to 7th October, 2025	Member travelled to Canada to represent the County Assembly of Garissa in a labour needs assessment mission organised by the Ministry of Labour and Social Protection	Canada	1,004,320	-	1,004,320
County Assembly	1	15th to 28th Sept, 2025	Leadership Development Skills by Strathmore Business School	Italy	990,690	-	990,690

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	17th to 21st Nov, 2025	Leadership Development Skills for County Assembly Members by ESAMI	Istanbul, Turkey	4,629,360	-	4,629,360
County Executive	8	16th to 24th Dec 2025	to attend a high-level study, visit and policy dialogue with key Rwandan Agencies and executives in local government systems, in Kigali, Rwanda, from	Rwanda Kigali	3,454,899	-	3,454,899
Total					10,079,269	-	10,079,269

Source: Garissa County Treasury and Garissa County Assembly

3.7.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.295.98 million as FIF, which was 117 per cent of the annual target of Kshs.252 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.235.56 million, as shown in Table 3.105.

Table 3.105: Garissa County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	189,881,368.80	181,596,042	96
2.	Level 4 Hospital	7	62,118,631.22	53,962,857	87
	Total		**252,000,000**	**235,558,899**	**93**

Source: *Garissa County Treasury*

3.7.16 Development Expenditure

In the review period, the County reported spending Kshs.1.23 billion on development programmes, representing an increase of five per cent compared to FY 2024/25, when the County spent Kshs.1.18 billion. Table 3.106 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the maturation of Kenya's devolution framework, the strategic prioritisation of infrastructure in Arid and Semi-Arid Lands (ASALs), and a significant influx of conditional grants from international development partners. Historically, Northern Kenya suffered from systemic underinvestment; however, the 2010 Constitution of Kenya mandated that a minimum of 30 per cent of county budgets be allocated to development, a threshold that Garissa has consistently aimed to exceed to address historical marginalisation.

Table 3.106: Garissa County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health and Sanitation	Proposed Construction Of Mother and Child Hospital at Garissa County Referral Hospital	Garissa Township	6TH JUNE 2024	12TH JUNE 2026	663,678,404	180,000,000	72,000,000	270,000,000	50

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Youth And Sports	Construction Of Pavilion and Perimeter Fence at Garissa Primary School	Garissa Township	5TH FEBRUARY 2025	5TH FEB 2027	187,800,000	70,000,000	62,000,000	96,500,000	70
3	Road Transport and Public Works	Upgrading To Bitumen Standards of Bula Madina Burbris Road	Garissa Township	30TH JUNE 2025	5TH FEB 2026	93,060,016	93,500,000	52,000,000	52,000,000	60
4	Trade, Investments and Enterprise Development	Construction Of County Aggregation and Industrial Park	Garissa Township	23RD OCT 2023	26TH FEBRUARY 2026	490,636,205	50,000,000	50,000,000	450,000,000	90
5	Education, Information and ICT	Supply & Delivery of ECD & Vocational Centres Learning Materials	Garissa Township	23RD JUNE 2025	15TH JULY 2025	24,950,000	25,000,000	24,950,000	24,950,000	100
6	Agriculture, Livestock, and Pastoral Economy	Proposed renovation & completion of FSRP office block	Garissa Township	15TH JUNE 2025	30TH SEPTEMBER 2025	21,284,360	22,000,000	21,284,360	21,284,360	80
7	Water, Environment and Natural Resources	Proposed Construction Of Denka Water Pan In Lagdera	Lagdera	30TH JUNE 2025	30-Nov-25	16,814,060	18,000,000	16,814,060	16,814,060	100
8	Road Transport And Public Works	construction of the terminal building at Garissa airstrip	Garissa Township	7TH NOVEMBER 2024	30TH MARCH 2026	109,595,053	20,000,000	15,500,000	67,000,000	60
9	Water, Environment and Natural Resources	Proposed Construction of Daad Bilan Water Pan In Fafi	FAFI	23RD Jan 2026	30TH OCT 2025	14,695,057	15,000,000	14,695,057	14,695,057	100
10	Water, Environment and Natural Resources	Drilling and equipping of Arera Borehole	Lagdera	19TH Jan 2025	28-Sep-25	13,402,640	15,000,000	13,402,640	13,402,640	100

Source: *Garissa County Treasury*

The County reported 4 stalled development projects as of 31st December 2025, with an estimated value of Kshs.283.54 million, of which Kshs.38.65 has already been paid. The stalled projects are shown in Table 3.107.

Table 3.107: Garissa County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health and Sanitation	Construction of Health Headquarters	Township	2018	2021	30,000,000	46,563,340	-	-	90
2	Health and Sanitation	Construction of Dispensary block at Gedilun Sangailu	Ijara	Jan, 2019	Dec, 2019	2,000,000	5,673,942	-	-	30
3	Health and Sanitation	Construction and Equipping of Cancer Centre	Township	2021	2022	30,000,000	222,289,475	-	-	5
4	Health and Sanitation	Construction of Maternity at Bura	Township	2020	2021	2,000,000	9,013,440	-	-	20
	TOTAL					**64,000,000**	**283,540,197**			

Source: Garissa County Treasury

3.7.17 Budget Performance by Department

Table 3.108 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.108: Garissa County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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
Agriculture, Livestock and Pastoral	179.96	501.95	97.48	87.73	91.32	87.51	93.7	99.7	50.7	17.4
Culture, Gender, Youth and Sports	66.21	123	39.74	29.87	31.77	29	79.9	97.1	48.0	23.6
Roads, Transport and Public Works	104.82	866.82	78.03	324.04	51.35	322.34	65.8	99.5	49.0	37.2
Education, Information and ICT	454.66	164	166.69	76.73	165.39	75.99	99.2	99.0	36.4	46.3
Lands, Physical Planning and Urban Development	596.38	517.46	215.96	57.22	213.79	55.20	99.0	96.5	35.8	10.7
Finance and Economic Planning	1,047.88	116	463.07	27.60	388.93	26.58	84.0	96.3	37.1	22.9
Health and Sanitation	3,319	495	1,084.54	232.24	1,061.67	231.72	97.9	99.8	32.0	46.8
Trade, Investments and Enterprise Development	95.31	65	56.83	56.45	47.83	49.48	84.2	87.7	50.2	76.1
Water, Environment and Natural Resources	215.26	1,793.12	110.51	390.50	93.34	337.69	84.5	86.5	43.4	18.8
County Affairs, Public Service and Intergovernmental Relations	556.05	399.50	246.04	-	192.03	-	78.0	-	34.5	-
County Public Service Board	84.30	-	34.20	-	31.04	-		-	36.8	-

Department	Budget Allocation (Kshs.Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,010.21	141.29	444.81	18.26	440.29	18.26	99.0	100.0	43.6	12.9
Total	7,730.03	5,183.14	3,037.89	1,300.63	2,808.74	1,233.77	92.5	94.9	36.3	23.8

Source: *Garissa County Treasury*

Analysis of expenditure by departments shows that the Department of Trade, Investments and Enterprise Development recorded the highest absorption rate of development budget at 76 per cent, followed by the Department of Health and Sanitation at 47 per cent. The Department of Agriculture, Livestock and Pastoral had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of County Affairs, Public Service and Intergovernmental Relations had the lowest at 35 per cent.

3.7.18 Budget Execution by Programmes and Sub-Programmes

Table 3.109 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.109: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock & Pastoral							
Programme CP1. Agriculture, Livestock & Pastoral	CSP 1.1 Agriculture Administration & Support Services	113,176,039	438,949,791	58,257,983	87,508,999	51	20
	Total	**113,176,039**	**438,949,791**	**58,257,983**	**87,508,999**	**51**	**20**
Department Culture, Gender, Youth & Sports							
CP2. Gender and social services	**CSP 2.1 Social Protection,**	**1,025,000**	**53,000,000**		**28,997,669**	**0**	**55**
	Total	**1,025,000**	**53,000,000**	-	**28,997,669**	**0**	**55**
Department Roads, Transport and Public Works							
CP2.0 Road and transport	CSP2.1 Roads	1,667,200	866,820,186	700,000	322,335,449	42	37
	Total	**1,667,200**	**866,820,186**	**700,000**	**322,335,449**	**42**	**37**
Department of Education, Information and ICT							
CP1: General Administration and support services	**CSP1.1 Administration and Support Services**	**418,493,769**	**80,000,000**	**155,604,940**	**75,994,428**	**37**	**95**
	Total	**418,493,769**	**80,000,000**	**155,604,940**	**75,994,428**	**37**	**95**
Department of Lands, Physical Planning and Urban Development							
CP 1: Administration	**CSP 1.1 Urban Administration & Support Services**	**568,910,464**	**517,462,888**	**213,787,688**	**55,195,108**	**38**	**11**
CP 2: Lands & physical planning	**CSP 2.1 Lands Services**	**7,000,000**	-	-	-	-	-
	CSP 2.2 Physical Planning	**7,450,000**	-	-	-	-	-
	Sub-Total	**14,450,000**	-	-	-	-	-
CP3: Housing Program	**CSP 3.1 Housing Services**	**4,500,000**	-	-	-	-	-
CP4: Urban Development	**CSP 4.1 Urban development and Infrastructure**	**1,500,000**	-	-	-	-	-
	CSP 4.2 Urban Disaster and Risk Management	**6,114,626**	-	-	-	-	-
	CSP 4.3 Urban Sanitation Services	**900,000**	-	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	**8,514,626**	-	-	-	-	-
	Total	**596,375,090**	**517,462,888**	**213,787,688**	**55,195,108**	**36**	**11**
Department of Finance and Economic Planning							
CP1: Administration and Support Services	CSP1.1 Administration and Support Services	940,734,434	116,000,000	329,935,515	**26579840**	35	23
	Total	**940,734,434**	**116,000,000**	**329,935,515**	**26,579,840**	**35**	**23**
Department of Health and Sanitation							
CP1: Governance, quality assurance and support services	**CSP 1.1 Administration and Support Services**	**3,041,043,227**	**495,000,000**	**894,030,617**	**231721874**	**29**	**47**
	Total	**3,041,043,227**	**495,000,000**	**894,030,617**	**231,721,874**	**29**	**47**
Department Trade, Investments and Enterprise Development							
CP3.Industrialization and investment programme	**CSP 3.1 Industrialisation and investment programme**	**1,400,000**	**65,000,000**	**1,000,000**	**49,483,953**	**71**	**76**
	Total	**1,400,000**	**65,000,000**	**1,000,000**	**49,483,953**	**71**	**76**
Department of Water, Environment and Natural Resources							
CP1: Water Services	CSP1.1 Administration and Support Services	159,307,166	852,116,944	75,638,782	337,693,167	**47**	40
	Total	**159,307,166**	**852,116,944**	**75,638,782**	**337,693,167**	**47**	**40**
Department County Assembly							
CP1: Administration, Planning and Support Services.	CSP 1.1 Office of the Clerk	662,514,789	141,287,132	220,817,219	18,263,626	**33**	**13**
	Total	**662,514,789**	**141,287,132**	**220,817,219**	**18,263,626**	**33**	**13**
	Grand Total	**5,908,272,088**	**3,625,636,941**	**1,949,772,744**	**1,233,774,113**	**33**	34

Source: *Garissa County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration and support services in the Department of Education, Information and ICT at 95 per cent, Industrialization and investment programme in the Department of Trade, Investments and Enterprise Development at 76 per cent, and Administration and Support Services programme in the Department of Health and sanitation at 47 per cent. For recurrent sub-programmes, the top performers were Cooperatives Development in the Department of Agriculture, Livestock & pastoral at 78 per cent, Veterinary Service in the Department of Agriculture, Health products and technologies in the Department of Health and sanitation at 70 per cent, Livestock & pastoral in the Department of Agriculture, Livestock & pastoral at 63 per cent and Special Programmes in the Department of Finance and Economic Planning at 63 per cent.

Their higher performance rates for General Administration and Support Services (95% in Education and 47% in Health) are primarily attributed to the centralised nature of these expenditures. Administration sub-programmes often cover "fixed" costs and essential operational overheads, prioritised to ensure the department's basic functionality. These programmes often include the processing of salaries, utility payments, and office maintenance, which are the first to be funded upon the release of the exchequer. The Industrialisation and Investment programme (76%) in the Department of Trade achieved a high implementation rate due to its alignment with national flagship projects. This project is a joint venture with the National Government; it benefits from stricter procurement timelines and dedicated funding streams that bypass some of the typical local bureaucratic delays. The Health Products and Technologies (HPTs) sub-programme (70%) performed strongly because it represents the "lifeblood" of the county's medical services. Under the Facility Improvement Financing (FIF) Act, health facilities in Garissa gained the autonomy to collect, retain, and spend revenue at the source. This enabled consistent procurement of drugs and laboratory reagents without waiting for the County Treasury's lengthy disbursement cycle.

Table 3.110 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.110: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock & Pastoral							
CP2: Livestock Pastoral Economy	CSP 2.1 Livestock Administration and Support Service	56,980,760	43,000,000	28,010,554	-	49	-
	CSP 2.4 Veterinary Service	3,350,000	20,000,000	2,100,000		63	-
	Total	**60,330,760**	**63,000,000**	**30,110,554**	-	**50**	-
Department Culture, Gender, Youth & Sports							
CP4. Youth and Sport Development	CSP4.2 Sports & talent development	3,263,600	70,000,000	1,230,000	-	38	-
	Total	**3,263,600**	**70,000,000**	**1,230,000**	-	**38**	-
Department of Education, Information and ICT							
CP2. Education Development	CSP 2.1 E.C. D	24,234,909	74,000,000	9,632,288	-	40	-
	CSP 2.2 Vocational Training	3,001,200	10,000,000		-	-	-
	Total	**27,236,109**	**84,000,000**	**9,632,288**	-	**35**	-
Department of Water, Environment and Natural Resources							
CP1: Water Services	CSP 1.2 Water Infrastructure Development		435,000,000	-	-	-	-
	Sub-Total	-	**435,000,000**	-	-		-
	CSP 4.2 climate change and adaptation	11,710,000	506,000,000	4,600,200		**39**	-
	Sub-Total	**11,710,000**	**506,000,000**	**4,600,200**	-	**39**	-
	Total	**11,710,000**	**941,000,000**	**4,600,200**	-	**39**	-
Department County Executive Services							
CP1 Executive Services	CSP 1.1 Governor Operations	57,900,000	10,000,000	14,361,929	-	**25**	-
	CSP 1.2 Deputy Governor Operations	34,620,000		19,000,000	-	**55**	
	CSP 1.3County Secretary	49,656,215	10,000,000	23,000,000	-	**46**	-
	CSP 1.4 Operations & Sub-County Administration	272,802,589	22,000,000	97,032,288	-	**36**	-
	CSP 1.5 Intergovernmental & public participation	55,812,430	352,500,000	16,000,000	-	**29**	-
	CSP 1.6 County Attorney sub programme	28,500,000		2,000,000	-	**7**	
	CSP1.7 HRM DPT	34,980,000	5,000,000	14,500,000	-	**41**	-
	Total	**534,271,234**	**399,500,000**	**185,894,217**	-	**35**	-
	Grand Total	**636,811,703**	**1,557,500,000**	**231,467,259**	-	**36**	-

Source: *Garissa County Treasury*

The development sub-programmes with the lowest budget implementation rates included Livestock Administration and Support Service and Veterinary Service in the Department of Agriculture, Livestock & Pastoral, Sports & Talent Development in the Department of Culture, Gender, Youth & Sports, Education Development programme, Water Services programmes and Executive services programmes, all at zero per cent. For recurrent sub-programmes, poor performers were Social Protection sub programme and Youth development programme in the Department of Culture, Gender, Youth & Sports at zero per cent, Vocational Training in the Department of Education, Information and ICT at zero per cent, Lands & physical planning programme, Housing Program

and Urban Development programme all in the Department of Lands, Physical Planning and Urban Development at zero per cent.

These lower performances are attributed to the complexity of the procurement cycle. The transition from budget approval to contract award is fraught with delays. Many departments fail to initiate procurement plans at the start of the fiscal year, leading to a "bunching" of projects in the final quarter that cannot be completed. In specialised sectors such as Veterinary Services or ICT, a lack of internal technical expertise to draft precise "Bills of Quantities" (BQs) or tender documents leads to repeated retendering or total stagnation. In some instances, "Executive Services" programs may be stalled due to shifting political priorities or the redirection of funds to "emergency" needs not captured in the original budget.

3.7.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 26 accounts in commercial banks, including 12 for Health Facilities, 2 for Vocational Training Centres, 5 for Established Funds, 1 revenue account, 1 special-purpose account (additional allocations), and 4 for departmental operations.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of 26 commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.7.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Garissa County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January, 2026.
ii. The underperformance of own-source revenue at Kshs.22.57 million against an annual target of Kshs.198 million, representing 11 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.23 billion on development activities, achieving a 23.8 per cent absorption rate.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.182.53 million for 195 staff not onboarded into HRIS and 508 casual staff processed through manual payroll, accounting for 7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*

3.8. County Government of Homa Bay

3.8.1 Overview of FY 2025/26 Budget

The Homa Bay County Approved Budget for FY 2025/26 is Kshs.12.19 billion. It comprises Kshs.4.13 billion (34 per cent) and Kshs.8.06 billion (66 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.945.40 million, equivalent to a 7 per cent decrease from the FY 2024/25 budget of Kshs.13.13 billion, which comprised a development budget of Kshs.5.19 billion and a recurrent budget of Kshs.7.94 billion.

The budget is to be financed through various revenue sources, including the equitable share of revenue raised nationally, amounting to Kshs.8.54 billion (70 per cent), additional allocations of Kshs.1.65 billion (14 per cent), share of equalisation funds of Kshs.124 million (1 per cent), a cash balance of Kshs.243.75 million (2 per cent) brought forward from FY 2024/25, and Kshs.1.63 billion (13 per cent) to be generated as own-source revenue. The own-source revenue comprised Kshs.566.18 million to be deposited into the CRF and Kshs.1.06 billion for the Facility Improvement Fund (revenue from health facilities) to be spent at source. A breakdown of the additional allocations is shown in Table 3.111.

3.8.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenue of Kshs.4.05 billion. This amount represented a 13 per cent decrease compared to the amount received in a similar period in FY 2024/25, which was Kshs.4.65 billion. The total revenue consisted of Kshs.3.30 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.652.26 million, as well as a cash balance of Kshs.106 million from FY 2024/25. The balance brought forward from FY 2024/25 includes Kshs.102.34 million for additional allocations (conditional grants) from FY 2024/25.

The total OSR collection of Kshs.652.26 million included Facilities Improvement Financing (FIF) of Kshs.Kshs.507.70 million and Kshs.144.57 million from other OSR sources. Table 3.111 summarises the total revenue available to the County Government during FY 2024/25.

Table 3.111: Homa Bay County, Revenue Performance in the First Half of FY 2025/26

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,539,802,361	3,295,234,548	39
Sub-Total		**8,539,802,361**	**1,386,183,858**	**39**
B.	**Equalisation Fund Disbursement**	124,000,500	-	-
Sub-Total		**124,000,500**	**-**	**-**
C.	**Additional Allocations**			
1	National Value Chain Development Project (NAVCDP)	151,515,152	-	-
2	DANIDA	21,383,750	-	-
3	Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW	251,984,144	-	-
4	Financing Locally-Led Climate Actions Programme -CCIS	11,000,000	-	-
5	Kenya Informal Settlements Improvement Programme (KISIP)II	474,207,780	-	-
6	Kenya Urban Support Programme (UIG)	35,000,000	-	-
7	Road Maintenance Levy	140,000,000	-	-
8	Kenya Urban Support Programme (UDG)	39,000,000	-	-
9	Kenya Urban Support Programme (UDG)	20,000,000	-	-
10	Kenya Devolution Support Programme (KDSPII)	390,000,000	-	-
11	Community Health Promoters (CHP)	88,620,000	-	-
12	Kenya Agricultural Business Development Programme (KABDP)	10,918,919	-	-
13	Aquaculture Business Development Programme (ABDP)	12,909,422	-	-
Sub-Total		**1,646,539,167**	**-**	**-**

S/No.	Revenue Category	Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
D.	**Own Source of Revenue**			
1	Bricks/Sand/Murram/Stones	69,400,300	33,479,956	48
2	Bus Park Fees	60,679,625	22,178,423	37
3	Market Dues	54,670,340	19,736,723	36
4	Other Cess Income	27,400,560	13,304,534	49
5	Miscellaneous Incomes	8,400,400	13,118,547	156
6	Single Business Permit	117,560,340	9,623,335	8
7	Stall/Kiosk Rents	12,090,700	4,559,220	38
8	Approval plans/Transfers/Certificates	16,568,000	3,848,870	23
9	Land Rates/Plot Rents	36,560,500	3,718,973	10
10	Taxi /Motorbike Fees	46,789,369	3,328,061	7
11	Lease Charges/Consent/Transfers	2,690,500	2,875,869	107
12	Fish Cess	18,580,790	2,777,201	15
13	Liquor Licencing	20,678,230	2,751,500	13
14	Other own source revenues	74,111,104	9,268,235	13
Sub-Total		**566,180,758**	**144,569,447**	**26**
E.	**Facility Improvement Fund (FIF)**			
	SHIF	1,064,906,565	507,694,996	48
Sub-Total		**1,064,906,565**	**507,694,996**	48
F.	**Balance Brought Forward from FY 2024/25**			
1	Balance at CRF	243,747,552	104,157,173	43
2	County Executive Refunds to CRF	-	1,622,323	-
3	County Assembly Refunds to CRF	-	219,437	-
Sub-Total		**243,747,552**	**105,998,933**	**43**
Grand Total		**12,185,176,903**	**4,051,461,335**	**33**

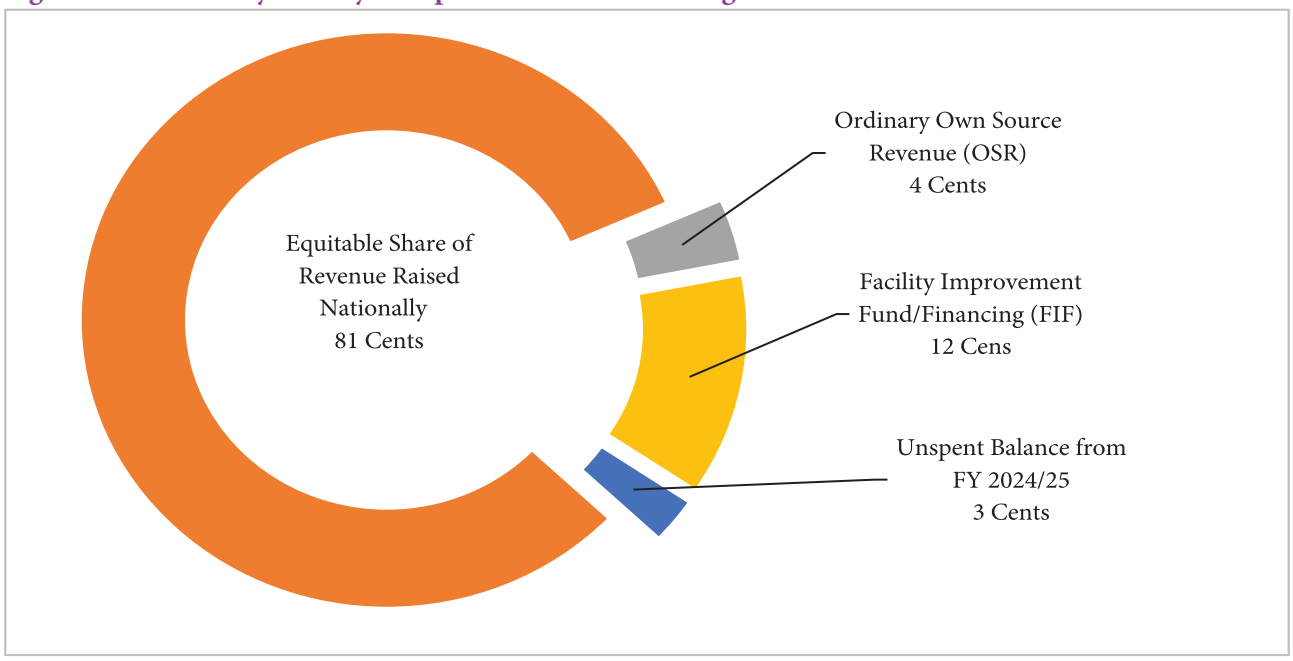
Source: *Homa Bay County Treasury*

Note: The balance brought forward from FY 2024/25 includes Kshs.102.34 million relating to additional allocations (conditional grants) from FY 2024/25.

It is worth noting that the County Assembly enacted the Homa Bay County Facility Improvement Fund Act, 2023, which enabled County health facilities to collect and retain user-fee revenue to offset operational, management, and capital costs.

Figure 43 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

Figure 43: Homa Bay County Composition of Each Shilling earned in the First Half of FY 2025/26

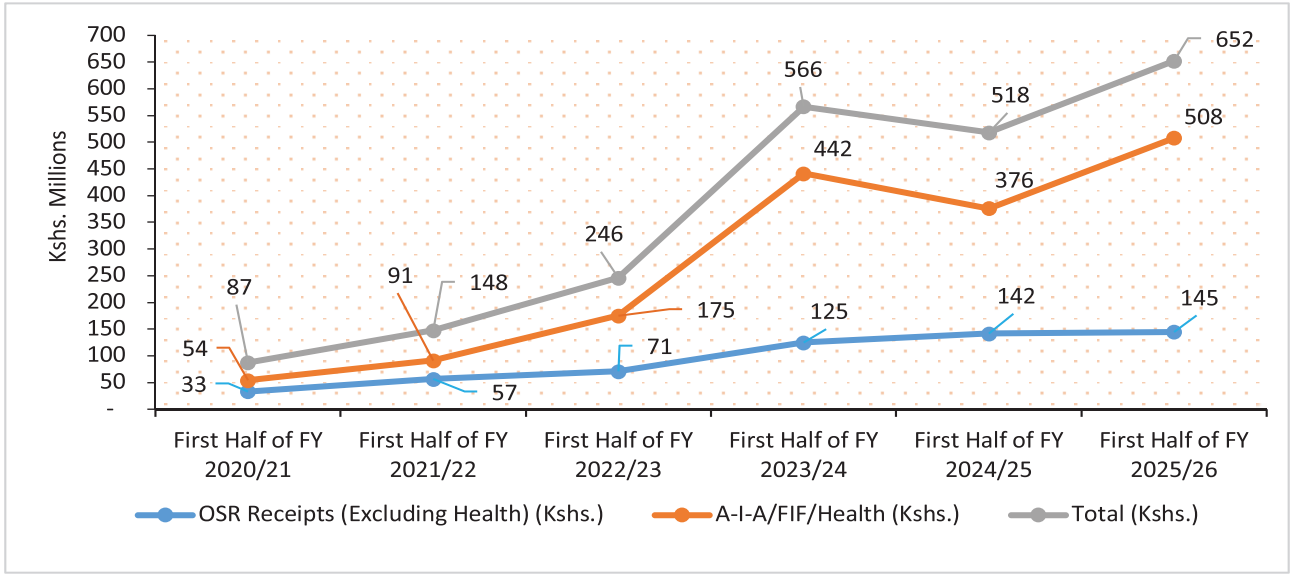


Source: *Homa Bay County Treasury*

.The equitable share of revenue raised nationally, Facility Improvement Fund (FIF), and ordinary Own source Revenue (OSR) contributed 81 per cent, 12 per cent, and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 44 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 44: Homa Bay County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

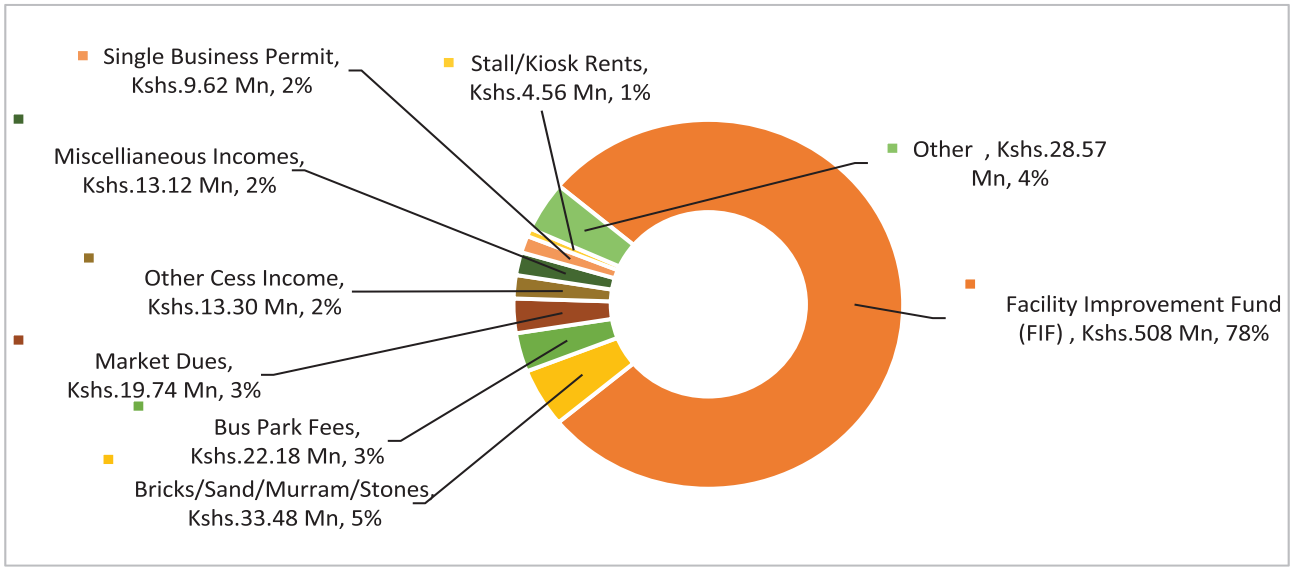


Source: *Homa Bay County Treasury*

During the First Half of FY 2025/26, the County generated Kshs.652.26 million in revenue, including FIF. This amount was an increase of 26 per cent compared to Kshs.517.87 million realised in the similar period in FY 2024/25, and was 20 per cent of the annual target and 40 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 45

Figure 45: Homa Bay County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 45, the highest revenue stream, at Kshs.507.70 million, was from the Facility Improvement Fund (F.I.F), accounting for 78 per cent of the total OSR receipts. The County Government has automated all the revenue streams.

3.8.3 Revenue Arrears/Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.26.35 million, reduced to Kshs.23.27 million as of 31st December, 2025. Table 3.112 presents a breakdown of the County's revenue arrears.

Table 3.112: Homa Bay County Revenue Arrears as of 31st December, 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in the First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	E=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
	Cess	1,038,410	-	1,038,410	-	-
	Land rates	25,314,569		2,048,202	-	**23,266,367**
Total		**26,352,979**	**-**	**3,086,612**	**-**	**23,266,367**

Source: *Homa Bay County Treasury*

As of 31st December, 2025, the total revenue arrears amounted to Kshs.23.27 million, all of which related to land rates. The County issued demand letters to defaulters as part of its efforts to collect the outstanding arrears in FY 2025/26.

3.8.4 Borrowing by the County

The County Executive, in accordance with the authorisation from the County Assembly, agreed with Equity Bank (K) Limited for the advance payroll management overdraft facility. The agreement provided for the advance Payroll Management Overdraft facility at an interest rate of 1.5 per cent and an excise duty of 20 per cent on the interest and bank charges. As of 31st December, 2025, the outstanding payroll management overdraft facility from Equity Bank (K) limited amounted to Kshs.472.64 million.

We also note that the County Government of Homa Bay entered into a tenant purchase agreement, on 6th May, 2024, with the County Pension Fund (CPF) for the construction of the Homa Bay County Headquarters and ancillary facilities, i.e. the Ampitheatre and the Ushuru Centre. The total project cost of Kshs.820 million, with a monthly repayment of Kshs.17,250,000 over a period of four years.

3.8.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.83 billion from the Homa Bay County Revenue Fund (CRF) account. This amount consisted of Kshs.490.53 million (13 per cent) designated for development programmes and Kshs.3.34 billion (87 per cent) allocated for recurrent programmes.

Analysis of the released recurrent exchequers shows that Kshs.2.99 billion was allocated to employee compensation and Kshs.352.04 million to operations and maintenance expenditures. Within the operations and maintenance category, 41 per cent was allocated to domestic travel, accommodation, and subsistence allowances. The domestic travel exchequer totalled to Kshs.145.16 million, all of which was requested by the County Assembly. The County entities did not submit any withdrawal requests for foreign travel, accommodation, and subsistence allowances.

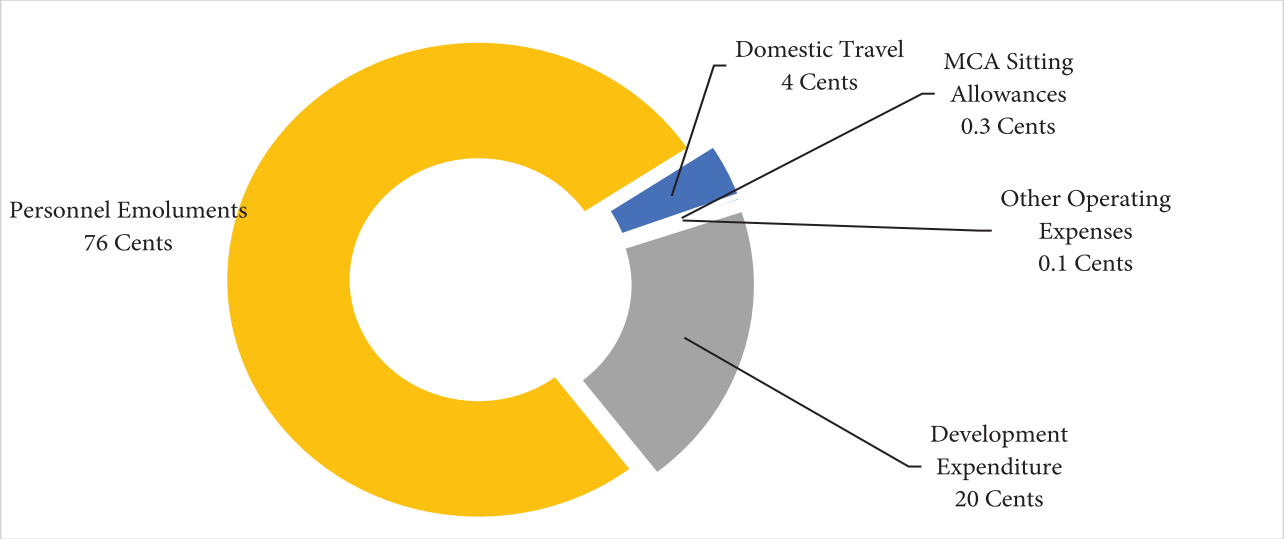
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.1.74 million.

3.8.6 Expenditure Review

The County spent Kshs.4.10 billion on development and recurrent programmes during the reporting period. The expenditure represented 107 per cent of the total funds released by the CoB. It comprised Kshs.773.17 million for development programmes and Kshs.3.33 billion for recurrent programmes. Expenditure on development programmes accounted for 19 per cent of the annual budget, while recurrent expenditure accounted for 41 per cent.

Figure 46 provides a detailed breakdown of expenditure, showing the relative composition of each shilling spent.

Figure 46: Homa Bay County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: *Homa Bay County Treasury*

As shown in Figure 46, the three highest expenditure categories were personnel emoluments, Development expenditure and domestic travel accounted for 76, 20, and 4 per cent of total expenditure for the reporting period, respectively.

3.8.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.43 billion. This amount consisted of Kshs.2.11 billion from the County Executive and Kshs.319.71 million from the County Assembly. The trade payables from the County Executive comprised Kshs.857.91 million for recurrent expenditures and Kshs.1.25 billion for development expenditures, while trade payables from the County Assembly amounted to Kshs.119.01 million for recurrent expenditures and Kshs.200.70 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.01 billion, comprising Kshs.666.28 million (66 per cent) for recurrent programmes and Kshs.345.50 million (34 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.10.86 million, which included Kshs.7.86 million (72 per cent) for recurrent activities and Kshs.3 million (28 per cent) for development activities. The outstanding trade payables as of 31st December, 2025, were Kshs.1.09 billion for the County Executive and Kshs.301.14 million for the County Assembly. Table 3.113 provides additional details of trade payables.

Table 3.113: Homa Bay County Trade Payables as of 31st December, 2025

	County Entity	Development	Recurrent	Total
As at 1st July 2025 (End of FY 2024/25)	County Executive	1,248,313,280	857,909,645	2,106,222,924
	County Assembly	200,703,178	119,006,988	319,710,166
	Total	**1,449,016,457**	**976,916,633**	**2,425,933,090**
Amount paid in FY 2025/26	County Executive	345,503,102	666,281,753	1,011,784,855
	County Assembly	3,000,000	7,860,450	10,860,450
	Total	**348,503,102**	**674,142,203**	**1,022,645,305**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding trade payables as of 31st December, 2025 (Kshs.)	County Executive	902,810,178	191,627,892	1,094,438,069
	County Assembly	197,703,178	103,438,538	301,141,716
	Total	**1,100,513,356**	**295,066,430**	**1,395,579,785**

Source: *Homa Bay County Treasury*

The County Executive and County Assembly submitted a trade payables payment plan. The County Executive noted that they will consistently settle trade payables, in varying amounts, with each tranche of the equitable share of revenue raised nationally, as per the plan. In contrast, the County Assembly did not submit its trade payables payment plan. Table 3.114 and Table 3.115 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and County Assembly, which amounted to Kshs.1.81 billion.

Table 3.114: Homa Bay County Executive trade payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	365,856,814	536,953,364	-	-	902,810,178
Recurrent Trade Payables (Goods & Services)	66,681,507	71,147,976	50,304,602	3,493,807	191,627,892
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	66,681,507	71,147,976	50,304,602	3,493,807	191,627,892
Total Trade Payables	432,538,321	608,101,340	50,304,602	3,493,807	1,094,438,069
% of Total	**40**	**56**	**5**	**0.3**	**100**

Source: *Homa Bay County Treasury*

Table 3.115: Homa Bay County Assembly trade payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	48,778,747	127,208,276	21,716,154	197,703,178
Recurrent Trade Payables (Goods & Services)	-	1,056,150	41,771,145	60,611,243	103,438,538
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	1,056,150	41,771,145	60,611,243	103,438,538
Total Trade Payables	-	49,834,898	168,979,421	82,327,397	301,141,716
% of Total	-	17	56	27	100

Source: *Homa Bay County Treasury*

3.8.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.80 billion for employee compensation, Kshs.140.49 million for operations and maintenance, and Kshs.746.73 million for development activities. Similarly, the County Assembly spent Kshs.191 million on compensation of employees, Kshs.202.56 million on operations and maintenance and Kshs.26.44 million on development activities, as shown in Table 3.116.

Table 3.116: Homa Bay County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Exec -utive	Asse-mbly	Executive	Assembly	Exec-utive	Asse-mbly
Total Recurrent Expenditure	**7,022,296,202**	**1,032,734,503**	**2,935,981,449**	**393,561,339**	-	-	**2,935,981,449**	**393,561,339**	**42**	**38**
Compensation of Employees	5,393,053,980	477,225,034	2,795,495,738	191,003,888	-	-	2,795,495,738	191,003,888	52	40
Operations and Maintenance	1,629,242,222	555,509,469	140,485,711	202,557,451	-	-	140,485,711	202,557,451	9	36
Development Expenditure	**3,986,807,712**	**143,338,488**	**746,732,536**	**26,438,661**	-	-	**746,732,536**	**26,438,661**	**19**	**18**
Total										

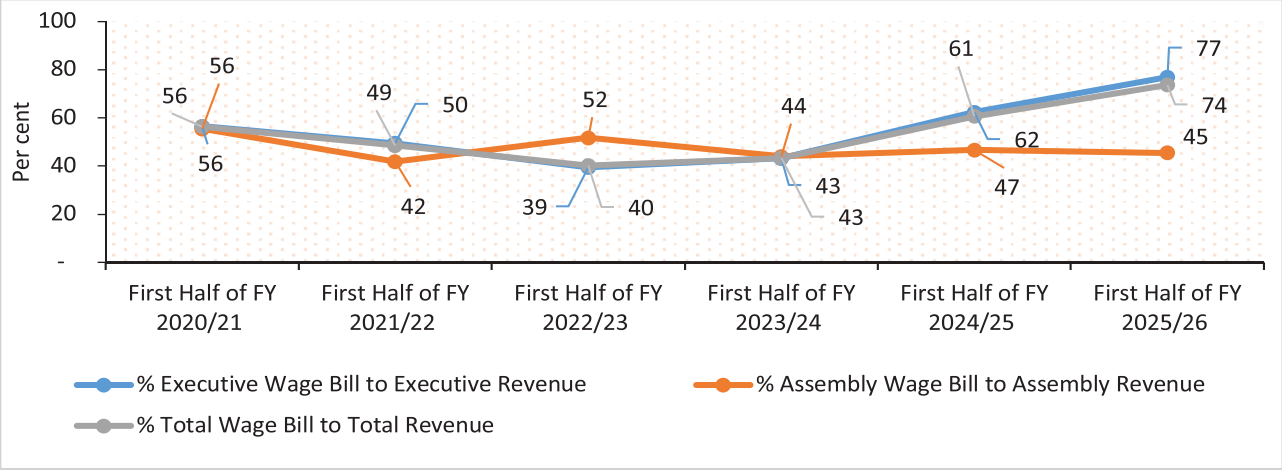
***Source**: Homa Bay County Treasury*

3.8.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.99 billion, accounting for 74 per cent of available revenue. This expenditure on employee compensation increased by 6 per cent to Kshs.2.82 billion, up from Kshs.2.82 billion reported in the same period in FY 2024/25. Of this total, Kshs.1.40 billion was spent on Health Sector employees, accounting for 47 per cent of the overall employees' compensation. The increase in PE expenditure in the reporting period, compared to the same period in FY 2024/25, is attributable to the annual salary increments for various staff cadres.

Figure 47 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 47: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Homa Bay County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.94 billion were processed through the Human Resource Information System (HRIS). On the other hand, Kshs.48.11 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll covers gratuity remittances to pension schemes for staff on contractual terms, as shown in Table 3.117.

Table 3.117: Breakdown of Homa Bay County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for the County Assembly staff who were yet to be onboarded into HRIS	-
2.	LAPTRUST/LAPFUND Pension Contributions	-
3.	Gratuity for contract staff	48,108,071
	Total	**48,108,071**

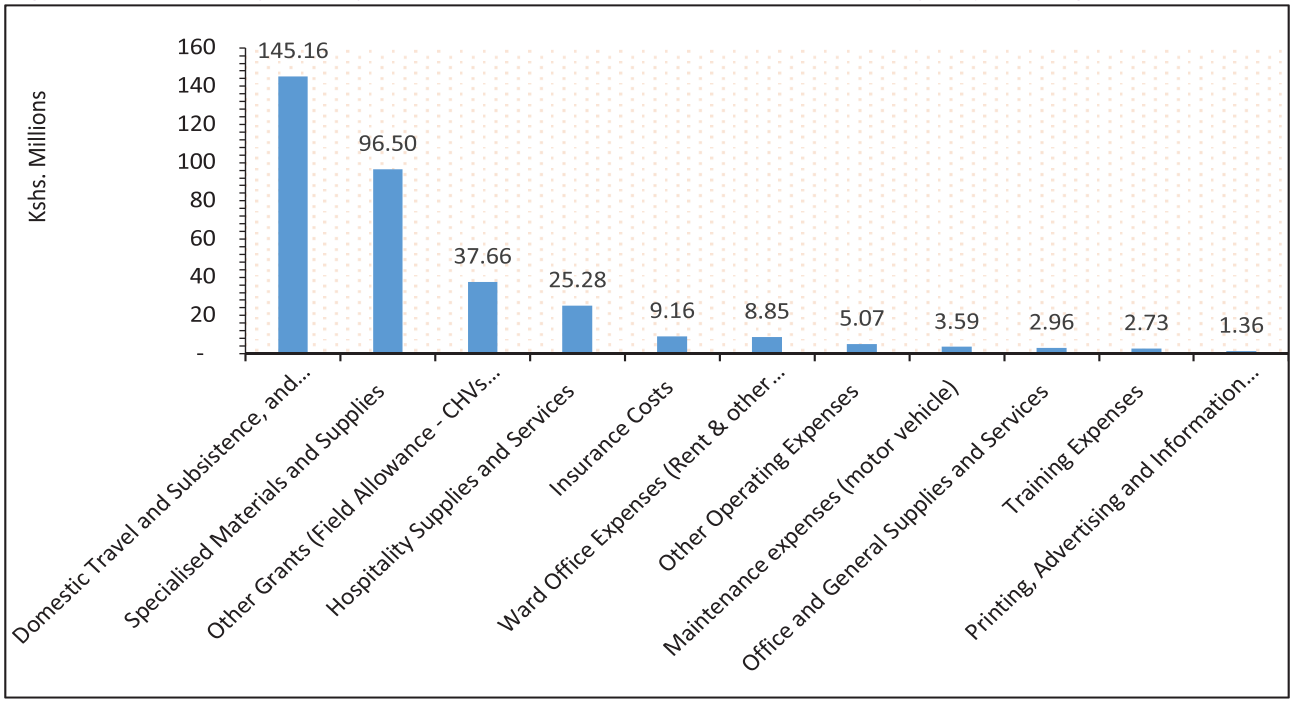
Source: *Homa Bay County Treasury*

The County Assembly spent Kshs.11.81 million on committee sitting allowances for the 54 MCAs against the annual budget allocation of Kshs.45.68 million. The average monthly sitting allowance was Kshs.36,440 per MCA. The County Assembly has 22 House Committees.

3.8.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.343.04 million on operations and maintenance, representing an increase of 60 per cent compared to the same period in FY 2024/25, when the County spent Kshs.214.91 million. Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: *Homa Bay County Treasury*

3.8.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.401.88 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.17.23 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.118 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.118: Performance of Homa Bay County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds						
1.	Homa Bay County Bursary Fund	2015	215,000,000	-	-	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
2.	Homa Bay Emergency Fund	2016	17,231,742	-	-	Yes
3.	Homa Bay County Car Loan and Mortgage Scheme Fund	2016	38,263,559	-	-	Yes
4.	Homa Bay County Alcoholic Drinks Control Fund	2015	-	-	-	Yes
County Assembly Established Funds						
5.	Homa Bay County Assembly Car Loan and Mortgage Scheme Fund	2016	131,385,496	-	-	No
	Total		**401,880,797**	-	-	

Source: *Homa Bay County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund Administrator, as indicated in Table 3.118, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespans of the Homa Bay County Bursary Fund and the Homa Bay County Alcoholic Drinks Control Fund expired on 31st December 2025, necessitating a review and extension of these public funds to prevent operational disruptions.

3.8.12 County Corporations

The County Government of Homa Bay has one County Corporation, namely the Homa Bay County Water and Sanitation Company Limited (HOMAWASCO). We note that the County allocated Kshs.15 million in capital transfers to HOMAWASCO under the water supply and management services programme. However, the County did not make any capital transfers nor incur any expenditure on the Corporation.

3.8.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.145.16 million, all of which was incurred by the County Assembly. The County Entities did not incur any expenditure on foreign travel during the reporting period.

3.8.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.507.69 million as FIF, which was 48 per cent of the annual target of Kshs.1.06 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023, as well as the Homa Bay County Facility Improvement Fund Act, 2023, which allowed the County's health facilities to collect and retain revenue paid as user fees to defray operational, management, and capital costs.

The expenditure by health facilities amounted to Kshs.307.51 million, as shown in Table 3.119.

Table 3.119: Homa Bay County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 5 Hospital	1	274,000,000	85,118,744	31
2	Level 4 Hospitals	23	757,000,000	170,639,875.46	23
3	Level 2 and Level 3 Health facilities	207	19,906,505	51,753,712	260
	Total		**1,064,906,565**	**307,512,331.46**	**29**

Source: *Homa Bay County Treasury*

3.8.15 Development Expenditure

In the review period, the County reported spending Kshs.773.17 million on development programmes, a decrease of 13 per cent

from FY 2024/25, when the County spent Kshs.889.32 million. Table 3.120 summarises the development projects with the highest expenditure in the reporting period.

Table 3.120: Homa Bay County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Budget allocation/Contract sum (Kshs)	Expenditure in the First Half of FY 2025/26 (Kshs.)	Percentage (%) of Completion
Donor Funded Projects						
1	Lands, Physical Planning, Housing and Urban Development	Kenya Informal Settlements Improvement Programme (KISIP) II	All Sub Counties	68,000,000	68,000,000	100
2	Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change	Financing Locally-Led Climate Actions Programme -CCRI&CCRIG) IDA &KFW	All Sub Counties	34,340,021	34,340,021	100
County Funded projects						
1	Executive Office of the Governor	Construction of the County Headquarters	Homa Bay Town Sub-County	210,000,000	48,750,000	100
2	Public Health and Medical Services	Construction of Accident and Emergency structure works at Homa Bay County Teaching and Referral Hospital	Homa Bay County Teaching and Referral Hospital	140,000,000	26,500,000	80
3	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Koliech - Nyang'ira Road in Ruma Kaksingri Ward	Suba South Sub-County	6,545,000	6,545,000	100
4	Finance and Economic Planning	Construction of maternity at Orego Health Centre in Homa Bay East ward	Homa Bay Town Sub-County	5,980,750	5,980,750	100
5	Roads, Public Works, Transport and Infrastructure	Nyarandi-Kabondo Road opening	Rachuonyo East Sub-County	4,985,150	4,985,150	100
6	Roads, Public Works, Transport and Infrastructure	Konyango Rabuor-Nyarandi Road opening	Homa Bay Town Sub-County	4,975,455	4,975,455	100
7	Roads, Public Works, Transport and Infrastructure	Proposed Maintenance Of Otati -Seka-Magunga Road In Suba South Sub-County	Suba North Sub-County	4,889,516	4,889,516	100
8	Roads, Public Works, Transport and Infrastructure	Routine Maintenance of Mawega - Kodumba Road	Rachuonyo North Sub-County	4,875,500	4,875,500	100
9	Finance and Economic Planning	Proposed Maintenance Of Kamalaki-Kongere Road In Rachuonyo South Sub-County	Rachuonyo North Sub-County	4,874,900	4,874,900	100

***Source**: Homa Bay County Treasury*

***Note:** The expenditures for most of the project listed in the table above relate to trade payables from previous financial periods.*

3.8.16 Budget Performance by Department

Table 3.121 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.121: 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
County Department of Finance and Economic Planning	565.42	261.23	228.29	35.26	228.29	35.26	100.0	100.0	40.4	13.5

Department	Budget Allocation (Kshs.Million		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	69.83	-	19.13	-	19.13	-	100.0	-	27.4	-
County Assembly Service Board	1,032.73	143.34	393.56	26.44	393.56	26.44	100.0	100.0	38.1	18.4
Homa Bay Municipal Board	29.92	49.13	4.04	-	4.04	-	100.0	-	13.5	-
Office of the Deputy Governor and Department of Agriculture and Livestock	234.74	253.96	66.10	1.50	66.10	1.50	100.0	100.0	28.2	0.6
County Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	124.55	56.52	29.06	-	29.06	-	100.0	-	23.3	-
County Department of Roads, Public Works, Transport and Infrastructure	158.24	699.47	43.48	181.40	43.48	181.40	100.0	100.0	27.5	25.9
County Department of Blue Economy, Fisheries, Mining and Digital Economy	124.40	47.20	35	2.69	35	2.69	100.0	100.0	28.1	5.7
County Department of Education, Human Capital Development and Vocational Training	1,237.07	305.46	451.63	16.68	451.63	16.68	100.0	100.0	36.5	5.5
County Department of Public Health and Medical Services	2,897.69	432.50	1,544.25	57.16	1,535.25	339.80	99.4	**594.5**	53.0	78.6
County Department of Lands, Physical Planning, Housing and Urban Development	82.76	575.34	42.55	-	42.55	68	100.0	-	51.4	11.8
County Department of Trade, Industry, Tourism, Cooperative Development and Marketing	191.06	132.82	70.42	73	70.42	5	100.0	6.8	36.9	3.8
County Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change	245.65	462.43	54.70	43.07	54.70	43.07	100.0	100.0	22.3	9.3
County Department of Governance, Administration, Communication and Devolution	479.89	405.50	212.27	-	212.27	-	100.0	-	44.2	-
Executive Office of the Governor	538.41	221.25	135.58	53.34	135.58	53.34	100.0	100.0	25.2	24.1
Kendu Bay Municipal Board	9.92	15	1.72	-	1.72	-	100.0	-	17.3	-
Mbita Municipal Board	9.92	15	1.38	-	1.38	-	100.0	-	13.9	-
Ndhiwa Municipal Board	9.92	15	1.58	-	1.58	-	100.0	-	15.9	-
Oyugis Municipal Board	12.90	39	3.78	-	3.78	-	100.0	-	29.3	-
Total	**8,055.03**	**4,130.15**	**3,338.54**	**490.53**	**3,329.54**	**773.17**	**99.7**	**100.0**	**41.3**	**18.7**

Source: *Homa Bay County Treasury*

Analysis of expenditure by departments shows that the County Department of Public Health and Medical Services had the highest absorption rate of its development budget at 78.6 per cent, followed by the County Department of Roads, Public Works, Transport and Infrastructure at 26 per cent, the Executive Office of the Governor at 24 per cent and the County Assembly Service Board at 18 per cent. The County Department of Public Health and Medical Services had the highest percentage of recurrent expenditure

to its budget at 53 per cent, followed by the County Department of Lands, Physical Planning, Housing and Urban Development at 51 per cent, while Mbita Municipal Board and Homa Bay Municipal Board each had the lowest at 14 per cent.

It is worth noting that development expenditure under the Department of Public and Medical Services exceeded exchequer releases, as some payments for development activities were settled using receipts from the facility improvement fund (FIF). This was in accordance with the Facility Improvement Financing Act, 2023, and the Homa Bay County Facility Improvement Fund Act, 2023.

3.8.17 Budget Execution by Programmes and Sub-Programmes

Table 3.122 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.122: Homa Bay County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorp-tion rate (%)
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	375,893,111	216,987,584	158,905,527	58
County Public Service Board					
General Policy, Planning and Administration Services	Administrative Support Services	58,945,686	19,133,318	39,812,368	33
County Assembly Service Board					
Legislative Services	Members' welfare Support services	235,925,000	103,798,252	132,126,748	44
	Legislative development and approval services	88,300,000	47,335,784	40,964,216	54
Oversight and Control Services	Report writing services	110,000,000	78,889,800	31,110,200	72
Ward Representation Services	Ward operations and maintenance	17,695,584	8,847,792	8,847,792	50
Department of Roads, Transport, Public Works and Infrastructure					
Road Development and Rehabilitation Services	Road Development Services	300,000,000	133,388,655	166,611,345	45
Department of Education, Human Capital Development and Vocational Training					
General Administration and Quality Assurance Service	Human Resources Management services	984,173,791	451,631,458	532,542,333	46
Department of Public Health and Medical Services					
Policy planning and administrative support service	Administrative Support Services	2,274,392,548	1,401,887,260	872,505,288	62
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	69,308,719	41,626,823	27,681,896	60
Governance and Administration, Communication and Devolution					
Governance, Administration and Devolution Services	Governance and Administration	391,255,656	212,266,796	178,988,860	54
Executive Office of the Governor					
Strategy and service delivery improvement services	Strategy and advisory services	47,772,900	37,091,288	10,681,612	78
Kendu Bay Municipal Board					
Planning, Finance and Administrative Support Services	Personnel remuneration and development services	3,803,640	1,716,352	2,087,288	45
Oyugis Municipal Board					
Planning, Finance and Administrative Support Services	Policy and Planning Services	727,006		727,006	-
	Personnel remuneration and development services	6,556,056	3,779,140	2,776,916	58

Source: *Homa Bay County Treasury*

Table 3.123 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.123: Homa Bay County, Budget Execution by Programmes and Sub-Programmes with the lowest Absorption Rates

Programme	Sub-Programme	Approved Estimates (Kshs)	Actual Expenditure (Kshs)	Variance (Kshs)	Absorption rate (%)
Department of Finance and Economic Planning					
General administration and support services	General Logistics, Coordination and Asset Management Services	72,283,769	-	72,283,769	-
County Assembly Service Board					
Oversight and Control Services	Public Participation and Education Services	20,000,000	-	20,000,000	-
Policy, Planning and Administrative Support Services	Financial Management Services	217,591,253	-	217,591,253	-
	Assembly infrastructure development Services	143,338,488	26,438,661	116,899,827	18
Homa Bay Municipal Board					
Public Works and Infrastructure Improvement Services	Transport Infrastructure Improvement Services	39,000,000	-	39,000,000	-
Office of The Deputy Governor and Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	General Administration and Support Services	234,742,815	21,061,255	213,681,560	9.0
Food Security Enhancement Services	Farm Input Access Services	43,000,000	-	43,000,000	-
	National Value Chain Project	156,515,152	-	156,515,152	-
Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services					
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	48,915,565	-	48,915,565	-
Department of Roads, Transport, Public Works and Infrastructure					
Road Development and Rehabilitation Services	Road Maintenance Services	374,474,496	48,010,447	326,464,049	12.8
Department of Education, Human Capital Development and Vocational Training					
Early Years Education (EYE) Services	EYE Infrastructure Development Services	265,500,000	16,675,371	248,824,629	6.3
Human Capital Development and Vocational Training	VTC Infrastructure Development Services	39,961,295	-	39,961,295	-
Department of Public Health and Medical Services					
Preventive and promotive health services	Disease control services	62,650,000	-	62,650,000	-
Department of Lands, Housing, Urban Development and Physical Planning					
Housing and Urban Development Services	Settlements Upgrading Services	512,207,780	68,000,000	444,207,780	13.3
Department of Trade, Industry, Tourism, Cooperative Development and Marketing					
Trade, Cooperative and Entrepreneurship Development Services	Enterprise development and promotion services	42,000,000		42,000,000	-
	Trade infrastructure and development services	66,000,000		66,000,000	-
Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change					
Water Supply and Management Services	Rural Water Supply Services	140,000,000	8,731,883	131,268,117	6.2
Climate Change Management Services	Climate Change Mitigation, Adaptation and Resilience Building	251,929,192	34,340,021	217,589,171	13.6

Source: *Homa Bay County Treasury*

Table 3.123 above indicates some sub-programmes that were allocated substantial resources but had absorption rates below 20 per cent, with some achieving zero absorption.

3.8.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Executive operated 274 accounts in commercial banks, including 207 accounts for Level two and three Health Facilities; 24 accounts for Level four and Level 5 Health Facilities, 35 accounts for Vocational Training Centres, 5 accounts for Established Funds and FIF, 2 salary processing accounts and 1 revenue account. On the other hand, the County Assembly operated 4 commercial bank accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.8.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.652.26 million against an annual target of Kshs.1.63 billion, representing 40 per cent of the financial year target.

ii. A substantial number of programmes had absorption rates below 20 per cent of their approved budgets, with some recording zero absorption.

iii. A high wage bill accounted for 74 per cent of the County's total revenue amounting to Kshs.4.05 billion, realised in the first half of FY 2025/26, which is above the ceiling provided in law.

iv. High level of trade payables, amounting to Kshs.1.40 billion as of 31st December, 2025.

v. Low development performance in the review period, as the County incurred Kshs.773.17 million on development activities, achieving a 19 per cent absorption rate.

vi. The Fund Administrator of the Homa Bay County Assembly Car Loan and Mortgage Scheme Fund failed to submit quarterly financial and non-financial reports to the COB within the timelines provided by law, contrary to the requirements of Section 168 of the PFM Act, 2012.

vii. The County government uses commercial bank accounts for operations contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County government bank accounts must be opened and maintained at the Central Bank of Kenya. The commercial bank accounts are for County-established funds, salary processing and operations.

viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should conduct a thorough review of the programmes to identify the reasons behind the low absorption of funds. Additionally, it should consider reallocating resources to more effective programmes to ensure optimal fund utilisation.*
iii. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
iv. *The County Leadership should address the situation of trade payables to ensure tha genuine bills are paid promptly in the remaining financial year.Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The County should implement strategies to increase development expenditures in FY 2025/26.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *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 for own-source revenue collection are exempt.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to OCOB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.9. County Government of Isiolo

3.9.1 Overview of FY 2025/26 Budget

The Isiolo County Approved Budget for FY 2025/26 is Kshs.7.56 billion. It comprises Kshs.2.66 billion (35 per cent) and Kshs.4.89 billion (65 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.750.78 million (11 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.48 billion and a recurrent budget of Kshs.4.32 billion. The increase in the budget was primarily attributed to the rise in equitable share.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.5.63 billion (75 per cent), additional allocations of Kshs.910.01 million (12 per cent), a cash balance of Kshs.639.26 million (8 per cent) brought forward from FY 2024/25, and Kshs.375.21 million (5 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.124.

3.9.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.08 billion. This amount represented an increase of 18 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.60 billion. The total revenue consisted of Kshs.2.34 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.101.82 million. Additionally, the County had a cash balance of Kshs.639.54 million from FY 2024/25. The total OSR collection of Kshs.101.82 million included Facilities Improvement Financing (FIF) of Kshs.23.20 million, and Kshs.78.62 million from other OSR sources. Table 3.124 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.124: Isiolo County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	449,482,136	449,482,136	-	449,482,136	-
2	County Executive Refunds to CRF	**2,989**	**2,989**	-	**2,989**	-
3	County Assembly Refunds to CRF	-	283,235	-	283,235	-283,235
4	Special Purposes Bank Accounts Balances	189,781,107	189,781,107	-	189,781,107	-
	Sub-Total	**639,266,232**	**639,549,467**	-	**639,549,467**	**- 283,235**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	5,631,357,298	2,337,013,279	-	2,337,013,279	3,294,344,019
	Sub-Total	**5,631,357,298**	**2,337,013,279**	-	**2,337,013,279**	**3,294,344,019**
C	**Transfers from the Equalisation Fund**					
1	FY 2024/25	**70,946,533**	-	**70,946,533**	**70,946,533**	-
	Sub-Total	**70,946,533**	-	**70,946,533**	**70,946,533**	-
D	**Additional Allocations (Including Grants)**					
1	Allocation of 20% share of Mineral Royalties	348,837	-	-	-	348,837
2	Settlement of doctors' salary arrears	12,147,883	-	-	-	12,147,883
3	Community Health Promoters (CHPs) Programme	21,630,000	-	-	-	21,630,000
4	Supplement for construction of County HQ	59,000,000	-	-	-	59,000,000
5	Allocation for 0.5% of housing levy fund to the county rural and urban affordable housing committees	1,987,622	-	-	-	1,987,622

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
6	Food Systems Resilience Project (FSRP)	246,153,846	-	-	-	246,153,846
7	Kenya Devolution Support Program II (KDSP II) Level 1 Grant	72,909,500	-	-	-	72,909,500
8	Kenya Devolution Support Program II (KDSP II) Level 2 Grant	353,000,000	-	-	-	353,000,000
9	Primary Health Care in Devolved Context (PHDC) Programme	6,834,000	-	-	-	6,834,000
10	Financing Locally Led Climate Action (FLLoCA)	136,000,000	-	-	-	136,000,000
	Sub-Total	**910,011,688**	-	-	-	**910,011,688**
E	**Ordinary Own Source Revenue (OSR)**					
1	Other Land Revenue (Plot application/ Transfer/Sub Division	4,736,000	236,100	-	236,100	4,499,900
2	Land Rent/Rates - current	17,195,075	887,003	-	887,003	16,308,072
3	Penalties Rent/Rates	1,500,000	44,057	-	44,057	1,455,943
4	Land Rent/Rates - Arrears	5,576,000	1,420,457	-	1,420,457	4,155,543
5	Livestock Auction	10,188,993	883,440	-	883,440	9,305,553
6	Sand Cess	16,200,000	2,906,000	-	2,906,000	13,294,000
7	Barter/Murram/Audit/fire charge/ hide skin	3,237,552	120,000	-	120,000	3,117,552
8	Miraa export/cess	4,018,156	2,524,000	-	2,524,000	1,494,156
9	Miscellaneous Charges-Public Health Inspection	950,000	268,000	-	268,000	682,000
10	S.B.P fees/Promotion/Advertisement/Branding	6,556,802	1,523,185	-	1,523,185	5,033,617
11	Liquor licence	4,800,000	-	-	-	4,800,000
12	Public works/other charges	1,200,000	230,000	-	230,000	970,000
13	Stand Premium	1,285,536	36,000	-	36,000	1,249,536
14	Consent and clearance	419,919	40,000	-	40,000	379,919
15	Plot Transfer Approval	3,886,076	22,000	-	22,000	3,864,076
16	Lease extension	300,000	-	-	-	300,000
17	Planning & Survey	954,000	-	-	-	954,000
18	Livestock Veterinary/ meat inspection	3,596,000	140,610	-	140,610	3,455,390
19	Weight and Measures	750,000	6,500	-	6,500	743,500
20	Tractor Hire/tourism bus/-KNLS	1,099,891	51,530	-	51,530	1,048,361
21	Agriculture Training Centre	880,000	-	-	-	880,000
22	Game entrance/Royalties	154,225,758	65,057,484	-	65,057,484	89,168,274
23	Market Stalks/Fee and Produce	10,430,446	474,386	-	474,386	9,956,060
24	Street parking fees	10,480,000	1,386,244	-	1,386,244	9,093,756
25	Slaughter fees	4,513,575	246,700	-	246,700	4,266,875
26	Building plan approval / bill and sign board	2,228,401	120,461	-	120,461	2,107,940
	Sub-Total	**271,208,180**	**78,624,157**	-	**78,624,157**	**192,584,023**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	70,000,000	6,834,670	-	6,834,670	63,165,330
2	Defunct NHIF	-	-	-	-	-

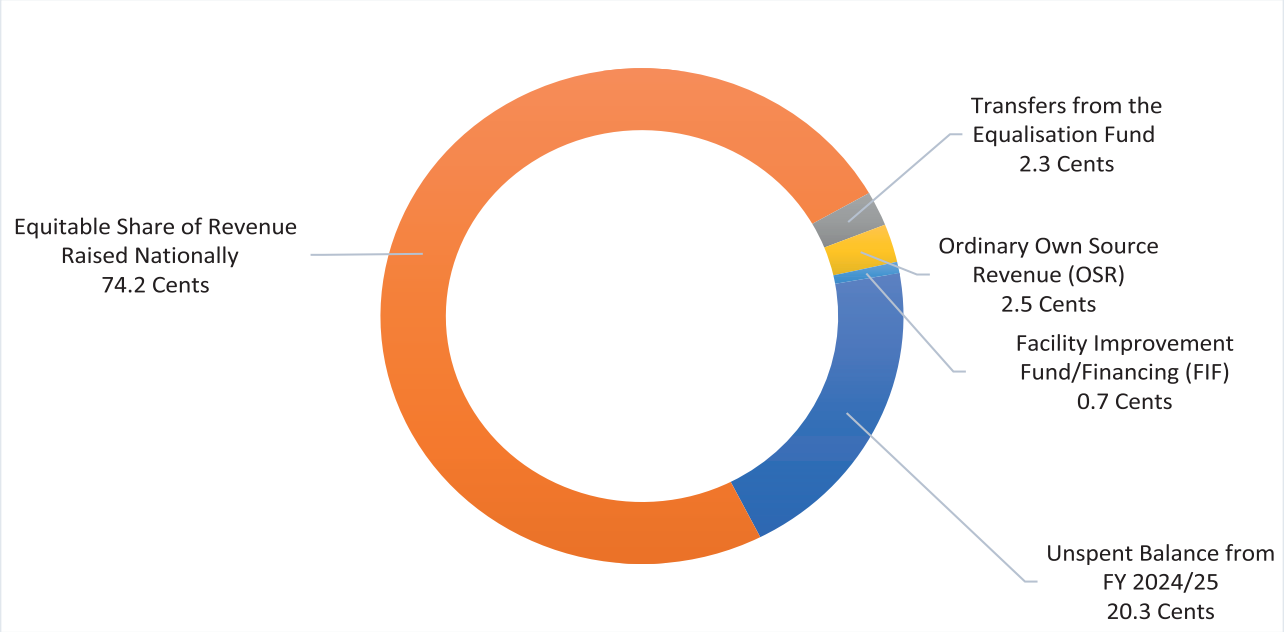
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	Cash payments & Compassion remittance	34,000,000	16,365,286	-	16,365,286	17,634,714
	Sub-Total	**104,000,000**	**23,199,956**	**-**	**23,199,956**	**80,800,044**
Total		**7,626,789,931**	**3,078,386,859**	**70,946,533**	**3,149,333,392**	**4,477,456,539**

Source: *Isiolo County Treasury*

Equalisation fund was not included in the Isiolo County FY 2025/26 approved budget estimates. Similarly, the county Assembly balances refunded to the CRF were not included in the FY 2025/26 approved budget estimates.

The county does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 49 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

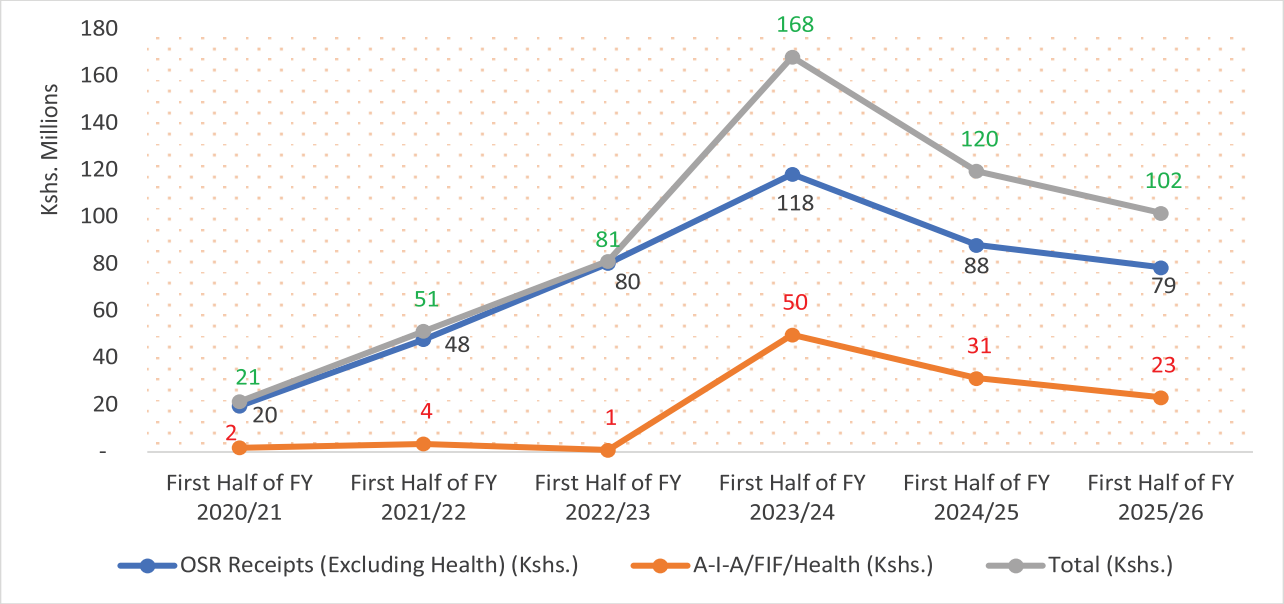
Figure 49: Isiolo County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Isiolo County Treasury*

The equitable share of revenue raised nationally, Unspent balance from FY 2024/25, and OSR contributed 74 per cent, 20 per cent and 3 per cent, respectively, of the total receipts for the reporting period. Figure 50 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

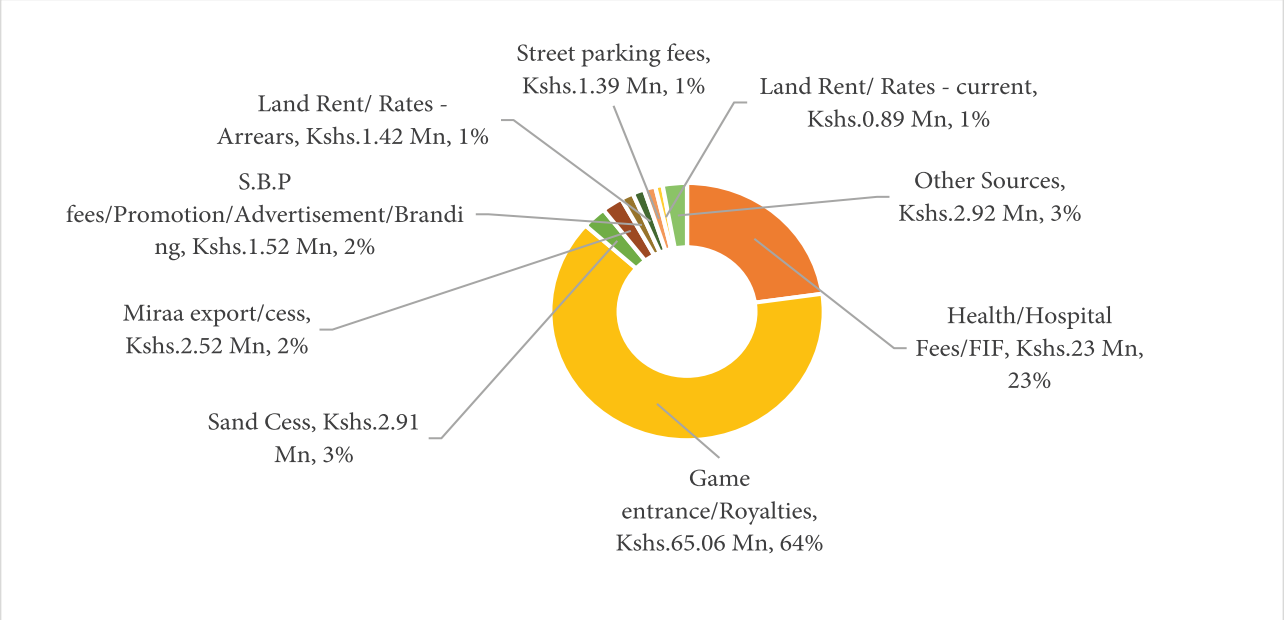
Figure 50: Isiolo County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Isiolo County Treasury*

During the first half of FY 2025/26, the County received Kshs.101.82 million from OSR, including FIF. This amount was a decrease of 15 per cent compared to Kshs.119.60 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 4 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 51

Figure 51: Isiolo County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Isiolo County Treasury

As shown in Figure 51 the highest revenue stream, at Kshs.65.06 million, was from Game park entrance/ Royalties, accounting for 64 per cent of the total OSR receipts. The County Government is yet to automate revenue streams.

3.9.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.281.90 million, which increased to Kshs.210.34 million as of 31st December 2025. Table 3.125 presents a breakdown of the County's revenue arrears.

Table 3.125: Isiolo County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Transfers from the Equalisation Fund**					
1	**FY 2024/2025**	70,946,533	-	70,946,533	-	-
	Sub-Total	**70,946,533**		**70,946,533**		
B	**Ordinary Own Sources of Revenue**					
1	**Property Rates**	210,951,236	-	611,190	-	210,340,046
	Sub-Total	**210,951,236**	-	**611,190**	-	**210,340,046**
Total		**281,897,769**	-	**71,557,723**	-	**210,340,046**

Source: Isiolo *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.210.34 million, all from Property rates. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include recruitment of additional revenue administration staff. The County should enhance arrears collection measures so as to collect more.

3.9.4 Borrowing by the County

The county government did not report any borrowing in the review period.

3.9.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.76 billion from the Isiolo County Revenue Fund (CRF) account. This amount consisted of Kshs.586.21 million (21 per cent) designated for development programs and Kshs.2.18 billion (79 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.60 billion was allocated for employee compensation, and Kshs.578.99 million for operations and maintenance expenditures. Within the operations and maintenance category, 2.3 per cent was for domestic travel and none for foreign travel. The domestic travel exchequers totalled Kshs.49.07 million, which included Kshs.6.97 million for the County Executive and Kshs.42.10 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Isiolo CRF account was Kshs.110.19 million.

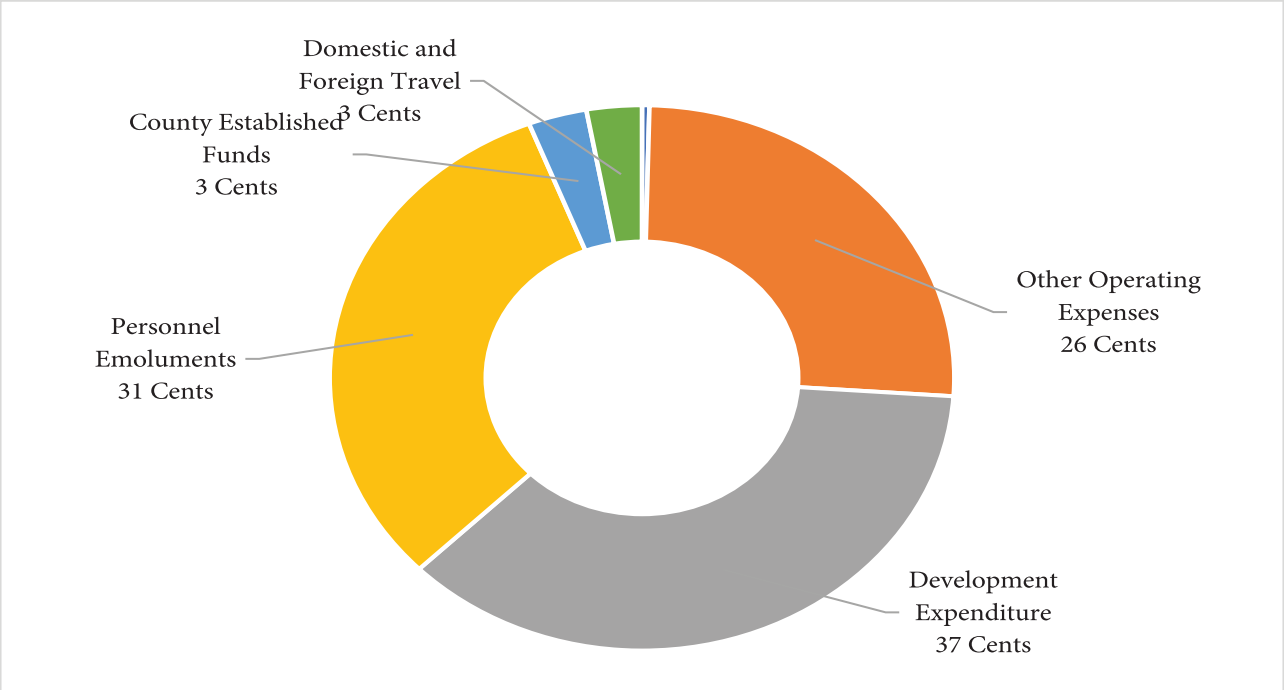
The Isiolo County Assembly Fund (CAF) account is yet to be operationalised.

3.9.6 Expenditure Review

The County spent Kshs.1.70 billion on development and recurrent programmes in the reporting period. The expenditure represented 61 per cent of the total funds released by the CoB. It comprised Kshs.663.18 million for development programmes and Kshs.1.04 billion for recurrent programmes. Expenditure on development programmes represented 21 per cent of the annual development expenditure budget, while recurrent expenditure represented 25 per cent of the annual recurrent expenditure budget.

Figure 52 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 52: Isiolo County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Isiolo *County Treasury*

As shown in Figure 52, the three highest expenditure categories were development, Personnel emoluments and Other operating expenses contributing 37, 31 and 26 per cent of total expenditure for the reporting period.

3.9.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.64 billion. This amount consisted of Kshs.1.48 billion from the County Executive and Kshs.159.26 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.23 billion for recurrent expenditure and Kshs.199.94 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.653.73 million, comprising Kshs.634.14 million (97 per cent) for recurrent programmes and Kshs.19.59 million (3 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.60.94 million, which included Kshs.59.25 million (97 per cent) for recurrent activities and Kshs.1.7 million (3 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.825.46 million for County Executive and Kshs.155.60 million for County Assembly. Table 3.126 provides additional details of trade payables.

Table 3.126: Isiolo County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	199,937,165	1,279,258,143	1,479,195,307
		County Assembly	52,849,469	106,410,118	159,259,586
		Total	**252,786,633**	**1,385,668,260**	**1,638,454,894**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	19,588,920	904,854,556	924,443,476
		County Assembly			
		Total	**19,588,920**	**904,854,556**	**924,443,476**
Amount paid in the First Half of FY 2025/26	c	County Executive	19,588,920	634,141,587	653,730,507
		County Assembly	1,700,000	59,245,500	60,945,500
		Total	**21,288,920**	**693,387,087**	**714,676,007**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly	-	57,281,095	57,281,095
		Total	-	**57,281,095**	**57,281,095**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	180,348,245	645,116,556	825,464,801
		County Assembly	51,149,469	104,445,713	155,595,182
		Total	**231,497,713**	**749,562,269**	**981,059,982**

Source: *Isiolo County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.904.85 million and Kshs.19.59 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Executive did not adhere to this payment plan, as it cleared Kshs.653.73 million. On the other hand, the County Assembly is yet to submit pending bills payment though they cleared Kshs.60.95 million pending bills.

Table 3.127 and Table 3.128 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.981.06 million.

Table 3.127: Isiolo County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**76,870,170**	**42,566,878**	**47,522,802**	**13,388,395**	**180,348,245**
Recurrent Trade Payables (Goods & Services)	55,414,813	290,818,607	274,985,500	23,897,636	**645,116,556**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	55,414,813	290,818,607	274,985,500	23,897,636	**645,116,556**
Total Trade Payables	**132,284,983**	**333,385,485**	**322,508,302**	**37,286,031**	**825,464,801**
% of Total	**16**	**40**	**39**	**5**	**100**

Source: *Isiolo County Treasury*

Table 3.128: Isiolo County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	32,585,917	6,420,771	12,142,781	**51,149,469**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	57,281,095	-	-	-	**57,281,095**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	57,281,095				57,281,095
Total Trade Payables	**57,281,095**	**32,585,917**	**6,420,771**	**12,142,781**	**108,430,564**
% of Total	**37**	**25**	**16**	**23**	**100**

Source: *Isiolo County Treasury*

3.9.8 Expenditure by Economic Classification

The County Executive incurred Kshs.426.68 million on compensation of employees, Kshs.392.83 million on operations and maintenance, and Kshs.663.18 million on development activities. Similarly, the County Assembly spent Kshs.144.05 million on compensation of employees, Kshs.73.15 million on operations and maintenance, and none on development activities, as shown in Table 3.129.

Table 3.129: Isiolo County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,327,726,088**	**571,957,767**	**752,017,639**	**217,202,740**	**67,487,522**	**-**	**819,505,161**	**217,202,740**	**19**	**38**
Compensation of Employees	2,450,061,043	282,098,046	426,677,889	144,054,740	-	-	426,677,889	144,054,740	17	51
Operations and Maintenance	1,877,665,045	289,859,721	325,339,750	73,148,000	67,487,522	-	392,827,272	73,148,000	21	25
Development Expenditure	**2,516,159,543**	**140,000,000**	**650,203,501**	-	**12,975,600**	-	**663,179,101**	-	**26**	-
Total	**6,843,885,631**	**711,957,767**	**1,402,221,140**	**217,202,740**	**80,463,122**	**-**	**1,482,684,262**	**217,202,740**	**22**	**31**

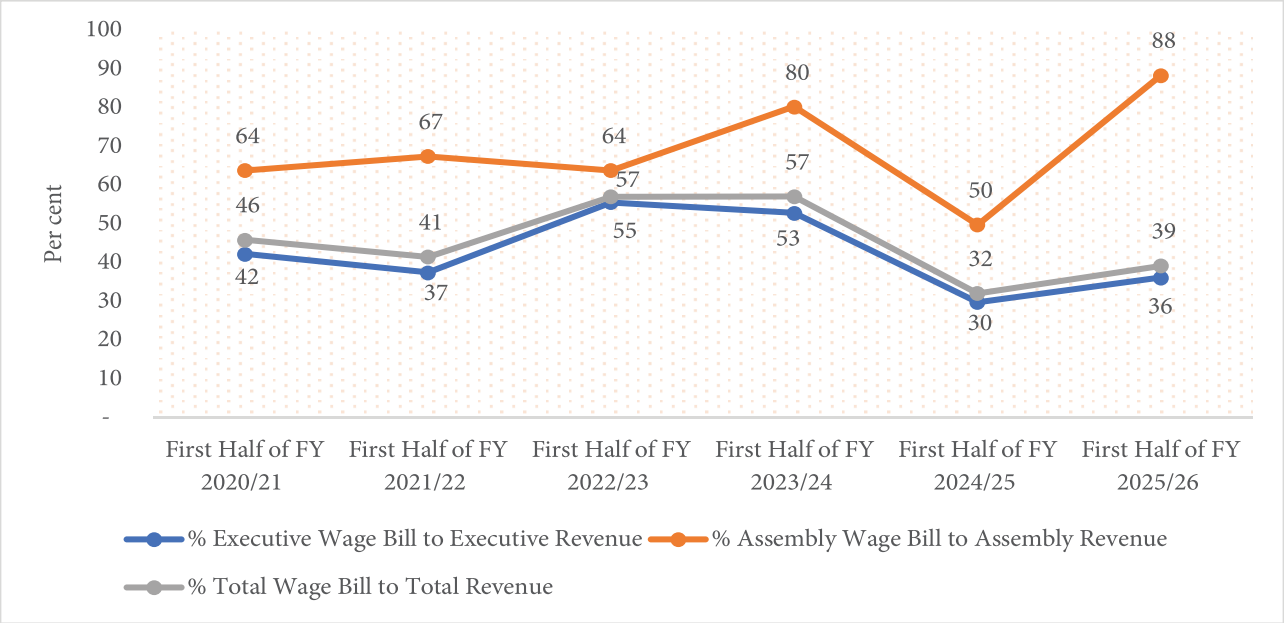
***Source**: Isiolo County Treasury*

3.9.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.570.73 million. The percentage of compensation of employees to revenue was 39 per cent. This expenditure on employee compensation decreased compared to the Kshs.1.17 billion reported in a similar period in FY 2024/25. Of this total, Kshs.370.58 million related to Health Sector employees, accounting for 66 per cent of the overall employees' compensation. It is not clear how the county wage bill fell by 52 per cent. The county treasury should periodically reconcile their records.

Figure 53 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 53: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Isiolo County Treasury

Further analysis indicated that PE costs totalling Kshs.1.26 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.20.52 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost. The justification for the continued use of manual payroll was that the payment relates to partisan staff. On the other hand, it is unclear how Kshs.1.26 billion processed through HRIS was paid, as only Kshs.570.73 million was recorded as paid through IFMIS.

The manual payroll comprised salaries for County Assembly staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.130.

Table 3.130: Breakdown of Isiolo County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	20,520,000
	Total	20,520,000

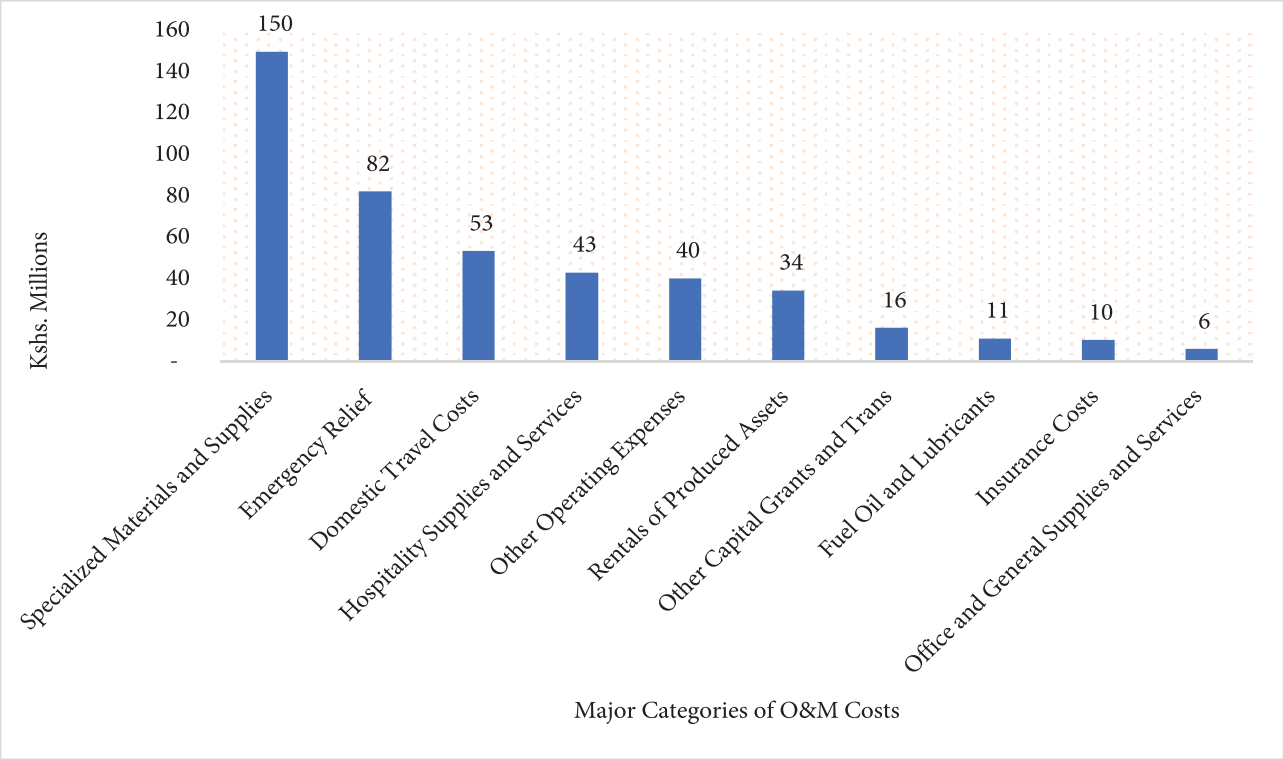
Source: *Isiolo County Treasury*

The County Assembly spent Kshs.6.91 million on committee sitting allowances for the 18 MCAs against the annual budget allocation of Kshs.10.50 million. The average monthly sitting allowance was Kshs.64,000 per MCA. The County Assembly has 11 House Committees.

3.9.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.465.98 million on operations and maintenance, a 0.1 per cent decrease from the same period in FY 2024/25, when the County spent Kshs.466.36 million. Figure 54 summarises the Operations and Maintenance expenditure by major categories.

Figure 54: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: *Isiolo County Treasury*

3.9.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.40 million on "*other operating expenses*," which is 8 per cent of the total operations and maintenance expenditure of Kshs.472.89 million. This category of expenditure includes Kshs.19 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.131.

Table 3.131: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	36,764,000	19,000,000
2211305	Contracted Guards and Cleaning Services	30,246,400	13,600,000
2211325	Constituency Office Expenses	4,920,000	4,080,000
2211313	Security Operations	7,200,000	3,480,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2,000,000	33,600
Total		**81,130,400**	**40,193,600**

Source: *Isiolo County Treasury*

A review of the other expense items listed in the table revealed that the Constituency Office Expenses relate to the Ward offices' operations.

3.9.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.210 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.110 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.132 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.132: Performance of Isiolo County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1.	Isiolo County Emergency Fund	2021	110,000,000	55,000,000	55,000,000	596,418,164	Yes
2.	Isiolo County Bursary Fund	2015	70,000,000	-	-	380,000,000	Yes
County Assembly Established Funds							
1.	County Assembly Mortgage and Car Loan Fund	2018	30,000,000	-	-	64,500,000	No
	Total		**210,000,000**	**55,000,000**	**55,000,000**	**1,040,918,164**	

Source: *Isiolo County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from County Assembly Mortgage and Car Loan Fund Administrator, as indicated in Table 3.132, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Isiolo County Bursary Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.9.13 County Corporations

The County has two County Corporations, with no budgetary allocation in FY 2025/26. There was no expenditure reported for the two-county corporation in the review period, as shown in Table 3.133.

Table 3.133: Performance of Isiolo County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Isiolo Water and Sewerage Company	-	-	-	-
2	Ewaso Ng'iro North Development Authority	-	-	-	-
	Total	-	-	-	-

Source: *Isiolo County Treasury*

3.9.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.53.31 million and comprised Kshs.30.94 million spent by the County Assembly and Kshs.22.37 million by the County Executive. There was no expenditure on foreign travel.

3.9.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.23.20 million as FIF, which was 22 per cent of the annual target of Kshs.104 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.32.33 million, as shown in Table 3.134.

Table 3.134: Isiolo County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital (ICTRH)	1	33,856,201.40	32,325,762.20	95
	Total		33,856,201.40	32,325,762.20	95

Source: *Isiolo County Treasury*

3.9.16 Development Expenditure

In the review period, the County reported spending Kshs.663.18 million on development programmes, representing an increase of 38 per cent compared to FY 2024/25, when the County spent Kshs.481.52 million. Table 3.135 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the settlement of pending bills.

Table 3.135: Isiolo County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Livestock & Fisheries Development	Completion of Isiolo abattoir External works	Burat	01-01-2023	30-06-2026	864,179,546	108,000,000	-	794,944,646	92
2	County Assembly	Debating Chamber and Offices	County Assembly Ground	-	-	314,000,000	70,000,000	-	164,595,259	52
3	Lands & Physical Planning	County Spatial Plan	county wide	15-06- 2024	30-12-2025	98,470,400	40,000,000	-	29,679,680	80
4	Finance	Provision for Accrued Pending Bills' Clearing Plan	Headquaters	-	30-06-2026	-	302,000,000	191,088,920	-	-
5	Roads & Public Works	Murramming and Gravelling of roads and bridges	Ngaramara	-	30-06-2026	-	100,000,000	100,000,000	-	-
6	Roads & Public Works	Routine maintenance of existing roads	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	64,267,144	64,267,144	-	30
7	Roads & Public Works	Upgrading of Isiolo town road to Bitumen standard, 1.5 km, phase one	Wabera and Bulapesa	-	30-06-2026		70,350,219	56,894,056	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
8	Special Programmes	Isiolo County Emergency Fund Act Implementation Programme	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	110,000,000	55,000,000	-	-
9	Roads & Public Works	Upgrading of town road to Bitumen standard 2km (Ongoing in Lower Bula Pesa)	Bulapesa	-	30-06-2026	-	90,000,000	30,925,511	-	52
10	Finance	Construction of Sand Revenue Access Points/ Roads	Ngaremara, Oldonyiro, Burat &Garbatulla	-	30-06-2026	-	30,000,000	22,478,196	-	75
Donor Funded Projects										
1	Environment, Climate Change and Natural Resources	Financing Locally Led Climate Action (FLLoCA)- county contribution	Wabera, Bullapesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	-	30-06-2026	-	33,000,000	17,190,042	-	-
2	Public Health	Current Capital Grants (Danida)	All health facilities	01-07-2025	01-06-2026	-	6,834,000	6,532,500	-	-
3	Agriculture	Food Systems Resilience Project (FSRP)	Wabera, Bula pesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	01-07-2025	01-06-2026	-	246,153,846	-	-	-
4	Environment, Climate Change and Natural Resources	Financing Locally Led Climate Action (FLLoCA)- Nat. Govt. (climate change resilient project)	Wabera, Bula pesa, Burat, Oldonyiro, Ngaremara, Chari, Cherab, Garbatulla, Kinna, Sericho	25-07-2025	01-06-2026	-	136,000,000	-	-	-
5	Public Service Management and Devolved Units	Kenya Devolution Support Programme-KDSP II	All wards	01-03-2026	01-12-2026	-	353,000,000	-	-	-
6	Municipality	Kenya Urban Support Program (KUSP)-UDG-	Wabera	01-07-2025	01-06-2026	-	63,661,198	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
Equalisation Funded Projects										
1	Health	Proposed construction of Riga Dispensary	Korbesa	30th Sep 2024	30th Jan 2025	6,103,433	6,103,443	6,101,600	-	100
2	Health	Proposed construction of maternity block at Mataarba Dispensary	Mataarba	30th Sep 2024	30th Jan 2025	5,450,579	5,525,265	5,433,179	-	100
3	Health	Proposed construction of maternity wing at Lenguruma Dispensary	Lenguruma	30th Sep 2024	30th Jan 2025	7,599,624	7,736,773	7,579,904	-	100
4	Health	Repair and equipping of Eldera Dispensary	Eldera	30th Sep 2024	30th Jan 2025	5,694,730	6,246,735	5,677,330	-	100
5	Water	Excavation/ construction of Malka Galla water pan	Malka Galla	1st October 2024	31st Jan 2025	6,701,610	6,759,781	6,595,360	-	100
6	Water	Drilling and equipping of the Kom borehole	Kom	1st October 2024	31st Jan 2025	5,288,686	5,290,786	5,288,672	-	100
7	Water	Drilling and equipping of Lagaaman borehole	Longopito	1st October 2024	31st Jan 2025	7,764,389	7,947,202	7,700,486.50	-	100
8	Water	Drilling and equipping of Gafarsa borehole	Gafarsa	1st October 2024	31st Jan 2025	6,608,358	6,652,563	6,556,350	-	100
9	Water	Drilling and equipping of Garbatulla borehole	Garbatulla South	1st October 2024	31st Jan 2025	6,628,562	6,898,063	6,603,642	-	100
10	Water	Drilling and equipping of Malkadaka borehole	Malkadaka	1st October 2024	31st Jan 2025	7,384,449	7,586,467	7,347,382	-	100

Source: *Isiolo County Treasury*

The County reported 7 stalled development projects as of 31st December 2025, with an estimated value of Kshs.1.47 billion, of which Kshs.1.05 billion has already been paid. The stalled projects are shown in Table 3.136.

Table 3.136: Isiolo County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Finance	Supplement Construction of County Headquarters	Wabera	03-04-2019		556,905,702	328,081,401	-	228,824,301	59

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
2	Youth, Sports, Gender, Culture and Social Services	Construction of Isiolo stadium	Wabera	01-05-2019	01-12-2020	345,998,315	273,566,356	-	72,431,959	67
3	Municipality	Construction of Isiolo Modern Market	Bula Pesa	14-08-2018	30-12-2024	545,211,810	428,946,512	-	116,265,298	80
4	County Assembly	Ward office	Ngara-mara	29-06-2015		4,999,000	4,399,000	600,000	600,000	88
5	County Assembly	Ward office	Sericho	29-06 2015		4,999,000	3,702,558	1,296,442	1,296,442	74
6	County Assembly	Ward office	Oldo-ny-iro	19-06 2018		4,999,000	3,214,164	1,784,836	1,784,836	64
7	County Assembly	Ward office	Burat	29-06-2018		4,999,000	3,932,198	1,066,802	1,066,802	78
	Total					**1,473,110,827**	**1,049,981,189**	**5,608,080**	**1,049,981,189**	

Source: Isiolo County Treasury

3.9.17 Budget Performance by Department

Table 3.137 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.137: Isiolo County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	572	140	195	-	217	-	0.0	-	38.0	-
County Executive Sector	367	5	177	-	75	-	42.7	-	20.5	-
Finance, Economic Planning, Public Participation, ICT	748	530	419	372	90	269	21.5	72.2	12.0	50.7
Lands, Urban Planning, Roads, Housing and Public Works	55	379	24	170	1	252	3.7	148.6	1.6	66.4
Agriculture, Livestock and Fisheries Development	165	445	85	-	8	75	8.8	-	4.6	16.9
Education, Vocational Training, Youth, Sports, Gender and Social Services	343	96	156	-	31	7	19.8	-	9.1	7.7
Tourism, Trade and Enterprise Development	809	432	294	15	58	15	19.7	100.0	7.2	3.5
Water, Energy, Environment and Natural Resources	79	304	40	20	5	33	11.5	161.4	5.8	10.8
Health Services	1,679	250	771	10	526	12	68.3	128.3	31.3	4.9
Municipal Administration	82	76	17	-	26	-	150.3	-	31.5	-
Total	4,900	2,656	2,178	586	1,037	663	47.6	113.1	21.2	25.0

Source: *Isiolo County Treasury*

Analysis of departmental expenditure shows that the Department of Lands, Urban Planning, Roads, Housing, and Public Works recorded the highest absorption rate of the development budget at 66.4 per cent, followed by the Department of Finance, Economic Planning, Public Participation, and ICT at 50.7 per cent. The County Assembly Services had the highest percentage of recurrent expenditure to budget at 38 per cent, while the Department of Lands, Urban Planning, Roads, Housing and Public Works had the lowest at 1.6 per cent.

3.9.18 Budget Execution by Programmes and Sub-Programmes

Table 3.138 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.138: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
Health Preventive and Promotive Services	Preventive and Promotive Health Services	3,000,000	6,532,500	218
Lands, Urban Planning, Roads, Housing and Public Works				
Public Works & Infrastructure	Routine Roads Maintenance	324,617,363	252,086,711	78
Finance, Economic Planning, Public Participation, ICT				
Public financial management	Accounting Services	302,000,000	191,088,920	63
Finance, Economic Planning, Public Participation, ICT				
Disaster Risk Awareness, Preparedness & Management	Disaster Risk Awareness, Preparedness & Management	110,000,000	55,000,000	50
Finance, Economic Planning, Public Participation, ICT				
Revenue Enhancement	Source Revenue Enhancement	50,000,000	22,478,196	45
RECURRENT				
Health Services				
Health Curative Services	Curative and Rehabilitative Health Services	43,109,654	24,000,000	56
County Executive Sector				
Legal & Legislative Services	Legal Services	36,764,000	19,000,000	52
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	ECDE Retention	30,745,000	15,471,650	50
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Youth, Sports and Gender	Youth and Women Empowerment	7,000,000	3,500,000	50
Health Services				
Health Preventive and Promotive Services	Primary Health Care	374,747,405	181,192,344	48

Source: *Isiolo County Treasury*

The development sub-programmes with the highest budget implementation rates were: Preventive and Promotive Health Services in the Department of Health Services at 218 per cent, Routine Roads Maintenance in the Department of Lands, Urban Planning, Roads, Housing and Public Works at 78 per cent, and Accounting Services in the department of Finance, Economic Planning, Public Participation ICT at 63 per cent.

For recurrent sub-programmes, the top performers included: Curative and Rehabilitative Health Services in the Department of Health Services at 56 per cent, Legal Services in the Department of County Executive Sector at 52 per cent, and ECDE Retention in the Department of Education, Vocational Training, Youth, Sports, Gender and Social Services at 50 per cent.

Table 3.139 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.139: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
Infrastructure support	Infrastructure support	140,000,000	-	-
Lands, Urban Planning, Roads, Housing and Public Works				
Land Survey and land use planning	Land Use Planning	40,000,000	-	-
Agriculture, Livestock and Fisheries Development				
Livestock Production	Livestock Production	114,243,151	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	ECDE Access	40,100,000	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Cultural and Arts Empowerment	TVET Access & Retention	17,800,000	-	-
Municipal Administration				
Municipal Administration	Infrastructural Development	65,621,034	-	-
RECURRENT				
County Executive Sector				
Human Resources Mgt & Deployment	General Administration Planning & Support Services	35,835,544	-	-
County Executive Sector				
Management of County Affairs	Administration and Coordination of County Affairs	38,743,439	-	-
Agriculture, Livestock and Fisheries Development				
Livestock Production	General Administration Planning & Support Services	97,547,122	-	-
Education, Vocational Training, Youth, Sports, Gender and Social Services				
Provision of education and training services	General Administration & Support Services	175,748,563	-	-
Tourism, Trade and Enterprise Development				
Tourism Promotion	Tourism Promotion and Marketing	100,254,041	-	-
Health Services				
Health Curative Services	Administration Support Services	104,000,000	-	-

Source: *Isiolo County Treasury*

All development sub-programmes listed in Table 3.139 have zero implementation rate.

Similarly, all recurrent sub-programmes listed in Table 3.139 have zero implementation rate.

These lower performances can be attributed to the delays in approving the County's FY 2025/26 budget, which was approved in November 2025.

3.9.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 68 accounts with commercial banks, including 45 for Health Facilities, 3 for Established Funds, 4 revenue accounts, 6 special-purpose accounts (additional allocations), and 10 for operations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015

3.9.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Isiolo County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.
ii. The underperformance of own-source revenue at Kshs101.82 million against an annual target of Kshs.375.21 million, representing 27 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.663.18 million on development activities, achieving a 25 per cent absorption rate.
iv. Unspent funds from FY 2024/25 in Special Purpose Accounts were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Isiolo County Bursary Fund had lapsed, making it ineligible for further withdrawals.
vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15 January 2025.
vii. High level of trade payables, which amounted to Kshs.981.06 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.10. County Government of Kajiado

3.10.1 Overview of FY 2025/26 Budget

The Kajiado County Approved budget for FY 2025/26 is Kshs.13.78 billion. It comprises Kshs.4.89 billion (35.5 per cent) and Kshs.8.88 billion (64.5 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.988.99 million (7.7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.84 billion and a recurrent budget of Kshs.8.95 billion. The increase in the budget was primarily due to the additional allocation brought forward from the previous financial year.

The budget is to be financed through various revenue sources, these include: the equitable share of revenue raised nationally, of Kshs.8.89 billion (64.6 per cent), additional allocations of Kshs.3.20 billion (23.2per cent), Appropriation in Aid of Kshs.480 million (3.5 per cent) and Kshs.1.2 billion (8.7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in .

3.10.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.16 billion. This amount represented a decrease of 6.7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.46 billion. The total revenue consisted of Kshs.3.69 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.113.57 million, as well as the own-source revenue (OSR) collection of Kshs.360.27 million. Additionally, the County had a cash balance of Kshs.2.62 million from FY 2024/25. The total OSR collection of Kshs.360.27 million included Facilities Improvement Financing (FIF) of Kshs.128.37 million, and Kshs.231.90 million from other OSR sources. Table 3.140 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.140: Kajiado County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	265,758	-	265,758	265,758
3	County Assembly Refunds to CRF	-	2,354,973	-	2,354,973	2,354,973
	Sub-Total	**-**	**2,620,730**	**-**	**2,620,730**	**2,620,730**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable share	8,894,254,886	3,691,116,508	-	3,691,116,508	5,203,138,378
	Sub-Total	**8,894,254,886**	**3,691,116,508**	**-**	**3,691,116,508**	**5,203,138,378**
C	**Transfers from the Equalisation Fund**					
1	Equalisation fund	-	-	-	-	-
	Sub-Total	**-**	**-**	**-**	**-**	**-**
D	**Additional Allocations (Including Grants)**					
1	County Aggregated Industrial Park	250,000,000	-	-	-	250,000,000
2	Danida (Capital grants from Foreign Grants)	14,616,000	9,896,250	-	9,896,250	4,719,750
3	Nutrition International	422,308	-	-	-	422,308
4	Danida-Level 1grants	6,242,250	-	-	-	6,242,250
5	Doctors' Salary Arrears	86,990,236	-	-	-	86,990,236
6	Primary Health Care	10,353,000	-	-	-	10,353,000

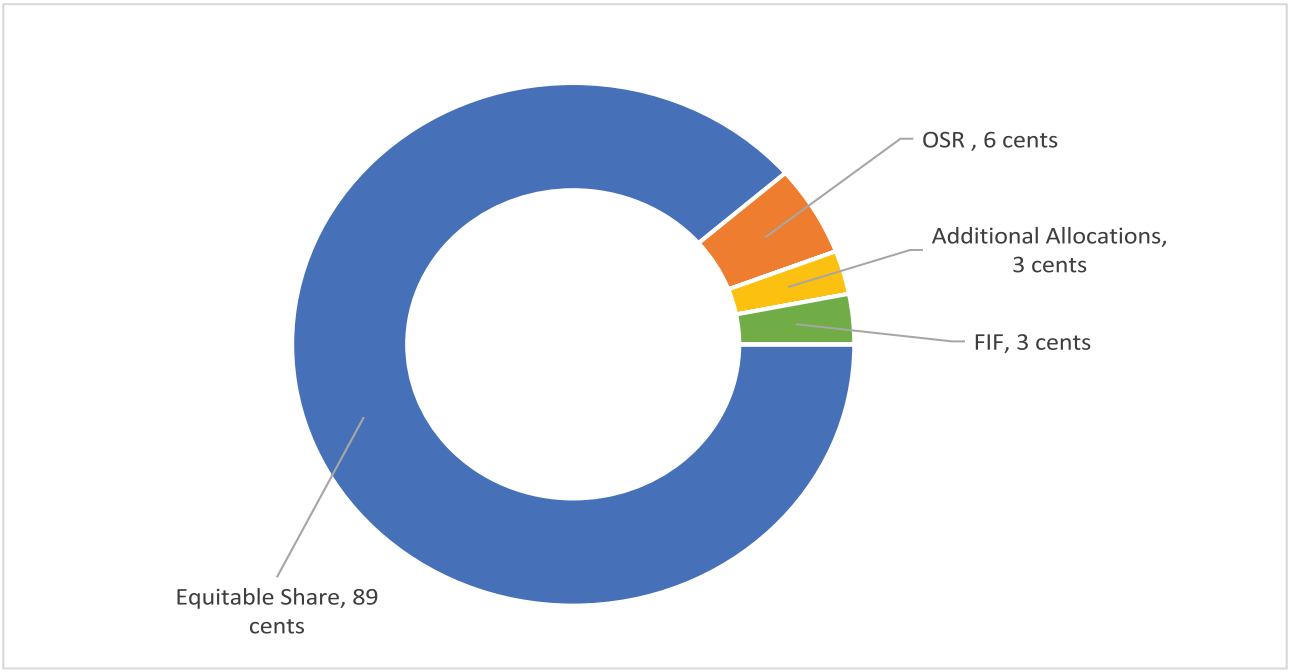
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	Kenya Urban Support Programme-UIG	61,500,000	-	-	-	61,500,000
8	Kenya Urban Support Programme-UDG	455,603,724	-	-	-	455,603,724
9	Kenya Informal Settlement Improvement Project	220,626,011	90,000,000	-	90,000,000	130,626,011
10	IDA-National Agricultural Value Chain Development	382,765,152	-	-	-	382,765,152
11	Aquaculture Business Development Project	19,115,642	-	-	-	19,115,642
12	Kenya Agricultural Business Development Project	21,837,838	-	-	-	21,837,838
13	Kenya Agricultural Business Development Project-National Government	1,000,000	-	-	-	1,000,000
14	Financing of Locally Led Climate Action	275,022,912	13,671,000	-	13,671,000	261,351,912
15	Mineral Royalties	660,242,992	-	-	-	660,242,992
16	Second Kenya Devolution Support Project Level 1	75,000,000	-	-	-	75,000,000
17	Second Kenya Devolution Support Project Level 2	352,500,000	-	-	-	352,500,000
18	Road Maintenance Levy Funds	307,376,319	-	-	-	307,376,319
	Sub-Total	3,201,214,384	113,567,250	-	113,567,250	3,087,647,134
E	**Ordinary Own Source Revenue (OSR)**					
1	Agricultural Produce	38,764,158	10,200,840	-	10,200,840	28,563,318
2	Ballast Cess	51,180,556	10,218,450	-	10,218,450	40,962,106
3	Barter Market	21,730,658	10,100,670	-	10,100,670	11,629,988
4	Bed Occupancy	73,204,528	14,740,331	-	14,740,331	58,464,197
5	Building Plan Approval	219,866,002	65,400,909	-	65,400,909	154,465,093
6	Bus Park fee	30,240,000	10,420,350	-	10,420,350	19,819,650
7	Quarry and Mineral Extraction	58,277,232	10,240,900	-	10,240,900	48,036,332
8	Impounding Fee	1,039,995	340,000	-	340,000	699,995
9	Land Rates	167,635,457	15,745,562	-	15,745,562	151,889,895
10	Liquor Licenses	40,000,000	-	-	-	40,000,000
11	Livestock Cess	14,505,050	6,120,920	-	6,120,920	8,384,130
12	Market Stall	3,020,000	614,000	-	614,000	2,406,000
13	Parking fee	23,128,814	8,470,207	-	8,470,207	14,658,607
14	Plot rent	52,001,242	7,090,244	-	7,090,244	44,910,998
15	Trade Licenses	233,443,701	18,213,016	-	18,213,016	215,230,685
16	Sand Fees	90,000,000	19,400,000	-	19,400,000	70,600,000
17	Sign Post Fee & Advert Fee	68,927,756	10,734,140	-	10,734,140	58,193,616

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
18	slaughter Fee	17,500,650	3,581,045	-	3,581,045	13,919,605
19	Transit Fee	35,534,201	10,270,344	-	10,270,344	25,263,857
	Sub-Total	**1,240,000,000**	**231,901,928**	**-**	**231,901,928**	**1,008,098,072**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Facility Improvement Funds	440,000,000	128,370,093	-	128,370,093	311,929,907
	Sub-Total	**440,000,000**	**128,370,093**		**128,370,093**	**311,929,907**
Total		**13,775,469,270**	**4,167,576,509**	**-**	**4,167,576,509**	**9,613,134,221**

Source: *Kajiado County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 55: Kajiado County Composition of Each Shilling Earned in the First Half of FY 2025/26

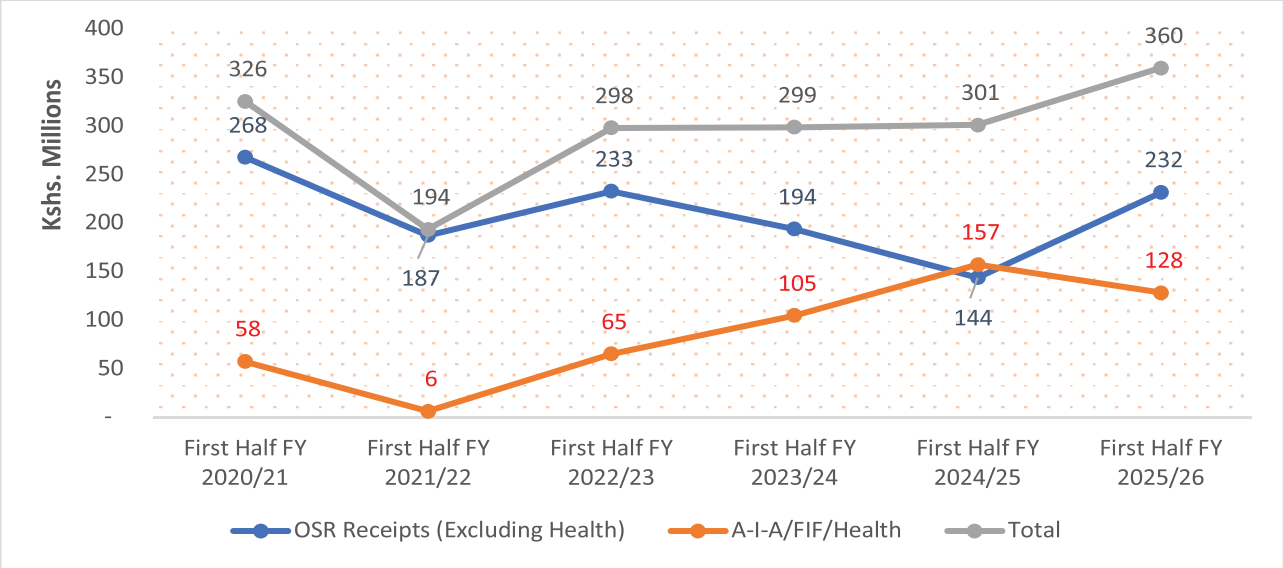


Source: *Kajiado County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 89 per cent, 6 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 56 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 56: Kajiado County Trend in Own-Source Revenue Collection from the first half of FY 2020/21 to the first half of FY 2025/26

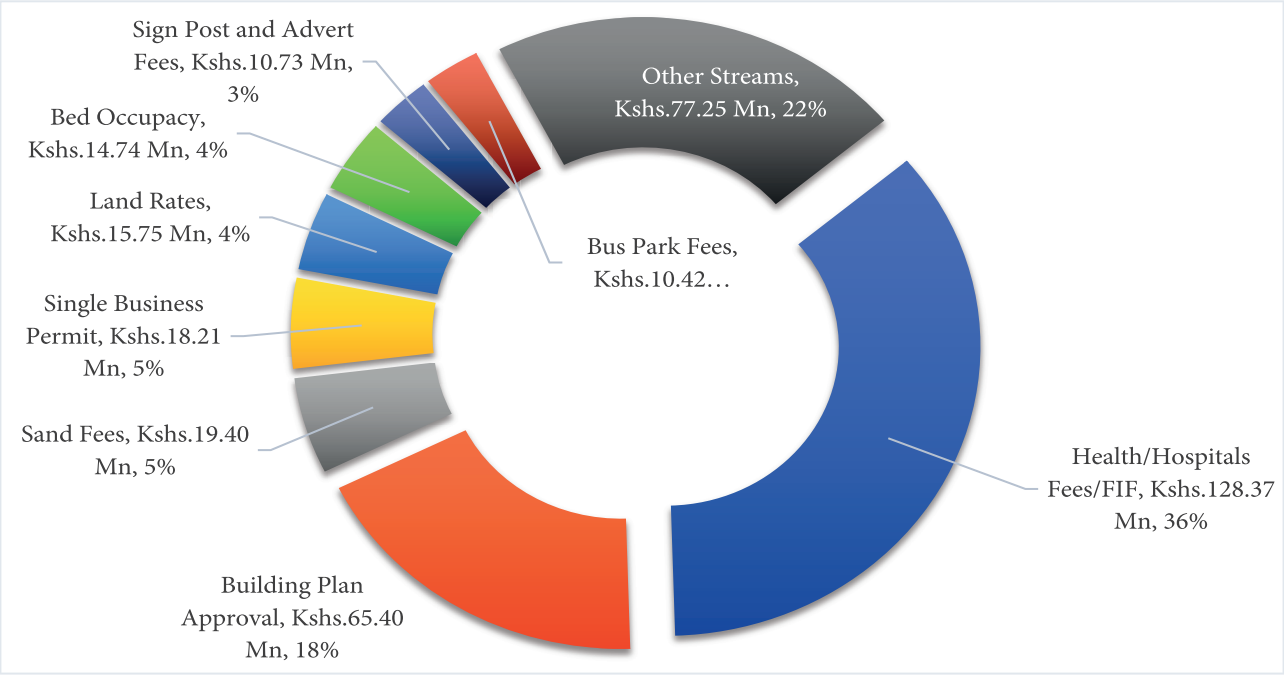


Source: *Kajiado County Treasury*

During the first half of FY 2025/26, the County received Kshs.360.27 million from OSR, including FIF. This amount increased by 19.5 per cent compared to Kshs.301.41 million realised in a similar period in FY 2024/25, representing 21.4 per cent of the annual target and 9.8 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to an agreement between the Kajiado County Government and East African Portland Cement Limited on monthly debt payments totalling Kshs.8 million.

The revenue streams that contributed the most to OSR receipts are shown in Figure 57

Figure 57: Kajiado County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kajiado County Treasury

As shown in Figure 57, the highest revenue stream, at Kshs.128.37 million, was from Health/Hospital Fees/FIF, accounting for 36 per cent of the total OSR receipts. The County Government indicated that it has automated 20 out of 21 revenue streams.

3.10.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.09 billion, which decreased to Kshs.1.43 billion as of 31st December 2025. Table 3.141 presents a breakdown of the County's revenue arrears.

Table 3.141: Kajiado County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December,2025	-	-	-	-	**758,225,860**
	Sub-Total	--	-	-	-	**758,225,860**
B	**Ordinary Own Sources of Revenue**					
1	East African Portland Cement Company Ltd	152,251,211	-	48,004,145	12,000,000	116,247,066
2	Kenchic Ltd and Others	19,100,000	-	-	-	19,100,000
3	Wilderness lodges and others	78,350,000	-	-	-	78,350,000
4	Universities	120,000,000	-	-	-	120,000,000
5	Sona Hydro, China Civil Works, and other contractors	11,200,000	-	-	-	11,200,000
5	Land rates of upcoming states and factories	32,000,000	-	-	-	32,000,000
6	Flower Farms	35,000,000	-	-	-	35,000,000
	Sub-Total	447,901,211	-	48,004,145	12,000,000	411,897,066
C	**Facility Improvement Fund (FIF)**					
1	SHIF	24,481,570	-	-	-	24,481,570
2	SHA	105,445,433		206,941,374	333,833,823	232,337,882
	Sub-Total	129,927,003	-	206,941,374	333,833,823	256,819,452
Total		**577,828,214**	-	**254,945,519**	**345,833,823**	**1,426,942,378**

Source: Kajiado *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.43 billion, comprising Kshs.758.23 million (53 per cent) for December 2025 Exchequer disbursement (53 per cent), Kshs.Kshs.411.90 million (29 per cent) for ordinary own-source revenue and Kshs.256.82 million(18 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include the appointment of a new debt receiver and the engagement of new debt recovery agents, the Regional Business Connection.

The decrease in the amount of debt figures reported in July 2025 was due to the Magadi Tata Case, in which the court ruled in favour of the taxpayer based on the County Government's approved valuation roll. The police Sacco and Jamii Bora debt is before the Senate for arbitration. The collectability of the County's debts, as determined by the Office of the Auditor General, was challenged in court.

3.10.4 Borrowing by the County

There was no short-term borrowing by either the Executive or the County Assembly during the period under review.

3.10.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.44 billion from the Kajiado County Revenue Fund (CRF) account. This amount consisted of Kshs.284.18 million (8.4 per cent) designated for development programs and Kshs.3.15 billion (91.6 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.24 billion was allocated to employee compensation and Kshs.913.12 million to operations and maintenance expenditures. Within the operations and maintenance category, 29.1 per cent was for domestic travel and 1.6 per cent for foreign travel. The domestic travel exchequers totalled Kshs.265.37 million, which included Kshs.129 million for the County Executive and Kshs.136.37 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.14.96 million, which was entirely incurred by the County Assembly.

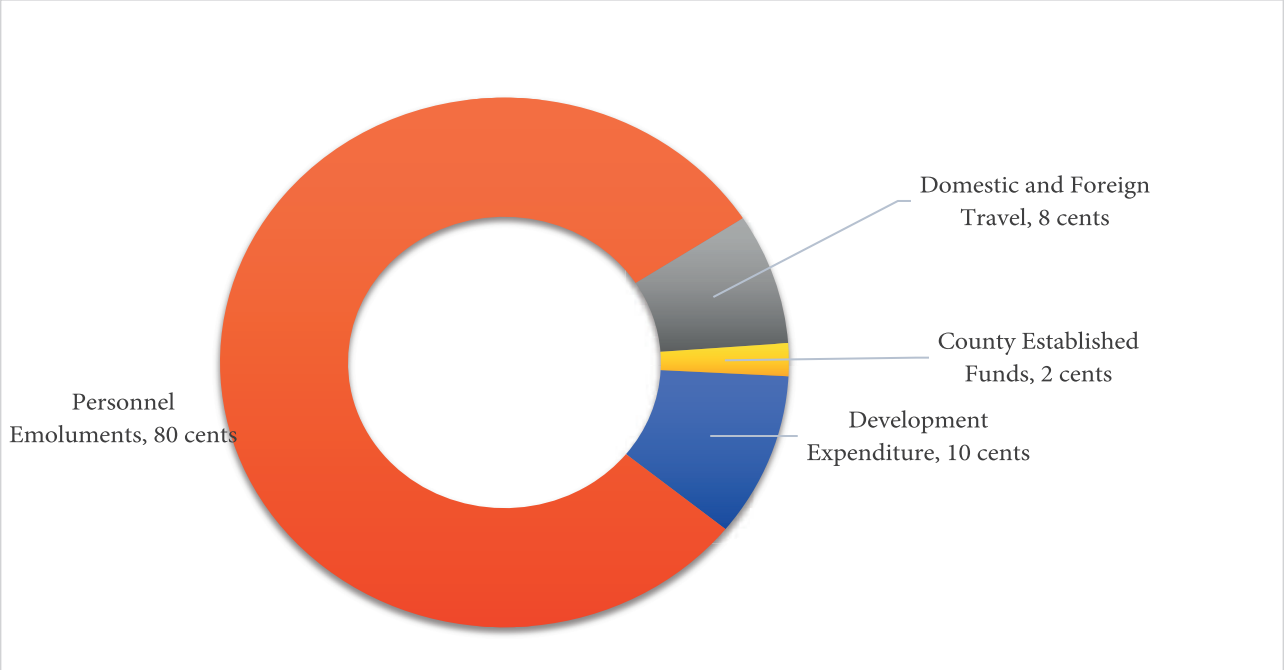
As of 31st December, 2025, the County Government's cash balance in the Kajiado CRF account was Kshs.1.14 billion. In addition, the Controller of Budget did not approve any exchequer withdrawal requests from the Kajiado County Assembly Fund (CAF) account during the review period.

3.10.6 Expenditure Review

The County spent Kshs.3.43 billion on development and recurrent programmes during the reporting period. The expenditure represented 99.7 per cent of the total funds released by the CoB. It comprised Kshs.280.88 million for development programmes and Kshs.3.15 billion for recurrent programmes. Expenditure on development programmes accounted for 5.7 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 35.5 per cent of the annual recurrent expenditure budget.

Figure 58 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 58: Kajiado County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kajiado *County Treasury*

As shown in Figure 58**,** the four highest expenditure categories were personnel emoluments, development expenditures, domestic and foreign travel, and county-established funds, which contributed 80, 10, 8, and 2 per cent of total expenditure for the reporting period.

3.10.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.78 billion. This amount consisted of Kshs.2.65 billion from the County Executive and Kshs.130.44 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.21 billion for recurrent expenditure and Kshs.1.44 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.169.69 billion, which included kshs.63.5 million (37.4 per cent) for recurrent activities and Kshs.106.19 million (62.6 per cent) for development activities. On the other hand, the County Assembly settled trade payables worth Kshs.84.76 million, which included Kshs.23.87 million (28.2 per cent) for recurrent activities and Kshs.60.89 million (71.8 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.48 billion for the County Executive and Kshs.45.67 million for the County Assembly. Table 3.142 provides additional details of trade payables.

Table 3.142: Kajiado County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	1,443,770,475	1,205,746,901	2,649,517,376
		County Assembly	69,577,781	60,858,932	130,436,713
		Total	1,513,348,256	1,266,605,833	2,779,954,089
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	200,000,000	80,000,000	280,000,000
		County Assembly	64,000,000	36,000,000	100,000,000
		Total	264,000,000	116,000,000	380,000,000
Amount paid in the First Half of FY 2025/26	c	County Executive	106,190,325	63,500,000	169,690,325
		County Assembly	60,890,111	23,872,106	84,762,217
		Total	167,080,436	87,372,106	254,452,542
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	1,337,580,150	1,142,246,901	2,479,827,051
		County Assembly	8,687,670	36,986,826	45,674,496
		Total	1,346,267,820	1,179,233,727	2,525,501,547
Outstanding trade payables as of 31st December 2025	**e=a-c+b**	**County Executive**	**1,443,770,475**	**1,205,746,901**	**2,649,517,376**
		County Assembly	**69,577,781**	**60,858,932**	**130,436,713**
		Total	**1,513,348,256**	**1,266,605,833**	**2,779,954,089**

Source: *Kajiado County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.116 million and Kshs.264 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.169.69 million for the Executive and Kshs.84.76 million for the Assembly.

Table 3.143 and Table 3.144 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.53 billion.

Table 3.143: Kajiado County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	482,879,489	456,450,313	69,009,119	320,192,579	1,328,531,500
Recurrent Trade Payables (Goods & Services)	170,359,814	367,081,970	121,882,593	491,971,477	1,151,295,854
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**170,359,814**	**367,081,970**	**121,882,593**	**491,971,477**	**1,151,295,854**
Total Trade Payables	**653,239,303**	**823,532,283**	**190,891,712**	**812,164,056**	**2,479,827,354**
% of Total	**26**	**33**	**8**	**33**	**100**

Source: *Kajiado County Treasury*

Table 3.144: Kajiado County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	3,226,210	5,461,459	-	-	**8,687,669**
Recurrent Trade Payables (Goods & Services)	28,359,859	-	-	-	**28,359,859**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	8,527,323	-	-	-	**8,527,323**
Recurrent Trade Payables (Staff Claims)	99,645	-	-	-	**99,645**
Total Recurrent Trade Payables	**36,986,827**	-	-	-	**36,986,827**
Total Trade Payables	**40,213,037**	**5,461,459**	-	-	**45,674,496**
% of Total	88	12	-	-	**100**

Source: *Kajiado County Treasury*

3.10.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.1 billion on compensation of employees, Kshs.702.1 million on operations and maintenance, and Kshs.219.99 million on development activities. Similarly, the County Assembly spent Kshs.140.86 million on compensation of employees, Kshs.210.80 million on operations and maintenance, and Kshs.60.89 million on development activities, as shown in Table 3.145.

Table 3.145: Kajiado County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	**8,009,571,506**	4,910,976,814	3,098,594,692	**4,771,403,886**	12,780,975,392
	Assembly	**872,493,878**	361,620,000	510,873,878	**122,000,000**	994,493,878
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	**2,801,890,483**	2,099,795,467	702,095,016	**219,986,698**	3,021,877,181
	Assembly	**351,658,313**	140,861,076	210,797,237	**60,890,111**	412,548,424
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	-	-	-	-	-
	Assembly	-	-	-	-	-
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	**2,801,890,483**	2,099,795,467	702,095,016	**219,986,698**	3,021,877,181
	Assembly	**351,658,313**	140,861,076	210,797,237	**60,890,111**	412,548,424
Absorption (%) (d/a*100)	**Executive**	**35.0**	42.8	22.6	**4.6**	**23.6**
	Assembly	**40.3**	39.0	41.3	**49.9**	**41.5**

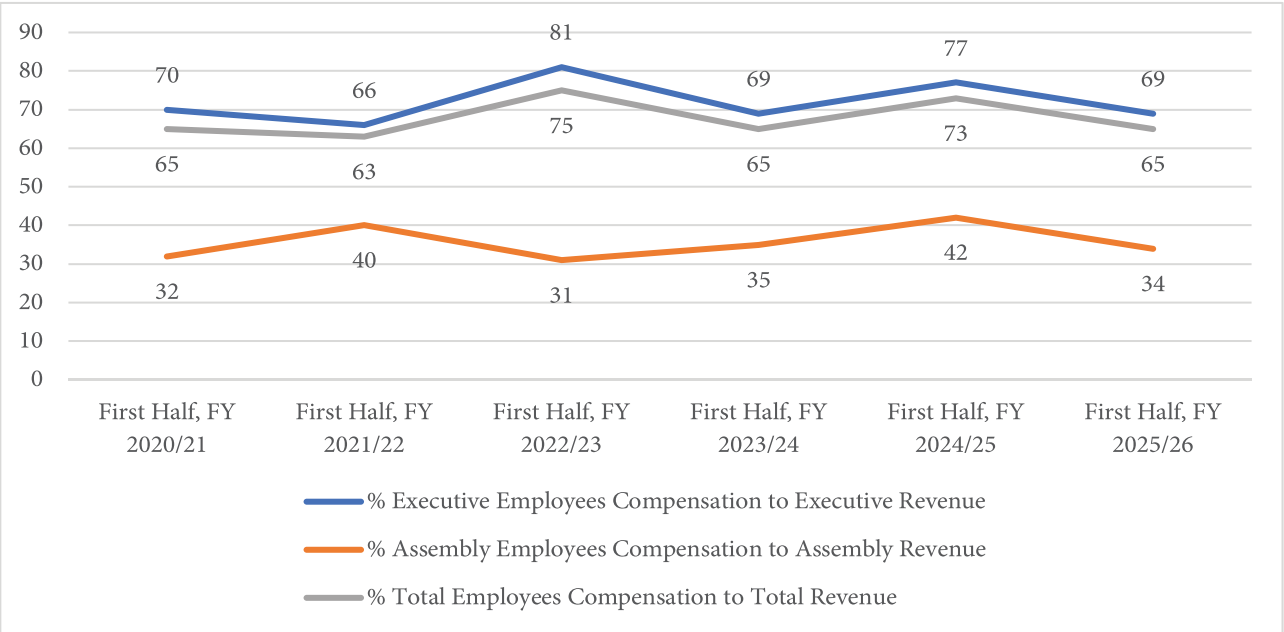
***Source**: Kajiado County Treasury*

3.10.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.24 billion. The compensation-to-revenue ratio was 53.7 per cent. This expenditure on employee compensation shows a decrease of 11.6 per cent compared to the Kshs.2.5 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.13 billion related to Health Sector employees, accounting for 50.4 per cent of the overall employees' compensation. The decrease in employees' compensation during the period under review resulted from a delay in disbursing the December allocation; as a result, December salaries were not paid.

Figure 59 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 59: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kajiado County Treasury

Further analysis indicated that PE costs totalling Kshs.2.24 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.38.52 million was processed through manual payroll, accounting for 1.7 per cent of the total PE cost. The justification for continuing manual payroll was the National Treasury's delay in providing personnel numbers.

The manual payroll comprised salaries for 13 staff not onboarded into the Human Resource Information System (HRIS), wages for 307 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.146.

Table 3.146: Breakdown of Kajiado County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	2,362,428
2.	Salaries for casual staff	7,319,400
3.	Salaries for MCA's Partisan staff	883,272
4.	LAPTRUST/LAPFUND Pension Contributions	7,017,299
5.	Gratuity for contract staff	20,560,704
6.	Salaries for Interns	300,000
7.	Nita Contribution	79,250
	Total	38,522,353

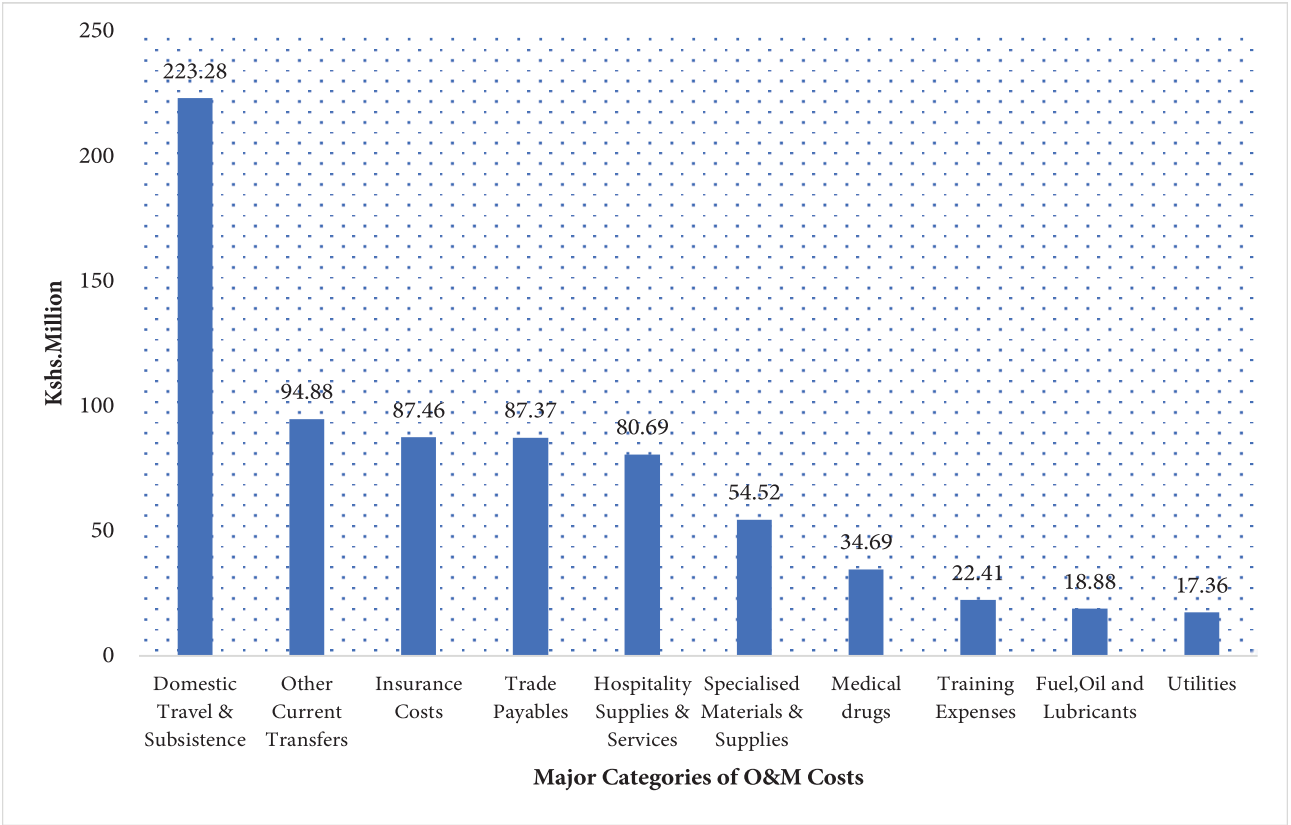
Source: Kajiado County Treasury

The County Assembly spent Kshs.9.94 million on committee sitting allowances for the 42 MCAs against the annual budget allocation of Kshs.32 million. The average monthly sitting allowance was Kshs.36,437 per MCA. The County Assembly has 20 House Committees.

3.10.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.912.89 million on operations and maintenance, representing an increase of 4.6 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.872.65 million. Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: *Kajiado County Treasury*

3.10.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.96 million on "*other operating expenses*," which is 0.9 per cent of the total operations and maintenance expenditure of Kshs.912.89 million. This category of expenditure includes Kshs.4 million for ward offices and Kshs.3.96 million for subscription to professional bodies payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.147.

Table 3.147: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2210399	Ward Offices	9,600,000	4,000,000
2210399	Subscription to professional bodies	4,217,200	3,960,420
	Total	**13,817,200**	**7.960,420**

Source: *Kajiado County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: repairs and maintenance of motor vehicles, domestic travel, and subscription to professional bodies.*

3.10.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.370 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.7 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.148 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.148: Performance of Kajiado County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Educational Benefits-Scholarship	2016	200,000,000	100,000,000	42,543,000	1,180,000,000	Yes
2.	Executive Car Loan and Mortgage	2016	20,000,000	-	-	280,247,500	No
3.	Kajiado Youth and Sport Funds	2016	15,000,000	-	-	97,500,000	No
4.	Disability Fund	2023	20,000,000	-	-	98,000,000	No
5.	Liquor Fund	2014	40,000,000	-	-	-	No
6.	Kajiado County Women Empowerment Fund	2021	20,000,000	10,000,000	-	10,000,000	No
7.	Kajiado County Veterinary Service Development Fund	2025	30,000,000	-	-	-	No
		County Assembly Established Funds					
1.	MCA's Car Loan and Mortgage	2021	25,000,000	-	-	384,000,000	No
	Total		370,000,000	110,000,000	42,543,000	2,249,747,500	

Source: *Kajiado County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Executive Car loan and Mortgage, Kajiado County Youth and Sport, Disability, Liquor, Kajiado County Women's Empowerment, Kajiado County Veterinary Service Development and MCA's Car and Mortgage Fund Administrators, as indicated inTable 3.148, contrary to the requirement of Section

168 of the PFM Act, 2012. The County disclosed that administration costs of the liquor Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB noted that the Emergency and Liquor Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.10.13 County Corporations

The County has seven County Corporations, which were allocated Kshs.20 million in FY 2025/26. No expenditure was reported during the period under review, as shown in Table 3.149.

Table 3.149: Performance of Kajiado County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kajiado County Investment Authority	20,000,000	5,000,000	-	-
2.	Oloolaiser Water and Sewerage Company Limited	-	-	-	-
3.	Nolturesh Loitoktok Water and Sanitation Company Limited	-	-	-	-
4.	Olkejuado Water and Sewerage Company Limited	-	-	-	-
5.	Oldonyio Orok Water and Sewerage Company Limited	-	-	-	-
6.	Oloolaiser Water and Sewerage Company Limited	-	-	-	-
7.	Nolturesh Loitoktok Water and Sanitation Company Limited	-	-	-	-
	Total	20,000,000	5,000,000	-	-

Source: *Kajiado County Treasury*

3.10.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.223.28 million and comprised Kshs.103.90 million spent by the County Assembly and Kshs.119.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.96 million, which was entirely incurred by the County Assembly. Expenditure on foreign travel is summarised in Table 3.150.

Table 3.150: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	11-16 AUG 25	Hansard Association Conference	Ghana	1,697,381	-	1,697,381
County Assembly	2	13-21 July 25	Financial management and oversight training	Singapore	1,257,560	-	1,257,560
County Assembly	1	13-21July 25	Kenya Legislative Caucus Mission	Russia	532,068	-	1,257,560
County Assembly	2	1st - 6th July	Invitation for training	Norway	701,802	-	701,802
County Assembly	2	15th - 20th September	Invitation for training	Dubai	1,098,718	-	1,098,718
County Assembly	8	5th -12th October	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	3	22nd- 26th September	Invitation for training	Tanzania	650,676	-	650,676
County Assembly	8	22nd- 27th October	Training on strategic management and leadership	Turkey	4,509,640	-	4,509,640
Total					14,957,485	-	14,957,485

Source: Kajiado County Treasury and Kajiado County Assembly

3.10.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.128.37 million as FIF, which was 29.2 per cent of the annual target of Kshs.440 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.239.35 million, as shown in Table 3.151.

Table 3.151: Kajiado County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Ngong Sub-County Hospital	1	55,265,184	17,782,949	32.2
2.	Kajiado County Referral Hospital	1	82,841,967	51,683,611	62.4
3.	Kitengela Sub-County Hospital	1	89,845,357	65,971,769	73.4
4.	Loitokitok Sub-County Hospital	1	75,564,719	48,263,879	63.9
5.	Ongata Rongai Sub-County Hospital	1	53,703,958	24,469,964	45.6
6.	Mashuuru Sub-County Hospital	1	6,141,604	1,108,694	18.1
7.	Mbirikani Sub-County Hospital	1	6,637,210	1,761,426	26.5
8.	Public Health		70,000,000	-	-
9.	County Health Management			28,309,075	-
	Total		**440,000,000**	**239,351,366**	**54.4**

Source: *Kajiado County Treasury*

The expenditure incurred exceeds the FIF raised due to SHA claims paid during the period under review.

3.10.16 Development Expenditure

In the review period, the County reported spending Kshs.280.88 million on development programmes, representing a decrease of 42.1 per cent compared to FY 2024/25, when the County spent Kshs.485.14 million. Table 3.152 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the delay in the rollout of the Electronic Government procurement system(e-GPS by the national government.

Table 3.152: Kajiado County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	County Assembly	Proposed Construction of Ward Offices	Countywide	Feb-2025	June-2025	22,088,175	22,088,175	22,088,175	22,088,175	100
2	Health	Proposed construction of the male ward at Kajiado Referral Hospital	Ildamat	2024/25	2025/26	32,499,371	18,333,444	14,108,208	18,333,444	100
3	Water	Proposed Osewan stormwater management	Entonet/Lenkism	2024/25	2025/26	14,836,400	14,836,400	14,836,400	14,836,400	100
4	County Assembly	Proposed Supply and Installation of Audio Visual and Hansard System	Assembly Headquarter	2018	2022	18,000,000	12,791,379	12,791,379	12,791,379	100
5	County Assembly	Proposed Construction of waterborne toilets in ward offices	Countywide	Feb -2025	June-2025	12,639,239	12,639,400	12,639,400	12,639,400	100
6	Road	Grading and Gravelling of Olika valley Memusi councillor road	Olkeri	2024/25	2025/26	12,217,062	12,217,062	12,188,062	12,217,062	100
7	Road	Proposed Birika Matali Menkel Road	Kitengela	2024/25	2025/26	6,607,824	6,607,824	6,607,824	6,607,824	100
8	Education	Proposed Fencing at Alkiushin and Oloilalel Primary	Imaroro	2024/25	2025/26	5,909,736	5,909,736	5,080,800	5,909,736	100
9	Road	Proposed gravelling of Tuala Mugetho Panai lot 37	Oloosirken/ Sholinke	2024/25	2025/26	6,500,780	6,500,780	6,500,780	6,500,780	100
10	Health	Proposed construction of Oleleipa Health Centre	Kenyawa Poka	2024/25	2025/26	8,890,575	8,890,575	5,645,592	8,890,575	64

Source: *Kajiado County Treasury*

3.10.17 Budget Performance by Department

Table 3.153 summarises the approved budget allocation, expenditure, and absorption rate by departments for the period under review.

Table 3.153: Kajiado County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	228.30	-	55.42	-	55.42	-	100	-	24.3	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	120.79	-	38.38	-	38.38	-	100	-	31.8	-
Medical Service and Public Health	3,436.43	65	1,348.38	-	1,348.38	-	100	-	39.2	-
Water, Irrigation, Environment and Natural Resources	175.21	406.12	58.70	13.67	58.70	4.24	100	31.0	33.5	1.0
Roads, Transport, Public Works and Energy	192.98	713.88	75.27	13.42	75.27	12.42	100	92.6	39.0	1.7
Public Service, Administration and Citizen Participation	866.61	352.50	247.12	-	247.12	-	100	-	28.5	-
County Treasury	847.10	1,098.24	220.50	106.19	220.50	113.32	100	106.7	26.0	10.3
Lands, Physical Planning and Urban Development	189.11	721.23	51.18	90	51.18	90	100	100	27.1	12.5
County Assembly	872.49	122	351.70	60.89	351.66	60.89	100	100	40.3	49.9
Education, Youth and Sport	912.47	181.40	353.11	-	353.11	-	100	-	38.7	-
Gender, Cooperative, Culture, Tourism and Wildlife	204.93	-	115.03	-	115.03	-	100	-	56.1	-
Agriculture, Livestock, Veterinary Service and Fisheries	254.75	504.53	84.53	-	84.53	-	100	-	33.2	-
Trade, Investment and Enterprises	224.18	423.50	77.02	-	77.02	-	100	-	34.4	-
Kajiado Municipality	68.68	60	20.52	-	20.52	-	100	-	29.9	-
Ngong Municipality	98.82	155	30.05	-	30.05	-	100	-	30.4	-
Office of the County Attorney	142.22	-	11.69	-	11.69	-	100	-	8.2	-
Kitengela Municipality	47	90	15	-	15	-	100	-	31.9	-
	8,882.07	**4,893.40**	**3,153.59**	**284.18**	**3,153.55**	**280.88**	**100**	**98.8**	**35.5**	**5.7**

Source: *Kajiado County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 49.9 per cent, followed by the Department of Lands, Physical Planning and Urban Development at 12.5 per cent. The County Assembly had the highest recurrent expenditure-to-budget ratio at 40.3 per cent, while the Office of the County Attorney had the lowest at 8.2 per cent.

3.10.18 Budget Execution by Programmes and Sub-Programmes

Table 3.154 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.154: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Water Service	Water Service	69,100,000	4,241,500	6.1
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public Works and Infrastructure	Public Works	80,000,000	12,424,205	15.5

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEPARTMENT OF COUNTY TREASURY				
General Administration, Planning and supporting service	General Administration, Planning and supporting service	1,060,242,992	113,320,993	10.7
DEPARTMENT OF LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT				
Urban development and management	Urban Development	676,229,735	90,000,000	13.3
DEPARTMENT OF COUNTY ASSEMBLY				
General Administration, Planning and supporting service	General Administration, Planning and supporting service	122,000,000	60,890,111	49.9
RECURRENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Preventive and promotive	Disease Surveillance response	7,579,700	2,910,000	260.5
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public works and infrastructure	Road	5,000,000	3,693,900	73.9
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
Social Service	Social Protection	3,119,139	3,886,087	124.6
DEPARTMENT OF GENDER, CULTURE, COOPERATIVE, TOURISM AND WILDLIFE				
Art and Culture	Cultural Activities	40,452,291	37,000,290	91.5
DEPARTMENT OF COUNTY TREASURY				
Public Finance Management	Budget Coordination and Management	10,150,000	12,801,000	69.5

Source: *Kajiado County Treasury*

The development sub-programmes with the highest budget implementation rates were: General Administration, Planning and supporting service in the Department of County Assembly at 49.9 per cent, Public Works in the Department of Roads, Transport, Public Works and Energy at 15.5 per cent, and General Administration, Planning and supporting service at 10.7 per cent.

For recurrent sub-programmes, the top performers included: Disease surveillance response in the Department of Medical Service and Public Health at 260.5 per cent, social protection in the Department of Gender, Culture, Cooperative, Tourism and Wildlife at 124.6 per cent, and Cultural activities in the Department of Gender, Culture, Cooperative, Tourism and Wildlife at 91.5 per cent.

The higher performance of these programmes was attributed to priorities and needs during the period under review, such as a cultural event in November 2025.

Table 3.155 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.155: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Curative and rehabilitation	Hospital Service	30,000,000	-	-
Preventive and promotive	Primary Health Care service	35,000,000	-	-
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Environmental and Natural Resources	Climate Change mitigation and adaptation	335,022,912	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEPARTMENT OF ROAD, TRANSPORT, PUBLIC WORKS AND ENERGY				
Public Works and Infrastructure	Road	597,376,319	-	-
	Energy	36,500,000	-	-
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
General Administration, planning and support service	General Administration, planning and support service	352,500,000	-	-
DEPARTMENT OF EDUCATION, YOUTH AND SPORT				
Early Childhood Development and Education	Early Childhood Development and Education	181,400,000	-	-
RECURRENT				
DEPARTMENT OF MEDICAL SERVICE AND PUBLIC HEALTH				
Curative and Promotive	Emergency response service	3,773,500	-	-
DEPARTMENT OF WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES				
Water Service	Stormwater management	5,400,978	-	-
DEPARTMENT OF PUBLIC SERVICE, ADMINISTRATION AND CITIZEN PARTICIPATION				
Social Service	Control of Alcohol and substance abuse	42,081,627	-	-
DEPARTMENT OF GENDER, CULTURE, COOPERATIVE AND WILDLIFE				
Local, Tourism and wildlife	Local tourism, promotive and wildlife	17,766,324	-	-
DEPARTMENT OF COUNTY TREASURY				
Economic Policy Coordination	Monitoring and Evaluation	8,380,000	-	-

Source: *Kajiado County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Hospital services in the Department of Medical Service and Public Health; climate change mitigation and adaptation in the Department of Water, Irrigation, Environment and Natural Resources; and Roads, all at zero per cent.

For recurrent sub-programmes, the lowest-performing included: Control alcohol and substance abuse in the Department of Public Service, Administration and Citizen Participation at 0.0 per cent, Local tourism, promotive and wildlife in the Department of Gender, Culture, Cooperative and Wildlife at 0.0 per cent, and Monitoring and evaluation in the Department of County Treasury at 0.0 per cent.

These lower performance levels can be attributed to challenges in the electronic government procurement system.

3.10.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 172 accounts in commercial banks, including 137 for Health Facilities, 1 for Vocational Training Centres, 10 for Established Funds, 2 revenue accounts, and 22 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 167 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.10.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kajiado County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.360.27 million against an annual target of Kshs.1.68 billion, representing 21.4 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.280.88 million on development activities, achieving a 5.7 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Emergency Fund and the Liquor Fund had lapsed, rendering them ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines required by law, contrary to the requirements of Section 168 of the PFM Act, 2012. The reports for the Executive Car loan and Mortgage, Kajiado County Youth and Sport, Disability, Liquor, Kajiado County Women's Empowerment, Kajiado County Veterinary Service Development and MCA's Car and Mortgage Fund were not submitted to the CoB as of 15th July 2025.
v. High level of trade payables, amounting to Kshs.2.53 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.38.52 million for 13 staff not onboarded into HRIS and 307 casual staff processed through manual payroll, accounting for 1.7 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECM Finance should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS 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 a contractual and casual basis as provided under Section 74 of the County Governments Act 2012. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.11. County Government of Kakamega

3.11.1 Overview of FY 2025/26 Budget

The Kakamega County Approved Budget for FY 2025/26 is Kshs.18.15 billion. It comprises Kshs.6.23 billion (34 per cent) and Kshs.11.93 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.507.17 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.4 billion and a recurrent budget of Kshs.12.24 billion. The increase in the budget was primarily attributed to the rise in National Sharable revenue.

The budget will be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.13.58 billion (75 per cent), additional allocations of Kshs.1.58 billion (9 per cent), a cash balance of Kshs.794.71 million (7 per cent) brought forward from FY 2024/25, and Kshs.2.20 billion (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.156.

3.11.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.80 billion. This amount represented a decrease of 8 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.43 billion. The total revenue consisted of Kshs.5.68 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.98.58 million, as well as own-source revenue (OSR) collection of Kshs.512.13 million. Additionally, the County had a cash balance of Kshs.516.57 million from FY 2024/25. The OSR collection of Kshs.512.13 million included Facilities Improvement Financing (FIF) of Kshs.385.31 million, and Kshs.126.81 million from other OSR sources. Table 3.156 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.156: Kakamega County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				-	-
1	Balance at CRF	794,706,578	140,740,236	-	140,740,236	653,966,342
B	**Balance in Special Purpose Accounts**					
1	Roads Maintenance levy		81,000,000	-	81,000,000	-81,000,000
2	FLLoCA		294,830,996	-	294,830,996	-294,830,996
	Sub-Total	**794,706,578**	**516,571,232**	-	**516,571,232**	**278,135,346**
C	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,579,038,225	5,675,062,156	-	5,675,062,156	7,903,976,069
D	**Additional Allocations (Including Grants)**					
1	County Aggregation and Industrial Park Programme	250,000,000	-	-	-	250,000,000
2	Kenya Devolution Support Programme (KDSP II) L11	352,500,000	-	-	-	352,500,000
3	County Climate Resilience Investment Grant -IDA	191,131,378	-	-	-	191,131,378
4	National Agricultural Value Chain Development Project (NVCDP)	151,515,152	98,580,061	-	98,580,061	52,935,091
5	Community Health Promoters Project	127,500,000	-	-	-	127,500,000
6	Kenya Urban Support Programme (KUSP) UDG	120,740,969	-	-	-	120,740,969
7	Kenya Informal Settlement Improvement project (KISIP II)	110,000,000	-	-	-	110,000,000
8	County Climate Resilience Investment Grant -KFW	101,001,459	-	-	-	101,001,459
9	Kenya Devolution Support Programme (KDSP II)	37,500,000	-	-	-	37,500,000
10	Kenya Urban Support Programme (KUSP) UIG	35,000,000	-	-	-	35,000,000
11	Kenya Livestock Commercialization Project (KELCLOP)	33,550,000	-	-	-	33,550,000
12	Aquaculture Business Development Project (ABDP)	24,417,125	-	-	-	24,417,125
13	DANIDA Grant - Primary Health Care -L2&L3	11,844,000	-	-	-	11,844,000

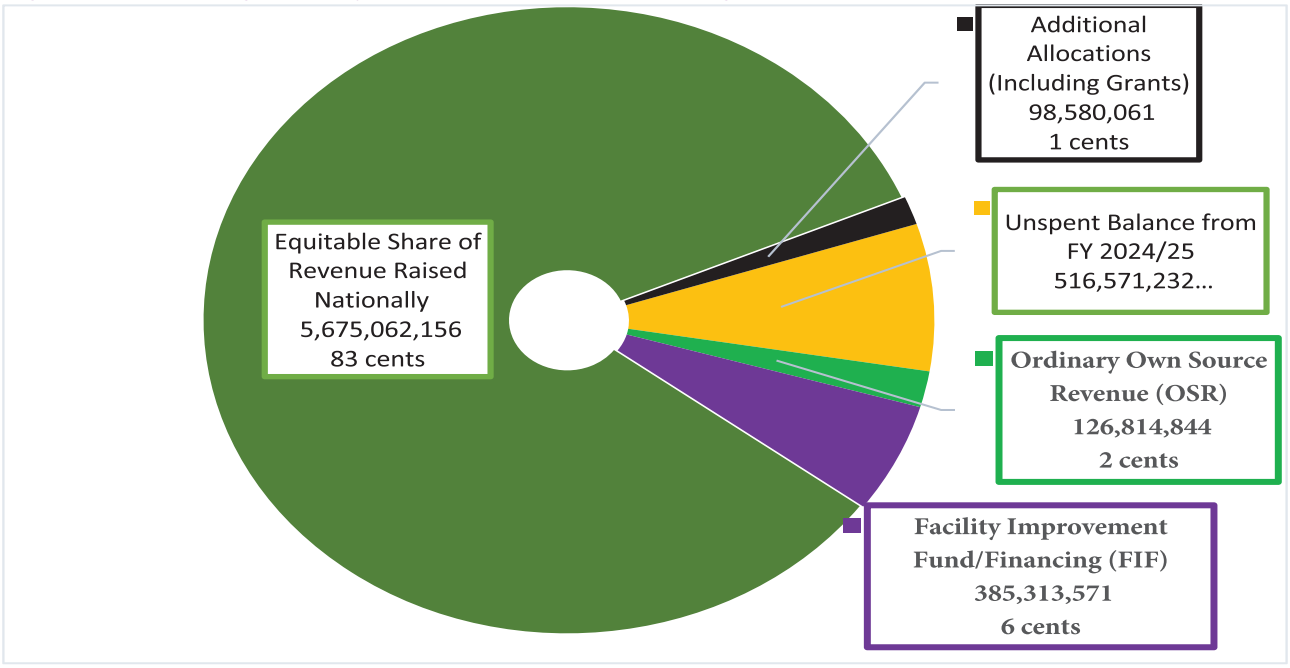
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
14	DANIDA Grant - Primary Health Care -L1	11,597,250	-	-	-	11,597,250
15	FLLoCA-(CCIS)	11,000,000	-	-	-	11,000,000
16	Kenya Agricultural Business Development (KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,580,216,252**	**98,580,061**	**-**	**98,580,061**	**1,481,636,191**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue	957,367,445	126,814,844	-	126,814,844	830,552,601
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	-	-	-	-	-
3	Facility Improvement Fund (FIF)	1,242,632,555	385,313,571	-	385,313,571	857,318,984
	Sub-Total	**1,242,632,555**	**385,313,571**	**-**	**385,313,571**	**857,318,984**
	Grand Total	**18,153,961,055**	**6,802,341,864**	**-**	**6,802,341,864**	**11,351,619,191**

Source: *Kakamega County Treasury*

The County has governing legislation on the operation of the FIF, but has not yet customised the Facilities Improvement Financing (FIF) Act 2023 through the county regulations as required.

Figure 61 provides the overall composite of receipts, by the county in the various major categories.

Figure 61: Kakamega County Composition of Each Shilling Earned in the First Half of FY 2025/26

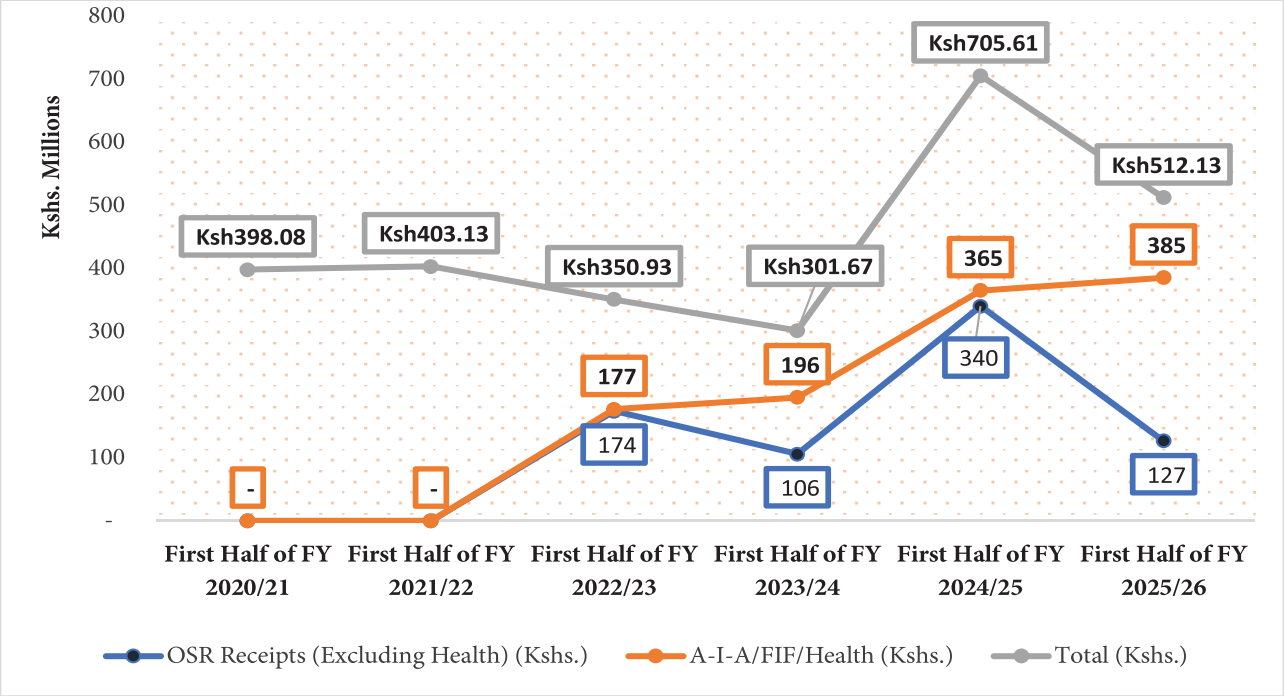


Source: *Kakamega County Treasury*

The equitable share of revenue raised nationally, unspent balances from FY2024/25, and FIF contributed 83 per cent, 8 per cent and 6 per cent, respectively, of the total receipts for the reporting period.

Figure 62 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 62: Kakamega County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



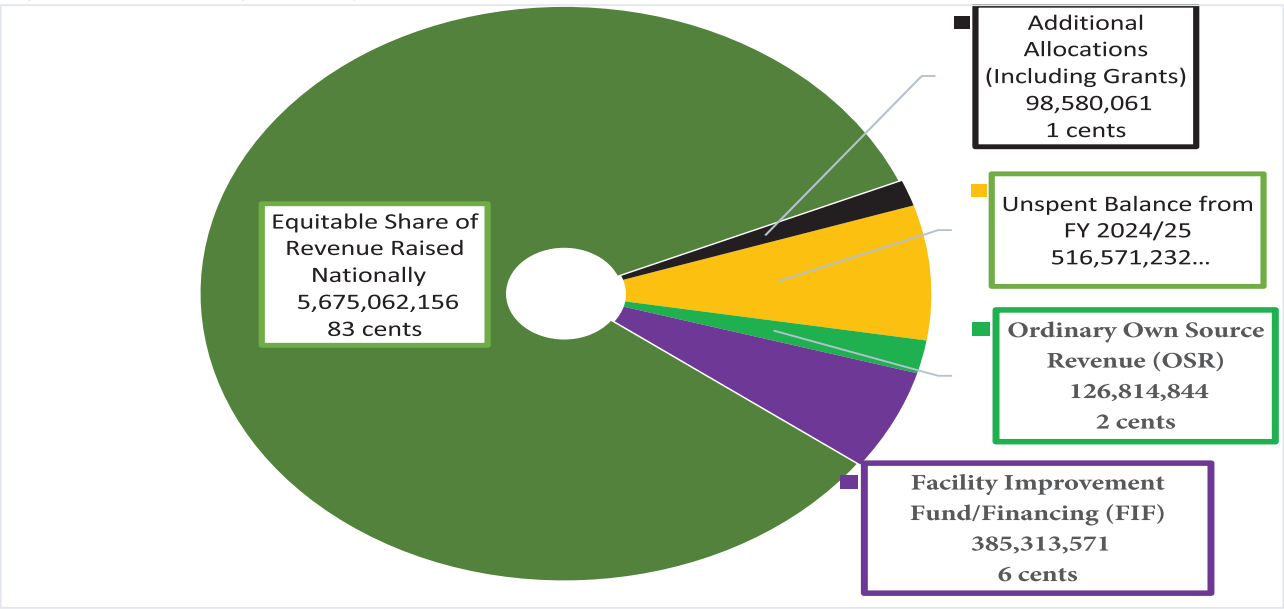
Source: *Kakamega County Treasury*

During the first half of FY 2025/26, the County received Kshs.512.13 million from OSR, including FIF. This amount was a decrease of 27 per cent compared to Kshs.705.61 million realised in a similar period in FY 2024/25, and was 23 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to change in accounting of revenues collected by agencies and county corporations which use IFRS accounting standards whereas the revenue reporting agency used IPSAS accounting standards. In FY2024/25, the county reported the agencies revenues as part of the county revenue which they have since changed in FY2025/26. Further, the agencies revenue targets are not included in the county OSR targets of Kshs.2.20 billion.

The revenue streams which contributed the highest OSR receipts are shown in Figure 63

Figure 63: Kakamega County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kakamega County Treasury

As shown in Figure 63, the highest revenue stream, at Kshs.385 million, was from FIF, accounting for 75 per cent of the total OSR receipts. The County Government indicated that it has automated 6 out 17 of revenue streams.

3.11.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.650.11 million. Table 3.158 presents a breakdown of the County's revenue arrears.

Table 3.157: Kakamega County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	D	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-		1,093,987,885	1,093,987,885
B	**Ordinary Own Sources of Revenue**					
1	Land rate	1,012,652,845	-	- 8,600,926	-	1,004,051,919
2	Single/Business Permits	45,026,620	-	-	19,927,613	64,954,233
3	Property Rent	8,461,634	-	- 2,643,100	13,950,275	19,768,809
	Sub-Total	**1,066,141,099**	**-**	**- 11,244,026**	**33,877,888**	**1,088,774,961**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	813,778,264	-	-502,565,424	-	311,212,841
2	Defunct NHIF	241,440,288	-	-	-	241,440,288
3	SHA	248,573,018	-	-158,789,365	-	89,783,653
	Sub-Total	**1,303,791,570**	**-**	**-661,354,789**	**-**	**642,436,781**
	Grand Total	**2,369,932,669**	**-**	**-650,110,763**	**1,127,865,773**	**2,825,199,627**

Source: *Kakamega County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.2.83 billion, comprising Kshs.1.09 billion for both National Shareable and Ordinary Own Sources of Revenue both at (39 per cent) each, and the FIF totalled to Kshs.642.44 million at 23 per cent. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include close liaison with the Ministry of health and enforcement of settlement of land rates and property rents when the customers are seeking county related services. Further, the county may consider waivers on interests and penalties to those who clears the rates and rents by particular day following the due approval process.

3.11.4 Borrowing by the County

Kakamega County did not disclose any existing credit facility.

3.11.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.94 billion from the Kakamega County Revenue Fund (CRF) account. This amount consisted of Kshs.1.17 billion (20 per cent) designated for development programs and Kshs.4.78 billion (80 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.46 billion was allocated for employee compensation, and Kshs.1.31 billion for operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 0.4 per cent for foreign travel. The County Assembly domestic travel exchequers totalled Kshs156.70 million, and Kshs.4.75 million for the foreign travel exchequers. The county executive did not submit travel allowances exchequer requests during the reporting period.

As of December 31, 2025, the County Government's cash balance in the Kakamega CRF account was Kshs.594.77 million.

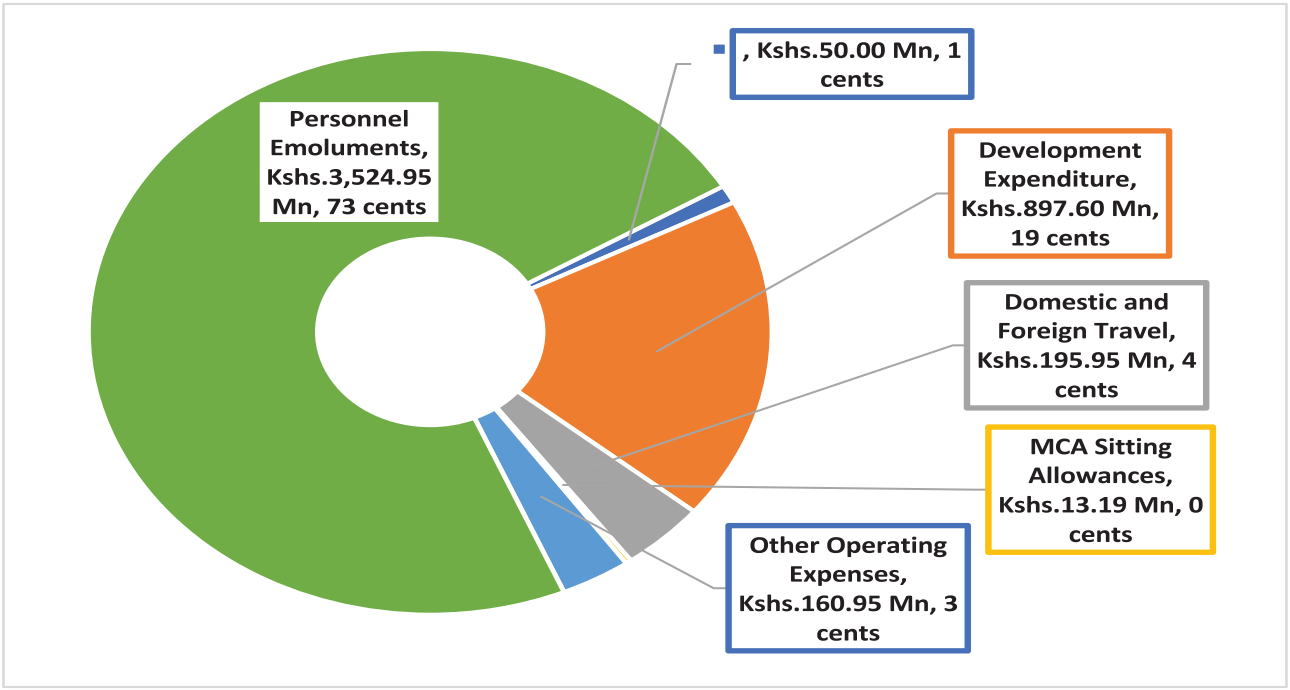
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.586.22 million for Kakamega County Assembly during the review period. This amount comprised Kshs.318.12 million for personnel emolument activities and Kshs.268.10 million for O&M activities.

3.11.6 Expenditure Review

The County spent Kshs.5.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.897.60 million for development programmes and Kshs.4.86 billion for recurrent programmes. Expenditure on development programmes represented 14 per cent of the annual development budget, while recurrent expenditure represented 41 per cent of the annual recurrent budget.

Figure 64 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 64: Kakamega County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kakamega *County Treasury*

As shown in Figure 64, the three highest expenditure categories were personnel emoluments, development and domestic and foreign travel contributing 73, 19 and 4 per cent of total expenditure for the reporting period.

3.11.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.17 billion. This amount consisted of Kshs.1.71 billion from the County Executive and Kshs.454.41 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.773.65 million for recurrent expenditure and Kshs.938.25 million for development expenditure.

Both the County Assembly and County executive did not report on the payments made towards settling trade payables during the reporting period. Therefore, Table 3.159 that provided additional details of trade payables was not populated. The County did not adhere to the trade payables repayment plan, which had committed settlement of Kshs.320 million for the Executive whereas, the County Assembly did not submit the trade payable payment plan within the reporting period.

Table 3.158: Kakamega County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	938,246,705	773,646,906	1,711,893,612
		County Assembly		454,414,971	454,414,971
		Total	938,246,705	1,228,061,878	2,166,308,583

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Amount paid in the First Half of FY 2025/26	c	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	-	-	-
		County Assembly	-	-	-
		Total	-	-	-

Source: *Kakamega County Treasury*

Table 3.159 present the ageing of the total outstanding bills as of 31st December 2025 for the County Assembly, which were Kshs.677.50 million. However, the County Executive did not submit Trade Payables Ageing Analysis

Table 3.159: Kakamega County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	21,557,065	71,276,421	110,017,033	227,041,286	**429,891,805**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	22,372,794	67,962,602	49,649,280	12,706,511	**152,691,187**
Recurrent Trade Payables (Staff Claims)	79,010,812	12,904,900	3,003,000	-	**94,918,712**
Total Recurrent Trade Payables	122,940,671	152,143,923	162,669,313	239,747,797	**677,501,704**
Total Trade Payables	**122,940,671**	**152,143,923**	**162,669,313**	**239,747,797**	**677,501,704**
% of Total	**18%**	**22%**	**24%**	**35%**	**100%**

Source: *Kakamega County Assembly*

3.11.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.15 billion on compensation of employees, Kshs.989.54 million on operations and maintenance, and Kshs.897.60 million on development activities. Similarly, the County Assembly spent Kshs.379.46 million on compensation of employees and Kshs.342.26 million on operations and maintenance activities, as shown in Table 3.160.

Table 3.160: Kakamega County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	10,551,592,991	1,375,643,000	4,135,025,848	721,720,248	-	-	4,135,025,848	721,720,248	39	52
Compensation of Employees	6,050,000,000	700,402,043	3,145,486,547	379,460,162	-	-	3,145,486,547	379,460,162	52	54
Operations and Maintenance	4,501,592,991	675,240,957	989,539,301	342,260,086	-	-	989,539,301	342,260,086	22	51
Development Expenditure	6,226,725,064	-	897,600,778		-	-	897,600,778		14	-
Total	16,778,318,055	1,375,643,000	5,032,626,626	721,720,248			5,032,626,626	721,720,248	30	52

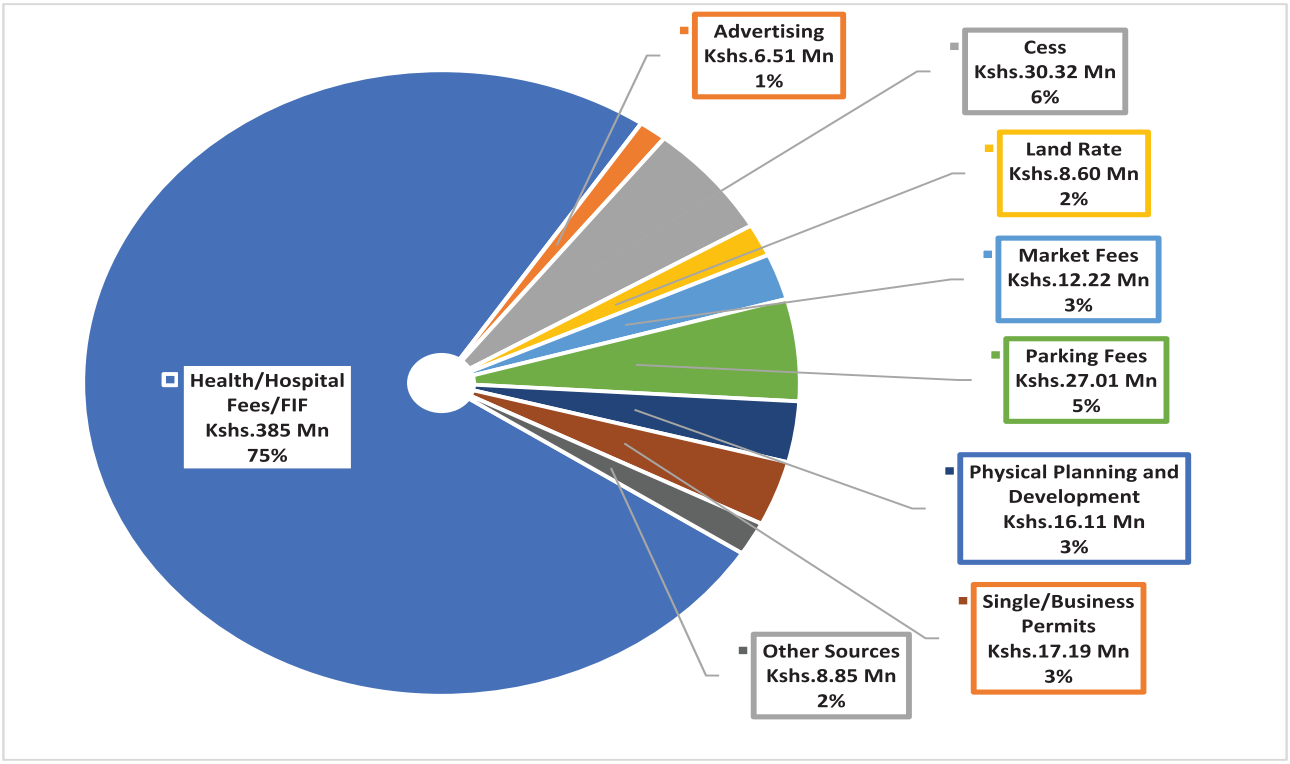
Source: *Kakamega County Treasury*

3.11.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.52 billion. The percentage of compensation of employees to revenue was 59 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.47 billion reported in a similar period in FY 2024/25. The total amount relating to Health Sector employees, was not accounted since the data was not provided.

Figure 65 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 65: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kakamega County Treasury

The County Executive has adopted the processing of the employee's compensation through Human Resource Information System (HRIS). The total PE amounting to Kshs.3.14 billion was paid by the County Executive. Further analysis indicated that PE costs amounting to Kshs.287.20 million were processed through the Human Resource Information System (HRIS) by the County Assembly. ~~In contrast~~ However, Kshs.31.05 million was processed through manual payrolls, which accounted for 11 per cent of the county assembly PE cost. The justification for the continued use of manual payroll was that the HRIS does not compute Gratuity automatically while the highest PE cost in the assembly is borne by the state officers and partisan staff who are on contractual terms.

The manual payroll comprised salaries for 30 staff not onboarded into the Human Resource Information System (HRIS), salaries for 8 casual staff, top-up allowances for security personnel, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.161.

Table 3.161: Breakdown of Kakamega County Assembly Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for 30 staff yet to be onboarded into HRIS	7,311,551.80
2	Salaries for 8 casual staff	188,500
3	Top-up Allowances for 2 security officers	288,000
4	LAPTRUST/LAPFUND Pension Contributions	22,936,107.25
5	Employer Contribution (NSSF, HSE LEVY and NITA)	325,740.84
	Total	**31,049,899.89**

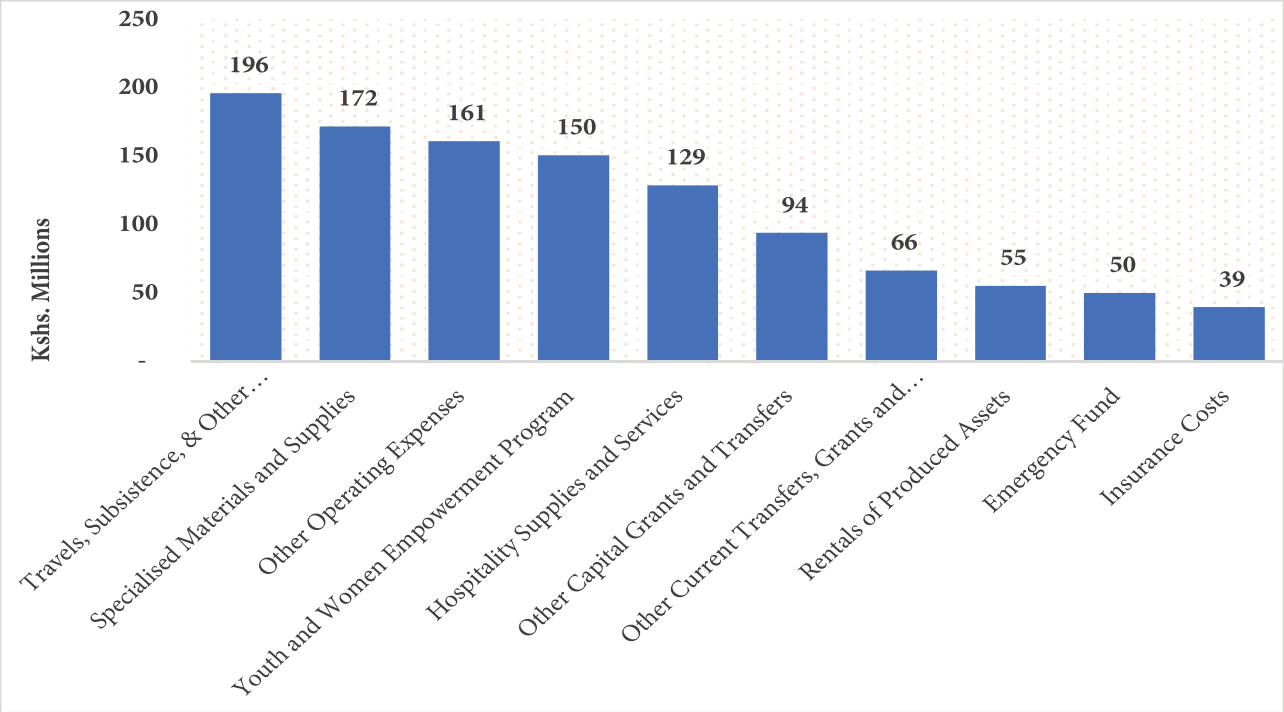
Source: Kakamega County Assembly

The County Assembly spent Kshs.22.30 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.154.87 million. The average monthly sitting allowance was Kshs.41,756 per MCA. The County Assembly has 26 House Committees.

3.11.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.33 billion on operations and maintenance, representing an increase of 2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.31 million. Figure 66 summarises the Operations and Maintenance expenditure by major categories.

Figure 66: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: *Kakamega County Treasury*

3.11.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.160.94 million on "*other operating expenses*," which is 12 per cent of the total operations and maintenance expenditure of Kshs.1.33 billion. This category of expenditure includes Kshs.72.14 million for Cleaning and security services, Kshs.53.79 million and Kshs.17.64 million for ward office operations and legal fees and dues compensation payments respectively. The disaggregated items under the "*Other Operating Expenses*" category is shown in Table 3.162.

Table 3.162: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211300	Cleaning and Security Services	143,824,141	72,142,698
2211309	Ward Office Operations	97,344,000	53,786,000
2211308	Legal Dues/fees, Arbitration and Compensation Payments	40,000,000	17,644,889
2211399	Supply services	9,141,917	4,005,520
2211305	Contracted guards and cleaning services	6,300,000	3,878,944
2211308	Legal fees, arbitration	14,000,000	2,611,209
2211399	Extension services	5,000,000	2,350,748
2211399	Youth tournaments	40,000,000	2,102,000
2211301	Motor Vehicle Insurance	5,500,000	1,217,444
2211306	Membership fees, subscriptions	650,000	620,000
2211310	Training fees	30,000,000	370,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211310	Strategic plan	332,000	186,782
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	3,910,000	21,200
Total		**396,002,058**	**160,937,434**

Source: *Kakamega County Treasury*

3.11.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2 billion to County-Established funds in FY 2025/26, or 11 per cent of the County's overall budget. Further, the County allocated Kshs.100.22 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.163 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.163: Performance of Kakamega County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/NO)
1.	Emergency Fund	2018	100,022,001	50,000,000	40,621,920	-	Yes
2.	Kakamega County Facility Improvement Fund	2022	952,294,392	-	488,418,698	488,418,698	Yes
3.	Kakamega County Climate Change Fund	2020	645,993,850	20,000,000	59,087,252	294,724,902	Yes
4.	County Executive Car Loan and Mortgage	2016	2,846,632	-	546,086	88,876,314	Yes
5	Bursary & Scholarship Fund	2017	80,000,000	-	27,953,825	27,953,825	Yes
6	The Kakamega County Alcoholic Drinks Control Fund	2014	162,308,350	-	3,511,060	-	Yes
7	County Assembly Car Loan & Mortgage	2014	51,780,000	-	637,801,947	637,801,947	Yes
	Total		1,995,245,225	70,000,000	1,257,940,788	1,537,775,686	

Source: *Kakamega County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of the lapsed funds.

3.11.13 County Corporations, Agencies and Municipalities

The County has two County Corporations, 5 municipalities, two agencies and one water company and which were allocated Kshs.405.81 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.174.91 million, as shown in Table 3.164.

Table 3.164: Performance of Kakamega County Corporations in the First Half of FY 2025/26

No	Name of the Fund	Approved Budget Allocation in FY25/26 (Kshs)	Exchequer Issues/transfer from CG (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
		A	B	C	D
1	Kakamega Municipality	160,705,430	28,480,715	51,174,486	Yes
2	Mumias Municipality	73,695,018	8,313,631	60,478,227	Yes
3	Butere Municipality	1,000,000	Not operational	-	No
4	Matunda Municipality	1,000,000	-	-	No
5	Malava Municipality	1,000,000	-	-	No
6	Kakamega County Rural Water and Sanitation Company	10,000,000	-	7,352,494	Yes

No	Name of the Fund	Approved Budget Allocation in FY25/26 (Kshs)	Exchequer Issues/transfer from CG (Kshs)	Reported Actual Expenditure (Kshs)	Submission of Annual FS as of 31.03.2025 (Yes/No)
		A	B	C	D
7	Kakamega County Investment Development Agency	20,000,000	5,000,000	4,619,993	Yes
8	Kakamega County Microfinance Corporation	19,870,076	-	5,582,938	Yes
9	Kakamega Dairy Development Corporation	58,536,959	5,884,240	5,941,602	Yes
10	Kakamega Revenue Agency	60,000,000	24,988,884	39,761,931	Yes
Sub-total		**405,807,483**	**72,667,470**	**174,911,671**	

Source: *Kakamega County Treasury*

3.11.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.178.48 million and comprised Kshs.153.87 million spent by the County Assembly and Kshs.24.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.81 million and comprised Kshs.6.51 million by the County Assembly and Kshs.262,937 by the County Executive. Expenditure on foreign travel is summarised in Table 3.165.

Table 3.165: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	17th Aug, 2025	Drama and Music Fest	Uganda	298,664
County Assembly	7	26th-28th, Aug, 2025	To attend commemoration of the Environmental week	Kampala, Uganda	1,758,750
County Assembly	4	21st-25th, July	To attend the mining and agriculture economy expo	Perth, Australia	2,134,080
County Assembly	1	24th-27th Sep, 2025	To attend the 12th international youth conference	New York, USA	853,610
County Assembly	2	21st-27th Sep, 2025	To attend the Annual Conference of African Network of Parliamentary Budget Office	Abuja, Nigeria	865,800
County Assembly	1	27th-30th, Aug, 2025	To attend the 5th GACOPA International Delegates Conference	Birmingham, United Kingdom	895,131
Total					**6,806,035**

Source: *Kakamega County Treasury and Kakamega County Assembly*

3.11.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.385.31 million as FIF, which was 31 per cent of the annual target of Kshs.1.24 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County however, has not customized regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.623.33 million, as shown in Table 3.166.

Table 3.166: Kakamega County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	502,723,346	186,515,490	37
2.	Level 4 Hospital	15	449,571,046	302,013,571	67
3.	Level 3 Facility	59	183,689,414	60,889,677	33
4.	Level 2 Facility	122	239,405,693	73,915,104	31
	Total		**1,375,389,499**	**623,333,842**	

Source: *Kakamega County Treasury*

The Health Facilities expenditure amount of Kshs.623.33 million was higher than the reported FIF receipts of Kshs.385.31 million. This was instigated by the non-inclusion of level 2 and 3 hospitals in the revenue basket of the budget, and especially the unspent

balances retained in the health facilities. Consequently, it resulted in underreporting of the FIF receipts and should therefore be collected through a supplementary budget.

3.11.16 Development Expenditure

In the review period, the County reported spending Kshs.897.60 million on development programmes, representing an increase of 5 per cent compared to FY 2024/25, when the County spent Kshs.853.68 million. Table 3.168 summarises the development projects with the highest expenditure in the reporting period.

Table 3.167: Kakamega County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure as of 31.12.2025 (Kshs.)
	Crop Production	Subsidies to Non- Financial Private Enterprise		219,604,388	219,604,388	197,965,662
1	Water Services	Borehole rehabilitation, Last Mile Connectivity, Spring protection, Rain Water Harvesting.	Ward Based	-	169,850,000	75,220,581
2	Road Bitumen Standards	Major Roads- Ingotse-Navakholo Chebuyusi in Navakholo	Navakholo	100,000,000	100,000,000	61,402,828
3	Trade	Development of open air markets and bodaboda shades	Across the county	60,000,000	44,400,000	24,236,234
4	Education	Mabole Secondary School	Marenyo Shianda	24,762,770	-	17,439,942
5	Physical Planning	Engineering and design plans	County wide	32,000,000	32,000,000	15,994,442
6	Water Services	Yala Butwehe water project Last Mile Connectivity, Purchase of pipes, fittings and meters	Yala Butwehe	-	20,000,000	10,379,892
7	Water Services	Maloha/Firatsi Water Supply Project	Maloha /Firatsi		35,000,000	10,091,577
8	Education	Maola CP	East Wanga	8,250,640	-	7,662,648
9	Education	Eshikulusi	Marama South	7,162,292	-	5,905,130

Source: *Kakamega County Treasury*

The County did not report on stalled development projects as of 31st December 2025.

Table 3.168 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.168: Kakamega County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	1,376	-	586	-	722	-	123	-	52.5	-
Agriculture, Livestock, Fisheries & Co-operatives	74	619	20	255	14	253	68	99.2	18.5	40.8
County Public Service Board	26	-	7	-	7	-	97	-	25.8	-
Education, Science & Technology	292	444	1	15	10	9	1,032	55.7	3.6	1.9
Finance and Economic Planning	808	85	112	15	225	-	201	-	27.9	-
Health Services	1,104	579	259	84	277	102	107	120.8	25.1	17.6
ICT, E-government & Communication	74	121	7	-	11	-	159	-	14.4	-
Lands, Housing, Urban Areas and Physical Planning	322	315	75	21	90	27	119	127.6	28.0	8.5
Office of the Governor	339	-	38	-	51	-	135	-	15.1	-
Public Service and Administration	6,792	742	3,140	-	3,267	-	104	-	48.1	-

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
Social Services, Youth & Sports	542	255	169	2	168	-	99	-	31.0	-
Trade, Industrialization & Tourism	48	663	2	31	7	32	282	103.2	14.6	4.8
Transport, Infrastructure, Public Works and Energy	65	1,540	0	294	3	252	981	85.9	4.7	16.4
Water, Environment, Forestry and Natural Resources	66	864	1	139	4	223	562	161.2	6.7	25.9
Total	**11,927**	**6,227**	**4,417**	**856**	**4,857**	**898**	**110**	**104.9**	**40.7**	**14.4**

***Source**: Kakamega County Treasury*

Analysis of expenditure by departments shows that the Department of Agriculture, Livestock, Fisheries & Co-operatives recorded the highest absorption rate of development budget at 41 per cent, followed by the Department of Water, Environment, Forestry and Natural Resources at 26 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 53 per cent, while the Department of Education, Science & Technology had the lowest at 4 per cent.

3.11.17 Budget Execution by Programmes and Sub-Programmes

Table 3.169 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.169: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Dept	Programme	Sub-Programme	Approved Budget FY2025/26	Expenditure (Including Accrued) as of 31.12.2025	Absorption Rate
Development					
Roads and Infrastructure	Road Bitumen Standards	Major Roads Ingotse Navakholo Chebuyusi in Navakholo	100,000,000	252,244,708	252
Agriculture	Crop Production	Subsidies to Non-Financial Private Enterp	219,604,388	197,965,662	90
Water and Environment	Forestry	Purchase of tree seeds and seedlings	8,000,000	4,000,000	50
Lands	Physical planning	Engineering and design plans	32,000,000	15,994,442	50
Lands	Physical planning	Slum Upgrading	10,000,000	4,840,423	48
Recurrent					
Finance	Operation Recurrent programme	Revenue Agency	60,000,000	30,000,000	50
Public Service & Administration	Public Service	E-Goverment	6,517,539,559	3,149,609,723	48
Health Services	Department Health centres	Health Centres	60,797,476	29,268,095	48
Public Service & Administration	County Administration	E-Goverment	226,051,121	107,092,492	47
Finance	Operation Recurrent programme	County Procurement	10,570,986	5,000,000	47

***Source**: Kakamega County Treasury*

The development sub-programmes with the highest budget implementation rates were: Road Bitumen Standards in the Department of Roads and Infrastructure at 252 per cent, Crop Production in the Department of Agriculture at 90 per cent, and Forestry and Physical planning at 50 per cent.

For recurrent sub-programmes, the top performers included: Operation Recurrent programme in the Department of Finance at 50 per cent, Public Service in the Department of Public Service & Administration and Health Centres at 48 per cent, and County Administration in the Department of Public Service & Administration at 47 per cent.

Table 3.169 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rate**s.**

During the period under the review, approximately 72 programs that had zero absoption rate including Bukhungu Stadium, Support to women, youth and persons with disabilities enterprises, Shelter Improvement Programme, People with disabilities support programme and Sports Support progammes.

3.11.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and revenue collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

Kakamega County Government operated 177 accounts in commercial banks, including 32 accounts for Health Facilities, 65 accounts for Vocational Training Centres, 80 accounts operated by Cunty Treasury for Established Funds, revenue accounts, special-purpose accounts (additional allocations), and Sub county administrative accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 177 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.11.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kakamega's County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 02.02.2026. Further, non-submission of trade payables progress report, aging analysis report and trade payables settlement plan
ii. The underperformance of own-source revenue at Kshs.126.81 million against an annual target of Kshs.957.37 million, representing 13 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.897.60 million on development activities, achieving a 14 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments. This is in addition to misappropriation of fund duly approved by COB to other budgetary uses that are not in purview of the COB.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Kakamega County Alcoholic Drinks Control Fund and County Assembly Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.
vi. Despite the high levels of trade payables, by the beginning of the financial year, the the County Treasury and County assembly did not submit the progress report on settlement of trade payables.
vii. Use of manual payroll in County Assembly. Personnel emoluments amounting to Kshs.31.05 million for 30 staff not onboarded into HRIS and 8 casual staff were processed through manual payroll, accounting for 11 per cent of the total County Assembly payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports and trade payables reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mech-*

anisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.12. County Government of Kericho

3.12.1 Overview of FY 2025/26 Budget

The Kericho County Approved Budget for FY 2025/26 is Kshs.10.03 billion. It comprises Kshs.3.53 billion (35 per cent) and Kshs.6.51 billion (65 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.278.02 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.56 billion and a recurrent budget of Kshs.6.19 billion. The increase in the budget was primarily attributed to the rise in Own Source Revenue Projections.

The budget is to be financed from various revenue sources. These include the equitable share of revenue raised nationally, amounting to Kshs.7.18 billion (72 per cent), and additional allocations of Kshs.1.26 billion (13 per cent), and Kshs.1.60 billion (16 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.170.

3.12.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.21 billion. This amount represented a decrease of 26 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.4.05 billion. The total revenue consisted of Kshs.2.98 billion from the equitable share of revenue raised nationally, no additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.231.10 million. Additionally, the County had a cash balance of Kshs.1.33 million from FY 2024/25. The total OSR collection of Kshs.231.10 million included Facilities Improvement Financing (FIF) of Kshs.161.08 million and Kshs.70.02 million from other OSR sources. Table 3.170 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.170: Kericho County, Revenue Performance in the First Half of FY 2025/26

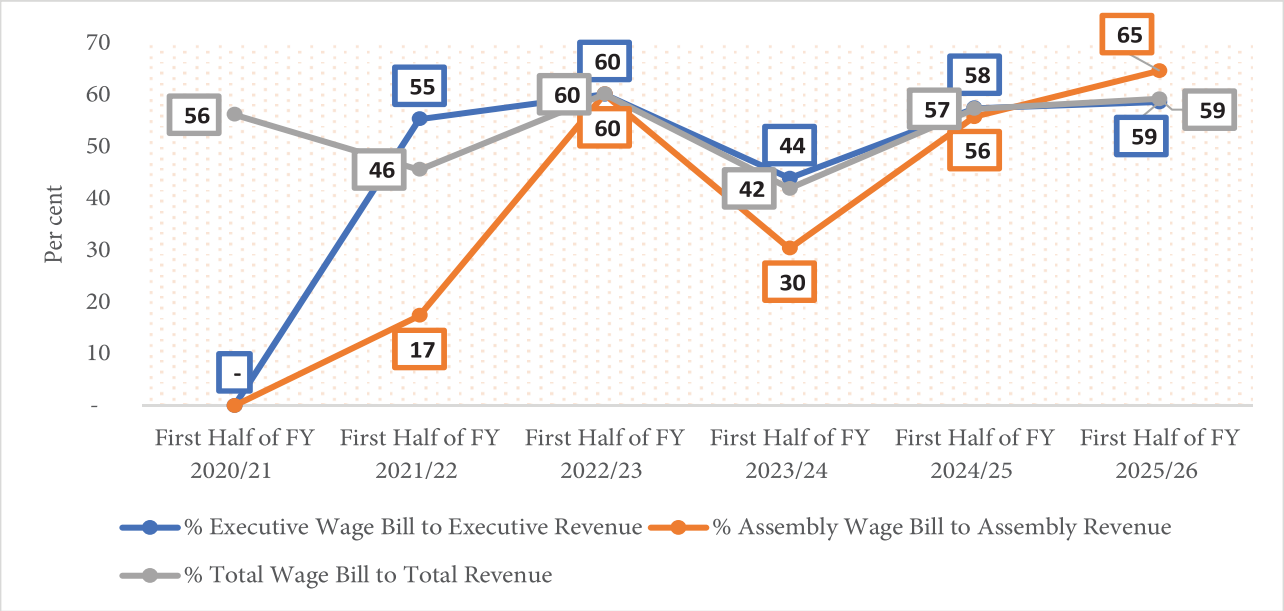
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A.	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	1,065,014	-	1,065,014	- 1,065,014
2	County Executive Refunds to CRF	-	245,863	-	245,863	- 245,863
3	County Assembly Refunds to CRF	-	23,788	-	23,788	- 23,788
	Sub-Total	-	**1,334,666**	-	**1,334,666**	**- 1,334,666**
B. Equitable Share of Revenue Raised Nationally						
1	Equitable Share	7,178,668,356	2,979,147,370		2,979,147,370	4,199,520,986
	Sub-Total	**7,178,668,356**	**2,979,147,370**	-	**2,979,147,370**	**4,199,520,986**
C. Transfers from the Equalisation Fund						
	Sub-Total	-	-	-	-	-
D. Additional Allocations (Including Grants)						
1	Doctor Salary Arrears	43,439,856	-	-	-	43,439,856
2	County Aggregated Industrial Parks	250,000,000	-	-	-	250,000,000
3	County health promoters	45,690,000	-	-	-	45,690,000
4	DANIDA FUND	8,670,000	-	-	-	8,670,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
5	Kenya Devolution Support Project 11 (World Bank)	37,500,000	-	-	-	37,500,000
6	Kenya Devolution Support Project 11 (World Bank)UDG	352,500,000	-	-	-	352,500,000
7	Kenya Urban Support Program UDG (SIDA)	43,550,249	-	-	-	43,550,249
8	Kenya Urban Support Program UIG (SIDA)	35,000,000	-	-	-	35,000,000
9	FLOCCA Grants to support climate change CCIR	203,392,898	-	-	-	203,392,898
10	IDA National Agricultural Value Chain Devt Project(NAVCDP)	231,250,000	-	-	-	231,250,000
11	SWEDEN Kenya Agricultural Business Dev't Project(KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,261,911,922**	-	-	-	**1,261,911,922**
E. Ordinary Own Source Revenue (OSR)						
1	Cess	117,758,971	16,579,144	-	16,579,144	101,179,827
2	Land Rate	357,303,382	6,496,852	-	6,496,852	350,806,531
3	Single/Business Permits	195,906,623	16,231,724	-	16,231,724	179,674,899
4	Property Rent	40,882,830	5,831,840	-	5,831,840	35,050,990
5	Parking Fees	46,298,197	14,727,878	-	14,727,878	31,570,319
6	Market Fees	40,407,195	4,268,269	-	4,268,269	36,138,926
7	Advertising	41,406,168	1,432,475	-	1,432,475	39,973,693
8	Public Health Service Fees	5,771,985	2,572,476	-	2,572,476	3,199,509
9	Physical Planning and Development	23,848,460	1,742,360	-	1,742,360	22,106,100
10	Hire of County Assets	300,000	42,500	-	42,500	257,500
11	Library Services	250,000	99,097	-	99,097	150,903
	Sub-Total	**870,133,811**	**70,024,615**	-	**70,024,615**	**800,109,197**
F. Facility Improvement Fund/Financing (FIF)						
1	SHIF	724,245,582	161,075,436	-	161,075,436	563,170,146
	Sub-Total	**724,245,582**	**161,075,436**	-	**161,075,436**	**563,170,146**
	Grand Total	**10,034,959,671**	**3,211,582,086**	-	**3,211,582,086**	**6,823,377,585**

Source: *Kericho County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF Figure 67 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

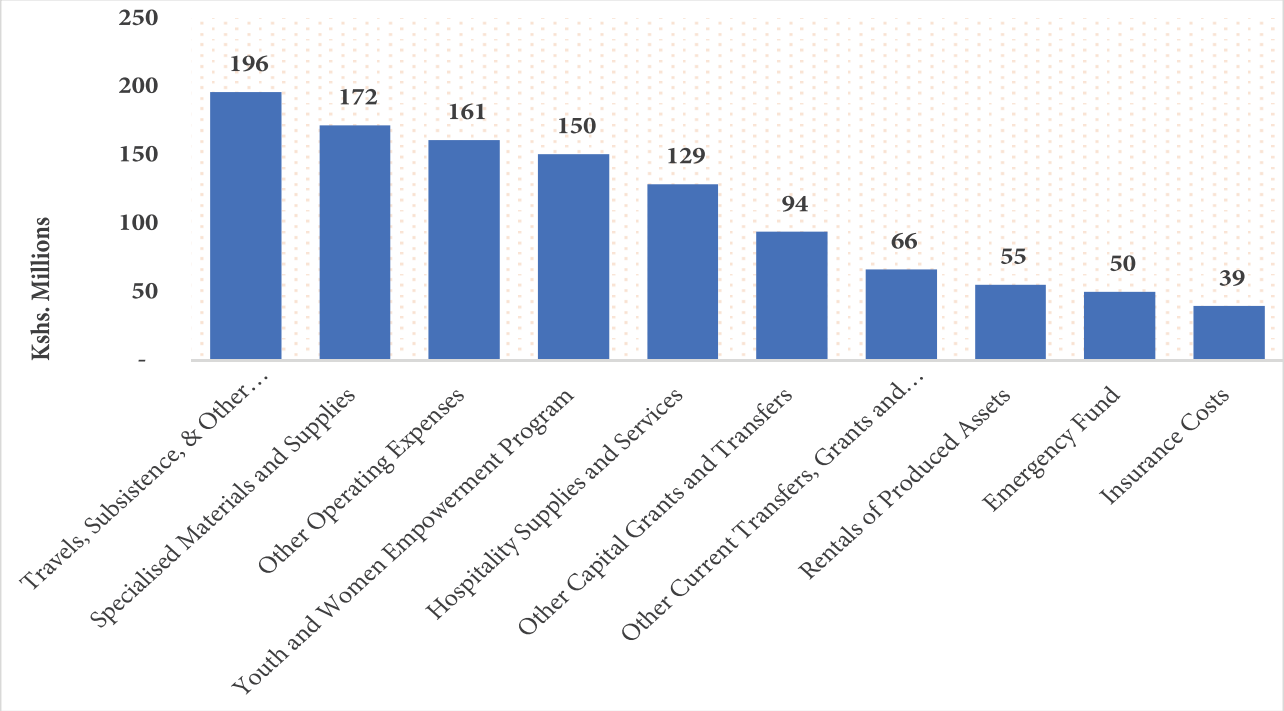
Figure 67: Kericho County Composition of Each Shilling Earned in the First Half of FY 2025/26.



Source: *Kericho County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 95 per cent, 2 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 68: Kericho County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



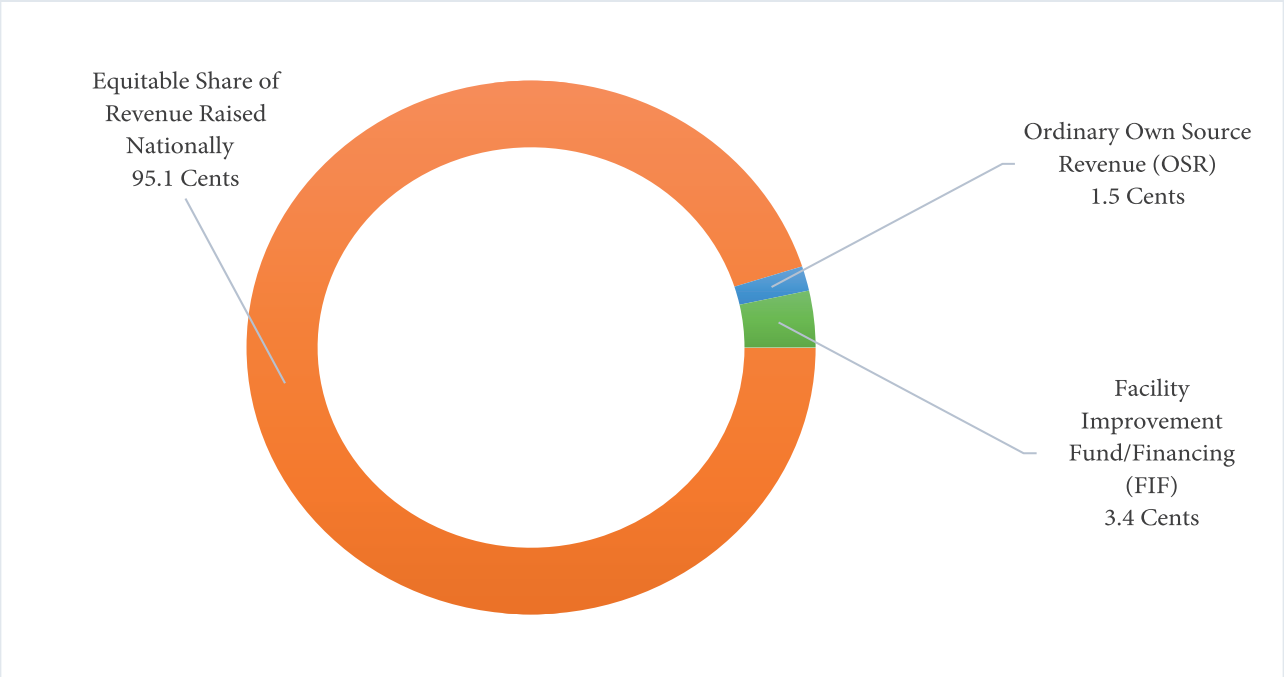
Source: *Kericho County Treasury*

During the first half of FY 2025/26, the County received Kshs.231.11 million from OSR, including FIF. This amount was a decrease of 63 per cent compared to Kshs.377.52 million realised in a similar period in FY 2024/25, and was 14 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to an increase in OSR from Ksh. 61.68 million to Ksh. 70.02 million in the same period, but a decline in FIF from Kshs 315.84 million to 161.08 million due to the closure of the referral hospital for renovation during the period.

The revenue streams that contributed the most to OSR receipts are shown in Figure 69.

Figure 69: Kericho County Top Own Source Revenue Streams in the First Half of FY 2025/26.



Source: Kericho County Treasury

As shown in Figure 69, the highest revenue stream is at Kshs.161 million from FIF, accounting for 70 per cent of the total OSR receipts. The County Government indicated that it has automated all the Kericho revenue streams.

3.12.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.198 million, which remained at Kshs.198 million as of 31st December 2025. Table 3.171 presents a breakdown of the County's revenue arrears.

Table 3.171: Kericho County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Land rates	188,079,255	-	-	-	188,079,255
2	House rent	10,470,800	-	-	-	10,470,800
	Sub-Total	**198,550,055**	-	-	-	**198,550,055**
Total		**198,550,055**	-	-	-	**198,550,055**

Source: Kericho *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.198 million, comprising Kshs.188 million for Land rates (94 per cent) and Kshs.10.47 million for House rent. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the issuance of demand notices and eviction notices.

3.12.4 Borrowing by the County

No borrowings were reported by the Kericho County Government or the County Assembly of Kericho during the period under review.

3.12.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.95 billion from

the Kericho County Revenue Fund (CRF) account. This amount consisted of Kshs.462.67 million (13 per cent) designated for development programs and Kshs.2.48 billion (39 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.98 billion was allocated for employee compensation, and Kshs.509.62 million for operations and maintenance expenditures. Within the operations and maintenance category, 26.64 per cent was for domestic travel and 2.35 per cent for foreign travel. The domestic travel exchequers totalled Kshs.135.78 million, including Kshs.41.19 million for the County Executive and Kshs.94.59 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.01 million, with Kshs.6.81 million for the County Executive and Kshs.5.2 million for the County Assembly.

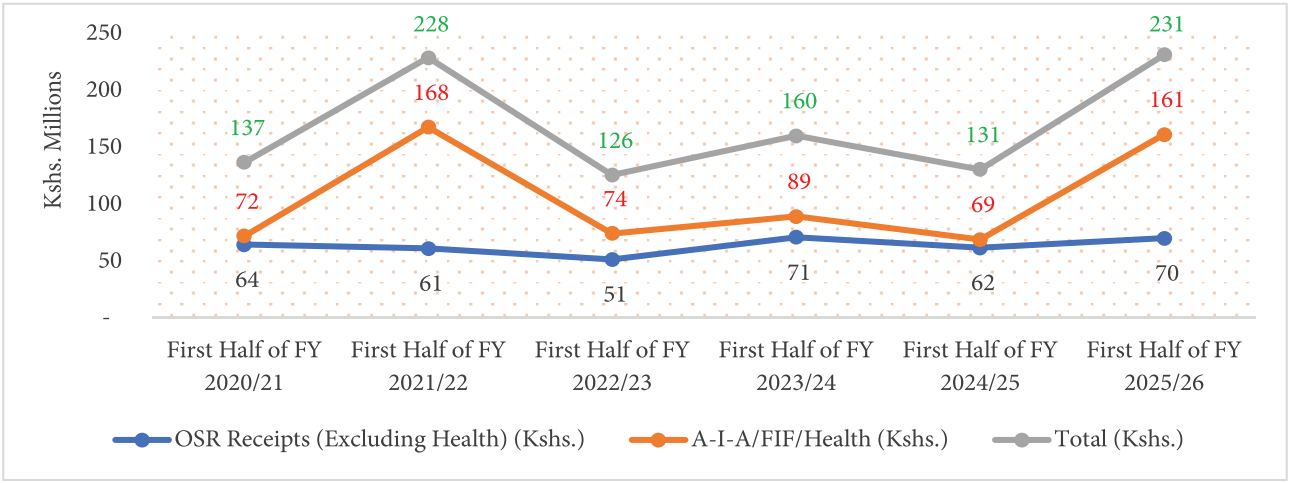
As of December 31, 2025, the County Government's cash balance in the Kericho CRF account was Kshs.128.80 million.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.407.14 million from the Kericho County Assembly operations account during the review period. This amount comprised Kshs.48 million for development activities and Kshs.359.14 million for recurrent activities.

3.12.6 Expenditure Review

The County spent Kshs.2.95 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.462.67 million for development programmes and Kshs.2.48 billion for recurrent programmes. Expenditure on development programmes accounted for 13 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 38 per cent of the annual recurrent expenditure budget.

Figure 70: Kericho County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kericho *County Treasury*

As shown in Figure 70, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other operating expenses, which contributed 67, 16, and 14 per cent of total expenditure for the reporting period, respectively.

3.12.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.26 billion. This amount consisted of Kshs.2.21 billion from the County Executive and Kshs.13.21 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.683.16 million for recurrent expenditure and Kshs.1.53 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.414.67 million (13 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables during the period. The outstanding trade payables as of 31st December 2025 were Kshs.1.64 billion for the County Executive and Kshs.13.21 million for the County Assembly. Table 3.172 provides additional details of trade payables.

Table 3.172: Kericho County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,367,004,160	661,291,275	2,028,295,435
		County Assembly	13,206,900		13,206,900
		Total	1,380,211,060	661,291,275	2,041,502,335
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive			-
		County Assembly	13,206,900	-	13,206,900
		Total	-	-	-
Amount paid in the First Half of FY 2025/26	c	County Executive	414,671,146	-	414,671,146
		County Assembly	-		-
		Total	-	-	-
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive		29,492,288	29,492,288
		County Assembly			-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	952,332,963	690,783,563	1,643,116,526
		County Assembly	13,206,900	-	13,206,900
		Total	965,539,863	690,783,563	1,656,323,426

Source: *Kericho County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.661 million and Kshs.1.38 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County partly adhered to this payment plan, as it cleared Kshs.414.67 million for the Executive and Nil for the Assembly.

Table 3.173 and Table 3.174 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.65 billion.

Table 3.173: Kericho County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables		**952,332,963**	-	-	**952,332,963**
Recurrent Trade Payables (Goods & Services)		509,131,540	102,867,237	-	611,998,777
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	29,492,288	-	-	-	29,492,288
Recurrent Trade Payables (Staff Claims)		49,292,498	-	-	49,292,498
Total Recurrent Trade Payables	**29,492,288**	**558,424,038**	**102,867,237**	-	**690,783,563**
Total Trade Payables	**29,492,288**	**1,510,757,001**	**102,867,237**	-	**1,643,116,526**
% of Total	**2**	**92**	**6**	-	**100**

Source: *Kericho County Treasury*

Table 3.174: Kericho County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**13,206,900**	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	**13,206,900**	-	-	-	-
% of Total	**100**	-	-	-	**100**

Source: *Kericho County Treasury*

3.12.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.77 billion on compensation of employees, Kshs.357.34 million on operations and main-

tenance, and Kshs.414.67 million on development activities. Similarly, the County Assembly spent Kshs.206.85 billion on compensation of employees, Kshs.152.29 million on operations and maintenance, and Kshs.48 million on development activities, as shown in Table 3.175.

Table 3.175: Kericho County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,694,826,855**	**811,439,307**	**2,125,634,408**	**359,139,055**	**29,492,288**	-	**2,154,765,703**	**359,139,055**	**38**	**44**
Compensation of Employees	3,702,884,024	441,812,896	1,767,937,970	206,853,169	29,492,288	-	1,797,430,257	206,853,169	49	47
Operations and Maintenance	1,991,942,830	369,626,410	357,335,446	152,285,886	-	-	357,335,446	152,285,886	18	41
Development Expenditure	**3,423,522,614**	**105,170,894**	**414,671,146**	**48,000,000**	-	-	**414,671,146**	**48,000,000**	**12**	**46**
Total	**9,118,349,469**	**916,610,201**	**2,539,944,616**	**407,139,055**	**29,492,288**	-	**2,569,436,850**	**407,139,055**	**28**	**44**

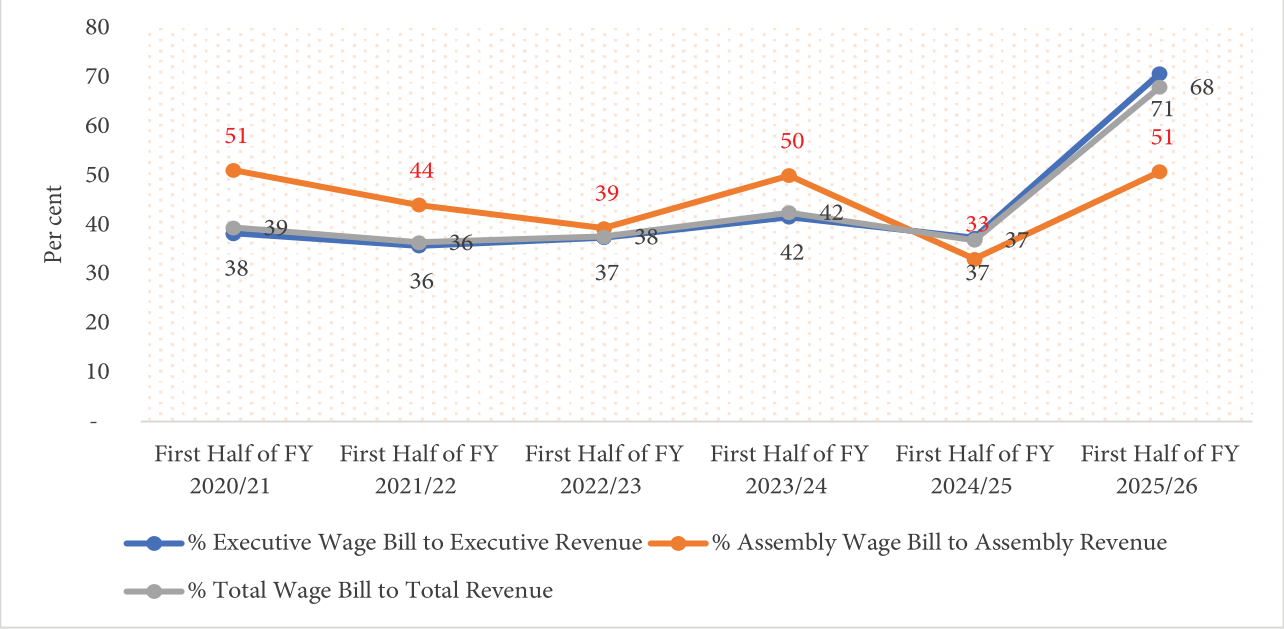
***Source**: Kericho County Treasury*

3.12.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.01 billion. The compensation-to-revenue ratio was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.27 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.11 billion is related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 71 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 71: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kericho County Treasury

Further analysis indicated that PE costs amount to Kshs.1.80 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.126.20 million was processed through manual payroll, which accounted for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was ward staff for the county assembly and newly employed county revenue staff who have since been onboarded to the HRIS system.

The manual payroll comprised salaries for 53 staff not onboarded into the Human Resource Information System (HRIS), salaries for 28 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.176.

Table 3.176: Breakdown of Kericho County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	36,032,280
2	Salaries for casual staff	3,737,200
3	Top-up Allowances for Security Officers	6,871,503
4	LAPTRUST/LAPFUND Pension Contributions	15,318,442
5	Gratuity for contract staff	9,974,604
6	Community Health Workers	25,140,000
7	NITA	19,900
8	Housing Levy Fund	423,756
9	Nssf	429,840
	Total	126,197,941

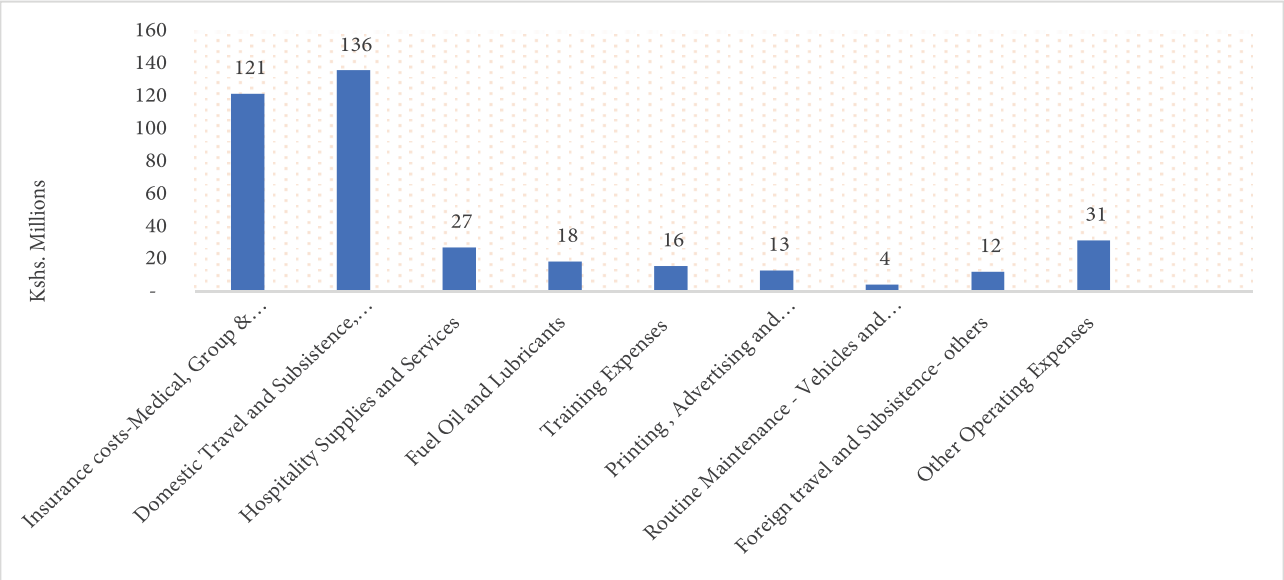
Source: Kericho County Treasury

The County Assembly spent Kshs.11.25 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.48.41 million. The average monthly sitting allowance was Kshs.39,045 per MCA. The County Assembly has 18 House Committees.

3.12.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.509.62 million on operations and maintenance, representing a decrease of less than 1 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.510.45 million. Figure 72 summarises the Operations and Maintenance expenditure by major categories.

Figure 72: Kericho County, Operations and Maintenance Expenditure by Major Categories.



Source: *Kericho County Treasury*

3.12.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.31.31 million on "*other operating expenses*," which is less than 1 per cent of the total operations and maintenance expenditure of Kshs.2.36 billion. This category of expenditure includes a 21.8 million balance for garbage collection, legal fees, and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.177.

Table 3.177: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Bank Service Commission and Charges	2211301	100,000	-
Contracted Guards and Cleaning Services	2211305	32,694,168	21,804,242
Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2211306	5,308,040	557,200

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
Legal Dues/fees, Arbitration and Compensation Payments	2211308	7,000,000	400,521
Contracted Professional Services	2211310	33,579,992	430,000
Temporary Committee Expenses	2211320	-	-
Laundry Expenses	2211323	100,000	-
Ward Office Expenses	2211325	13,820,000	6,011,000
Other Operating Expenses	2211399	8,500,000	2,108,896
	Total	101,102,200	31,311,859

Source: *Kericho County Treasury*

3.12.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.353 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.178 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.178: Performance of Kericho County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First half of FY 2025/26 (Kshs.)	Actual Expenditure in the First half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Kericho County Car Loan	2015	10,000,000	-	-	44,780,000	No
2	Kericho County Emergency Fund	2014	10,000,000	-	-	346,200,113	No
3	Kericho County Climate Change Fund	2021	303,142,898	-	-	384,391,024	No
4	Kericho County Mortgage fund	2015	20,000,000	-	-	236,318,000	No
5	Kericho County Bursary Fund	2014	-	-	-	1,135,280,039	No
		County Assembly Established Funds					
1	Kericho County Assembly Staff Car Loan and Mortgage Fund	2014	10,000,000	-	-	225,922,268	Yes
2	Kericho County Assembly Members Car Loan and Mortgage Fund	2014	-	-	-	269,000,000	No
	Total	-	353,142,898	-	-	2,641,891,444	

Source: *Kericho County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Climate Change Fund Kericho County Mortgage fund, Fund Kericho County Bursary Fund and Kericho County Assembly Members Car Loan and Mortgage Fund Administrators, as indicated in Table 3.178, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kericho County Car Loan, Kericho County Emergency Fund, Kericho County Climate Change Fund, Kericho County Mortgage Fund, Fund Kericho County Bursary Fund and Kericho County Assembly Members Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.12.13 County Corporations

The County has 2 County Corporations, which were allocated Kshs.2 million in FY 2025/26. The 2 County Corporations did not incur any expenditure, as shown in Table 3.179.

Table 3.179: Performance of Kericho County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	KEWASCO	2,008,143	-	-	-
2.	Kabianga Tea Farm	-	-	-	-
	Total	**2,008,143**	**-**	**-**	**-**

Source: *Kericho County Treasury*

3.12.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.135.78 million and comprised Kshs.94.58 million spent by the County Assembly and Kshs.41.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.01 million and comprised Kshs.5.20 million by the County Assembly and Kshs.6.81 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.180.

Table 3.180: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	16	23rd -28th Feb 2025	PARTICIPATED IN EALASCA GAMES	Kampala	4,237,403.66	-	4,237,403.66
County Executive	4	23rd to 27th June 2025	Attending Manpower Planning, Resourcing and retention training in Arusha	Arusha	874,666.54	-	874,666.54
County Executive	2	26/10/2024-5/11/2024	The 24th Eac Msme Trade Fair	Juba	505,496	-	505,496
County Executive	1	24-27/11 2024	World Congress Of Epidemiology 2024 In South Africa	SOUTH AFRICA	338,210	-	338,210
County Executive	1	21-28/10/2025	Engage In Presentation With An Aim Of Partnership To Generate Solar Power Energy	Sweden	779,334.40	-	779,334.40
County Executive	3	23-27/6/2025	Training On Strategic Thinking, Analysis And Planning At The International Training Institute	Tanzania	588,537.10	-	588,537.10
County Assembly	3	14th-19th September 2025	Legislative summit in United Kingdom on 14th to 19th September 2025	United Kingdom	3,260,542	-	3,260,542
Total							6,818,151.70

Source: Kericho County Treasury and Kericho County Assembly

3.12.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.161.08 million as FIF, which was 22 per cent of the annual target of Kshs.724.25 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.161 million, as shown in Table 3.181.

Table 3.181: Kericho County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kericho County Referral Hospital	1	322,046,493.63	33,444,969	10
2.	Kapkatet Sub-County Hospital	1	216,863,016.99	56,961,056	26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
3.	Sigowet Sub-County Hospital	1	66,589,647.31	24,229,555.40	36
4	Londiani Sub-County Hospital	1	62,044,201.01	18,455,143	30
5	Fortenan Sub-County Hospital	1	16,158,875.86	9,043,136.60	56
6	Roret Sub-County Hospital	1	32,491,106.73	13,655,164.55	42
7	Kipkelion Sub-County Hospital	1	8,052,240.47	5,286,411.45	66
	Total		**724,245,582**	**161,075,436**	**22**

Source: *Kericho County Treasury*

3.12.16 Development Expenditure

In the review period, the County reported spending Kshs.462.67 million on development programmes, attributed to payment of pending bills amounting to Kshs.414.67 by the County executive and Kshs.48 million by the County Assembly for the current FY 2025/26. No development was done or paid for by the County executive during the period.

Table 3.182: Kericho County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Water, Energy, Natural Resources & Environment	Construction of Kapkures Water Supply Project, Phase 11	kipkelion	2022	2025	14,600,304	14,600,304		14,600,304	100
2	Water, Energy, Natural Resources & Environment	Soliat Locational Water Project	soliat	2022	2025	9,457,411	9,457,411		9,457,411	100
3	Education, Libraries, Culture & Social Services	Supply and Delivery of Text Books for ECDE county-wide	county wide	2022	2025	8,969,002	8,969,002		8,969,002	100
4	Land, Housing & Physical Planning	Survey of Public Land and Towns	Kapkatet Ward	2022	2025	6,812,750	6,812,750		6,812,750	100
5	Education, Libraries, Culture & Social Services	Construction of Seguton Primary Lemeiywet Nursery Road	Kipkelion	2022	2025	4,993,293	4,993,293		4,993,293	100
6	Water, Energy, Natural Resources & Environment	CHEPNORIO WATER PROJECT	soliat	2022	2025	4,979,996	4,979,996		4,979,996	100
7	Water, Energy, Natural Resources & Environment	KIMOLOGIT-MURAO WATER PROJECT	kamasian	2022	2025	4,964,067	4,964,067		4,964,067	100
8	Water, Energy, Natural Resources & Environment	Indiet Phase II Water Project	soliat	2022	2025	4,959,284	4,959,284		4,959,284	100
9	Water, Energy, Natural Resources & Environment	Indiet Phase I Water Project	soliat	2022	2025	4,945,055	4,945,055		4,945,055	100
10	Levinex Limited	Construction of Munara Centre, Kileges Cattle Dip Road	Soin	2022	2025	4,886,302	4,886,302		4,886,302	100

Source: *Kericho County Treasury*

The County reported 20 stalled development projects as of 31st December 2025, with an estimated value of Kshs.321 million, of which Kshs.95.3 has already been paid. The stalled projects are shown in Table 3.183.

Table 3.183: Kericho County Stalled Projects as of 31st December 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Proposed construction of a generator house and supply, delivery, installation and commissioning of a generator at Sosiot Health Centre	Waldai	5,300,220	-	5,300,220	-	The contractor abandoned the site without any communication
Proposed remodelling of the surgical theatre at Fort Ternan Sub-County Hospital	Chilchila	5,821,108.75	-	5,821,108.75	-	The contractor never reported to the site
Proposed supply and delivery of cardiothoracic consumables at Kericho County Referral Hospital	Kipchebor	4,502,732	-	4,502,732	-	Failed to supply the consumables
Kiboybei Water Supply	Kapsoit	36,731,977.51	5,873,809	30,858,168.51	16	Land issues
Solar water project		103,545,774.30	13,502,388	90,043,386.30	13	Community Conflict with the contractor on land issues
Construction and equipping of the theatre at Ainamoi Health Centre	Ainamoi	14,136,359	8,626,128	5,510,231	61	The contractor abandoned the site without communicating with the client
Kaboloin water project, lower part of Kapsaos	Kapsaos	15,255,327.90	12,036,825.40	3,218,502.50	79	Technical hitch that requires redesign
Supply and installation of a 2-disc pulper machine	Kaplelartet	2,400,000	-	2,400,000	-	The contractor did not supply
Construction of a 100m3 masonry water tank	Chilchila ward	1,897,150	-	1,897,150	-	The contractor left the site
Construction of an ECDE classroom at Rwandet	Kisiara	898,131	-	898,131	-	Lack of Capacity by Contractor
Construction of an ECDE toilet at Tilolwet	Londiani	759,510	-	759,510	-	Lack of Capacity by Contractor
Construction of an ECDE classroom at Kipteran	Soin	1,082,980	-	1,082,980	-	Lack of Capacity by Contractor
Construction of an ECDE toilet at Litiik	Tebesonik	724,316	-	724,316	-	Hostile Community
Construction of a toilet at Leldet VTC	Kamasian	860,520.48	-	860,520.48	-	Lack of Capacity by Contractor
Construction of a toilet at Chepseon VTC	Chepseon	916,400	-	916,400	-	Lack of Capacity by Contractor
Acquisition of land for the sweet potato pack house	Kaplelartet	1,500,000	-	1,500,000	-	Family dispute over who owns the land and succession issues
Acquisition of land for Chebulu Conservancy	Kaplelartet	5,000,000	-	5,000,000	-	Valuation costs conflict
Kipkobob Water Project	Chemosot	102,407,437.61	50,034,908.82	52,372,528.79	-	Lack of budget allocation

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 June 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Fabrication of a fire engine	HQ	9,272,671	-	9,272,671	-	The truck was not registered (mechanical engineer report not available)
Bureti Fire Station	Kapkatet	8,248,375	5,320,615	2,927,760	65	The contractor has abandoned the site

Source: *Kericho County Treasury*

3.12.17 Budget Performance by Department

Table 3.184 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.184: Kericho County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26.

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	811.44	105.17	359.14	48	359.14	48	100.0	100	44.3	45.6
Public Service & Administration	511.66	388.45	165.51	0.72	170.43	0.72	103.0	100	33.3	0.2
Office Of the Governor & Deputy Governor	147.33	-	55.89	-	57.65	-	103.2	-	39.1	-
County Public Service Board	61.34	-	9.3	-	9.79	-	105.3	-	16.0	-
Finance & Economic Planning	364.65	118.07	124.14	24.54	116.48	24.54	93.8	100	31.9	20.8
Health Services	3,202.17	422.36	1160.13	47.5	1170.51	47.5	100.9	100	36.6	11.2
Agriculture, Livestock & Cooperative Development	168.12	555.15	68.87	42.09	69.26	42.09	100.6	100	41.2	7.6
Education, Libraries, Culture & Social Services	671.97	282.06	315.45	13.55	316.7	13.55	100.4	100	47.1	4.8
Public Works, Roads & Transport	95.69	657.60	38.47	149.65	31.22	149.65	81.1	100	32.6	22.8
Trade, Industrialization, Innovation, Tourism &Wildlife	64.66	334.58	19.57	8.47	19.43	8.47	99.3	100	30.0	2.5
Water, Energy, Natural Resources & Environment	178.63	472.95	66.36	109.38	68.51	109.38	103.2	100	38.4	23.1
Land, Housing & Physical Planning	148.46	89.81	70.74	10.81	66.49	10.81	94.0	100	44.8	12.0
Information, Communication & E-Government, Youth Affairs, Gender & Sports	80.14	102.50	31.19	7.97	28.8	7.97	92.3	100	35.9	7.8
	6,506.27	**3,528.69**	**2484.76**	**462.67**	**2484.41**	**462.67**	100	100	38.2	13.1

Source: *Kericho County Treasury*

Analysis of expenditure by departments shows that the County Assembly recorded the highest absorption rate of development budget at 45.6 per cent, followed by the Department of Finance and Economic Planning at 20.8 per cent. The Department of Lands had the highest recurrent expenditure-to-budget ratio at 44.8 per cent, while the County Public Service Board had the lowest at 16 per cent.

3.12.18 Budget Execution by Programmes and Sub-Programmes

Table 3.185 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.185: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
DEPARTMENT COUNTY ASSEMBLY							
County Assembly Services	Speaker's office	358,573,022	-	227,450,900	-	63	-
	Clerk's Office	441,307,810	105,170,894	127,678,116	48,000,000	29	46
	County Assembly Service Board	11,558,476	-	4,010,039	-	35	-
	Sub-Total	**811,439,308**	**105,170,894**	**359,139,055**	**48,000,000**	**44**	**46**
DEPARTMENT: EXECUTIVE OFFICE OF THE GOVERNOR							
County Coordination Services	County Coordination Services	147,329,508	-	57,651,987	-	39	-
		147,329,508	**-**	**57,651,987**	**-**	**39**	
DEPARTMENT: FINANCE AND ECONOMIC PLANNING							
Administration, Planning and Support Services.	Administration Services.	287,350,022	-	91,933,735	-	32	-
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	56,200,000	118,070,125	24,544,320	24,544,320	44	21
Public Finance Management	Budget Formulation, coordination, and management	15,450,000	-	-	-	-	-
Audit Services	County Audit	5,650,000	-	-	-	-	-
		364,650,022	**118,070,125**	**116,478,056**	**24,544,320**	**32**	**21**
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES							
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	43,708,220	-	11,216,420	-	26	-
Crop Development and Management	Agriculture Extension Services	79,289,893	498,448,816	54,570,292	22,755,273	69	5
Livestock Resource Management and Development	Livestock Disease Management and Control.	-	18,157,643	3,474,386	14,958,046	-	82
Livestock Resource Management and Development	Livestock Production and Extension Services	37,826,490	-	-	-	-	-
Fisheries development	Management and Development of Capture Fisheries	7,300,131	-	-	-	-	-
Cooperative development and management	Cooperative Advisory & Extension Services.	-	38,542,476	-	4,375,244	-	11
		168,124,734	**555,148,935**	**69,261,098**	**42,088,562**	**41**	**8**
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT							
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	154,653,093	8,000,000	68,506,211	-	44	-
Water supply services	Rural Water Supply	23,980,000	464,953,143	-	109,378,445	-	24
		178,633,093	**472,953,143**	**68,506,211**	**109,378,445**	**38**	**23**
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES							
General Administration & planning services.	Policy Development and Administration	663,573,198	50,550,575	316,704,095	4,582,065	48	9
Basic Education	Early Childhood Development Education	4,600,000	95,294,702	-	8,969,002	-	9
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	3,800,000	17,217,000	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Youth development and empowerment services	Youth development (YP) Training	-	119,000,000	-	-	-	-
		671,973,198	**282,062,277**	**316,704,095**	**13,551,067**	**47**	**5**
DEPARTMENT: HEALTH SERVICES							
Curative Health	Administration and Planning	1,772,102,353	300,241,823	601,463,110	47,496,492	34	16
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,430,063,153	122,118,331	569,050,946	-	40	-
		3,202,165,506	**422,360,154**	**1,170,514,056**	**47,496,492**	**37**	**11**
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING							
Administration and support services	General Administration and Planning	106,028,429	39,550,249	66,491,491	6,812,750	63	17
Housing Development and Human Resource	Housing Development	9,929,868	17,593,339	-	-	-	-
Land policy and planning	Development Planning and Land Reforms	27,145,730	17,700,000	-	-	-	-
Land policy and planning	Land Use Planning	5,352,443	14,963,750	-	4,000,000	-	27
		148,456,470	**89,807,338**	**66,491,491**	**10,812,750**	**45**	**12**
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT							
Transport Management and Safety	General Administration Planning and Support Services	79,343,384	-	31,218,189	-	39	-
Infrastructure, Roads and Transport	Rehabilitation of Road	2,400,000	585,219,893	-	146,574,286	-	25
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	13,947,725	72,375,325	-	3,073,658	-	4
		95,691,109	**657,595,218**	**31,218,188.90**	**149,647,944**	**33**	**23**
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT							
Trade development and investment	Fair Trade Practices and Consumer Protection (Weights and Measures)	23,480,351	75,075,084	16,589,608	8,466,405	71	11
Trade development and investment	Administrative and Support Services.	35,837,620	250,000,000	2,837,729	-	8	-
Tourism development and marketing	Local Tourism Development.	5,341,117	9,500,000	-	-	-	-
		64,659,088	**334,575,084**	**19,427,336**	**8,466,405**	**30**	**3**
DEPARTMENT: ICT AND E-GOVERNMENT							
Information & Communication Service	News and Information Services	80,140,719	-	28,796,101	-	36	-
Information & Communication Service	ICT and BPO development services	-	102,500,000	-	7,969,200	-	8
		80,140,719	**102,500,000**	**28,796,101**	**7,969,200**	**36**	**8**
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD							
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	61,343,700	-	9,792,959	-	16	-
		61,343,700	**-**	**9,792,959**	**-**	**16**	**-**
DEPARTMENT: PUBLIC SERVICE MANAGEMENT							
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	424,813,033	388,450,340	170,431,837	716,015	40	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration of Human Resources and Public Service	Human Resource Development	86,846,675	-	-	-	-	-
		511,659,708	**388,450,340**	**170,431,837**	**716,015**	**33**	**-**
County Grand Total		**6,506,266,163**	**3,528,693,508**	**2,484,412,471**	**462,671,200**	**38**	**13**

The development sub-programmes with the highest budget implementation rates included Livestock Disease Management and Control in the Department of Agriculture, Livestock and Fisheries at 82 per cent, Clerk's Office in the County Assembly at 46 per cent, and Land Use Planning at 25 per cent. For recurrent sub-programmes, the top performers were General Administration and Planning in the Department of Lands, Housing And Physical Planning at 63 per cent, Fair trade Practices and Consumer Protection (weight & measures) in the Department of Trade, Industrialisation, Tourism, Wildlife And Cooperative Management at 71 per cent, Agriculture Extension Services in the Department of Agriculture, Livestock And Fisheries at 69 per cent, and Policy Development and Administration at 48 per cent..

3.12.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 245 accounts in commercial banks, including 184 for Health Facilities, 26 for Vocational Training Centres, 11 for Established Funds, 1 revenue account, 14 special-purpose accounts (additional allocations), and 7 for municipalities.

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.12.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kericho County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30th January 2026.
ii. The underperformance of own-source revenue at Kshs.70 million against an annual target of Kshs.870 million, representing 8 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.Nil balance on development activities, where all the development funds were used to pay for development and recurrent pending bills for the previous years.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025.
vi. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the car loan and Mortgage fund, Emergency fund, Kericho County Climate Change Fund, Kericho County Mortgage fund, Kericho County Bursary Fund, Kericho County Assembly Staff Car Loan and Mortgage Fund were not submitted to the CoB as of 15 July 2025.
vii. High level of trade payables, which amounted to Kshs.1.7 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
v. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
vi. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

3.13. County Government of Kiambu

3.13.1 Overview of FY 2025/26 Budget

The Kiambu County Approved Supplementary Budget for FY 2025/26 is Kshs.26.83 billion. It comprises Kshs.10.31 billion (38 per cent) and Kshs.16.52 billion (62 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.3.35 billion (14 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.7.96 billion and a recurrent budget of Kshs.15.52 billion. The increase in the budget was primarily attributed to rising conditional grant allocations. The last 2 cannot cause an increase in budget.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.13.07 billion (49 per cent), additional allocations of Kshs.3.14 billion (12 per cent), a cash balance of Kshs.682.09 million (2 per cent) brought forward from FY 2024/25, and Kshs.9.93 billion (37 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.186.

3.13.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.75 billion. This amount represented a decrease of less than 1 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.7.78 billion. The total revenue consisted of Kshs.5.42 billion from the equitable share of revenue raised nationally, as well as from own-source revenue (OSR) collection, of Kshs.1.77 billion. Additionally, the County had a cash balance of Kshs.556.70 million from FY 2024/25. The total OSR collection of Kshs.1.77 billion included Facilities Improvement Financing (FIF) of Kshs.732.06 million and Kshs.1.04 billion from other OSR sources. Table 3.186 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.186: Kiambu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	682,091,928	556,697,817		556,697,817	125,394,111
2	County Executive Refunds to CRF		83,400		83,400	- 83,400
3	County Assembly Refunds to CRF		17		17	- 17
	Sub-Total	**682,091,928**	**556,697,817**	-	**556,781,234**	**125,310,694**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	13,071,817,986	5,424,804,463		5,424,804,463	7,647,013,523
	Sub-Total	**13,071,817,986**	**5,424,804,463**	-	**5,424,804,463**	**7,647,013,523**

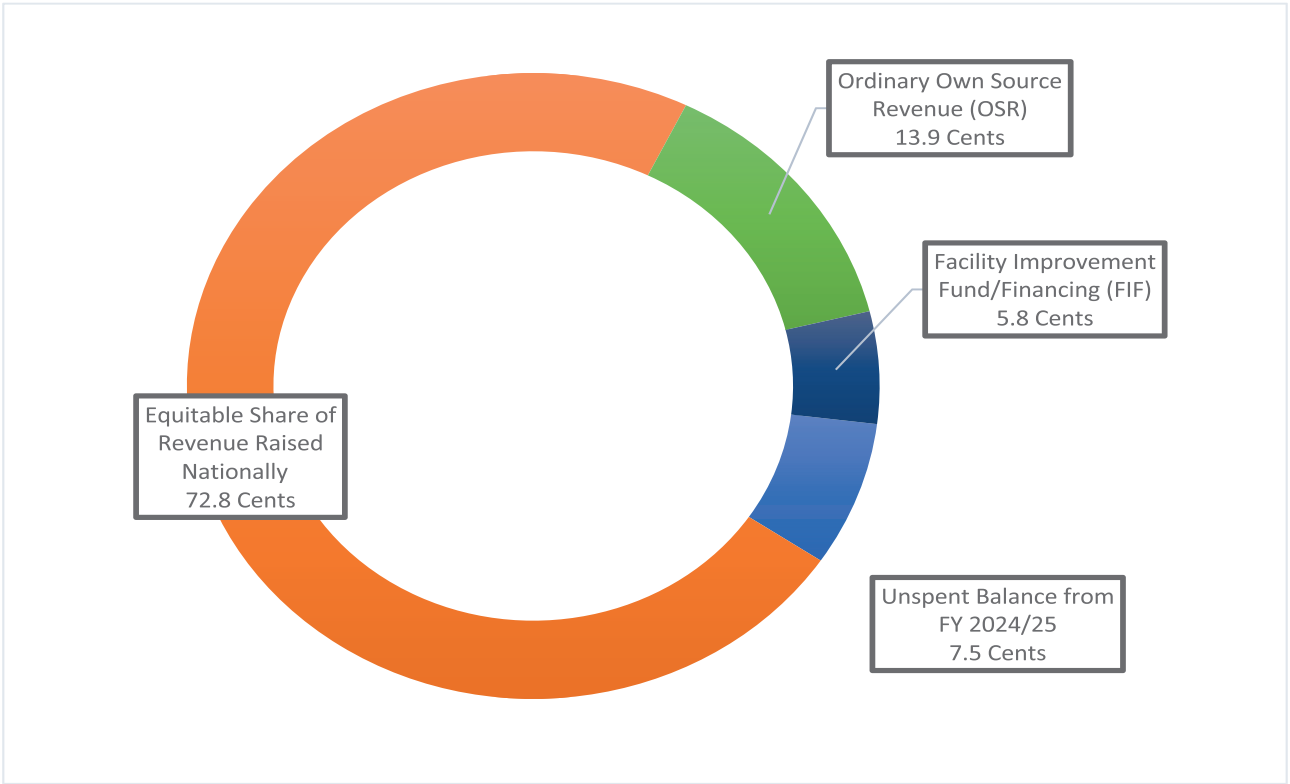
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Additional Allocations (Including Grants)**					
1	Unconditional Additional allocations from Court Fines	4,105,101			-	4,105,101
2	Unconditional Additional allocations fromMineral Royalties	10,139,863			-	10,139,863
3	Conditional Grant for Road Maintenance Fuel Levy Fund	418,101,234			-	418,101,234
4	Conditional Grant for Industrial Park & Aggregation Centres Grant	133,368,422			-	133,368,422
5	Conditional Grant for Community Health Promoters (CHPs)	94,680,000			-	94,680,000
6	Basic Salary Arrears for County Government Health workers	119,957,202			-	119,957,202
7	IFAD- Aquaculture business development project ABDP	-			-	-
8	IDA(World Bank) Financing Locally-Led Climate Action Program- County climate institutional support (FLLoCA-CCIS) Grant	11,000,000			-	11,000,000
9	IDA(World Bank) Financing Locally-Led Climate Action Program- County Climate Resilience Investment (FLLoCA-CCRI) Grant	125,000,000			-	125,000,000
10	IDA (World Bank) Second Kenya Devolution Support Program- Institutional Grant (Level 1 Grant) (KDSP)	37,500,000			-	37,500,000
11	IDA (World Bank) Second Kenya Devolution Support Program- Service Delivery & Investment grant (Level 2 Grant) (KDSP)	352,500,000			-	352,500,000
12	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)-Urban institutional Grant (UIG)	35,000,000			-	35,000,000
13	IDA (World Bank) Second Kenya Urban Support Project (KUSP)-Urban Development Grant (UDG)	1,331,482,863			-	1,331,482,863
14	IDA(World Bank) National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-	231,250,000
15	DANIDA - Primary Health Care in Devolved Context (PHDC)	21,232,500			-	21,232,500
16	World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	200,000,000			-	200,000,000
17	Sweden- Kenya Agricultural Business Development Project (KABDP)	15,882,359			-	15,882,359
18	0.5% Housing Levy Fund to County Rural and Urban Affordable Housing committees	1,987,622			-	1,987,622
	Sub-Total	**3,143,187,166**	-	-	-	**3,143,187,166**
D	**Ordinary Own Source Revenue (OSR)**					
1	Physical Planning Management Unit	2,171,820,188	421,857,901		421,857,901	1,749,962,287
2	Land Rates Management Unit	1,683,797,097	186,333,403		186,333,403	1,497,463,694

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	Vehicle Parking Management Unit	714,464,837	151,098,300		151,098,300	563,366,537
4	Cess	211,171,166	64,813,644		64,813,644	146,357,522
5	Business permits	923,084,637	54,864,665		54,864,665	868,219,972
6	Water Environment & Natural Resources Mgt Unit	373,957,976	38,899,030		38,899,030	335,058,946
7	Slaughterhouse Management Unit	92,549,997	29,856,546		29,856,546	62,693,451
8	Roads Transport Public Works Management Unit	332,770,011	29,604,460		29,604,460	303,165,551
9	Liquor license	464,465,146	27,390,120		27,390,120	437,075,026
10	Agriculture, Livestock & Fisheries Management Unit	87,938,163	8,615,339		8,615,339	79,322,824
11	Housing	46,163,565	8,304,381		8,304,381	37,859,184
12	Market Management Unit	105,599,114	7,129,500		7,129,500	98,469,614
13	Receipts from Administrative fees	35,089,122	5,403,590		5,403,590	29,685,532
	Sub-Total	**7,242,871,019**	**1,034,170,879**	-	**1,034,170,879**	**6,208,700,140**
E	**Facility Improvement Fund/Financing (FIF)**					
1	Hospital Collections (FIF)	1,300,000,000	301,102,118			
2	NHIF/SHA Rebates	800,000,000	362,384,244		362,384,244	437,615,757
3	Public Health	511,849,818	68,575,000		68,575,000	443,274,818
4	Other				-	-
	Sub-Total	**2,611,849,818**	**732,061,362**	-	**430,959,244**	**880,890,575**
	Grand Total	**26,751,817,917**	**7,747,734,521**	-	**7,446,715,820**	**18,005,102,097**

Source: *Kiambu County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF, known as the Kiambu County Health Services Act of 2019. Figure 73 provides a detailed breakdown of receipts, showing the earnings for each shilling.

Figure 73: Kiambu County Composition of Each Shilling Earned in the First Half of FY 2025/26

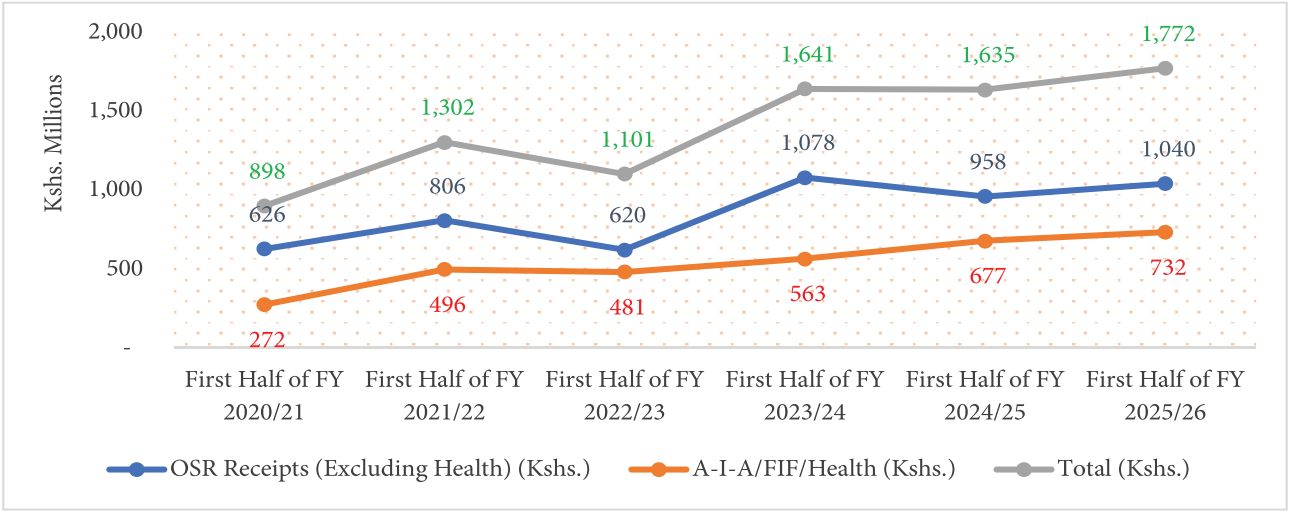


Source: *Kiambu County Treasury*

The equitable share of revenue raised nationally, OSR, and Balance brought forward contributed 73 per cent, 14 per cent and 8 per cent, respectively, of the total receipts for the reporting period.

Figure 74 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 74: Kiambu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



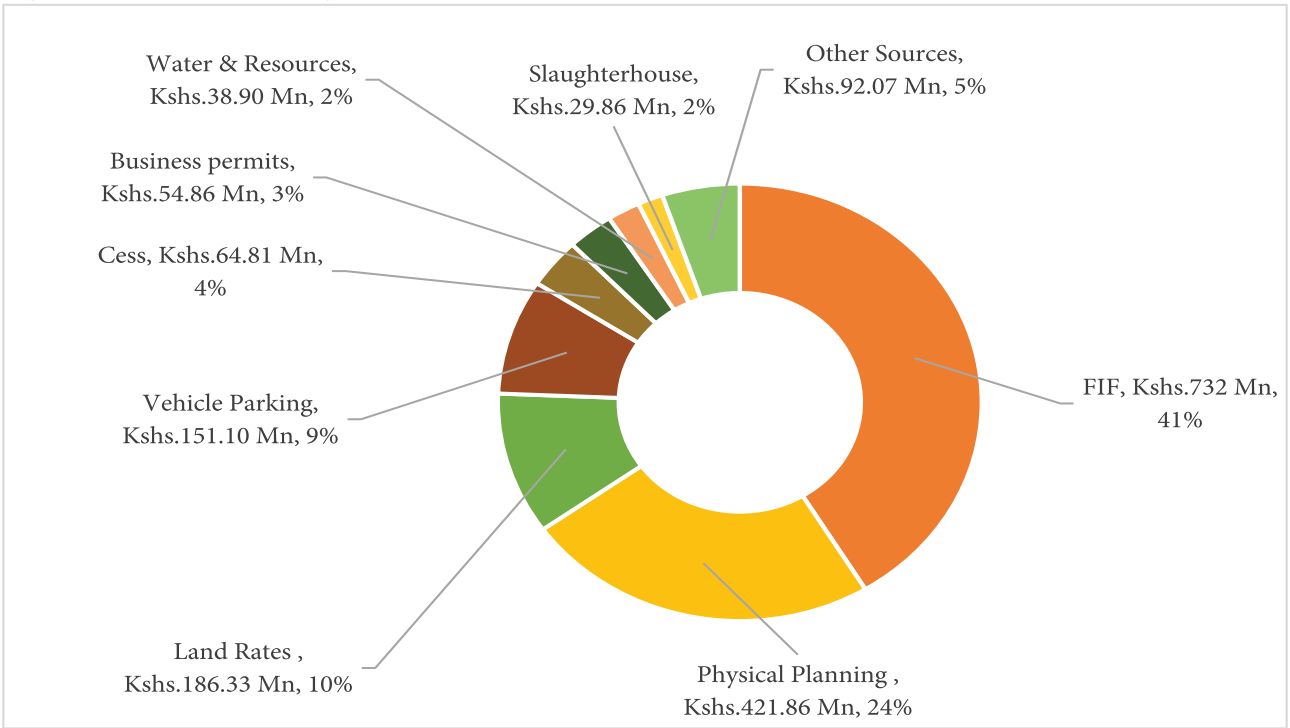
Source: *Kiambu County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.77 billion from OSR, including FIF. This amount was an increase of 8 per cent compared to Kshs.1.64 billion realised in a similar period in FY 2024/25, and was 18 per cent of the annual target and 33 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the implementation of Huduma Mashinani initiatives -bringing government services closer to the people, upgrading medical services by equipping and modernising hospitals, and enhancing the revenue module in the ERP system, among others.

The revenue streams that contributed the most to OSR receipts are shown in Figure 75

Figure 75: Kiambu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kiambu County Treasury

As shown in Figure 75, the highest revenue stream, at Kshs.732 million, was from FIF, accounting for 41 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.13.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.5.90 billion, which decreased to Kshs.5.61 billion as of 31st December 2025. Table 3.187 presents a breakdown of the County's revenue arrears.

Table 3.187: Kiambu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
B	**Ordinary Own Sources of Revenue**					
1	**Land rates**	4,996,424,682	108,454	35,914,671		4,960,401,557
2	**Property rent**	183,772,924				183,772,924
	Sub-Total	**5,180,197,606**	**108,454**	**35,914,671**	-	**5,144,174,481**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	474,858,767				474,858,767
2	FIF	-	8,778,965			- 8,778,965
	Sub-Total	**474,858,767**	**8,778,965**	-	-	**466,079,802**
	Grand Total	**5,655,056,373**	**8,887,419**	**35,914,671**	-	**5,610,254,283**

Source: Kiambu County Treasury

As of 31st December 2025, the revenue arrears totalled Kshs.5.61 billion, comprising Kshs.4.96 billion for Land Rates (88 per cent) and Kshs.474.86 million for SHIF (8 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include regular revenue collection meetings to monitor collections, the completion of the physical planning module, and the operationalisation of the Kiambu County Revenue Authority (KCRA).

3.13.4 Borrowing by the County

The County did not borrow during the review period.

3.13.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.6.85 billion from the Kiambu County Revenue Fund (CRF) account. This amount consisted of Kshs.1.27 billion (12 per cent) designated for development programs and Kshs.5.58 billion (34 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.42 billion was allocated for employee compensation, and Kshs.2.16 billion for operations and maintenance expenditures. Within the operations and maintenance category, 2 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.222.43 million, which included Kshs.101.03 million for the County Executive and Kshs.27.60 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.13.40 million and was entirely for the County Assembly.

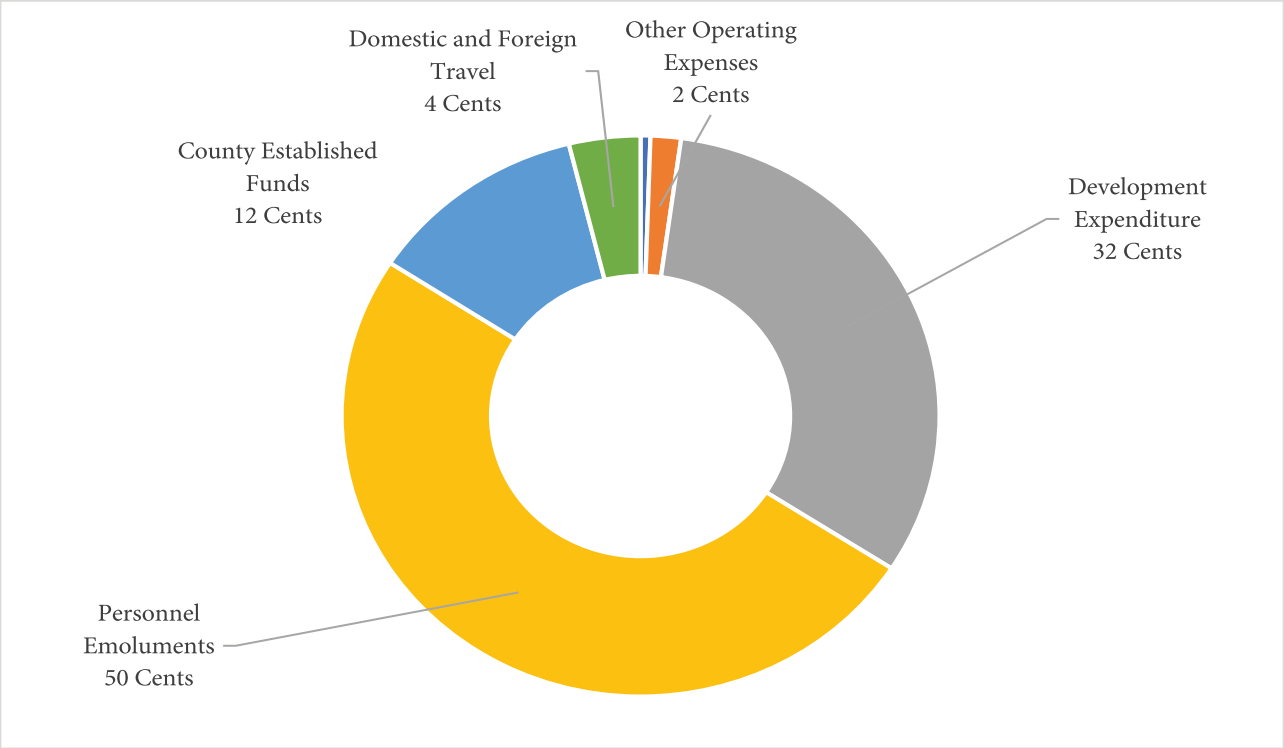
As of December 31, 2025, the County Government's cash balance in the Kiambu CRF account was Kshs.109.10 million.

3.13.6 Expenditure Review

The County spent Kshs.6.33 billion on development and recurrent programmes during the reporting period. The expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.1.27 billion for development programmes and Kshs.5.06 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33 per cent of the annual recurrent expenditure budget.

Figure 76 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 76: Kiambu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kiambu *County Treasury*

As shown in Figure 76, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, which contributed 50, 32, and 12 per cent of total expenditure for the reporting period.

3.13.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.6.40 billion. This amount consisted of Kshs.5.99 billion from the County Executive and Kshs.400.56 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.3.06 billion for recurrent expenditure and Kshs.2.94 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.955.17 million, comprising Kshs. Kshs.484.63 million (51 per cent) for recurrent programmes and Kshs.470.54 million (49 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.3.34 million, which was entirely for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.5.04 billion for the County Executive and Kshs.212.54 million for the County Assembly. Table 3.188 provides additional details of trade payables.

Table 3.188: Kiambu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	2,939,091,025	3,059,846,711	5,998,937,737
	County Assembly	31.208,201	184,675,237	215,883,438
	Total	2,970,299,226	3,244,521,949	6,214,821,175
Amount paid in FY 2025/26	County Executive	470,542,079	484,631,869	955,173,948
	County Assembly	-	3,344,502	3,344,502
	Total	470,542,079	487,976,371	958,518,450
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	2,468,548,946	2,575,214,842	5,043,763,788
	County Assembly	31,208,201	181,330,735	212,538,936
	Total	2,499,757,147	2,756,545,578	5,256,302,724

Source: *Kiambu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.600 million and Kshs.88.22 million, on recurrent and development expenditure, respectively, in FY 2025/26. The executive adhered to the payment

plan by clearing Kshs.955.17 million, exceeding their commitment, while the Assembly did not adhere to the plan, as it settled only Kshs.3.34 million.

Table 3.189 and Table 3.190 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.5.26 billion.

Table 3.189: Kiambu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	908,177,873	251,928,394	9,370,873	1,299,071,800	2,468,548,940
Recurrent Trade Payables (Goods & Services)	218,711,117	448,859,540	140,360	1,745,066,170	2,412,777,187
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	35,379,375	45,977,971	-	1,133,860	82,491,206
Recurrent Trade Payables (Staff Claims)	60,155,736	17,565,761	-	2,224,960	79,946,457
Recurrent Trade Payables	314,246,228	512,403,272	140,360	1,748,424,990	2,575,214,850
Executive Trade Payables	1,222,424,101	764,331,666	9,511,233	3,047,496,790	5,043,763,790
% of Executive Trade Payables	24	15	-	60	100

Source: *Kiambu County Treasury*

The total trade payables for the county executive departments over the years amounted to Kshs.5.04 billion, which comprised Kshs.2.47 billion for development and Kshs.2.41 billion for recurrent payables.

Table 3.190: Kiambu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	644,069	20,902,891	-	9,661,241	31,208,201
Recurrent Trade Payables (Goods & Services)	62,585,892	61,167,286	30,013,272	27,564,286	181,330,735
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	62,585,892	61,167,286	30,013,272	27,564,286	181,330,735
Assembly Trade Payables	63,229,961	82,070,177	30,013,272	37,225,527	212,538,936
% of Assembly Payables	30	39	14	18	100

Source: *Kiambu County Treasury*

The County Assembly had a cumulative of Kshs.212.54 million in trade payables, of which Kshs.31.21 million were under development expenditure and Kshs.181.33 million for recurrent activities.

3.13.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.07 billion on compensation of employees, Kshs.1.57 billion on operations and maintenance, and Kshs.1.27 billion on development activities. Similarly, the County Assembly spent Kshs.252.98 million on compensation of employees, Kshs.170.93 million on operations and maintenance, and nil on development activities, as shown in Table 3.192.

Table 3.191: Kiambu County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
Total Recurrent	**16,517,866,414**	**5,583,393,196**	**5,059,816,146**	**426,397,908**	**5,486,214,054**	**91**	**33**
Compensation to Employees	9,667,921,034	3,420,395,912	3,322,954,339	92,804,775	3,415,759,114	97	35
Operations & Maintenance	6,849,945,380	2,162,997,283	1,736,861,807	333,593,133	2,070,454,940	80	30

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
Total Development	10,313,453,346	1,271,070,735	1,266,636,142	915,054,127	2,181,690,269	100	21
Grand Total	26,831,319,760	6,854,463,931	6,326,452,288	1,341,452,035	7,667,904,323	92	29

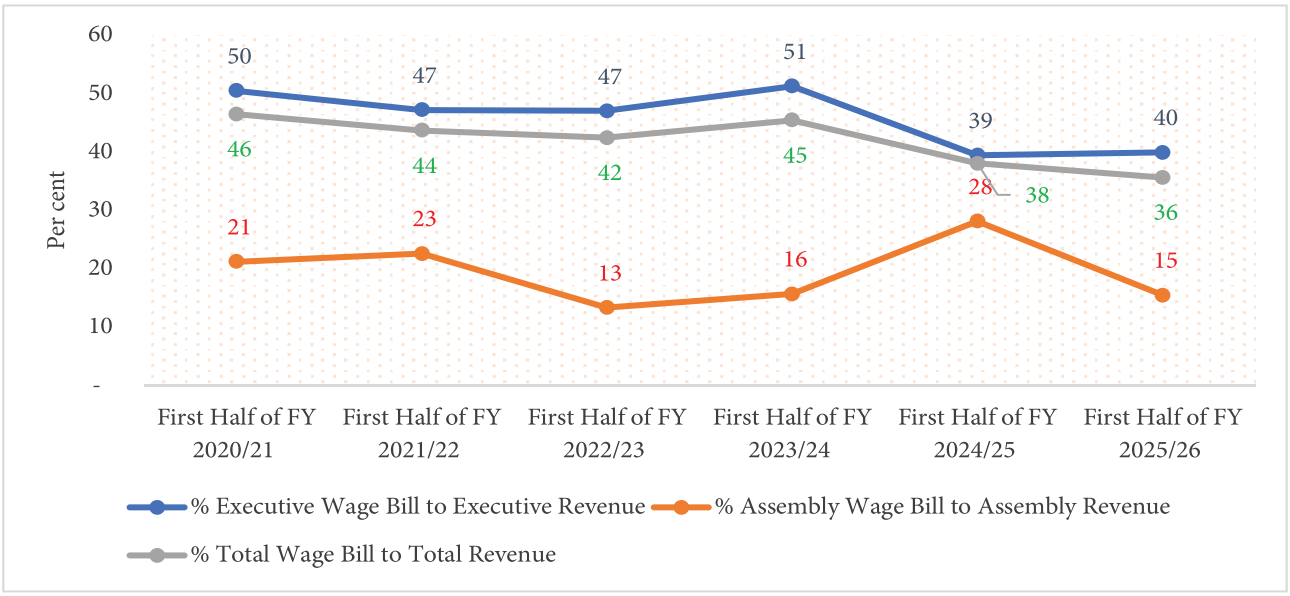
***Source**: Kiambu County Treasury*

3.13.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.42 million. The compensation-to-revenue ratio was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.29 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.98 billion related to Health Sector employees, accounting for 58 per cent of the overall employees' compensation.

Figure 77 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 77: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Kiambu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.3.33 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.88.67 million was processed through manual payrolls, which accounted for 3 per cent of the total PE cost. The manual payroll is for payment of gratuity claims to staff.

The manual payroll comprised salaries for staff who had not been onboarded into the Human Resource Information System (HRIS) at the beginning of the financial year, salaries for 4220 casual staff, top-up allowances for 346 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.193.

Table 3.192: Breakdown of Kiambu County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	67,020,547	-	67,020,547
Salaries for casual staff	55,731,341	-	55,731,341
Top-up Allowances for security officers	13,375,694	-	13,375,694
LAPTRUST/LAPFUND Pension Contributions	2,931,148	1,213,467	4,144,615
Gratuity for contract staff	12,261,324	7,202,570	19,463,894

Category	County Executive	County Assembly	Total
Gratuity for Members	-	13,232,475	13,232,475
Total	151,320,054	21,648,512	172,968,567

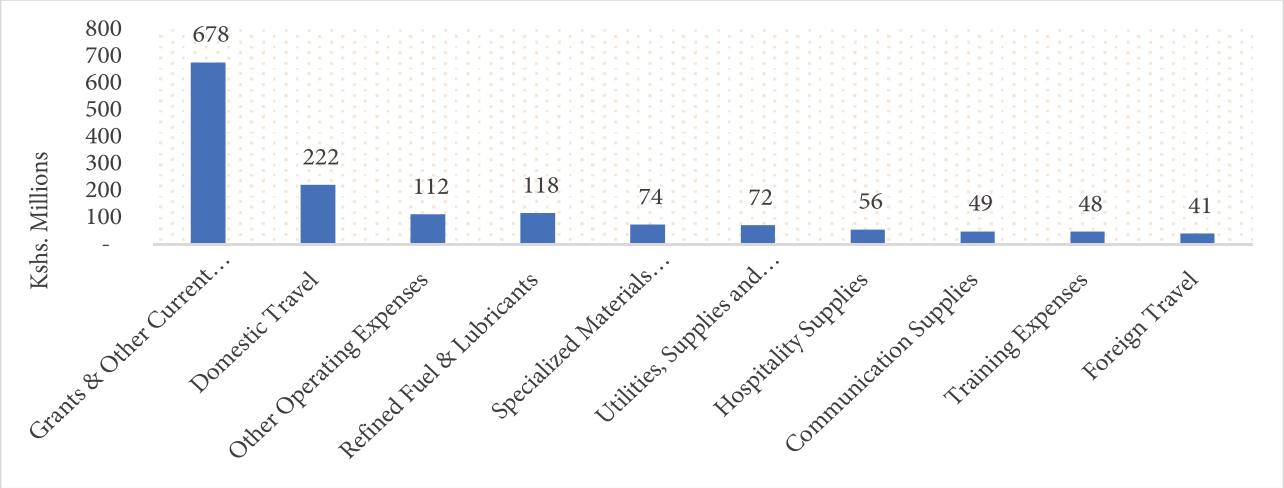
Source: *Kiambu County Treasury*

The County Assembly spent Kshs.36.13 million on committee sitting allowances for the 89 MCAs against the annual budget allocation of Kshs.75 million. The average monthly sitting allowance was Kshs.67,654 per MCA. The County Assembly has 23 House Committees.

3.13.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.07 billion on operations and maintenance, representing an increase of 7 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.94 billion. Figure 78 summarises the Operations and Maintenance expenditure by major categories.

Figure 78: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kiambu County Treasury*

3.13.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.112.25 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.2.07 billion. This category of expenditure includes Kshs.44.43 million for "other operating expenses, others "and Kshs.19.29 million for contracted professional services. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.193.

Table 3.193: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211313	Security Operations	19,907,620	13,802,953
2211310	Contracted Professional Services	145,046,800	19,295,285
2211308	Legal Fees	48,200,000	15,384,341
2211399	Other Operating Expenses-Others	308,555,081	44,431,257
2211305	Contracted Guards & Cleaning Services	35,366,246	6,502,311
2211306	Membership Fees, Dues & Subscriptions	26,889,947	8,184,000
2211309	Management Fees	46,000,000	4,126,299
2211301	Bank Charges	21,020,600	528,001
Total		**629,965,694**	**112,254,447**

Source: *Kiambu County Treasury*

A review of the other expense items listed in the table revealed that expenditures with existing budget codes were instead charged under the "Other Operating Expenses, others" category. These include payment for catering services, re-imbursement of standing imprests, refunds of rent erroneously deducted from pay slips, and other similar expenses.

3.13.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.45 billion to County-Established funds in FY 2025/26, or 9 per cent of the County's overall budget. Further, the County allocated Kshs.50 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.194 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.194: Performance of Kiambu County Established Funds in the First Half of FY 2025/26

Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
Facility Improvement Fund	2019	1,300,000,000	-	626,530,305	Yes
Bursary Fund	2014	200,000,000	-	95,578,263	Yes
Emergency Fund	2013	50,000,000	-	480	Yes
Climate Change Fund	2021	516,865,864		29,369,967	Yes
Jiinue Fund	2022	-	-	7,668	Yes
Alcoholic Drinks Control Fund	2024	380,000,000	-	43,819,742	Yes
County Executive Staff Mortgage Scheme Fund	2016	-	-	20,237,200	Yes
County Assembly Established Funds					
County Assembly Staff Mortgage Scheme Fund	2018	-	-	3702	Yes
County Assembly Car Loan & Mortgage Scheme Fund	2014	-	-	1390	Yes
Total		2,446,865,864	-	815,548,717	-

Source: *Kiambu County Treasury*

During the reporting period, the CoB received quarterly financial reports from all Fund Administrators, as indicated in Table 3.195, in line with the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Emergency Fund, the Kiambu County Assembly Car Loan & Mortgage Scheme Fund and the Kiambu County Executive Car Loan & Mortgage Scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.13.13 County Corporations

The County has seven county corporations, which were allocated Kshs.55 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.5 million, as shown in Table 3.195.

Table 3.195: Performance of Kiambu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Cumulative Total for Previous Financial Years				**94,629,879**
1	Ruiru, Juja Water and Sewerage Company (RUJWASCO)	15,000,000	-	-	
2	Thika Water and Sewerage Company (Thiwasco)	15,000,000	-	-	
3	Githunguri Water and Sanitation Company	5,000,000	5,000,000	5,000,000	5,000,000
4	Githunguri Water and Sanitation Company	5,000,000	-	-	-
5	Limuru Water & Sewerage Company	5,000,000	-	-	-
6	Karuri Water and Sanitation Company	5,000,000			-
7	Kikuyu Water Company Limited	5,000,000			-
	Grand Total	**55,000,000**	**5,000,000**	**5,000,000**	**99,629,879**

Source: *Kiambu County Treasury*

3.13.14 .Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.222.43 million and comprised Kshs.75.43 million spent by the County Assembly and Kshs.18.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.39 million and comprised entirely of the County Assembly. Expenditure on foreign travel is summarised in Table 3.196.

Table 3.196: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm Of County Government	No. of Officers Travelled	Dates Travelled	Purpose Of the Travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	7	17th - 23rd Aug 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	1,845,300
County Assembly	16	24th - 30th Aug 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	5,737,487
County Assembly	14	31st Aug - 6th Sept 2025	Benchmarking Study Visit to East African Legislative Assembly	Tanzania	5,184,953
County Assembly	1	4th - 10th August 2025	National Conference of State Legislatures Legislative Summit	Boston, USA	626,250
Total					**13,393,989**

Source: *Kiambu County Assembly*

3.13.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.732.06 million as FIF, which was 28 per cent of the annual target of Kshs.2.61 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has a governing legislation on the operation of FIF, known as the Kiambu County Health Services Act of 2019.

The expenditure by the health facilities amounted to Kshs.626.53 million, as shown in Table 3.197.

Table 3.197: Kiambu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	3	1,258,165,447	426,932,740	34
2.	Level 4 Hospital	11	466,457,887	115,839,429	25
3.	Level 2 and 3 Facility	93	375,376,666	83,758,136	22
	Total	107	2,100,000,000	626,530,305	30

Source: *Kiambu County Treasury*

3.13.16 Development Expenditure

In the review period, the County reported spending Kshs.1.27 billion on development programmes, representing an increase of 20 per cent compared to FY 2024/25, when the County spent Kshs.1.05 billion. Table 3.198 summarises the development projects with the highest expenditure in the reporting period.

Table 3.198: Kiambu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	7/1/2024	6/30/2025	564,175,588	467,612,829	344,128,743	344,128,743	61

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Education	Payables From Previous Financial Period - Other (Budget)S	All Wards	7/25/2025	6/26/2026	159,572,300	159,572,300	153,678,129	153,678,129	96
3	Health	Construction of Bibirioni level 4 hospital	Bibirioni	4/1/2025	12/1/2027	224,603,050	150,000,000	148,746,969	148,746,969	90
4	Sports	Rehabilitation of Thika Stadium Phase II	Township Ward	9/1/2024	multi year	165,669,432	65,000,000	105,135,974	105,135,974	70
5	Agriculture, Livestock and Cooperative Development	Procurement & distribution of certified seeds/ seedlings	County-wide	1st July 2025	30/6/2026	128,405,302	128,405,302	54,872,675	54,872,675	43
6	Health	Construction Of Level 3 Health Facility at Mutonya Ruiru	Murera	45717	3/1/2027	62,200,587	50,000,000	42,244,908	42,244,908	30
7	Health	Added Inpatient Wing at Nge'nda Health Centre	Ng'enda	45717	3/1/2027	51,000,000	45,000,000	40,692,970	40,692,970	90
8	Agriculture, Livestock and Cooperative Development	Procurement of food crop fertiliser, coffee fertiliser	County-wide	1st July 2025	30th June 2026	120,903,767	120,903,767	40,000,000	40,000,000	33
9	Trade & Markets	Construction of Juja Farm market	Juja	45753	30/6/26	36,401,211	36,401,211	35,632,930	35,632,930	98
10	Health	Construction of a level III Hospital at Kawaida	Cianda	45809	6/1/2027	44,706,477	35,000,000	32,173,489	32,173,489	90
Total						**1,557,637,714**	**1,257,895,409**	**997,306,787**	**997,306,787**	
Donor Funded Projects										
1	Industrialization	CAIP	Ngewa	31/10/23	30/6/26	498,828,815	133,368,422	-	232,890,724	70

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock and Cooperative Development	NAVCDP	County-wide	1st July 2025	30th June 2026	337,553,899	337,553,899	91,303,899	91,303,899	70
						836,382,714	**470,922,321**	**91,303,899**	**324,194,623**	

Source: *Kiambu County Treasury*

The County reported 5 stalled development projects as of 31st December 2025, with an estimated value of Kshs.597.16 million, of which Kshs.395.74 million has already been paid. The stalled projects are shown in Table 3.200.

Table 3.199: Kiambu County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	County Assembly of Kiambu	Construction of County Assembly archives and Members' welfare facility	Kiambu	13-Jul-05		40,000,000	-	9,661,241	9,661,241	20
2	Roads, Transport, Public Works & Utilities	Completion of Thogoto Ndaire, Gatitu Junction-Kenyatta Avenue, and Kimende Town roads	Kikuyu/ Thika Township/ Kijabe	03 January 2017	09 January 2018	181,452,502	112,937,510	-	68,514,992	90
3	Roads, Transport, Public Works & Utilities	Spot improvement of Thika town Entrance, Garissa junction	Thika	01 July 2015	01 June 2022	221,005,870	184,728,399	-	36,277,471	90
4	Roads, Transport, Public Works & Utilities	Upgrading of Kimende town roads	Lari	01 July 2017	30 June 2018	145,000,000	98,078,073.49	-	46,921,927	80
5	Roads, Transport, Public Works & Utilities	Construction of Kawaida Drainage	Cianda	01 November 2023	30 December 2024	9,700,000	-	-	9,700,000	30
Total						**597,158,372**	**395,743,983**	**9,661,241**	**171,075,630**	

Source: Kiambu County Treasury

3.13.17 Budget Performance by Department

Table 3.200 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.200: Kiambu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	1507.97	131.21	423.91	-	423.91	-	100	-	28	-

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 Executive	582.10	-	89.86	-	142.36	-	158	-	24	-
Public Service Board	90.74	-	30.14	-	30.24	-	100	-	33	-
Finance, Economic Planning, and ICT	1596.70	240	361.62	-	416.97	-	115	-	26	-
Water, Environment and Natural resource	663.76	809.59	157.22	29.36	152.99	58.14	97	198	23	7
Health Services	7224.08	1268.96	3127.11	407.41	2540.60	415.40	81	102	35	33
Roads, Transport and Public Works	802.32	2489.82	301.62	314.65	207.09	322.62	69	103	26	13
Administration and Public Service	1031.57	457	317.18	7.96	337.79	7.96	106	100	33	2
Agriculture, Livestock and Fisheries	535.69	890.03	161.91	157.50	157.28	158.38	97	101	29	18
Education, culture and Social Services	1552.79	1085.66	424.85	119.24	413.96	122.02	97	102	27	11
Youth and Sports	195.40	226	34	33.96	54.33	30	160	88	28	13
Lands, Physical Planning, and Housing	521.88	1970.73	118.93	-	139	-	117	-	27	-
Trade Tourism Industry and Cooperative	212.86	744.45	35.03	200.97	43.30	152.12	124	76	20	20
Total	**16517.87**	**10313.45**	**5583.39**	**1271.07**	**5059.82**	**1266.64**	**91**	**100**	**31**	**12**

Source: *Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 33 per cent, followed by the Department of Trade, Tourism Industry and Cooperative at 20 per cent. The Department of Health Services had the highest recurrent expenditure-to-budget ratio at 35 per cent, while the Department of Trade, Tourism Industry and Cooperative had the lowest at 20 per cent.

3.13.18 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.201: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
COUNTY YOUTH AFFAIRS, SPORTS & COMMUNICATION				
Youth Affairs, Sports and Communication	Sports Infrastructure	226,000,000	159,698,908	71
TRADE, INDUSTRIALIZATION, TOURISM & INVESTMENT				
Trade and Markets	Trade and Markets	544,082,203	270,507,843	50
HEALTH SERVICES				
Health Services	Curative Services	1,268,958,595	609,056,149	48
EDUCATION, GENDER, CULTURE& SOCIAL SERVICES				
Pre-primary Education, Promotion of Culture and Social Services	Pre-primary education, Promotion of Culture and Social Services	1,060,659,570	425,521,564	40
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Crop Development, Irrigation and Marketing Services	628,463,893	187,056,174	30

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
COUNTY ASSEMBLY				
Legislation and oversight	County Assembly Committee Services	55,000,000	40,015,600	73
	County Assembly Service Board	9,500,000	6,513,330	69
	County Legislature	613,216,945	308,183,799	50
COUNTY YOUTH AFFAIRS, SPORTS & COMMUNICATION				
Sports	Sports	55,000,000	26,588,004	48
COUNTY ASSEMBLY				
Representation services	Ward Offices	136,671,000	63,497,342	46

Source: *Kiambu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Sports Infrastructure at 71 per cent, Trade and Markets at 50 per cent, and Curative Services at 48 per cent.

For recurrent sub-programmes, the top performers included: County Assembly Committee Services at 73 per cent, County Assembly Service Board at 69 per cent, and County Legislature at 50 per cent.

Table 3.202 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.202: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
FINANCE AND ECONOMIC PLANNING				
Public Finance Management and Economic Policy & Strategy	Revenue	20,000,000	-	-
	Procurement	20,000,000	-	-
ICT Services	ICT services	200,000,000	-	-
WATER ENVIRONMENT, ENERGY, NATURAL RESOURCES AND CLIMATE CHANGE				
Environment	Environment and Solid Waste Management	28,000,000	-	-
COUNTY ADMINISTRATION AND PUBLIC SERVICE				
Alcoholic Drinks Control and Rehabilitation	Rehabilitation and Intervention on alcohol and substance abuse	30,000,000	-	-
RECURRENT				
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Co-operative Development and Management	62,000,000	1,325,212	2
WATER ENVIRONMENT, ENERGY, NATURAL RESOURCES AND CLIMATE CHANGE				
Natural Resources	Natural Resources, Forest Conservation and Management	1,200,000	9,500	1
LAND, HOUSING, PHYSICAL PLANNING, MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT				
Land Use Management, Valuation & Rating and Physical Planning	Land Administration Services	16,987,622	-	-
COUNTY ADMINISTRATION AND PUBLIC SERVICE				
Alcoholic Drinks Control and Rehabilitation	Rehabilitation and Intervention on alcohol and substance abuse	30,000,000	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
AGRICULTURE, LIVESTOCK AND CO-OPERATIVE DEVELOPMENT				
Agriculture, Livestock and Co-Operative Development	Crop Development, Irrigation and Marketing Services	800,000	-	-

***Source**: Kiambu County Treasury*

The development sub-programmes with nil expenditure despite having a budget allocation were as follows: Revenue, Procurement, ICT Services, Environment and Solid Waste Management, and Rehabilitation and Intervention on alcohol and substance abuse.

For recurrent sub-programmes, the lowest-performing included: Crop Development, Irrigation and Marketing Services; Rehabilitation and Intervention on Alcohol and Substance Abuse; and Land Administration services at zero per cent.

These lower performances are attributed to the lack of funds absorption by user departments.

3.13.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 73 accounts at commercial banks, including 16 for Health Facilities, 1 for Water Service Providers, 9 for Established Funds, 25 revenue accounts, and 22 special-purpose accounts (for additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 73 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.13.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kiambu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Assembly's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 22nd January, 2026.
ii. The underperformance of own-source revenue at Kshs.1.77 billion against an annual target of Kshs.9.85 billion, representing 18 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.27 billion on development activities, achieving a 12 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespans of the Emergency Fund, the Kiambu County Assembly Car Loan & Mortgage Scheme Fund, and the Kiambu County Executive Car Loan & Mortgage Scheme Fund had lapsed, making them ineligible for further withdrawals.
v. High level of trade payables, which amounted to Kshs.5.26 billion as of 31st December 2025. Furthermore, the County Assembly did not adhere to the payment plan for trade payables.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.112.25 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Assembly should ensure timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.14. County Government of Kilifi

3.14.1 Overview of FY 2025/26 Budget

The Kilifi County Approved Budget for FY 2025/26 is Kshs.19.88 billion. It comprises Kshs.9.39 billion (47 per cent) and Kshs.10.48 billion (53 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.1.53 billion (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.11.44 billion and a recurrent budget of Kshs.9.97 billion. The decrease in the budget was primarily attributed to failure to include the balance brought forward from the previous finacial year 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.12.70 billion (64 per cent), additional allocations of Kshs.4.80 billion (24 per cent) and Kshs.2.38 billion (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.203.

3.14.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.7.40 billion. This amount represented a decrease of 17 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.8.89 billion. The total revenue consisted of Kshs.6.34billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.746.87 million. The total OSR collection of Kshs.746.87 million included Facilities Improvement Financing (FIF) of Kshs.480.87 million, and Kshs.265.99 million from other OSR sources. The County also received Kshs.315.03 From SHIF.

Table 3.203 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.203: Kilifi County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				-	-
1	Balance at CRF				-	-
2	County Executive Refunds to CRF		654,433		654,433	- 654,433
3	County Assembly Refunds to CRF		25,826		25,826	- 25,826
	Sub-Total	-	**680,260**	-	**680,260**	**- 680,260**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,704,746,017	5,317,559,660	1,025,071,742	6,342,631,402	6,362,114,615

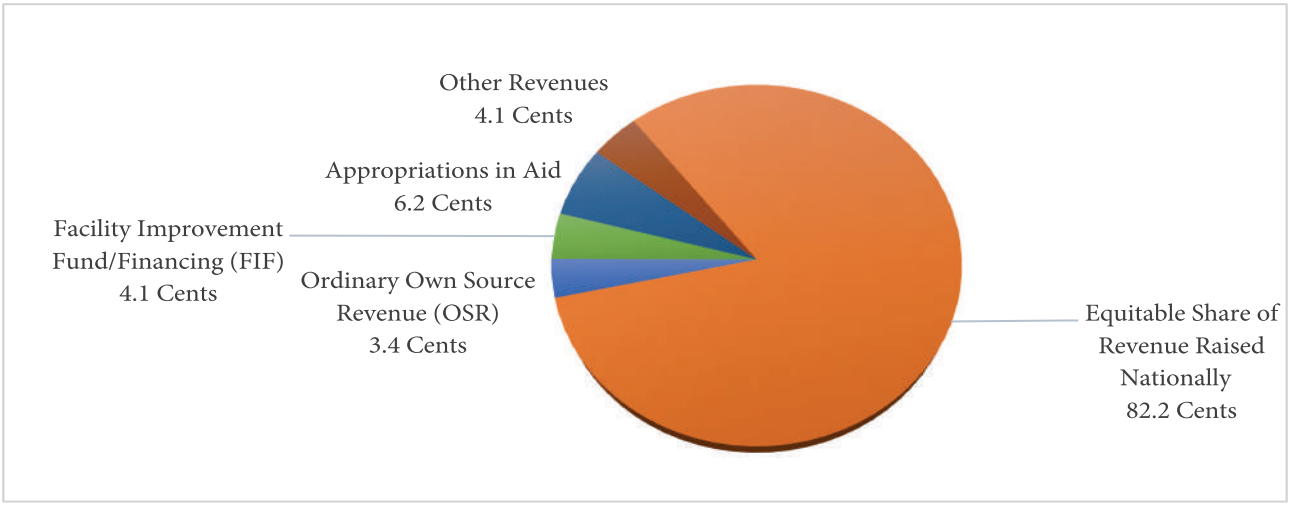
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
	Sub-Total	**12,704,746,017**	**5,317,559,660**		**6,342,631,402**	**6,362,114,615**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Community Health Promoters	90,953,531			-	90,953,531
2	Primary Healthcare in a Devolved Context	16,087,500			-	16,087,500
3	Kenya Informal Settlement Improvement Project (KISIP)II	750,000,000			-	750,000,000
4	National Agricultural Value Chain Development Project (NAVCDP)	151,515,152			-	151,515,152
5	St. Luke's Grant	300,000,000			-	300,000,000
6	Water and Sanitation Development Project (WSDP)	1,700,000,000			-	1,700,000,000
7	FLOCCA	250,000,000			-	250,000,000
8	Kenya Devolution Support Programme (KDSP)- LEVEL II	352,500,000			-	352,500,000
9	Kenya Urban Support Programme (KUSP-UIG)	35,000,000			-	35,000,000
	Sub-Total	**3,646,056,183**	-	-	-	**3,646,056,183**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates and Other Land Revenue	510,707,511	29,110,567			
2	Cess on Natural resources	615,065,148	142,052,036			
3	Business Permits	182,576,980	18,098,450			
4	Parking Fees	148,773,539	21,025,050			
5	Market Fees	71,360,820	13,255,245			
6	Billboards and Signage	21,857,780	130,000			
7	Building Plan Approval and Inspection	75,389,928	33,715,757			
8	Rent/Stall rents	16,031,334	2,391,506			
9	Survey Fees and Plot Rents	4,004,113	28,000			
10	Plot Ground Rent	45,630,309				
11	House Rent	42,198,366	3,491,056			
12	Refuse Collection	2,664,722				
13	Food Hygiene Fees	6,625,555	1,000			
14	Liquor Licence	16,717,073	100,000			
15	AMS&ATCs	11,679,112	1,351,700			
16	Leasing of Plants and Equipment	22,605,645	15,000			
17	Slaughter House and Livestock Sale Yards	2,561,029	1,100			
18	Others	79,261,784	1,223,911			
	Sub-Total	**1,875,710,748**	**265,990,378**	-	**265,990,378**	**- 54,480,364**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF					-
2	Defunct NHIF				-	-
	Sub-Total	-	-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
G	**Appropriations in Aid**					
1	FIF	500,000,000	480,875,212		480,875,212	19,124,788
	Sub-Total	**500,000,000**	**480,875,212**	-	**480,875,212**	**19,124,788**
H	**Other Revenues**					
1	Mineral royalties	1,150,000,000	-		315,031,119	315,851,109
	Sub-Total	**1,150,000,000**	-	-	**315,031,119**	**315,851,109**
	Grand Total	**19,876,512,948**	**6,065,105,510**	-	**7,405,208,371**	**10,287,986,071**

Source: *Kilifi County Treasury*

The decrease in revenue performance was attributed to the failure to recognise the balance brought forward from the previous budget. Figure 79 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 79: Kilifi County Composition of Each Shilling Earned in the First Half of FY 2025/26

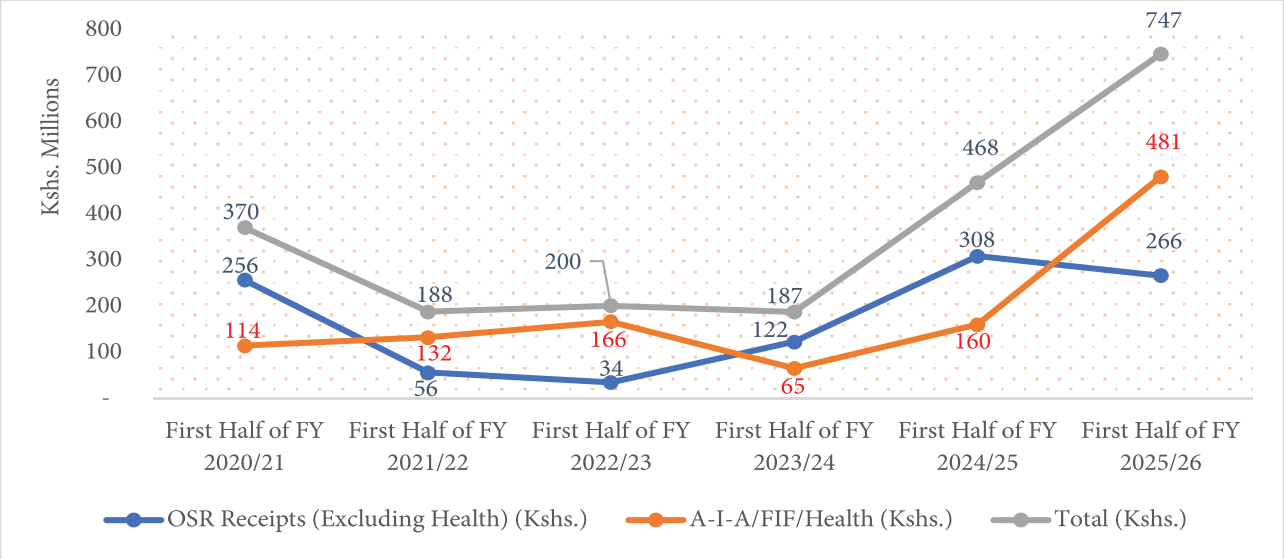


Source: *Kilifi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 3 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 80 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 80: Kilifi County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



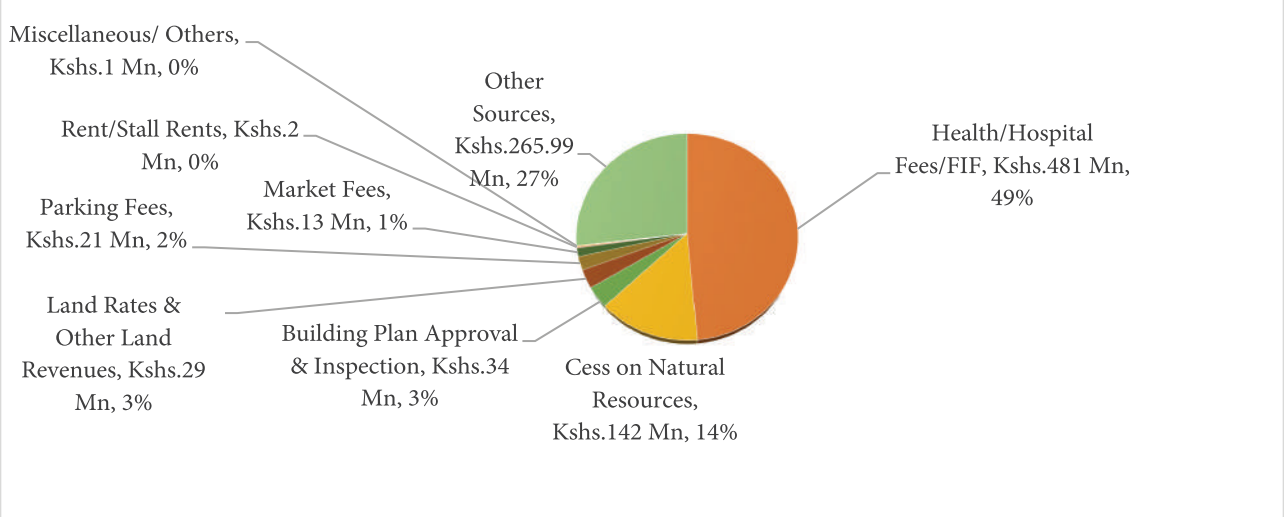
Source: *Kilifi County Treasury*

During the first half of FY 2025/26, the County received Kshs.746.87 million from OSR, including FIF. This amount was an increase of 60 per cent compared to Kshs.467.94 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 40 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to earnings from SHIF that were not recorded in the previous comparable reporting period.

The revenue streams that contributed the most to OSR receipts are shown in Figure 81

Figure 81: Kilifi County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kilifi County Treasury

As shown in Figure 81, the highest revenue stream, at Kshs.481 million, was from FIF, accounting for 49 per cent of the total OSR receipts.

3.14.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.18 billion. Table 3.204 presents a breakdown of the County's revenue arrears.

Table 3.204: Kilifi County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	**1,025,071,742**	**1,025,071,742**
G	**Other Revenues**					
1	Mining Royalties	-	-	-	315,031,119	-
	Sub-Total	-	-	-	-	-
Total		-	-	-	**1,340,102,861**	**1,340,102,861**

Source: Kilifi *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.34 billion, comprising Kshs.1.03 billion for the Equitable share for December (87 per cent) and Kshs.315 million from mining royalties, comprising 23 per cent of total revenues on an accruals basis.

3.14.4 Borrowing by the County

The County did not borrow during the reporting period.

3.14.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.50 billion from the Kilifi County Revenue Fund (CRF) account. This amount consisted of Kshs.Kshs.1.38 billion (25 per cent) designated for development programs and Kshs.4.12 million (75 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.33 billion was allocated to employee compensation and Kshs.1.47 billion to operations and maintenance expenditures. Within the operations and maintenance category, 6 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.93.69 million, which included Kshs.41.71 million for the County Executive and Kshs.51.98 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.4.15 million which belonged to for the County Executive.

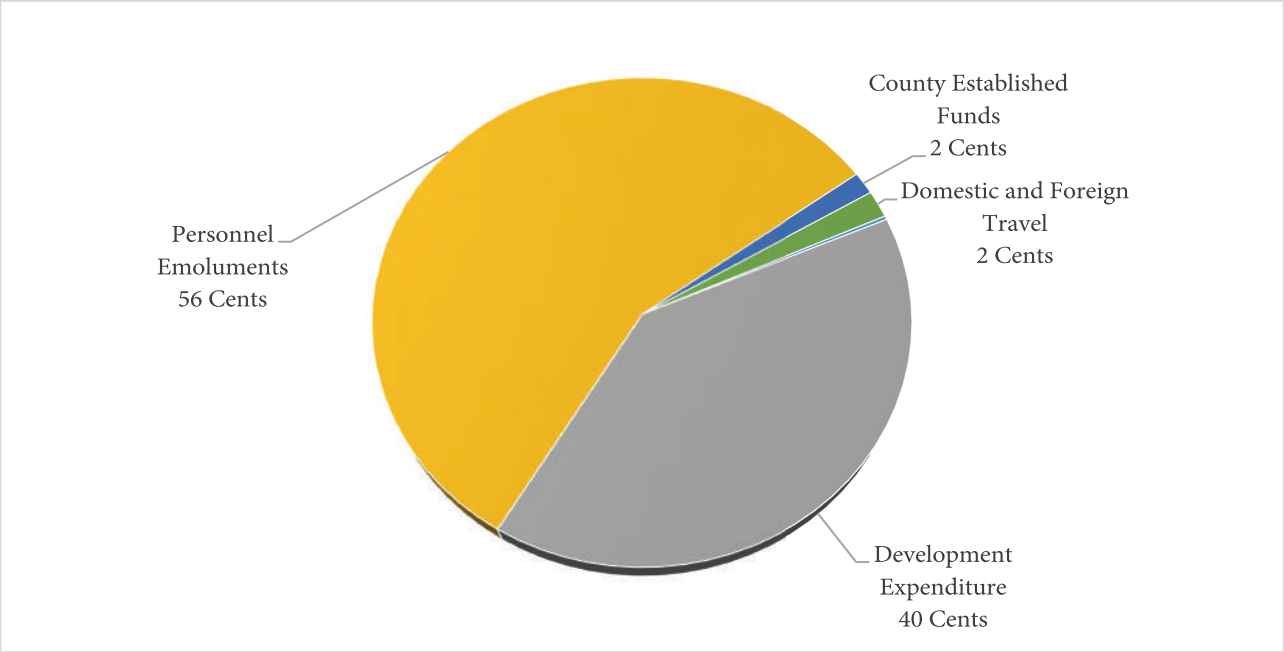
As of December 31, 2025, the County Government's cash balance in the Kilifi County CRF account was Kshs.169.21 million.

3.14.6 Expenditure Review

The County spent Kshs.6.68 million on development and recurrent programmes during the reporting period. The expenditure represented 121 per cent of the total funds released by the CoB. It comprised Kshs.4.50 million for recurrent programmes and Kshs.2.18 million for development programmes. Expenditure on development programmes accounted for 23 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 43 per cent of the annual recurrent expenditure budget.

Figure 82 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 82: Kilifi County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kilifi *County Treasury*

As shown in Figure 82, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic & Foreign Travel, which contributed 56, 40, and 2 per cent of total expenditure for the reporting period, respectively.

3.14.7 Settlement of Trade Payables

As of 1st July 2025, the County reported pending bills totalling Kshs.9.54 billion. This amount included Kshs.9.19 billion from the County Executive and Kshs.358.02 million from the County Assembly. The pending bills from the County Executive consisted of Kshs.Kshs.3.82 billion for recurrent expenditures and Kshs.5.36 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.2.88 billion, comprising Kshs.930.81 million (32 per cent) for recurrent programmes and Kshs.1.94 billion (68 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.130.27 million, which included Kshs.87.58 million (67 per cent) for recurrent activities and Kshs.42.69 million (33 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs 13.84 billion for the County Executive and Kshs 294.91 million for the County Assembly. Table 3.205 provides additional details of trade payables.

Table 3.205: Kilifi County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	5,362,385,530	3,820,060,280	9,182,445,810
		County Assembly	78,576,324	279,441,260	358,017,584
		Total	5,440,961,854	4,099,501,540	9,540,463,394
Trade payables are scheduled to be settled in the first half of FY 2025/26 per the action plan.	b	County Executive	950,584,942	1,323,945,224	2,274,510,166
		County Assembly	46,751,721	108,630,079	155,381,800
		Total	997,336,663	1,432,575,303	2,429,891,966
Amount paid in the First Half of FY 2025/26	c	County Executive	1,949,446,535	930,814,903	2,880,261,438
		County Assembly	42,688,638	87,582,554	130,271,192
		Total	1,992,135,173	1,018,397,457	3,010,532,630
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive		7,540,326,699	7,540,326,699
		County Assembly	40,049,076	27,113,992	67,163,068
		Total	-	-	-

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	e=a-c*b	County Executive	3,412,938,995	10,429,572,076	13,842,511,071
		County Assembly	75,936,762	218,972,698	294,909,460
		Total	3,488,875,757	10,648,544,774	14,137,420,531

Source: *Kilifi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.95.54 million and Kshs.2.27 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.2.88 billion for the Executive and Kshs.130.27 million for the Assembly.

Table 3.206 and Table 3.207 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.13.84 billion.

Table 3.206: Kilifi County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**1,141,036,724.77**	**1,243,264,604.94**	**451,948,116.45**	**576,689,549.65**	**3,412,938,995.81**
Recurrent Trade Payables (Goods & Services)	683,317,439.52	1,099,634,207.08	295,490,253.85	7,608,611,537.71	**9,687,053,438.16**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	630,008,980.74	821,864.60	-	5,223,663.85	**636,054,509.19**
Recurrent Trade Payables (Staff Claims)	16,984,136.30	38,078,467.10	33,420,237.50	17,981,287.91	**106,464,128.81**
Total Recurrent Trade Payables	**1,330,310,556.56**	**1,138,534,538.78**	**328,910,491.35**	**7,631,816,489.47**	**10,429,572,076.16**
Total Trade Payables	**2,471,347,281.33**	**2,381,799,143.72**	**780,858,607.80**	**8,208,506,039.12**	**13,842,511,071.97**
% of Total	**18**	**17**	**6**	**59**	**100**

Source: *Kilifi County Treasury*

Table 3.207: Kilifi County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,936,762**		-	-	**75,936,762**
Recurrent Trade Payables (Goods & Services)	27,113,992	93,696,183	50,905,376	10,709,070	**182,424,621**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	20,432,581	12,534,505	2,557,756	1,023,235	**36,548,077**
Total Recurrent Trade Payables	47,546,573	106,230,688	53,463,132	11,732,305	**218,972,698**
Total Trade Payables	**123,483,335**	**106,230,688**	**53,463,132**	**11,732,305**	**294,909,460**
% of Total	**42**	**36**	**18**	**4**	**100**

Source: *Kilifi County Treasury*

3.14.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.83 billion on compensation of employees, Kshs.1.35 billion on operations and maintenance, and Kshs.2.06 billion on development activities. Similarly, the County Assembly spent Kshs.228.18 million on compensation of employees, Kshs.90.95 million on operations and maintenance, and Kshs.119.15 million on development activities, as shown in Table 3.208.

Table 3.208: Kilifi County Summary of Budget and Expenditure by Economic Classification

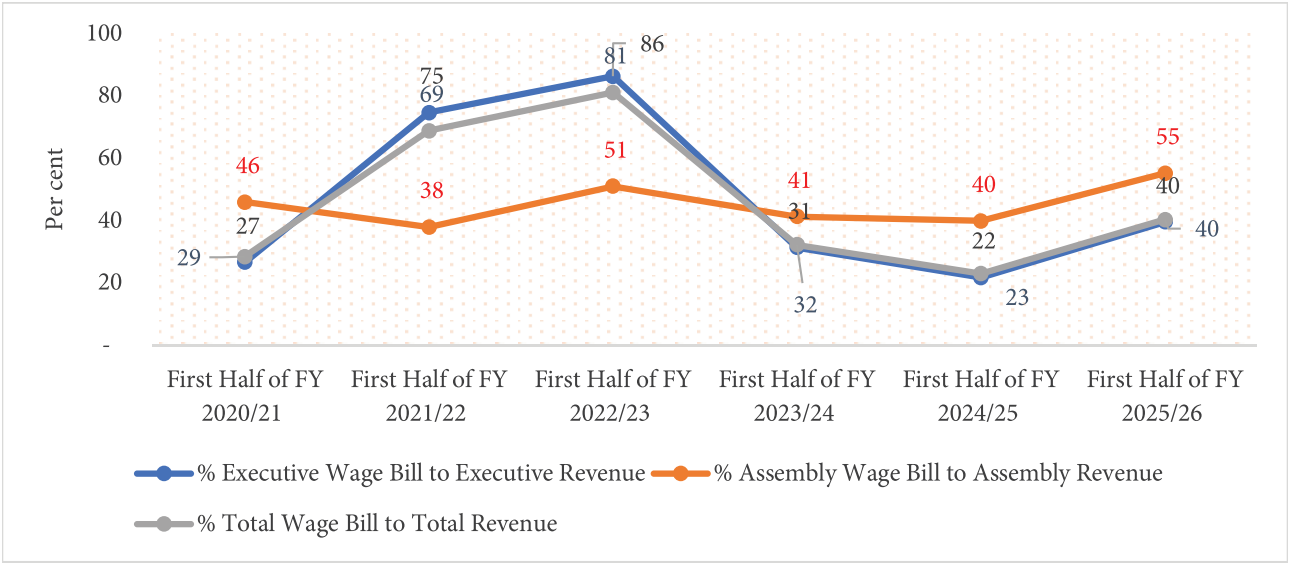
Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**9,649,292,691**	**2,661,861,061**	**1,520,999,015**	**4,182,860,076**	**43**
Compensation to Employees	5,004,585,644	1,795,383,824	1,033,853,401	2,829,237,225	57
Operations & Maintenance	4,644,707,047	866,477,237	487,145,614	1,353,622,851	29
Development	**9,325,561,429**	**1,147,372,131**	**910,002,155**	**2,057,374,286**	**22**
Executive Sub-total	**18,974,854,120**	**3,809,233,192**	**2,431,001,170**	**6,240,234,362**	**33**
County Assembly					
Recurrent	**829,736,828**	**319,131,041**	-	**319,131,041**	**38**
Compensation to Employees	542,837,072	228,182,310	-	228,182,310	42
Operations & Maintenance	286,899,756	90,948,731	-	90,948,731	32
Development	**441,950,000**	**119,150,127**	-	**119,150,127**	**27**
Assembly Sub-total	**1,271,686,828**	**438,281,168**	-	**438,281,168**	**34**
Combined County Totals					
Total Recurrent	**10,479,029,519**	**2,980,992,102**	**1,520,999,015**	**4,501,991,117**	**43**
Compensation to Employees	5,547,422,716	2,023,566,134	1,033,853,401	3,057,419,535	55
Operations & Maintenance	4,931,606,803	957,425,968	487,145,614	1,444,571,582	29
Total Development	**9,767,511,429**	**1,266,522,258**	**910,002,155**	**2,176,524,413**	**22**
Grand Total	**20,246,540,948**	**4,247,514,360**	**2,431,001,170**	**6,678,515,530**	**33**

***Source**: Kilifi County Treasury*

3.14.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.06 billion. The compensation-to-revenue ratio was 40 per cent. This expenditure on employee compensation shows an increase of 51 per cent compared to the Kshs.2.02 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.38 billion for Health Sector employees, accounting for 45 per cent of overall employees' compensation. The increase in employee compensation expenditure is attributed to accrued wages that were not recognised in the previous reporting period.

Figure 83: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Kilifi County Treasury*

Further analysis indicated that PE costs totalling Kshs.3.04 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.84.17 million was processed through manual payroll, accounting for 3 per cent of the total PE

cost. The justification for the continued use of manual payroll was that ward office employees are employed on a contract basis and cannot be onboarded to the HRIS.

The manual payroll amounted to Kshs.84.17 million for contract staff not onboarded into the Human Resource Information System (HRIS), as shown in Table 3.209.

Table 3.209: Breakdown of Kilifi County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	-	977,400	977,400
Salaries for casual staff	-	-	-
Top-up Allowances for security officers	-	89,600	89,600
LAPTRUST/LAPFUND Pension Contributions	-	9,177,273	9,177,273
Gratuity for contract staff	-	12,856,427	12,856,427
Youth	-	-	-
Community Health Workers	61,068,268	-	61,068,268
Total	**61,068,268**	**23,100,700**	**84,168,968**

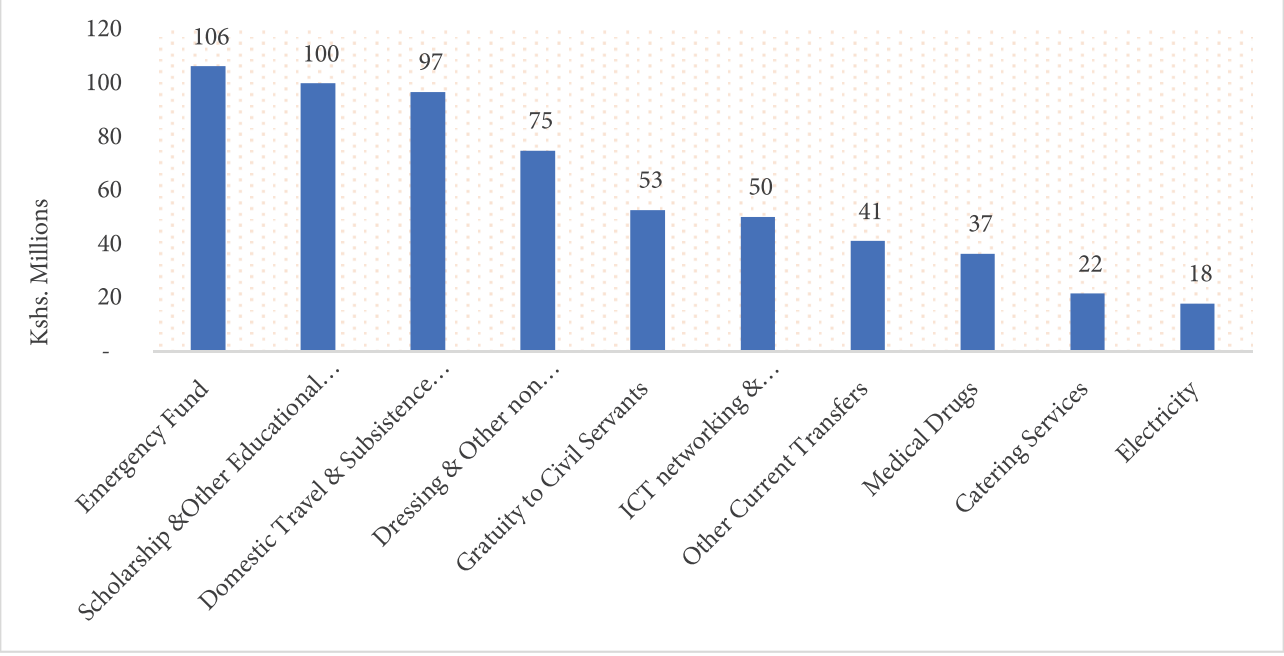
***Source**: Kilifi County Treasury*

The County Assembly spent Kshs.12.79 million on committee sitting allowances for the 56 MCAs, against the annual budget allocation of Kshs.28 million. The average monthly sitting allowance was Kshs.44,068 per MCA. The County Assembly has 23 House Committees.

3.14.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.44 billion on operations and maintenance, representing a decrease of 28 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.2 billion. Figure 84 summarises the Operations and Maintenance expenditure by major categories.

Figure 84: Kilifi County, Operations and Maintenance Expenditure by Major Categories



***Source**: Kilifi County Treasury*

3.14.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.23.94 million on "*other operating expenses*," which is 2 per cent of the total operations and maintenance expenditure of Kshs.1.44 billion. This category

of expenditure includes Kshs.19.33 million for legal fees and Kshs4.60 million for food items. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.210.

Table 3.210: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses - Other	2,000,000	-
2211399	Other Operating Expenses - Other	800,000	246,000
2211399	Other Operating Expenses - Other	500,000	-
2211399	Other Operating Expenses - Other	19,569,788	19,091,000
2211300	Other Operating Expenses - Other	32,388,000	4,604,800
	Total	55,257,788	23,941,799.80

Source: *Kilifi County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: legal charges and food items.

3.14.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.65 billion to County-Established funds in FY 2025/26, or 8 per cent of the County's overall budget. Further, the County allocated Kshs.250 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.211 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.211: Performance of Kilifi County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Kilifi Health Service Improvement Fund	2016	597,811,932	133,303,210	133,303,210	-	Yes
2.	Kilifi County Climate Change Fund	2021	250,392,926	-	-	-	Yes
3.	Kilifi Emergency Fund	2020	250,000,000	80,000,000	80,000,000	-	Yes
4	Kilifi County Ward Scholarship Fund	2013	500,000,000	225,271,974	225,271,974	-	Yes
		County Assembly Established Funds					
1	County Assembly Car Loan & Mortgage Fund	2014	50,000,000	-	-	-	Yes
	Total		1,648,204,857	438,575,184	438,575,184	-	-

Source: *Kilifi County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Kilifi County Ward Scholarship Fund and the Kilifi County Assembly Car Loan & Mortgage Fund had lapsed. However, the County Assembly extended its lifespan.

3.14.13 County Corporations

The County has 2 Corporations, which were allocated Kshs.1.5 billion in FY 2025/26. The County Corporations did not submit their expenditure returns to CoB in the reporting period, as shown in Table 3.213.

Table 3.212: Performance of Kilifi County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kilifi Mariakani Water Sanitation Company	750,000,000	-	-	-
2	Malindi Water and Sanitation Company	750,000,000	-	-	-
	Total	**1,500,000,000**	**-**	**-**	**-**

Source: *Kilifi County Treasury*

3.14.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.83.71 million and comprised Kshs.53.37 million spent by the County Assembly and Kshs.30.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.60 million, all incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.213.

Table 3.213: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	4	24th April 2024	Benchmarking at East Africa Legislative Assembly -EALA	Arusha		823,935	823,935
County Executive	1	11th June 2024	Public-Private Partnership seminar in Abu Dhabi	Abudhabi		1,115,229	1,115,229
County Executive	2	Aug-24	To engage with key institutions within Morocco's accountability ecosystem.	Morroco		2,668,900	2,668,900
County Executive	1	Sep-24	World forum on the future of democracy	Germany		1,995,868	1,995,868
Total						6,603,932	6,603,932

Source: *Kilifi County Treasury*

3.14.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.480.87 million as FIF, which was 96 per cent of the annual target of Kshs.545.66 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.456.59 million, as shown in Table 3.214.

Table 3.214: Kilifi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital		-	-	-
2.	Level 4 Hospital	9	516,958,865	427,890,000	83
3.	Level 3 Facility	10	14,350,000	14,350,000	100
4.	Level 2 Facility	124	14,350,000	14,350,000	100
	Total		**545,658,865**	**456,590,000**	**84**

3.14.16 Development Expenditure

In the review period, the County reported spending Kshs.2.18 billion on development programmes, representing an increase of 4 per cent compared to FY 2024/25, when the County spent Kshs.2.10 billion. Table 3.215 summarises the development projects with the highest expenditure in the reporting period.

Table 3.215: Kilifi County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Public Service Management	Construction of Kilifi County Office Complex	Sokoni Ward	2024-2025	2025-2026	499,995,244	225,000,000	120,405,391	345,405,391	70
2	County Assembly	Proposed Completion of the Assembly Office Block for the County Assembly of Kilifi	Malindi Shela Ward	15th December 2023	05th February 2026	387,412,179			263,392,273	85
3	County Assembly	Proposed Completion of Electrical Installation Works for the Completion of the Assembly Office Block for the County Assembly of Kilifi	Malindi Shela Ward	15th December 2023	05th February 2026	42,268,144			31,270,642	80
4	Finance	Refurbishment of County Government Treasury	County Treasury - Kilifi	2023-2024	2025-2026	34,039,660	8,000,000	7,038,196	15,038,196	61
5	Agriculture	Development of Kazikazi Earth Dam Irrigation Project - Jaribuni	Jaribuni	-	-	10,000,000	10,000,000	-	10,000,000	100
6	Education	Proposed completion of 2no. Ecde classrooms and 2no. Cubicle pit latrine at Muryachakwe ECDE centre in Sokoke ward	Sokoke	-	-	-	5,600,000	-	5,600,000	100
7	Education	Shariani ECDE	Junju	-	-	-	5,000,000	-	5,000,000	100
Donor Funded Projects										
Equalisation Funded Projects										
1	Health & Sanitation	Construction of 4 no.One Bedroom Staff House At Garashi Health Centre.	Garashi	2024	2025	22,870,884.8	23,000,000	-	23,000,000	50
2	Health & Sanitation	Construction of 4 no.One Bedroom Staff House at Vitengeni.	Sokoke	2026	2026	22,870,885	22,870,886	-	22,870,886	100
3	Health & Sanitation	Construction Of Dispensary 6 Bed Maternity Wing At Chamari	Marafa	2025	2025	12,839,653	11,000,000	-	11,000,000	40

Source: *Kilifi County Treasury*

The County reported 68 stalled development projects as of 31st December 2025, with an estimated value of Kshs.542.44 million, of which Kshs.473.06 million has already been paid. A sample of ten stalled projects is shown in Table 3.216.

Table 3.216: Kilifi County Stalled Projects as of 31st December 2025

No		Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health & Sanitation	Renovation/Completion of Muyuni Dispensary	Muyuni	2024	2025	10,318,163	-	-	-	30	-
2	Health & Sanitation	Construction of Kaya Dispensary	Kaya	2024	2026	2,811,809	-	2,811,809	-	20	-
3	Health & Sanitation	Construction of twin staff house at Kaoyeni dispensary	Kaoyeni	2024	2026	10,587,522	10,587,522	2,493,142	-	40	-
5	Health & Sanitation	Construction Of Chiferi Dispensary	Chiferi	-	-	48,000,000	13,000,000	5,000,000	-	70	-
6	Health & Sanitation	Completion Of Mwatsama Dispensary	Mwatsama	-	-	7,000,000	1,568,000	-	-	50	-
7	County Artoney	Construction and Equipping of Mtwapa Court House	Shimo la Tewa	-	--	56,528,758	10,000,000	-	-	23	-
8	Education	Proposed Completion of 2nd Generation ECDE at Tezo	Tezo	-	-	1,800,000	1,800,000	-	-	-	-
9	Education	Proposed renovation of Tangini kwa kagumba ECDE and completion of toilets	Gongoni	-	-	4,000,000	4,000,000	-	-	-	-
10	Education	Construction of 2no and 4no. cubicle pit latrine at Zowerani VDC pre-school in Tezo ward	Tezo	-	-	2,300,000	2,300,000	-	-	-	-

Source: Kilifi County Treasury

3.14.17 Budget Performance by Department

Table 3.217 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.217: Kilifi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	901,658,828	441,950,000	317,332,915	95,658,907	319,131,041	119,150,125	100.6	124.6	35.4	27.0
County Division for Office of the Governor	498,153,096	-	179,276,648	-	262,328,619	-	146.3	-	52.7	-
County Division for Finance	819,508,305	702,185,000	232,155,482	61,970,149	437,486,791	174,912,544	-	-	53.4	24.9
County Division for Agriculture	282,225,379	347,839,367	130,095,094	30,000,000	134,257,875	197,174,246	-	-	47.6	56.7
County Public Service Boards	85,356,479	-	21,464,468	-	27,937,956	-	-	-	32.7	-
County Division for Public Service Management	671,234,785	150,000,000	247,327,653	80,815,422	538,048,963	-	-	-	80.2	-

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 Division for County Attorney	96,800,000	10,000,000	72,499	-	33,680,152	2,961,364	-	-	34.8	29.6
County Division for Economic Planning	103,459,950		25,528,100	-	56,464,177		-	-	54.6	-
County Division for Livestock	15,430,000	41,565,000	876,980	-	7,758,170	30,664,801	-	-	50.3	73.8
County Division for Information Communication Technology	91,810,822	-	2,884,397	-	17,903,651	-	-	-	19.5	-
County Division for Cooperative Development	31,367,086	-	-	-	1,789,500	-	-	-	5.7	-
County Division for Resource Mobilisation	154,203,968	-	2,174,080	-	93,342,630	-	-	-	60.5	-
County Division for Blue Economy	10,050,000	77,500,000	1,103,840	-	2,968,347	44,310,750	-	-	29.5	57.2
County Division for Water Services	143,099,197	2,540,325,001	40,793,463	01,050,157	49,947,667	190,482,684	-	-	34.9	7.5
County Division for Environment and Natural Resources	405,313,162	-	80,885,400	-	64,755,000	-	-	-	16.0	-
County Division for Early Childhood Education and Vocational Training	1,208,169,167	428,640,807	464,106,075	29,074,000	469,087,589	118,212,768	-	-	38.8	27.6
County Division for Health and Sanitation Services	3,498,305,219	786,837,293	2,036,690,046	89,518,429	1,496,126,961	-	-	-	42.8	-
County Division for Roads and Transport Services	296,415,644	,465,594,783	68,394,301	548,988,511	118,992,579	628,622,643	-	-	40.1	42.9
County Division for Public Works	35,876,543	-	3,930,900	-	-	-	-	-	-	-
County Division for Gender and Social Services	80,309,534	112,700,000	32,818,747	-	33,928,605	65,851,815	-	-	42.2	58.4
Youth Affairs & Sports	27,290,000	284,500,000	949,600	-	9,804,876	80,031,630	-	-	35.9	28.1
County Division for Trade Development	114,514,676	504,300,000	45,991,968	-	66,113,002	18,855,272	-	-	57.7	3.7
County Division for Tourism Promotion	47,400,000	-	-	-	112,000	-	-	-	0.2	-
County Division for Devolution & Civic Education	400,676,940	43,329,152	-	-	17,206,370	2,519,498	-	-	4.3	5.8
County Division for Special Programs & Disaster Management	196,239,188	-	124,435,600	-	129,208,116	-	103.8	-	65.8	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Division for the County Secretary	48,135,525	-	1,981,300	-	19,592,897	-	988.9	-	40.7	-
County Division for lands	118,021,206	86,500,000	38,581,095	-	64,235,435	38,658,225	166.5	-	54.4	44.7
County Division for Energy	36,299,548	200,000,000	19,000,000	-	18,000,000	125,569,097	94.7	-	49.6	62.8
County Division for Physical Planning, Urban Development & Housing	50,459,418	923,717,026	-	245,529,166	10,226,018	337,346,950	-	137.4	20.3	36.5
County Division for Forestry and Climate Change	11,245,854	250,000,000	-	-	1,556,160	1,200,000	-	-	13.8	0.5
Total	**10,479,029,519**	**9,397,483,429**	**4,118,850,648**	**1,382,604,741**	**4,501,991,147**	**2,176,524,411**	**109.3**	**157.4**	**43.0**	**23.2**

***Source**: Kilifi County Treasury*

Analysis of expenditure by departments shows that the Department of Energy recorded the highest absorption rate of development budget at 63 per cent, followed by the Department of Gender & Social Services at 58 per cent. The Department of Public Service Management had the highest recurrent expenditure-to-budget ratio at 80 per cent, while the Department of Tourism Promotion had the lowest absorption rate at less than 1 per cent.

Performance below 50 per cent in some departments was attributed to the late implementation of procurement plans in the Procurement System.

3.14.18 Budget Execution by Programmes and Sub-Programmes

Table 3.218 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.218: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Livestock Development				
	Programme 2: Animal Products Safety	41,565,000	30,664,801	74
lands & Physical Planning				
	Sub-Programme 2.1: Physical Planning and Development	59,000,000	38,658,225	66
Department of Energy				
	Sub Program 7.1: Alternative energy technologies	200,000,000	125,569,097	63
Department of Energy				
	Sub-Programme 3.1: Urban Development and Management	904,499,992	337,346,950	37
RECURRENT				
Department of Special Programme & Disaster Management				
	Administration Planning and Support Services	184,000,000	126,238,716	69

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Department of Finance				
	Administration Planning and Support Services	643,266,886	377,364,636	59
lands & Physical Planning				
	Sub-programme 1.1 Administration, Planning and Support Services	114524204	63889235	56
Department of Energy				
	Sub-programme 1.1 Administration, Planning and Support Services	34,299,548	18,000,000	52
Department of Economic Planning				
	2.0 County Fiscal Planning	38,209,950	17,518,190	46

Source: *Kilifi County Treasury*

The development sub-programmes with the highest budget implementation rates were: Animal Product Safety in the Department of Livestock at 74 per cent, Physical Planning & Development in the Department of Lands & Physical Planning at 66 per cent, and Alternative Energy Technologies in the Department of Energy at 63 per cent.

For recurrent sub-programmes, the top performers included: Administration, Planning & Support Services in the Department of Special Programmes and Disaster Management at 69 per cent, Administration, Planning & Support Services in the Department of Finance at 59 per cent, and Administration, Planning & Support Services in the Department of Lands & Physical Planning at 56 per cent.

The higher performance of these programmes can be attributed to the timely payment of pending bills.

3.14.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County government uses 19 commercial bank accounts to operate the above-established public funds, 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 County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.14.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kilifi County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 27th January 2025.
ii. The underperformance of own-source revenue at Kshs.265.99 million against an annual target of Kshs.1.86 billion, representing 14 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.2.18 billion on development activities, achieving a 23 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the

approved exchequer in several departments.

v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kilifi Mariakani Water Sanitation Company and Malindi Water Sanitation Company were not submitted to the CoB as of 15 July 2025.

vi. High level of trade payables, which amounted to Kshs.14.14 billion as of 31st December 2025.

vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

viii. The County reported Kshs.23.94 million under "*other operating expenses,*" accounting for 2 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *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.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

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

v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.15. County Government of Kirinyaga

3.15.1 Overview of FY 2025/26 Budget

The Kirinyaga County Approved Budget for FY 2025/26 is Kshs.8 billion. It comprises Kshs.5.16 billion (65 per cent) and Kshs.2.84 billion (35 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represent an increase of Kshs.75.57 million (1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.93 billion and a recurrent budget of Kshs.2.99 billion. The increase in the budget was primarily attributed to an increase in Equitable Share, and County Government Additional allocations.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.15 billion (76.88 per cent), additional allocations of Kshs.1.05 billion (13.12 per cent), a cash balance of Kshs.34.61 million (0.42 per cent) brought forward from FY 2024/25, and Kshs.766 million (9.58 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.219.

3.15.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.08 billion. This amount represented a decrease of (11) per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.46 billion. The total revenue consisted of Kshs.2.55 billion from the equitable share of revenue raised nationally, additional allocations from the national government as well as own-source revenue (OSR) collection of Kshs.344.69 million. Additionally, the County had a cash balance from FY2024/25 of Kshs.34.61million from FY 2024. The total OSR collection of Kshs.344.69.0 million included Facilities Improvement Financing (FIF) of Kshs.242.07 million, and Kshs.92.62 million from other OSR sources. Table 3.219 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.219: Kirinyaga County, Revenue Performance in the First Half of FY 2025/26

NB13: H39o	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	34,608,606	34,608,606	-	34,608,606	-
2	County Executive Refunds to CRF	141	141	-	141	-
3	County Assembly Refunds to CRF	6	6	-	6	-
	Sub-Total	**34,608,753**	**34,608,753**	**-**	**34,608,753**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,151,661,892	2,552,939,686	522,891,260	3,075,830,946	3,075,830,946
	Sub-Total	**6,151,661,892**	**2,552,939,686**	**522,891,260**	**3,075,830,946**	**3,075,830,946**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Allocation of Roads Maintenance Fuel Levy Fund(RMLF) 2024/2025	127,631,589	-	-	-	127,631,589
2	Allocation Financed by Grant from DANIDA to finance Universal Healthcare in Devolved System	6,834,000	-	-	-	6,834,000
3	International Fund for Agricultural Development (IFAD) Aquaculture Business Development Project (ABDP)	11,283,380	-	-	-	11,283,380
4	International Fund for Agricultural Development (IFAD) Aquaculture Business Development Project (ABDP) 2024/2025	13,779,259	-	-	-	13,779,259
5	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant	37,500,000	-	-	-	37,500,000
6	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP II) Level 1 Grant 2024/2025	37,500,000	-	-	-	37,500,000
7	IDA-(World Bank Credit) (Kenya Urban Support Project (KUSP) UDG 2024/2025	2,690,700	-	-	-	2,690,700
8	Allocation from National Government as Condtional Grant for Aggregated Indutrial Parks Programme CAIPS 2024/2025	51,373,382	-	-	-	51,373,382
9	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	231,250,000	-	-	-	231,250,000
10	IDA- (World Bank) Credit National Agricultural Value Chain Development Project (NAVCDP) FY2024/25	108,389,410	-	-	-	108,389,410
11	Allocation from the National Government for Community Health Promoters (CHPs) Project	56,049,816	-	-	-	56,049,816

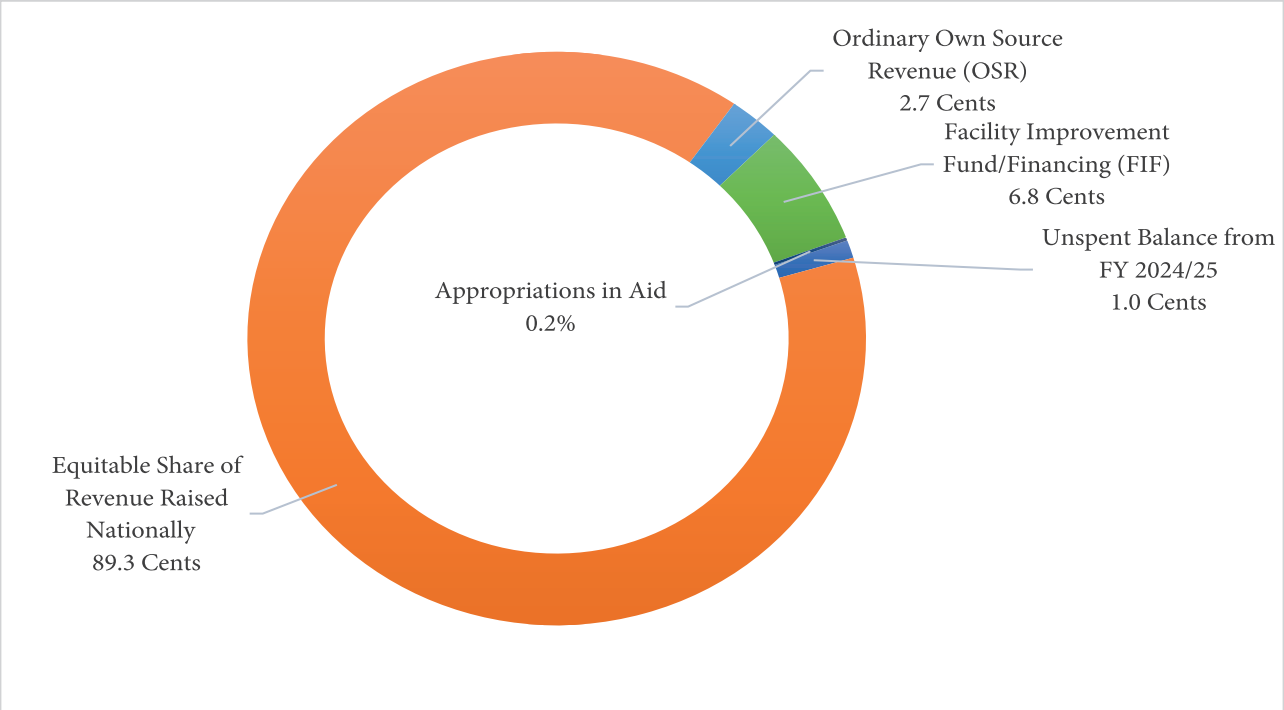
NB13: H39o	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
12	IDA(World Bank) Credit Allocation for Kenya Water, Sanitation and Hygiene (K-WASH) Program 2024/2025	366,729,808	-	-	-	366,729,808
	Sub-Total	**1,051,011,344**	-	-	-	**1,051,011,344**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single Business Permit	105,000,000	7,526,287	-	7,526,287	97,473,713
2	Market Gate Fee	31,000,000	13,675,967	-	13,675,967	17,324,033
3	Produce Cess	7,000,000	4,967,841	-	4,967,841	2,032,159
4	Weights & Measures	6,000,000	340,900	-	340,900	5,659,100
5	Stalls rent	5,500,000	1,283,541	-	1,283,541	4,216,459
6	Advertisement	31,000,000	3,821,700	-	3,821,700	27,178,300
7	cooperative audit	500,000	26,450	-	26,450	473,550
8	Bus Park	31,000,000	17,348,550	-	17,348,550	13,651,450
9	Street Parking	24,549,000	5,256,760	-	5,256,760	19,292,240
10	House rents	6,051,000	1,446,000	-	1,446,000	4,605,000
11	Land Administration	10,000,000	2,733,900	-	2,733,900	7,266,100
12	Property Rates	34,000,000	5,472,059	-	5,472,059	28,527,941
13	Building Plan Approvals	30,000,000	13,239,793	-	13,239,793	16,760,207
14	Fire Compliance	6,000,000	355,000	-	355,000	5,645,000
15	Conservancy Fee	14,500,000	1,441,470	-	1,441,470	13,058,530
16	Quarries cess	3,000,000	870,700	-	870,700	2,129,300
17	Group Registration	800,000	102,500	-	102,500	697,500
18	Veterinary Services	7,500,000	3,373,520	-	3,373,520	4,126,480
19	coffee licences	600,000	388,460	-	388,460	211,540
20	Commission by payroll	3,000,000	1,547,463	-	1,547,463	1,452,537
21	Public Health Services	42,000,000	7,401,400	-	7,401,400	34,598,600
22	Other Sources	-	-	-	-	-
	Sub-Total	**399,000,000**	**92,620,261**	**-**	**92,620,261**	**306,379,739**
F	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	305,000,000	235,735,404	-	235,735,404	69,264,596
	Sub-Total	**305,000,000**	**235,735,404**	**-**	**235,735,404**	**69,264,596**
G	**Appropriations in Aid**					
1	(A-i-A) Alcoholic Drinks licensing	52,000,000	3,271,660	-	3,271,660	48,728,340
2	(A-i-A) Kamweti Training Centre	8,000,000	3,066,675	-	3,066,675	4,933,325
	Sub-Total	**60,000,000**	**6,338,335**	**-**	**6,338,335**	**53,661,665**
H	**Other Revenues**					
	Grand Total	**8,001,281,989**	**2,922,242,439**	**522,891,260**	**3,445,133,699**	**4,556,148,290**

Source: *Kirinyaga County Treasury*

Some own-source revenue streams, such as Single Business Permits, land rates, and advertising, were below 25 per cent due to their seasonal nature. The County lacks legislation for ordinary Appropriation in aid and FIF but operates FIF in health centres using the National FIF Act.

Figure 85 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

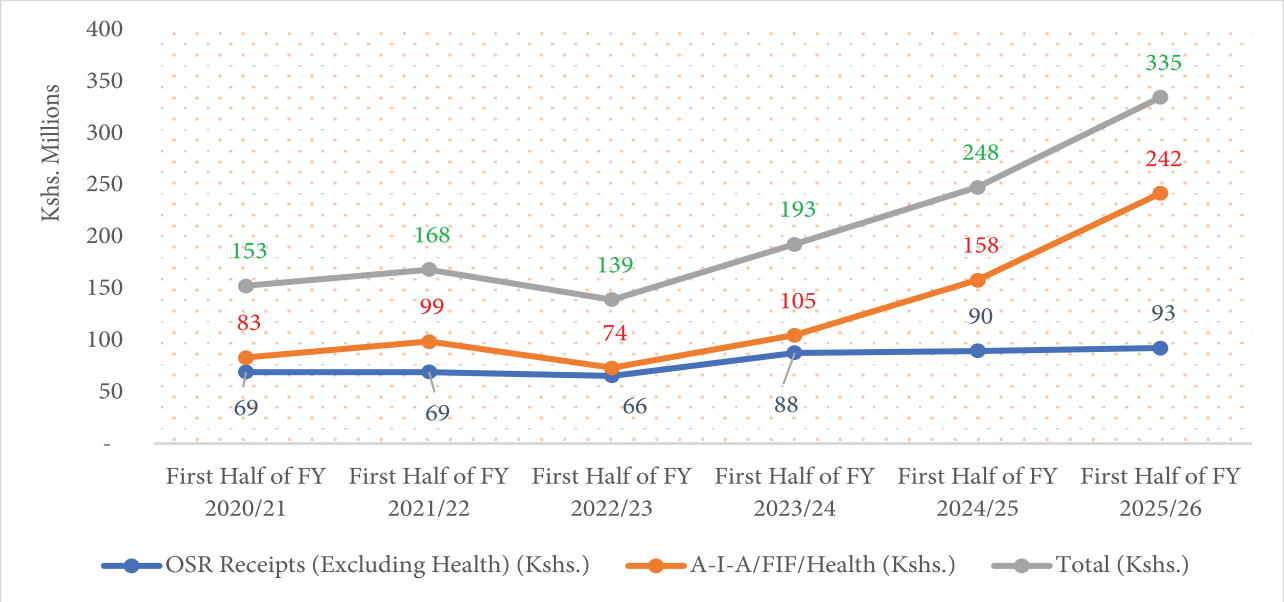
Figure 85: Kirinyaga County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kirinyaga County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 89.3 per cent, 2.7 per cent and 6.8 per cent, respectively, of the total receipts for the reporting period Figure 86 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

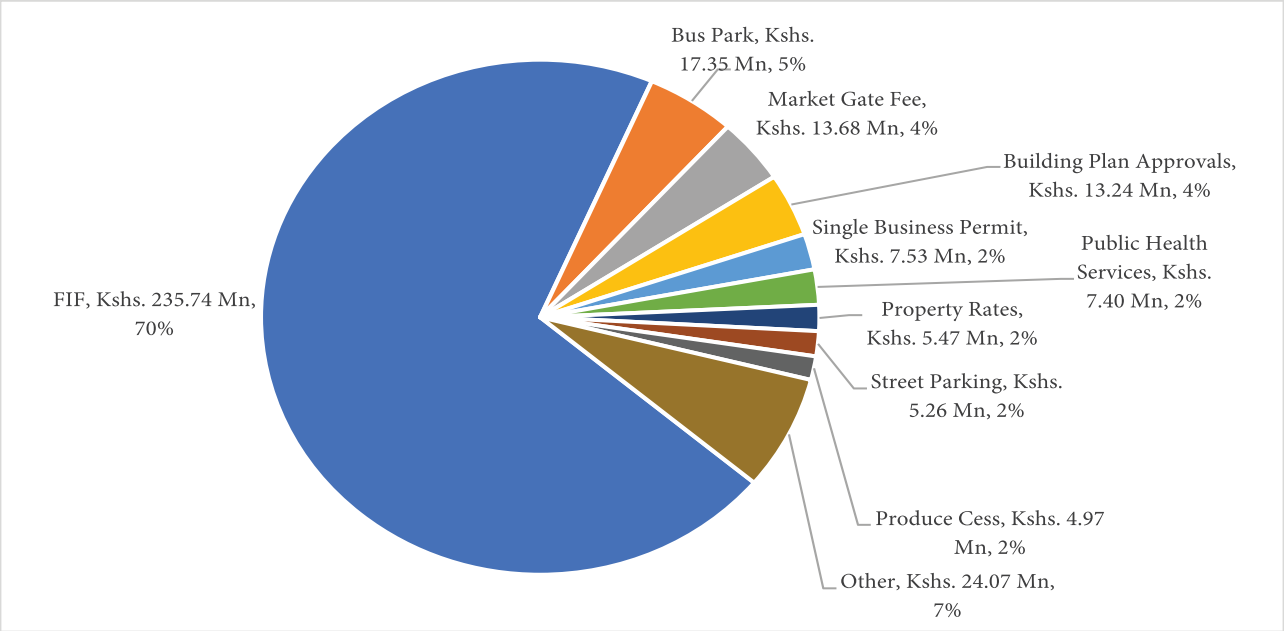
Figure 86: Kirinyaga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Kirinyaga County Treasury*

During the first half of FY 2025/26, the County received Kshs.334.69 million from OSR, including FIF. This amount was an increase of 35 per cent compared to Kshs.247.87 million realised in a similar period in FY 2024/25. The increase in OSR was attributed to the County's continued enhancement of health services across its facilities, which has led to more patients. The revenue streams that contributed the most to OSR receipts are shown in Figure 87

Figure 87: Kirinyaga County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kirinyaga County Treasury

As shown in Figure 87, the highest revenue stream, at Kshs.242 million, was from hospital fees/ FIF, accounting for 70 per cent of the total OSR receipts. The County Government indicated that it has automated all its 21 revenue streams.

3.15.3 Revenue Arrears

As of 1st July 2025, the County reported no revenue arrears.

3.15.4 Borrowing by the County

Kirinyaga County Executive and Assembly did not have any credit facility with any financial institution within the period.

3.15.5 Withdrawals from the County Revenue Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.7 billion from the Kirinyaga County Revenue Fund (CRF) account. This amount consisted of Kshs.518 million (18 per cent) designated for development programs and Kshs.2.81 billion (42 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs 1.42 billion was allocated for employee compensation, and Kshs.766.92 million for operations and maintenance expenditures. Within the operations and maintenance category, 6 per cent was for domestic travel. The domestic travel exchequers totalled Kshs.160.45 million, which included Kshs.55.21 million for the County Executive and Kshs.105.24 million for the County Assembly. Meanwhile, the County incurred no expenditures on foreign travel during the period.

As of December 31, 2025, the County Government's cash balance in the Kirinyaga CRF account was Kshs.157.76 million. In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.394.65 million for the County Assembly during the review period. This amount constituted Kshs.379.98 million for recurrent activities and Kshs.14.66 million for development activities.

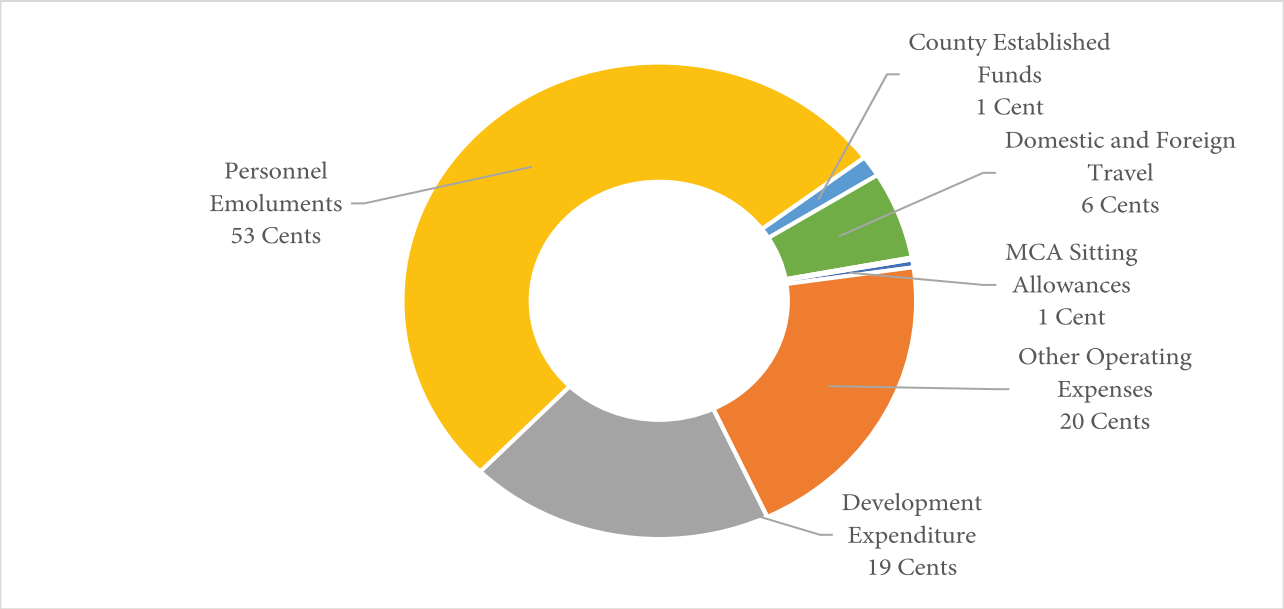
The County Assembly of Kirinyaga has not yet operationalised the County Assembly Fund.

3.15.6 Expenditure Review

The County spent Kshs.2,702 million on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.518 million for development programmes and Kshs.2.18 billion for recurrent programmes. Expenditure on development programmes represented 18 per cent of the annual development expenditure budget, while recurrent expenditure represented 42 per cent of the annual recurrent expenditure budget.

Figure 88 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 88: Kirinyaga County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kirinyaga *County Treasury*

As shown in Figure 88, the three highest expenditure categories were personal emoluments, Development expenditure, and other operating expenses, which accounted for 53, 19, and 20 per cent of total expenditure, respectively, for the reporting period.

3.15.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.794.80 million. This amount was all from the County Executive. The trade payables from the County Executive comprised of Kshs.417.62 million for recurrent expenditure and Kshs.377.18 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.47.95 million, comprising Kshs.46.75 million (6 per cent) for recurrent programmes and Kshs.1.2 million (less than 1 per cent) for development programmes. The outstanding trade payables as of 31st December 2025 were Kshs.765.08 million for the County Executive and Kshs.0 million for the County Assembly. Table 3.220 provides additional details of trade payables.

Table 3.220: Kirinyaga County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	377,177,533	417,623,727	794,801,261
Amount paid in FY 2025/26	County Executive	1,200,110	46,747,801	47,947,911
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	375,977,423	389,107,475	765,084,898

***Source**: Kirinyaga County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.100 million, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.47.95 million.

Table 3.221 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.765.08 million.

Table 3.221: Kirinyaga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	181,325,142	9,594,735	185,057,546	-	375977423.2
Recurrent Trade Payables (Goods & Services)	174,153,937	21,571,698	187,984,939	-	383,710,575
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	2,441,824	2,955,076	-	-	5,396,900
Recurrent Trade Payables	176,595,761	24,526,774	187,984,939	-	389,107,475
Executive Trade Payables	357,920,903	34,121,509	373,042,485	-	765,084,898
% of Executive Trade Payables	46.78185447	4	48.75831251	-	100
Total Trade Payables	357,920,903	34,121,509	373,042,485	-	765,084,898
% of Total Trade Payables	47	4	49	-	100

3.15.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.25 billion on compensation of employees, Kshs.559.06 million on operations and maintenance, and Kshs.503.51 million on development activities. Similarly, the County Assembly spent Kshs.172.12 million on compensation of employees, Kshs.207.86 million on operations and maintenance, as shown in Table 3.222.

Table 3.222: Kirinyaga County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,446,764,901**	**1,804,591,899**	**1,804,591,899**	-	**1,804,591,899**	**1**	**41**
Compensation to Employees	2,700,961,274	1,245,528,054	1,245,528,054	-	1,245,528,054	**1**	46
Operations & Maintenance	1,745,803,627	559,063,845	559,063,845	-	559,063,845	**1**	32
Development	**2,643,590,692**	**503,509,860**	**503,509,860**	-	503,509,860	**1**	**19**
Executive Sub-total	**7,090,355,593**	**2,308,101,759**	**2,308,101,759**	-	**2,308,101,759**	**1**	**33**
County Assembly							
Recurrent	**717,134,062**	**379,982,991**	**379,982,991**	-	**379,982,991**	**1**	**53**
Compensation to Employees	333,624,824	172,124,611	172,124,611	-	172,124,611	**1**	52
Operations & Maintenance	383,509,238	207,858,380	207,858,380	-	207,858,380	**1**	54
Development	**193,792,334**	**14,662,581**	**14,662,581**	-	14,662,581	**1**	**8**
Assembly Sub-total	**910,926,396**	**394,645,572**	**394,645,572**	-	**394,645,572**	**1**	**43**
Combined County Totals							
Total Recurrent	**5,163,898,963**	**2,184,574,890**	**2,184,574,890**	-	**2,184,574,890**	**1**	**42**
Compensation to Employees	3,034,586,098	1,417,652,665	1,417,652,665	-	1,417,652,665	**1**	47
Operations & Maintenance	2,129,312,865	766,922,225	766,922,225	-	766,922,225	**1**	36
Total Development	**2,837,383,026**	**518,172,441**	**518,172,441**	-	**518,172,441**	**1**	**18**
Grand Total	**8,001,281,989**	**2,702,747,331**	**2,702,747,331**	-	**2,702,747,331**	-	**34**

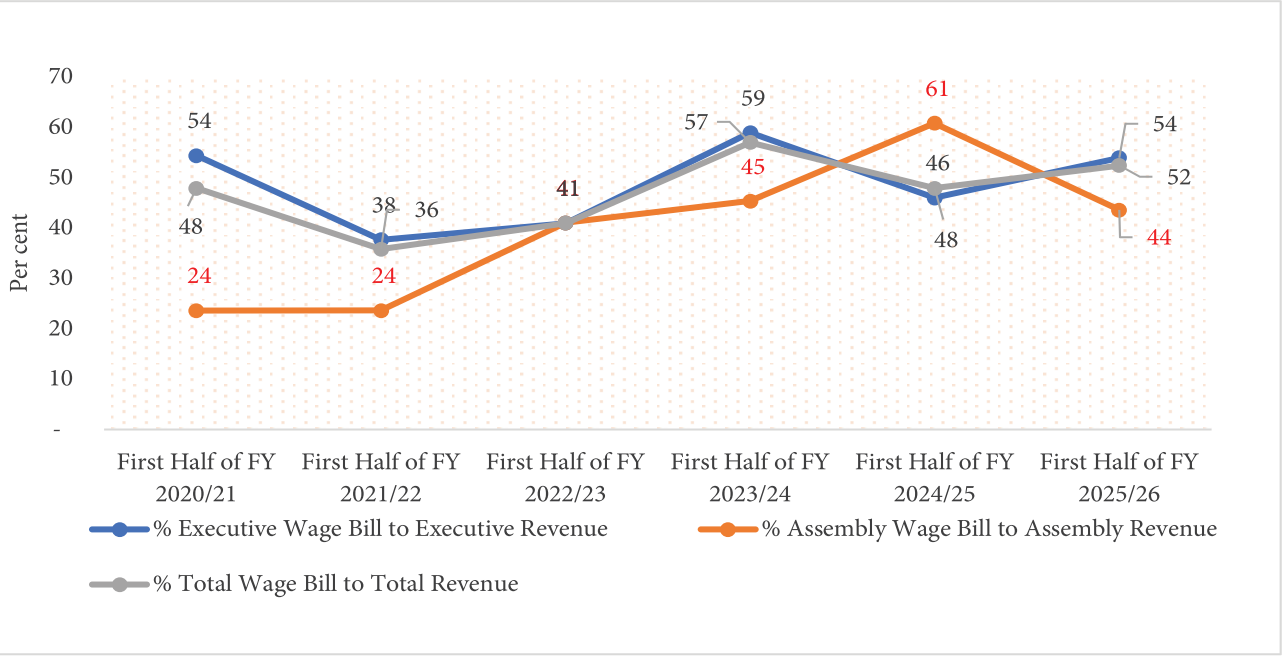
***Source**: Kirinyaga County Treasury*

3.15.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1,417.65 million. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1,241.44 million reported in a similar period in FY 2024/25. Of this total, Kshs.705.28 million related to Health Sector employees, accounting for 50 per cent of the overall employees' compensation

Figure 89 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the first half of FY 2025/26.

Figure 89: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kirinyaga County Treasury

Further analysis indicated that PE costs totalling Kshs.1.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.110.81 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost. The justification for the continued use of manual payroll was that casuals yet to be issued with personal numbers. The CPSB has, however, begun onboarding casual staff into HRIS.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.223.

Table 3.223: Breakdown of Kirinyaga County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for casual staff	54,751,811
2	Community Health Workers	11,932,160
3	LAPTRUST/LAPFUND Pension Contributions	43,890,578
4	Salary Arrears for retired employees	186,165
5	Arrears due to the deceased	45,342
	Total	**110,806,055**

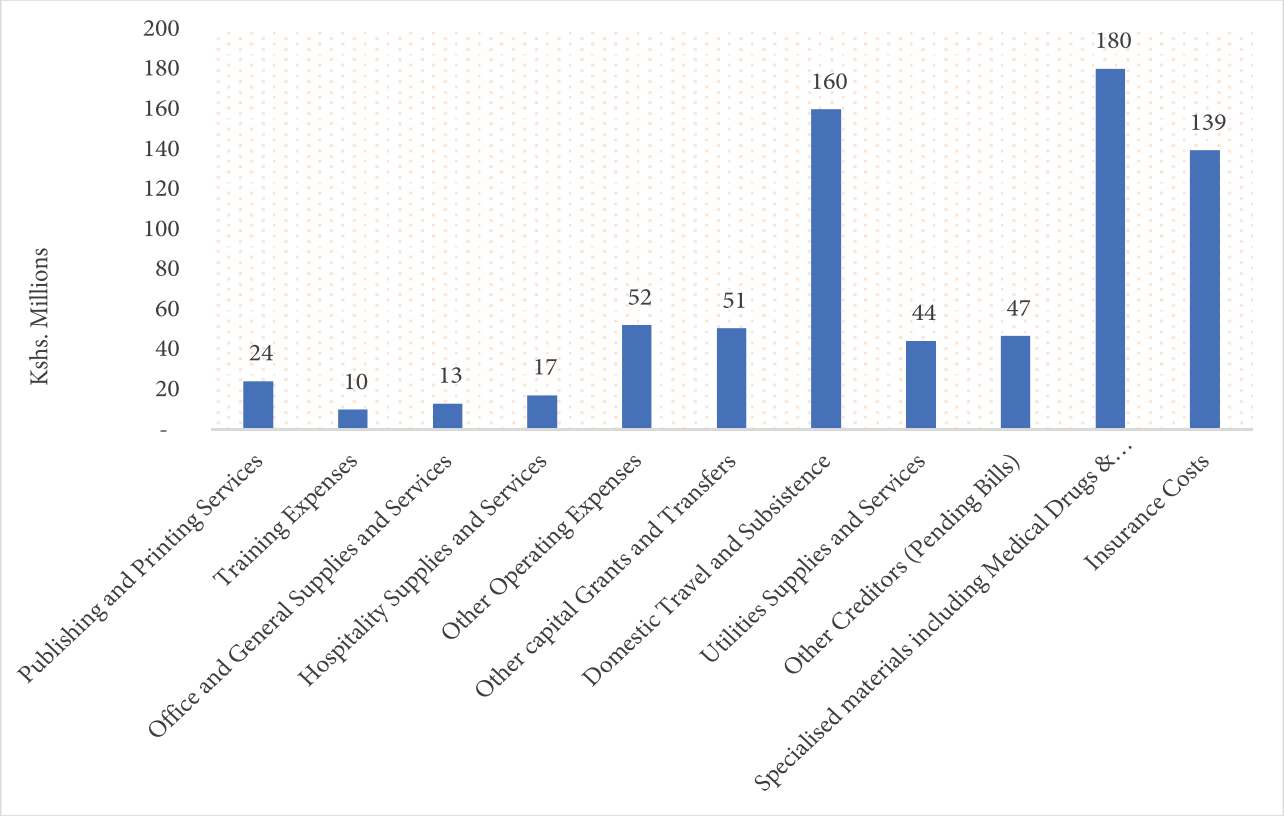
Source: Kirinyaga County Treasury

The County Assembly spent Kshs.14.3 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.144 million. The average monthly sitting allowance was Kshs.70,165 per MCA. The County Assembly has 23 House Committees.

3.15.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.766.92 million on operations and maintenance, representing an increase of 30 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.590.13 million. Figure 90 summarises the Operations and Maintenance expenditure by major categories.

Figure 90: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: *Kirinyaga County Treasury*

3.15.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.52.33 million in "*other operating expenses*" payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.224.

Table 3.224: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies (CoG & CEREB)	7,466,400	507,000
2211308	Legal Fees	44,500,000	30,385,121
2211311	Contracted technical Services	300,000	-
2211313	Security Operations	20,370,000	7,974,800
2211399	Other Operating Expenses - Other	20,689,462	13,464,196
Total		**93,325,862**	**52,331,118**

Source: Kirinyaga *County Treasury*

3.15.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.557.85 million to County-Established funds in FY 2025/26. Further, the County allocated Kshs.26 million to the Emergency Fund in line with Section 110 of the PFM Act, 2012. Table 3.225 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.225: Performance of Kirinyaga County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kirinyaga County Emergency Fund	2015	26,000,000	-	-	51,561,710	YES
2	Kirinyaga County Executive Staff Mortgage & Car Loan Scheme Fund	2016	31,300,000	-	-	288,800,000	YES
3	Kirinyaga County Education Bursary Fund	2016	126,000,000	-	1,113,616	462,750,000	YES
4	Kirinyaga County Agricultural Institutions Revolving Fund	2024	5,000,000	5,000,000	1,490,578	5,000,000	YES
5	Kirinyaga County Alcoholic Drinks Control Fund	2025	14,549,000	3,500,000	2,188,300	21,029,000	YES
6	Kirinyaga County Health Facilities Improvement Fund	2024	305,000,000	91,757,824	34,907,730.50	309,757,824	YES
		County Assembly Established Funds					
1	County Assembly Staff Car Loans and Mortgage Fund	2014	50,000,000	15,000,000	15,000,000	-	YES
	Total						

Source: *Kirinyaga County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the County Assembly Car and Mortgage Fund Administrators, as indicated in Table 3.226, contrary to the requirement of Section 168 of the PFM Act, 2012. All the funds of the County disclosed that the administration costs of the 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.15.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.159.94 million and comprised Kshs.35.78 million spent by the County Assembly and Kshs.124.16 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.51 million and which was entirely incurred by the executive. Expenditure on foreign travel is summarised in Table 3.226.

Table 3.226: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel in (Kshs.)
County Executive	1	21.06.2025 to 01.07.2025	Being paid for facilitation to accompany H.E Governor to Medanta Medicity, India	India	513,252
Total					**513,252**

Source: Kirinyaga County Treasury and Kirinyaga County Assembly

3.15.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.235.73 million as FIF, which was 77.3 per cent of the annual target of Kshs.305 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financ-

ing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023. They are still operating FIF as a Fund. CoB has written to the county to have FIF operationalised.

The expenditure by the health facilities amounted to Kshs.88.05 million, as shown in Table 3.227.

Table 3.227: Kirinyaga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kerugoya Referral Hospital	1	87,562,491	61,628,188	70
2.	Kimbimbi Hospital	1	23,881,190	16,872,817	70
3.	Kianyaga Hospital	1	10,435,040	5,381,948	51
4.	Sagana Hospital	1	8,082,120	4,171,367	51
	Total		**129,960,841**	**88,054,320**	**68**

Source: *Kirinyaga County Treasury*

3.15.15 Development Expenditure

In the review period, the County reported spending Kshs.518.17 million on development programmes, representing a decrease of 17 per cent compared to FY 2024/25, when the County spent Kshs.607.10 million. Table 3.228 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in exchequer releases.

Table 3.228: Kirinyaga County, List of Development Projects with the Highest Expenditure

Project Name	Department	(Location of the Project)	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)	Implementation Status
Refurbishment of County HQs buildings	**Executive**	COUNTY HQs	7,500,000	6,385,890	6,385,890	85	-
Upgrading of Kimbimbi Hospital	**Health**	COUNTY HQs	240,000,000	110,807,654	110,807,654	46	Ongoing
Upgrading of Kianyaga Hospital		COUNTY HQs	180,000,000	26,145,776	26,145,776	15	Ongoing
County Co-financing for DANIDA		COUNTY HQs	7,236,000	7,236,000	7,236,000	100	In the SPA account
Final accounts for Kerugoya Medical Complex		COUNTY HQs	57,000,000	32,279,893	32,279,893	57	Balanced to be paid
Construction of Kiamugumo Dispensary in Ngariama Ward		NGARIAMA WARD	4,000,000	3,998,400	3,998,400	100	Procured
Grants to County Vocational Training Institutions-3966000401-050203	**Education**	COUNTY HQs	20,000,000	20,000,000	20,000,000	100	Requisitions done. BQs prepared. Site handover to be done by 31/01/2026.
Construction of 1 no. Ecde classroom block at Kang'aru Ecde Centre - Mutithi Ward		MUTITHI WARD	1,498,750	1,498,750	1,498,750	100	100% complete
Construction of 1 no. Ecde classroom block and 5,000l water tank and base at Gathuthuma Centre - Mutira Ward		MUTIRA WARD	1,848,965	1,848,965	1,848,965	100	100% complete
Proposed construction of 1 ECD classroom block and landscaping at Mbui Njeru ECD Centre -Thiba Ward		THIBA WARD	1,898,800	1,898,800	1,898,800	100	100% complete

3.15.16 Budget Performance by Department

Table 3.229 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.229: Kirinyaga County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	717	194	380	15	380	15	100	100	53	7.6
County Executive	444	8	203	6	203	6	100	100	45.8	85.1
Finance and Economic Planning	714	208	338	3	338	3	100	100	47.3	1.5
Medical Services and Public Health	2,338	560	884	181	884	181	100	100	37.8	32.4
Education	321	36	95	25	95	25	100	100	29.8	70.4
Agriculture, Livestock and Fisheries	211	422	101	36	101	36	100	100	47.7	8.4
Gender and Youth	42	106	18	39	18	39	100	100	42.1	37.4
Sports Culture and Social Services	35	19	9	-	9	-	100	-	24.3	-
Cooperative Development, Trade, and Tourism	44	112	9	-	9	-	100	-	21.6	-
Environment and Natural Resources	141	484	67	52	67	52	100	100	47.2	10.8
Lands, Housing and Urban Development	34	70	5	50	5	50	100	100	15.6	71.5
Transport and Infrastructure	122	620	75	110	75	110	100	100	61.4	17.7
Total	**5,164**	**2,837**	**2,185**	**518**	**2,185**	**518**	**100**	**100**	**42.3**	**18.3**

Source: *Kirinyaga County Treasury*

Analysis of departmental expenditure shows that the Department of County Executive recorded the highest absorption rate of the development budget at 85.1 per cent, followed by the Department of Lands, Housing and Urban Development at 71.5 per cent. The Department of Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 61.5 per cent, while the Department of Lands, Housing and Urban Planning had the lowest at 15.6 per cent.

3.15.17 Budget Execution by Programmes and Sub-Programmes

Table 3.230 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.230: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation and Oversight	Legislation and Oversight	717,134,062	193,792,334	379,982,991	14,662,581	**53**	**8**
Sub Total		**717,134,062**	**193,792,334**	**379,982,991**	**14,662,581**	**53**	**8**
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	335,594,668	-	159,610,207	-	**48**	-
County Executive Administration	070701County Executive Services	-	7,500,000	-	6,385,890	_	**85**
Management of County Affairs	070801 Coordination of County Functions	47,220,000	-	18,656,407	-	**40**	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000	-	1,483,900	-	**24**	_
County Public Service Board	071001 Human Resource Management	29,906,040	-	10,696,266	-	**36**	_
Administrative Support Services	020202 ICT Governance	3,480,000	-	879,300	-	**25**	_
	020701 Government Buildings Services	2,567,000	-	1,186,722	-	**46**	_
	070411 Audit Committee	2,419,000	-	501,200	-	**21**	_
	070412 County Enforcement Activities	3,685,000	-	1,228,600	-	**33**	_
	070413 ICT Infrastructure Development Management	10,958,800	-	8,808,248	-	**80**	_
	070414 ICT Systems Development Management	1,522,000	-	185,000	-	**12**	_
Sub Total		**443,552,508**	**7,500,000**	**203,235,850**	**6,385,890**	**46**	**85**
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	642,041,281	208,000,000	310,341,484	3,198,930	**48**	**2**
	070402 Revenue Services	19,300,000	-	9,571,365	-	**50**	_
	070404 Procurement and Supply Services	9,770,000	-	7,255,880	-	**74**	_
	070405 Internal Audit Services	1,718,200	-	650,800	-	**38**	_
	070408 Budget Formulation, Coordination and Management	9,054,920	-	3,347,514	-	**37**	_
	070409 Accounting Services	7,508,000		3,480,800	-	**46**	_
County Planning and Economic Policy Management	070501 Economic Planning Services	24,950,756	-	3,525,600	-	**14**	_
Sub Total		**714,343,157**	**208,000,000**	**338,173,443**	**3,198,930**	**47**	**2**
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,338,377,075	560,376,472	884,238,869	181,296,514	**38**	**32**
Sub Total		**2,338,377,075**	**560,376,472**	**884,238,869**	**181,296,514**	**38**	**32**
Education							
Basic Education	050101 General Administration	312,659,905	-	89,738,613	-	**29**	_
	050102 Free Pre- Primary Education	6,230,000	-	5,571,883	-	**89**	_
State Education Function Support	050203 Tertiary Education	-	20,000,000	-	20,000,000	_	**100**
	050501 Pre-Primary and Child Care Services	-	15,843,165	-	5,246,560	_	**33**
Technical and Vocational Training	050301 Village Polytechnique	1,713,500	-	136,100	-	**8**	_
Sub Total		**320,603,405**	**35,843,165**	**95,446,595**	**25,246,560**	**30**	**70**
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	277,500	-	44,357	-	**16**	_
	010105 Livestock Production Management	-	-	-	-	_	_
	010106 Livestock Disease Management & Control	1,140,000	-	175,654	-	**15**	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Crop Development and Management	010202 Agricultural Extension Services	600,000	-	283,000	-	**47**	_
	010203 Agribusiness and Market Development	90,000	-	39,399	-	**44**	_
	010206 Land and Crop Development	35,000		-	-	**-**	_
	010207 Food Security Initiatives	350,000	-	165,231	-	**47**	_
Kamweti Agricultural Training Centre	Extension and Training	5,000,000	-	5,000,000	-	**100**	_
Fisheries Development	010402 Aquaculture Development	200,000	-	-	-	**0**	_
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	229,251	-	**42**	_
	011001 General Administration and Planning	202,580,656	421,602,049	94,678,347	35,500,000	**47**	**8**
Sub Total		**210,816,156**	**421,602,049**	**100,615,239**	**35,500,000**	**48**	**8**
Gender and Youth							
Culture	090702 Social Welfare Services	7,987,000	-	1,034,670	-	**13**	_
	091201 Gender Administration Services	30,496,210	-	14,908,366	-	**49**	_
	091301 Gender and Social Development	3,340,000	105,619,700	1,730,000	39,496,880	**52**	**37**
Youth	090901 Youth Development and Empowerment Services	495,000	-	145,000	-	**29**	_
Sub Total		**42,318,210**	**105,619,700**	**17,818,036**	**39,496,880**	**42**	**37**
Sports Culture and Social Services							
Sports	090701 General Administration	12,271,217	-	4,484,404	-	**37**	_
	090801 Development of Sports and Sports Facilities	-	19,019,485	-	-	_	**-**
	091401 Management & Development of Sports and Sports Facilities	3,755,000	-	155,000	-	**4**	_
	091601Control & Campaign Against Drug & Substance Abuse	14,549,000	-	3,500,000	-	**24**	_
	091701 Preservation & Promotion of Heritage and Culture	173,800	-	43,000	-	**25**	_
Children Services	091101 Child Community Support Services	4,659,000	-	437,000	-	**9**	_
Sub Total		**35,408,017**	**19,019,485**	**8,619,404**	**-**	**24**	**-**
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	1,831,700	-	483,350	-	**26**	_
	030103 Capacity Buiding for Traders and SME's	977,000	-	82,000	-	**8**	_
	030104 promotion, Development & Growth of Trade	219,000	-	67,500	-	**31**	_
	030105 Fair Trade Practises and Consumer Protection	130,000	-	49,500	-	**38**	_

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Tourism Development and Marketing	030302 Tourism promotion and Marketing	120,500	-	37,500	-	**31**	_
	030304 International Tourism Promotion and Marketing	205,000	-	50,000	-	**24**	_
	030305 Promotion of Industrial Development	2,718,500	-	2,527,700	-	**93**	_
	030306 Provision of Industrial Training	115,000	-	35,000	-	**30**	_
Coopertative Development and Marketing	030101 General Administration & Planning	36,867,741	111,573,382	5,879,102	-	**16**	-
	030405 Cooperative Advisory and Extension Services	195,000	-	63,900	-	**33**	_
	030406 Cooperative Education and Training	271,000	-	129,500	-	**48**	_
	030407 Cooperative Governance and Accountability	109,000	-	50,000	-	**46**	_
Cooperative Audit Services	030603 Inspectionsand Investigations for Cooperatives	35,000	-	-	-	**0**	_
Sub Total		**43,794,441**	**111,573,382**	**9,455,052**	**-**	**22**	**-**
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	1,850,000	484,238,188	475,000	52,386,380	**26**	**11**
Energy Programme	090301 Energy Services	255,000	-	64,800	-	**25**	_
Cleaning and Waste Management	090502 Environment Management and Protection	100,800	-	10,000	-	**10**	_
	090501 Enviromental Controls Enforcement Services	100,000	-	39,800	-	**40**	_
	1003013960 Natural Forests Conservation	185,000	-	139,400	-	**75**	_
Environment Management and Protection	100401 Environment Management and Protection	16,240,000	-	13,667,859	-	**84**	_
Nema	090401 Waste Managemnt Services	64,702,600	-	27,702,720	-	**43**	_
	1001013960 General Administration Services	57,835,839	-	24,581,849	-	**43**	_
Sub Total		**141,269,239**	**484,238,188**	**66,681,428**	**52,386,380**	**47**	**11**
Lands, Housing and Urban Development							
Land and Physical Planning	010601 General Administration and Planning	30,673,028	-	5,242,933	-	**17**	_
	010604 County Spatial Planning	3,065,000	-	22,600	-	**1**	_
	010605 Town Zonning and Mapping	-	69,890,700	-	50,000,000	_	**72**
	010607 Survey and Mapping	405,000	-	50,000	-	**12**	_
Housing Development	010701 Improvement and Development of Human Settlements	-	-	-	-	_	_
Sub Total		**34,143,028**	**69,890,700**	**5,315,533**	**50,000,000**	**16**	**72**
Transport and Infrastructure							
Transport Managment	020301 General Administration and Planning	106,847,582	-	63,385,661	-	**59**	_
Disaster Management	020401 Fire Fighting and Emergency Services	2,122,083	-	929,528	-	**44**	_
Roads Development Maintenance and Management	020601 Construction and Maintenace of Roads and Bridges	1,200,000	619,927,551	100,000	109,998,706	**8**	**18**

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	11,650,000	-	10,469,060	-	**90**	_
Housing Development	010701 Improvement and Development of Human Settlements	320,000	-	108,200	-	**34**	_
Sub Total		**122,139,665**	**619,927,551**	**74,992,449**	**109,998,706**	**61**	**18**
Grand Total		**5,163,898,963**	**2,837,383,026**	**2,184,574,890**	**18,172,441**	**42**	**18**

Source: *Kirinyaga County Treasury*

The development sub-programmes with the highest budget implementation rates included state education function in the Department of education at 100 per cent, county executive services in the Department of county executive at 85 per cent, and town zoning and mapping at 72 per cent. Their higher performances are attributed to Their higher performances are attributed to the fact they did not have any procurement hurdles and as such their implementation was not affected by procurement challenges experienced in the beginning of the current fiscal year.

Table 3.230 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

3.15.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, 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.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 305 accounts in commercial banks, including 261 accounts for Health Facilities these include 140 accounts for FIF Fund, 64 accounts for Danida grant and 57 accounts for linda mama, 21 accounts for Vocational Training Centres, 6 accounts for Established Funds, 11 revenue accounts, 6 special-purpose accounts (additional allocations).

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening all commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.15.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports for Kirinyaga County Bursary Fund to the Controller of Budget affected the timely preparation of the budget
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 December 2025, the lifespan of all County Funds had not lapsed, making them eligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kirinyaga County Bursary Fund, Kirinyaga County Car loan & Mortgage Scheme Fund and Kirinyaga County Alcoholic Fund were not submitted to the CoB as of 15 October 2025.
iv. High level of trade payables, which amounted to Kshs.765.08 million as of 30 December 2025.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.110 million for 605 Casual staff not onboarded into HRIS were processed through manual payroll, accounting for 8 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. The County reported Kshs.52.33 million under "*other operating expenses,*" accounting for 3 per cent of total operation and

maintenance costs. The review revealed that this category was not misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the 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.*
ii. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.16. County Government of Kisii

3.16.1 Overview of FY 2025/26 Budget

The Kisii County Approved Supplementary Budget for FY 2025/26 is Kshs.20.05 billion. It comprises Kshs.8.81 billion (44 per cent) and Kshs.11.23 billion (56 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.5.51 billion (38 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.51 billion and a recurrent budget of Kshs.9.02 billion. The increase in the budget was primarily attributed to rising local revenue target.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.9.82 billion (49 per cent), additional allocations of Kshs.1.60 billion (8 per cent), a cash balance of Kshs.5.41 billion (27 per cent) brought forward from FY 2024/25, and Kshs.3.22 billion (16 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.231.

3.16.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.7.80 billion. This amount represented an increase of 5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.42 billion. The total revenue consisted of Kshs.4.08 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.678.51 million. Additionally, the County had a cash balance of Kshs.3.05 billion from FY 2024/25. The total OSR collection of Kshs.678.51 million included Facilities Improvement Financing (FIF) of Kshs.521.51 million, local revenue of Kshs.155.26 million and Kshs.1.75 million from other OSR sources. Table 3.232 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.231: Kisii County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	_	3,020,292,323	_	3,020,292,323	3,020,292,323
2	County Executive Refunds to CRF	_	28,235,082	_	28,235,082	28,235,082
3	County Assembly Refunds to CRF	_	921,455	_	921,455	921,455
	Sub-Total	**5,411,180,616**	**3,049,448,860**	**_**	**3,049,448,860**	**2,361,731,756**
B	**Equitable Share of Revenue Raised Nationally**					

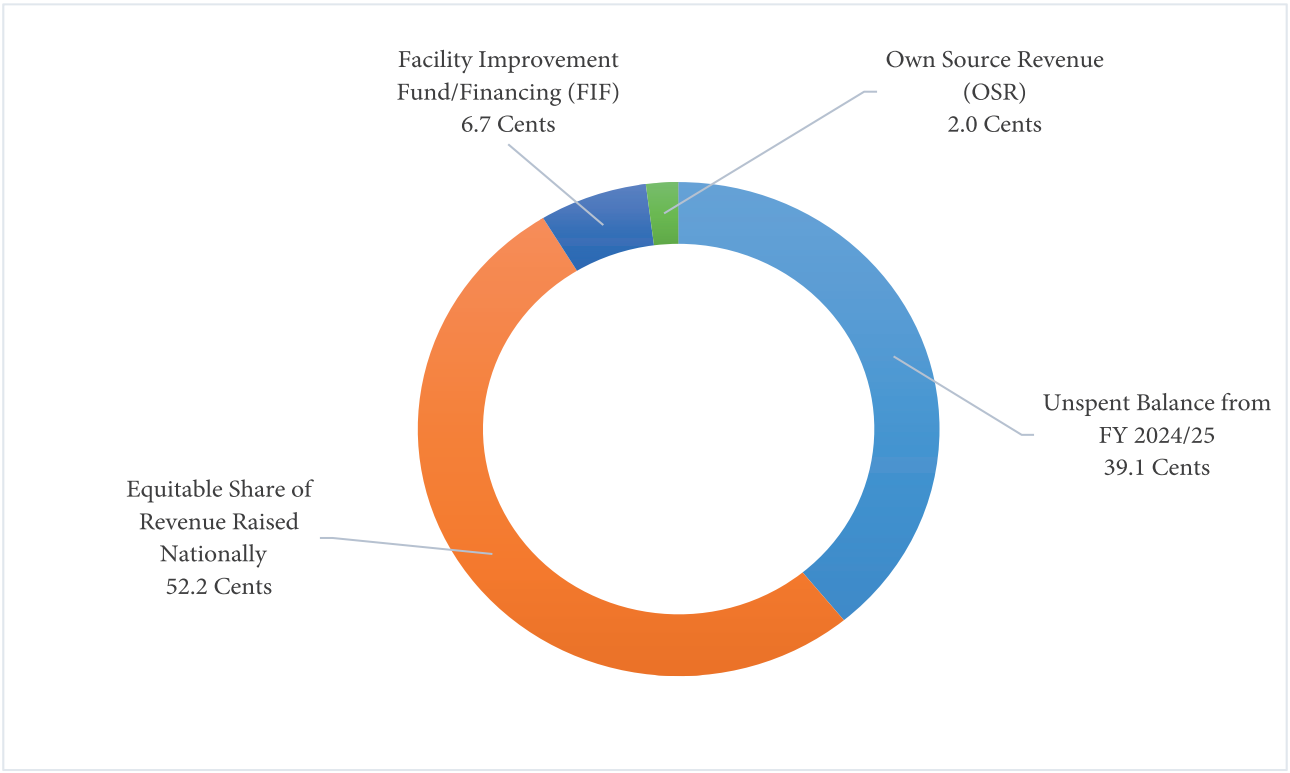
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	...	**9,819,721,768**	**4,075,184,535**	_	4,075,184,535	5,744,537,233
	Sub-Total	**9,819,721,768**	**4,075,184,535**	_	4,075,184,535	5,744,537,233
D	**Additional Allocations (Including Grants)**					
1	Aquaculture Business Development -Programme	15,547,000	-	-	-	15,547,000
2	Industrial Park	250,000,000	-	-	-	250,000,000
3	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	231,250,000	-	-	-	231,250,000
4	DANIDA	8,856,000	-	-	-	8,856,000
5	Allocation for Mineral Royalties	682,562	-	-	-	682,562
6	KDSP I	37,500,000	-	-	-	37,500,000
7	KDSP II	352,000,000	-	-	-	352,000,000
8	Community Health Promoters (CHPs)	88,200,000	-	-	-	88,200,000
9	Outstanding basic salaries for Health workers	72,428,277	-	-	-	72,428,277
10	Road Maintenance Levy Fund (RMLF)	403,033,155	-	-	-	403,033,155
11	Kenya Urban Support Programme (KUSP) Urban Institution Grant	35,000,000	-	-	-	35,000,000
12	Urban Development Grant (UDG)	90,993,018	-	-	-	90,993,018
13	Primary Health care in Devolved context (PHDC)	12,546,000	-	-	-	12,546,000
14	Allocation for 0.5% of the Housing Levy Fund to the County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	1,987,622
	Sub-Total	**1,600,023,634**	-	-	-	1,600,023,634
E	**Ordinary Own Source Revenue (OSR)**					
1	1-2101 Property rates	230,000,000	10,121,003	-	10,121,003	219,878,997
2	1-2201 Business Permits Current Year	300,000,000	7,819,792	-	7,819,792	292,180,208
3	1-2311 Fruits & Vegetables / Agricultural Produce Cess	55,000,000	5,707,145	-	5,707,145	49,292,855
4	1-3105 Miscellaneous income	10,000,000	-	-	-	10,000,000
5	1-3501 County Premises Monthly Rent	65,000,000	4,608,870	-	4,608,870	60,391,130
6	1-5101 Market Entrance / Gate Fee	100,000,000	18,761,830	-	18,761,830	81,238,170
7	1-5102 Market Plots Rent	45,000,000	-	-	-	45,000,000
8	1-5201 Enclosed Bus Park Fee (Matatu monthly stickers)	86,000,000	38,036,520	-	38,036,520	47,963,480
9	Motorcycle parking stickers	60,000,000	7,324,200	-	7,324,200	52,675,800
10	1-5221 Street Parking Fee	86,000,000	17,757,733	-	17,757,733	68,242,267
11	1-6301 Social Hall Hire	10,000,000	15,200	-	15,200	9,984,800
12	1-6311 Stadium Hire	40,000,000	203,201	-	203,201	39,796,799
13	1-8401 Slaughter House Fee	5,000,000	908,000	-	908,000	4,092,000
14	1-9112 Buildings Plan Approval Fee	110,000,000	25,109,429	-	25,109,429	84,890,571
15	1-9132 Sign Boards & Advertisement Fee	95,000,000	6,208,530	-	6,208,530	88,791,470
16	1-9201 Fire-Compliance Fee	20,000,000	1,914,400	-	1,914,400	18,085,600
17	Administrative fees and charges	19,000,000	6,179,856	-	6,179,856	12,820,144
18	Disposal of Assets	12,000,000	-	-	-	12,000,000
19	Environmental fees and charges	50,000,000	3,805,501	-	3,805,501	46,194,499
20	Weights and measures	16,000,000	573,340	-	573,340	15,426,660
21	Sale of fingerlings	11,000,000	201,450	-	201,450	10,798,550

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
22	Revenue from Kisii Agricultural Training Centre	42,000,000	-	-	-	42,000,000
	Sub-Total	**1,467,000,000**	**155,256,000**	**-**	**155,256,000**	**1,311,744,000**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Revenue from KTRH	1,300,000,000	418,607,510	-	418,607,510	881,392,490
2	Sub-county hospitals	400,000,000	102,904,310	-	102,904,310	297,095,690
	Sub-Total	**1,700,000,000**	**521,511,820**	**-**	**521,511,820**	**1,178,488,180**
H	**Other Revenues**					
1	Liquor licensing Fund	50,000,000	1,746,003	-	1,746,003	48,253,997
	Sub-Total	**50,000,000**	1,746,003	**-**	1,746,003	**48,253,997**
Total		20,047,926,018	**7,803,147,218**	**-**	**7,803,147,218**	12,244,778,800

Source: *Kisii County Treasury*

Figure 91 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

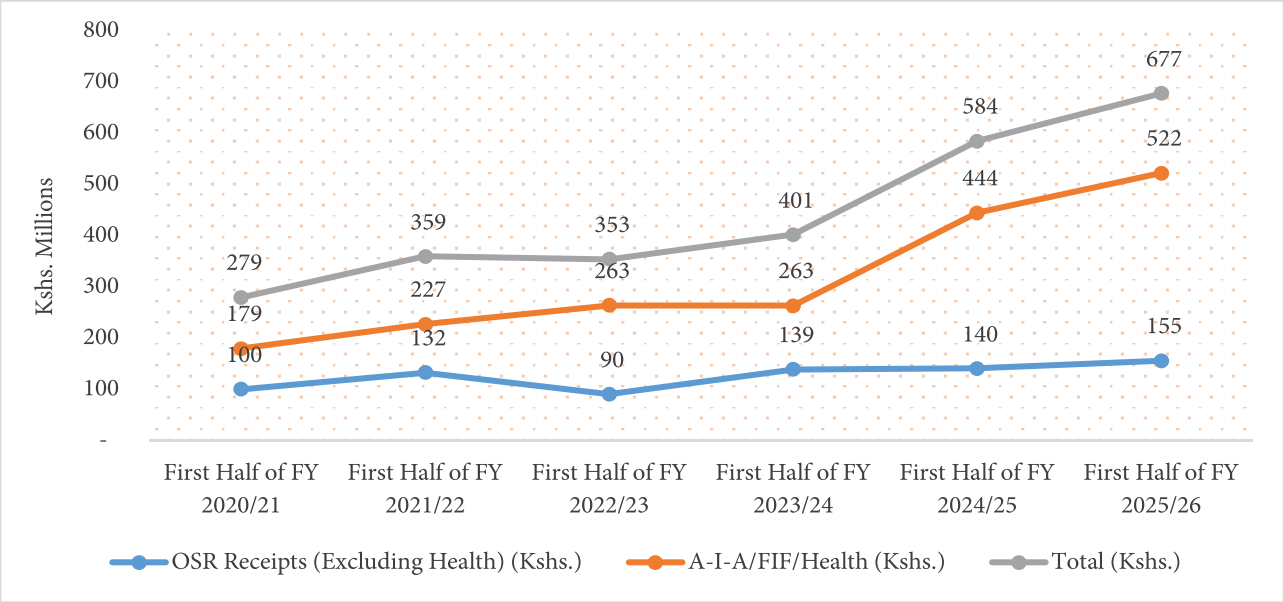
Figure 91: Kisii County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kisii County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 53 per cent, 2 per cent and 7 per cent, respectively, of the total receipts for the reporting period. Figure 92 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 92: Kisii County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



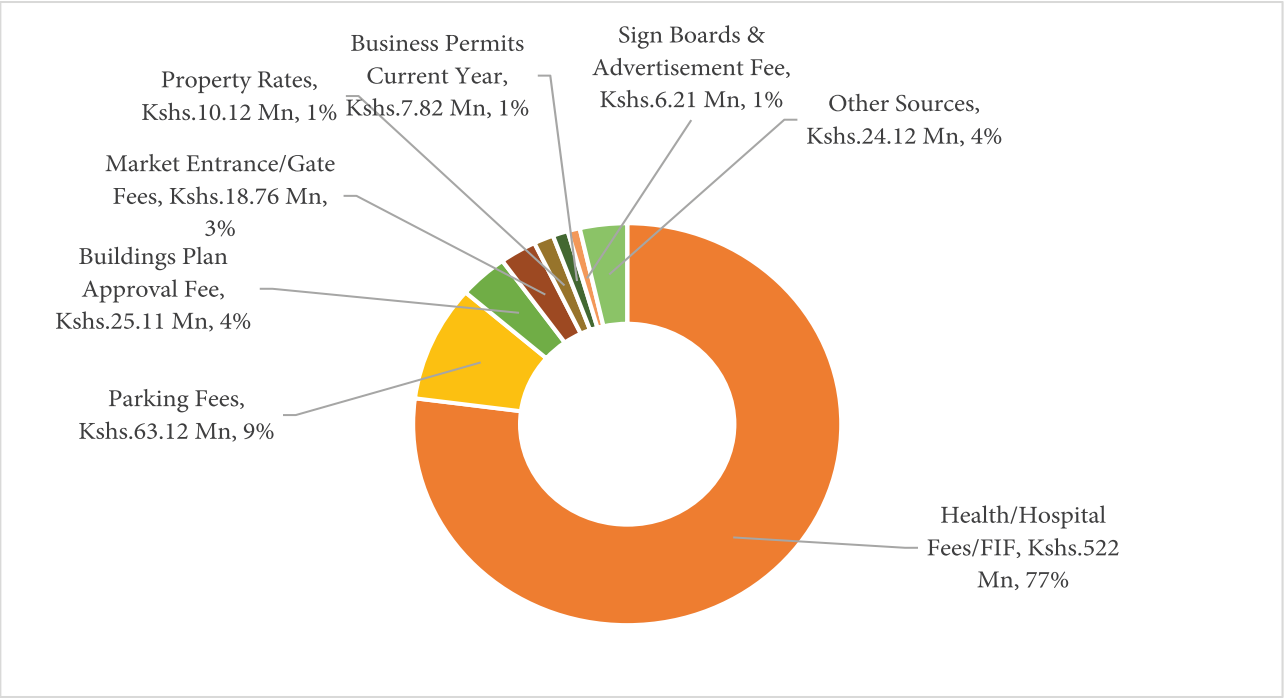
Source: *Kisii County Treasury*

During the first half of FY 2025/26, the County received Kshs.677 million from OSR, including FIF. This amount was an increase of 16 per cent compared to Kshs.584 million realised in a similar period in FY 2024/25, and was 21 per cent of the annual target and 16 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the deployment of additional enforcement personnel at revenue collection outlets and the introduction of penalties for vendors/clients operating without licenses and for late payments.

The revenue streams that contributed the most to OSR receipts are shown in Figure 93

Figure 93: Kisii County Top Own Source Revenue Streams in the First Half of FY 2025/26



***Source**: Kisii County Treasury*

As shown in Figure 93, the highest revenue stream, at Kshs.522 million, was from health/ hospital fees, accounting for 77 per cent of the total OSR receipts. The County Government indicated that it has automated all 22 revenue streams.

3.16.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.698.27 million, which increased to Kshs.1.57 billion as of 31st December 2025. Table 3.232 presents a breakdown of the County's revenue arrears.

Table 3.232: Kisii County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	1 Month of December 2025	-	-	-	834,676,350	834,676,350
	Sub-Total	-	-	-	**834,676,350**	**834,676,350**
B	**Ordinary Own Sources of Revenue**					
1	Land rate	620,498,120	-	-	-	620,498,120
2	County housing rent	1,282,850	-	-	-	1,282,850
	Sub-Total	621,780,970	-	-	-	621,780,970
C	**Facility Improvement Fund (FIF)**					
1	SHIF	76,493,436	-	38,336,121	73,748,918	111,906,233
3	Insurance Companies	-	-	-	376,500	376,500
	Sub-Total	**76,493,436**	__	**38,336,121**	**74,125,418**	**112,282,733**
Total		**698,274,406**		**38,336,121**	**908,801,768**	**1,568,740,053**

Source: *Kisii County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.57 billion, comprising Kshs.834.68 for Equitable share of revenue raised nationally (53 per cent),Kshs.621.78 million for Ordinary Own Source Revenue (40 per cent) and Kshs.112.28 million for Facility Improvement Fund (FIF) (7 per cent). The County's measures to collect outstanding arrears in FY 2025/26 include enhanced enforcement through the issuance of demand notices. A task force has been formed to examine uncollectible arrears and issue a report on the matter.

3.16.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.73 billion from the Kisii County Revenue Fund (CRF) account. This amount consisted of Kshs.989.5 million (17 per cent) designated for development programs and Kshs.4.74 billion (82 per cent) allocated for recurrent programs.

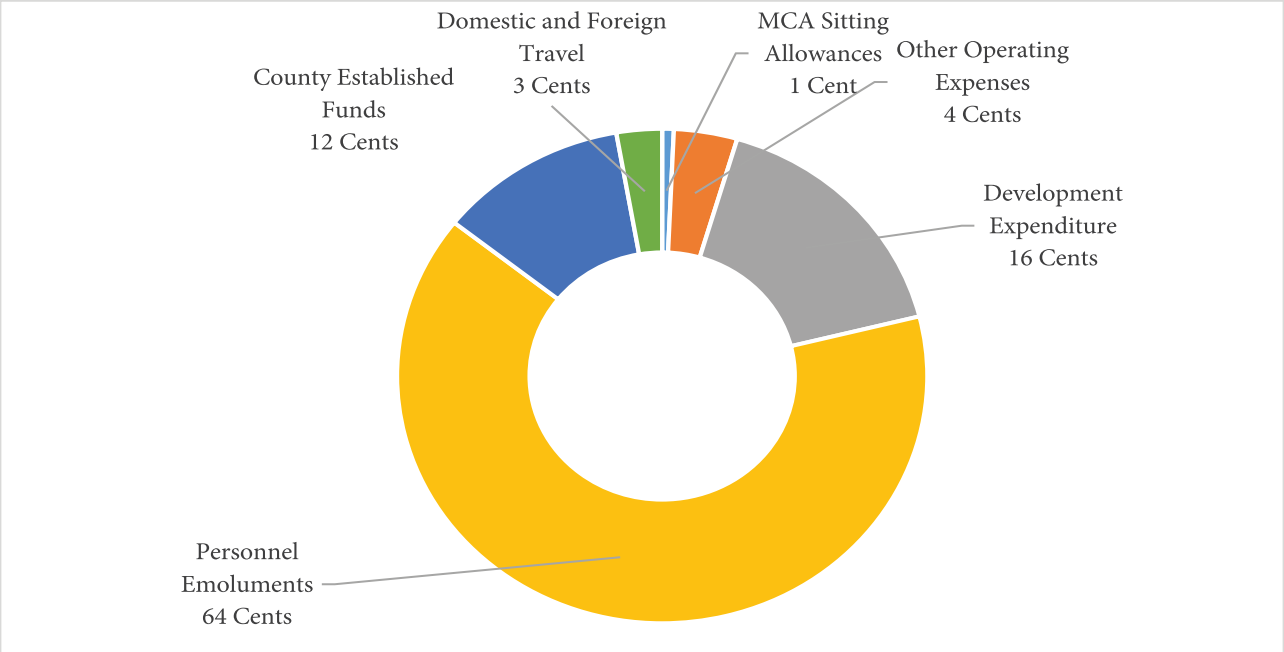
An analysis of the released recurrent exchequers shows that Kshs.3.58 billion was allocated for employee compensation, and Kshs.1.16 billion for operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.137.02 million, which included Kshs.31.99 million for the County Executive and Kshs.105.04 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.16.51 million, with Kshs.12.24 million for the County Executive and Kshs.4.26 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Kisii County CRF account was Kshs.1.55 billion.

3.16.5 Expenditure Review

The County spent Kshs.5.12 billion on development and recurrent programmes during the reporting period. The expenditure represented 89 per cent of the total funds released by the CoB. It comprised Kshs.817.37 million for development programmes and Kshs.4.30 billion for recurrent programmes. Expenditure on development programmes represented 9 per cent of the annual development expenditure budget, while recurrent expenditure represented 38 per cent of the annual recurrent expenditure budget. Figure 94 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 94: Kisii County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kisii County Treasury*

As shown in Figure 94, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Established Funds, which accounted for 64, 16, and 12 per cent of total expenditure for the reporting period.

3.16.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.62 billion. This amount consisted of Kshs.1.58 billion from the County Executive and Kshs.44.13 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.18 billion for recurrent expenditure and Kshs.394.63 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.702.40 million, comprising Kshs.522.80 million (74 per cent) for recurrent programmes and Kshs.179.60 million (26 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.13.29 million, which included Kshs.6.03 million (45 per cent) for recurrent activities and Kshs.7.26 million (55 per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.872.75 million for the County Executive and Kshs.30.84 million for the County Assembly. Table 3.233 provides additional details of trade payables.

Table 3.233: Kisii County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	394,625,524	1,180,524,694	1,575,150,218
		County Assembly	35,693,891	8,435,944	44,129,835
		Total	**430,319,415**	**1,188,960,638**	**1,619,280,053**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	297,575,970	788,970,973	1,086,546,943
		County Assembly	7,262,308	-	7,262,308
		Total	**304,838,278**	**788,970,973**	**1,093,809,251**
Amount paid in the First Half of FY 2025/26	c	County Executive	179,601,095	522,799,554	702,400,649
		County Assembly	7,262,308	6,027,138	13,289,446
		Total	**186,863,403**	**528,826,692**	**715,690,095**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**215,024,429**	**657,725,140**	**872,749,569**
		County Assembly	**28,431,583**	**2,408,806**	**30,840,389**
		Total	**243,456,012**	**660,133,946**	**903,589,957**

Source: *Kisii County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.788.97 million and Kshs.304.84 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.702.40 million for the Executive and Kshs.13.29 million for the Assembly.

Table 3.234 and Table 3.235 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.903.59 billion.

Table 3.234: Kisii County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**171,231,265**	33,930,662	9,862,503	-	215,024,429
Recurrent Trade Payables (Goods & Services)	253,224,806	72,368,505	40,126,173	48,774,892	414,494,375
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	37,264,749	30,938,075	580,410	156,533,658	225,316,892
Recurrent Trade Payables (Staff Claims)	5,280,100	5,798,500	6,326,923	508,350	17,913,873
Total Recurrent Trade Payables	**295,769,654**	**109,105,080**	**47,033,506**	**205,816,899**	**657,725,140**
Total Trade Payables	**467,000,919**	**143,035,742**	**56,896,009**	**205,816,899**	**872,749,569**
% of Total	**53.5**	**16**	**6.5**	**23.6**	**100**

Source: *Kisii County Treasury*

The County Executive's Trade Payables as at 31st December 2025 show that 24 per cent are over 3 years, 7 per cent are between 2-3 years, 16 per cent are between 1-2 years, and 54 per cent are under 1 year. The County Treasury is expected to pay trade payables on a FIFO basis and ensure compliance with the trade payables Action Plan.

Table 3.235: Kisii County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**35,693,891**	-	-	-	35,693,891
Recurrent Trade Payables (Goods & Services)	1,773,078	400,000	-	-	2,173,078
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	6,262,866	-	-	-	6,262,866
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	8,035,944	400,000	-	-	8,435,944
Total Trade Payables	**43,729,835**	**400,000**	-	-	**44,129,835**
% of Total	**99**	**1**	-	-	**100**

Source: *Kisii County Treasury*

The County Assembly Trade Payables as at 31st December 2025, shows that 1 per cent are between1-2 years and 99 per cent are under one year. The County Treasury is expected to pay trade payables on a FIFO basis and ensure compliance with the trade payables Action Plan.

3.16.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.86 billion on compensation of employees, Kshs.987.99 million on operations and maintenance, and Kshs.810.11 million on development activities. Similarly, the County Assembly spent Kshs.329.40 million on compensation of employees, Kshs.125.31 million on operations and maintenance, and Kshs.7.26 million on development activities, as shown in Table 3.236.

Table 3.236: Kisii County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	10,182,732,398	5,787,960,629	4,394,771,769	8,796,050,440	**18,978,782,838**
	Assembly	1,051,143,180	652,341,142	398,802,038	18,000,000	**1,069,143,180**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	3,846,159,761	2,858,167,643	987,992,118	810,105,853	**4,656,265,614**
	Assembly	403,671,235	278,359,798	125,311,437	7,262,308	**410,933,543**

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	-	-	-	-	-
	Assembly	51,041,098	51,041,098	-	-	**51,041,098**
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	3,846,159,761	2,858,167,643	987,992,118	810,105,853	**4,656,265,614**
	Assembly	454,712,333	329,400,896	125,311,437	7,262,308	**461,974,641**
Absorption (%) (d/a*100)	**Executive**	38	49	22	9	**25**
	Assembly	43	50	31	40	**43**

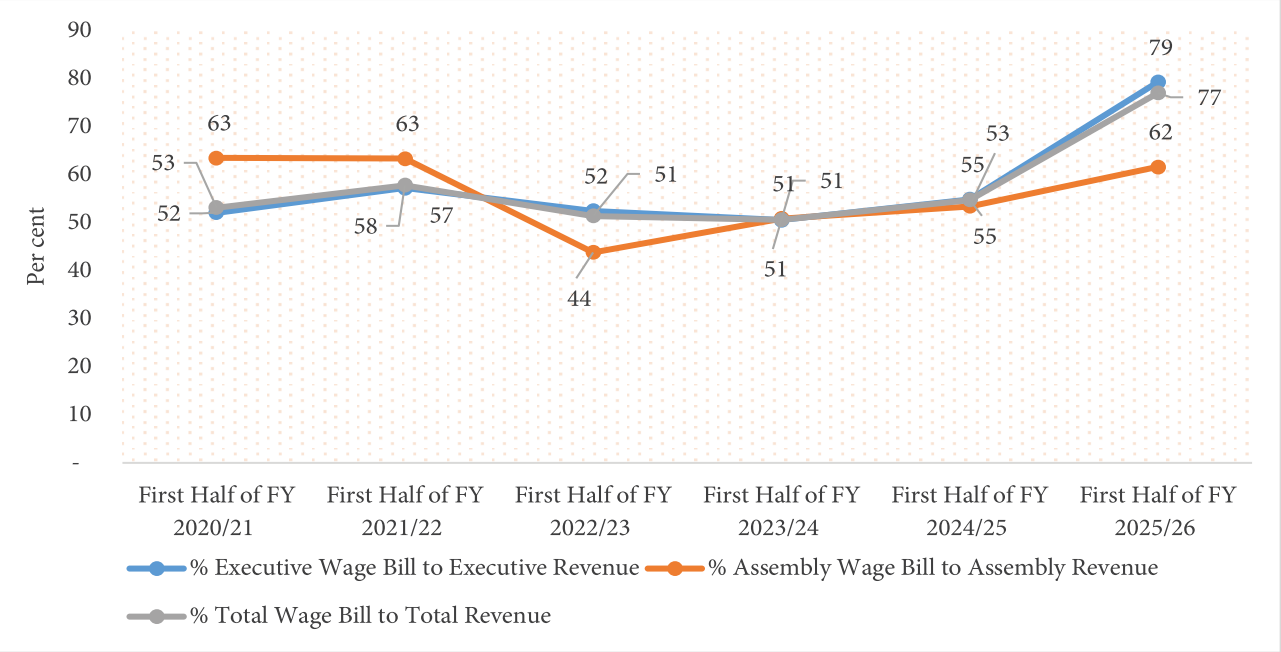
***Source**: Kisii County Treasury*

3.16.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.19 billion. This expenditure on employee compensation shows an increase compared to the Kshs.2.44 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.52 billion related to Health Sector employees, accounting for 48 per cent of the overall employees' compensation.

Figure 95 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 95: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Kisii County Treasury

Further analysis indicated that PE costs totalling Kshs.3.13 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.63.73 million was processed through manual payroll, accounting for 2 per cent of the total PE cost. The continued use of manual payroll was justified by the hiring of new staff.

The manual payroll included salaries for gratuity remittances to pension schemes for contract staff, as shown in Table 3.237.

Table 3.237: Breakdown of Kisii County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Gratuity for contract staff	63,726,283
	Total	**63,726,283**

***Source**: Kisii County Treasury*

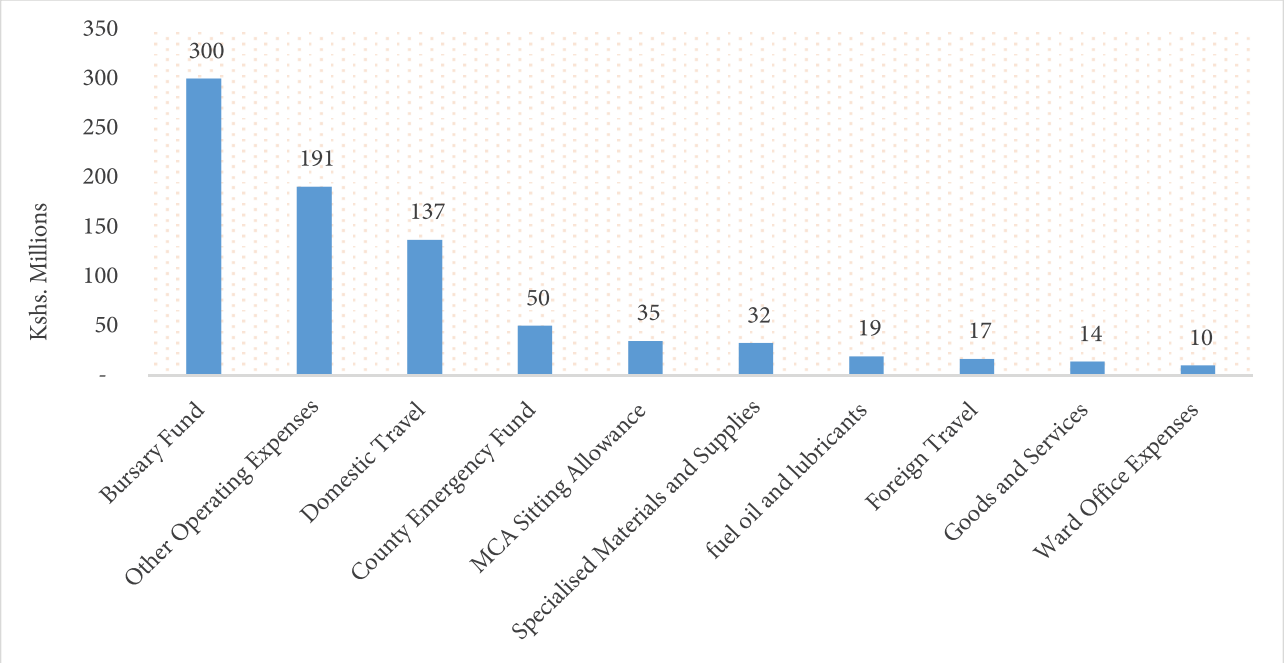
The County Assembly spent Kshs.34.85 million on committee sitting allowances for the 71 MCAs against the annual budget allo-

cation of Kshs.65 million. The average monthly sitting allowance was Kshs.81,802 per MCA. The County Assembly has 20 House Committees.

3.16.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.11 billion on operations and maintenance, representing an increase of 273 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.298.86 million. Figure 96 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisii County Treasury*

3.16.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.190.93 million on "*other operating expenses*," which is 17 per cent of the total operations and maintenance expenditure of Kshs.1.11 billion. This category of expenditure includes Kshs.9.98 million for national celebrations and Kshs.6.94 million for legal fees. The disaggregated items under the "Other Operating Expenses" category are shown in Table 3.238.

Table 3.238: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2210805	National Celebrations	20,000,000	9,976,850
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	950,000	449,000
2211311	Contracted Technical Services (Revenue commissions)	20,000,000	10,000,000
2211309	Administration Costs	9,000,000	9,000,000
2211000	Conditional Grant- CHP Project	88,200,000	36,825,000
2210310	Field operational allowance	168,200,000	81,042,500
2211305	Contracted Guards and Cleaning Services	79,000,000	29,500,000
2211305	Contracted Guards and Cleaning Services (including cleaning groups)	17,500,000	7,200,000
2211308	Legal Fees	30,981,722	6,935,986
Total		**433,831,722**	**190,929,336**

Source: *Kisii County Treasury*

3.16.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.2.15 billion to County-Established funds in FY 2025/26, or 9 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.239 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.239: Performance of Kisii County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	County Emergency Fund	2015	100,000,000	-	50,000,000	181,601,911	Yes
2	Health Fund (KTRH)	2024(Revised)	1,300,000,000	-	418,607,510	-	Yes
3	Health Fund (FIF)	2020	400,000,000	-	102,904,310	-	Yes
4	Liquor Licensing Fund	2015	50,000,000	-	-	-	Yes
5	Bursary Fund	2025 (Revised)	300,000,000	-	_	181,601,911	Yes
	Total		2,150,000,000	-	571,511,820	181,601,911	

Source: *Kisii County Treasury*

3.16.12 County Corporations

The County has 2 County Corporations, which were allocated Kshs.1.3 billion in FY 2025/26. There was no expenditure on the two corporations as shown in Table 3.240.

Table 3.240: Performance of Kisii County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kisii Teaching and Referral Hospital (KTRH)	1,300,000,000	-	_	-
2	Gusii Water and Sanitation Company (GWASCO)	_	_	_	_
	Total	1,300,000,000	-	_	-

Source: *Kisii County Treasury*

3.16.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.137.02 million and comprised Kshs.105.04 million spent by the County Assembly and Kshs.31.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.51 million and comprised Kshs.4.26 million by the County Assembly and Kshs.12.24 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.241.

Table 3.241: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	5-8/09/2025	Attending the 2nd Africa Climate Summit in Ethiopia	Addis-Ababa	533,720	_	533,720
County Executive	17	29/10-5/11/2025	Facilitation To Attend the 2025 China-Africa Friendly Exchange Career Education Program	China	11,710,710	_	11,710,710

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	2nd To 12th Nov 2025	Being paid to attend the International Knowledge Exchange Program for Clerks held from 2nd to 12th Nov 2025 in Spain and France.	Spain And France	722,020	_	722,020
County Assembly	1	27th To 30th Aug 2025	Being paid to Attend The 5th Gacopa International Delegates Conference in the U.K. from 27-30 August 2025	UK	310,245	_	310,245
County Assembly	7	17th to 22nd Nov 2025	Being paid to participate in the Liu Gong Global Dealer Conference in Liuzhou.	China	3,229,630	_	3,229,630
Total					16,506,325	_	16,506,325

Source: Kisii County Treasury and Kisii County Assembly

3.16.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.521.51 million as FIF, which was 31 per cent of the annual target of Kshs.1.7 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The expenditure by the health facilities amounted to Kshs.521.51 million, as shown in Table 3.242.

Table 3.242: Kisii County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	1,300,000,000	418,607,510	32
2.	Level 4 Hospital	20	400,000,000	102,904,310	26
	Total	**21**	**1,700,000,000**	**521,511,820**	**31**

Source: *Kisii County Treasury*

3.16.15 Development Expenditure

In the review period, the County reported spending Kshs.817.37 million on development programmes, representing an increase of 76 per cent compared to FY 2024/25, when the County spent Kshs.463.48 million. Table 3.243 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the CRF's available funds.

Table 3.243: Kisii County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Trade, Tourism, Industry and Marketing	Construction of Industrial Park	Bokimonge	18/09/2023	18/09/2025	173,076,924	173,076,924	49,712,151	49,712,151	29
2	County Executive	Construction of County Headquarters	Headquarters	9/07/2024	9/07/2026	408,000,000	158,000,000	36,433,344	36,433,344	23

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2.	Kisii County Assembly	Proposed Construction of the Kisii County Speaker's Official Residence	Bobaracho	29/02/2023	15/05/25	32,970,110	-	-	24,490,880	74
3.	Lands, Physical Planning, Housing and Urban Development	Suneka Backstreet	Bomorenda	15/05/2025	12/06/2025	19,786,896	9,786,896	9,786,896	9,786,896	100
4.	Roads and Public Works	Filling Station, Cabro works, wall and service bay phase I	ATC	20/05/2025	10/10/2025	14,287,698	15,000,000	6,907,375	6,907,375	35
5.	Health Services	Construction of Ayora dispensary	Moticho	28/01/2025	28/4/2025	5,000,000	4,999,954	4,999,953	4,999,953	100
6.	Water, Environment, Natural Resources, Energy and Climate change	Reticulation of Riangoko Phase 1	Nyatieko	5/2/2025	19/6/2025	2,500,000	4,999,900	4,999,900	4,999,900	100
7.	Water, Environment, Natural Resources, Energy and Climate change	Itiiti water project	Bogeka	25/12/2024	20/5/2025	9,997,000	4,998,500	4,998,500	4,998,500	100
8.	Water, Environment, Natural Resources, Energy and Climate change	Bitare SDA borehole drilling and installation of solar pump and reticulation	Bomorenda	3/6/2025	3/9/2025	10,000,000	5,000,000	4,998,000	4,998,000	100
9.	Health Services	Construction of Ikenye Dispensary	Bassi Central	25/01/2025	25/04/2025	9,996,805	4,996,805	4,996,804	4,996,804	100
10.	Roads and Public Works	Riakiora-Nyakona-Rionchaga-Emenwa Tbc	Bassi Central	6/01/2025	6/05/2025	9,200,000	4,600,000	4,594,388	4,594,388	100
Donor Funded Projects										
1	Agriculture, Livestock, Fisheries and Co-operative Development	National Agricultural Value Chain Development Project (WB Contribution)	All wards	01/07/2025	30/06/2026	382,765,512	231,250,000	71,253,967	71,253,967	31
2	Water, Environment, Natural Resources, Energy and Climate change	Finance for Locally-Led Climate Action Program (FLLoCA) County Climate Resilient Investment Grant (KfW)		01/07/2025	30/06/2025	168,000,000	84,000,000	18,281,202	18,281,202	22

Source: *Kisii County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.29.40 million, of which Kshs.11.28 million has already been paid. The stalled projects are shown in Table 3.244.

Table 3.244: Kisii County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Kisii County Assembly	Proposed Construction of Ward Offices	Bogiakumu	02/04/2023	30/5/25	7,350,466	6,004,289.50	6,004,289.50	-	82%
2	Kisii County Assembly	Proposed Construction of Ward Offices	Ibeno, Boikanga and Boochi	29/02/2023	20/6/25	22,051,395	5,274,927	5,274,927	-	24%
	Total					**29,401,861**	**11,279,216.5**	**11,279,216.5**	-	

Source: *Kisii County Treasury*

3.16.16 Budget Performance by Department

Table 3.245 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.245: Kisii County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	453.11	200	131.02	36.43	126.30	36.43	96	100	28	18
Administration and Stakeholder Management	583.88	447.19	237.64	-	228.97	-	96	-	39	-
Finance and Economic Planning	1,307.64	37.15	668.33	-	640.43	-	96	-	49	-
Agriculture and Co-operative Development	287.25	822.50	140.67	74.04	123.42	74.04	88	100	43	9
Energy, Water, Environment and Natural Resources	127.79	1,434.55	43.97	284.29	38.98	82.60	89	29	31	6
Education, Youth Affairs and Social Development	850.11	557.56	668.65	100.36	649.49	89	97	89	76	16
County Health Services	5,541.27	923.30	2,031.18	67.79	1,695.56	30.77	84	45	31	3
Lands, Physical Planning and Urban Development	361.47	420.69	108.27	20.07	102.95	16.05	95	80	29	4
Roads, Public Works and Transport	214.30	2,777.89	104.43	485.67	92.56	421.45	89	87	43	15
Trade Development, Industry and Tourism	75.87	527.92	33.79	13.97	32.28	59.76	96	428	43	11
Culture and Social Services	184.42	147.90	41.78	-	39.71	-	95	-	22	-
Kisii Municipality	116.64	451.54	53.66	65.37	52.84	-	99	-	45	-
Ogembo Municipality	11.99	47.88	3.05	-	2.75	-	90	-	23	-
Office of the County Attorney	67	-	20.11	-	19.91	-	99	-	30	-
County Assembly	1,051.14	18	454.71	7.26	454.71	7.26	100	100	43	40
Total	11,233.88	8,814.05	4,741.28	1,155.24	4,300.87	817.37	91	71	38	9

Source: *Kisii County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 40 per cent, followed by the Department of County Executive and the Public Service Board at 18 per cent. The Department of Education, Youth Affairs and Social Development had the highest recurrent expenditure-to-budget ratio at 76 per cent, while the Department of Culture and Social Services had the lowest at 22 per cent.

3.16.17 Budget Execution by Programmes and Sub-Programmes

Table 3.246 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.246: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Roads and Public Works				
Road Development, Maintenance and Management 202005210	Village Roads Services	9,515,840	5,041,933	53
County Assembly				
County Assembly 101005210	County Assembly HQ 702015210	18,000,000	7,262,308	40
Culture and Social Services				
Cultural Services 904005210	County Cultural Services 904025210	18,499,300	3,783,976	20
Education, Youth Affairs and Social Development				
Early Childhood Development Education 502005210	ECDE Services 502015210	480,460,298	95,974,252	20
Kisii Town				
Kisii Town Development 709005210	Infrastructure Development	548,677,934	103,744,108	19
RECURRENT				
County Executive and Public Service Board				
Management of County Affairs 703005210	County Public Service Management 703035210	5,060,000	3,000,000	59
Count Assembly				
County Assembly 101005210	County Assembly Administration 101015210	805,757,349	454,712,333	56
Finance and Economic Planning				
Administrative and support services 701005210	Human Resource Management 701015210	1,255,740,843	662,712,140	53
Kisii Town				
General Administration and support services 101005210	Human Resource Management 101015210	6,679,585,672	2,617,268,498	39
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Infrastructure development 103025210	40,000,000	15,000,000	38

Source: *Kisii County Treasury*

The development sub-programmes with the highest budget implementation rates were: Village Roads Services in the Department of Roads and Public Works at 53 per cent, County Assembly headquarters in the County Assembly at 40 per cent, and County Cultural Services at 21 per cent.

For recurrent sub-programmes, the top performers included: County Public Service Management in the Department of County Executive and Public Service Board at 59 per cent, County Assembly Administration in the County Assembly at 56 per cent, and Human Resource Management in the Department of Finance and Economic Planning at 53 per cent.

The higher performance of these programmes can be attributed to the CRF's available funds.

Table 3.247 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.247: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev (Kshs.)	Dev (Kshs.)	Dev (Kshs.)
DEVELOPMENT				
Agriculture and Co-operative Development				
Agricultural Management and Value Addition 102005210	Veterinary Services102035210	1,190,141	-	-
Agriculture and Co-operative Development				
Agricultural Management and Value Addition 102005210	Fisheries102055210	41,520,975	-	-
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Housing Management	20,000,000	-	-
Roads and Public Works				
Transport Infrastructure Development 203005210	Purchase of Machinery 203015210	1,250,000,000	-	-
Culture and Social Services				
Cultural Services	Library Services 904015210	500,000	-	-
RECURRENT				
Lands, Physical Planning and Urban Development				
Land use and Physical planning 103005210	Housing Management	-	-	-
Trade Development, Industry and Tourism				
Trade, Investment and Tourism Development 302005210	Trade and Investment Promotion 302015210	200,000	-	-
Administration and Stakeholder Management				
County administration services 706005210	Devolved services 706015210	563,139	-	-
Culture and Social Services				
Sports Management 906005210	Talent Development	2,000,000	-	-
Culture and Social Services				
Youth Development and Empowerment Services 905005210	Youth Support	55,780,000	396,400	1

Source: *Kisii County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Veterinary Services in the Department of Agriculture and Co-operative Development (less than 1 per cent); Fisheries in the Department of Agriculture and Co-operative Development (less than 1 per cent); and Housing Management (less than 1 per cent).

For recurrent sub-programmes, the lowest-performing included: Housing Management in the Department of Lands, Physical Planning and Urban Development at less than 1 per cent, Trade and Investment promotion in the Department of Trade Development, Industry and Tourism at less than 1 per cent, and Devolved services in the Department of Administration and Stakeholder Management at less than1 per cent.

These lower performances can be attributed to confusion between IFMIS and EGP, which delayed budget implementation.

3.16.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 13 accounts in commercial banks, including 2 for Health Facilities, 7 for Established Funds, 1 revenue account, 1 special-purpose account (additional allocations), and 2 imprest accounts.

The County Treasury submitted copies of authorisation letters to the Controller of Budget for opening 13 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.16.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kisii County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.155.26 million against an annual target of Kshs.1.47 billion, representing 11 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.817.37 million on development activities, achieving a 9 per cent absorption rate.
iii. High level of trade payables, which amounted to Kshs.903.59 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.63.73 million in gratuity for contract staff was processed through the manual payroll, accounting for 2 per cent of total payroll costs. Manual payroll is prone to abuse and may result in the loss of public funds.
v. The County reported Kshs.190.93 million under "*other operating expenses,*" accounting for 17 per cent of total operation and maintenance costs.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.17. County Government of Kisumu

3.17.1 Overview of FY 2025/26 Budget

The Kisumu County Approved Budget for FY 2025/26 is Kshs.16.33 billion. It comprises Kshs.5.97 billion (37 per cent) and Kshs.10.37 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.03 billion (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.03 billion and a recurrent budget of Kshs.10.27 billion. The increase in the budget was primarily attributed to the rise in equitable share of revenue and conditional grants.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.90 billion (55 per cent), additional allocations of Kshs.2.24 billion (14 per cent), a cash balance of Kshs.1.56 billion (10 per cent) brought forward from FY 2024/25, and Kshs.3.63 billion (21 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.248.

3.17.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.38 billion. This amount represented an increase of 16 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.52 billion. The total revenue consisted of Kshs.4.41 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.417.64 million. Additionally, the County had a cash balance of Kshs.1.56 billion from FY 2024/25. The total OSR collection of Kshs.417.64 million included Facilities Improvement Financing (FIF) of Kshs.176.25 million and Kshs.241.39 million from other OSR sources. Table 3.248 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.248: Kisumu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	**1,559,835,059**	**1,559,835,059**	-	**1,559,835,050**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**1,559,835,059**	**1,559,835,059**	-	**1,559,835,059**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**8,902,026,938**	**3,694,341,179**	**712,162,155**	**4,406,503,334**	4,495,523,604
	Sub-Total	**8,902,026,938**	**3,694,341,179**	**712,162,155**	**4,406,503,334**	**4,495,523,604**
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant	23,123,790	-	-	-	23,123,790
2	Finance Locally -Led Climate Action Plan (FLLOCA)	137,500,000	-	-	-	137,500,000
3	Kenya Informal Settlement Improvement Project (KISIP)	**845,000,000**	-	-	-	845,000,000
4	IDA – World Bank Credit: Finance Agricultural Value Chain Development Project (NAVCDP)	157,535,352	-	-	-	157,535,352
5	Aquaculture Business Development Project (ABDP)	37,326,163	-	-	-	37,326,163
6	Potential of Agroecological Practices in East Africa with a focus on Circular Water Energy Nutrient System (PRAeCTICE)	20,000,000	-	-	-	20,000,000
7	Allocation for Court Fines	66,912	-	-	-	66,912
8	Kenya Devolution Support Project (KDSP II) Level I	37,500,000	-	-	-	37,500,000
9	Kenya Devolution Support Project (KDSP II) Level II	352,500,000	-	-	-	352,500,000
10	Community Health Promoters	165,339,627	-	-	-	165,339,627
11	Change-Maker	15,000,000	-	-	-	15,000,000
12	IDA – World Bank Credit: Kenya Urban Support Project – Urban Development Grant (UDG)	36,634,916	-	-	-	36,634,916
13	IDA – World Bank Credit: Kenya Urban Support project – Urban Institutional Grant (UIG)	340,394,236	-	-	-	340,394,236
14	Kenya Dairy Enterprise Development	400,391	-	-	-	400,391

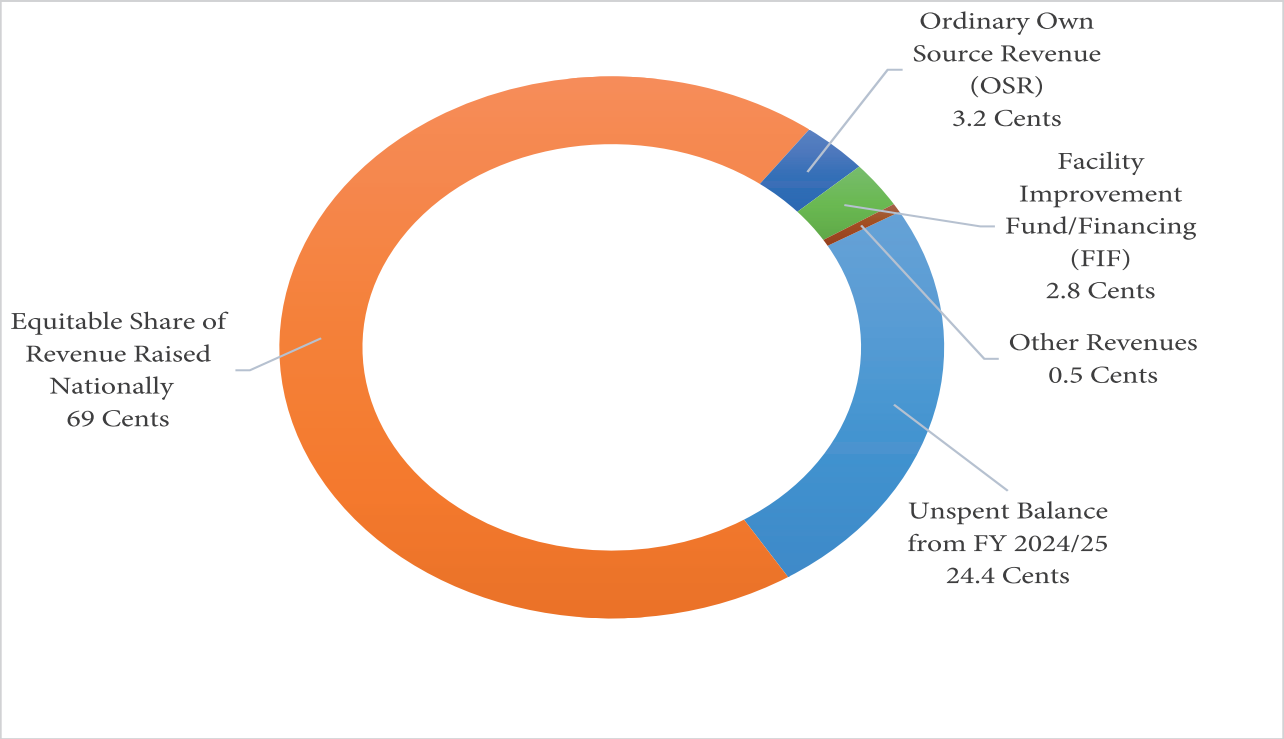
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
15	Transforming Health Centre	544,976	-	-	-	544,976
16	Road Maintenance Levy Fund (RMLF)	68,301,577	-	-	-	68,301,577
	Sub-Total	**2,237,167,940**	**-**	**-**	**-**	**2,237,167,940**
E	**Ordinary Own Source Revenue (OSR)**					
1	Receivables	**1,866,952,862**	-	-	-	
2	Land Rates	199,897,898	28,255,359	-	28,255,359	171,642,539
3	Rents	20,447,477	5,814,717	-	5,814,717	14,632,760
4	Trade Licence Fees	192,900,477	13,484,455	-	13,484,455	179,416,022
5	Building Plans	29,074,445	14,636,121	-	14,636,121	14,438,324
6	Sign Board Promotion	170,957,831	41,159,994	-	41,159,994	129,797,837
7	Bus Park Fees	51,504,963	35,239,300	-	25,239,300	16,265,663
8	Parking Fees	34,932,941	25,687,720	-	25,687,720	9,245,221
9	Reserved Slot	5,851,300	780,000	-	780,000	5,071,300
10	Monthly Stickers	20,645,100	19,500	-	19,500	20,625,600
11	Clamping Fees	59,730	114,150	-	114,150	-54,420
12	Market Fees	58,743,935	30,814,656	-	30,814,656	27,929,279
13	Stock Ring	2,681,910	1,018,301	-	1,018,301	1,663,609
14	Cess	**51,280,480**	**6,952,641**	-	6,952,641	44,327,839
15	Livestock Movement Permit	**7,110**	**4,000**	-	4,000	3,110
16	Sundry Revenue	**26,764,620**	**254,547**	-	254,547	26,510,073
17	Public Health and Others	8,611,314,181	2,960,060	-	2,960,060	5,651,042
	Sub-Total	**2,741,314,181**	**241,385,871**	**-**	**241,385,871**	**667,165,798**
F	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	**800,000,000**	**176,249,982**	-	**176,249,982**	623,750,018
	Sub-Total	**800,000,000**	**176,249,982**	**-**	**176,249,982**	**623,750,018**
G	**Appropriations in Aid**					
1	Name AIA	-	-	-	-	-
	Sub-Total	**-**	**-**	**-**	**-**	**-**
H	**Other Revenues**					
1	Agriculture, Fisheries, Livestock Development and Irrigation	4,690,648	5,390,033	-	5,390,033	-699,385
2	Sports, Culture, Gender and Youth Affairs	1,831,930	7,022,000	-	7,022,000	-5,190,070
3	Water, Environment, Natural Resources and Climate Change	7,583,106	6,003,800	-	6,003,800	1,579,306
4	Trade, Tourism, Industry and Marketing	1,782,940	1,310,150	-	1,310,150	472,790
5	Lands, Housing, Physical Planning and Housing	30,935,996	507,450	-	507,450	30,428,546
6	Education, Technical Training, Innovation and Social Service	-	49,200	-	49,200	-49,200
7	Liquor License	20,689,028	8,341,038	-	8,341,038	12,347,990
8	Public Service, County Administration, Participatory Development and Office of the Governor	23,666,397	5,566,679	-	5,566,679	18,099,718
	Sub-Total	**99,791,147**	**34,190,350**	**-**	**34,190,350**	**56,989,695**
Total		**16,331,524,163**	**5,671,812,091**	**712,162,155**	**6,383,974,246**	**9,947,549,917**

Source: *Kisumu County Treasury*

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

Figure 97 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 97: Kisumu County Composition of Each Shilling Earned in the First Half of FY 2025/26

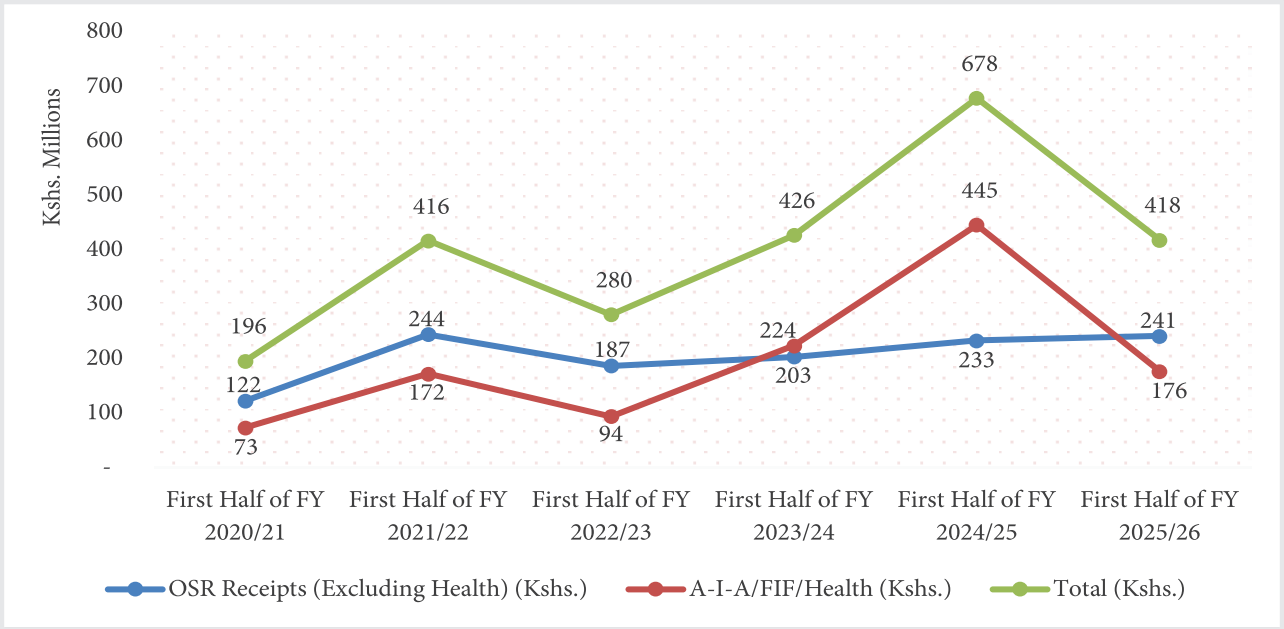


Source: *Kisumu County Treasury*

The equitable share of revenue raised nationally, unspent Balance from FY2024/25, OSR, and FIF contributed 65 per cent, 28 per cent, 4 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 98 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 98: Kisumu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



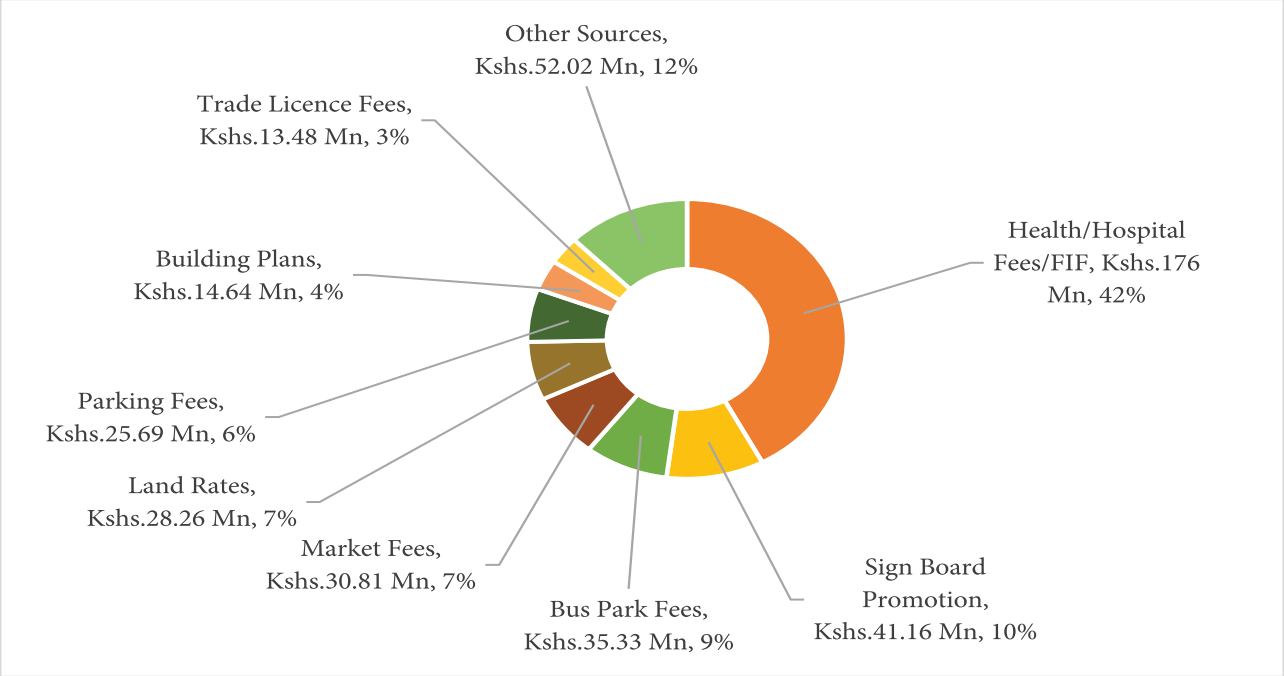
Source: *Kisumu County Treasury*

During the first half of FY 2025/26, the County received Kshs.417.64 million from OSR, including FIF. This amount was a decrease of 38 per cent compared to Kshs.677.63 million realised in a similar period in FY 2024/25, and was 12 per cent of the annual target and 11 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to: a temporary shutdown of the automated revenue management system by the service provider; delayed disbursements to enable smooth revenue collection operations; transitional challenges; internal interference through political affiliations; litigation over the new county valuation roll; and a lack of a debt management policy.

The revenue streams that contributed the most to OSR receipts are shown in Figure 99

Figure 99: Kisumu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kisumu County Treasury

As shown in Figure 99, the highest revenue stream, at Kshs.176 million, was from Health/Hospital Fees/FIF, accounting for 42 per cent of the total OSR receipts. The County Government indicated that it has automated 24 of 27 revenue streams.

3.17.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.2.32 billion, which remained constant as of 31st December 2025. Table 3.249 presents a breakdown of the County's revenue arrears.

Table 3.249: Kisumu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Facility Improvement Fund (FIF)**					
1	SHIF	**1,866,952,862**	-	-	-	**1,866,952,862**
	Sub-Total	**1,866,952,862**	-	-	-	**1,866,952,862**
	Sub-Total					
B	**Other Revenues**					
1	Hospital Fees	**427,393,843**	-	-	-	427,393,843
2	Environment	**22,962,535.06**	-	-	-	22,962,535.06
	Sub-Total	**450,356,378.06**	-	-	-	**450,356,378.06**
Total		**2,317,309,240.06**	-	-	-	**2,317,309,240.06**

Source: *Kisumu County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.2.32 billion, comprising Kshs.1.87 billion for the Social Health Insurance Fund (81 per cent), Kshs.427.39 million for Hospital Fees (18 per cent), and Kshs.22.96 million for Environment (1 per

cent). The County did not receive any arrears during the review period; therefore, the County needs to re-evaluate the recovery measures to enhance revenue arrears collection.

3.17.4 Borrowing by the County

Kisumu County Executive has a credit facility with Kenya Commercial Bank totalling Kshs.696.06 million. The credit facility was used to pay salaries during the review period, due to delays in cash disbursements to Counties by the National Treasury. The outstanding amount as at 31st December, 2025 was Kshs.134.06 million.

Conversely, the County Assembly had a credit facility with Family Bank totalling Kshs.36.66 million. The credit facility was also to pay salaries due to the delay in cash disbursements to counties by the National Treasury. As at 31st December, 2025, the County Assembly had settled all the borrowing and therefore had no outstanding balance.

3.17.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.94 billion from the Kisumu County Revenue Fund (CRF) account. This amount consisted of Kshs.440.50 million (11 per cent) designated for development programs and Kshs.3.50 billion (89 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.39 billion was allocated to employee compensation and Kshs.1.10 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 4 per cent for foreign travel. The domestic travel exchequers totalled Kshs.140.05 million, including Kshs.53.24 million for the County Executive and Kshs.86.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.45.07 million, with Kshs.33.29 million for the County Executive and Kshs.11.77 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Kisumu County Revenue Fund account was Kshs.455.72 million.

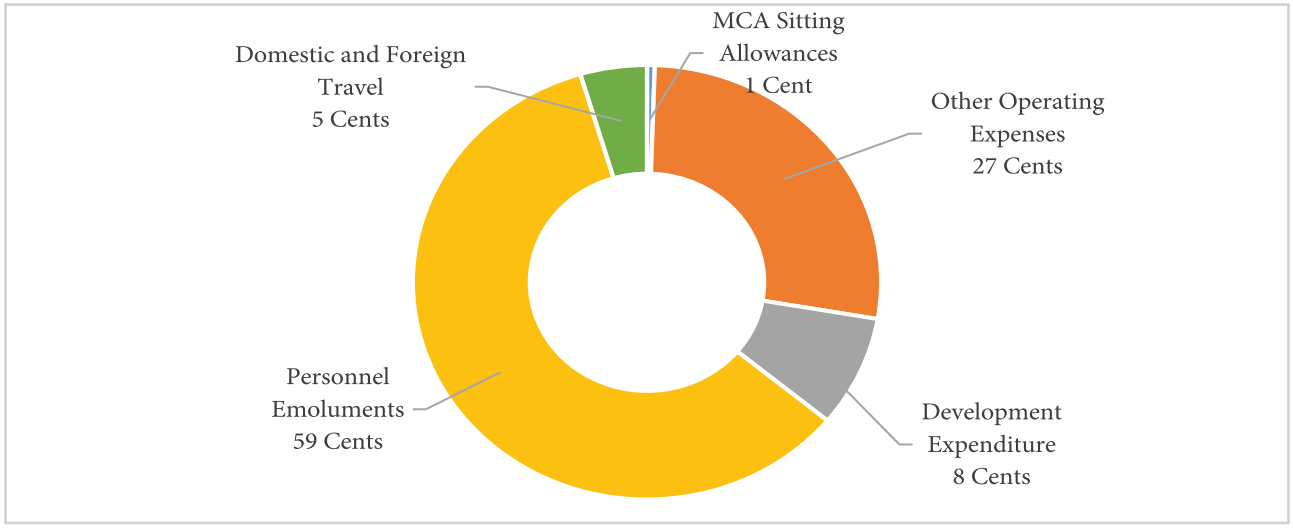
In addition, the Controller of Budget did not approve exchequer withdrawal requests from the Kisumu County Assembly Fund (CAF) account during the review period. This is because the fund account has not yet been operationalised.

3.17.6 Expenditure Review

The County spent Kshs.3.84 billion on development and recurrent programmes during the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.451.16 million for development programmes and Kshs.3.39 billion for recurrent programmes. Expenditure on development programmes accounted for 8 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 33 per cent of the annual recurrent expenditure budget.

Figure 100 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 100: Kisumu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kisumu County Treasury*

As shown in Figure 100, the three highest expenditure categories were Personnel Emoluments, Other Operating Expenses, and Development Expenditure, which contributed 59, 27, and 8 per cent of the total expenditure for the reporting period.

3.17.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.4.09 billion. This amount consisted of Kshs.4.07 billion from the County Executive and Kshs.14.09 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.2.75 billion for recurrent expenditure and Kshs.1.32 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.986.61 million, comprising Kshs.893.12 million (91 per cent) for recurrent programmes and Kshs.93.49 million (9 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.2.01 million, which included Kshs.2.01 million (100 per cent) for recurrent activities and nil for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.3.09 billion for the County Executive and Kshs.12.08 million for the County Assembly. Table 3.250 provides additional details of trade payables.

Table 3.250: Kisumu County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,323,943,570	2,750,257,810	4,074,201,380
		County Assembly	-	14,094,655	14,094,655
		Total	**1,323,943,570**	**2,764,352,465**	**4,088,296,035**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	410,328,703	1,415,814,504	1,826,143,207
		County Assembly	-	14,094,655	14,094,655
		Total	**410,328,703**	**1,429,909,159**	**1,840,237,862**
Amount paid in the First Half of FY 2025/26	c	County Executive	93,488,175	893,120,650	986,608,825
		County Assembly	-	2,011,795	2,011,795
		Total	93,488,175	895,132,445	988,620,620
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**1,230,455,395**	**1,857,137,160**	**3,087,592,555**
		County Assembly	**-**	**12,082,860**	**12,082,860**
		Total	**1,230,455,395**	**1,869,220,020**	**3,099,675,415**

Source: *Kisumu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.2.76 billion and Kshs.1.32 billion on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.986.61 million for the Executive and Kshs.2.01 million for the Assembly.

Table 3.251 and Table 3.252 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.10 billion.

Table 3.251: Kisumu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**295,745,052**	**388,546,753**	**314,056,490**	**232,107,100**	**1,230,455,395**
Recurrent Trade Payables (Goods & Services)	589,670,218.76	423,567,950	96,847,224.50	97,936,014.74	**1,208,021,408**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	256,113.69	1,121,604.50	21,473,172	595,871,241	**618,722,131.19**
Recurrent Trade Payables (Staff Claims)	1,268,169	3,542,310.09	324,395	25,258,746.91	**30,393,621**
Total Recurrent Trade Payables	591,194,501.45	428,231,864.59	118,644,791.50	719,066,002.65	**1,857,137,160.19**
Total Trade Payables	**886,939,553.45**	**816,778,617.59**	**432,701,281.50**	**951,173,102.65**	**3,087,592,555.19**
% of Total	**29**	**26**	**14**	**31**	**100**

Source: *Kisumu County Treasury*

Table 3.252: Kisumu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	5,513,451				**5,513,451**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	6,569,409	-	-	-	**6,569,409**
Total Recurrent Trade Payables	12,082,860	-	-	-	**12,082,860**
Total Trade Payables	**12,082,860**	-	-	-	**12,082,860**
% of Total	**100**	-	-	-	**100**

Source: *Kisumu County Treasury*

The County did not adhere to the Trade Payables Action Plan.

3.17.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.21 billion on compensation of employees, Kshs.926.13 million on operations and maintenance, and Kshs.385.43 million on development activities. Similarly, the County Assembly spent Kshs.187.36 million on employee compensation, Kshs.66.23 million on operations and maintenance, and Kshs.65.73 million on development activities, as shown in Table 3.253.

Table 3.253: Kisumu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**9,504,249,249**	**862,083,652**	**3,132,096,574**	**253,578,294**	-	-	**3,132,096,258**	**253,578,294**	**33**	**29**
Compensation of Employees	5,201,915,537	352,864,077	2,205,970,048	187,359,021	-	-	2,205,970,048	187,359,021	42	53
Operations and Maintenance	4,302,333,712	509,219,575	926,126,210	66,219,273	-	-	926,126,210	66,219,273	22	13
Development Expenditure	**5,865,191,262**	**100,000,000**	**385,431,182**	**65,729,295**	-	-	**385,431,182**	**65,729,295**	7	**66**
Total	**15,369,440,511**	**962,083,652**	**3,517,527,440**	**319,307,589**	-	-	**3,517,527,440**	**319,307,589**	**23**	**33**

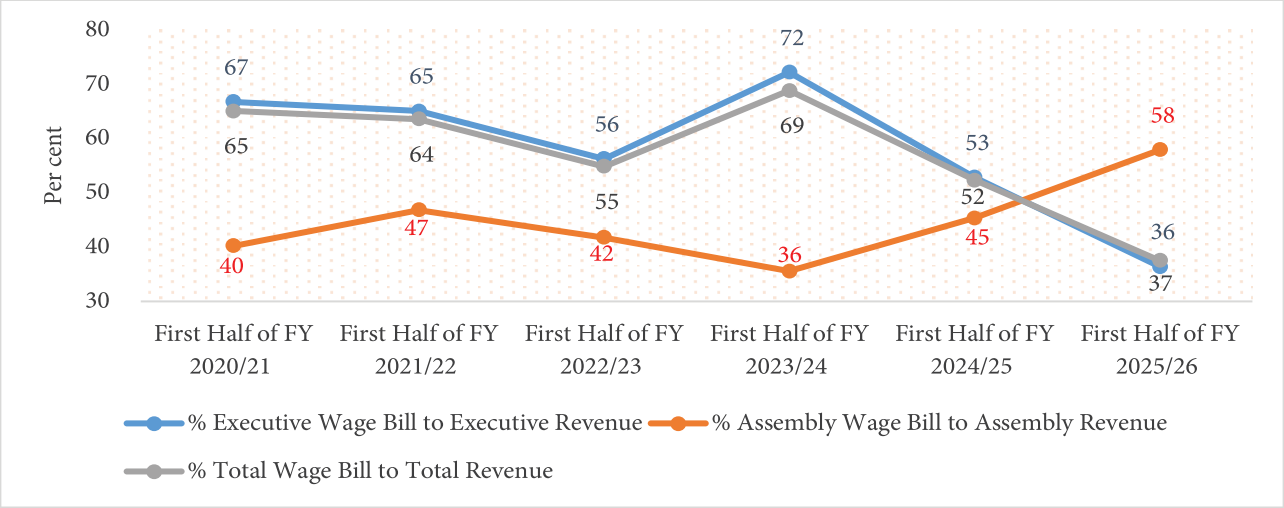
Source: *Kisumu County Treasury*

3.17.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.39 billion. The compensation-to-revenue ratio was 42 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.88 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.13 billion is related to Health Sector employees, accounting for 47 per cent of the overall employees' compensation.

Figure 101 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 101: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Kisumu County Treasury*

Further analysis indicated that PE costs amounting to Kshs.2.37 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.24.86 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was attributed to the payment of salary arrears for staff who exited the service, and also the payment of gratuity.

The manual payroll comprised salaries arrears for underpaid staff and gratuity for contract staff, as shown in Table 3.254 .

Table 3.254: Breakdown of Kisumu County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salary Arrears for underpaid Staff (County Executive)	11,104,164.39
2	Top-up Allowances for Security Officers	-
3	LAPTRUST/LAPFUND Pension Contributions	-
4	Gratuity for contract staff (County Assembly)	13,755,516
	Total	**24,859,680.39**

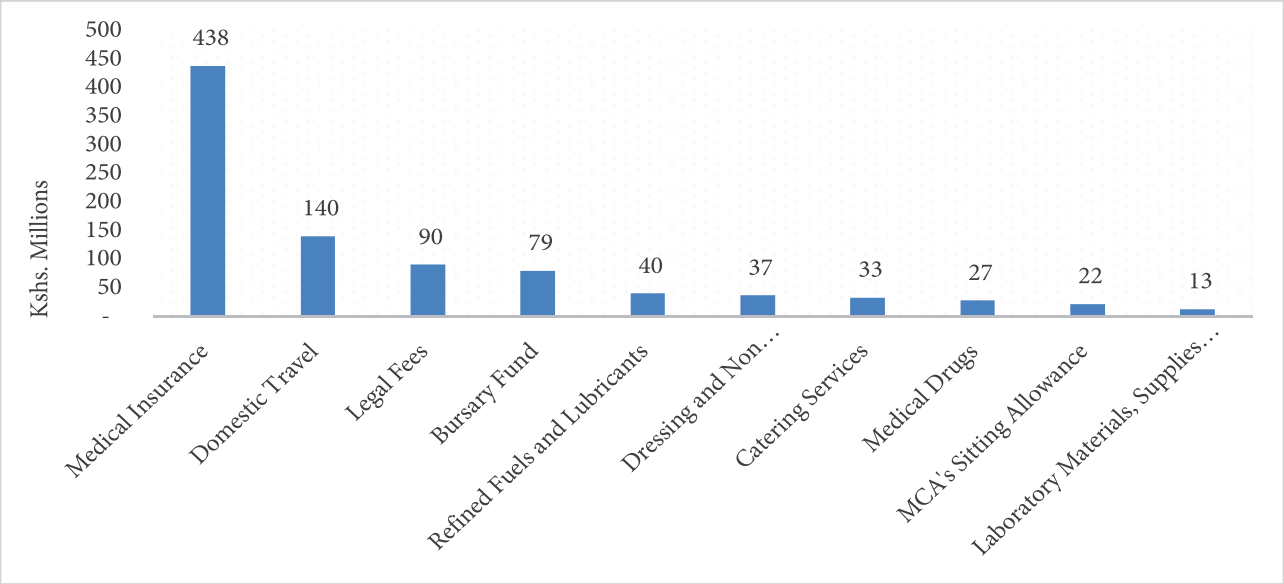
***Source**: Kisumu County Treasury*

The County Assembly spent Kshs.21.51 million on committee sitting allowances for the 48 MCAs, against the annual budget allocation of Kshs.45.91 million. The average monthly sitting allowance was Kshs.74,684 per MCA. The County Assembly has 24 House Committees.

3.17.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.992.35 million on operations and maintenance, representing an increase of 24 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.797.57 million. Figure 102 summarises the Operations and Maintenance expenditure by major categories.

Figure 102: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: *Kisumu County Treasury*

The major categories of operations and maintenance expenditure are shown above as per the review period.

3.17.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first half of FY 2025/26 did not have any expenditure under "other operating expenses".

3.17.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.312.50 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.200 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.255 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.255: Performance of Kisumu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kisumu County Bursary Fund	2014	305,000,000	-	-	1,442,397,862	YES
		County Assembly Established Funds					
2	Kisumu County Assembly Car Loan and Mortgage Fund	2014	7,500,000	-	-	410,464,000	NO
	Total		312,500,000	-	-	1,852,861,862	

Source: *Kisumu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Kisumu County Assembly Car Loan and Mortgage Fund Administrator, as indicated in Table 3.256, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Kisumu County Bursary Fund and Kisumu County Assembly Car Loan and Mortgage 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB es-

tablished that the lifespan of the Kisumu County Assembly Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.17.13 County Corporations

The County has one County Corporation, which was allocated Kshs.85.08 million in FY 2025/26. There was no expenditure for the review period, as shown in Table 3.256.

Table 3.256: Performance of Kisumu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Lakefront Development Corporation	85,076,880	-	-	-
	Total	85,076,880	-	-	-

Source: *Kisumu County Treasury*

3.17.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.140.05 million and comprised Kshs.86.81 million spent by the County Assembly and Kshs.53.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.45.07 million and comprised Kshs.11.77 million by the County Assembly and Kshs.33.29 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.257.

Table 3.257: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	21st October to 20th November, 2025	Not Provided	USA, South America and France	8,250,000	-	8,250,000
County Executive	2	22nd April 2025 to 3rd May, 2025	World Bank and IFMIS Spring Meeting	Washington DC	3,182,520	-	3,182,520
County Executive	3	30th March 2025 to 6th April, 2025	Global Disability Summit 2025	Berlin, Germany	3,087,790	-	3,087,790
County Executive	2	5th June to 9th June, 2025	Global Parliament of Mayors' Annual Summit, 2025	Portugal	1,375,600	-	1,375,600
County Assembly	6	1st to 7th October, 2025	Attending the Agricultural Exchange Programme	Washington, D.C., USA	1,808,352	-	1,808,352
County Executive	2	10th to 13th March, 2025	Not Provided	Dubai	1,100,530	-	1,100,530
County Assembly	3	21st to 30th July, 2025	Attending Youth International Exchange Camp	Asan City, South Korea	1,058,367	-	1,058,367
County Executive	1	29th June to 3rd July, 2025	World Assembly of Local and Regional Governments	Doha, Qatar	445,638	-	445,638
County Assembly	1	25th September, to 7th October, 2025	Attending meetings, presentations, and Community engagement activities	Washington, D.C., USA	442,186	-	442,186
County Executive	1	3rd to 4th July, 2025	The African Research Initiative for Scientific Excellence and Sustainable Development	Accra, Ghana	60,161	-	60,161
County Assembly	1	18th to 30th August, 2025	Investment and Academic Engagements	New York	1,026,480	-	1,026,480

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	16th to 27th August, 2025	Attend the 25th National Business League conference presented by the National Alliance for Black Business.	Georgia, USA	338,762	-	338,762
County Executive	1	21st to 27th September, 2025	Attend FESTAC Africa Renaissance Festival, 2025	Doha, Qatar	396,700	-	396,700
Total							

Source: *Kisumu County Treasury and Kisumu County Assembly*

The County Executive did not provide the purpose of travel to the USA and Dubai as indicated in the table above.

3.17.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.176.25 million as FIF, which was 22 per cent of the annual target of Kshs.800 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.296.84 million, as shown in Table 3.258.

Table 3.258: Kisumu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	17	640,345,898	277,326,440	36
3.	Level 3 Facility	25	104,033,377	42,531,946	41
4.	Level 2 Facility	109	55,620,726	26,983,587	29
	Total	**151**	**800,000,000**	**296,841,973**	**37**

Source: *Kisumu County Treasury*

3.17.16 Development Expenditure

In the review period, the County reported spending Kshs.333.84 million on development programmes, representing an increase of 10 per cent compared to FY 2024/25, when the County spent Kshs.302.84 million. Table 3.259 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to improved settlement of trade payables.

Table 3.259: Kisumu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	County Assembly	Construction of Ultra-Modern County Assembly	Kisumu Milimani	19th January, 2022	31st December, 2026	478,356,348	100,000,000	65,729,295	544,085,643	114
2.	Lands, Physical Planning, Housing and Urban Development	Local Physical Development Plan for Ahero/ Awasi	Ahero	07/06/2019	28/06/2019	51,268,520	10,000,000	-	10,000,000	20

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
3.	Lands, Physical Planning, Housing and Urban Development	Supply, Installation and commissioning of Energy	Maseno and Kombewa	20/02/2024	10/03/2025	7,697,915	-	-	7,688,065	100
4.	Medical Services, Public Health and Sanitation	Completion of Nyadado Dispensary	East Seme	15/06/2023	30/06/2023	4,998,382	4,998,382	-	4,948,382	100
5.	City of Kisumu	Construction of a Box Culvert at Usare - Kadiaga	South West Kisumu	-	-		5,000,000	-	4,928,060	99
6.	Infrastructure, Energy and Public Works	Maintenance of Ragen – Bolo Junction road	Nyakach Central	05/06/2025	14/11/2025	4,910,678	5,000,000	-	4,910,530	98
7.	Medical Services, Public Health and Sanitation	Construction of the Kosawo Dispensary	Kisumu Central	11/06/2021	30/08/2023	37,138,510	4,947,819	-	4,947,819	13
8.	Infrastructure, Energy and Public Works	Maintenance of Rae – Kanyaika junction – Rae Primary School Corner Labour – Ouko Bridge	Kolwa Central	20/03/2025	14/11/2025	4,499,750	4,499,707	-	4,499,707	100
9.	Infrastructure, Energy and Public Works	Improvement of Namba – Kosea- Akonya -Korumba Access Road	Central Seme	19/03/2025	17/11/2025	3,999,999	4,000,000	-	3,999,998.93	100
10.	Infrastructure, Energy and Public Works	Tok – Teko Kanyagoro Access Road	Kanyagoro			3,999,999	3,999,420	-	3,999,420	100
Donor Funded Projects										
1	Infrastructure, Energy and Public Works	Construction of Climate Change Resource Centre Phase II	Railways	06/12/2024	08/12/2025	29,064,786	30,000,000	16,922,679.72	22,735,636.72	78
2	Water, Environment, Natural Resources and Climate Change	Drilling and Equipping of Climate Change Resilience Borehole at Holo	Holo	10/09/2024	30/06/2025	15,579,500	16,000,000	15,579,188	15,579,188	100
3	Water, Environment, Natural Resources and Climate Change	Desilting of Koyombe Water Pan	North Nyakach	20/05/2024	10/12/2025	9,286,500	10,000,000	9,239,400	9,239,400	99
4	Infrastructure, Energy and Public Works	Construction of Ugenya Evacuation Centre	Kabonyo Kanyagwal	10/10/2024	24/11/2025	17,932,170	18,000,000	9,159,010	9,159,010	51
5	Agriculture, Livestock Development, Fisheries and Irrigation	Establishment of Community forest at Siany and Construction of Biogas at Maseno and Muhoroni	Countywide	13/12/2024	04/08/2025	9,962,200	13,000,000	6,979,500	9,742,000	98
Equalisation Funded Projects										

Source: *Kisumu County Treasury*

The County did not report on Equalisation Funded projects in the review period. In addition, the County did not report on stalled development projects as of 31st December 2025.

3.17.17 Budget Performance by Department

Table 3.260 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.260: Kisumu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning, Housing and Urban Development	149.72	1,085.80	34.42	36.51	34.42	26.51	100	73	23	2
Agriculture, Livestock Development, Fisheries and Irrigation	244.83	426.57	94.84	22.24	94.84	22.24	100	100	39	5
City of Kisumu	394.56	1,267.76	23	117.32	23	117.32	100	100	6	9
County Assembly of Kisumu	862.08	100	258.14	65.73	253.58	65.73	98	100	29	66
County Public Service Board	431.21	-	1.37	-	1.37	-	100	-	3	-
Education, Technical Training, Innovation and Social Service	950.97	335.27	269.89	87.47	269.89	73.01	100	84	28	22
Infrastructure, Energy and Public Works	171.88	1,236.60	49.21	85.12	49.21	30.99	100	36	29	3
Finance, Economic Planning and ICT Services	1,814.71	75.08	442.57	19.80	442.57	19.80	100	100	24	26
Trade, Tourism, Industry and Marketing	112.11	69.38	10.95	1.96	10.95	-	100	-	10	-
Medical Services, Public Health and Sanitation	3,686.54	282.13	1,565.46	66.11	1,565.46	58.18	100	88	43	21
Sports, Culture, Gender and Youth Affairs	114.40	86.24	40.44	12.30	37.23	12.30	92	100	33	14
Water, Environment, Natural Resources and Climate Change	129.50	595.67	41.25	35.07	41.25	25.08	100	72	32	4
Public Service, County Administration, Participatory Development and Office of the Governor	1,407.76	387.69	519.83	8.20	519.83	-	100	-	37	-
County Attorney	221.15	-	40.98	-	40.98	-	100	-	19	-
Ahero/Awasi Municipality	16	-	0.43	-	0.43	-	100	-	3	-
Maseno/Holo Municipality	11.50	4.50	0.05	-	0.05	-	100	-	0.4	-
Kombewa/Bodi Municipality	12	4	0.19	-	0.19	-	100	-	2	-
Katiti/Pap Onditi Municipality	11.50	4.50	0.29	-	0.29	-	100	-	3	-
Muhoroni/Chemilil Municipality	12	4	0.16	-	0.16	-	100	-	1	-
	10,366.33	**5,965.19**	**3,393.45**	**557.82**	**3,385.67**	**451.16**	**100**	**81**	**33**	**8**

***Source**: Kisumu County Treasury*

Analysis of expenditure by departments shows that the Department of County Assembly of Kisumu recorded the highest absorption rate of development budget at 66 per cent, followed by the Department of Finance, Economic Planning and ICT Services at 26 per cent. The Department of Medical Services, Public Health and Sanitation had the highest recurrent expenditure-to-budget ratio at 43 per cent, while the Department of Maseno/Holo Municipality had the lowest at 0.4 per cent.

3.17.18 Budget Execution by Programmes and Sub-Programmes

Table 3.261 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.261: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
County Assembly				
701035060	General Administration	100,000,000	65,729,295.35	66
	Sub Total	**100,000,000**	**65,729,295.35**	**66**
Trade, Tourism, Industry and Marketing				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
704005084	General Administration and Support Services	41,283,598	20,026,445	49
	Sub Total	**41,283,598**	**20,026,445**	**49**
Education, Technical Training, Innovation and Social Services				
101005081	Planning and Coordination Services	25,000,000	11,522,582	46
	Sub Total	**25,000,000**	**11,522,582**	**46**
Public Service, County Administration, Participatory Development and Office of the Governor				
704005088	General Administration and Support Services	35,187,481	15,844,573	45
	Sub Total	**35,187,481**	**15,844,573**	**45**
Trade, Tourism, Industry and Marketing				
301005084	Trade Support Services	28,100,000	12,428,329	44
	Sub Total	**28,100,000**	**12,428,329**	**44**
RECURRENT				
Medical Services, Public Health and Sanitation				
403005085	Human Resource for Health	2,734,391,572	1,758,781,679.80	64
	Sub Total	**2,734,391,572**	**1,758,781,679.80**	**64**
Sports, Culture, Gender and Youth Affairs				
101005086	Planning and Coordination Services	57,082,705	30,955,913	54
	Sub Total	**57,082,705**	**30,955,913**	**54**
Sports, Culture, Gender and Youth Affairs				
101005081	Talent Development	18,343,409	9,400,578	51
	Sub Total	**18,343,409**	**9,400,578**	**51**
Public Service, County Administration, Participatory Development and Office of the Governor				
704005088	Human Resource Recruitment and Development	925,059,908	444,708,282.70	48
	Sub Total	**925,059,908**	**444,708,282.70**	**48**
Sports, Culture, Gender and Youth Affairs				
103005086	Physical Planning Services	19,200,000	9,230,723	48
	Sub Total	**19,200,000**	**9,230,723**	**48**

Source: *Kisumu County Treasury*

The development sub-programmes with the highest budget implementation rates included: General Administration in the Department of the County Assembly of Kisumu at 66 per cent, General Administration and Support Services in the Department of Trade, Tourism, Industry and Marketing at 49 per cent, and Planning and Coordination Services at 46 per cent. For recurrent sub-programmes, the top performers were: Human Resource for Health in the Department of Medical Services, Public Health and Sanitation at 64 per cent, Planning and Coordination Services in the Department of Sports, Culture, Gender and Youth Affairs at 54 per cent and Talent Development in the Department of Sports, Culture, Gender and Youth Affairs at 51 per cent. Their higher performance is attributed to enhanced payments on trade payables.

Table 3.262 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.262: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
City of Kisumu				
109005072	Urban Planning and Development	1,267,758,259	-	-
	Sub Total	**1,267,758,259**	-	-
Public Service, County Administration, Participatory Development and Office of the Governor				
705005088	Management of public financial administration	352,500,000	-	-
	Sub Total	**352,500,000**	-	-
Maseno/ Holo Municipality				
704005091	General Administration and Support Services	4,500,000	-	-
	Sub Total	**4,500,000**	-	-
Kombewa/ Bodi Municipality				
704005092	General Administration and Support Services	4,000,000	-	-
	Sub Total	**4,000,000**	-	-
Katito/ Pap Onditi Municipality				
704005093	General Administration and Support Services	4,500,000	-	-
	Sub Total	**4,500,000**	-	-
RECURRENT				
Medical Services, Public Health and Sanitation				
409005085	County and Sub-County Hospital Services	189,000,000	-	-
	Sub Total	**189,000,000**	-	-
Medical Services, Public Health, and Sanitation				
103005067	Kisumu County Referral Hospital	123,000,000	-	-
	Sub Total	**123,000,000**	-	-
Medical Services, Public Health and Sanitation				
401005085	Disease Surveillance	12,000,000	-	-
	Sub Total	**12,000,000**	-	-
City of Kisumu				
401005072	Environmental Health and Sanitation	9,385,432	-	-
	Sub Total	**9,385,432**	-	-
City of Kisumu				
109005072	Urban Planning and Development	7,145,609	-	-
	Sub Total	**7,146,609**	-	-

Source: *Kisumu County Treasury*

The development sub-programmes with the lowest budget implementation rates included: Urban Planning and Development in the Department of the City of Kisumu; Management of Public Financial Administration in the Department of Public Service, County Administration and Office of the Governor, and General Administration and Support Services in the Department of Maseno/Holo Municipality, all at zero per cent. For recurrent sub-programmes, poor performers were: County and Sub-County Hospital Services in the Department of Medical Services, Public Health and Sanitation; Kisumu County Referral Hospital in the Department of Medical Services, Public Health and Sanitation and Environmental Health and Sanitation in the Department of City of Kisumu, all at zero per cent. These lower performances are attributed to the National Government's delay in rolling out the electronic government pay (eGP) system.

3.17.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 187 accounts in commercial banks, including 151 for Health Facilities, 24 for Vocational Training Centres, 4 for Established Funds, 3 revenue accounts, and 5 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 187 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.17.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kisumu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.417.64 million against an annual target of Kshs.3.63 billion, representing 12 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.333.84 million on development activities, achieving a 6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Kisumu County Assembly Car Loan and Mortgage Fund had lapsed, rendering it ineligible for further withdrawals.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu County Assembly Car Loan and Mortgage Fund were not submitted to the CoB as of 15th January, 2026.
v. High level of trade payables, which amounted to Kshs.3.10 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.18. County Government of Kitui

3.18.1 Overview of FY 2025/26 Budget

The Kitui County Approved Budget for FY 2025/26 is Kshs.14.75 billion. It comprises Kshs.5.23 billion (35 per cent) and Kshs.9.52 billion (65 per cent) allocation. 5.23 billion (35 per cent) and Kshs.9.52 billion (65 per cent) for development and 5.12 billion (35 per cent) for recurrent programmes, respectively. The budget estimates represent an increase of Kshs.440 million (3 per cent) from

the FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.9.55 billion. The increase in the budget was primarily attributed to the increase in the balance brought forward and the conditional grant.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.11.50 billion (78.02 per cent), and additional allocations of Kshs.2.07 billion (14.05 per cent), a revote of Kshs.50.99 (0.3 per cent) brought forward from FY 2024/25, and Kshs.1.20 billion (7.59 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.263

3.18.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.5.35billion. This amount represented a decrease of 25.7 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.7.20 billion. The total revenue consisted of Kshs.4.77 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.524.63 million. Additionally, the County had a cash balance of Kshs.50.99 million from FY 2024/25. The total OSR collection of Kshs.524.63 million included Facilities Improvement Financing (FIF) of Kshs.284.23 million, and Kshs.240.40 million from other OSR sources. Table 3.263 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.263: Kitui County, Revenue Performance in the First Half of FY 2025/26

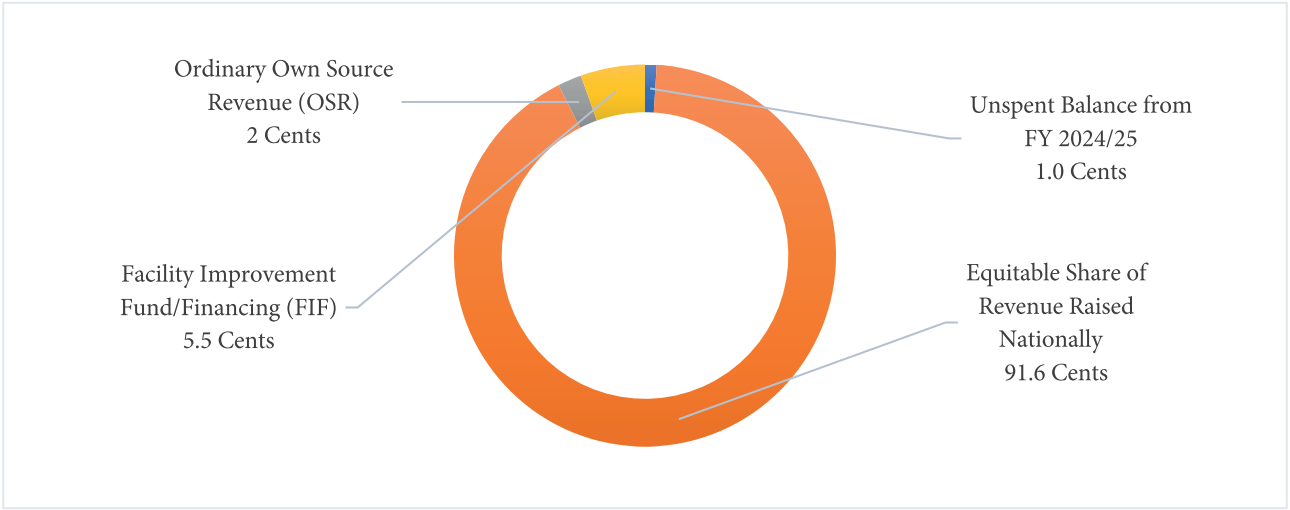
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	**50,990,623**	50,990,623	-	**50,990,623**	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**50,990,623**	**50,990,623**	-	**50,990,623**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	11,503,907,837	4,774,121,753	-	4,774,121,753	6,729,786,084
	Sub-Total	**11,503,907,837**	**4,774,121,753**		**4,774,121,753**	**6,729,786,081**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Road Maintenance Fuel Levy	597,554,452	-	-	-	597,554,452
2	Grants from World Bank (KDSP I)	39,011,137	-	-	-	39,011,137
3	Grants from World Bank (KDSP II)	358,125,000	-	-	-	358,125,000
4	HSSP/HSPS - (DANIDA/IDA)	14,089,326	-	-	-	14,089,326
5	IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	248,194,645	-	-	-	248,194,645
6	World Bank programme to Finance locally -Led Climate Action Program(FLLoCA)	377,089,490	-	-	-	377,089,490
7	Kenya Urban Support Project-(UIG) world bank	60,714,592	-	-	-	60,714,592
8	Allocation for 20% Share of Mineral Royalties	114,279	-	-	-	114,279

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Allocation for Court Fines	50,000	-	-	-	50,000
10	Community Health Promoters	58,050,445	-	-	-	58,050,445
11	Covid - 19 - Ministry of Health and Sanitation	16,326,684	-	-	-	16,326,684
12	Development of Youth Polytechnics	362,908	-	-	-	362,908
13	County Aggregation and Industrial Parks Programme	301,525,750	-	-	-	301,525,750
	Sub-Total	**2,071,208,708**	**-**	**-**	**-**	**2,071,208,708**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	312,348,304	105,372,928	-	105,372,928	206,975,376
	Sub-Total	**312,348,304**	**105,372,928**	**-**	**105,372,928**	**206,975,376**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	806,901,696	284,228,710	-	-	522,672,986
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**806,901,696**	**284,228,710**	**-**	**-**	**522,672,986**
G	**Appropriations in Aid**					
1	...	-	-	-	-	-
	Sub-Total					
H	**Other Revenues**	**-**	**-**	**-**	**-**	**-**
	Sub-Total	-	-	-	-	-
Total		**14,745,357,168**	**5,214,714,014**		**5,214,714,014**	**9,530,643,154**

Source: *Kitui County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 103 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 103: Kitui County Composition of Each Shilling Earned in the First Half of FY 2025/26

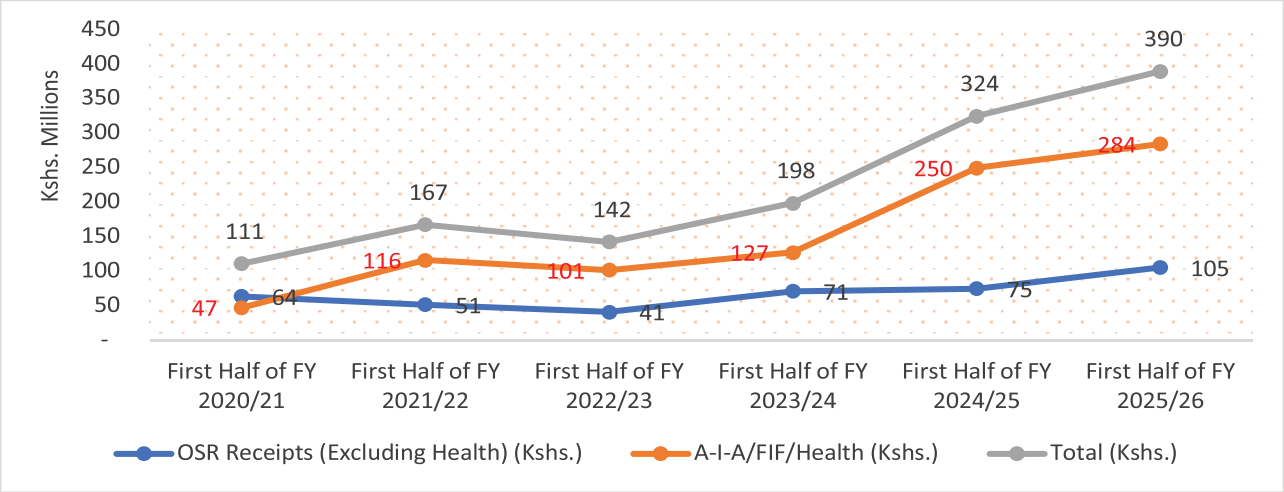


Source: *Kitui County Treasury*

The equitable share of revenue raised nationally, OSR, the unspent balance from FY 2024/25, and FIF contributed 91.6 per cent, 2.0 per cent, 1.0 per cent, and 5.5 per cent, respectively, of the total receipts for the reporting period.

Figure 104 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 104: Kitui County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

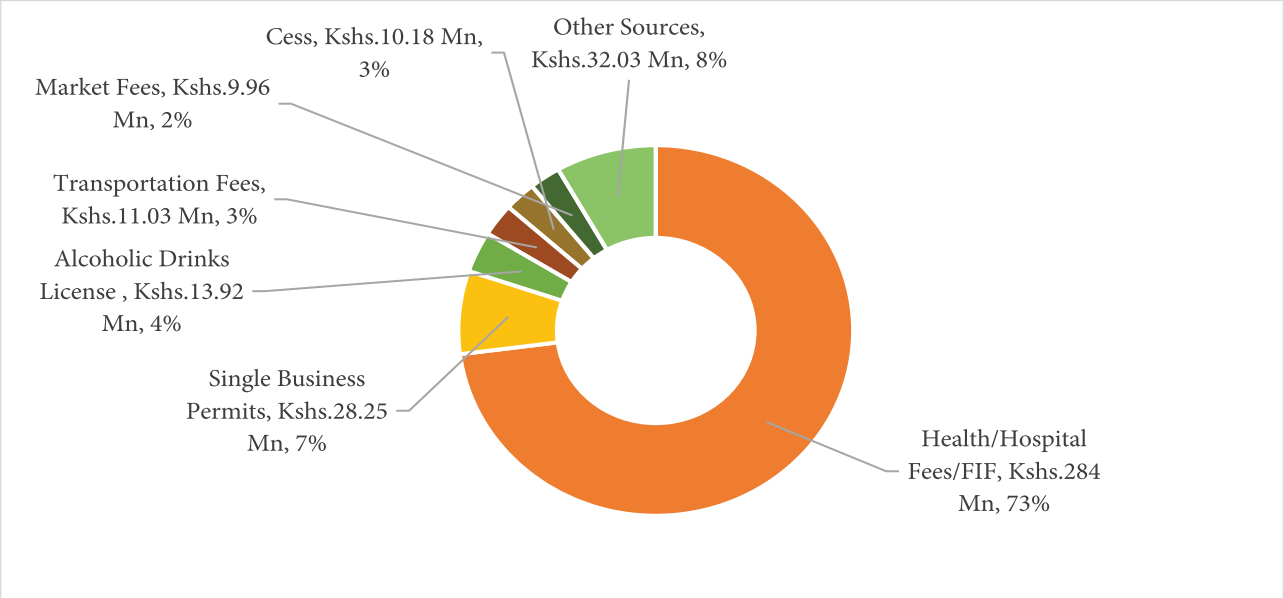


Source: *Kitui County Treasury*

During the first half of FY 2025/26, the County received Kshs.389.6 million from OSR, including FIF. This amount was an increase of 16.7 per cent compared to Kshs.324.46 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of revenue streams to cashless. The revenue streams that contributed the most to OSR receipts are shown in Figure 105

Figure 105: Kitui County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Kitui County Treasury

As shown in Figure 105, the highest revenue stream, at Kshs.284.3 million, was from Health, hospital fees/FIF, accounting for 73 per cent of the total OSR receipts. The County Government indicated that it has not automated all its revenue streams.

3.18.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.1.58 billion, which increased to Kshs.1.76 billion as of 31st December 2025. Table 3.264 presents a breakdown of the County's revenue arrears.

Table 3.264: Kitui County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
D	**Ordinary Own Sources of Revenue**					
1	Land rates	1,282,533,263		1,500,152	150,220,279	1,431,253,390
	Sub-Total	**1,282,533,263**		**1,500,152**	**150,220,279**	**1,431,253,390**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	211,756,716		110,010,500	142,105,196	243,851,412
2	Defunct NHIF	89,171,278				89,171,278
	Sub-Total	**300,927994**		**110,010,500**	**142,105,196**	**333,022,790**
Total		**1,583,461,257**		**111,510,652**	**292,325,475**	**1,764,276,180**

Source: Kitui County Treasury

As of 31st December 2025, the revenue arrears totalled Kshs.1.76 billion, comprising Kshs.1.43 billion for own-source revenue. and Kshs.333.02 million for the Facility Improvement Financing (FIF). The County has instituted measures to collect outstanding arrears, including engaging debt collectors to recover the outstanding amount.

3.18.4 Borrowing by the County

There was no borrowing during the reporting period.

3.18.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.23 billion from the Kitui County Revenue Fund (CRF) account. This amount consisted of Kshs.725.42 million (14 per cent) designated for development programs and Kshs.2.68 billion (86 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.18 billion was allocated to employee compensation and Kshs.1.32 million to operations and maintenance expenditures. Within the operations and maintenance category, 18 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.216.17 million, which included Kshs.3110.42 million for the County Executive and Kshs.105.75 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.16.85 million for the County Assembly. There was no foreign travel for the County Executive.

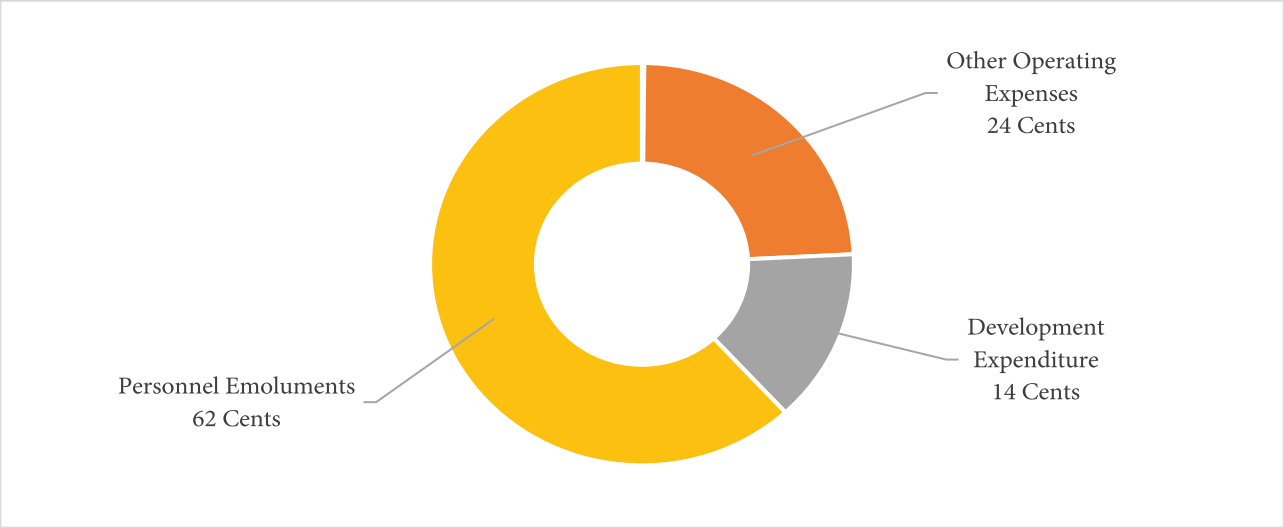
As of December 31, 2025, the County Government's cash balance in the Kitui CRF account was Kshs.542.92 million.

3.18.6 Expenditure Review

The County spent Kshs.5.13 billion on development and recurrent programmes in the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.717.71 million for development programmes and Kshs.4.41 billion for recurrent programmes. Expenditure on development programmes accounted for 14 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 46 per cent of the annual recurrent expenditure budget.

Figure 106 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 106: Kitui County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Kitui County Treasury

As shown in Figure 106 the three highest expenditure categories were Personnel Emoluments, Other Operating Expenses, and Development Expenditure, which contributed 62, 24, and 14 per cent of total expenditure for the reporting period.

3.18.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.553.89 million. This amount of Kshs.535.89 million was for the County Executive and Kshs.18 million for the County Assembly. The trade payables from the County Executive, comprising Kshs.366.92million for recurrent expenditure and Kshs.168.97 million for development expenditure, while trade payables from the County Assembly comprised Kshs.18 million entirely for recurrent expenditure

During the reporting period, the County Executive settled trade payables amounting to Kshs.535.89 million, comprising Kshs.366.92 million (68 per cent) for recurrent programmes and Kshs.168.97 million (32 per cent) for development programmes. The County Assembly settled trade payables amounting to Kshs.8 million, comprising entirely of recurrent expenditure. The outstanding trade payables as of 31st December 2025 were Kshs.10 million for the County Assembly. Table 3.265 provides additional details of trade payables.

Table 3.265: Kitui County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	A	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	18,000,000-	18,000,000
		Total	**168,969,163**	**384,917,679**	**553,886,842**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan.	B	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	18,000,000	18,000,000
		Total	**168,969,163**	**384,917,679**	**553,886,842**
Amount paid in the First Half of FY 2025/26	C	County Executive	168,969,163	366,917,679	535,886,842
		County Assembly	-	8,000,000-	8,000,000
		Total	168,969,163	**366,917,679**	**543,886,842**
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	-	-	-
		County Assembly	-	**10,000,000**	**10,000,000**
		Total	-	**10,000,000**	**10,000,000**

***Source**: Kitui County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.366.92 million and Kshs.168.97 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Assembly submitted a trade payables payment plan, committing to pay Kshs.18 million on recurrent. The County Assembly did not adhere to this payment plan, as it cleared Kshs.8 million for the Executive.

Table 3.266 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.97 billion.

Table 3.266: Kitui County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Recurrent Trade Payables	10,000,000	-	-	-	
Total Trade Payables	**10,000,000**	-	-	-	**10,000,000**
% of Total	**100**	-	-	-	**100**

Source: *Kitui County Treasury*

3.18.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.99 billion on compensation of employees, Kshs.1.04 billion on operations and maintenance, and Kshs.717.71 million on development activities. Similarly, the County Assembly spent Kshs.181.51 million on compensation of employees, Kshs.191.94 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.267.

Table 3.267: Kitui County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)		
	Executive	Assembly	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	
Total Recurrent Expenditure	**8,474,571,167**	**1,044,014,514**	**4,038,138,372**	**373,448,659**	**4,038,138,372**	**373,448,659**	**4,038,138,372**	**373,448,659**	**48**	**36**
Compensation of Employees	5,455,039,849	488,264,486	2,994,851,326	181,512,737	2,994,851,326	181,512,737	2,994,851,326	181,512,737	55	37
Operations and Maintenance	3,019,531,318	555,750,028	1,043,287,046	191,935,922	1,043,287,046	191,935,922	1,043,287,046	191,935,922	35	35
Development Expenditure	**5,023,600,097**	**203,171,390**	**781,416,233**	-	**781,416,233**	-	781,416,233	-	**14**	-
Total	**13,498,171,265**	**1,247,185,904**	**3,182,872,217**	**373,448,659**	**3,182,872,217**	**373,448,659**	**3,182,872,217**	**373,448,659**	**35**	**30**

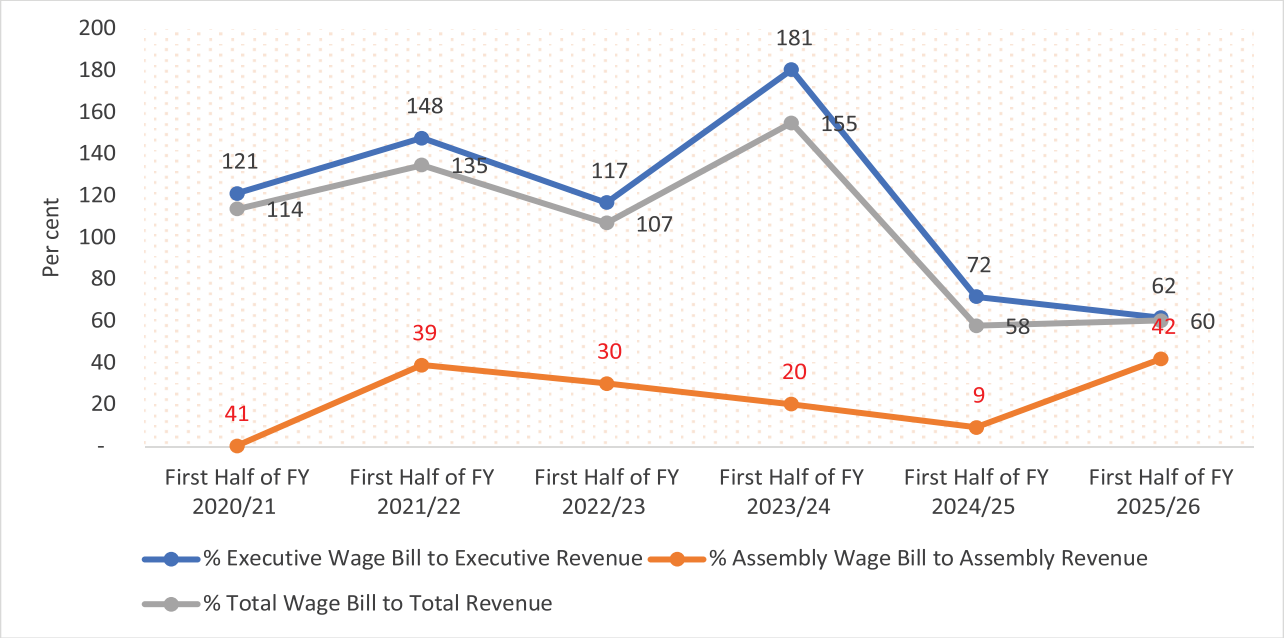
Source: *Kitui County Treasury*

3.18.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.18 billion. The compensation-to-revenue ratio was 61 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.68 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.80 billion for Health Sector employees, accounting for 57 per cent of overall employees' compensation.

Figure 107 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 107: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



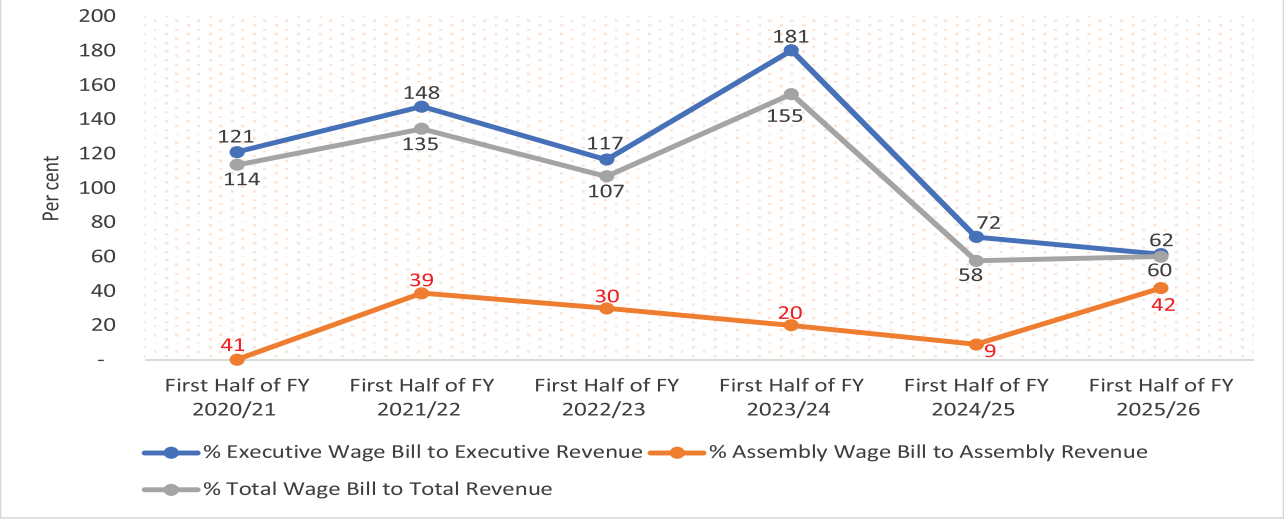
Source: *Kitui County Treasury*

The County Assembly spent Kshs.8.69 million on committee sitting allowances for the 61 MCAs against the annual budget allocation of Kshs.12.09 million. The average monthly sitting allowance was Kshs.23,754 per MCA. The County Assembly has 22 House Committees.

3.18.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.772.83 million on operations and maintenance, representing an increase of 45 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.530.12 million. Figure 108 summarises the Operations and Maintenance expenditure by major categories.

Figure 108: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: *Kitui County Treasury*

3.18.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.121.62 million on "*other operating expenses*," which is 10 per cent of the total operations and maintenance expenditure of Kshs.1.24 billion. This category of expenditure includes Kshs.33.78 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.268.

Table 3.268: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Charge and Commission	63,800	-
2211305	Contracted Guards/Cleaning Services	6,048,928	2,035,491
2211306	Membership Fees, Subscriptions to Professional Bodies	16,969,208	4,306,490
2211308	Legal Dues/Fees, Arbitration and Compensation Payments	76,090,298	33,775,577
2211309	Management Fees	1,000,000	500,000
2211310	Contracted Professional Services	10,703,984	416,000
2211313	Security Operations	3,450,000	1,636,720
2211320	Temporary Committee Expenses	19,408,138	4,863,360
2211324	Registration of Land	150,000	-
2211325	Constituency Office Expenses	19,735,554	2,214,148
2211399	Other Operating Expenses – Other	201,773,766	71,872,569
Total		**355,393,676**	**121,620,355**

Source: *Kitui County Treasury*

3.18.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.80 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.269 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.269: Performance of Kitui County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Kitui County Executive Mortgage (Staff) Scheme Fund	2015	-	-	-	96,000,000	No
2	Empowerment funds	2021				160,000,000	No
3	Kitui County Education Bursary (Pro-poor)	2014	-	-	-	928,464,985	The county submits returns on request as the program is a line item, not a fund
		County Assembly Established Funds					
1	Kitui County Assembly Service Board Employees Car Loan and Mortgage fund	2015	-	-	-	196,207,234	Yes
2	Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund	2015	-	-	-	175,410,337	Yes
	Total		**-**	**-**	**-**	**1,556,082,556**	

Source: *Kitui County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Kitui County Executive Mortgage (Staff) Scheme Fund, Empowerment funds, as indicated in Table 3.270, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and Kitui County Assembly Car Loan and Mortgage (Members) scheme 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB

established that the lifespan of the Kitui County Executive Mortgage (Staff) Scheme Fund, the Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and the Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.18.13 County Corporations

The County has not allocated any amount, as shown in Table 3.270.

Table 3.270: Performance of Kitui County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Kiambere-Mwingi water and Sanitation company.	25,000,000	15,000,000-	15,000,000	196,149,181
2	Kitui water and sanitation company	25,000,000	9,584,960	9,584,960	196,149,181
	Total	**50,000,000**	**24,584,960**	**24,584,960**	**392,298,363**

Source: *Kitui County Treasury*

3.18.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.216.17 million and comprised Kshs.110.42 million spent by the County Assembly and Kshs.105.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.85 million and comprised Kshs.16.85 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.271.

Table 3.271: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
COUNTY ASSEMBLY	21	20th-24th October, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	8,511,880	-	8,511,880
COUNTY ASSEMBLY	14	27th-31st October, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	4,023,630	-	4,023,630
COUNTY ASSEMBLY	14	3rd-7th November, 2025	Training and Benchmarking visit to the East African Legislative Assembly (EALA)	Arusha, Tanzania	4,319,250	-	4,319,250
Total					**16,854,760**		**16,854,760**

Source: *Kitui County Treasury and Kitui County Assembly*

3.18.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.284.23 million as FIF, which was 35 per cent of the annual target of Kshs.806.90 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.274.02 million, as shown in Table 3.272.

Table 3.272: Kitui County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	14	311,688,637	244,638,932	78
2.	Level 3 Hospital	56	16,752,216	6,000,000	36
3.	Level 2 Facility	255	42,412,784	23,381,909	55
Total		**325**	**370,853,637**	**274,020,841**	**169**

Source: *Kitui County Treasury*

3.18.16 Development Expenditure

In the review period, the County reported spending Kshs.781.42 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.851.08 million. Table 3.273 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to challenges in implementing e-procurement in the County.

Table 3.273: Kitui County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Trade, industry, MSMEs, innovation and Cooperatives	Kitui County Aggregation and Industrial Park	Kitui Rural Sub-County	2023/2024	30-July -2026	492,356,000	274,436,804	26,088,945	224,563,195	54
2	Health and Sanitation	construction of 2 Sets of body mortuary freezers of 12 body capacity	Kitui East	2024/2025	31-Dec-25	12,953,885	12,953,885	12,953,885	12,953,885	100
3	Roads and Public Works	Drift repair on the Ivovoa River drift along (Kathungi- Makuti)	Kitui East	2024/2025	31-Dec-25	12,724,840	12,724,840	12,724,840	12,724,840	100
4	Roads and Public Works	Road Improvement, Ithimani River, Kalimenza, Kwa Mutwee, Kwa Kimuli, with a Drift across Ithimani River	Mwingi North	2024/2025	31-Dec-25	12,721,118	12,721,118	12,721,118	12,721,118	100
5	Health and Sanitation	Construction of Kitui County Referral Hospital perimeter wall phase II	Kitui east	1-Jul-25	30-Jun-27	7,422,610	7,422,610	-	7,422,610	100
6	Roads and Public Works	Improvement of Mwingi Municipal Road in Kivou/ Mwingi Central wards	Mwingi	1-Jul-25	30-Jun-27	4,929,200	4,929,200	-	4,929,200	100
7	Roads and Public Works	Improvement of Kwa Awour Road	Kitui East	1-Jul-25	30-Jun-27	4,928,949	4,928,949	-	4,928,949	100
Equalisation Funded Projects										
1	Water	Drilling and equipping of Mivukoni borehole	Mwingi North	1-Jul-25	30-Jun-26	10,000,000	10,000,000	-	10,000,000	100
2	Education	Construction of 6 classrooms and 4-door pit latrines at Mavia Maiyu Primary School	Kitui East	1-Jul-25	30-Jun-26	7,218,710	7,218,710	-	7,218,710	100
3	Water	Grading and construction of a drift at the Thunguthu River Nguni-Kalwa road	Mwingi North	1-Jul-25	30-Jun-26	8,511,827	8,511,827	-	8,511,827	100
4	Water	Drilling & equipping of borehole and extension at Kaluasi solar pumping system, laying of 2.5KM (2") rising main, construction of a water kiosk with a 10,000-litre storage tank	Kitui East	1-Jul-25	30-Jun-26	8,352,550	8,352,550	-	8,352,550	100
5	Education	Construction of Science Laboratory at Muthungue Secondary School	Kitui East	1-Jul-25	30-Jun-26	8,326,334	8,326,334	-	8,326,334	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
6	Health	Construction of Kathanze Health Centre	Mwingi Central	1-Jul-25	30-Jun-26	8,118,273	8,118,273	-	8,118,273	100
7	Education	Construction of a classroom at Mandongoi Primary	Mwingi North	1-Jul-25	30-Jun-26	7,200,000	7,200,000	-	7,200,000	100
8	Education	Construction of 6 classrooms at Yamwenze Primary School	Mwingi North	1-Jul-25	30-Jun-26	7,200,000	7,200,000	-	7,200,000	100
9	Health	Construction of Level II Myuuni Health Centre	Mwingi Central	1-Jul-25	30-Jun-26	6,685,072	6,685,072	-	6,685,072	100
10	Health	Construction of the Radiology Room at Mutha Health Centre	Kitui South	1-Jul-25	30-Jun-26	6,485,222	6,485,222	-	6,485,222	100

Source: *Kitui County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.923.78 million, of which Kshs.406.91 has already been paid. The stalled projects are shown in Table 3.274.

Table 3.274: Kitui County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Health and Sanitation	Proposed construction of a Medical Ward at Mwingi level IV hospital	Mwingi	02.03.2019	-	65,532,720	9,702,125	9,702,125	55,830,595	15
2	Health and Sanitation	Construction of 7 classrooms at KMTC Mwingi	Mwingi	04.01.2019	-	17,027,650	851,382	851,382	16,176,268	5
3	Health and Sanitation	Proposed construction of perimeter wall at Mwingi Level IV Hosp.	Mwingi	21.5.2019	-	30,000,000	17,478,693	17,478,693	12,521,307	58
4	Health and Sanitation	Construction of storeyed maternity ward at KCRH	Kitui town	25.8.2017	-	242,782,653	104,981,800	104,981,800	137,800,853	43
5	Health and Sanitation	Construction of the surgical and amenity block at KCRH	Kitui town	23.5.2017	-	144,775,000	30,131,670	30,131,670	114,643,330	21
6	Health and Sanitation	Construction and equipping of the mortuary at Mwingi Level IV Hospital	Mwingi	23.3.2017	-	20,508,600	14,260,830	14,260,830	6,247,770	70
7	Water and irrigation	Mukameni Water Project	Kisasi ward	01.01.2022	-	11,044,422	5,081,026	5,081,026	5,963,396	54

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
8	Water and irrigation	Construction of an elevated Steel Water tank and pipeline extension at Muaani	Nguuni ward		-	5,640,230	4,809,755	4,809,755	830,475	85
9	Kitui Municipality	Kithomboani Modern Market	Kitui Municipality	27.05.2019	-	351,585,554.50	243,913,333.25	243,913,333.25	107,672,221.25	85
10	Roads and Public Works	Land Infrastructure and Urban Development (LIUD) Headquarters	Kitui Town	02.12.2016	-	64,880,916	5,701,156	5,701,156	59,179,760	9

Source: *Kitui County Treasury*

3.18.17 Budget Performance by Department

Table 3.275 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.275: Kitui County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	1,349.71	992.10	554.65	352.04	496.33	273.23	89	78	37	28
Health and Sanitation	3,847.49	259.58	1,748,71	49.02	2,042.55	51.56	117	65	53	20
County Public Service Board	75.47	10	34.61	-	25.46	-	74	-	34	-
County Assembly Service Board	1,044.68	203.17	373.45	-	373.45	-	100	-	35	-
Office of the Deputy Governor	172.48	23.23	37.36	3.33	66.28	32.26	177	87	38	98
Water and Irrigation	166.26	509.29	115.98	61.63	62.10	54.94	54	99	37	11
Education, Training, and Skills Development	919.18	118.96	446.81	18.51	495.70	26.33	111	77	54	22
Roads, Public Works and Transport	246.68	831.75	192.67	165.41	104.32	106.84	54	65	42	13
Trade Industry MSMs Innovation & Cooperatives	212.99	442.33	133.83		86.32	-	64	-	41	-
Energy Environment Forestry & Natural Resources	132.22	581.22	54.49	10.85	49.12	96.32	90	88	37	17
Culture, Gender, Youth, ICT, Sports, and Social Services	192.51	60.93	132.61	7.11	65.31	17.69	49	89	34	29
Finance, Economic Planning, and Revenue Management	456.43	491.76	214.04	1.96	243.06	12.55	114	97	53	3
Agriculture and Livestock	426.43	373.63	288.72	20.69	216.93	16.39	75	79	51	4
Lands Housing and Urban Development	275.68	328.82	172.08	34.88	84.65	29.60	49	89	31	9
Total	6,250.62	3,667.04	2,678.44	781.42	4,411.59	717.71	78	98	46	14

Source: *Kitui County Treasury*

Analysis of expenditure by departments shows that the Department of the Office of the Deputy Governor recorded the highest absorption rate of development budget at 98 per cent, followed by the Department of Culture, Gender, Youth, ICT, Sports and Social Services at 29 per cent. The Department of Education, Training, and Skills Development had the highest percentage of recurrent expenditure to budget at 54 per cent, while the Department of Health and Sanitation.while the County Attorney had the lowest at 51 per cent.

3.18.18 Budget Execution by Programmes and Sub-Programmes

Table 3:277 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.276: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Primary		1,829,774	106,000,000	9,319,622.30	20,014,381.50	89	-
Early Childhood Development	502013710	1,829,774	106,000,000	9,319,622.30	20,014,381.50	89	-
Mining Policy Development and Coordination		10,689,900	-	8,581,040	-	80	-
Maternal and Child Health		32,155,990	-	18,722,942	-	65	-
Family Planning Services	404013710	24,784,483	-	16,165,142	-	65	-
Preventive and Promotive Health Services.		1,138,831,840	59,652,804	655,629,035	18,249,205.35	58	-
Crop Development and Management		6,342,896	223,849,137	3,625,749.70	-	57	-
Land and Crops Development	102013710	6,342,896	223,849,137	3,625,749.70	-	57	-
Water Supply and Flood Control	111023710	5,590,196	97,907,301	1,322,850	53,588,656.30	-	55
Sports		48,694,706	23,585,519	6,205,683.80	12,693,642.55	-	54
Sport Training & Competition	306013710	47,757,306	23,585,519	5,913,252	12,693,642.55	-	54
Transport Services		19,213,917	15,500,000	7,736,468	8,113,726.70	-	52
Transport System Management	203013710	19,213,917	15,500,000	7,736,468	8,113,726.70	-	52
Communicable Disease Control	403013710	3,042,443	59,652,804	1,236,560	18,249,205.35	-	31
Youth Training & Development		9,043,505	928,142,676	1,025,722	267,403,316.80	-	29

Source: *Kitui County Treasury*

The development sub-programmes with the highest budget implementation rates included Water Supply and Flood Control in the Department of Water and Irrigation at 55 per cent, Sport Training & Competition in the Department of Culture, Gender, Youth ICT Sports and Social Services

of Education and ICT at 54 per cent, and Communicable Disease Control at 52 per cent in the department of health and sanitation. For recurrent sub-programmes, the top performers were Early Childhood Development in the Department of Health and Sanitation at 89 per cent, Mining Policy Development and Coordination in the Department of Energy, Environment, Forestry & Natural Resources at 80 per cent, Family Planning Services in the Department of Health and sanitation at 65 per cent, and Crop Development and Management at 58 per cent. Their higher performance is attributed to predictable funding flows, personnel-dominated expenditure structures, mature implementation frameworks, and the prioritisation of essential service delivery programs, which collectively enhanced budget absorption.

Table 3.277 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.277: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Referral Services	402023710	1,870,000	-	139,100	-	7	-
Child Community Support Service	308023710	1,933,131	-	183,329.80	-	9	-
Youth Training & Development		9,043,505	928,142,676	1,025,722	267,403,316	11	-
Sports		48,694,706	23,585,519	6,205,683.80	12,693,642	13	-
Sport Training & Competition	306013710	47,757,306	23,585,519	5,913,252	12,693,642	12	-
Water Storage and Flood Control	111013710	11,327,479	594,453,746	1,654,350	-	15	-
		12,536,462	69,000,000	1,992,680	2,056,812	-	3
Alternative Energy Technologies	1008013710	12,536,462	69,000,000	1,992,680	2,656,812	-	4
Curative Health Services		1,874,639,705	126,174,030	814,600,016.35	9,193,007	-	7
Forensic and Diagnostics	402013710	1,572,769,706	126,174,030	614,460,916.35	9,193,007	-	7
Trade Development and Promotion		22,182,238	359,345,187	5,167,800.30	29,784,503	-	8
Fair Trade and Consumer Protection	303023710	22,182,238	359,345,187	5,167,800.30	29,784,503	-	8
Road Transport		8,158,000	880,010,054	1,852,907	87,425,351	-	10
Construction of Roads and Bridges	110013710	8,158,000	880,010,054	1,852,907	87,425,351	-	10

Source: *Kitui County Treasury*

The development sub-programmes with the lowest budget implementation rates included Alternative Energy Technologies in the Department of Energy, Environment, Forestry & Natural Resources at 3 per cent, Curative Health Services in the Department of Health and Sanitation at 7 per cent, and Trade Development and Promotion at 8 per cent. For recurrent sub-programmes, poor performers were Referral Services in the Department of Health and Sanitation at 7 per cent, Child Community Support Service in the Department Culture Gender Youth ICT Sports and Social Services At 9 per cent, Youth Training & Development in the Department of Culture Gender Youth ICT Sports and Social Services at 11 per cent, and Sport Training & Competition at 12 per cent. These lower performance levels are attributed to erratic funding disbursements, project-based expenditure delays, bureaucratic implementation hurdles, and the deprioritization of non-core or capital projects, which collectively suppressed budget absorption.

3.18.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 493 accounts in commercial banks, including 357 accounts for Health Facilities, 111 accounts for Vocational Training Centres, 5 accounts for Established Funds, 8 revenue accounts, 11 special-purpose accounts (additional allocations), and 1 account for imprests at the Office of the Governor.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 493 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.18.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kitui County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30/01/2026.
ii. The underperformance of own-source revenue at Kshs.389.60 million against an annual target of Kshs.1,119.25 billion, representing 35 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.717.71 million on development activities, achieving a 14 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of Kitui County Executive Mortgage (Staff) Scheme Fund, Kitui County Assembly Service Board Employees Car Loan and Mortgage fund and Kitui County Assembly Car Loan and Mortgage (Members) scheme Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports from Kitui County Executive Mortgage (Staff) Scheme Fund and the Empowerment funds were not submitted to the CoB as of 15 January 2026.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.19. County Government of Kwale

3.19.1 Overview of FY 2025/26 Budget

The Kwale County Approved Budget for FY 2025/26 is Kshs.15.83 billion. It comprises Kshs.7.87 billion (50 per cent) and Kshs.7.96 billion (50 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.951.50 million (6 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.95 billion and a recurrent budget of Kshs.7.92 billion. The increase in the budget was primarily attributed to the rise in equitable share and Own resource revenue

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally Kshs.9.08 billion (57 per cent), additional allocations of Kshs.920 million (6 per cent), Trade Payables and Commitments B/F of Kshs.4.94 billion (31 per cent) brought forward from FY 2024/25, and Kshs.886 million (6 per cent) to be received as own-source revenue. A breakdown of the additional allocations is shown in Table 3.278.

3.19.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.4 billion. This amount represented a decrease of 19.5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.47 billion. The total revenue consisted of Kshs.3.77 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.180.73 million. Additionally, the County had a cash balance of Kshs.451.55 million from FY 2024/25. The total OSR collection of Kshs.180.73 million included Facilities Improvement Financing (FIF) of Kshs.93.87 million, and Kshs.86.87 million from other OSR sources.

Table 3.278 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.278: Kwale County, Revenue Performance in the First Half of FY 2025/26

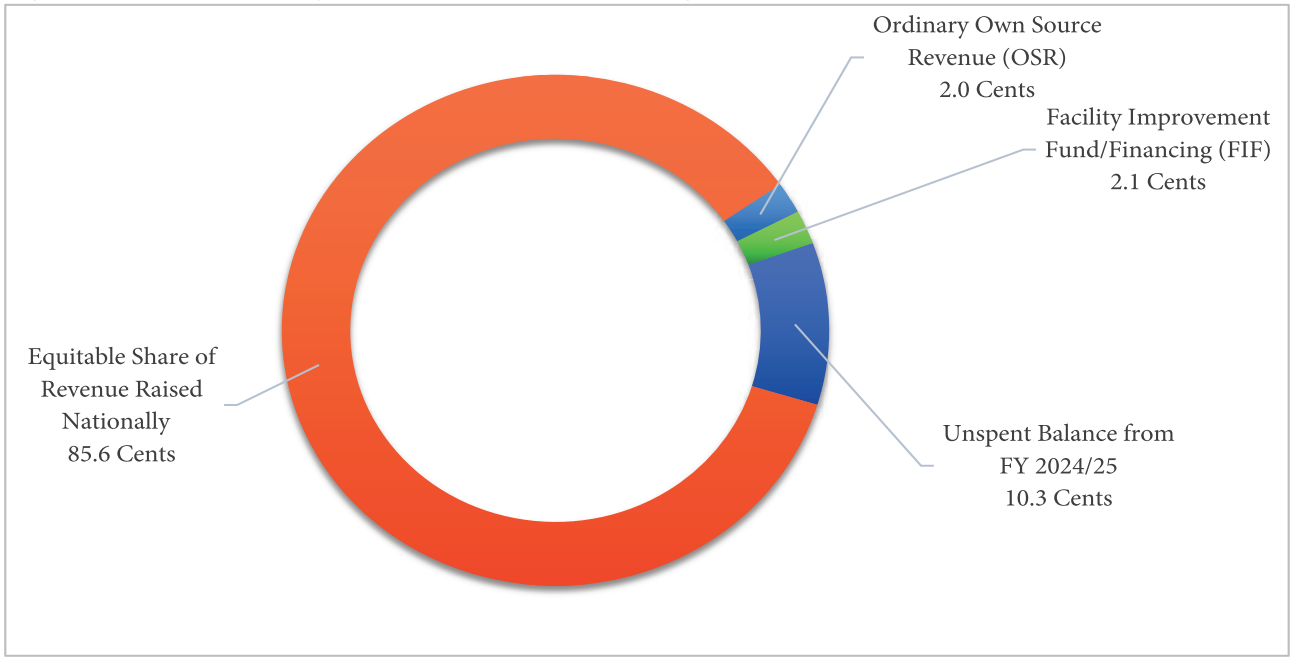
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	447,826,615	-	447,826,615	- 447,826,615
2	County Executive Refunds to CRF	-	1,728,881	-	1,728,881	- 1,728,881
3	County Assembly Refunds to CRF	-	1,998,118	-	1,998,118	- 1,998,118
	Sub-Total	**-**	**451,553,614**	**-**	**451,553,614**	**- 451,553,614**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	9,078,699,643	3,767,660,353	-	3,767,660,353	5,311,039,290
	Sub-Total	**9,078,699,643**	**3,767,660,353**	**-**	**3,767,660,353**	**5,311,039,290**
C	**Additional Allocations from National Government Revenues**					
1	Basic Salary Arrears for Health Workers	-	-	-	-	-
2	Community Health Promoters(CHPs) Project	59,140,000	-	-	-	59,140,000
3	Kenya Devolution Support Programme (KDSP)- Level II Institutional Grant	37,500,000	-	-	-	37,500,000
4	Kenya Devolution Support Programme (KDSP)- Level II Development Grant	352,500,000	-	-	-	352,500,000
5	Road Maintenance Levy Fund	206,900,399	-	-	-	206,900,399
Additional Allocations from Development Partners						
1	Primary Healthcare in Devolved Context (DANIDA)	14,206,500	-	-	-	14,206,500
2	National Agricultural Value Chain Development Project (NAVCDP)	-	-	-	-	-
3	Kenya Agricultural Business Development Project (KABDP)-SIDA Grant	-	-	-	-	-
4	Water and Sanitation Development Project (WSDP)	-	-	-	-	-
5	Kenya Informal Settlement Improvement Project KISIP II	30,892,000	-	-	-	30,892,000
6	Financing Locally-Led Climate Action (FLLoCA)-Institutional Grant	11,000,000	-	-	-	11,000,000
7	Kenya Urban Support Program-Urban Institutional Grant UIG	35,000,000	-	-	-	35,000,000
8	Kenya Urban Support Program-Urban Development Grant UDG	-	-	-	-	-
9	United Nations Fund for Population Activities (UNFPA)	6,660,000	-	-	-	6,660,000
10	County Climate Change Resilient Investment(CCCRI)	167,000,000	-	-	-	167,000,000
	Sub-Total	**920,798,899**	**-**	**-**	**-**	**920,798,899**
E	**Ordinary Own Source Revenue (OSR)**					
1	Cess	47,218,200	27,449,667	-	27,449,667	19,768,533
2	Land/Poll Rate	87,000,000	11,325,892	-	11,325,892	75,674,108
3	Single/Business Permits	154,982,200	6,289,294	-	6,289,294	148,692,906
4	Property Rent	12,618,360	2,025,881	-	2,025,881	10,592,480
5	Parking Fees	55,071,420	10,849,360	-	10,849,360	44,222,060
6	Market Fees	18,565,080	5,414,795	-	5,414,795	13,150,285
7	Advertising	25,508,350	1,529,700	-	1,529,700	23,978,650
8	Public Health Service Fees	-	902,400	-	902,400	- 902,400

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Physical Planning and Development	22,560,000	6,464,734	-	6,464,734	16,095,266
10	Hire Of County Assets	18,167,200	390,000	-	390,000	-
11	Conservancy Administration	6,640,000	1,186,300	-	1,186,300	-
12	Administration Control Fees and Charges	20,360,910	4,672,652	-	4,672,652	-
13	Park Fees	4,971,541	200,000	-	200,000	-
14	Other Fines, Penalties, And Forfeiture Fees	150,800	142,000	-	142,000	8,800
15	Miscellaneous Receipts	12,230,779	8,016,269	-	8,016,269	4,214,510
		486,044,840	**86,858,944**	-	**86,858,944**	**355,495,197**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	400,000,000	93,866,130	-	93,866,130	306,133,870
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
	Sub-Total	**400,000,000**	**93,866,130**	-	**93,866,130**	**306,133,870**
G	**Pending bills and commitment**					
1	Pending bills and commitment	4,942,019,024	-	-	-	4,942,019,024
	Sub-Total	**4,942,019,024**	-	-	-	**4,942,019,024**
H	**Other Revenues**					
	Sub-Total	-	-	-	-	-
	Grand Total	**15,827,562,406**	**4,399,939,041**	-	**4,399,939,041**	**11,383,932,667**

Source: *Kwale County Treasury*

Figure 109 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

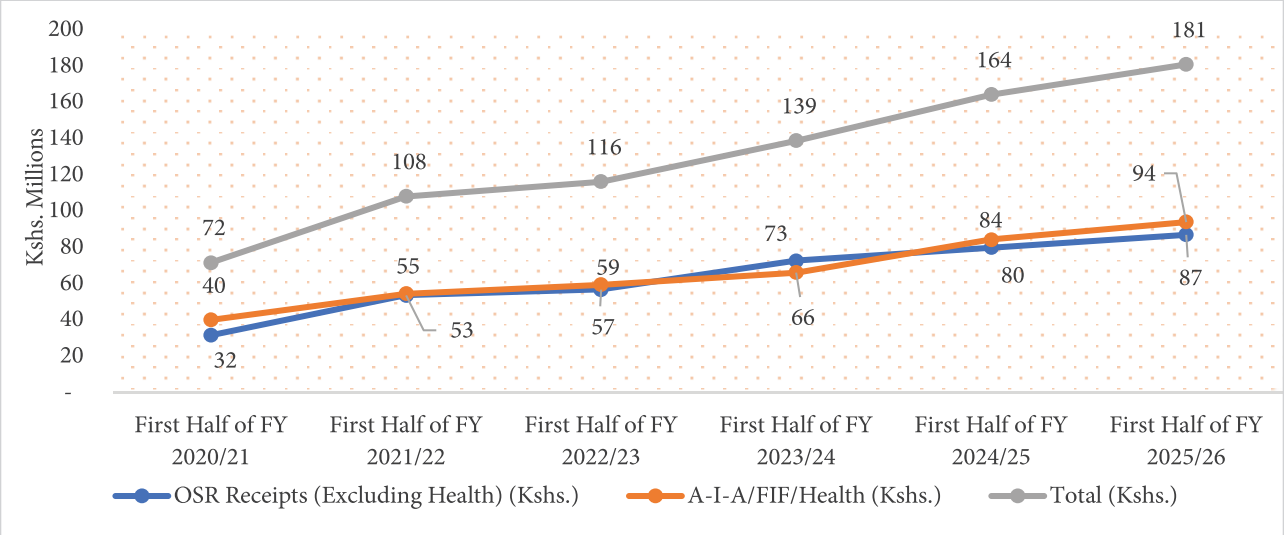
Figure 109: Kwale County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Kwale County Treasury*

The equitable share of revenue raised nationally, OSR, Unspent Balance from FY 2024/25, and FIF contributed 86 per cent, 10 per cent, 2 per cent, and 2 per cent, respectively, of the total receipts for the reporting period. Figure 110 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

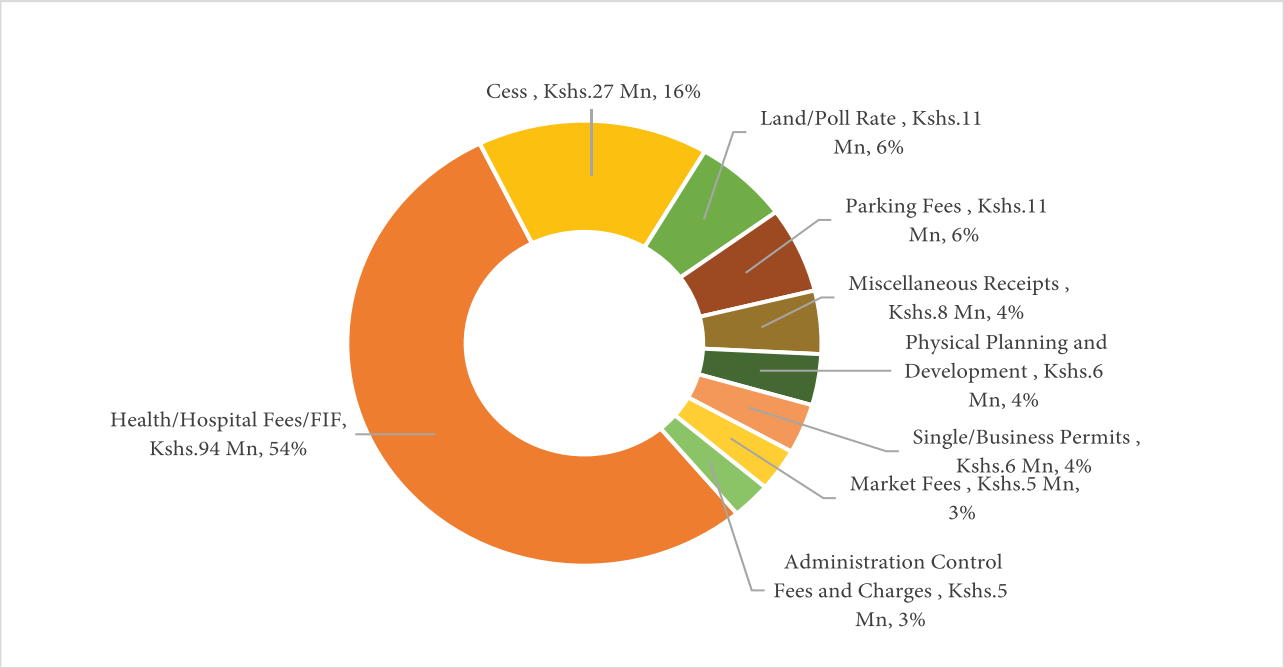
Figure 110: Kwale County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Kwale County Treasury*

During the first half of FY 2025/26, the County received Kshs.180.73 million from OSR, including FIF. This amount was an increase of 10 per cent compared to Kshs.164 million realised in a similar period in FY 2024/25, and was 20 per cent of the annual target and 5 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 111.

Figure 111: Kwale County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source*: Kwale County Treasury*

As shown in Figure 111, the highest revenue stream, at Kshs.94 million, was from Health/Hospital Fees/FIF, accounting for 52 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.19.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.25 billion, increasing to Kshs.13.84 billion as of 31st December 2025. Table 3.279 presents a breakdown of the County's revenue arrears.

Table 3.279: Kwale County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Delay in the December disbursement				726,295,970	726,295,970
	Sub-Total	-	-	-	**726,295,970**	**726,295,970**
B	**Ordinary Own Sources of Revenue**					
	OSR	158,091,695	-	- 4,671,788	828,150	154,248,057
	Sub-Total	**158,091,695**	-	**- 4,671,788**	**828,150**	**154,248,057**
C	**Facility Improvement Fund (FIF)**					
	SHIF	125,648,792		- 39,190,585	114,564,440	201,022,648
	Sub-Total	**125,648,792**	-	**- 39,190,585**	**114,564,440**	**201,022,648**
	Grand Total	**283,740,488**	-	**43,862,373**	**841,688,560**	**1,081,566,675**

Source: Kwale *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.08 billion, comprising Kshs.726 million Equitable Share, Kshs.154 million OSR and for Kshs.201 million from SHA and the defunct NHIF.

3.19.4 Borrowing by the County

The Kwale County Government did not report any borrowing during the Second quarter of the FY 2025/26.

3.19.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.85 billion from the Kwale County Revenue Fund (CRF) account. This amount consisted of Kshs.888 million (23%) designated for development programs and Kshs.2.96 billion (77 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2 billion was allocated for employee compensation, and Kshs.953 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 0.2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.46 million, which included Kshs.35.79 million for the County Executive and Kshs.10.63 million for the County Assembly. Meanwhile, the county has not reported on foreign travel expenditure.

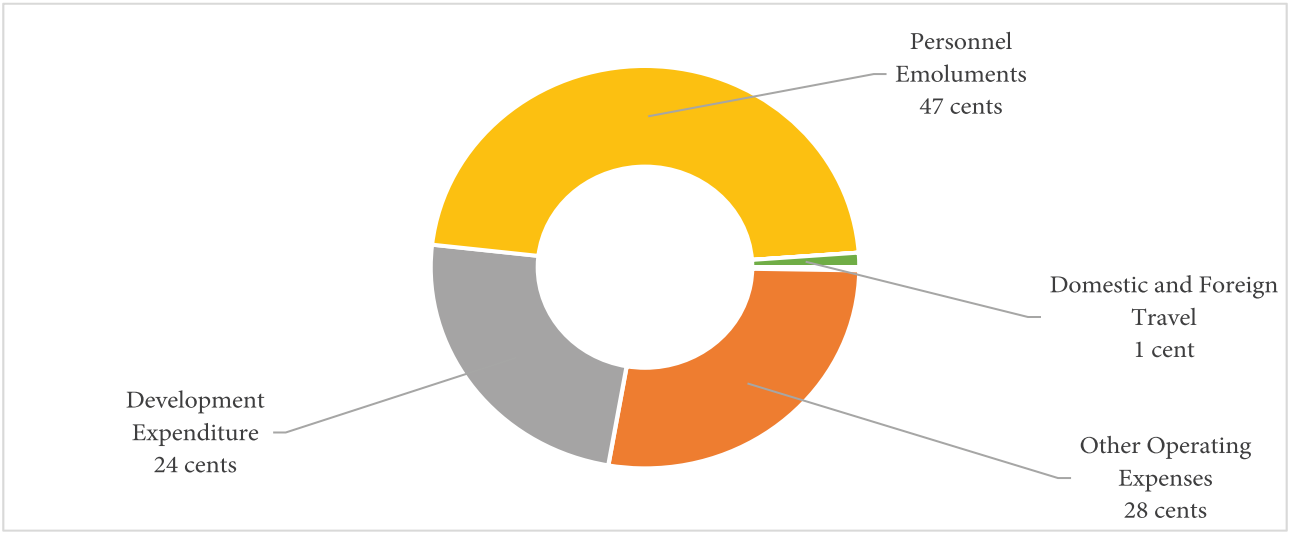
As of December 31, 2025, the County Government's cash balance in the Kwale CRF account was Kshs.473 million.

3.19.6 Expenditure Review

The County spent Kshs.4.14 billion on development and recurrent programmes during the reporting period. The expenditure represented 108 per cent of the total funds released by the CoB. It comprised Kshs.1.01 billion for development programmes and Kshs.3.13 billion for recurrent programmes. Expenditure on development programmes represented 13 per cent of the annual development expenditure budget, while recurrent expenditure represented 39 per cent of the annual recurrent expenditure budget.

Figure 112 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 112: Kwale County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Kwale County Treasury*

As shown in Figure 112, the three highest expenditure categories were Personnel Emoluments, other operating expenses, and Development Expenditure, which accounted for 47, 28, and 24 per cent of total expenditure, respectively, for the reporting period.

3.19.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.69 billion. This amount consisted of Kshs.1.33 billion from the County Executive and Kshs.364 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.636.59 million for recurrent expenditure and Kshs.689.86 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.903.52 million, comprising Kshs.380.49 million (48 per cent) for recurrent programmes and Kshs.523 million (58 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.2 million on recurrent and Kshs.87 million on development activities. The outstanding trade payables as of 31st December 2025 were Kshs.422.93 million for the County Executive and Kshs.274.11 million for the County Assembly. Table 3.280 provides additional details of trade payables.

Table 3.280: Kwale County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	689,860,025	636,590,674	1,326,450,699
	County Assembly	361,413,970	2,625,517	364,039,487
	Total	**1,051,273,995**	**639,216,191**	**1,690,490,185**
Amount paid in FY 2025/26	County Executive	523,032,294	380,485,595	903,517,889
	County Assembly	87,957,847	1,965,517	89,923,364
	Total	**610,990,141**	**382,451,112**	**993,441,254**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	166,827,731	256,105,078	422,932,809
	County Assembly	273,456,123	660,000	274,116,123
	Total	**440,283,853**	**256,765,078**	**697,048,932**

Source: *Kwale County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay all the pending bills by 31st December 2025. The County did not adhere to this payment plan, as it cleared Kshs.903.72 million for the Executive and Kshs.89.92 million for the Assembly.

Table 3.281 and Table 3.282 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.697.05 million.

Table 3.281: Kwale County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	135,055,342	31,772,389	-	-	166,827,731
Recurrent Trade Payables (Goods & Services)	159,174,761	85,899,775	-	-	245,074,536
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	11,030,542	-	-	-	11,030,542
Recurrent Trade Payables	170,205,303	85,899,775	-	-	256,105,078
Executive Trade Payables	305,260,645	117,672,164	-	-	422,932,809
% of Executive Trade Payables	72.17710201	28	-	-	100

Source: *Kwale County Treasury*

Table 3.282: Kwale County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	245,760,690	27,695,433	-	-	273,456,123
Recurrent Trade Payables (Goods & Services)	-	660,000	-	-	660,000
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	660,000	-	-	660,000
Assembly Trade Payables	245,760,690	28,355,433	-	-	274,116,123
% of Assembly Payables	90	10	-	-	100
Total Trade Payables	551,021,335	146,027,597	-	-	697,048,932
% of Total Trade Payables	79	21	-	-	100

Source: *Kwale County Assembly*

3.19.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.84 billion on compensation of employees, Kshs.1.04 billion on operations and maintenance, and Kshs.922.07 billion on development activities. Similarly, the County Assembly spent Kshs.135.73 million on compensation of employees, Kshs.111.83 million on operations and maintenance, and Kshs.87.96 million on development activities, as shown in Table 3.283.

Table 3.283: Kwale County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Approved Budget (Kshs.) (a)	**Executive**	7,300,487,764	3,358,665,748	3,941,822,016	7,305,767,345	**14,606,255,109**
	Assembly	659,893,327	293,662,459	366,230,868	561,413,970	**1,221,307,297**
Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	**Executive**	2,628,698,550	1,840,924,287	787,774,264	793,186,893	**3,421,885,443**
	Assembly	192,415,940	135,733,492	56,682,448	87,957,847	**280,373,787**
Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	**Executive**	254,722,696	-	254,722,696	128,883,047	**383,605,742**
	Assembly	55,154,046	-	55,154,046	-	**55,154,046**

Expenditure Classification		Total Recurrent Expenditure	Compensation of Employees	Operations and Maintenance	Development Expenditure	Total
Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	**Executive**	2,883,421,246	1,840,924,287	1,042,496,959	922,069,940	**3,805,491,186**
	Assembly	247,569,986	135,733,492	111,836,494	87,957,847	**335,527,833**
Absorption (%) (d/a*100)	**Executive**	**39**	55	26	**13**	**26**
	Assembly	**38**	46	31	**16**	**27**

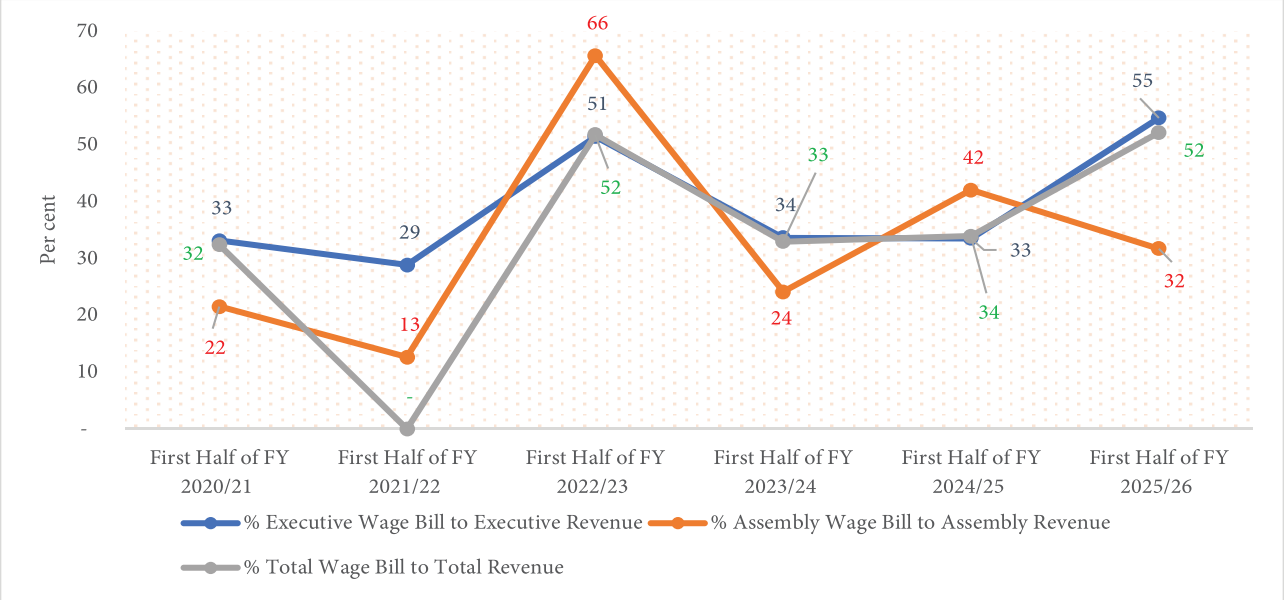
***Source**: Kwale County Treasury*

3.19.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.01 billion. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows an increase of 8 per cent compared to the Kshs.1.85 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.05 billion related to Health Sector employees, accounting for 53 per cent of the overall employees' compensation.

Figure 113 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2021/22 to the First Half of FY 2025/26.

Figure 113: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



***Source:** Kwale County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.97 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.38.7 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll comprised salaries for 128 staff, gratuity for contract staff not onboarded into the Human Resource Information System (HRIS), and CHP's stipend for 1,632 as shown in Table 3.284.

Table 3.284: Breakdown of Kwale County Manual Payroll

S/No.	Description of Manual Payroll	Amount (Kshs.)
1.	Stipend for CHPs	29,376,000
2.	Gratuity for contract staff	9,354,130
	Total	**38,730,130**

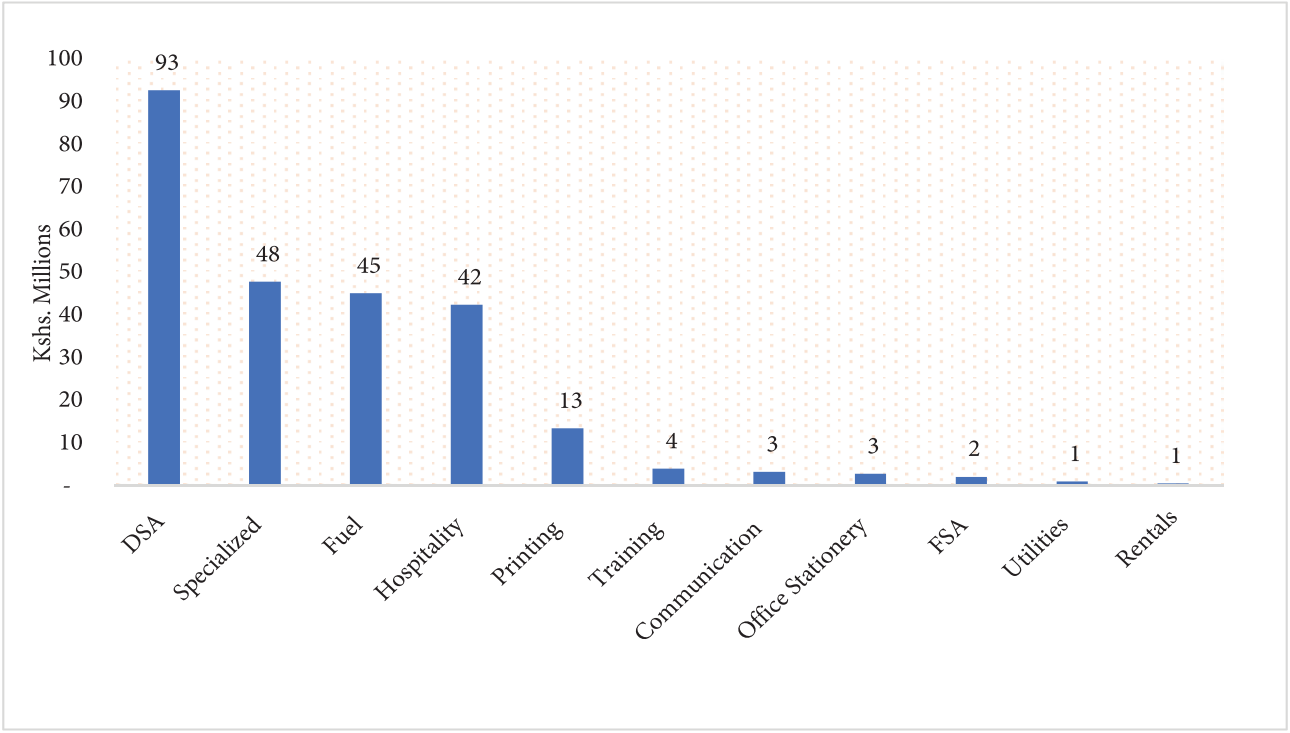
***Source:** Kwale County Treasury*

The County Assembly spent Kshs.10.28 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.24.8 million. The average monthly sitting allowance was Kshs.58,154 per MCA. The County Assembly has 21 House Committees.

3.19.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.15 billion on operations and maintenance, representing a decrease of 0.2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.16 billion. Figure 114 summarises the Operations and Maintenance expenditure by major categories.

Figure 114: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: *Kwale County Treasury*

3.19.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first quarter of FY 2025/26 shows that the County has not reported any expenditure under "other Operating expenses.

3.19.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.734.84 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (less than one per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.285 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.285: Performance of Kwale County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26	Exchequer Issues in the First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the fund	Submission of First quarter Financial statements (Yes/No)
County Executive Established FundS							
1	Kwale County Emergency Fund	2016	5,000,000	-	-	-	YES
2	Kwale County Climate Change Fund	2022	237,000,000	-	-	-	YES
3	Kwale County Trade Revolving Fund	2021	-	-	-	-	YES
4	Youth, Women and PWD's Revolving Fund	2020	-	-	-	-	YES
	Equalization Fund	2024	255,357,122	-	-	-	YES

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26	Exchequer Issues in the First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the fund	Submission of First quarter Financial statements (Yes/No)
5	Kwale County Bursary and Scholarship Fund	2024	400,000,000	-	-	-	YES
Subtotal			**897,357,122**	-	-	-	
County Assembly Established Funds							
6	Kwale County Assembly Members and staff loan Scheme fund	Established in 2016, amended in 2020 and 2021	-	-	-	381,430,000	Yes
	-	-	**897,357,122**	-	-	**381,430,000**	-

Source: *Kwale County Treasury*

During the reporting period, the CoB received quarterly financial reports from five Fund Administrators, as indicated in Table 3.286, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of all the existing 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of all funds had not lapsed.

3.19.13 County Corporations

The County has Kwale County Corporations, which were allocated Kshs.1.02 billion in FY 2025/26. Their total expenditure for the review period amounted to Kshs.717 million. This expenditure was for FY2024/2025 and has not been reported in the annual report, as shown in Table 3.286.

Table 3.286: Performance of Kwale County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Kwale Water Company & Sewerage Company Limited	1,020,100,080	717,436,049	717,436,049	2,238,839,989
	TOTAL	**1,020,100,080**	**717,436,049**	**717,436,049**	**2,238,839,989**

Source: *Kwale County Treasury*

3.19.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.46 million and comprised Kshs.10.63 million spent by the County Assembly and Kshs.35.79 million by the County Executive. The county has not reported on expenditure on foreign travel.

3.19.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.94 million as FIF, which was 23 per cent of the annual target of Kshs.400 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.33.39 million, as shown in Table 3.287.

Table 3.287: Kwale County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	244,222,701	**17,330,460**	7
2.	Level 4 Hospital	3	230,369,400	15,463,005	7
3.	Level 3 Facility	4	27,525,000	597,000	2

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
4.	Level 2 Facility	170	48,530,600		-
	Total		**550,647,701**	**33,390,465**	**16**

Source: *Kwale County Treasury*

3.19.16 Development Expenditure

In the review period, the County reported spending Kshs.1.12 billion on development programmes, representing a decrease of 30 per cent compared to FY 2024/25, when the County spent Kshs.1.62 million. Table 3.288 summarises the development projects with the highest expenditure in the reporting period.

Table 3.288: Kwale County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
COUNTY FUNDED PROJECT										
1	Trade and Enterprise Development	3110504 Construction of County Aggregated Industrial Park at Mwananyamala, Dzombo ward	Mwananyamala	24/12/2023	24/12/2025	497,431,884	335,095,730	23,152,126	202,481,617.42	41
2	Environment	World Bank Loan for County Climate Institutional Support (CCIS) Grant	HQ	-	-	167,000,000	167,000,000	-	-	-
3	Trade and Enterprise Development	3111120 Purchase of Equipment and Machinery for the Fruit Processing Plant, Shimba Hills, Kubo South.	Shimba hills	-	-	-	135,000,000	-	-	-
4	Trade and Enterprise Development	3111504 Completion of Fruit processing plant phase III in Shimba Hills, Kubo South ward	Shimba hills	13/12/2025	13/01/2026	124,450,353	70,242,948	24,837,711	79,045,112	64
5	Environment	Financing Locally Led Climate Smart Project (FLLoCA)-County Contribution	HQ	-	-	51,000,000	51,000,000	-	-	-
6	Environment	Construction of Roads, Footpaths and Drainage in Kombani Informal Settlement - KISIP Grant	Waa Ngombeni	1/31/2025	4/18/2025	179,235,791	50,633,521	33,846,084	93,324,944	80
7	Infrastructure	Tarmacking of National Cereals and Produce Board-Godoni-Chitsanze Road Phase 3.	Kwale	27/10/2022	-	147,441,524.96	49,623,363.90	49,623,363.90	144,391,301.78	100
8	Trade and Enterprise Development	3111504 Fencing of Fruit Processing Plant, Shimba Hills, and Kubo South.	Shimba hills			-	40,000,000	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
9	Water Services	Construction of Kilibasi Dam Phase I in Mackinon Road Ward	Mackinnon Ward	01-Nov-25	28-Feb-26	38,224,380	34,532,921	34,532,921	34,532,921	-
10	Curative services	Construction and Equipping Of Cytotoxic Oncology Incinerator at Kwale Hospital	Tsimba golini	-	-	25,000,000	25,000,000	-	-	-
11	Agriculture, livestock, and fisheries	Purchase of seedlings for food crops	All wards	1.07.2025	30.06.2026	23,450,000	23,450,000	-	4,451,400	-
Equalisation Funded Projects										
1	Electricity	Proposed Electricity Connection In Mivumoni Area, Ramisi Ward, Msambweni Constituency, Kwale County	RAMISI WARD	17TH JULY 2025	17TH NOVEMBER 2025	7,321,414	-	-	-	-
2	Water	Proposed Water Pipeline Connection In Tiribe Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD	17TH JULY 2025	17TH NOVEMBER 2025	7,049,081	-	-	-	-
3	Roads	Proposed Road Opening From Nyalani –Dzimanya In Vigurungani Puma Ward, Kinango Constituency, Kwale County	PUMA WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,817,320	-	-	-	-
4	Water	Proposed Water Pipeline Connection In Mtsavyani Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD,	17TH JULY 2025	17TH NOVEMBER 2025	6,794,552	-	-	-	-
5	Roads	Proposed Gravelling And Murramming Of Chengoni-Silaloni Road In Samburu/Chengoni Ward Kinango Constituency, Kwale County	SAMBURU/CHENGONI WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,659,792	-	-	-	-
6	Water	Proposed Construction Of Water Pipeline In Murungurunguni- Bishop Kalu-Mabamani Puma Ward, Kinango Constituency, Kwale County	PUMA WARD	17TH JULY 2025	17TH NOVEMBER 2025	6,447,380	-	-	-	-
7	Water	Proposed Water Pipeline Connection In Mkomba Mkonngani Ward, Matuga Constituency, Kwale County	MKONNGANI WARD,	17TH JULY 2025	17TH NOVEMBER 2025	5,939,413	-	-	-	-

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
8	Electricity	Proposed Electricity Connection To Tumbula Kiteje Secondary School In Kiteje Waa/ Ng'ombeni Ward, Matuga Constituency, Kwale County	WAA/ NG'OMBENI WARD	17TH JULY 2025	17TH NOVEMBER 2025	5,809,675	-	-	-	-
9	Electricity	Proposed Electricity Connection In Mwarutswa Area, Pongwe Kikoneni Ward, Lungalunga Constituency, Kwale County	PONGWE KIKONENI WARD	17TH JULY 2025	17TH NOVEMBER 2025	3,621,865	-	-	-	-

Source: *Kwale County Treasury*

The County reported 3 stalled development projects as of 31st December 2025, with an estimated value of Kshs.464.68 million, of which Kshs.240.53 million has already been paid. The stalled projects are shown in Table 3.289.

Table 3.289: Kwale County Stalled Projects as of 31st December 2025

Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
Construction of Market Stalls at Kigato Trading Centre in Waa Ng'ombeni	Waa Ng'ombani	3/17/2021	6/17/2021	3,295,341	1,571,048	-	1,724,293	48
Construction of the Governor's Residence	Tsimba/ Golini	24/4/2018	24/9/26	183,403,076.96	124,239,638.63	-	59,163,438	68
County Flagship Project 2 -Tarmacking of Kona Ya Musa – Mabokoni – Kona Ya Masai Road in Ukunda, Gombato/Bongwe wards	Ukunda	15/4/20	15/4/21	277,977,685	114,720,884	-	163,256,801	41
Total				**464,676,102.56**	**240,531,570.24**	-	**224,144,532.32**	

Source: Kwale County Treasury

3.19.17 Budget Performance by Department

Table 3.290 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.290: Kwale County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance And Economic Planning	749.22	48.36	177.76	-	160.91	-	90.5	-	21.5	-

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
Agriculture, Livestock, and Fisheries	93.42	212.45	15.23	38.92	17	54.76	111.6	140.7	18.2	25.8
Land, Environment, Mining, and Natural Resources	116.29	494.48	13.32	44.67	22.06	79.64	165.6	178.3	19	16.1
Health Services	1,094.29	502.05	249.98	87.43	284.05	87.43	113.6	100	26	17.4
County Assembly	659.89	561.41	340.92	87.96	247.57	87.96	72.6	100	37.5	15.7
Industry, Trade, and Investments	71.81	691.44	25.66	31.67	17.96	75.53	70	238.5	25	10.9
Community Development, Youth And Women Empowerment, and Social Services	136.24	207.26	44.75	1.01	42.34	1.01	94.6	100	31.1	0.5
Office Of The Governor And The Deputy Governor	119.52	50	27.94	-	36.38	-	130.2	-	30.4	-
Education	608.64	623.86	42.39	87.38	175.82	106.79	414.8	122.2	28.9	17.1
Water And Urban Planning And Decentralized Units	81.15	1,654.29	28.51	130.48	31.51	169.11	110.5	129.6	38.8	10.2
Infrastructure And Public Works	119.05	1,692.50	50.27	213.02	50.40	171.79	100.3	80.6	42.3	10.1
Ict And Tourism	65.19	46.79	20.86	-	21.45	-	102.8	-	32.9	-
County Public Service Board	92.55	19.98	9.24	-	6.04	-	65.4	-	6.5	-
Public Service And Administration	3,515.05	383.45	1,876.06	-	1,882.70	8.95	100.4	-	53.6	2.3
Municipality Of Kwale	18.08	73.42	4.47	1.34	5.18	1.34	116	100	28.7	1.8
Municipality Of Diani	35.79	104.83	10.52	48.67	6.92	48.67	65.7	100	19.3	46.4
County Attorney	172.18	-	2.93	-	94	-	3,209.80	-	54.6	-
Municipality Of Lunga Lunga	18.91	29.12	3.71	1.72	6.62	1.72	178.6	100	35	5.9
Municipality Of Kinango	15.62	42.81	5.19	2.28	2.08	2.28	40	100	13.3	5.3
Preventive Health Services	177.48	428.69	9.26	111.87	20.01	113.06	216.1	101.1	11.3	26.4
Total	**7,960.38**	**7,867.18**	**2,958.97**	**888.42**	**3,130.99**	**1,010.03**	**105.8**	**113.7**	**39.3**	**12.8**

Source: *Kwale County Treasury*

Analysis of departmental expenditure shows that the Municipality of Diani recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Preventive Health and Agriculture at 26 and 25 per cent, respectively. The Department of County Attorney had the highest recurrent expenditure-to-budget ratio at 55 per cent, while the County Public Service Board had the lowest at 7 per cent.

3.19.18 Budget Execution by Programmes and Sub-Programmes

Table 3.291 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.291: Kwale County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Program	Sub Program	Description	Original Budget Kshs	Actual Kshs	Absorption rate %
Dev expenditure					
502003060		**General Administration, Planning, and Support Services**	**112,969,896.50**	**106,792,371.70**	95

Program	Sub Program	Description	Original Budget Kshs	Actual Kshs	Absorption rate %
	502013060	Administration Planning And Support Services	112,969,896.50	106,792,371.70	95
403003060		**General Administration, Health Research, and Planning**	**232,960,550.50**	**202,291,207.95**	87
	403013060	General Administration	232,960,550.50	202,291,207.95	87
102003060		**Food Security And Household Income**	**198,267,480.50**	**124,403,341.30**	63
	102053060	General Administration And Support Services	198,267,480.50	124,403,341.30	63
	107033060	Farm Land Utilisation, Mechanisation, and Crop Storage	11,050,000	6,000,000	54
106003060		**Forest Development And Environmental Management**	**140,413,725**	**51,982,511.65**	37
	106023060	County Environmental Awareness Initiative	140,413,725	51,982,511.65	37
305003060		**General Administration, Planning, and Support Services**	**571,696,437**	**206,132,696.65**	36
	305023060	Administration Services	571,696,437	206,132,696.65	36
107003060		**Crop Development And Management**	**48,278,473.50**	**14,951,400**	31
12E+09		**General Administration, Planning, and Support Services**	**668,227,941.50**	**169,108,175.35**	25
	1002023060	Administration Services	668,227,941.50	169,108,175.35	25
	107013060	Crop Production And Food Security	37,228,473.50	8,951,400	24
202003060		**Infrastructure And Public Works**	**463,185,344.50**	**40,143,151.60**	9
	202013060	Rehabilitation Of Roads, Drainage, and Bridges	463,185,344.50	40,143,151.60	9
		Recurrent Expenditure			
			Kshs	**Kshs**	
	107033060	**General Administration, Planning, and Support Services**	**40,546,174**	**49,776,153.60**	123
108003060		Administration Services	40,546,174	49,776,153.60	123
105003060		**General Administration, Health Research, and Planning**	**260,404,021.50**	**222,790,838.35**	86
	105013060	General Administration	260,404,021.50	222,790,838.35	86
102003060		**General Administration And Support Services**	**2,153,736,204.50**	**1,776,347,551.10**	82
	106033060	**General Administration, Planning, and Support Services**	**101,144,902**	**83,226,804**	82
107003060		Administration Services	101,144,902	83,226,804	82
109003060		**General Administration, Planning, and Support Services**	**57,101,873**	**44,457,063.30**	78
	109013060	Administration Planning And Support Services	57,101,873	44,457,063.30	78
	301043060	**General Administration, Planning, and Support Services**	**40,573,005.50**	**31,508,981.05**	78
302003060		Administration Services	40,573,005.50	31,508,981.05	78
301003060		**Management Of Public Financial Resources**	**49,932,848**	**36,252,132**	73
	301013060	Budget Formulation, Coordination, and Management	49,932,848	36,252,132	73
106003060		**Scholarship And Bursary**	**200,000,000**	**129,974,000**	65
	106023060	Scholarship And Bursary	200,000,000	129,974,000	65
	107023060	General Administration And Support Services	90,202,840	56,519,813.90	63
	102073060	General Administration	485,748,891.50	263,635,463	54
	107013060	**Food Security And Household Income**	**107,702,840**	**56,614,713.90**	53

Source: *Kwale County Treasury*

The development sub-programmes with the highest budget implementation rates were: Administration and planning service at

95 per cent, Health and Food Security at 87 and 63 per cent respectively. For recurrent sub-programmes, the top performers were General Administration and Personnel Services in the Department of Public Services, both above 78 per cent. Table 3.292 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.292: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Program	Sub Program	Description	Original Budget (Kshs)	Actual (Kshs)	Absorption rate %
Dev expenditure					
108003060		**Livestock Development And Management**	**26,896,129**	-	-
	108023060	Value Addition Of Livestock And Livestock Products	8,747,372	-	-
	108033060	Livestock Disease Control	18,148,757	-	-
109003060		**Fisheries Development**	**12,445,024.50**	-	-
	109023060	Value Addition And Marketing	12,445,024.50	-	-
203003060		**County Electrification**	**47,142,500**	-	-
	203013060	Installation Of Street Lighting Facilities	47,142,500	-	-
301003060		**Trade Development Programme**	**1,000,000**	-	-
	301043060	Enforcement of the Weights & Measures Act	1,000,000	-	-
304003060		**Tourism Development**	**21,000,000**	-	-
	304013060	Tourism Promotion	21,000,000	-	-
306003060		**Market Infrastructure Development**	**22,839,474**	-	-
	306023060	Construction Of New Markets	22,839,474	-	-
307003060		**Investment Promotion And Development**	**88,500,000**	-	-
	307013060	Investment Promotion Services	88,500,000	-	-
402003060		**Curative Health Care Services**	**25,500,000**	-	-
	402023060	Operational Rural Health Facilities	25,500,000	-	-
405003060		**Msambweni Hospital**	**29,500,000**	-	-
	405013060	Msambweni Hospital	29,500,000	-	-
406003060		**Kinango Hospital**	**18,350,000**	-	-
	406013060	Kinango Hospital	18,350,000	-	-
407003060		**Kwale Hospital**	**18,500,000**	-	-
	407013060	Kwale Hospital	18,500,000	-	-
408003060		**Tiwi Rural Health Facility**	**6,500,000**	-	-
	408013060	Tiwi Rural Health Facility	6,500,000	-	-
409003060		**Samburu Hospital**	**19,000,000**	-	-
	409013060	Samburu Hospital	19,000,000	-	-
410003060		**Lunga Lunga Hospital**	**12,500,000**	-	-
	410013060	Lunga Lunga Hospital	12,500,000	-	-
Recurrent Expenditures					
	710013060	**Rural Health Facilities**	**9,907,800**	**30,000**	-
711003060		Rural Health Facilities	9,907,800	30,000	-
	711013060	**Land Management For Sustainable Development**	**11,000,000**	**22,400**	-
	711023060	Establishment Of Squatter Settlement Schemes	11,000,000	22,400	-
	711033060	County Environmental Awareness Initiative	3,000,000	-	-
712003060		Community Health Strategy	2,460,000	-	- -

Program	Sub Program	Description	Original Budget (Kshs)	Actual (Kshs)	Absorption rate %
	712013060	Operational Rural Health Facilities	13,512,500	-	-
	712023060	**Tiwi Rural Health Facility**	**2,100,000**	-	-
	712033060	Tiwi Rural Health Facility	2,100,000	-	-
	712043060	**Lunga Lunga Hospital**	**23,250,000**	-	-
714003060		Lunga Lunga Hospital	23,250,000	-	-
	714013060	**Diani Health Centre**	**6,000,000**	-	-
903003060		Diani Health Centre	6,000,000	-	-
	903023060	Transformation Of Service Delivery In The Public Service	3,000,000	-	-
	903033060	Compensation To Employees	10,745,561	-	

***Source**: Kwale County Treasury*

The development sub-programmes with the lowest budget implementation rates were value addition in the Departments of Livestock and Fisheries, and electrification in County Electrification, all with zero per cent absorption.

For recurrent sub-programmes, the lowest performers included Rural Health Facilities in Health, the squatter settlement scheme in Land, operation of Rural Health Facilities, the Diani Health Facility, and county environmental awareness in Environment, all at zero per cent.

3.19.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget to disclose whether authorization letters were sent to COB or not.

The County Government operated 240 Bank accounts across commercial banks, including 170 for Health Facilities, 5 for Established Funds, 4 revenue accounts, 32 imprest accounts, and 26 CBK accounts.

3.19.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Kwale County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 20th January, 2026.
ii. The underperformance of own-source revenue at Kshs.180 million against an annual target of Kshs.886 million, representing 20 per cent of the financial year target.
iii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
iv. The County reported OSR arrears of Kshs.355 million, comprising ordinary OSR arrears of Kshs.154 million and FIF (SHIF) arrears of Kshs.201 million. These revenue arrears limited funding for County activities.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to f the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts*

to enhance accountability and oversight.

iv. *The County needs to develop strategies to collect these outstanding arrears to improve budget implementation.*

3.20. County Government of Laikipia

3.20.1 Overview of FY 2025/26 Budget

The Laikipia County Approved Budget for FY 2025/26 is Kshs.9.22 billion. It comprises Kshs.4.27 billion (46.0 per cent) and Kshs.4.95 billion (54.0 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.737.60 million (9.0 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.48 billion and a recurrent budget of Kshs.5.0 billion. The increase in the budget was primarily attributed to the rise in both recurrent and development. The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally of Kshs.5.64. billion (61.2 per cent), additional allocations of Kshs.1.08 billion (11.69 per cent), a cash balance of Kshs.1.15 billion (12.5per cent) brought forward from FY 2024/25, and Kshs.1.35billion (14.67 per cent) earned as own-source revenue. A breakdown of the additional allocations is shown in Table 3.293.

3.20.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.39 billion. This amount represented an increase of 3.35per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.28 million. The total revenue consisted of Kshs.2.53 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.0.0 million, as well as the own-source revenue (OSR) collection of Kshs.452.66 million. Additionally, the County had a cash balance of Kshs.399.19 million from FY 2024/25. The total OSR collection of Kshs.452.66 million included Facilities Improvement Financing (FIF) of Kshs.307.50 million, and Kshs.145.16million from other OSR sources. Table 3.293 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.293: Laikipia County, Revenue Performance in the First Half of FY 2025/26

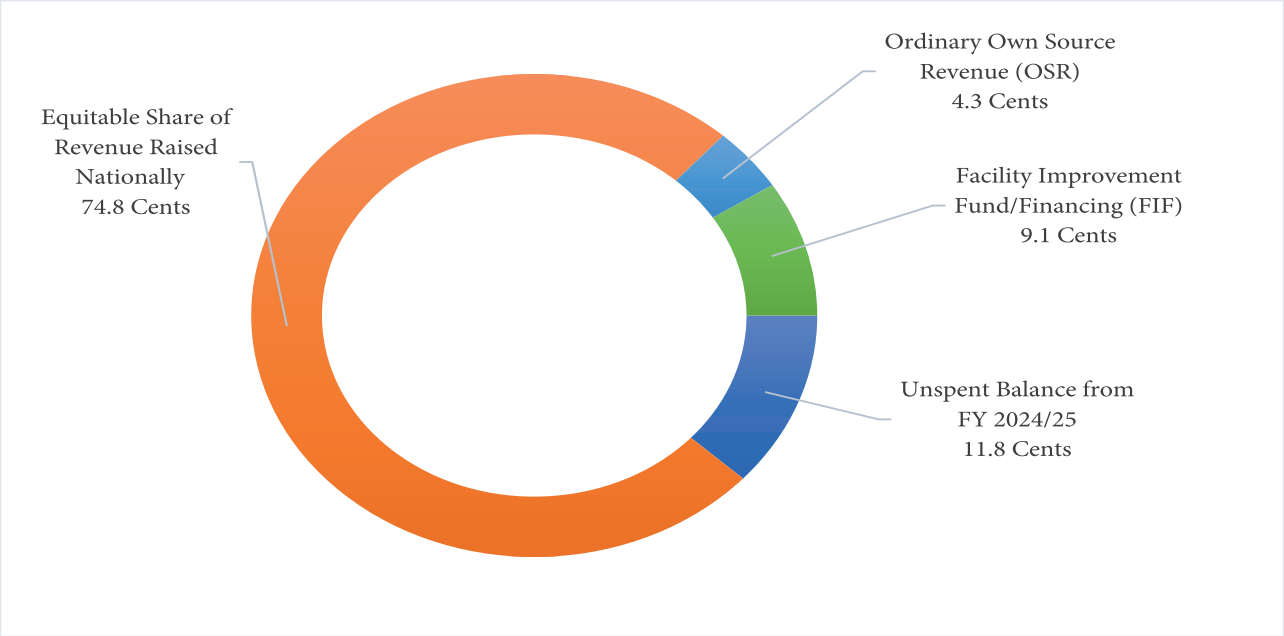
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,147,855,864.35	-	392,065,666.55	392,065,667	755,790,198
2	County Executive Refunds to CRF	-	7,113,951	7,113,951	7,113,951	-7,113,951
3	County Assembly Refunds to CRF	-	7,128	7,128	7,128	-7,128
	Sub-Total	**1,147,855,864.35**	**7,121,079**	**399,186,745.55**	**399,186,746**	**748,669,119**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	5,640,962,159	-	2,533,194,032	2,533,194,032	3,107,768,127
	Sub-Total	**5,640,962,159**	-	**2,533,194,032**	**2,533,194,032**	**3,107,768,127**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant	15,840,000	-	-	-	15,840,000
2	Community Health Promoters	25,230,000	-	-	-	25,230,000
3	Kenya Devolution Support Project Level II	37,500,000	-	-	-	37,500,000
4	Headquarter- KDSP II programme	352,500,000	-	-	-	352,500,000
5	Road Maintenance Levy Fund - Fuel Lvy	154,389,725	-	-	-	154,389,725

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
6	Public Works- Urban Development grant (UDG)	152,635,998	-	-	-	152,635,998
7	Flocca	110,000,000	-	-	-	110,000,000
8	Urban Development grant (UDG)	46,583,850	-	-	-	46,583,850
9	Kenya Food Systems Resilience Program (KFSRP)	171,720,811	-	-	-	171,720,811
10	Kenya Agriculture Business Development Program (KABDP)	10,918,919	-	-	-	10,918,919
	Sub-Total	**1,077,319,303**	-	-	-	**1,077,319,303**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rate	113,918,104	-	13,779,103	13,779,103	100,139,001
2	Single/Business Permits	101,004,746	-	10,489,960.85	10,489,961	90,514,785
3	Cess	92,451,872	-	29,325,390.44	29,325,390	63,126,482
4	Property Rent	26,828,465	-	5,575,685	5,575,685	21,252,780
5	Parking Fees	77,993,036	-	29,273,335.27	29,273,335	48,719,701
6	Market Fees	16,465,116	-	11,912,364.01	11,912,364	4,552,752
7	Advertising	30,100,340	-	3,868,461.41	3,868,461	26,231,879
8	Public Health Service Fees	95,956,741	-	2,148,743	2,148,743	93,807,998
9	Physical Planning and Development	40,019,656	-	7,467,218.60	7,467,219	32,552,437
10	Hire of County Assets	1,030,578	-	326,000	326,000	704,578
11	Conservancy Administration	18,864,044	-	2,449,676	2,449,676	16,414,368
12	Administration Control Fees and Charges	67,445,516	-	13,687,542	13,687,542	53,757,974
13	Proceeds from sale of assets	5,000,000	-	-	-	5,000,000
14	Park Fees	16,921,786	-	9,007,194.25	9,007,194	-
15	Other Fines, Penalties, and Forfeiture Fees	-	-	18,000	18,000	-
16	Education Fees	21,000,000	-	5,832,198.35	5,832,198	-
	Sub-Total	**725,000,000**	-	**145,160,872.18**	**145,160,872**	**556,774,734**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Defunct NHIF		-	-	-	-
2	Hospital Fees	626,000,000	-	-	307,502,144	318,497,856
	Sub-Total	**626,000,000**	-	-	**307,502,144**	**318,497,856**
	Grand Total	**9,217,137,326.35**	**7,121,079**	**3,077,541,649.73**	**3,385,043,793.73**	**5,809,029,139**

Source: *Laikipia County Treasury*

Figure 115 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

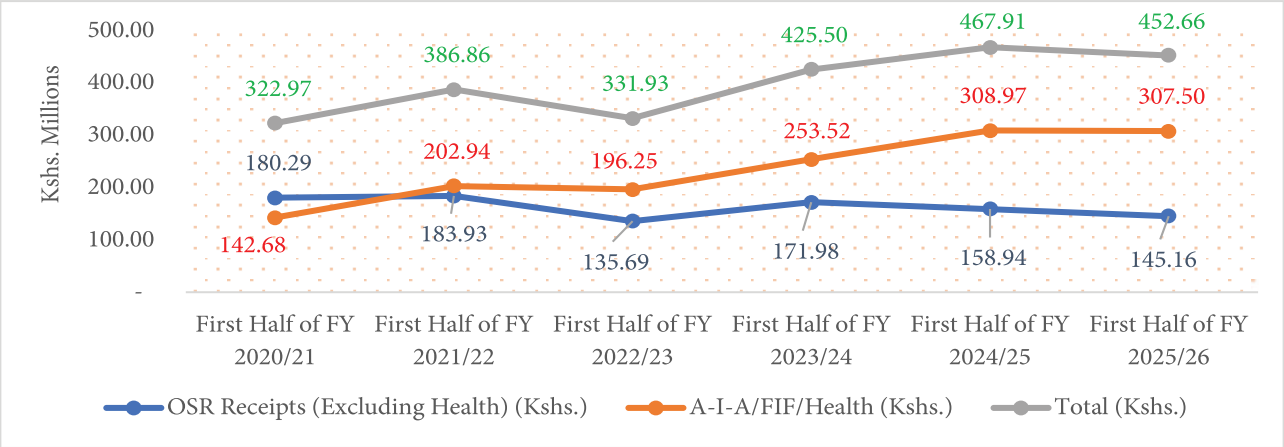
Figure 115: Laikipia County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Laikipia County Treasury*

The equitable share of revenue raised nationally, FIF, and OSR accounted for 75 per cent, 12 per cent, 9 per cent, and 4 per cent of total receipts for the reporting period, respectively. Figure 116 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

Figure 116: Laikipia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

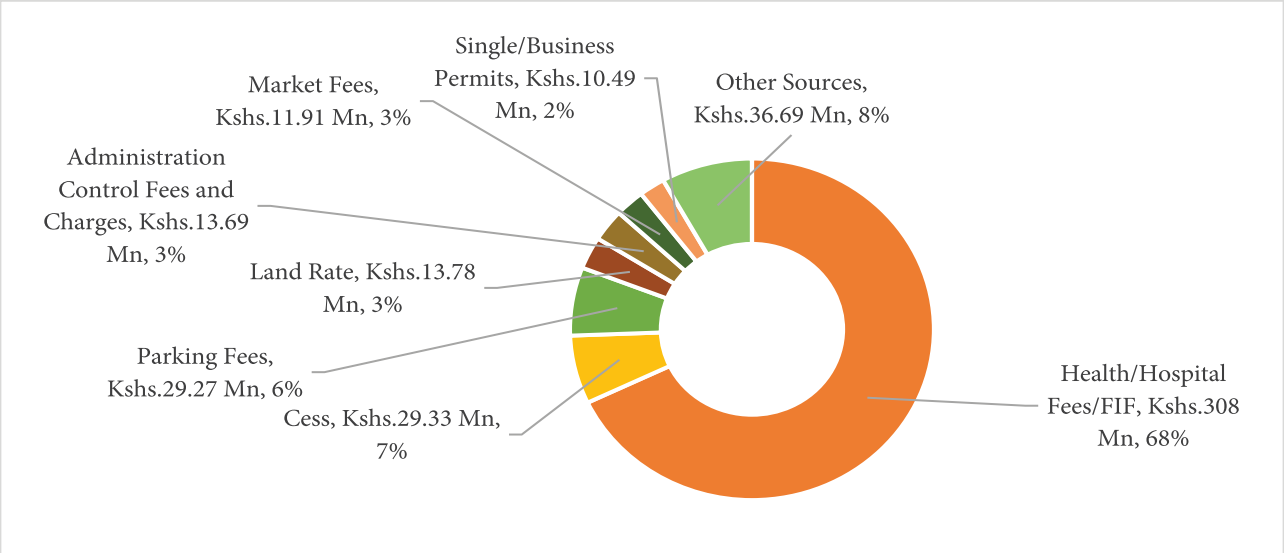


Source: *Laikipia County Treasury*

During the first half of FY 2025/26, the County received Kshs.452.66 million from OSR, including FIF. This amount was a decrease of 3.0 per cent compared to Kshs.467.91 million realised in a similar period in FY 2024/25, and was 4.9 per cent of the annual target and 13.37per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 117

Figure 117: Laikipia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Laikipia County Treasury

As shown in Figure 117, the highest revenue stream, at Kshs.308.0 million, was from Health/Hospital fees/FIF, accounting for 68 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.20.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.729.04 million, which decreased to Kshs.722.03million as of 31st December 2025. Table 3.294 presents a breakdown of the County's revenue arrears.

Table 3.294: Laikipia County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
	Land rate	729,036,257	-	7,002,523	-	722,033,734
	Property Rent	12,877,214	-	12,882,347	-	
	Sub-Total	**729,036,257**	-	**7,002,523**	-	**722,033,734**
	Grand Total	**729,036,257**	-	**7,002,523**	-	**722,033,734**

Source: Laikipia *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.722.03million, comprising Kshs.722.03 for the land rate (100 per cent). The Consecutive County has instituted measures to collect outstanding arrears for failing to pay rent under Part 12 of Schedule 8 of the County Finance Act for three consecutive months. Those who fail to pay may be evicted from the stall or house.

3.20.4 Borrowing by the County

Laikipia County Executive and Assembly reported no credit facility.

3.20.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.52 billion from the Laikipia County Revenue Fund (CRF) account. This amount consisted of Kshs.480.67 million (10 per cent) designated for development programs and Kshs.2.04 billion (33 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.29 billion was allocated for employee compensation, and Kshs.333.25 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 7 per cent for foreign travel. The domestic travel exchequers totalled Kshs.80.0million, which included

Kshs.41.5 million for the County Executive and Kshs.38.5 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.27.64 million, with Kshs.2.98 million for the County Executive and Kshs.24.67 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Laikipia CRF account was Kshs.754.65 million.

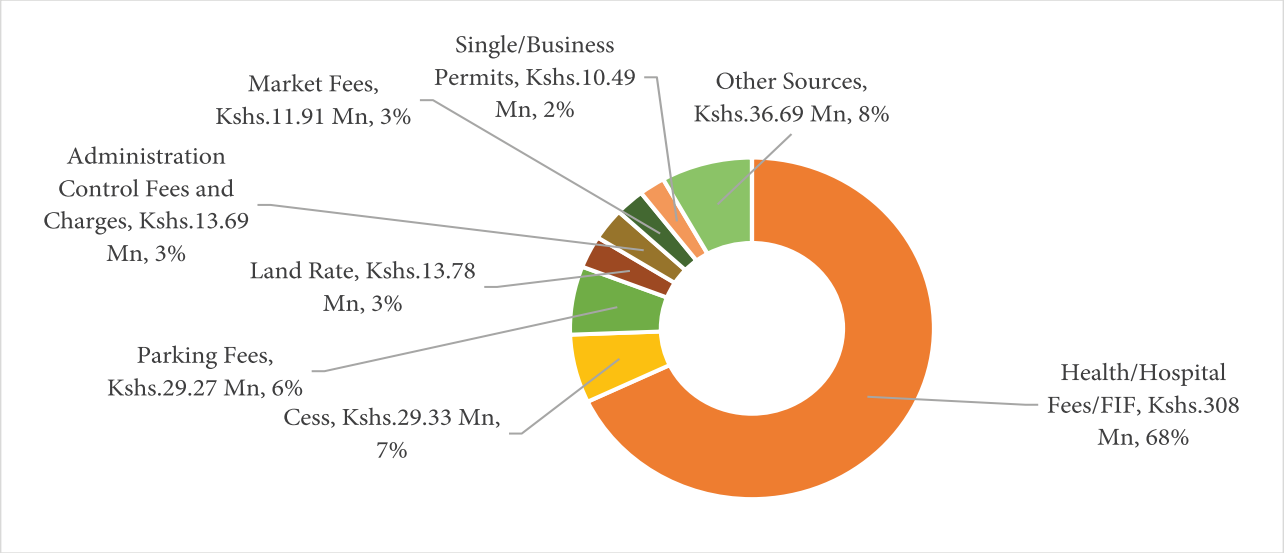
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.254.98 million from the Laikipia County Assembly Fund (CAF) account during the review period. This amount comprised Kshs.0.0 million for development activities and Kshs.254.98 million for recurrent activities.

As of December 31, 2025, the County Government's cash balance in the Laikipia CAF account was Kshs.15.5 million.

3.20.6 Expenditure Review

The County spent Kshs.2.04 billion on development and recurrent programmes in the reporting period. The expenditure represented 22 per cent of the total funds released by the CoB. It comprised Kshs.416.17 million for development programmes and Kshs.1.63 billion for recurrent programmes. Expenditure on development programmes represented 10 per cent of the annual development expenditure budget, while recurrent expenditure represented 33 per cent of the annual recurrent expenditure budget. Figure 118 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 118: Laikipia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Laikipia *County Treasury*

As shown in Figure 118, the three highest expenditure categories were Personnel Emolument, Development, and County Corporation, which contributed 63.0, 20.0, and 8.0 per cent of total expenditure for the reporting period.

3.20.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.71 billion. This amount included Kshs.1.66 billion from the County Executive and Kshs.49.68 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.591.91 million for recurrent expenditures and Kshs.1.07 billion for development expenditures.

During the reporting period, the County Executive settled Kshs.188.08 million in recurrent payables, while the County Assembly addressed Kshs.24.92 million in recurrent payables. As of September 30, 2025, outstanding trade payables stood at Kshs.1.47 billion for the County Executive and Kshs.24.76 million for the County Assembly. Table 3.295 provides additional details of trade payables.

Table 3.295: Laikipia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,070,703,281	591,914,587	1,662,617,868
		County Assembly	3,987,000	45,695,281	49,682,281
		Total	1,074,690,281	637,609,867	1,712,300,149
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	-	188,084,043	188,084,043
		County Assembly	-	24,924,653	24,924,653
		Total	-	213,008,696	213,008,696
Amount paid in the First Half of FY 2025/26	c	County Executive	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453
Outstanding trade payables as of 31st December 2025	**e = a - c*b**	**County Executive**	1,070,703,281	403,830,544	1,474,533,825
		County Assembly	3,987,000	20,770,628	24,757,628
		Total	1,074,690,281	424,601,172	1,499,291,453

Source: *Laikipia County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.66 billion and Kshs.49.68 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.188.08 million for the Executive and Kshs.24.76 million for the Assembly.

Table 3.296 and Table 3.297 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.5 billion.

Table 3.296: Laikipia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	20,588,000	88,636,433.30	217,791,012.30	743,687,835.02	1,070,703,280.62
Recurrent Trade Payables (Goods & Services)	30,263,895	159,505,511.21	57,111,965.92	156,949,171.84	403,830,544
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	30,263,895	159,505,511.21	57,111,008.92	156,949,171.84	403,830,544
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	50,851,895	248,141,944.51	274,902,978.22	900,637,006.86	1,474,533,825.62
Total Trade Payables	**50,851,895**	**248,141,944.51**	**274,902,978.22**	**900,637,006.86**	**1,474,533,825.62**
% of Total	3.4	16.8	18.6	61	100

Source: *Laikipia County Treasury*

Table 3.297: Laikipia County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	3,987,000	**3,987,000**
Recurrent Trade Payables (Goods & Services)	-	-	-	20,770,628	**20,770,628**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	20,770,628	**20,770,628**
Recurrent Trade Payables (Staff Claims)	-	-	-	24,757,628	**24,757,628**
Total Recurrent Trade Payables	-	-	-	3,987,000	**3,987,000**
Total Trade Payables	-	-	-	3,987,000	**3,987,000**
% of Total				100	

Source: *Laikipia County Treasury*

3.20.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.18 billion on compensation of employees, Kshs.196.47 million on operations and maintenance, and Kshs.416.17 million on development activities. Similarly, the County Assembly spent Kshs.118.9 million on compensation of employees, Kshs.136.79 million on operations and maintenance, and Kshs.0.0 million on development activities, as shown in Table 3.298.

Table 3.298: Laikipia County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,415,164,035**	**1,781,994,313**	**1,372,835,744**	-	**1,372,835,744**	-	**31**
Compensation to Employees	3,089,185,733	1,204,245,622	1,176,366,772	-	1,176,366,772	-	38
Operations & Maintenance	1,325,978,302	577,748,691	196,468,972	-	196,468,972	-	15
Development	**4,260,472,209**	**480,674,304**	**416,167,846**	-	416,167,846	-	**10**
Executive Sub-total	**8,675,636,244**	**2,262,668,617**	**1,789,003,590**	-	**1,789,003,590**	-	**21**
County Assembly							
Recurrent	**531,501,082**	**254,980,731**	**254,980,731**	-	**254,980,731**	-	**48**
Compensation to Employees	260,814,267	118,194,882	118,194,882	-	118,194,882	-	45
Operations & Maintenance	270,686,815	136,785,849	136,785,849	-	136,785,849	-	51
Development	**10,000,000**	-	-		-	-	-
Assembly Sub-total	**541,501,082**	**254,980,731**	**254,980,731**	-	**254,980,731**	-	**47**
Combined County Totals							
Total Recurrent	**4,946,665,117**	**2,036,975,044**	**1,627,816,475**	-	**1,627,816,475**	-	**33**
Compensation to Employees	3,350,000,000	1,322,440,504	1,294,561,654	-	1,294,561,654	-	39
Operations & Maintenance	1,596,665,117	714,534,540	333,254,821	-	333,254,821	-	21
Total Development	**4,270,472,209**	**480,674,304**	**416,167,846**	-	**416,167,846**	-	**10**
Grand Total	**9,217,137,326**	**2,517,649,348**	**2,043,984,321**	-	**2,043,984,321**	-	**22**

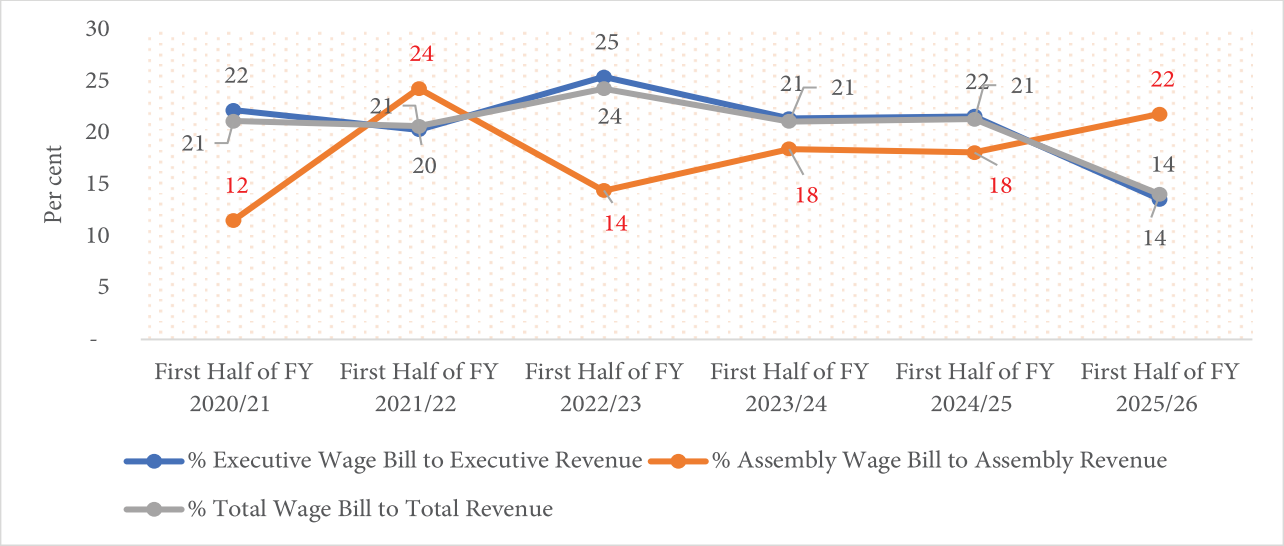
***Source**: Laikipia County Treasury*

3.20.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.29 billion. This expenditure on employee compensation shows a decrease compared to the Kshs 1.72 billion reported in a similar period in FY 2024/25. Of this total, Kshs.630.77million related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Figure 119 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 119: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Laikipia County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.19 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.109.5 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost. The justification for continuing to use manual payroll was not provided.

The manual payroll comprised salaries for 145 staff not onboarded into the Human Resource Information System (HRIS), salaries for Laikipia casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.299.

Table 3.299: Breakdown of Laikipia County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	15,351,108	4,780,692	20,131,800
Salaries for casual staff	80,947,503	-	80,947,503
Top-up Allowances for security officers	-	-	-
LAPTRUST/LAPFUND Pension Contributions	-	-	-
Gratuity for contract staff	1,746,254	-	1,746,254
Youth	-	-	-
Community Health Workers	6,676,998	-	6,676,998
Total	104,721,863	4,780,692	109,502,555

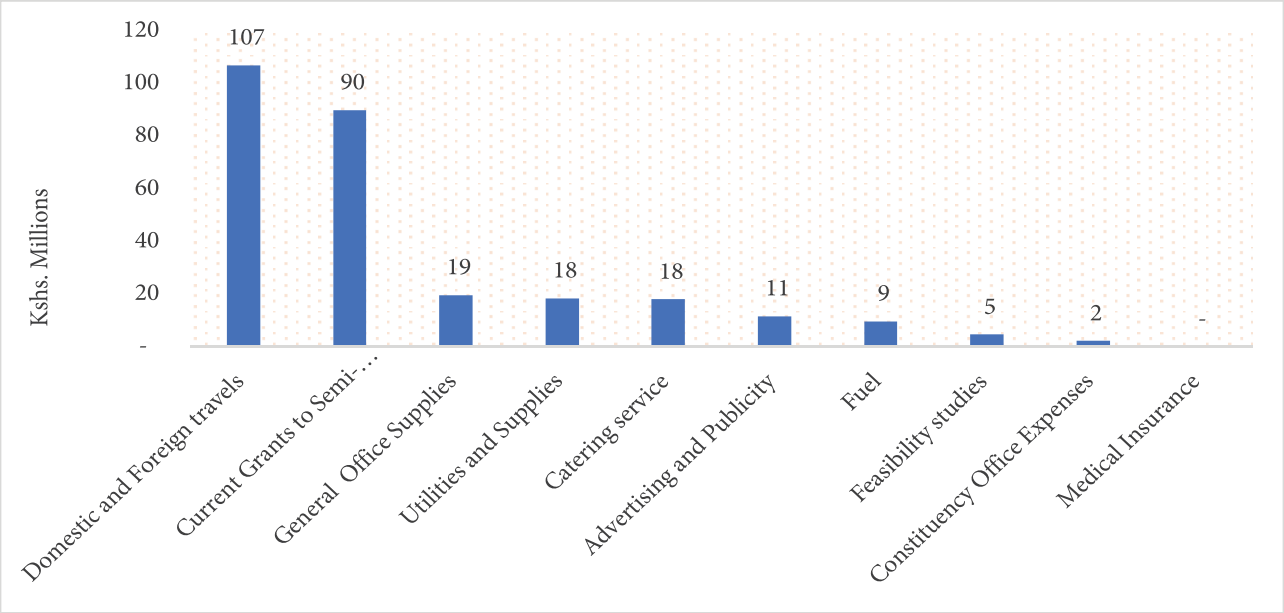
Source: *Laikipia County Treasury*

The County Assembly spent Kshs.5.45 million on committee sitting allowances for the 22 MCAs against the annual budget allocation of Kshs.20.97 million. The average monthly sitting allowance was Kshs.247.759,09 per MCA. The County Assembly has 18 House Committees.

3.20.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.333.25 million on operations and maintenance, representing a decrease of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.393 million. Figure 120 summarises the Operations and Maintenance expenditure by major categories.

Figure 120: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: *Laikipia County Treasury*

3.20.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.277.17 million to County-Established funds in FY 2025/26, or 3.0 per cent of the County's overall budget. Further, the County allocated Kshs.82.17million to the Emergency Fund 1 per cent of the total budget) in line with Section 10 of the PFM Act, 2012. Table 3.300 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.300: Performance of Laikipia County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	County Executive Emergency Fund	2020	82,174,000	12,692,722	12,692,722	County Executive Emergency Fund	Yes
2	Laikipia County Leasing Fund	2020	105,000,000	50,753,638	50,753,638	Laikipia County Leasing Fund	no
3	Car Loan & Mortgage Scheme fund	2017	15,000,000	-	7,500,000	Car Loan & Mortgage Scheme fund	Yes
4	Laikipia County Education Bursary Fund	2014	75,000,000	-		Laikipia County Education Bursary Fund	Yes
5	Total		**277,174,000**		70,946,360	Total	
	County Assembly Established Funds						
1	Staff Loans and Mortgage	2021	15,000,000	-	-	Staff Loans and Mortgage	Yes
2	Staff Housing Loans	2023	33,058,015	-		Staff Housing Loans	no
	Total		48,058,015		---		

Source: *Laikipia County Treasury*

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.20.12 County Corporations

The County has five County Corporations, which were allocated Kshs.280.16 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.9.63 million as shown in Table 3.301.

Table 3.301: Performance of Laikipia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Revenue Board	45,000,000	-	7,125,459	364,998,064
2.	LCDA	7,000,000		-	77,363,022
3.	Nanyuki Municipality	166,135,998	-	2,500,000	11,600,000
4.	Rumuruti Municipality	56,028,938	-	-	168,086,892
5.	Nyahururu Municipality	6,000,000	-	-	-
	Total	**280,164,936**	-	9,625,459	622,047,978

Source: *Laikipia County Treasury*

3.20.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.80.0 million and comprised Kshs.38.5 million spent by the County Assembly and Kshs.41.5 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.6 million and comprised Kshs.24.67 million by the County Assembly and Kshs.2.98 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.302.

Table 3.302: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Executive	4	31ST JULY 2025	A courtesy visit to the Mondul estate	Tanzania	452,530	452,530	452,530
Executive	2	25TH TO 29TH AUGUST 2025	Participating In The 2025 Atupa International Conference And The 7Th Pan-African Youth Forum Held In Durban, South Africa	South Africa	1,224,845	1,224,845	1,224,845
County Executive	2		Benchmarking tour on coffee production in Colombia	COLOMBIA	1,297,764	1,297,764	1,297,764
Laikipia County Assembly	29	7-13th September 2025	Training	Tanzania	12,104,026	12,104,026	12,104,026
Laikipia County Assembly	30	19-25th October 2025	Training	Tanzania	12,561,745	12,561,745	12,561,745
Total					**27,640,910**	**27,640,910**	**27,640,910**

Source: *Laikipia County Treasury and Laikipia County Assembly*

3.20.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.307 million as FIF, which was 49.12 per cent of the annual target of Kshs.626 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023. The expenditure by the health facilities amounted to Kshs.323.10 million, as shown in Table 3.303.

Table 3.303: Laikipia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	5	748,101,891	320,294,891	42.81
2.	Level 3 Facility	2	7,967,285	2,809,752	35.27
	Total	**7**	**756,069,176**	**323,104,643**	**42.73**

Source: *Laikipia County Treasury*

3.20.15 Development Expenditure

In the review period, the County reported spending Kshs.416.17 million on development programmes, representing a decrease of 9.65 per cent compared to FY 2024/25, when the County spent Kshs.460.64 million. Table 3.304 summarises the development projects with the highest expenditure in the reporting period.

Table 3.304: Laikipia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Water emergency	Being payment in respect to the rehabilitation of Nkirolit Dam in Salama Ward	Salama ward	30/4/2025	23/5/2025	2,962,582	2,962,582	2,962,582	2,962,582	100
2.	Finance emergency	Being the first instalment payment in respect of the proposed improvement of the Ainaapmoi-Keben road opening, grading, gravelling and installation of bridge and culverts	Ainapmoi-keben	15/5/2025	27/8/2025	5,204,608.25	5,204,608.25	5,204,608.25	5,204,608.25	100
3.	Water pending bill	being payment in respect to the construction of the Kinamba water project	kinamba	09/06/2021	03/01/2023	14,000,000	14,000,000	14,000,000	14,000,000	100
4.	Finance pending bill	being payment in respect to the improvement of county roads in towns and small urban centres in Laikipia County, Karuga town	karuga town	-	-	10,000,000	10,000,000	10,000,000	10,000,000	100
Donor-funded projects										
1.	Health and sanitation	health products and technologies	nanyuki teaching and referal hospital	31/07/2025	27/08/2025	4,048,802	4,048,802	-	4,048,802	100%
2.	Health and sanitation	health products and technologies	Nyahururu County Referral Hospital	31/07/2025	27/08/2025	3,207,290	3,207,290	-	3,207,290	100%
3.	Health and sanitation	supply, installation, testing & commissioning og theatre equipment	Nindika Sub-County Hospitals.	19/05/2023	20/12/2023	42,264,935	42,264,935	-	42,264,935	100%
4.	Health and sanitation	health products and technologies	nanyuki teaching and referal hospital	31/07/2025	27/08/2025	4,048,802	4,048,802	-	4,048,802	100%
5.	Health and sanitation	health products and technologies	Nyahururu County Referral Hospital	31/07/2025	27/08/2025	3,207,290	3,207,290	-	3,207,290	100%

Source: *Laikipia County Treasury*

3.20.16 Budget Performance by Department

Table 3.305 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.305: Laikipia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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 Administration, Public Service and Office of The Governor	3,739.80	387.94	1,545.81	-	1,206.95	-	78.1	-	32.3	-
Finance, Economic Planning and The County Treasury	220.95	499.27	58.9	197.78	69.89	88.77	118.7	44.9	31.6	17.8
Health and Sanitation	228.39	1,237.62	50.34	123.24	37.73	123.24	74.9	100.0	16.5	10.0
Agriculture, Livestock, and Fisheries	17.50	342.55	4.50	-	6.14	71.01	136.6	-	35.1	20.7
Infrastructure and Public Works	55.51	967.91	19.96	125.18	19.21	88.76	96.2	70.9	34.6	9.2
Education	103.50	112.83	88.38	-	15.96	-	18.1	-	15.4	-
Youth and Sports	11.50	7.99	3.64	-	7.18	4.0	197.1	-	62.4	50.0
Trade, Tourism and Enterprise Development	15.91	132.29	7.42	-	4.54	-	61.2	-	28.5	-
Water	14.60	358.90	3.04	17.95	2.34	37.89	77.0	211.1	16.0	10.6
Rumuruti Municipality	3	53.03	-	-	1.40	2.50	-	-	46.7	4.7
Nyahururu Municipality	1.0	5.0	-	-	1.5	-	-	-	150.0	-
Nanyuki Municipality	3.50	162.64	-	-	-	-	-	-	-	-
County Assembly	531.50	2,50	302.82	-	254.98	-	84.2	-	48.0	-
Total	**4,946.67**	**4,270.47**	**2,084.82**	**480.67**	**1,627.82**	**416.17**	**78.1**	**86.6**	**32.9**	**9.7**

***Source**: Laikipia County Treasury*

Analysis of departmental expenditure shows that the Department of Gender and Youth recorded the highest absorption rate of the development budget at 50 per cent, followed by the Department of Agriculture at 20.7 per cent. The Department of Gender and Youth had the highest recurrent expenditure-to-budget ratio at 62.4 per cent, while the Department of Education had the lowest at 15.4 per cent.

3.20.17 Budget Execution by Programmes and Sub-Programmes

Table 3.306 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rate.

Table 3.306: Budget Execution by Programmes and Sub-Programmes with the Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26		Expenditure		Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Development	Recur-rent	Develop-ment
DEPARTMENT: COUNTY COORDINATION, ADMINISTRATION, ICT AND PUBLIC SERVICE							
General Administration and Planning	ICT Infrastructure and Connectivity - 0505014510	2,000,000	1,730,594	643,966.20	-	32	-
	County Administration - Laikipia East-0701034510	1,000,000	-	331,700	-	33	-
	County Administration - Laikipia North - 0701044510	1,500,000	-	415,600	-	28	-
	County Administration - Laikipia West - 0701054150	500,000	-	94,000	-	19	-
	Compensation To Employees-0701064510	3,550,000,000	-	1,178,882,697	-	33	-
DEPARTMENT: FINANCE, ECONOMIC PLANNING AND THE COUNTY TREASURY							
707004510 Financial Services	707064510 County Treasury administrative services	26,416,740	-	15,483,760	-	**59**	-
	725024510 Supply Chain Management Services	5,500,000	-	2,497,382	-	**45**	-
706004510 Departmental administrative services/Centralised services	706054510 Budget supply services	1,000,000	-	308,200	-	**31**	
0726004510 Development Planning Services	726064510 Strategic Partnership and Collaboration	7,000,000	-	3,500,000	-	**50**	-
DEPARTMENT: HEALTH							
CURATIVE AND REHABILITATIVE HEALTH	Health Products And Technologies Support-0401014510		256,164,162	-	31,551,099	-	**12**
	Human Resource Development-0402024510	37,372,000	-	14,695,000	-	**39**	-
	Public Health Promotion And Nutrition Services-0405034510	7,128,000	-	3,560,604	-	**50**	-
DEPARTMENT: AGRICULTURE							
	SP1 0717014510 Grants and Transfers to Government entities	-	193,540,723	-	71,012,240	-	**37**
	SP3 0103034510 Agriculture Sector Extension Management	550,000	-	275,000	-	50	-
	SP3 0103034510 Agriculture Sector Extension Management	1,400,000	-	938,127	-	67.01	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26	Expenditure			Absorption Rate (%)	
		Recurrent	Develop-ment	Recurrent	Development	Recur-rent	Develop-ment
DEPARTMENT: INFRASTRUCTURE							
	SP Urban Develop-ment-0115094510	-	271,995,708	-	58,759,435	-	**22**
DEPARTMENT: EDUCATION							
Administration and planning services	502044510 - Person-nel services	4,000,000	-	3,180,245	-	**80**	-
DEPARTMENT: TRADE							
Co-operative Development							
	0302014510 SP1 Co-operative Development and Promotion	2,000,000	-	1,800,038	-	90	-
Tourism Development and Promotion							
	0305014510 SP1 Tourism promotion and Marketing	1,100,000	-	928,319	-	84	-
DEPARTMENT: GENDER							
Administration and planning services	Use of goods and services - 901014510	1,000,000	-	346,000	-	35	-
Sports, Talent Devel-opment and Social Service	Sports, talent development, and Promotion.	6,500,000	-	3,379,500	-	52	-
DEPARTMENT: WATER							
Water Development	1) 1003014510 Administrative and Planning Services	6,500,000	12,400,000	1,842,555	3,948,275.85	28	**32**
DEPARTMENT: NANYUKI MUNICIPALITY							
P3-0103004510-Gener-al Administration and Planning Services	SP1 0103014510 Administration Services	3,500,000	-	1,400,000	-	40	-
DEPARTMENT: RUMURUTI MUNICIPALITY							
P3-0103004510-Gener-al Administration and Planning Services	SP1 0103014510 Administration Services	3,000,000	-	500,000	-	17	-
ASSEMBLY							
General administration support services	Compensation of employees/MCAs	283,841,165	-	173,395,501	-	61	-
	Other recurrent expenditure	13,059,484.20	-	(20,867,061.96)	-	-160	-

Source: *Laikipia County Treasury*

The development sub-programmes with the highest budget implementation rates included Cooperative Revolving Funds in the Department of Trade at 50 per cent, Grants and Transfers to Entities in the Department of Agriculture at 37 per cent, and Water Development at 32 per cent. For recurrent sub-programmes, the top performers were General Administration Support Services in the Department of County Assembly at 160 per cent, Tourism Promotion and Marketing in the Department of Trade at 90 per cent, and Agricultural Sector Extension Management in the Department of Agriculture at 67 per cent.

Table 3.307 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.307: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
DEPARTMENT: COUNTY COORDINATION, ADMINISTRATION, ICT AND PUBLIC SERVICE							
County Executive Committee Support	Executive Support Service-0708014510	86,000,000		11,749,395	-	14	-
DEPARTMENT: FINANCE, ECONOMIC PLANNING AND THE COUNTY TREASURY							
0725004510 Public Finance Management Services	725014510 County Treasury Accounting and Reporting Services	7,000,000		1,780,440		**25**	-
	725044510 Budget Management	4,300,000		592,486		**14**	-
DEPARTMENT: HEALTH							
CURATIVE AND REHABILITATIVE HEALTH	Health Products And Technologies Support-0401014510		256,164,162		31,551,099	**0**	**12**
	402014510 Administration, Project Planning, and Implementation Services	10,150,000	40,255,838	400,000	-	**4**	-
DEPARTMENT: AGRICULTURE							
Livestock Production	SP2 0104024510 Livestock Resource Development and Management		5,500,000	-	-	-	-
	SP3 0104034510 Livestock Marketing and Value Addition		10,500,000			-	-
Veterinary Services	SP5 0107054510 Animal Health and Disease Management		8,000,000	-	-	-	-
	SP3 0104034510 Livestock Marketing and Value Addition		11,020,575			-	-
	SP2 0108024510 Slaughter House Development Initiative		8,500,000			-	-
DEPARTMENT: INFRASTRUCTURE							
P3-0103004510-General Administration and Planning Services	SP1 Administration Services-0105014510	25,513,054	-	2,010,000	-	-	-
P12-0112004510 - Physical Planning and Survey	SP1-0112014510 - Survey and Planning services	3,000,000	16,000,000	753,788.25	-	-	-
	SP2-0112024510 - Land management services	-	4,000,000	-	-	-	-
DEPARTMENT: EDUCATION							
Administration and planning services							-
	502014510 - Administration Services	-	-	-	-	-	-
Youth, Polytechnics, Vocational Training						-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
DEPARTMENT: TRADE							
P1 Administration, planning and support services							-
	301044510-SP2 Personnel Services	3,000,000	-	-	-	-	-
DEPARTMENT: GENDER							
Children's Institution Support Programme	Foods, Rations, and other support	2,000,000	-	-		-	-
Sports, Talent Development and Social Service	Sports, talent development, and Promotion.	6,500,000	-	3,379,500	-	52	-
DEPARTMENT: WATER							
Locally Led Climate Action Program (FLLOCA)	1006044510 Climate Change Adaptation & Mitigation	6,000,000	78,089,440	-	1,499,224.25	-	**2**
DEPARTMENT: RUMURUTI MUNICIPALITY							
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement		53,028,938	1,000,000	-	-	-
DEPARTMENT: NYAHURURU MUNICIPALITY							
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1 0115114510 Municipal Board and Administration Services	1,000,000	-	-	-	-	-
P15-0115004510-Roads Network Improvement Housing and Urban Development	SP1-0115014510 Road Network improvement		5,000,000	-	-	-	-
ASSEMBLY							
County Assembly Infrastructure Services	PURCHASE OF MOTOR VEHICLES					-	-
	REFURBISHMENT OF NON-RESIDENTIAL BUILDING-		**2,498,918**			-	-
	HOUSING LOANS TO PUBLIC SERVANTS					-	-
	Sub-Total					-	-

Source: *Laikipia County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Refurbishment of non-residential buildings (0.0%); Livestock Resource Development (0.0%); and County Executive Support (0.0%). For recurrent sub-programmes, the poor performers included: Executive Support (14%); Children Institution Support Program (0.0%); and Personnel Service (0.0%).

3.20.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 44 accounts in commercial banks, including 12 for Health Facilities, 10 for Vocational Training Centres, 5 for Established Funds, revenue accounts, and 16 special-purpose accounts (additional allocations).

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of 56 commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.20.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Laikipia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Assembly's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 1st February,2026
ii. The underperformance of own-source revenue at Kshs.452.67 million against an annual target of Kshs.1.35billion, representing 33.5 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.416.17million on development activities, achieving a 10 per cent absorption rate.
iv. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
v. High level of trade payables, which amounted to Kshs.1.5 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.109.50 million for 145 staff not onboarded into HRIS, and 45 casual staff were processed through manual payroll. Manual payroll is prone to abuse and may result in the loss of public funds.

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

i. *The County Assembly should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.21. County Government of Lamu

3.21.1 Overview of FY 2025/26 Budget

The Lamu County Approved Budget for FY 2025/26 is Kshs.4.65 billion. It comprises Kshs.1.55 billion (33 per cent) and Kshs.3.09 billion (67 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.340.29 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.1.90 billion and a recurrent budget of Kshs.3.08 billion. The decrease in the budget was primarily attributed to the delay in enacting the County Government Additional Allocation Act (CGAA) 2026, which had not been passed when the county was preparing and appropriating its budget.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.3.40 billion (73 per cent), additional allocations of Kshs.722 million (16 per cent), a cash balance of Kshs.241.28 million (15 per cent) brought forward from FY 2024/25, and Kshs.280 million (6 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 308.

3.21.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.1.96 billion. This amount represented a decrease of 11 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.2.19 billion. The total revenue consisted of Kshs.1.6 billion from the equitable share of revenue raised nationally; the county did not receive any additional allocations from the national government or development partners during the reporting period. There was an own-source revenue (OSR) collection of Kshs.114.08 million. Additionally, the County had a cash balance of Kshs.241.28 million from FY 2024/25. The total OSR collection of Kshs.114.08 million included Facilities Improvement Financing (FIF) of Kshs.80.83 million and Kshs.33.26 million from other OSR sources. Table 3:309 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.308: Lamu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	**241,279,671**	241,279,671	-	241,279,671	241,279,671
2	County Executive Refunds to CRF	**241,279,671**	241,279,671	-	241,279,671	241,279,671
3	County Assembly Refunds to CRF					
	Sub-Total	**241,279,671**	**241,279,671**	-	**241,279,671**	**241,279,671**
B	**Equitable Share of Revenue Raised Nationally**					
1		**3,405,085,512**	1,600,912,800	-	1,600,912,800	1,804,172,712
	Sub-Total	**3,405,085,5122**	**1,600,912,800**		1,600,912,800	**1,804,172,172**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Program II	**390,000,000**	-	-	-	-
2	Primary Health Care(PHC)	**5,842,500**	-	-	-	-
3	Food Systems Resilience Project(FSRP)	246,153,846	-	-	-	-
4	FLoccA	80,000,000	-	-	-	-
	Sub-Total	**721,996,346**	-	-	-	-
E	**Ordinary Own Source Revenue (OSR)**					
1	Business Permit Current Year	30,000,000	3,243,103	-	3,243,103	26,756,897
2	Health Centres		-	-	-	
3	Training/Learning Centres (ATC)	240,000	410,100	-	410,100	- 170,100
4	Market Stalls Rent	1,200,000	664,672	-	664,672	535,328
5	Fruits & Vegetables/Produce Cess	15,800,000	679,631	-	679,631	15,120,369
6	Meat Inspection Fees	360,000	310,860	-	310,860	49,140
7	Agriculture Vehicles Hire (Ams Tractors)	13,160,000	1,140,618	-	1,140,618	12,019,382
8	Open Air Market Fee	1,200,000	1,043,500	-	1,043,500	156,500
9	Slaughtering Fee	480,000	46,800	-	46,800	433,200
10	Livestock Cess	120,000	10,500	-	10,500	109,500
11	Fish Cess	840,000	3,031,348	-	3,031,348	- 2,191,348
12	Street Parking Fee	3,000,000	1,765,000	-	1,765,000	1,235,000
13	Sales Of Flowers, Miraa, etc.	1,800,000	8,260,000	-	8,260,000	- 6,460,000
14	Wheat&Maize Cess		517,205	-	517,205	- 517,205
15	Vetenary	120,000	-	-	-	120,000

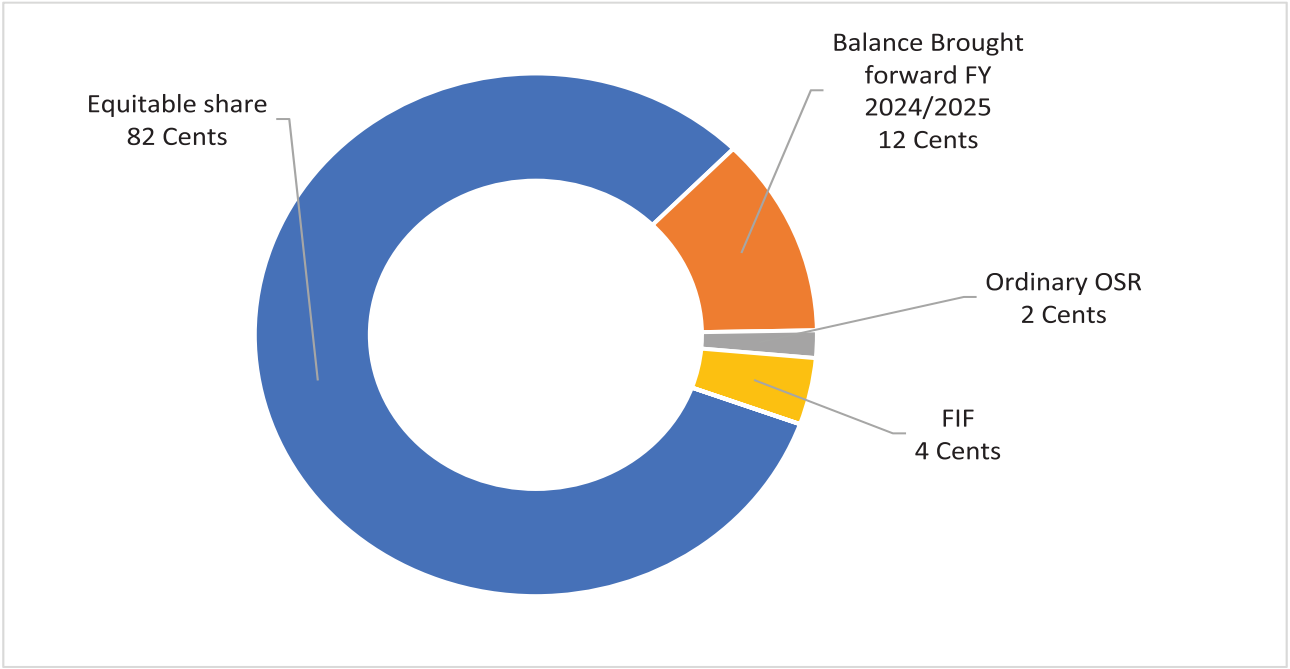
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
16	Forest Cess	600,000	285,500	-	285,500	314,500
17	Metal Scrap	840,000	147,000	-	147,000	693,000
18	Sign Boards & Advertisement Fee	5,900,000	117,000	-	117,000	5,783,000
19	Physical Planning	720,000	2,395,699	-	2,395,699	- 1,675,699
20	Sand, Gravel, And Ballast Extraction Fees	6,000,000	6,069,382	-	6,069,382	- 69,382
21	Fisheries Licence	120,000	-	-	-	120,000
22	Land Rates	62,040,000	2,700,220	-	2,700,220	59,339,780
23	Public Health	600,000	413,701	-	413,701	186,299
24	Hides And Skins Fee	-	4,000	-	4,000	- 4,000
25	Water Disinfection Plant	-	-	-	-	-
26	Donations	-	-	-	-	-
27	Salary Commission	1,800,000	-	-	-	1,800,000
28	Others Miscellaneous	60,000	-	-	-	60,000
29	Liquor Licences	3,000,000		-		3,000,000
	Sub-Total	**150,000,000**	**33,255,839**	**-**	**33,255,839**	**246,744,161**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	130,000,000	**80,826,306**	**-**	80,826,306	49,173,694
	Sub-Total	**130,000,000**	**80,826,326**	**-**	**80,826,306**	**49,173,694**
Total		**4,648,361,529**	**1,956,848,588**	**-**	**1,956,848,588**	1,956,848,588

Source: *Lamu County Treasury*

Indicate whether the County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 121 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 121: Lamu County Composition of Each Shilling Earned in the First Half of FY 2025/26

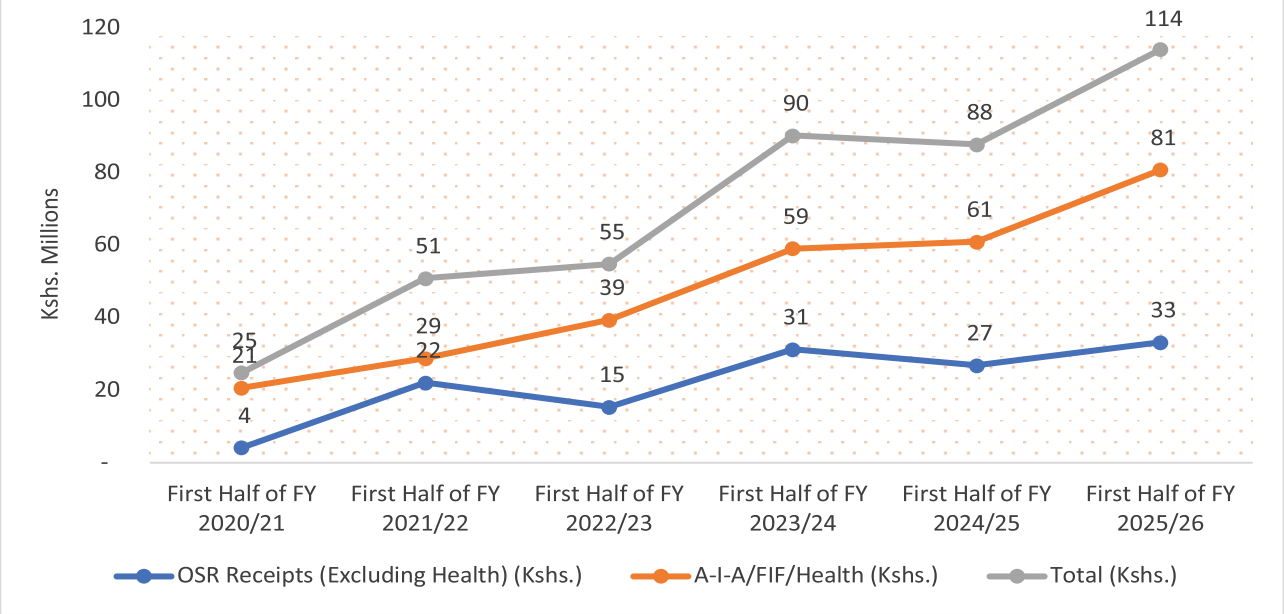


Source: *Lamu County Treasury*

The equitable share of revenue raised nationally, the unspent balance, and FIF contributed 71 per cent, 12 per cent, 10.5 per cent, and 2 per cent, respectively, of the total receipts for the reporting period.

Figure 122 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 122: Lamu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

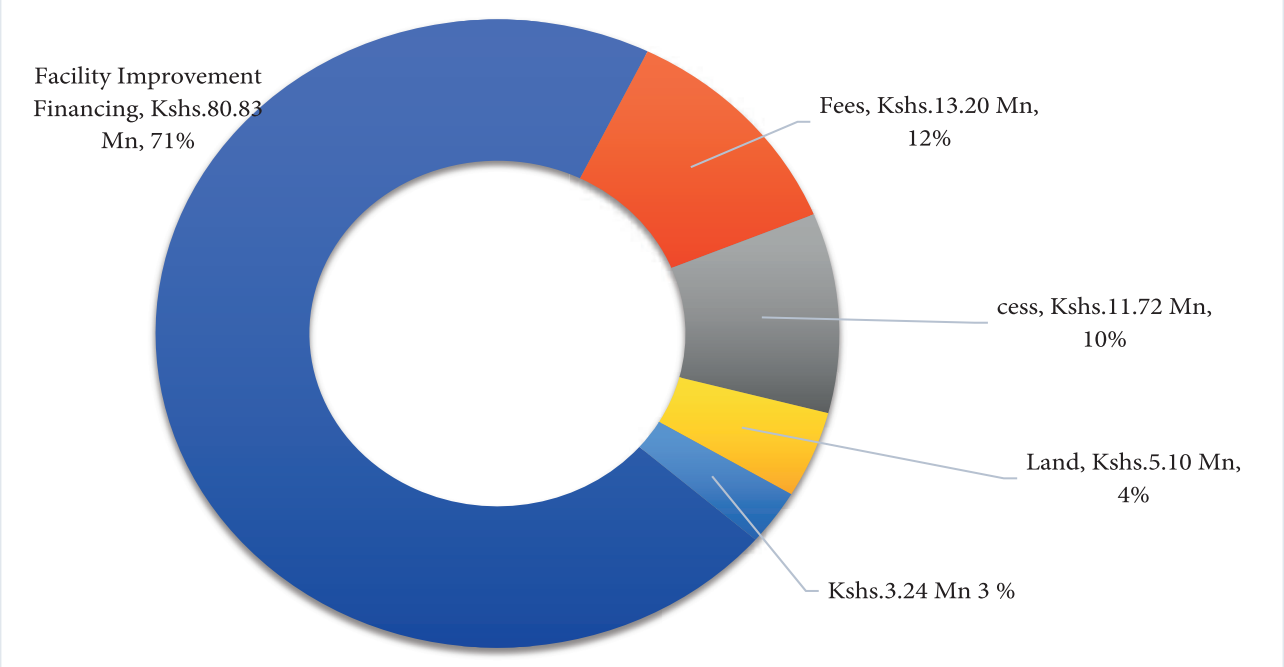


Source: *Lamu County Treasury*

During the first half of FY 2025/26, the County received Kshs.114.08 million from OSR, including FIF. This amount was an increase of 30 per cent compared to Kshs.87.83 million realised in a similar period in FY 2024/25, and was 41 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR can be attributed to good governance within the revenue department, enhanced internal control measures, service expansion, and the automation of all revenue streams.

Figure 123: Lamu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Lamu County Treasury*

As shown in Figure 123, the highest revenue stream is at Kshs.80.83 million was from FIF, accounting for 71 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.21.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.218.71 million, which remained the same during the reporting period to 31st December 2025. Table 3:310 presents a breakdown of the County's revenue arrears.

Table 3.309: Lamu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 31st December, 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Land rate**	218,710,283	-	-	-	**218,710,283**
Total		**218,710,283**	-	-	-	**218,710,283**

Source: *Lamu County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.218.71 million for all Land rates

3.21.4 Borrowing by the County

The county didn't borrow during the period under review.

3.21.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.1.38 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.41.64 million (3 per cent) designated for development programs and Kshs.1.33 billion (97 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.02 billion was allocated for employee compensation, and Kshs.318.53 million for operations and maintenance expenditures. Within the operations and maintenance category, 5 per cent was for domestic travel and 6 per cent for foreign travel. The domestic travel exchequers totalled Kshs.59.9 million, which included Kshs.28.84 million for the County Executive and Kshs.31.08 million for the County Assembly. Meanwhile, the foreign travel exchequer totalled Kshs.65.45 million all for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.723.66 million.

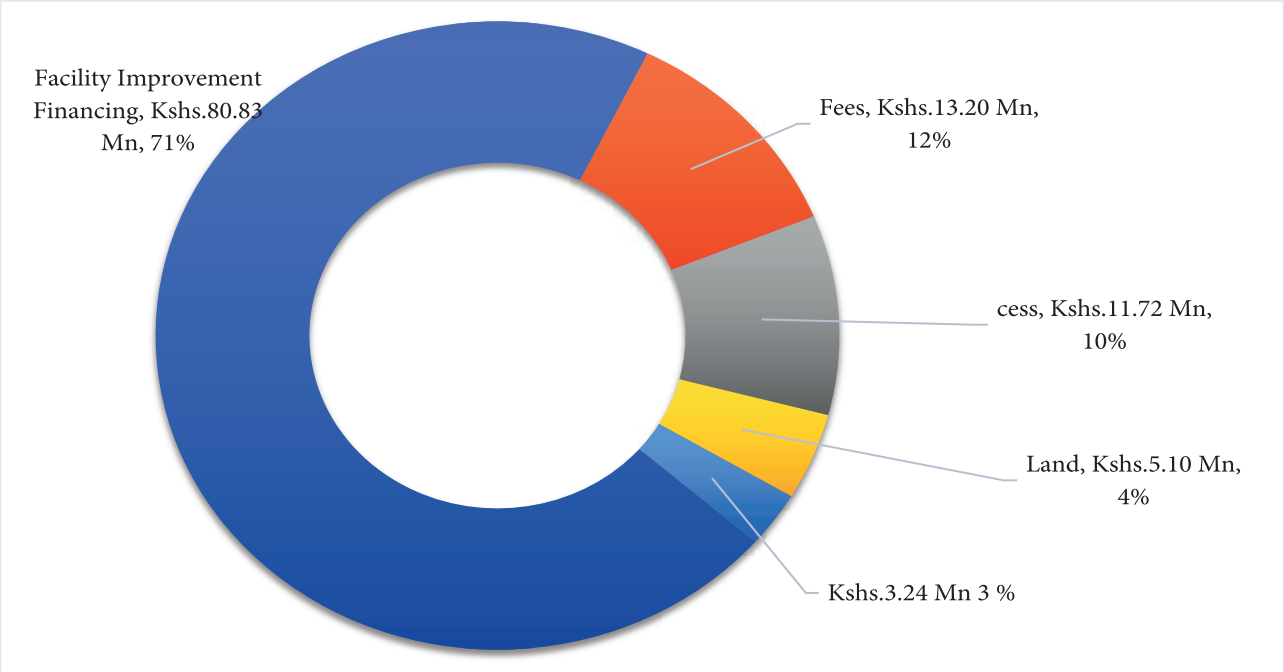
In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.230.70 million from the County Assembly Fund (CAF) account during the review period. The amount totals Kshs 230.70 million, all for recurrent activities.

3.21.6 Expenditure Review

The County spent Kshs.1.35 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.41.64 million for development programmes and Kshs.1.31 billion for recurrent programmes. Expenditure on development programmes accounted for 3 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 42 per cent of the annual recurrent expenditure budget.

Figure 124 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 124: Lamu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Lamu County Treasury*

As shown in Figure 124, the three highest expenditure categories were personnel emoluments, development, and MCAs' sitting allowance, contributing 92, 4, and 3 per cent of total expenditure for the reporting period.

3.21.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables of Kshs.30.81 million. The entire amount related to the County Executive was solely attributable to recurrent expenditure. During the reporting period, the County Executive settled trade payables amounting to Kshs.13.61 million, all of which are related to recurrent activities.

The outstanding trade payables as of 31st December 2025 were Kshs.17.2 million, all for the County Executive. Table 3.310 provides additional details of trade payables.

Table 3.310: Lamu County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	-	30,808,736	-
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	-	13,606,394	-
Amount paid in the First Half of FY 2025/26	c	County Executive	-	13,606,394	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	-	**17,202,342**	-

Source: *Lamu County Treasury*

The County Executive submitted a trade payables payment plan committing to settle Kshs.13.61 million, all relating to recurrent expenditure, in FY 2025/26. The County adhered to this plan, having cleared the full amount of Kshs.13.61 million for the County Executive during the reporting period.

Table 3.311 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive, which was Kshs.17.2 million.

Table 3.311: Lamu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)					-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	15,235,119	-	-	1,967,223	**17,202,342**
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	**88.6**	-	-	**11.4**	**100**

Source: *Lamu County Treasury*

3.21.8 Expenditure by Economic Classification

The County Executive incurred Kshs.923.69 million on compensation of employees, Kshs.174.51 million on operations and maintenance, and Kshs.41.64 million on development activities. Similarly, the County Assembly spent Kshs.92.59 million on compensation of employees, Kshs.116.42 million on operations and maintenance, and has not incurred any expenditure towards development activities, as shown in Table 3:313.

Table 3.312: Lamu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**2,621,842,948**	**472,735,064**	**1,098,202,486**	**209,003,284**	-	-	**1,098,202,486**	**209,003,284**	**42**	**44**
Compensation of Employees	1,883,414,995	196,735,064	923,692,488	92,587,654	-	-	923,692,488	92,587,654	49	47
Operations and Maintenance	738,427,953	276,000,000	174,510,000	116,415,630	-	-	174,510,000	116,415,630	24	42
Development Expenditure	**1,443,783,517**	**110,000,000**	**41,636,699**	**209,003,284**	-	-	**41,636,699**	-	**3**	-
Total	**4,065,626,465**	**582,735,064**	**1,139,839,185**	**209,003,284**	-	-	**1,139,839,185**	**209,003,284**	**28**	**36**

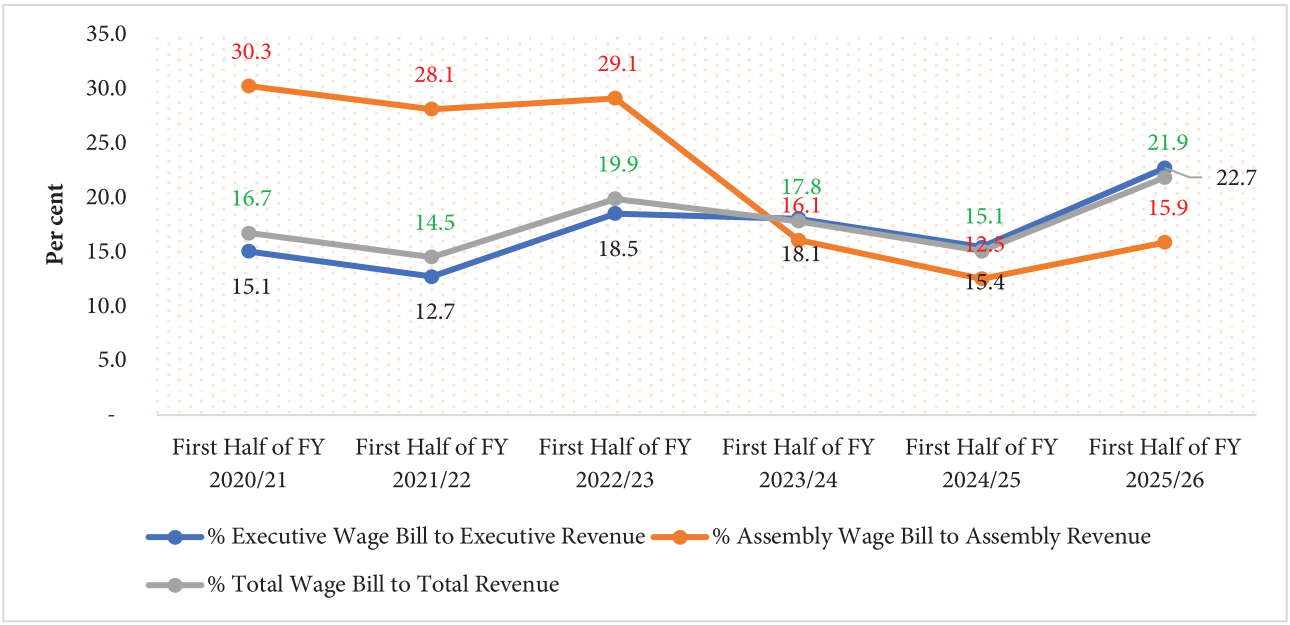
Source: *Lamu County Treasury*

3.21.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.02 billion. The compensation-to-revenue ratio was 52 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.798.62 million reported in a similar period in FY 2024/25. Of this total, Kshs.427.1 million related to Health Sector employees, accounting for 42 per cent of the overall employees' compensation. The increase was attributable to the recruitment of new staff, annual salary increments for county staff, and court directives requiring the reinstatement of staff previously dismissed by the county.

Figure 125 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 125: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Lamu County Treasury

Further analysis indicated that PE costs amounting to Kshs.847.47 million were processed through the Human Resource Information System (HRIS). In contrast, Kshs.168.81 million was processed through manual payroll, accounting for 17 per cent of the total PE cost. Because the county government continues to recruit, it sometimes takes time for new staff to be onboarded on HRIS.

The manual payroll comprised salaries for 66 staff not onboarded into the Human Resource Information System (HRIS), salaries for 568 casual staff, top-up allowances for 4 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.313.

Table 3.313: Breakdown of Lamu County Manual Payroll

S/no.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	37,760,629
2	Salaries for casual staff	61,983,768
3	Top-up Allowances for Security Officers	558,828
4	LAPTRUST/LAPFUND Pension Contributions	30,964,945
5	Gratuity for contract staff	37,537,144
	Total	**168,805,314**

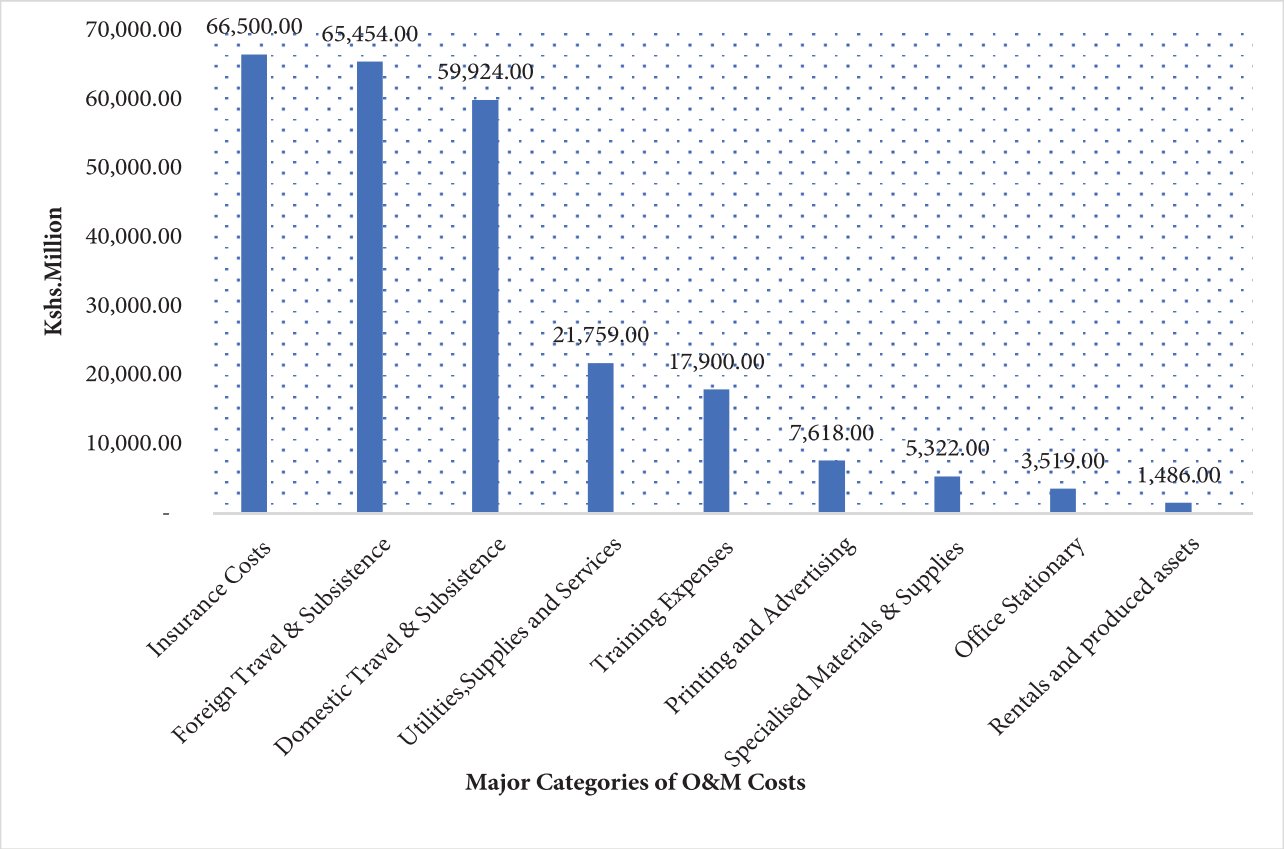
Source: Lamu County Treasury

The County Assembly spent Kshs.7.89 million on committee sitting allowances for the 20 MCAs against the annual budget allocation of Kshs.15.23 million. The average monthly sitting allowance was Kshs.65,708 per MCA. The County Assembly has 17 House Committees.

3.21.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.290.93 million on operations and maintenance, representing a decrease of 4 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.302.66 million. Figure 126 summarises the Operations and Maintenance expenditure by major categories.

Figure 126: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: *Lamu County Treasury*

1.1.1 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.75 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.314 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.314: Performance of Lamu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
	Emergency Funds		5,000,000	-	-	-	-
	Bursary Fund		70,000,000	-	-	-	-
	Total		75,000,000				

Source: Lamu *County Treasury*

During the reporting period, the CoB received quarterly financial reports from 7 Fund Administrators, as indicated in Table 3.315, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.21.11 County Corporations

The County has 1 County Corporation, which was allocated Kshs.10 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.5 million, as shown in Table 3.315.

Table 3.315: Performance of Lamu County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Lamu Water and Sewerage Company(LAWASCO)	10,000,000	5,000,000	5,000,0000	25,000,000
	Total	10,000,000	5,000,000	5,000,000	25,000,000

Source: *Lamu County Treasury*

3.21.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.59.9 million and comprised Kshs.31.08 million spent by the County Assembly and Kshs.28.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.65.45, all for the County Assembly. Expenditure on foreign travel is summarised in Table 3.316.

Table 3.316: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	19	16th -29th August, 2025	Training on Effective Oversight and Accountability for the Legislature	Tanzania	11,606,660	-	11,606,660
County Assembly	21	1st-14th November,2025	Facilitation for the County Assembly members to attend the Capacity Building training on the Leadership Development Skills Program	Tanzania	11,371,360	-	11,371,360
County Assembly	10	15th-28th November,2025	Facilitation to attend Leadership Development Skills and Public Sector Performance Training	Tanzania	5,996,300	-	5,996,300
County Assembly	9	2nd- 15th August 2025	Attend Gender Mainstreaming And Institutional Effectiveness	Tanzania	5,204,360	-	5,204,360
County Assembly	2	16th-29th August,2025	Facilitation to attend Leadership Development Skills and Public Sector Performance Training	Tanzania	1,036,880	-	1,036,880

Source: Lamu County Assembly

3.21.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.80.83 million as FIF, which was 62 per cent of the annual target of Kshs.130 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.80.83 million, as shown in Table 3.317.

Table 3.317: Lamu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	5	130,000,000	80,826,306	62
	Total		**130,000,000**	**80,826,306**	**62**

Source: *Lamu County Treasury*

3.21.14 Development Expenditure

In the review period, the County reported spending Kshs.41.64 million on development programmes, representing a decrease of 63 per cent compared to FY 2024/25, when the County spent Kshs.113.15 million. Table 3.318 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the introduction of the new Electronic Government Procurement (e-GP) system, which affected the County Government's procurement of goods and services.

Table 3.318: Lamu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1.	Devolution	Swimming Pool at Command Centre	Hindi	38,100,000	18,036,977	-	18,036,977	47
2.	Education	VTC Learning And Teaching Materials	County Wide	20,000,000	10,000,000	-	10,000,000	50
3.	Water	Kiunga-Ishakani Water Supply	Kiunga	5,785,762	5,669,732	-	5,669,732	98
4.	Water	Construction of the Siyu-Shanga Pipeline	Faza	4,430,837	4,430,837	-	4,430,837	100

Source: *Lamu County Treasury*

The County reported 3 stalled development projects as of 31st December, 2025, with an estimated value of Kshs.Kshs.366.13 million, of which Kshs.183.73 has already been paid. The stalled projects are shown in Table 3.319.

Table 3.319: Lamu County Stalled Projects as of 31st December 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 September 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Lamu County Headquarters	Headquarters	126,823,550	55,226,562	71,596,987	75	Delay of payment by the state department of public works
Faza Sub-County Headquarters	Faza	195,219,070	106,307,170	88,911,899	70	Delay by the state Department of Public Works
Construction of the Governor's Residence	Lamu Island	44,090,374	22,197,479	21,892,894	50	Delay by the Contractor. Another contractor is being sought.
Total		**366,132,994**	**183,731,211**	182,401,780	-	

Source: Lamu County Treasury

3.21.15 Budget Performance by Department

Table 3.320 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.320: Lamu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	472.74	110	230.70	-	209	-	91	-	44	-
County Executive and PSM	144	34	78.69	-	82.49	-	105	-	57	-
Finance, Economy & Strategic Planning	1,905.91	-	925.80	-	925.86	-	100	-	49	-
Agriculture, Irrigation & Food Security	18	296.65	1.38	3.50	1.38	3.50	100	100	8	1

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Land, Physical Planning, & Urban Development	30.50	104.25	13.13	-	13.49	-	103	-	44	-
Education, Technology, Gender, Youth Affairs, Sports & Social Services	88.50	123.25	9.26	10	4.89	10	53	100	6	8
Medical Services	242.93	103.60	6.21	-	15.66	-	252	-	6	-
Trade, Investment, Culture & Tourism	24	18	16.17	-	16.17	-	-	-	-	
ICT, E-Government and Citizen Participation	12	27.53	0.09	-	0.22	-	-	-	-	
Fisheries, Blue Economy, Livestock, Veterinary & Cooperative Development	8	53.80	0.90	-	0.90	-	-	-	-	
County Public Service Board	11	-	1.72	-	1.81	-	-	-	-	
Water Management & Energy	51.50	95.30	12.26	10.10	15.36	10.10	125	100	30	11
Sanitation and Environment	22.50	93	6.43	-	6.43	-	100	-	29	-
Budget And Economic Planning	7.50	-	1.71	-	1.98	-	116	-	26	-
Road, Transport, Infrastructure & Public Works	7	101.80	0.86	-	0.91	-	106	-	13	-
Devolution, Disaster Management & Resource Mobilisation	48.50	392.60	10.41	18.04	10.65	18.04	102	100	22	5
	3,094.58	**1,553.78**	**1,334.81**	**41.64**	**1,307.21**	**41.64**	**99**	**100**	**42**	**3**

***Source**: Lamu County Treasury*

Analysis of expenditure by departments shows that the Department of Water and Energy management recorded the highest absorption rate of development budget at 11 per cent, followed by the Department of Education at 8 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 57 per cent, while the Department of Education and Medical Services recorded the lowest at 6 per cent, respectively.

3.21.16 Budget Execution by Programmes and Sub-Programmes

Table 3.321 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.321: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Water Management and Energy				
Programme 1: Water Management and Conservation	Water Management and Conservation	48,495,356	10,099,722	21
Education				
Programme 3: Village Polytechnic	Village Polytechnic	33,000,000	10,000,000	30
Devolution				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
Programme 1:	Administration Services	392,600,000	18,036,976.40	5
RECURRENT				
County Executive				
Programme 1:	Administration Services	110,750,000	82,488,334	74
County Assembly				
Programme 1:	Legislation and Oversight	224,088,900	110,220,450	49
Programme 2:	Administration	248,646,164	98,782,831	40
Finance				
Programme 1:	Administration Services	1,891,967,495	924,697,631.20	49

***Source**: Lamu County Treasury*

The development sub-programmes with the highest budget implementation rates included village polytechnic in the Department of Education at 30 per cent, Water management and conservation in the Department of Water at 21 per cent, and Administration at 5 per cent. For recurrent sub-programmes, the top performers were Administration in the Department of Finance at 74 per cent, Administration in the County Assembly at 49 per cent, and Administration in the Department of Finance at 49 per cent.

Table 3.322 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.322: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Agriculture				
Programme 2:	Land Adjudication and Regularisation	76,598,800	-	-
Medical Services				
Programme 1:	Human Resource Development	103,596,140	-	-
Trade				
Programme :	Tourism Information	4,000,000	-	-
ICT				
Programme 3:	Networking Infrastructure	27,533,635	-	-

***Source**: Lamu County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Land adjudication in the Department of Agriculture, Human resource department in the Department of Medical Services, Tourism Information in the Department of Trade and Tourism and networking infrastructure in the Department of ICT Administration Services at The County Treasury, all at zero per cent.

3.21.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance

Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts in commercial banks, including 5 accounts for Health Facilities, 11 accounts for Vocational Training Centres, 8 accounts for Established Funds, 1 revenue account, 3 special-purpose accounts (additional allocations), 3 Salary processing accounts,3 Water accounts, and 1 recurrent account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.21.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Lamu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.114.8 million against an annual target of Kshs.280 million, representing 41 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.41.6 million on development activities, achieving a 3 per cent absorption rate.
iii. Use of manual payroll. Personnel emoluments amounting to Kshs.168.81 million for 66 staff not onboarded into HRIS and 568 casual staff processed through manual payroll, accounting for 18 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
iv. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
iv. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.22. County Government of Machakos

3.22.1 Overview of FY 2025/26 Budget

The Machakos County Approved Budget for FY 2025/26 is Kshs.15.19 billion. It comprises Kshs.4.60 billion (30 per cent) and Kshs.10.60 billion (70 per cent) for development and 4.20 billion (30 per cent) for recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.428.58 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.75 billion and a recurrent budget of Kshs.10.87 billion. The decrease in the budget was primarily attributed to the decline in conditional grants of Kshs.239.48 million, a decline in the balance brought forward of Kshs.336.83 million, and an increase in the equitable share of Kshs.112.99 million.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.10.03 billion (66 per cent), and additional allocations of Kshs.1.08 billion (7 per cent), and Kshs.4.09 billion (27 per cent) to be earned as own-source revenue. A breakdown of the additional allocations is shown in Table 3.323.

3.22.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.81 billion. This amount represented an increase of 11 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.22 billion. The total revenue consisted of Kshs.4.22 billion from the equitable share of revenue raised nationally, nil on additional allocations from the national government and development partners, as well as own-source revenue (OSR) collection of Kshs.1.15 billion. Additionally, the County had a cash balance of Kshs.428.78 million from FY 2024/25. The total OSR collection of Kshs.1.15 billion included

Facilities Improvement Financing (FIF) of Kshs.718.72 million, and Kshs.430.46 million from other OSR sources. Table 3.323 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.323: Machakos County, Revenue Performance in the First Half of FY 2025/26

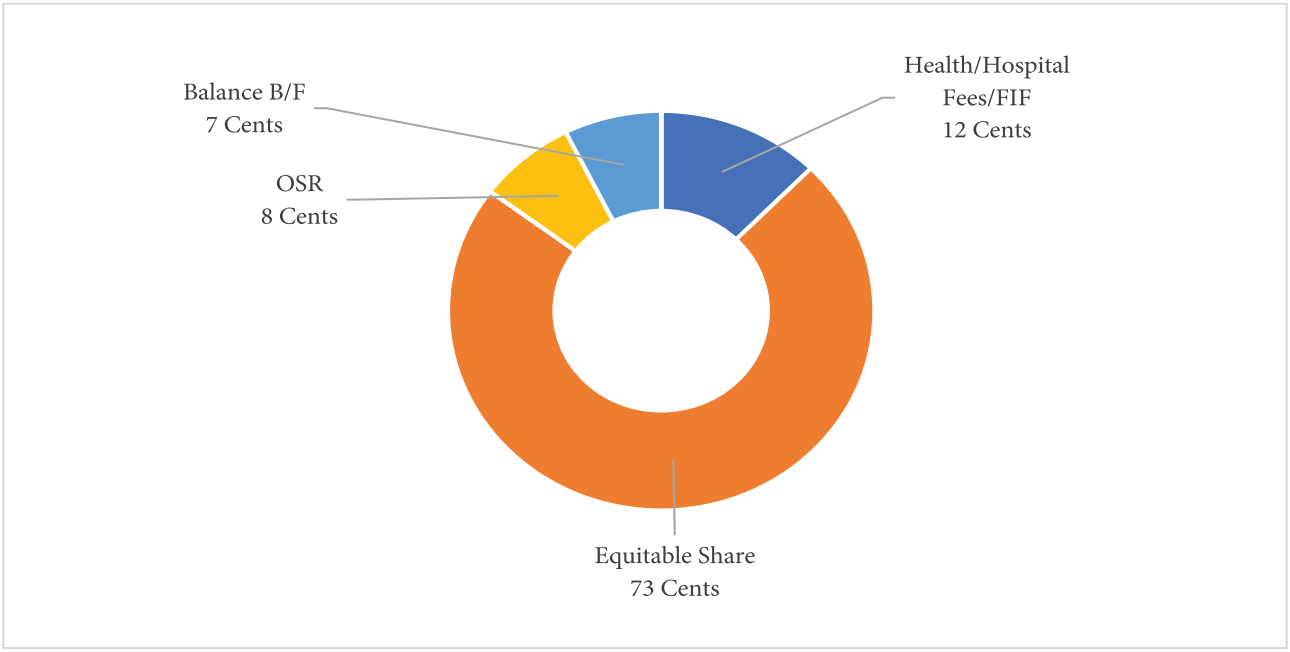
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	-	426,422,477	-	426,422,477	(426,422,477)
2	County Executive Refunds to CRF	-	412,317	-	412,317	(412,317)
3	County Assembly Refunds to CRF	-	1,942,216	-	1,942,216	(1,942,216)
	Sub-Total	**-**	**428,777,010**	**-**	**428,777,010**	**(428,777,010)**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**10,027,000**	**4,224,340,064**	-	**4,224,340,064**	**5,802,659,936**
	Sub-Total					
C	**Transfers from the Equalisation Fund**					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Program II (Level 2)	352,500,000	-	-	-	352,500,000
2	IDA(World bank) National Agricultural Value Chain development Project (NAVCDP)	151,515,152	-	-	-	151,515,152
3	IDA(World bank) FLLoCA-County climate Resilience Investment Grant	137,500,000	-	-	-	137,500,000
4	Road Maintenance Fuel Levy Fund	111,125,100	-	-	-	111,125,100
5	Kenya Urban Support Project (UDG)-World Bank	90,174,566	-	-	-	90,174,566
6	Community Health Promoters (CHPs)	83,250,000	-	-	-	83,250,000
7	DANIDA Grant- Primary Health care Devolved (2023/24/25/26)	43,548,750	-	-	-	43,548,750
8	Kenya Devolution Support Program II (Level 1)	37,500,000	-	-	-	37,500,000
9	Kenya Urban Institutional Project (UIG)-World Bank	35,000,000	-	-	-	35,000,000
10	Aquaculture Business Development Project (ABDP) - IFAD	12,262,438	-	-	-	12,262,438
11	IDA(World Bank) FLLoCA-County climate institutional support (CCIS) Grant	11,000,000	-	-	-	11,000,000
12	County Rural & Urban Affordable Housing Committee	8,817,410	-	-	-	8,817,410
13	Court Fines	1,617,189	-	-	-	1,617,189
	Sub-Total	**1,075,810,605**	**-**	**-**	**-**	**1,075,810,605**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates & Ground Rent	590,225,445	48,224,161	-	48,224,161	542,001,284
2	Single Business Permit	477,322,506	26,760,955	-	26,760,955	450,561,551
3	Quarry Extraction Fees	243,271,738	67,708,550	-	67,708,550	175,563,188

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
4	Sand Gravel	83,273,480	23,520,500	-	23,520,500	59,752,980
5	Market Fees	175,281,906	23,329,891	-	23,329,891	151,952,015
6	Plot/Stall Rent	6,462,898	1,897,175	-	1,897,175	4,565,723
7	Bus park	196,852,600	24,762,473	-	24,762,473	172,090,127
8	House Rent	2,667,532	406,577	-	406,577	2,260,955
9	Refuse/Conservancy Fee	47,837,156	12,240,504	-	12,240,504	35,596,652
10	Sign Board & Advertisement Fee	184,645,091	14,040,677	-	14,040,677	170,604,414
11	Fire Fighting & Ambulance Management Unit	50,535,823	3,657,679	-	3,657,679	46,878,144
12	Slaughter House & Livestock Fees	38,848,756	7,129,074	-	7,129,074	31,719,682
13	Enforcement Management	20,468,142	3,003,537	-	3,003,537	17,464,605
14	Off-street Parking Unit	36,228,273	12,916,879	-	12,916,879	23,311,394
15	Building Plan Approval	665,877,074	129,410,448	-	129,410,448	536,466,626
16	Cess	72,186,020	16,474,005	-	16,474,005	55,712,015
17	Social Services	5,490,107	1,001,850	-	1,001,850	4,488,257
18	Water Sales (Water Bowzers, Borehole Drilling)	3,806,549	243,200	-	243,200	3,563,349
19	Machakos People's Park/ Maruba	1,703,559	613,401	-	613,401	1,090,158
20	House Loan Repayment	57,094	-	-	-	57,094
21	Salary Refunds/Advances	1,387,369	387,300	-	387,300	1,000,069
22	Agri Farm	300,000	-	-	-	300,000
23	Liquor	92,072,859	7,524,585	-	7,524,585	84,548,274
24	Tourism	-	-	-	-	-
25	Interest & Penalties on Plot And Stall Rent	725,123	2,000	-	2,000	723,123
26	Noise Pollution	6,273,484	3,740,150	-	3,740,150	2,533,334
27	Motor Vehicle/Cycle Registration	8,584,878	1,223,250	-	1,223,250	7,361,628
28	Weights And Measures	8,494,468	240,850	-	240,850	8,253,618
	Sub-Total	**3,020,879,928**	**430,459,671**	**-**	**430,459,671**	**2,590,420,257**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	**68,259,496**	-	-	**68,259,496**	-
3	Health Revene	**1,069,895,188**	**718,717,742**	-	**718,717,742**	351,177,446
	Sub-Total	**1,138154,684**	**718,717,742**	**-**	**786,977,238**	**351,177,446**
Total		**15,193,585,721**	**5,809,890,679**	**-**	**5,809,890,679**	**10,256,441,446**

Source: *Machakos County Treasury*

Figure 127 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

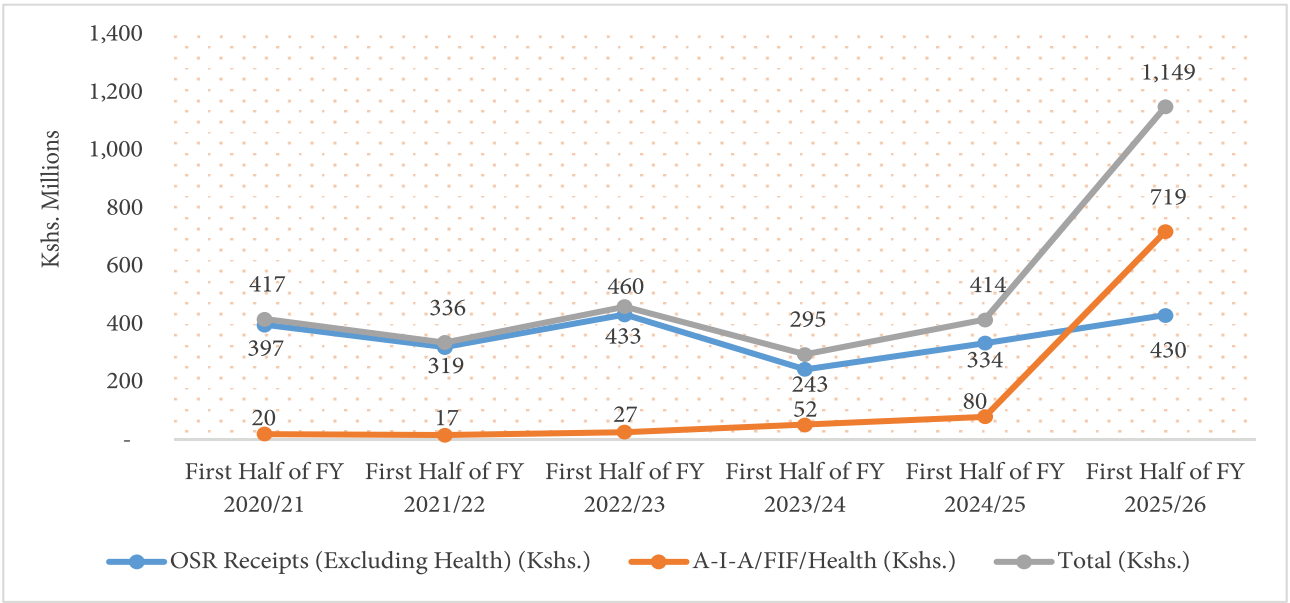
Figure 127: Machakos County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Machakos County Treasury*

The equitable share of revenue raised nationally, FIF/Health Fees, and OSR contributed 73 per cent, 12 per cent, and 8 per cent, respectively, to total receipts for the reporting period. Figure 128 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

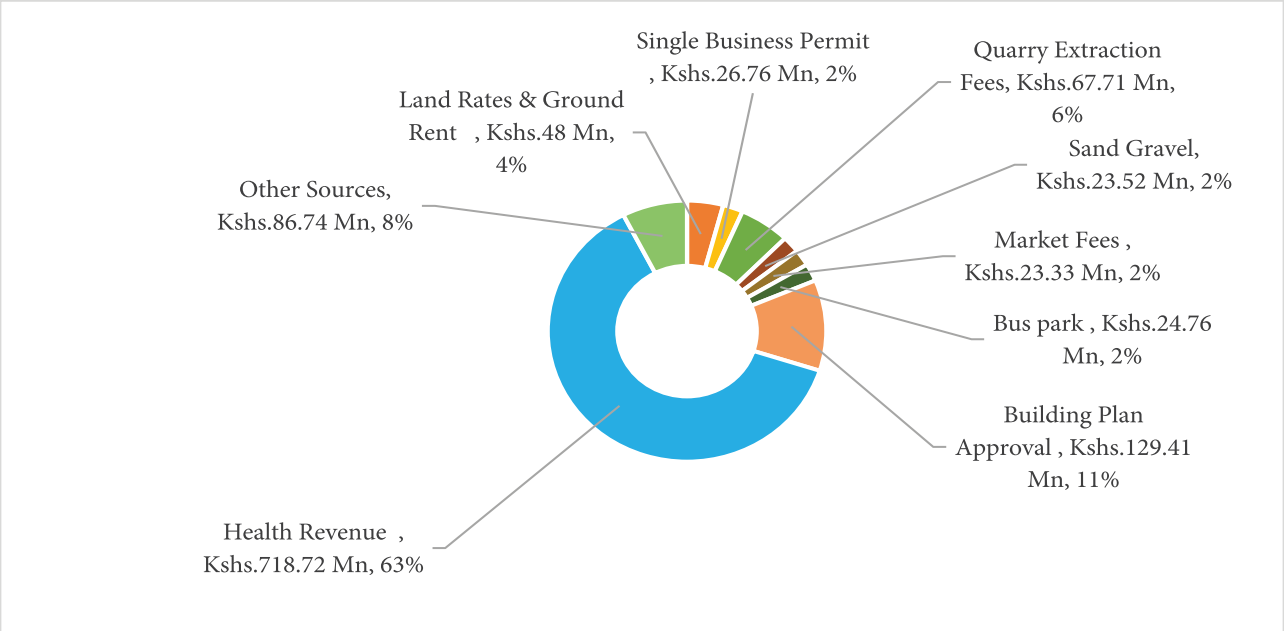
Figure 128: Machakos County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Machakos County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.15 billion from OSR, including FIF. This amount was an increase of 177 per cent compared to Kshs.414.45 million realised in a similar period in FY 2024/25, and was 28 per cent of the annual target and 27 per cent of the equitable revenue share disbursed. The increased performance was due to higher enrolment by SHA with insurance cover, an improved SHA tariff structure that boosted revenue for specialised services, broader benefit coverage with more billable services, a better claims management system, and improved beneficiary verification, with higher certainty of reimbursements. The revenue streams that contributed the most to OSR receipts are shown in Figure 129.

Figure 129: Machakos County Top Own Source Revenue Streams in the First Half of FY 2025/26



***Source**: Machakos County Treasury*

As shown in Figure 129, the highest revenue stream, at Kshs.718.72 million, was from health/FIF revenue, accounting for 63 per cent of the total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.22.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.137.59 million, which decreased to Kshs.84.58 million as of 31st December 2025. Table 3.324 presents a breakdown of the County's revenue arrears.

Table 3.324: Machakos County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Additional Allocations**					
1	Land Rates	13,977,579	-	-	-	13,977,579
2	Single Business Permit	53,010,144	-	53,010,144	-	-
3	Property Rent	2,344,934	-	-	-	2,344,934
	Sub-Total	**69,332,657**	**-**	**53,010,144**	**-**	**16,322,513**
B	**Facility Improvement Fund (FIF)**					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	**68,259,595.50**	-	-	-	**68,259,595.50**
	Sub-Total	**68,259,595.50**	-	-	-	**68,259,595.50**
Total		**137,592,252.50**	**-**	**53,010,144**	**-**	**84,582,108.50**

Source: *Machakos County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.84.58 million, comprising Kshs.68.26 million for defunct NHIF (81 per cent), Kshs.13.98 million for land rates (17 per cent), and Kshs.2.34 million for property rent (2 per cent). The measures instituted by the County to collect outstanding arrears in FY 2025/26 include issuing demand letters to various landowners and plot/stall occupiers, demanding payment of amounts due, and following up with the Social Health Authority on amounts owed to the defunct NHIF, amounting to KSH 68 million.

3.22.4 Borrowing by the County

The County Executive had an outstanding short-term borrowing/loan amounting to Kshs.507.08 million with KCB Bank as at 31st December, 2025. Out of the said outstanding amount, Kshs.237.84 million and Kshs.269.24 million relate to the requirement to

pay November and December salaries, respectively, due to delayed exchequer disbursements. The County Government has signed a memorandum of understanding on the short-term borrowing with the financial institution.

3.22.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs 4.58 billion from the Machakos County Revenue Fund (CRF) account. This amount consisted of Kshs.437.46 million (10 per cent) designated for development programs and Kshs.4.14 billion (90 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.37 billion was allocated to employee compensation and Kshs.772.62 million to operations and maintenance expenditures. Within the operations and maintenance category, 18 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.135.63 million, which included Kshs.38.97 million for the County Executive and Kshs.96.66 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.25.29 million, with Kshs.14.66 million for the County Executive and Kshs.10.63 million for the County Assembly.

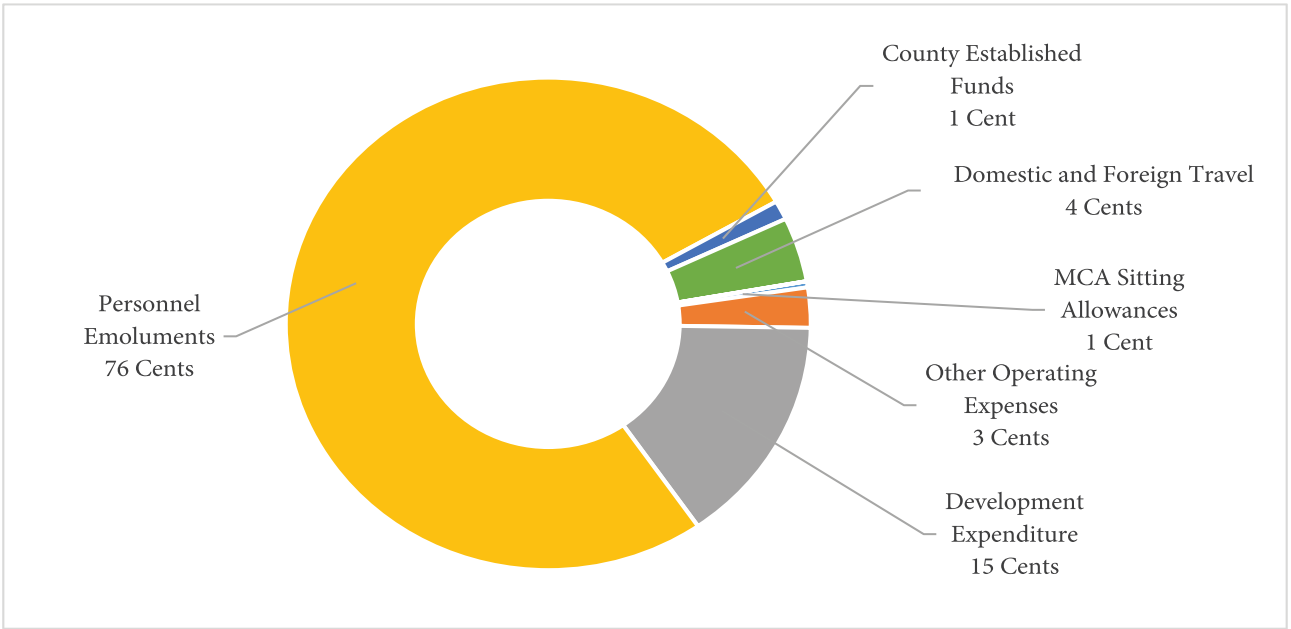
As of December 31, 2025, the County Government's cash balance in the Machakos CRF account was Kshs.434.02 million.

3.22.6 Expenditure Review

The County spent Kshs.6.27 billion on development and recurrent programmes during the reporting period. The expenditure represented 137 per cent of the total funds released by the CoB. It comprised Kshs.737.76 million for development programmes and Kshs.5.53 million for recurrent programmes. Expenditure on development programmes accounted for 15 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 51 per cent of the annual recurrent expenditure budget.

Figure 130 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 130: Machakos County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Machakos County Treasury*

As shown in Figure 130 the three highest expenditure categories were personnel emoluments, development expenditure, and domestic and foreign travel, which accounted for 76, 15, and 4 per cent of total expenditure for the reporting period, respectively.

3.22.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.6.96 billion. This amount consisted of Kshs.6.70 billion from the County Executive and Kshs.255.57 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.3.90 billion for recurrent expenditure and Kshs.2.80 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.23 billion, comprising Kshs.847.99 million (69 per cent) for recurrent programmes and Kshs.385.89 million (31 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.21.35 million, which were exclusively for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.5.47 billion for the County Executive and Kshs.234.23 million for the County Assembly. Table 3.325 provides additional details of trade payables.

Table 3.325: Machakos County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	2,802,347,856	3,898,391,911	6,700,739,767
		County Assembly	-	255,571,241	255,571,241
		Total	**2,802,347,856**	**4,153,963,152**	**6,956,311,008**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	403,252,244	858,871,721	1,262,123,965
		County Assembly	-	19,707,944	19,707,944
		Total	**403,252,244**	**878,579,665**	**1,281,831,909**
Amount paid in the First Half of FY 2025/26	c	County Executive	385,891,395	847,989,412	1,233,880,807
		County Assembly	-	21,345,857	21,345,857
		Total	**385,891,395**	**869,335,269**	**1,255,226,664**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	2,416,456,460	3,050,402,498	5,466,858,958
		County Assembly	-	234,225,384	234,225,384
		Total	2,416,456,460	3,284,627,882	5,701,084,342

Source: *Machakos County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.878.58 million and Kshs.403.25 million on recurrent and development expenditure, respectively in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.1.23 billion to the Executive and Kshs.21.35 million to the Assembly.

Table 3.326 and Table 3.327 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.5.7 billion.

Table 3.326: Machakos County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**1,049,636,722**	**413,692,077**	**504,384,798**	**448,742,864**	**2,416,456,460**
Recurrent Trade Payables (Goods & Services)	399,856,634	439,592,223	902,190,983	974,858,880	**2,716,498,720**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	8,398,608	-	325,505,170	-	**333,903,778**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	408,255,242	439,592,223	1,227,696,153	974,858,880	**3,050,402,498**
Total Trade Payables	**1,457,891,964**	**853,284,301**	**1,732,080,951**	**1,423,601,743**	**5,466,858,959**
% of Total	**27**	**16**	**32**	**26**	**10**

Source: *Machakos County Treasury*

Table 3.327: Machakos County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	1,941,578	-	-	-	**1,941,578**
Recurrent Trade Payables (Goods & Services)	35,666,965	30,586,052	18,983,991	52,604,778	**137,841,786**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	2,489,933	16,000	-	-	**2,505,933**
Recurrent Trade Payables (Staff Claims)	36,794,685	31,923,527	23,217,876	-	**91,936,087**
Total Recurrent Trade Payables	74,951,582	62,525,579	42,201,867	52,604,778	**232,283,806**
Total Trade Payables	**76,893,160**	**62,525,579**	**42,201,867**	**52,604,778**	**234,225,384**
% of Total	**33**	**27**	**18**	**22**	**100**

Source: *Machakos County Treasury*

3.22.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.47 billion on compensation of employees, Kshs.1.69 billion on operations and maintenance, and Kshs.737.76 million on development activities. Similarly, the County Assembly spent Kshs.270.99 million on employee compensation, Kshs.103.96 million on operations and maintenance, and nil on development activities, as shown in Table 3.328.

Table 3.328: Machakos County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**9,629,350,595**	**967,857,996**	**5,157,761,009**	**374,954,537**	-	-	**5,157,761,009**	**374,954,537**	**54**	**39**
Compensation of Employees	5,860,949,227	546,573,324	3,465,339,661	270,990,661	-	-	3,465,339,661	270,990,661	59	50
Operations and Maintenance	3,768,401,368	421,284,672	1,692,421,348	103,963,876	-	-	1,692,421,348	103,963,876	45	25
Development Expenditure	**4,441,377,130**	**155,000,000**	**737,764,318**	-	-	-	**737,764,318**	-	**17**	-
Total	**14,070,727,725**	**1,122,857,996**	**5,895,525,327**	**374,954,537**	-	-	**5,895,525,327**	**374,954,537**	**42**	**33**

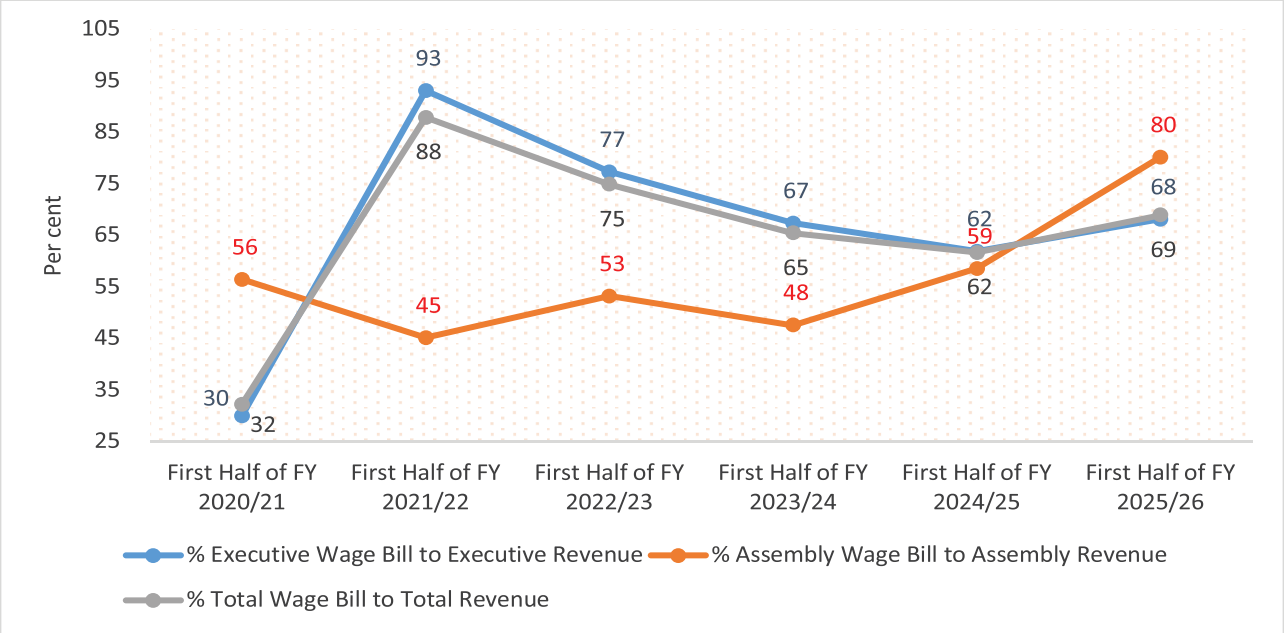
Source: *Machakos County Treasury*

3.22.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.74 billion. The compensation-to-revenue ratio was 64 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.3.50 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.42 billion related to Health Sector employees, accounting for 65 per cent of the overall employees' compensation.

Figure 131 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 131: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Machakos County Treasury

Further analysis indicated that PE costs amounting to Kshs.3.67 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.63.83 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll comprised salaries for 5 staff not onboarded into the Human Resource Information System (HRIS), salaries for 179 casual ward staff, service gratuities and reimbursement for mileage for 60 MCAs, fringe benefit tax for 182 MCAs and staff, salary advance for 15 staff and MCAs, as shown in Table 3.329.

Table 3.329: Breakdown of Machakos County Manual Payroll

Sno.	Description of Manual Payroll	No of Staff	Amount (Kshs.)
1	Salaries for non-HRIS MCAs/ staff yet to be onboarded in the system	5	2,814,420
2	Salaries for Ward staff not in IPPD/HRIS	179	26,989,487
3	Commissioner of domestic taxes-MCAS & Staff Fringe Benefit Tax	182	4,433,690
4	Gratuity for contract staff	18	1,186,358
5	MCAS -Reimbursement Mileage	60	11,430,979
6	4th & 5th CASB Members' Service Gratuities	2	539,400
7	Ward Staff Service Gratuities	179	3,768,601
8	MCA'S Service Gratuities	60	10,968,110
9	NITA Levy	366	54,800
10	Salary advances for staff & MCAS	15	1,643,000
	Total		**63,828,846**

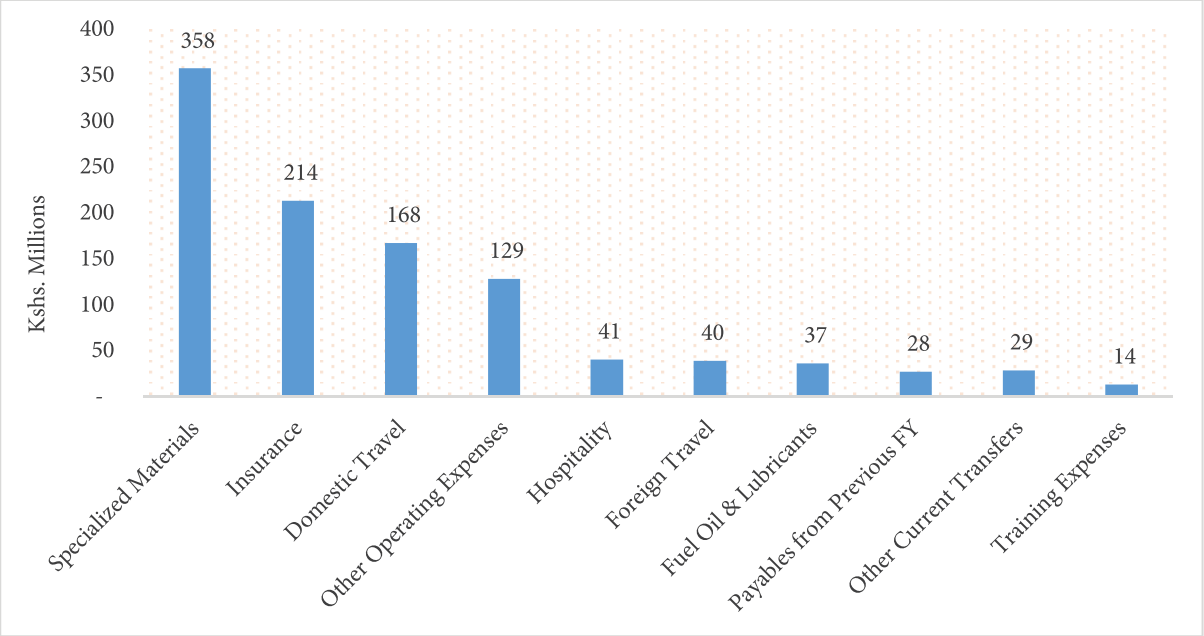
Source: Machakos County Treasury

The County Assembly spent Kshs.19.72 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.54,791 per MCA. The County Assembly has 27 House Committees.

3.22.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.80 billion on operations and maintenance, representing an increase of 39 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.29 billion. Figure 132 summarises the Operations and Maintenance expenditure by major categories.

Figure 132: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: *Machakos County Treasury*

3.22.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.74.66 million on "*other operating expenses*," which is 4 per cent of the total operations and maintenance expenditure of Kshs.1.80 billion. This category of expenditure includes nil payments for both garbage collection, and legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.330.

Table 3.330: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses	45,678,902	-
2211399	Other Operating Expenses	12,965,280	-
2211399	Other Operating Expenses	8,342,156	-
2211399	Other Operating Expenses	13,315,895	-
2211399	Other Operating Expenses	12,674,328	-
2211399	Other operating expenses	661,485	-
2211399	Other Operating Expenses	8,876,531	-
2211399	Other Operating Expenses	520,000	150,000
2211399	Other Operating Expenses	749,712	400,000
2211399	Other Operating Expenses	650,000	-
2211399	Other Operating Expenses (Focus groups expenses)	6,234,536	-
2211399	other operating expenses (Digitization/scanning of documents)	8,456,321	2,990,040
2211399	Other Operating Expenses	5,405,632	-
2211399	Other operating expenses	35,000	-
2211399	Other Operating Expenses - Others	292,093	-
2211399	Other Operating Expenses	20,105,910	-
2211399	Other Operating Expenses (KICOSCA/EALASCA)	15,000,000	9,352,145
2211399	Other Operating Expenses (Governors Cup)	50,000,000	43,861,157
2211399	Other Operating Expenses (GBV Centre Expenses)	30,000,000	13,156,000
2211399	Other Operating Expenses-Other	1,250,000	-

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses-Other	7,500,000	4,748,000
2211399	Other Operating Expenses-Other (Biannual devolution conference)	8,000,000	-
2211399	Other Operating Expenses	2,000,000	-
2211399	Other Operating Expenses - Oth	24,723,190	-
2211399	Other Operating Expenses - Oth	14,033,200	-
2211399	Other Operating Expenses - Oth (Clean up exercises municipalities)	17,593,647	-
2211399	Other Operating Expenses (Verification & validation of staff documents)	500,000	-
2211399	Other Operating Expenses - Other (Clean up exercises in towns)	13,904,400	-
2211399	Other Operating Expenses - Other	500,000	-
2211399	Other Operating Expenses - Other	500,000	-
	Total	**330,468,218**	**74,657,342**

Source: *Machakos County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: domestic travel, public participation, communication, trade fairs, e.tc.These include clean-up exercises in towns, verification and validation of staff documents, EALASCA games, KICOSCA games, Governors cup, video conferencing, publimaking it difficult to determine their nature and map them to the correct budget codes.
- Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, scanning/disposal of documents, public engagements expenses, GBV centre expenses, youth empowerment programs, risk response expenses, etc

3.22.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.413.48 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.37.36 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.331 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.331: Performance of Machakos County Established Funds in the First Half of FY 2025/26

No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Disbursements in the First Half FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements
	County Executive Established Funds							
1	Machakos County Education Bursary Fund	2014	120,000,000	-		4,772,807	800,251,016	Yes
2	Machakos County Executive Mortgage & Car Loan Scheme	2015	-	-		-	96,000,000	Yes
3	Machakos County Climate Fund	2021	282,919,728	-		50,929,853	444,329,453	Yes
	County Assembly Established Funds							
4	Machakos County Housing & Car Loan Scheme Fund - MCA	2014	-	-		3,492,309	386,000,000	Yes
5	Machakos County Housing & Car Loan Scheme Fund - Staff	2018	10,557,558	-		2,135,887	273,000,000	Yes
	Total		**413,477,286**	**-**		**61,330,856**	**1,999,580,469**	

Source: *Machakos County Treasury*

During the reporting period, the CoB received quarterly financial reports from five (5) Fund Administrators, as indicated in Table 3.332, in accordance with Section 168 of the PFM Act, 2012. The County disclosed that administration costs for all the established 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Machakos County Education Bursary Fund, Machakos County Executive Mortgage & Car Loan Scheme, and Machakos County Housing & Car Loan Scheme Fund - MCA had lapsed. However, during the period, the County didn't submit any requests to withdraw funds, so CoB didn't approve any requests to support the operations of the lapsed funds.

3.22.13 County Corporations

The County has five County Corporations, namely: Machakos Water and Sewerage Company, Mavoko Water and Sewerage Company, Matungulu/Kangundo Water Company, Kathiani Sanitation Company, and Yatta Sanitation Company. The Corporations didn't receive an exchequer from the County Treasury, nor did they submit financial reports to it.

However, the five Corporations are undergoing restructuring in line with Section 77(2) of the Water Act, 2016, requiring compliance with the standards of commercial viability set out by the Regulatory Board when establishing a water service provider.

3.22.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.167.82 million and comprised Kshs.92.83 million spent by the County Assembly and Kshs.74.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.39.57 million, and comprised Kshs.18.44 million by the County Assembly and Kshs.21.13 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.332.

Table 3.332: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	2	26th July-3rd August 2025	Progressive & Transformative Public Service Leadership and Management Symposium	Birmingham, UK	2,371,606	-	2,371,606
County Assembly	7	2nd-8th July,2024	Workshop on Legal and Legislative Drafting organised by the LSK	Arusha, Tanzania	100,000	-	100,000
County Assembly	5	9th-16th March, 2025	Capacity Building Tour on Leadership and Financial Management	Tanzania	1,302,716	-	1,302,716
County Assembly	1	2nd-9th February, 2025	Capacity Building and Study Tour East Africa Legislative Assembly	Tanzania	324,912	-	324,912
County Assembly	6	15th-22nd December, 2024	The 19th Annual Meeting of the Internet Governance Forum	Riyadh, Saudi Arabia	225,330	-	225,330
County Assembly	5	5th-12th February, 2025	International Conference on Communication Technology and New Media for Policy makers (ICCTNM-25)	Dubai, UAE	750,000	-	750,000
County Assembly	6	14th-20th September, 2025	Capacity Building Tour at the East African Legislative Assembly	Arusha, Tanzania	1,697,784	-	1,697,784
County Assembly	14	7th-14th September, 2025	Capacity Building Tour at the East Africa Legislative Assembly	Arusha, Tanzania	6,249,787	-	6,249,787

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	5th-13th October, 2025	Workshop on International Knowledge Exchange Program for Clerks	Spain and France	2,004,031	-	2,004,031
County Assembly	6	9th-16th February, 2025	Leadership and Training Programme	Singapore	1,620,000	-	1,620,000
County Executive	1	11Th To 22Nd August 2025	Professional Training on Managing the Training and Development at ESAMI	Arusha, Tanzania	651,684		
County Executive	7	5th to 11th November 2025	4th Edition of African Women Awards Conference 2025	Kigali, Rwanda	4,588,782	-	4,588,782
County Executive	5	21St July To 1St August, 2025	PPP Financing and Financial Analysis Programme	Dubai, UAE	5,867,888	-	5,867,888
County Executive	1	18th -29th August 2025	Training on Contemporary Issues in Taxation at Esami	Arusha, Tanzania	561,266	-	561,266
County Executive	6	23rd Oct to 5th Nov. 2025	138th Session of the Import and Export Fair	China	2,912,820	-	2,912,820
County Executive	2	5th to 13th September 2025	The 2nd Africa Climate Summit in Ethiopia	Ethiopia	1,182,770	-	1,182,770
County Executive	2	July 21st to 1st August 2025	Esami PPP and Financial Analysis Course	Dubai	1,839,796	-	1,839,796
Total					**34,251,172**		**34,251,172**

***Source**: Machakos County Treasury and Machakos County Assembly*

3.22.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.718.72 million as FIF, which was 67 per cent of the annual target of Kshs.1.07 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.275.40 million, as shown in Table 3.333.

Table 3.333: Machakos County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	153,094,680	107,524,037	70
2.	Level 4 Hospital	10	493,686,276	207,168,709	42
3.	Level 3 Facility	39	325,477,500	68,229,020	21
4.	Level 2 Facility	173			
	Total	**223**	**493,686,276**	**275,397,729**	**56**

***Source:** Machakos County Treasury*

3.22.16 Development Expenditure

In the review period, the County reported spending Kshs.737.76 million on development programmes, representing a decrease of 38 per cent compared to FY 2024/25, when the County spent Kshs.1.19 billion. Table 3.334 summarises the development projects with the highest expenditure in the reporting period.

The decrease in development expenditure was attributed to delayed exchequer releases and the need to roll out e-Procurement.

Table 3.334: Machakos County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Infrastructure Public Works	Construction of Office Block (Thin Tall Building)	Mua	7/1/2018	6/30/2027	399,999,999	25,878,274	-	251,728,760	75
2	Health	Proposed Construction of New Level 5 Specialist Hospital Project.	Machakos Central	4/1/2024	Jun-28	1,495,000,000	55,879,609	55,879,609	250,654,749	25
3	Roads & Transport	Katangi – Kinyaata – Kithimani Road (Phased) 5 kms	Katangi, Ikombe, Kithimani Yatta	1/22/2024	6/30/2027	244,514,716	79,488,263	70,065,122	224,971,575	89
4	Roads & Transport	Kathalani – Kaviani Road (Phased) 3.2 kms	Upper Kaewa	1/22/2024	6/30/2025	154,580,347	6,099,628	6,099,628	154,580,347	100
5		Mlolongo – Gossip – Police Road (Phased) 4.3 kms	Mlolongo/ Syokimau	1/22/2024	6/30/2027	326,815,930	191,906,467	30,084,194	111,744,327	35
6	Youth and Sports	Sports Complex	Machakos	6/1/2023	Jun,26	1,100,000,000	101,066,573	45,136,925	94,000,000	0.01
7	Health	Proposed Construction of CT Scan, Theatre, Casualty, Toilet Block, Call Rooms, and Staff Lounge at Matuu Level 4 Hospital	Matuu	5/1/2024	Jun-26	93,531,310	29,110,827	-	32,657,000	90
8	Health	Proposed Construction of Ndithini Level 4 Hospital	Ndithini	5/1/2024	Jun-28	128,999,923	74,044,382	13,915,452	27,971,452	30
9	Health	Proposed Phased Construction of Mavoko Level 4 Hospital at Mavoko Sub-County.	Athi River Township	5/15/2024	Jun-28	284,238,319	93,882,826	-	26,296,749	25
10	Health	Phased construction of Mlolongo Level 4 Hospital	Mlolongo/ Syokimau	5/1/2025	Jun-29	236,924,091	130,203,438	**9,777,877**	25,435,285	20
Donor Funded Projects										
1	Investment, Industry & Innovation	Construction of Aggregated Industrial park -County contribution (CAIP)	Mua ward	9/1/2023	30/06/25	476,634,987	25,044,382	-	299,668,250	80
2	Housing & Urban Development	Urban Development Grant(KUSP 2)	Municipality	Guided by POM & TORs	Guided by POM & TORs	As allocated	90,174,566	-		-
Equalisation Funded Projects										
1	Health	Construction of the new Kyondoni Maternity Block.	Masinga	6/1/2025	Jan-26	6,049,633	6,049,633	-	-	65

Source: *Machakos County Treasury*

The County reported 54 stalled development projects as of 31 December 2025, with an estimated value of Kshs.1.13 billion, of which Kshs.314.26 million has already been paid. The County has revived six projects out of the 54 stalled projects. The first three

projects were initiated before devolution; therefore, the contract/procurement files cannot be traced, and no estimated value is available for these projects. The stalled projects are shown in Table 3.335.

Table 3.335: Machakos County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Agriculture and Food Security	Construction of the Agriculture Office block	Kathiani Central	Initiated and stalled before devolution	2012	-	-	-		60
2	Agriculture and Food Security	Construction of the Agriculture Office block	Kangundo Central	Initiated and stalled before devolution	2012	-	-	-		60
3	Livestock and Fisheries Development	Construction of Livestock Offices	Mwala	Initiated and stalled before devolution	2012	-	-	-		60
4	Health	Proposed Construction of Kithimani Community Hospital	Kithimani	Sep-13	May-14	11,495,280	11,254,296	-	240,984	85
5	Health	Proposed Construction of Kikesa Community Hospital	Ikombe	Sep-13	May-14	12,561,865	-	-	12,561,865	50
6	Health	Proposed Construction of Kalama Community Hospital	Kalama	Sep-13	May-14	11,662,574	7,207,781	-	4,454,793	70
7	Health	Proposed Construction of Wamunyu Community Hospital	Wamunyu	Sep-13	May-14	8,000,100	-	-	8,000,100	60
8	Health	Proposed Construction of Kawauni Community Hospital	Kangundo North	Sep-13	May-14	10,841,775	-	-	10,841,775	40
9	Health	Proposed Construction of Kaviani Community Hospital	Upper Kaewa	Sep-13	May-14	13,810,700	4,920,360	-	8,890,340	40
10	Health	Proposed Construction of Wondeni Community Hospital	Muvuti / Kiima kimwe	Sep-13	May-14	17,187,625	-	-	17,187,625	5
11	Health	Proposed Construction of Mua Community Hospital	Mua	Sep-13	May-14	11,527,260	9,599,838	-	1,927,422	80
12	Health	Completion of works at Mumbuni Dispensary/ Kwa Musyoka.	Mumbuni North	Sep-13	May-14	1,900,000	-	-	1,900,000	100
13	Trade	Market shed/ Kithimani	Kithimani	5/5/2014	2014	4,676,401	-	-	4,676,401	70
14	Trade	Market shed/ Ikombe	Ikombe	5/5/2014	2014	4,676,401	-	-	4,676,401	70
15	Trade	Market Shed/ Matuu	Matuu	5/5/2014	2014	9,609,226	-	-	9,609,226	40

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
16	Trade	Market shed/ Kangundo	Kangundo Central	5/5/2014	2014	5,765,454	-	-	5,765,454	40
17	Trade	Market shed/ Kiatinene	Ndithini	5/5/2014	2014	4,680,676	-	-	4,680,676	60
18	Trade	Market shed/ Masinga	Masinga Central	5/5/2014	2014	4,888,153	-	-	4,888,153	40
19	Trade	Market shed/ Kivani	Kangundo East	5/5/2014	2014	4,727,906	-	-	4,727,906	70
20	Tourism and Culture	Construction of Machawood Offices at Machawood Studios in Mikuyu/ Vota Village	Mua	7/1/2014	3/12/2015	39,740,747	-	-	39,740,747	100
21	Tourism and Culture	Construction of the Machawood Go-down at Machawood Studios in Mikyuy/ Vota Village	Mua	7/1/2014	3/12/2015	23,414,204	-	-	23,414,204	15
22	Trade	Construction of office block/ Mavoko Offices	Athi river	2015	2016	17,500,000	-	-	17,500,000	80
23	Public Works	Proposed Construction of two 50m long blocks with a walkway boulevard between them. Lettable spaces with washrooms on each block	Mua	5th April 2018	28th June 2019	55,495,944	5,374,310	-	50,121,634	10
24	Public Works	Proposed Construction of Community Recreation Centre	Mua	5th April 2018	28th June 2019	55,435,741	5,804,115	-	49,631,626	11
25	Public Works	Proposed Construction of Public Facility Area Comprising Swimming Pool, toilet, changing rooms, and Public Beach	Mua	5th April 2018	28th June 2019	37,585,666	26,276,860	-	11,308,806	70
26	Public Works	Office block 12-storey	Mua	5th April 2018	5th Aug. 2019	394,999,999	41,407,638	-	353,592,361	45
27	Health	Proposed Construction of Kwa Mwatu Community Hospital	Matuu	Feb-18	Aug-18	10,815,705	6,721,175	-	4,094,530	60
28	Health	Proposed Construction of Mwala Community Hospital (Kitchen & Laundry)	Mwala / Makutano	Feb-18	Aug-18	12,584,725	10,052,275	-	2,532,450	80
29	Health	Proposed Construction of Kyeleni Community Hospital	Kyeleni	Feb-18	Aug-18	7,889,922	5,734,577	-	2,155,346	70

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
30	Health	Proposed Construction of Ngiini Community Hospital	Kangundo Central	Feb-18	Aug-18	10,764,550	5,374,560	-	5,389,990	50
31	Health	Proposed Construction of Kamulu Drumville Community Hospital	Muthwani	Feb-18	Aug-18	13,001,100	9,395,715	-	3,605,385	80
32	Trade	Construction of the Masii Market shed	Masii	2018	2019	1,715,631	-	-	1,715,631	80
33	Trade	Construction of the Kithyoko Market shed	Kithyoko	2018	2019	2,119,834	-	-	2,119,834	80
34	Trade	Construction of the Katangi Market shed	Katangi	2018	2019	1,837,201	-	-	1,837,201	80
35	Trade	Construction of Kisukioni Market Shed	Kisukioni	2018	2019	300,325	-	-	300,325	80
36	Trade	Partitioning of Mavoko offices	Athiriver	2018	2019	2,165,536	-	-	2,165,536	80
37	Trade	Construction of Muumandu Market shed	Kalama	2018	2019	2,783,408	-	-	2,783,408	80
38	Trade	Construction of the Katulye Market shed	Katulye	2018	2019	2,865,072	-	-	2,865,072	80
39	Water	Mumbuni earth dam; Excavation works, treatment works, storage tanks and water distribution pipeline	Kibauni	24th Septr 2018	30th Sept,2019	75,156,480	68,414,880	--	6,741,600	91
40	Youth & Sports	Design & Build Mavoko Stadium	Athiriver	25/01/2019	25/01/2022	44,616,639	8,741,147	-	35,875,492	5
41	Youth & Sports	Design & Build Ikombe Stadium	Ikombe	25/01/2019	25/01/2022	49,740,000	38,684,000	-	11,056,000	98
42	Education	Construction of St. Francis Misyani ECDE	Kangundo North	2019	2020	980,454	-	-	980,454	80
43	Education	Construction of Kyandu ECDE	Kangundo West	2019	2020	980,454	-	-	980,454	80
44	Education	Construction of Matetani ECDE	Kangundo Central	2019	2020	980,454	-	-	980,454	80%
45	Vocational & Skills Training	Construction of twin workshop at Kithaayoni VTC	Machakos Central	1/7/2019	30/06/2020	-	-	-	-	45%
46	Youth & Sports	Design & Build Kinyui Stadium	Matungulu East	9/1/2019	9/1/2022	49,740,000	36,710,135	-	13,029,865	50
47	Youth & Sports	Design & Build Masii Stadium	Masii	9/1/2019	9/1/2022	49,045,478	-	-	49,045,478	5
48	Health	Proposed Construction of Kisiiki Community Hospital	Ndalani	Oct-19	Apr-20	4,998,500	2,798,500	-	2,200,000	60

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
49	Education	Construction of Ielanthi ECDE	Kivaa	2021	2022	999,989	250,000	-	749,989	60
50	Education	Construction of Mwatungo ECDE	Kivaa	2021	2022	999,989	300,000	-	699,989	60
51	Education	Construction of Kwamavui ECDE	Masinga Central	2021	2022	999,989	-	-	999,989	20
52	Water	Muthetheni treatment works; Construction of treatment works, solar panel	Mutheth-eni	Sep-21	Feb-22	8,259,875	3,940,000	-	4,319,875	90
53	Water	Lumbwa Treatment Works: Construction of treatment works	Kola	9/1/2021	3/1/2022	10,000,000	5,300,000	-	4,700,000	90
54	Health	Proposed Renovation and Completion Works at Ikaatini Dispensary	Ekalakala	Jun-22	Dec-22	3,540,262	-	-	3,540,262	45

Source: *Machakos County Treasury*

3.22.17 Budget Performance by Department

Table 3.336 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.336: Machakos County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	784.11	22.93	105.11	-	185.36		176	-	24	-
County Public Service Board	43.28	7.40	20.02	-	31.42		157	-	73	-
Roads, Transport and Public Works	266.88	1,158.94	92.88	150.52	145.10	355.56	156	236	54	31
County Assembly	967.86	155	337.83	-	374.95		111	-	39	-
Agriculture, Food Security and Co-operative Development	250.19	329.29	115.74	10.74	161.97	55.21	140	514	65	17
Health Services & Emergency Services	4,201.91	521.25	2,136.50	82.58	2,795.27	94.52	131	115	67	18
Water, Irrigation, Environment and Climate Change	140.72	657.05	82.98	74.83	74.32	99.28	90	133	53	15
Finance, Economic Planning & Revenue Management	1,211.59	537.15	402.19	113.97	484.36	127.72	120	112	40	24
Gender, Youth, Sports & Social Welfare	209.02	282.86	111.60	-	111.95		100	-	54	-
Trade, Industry, Tourism & Innovation	169.40	152.03	84.55	4.82	57.36		68	-	34	-
Education	805.62	107.20	283.13	-	435.16	3.03	154	-	54	3

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Urban Development, Housing & Energy	262.13	231.23	69.66	-	68.47	2.45	98	-	26	1
Devolution	1,225.45	430.34	287.07	-	589.89	-	206	-	48	-
Office of the County Attorney	59.05	3.70	12.72	-	17.14	-	135	-	29	-
Total	**10,597.21**	**4,596.38**	**4,141.99**	**437.46**	**5,532.72**	**737.76**	**134**	**169**	**52**	**16**

Source: *Machakos County Treasury*

Analysis of expenditure by departments shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 31 per cent, followed by the Department of Finance, Economic Planning & Revenue Management at 24 per cent. The County Public Service Board had the highest recurrent expenditure-to-budget ratio at 73 per cent, while the Office of the Governor had the lowest at 24 per cent.

3.22.18 Budget Execution by Programmes and Sub-Programmes

Table 3.337 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.337: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT EXPENDITURE				
Roads, Transport and Public Works				
Roads and Transport	Road Development and Maintenance	848,421,061	315,807,225	37
Public Works	County Government Buildings Services	80,910,995	39,750,485	49
Agriculture, Food Security and Co-Operative Development				
General Administration and Support Services	Crop Development and Management	53,311,955	39,512,731	74
Finance, Economic Planning and Revenue Management				
Public Finance Management	Accounting Services	333,199,718	127,717,734	38
RECURRENT EXPENDITURE				
Roads, Transport and Public Works				
Roads & Transport	General Administration and Support Services	189,679,278	145,100,706	76
Agriculture, Food Security and Co-Operative Development				
General Administration and Support Services	General Administration and Support Services	151,799,534	134,087,569	88
Water, Irrigation, Environment and Climate Change				
Water Resources Management	Water Resources Management	86,714,346	71,982,757	83
Finance, Economic Planning and Revenue Management				
Revenue Management	Revenue Management	344,988,262	309,378,156	90
Devolution				
Inspectorate, Fire Fighting & Emergency Services	Inspectorate Services and Management	298,338,958	232,793,648	78

Source: *Machakos County Treasury*

The development sub-programmes with the highest budget implementation rates were: Crop Development and Management in the Department of Agriculture, Food Security and Co-Operative Development at 74 per cent, County Government Buildings Services in the Department of Roads and Transport at 49 per cent, and accounting services in the Department of Finance and Economic Planning at 38 per cent.

For recurrent sub-programmes, the top performers included: Revenue Management in the Department of Finance, Economic Planning and Revenue Management at 90 per cent, General Administration and Support Services in the Department of Agriculture, Food Security and Co-Operative Development at 88 per cent, and Water Resources Management in the Department of Water, Irrigation, Environment and Climate Change at 83 per cent.

Table 3.338 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.338: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT EXPENDITURE				
Agriculture, Food Security and Co-Operative Development				
General Administration and Support Services	Livestock Resources Management and Development	28,507,087	687,931	2
	Agricultural Training Centre	14,808,877	500,000	3
Water, Irrigation, Environment and Climate Change				
Sewerage System and Sanitation Management	Sewerage System and Sanitation Management	42,205,298	1,522,500	4
Education				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	52,571,511	3,026,753	6
DEVELOPMENT EXPENDITURE				
Office of the Governor				
Co-ordination and Supervisory Services	Office of the County Advisors	47,087,202	297,160	1
Agriculture, Food Security and Co-Operative Development				
Co-operative Development and Marketing	General Administration and Support Services	19,151,863	176,972	1
Water, Irrigation, Environment and Climate Change				
Climate Change	Climate Change	28,520,829	823,800	3
Finance, Economic Planning and Revenue Management				
	Supply Chain Management	11,125,450	300,000	3
Trade, Industry, Tourism and Innovation				
Small and Medium-sized Enterprises	Small and Medium-sized Enterprises	41,500,000	915,171	2

Source: *Machakos County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Livestock Resources Management and Development in the Department of Agriculture, Food Security and Co-Operative Developmentat 2 per cent, Agricultural Training Centre in the Department of Agriculture, Food Security and Co-Operative Development at 3 per cent, and Sewerage System and Sanitation Management in the department of Water, Irrigation, Environment and Climate Change at 4 per cent.

For recurrent sub-programmes, the lowest-performing included: General Administration and Support Services in the Department of Agriculture, Food Security and Co-Operative Development at 1 per cent, Office of the County Advisors in the Office of the Governor at 1 per cent, and Small and Medium-sized Enterprises in the Department of Trade, Industry, Tourism and Innovation at 2 per cent.

3.22.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 287 accounts in commercial banks, including 202 accounts for Health Facilities, 15 accounts for Vocational Training Centres, 5 accounts for water companies, 7 accounts for Established Funds, 4 revenue accounts, 24 special-purpose CBK accounts, 21 special-purpose commercial accounts (additional allocations), 2 special-purpose empowerment commercial accounts, and 4 salary processing commercial accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 241 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.22.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Machakos County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 28th January, 2026.
ii. The underperformance of own-source revenue at Kshs.1.15 billion against an annual target of Kshs.4.09 billion, representing 28 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.737.76 million on development activities, achieving a 16 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31 December 2025, the lifespan of the Machakos County Education Bursary Fund, Machakos County Executive Mortgage & Car Loan Scheme, and Machakos County Housing & Car Loan Scheme Fund - MCA had lapsed, making them ineligible for further withdrawals.
v. High level of trade payables, which amounted to Kshs.5.70 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.63.83 million for five staff not onboarded into HRIS, and 179 casual staff were processed through manual payroll, accounting for 2 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.74.66 million under "*other operating expenses,*" accounting for 4 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.23. County Government of Makueni

3.23.1 Overview of FY 2025/26 Budget

The Makueni County Approved Supplementary Budget for FY 2025/26 is Kshs.13.11 billion. It comprises Kshs.4.87 billion (37 per cent) and Kshs.8.24 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.56 billion (13 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.68 billion and a recurrent budget of Kshs.7.90 billion. The increase in the budget was primarily attributed to an increase of Kshs.1.19 billion in the development budget.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.98 billion (68 per cent), additional allocations of Kshs.1.55 million (12 per cent), a cash balance of Kshs.916 million (7 per cent) brought forward from FY 2024/25, and Kshs.1.67 million (13 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.339.

3.23.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.4.77 billion. This amount represented a decrease of 4 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.98 million. The total revenue consisted of Kshs.3.73 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.472.75 million. Additionally, the County had a cash balance of Kshs.568.07 million from FY 2024/25. The total OSR collection of Kshs.472.75 million included Facilities Improvement Financing (FIF) of Kshs.342.12 million, and Kshs.130.62 million from other OSR sources. Table 3.339 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.339: Makueni County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	916,003,457	567,968,506	-	567,968,506	348,034,951
2	County Executive Refunds to CRF		25,494	-	25,494	-25,494
3	County Assembly Refunds to CRF		73,112	-	73,112	-73,112
	Sub-Total	**916,003,457**	**568,067,112**	-	**568,067,112**	**347,936,345**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,976,335,654	3,725,179,296	-	3,725,179,296	5,251,156,358
	Sub-Total	**8,976,335,654**	**3,725,179,296**	-	**3,725,179,296**	**5,251,156,358**
D	**Additional Allocations (Including Grants)**					
1	IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	231,250,000	-	-	-	231,250,000
2	SWEDEN -Kenya Agricultural business development project (KABDP)	10,918,919	-	-	-	10,918,919
3	IDA(World Bank)-Second Kenya Devolution Support Program-Institutional Grant-Level 1 Grant((KDSP)	37,500,000	-	-	-	37,500,000
4	IDA(World Bank)-Second Kenya Devolution Support Program-Service Delivery and Investment Grant-(Level 2 Grant)((KDSP)	352,500,000	-	-	-	352,500,000
5	Roads Maintenance Levy Fund (RMLF)	517,382,206	-	-	-	517,382,206
6	Community Health Promoters (CHPs) Project	113,700,000	-	-	-	113,700,000
7	Doctor Salary Arrears	30,568,273	-	-	-	30,568,273

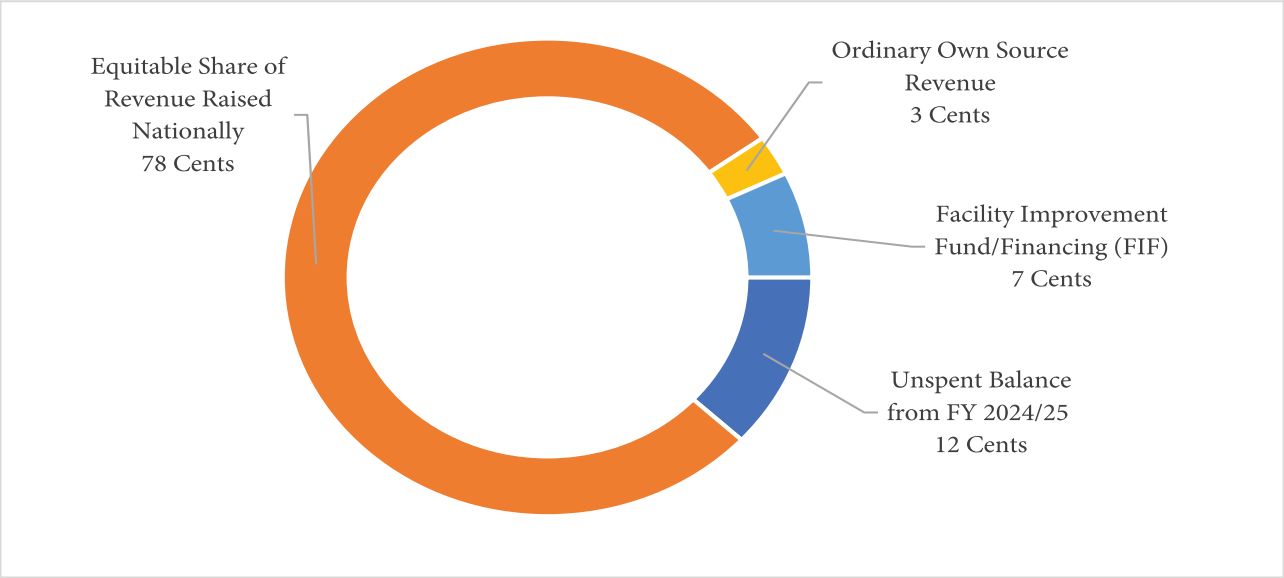
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
8	DANIDA- Primary healthcare in devolved context	23,341,500	-	-	-	23,341,500
9	Urban Institutional Grant (UIG) - World Bank	35,000,000	-	-	-	35,000,000
10	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Institutional Support (CCIS) Grant	11,000,000	-	-	-	11,000,000
11	Allocation for 20% Share of Mineral Royalties	99,857	-	-	-	99,857
12	IDA (World Bank Credit: Kenya Urban Support Project(KUSP)-Urban Development Grant (UDG)	40,167,542	-	-	-	40,167,542
13	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant	142,746,435	-	-	-	142,746,435
	Sub-Total	**1,546,174,731**	-	-	-	**1,546,174,731**
E	**Ordinary Own Source Revenue (OSR)**					
1	Advertisement & Wall Branding Fees	31,411,990	2,054,400	-	2,054,400	29,357,590
2	Agricultural Cess Fees	28,317,987	9,924,891	-	9,924,891	18,393,096
3	Building Materials cess Fees	4,706,554	1,134,900	-	1,134,900	3,571,654
4	Community Information Centres Fees	1,573,222	47,100	-	47,100	1,526,122
5	Conservancy Fees	8,102,091	577,880	-	577,880	7,524,211
6	Coop Audit services Fees	498,187	34,300	-	34,300	463,887
7	Development Approvals Fees(all lands development fees	65,550,897	8,661,553	-	8,661,553	56,889,344
8	Fines and Penalties Fees	1,573,222	168,330	-	168,330	1,404,892
9	Fire certificate Fees	1,573,222	269,450	-	269,450	1,303,772
10	Hire of County Facilities / Equipment /Gym Fees	1,573,222	174,900	-	174,900	1,398,322
11	Liquor License Fees	96,818,675	8,975,055	-	8,975,055	87,843,620
12	Market Entrance Fees	65,550,897	13,316,310	-	13,316,310	52,234,587
13	Motor Veh/Cycle Reg Fees	4,706,554	132,000	-	132,000	4,574,554
14	Parking Fees	67,530,534	8,454,164	-	8,454,164	59,076,370
15	Plot Rates/Rent Fees & other dues	131,691,752	7,349,560	-	7,349,560	124,342,192
16	Renewal Fees(Kiosks)	10,986,330	694,940	-	694,940	10,291,390
17	Single Business Permits /Application Fees	230,739,157	13,695,452	-	13,695,452	217,043,705
18	Stall Rent Fees	12,087,585	3,109,950	-	3,109,950	8,977,635
19	Stock Market Fees	17,279,216	4,949,882	-	4,949,882	12,329,334
20	Stock Movement Fees	10,986,330	2,678,710	-	2,678,710	8,307,620
21	Veterinary Health Fees	22,942,814	5,879,230	-	5,879,230	17,063,584
22	Water & Environment Fees- Consent, Nema, mining, penalities	4,706,554	392,600	-	392,600	4,313,954
23	Weights & Measures Fees	3,133,333	389,110	-	389,110	2,744,223
24	Tetheka interest revenue	18,742,114	-	-	-	18,742,114
25	Other Revenues	-	8,579,401	-	8,579,401	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
26	Agriculture- Agricultural Training Conference Fees	4,706,554	94,500	-	94,500	4,612,054
27	Agriculture- Mechanization Fees	3,133,333	373,900	-	373,900	2,759,433
28	Public health Services Fees	51,824,539	5,114,665	-	5,114,665	46,709,874
29	Makueni Fruit Processing Plant Fees	92,872,511	6,531,224	-	6,531,224	86,341,287
30	Sand Authority Fees	72,237,088	16,865,014	-	16,865,014	55,372,074
	Sub-Total	**1,067,556,464**	**130,623,370**	**-**	**130,623,370**	**936,933,094**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	417,612,000	215,640,938	-	215,640,938	201,971,062
2	Medical Health Services Fees	182,388,000	126,468,258	-	126,468,258	55,919,742
3	Other		14,000	-	14,000	-14,000
	Sub-Total	**600,000,000**	**342,123,196**	**-**	**342,123,196**	**257,876,804**
Total		**13,106,070,306**	**4,765,992,974**	**-**	**-**	**-**

Source: *Makueni County Treasury*

Figure 133 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 133: Makueni County Composition of Each Shilling Earned in the First Half of FY 2025/26

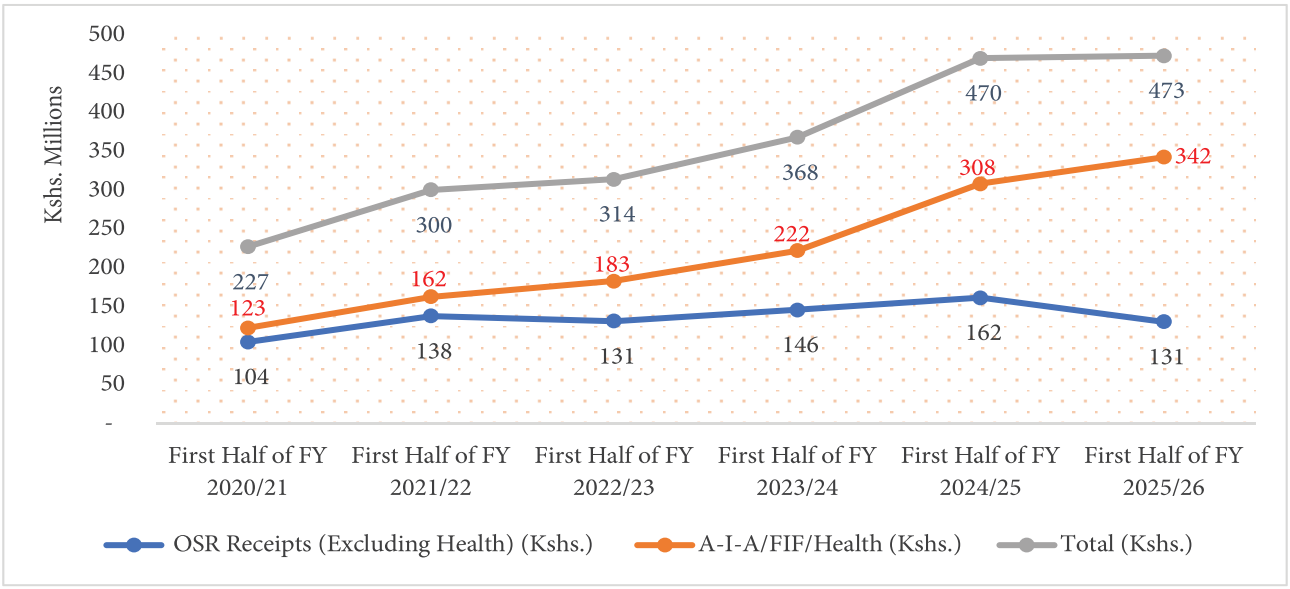


Source: *Makueni County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 78 per cent, 3 per cent and 7 per cent, respectively, of the total receipts for the reporting period.

Figure 134 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

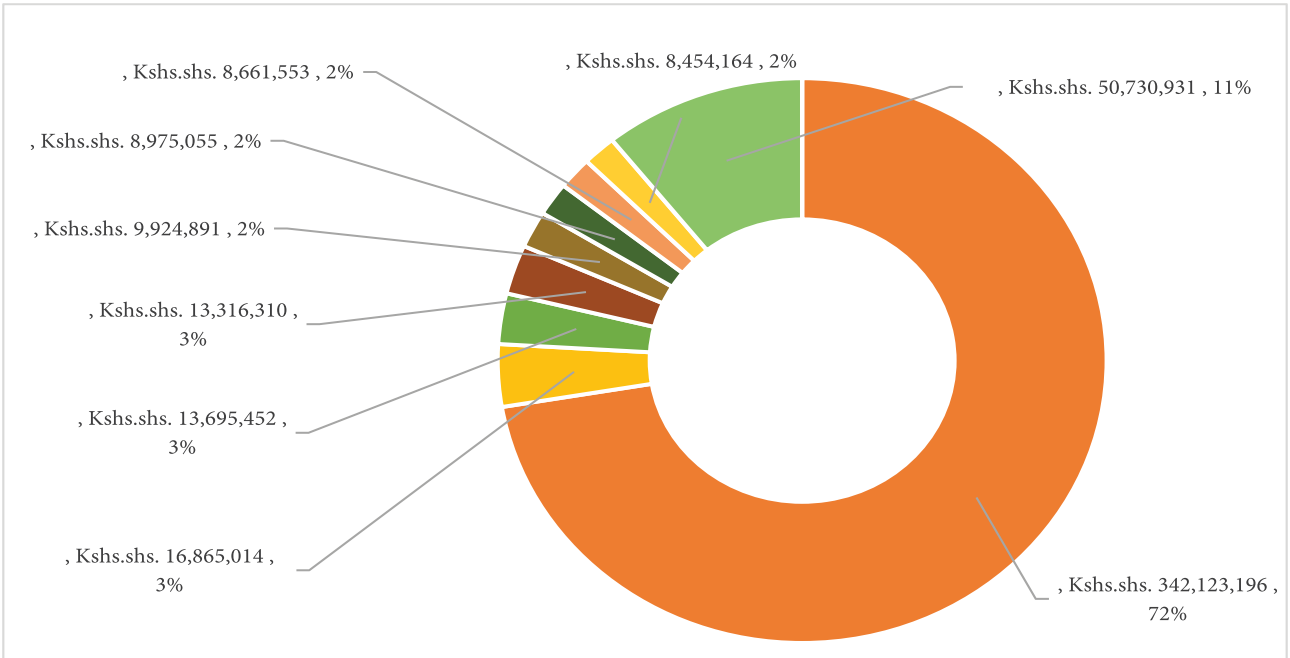
Figure 134: Makueni County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Makueni County Treasury*

During the first half of FY 2025/26, the County received Kshs.472.74 million from OSR, including FIF. This amount was an increase of 1 per cent compared to Kshs.469.63 million realised in a similar period in FY 2024/25, and was 28 per cent of the annual target and 13 per cent of the equitable revenue share disbursed. The revenue streams which contributed the highest OSR receipts are shown in Figure 135

Figure 135: Makueni County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Makueni County Treasury

As shown in Figure 135, the highest revenue stream, at Kshs.342.12 million, was from FIF/Hospital Fees, accounting for 72 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.23.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.749.61 million, which decreased to Kshs.738.25 million as of 31st December 2025. Table 3.340 presents a breakdown of the County's revenue arrears.

Table 3.340: Makueni County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	Plot Rate & Rent Fees	598,699,359	-	5,026,962	-	593,672,397
2	Single Business Permits	138,486,400	-	7,511,300	-	130,975,100
3	Stall Rent Fees	12,425,300	-	2,202,100	3,377,200	13,600,400
	Sub-Total	**749,611,059**	-	**14,740,362**	**3,377,200**	**738,247,897**
	Grand Total	**749,611,059**	-	**14,740,362**	**3,377,200**	**738,247,897**

Source: *Makueni County Treasury*

3.23.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.60 billion from the Makueni County Revenue Fund (CRF) account. This amount consisted of Kshs.445 million (12 per cent) designated for development programs and Kshs.3.15 billion (88 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.47 billion was allocated for employee compensation, and Kshs.683.81 million for operations and maintenance expenditures. Within the operations and maintenance category, 20 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.139.98 million, which included Kshs.87.36 million for the County Executive and Kshs.52.61 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.8.06 million, with Kshs.0.51 million for the County Executive and Kshs.7.56 million for the County Assembly.

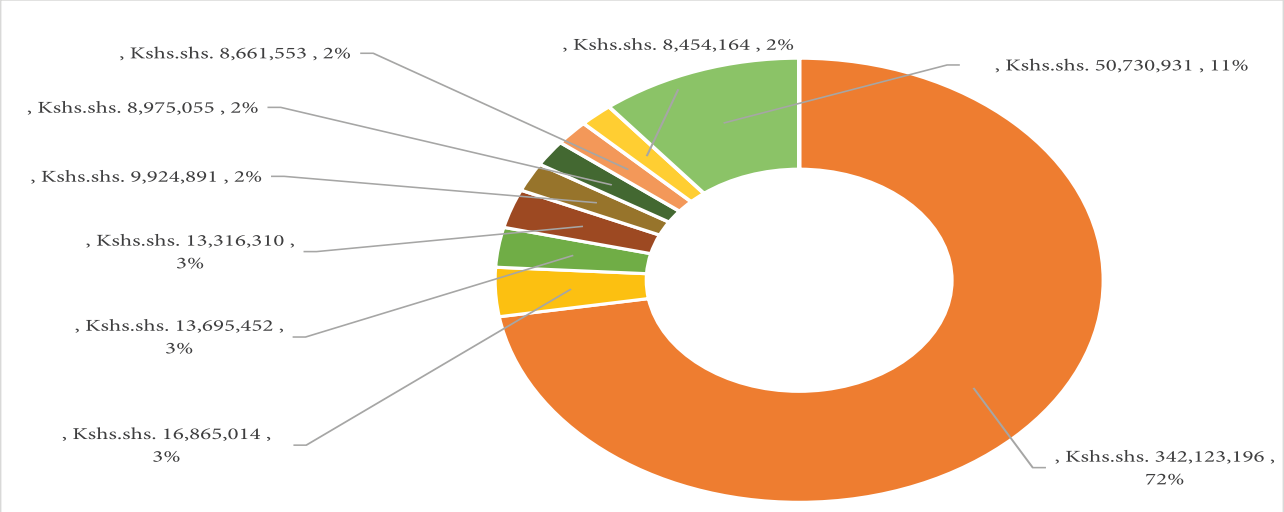
As of December 31, 2025, the County Government's cash balance in the Makueni County CRF account was Kshs.827.93 million.

3.23.5 Expenditure Review

The County spent Kshs.3.67 billion on development and recurrent programmes in the reporting period. The expenditure represented 102 per cent of the total funds released by the CoB. It comprised Kshs.510.52 million for development programmes and Kshs.3.15 billion for recurrent programmes. Expenditure on development programmes accounted for 10 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 38 per cent of the annual recurrent expenditure budget.

Figure 136 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 136: Makueni County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Makueni County Treasury*

As shown in Figure 136 the three highest expenditure categories were Personal Emoluments, Development, and Other Operating Expenses, contributing 71, 15 and 8 per cent of total expenditure for the reporting period.

3.23.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.821.14 million. This amount consisted of Kshs.656.36 million from the County Executive and Kshs.164.78 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.557.99 million for recurrent expenditure and Kshs.98.37 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.402.92 million, comprising Kshs.388.36 million (96 per cent) for recurrent programmes and Kshs.14.57 million (4 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.42.40 million, all of which was towards recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.253.44 million for the County Executive and Kshs.122.38 million for the County Assembly. Table 3.341 provides additional details of trade payables.

Table 3.341: Makueni County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	98,368,703	557,989,605	656,358,308
		County Assembly	-	164,778,726	164,778,726
		Sub-Total	**98,368,703**	**722,768,331**	**821,137,034**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	55,119,051	477,187,711	532,306,762
		County Assembly	-	59,785,131	59,785,131
		Sub-Total	**55,119,051**	**536,972,842**	**592,091,893**
Amount paid in the First Half of FY 2025/26	c	County Executive	14,565,489	388,357,262	402,922,751
		County Assembly	-	42,400,933	42,400,933
		Sub-Total	**14,565,489**	**430,758,195**	**445,323,684**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly			-
		Sub Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	83,803,214	169,632,343	253,435,557
		County Assembly	-	122,377,794	122,377,794
		Grand Total	**83,803,214**	**292,010,137**	**375,813,351**

Source: *Makueni County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.536.97 million and Kshs.55.12 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.402.92 million to the Executive and Kshs.42.40 million to the Assembly.

Table 3.342 and Table 3.343 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.375.81 million.

Table 3.342: Makueni County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	76,241,882	5,549,161	120,000	1,892,171	83,803,215
Recurrent Trade Payables (Goods & Services)	117,258,733	2,544,287	1,878,597	94,000	121,775,617
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	39,417,551	-	39,417,551
Recurrent Trade Payables (Staff Claims)	7,489,173	950,002		-	8,439,175
Total Recurrent Trade Payables	**124,747,906**	**3,494,289**	**41,296,148**	**94,000**	**169,632,343**
Total Trade Payables	**200,989,788**	**9,043,450**	**41,416,148**	**1,986,171**	**253,435,558**
% of Total	**79**	**4**	**16**	**0.78**	**100**

Source: *Makueni County Treasury*

Table 3.343: Makueni County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-			-
Recurrent Trade Payables (Goods & Services)	-	41,918,391			41,918,391
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	52,058,940			52,058,940
Recurrent Trade Payables (Staff Claims)	-	28,388,058			28,388,058
Total Recurrent Trade Payables	-	**122,365,389**	-	-	**122,365,389**
Total Trade Payables	-	**122,365,389**	-	-	**122,365,389**
% of Total	-	100	-	-	100

Source: *Makueni County Treasury*

3.23.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.26 billion on compensation of employees, Kshs.599.40 million on operations and maintenance, and Kshs.497.27 million on development activities. Similarly, the County Assembly spent Kshs.180.91 million on compensation of employees, Kshs.118.75 million on operations and maintenance, and Kshs.13.25 million on development activities, as shown in Table 3:345.

Table 3.344: Makueni County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,273,540,879**	**964,631,316**	**2,855,201,198**	**299,658,792**	**228,093,139**	**213,457,096**	**3,083,294,337**	**513,115,888**	**42**	**53**
Compensation of Employees	5,029,746,843	495,224,277	2,255,803,526	180,912,308	37,818,269	66,658,331	2,293,621,795	247,570,639	46	50
Operations and Maintenance	2,243,794,036	469,407,039	599,397,672	118,746,484	190,274,870	146,798,765	789,672,542	265,545,249	35	57
Development Expenditure	**4,807,418,814**	**60,479,298**	**497,266,195**	**13,252,808**	**180,494,880**	**14,713,602**	**677,761,075**	**27,966,410**	**14**	**46**
Total	**12,080,959,693**	**1,025,110,614**	**3,352,467,393**	**312,911,600**	**408,588,019**	**228,170,698**	**3,761,055,412**	**541,082,298**	**31**	**53**

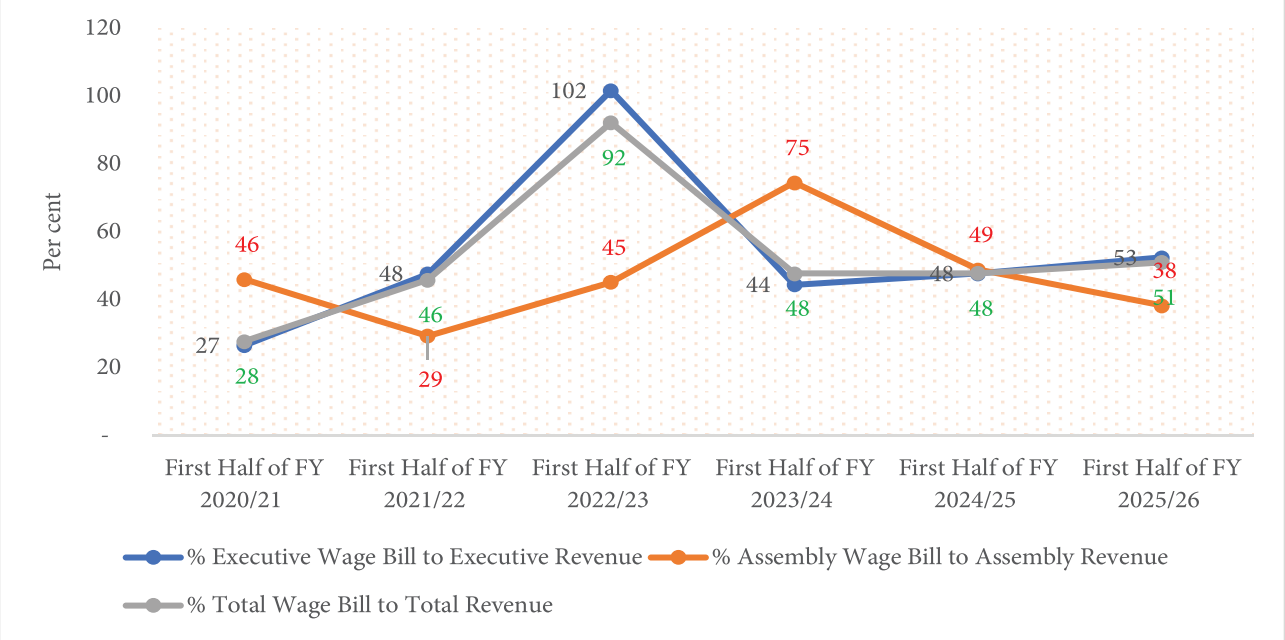
Source: *Makueni County Treasury*

3.23.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.54 billion. The compensation-to-revenue ratio was 51 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.18 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.25 billion related to Health Sector employees, accounting for 49 per cent of the overall employees' compensation.

Figure 137 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 137: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Makueni County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.52 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.19.83 million was processed through manual payroll, accounting for 1 per cent of the total PE cost.

The manual payroll comprised salaries for 73 staff not onboarded into the Human Resource Information System (HRIS), salaries and top-up allowances for 6 security personnel, as shown in Table 3.345.

Table 3.345: Breakdown of Makueni County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	17,653,935
2	Top-up Allowances for Security Officers	2,173,978
	Total	**19,827,913**

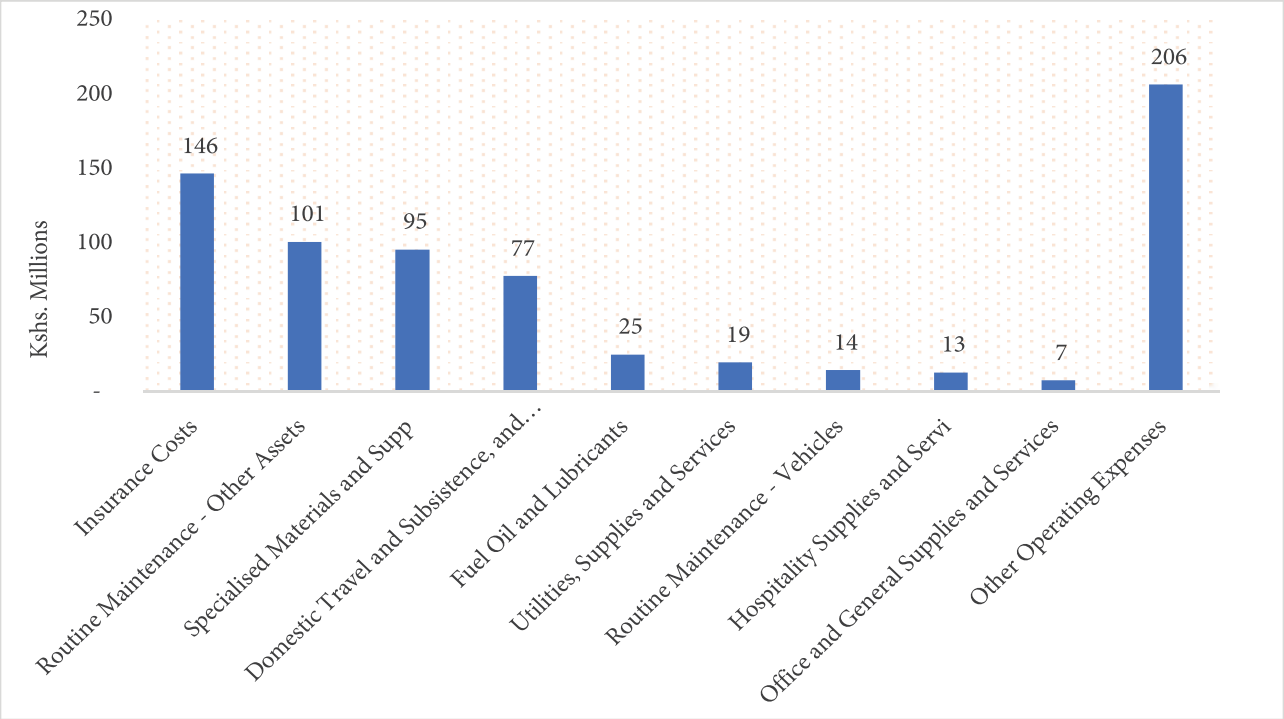
***Source:** Makueni County Treasury*

The County Assembly spent Kshs.17.36 million on committee sitting allowances for the 49 MCAs, against the annual budget allocation of Kshs.43.69 million. The average monthly sitting allowance was Kshs.59,057 per MCA. The County Assembly 21 House Committees.

3.23.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.599.40 million on operations and maintenance, representing an increase of 11 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.534.47 million. Figure 138 summarises the Operations and Maintenance expenditure by major categories.

Figure 138: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: *Makueni County Treasury*

3.23.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.317.70 million on "*other operating expenses*," which is 44 per cent of the total operations and maintenance expenditure of Kshs.718.11 million. This category of expenditure includes Kshs.16.69 million for garbage collection and Kshs.5.13 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.346.

Table 3.346: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Public Health, Primary Health Care and Health Facilities financing	94,215,462	37,296,715
2211399	County Assembly Ward Office Facilitation	40,569,480	23,665,530
2211399	General Oversight- Elected	37,000,000	17,974,550
2211399	Waste management services	79,965,721	16,692,037
2211399	Coordination of different Activities across several departments	36,670,683	15,195,663
2211399	HR Policy Development and HR Registry	16,000,000	15,028,410
2211399	Preparation of Budgets, CBROP, CFSP and Budget Implementation Reports	34,000,000	11,806,400
2211399	Financial Management and Reporting	20,327,353	10,550,572
2211399	County Revenue Mobilisation	27,000,000	8,392,628
2211399	LEGAL FEES and other related legal obligations	29,260,823	5,132,984
	Total	415,009,522	161,735,489

Source: *Makueni County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Makueni County has 366 items under the "Other Operating Expenses" category. The above table is a summary of several items under "Other Operating Expenses" consolidated across all departments

3.23.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.149.60 million to County-Established funds in FY

2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.347 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.347: Performance of Makueni County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Makueni County State and Public Officers Car Loan and Mortgage Fund	2018	10,000,000	-	-	413,885,743	No
2	Makueni County Climate Change Fund	2023	105,000,000	-	-	551,148,787	No
3	Makueni County Empowerment Fund	2015	1,600,000	-	-		No
4	Makueni County Bursary Fund	2021	23,000,000	23,186,837	22,584,987	243,045,118	No
5	Makueni County Emergency Fund	2015	10,000,000	4,835,760	4,835,760	552,157,037	No
		County Assembly Established Funds					
6	Makueni County Assembly MCA's and Public officers Car Loan and Mortgages Fund	2017	-	-		413,885,743	
	Total		149,600,000			2,240,334,239	

Source: *Makueni County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Makueni County Car Loan and Mortgage Fund, Makueni County Climate Change Fund, Makueni County Empowerment Fund, Emergency Fund and the Bursary Fund Administrators, as indicated in Table 3.347, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.23.12 County Corporations

The County has 2 County Corporations, which were allocated Kshs.171.60 in FY 2025/26. Their total expenditure for the review period amounted to Kshs.60.23 million, as shown in Table 3.348.

Table 3.348: Performance of Makueni County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Makueni County Fruit Development and Marketing Authority	87,050,657	35,394,752	35,394,752	499,869,489
2	Makueni County Sand Conservation and Utilisation Authority	84,548,596	24,838,183	24,838,183	561,344,226
	Total	171,599,253	86,184,188	60,232,935	1,061,213,715

Source: *Makueni County Treasury*

3.23.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.77.45 million and comprised Kshs.50.61 million spent by the County Assembly and Kshs.26.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.76 million and comprised Kshs.9.56 million by the County Assembly and Kshs.1.20 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.349.

Table 3.349: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	1	5-9/10/2025	Being facilitation for allowances (Quarter perdiem) to H.E Governor while attending XXV Figo World Congress of Gynaecology and Obstetrics at Cape Town, South Africa	Cape Town, South Africa	60,501	-	60,501
County Executive	1	5-9/10/2025	Being facilitated for allowances while attending the XXV Figo World Congress of Gynaecology and Obstetrics in South Africa	Cape Town, South Africa	183,696	-	183,696
County Executive	1	8-3/12/2025	Being a facilitator for allowances while attending strategic media relations and public communication excellence training for public officers at Jinja, Uganda	Jinja Uganda	445,302	-	445,302
County Executive	1	5-9/10/2025	Being the payment of the flight ticket for the C.O.S from Nairobi to Cape Town and Back	Cape Town, South Africa	310,400	-	310,400
County Executive	2	08/07/2024 - 11/07/2024	Dar es Salaam International Trade Fair	Dare es Salaam	203,000	-	203,000
County Assembly	24	22nd February to 1st March, 2025	To attend EALASCA games	Kampala, Uganda	9,556,482	-	9,556,482
Total					10,759,381	-	10,759,381

Source: Makueni County Treasury and Makueni County Assembly

3.23.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.342.12 million as FIF, which was 57 per cent of the annual target of Kshs.600 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.452.76 million, as shown in Table 3.350.

Table 3.350: Makueni County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	517,289,099	137,545,783	27
2.	Level 4 Hospital	16	925,099,047	263,670,704	28
3.	Level 3 Facility	41	36,417,935	26,287,650	72
4.	Level 2 Facility	184	46,480,518	25,252,989	54
	Total	**242**	**1,525,286,599**	**452,757,126**	**30**

Source: *Makueni County Treasury*

3.23.15 Development Expenditure

In the review period, the County reported spending Kshs.705.73 million on development programmes, representing. an increase of 24 per cent compared to FY 2024/25, when the County spent Kshs.534.47 million. Table 3.351 summarises the development projects with the highest expenditure in the reporting period.

The development expenditure rose to Kshs.705.73 million, marking a 24% increase on an accrual basis. However, when analysed on a cash basis, the expenditure reflects a 4 decline compared to the previous year. Specifically, cash expenditure decreased from Kshs.534.47 million in the FY 24/25 to Kshs.510.52 million in the current year, FY 25/26.

Table 3.351: Makueni County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Trade	Construction of Nunguni Modern Market - Kilungu Ward		01 July 2025	30 June 2026	74,650,000	74,650,000	74,650,000	74,650,000	-
2	Health	Essential medicines and medical supplies-AIA	HQ	01 July 2025	30 June 2026	-	250,000,000	40,796,842	40,796,842	50
3	Water	Mulima earth-dam - Desilting, Construction of a treatment and Water distribution and supply phase 2	Mbooni	01 July 2025	30 June 2026	-	35,032,206	9,461,467	9,611,467	98
4	Water	Kiambani borehole - Pipeline installation, construction of water tank and water points by KIMAWASCO	Masongaleni	01 July 2025	30 June 2026	-	5,115,704	5,115,704	5,115,704	100
5	Wote Municipality	Road improvement program across the municipality	Wote/ Nziu	01 July 2025	30 June 2026	-	5,000,000	5,000,000	5,000,000	100
6	Water	Athi river water project-Distribution of Athi river water project from Athi	Nguumo	01 July 2025	30 June 2026	-	4,700,000	4,700,000	4,700,000	100
7	ICT, Education and Internship	Government Automation -Government Automation	HQ	01 July 2025	30 June 2026	-	8,748,519	4,389,843	4,389,843	-
8	Transport	Opening access roads, Heavy grading, compacting, drainage system installation (drifts, culverts, gabions) and murraming	Kilungu	01 July 2025	30 June 2026	-	4,600,000	4,354,072	4,354,072	-
9	Emali Municipality	Sultan Hamud floodlight	Kasikeu	01 July 2025	30 June 2026	-	3,000,000	3,000,000	3,000,000	100
10	Finance	Supplementary Projects for poor and marginalised areas	HQ	01 July 2025	30 June 2026	-	44,559,274	2,099,206	2,099,206	5
Donor Funded Projects										
11	Transport	Rural Electrification Programme - REREC Matching grant	HQ	1st July 2025	30th June2026	29,036,770	30,000,000	29,036,770	29,036,770	50

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
12	Health	Conditional Grant - for COVID-19 Emergency response -	HQ	01 July 2025	30 June 2026		16,547,338	16,547,337	16,547,337	90
13	Lands & Environment	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant - Matching Grant		1st July 2025	30th June2026		164,951,310	15,688,040	15,688,040	30
14	Health	DANIDA – Matching grant for level 2 and 3 facilities	HQ	01 July 2025	30 June 2026		12,636,000	12,636,000	12,636,000	100
15	Devolution	KDSP-II Matching Grant	HQ	02 September 2025	30/06/2026	10,000,000	10,000,000	10,000,000	10,000,000	70
16	Lands & Environment	IDA (World Bank) Credit Financing Locally-Led Climate Action (FLLoCA) Program, County Climate Resilience Investment (CCRI) Grant	County wide	1st July 2025	30th June2026		297,928,473	6,780,041	6,780,041	-
17	Lands & Environment	CCIS(County Climate Institutional Institutional Support) FLLoCA Matching Grant		1st July 2025	30th June2026		15,467,052	6,293,318	6,293,318	-
18	Agriculture	Matching Grant-IDA(World Bank) Credit National Agricultural Value Chain Development Project(NAVCDP)	County-wide	1st July 2025	30th June2026		5,000,000	2,500,000	2,500,000	50
19	ICT,Education and Internship	Youth Empowerment - 2Jiajiri Programme (KCB Matching Grant)	Ilima	1st July 2025	30th June2026		1,000,000	1,000,000	1,000,000	50
20	ICT, Education and Internship	Youth Empowerment - 2Jiajiri Programme (KCB Matching Grant)	Ivingoni/ Nzambani	1st July 2025	30th June2026		1,000,000	1,000,000	1,000,000	50

Source: *Makueni County Treasury*

3.23.16 Budget Performance by Department

Table 3.352 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.352: Makueni County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Cooperative Development	283.53	430.75	108.72	6.17	125.89	5.14	116	83	44	1
County Attorney	81.93	-	16.30	-	14.68	-	90	-	18	-
County Public Service Board	73.25	-	26.92	-	28.55	-	106	-	39	-
County Secretary	631.71	-	201.51	-	107.82	-	54	-	17	-
Devolution, Public Participation, County Administration, and Special Programs	346.76	444.70	153.68	10	150.58	10	98	100	43	2
ICT, Education and Internship	809.67	291.66	347.98	28.50	394.17	35.19	113	123	49	12
Emali-Sultan Hamud Municipality	42.54	71.99	30.20	29.90	8.35	9.50	28	32	20	13
Finance and Socio-Economic Planning	449.03	55.77	187.68	-	182.18	2.10	97	-	41	4
Makueni County Fruit Development and Marketing Authority	37	50.05	17.04	26.03	7.89	1.39	46	5	21	3
Gender, Children, Youth, Sports and Social Services	232.74	96.89	32.69	-	47.30	1.17	145	-	20	1
Governorship	494.46	-	147.47	-	103.69	-	70	-	21	-
Health Services	3,137.16	1,160.82	1,281.13	35.86	1,449.86	308.12	113	859	46	27
Lands, Urban Planning & Development, Environment and Climate Change	87.08	609.32	34.63	15.20	31.09	29.97	90	197	36	5
Makueni County Sand Conservation and Utilisation Authority	72.55	12	40.20	-	38.08	1.16	95	-	52	10
Trade, Marketing, Industry, Culture and Tourism	153.17	109.21	62.33	-	50.02	1.92	80	-	33	2
Infrastructure, Transport, Public Works, Housing and Energy	157.10	808.35	58.36	182.83	52.76	39.70	90	22	34	5
Water, Sanitation and Irrigation	117.28	553.30	43.23	72.51	45.39	42.66	105	59	39	8
Wote Municipality	66.59	112.61	36.65	24.75	16.90	9.24	46	37	25	8
County Assembly	964.63	60.48	328.20	13.25	299.66	13.25	91	100	31	22
Total	**8,238.17**	**4,867.90**	**3,154.92**	**445**	**3,154.86**	**510.52**	**100**	**115**	**38**	**10**

Source: *Makueni County Treasury*

Analysis of expenditure by departments shows that the Department of Health recorded the highest absorption rate of development budget at 27 per cent, followed by the County Assembly at 22 per cent. The Makueni County Sand Conservation and Utilisation Authority had the highest recurrent expenditure-to-budget ratio at 52 per cent, while the Department of ICT, Education and Internship had the lowest at 49 per cent.

3.23.17 Budget Execution by Programmes and Sub-Programmes

Table 3.353 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.353: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Land, Physical Planning & Mining							
Programme 1: General administration & planning	SP1. General administration & planning	68,533,833	-	29,045,641	-	42	-
Programme 2: : Land Survey & Mapping	SP2. Land, urban planning and Development	6,093,091	79,230,384	1,068,730	1,206,862	18	2
Programme 4: Mining mapping & development	SP4. 1 Mining mapping & development	850,000	199,714	208,180	-	24	-
Programme 5: Environment management and protection	SP 5. 1 Environment management and protection	11,600,000	529,891,294	771,181	28,761,400	7	5
	Sub Total	**87,076,924**	**609,321,391**	**31,093,732**	**29,968,262**	**36**	**5**
Wote Municipality							
Wote Municipality	SP 1. 1 Wote Municipality	66,593,777	112,605,348	16,898,750	9,243,831	25	8
	Sub Total	**66,593,777**	**112,605,348**	**16,898,750**	**9,243,831**	**25**	**8**
Emali-Sultan Municipality							
Emali-Sultan Municipality	SP 1. 1 Emali-Sultan Municipality	42,538,960	71,993,438	8,346,391	9,500,000	20	13
	Sub Total	**42,538,960**	**71,993,438**	**8,346,391**	**9,500,000**	**20**	**13**
Sand Authority							
General administration & planning	SP 1.1: General administration & Planning	72,548,596	12,000,000	38,080,234	1,164,475	52	10
	Sub Total	**72,548,596**	**12,000,000**	**38,080,234**	**1,164,475**	**52**	**10**
Health Services							
General administration & planning	SP1. 1 General administration & planning	2,642,506,727	1,028,292,205	1,445,730,728	296,255,628	55	29
Curative health care services	SP2. 1: Curative health care services	353,401,785	13,600,962	91,669,103	5,963,939	26	44
Preventive and promotive health care services	SP3. 1 Preventive and promotive health care services	141,253,133	118,929,494	9,897,277	28,879,665	7	24
	Sub Total	**3,137,161,645**	**1,160,822,661**	**1,547,297,108**	**331,099,232**	**49**	**29**
Infrastructure, Transport, Public works, Housing & Energy							
General administration & planning	SP1. 1 General administration & planning	104,112,513	-	50,519,361	-	49	-
Road Transport	SP2.1: Road transport	27,945,000	725,411,182	1,240,260	10,660,932	4	1
Infrastructure development	SP3.3: Infrastructure development	1,945,000	1,000,000	260,000		13	-
Energy Infrastructure & development	SP4.1:Energy Infrastructure & development	23,095,000	81,937,949	742,460	29,036,770	3	35
	Sub Total	**157,097,513**	**808,349,130**	**52,762,081**	**39,697,702**	**34**	**5**
ICT, Education and Internship							
General administration & planning	SP1. 1 General administration & planning	731,352,040	-	362,013,754	-	49	-
Early childhood development education	SP2.1: Early childhood development education	18,309,687	193,690,236	5,108,652	-	28	-
Technical training & non-formal education	SP3.3: Technical training & non-formal education	1,650,000	77,615,361	507,982	28,500,000	31	37

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Support for Education and Library Services	SP4.1:Support to Education and Library Services	27,829,000	3,350,000	22,747,361	-	82	-
ICT Infrastructure & Systems Development	SP5.1:ICT Infrastructure & Systems Development	16,530,000	17,006,562	1,799,336	6,689,843	11	39
Internship, Mentorship and Volunteerism	SP6.1: Internship, Mentorship and Volunteerism	14,000,000	-	1,992,680	-	14	
	Sub Total	**809,670,727**	**291,662,159**	**394,169,765**	**35,189,843**	**49**	**12**
Trade, Industry & Cooperatives							
General administration & planning	SP1. 1 General administration & planning	134,582,981	-	41,506,376	-	31	-
Trade development & promotion	SP2.1; Trade development & promotion	7,023,056	101,559,984	4,894,154	1,921,692	70	2
Industrial development and promotion	SP3. 1 Industrial development and promotion	945,175	2,585,300	-	-	-	-
Tourism development & promotion	SP4. 1 Tourism development & promotion	3,543,634	2,564,880	1,158,410	-	33	-
Culture, Art and the Music promotion	SP5. 1 Culture, Art and the Music promotion	7,074,626	2,500,000	2,458,600	-	35	-
	Sub Total	**153,169,472**	**109,210,164**	**50,017,540**	**1,921,692**	**33**	**2**
Department of Gender, Children, Youth, Sports, and Social Services							
General administration & planning	P1: General administration & planning	76,051,247	1,000,000	27,659,751	-	36	-
Gender and Social Development	P2: Gender and Social Development	34,856,857	54,875,667	5,355,027	474,331	15	1
Sports development	P3: Sports development	79,604,846	27,310,224	5,572,265	298,000	7	1
Youth empowerment	P4: Youth empowerment	42,225,654	13,704,399	8,709,620	-	21	-
	Sub Total	**232,738,604**	**96,890,290**	**47,296,663**	**772,331**	**20**	**1**
County Attorney							
General Administration & Support Services	P1: General administration & planning	81,925,899	-	14,681,299	-	18	-
	Sub Total	**81,925,899**	**-**	**14,681,299**	**-**	**18**	**-**
Governorship							
General Administration & Support Services	P1: General administration & planning	494,464,747	-	103,689,679	-	21	-
	Sub Total	494,464,747	-	103,689,679	-	21	-
County Secretary							
Leadership & coordination of departments	SP1. 1 Leadership & coordination of departments	631,707,545	-	107,822,475	-	17	-
	Sub Total	**631,707,545**	**-**	**107,822,475**		**17**	
CPSB							
Public Service Human Resource Management and Development.	SP2: Public Service Human Resource Management and Development.	73,251,184	-	28,545,424	-	39	-
	Sub Total	**73,251,184**	**-**	**28,545,424**	**-**	**39**	**-**
Finance & Socio-Economic Planning							
General Administration & Support Services	SP1: General administration & planning	283,334,256	55,771,261	129,662,881	2,099,206	46	4

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Public financial management	Sub-Programme 2.1:Financial Accounting services	20,900,000	-	10,699,752	-	51	-
	Sub-Programme 2.2: Budget formulation, coordination and management	48,600,000	-	21,561,292	-	44	-
	Sub-Programme 2.3; Internal audit services	11,050,000	-	2,222,333	-	20	-
	Sub-Programme 2.4; Resource mobilisation	41,950,000	-	10,035,565	-	24	-
	Sub-Programme 2.5: Supply chain management services	5,700,000	-	1,833,545	-	32	-
	Sub-Programme 2.6; Economic planning	14,300,000	-	4,605,858	-	32	-
	Sub-Programme 2.7; Monitoring & Evaluation	10,750,000	-	-	-	-	-
	Sub-Programme 2.8; County Statistics	5,550,000	-	491,413	-	9	-
	Sub-Programme 2.9; Enterprise Risk Management	1,900,000	-	-	-	-	-
	Sub-Programme 2.10; Assets Management	5,000,000	-	1,064,587	-	21	-
	Sub Total	**449,034,256**	**55,771,261**	**182,177,226**	**2,099,206**	**41**	**4**
Devolution, Public participation, County Administration and Special Programmes							
General Administration & Planning	SP1: General Administration & Planning	247,544,813	437,500,000	170,749,030	10,000,000	69	2
Participatory Development .& civic education	SP2: Participatory Development .& civic education	52,316,000	1,300,000	9,108,000	-	17%	-
Research, Documentation and Knowledge Management	SP3: Research, Documentation and Knowledge Management	200,000	-	-	-	-	-
Cordination of Service Delivery and Enforcement	SP4 : Cordination of Service Delivery and Enforcement	33,688,699	5,000,000	13,989,600	-	42	-
Disaster Risk Preparedness and Mitigation	SP5 : Disaster Risk Preparedness and Mitigation	8,205,489	900,000	2,843,456	-	35	-
Alcoholic Drinks Control and Licencing	SP6: Alcoholic Drinks Control and Licencing	4,800,000	-	1,690,000	-	35	-
	Sub Total	**346,755,001**	**444,700,000**	**198,380,086**	**10,000,000**	**57**	**2**
Water, Sanitation and Irrigation							
General administration & planning	SP1: General Administration & Planning	104,679,673	20,300,598	40,290,015	655,719	38	3
Water infrastructure Development	SP 2.1: Water harvesting and storage	4,680,000	91,768,358	1,867,299	8,200,289	40	9
	SP2: Piped water supply infrastructure	3,670,000	334,687,357	1,655,464	24,534,503	45	7
	SP.3: Ground water development	4,250,000	106,540,762	1,578,855	9,269,252	37	9
	Sub Total	117,279,673	553,297,075	45,391,633	42,659,763	39	8
Agriculture, Livestock, Fisheries And Cooperative Development							
General administration & planning	SP1: General Administration & Planning	264,721,684	318,666,422	117,987,750	3,648,792	45	1

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (Kshs.)	
Land, Crop development & productivity	SP 2: Land, Crop development & productivity	2,821,740	41,894,196	2,106,225	1,490,558	75	4
Agribusiness and information management	SP3; Agribusiness and information management	4,280,000	34,908,077	1,722,254	-	40	-
Livestock Production, Management and Development	SP 4:Livestock Production, Management and Development	8,612,500	24,586,468	3,879,650	-	45	-
Cooperative Development	SP 5:Cooperative Development	3,090,000	10,690,511	198,660	-	6	-
	Sub Total	**283,525,924**	**430,745,674**	**125,894,539**	**5,139,350**	**44**	**1**
Makueni Fruit Development and Marketing Authority							
General Administration & Support Services	P1: General administration & planning	37,000,435	50,050,222	7,890,006	1,387,220	21	3
	Sub Total	**37,000,435**	**50,050,222**	**7,890,006**	**1,387,220**	**21**	**3**
County Assembly							
Legislation and Representation	SP1: Legislation and Representation	964,631,315	60,479,298	308,569,587	13,252,807	32	22
	Sub Total	964,631,315	60,479,298	308,569,587	13,252,807	32	22
Grand Total		**8,238,172,193**	**4,867,898,110**	**3,309,004,218**	**533,095,713**	**40**	**11**

Source: *Makueni County Treasury*

The development sub-programmes with the highest budget implementation rates were: Curative health care services in the Department of Health at 44 per cent, ICT Infrastructure & System Development in the Department of ICT, Education and Internship at 39 per cent, and Technical training and non-formal Education in the Department of ICT, Education and Internship at 37 per cent.

For recurrent sub-programmes, the top performers included: Support to Education and Library Services in the Department of ICT, Education and Internship at 82 per cent, Land, Crop development & Productivity in the Department of Agriculture, Livestock, Fisheries and Crop Development at 75 per cent, and Trade, development and promotion in the Department of Trade, development and Promotion at 70 per cent.

3.23.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and revenue collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 24 accounts in commercial banks, including 16 accounts for Health Facilities, 6 accounts for Established Funds, 2 operations accounts for County Assembly.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the County Assembly KCB commercial bank account for operational purposes as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.23.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Makueni County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 27th January, 2026.
ii. The underperformance of own-source revenue at Kshs.472.74 million against an annual target of Kshs.1.67 million, representing 28 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.510.52 million on development activities, achieving a 14 per cent absorption rate.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Makueni County Car Loan and Mortgage Fund, Makueni County Climate Change Fund, Makueni County Empowerment Fund, Emergency Fund and the Bursary Fund were not submitted to the CoB as of 15 July 2025.
v. High level of trade payables, which amounted to Kshs.375.81 million as of 31st December 2025. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.
vi. Use of manual payroll. Personnel emoluments amounting to Kshs.19.83 million for 73 staff not onboarded into HRIS and 6 casual staff were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.317.70 million under "*other operating expenses,*" accounting for 44 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The Government requires that salaries be processed through the HRIS system, and the County Assembly 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.24. County Government of Mandera

3.24.1 Overview of FY 2025/26 Budget

The Mandera County Approved Budget for FY 2025/26 is Kshs.15.01 billion. It comprises Kshs.5.44 billion (36 per cent) and Kshs.9.57 billion (64 per cent) in allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.120.71 million (1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.94 billion and a recurrent budget of Kshs.8.95 billion. The increase in the budget was primarily attributed to the rise in the Equitable Share of Revenue raised nationally.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.12.27 billion (82 per cent), additional allocations of Kshs.1.72 billion (11 per cent), a cash balance of Kshs.347.55 million (2 per cent) brought forward from FY 2024/25, Kshs.360 million (3 per cent) generated as ordinary own-source revenue and Kshs,322.53 million (2 per cent) as FIF collection. A breakdown of the additional allocations is shown in Table 3.354.

3.24.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.75 billion. This amount represented a decrease of 3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.91 billion. The total revenue consisted of Kshs.5.09 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.134.69 million, as well as the own-source revenue (OSR) collection of Kshs.177.7 million. Additionally, the County had a cash balance of Kshs.347.55 million from FY 2024/25. The total OSR collection of Kshs.177.7 million included Facilities Improvement Financing (FIF) of Kshs.87.65 million, and Kshs.90.05 million from other OSR sources. Table 3.354 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.354: Mandera County, Revenue Performance in the First Half of FY 2025/26

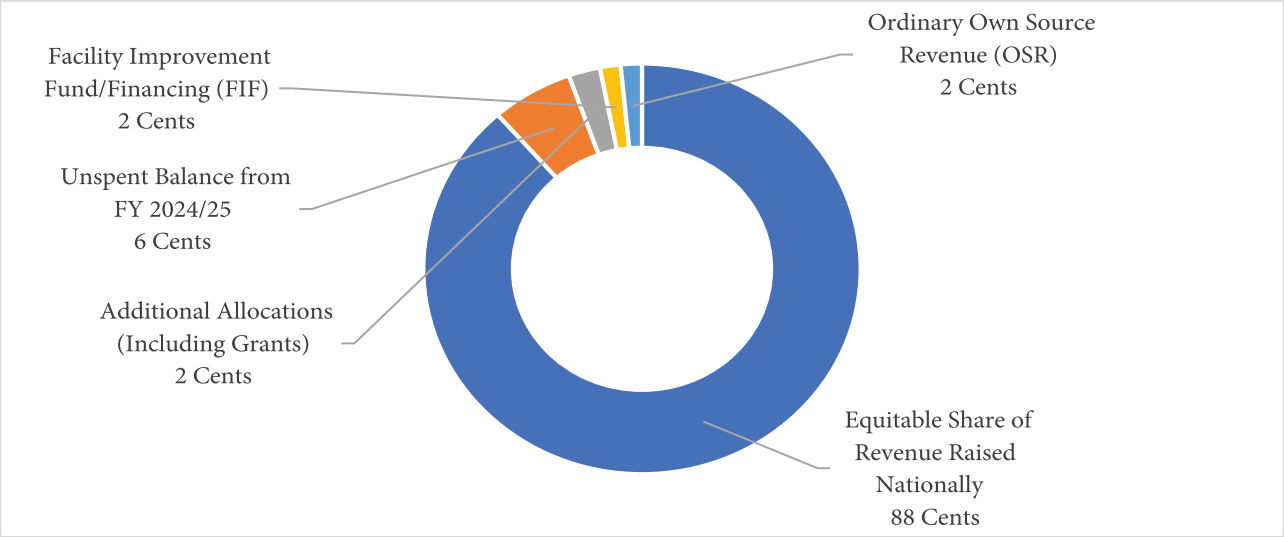
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	347,553,249	347,553,249	-	347,553,249	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	**347,553,249**	**347,553,249**	-	**347,553,249**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	12,265,064,993	5,090,001,974	-	5,090,001,974	7,175,063,019
	Sub-Total	**12,265,064,993**	**5,090,001,974**	-	**5,090,001,974**	**7,175,063,019**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Roads Maintenance Fuel Levy	192,647,255	70,127,132	-	70,127,132	122,520,123
2	Kenya Urban Support Project (KUSP) - UIG b/f	35,000,000	32,309,300	-	32,309,300	2,690,700
3	FLOCCA CCIR Grant FY 2023/2024 Allocations B/f (Amount in SPA)	16,507,427	16,507,428	-	16,507,428	- 1
4	DANIDA Grant - Primary Health Care (B/f)	15,746,250	15,746,250	-	15,746,250	-
5	Kenya Devolution Support Programme 2 (KDSP II) Level 2 grant	352,500,000	-	-	-	352,500,000
6	Conditional Grant for Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
7	Food Systems Resilience Project -(FSRP)	246,153,846	-	-	-	246,153,846
8	FLOCCA CCIR Grant FY 2023/2024 and fy 2024/25 Allocations	227,938,965	-	-	-	227,938,965
9	Kenya Urban Support Project (KUSP) - UDG	142,013,441	-	-	-	142,013,441
10	FSRP b/f	70,127,131	-	-	-	70,127,131
11	Kenya Devolution Support Programme 2 (KDSP II)	37,500,000	-	-	-	37,500,000
12	Kenya Urban Support Project (KUSP) - UIG	35,000,000	-	-	-	35,000,000
13	Basic Salary Arrears for County Governments' Health Workers	19,809,159	-	-	-	19,809,159

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
14	DANIDA Grant - Primary Health Care for FY 2023/2024 (Not received)	18,653,250	-	-	-	18,653,250
15	Community Health Promoters Program	18,540,000	-	-	-	18,540,000
16	DANIDA Grant - Primary Health Care	16,473,000	-	-	-	16,473,000
17	FLOCCA County Climate Institutional Support Grant	11,000,000	-	-	-	11,000,000
18	Kenya Agricultural Business Development Project	10,918,919	-	-	-	10,918,919
19	Allocation for Mineral royalties	1,028	-	-	-	1,028
	Sub-Total	**1,716,529,671**	**134,690,110**	**-**	**134,690,110**	**1,581,839,561**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land rents	76,640,271	12,769,060	-	12,769,060	63,871,211
2	Plot Transfers/Sub-Divisions/Application Fees	27,590,500	9,642,000	-	9,642,000	17,948,500
3	Building plan	3,270,000	258,300	-	258,300	3,011,700
4	Miraa Movements	9,034,500	3,568,000	-	3,568,000	5,466,500
5	Single Business Permit	37,402,728	1,694,900	-	1,694,900	35,707,828
6	Market Stalls/ Shades	18,148,637	5,245,610	-	5,245,610	12,903,027
7	Market Gates/Cess	1,400,650	283,925	-	283,925	1,116,725
8	Buspark/Taxis/Parking	1,200,000	80,240	-	80,240	1,119,760
9	Income from Quaries	1,084,180	647,200	-	647,200	436,980
10	Barriers	25,735,950	10,193,766	-	10,193,766	15,542,184
11	Livestock Markets Auction	8,984,555	2,272,660	-	2,272,660	6,711,895
12	Livestock Movement	15,416,646	6,391,510	-	6,391,510	9,025,136
13	Slaughter Fees and Charges	8,924,150	2,503,154	-	2,503,154	6,420,996
14	Produce Cess	3,872,037	668,970	-	668,970	3,203,067
15	Agriculture Mechanization/ Hire of Equipment	1,850,196	213,000	-	213,000	1,637,196
16	Rental income	1,915,000	1,179,218	-	1,179,218	735,782
17	Tender Fees	45,500,000	13,688,504	-	13,688,504	31,811,496
18	Public Health	4,200,000	323,500	-	323,500	3,876,500
19	Fire Service Fees	2,580,000	21,000		21,000	2,559,000
20	Income from Water Management	65,250,000	18,405,486	-	18,405,486	46,844,514
	Sub-Total	**360,000,000**	**90,050,003**	**-**	**90,050,003**	**269,949,997**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	322,525,007	87,646,814		87,646,814	234,878,193
	Sub-Total	**322,525,007**	**87,646,814**	**-**	**87,646,814**	**234,878,193**
	Grand Total	**15,011,672,920**	**5,749,942,150**	**-**	**5,749,942,150**	**9,261,730,770**

Source: *Mandera County Treasury*

The County has enacted the governing legislation on the operation of ordinary A-I-A and FIF. Figure 139 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 139: Mandera County Composition of Each Shilling Earned in the First Half of FY 2025/26

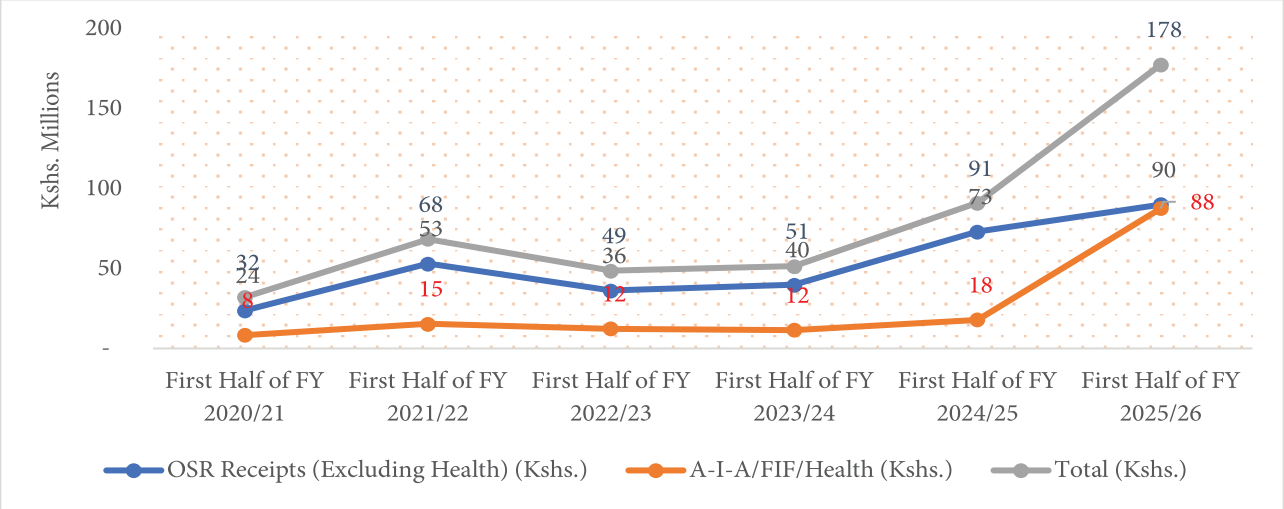


Source: *Mandera County Treasury*

The equitable share of revenue raised nationally, Unspent Balance Brought forward from FY 24/25, OSR, and FIF contributed 89 per cent, 6 per cent and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 140 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 140: Mandera County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

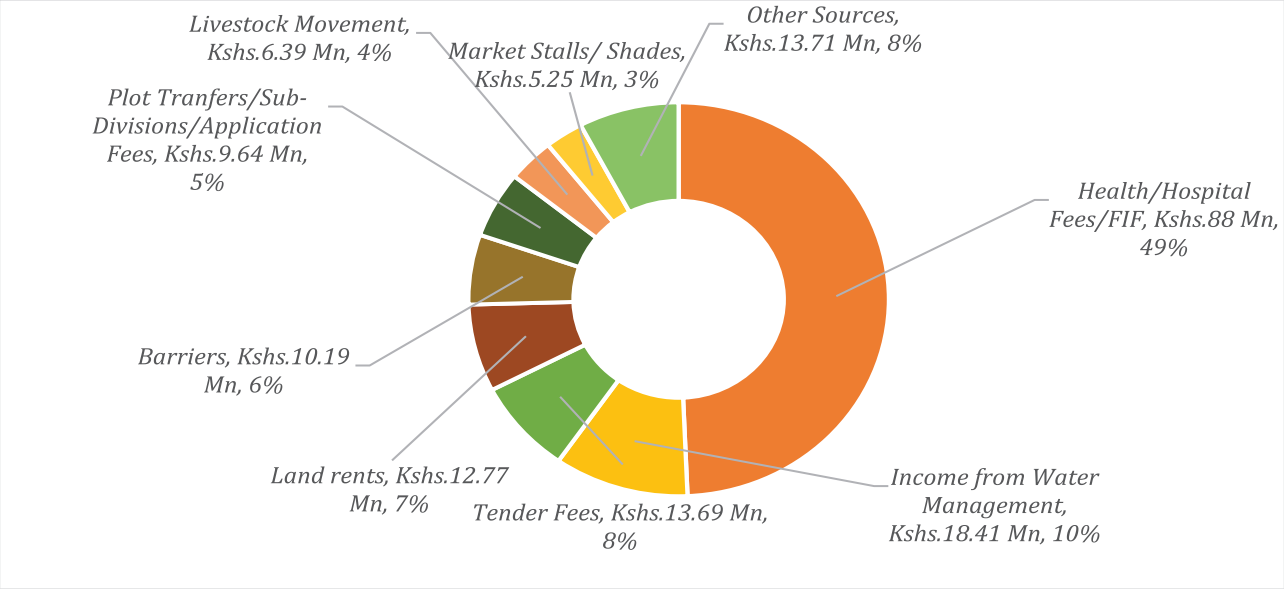


Source: *Mandera County Treasury*

During the first half of FY 2025/26, the County received Kshs.177.7 million from OSR, including FIF. This amount was an increase of 95 per cent compared to Kshs.91 million realised in a similar period in FY 2024/25, and was 26 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to automation, improved enforcement, as well as implementation of the FIF Act. The revenue streams that contributed the most to OSR receipts are shown in Figure 141

Figure 141: Mandera County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 141, the highest revenue stream, at Kshs.87.65 million, was from FIF, accounting for 49 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.24.3 Revenue Arrears/ Receivables

As of 31st December 2025, the County did not report on revenue arrears.

3.24.4 Borrowing by the County

Mandera County Executive/Assembly did not report any borrowing during the reporting period.

3.24.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.49 billion from the Mandera County Revenue Fund (CRF) account. This amount consisted of Kshs.1.66 billion (30 per cent) designated for development programs and Kshs.3.83 million (70 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.18 billion was allocated for employee compensation, and Kshs.1.65 billion for operations and maintenance expenditures. Within the operations and maintenance category, 3 per cent was for domestic travel, and there were no funds for foreign travel. The domestic travel exchequers totalled Kshs.31.63 million, which included Kshs.17.32 million for the County Executive and Kshs.14.31 million for the County Assembly. Meanwhile, there were no foreign travel exchequers during the reporting period.

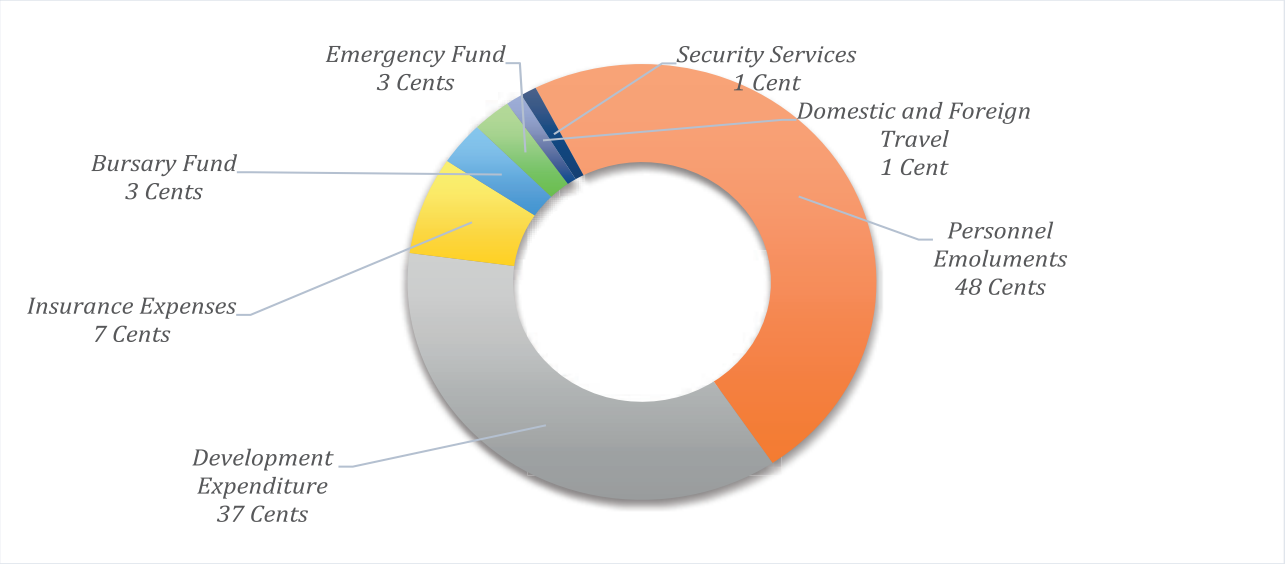
As of December 31, 2025, the County Government's cash balance in the Mandera CRF account was Kshs.32.2 million. In addition, there were no exchequer withdrawal requests from the Mandera County Assembly Fund (CAF) account during the review period.

3.24.6 Expenditure Review

The County spent Kshs.5.49 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.1.66 billion for development programmes and Kshs.3.83 billion for recurrent programmes. Expenditure on development programmes accounted for 30 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 70 per cent of the annual recurrent expenditure budget.

Figure 142 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 142: Mandera County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Mandera County Treasury*

As shown in Figure 142, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Insurance Services, which contributed 40, 30, and 6 per cent of total expenditure for the reporting period, respectively.

3.24.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.45 billion. This amount consisted of Kshs.2.45 billion from the County Executive and Kshs.6.07 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.1.02 billion for recurrent expenditure and Kshs.1.47 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.730.82 million, comprising Kshs.382.01 million (53 per cent) for recurrent programmes and Kshs.342.73 million (47 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.6.07 million, all for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.77 billion for the County Executive and nil for the County Assembly. Table 3:356 provides additional details of trade payables.

Table 3.355: Mandera County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,309,515,262	1,184,279,219	2,493,794,481
		County Assembly		6,073,972	6,073,972
		Total	**1,309,515,262**	**1,190,353,191**	**2,499,868,453**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	342,732,310	382,011,405	724,743,715
		County Assembly		6,073,972	6,073,972
		Total	**342,732,310**	**388,085,377**	**730,817,687**
Amount paid in the First Half of FY 2025/26	c	County Executive	342,732,310	382,011,405	724,743,715
		County Assembly		6,073,972	6,073,972
		Total	**342,732,310**	**388,085,377**	**730,817,687**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	
		County Assembly	-	-	
		Total	-	-	
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**966,782,952**	**802,267,814**	**1,769,050,766**
		County Assembly	-	-	-
		Total	**966,782,952**	**802,267,814**	**1,769,050,766**

Source: *Mandera County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.966.27 million and Kshs.6.07 million, respectively, in FY 2025/26. The County Executive adhered to this payment plan, as it cleared Kshs.724.74 mil-

lion in the reporting period. Similarly, the County Assembly adhered to this plan, clearing all outstanding trade payables during the reporting period.

Table 3.356 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.77 billion.

Table 3.356: Mandera County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	164,114,784.34		1,018,577,929.88		1,182,692,714.22
Recurrent Trade Payables (Goods & Services)	134,151,076		242,457,179.07		376,608,255.07
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	215,713,871.60				215,713,871.60
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	**349,864,947.60**	-	**242,457,179.07**	-	**592,322,126.67**
Executive Trade Payables	**513,979,731.94**	-	**1,261,035,108.95**	-	**1,775,014,840.89**

Source: *Mandera County Treasury*

3.24.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.99 billion on compensation of employees, Kshs.1.57 billion on operations and maintenance, and Kshs.1.66 billion on development activities. Similarly, the County Assembly spent Kshs.194.48 million on compensation of employees, Kshs.72.57 million on operations and maintenance, and Kshs.2.16 million on development activities, as shown in Table 3.357

Table 3.357: Mandera County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,652,993,735**	**917,936,058**	**3,564,027,201**	**267,050,500**	-	**99,241,431**	**3,564,027,201**	**366,291,932**	**41**	**40**
Compensation of Employees	5,335,088,472	349,680,066	1,989,382,160	194,481,265	-	60,024,572	1,989,382,160	254,505,837	**37**	**73**
Operations and Maintenance	3,317,905,263	568,255,992	1,574,645,042	72,569,236	-	39,216,859	1,574,645,042	111,786,095	**47**	**20**
Development Expenditure	**5,390,743,127**	**50,000,000**	**1,655,323,375**	**2,159,654**	-	-	1,655,323,375	2,159,654	**31**	**4**
Total	**14,043,736,862**	**967,936,058**	**5,219,350,576**	**269,210,154**	-	**99,241,431**	**5,219,350,576**	**368,451,586**	**37**	**38**

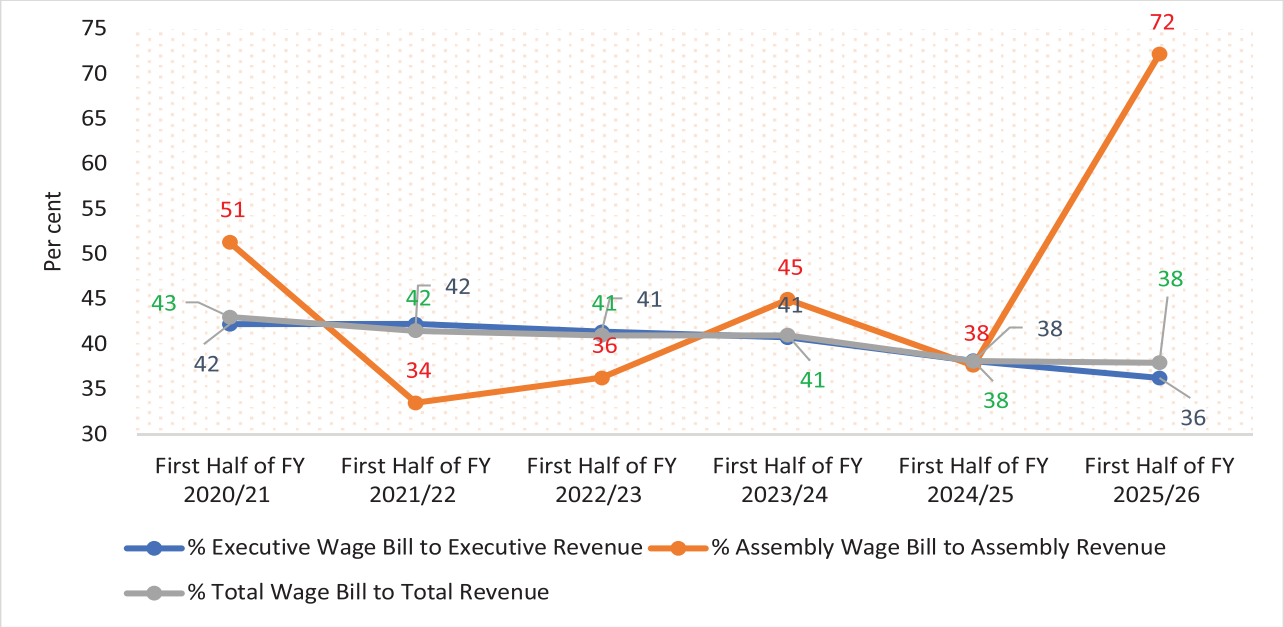
Source: *Mandera County Treasury*

3.24.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.18 billion. The compensation-to-revenue ratio was 38 per cent. This expenditure on employee compensation shows a decrease compared to the Kshs.2.3 billion reported in a similar period in FY 2024/25. Of this total, Kshs.713.89 million related to Health Sector employees, accounting for 32 per cent of the overall employees' compensation.

Figure 143 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 143: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Mandera County Treasury*

Further analysis indicated that PE costs amounting to Kshs.1.94 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.239.76 million was processed through manual payroll, accounting for 11 per cent of the total PE cost. The justification for continuing manual payroll was the delay in obtaining personal identification numbers for new staff.

The manual payroll comprised salaries for 518 staff not onboarded into the Human Resource Information System (HRIS), salaries for 577 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.358.

Table 3.358: Breakdown of Mandera County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for 513 staff are yet to be onboarded into UHR (5 staff for Assembly)	132,172,171	202,815	132,374,986
Salaries for 570 casual staff, including NPR (7 for Assembly)	62,037,859	158,000	62,195,859
Top-up Allowances for 76 security officers	23,025,000	278,720	23,303,720
LAPTRUST/LAPFUND Pension Contributions	-		-
Gratuity for contract staff	12,445,628	13,950	12,459,578
NSSF Contributions	5,865,390	11,160	5,876,550
House Levy	3,258,533	5,187	3,263,720
NITA contribution	287,450	550	288,000
Total	**239,092,031.1**	**670,382.5**	**239,762,413.5**

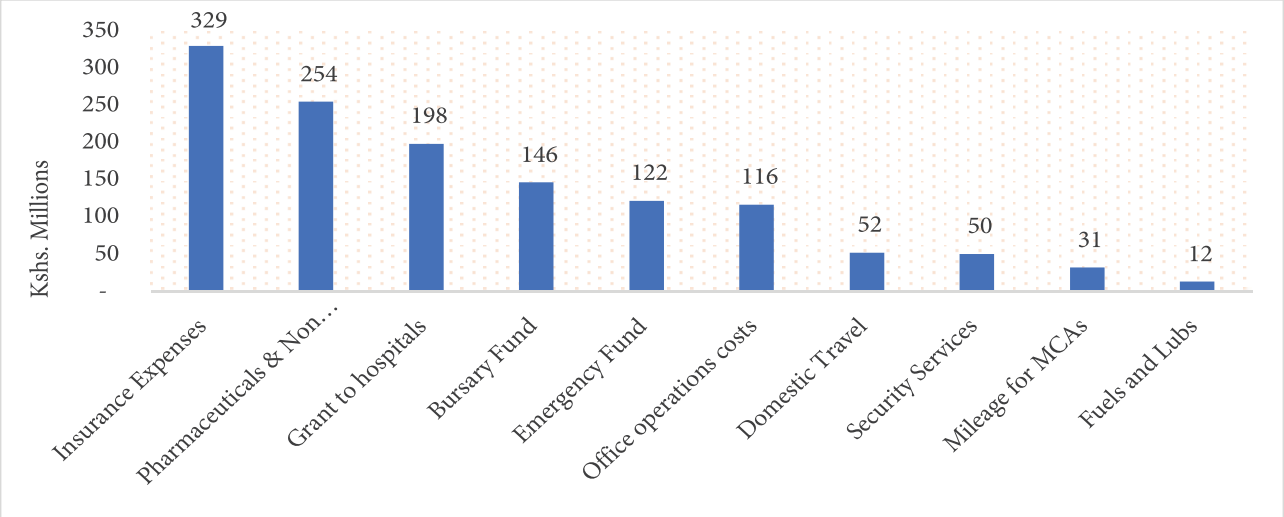
Source: *Mandera County Treasury*

The County Assembly spent Kshs.5.4 million on committee sitting allowances for the 51 MCAs against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.17,637 per MCA. The County Assembly has 21 House Committees.

3.24.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.65 billion on operations and maintenance, representing an increase of 2 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.62 billion. Figure 144 summarises the Operations and Maintenance expenditure by major categories.

Figure 144: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: *Mandera County Treasury*

3.24.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.30.7 million on "*other operating expenses*," which is 2 per cent of the total operations and maintenance expenditure of Kshs.1.65 billion. This category of expenditure includes Kshs.19.02 million for compensation of Community Health Providers (CHPs) and Kshs.11.68 million for Vaccination Campaigns. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.359.

Table 3.359: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Provision for CHPs	37,800,000	19,020,000
2211399	Vaccination campaigns (Livestock)	22,000,000	11,676,164
	Total	**59,800,000**	**30,696,164**

Source: *Mandera County Treasury*

3.24.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.741.35 million to County-Established funds in FY 2025/26, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.291.35 million to the Emergency Fund (2 per cent of the total budget) in line with Section 10 of the PFM Act, 2012. Table 3.360 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.360: Performance of Mandera County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Education Bursary Program	2014	450,000,000	145,720,148	145,720,148	1,997,720,147	YES
2.	Emergency Fund	2024	291,350,959	121,500,000	0	124,500,000	NO
	Total		**741,350,959**	**145,720,148**	**145,720,148**	**2,000,720,147**	

Source: *Mandera County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Emergency Fund Administrators, as indicated in Table 3:361, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Bursary 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Bursary Fund's lifespan had expired. Consequently, the County Assembly extended the lifespan in line with Regulation 197(1)(i), enabling the CoB approval for withdrawals to support the operations of the Bursary fund.

3.24.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.240 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.64.8 million, as shown in Table 3.361.

Table 3.361: Performance of Mandera County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Mandera Water and Sewerage Company	120,000,000	33,000,000	33,000,000	1,337,100,897
2.	Elwak Water and Sewerage Company	80,000,000	24,800,000	24,800,000	349,000,000
3.	Takaba Water and Sewerage Company	40,000,000	7,000,000	7,000,000	12,000,000

Source: *Mandera County Treasury*

3.24.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.51.85 million and comprised Kshs.34.54 million spent by the County Assembly and Kshs.17.32 million by the County Executive. There were no expenditures on foreign travel by both arms of government during the reporting period.

3.24.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.87.65 million as FIF, which was 27 per cent of the annual target of Kshs.322.53 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.279.35 million, as shown in Table 3.362.

Table 3.362: Mandera County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	378,550,458	213,713,592	56
2.	Level 4 Hospital	6	154,756,000	43,969,759	28
3.	Level 3 Facility	35	84,000,000	7,386,128	9
4.	Level 2 Facility	65	78,000,000	14,283,459	18
	Total	**107**	**695,306,458**	**279,352,938**	**40**

Source: *Mandera County Treasury*

3.24.16 Development Expenditure

In the review period, the County reported spending Kshs.1.66 billion on development programmes, representing a decrease of 14 per cent compared to FY 2024/25, when the County spent Kshs.1.93 billion. Table 3.363 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in the county government's implementation of development projects.

Table 3.363: Mandera County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	WATER	Augmentation And Upgrading Of Banisa Water Supply At Banisa Town In Banisa Sub-County	BANISA	FY 2023/24	UNSPECIFIED	220,434,636	100,000,000	50,000,000	110,000,000	50
2	WATER	Augmentation And Upgrading Of Rhamu Water Supply Project (Phase 1) In Mandera North Sub-County	RHAMU	FY 2023/24	UNSPECIFIED	208,818,953	90,000,000	50,000,000	110,000,000	53
3	LANDS	Construction Of Housing Units And Twin Toilets For The Vulnerable In The Society	COUNTY WIDE	FY 2023/24	UNSPECIFIED	199,999,879	84,999,879	44,950,000	149,950,000	75
4	WATER	Proposed Construction Of Didkuro Water Supply In Mandera West Sub-County	DID KURO	FY 2023/24	UNSPECIFIED	184,682,867	90,175,348	50,000,000	110,000,000	60
5	WATER	Augmentation and Upgrading of the Lafey Water Supply Project in Lafey Town, Lafey Sub-County.	LAFEY	FY 2023/24	UNSPECIFIED	128,388,015	46,000,000	17,000,000	52,000,000	41
6	WATER	Construction Of Dandu Water Supply Project At Dandu Town In Dandu Sub-County	DANDU	FY 2023/24	UNSPECIFIED	117,910,821	60,000,000	20,000,000	60,000,000	51
7	WATER	Construction Of 100,000M3 Dadach Gabab Earth Pan In Banisa Sub-County, Mandera County	BANISA	FY 2023/24	UNSPECIFIED	74,946,231	74,946,231	74,946,231	74,946,231	100
8	EXECUTIVE SERVICES	Proposed Upgrading Of Kutulo Hospital In Kutulo Sub-County	KUTULO	FY 2023/24	UNSPECIFIED	73,810,730	27,608,048		37,000,000	
9	WATER	Proposed Augmentation And Upgrading Of Khalalio Water Supply Project At Khalalio Town In Mandera East Sub-County	KHALALIO	FY 2023/24	UNSPECIFIED	66,227,207	30,000,000	30,000,000	39,000,000	59
10	LANDS	Consultancy Services for the Provision Of Geodatic Controls In 60 Market Centres In Mandera County	COUNTY WIDE	FY 2023/24	UNSPECIFIED	49,550,560	7,162,920	7,162,190	47,162,190	95

Source: *Mandera County Treasury*

The County did not report on any stalled development projects as of 31st December 2025.

3.24.17 Budget Performance by Department

Table 3.364 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.364: Mandera County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	917.94	50	267.05	2.16	267.05	2.16	100	100	29	4
County Executive Services	521	-	210.69	-	210.55	-	100	-	40	-
Finance and Economic Planning	439.60	22.80	154.22	0.80	154.22	0.80	100	100	35	4

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Agriculture, Livestock and Fisheries	286.10	572.29	113.87	62.67	113.87	46.16	100	74	40	8
Water, Energy, Environment and Natural Resources	345.02	1,967.56	137.90	885.75	137.90	902.25	100	102	40	46
Education and Human Capital Development	1,124.70	248.30	417.96	65.40	417.96	65.40	100	100	37	26
Health Services	2,736.85	362.32	1,208.36	109.68	1,208.36	109.68	100	100	44	30
Lands and Urban Development	213.69	729.81	29.56	257.51	29.56	257.51	100	100	14	35
Roads, Transport and Works Roads	237.11	558.44	135.86	174.77	135.86	174.77	100	100	57	31
Social Development	388.35	166.96	158.68	69.78	158.68	69.78	100	100	41	42
Public Service Management	1,996.69	6	902.72	-	902.72	-	100	-	45	-
County Public Service Board	57.51	5	23.91	-	23.91	-	100	-	42	-
Trade and Cooperative Development	80.83	323.54	20.67	14.96	20.67	14.96	100	100	26	5
Office of the County Secretary	134.03	427.73	25.13	14	25.27	14	101	100	19	3
Office of the County Attorney	91.50	-	24.49	-	24.49	-	100	-	27	-
Total	**9,571**	**5,441**	**3,831**	**1,657**	**3,831**	**1,657**	**100**	**100**	**40**	**30**

Source: *Mandera County Treasury*

Analysis of expenditure by departments shows that the Department of Water recorded the highest absorption rate of development budget at 46 per cent, followed by the Department of Social Development at 42 per cent. The Department of Roads had the highest recurrent expenditure-to-budget ratio at 57 per cent, while the Department of Lands had the lowest at 14 per cent.

3.24.18 Budget Execution by Programmes and Sub-Programmes

Table 3.365 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.365: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture, Livestock and Fisheries							
Livestock Resources Management and Development	Livestock Resources Management and Development	51,000,000	103,923,885	33,426,161	29,152,787	66	28
	Sub Total	**286,099,217**	**572,290,531**	**113,865,825**	**46,162,787**	**40**	**8**
Land and Urban Development							
Land Use Planning and Survey	Land Use Planning and Survey	14,550,000	27,301,520	1,500,000	13,570,279	10	50
	Sub-Total	**213,693,940**	**729,814,961**	**29,559,859**	**257,514,593**	**14**	**35**
Roads, Public Works and Transport							
Road And Air Transport Infrastructure Development	Road And Air Transport Infrastructure Development	78,684,951	479,744,964	74,718,000	155,232,260	95	32
Public Works Management	Public Works Management	7,500,000	78,690,391	2,230,000	19,537,921	30	25

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
	Sub-Total	**237,107,953**	**558,435,355**	**135,858,839**	**174,770,181**	**57**	**31**
Trade and Cooperative Development							
General Administration and Planning	General Administration and Planning	47,132,237	-	17,921,748	-	38	-
Trade Development and Promotion	Trade Development and Promotion	8,500,000	298,539,780	1,417,712	14,963,816	17	5
	Sub-Total	**80,832,237**	**323,539,780**	**20,671,748**	**14,963,816**	**26**	**5**
Health Services							
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	193,404,500	147,059,949	20,620,000	96,144,485	11	65
Curative, Rehabilitative, and Referral Services	Curative, Rehabilitative, and Referral Services	688,025,007	215,257,294	473,850,295	13,537,926	69	6
	Sub-Total	**2,736,848,001**	**362,317,243**	**1,208,358,297**	**109,682,411**	**44**	**30**
Education and Human Capital Development							
Vocational and Technical Training Services	Vocational and Technical Training Services	18,500,000	70,049,894	15,783,104	5,000,000	85	7
	Sub-Total	**1,124,704,757**	**248,299,808**	**417,961,383**	**65,400,285**	**37**	**26**
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	57,510,911	5,000,000	23,912,998	-	42	-
	Sub-Total	**57,510,911**	**5,000,000**	**23,912,998**	**-**	**42**	**-**
County Assembly							
Legislation and Representation	Legislation and Representation	917,936,058	50,000,000	366,291,932	2,159,654	40	4
	Sub-Total	**917,936,058**	**50,000,000**	**366,291,932**	**2,159,654**	**40**	**4**
County Public Service Management							
General Administration and Planning	Administration Planning	1,975,390,090	-	891,118,713	-	45	-
Community Cohesion and Conflict Management	Community Cohesion and Conflict Management	21,300,000	-	11,603,200	-	54	-
	Sub-Total	**1,996,690,090**	**6,000,000**	**902,721,913**	**-**	**45**	**-**
Social Development							
Youth Empowerment and Sports	Youth Empowerment and Sports	7,500,000	60,961,970	6,150,000	24,827,418	82	41
	Sub-Total	**388,346,459**	**166,961,849**	**158,683,930**	**69,777,418**	**41**	**42**
Water, Energy, Environment and Climate Change							
Water and Sewerage Management	Water and Sewerage Management	99,500,000	1,535,269,043	60,833,643	875,015,059	61	57
	Sub-Total	**345,024,297**	**1,967,555,435**	**137,899,837**	**902,252,486**	**40**	**46**
Grand Total		**9,570,929,793**	**5,440,743,127**	**3,930,319,297**	**1,657,483,039**	**41**	**30**

Source: *Mandera County Treasury*

The development sub-programmes with the highest budget implementation rates included Preventive, Promotive and Reproductive Health Services in the Department of Health at 65 per cent, Water and Sewerage Management in the Department of Water at 57 per cent, and Land Use Planning and Survey in the Department of Land at 50 per cent. For recurrent sub-programmes, the top performers were Road and Air Transport Infrastructure Development in the Department of Roads at 95 per cent, Vocational and Technical Training Services in the Department of Education at 85 per cent, Youth Empowerment and Sports in the Department of Social Development at 82 per cent, and Livestock Resources Management and Development at 66 per cent. Their higher performances are attributed to...

Table 3.366 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.366: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent	Development
Agriculture, Livestock and Fisheries							
Irrigation Development and Management	Irrigation Development and Management	40,376,083	60,000,000	4,757,281	12,550,000	12	21
	Sub Total	**286,099,217**	**572,290,531**	**113,865,825**	**46,162,787**	**40**	**8**
Land and Urban Development							
Land Use Planning and Survey	Land Use Planning and Survey	14,550,000	27,301,520	1,500,000	13,570,279	10	50
Solid Waste Management	Solid Waste Management	131,284,879	-	647,400	-	-	-
	Sub-Total	**213,693,940**	**729,814,961**	**29,559,859**	**257,514,593**	**14**	**35**
Trade and Cooperative Development							
General Administration and Planning	General Administration and Planning	47,132,237	-	17,921,748	-	38	-
Cooperative Development and Promotion	Cooperative Development and Promotion	25,200,000	25,000,000	1,332,288	-	5	-
Trade Development and Promotion	Trade Development and Promotion	8,500,000	298,539,780	1,417,712	14,963,816	17	5
	Sub-Total	**80,832,237**	**323,539,780**	**20,671,748**	**14,963,816**	**26**	**5**
Health Services							
Preventive, Promotive and Reproductive Health Services	Preventive, Promotive and Reproductive Health Services	193,404,500	147,059,949	20,620,000	96,144,485	11	65
Curative, Rehabilitative, and Referral Services	Curative, Rehabilitative, and Referral Services	688,025,007	215,257,294	473,850,295	13,537,926	69	6
	Sub-Total	**2,736,848,001**	**362,317,243**	**1,208,358,297**	**109,682,411**	**44**	**30**
Education and Human Capital Development							
Vocational and Technical Training Services	Vocational and Technical Training Services	18,500,000	70,049,894	15,783,104	5,000,000	85	7
Education Support Services	Education Support Services	3,500,000	-	700,000	-	20	-
	Sub-Total	**1,124,704,757**	**248,299,808**	**417,961,383**	**65,400,285**	**37**	**26**
Office of the County Secretary							
Policy, Leadership and Executive Coordination	Leadership and executive coordination	134,034,068	427,728,165	25,267,018	14,000,000	19	3
	Sub-Total	**134,034,068**	**427,728,165**	**25,267,018**	**14,000,000**	**19**	**3**
County Public Service Board							
Ethics, Governance and Public Service Values	Ethics, Governance and Public Service Values	57,510,911	5,000,000	23,912,998	-	42	-
	Sub-Total	**57,510,911**	**5,000,000**	**23,912,998**	**-**	**42**	**-**
Finance and Economic Planning							

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
Public Finance Management	Internal Audit Services	2,300,000	-	299,200	-	13	-
	Supply Chain Management Affairs	6,500,000	-	3,600,982	-	55	-
	County Asset Management system	2,500,000	-	500,000	-	20	-
Economic Planning and Statistics	County Economic Planning and Statistics	30,500,000	-	4,717,160	-	15	-
ICT and E-Government Services	ICT and E-Government Services	13,100,000	4,800,000	850,000	-	6	-
	Sub-Total	**1,996,690,090**	**6,000,000**	**902,721,913**	**-**	**45**	**-**
Water, Energy, Environment and Climate Change							
Energy and Natural Resources	Energy and Natural Resources	28,000,000	58,840,000	1,000,000	10,730,000	4	18
Environment and Climate Change	Environment and Climate Change	24,800,000	373,446,392	1,500,000	16,507,427	6	4
	Sub-Total	**345,024,297**	**1,967,555,435**	**137,899,837**	**902,252,486**	**40**	**46**
Grand Total		**9,570,929,793**	**5,440,743,127**	**3,930,319,297**	**1,657,483,039**	**41**	**30**

***Source**: Mandera County Treasury*

The development sub-programmes with the lowest budget implementation rates included ICT and E-Government Services in the department of Finance at Zero per cent, Ethics, Governance and Public Service Values in the department of Public Service Board at Zero per cent, Cooperative Development and Promotion in the department of Trade at Zero per cent Environment and Climate Change program in the Department of Water at 4 per cent, Devolved Governance and Enforcement Services in the Department of Public Service Management at Zero per cent, and Cooperative Development and Promotion in the department of Trade at Zero per cent. For recurrent sub-programmes, poor performers were Solid Waste Management in the Department of Lands at zero per cent, and Energy and Natural Resources in the Department of Water at 4 per cent.

3.24.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 35 accounts with commercial banks, including 14 accounts for FIF operations and collection, 7 accounts for revenue collection, 4 municipalities' operations accounts, 1 account for Established Fund (bursary), 3 County Assembly accounts, 1 account for the ELRP project, 1 retention account, 3 water companies' accounts and 1 Finance department operations account.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of Mandera commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.24.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Mandera County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.177.7 million against an annual target of Kshs.682.53 million, representing 26 per cent of the financial year target.

ii. Low development performance in the review period as the County incurred Kshs.1.66 billion on development activities, achieving a 30 per cent absorption rate.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund were not submitted to the CoB as of 31st December 2025.
iv. High level of trade payables, which amounted to Kshs.1.77 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.239.76 million for 518 staff not onboarded into HRIS and 577 casual staff processed through manual payroll, accounting for 11 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.25. County Government of Marsabit

3.25.1 Overview of FY 2025/26 Budget

The Marsabit County Approved Budget for FY 2025/26 is Kshs.10.33 billion. It comprises Kshs.3.67 billion (36 per cent) and Kshs.6.66 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.11.33 million (0.1 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.27 billion and a recurrent budget of Kshs.6.04 billion. The increase in the budget was primarily attributed to the rise in sharable revenue.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.8.11 billion (78 per cent), additional allocations of Kshs.1.70 billion (16 per cent), a cash balance of Kshs.442.78 million (4 per cent) brought forward from FY 2024/25, and Kshs.270 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.367.

3.25.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.89 billion. This amount represented a decrease of 6 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.16 billion. The total revenue consisted of Kshs.3.36 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.83.55 million. Additionally, the County had a cash balance of Kshs.442.78 million from FY 2024/25. The total OSR collection of Kshs.83.55 million included Facilities Improvement Financing (FIF) of Kshs.43.87 million, and Kshs.39.68 million from other OSR sources. Table 3.367 summarises the total revenue available to the County Government during FY 2025/26.

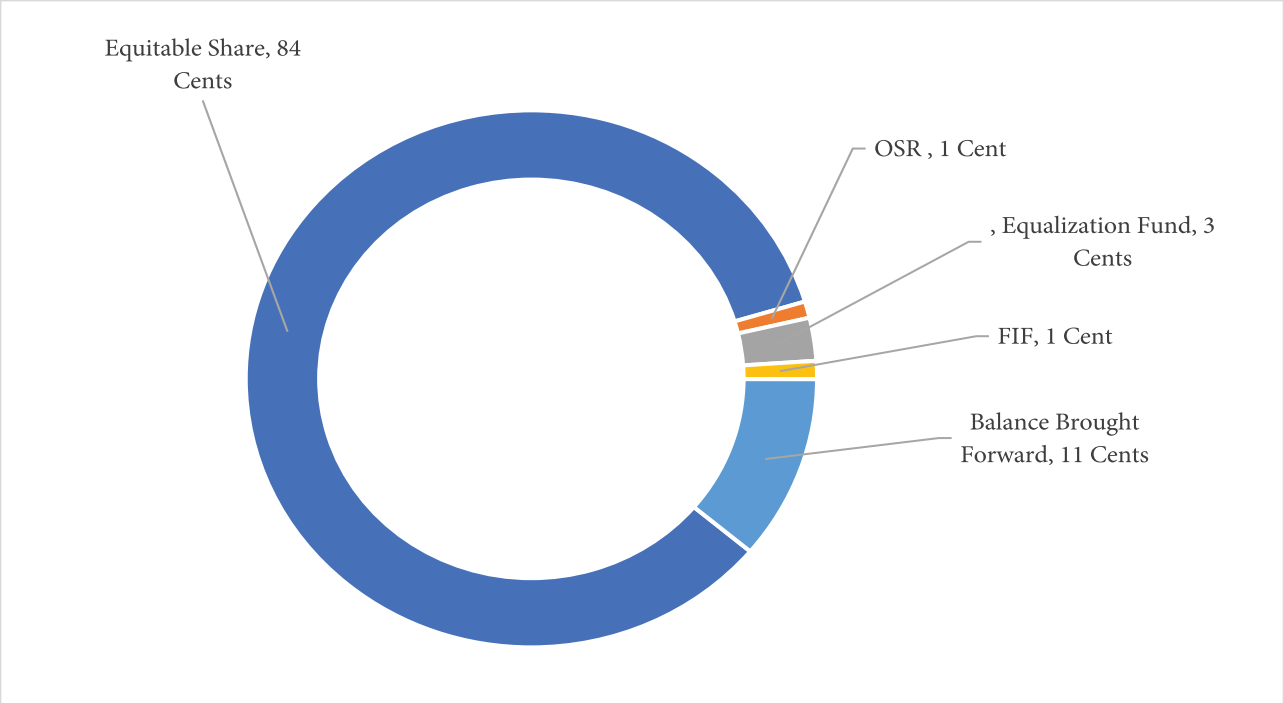
Table 3.367: Marsabit County, Revenue Performance in the First Half of FY 2025/26

	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	441,493,144	441,493,144		441,493,144	-
2	County Executive Refunds to CRF	638	638	-	638	-
3	County Assembly Refunds to CRF	1,292,150	1,292,150	-	1,292,150	-
	Sub-Total	442,785,933	442,785,933		442,785,933	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,105,669,078	3,363,852,667	648,453,526	4,012,306,193	4,093,362,885
	Sub-Total	8,105,669,078	3,363,852,667	648,453,526	4,012,306,193	4,093,362,885
C	**Transfers from the Equalisation Fund**					
1	**Equalisation Fund**	469,644,478	103,151,648	176,792,151	279,943,799	189,700,679
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	DANIDA	10,914,000				
2	KDSP II - Level I Grant	37,500,000	-	-	-	-
3	KDSP II - Level II Grant	352,500,000	-	-	-	-
..4	Kenya Livestock Commercialization Project (KELCOP)	70,250,000	-	-	-	-
5	Unconditional Allocation for 20% Share of Mineral Royalties	1,724,590	-	-	-	-
6	Community Health Promoters	60,090,000	-	-	-	-
7	Doctors Salary Arrears	15,028,763	-	-	-	-
8	Food Systems Resilience Project	246,153,846	-	-	-	-
9	FLLOCA - CCRI	250,000,000	-	-	-	-
10	DRPNK - Drought Resilience Programme in Northern Kenya	580,002,208	-	-	-	-
11	Kenya Urban Support Programme - UIG	26,000,000	-	-	-	-
12	Kenya Urban Support Programme - UDG	50,000,000	-	-	-	-
	Sub-Total	1,700,163,407				
E	**Ordinary Own Source Revenue (OSR)**					
1	Produce	42,000,000	17,166,072	26,000,000	43,166,072	8,833,928
2	Marsabit Municipality	15,000,000	4,388,716	10,500,000	14,888,716	6,111,284
3	Livestock Charges	20,000,000	4,121,765	9,000,000	13,121,765	4,878,235
4	Royalties	115,000,000	2,988,064	5,750,000	8,738,064	2,761,936
5	Single business permit	19,000,000	4,866,895	9,000,000	1,076,500	16,923,500
6	Land Transaction Charges	8,300,000	1,362,388	4,400,000	5,762,388	3,037,612
7	Public health	10,400,000	3,000,000	5,200,000	8,200,000	2,200,000
8	Other Sources	10,300,000	1,784,020	5,150,000	6,934,020	3,365,980
	Subtotal	150,000,000	**39,677,920**	75,000,000	101,887,525	48,112,475
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	129,096,000	36,299,455	64,548,000	108,422,340	20,673,660
2	Other FIFs Sources-Cash collections	44,400,000	7,574,885	22,200,000	22,200,000	22,200,000
	Subtotal	173,496,000	**43,874,340**	86,748,000	130,622,340	42,873,660
Total		**10,518,618,418**	**3,890,190,860**	**986,993,677**	**4,967,545,790**	**6,074,213,106**

Source: *Marsabit County Treasury*

Marsabit County does not have governing legislation on the operation of FIF. Figure 145 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 145: Marsabit County Composition of Each Shilling Earned in the First Half of FY 2025/26

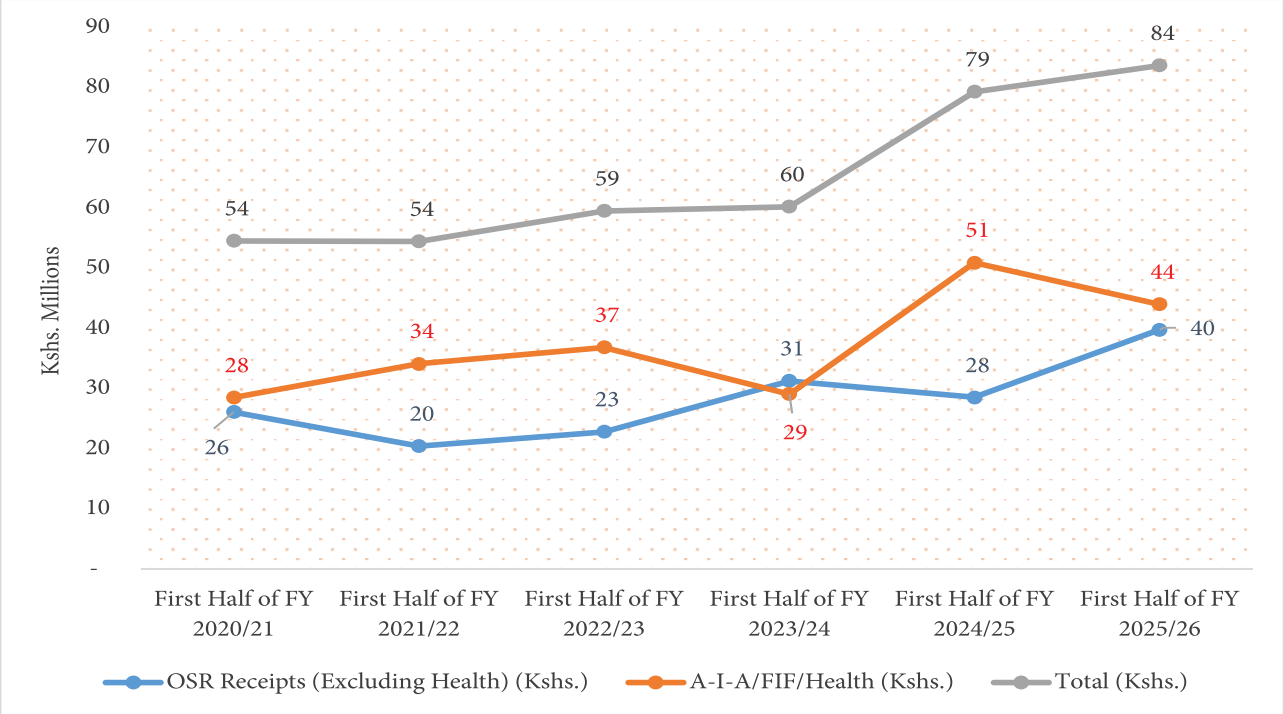


Source: *Marsabit County Treasury*

The equitable share of revenue raised nationally, Balance brought forward from the 2024/25 financial year, and Equalisation Fund contributed 84 per cent, 11 per cent and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 146 shows the collection trend in own-source revenue from the first half of FY 2020/21 to the first half of FY 2025/26.

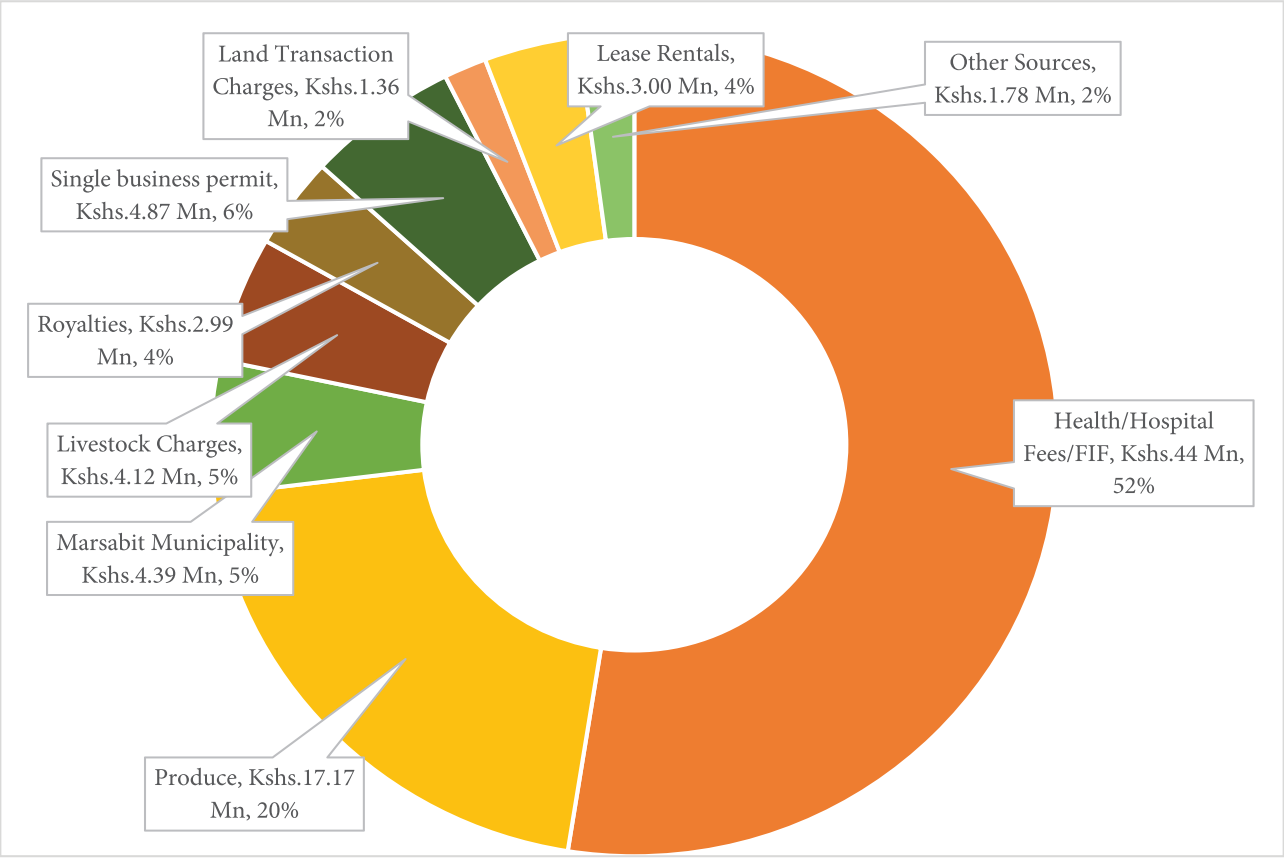
Figure 146: Marsabit County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Marsabit County Treasury*

During the first half of FY 2025/26, the County received Kshs.83.55 million from OSR, including FIF. This amount was an increase of 5 per cent compared to Kshs.79.21 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 2 per cent of the equitable revenue share disbursed. The revenue streams that contributed the most to OSR receipts are shown in Figure 147

Figure 147: Marsabit County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Marsabit County Treasury*

As shown in Figure 147, the highest revenue stream, at Kshs.43.87 million, was from Facility Improvement Financing (FIF), accounting for 52 per cent of the total OSR receipts. The County Government indicated that it has NOT automated any revenue streams.

3.25.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported no revenue arrears. As of 31st December 2025, no revenue arrears were reported.

3.25.4 Borrowing by the County

Marsabit County Executive/ Assembly did not report any credit facility with banks.

3.25.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.81 billion from the Marsabit County Revenue Fund (CRF) account. This amount consisted of Kshs.968.81 million (25 per cent) designated for development programs and Kshs.2.84 billion (75 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.09 billion was allocated for employee compensation, and Kshs.745.18 million for operations and maintenance expenditures. Within the operations and maintenance category, 10 per cent was allocated to domestic travel and 2 per cent to foreign travel. The domestic travel exchequers totalled Kshs.73.65 million, which included Kshs.18.62 million for the County Executive and Kshs.55.04 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.97 million, with Kshs.1.96 million for the County Executive and Kshs.11.01 million for the County Assembly.

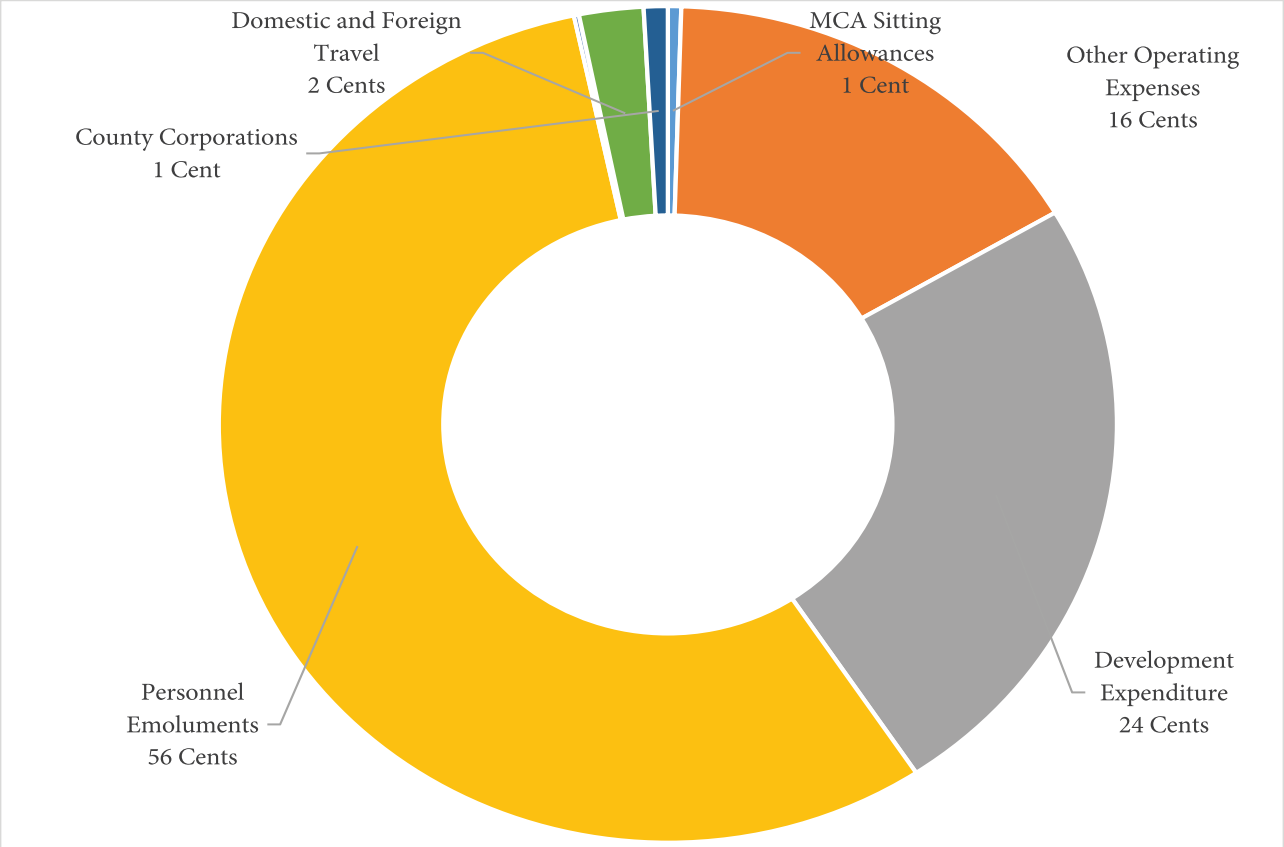
As of December 31, 2025, the County Government's cash balance in the Marsabit CRF account was Kshs.32.87 million.

3.25.6 Expenditure Review

The County spent Kshs.3.74 billion on development and recurrent programmes during the reporting period. The expenditure represented 98 per cent of the total funds released by the CoB. It comprised Kshs.903.19 million for development programmes and Kshs.2.84 billion for recurrent programmes. Expenditure on development programmes represented 24 per cent of the annual development expenditure budget, while recurrent expenditure represented 48 per cent of the annual recurrent expenditure budget.

Figure 148 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 148: Marsabit County Composition of Each Shilling Incurred in the First Half of FY 2025/26.



Source: Marsabit *County Treasury*

As shown in Figure 148, the three highest expenditure categories were personnel emoluments, development expenditures, and other Operating Expenses, which accounted for 56, 24, and 16 per cent of total expenditure for the reporting period.

3.25.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.43 billion. This amount consisted of Kshs.1.23 billion from the County Executive and Kshs.201.15 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.532.46 million for recurrent expenditure and Kshs.700.16 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.925.68 million, comprising Kshs.532.46 million (100 per cent) for recurrent programmes and Kshs.393.23 million (56 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.99.83 million, which included Kshs.27.18 million (89 per cent) for recurrent activities and Kshs.72.65 million (99per cent) for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.306.94 million for the County Executive and Kshs.101.32 million for the County Assembly. Table 3.368 provides additional details of trade payables.

Table 3.368: Marsabit County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	700,162,772	532,460,806	1,232,623,578
		County Assembly	170,600,000	30,552,699	201,152,699
		Total	**870,762,772**	**563,013,505**	**1,433,776,277**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	700,162,772	532,460,806	1,232,623,578
		County Assembly	170,600,000	30,552,699	201,152,699
		Total	**870,762,772**	**563,013,505**	**1,433,776,277**
Amount paid in the First Half of FY 2025/26	c	County Executive	393,225,189	532,460,806	925,685,995
		County Assembly	72,652,182	27,179,214	99,831,396
		Total	**465,877,371**	**559,640,020**	**1,025,517,391**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	306,937,583	-	306,937,583
		County Assembly	97,947,818	3,373,485	101,321,303
		Total	404,885,401	3,373,485	408,258,886

Source: *Marsabit County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.23 billion and Kshs.201.15 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.925.68 million for the Executive and Kshs.99.83 million for the Assembly. Table 3.369 and Table 3.370 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.408.26 million.

Table 3.369: Marsabit County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	_	35,477,147.	1,199,000	270,261,435	306,937,583
Recurrent Trade Payables (Goods & Services)		-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)		-	-	-	-
Recurrent Trade Payables (Staff Claims)		-	-	-	-
Total Recurrent Trade Payables	_	-	-	-	-
Total Trade Payables	_	35,477,147	1,199,000	270,261,435	306,937,583
% of Total	_	12%	_	88%	100%

Source: *Marsabit County Treasury*

Table 3.370: Marsabit County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,282,997.10**	**22,610,820.10**	-	-	**97,893,817.20**
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	54,000	-	-	-	-
Recurrent Trade Payables (Staff Claims)	3,373,485.80	-	-	-	-
Total Recurrent Trade Payables	3,427,485.80	-	-	-	**3,427,485.80**
Total Trade Payables	**78,710,484.90**	**22,610,820.10**			**101,321,303**
% of Total	**77.68**	**22**	-	-	**100**

Source Marsabit *County Treasury*

The County has adhered to a First-in, First-out (FIFO) basis in implementing the Trade Payables Action Plan.

3.25.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.91 billion on compensation of employees, Kshs.578.75 million on operations and maintenance, and Kshs.829.26 million on development activities. Similarly, the County Assembly spent Kshs.189.73 million on compensation of employees, Kshs.166.23 million on operations and maintenance, and Kshs.73.84 million on development activities, as shown in Table 3.371.

Table 3.371: Marsabit County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,915,492,554	741,494,088	2,484,503,437	355,953,138	**436,167,684**	-	**2,920,671,121**	355,953,138	49	48
Compensation of Employees	3,539,777,939	355,343,000	1,905,753,867	188,171,938	274,584,276	-	2,180,338,143	188,171,938	62	53
Operations and Maintenance	2,375,714,615	386,151,088	578,749,570	167,781,200	161,583,409	-	740,332,979	167,781,200	31	43
Development Expenditure	3,432,353,860	240,600,000	829,356,831	73,843,107	**275,023,838**	-	1,104,380,669	73,843,107	32	31
Total	9,347,846,414	982,094,088	3,313,860,268	429,796,245	**711,191,522**	-	**4,025,051,790**	429,796,245	43	44

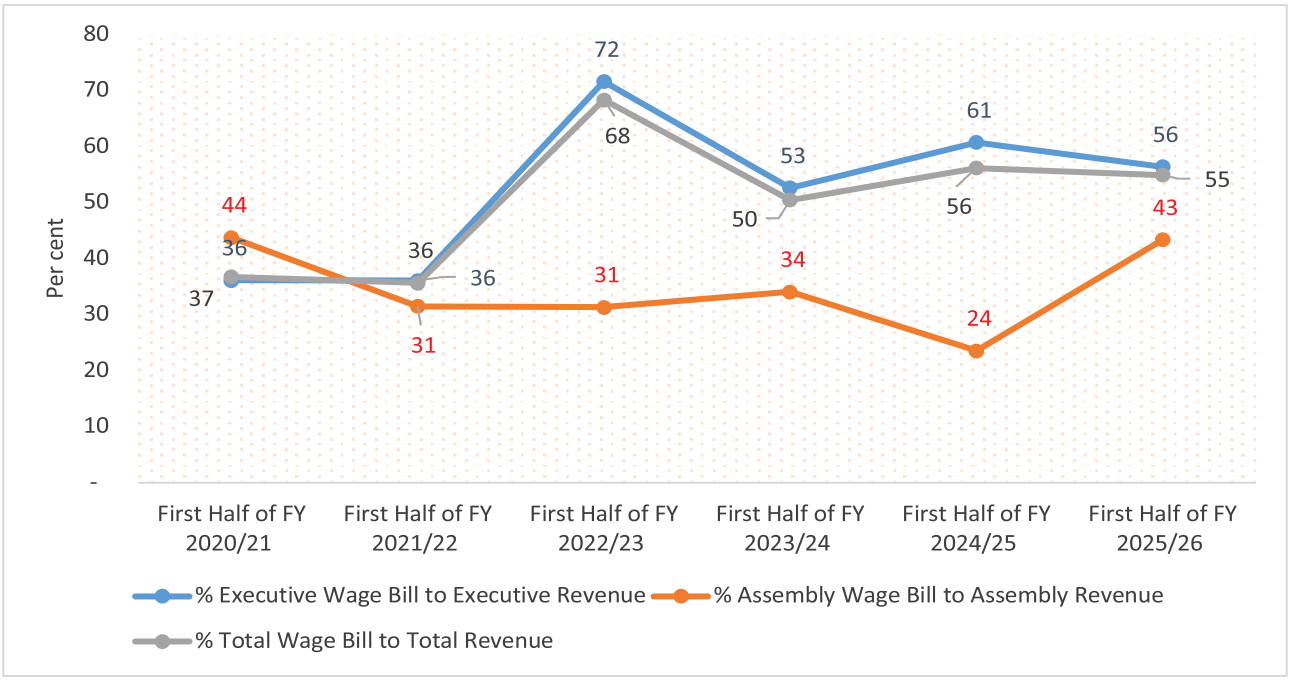
***Source**: Marsabit County Treasury*

3.25.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.09 billion. The percentage of compensation of employees to revenue was 55 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.08 billion reported in a similar period in FY 2024/25. Of this total, Kshs.867.26 million related to Health Sector employees, accounting for 41 per cent of the overall employees' compensation.

Figure 149 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 149: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source:** Marsabit County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.03 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.67.92 million was processed through manual payrolls, representing 3 per cent of the total PE cost. The justification for the continued use of manual payroll was for casuals and top up of security officers.

The manual payroll comprised salaries for 717 casual staff and top-up allowances for four security personnel, as shown in Table 3.372.

Table 3.372: Breakdown of Marsabit County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
	Salaries for casual staff	67,675,690
	Top-up Allowances for Security Officers	241,800
	Total	**67,917,490**

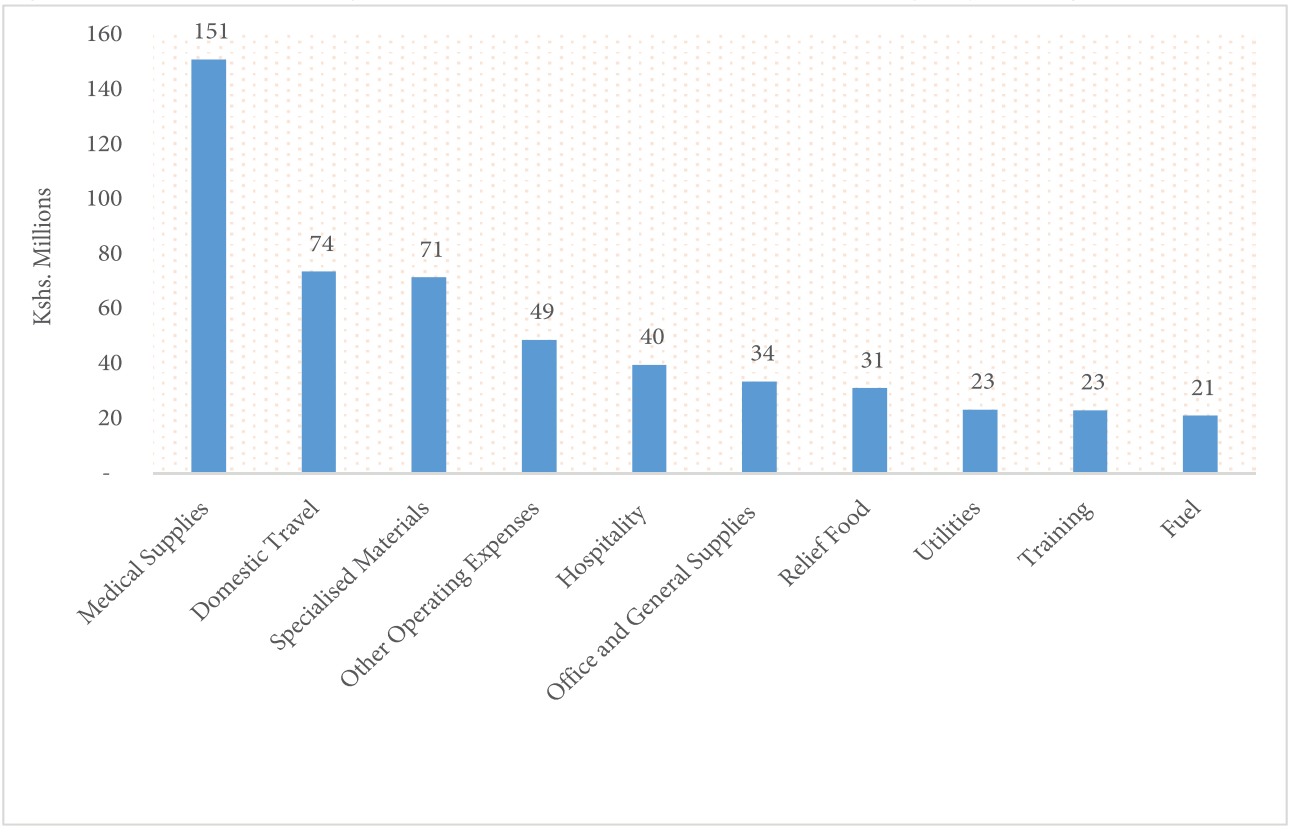
Source: Marsabit County Treasury

The County Assembly spent Kshs.17.9 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.90,461 per MCA. The County Assembly has 20 House Committees.

3.25.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.746.53 million on operations and maintenance, representing an increase of 28 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.539.83 million. Figure 150 summarises the Operations and Maintenance expenditure by major categories.

Figure 150: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: *Marsabit County Treasury*

3.25.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.48.71 million on "*other operating expenses*," which is 7 per cent of the total operations and maintenance expenditure of Kshs.746.53 million. This category of expenditure includes Kshs.11.74 million for OSR mobilisation, Kshs.5.4 million, Kshs.9.08 million for the ward administrators' office operation, and public participation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.373.

Table 3.373: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	County budgeting and planning services	12,500,000	5,616,900
2211399	County budgeting and planning services	12,500,000	11,743,173
2211399	County budgeting and planning services	15,000,000	6,496,868
2211399	County budgeting and planning services	15,000,000	9,087,960
2211399	County Executive	20,000,000	10,267,284
2211399	Department of Administration	8,000,000	5,495,997
	Total	83,000,000	48,708,182

Source: *Marsabit County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: Dairy Subsistence allowances, office expenses, General Supplies, repairs and maintenance of motor vehicles, and board and conferences.

3.25.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.271 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (1 per cent of the total budget), contrary to Section 110 of the PFM Act, 2012. Table 3.374 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.374: Performance of Marsabit County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
	County Executive Established Funds						
1	Marsabit County Enterprise Fund	2014	_	_	-	27,000,000	NO
2	Marsabit County State Officers and Other Public Officers Car Loan Scheme Fund	2014	_	_	4,774,972	34,000,000	NO
3	Marsabit County State Officers and Other Public Officers Mortgage Scheme Fund	2014	_	_	-	121,000,000	NO
4	Marsabit County Emergency Fund	2014	70,000,000	_	_	826,999,240	NO
5	Marsabit County Scholarship Fund	2016	201,000,000	NIL	nil	802,800,000	NO
	County Assembly Established Funds						
1	Car and Mortgage Loan Scheme for Staff	2019	Nil	Nil	1,554,041	141,570,671	YES
2	Marsabit County Assembly Car Loan and Mortgage –Members	2014	Nil	Nil	452,400	259,000,000	YES
	Total		271,000,000		6,781,413	2,413,369,911	

Source: *Marsabit County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.374, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of

the active 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Emergency Fund, the Marsabit County Assembly Car Loan and Mortgage Fund for Members, the Enterprise Fund and the Car and Mortgage Loan Fund for Executives had lapsed. had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.25.13 County Corporations

The County has two Corporations, which were allocated Kshs.109.71 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs 32.31 million, as shown in Table 3.375.

Table 3.375: Performance of Marsabit County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Marsabit Municipality	109,707,946.80	32,309,300	32,309,300	232,758,336.10
	Marsabit Water and Sewerage Company Limited	-	N/A	-	114,098,745
	Total	**109,707,946.80**	**32,309,300**	**32,309,300**	346,857,081

Source: *Marsabit County Treasury*

3.25.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.73.65 million and comprised Kshs.55.04 million spent by the County Assembly and Kshs.18.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.97 million and comprised Kshs.11.01 million by the County Assembly and Kshs.1.96 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.376.

Table 3.376: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	26th October-3rd November 2025	Exchange program on empowering legislative Administration for County Assemblies clerks	France	467,628.0	-	467,628.0
County Assembly	1	26th October-3rd November 2025	Attending an exchange program on empowering legislative Administration for County Assemblies clerks	Spain	333,032.0	-	333,032.0
County Assembly	7	8th to 12 December	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	3,108,000.0	-	3,108,000.0
County Assembly	7	15th to 19th Dec. 2025	Attending exchange program on Ethiopia's integrated climate-smart Agriculture, Ranching in Arid areas through water management and Eco-Tourism Development"	Ethiopia	3,108,000.0	-	3,108,000.0

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	1st to 5th December 25	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	1,612,233.0	-	1,612,233.0
County Assembly	3	19th to 24th December 25	Attending an exchange program on Ethiopia's key development sectors, Energy, Agriculture, Leather and Tourism	Ethiopia	1,100,000.0	-	1,487,280
County Assembly	1	2nd-4th December 2025	Attending IDU FORUM AT WASHINGTON, DC	USA	444,000.0	-	444,000.0
County Assembly	1	19th September to 26th September 2025	Attending an international conference on endocrinology, diabetes and metabolism	Dubai	449,000.0	-	449,000.
County Executive	1	3rd September 2025	Attending an energy conference	Novotel Perth, Australia	1,964,300	-	1,964,300
Total					12,973,473	-	12,973,473

Source: *Marsabit County Treasury and Marsabit County Assembly*

3.25.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.43.87 million as FIF, which was 37 per cent of the annual target of Kshs.120 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.44.77 million, as shown in Table 3.377.

Table 3.377: Marsabit County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	4	173,496,000	44,773,190.50	26%
	Total		173,496,000	44,773,190.50	26%

Source: *Marsabit County Treasury*

3.25.16 Development Expenditure

In the review period, the County reported spending Kshs.903.19 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.974.75 million. Table 3.378 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to delays in disbursements of shared revenue and in procurement.

Table 3.378: Marsabit County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Executive	Drought mitigation programme	County-wide	July 2025	June 2026	209,625,050.	209,625,050.	209,625,050.	209,625,050.	70

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Health	Sololo Level Iv Hospital	Sololo	2023-2024	6/30/2026	80,000,000.	80,000,000.	45,281,553.	45,281,553	57
3	County Assembly	Construction And Completion of Modern Chamber	Chamber -HQ	25 April 2018	June 2026	344,205,660	24,266,855	24,266,855	285,377,786	80
4	County Assembly	Structured Cabling and PBX Works	Chamber -HQ	01 April 2024	28/11/2025	72,500,000	12,388,411	12,388,411	51,453,781	100
5	County Assembly	Construction of the Extension of Office Development	HQ	25 April 2018	June 2026	64,993,106	12,168,203.	12,168,203	40,626,170.75	80
6	Health	Sololo Level Iv Hospital	Sololo	2023-2024	6/30/2026	80,000,000	80,000,000	45,281,553	45,281,553	57
7	Health	Cold Storage Facilities at Illeret	Illeret	2021-2024	6/30/2026	9,000,000	9,000,000	9,000,000	9,000,000	100
8	County Assembly	Installation of Hansard and Audio Visual System	Chamber -HQ	01 April 2024	28/11/2025	27,605,141	7,707,259.80	7,707,259.80	17,348,954	
9	Education	Completion of ECD Class, Furnishing, Kitchen & Stores & Double Pit Latrines	Neliarai	2021-2024	6/30/2026	4,499,431.20	4,499,431.20	4,499,431.20	4,499,431.20	100
10	Water	Replacement Of Water Pipes At N/ Horr Town	North Horr	2021-2024	6/30/2026	4,150,000	4,150,000	4,150,000	4,150,000	100
Equalisation Funded Projects										
1	Equalisation Fund - Water	Construction Of Rock Catchment and Piping Works To Ngurunet Town In Laisamis Sub-County	korr Ngurnit	2/24/2025	9/22/2025	9,680,000	9,700,000	9,680,000	9,680,000	100
2	Equalisation Fund - Health	Construction Of Laboratory Block At North Horr Health Centre	North Horr	4/21/2024	9/3/2025	7,500,768.50	7,760,000	7,500,768.50	7,500,768.50	100
3	Equalisation Fund - Health	Construction Of Dispensary At Barambate	North Horr	8/2/2024	9/18/2025	6,500,250.65	6,790,000	6,500,250.65	6,500,250.65	100
4	Equalisation Fund - Education	Erection And Completion of Science Laboratory Block At Moi Girls Secondary School	Saku	5/15/2025	9/24/2025	6,463,276.40	11,200,000	6,463,276.40	6,463,276.40	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
5	Equalisation Fund - Water	Construction Of Rock Catchment and Piping Works to Intel Village in Laisamis Sub-County	korr Ngurnit	1/20/2025	9/22/2025	5,673,690	5,820,000	5,673,690	5,673,690	100
6	Equalisation Fund - Health	Erection And Completion of Maternity Block at Arge In Laisamis	Kargi / South Horr	7/9/2025	9/15/2025	5,068,530.80	6,402,000	5,068,530.80	5,068,530.80	80
7	Equalisation Fund - Roads	Upgrading Of Road to Gravel Standard from Loiyangalani to Layeni Laisamis Sub-County	Loyangalani	3/11/2025	9/15/2025	4,899,350	4,900,000	4,899,350	4,899,350	100
Donor Funded Projects										
1	Agriculture-DPRNK Donor Funded	Drilling And Equipping of A Borehole and Other Ancillary Structures.	Churle village	9/10/2025	3/10/2026	17,566,675	16,528,000	8,487,531	8,487,531	70
2	Agriculture-DPRNK Donor Funded	Drilling And Equipping of A New Borehole, an elevated storage tank, and a water kiosk	Godoma village	10/13/2025	4/13/2026	16,700,321	20,000,000	8,163,540	8,163,540	70
3	Agriculture-FSRP Donor Funded	Construction Of Idido Water Pan	North Horr	29/09/2025	14/11/2025	7,894,275	7,894,275	7,894,275	7,894,275	100
4	Agriculture-DPRNK Donor Funded	Community Water Reticulation Project in Hulahula Village	Hulahula Village	9/10/2025	3/10/2026	7,245,830.63	8,900,000	5,571,376.88	5,571,376.88	80
6	Road	Routine Maintenance of Hurri Hills-Kalesa Rd		10/1/2025	12/1/2025	4,936,322	5,000,000	4,936,322	4,936,322	100
7	Road	Routine Maintenance of A2-Kargi Rd		10/1/2025	12/1/2025	4,931,508	4,950,000	4,931,508	4,931,508	100
8	Road	Routine Maintenance of Burgabo -Hurri Hills		10/1/2025	12/1/2025	4,910,860	5,000,000	4,910,860	4,910,860	100
9	Road	Routine Maintenance of Qate-Khob Rd		10/1/2025	12/1/2025	4,823,280	4,900,000	4,823,280	4,823,280	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
10	Road	Routine Maintenance of A2-Kubi Qallo Rd	10/1/2025	12/1/2025	4,799,802	4,800,000	4,799,802	4,799,802	4,799,802	100

Source: *Marsabit County Treasury*

The County did not report any stalled development projects as of 31st December 2025. Table 3:380 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.379: Marsabit County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	741.49	240.60	355.95	78.14	355.95	73.84	100	94	48	31
County Executive	458.10	150	235.07	-	235.07		100	-	51	_
Finance & Economic Planning	579.95	700	206.99	393.23	208.37	393.23	101	-	36	56
Agriculture, Livestock & Fisheries	302.16	1,001.31	162.08	288.04	160.46	212.21	99	74	53	21
County Public Service Board	103.38	5	38.55	-	38.55	-	100	_	37	_
Education, Skill Development, Youth & Sports	651.20	91.20	227.41	-	226.02	-	99	-	35	-
County Health Services	2,154.78	202.73	1,033.81	45.28	1,033.83	43.54	100	_	48	21
Administration, Coordination & ICT	790.43	416.15	210.98	-	211.18	5	100	_	27	1
Energy, Lands & Urban Development	246.46	183.30	65.32	32.31	65.12	32.31	100	100	26	18
Roads & Public Works	125.48	142.08	51.14	83.51	54.18	78.70	106	94	43	55
Water, Environment & Natural Resources	175.03	487.79	87.85	48.30	82.24	64.38	94	133	47	13
Trade, Industry & Enterprise Development	107.41	4.10	45.96	-	46.68	--	102	_	43	_
Tourism, Culture & Social Services	185.64	48.70	109.70	-	108.98		99	_	59	_
Office of the County Attorney	24.97	-	8.39	-	8.39	-	_	_	34	_
Office of the County Secretary	10.50	-	5.45	-	5.45	-	_	_	52	_
Total	**6,656.98**	**3,672.95**	**2,844.65**	**968.81**	**2,840.46**	**903.20**	**100**	**93**	**43**	**25**

Source*: Marsabit County Treasury*

Analysis of departmental expenditure shows that the Department of Finance & Economic Planning recorded the highest absorption rate of the development budget at 56 per cent, followed by the Department of Roads & Public Works at 55 per cent. The Department of Tourism, Culture & Social Services had the highest percentage of recurrent expenditure to budget at 59 per cent, while the Department of Energy, Lands & Urban Development had the lowest at 26 per cent. Low absorption across departments was attributed to delays in disbursing shareable revenue, low OSR collection, and delays in procurement.

3.25.17 Budget Execution by Programmes and Sub-Programmes

Table 3.380 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.380: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT -FINANCE AND PLANNING				
General administration, planning, and Support Services	Administration services-payables	700,000,000	393,226,193	56
DEPARTMENT -ROADS & INFRUSTRUCTURE DEVELOPMENT				
Road Transport Infrastructure Development	Roads Infrastructure Development	142,081,414	78,700,442	55
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Crop Development and Management	Lands and Crop Development	610,002,208	297,646,693	49
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Crop Development and Management	Food Security Initiatives	266,153,846	111,221,609	42
DEPARTMENT -HEALTH SERVICES				
General Administration, Planning and Support Services	Health Infrastructure development	166,226,602	45,281,553	27
RECURRENT				
DEPARTMENT -TOURISM, CULTURE AND SOCIAL SERVICES				
Culture Services	Development and Promotion of Culture	70,000,000	69,999,500	100
DEPARTMENT OF ADMISTRATION AND ICT				
General administration, planning, and Support Services	Peacebuilding and conflict resolution	13,000,000	11,611,200	89
DEPARTMENT -HEALTH SERVICES				
Curative Health Services	Drugs and commodities	173,000,000	149,244,629	86
DEPARTMENT -FINANCE AND ECONOMIC PLANNING				
Public Finance Management	Budget formulation, coordination & Management	15,000,000	12,903,976	86
DEPARTMENT-COUNTY ASSEMBLY				
General Administration Support Services	SP 1.1 salaries and allowances for employees and M.C. As	344,293,000	183,199,365	53

Source: *Marsabit County Treasury*

The development sub-programmes with the highest budget implementation rates were: General administration planning and Support Services in the Department of Planning and Finance at 56 per cent, Roads Infrastructure Development in the Department of Roads at 55 per cent, and Lands and Crop Development in the Department of Agriculture, Livestock and Fisheries at 49 per cent.

For recurrent sub-programmes, the top performers included: development and promotion of culture in the department of tourism, culture and social services at 100 per cent, peace building and conflict resolution in the department of Administration and ICT at 89 per cent, and drugs and commodities in the department of Health Services at 86 per cent.

The higher performance of these programmes can be attributed to the prioritisation of the county and the respective department, given their role in supporting service delivery.

Table 3.381: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
DEPARTMENT - WATER, ENVIRONMENT AND NATURAL RESOURCES				
Water Resources Management	Water Supply Infrastructure Development	75,900,000	-	-
DEPARTMENT-EDUCATION, SKILLS DEVELOPMENT, YOUTH AND SPORTS				
Pre – Primary Education	ECD Infrastructure Development and Management	83,400,000	-	-
DEPARTMENT -AGRICULTURE, LIVESTOCK, AND FISHERIES				
Livestock Resources Management and Development	SP3 Livestock Production and Management	112,150,000	256,000	1
DEPARTMENT -ADMINISTRATION AND ICT				
Coordination of functions of devolved units	Co-ordination of County Government Departments	416,150,000	4,999,120	1
DEPARTMENT-WATER, ENVIRONMENT AND NATURAL RESOURCES				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	11,446,016	2,412,590	21
RECURRENT				
DEPARTMENT - PHYSICAL PLANNING AND DEVELOPMENT				
General administration, planning and support services	Use of goods	3,200,000	46,441	1
DEPARTMENT - HEALTH SERVICES				
Urban Development Services	Administrative and support services	10,000,000	662,250	7
DEPARTMENT- HEALTH SERVICES				
General Administration, Planning and Support Services	Health Planning and Financing	120,000,000	3,640,000	3
DEPARTMENT-FINANCE AND PLANNING				
Public Finance Management	Supply chain services	7,000,000	390,000	6
DEPARTMENT OFFICE OF THE COUNTY ATTORNEY -				
General administration, planning, and Support Services	Administration services	14,000,000	1,963,772	14

Source: *Marsabit County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Water Supply Infrastructure Development in the Department of Water, Environment and Natural Resources at zero per cent, ECD Infrastructure Development and Management in the Department of Education, Skills Development, Youth and Sports at zero per cent, and Livestock production and Management in the Department of Agriculture, Livestock and fisheries at 1 per cent.

For recurrent sub-programmes, the lowest-performing included: General administration, planning, and support services in the Department of Physical Planning and Development at 1 per cent; Health Planning and Financing in the Department of Health Services at 3 per cent; and Supply chain services in the Department of Finance and Planning at 3 per cent.

These lower performances can be attributed to late disbursement and low own-source revenue (OSR) collection, leading to prioritisation of the county and its departments, given their role in supporting service delivery.

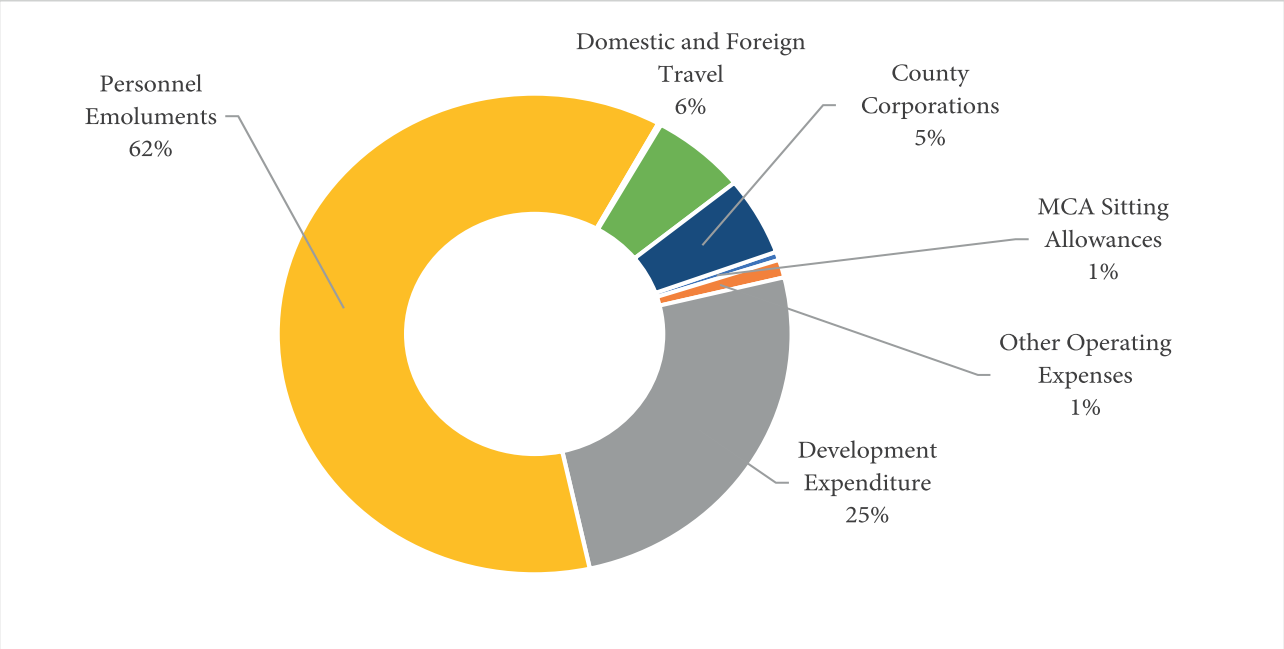
3.25.18 Expenditure Review

The County spent Kshs.6.56 billion on development and recurrent programmes in the reporting period. The expenditure represented 135 per cent of the total funds released by the CoB. It comprised Kshs.1.18 billion for development programmes and

Kshs.5.38 billion for recurrent programmes. Expenditure on development programmes represented 19 per cent of the annual development expenditure budget, while recurrent expenditure represented 55 per cent of the annual recurrent expenditure budget.

Figure 151 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 151: Meru County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Meru *County Treasury*

As shown in Figure 151, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which accounted for 62, 25, and 6 per cent of total expenditure, respectively, for the reporting period.

3.25.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County government operated 112 accounts with commercial banks, including 95 for Health Facilities, four for Vocational Training Centres, five for Established Funds, two revenue accounts, one special-purpose account (additional allocations), two imprest accounts, one development-operational account, and two deposit accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.25.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Marsabit County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 26th January 2026.
ii. The underperformance of own-source revenue at Kshs.39.68 million against an annual target of Kshs.150 million, representing 26 per cent of the financial year target.

iii. Low development performance in the review period as the County incurred Kshs.903.19 million on development activities, achieving a 25 per cent absorption rate.

iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Emergency Fund, the Marsabit County Assembly Car Loan and Mortgage Fund for Members, the Enterprise Fund and the Car and Mortgage Loan Fund for Executives had lapsed, making them ineligible for further withdrawals.

v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund, Car Loan and Mortgage—Executive Fund, Marsabit County Assembly Car Loan and Mortgage –Member and staff Fund were not submitted to the CoB as of 15 July 2025.

vi. High level of trade payables, which amounted to Kshs.408.26 million as of 31st December 2025. Furthermore, the County Treasury and county Assembly did not adhere to the payment plan for trade payables.

vii. Use of manual payroll. Personnel emoluments amounting to Kshs.67.92 million for 717casual staff were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.

viii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

ix. In the FY2025/26 reporting period, health facilities were owed a combined total of Kshs.71.83 million across the two schemes—SHIF and the defunct NHIF. The persistent delay in remitting approved claims undermines hospitals' ability to generate and utilise revenue at source as intended, thereby constraining their capacity to fund critical operations, procure essential medical supplies, and deliver quality healthcare services.

x. The County reported Kshs.47.89 million under "*other operating expenses,*" accounting for 7 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*

ii. *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.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*

v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

vii. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*

viii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

ix. *The SHA should expedite the settlement of all outstanding claims owed to health facilities, including those carried over from the defunct NHIF. Timely payment of these claims is crucial to enable health facilities to generate and utilise revenue at source, as per the Facilities Improvement Act.*

x. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.26. County Government of Meru

3.26.1 Overview of FY 2025/26 Budget

The Meru County Approved Budget for FY 2025/26 is Kshs.16.02 billion. It comprises Kshs.6.22 billion (39 per cent) and Kshs.9.79 billion (61per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an in-

crease of Kshs.2.10 billion (15 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.97 billion and a recurrent budget of Kshs.13.92 billion. The increase in the budget was primarily attributed to the rise in unspent

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.10.55 billion (66 per cent), additional allocations of Kshs.2.37 million (15 per cent), a cash balance of Kshs.1.26 million (8 per cent) brought forward from FY 2024/25, and Kshs.1.84 billion (11 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.382

3.26.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.6.21 billion. This amount represented an increase of 14 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.46 billion. The total revenue consisted of Kshs.4.38 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.18.08 million, as well as own-source revenue (OSR) collection of Kshs.608.25 million. Additionally, the County had a cash balance of Kshs.1.21 billion from FY 2024/25. The total OSR collection of Kshs.608.25 million included Facilities Improvement Financing (FIF) of Kshs.479.01 million, and Kshs.129.24 million from other OSR sources. Table 3.382 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.382: Meru County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,257,299,198	1,205,504,417		1,205,504,417	51,794,781
2	County Executive Refunds to CRF	64,056	64,056		64,056	-
3	County Assembly Refunds to CRF	82	82		82	-
	Sub-Total	**1,257,363,336**	**1,205,568,556**	-	**1,205,568,556**	**51,794,781**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	10,553,946,059	4,379,887,614		4,379,887,614	6,174,058,445
	Sub-Total	**10,553,946,059**	**4,379,887,614**	-	**4,379,887,614**	**6,174,058,445**
C	**Transfers from the Equalisation Fund**					
1	Equalization Fund Disbursement	-	-		-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	World Bank for national agricultural value chain development project (NAVCDP)	317,733,229	-		-	317,733,229
2	IFAD Loan for Aquaculture Business Development Project (ABDP)	23,306,984	-		-	23,306,984
3	Danida	12,382,500	-		-	12,382,500
4	Kenya Devolution Support Programme(KDSP II)- Recurrent	75,000,000	-		-	75,000,000
5	World credit Financing Locally-Led Climate Action	453,456,351	18,083,447		18,083,447	435,372,904
6	World Bank KUSP (Kenya Urban Support Programme)-UIG	30,840,700	-		-	30,840,700
7	World Bank KUSP (Kenya Urban Support Programme) -UDG	458,222,663	-		-	458,222,663
8	Kenya Agricultural Business Development Projects (KABDP)	10,918,919	-		-	10,918,919
9	Kenya Devolution Support Programme (KDSP II)-Development	371,006,111	-		-	371,006,111
10	Kenya Roads Board- Fuel Levy 2024/25	284,617,468	-		-	284,617,468

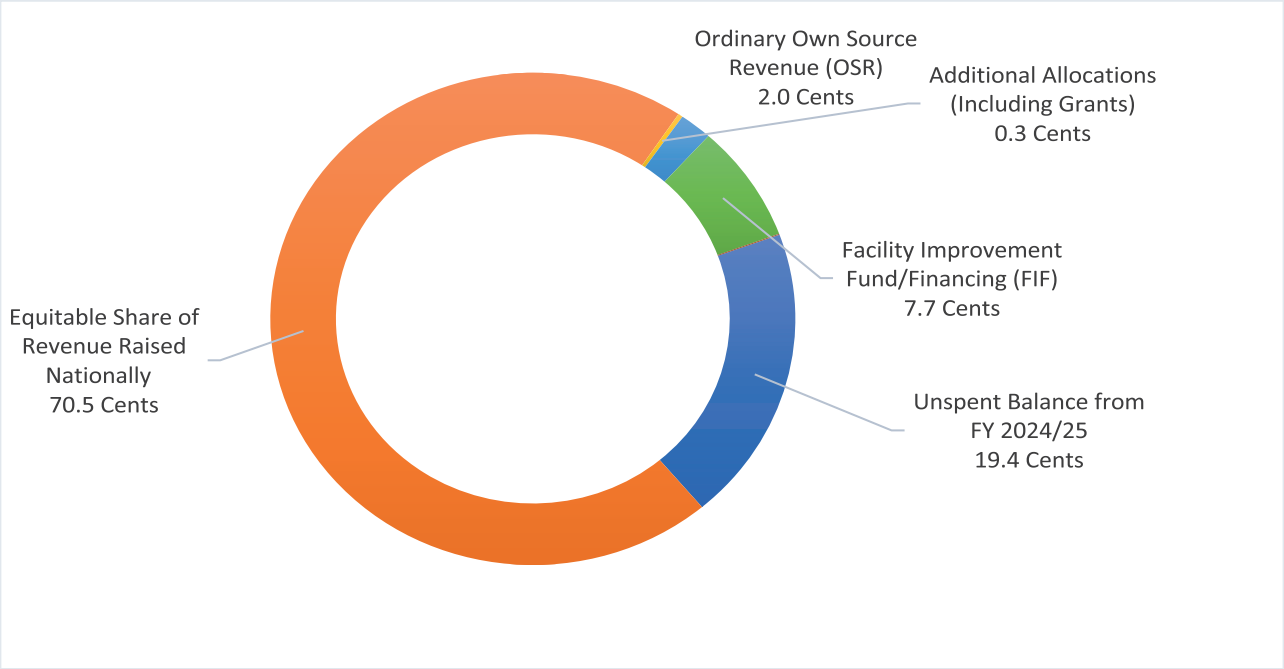
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	Kenya Roads Board- Fuel Levy 2025/26	284,617,468	-		-	284,617,468
12	County Basic Salary Arrears	43,915,785	-		-	43,915,785
	Sub-Total	**2,366,018,177**	**18,083,447**	**-**	**18,083,447**	**2,347,934,730**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single business permit	226,901,372	12,793,976	-	12,793,976	214,107,396
2	Cess	122,016,150	36,053,886	-	36,053,886	85,962,264
3	Parking fees	104,419,796	27,058,423	-	27,058,423	77,361,373
4	Market fee	51,779,748	14,605,883	-	14,605,883	37,173,865
5	Land Rates	97,402,625	3,492,613	-	3,492,613	93,910,012
6	Outdoor adverts. & Signboard	85,515,640	6,989,120	-	6,989,120	78,526,520
7	Building plans	43,384,796	10,102,731	-	10,102,731	33,282,065
8	Plot Rent	5,210,247	730,930	-	730,930	4,479,317
9	House rent/Stall rent	19,736,220	3,725,595	-	3,725,595	16,010,625
10	Slaughter house fees	8,939,431	2,232,420	-	2,232,420	6,707,011
11	Meat Inspection and Veterinary Services	1,694,867	210,900	-	210,900	1,483,967
12	Impounding fees & Fines	2,282,349	1,270,253	-	1,270,253	1,012,096
13	Toilet's fee	884,014	183,880	-	183,880	700,134
14	Application fees	508,435	565,900	-	565,900	- 57,465
15	Income from county properties/ Estates	286,582	68,500	-	68,500	218,082
16	Fire section fee	155,185	32,000	-	32,000	123,185
17	Refuse collection fee	974,603	121,000	-	121,000	853,603
18	Transfer & Subdivision fee	2,341,254	324,000	-	324,000	2,017,254
19	Sale of County Documents.	361,418	65,000	-	65,000	296,418
20	Audit Fees/Sacco registration	1,850,399	197,550	-	197,550	1,652,849
21	Weight and Measures	2,991,643	1,473,190	-	1,473,190	1,518,453
22	Surrender of Imprest/Salary	14,937,371	2,421,588	-	2,421,588	12,515,783
23	Burial permit (MTRH)	4,083	1,600	-	1,600	2,483
24	Library fees	1,421,772	358,455	-	358,455	1,063,317
	Sub-Total	**796,000,000**	**125,079,393**	**-**	**125,079,393**	**670,920,607**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	615,300,000	300,016,440	-	300,016,440	315,283,560
2	Defunct NHIF	-	-	-	-	-
3	Other	410,200,000	178,994,045	-	178,994,045	231,205,955
	Sub-Total	**1,025,500,000**	**479,010,485**	**-**	**479,010,485**	**546,489,515**
G	**Appropriations in Aid**					
1					-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1	Kaguru ATC	20,000,000	4,157,261		4,157,261	15,842,739
	Sub-Total	**20,000,000**	**4,157,261**	**-**	**4,157,261**	**15,842,739**
	Grand Total	**16,018,827,572**	**6,211,786,756**	**-**	**6,211,786,756**	**9,807,040,816**

Source: *Meru County Treasury*

Indicate whether the County has a governing legislation on the operation of ordinary A-I-A and FIF. The county

Figure 152 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

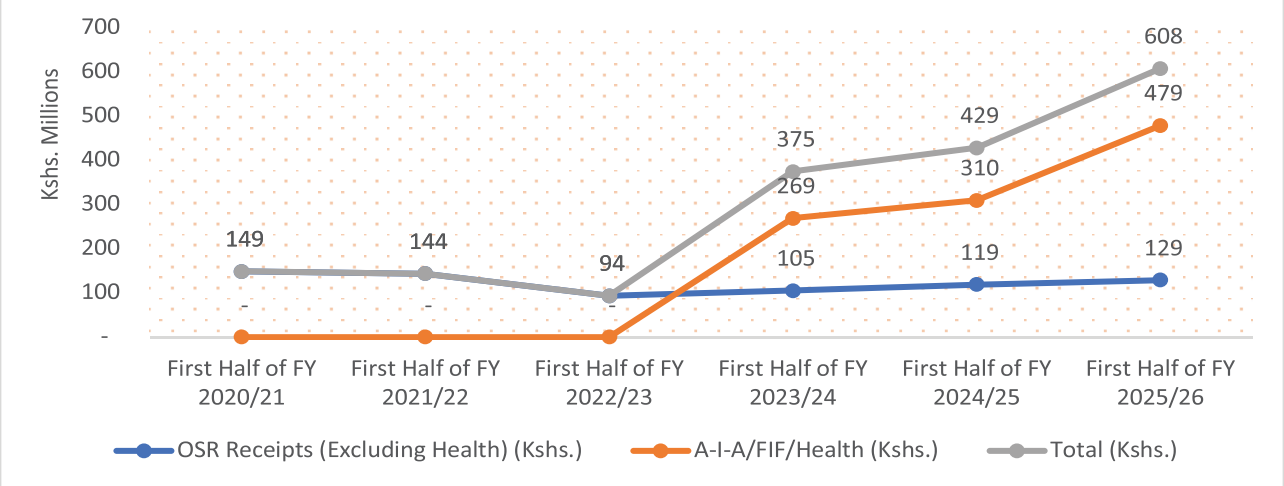
Figure 152: Meru County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Meru County Treasury*

The equitable share of revenue raised nationally, balance brought forward from FY 2024/25, and FIF contributed 71 per cent, 19 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 152 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 153: Meru County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

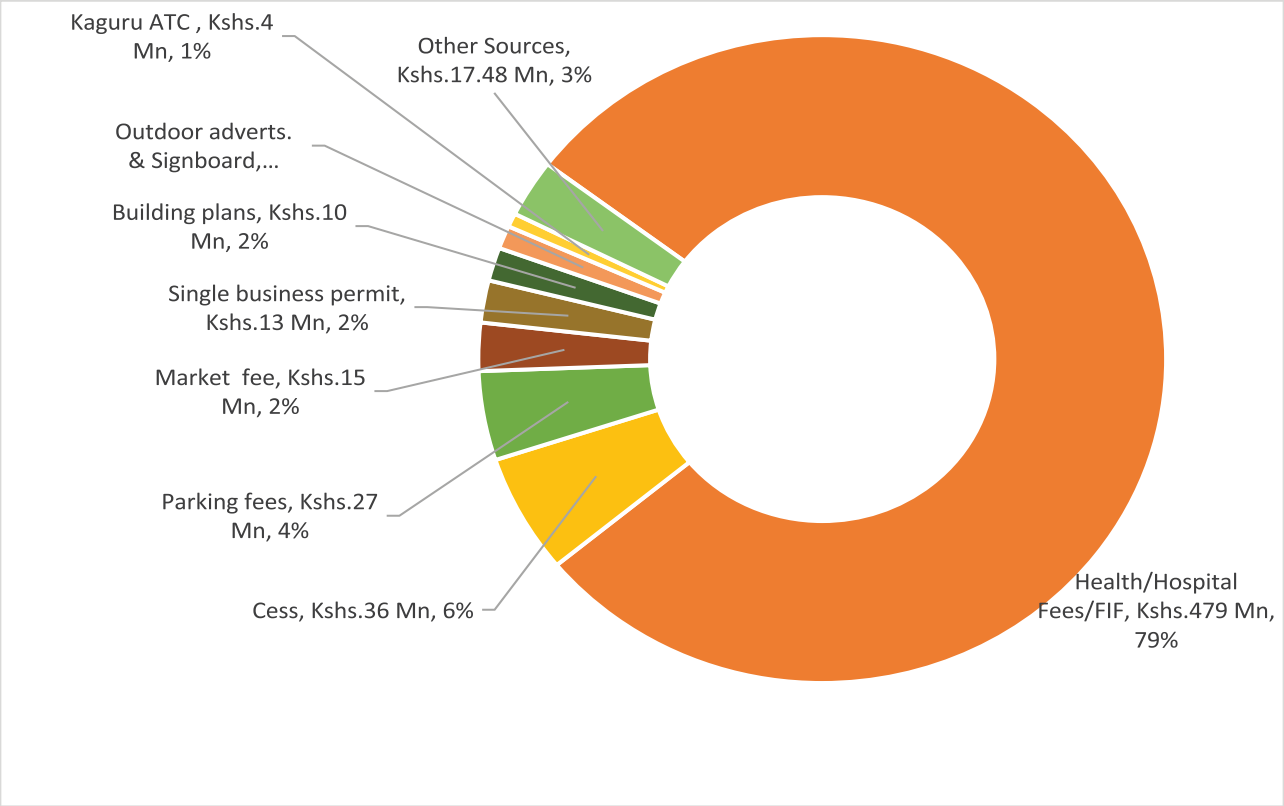


Source: *Meru County Treasury*

During the first half of FY 2025/26, the County received Kshs.608.25 million from OSR, including FIF. This amount was an increase of 42 per cent compared to Kshs.428.56 million realised in a similar period in FY 2024/25, and was 33 per cent of the annual target and 14 per cent of the equitable revenue share disbursed.

The revenue streams which contributed the highest OSR receipts are shown in Figure 154

Figure 154: Meru County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Meru County Treasury

As shown in Figure 153, the highest revenue stream, at Kshs.479.01 million, was from Health/Hospital Fees/FIF, accounting for 79 per cent of the total OSR receipts. The County Government indicated that it has automated 22 of 24 revenue streams.

3.26.3 Borrowing by the County

The County reported no borrowing as at 31 December 2025

3.26.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.87 billion from the Meru County Revenue Fund (CRF) account. This amount consisted of Kshs.798.54 million (16 per cent) designated for development programs and Kshs.4.07 billion (84 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.74 billion was allocated to employee compensation and Kshs.1.33 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.170.53 million, which included Kshs.108.48 million for the County Executive and Kshs.62.05 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.65.34 million, with Kshs.1.63 million for the County Executive and Kshs.63.70 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Meru CRF account was Kshs.361.90 million.

3.26.5 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.85 billion. This amount consisted of Kshs.1.79 billion from the County Executive and Kshs.60.06 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.995.63 million for recurrent expenditure and Kshs.792.60 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.02 billion, comprising Kshs.638.95 million (63 per cent) for recurrent programmes and Kshs.379.56 million (37 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.60.06 million, which included Kshs.60.06 million (100 per cent) for

recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.769.72 million for County Executive and Kshs.0 for County Assembly. Table 3.383 provides additional details of trade payables.

Table 3.383: Meru County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	792,601,182	995,628,807	1,788,229,988
		County Assembly	-	60,061,642	60,061,642
		Total	792,601,182	1,055,690,449	1,848,291,630
Pending bills scheduled to be settled in Q2 of FY 2025/26 according to the action plan	b	County Executive	661,864,447	777,773,701	1,439,638,149
		County Assembly	-	60,061,642	60,061,642
		Total	661,864,447	837,835,343	1,499,699,790
Amount paid in FY 2025/26	c	County Executive	379,557,930	638,954,001	1,018,511,931
		County Assembly		60,061,642	60,061,642
		Total	379,557,930	699,015,643	1,078,573,573
Pending Bills Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding pending bills as of 31 December 2025	e=a-c*b	**County Executive**	413,043,251	356,674,806	769,718,057
		County Assembly	-	-	-
		Total	**413,043,251**	**356,674,806**	**769,718,057**

Source: *Meru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.837.84 million and Kshs.661.86 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.02 billion for the Executive and Kshs.60.06 million for the Assembly.

Table 3.384 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.769.72 million.

Table 3.384: Meru County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**146,103,174**	**37,190,256**	**162,318,366**	**67,431,455**	**413,043,251**
Recurrent Trade Payables (Goods & Services)	248,661,320	47,116,420	51,693,844	6,221,921	353,693,506
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	2,981,300	-	-	-	2,981,300
Recurrent Trade Payables	251,642,620	47,116,420	51,693,844	6,221,921	356,674,806
Executive Trade Payables	397,745,794	84,306,676	214,012,211	73,653,376	769,718,057
% of Executive Trade Payables	52	11	28	10	100

Source: *Meru County Treasury*

The County did not adhere to the Trade Payables Action plan. The County Treasury is advised to pay the Trade Payables on the First in First Out (FIFO) basis and ensure compliance with the Trade Payables Action plan submitted to the CoB at the beginning of the financial year.

3.26.6 Expenditure by Economic Classification

The County Executive incurred Kshs.2.92 billion on compensation of employees, Kshs.2.88 billion on operations and maintenance, and Kshs.1.11 billion on development activities. Similarly, the County Assembly spent Kshs.272.69 million on compensation of employees, Kshs.311.67 million on operations and maintenance, and Kshs.71.46 million on development activities, as shown in Table 3.385.

Table 3.385: Meru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**8,731,039,744**	**1,063,230,263**	**3,812,768,751**	**490,125,935**	**979,967,759**	**94,232,161**	**4,792,736,510**	**584,358,096**	**55**	**55**
Compensation of Employees	4,978,103,069	541,792,826	2,486,702,840	229,330,483	429,288,006	43,354,923	2,915,990,847	272,685,406	59	50
Operations and Maintenance	3,752,936,675	521,437,437	1,326,065,911	260,795,452	550,679,753	50,877,238	1,876,745,663	311,672,690	50	60
Development Expenditure	**6,094,291,462**	**130,266,104**	**944,370,433**	**26,139,941**	**169,055,257**	**45,320,949**	**1,113,425,690**	**71,460,890**	**18**	**55**
Total	**14,825,331,206**	**1,193,496,367**	**4,757,139,184**	**516,265,876**	**1,149,023,016**	**139,553,110**	**5,906,162,200**	**655,818,986**	**40**	**55**

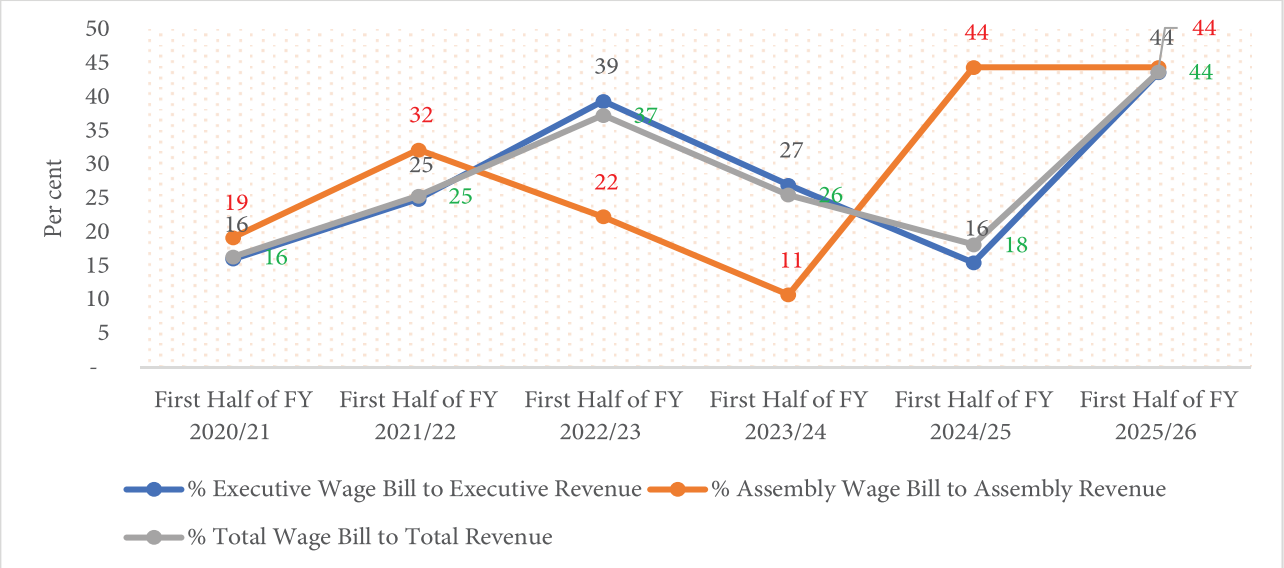
***Source**: Meru County Treasury*

3.26.7 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.19 billion. The percentage of compensation of employees to revenue was 44 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.63 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.29 billion related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation. The 21 per cent increase in compensation of employees compared to the previous period's performance is due to changes in accrual reporting and the recognition of statutory deductions from previous years paid during the current reporting period.

Figure 155 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 155: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Meru County Treasury

Further analysis indicated that PE costs totalling Kshs.2.93 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.263.24 million was processed through manual payrolls, which accounted for 8 per cent of the total PE cost.

The manual payroll comprised salaries for casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, LAPTRUST/LAPFUND Pension Contributions, Telephone Allowance, Fringe benefit tax, Mileage, Interns, Leave allowance, Salary arrears, Statutory deductions and others, and Statutory deductions (Arrears) as shown in Table 3.386.

Table 3.386: Breakdown of Meru County Manual Payroll

Sno.	Description of Manual Payroll	Amount Kshs.
1	Salaries for casual staff	2,897,357
2	Top-up Allowances for 4 security officers	756,000
3	LAPTRUST/LAPFUND Pension Contributions	16,039,347.50
4	Gratuity for contract staff	5,580,807.10
5	Telephone Allowance	1,410,000
6	Fringe benefit tax	3,639,785.45
7	Mileage	7,751,249.70
8	Interns	220,000
9	Leave allowance	522,480
10	Salary arrears	52,256,395.85
11	Statutory deductions and others	427,336.90
12	Statutory deductions -Arrears	171,738,978
	Total	**263,239,737.50**

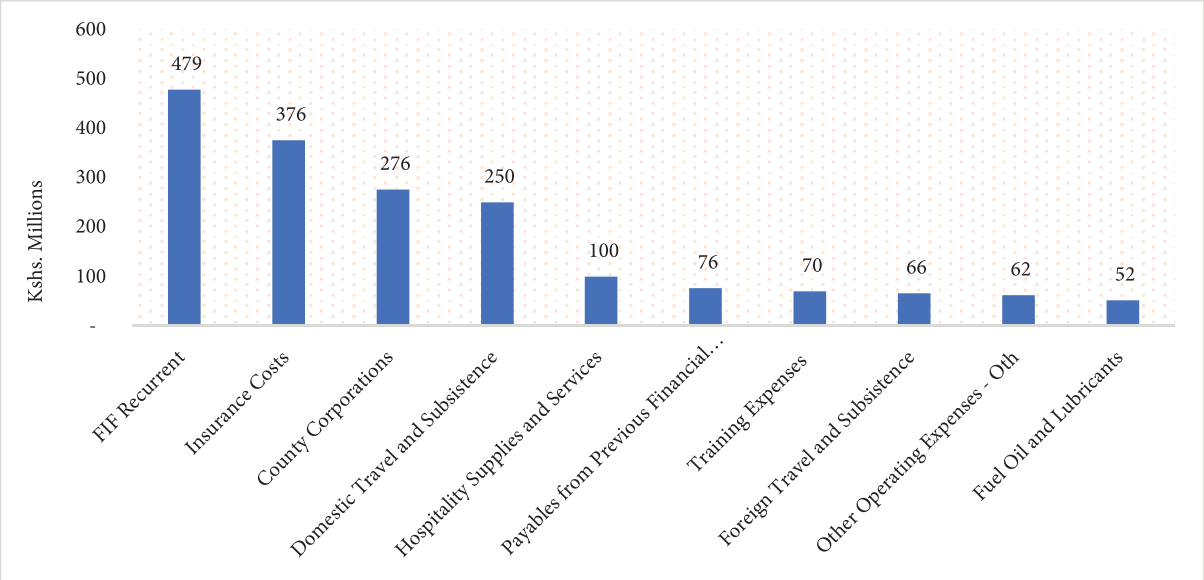
Source: Meru County Treasury

The County Assembly spent Kshs.29.30 million on committee sitting allowances for the 69 MCAs against the annual budget allocation of Kshs.71.04 million. The average monthly sitting allowance was Kshs.69,759 per MCA. The County Assembly has 27 House Committees.

3.26.8 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.2.19 billion on operations and maintenance, representing an increase of 57 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.39 billion. Figure 156 summarises the Operations and Maintenance expenditure by major categories.

Figure 156: Meru County, Operations and Maintenance Expenditure by Major Categories



***Source**: Meru County Treasury*

3.26.9 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.62.21 million on "*other operating expenses-other*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.2.19 billion. This category of expenditure does not include Kshs.13.55 million for legal fees and compensation payments, which have been reported separately. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.387.

Table 3.387: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	The allocation is to facilitate Environmental Health and Environmental Health drug disposal, and no economic item as per the chart of accounts	1,000,000	152,300
2211399	The funds are to fund ward community activities for sports, youth and Gender across all wards, and the itemisation includes several items, hence making it difficult to assign one economic item, therefore necessitating the use of the other operating expenses item	90,096,501	43,591,540
2211399	The funds are to facilitate the Women Empowerment Programme (Kshs.24M); Gender Mainstreaming(Kshs.2.595M), and Gender Mainstreaming Programmes-Ward Community Programmes(Ksshs.21.5M)	48,095,000	18,468,662
Total		**139,191,501**	**62,212,502**

Source: *Meru County Treasury*

3.26.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.150 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.388 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.388: Performance of Meru County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds							
1.	Meru County Retention and Enhancement Fund	2018	50,000,000	-	-	986,483,479	No
2.	Meru County Executive Staff Housing	2015	70,000,000	-	5,297,207	803,207,820	Yes
County Assembly Established Funds							
3.	County Assembly of Meru Staff Car Loan and Housing Scheme Fund	2025	30,000,000	10,000,000	3,333,009	295,914,906	Yes
4.	County Assembly of Meru Members Car Loan and Housing Scheme Fund	2017	-	-	8,018,995	482,392,800	yes
	Total		**150,000,000**	**10,000,000**	**16,649,211**	**2,567,999,005**	

Source: *Meru County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from Meru County Retention and Enhancement Fund Administrators, as indicated in Table 3:389, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the County Assembly of Meru Members Car Loan and Housing Scheme Fund were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Meru County Executive Staff Housing Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.26.11 County Corporations

The County has 6 County Corporations, which were allocated Kshs.636.53 in FY 2025/26. Their total expenditure for the review period amounted to Kshs.273.97 million, as shown in Table 3:390. Among the 6 is the Meru County Alcoholic Drinks Control Board, whose reports have not been provided.

Table 3.389: Performance of Meru County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Meru Investment Corporation	22,064,500	15,754,208	15,754,208	266,592,184
2.	Meru Microfinance Corporation	79,933,763	34,576,630	34,576,630	627,821,607
3.	Meru County Revenue Board	397,527,156	196,797,648	196,797,648	1,917,712,062
4.	Agricultural Training Centre-Kaguru	45,000,000	7,825,258	7,825,258	94,906,174
5.	Meru Youth Service	92,000,000	19,014,794	19,014,794	253,814,794
	Total	**636,525,419**	**273,968,539**	**273,968,539**	**3,160,846,821**

Source: *Meru County Treasury*

3.26.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.250.30 million and comprised Kshs.129.46 million spent by the County Assembly and Kshs.120.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.66.34 million and comprised Kshs.63.72 million by the County Assembly and Kshs.2.62 million by the County Executive. Expenditure on foreign travel is summarised in Table 3:391.

Table 3.390: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	7th to 12th Dec 2025	Cyber & AI week 2025 conference in Tel Aviv, organised by the Israel Economic & Trade Mission at the Israel embassy, and the Israel Ministry of Economy & Industry	ISRAEL	1,634,607
County Assembly	7	28th Aug to 5th Sept 2025	Facilitation to African transformation and Digital Innovation Initiative Conference	Singapore	6,512,557
County Assembly	7	30th Aug to 6th Sept 2025	Facilitation for the East African Regional Conference	Arusha TZ	3,983,140
County Assembly	6	8th to 15th Sept 2025	Facilitation to Leadership and Governance in a Global Context Conference	Dubai	4,732,620
County Assembly	7	4th to 11th Sept 2025	Facilitation of Climate Innovation Training	Dubai	5,476,563
County Assembly	6	6th to 13th Sept 2025	Facilitation to Policy and Innovation Forum	Arusha TZ	3,614,620
County Assembly	6	1st to 7th Oct 2025	Facilitation to the 12th International Conference on Foundations of Computer Science and Technology	Dubai	4,787,837
County Assembly	6	10th to 16th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analysis and Information Technology	Dubai	4,858,170

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 Sept to 1st Oct 2025	Facilitation to Benchmarking at Hawassa Agri-Manufacturing PLC	Ethiopia	473,850
County Assembly	1	21st to 30th Sept 2025	Facilitation to Partnership and training visit to JEKA poultry farm	Uganda	382,850
County Assembly	6	3rd to 9th Sept 2025	Facilitation to Dubai for Database Management Systems 2025 Conference	Dubai	4,872,879
County Assembly	5	8th to 14th Sept 2025	Facilitation to Dubai for the Environmental sustainability and climate change conference	Dubai	4,000,086
County Assembly	5	25th Sept to 2nd Oct 2025	Facilitation of the International Governance and Innovation Conference 2025	Singapore	3,925,750
County Assembly	7	2nd to 9th Oct 2025	Facilitation to Turkey for Tourism, Culture, Exports and Industrialization Conference	Turkey	6,913,466
County Assembly	5	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,467,950
County Assembly	6	2nd to 9th Oct 2025	Facilitation to Transformative leadership, corporate governance and resilience planning masterclass	Tanzania	2,805,480
County Assembly	3	22nd Oct to 1st Nov 2025	Facilitation of a training on Hospital and health care systems	Germany	2,496,540
County Assembly	1	2nd to 10th Sept 2025	Facilitation to the International Conference on Internet of Things, Big Data Analytics	Dubai	758,860
County Assembly	1	9th to 17th Sept 2025	Facilitation to the International Conference on Foundations of Computer Science & Technology	Dubai	659,530
		Total			**65,357,355**

Source: Meru County Treasury and Meru County Assembly

3.26.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.479.01 million as FIF, which was 47 per cent of the annual target of Kshs.1.03 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, drafted regulations to operationalise the FIF Act of 2023. The Bill was submitted to the County Assembly for review and approval.

The expenditure by the health facilities amounted to Kshs.486.31 million, as shown in Table 3:392.

Table 3.391: Meru County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	615,300,000	259,578,942	42
2.	Level 4 Hospital	3	374,045,534	157,515,215	42
3.	Level 3 Facility	12	150,038,096	64,484,805	43
4.	Level 2 Facility	11	18,907,438	4,730,933	25
	Total		**1,158,291,069**	**486,309,895**	**42**

Source: *Meru County Treasury*

3.26.14 Development Expenditure

In the review period, the County reported spending Kshs.1.18 billion on development programmes, representing an increase of 51 per cent compared to FY 2024/25, when the County spent Kshs.786.05 million. Table 3:393 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was mainly attributed to Accrual reporting.

Table 3.392: Meru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Meru - Health Services	Payment For Supply Of True 64-Slice Ct Scan At MeTRH	Imenti North	1/7/2025	30/6/2026	69,950,786	69,950,786	69,950,786	69,950,786	100
2	Assembly	Purchase and Installation of Hansard System	Municipality, Assembly ground	2/17/2025	30/06/2026	89,134,159	89,134,159	69,460,890	69,460,890	78
3	Finance, Economic Planning & ICT	Payment To Craft Silicon for Revenue Collection Fees	Countywide	1/7/2025	30/6/2026	39,154,483	39,154,483	39,154,483	50,000,000	128
4	Meru - Agriculture, Livestock & Fishery	Payment for the Supply Of Certified Maize Seeds	County Wide	1/7/2025	30/6/2026	29,999,969	29,999,969	29,999,969	29,999,969	100
5	Finance, Economic Planning & ICT	Reconciled tax variance from Dec 2019 to Dec 2022	Headquarters	2023-2024	2023-2024	20,915,148	20,915,148	20,915,148	20,915,148	100
6	Meru - Agriculture, Livestock & Fishery	Supply And Delivery Of Vaccines	County Wide	1/7/2025	30/6/2026	14,534,000	14,534,000	14,534,000	14,534,000	100
7	Finance, Economic Planning & ICT	Partial payment of Meru hc civil case no.15 of 2020 to Blast Contractors & General Supplies Ltd	Headquarters	1/7/2025	30/6/2026	11,000,000	11,000,000	11,000,000	20,270,787	184
8	Meru - Public Service Administration & Legal Affairs	Legal Dues/fees, Arbitration and Compensation Payments	Headquarters	1/7/2025	30/6/2026	10,000,000	10,000,000	10,000,000	10,000,000	100
9	Meru - Public Service Administration & Legal Affairs	Legal Dues/fees, Arbitration and Compensation Payments	Headquarters	1/7/2025	30/6/2026	10,000,000	10,000,000	10,000,000	10,000,000	100
10	Lands, Physical Planning, Urban Development & Public Works	Payment For Construction Works for Meru Municipality Yard Fencing	Meru Municipality	1/7/2025	30/6/2026	9,418,574	9,418,574	9,418,574	9,418,574	100
Donor Funded Projects										
1	World Bank KUSP (Kenya Urban Support Programme)-UDG	Retention for the construction of 10 farm ponds and the installation of solar pumps	Athwana	10/09/2024	15/05/2025	121,688,538	121,688,538	56,808,222	56,808,222	47
2	Trade, Tourism & Cooperatives	COUNTY AGGREGATION INDUSTRIAL PARK	RUIRI RWARERA	15/09/2023	27/2/2026	492,212,810	58,438,513	49,336,578	471,110,876	96
3	World Credit Financing Locally-Led Climate Action(Flocca)	Provision of rainwater harvesting equipment for older people, PLWDs and the marginalized Communities	County Wide	-	-	40,000,000	40,000,000	40,000,000	40,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
4	World Bank for the national agricultural value chain development project (NAVCDP)	Mass Cattle Vaccination	Countywide	07/01/2025	30/6/2026	15,000,000	15,000,000	15,000,000	15,000,000	100
5	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds to Meru Central Dairy Cooperative Union, tranche one, for mass cattle vaccination against FMD	Meru Dairy Union	15/10/2025	01/06/2026	12,928,300	12,928,300	12,928,300	12,928,300	100
6	Water Irrigation, Environment & Climate Change	Borehole drilling, equipping, pipeline distribution, environmental conservation and climate-smart agriculture	Countywide	07/01/2025	30/6/2026	10,000,000	10,378,866	10,378,866	10,378,866	104
7	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds for Mt.Kenya East Dairy FPO	Mt.Kenya East Dairy FCS	29/07/2025	01/06/2026	8,202,000	8,202,000	8,202,000	8,202,000	100
8	World Credit Financing Locally-Led Climate Action(Flocca)	Purchase of drilling Rig materials, which include drilling rods and hammer	-	-	-	7,849,500	7,849,500	7,849,500	7,849,500	100
9	World Credit Financing Locally-Led Climate Action(Flocca)	Provision of clean cooking LPG gas	County Wide	-	-	7,000,000	7,000,000	7,000,000	7,000,000	100
10	World Bank for the national agricultural value chain development project (NAVCDP)	Transfer of funds for Nyambene Arimi Dairy FPO	Nyambene Arimi Dairy FCS	31/07/2025	01/06/2026	6,400,000	6,400,000	6,400,000	6,400,000	100
Equalisation Funded Projects										
1	Finance, Economic Planning & ICT	Drilling of a borehole at Kandebene village	-	-	-	6,000,000	5,994,665	5,994,665	5,994,665	100
2	Finance, Economic Planning & ICT	Construction of the Giaki box culvert in Abogeta East Ward	Imenti South-Abogeta East	Apr-24	Jul-25	5,940,082	5,995,000	5,939,264	5,939,264	100
3	Finance, Economic Planning & ICT	Improvement to the gravel standards of the Marega-Mwai-Riigi road in Akachiu ward	Igembe South- Akachiu	Apr-24	Jul-25	5,675,132	5,683,526	5,674,911	5,674,911	100
4	Finance, Economic Planning & ICT	Construction of the Rimbera-Mundaki road				5,402,832	5,402,832	5,402,832	5,402,832	100
5	Finance, Economic Planning & ICT	Purchase of 100 desks and 100 chairs for Ugoti Day Secondary School in Akachiu ward	Igembe South-Akachiu	Apr-24	Jul-25	600,000	600,000	300,000	300,000	50

Source: *Meru County Treasury*

The County reported 1 stalled development project as of 31st December 2025, with an estimated value of Kshs.34.74 million, of which Kshs.18.80 has already been paid. The stalled projects are shown in Table 3:394.

Table 3.393: Meru County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Assembly	Construction of the Speaker's official Residence	Nyaki West Ward, Kithoka	21/02/2022	31/12/2025	34,739,340	8,798,830	-	5,940,510	54

Source: Meru County Treasury

3.26.15 Budget Performance by Department

Table 3:395 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.394: Meru County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,063.23	130.27	490.11	26.14	584.36	71.46	119	273	55	55
Office of the Governor	187.91	-	69	-	133.58	-	194	-	71	-
Finance, Economic Planning and ICT	1,145.74	325.58	530.30	93.59	530.30	150.18	100	160	46	46
Agriculture, Livestock & Fishery	65.12	587.49	24.79	92.53	40.93	151.92	165	164	63	26
Water & Irrigation	67.77	1,064.26	13.43	156.52	49.14	226.99	366	145	73	21
Education, Technology, Gender, Culture & Social Development	252.03	171.08	20.29	18.01	34.47	22.23	170	123	14	13
Health Services	966.90	947.20	106.38	94.01	585.39	97	550	103	61	10
Lands, Physical Planning, Urban Development & Public Works	136.77	783.71	32.08	31.34	78.20	120.63	244	385	57	15
Public Service Administration & Legal Affairs	5,395.99	425.90	2,674.69	26.72	3,103.97	28.78	116	108	58	7
Roads, Transport & Energy	86.50	1,527.47	34.79	246.62	54.28	252.40	156	102	63	17
Trade, Investment, Industrialization, Tourism & Co-op Development	27.74	199	7.98	9.01	15.58	58.36	195	647	56	29
Youth Affairs & Sports	351.85	62.59	60.43	4.05	141.65	4.94	234	122	40	8
County Public Service Board	46.71	-	8.40	-	25.23	-	300	-	54	-
TOTAL	**9794.27**	**6224.56**	**4072.67**	**798.54**	**5377.09**	**1184.89**	**132**	**148**	**55**	**19**

***Source**: Meru County Treasury*

Analysis of departmental expenditure shows that the County Assembly recorded the highest absorption rate of the development budget at 55 per cent, followed by the Department of Finance, Economic Planning and ICT at 46 per cent. The Department of Water & Irrigation had the highest recurrent expenditure-to-budget ratio at 73 per cent, while the Department of Education, Technology, Gender, Culture & Social Development had the lowest at 14 per cent.

3.26.16 Budget Execution by Programmes and Sub-Programmes

Table 3.395 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.395: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Lands & Housing	Lands & Housing	9,418,574	9,418,574	100
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Animal Disease Management	Animal Disease Management	18,200,000	17,534,000	96
Agricultural Development	Agricultural Development	70,000,000	61,199,969	87
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Technical and Vocation Education	Technical and Vocation Education	15,260,000	9,116,271	60
COUNTY ASSEMBLY OF MERU				
General Admin, Planning & Support	General Administration, Planning and Support Services	130,266,104	71,460,890	55
RECURRENT				
OFFICE OF THE GOVERNOR				
Governors PresS	Governors Press	27,150,000	24,023,819	88
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Meru Town Municipality	Meru Town Municipality	20,000,000	17,549,950	88
WATER IRRIGATION ENVIRONMENT & NATURAL RESOURCES				
Water & Irrigation	Water & Irrigation	18,557,050	16,236,609	87
ROADS, TRANSPORT & ENERGY				
Public Works	Public Works	44,000,000	38,235,850	87
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Livestock	Livestock	8,484,000	6,786,125	80

Source: *Meru County Treasury*

The development sub-programmes, the top performers included: Lands & Housing in the Department of Lands, Physical Planning, Urban Development & Public Works at 100 per cent, Animal Disease Management in the Department of Agriculture, Livestock Development and Fisheries at 96 per cent, and Agricultural Development in the Department of Agriculture, Livestock Development and Fisheries at 87 per cent.

For recurrent sub-programmes with the highest budget implementation rates were: Governors Press in the Department of Office of the Governor at 88 per cent, Meru Town Municipality in the Department of Lands, Physical Planning, Urban Development & Public Works at 88 per cent, and Water & Irrigation in the Department of Water Irrigation Environment & Natural Resources at 87 per cent.

Table 3.396 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.396: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS				
Maua Municipality	Maua Municipality	117,656,435	-	-
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Administration Services	Administration Services	106,600,000	-	-
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Fisheries	Fisheries	39,225,903	-	-
ROADS, TRANSPORT & ENERGY				
Infrastructure	Infrastructure	25,300,000	-	-
AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES				
Agricultural Training Centre (KAGURU)	Agricultural Training Centre (KAGURU)	23,000,000	-	-
RECURRENT				
HEALTH SERVICES				
Ambulance Services	Ambulance Services	7,850,000	-	-
FINANCE ECONOMIC PLANNING & ICT				
County Asset & Liabilities Unit	County Asset & Liabilities Unit	13,200,000	585,000	4
PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS				
Legal Representation, Advisory Services and Legislative Process	Legal Representation, Advisory Services and Legislative Process	103,000,000	4,634,260	4
EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT				
Administration Services	Administration Services	109,701,000	5,165,456	5
FINANCE ECONOMIC PLANNING & ICT				
Accounts	Accounts	28,868,300	1,495,600	5

***Source**: Meru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Maua Municipality in the Department of Lands, Physical Planning, Urban Development & Public Works, Administration Services in the Department of Education, Technology, Gender & Social Development, fisheries in the Department of Agriculture, Livestock Development and Fisheries, Infrastructure in the Department of Roads, Transport & Energy and Agricultural Training Center (KAGURU) in the Department of Agriculture, Livestock Development And Fisheries all at 0 per cent.

For recurrent sub-programmes, the lowest-performing included: Ambulance Services in the Department of Health Services at 0 per cent, County Asset & Liabilities Unit in the Department of Finance Economic Planning & ICT at 4 per cent, Legal Representation, Advisory Services and Legislative Process in the Department of Public Service Administration & Legal Affairs at 4 per cent and Administration Services in the Department of Education, Technology, Gender & Social Development at 5 per cent and Accounts. In the department of Finance, Economic Planning & ICT at 5 per cent.

3.26.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 529 accounts in commercial banks, including 504 accounts for Health Facilities, 3 accounts for Established Funds, 12 special-purpose accounts (additional allocations), 1 account for ECDE Development Fund, 1 for Meru School meals & Nutrition Program, 5 for County Corporations, 1 Salary Processing Account, and 2 accounts for Operations Accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.26.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Meru County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received between 16th January and 30th January 2026.
ii. The underperformance of own-source revenue at Kshs.608.25 million against an annual target of Kshs.1.84 billion, representing 33 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.18 billion on development activities, achieving a 19 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Meru County Executive Staff Housing Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Meru County Retention and Enhancement Fund were not submitted to the CoB as of 15 July 2025.
vi. High level of trade payables, which amounted to Kshs.769.72 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
viii. The County reported Kshs.62.21 million under "*other operating expenses,*" accounting for 3 per cent of total operation and maintenance costs.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
viii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.27. County Government of Migori

3.27.1 Overview of FY 2025/26 Budget

The Migori County Approved Budget for FY 2025/26 is Kshs.10.83 billion. It comprises Kshs.4.17 billion (39 per cent) and Kshs.6.66 billion (61 per cent) in allocations, an increase for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.438.92 million (4 per cent) from the FY 2024/25 budget, which comprised a development

budget of Kshs.3.44 billion and a recurrent budget of Kshs.6.95 billion. The increase in the budget was primarily attributed to the rise in equitable shareable revenues, additional allocations as outlined in the Additional Allocation CARA Act, 2025, and an increase in the gross own-source revenue target.

The budget is to be financed through various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.8.39 billion (78 per cent), additional allocations of Kshs.1.68 billion (15 per cent), and Kshs.760 million (7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:398.

3.27.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.10 billion. This amount represented a decrease of 28 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.66 billion. The total revenue consisted of Kshs.3.69 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.42.14 million, as well as the own-source revenue (OSR) collection of Kshs.262.21 million. Additionally, the County had a cash balance of Kshs.105 million from FY 2024/25. The total OSR collection of Kshs.262.21 million included Facilities Improvement Financing (FIF) of Kshs.161.75 million and Kshs.100.46 million from other OSR sources. Table 3:398 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.397: Migori County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	104,067,038	-	104,067,038	-
2	County Executive Refunds to CRF	-	777,409	-	777,409	-
3	County Assembly Refunds to CRF	-	155,086	-	155,086	-
	Sub-Total	**-**	**104,999,533**	**-**	**104,999,533**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	...	8,385,079,399	3,686,834,982	-	3,686,834,982	4,698,244,417
	Sub-Total	**8,385,079,399**	**3,686,834,982**	**-**	**3,686,834,982**	**4,698,244,417**
C	**Transfers from the Equalisation Fund**					
1	...	-	-	-	-	-
	Sub-Total	**-**	**-**	**-**	**-**	**-**
D	**Additional Allocations (Including Grants)**					
1	DANIDA Grant (Universal Healthcare in Devolved System Program) to L1, L2 & L3 (40%)	15,247,500	10,432,500	-	10,432,500	4,815,000
2	DANIDA Grant (Universal Healthcare in Devolved System Program) Balance from FY 2023/24	12,358,500	-	-	-	12,358,500
3	IDA (World Bank) Credit for National Agricultural and Rural Inclusive Growth Project (NARIGP)	-	-	-	-	-
4	EU Grant for Instrument for Devolution Advice and Support (IDEAS)	5,706,628	-	-	-	5,706,628
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	1,120,452	-	-	-	1,120,452
6	KABDP SIDA	10,918,919	-	-	-	10,918,919
7	KABDP MOA&LD (GOK)	1,000,000	-	-	-	1,000,000
8	Livestock Value Chain Support Project	14,323,680	-	-	-	14,323,680

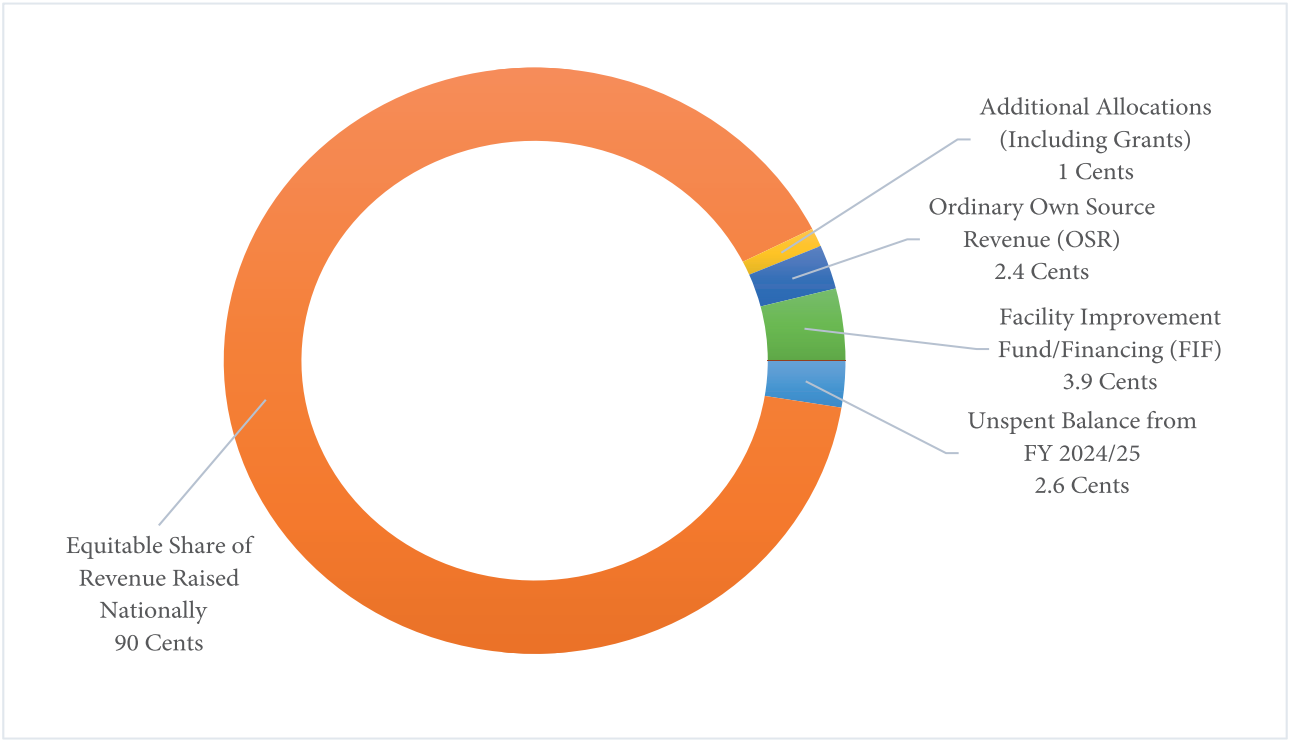
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Climate Change - German Development Bank (KFW) - (FLLOCA -CCRI Grant)	200,000,000	31,710,872	-	31,710,872	168,289,128
10	Climate Change - IDA World Bank (FLLOCA)	11,000,000	-	-	-	11,000,000
11	Urban Institutional Grant (UIG)	35,000,000	-	-	-	35,000,000
12	Migori Municipality Urban Development Grant	54,181,008	-	-	-	54,181,008
13	Awendo Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
14	Rongo Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
15	Kehancha Municipality Urban Development Grant	16,800,000	-	-	-	16,800,000
16	Kenya Water and Sanitation (K-WASH) Program	199,874,000	-	-	-	199,874,000
17	National Agricultural Value Chain Development Project (NAVCDP)	149,121,357	-	-	-	149,121,357
18	Kenya Devolution Support Program II	390,000,000	-	-	-	390,000,000
19	Leasing of Medical Equipment	124,723,404	-	-	-	124,723,404
20	Fertiliser Subsidy	144,621,807	-	-	-	144,621,807
21	Aquaculture Business Development Project (ABDP)	13,617,785	-	-	-	13,617,785
22	Grant from National Government - Industrial Park (County Aggregation and Industrial Parks (CAIPs) Programme	186,500,000	-	-	-	186,500,000
23	Road Maintenance Fuel Levy	56,919,675	-	-	-	56,919,675
24	Allocation for Court fines	974,165	-	-	-	974,165
25	Allocation for Mineral Royalties	3,125,408	-	-	-	3,125,408
	Sub-Total	**1,680,734,288**	**42,143,372**	**-**	**42,143,372**	**1,638,590,916**
E	**Ordinary Own Source Revenue (OSR)**					
1	Single Business Permit	152,037,700	5,650,650	-	5,650,650	146,387,050
2	Market Dues	49,541,270	13,556,910	-	13,556,910	35,984,360
3	Bus park Fees	45,449,870	13,697,710	-	13,697,710	31,752,160
4	Tailing/Synnate/Gold Cess	41,570,210	223,690	-	223,690	41,346,520
5	Sugar Cane Cess	25,868,740	13,710,989	-	13,710,989	12,157,751
6	Cattle Auction/Slaughter Fees	24,394,900	7,074,164	-	7,074,164	17,320,736
7	Distribution Permits	20,485,550	592,000	-	592,000	19,893,550
8	Billboards	18,287,260	1,487,100	-	1,487,100	16,800,160
9	Motorbike Tickets	15,246,800	1,521,150	-	1,521,150	13,725,650
10	Maise/Rice Cess	15,246,800	8,318,048	-	8,318,048	6,928,752
11	Lands & Physical Planning	12,714,530	2,571,310	-	2,571,310	10,143,220
12	Tobacco Cess	12,197,400	6,723,419	-	6,723,419	5,473,981
13	Sand/Stone Cess	12,197,400	4,892,519	-	4,892,519	7,304,881
14	Other streams of ordinary own-source revenues	57,761,570	19,755,403	-	19,755,403	38,006,167
	Sub-Total	**503,000,000**	**99,775,062**	**-**	**99,775,062**	**403,224,938**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF-Medical Services	225,000,000	149,780,920	-	149,780,920	75,219,080
2	Defunct NHIF-Medical Services	-	-	-	-	-
3	Public Health Fees	25,000,000	11,968,371	-	11,968,371	13,031,629
	Sub-Total	**250,000,000**	**161,749,291**	**-**	**161,749,291**	**88,250,709**
G	**Appropriations in Aid(AIA)**					
1	Liquor licences	7,000,000	682,000	-	682,000	6,318,000
	Sub-Total	**7,000,000**	**682,000**	**-**	**682,000**	**6,318,000**
Total		**10,825,813,687**	**4,096,184,240**	**-**	**4,096,184,240**	**6,834,628,980**

Source: *Migori County Treasury*

Figure 157 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 157: Migori County Composition of Each Shilling Earned in the First Half of FY 2025/26

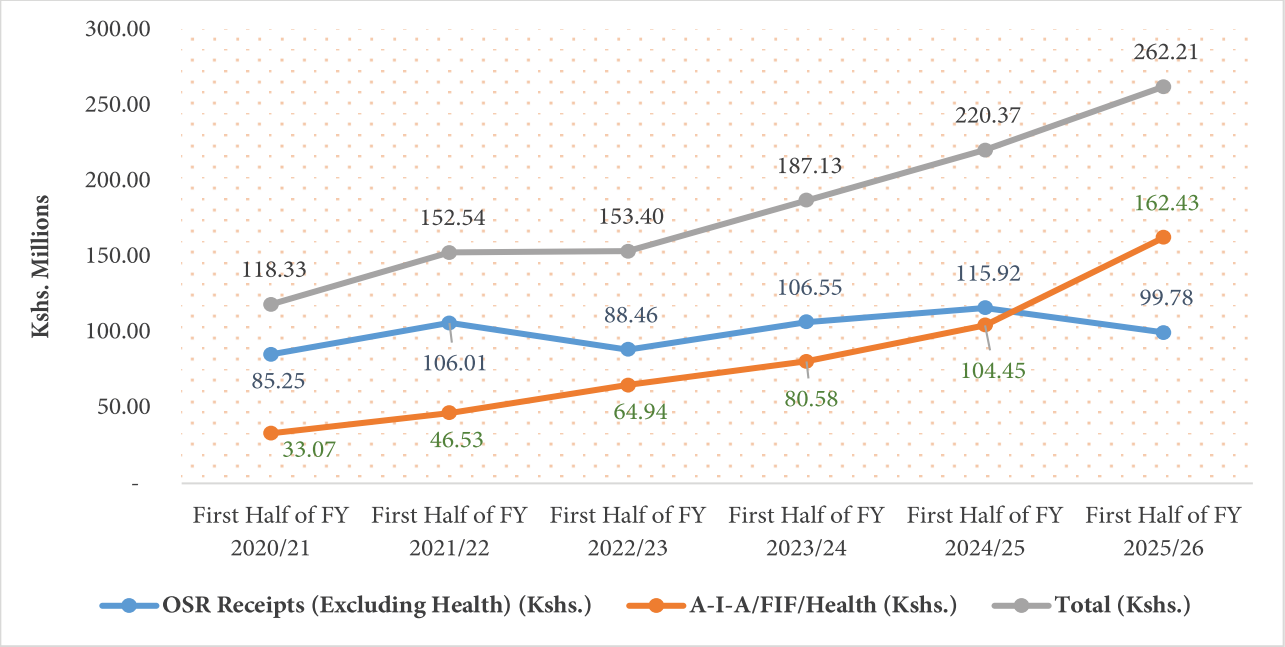


Source: *Migori County Treasury*

The equitable share of revenue raised nationally, the Facility Improvement Fund (F.I.F.), and the unspent cash balance brought forward from FY 2024/25 contributed 90 per cent, 3.9 per cent, and 2.6 per cent, respectively, of the total receipts for the reporting period.

Figure 158 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 158: Migori County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

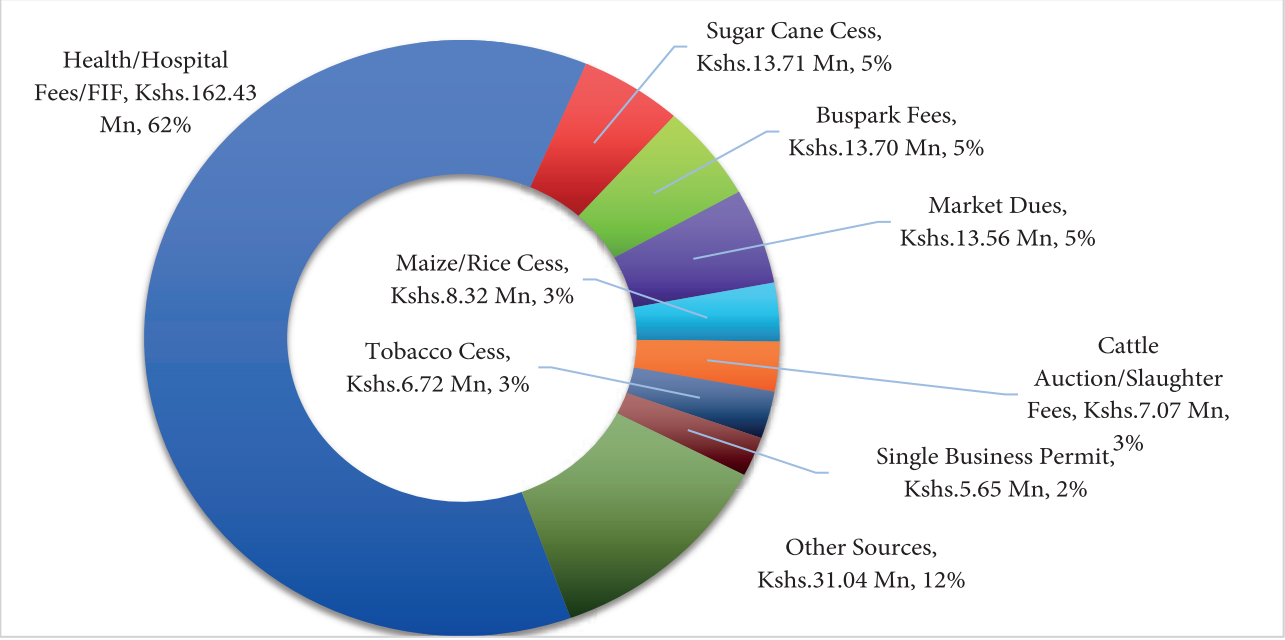


Source: *Migori County Treasury*

During the first half of FY 2025/26, the County received Kshs.262.21 million from OSR, including FIF. This amount was an increase of 19 per cent compared to Kshs.220.37 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 7 per cent of the equitable revenue share disbursed. The increase is primarily attributed to the automation of F.I.F revenue streams under the Taifa Care System and enhanced reimbursements from the Social Health Authority (SHA)

The revenue streams that contributed the most to OSR receipts are shown in Figure 159

Figure 159: Migori County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Migori County Treasury

As shown in Figure 159, the highest revenue stream, at Kshs.162.43 million, was from Health/AIA/Hospital Fees, accounting for 62 per cent of the total OSR receipts. The County Government indicated that it has automated 12 of 40 revenue streams.

3.27.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.466.77 million, which was the same as that reported as of 31st December 2025. Table 3.398 presents a breakdown of the County's revenue arrears.

Table 3.398: Migori County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1st July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	Cess	88,471,714	-	-	-	88,471,714
2	Land Rates	38,569,357	-	-	-	38,569,357
3	Single Business Permit	143,131,760	-	-	-	143,131,760
4	Advertising	11,177,358	-	-	-	11,177,358
	Sub-Total	**281,350,189**	-	-	-	**281,350,189**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	10,127,858	-	-	-	10,127,858
2	Defunct NHIF	175,293,172	-	-	-	175,293,172
	Sub-Total	**185,421,030**	-	-	-	**185,421,030**
G	**Other Revenues**					
Total		**466,771,219**	-	-	-	**466,771,219**

Source: *Migori County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.466.77 million, comprising Kshs.281.35 million (60 per cent) for ordinary own-source revenues and Kshs.185.42 million (40 per cent) for Facility Improvement Fund (F.I.F streams). The measures instituted by the County to recover outstanding arrears in FY 2025/26 include liaising with the Social Health Authority (SHA), enforcing county laws, and imposing penalties on late defaulters.

3.27.4 Borrowing by the County

Neither the County Executive nor the Assembly engaged in credit facility or short-term borrowing with any commercial bank during the reporting period.

3.27.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.48 billion from the Migori County Revenue Fund (CRF) account. This amount consisted of Kshs.354.29 million (10 per cent) designated for development programs and Kshs.3.12 billion (90 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.02 billion was allocated to employee compensation, and Kshs.1.10 billion to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and 0.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.148.90 million, including Kshs.18.66 million for the County Executive and Kshs.130.24 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.3.18 million, which was entirely attributed to the County Executive.

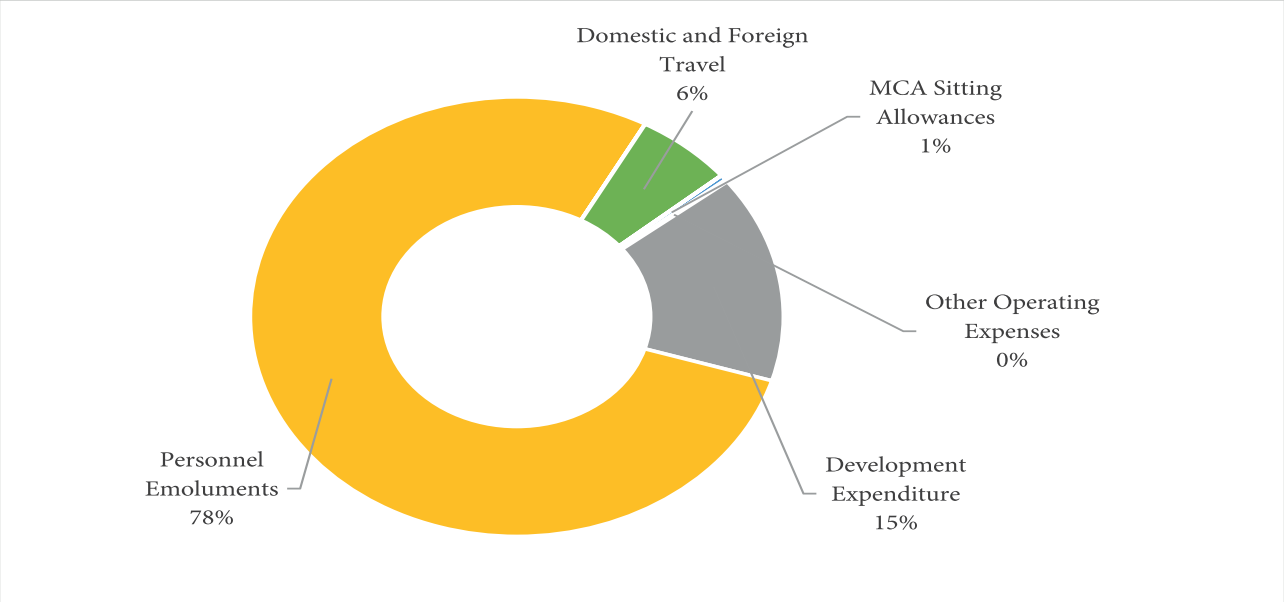
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.423.10 million.

3.27.6 Expenditure Review

The County spent Kshs.3.64 billion on development and recurrent programmes during the reporting period. The expenditure represented 105 per cent of the total funds released by the CoB. It comprised Kshs.393.08 million for development programmes and Kshs.3.24 billion for recurrent programmes. Expenditure on development programmes accounted for 9 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 49 per cent of the annual recurrent expenditure budget.

Figure 160 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 160: Migori County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Migori County Treasury*

As shown in Figure 160, the three highest expenditure categories were personnel emoluments, development expenditure, and domestic & foreign travel, which contributed 78, 15, and 6 per cent of total expenditure for the reporting period, respectively.

3.27.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.06 billion. This amount consisted of Kshs.837.23 million from the County Executive and Kshs.220.92 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.475.87 million for recurrent expenditure and Kshs.361.36 million for development expenditure. Furthermore, the County Assembly revised and resubmitted a new list of trade payables for the period under review, totalling Kshs.460.09 million, comprising Kshs.459.79 million for recurrent and Kshs.0.3 million for development. The outstanding trade payables for the County Assembly, therefore, stood at Kshs.681.31 million.

During the reporting period, the County Executive settled trade payables amounting to Kshs.218.58 million, comprising Kshs.137.23 million (63 per cent) for recurrent programmes and Kshs.81.35 million (37 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.19 million, comprising Kshs.34.19 million (100 per cent) for recurrent activities and nil for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.618.65 million for County Executive and Kshs.647.13 million for County Assembly. Table 3.399 provides additional details of trade payables.

Table 3.399: Migori County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1st July 2025 (End of FY 2024/25)	a	County Executive	361,359,349	475,866,141	837,225,490
		County Assembly	300,000	681,012,422	681,312,422
		Total	**361,659,349**	**1,156,878,563**	**1,518,537,911**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	361,359,349	475,866,141	837,225,490
		County Assembly	300,000	154,498,421	154,798,421
		Total	**361,659,349**	**630,364,562**	**992,023,911**
Amount paid in the First Half of FY 2025/26	c	County Executive	81,352,754	137,226,199	218,578,953
		County Assembly	-	34,187,288	34,187,288
		Total	**81,352,754**	**171,413,487**	**252,766,241**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**280,006,594**	**338,639,943**	**618,646,537**
		County Assembly	**300,000**	**646,825,133**	**647,125,133**
		Total	**280,306,594**	**985,465,076**	**1,265,771,670**

Source: *Migori County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.837.23 million and Kshs.154.80 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this settlement plan, as it cleared Kshs.218.58 million for the Executive and Kshs.34.19 million for the Assembly.

Table 3.400 and Table 3.401 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.27 billion

Table 3.400: Migori County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**23,731,302**	**70,813,490**	**148,328,527**	**37,133,275**	**280,006,594**
Recurrent Trade Payables (Goods & Services)	123,945,458	71,594,062	138,524,899	3,431,050	**337,495,469**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	127,210	1,017,264	-	-	**1,144,474**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**124,072,668**	**72,611,326**	**138,524,899**	**3,431,050**	**338,639,943**
Total Trade Payables	**147,803,970**	**143,424,816**	**286,853,426**	**40,564,325**	**618,646,537**
% of Total	**24**	**23**	**46**	**7**	**100**

Source: *Migori County Executive Treasury*

Table 3.401: Migori County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	**300,000**	**300,000**
Recurrent Trade Payables (Goods & Services)	-	32,706,268	29,653,862	115,125,740	**177,485,869**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	469,339,264	**469,339,264**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	**32,706,268**	**29,653,862**	**584,465,004**	**646,825,133**
Total Trade Payables	-	**32,706,268**	**29,653,862**	**584,765,004**	**647,125,133**
% of Total	-	**5**	**5**	**9**	**100**

Source: *Migori County Assembly Treasury*

The County Executive and Assembly should strictly adopt the IBEC-approved trade payables action plan tracker templates for management, tracking, and reporting of their trade payables status, and adhere to the FIFO methodology in the payment of trade payables.

3.27.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.82 billion on compensation of employees, Kshs.1.05 billion on operations and maintenance, and Kshs.393.08 million on development activities. Similarly, the County Assembly spent Kshs.199.44 million on compensation of employees, Kshs.175.68 million on operations and maintenance, and nil on development activities, as shown in Table 3.402.

Table 3.402: Migori County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,748,423,174**	**907,920,178**	**2,868,734,912**	**375,122,569**	-	-	**2,868,734,912**	**375,122,569**	**49.9**	**41.3**
Compensation of Employees	3,258,191,382	473,935,751	1,816,781,875	199,440,313	-	-	1,816,781,875	199,440,313	55.8	42.1
Operations and Maintenance	2,490,231,792	433,984,427	1,051,953,038	175,682,256	-	-	1,051,953,038	175,682,256	42.2	40.5
Development Expenditure	**4,119,470,335**	**50,000,000**	**393,075,084**	-	-	-	**393,075,084**	-	**9.5**	-
Total	**9,867,893,509**	**957,920,178**	**3,261,809,997**	**375,122,569**	-	-	**3,261,809,997**	**375,122,569**	**33.1**	**39.2**

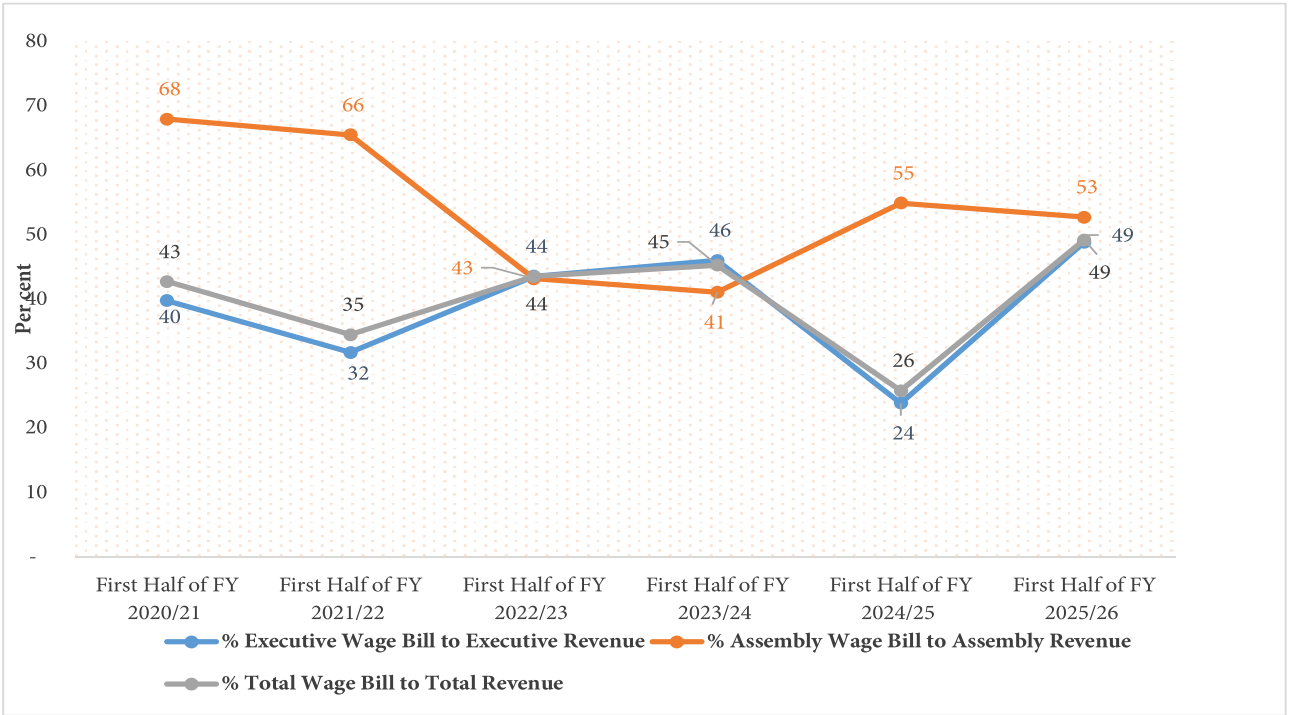
***Source**: Migori County Treasury*

3.27.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.02 billion. The percentage of employee compensation to revenue was 49 per cent. This expenditure on employee compensation shows an increase of 38 per cent compared to the Kshs.1.46 billion reported in a similar period in FY 2024/25. Of this total, Kshs.812.96 million related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation. The increase is attributed to payment of salary arrears and additional staff recruited by the County Public Service Board (CPSB)

Figure 161 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 161: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



***Source**: Migori County Treasury*

Further analysis indicated that PE costs totalling Kshs.1.95 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.69.94 million was processed through manual payroll, accounting for 3 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in the generation of personnel payroll numbers and the ongoing recruitment of over 700 casuals in phases

The manual payroll comprised salaries for 729 casual staff, salary arrears attributed to pension schemes for contract staff, Laptrust/ Lapfund, and third-party unremitted contributions, as shown in Table 3:403.

Table 3.403: Breakdown of Migori County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for 729 casual staff	44,426,503
2.	Salary for Arrears for LAPFUND, LAPTRUST, third-party unremitted deductions, etc	25,513,835
	Total	**69,940,338**

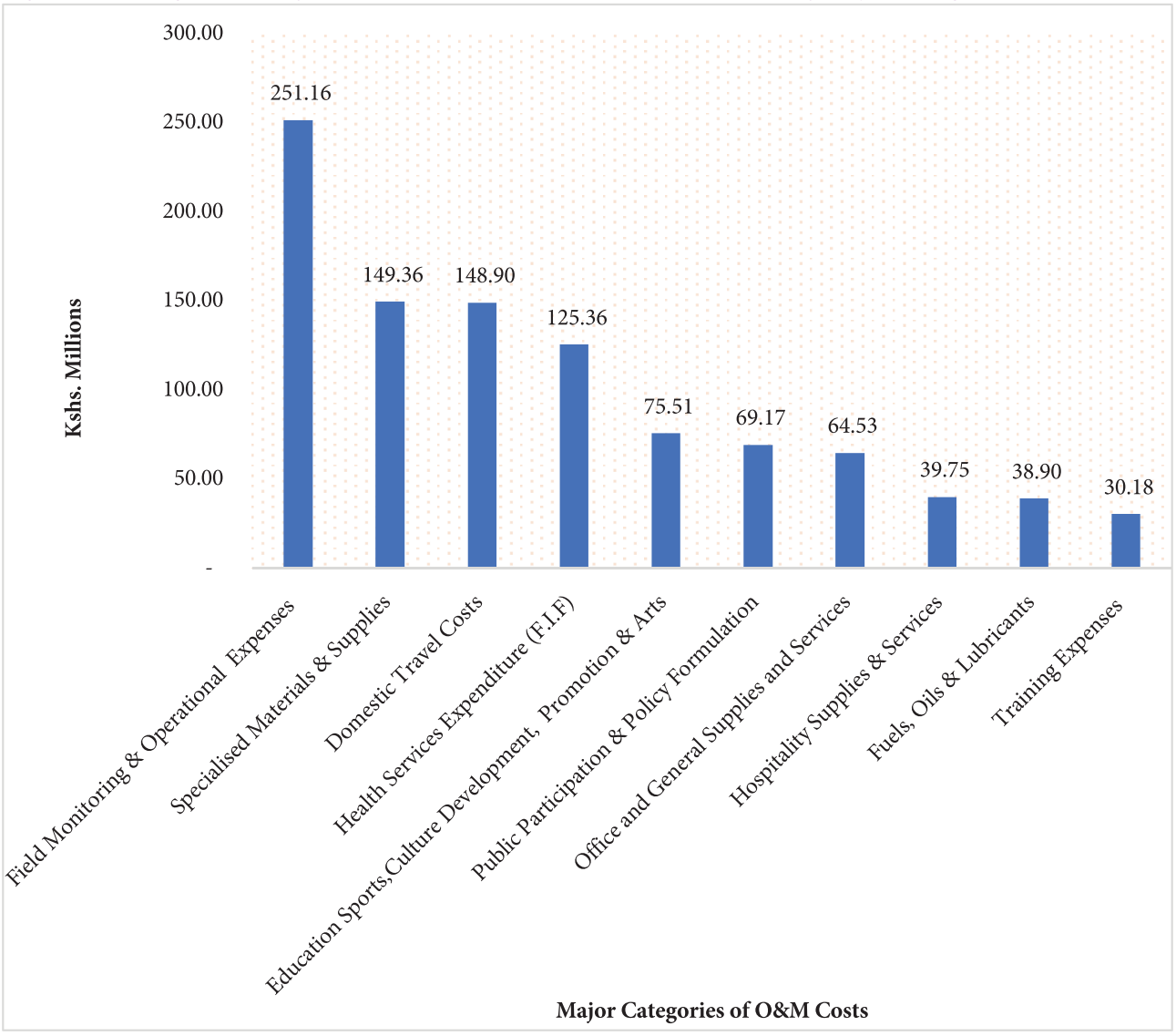
Source: *Migori County Treasury*

The County Assembly spent Kshs.10.47 million on committee sitting allowances for the 60 MCAs against the annual budget allocation of Kshs.44.33 million. The average monthly sitting allowance was Kshs.29,095 per MCA. The County Assembly has 27 House Committees.

3.27.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.23 billion on operations and maintenance, representing an increase of 0.4 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.22 billion. Figure 162 summarises the Operations and Maintenance expenditure by major categories.

Figure 162: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: *Migori County Treasury*

3.27.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.4.16 million on "*other operating expenses*," which was 0.4 per cent of the total operations and maintenance expenditure of Kshs.1.23 billion. This category of expenditure includes Kshs.12.25 million for garbage collection and Kshs.10.45 million for legal fees and compensation payments. The item description under the "*Other Operating Expenses*" category is shown in Table 3.404.

Table 3.404: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
3110701	Refund to Unsuccessful bidders for the sale of the County's assorted Assets	4,154,780	4,154,780
	Total	**4,154,780**	**4,154,780**

Source: *Migori County Treasury*

3.27.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County did not appropriate any amount towards the County-established Funds in FY 2025/26. Table 3.405 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.405: Performance of Migori County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative Disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Migori County Executive Car Loans & House Mortgage Fund Scheme	December,2018	-	-	-	247,500,000	Yes
2.	Migori County Education Bursary Fund	January,2014	-	-	-	840,000,000	Yes
3.	Migori County Scholarships & Educational Benefits Fund	January,2014	-	-	-	279,000,000	Yes
4.	Migori County Alcoholic Drink Fund	September,2016	-	-	-	2,250,318	Yes
5.	Migori County SMEs Trade Development - INUA BIASHARA	March,2024	-	-	-	54,000,000	Yes
		County Assembly Established Funds					
7.	Migori County Assembly Car loans & House Mortgage Fund Scheme	October, 2015	-	-	-	236,000,000	Yes
	Total		-	-	-	1,658,750,318	-

Source: *Migori County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, contrary to the requirement under Section 168 of the PFM Act, 2012. The administration costs of the Funds are all pegged at a 3 per cent ceiling of the funded budget as set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the life

span of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund and the Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed despite being in operation. Consequently, the CoB cannot approve any requests for withdrawals to support the operations of the lapsed funds.

3.27.13 County Corporations

The County has not established any new corporation, although it owns 20 per cent of the shareholding at Migori Water & Sanitation Company Limited. During the 2025/26 financial year, no budget was allocated to the Company to fund its operations.

3.27.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.148.90 million and comprised Kshs.130.24 million spent by the County Assembly and Kshs.18.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.18 million and was entirely the responsibility of the County Executive. Expenditure on foreign travel is summarised in Table 3.406.

Table 3.406: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	3	19th August-30th August 2025	Attending the National Business League Conference	USA	2,285,789	-	2,285,789
	1	24th August-1st September, 2025	Attending the 5th GACOPA International Conference	UK	888,990	-	888,990
Total	4				3,174,779	-	3,174,779

***Source**: Migori County Treasury*

3.27.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.161.75 million as FIF, which was 65 per cent of the annual target of Kshs.250 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023.

The expenditure by the health facilities amounted to Kshs.125.36 million, as shown in Table 3.407.

Table 3.407: Migori County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	16	210,000,000	111,112,824	52.9
3.	Level 3 Facility	19	13,000,000	4,630,099	35.6
4.	Level 2 Facility	138	27,000,000	9,616,359	35.6
	Total	**173**	**250,000,000**	**125,359,281**	**50.1**

***Source:** Migori County Treasury*

3.27.16 Development Expenditure

In the review period, the County reported spending Kshs.393.06 million on development programmes, a decrease of 52 per cent compared to FY 2024/25, when the County spent Kshs.810.59 million. Table 3:408 summarises the development projects with the highest expenditure in the reporting period. The decline in development expenditure was attributed to the delay in the rollout of annual procurement plans and the eGP system.

Table 3.408: Migori County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Roads, Transport, Public Works & Infrastructural Development	Upgrading to the Bitumen standard of C727 Junction-Kanyimach Junction-Chamgi Wadu Road	South Sakwa	01/08/2023	31/01/2026	916,751,541	218,023,435	-	699,448,643	76
2	Lands, Physical Planning, Housing & Urban Development	Construction of Access Road to Ombasa Road	West Sakwa	04/04/2025	20/08/2025	21,112,226	21,112,226	-	21,112,226	100
3	Lands, Physical Planning, Housing & Urban Development	Development of the valuation roll	Central Sakwa	06/05/2025	05/09/2025	5,957,620	5,957,620	-	5,957,620	100
4	Rongo Municipality	Beautification projects at the Rongo municipality CBD	Central Kamagambo	24/03/2025	23/07/2025	4,999,902	4,999,902	-	4,999,902	100
5	Roads, Transport, Public Works & Infrastructural Development	Opening/ Maintenance of Kinen-Kogola access road	North Sakwa	16/04/2025	15/08/2025	4,999,216	4,999,216	-	4,999,216	100
6	Lands, Physical Planning, Housing & Urban Development	Maintenance & Repairs of the West Wing Parking Facility	Oruba Ragana	26/06/2025	20/10/2025	4,949,813	4,949,813	-	4,949,813	100
7	Trade, Tourism, Industry, Market & Cooperative Development	Completion of the waterborne toilet at Posta Open Ground	Suna central	29/04/2025	03/09/2025	4,799,384	4,799,384	-	4,799,384	100
8	Water & Energy	Repair & maintenance of Solar streetlights	County-wide	05/03/2025	20/07/2025	4,797,760	4,797,760	-	4,797,760	100
9	Finance and Economic Planning	Modification & renovation of Migori county revenue offices	Oruba Ragana	02/04/2025	01/08/2025	4,187,600	4,187,600	-	4,187,600	100
10	Rongo Municipality	Opening & Maintenance of Rongo municipality roads	Central Kamagambo	05/05/2025	04/09/2025	3,999,564	3,999,564	-	3,999,564	100
Donor Funded Projects										
1	Trade, Tourism, Industry, Market & Cooperative Development	Construction of Nyatike Industrial Aggregation Park	Nyatike Sub-County	25/07/2024	30/06/2026	226,500,000	40,000,000	-	398,337,491	80

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2	Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	NAVCDP Assorted programs & Activities	County Wide	30/08/2023	30/06/2027	411,794,532	38,786,271	-	210,861,147	51
3	Environment, Natural Resources, Climate Change & Disaster Management	Locally led FLLOCA Programs & Activities	County Wide	30/08/2023	30/06/2027	289,000,000	31,710,872	-	31,710,872	11

Source: *Migori County Treasury*

The County did not report any stalled development projects as of 31st December, 2025. Further, the County Treasury did not provide a report on equalisation fund projects.

3.27.17 Budget Performance by Department

Table 3.409 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.409: Migori County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy	209.87	421.13	69.85	12.03	69.85	50.82	100.0	422.3	33.3	12.1
Trade, Tourism, Industry, Market & Cooperative Development	188.64	386.73	43.69	44.33	43.61	44.33	99.8	100.0	23.1	11.5
Health Medical Services	2,032.72	297.72	1,084.53	24.87	1,209.89	24.87	111.6	100.0	59.5	8.4
Education, Gender Inclusivity, Social Services, Youth and Sports	532.76	105.86	329.41	-	329.41	-	100.0	-	61.8	-
Roads, Transport, Public Works & Infrastructural Development	140.90	1,084.77	41.88	151.67	41.88	151.67	100.0	100.0	29.7	14.0
Lands, Physical Planning, Housing & Urban Development	124.29	53.50	44.89	6.96	44.89	6.96	100.0	100.0	36.1	13.0
Environment, Natural Resources, Climate Change & Disaster Management	187.40	311.80	76.61	31.71	76.61	31.71	100.0	100.0	40.9	10.2
Finance and Economic Planning	640.44	16	325.20	4.49	325.20	4.49	100.0	100.0	50.8	28.0
Public Service Management, Monitoring & Evaluation & Performance Contracting	770.36	462.50	384.72	-	384.72	-	100.0	-	49.9	-
County Executive	399.23	140	145.58	5.38	145.58	5.38	100.0	100.0	36.5	3.8

Department	Revised Budget Allocation (Kshs. Million)		Exchequer Received (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	907.92	50	378.11	-	375.12	-	99.2	-	41.3	-
Water and Energy	143.28	531.02	40.29	27.93	40.29	27.93	100.0	100.0	28.1	5.3
Public Health & Sanitation	224.51	167.85	117.29	18.45	117.29	18.45	100.0	100.0	52.2	11.0
Office of the County Attorney	92.78	-	22.12	-	22.20	-	100.4	0.0	23.9	-
Rongo Municipality	15.12	25.80	4.25	10.44	4.26	9	100.4	86.2	28.2	34.9
Awendo Municipality	15.12	25.80	5.93	4.05	5.92	2.49	99.7	61.6	39.1	9.7
Migori Municipality	15.12	63.18	3.69	11.98	3.69	14.98	100.0	125.0	24.4	23.7
Kehancha Municipality	15.88	25.80	3.45	-	3.45	-	100.0	-	21.7	-
Total	**6,656.34**	**4,169.47**	**3,121.49**	**354.29**	**3,243.86**	**393.08**	**103.9**	**110.9**	**48.7**	**9.4**

Source: *Migori County Treasury*

Analysis of departmental expenditure shows that the Department of Rongo Municipality recorded the highest absorption rate of the development budget at 35 per cent, followed by the Department of Finance & Economic Planning at 28 per cent. The Department of Education, Gender and Inclusivity, Social Services, Youth and Sports had the highest recurrent expenditure-to-budget ratio at 60 per cent, while the Kehancha Municipality had the lowest at 22 per cent.

All the departments and entities except four, namely: Education, Medical, Finance and Public Health, reported below 50 per cent absorption rate for both recurrent and development expenditures occasioned by intermittent delays in the rollout of procurement plans and implementation of the eGP system.

3.27.18 Budget Execution by Programmes and Sub-Programmes

Table 3.410 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.410: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Highest Performing Development Programmes & Sub-Programmes							
Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy							
Pending bills	Pending Bills	1,135,932	2,000,000	-	2,000,000	-	100.0
	Pending Bills	821,757	800,000	800,700	799,870	97.4	100.0
	Sub Total	**1,957,689**	**2,800,000**	**800,700**	**2,799,870**	**40.9**	**100.0**
Rongo Municipality							
Pending Bills	Pending Bills	1,512,201	1,000,000	769,940	1,000,000	50.9	100.0
Infrastructure development	Infrastructure development	-	8,000,000	-	7,999,466	-	100.0
	Sub-Total	**1,512,201**	**9,000,000**	**769,940**	**8,999,466**	**50.9**	**100.0**
Migori municipality							
Infrastructure Development	Infrastructure Development	-	8,000,000	-	7,883,240	-	98.5
	Sub-Total	**-**	**8,000,000**	**-**	**7,883,240**	**-**	**98.5**
Highest Performing Recurrent Programmes & Sub-programmes							
Department of Education, Gender Inclusivity, Social Services, Youth and Sports							
Culture Development Promotion & Arts	Culture & heritage conservation	38,425,000	-	40,122,280	-	104.4	-
	Sub-Total	**38,425,000**	**-**	**40,122,280**	**-**	**104.4**	**-**
Department of Finance and Economic Planning							

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance & Accounting services	Administrative services	10,000,000	-	9,894,940	-	98.9	0.0
Pending Bills	Pending Bills	30,379,689	-	30,341,162	-	99.9	0.0
	Sub-Total	**40,379,689**	-	**40,236,102**	-	**99.6**	**0.0**
Department of Lands, Physical Planning, Housing & Urban Development							
Pending Bills	Pending Bills	1,523,953	2,000,000	1,519,980	-	99.7	0.0
	Sub-Total	**1,523,953**	**2,000,000**	**1,519,980**	-	**99.7**	**0.0**
Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy							
Veterinary extension & clinical services	Extension services	600,000	-	597,885	-	99.6	0.0
	Sub-Total	**600,000**	-	**597,885**	-	**99.6**	**0.0**
Grand Total		**82,874,579**	**19,800,000**	**82,526,907**	**19,682,576**	**99.6**	**99.4**

***Source**: Migori County Treasury*

The development sub-programmes with the highest budget implementation rates included Pending bills in the Department of Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy, and Rongo Municipality at 100 per cent each; Infrastructure development in the Rongo Municipality at 100 per cent; and Infrastructure development in the Migori Municipality at 99 per cent. For recurrent sub-programmes, the top performers were Culture & Heritage Conservation in the Department of Education, Gender inclusivity, Social Services, Youth and Sports at 104 per cent, Pending bills and administrative services in the Department of Finance & Economic Planning at 100 per cent, pending bills in the Department of Lands, Physical Planning, Housing & Urban Development at 100 per cent, and extension services in the Agriculture, Livestock, Veterinary Services, Fisheries & Blue Economy at 99 per cent.

Their higher performances are attributed to prioritising payment of trade payables for contracted works, goods and services in addition to emerging cultural and heritage events, which included *'Pinny luo extravaganza'* showcased in December 2025

Table 3.411 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.411: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Lowest Performing Development Programmes and Sub-programmes							
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Water supply & Management services	Community water services	-	143,303,491	-	-	-	-
Pending Bills	Pending Bills	-	4,384,286	-	-	-	-
Donor Funding	Donor Funding	-	314,874,000	-	-	-	-
	Sub Total	-	**462,561,777**	-	-	-	-
County Assembly Entity							
Infrastructure Development	Infrastructure Development Services	-	50,000,000	-	-	-	-
	Sub-Total	-	**50,000,000**	-	-	-	-
Kehancha Municipality							
Donor Funding	Donor Funding	-	16,800,000	-	-	-	-
Infrastructure Development	Infrastructure development	-	9,000,000	-	-	-	-

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-Total	-	**25,800,000**	-	-	-	-
Lowest Performing Development Programmes and Sub-programmes							
Department of County Executive							
Cohesion & peace building	Peace Building Initiatives	7,009,915	-	-	-	-	-
	Conflict management & resolution	5,900,000	-	-	-	-	-
Research & Education	Research & Education Services	1,000,000	-	-	-	-	-
	Sub Total	**13,909,915**	-	-	-	-	-
Department of Trade, Tourism, Industry, Market & Cooperative Development							
Pending Bills	Pending BillS	3,026,728	-	-	-	-	-
Legal metrology services	Legal metrology services	4,300,000	-	-	-	-	-
Liquor Licensing & Control	Public participation and awareness creation	512,010	-	-	-	-	-
	Sub-Total	**7,838,738**	-	-	-	-	-
Department: Water and Energy							
Pending Bills	Pending Bills	1,575,290	-	-	-	-	-
Energy Development Services	Renewable energy development	750,000	-	-	-	-	-
	Sub-Total	2,325,290	-	-	-	-	-
Grand Total		**24,073,943**	**390,674,000**	-	-	-	-

***Source**: Migori County Treasury*

The development sub-programmes with zero budget implementation rates include community water services, pending bills, and donor funding in the Department of Water and Energy; infrastructure development in the County Assembly; and similar issues in Kehancha Municipality. Recurrent sub-programmes with zero per cent include peace-building initiatives and various services in the Department of County Executive and the Department of Trade, Tourism, Industry, Market & Cooperative Development. These low performances are mainly due to delays in annual procurement plans and issues with the electronic Government Procurement System.

3.27.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 76 accounts with commercial banks, including Thirty-two (32) accounts for Health Facilities, Six (6) accounts for Established Funds, Three (3) revenue accounts, Seven (7) special purpose accounts (additional allocations), Two (2) Imprest accounts, One (1) Salary control account, and Twenty-Five (25) departmental operational accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 76 accounts at commercial banks, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.27.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Migori County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.262.21 million against an annual target of Kshs.760 million, representing 35 per cent of the financial year target.
ii. Low development performance in the review period, as the County incurred Kshs.393.08 million on development activities, achieving a 9 per cent absorption rate
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Education Bursary Fund, the County Scholarships & Educational Benefits Fund and Migori County Assembly Car loans & House Mortgage Fund Scheme had lapsed, making them ineligible for further withdrawals.
iv. High level of trade payables, amounting to Kshs.1.27 billion as of 31st December 2025. Furthermore, the County Treasury and Assembly did not adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.69.94 million for salary arrears towards the lap fund, lap trust, remittances, third-party deductions, and casual staff were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing expiration or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.28. County Government of Mombasa

3.28.1 Overview of FY 2025/26 Budget

The Mombasa County Approved Budget for FY 2025/26 is Kshs.14.63 billion. It comprises Kshs.4.45 billion (30 per cent) and Kshs.10.18 billion (70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.1.63 billion (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.19 billion and a recurrent budget of Kshs.11.07 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.8.24 billion (56 per cent), additional allocations of Kshs.1.32 billion (9 per cent), a cash balance of Kshs.191 million (1 per cent) brought forward from FY 2024/25, and Kshs.5.08 billion (35 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.412.

3.28.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.67 billion. This amount represented an increase of 1 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.65 billion. The total revenue consisted of Kshs.3.44 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.2.04 billion. Additionally, the County had a cash balance of Kshs.191 million from FY 2024/25. The total OSR collection of

Kshs.2.04 billion included Facilities Improvement Financing (FIF) of Kshs.Kshs.1.07 billion and Kshs.969.18 million from other OSR sources. Table 3.412 summarises the total revenue available to the County Government during FY 2025/26.

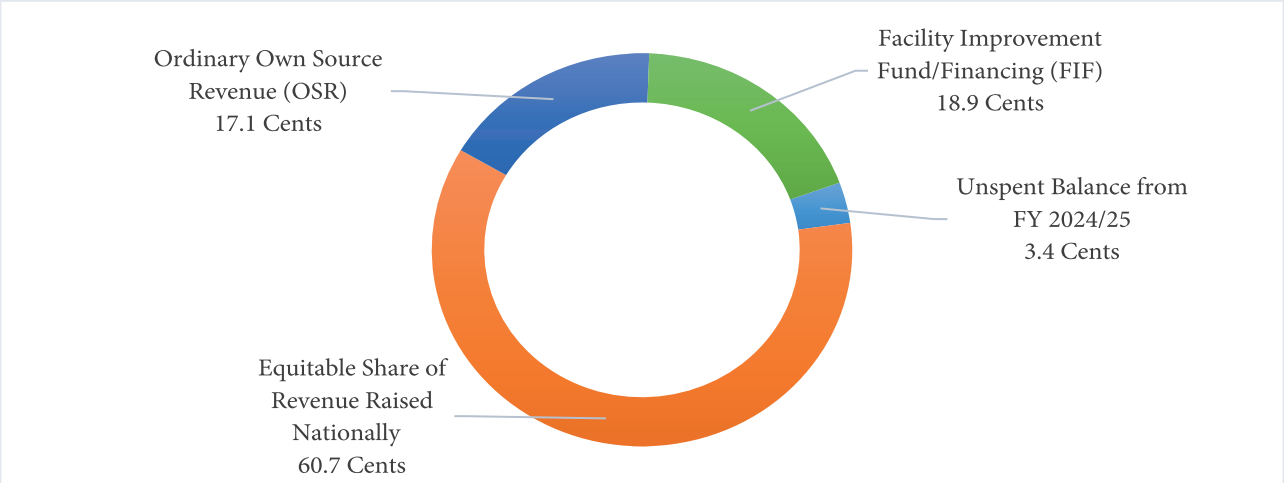
Table 3.412: Mombasa County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	182,573,974	-	182,573,974	- 182,573,974
2	County Executive Refunds to CRF	-	8,423,953	-	8,423,953	- 8,423,953
3	County Assembly Refunds to CRF	-	932	-	932	- 932
	Sub-Total	**-**	**190,998,859**	**-**	**190,998,859**	**- 190,998,859**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,236,179,184	3,442,193,728		3,442,193,728	4,793,985,456
	Sub-Total	**8,236,179,184**	**3,442,193,728**	**-**	**3,442,193,728**	**4,793,985,456**
D	**Additional Allocations (Including Grants)**					
1	Aggregated Industrial Parks Programme	100,000,000	-	-	-	100,000,000
2	Kenya Devolution Support Programme 2 (KDSP II)- Level I	37,500,000	-	-	-	37,500,000
3	Kenya Devolution Support Programme 2 (KDSP II)- Level II	352,500,000	-	-	-	352,500,000
4	Roads Maintenance Fuel Levy	130,500,000	-	-	-	130,500,000
5	DANIDA- Primary Health Care in Devolved System Program	15,888,750	-	-	-	15,888,750
6	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	150,000,000	-	-	-	150,000,000
7	World Bank - Water and Sanitation Development Project	529,500,000	-	-	-	529,500,000
	Sub-Total	**1,315,888,750**	**-**	**-**	**-**	**1,315,888,750**
E	**Ordinary Own Source Revenue (OSR)**					
	Ordinary Own Source Revenue	3,877,932,066	969,182,940	-	969,182,940	2,908,749,126
	Sub-Total	**3,877,932,066**	**969,182,940**	**-**	**969,182,940**	**2,908,749,126**
F	**Facility Improvement Fund/ Financing (FIF)**					
1	SHIF	622,343,789	512,216,315	-	512,216,315	110,127,474
2	Defunct NHIF	498,529,310	175,741,957	-	175,741,957	322,787,353
3	Other	79,126,901	384,414,778	-	384,414,778	305,287,877
	Sub-Total	**1,200,000,000**	**1,072,373,050**	**-**	1,072,373,050	127,626,950
	Grand Total	**14,630,000,000**	**5,674,748,577**	**-**	**5,674,748,577**	**8,955,251,423**

Source: Mombasa County Treasury

Figure 163 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

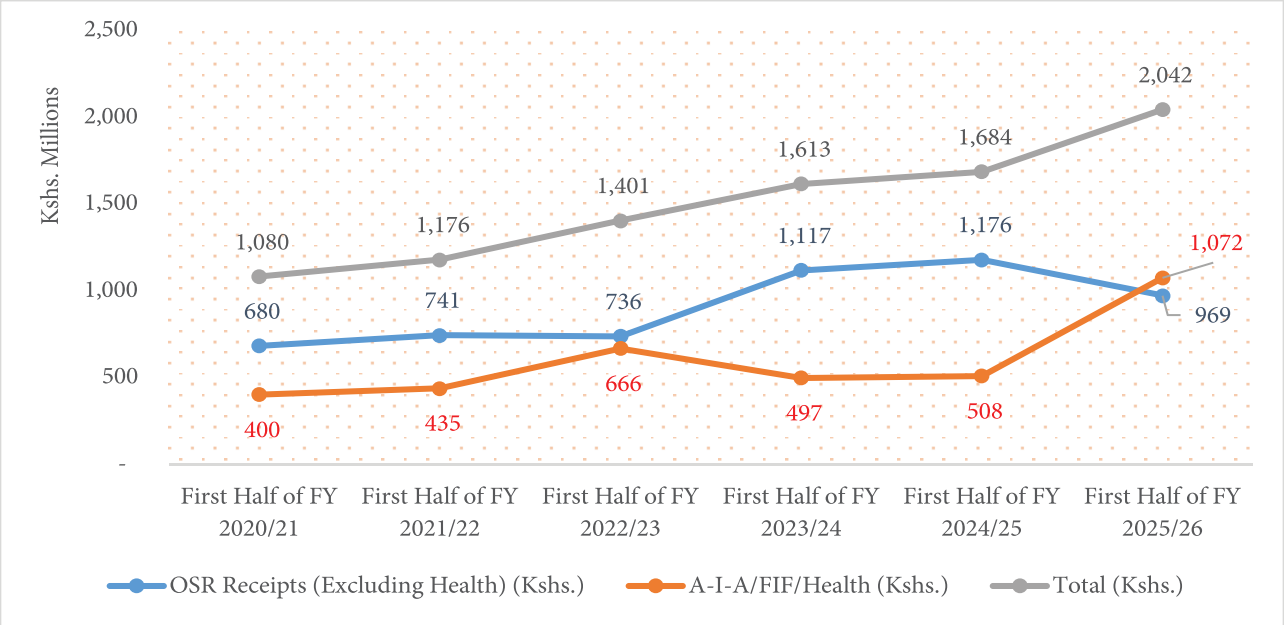
Figure 163: Mombasa County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Mombasa County Treasury*

The equitable share of revenue raised nationally, OSR, FIF, and the balance brought forward contributed 61 per cent, 17 per cent, 19 per cent, and 3 per cent, respectively, of the total receipts for the reporting period. Figure 164 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 164: Mombasa County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

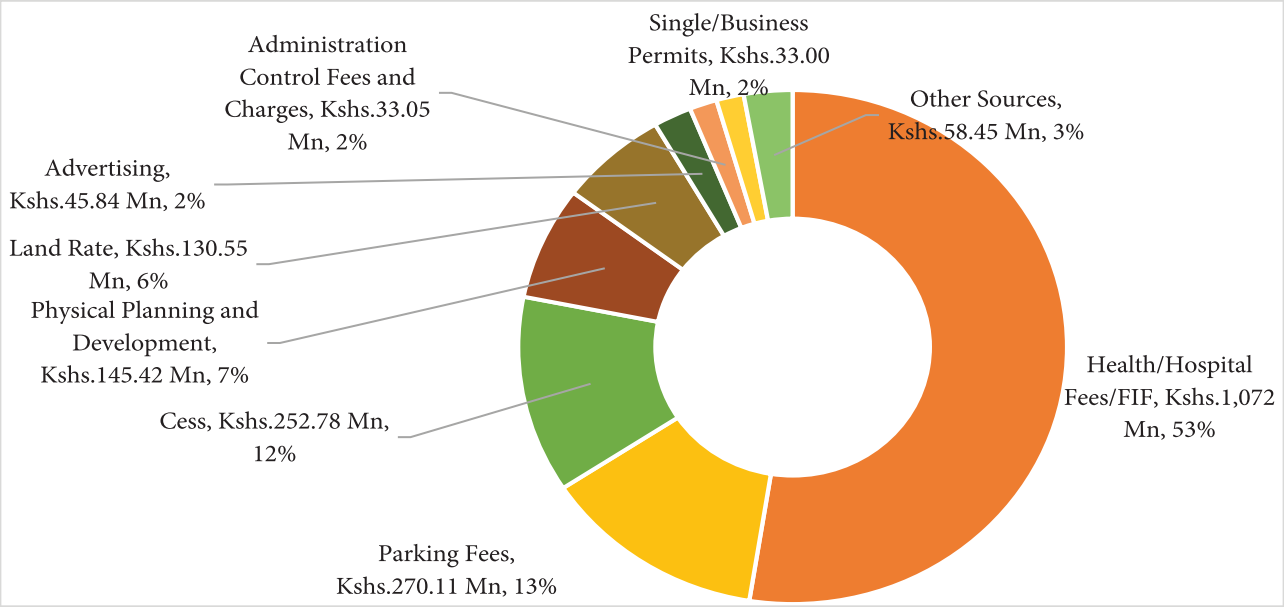


Source: *Mombasa County Treasury*

During the first half of FY 2025/26, the County received Kshs.2.04 billion from OSR, including FIF. This amount was an increase of 21 per cent compared to Kshs.1.68 billion realised in a similar period in FY 2024/25, and was 40 per cent of the annual target and 59 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to greater collection of the FIF.

The revenue streams that contributed the most to OSR receipts are shown in Figure 165

Figure 165: Mombasa County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Mombasa County Treasury

As shown in Figure 165 the highest revenue stream, at Kshs.1.07 billion, was from Health/Hospital fees/FIF, accounting for 53 per cent of the total OSR receipts. The County Government indicated that it has automated all the revenue streams.

3.28.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.13.84 billion, Table 3.413 presents a breakdown of the County's revenue arrears.

Table 3.413: Mombasa County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in FY 2025/26			OSR Arrears as of 30 September 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Quarter of FY 2025/26 (Kshs)	
		a	b	C	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot Rate**	13,140,544,943.48	-	86,660,582	129,903,964	13,183,788,325.48
2	**Single Business Permit**				-	
	Sub-Total	13,140,544,943.48	-	86,660,582	129,903,964	13,183,788,325.48
B	**Facility Improvement Fund (FIF)**					
1	SHIF	794,260,730.67	-	**459,947,014.20**	-	**334,313,716.47**
2	Defunct NHIF	**498,529,310**	-	**175,741,957**	-	**322,787,353**
3	Insurance Companies					
	Sub-Total	**1,292,790,040.67**	-	**635,688,971.20**	-	**657,101,069.47**
Total		**14,433,334,984.15**			**129,903,964**	**13,840,889,394.95**

Source: Mombasa *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.13.84 billion, comprising Kshs.13.18 billion for Plot rate (95 per cent) and Kshs.657.10 million for FIF -SHIF/SHA and defunct NHIF (5 per cent).

3.28.4 Borrowing by the County

The County Treasury did not provide any information on borrowing.

3.28.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.65 billion from the County Revenue Fund (CRF) account. This amount consisted of Kshs.312.59 million (7 per cent) designated for development

programs and Kshs.4.34 billion (93 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.55 billion was allocated to employee compensation and Kshs.782.66 million to operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 5 per cent for foreign travel. The domestic travel exchequers totalled Kshs.31.36 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.42.79 million, with Kshs.20.74 million for the County Executive and Kshs.22.05 million for the County Assembly.

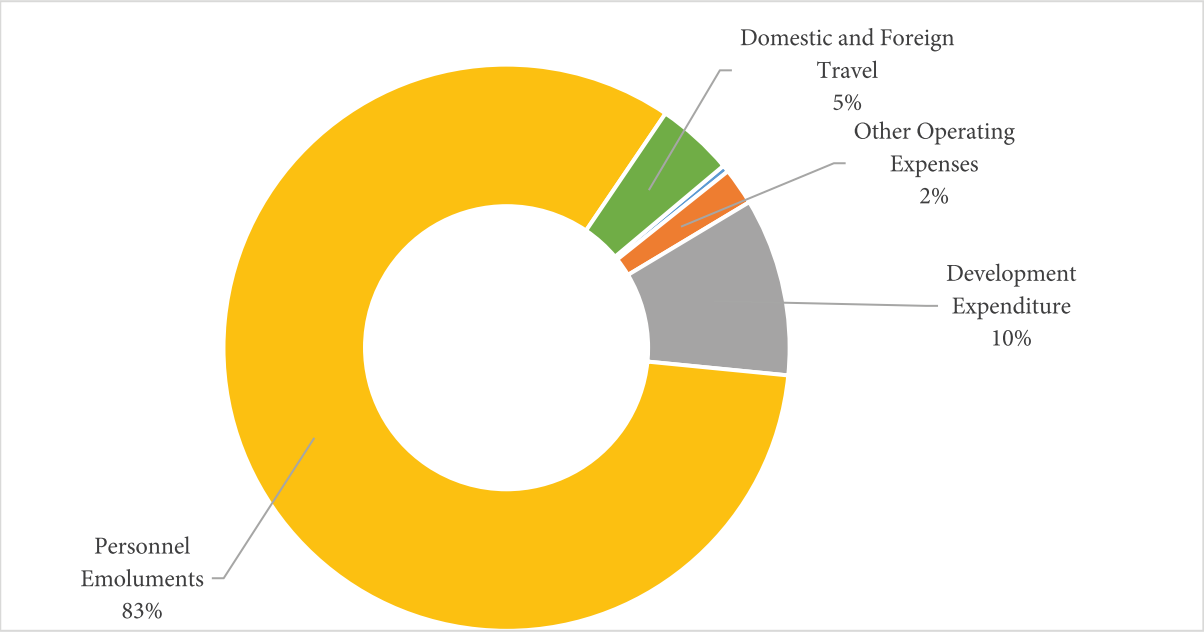
As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.18.47 million.

3.28.6 Expenditure Review

The County spent Kshs.4.51 billion on development and recurrent programmes during the reporting period. The expenditure represented 97 per cent of the total funds released by the CoB. It comprised Kshs.423.61 million for development programmes and Kshs.4.09 billion for recurrent programmes. Expenditure on development programmes accounted for 10 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 40 per cent of the annual recurrent expenditure budget.

Figure 166 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 166: Mombasa County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Mombasa *County Treasury*

As shown in Figure 166 the three highest expenditure categories were Personnel Emoluments, Development expenditure, and domestic and foreign travel, which contributed 83, 10, and 5 per cent of total expenditure for the reporting period, respectively.

3.28.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.3.87 billion. This amount consisted of Kshs.3.75 billion from the County Executive and Kshs.118.40 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.2.44 billion for recurrent expenditure and Kshs.1.31 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.667.75 million, comprising Kshs.627.60 million (26 per cent) for recurrent programmes and Kshs.40.15 million (3 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.97.04 million (82 per cent) for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.3.08 billion for the County Executive and Kshs.21.36 million for the County Assembly. Table 3.414 provides additional details of trade payables.

Table 3.414: Mombasa County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,310,750,537	2,439,361,521	3,750,112,058
	County Assembly	-	118,396,110	118,396,110
	Total	**1,310,750,537**	**2,557,757,631**	**3,868,508,168**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	County Executive	75,268,909	622,033,521	697,302,430
	County Assembly	-	107,612,943	107,612,943
	Total	**75,268,909**	**729,646,464**	**804,915,373**
Amount paid in the First Half of FY 2025/26	County Executive	40,150,000	627,603,901	667,753,901
	County Assembly	-	97,038,592	97,038,592
	Total	**40,150,000**	**724,642,493**	**764,792,493**
Trade Payables Incurred in First Half of FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,270,600,537	1,811,757,620	3,082,358,157
	County Assembly	-	21,357,518	21,357,518
	Total	**1,270,600,537**	**1,833,115,138**	**3,103,715,675**

Source: *Mombasa County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.729.65 million and Kshs.75.27 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.627.61 million for the Executive and Kshs.97.04 million for the Assembly.

Table 3.415 and Table 3.416 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.3.10 billion.

Table 3.415: Mombasa County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	19,826,289.4	-	-	1,250,774,247	1,270,600,537
Recurrent Trade Payables (Goods & Services)	76,560,760	-	-	1,434,115,031	1,510,675,790
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	301,081,830	301,081,830
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	76,560,760	-	-	1,735,196,860	1,811,757,620
Executive Trade Payables	96,387,049	-	-	2,985,971,108	3,082,358,157
% of Executive Trade Payables	3	-	-	97	100

Source: *Mombasa County Treasury*

Table 3.416: Mombasa County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables-		-	-	-	-
Recurrent Trade Payables (Goods & Services)	12,592,329	2,549,009	-	1,263,098	**16,404,436**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	4,953,082	-	-	-	**4,953,082**
Total Recurrent Trade Payables	17,545,411	2,549,009	-	1,263,098	**21,357,518**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**17,545,411**	**2,549,009**	**-**	**1,263,098**	**21,357,518**
% of Total	**82**	**12**	**-**	**6**	**100**

Source: *Mombasa County Treasury*

The pending bills analysis shows that 96 per cent have been outstanding for over three years. To address this, the county treasury should implement a First-In-First-Out (FIFO) payment approach and adhere to the pending bills action plan established at the beginning of the financial year.

3.28.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.20 billion on compensation of employees, Kshs.477.73 million on operations and maintenance, and Kshs.423.61 million on development activities. Similarly, the County Assembly spent Kshs.273.99 million on compensation of employees, Kshs.135.79 million on operations and maintenance, as shown in Table 3.417.

Table 3.417: Mombasa County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive						
Recurrent	**9,438,448,094**	**3,820,850,057**	**3,678,072,160**	**-**	**3,678,072,160**	**39**
Compensation to Employees	6,697,734,927	3,201,489,669	3,200,340,313	-	3,200,340,313	48
Operations & Maintenance	2,740,713,167	619,360,388	477,731,847	-	477,731,847	17
Development	**4,380,706,012**	**312,588,757**	**423,608,306**	**-**	423,608,306	**10**
Executive Sub-total	**13,819,154,106**	**4,133,438,814**	**4,101,680,466**	**-**	**4,101,680,466**	**30**
County Assembly						
Recurrent	**740,845,894**	**514,345,250**	**409,786,651**	**-**	**409,786,651**	**55**
Compensation to Employees	437,849,053	351,041,828	273,994,405	-	273,994,405	63
Operations & Maintenance	302,996,841	163,303,423	135,792,246	-	135,792,246	45
Development	**70,000,000**	-	**-**	-	**-**	-
Assembly Sub-total	**810,845,894**	**514,345,250**	**409,786,651**	**-**	**409,786,651**	**51**
Combined County Totals						
Total Recurrent	**10,179,293,988**	**4,335,195,308**	**4,087,858,810**	**-**	**4,087,858,810**	**40**
Compensation to Employees	7,135,583,980	3,552,531,497	3,474,334,718	-	3,474,334,718	49
Operations & Maintenance	3,043,710,008	782,663,811	613,524,093	-	613,524,093	20
Total Development	**4,450,706,012**	**312,588,757**	**423,608,306**	**-**	**423,608,306**	**10**
Grand Total	**14,630,000,000**	**4,647,784,065**	**4,511,467,116**	**-**	**4,511,467,116**	**31**

*Source: **Mombasa County Treasury***

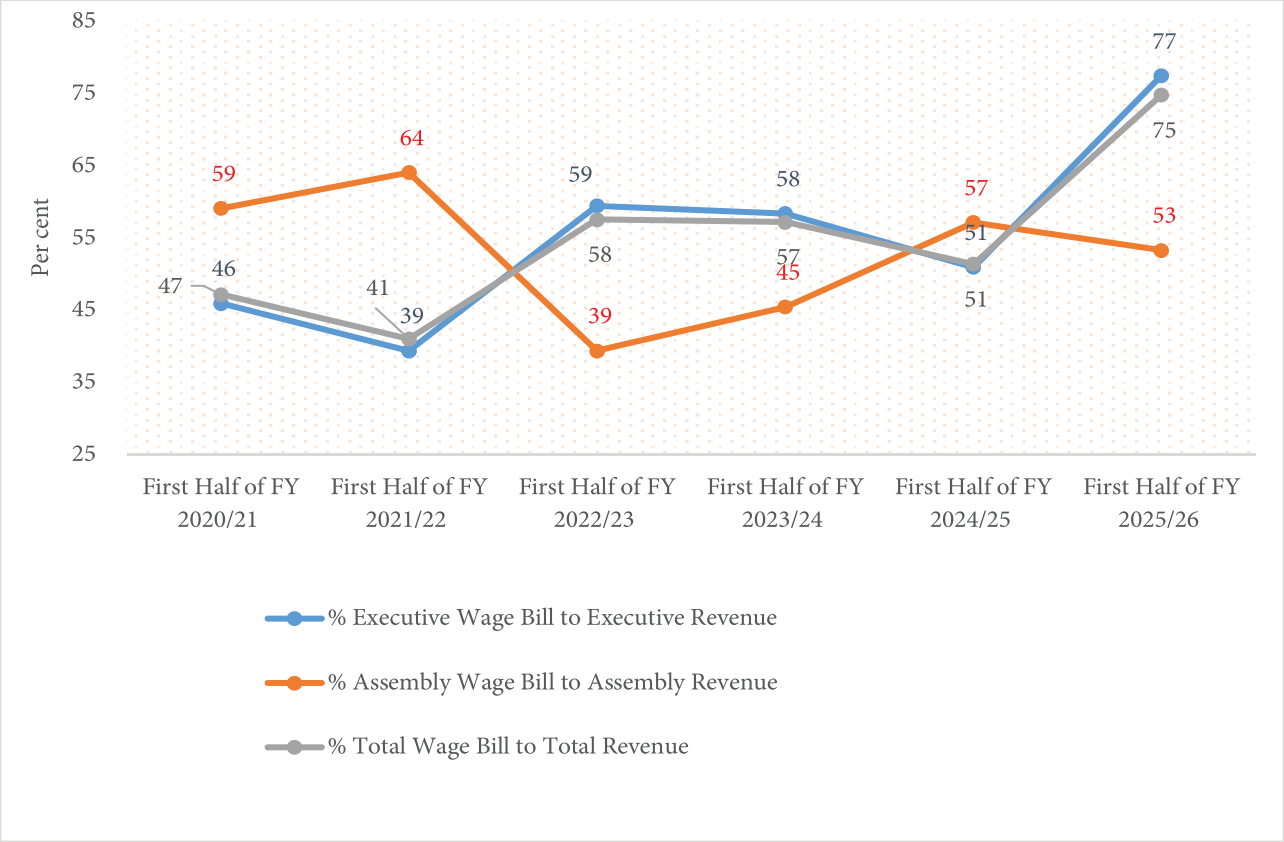
3.28.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.47 billion. The compensation-to-revenue ratio was 75 per cent. This

2024/25. Of this total, Kshs.1.52 billion is related to Health Sector employees, accounting for 44 per cent of the overall employees' compensation.

Figure 167 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 167: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Mombasa County Treasury

Further analysis indicated that PE costs amounting to Kshs.3.30 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.175.31 million was processed through manual payrolls, accounting for 5 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), gratuity remittances to pension schemes for staff on contract, NSSF remittances, Housing Levy remittances, NITA remittances, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.418.

Table 3.418: Breakdown of Mombasa County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	97,731,858	12,795,762	**110,527,620**
LAPTRUST/LAPFUND Pension Contributions	-	212,760	**212,760**
Gratuity for contract staff	12,908,357	12,254,587	**25,162,944**
Community Health workers	34,215,000		
NSSF	-	340,200	**340,200**
Housing Levy	-	170,663	**170,663**
NITA	-	3,900	**3,900**
Total	**144,855,215**	**25,777,872**	**136,418,087**

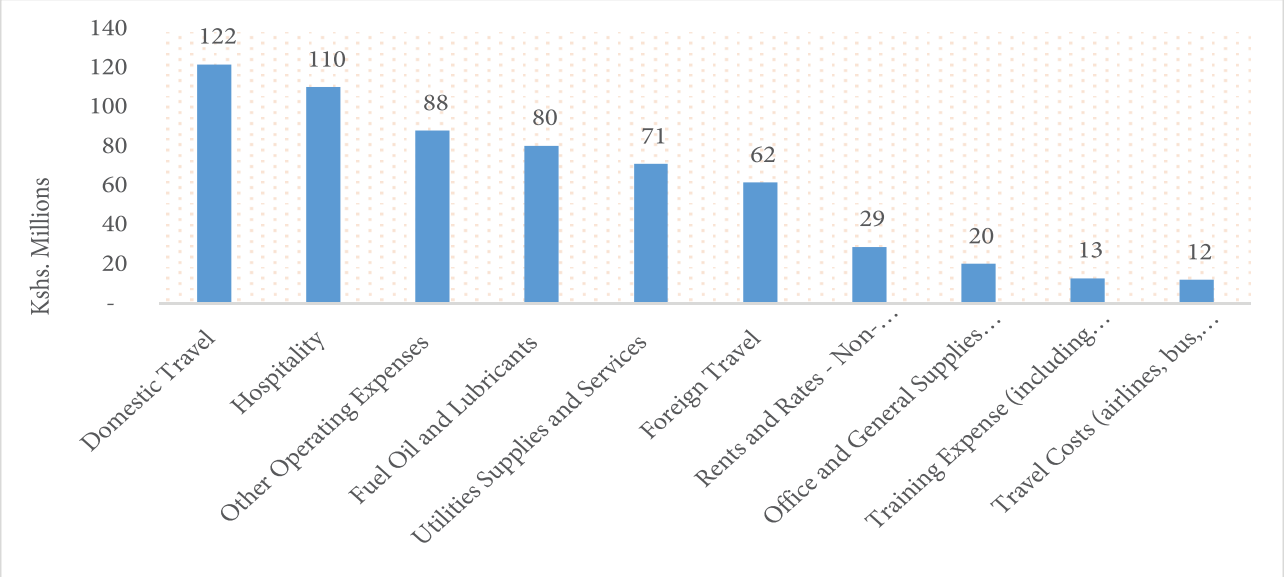
Source: Mombasa County Treasury

The County Assembly spent Kshs.16.62 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.35.88 million. The average monthly sitting allowance was Kshs.64,419 per MCA. The County Assembly has 21 House Committees.

3.28.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.613.52 million on operations and maintenance, representing a decrease of 51 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.24 billion. Figure 168 summarises the Operations and Maintenance expenditure by major categories.

Figure 168: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: *Mombasa County Treasury*

3.28.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.88 million on "*other operating expenses*," which is 14 per cent of the total operations and maintenance expenditure of Kshs.613.52 million. This category of expenditure includes Kshs.40 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.419.

Table 3.419: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues, and Subscriptions to Professional and Trade Bodies	3,590,000	294,400
2211308	Legal Dues/fees, Arbitration and Compensation Payments	61,044,813	40,000,000
2211311	Contracted Technical Services	179,159,000	44,520,940
2211311	Contractors Retention Money	179,159,000	2,386,520
2211311	VAT Withholding	179,159,000	822,938
2211322	Binding of Records	3,392,010	85,290
Total		**605,503,823**	**88,110,088**

Source: *Mombasa County Treasury*

3.28.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.236.5 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.420 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.420: Performance of Mombasa County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Mombasa County Elimu Scheme	2023	154,500,000	Ksh.72,000,000	72,000,000	1,766,527,622	NO
2	Emergency Fund		20,000,000	-	-	-	NO
3	Mombasa County Ardhi Fund	2024	50,000,000	-	-	-	N/A
		County Assembly Established Funds					
1	Mombasa County Assembly Car Loans and Mortgage for Members and staff	2021	12,000,000	-	-	-	YES
	Total		236,500,000		72,000,000	1,766,527,622	

Source: *Mombasa County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated in Table 3.420, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the established Funds had not lapsed.

3.28.13 County Corporations

The County has one County Corporation, which was allocated Kshs.20 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.10.49 million, as shown in Table 3.421.

Table 3.421: Performance of Mombasa County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Mombasa Investment Corporation.	20,000,000	10,000,000	10,000,000	65,000,000
	Total	20,000,000	10,000,000	10,000,000	65,000,000

Source: *Mombasa County Treasury*

3.28.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.62.24 million and comprised Kshs.40.49 million spent by the County Assembly and Kshs.21.76 million by the County Executive. Expenditure on foreign travel amounted to Kshs.61.60 million and comprised Kshs.22.05 million by the County Assembly and Kshs.39.55 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.422.

Table 3.422: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. Of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	1	12th-25th September 2025	Facilitation to attend the 80th session of the UN General Assembly from 12th-25th September 2025 in New York	USA	990,630
Executive	2	29th July- 2nd August 2025	Evaluation committee visit to Jospong group of companies in Ghana, 29- July 2025 to 2 Aug. 2025	GHANA	959,800
Executive	3		Travel to Dubai to attend the public governance best practices conference	DUBAI	2,063,934
Executive	6	22nd September-3rd October 2025	Facilitation for travel to Dubai for green training from 22nd September to 3rd October 2025	DUBAI	7,811,425
Executive	8	15th-19th September 2025	Facilitation for travel to Turkey from 15th-19th September 2025	TURKEY	6,932,440
Executive	4		Facilitation to attend the multi-city leadership reunion, Cape Town, South Africa	SOUTH AFRICA	2,747,572
Executive	1	5th-13th April 2025	Claim for attending the 14th annual affordable housing projects conference 2025 in Kuala Lumpur, Malaysia, from 5th to 13th April 2025	MALAYSIA	578,234
Executive	1	19th August-7th September 2025	Facilitation for travel to Istanbul, Turkey from 2919th august-7th September 2025	TURKEY	1,082,757
Executive	1		Claim for travel to Japan to attend the county business forum on 23rd June 2025	JAPAN	1,067,858
Executive	1		Claim for travel to Denmark to attend the learning programme, practices, tools and technologies for the green transition	DENMARK	471,210
County Assembly	7	9th-16th November 2025	Being paid for training on strengthening county oversight in education-Dubai	DUBAI	3,630,424
County Assembly	7	6th-13th November 2025	Being paid for training on the public health, resilience and community systems programme in Dubai	DUBAI	3,734,836
County Assembly	7	7th-14th November 2025	Being paid for training on the infrastructure and project management programme in Dubai	DUBAI	3,790,276
County Assembly	1	17th-26th November 2025	Being paid for your cybersecurity conference, Minnesota, U.S. A	USA	649,840
County Assembly	7	29th Nov-5th Dec 2025	Being pre-payment for training on the strengthening public accountability and financial transparency programme - Dubai	DUBAI	3,951,976
County Assembly	6	7th-14th December 2025	Being pre-payment for training on blue economy entrepreneurship and investment for prosperity programme - Dubai	DUBAI	3,183,864
County Assembly	4	5th-12th December 2025	Being pre-paid for training on the financial accountability & oversight programme - Dubai	DUBAI	2,137,360
County Assembly	2	3rd-10th December 2025	Being pre-payment for training on strategies for effective youth participation in county assemblies - UK	UK	968,888

Source: Mombasa County Treasury and Mombasa County Assembly

3.28.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.1.072 billion as FIF, which was 89 per cent of the annual target of Kshs.1.2 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.765.07 million, as shown in Table 3.423

Table 3.423: Mombasa County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	500,496,799	537,943,382.80	107
2.	Level 4 Hospital	5	110,464,874	151,728,494.40	137
3.	Level 3 Facility	6	55,232,437	75,402,018	137
4.	Level 2 Facility	38			
	Total	**60**	**666,194,110**	**765,073,895.22**	**115**

Source: *Mombasa County Treasury*

3.28.16 Development Expenditure

In the review period, the County reported spending Kshs.423.61 million on development programmes, representing a decrease of 28 per cent compared to FY 2024/25, when the County spent Kshs.588.55 million. Table 3.424 summarises the development projects with the highest expenditure in the reporting period.

Table 3.424: Mombasa County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocatioon (Kshs.)	Amount paid (Kshs)	Implementation status (%)	Source of Funding (GoK/ donor)
Tourism, Culture and Trade	PROPOSED CONSTRUCTION OF COUNTY AGGREGATION AND INDUSTRIAL PARKS	Countywide	100,000,000	100,000,000	50,626,770	51	GoK
Transport, Infrastructure and Public Works	PROPOSED CONSTRUCTION OF BOFU LEVEL TWO HOSPITAL IN LIKONI	Likoni	34,603,178	50,000,000	47,244,564	137	GoK
Finance and Economic Planning	PROPOSED WATER ABSTRACTION, PURIFICATION, AND HARVESTING WORKS IN SCHOOLS, MOMBASA COUNTY	Across County	40,150,000	40,150,000	40,150,000	100	GoK
Health	PHILIPS CASTHLAB MACHINE	Mvita	24,510,170	82,069,250	24,510,170	100	GoK
Transport, Infrastructure and Public Works	PROPOSED CONSTRUCTION AND IMPROVEMENT OF MOMBASA CYCLE NETWORK PROJECT	Mvita	104,000,000	77,000,000	22,276,130	21	GoK
Transport, Infrastructure and Public Works	Proposed construction of a level III health facility in Mjambere ward	Mjambere	65,928,709	50,000,000	14,762,755	22	GoK
Transport, Infrastructure and Public Works	DESIGN AND CONSTRUCTION OF NYERERE ROAD A14-MBARAKI ROAD C1142 TO BITUMEN STANDARD	Mvita	8,918,250	77,000,000	8,918,250	100	GoK
Education	PROPOSED CONSTRUCTION OF ECD CENTRE AT DIGIRIKANI PRIMARY SCHOOL		26,264,610	77,000,000	7,168,813	27	GoK
Transport, Infrastructure and Public Works	PROPOSED ROUTINE MAINTENANCE, POTHOLE PATCHING AND REGULATION OF KONGOWEA ROAD		6,615,066	275,000,000	6,615,066	100	GoK
Education	PROPOSED ECD CENTRE MAJAONI PRIMARY SCHOOL - KISAUNI	Kisauni	21,456,800	77,000,000	6,192,630	29	GoK

Source: *Mombasa County Treasury*

The County did not report any stalled development projects as of 31st December 2025, Budget Performance by Department. Table 3.425 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.425: Mombasa County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	740.85	70	445.12	-	409.79	-	92.06	-	55.31	-
Public Service Board	120.94	10	38.75	-	54.81	-	141.45	-	45.32	-
Finance And Economic Planning	880.48	382.51	250.59	140.87	300.15	88.84	119.78	63.07	34.09	23.23
Health	4,184.84	600	1,753.40	24.51	1,697.17	24.51	96.79	100	40.56	4.09
Transport, Infrastructure & Public Works	686.57	743.54	368.35	93.41	318.56	95.27	86.48	101.99	46.40	12.81
Environment And Governance	897.03	786.05	409.12	-	323.85	70	79.16	-	36.10	8.91
Education	554.38	227.50	341.61	-	251.92	85.36	73.74	-	45.44	37.52
Water, Natural Resources, and Climate Change Resilience	217.22	334.50	71.75	-	68.75	9	-	-	-	-
Public Service Administration, Youth, Gender, Social Services and Sports.	774.02	-	155.75	-	165.18	-	-	-	-	-
Tourism, culture & Trade	438.46	37	160.16	53.80	174.80	50.63	-	-	-	-
Lands, Urban Renewal, and Housing	185.07	570.30	89.52	-	82.54	-	-	-	-	-
Blue Economy, Cooperatives, Agriculture, and Livestock	177.97	151	99.77	-	70.66	-	70.82	-	39.70	-
County Attorney	98.01	460	60.35	-	60.45	-	100.17	-	61.68	-
County Executive	223.46	78.30	90.94	-	109.24	-	120.12	-	48.89	-
Total	**10,179.30**	**4,450.70**	**4,335.18**	**312.59**	**4,087.87**	**423.61**	**42.6**	**7.0**	**3.1**	**91.8**

Source: *Mombasa County Treasury*

Analysis of expenditure by departments shows that the Department of Education recorded the highest absorption rate of the development budget at 38 per cent, followed by the Department of Finance & Economic Planning at 23 per cent. The Department of County Attorney had the highest recurrent expenditure-to-budget ratio at 62 per cent, while the Department of Finance & Economic had the lowest at 34 per cent.

3.28.17 Budget Execution by Programmes and Sub-Programmes

Table 3.426 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.426: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Human Resource Management	Compensation to Employees	470,139,881	-	273,994,405	-	58.28	-
Legal	Use of Goods and Services	109,942,762	70,000,000	75,956,800	-	69.09	-
Sub-Total		**580,082,643**	**70,000,000**	**349,951,204**	**-**	**60.33**	**-**
Health							
Programme 7	Administration Unit	3,459,178,098	178,374,932	1,693,165,610	24,510,170	48.95	13.74
	Sub-Total	**3,459,178,098**	**178,374,932**	**1,693,165,610**	**24,510,170**	**48.95**	**13.74**

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Transport, Infrastructure & Public Works							
	Roads Infrastructure Development	14,950,393	534,280,000	225,000	39,672,402	1.50	7.43
	Transportation Management	168,100,000	84,800,000	79,575,496	17,540,818	47.34	20.68
	County Public Works	1,310,000	55,000,000	-	38,056,305	-	69.19
	Sub Total	**184,360,393**	**674,080,000**	**79,800,496**	**95,269,525**	43.29	14.13
Environment and Governance							
Programme 5	Administration, Planning and Support Services	776,837,672	15,000,000	313,078,157	70,000,000	40.30	466.67
Sub Total		**776,837,672**	**15,000,000**	**313,078,157**	**70,000,000**	**40.30**	**466.67**
Education							
	Early Childhood Education	19,765,363	126,000,000	-	13,361,443	-	10.60
Sub Total		**19,765,363**	**126,000,000**	-	**13,361,443**	-	**10.60**
Tourism, culture & Trade							
	Trade Development and Markets/ Consumer Protection	34,550,000	334,500,000	750,000	50,626,770	2.17	15.14
Sub Total		**34,550,000**	**334,500,000**	**750,000**	**50,626,770**	**2.17**	**15.14**
County Attorney							
Programme 14	General Administration & Legal ServiceS	98,014,783	-	60,446,914	-	61.67	-
Sub Total		**98,014,783**	-	**60,446,914**	-	**61.67**	-
County Executive							
Programme 1	General Administration and Human Resource Planning Services	162,498,066	-	94,308,481	-	58.04	-
Sub Total		**162,498,066**	-	**94,308,481**	-	**58.04**	-
Grand Total		**5,315,287,017**	**1,397,954,932**	**2,591,500,861**	**253,767,908**	**48.76**	**18.15**

Source: *Mombasa County Treasury*

The development sub-programmes with the highest budget implementation rates included Administration, Planning and Support Services in the Department of Environment and Governance at 467 per cent, County Public Works in the Department of Transport, Infrastructure & Public Works at 69 per cent, and Transportation Management at 21 per cent. For recurrent sub-programmes, the top performers were General Administration & Legal Services in the Department of County Attorney at 62 per cent, Compensation to Employees in the Department of County Assembly at 58 per cent, General Administration and Human Resource Planning Services in the Department of County Executive at 58 per cent, and Administration Unit at 49 per cent in the Department of Health.

Table 3.427 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.427: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance And Economic Planning							-

Pro-gramme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Digital Transformation	71,557,300	88,050,000	-	-	-	-
	Sub-Total	**71,557,300**	**88,050,000**	-	-	-	-
Health							
	Curative/Clinical Health Services	121,210,011	59,625,068	-	-	-	-
	Coast General Teaching and Referral Hospital	500,496,799	335,000,000	-	-	-	-
	Sub-Total	**621,706,810**	**394,625,068**	-	-	-	-
Water, Natural Resources, and Climate Change Resilience							
	Natural Resources Management	2,390,000	46,050,260	-	-	-	-
	Sanitation Services and Management	10,000,000	42,000,000	-	-	-	-
	Climate Resilience	2,600,000	13,000,000	-	-	-	-
	Renewable Energy	5,400,000	22,500,000	-	-	-	-
Sub Total		**20,390,000**	**123,550,260**	-	-	-	-
Lands, Urban Renewal, and Housing							
	Urban Planning	1,500,000	121,000,000	-	-	-	-
		1,500,000	**121,000,000**	-	-	-	-
Blue Economy, Cooperatives, Agriculture, and Livestock							
	Veterinary Services	8,151,561	40,000,000	-	-	-	-
	Cooperative Development	3,603,729	5,000,000	-	-	-	-
Sub Total		**11,755,290**	**45,000,000**	-	-	-	-
Grand Total		**726,909,400**	**772,225,328**	-	-	-	-

***Source**: Mombasa County Treasury*

All the development and the recurrent sub-programmes in the table above have the lowest absorption rates, 0 per cent.

3.28.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 94 accounts in commercial banks, including 62 for Health Facilities, 3 for Vocational Training Centres, 4 for Established Funds, 4 revenue accounts, and 11 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.28.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Mombasa County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.

ii. Low development performance in the review period as the County incurred Kshs.423.61 million on development activities, achieving a 9.5 per cent absorption rate.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012.
iv. High level of trade payables, which amounted to Kshs.3.10 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.180.02 million for staff not onboarded to HRIS, accounting for 5 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.88.11 million under "*other operating expenses,*" accounting for 14 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.29. County Government of Murang'a

3.29.1 Overview of FY 2025/26 Budget

The Murang'a County Approved Budget for FY 2025/26 is Kshs.11.72 billion. It comprises Kshs.7.89 billion (68 per cent) and Kshs.3.83 billion (32 per cent) allocation for recurrent and development programmes, respectively. The budget estimates represent an increase of Kshs.973.09 million (9 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.22 billion and a recurrent budget of Kshs.7.53 billion. The increase in the budget was primarily due to increases in the Equitable Share and County Government Additional allocations.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.8.04 billion (68.7 per cent), additional allocations of Kshs.1.47 billion (12.6 per cent), a cash balance of Kshs.600 million (5.1 per cent) brought forward from FY 2024/25, and Kshs.1.61 billion (13.7 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.428.

3.29.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.06 billion. This amount represented a decrease of less than one (1) per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.4.21 billion. The total revenue consisted of Kshs.3.414 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.9.70 million, as well as own-source revenue (OSR) collection of Kshs.506 million. Additionally, the County had a cash balance of Kshs.129.84 million from FY 2024/25. The total OSR collection of Kshs.506.0 million included Facilities Improvement Financing (FIF) of Kshs.310.6 million, and Kshs.195.40 million from other OSR sources. Table 3.428 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.428: Murang'a County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	600,000,000	127,932,878		127,932,878	472,067,123
2	County Executive Refunds to CRF	-	1,904,364.55	-	1,904,365	- 1,904,365
3	County Assembly Refunds to CRF	-	1,332.60	-	1,333	- 1,333
	Sub-Total	**600,000,000**	**129,838,575**	**-**	**129,838,575**	**470,161,425**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,039,755,314	3,414,671,610	637,557,190	4,052,228,800	3,987,526,514
	Sub-Total	**8,039,755,314**	**3,414,671,610**	**637,557,190**	**4,052,228,800**	**3,987,526,514**
C	**Transfers from the Equalisation Fund**					
1	Equalisation Fund	-	-	5,679,579	5,679,579	5,679,579
	Sub-Total	**-**	**-**	**5,679,579**	**5,679,579**	**5,679,579**
D	**Additional Allocations (Including Grants)**					
1	Nutrition International	20,000,000	-	-	-	20,000,000
2	Financing Locally Led Climate Action	191,459,226	-	-	-	191,459,226
3	Road Maintenance Levy Fund	270,941,894	-	-	-	270,941,894
4	County Government Health Workers	56,993,611	-	-	-	56,993,611
5	Community Health Promoters	46,050,000	-	-	-	46,050,000
6	Primary Health Care in a Devolved Context	9,701,250	9,701,250		9,701,250	-
7	Additional Allocation for Court Fines	70,740,842	-	-	-	70,740,842
8	Kenya Agricultural Business Development Program	10,918,919	-	-	-	10,918,919
9	Kenya Devolution Support Program Level I	37,500,000	-	-	-	37,500,000
10	Kenya Devolution Support Program Level II	352,500,000	-	-	-	352,500,000
11	National Agricultural Value Chain Development Program (NAVCDP)	151,515,152	-	-	-	151,515,152
12	Kenya Urban Support Program - UIG	28,000,000	-	-	-	28,000,000
13	Kenya Urban Support Program UDG	124,000,000	-	-	-	124,000,000
14	County Aggregated Industrial Parks (CAIPs)	100,000,000	-	-	-	100,000,000
	Sub-Total	**1,470,320,894**	**9,701,250**	**-**	**9,701,250**	**1,460,619,644**
E	**Ordinary Own Source Revenue (OSR)**					
1	Licences	280,817,722	14,882,070	-	14,882,070	265,935,652
2	Land Rate	84,779,603	10,743,606	-	10,743,606	74,035,997
3	Cess Revenue	10,214,244	3,922,234	-	3,922,234	6,292,010
4	House Rent/Stall/Hall	3,733,487	399,000	-	399,000	3,334,487
5	Bus Park Fee	43,262,230	22,646,243	-	22,646,243	20,615,987
6	Parking Fee	21,946,265	9,903,225	-	9,903,225	12,043,040
7	Barter Market Fee	55,174,115	25,968,261	-	25,968,261	29,205,854
8	Self-Help Group	424,793	123,240	-	123,240	301,553
9	Liquor	116,351,746	5,798,300	-	5,798,300	110,553,446

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
10	Motor Bikes/Tuk Tuk	9,540,079	3,185,325	-	3,185,325	6,354,754
11	Building Materials & Other Cess	81,302,423	36,130,230	-	36,130,230	45,172,193
12	Advertisement	14,063,918	2,801,851	-	2,801,851	11,262,067
13	Lands & Planning Revenue	72,438,731	42,366,110	-	42,366,110	30,072,621
14	Impounding Fees	3,459,808	1,158,427	-	1,158,427	2,301,381
15	Other Revenues	3,742,563	2,408,756	-	2,408,756	1,333,807
16	Fire Fighting	1,571,460	76,500	-	76,500	1,494,960
17	Mariira Farm	1,112,307	282,786	-	282,786	829,521
18	Cooperatives (Audit)	87,483	-	-	-	87,483
19	Veterinary Services	20,625,011	9,497,070	-	9,497,070	11,127,941
20	Public Health	3,304,566	3,106,237	-	3,106,237	198,330
21	Weight & Measures	612,480	-	-	-	612,480
23	Land Leasing	190,000,000	-	-	-	190,000,000
	Sub-Total	**1,018,565,034**	**195,399,471**	**-**	**195,399,471**	**633,165,563**
F	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	588,104,199	310,604,867	-	310,604,867	277,499,332
	Sub-Total	**588,104,199**	**310,604,867**	**-**	**310,604,867**	**277,499,332**
	Grand Total	**11,716,745,441**	**4,060,215,772**	**643,236,769**	**4,703,452,541**	**6,823,292,900**

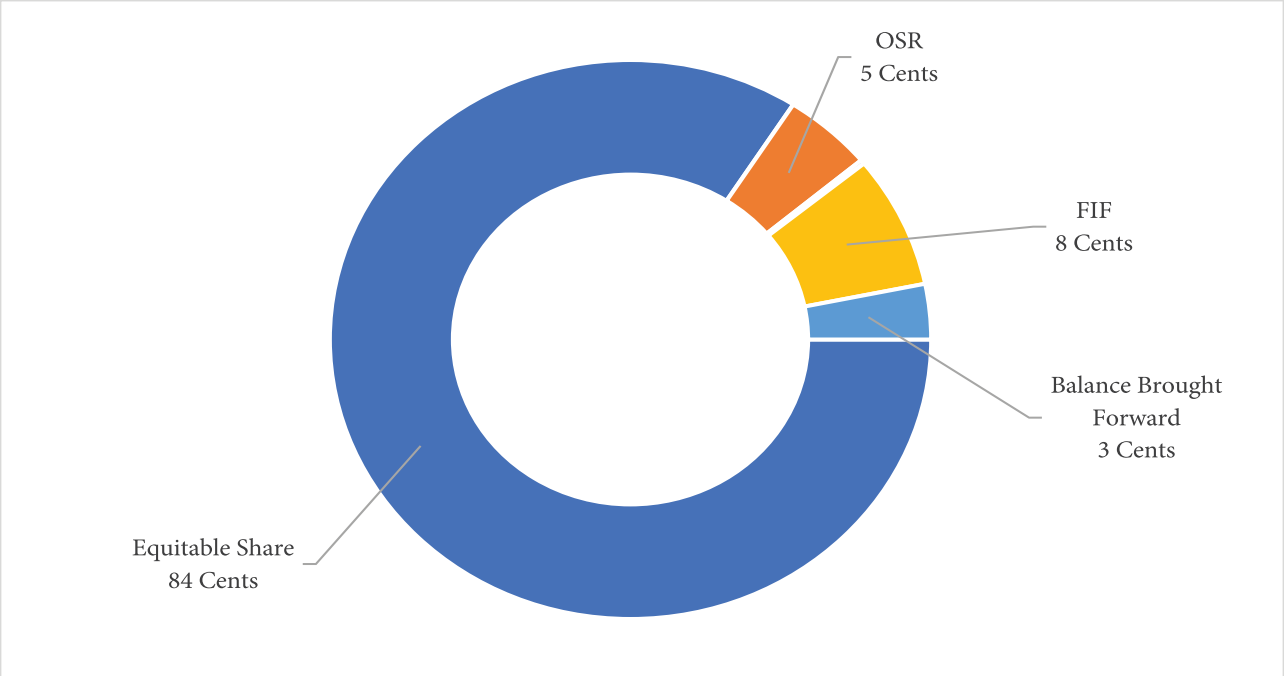
Source: *Murang'a County Treasury*

The County achieved 34 per cent of its total expected revenue for the Financial year 2025-2026. Equitable share received was 40 per cent of the budgeted amount, own source revenue realised was 31 per cent of the budgeted amount, and County Government additional allocations were less than 1%. The low realisation of County Government's additional allocations was due to the lack of releases during the period. Several streams of own-source revenue were below 25 per cent due to their seasonal nature. These include Single Business Permits, Land rates and advertisements.

The County has no legislation governing the operation of ordinary Appropriation in aid and FIF. However, the County uses the National FIF Act to operationalise FIF in its health centres.

Figure 169 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

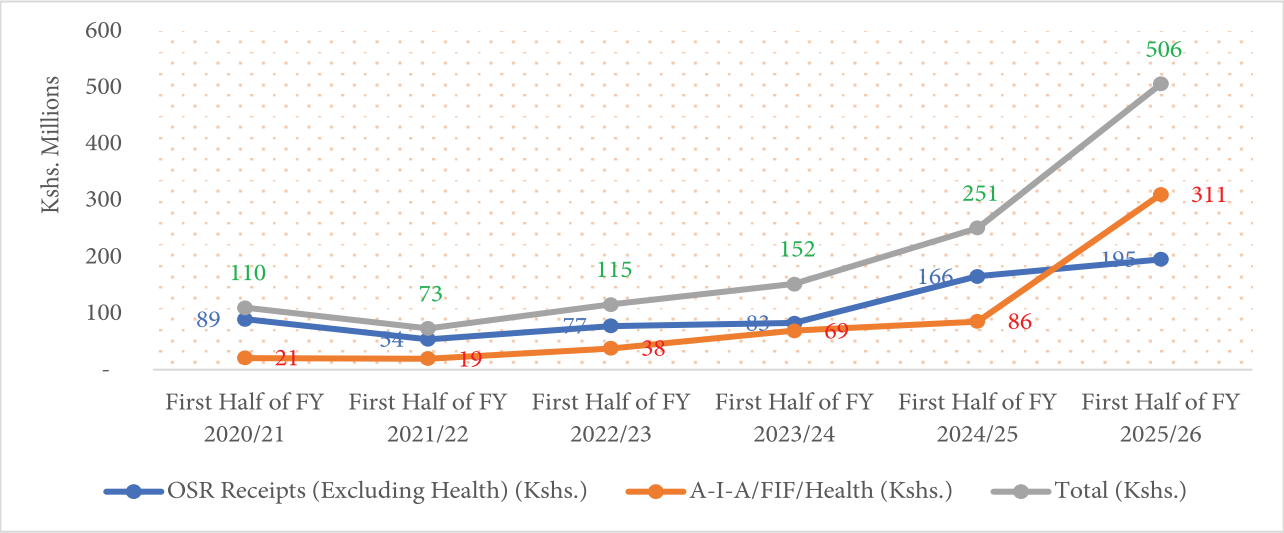
Figure 169: Murang'a County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Murang'a County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 84 per cent, 5 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 170 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 170: Muranga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

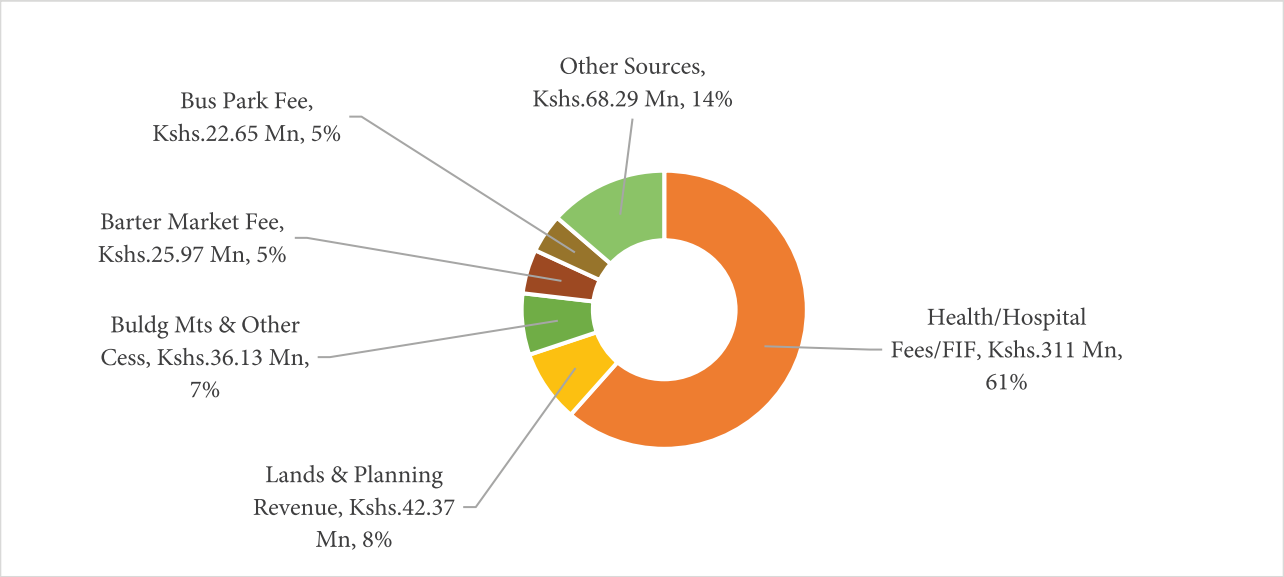


Source: *Murang'a County Treasury*

During the first half of FY 2025/26, the County received Kshs.506 million from OSR, including FIF. This amount was an increase of 101 per cent compared to Kshs.251.16 million realised in a similar period in FY 2024/25, and was 31 per cent of the annual target and 15 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the County's continued enhancement of health services across its facilities, which has led to more patients. The revenue streams that contributed the most to OSR receipts are shown in Figure 171

Figure 171: Murang'a County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Muranga County Treasury*

As shown in Figure 171, the highest revenue stream, at Kshs.310.60 million, was from hospital fees/ FIF, accounting for 61 per cent of the total OSR receipts. The County Government indicated that it has automated all 23 of its revenue streams.

3.29.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.41.83 million, which was still outstanding at Kshs.41.83 million as of 31st December 2025. Table 3.429 presents a breakdown of the County's revenue arrears.

Table 3.429: Murang'a County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Ordinary Own Sources of Revenue**					
1	**Plot rate**	**41,825,426**				**41,825,426**
	Sub-Total	**41,825,426**				**41,825,426**
Total		**41,825,426**				**41,825,426**

Source: Murang'a *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.41,825,426, comprising plot rents and rates. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include continuous reminders and follow-up of plot owners to ensure they settle these arrears.

3.29.4 Borrowing by the County

Murang'a County Executive and Assembly did not have any credit facility with any financial institution within the period.

3.29.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3,421.55 million from the Murang'a County Revenue Fund (CRF) account. This amount consisted of Kshs.559.54 million (16 per cent) designated for development programs and Kshs.2,862.01 million (84 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs1,954.5 million was allocated for employee compensation, and Kshs.907.51 million for operations and maintenance expenditures. Within the operations and maintenance category, 16.52 per cent was for domestic travel. The domestic travel exchequers totalled Kshs.149.91 million, which included Kshs.55.21 million

for the County Executive and Kshs.94.70 million for the County Assembly. Meanwhile, the county incurred no expenditure on foreign travel during the period.

As of December 31, 2025, the County Government's cash balance in the Murang'a CRF account was Kshs.167.9 million. In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.256.48 million for the County Assembly during the review period. This entire amount was allocated to recurring activities.

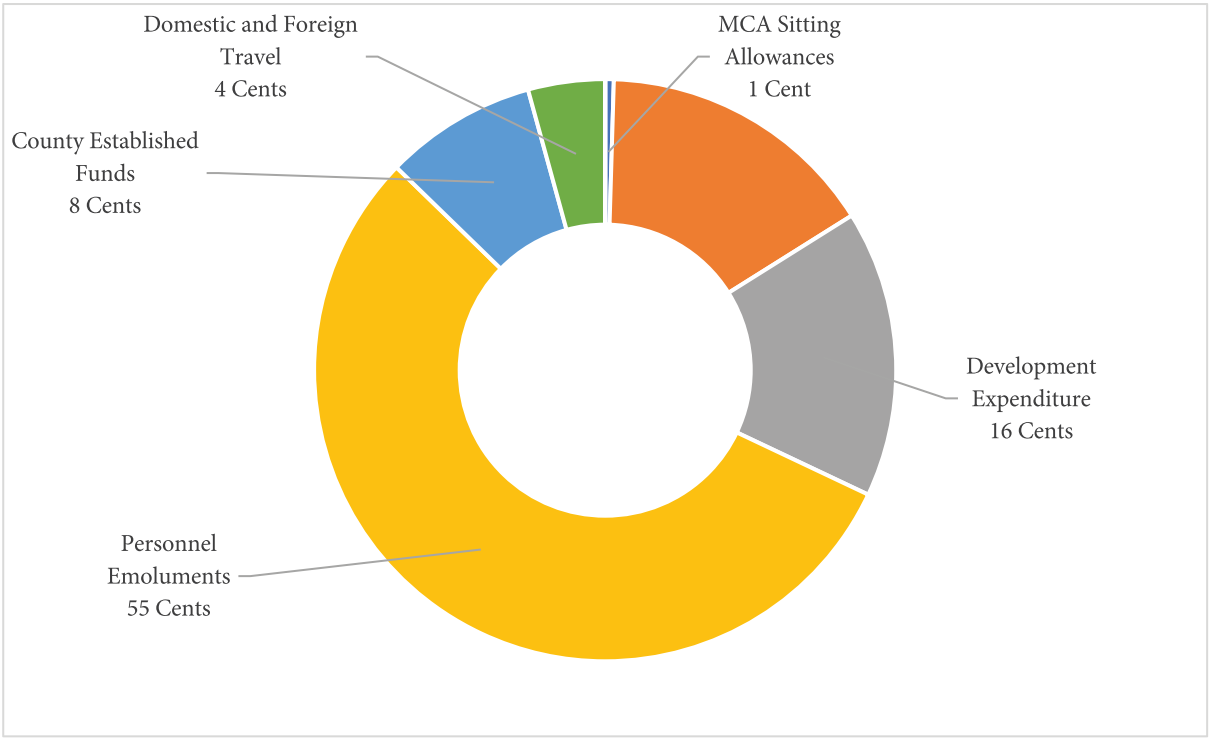
The County Assembly of Murang'a has not yet operationalised the County Assembly Fund.

3.29.6 Expenditure Review

The County spent Kshs.3.421 billion on development and recurrent programmes in the reporting period. The expenditure represented 99 per cent of the total funds released by the CoB. It comprised Kshs.559.54 million for development programmes and Kshs.2,862.01 million for recurrent programmes. Expenditure on development programmes represented 15 per cent of the annual development expenditure budget, while recurrent expenditure represented 36 per cent of the annual recurrent expenditure budget.

Figure 172 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 172: Murang'a County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Murang'a *County Treasury*

Figure 172, the three highest expenditure categories were personnel emoluments, development expenditure, and county established funds, which contributed 55%, 16%, and 8% of total expenditure for the reporting period.

3.29.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1,993.75 billion. This amount consisted of Kshs.1,921.49 billion from the County Executive and Kshs.72.27 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1,588.13 million for recurrent expenditure and Kshs.72.27 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.636.59 million, comprising Kshs.481.7 million (30 per cent) for recurrent programmes and Kshs.154.89 million (46 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.34.19 million for recurrent activities, with no payables

on development. The outstanding trade payables as of 31st December 2025 were Kshs.1,284.9 million for the County Executive and Kshs.38 million for the County Assembly. Table 3.430 provides additional details of trade payables.

Table 3.430: Muranga County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	333,359,916	1,588,128,815	1,921,488,731
		County Assembly	-	72,265,494	72,265,494
		Total	333,359,916	**1,660,394,309**	1,993,754,225
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	206,376,982	569,844,022	776,221,004
		County Assembly	-	34,190,720	34,190,720
		Total	206,376,982	604,034,742	810,411,724
Amount paid in the First Half of FY 2025/26	c	County Executive	154,891,145	852,907,388	1,007,798,532
		County Assembly	-	34,190,720	34,190,720
		Total	**154,891,145**	**887,098,108**	**1,041,989,252**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	178,468,771	735,221,427	913,690,199
		County Assembly	-	38,074,774	38,074,774
		Total	**178,468,771**	**773,296,201**	**951,764,973**

Source: Murang'a *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.604.03 million and Kshs.206.38 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.1,007.8 million for the Executive and Kshs.34.19 million for the Assembly.

Table 3.431 and Table 3.432 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.951.76 million.

Table 3.431: Muranga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	141,487,933	-	-	36,980,838	178,468,770.93
Recurrent Trade Payables (Goods & Services)	163,153,609		-	98,578,780	261,732,389
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	443,155,561	443,155,561
Recurrent Trade Payables (Staff Claims)	30,333,478	-	-	-	30,333,478
Total Recurrent Trade Payables	193,487,087	-	-	541,734,341	735,221,428
Total Trade Payables	334,975,020	-	-	578,715,179	913,690,198
% of Total	**36.6**	-	-	**63.3**	**100**

Source: *Murang'a County Treasury*

Table 3.432: Muranga County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	2,807,200	-	-	-	**2,807,200**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	1,951,631	-	18,765,709	**20,717,340**
Recurrent Trade Payables (Staff Claims)	14,550,234	-	-	-	**14,550,234**
Total Recurrent Trade Payables	17,357,434	1,951,631	-	18,765,709	**38,074,774**
Total Trade Payables	**17,357,434**	**1,951,631**	-	**18,765,709**	**38,074,774**
% of Total	**45**	**5.12**	-	**49.3**	**100**

Source: *Muranga County Treasury*

The County Government has made significant progress in settling its payables as budget implementation progresses; however, most of the payables settled are from the past year. It is strongly recommended that the County Government adopt a first-in, first-out method for settling payables.

3.29.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.82 billion on compensation of employees, Kshs.782.27 million on operations and maintenance, and Kshs.559.54 million on development activities. Similarly, the County Assembly spent Kshs.131.24 million on compensation of employees, Kshs.125.25 million on operations and maintenance, as shown in Table 3.433.

Table 3.433: Murang'a County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,071,115,645**	**816,710,947**	**2,605,528,649**	**256,484,121**	-	-	**2,605,528,649**	**256,484,121**	**37**	**31**
Compensation of Employees	4,855,391,877	397,237,638	1,823,261,640	131,237,623	-	-	1,823,261,640	131,237,623	38	33
Operations and Maintenance	2,215,723,768	419,473,309	782,267,009	125,246,498	-	-	782,267,009	125,246,498	35	30
Development Expenditure	**3,798,918,848**	**30,000,000**	**559,540,519**	-	-	-	**559,540,519**	-	**15**	-
Total										

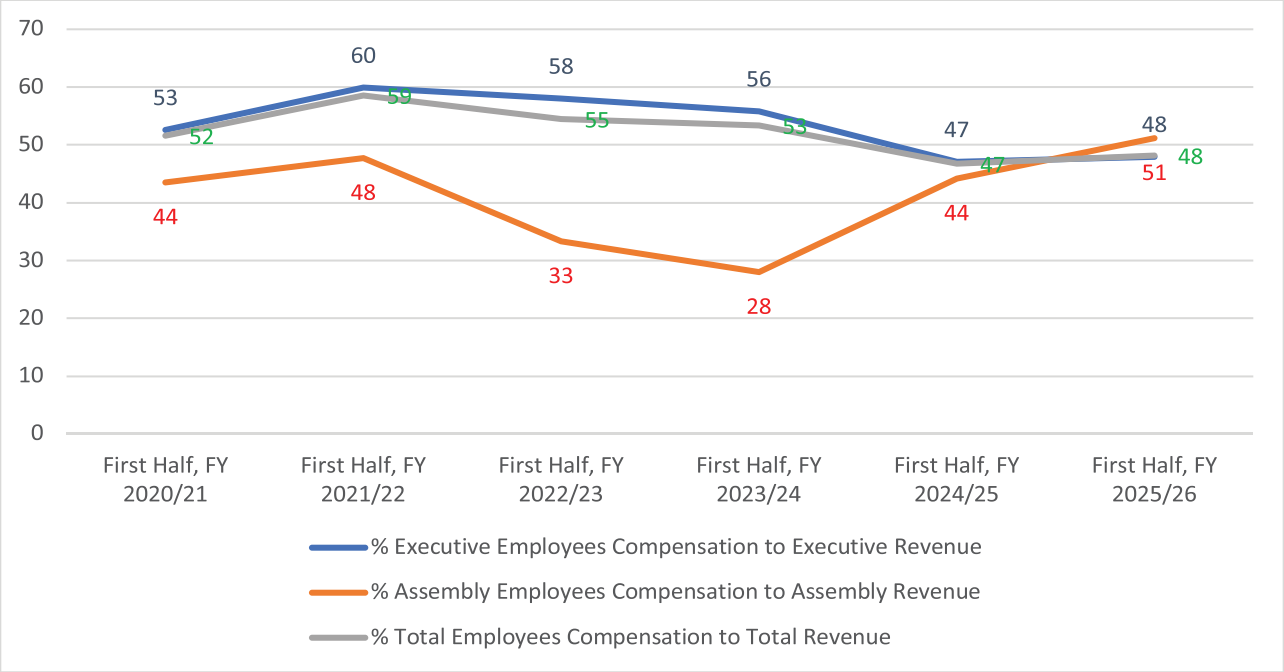
***Source**: Murang'a County Treasury*

3.29.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.95 billion. The percentage of compensation of employees to the available revenue of Kshs.4.06 billion was 48 per cent. This expenditure on employee compensation has not changed compared to the Kshs.1.95 billion reported in a similar period in FY 2024/25. Of this total, Kshs.862.4 million related to Health Sector employees, accounting for 44 per cent of the overall employees' compensation.

Figure 173 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 173: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Murang'a County Treasury

Further analysis indicated that PE costs totalling Kshs.1.87 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.84.37 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost. The justification for continuing manual payroll was the Directorate of Personnel Management's delay in integrating these officers into the unified payroll system.

The manual payroll comprised salaries for 33 staff not onboarded into the Human Resource Information System (HRIS), salaries for 5 casual staff, stipends for 259 interns, and stipends for approximately 2009 community health promoters, as shown in Table 3.434.

Table 3.434: Breakdown of Murang'a County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	26,134,917
2	Salaries for casual staff	888,175
3	Salaries for interns	27,568,425
4	Salaries for Community Health Promoters	29,775,000
	Total	**84,366,517**

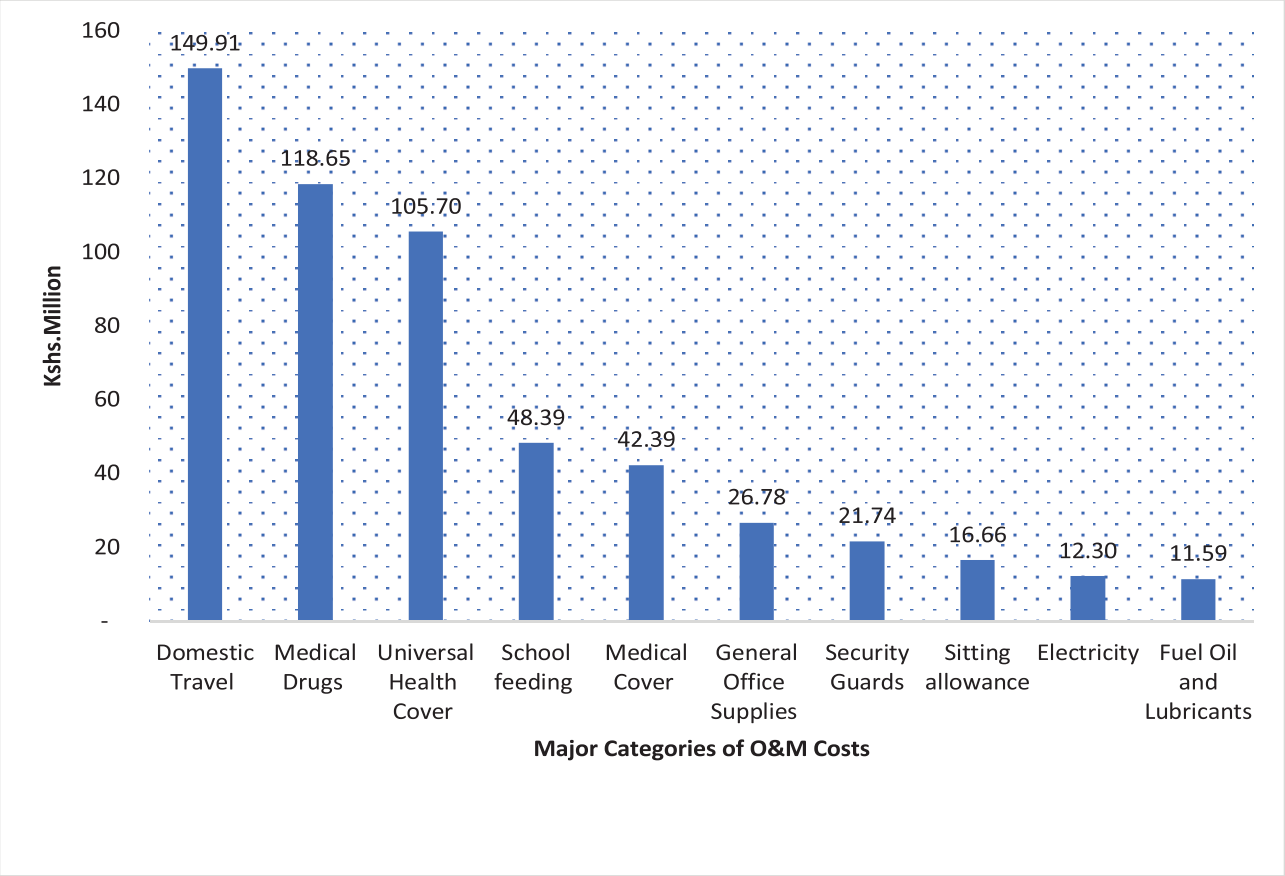
Source: Murang'a County Treasury

The County Assembly spent Kshs.16.66 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.38.94 million. The average monthly sitting allowance was Kshs.347,012 per MCA. The County Assembly has 21 House Committees.

3.29.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.907.51 million on operations and maintenance, representing an increase of 23.1 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.736.99 million.Figure 174 summarises the Operations and Maintenance expenditure by major categories.

Figure 174: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: *Muranga County Treasury*

The County's expenditure on operations and maintenance covered the costs of providing services to citizens. Domestic allowances spent Kshs.149.91 million, with the executive spending Kshs.55.21 million, and the county assembly spent Kshs.94.7 million.

The County Government has a universal health coverage program with the Social Health Authority, which covers 37,000 indigent and vulnerable families. The County spent Kshs.105.7 million on this cover.

3.29.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.611.5 million to County-Established funds in FY 2025/26, or 5 per cent of the County's overall budget. Further, the County allocated Kshs.30 million to the Emergency Fund (0.26 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.435 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.435: Performance of Murang'a County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Muranga County Scholarship Fund	2021	230,000,000	210,000,000	61,982,178	1,086,691,337	Yes
2	Emergency Fund	2023	30,000,000	3,000,000	3,000,000	46,000,000	Yes
3	Muranga County Youth Fund	2023	119,500,000	43,590,000	43,590,000	305,250,000	Yes
4	Agricultural Farm Input Subsidy Fund	2023	195,000,000	40,000,000	40,000,000	604,899,501	Yes

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
5	Muranga County Sports and Talent Fund	2025	37,000,000	-		35,082,400	Yes
		County Assembly Established Funds					
6	County Assembly Car and Mortgage Fund	2014	--	-	-	467,274,313	No
	Total		611,500,000	296,590,000	148,572,178	2,545,197,551	

Source: Murang'a *County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the County Assembly Car and Mortgage Fund Administrators, as indicated in Table 3.435, contrary to the requirement of Section 168 of the PFM Act, 2012. All the funds of the County disclosed that the administration costs of the 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the County Assembly Car and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.29.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.149.91 million and comprised Kshs.94.7 million spent by the County Assembly and Kshs.55.21 million by the County Executive. During the period, the County Government, including the County Executive and the County Assembly, incurred no expenditure on foreign travel.

3.29.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.310.60 million as FIF, which was 53 per cent of the annual target of Kshs.588.10 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.321.75 million, as shown in Table 3.436.

Table 3.436: Muranga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	190,202,391	186,679,512	98.1
2.	Level 4 Hospital	5	134,060,694	104,121,863	77.7
3.	Level 3 Facility	2	37,195,278	30,948,874	84.5
	Total		**361,458,363**	**321,750,249**	**89**

Source: *Muranga County Treasury*

3.29.14 Development Expenditure

In the review period, the County reported spending Kshs.559.54 million on development programmes, representing an increase of 22 per cent compared to FY 2024/25, when the County spent Kshs.456.41 million. Table ß:438 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to continued supervision and the completion of ongoing projects that extended beyond one fiscal year.

Table 3.437: Murang'a County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Total Funding in FY 2025/26 (Kshs. Mn)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs. Mn)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs. Mn)	Percentage (%) of Completion
County Funded Projects									
1	Roads	Roads Maintenance Levy Fund	County Wide	1/11/25	Ongoing	94.72	-	94.72	35
2	Agriculture, Livestock and Fisheries	Supply Maize Seeds to Farmers in Murang'a County under the Food Security Programme	County Wide	5/10/25	Ongoing	81	-	81,	50
3	Water, Irrigation, Environment and Natural Resources	Supply and installation of the last-mile water connectivity pipe	County wide	1/8/25	Ongoing	54.77	-	54.77	21
4	Sports, Youth, Culture, Gender and Social Services	Muranga Youth Service- Youth Empowerment	County wide	1/8/25	Ongoing	43.59	-	43.59	36
5	Agriculture, Livestock and Fisheries	Muranga County Agricultural Farm Inputs and Incentive Subsidy Fund to Operations Account	County Wide	1/8/25	Ongoing	40	-	40	21
6	Agriculture, Livestock and Fisheries	Supply Top Dressing and Planting Fertiliser to Farmers in Murang'a County under the Food Security Programme	Countywide	5/10/25	Ongoing	29	-	29	50
7	Health and Sanitation	Supply of medical products & technologies for telemedicine facilities under the Preventive and Promotive Healthcare Program	County wide	1/8/25	Ongoing	20.16	-	20.16	17
8	Roads	Supply and installation of cabro paving slabs at Karugia, Kairo and Kamacharia shopping centres	Mathioya Sub-County (Karugia, Kairo and Kamacharia Shopping centres)	1/2/25	31/08/2025	17.50	-	17.50	100
9	Roads	Supply and installation of cabro paving slabs at Gakurwe, Kenol and Ndunyu Chege shopping centres	Gakurwe- Kiru ward, Kenol, and Nduyu Chege	15/01/25	15/07/2025	15.18	-	15.18	100
10	Roads	Supply and installation of Cabro paving slabs at Ngonda shopping centres	Kigumo Sub-County	5/3/25	20/09/2025	9.30	-	9.30	100

Source: *Muranga County Treasury*

3.29.15 Budget Performance by Department

Table 3.438 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.438: Muranga County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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
Governorship, County Coordination and Administration	314.08	10	128.60	-	128.60	-	100	-	40.9	-
Finance And Economic Planning	344.36	33	113.26	3	113.26	3	100	100	32.9	9.1
Agriculture, Livestock, and Fisheries	304.64	623.23	105.98	150	105.98	150	100	100	34.8	24.1
Energy Transport And Roads	36.35	1,427.41	8.18	265.14	8.18	265.14	100	100	22.5	18.6
Commerce, Trade, Industry, and Tourism	46.75	183	11.19	-	11.19	-	100	-	23.9	-
Education & Technical Training	715.32	36.50	424.69	-	424.69	-	100	-	59.4	-
Health And Sanitation	3,426.65	401.67	1,315.96	22.65	1,315.96	22.65	100	100	38.4	5.6
Lands, Housing & Physical Planning	52.06	17	4.94	-	4.94	-	100	-	9.5	-
County Public Service Board	28.84		9.63	-	9.63	-	100	-	33.4	-
Youth, Culture, Gender, Social Services & Special Programs	92.80	167.80	36.73	52.07	36.73	52.07	100	100	39.6	31
Environment, Natural Resources, Water and Irrigation	122.82	338.66	37.23	60.63	37.23	60.63	100	100	30.3	17.9
Public Service Administration & Information Technology	1,414.17	20	381.55	6.06	381.55	6.06	100	100	27	30.3
Murang'a Municipality	62.96	81	19.52	-	19.52	-	100	-	31	-
Kenol Municipality	26.55	73.25	1.13	-	1.13	-	100	-	4.3	-
Kangari Municipality	26.05	10.50	0.51	-	0.51	-	100	-	2	-
Devolution and External Linkages	56.70	375.90	6.43	-	6.43	-	100	-	11.3	-
County Assembly	816.71	30	256.48		256.48		100	-	31.4	-
Total	**7,887.83**	**3,828.92**	**2,862.01**	**559.54**	**2,862.01**	**559.54**	**100**	**100**	**36.3**	**14.6**

Source: *Muranga County Treasury*

Analysis of departmental expenditure shows that the Department of Public Service and ICT recorded the highest absorption rate of the development budget at 30.3 per cent, followed by the Department of Youth and Sports at 31 per cent. The Department of Education and Technical Training had the highest recurrent expenditure-to-budget ratio at 59.4 per cent, while Kangari Municipality had the lowest at 2 per cent.

3.29.16 Budget Execution by Programmes and Sub-Programmes

Table 3.439 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.439: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub- Programme	BUDGET 2025-2026		Actual Payments of FY 2025-26 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governorship, County Coordination, and Administration							
County Co-ordination	Office Administration and Support Services	58,200,000	-	38,062,905	-	65	-
Administration and Support	County Executive and Coordination	168,824,209	-	74,354,335	-	44	-
Sub Total		**227,024,209**	-	**112,417,240**	-	**50**	
Agriculture, Livestock, and Fisheries							
	Agricultural Subsidy-Mangoes and Milk	-	197,399,127	-	40,000,000	-	-
	Promoting Food Security	2,730,000	230,500,000	-	110,000,000	-	48
Sub Total		**2,730,000**	**427,899,127**	-	**150,000,000**	-	**35**
Energy Transport And Roads							
	Roads Development	21,461,535	270,941,894	7,038,850	94,718,150	33	35
Sub Total		**21,461,535**	**270,941,894**	**7,038,850**	**94,718,150**	**33**	**35**
Commerce, Trade, Industry, and Tourism							
Education & Technical Training							
ECDE Programme	Early Childhood Development Education	122,500,000	-	54,571,584	-	45	-
Motivation and Support	Education Intervention	235,000,000	-	215,000,000	-	91	-
Administration and Support	General Administration, Planning, and Support Services	351,823,424	-	153,659,283	-	44	-
Sub Total		**709,323,424**	-	**423,230,867**	-	**60**	
Health And Sanitation							
Curative Program	Free Primary Health-Care	798,500,000	110,000,000	200,816,079	-	25	-
Administration and Support	General Administration, Planning, and Support Services	2,624,145,088	105,488,327	1,115,142,757	2,490,272	42	2
Sub Total		**3,422,645,088**	**215,488,327**	**1,315,958,836**	**2,490,272**	**38**	**6**
Youth, Culture, Gender, Social Services & Special Programs							
General Administration and Support	General Administration, Planning, and Support Services	52,321,223	-	23,214,543	-	44	-
	Muranga Youth Service-Youth Empowerment	1,365,000	119,500,000	-	43,590,000	-	36
	Community Sports and Talents	-	37,000,000	-	8,475,992	-	23
Sport Development Programme	Sport Development Programme	24,305,000	-	11,996,410	-	49	-
Sub Total		**77,991,223**	**156,500,000**	**35,210,953**	**52,065,992**	**45**	**33**
Environment, Natural Resources, Water and Irrigation							
FlloCA	Climate Change	-	266,459,226	-	57,639,022	-	22

Programme	Sub- Programme	BUDGET 2025-2026		Actual Payments of FY 2025-26 (Ksh)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Devel-opment Expendi-ture
Sub Total		-	**266,459,226**	-	**57,639,022**	-	**22**
Public Service Administration					-	-	-
ICT Program	Automation	-	20,000,000	-	6,055,200	-	30
Sub Total		-	**20,000,000**	-	**6,055,200**	-	**30**
County Assembly							
Legislation and represen-tation	Legislation and representation	354,990,711	-	106,749,783.15	-	30	-
Oversight	Oversight	192,243,121	-	55,042,452	-	29	-
Administra-tion planning and support	Administration planning and support	269,477,115	30,000,000	94,691,866.85	-	35	-
Sub Total		**816,710,947**	**30,000,000**	-	-	-	-
Grand Total		**5,277,886,426**	**1,387,288,574**	**1,893,856,746**	**362,968,636**	**36**	**26**

Source: *Muranga County Treasury*

The development sub-programmes with the highest budget implementation rates were the promotion of food security in the Department of Agriculture (48 per cent), Youth Empowerment in the Department of Youth and Sports (36 per cent), and Road development in the Department of Roads (35 per cent). For recurrent sub-programmes, the top performers were Education interventions in the Department of Education and Technical Training at 91 per cent, office administration and support in the Department of Administration at 65 per cent, Sports development in the Department of Youth and Sports at 49 per cent, and administration and support at the County Assembly at 35 per cent. Their higher performance is attributed to the fact that they did not face any procurement hurdles, and their implementation was not affected by the procurement challenges experienced at the beginning of the current fiscal year.

3.29.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated Sixteen (16) accounts in commercial banks, including eight (8 accounts for Health Facilities, four (4) accounts for Established Funds, one (1) revenue account, one (1) Standing imprest account and two (2) special-purpose accounts for County Government additional allocations.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the 16 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.29.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Murang'a County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.506.0 million against an annual target of Kshs.1,606.67 million, representing 31 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.559.54 million on development activities, achieving a 14.6 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the County Assembly Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.951.76 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.84.37 million for 33 staff not onboarded into HRIS, 5 casual staff and 259 Interns were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.30. County Government of Nairobi City

3.30.1 Overview of FY 2025/26 Budget

The Nairobi City County Approved Budget for FY 2025/26 is Kshs.44.62 billion. It comprises Kshs.13.42 billion (30 per cent) and Kshs.31.2 billion 70 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.06 billion (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.14.26 billion and a recurrent budget of Kshs.29.3 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.21.42 billion (48 per cent), additional allocations of Kshs.625.84 million (1 per cent), a cash balance of Kshs.1 billion (2 per cent) brought forward from FY 2024/25, and Kshs.21.58 billion (48 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:441.

3.30.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.14.92 billion. This amount represented an increase of 2 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.14.67 billion. The total revenue consisted of Kshs.8.89 billion from the equitable share of revenue raised nationally and own-source revenue (OSR) collection of Kshs.5.31 billion. Additionally, the County had a cash balance of Kshs.719.85 million from FY 2024/25. The total OSR collection of Kshs.5.31 billion included Facilities Improvement Financing (FIF) of Kshs.828.22 million, Liquor licensing Kshs.85.13

million and Kshs.4.4 billion from other OSR sources. No additional allocations from the National Government and development partners were received. Table 3.440 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.440: Nairobi City County, Revenue Performance in the First Half of FY 2025/26

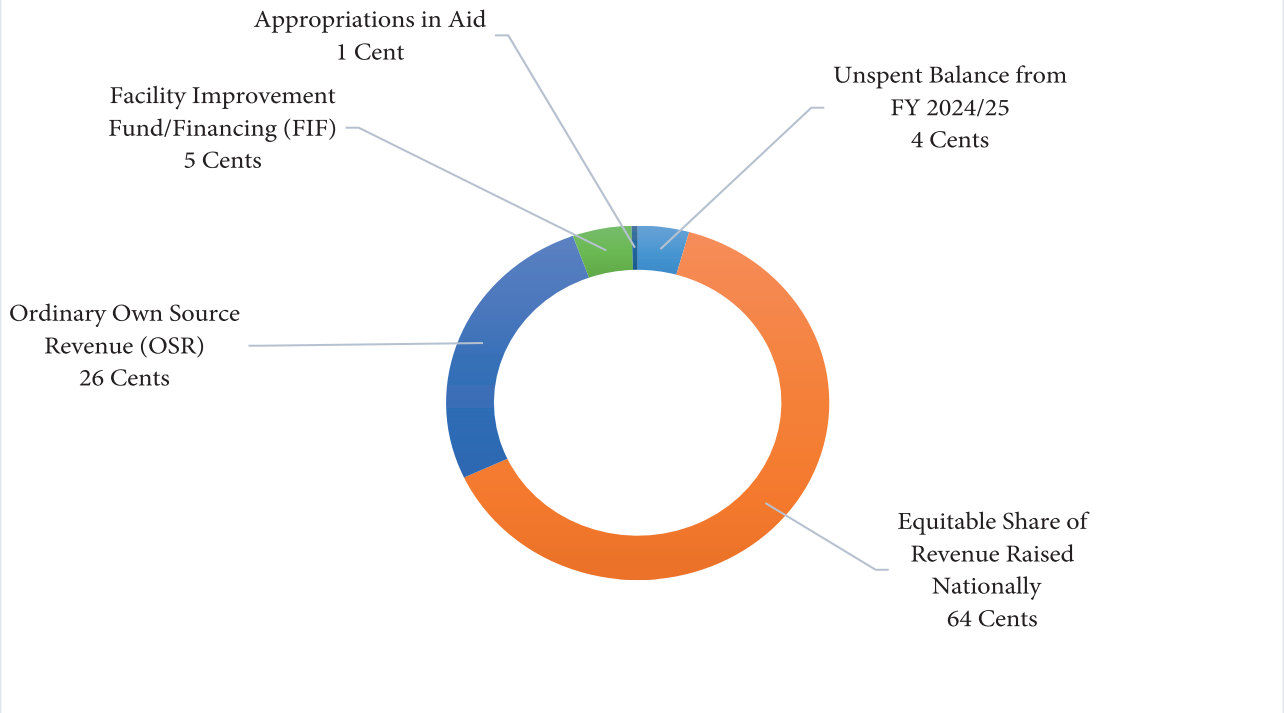
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	1,000,000,000	719,846,602	-	719,846,602	280,153,398
	Sub-Total	**1,000,000,000**	**719,846,602**	-	**719,846,602**	**280,153,398**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	21,417,000,000	8,888,108,284	1,713,370,272	10,601,478,556	10,815,521,444
	Sub-Total	**21,417,000,000**	**8,888,108,284**	**1,713,370,272**	**10,601,478,556**	**10,815,521,444**
C	**Transfers from the Equalisation Fund**					
1		-			-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	IDA Credit--Second Kenya Devolution Support Programme KDSP II	390,000,000	-	-	-	390,000,000
2	DANIDA Grant-Primary Health Care in a Devolved Context	35,838,750	-	-	-	35,838,750
3	World Bank -Kenya Informal Settlement Improvement Project II	200,000,000	-	-	-	200,000,000
	Sub-Total	**625,838,750**	-	-	-	**625,838,750**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land Rates	6,750,000,000	706,414,871	-	706,414,871	6,043,585,129
2	Parking fees (total)	3,000,000,000	823,949,508	-	823,949,508	2,176,050,492
3	Unified/Single Business Permits	3,200,000,000	709,198,167	-	709,198,167	2,490,801,833
4	Plans and Inspections (Building Permits)	3,070,500,000	827,702,148	-	827,702,148	2,242,797,852
5	Billboards and advertisements	1,212,000,000	307,521,575	-	307,521,575	904,478,425
6	House Rents	606,000,000	322,969,558	-	322,969,558	283,030,442
7	Fire Inspection Certificates	36,360,000	909,000	-	909,000	35,451,000
8	Food Handlers Certificates	303,000,000	53,609,481	-	53,609,481	249,390,519
9	Markets	565,600,000	107,754,504	-	107,754,504	457,845,496
10	Other Incomes	1,198,590,589	536,914,961	-	536,914,961	661,675,628
	Sub-Total	**19,942,050,589**	**4,396,943,772**	-	**4,396,943,772**	**15,545,106,817**
F	**Facility Improvement Fund/Financing (FIF)**					
1	Hospitals Facilities Improvement Fund	1,200,000,000	828,224,389	-	828,224,389	371,775,611
2	Nairobi Funeral Home	36,000,000	-	-	-	36,000,000
	Sub-Total	**1,236,000,000**	**828,224,389**	-	**828,224,389**	**407,775,611**
G	**Appropriations in Aid**					
1	Appropriation in Aid (AIA) - Liquor fee	400,000,000	85,128,942		85,128,942	314,871,058
	Sub-Total	**400,000,000**	**85,128,942**	-	**85,128,942**	314,871,058
	Grand Total	**44,620,889,339**	**14,918,251,989**	**1,713,370,272**	**16,631,622,261**	**27,989,267,078**

Source: *Nairobi City County Treasury*

The County has governing legislation regarding the operation of ordinary A-I-A and F.I.F., as outlined in the Liquor Act and the Health Act, respectively. Figure 1 shows the collection trend in own-source revenue from FY 2019/20 to FY 2024/25.

Figure 175 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 175: Nairobi City County Composition of Each Shilling Earned in the First Half of FY 2025/26

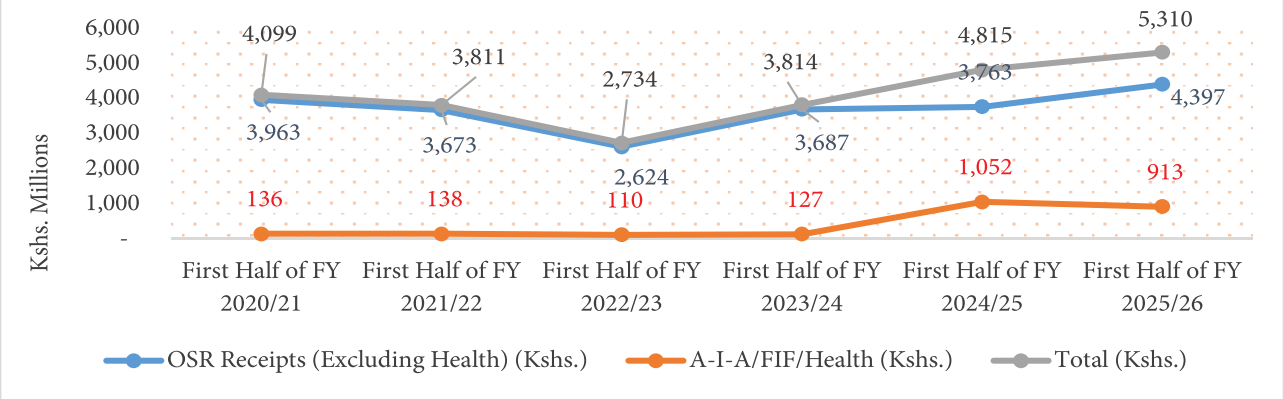


Source: *Nairobi City County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 64 per cent, 26 per cent and 5 per cent, respectively, of the total receipts for the reporting period.

Figure 176 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 176: Nairobi City County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

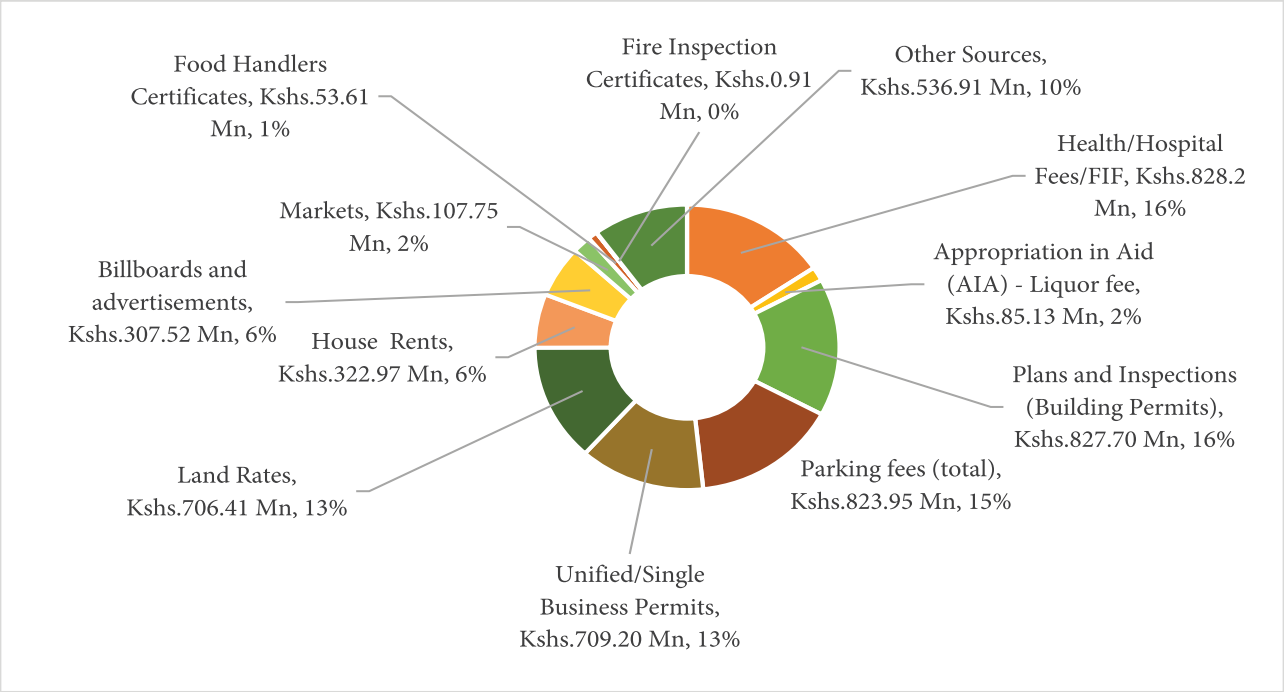


Source: *Nairobi City County Treasury*

During the first half of FY 2025/26, the County received Kshs.5.31 billion from OSR, including FIF. This amount was an increase of 10 per cent compared to Kshs.4.82 billion realised in a similar period in FY 2024/25, and was 25 per cent of the annual target and 60 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 177

Figure 177: Nairobi City County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Nairobi City County Treasury

As shown in Figure 177 the highest revenue stream, at Kshs.827.7 million, was from plans and inspections, accounting for 16 per cent of the total OSR receipts. The County Government has automated all the revenue streams except F.I.F.

3.30.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.64.45 billion, which increased to Kshs.65.39 billion as of 31st December 2025. Table 3.441 presents a breakdown of the County's revenue arrears.

Table 3.441: Nairobi City County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	**1,713,370,272**	**1,713,370,272**
	Sub-Total	-	-	-	**1,713,370,272**	**1,713,370,272**
B	**Ordinary Own Sources of Revenue**					-
1	Sundry debtors	721,767,006	-	-	-	**721,767,006**
2	Rental houses/market stalls	483,142,011	-	194,815,971	-	**288,326,040**
3	Land rates	55,720,043,010	-	319,985,196	-	**55,400,057,814**
4	Loading zones-private	8,240,000	-		-	**8,240,000**
5	Loading zones-GOK	755,570,800	-	-	-	**755,570,800**
6	Outdoor advertisements& bill-boards	606,198,621	-	238,016,551	-	**368,182,070**
7	Way leaves-others	510,656,450	-	25,228,230	-	**485,428,220**
8	Way leaves-KPLC	5,645,001,600	201,600	-	-	**5,644,800,000**
	Sub-Total	**64,450,619,498**	**201,600**	**778,045,948**	-	**63,672,371,950**
	Total	**64,450,619,498**	**201,600**	**778,045,948**	**1,713,370,272**	**65,385,742,222**

Source: Nairobi *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.65.39 billion. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include;

1. Land Rates

Data cleansing to establish clear ownership, property locations, and debts, eliminate ghost and duplicate entries, and issue demand notices to all defaulters, and provide flexible repayment options for compliant taxpayers. For persistent cases, the County will enforce the National Rating Act by issuing agency notices to banks, filing property liens, and imposing penalties, ensuring no transfers or transactions are cleared without settlement.

2. House Rents

The County plans to digitise all tenancy records to identify arrears per unit and eliminate ghost occupants. Verified tenants will receive demand notices, while eviction or auction procedures will be enforced on chronic defaulters. At the same time, flexible repayment plans will facilitate compliance. With improved tenant accountability and updated rent registers, the County can recover significant arrears while aligning rental income with current market values.

3. Advertisements & Billboards

The county plans to fully digitise outdoor advertising through GIS mapping of all billboards and signage, linked to permits and payment records. Defaulters will receive demand notices, and persistent non-payers will face takedowns or penalties. Partnering with advertising agencies under enforceable contracts will increase compliance. The County will also issue agency notices to enforce compliance.

3.30.4 Borrowing by the County

At the beginning of the FY 2025/26, the County Assembly had an outstanding balance from Family Bank of Kshs.243.75 million. During the reporting period, it borrowed an additional Kshs.114.76 million from Family Bank to support its operations. The Assembly had not repaid the loan; therefore, by 31 December 2025, the total amount borrowed from Family Bank was Kshs.358.51 million. In addition, the County Assembly has an overdraft facility with Co-operative Bank of Kenya Limited to cover its net personnel emoluments, which average Kshs.35.28 million per month, and by 31st December 2025, it had an overdraft balance of Kshs.35.28 million.

On the other hand, the County Executive has a bank overdraft facility with Sidian Bank of Kenya Limited to cover its personnel emoluments, which average Kshs.1.6 billion per month and by 31 December 2025, it had an overdraft balance of Kshs.1.54 billion. The County also has an outstanding Co-operative Bank Kenya overdraft facility of Kshs.358.91million.

Additionally, the County has a long-standing KCB loan of Kshs.4,504,199,426 (secured in 2010 during the defunct Nairobi City Council), which is listed in the trade payables.

3.30.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.13.87 billion from the Nairobi City County Revenue Fund (CRF) account. This amount consisted of Kshs.567.47 million (4 per cent) designated for development programs and Kshs.13.31 billion (96 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.10.04 billion was allocated for employee compensation, and Kshs.3.26 billion for operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.121.43 million, including Kshs.60.69 million for the County Executive and Kshs.60.74 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.53.97 million, with Kshs.53.97 million for the County Executive, while the County Assembly did not make an exchequer request.

As of December 31, 2025, the County Government's cash balance in the Nairobi City County CRF account was Kshs.7.7 million.

The Controller of Budget did not approve any exchequer withdrawal requests from the Nairobi City County Assembly Fund (CAF) account during the review period, as it was non-operational.

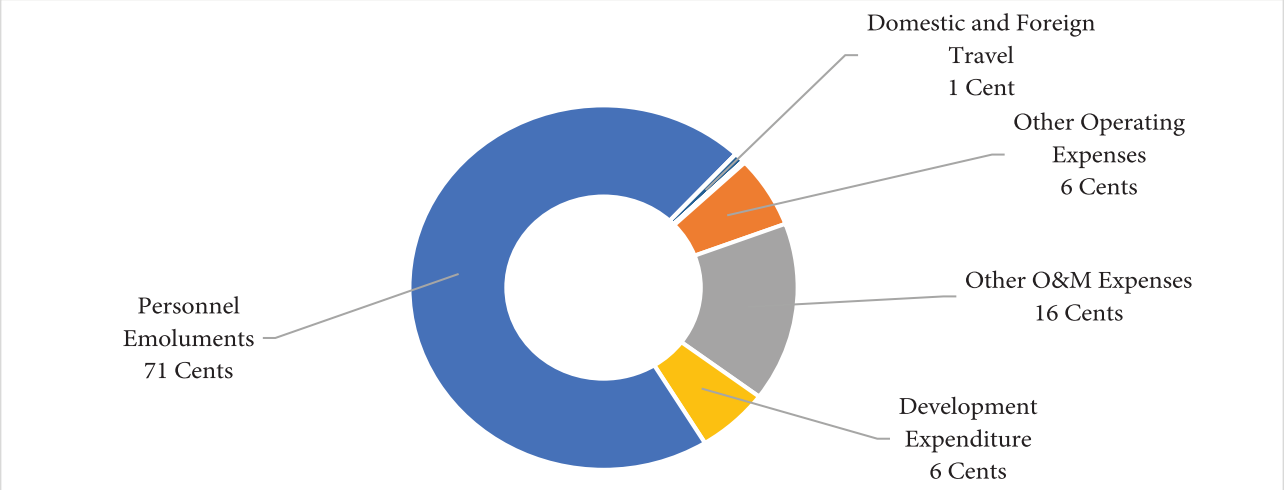
3.30.6 Expenditure Review

The County spent Kshs.14.21 billion on development and recurrent programmes during the reporting period. The expenditure represented 103 per cent of the total funds released by the CoB. The increases are attributed to Additional Allocations that were not

banked into the CRF at the end of the FY 2024/25. It comprised Kshs.859.4 million for development programmes and Kshs.13.36 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 43 per cent of the annual recurrent expenditure budget.

Figure 178 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 178: Nairobi City County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nairobi City *County Treasury*

As shown in Figure 178, the three highest expenditure categories were personnel emoluments, Other O&M expenses, and Other Operating Expenses, contributing 71, 16, and 6 per cent, respectively, of total expenditure for the reporting period.

3.30.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.86.77 billion. This amount included Kshs.86.12 billion from the County Executive and Kshs.650.6 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.78.95 billion for recurrent expenditures and Kshs.7.17 billion for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.6.73 billion, comprising Kshs.6.29 billion (94 per cent) for recurrent programmes and Kshs.431.51 million (6 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.79.39 billion for County Executive and Kshs.650.6 million for County Assembly. Table 3.442 provides additional details of trade payables.

Table 3.442: Nairobi City County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	7,169,429,964	78,949,124,773	86,118,554,737
	County Assembly	-	650,598,395	650,598,395
	Total	7,169,429,964	79,599,723,169	86,769,153,132
Amount paid in FY 2025/26	County Executive	431,505,371	6,294,859,983	6,726,365,354
	County Assembly	-	-	-
	Total	431,505,371	6,294,859,983	6,726,365,354
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	6,737,924,593	72,654,264,791	79,392,189,383
	County Assembly	-	650,598,395	650,598,395
	Total	**6,737,924,593**	**73,304,863,186**	**80,042,787,779**

Source Nairobi City *County Treasury and County Assembly*

The County Executive submitted a generalised universal payment plan, and the County Assembly submitted a detailed trade payables payment plan, committing to pay Kshs.8.84 billion and Kshs.650.6 million, respectively, in FY 2025/26. The County executive and County Assembly did not adhere to their payment plan, as it cleared Kshs.6.73 billion and nil respectively.

Table 3.443 and Table 3.444 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.80.04 billion.

Table 3.443: Nairobi City County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	1,783,485,917	958,885,487	980,718,493	3,014,834,695	6,737,924,593
Recurrent Trade Payables (Goods & Services)	6,442,550,148	2,741,339,964	6,223,703,266	17,107,289,346	32,514,882,724
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	93,834,138	-	-	38,651,843,232	38,745,677,369
Recurrent Trade Payables (Staff Claims)	658,136,134	179,289,651	11,046,778	545,232,135	1,393,704,698
Recurrent Trade Payables	7,194,520,419	2,920,629,615	6,234,750,044	56,304,364,713	72,654,264,791
Executive Trade Payables	8,978,006,336	3,879,515,102	7,215,468,537	59,319,199,408	79,392,189,383
% of Executive Trade Payables	11	5	9	75	100

Source: *Nairobi City County Treasury*

Table 3.444: Nairobi City County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade payables	-	-	-	-	-
Recurrent Trade payables (Goods & Services)	280,889,079	38,855,954	24,310,520	-	**344,055,553**
Recurrent Trade payables (Salary Arrears and Statutory Deductions)	17,099,796	10,478,398	-	-	**27,578,194**
Recurrent Trade payables (Staff Claims)	121,861,481	157,103,167	-	-	**278,964,648**
Total Recurrent Trade payables	419,850,356	206,437,519	24,310,520	-	650,598,394
Total Trade payables	**419,850,356**	**206,437,519**	**24,310,520**	-	**650,598,395**
% of Total	**65**	**32**	**4**	-	

Source: *Nairobi City County Assembly*

3.30.8 Expenditure by Economic Classification

The County Executive incurred Kshs.9.65 billion on compensation of employees, Kshs.3.22 billion on operations and maintenance, and Kshs.827.25 million on development activities. Similarly, the County Assembly spent Kshs.392.84 million on compensation of employees, Kshs.89.62 million on operations and maintenance, and Kshs.32.15 million on development activities, as shown in Table 3.445.

Table 3.445: Nairobi City County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
County Executive					
Recurrent	**29,564,279,609**	**12,872,724,217**	-	**12,872,724,217**	**44**
Compensation to Employees	16,578,479,703	9,651,764,562	-	9,651,764,562	58
Operations & Maintenance	12,985,799,906	3,220,959,655	-	3,220,959,655	25

Expenditure Classification	Approved Budget (Kshs.) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)	Absorption (%) (d/a*100)
Development	**12,417,700,220**	**827,247,176**	-	827,247,176	**7**
Executive Sub-total	**41,981,979,829**	**13,699,971,393**	-	**13,699,971,393**	**33**
County Assembly					
Recurrent	**1,638,909,510**	**482,460,879**	-	**482,460,879**	**29**
Compensation to Employees	1,010,664,541	392,837,238	-	392,837,238	39
Operations & Maintenance	628,244,969	89,623,641	-	89,623,641	14
Development	**1,000,000,000**	**32,149,967**	-	32,149,967	**3**
Assembly Sub-total	**2,638,909,510**	**514,610,846**	-	**514,610,846**	**20**
Combined County Totals					
Total Recurrent	**31,203,189,119**	**13,355,185,096**	-	**13,355,185,096**	**43**
Compensation to Employees	17,589,144,244	10,044,601,800	-	10,044,601,800	57
Operations & Maintenance	13,614,044,875	3,310,583,296	-	3,310,583,296	24
Total Development	**13,417,700,220**	**859,397,143**	-	859,397,143	**6**
Grand Total	**44,620,889,339**	**14,214,582,239**	-	**14,214,582,239**	**32**

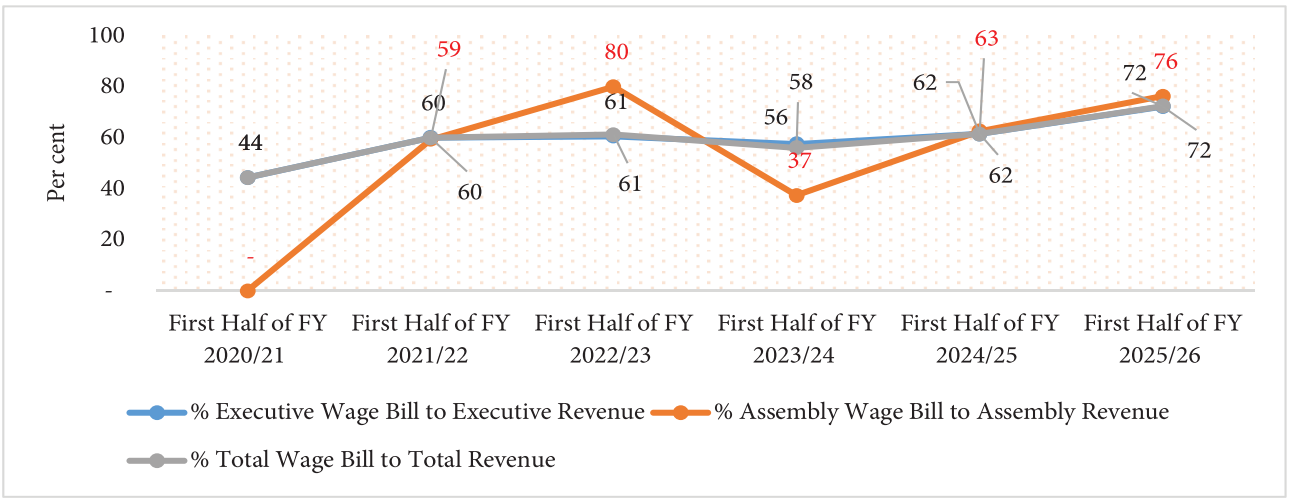
***Source**: Nairobi City County Treasury and County Assembly*

3.30.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.10.04 billion. The compensation-to-revenue ratio was 72 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.9.03 billion reported in a similar period in FY 2024/25. Of this total, Kshs.4.21 billion is related to Health Sector employees, accounting for 42 per cent of the overall employees' compensation

Figure 179 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 179: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nairobi City County Treasury

Further analysis indicated that PE costs totalling Kshs.9.74 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.303.23 million was processed through manual payroll, accounting for 3 per cent of the total PE cost. The justification for continuing manual payroll was that the affected staff were casuals engaged on a short-term basis.

The manual payroll comprised salaries for Community Health Workers, staff not onboarded to the Human Resource Information System (HRIS), casual staff, top-up, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.446

Table 3.446: Breakdown of Nairobi City County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	-	59,290,849	**59,290,849**
Salaries for casual staff	13,687,418	-	**13,687,418**
PE advance fee and commissions	51,223,019	-	**51,223,019**
LAPTRUST/LAPFUND Pension Contributions	-	21,246,150	**21,246,150**
Community Health Workers	157,780,000	-	**157,780,000**
Total	**222,690,437**	**80,536,999**	**303,227,436**

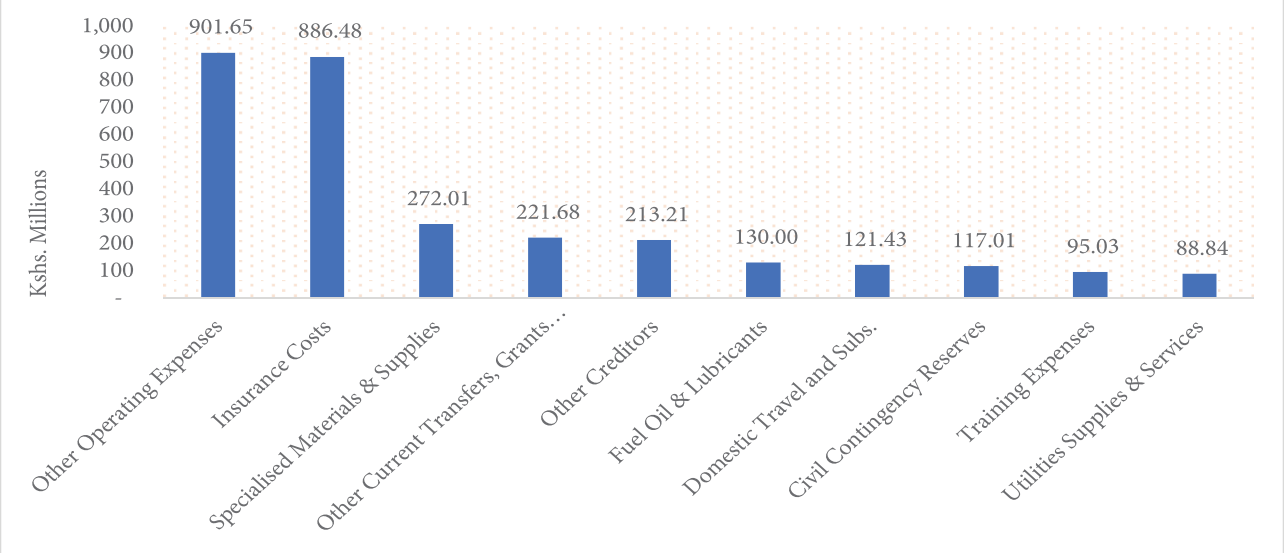
Source: Nairobi City County Treasury

The County Assembly spent Kshs.26.25 million on committee sitting allowances for the 123 MCAs and the speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.35,282 per MCA. The County Assembly has 26 House Committees.

3.30.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.3.31 billion on operations and maintenance, representing a decrease of 13 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.3.79 billion. Figure 180 summarises the Operations and Maintenance expenditure by major categories.

Figure 180: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: *Nairobi City County Treasury*

3.30.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.901.65 million on "*other ooperating expenses*," which is 27 per cent of the total operations and maintenance expenditure of Kshs.3.31 billion. This category of expenditure includes Kshs.457.85 million for garbage collection, Kshs.146.16 million for legal fees and compensation payments and Kshs.143.26 for Management fees (Bank charges, commission, penalties and interest). A summary disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.447.

Table 3.447: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted guards and cleaning services - solid waste management	639,164,529	457,851,715
2211308	Legal Dues/Fees, Arbitration and compensation payments	264,331,204	146,159,428
2211309	Management fees (Bank charges, commission, penalties and interest)	500,000,000	143,263,875
2211322	Binding of records	31,589,961	23,335,000
	Total	**1,435,085,694**	**770,610,018**

Source: *Nairobi City County Treasury*

3.30.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. In FY 2025/26, the County allocated Kshs.70 million to County-established funds, representing 0.3 per cent of the County's overall budget. Furthermore, the County allocated Kshs.150 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.448 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.448: Performance of Nairobi City County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues FY 2025/26 (Kshs.)	Actual Expenditure in FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund since inception (Kshs)	Submission of Annual Financial Statements (Yes/No)
	County Assembly Established Funds					
1.	Car Loan & Mortgage – County Assembly	70,000,000	-	-	1,016,000,000	Yes
	Total	**70,000,000**	**-**	**-**	**1,016,000,000**	

Source: *Nairobi City County Treasury*

During the reporting period, the CoB received quarterly financial reports from Car Loan & Mortgage – Assembly. The administration costs of the Car Loan & Mortgage – County Assembly Fund were Kshs.4,317,876 translating to 0.4 per cent, which was below the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulation 2015.

The County government uses commercial bank accounts to operate the above-established Funds contrary to Regulations 82(1)(b) of the PFM (County Governments) Regulations, 2015, which requires that County Government bank accounts must be opened and maintained at the Central Bank of Kenya. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allow County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.The lifespan of the County Assembly Car Loan & Mortgage Fund will lapse in the financial year 2026/27.

3.30.13 County Corporations

The County has one corporation: Nairobi Water and Sewerage Company, which operates independently. In FY 2025/26, the County did not allocate funds to this Corporation as shown in Table 3.449.

Table 3.449: Performance of Nairobi City County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
	Nairobi Water and Sewerage Company	No allocation	No allocation	No allocation	No allocation
	Total				

Source: *Nairobi City County Treasury*

3.30.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.121.43 million and comprised Kshs.60.74 million spent by the County Assembly and Kshs.60.67 million by the County Executive. Expenditure on foreign travel amounted to Kshs.53.97 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.450.

Table 3.450: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Boroughs and Public Administration	4	20-27 Sep. 2025	80th UNGA	New York - USA	8,731,020	-	8,731,020
Finance/Environment/Business Hustler	8	30 Sep. - 3 Oct. 2025	Sustainable finance summit	Geneva - Switzerland	19,495,260	-	19,495,260

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Boroughs and Public Administration	2	15-20 Sep. 2025	Brics Urban Future Forum meeting	Russia	4,145,550	-	4,145,550
Boroughs and Public Administration	2	08-11 Sep. 2025	The 25th Citif	The Fujian Province - China	4,341,450	-	4,341,450
Boroughs and Public Administration (should be combined with row 1 as they relate)	5	20-27 Sep. 2025	80th UNGA	New York - USA	9,347,610	-	9,347,610
Business & Hustler Opportunities	6	28 Sep - 4 Oct. 2025	Sustainable finance summit	Geneva - Switzerland	16,878,720	-	16,878,720
Boroughs and Public Administration	5	2-8 Oct. 2025	Mayors Meeting	Geneva - Switzerland	15,223,840	-	15,223,840

Source: Nairobi City County Treasury

3.30.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.828.22 million as FIF, which was 67 per cent of the annual target of Kshs.1.24 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.951.56 million, as shown in Table 3.451.

Table 3.451: Nairobi City County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	4	1,370,620,947	458,045,790	33
2.	Level 4 Hospital	12	183,900,261	120,376,670	65
3.	Level 3 Facility	43	806,339,283	373,135,266	46
	Total		**2,360,860,491**	**951,557,726**	40.31

Source: *Nairobi City County Treasury*

3.30.16 Development Expenditure

In the review period, the County reported spending Kshs.859.4 million on development programmes, representing a decrease of 0.3 per cent compared to FY 2024/25, when the County spent Kshs.861.57 million. Table 3.452 summarises the development projects with the highest expenditure in the reporting period.

Table 3.452: Nairobi City County, List of Development Projects with the Highest Expenditure

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
1	Ward Development Programs	Rehabilitation and improvement of Chairman's Road within Kware Ward	Kware Ward	12/05/2023	12/11/2023	16,234,6640	12,117,2940	12,117,2940	70
2		Rehabilitation of Mungetho Pam-Baraka link road in Mowlem ward	Mowlem Ward	25/04/2024	25/10/2024	22,913,4800	22,839,097.400	22,839,097.400	100
3		Rehabilitation of Nyuki close in Ziwani ward	Ziwani Ward	10/09/2024	10/03/2025	22,678,0000	22,617,810.500	22,617,810.500	100

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
3		Construction of Paradise Mandazi road to the hand packing base in Viwandani ward	Viwandani Ward	21/05/2024	21/11/2024	22,605,729.100	16,376,976.200	16,376,976.200	80
4		Construction of Olympic Estate access Road within Sarangombe Ward	Sarangombe Ward	03/06/2024	03/12/2024	22,916,983.200	19,774,711.400	19,774,711.400	100
5		Upgrading and drainage improvement of the access road within the Kongo area of Kahawa ward	Kahawa Ward	03/06/2024	03/12/2024	22,398,869.200	15,035,4560	15,035,4560	70
6		Construction and drainage improvement in the Utalii area	Utalii Ward	02/12/2024	02/06/2025	16,984,7200	16,981,6200	16,981,6200	100
7		Construction of double box culvert in Sura studio- Gatuekere landi ward	Lindi Ward	04/07/2024	04/01/2025	21,992,7560	19,345,0300	19,345,0300	100
8		Rehabilitation of Githori Parklands Highridge	Parklands Ward	27/12/2024	27/05/2025	22,850,3760	22,752,175.050	22,752,175.050	100
9		Construction of containerised kiosks in Baba Dogo ward	Baba Dogo Ward	22/11/2024	14/03/2025	16,992,3150	14,853,9400	14,853,9400	100
10		Proposed rehabilitation of the Amref playground in Laini Saba	Laini Saba	13/07/2023	12/11/2023	16,943,7950	9,187,7220	9,187,7220	80
11		Construction of Facebook-Mungai road in Gatina ward, phase 2 retender	Gatina Ward	07/08/2024	07/02/2025	22,984,918.600	22,924,569.600	22,924,569.600	100
12		Construction and drainage improvement of the Kosoro Joy Villa school and Shallom Court, Kwa Chief	Dandora Iii Ward	24/10/2023	24/04/2024	17,660,1880	17,246,751.950	17,246,751.950	100
Ward Development Programs						**266,156,794**	**232,053,154**	**232,053,154**	
1	Environment, Water, Energy & Natural Resources	Medium Sized (2No) Dozers With Rippers (220HP)	City Hall	Continuous	30th June 2025	Frame work	75,169,000	75,169,000	100
2	Environment, Water, Energy & Natural Resources	Medium Sized (2No) Dozers With Rippers (220HP)	City Hall	Continuous	30th June 2025	Frame work	75,169,000	75,169,000	100
3	Mobility and Works	Supply and delivery of Bitumen	County wide	Continuous	30th June 2025	Frame work	51,846,000	51,846,000	100
4	Mobility and Works	Supply and delivery of concrete culverts	County wide	LPO	30th June 2025	41,660,600	41,660,600	41,660,600	100

	Sector	Project Name	Location	Commencement Date	Exp Date of Completion	Contract Sum (Kshs)	Total Funding in FY 2025/2026	Cumulative Expenditure on an Accrual Basis	Percentage Completion
5	Environment, Water, Energy & Natural Resources	Supply and delivery of litre bins (Part payment)	County wide	LPO	30th June 2025	79,200,000	39,600,000	39,600,000	50
County Assembly Funded Projects									
1	Office of the Clerk	Refurbishing and equipping ward offices in Dagoretti South, Langata, & dagoretti North	Dagoretti Soith, Langata & dagoretti North	10/01/2024	10/04/2024	100,000,000	15,745,696	15,745,696	
2	Office of the Clerk	Refurbishing and equipping ward offices in Makadara, Kamakunji & mathare Sub -Counties	Makadara, Kamukunji & Mathare Sub-Counties	10/01/2024	30/12/2024	100,000,000	8,943,406	8,943,406	
3	Office of the Clerk	Refurbishing and equipping ward offices in Embakasi Central & Embakasi East	Embakasi Central & Embakasi east	10/01/2024	10/04/2024	100,000,000	7,460,865	7,460,865	
1	Built Environment & Urban Planning	KISIP- Phase II	Various Informal Settlements	18/06/2025	18/06/2026	660,744,953	132,148,991	132,148,991	20
2	Built Environment & Urban Planning	KISIP II-LOT 1	Various Informal Settlements	05/08/2024	31/01/2026	557,215,277	27,821,646	27,821,646	27
3	Mobility and Works	Drainage improvement Chalbi Orire Ranga road outfall and Muthia	Kilimani	15/11/2019	15/8/2020	72,404,097	40,107,924	40,107,924	40
4	Mobility and Works	Rehabilitation of Lot 14 Road in the Eastleigh Area, Nairobi, Malewa Road, 6th Street, 14th Street, 15th Street, Kiambiu	Eastleigh	20/11/21	19/10/22	84,947,960	37,697,795	37,697,795	100

Source: *Nairobi City County Treasury*

The County did not report any stalled development projects as of 31st December 2025.

3.30.17 Budget Performance by Department

Table 3.453 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.453: Nairobi City County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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 Public Service Board	119.21	-	24.51	-	24.51	-	100	-	21	-
Finance & Economic Planning	4,480.49	1,207	1,526.99	117.79	1,526.99	117.79	100	100	34	10
Public Service Management	1,427.52	10	950.73	-	950.73	-	100	-	67	-
Agriculture, Livestock Development, Fisheries & Forestry	238.19	85	109.64	-	109.64	-	100	-	46	-

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	1,638.91	1,000	482.53	32.15	482.53	32.15	100	100	29	3
Environment, Water, Energy & Natural Resources	2,667.02	845	1,576.77	114.77	1,576.77	114.77	100	100	59	14
Ward Development Programs	88.11	2,155	3.35	232.05	3.35	232.05	100	100	4	11
Emergency Fund	150	-	117.01	-	117.01	-	100	-	78	-
Liquor Licensing Board	299	101	-	-	49.20	-	-	-	16	-
Boroughs and Public Administration	4,105.99	1,280.30	1,892.81	-	1,892.81	-	100	-	46	-
County Attorney	636.31	15	222.60	-	222.60	-	100	-	35	-
Innovation and Digital Economy	196.26	258.61	59.78	-	59.78	-	100	-	30	-
Health, Wellness & Nutrition	9,656.32	849.51	4,609.46	-	4,609.46	-	100	-	48	-
Built Environment & Urban Planning	531.08	579.14	223.58	-	223.58	-	100	-	42	-
Mobility and Works	1,589.24	2,824.27	429.32	70.71	429.32	70.71	100	100	27	3
Talent Skills Devt & Care	2,237.70	1,236	736.07	-	736.07	-	100	-	33	-
Business & Hustler Opportunities	620.28	805.25	268.43	-	268.43	-	100	-	43	-
Inclusivity, Public Participation & Citizen Engagement	314.81	141.63	71.16	-	71.16	-	100	-	23	-
Nairobi Revenue Authority	206.76	25	1.33	-	1.33	-	100	-	1	-
	31,203.2	**13,417.7**	**13,306.1**	**567.5**	**13,355.3**	**859.4**	**100**	**100**	**43**	**6**

Source: *Nairobi City County Treasury*

Analysis of expenditure by departments shows that the Department of Environment, Water, Energy & Natural Resources recorded the highest absorption rate of development budget at 14 per cent, followed by the Department of Ward Development Programs at 11 per cent. The Department of Emergency Fund had the highest recurrent expenditure-to-budget ratio at 78 per cent, while the Department of Nairobi Revenue Authority had the lowest at 1 per cent.

3.30.18 Budget Execution by Programmes and Sub-Programmes

Table 3:454 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.454: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environment, Water, Energy & Natural Resources							
Parks & Open Spaces Section	Solid Waste Management	600,000,000	679,000,000	422,153,479	114,769,000	-	16.9
Mobility and Works							
Mobility and Works	Transport	5,991,841	418,711,430	-	55,000,000	-	13.1
Ward Development Programmes							
Ward Development	Ward Development	88,112,210	2,155,000,000	-	232,053,155	-	10.8
Talent Skills Devt & Care							
Education services	Early Childhood Development Centers	127,300,000	149,054,687	-	9,225,000	-	6.2
County Assembly							
Legislation	Legislation	1,638,909,510	1,000,000,000	482,527,957	32,149,967	-	3.2

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Boroughs and Public Administration - Disaster Management							
General Administrative Services	General Administrative Services	150,000,000	-	117,006,800	-	78.0	-
Public Service Management							
Public Service Transformation	Human Resource Management	1,063,032,933	-	746,024,577	-	70.2	-
Health, Wellness & Nutrition							
General administration, planning and support services	Health, Wellness & Nutrition Headquarters	7,159,086,050		4,211,819,229	-	58.8	-
Talent Skills Devt & Care							
Youth, Talent & Sports	Youth, Talent & Sport	89,701,642		52,539,954	-	58.6	-

Source: *Nairobi City County Treasury*

The development sub-programmes with the highest budget implementation rates included Solid Waste Management in the Department of Environment, Water, Energy & Natural Resources at 17 per cent, Transport in the Department of Mobility and Works at 17 per cent, and Ward Development in the Department of Ward Development Programmes at 11 per cent. For recurrent sub-programmes, the top performers were General Administrative Services in the Department of Boroughs and Public Administration – Disaster management at 78 per cent, Human Resource Management in the Department of Public Service Management at 70 per cent, Health, Wellness & Nutrition Headquarters in the Department of Health, Wellness & Nutrition at 59 per cent.

Table 3.455 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.455: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning							
Kenya Devolution Support Program	Kenya Devolution Support Program	6,591,000	-	-	-	-	-
Agriculture, Livestock Development, Fisheries & Forestry							
General Administrative Services	Agriculture Committees	149,998	-	-	-	-	-
Boroughs and Public Administration							
General Administrative Services	Records Management	2,361,714	5,000,000	-	-	-	-
Performance Management and Public Service Delivery	Research Policy & Development	12,918,450	-	-	-	-	-
Performance Management and Public Service Delivery	Executive Communication	60,000,000	-	-	-	-	-
Disaster Management & Coordination	Firefighting and Rescue	45,175,000	305,000,000	-	-	-	-
Disaster Management & Coordination	Ambulance Services	4,263,061	20,000,000	-	-	-	-
Disaster Management & Coordination	Disaster Risk Reduction	8,094,984	-	-	-	-	-
Innovation and Digital Economy							
Smart Nairobi	E-Learning Headquarters	1,408,875	-	-	-	-	-
Smart Nairobi	Start ups	7,000,000	-	-	-	-	-
Smart Nairobi	Smart Nairobi	2,851,905	100,000,000	-	-	-	-
ICT Infrastructure Connectivity	Infrastructure	66,903,292	138,611,367	-	-	-	-
Health, Wellness & Nutrition							
Public Health	HIV/AIDS prevention and control unit	2,700,000	-	-	-	-	-
Public Health	TB control unit	1,372,500	-	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Health	Malaria control & Other Communicable Diseases unit	1,000,000		-	-	-	-
Public Health	Environmental Public Health	5,700,000		-	-	-	-
Public Health	Health Policy and Regulations	7,275,000		-	-	-	-
Public Health	Coroner Services	32,100,000	45,165,446	-	-	-	-
Public Health	Nairobi County Public Health Emergency Response	6,727,500		-	-	-	-
Public Health	Mama Margaret Uhuru Kenyatta Hospital	28,400,000		-	-	-	-
Public Health	Mutuini Hospital	36,300,000	38,000,000	-	-	-	-
Public Health	Health Management Information System	7,630,000		-	-	-	-
Public Health	Primary Health Care	3,000,000		-	-	-	-
Public Health	Non-communicable diseases	7,000,000		-	-	-	-
Public Health	Health Research	2,000,000		-	-	-	-
Public Health	Nutrition Program Promotion	5,116,786		-	-	-	-
Public Health	Wellness	4,100,780		-	-	-	-
Health Facilities	Kayole 2 Sub-County Hospital	11,200,000		-	-	-	-
Health Facilities	Njiru Hospital	4,000,000		-	-	-	-
Health Facilities	Mathare North Hospital	5,000,000	16,446,000	-	-	-	-
Health Facilities	Westlands Hospital	7,550,000		-	-	-	-
Health Facilities	Kianda 42 Hospital	4,000,000		-	-	-	-
Health Facilities	Langata Sub-County Hospital	4,000,000		-	-	-	-
Medical services	Makadara Hospital	4,000,000		-	-	-	-
Wellness and Nutrition	Bahati Hospital	4,000,000		-	-	-	-
Wellness and Nutrition	Tasia Kwa Ndege Hospital	4,000,000	21,404,261	-	-	-	-
Wellness and Nutrition	Njenga Hospital	4,000,000	20,000,000	-	-	-	-
Wellness and Nutrition	Health Facility Administration	14,505,000	100,343,557	-	-	-	-
Built Environment & Urban Planning							
Urban Development & Planning	Urban Planning Compliance & Enforcement	44,075,000	10,000,000	-	-	-	-
Urban Development & Planning	Urban Policy & Research	5,575,000	50,000,000	-	-	-	-
Land Management and Property Management	Land Survey, GIS and Mapping	34,975,000	171,522,179	-	-	-	-
Land Management and Property Management	Valuation and Property Management	8,900,000		-	-	-	-
Housing Development and Building Services	Urban Renewal and Housing Hq	39,600,000	317,622,179	-	-	-	-
Housing Development and Building Services	Building Services Department	7,425,000		-	-	-	-
Housing Development and Building Services	Building Works	7,875,000	8,000,000	-	-	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Talent Skills Devt & Care							
Education services	Vocational Training	77,027,038	48,153,024	-	-	-	-
Education services	Community Development	1,018,130		-	-	-	-
Education services	Community Development	16,304,916		-	-	-	-
Education services	Control of Drugs and Pornography	1,954,812		-	-	-	-
Education services	Youth Affairs	14,000,000		-	-	-	-
Education services	Recreation Services	4,975,000	130,000,000	-	-	-	-
Education services	Library Services	3,975,000	25,000,000	-	-	-	-
Business & Hustler Opportunities							
Co-operative Development and Audit Services	Co-operative Development	32,162,500		-	-	-	-
Co-operative Development and Audit Services	Co-operative Audit	20,000,000	10,000,000	-	-	-	-
Trade Development and Market Services	Markets Department headquarters	7,245,000	450,000,000	-	-	-	-
Trade Development and Market Services	Weights & Measures Services	6,825,625	75,250,000	-	-	-	-
Trade Development and Market Services	Betting & Gaming Department	7,670,000		-	-	-	-
Trade Development and Market Services	Public Communications	6,700,000	58,625,000	-	-	-	-
Trade Development and Market Services	Customer Care Services	3,000,000	25,000,000	-	-	-	-
Inclusivity, Public Participation & Citizen Engagement							
Gender and Inclusivity	Gender Mainstreaming & PLDWD	13,200,000	38,000,000	-	-	-	-
City Culture Arts & Tourism	City Culture and Art	140,125,000	20,000,000	-	-	-	-

Source: *Nairobi City County Treasury*

The county did not record development and recurrent sub-programmes shown in the table above.

3.30.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 174 accounts with commercial banks (County Assembly -8 and County Executive- 166), including 123 accounts for Health Facilities, 11 accounts for Vocational Training Centres, five accounts for Established Funds, five revenue accounts, 16 special purpose accounts (additional allocations), 2 Early Childhood Development Accounts (ECDs), two imprest accounts, one recurrent operational account and one development operational accounts.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.30.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nairobi City County budget, the CoB made the following

observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on February 4 2026.
ii. The underperformance of own-source revenue at Kshs.5.31 billion against an annual target of Kshs.21.18 billion, representing 25 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.859.4 million on development activities, achieving a 6.4 per cent absorption rate.
iv. High level of trade payables, which amounted to Kshs.80.04 billion as of 31 December 2025. Further, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.303.23 million for casual staff, gratuity for contract staff, and community health workers were processed through manual payroll, accounting for 3 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015. 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 Health Facilities, Vocational Training Centres, Established Funds, special purpose accounts (additional allocations), and Early Childhood Development Accounts (ECDs).
vii. Lack of an HR plan (action plan) to provide a strategy to reduce the wage bill to 35 per cent by June 2028 in line with the Third National Wage Bill Conference of 2024.

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

i. *The County Treasury should ensure the 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.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County treasury should submit an HR plan (action plan) to reduce the wage bill to 35 per cent by June 2028, in line with the Third National Wage Bill Conference of 2024*

3.31. County Government of Nakuru

3.31.1 Overview of FY 2025/26 Budget

The Nakuru County Approved Budget for FY 2025/26 is Kshs.22.40 billion. It comprises Kshs.7.47 billion (33 per cent) and Kshs.14.92 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.33 billion (6 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.99 billion and a recurrent budget of Kshs.14.08 billion. The increase in the budget was primarily attributed to the rise in the equitable share, the Own Source revenues and the balances brought forward from FY 2024/25 by Kshs.182.15 million, Kshs.468.75 million and Kshs.665.70 million, respectively.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.14.32 billion (64 per cent), additional allocations of Kshs.1.83 billion (8 per cent), a cash balance of Kshs.1.67 billion (7 per cent), balance brought forward from FY 2024/25, and Kshs.4.58 billion (20 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.456.

3.31.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.11.60 billion. This amount represent-

ed an increase of 27 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.9.11 billion. The total revenue consisted of Kshs.6 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.1.39 billion. Additionally, the County had a cash balance of Kshs.4.21 billion from FY 2024/25. The total OSR collection of Kshs.1.39 billion included Facilities Improvement Financing (FIF) of Kshs.912.42 million, and Kshs.479.18 million from other OSR sources. Table 3.456 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.456: Nakuru County, Revenue Performance in the First Half of FY 2025/26

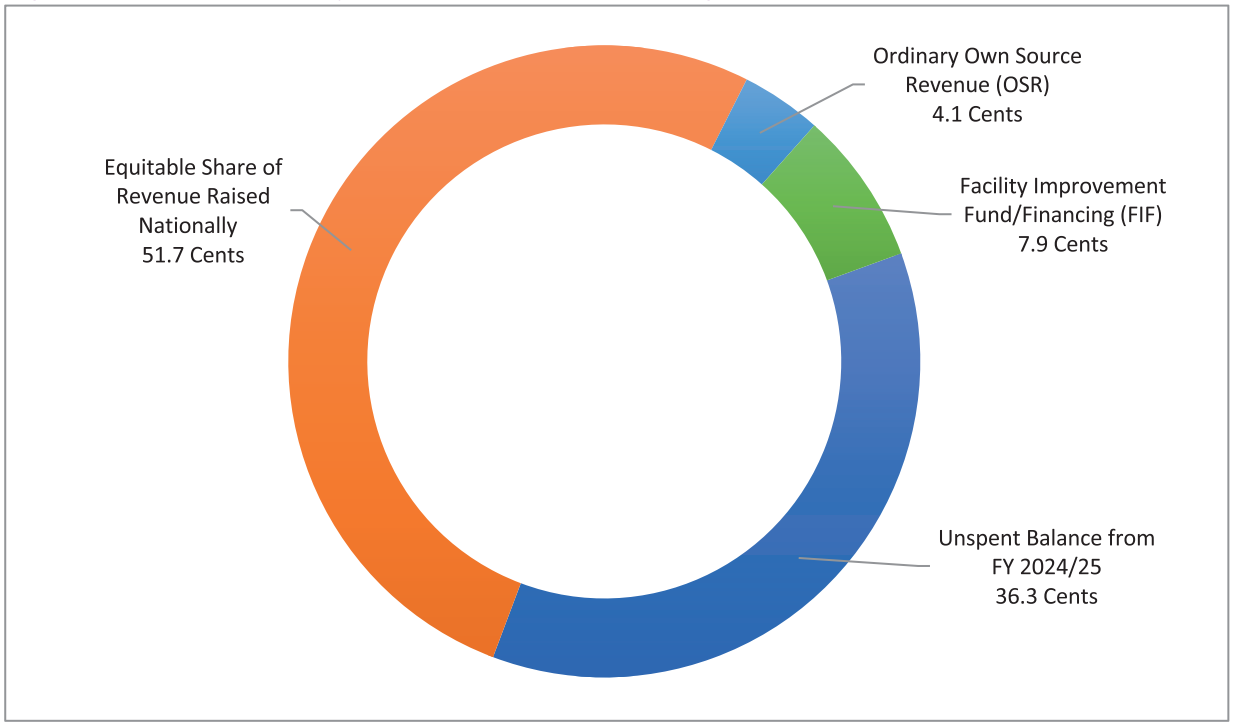
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	1,670,702,716	4,208,744,323	-	4,208,744,323	(2,538,041,607)
2	County Executive Refunds to CRF	-	67,215,332	-	67,215,332	(67,215,332)
3	County Assembly Refunds to CRF	-	3,032,700	-	3,032,700	(3,032,700)
	Sub-Total	**1,670,702,716**	**4,208,744,323**	**-**	**4,208,744,323**	**(2,538,041,607)**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	14,315,950,029	5,998,886,278	-	5,998,886,278	8,317,063,751
	Sub-Total	14,315,950,029	5,998,886,278		5,998,886,278	8,317,063,751
C	**Additional Allocations (Including Grants)**					
1	Donor Grants (DANIDA)	23,583,750	_	_	_	23,583,750
2	Kenya Devolution Support Program (KDSP) II Level I	37,500,000	_	_	_	37,500,000
3	Kenya Devolution Support Program (KDSP) II Level II	352,500,000	_	-	-	352,500,000
4	World Bank National Agricultural Value Chain Development Project (NAVCDP)	151,515,152	_	_	_	151,515,152
5	IFAD Conditional grant Kenya Live-stock Commercialization Project (KELCOP)	38,280,000	_	_	_	38,280,000
6	Conditional Grant - Kenya Agricul-tural Business Development Project (KABDP)	10,918,919	_	_	_	10,918,919
7	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Development Grant	671,683,509	_	_	_	671,683,509
8	Conditional Fund -Kenya Urban Support Project (KUSP) - Urban Institutional Grant	35,000,000	_	-	-	35,000,000
9	World Bank Grant Finance Local-ly-Led Climate Action Program, (FLLoCA) - County Climate Institu-tion Support (CCIS) Level I	11,000,000	-	-	-	11,000,000
10	World Bank Grant Financing Local-ly-Led Climate Action (FLLoCA) Program – County Climate Resil-ience Investment Grant	188,211,085	-	-	-	188,211,085
11	Conditional Fund - World Bank - Kenya Informal Settlement Improve-ment Project II (KISIP II)	100,000,000	-	-	-	100,000,000
12	Nutrition International Grant	10,000,000	-	-	-	10,000,000
13	Conditional Allocation for Commu-nity Health Promoters (CHPs)	99,390,000	-	-	-	99,390,000
14	Conditional grant from GoK for Aggregated Industrial Parks Pro-gramme (CAIPs)	105,263,158	-	-	-	105,263,158
	Sub-Total	**1,834,845,573**	**-**	**-**	**-**	**1,834,845,573**
D	**Ordinary Own Source Revenue (OSR)**					

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	Trade Licences	523,203,060	35,102,037	-	35,102,037	488,101,023
2	Property tax (Plot &Land rates)	326,593,517	48,424,120	-	48,424,120	278,169,397
3	Vehicle Parking Fees	316,948,194	110,396,642	-	110,396,642	206,551,552
4	Royalties	291,201,012	118,119,829	-	118,119,829	173,081,183
5	Advertisements	205,961,686	29,855,983	-	29,855,983	176,105,703
6	Miscellaneous Income	163,891,807	35,139,676	-	35,139,676	128,752,131
7	Alcoholics Drinks/Liquor	163,832,708	11,268,800	-	11,268,800	152,563,908
8	Approval for Building Plans	127,075,934	20,567,137	-	20,567,137	106,508,797
9	Health Fees	95,752,325	21,086,402	-	21,086,402	74,665,923
10	Cess Revenue	73,529,323	22,073,084	-	22,073,084	51,456,239
11	Markets	54,415,204	21,025,040	-	21,025,040	33,390,164
12	House rent	30,600,856	1,698,050	-	1,698,050	28,902,806
13	Slaughter House Fees	26,994,375	4,426,900	-	4,426,900	22,567,475
	Sub-Total	**2,400,000,000**	**479,183,700**	-	**479,183,700**	**1,920,816,300**
E	**Facility Improvement Fund/Financing (FIF)**					
1	FIF	2,175,903,913	**912,422,552**	-	**912,422,552**	1,263,481,361
	Sub-Total	**2,175,903,913**	**912,422,552**	-	**912,422,552**	1,263,481,361
Total		**22,397,402,231**	**11,599,236,853**	-	**11,599,236,853**	**9,576,432,707**

Source: *Nakuru County Treasury*

Figure 181 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

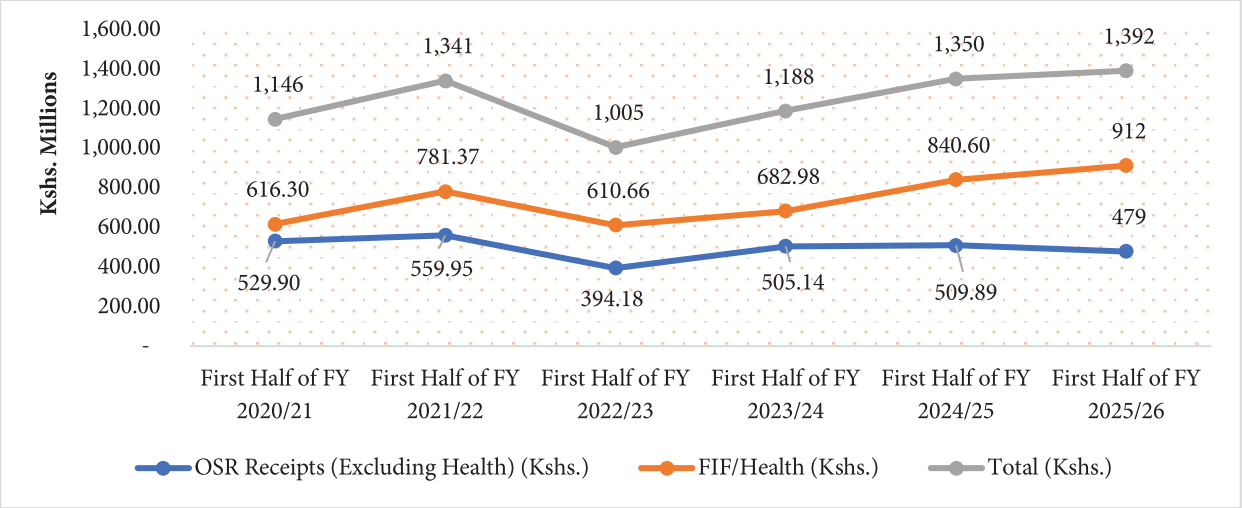
Figure 181: Nakuru County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nakuru County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 52 per cent, 4 per cent and 8 per cent, respectively, of the total receipts for the reporting period. Figure 182 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 182: Nakuru County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



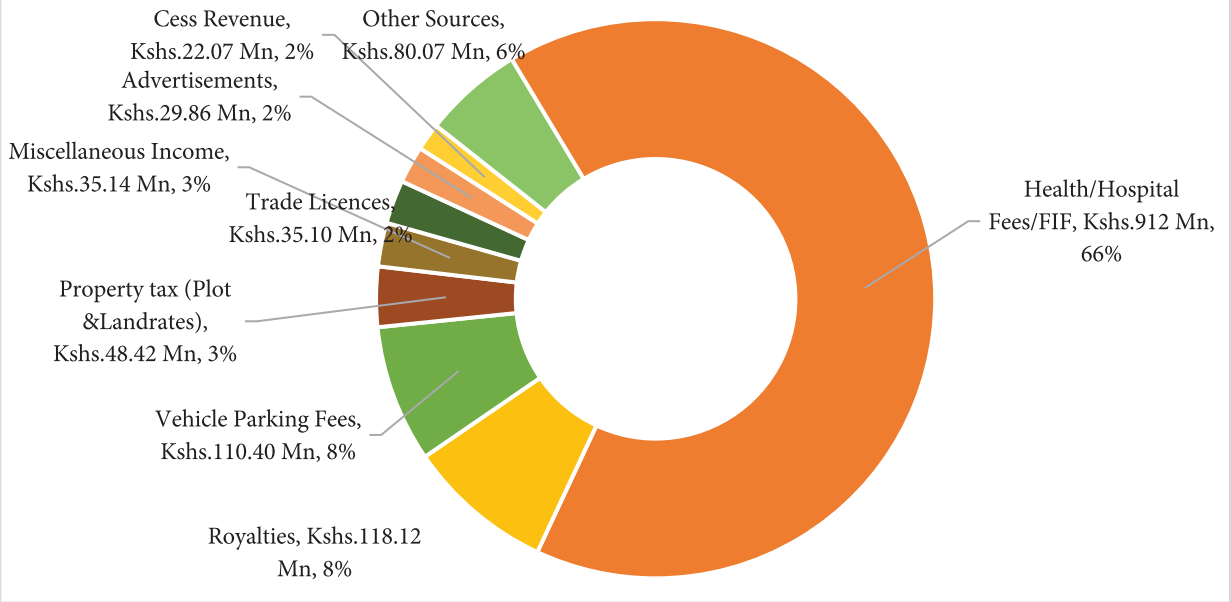
Source: *Nakuru County Treasury*

During the first half of FY 2025/26, the County received Kshs.1.39 billion from OSR, including FIF. This amount was an increase of 3 per cent compared to Kshs.1.35 billion realised in a similar period in FY 2024/25, and was 30 per cent of the annual target and 23 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the growth of the Facilities Improvement Financing (FIF) receipts from the previous year collections of Kshs.840.60 million to the current Kshs.912.42 million, thus a net growth of Kshs.41.11 million in the overall county OSR.

The revenue streams which contributed the highest OSR receipts are shown in Figure 183

Figure 183: Nakuru County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nakuru County Treasury*

As shown in Figure 183 the highest revenue stream, at Kshs.912.42 million, was from Health/Hospital Fees/FIF, accounting for 66 per cent of the total OSR receipts. The County Government indicated that it has automated all its revenue streams.

3.31.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.12.25 billion, which increased to Kshs.13.84 billion as of 31st December 2025. Table 3.457 presents a breakdown of the County's revenue arrears.

Table 3.457: Nakuru County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December 2025	-	-	-	1,156,411,813	1,156,411,813
	Sub-Total	**-**	**-**	**-**	**1,156,411,813**	**1,156,411,813**
B	**Ordinary Own Sources of Revenue**					
1	Property rent	10,588,563,647	-	-	242,796,753	10,831,360,399
2	House rent	697,631,044	-	-	42,405,750	740,036,794
3	Market stalls rent	5,722,307	-	-	355,960	6,078,267
	Sub-Total	**11,291,916,998**	**-**	**-**	**285,558,463**	**11,577,475,460**
C	**Facility Improvement Fund (FIF)**					
1	SHIF	465,445,014	-	638,380,470	782,121,425	609,185,969
2	Defunct NHIF	477,815,759	-	1,067,828	5,846,718	482,594,650
3	Insurance Companies	17,234,602	-	9,439,956	8,117,768	15,912,414
	Sub-Total	**960,495,375**	**-**	**648,888,253**	**796,085,911**	**1,107,693,033**
	Total	**12,252,412,373**	**-**	**648,888,253**	**2,238,056,186**	**13,841,580,306**

Source: Nakuru *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.13.84 billion, comprising Kshs.1.16 billion Equitable Share, Kshs.11.56 billion OSR and for Kshs.1.11 billion from SHA and the defunct NHIF. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the use of legal frameworks such as the Housing Estates Tenancy and Management Bill, Revenue Administration Act, and Rating Act and other relevant laws to recover arrears for land rates (property taxes), house rent (for County-owned housing), and stall rent (for market stalls). The other measures include administrative, legal, and enforcement actions, such as Sending Demand Notices, establishing a Debt Collection Unit, Improving Systems, and collaborating with the national government to recover significant arrears from entities like Kenya Railways, Kenya Wildlife Services, and the Pyrethrum Board.

3.31.4 Borrowing by the County

The Nakuru County Government did not report any borrowing during the Second quarter of the FY 2025/26.

3.31.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.34 billion from the Nakuru County Revenue Fund (CRF) account. This amount consisted of Kshs.474.33 million (9 per cent) designated for development programs and Kshs.4.87 billion (91 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.4.11 billion was allocated for employee compensation, and Kshs.760.71 million for operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.233.68 million, which included Kshs.120.87 million for the County Executive and Kshs.112.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.51.20 million, with Kshs.4.34 million for the County Executive and Kshs.46.86 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Nakuru CRF account was Kshs.3.95 billion.

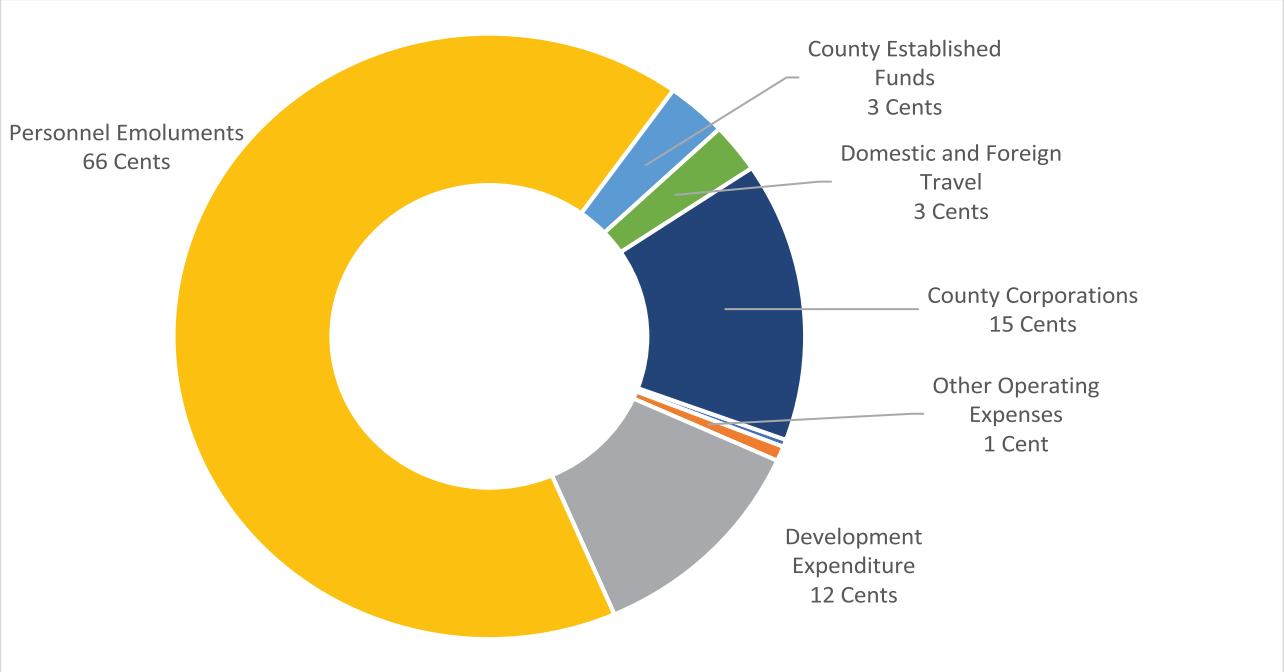
3.31.6 Expenditure Review

The County spent Kshs.6.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 118 per cent of the total funds released by the CoB. It comprised Kshs.723.45 million for development programmes and Kshs.5.59 billion for recurrent programmes. Expenditure on development programmes represented 10 per cent of the annual development expenditure budget, while recurrent expenditure represented 37 per cent of the annual recurrent expenditure budget.

The more than 100 per cent expenditure to the funds released is attributable to the Kshs.64.52 million Road Maintenance Levy Fund Additional Allocations balances from the FY 2024/25 and the Kshs.912.42 million Facility Improvement Financing (FIF) monies that were expended at source in line with the FIF Act of 2023.

Figure 184 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 184: Nakuru County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nakuru *County Treasury*

As shown in Figure 184, the three highest expenditure categories were Personnel Emoluments, County Corporations, and Development Expenditure, contributing 66, 15 and 12 per cent of total expenditure for the reporting period.

3.31.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.32 billion. This amount consisted of Kshs.2.16 billion from the County Executive and Kshs.162.99 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.58 billion for recurrent expenditure and Kshs.577.45 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.127.88 million, comprising Kshs.43.45 million (34 per cent) for recurrent programmes and Kshs.84.43 million (66 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.39.58 million on recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.2.03 billion for County Executive and Kshs.123.42 million for County Assembly. Table 3.458 provides additional details of trade payables.

Table 3.458: Nakuru County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	577,452,055	1,584,395,853	2,161,847,908
		County Assembly	_	162,995,763	162,995,763
		Total	**577,452,055**	**1,747,391,616**	**2,324,843,671**
Trade payables scheduled to be settled in First Half of FY 2025/26 per the action plan	b	County Executive	316,408,552	418,467,376	734,875,928
		County Assembly	_	78,323,505	78,323,505
		Total	**316,408,552**	**496,790,881**	**813,199,433**
Amount paid in the First Half of FY 2025/26	c	County Executive	84,432,087	43,452,153	127,884,240
		County Assembly	_	39,576,239	39,576,239
		Total	**84,432,087**	**83,028,392**	**167,460,478**

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	_	_	_
		County Assembly	_	_	_
		Total	_	_	_
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**493,019,969**	**1,540,943,700**	**2,033,963,669**
		County Assembly	_	**123,419,524**	**123,419,524**
		Total	**493,019,969**	**1,664,363,224**	**2,157,383,193**

Source: *Nakuru County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.734.88 million and Kshs.78.32 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.127.88 million for the Executive and Kshs.39.58 million for the Assembly.

Table 3:459 and Table 3:460 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2.16 billion.

Table 3.459: Nakuru County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**293,260,731**	**132,640,596**	**26,710,502**	**40,408,139**	**493,019,969**
Recurrent Trade Payables (Goods & Services)	291,635,927	690,288,531	80,526,981	429,268,382	1,491,719,821
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	2,258,560	15,728,388	176,034	213,270	18,376,251
Recurrent Trade Payables (Staff Claims)	24,553,869	6,069,254	224,505	-	30,847,628
Total Recurrent Trade Payables	**318,448,356**	**712,086,173**	**80,927,519**	**429,481,652**	**1,540,943,700**
Total Trade Payables	**611,709,087**	**844,726,769**	**107,638,022**	**469,889,791**	**2,033,963,669**
% of Total	**30**	**42**	**5**	**23**	**100**

Source: *Nakuru County Treasury*

Table 3.460: Nakuru County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	120,659,524	2,760,000	-	123,419,524
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	**120,659,524**	**2,760,000**	-	**123,419,524**
Total Trade Payables	-	**120,659,524**	**2,760,000**	-	**123,419,524**
% of Total	-	**98**	**2**	-	**100**

Source: *Nakuru County Assembly*

3.31.8 Expenditure by Economic Classification

The County Executive incurred Kshs.3.82 billion on compensation of employees, Kshs.1.26 billion on operations and maintenance, and Kshs.615.45 million on development activities. Similarly, the County Assembly spent Kshs.257.48 million on compensation of employees, Kshs.258.59 million on operations and maintenance, and Kshs.107.99 million on development activities, as shown in Table 3:461.

Table 3.461: Nakuru County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**13,663,374,264**	**1,261,497,608**	**5,072,921,501**	**516,072,566**	_	_	**5,072,921,501**	**516,072,566**	**37**	**41**
Compensation of Employees	7,919,561,862	487,719,778	3,816,616,409	257,484,390	_	_	3,816,616,409	257,484,390	48	53
Operations and Maintenance	5,743,812,402	773,777,830	1,256,305,092	258,588,176	-	-	1,256,305,092	258,588,176	22	33
Development Expenditure	**7,222,530,359**	**250,000,000**	**615,451,323**	**107,995,337**	-	-	**615,451,323**	**107,995,337**	**9**	**43**
Total	**20,885,904,623**	**1,511,497,608**	**5,688,372,824**	**624,067,903**	-	-	**5,688,372,824**	**624,067,903**	**27**	**41**

***Source**: Nakuru County Treasury*

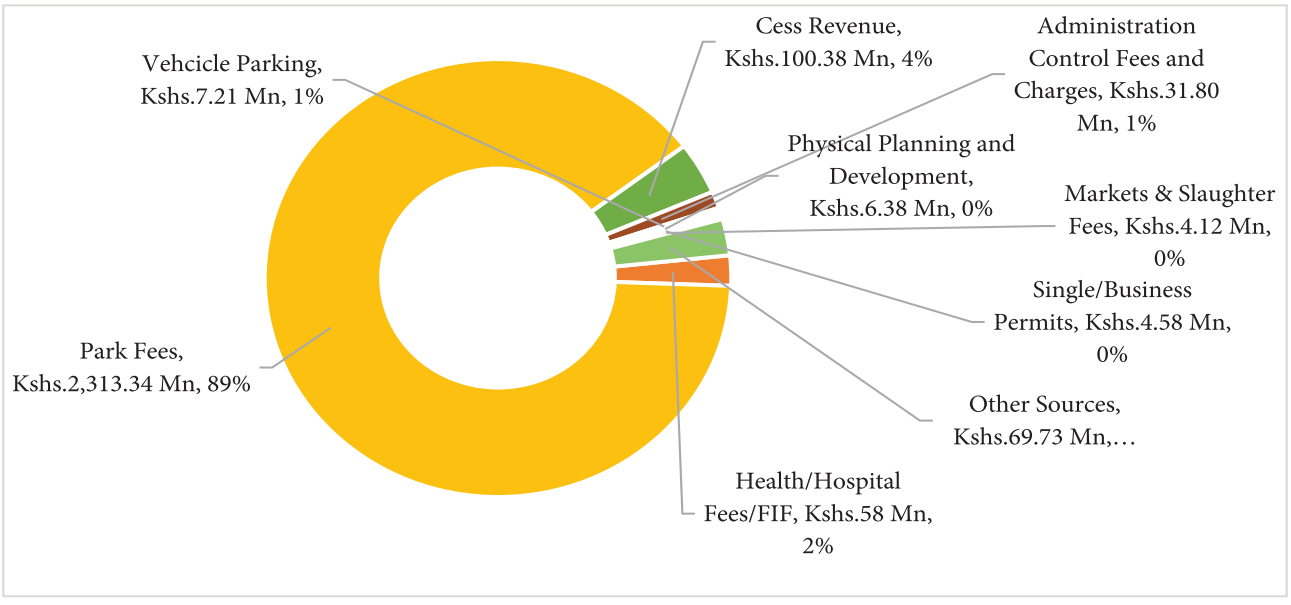
3.31.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.4.07 billion. The percentage of compensation of employees to revenue was 35 per cent. This expenditure on employee compensation shows an increase of 26 per cent compared to the Kshs.3.23 billion reported in a similar period in FY 2024/25. Of this total, Kshs.2.58 billion related to Health Sector employees, accounting for 63 per cent of the overall employees' compensation.

The 26 per cent growth in the FY 2025/26 employee compensation expenditure relative to that of the FY 2024/25 is a result of the settlement of KRA PAYE arrears that were accrued over the years.

Figure 185 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2021/22 to the First Half of FY 2025/26.

Figure 185: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



Source: Nakuru County Treasury

Further analysis indicated that PE costs totalling Kshs.3.21 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.206.09 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised of salaries for 18 staff not onboarded into the Human Resource Information System (HRIS), sal-

aries for 596 casual staff, top-up allowances for 38 security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.462.

Table 3.462: Breakdown of Nakuru County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	10,930,671
2	Salaries for casual staff	84,818,932
3	Top-up Allowances for Security Officers	8,214,338
4	LAPTRUST/LAPFUND Pension Contributions	14,250,827
5	Gratuity for contract staff	82,422,017
6	Housing Levy - Employer	3,305,401
7	NSSF - Employer	2,032,560
8	NITA	116,700
	Total	**206,091,446**

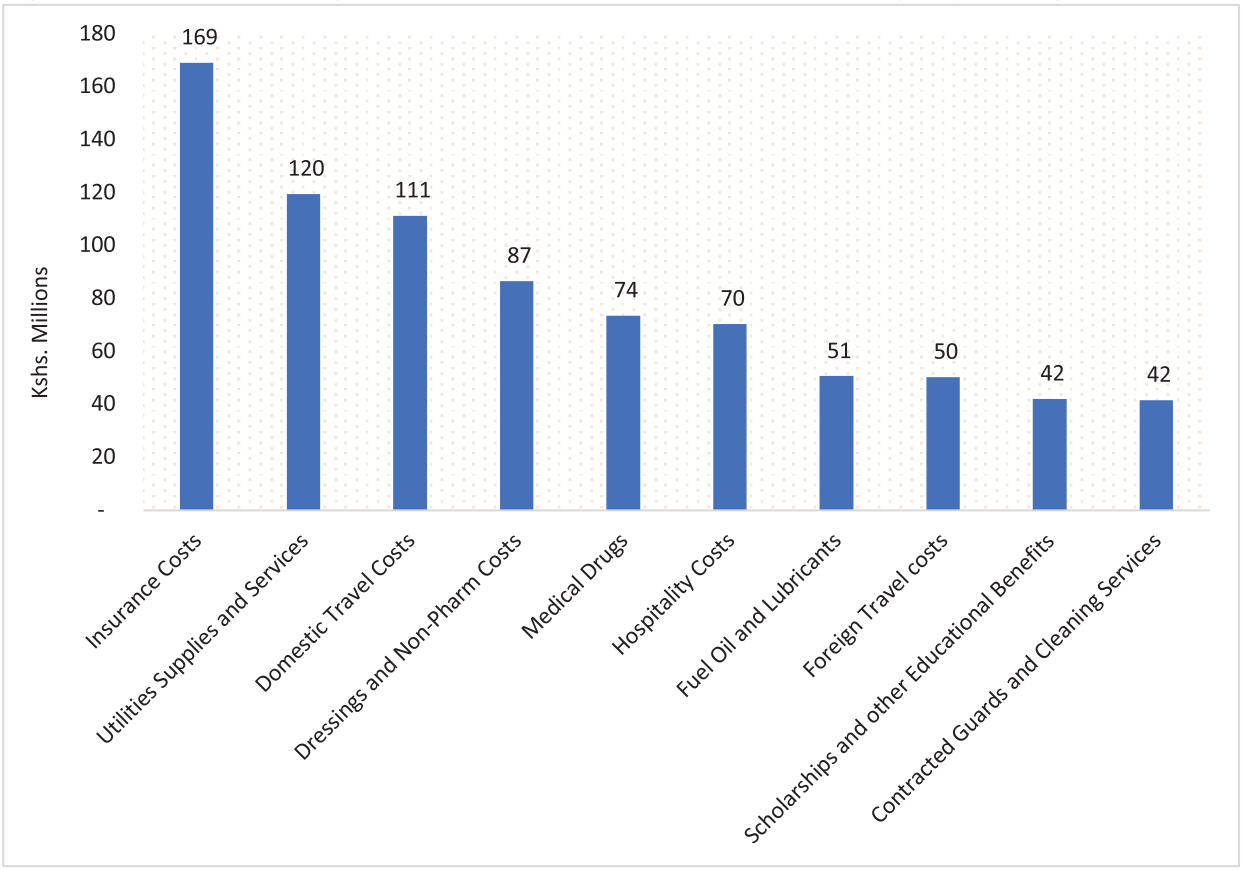
Source: *Nakuru County Treasury*

The County Assembly spent Kshs.23.98 million on committee sitting allowances for the 75 MCAs and the Speaker against the annual budget allocation of Kshs.53 million. The average monthly sitting allowance was Kshs.52,582 per MCA. The County Assembly has 23 House Committees.

3.31.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.51 billion on operations and maintenance, representing a decrease of 21 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.93 billion. Figure 186 summarises the Operations and Maintenance expenditure by major categories.

Figure 186: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: *Nakuru County Treasury*

3.31.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.48.64 million on "*other operating expenses*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.1.51 billion. This category of expenditure includes Kshs.41.73 million for Contracted Guards and Cleaning Services and Kshs.6.91 million for Contracted Professional Services. The disaggregated items under the "Other Operating Expenses" category are shown in Table 3.463.

Table 3.463: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	111,674,639	41,731,461
2211310	Contracted Professional Services	26,430,000	6,907,815
	Total	**138,104,639**	**48,639,276**

Source: *Nakuru County Treasury*

3.31.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.734.84 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.70 million to the Emergency Fund (less than one per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.464 summarises the budget allocations and performance of each established Fund during the reporting period.

Table 3.464: Performance of Nakuru County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Nakuru County Executive Mortgage (Staff) Scheme Fund	2018	50,000,000	-	-	306,000,000	Yes
2	Nakuru County Executive (Staff) Car Loan Scheme Fund	2018	5,000,000	-	-	80,840,000	Yes
3	Nakuru County Emergency Fund	2016	70,000,000	-	70,500,000	768,000,000	Yes
4	Nakuru County Persons with Disability Fund	2018	27,500,000	-	-	55,000,000	Yes
5	Nakuru County Bursary Fund	2014	416,062,172	-	42,104,476	2,009,242,832	Yes
6	Nakuru County Climate Change Fund	2021	111,852,663	-	74,138,639	491,869,825	Yes
7	Nakuru County Enterprise Fund	2020	25,000,000	-	157,528	50,000,000	Yes
8	The Nakuru County Co-Operative Revolving Development Fund	2020	25,000,000	-	432,778	50,000,000	Yes
		County Assembly Established Funds					
1	Nakuru County Assembly Car Loan, Grant & Mortgage Scheme Fund	Revised 2022	4,424,000	-	2,210,000	836,266,265	Yes
	Total		**734,838,835**	**-**	**189,543,421**	**4,647,218,922**	

Source: *Nakuru County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from 9 Fund Administrators, as indicated in Table 3.465, in line with the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of all the existing 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Nakuru County Bursary Fund had lapsed while the Nakuru County Emergency Fund lifespan

is about tocome to an end. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.31.13 County Corporations

The County has 3 County Corporations, which were allocated Kshs.2.86 billion in FY 2025/26. Their total expenditure for the review period amounted to Kshs.917.05 million, as shown in Table 3.465.

Table 3.465: Performance of Nakuru County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Nakuru Water and Sanitation Company	2,103,138,464	–	587,530,561	1,782,103,842
2	Naivasha Water and Sanitation Company	315,786,670	–	158,336,603	407,723,027
3	Nakuru Rural Water Company	439,082,410	–	171,182,519	568,219,943
	Total	**2,858,007,544**	-	**917,049,683**	**2,758,046,812**

Source: *Nakuru County Treasury*

3.31.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.111.31 million and comprised Kshs.66.23 million spent by the County Assembly and Kshs.45.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.50.43 million and comprised Kshs.47.73 million by the County Assembly and Kshs.2.70 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.466.

Table 3.466: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	08th -12th September, 2025	The Change Management for Government Leaders Training	Singapore	7,392,771	_	7,392,771
County Assembly	6	14th -22nd September, 2025	Training on Public Policy Formulation, Analysis and Management	Singapore	5,422,628	_	5,422,628
County Assembly	7	17th -24th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,909,380	_	2,909,380
County Assembly	7	03rd -10th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,749,235	_	2,749,235
County Assembly	7	03rd -10th August, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,749,235	_	2,749,235
County Assembly	7	14th -21st September, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,719,640	_	2,719,640

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	7	14th -21st September, 2025	Strategic Leadership and Governance (SLG) in a Parliamentary Setting Training	Tanzania	2,719,640	_	2,719,640
County Assembly	7	12th -19th October, 2025	Strategic Leadership and Governance(SLG) Training in a Parliamentary Setting	Tanzania	2,718,366	_	2,718,366
County Assembly	7	12th -19th October, 2025	Training on Strategic Leadership and Governance(SLG) in a Parliamentary Setting	Tanzania	2,718,366	_	2,718,366
County Assembly	4	17th -24th August, 2025	Training on Strategic Leadership and Governance(SLG) in a Parliamentary Setting	Tanzania	2,607,514	_	2,607,514

Source: Nakuru County Treasury and Nakuru County Assembly

3.31.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.912.42 million as FIF, which was 42 per cent of the annual target of Kshs.2.18 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by health facilities amounted to Kshs.912.42 million, as shown in Table 3.467.

Table 3.467: Nakuru County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	1,119,132,309	547,931,202	46
2.	Level 4 Hospital	15	976,771,604	364,491,350	37
	Total		**2,175,903,913**	**912,422,552**	**42**

Source: *Nakuru County Treasury*

3.31.16 Development Expenditure

During the review period, the County reported spending Kshs.723.45 million on development programmes, an increase of 96 per cent compared with FY 2024/25, when the County spent Kshs.368.76 million. Table 3.468 summarises the development projects with the highest expenditure in the reporting period.

Table 3.468: Nakuru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Health Services	Plant, Machinery, Medical and Dental Equipment for Level IV & V Hospitals	Level IV & V Hospitals	July 2025	June 2026	300,700,157	188,113,890	_	112,586,267	63

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
2.	Assembly	Construction of Phase III Office Block: Parking Facility & Associated Civil Works	HQ	Jan 2026	Aug 2026	346,170,254	107,995,337	_	168,940,866	50
3.	Health Services	Construction of a Level IV Hospital in Rongai Sub-County, Phase III	HQ	July 2025	June 2026	249,800,321	45,487,501	_	204,312,820	37
4.	County Treasury	Revenue Management System	HQ	Dec 2020	Nov 2025	65,700,000	34,180,541	_	34,180,541	52
5.	Health Services	Construction of a Level IV Hospital in Kuresoi North Sub-County, Phase III	HQ	July 2025	June 2026	248,246,867	25,275,387	_	222,971,480	46
6.	Infrastructure	Rehabilitation of Wakulima Market access road in Biashara Ward, Nakuru East Sub-County.	HQ	July 2024	June 2026	22,500,000	21,865,373	_	634,628	100
7.	Infrastructure	Cabro and drainage works at Kuresoi trading centre access roads in Kiptororo Ward, Kuresoi North Sub-County.	Gilgil	July 2025	June 2026	15,190,000	14,803,894	_	386,106	100
8.	Infrastructure	Maintenance of rural and urban roads Program (MRUP) [Imarisha Barabara Program]	HQ	July 2025	June 2026	15,260,730	7,630,365	_	7,630,365	50
9.	Health Services	Purchase of Medical and Dental Equipment at PGH Nakuru	PGH Nakuru	2025/26	June 2026	41,900,000	7,266,186	_	34,633,814	17
10.	Naivasha Municipality	Paved parking, drainage, non-motorised transport, and beautification along Mama Ngina Road	Lakeview Ward	July 2024	June 2026	12,418,514	6,737,219	_	5,681,296	50

Source: *Nakuru County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.10.66 million, of which Kshs.6.74 has already been paid. The stalled projects are shown in Table 3.469.

Table 3.469: Nakuru County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Trade, Industry, Marketing and Tourism	Construction of Naivasha Fish Market	Naivasha East	April 2022	Dec 2022	9,658,590	6,026,905	_	3,631,685	50
2.	Trade, Industry, Marketing and Tourism	Building of Market Shed at Narasha	Olkaria	June 2020	Dec 2020	998,770	711,889	_	286,881	77

Source: Nakuru County Treasury

3.31.17 Budget Performance by Department

Table 3.470 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.470: Nakuru County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Approved Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	357.08	15	83.07	-	83.07	-	100	_	23	_
County Treasury	1,401.18	855.19	471.57	72.45	471.45	72.45	100	100	34	8
County Public Service Board	92.66	3	21.34	-	21.34	-	100	0	23	0
Health Services	6,951.90	1,619.32	2,300.44	70.76	3,028.25	255.37	132	361	44	16
Infrastructure	269.80	1,249.73	123.06	98.31	123.06	162.82	100	166	46	13
Naivasha Municipality	59.19	473.76	7.23	23.78	7.23	23.78	100	100	12	5
Office of the County Attorney	59.58	3	12.06	-	12.06	-	100	0	20	0
Nakuru City	113.15	497.56	21.36	-	21.36	-	100	0	19	_
Trade, Industry, Marketing and Tourism	204.50	218.06	54.37	-	54.37	-	100	0	27	0
Agriculture, Livestock and Fisheries	481.95	363.19	185.34	0.49	185.34	0.49	100	100	38	0
Lands, Physical Planning and Housing	123.18	187.52	39.21	-	39.21	-	100	0	32	0
Water, Environment, Energy and Natural Resources	238.15	729.19	85.38	11.76	85.38	11.76	100	100	36	2
Public Service, Training and Devolution	1,494.50	385.38	545.10	-	545.10	-	100	0	36	_
Education, Vocational training, ICT and E-Government	1,441.97	242.26	343.28	77.05	343.28	77.05	100	100	24	32
Youth, Culture, Gender, Sports and Social Services.	301.24	48.14	51.61	-	51.61	-	100	_	17	_
Gilgil Municipality	41.93	187.44	0.66	11.72	0.47	11.72	72	100	1	6
Molo Municipality	31.42	144.79	0.47	-	0.33	-	71	_	1	_
Assembly	1,261.50	250	523.86	107.99	516.07	108	99	_	41	43
Total	**14,924.87**	**7,472.53**	**4,869.40**	**474.33**	**5,588.99**	**723.45**	**115**	153	**37**	**10**

Source: *Nakuru County Treasury*

Analysis of expenditure by departments shows that the Nakuru County Assembly recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Education, Vocational Training, ICT, and E-Government at 32

per cent. The Department of Infrastructure had the highest recurrent expenditure-to-budget ratio at 46 per cent, while Gilgil and Molo Municipalities had the lowest at 1 per cent.

3.31.18 Budget Execution by Programmes and Sub-Programmes

Table 3.471 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.471: Nakuru County, Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Naivasha Municipality				
Programme 2: Naivasha Municipal Services	Environmental Management and Sanitation	6,750,000	6,737,219	100
Education, Vocational training, ICT and E-Government				
Programme 3: Vocational Training	Vocational training infrastructure development	86,481,796	77,045,000	89
Assembly				
Assembly	Administration	250,000,000	107,995,337	43
Health Services				
Programme 3: Health Curative and Rehabilitative Services	Provision of Essential Health Services at all levels	1,190,551,269	255,372,749	21
Infrastructure				
Programme 2:Infrastructure Development and Maintenance	Construction, rehabilitation & maintenance of Roads, Drainage & Bridges	1,214,284,285	159,126,635	13
RECURRENT				
Lands, Physical Planning and Housing				
Administration Planning and Support	Personnel Services	51,201,046	38,359,467	75
Youth, Culture, Gender, Sports and Social Services.				
Programme 1: Administration, Planning and Support Services	Personnel Services	54,772,095	37,583,054	69
Office of The Governor and Deputy Governor				
Administration, Planning & Support	Personnel Services	105,369,861	70,859,749	67
County Treasury				
Programme 1: Administration, Planning and Support Services	Personnel Services	325,498,814	209,665,708	64
Infrastructure				
Programme 1:Administration, Personnel and Financial Services	Personnel Services	97,847,970	58,001,382	59

Source: *Nakuru County Treasury*

The development sub-programmes with the highest budget implementation rates were: Environmental Management and Sanitation in the Department of Naivasha Municipality at 100 per cent; Vocational training infrastructure development in the Department of Education, Vocational training, ICT, and E-Government at 89 per cent; and Administration at the Nakuru County Assembly at 43 per cent.

For recurrent sub-programmes, the top performers included: Personnel Services in the Departments of Lands, Physical Planning and Housing; Youth, Culture, Gender, Sports and Social Services; and the Office of the Governor and Deputy Governor, at 75, 69, and 67 per cent, respectively.

Table 3.472 summarises budget execution by programmes and sub-programmes in the period under review, with the lowest absorption rates.

Table 3.472: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
Programme 2: Health Preventive and Promotive Services	Primary Health Care	418,773,041	-	_
Water, Environment, Energy and Natural Resources				
Programme 4: Climate Change Resilience and County Energy Development	Climate Change Resilience	300,063,748	-	_
County Treasury				
Programme 1: Administration, Planning and Support Services	Administration Services	245,188,403	-	_
Education, Vocational training, ICT and E-Government				
Programme 1: Administration, Planning and Support Services	Administration and Support Services	148,357,620	-	_
Health Services				
Programme 2: Health Preventive and Promotive Services	Nutrition	10,000,000	-	_
RECURRENT				
Education, Vocational training, ICT and E-Government				
Programme 2: Promotion of Early Childhood Education and Development	Bursaries	396,062,172	-	_
Education, Vocational training, ICT and E-Government				
Programme 2: Promotion of Early Childhood Education and Development	Promotion of early childhood	236,814,635	-	_
Public Service, Training and Devolution				
Programme 1 Administration, Planning and Support Service	Administration service	115,630,647	-	_
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR				
Management of County Affairs	Policy Direction & Coordination	80,000,000	-	_
Education, Vocational training, ICT and E-Government				
Programme 1: Administration, Planning and Support Services	Administration and Support Services	66,744,372	-	_

Source: *Nakuru County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Primary Health Care in the Department of Health Services, Climate Change Resilience in the Department of Water, Environment, Energy and Natural Resources, and Administration Services at The County Treasury, all at zero per cent.

For recurrent sub-programmes, the lowest-performing included: Bursaries and Promotion of early childhood in the Department of Education; Vocational training, ICT, and E-Government in the Department of Public Service, Training and Devolution; and Administration service in the Department of Public Service, Training and Devolution, all at zero per cent.

3.31.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 311 accounts in commercial banks, including 208 accounts for Health Facilities, 72 accounts for Vocational Training Centres, 10 accounts for Established Funds, 8 revenue accounts, 12 special-purpose accounts (additional allocations), and 1 account for imprests at the Office of the Governor.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.31.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nakuru County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.1.39 billion against an annual target of Kshs.4.58 billion, representing 30 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.723.45 million on development activities, achieving a 10 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Bursary Fund's lifespan had lapsed, while the Emergency Fund is about to lapse, making them ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.2.16 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the payment plan for trade payables.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.206.09 million for 18 staff not onboarded into HRIS, 596 casual staff, and 38 security personnel; gratuity remittances to pension schemes for staff on contract; and LAPTRUST/LAPFUND Pension Contributions were processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.48.64 million under "*other operating expenses,*" accounting for 3 per cent of total operation and maintenance costs.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.32. County Government of Nandi

3.32.1 Overview of FY 2025/26 Budget

The Nandi County Approved Supplementary Budget for FY 2025/26 is Kshs.10.64 billion. It comprises Kshs.4.11 billion (39 per cent) and Kshs.6.53 billion (61 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.43 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.99 billion and a recurrent budget of Kshs.6.21 billion. The increase in the budget was primarily attributed to the rise in equitable share and additional allocations.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.77 billion (73 per cent), additional allocations of Kshs.1.75 billion (16 per cent), and Kshs.1.12 billion (11 per cent) generated as own-source revenue. The remaining 0 per cent is expected from other financing sources. as shown in Table 3:474.

3.32.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.67 billion. This amount represented an increase of 139 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.1.54 billion. The total revenue consisted of Kshs.3.23 billion from the equitable share of revenue raised nationally, Kshs.141.99 million from additional allocations, and own-source revenue (OSR) collection of Kshs.306.18 million. The total OSR collection of Kshs.306.18 million included Kshs.214.61 million from Facility Improvement Financing (FIF) and Kshs.91.57 million from ordinary OSR sources.

The total OSR, including FIF. This amount was an increase of 92 per cent compared to Kshs.159.78 million realised in a similar period in FY 2024/25, and was 27 per cent of the annual target and 9 per cent of the equitable revenue share disbursed. Table 3:474 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.473: County, Revenue Performance in the First Half of FY 2025/26

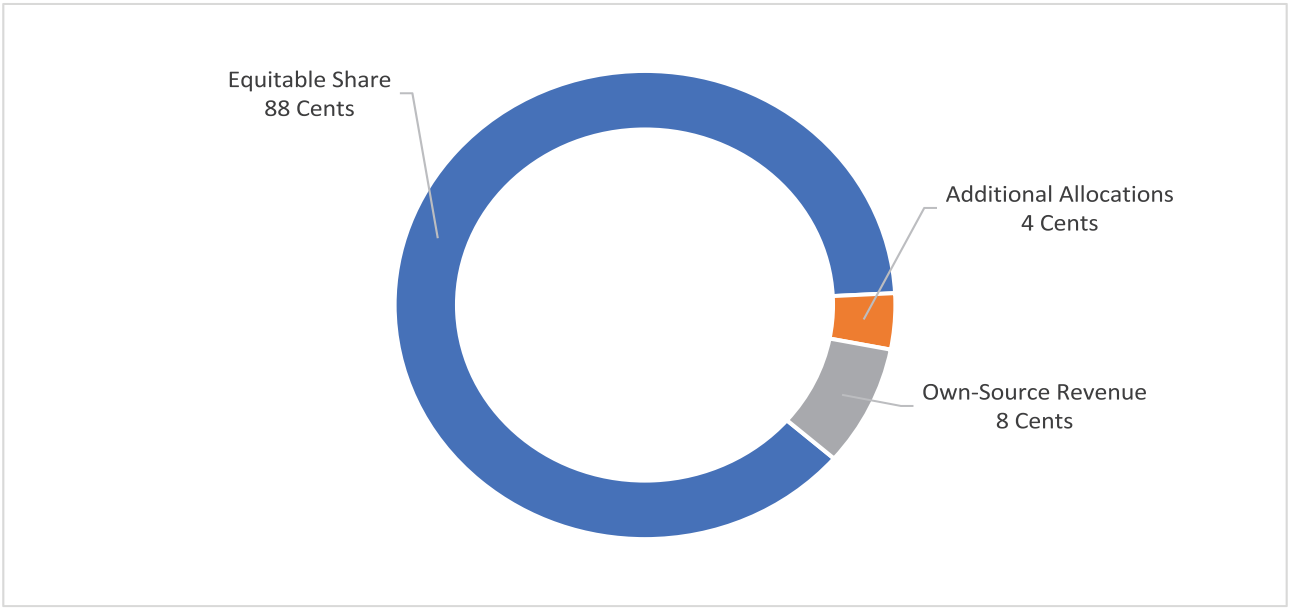
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
A	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	7,771,778,066	3,225,287,897	-	
	Sub-Total	**7,771,778,066**	**3,225,287,897**	-	-
B	**Additional Allocations (Including Grants)**				
1	Financing Locally-Led Climate Action Programme	216,757,206	35,991,580		
2	Kenya Informal Settlements Improvement Project (KISIP)	208,354,058	106,000,000		
3	Establishment of the Industrial Park	133,368,421			-
4	RMLF 24/25	187,283,794			-
5	Community Health Promoters	96,660,000			
6	Settlement of Doctors' Arrears	26,764,781			
7	County Rural and Urban Affordable Committee	1,987,622			
8	Minerals Royalties 2025/2026	55,110,901			
9	Mineral Royalties for 2023/2024	55,110,901			
10	Mineral Royalties for 2024/2025	17,907,661			
11	KDSP I- Level I Grant World Bank	37,500,000			
12	KDSP II Level II Grant World Bank	352,500,000			
13	KDSP II- Level I Grant World Bank 2024/2025	37,500,000			
14	IDA (WORLD BANK). -National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)
		A	B	C	D=B+C
15	Kenya Urban Support Project (KUSP)-UIG	35,000,000			-
16	DANIDA- Primary Healthcare in Devolved Context	8,619,000			-
17	Kenya Urban Support Project (KUSP)-UDG	33,993,380			-
18	SWEDEN Kenya Agriculture Business Development Project	10,918,919			-
	Sub-Total	**1,746,586,644**	**141,991,580**	-	-
C	**Ordinary Own Source Revenue (OSR)**				
1	Ordinary Own Source Revenue (OSR)	669,206,584	91,565,031	-	
	Sub-Total	**669,206,584**	**91,565,031**	-	
D	**Facility Improvement Fund/Financing (FIF)**				
3	FIF	453,611,179	214,612,680		
	Sub-Total	**453,611,179**	**214,612,680**	-	-
H	**Other Revenues**				
	Grand Total	**10,641,182,473**	**3,673,457,188**	-	-

Source: *Nandi County Treasury*

Figure 187 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

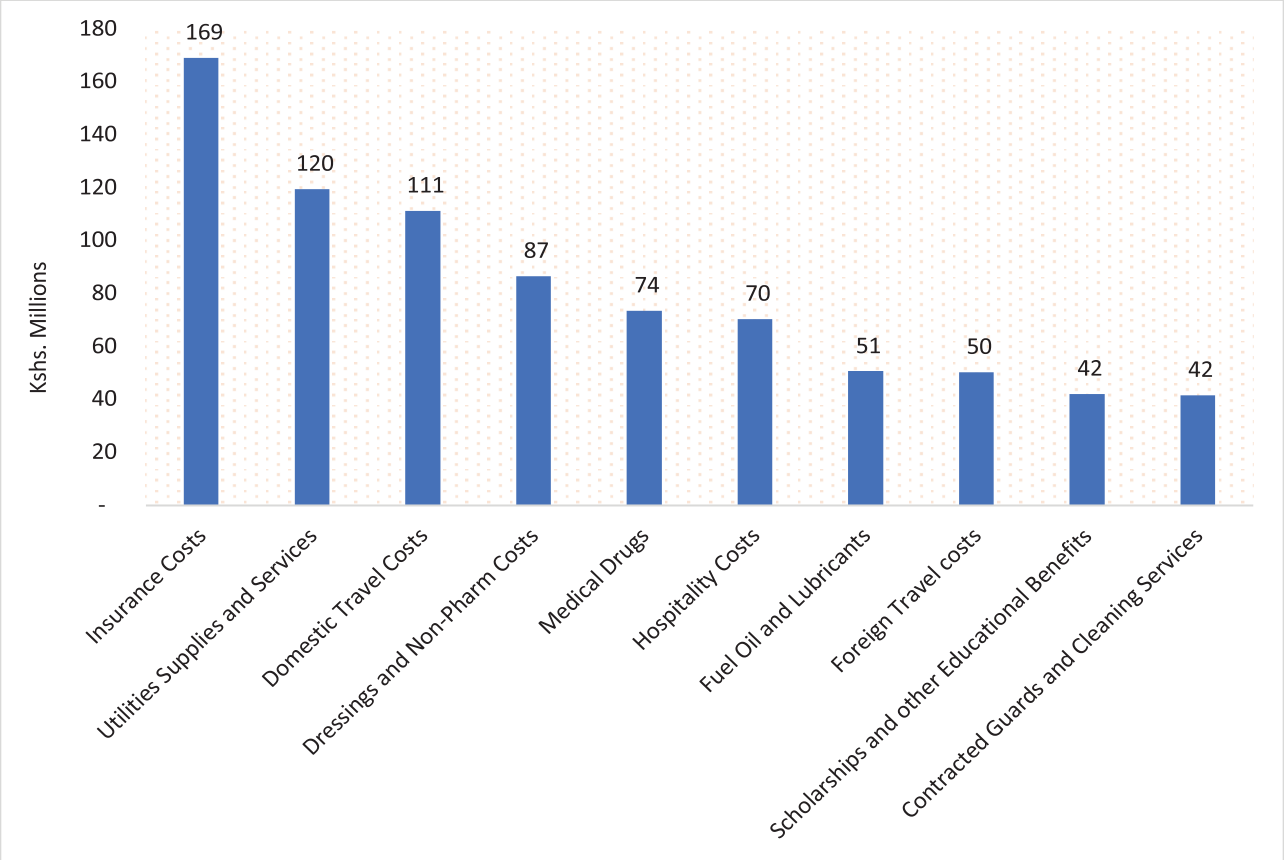
Figure 187: Nandi County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nandi County Treasury*

Figure 188 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

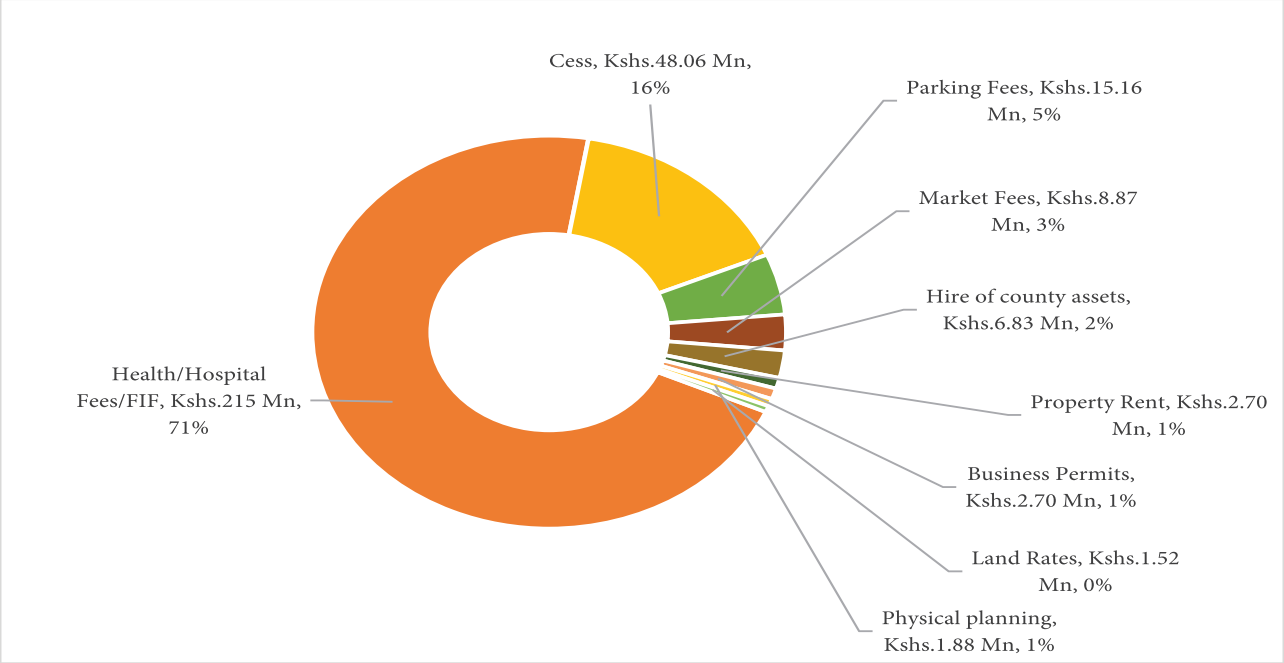
Figure 188: Nandi County Trend in Own-Source Revenue Collection from the First Half of FY 2022/23 to the First Half of FY 2025/26



Source: *Nandi County Treasury*

The revenue streams that contributed the most to OSR receipts are shown in Figure 189

Figure 189: Nandi County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nandi County Treasury*

As shown in Figure 189, the highest revenue stream, at Kshs.215 million, was from FIF, accounting for 71 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.32.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County did not report revenue arrears.

3.32.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.67 billion from the Nandi County Revenue Fund (CRF) account. This amount represented 34 per cent of the total budget and consisted of Kshs.875.91 million (24 per cent) designated for development programmes and Kshs.2,797.55 billions (76 per cent) allocated to recurrent programmes.

An analysis of the released recurrent exchequers shows that Kshs.1.72 billion was allocated to employee compensation and Kshs.1.08 billion to operations and maintenance expenditures. Within the operations and maintenance category, 17 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.178.11 million, which included Kshs.62.39 million for the County Executive and Kshs.115.72 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.40 million, with Kshs.6.58 million for the County Executive and Kshs.23.82 million for the County Assembly.

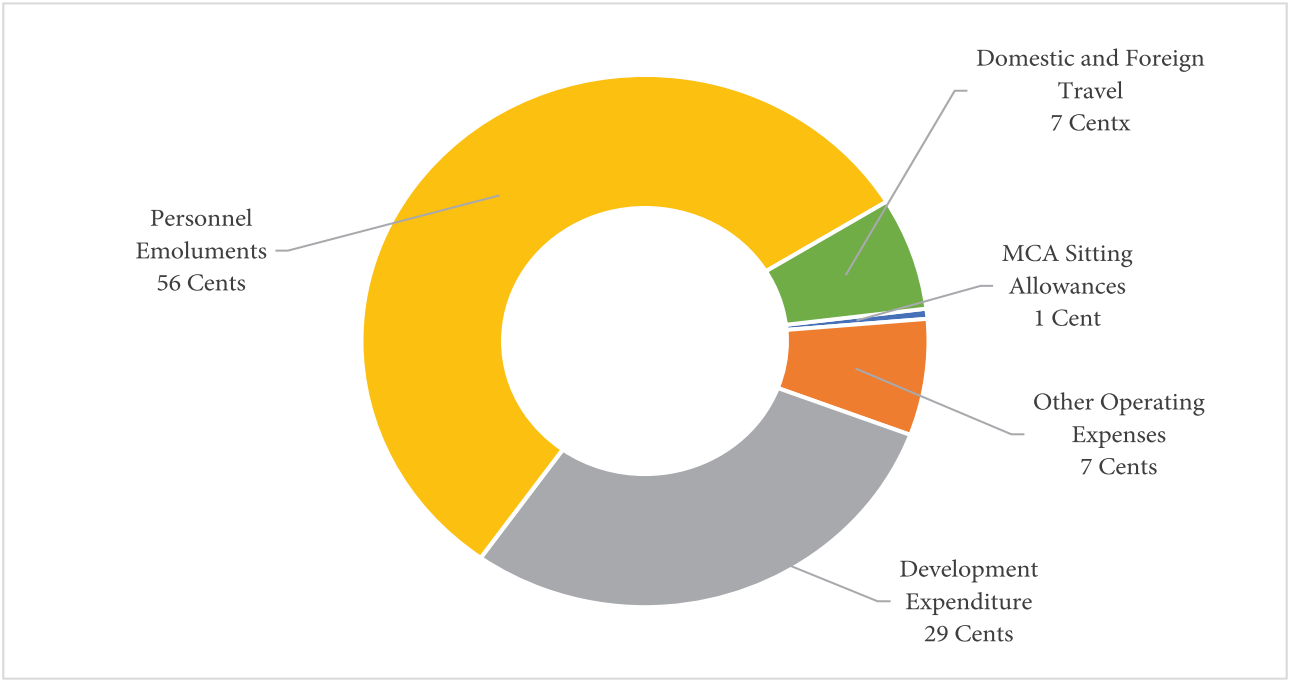
As of December 31, 2025, the County Government's cash balance in the Nandi County CRF account was Kshs.448.80 million

3.32.5 Expenditure Review

The County spent Kshs.3.67 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. The total expenditure comprised Kshs.875.91 million for development programmes and Kshs.2.80 billion for recurrent programmes. Expenditure on development programmes achieved an absorption rate of 21 per cent of the annual development budget, while recurrent expenditure represented 43 per cent of the annual recurrent budget.

Figure 190 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 190: Nandi County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nandi *County Treasury & Assembly*

3.32.6 Expenditure by Economic Classification

The County Executive incurred Kshs.1.47 billion on compensation of employees, Kshs.948.36 million on operations and maintenance, and Kshs.875.91 million on development activities. Similarly, the County Assembly spent Kshs.254.23 million on employee compensation and Kshs.128.64 million on operations and maintenance, as shown in Table 3.474.

Table 3.474: Nandi County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Absorption (%) (b/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	5,718,776,684	811,140,379	2,414,680,860	382,870,300	42	47
Compensation of Employees	3,468,591,897	463,724,363	1,466,320,753	254,231,869	42	55
Operations and Maintenance	2,250,184,787	347,416,016	948,360,107	128,638,431	42	37
Development Expenditure	4,111,265,409	80,000,000	875,905,981	-	21	_
Total	**9,830,042,093**	**891,140,379**	**3,290,586,841**	**382,870,300**	**33**	**43**

Source: *Nandi County Treasury*

3.32.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.993.22 million. This amount consisted of Kshs.993.22 million from the County Executive, while the County Assembly reported no outstanding trade payables. The trade payables from the County Executive comprised Kshs.379.49 million for recurrent expenditure and Kshs.613.74 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.431.42 million, comprising Kshs.119.99 million (27.8 per cent) for recurrent programmes and Kshs.311.42 million (72.1 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables as it had no outstanding debt. The outstanding trade payables as of 31st December 2025 were Kshs.561.81 million for the County Executive and nil for the County Assembly. Table 3.475 provides additional details of trade payables.

Table 3.475: Nandi County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	613,737,449	379,486,397	993,223,846
	County Assembly	-	-	-
	Total	**613,737,449**	**379,486,397**	**993,223,846**
Amount paid in FY 2025/26	County Executive	311,424,999	119,993,391	431,418,390
	County Assembly	-	-	-
	Total	**311,424,999**	**119,993,391**	**431,418,390**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	**-**	**-**	**-**
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	302,312,450	259,493,007	561,805,456
	County Assembly	-	-	-
	Total	**302,312,450**	**259,493,007**	**561,805,456**

Source: *Nandi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.161.05 million and Kshs.145.26 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.431.42 million to the Executive. Table 3.476 presents the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly.

Table 3.476: Nandi County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	148,878,088	122,747,490	30,686,872	-	302,312,450
Recurrent Trade Payables (Goods & Services)	176,005,999	45,538,368	37,948,640	-	259,493,007
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)				-	-
Recurrent Trade Payables (Staff Claims)				-	-
Total Recurrent Trade Payables	176,005,999	45,538,368	37,948,640	-	259,493,007

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**324,884,087**	**168,285,857**	**68,635,512**	**-**	**561,805,456**
% of Total	**58**	**30**	**12**	**_**	**100**

Source: *Nandi County Treasury*

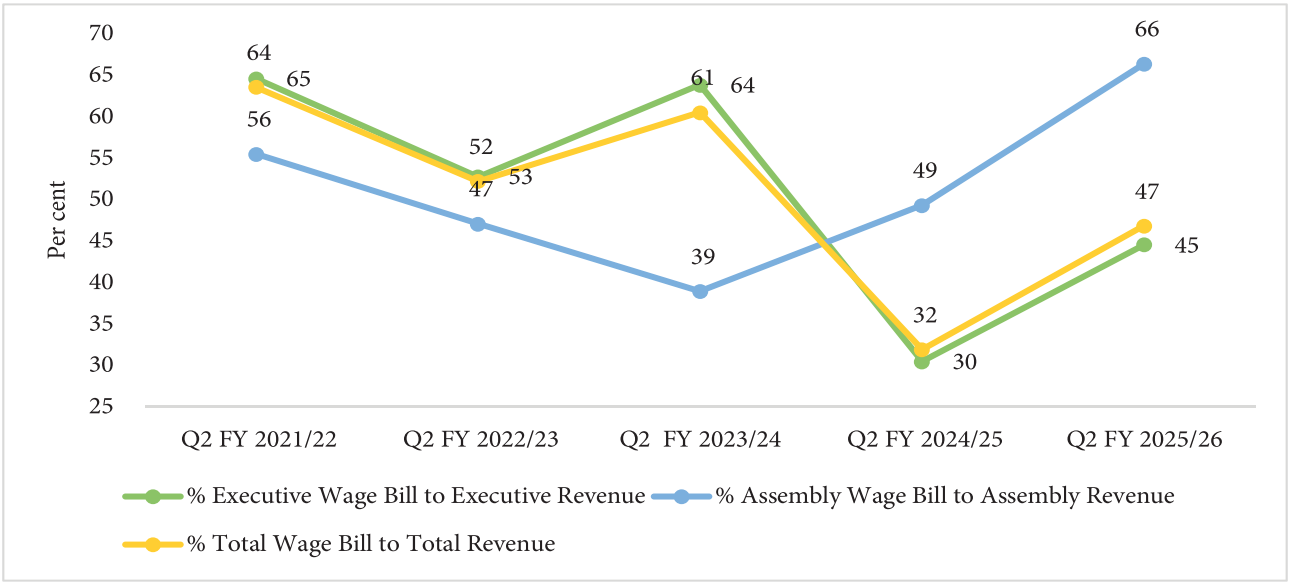
Most of the County's trade payables are recent, with 58 per cent (Kshs.324.88 million) outstanding for less than one year and 42 per cent (Kshs.236.92 million) aged between one and three years. To manage these balances, the County should apply a First-In-First-Out (FIFO) approach, paying older valid claims first to reduce the risk of penalties and legal claims and prevent balances from ageing further. Although the County cleared Kshs.431.42 million against a target of Kshs.306.31 million under the Trade Payables Action Plan, the plan should be strengthened by using FIFO to guide payments and ensure available funds are directed to older outstanding payables.

3.32.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.72 billion. The compensation-to-revenue ratio was 46.8 per cent. This expenditure on employee compensation shows an increase of 12.7 per cent compared to the Kshs.1.53 billion reported in a similar period in FY 2024/25. Of this total, Kshs.877.71 million is related to Health Sector employees, accounting for 51 per cent of the overall employees' compensation.

Figure 191 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 191: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2021/22 to the First Half of FY 2025/26



Source: *Nandi County Treasury*

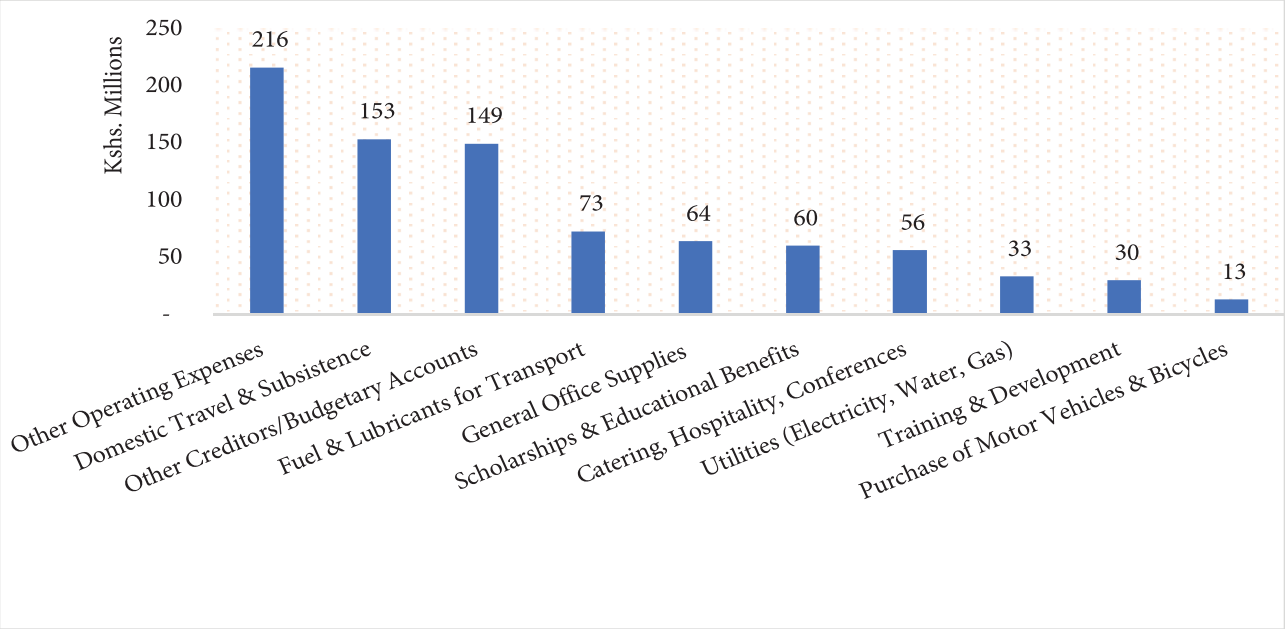
Further analysis indicated that PE costs amounting to Kshs.1.59 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.91.54 million was processed through manual payrolls, which accounted for 5 per cent of the total PE cost.

The County Assembly spent Kshs.18.66 million on committee sitting allowances for the 45 MCAs against the annual budget allocation of Kshs.32.83 million. The average monthly sitting allowance was Kshs.69,095 per MCA. The County Assembly has 24 House Committees.

3.32.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.08 billion on operations and maintenance, representing a decrease of 25.5 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.45 billion. Figure 192 summarises the Operations and Maintenance expenditure by major categories.

Figure 192: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: *Nandi County Treasury*

3.32.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.216 million on "*other operating expenses*," which is 20.04 per cent of the total operations and maintenance expenditure. This category of expenditure includes Kshs.3.52 million for legal fees and compensation payments.

3.32.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The county allocated Kshs.71 million to County-Established funds in FY 2025/26, or 0.7 per cent of the county's overall budget. Further, the county allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.

Table 3.477 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.477: Performance of Nandi County Established Funds in the First Quarter of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds				
1	Nandi County Car and Mortgage Fund	2018	1,050,000	-	-	No
2	Nandi County Education Scheme	2016	30,000,000	-	-	Yes
3	Nandi County Emergency Fund	2020	40,000,000			Yes
4		**County Assembly Established Funds**				
5	Nandi County Assembly Car and Mortgage Fund	2018	-	-	-	-
	Total		71,050,000			

Source: *Nandi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 1 Fund Administrator, contrary to the requirement under Section 168 of the PFM Act, 2012. The county disclosed that administration costs of the Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that none the lifespan of the funds had lapsed.

3.32.12 County Corporations

The county has one County Corporation: the Kapsabet Nandi Water and Sanitation Company Ltd (KANAWASCO). The County did not provide the CoB with financial reports for the corporation during the review period.

3.32.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.178.11 million and comprised Kshs.115.72 million spent by the County Assembly and Kshs.62.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.40 million and comprised Kshs.23.82 million by the County Assembly and Kshs.6.58 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.478.

Table 3.478: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of officers travelled	Date travelled	Purpose of the travel	Destination	Total Cost of Travel (Kshs.)
County Executive	5	5th Oct 2025	OGP Summit	Spain	3,998,260
County Executive	1	25th Sept 2025	Integrated Agro-Industrial Park	Ethiopia	517,608

Source: Nandi County Treasury and County Assembly

3.32.14 Facility Improvement Financing

During the review period, the collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.231.62 million, as shown in Table 3.479.

Table 3.479: Nandi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
2.	Level 4 Hospital	7	225,000,000	180,272,699	80
3.	Level 3 Facility	14	15,000,000	12,124,365	81
4.	Level 2 Facility	134	35,000,000	39,216,236	112
	Total		**275,000,000**	**231,613,300**	**91**

Source: *Nandi County Treasury*

3.32.15 Development Expenditure

In the review period, the County reported spending Kshs.875.91 million on development programmes, representing an increase of 18.1 per cent compared to FY 2024/25, when the County spent Kshs.741.57 million. Table 3.480 summarises the development projects with the highest expenditure in the reporting period.

Table 3.480: Nandi County, List of Development Projects with the Highest Expenditure

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Construction of Amkawo Box Culvert	Trade and Investment	Chemase	4,544,636	4,412,268	-	100
Construction of the Kaptumo Water Project	Water and Natural Resources	Kaptumo/Kaboi	4,612,893	4,478,537	-	100
Construction of Kobujoi OPD	Health and Sanitation	Kobujoi	6,224,820	6,043,515	-	100
Construction of MCA Office-Stenkuku-Kipsende	Transport and Infrastructure	Kemeloi Maraba	3,583,400	3,479,029	-	100
Construction of MCH at KCRH	Health and Sanitation	Kapsabet	4,265,030	4,140,806	-	100

Project Name	Sector	Project Location	Contract Sum (KSh)	Amount Paid to Date (KSh)	Contract Variation (KSh)	Implementation Status (% of Completion)
Maintenance of Chepno-et-Tuiyabei Road	Transport and Infrastructure	Ndalat	4,410,312	4,281,856	-	100
Maintenance of Chepter-it-Kapsean-Belekenya Road	Transport and Infrastructure	Kosirai	4,739,987	4,601,930	-	100
Maintenance of Chiria Emzoo Kapkemich Road	Transport and Infrastructure	Kabwareng	3,747,532	3,638,381	-	100
Maintenance of Kamoiywo Chiefs' Office Kabuson	Education	Kabiyet	3,785,264	3,675,014	-	100
Renovation and Parking in Kaptumo	Health and Sanitation	Kaptumo/Kaboi	3,936,834	3,822,169	-	100

Source: *Nandi County Treasury*

The County did not report development projects as of 31st December 2025. Budget Performance by Department Table 3.481 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.481: Nandi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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 Executive	397	48	212	5	212	5	98.7	98.7	53.3	10.7
Health and Sanitation	2,732	200	1,036	80	1,036	80	98.7	98.7	37.9	39.9
Public Service and Labour	64	-	30	-	30	-	98.7	-	46.3	-
County Assembly	811	80	383	-	383	-	98.7	-	47.2	-
Kapsabet Municipality	73	148	83	8	83	8	98.7	98.7	113.2	5.3
Office of the County Attorney	85	1	60	-	60	-	98.7	-	71.0	-
Finance and Economic Planning	577	18	293	3	293	3	98.7	98.7	50.7	15.4
Administration, Public Service and E-Government	540	382	150	5	150	5	-	-	-	-
Agriculture and Co-operatives Development	231	379	113	89	113	89	-	-	-	-
Sports, Youth Affairs, Culture and Heritage	86	61	44	17	44	17	-	-	-	-
Education and Vocational Training	403	279	185	100	185	100	-	-	-	-
Lands, Environment, Natural Resources and Climate Change	160	794	71	275	71	275	98.7	98.7	44.4	34.7
Transport, Public Works and Infrastructure Development	185	614	68	172	68	172	98.7	98.7	37.0	28.0
Trade, Tourism, Industrialisation, and Enterprise Development	91	299	37	64	37	64	98.7	98.7	40.6	21.5
Culture, Gender and Social Welfare	46	31	21	-	21	-	98.7	-	45.0	-
Kaimosi Agricultural Training Centre	48	69	13	57	13	57	98.7	98.7	27.7	82.2
Total	6,530	3,404	2,798	876	2,798	876	98.7	98.7	42.8	25.7

Source: *Nandi County Treasury*

Analysis of departmental expenditure shows that the Department of Kaimosi Agricultural Training Centre recorded the highest absorption rate of the development budget at 82.2 per cent, followed by the Department of Lands, Environment, Natural Resources and Climate Change at 34.7 per cent. The Department of Kapsabet Municipality had the highest recurrent expenditure-to-budget ratio at 113.2 per cent, while the Department of Health and Sanitation had the lowest at 37.9 per cent.

3.32.16 Budget Execution by Programmes and Sub-Programmes

Table 3.482 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.482: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate ( )
Culture	Public Records & Archives Management	34,698,875	19,787,660	**57**
General Administration	Planning & Support Services	891,140,379	388,171,935.50	**43.6**
Education / Sector Admin	Planning & Support Services	1,848,022,603	794,037,495.90	**43**
Transport / Sector Admin	Planning & Support Services	91,320,826	37,562,440	**41.1**
Health	Preventive & Promotive Health Services	3,000,511,985	1,131,223,887.25	**37.7**

Source: *Nandi County Treasury*

The programmes with the highest budget implementation rates during the period under review included Public Records and Archives Management, which recorded an absorption rate of 57 per cent, followed by General Administration and Planning and Support Services, with absorption rates of 43.6 per cent. Table 3.483 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.483: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure as at 31 Dec 2025 (Kshs.)	Absorption Rate (%)
Sports / Culture	Human Resource Management	72,680,500	7,951,360	10.9
Legislature	Legislation & Representation	3,065,057,970	736,836,256	24
Sector Admin	Planning & Support Services	7,999,000	2,817,958	35.2
Lands	Land Policy & Planning	1,445,064,529	536,857,375	37.2
Sector Admin	Planning & Support Services	184,685,805	69,193,769	37.5

Source: *Nandi County Treasury*

The programmes with the lowest budget implementation rates during the period under review included Human Resource Management under the Sports and Culture sector, which recorded an absorption rate of 10.9 per cent. This was followed by Legislation and Representation under the Legislature, which absorbed 24.0 per cent of its approved budget. Planning and Support Services under Sector Administration also recorded relatively low absorption at 35.2 per cent. In addition, Land Policy and Planning under the Lands sector and Planning and Support Services under Sector Administration recorded absorption rates of 37.2 per cent and 37.5 per cent,

3.32.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 10 accounts with commercial banks, including There is one account designated for banking revenue from Kaimosi ATC operations, 2 Imprest Accounts for managing petty cash, one account for the National Agricultural and Rural Inclusive Growth Project, one account for the County Development Support Programme, one account for the Urban Development Grant, one account for the Urban Infrastructure Grant, one account for youth service programmes and initiatives, one account for health operations and services, and one account for deposits and retentions.

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

3.32.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nandi County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 9th February 2026.
ii. The underperformance of own-source revenue at Kshs.306.18 million against an annual target of Kshs.1.12 billion, representing 27 per cent of the financial year target.
iii. The County spent Kshs.875.91 million on development activities, achieving an absorption rate of 21 per cent against the annual development budget of Kshs.4.11 billion. While an improvement from previous years, it remains below the expected half-year threshold.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

3.33. County Government of Narok

3.33.1 Overview of FY 2025/26 Budget

The Narok County Approved Budget for FY 2025/26 is Kshs.17.23 billion. It comprises Kshs.6.21 billion (36 per cent) and Kshs.11.02 billion (64 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.336.46 million (2 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.33 billion and a recurrent budget of Kshs.12.23 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.9.65 billion (56 per cent), additional allocations of Kshs.1.21 billion (7 per cent), a cash balance of Kshs.59.88 million (below 1 per cent) brought forward from FY 2024/25, and Kshs.6.21 billion (36 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.484.

3.33.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.6.67 billion. This amount represented a decrease of 25 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.8.95 billion. The total revenue consisted of Kshs.4.05 billion from the equitable share of revenue raised nationally, nil amount on additional allocations from the national government, as well as own-source revenue (OSR) collection of Kshs.2.56 billion. Additionally, the County had a cash balance of Kshs.59.88 million from FY 2024/25. The total OSR collection of Kshs.2.56 billion included Facilities Improvement Financing (FIF) of Kshs.76.21 million, AIA of Kshs.32.66 million and Kshs.2.45 billion from other OSR sources. Table 3.484 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.484: Narok County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF		59,884,373		59,884,373	- 59,884,373
2	County Executive Refunds to CRF		977,149		977,149	- 977,149
3	County Assembly Refunds to CRF		10,389		10,389	- 10,389

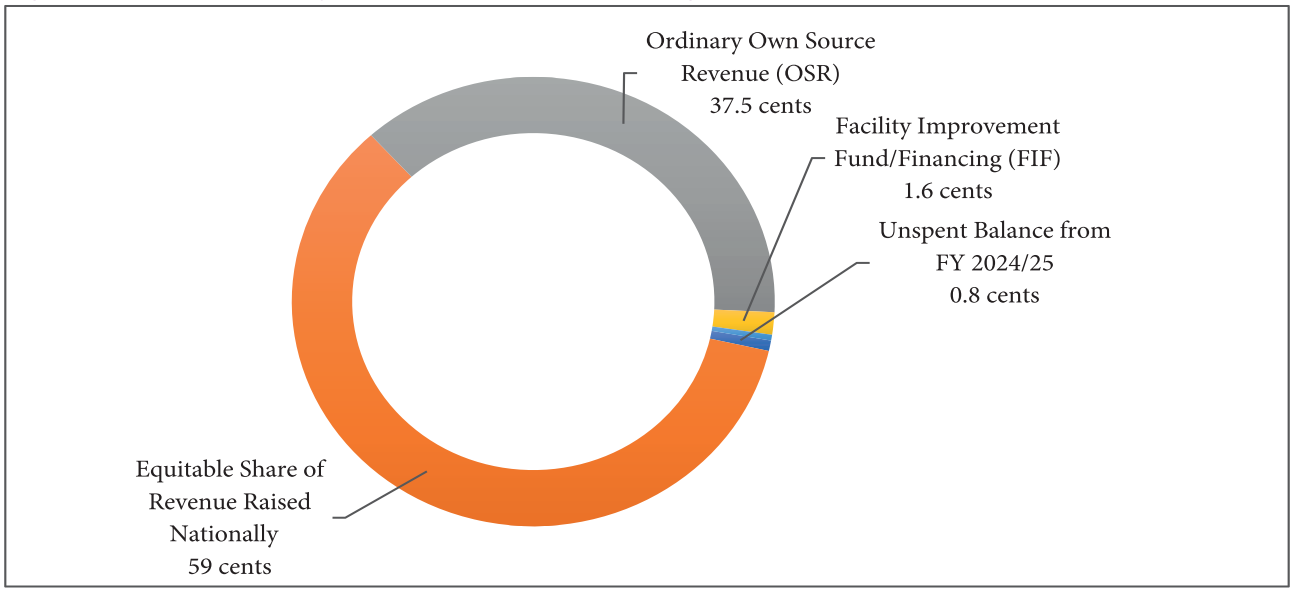
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
	Sub-Total	**-**	**60,871,912**	**-**	**60,871,912**	**- 60,871,912**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	9,646,933,000	4,054,681,615	781,625,372	4,836,306,987	4,810,626,013
	Sub-Total	**9,646,933,000**	**4,054,681,615**	**781,625,372**	**4,836,306,987**	**4,810,626,013**
C	**Additional Allocations (Including Grants)**					
1	Allocation for Mineral Royalties	13,000,000			-	13,000,000
2	County Aggregated Industrial Park (CAIP)	250,000,000			-	250,000,000
3	World Bank Loan- NAVCDP	151,515,152			-	151,515,152
4	DANIDA Grant -PHC	12,382,500			-	12,382,500
5	Kenya Devolution Support Programme (KDSPII)	352,000,000			-	352,000,000
6	Kenya Agricultural Business Development Project (KABDP)	10,918,919			-	10,918,919
7	Kenya Devolution Support Programme (KDSPII)	37,500,000			-	37,500,000
8	Kenya Urban Support Programme (KUSP II) UIG	35,000,000			-	35,000,000
9	Kenya Urban Support Programme (KUSP II) UDG	71,235,901			-	71,235,901
10	Financing Locally Led Climate Action (FLLoCA) Dev	200,000,000			-	200,000,000
11	Community Health Promoters (CHP) Projects	49,800,000			-	49,800,000
12	Basic Arrears for County Government Health Workers	21,496,514			-	21,496,514
13	UNFPA	7,400,000			-	7,400,000
	Sub-Total	**1,212,248,986**	**-**	**-**	**-**	**1,212,248,986**
D	**Ordinary Own Source Revenue (OSR)**					
1	Cess Revenue	294,269,909	100,375,373	-	100,375,373	193,894,536
2	Markets & Slaughter Fees	50,098,805	4,115,110		4,115,110	45,983,695
3	House Rents	17,200,000	1,951,970		1,951,970	15,248,030
4	Conservancy & Solid Waste Disposal	8,531,250	244,000		244,000	8,287,250
5	Vehicle Parking	36,000,000	7,207,151		7,207,151	28,792,849
6	Land Rates	122,376,084	2,351,549		2,351,549	120,024,535
7	Advertising	5,658,531	936,050		936,050	4,722,481
8	Public Health Services	5,000,000	107,500		107,500	4,892,500
9	Hire Of County Assets	412,903			-	412,903
10	Single Business Permits	84,341,469	4,579,397		4,579,397	79,762,072
11	Proceeds From Sale of Assets	31,660,000			-	31,660,000
12	Other Fines, Penalties and Forfeitures	282,316	644,000		644,000	- 361,684
13	Physical Planning and Development	54,226,795	6,376,023		6,376,023	47,850,772
14	Miscellaneous Income	5,776,559	5,460,946		5,460,946	
15	Park Fees	5,489,629,570	2,313,344,198	586,956,513	2,900,300,710	
	Sub-Total	**6,205,464,191**	**2,447,693,267**	**586,956,513**	**3,034,649,780**	**581,169,939**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF		42,270,363	34,973,739	77,244,102	- 77,244,102
2	Defunct NHIF		-	18,947,300	18,947,300	- 18,947,300
3	User Fees	120,951,908	33,940,690	-	33,940,690	87,011,218
	Sub-Total	**120,951,908**	**76,211,053**	**53,921,039**	**130,132,092**	**- 9,180,184**
F	**Appropriations in Aid**					
1	Administration Control fees	45,461,915	32,657,086	842,914	33,500,000	11,961,915
	Sub-Total	**45,461,915**	**32,657,086**	**842,914**	**33,500,000**	**11,961,915**
	Grand Total	**17,231,060,000**	**6,672,114,989**	**1,423,345,845**	**8,095,460,771**	**6,545,954,757**

Source: *Narok County Treasury*

Figure 193 provides a detailed breakdown of receipts, showing the earnings for each shilling.

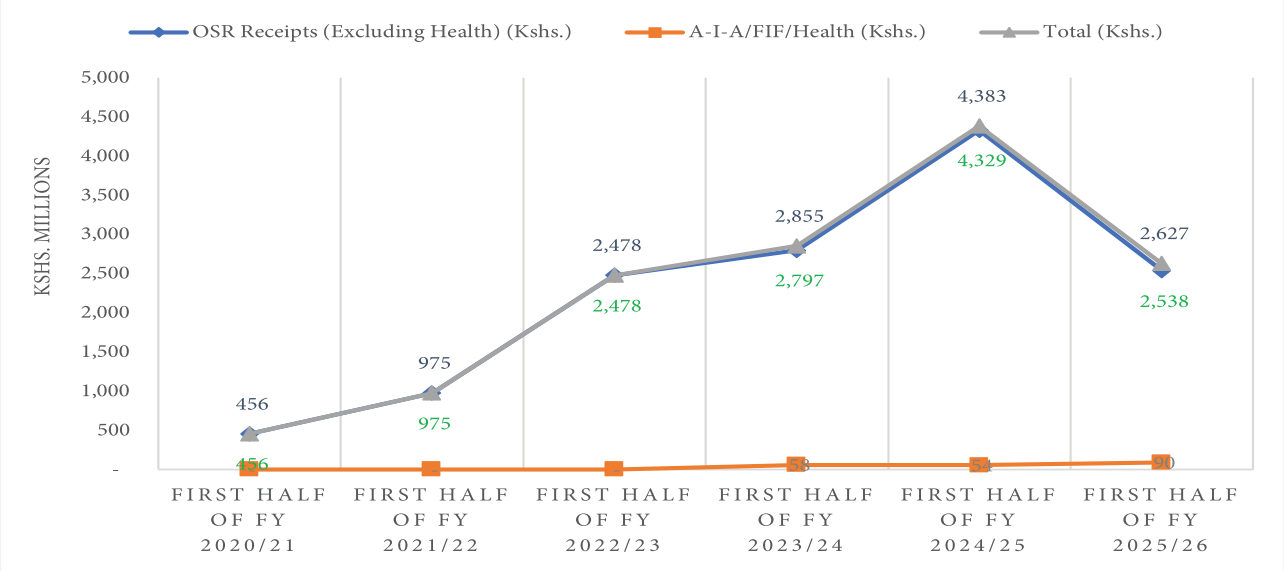
Figure 193: Narok County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Narok County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 60 per cent, 38 per cent, and 2 per cent, respectively, to total receipts for the reporting period. Figure 194 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 194: Narok County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

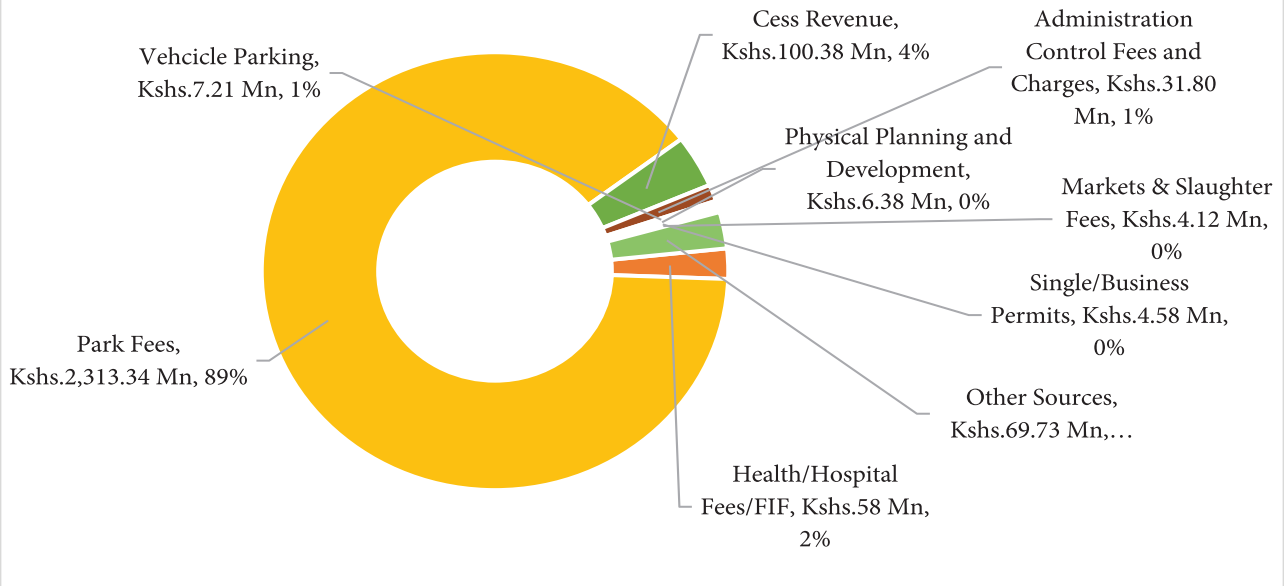


***Source: Narok** County Treasury*

During the first half of FY 2025/26, the County received Kshs.2.63 billion from OSR, including FIF. This amount was a decrease of 40 per cent compared to Kshs.4.38 billion realised in a similar period in FY 2024/25, and was 41 per cent of the annual target and 65 per cent of the equitable revenue share disbursed.

The decrease in OSR was attributed to a shift in peak seasons for revenue from parks, the major source of revenue. The revenue streams that contributed the most to OSR receipts are shown in Figure 195

Figure 195: Narok County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Narok County Treasury

As shown in Figure 195, the highest revenue stream is at Kshs.2.31 billion, was from Park Fees, accounting for 89 per cent of the total OSR receipts. The County Government indicated that it has automated all revenue streams.

3.33.3 Revenue Arrears/ Receivables

As of 31st December 2025, the County reported revenue arrears of Kshs.586.96 million, Table 3.485 presents a breakdown of the County's revenue arrears.

Table 3.485: Narok County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	**Park Fees**					586,956,513
	Sub-Total	-	-	-	-	**586,956,513**
E	**Facility Improvement Fund (FIF)**					
1	SHIF					34,973,739
2	Defunct NHIF					18,947,300
	Sub-Total	-	-	-	-	**53,921,039**
F	**Other Appropriations in Aid**					
1	Administration and Control Fees					842914
	Sub-Total	-	-	-	-	**842,914**
	Grand Total	-	-	-	-	**641,720,466**

Source: *Narok County Treasury*

3.33.4 Borrowing by the County

The County did not disclose any borrowing during the reporting period.

3.33.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.49 billion from the Narok County Revenue Fund (CRF) account. This amount consisted of Kshs.1.32 billion (24 per cent) designated for development programs, and Kshs.4.17 billion (76 per cent) allocated for recurrent programs.

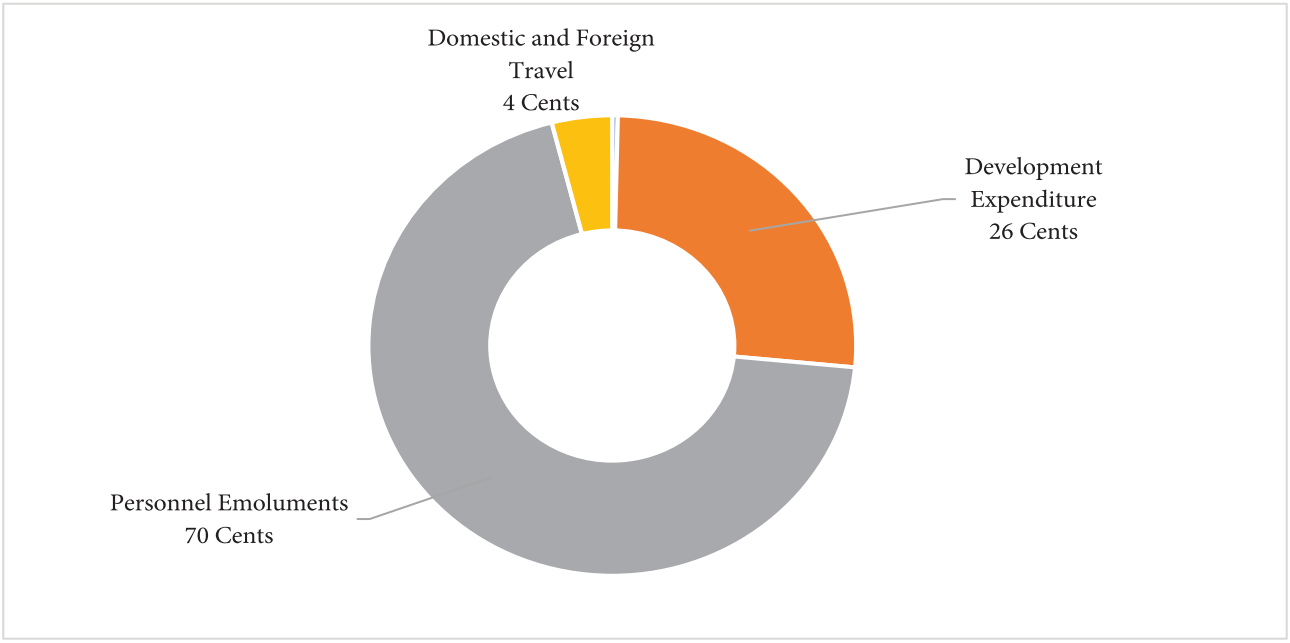
An analysis of the released recurrent exchequers shows that Kshs.2.96 billion was allocated for employee compensation, and Kshs.1.21 billion for operations and maintenance expenditures. Within the operations and maintenance category, 15 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.161.41 million, which included Kshs.74.33 million for the County Executive and Kshs.87.09 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.7.81 million, with Kshs.4.13 million for the County Executive and Kshs.3.68 million for the County Assembly.

3.33.6 Expenditure Review

The County spent Kshs.5.19 billion on development and recurrent programmes during the reporting period. The expenditure represented 94 per cent of the total funds released by the CoB. It comprised Kshs.1.12 billion for development programmes and Kshs.4.07 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 45 per cent of the annual recurrent expenditure budget.

Figure 196 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 196: Narok County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Narok *County Treasury*

As shown in Figure 196, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic & Foreign Travel, which contributed 70, 26, and 4 per cent of total expenditure for the reporting period, respectively.

3.33.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.6.75 billion. This amount consisted of Kshs.6.73 billion from the County Executive and Kshs.17.92 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.4.99 billion for recurrent expenditure and Kshs.1.74 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.55 billion, comprising Kshs. Kshs.1.28 billion (83 per cent) for recurrent programmes and Kshs.266.97 million (17 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.5.19 billion for the County Executive and Kshs.21.80 million for the County Assembly. Table 3.486 provides additional details of trade payables.

Table 3.486: Narok County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,739,741,989	4,992,660,482	6,732,402,471
	County Assembly	-	17,915,131	17,915,131
	Total	1,739,741,989	5,010,575,613	6,750,317,602
Amount paid in FY 2025/26	County Executive	266,972,777	1,280,418,454	1,547,391,231
	County Assembly		1,600,000	1,600,000
	Total	266,972,777	1,282,018,454	1,548,991,231
Trade Payables Incurred in FY 2025/26	County Executive	-		-
	County Assembly	-	5,485,560	5,485,560
	Total	-	5,485,560	5,485,560
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,472,769,212	3,712,242,028	5,185,011,240
	County Assembly		21,800,691	21,800,691
	Total	1,472,769,212	3,734,042,719	5,206,811,931

Source: *Narok County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay trade payables from the second quarter. The county adhered to this payment plan, as it cleared Kshs.1.55 billion to the Executive and Kshs.1.60 million to the Assembly.

Table 3.487 and Table 3.488 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.6.73 billion.

Table 3.487: Narok County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	1,262,026,447			210,742,765	1,472,769,212
Recurrent Trade Payables (Goods & Services)	1,712,161,210	41,427,338	393,807,419		2,147,395,967
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	814,846,062	750,000,000			1,564,846,062
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	2,527,007,272	791,427,338	393,807,419	-	3,712,242,029
Executive Trade Payables	3,789,033,719	791,427,338	393,807,419	210,742,765	5,185,011,241
% of Executive Trade Payables	73	15	8	4	100

Source: *Narok County Treasury*

Table 3.488: Narok County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	21,800,691	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	21,800,691	-	-	-	21,800,691
Assembly Trade Payables	21,800,691	-	-	-	21,800,691
% of Assembly Payables	100	-	-	-	100

Source: Narok *County Treasury*

3.33.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.74 billion on compensation of employees, Kshs.1.03 billion on operations and maintenance, and Kshs.1.12 billion on development activities. Similarly, the County Assembly spent Kshs.215.54 million on compensation of employees, Kshs.98.81 million on operations and maintenance, and nil on development activities, as shown in Table 3.489.

Table 3.489: Narok County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**10,140,195,051**	**3,749,565,770**	**814,846,062**	**4,564,411,832**	**45**
Compensation to Employees	5,109,706,795	2,723,792,145	814,846,062	3,538,638,206	69
Operations & Maintenance	5,030,488,256	1,025,773,626		1,025,773,626	20
Development	**6,062,240,440**	**1,121,889,595**			-
Executive Sub-total	**16,202,435,491**	**4,871,455,365**	**814,846,062**	**4,564,411,832**	**28**
County Assembly					

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
Recurrent	**878,624,509**	**314,351,040**	**47,633,053**	**361,984,093**	**41**
Compensation to Employees	635,068,962	215,544,855	47,633,053	263,177,908	41
Operations & Maintenance	243,555,547	98,806,185		98,806,185	41
Development	**150,000,000**	-			-
Assembly Sub-total	**1,028,624,509**	**314,351,040**	**47,633,053**	**361,984,093**	**35**
Combined County Totals					
Total Recurrent	**11,018,819,560**	**4,066,653,448**	**862,479,115**	**4,926,395,925**	**45**
Compensation to Employees	5,744,775,757	2,939,337,000	862,479,115	3,801,816,114	66
Operations & Maintenance	5,274,043,803	1,127,316,449	-	1,124,579,811	21
Total Development	**6,212,240,440**	**1,121,889,595**	-	-	-
Grand Total	**17,231,060,000**	**5,185,806,405**	**862,479,115**	**4,926,395,925**	**29**

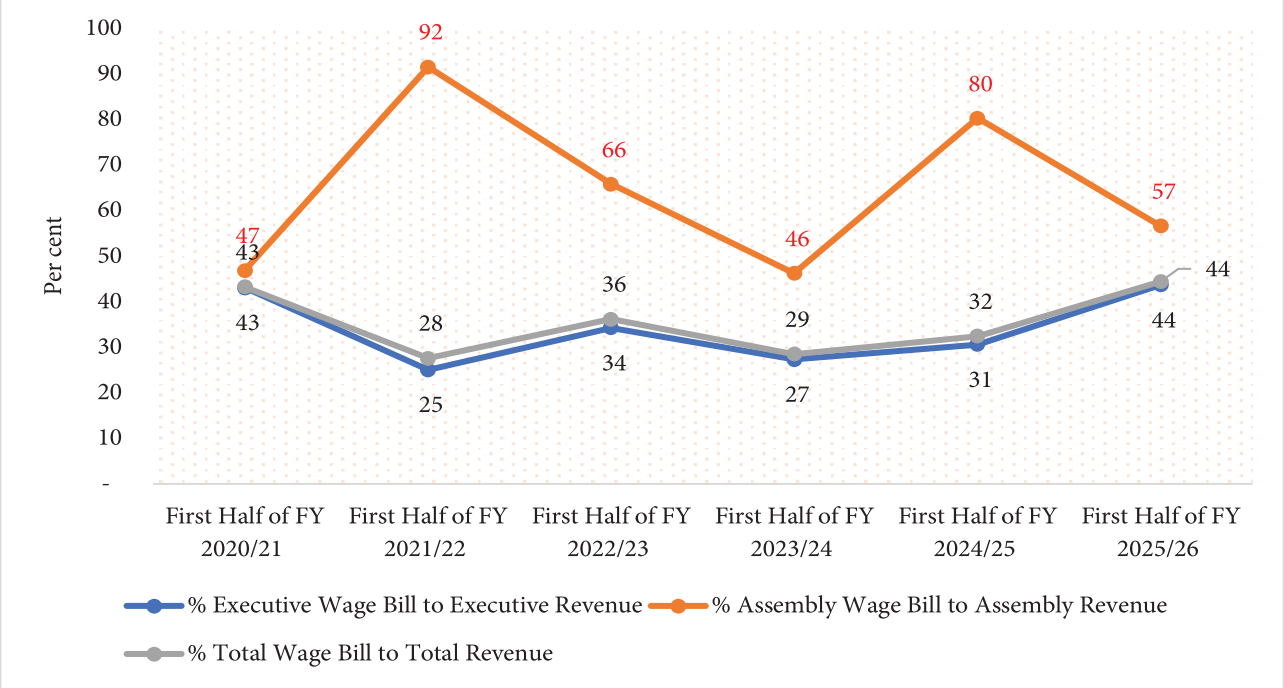
***Source**: Narok County Treasury*

3.33.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.94 billion. This expenditure on employee compensation shows an increase compared to the Kshs.2.88 billion reported in a similar period in FY 2024/25. Of this total, Kshs.686.99 million related to Health Sector employees, accounting for 23 per cent of the overall employees' compensation.

Figure 197 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 197: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Narok County Treasury

Further analysis indicated that PE costs totalling Kshs.2.72 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.379,612 was processed through manual payroll, which accounted for less than 1 per cent of the total PE cost.

The manual payroll comprised salaries for 1 staff member who was not onboarded into the Human Resource Information System (HRIS) and gratuity for 6 staff members, as shown in Table 3.490.

Table 3.490: Breakdown of Narok County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for 1 staff paid outside the Human Resource Information System (HRIS)	110,940		110,940
Salaries for 6 staff who exited the service for various reasons (final dues)	268,672		268,672
Total	379,612	-	379,612

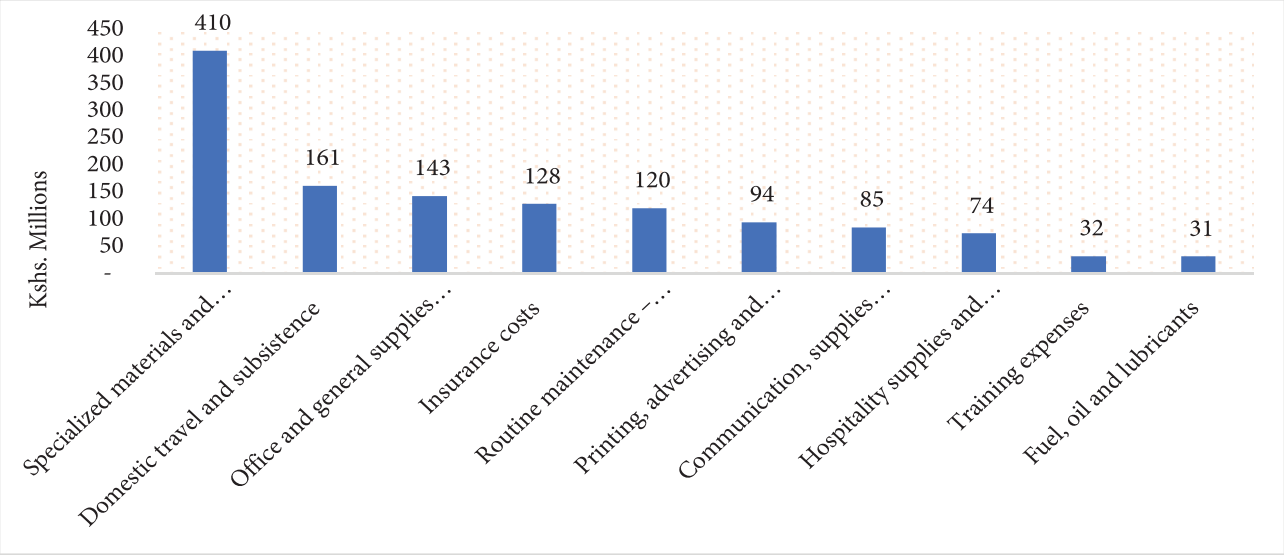
Source: Narok County Treasury

The County Assembly spent Kshs.15.21 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.50,700 per MCA. The County Assembly has 21 House Committees.

3.33.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.03 billion on operations and maintenance, representing a decrease of 73 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.3.76 billion. Figure 198 summarises the Operations and Maintenance expenditure by major categories.

Figure 198: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: *Narok County Treasury*

3.33.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.680 million to County-Established funds in FY 2025/26. Table 3.491 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.491: Performance of Narok County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					
1	Bursary Fund	450,000,000	_	_	No
2	Car Loan & Mortgage	150,000,000	_	_	No
3	Narok County Alcoholic Drinks Control and Regulation Fund	_	_	_	No
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Submission of Financial Statements (Yes/No.)
4	Car Loan & Mortgage	80,000,000	_	_	No
	Total	680,000,000	-	-	-

Source: *Narok County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated inTable 3:492, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.12 County Corporations

The County has 1 county corporation, Narok Water and Sewerage Services Company, which received no allocation during the review period.

3.33.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.161.41 million and comprised Kshs.87.09 million spent by the County Assembly and Kshs.74.33 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.81 million and comprised Kshs.3.68 million by the County Assembly and Kshs.4.13 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.492.

Table 3.492: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
Executive	2	17th to 25th October 2025	Engineers' Study Trip (Industrial tour)	China	1,941,300
Executive	2	11th to 22nd August 2025	ESAMI Training on Gender mainstreaming and inclusion of Legislature.	Singapore	2,805,098

Source: Narok County Treasury

3.33.14 Development Expenditure

In the review period, the County reported spending Kshs.1.12 billion on development programmes, representing a decrease of 28 per cent compared to FY 2024/25, when the County spent Kshs.1.56 billion. Table 3.493 summarises the development projects with the highest expenditure in the reporting period.

Table 3.493: Narok County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1	Environment, Water, Energy and Natural Resources	Construction Of Chepkutet Springs	Sagamian Ward			13,478,367	13,478,015	-	13,478,015	100
2	Education and Social Services	Construction Of Dormitories at Olmariko Secondary School	Olposimoru ward			28,997,242.68	18,107,855.20		18,107,855.20	62
3	Education and Social Services	Construction Classroom and staff quarters at Masaantare School	Ololunga Ward			18,640,776	11,688,606		11,688,606	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
4	Agriculture, Livestock and Fisheries	Construction Of Livestock Sales Yard Naarosura	Maji moto -Narusora ward			10,061,754	10,061,754		10,061,754	100
5	Agriculture, Livestock and Fisheries	Construction Of Modern Sale Yard at Mulot	Ilmotiook Ward	9th May,2025	17th July,2025	28,844,219	28,868,419		28,868,419	100
6	Public Works, Roads and Transport	Repair and Maintenance of County Government Machinery	Narok Town Ward	1st January,2024	31st December,2025	26,360,477	26,360,477		26,360,477	100
7	Agriculture, Livestock and Fisheries	Construction of Livestock Saleyard at Maji Moto	Maji moto -Narusora ward	20th March 2025	45809	24,100,822	20,085,727		20,085,727	83
8	Agriculture, Livestock and Fisheries	Construction Of Livestock Saleyard at Mosiro	Mosiro Ward	5th March 2025	28th Sept 2025	23,800,000	23,800,000		23,800,000	100
9	Health &Sanitation	Construction Takitech Dispensary and Associated Works	Olomaasani Ward	24th February,2025	24-Sep-25	29,516,246	10,352,101		10,352,101	35
10	Education and Social Services	Construction Of Nairagie Enkare VTC	Keekonyokie Ward	25th November 2024	1-Jun-24	15,760,846.50	10,662,696		10,662,696	100

Source: *Narok County Treasury*

3.33.15 Budget Performance by Department

Table 3.494 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.494: Narok County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	878.62	150	385.34	_	317.09	_	82	-	36	-
County Executive	272.38	_	130.01	_	128.81	_	99	-	47	-
Finance & Economic Planning	1,295.33	220	326.41	_	325.20	_	100	-	25	-
Transport and Public Works	321.47	1,376.58	106.12	453.80	104.91	425.22	99	94	33	31
Education, Youth, Sports, Culture and Social Services	1,751.65	530.20	607.61	184.09	606.40	141.01	100	77	35	27
Environment Protection, Energy, Water & Natural Resources	411.73	458.03	108.40	66.51	107.19	23.44	99	35	26	5
Public Service Board	104.29	_	26.61	_	25.40	_	95	-	24	-
Agriculture, Livestock & Fisheries	468.62	562.42	110.44	3.52	109.24	3.52	99	100	23	1
Health & Sanitation	3,067.20	1,243.10	1,420.69	513.57	1,420.35	470.49	100	92	46	38
Lands Housing Physical Planning & Urban Development	114.83	65	70.57	-	65.96	-	93	-	57	-
ICT & E Government	128.28	175	24.66	-	20.04	-		-	16	-

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
Administration And Public Services Management	943.58	432	344	-	339.39	-	99	-	36	-
Trade, Industry and Cooperative Development	620.69	676.72	377.54	101.28	372.93	58.20	99	57	60	9
Office of the County Attorney	433.26	10	123.31	-	119.83	-	97	-	28	-
Municipality (Narok)	168.18	191.69	3.28	-	3.28	-	100	-	2	-
Municipality (Kilgoris)	38.70	121.50	0.64	-	0.64	-	100	-	2	-
Total	11,018.82	6,212.24	4,165.63	1,322.76	4,066.65	1,121.89		85	37	18

Source: *Narok County Treasury*

Analysis of expenditure by departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 38 per cent, followed by the Department of Transport and Public Works at 31 per cent. The Department of Lands, Housing, Physical Planning & Urban Development had the highest percentage of recurrent expenditure to budget at 57 per cent, while the two municipalities had the lowest at 2 per cent.

3.33.16 Budget Execution by Programmes and Sub-Programmes

Table 3.495 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.495: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Education, Youth, Sports, Culture & Social Services				
	Vocational Education and Training	100,000,000	49,079,264	49
	Education - Headquarters	254,200,000	91,932,832	36
Health & Sanitation				
	Health- Medical Services	1,243,096,161	470,493,776	38
Transport and Public Works				
	Public Works and Infrastructure	1,376,581,979	425,222,581	31
Environment, Protection, Energy, Water& Natural Resources				
	Environment Protection, Energy, Water& Natural Resources	80,000,000	23,437,616	29
RECURRENT				
Trade, Cooperative Development, Tourism & Wildlife				
	Trade and Industrialization	119,361,849	82,179,890	69
Finance and Economic Planning				
	Internal Audit	75,116,155	50,813,513	68
Education, Youth, Sports, Culture & Social Services				
	Veterinary Services	86,977,934	54,618,131	63
County Public Service Management				
	Lands, Housing & Survey	48,621,578	29,830,139	61
Trade, Cooperative Development, Tourism & Wildlife				
	Tourism and Wildlife	467,465,298	277,834,681	59

Source: *Narok County Treasury*

The development sub-programmes with the highest budget implementation rates included Vocational Education and Training at 49 per cent, Health-Medical Services at 38 per cent, Education Headquarters at 36 per cent, and Public Works and Infrastructure at 31 per cent. For recurrent sub-programmes, the top performers were Trade and Industrialization at 69 per cent, Internal Audit at 68 per cent, Veterinary Services at 63 per cent, and Lands, Housing & Survey at 61 per cent.

Table ß:497 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.496: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance and economic planning				
	Finance & Economic Planning Headquarters	220,000,000	_	-
Education, Youth, Sports, Culture & Social Services				
	Gender and Youth Affairs	106,000,000	_	-
	Sports - Headquarters	35,000,000	_	-
	Arts, Culture and Heritage	20,000,000	_	-
	Social Services and Recreation	15,000,000	_	-
RECURRENT				
Education, Youth, Sports, Culture & Social Services				
	Gender and Youth Affairs	42,195,900	1,194,300	3
	Arts, Culture and Heritage	29,645,000	_	-
Municipality				
	Narok	168,184,726	3,276,789	2
	Kilgoris	38,704,382	639,136	2
Agriculture, Livestock and Fisheries				
	Fisheries	51,288,837	608,000	1

Source: *Narok County Treasury*

All five development sub-programmes listed in Table 3.496 did not have any expenditure. For recurrent sub-programmes, poor performers were Arts, Culture and Heritage at 0 per cent, Fisheries at 1 per cent, and Narok and Kilgoris Municipalities at 2 per cent.

3.33.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 14 accounts in commercial banks, including 6 for health facilities, 5 for revenue, 2 for established funds, and 1 account for state corporations.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the 14 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.33.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Narok County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd February 2026.

ii. The underperformance of own-source revenue at Kshs.2.63 billion against an annual target of Kshs.6.37 billion, representing 41 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.1.12 billion on development activities, achieving an 18 per cent absorption rate.
iv. All Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports were not submitted to the CoB as of 15th January 2026.
v. High level of trade payables, which amounted to Kshs.5.21 billion as of 31st December 2025.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.34. County Government of Nyamira

3.34.1 Overview of FY 2025/26 Budget

The Nyamira County Approved Budget for FY 2025/26 is Kshs.8.65 billion. It comprises Kshs.3.28 billion (38 per cent) and Kshs.5.37 billion (62per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.534.40million (7per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.87 billion and a recurrent budget of Kshs.5.23 billion. The increase in the budget was primarily attributed to the rise in projection of own source revenue and balance brought forward from FY2024/25.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, Kshs.6.07 billion (70 per cent), additional allocations of Kshs.1.32 billion (15 per cent), a cash balance of Kshs.383.64 million (4 per cent) brought forward from FY 2024/25, and Kshs.868.71 million (10 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:498.

3.34.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.50 billion. This amount represented an increase of 20 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.91 billion. The total revenue consisted of Kshs.2.52 billion from the equitable share of revenue raised nationally, additional allocations from the national government, and development partners of Kshs.139.36 million, as well as the own-source revenue (OSR) collection of Kshs.205.87 million. Additionally, the County had a cash balance of Kshs.638.62 million as of FY 2024/25. The total OSR collection of Kshs.205.87 million included Facilities Improvement Financing (FIF) of Kshs.170.49 million, and Kshs.35.38 million from other OSR sources. Table 3.497 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.497: Nyamira County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	383,479,287	638,451,249		638,451,249	- 254,971,962
2	County Executive Refunds to CRF	164,708	164,708		164,708	-
3	County Assembly Refunds to CRF	2,039	2,039		2,039	-
	Sub-Total	**383,646,035**	**638,617,997**	-	**638,617,997**	**- 254,971,962**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,073,434,356	2,520,475,258		2,520,475,258	3,552,959,098
	Sub-Total	**6,073,434,356**	**2,520,475,258**	-	**2,520,475,258**	**3,552,959,098**
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Kenya Devolution Support Programme Level II	352,500,000			-	352,500,000
2	National Agricultural Value Chain Development Project (NAVCDP)	231,250,000			-	231,250,000
3	Kenya Second Informal Settlement Improvement Programme (KISIP 2)	148,123,322	110,890,473		110,890,473	37,232,849
4	County Climate Resilience Support (CCRS)-World Bank	162,210,133	21,055,736		21,055,736	141,154,397
5	Aggregated Industrial Park Programme	133,500,000			-	133,500,000
6	Road Maintenance Levy Fund	114,508,787			-	114,508,787
7	Community Health promoters	64,349,711			-	64,349,711
8	Kenya Agricultural Business Development Project (Sweden)	10,918,919			-	10,918,919
9	Kenya Devolution Support Programme Level I	37,500,000			-	37,500,000
10	Kenya Urban Support Programme (KUSP_UIG)	35,000,000			-	35,000,000
11	Kenya Urban Support Programme (KUSP_UDG)	19,817,128			-	19,817,128
12	DANIDA Level one	5,358,000	7,410,000		7,410,000	- 2,052,000
13	DANIDA Level 2&3	5,472,000			-	5,472,000
	Sub-Total	**1,320,508,000**	**139,356,209**	-	**139,356,209**	**1,181,151,791**
E	**Ordinary Own Source Revenue (OSR)**					
1	Matatu stickers	13,085,208	8,853,595		8,853,595	4,231,613
2	Market Dues	17,131,593	4,024,140		4,024,140	13,107,453
3	Single Business Permits	34,412,338	2,107,281		2,107,281	32,305,057
4	Daily parking fees	13,996,385	1,999,357		1,999,357	11,997,028
5	Buildings Plan Approval Fee	39,705,261	4,959,922		4,959,922	34,745,339
6	Market stall Rent	4,076,097	1,073,078		1,073,078	3,003,019
7	Liquor Licences	5,869,173	1,183,800		1,183,800	4,685,373
8	Disposal of Motor Vehicles	12,985,553	1,028,500		1,028,500	11,957,053
9	Land Rates	14,217,679	570,860		570,860	13,646,819
10	Advertisement Charges	43,320,285	891,065		891,065	42,429,220

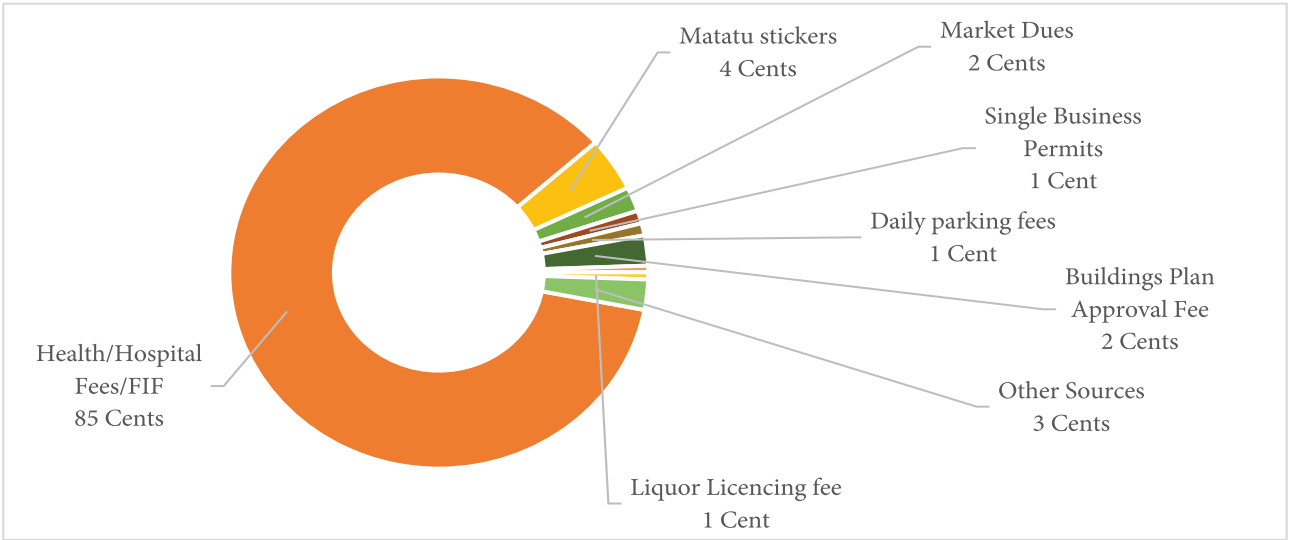
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
11	Garbage collection fees	3,998,967	723,731		723,731	3,275,236
12	Water, sanitation, and irrigation fees	765,903	116,700		116,700	649,203
13	Receipts from Permission to Use the Goods or to Perform Services and Act	4,418,671	3,919,363		3,919,363	499,308
14	Trade weights &measures	2,503,914	378,480		378,480	2,125,434
15	CESS	2,656,625	716,431		716,431	1,940,194
16	Hire of Machinery &Equipment		48,380		48,380	- 48,380
17	Artificial Insemination Services	2,451,509	1,056,160		1,056,160	1,395,349
18	Administration and Compliance fees	3,114,839	1,728,975		1,728,975	1,385,864
	Sub-Total	**218,710,000**	**35,379,818**	-	**35,379,818**	**183,330,182**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	650,000,000	170,486,955		170,486,955	479,513,045
2	Defunct NHIF				-	-
3	Other				-	-
	Sub-Total	**650,000,000**	**170,486,955**	-	**170,486,955**	**479,513,045**
	Grand Total	**8,646,298,391**	**3,504,316,237**	-	**3,504,316,237**	**5,141,982,154**

Source: *Nyamira County Treasury*

The County has enacted the Nyamira County Health Facilities Improvement Financing Act,2025, as a governing legislation on the operation of ordinary A-I-A and FIF.

Figure 199 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 199: Nyamira County Composition of Each Shilling Earned in the First Half of FY 2025/26

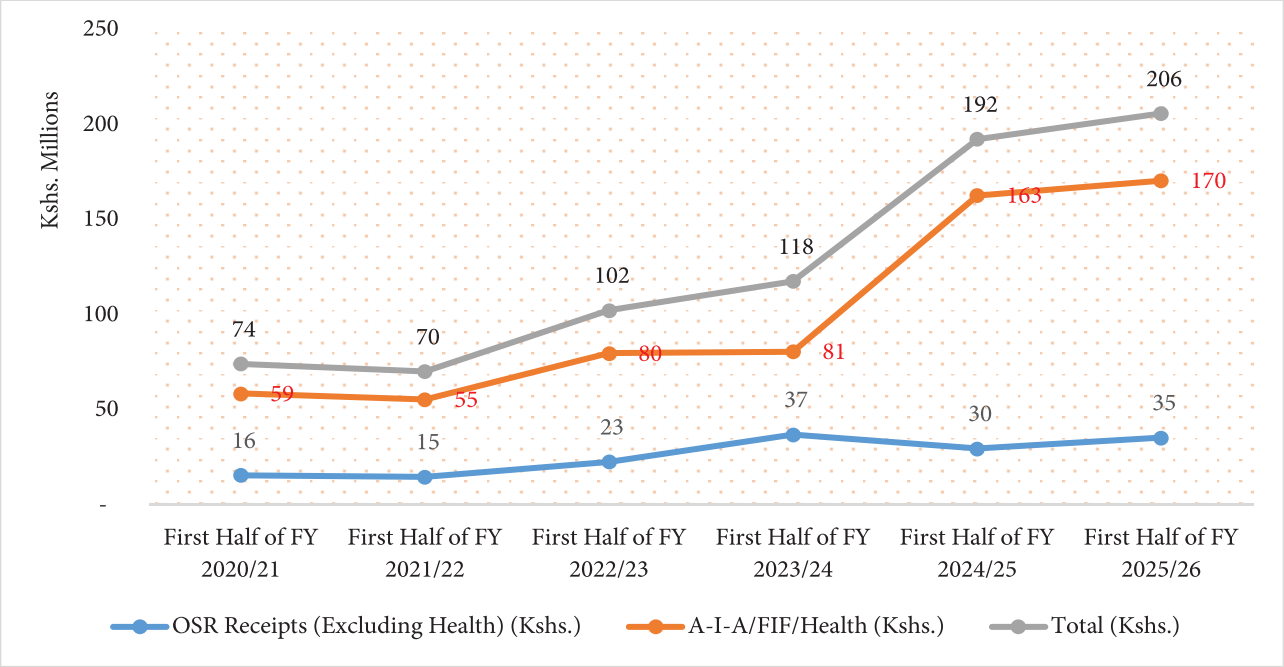


Source: *Nyamira County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 72 per cent, 1 per cent, and 5 per cent, respectively, of the total receipts for the reporting period.

Figure 200 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 200: Nyamira County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



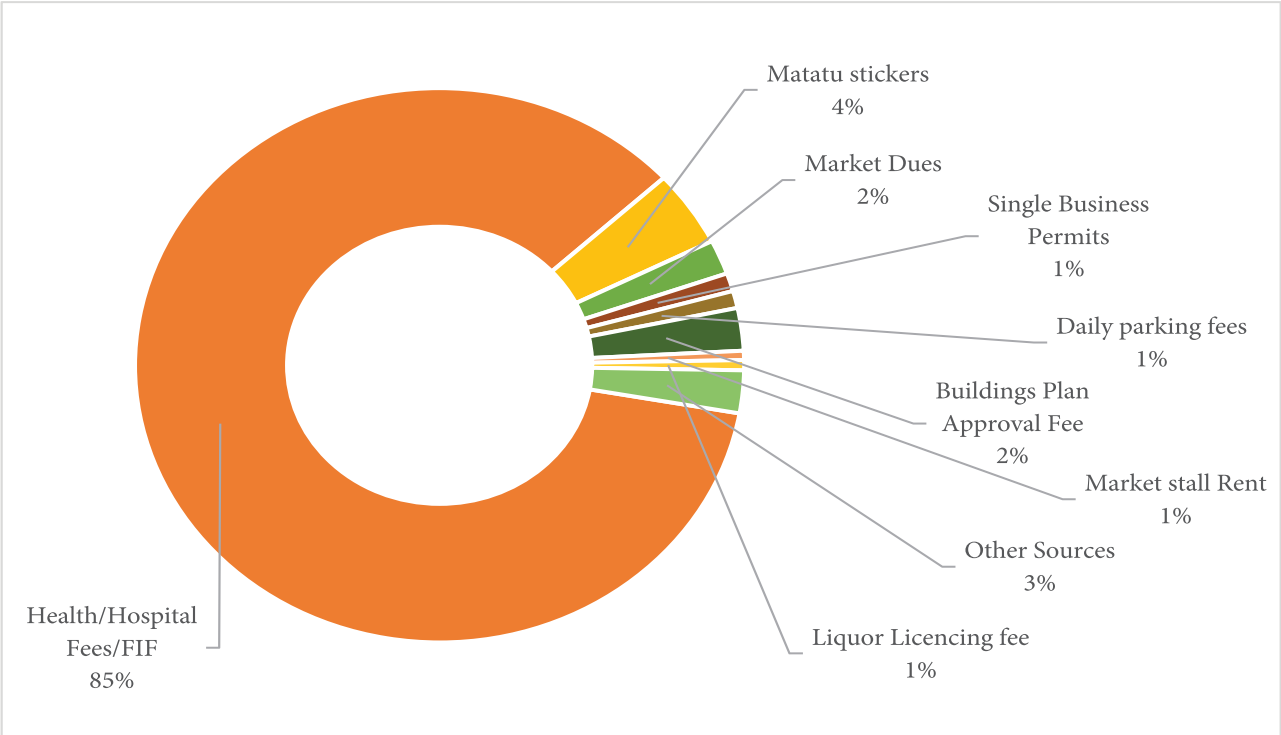
Source: *Nyamira County Treasury*

During the first half of FY 2025/26, the County received Kshs.206 million from OSR, including FIF. This amount was an increase of 7 per cent compared to Kshs.192 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to stringent revenue-collection measures, surveillance, and improved drug supply in health facilities, which, in turn, have led to more visits to county health facilities.

The revenue streams that contributed the highest OSR receipts are shown in Figure 201

Figure 201: Nyamira County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nyamira County Treasury*

As shown in Figure 201 the highest revenue stream, at Kshs.170.49 million, was from Facility Improvement Financing, accounting for 85 per cent of the total OSR receipts. The County Government indicated that it has automated 29 of 31 revenue streams.

3.34.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County did not report revenue arrears; however, by 31st December 2025, revenue arrears had increased to Kshs.546.52 million. Table 3.498 presents a breakdown of the County's revenue arrears.

Table 3.498: Nyamira County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December 2025	_	_	_	546,517,670	546,517,670
	Total				**546,517,670**	**546,517,670**

Source: *Nyamira County Treasury*

As of December 31, 2025, revenue arrears totaled Kshs.546.52 million, all from the Equitable Share of Revenue Raised Nationally (100 percent).

3.34.4 Borrowing by the County

Neither the County Executive nor the Assembly has disclosed any borrowing during the reporting period.

3.34.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.2.29 billion from the Nyamira County Revenue Fund (CRF) account. This amount consisted of Kshs.288.29 million (12 per cent) designated for development programs and Kshs.2.01 billion (88 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.71 billion was allocated to employee compensation and Kshs.293.76 million to operations and maintenance expenditures. Within the operations and maintenance category, 43 per cent was allocated to domestic travel and 2 per cent to foreign travel. The domestic travel exchequers totalled Kshs.127.49 million, which included Kshs.60 million for the County Executive and Kshs.67.49 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.6.89 million for the County Assembly.

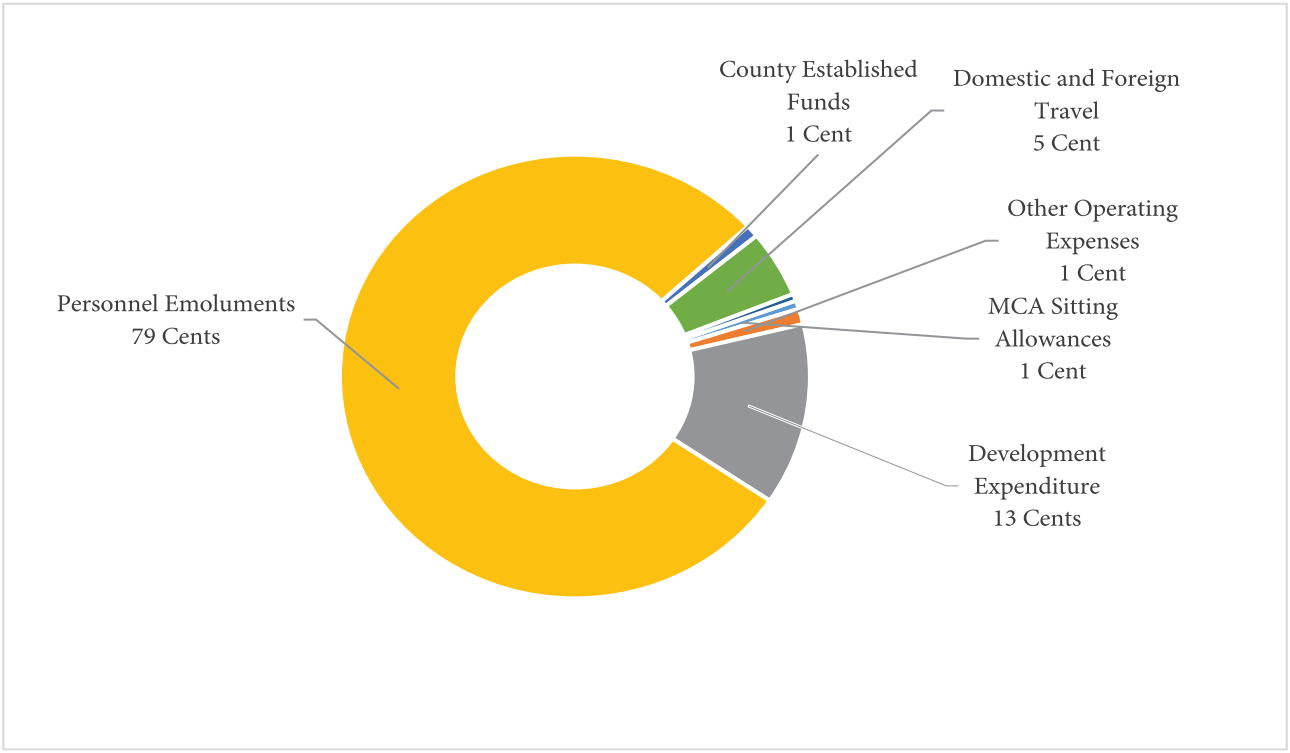
As of December 31, 2025, the County Government's cash balance in the Nyamira CRF account was Kshs.936.522 million.

3.34.6 Expenditure Review

The County spent Kshs.2.32 billion on development and recurrent programmes during the reporting period. The expenditure represented 101per cent of the total funds released by the CoB. It comprised Kshs.288.29 million for development programmes and Kshs.2.03 billion for recurrent programmes. Expenditure on development programmes accounted for 9 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 38 per cent of the annual recurrent expenditure budget.

Figure 202 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 202: Nyamira County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Nyamira County Treasury*

As shown in Figure 202, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Domestic and Foreign Travel, which accounted for 79, 13, and 5 per cent of total expenditure for the reporting period.

3.34.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.711.42 million. This amount consisted of Kshs.689.42 million from the County Executive and Kshs.22 million from the County Assembly. The trade payables from the County Executive comprised Kshs 350.01 million for recurrent expenditure and Kshs.339.41 million for development expenditure.

During the reporting period, the County Executive did not settle trade payables. On the other hand, the County Assembly settled trade payables totalling Kshs.10.07 million for development activities. The outstanding trade payables as of 31st December 2025 were Kshs.689.42 million for County Executive and Kshs.15.63 million for County Assembly. Table 3:500 provides additional details of trade payables.

Table 3.499: Nyamira County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	339,408,444	350,009,822	689,418,267
	County Assembly	22,000,000		22,000,000
	Total	361,408,444	350,009,822	711,418,267
Amount paid in FY 2025/26	County Executive			-
	County Assembly	10,071,130		10,071,130
	Total	10,071,130	-	10,071,130
Trade Payables Incurred in FY 2025/26	County Executive			-
	County Assembly		3,700,000	3,700,000
	Total	-	3,700,000	3,700,000
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	339,408,444	350,009,822	689,418,267
	County Assembly	11,928,870	3,700,000	15,628,870
	Total	351,337,314	353,709,822	705,047,137

Source: *Nyamira County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.350 million and Kshs.361.41 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.10.07 million to the Assembly.

Table 3.500 and Table 3.501 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.705.05 million.

Table 3.500: Nyamira County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	-	79,436,354.06	155,201,022.32	104,771,068.06	339,408,444.44
Recurrent Trade Payables (Goods & Services)	-	93,144,101.36	158,256,923.85	61,777,742.69	313,178,767.90
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	36,831,054.25	-	-	36,831,054.25
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	**129,975,155.61**	**158,256,923.85**	**61,777,742.69**	**350,009,822.15**
Executive Trade Payables	-	**209,411,509.67**	**313,457,946.17**	**166,548,810.75**	**689,418,266.59**
% of Executive Trade Payables	-	**30**	**46**	**24**	**100**

Source: *Nyamira County Treasury*

Table 3.501: Nyamira County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total (Kshs.)
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	11,928,870				11,928,870
Recurrent Trade Payables (Goods & Services)	2,200,000				2,200,000
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)					-
Recurrent Trade Payables (Staff Claims)	1,500,000				1,500,000
Recurrent Trade Payables	3,700,000	-	-	-	3,700,000
Assembly Trade Payables	15,628,870	-	-	-	15,628,870
% of Assembly Payables	100	-	-	-	100

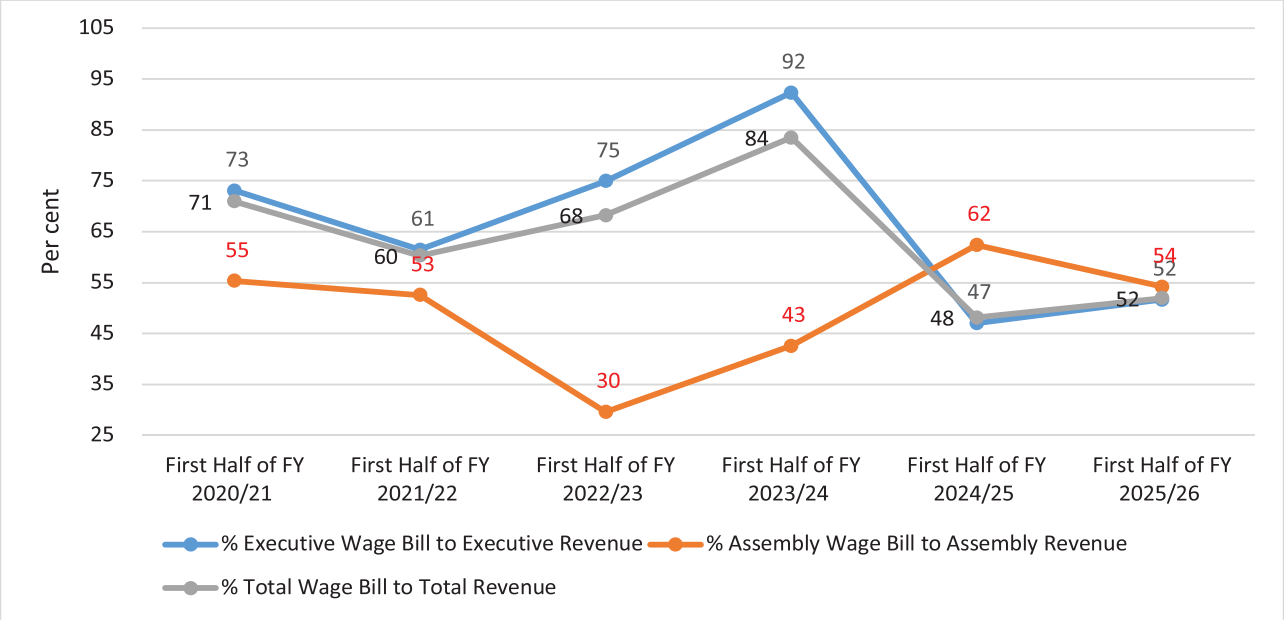
Source: *Nyamira County Treasury*

3.34.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.71 billion. The percentage of compensation of employees to revenue was 52 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.40 billion reported in a similar period in FY 2024/25. Of this total, Kshs.767.43 million related to Health Sector employees, accounting for 45 per cent of the overall employees' compensation. The increase in expenditure on compensation of employees is because December 2024 salaries were paid in January 2025.

Figure 203 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 203: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyamira County Treasury

Further analysis indicated that PE costs totalling Kshs.1.69 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.21.33 million was processed through manual payrolls, which accounted for 1 per cent of the total PE cost. The justification for the continued use of manual payroll was that Community Health Promoters and Employees of Nyamira Water and Sanitation Company Ltd have not been onboarded into HRIS.

The manual payroll comprised salaries for 44 staff not onboarded into the Human Resource Information System (HRIS), salaries for 18 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for contract staff, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.502

Table 3.502: Breakdown of Nyamira County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Salaries for staff yet to be onboarded into HRIS	21,330,574
	Total	**21,330,574**

Source: Nyamira County Treasury

The County Assembly spent Kshs.13.51 million on committee sitting allowances for the 34 MCAs against the annual budget allocation of Kshs.41.18 million. The average monthly sitting allowance was Kshs.66,230 per MCA. The County Assembly has 20 House Committees.

3.34.9 Expenditure by Economic Classification

The County Executive incurred Kshs.1.52 billion on compensation of employees, Kshs.150.03 million on operations and maintenance, and Kshs.271.86 million on development activities. Similarly, the County Assembly spent Kshs.189.32 million on compensation of employees, Kshs.143.72 million on operations and maintenance, and Kshs.16.43 million on development activities, as shown in Table 3.503.

Table 3.503: Nyamira County Summary of Budget and Expenditure by Economic Classification

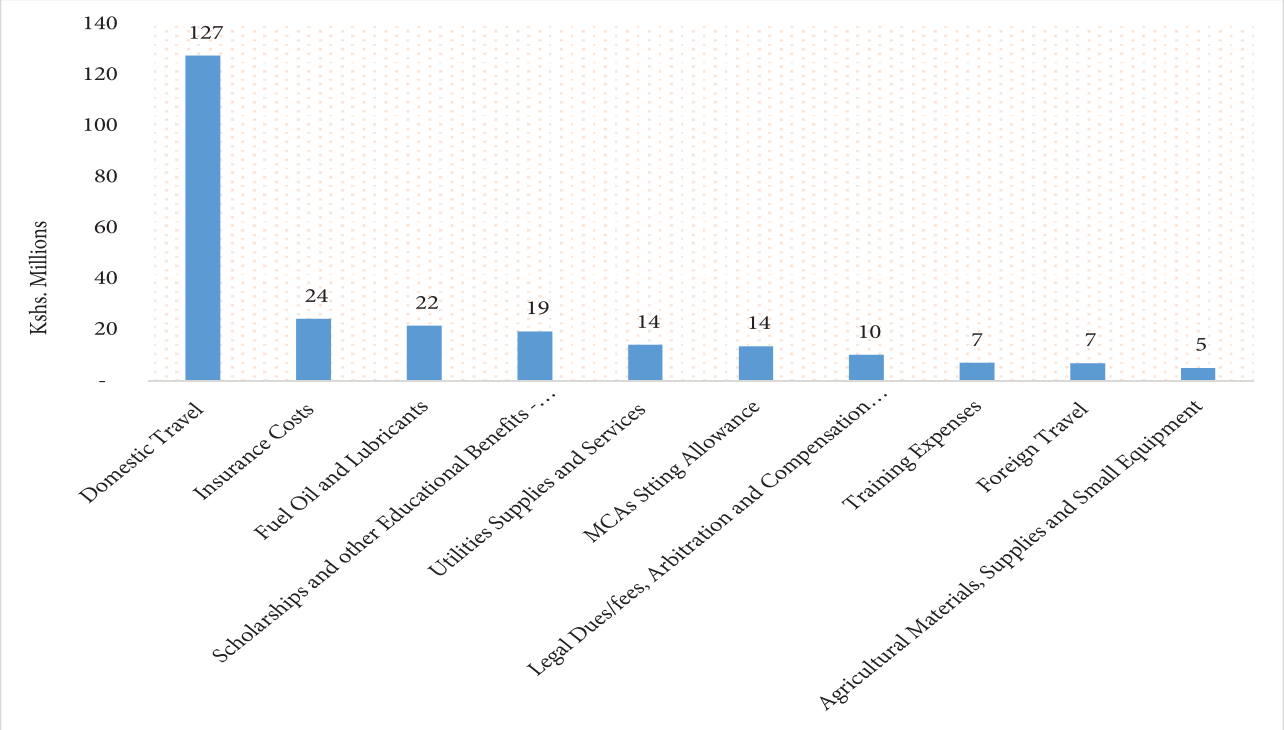
Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**4,675,893,205**	**689,414,409**	**1,673,640,639**	**333,044,948**	**-**	**20,096,048**	**1,673,640,639**	**353,140,996**	**36**	**51**
Compensation of Employees	2,982,050,590	419,033,364	1,523,603,686	189,323,293	-		1,523,603,686	189,323,293	51	45
Operations and Maintenance	1,693,842,615	270,381,045	150,036,953	143,721,655	-	20,096,048	150,036,953	163,817,703	9	61
Development Expenditure	**3,048,990,777**	**232,000,000**	**271,860,174**	**16,429,546**	**-**		271,860,174	16,429,546	9	7
Total	**7,724,883,982**	**921,414,409**	**1,945,500,813**	**349,474,494**	**-**	**20,096,048**	**1,945,500,813**	**369,570,542**	**25**	**40**

***Source**: Nyamira County Treasury*

3.34.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.313.85 million on operations and maintenance, representing an increase of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.273.66 million. Figure 204 summarises the Operations and Maintenance expenditure by major categories.

Figure 204: Nyamira County, Operations and Maintenance Expenditure by Major Categories



***Source**: Nyamira County Treasury*

3.34.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 does not show that the County spent any funds on "other operating expenses."

3.34.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.55 million to County-Established funds in FY 2025/26, or less than one per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency

Fund (less than one per cent of the total budget), which was not in line with Section 110 of the PFM Act, 2012. Table 3.504 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.504: Performance of Nyamira County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Emergency Fund	2019	10,000,000	-	-	146,000,000	No
2.	Education Support Fund	2016	30,000,000	19,380,000	19,380,000	679,295,513	No
3.	Car Loan & Mortgage Fund	2015	15,000,000	-	-	152,500,000	No
		County Assembly Established Funds					
4.	Car and Mortgage Fund (Assembly)	2017	-	-	-	431,000,000	No
	Total		55,000,000	19,380,000	19,380,000	1,408,795,513	

Source: *Nyamira County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all the Fund Administrators, as indicated inTable 3:505, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Car Loan and Mortgage Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.34.13 County Corporations

The County has two county corporations, which were allocated Kshs.65.999 Million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.10,988,074, as shown in Table 3.505.

Table 3.505: Performance of Nyamira County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	Nyamira Water and Sanitation Company	60,501,185	10,988,074	10,988,074	42,495,021
2.	Nyamira Investment Corporation	5,498,185	-	-	3,599,826
	Total	65,999,370	10,988,074	10,988,074	46,094,847

Source: *Nyamira County Treasury*

3.34.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.127.49 million and comprised Kshs.67.49 million spent by the County Assembly and Kshs.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.89 million and was comprised of Kshs.6.89 million by the County Assembly. Expenditure on foreign travel is summarised in Table 3.506.

Table 3.506: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	2	4th To 6th August 2025	National Conference of State Legislatures, Boston, Massachusetts	USA	1,521,960	-	1,521,960

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	28th November to 5th December 2025	African Local Authorities Exchange Mission	South Africa	1,192,872	-	1,192,872
County Assembly	19	18th December to 22nd December 2025	East African Local Government Forum Meeting	Rwanda	4,176,112	-	4,176,112
Total					6,890,944	-	6,890,944

***Source**: Nyamira County Assembly*

3.34.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.170 million as FIF, which was 26 per cent of the annual target of Kshs.650 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2025.

The expenditure by the health facilities amounted to Kshs.170.27 million, as shown in Table 3.507.

Table 3.507: Nyamira County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	300,000,000	91,745,668	31
2.	Level 4 Hospitals	8	280,000,000	67,541,758	24
3.	Level 3 Facility	71	15,000,000	7,265,900	48
4.	Level 2 Facility	38	5,000,000	3,722,540	74
	Total	**118**	**600,000,000**	**170,275,866**	28

***Source:** Nyamira County Treasury*

3.34.16 Development Expenditure

In the review period, the County reported spending Kshs.543.03 million on development programmes, representing an increase of 138 per cent compared to FY 2024/25, when the County spent Kshs.224.77 million. Table 3.508. summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was due to accrued expenses being reported, unlike the previous year, when reporting was on a cash basis.

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.417.35 million, of which Kshs.259.99 has already been paid. The stalled projects are shown in Table 3.508.

Table 3.508: Nyamira County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	County Executive	Nyamira County Headquarters	Nyamira Town	31-12-2018	31-12-2021	382,970,401	233,382,457	-	49,587944	61
2	County Assembly	County Assembly Speaker's Residence	Bonyamatuta Ward	6th February 2023	July 2024	34,377,805	26,615,748	-	7,762,057	77

Source: *Nyamira County Treasury*

3.34.17 Budget Performance by Department

Table 3.509 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.509: Nyamira County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	689.41	232	333.04	16.43	334.64	16.43	101	100	49	7
County Executive	444.95		111.05	-	117.10	-	105	-	26	-
Finance and Accounting services	187.49	261.57	75.52	40	85.66	83.74	113	209	46	32
Crop Development	60.53	317.67	47.84	71.06	47.84	41.43	100	58	79	13
Environment, Water, Energy & Natural Resources	72.58	248.71	28.54	-	28.59	73.67	100	-	39	30
Education & Vocational Training	470.27	108.90	203.18	-	196.69	-	97	-	42	-
Medical Services	926.62	419.30	255.09	-	256.14	-	100	-	28	-
Land, Physical Planning, Housing, and Urban Development	92.43	291.02	46.95	122.89	46.95	122.89	100	100	51	42
Water, Sanitation, and Irrigation	44.23	88.70	23.62	17.91	23.92		101	-	54	-
Transport & Public Works,	107.96	435.72	61.98	-	61.98	110.42	100	-	57	25
Trade, Tourism and Co-operatives Development	45.35	256.20	22.16	-	22.63	61.95	102	-	50	24
Youth, Gender, Culture, and Social Services	79.79	26.80	34.83	20	37.03	20	106	100	46	75
CPSB	57.30	-	7.71	-	7.71		100	-	14	-
Public Service Management	508.09	372.50	113.99	-	114.30		100	-	23	-
Nyamira Municipality	86.78	94.30	34.61	-	34.63	5	100	-	40	5
County Attorney	24.45	-	0.66	-	0.66	-	100	-	3	-
Economic Planning, Resources Mobilisation, and ICT	178.55	20	39.20	-	39.48	-	101	-	22	-
Livestock and Fisheries Services	102.92	16.50	24.56	-	28.56	-	116	-	30	-
Primary Healthcare	1,102.07	41.10	533.46	-	533.46	7.50	100	-	48	18
Keroka municipality	28.56	20	4.41	-	4.41	-	100	-	15	-
Nyamira revenue board	14	-	-	-	1.09	-	-	-	8	-
Nyamira disability board	5	-	-	-	-	-	-	-	-	-
Nyamira Investment Company	5.50		-	-		-	-	-	-	-
Nyamira Water and Sanitation Company	30.50	30	10.99	-	10.99	-	100	-	36	-
Total	**5,365.31**	**3,280.99**	**2,013.39**	**288.29**	**2,034.47**	**543.03**	**101**	**188**	**38**	**17**

Source: *Nyamira County Treasury*

Analysis of departmental expenditure shows that the Department of Youth, Gender, Culture and Social Services recorded the highest absorption rate of the development budget at 75 per cent, followed by the Department of Land, Physical Planning, Housing and Urban Development at 42 per cent. The Department of Transport & Public Works had the highest percentage of recurrent expenditure to budget at 57per cent, while the Department of Economic Planning, Resources Mobilisation and ICT had the lowest at 22 per cent.

3.34.18 Budget Execution by Programmes and Sub-Programmes

Table 3.510 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.510: Budget Execution by Programmes and Sub-Programmes with the Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Finance and Accounting Services							
General Administration and Support Services	General administration support services	72,229,057	-	63,917,092	-	88	-
	Sub-Total	**72,229,057**	-	**63,917,092**	-	**88**	-
Department of Crop Development							
General Administration and Support Services	General administration support services	56,989,200	-	47,283,927	-	83	-
	Sub-Total	**56,989,200**	-	**47,283,927**	-	**83**	-
Department of Water and Sanitation							
Water Resource Management	Major Town Water Services	17,500,000	88,700,000	14,383,200	-	82	-
	Sub-Total	**17,500,000**	**88,700,000**	**14,383,200**	-	**82**	-
Department of Transport and Public Works							
General Administration, Planning and Support Services	Policy and Planning	998,000	-	704,900	-	71	-
	Sub-Total	**998,000**	-	**704,900**	-	**71**	-
Department of Youth, Gender, Culture and Social Services							
General Administration, Planning and Support Services	General administration support services	56,288,718	-	34,469,859	-	61	-
	Sub-Total	**56,288,718**	-	**34,469,859**	-	**61**	-
Department of Public Service Management							
General Administration and Support Services	Policy and Planning	3,000,000	_	1,808,052	-	60	-
	Sub-Total	**3,000,000**	_	**1,808,052**	-	**60**	-
Department of Transport and Public Works							
General administration, Planning and Support Services	General administration support services	79,661,995	_	47,535,283	-	60	-
	Sub-Total	**79,661,995**	_	**47,535,283**	_	**60**	-
Department of Lands, Physical Planning, Housing and Urban Development							
Town Management and Coordination	Town management and coordination		249,423,322	-	122,890,473	-	49
	Sub-Total		**249,423,322**		**122,890,473**	-	49
Department of Environment, Water, Energy, Natural Resources, and Mining							
Environmental Protection	Agroforestry Promotion	-	212,210,133	_	71,055,736		**33**
	Sub-Total	_	**212,210,133**	_	**71,055,736**	_	**33**
Department of Finance and Accounting Services							
Financial Management and Control	Accounting and financial services	-	261,573,174	-	83,741,128		**32**
	Sub-Total	-	**261,573,174**	-	**83,741,128**	-	**32**
Grand Total		**127,342,980**	**723,206,629**	**115,031,747**	**277,687,337**	**90**	**38**

Source: *Nyamira County Treasury*

The development sub-programmes with the highest budget implementation rates included Town Management and Coordination in the Department of Lands, Physical Planning, Housing and Urban Development at 49 per cent, Agroforestry Promotion in the Department of Environment, Water, Energy, Natural Resources and Mining at 33 per cent, and Accounting and financial services in the Department of Finance and Accounting Services at 32 per cent. For recurrent sub-programmes, the top performers were General administration support services in the Department of Finance and Accounting Services at 88 per cent, General adminis-

tration support services in the Department of Crop Development at 83 per cent, Major Town Water Services in the Department of of Water and Sanitation at 82 per cent, and Policy and Planning in the Department of Transport and Public Works at 71per cent. Their higher performance is attributed to timely salary payments and accrual-based reporting.

Table 3.511 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.511: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive							
General Administration and Support Services	Intergovernmental & Public Relations	35,576,000	-	-	-	-	-
	Executive management and liaison services	51,733,356	-	-	-	-	-
	Sub total	**87,309,356**	**-**	**-**	**-**	**-**	**-**
Department of Education and Vocational Training							
Vocational Infrastructure Support Services	Vocational management services	26,000,000	13,000,000	-	-	-	-
	Sub total	**26,000,000**	**13,000,000**	-	-	-	-
Department of Health Services							
Health products &Technologies	Medical services	244,697,400	419,302,600	-	-	-	-
	Facility infrastructural services	210,000,000	-	-	-	-	-
	Sub total	**454,697,400**	**419,302,600**	-	-	-	-
Department of Lands, Physical Planning, Housing, and Urban Development							
Physical Planning and Surveying Services	Physical Planning	14,800,000	41,600,000	-	-	-	-
	Sub total	**14,800,000**	**41,600,000**	**-**	**-**	**-**	**-**
Department of Environment, Water, Energy, Natural Resources, and Mining							
Water Resources Management	Major towns water services	-	88,700,000	-	-	-	-
	Sub total	**-**	**88,700,000**	**-**	**-**	**-**	**-**
Department of Youth, Gender, Culture and Social Services							
Promotion & Management of Sports	Community Development	11,000,000	26,800,000	-	-	-	-
	Sub total	**11,000,000**	**26,800,000**	**-**	**-**	**-**	**-**
Department of Public Service Management							
Coordination, strategy & HR Services	Human resource development	197,000,000	-	-	-	-	-
community development and special funding	community development and special funding		372,500,000	-	-	-	-
	Sub total	**197,000,000**	**372,500,000**	**-**	**-**	**-**	**-**
Grand Total		**790,806,756**	**873,202,600**	**-**	**-**	**-**	**-**

Source: *Nyamira County Treasury*

As per the table above,the sub- programmes in all listed developomentd did not incur any expenditure for development as well as recurrent despite having budget allocations. These lower performance levels are attributed to the challenges the County faced during the transition from IFMIS to EGP.

3.34.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 157 accounts in commercial banks, including 103 for Health Facilities, 33 for Vocational Training Centres, 4 for Established Funds, 3 revenue accounts, 11 special-purpose accounts (additional allocations), one imprest account, and two recurrent operational accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.34.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyamira County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30th January 2026
ii. The underperformance of own-source revenue at Kshs.206 million against an annual target of Kshs.868.71 million, representing 24 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.543.03 million on development activities, achieving a 17 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Education Support Fund and the Car and Mortgage Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. Reports for all Funds were not submitted to the CoB as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.705.05 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.35. County Government of Nyandarua

3.35.1 Overview of FY 2025/26 Budget

The Nyandarua County Approved Budget for FY 2025/26 is Kshs.9.23 billion. It comprises Kshs.3.59 billion (38 per cent) and Kshs.5.83 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.646.71 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.17

billion and a recurrent budget of Kshs.5.61 billion. The increase in the budget was primarily attributed to the rise in equitable share and conditional allocations.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.6.66 billion (70 per cent), additional allocations of Kshs.1.79 million (19 per cent), a cash balance of Kshs.78.99 million (0.8 per cent) brought forward from FY 2024/25, and Kshs.975 million (10 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3:514.

3.35.2 Revenue Performance

During the first Quarter of FY 2025/26, the County generated Kshs.3.76 billion in revenue. This amount represented an increase of 17 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.22 billion. The total revenue consisted of Kshs.3.38 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.78.02 million, as well as the own-source revenue (OSR) collection of Kshs.227.14 million. Additionally, the County had a cash balance of Kshs.78.99 million from FY 2024/25. The total OSR collection of Kshs.227.14 million included Facilities Improvement Financing (FIF) of Kshs.151.34 million and Kshs.75.80 million from other OSR sources. Table 3.512 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.512: Nyandarua County, Revenue Performance in the First Half of FY 2025/26

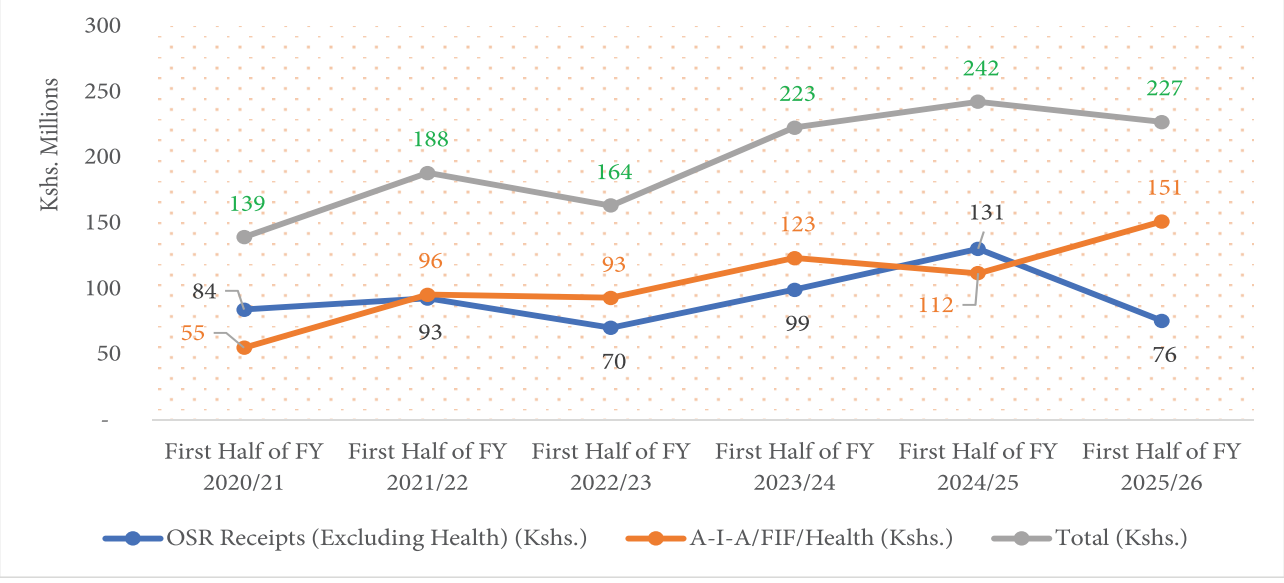
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	78,705,851.45	-	78,705,851	- 78,705,851
2	County Executive Refunds to CRF	-	244,086.10	-	244,086	- 244,086
3	County Assembly Refunds to CRF	-	43,959.15	-	43,959	- 43,959
	Sub-Total	**-**	**78,993,897**	**-**	**78,993,897**	**- 78,993,897**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6662675631	2,846,432,787	533,014,050	3,379,446,837	3,283,228,794
	Sub-Total	**6,662,675,631**	**2,846,432,787**	**533,014,050**	3,379,446,837	**3,283,228,794**
C	**Additional Allocations (Including Grants)**					
1	Supplement for Construction of County Headquarters	121,000,000	-	-	-	121,000,000
2	Fertiliser Subsidy Programme	121,620,000	-	-	-	121,620,000
3	Livestock Value Chains Support Project	135,210,000	-	-	-	135,210,000
4	Road Maintenance Levy Fund	222,822,888	-	-	-	222,822,888
5	Road Maintenance Levy Fund FY 2024-25	222,822,888	78,019,732	-	78,019,732	144,803,156
6	Community Health Promoters Project	41,200,000	-	-	-	41,200,000
7	Sweden- Kenya Agricultural Business Development Project (KABDP)	151,520,000	-	-	-	151,520,000
8	DANIDA - Primary Health Care in a Devolved Context	10,920,000	-	-	-	10,920,000
9	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	10,972,500	-	-	-	10,972,500
10	World Bank- Financing Locally Led Climate Action Program (FLLOCA)- County Climate Resilience Investment Grant	136,000,000	-	-	-	136,000,000
11	Kenya Devolution Support Programme Level 1- FY 2021-22	104,000,000	-	-	-	104,000,000
12	Kenya Development Support Program Phase 2- Level 2- Institution grant	83,211,329	-	-	-	83,211,329

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
13	Kenya Development Support Program Phase 2- Level 2- Institution grant B/F FY 2024-25	37,500,000	-	-	-	37,500,000
14	Kenya Devolution Support Programme Phase 2- Level 2- Development	37,500,000	-	-	-	37,500,000
15	IDA (World Bank Credit) Kenya Urban Support Project (KUSP)-Urban Institutional Grant (IUG)	-	-	-	-	-
	Sub-Total	**1,436,299,605**	**78,019,732**	**533,014,050**	**78,019,732**	**1,358,279,873**
	TOTAL	**8,098,975,236**	**3,003,446,416**	**533,014,050**	**3,536,460,466**	**4,562,514,770**
D	**Ordinary Own Source Revenue (OSR)**					
1	Produce cess	96,527,500	27,349,797	-	27,349,797	69,177,703
2	Building plan approvals	31,000,000	9,986,358	-	9,986,358	21,013,642
3	Single Business Permits	142,000,000	6,007,284	-	6,007,284	135,992,716
4	Bus/Matatu Fees	17,571,600	5,825,000	-	5,825,000	11,746,600
5	Liquor Licence	60,000,000	3,701,435	-	3,701,435	56,298,565
6	Open Air Market Fees	11,400,000	3,311,615	-	3,311,615	8,088,385
7	Motorcycle parking fees	10,400,000	2,866,700	-	2,866,700	7,533,300
8	Vet department AI Services	4,510,000	2,680,317	-	2,680,317	1,829,683
9	Subdivision of land	20,800,000	1,167,340	-	1,167,340	19,632,660
10	Others	280,790,900	12,903,135	-	12,903,135	267,887,765
	Sub-Total	**675,000,000**	**75,798,981**	**-**	**75,798,981**	**599,201,019**
E	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	300,000,000	151,343,981	-	151,343,981	148,656,019
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
	Sub-Total	**300,000,000**	**151,343,981**	**-**	**151,343,981**	**148,656,019**
	Grand Total	**9,073,975,236**	**3,230,589,378**	**533,014,050**	**3,763,603,428**	**5,310,371,808**

Source: *Nyandarua County Treasury*

Figure 205 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

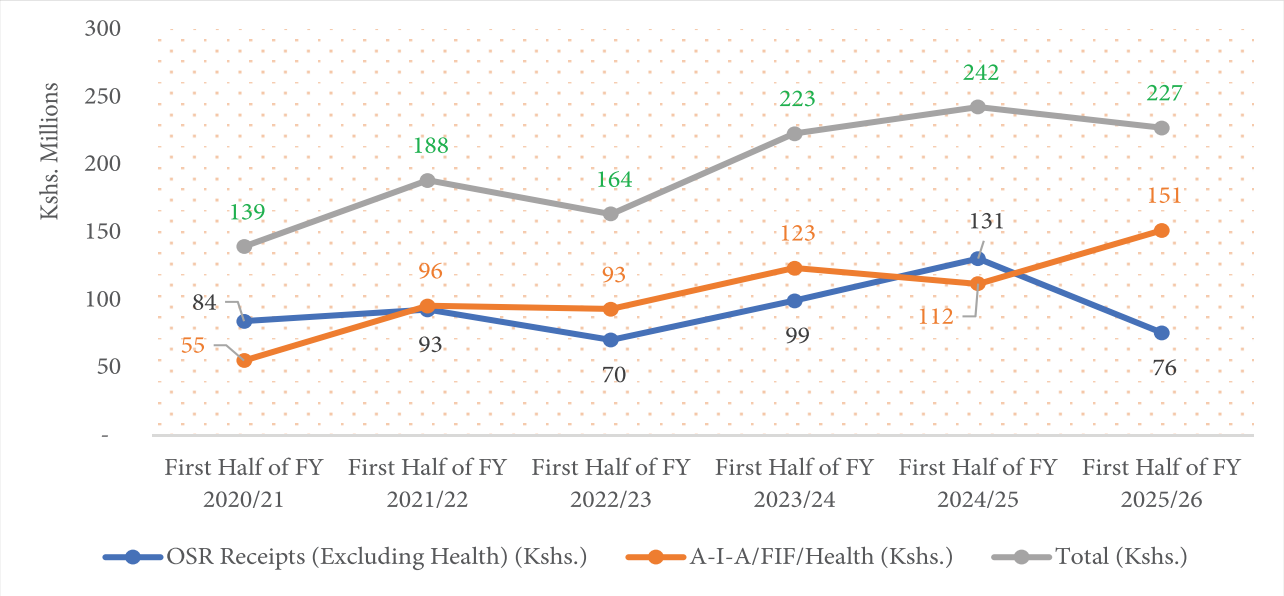
Figure 205: Nyandarua County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Nyandarua County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 88 per cent, 2 per cent and 5 per cent, respectively, of the total receipts for the reporting period. Figure 206 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 206: Nyandarua County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

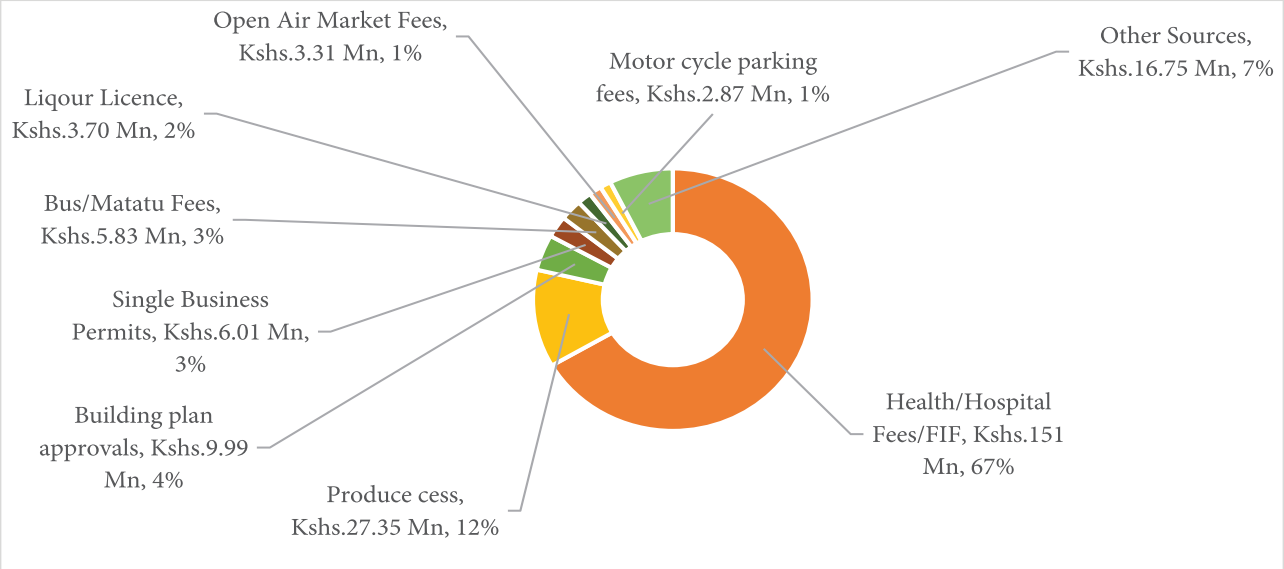


Source: *Nyandarua County Treasury*

During the first half of FY 2025/26, the County received Kshs.227.14 million from OSR, including FIF. This amount was a decrease of 6.3 per cent compared to Kshs.242.49 million realised in a similar period in FY 2024/25, and was 23 per cent of the annual target and 8 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 207

Figure 207: Nyandarua County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Nyandarua County Treasury*

As shown in Figure 207, the highest revenue stream, at Kshs.151.34 million, was from FIF/Hospital collections, accounting for 67 per cent of the total OSR receipts. The County Treasury has indicated that it has automated 75 revenue streams, but it has reported experiencing longer downturns with the current system.

3.35.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.565.98 million, this amount increased to Kshs.1.12 billion as of 31st December 2025. Table 3.513 presents a breakdown of the County's revenue arrears.

Table 3.513: Nyandarua County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
					533,014,050	533,014,050
	Sub-Total	-	-	-	**533,014,050**	**533,014,050**
C	**Additional Allocations**					
	Road Maintenance Levy Fund	222,822,888		78,019,732		144,803,156
	KDSP Level 1 FY 2021-22	104,000,000				104,000,000
	Kenya Development Support Programme Phase II-Level II	37,500,000				37,500,000
						-
	Sub-Total	**364,322,888**	-	**78,019,732**	-	**144,803,156**
D	**Ordinary Own Sources of Revenue**					
	Plot rates	177,408,893		437,970		176,970,923
	Land rates	31,081,414		691,534		30,389,880
	Kiosk/ground rates	4,795,411		136,580		4,658,831
	House rent	6,970,691		231,860		6,738,831
	Market stalls	7,892,540		472,250		7,420,290
	Sub-Total	**228,148,949**	-	**1,970,194**	-	**226,178,755**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	295,167,215		75,438,639		219,728,576
	Sub-Total	**295,167,215**	-	**75,438,639**	-	**219,728,576**
	Grand Total	**887,639,052**	-	**155,428,565**	-	**1,123,724,537**

Source: Nyandarua *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.12 billion, comprising Kshs.226.18 million for ordinary own-source revenue (20 per cent), Kshs.219.73 million for the Facility Improvement Fund, Kshs.144.8 million for additional allocations, and Kshs.533.01 million for the equitable share. The county treasury has not outlined any measures to collect the outstanding arrears in FY 2025/26.

3.35.4 Borrowing by the County

The County Assembly has a credit facility with Equity Bank, where it borrowed Kshs.31.35 million to pay July salaries as a result of the delay in the disbursement of the equitable share. The assembly, however, confirmed that the amount borrowed was repaid in September, 2025. The county executive did not provide any information on borrowings.

3.35.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.24 billion from the Nyandarua County Revenue Fund (CRF) account. This amount consisted of Kshs.388.95 million (17 per cent) designated for development programs and Kshs.1.85 billion (83 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.24 billion was allocated for employee compensation, and Kshs.618.73 million for operations and maintenance expenditures. Within the operations and maintenance category, 31 per cent was for domestic travel and 2 per cent for foreign travel. The domestic travel exchequers totalled Kshs.190.51 million, which included Kshs.120.74 million for the County Executive and Kshs.69.77 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.12.91 million for the County Assembly.

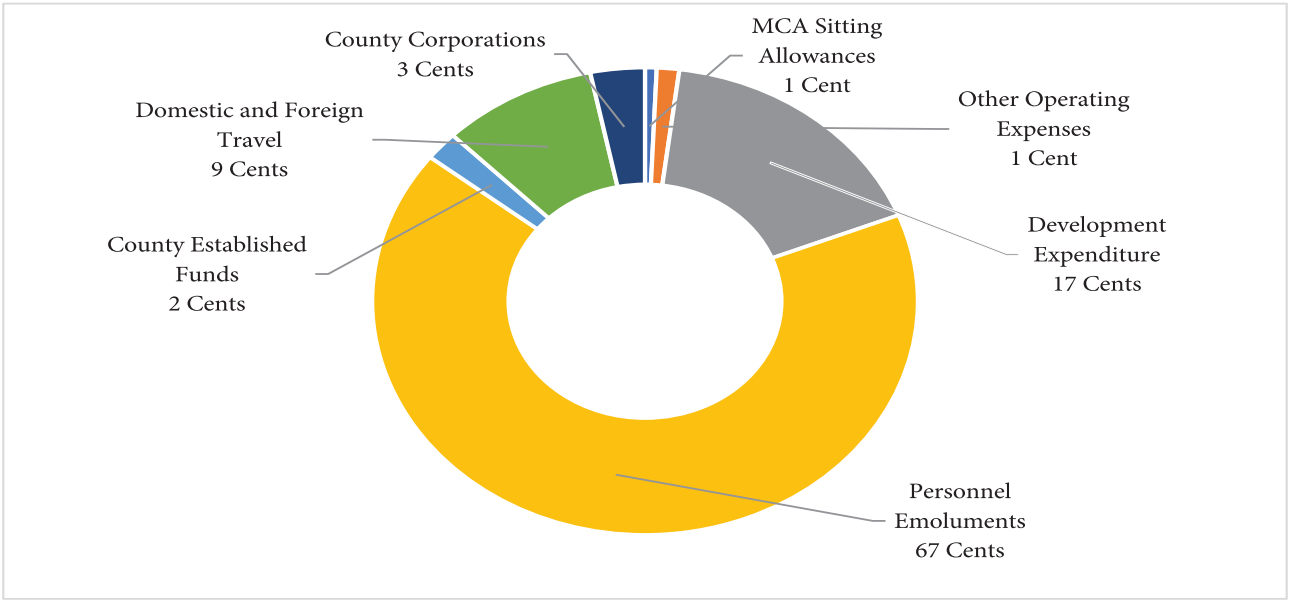
As of December 31, 2025, the County Government's cash balance in the Nyandarua CRF account was Kshs.661.05 million.

3.35.6 Expenditure Review

The County spent Kshs.2.49 billion on development and recurrent programmes during the reporting period. The expenditure represented 111 per cent of the total funds released by the CoB. It comprised Kshs.383.95 million for development programmes and Kshs.2.11 billion for recurrent programmes. Expenditure on development programmes accounted for 11 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 36 per cent of the annual recurrent expenditure budget.

Figure 208 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 208: Nyandarua County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Nyandarua *County Treasury*

As shown in Figure 208, the three highest expenditure categories were Personnel emoluments, development expenditures, and domestic & foreign travel, contributing 65, 19 and 10 per cent of total expenditure for the reporting period.

3.35.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.53 billion. This amount consisted of Kshs.1.36 billion from the County Executive and Kshs.168.64 million from the County Assembly. The trade payables from the County Executive comprised of Kshs 576.52 million for recurrent expenditure and Kshs.787.01 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.398.39 million, comprising Kshs.241.9 million (61 per cent) for recurrent programmes, with Kshs.226.9 million being salary arrears and statutory deductions, and Kshs.156.39 million (39 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.36.9 million, with the entire amount for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.965.18 million for the County Executive and Kshs.131.64 million for the County Assembly. Table 3.514 provides additional details of trade payables.

Table 3.514: Nyandarua County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	787,010,391	576,516,029	1,363,526,420
	County Assembly	46,069	87,964,784	88,010,853
	Total	787,056,460	664,480,813	1,451,537,273
Amount paid in FY 2025/26	County Executive	156,390,621	241,996,515	398,387,136
	County Assembly	-	36,992,747	36,992,747
	Total	156,390,621	278,989,262	435,379,883

	County Entity	Development	Recurrent	Total
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	80,626,091	80,626,091
	Total	-	80,626,091	80,626,091
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	630,665,839	334,519,514	965,185,353
	County Assembly	46,069	131,598,128	131,644,197
	Total	630,711,908	466,117,642	1,096,829,550

Source: *Nyandarua County Treasury*

The County Executive and the Assembly submitted a pending bills payment plan, committing to pay Kshs.233.39 million and Kshs.26.39 million, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.398.39 million, including salary arrears and statutory deductions for the Executive, and Kshs.36.99 million for the Assembly.

Table 3.515 and Table 3.516 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.09 billion.

Table 3.515: Nyandarua County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	786978019	64,941			787042960
Recurrent Trade Payables (Goods & Services)	219,214,001	117,543,620	12,761,893		349,519,514
Recurrent Trade Payables (Salary Arrears and Statutory Deductions) -					
Recurrent Trade Payables (Staff Claims) -					
Recurrent Trade Payables	219,214,001	117,543,620	12,761,893	-	349,519,514
Executive Trade Payables	1,006,192,020	117,608,561	12,761,893	-	1,136,562,474
% of Executive Trade Payables	89	10	1	0	100

Source: *Nyandarua County Treasury*

Table 3.516: Nyandarua County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	46,069			46,069
Recurrent Trade Payables (Goods & Services)	-	3,666,025	30,000	45,744,095	49,440,120
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	3,666,025	30,000	45,744,095	49,440,120
Assembly Trade Payables	-	3,712,094	30,000	45,744,095	49,486,189
% of Assembly Payables	-	8	-	92	100

Source: *Nyandarua County Treasury*

3.35.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.04 billion on compensation of employees, Kshs.439.06 million on operations and maintenance, and Kshs.383.95 million on development activities. Similarly, the County Assembly spent Kshs.218.58 million on compensation of employees, Kshs.195.22 million on operations and maintenance, and nil expenditure on development activities, as shown in Table 3.517

Table 3.517: Nyandarua County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
Total Recurrent	**5,833,863,295**	**1,820,314,223**	**284,827,931**	**2,105,142,154**	**36**
Compensation to Employees	3,081,257,461	1,223,491,964	247,362,200	1,470,854,164	**48**
Operations & Maintenance	2,752,605,834	596,822,259	37,465,731	634,287,990	**23**
Total Development	**3,592,611,941**	**388,947,154**	-	**383,947,154**	**11**
TOTAL	**9,426,475,236**	**2,209,261,377**	**284,827,931**	**2,489,089,308**	**26**

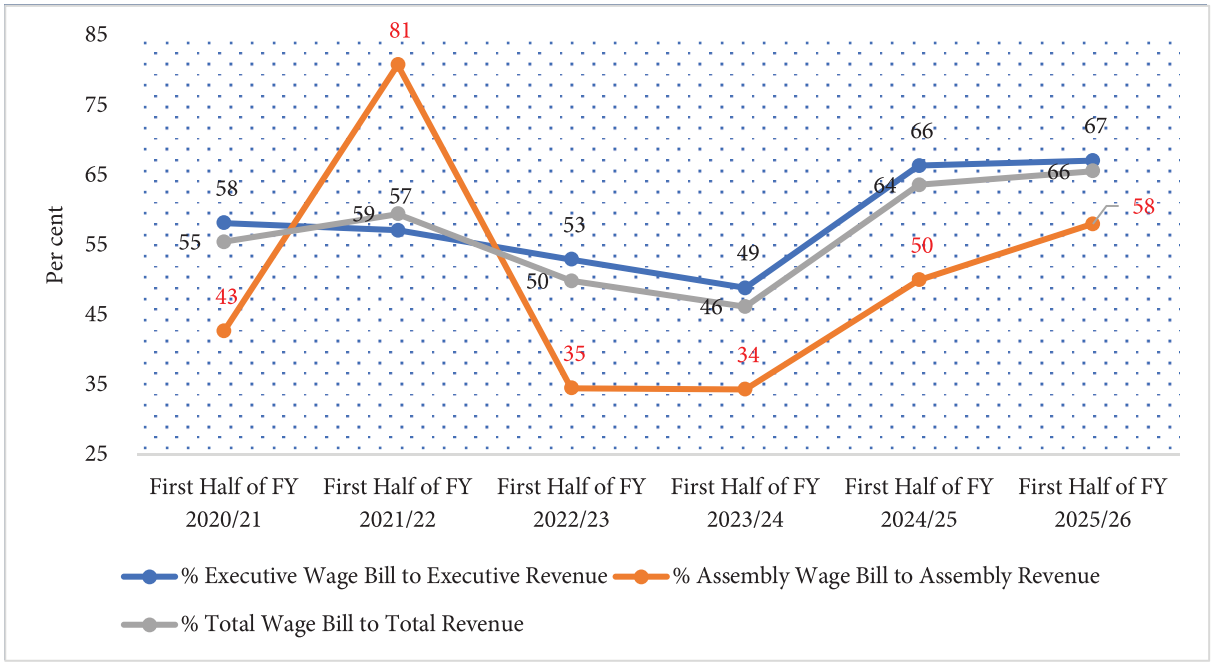
***Source**: Nyandarua County Treasury*

3.35.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.47 billion. This expenditure on employee compensation shows an increase compared to the Kshs.1.42 billion reported in a similar period in FY 2024/25. Of this total, Kshs.573.65 million related to Health Sector employees, accounting for 39 per cent of the overall employees' compensation.

Figure 209 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 209: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyandarua County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.39 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.79.92 million was processed through manual payroll, accounting for 6 per cent of the total PE cost.

The manual payroll comprised salaries for staff not onboarded into the Human Resource Information System (HRIS), salaries for 27 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.518.

Table 3.518: Breakdown of Nyandarua County Manual Payroll

Category	County Executive	County Assembly	Total
Salaries for staff paid outside the Human Resource Information System (HRIS)	1,794,508	-	1,794,508

Category	County Executive	County Assembly	Total
Salaries for casual staff	-	492,900	492,900
Top-up Allowances for 27 security officers	3,500,130	1,080,000	4,580,130
LAPTRUST/LAPFUND Pension Contributions	62,680,200		62,680,200
Gratuity for contract staff	4,337,087	14,171,749	18,508,836
189 Interns	13,249,550		13,249,550
Community Health Workers	-	-	-
Newly engaged ECDE Teachers	7,320,034	-	7,320,034
Salary arrears and pension	23,499,701	-	23,499,701
NITA	-	2,700	2,700
Total	116,381,210	15,747,349	132,128,559

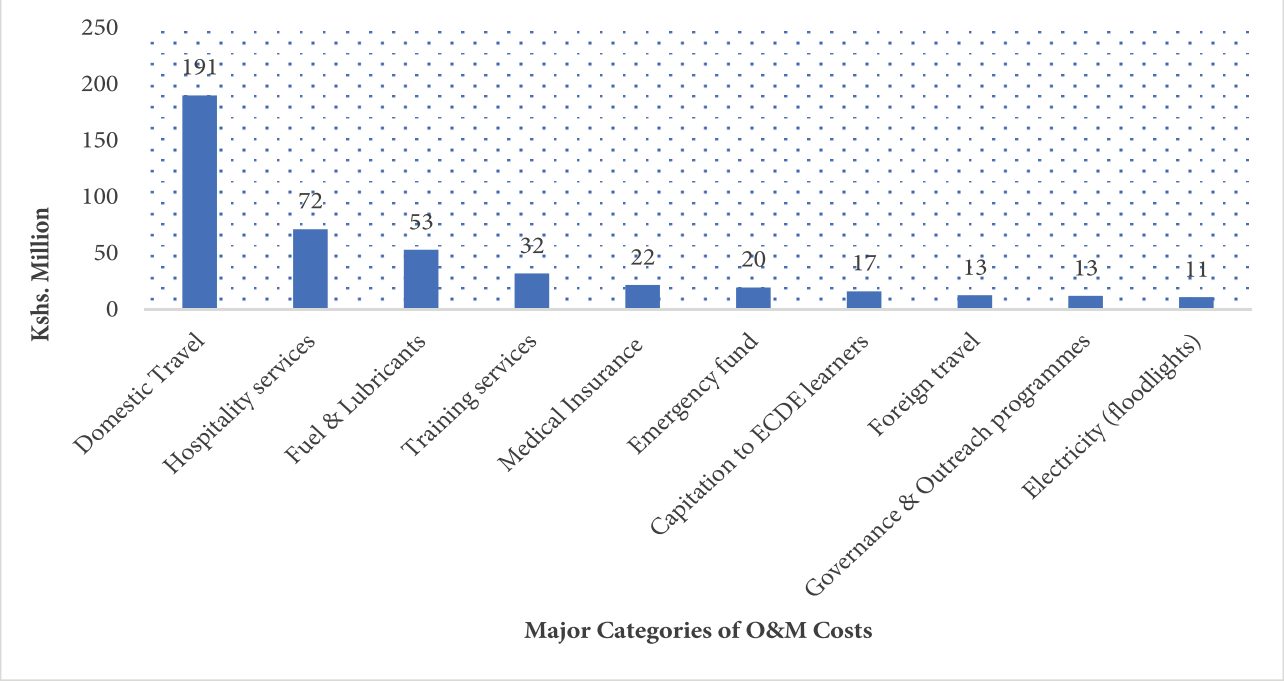
Source: Nyandarua County Treasury

The County Assembly spent Kshs.15.22 million on committee sitting allowances for the 41 MCAs and the Speaker, against the annual budget allocation of Kshs.36.86 million. The average monthly sitting allowance was Kshs.60,387 per MCA. The County Assembly has 17 House Committees.

3.35.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.634.29 million on operations and maintenance, representing an increase of 24 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.831.67 million. Figure 210 summarises the Operations and Maintenance expenditure by major categories.

Figure 210: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: *Nyandarua County Treasury*

3.35.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.29.34 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.634.29 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.519.

Table 3.519: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Governance and outreach programs	12,500,000	12,500,000
2211399	Governor's tournament	14,500,000	7,102,665
2211399	County Lobbying and stakeholders Consultations	2,500,000	1,000,000
2211311	Contracted professional and technical services	1,700,000	1,000,000
2211399	Kenya National Drama and Film Festival (County, Regional and National levels)	1,200,000	625,614
2211399	Development of HR policies	1,000,000	600,000
2211306	Membership fees, dues, & subscriptions to professional & trade bodies		264,286
	Total	33,400,000	23,092,665

Source: *Nyandarua County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: contracted professional and technical services, Subscription to professional bodies, e.tc.

3.35.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.289.81 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.520 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.520: Performance of Nyandarua County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1.	Nyandarua County Emergency Fund	2016	40,000,000	20,000,000	20,000,000	-	YES
2.	Nyandarua County Bursary Fund	2016	144,811,420		-	-	YES
3.	Nyandarua county Executive mortgage fund	2019	60,000,000		-		YES
4.	Agricultural Institutions Revolving Fund		5,000,000	5,000,000	5,000,000		YES
		County Assembly Established Funds					
1.	Nyandarua County Assembly Staff Car & Mortgage		40,000,000	19,000,000	19,000,000		YES
2.	Nyandarua County Assembly MCAs Car & Mortgage		-				
	Total		**289,811,420**	**44,000,000**	**44,000,000**		

Source: *Nyandarua County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from one Fund Administrators, contrary to the requirement under Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the emergency fund and Nyandarua County Assembly Staff Car & Mortgage 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.35.13 County Corporations

The County has 2 corporations, which were allocated Kshs.33.22 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.16.89 million, as shown in Table 3.521.

Table 3.521: Performance of Nyandarua County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Olkalou Water & Sewerage	47,850,105	-	40,812,450	-
2	Nyandarua water & sanitation	78,222,884	-	30,375,621	-
	Total	**126,072,989**		**71,188,070**	

Source: *Nyandarua County Treasury*

3.35.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.190.51 million and comprised Kshs.69.77 million spent by the County Assembly and Kshs.120.74 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.01 million and comprised Kshs.12.91 million by the County Assembly and Kshs.0.1 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.522.

Table 3.522: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Dates travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	5	10th to 17th August 2025	Payment of allowances during the Commonwealth Hansard editors' biennial conference	Accra Ghana	1,060,540
County Assembly	4	6th to 12th September 2025	Payment of allowances during Learning of Parliamentary Practices	Arusha Tanzania	1,201,043
County Assembly	1	19th-25th May 2025	Payment of allowances for travel to Singapore for official duties	Singapore	752,694
County Assembly	10	6th to 13th September 2025	Payment of allowances during Learning tour with the East African Legislative Assembly	Arusha Tanzania	2,914,883
County Assembly	5	26th to 31st August 2025	Payment of allowances during the 3rd East African Community In-House Convention	Kigali Rwanda	1,022,205
County Assembly	1	2nd to 12th November 2025	Being paid allowances in the International Knowledge Exchange Program	Spain Madrid and France Paris	867,655
County Assembly	4	4th to 11th September 2025	Payment of allowances during the 2nd Africa Climate Summit	Addis Ababa	1,665,644

Source: *Nyandarua County Treasury and Nyandarua County Assembly*

3.35.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.151.34 million as FIF, which was 50 per cent of the annual target of Kshs.300 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.90.49 million, as shown in Table 3.523.

Table 3.523: Nyandarua County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	Level 4 Hospital	2	209,370,922	61,117,451	0.29
2	Level 3 Facility	26	66,844,200	24,362,818	0.36

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
3	Level 2 Facility	60	23,784,878	5,012,821	0.21
	Total	**88**	**300,000,000**	**90,493,090**	**0.30**

Source: *Nyandarua County Treasury*

3.35.16 Development Expenditure

In the review period, the County reported spending Kshs.383.95 million on development programmes, representing an increase of 25 per cent compared to FY 2024/25, when the County spent Kshs.306.99 million. Table 3.524 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the disbursement of the FY 2024/25 RMLF of Kshs.78.02 million.

Table 3.524: Nyandarua County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
		County Funded Projects								
1		JM Mashujaa complex	Olkalou Town	-	-	1.4 billion	100,000,000	100,000,000	614,150,460	-
2		2nd Payment of Gachuha Bridge Githioro Ward contract No. 1660607-24/25	Githioro ward	-	-	-	-	10,032,417	-	-
3		Completion of Gordon Cultural and mentorship centre (Phase 2) - Engineer	Engineer Ward	-	-	-	8,000,000	6,187,694	-	-
4		Completion of Munyeki Dispensary, Karau ward	Karau Ward	-	-		5,500,000	5,499,999	-	-
5		Upgrade of Ndaragwa health centre radiology completion- Ndaragwa subcounty	Ndaragwa Sub-County	-	-	-	8,700,000	4,661,052	-	-
6		Construction of Kipipiri School Road	-	-	-	-	-	4,000,000	-	-
7		Road improvement along Ndumaka	-	-	-	-	-	3,000,000	-	-
		Donor Funded Projects								
1		Road maintenance levy fund	-	-	-	-	-	78,019,732	-	-
		Equalisation Funded Projects								

Source: *Nyandarua County Treasury*

The County did not report any stalled development projects.

3.35.17 Budget Performance by Department

Table 3.525 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.525: Nyandarua County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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
Office of the Governor & Deputy Governor	125	-	39.52	-	39.52	-	100	-	32	-
Office of the County Secretary	113.75	-	25.08		25.08		100		22	
County Public Service Board	28	-	11.91	-	11.91	-	100	-	43	-
Public Service Administration & Devolution	2,759	352.50	1,063.52	-	1,276.88	-	120.1	-	46.3	-
Office of County Attorney	39.60	-	2.66	-	2.66	-	100	-	7	-
Finance, Economic Planning & ICT	483.20	272.92	119.61	152.39	119.61	152.39	100	100	25	56
Agriculture, agribusiness, livestock and fisheries	105.61	506.62	17.90	5	17.90	5	100	100	17	1
Health Services	582.95	182.27	74.36	110.75	74.36	110.75	100	100	13	61
Education, Technical Training, Culture, Gender and Social Protection	298.29	111.77	27.58	-	27.58	-	100	-	9	-
Tourism, Cooperatives Development, Trade & Industrialization	55.49	43.50	13.26	-	13.26	-	100	-	24	-
Roads, Transport, Energy &Public Works	103.52	1,392.05	28.44	116.81	28.44	116.81	100	100	27	8
Lands, Housing & Physical Planning	72.09	88.55	9.80	-	9.80	-	100	-	14	-
Water, Environment, Climate Change & Natural Resources	56.25	502.12	8.89	4	8.89	4	100	100	16	1
Youth, Sports & Innovation	106.22	13.10	24.36	-	24.36	-	100	-	23	-
Ol Kalou Municipality	36	4.20	2.96	-	2.96	-	100	-	8	-
Mairo Inya Municipality	36.35	-	5.31	-	5.31	-	100	-	15	-
Engineer Municipality	34.20	-	2.80	-	2.80	-	100	-	8	-
County Assembly	798.35	123	376.79	-	413.80	-	110	-	52	-
Total	**5,833.86**	**3,592.61**	**1,854.77**	**388.95**	**2,105.14**	**388.95**	**102**	**100**	**36**	**11**

Source: *Nyandarua County Treasury*

Analysis of expenditure by departments shows that the Department of Health recorded the highest absorption rate of development budget at 61 per cent, followed by the Department of Finance, Economic Planning & ICT at 56 per cent. The County Assembly had the highest recurrent expenditure-to-budget ratio at 52 per cent, while the Office of the county attorney had the lowest at 7 per cent.

3.35.18 Budget Execution by Programmes and Sub-Programmes

Table 3.526 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.526: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance, Economic Planning & ICT				
Public Finance Management	Economic Development Planning, including pending bills & KDSP phase 1	235,924,293	152,392,021	65
Health Services				
Health infrastructure	Infrastructure and Equipment	182,274,615	110,749,601	61
Roads, Transport, Energy & Public Works				
Road Transport	Transport (Including fuel level, General Administration & Support Services)	1,150,949,776	111,805,532	10
Agriculture, Agribusiness, Livestock & Fisheries				
Crop development and management	land and crop development	345,710,000	5,000,000	1
Water, Environment, Climate Change & Natural Resources				
Environment	Climate change resilience	314,000,000	4,000,000	1
RECURRENT				
Finance, Economic Planning & ICT				
Public Finance Management	Economic Development Planning, including pending bills & KDSP phase 1	47,925,462	35,868,567	75
	Treasury services	19,199,100	11,559,070	60
	Financial reporting	7,800,000	5,184,412	66
Education, Children, Gender Affairs, Culture & Social Services				
General administration, planning & support	Alcohol Drinks Control and Civic Education	-	-	-
Trade, Industrialization & Cooperatives				
Industrial Development & Investment	Industrialization	5,950,000	4,058,952	-

Source: *Nyandarua County Treasury*

The development sub-programmes with the highest budget implementation rates included Economic Development Planning, including pending bills & KDSP phase 1 in the Department of Finance, Economic Planning & ICT at 65 per cent, Infrastructure & equipment in the Department of Health at 61 per cent, and Transport (Including fuel level, General Administration & Support Services) at 10 per cent. For recurrent sub-programmes, the top performers were Economic development planning, including pending bills & KDSP phase 1, Treasury services and Financial reporting, all in the Department of Finance, Economic Planning & ICT, at 75 per cent, 60 per cent and 66 per cent, respectively.

Table 3.527 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.527: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Agriculture, Agribusiness, Livestock & Fisheries				
Crop development and management	Agricultural Support Institutions	5,000,000	-	-
Office of the Governor				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
General administration, planning & support	Governor's press services and administrative support	8,660,000	-	-
	Liaison and Intergovernmental Relations	28,980,000	-	-
	Special Programs and Diaspora Affairs	6,500,000	-	-
	Public Participation and Civic Education	6,000,000	-	-

Source: *Nyandarua County Treasury*

Analysis of expenditure by development programmes and sub-programmes shows that only five departments incurred expenditure on development. For recurrent sub-programmes, poor performers were agricultural institutions in the Department of Agriculture, Governor's press services & administrative support, Liaison & Intergovernmental Relations, and Special Programs & Diaspora Affairs, all in the Office of the Governor, did not incur any recurrent expenditure.

3.35.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 119 accounts in commercial banks, including 84 for Health Facilities, 30 for Vocational Training Centres, 7 for Established Funds, 11 special-purpose accounts (additional allocations), and 3 for the Municipalities.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of the commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.35.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyandarua County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.227.14 million against an annual target of Kshs.975 million, representing 23 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.383.95 million on development activities, achieving an 11 per cent absorption rate.
iii. High level of trade payables, which amounted to Kshs.1.09 billion as of 31st December 2025, despite, the County Treasury adhering to the payment plan for trade payables.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.73.08 million for staff not onboarded to the HRIS and for casual staff processed through manual payroll, accounting for 6 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vi. The County reported Kshs.29.34 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *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.*

ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
iv. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vi. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.36. County Government of Nyeri

3.36.1 Overview of FY 2025/26 Budget

The Nyeri County Approved Budget for FY 2025/26 is Kshs.8.52 billion. It comprises Kshs.2.69 billion (32 per cent) and Kshs.5.83 billion (68 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.235.15 million (3 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.89 billion and a recurrent budget of Kshs.5.86 billion. The decrease in the budget was primarily due to a decline in additional allocations.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.52 billion (77 per cent), additional allocations of Kshs.1.2 billion (14 per cent), and Kshs.800 million (9 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.528.

3.36.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.50 billion. This amount represented a decrease of 1.1 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.54 billion. The total revenue consisted of Kshs.2.86 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.10.26 million, as well as the own-source revenue (OSR) collection of Kshs.659.66 million. The total OSR collection of Kshs.633.51 million including Facilities Improvement Financing (FIF) of Kshs.396.89 million. Table 3.528 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.528: Nyeri County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	-	-	-	-	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	-	-	-	-	-
	Sub-Total	-	-	-	-	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,518,609,255	2,861,895,059	-	2,861,895,059	3,656,714,196
	Sub-Total	**6,518,609,255**	**2,861,895,059**	-	2,861,895,059	3,656,714,196
C	**Transfers from the Equalisation Fund**					
1					-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Kenya Informal Settlement programme (KISIP II)	37,500,000	-	-	-	37,500,000
2	Kenya Informal Settlement programme (KISIP II)	352,500,000	-	-	-	352,500,000

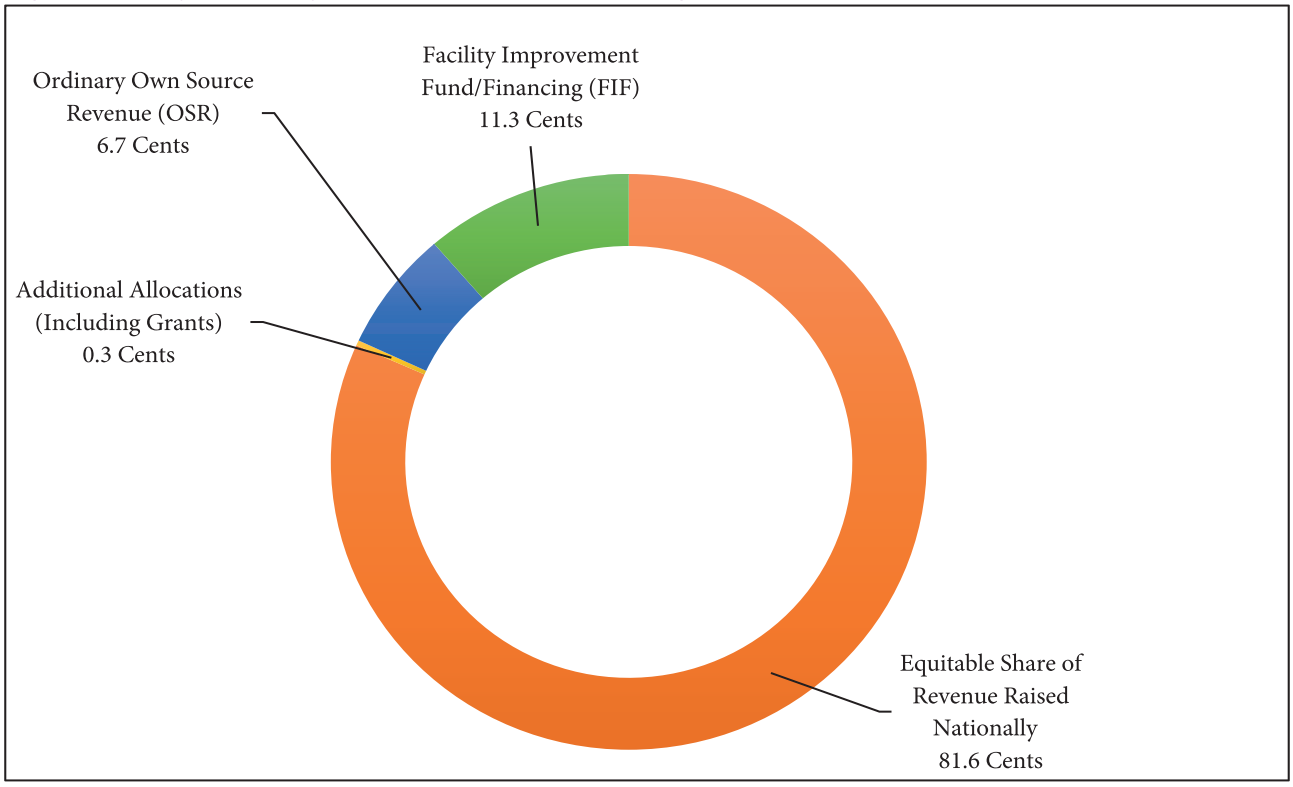
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	The Danish International Development Agency (DANIDA)	8,721,000	-	-	-	8,721,000
4	Aggregated Industrial Park Program-me(CAIP)	250,000,000	-	-	-	250,000,000
5	IDA (World Bank) Credit - National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	-	-	-	231,250,000
6	Aquaculture Business Development Programme (ABDP)	16,769,367	-	-	-	16,769,367
7	Kenya Urban Support Prgramme UIG	35,000,000	-	-	-	35,000,000
8	IDA (World Bank) Credit - (Financing Locally - Led Climate Action (FLLoCA) program - County Climate Institutional Support (CCIS) Grants	136,000,000	10,263,053	-	10,263,053	125,736,947
	Sub-Total	**1,067,740,367**	**10,263,053**	-	10,263,053	1,057,477,314
E	**Ordinary Own Source Revenue (OSR)**					
1	Liquer Licence	70,000,000	33,893,890	-	33,893,890	36,106,110
2	Veterinary, Slaughtering & Slaughter-house Inspection charges	9,600,000	2,731,640	-	2,731,640	6,868,360
3	Business Permits	130,000,000	13,590,662	-	13,590,662	116,409,338
4	Commision 3%/Agency Fee (Fees from KHC, Insurance Firms, e.t.c.)	5,000,000	3,185,338	-	3,185,338	1,814,662
5	Cess (Quarry, Produce, Kaolin, e.t.c.)	45,000,000	22,277,195	-	22,277,195	22,722,805
6	Street Parking Fees	48,000,000	14,996,059	-	14,996,059	33,003,941
7	Land Rates/ Other Property Charges	70,000,000	9,590,306	-	9,590,306	60,409,694
8	Housing Estates Monthly Rent	30,000,000	11,714,785	-	11,714,785	18,285,215
9	Approvals (Extension of users, Pegging for Kiosk, Subdivision, transfer, Amal-gamation, survey, Occupation Cert, boundary dispute e.t.c.)	23,000,000	9,927,155	-	9,927,155	13,072,845
10	Sign Boards & Advertisement Fee	44,500,000	8,337,670	-	8,337,670	36,162,330
11	Buildings Plan Approval Fee/Buildings Inspection Fee	32,000,000	11,607,877	-	11,607,877	20,392,123
12	Refuse Collection Fee/Tipping charges/ Garbage Dumping Fee/waste disposal charges	50,000,000	9,781,450	-	9,781,450	40,218,550
13	Other Revenues	242,900,000	84,986,493	-	84,986,493	157,913,507
	Sub-Total	**800,000,000**	**236,620,520**	-	**236,620,520**	**563,379,480**
F	Facility Improvement Fund/Financing (FIF)					
1	SHIF	-	-	-	-	-
2	Defunct NHIF	-	-	-	-	-
3	Other	-	-	-	-	-
4	County Referral Hospital	358,446,215	144,796,225.05	-	144,796,225	213,649,990
5	Karatina	164,956,676	47,240,048	-	47,240,048	117,716,628
6	Mukurweini	101,659,294	30,673,836.50	-	30,673,837	70,985,458
7	Othaya	48,151,419	10,180,130	-	10,180,130	37,971,289
8	Mt. Kenya	43,990,046	14,131,703.05	-	14,131,703	29,858,343
9	Naromoru	48,398,589	13,094,780	-	13,094,780	35,303,809
10	Ihururu Rehab Centre	27,809,653	7,090,782.05	-	7,090,782	20,718,871
11	Level 2 and 3	56,588,108	129,685,164.50	-	129,685,165	-73,097,057
	Sub-Total	850,000,000	396,892,669	-	396,892,669	453,107,331

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
G	Appropriations in Aid					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	Other Revenues					
1	Community Health Promoters	74,250,000	-	-	-	74,250,000
2	Court Fines	76,000	-	-	-	76,000
3	Doctors Salaries Arrears	55,172,326	-	-	-	55,172,326
	Sub-Total	**129,498,326**	**-**	**-**	**-**	**129,498,326**
	Grand Total	**9,365,847,948**	**3,505,671,301**	**-**	**3,505,671,301**	**5,860,176,647**

Source: ***Nyeri*** *County Treasury*

Figure 211 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 211: Nyeri County Composition of Each Shilling Earned in the First Half of FY 2025/26

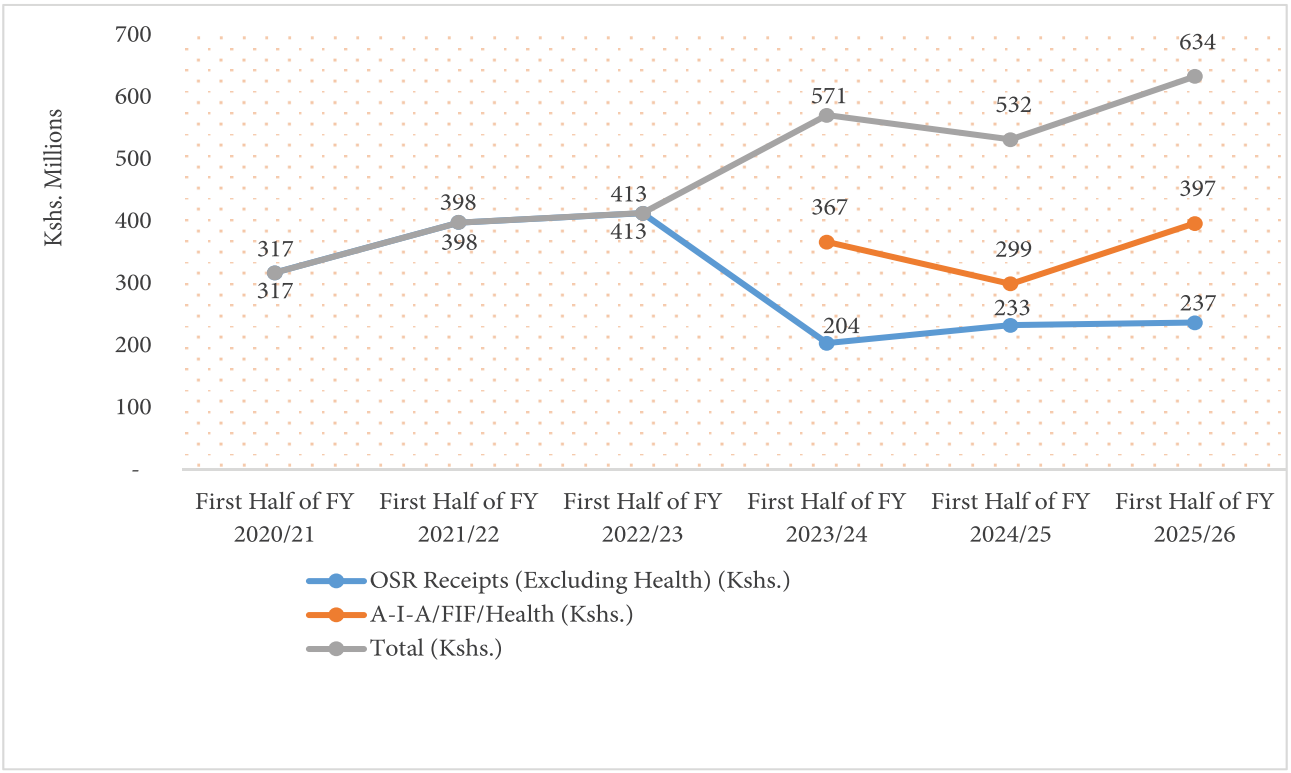


Source: ***Nyeri*** *County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 7 per cent, and 11 per cent, respectively, to total receipts for the reporting period.

Figure 212 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 212: Nyeri County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

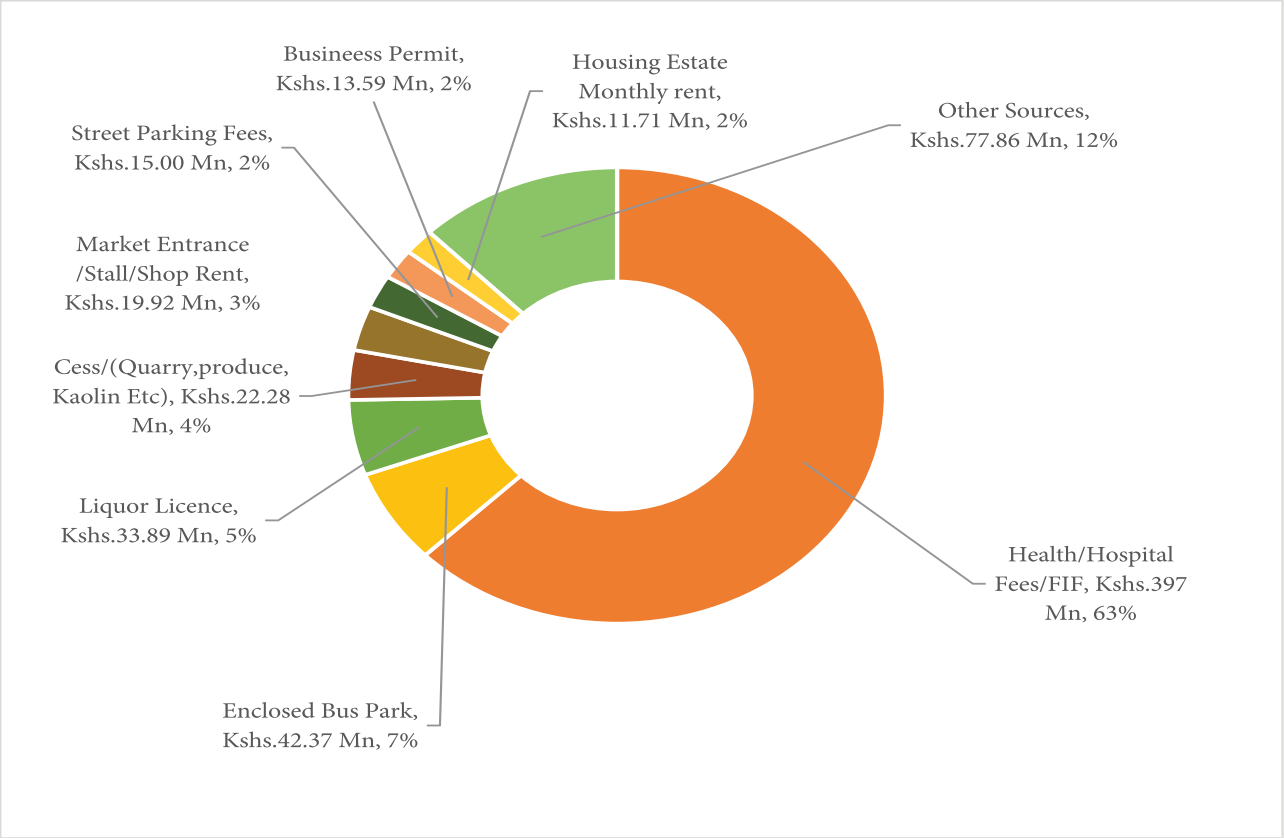


Source: *Nyeri County Treasury*

During the first half of FY 2025/26, the County received Kshs.633.51 million from OSR, including FIF. This amount was an increase of 19 per cent compared to Kshs.531.88 million realised in a similar period in FY 2024/25, and was 38 per cent of the annual target and 22 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 213

Figure 213: Nyeri County Top Own Source Revenue Streams in the First Half of FY 2025/26.



Source: Nyeri County Treasury

As shown in Figure 213, the highest revenue stream, at Kshs.397 million, was from health/hospital fees/FIF, accounting for 63 per cent of the total OSR receipts. The County Government indicated that it has automated 20 revenue streams out of 55

3.36.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.1.12 million, which increased to Kshs.1.3 million as of 31st December 2025. Table 3.529 presents a breakdown of the County's revenue arrears.

Table 3.529: Nyeri County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
D	**Ordinary Own Sources of Revenue**					
1	**Land Rates**	**606,188,728**	**7,265,049**	**7,617,402**	**15,171,687**	**614,095,366**
2	**Property**	54,803,431	**100,425**	**10,324,919**	**2,019,372**	**56,722,378**
	Sub-Total	**660,992,159**	**7,365,474**	**17,942,321**	**17,191,059**	**670,817,744**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	456,177,778	21,174,991		198,549,132	**633,551,919**
	Sub-Total	**456,177,778**	**21,174,991**	-	**198,549,132**	**633,551,919**
	Grand Total	**1,117,169,937**	**28,540,465**	**17,942,321**	**215,740,191**	**1,304,369,663**

Source: Nyeri *County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.1.3 billion, comprising Kshs.670.82 million (51 per cent) for Own Source Revenue (OSR) and Kshs.633.56 (49 per cent) for Facility Improvement fund(FIF) The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include sensitizing tax payers and taking legal action on defaulter and constant follow up to collect the outstanding arrears.

3.36.4 Borrowing by the County

Nyeri County did no borrow any funds during the period under review

3.36.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totaling Kshs.2.73 billion from the Nyeri County Revenue Fund (CRF) account. This amount consisted of Kshs.2.55 billion (94 per cent) designated for development programs and Kshs.174.59 million (per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.2 billion was allocated for employee compensation, and Kshs.1.35 million for operations and maintenance expenditures. Within the operations and maintenance category,4 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.101.23 million, which included Kshs.40.4 million for the County Executive and Kshs.60.86 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.25.5 millionfor the County Assembly as the County Executive did not incur and foreign expenditure

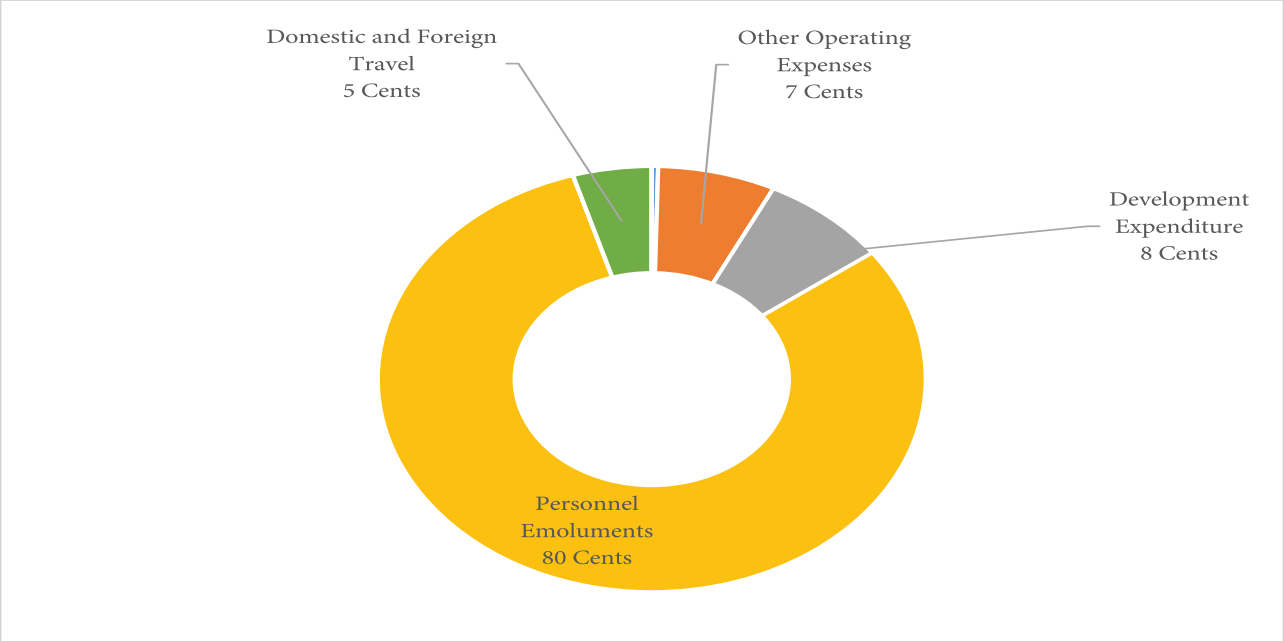
As of December 31, 2025, the County Government's cash balance in the Nyeri CRF account was Kshs.730.48 million.

3.36.6 Expenditure Review

The County spent Kshs.2.75 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the CoB. It comprises Kshs 208.19 million for development programmes and Kshs.2.55 billion for recurrent programmes. Expenditure on development programmes accounted for 4 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 44 per cent of the annual recurrent expenditure budget.

Figure 214 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 214: Nyeri County Composition of Each Shilling Incurred in the First Half of FY 025/26



Source: Nyeri *County Treasury*

3.36.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.356.63 million. This amount consisted of Kshs.342.36 million from the County Executive and Kshs.14.27 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.322.46 million for recurrent expenditure and Kshs.19.9 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs13.88 million, comprising Kshs.6.43 million (46 per cent) for recurrent programmes and Kshs.7.45 million (54 per cent) for development programmes. On the other hand, the County Assembly settled trade payables amounting to Kshs.14.27 million for recurrent activities. The outstanding trade

payables as of 31st December 2025 were Kshs.328.48 million for the County Executive and nil for the County Assembly. Table 3.530 provides additional details of trade payables.

Table 3.530: Nyeri County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	19,900,149	322,459,478	342,359,627
	County Assembly		14,270,100	14,270,100
	Total	19,900,149	336,729,578	356,629,727
Amount paid in FY 2025/26	County Executive	7,450,383	6,434,122	13,884,505
	County Assembly		14,270,100	14,270,100
	Total	7,450,383	20,704,222	28,154,605
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	12,449,766	316,025,356	328,475,122
	County Assembly	-	-	-
	Total	12,449,766	316,025,356	328,475,122

Source: Nyeri *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.336.73 million and Kshs.19.9 million on recurrent and development expenditure, respectively, in FY 2025/26. The County Assembly adhered to this payment plan, as it cleared Kshs.14.27 million, while the county Executive did not adhere to the payment plan because it cleared only 13.88 million 0ot of 342.36 million

Table 3:531 and Table 3:532 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.328.78 million.

Table 3.531: Nyeri County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	13,198,418	6,701,731	-	-	19,900,149
Recurrent Trade Payables (Goods & Services)	133,883,918	60,718,693	1,429,950	2,058,563	198,091,124
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	862,539	26,879	-	71,372,275	72,261,693
Recurrent Trade Payables (Staff Claims)	24,676,079	4,252,747	3,509,880	5,783,450	38,222,156
Recurrent Trade Payables	159,422,536	64,998,319	4,939,830	79,214,288	308,574,973
Executive Trade Payables	172,620,954	71,700,050	4,939,830	79,214,288	328,475,122
% of Executive Trade Payables	52.55	21.83	1.50	24.12	100

Source: Nyeri *County Treasury*

Table 3.532: Nyeri County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	%	%	%	%	0%

Source: Nyeri *County Treasury*

The County did not adhere to the Trade Payables Action plan, as it did not clear the payables by the end of the half-year as indicated.

3.36.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.09 billion on compensation of employees, Kshs.175.53 million on operations and maintenance, and Kshs.208.19 million on development activities. Similarly, the County Assembly spent Kshs.124.01 million on compensation of employees, Kshs.153.81 million on operations and maintenance, and nil on development activities, as shown in Table 3:533.

Table 3.533: Nyeri County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive						
Recurrent	**5,119,082,459**	**2,267,470,961**	-	**2,267,470,961**	**99.81**	**44**
Compensation to Employees	4,147,204,630	2,091,943,300		2,091,943,300	**100**	50
Operations & Maintenance	971,877,829	175,527,661		175,527,661	**97.59**	18
Development	**2,656,213,975**	**208,194,096**		**208,194,096**	**119.25**	**8**
Executive Sub-total	**7,775,296,434**	**2,475,665,057**	-	**2,475,665,057**	**101.20**	**32**
County Assembly						
Recurrent	**710,551,514**	**277,820,388**	-	**277,820,388**	**99.44**	**39**
Compensation to Employees	259,872,014	124,013,352		124,013,352	**94.99**	48
Operations & Maintenance	450,679,500	153,807,036		153,807,036	**103.34**	34
Development	**30,000,000**	-			-	-
Assembly Sub-total	**740,551,514**	**277,820,388**	-	**277,820,388**	**99.44**	**38**
Combined County Totals						
Total Recurrent	**5,829,633,973**	**2,545,291,349**	-	**2,545,291,349**	**99.77**	**44**
Compensation to Employees	4,407,076,644	2,215,956,652	-	2,215,956,652	**99.71**	50
Operations & Maintenance	1,422,557,329	329,334,697	-	329,334,697	**100.19**	23
Total Development	**2,686,213,975**	**208,194,096**	-	**208,194,096**	**119.25**	**8**
Grand Total	**8,515,847,948**	**2,753,485,445**	-	**2,753,485,445**	**101.02**	**32**

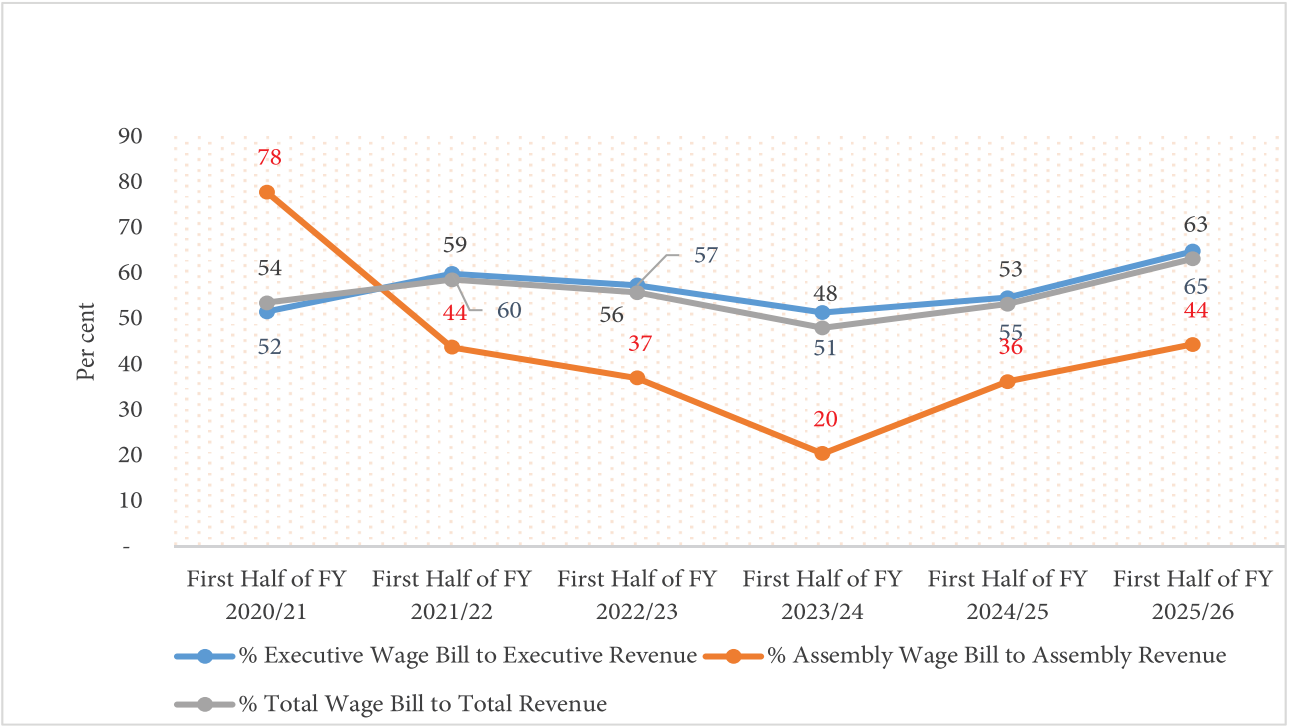
***Source**: Nyeri County Treasury*

3.36.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.22 billion. The compensation-to-revenue ratio was 63 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.25 billion is related to Health Sector employees, accounting for 56 per cent of the overall employees' compensation.

Figure 215 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 215: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Nyeri County Treasury

Further analysis indicated that PE costs totalling Kshs.2.04 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.172.13 million was processed through manual payroll, accounting for 8 per cent of the total PE cost.

The manual payroll comprised salaries for 200 staff not onboarded into the Human Resource Information System (HRIS), salaries for 50 casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/ LAPFUND Pension Contributions, as shown in Table 3.534.

Table 3.534: Breakdown of Nyeri County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for staff paid outside the Human Resource Information System (HRIS)	606,147	6,266,944	6,873,091
Salaries for casual staff	262,937		262,937
Top-up Allowances for security officers	18,706,944	6,670,444	25,377,388
LAPTRUST/LAPFUND Pension Contributions	67,333,790		67,333,790
Gratuity for contract staff	46,3890,262	1,403,820	47,784,082
Youth			-
Community Health Workers	24,497,500		24,497,500
Total	157,787,580	14,341,208	172,128,788

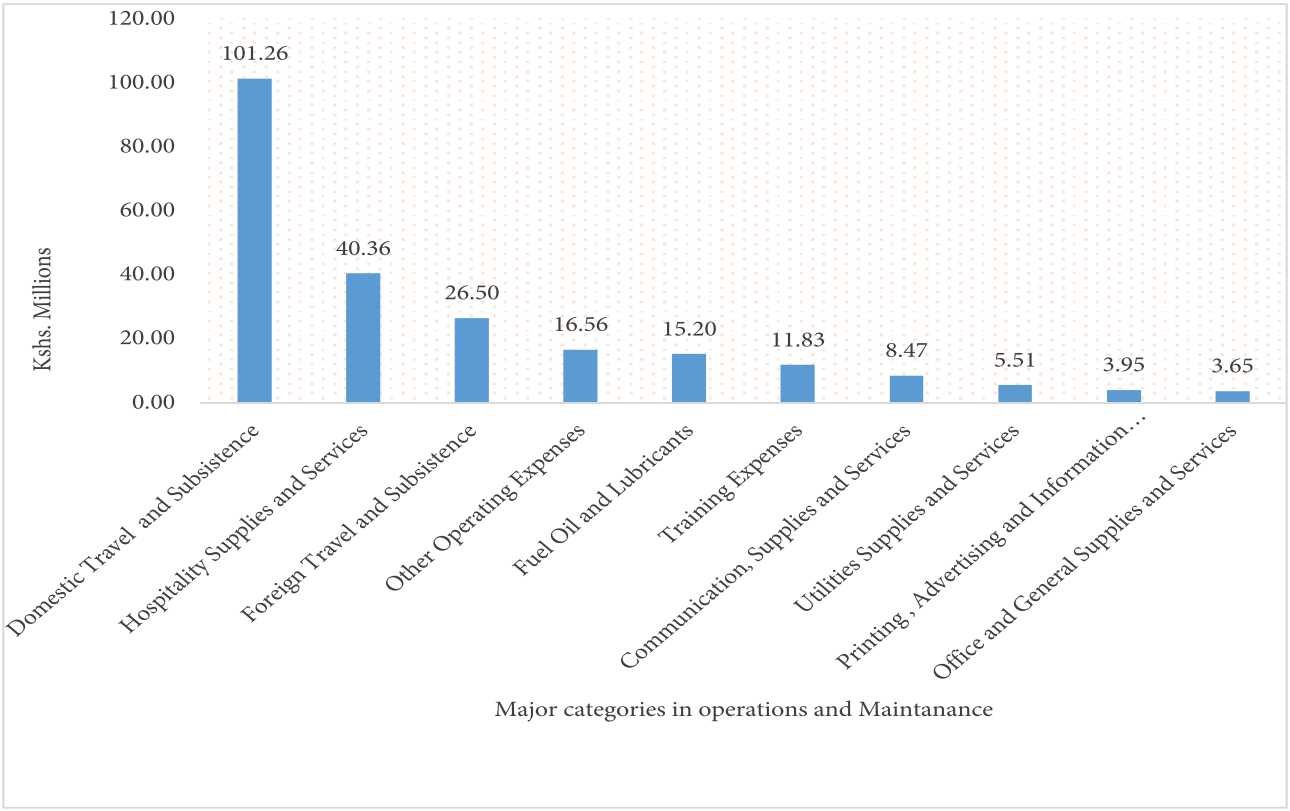
Source: Nyeri County Treasury

The County Assembly spent Kshs.10.28 million on committee sitting allowances for the 43 MCAs against the annual budget allocation of Kshs.18 million. The average monthly sitting allowance was Kshs.39,846 per MCA. The County Assembly has 24 House Committees.

3.36.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.329,33 million on operations and maintenance, representing a decrease of 15 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.387.85 million. Figure 216 summarises the Operations and Maintenance expenditure by major categories.

Figure 216: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri *County Treasury*

3.36.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.10.66 million on "*other operating expenses*," which is 3 per cent of the total operations and maintenance expenditure of Kshs.329.33 million as shown in Table 3.535.

Table 3.535: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211305	Contracted Guards and Cleaning Services	18,180,920	2,256,060.20
2211395	Membership fees, Dues, and Subscriptional and Trade Bodies	9,099,291	348,270
2211399	Office expense July to Dec 2025, Edarasha Ward	287,670	287,670
2211399	Office expense from July to Dec 2025, Gakawa Ward	288,000	288,000
2211399	office expenseJul to Dec 2025 ruare ward	288,000	288,000
2211399	office expense Jul to Dec 2025 ruare ward	286,560	286,560
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	office expenseJul to Dec 2025 mugunda ward	287,460	287,460
2211399	office expense Jul to Dec 2025 nominated member	287,760	287,760
2211399	office expense Jul to Dec 2025, nominated member	287,580	287,580
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Kiganjo Ward	288,000	288,000
2211399	Office expense, Jul to Dec 2025, Kiamathaga ward	288,000	288,000
2211399	Office expense, July to Dec 2025, Konyu Ward	287,880	287,880
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	office expenseJul to Dec 2025 nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Ruguru Ward	288,000	288,000
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	Office expense, Jul to Dec 2025, nominated member	288,000	288,000
2211399	Office expense, July to Dec 2025, Gatarakwa Ward	288,000	288,000
2211399	Office expense Jul to Dec 2025 nominated member	288,000	288,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	office expense Jul to Dec t 2025 Gatarakwa Ward	287,820	287,820
2211399	office expense july august 2025 chinga ward	287,010	287,010
2211399	office expense july august 2025 nominated member	288,000	288,000
2211399	Office Expense August 2025 Konyu Ward	288,000	288,000
2211399	office expense july 2025 karima ward	288,000	288,000
2211399	Office expense July to Sep 2025 Kabaru Ward	288,000	288,000
2211399	Office expense, August 2025, nominated member	288,000	288,000
2211399	Office expense July and August 2025, Mahiga Ward	287,310	287,310
2211399	Office expense, July and August 2025, nominated member	288,000	288,000
	Total	**35,339,261**	**10,663,380.20**

Source: Nyeri *County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies: *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include:* Contracted Guards and Cleaning Services

3.36.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.100 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.536 summarises each established Fund's budget allocation and performance during the reporting period.

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.100 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County did not allocate any funds to the Emergency Fund contrary to Section 110 of the PFM Act, 2012. Table 3.536 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.536: Performance of Nyeri County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26(Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Cumulative disbursements to the fund as of 31st December 2025 (Kshs)	Submission of Financial Statements as of 31st December 2025 (Yes/No)
	County Executive Established Funds					
1.	Elimu Fund	100,000,000	-	-	342,000,000	-
2.	Emergency Fund	Nil	-	-	20,000,000	No
3.	Health Fund	Nil	-	-	141,701,379	No
4	Enterprise Development Fund	Nil	-	-	40,000,000	No
5	Car Mortgage Fund (Executive)	Nil	-	-	100,000,000	No
	County Assembly Established Funds					
1	Car & Mortgage Fund (Assembly Members)	Nil	-	-	184,000,000	No
2	Car Mortgage Fund (Assembly Staff)	Nil	-	-	122,393,125	No
	Total	**100,000,000**			**850,094,504**	

Source: Nyeri *County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Elimu Fund Administrators, as indicated in Table 3.536

3.36.13 County Corporations

The County Corporations are autonomous, thus did not receive allocations from the mainstream budget.

3.36.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.101.26 million and comprised Kshs.60.86 million spent by the County Assembly and Kshs.40.4 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.5 million incurred by the County Assembly, while the County Executive. Did not incur any Expenditure on foreign travel as summarised in Table 3.537.

Table 3.537: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	4	4th-11th September 2025	While on official duties to attend a training session for adults in scouting	Arusha	1,863,534		1,863,534
County Assembly	23	5th-15th Oct 2025	While in Arusha, attending the East African Legislative Assembly for a study tour.	Arusha	8,704,570		8,704,570
County Assembly	46	21st-27th Sept 2025	While attending a training on budget implementation, monitoring, and oversight for county assemblies.	Arusha	15,601,550		15,601,550
County Assembly	1	14th-19th September 2025	While on official duties to attend a training on budget implementation, monitoring, and oversight for county assemblies	Arusha	329,796		329,796
Total					26,499,450	-	26,499,450

Source: Nyeri County Treasury and Nyeri County Assembly

3.36.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.397 million as FIF, which was 47 per cent of the annual target of Kshs.850 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.397 million, as shown in Table 3.538.

Table 3.538: Nyeri County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	County Referral Hospital	1	358,446,215	144,796,225	40
2	Karatina	1	164,956,676	47,240,048	29
3	Mukurweini	1	101,659,294	30,673,837	30
4	Othaya	1	48,151,419	10,180,130	21
5	Mt. Kenya	1	43,990,046	14,131,703	32
6	Naromoru	1	48,398,589	13,094,780	27
7	Ihururu Rehab Centre	1	27,809,653	7,090,782	25
8	Level 2 and 3		56,588,108	129,685,165	229
	Total		**850,000,000**	**396,892,669**	**47**

Source: ***Nyeri*** *County Treasury*

3.36.16 Development Expenditure

In the review period, the County reported spending Kshs.208 million on development programmes, representing an increase of 18 per cent compared to FY 2024/25, when the County spent Kshs.175.59 million. Table 3.538 summarises the development projects with the highest expenditure in the reporting period.

Table 3.539: Nyeri County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
Donor Funded Projects										
1	Water, Environment, and Climate Change	Conditional grant for climate change programme	County-wide	FY 2025/2026	FY 2025/2026	11,000,000		10,064,566		91
2	Education, Training and Devolution	Grant to support training in VTCs	County-wide	FY 2025/2026	FY 2025/2026	15,000,000		9,999,835		67
Equalisation Funded Projects										
3	Trade, Cooperatives, Culture and Tourism	Streetlight Bills	County-wide	FY 2025/2026	FY 2025/2026	100,236,242		49,323,219		49
4	Health Services and Public Health	Medical Drugs, Non-Pharmaceuticals, and other specialised medical supplies for specialised programmes.	County-wide	FY 2025/2026	FY 2025/2026	100,000,000		47,254,801		47
5	County Public Service and Solid Waste Management	Fuel (garbage collection and dumpsite management)	County-wide	FY 2025/2026	FY 2025/2026	18,000,000		9,000,000		50
6	County Public Service and Solid Waste Management	Solid waste management; Fuel for Garbage collection trucks-	County-wide	FY 2025/2026	FY 2025/2026	15,645,000		7,500,000		48
7	Trade, Cooperatives, Culture and Tourism	Installation of streetlights	Mahiga	FY 2025/2026	FY 2025/2026	2,000,000		4,512,395		226
8	Roads, Transport, Public Works, Infrastructure and Energy	Ongoing Works - -Recarpeting of Field Marshal Mutungi Road - Upgrading of Muringato road -Upgrading of Kirichu Shopping Centre roads to bitumen standard	Rware Kiganjo/ Mathari	FY 2025/2026	FY 2025/2026	10,000,000		4,413,540		44
9	Water, Environment, and Climate Change	Water Project	Rware	FY 2025/2026	FY 2025/2026	1,000,000		4,340,895		434
10	Roads, Transport, Public Works, Infrastructure and Energy	Purchase of fuel and lubricants	County-wide	FY 2025/2026	FY 2025/2026	15,000,000		3,750,000		25

Source: ***Nyeri*** *County Treasury*

The County reported had no stalled development projects as of 31st December 2025.

Table 3.540: Nyeri County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	-	nil	-	-	-	-	-	-	-	-
2	-	nil	-	-	-	-	-	-	-	-
3	-	nil	-	-	-	-	-	-	-	-

Source: Nyeri County Treasury

3.36.17 Budget Performance by Department

Table 3.541 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.541: Nyeri County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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
Executive Office of the Governor and the Deputy Governor	117.29	27	43.59	-	40.87	-	93.8	-	34.8	-
Office of the County Secretary	381.35	3.50	85.36	-	84.94	-	99.5	-	22.3	-
Finance, Economic Planning and ICT	535.71	20.05	272.56	-	271.14	-	99.5	-	50.6	-
Lands, Physical Planning and Urban Development	81.47	17.50	24.84	-	24.51	-	98.7	-	30.1	-
Health Services and Public Health	2,627.93	286.50	1,249.02	54.34	1,255.21	54.34	100.5	100.0	47.8	19.0
Gender, Youth, Social Services and Sports	94.12	166.75	32.22	7.01	31.92	5.43	99.1	77.5	33.9	3.3
County Public Service and Solid Waste Management	150.16	44.80	41.48	9	41.18	9	99.3	100.0	27.4	20.1
Agriculture, Livestock and Aquaculture Development	239.20	360.37	115.23	-	115.03	-	-	-	-	-
Trade, Cooperatives, Culture and Tourism	57.60	361.50	22.38	1.01	22.08	1.01	-	-	-	-
Education, Training and Devolution	560.04	498.15	303.30	26.24	300.18	26.45	-	-	-	-
Water, Environment, and Climate Change	77.25	226.89	22.65	-	22.48	28.22	-	-	-	-
County Assembly	710.55	30	279.38	-	277.82	-	99.4	-	39.1	-
County Public Service Board	46.46	6	17.62	-	17.52	-	99.4	-	37.7	-
Roads, Transport, Public Works, Infrastructure and Energy	92.94	498.94	35.92	65.08	35.32	65.08	98.3	100.0	38.0	13.0
County Attorney	23.56	-	3.52	-	3.22	-	91.5	-	13.7	-
Nyeri Municipality	33.99	138.28	2.12	11.91	1.87	18.67	88.4	156.7	5.5	13.5
Department	**5,829.63**	**2,686.21**	**2,551.20**	**174.59**	**2,545.29**	**208.19**	**99.77**	**119.25**	**43.66**	**7.75**

Source: *Nyeri County Treasury*

Analysis of expenditure by departments shows that the Department of County Public Service and Solid Waste Management recorded the highest absorption rate of development budget at 20 per cent, followed by the Department of Health Service and Public Health at 19 per cent. The Department of Finance, Economic Planning, and ICT had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Nyeri Municipality had the lowest at 6 per cent.

3.36.18 Budget Execution by Programmes and Sub-Programmes

Table 3.542 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.542: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education, Training and Devolution							
	Administrative Support Services	505,618,413	-	297,399,650	-	58.82	-
	Youth Training and Development	4,310,000	47,500,000	554,868	13,205,361	-	27.80
	Sub Total	509,928,413	47,500,000	297,954,518	13,205,361	-	
Finance, Economic Planning and ICT							
	Administration and personnel services	464,508,770	20,049,590	245,841,754	-	52.93	-
	Budget Preparation, Coordination and Management	2,000,000	-	752,400	-	37.62	-
	Sub-Total	466,508,770	20,049,590	246,594,154	-	-	
Agriculture, Livestock and Aquaculture Development							
	Farm Development	6,630,000	-	3,315,000	-	50	-
	Administration and planning services	225,986,066	15,284,329	109,956,342	-	48.66	-
	Sub-Total	232,616,066	15,284,329	113,271,342	-		-
Health Services and Public Health							
	Preventive, Promotive and Curative Health Services	2,609,318,090	286,500,000	1,255,036,090	54,336,112	48.10	-
	Preventive, Promotive and Curative Health Services	2,609,318,090	286,500,000	1,255,036,090	54,336,112	-	18.97
	Sub-Total	5,218,636,180	573,000,000	2,510,072,180	108,672,224	-	-
Roads, Transport, Public Works, Infrastructure and Energy							
	County access and feeder roads improvement	73,654,844	269,150,000	34,176,188	11,249,169	46.40	-
	Energy Management	18,589,160	218,036,242	894,485	53,835,614	-	24.69
	Sub-Total	92,244,004	487,186,242	35,070,673	65,084,783	-	-
Gender, Youth, Social Services and Sports							
	Recreation and Sporting Services	4,957,500	27,500,000	2,033,650	-	41.02	-
	Sub-Total	4,957,500	27,500,000	2,033,650	-	-	-
Trade, Cooperatives, Culture and Tourism							
	Trade Promotion	50,058,501	338,500,000	19,995,076	258,000	39.94	-
	Sub-Total	50,058,501	338,500,000	19,995,076	258,000	-	-
County Assembly							
	Legislation, Representation and Oversight	710,551,514	30,000,000	277,820,388	-	39.10	-
	Sub-Total	710,551,514	30,000,000	277,820,388	-	-	-
County Public Service and Solid Waste Management							
	Solid Waste Management	9,588,154	33,800,000	1,742,780	9,000,000	-	26.63
Nyeri Municipality							
	Donor Support Services		35,000,000	-	6,753,412	-	19.30
Grand Total		**7,285,500,948**	**1,574,020,161**	**3,502,811,981**	**193,973,780**	-	-

***Source**: Nyeri County Treasury*

The Development sub-programmes with the highest budget implementation rates included Youth Training and Development in the Department of Education, Training and Devolution at 28 per cent, Energy Management in the Department of Roads, Transport, Public Works, Infrastructure and Energy at 25 per cent, and Municipal Administration Services in the Department of Nyeri Municipality at 19 per cent. For recurrent sub-programmes, the top performers were Administrative Support Services in the Department of Education, Training and Devolution at 59 per cent, Administration and personnel services in the Department

of Finance, Economic Planning and ICT at 53 per cent, and Farm Development in the Department of Agriculture, Livestock and Aquaculture Development at 50 per cent. Their higher performances are attributed to...

Table 3.543 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.543: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)		Expenditure as of 31st December 2025 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education, Training and Devolution							
	Donor Support Services	44,500,000	352,500,000	1,008,250	0	2.3	
	Youth Training and Development	4,310,000	47,500,000	554,868	13,205,361	12.9	
	ECDE Management	5,615,000	98,150,000	1,216,090	13,247,443		13.5
	Sub Total	54,425,000	498,150,000	2,779,208	26,452,804		
Lands, Physical Planning and Urban Development							
	Building Construction Services	2,425,100		296,500		12.2	
	Sub-Total	2,425,100	0	296,500	-		
Agriculture, Livestock and Aquaculture Development							
	Fisheries Development	1,067,937	5,500,000	93,300	-	8.7	
	Sub-Total	1,067,937	5,500,000	93,300	-		
County Attorney							
	County Legal Services	23,564,237		3,216,910		13.7	
	Sub-Total	23,564,237	0	3,216,910	-		
Roads, Transport, Public Works, Infrastructure and Energy							
	Energy Management	18,589,160	218,036,242	894,485	53,835,614	4.8	
	County access and feeder roads improvement	73,654,844	269,150,000	34,176,188	11,249,169		4.2
	Sub-Total	92,244,004	487,186,242	35,070,673	65,084,783		
Gender, Youth, Social Services and Sports							
	County children's home management	4,000,000		500,372		12.5	
	Administration and personnel services	72,635,628	113,750,000	25,710,170	2,268,171		2.0
	Sub-Total	76,635,628	113,750,000	26,210,542	2,268,171		
Trade, Cooperatives, Culture and Tourism							
	Cooperatives Management Services	3,639,389	9,000,000	1,049,900	749,000		8.32
	Trade Promotion	50,058,501	338,500,000	19,995,076	258,000		0.08
	Sub-Total	53,697,890	347,500,000	21,044,976	1,007,000		
Nyeri Municipality							
	Municipal Administration Services	33,990,880	103,275,000	1,871,110	11,913,540	5.50	
	Sub-Total	33,990,880	103,275,000	1,871,110	11,913,540		
County Public Service and Solid Waste Management							
	Solid Waste Management	9,588,154	33,800,000	1,742,780	9,000,000	18.2	
	Sub-Total	9,588,154	33,800,000	1,742,780	9,000,000		
Water, Environment, and Climate Change							
	Climate Change	13,236,178		1,137,900		8.60	
	Sub-Total	13,236,178	-	1,137,900	-		
Grand Total		**351,286,854**	**1,555,361,242**	**91,721,119**	**106,726,298**		

Source: *Nyeri County Treasury*

The development sub-programmes with the lowest budget implementation rates included Trade Promotion in the Department of Trade, Cooperatives, Culture and Tourism at less than 1 per cent, Administration and personnel services in the Department of Gender, Youth, Social Services and Sports at 2 per cent, and County access and feeder roads improvement in the department of Roads, Transport, Public Works, Infrastructure and Energy at 4 per cent. For recurrent sub-programmes, poor performers were Donor Support Services in the Department of Education, Training and Devolution at 2 per cent, Energy Management in the De-

partment of Roads, Transport, Public Works, Infrastructure at 5 per cent, Municipal Administration Services in the Department of Nyeri Municipality at 6 per cent, and Roads, Transport, Public Works, Infrastructure and Energy in the Department of Water, Environment, and Climate Change at 9 per cent.

3.36.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 32 accounts in commercial banks, including 2 accounts for Health Facilities, s, 11 accounts for Established Funds, 3 revenue accounts, 11 special-purpose accounts (additional allocations),

The County Treasury submitted copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.36.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Nyeri County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 3rd February 2026
ii. The underperformance of own-source revenue at Kshs.633.51 million against an annual target of Kshs.1.65 billion, representing 38 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.208 million on development activities, achieving a 14 per cent absorption rate.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

3.37. County Government of Samburu

3.37.1 Overview of FY 2025/26 Budget

The Samburu County Supplementary Budget for FY 2025/26 is Kshs.8.11 billion. It comprises Kshs.2.71 billion (33 per cent) and Kshs.5.40 billion (67 per cent) for development. The budget estimates represent an increase of Kshs.727.16 million (10 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.24 billion and a recurrent budget of Kshs.5.14 billion. The increase in the budget was primarily attributed to the rise in the equitable share and own-source revenue.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.6.33 billion (74 per cent), additional allocations of Kshs.1.47 million (17 per cent), a cash balance of Kshs.400 million (5 per cent) brought forward from FY 2024/25, and Kshs.302 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.544.

3.37.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.05 billion. This amount represented a decrease of 15 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.57 billion. The total revenue consisted of Kshs 2.63 billion from the equitable share of revenue raised nationally, additional allocations from the national gov-

ernment and development partners of Kshs.60.85 million, as well as the own-source revenue (OSR) collection of Kshs.238.58 million. Additionally, the County had a cash balance of Kshs.122.75 million from FY 2024/25. The total OSR collection of Kshs.238.58 million included Facilities Improvement Financing (FIF) of Kshs.43.56 million, and Kshs.195.03 million from other OSR sources. Table 3:544 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.544: Samburu County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	400,000,000	118,698,301		118,698,301	281,301,700
2	County Executive Refunds to CRF		24,412		24,412	- 24,412
3	County Assembly Refunds to CRF		4,023,196		4,023,196	- 4,023,196
	Sub-Total	**400,000,000**	**122,745,909**	-	**122,745,909**	**277,254,091**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,336,970,364	**2,629,842,701**		2,629,842,701	3,707,127,663
	Sub-Total	**6,336,970,364**	**2,629,842,701**	-	**2,629,842,701**	**3,707,127,663**
C	**Transfers from the Equalisation Fund**					
1	...					
	Sub-Total					
D	**Additional Allocations (Including Grants)**					
1	DANIDA (Health support funds)	7,446,000			-	7,446,000
2	Mineral Royalties	17,501			-	17,501
3	Kenya Livestock Commercialisation Project (KELCLOP)	70,250,000			-	70,250,000
4	Kenya Urban Support Program (Grant)-UIG	35,000,000			-	35,000,000
5	IDA (World Bank Credit: Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG)	70,000,000			-	70,000,000
6	IDA (World Bank) - Credit - Food Systems Resilience Project(FSRP)	246,000,000			-	246,000,000
7	Road Maintenance Levy Fund	47,106,940			-	47,106,940
8	Community Health Promotors	37,500,000			-	37,500,000
9	IDA (World Bank0 Credit-Second Kenya Devolution Support Program (KDSP II)	352,500,000			-	352,500,000
10	World Bank loan for the National Agricultural and Rural Inclusive Growth Project B/F	142,500,000			-	142,500,000
11	Agriculture Sector Development Support Programme (ASDSP) B/F	25,615,979			-	25,615,979
12	ELRP (Locust)	170,000,000			-	170,000,000
13	SWEDEN-Kenya Agricultural Business Development Project (KABDP)	60,855,995	60,855,995		60,855,995	-
14	Balance brought forward 2023-24 - CRF	130,000,000			-	130,000,000

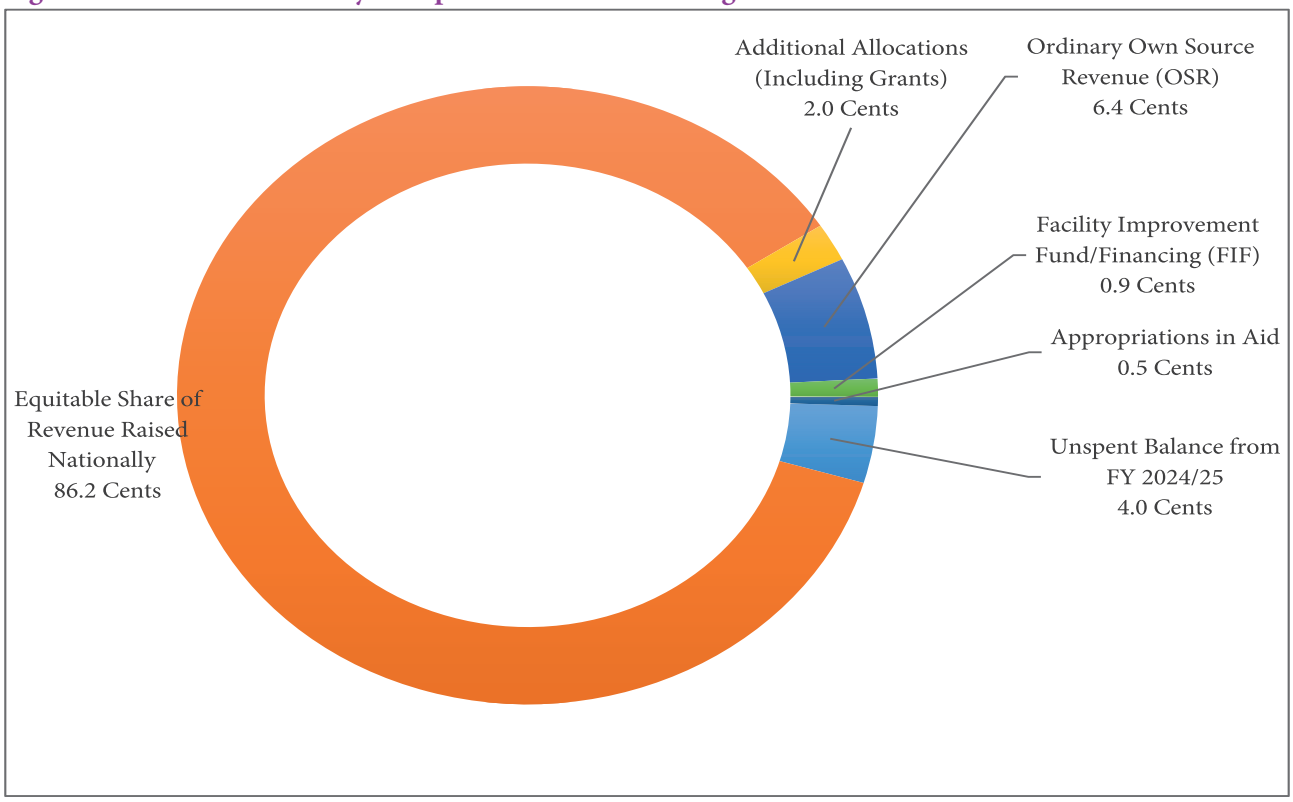
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
15	Finance Localy led Climate Action Program (FLLoCA) Dev	63,933,785			-	63,933,785
16	Finance Localy led Climate Action Program (FLLoCA) b/f Rec	7,671,059			-	7,671,059
	Sub-Total	**1,466,397,259**	**60,855,995**	-	**60,855,995**	**1,405,541,264**
E	**Ordinary Own Source Revenue (OSR)**					
1	Game Parks/Nature Reserves Fees	185,000,000	171,537,809		171,537,809	13,462,191
2	Land Rates	13,027,000	**7,226,543**		7,226,543	5,800,457
3	Total Cess Receipts	14,220,300	**5,822,396**		5,822,396	8,397,904
4	Miscellaneous Revenue	927,900	4,284,008		4,284,008	- 3,356,108
5	Environment and conservancy	15,600,000	1,952,596		1,952,596	13,647,404
6	Wheat Cess				-	-
7	Single Business Permits	18,480,000	1,633,065		1,633,065	16,846,935
8	Markets and Slaughterhouse Fees	12,705,000	1,065,192		1,065,192	11,639,808
9	Liquor License	7,137,900	**980,000**		980,000	6,157,900
10	Vehicle Parking Receipts/ Transport	6,151,500	365,029		365,029	5,786,471
11	Approval of plans and supervision	1,445,900	**75,400**		75,400	1,370,500
12	Advertisement	2,772,000	44,700		44,700	2,727,300
1	Other Revenue	4,897,800	39,100		39,100	4,858,700
	Sub-Total					
F	SHIF	-	28,953,949		28,953,949	- 28,953,949
2	Other	-	28,953,949		28,953,949	- 28,953,949
	Sub-Total					
G	**Appropriations in Aid**					
1	Facility Improvement Fund/ Financing (FIF)	19,635,000	14,601,300		14,601,300	5,033,700
	Sub-Total	**19,635,000**	**14,601,300**	-	**14,601,300**	**5,033,700**
Total	**8,505,367,923**	**3,052,025,691**		-	**3,052,025,691**	**5,453,342,232**

Source: *Samburu County Treasury*

During the period under review, additional allocations from the national government and development partners were below par at 25 per cent due to non-remittance by the development partners. Include an explanation for any performance below 25% of the annual target.

The County does not have governing legislation on the operation of ordinary A-I-A and FIFFigure 217 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

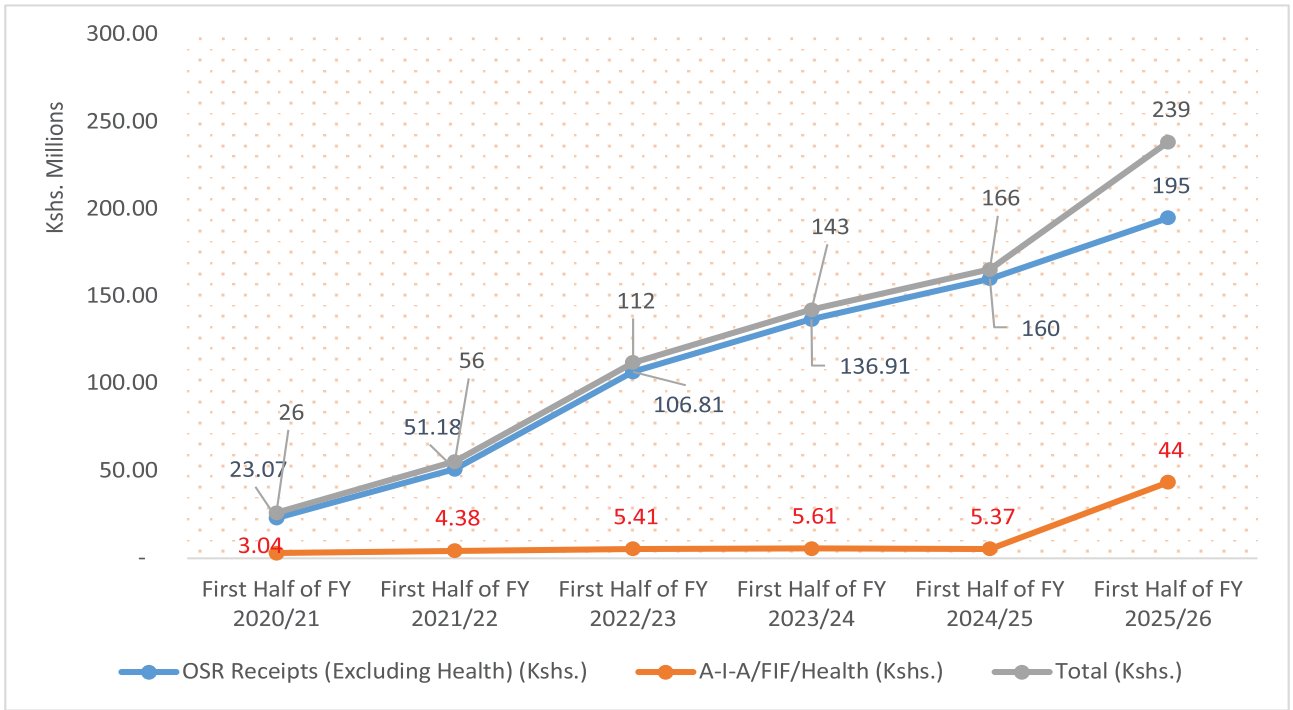
Figure 217: Samburu County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Samburu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 86 per cent, 6.4 per cent and 0.9 per cent, respectively, of the total receipts for the reporting period. Figure 218 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 218: Samburu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Samburu County Treasury*

During the first half of FY 2025/26, the County received Kshs.238.58 million from OSR, including FIF. This amount was an in-

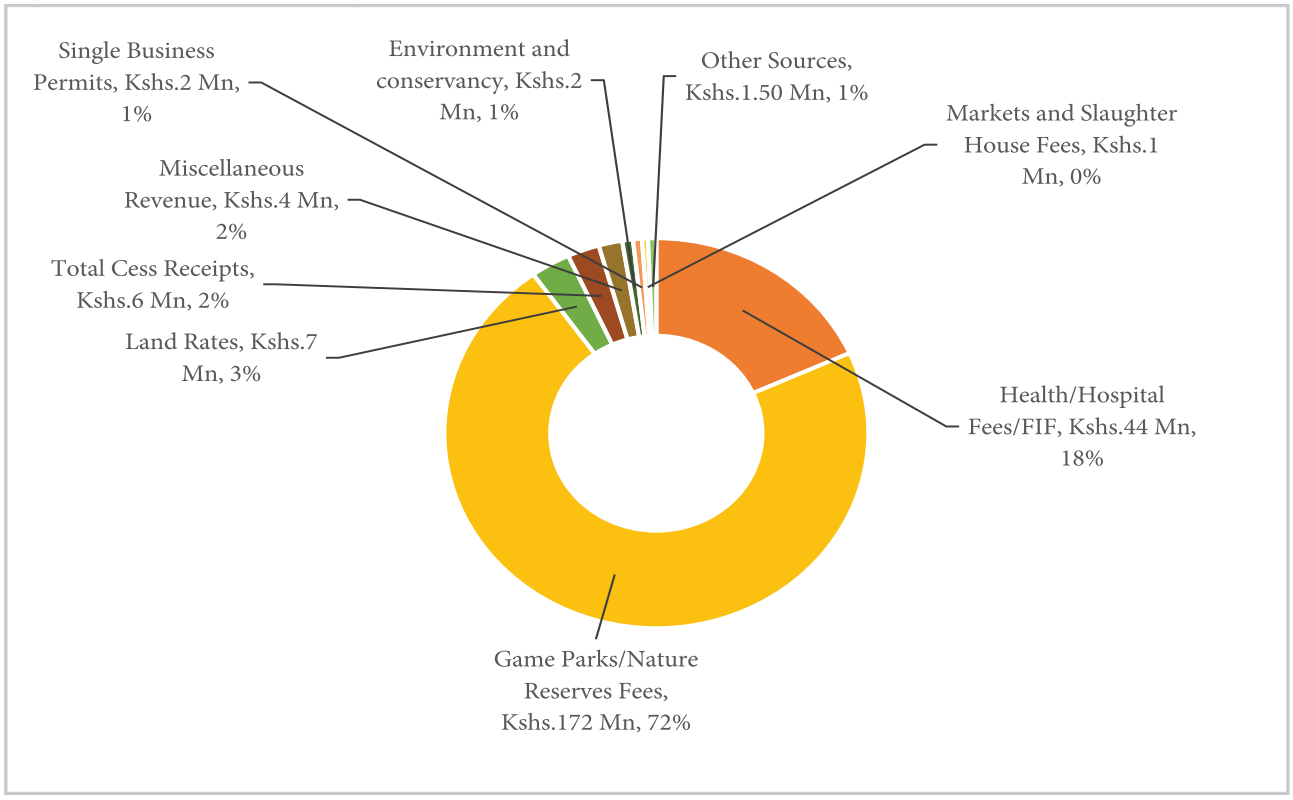
crease of 44 per cent compared to Kshs.165.59 million realised in a similar period in FY 2024/25, and was 79 per cent of the annual target and 9 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to improved revenue accountability in the health sector. The revenue streams that contributed the most to OSR receipts are shown in Figure 219 .

During the period under review, additional allocations from the national government and development partners were below par at 25 per cent due to non – remittance by the development partners. Include an explanation for any performance below 25 per cent the annual target.

The County does not have governing legislation on the operation of ordinary A-I-A and FIF Figure 217 provides a detailed breakdown of receipts, showing a breakdown of each shilling earne.

Figure 219: Samburu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Samburu County Treasury

As shown in Figure 219, the highest revenue stream, at Kshs.172 million, was from game park fees, accounting for 72 per cent of the total OSR receipts. The County Government indicated that it has automated 16 of 19 revenue streams.

3.37.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.22.3 million, which decreased to Kshs.4 million as of 31st December 2025. Table 3.545 presents a breakdown of the County's revenue arrears.

Table 3.545: Samburu County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	**b**	**c**	**d**	**f=a-b-c+d**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	18,825,335		18,825,335		-
2	Defunct NHIF	4,000,000				4,000,000

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
	Sub-Total	**22,825,335**	**-**	**18,825,335**	**-**	4,000,000
	Total	**22,825,335**	**-**	**18,825,335**	**-**	**4,000,000**

Source: Samburu *County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.4 million and have not been remitted by the defunct NHIF. The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include constant reminders to the defunct NHIF.

3.37.4 Borrowing by the County

During the period under review, the county did not borrow.

3.37.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.31 billion from the Samburu County Revenue Fund (CRF) account. This amount consisted of Kshs.212.17 million (8 per cent) designated for development programs and Kshs.2.10 billion (39 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.32 billion was allocated to employee compensation and Kshs.776.40 million to operations and maintenance expenditures. Within the operations and maintenance category, 11 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.234.81 million, which included Kshs.188.59 million for the County Executive and Kshs.46.22 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.11.38 million, with Kshs.6.94 million for the County Executive and Kshs.4.40 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Samburu CRF account was Kshs.122.75 million.

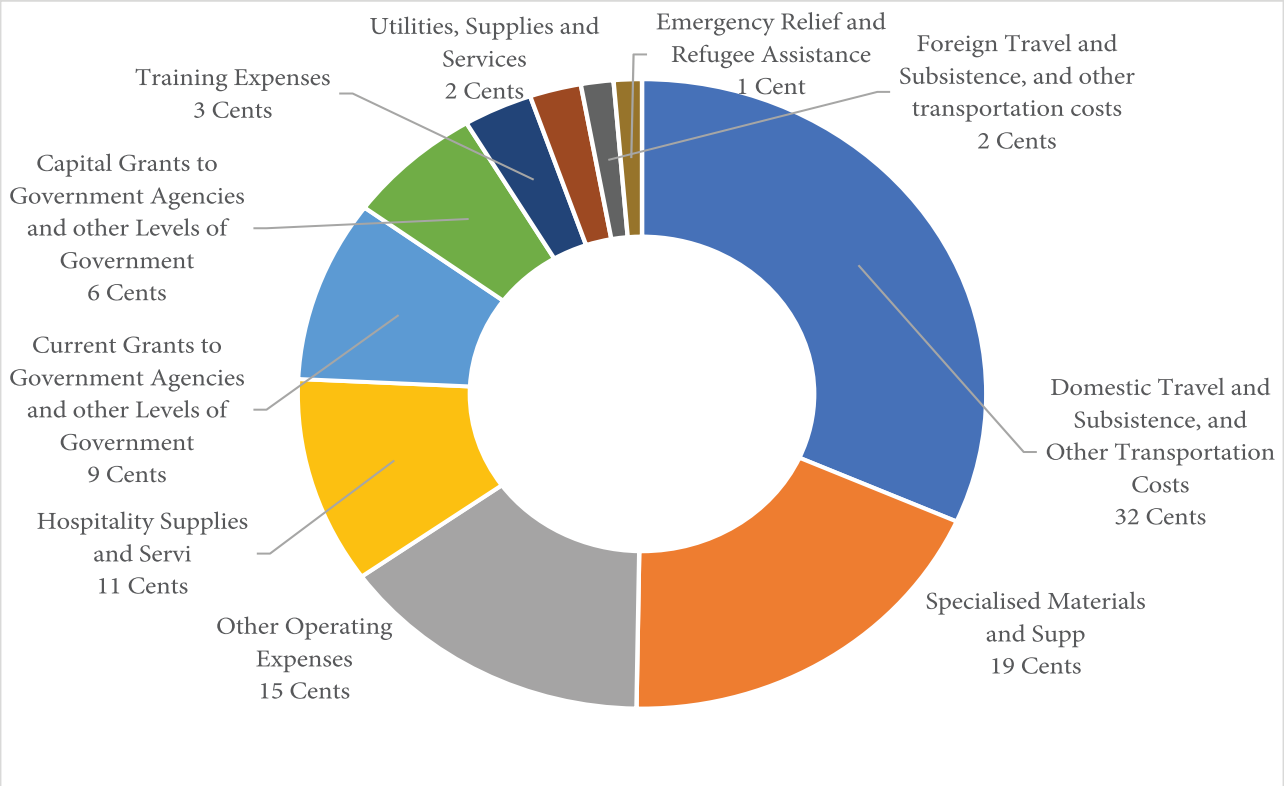
In addition, the Controller of Budget did not approve exchequer withdrawal requests from the Samburu County Assembly Fund (CAF) account during the review period. This account has not been opened as required by the PFMA Amendment of 2025. However, the county assembly continued to receive its allocation from the Samburu County Revenue Fund.

3.37.6 Expenditure Review

The County spent Kshs.2.31 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.212.17 million for development programmes and Kshs.2.10 billion for recurrent programmes. Expenditure on development programmes accounted for 8 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 39 per cent of the annual recurrent expenditure budget.

Figure 220 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 220: Samburu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Samburu *County Treasury*

As shown in Figure 220, the three highest expenditure categories were Domestic Travel and Subsistence, Other Transportation Costs, Specialised Materials and Supplies, and Other Operating Expenses, Hospitality Supplies, which contributed 11,7 and 8 per cent of total expenditure for the reporting period.

3.37.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.481.19 million. This amount consisted of Kshs.431.83 million from the County Executive and Kshs.49.36 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.Kshs.200.79 million for recurrent expenditure and Kshs.231.05 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.164.91 million, comprising Kshs.148.19 million, wholly expended on recurrent programmes. On the other hand, the County Assembly settled trade payables worth Kshs.16.72 million, which was wholly incurred on recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.283.64 million for County Executive and Kshs.32.64 million for County Assembly. Table 3.546 provides additional details of trade payables.

Table 3.546: Samburu County Trade Payables as of 31st December 2025

		County Entity	Develop-ment (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	231,045,333	200,786,404	431,831,737
		County Assembly	7,721,925	41,639,817	49,361,742
		Total	238,767,258	242,426,221	481,193,479
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive			-
		County Assembly			-
		Total	-	-	-

		County Entity	Develop-ment (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
Amount paid in the First Half of FY 2025/26	c	County Executive	-	148,189,695	148,189,695
		County Assembly		16,719,748	16,719,748
		Total	-	164,909,443	164,909,443
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly			-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	e=a-c*b	**County Executive**	231,045,333	52,596,709	283,642,042
		County Assembly	7,721,925	24,920,069	32,641,994
		Total	238,767,258	77,516,778	316,284,036

Source: *Samburu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.242.43 million and Kshs.238.77 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it has partly cleared Kshs.148.19 million for the Executive and Kshs.16.72 million for the Assembly.

Table 3.547 and Table 3.548 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.316.28 million.

Table 3.547: Samburu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	164,261,028.64	57,624,079	-	9,160,225	231,045,332.6
Recurrent Trade Payables (Goods & Services)	95,666,310.05	6,759,044	-	2,334,000	104,759,354
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	45,800,821.05	-	8,579,517.86	41,646,711	96,027,050
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	141,467,131.10	6,759,044	8,579,517.86	43,980,711	200,786,404
Executive Trade Payables	305,728,160	64,383,123	8,579,518	53,140,936	431,831,737
% of Executive Trade Payables	70.8	14.9	2.0	12.3	100

Source: Samburu *County Treasury*

Table 3.548: Samburu County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	7,721,925	-	-	-	7,721,925
Recurrent Trade Payables (Goods & Services)	11,012,523	-	-	-	11,012,523
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	13,907,546	-	-	-	13,907,546
Recurrent Trade Payables	24,920,069	-	-	-	24,920,069
Assembly Trade Payables	32,641,994	-	-	-	32,641,994
% of Assembly Payables	100	-	-	-	100

Source: *Samburu County Treasury*

The ageing analysis, as presented in Table 3.558 above, depicts non-adherence to the FIFO basis of accounting in the payment of pending bills. This is illustrated by bills that have not been settled for more than 3 years. The county should adhere to the FIFO Basis when settling Trade Payables.

3.37.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.22 billion on compensation of employees, Kshs.679.98 million on operations and maintenance, and Kshs.198.95 million on development activities. Similarly, the County Assembly spent Kshs.100.47 million on compensation of employees, Kshs.96.42 million on operations and maintenance, and Kshs.13.23 million on development activities, as shown in Table 3.549.

Table 3.549: Samburu County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.Bn) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.Bn) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs. Bn) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.Bn) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	4.83	0.57	1.90	0.20	-	-	1.90	0.20	39	35
Compensation of Employees	2.76	0.32	1.22	0.10	-	-	1.22	0.10	44	31
Operations and Maintenance	2.07	0.25	0.68	0.10	-	-	0.68	0.10	33	39
Development Expenditure	2.65	0.06	0.20	0.01	-	-	0.20	0.01	8	22
Total	7.48	0.63	2.10	0.21	7.48	0.63	2.10	0.21	28	33

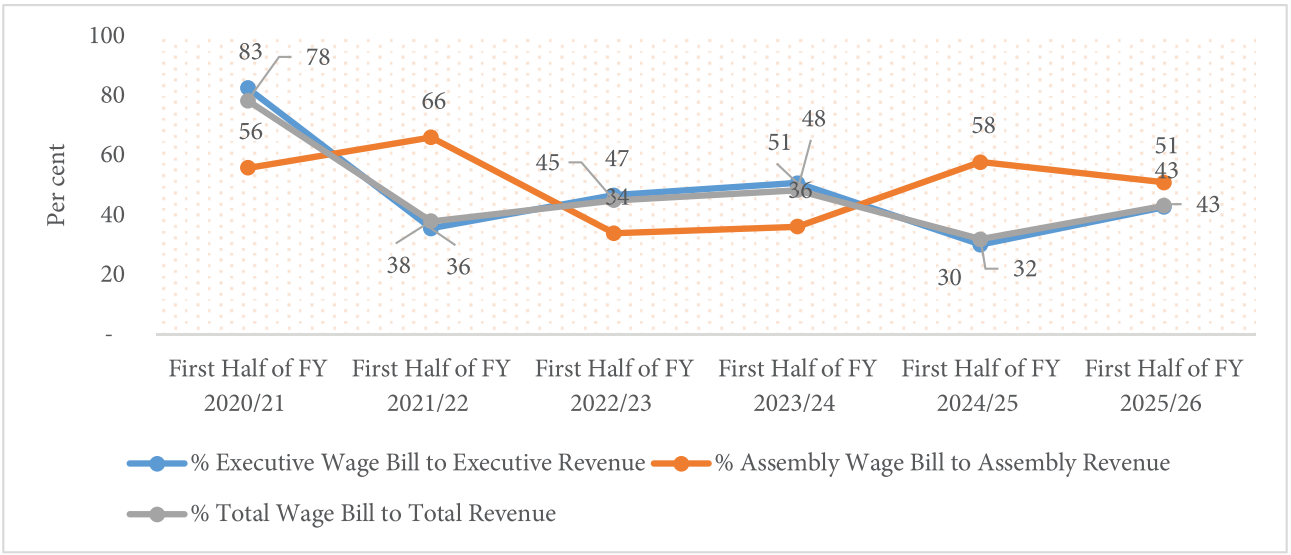
***Source**: Samburu County Treasury*

3.37.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.32 million. The compensation-to-revenue ratio was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.13 million reported in a similar period in FY 2024/25. Of this total, Kshs.378.42 million related to Health Sector employees, accounting for 29 per cent of the overall employees' compensation. The increase in employee compensation is attributed to higher payroll, driven by the overall county wage bill.

Figure 221 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 221: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Samburu County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.31 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.12.49 million was processed through manual payrolls, which accounted for 99 per cent of the total PE cost.

The manual payroll comprised salaries for 68 staff not onboarded into the Human Resource Information System (HRIS) and top-up allowances for security personnel, as shown in Table 3.550.

Table 3.550: Breakdown of Samburu County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	11,703,955
2	Top-up Allowances for security officers	781,200
	Total	12,485,155

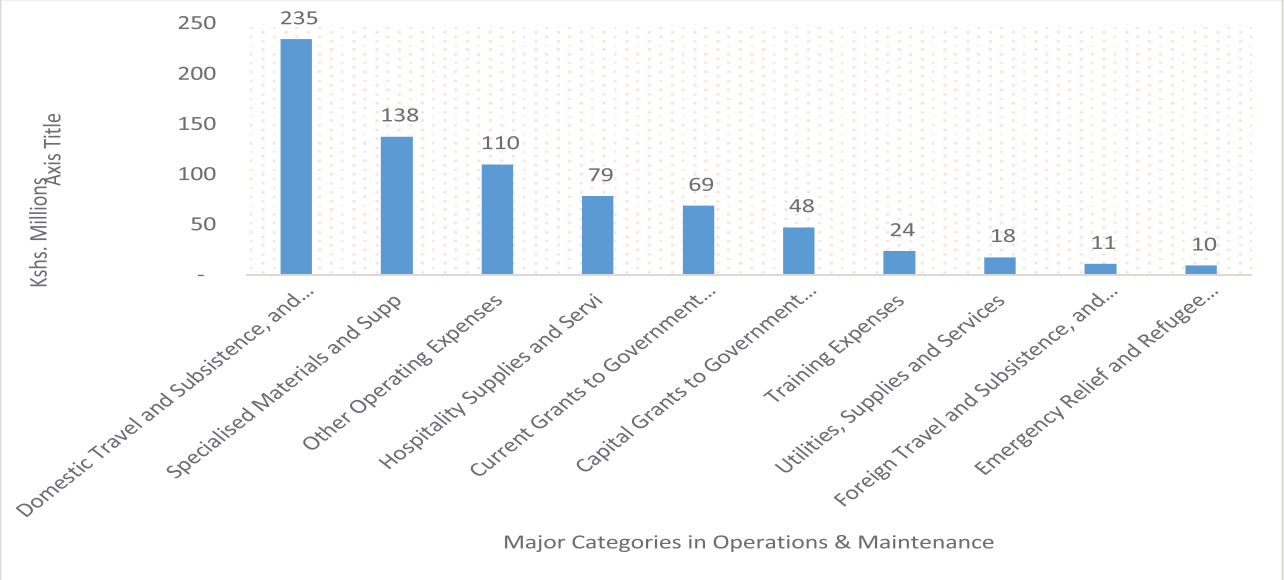
Source: Samburu County Treasury

The County Assembly spent Kshs.15.05 million on committee sitting allowances for the 25 MCAs against the annual budget allocation of Kshs.20.48 million. The average monthly sitting allowance was Kshs.100,349 per MCA. The County Assembly has 15 House Committees.

3.37.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.776.40 million on operations and maintenance, representing an increase of 02 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.774.87 million. Figure 222 summarises the Operations and Maintenance expenditure by major categories.

Figure 222: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: *Samburu County Treasury*

3.37.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.110.45 million on "*other operating expenses*," which is 14.2 per cent of the total operations and maintenance expenditure of Kshs.776.40 million. This category of expenditure includes Kshs.3.2 million for Contracted Professional services and Kshs.32.10 million for legal fees and compensation, Kshs 21.99 million for management fees and Kshs 1.44 million for Membership and subscription fees payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3:551.

Table 3.551: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211399	Other Operating Expenses	61,600,061	51,678,982
2211310	Contracted Professional Services	7,653,800	3,248,400
2211309	Management Fees	64,688,050	21,992,190
2211308	Legal Dues/fees, Arbitration and Compensation Payments	45,600,000	32,100,000

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	45,600,000	1,439,700
	Total	**217,488,111**	**109,270,663**

Source: *Samburu County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include: domestic travel, Subscription to professional bodies, e.tc.
- Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, the management fee, etc

3.37.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.264.21 million to County-Established funds in FY 2025/26, or 3.2 per cent of the County's overall budget. Further, the County allocated Kshs.20 million to the Emergency Fund (0.2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.552 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.552: Performance of Samburu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Conservancies Fund – Department of Tourism, Trade, Enterprise Development and Cooperatives	2017	134,000,000	67,000,000	67,000,000	67,000,000	Yes
2	Executive Car Loan and Mortgage	2017	3,000,000	-	-	-	No
3	Bursaries and Support Services - Department of Education and Vocational Training	2017	100,000,000	-	-	-	No
4	PLWD Fund	2017	5,000,000	-	-	-	No
5	Emergency Fund – Department of Finance	2017	20,000,000	-	-	-	No
		County Assembly Established Funds					
1	Assembly Car Loan and Mortgage	2017	2,212,000	-	-		No
	Total		264,212,000	67,000,000	67,000,000	67,000,000	

Source: *Samburu County Treasury*

During the reporting period, the CoB received quarterly financial reports from one Fund Administrator, as indicated in Table 3.552, contrary to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the Conservancies 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the lifespan of all funds was within the required 10-year period.

3.37.13 County Corporations

During the period under review, the County of Samburu did not have an established county corporation.

3.37.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.234.81 million and comprised Kshs.46.22 million spent by the County Assembly and Kshs.188.59 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.34 million and comprised Kshs.4.40 million by the County Assembly and Kshs.6.94 million by the County Executive. Expenditure on foreign travel is summarised in Table 3:553.

Table 3.553: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
EXECUTIVE	1	22ND SEP TO 27TH SEPT 2025	LEADERSHIP AND CHANGE MANAGEMENT PROGRAMME IN DUBAI	DUBAI-UAE	753,770		753,770
EXECUTIVE	4	4th to 6th November,2025	THE WORLD TRAVEL MARKET (WTM) LONDON 2025	UNITED KINGDOM	3,466,553		3,466,553
EXECUTIVE	4	17th TO 28TH NOVEMBER,2025	THE WOMEN LEADER'S GUIDE TO HIGH IMPACT PUBLIC POLICY AND SUSTAINABLE DEVELOPMENT CONFERENCE TRAINING IN ISTANBUL, TURKEY	TURKEY	4,934,624		4,934,624
EXECUTIVE	2	15TH TO 23RD NOV 2025	UNFCCC CONFERENCE OF THE PARTIES (COP30) 2025 TAKING PLACE IN BELEM, BRAZIL	BRAZIL	1,795,938		1,795,938
EXECUTIVE	3	1ST TO 5TH DECEMBER,2025	ICPAK 31st EXECUTIVE SEMINAR	TURKEY	3,460,365		3,460,365
EXECUTIVE	2	30TH NOV TO 14th DEC 2025	THE WOMAN LEADER'S GUIDE TO HIGH-IMPACT PUBLIC POLICY AND SUSTAINABLE DEVELOPMENT CONFERENCE	TURKEY	3,214,176		3,214,176
County Assembly	4	15/07/2025	CASA GAMES FOR EAST AFRICA	KAMPALA, UGANDA	1,380,371		1,380,371
County Assembly	1	15/10/2015	SOCCAT, SPEAKERS FORUM	SPAIN AND ITALY	1,769,620		1,769,620
County Assembly	1	22/10/2025	ICT STRATEGY SUMMIT	DUBAI	798,055		798,055
County Assembly	1	01/11/2025		BOSTWANA,	450,199		450,199
Total							

Source: Samburu County Treasury and Samburu County Assembly

3.37.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.14.60 million as FIF, which was 74 per cent of the annual target of Kshs.19.64 million. The collected amount was remitted to the CRF and later requested for utilisation. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.20.09 million, as shown in Table 3.554.

Table 3.554: Samburu County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	1	41871741	20,092,563	47.99
2.	Level 4 Hospital	4	9111920.05	8,861,386.35	97.25
3.	Level 3 Facility	26	5,505,000	5,405,000	98.18
4.	Level 2 Facility	70	9,296,148	9,196,300	98.93
	Total	1	41871741	20,092,563	47.99

Source: *Samburu County Treasury*

During the period under review, the County collected Kshs 14.60 in addition to Kshs 28.95 million received from SHIF. This exceeded the period's expenditures due to increased uptake of the SHA and the onboarding of the majority of health facilities as a revenue source.

3.37.16 Development Expenditure

In the review period, the County reported spending Kshs.212.17 million on development programmes, representing a decrease of 10 per cent compared to FY 2024/25, when the County spent Kshs.234.69 million. Table 3:555 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to the government's introduction and slow implementation of the new procurement system.

Table 3.555: Samburu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	TOURISM	CONSERVANCIES FUND	SAMBURU COUNTY	1st July,2025	30th June,2025	91,000,000	91,000,000	67,000,000	67,000,000	74
2	URBAN PLANNING AND DEVELOPMENT	MARALAL MUNICIPALITY KUSP UDG	MARALAL MUNICIPALITY	1st July,2025	30th June,2025	30,000,000	30,000,000	30,000,000	30,000,000	100
3	COUNTY ASSEMBLY	Purchase of Office Furniture and General Equipment	MARALAL	1st July,2025	30th June,2025	17,327700	11,723,375		11,723,375	68
3	COUNTY ASSEMBLY	Other Infrastructure and Civil Works	MARALAL	1st July,2025	30th June,2025	20,000,000	1,500,001		1,500,001	8
Donor Funded Projects										
1	LIVESTOCK	SAMBURU KENYA LIVESTOCK COMMERCIALIZATION	SAMBURU COUNTY	1st July,2025	30th June,2025	70,250,000	70,250,000		41,094,917	58
2	ROADS AND PUBLIC WORKS	SAMBURU COUNTY ROADS MAINTENANCE LEVY	SAMBURU COUNTY	1st July,2025	30th June,2025	60,855,995	60,855,995		27,146,375	100

Source: *Samburu County Treasury*

The County reported 2 stalled development projects as of 31st December 2025, with an estimated value of Kshs.204.54 million, of which Kshs.168.23 has already been paid. The stalled projects are shown in Table 3.556.

Table 3.556: Samburu County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.		Proposed construction of inpatient Block at Samburu County Teaching and Referral Hospital	Maralal	116,951,010	107,790,785	116,951,010	107,790,785	9,160,225	9,160,225	92
2.		Construction of the Governor's official residence	Maralal	87,586,528	60,440,153	87,586,528	60,440,153	27,146,375	27,146,375	69

Source: Samburu County Treasury

3.37.17 Budget Performance by Department

Table 3.557 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.557: Samburu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	499.43	2	323.12	-	323.12	-	499.43	2	64.7	-
Finance, Economic Planning & ICT	1,006.57	38.98	306.22	-	306.22	-	1,006.57	38.98	30.4	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	213.02	743.35	80.13	41.09	80.13	41.09	213.02	743.35	37.6	5.5
Water, Environment, Natural Resources & Energy	180.52	583.33	76.74	-	76.74	-	180.52	583.33	42.5	-
Education and Vocational Training	573.23	144.93	182.91	-	182.91	-	573.23	144.93	31.9	-
Medical Services, Public Health & Sanitation	1,551.62	102.60	651.99	-	651.99	-	1,551.62	102.60	42.0	-
Lands, Housing, Physical Planning & Urban Development	211.73	137	43.50	30	43.50	30	211.73	137	20.5	21.9
Roads, Transport & Public Works	97.22	302.52	30.98	60.86	30.98	60.86	97.22	302.52	31.9	20.1
Tourism, Trade, Enterprise Development & Cooperatives	252.45	198.20	83	67	83	67	252.45	198.20	32.9	33.8
Culture, Social Services, Gender, Sports & Youth Affairs	248.37	392.20	121.56	-	121.56	-	248.37	392.20	48.9	-
County Assembly	569.62	60.48	196.91	13.22	196.91	13.22	276.57	60.48	34.6	21.9
	5,403.78	2,705.59	2,097.05	212.17	2,097.05	212.17	5,110.74	2,705.59		

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 33.8 per cent, followed by the Department of Lands, Housing, Physical Planning & Urban Development and the county assembly at 21.9 per cent. The Department of County Executive had the highest recurrent expenditure-to-budget ratio at 64.7 per cent, while the Department of Finance, Economic Planning & ICT had the lowest at 30.4 per cent.

3.37.18 Budget Execution by Programmes and Sub-Programmes

Table 3.558 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.558: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEPARTMENT - Tourism, Trade, Enterprise Development & Cooperatives				
Market development and promotion of fair trade services	Tourism Training & Capacity Building	176,315,000	67,000,000	38
DEPARTMENT - Lands, Housing, Physical Planning & Urban Development				
Urban centre management	Urban centre management	135,000,000	30,000,000	22
DEPARTMENT - Roads, Transport & Public Works				
Street lights management	Rehabilitation of Roads, Drainage and Bridges	297,519,245	60,855,995	20
DEPARTMENT - Agriculture, Livestock Development, Veterinary Services & Fisheries				
Promotion of Value Addition of Livestock and Livestock Products	Promotion of Value Addition of Livestock and Livestock Products	301,150,000	41,094,477	14
DEPARTMENT - Agriculture, Livestock Development, Veterinary Services & Fisheries				
Crop Production and Food Security	Agricultural Extension Research and Training	434,500,000	5,000,000	1
RECURRENT				
DEPARTMENT - County Executive				
Administration of Human Resources in County Public Service	Administration of Human Resources in County Public Service	67,679,882	55,037,083.45	81
DEPARTMENT - County Assembly				
Assembly Services	County Assembly Administration	126,818,993.50	30,482,510	79
DEPARTMENT - County Executive				
County Executive Services	Coordination, Supervision and Human Resource Services	55,454,601	42,969,665.80	77
DEPARTMENT - County Assembly				
General Administration Planning and Support Services (Sports)	General Administration Planning and Support Services (Sports)	107,190,208	82,198,969.15	77
DEPARTMENT - County Assembly				
Assembly Services	Representation	95,891,515.50	72,727,599.25	76

***Source**: Samburu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Tourism Training & capacity Building in the Department of Tourism, Trade, Enterprise Development & Cooperatives at 38 per cent, Urban centre management in the Department of Lands, Housing, Physical Planning & Urban Development at 22 per cent, and Rehabilitation of Roads, Drainage and Bridges in the department of Roads, Transport & Public Works at 20 per cent.

For recurrent sub-programmes, the top performers included: Administration of Human Resources in County Public Service in the County Executive at 81 per cent, County Assembly Administration in the County Assembly at 79 per cent, and Coordination, Supervision and Human Resource Services, General Administration Planning and Support Services (Sports), Representation in

the department in the County Executives and county assembly at 77 per cent.

Table 3.559 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.559: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
DEPARTMENT: County Executive				
Administration of Human Resources in County Public Service	Administration of Human Resources in County Public Service	2,000,000	-	-
DEPARTMENT: Agriculture, Livestock Development, Veterinary Services & Fisheries				
Development of capture fisheries resources	Development of capture fisheries resources	3,671,732.35	-	-
DEPARTMENT: Education and Vocational Training				
Promotion of Early Childhood Education	Promotion of Early Childhood Education	129,102,123	-	-
DEPARTMENT: Medical Services, Public Health & Sanitation				
Health Standards and Quality Assurance Services	Health Policy, Planning & Financing	102,600,000	-	-
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
Community Mobilisation and Development	Community Mobilisation and Development	15,000,000	-	-
RECURRENT				
DEPARTMENT: Water, Environment, Natural Resources & Energy				
	Forests Conservation and Management	3,022,799	-	-
DEPARTMENT: Water, Environment, Natural Resources & Energy				
	Water Catchment and Protection Services	1,998,885	-	-
DEPARTMENT: Lands, Housing, Physical Planning & Urban Development				
	Firefighting services	2,770,077	-	-
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
	Development and management of sports facilities	6,070,000	120,400	2
DEPARTMENT: Culture, Social Services, Gender, Sports & Youth Affairs				
	Social Welfare and Gender	14,300,000	250,000	2

Source: *Samburu County Treasury*

During the period under review, the majority of development sub-programmes were not implemented; hence, no expenditure was incurred.

The recurrent sub-programmes, that did not incur expenditure included: Forests Conservation and Management, Water Catchment and Protection Services in the department of Water, Environment, Natural Resources & Energy, Firefighting services in the department in the department of Lands, Housing, Physical Planning & Urban Development at whereas Development and management for sports facilities and Social Welfare and Gender in the department of Culture, Social Services, Gender, Sports & Youth Affairs attained an absorption of 2 per cent.

These lower performances can be attributed to slow uptake of the new government system as well as delays in uploading procurement plans.

3.37.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 125 accounts in commercial banks, including 101 accounts for Health Facilities, 1 account for Vocational Training Centres, 5 accounts for Established Funds, 2 revenue accounts, 10 special-purpose accounts (additional allocations), and 7 payment and ad hoc accounts for special projects.

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 126 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.37.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Samburu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 25th January 2026
ii. Low development performance in the review period as the County incurred Kshs.212.17 million on development activities, achieving an 8 per cent absorption rate.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Assembly Car Loan and Mortgage, Executive Car Loan and Mortgage, Bursaries and Support Services, People Living With Disability Fund, Emergency Fund, and Executive Car Loan and Mortgage Fund were not submitted to the CoB by 15 January 2026.
iv. High level of trade payables, which amounted to Kshs.312.28 million as of 31st December 2025. Furthermore, the County Treasury did not fully adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.12.49 million for 68 staff not onboarded to HRIS were processed through manual payroll, accounting for 1 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.110.46 million under "*other operating expenses,*" accounting for 14 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes, distorting the cost structure, reducing financial transparency, and weakening accountability in public fund management.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.38. County Government of Siaya

3.38.1 Overview of FY 2025/26 Budget

The Siaya County Approved Budget for FY 2025/26 is Kshs.12.79 billion. It comprises Kshs.5.82 billion (45 per cent) and Kshs.6.97 billion (55 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.85 billion (17 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.87 billion and a recurrent budget of Kshs.6.07 billion. The increase in the budget was primarily attributed to the rise in equitable share and own source revenue.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7.75 billion (60 per cent), additional allocations of Kshs.962 million (8 per cent), a cash balance of Kshs.961 million (8 per cent) brought forward from FY 2024/25, and Kshs.3.11 billion (24 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.560.

3.38.2 Revenue Performance

During the first half of FY 2025/26, the County generated Kshs.4.48 billion in revenue. This amount represented a decrease of 20 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.5.62 billion. The total revenue consisted of Kshs.3.21 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.302 million. Additionally, the County had a cash balance of Kshs.961 million as of FY 2024/25. The total OSR collection of Kshs.302 million included Facilities Improvement Financing (FIF) of Kshs.220 million, and Kshs.82 million from other OSR sources. Table 3.560 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.560: Siaya County, Revenue Performance in First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	961,813,235	961,813,235		961,813,235	-
2	County Executive Refunds to CRF				-	-
3	County Assembly Refunds to CRF				-	-
	Sub-Total	**961,813,235**	**961,813,235**	-	**961,813,235**	-
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,754,478,885	3,218,108,737	620,358,311	3,838,467,048	3,916,011,837
	Sub-Total	**7,754,478,885**	**3,218,108,737**	**620,358,311**	**3,838,467,048**	**3,916,011,837**
C	**Transfers from the Equalisation Fund**					
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Arrears to health care workers	22,723,820	-	-	-	22,723,820
2	Community Health promoters (CHP)	63,810,000	-	-	-	63,810,000
3	DANIDA	8,721,000	-	-	-	8,721,000
4	KDSP II-Recurrent	37,500,000	-	-	-	37,500,000
5	KDSP II-Development	352,500,000	-	-	-	352,500,000
6	Aquaculture Business Development Project (ABDP)	12,969,602	-	-	-	12,969,602
7	National Agricultural Value Chain Development Programme (NAVCDP)	231,250,000	-	-	-	231,250,000
8	Kenya Livestock Commercialisation Project (KELCOP)	60,550,000	-	-	-	60,550,000

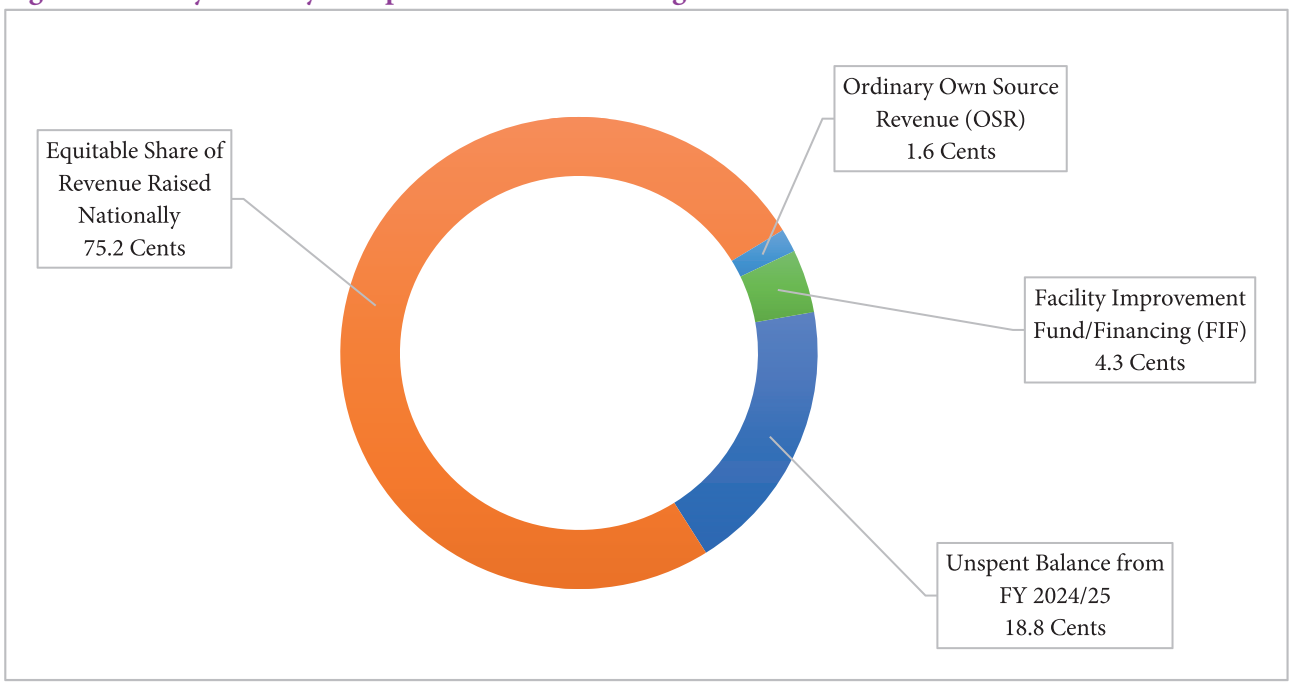
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
9	Financing Locally Led Climate Action (FLLoCA)	11,000,000	-	-	-	11,000,000
10	Royalties	259,152	-	-	-	259,152
11	Roads Maintenance Levy Fund (RMLF)	160,843,161	-	-	-	160,843,161
	Sub-Total	**962,126,735**	-	-	-	**962,126,735**
E	**Ordinary Own Source Revenue (OSR)**					
1	SINGLE BUSINESS PERMITS	498,490,765	17,695,962		17,695,962	480,794,803
2	MARKET FEES	345,678,098	19,621,897.55		19,621,898	326,056,200
3	BODA Bod DA	47,869,098	-		-	47,869,098
4	WEIGHTS & MEASURES	23,908,765	360,780		360,780	23,547,985
5	TRADE INCOME (AUDIT FEE)	12,768,543	-		-	12,768,543
6	ADVERTISEMENT CHARGES	11,550,000	1,504,204.15		1,504,204	10,045,796
7	LIQUOR LICENSING	23,100,000	821,004		821,004	22,278,996
8	BUS PARK	87,654,321	9,506,961		9,506,961	78,147,360
9	PLAN APPROVAL (Engineers)	24,768,098	2,206,339		2,206,339	22,561,759
10	GRADER	10,626,000	-		-	10,626,000
11	FIRE INSPECTION	2,310,000	-		-	2,310,000
12	PARKING	45,786,908	6,281,367		6,281,367	39,505,541
13	COUNTY HALL HIRE	161,700	-		-	161,700
14	FISH CESS	23,657,098	3,555,066		3,555,066	20,102,032
15	SLAUGHTER FEES	12,879,076	185,290		185,290	12,693,786
16	CILOR	23,100,000	-		-	23,100,000
17	SUGAR CESS	41,897,098	1,348,397		1,348,397	40,548,701
18	AGRICULTURE INCOME (Fisherman Licence)	6,214,236	327,850		327,850	5,886,386
19	VETERINARY SERVICES	5,076,497	2,069,300		2,069,300	3,007,197
20	CATTLE AUCTION	5,775,000	1,270,750		1,270,750	4,504,250
21	TRACTOR HIRE SERVICES (T.H.S) Private Tractors	137,087,500	56,000		56,000	137,031,500
22	SALES OF SEEDS	-	-		-	-
23	SALES OF FERTILIZER	-	-		-	-
24	PLAN APPROVAL (Physical Planning)	37,178,098	3,359,270		3,359,270	33,818,828
25	TRANSFER FEE	3,003,000	1,199,774		1,199,774	1,803,226
26	PLOT RATES	95,321,908	1,047,212		1,047,212	94,274,696
27	PLOT RENT	94,321,890	2,100,505		2,100,505	92,221,385
28	GROUND RENT	4,532,897	116,100		116,100	4,416,797
29	HOUSE RENT	5,313,000	37,257		37,257	5,275,743
30	KIOSK/STALL RENT	387,615,432	3,896,462		3,896,462	383,718,970
31	BURIAL FEE & SYNAGE	115,500	-		-	115,500
32	CLEARANCE CERTIFICATE	1,732,500	214,000		214,000	1,518,500

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
33	SITE FEE	1,504,965	-		-	1,504,965
34	SURVEY FEE	1,732,500	305,700		305,700	1,426,800
35	PRIVATE ESTATE FEE	150,150	-		-	150,150
36	NEMA (Noise Permit)	3,650,849	50,600		50,600	3,600,249
37	SAND CESS/QUARRY	7,004,005	10,000		10,000	6,994,005
38	MISC.	-	1,617,764.75		1,617,765	- 1,617,765
39	SCHOOL FEE	389,813	-		-	389,813
40	IMPOUNDING FEE	2,310,000	8,000		8,000	2,302,000
41	PUBLIC HEALTH	-	1,389,106		1,389,106	- 1,389,106
	Sub-Total	**2,036,235,308**	**82,162,918**	-	**82,162,918**	**1,954,072,390**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	1,078,685,515	158,976,949.20		158,976,949	919,708,566
2	Defunct NHIF	-			-	-
3	Hospital Revenue		61,642,780.38		61,642,780	- 61,642,780
	Sub-Total	**1,078,685,515**	**220,619,730**	-	**220,619,730**	**858,065,785**
G	**Appropriations in Aid**					
1					-	-
2					-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1					-	-
2					-	-
	Sub-Total	-	-	-	-	-
	Total	**12,793,339,678**	**4,482,704,620**	**620,358,311**	**5,103,062,931**	**7,690,276,747**

Source: *Siaya County Treasury*

The County has a governing legislation on the operation of ordinary A-I-A and FIF. Figure 223 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

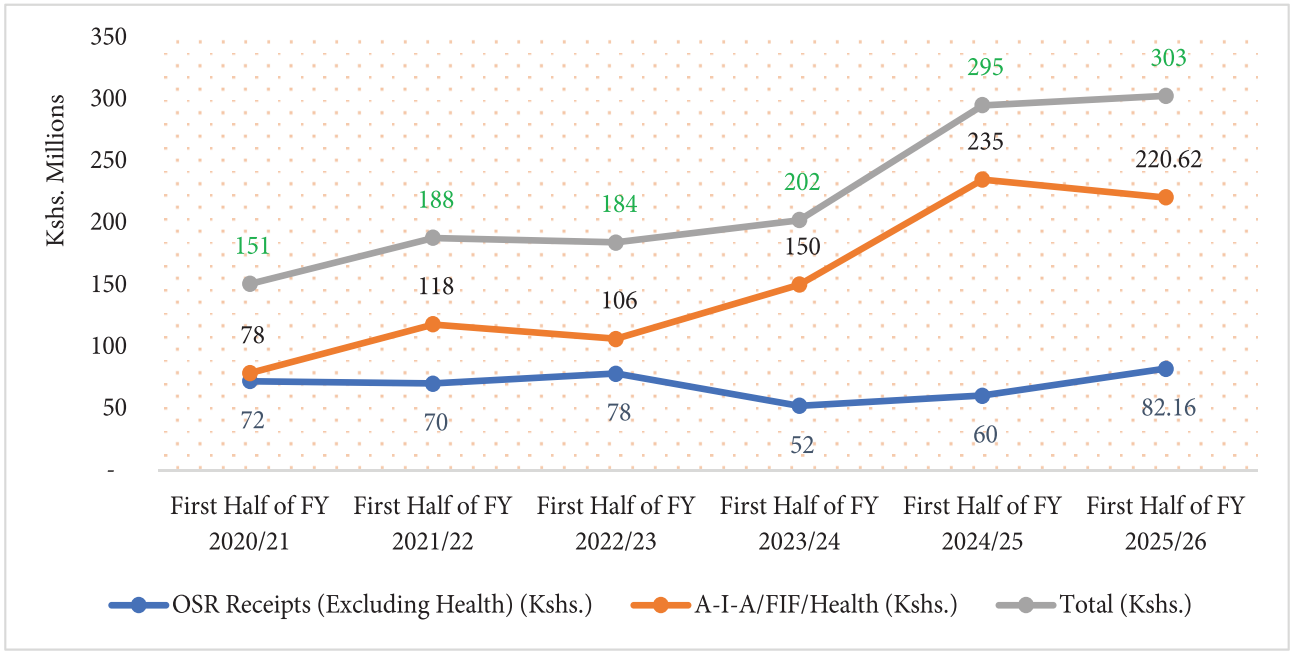
Figure 223: Siaya County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Siaya County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 75 per cent, 1.6 per cent and 4.3 per cent, respectively, of the total receipts for the reporting period. Figure 224 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 224: Siaya County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



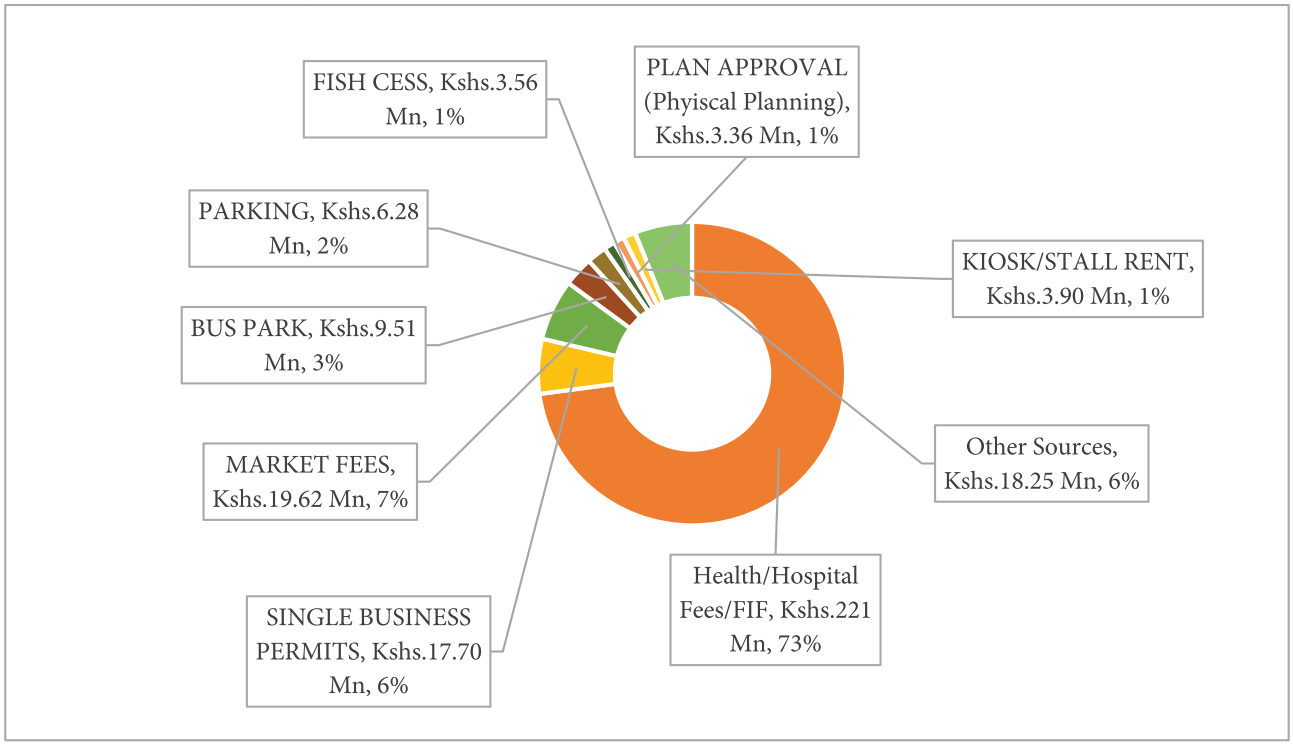
Source: *Siaya County Treasury*

During the first half of FY 2025/26, the County received Kshs.302 million from OSR, including FIF. This amount was an increase of 2 per cent compared to Kshs.295 million realised in a similar period in FY 2024/25, and was 9.7 per cent of the annual target and 9.4 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the migration from manual to automated revenue collection and to enhanced revenue collection administration through inspections.

The revenue streams that contributed the most to OSR receipts are shown in Figure 225

Figure 225: Siaya County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Siaya County Treasury

As shown in Figure 225, the highest revenue stream, at Kshs.221 million, was from Health/FIF/Hospital Fees, accounting for 73 per cent of the total OSR receipts. The County Government indicated that it has automated 12 of 25 revenue streams.

3.38.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.189 million, which increased to Kshs.953 million as of 31st December 2025. Table 3.561 presents a breakdown of the County's revenue arrears.

Table 3.561: Siaya County Revenue Arrears as of 31 December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December				620,358,311	620,358,311
	Sub-Total				**620,358,311**	**620,358,311**
D	**Ordinary Own Sources of Revenue**					
1	**Single Business Permit**	57,952,905		15,290,589		42,662,316
2	**Liquor**	2,444,200		-	788,869	3,233,069
	Sub-Total	**60,397,105**		**15,290,589**	**788,869**	**45,895,385**
E	**Facility Improvement Fund (FIF)**					
1	SHIF	128,863,123			158,613,533.87	287,476,657
	Sub-Total	**128,863,123**			**158,613,534**	**287,476,657**
Total		**189,260,228**	-	**15,290,589**	**779,760,714**	**953,730,353**

Source: Siaya *County Treasury*

As of 31 December 2025, the revenue arrears totalled Kshs.953 million, comprising Kshs.287 million for FIF (30 per cent), Kshs.45 million for OSR (5 per cent), and Kshs.620 million for the equitable share of revenue raised nationally (65 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include inspection and penalties for default.

3.38.4 Borrowing by the County

The County did not borrow during the reporting period, as reported by the county treasury.

3.38.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.7 billion from the Siaya County Revenue Fund (CRF) account. This amount consisted of Kshs.351 million (13 per cent) designated for development programs and Kshs.2.4 billion (87 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.89 billion was allocated to employee compensation and Kshs.536 million to operations and maintenance expenditures. Within the operations and maintenance category, 12 per cent was for domestic travel and 0 per cent for foreign travel. The domestic travel expenses totalled Kshs.67 million, including Kshs.13 million for the County Executive and Kshs.54 million for the County Assembly.

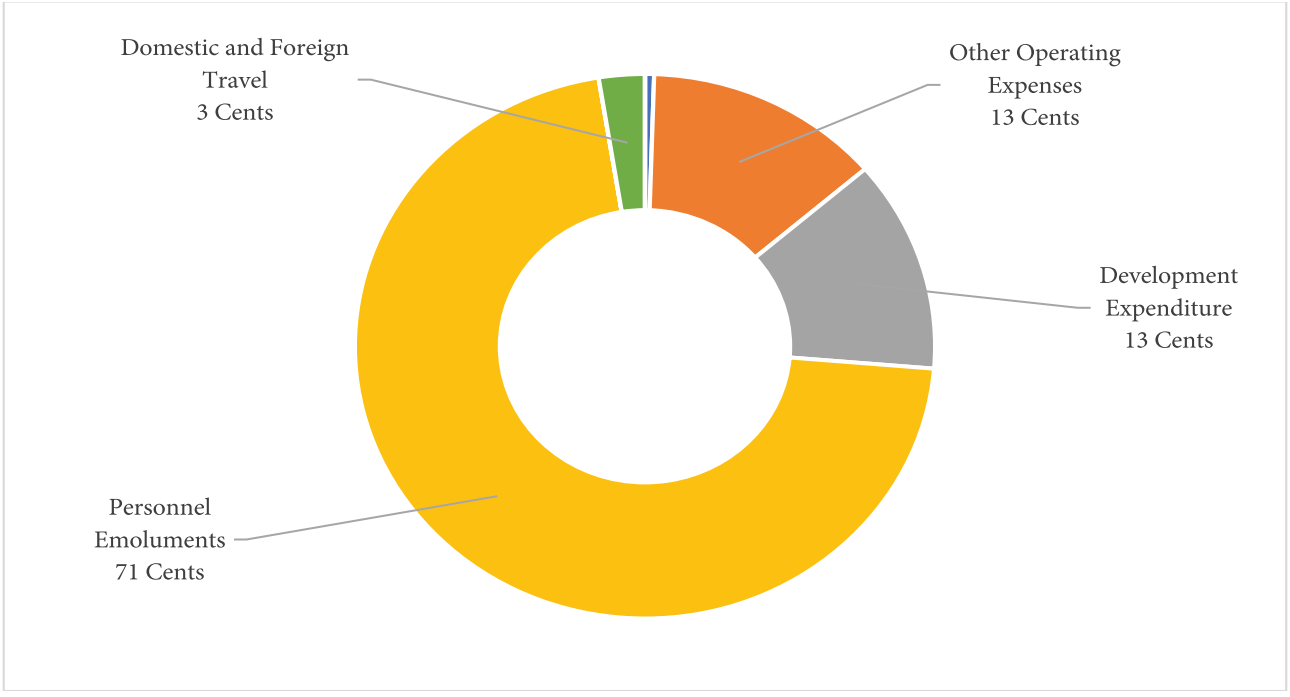
As of December 31, 2025, the County Government's cash balance in the Siaya CRF account was Kshs.651 million.

3.38.6 Expenditure Review

The County spent Kshs.2.5 billion on development and recurrent programmes during the reporting period. The expenditure represented 92 per cent of the total funds released by the CoB. It comprised Kshs.320 million for development programmes and Kshs.2.2 billion for recurrent programmes. Expenditure on development programmes accounted for 6 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 32 per cent of the annual recurrent expenditure budget.

Figure 226 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 226: Siaya County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Siaya *County Treasury*

As shown in Figure 226, the three highest expenditure categories were personnel emoluments, development expenditure, and domestic and foreign travel, which contributed 81, 14, and 3 per cent of total expenditure for the reporting period.

3.38.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.9 billion. This amount included Kshs.1.88 billion from the County Executive and Kshs.72 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.Kshs.1.05 billion for recurrent expenditures and Kshs.832 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.310 million, comprising Kshs.252 million (81 per cent) for recurrent programmes and Kshs.58 million (19 per cent) for development programmes. On the other

hand, the County Assembly settled trade payables amounting to Kshs.16 million for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.57 billion for the County Executive and Kshs.56 million for the County Assembly. Table 3.562 provides additional details of trade payables.

Table 3.562: Siaya County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	832,926,758	1,057,040407	1,889,967,165
		County Assembly	-	72,851,538	72,851,538
		Total	832,926,758	1,129,891,945	1,962,818,703
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	64,565,440.85	261,804,203.43	326,369,644.28
		County Assembly	-	16,398,564	16,398,564
		Total	64,565,440.85	278,202,767.43	342,468,208.28
Amount paid in the First Half of FY 2025/26	c	County Executive	58,028,509	252,249,443.29	310,277,952
		County Assembly	-	16,398,564	16,398,564
		Total	58,028,509	268,648,007	326,676,516
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**774,898,249**	**804,790,964**	**1,579,689,213**
		County Assembly	**-**	**56,452,974**	**56,452,974**
		Total	**774,898,249**	**861,243,938**	**1,636,142,187**

Source: *Siaya County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.268 million and Kshs.58 million on recurrent and development expenditure, respectively, in FY 2025/26. The County adhered to this payment plan, as it cleared Kshs.310 million to the Executive and Kshs.16 million to the Assembly.

Table 3.563 and Table 3.564 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.63 billion.

Table 3.563: Siaya County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**717,796,806.17**	**29,325,533.88**	**8,467,944.58**	**19,307,964.51**	**774,898,249.14**
Recurrent Trade Payables (Goods & Services)	441,659,332.71	77,662,640.01	24,957,715.16	13,407,276	**557,686,964**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	243,133,833.94	-	-	-	**243,133,834**
Recurrent Trade Payables (Staff Claims)	3,970,166	-	-	-	**3,970,166**
Total Recurrent Trade Payables	688,763,333	77,662,640	24,957,715	13,407,276	**804,790,964**
Total Trade Payables	**1,406,560,139**	**106,988,174**	**33,425,660**	**32,715,241**	**1,579,689,213**
% of Total	**89.04%**	**6.77%**	**2.12%**	**2.07%**	**100%**

Source: *Siaya County Treasury*

Table 3.564: Siaya County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	17,167,247	39,285,727	-	-	**56,452,974**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	17,167,247	39,285,727	-	-	**56,452,974**

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Total Trade Payables	**17,167,247**	**39,285,727**	-	-	**56,452,974**
% of Total	**30**	**70**	-	-	**100**

Source: *Siaya County Treasury*

3.38.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.65 billion on compensation of employees, Kshs.250 million on operations and maintenance, and Kshs.320 million on development activities. Similarly, the County Assembly spent Kshs.163.38 million on compensation of employees and Kshs.163.68 million on operations and maintenance as shown in Table 3.565

Table 3.565: Siaya County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,194,657,987**	**779,893,500**	**1,898,432,430**	**327,063,139**	-	-	**1,898,432,429.61**	**327,063,138.56**	**30.65**	**41.94**
Compensation of Employees	3,253,191,529	348,925,645	1,647,766,074.99	163,379,449	-	-	1,647,766,074.99	163,379,448.60	**50.65**	**46.82**
Operations and Maintenance	2,941,466,458	430,967,855	250,666,354.62	163,683,690	-	-	250,666,354.62	163,683,689.96	**8.52**	**37.98**
Development Expenditure	**5,237,450,643**	**581,337,548**	**320,849,277.28**	-	-	-	320,849,277.28	-	**6.13**	-
Total	**11,432,108,630**	**1,361,231,048**	**2,219,281,707**	**327,063,139**	-	-	**2,219,281,707**	**327,063,139**	**19.41**	**24.03**

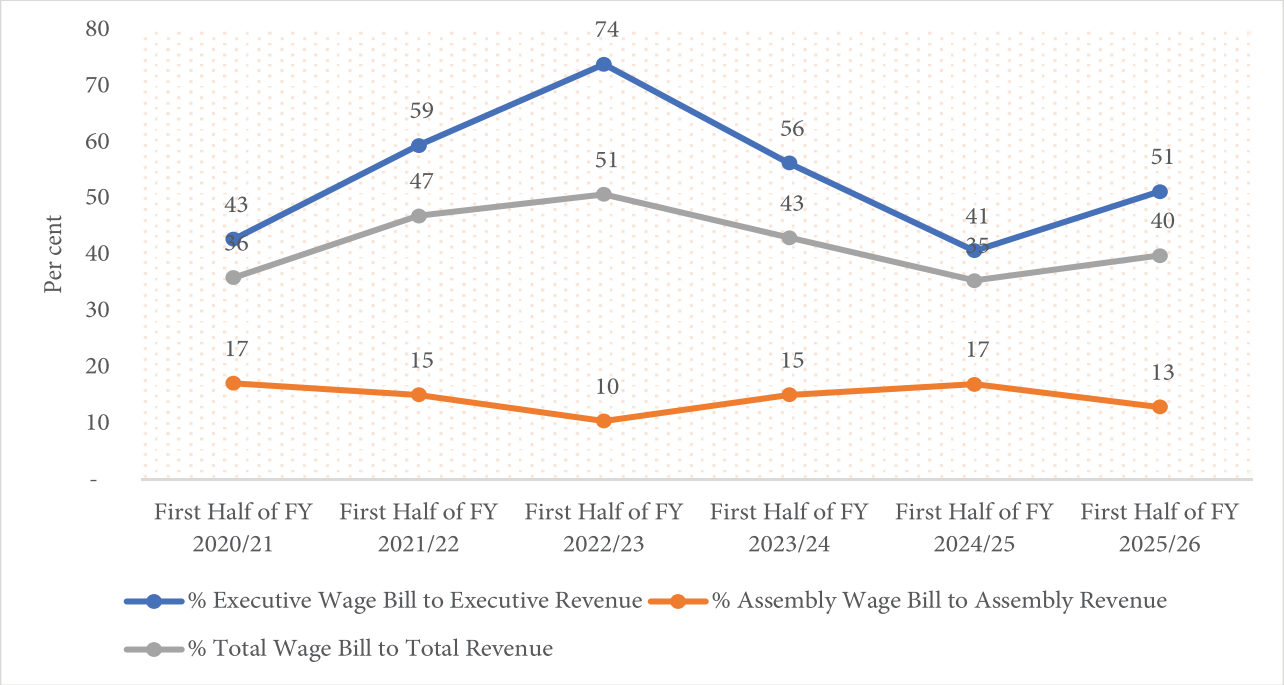
Source: *Siaya County Treasury*

3.38.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.8 billion. The compensation-to-revenue ratio was 40 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.6 billion reported in a similar period in FY 2024/25.

Figure 227 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 227: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Siaya County Treasury

Further analysis indicated that PE costs totalling Kshs.1.56 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.260 million was processed through manual payroll, which accounted for 14 per cent of the total PE cost.

The manual payroll comprised salaries for 1021 staff not onboarded into the Human Resource Information System (HRIS), salaries for 8990 casual staff, top-up allowances for 11 security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.566.

Table 3.566: Breakdown of Siaya County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	118,146,355
2	Salaries for casual staff	106,496,174
3	Top-up Allowances for Security Officers	2,079,000
4	LAPTRUST/LAPFUND Pension Contributions	9,857,967
5	Gratuity for contract staff	23,885,052
	Total	**260,464,529**

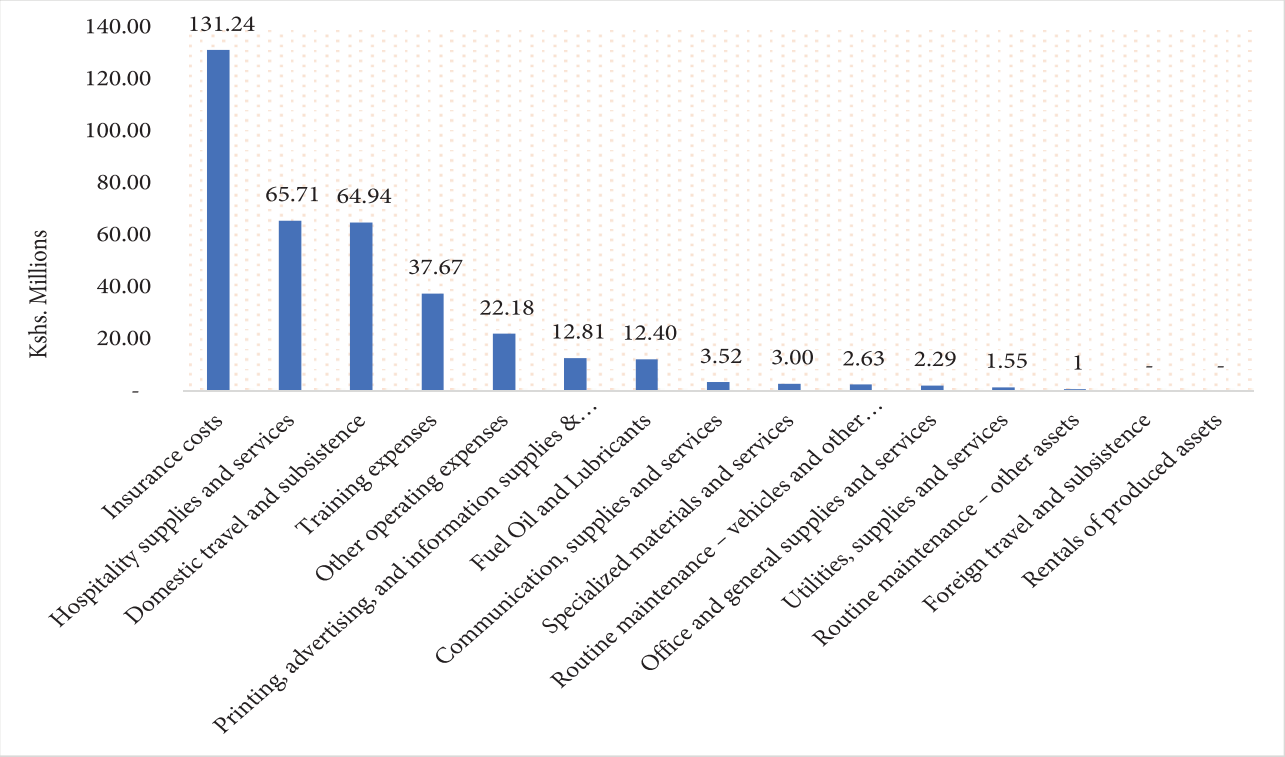
Source: Siaya County Treasury

The County Assembly spent Kshs.12.85 million on committee sitting allowances for the 45 MCAs. The average monthly sitting allowance was Kshs.47,601 per MCA. The County Assembly has 23 House Committees.

3.38.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.414.35 million on operations and maintenance, representing a decrease of 3 per cent compared to FY 2024/25, when the County spent Kshs.423 million. Figure 228 summarises the Operations and Maintenance expenditure by major categories.

Figure 228: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: *Siaya County Treasury*

3.38.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.22 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.414 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.567.

Table 3.567: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues	8,000,000	1,181,440
2210301	Travel Costs (Airline, Bus, Railway, Mileage Allowances, etc.)	250,000	250,000
2211305	Contracted Guards and Cleaning Services	36,200,000	14,109,938
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,513,440	731,700
2211308	Legal Dues/fees, Arbitration and Compensation Payments	3,000,000	-
2211310	Contracted Professional Services	6,700,000	-
2211322	Binding of Records	150,000	-
2211325	Constituency Office Expenses	8,845,200	4,422,600
2211399	Other Operating Expenses	3,080,000	1,484,884
Total		**67,738,640**	**22,180,562**

Source: *Siaya County Treasury*

3.38.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.221 million to County-Established funds in FY 2025/26, or 1.7 per cent of the County's overall budget. Further, the County allocated Kshs.180 million to the Emergency Fund (1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.568 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.568: Performance of Siaya County Established Funds in the First Half of FY 2025/26

S/ No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Siaya County Emergency Fund	2020	180,000,000	-	-	437,557,169	NO
2	Siaya County Bursary Fund	2013	-	-	-	732,100,000	YES
3	Financing Locally Led Climate Action (FLLoCA)	2022	11,000,000			272,555,660	NO
4	Cooperative Development Fund	2024	10,000,000	-	-	-	NO
		County Assembly Established Funds					
5	THE SIAYA COUNTY ASSEMBLY CAR LOAN AND MORTGAGE FUND	2015	20,000,000	-	1,004,509	454,711,237	YES
	Total		**221,000,000**		**1,004,509**	**1,896,924,066**	

Source: *Siaya County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from 4 Fund Administrators, as indicated in Table 3:570.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly.

3.38.13 County Corporations

The County has no County Corporations in FY 2025/26.

3.38.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.65 million and comprised Kshs.54 million spent by the County Assembly and Kshs.11 million by the County Executive. There was no expenditure on foreign travel.

3.38.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.220 million as FIF, which was 20 per cent of the annual target of Kshs.1.08 billion. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.219 million, as shown in Table 3.569.

Table 3.569: Siaya County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	16	411,094,921.33	194,040,529.03	47.20
3.	Level 3 Facility	55	78,247,836	13,213,400	16.89
4.	Level 2 Facility	104	50,000,000.18	12,537,880	25.08
	Total	**175**	**539,342,757.50**	**219,791,809.03**	**40.75**

Source: *Siaya County Treasury*

3.38.16 Development Expenditure

In the review period, the County reported spending Kshs.320 million on development programmes, representing a decrease of 27 per cent compared to FY 2024/25, when the County spent Kshs.442 million. Table 3.570 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in implementing the E-government Procurement System.

Table 3.570: Siaya County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Start Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	CHS	Completion of the casualty and maternity complex at Yala SCH	Executive	Dec-23	Feb-26	78,084,128	30,000,000	30,000,000	30,000,000	86
2	CHS	PURCHASE, COMMISIONING, DELIVERY, AND INSTALLATION OF A GENERATOR AT UKWALA HOSPITAL	Executive	Mei-25	Jun-25		5,000,000	5,000,000	5,000,000	100
3	Finance & Economic Planning	Complete Automation of Revenue	Executive			33,013,561	33,013,561	16,314,695.69	16,314,695.69	49.40
4	LPPH&UD	Preparation of Valuation Roll	Executive			43,000,000	6,178,324	6,095,280	6,095,280	75
5	WECC&NR	Revamping South Sakwa (Olago)	Executive	7.03.2025	7.09.2025	47,023,421	17,150,000	17,146,271.50	17,146,271.50	60
6	AFSL&F	Provision of improved kienyeji chicks to South Gem groups	South Gem			10,412,742.90	10,000,000	8,436,414.61	8,436,414.61	100
7	PWRE&T	Phase of upgrading to Bitumen standard- Sega market ring road	north Ugenya	1st January	30th June	98,097,505	48,380,499	45,355,577.40	45,355,577.40	100
8	PWRE&T	Opening, grading and gravelling of Sianga-Wambarra- Yao Kouma-Kongolo Road.	central sakwa	1st January	30th June	6,448,517.98	6,500,550	6,367,317.98	6,367,317.98	100
9	Tourism	Maintenance of the Nyangera sports ground access road and the Nyangera pitch levelling	Yimbo East	Feb-24	Jun-26	4,969,782.09	7,000,000	4,778,324.67	4,778,324.67	100
10	PWRE&T	Maintenance of Julius Waliera - Sirand Malwa - Uyundi road - 2.5km	West Ugenya	1st January	30th June	4,746,930.79	4,700,000	4,700,000	4,700,000	100
Donor Funded Projects										
1	CHS	construction of out-patient unit, Co-funding of Urenga Hospital-KDSP II	Executive			4,319,813.21	67,000,000	16,119,955.08	16,119,955.08	26

Source: *Siaya County Treasury*

The County reported 3 stalled development projects as of 31 December 2025, with an estimated value of Kshs.46 million, of which Kshs.3 million has already been paid. The stalled projects are shown in Table 3.571

Table 3.571: Siaya County Stalled Projects as of 31 December 2025

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Governance, Administration and ICT	Proposed Construction of Rarieda Sub-County Headquarters in Aram	Executive	16th April 2025	Nov 2025	39,900,000	N/A		42,383,851.99	N/A

No	Sector	Project Name	Project Location	Project Commencement Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
2	Governance, Administration and ICT	Purchase of Land for Construction of Rarieda Sub-County Office	Executive	May, 2025	25 May 2025	5,000,000	N/A		5,000,000	-
3	Enterprise	Completion of Nyamonye juakali	Yimbo East	31/12/2023	31/3/2024	1,878,186.20	3,720,000			40

Source: *Siaya County Treasury*

3.38.17 Budget Performance by Department

Table 3.572 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.572: Siaya 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	779,893,500	581,337,548	327,063,139	-	327,063,139	-	100.0	-	41.9	-
Governance and Administration	362,666,409	80,104,987	187,170,860	-	186,929,211.29	-	99.9	-	51.5	-
County Attorney	67,598,950	-	16,181,440	-	10,194,203.08	-	63.0	-	15.1	-
County Public Service Board	99,205,341	-	23,552,000	-	23,537,820.73	-	99.9	-	23.7	-
Finance and Economic Planning	1,406,290,672	69,986,746	416,836,400	16,500,000	311,233,141.64	16,314,695.69	74.7	98.9	22.1	23.3
Agriculture, Food, Livestock & Fisheries	295,896,118	578,061,666	96,753,561	13,893,232	96,288,977.29	13,393,233.18	99.5	96.4	32.5	2.3
Water, Irrigation, Environment & Natural Resources	93,892,016	465,734,178	21,673,658	56,495,203	20,223,255.17	55,945,945.85	93.3	99.0	21.5	12.0
Education, Youth Affairs, Gender & Social Services	386,984,686	620,639,015	153,393,467	59,454,422	152,482,753.69	56,249,801.45	99.4	94.6	39.4	9.1
County Health Services	2,591,453,650	775,361,836	889,734,682	67,495,350	889,636,059.86	66,971,705.67	100.0	99.2	34.3	8.6

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
Lands, Physical Planning, Urban Development and Housing	137,140,084	124,145,928	26,107,715	10,594,242	21,252,693.31	6,095,280	81.4	57.5	15.5	4.9
Siaya Municipality	98,992,169	143,006,153	16,193,000	-	15,410,007.71	-	95.2	-	15.6	-
Bondo Municipality	66,257,978	51,200,000	23,500,000	-	13,319,196.33	-	56.7	-	20.1	-
Ugunja Municipality	54,446,350	59,832,766	18,000,000	-	10,577,300.07	-	58.8	-	19.4	-
Roads, Public Works, Energy and Transport	121,345,934	1,706,886,199	64,318,549	99,815,086	25,424,738.59	79,402,668.97	39.5	79.5	21.0	4.7
Enterprise and Industrial Development	265,587,030	395,306,483	111,774,506	13,261,157	94,238,086.39	13,261,157	84.3	100.0	35.5	3.4
Tourism, Culture, Sports and Arts	146,900,600	167,184,686	35,359,050	13,637,466	27,684,984.45	13,214,789.47	78.3	96.9	18.8	7.9
Total	**6,974,551,487**	**5,818,788,191**	**2,427,612,027**	**351,146,158**	**2,225,495,568**	**320,849,277**	**92**	**91**	**32**	**6**

***Source**: Siaya 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 23 per cent, followed by the Department of Water, Irrigation, Environment & Natural Resources at 12 per cent. The Department of Governance and Administration had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of County Attorney had the lowest at 15 per cent.

3.38.18 Budget Execution by Programmes and Sub-Programmes

Table 3.573 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates

Table 3.573: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Finance and Economic Planning				
703025010	Administration Planning, Revenue & Accounting	34,993,373	16,314,695.70	46.62
Agriculture, Food, Livestock and Fisheries				
101015010	Administration	42,826,151	19,291,675.65	45.05
Water, Irrigation, Environment and Natural Resources				
901035010	Forestry	65,569,630.50	32,112,107.95	48.97
Lands, Physical Planning, Urban Development and Housing				
102035010	Land Survey & Mapping	62,072,964	30,015,840	48.36
Tourism, Culture, Sports and Arts				
302025010	Tourism	24,251,242	28,481,561.65	117.44

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Governance and Administration				
702055010	Firefighting and disaster management	5,191,691	4,873,940	93.88
Agriculture, Food, Livestock and Fisheries				
101045010	Crop Management	59,246,007.50	51,038,091	86.15
Water, Irrigation, Environment and Natural Resources				
901015010	Administration	26,088,192	21,535,000	82.55
Education, Youth Affairs, Gender and Social Services				
501015010	Administration Services	186,389,358.50	174,297,384	93.51
County Health Services				
401015010	General Administration and Planning Services	1,067,381,998	1,005,939,371	94.24

Source: Siaya County Treasury

The development sub-programmes with the highest budget implementation rates were: Tourism in the Department of Tourism, Culture, Sports and Arts at 117 per cent, Forestry in the Department of Water, Irrigation, Environment and Natural Resources at 48.9 per cent, and Land Survey & Mapping at 48.3 per cent.

For recurrent sub-programmes, the top performers included: General administration and Planning Services in the Department of County Health Services at 94 per cent, Fire fighting and disaster management in the Department of Governance and Administration at 93.8 per cent, and Administration Services in the Department of Education, Youth Affairs, Gender and Social Services at 93.5 per cent.

Table 3.574 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.574: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
County Assembly of Siaya				
701045010	DEVELOPMENT	581,337,548	-	-
Agriculture, Food, Livestock and Fisheries				
101035010	Veterinary Services	8,706,602	-	-
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics? Youth Training	18,085,525	-	-
501015010	Administration Services	1,750,000	-	-
Ugunja Municipality				
102065010	General Administration, Planning and Support Services	29,916,383	-	-
RECURRENT				
Office of The County Attorney				
702015010	General Administration, Planning and Support Services	33,799,475	2,519,100	7.45
Education, Youth Affairs, Gender and Social Services				
501035010	Youth Polytechnics? Youth Training	11,143,134.50	719,200	6.45
Bondo Municipality				
102065010	General Administration, Planning and Support Services	34,628,989	1,619,125	4.68

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Enterprise and Industrial Development				
301055010	Cooperative Extension Services	13,325,266	961,200	7.21
301035010	Promotion of Fair Trade Practices	6,209,050	492,807.60	7.94

Source: *Siaya County Treasury*

The development sub-programmes with the lowest budget implementation rates were as follows: Development in the Department of County Assembly at 0 per cent, Veterinary Services in the Department of Agriculture, Food, Livestock and Fisheries at 0 per cent, and Administration Services at 0 per cent.

For recurrent sub-programmes, the lowest-performing included: Cooperative Extension Services and Promotion of Fair Trade Practices in the Department of Enterprise and Industrial Development at 0 per cent, and General Administration, Planning and support Services in the Department of Bondo Municipality at 0 per cent.

3.38.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts at commercial banks, including 24 for Health Facilities, 5 for Established Funds, and 8 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 37 commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.38.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 24th January 2026.
ii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 30 September 2025, the Bursary Fund's lifespan had lapsed, making it ineligible for further withdrawals.
iii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergence Fund, FLLOCA Fund and CDF Fund were not submitted to the CoB as of 15 January 2026.
iv. Use of manual payroll. Personnel emoluments amounting to Kshs.260 million for 1021 staff not onboarded into HRIS and 8990 casual staff were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the 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.*
ii. *The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should*

be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

iii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iv. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*

v. *The County Treasury should ensure it submits copies of authorisation letters to OCoB for opening commercial bank accounts to enhance accountability and oversight.*

3.39. County Government of Taita Taveta

3.39.1 Overview of FY 2025/26 Budget

The Taita Taveta County Approved Budget for FY 2025/26 is Kshs.7.85 billion. It comprises Kshs.2.63 billion (33 per cent) and Kshs.5.22 billion (67 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.330.71 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.41 billion and a recurrent budget of Kshs.5.77 billion. The decrease in the budget was primarily attributed to failure to include balance brought down from the financial year 2024/2025.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.5.29 billion (67 per cent), additional allocations of Kshs.1.61 billion (21 per cent) and Kshs.949.60 million (12 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.575.

3.39.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.3.28 billion. This amount represented an increase of 20 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.74 billion. The total revenue consisted of Kshs.2.85 billion from the equitable share of revenue raised nationally, Kshs.70.56 million additional allocation from development partners as well as own-source revenue (OSR) collection of Kshs.243.64 million. Additionally, the County had a cash balance of Kshs.118.93 million from FY 2024/25. The total OSR collection of Kshs.243.64 million included Facilities Improvement Financing (FIF) of Kshs.107.46 million, and Kshs.136.18 million from other OSR sources. Table 3.575 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.575: Taita Taveta County, Revenue Performance in the First Half of FY 2025/26

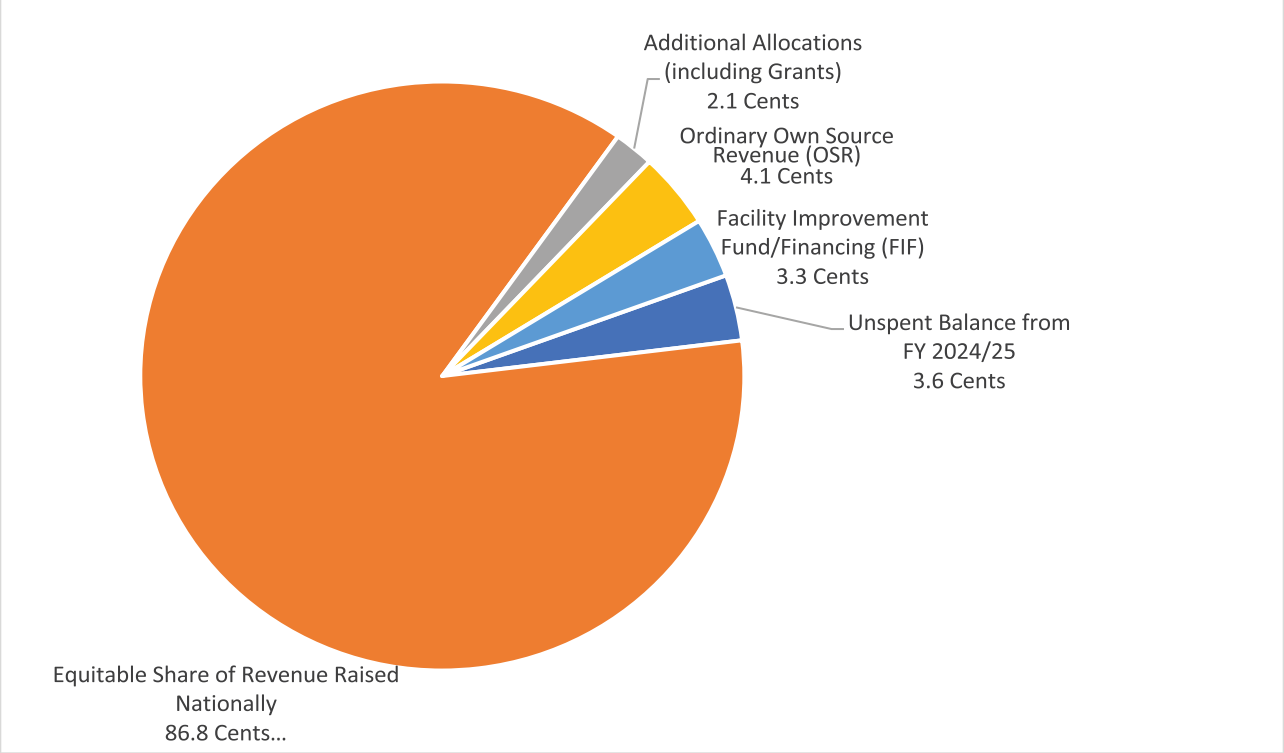
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	118,918,115	-	118,918,115	- 118,918,115
2	County Executive Refunds to CRF	-	1,796	-	1,796	- 1,796
3	County Assembly Refunds to CRF	-	9,008	-	9,008	- 9,008
	Sub-Total	-	**118,928,919**	-	**118,928,919**	**- 118,928,919**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**5,292,922,444**	2,390,586,619	460,835,975	2,851,422,594	2,441,499,850
	Sub-Total	**5,292,922,444**	**2,390,586,619**	**460,835,975**	**2,851,422,594**	**2,441,499,850**
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	National Agricultural Value Chain Development Programme (NAVCDP)	151,000,000	-	35,308,045	35,308,045	115,691,955

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
2	Water and Sanitation Development Project (WSDP)	920,000,000	-	-	-	920,000,000
3	Danida Grant - Primary Health	9,547,500	-	-	-	9,547,500
4	Danida Grant - Primary Health Brought Forward	6,532,500	-	-	-	6,532,500
5	Kenya Devolution Support Programme (KDSP)	390,000,000	-	35,253,471	35,308,045 -	390,000,000
6	Kenya Urban Support Programme (World Bank)-(KUSP)	51,000,000	-	-	-	51,000,000
7	Roads Maintenance and Fuel Levy Fund	78,389,752	-	-	-	78,389,752
	Sub-Total	**1,606,469,752**	-	**70,561,516**	**70,561,516**	**1,571,161,707**
E	**Ordinary Own Source Revenue (OSR)**					
1	Cess	132,318,581	85,866,284	-	85,866,284	46,452,297
2	Single/Business Permits	94,858,984	6,549,681	-	6,549,681	88,309,303
3	Land Rate	94,282,755	7,947,706	-	7,947,706	86,335,050
4	Market Fees	76,160,067	6,390,097	-	6,390,097	69,769,970
5	Administration Control Fees and Charges	62,986,070	4,164,134	-	4,164,134	58,821,936
6	Property Rent	57,977,909	9,596,758	-	9,596,758	48,381,151
7	Physical Planning and Development	46,239,606	4,048,062	-	4,048,062	42,191,544
8	Parking Fees	38,723,387	8,357,831	-	8,357,831	30,365,556
9	Advertising	24,687,377	885,350	-	885,350	23,802,027
10	Conservancy Administration	19,545,263	1,375,498	-	1,375,498	18,169,765
11	Hire of County Assets	7,694,527	382,250	-	382,250	7,312,277
12	Other Fines, Penalties, and Forfeiture Fees	3,325,475	614,916	-	614,916	2,710,559
13	Others	10,800,000	-	-	-	10,800,000
	Sub-Total	**669,600,000**	**136,178,566**	-	**136,178,566**	**533,421,434**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	180,000,000	75,865,136	-	75,865,136	104,134,864
2	Defunct NHIF	100,000,000	31,591,830	-	31,591,830	68,408,170
3	Other	-	-	-	-	-
	Sub-Total	**280,000,000**	**107,456,966**	-	**107,456,966**	**172,543,034**
G	**Appropriations in Aid**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
	Grand Total	**7,848,992,196**	**2,753,151,071**	**496,144,020**	**3,284,548,562**	**4,599,697,105**

Source: *Taita Taveta County Treasury*

Taita Taveta County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 229 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

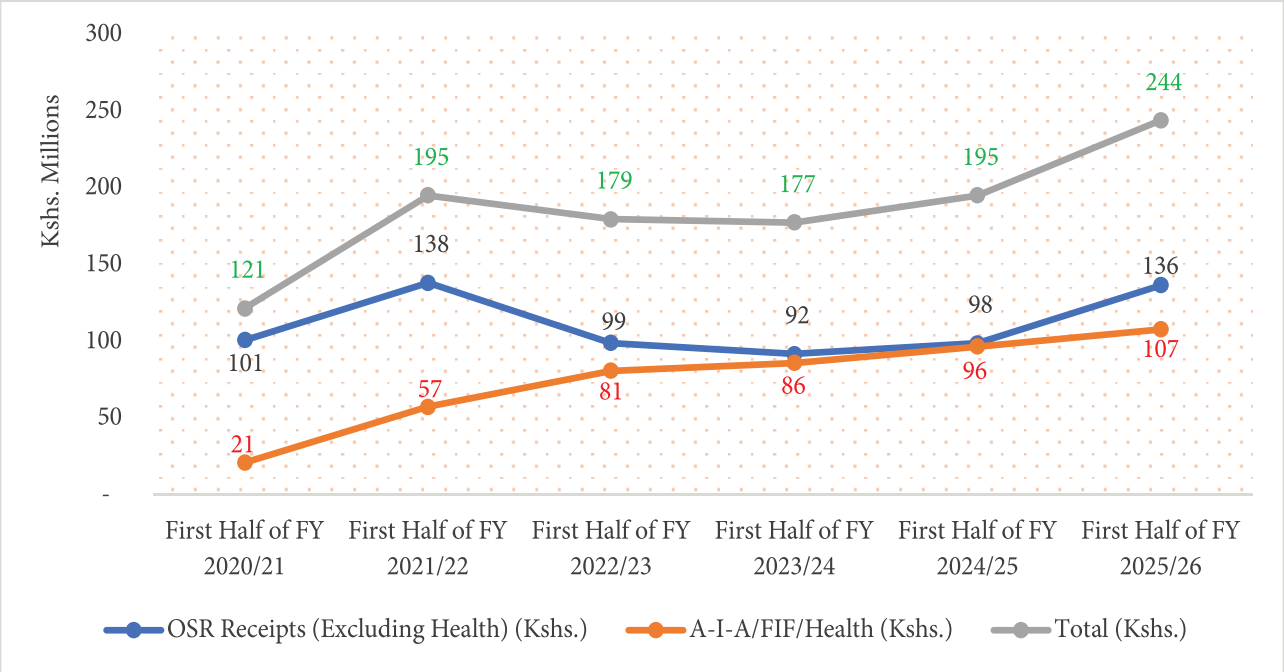
Figure 229: Taita Taveta County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Taita Taveta County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 87 per cent, 4 per cent and 3 per cent, respectively, of the total receipts for the reporting periodFigure 230 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 230: Taita Taveta County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



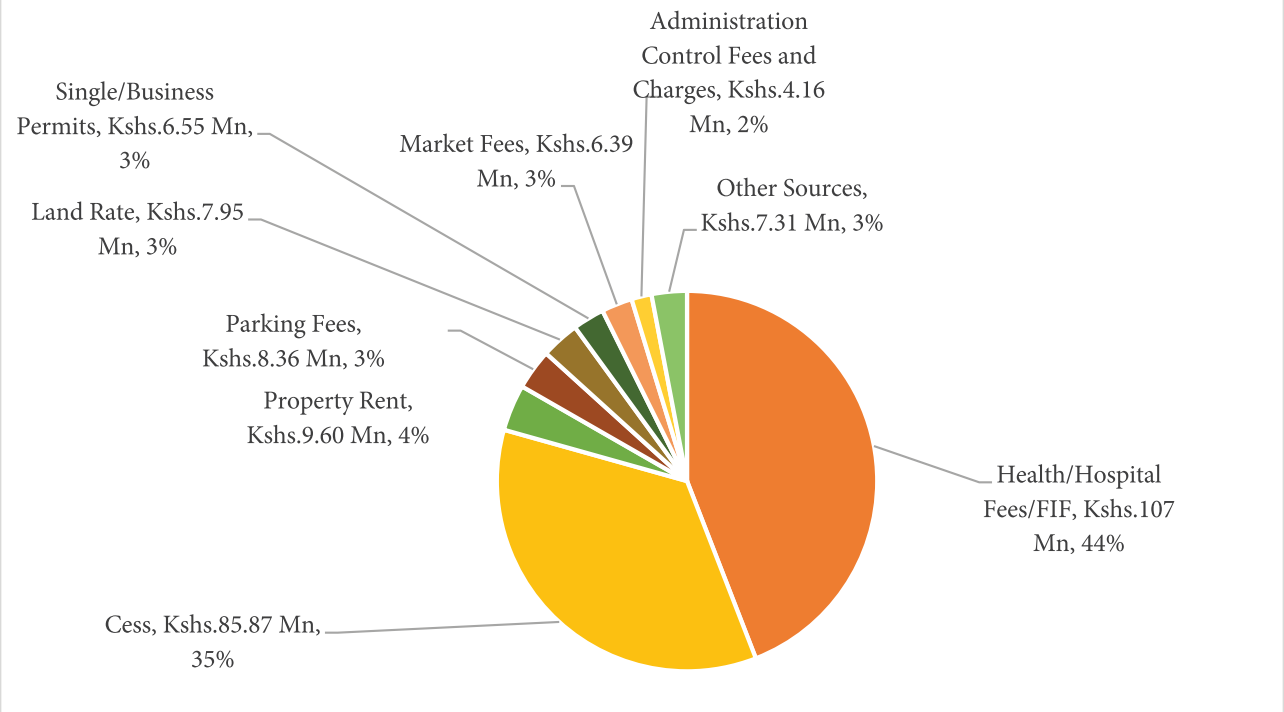
Source: *Taita Taveta County Treasury*

During the first half of FY 2025/26, the County received Kshs.243.64 million from OSR, including FIF. This amount was an

increase of 25 per cent compared to Kshs.194.75 million realised in a similar period in FY 2024/25, and was 26 per cent of the annual target and 10 per cent of the equitable revenue share disbursed. The increase was attributed to implimentaion of of the recommendations made by the commitee on mapping out of revenue collection avenues.

The revenue streams that contributed the highest OSR receipts are shown in Figure 231

Figure 231: Taita Taveta County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Taita Taveta County Treasury

As shown in Figure 231, the highest revenue stream, at Kshs.107.46 million, was from FIF, accounting for 44 per cent of the total OSR receipts. The County Government indicated that it was mapping and digitizing all revenue streams to improve revenue collection in the county.

3.39.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.Table 3.576 presents a breakdown of the County's revenue arrears totaling 531.37 million.

Table 3.576: Taita Taveta County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Month of December	-	-	-	**460,835,975**	-
	Sub-Total				**460,835,975**	
B	**Additional Allocations**					
1	National Agricultural Value Chain Development Programme (NAVCDP)	-	-	-	35,308,045	-
2	Kenya Devolution Support Programme (KDSP)	-	-	-	35,253,471	-
	Sub-Total				**70,561,516**	
Total					**531,397,491**	

Source: Taita Taveta *County Treasury*

As of 31st December 2025, revenue arrears totalled Kshs.531.37 million, comprising Kshs.460.84 million from the equitable share of revenue and Kshs.70.56 million from additional allocations from development partners.

3.39.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.57 billion from the Taita Taveta County Revenue Fund (CRF) account. This amount consisted of Kshs.281.65 million (11 per cent) designated for development programs and Kshs.2.28 billion (89 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.74 billion was allocated to employee compensation and Kshs.548.10 million to operations and maintenance expenditures. Within the operations and maintenance category, 13 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequer totalled Kshs.72.29 million, which included Kshs.15.08 million for the County Executive and Kshs.57.22 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.2.22 million, with Kshs.2.01 million for the County Executive and Kshs.211,970 for the County Assembly.

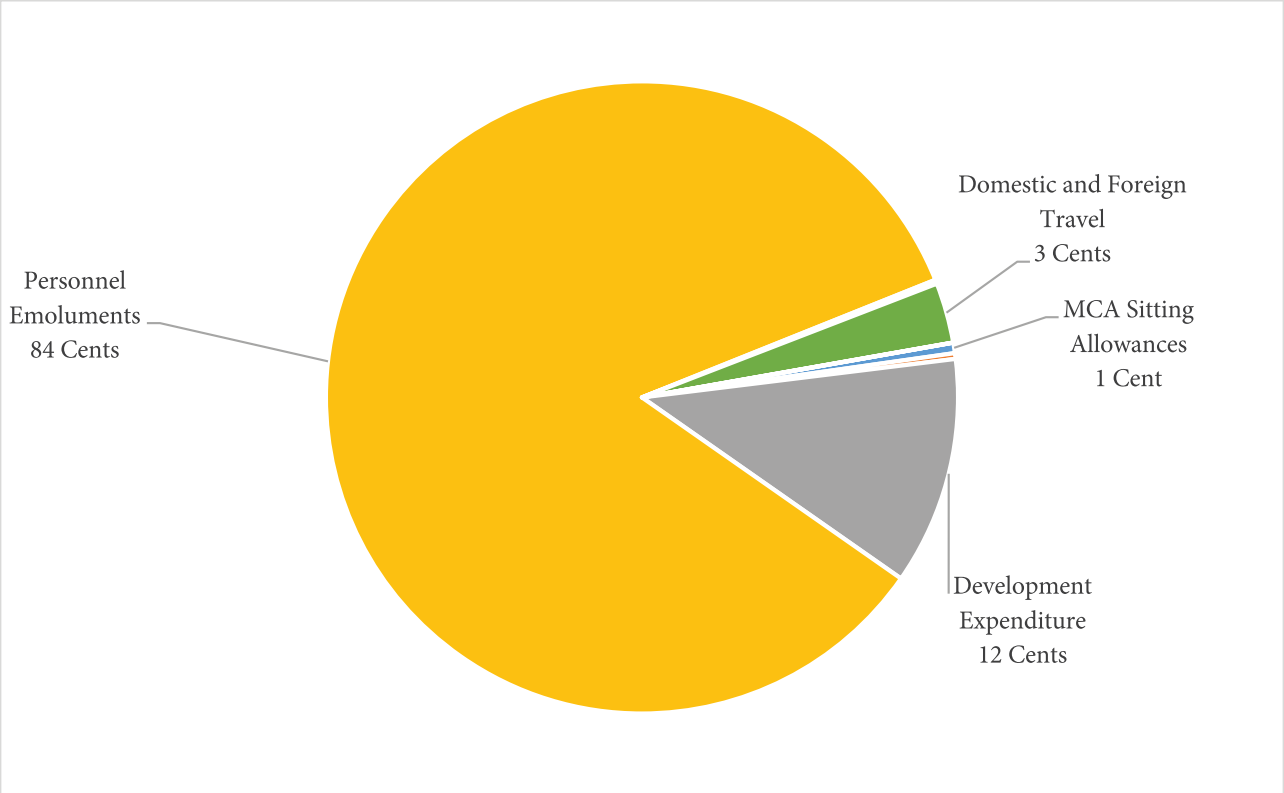
As of December 31, 2025, the County Government's cash balance in the Taita Taveta County CRF account was Kshs.169.21 million.

3.39.5 Expenditure Review

The County spent Kshs.2.87 billion on development and recurrent programmes during the reporting period. The expenditure represented 112 per cent of the total funds released by the CoB. It comprised Kshs.281.65 million for development programmes and Kshs.2.58 billion for recurrent programmes. Expenditure on development programmes represented 11 per cent of the annual development expenditure budget, while recurrent expenditure represented 49 per cent of the annual recurrent expenditure budget.

Figure 232 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 232: Taita Taveta County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Taita Taveta *County Treasury*

As shown in Figure 232, the three highest expenditure categories were Personnel emoluments, development expenditure, and domestic travel & foreign travel, which accounted for 82, 13,, and 4 per cent of total expenditure for the reporting period.

3.39.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.34 billion. This amount consisted of Kshs.2.22 billion from the County Executive and Kshs.115.01 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.1.57 billion for recurrent expenditure and Kshs.655.45 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.310.77 million, comprising Kshs.212.19 million (68 per cent) for recurrent programmes and Kshs.98.58 million (32 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.24.08 million, which were all settled for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.1.91 billion for the County Executive and Kshs.90.93 million for the County Assembly. Table 3.577 provides additional details of trade payables.

Table 3.577: Taita Taveta County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	655,448,681	1,569,473,980	2,224,922,660
	County Assembly	-	115,013,072	115,013,072
	Total	655,448,681	1,684,487,052	2,339,935,732
Amount paid in FY 2025/26	County Executive	98,577,164	212,197,473	310,774,638
	County Assembly	-	24,083,033	24,083,033
	Total	98,577,164	236,280,506	334,857,671
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	556,871,516	1,357,276,507	1,914,148,023
	County Assembly	-	90,930,039	90,930,039
	Total	**556,871,516**	**1,448,206,545**	**2,005,078,061**

Source: Taita Taveta *County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.792.83 million on recurrent expenditure in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.310.77 million for the Executive and Kshs.24.08 million for the Assembly.

Table 3.578 and Table 3.379 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.2 billion.

Table 3.578: Taita Taveta County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	52,480,844	246,260,267	238,355,152	63,352,418	600,448,681
Recurrent Trade Payables (Goods & Services)	117,649,222	202,300,921	89,641,827	215,745,231	625,337,201
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	25,114,101	660,313,521	-	685,427,622
Recurrent Trade Payables (Staff Claims)	1,314,350	105,400	1,514,770	-	2,934,520
Recurrent Trade Payables	118,963,572	227,520,422	751,470,117	215,745,231	1,313,699,343
Executive Trade Payables	**171,444,416**	**473,780,689**	**989,825,269**	**279,097,649**	**1,914,148,023**
% of Executive Trade Payables	**9**	**25**	**52**	**15**	**100**

Source: *Taita Taveta County Treasury*

Table 3.579: Taita Taveta County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Recurrent Trade Payables (Goods & Services)	-	-	90,930,038.76	-	90,930,038.76
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	-	90,930,038.76	-	90,930,038.76
Assembly Trade Payables			**90,930,038.76**	-	**90,930,038.76**
% of Assembly Payables	-	-	**100**	-	**100**

Source: *Taita Taveta County Treasury*

3.39.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.88 billion on compensation of employees, Kshs.401.74 million on operations and maintenance, and Kshs.252.94 million on development activities. Similarly, the County Assembly spent Kshs.155.03 million on compensation of employees, Kshs.146.36 million on operations and maintenance, and Kshs.28.71 million on development activities, as shown in Table 3.580

Table 3.580: Taita Taveta County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Absorption (%) (g=e/a*100)
County Executive					
Recurrent	**4,509,189,572**	**2,010,769,719**	**270,248,016**	**2,281,017,735**	**51**
Compensation to Employees	3,148,415,443	1,609,026,973	270,248,016	1,879,274,989	60
Operations & Maintenance	1,360,774,129	401,742,747		401,742,747	30
Development	**2,543,004,904**	**252,939,769**			-
Executive Sub-total	**7,052,194,476**	**2,263,709,488**	**270,248,016**	**2,281,017,735**	**32**
County Assembly					
Recurrent	**711,797,720**	**274,027,019**	**27,361,949**	**301,388,968**	**42**
Compensation to Employees	294,077,260	127,665,974	27,361,949	155,027,923	53
Operations & Maintenance	417,720,460	146,361,045		146,361,045	35
Development	**85,000,000**	**28,711,799**			-
Assembly Sub-total	**796,797,720**	**302,738,818**	**27,361,949**	**301,388,968**	**38**
Combined County Totals					
Total Recurrent	**5,220,987,292**	**2,284,796,738**	**297,609,965**	**2,582,406,703**	**49**
Compensation to Employees	3,442,492,703	1,736,692,947	297,609,965	2,034,302,912	59
Operations & Maintenance	1,778,494,589	548,103,791	-	548,103,791	31
Total Development	**2,628,004,904**	**281,651,568**	-	-	-
Grand Total	**7,848,992,196**	**2,566,448,306**	**297,609,965**	**2,582,406,703**	**33**

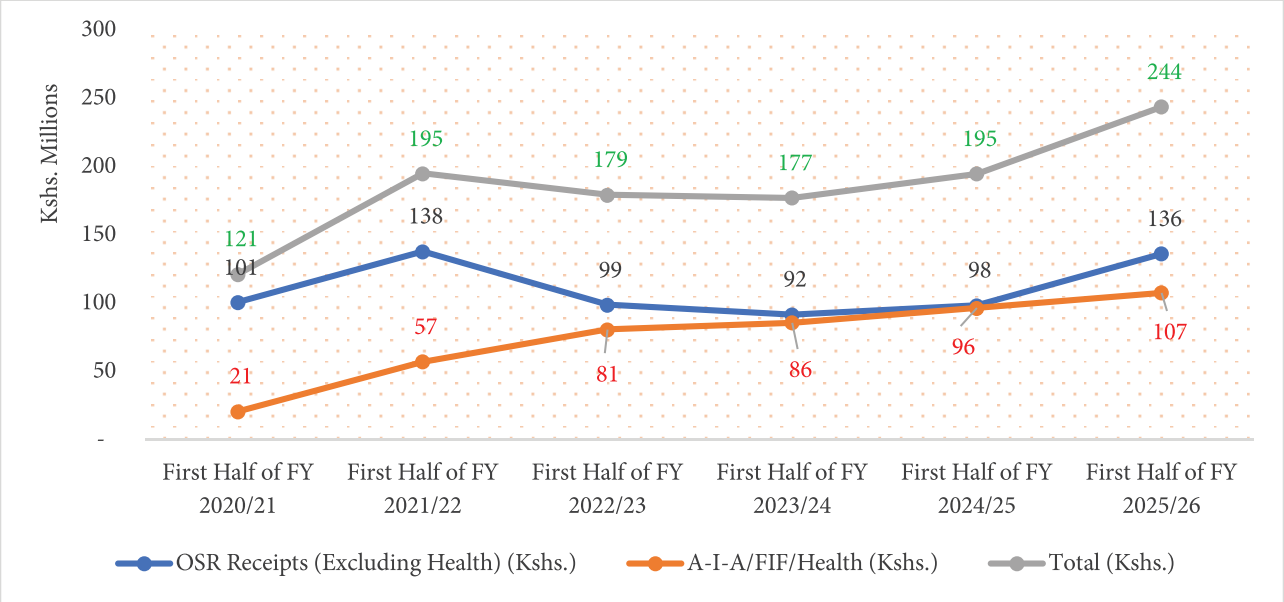
Source: *Taita Taveta County Treasury*

3.39.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.03 billion. The percentage of compensation of employees to revenue was 62 per cent. This expenditure on employee compensation shows an increase of 23 percent compared to the Kshs.1.65 billion reported in a similar period in FY 2024/25. Of this total, Kshs.903.11 million relates to Health Sector employees, accounting for 44 per cent of the overall employees' compensation. The increase in total employee compensation compared to a similar period in FY 2024/25 was attributed to accrued expenditure that was not factored into the last comparable reporting period.

Figure 233 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 233: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Taita Taveta County Treasury

Further analysis indicated that PE costs totaling Kshs.1.96 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.72.80 million was processed through manual payrolls, which accounted for 4 per cent of the total PE cost. The justification for the continued use of manual payroll was that staff in ward offices and community health workers are hired on a contract basis, thus they could not be onboarded on HRIS.

The manual payroll comprised: salaries of Kshs.8.02 million for staff not onboarded into the Human Resource Information System (HRIS), salaries for casual staff of Kshs.29.13 million, and top-up allowances for security personnel of Kshs.2.91million, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions of Ksh.32.75 million, as shown in 3.581

Table 3.581: Breakdown of Taita Taveta County Manual Payroll

Sno.	Description of Manual Payroll	County Executive	County Assembly	Amount
1.	Salaries for staff paid outside the Human Resource Information System (HRIS)	743,406	7,274,674	8,018,080
2.	Top-up Allowances for security officers	2,905,400		2,905,400
3.	Gratuity for contract staff	32,535,287	212,668	32,747,955
4.	Community Health Workers	29,131,974		29,131,974
	Total	**65,316,067**	**7,487,342**	**72,803,409**

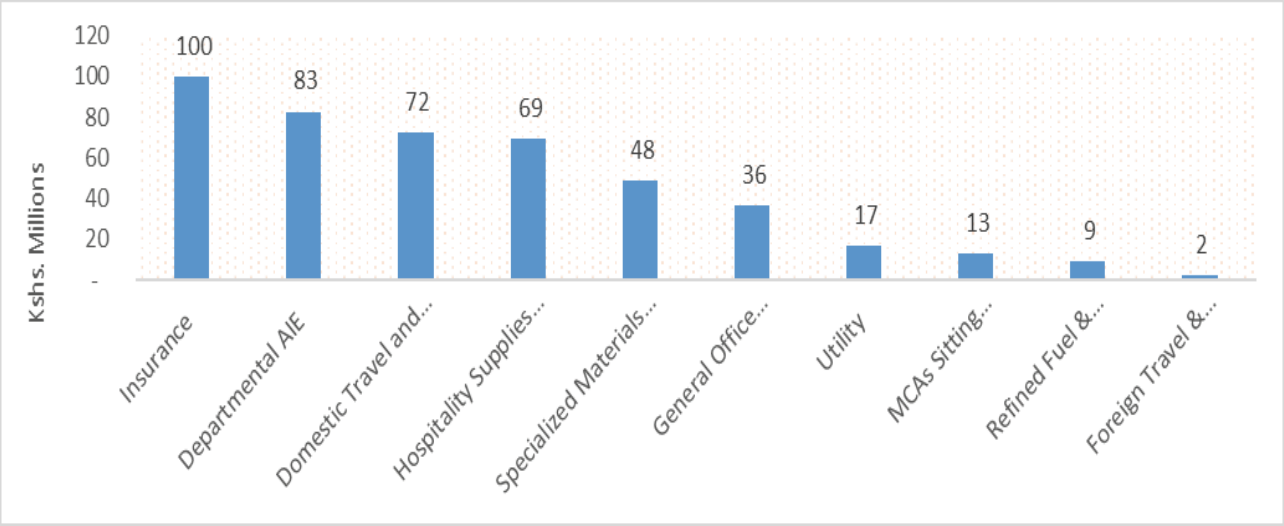
Source: Taita Taveta County Treasury

The County Assembly spent Kshs.12.66 million on committee sitting allowances for the 32 MCAs against the annual budget allocation of Kshs.27.88 million. The average monthly sitting allowance was Kshs.65,933 per MCA. The County Assembly has 23 House Committees.

3.39.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.598.10 million on operations and maintenance, representing an increase of 34 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.408.63 million. The increase in operations and maintenance was attributed to accrual expenditure, which was not factored in for the comparable period of financial reporting. Figure 234 summarises operations and Maintenance expenditure by major categories.

Figure 234: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: *Taita Taveta County Treasury*

3.39.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.09 million on "*other operating expenses*," which is 1 per cent of the total operations and maintenance expenditure of Kshs.548.10 million. This category of expenditure includes Kshs.6.33 million for legal fees and Kshs.0.76 million for contracted professional services. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.582

Table 3.582: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	20,000,000	6,333,925
2211310	Contracted Professional Services	4,690,000	757,248
Total		**24,690,000**	**7,091,173**

Source: *Taita Taveta County Treasury*

3.39.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.42.05 million to County-Established funds in FY 2025/26, or less than 1 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012.Table 3.583 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.583: Performance of Taita Taveta County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in the First Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds				
1.	County Emergency Fund	10,000,000	-	-	-	Yes
2.	County Executive Mortgage and car Loan	5,000,000	-	-	-	Yes
3.	Taita Taveta County Education Fund Account	2,050,000	-	-	-	Yes
		County Assembly Established Funds				
1.	County Assembly Staff Car Loan & Mortgage	25,000,000	5,000,000	5,000,000	5,000,000	Yes
	Total	**42,050,000**	**5,000,000**	**5,000,000**	**5,000,000**	-

Source: Taita Taveta *County Treasury*

3.39.12 County Corporations

The County has one County Corporation which was allocated Kshs.5.4 million in FY 2025/26.

Table 3.584: Performance of Taita Taveta County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1.	County Investments and Development Corporation	5,350,000	-	-	-
	Total	**5,350,000**	**-**	**-**	**-**

Source: *Taita Taveta County Treasury*

3.39.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.72.29 million and comprised Kshs.57.21 million spent by the County Assembly and Kshs.15.08 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.22 million and comprised Kshs.2.01 million by the County Assembly and Kshs.211,970 by the County Executive. Expenditure on foreign travel is summarised in Table 3.585.

Table 3.585: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel(a) (Kshs.)	Accrued Expenditure on Travel (b) (Ksh.)	Total Expenditure on Travel (Kshs.)
County Executive	1	August 2025	Facilitation to attend Vaccinology Course in Kigali, Rwanda	Kigali	211,970		211,970
County Assembly		August 2025	CHEA-AR Conference	Ghana	1,617,700		1,617,700
County Assembly	1	August 2025	Training on Good Practices	India	393,160		393,160
Total					**2,222,830**		**2,222,830**

Source: Taita Taveta County Treasury and Taita Taveta County Assembly

3.39.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.75.87 million as FIF, which was 42 per cent of the annual target of Kshs.180 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.31.59 million, as shown in Table 3.586

Table 3.586: Taita Taveta County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital				
2.	Level 4 Hospital	4	180,000,000	31,591,830	17
3.	Level 3 Facility				
	Total		**180,000,000**	**31,591,830**	**17**

Source: *Taita Taveta County Treasury*

3.39.15 Development Expenditure

In the review period, the County reported spending Kshs.281.65 million on development programmes, representing an increase of 84 per cent compared to FY 2024/25, when the County spent Kshs.152.95 million. Table 3.587 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to the payment of pending bills, which contributed significantly to the reported spending.

Table 3.587: Taita Taveta County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Finance	Pending Bills	County wide			210,000,000	165,029,460		165,029,460	79
2	Transport & Public Works	Roads maintenance Fuel Levy (RMLF)	County wide			78,389,752	78,389,752			
1	County Assembly	Construction of the County Assembly Chamber	County Headquarters			85,000,000	28,711,799		28,711,799	34
Donor Funded Projects										
1	Water	Locally Led Climate Action Programme (Climate Change) WB	County wide			9,520,557	9,520,557		9,520,557	100

Source: *Taita Taveta County Treasury*

3.39.16 Budget Performance by Department

Table 3.588 summarises the approved budget allocation, expenditure,, and absorption rate by department for the period under review.

Table 3.588: Taita Taveta County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	711.80	85	274.03	28.71	301.39	28.71	110	100	42	34
Public Service and Administration	320.79	410	129.34	3.50	145.30	3.50	112	100	45	1
Office of The Governor	237.69	-	116.45	-	116.45	-	100	-	49	-
Finance and Planning	392.91	210	269.92	149.80	269.92	149.80	100	100	69	71
Agriculture, Livestock, and Fisheries	216.16	185.52	102.23	-	102.23	-	100	-	47	-
Water and Irrigation	113.39	1,020.92	51.64	-	51.64	-	100	-	46	-
Education and Libraries	524.94	122.10	288.71	10.73	288.71	10.73	100	100	55	9
Health	2,421.47	120.03	945.46	-	1,199.75	-	127	-	50	-
Trade, Tourism, and Cooperative Development	48.02	16.50	21.33	-	21.33	-	100	-	44	-
County Public Service Board	50.38	-	25.46	-	25.46	-	100	-	51	-
Infrastructure and Public Works	57.38	224.69	25.32	79.39	25.32	79.39	100	100	44	35

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
Land, Environment, and Natural Resources	42.23	16	9.42	9.52	9.42	9.52	100	100	22	60
Youth, Gender, Sports, Culture, and Social Services	47.61	139.24	19.35	-	19.35	-	100	-	41	-
Mwatate Municipality	9.80	56	3.03	-	3.03	-	100	-	31	-
Voi Municipality	14.16	12	1.95	-	1.95	-	100	-	14	-
Taveta Municipality	12.26	10	1.16	-	1.16	-	100	-	9	-
Total	**5,220.99**	**2,628**	**2,284.80**	**281.65**	**2,582.41**	**281.65**	**113**	**100**	**49**	**11**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by departments shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 71 per cent, followed by the Department of Lands, Environment & Natural Resources at 60 per cent. The Department of Finance & Economic Planning had the highest recurrent expenditure-to-budget ratio at 69 per cent, while the Department of Public Service Administration had the lowest at 1 per cent.

3.39.17 Budget Execution by Programmes and Sub-Programmes

Table 3.589 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.589: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Trade, Tourism & Cooperative Development	Trade Development	762,811	342,853	45
Trade, Tourism & Cooperative Development	Industrialization	227,941	72,260	32
Trade, Tourism & Cooperative Development	Tourism Development	392,173	95,210	24
Health & Medical Services	Preventive & Promotive services	921,490	222,125	24
Agriculture, Livestock & Fisheries	Veterinary Services	100,460,74	204,370	20
RECURRENT				
Water & Irrigation	General Administration, Support, and Support Services	50,269,423	49,693,583	99
Agriculture, Livestock & FisherieS	General Administration and Support Services	50,269,423	49,693,583	99
Finance	Public Finance Management	394,820,000	318,550,737	81
Voi Municipality	Devolution Support Programme	182,754,878	89,028,554	49
Education & Libraries	General Administration, Support and Support Services	331,610,000	143,080,584	43

Source: *Taita Taveta County Treasury*

The development sub-programmes with the highest budget implementation rates were: Trade Development in the Department of Trade, Tourism & Cooperative Development at 45 per cent, Industrialization in the Department of Trade, Tourism & Cooperative Development at 32 per cent, and Tourism development in the department of Trade, Tourism & Cooperative Development at 24 per cent.

For recurrent sub-programmes, the top performers included: General Administration & Support Services in the Department of Water & Irrigation at 99 per cent, General Administration & Support Services in the Department of Agriculture, Livestock & Fisheries Development at 99 per cent, and Public Finance management in the Department of Finance at 81 per cent.

The higher performance of these programmes can be attributed to the timely procurement of their development plans.

3.39.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 37 accounts with commercial banks, including seven for Health Facilities, two for Vocational Training Centres, four for Established Funds, five revenue accounts, eight special-purpose accounts (additional allocations), four imprest accounts, six recurrent operational accounts, one development operational account, and one development operational account.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening all commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.39.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Taita Taveta County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.243.64 million against an annual target of Kshs.949.60 million, representing 26 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.281.65 million on development activities, achieving a 11 per cent absorption rate.
iii. Unspent funds from FY 2024/25 were not refunded into the CRF account, resulting in actual expenditures exceeding the approved exchequer in several departments.
iv. High level of trade payables, which amounted to Kshs.2 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.72.80 million for staff not onboarded into HRIS and casual staff were processed through manual payroll, accounting for 4 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. The County reported Kshs.7.09 million under "*other operating expenses,*" accounting for 1per cent of total operation and maintenance costs. The review revealed that this category was not used properly to record items with specific budget codes, weakening accountability in public fund management.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County Treasury should ensure unspent funds from the previous financial year are deposited into the CRF Account in line with Section 136 of the PFM Act 2012.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

3.40. County Government of Tana River

3.40.1 Overview of FY 2025/26 Budget

The Tana River County Approved Budget for FY 2025/26 is Kshs.9.96 billion. It comprises Kshs.4.32 billion (43 per cent) and Kshs.5.64 billion (57 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.655.36 million (7 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.3.64 billion and a recurrent budget of Kshs.5.67 billion. The increase in the budget was primarily attributed to the rise in the equitable share.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.22 billion (72 per cent), additional allocations of Kshs.1.66 billion (17 per cent), a cash balance of Kshs.878.06 million (9 per cent) brought forward from FY 2024/25, and Kshs.200.42 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.590.

3.40.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.92 billion. This amount represented an increase of 5 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.73 billion. The total revenue consisted of Kshs.2.99 billion from the equitable share of revenue raised nationally, own-source revenue (OSR) collection of Kshs.48.46 million. Additionally, the County had a cash balance of Kshs.878.06 million as of FY 2024/25. The total OSR collection of Kshs.48.46 million included Facilities Improvement Financing (FIF) of Kshs.1.32 million and Kshs.47.14 million from other OSR sources. Table 3.590 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.590: Tana River County, Revenue Performance in the First Half of FY 2025/26

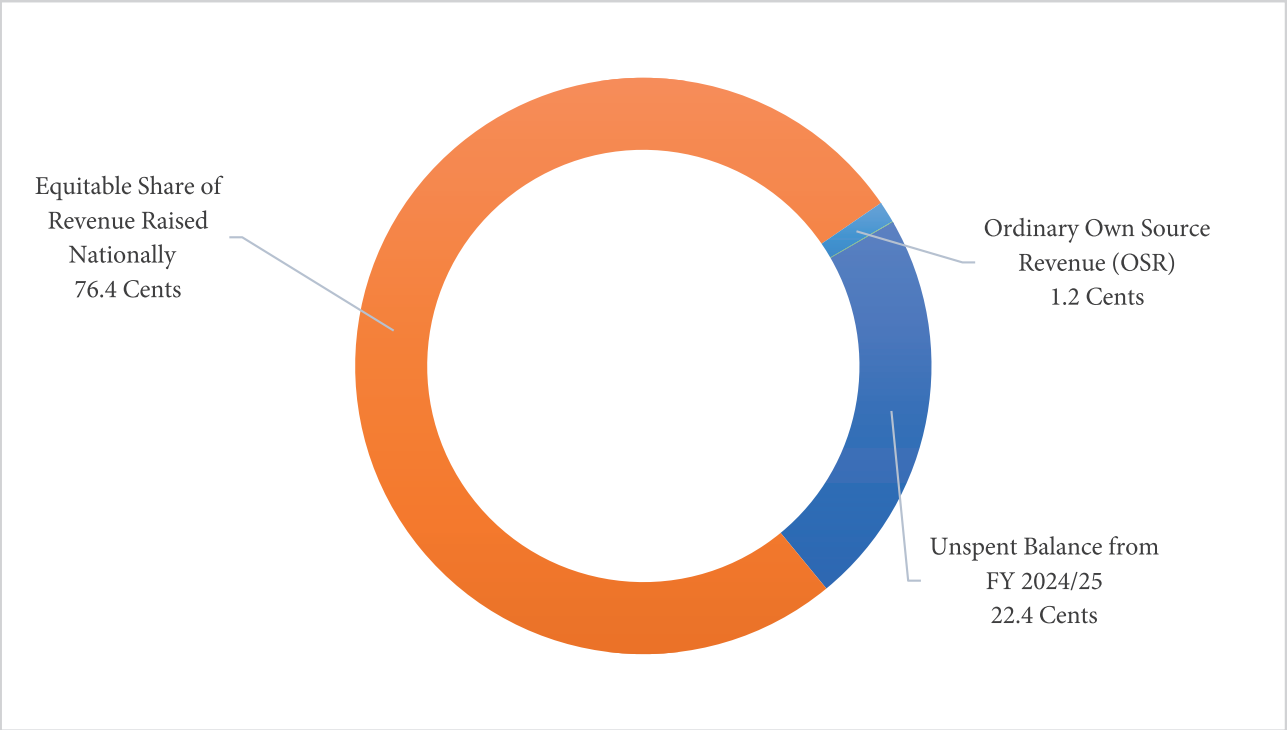
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	877,870,357	877,870,357	-	877,870,357	-
2	County Executive Refunds to CRF	190,769	190,769	-	190,769	-
3	County Assembly Refunds to CRF	4,004	4,004	-	4,004	-
	Sub-Total	**878,065,130**	**878,065,130**	**-**	**878,065,130**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	7,222,474,730	2,997,327,013	-	2,997,327,013	4,225,147,717
	Sub-Total	**7,222,474,730**	**2,997,327,013**	**-**	**2,997,327,013**	**4,225,147,717**
D	**Additional Allocations (Including Grants)**					
1	DANIDA (Universal Healthcare in Devolved System Program)	13,181,250	-	-	-	13,181,250
2	National Agricultural Value Chain Development Project (NAVCDP)		-	-	-	-
3	Food Systems Resilience Project (FSRP)	244,046,795	-	-	-	244,046,795
4	Kenya Agribusiness Development Programme	-	-	-	-	-
5	Second Kenya Devolution Support Program (KDSP II) - Institutional Grant (Level 1 Grant)	37,500,000	-	-	-	37,500,000
6	Second Kenya Devolution Support Program (KDSP II) - Service Delivery and Investment Grant (Level 2 Grant)	352,500,000	-	-	-	352,500,000
7	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	-	-	-	-	-
8	Financing Locally-Led Climate Action (FLLoCA) - County Climate Resilience Investment (CCRI)	150,000,000	-	-	-	150,000,000
9	Kenya Urban Support Project (KUSP) - Urban Institutional Grant (UIG)	35,000,000	-	-	-	35,000,000

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
10	Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	100,000,000	-	-	-	100,000,000
11	Kenya Water, Sanitation, and Hygiene Program (K-WASH)	129,150,000	-	-	-	129,150,000
12	Supplement for Construction of County Headquarters	134,330,205	-	-	-	134,330,205
13	Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
14	Community Health Promoters (CHPs)	28,200,000	-	-	-	28,200,000
15	Road Maintenance Fuel Levy (RMFL)	190,000,000	-	-	-	190,000,000
	Sub-Total	**1,663,908,250**	**-**	**-**	**-**	**1,663,908,250**
E	**Ordinary Own Source Revenue (OSR)**					
1	Land rates	20,229,426	7,591,489	-		20,229,426
2	Single Business Permit	22,137,700	1,073,200	-	1,073,200	21,064,500
3	Cess	39,507,677	11,247,959	-	11,247,959	28,259,718
4	Plot rents	2,803,900	827,150		827,150	1,976,750
5	Administrative service fees	3,408,680	10,000	-	10,000	3,398,680
6	Natural Resources Extraction	80,957,080	19,689,100	-	19,689,100	61,267,980
7	Miscellaneous fees	6,267,406	1,500	-	1,500	6,265,906
8	Market fees	3,021,700	47,740	-	47,740	2,973,960
9	parking fees	2,338,222	3,211,139	-	3,211,139	- 872,917
10	Housing	4,170,650	2,777,671	-	2,777,671	1,392,979
11	Liquor Licences	3,465,000	224,000	-	224,000	3,241,000
12	Slaughterhouse fees	2,180,420	96,832	-	96,832	
13	Technical services	5,579,310	343,497	-	343,497	
	Sub-Total	**196,067,171**	**47,141,277**	**-**	**47,141,277**	**149,197,982**
F	**Facility Improvement Fund/Financing (FIF)**					
3	FIF	4,352,510	1,317,391		1,317,391	3,035,119
	Sub-Total	**4,352,510**	**1,317,391**	**-**	**1,317,391**	**3,035,119**
	Grand Total	**9,964,867,791**	**3,923,850,811**	**-**	**3,923,850,811**	**6,041,289,068**

Source: *Tana River County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIFFigure 235 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

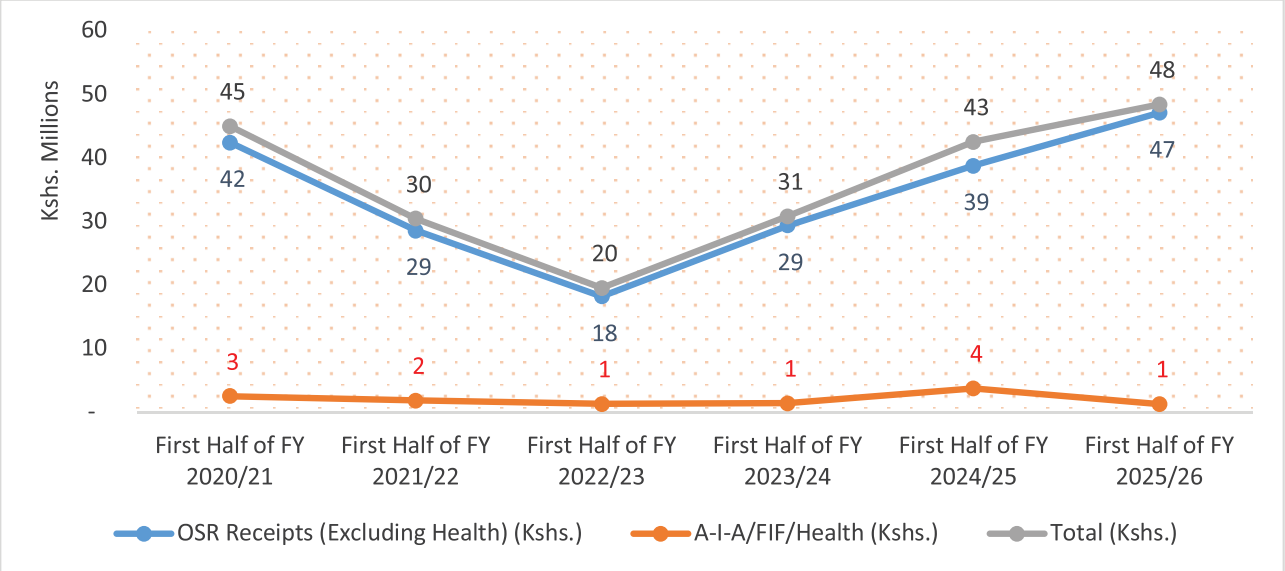
Figure 235: Tana River County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Tana River County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 76 per cent, 1 per cent and less than 1 per cent, respectively, of the total receipts for the reporting period. Figure 236 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 236: Tana River County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

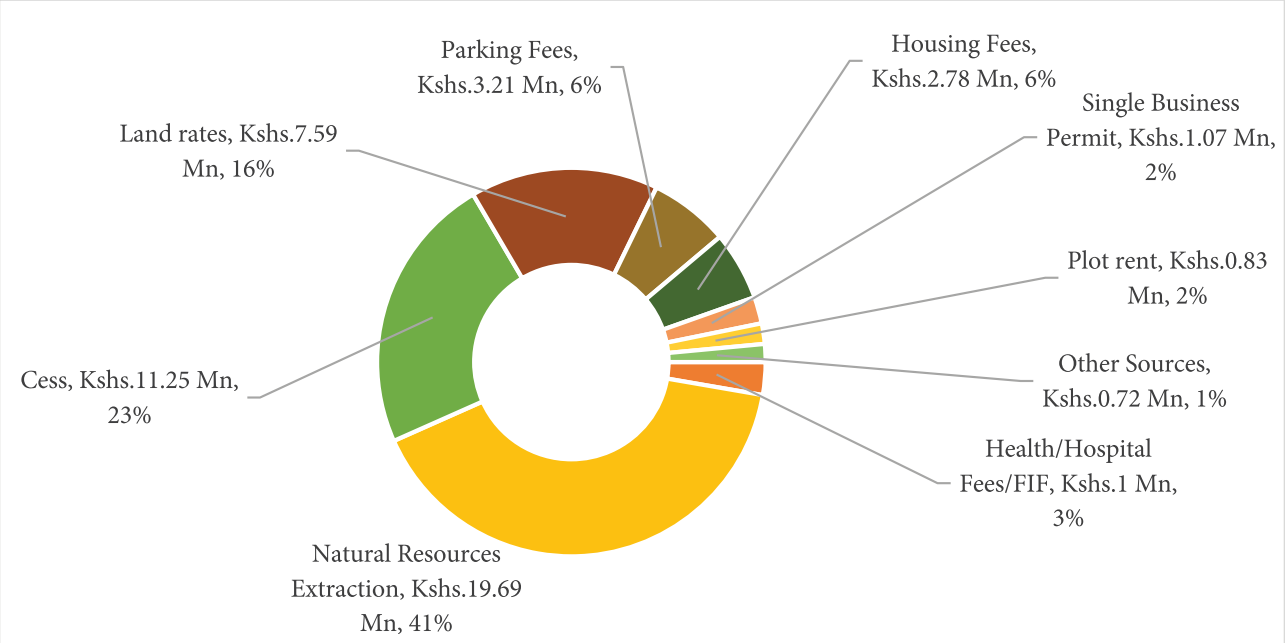


Source: *Tana River County Treasury*

During the first half of FY 2025/26, the County received Kshs.48.46 million from OSR, including FIF. This amount was an increase of 14 per cent compared to Kshs.42.57 million realised in a similar period in FY 2024/25, and was 24 per cent of the annual target and 2 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to increased revenue mobilisation strategies. The revenue streams that contributed the most to OSR receipts are shown in Figure 237

Figure 237: Tana River County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Tana River County Treasury

As shown in Figure 237, the highest revenue stream, at Kshs.19.69 million, was from the extraction of natural resources, accounting for 41 per cent of the total OSR receipts. The County Government has not yet automated revenue collection.

3.40.3 Revenue Arrears

As of 31st December 2025, the County did not report any revenue arrears.

3.40.4 Borrowing by the County

Tana River County Executive and Assembly did not report any credit facility during the period under review.

3.40.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.35 billion from the Tana River County Revenue Fund (CRF) account. This amount consisted of Kshs.Kshs.121.18 million (5 per cent) designated for development programs and Kshs.2.23 billion (95 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.24 billion was allocated to employee compensation and Kshs.990.44 million to operations and maintenance expenditures. Within the operations and maintenance category, 23 per cent was for domestic travel and 3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.227.70 million, which included Kshs.144.27 million for the County Executive and Kshs.83.43 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.30.57 million for the County Executive only.

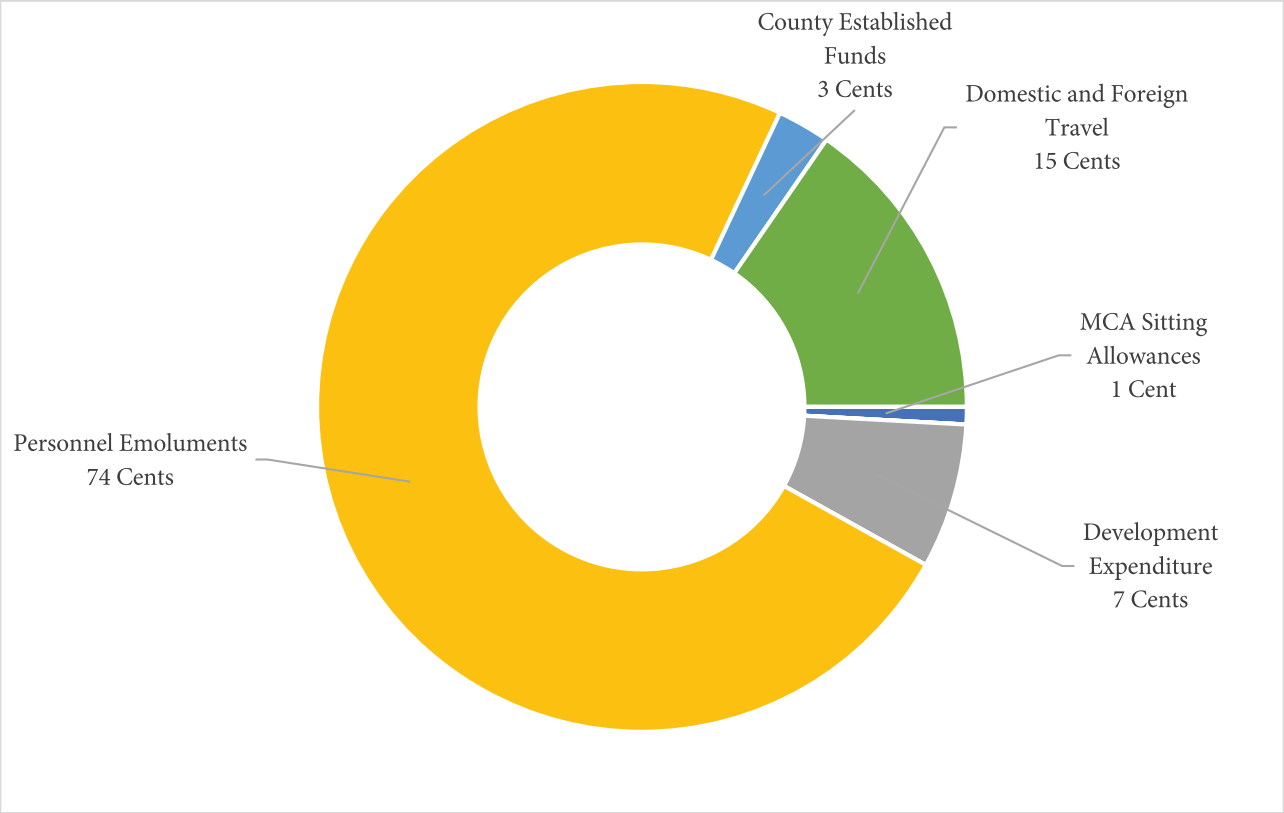
As of December 31, 2025, the County Government's cash balance in the Tana River County CRF account was Kshs.1.64 billion.

3.40.6 Expenditure Review

The County spent Kshs 1.92 billion on development and recurrent programmes during the reporting period. The expenditure represented 77 per cent of the total funds released by the CoB. It comprised Kshs.121.18 million for development programmes and Kshs.1.80 billion for recurrent programmes. Expenditure on development programmes accounted for 3 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 32 per cent of the annual recurrent expenditure budget.

Figure 238 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 238: Tana River County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Tana River *County Treasury*

As shown in Figure 238, the three highest expenditure categories were Personnel emoluments, Domestic & Foreign travel, and Development expenditure, which contributed 74, 15, and 7 per cent of total expenditure for the reporting period.

3.40.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.37 billion. The trade payables from the County Executive consisted of Kshs.Kshs.1.19 billion for recurrent expenditures and Kshs.1.18 billion for development expenditures. The County Assembly did not report any trade payables.

During the reporting period, the County Executive did not settle any trade payable. The outstanding trade payables as of 31st December 2025 were Kshs.2.37 billion for the County Executive.Table 3.591 provides additional details of trade payables.

Table 3.591: Tana River County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,175,571,115	1,193,950,184	2,369,521,299
	County Assembly	-	-	-
	Total	1,175,571,115	1,193,950,184	2,369,521,299
Amount paid in the first half of FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	**County Executive**	**1,175,571,115**	**1,193,950,184**	**2,369,521,299**
	County Assembly	-	-	-
	Total	**1,175,571,115**	**1,193,950,184**	**2,369,521,299**

Source: *Tana River County Treasury*

The County Table 3.592 the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which amounted to Kshs.2.37 billion.

Table 3.592: Tana River County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**392,158,278**	**370,271,431**	**159,282,924**	**253,858,483**	**1,175,571,115**
Recurrent Trade Payables (Goods & Services)	403,706,965	192,696,046	358,100,500	239,446,673	**1,193,950,184**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	403,706,965	192,696,046	358,100,500	239,446,673	**1,193,950,184**
Total Trade Payables	**795,865,243**	**562,967,476**	**517,383,424**	**493,305,156**	**2,369,521,299**
% of Total	**34%**	**24%**	**22%**	**21%**	**100%**

Source: *Tana River County Treasury*

Table 3.593: Tana River County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	-	-	-
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	-	-	-	-
Total Trade Payables	-	-	-	-	-
% of Total	-	-	-	-	100

Source: *Tana River County Treasury*

3.40.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.09 billion on compensation of employees, Kshs.422.20 million on operations and maintenance, and Kshs.80.64 million on development activities. Similarly, the County Assembly spent Kshs.143.67 million on compensation of employees, Kshs.137.62 million on operations and maintenance, and Kshs.40.54 million on development activities, as shown in Table 3.594

Table 3.594: Tana River County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,059,036,132**	**580,218,891**	**1,519,395,708**	**281,294,987**	-	-	**1,519,395,708**	**281,294,987**	**30%**	**48%**
Compensation of Employees	2,417,751,400	304,745,529	1,097,191,396	143,674,587	-	-	1,097,191,396	143,674,587	**45%**	**47%**
Operations and Maintenance	2,641,284,732	275,473,362	422,204,312	137,620,400	-	-	422,204,312	137,620,400	**16%**	**50%**
Development Expenditure	**3,884,454,744**	**441,158,025**	**80,638,613**	**40,544,369**	-	-	**80,638,613**	**40,544,369**	**2%**	**9%**
Total	**8,943,490,876**	**1,021,376,916**	**1,600,034,321**	**321,839,356**	-	-	**1,600,034,321**	**321,839,356**	18%	32%

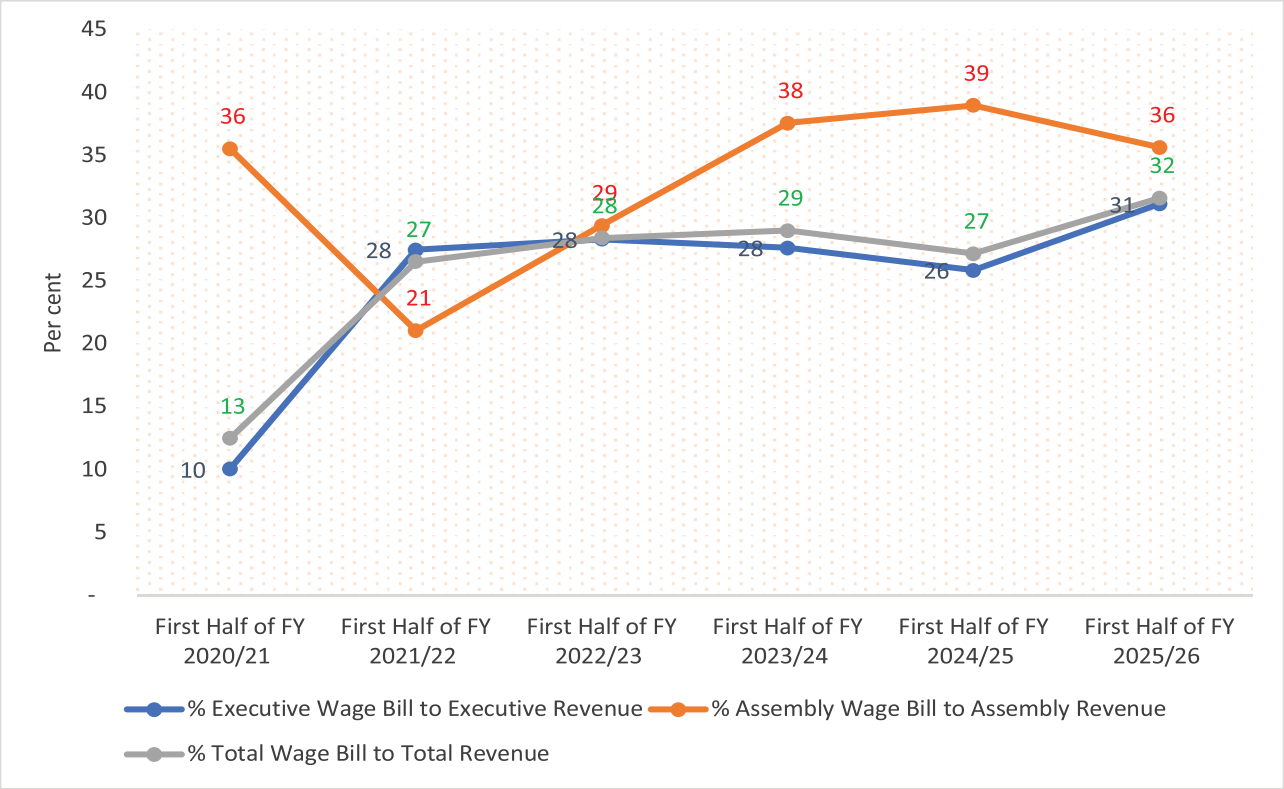
Source: *Tana River County Treasury*

3.40.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.24 billion. The compensation-to-revenue ratio was 32 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.01 billion reported in a similar period in FY 2024/25. Of this total, Kshs.438.88 million related to Health Sector employees, accounting for 35 per cent of the overall employees' compensation.

Figure 239 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 239: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Tana River County Treasury

Further analysis indicated that PE costs totalling Kshs.1.15 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.87.78 million was processed through manual payroll, accounting for 7 per cent of the total PE cost. The justification for the continued use of manual payroll was the delay in obtaining personal identification numbers for new staff and for contract-based ward office staff.

The manual payroll included salaries for staff not onboarded to the Human Resource Information System (HRIS) and for Community Health Promoters (CHPs), as shown in Table 3.595

Table 3.595: Breakdown of Tana River County Manual Payroll

	Category	County Executive	County Assembly	Total
1	Salaries for staff paid outside the Human Resource Information System (HRIS)	41,997,666	**33,407,327**	**75,404,993**
2	Community Health Promoters	12,377,735	-	**12,377,735**
	Total	**54,375,401**	**33,407,327**	**87,782,728**

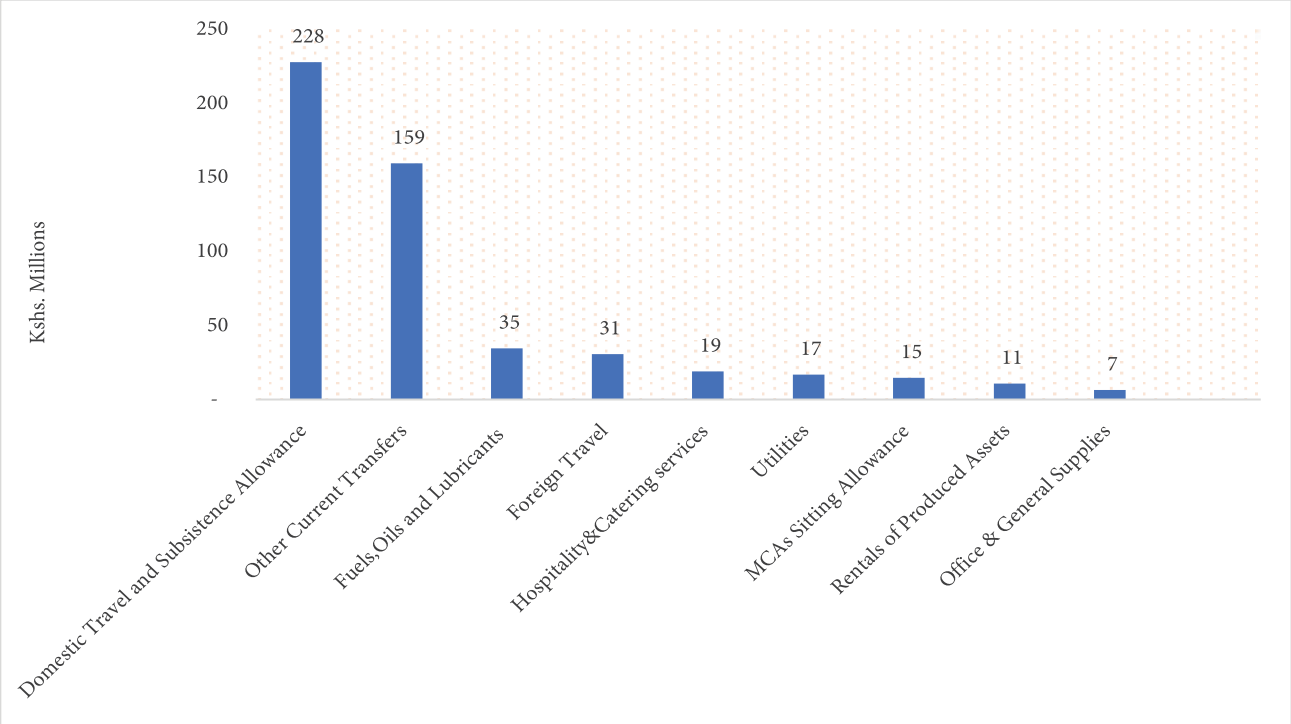
Source: Tana River County Treasury

The County Assembly spent Kshs.14.54 million on committee sitting allowances for the 27 MCAs against the annual budget allocation of Kshs.34.61 million. The average monthly sitting allowance was Kshs.89,762 per MCA. The County Assembly has 20 House Committees.

3.40.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.559.82 million on operations and maintenance, representing an increase of 31 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.816.84 million. Figure 240 summarises the Operations and Maintenance expenditure by major categories.

Figure 240: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: *Tana River County Treasury*

3.40.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.752.13 million to County-Established funds in FY 2025/26, or 7 per cent of the County's overall budget. Further, the County allocated Kshs.179.07 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3:598 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.596: Performance of Tana River County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the First Half FY 2025/26 (Kshs.)	Actual Expenditure in the First Half FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund	Submission of First Half Financial Statements (Yes/No)
	County Executive Established Funds						
1.	Emergency Fund	2020	179,066,825	-	-		YES
2.	Disaster Risk Management Fund	2021	249,066,825	124,533,412	19,225,200		YES
3.	C. E Car Loan & Mortgage Fund	2018	50,000,000	25,000,000	25,000,000		YES
4.	Bursary Fund	2014	274,000,000	-	-		YES
	County Assembly Established Funds						
1.	C A Car Loan & Mortgage Fund	2014	-	-	-		YES
	Total		**752,133,650**	149,533,412	44,225,200		

Source: *Tana River County Treasury*

During the reporting period, the CoB received all the quarterly financial reports from 5 Fund Administrators, as indicated in Table 3.598, in accordance with Section 168 of the PFM Act, 2012. The County disclosed that the administration costs of the five 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Bursary and Scholarship Fund and the County Assembly Car loan &Mortgage Funds had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.40.12 County Corporations

The County has one County corporation, which was allocated Kshs.28 million in FY 2025/26. There was no expenditure during the period under review, as shown in Table 3.597

Table 3.597: Performance of Tana River County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Parent Department	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the Half FY 2025/26 (Kshs)	Actual Expenditure in the First Half FY 2025/26 (Kshs.)
1.	Tana River Water and Sanitation Company (TAWASCO)	Water, Energy, Mining, Forestry and Natural Resources	28,000,000	-	-
	Total		**28,000,000**	**-**	**-**

Source: *Tana River County Treasury*

3.40.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.227.70 million and comprised Kshs.83.43 million spent by the County Assembly and Kshs.144.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.57 million, incurred by the County Executive only. Expenditure on foreign travel is summarised in Table 3.598

Table 3.598: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	No. of Officers Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	Being part payment for Dubai Trip Warrant No.4771764	Dubai	1,360,800
County Executive	2	Being paid for the India Trip to India	India	2,989,384
County Executive	4	Being paid for Conference fees for 4 People while attending the 5th Gacopa International Conference	India	7,222,180
County Executive	7	Being perdiem attending the Africa Development Conference and Awards in Ethiopia	Ethiopia	6,931,720
County Executive	7	Per diem while attending the Africa Climate Summit in Addis Ababa, Ethiopia, from 3rd-11th Sep 2025	Ethiopia	4,648,920
County Executive	3	Per diem while attending the Leadership and Governance Conference in Dubai	Dubai	5,534,587
County Executive	7	Per diem while participating in Ealasca Games in Uganda from	Uganda	2,466,639

Source: Tana River County Treasury and Tana River County Assembly

3.40.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.1.32 million as FIF, which was 30 per cent of the annual target of Kshs.4.35 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023. The expenditure by the

Health facilities amounted to Kshs.61.99 million as shown in Table 3.599

Table 3.599: Tana River County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	--	-	-
2.	Level 4 Hospital	3	63,370,000	45,838,000	72
3.	Level 3 Facility	3	11,752,704	3,696,810	31
4.	Level 2 Facility	47	29,739,698	12,464,233	42
	Total	**53**	**104,862,402**	**61,999,043**	59

Source: *Tana River County Treasury*

3.40.15 Development Expenditure

In the review period, the County reported spending Kshs.121.18 million on development programmes, representing a decrease of 54 per cent compared to FY 2024/25, when the County spent Kshs.266.43 million. Table 3.600 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to challenges in implementing e-procurement in the County.

Table 3.600: Tana River County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
1	Construction of Residential &Non-Residential Buildings	County Assembly	County Assembly	273,754,712	40,544,369	40,544,369	15%
2	Financially Locally Led Climate Action Programme (FLOCCA) WB	Water	County wide	230,638,613	80,638,613	80,638,613	35%
TOTAL				**504,393,325**	**121,182,982**	**121,182,982**	**24%**

Source: *Tana River County Treasury*

3.40.16 Budget Performance by Department

Table 3.601 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.601: Tana River County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	580.22	441.16	362.30	40.54	281.29	40.54	78	100	48	9
Office of The Governor and Deputy Governor	422.27	-	286.87	-	141.68	-	49	-	34	-
Finance and Planning	482.02	629.42	66.91	-	63.78	-	95	-	13	-
County Public Service Board	88.17	-	47.28	-	31.80	-	67	-	36	-
Trade, Tourism, Wildlife and Cooperative Development	53.60	265	39.97	-	5.57	-	14	-	10	-

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, Livestock, Fisheries and Veterinary	155.70	470.67	21.43	-	17.88	-	83	-	11	-
Culture, gender, Youth, Sports and Social Services	58.18	52	9.94	-	9.50	-	96	-	16	-
Education and Vocational Training	47.11	444	3.37	-	1.83	-	54	-	4	-
Medical Services, public Health and sanitation	1,589.08	120	656.95	-	477.67	-	73	-	30	-
Special program	261.70	-	132.24	-	125.31	-	95	-	48	-
Roads, Transport, Public works, Housing and Urbanisation	100.15	849.29	8.11	-	7.37	-	91	-	7	-
Water, Energy, Mining, Forestry and Natural Resources	47.29	257.83	11.42	-	6.05	-	53	-	13	-
Public Service, Administration and Citizen Participation	1,585.21	388.60	556.40	-	624.18	-	112	-	39	-
Lands and Physical Planning	39.59	50	10	-	4.98	-	50	-	13	-
Hola Municipality	83.01	120	5.09	-	1.41	-	28	-	2	-
Environment and Climate Change	45.95	237.64	13.03	80.64	0.40	80.64	3	100	1	34
Total	**5,639.26**	**4,325.61**	**2,231.30**	**121.18**	**1,800.69**	**121.18**	**81**	100	32	3

Source: *Tana River County Treasury*

Analysis of expenditure by departments shows that the Department of Environment and Climate Change recorded the highest absorption rate of development budget at 34 per cent, followed by the County Assembly at 9 per cent. The Department of Special Programs had the highest recurrent expenditure-to-budget ratio at 48 per cent, while the Department of Environment and Climate Change had the lowest at 1 per cent.

3.40.17 Budget Execution by Programmes and Sub-Programmes

Table 3.602 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.602: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Environment &Climate Change				
	Environmental protection	230,638,613	80,638,613	35%
County Assembly				
	Refurbishment of Buildings	273,754,712	40,544,369	15%
RECURRENT				
Special programs	Drought management	2000000	2000000	100%
County Public Service Board	Ethics, Governance &Compliance	4309400	3395000	79%
Agriculture, Livestock, Fisheries and Veterinary	Construction of Ice Plant Storage	1425000	1105000	78%
Medical Services, public Health and sanitation	Health Products Technologies	124395000	96189080	77%
Agriculture, Livestock, Fisheries and Veterinary	Livestock production extension services	880000	629600	72%

Source: *Tana River County Treasury*

The development sub-programmes with the highest budget implementation rates were: Environmental protection in the Department of Environment and Climate Change at 35 per cent, and refurbishment of buildings in the County Assembly at 15 per cent.

For recurrent sub-programmes, the top performers included: Drought management in the Department of Special Programs at 100 per cent, Ethics governance and compliance in the County Public Service Board at 79 per cent, and Construction of ice plant storage in the Department of Agriculture, Livestock, Fisheries, and Veterinary at 78 per cent.

The higher performance of these programmes can be attributed to the timely approval of departmental workplans

Table 3.603 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.603: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT				
Culture, gender, Youth, Sports and Social Services	Gender leadership	4,450,000	100,500	2%
Public Service, Administration and Citizen Participation	ICT	8,700,000	160,700	2%
Public Service, Administration and Citizen Participation	County Administration	71,100,000	2,344,800	3%

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Lands and Physical Planning	Administration, Planning, Support Services	1,344,626	50,000	4%
Public Service, Administration and Citizen Participation	Administration, planning, Support Services	1,222,580,674	70,022,027	6%

Source: *Tana River County Treasury*

All the development sub-programmes had zero absorption rates except Environment and Climate Change and the County assembly.

For recurrent sub-programmes, the lowest-performing included: Gender leadership in the Department of Culture, gender, Youth, Sports and Social Services at 2 per cent, ICT in the Department of Public Service, Administration and Citizen participation at 2 per cent, and County Administration in the Department of Public Service, Administration and Citizen participation at 3 per cent.

These lower performances can be attributed to delays in approving departmental work plans.

3.40.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and to revenue collection bank accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 58 accounts in commercial banks, including 42 for Health Facilities, one for Vocational Training Centres, four for Established Funds, one revenue account, and ten special-purpose accounts (additional allocations).

3.40.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Tana River County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.48.46 million against an annual target of Kshs.200.42 million, representing 12per cent of the financial year target.
ii. Low development performance in the review period as the County incurred 121.18million on development activities, achieving a 3 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Bursary and Scholarship Fund and the County Assembly Car Loan & Mortgage Fund had lapsed, making them ineligible for further withdrawals.
iv. High level of pending bills, which amounted to Kshs.2.37 billion as of 31st December 2025. Further, there was non-payment of the pending bills by the County Treasury during the period under review

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

i. 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.
ii. The County should implement strategies to increase development expenditures in FY 2025/26.
iii. The County should ensure timely review and extension of public funds whose lifespan is nearing expiration to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mecha-

nisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.

iv. 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 Pending Bills Action Plan should be enforced.

3.41. County Government of Tharaka Nithi

3.41.1 Overview of FY 2025/26 Budget

The Tharaka Nithi County's Approved Budget for FY 2025/26 is Kshs.6.77 billion. It comprises Kshs.2.51 billion (37 per cent) and Kshs.4.26 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.288 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.38 billion and a recurrent budget of Kshs.4.10 billion. The marginal increase in the budget was primarily attributed to the rise in equitable share and own source revenue.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.4.59 billion (68 per cent), additional allocations of Kshs.1.60 billion (24 per cent) and Kshs.585.40 million (9 per cent) generated as own-source revenue. The budget did not factor in funds carried over from the previous financial year of 2024-25. A breakdown of the additional allocations is shown in Table 3.606

3.41.2 Revenue Performance

During the first half of FY 2025/26, the County generated Kshs.2.53 billion in revenue. This amount represented an increase of 2 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.47 billion. The total revenue consisted of Kshs.2.10 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.7.86 million, as well as own-source revenue (OSR) collection of Kshs.219.42 million. Additionally, the County had a cash balance of Kshs.205.32 million from FY 2024/25. The total OSR collection of Kshs.219.42 million included Facilities Improvement Financing (FIF) of Kshs.129.82 million, and Kshs.89.60 million from other OSR sources. Table 3.604 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.604: Tharaka Nithi County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
		A	B	
A	**Unspent Balance from FY 2024/25**			
1	Balance at CRF		203,810,744	
2	County Executive Refunds to CRF		1,511,750	
3	County Assembly Refunds to CRF		1,953	
	Sub-Total	-	**205,324,447**	
B	**Equitable Share of Revenue Raised Nationally**			
1	Equitable Share	4,587,150,462	2,099,188,812	46%
	Sub-Total	**4,587,150,462**	**2,099,188,812**	46%
D	**Additional Allocations (Including Grants)**			
1	Danida	6,045,000		0%
2	Other Conditional Grants/CHP National Grant	32,703,317		0%
3	Supplement of Construction	47,981,059		0%
4	National Agricultural Value Chain Development Project (NAVC-DP	231,249,281		0%
5	FLOCCA	176,000,000		0%
6	WB KWASH PforR	350,000,000		0%
7	Aquaculture Business Development Programme	15,810,384	7,862,418	50%
8	Aggregated Industrial Parks Programme	150,000,000		0%
9	Kenya devolution Support Program II – Level II	352,000,000		0%
10	Kenya devolution Support Program II – Level I	37,500,000		0%

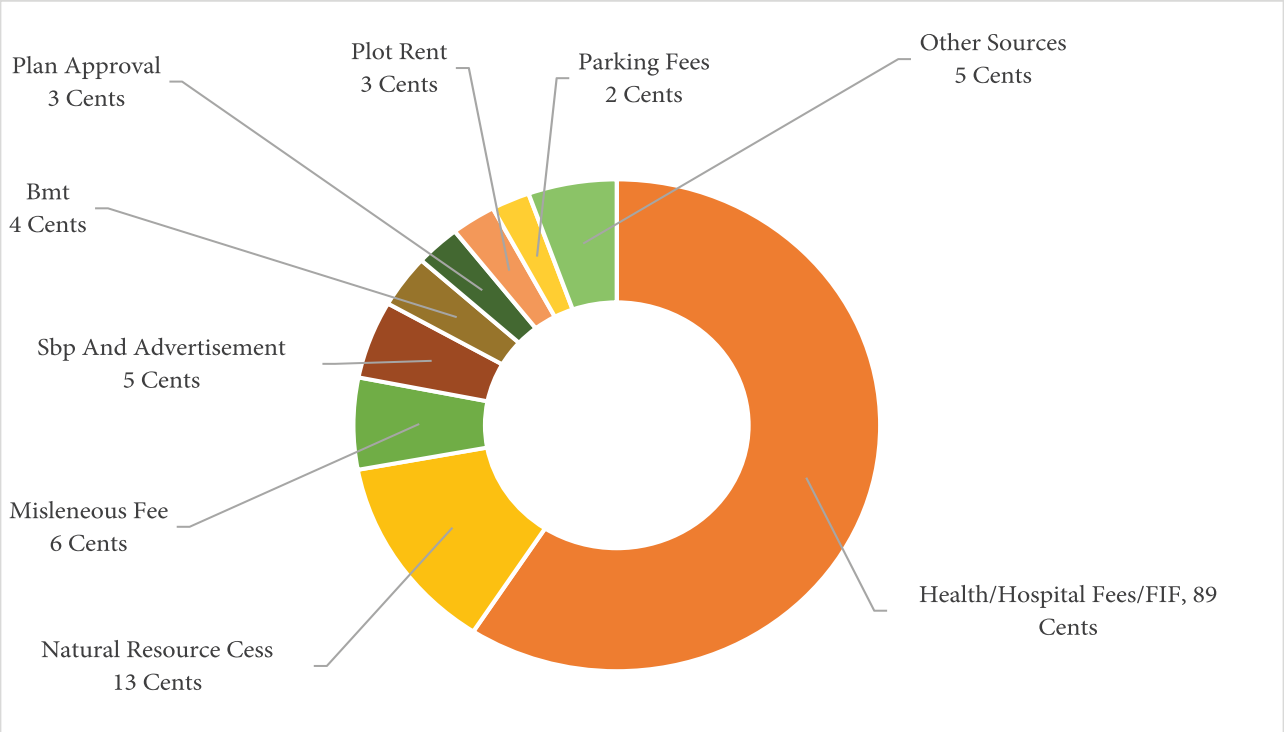
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
		A	B	
11	Kenya Urban Support Program II – Urban Institutional Grant	36,750,000		0%
12	Road Maintenance Levy	161,810,687		0%
	Sub-Total	**1,597,849,728**	**7,862,418**	0%
E	**Ordinary Own Source Revenue (OSR)**			
1	Single Bussines Permit	90,000,000	11,234,048	12%
2	Cess Fees	60,000,000	28,383,352	47%
3	Barter Market / Entrance Fee / Slaughter Fees	25,000,000	7,578,333	30%
4	Liqour License	25,000,000	3,956,522	16%
5	Parking Fees	22,000,000	5,172,006	24%
6	Technical Services	1,000,000		0%
7	Veterinary services	9,200,000	3,435,185	37%
8	Livestock and Agriculture Produce Cess	9,000,000	466,911	5%
9	Plot / Land Rates & Rents and Stand Premium	6,000,000	6,020,960	100%
10	Plan Approval fees	6,000,000	6,064,963	101%
11	Transfer application & adjudication	5,000,000	1,334,830	27%
12	Administration Fees and Charges	5,000,000	120,986	2%
13	Rent / Lease County Houses and Stalls	3,000,000	2,083,009	69%
14	Land and Rate	2,000,000		0%
15	Tourism (Mt. Kenya Lodge)	1,000,000	402,000	40%
16	Miscellaneous	1,000,000	13,216,350	1322%
17	Penalties	400,000	130,600	33%
18	Cooperative services	200,000		0%
19	Fire Inspection	200,000		0%
	Sub-Total	**280,000,000**	**89,600,055**	32%
F	**Facility Improvement Fund/Financing (FIF)**			
1	Hospital Fees	294,600,000	128,616,550	44%
2	Public Health Fees	5,000,000	1,205,802	24%
3	Other	5,800,000		0%
	Sub Total	**305,400,000**	**129,822,352**	**43%**
	Grand Total	**6,770,400,190**	**2,531,798,084**	**37%**

Source: *Tharaka Nithi County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. The reason why most of the additional allocations are reading "0%" of the target is because they have not been released to the county by the respective donor institution

Figure 241 provides a detailed breakdown of receipts, showing a breakdown of each shilling received.

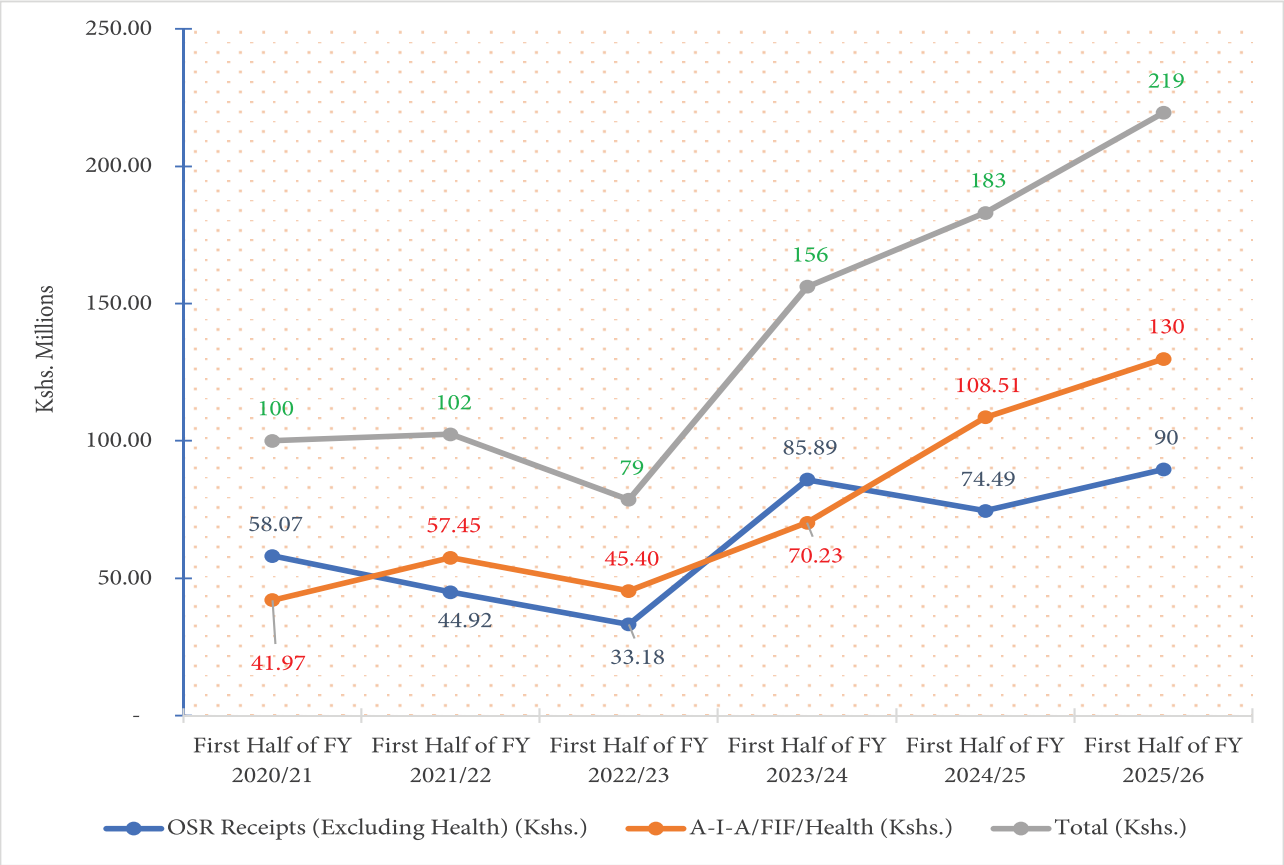
Figure 241: Tharaka Nithi County Composition of Each Shilling Received in the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 83 per cent, 4 per cent and 5 per cent, respectively, of the total receipts for the reporting period. Figure 242 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

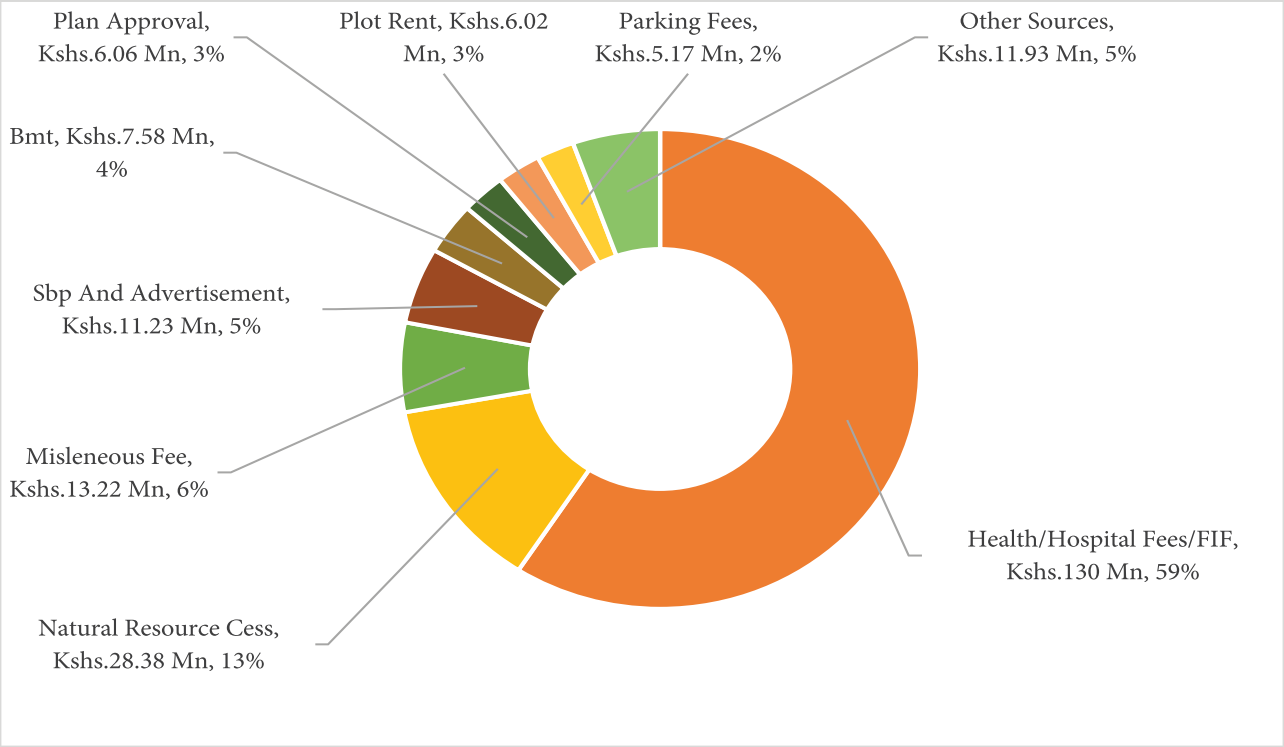
Figure 242: Tharaka Nithi County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

During the First Half of FY 2025/26, the County generated Kshs.219.42 million in revenue from its sources, including FIF. This amount was an increase of 20 per cent compared to Kshs.183 million realised in a similar period in FY 2024/25, and was 37 per cent of the annual target and 1 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to aggressively addressing the issue revenue leaks. The revenue streams which contributed the highest OSR receipts are shown in Figure 243

Figure 243: Tharaka County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Tharaka Nithi County Treasury

As shown in Figure 243, the highest revenue stream, at Kshs.129.82 million, was from Health/Hospital Fees/FIF, accounting for 59 per cent of the total OSR receipts. The County Government indicated that it has automated most of the revenue streams

3.41.3 Revenue Arrears

As of 1st July 2025, the County reported revenue arrears of Kshs.137.53 million, this amount increased to Kshs.625.54 million as of 31st December 2025. Table 3.605 presents a breakdown of the County's revenue arrears.

Table 3.605: Tharaka Nithi County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
	Dec 2025 Exchequer				429,954,335	429,954,335
	Sub-Total	-	-	-	**429,954,335**	**429,954,335**
C	**Ordinary Own Sources of Revenue**					
1	Plot Rent	57,762,492		3,250,000	2,379,040	56,891,532
2	County Houses	1,462,556		1,000,600	1,048,800	1,510,756
3	Market Stalls	833,250		833,250	626,841	626,841
	Sub-Total	**60,058,298**	-	**5,083,850**	**4,054,681**	**59,029,129**
E	**Facility Improvement Fund (FIF)**					
1	National Hospital Insurance Fund(NHIF)	22,075,535	-	-	-	22,075,535

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26 (Kshs.)			OSR Arrears as of 31st December 2025 (Kshs.)
			Waivers	Arrears paid in the financial year	Arrears earned in First Half of FY 2025/26	
		a	b	c	d	f=a-b-c+d
2	Social Health Insurance Fund (SHIF)	54,382,260	-	20,250,000	79,833,235	113,965,495
3	AON Insurance	1,011,000	-	497,656	-	513,344
4	Other					
	Sub-Total	**77,468,795**	**-**	**20,747,656**	**79,833,235**	**136,554,374**
	Grand Total	**137,527,093**	**-**	**25,831,506**	**513,842,251**	**625,537,838**

Source: *Tharaka Nithi County Treasury*

As of 31st December 2025, the revenue arrears totalled to Kshs.625.54 million, comprising Kshs.429.95 million (69 per cent) for December 2025 exchequer tranche of equitable share, Kshs.136.55 million (22 per cent) for FIF/Hospital Fees/Health, and Kshs.59.03 million 9 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include automation and employing aggressive collection techniques

3.41.4 Borrowing by the County

The County Executive and the County Assembly did not borrow in the reporting period.

3.41.5 Exchequers Approved

The Controller of Budget approved withdrawals of Kshs.2.29 billion from the CRF account during the reporting period, which comprised Kshs.369.68 million (17 per cent) for development programmes and Kshs.1.92 billion (83 per cent) for recurrent programmes. Analysis of the recurrent exchequers released indicates that Kshs.1.41 billion was towards employee compensation and Kshs.502.72 million for operations and maintenance expenditure.

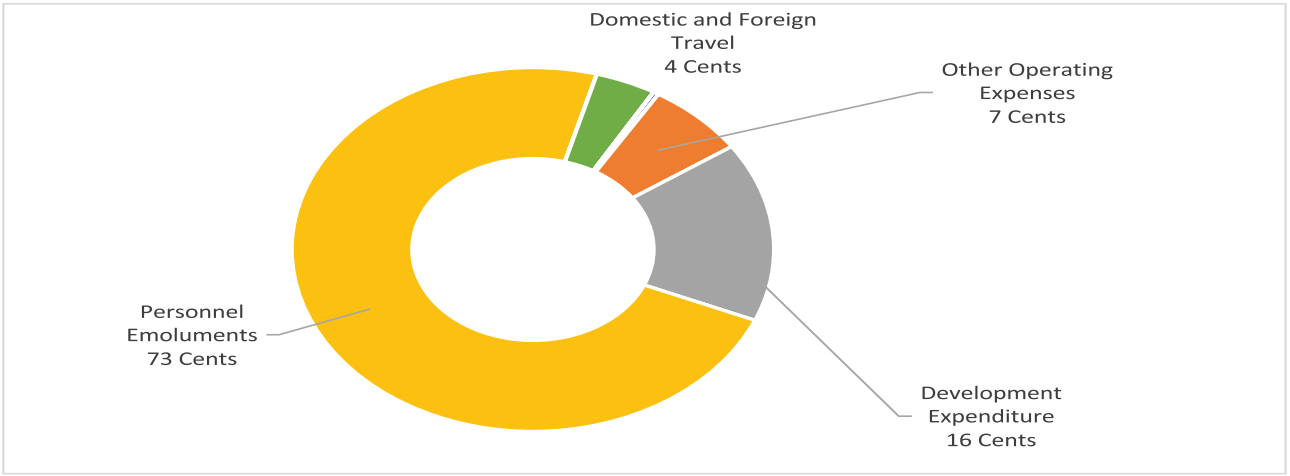
As of 31st December, 2025, the County Government's cash balance in the CRF account was Kshs.225,46 million.

3.41.6 Expenditure Review

The County spent Kshs.2.49 billion on development and recurrent programmes in the reporting period. The expenditure represented 109 per cent of the total funds released by the CoB (the expenditure exceeded the funds approved by the CoB because it includes funds not returned to the CRF at the end of the previous year). It comprised Kshs.369.66 million for development programmes and Kshs.2.12 billion for recurrent programmes. Expenditure on development programmes represented 15 per cent of the annual development expenditure budget, while recurrent expenditure represented 50 per cent of the annual recurrent expenditure budget.

Figure 244 provides a detailed breakdown of expenditure, showing the relative composition of each shilling spent.

Figure 244: Tharaka Nithi County Composition of Each Shilling Paid in the First Half of FY 2025/26



Source: *Tharaka Nithi County Treasury*

As shown in Figure 244, the three highest expenditure categories were Personal Emoluments, Development Expenditure and Other Operating Expenses contributing 73 percent, 16 per cent and 7 percent of the total expenditure for the reporting period.

3.41.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.754.52 million. This amount included Kshs.622.91 million from the County Executive and Kshs.131.61 million from the County Assembly. The trade payables from the County Executive consisted of Kshs.437.48 million for recurrent expenditures and Kshs.185.44 million for development expenditures.

During the reporting period, the County Executive settled trade payables amounting to Kshs.245.85 million, comprising Kshs.185.87 million (42 per cent) for recurrent programmes and Kshs.59.98 million (32 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.10.14 million, which included Kshs.180,255 (0.2 per cent) for recurrent activities and Kshs.9.96 million (72 per cent) for development activities. The outstanding trade payables as of 31st December 2025 was Kshs.377.06 million for County Executive and Kshs.142.40 million for County Assembly. Table 3.606 provides additional details of trade payables.

Table 3.606: Tharaka Nithi County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	185,435,237	437,475,073	622,910,310
	County Assembly	13,879,858	117,733,304	131,613,162
	Total	**199,315,095**	**555,208,377**	**754,523,472**
Trade payables scheduled to be settled in Q2 of FY 2025/26 according to the action plan	County Executive	314,154,745	69,403,296	383,558,041
	County Assembly	10,584,810	3,289,468	13,874,278
	Total	324,739,555	72,692,764	397,432,319
Amount paid in FY 2025/26	County Executive	59,982,067	185,871,325	245,853,391
	County Assembly	9,960,810	180,255	10,141,065
	Total	**69,942,877**	**186,051,580**	**255,994,456**
Trade Payables Incurred in FY 2025/26	County Executive			-
	County Assembly		20,926,997	20,926,997
	Total	-	**20,926,997**	**20,926,997**
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	125,453,171	251,603,748	377,056,919
	County Assembly	3,919,048	138,480,046	142,399,094
	Total	**129,372,219**	**390,083,794**	**519,456,013**

Source: *Tharaka Nithi County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.383.56 million and Kshs.13.84 million, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.245.85 million for the Executive and Kshs.10.14 million for the Assembly.

Table 3.607 and Table 3.608 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.519.46 million.

Table 3.607: Tharaka Nithi County Executive Pending Bill Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**75,113,826**	**4,580,000**	**92,319**	**45,667,026**	**125,453,171**
Recurrent Trade Payables (Goods & Services)	137,467,833	16,389,923	9,401,496	88,344,497	251,603,749
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-				-
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	**137,467,833**	**16,389,923**	**9,401,496**	**88,344,497**	**251,603,749**
Executive Trade Payables	**212,581,659**	**20,969,923**	**9,493,815**	**134,011,523**	**377,056,920**
% of Executive Trade Payables	56%	6%	3%	36%	100%

Source: *Tharaka Nithi County Treasury*

Table 3.608: Tharaka Nithi County Assembly Pending Bill Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables			3,919,048		3,919,048
Recurrent Trade Payables (Goods & Services)			19,834,410	67,024,503	86,858,913
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)			15,328,067		15,328,067
Recurrent Trade Payables (Staff Claims)					-
Recurrent Trade Payables	-	-	35,162,477	67,024,503	102,186,980
Assembly Trade Payables	-	-	39,081,525	67,024,503	106,106,028
% of Assembly Payables	-	-	37%	63%	100%
Total Trade Payables	212,581,659	20,969,923	48,575,340	201,036,026	483,162,948
% of Total Trade Payables	44%	4%	10%	42%	100%

Tharaka Nithi County Treasury

3.41.8 Expenditure by Economic Classification

During the reporting period, the County Executive incurred Kshs.1.59 billion for compensation of employees, Kshs.335.88 million for operations and maintenance, and Kshs.359.70 million for development activities. Similarly, the County Assembly spent Kshs.103.49 million on compensation of employees, Kshs.96.86 million on operations and maintenance, and Kshs.9.96 million on development activities, as shown in Table 3.609

Table 3.609: Tharaka Nithi County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Absorption (%)
County Executive			
Recurrent	**3,750,015,558**	**1,921,591,540**	**57**
Compensation to Employees	2,455,544,603	1,585,714,266	74
Operations & Maintenance	1,294,470,955	335,877,274	26
Development	**2,481,851,027**	**359,698,058**	**14**
Executive Sub-total	**6,231,866,585**	**2,281,289,598**	**40**
County Assembly			
Recurrent	**508,533,605**	**200,346,638**	**44**
Compensation to Employees	275,426,847	103,487,080	45
Operations & Maintenance	233,106,758	96,859,558	42
Development	**30,000,000**	**9,960,810**	-

Sector / Category	Budget (Kshs) (a)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Absorption (%)
Assembly Sub-total	**538,533,605**	**210,307,448**	**41**

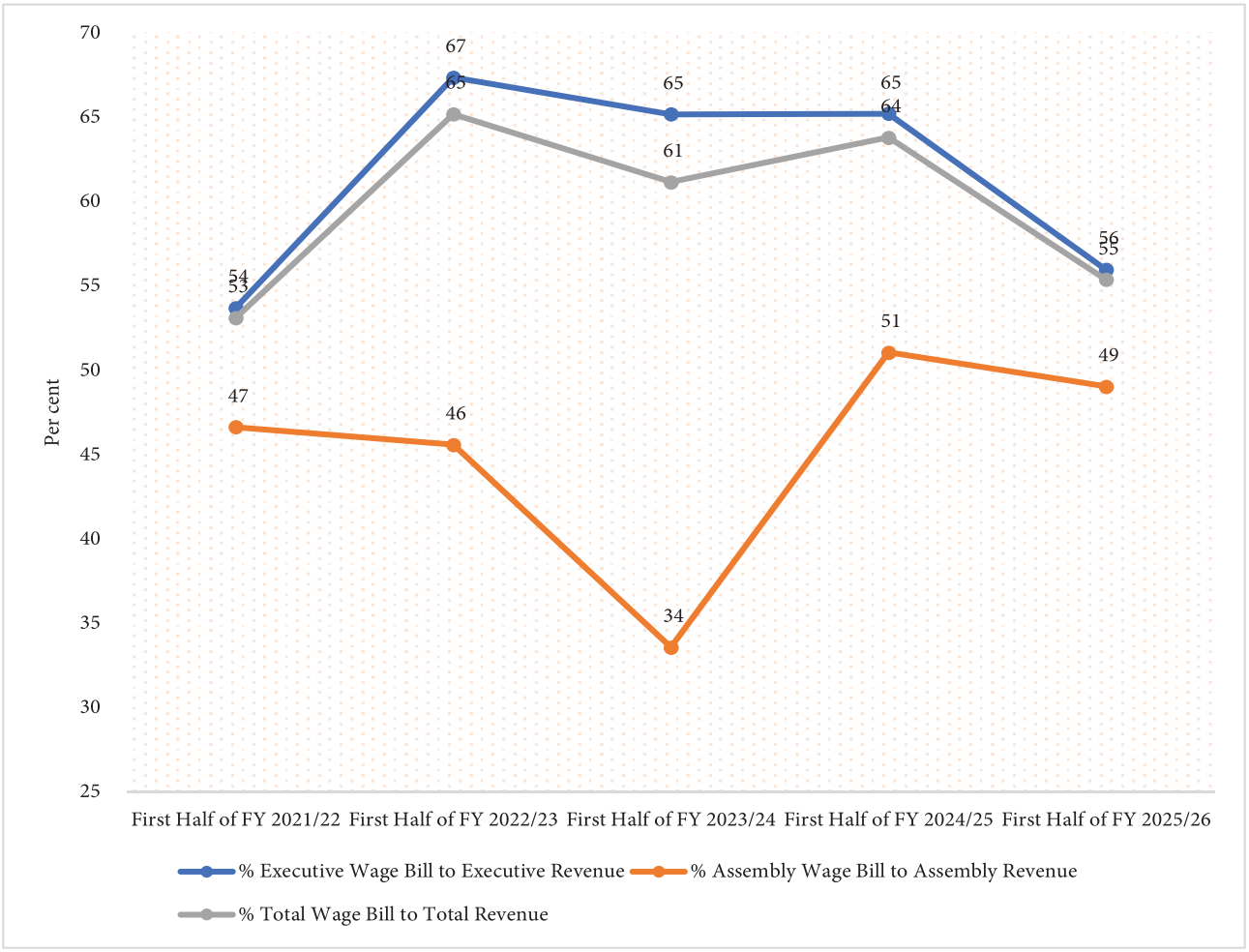
***Source**: Tharaka Nithi County Treasury*

3.41.9 Expenditure on Compensation of Employees

During the period under review, the expenditure on employee compensation totalled Kshs.1.69 billion. The percentage of compensation of employees to revenue was 55 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.43 billion reported in a similar period in FY 2024/25. Of this total, Kshs.772.20 million related to Health Sector employees, accounting for 40 per cent of the overall employees' compensation.

Figure 245 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 245: Percentage of Employee Compensation to Total Revenue Received from the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Tharaka Nithi County Treasury

Further analysis indicated that PE costs amounting to Kshs.1.63 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.61.54 million was processed through manual payroll, which accounted for 4 per cent of the total PE cost.

The manual payroll comprised salaries for 0 staff not on-boarded into the Human Resource Information System (HRIS), salaries for varied numbers of casual staff casual staff, top-up allowances for security personnel, gratuity remittances to pension schemes for staff on contract, and LAPTRUST/LAPFUND Pension Contributions, as shown in Table 3.610

Table 3.610: Breakdown of Tharaka Nithi County Manual Payroll

Category	County Executive (Kshs.)	County Assembly (Kshs.)	Total (Kshs.)
Salaries for casual staff	54,685,099		54,685,099
Gratuity for contract staff		61,539,303	61,539,303
Total	54,685,099	61,539,303	116,224,402

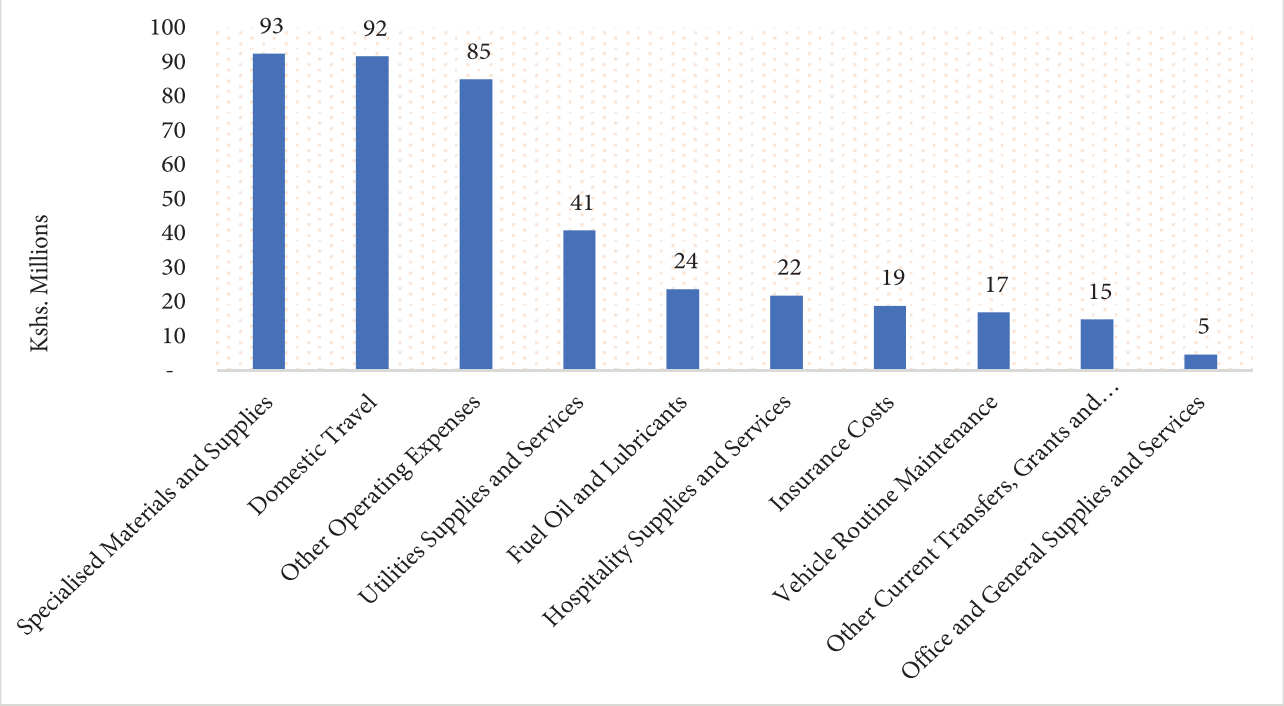
Source: Tharaka Nithi County Treasury

The County Assembly spent Kshs.8.73 million on committee sitting allowances for the 24 MCAs against the annual budget allocation of Kshs.27.90 million. The average monthly sitting allowance was Kshs.606.13 per MCA. The County Assembly has 19 House Committees.

3.41.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.432.74 million on operations and maintenance, representing a decrease of 5 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.455.84 million. Figure 246 summarises the Operations and Maintenance expenditure by major categories.

Figure 246: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: *Tharaka Nithi County Treasury*

3.41.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report submitted to the Controller of Budget for the first half of FY 2025/26 shows that the County spent Kshs.85.10 million under "other Operating expenses" translates to 20 per cent of the cumulative operations and maintenance expenditure of Kshs.432.74 million. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.611

Table 3.611: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Commission and Charges	202,900	-
2211305	Contracted Guards and Cleaning Services	55,000,000	39,883,652
2211306	Membership Fees, Dues, and Subscriptions to Professional and Trade Bodies	7,780,500	155,700

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308	Legal Dues/fees, Arbitration and Compensation Payments	13,929,375	-
2211310	Contracted Professional Services	50,500,000	29,523,879
2211320	Temporary Committees Expenses	5,051,250	-
2211323	Laundry Expenses	250,000	
2211325	Constituency Office Expenses	22,728,000	15,535,500
Total		**155,442,025**	**85,098,731**

Source: *Tharaka Nithi County Treasury*

3.41.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.260 million to County-Established funds in FY 2025/26, or 4 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (0.15 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.612 summarises the budget allocations and performance of each established Fund during the reporting period.

Table 3.612: Performance of Tharaka Nithi County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual Expenditure in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
Tharaka Nithi County Executive Established Funds							
1	Bursary Development Fund	2019	-	-	-	110,032,667	Yes
2	Emergency Fund	2019	10,000,000	-	-	15,116,817	Yes
3	Youth Fund	2022	-	-	-	25,000,000	Yes
4	Car Loan and Mortgage Fund	2024	-	-	-	70,000,000	Yes
5	Climate Change Fund	2024	252,000,000	8,915,619	8,915,619	195,843,205	Yes
Tharaka Nithi County Assembly Established Funds							
1	Car and Mortgage Fund	-	-	-	-	-	No
	Total		**262,000,000**	**8,915,619**	**8,915,619**	**415,992,689**	

Source: *Tharaka Nithi County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from one Fund Administrators, as indicated in Table 3.614, contrary to the requirement of Section 168 of the PFM Act, 2012. Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015 sets the ceiling of administration costs of established funds at 3 percent of the fund budget. For the funds whose financial statements were received by the Controller of Budget, the administrative cost ceilings were not breached.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the funds had not elapsed.

3.41.13 County Corporations

The County has one corporation and does not receive a budget allocation from the County budget. Table 3.613 gives the breakdown.

Table 3.613: Performance of Tharaka Nithi County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Nithi Water and Sanitation Company (NIWASCO)	Nil	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**	**Nil**

Source: *Tharaka Nithi County Treasury*

3.41.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.91.88 million and comprised Kshs.65.23 million spent by the County Assembly and Kshs.26.66 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.24 million and comprised Kshs.0.75 million by the County Assembly and Kshs.1.49 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.614

Table 3.614: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel in (Kshs.)
County Executive	2	17th-19th Sep 2025	Council of Governors delegation aiming at strengthening bilateral relation between Kenya and Greece and Italy	Greece, Italy	1,486,565
County Assembly	1	1st-10 July 2025	Official Duty	London UK	751,400
Total					**2,2137,965**

Source: Tharaka Nithi County Treasury and County Assembly

Under operations and maintenance costs, "*other expenses*" include Kshs.6.5 million for legal fees.

3.41.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.129.82 million as FIF, which was 43 per cent of the annual target of Kshs.305.40 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.35.28 million, as shown in Table 3.615

Table 3.615: Tharaka Nithi County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1	One Level 5 Hospital (Chuka Referral Hospital)	1	100,700,000	31,691,408	31.5%
2	Two Level 4 Hospitals (Magutuni and Marimanti)	2	42,150,000	3,587,120	8.5%
	Total		**142,850,000**	**35,278,528**	**24.7%**

Source: *Tharaka Nithi County Treasury*

3.41.16 Development Expenditure

In the review period, the County reported spending Kshs.369.66 million on development programmes, representing an increase of 10 per cent compared to FY 2024/25, when the County spent Kshs.337.45 million. Table 3.616 summarises the development projects with the highest expenditure in the reporting period.

The increase in development expenditure was attributed to increases in revenue from the equitable share and own-source revenue.

Table 3.616: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2025/26 (Kshs.)	Cumulative Expenditure as of 31st December 2025	Implementation status (%)
	County Funded Projects							
1	Roads	RML	County-wide	30 June 2026	161,810,687	55,944,250	55,944,250	-
2	Agriculture	Crop Subsidy	County-wide	30 November 2025		42,100,000	42,100,000	100%
3	HEALTH	Count-Part Funding Safaricom Mpesa Foundation (Mpukoni Health Centre)	Magumoni	30 April 2027	95,890,510	26,194,690	35,057,090	15%

No.	Sector	Project Name	Project Location	Expected Completion Date	Contract sum (Kshs)	Amount paid in FY 2025/26 (Kshs.)	Cumulative Expenditure as of 31st December 2025	Implementation status (%)
4	Roads	Upgrading of Karandini-Kithioroni Roads to Bitumen Standard	Magumoni	23/12/2023	450,171,829.80	20,126,069.60	405,438,217.57	82.32
5	Roads	Completion of Tharaka Nithi County Headquarters at Kathwana	Igambang'ombe	03-12-26	129,003,938	17,493,240	36,950,865.40	15.08
6	Roads	Upgrading of Kambandi-Cheera-Ruguti Road to Bitumen Standard	Mugwe	21/11/2021	356,261,151.12	12,637,620	279,713,488.59	75
7	Water and Irrigation	Other Civil Works and pending bills	County wide	-	-	11,316,101	11,316,101	-
8	Water, Environment, and Natural Resources	FLLoCA - Counter fund	County-wide	30-06-26	-	11,000,000	11,000,000	-
9	Roads	Proposed Completion of Ndagani Market	Karingani	07 May 2026	40,849,000	10,902,261	18,466,841	18.52
	Donor Funded Projects							
1	Water, Environment, and Natural Resources	FLLoCA - Conditional Grant	County-wide	30-06-26	-	8,913,484	8,913,484	-
2	Fisheries and Ecosystem Development	Aquaculture Business Development Programme (ABDP)	County-wide	30 June 2026	15,810,000	7,862,418	7,862,418	-
3	Agriculture	NAVCDP	County-wide	30 June 2026	231,249,281	-	-	-
4	Water and Irrigation	2640503 Kenya Water and Sanitation Programme	County wide	30th-June 2026	350,000,000	-	-	
5	Public administration, intergovernmental coordination, and devolution affairs	Kenya Devolution Support Program (KDSP II)	County-wide	30th June 2026	352,000,000	-	-	-

Source: *Tharaka Nithi County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.689.34 million, of which Kshs.105.89 has already been paid. The stalled projects are shown in Table 3.617

Table 3.617: Tharaka Nithi County Stalled Projects as of 30 September 2025

Project Name	Project Location	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project	Outstanding Balance as of 30 September 2025	Percentage of Completion Before Stalling of the Project	Reason for Project Stalling
Upgrading of Tunyai Nthaara Road to Bitumen Standard	Chiakariga	689,341,000	105,887,119	583,453,881	15.36	Funding

Source: Tharaka Nithi County Treasury

3.41.17 Budget Performance by Department

Table 3.618 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.618: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs. Millions)		Expenditure (Kshs.Millions)		Expenditure (%)		Absorption rate (%)			
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy	109.93	-	40.38	-	39.82	-	99	-	36	-
Roads, Infrastructure, Public Works & Urban Development	220.39	554.79	84.57	152.95	83.61	208.89	99	137	38	38
Medical Services	1,721.35	110	912.95	35.03	852.52	35.03	93	100	50	32
Agric, Livestock, Vet Services, & Coop Dev	211.99	369.25	88.78	67.74	78.93	67.72	89	100	37	18
Public Admin, Intergov Coordination & Devolution Affairs	178.45	357	56.24	0.89	55.98	0.89	100	100	31	-
Educ &Vocational Training	214.62	40	103.74	4.99	90.45	4.99	87	100	42	12
Finance & Economic Planning	206.23	40	84.33	-	83.70	-	99	-	41	-
Environment, Mining &Natural Resources	38.85	241	10.79	11	7.84	19.91	73	181	20	8
County Assembly	508.53	30	200.35	9.96	221.03	9.96	110	100	43	33
Water Services & Irrigation	65.23	450	25.27	11.32	25.03	11.32	99	100	38	3
County Public Service Board	40.13	-	14.80	-	11.28	-	76	-	28	-
Public Health & Sanitation	331.76	-	140.45	-	110.08	-	78	-	33	-
Youth &Sports	38.89	50	15.05	8.66	13.27	8.66	88	100	34	17
Culture & Tourism	31.25	5	17.14	2.09	15.79	2.09	92	100	51	42
Revenue & Resource Mobilization	119.33	-	49.28	-	48.50	-	98	-	41	-
Lands, Physical Planning & Housing	69.97	84	22.72	-	20.84	-	92	-	30	-
Fisheries & Ecosystem Dev	24.10	25.81	6.37	-	6.12	-	96	-	25	-
Gender, Children & Social Services	31	5	11.01	-	10.97	-	100	-	35	-
Trade, Investment Promotion, Energy & Industry	56.83	150	19.75	0.19	19.02	0.19	96	100	33	-
Office of the County Secretary & County Attorney	39.70	-	12.62	-	11.98	-	95	-	30	-
Total	**4,258.55**	**2,511.85**	**1,916.60**	**304.82**	**1,806.75**	**369.66**	**94**	**121**	**42**	**15**

***Source**: Tharaka Nithi County Treasury*

Analysis of expenditure by departments shows that the Department of Culture and Tourism recorded the highest absorption rate of development budget at 42 per cent, followed by the Department of Roads, Infrastructure, Public Works & Urban Development at 38 per cent. The Department of Culture and Tourism had the highest recurrent expenditure-to-budget ratio at 51 per cent, while the Department of Environment, Mining & Natural Resources had the lowest at 20 per cent.

3.41.18 Budget Execution by Programmes and Sub-Programmes

Table 3.619 summarises budget execution by programmes and sub-programmes in the period under review with the highest absorption rates.

Table 3.619: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Agriculture, Livestock, Veterinary Services, and Cooperative Development				
P: Livestock and Fisheries Resource Management and Development				
SP: Veterinary Services and Disease Prevention		15,000,000	13,445,950	90
Culture and Tourism				
P: Culture, Arts and Social Services				
SP: Culture and Arts Promotion		5,000,000	2,089,500	42
Roads, Infrastructure, Public Works, and Urban Development				
P: Roads Transport				
SP: Rural Roads Improvement and Maintenance Service		431,810,687	172,651,968	40
Roads, Infrastructure, Public Works, and Urban Development				
P: Public Works and Housing Services				
SP: Public Works Services		67,981,059	25,336,415	37
County Assembly				
P: General Admin, Planning and Support Services				
SP: Office of the Clerk		30,000,000	9,960,810	**33**
RECURRENT				
County Assembly				
P: County Legislation and oversight services				
Sp: Oversight		61,084,919	48,528,233	79
Medical Services				
P: General Administration Planning and Support Services				
SP: Human resource management		1,270,385,959	843,389,596	66
Medical Services				
P: General Administration Planning and Support Services				
SP: General Administration Services		129,250,000	79,971,576	62
Education and Vocational Training				
P: General Administration Planning and Support Services				
SP: Administration Planning and Support Services		153,921,750	75,162,792	49
Roads, Infrastructure, Public Works, and Urban Development				
P: Roads Transport				
SP: Rural Roads Improvement and Maintenance Services		89,600,000	43,141,097	48

Source: *Tharaka Nithi County Treasury*

The higher performance of these programmes can be attributed to the county's "priority status" accorded to them. Additionally, some programs benefited from rolled funds that were not swept back to the CRF at the end of the previous financial year. These funds are saved from the bureaucracy of the opening year procedure, hence are easier to spend

Table 3.620: This table summarises budget execution by programmes and sub-programmes in the period under review, with the lowest absorption rates.

Program Sub Program	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT			
3612 Roads, Infrastructure, Public Works, and Urban Development			
P: General Administration Planning and Support Services			
SP: General Administration Services	15,000,000	-	-
3615 Agriculture, Livestock, Veterinary Services, and Cooperative Development			
P: Crop Development and Management			
SP: Crops Development, Agribusiness and Market Development	105,000,000	-	-
P: Livestock and Fisheries Resource Management and Development			
SP: Livestock Policy Development and Capacity Building	3,000,000	-	-
3616 Public Administration, Intergovernmental Coordination and Devolution Affairs			
P: General Administration, Planning and Support Services			
SP: Sub-County Administration and Field Services	5,000,000	-	-
P: Kenya Devolution Support Programme			
SP: Tharaka Nithi KDSP Capacity Building	352,000,000	-	-
3617 Education and Vocational Training			
P: General Administration, Planning and Support Services			
SP: Human Resource Management Services	40,000,000	-	-
3620 Environment, Mining, and Natural Resources			
P: Environment Management and Natural Resources Conservation			
SP: Climate Change	241,000,000	-	-
3622 Water Services and Irrigation			
P: Water Supply Services			
SP: Domestic Water Services	25,000,000	-	-
SP: Irrigation and Drainage Services	30,000,000	-	-
3628 Youth and Sports			
P: Sports Development and Promotion			
SP: Athletics Championships and Other Games	50,000,000	-	-
P: Land Policy and Planning			
SP: Physical Planning Services	84,000,000	-	-
3634 Trade, Investment Promotion, Energy, and Industry			
P: Energy Resource Development & Management			
SP: Energy Resource Development & Management	15,000,000	-	-
P: Industrial Development and Investment			
SP: Industrial Development	125,000,000	-	-
SP: Consumer Protection & Fair Trade Practices	10,000,000	-	-

Program Sub Program	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
RECURRENT			
3612 Roads, Infrastructure, Public Works, and Urban Development			
P: Chuka Municipality Development Programme			
SP: Chuka Municipality Administration and management	6,735,000	-	-
3613 Medical Services			
P: Curative and Rehabilitative Services			
SP: Primary Healthcare-Kibunga	1,570,000	-	-
3615 Agriculture, Livestock, Veterinary Services, and Cooperative Development			
P: Cooperative Development and Management			
SP: Cooperative Development	3,299,380	-	-
3620 Environment, Mining, and Natural Resources			
P: Environment Management and Natural Resources Conservation			
Sp: Climate Change	13,250,000	-	-
3628 Youth and Sports			
P: Sports Development and Promotion			
SP: Athletics Championships and Other Games	2,398,850	-	-
3629 Culture and Tourism			
P: Tourism Development and Promotion			
SP: Tourism Branding and Marketing	2,716,444	-	-
SP: Miss Tourism Tharaka Nithi	1,276,606	-	-
3634 Trade, Investment Promotion, Energy, and Industry			
P: Industrial Development and Investment			
SP: Industrial Development	6,230,000	-	-

Source: *Tharaka Nithi County Treasury*

There is no single significant reason for the implementation of the above programs' not taking off. For some of the programmes. Reasons vary, for example, programs associated with additional allocations are zero because the respective institutions had not released the additional allocations

3.41.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exemption applies to imprest bank accounts for petty cash and revenue-collection accounts.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 19 accounts in commercial banks, including 3 accounts for Health Facilities, 1 account for loan repayment by the assembly, 5 accounts for Established Funds, and 10 revenue accounts. Note – the health facility accounts are part of the revenue accounts

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening the commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.41.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report; the last batch of reports was received on 4th February 2026.

ii. The underperformance of own-source revenue at Kshs.219.423 million against an annual target of Kshs.585.40 million, representing 37 per cent of the financial year target.

iii. Low development performance in the review period, as the County incurred Kshs.369.66 million on development activities, achieving a 15 per cent absorption rate.

iv. The County is lagging in the settlement of payment bills. According to their own payment plans, the county executive by the end of Q2 should have paid Kshs.383.56 million but paid Kshs.245.85 million (66 per cent). The County Assembly should have paid 13.87 but paid Kshs.10.14 (73 per cent)

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

i. *The County Treasury should ensure the 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.*

ii. *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.*

iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*

iv. *The County Treasury should accelerate payment of pending bills in quarter 3 to compensate for the shortfall in quarter 2.*

3.42. County Government of Trans Nzoia

3.42.1 Overview of FY 2025/26 Budget

The Trans Nzoia County Approved Budget for FY 2025/26 is Kshs.9.92 billion. It comprises Kshs.3.67 billion (37 per cent) and Kshs.6.25 billion (63 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.537.36 million (5 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.4.34 billion and a recurrent budget of Kshs.6.11 billion. The decrease in the budget was primarily attributed to the decline in the balance brought forward and the conditional grant.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.7.99 billion (81 per cent), additional allocations of Kshs.804.91 million (8 per cent), a cash balance of Kshs.509.46 million (5 per cent) brought forward from FY 2024/25, and Kshs.600 million (6per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.621

3.42.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.07 billion. This amount represented an increase of 3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.3.95 billion. The total revenue consisted of Kshs.3.32 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.241.89 million. Additionally, the County had a cash balance of Kshs.509.46 million from FY 2024/25. The total OSR collection of Kshs.241.89 million included Facilities Improvement Financing (FIF) of Kshs.143.04 million, and Kshs.98.85 million from other OSR sources. Table 3.621 summarises the total revenue available to the County Government during FY 2025/26.

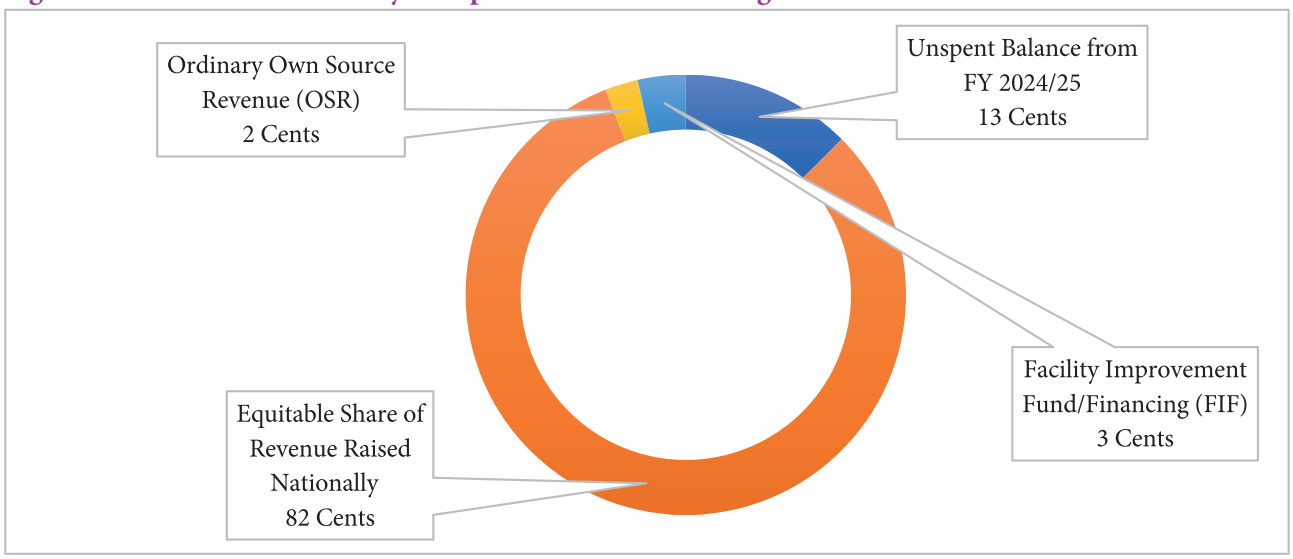
Table 3.621: Trans Nzoia County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2023/24**					
1	Balance at CRF	509,468,773	509,468,773		509,468,773	
2	County Executive Refunds to CRF	2,661,315	2,661,315		2,661,315	
3	County Assembly Refunds to CRF	11,994	11,994		11,994	
	Sub-Total	**509,468,773**	**509,468,773**		**509,468,773**	
B	**Equitable Share of Revenue Raised Nationally**					
1	...	7,991,120,837	3,316,315,147		3,316,315,147	4,674,805,690
	Sub-Total	**7,991,120,837**	**3,316,315,147**		**3,316,315,147**	**4,674,805,690**
D	**Additional Allocations (Including Grants)**					
1	Doctor Salary Arrears	46,626,677				46,626,677
2	Community Health Promoters	67,200,000				67,200,000
3	Second KDSP Level 1(Institutional Grant)	37,500,000				37,500,000
4	KDSP Level II	352,500,000				352,500,000
5	Kenya Livestock Commercialisation Project(Kelcop)	60,550,000				60,550,000
6	National Agricultural Value Chain Programme	231,250,000				231,250,000
7	Primary Health Care in a Devolved Context	9,282,000				9,282,000
	Sub-Total	**804,908,677**				**804,908,677**
E	**Ordinary Own Source Revenue (OSR)**					
1	Ordinary Own Source Revenue (OSR)	324,970,591	98,848,690		98,848,690	226,121,901
	Sub-Total	**324,970,591**	**98,848,690**			**226,121,901**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	275,029,409	143,047,398		143,047,398	131,982,011
2	Defunct NHIF					
	Sub-Total	**275,029,409**	**143,047,398**		**143,047,398**	**131,982,011**
Total		**9,917,660,017**	**4,067,680,008**		**4,067,680,008**	**5,849,980,009**

Source: *Trans Nzoia County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF. Figure 247 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

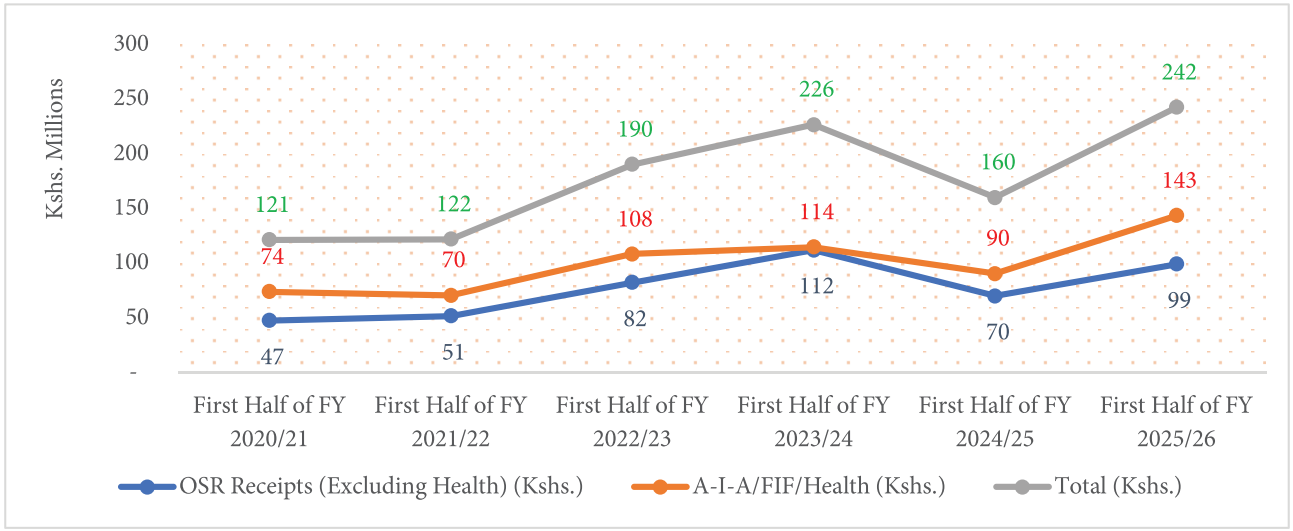
Figure 247: Trans Nzoia County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Trans Nzoia County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 82 per cent, 2 per cent, and 3 per cent, respectively, to total receipts for the reporting period. Figure 248 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 248: Trans Nzoia County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

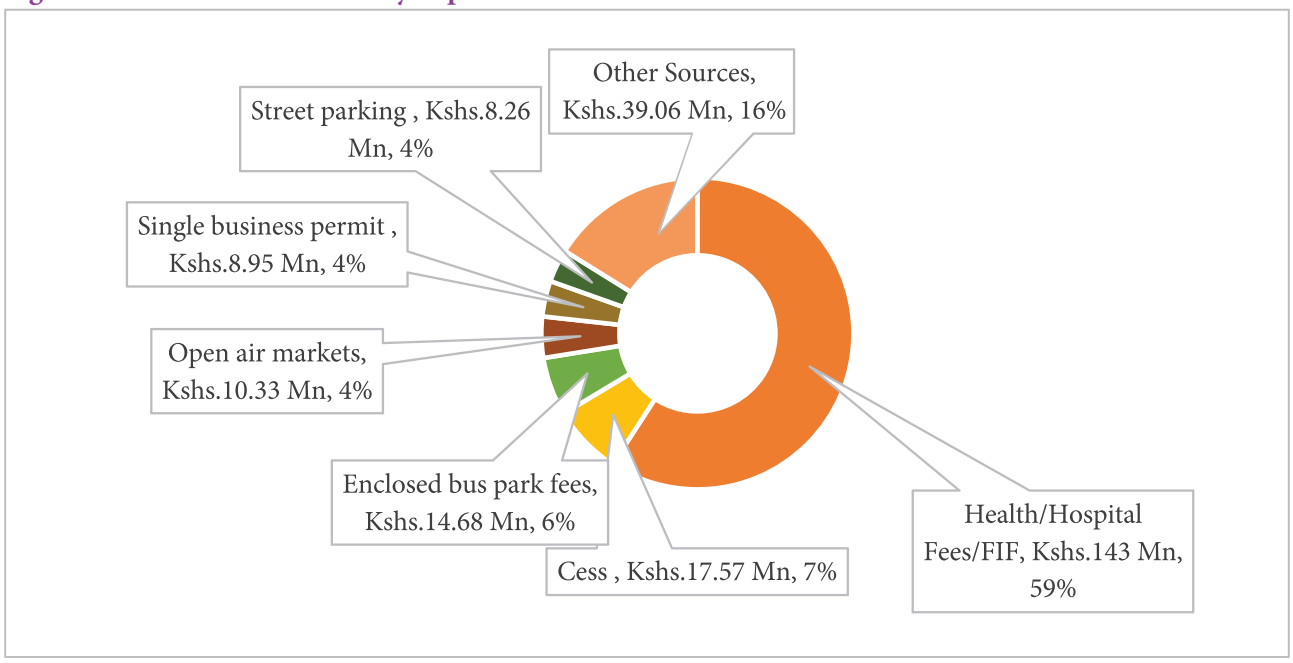


Source: *Trans Nzoia County Treasury*

During the first half of FY 2025/26, the County received Kshs.241.89 million from OSR, including FIF. This amount was an increase of 52 per cent compared to Kshs.159.66 million realised in a similar period in FY 2024/25, and was 40 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the automation of some revenue streams to cashless. The revenue streams that contributed the most to OSR receipts are shown in Figure 249

Figure 249: Trans Nzoia County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Trans Nzoia County Treasury

As shown in Figure 249, the highest revenue stream, at Kshs.143.04 million, was from Health, hospital fees/FIF, accounting for 59 per cent of the total OSR receipts. The County Government indicated that it has automated 37 of 56 revenue streams.

3.42.3 Borrowing by the County

There was no borrowing during the reporting period.

3.42.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.46 billion from the Trans Nzoia County Revenue Fund (CRF) account. This amount consisted of Kshs.781.42 million (23 per cent) designated for development programs and Kshs.2.68 billion (77 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.1.90 billion was allocated for employee compensation, and Kshs.773.88 million for operations and maintenance expenditures. Within the operations and maintenance category, 16 per cent was for domestic travel and 2.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.99.60 million, including Kshs.39.80 million for the County Executive and Kshs.67.80 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.18.17 million for the County Assembly. There was no foreign travel for County Executive.

As of December 31, 2025, the County Government's cash balance in the Trans Nzoia CRF account was Kshs.38.06 million.

In addition, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.69.19 million from the Trans Nzoia County Assembly Fund (CAF) account during the review period. This amount was only for recurrent activities.

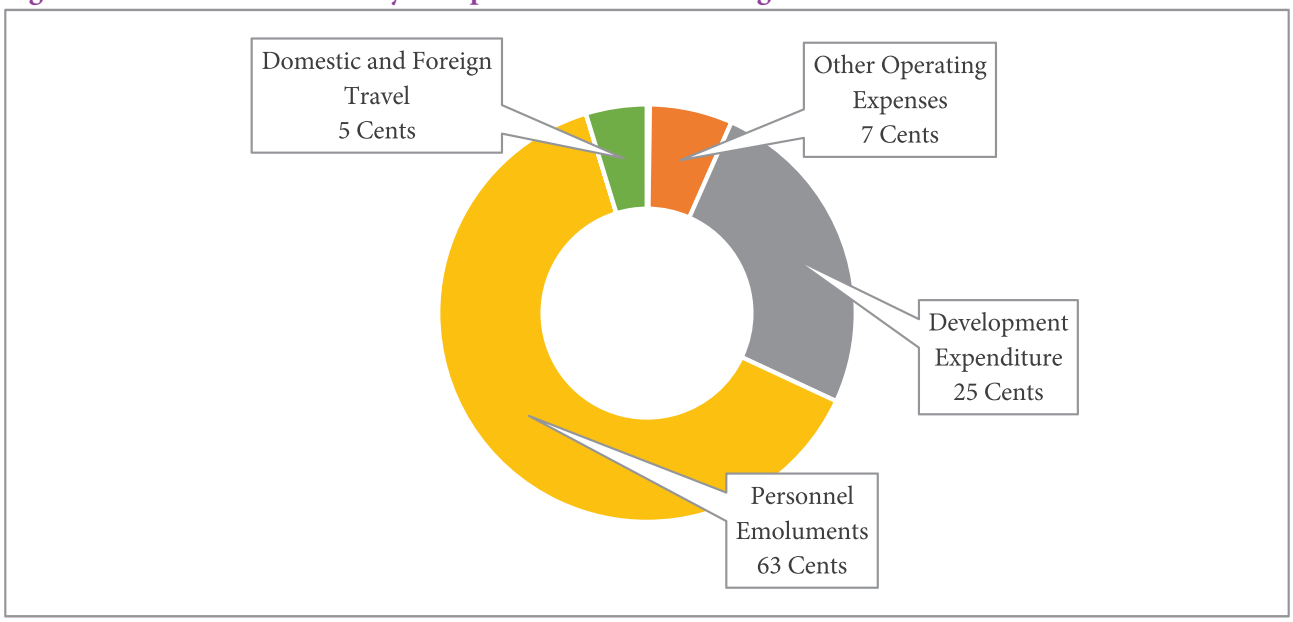
As of December 31, 2025, the County Government's cash balance in the Trans Nzoia CAF account was Kshs.1.81 million.

3.42.5 Expenditure Review

The County spent Kshs.3.51 billion on development and recurrent programmes in the reporting period. The expenditure represented 101 per cent of the total funds released by the CoB. It comprised Kshs.781.42 million for development programmes and Kshs.2.73 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 44 per cent of the annual recurrent expenditure budget.

Figure 250 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 250: Trans Nzoia County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Trans Nzoia County Treasury

As shown in Figure 250, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and Other Operating Expenses, which contributed 64, 25, and 7 per cent of total expenditure for the reporting period, respectively.

3.42.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.57 billion. This amount of Kshs.2.57 billion was for the County Executive. The trade payables from the County Executive, comprising Kshs.1.08 billion for recurrent expenditure and Kshs.1.49 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.604.81 million, comprising Kshs.160.45 million (27 per cent) for recurrent programmes and Kshs.444.36 million (73 per cent) for development programmes. The outstanding trade payables as of 31st December 2025 were Kshs.1.97 billion for County Executive. Table 3.623 provides additional details of trade payables.

Table 3.622: Trans Nzoia County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	1,486,134,308	1,083,865,222	2,569,999,530
		County Assembly	-	-	-
		Total	**1,486,134,308**	**1,083,865,222**	**2,569,999,530**
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	418,340,563	327,119,736	745,460,299
		County Assembly	-		-
		Total	**418,340,563**	**327,119,736**	**745,460,299**
Amount paid in the First Half of FY 2025/26	c	County Executive	444,363,292	160,451,615	604,814,907
		County Assembly	-	-	-
		Total	**444,363,292**	**160,451,615**	**604,814,907**
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive	-	-	-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**1,041,771,017**	**923,413,607**	**1,965,184,624**
		County Assembly	-	-	-
		Total	**1,041,771,017**	**923,413,607**	**1,965,184,624**

***Source**: Trans Nzoia County Treasury*

The County Executive submitted a trade payables payment plan, committing to pay Kshs.327.12 million and Kshs.418.34 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.604.81 million for the Executive.

Table 3.623 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.97 billion.

Table 3.623: Trans Nzoia County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**302,467,134**	**674,439,429**	**64,864,454**	-	**1,041,771,017**
Recurrent Trade Payables (Goods & Services)	249,321,213	313,161,235	25,380,763	-	587,863,211
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	32,473,968	139,840,944	163,235,483	-	335,550,396
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	**281,795,181**	**453,002,179**	**188,616,246**	-	**923,413,607**
Total Trade Payables	**584,262,315**	**1,127,441,608**	**253,480,700**	-	**1,965,184,624**
% of Total	**30**	**57**	**13**	-	**100**

Source: *Trans Nzoia County Treasury*

3.42.7 Expenditure by Economic Classification

The County Executive incurred Kshs.1.79 billion on compensation of employees, Kshs.613.40 million on operations and maintenance, and Kshs.781.42 million on development activities. Similarly, the County Assembly spent Kshs.167.96 million on compensation of employees, Kshs.159.42 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.624

Table 3.624: Trans Nzoia County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**5,585,864,959**	**664,759,422**	**2,401,455,984**	**224,780,324**	-	**102,599,391**	**2,401,455,984**	**327,379,714**	**43**	**49**
Compensation of Employees	3,715,229,946	349,739,422	1,788,051,642	116,510,257	-	51,447,970	1,788,051,642	167,958,227	48	48
Operations and Maintenance	1,870,635,013	315,020,000	613,404,342	108,270,067	-	51,151,421	613,404,342	159,421,487	33	51
Development Expenditure	**3,667,035,636**	-	**781,416,233**	-	-	-	781,416,233	-	**21**	-
Total	**9,252,900,595**	**664,759,422**	**3,182,872,217**	**224,780,324**	-	**102,599,391**	**3,182,872,217**	**327,379,714**	**34**	**49**

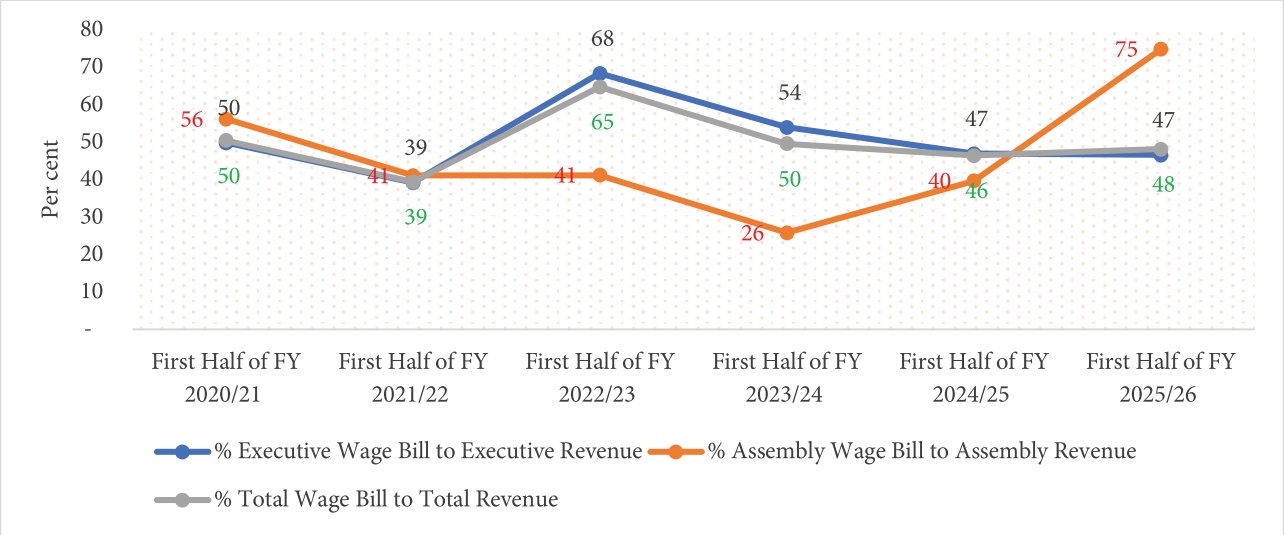
Source: *Trans Nzoia County Treasury*

3.42.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.96 billion. The compensation-to-revenue ratio was 48 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.46 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.08 billion for Health Sector employees, accounting for 55 per cent of overall employees' compensation.

Figure 251 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 251: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



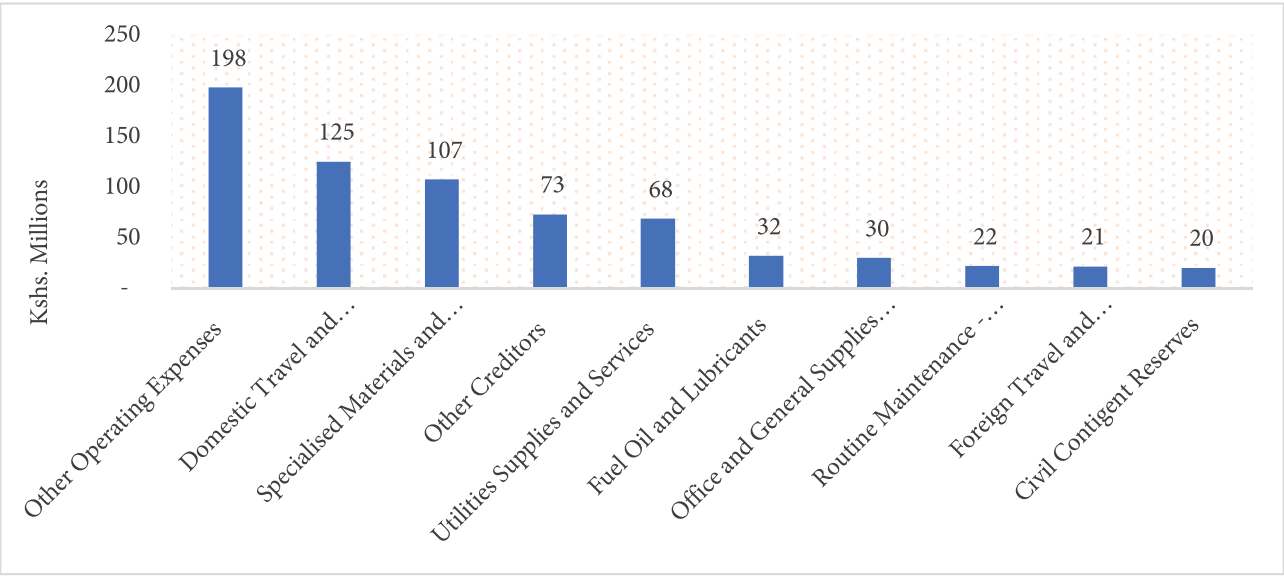
Source: *Trans Nzoia County Treasury*

The County Assembly spent Kshs.6.91 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.42.43 million. The average monthly sitting allowance was Kshs.33,896 per MCA. The County Assembly has 22 House Committees.

3.42.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.772.83 million on operations and maintenance, representing an increase of 45 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.530.12 million. Figure 252 summarises the Operations and Maintenance expenditure by major categories.

Figure 252: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: *Trans Nzoia County Treasury*

3.42.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.197.83 million on "*other operating expenses*," which is 26 per cent of the total operations and maintenance expenditure of Kshs.772.83 million. This category of expenditure includes Kshs.16.05 million for legal fees and compensation payments. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.625

Table 3.625: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211301	Bank Service Commission and Charges (Bank charges), Supervision and operation of ward installations (Education&ICT)	14,051,976	5,364,129
2211305	Contracted Guards and Cleaning Services	24,515,811	4,920,683
2211306	Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	1,900,000	2,161,122
2211307	Transport costs and charges - for the school feeding programme	16,500,000	14,906,000
2211308	Legal Dues/fees, Arbitration and Compensation Payments	19,000,000	16,052,000
2211309	Liquor Licence Operations/Quality assurance and standards	3,069,338	2,134,450
2211320	social economic surveys (temporary committee services)	16,000,000	8,123,470
2211320	Public Participation/Civic Education-Vikao Programme	4,127,000	3,777,770
2211328	Support to Groups	1,800,000	746,270
2211399	Audit Committee Expenses and CBEF	4,000,000	1,447,000
2211399	Medical support to vulnerable (indigent) Groups - Natecare and 1 bag of Maize Programme	29,000,000	28,592,500
2211399	Other Operating Expenses - Other	110,927,538	109,601,082
	Total	**244,891,663**	**197,826,476**

Source: *Trans Nzoia County Treasury*

3.42.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.80 million to County-Established funds in FY 2025/26, or 1 per cent of the County's overall budget. Further, the County allocated Kshs.40 million to the Emergency Fund (0.4 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.626 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.626: Performance of Trans Nzoia County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Car Loan and Mortgage		25,000,000	-	-	Not provided	No
2	Elimu Bursary Fund		15,000,000	-	-	995,451,795	Yes
3	Nawiri Fund		-	-	-	84,000,000	No
4	Emergency Fund		40,000,000	20,000,000	20,000,000	20,000,000	No
		County Assembly Established Funds					
5	Car Loan and Mortgage Scheme Fund (Members and Staff	2014	-	-	-	313,738,212	Yes
	Total		**80,000,000**	**20,000,000**	**20,000,000**	**1,413,190,007**	

Source: *Trans Nzoia County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the Car loan and mortgage, Nawiri, and Emergency Fund Administrators, as indicated in Table 3.62656, contrary to the requirements of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Elimu Bursary and Nawiri Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.42.12 County Corporations

The County has Trans Nzoia County corporation, which was not allocated any amount, as shown in Table 3.627

Table 3.627: Performance of Trans Nzoia County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Trans Nzoia Water and Sewerage Company Ltd	-	-	-	14,500,000
	Total				**14,500,000**

Source: *Trans Nzoia County Treasury*

3.42.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.99.60 million and comprised Kshs.67.80 million spent by the County Assembly and Kshs.31.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.17 million and comprised Kshs.18.17 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.628

Table 3.628: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	6	10/10-20/10/2025	Transformative Leadership and Effective Governance Programme.	Istanbul -Turkey	3,134,040		3,134,040
County Assembly	1	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	301,860		301,860
County Assembly	5	30/10-7/11/2025	Training Conference on Best Diplomats and Leadership program.	Windsor Hotel-Turkey	2,611,700		2,611,700
County Assembly	7	14/10-24/10/2025	Transformative Leadership and Effective Governance program for County Assemblies.	Istanbul -Turkey	3,580,850		3,580,850
County Assembly	3	28/06-05/07/2025	The Kenya Australia Chamber of Commerce Agricultural Forum.	Australia	588,000		588,000
County Assembly	2	5/10-11/11/2025	The Global Girl Leading Educational Conference Forum.	London Uk	1,168,700		1,168,700
County Assembly	3	10/11-20/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa Ethiopia	1,384,110		1,384,110
County Assembly	2	24/11-29/11/2025	Transformative Leadership and Effective Governance program for county Assemblies.	Addis Ababa Ethiopia	791,700		791,700
County Assembly	28	Various Dates	Air Tickets	Various Destination	4,613,088		4,613,088
Total					**18,174,048**		**18,174,048**

Source: *Trans Nzoia County Treasury and Trans Nzoia County Assembly*

3.42.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.143.05 million as FIF, which was 52 per cent of the annual target of Kshs.275.03 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.57.86 million, as shown in Table 3.629

Table 3.629: Trans Nzoia County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	2	221,669,508	42,874,293	19.3
2.	Level 3 Facility	9	134,762,404	14,995,213	9
3	Level 2 Facility	1	45,667,333	321,500	0.7
	Total		**402,099,245**	**57,859,435**	**14.4**

Source: *Trans Nzoia County Treasury*

3.42.15 Development Expenditure

In the review period, the County reported spending Kshs.781.42 million on development programmes, representing a decrease of 8 per cent compared to FY 2024/25, when the County spent Kshs.851.08 million. Table 3.630 summarises the development projects with the highest expenditure in the reporting period.

Table 3.630: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	PSM	Proposed Construction of Trans Nzoia Headquarters	Trans Nzoia Headquarters	10/07/23	09/07/26	498,835,545	75,327,479	59,359,621	459,420,044	92%
2	Gender-Sports Promotion	Proposed Construction & Rehabilitation of Kenyatta Stadium Phase 1A	Tuwan Ward	01/02/23	30/04/25	657,305,894	231,000,000	-	419,612,167	64%
3	Trade, Commerce	Construction of CAIPS	Kabomboi Ward	01/09/23	01/03/25	500,000,000	132,546,345	-	155,586,079	31%
4	PSM	Supply and Installation of electricity to Trans Nzoia Headquarters	Trans Nzoia Headquarters	01/07/25	30/06/26	5,448,655	5,448,655	5,448,655	5,448,655	100%
5	Roads	Routine road maintenance of Township Muliro Road	Township Muliro Road	01/07/25	30/06/26	3,999,200	3,999,200	3,999,200	3,999,200	100%
6	Roads	Routine road maintenance of Cherubai ECD Chepchoina Road	Cherubai ECD Chepchoina Road	01/07/25	30/06/26	3,998,770	3,998,770	3,998,770	3,998,770	100%

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
7	Roads	Routine road maintenance of Mama Gethi Lane road	Mama Gethi Lane Road	01/07/25	30/06/26	3,997,230	3,997,230	3,997,230	3,997,230	100%
8	Roads	Routine road maintenance of the stadium veterinary road	Stadium Veterinary Road	01/07/25	30/06/26	3,996,400	3,996,400	3,996,400	3,996,400	100%
9	Roads	Routine road maintenance of the Umoja Link Road	umoja link road	01/07/25	30/06/26	3,993,750	3,993,750	3,993,750	3,993,750	100%
10	Roads	Routine road maintenance of Kiminini	kiminini wa Ilarion road	01/07/25	30/06/26	3,993,557	3,993,557	3,993,557	3,993,557	100%

Source: *Trans Nzoia County Treasury*

The County reported one stalled development project as of 31st December 2025, with an estimated value of Kshs.874 million, of which Kshs.794.52 million has already been paid. The stalled projects are shown in Table 3.631

Table 3.631: Trans Nzoia County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1	Trade, Commerce	Completion of Kitale Business Centre	Matisi Ward	10/06/19	30/09/23	874,000,000	794,520,064	300,000,000	300,000,000	97%

Source: Trans Nzoia County Treasury

3.42.16 Budget Performance by Department

Table 3.632 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.632: Trans Nzoia County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Irrigation	255.98	396.25	89.63	11.21	89.63	11.21	100	100.	35	2.8
Livestock and Cooperative	5.23	143.08	3.35	54.17	3.35	54.17	100	100	64	37.9
Trade and Industrialization	57.21	158.55	26.08	-	26.08	-	100	-	45.6	-
Water and Environment	61.88	361.85	34.72	48.52	34.72	48.52	100	100	56.1	13.4
Public Works and Energy	120.56	31.50	42.93	4.17	42.93	4.17	100	100	35.6	13.2
Roads and infrastructure	73.66	603.42	52.60	205.33	52.60	205.33	100	100	71.4	34.0
Health and Sanitation	2,512.94	164.50	1,241.65	13.79	1,241.65	13.79	100	100	49.4	8.4
Lands and Housing	56.69	27.48	21.13	-	21.13	-	100	-	37.3	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Municipal Board	29.26	97.70	13.95	-	13.95	-	100	-	47.7	-
Gender and Youth	75.54	371.63	37.62	189.24	37.62	189.24	100	100	49.8	50.9
Governance	161.06	-	140.65	-	140.65	-	100	-	87.3	-
Public Service Management	602.75	565.83	136.96	64.81	136.96	64.81	100	100	22.7	11.5
County Public Service Board	97.44	-	27.91	-	27.91	-	100	-	28.6	-
Education and ICT	608	130.16	240.30	52.29	240.30	52.29	100	100	39.5	40.2
Finance	796.65	612.36	273.38	137.88	273.38	137.88	100	100	34.3	22.5
Economic Planning	24.03	2.73	7.70	-	7.70	-	100	-	32	-
County Attorney	46.97	-	10.90	-	10.90	-	100	-	23.2	-
County Assembly	664.76	-	276.98	-	327.38	-	118.2	-	49.2	-
Total	6,250.62	3,667.04	2,678.44	781.42	2,728.84	781.42	101.9	100.0	43.7	21.3

***Source**: Trans Nzoia County Treasury*

Analysis of expenditure by departments shows that the Department of Gender and Youth recorded the highest absorption rate of development budget at 51 per cent, followed by the Department of Education and ICT at 40 per cent. The Department of Governance had the highest recurrent expenditure-to-budget ratio at 87 per cent, while the Department of County Attorney had the lowest at 23 per cent.

3.42.17 Budget Execution by Programmes and Sub-Programmes

Table 3.633 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.633: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	Absorption %
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governance		**161,062,720**	**-**	**140,645,069**	**-**	**87.3**	**-**
Administrative and Support Services		**161,062,720**	**-**	**140,645,069**	**-**	**87.3**	**-**
	Administrative And Support Services	161,062,720	-	140,645,069	-	87.3	-
Roads and Infrastructure		**73,664,000**	**603,422,785**	**52,603,520**	**205,328,944**	**71.4**	**34.0**
Administrative And Support Services		**73,664,000**	**603,422,785**	**52,603,520**	**205,328,944**	**71.4**	**-**
	Administrative And Support Services	73,664,000	603,422,785	52,603,520	205,328,944	71.4	34.0
Water, Environment and Natural Resources	-	**61,875,262**	**361,851,915**	**34,724,622**	**48,516,724**	**56.1**	**13.4**
Administrative And Support Services	-	**61,875,262**	**-**	**34,724,622**	**-**	**56.1**	**-**
	Administrative And Support Services	61,875,262	-	34,724,622	-	56.1	-
Gender, Sports, Culture and Tourism	-	**75,536,308**	**371,625,445**	**37,618,149**	**189,241,819**	**49.8**	**50.9**

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	Absorption %
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture development and promotion	-	**-**	**371,625,445**	**-**	**189,241,819**	**-**	**50.9**
	Culture development	-	371,625,445	-	189,241,819	-	50.9
Administrative And Support Services		**75,536,308**	**-**	**37,618,149**	**-**	**49.8**	
	Administrative And Support Services	75,536,308	-	37,618,149	-	49.8	-
County Assembly		**664,759,422**	**-**	**327,379,714**	**-**	**49.2**	**-**
Administrative And Support Services		**664,759,422**	**-**	**327,379,714**	**-**	**49.2**	**-**
	Administrative And Support Services	664,759,422	-	327,379,714	-	49.2	-
Health Corporate		**2,512,942,824**	**164,502,604**	**1,241,652,465**	**13,793,962**	**49.4**	**8.4**
Administrative and Support Services		**2,512,942,824**	**164,502,604**	**1,241,652,465**	**13,793,962**	**49.4**	**8.4**
	Administrative And Support Services	2,512,942,824	-	1,241,652,465	-	49.4	-
Municipality Board of Kitale	-	**29,260,192**	**97,699,161**	**13,945,847**	**-**	**47.7**	**-**
Administrative And Support Services	-	**29,260,192**	**97,699,161**	**13,945,847**	**-**	**47.7**	**-**
	Administrative And Support Services	29,260,192	97,699,161	13,945,847	-	47.7	-
Trade, Commerce and Industry	-	**57,210,568**	**158,546,345**	**26,084,123**	**-**	**45.6**	**-**
Administrative And Support Services	-	**57,210,568**	**-**	**26,084,123**	**-**	**45.6**	**-**
	Administrative And Support Services	57,210,568	-	26,084,123	-	45.6	-
Education and ICT		**608,002,796**	**130,156,226**	**240,302,557**	**52,291,525**	**39.5**	**40.2**
Vocational Training Development		**-**	**130,156,226**	**-**	**52,291,525**	**-**	**40.2**
	Vocational Training Development	-	130,156,226	-	52,291,525	-	40.2
	Grand Total	**4,244,314,092**	**1,887,804,481**	**2,114,956,067**	**509,172,974**	**50%**	**27%**

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the highest budget implementation rates included Culture development in the Department of Gender, Sports, Culture and Tourism at 51 per cent, Vocational Training Development in the Department of Education and ICT at 40 per cent, and Administrative and Support Services at 34 per cent. For recurrent sub-programmes, the top performers were Administrative and Support Services in the Department of Governance at 87 per cent, Administrative and Support Services in the Department of Roads and Infrastructure at 71 per cent, Administrative and Support Services in the Department of Water, Environment and Natural Resources at 56 per cent, and Administrative and Support Services at 50 per cent. Their higher performances are attributed to...

Table 3.634 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.634: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Approved Budget FY 2025/26		Actual Half-Year Expenditure FY 2025/26		Absorption %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock		**-**	**396,250,000**	**-**	**11,210,325**	**-**	**2.8**
Crop Development		**-**	**396,250,000**	**-**	**11,210,325**	**-**	**2.8**
	Crop Diversification	-	396,250,000	-	11,210,325	-	2.8
Health Corporate		**-**	**164,502,604**	**-**	**13,793,962**	**-**	**8.4**
Administrative and Support Services		**-**	**164,502,604**	**-**	**13,793,962**	**-**	**8.4**
	Preventive Health Services	-	164,502,604	-	13,793,962	-	8.4
Public Service Management		**602,749,118**	**565,826,003**	**136,958,587**	**64,808,276**	**22.7**	**11.5**
Infrastructure Development		**-**	**565,826,003**	**-**	**64,808,276**	**-**	**11.5**
	Supervision and Management of Projects	-	565,826,003	-	64,808,276	-	11.5
Administrative And Support Services		**602,749,118**	**-**	**136,958,587**	**-**	**22.7**	**-**
	Administrative And Support Services	602,749,118		136,958,587		22.7	-
County Attorney		**46,970,000**	**-**	**10,903,032**	**-**	**23.2**	**-**
Administrative And Support Services		**46,970,000**	**-**	**10,903,032**	**-**	**23.2**	**-**
	Administrative And Support Services	46,970,000	-	10,903,032	-	23.2	-
County Public Service Board		**97,443,487**	**-**	**27,909,000**	**-**	**28.6**	**-**
Administrative And Support Services		**97,443,487**	**-**	**27,909,000**	**-**	**28.6**	**-**
	Administrative And Support Services	97,443,487		27,909,000		28.6	-
Economic Planning		**24,034,962**	**2,733,421**	**7,702,500**	**-**	**32.0**	**-**
County Research and Development Planning		**-**	**2,733,421**	**-**	**-**		**-**
	County Development Planning Services	-	2,733,421	-	-	-	-
Administrative And Support Services		**24,034,962**	**-**	**7,702,500**	**-**	**32.0**	**-**
	Administrative And Support Services	24,034,962	-	7,702,500	-	32.0	-
Finance		**796,650,918**	**-**	**273,378,073**	**-**	**34.3**	**-**
Administrative and Support Services		**796,650,918**	**-**	**273,378,073**	**-**	**34.3**	**-**
	Administrative And Support Services	796,650,918	-	273,378,073	-	34.3	-
Municipality Board of Kitale		**29,260,192**	**97,699,161**	**13,945,847**	**-**	**47.7**	**-**
Administrative And Support Services		**29,260,192**	**97,699,161**	**13,945,847**	**-**	**47.7**	**-**
	Administrative And Support Services	29,260,192	97,699,161	13,945,847	-	47.7	-
	Grand Total	**1,597,108,677**	**1,227,011,189**	**470,797,038**	**89,812,563**	**29%**	7%

Source: *Trans Nzoia County Treasury*

The development sub-programmes with the lowest budget implementation rates included County Development Planning Services in the Department of Economic Planning at 0 per cent, Administrative and Support Services in the Department of Municipality Board of Kitale at 0 per cent, and Crop Diversification at 2.8 per cent. For recurrent sub-programmes, poor performers were Administrative and Support Services in the Department of Public Service Management at 27 per cent, Administrative and Support Services in the Department of County Attorney at 23 per cent, Administrative and Support Services in the Department

of County Public Service Board at 29 per cent, and Administrative and Support Services at 32 per cent. These lower performances are attributed to...

3.42.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 135 accounts in commercial banks, including 83 accounts for Health Facilities, 32 accounts for Vocational Training Centres, 7 accounts for Established Funds, 3 revenue accounts, 6 special-purpose accounts (additional allocations)

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of all commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.42.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Trans Nzoia County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 30/01/2026.
ii. The underperformance of own-source revenue at Kshs.241.90 million against an annual target of Kshs.600 million, representing 40 per cent of the financial year target.
iii. Low development performance in the review period, as the County incurred Kshs.781.42 million on development activities, achieving a 21 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the Elimu Bursary Fund and the Nawiri Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all Funds were not submitted to the CoB as of 15 January 2026.
vi. High level of trade payables, which amounted to Kshs.1.96 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.43. County Government of Turkana

3.43.1 Overview of FY 2025/26 Budget

The Turkana County Approved Supplementary Budget for FY 2025/26 is Kshs.19.91 billion. It comprises Kshs.7.60 billion (38 per cent) and Kshs.12.30 billion (62 per cent) for development and 7.50 billion (38 per cent) for recurrent programmes, respectively. The budget estimates represent an increase of Kshs.2.69 billion (16 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.64 billion and a recurrent budget of Kshs.10.57 billion.

The budget is to be financed from various revenue sources. These include: the equitable share of revenue raised nationally, amounting to Kshs.13.89 billion (74 per cent), and additional allocations of Kshs.3.35 billion (18 per cent), a cash balance of Kshs.1.26 billion (7 per cent) brought forward from FY 2024/25, and Kshs.346.50 million (2 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.635 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.7.11 billion. This amount represented an increase of 4.3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.6.82 billion. The total revenue consisted of Kshs.5.77 billion from the equitable share of revenue raised nationally, as well as own-source revenue (OSR) collection of Kshs.91.46 million. Additionally, the County had a cash balance of Kshs.1.26 billion from FY 2024/25. The total OSR collection of Kshs.91.46 million included Facilities Improvement Financing (FIF) of Kshs.36.88 million, and Kshs.54.58 million from other ordinary sources. Table 3.635 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.635: Turkana County, Revenue Performance in the First Half of FY 2025/26

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
Unspent Balance from FY 2024/25				**0**	**0**
Balance at CRF	1,254,828,087	1,254,828,087		1,254,828,087	-
County Executive Refunds to CRF	169,816	169,817		169,817	1
County Assembly Refunds to CRF	57,687	57,688		57,688	1
Sub-Total	**1,255,055,590**	**1,255,055,592**	-	**1,255,055,592**	- **2**
Equitable Share of Revenue Raised Nationally					
Equitable Share	13,892,577,371	5,765,419,605		5,765,419,605	8,127,157,766
Sub-Total	**13,892,577,371**	**5,765,419,605**	-	**5,765,419,605**	**8,127,157,766**
Additional Allocations (Including Grants)					
Financing Locally Lead Climate Action (FLLoCA)	350,000,000			-	350,000,000
K-WASH	200,000,000			-	200,000,000
Drought Resilience Programme in Northern Kenya(DRPNK)	696,652,000			-	696,652,000
Food System Resilience Programme (FSRP)	251,153,846			-	251,153,846
Agricultural Sector Development Support Programme(ASDSP/ KADP)	11,000,000			-	11,000,000
ELRP(Emergency Locust Response Project	142,500,000			-	142,500,000
Kenya Urban Support Programme (KUSP) II UIG	28,400,000			-	28,400,000
Window for Host & Refugees(WHR) UIG	70,000,000			-	70,000,000
Kenya Urban Support Programme (KUSP) II UDG- Lodwar	174,734,820			-	174,734,820
Window for Host & Refugees (WHR) UDG- Kakuma	716,242,240			-	716,242,240

Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
DANIDA (Primary Health Care for facilities Level 2 & 3)	43,206,750			-	43,206,750
DANIDA (Level 1)	15,984,000			-	15,984,000
KDSP II LEVEL I	37,500,000			-	37,500,000
KDSP II LEVEL II	352,500,000			-	352,500,000
Kenya Urban Support Programme (KUSP) II UDGLodwar FY 2024/25 Balance	62,725,320			-	62,725,320
KDSP 11 LEVEL 1 FY. 2024/25 Balance	37,500,000			-	37,500,000
RMLF 2024/25 Balance	163,815,927			-	163,815,927
Sub-Total	**3,353,914,903**	-	-	-	**3,353,914,903**
Ordinary Own Source Revenue (OSR)					
SINGLE BUSINESS PERMIT(Application fee,renewal,penalties/interest,Arrears)	80,000,000	4,472,762		4,472,762	75,527,238
ROYALTY-CESS(Murram, hardcore sand, ballast, Exploitation)	20,000,000	14,288,232		14,288,232	5,711,768
CESS(Agricultural,Transport ,Hide & skin, charcoal cess, firewood, miraa cess,scrap metal,Fish)	85,000,000	12,589,955		12,589,955	72,410,045
MARKET FEE(Barter, entry fee/ offloading,hawking,)	25,000,000	1,015,500		1,015,500	23,984,500
SLAUGHTER/AUCTION FEE(Small and Big animals)	25,000,000	4,963,924		4,963,924	20,036,076
ADVERTISEMENT(Branding,Billboard,Sign post, sign boards,roadshows,banners,posters,tent,street pole/clock advertising,Neon,others)	25,000,000	137,400		137,400	24,862,600
PARKING FEE (Street parking, Monthly stickers, motorbike fees, registration fees, reserved parking, bus park fees and others)	10,000,000	586,280		586,280	9,413,720
TRANSPORT OPERATION FEE -Entry/Exit (Taxi, Bodaboda, Matatu, Canter, Lorry, and buses)	10,000,000	60,500		60,500	9,939,500
LIQUOR LICENCES(Liquor License and Application Fee)	14,000,000	76,950		76,950	13,923,050
LAND SURVEY/APPLICATION/ BUILDING APPROVAL(Land penalties and interest/arrears)	180,000,000	1,745,744		1,745,744	178,254,256
PROPERTY RENT/KIOSKS/ STALLS(County Housing,Plot Rent,Tenants Agreement,Transfer of property)	5,000,000	134,800		134,800	4,865,200
PUBLIC HEALTH SERVICES(Inspection of building/institutions,hygiene licence,vaccination,medical examination,sanitation inspection for schools,permits,fumigation)	15,000,000	14,430,883		14,430,883	569,117
ADMINISTRATION CONTROL FEES AND CHARGES(Fire Services, Betting Levy, others)	8,000,000	80,000		80,000	7,920,000
OTHER FEES, PENALTIES, AND FORFEITURES-Impounding fees, Towing Fees and Others		2,381,706			

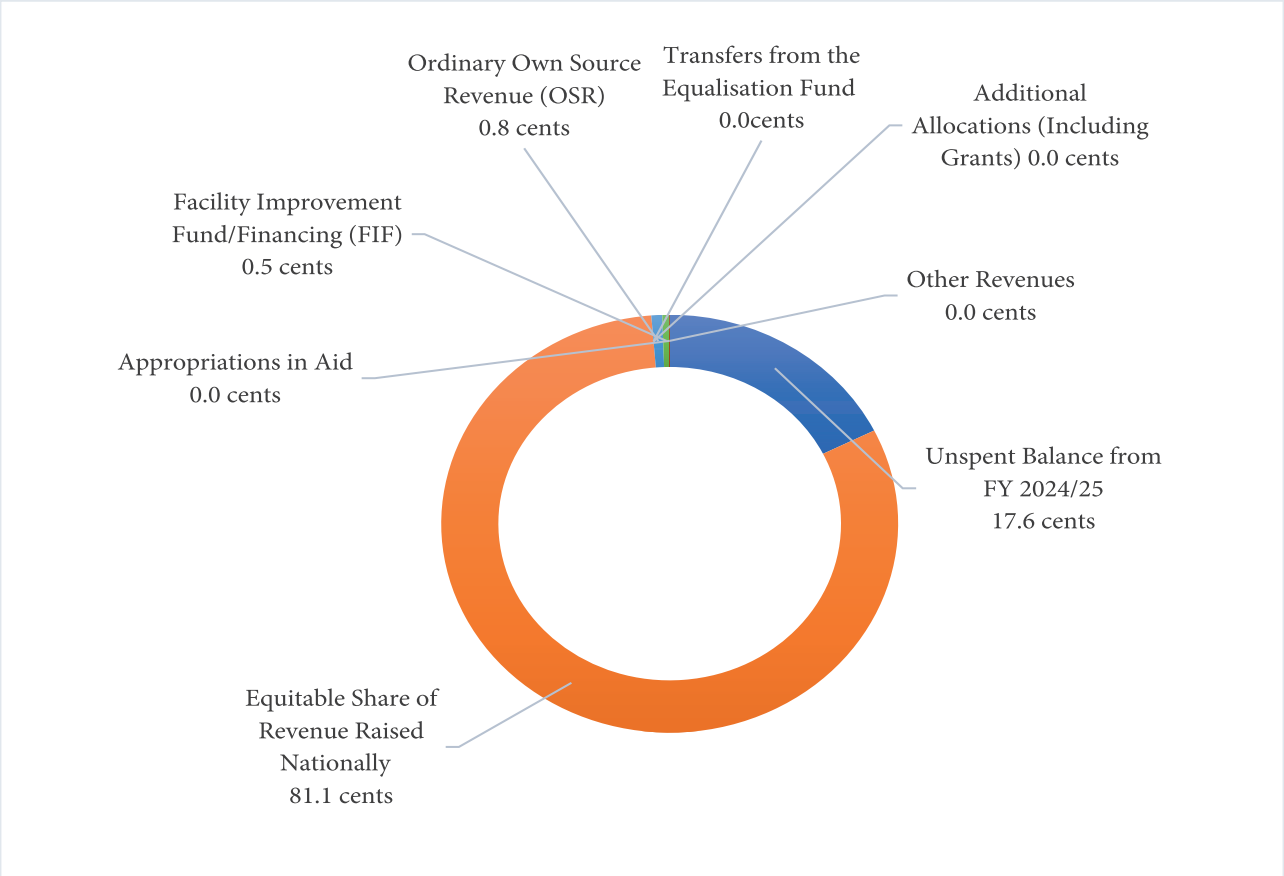
Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
	A	B	C	D=B+C	E=A-D
CONSERVANCY ADMINISTRATION-Refuse disposal, Dumpsite, Sewerage, Sale of seedlings, public cemetery, disposal of carcases, noise control, others	20,000,000	238,780			
CORPORATES	25,000,000	890,587			
HIRE OF COUNTY ASSETS-Agricultural Mechanisms Services, Hire of Machines and Equipment, Hire of County Hall, Stadium, Conference Facilities, Agricultural Training Centre, Hire of County Tents/Chairs	25,000,000	1,766,768			
PHYSICAL PLANNING AND DEVELOPMENT(Sale of county planning documents, change of user, building plans approval, signposts, occupational permits, enforcement/ demolition, architectural designs by county officers, hoarding fees)	10,000,000	-			
SINGLE BUSINESS PERMIT - Refugees	10,000,000				
WEIGHTS AND MEASURES	8,000,000	40,300			
WEIGHTS AND MEASURES	3,000,000	40,300			
Sub-Total	**600,000,000**	**54,582,930**	-	**54,582,930**	**447,417,070**
Facility Improvement Fund/Financing (FIF)					
LCRH	350,000,000	16,675,847		16,675,847	333,324,153
Dispensaries	150,000,000			-	150,000,000
Other Subcounty Hospitals	100,000,000	20,205,494		20,205,494	79,794,506
Sub-Total	**600,000,000**	**36,881,341**	-	**36,881,341**	**563,118,659**
Grand Total	**19,701,547,864**	**7,111,939,469**	-	**7,111,939,469**	**12,491,608,396**

Source: *Turkana County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 253 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 253: Turkana County Composition of Each Shilling Earned in the First Half of FY 2025/26

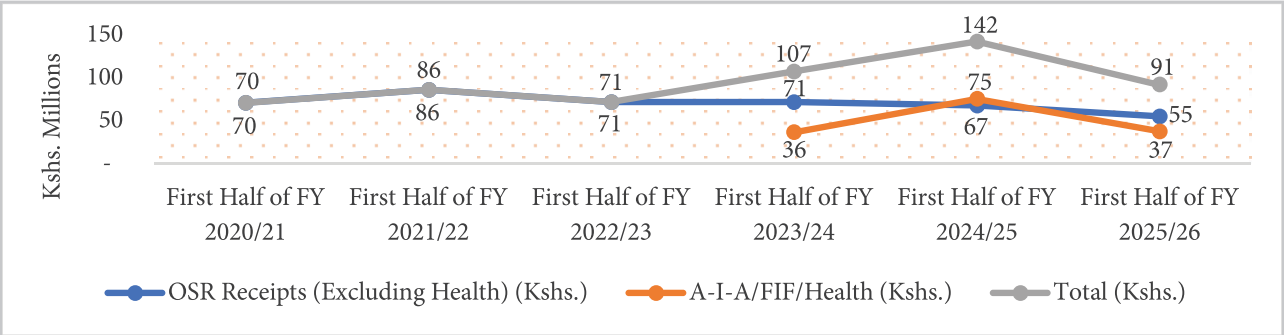


***Source: Turkana** County Treasury*

The equitable share of revenue raised nationally, Unspent balances from FY2024/25 and OSR contributed 81 per cent, 18 per cent and 0.8 per cent, respectively, of the total receipts for the reporting period.

Figure 254 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 254: Turkana County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

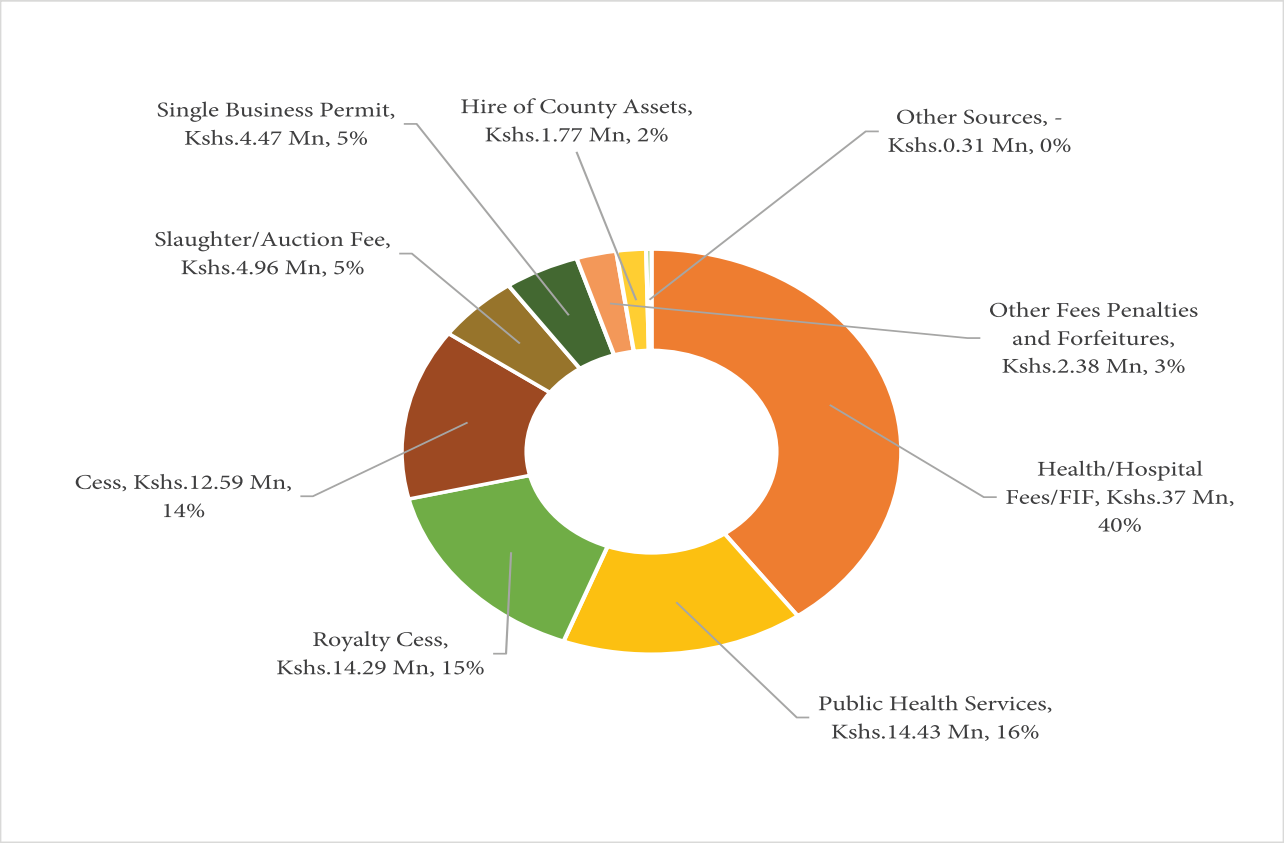


***Source:** Turkana County Treasury*

During the first half of FY 2025/26, the County received Kshs.91.46 million from OSR, including FIF. This amount was a decrease of 55 per cent compared to Kshs.141.80 million realised in a similar period in FY 2024/25, and was 8 per cent of the annual target and 2 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 255

Figure 255: Turkana County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Turkana County Treasury

As shown in Figure 255, the highest revenue stream, at Kshs.36.88 million, was from Health/Hospital fee/FIF, accounting for 40 per cent of the total OSR receipts. The County Government indicated that it has automated 20 of 22 revenue streams.

3.43.2 Revenue Arrears/ Receivables

As of 1st July 2025, the County had not submitted a report on revenue arrears.

3.43.3 Borrowing by the County

Turkana County Executive and Assembly have reported that they do not have a credit facility with any bank(s).

3.43.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.5.85 billion from the Turkana County Revenue Fund (CRF) account. This amount consisted of Kshs.914.31 million (16 per cent) designated for development programs and Kshs.4.94 billion (84 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.3.03 billion was allocated to employee compensation and Kshs.1.91 billion to operations and maintenance expenditures. Within the operations and maintenance category, 4.2 per cent was for domestic travel and 0.1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.81.17 million, including Kshs.59.16 million for the County Executive and Kshs.22.01 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.1.86 million, only for the County Executive.

As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.3.34 billion.

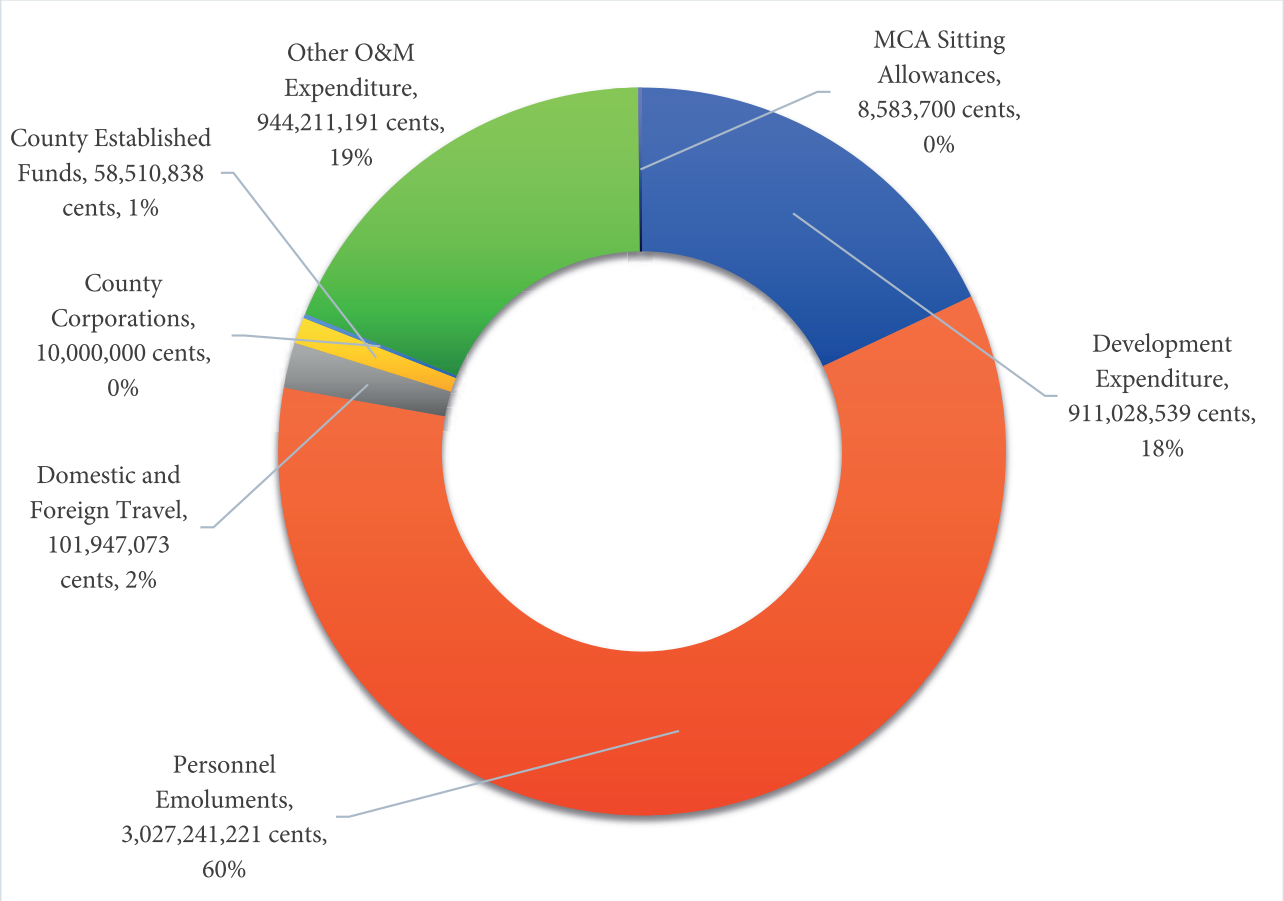
3.43.5 Expenditure Review

The County spent Kshs.5.06 billion on development and recurrent programmes in the reporting period. The expenditure represented 86 per cent of the total funds released by the CoB. It comprised Kshs.911.03 million for development programmes and Kshs.4.15 billion for recurrent programmes. Expenditure on development programmes accounted for 12 per cent of the annual

development expenditure budget, while recurrent expenditure accounted for 34 per cent of the annual recurrent expenditure budget.

Figure 256 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 256: Tukana County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Turkana *County Treasury*

As shown in Figure 256, the three highest expenditure categories were personnel Emoluments, other O&M Expenditure, and Development Expenditure, which contributed 60, 19, and 18 per cent of total expenditure for the reporting period, respectively.

3.43.6 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.2.53 billion. This amount consisted of Kshs.2.40 billion from the County Executive and Kshs.135.57 million from the County Assembly. The trade payables from the County Executive, comprising Kshs.1.06 billion for recurrent expenditure and Kshs.1.34 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.220.08 million, comprising Kshs.108.70 million (49 per cent) for recurrent programmes and Kshs.111.38 million (51per cent) for development programmes. On the other hand, the County Assembly did not submit a report on the settlement of trade payables. The outstanding trade payables as of 31st December 2025 were Kshs.2.18 billion for the County Executive and Kshs.135.57 million for the County Assembly. Table 3.637 provides additional details of trade payables.

Table 3.636: Turkana County Trade Payables as of 31st December 2025

Period	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	1,338,548,906	1,057,468,914	2,396,017,820
	County Assembly	121,460,148	14,114,320	135,574,468
	Total	**1,460,009,054**	**1,071,583,234**	**2,531,592,288**

Period	County Entity	Development	Recurrent	Total
Amount paid in FY 2025/26	County Executive	111,381,887	108,700,075	220,081,962
	County Assembly	-		-
	Total	**111,381,887**	**108,700,075**	**220,081,962**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	1,227,167,019	948,768,839	2,175,935,858
	County Assembly	121,460,148	14,114,320	135,574,468
	Total	**1,348,627,167**	**962,883,159**	**2,311,510,326**

Source: Turkana *County Treasury*

The County Assembly submitted a trade payables payment plan, committing to pay Kshs.14.11 million on recurrent expenditure in quarter one of FY 2025/26. The County Executive did submit an updated payment plan after passing its Supplementary Budget, though it projected to pay Kshs.240 million by the endof 31st December 2025. The County did not adhere to this payment plan, as it cleared Kshs.220.08 million by the Executive.

Table 3.637 and Table 3.638 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which amounted to Kshs.2.53 billion.

Table 3.637: Turkana County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	**709,800,282**	**172,831,465**	**94,257,554**	**277,152,111**	**1,348,627,167**
Recurrent Trade Payables (Goods & Services)	888,696,277	36,146,991	80,921,129	51,704,517	**962,883,159**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	888,696,277	36,146,991	80,921,129	51,704,517	**962,883,159**
Total Trade Payables	**1,598,496,559**	**208,978,456**	**175,178,683**	**328,856,628**	**2,311,510,326**
% of Total	**70%**	**9%**	**7%**	**14%**	**100%**

Source: *Turkana County Treasury*

Table 3.638: Turkana County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	121,460,148	-	-	121,460,148
Recurrent Trade Payables (Goods & Services)	-	14,114,320	-	-	14,114,320
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	14,114,320	-	-	14,114,320

Source: Turkana *County Treasury*

3.43.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.73 billion on compensation of employees, Kshs.873.34 million on operations and maintenance, and Kshs.911.03 million on development activities. Similarly, the County Assembly spent Kshs.297.70 million on compensation of employees and Kshs.249.91 million on operations and maintenance as shown in Table 3.639

Table 3.639: Turkana County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**11,420,016,335**	**4,542,798,424**	**3,602,891,732**	-	**3,602,891,732**	-	**32**
Compensation to Employees	5,410,968,612	2,729,551,245	2,729,551,245	-	2,729,551,245	-	50
Operations & Maintenance	6,009,047,723	1,813,247,179	873,340,487	-	873,340,487	-	15
Development	**7,532,426,470**	**1,039,778,231**	**911,028,539**	-	**911,028,539**	-	**12**
Executive Sub-total	**18,952,442,805**	**5,582,576,655**	**4,513,920,271**	-	**4,513,920,271**	-	**24**
County Assembly							
Recurrent	**883,842,882**	**395,574,798**	**324,852,579**	**222,749,711**	**547,602,290**	**56.31**	**62**
Compensation to Employees	419,455,731	299,924,498	247,721,572	49,968,404	297,689,976	**16.66**	71
Operations & Maintenance	464,387,151	95,650,300	77,131,007	172,781,307	249,912,315	**180.64**	54
Development	**70,000,000**	-	-	-	-	-	-
Assembly Sub-total	**953,842,882**	**395,574,798**	**324,852,579**	**222,749,711**	**547,602,290**	**56.31**	**57**
Combined County Totals							
Total Recurrent	**12,303,859,217**	**4,938,373,222**	**3,927,744,311**	**222,749,711**	**4,150,494,022**	**4.51**	**34**
Compensation to Employees	5,830,424,343	3,029,475,743	2,977,272,817	49,968,404	3,027,241,221	**1.65**	52
Operations & Maintenance	6,473,434,874	1,908,897,479	950,471,494	172,781,307	1,123,252,802	**9.05**	17
Total Development	**7,602,426,470**	**1,039,778,231**	**911,028,539**	-	**911,028,539**	-	**12**
Grand Total	**19,906,285,687**	**5,978,151,453**	**4,838,772,850**	**222,749,711**	**5,061,522,561**	**3.73**	**25**

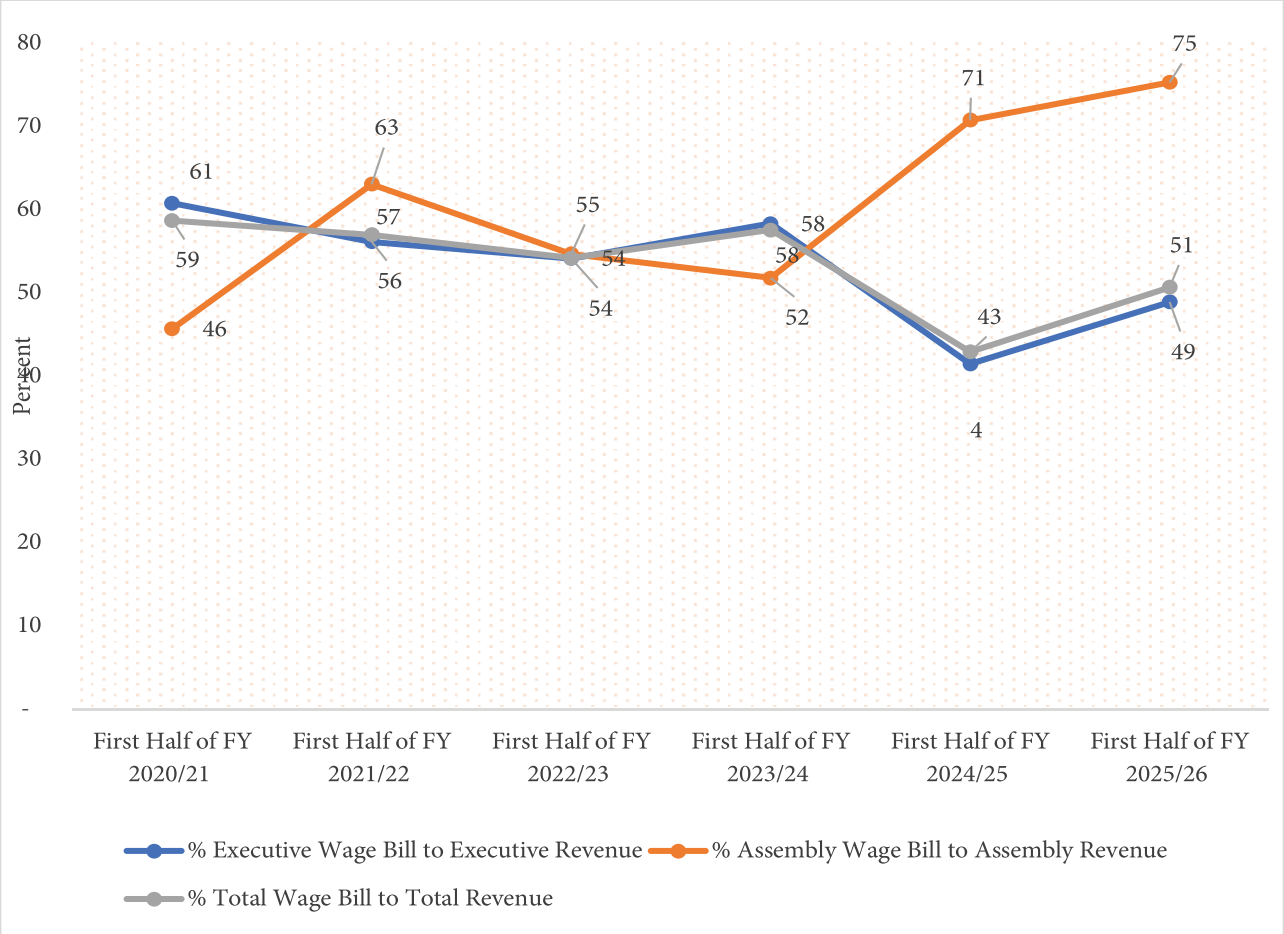
***Source**: Turkana County Treasury*

3.43.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.3.03 billion. The percentage of compensation of employees to revenue was 43 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.92 billion reported in a similar period in FY 2024/25. Of this total, Kshs.1.54 billion related to Health Sector employees, accounting for 51 per cent of the overall employees' compensation.

Figure 257 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 257: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Turkana County Treasury

Further analysis indicated that PE costs amounting to Kshs.2.97 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.53.42 million was processed through manual payrolls, which accounted for 2 per cent of the total PE cost.

The manual payroll comprised gratuity remittances to pension schemes for staff on contract, as shown inTable 3.640

Table 3.640: Breakdown of Turkana County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Gratuity for contract staff	53,418,990
	Total	**53,418,990**

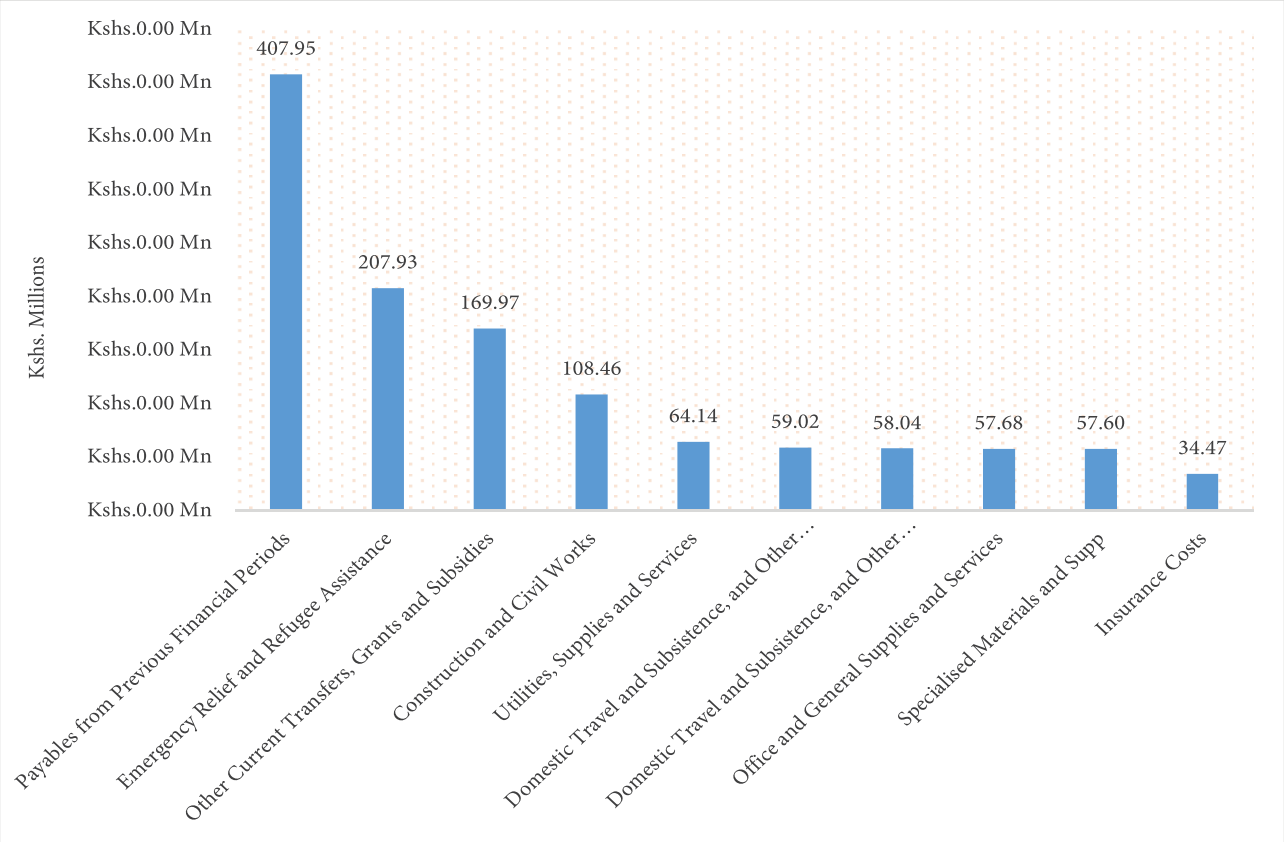
Source: Turkana County Treasury

The County Assembly spent Kshs.8.58 million on committee sitting allowances for the 48 MCAs against the annual budget allocation of Kshs.60.37 million. The average monthly sitting allowance was Kshs.29,805 MCA. The County Assembly has 21 House Committees.

3.43.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.1.12 billion on operations and maintenance, representing a decrease of 34 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.70 billion. Figure 258 summarises the Operations and Maintenance expenditure by major categories.

Figure 258: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana *County Treasury*

3.43.10 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.7.5 million on "*other operating expenses*," which is 0.7 per cent of the total operations and maintenance expenditure of Kshs.1.12 billion. This category of expenditure was solely on garbage collection in lodwar municipality. The disaggregated item under the "*Other Operating Expenses*" category are shown in Table 3.641

Table 3.641: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211300	Other Operating Expenses	10,000,000	7,498,500
	Total	**10,000,000**	**7,498,500**

Source: Turkana *County Treasury*

3.43.11 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.21 billion to County-Established funds in FY 2025/26, or 6 per cent of the County's overall budget. Further, the County allocated Kshs.100 million to the Emergency Fund (0.5 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.642 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.642: Performance of Turkana County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Turkana County Biashsara Fund	2014	20,000,000	-	-	360,325,320	NO

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
2	Turkana County Education Fund	2014	430,000,000	-	-	3,499,245,499	NO
3	Climate Change Fund	2021	470,000,000	-	-	558,421,971	NO
4	Youth And Women Fund	2014	70,000,000	35,000,000	-	425,000,000	NO
5	Turkana County Cooperative Enterprise Fund	2014	-	-	-	96,251,070	NO
6	Turkana County Car Loan And Mortgage Fund	2016	-	-	-	200,822,217	NO
7	Turkana County Covid Fund	2020	-	-	-	606,674,113	NO
8	Turkana County Emergency Fund	2016	100,000,000	100,000,000	-	1,292,388,667	NO
9	Water Services Fund	2022	5,000,000	-	-	127,492,682	NO
10	Community Health Services Fund	2025	117,027,000	58,513,500	58,510,838	61,245,912	NO
		County Assembly Established Funds					
11	Turkana County Assembly Car Loan and Mortgage (Members) Scheme Fund	2014	-	-	-	369,120,445	No
12	Turkana County Executive State and Public Officers Mortgage Scheme Fund	2016	-	-	-	252,147,682	No
	Total		**1,212,027,000**	**193,513,500**	**58,510,838**	**7,849,135,578**	

Source: Turkana *County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from all Fund Administrators, as indicated in Table 3.643, contrary to the requirement of Section 168 of the PFM Act, 2012. Due to these, we could not ascertain whether the administration costs of the Funds were above the 3 per cent limit of the Fund budget set in Regulation 197(1)(d) of the Public Finance Management (County Governments) Regulations, 2015.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the lifespans of five funds had expired. However, the county had passed new legislation to operationalise them.

3.43.12 County Corporations

The County has two County Corporations that did not receive allocations in FY 2025/26. They did not incur expenditure for the review period, as shown in Table 3.643

Table 3.643: Performance of Turkana County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)
1	Turkana County Rural Water Services				5,000,000
2	Turkana Urban Water and Sanitation Company Limited				5,000,000
	Total				10,000,000

Source: Turkana *County Treasury*

3.43.13 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.125.19 million and comprised Kshs.23.25 million spent by the County Assembly and Kshs.101.95 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.86 million, which was entirely spent by the County Executive. Expenditure on foreign travel is summarised in Table 3.644

Table 3.644: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
Executive	6	24-27Th November, 2025	3Rd Africa Association of Accountants Conference	Accra-Ghana	1,856,820		1,856,820
Total					1,856,820		1,856,820

Source: Turkana County Treasury and Turkana County Assembly

3.43.14 Facility Improvement Financing

During the review period, the County reported collections of Kshs.36.88 million as FIF, which was 6 per cent of the annual target of Kshs.600 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has enacted regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.22.12 million, as shown in Table 3.645

Table 3.645: Turkana County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 4 Hospital	11	94,390,400	8,720,285	9
2.	Level 3 Facility	27	22,703,137	8,224,056	36
3.	Level 2 Facility	145	11,226,700	5,177,700	46
	Total	**183**	**128,320,237**	**22,122,041**	**92**

Source: ***Turkana*** *County Treasury*

3.43.15 Development Expenditure

In the review period, the County reported spending Kshs.911.03 million on development programmes, representing a decrease of 54 per cent compared to FY 2024/25, when the County spent Kshs.2 billion. Table 3.646 summarises the development projects with the highest expenditure in the reporting period.

Table 3.646: Turkana County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects									
1	Administration and Disaster Management	Construction Of Inspectorate Administration	Lapur	-	-	9,373,960	9,500,000	5,624,376	100
2	Administration and Disaster Management	Proposed Construction Of Six(6) Units Staff Houses At Lokitaung Inspectorate Training Institute	Lapur Ward - Lokitaung	-	-	6,899,288	7,000,000	4,001,587	100
3	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation Nakwapua	Lokiriama Ward	-	-	9,601,714	9,601,714	2,875,178	100
4	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation At Loupwala	Kalapata Ward	-	-	9,975,000	9,975,000	7,237,300	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
5	Agriculture and Land Reclamation	Rehabilitation Of Elelea Surface Irrigation Scheme In Katilia Ward	Elelea	-	-	14,433,563	15,000,000	4,330,069	100
6	Agriculture and Land Reclamation	Construction And Establishment Of Nakwamoru Model Drip Irrigation Scheme	Kaptir Ward	-	-	42,472,220	45,000,000	33,459,867	100
7	Agriculture and Land Reclamation	Construction Of Kapelbok Surface Irrigation Scheme In Kaputir	Kaptir Ward	-	-	9,360,000	10,000,000	8,450,675	100
8	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation At Kakwanyang	Township Ward	-	-	9,105,889	10,000,000	3,668,910	100
9	Agriculture and Land Reclamation	Construction Of Model Drip Irrigation Nakwapua	Lokiriama Ward	-	-	9,601,714	10,000,000	3,207,178	100
10	ECDE and Social Protection	Construction Of Classroom At Lodwar Prisons	Township Ward	-	-	2,956,947	3,000,000	2,192,981	100
Donor Funded Projects									
1	Water	Construction, rehabilitation and expansion of groundwater-based rural water supply schemes in Turkana County	Lotubae-Lokwii-Namortunga,kangakimak-,Nongolekuruk &Loturtur schemes	1st January,2025	31st December,2026	335,225,547	67,045,109	67,045,109	-
2	Water	Construction, rehabilitation and expansion of groundwater-based rural water supply schemes in Turkana County	Lowarengak,Kalobeyei,Koribok,Nariamao-&Kaitese	2nd January,2025	32nd December,2026	274,351,638	54,870,328	54,870,328	-
3	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Elelea	FY 2024 2025	31ST Dec 2025	7,000,000	7,000,000	7,000,000	100
4	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Morulem	-	-	7,000,000	7,000,000	7,000,000	100
5	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Nawoitorong	-	-	7,000,000	7,000,000	7,000,000	100
6	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Ng'abaakan	-	-	7,000,000	7,000,000	7,000,000	100
7	WATER/ LIVESTOCK	Drilling and equipping of a water borehole	Kang'iloi	-	-	7,000,000	7,000,000	7,000,000	100
8	WATER/ LIVESTOCK	Drilling and equipping a water borehole	Ekales Centre	-	-	6,000,000	6,000,000	6,000,000	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs.)	Total Funding in FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
9	WATER/ LIVESTOCK	Drilling and equipping of the borehole along the migratory routes	Kakelae	-	-	7,000,000	7,000,000	7,000,000	100
10	WATER/ LIVESTOCK	Storage and reticulation of water from Nabeye to Kalemngorok	Nabeye-Kalemng'orok	-	-	31,543,957	31,543,957	31,543,957	100

The County did not report on stalled development projects as of 31st December 2025.

3.43.16 Budget Performance by Department

Table 3.647 summarises the approved budget allocation, expenditure and absorption rate by departments in the period under review.

Table 3.647: Turkana County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	129.96	-	85.10	-	119.36	-	140	-	92	-
Office of the Deputy Governor	20.53	-	16.91	-	5.95	-	35	-	29	-
Ministry of Finance and Economic Planning - County Treasury	2,473.11	2,546.83	1,165.93	340.18	248.77	336.54	21	99	10	13
Ministry of Water Services	32.95	497.56	1.46	106.25	1.60	106.25	110	100	5	21
Ministry of Health and Sanitation	1,296.03	196.20	188.19	52.51	208.33	52.51	111	100	16	27
Ministry of Trade, Gender and Tourism	69.55	64	26.53	48.95	9.32	-	35	-	13	-
Ministry of Education, Sports and Social Protection	692.79	155.30	51.20	70.30	64.73	-	126	-	9	-
Ministry of Public Services, Administration and Disaster Management	6,253.75	464	2,901.34	18	2,920.58	10	101	56	47	2
Ministry of Infrastructure, Transport and Public Works	32.36	377.41	-	26.78	0.29	-	-	-	1	-
Ministry of Agriculture, Livestock Development and Fisheries	61.95	1,440.15	9.50	175.65	1.66	175.65	17	100	3	12
Ministry of Natural Resources and Climate Change	22.05	801.18	8.20	151.16	7.55	230.08	92	152	34	29
Ministry of Lands, Physical Planning and Urban Development	159.79	15.50	16.20	-	1.54	-	10	-	1	-
Turkana County Assembly	894.84	70	395.57	-	547.60	-	138	-	61	-
Turkana County Public Service Board	47.21	-	33.07	-	2.33	-	7	-	5	-
Office of the County Attorney	25.85	-	5	-	-	-	172	-	-	-
Lodwar Municipality	74.67	258.06	22.30	50	8.62	-	-	-	12	-

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Kakuma Municipality	16.46	716.24	11.86	-	2.27	-	19	-	14	-
Total	**12,303.86**	**7,602.43**	**4,938.37**	**1,039.78**	**4,150.49**	**911.03**	84	88	34	12

Source: *Turkana County Treasury*

Analysis of expenditure by departments shows that the Ministry of Natural Resources and Climate Change recorded the highest absorption rate of development budget at 29 per cent, followed by the Ministry of Health and Sanitation at 27 per cent. The Office of the Governor had the highest recurrent expenditure-to-budget ratio at 92 per cent, while the Ministry of Infrastructure, Transport and Public Works had the lowest at less than 1 per cent.

3.43.17 Budget Execution by Programmes and Sub-Programmes

Table 3.648 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.648: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Agriculture, Livestock Development and Fisheries				
	Food Systems Resilience Project	261,153,846	190,186,951	73
Agriculture, Livestock Development and Fisheries				
	DRNKP/KfW	731,635,000	271,058,203	37
Agriculture, Livestock Development and Fisheries				
	General Administration Services	442,656,445	102,451,884	23
Education, Sports and Social Protection				
	General Administration, Planning and Support Services	852,156,445	2,889,796,099	13
RECURRENT				
Public Services, Administration and Disaster Management				
	General Administration Services	128,280,699	128,280,699	100
Finance and Economic Planning				
	County Budget and Economic Forums	4,000,000	3,628,653	91
Finance and Economic Planning				
	Consultancy Services	3,400,000	3,000,000	88
Finance and Economic Planning				
	Revenue Automation	24,880,120	20,583,754	83
Finance and Economic Planning				
	Awareness and Campaigns on Revenue.	8,087,060	6,300,060	78

Source: *Turkana County Treasury*

The development sub-programmes with the highest budget implementation rates included Food Systems Resilience Projects in the Department of Agriculture, Pastoral Economy and Fisheries at 73 per cent, DRNKP/KfWs in the Department of Agriculture, Pastoral Economy and Fisheries at 37 per cent, and General Administration Services at 23 per cent and General Administration, Planning and Support Services in the Department of Education, Sports and Social Protection at 13 per cent. For recurrent sub-programmes, the top performers were General Administration Services in the Department of Public Services (Administration and Disaster Management) at 100 per cent, County Budget and Economic Forums in the Department of Finance and Economic Planning at 91 per cent, and Consultancy Services at 88 per cent.

Table 3.649 summarises the budget execution by programmes and sub-programmes in the period under review that had the lowest absorption rates.

Table 3.649: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
DEVELOPMENT				
Kakuma Municipality				
	KUSP II Urban Development Grant	716,242,240	-	-
Lodwar Municipality				
	Urban Development Grant	174,734,820	-	-
Lodwar Municipality				
	Municipal Infrastructure	100,000,000	-	-
Agriculture, Pastoral Economy and Fisheries				
	Revival of Turkana Fishermen Co-op. society	61,600,000	-	-
Agriculture, Pastoral Economy and Fisheries				
	Livestock breed improvement	169,308,797	-	-
RECURRENT				
County Attorney				
	General Administration, Planning and Support Services- County At	12,837,095	-	-
County Attorney				
	Litigation	15,200,000	-	-
County Attorney				
	Govt Agreements & Contracts	3,634,451	-	-
County Attorney				
	Legal Audit & Compliance	10,699,550	-	-
County Attorney				
	Legislation	8,030,563	-	-

Source: *Turkana County Treasury*

The development sub-programmes with the lowest budget implementation rates included the KUSP II Urban Development Grant (UDG) in the Department of Kakuma municipality at 0 per cent, the Urban Devt Grant in the Department of Lodwar Municipality at 0 per cent, and Municipal Infrastructure at 0 per cent. For recurrent sub-programmes, poor performers were Litigation in the Department of County Attorney at 0 per cent, General Administration, Planning and Support Services in the Department of County Attorney at 0 per cent, Legal Audit & Compliance in the Department of County Attorney at 0 per cent, and Legislation at 0 per cent.

3.43.18 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception is for imprest bank accounts for petty cash and for revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 19 accounts at commercial banks, including 6 for operations, 3 for imprests, 2 for Established Funds, and 6 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of the authorisation letters to the Controller of Budget for the opening of 19 commercial bank accounts, as required under Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.43.19 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the TurkanaCounty budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 2nd of February 2026.
ii. The underperformance of own-source revenue at Kshs.91.46 million against an annual target of Kshs.1.2 billion, representing 6 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.911.03 million on development activities, achieving a 17 per cent absorption rate.
iv. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. Reports for all Funds were not submitted to the CoB as of 15 January 2026.
v. High level of trade payables, which amounted to Kshs.2.31 billion as of 31st December 2025. Furthermore, the County Treasury did not adhere to the trade payables payment plan.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.
vii. There were some inconsistencies in the reporting from the first quarter to the half year, for example, the county assembly reported having a manual payroll, but it seems there was none in the half year.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
v. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*
vii. *The County should ensure that there is consistency of reporting in subsequent reporting periods.*

3.44. County Government of Uasin Gishu

3.44.1 Overview of FY 2025/26 Budget

The Uasin Gishu County Approved Budget for FY 2025/26 is Kshs.10.18 billion. It comprises Kshs.3.05 billion (30 per cent) and Kshs.7.13 billion (70 per cent) allocations for development and recurrent programmes, respectively. The budget estimates represent a decrease of Kshs.5.0. billion (33 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.6.36 billion and a recurrent budget of Kshs.8.80 billion. The decrease in the budget was primarily attributed to the exclusion of opening balances and also conditional funds from the budget.

The budget is to be financed through various revenue sources. These include the equitable share of revenue raised nationally, amounting to Kshs.8.81 billion (87.2 per cent) and Kshs.1.3 billion (12.8 per cent), generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.650.

3.44.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.4.03 billion. This amount represented a decrease of 9.3 per cent compared to the amount received in a similar period in FY 2024/25, amounting to Kshs.4.64 billion. The total revenue consisted of Kshs.3.73 billion from the equitable share of revenue raised nationally, as well as the own-source revenue (OSR) collection of Kshs.256.91 million. Additionally, the County had a cash balance of Kshs.29.62 million from FY 2024/25. The total OSR collection of Kshs.297.92 million included Facilities Improvement Financing (FIF) of Kshs.20.5 million. Table 3.650 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.650: Uasin Gishu County, Revenue Performance in the First Half of FY 2025/26

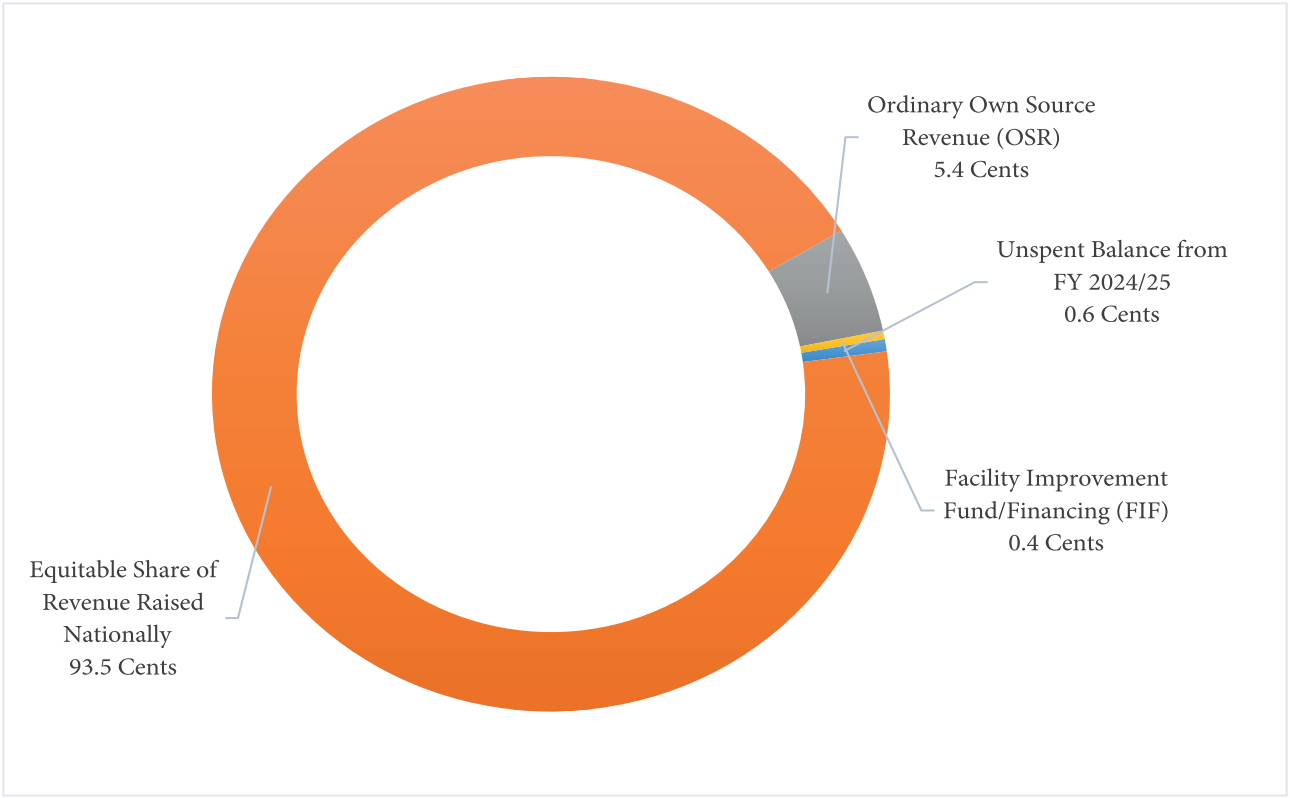
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	-	18,058,576	-	18,058,576	- 18,058,576
2	County Executive Refunds to CRF	-	11,557,626	-	11,557,626	- 11,557,626
3	County Assembly Refunds to CRF	-	591	-	591	- 591
	Sub-Total	-	**29,616,793**	-	**29,616,793**	**- 29,616,793**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	8,881,021,786	3,725,461,129	718,161,182	4,443,622,311	4,437,399,475
	Sub-Total	**8,881,021,786**	**3,725,461,129**	**718,161,182**	**4,443,622,311**	**4,437,399,475**
C	**Ordinary Own Source Revenue (OSR)**					
1	Agriculture AMS	2,050,000	193,990	-	193,990	1,856,010
2	Agriculture Veterinary	2,000,000	-	-	-	2,000,000
3	Application Fee	5,000,000	189,400	-	189,400	4,810,600
4	Audit and Supervision Fees	4,500,000	1,677,472	-	1,677,472	2,822,528
5	Betting Control	4,500,000	591,500	-	591,500	3,908,500
6	Building Plan Approval Fee / Scrutiny	35,000,000	4,621,455	-	4,621,455	30,378,545
7	Burial Fees	5,000,000	1,080,000	-	1,080,000	3,920,000
8	Business Permits Current Year	405,000,000	9,851,095	-	9,851,095	395,148,905
9	Clamping Fee	3,500,000	-	-	-	3,500,000
10	Council Premises Occasional Hire (Offices, etc.)	500,000	63,000	-	63,000	437,000
11	Court Fines		143,000	-	143,000	- 143,000
12	Enclosed Bus Park Fee	130,900,000	66,626,950	-	66,626,950	64,273,050
13	Fire-Fighting Services	10,000,000	379,000	-	379,000	9,621,000
14	Fisheries	1,000,000	236,300	-	236,300	763,700
15	Housing Estates Monthly Rent	25,000,000	7,003,121	-	7,003,121	17,996,879
16	Ict & E-government Led Screen		25	-	25	- 25
17	Impounding Charges	4,000,000	2,337,120	-	2,337,120	1,662,880
18	Land Rates Current Year	130,000,000	15,907,998	-	15,907,998	114,092,002
19	Livestock Auction/Sales Fees	-	404,660	-	404,660	- 404,660
20	Log Cess/ Bark cess/Hide/skins/ Hay/Timber	2,500,000	385,641	-	385,641	2,114,359
21	Library Fee	150,000	15,620	-	15,620	134,380
22	Motor Bikes	25,000,000	12,015,556	-	12,015,556	12,984,444
23	Market Fees	30,000,000	9,309,945	-	9,309,945	20,690,055
24	Public Toilet	500,000	-	-	-	500,000
25	Refuse Collection Fee/Nema	25,000,000	1,455,250	-	1,455,250	23,544,750
26	Right-of-Way/Way-LeaveFee (KPLN, Telkom, etc.)	1,500,000	265,256	-	265,256	1,234,744
27	Sand, Gravel, and Ballast Extraction Fees	55,000,000	27,539,238	-	27,539,238	27,460,762
28	Staff Loan commission	10,000,000	3,384,230	-	3,384,230	6,615,770
29	Sign Boards & Advertisement Fee	150,000,000	12,202,849	-	12,202,849	137,797,151
30	Slaughtering Fee	25,000,000	10,315,240	-	10,315,240	14,684,760
31	Street Parking Fee	130,000,000	40,238,911	-	40,238,911	89,761,089
32	Sugarcane Cess	6,000,000	1,530,340	-	1,530,340	4,469,660
33	Weight and Measures	5,400,000	724,400	-	724,400	4,675,600

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
34	Wheat & Maize Cess	65,000,000	24,760,585	-	24,760,585	40,239,415
35	Staff surcharge/Imprest	1,000,000	280,550	-	280,550	719,450
36	Direct banking	-	1,176,866	-	1,176,866	- 1,176,866
	Sub-Total	**1,300,000,000**	**256,906,564**	-	**256,906,564**	**1,043,093,437**
D	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF		20,504,970		20,504,970	- 20,504,970
	Sub-Total	-		-	**20,504,970**	**- 20,504,970**
	Grand Total	**10,181,021,786**	**4,011,984,486**	**718,161,182**	**4,750,650,638**	**5,430,371,149**

Source: *Uasin Gishu County Treasury*

Figure 259 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

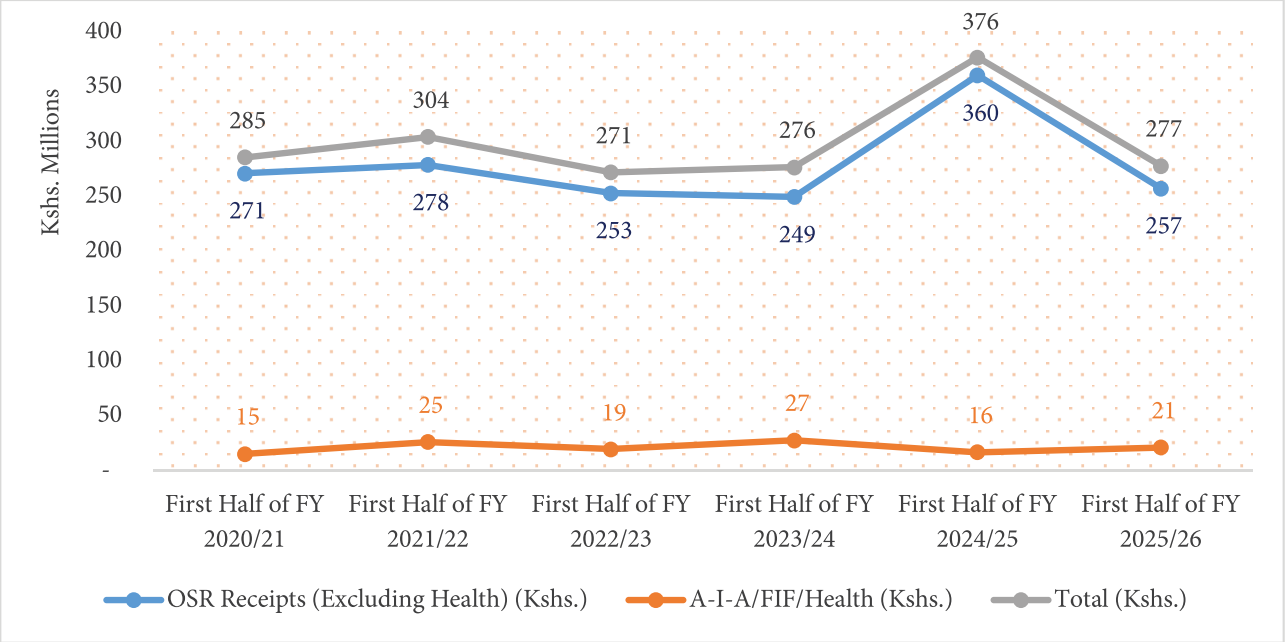
Figure 259: Uasin Gishu County Composition of Each Shilling Earned in the First Half of FY 2025/26



Source: *Uasin Gishu County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 88.4 per cent, 5.1 per cent, and 0.4 per cent, respectively, to total receipts for the reporting period. Figure 260 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 260: Uasin Gishu County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26

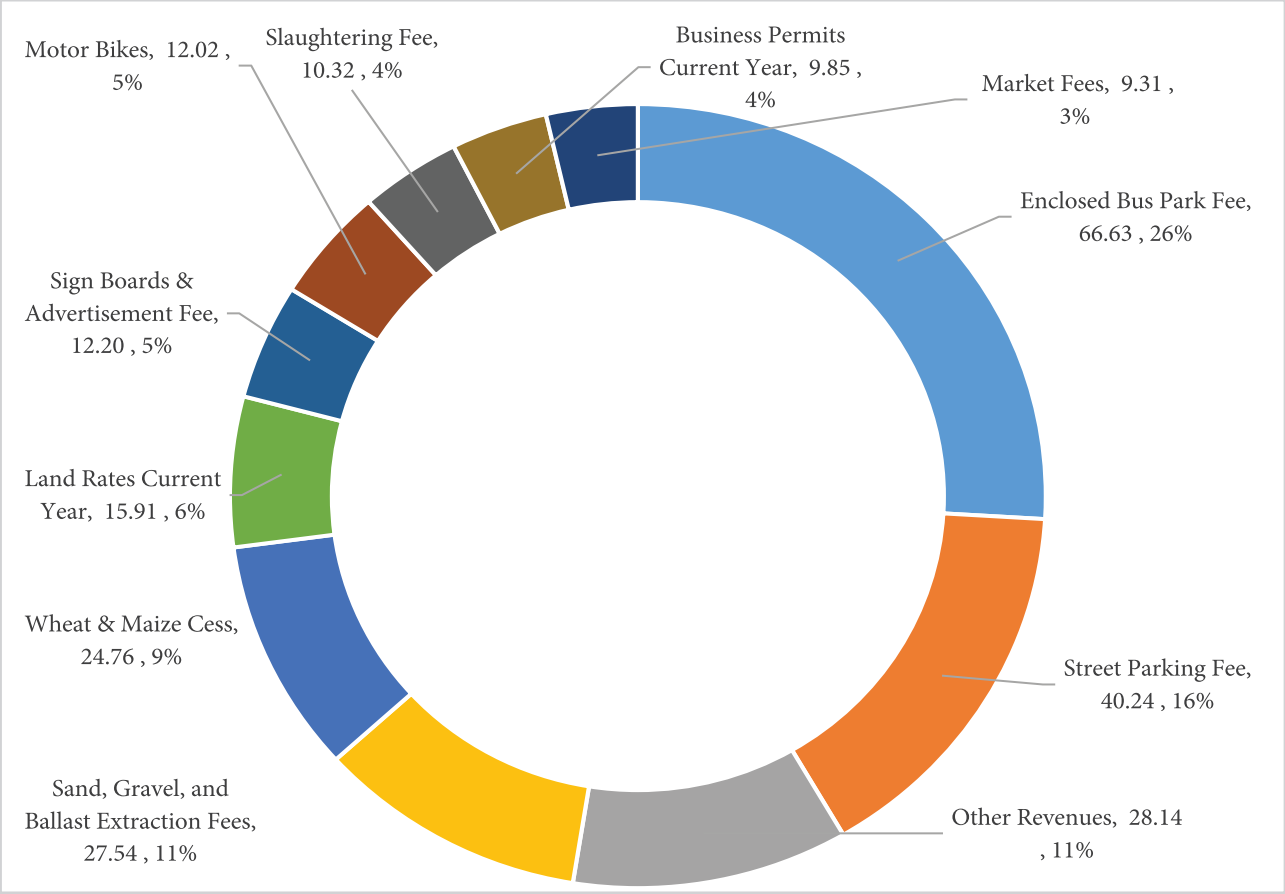


Source: *Uasin Gishu County Treasury*

During the first half of FY 2025/26, the County received Kshs.277.41 million from OSR, including FIF. This amount was a decrease of 23 per cent compared to Kshs.376.46 million realised in a similar period in FY 2024/25, and was 21 per cent of the annual target and 7.4 per cent of the equitable revenue share disbursed.

The revenue streams that contributed the most to OSR receipts are shown in Figure 261

Figure 261: Uasin Gishu County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: Uasin Gishu County Treasury

As shown in Figure 261, the highest revenue stream is at Kshs.66.63 million was from the enclosed bus park, accounting for 26 per cent of the total OSR receipts. The County Government indicated that it has automated 8 of 35 revenue streams.

3.44.3 Revenue Arrears/ Receivables

The County did not report revenue arrears at the time of reporting.

3.44.4 Borrowing by the County

Uasin Gishu County did not report borrowing during the reporting period.

3.44.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.3.90 billion from the Uasin Gishu County Revenue Fund (CRF) account. This amount consisted of Kshs.540.8 million (14 per cent) designated for development programs and Kshs.3.36 million (86 per cent) allocated to recurrent programs.

An analysis of the released recurrent exchequers shows that Kshs.2.44 billion was allocated to employee compensation and Kshs.918.53 million to operations and maintenance expenditures. Within the operations and maintenance category, 15 per cent was for domestic travel and 1.7 per cent for foreign travel. The domestic travel exchequers totalled Kshs.139.5 million, including Kshs.50 million for the County Executive and Kshs.89 million for the County Assembly. Meanwhile, the foreign travel expenses amounted to Kshs.15.57 million, with Kshs.11 million for the County Executive and Kshs.4.5 million for the County Assembly.

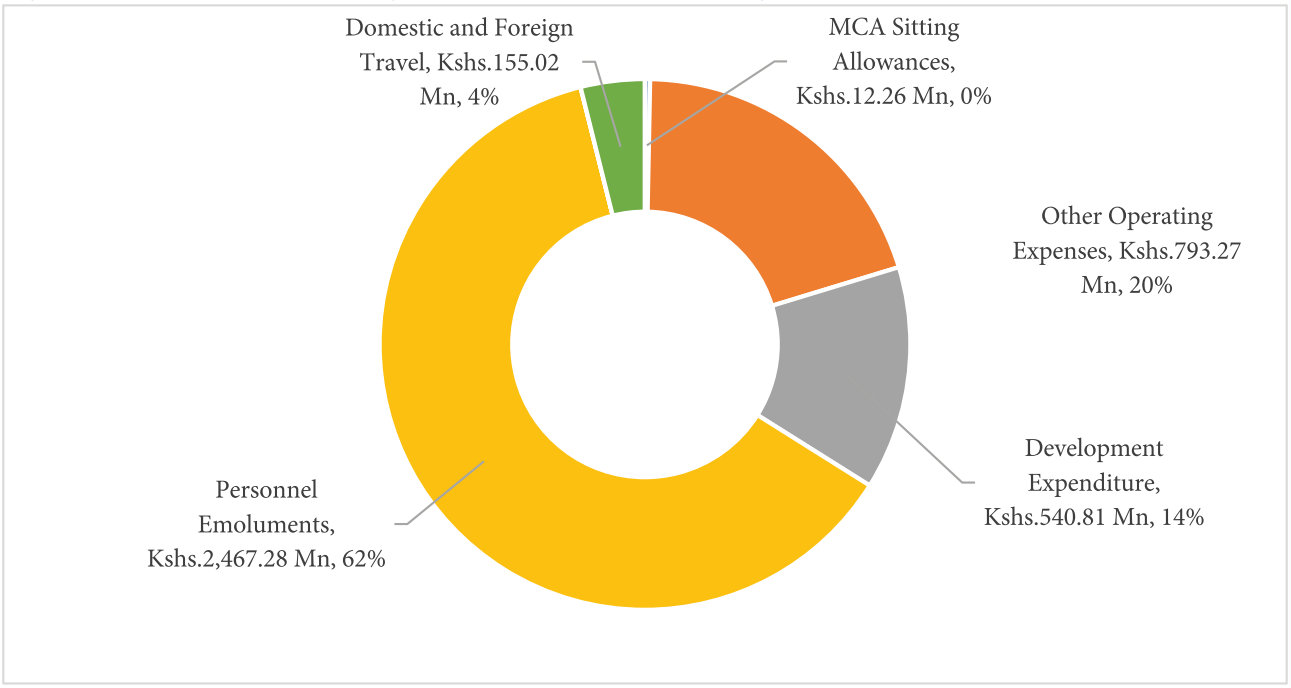
As of December 31, 2025, the County Government's cash balance in the CRF account was Kshs.1,075,941,792.50.

3.44.6 Expenditure Review

The County spent Kshs.3.90 billion on development and recurrent programmes during the reporting period. The expenditure represented 87.1 per cent of the total funds released by the CoB. It comprised Kshs.540.81 million for development programmes and Kshs.3.36 million for recurrent programmes. Expenditure on development programmes accounted for 18 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 47 per cent of the annual recurrent expenditure budget.

Figure 262 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 262: Uasin Gishu County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: Uasin-Gishu *County Treasury*

As shown in Figure 262, the three highest expenditure categories were Personnel emoluments, other operating expenditures, and development, which accounted for 62 per cent, 21 per cent, and 14 per cent of total expenditure for the reporting period, respectively.

3.44.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.55 billion. This amount consisted of Kshs.1.44 billion from the County Executive and Kshs.107.13 million from the County Assembly. The trade payables from the County Executive amounted to Kshs.1.23 billion for recurrent expenditure and Kshs.199.65 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.22.58 million (1.5 per cent) for development programmes. On the other hand, the County Assembly did not record trade payables settled. The outstanding trade payables as of 31st December 2025 were Kshs.1.55 billion for the County Executive and Kshs.134.22 million for the County Assembly. Table 3.651 provides additional details of trade payables.

Table 3.651: Uasin Gishu County Trade Payables as of 31st December 2025

	County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	County Executive	199,652,333	1,238,530,152	1,438,182,484
	County Assembly	-	107,128,805	107,128,805
	Total	199,652,333	1,345,658,957	1,545,311,289
Amount paid in FY 2025/26	County Executive	22,582,579	-	22,582,579
	County Assembly	-	-	-
	Total	22,582,579	-	22,582,579
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	-	-	-
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	199,652,333	1,345,658,957	1,545,311,289
	County Assembly	-	134,226,390	134,226,390
	Total	199,652,333	1,479,885,347	1,679,537,679

Source: *Uasin Gishu County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.309.6 million and Kshs.49.91 million on recurrent and development expenditure, respectively, in the first half of FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.22.58 million to the Executive.

Table 3.652 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.1.77 billion.

Table 3.652: Uasin Gishu County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	-		199,652,333	-	199,652,333
Recurrent Trade Payables (Goods & Services)	184,168,658	15,483,675	-	-	199,652,333
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	434,683,604	210,622,685	13,322,759	33,063,515	691,692,563
Recurrent Trade Payables (Staff Claims)	156,482,710	-	390,354,879	-	546,837,589
Recurrent Trade Payables	775,334,972	226,106,360	403,677,637	33,063,515	1,438,182,484
Executive Trade Payables	775,334,972	226,106,360	603,329,970	33,063,515	1,637,834,817
% of Executive Trade Payables	47	14	37	2	100

Source: Uasin Gishu *County Treasury*

3.44.8 Expenditure by Economic Classification

The County Executive incurred Kshs.2.3 billion on compensation of employees, Kshs.726.9 million on operations and maintenance, and Kshs.540.8 million on development activities. Similarly, the County Assembly spent Kshs.139.69 million on compensation of employees, Kshs.189.69 million on operations and maintenance and zero on development activities, as shown in Table 3.653.

Table 3.653: Uasin Gishu County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (e=d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**6,370,462,559**	**762,248,662**	**2,547,488,946**	**329,382,114**	**479,901,644**	-	**3,027,390,590**	**329,382,114**	**47.5**	**43.2**
Compensation to Employees	4,234,122,017	387,998,662	1,820,591,100	139,689,971	479,901,644	-	2,300,492,744	139,689,971	**54.3**	**36.0**
Operations & Maintenance	2,136,340,542	374,250,000	726,897,846	189,692,143	-	-	726,897,846	189,692,143	**34.0**	**50.7**
Development	**2,963,310,564**	**85,000,000**	**519,110,997**	-	21,701,491	-	540,812,488	-	**18.3**	-
Grand Total	**9,333,773,123**	**847,248,662**	**3,066,599,943**	**329,382,114**	**501,603,135**	-	**3,568,203,078**	**329,382,114**	**38.2**	**38.9**

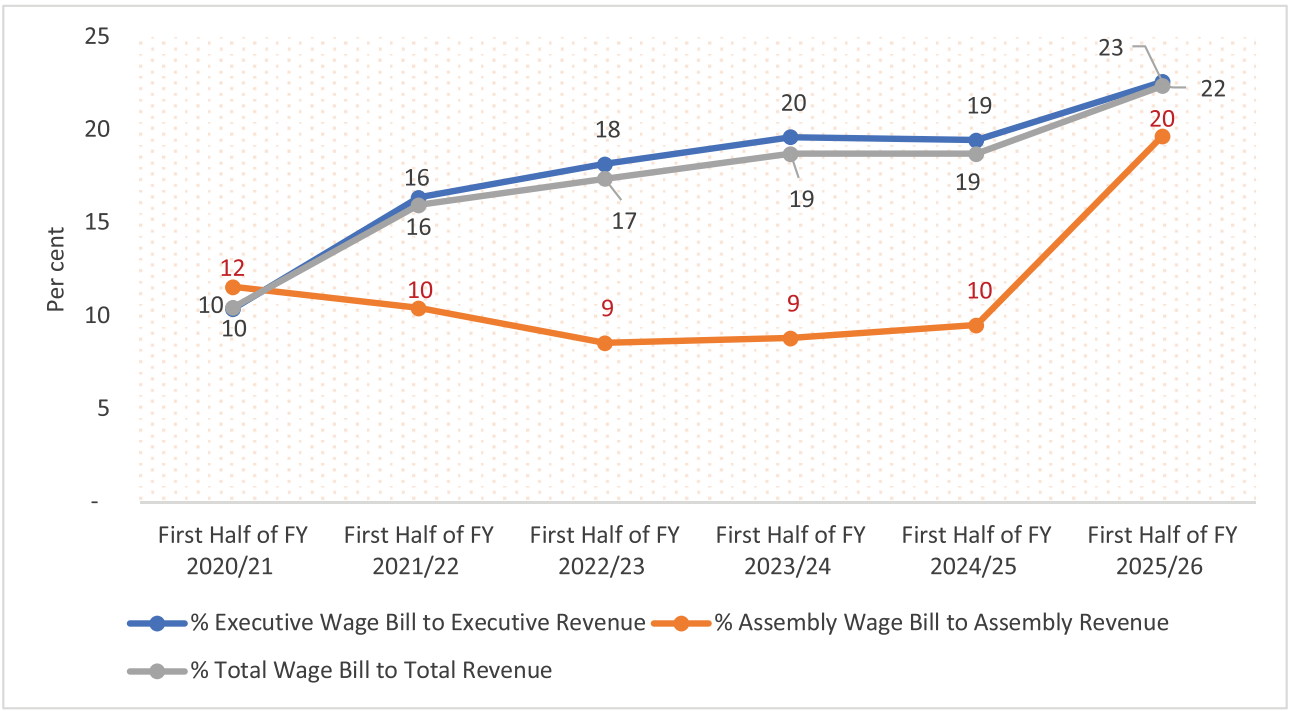
Source: *Uasin Gishu County Treasury*

3.44.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.46 million. The compensation-to-revenue ratio was 22 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.36 billion reported in a similar period in FY 2024/25. Of this total, Kshs.895.35 billion is related to Health Sector employees, accounting for 36 per cent of the overall employees' compensation.

Figure 263 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 263: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: *Uasin Gishu County Treasury*

Further analysis indicated that PE costs totalling Kshs.2.38 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.59.38 million was processed through manual payroll, accounting for 2 per cent of the total PE cost.

The manual payroll included gratuity remittances to pension schemes for contract staff and community health workers, as shown in Table 3.654

Table 3.654: Breakdown of Uasin Gishu County Manual Payroll

Category	County Executive	County Assembly	Total
Gratuity for contract staff	29,372,485	-	29,372,485
Community Health Workers	-	-	-
Total	29,372,485	-	29,372,485

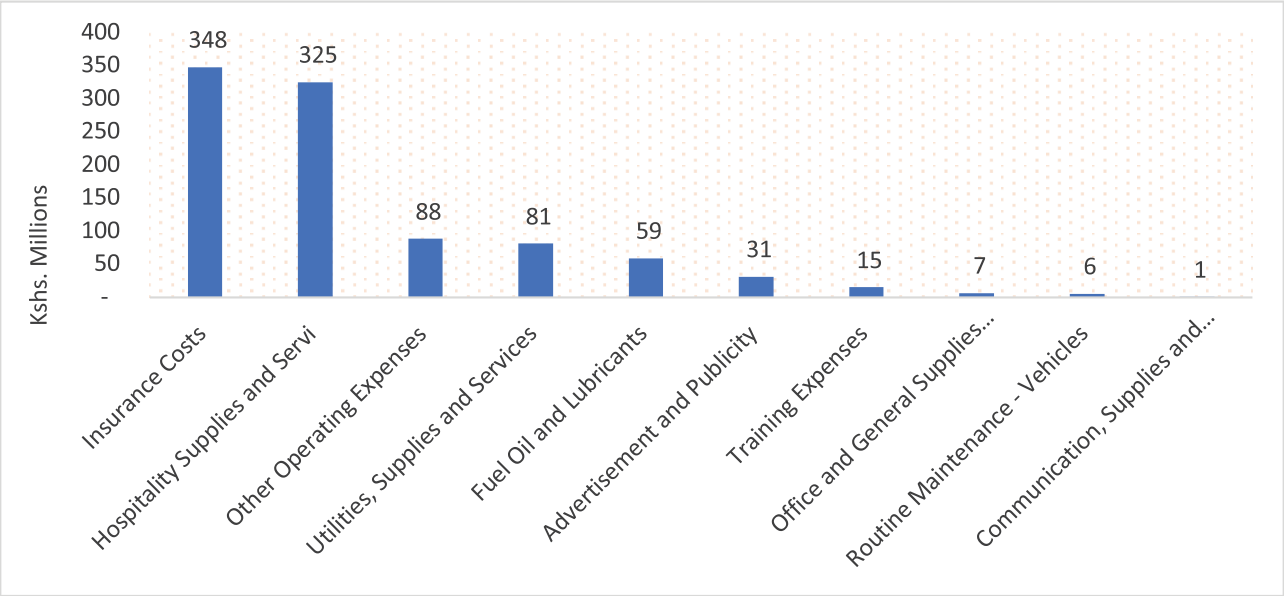
Source: Uasin Gishu County Treasury

The County Assembly spent Kshs.12.26 million on committee sitting allowances for the 44 MCAs, against the annual budget allocation of Kshs.39.92 million. The average monthly sitting allowance was Kshs.46,445 per MCA. The County Assembly has 18 House Committees.

3.44.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.916.59 million on operations and maintenance, representing a decrease of 21 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.11 billion. Figure 264 summarises the Operations and Maintenance expenditure by major categories.

Figure 264: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: *Uasin Gishu County Treasury*

3.44.11 Unbundling "*Other Operating Expenses*" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.88.44 million on "*other operating expenses*," which is 9.6 per cent of the total operations and maintenance expenditure of Kshs.916.59 million. This category of expenditure includes Kshs.23.22 million for legal fees and compensation payments, and Kshs.57 million for temporary committee expenses. The disaggregated items under the "*Other Operating Expenses*" category are shown in Table 3.656

Table 3.655: Breakdown of "***Other Operating Expenses***" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211308-00001001-0115014310-4339000101	Legal due/ fees, arbitration and compensation payments	25,092,464	23,222,143
2211306-00001001-0306014310-4339000101	Membership fees, dues and subscriptions to professional and trade bodies	1,741,000	11,200
2211399-00001001-0504014310-4318000101	Other operating expenses	1,866,070	258,500
2211313-00001001-0110014310-4311000101	Security operations	18,500,000	7,746,020
2211320-00001001-0512024310-43350001	Temporary committee expenses	79,078,165	57,204,918
Total		**126,277,699**	**88,442,781**

Source: Uasin Gishu *County Treasury*

3.44.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.189.91 million to County-Established funds in FY 2025/26, or 2 per cent of the County's overall budget. Further, the County allocated Kshs.35 million to the Emergency Fund (less than 1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.656 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.656: Performance of Uasin Gishu County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in Second Quarter of FY 2025/26 (Kshs.)	Actual Expenditure in Second Quarter of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Annual Financial Statements (Yes/No)
	County Executive Established Funds					
1	Uasin Gishu County Emergency Fund-Governor	35,000,000	-	-	-	yes
2	Uasin Gishu County Enterprise Development Fund	-	-	-	580,956,473	yes
3	Uasin Gishu County Inua Biashara Fund (trade)	20,000,000	-	-	120,814,711	yes
4	Uasin Gishu County Bursary and Skills Development Support Fund	90,000,000	-	-	555,700,000	yes
5	Car Loan & Mortgage - County Executive(governor)	25,000,000	-	-	-	yes
6	Uasin Gishu Education Revolving / TVET Fund	-	-	-	321,927,178	yes
	County Assembly Established Funds					
1	Car Loan & Mortgage - County Assembly	19,908,000	-	-	-	not yet
	Total	**189,908,000**	**-**	**-**	**1,579,398,362**	

Source: *Uasin Gishu County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from the car & mortgage county Assembly Fund Administrators, as indicated in Table 3.657, contrary to the requirement of Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB determined that the Uasin Gishu County Bursary and Skills Development Support Fund had expired. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.44.13 County Corporations

The County is yet to establish a County Corporation.

3.44.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.139.45 million and comprised Kshs.89.41 million spent by the County Assembly and Kshs.50.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.57 million and comprised Kshs.4.55 million by the County Assembly and Kshs.11.01 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.657

Table 3.657: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	9	11/11/2025-20/11/2025	Partnership Summit	Spain	4,948,141		4,948,141
County Executive	11	16/7/2025-26/7/2025	Sister city celebration	USA Minneapolis	6,066,346		6,066,346

Source: Uasin Gishu County Treasury and Uasin Gishu County Assembly

3.44.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.20.5 million as FIF. The County did not provide a breakdown of revenues to show what the FIF's annual target is. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2024. The County has developed regulations to operationalise the FIF Act of 2024.

3.44.16 Development Expenditure

In the review period, the County reported spending Kshs.540 million on development programmes, representing a decrease of 43 per cent compared to FY 2024/25, when the County spent Kshs.1.27billion. Table 3.658 summarises the development projects with the highest expenditure in the reporting period.

Table 3.658: Uasin Gishu County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
1	Clinical Services	Construction of the Turbo Level IV Hospital	Tapsagoi ward	May-23	May-25	705,710,330	50,000,000	48,330,496	159,382,390	21
2	Roads, Transport and Public Works	Grading and gravelling	County wide			79,741,335	409,508,517	79,741,335	79,741,335	25
3	Agriculture and Agribusiness	Purchase of Coffee Seedlings	Chebororwa ATC	1st July 2024	30th June 2025	56,000,000	62,000,000	56,000,000	56,000,000	98
4	Water, Irrigation and Sanitation	Ngeria south dispensary	Megun	17/02/2025	25-Nov	26,796,287	30,000,000	6,435,476	26,796,287	100
5	Water, Irrigation and Sanitation	Kapchepkwony Water Project	Soy	06/03/2025	25-Dec	24,510,277	30,000,000	24,510,277	24,510,277	100
6	Education and Vocational Training	Ngenyilel VTC	Ngenyilel	1st August, 2025	30th June, 2026	19,640,175	21,000,000	19,640,175	19,640,175	100
7	Water, Irrigation and Sanitation	Tumoge Spring Water Project	Tulwet/ Chuiyat	25-Apr	25-Oct	14,745,628	15,000,000	4,525,544	14,745,628	100
8	Water, Irrigation and Sanitation	Sigilai Bombo Water Project	Tulwet/ Chuiyat	25-Mar	25-Jul	13,760,604	15,000,000	5,978,707	13,760,604	100
9	Water, Irrigation and Sanitation	Saniak Water Project	Ziwa	10/06/2025	10/12/2025	4,998,500	5,000,000	4,998,500	4,998,500	100
10	Roads, Transport and Public Works	Construction Of Bindura-Tulwet Box Culvert	Tarakwa Ward	04/04/2025	08/04/2025	4,997,906	5,000,000	4,997,906	4,997,906	100

Source: *Uasin Gishu County Treasury*

The County did not report stalled development projects as of 31st December 2025.

3.44.17 Budget Performance by Department

Table 3.659 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.659: Uasin Gishu County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

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	762.25	110	329.38		329.38		100.0	-	43.2	-
Governor's Office	98.58	-	35.93	-	35.93	-	100.0	-	36.4	-
Finance	517.66	-	326.59	-	326.59	-	100.0	-	63.1	-
Public Service Management	891.67	-	571.78	-	571.78	-	100.0	-	64.1	-
ICT, E-Government and Innovation	59.21	42.60	18.03	-	18.03	-	100.0	-	30.4	-
Roads, Transport and Public Works	635.61	948.83	418.07	133.01	418.07	133.01	100.0	100.0	65.8	14.0
Health Services	1,579.90	175	737.22	61.11	737.22	61.11	100.0	100.0	46.7	34.9
Agriculture, Livestock and Fisheries	208.60	104.22	74.18	98.44	74.18	98.44	100.0	100.0	35.6	94.4
Trade, Industry, Investment and Tourism	85.64	116.11	32.19	36.01	32.19	36.01	100.0	100.0	37.6	31.0
Education and Vocational Training	565.11	207.32	217.70	19.64	217.70	19.64	100.0	100.0	38.5	9.5
County Public Service Board	69.67	-	18.07	-	18.07	-	100.0	-	25.9	-
Economic Planning	107.67	-	55.06	-	55.06	-	100.0	-	51.1	-
Administration and Devolution	113.23	40	49.93		49.93		100.0	-	44.1	-
Youth and Sports Development	218.77	78.15	61.28	-	61.28	-	100.0	-	28.0	-
Co-Operatives and Enterprise Development	36.72	16.50	7.80	-	7.80	-	100.0	-	21.2	-
Livestock Development and Fisheries	44.05	199.12	9.88	14.74	9.88	14.74	100.0	100.0	22.4	7.4
Eldoret Municipality	94.19	85	37.70	-	37.70	-	100.0	-	40.0	-
Promotive and Preventive Health	546.18	96.74	201.67	5.49	201.67	5.49	100.0	100.0	36.9	5.7
Energy, Environment, Climate Change and Natural Resources	44.30	292.57	11	54.07	11	54.07	100.0	100.0	24.8	18.5
Partnership, Liaison and Linkages	32.17	-	10.82	-	10.82	-	100.0	-	33.6	-
Gender, Social Protection and Culture	90.12	42.62	39.98	-	39.98	-	100.0	-	44.4	-
Housing and Urban Development	39.20	65	11.87	2.09	11.87	2.09	100.0	100.0	30.3	3.2
Lands and Physical Planning	53.15	51.42	23.09	5.15	23.09	5.15	100.0	100.0	43.4	10.0
Water, Irrigation and Sanitation	166.08	383.69	46.84	111.07	46.84	111.07	100.0	100.0	28.2	28.9
Office of the County Attorney	66.39	-	10.73	-	10.73	-	100.0	-	16.2	-

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
Total	**7,126**	**3,055**	**3,356.77**	**540.81**	**3,356.77**	**540.81**	**100.0**	**100.0**	**47.1**	**17.7**

Source: *Uasin Gishu County Treasury*

Analysis of departmental expenditure shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of the development budget at 94.4 per cent, followed by the Department of Health Services at 34.9 per cent. The Department of Roads, Transport and Public Works had the highest recurrent expenditure-to-budget ratio at 65.8 per cent, while the Department of the Office of the Attorney had the lowest at 16.2 per cent.

3.44.18 Budget Execution by Programmes and Sub-Programmes

Table 3.660 summarises the budget execution by programmes and sub-programmes in the period under review that had the highest absorption rates.

Table 3.660: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Description	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Development					
	215044310	SP Climate Change Services	90,000,000	50,066,913.60	56
510004310			37,000,000	19,640,175.05	53
	510014310	SP Vocational Training Services	37,000,000	19,640,175.05	53
	301024310	Modern Shopping Mkt.	40,000,000	20,000,000	50
301004310		TRADE DEVELOPMENT AND INVESTMENT	50,000,000	24,770,430	50
	301014310	Ultra-modern wholesale market with cold storage go-down	10,000,000	4,770,430	48
Reccurent					
102004310		CROP DEVELOPMENT AND MANAGEMENT			
901004310		WATER SUPPLY SERVICES	167,891,402	130,926,984.50	78.0
701004310		PUBLIC FINANCE MANAGEMENT	693,101,414	494,759,098.90	71.4
110004310			582,880,656	300,199,741.85	51.5
	702024310	Central planning and M&E services	51,434,002	26,243,200	51.0
511004310			90,800,000	45,107,660	49.7
	511014310	SP Culture and Heritage Services	90,800,000	45,107,660	49.7

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the highest budget implementation rates were: Climate change services in the Department of Environment at 56 per cent, vocational training services in the Department of Youth and Sports at 53 per cent, and Trade development at 50 per cent.

For recurrent sub-programmes, the top performers included: water supply services in the Department of Water at 78 per cent, Public Finance Management in the Department of Finance at 71.4 per cent, and central planning and M&E services in the Department of Finance at 52 per cent. Table 3.661 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.661: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Description	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
Development					
214004310			50,000,000	2,233,100	4
	214014310	SP Energy Services	50,000,000	2,233,100	4
122004310			30,000,000	2,089,220	7
	122014310	SP Housing Development Services	30,000,000	2,089,220	7
204004310		ROADS INFRASTRUCTURE DEVELOPMENT	397,000,000	29,225,457.30	7
	101034310	Breeding services	150,000,000	14,736,897	10
Reccurent					
115004310			66,390,358	10,729,609	16.2
	115014310	SP Legal Services	66,390,358	10,729,609	16.2
512004310			8,000,000	1,608,000	20.1
	512024310	SP Social Protection & Safety Nets	8,000,000	1,608,000	20.1
305004310		WEIGHTS AND MEASUREMENTS	36,715,854	7,799,118	21.2
	305014310	Standard weighbridge	36,715,854	7,799,118	21.2
202004310		ADMINISTRATIVE SUPPORT SERVICES	639,306,634	172,638,958	27.0
	202044310	Administrative and Support Services	639,306,634	172,638,958	27.0
	901014310	Drilling of boreholes	167,891,402	46,842,020	27.9
216004310			59,206,559	18,025,294	30.4
	216014310	SP ICT Services	59,206,559	18,025,294	30.4

Source: *Uasin Gishu County Treasury*

The development sub-programmes with the lowest budget implementation rates were: Energy Services in the Department of Energy and Environment at 4 per cent, Housing Development services in the Department of Housing and Urban Development at 7 per cent, and breeding services in the Department of Agriculture at 10 per cent.

For recurrent sub-programmes, the lowest-performing included: legal services in the Department of County Attorney at 16 per cent, social protection and safety nets in the Department of Gender at 20 per cent, and standard weighbridge in the Department of Trade at 21 per cent.

3.44.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 160 accounts in commercial banks, including 129 for Health Facilities, 4 for Vocational Training Centres, 12 for Established Funds, 8 revenue accounts, and 12 special-purpose accounts (additional allocations).

The County Treasury had not submitted copies of the authorisation letters to the Controller of Budget for the opening of commercial bank accounts, as required by Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.44.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Uasin Gishu County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report, which was received on 25 January 2026.
ii. The underperformance of own-source revenue at Kshs.277.41 million against an annual target of Kshs.1.3 billion, representing 21.3 per cent of the financial year target
iii. Low development performance in the review period, as the County incurred Kshs.540.8 million on development activities, achieving an 18 per cent absorption rate.
iv. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the bursary and skills development Fund had lapsed, making them ineligible for further withdrawals.
v. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the county Assembly car and mortgage Fund were not submitted to the CoB as of 15 July 2025.
vi. High level of trade payables, which amounted to Kshs.1.68 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
vii. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget per the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in the remaining period of FY 2025/26.*
iv. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
v. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
vi. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
vii. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.45. County Government of Vihiga

3.45.1 Overview of FY 2025/26 Budget

The Vihiga County Approved Supplementary Budget for FY 2025/26 is Kshs.7.93 billion. It comprises Kshs.2.68 billion (34 per cent) and Kshs.5.24 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.1.43 billion (22 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.10 billion and a recurrent budget of Kshs.4.39 billion. The increase in the budget was primarily attributed to the increase in CARA 2025 ceilings and upward Own Source Revenue Estimates.

The budget is to be financed from various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.6.01 billion (76 per cent), additional allocations of Kshs.1.44 billion (18 per cent), a cash balance of Kshs.21.06 million (0.3 per cent) brought forward from FY 2024/25, and Kshs.452.71 million (6 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.662.

3.45.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues amounting to Kshs.2.69 billion. This amount represented a decrease of 3 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.2.76 billion. The total revenue consisted of Kshs.2.49 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.0 million, as well as own-source revenue (OSR) collection of Kshs.171.87 million. Additionally, the County had a cash balance of Kshs.21,09 million from FY 2024/25. The total OSR collection of Kshs.171.87 million included Facilities Improvement Financing (FIF) of Kshs.70.35 million, and Kshs.101.52 million from other OSR sources. Table 3.662 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.662: Vihiga County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**				**0**	**0**
1	Balance at CRF	21,063,163	21,063,163	-	21,063,163	-
2	County Executive Refunds to CRF	-	-	-	-	-
3	County Assembly Refunds to CRF	26,087	26,087	-	26,087	-
	Sub-Total	**21,089,250**	**21,089,250**	**-**	**26,089,250**	**-**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	6,008,751,224	2,493,631,758	480,700,098	2,974,331,856	3,034,419,368
	Sub-Total	**6,008,751,224**	**2,493,631,758**	**480,700,098**	**2,974,331,856**	**3,034,419,368**
C	**Transfers from the Equalisation Fund**					
1		-	-	-	-	-
	Sub-Total	-	-	-	-	-
D	**Additional Allocations (Including Grants)**					
1	Aggregated Industrial Parks Programme	250,000,000	-	-	-	250,000,000
2	Community Health Promoters (CHPS)	43,380,000	-	-	-	43,380,000
3	Nutritional International	2,126,051	-	-	-	2,126,051
4	Primary Health Care in Developed Context Programme (DANIDA)	14,663,250	-	-	-	14,663,250
5	FLLOCA-County Climate Resilient Investment (CCRI) Grant	181,365,284	-	-	-	181,365,284
6	Kenya Devolution Support Programme II (KDSP II) Level 1 Grant	73,787,955	-	-	-	73,787,955
7	Kenya Devolution Support Programme II (KDSP II) Level 2 Grant	352,500,000	-	-	-	352,500,000
8	Kenya Urban Support Programme - UIG Grant	60,309,300	-	-	-	60,309,300
9	Kenya Urban Support Programme - UDG Grant	18,278,289	-	-	-	18,278,289
10	Kenya Water Sanitation and Hygiene (K-WASH) Programme.	130,000,000	-	-	-	130,000,000
11	National Agriculture Value Chain Development Projects (NAVCDP)	260,555,638	-	-	-	260,555,638
12	Road Maintenance Fuel Levy (RMFL)	37,535,760	-	-	-	37,535,760
13	Doctor's Salary Arrears	15,044,112	-	-	-	15,044,112
14	0.5% of Housing Levy Fund to County Rural and Urban Affordable Housing Committees	1,987,622	-	-	-	1,987,622
	Sub-Total	**1,441,533,261**	**-**	**-**	**-**	**1,441,533,261**
E	**Ordinary Own Source Revenue (OSR)**					
1	PLAN APP AND APPROVAL	1,449,750	1,629,550	-	1,629,550	- 179,800
2	RENOVATION	245,400	229,250	-	229,250	16,150
3	WAY LEAVE APPLICATION	1,860,484	405,540	-	405,540	1,454,944
4	HIRE OF MACHINES	70,000	331,260	-	331,260	- 261,260
5	BUILDING INSPECTION FEE	957,000	649,000	-	649,000	308,000
6	HOARDING	159,000	138,000	-	138,000	21,000

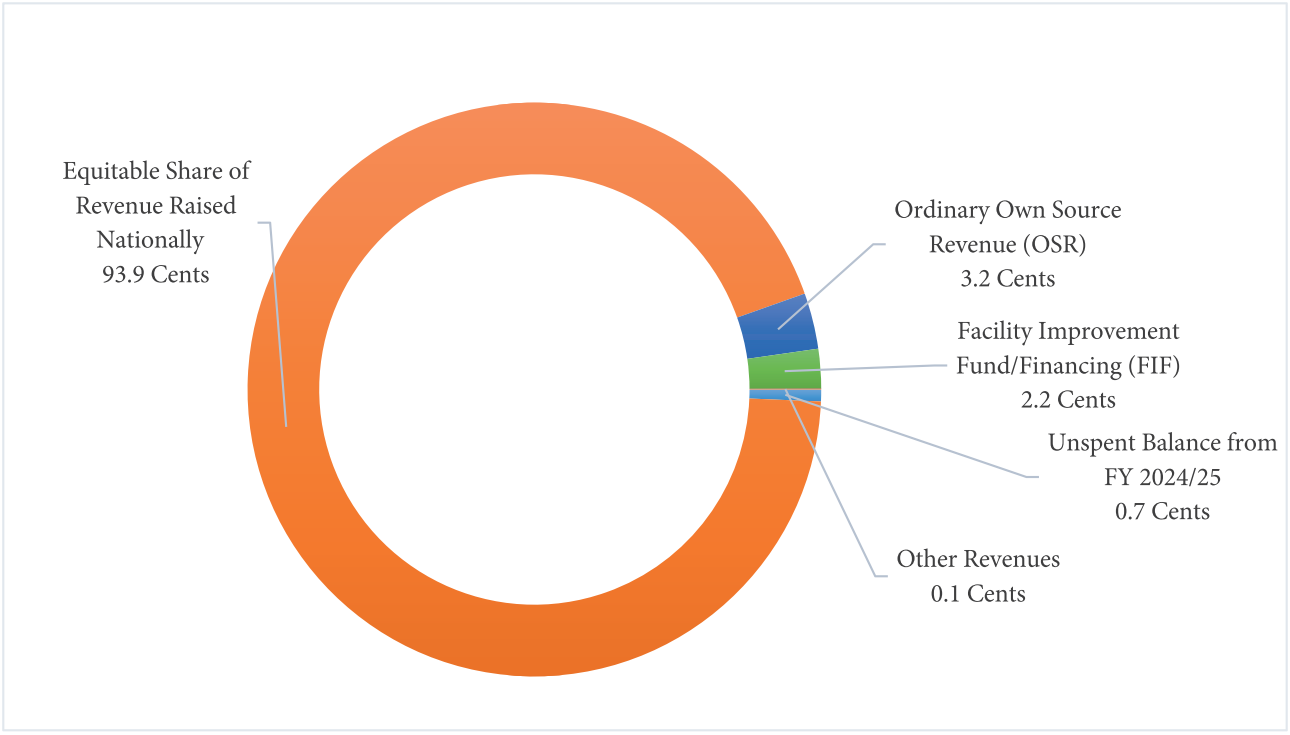
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
7	FIRE INSPECTION FEE	990,500	417,000	-	417,000	573,500
8	SCRUTINY MECHANICAL	1,289,620	431,000	-	431,000	858,620
9	PARKING FEE	6,413,307	3,260,458	-	3,260,458	3,152,849
10	SCRUTINY ELECTRICAL	1,237,720	408,000	-	408,000	829,720
11	BUS PARK	27,828,003	20,247,470	-	20,247,470	7,580,533
12	Receipts from 3rd party	2,654,987	1,976,778	-	1,976,778	678,209
13	SBP penalty	261,640	86,273	-	86,273	175,367
14	FINES AND PENALTIES	858,371	733,600	-	733,600	124,771
15	COMMISSIONS	1,462,263	753,856	-	753,856	708,407
16	DISPOSAL OF COUNTY ASSET	4,644,250	24,970	-	24,970	4,619,280
17	MISCELLENEOUS	976,509	677,401	-	677,401	299,108
18	LAND RATES	579,306	415,210	-	415,210	164,096
19	PHYSICAL PLANNING	2,400,900	2,956,200	-	2,956,200	- 555,300
20	HOUSE RENT	3,249,075	1,953,000	-	1,953,000	1,296,075
21	GROUND/SITE RENT/PLOT RENT	370,475	209,760	-	209,760	160,715
22	LAND BOUNDARY\DISPUTES	140,000	170,000	-	170,000	- 30,000
23	SEARCH FEES	5,000	26,000	-	26,000	- 21,000
24	CHANGE OF USER/Plot Transfer	229,000	152,000	-	152,000	77,000
25	CLEARANCE CERTIFICATE FEE	16,000	15,000	-	15,000	1,000
26	SLAUGHTER MANAGEMENT	1,902,030	658,090	-	658,090	1,243,940
27	VETERINARY & FISHERIES	2,176,556	1,660,380	-	1,660,380	516,176
28	TEA CESS	3,434,173	415,361	-	415,361	3,018,813
29	SAND\MURRAM	2,214,100	1,355,230	-	1,355,230	858,870
30	WATER ADM FEES	569,000	56,500	-	56,500	512,500
31	CONSERVANCY FEE	6,542,000	1,167,000	-	1,167,000	5,375,000
32	SANITATION	897,665	47,090	-	47,090	850,575
33	NOISE POLLUTION	183,200	147,200	-	147,200	36,000
34	SIGNAGES	1,467,439	142,500	-	142,500	1,324,939
35	SPORTS GROUND	370,475	119,000	-	119,000	251,475
36	MARKETS	11,003,436	42,009,415	-	42,009,415	- 31,005,979
37	STALL RENT	2,612,356	1,184,000	-	1,184,000	1,428,356
38	SINGLE BUSINESS PERMITS	45,202,182	6,443,290	-	6,443,290	38,758,892
39	SBP APPLICATION	187,000	94,000	-	94,000	93,000
40	SIGNAGE/SIGN POSTS	1,348,668	25,500	-	25,500	1,323,168
41	ADVERTISEMENT	3,887,399	547,200	-	547,200	3,340,199
42	WALL & VEHICLE BRANDING	16,542,600	316,500	-	316,500	16,226,100
43	STOCK SALES	3,239,380	2,006,850	-	2,006,850	1,232,530
44	MOTORBIKE STICKERS	5,320,500	3,045,750	-	3,045,750	2,274,750
45	WEIGHTS & MEASURES	488,800	55,500	-	55,500	433,300
46	COOPERATIVES	58,674	29,000	-	29,000	29,674
47	TOILET FEES	-	69,200	-	-	-
	Sub-Total	**169,996,193**	**99,821,932**	**-**	**99,821,932**	**70,174,262**
F	**Facility Improvement Fund/Financing (FIF)**					
1	SHIF	43,015,061	47,805,640	-	47,805,640	- 4,790,579
2	Defunct NHIF	225,982,692	21,343,467	-	21,343,467	204,639,225

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26 (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
3	PUBLIC HEALTH (A.I.A)	5,131,585	1,196,745	-	1,196,745	3,934,840
	Sub-Total	**274,129,338**	**70,345,852**	-	**70,345,852**	**203,783,487**
G	**Appropriations in Aid**					
1		-	-	-	-	-
2		-	-	-	-	-
	Sub-Total	-	-	-	-	-
H	**Other Revenues**					
1	LIQUOR LICENCE FEE	5,546,821	1,069,000	-	1,069,000	4,477,821
2	VIHIGA FM RECIEPTS	514,089	398,730	-	398,730	115,359
3	GOLD	2,524,643	234,000	-	234,000	2,290,643
	Sub-Total	**8,585,553**	**1,701,730**	-	**1,701,730**	**6,883,823**
	Grand Total	**7,924,084,819**	**2,686,590,521**	**480,700,098**	**3,167,290,619**	**4,756,794,300**

Source: *Vihiga County Treasury*

The County does not have governing legislation on the operation of ordinary A-I-A and FIF. Figure 265 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 265: Vihiga County Composition of Each Shilling Earned in the First Half of FY 2025/26

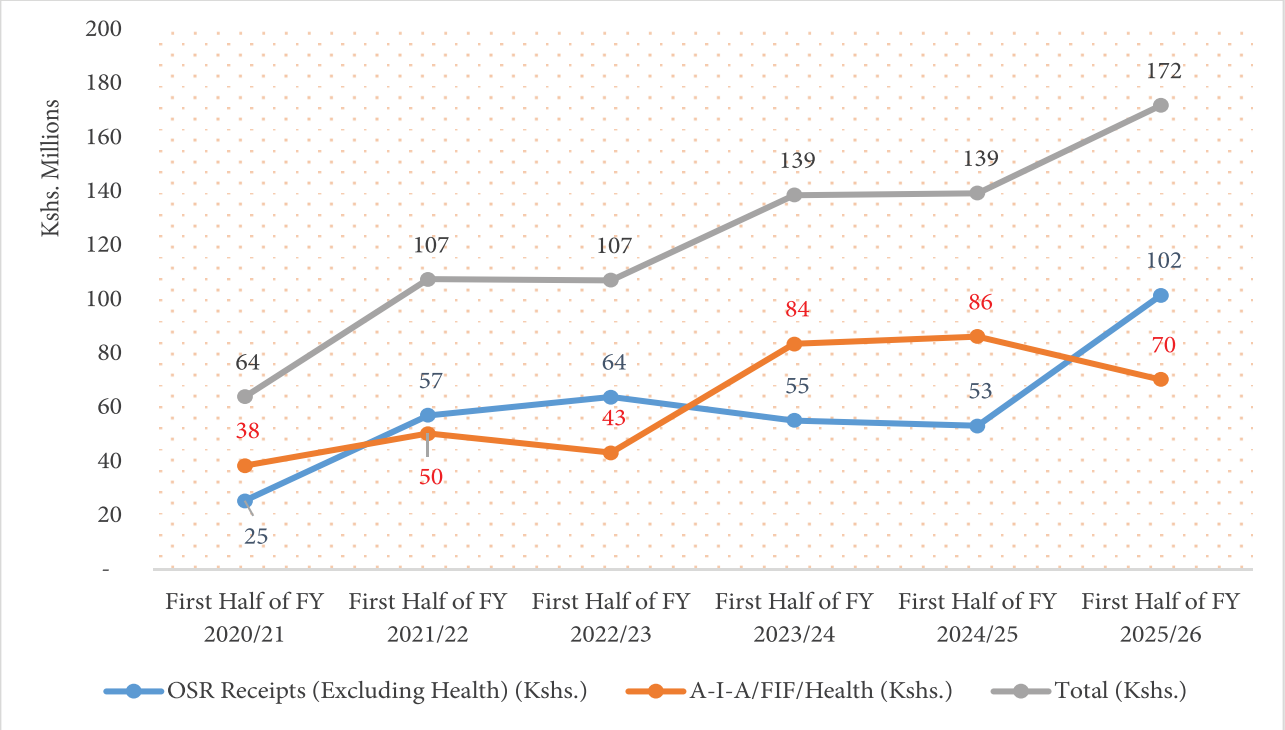


Source: *Vihiga County Treasury*

The equitable share of revenue raised nationally, OSR, and FIF contributed 94 per cent, 3 per cent, and 3 per cent, respectively, of the total receipts for the reporting period.

Figure 266 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 266: Vihiga County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



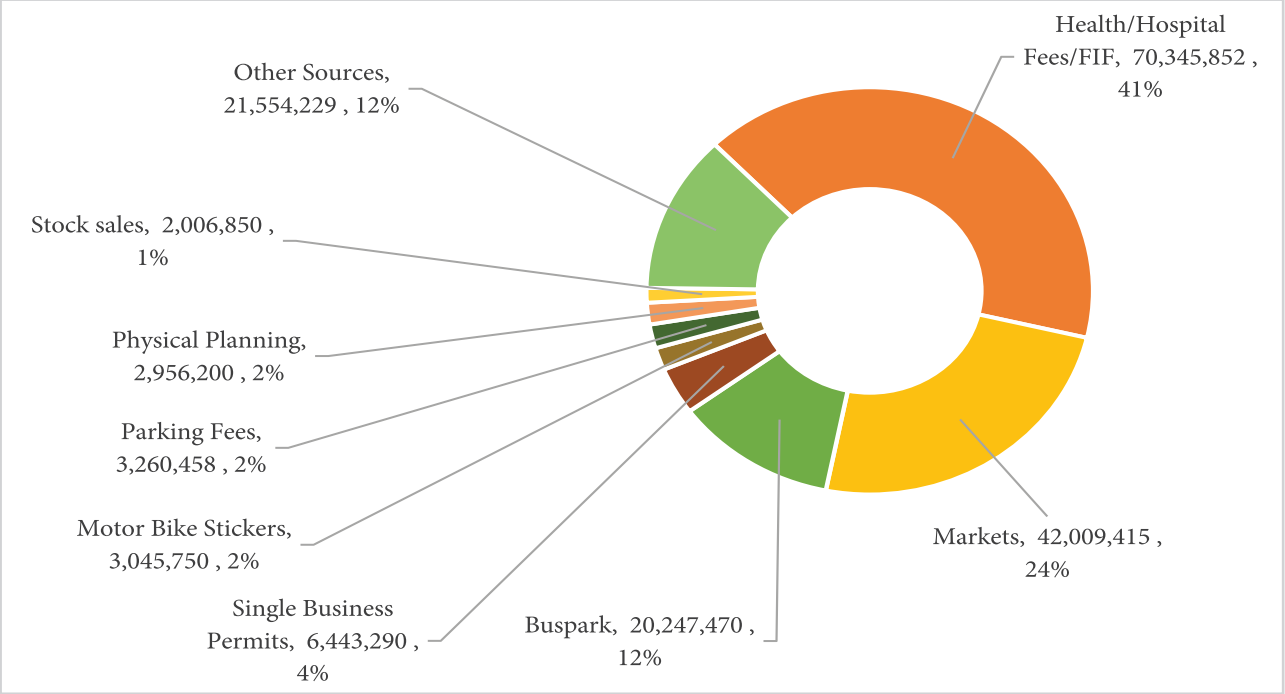
Source: *Vihiga County Treasury*

During the first half of FY 2025/26, the County received Kshs.171.87 million from OSR, including FIF. This amount was an increase of 23 per cent compared to Kshs.139.40 million realised in a similar period in FY 2024/25, and was 38 per cent of the annual target and 7 per cent of the equitable revenue share disbursed.

The increase in OSR was attributed to the timely disbursement of FIF claims and the automation of own-source revenue streams.

The revenue streams that contributed the most to OSR receipts are shown in Figure 267

Figure 267: Vihiga County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Vihiga County Treasury*

As shown in Figure 267 the highest revenue stream, at Kshs.70.35 million, was from Health/ Hospital fees, accounting for 41 per cent of the total OSR receipts. The County Government indicated that it has automated 52 of 53 revenue streams.

3.45.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported no revenue arrears.

3.45.4 Borrowing by the County

The Vihiga County Executive has a credit facility with KCB Bank totalling Kshs.268.45 million. The credit facility was used to pay basic salaries to county staff during the review period, in accordance with a memorandum between the county and Kenya Commercial Bank. The County had no outstanding amounts as of 31st December, 2025. The County Assembly had no credit facility during the review period.

3.45.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.52 billion from the Vihiga County Revenue Fund (CRF) account. This amount consisted of Kshs.185.36 million (7 per cent) designated for development programs and Kshs.2.34 billion (93 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.65 billion was allocated to employee compensation and Kshs.695.21 million to operations and maintenance expenditures. Within the operations and maintenance category, 30 per cent was for domestic travel and 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.187.73 million, which included Kshs.114.31 million for the County Executive and Kshs.73.42 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.9.46 million, with Kshs.0 million for the County Executive and Kshs.9.46 million for the County Assembly.

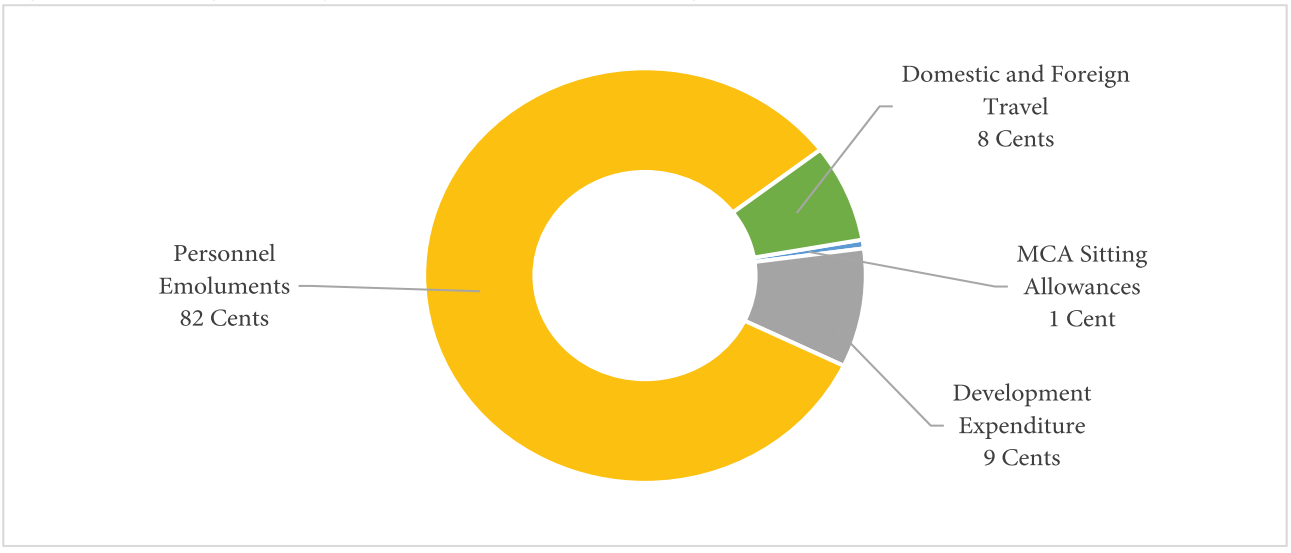
As of December 31, 2025, the County Government's cash balance in the Vihiga County CRF account was Kshs.93.13 million. Additionally, the County Assembly of Vihiga has not operationalized the Vihiga County Assembly Fund.

3.45.6 Expenditure Review

The County spent Kshs.2.52 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.185.36 million for development programmes and Kshs.2.34 billion for recurrent programmes. Expenditure on development programmes represented 7 per cent of the annual development expenditure budget, while recurrent expenditure represented 45 per cent of the annual recurrent expenditure budget.

Figure 268 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 268: Vihiga County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *Vihiga County Treasury*

As shown in Figure 268, the three highest expenditure categories were Personnel Emoluments Development, Domestic & Foreign Travel, and MCAs Sitting Allowance, which contributed 82, 9, 8, and 1 per cent of total expenditure for the reporting period.

3.45.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.1.09 billion. This amount consisted of Kshs.1.08 billion from the County Executive and Kshs.6.69 million from the County Assembly. The trade payables from the County Executive comprised Kshs 354.46 million for recurrent expenditure and Kshs.727.51 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.111.87 million, comprising Kshs.26.33 million (24 per cent) for recurrent programmes and Kshs.85.55 million (76 per cent) for development programmes. On the other hand, the County Assembly did not settle any trade payables during the review period. The outstanding trade payables as of 31st December 2025 were Kshs.976.78 million for the County Executive and Kshs.6.69 million for the County Assembly. Table 3.663 provides additional details of trade payables.

Table 3.663: Vihiga County Trade Payables as of 31st December 2025

	County Entity	Development	Recurrent	Total
As at 1 July 2025 (End of FY 2024/25)	County Executive	727,506,936	354,462,890	1,081,969,826
	County Assembly	-	6,688,024	6,688,024
	Total	**727,506,936**	**361,150,914**	**1,088,657,850**
Amount paid in FY 2025/26	County Executive	85,549,091	26,325,480	111,874,571
	County Assembly	-	-	-
	Total	**85,549,091**	**26,325,480**	**111,874,571**
Trade Payables Incurred in FY 2025/26	County Executive	-	-	-
	County Assembly	-	-	-
	Total	**-**	**-**	**-**
Outstanding Trade Payables as of 31 December 2025 (Kshs.)	County Executive	641,957,845	334,825,434	976,783,279
	County Assembly	-	6,688,024	6,688,024
	Total	**641,957,845**	**341,513,458**	**983,471,303**

Source: *Vihiga County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.6.69 million and Kshs.0 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.111.87 million for the Executive and Kshs.0 million for the Assembly.

Table 3.664 and Table 3.665 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.983.47 million.

Table 3.664: Vihiga County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	163,070,638.55	231,902,157.10	-	246,985,049	641,957,844.65
Recurrent Trade Payables (Goods & Services)	176,159,020	165,354,438	-	-	341,513,458
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	**176,159,020**	**165,354,438**	**-**	**-**	**341,513,458**
Executive Trade Payables	**339,229,658.55**	**397,256,595**	**-**	**246,985,049**	**983,471,303**
% of Executive Trade Payables	**35**	**40**	**-**	**25**	**100**

Source: *Vihiga County Treasury*

Table 3.665: Vihiga County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	6,688,024	-	-	-	6,688,024
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	-	-	-
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	-	-	-	-	-
Assembly Trade Payables	-	-	-	-	-
% of Assembly Payables	-	-	-	-	-
Total Trade Payables	6,688,024	-	-	-	6,688,024
% of Total Trade Payables	100	-	-	-	100

Source: *Vihiga County Treasury*

The County did not adhere to the Trade Payables Action Plan during the review period.

3.45.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.48 billion on compensation of employees, Kshs.593.14 million on operations and maintenance, and Kshs.185.36 million on development activities. Similarly, the County Assembly spent Kshs.170.95 million on compensation of employees, Kshs.102.07 million on operations and maintenance, and Kshs.0 million on development activities, as shown in Table 3.666.

Table 3.666: Vihiga County Summary of Budget and Expenditure by Economic Classification

Sector / Category	Budget (Kshs) (a)	Exchequer Issues (Kshs) (b)	Amount Paid in the First Half of FY 2025/26 (Kshs.) (c)	Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (d)	Total Expenditure in the First Half of FY 2025/26 (Kshs.) (e=c+d)	Expenditure as % of Exchequer Issues (Kshs) (f=e/b*100)	Absorption (%) (g=e/a*100)
County Executive							
Recurrent	**4,524,551,912**	**2,070,102,236**	**2,070,102,236**	-	**2,070,102,236**	-	**46**
Compensation to Employees	2,744,710,456	1,476,957,374	1,476,957,374	-	1,476,957,374	-	54
Operations & Maintenance	1,779,841,456	593,144,862	593,144,862	-	593,144,862	-	33
Development	**2,624,741,866**	**185,358,790**	**185,358,790**	-	**185,358,790**	-	**7**
Executive Sub-total	**7,149,293,778**	**2,255,461,026**	**2,255,461,026**	-	**2,070,102,236**	-	**29**
County Assembly							
Recurrent	**719,818,046**	**273,014,288**	**273,014,288**	-	**273,014,288**	-	**38**
Compensation to Employees	365,419,946	170,948,900	170,948,900	-	170,948,900	-	47
Operations & Maintenance	354,398,100	102,065,388	102,065,388	-	102,065,388	-	29
Development	**57103942**	-	-	-	-	-	-
Assembly Sub-total	**776,921,988**	**273,014,288**	**273,014,288**	-	**273,014,288**	-	**35**
Combined County Totals							
Total Recurrent	**5,244,369,958**	**2,343,116,524**	**2,343,116,524**	-	**2,343,116,524**	-	**45**
Compensation to Employees	3,110,130,402	1,647,906,274	1,647,906,274	-	1,647,906,274	-	53
Operations & Maintenance	2,134,239,556	695,210,250	695,210,250	-	695,210,250	-	33
Total Development	**2,681,845,808**	**185,358,790**	**185,358,790**	-	-	-	7
Grand Total	**7,926,215,766**	**2,528,475,314**	**2,528,475,314**	-	**2,528,475,314**	-	**32**

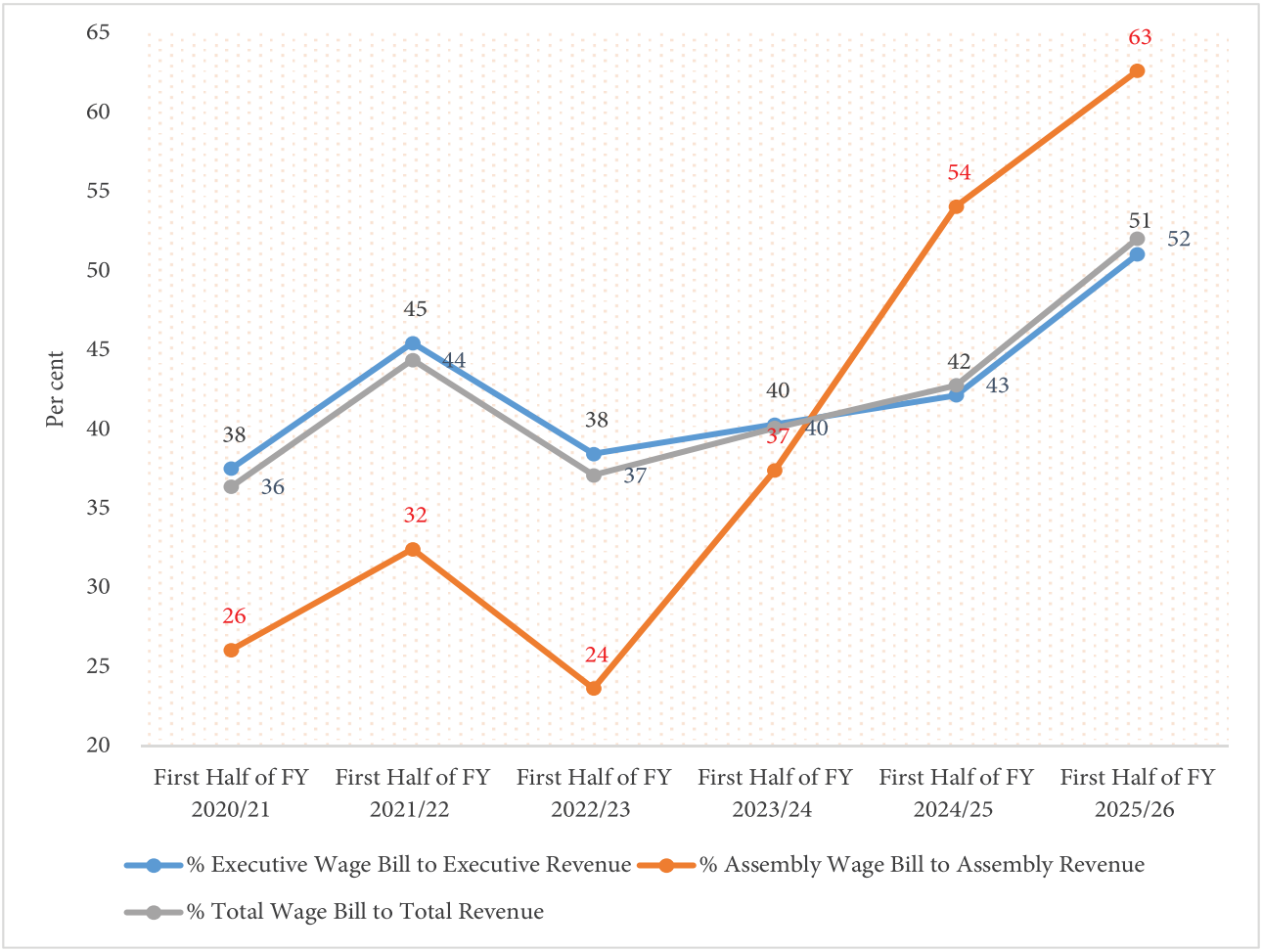
Source: *Vihiga County Treasury*

3.45.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.65 billion. The percentage of compensation of employees to revenue was 62 per cent. This expenditure on employee compensation shows. an increase compared to the Kshs.1.57 billion reported in a similar period in FY 2024/25. Of this total, Kshs.798.27 million related to Health Sector employees, accounting for 48 per cent of the overall employees' compensation.

Figure 269 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 269: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Vihiga County Treasury

Further analysis indicated that PE costs totaled Kshs.1.60 were processed through the Human Resource Information System (HRIS). In contrast, Kshs.43.09 million was processed through manual payrolls, which accounted for 3 per cent of the total PE cost. The justification for the continued use of manual payroll was that part of Manual payroll constitutes a stipend for the community Health Volunteers (CHVs) and a top-up for security officers and Community Health Volunteers (CHVs).

The manual payroll included stipends for Community Health Workers and top-ups for Security officers, as shown in Table 3.668.

Table 3.667: Breakdown of Vihiga County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1.	Stipend for Community Health Workers (CHVs)	41,375,550
2.	Top-up Allowances for 7 security officers	1,718,571
	Total	**43,094,121**

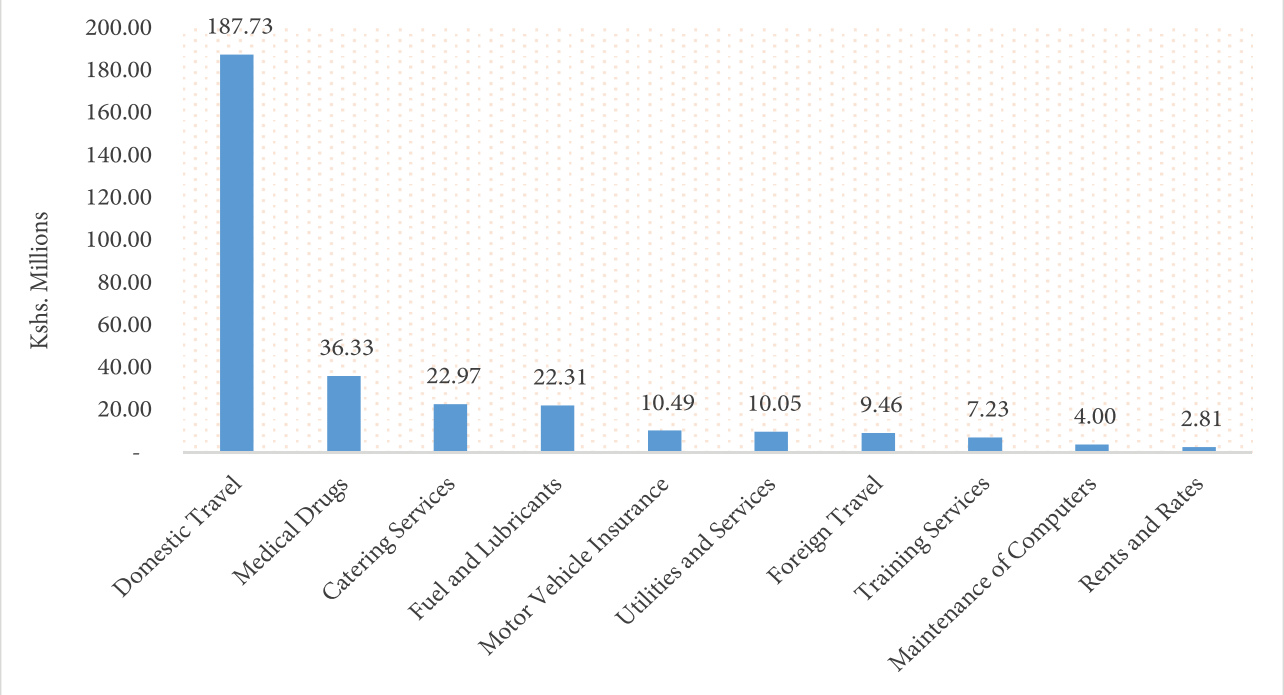
Source: Vihiga County Treasury

The County Assembly spent Kshs.13.60 million on committee sitting allowances for the 38 MCAs against the annual budget allocation of Kshs.30.68 million. The average monthly sitting allowance was Kshs.59,655 per MCA. The County Assembly has 22 House Committees.

3.45.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.695.21 million on operations and maintenance, representing an increase of 33 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.521.01 million. Figure 270 summarises the Operations and Maintenance expenditure by major categories.

Figure 270: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source:*Vihiga County Treasury*

3.45.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 did not have any expenditure under "other operating expenses".

3.45.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.30 million to County-Established funds in FY 2025/26, or 0.4 per cent of the County's overall budget. Further, the County allocated Kshs.5 million to the Emergency Fund (0.1 per cent of the total budget), in line with Section 110 of the PFM Act, 2012. Table 3.668 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.668: Performance of Vihiga County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	Vihiga County Sports Fund	2016	5,000,000	-	-	65,000,000	Yes
2	Vihiga County Education Fund	2014	25,000,000	-	-	1,016,743,412	Yes
		County Assembly Established Funds					
	Total		30,000,000			1,016,743,412	

Source: *Vihiga County Treasury*

During the reporting period, the CoB did receive quarterly financial reports from Vihiga County Education Fund and Vihiga County Sports Fund Administrators, as indicated in Table 3.669, in line with to the requirement of Section 168 of the PFM Act, 2012. The County disclosed that administration costs of the Vihiga County Education Fund and Vihiga County Sports 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.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Vihiga County Education Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.45.13 County Corporations

The County has no County Corporations reported during the review period.

3.45.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.187.73 million and comprised Kshs.73.42 million spent by the County Assembly and Kshs.114.31 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.46 million and comprised Kshs.9.46 million by the County Assembly and Kshs.0 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.669.

Table 3.669: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Assembly	1	14th July to 18th July 2025	A workshop on Effective Legislative Processes, Pre/Post Legislative Scrutiny	Arusha, Tanzania	401,066		401,066
County Assembly	7	24th August to 2nd September, 2025	A workshop on Transformational Leadership and Legislative Development	Kampala, Uganda	2,210,579		2,210,579
County Assembly	7	28th September to 6th October, 2025	A workshop on Integrated Strategy and Risk Management for Public Service Leaders	Jinja, Uganda	2,289,140		2,289,140
County Assembly	7	28th September to 5th October, 2025	A workshop on Integrated Strategy and Risk Management for Public Service Leaders	Arusha, Tanzania	2,238,572		2,238,572
County Assembly	7	28th September to 5th October, 2025	A Workshop on formations, roles, and functions of the speaker's panel	Arusha, Tanzania	2,319,842		2,319,842
Total					9,459,199		9,459,199

Source: *Vihiga County Treasury and County Assembly*

3.45.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.70.35 million as FIF, which was 26 per cent of the annual target of Kshs.274.13 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has, however, not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.27.96 million, as shown in Table 3.670

Table 3.670: Vihiga County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospital	-	-	-	-
2.	Level 4 Hospital	1	179,931,084	25,539,942	14
3.	Level 3 Facility	5	52,780,000	2,418,032	5
4.	Level 2 Facility	70	-		-
	Total	**76**	**232,711,084**	**27,957,974**	**12**

Source: *Vihiga County Treasury*

3.45.16 Development Expenditure

In the review period, the County reported spending Kshs.185.36 million on development programmes, representing a decrease of 32 per cent compared to FY 2024/25, when the County spent Kshs.274.35 million. Table 3.671 summarises the development projects with the highest expenditure in the reporting period.

The decline in development expenditure was attributed to a delay in uploading the Electronic Government Payment (eGP) system by the National Government.

Table 3.671: Vihiga County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1	Health Services	Construction of Emukunzi	Central Bunyore Ward	2024/2025	2024/2025	5,992,908	5,992,908		5,992,908	100
2	Education, Science, Technical, and Vocational Training	Supply and Delivery of Tools and Equipment for VTCs	Lugaga/ Wamulua Ward	2024/2025	2024/2025	11,198,900	11,198,900		5,000,000	45
3	Environment, Water, Energy, and Natural Resources	Completion of the water project Phase II	Vihiga	2024/2025	2024/2025	4,903,485.25	4,903,485.25		4,903,485.25	100
4	Physical Planning, Lands and Housing	Construction of Overhead Tanks at the Governor's and Deputy Governor's Residences	Izava/ Lyadunywa Ward	2024/2025	2024/2025	4,994,832	4,994,832		4,994,832	100
5	Administration and Coordination of County Affairs	Construction of Hamisi Sub-County Offices	Shamakhoko Ward	2024/2025	2024/2025	4,455,410.10	4,455,410.10		4,455,414.10	100
6	Transport, Infrastructure, and Communication	Maintenance of Chavakali – Solongo (Lot 1) Musembe – Kiangula Road	West Sabatia Ward	2024/2025	2024/2025	4,997,190	4,997,190		4,997,190	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative project expenditure (on an accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
7	Transport, Infrastructure, and Communication	Maintenance of Jepses – Munyoje Hill Road	Gisambai Ward	2024/2025	2024/2025	6,591,120	6,591,120		6,591,120	100
8	Transport, Infrastructure, and Communication	Rehabilitation of Nyabre – Mpaka Road	Izava/ Lyadunywa	2024/2025	2024/2025	3,990,865	3,990,865		3,990,865	100
9	Health Services	Construction of a Transformer House at Emuhaya Hospital	Central Bunyonyi	2024/2025	2024/2025	3,924,069.60	3,924,069.60		3,924,069.60	100
10	Health Services	Construction of KMTC Classes	Lugaga/ Wamuluma Ward	2024-2025	2024-2025	3,530,217	3,530,217		3,530,217	100
Donor Funded Projects										
1	-	-	-	-	-	-	-	-	-	-
Equalisation Funded Projects										
-	-	-	-	-			-		-	

Source: *Vihiga County Treasury*

The County did not report on the donor-funded projects during the review period. In addition, the County does not receive equalization funds and therefore does not have related projects.

Finally, the County did not report on stalled development projects as of 31st December 2025.

3.45.17 Budget Performance by Department

Table 3.672 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.672: Vihiga County, Budget Allocation and Absorption Rate by Department in the First Half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	201.62	-	76.75	-	76.75	-	100	-	38	-
Finance and Economic Planning	358.09	50.02	161.88	-	161.88	-	100	-	45	-
Agriculture, Livestock, and Fisheries	126.59	303.69	59.80	5.49	59.80	5.49	100	100	47	2
Health Services	1,851.63	183.43	892.65	31.85	892.65	31.85	100	100	48	17
Education, Science, Technical, and Vocational Training	568.93	161.97	221.39	12.87	221.40	12.87	100	100	39	8
Gender, Culture, Youth, Sports, and Social Services	124.47	19.71	62.39	2.79	62.39	2.79	100	100	50	14
Commerce, Tourism, and Cooperatives	86.45	432.71	60.56	26.37	60.56	26.37	100	100	70	6
County Public Service Board	80.03	-	39.75	-	39.75	-	100	-	50	-
Environment, Water, Energy, and Natural Resources	158.74	584.54	124.11	63.73	124.11	63.73	100	100	78	11

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Transport, Infrastructure, and Communication	186.10	416.31	69.42	28.60	69.42	28.60	100	100	37	7
Physical Planning, Lands and Housing	147.58	102.09	35.31	13.66	35.31	13.66	100	100	24	13
County Assembly	719.82	57.10	273.43	-	273.43	-	100	-	38	-
Administration and Coordination of County Affairs	601.63	370.28	242.55	-	242.55	-	100	-	40	-
County Attorney	32.70		16.97	-	16.97	-	100	-	52	-
	5,224.37	**2,681.85**	**2,336.96**	**185.36**	**2,336.96**	**185.36**	**100**	**100**	**45**	**7**

Source: *Vihiga County Treasury*

Analysis of departmental expenditure shows that the Department of Gender, Culture, Youth, Sports and Social Services recorded the highest absorption rate of the development budget at 14 per cent, followed by the Department of Physical Planning. Lands and Housing 13 per cent. The Department of Environment, Water, Energy, and Natural Resources had the highest percentage of recurrent expenditure to budget at 78 per cent, while the Department of Physical Planning, Lands, and Housing had the lowest at 24 per cent.

3.45.18 Budget Execution by Programmes and Sub-Programmes

Table 3.673 summarises budget execution by programme and sub-programme for the period under review, with the highest absorption rates.

Table 3.673: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Gender, Culture, Youth, Sports, and Social Services				
901024860	Administrative Service	14,711,865	7,835,262	53
	Sub Total	**14,711,865**	**7,835,262**	**53**
Transport, Infrastructure, and Communication				
201024860	Administrative Services	120,572,000	61,266,941	51
	Sub Total	**120,572,000**	**61,266,941**	**51**
Health Services				
401024860	Administrative Service	180,365,387	75,271,093	42
	Sub Total	**180,365,387**	**75,271,093**	**42**
Agriculture, Livestock, and Fisheries				
101024860	Administrative Services	336,132,918	71,565,701	21
	Sub Total	**336,132,918**	**71,565,701**	**21**
Physical Planning, Lands and Housing				
110014860	Land Survey and Mapping	49,362,517	9,681,259	20
	Sub Total	**49,362,517**	**9,681,259**	**20**
RECURRENT				
Health Services				
406024860	County Referral Services	500,000	441,210	88
	Sub Total	**500,000**	**441,210**	**88**
Health Services				
406034860	Drugs and Other Medical Supplies	28,500,000	20,000,000	70
	Sub Total	**28,500,000**	**20,000,000**	**70**
Administration and Coordination of County Affairs				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
702014860	Emergency and Disaster Fund	1,000,000	605,600	61
	Sub Total	**1,000,000**	**605,600**	**61**
Agriculture, Livestock, and Fisheries				
105024860	Livestock Extension	600,000	300,000	50
	Sub Total	**600,000**	**300,000**	**50**
Agriculture, Livestock, and Fisheries				
105034860	Value Chain Development	200,000	100,000	50
	Sub Total	**200,000**	**100,000**	**50**

Source: *Kisumu County Treasury*

The development sub-programmes with the highest budget implementation rates included: Administrative Service in the Department of Gender, Culture, Youth, Sports and Social Services at 53 per cent, Administrative Services in the Department of Transport, Infrastructure and Communication at 51 per cent, and Administrative Service in the Department of Health Services at 42 per cent. For recurrent sub-programmes, the top performers were: County Referral Services in the Department of Health Services at 88 per cent; Drugs and other medical Supplies in the Department of Health Services at 70 per cent; and Emergency and Disaster Fund in the Department of Administration and Coordination of County Affairs at 61 per cent. Their higher performance is attributed to improved trade payable payments.

Table 3.674 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.674: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
DEVELOPMENT				
Health Services				
405034860	Health Promotion	3,067,580	-	-
	Sub Total	**3,067,580**	-	
Education, Technical Science, and Vocational Training				
504014860	Youth Polytechnic Development	2,000,000	-	-
	Sub Total	**2,000,000**	-	-
Gender, Culture, Youth, Sports, and Social Services				
904014860	Social Protection	5,000,000	-	-
	Sub Total	**5,000,000**	-	-
Water, Energy, and Natural Resources				
1003024860	Waste Water Management	130,000,000	-	-
	Sub Total	**130,000,000**	-	-
County Assembly				
	Administrative Service	57,103,942	-	-
	Sub Total	**57,103,942**	-	-
RECURRENT				
Office of the Governor				
707024860	Disaster Management and Mitigation	5,950,000	-	-
	Sub Total	**5,950,000**	-	-
Health Services				

Programme	Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
		Dev	Dev	Dev
401054860	Healthcare Financing	7,000,000	-	-
	Sub Total	**7,000,000**	-	-
Gender, Culture, Youth, Sports, and Social Services				
903024860	Promotion of Culture and Heritage	6,400,000	-	-
	Sub Total	**6,400,000**	-	-
Transport, Infrastructure, and Communication				
204024860	Mechanical Services	4,333,929	-	-
	Sub Total	**4,333,929**	-	-
Physical Planning, Lands and Housing				
111024860	Housing Development	2,687,622	-	-
	Sub Total	**2,687,622**	-	-

Source: *Kisumu County Treasury*

The development sub-programmes with the lowest budget implementation rates included: Health Promotion in the Department of the Health Services; Youth Polytechnic Development in the Department of Education, Science, Technical and Vocational Training; and Social Protection in the Department of Gender, Culture, Youth, Sports and Social Services, all at zero per cent. For recurrent sub-programmes, poor performers were: Disaster Management and Mitigation in the Department of the Office of the Governor; Health Financing in the Department of Health Services, and Promotion of Culture and Heritage in the Department of Gender, Culture, Youth, Sports and Social Services, all at zero per cent. These lower performances are attributed to the slow rollout of the electronic pay system by the National Government.

3.45.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 116 accounts in commercial banks, including 74 for Health Facilities, 34 for Vocational Training Centres, 5 for Established Funds, 1 revenue account, and 2 special-purpose accounts (additional allocations).

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 116 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.45.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Vihiga County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The underperformance of own-source revenue at Kshs.171.87 million against an annual target of Kshs.452.71 million, representing 38 per cent of the financial year target.
ii. Low development performance in the review period as the County incurred Kshs.185.36 million on development activities, achieving a 7 per cent absorption rate.
iii. Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, limits the lifespan of public funds to 10 years unless extended by the County Assembly. As of 31st December 2025, the lifespan of the Vihiga County Education Fund had lapsed, making it ineligible for further withdrawals.
iv. High level of trade payables, which amounted to Kshs.983.47 billion as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *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.*
ii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iii. *The County should ensure timely review and extension of public funds whose lifespans are nearing lapsing or have lapsed to prevent operational disruptions. Additionally, any expenditure from lapsed funds should cease immediately, and legal mechanisms should be followed to re-establish or wind up such funds in compliance with the Public Finance Management Act.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

3.46. County Government of Wajir

3.46.1 Overview of FY 2025/26 Budget

The Wajir County Approved Budget for FY 2025/26 is Kshs.13.99 billion. It comprises Kshs.5.28 billion (38 per cent) and Kshs.8.71 billion (62 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.476.75 million (4 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.5.14 billion and a recurrent budget of Kshs.8.38 billion. The increase in the budget was primarily due to growth in the equitable share of revenue raised nationally and the Own Source Revenue target.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.10.51 billion (75 per cent), additional allocations of Kshs.2.51 billion (18 per cent), a cash balance of Kshs.583.23 million (4 per cent) brought forward from FY 2024/25, and Kshs.350 million (3 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.675.

3.46.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.5.19 billion. This amount represented an increase of 0.4 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.5.15 billion. The total revenue consisted of Kshs.4.36 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.19.36 million, as well as the own-source revenue (OSR) collection of Kshs.121.92 million. Additionally, the County had a cash balance of Kshs.647.83 million from FY 2024/25. The total OSR collection of Kshs.121.92 million included Facilities Improvement Financing (FIF) of Kshs.74.16 million and Kshs.47.75 million from other OSR sources. Table 3.675 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.675: Wajir County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
A	**Unspent Balance from FY 2024/25**				
1	Balance at CRF	583,230,889	647,763,532	647,763,532	- 64,532,643
2	County Executive Refunds to CRF		59,532	59,532	- 59,532
3	County Assembly Refunds to CRF		8,518	8,518	- 8,518
Sub-Total		**583,230,889**	**647,831,581**	**647,831,581**	**- 64,600,692**
B	**Equitable Share of Revenue Raised Nationally**				
1	Equitable Share	10,507,580,683	4,359,514,591	4,359,514,591	6,148,066,092
Sub-Total		**10,507,580,683**	**4,359,514,591**	**4,359,514,591**	**6,148,066,092**
C	**Transfers from the Equalisation Fund**				
Sub-Total		-	-	-	-

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
D	**Additional Allocations (Including Grants)**				
1	County Aggregation Industrial Park	250,000,000	-	-	250,000,000
2	Road Maintenance Fuel Levy	563,901,669	-	-	563,901,669
3	Community Health Promoters (CHPs)	60,810,000	-	-	60,810,000
4	Basic Salary Arrears for county government health workers	19,869,801	-	-	19,869,801
5	0.5% of the Housing Levy fund to counties	1,987,622	-	-	1,987,622
6	DANIDA Grant	32,492,036	-	-	32,492,036
7	AFD - Kenya Informal Settlement Improvement Project II (KISIP II)	68,615,663	-	-	68,615,663
8	IDA (World Bank) Loan for the Food Systems Resilience Project (FSRP)	246,153,846	-	-	246,153,846
9	IDA (World Bank) Loan for the Water & Sanitation Development Project (WSDP)	550,000,000	-	-	550,000,000
10	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	37,500,000	-	-	37,500,000
11	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	352,500,000	-	-	352,500,000
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UIG)	26,000,000	-	-	26,000,000
13	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	72,942,053	-	-	72,942,053
14	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCIS) Grant	11,000,000	-	-	11,000,000
15	World Bank (Finance Locally-Led Climate Program (FLLoCA) (CCRI) Level 2 Grant	219,359,280	19,359,280	19,359,280	200,000,000
Sub-Total		**2,513,131,970**	**19,359,280**	**19,359,280**	**2,493,772,690**
E	**Ordinary Own Source Revenue (OSR)**				
1	Miraa Cess	38,000,000	15,860,000	206,460	393,540
2	Single Business Permit	12,000,000	9,591,500	-	500,000
3	Stock Export Fees	3,000,000	5,772,397	-	500,000
4	House Rent	5,500,000	5,273,932	101,640	198,360
5	Building Materials	5,100,000	2,529,500	2,529,500	2,570,500
6	Land Rent	15,000,000	2,203,876	695,000	1,305,000
7	Stock Auction Fees	10,000,000	1,668,870	28,100	521,900
8	Slaughter Fees	3,000,000	1,506,100	35,000	965,000
9	Hire Of County Assets	4,800,000	901,000	30,000	470,000
10	Cereals	2,000,000	695,000	901,000	3,899,000
11	Market Gate Fees (Fresh Produce)	900,000	661,300	5,273,932	226,068
12	Medical Certificate	340,000	349,316	2,203,876	12,796,124
13	Advertisement	600,000	206,460	661,300	238,700
14	Way Leave	1,000,000	124,000	349,316	- 9,316
15	Arabic Gum	300,000	101,640	15,860,000	22,140,000
16	Stall Rent	600,000	78,480	-	1,500,000
17	Scrap Metal	100,000	75,000	-	100,000

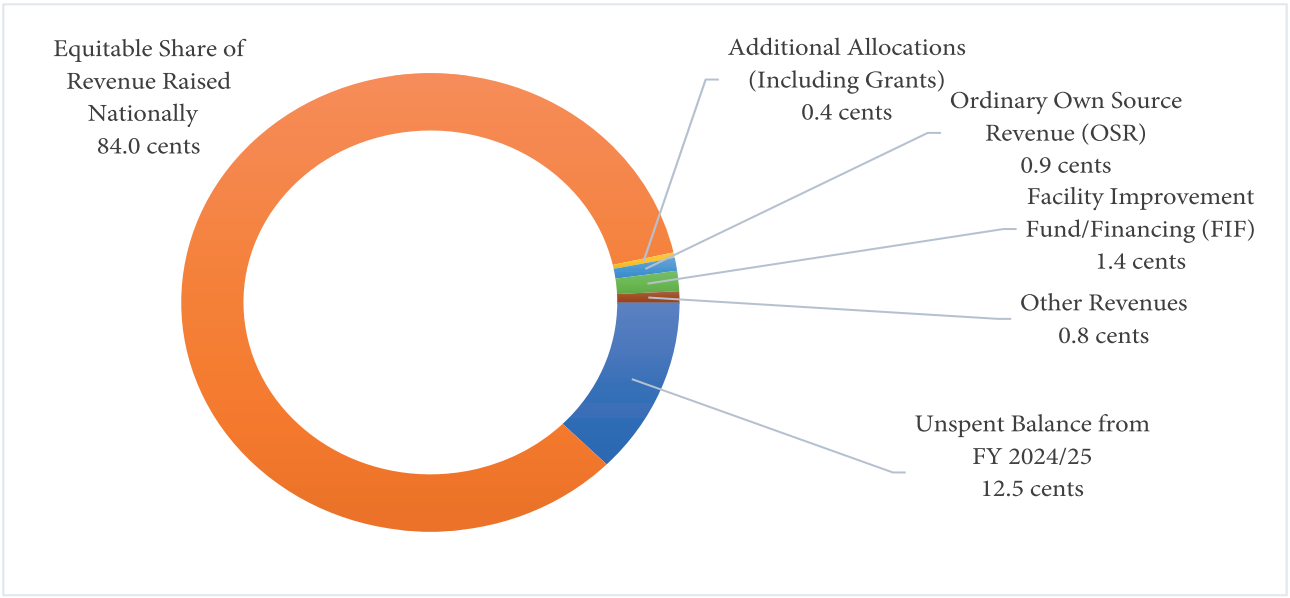
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=A-C
18	Development Permission	1,000,000	35,000	-	100,000
19	Septic Tank	350,000	34,200	75,000	25,000
20	Hall Hire	500,000	30,000	34,200	315,800
21	Conservancy	550,000	28,100	9,591,500	2,408,500
22	Veterinary Department	160,000	26,500	1,506,100	1,493,900
23	Allotment	500,000	-	78,480	521,520
24	Approval Of Building Plan	500,000	-	1,668,870	8,331,130
25	Misc./Commission	1,500,000	-	5,772,397	- 2,772,397
26	Pegging Fees/Site Visit	100,000	-	-	2,500,000
27	School Registration	100,000	-	26,500	133,500
28	Survey Fees	2,500,000	-	124,000	876,000
Sub-Total		**110,000,000**	**47,752,171**	**47,752,171**	**62,247,829**
F	**Facility Improvement Fund/Financing (FIF)**				
1	SHIF	220,000,000	21,786,106	21,786,106	198,213,894
2	Defunct NHIF	-	-	-	-
3	Other (Cost Sharing)	20,000,000	52,378,464	52,378,464	- 32,378,464
Sub-Total		**240,000,000**	**74,164,570**	**74,164,570**	**165,835,430**
G	**Other Revenues**				
1	Climate Change SPA balance	40,431,929	40,431,929	40,431,929	-
Sub-Total		**40,431,929**	**40,431,929**	**40,431,929**	**-**
Grand Total		**13,994,375,471**	**5,189,054,122**	**5,189,054,122**	**8,805,321,349**

Source: *Wajir County Treasury*

The County has the governing legislation for the operation of FIF, namely the Wajir County Health Facility Improvement Financing Act, 2023, and the Wajir County Health Facility Improvement Financing Regulations, 2024.

Figure 271 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 271: Wajir County Composition of Each Shilling Received in the First Half of FY 2025/26

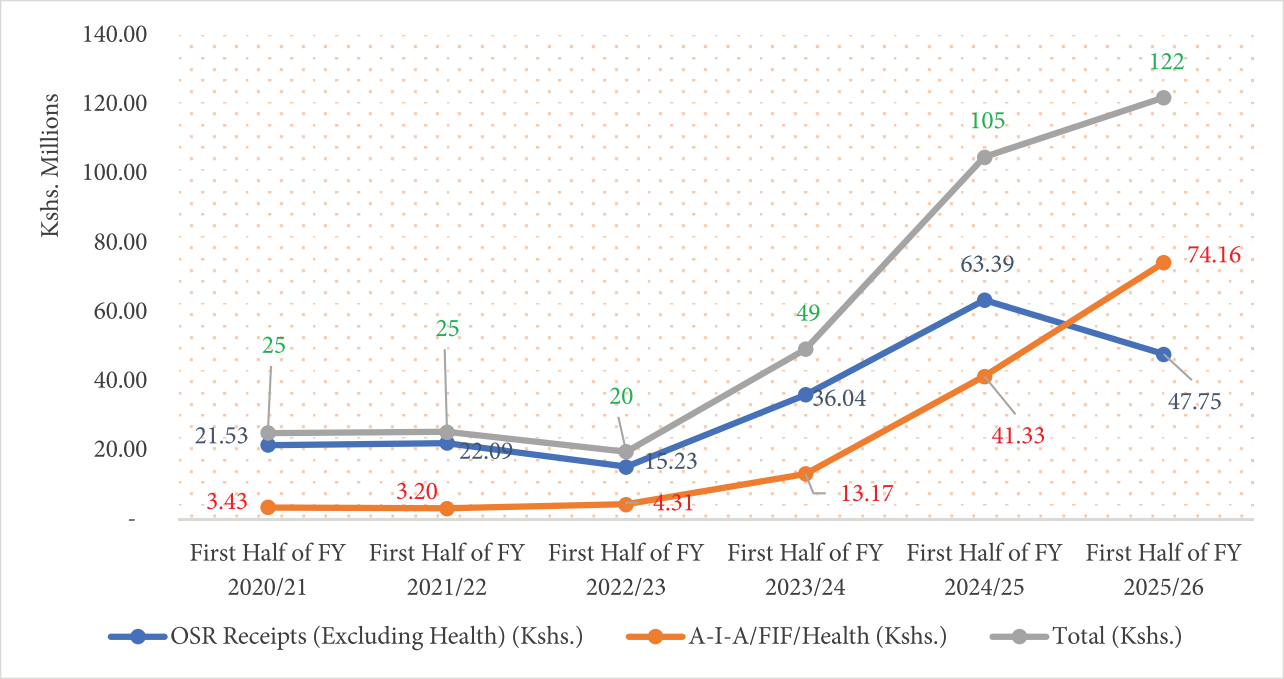


Source: *Wajir County Treasury*

The equitable share of revenue raised nationally, Unspent Balances from FY 2024/25, and FIF contributed 84 per cent, 13 per cent and 1 per cent, respectively, of the total receipts for the reporting period.

Figure 272 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 272: Wajir County Trend in Own-Source Revenue Collection from the First Half of FY 2020/21 to the First Half of FY 2025/26



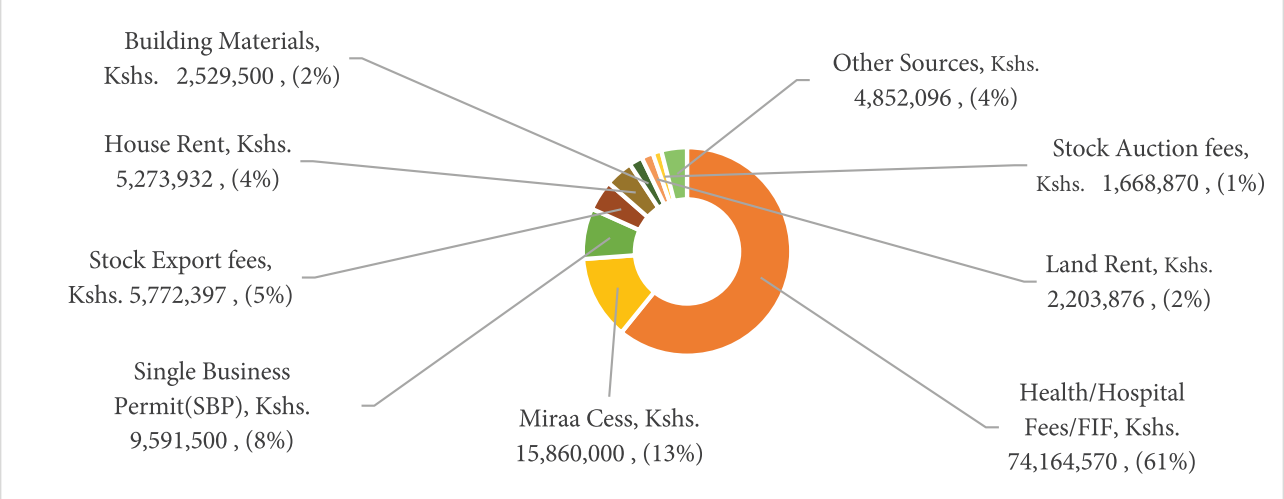
Source: *Wajir County Treasury*

During the first half of FY 2025/26, the County received Kshs.121.92 million from OSR, including FIF. This amount was an increase of 14 per cent compared to Kshs.104.72 million realised in a similar period in FY 2024/25, and was 35 per cent of the annual target and 3 per cent of the equitable revenue share disbursed.

The increase in revenue can be attributed to the County Government of Wajir's revenue enforcement measures, Revenue Automation, and the Enactment of the FIF Act.

The revenue streams that contributed the most to OSR receipts are shown in Figure 273

Figure 273: Wajir County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 273, the highest revenue stream, at Kshs.74.16 million, was from Health/Hospital Fees/FIF, accounting for 61 per cent of the total OSR receipts. The County has also automated its revenue collection.

3.46.3 Borrowing by the County

The County did not disclose any short-term borrowings as of December 31 2025.

3.46.4 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.4.57 billion from the Wajir County Revenue Fund (CRF) account. This amount consisted of Kshs.1.09 billion (24 per cent) designated for development programs and Kshs.3.48 billion (76 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.2.52 billion was allocated to employee compensation and Kshs.957.41 million to operations and maintenance expenditures. Within the operations and maintenance category, 4 per cent was for domestic travel and 0.3 per cent for foreign travel. The domestic travel exchequers totalled Kshs.41.08 million, which included Kshs.22.27 million for the County Executive and Kshs.18.81 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.2.97 million, with Kshs.2.97 million for the County Executive and Kshs.0 million for the County Assembly.

As of December 31, 2025, the County Government's cash balance in the Wajir County CRF account was Kshs.477.08 million.

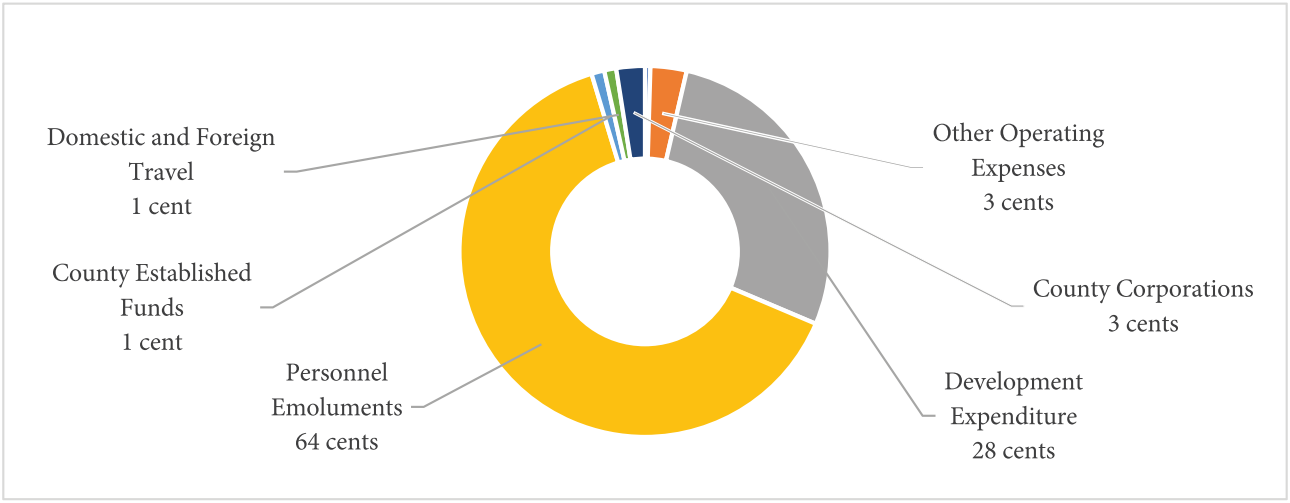
The County has yet to establish a County Assembly Fund.

3.46.5 Expenditure Review

The County spent Kshs.4.57 billion on development and recurrent programmes during the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB. It comprised Kshs.1.09 billion for development programmes and Kshs.3.48 billion for recurrent programmes. Expenditure on development programmes accounted for 21 per cent of the annual development expenditure budget, while recurrent expenditure accounted for 40 per cent of the annual recurrent expenditure budget.

Figure 274 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 274: Wajir County Composition of Each Shilling Spent in the First Half of FY 2025/26



Source: *Wajir County Treasury*

As shown in Figure 274, the three highest expenditure categories were Personnel Emoluments, Development Expenditure, and County Corporations, which accounted for 64, 28, and 3 per cent of total expenditure, respectively, for the reporting period.

3.46.6 Settlement of Trade Payables

As of July 1 2025, the County reported trade payables totalling Kshs.3.86 billion. This amount consisted of Kshs.3.63 billion from the County Executive and Kshs.233.51 million from the County Assembly. The trade payables from the County Executive comprised Kshs.1.39 billion for recurrent expenditure and Kshs.2.24 billion for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.1.81 billion, comprising Kshs.532.32

million (45 per cent) for recurrent programmes and Kshs.649.01 million (55 per cent) for development programmes. On the other hand, the County Assembly settled trade payables worth Kshs.91.43 million for recurrent activities. The outstanding trade payables as of December 31 2025, were Kshs.2.45 billion for the County Executive and Kshs.142.08 million for the County Assembly. Table 3.678 provides additional details of trade payables.

Table 3.676: Wajir County Trade Payables as of December 31 2025

	County Entity	Development	Recurrent	Total
As of July 1 2025 (End of FY 2024/25)	County Executive	2,236,024,253.05	1,394,314,907.62	3,630,339,161
	County Assembly	-	233,512,404.60	233,512,405
	Total	**2,236,024,253**	**1,627,827,312**	**3,863,851,565**
Amount paid in FY 2025/26	County Executive	649,014,701.20	532,324,698.88	1,181,339,400
	County Assembly	-	91,429,203.25	91,429,203
	Total	**649,014,701**	**623,753,902**	**1,272,768,603**
Outstanding Trade Payables as of December 31 2025 (Kshs.)	County Executive	1,587,009,552	861,990,209	2,448,999,761
	County Assembly	-	142,083,201	142,083,201
	Total	**1,587,009,552**	**1,004,073,410**	**2,591,082,962**

Source: *Wajir County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.1.64 billion and Kshs.107.49 million on recurrent and development expenditure, respectively, in FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.1.18 billion for the Executive and Kshs.91.43 million for the Assembly compared to a target of Kshs.107.49 for the period.

Table 3.677 and Table 3.678 present the ageing of the total outstanding bills as of December 31 2025, for the County Executive and Assembly, which were Kshs.2.59 billion.

Table 3.677: Wajir County Executive Trade Payables Ageing Analysis as of December 31 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Executive					
Development Trade Payables	**448,811,931.89**	**-**		**1,138,197,619.96**	**1,587,009,552**
Recurrent Trade Payables (Goods & Services)	8,143,513.60	-	-	81,841,699.40	89,985,213
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	21,087,165.10	-	-	732,615,330.64	753,702,496
Recurrent Trade Payables (Staff Claims)	10,047,500	-	-	8,255,000	18,302,500
Recurrent Trade Payables	**39,278,179**	**-**	**-**	**822,712,030**	**861,990,209**
Executive Trade Payables	**488,090,111**	**-**	**-**	**1,960,909,650**	**2,448,999,761**
% of Executive Trade Payables	**19.93018205**	**-**	**-**	**80**	**100**

Source: *Wajir County Treasury*

Table 3.678: Wajir County Assembly Trade Payables Ageing Analysis as of December 31 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
County Assembly					
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	12,276,950	25,100,000		83,579,675	120,956,625
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	3,783,452.35	5,773,833.50	11,569,289	-	21,126,575
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Recurrent Trade Payables	**16,060,402**	**30,873,834**	**11,569,289**	**83,579,675**	**142,083,200**
Assembly Trade Payables	**16,060,402**	**30,873,834**	**11,569,289**	**83,579,675**	**142,083,200**
% of Assembly Payables	**11**	**22**	**8**	**59**	**100**

Source: *Wajir County Treasury*

3.46.7 Expenditure by Economic Classification

The County Executive incurred Kshs.2.19 billion on compensation of employees, Kshs.910.81 million on operations and maintenance, and Kshs.1.09 million on development activities. Similarly, the County Assembly spent Kshs.329.55 million on employee compensation and Kshs.46.60 million on operations and maintenance, as shown in Table 3.679

Table 3.679: Wajir County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (c)		Absorption (%) (c/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	**7,792,947,521**	**918,780,526**	**3,101,467,503**	**376,152,221**	**3,101,467,503**	**376,152,221**	**39.8**	**40.9**
Compensation of Employees	4,535,987,914	627,582,499	2,190,657,193	329,550,933	2,190,657,193	329,550,933	48.3	52.5
Operations and Maintenance	3,256,959,607	291,198,027	910,810,311	46,601,288	910,810,311	46,601,288	28.0	16.0
Development Expenditure	**5,282,647,424**	-	**1,093,613,388**	-	**1,093,613,388**	-	**20.7**	-
Total	**13,075,594,945**	**918,780,526**	**4,195,080,891**	**376,152,221**	**4,195,080,891**	**376,152,221**	**32.1**	**40.9**

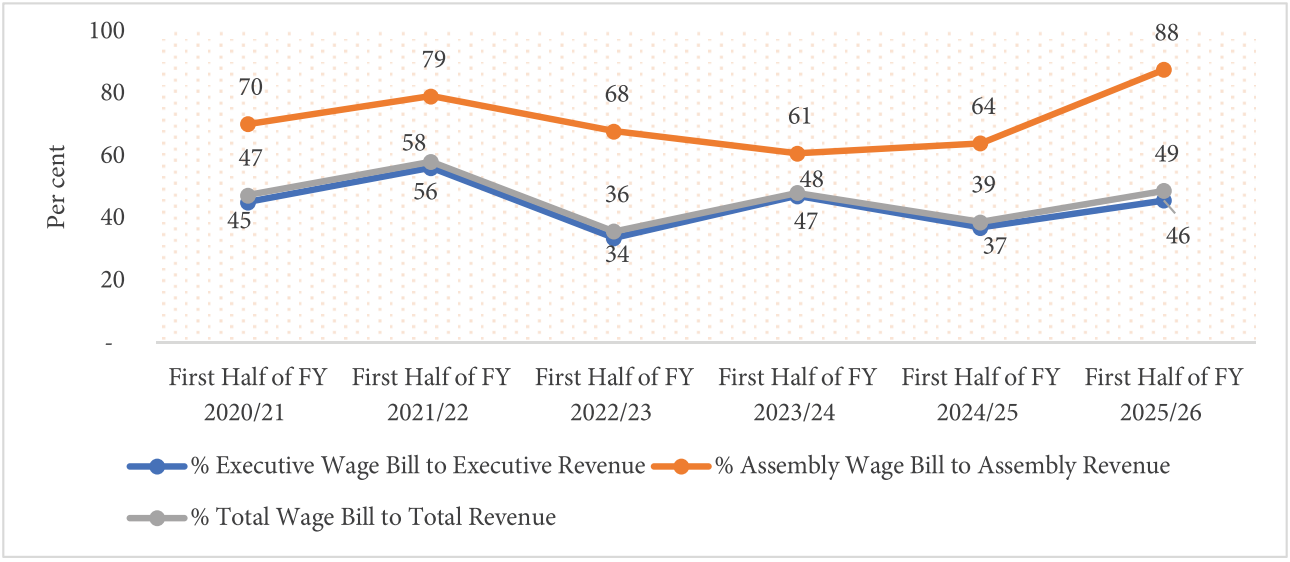
***Source**: Wajir County Treasury*

3.46.8 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.2.52 billion. The compensation-to-revenue ratio was 49 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.2.01 billion reported in a similar period in FY 2024/25. Of this total, Kshs.961.83 million related to Health Sector employees, accounting for 38 per cent of the overall employees' compensation.

Figure 275 shows the trend in employees' compensation as a percentage of total revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 275: Percentage of Expenditure on Employee Compensation to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: Wajir County Treasury

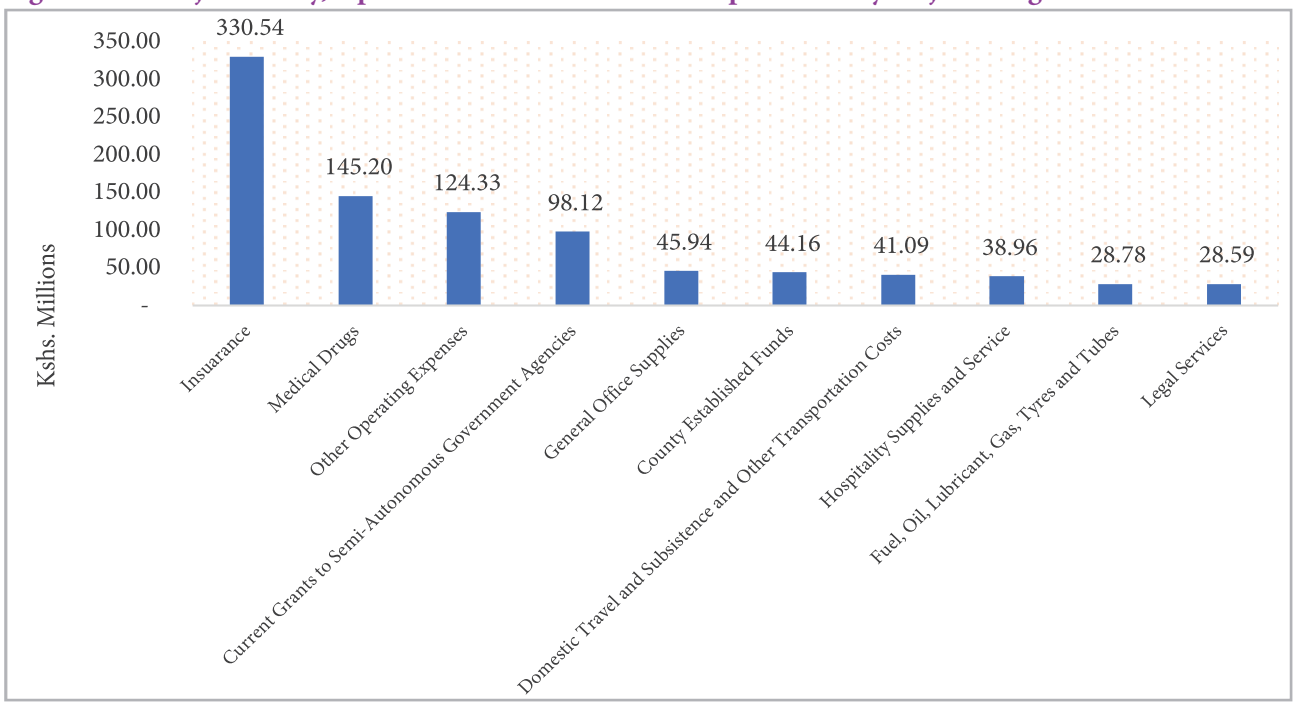
Further analysis indicated that PE costs totalling Kshs.2.18 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.344.43 million was processed through manual payrolls, accounting for 14 per cent of the total PE cost. The justification for the continued use of manual payroll was the County Government of Wajir's delay in constituting the County Public Service Board and the Directorate of Public Service Management's (DPSM) delay in processing payroll numbers.

The County Assembly spent Kshs.18.42 million on committee sitting allowances for the 46 MCAs against the annual budget allocation of Kshs.38.61 million. The average monthly sitting allowance was Kshs.66,736 per MCA. The County Assembly has 24 House Committees.

3.46.9 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.957.41 million on operations and maintenance, representing a decrease of 53 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.46 billion. Figure 276 summarises the Operations and Maintenance expenditure by major categories.

Figure 276: Wajir County, Operations and Maintenance Expenditure by Major Categories



***Source**: Wajir County Treasury*

The operations and maintenance costs include an expenditure of Kshs.28.59 million on Legal fees. Wajir County has a fleet of lorries utilised for garbage collection services, with direct costs comprising logistics (fuel and lubricants), routine maintenance, and Wages for loaders.

3.46.10 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.434.16 million to County-Established funds in FY 2025/26, or 3 per cent of the County's overall budget. Further, the County allocated Kshs.200 million to the Emergency Fund (2 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.680 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.680: Performance of Wajir County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No)
County Executive Established Funds							
1.	Wajir Disaster Management Fund	2014	200,000,000	-	-	600,000,000	YES
2.	Wajir County Bursary Fund	2019	110,000,000	-	-	390,000,000	YES
3.	Wajir County Climate Fund	2019	80,000,000	80,000,000	80,000,000	305,000,000	YES
4.	Wajir County Disability Fund	2021	44,160,000	44,160,000	44,160,000	129,440,874	YES
5.	Wajir County Revolving Fund	2014	-	-	-	132,000,000	N/A
Total			434,160,000	124,160,000	124,160,000	1,556,440,874	

Source: *Wajir County Treasury*

During the reporting period, the CoB received quarterly financial reports from 6 Fund Administrators, as indicated in Table 3.681, in accordance with Section 168 of the PFM Act, 2012.

Regulation 197(1)(i) of the Public Finance Management (County Governments) Regulations, 2015, allows County Governments to establish public funds with a lifespan capped at 10 years unless extended by the County Assembly. In FY 2025/26, the CoB established that the lifespan of the Wajir County Revolving Fund had lapsed. Consequently, the CoB did not approve any requests for withdrawals to support the operations of the lapsed funds.

3.46.11 County Corporations

The County has two County Corporations, which were allocated Kshs.1.16 in FY 2025/26. Their total expenditure for the review period amounted to Kshs.141.83 million, as shown in Table 3.681

Table 3.681: Performance of Wajir County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Parent Department	Expenditure type	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in the FY 2025/26 (Kshs.)	Actual Transfers in FY 2025/26 (Kshs.)
1.	Wajir Water and Sewerage Company [WAJWASCO]	Water Resources Development	Recurrent	145,000,000	83,514,314	83,514,314
			Development	630,000,000	43,706,040	43,706,040
2.	Wajir Municipality	Lands, Housing and Physical Planning	Recurrent	236,120,094	14,609,036	14,609,036
			Development	145,092,053	-	-
Total				**1,156,212,147**	**141,829,390**	**141,829,390**

Source: *Wajir County Treasury*

3.46.12 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.41.09 million and comprised Kshs.18.81 million spent by the County Assembly and Kshs.22.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.97 million, which the County Executive entirely incurred. Spending on foreign travel is summarised in Table 3.682.

Table 3.682: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure (b) (Kshs.)	Total Expenditure on Travel (c=a+b)(Kshs.)
County Executive	6	26th October - 2nd November 2025	To attend the 14th International Date Festival	Morocco	2,971,648		2,971,648
Total					2,971,648		2,971,648

Source: Wajir County Treasury and Wajir County Assembly

3.46.13 Facility Improvement Financing

During the review period, the County reported collections of Kshs.74.16 million as FIF, which was 31 per cent of the annual target of Kshs.240 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County has developed the Wajir County Health Facility Improvement Financing Act, 2023, and the Wajir County Health Facility Improvement Financing Regulations, 2024.

The expenditure by the health facilities amounted to Kshs.68.81 million, as shown in Table 3.683

Table 3.683: Wajir County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Level 5 Hospitals	1	90,000,000	22,933,903	25
2.	Level 4 Hospital	8	32,500,000	29,865,475	92
3.	Level 3 Facility	25	5,270,340	5,270,340	100

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
4.	Level 2 Facility	75	10,736,750	10,736,750	100
	Total	**109**	**138,507,090**	**68,806,467**	50

Source: *Wajir County Treasury*

3.46.14 Development Expenditure

In the review period, the County reported spending Kshs.1.09 billion on development programmes, representing a decrease of 18 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.1.29 billion. Table 3.684 summarises the development projects with the highest expenditure in the reporting period.

Table 3.684: Wajir County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Location	Budget FY 2025-26 (Kshs)	Cumulative project expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects							
1	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Road Routine Maintenance Of Abaqhalul - Dowgudud Road	Abaqhalul	84,500,780	84,500,780	100
2	Energy, Environment and Natural Resources	Energy, Environment and Natural Resources	Climate Change Fund	County Wide	80,000,000	80,000,000	100
3	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Purchase, Supply and Delivery Project Management Vehicles Under the County Projects Management Programme	Wajir town, Wajir East	72,174,888	72,174,888	100
4	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Construction of the Accident and Emergency Centre at Wajir County Referral Hospital	Wajir town, Wajir East	67,450,343.40	67,450,343.40	100
5	Wajwasco	Wajwasco	Supply & Delivery of Generator under the Wajir County Water Resources Development Programmes (Wajwasco County Entity)	Wajir town, Wajir East	33,650,000	33,650,000	100
6	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Construction for Upgrading Of Hadado Health Centre To Level 4,	Hadado	28,683,126.30	28,683,126.30	100
7	Wajir - Roads, Transport and Public Works	Wajir - Roads, Transport and Public Works	Purchase, Supply and Delivery Project Management Vehicles Under the County Projects Management Programme	Wajir town, Wajir East	26,767,179	26,767,179	100
8	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Supply And Delivery Of Dialysis Medical Equipments To Wajir County Referral Hospital under the Medical Services Programme	Medical Services	20,820,867.85	20,820,867.85	100
9	Wajir - Trade, Industrialization, Co-operative Development	Wajir - Trade, Industrialization, Co-operative Development	Being a part payment for the Construction Of Wajir County Aggregation And Industrial Parks	Wajir town, Wajir East	9,489,386	9,489,386	100
10	Wajir - Public Health, Medical Services and Sanitation	Wajir - Public Health, Medical Services and Sanitation	Consultancy Services For the Construction And Upgrading Of Wajir County Referral Hospital under the Medical Services Development Programme	Wajir town, Wajir East	7,549,656.60	7,549,656.60	100
Donor Funded Projects							
1	Trade, Industrialization, Co-operative Development	Trade, Industrialization, Co-operative Development	CAIPs Grant B/F	Wajir town, Wajir East	250,000,000	295,182,182	36
2	Energy, Environment and Natural Resources	Energy, Environment and Natural Resources	FLLoCCa (Donor)	Wajir town, Wajir East	270,791,209	19,359,280	7

Source: *Wajir County Treasury*

3.46.15 Budget Performance by Department

Table 3.685 summarises the approved budget allocation, expenditure, and absorption rate by department for the period under review.

Table 3.685: Wajir County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	501.61	-	200.80	-	200.80	-	100.0	0.0	40.0	0.0
Finance and Economic Planning	687.90	-	234.31	-	234.31	-	100.0	0.0	34.1	0.0
Roads, Transport and Public Works	232.97	963.90	76.71	262.49	76.71	262.49	100.0	100.0	32.9	27.2
Water Resources Development	290.22	1,298.76	143.80	300.89	143.80	300.89	100.0	100.0	49.6	23.2
Energy, Environment and Natural Resources	100.83	403.29	31.11	99.36	31.11	99.36	100.0	100.0	30.9	24.6
Public Health, Medical Services and Sanitation	3,191.54	470.11	1,515.02	147.70	1,515.02	147.70	100.0	100.0	47.5	31.4
Education, Youth, Gender and Social Services	861.87	465.79	316.85	209.22	316.85	209.22	100.0	100.0	36.8	44.9
Agriculture, Livestock, and Fisheries Development	263.84	401.90	96.48	-	96.48	-	100.0	0.0	36.6	0.0
Trade, Industrialisation, Co-operative Development	179.03	358.69	71.86	54.67	71.86	54.67	100.0	100.0	40.1	15.2
Lands, Housing and Physical Planning	331.98	542.71	32.99	19.29	32.99	19.29	100.0	100.0	9.9	3.6
Public Service, Labour, and Decentralised Unit	1,072.82	377.50	353.74	-	353.74	-	100.0	0.0	33.0	0.0
County Public Service Board	78.34	-	27.78	-	27.78	-	100.0	0.0	35.5	0.0
County Assembly	918.78	-	376.15	-	376.15	-	100.0	0.0	40.9	0.0
Total	**8,711.73**	**5,282.65**	**3,477.62**	**1,093.61**	**3,477.62**	**1,093.61**	**100.0**	**100.0**	**39.9**	**20.7**

Source: *Wajir County Treasury*

Analysis of departmental expenditure shows that the Department of Education, Youth, Gender and Social Services recorded the highest absorption rate of the development budget at 45 per cent, followed by the Department of Public Health, Medical Services and Sanitation at 31 per cent. The Department of Water Resources Development had the highest recurrent expenditure-to-budget ratio at 50 per cent, while the Department of Lands, Housing and Physical Planning had the lowest at 10 per cent.

3.46.16 Budget Execution by Programmes and Sub-Programmes

Table 3.686 summarises budget execution by programme and sub-programme for the period under review with the highest absorption rates.

Table 3.686: Budget Execution by Programmes and Sub-Programmes with Highest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Development				
Roads, Transport and Public Works				
County Roads And Transport Management	County Transport Services	100,000,000	98,942,067	98.9
Education, Youth, Gender And Social Services				
Gender and Women's Empowerment	Gender and Women's Empowerment	4,400,000	2,972,500	67.6

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Energy, Environment And Natural Resources				
Energy Development Services	Energy Development Services	57,000,000	38,488,641	67.5
Water Resources Development				
Water Services	Infrastructure Development Services	348,481,699	231,437,937	66.4
Education, Youth, Gender And Social Services				
Early Childhood Education Development Services	Early Childhood Education Development Services	391,389,064	203,043,703	51.9
Recurrent				
Water Resources Development				
Water Services	Water Supplies Overhaul And Maintenance Services	153,148,000	141,632,717	92.5
Finance And Economic Planning				
Public Finance Management	County Supply Chain Management	36,403,200	27,212,013	74.8
Education, Youth, Gender And Social Services				
Social Services, Culture, Heritage And Library Services	Promotion Of Social Service, Culture And Heritage Services	127,715,676	74,962,155	58.7
Vocational Training Services	Infrastructural Development	59,272,318	33,835,600	57.1%
Public Health, Medical Services And Sanitation				
Curative, Rehabilitative And Emergency Services	Curative And Rehabilitative Services	976,221,764	526,331,339	53.9

Source: *Wajir County Treasury*

The development sub-programmes with the highest budget implementation rates included County Transport Services in the Department of Roads, Transport and Public Works at 98.9 per cent, Gender & Women Empowerment in the Department of Education, Youth, Gender and Social Services at 67.6 per cent, and Energy Development Services in the Department of Energy, Environment and Natural Resources at 67.5 per cent. For recurrent sub-programmes, the top performers were Water Supplies, Overhaul and Maintenance Services in the Department of Water Resources Development at 92.5 per cent, County Supply Chain Management Services in the Department of Finance and Economic Planning at 74.8 per cent, Promotion of Social Services, Culture and Heritage Services in the Department of Education, Youth, Gender and Social Services at 58.7 per cent, and Infrastructure Development in the Department of Education, Youth, Gender and Social Services 57.1 per cent.

Table 3.687 summarises budget execution by programme and sub-programme for the period under review, which had the lowest absorption rates.

Table 3.687: Budget Execution by Programmes and Sub-Programmes with Lowest Absorption Rates

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Development				
Agriculture, Livestock, And Fisheries Development				
Food Production Services	Food Production Services	270,903,846	-	-
Lands, Housing And Physical Planning				
Land Policy And Physical Planning	Urban Physical Planning Services	132,615,663	-	-
Public Service, Labour and Decentralised Unit				
Special Programs	Intergovernmental Relations	352,500,000	-	-
Trade, Industrialisation, Co-Operative Development				
Trade Services	Enterprise Development Fund	75,000,000	-	-
Lands, Housing And Physical Planning				
Land Policy And Physical Planning	Urban Physical Planning Services	132,615,663	-	-

Programme	Sub-Programme	Revised Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Public Works Services	Public Works Services	195,000,000	-	-
Recurrent				
Water Resources Development				
Water Services	Infrastructure Development Services	22,972,994	-	-
Public Service, Labour and Decentralised Unit				
Special Programs	Intergovernmental Relations	80,219,167	-	-
	Public Participation Services	31,250,310	-	-
Agriculture, Livestock, And Fisheries Development				
Livestock Management Services	Livestock Production Services	6,730,000	-	-
	Veterinary Services	27,835,440	-	-

Source: *Wajir County Treasury*

There were 16 development sub-programmes with zero-per-cent budget implementation rates. For recurrent sub-programmes, 14 had Zero Per Cent budget implementation rates.

3.46.17 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya except for imprest bank accounts relating to petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated 115 accounts in commercial banks. The accounts included 100 accounts for Health Facilities, 5 accounts for Established Funds, 1 revenue account, 2 special-purpose accounts (for additional allocations), 2 imprest bank accounts, 1 deposit collection account, 2 Wajir Water and Sewerage Company Limited Wajwasco (Wajwasco Recurrent and Development) bank accounts and 2 Wajir Municipality (Wajir Municipality Recurrent and Development) bank accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for the opening of the 112 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.46.18 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the Wajir County budget, the CoB made the following observations, which hampered effective budget implementation;

i. The County Treasury's late submission of financial reports to the Controller of Budget affected the timely preparation of the budget implementation report. The County report was received on 26/01/26.
ii. The underperformance of own-source revenue at Kshs.121.92 million against an annual target of Kshs.350 million, representing 35 per cent of the financial year target.
iii. Low development performance in the review period as the County incurred Kshs.1.09 billion on development activities, achieving a 21 per cent absorption rate.
iv. High level of trade payables, which amounted to Kshs.2.6 billion as of December 31 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.
v. Use of manual payroll. Personnel emoluments amounting to Kshs.344.43 million were processed through manual payroll, accounting for 14 per cent of the total payroll cost. Manual payroll is prone to abuse and may result in the loss of public funds.
vi. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

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

i. *The County Treasury should ensure the timely preparation and submission of financial reports to the Controller of Budget, in accordance with the timelines prescribed in Section 166 of the PFM Act, 2012.*
ii. *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.*
iii. *The County should implement strategies to increase development expenditures in FY 2025/26.*
iv. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*
v. *The Government requires that salaries be processed through the HRIS 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. Furthermore, strict adherence to the approved staff establishment should be maintained.*
vi. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for the opening of commercial bank accounts, to enhance accountability and oversight.*

3.47. County Government of West Pokot

3.47.1 Overview of FY 2025/26 Budget

The West Pokot County Approved Budget for FY 2025/26 is Kshs.8.63 billion. It comprises Kshs.2.95 billion (34 per cent) and Kshs.5.68 billion (66 per cent) allocation for development and recurrent programmes, respectively. The budget estimates represent an increase of Kshs.957.27 million (12 per cent) from the FY 2024/25 budget, which comprised a development budget of Kshs.2.25 billion and a recurrent budget of Kshs.5.42 billion. The increase in the budget was primarily attributed to the rise in Additional Allocation.

The budget is to be financed through various revenue sources. These include; the equitable share of revenue raised nationally of Kshs.7 billion (81 per cent), additional allocations of Kshs.1.11 billion (12 per cent), a cash balance of Kshs.221.07 million (3 per cent) brought forward from FY 2024/25, and Kshs.290.96 million (4 per cent) generated as own-source revenue. A breakdown of the additional allocations is shown in Table 3.689.

3.47.2 Revenue Performance

During the first half of FY 2025/26, the County reported total revenues of Kshs.3.40 billion. This amount represented an increase of 1 per cent compared to the amount received in a similar period in FY 2024/25 of Kshs.3.37 billion. The total revenue consisted of Kshs.2.91 billion from the equitable share of revenue raised nationally, additional allocations from the national government and development partners of Kshs.57.83 million, as well as the own-source revenue (OSR) collection of Kshs.156.17 million. Additionally, the County had a cash balance of Kshs.221.07 million from FY 2024/25. The total OSR collection of Kshs.156.17 million included Facilities Improvement Financing (FIF) of Kshs.124.71 million, and Kshs.31.46 million from other OSR sources. Table 3.688 summarises the total revenue available to the County Government during FY 2025/26.

Table 3.688: West Pokot County, Revenue Performance in the First Half of FY 2025/26

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
A	**Unspent Balance from FY 2024/25**					
1	Balance at CRF	221,071,087	221,071,087	-	221,071,087	-
2	County Executive Refunds to CRF	60,691,204	60,691,204	-	60,691,204	-
3	County Assembly Refunds to CRF	-	254,821	-	254,821	-254,821
	Sub-Total	**281,762,291**	**282,017,112**	-	**282,017,112**	**-254,821**
B	**Equitable Share of Revenue Raised Nationally**					
1	Equitable Share	**7,002,426,008**	**2,906,006,793**	-	**2,906,006,793**	4,096,419,215
	Sub-Total	**7,002,426,008**	**2,906,006,793**	-	**2,906,006,793**	**4,096,419,215**

No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
C	**Additional Allocations (Including Grants)**					
1	Road Maintenance Levey Fund (RMLF)(Rollover)	57,829,022	57,829,022	-	57,829,022	-
2	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR)	**200,000,000**	-	-	-	200,000,000
3	Food System Resilience Project (FSRP)	251,153,846	-	-	-	251,153,846
4	Second Kenya Devolution Support Program – Institutional Grant (Level 1 Grant) (KDSP)	37,500,000	-	-	-	37,500,000
5	Second Kenya Devolution Support Program – Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	352,500,000	-	-	-	352,500,000
6	Second Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	51,847,857	-	-	-	51,847,857
7	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	28,000,000	-	-	-	28,000,000
8	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme	130,000,000	-	-	-	130,000,000
9	DANIDA: Primary Health Care in a Devolved Context (PHDC)	5,000,000	-	-	-	5,000,000
	Sub-Total	**1,113,830,725**	**57,829,022**	-	**57,829,022**	**1,056,001,703**
D	**Ordinary Own Source Revenue (OSR)**					
1	Market kiosk Rent	5,482,560	2,618,500	-	2,618,500	2,864,060
2	Business Permit	11,996,995	1,610,599	-	1,610,599	10,386,396
3	Market/Trade Centre fee	3,801,936	1,448,470	-	1,448,470	2,353,466
4	Building Plan approval fee	128,000	99,000	-	99,000	29,000
6	Other cesses	7,313,898	2,361,010	-	2,361,010	4,952,888
7	Sand, Gravel and Ballast Extractions	24,151,014	11,596,100	-	11,596,100	12,554,914
8	Livestock Cess	9,975,712	3,864,780	-	3,864,780	6,110,932
9	Rent of Government Building and Housing	1,500,000	717,089	-	717,089	782,911
10	Advertising Fee	4,484,800	36,000	-	36,000	4,448,800
11	Street Parking Fee	1,187,056	476,738	-	476,738	710,318
12	Vehicle Parking Fee	8,241,684	3,878,940	-	3,878,940	4,362,744
13	Application /Renewals	1,565,760	78,600	-	78,600	1,487,160
14	Liquor Licence Fee	1,500,000	250,240	-	250,240	1,249,760
15	Other Miscellaneous fee	1,000,000	35,561	-	35,561	964,439
16	Receipt from Administration fees	761,888	637,358	-	637,358	124,530
17	Land Rates /Plot Rent	13,900,000	1,433,880	-	1,433,880	12,466,120
	Sub-Total	**98,150,999**	**31,460,065**	-	**31,460,065**	**66,690,934**
E	**Facility Improvement Fund/ Financing (FIF)**					

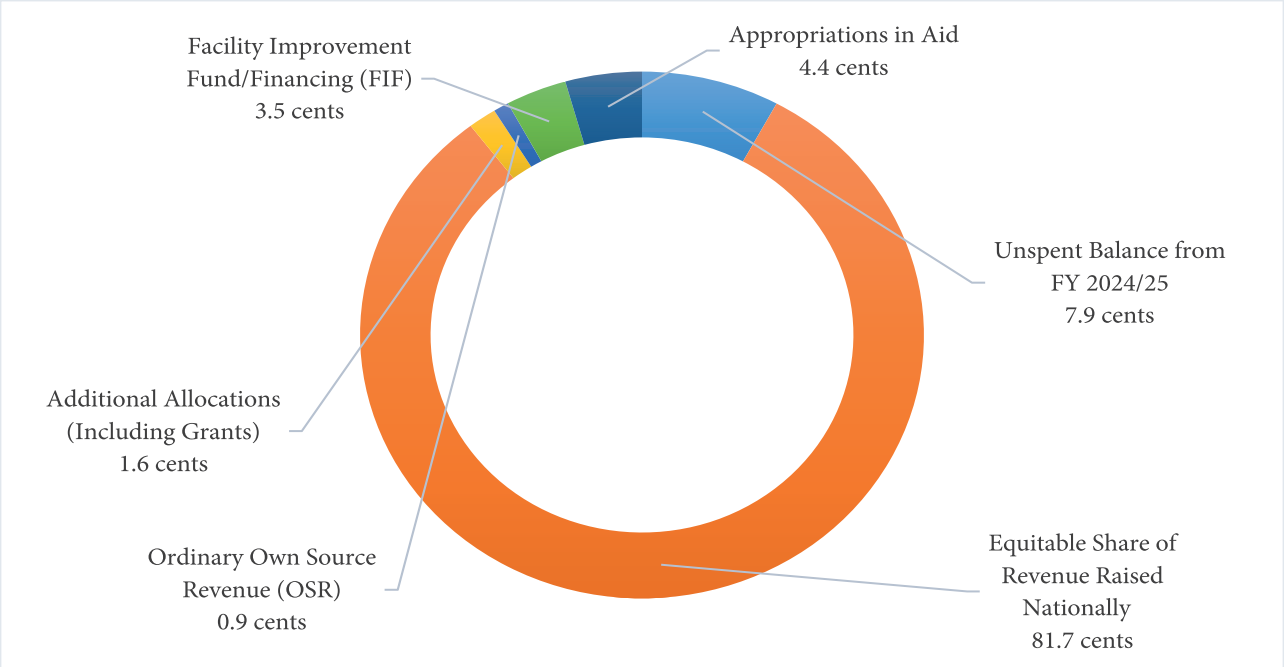
No	Revenue Stream	Annual Targeted Revenue (Kshs.)	Actual Receipts (Kshs.)	Receivables in the First Half of FY 2025/26(Kshs.)	Total Revenues (in accrual basis) in the First Half of FY 2025/26 (Kshs.)	Variance (Kshs.)
		A	B	C	D=B+C	E=A-D
1	SHIF	**192,805,000**	**124,710,895**	-	124,710,895	68,094,105
2	Defunct NHIF	-	-	-	-	-
	Sub-Total	**192,805,000**	**124,710,895**	-	**124,710**	**68,094,105**
Total		**8,688,975,023**	**3,402,023,887**	-	**3,402,023,887**	5,287,205,957

Source: *West Pokot County Treasury*

The County has governing legislation on the operation of ordinary A-I-A and FIF.

Figure 277 provides a detailed breakdown of receipts, showing a breakdown of each shilling earned.

Figure 277: West Pokot County Composition of Each Shilling Earned in the First Half of FY 2025/26

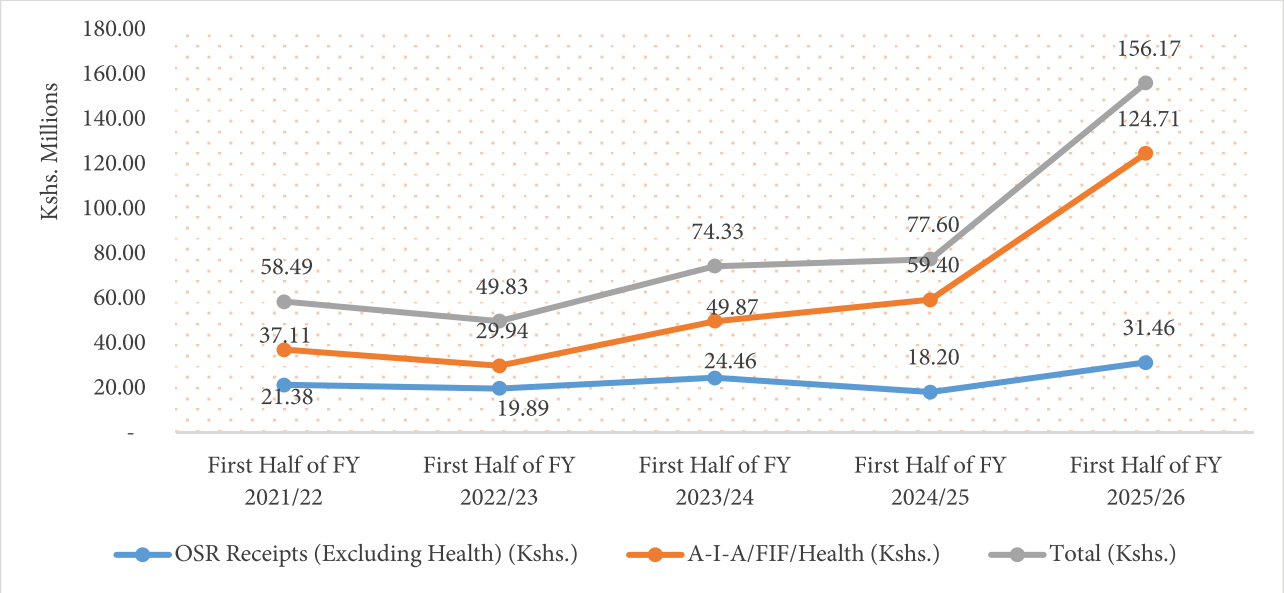


Source: *West Pokot County Treasury*

The equitable share of revenue raised nationally, Unspent Balances, and FIF contributed 82 per cent, 8 per cent, and 4 per cent, respectively, of the total receipts for the reporting period.

Figure 278 shows the collection trend in own-source revenue from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 278: West Pokot County Trend in Own-Source Revenue Collection from the First Half of FY 2021/22 to the First Half of FY 2025/26

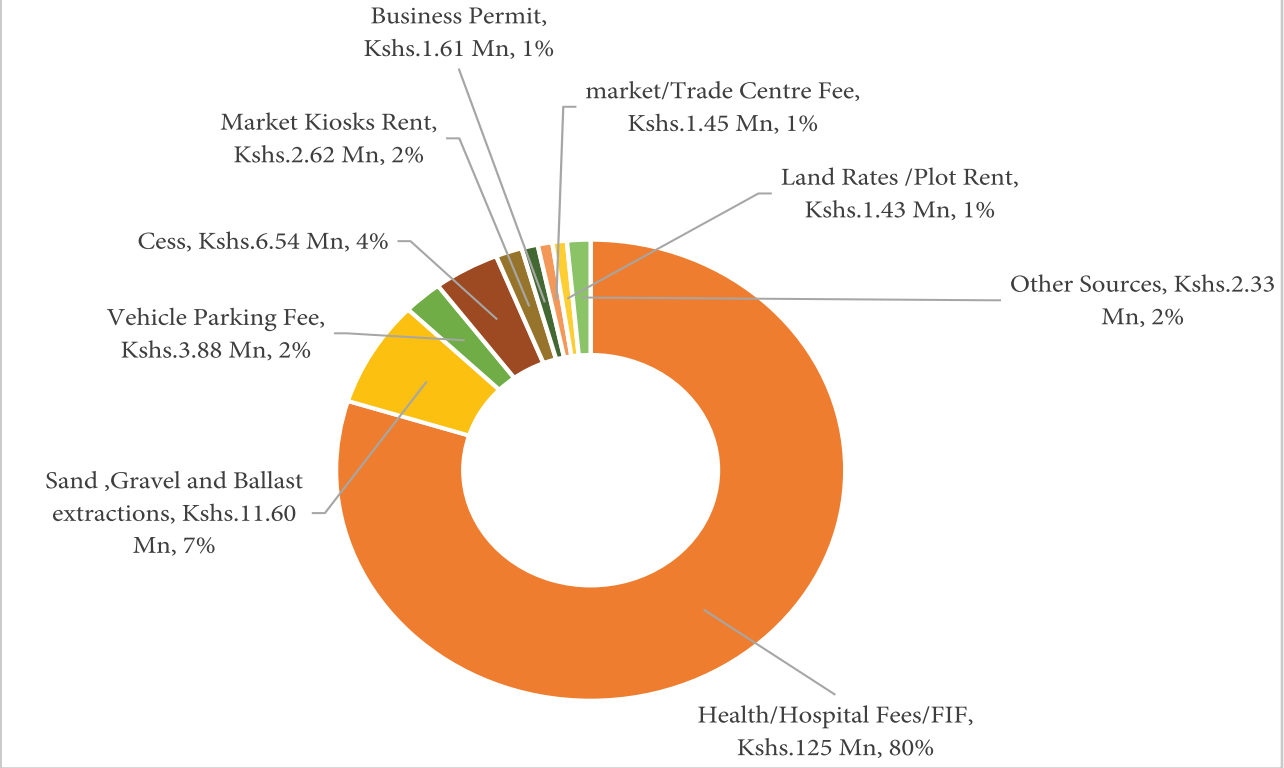


Source: *West Pokot County Treasury*

During the first half of FY 2025/26, the County received Kshs.156.17 million from OSR, including FIF. This amount was an increase of 101 per cent compared to Kshs.77.60 million realised in a similar period in FY 2024/25, and was 54 per cent of the annual target and 5 per cent of the equitable revenue share disbursed. The increase in OSR was attributed to increased FIF collection.

The revenue streams that contributed the highest OSR receipts are shown in Figure 279

Figure 279: West Pokot County Top Own Source Revenue Streams in the First Half of FY 2025/26



Source: West Pokot County Treasury

As shown in Figure 279, the highest revenue stream is at Kshs.124.71 million was from FIF, accounting for 80 per cent of the total OSR receipts. The County Government indicated that it has automated 14 of 19 revenue streams.

3.47.3 Revenue Arrears/ Receivables

As of 1st July 2025, the County reported revenue arrears of Kshs.62.50 million, which increased to Kshs.1.13 billion as of 31st December 2025. Table 3.689 presents a breakdown of the County's revenue arrears.

Table 3.689: West Pokot County Revenue Arrears as of 31st December 2025

No	Revenue Stream	Revenue Arrears as of 1 July 2025 (Kshs.)	Progress made in First Half of FY 2025/26			Arrears as of 31st December 2025 (Kshs.)
			Waivers (Kshs)	Arrears paid in the financial year (Kshs)	Arrears earned in First Half of FY 2025/26 (Kshs)	
		a	b	c	d	f=a-b-c+d
A	**Equitable Share of Revenue Raised Nationally**					
1	Month of December	-	-	-	560,194,080	560,194,080
	Sub-Total	**-**	**-**	**-**	**560,194,080**	**560,194,080**
C	**Additional Allocations**					
1	Financing Locally Led Climate Action Program – County Climate Resilient Investment (FLoCCA-CCIR)	-	-	-	200,000,000	200,000,000
2	Food System Resilience Project (FSRP)	-	-	-	251,153,846	251,153,846
3	Second Kenya Devolution Support Program – Institutional Grant (Level 1 Grant) (KDSP)	-	-	-	37,500,000	37,500,000
4	Second Kenya Devolution Support Program – Service Delivery and Investment Grant (Level 2 Grant) (KDSP)	-	-	-	352,500,000	352,500,000
5	Second Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	-	-	-	51,847,857	51,847,857
6	Kenya Urban Support Project (KUSP) – Urban Institutional Grant (UIG)	-	-	-	28,000,000	28,000,000
7	Kenya Water, Sanitation, and Hygiene (K-WASH) Programme	-	-	-	130,000,000	130,000,000
8	DANIDA: Primary Health Care in a Devolved Context (PHDC)	-	-	-	5,000,000	5,000,000
	Sub-Total				**1,056,001,703**	**1,056,001,703**
D	**Ordinary Own Sources of Revenue**					
1	**Property Rent**	42,896,739	-	1,433,880	6,814,000	48,276,859
2	**Land Rates**	19,603,189	-	-	2,141,360	21,744,549
	Sub-Total	**62,499,928**	**-**	**1,433,880**	**8,955,360**	**70,021,408**
Total		**62,499,928**	**-**	**1,433,880**	**1,064,957,063**	**1,126,023,111**

Source: *West Pokot County Treasury*

As of 31st December 2025, the revenue arrears totalled Kshs.1.13 billion, comprising Kshs.560.19 million for the equitable share (49 per cent).1.06 billion for additional allocation(94 percent) and Kshs.70.01 million for own source revenue(6 per cent). The measures instituted by the County to collect the outstanding arrears in FY 2025/26 include the introduction of interest and penalties.

3.47.4 Borrowing by the County

The County Government did not report any borrowings during the period under review.

3.47.5 Withdrawals from the County Revenue Fund and County Assembly Fund

During the reporting period, the Controller of Budget approved exchequer withdrawal requests totalling Kshs.2.62 billion from the West Pokot County Revenue Fund (CRF) account. This amount consisted of Kshs.256.48 million (10 per cent) designated for development programs and Kshs.2.37 billion (90 per cent) allocated for recurrent programs.

An analysis of the released recurrent exchequer shows that Kshs.1.68 billion was allocated to employee compensation and Kshs.684.66 million to operations and maintenance expenditures. Within the operations and maintenance category, 39 per cent was for domestic travel and less than 1 per cent for foreign travel. The domestic travel exchequers totalled Kshs.269.93 million, which included Kshs.149.52 million for the County Executive and Kshs.120.40 million for the County Assembly. Meanwhile, the foreign travel exchequers amounted to Kshs.4.66 million, solely incurred by the County Executive.

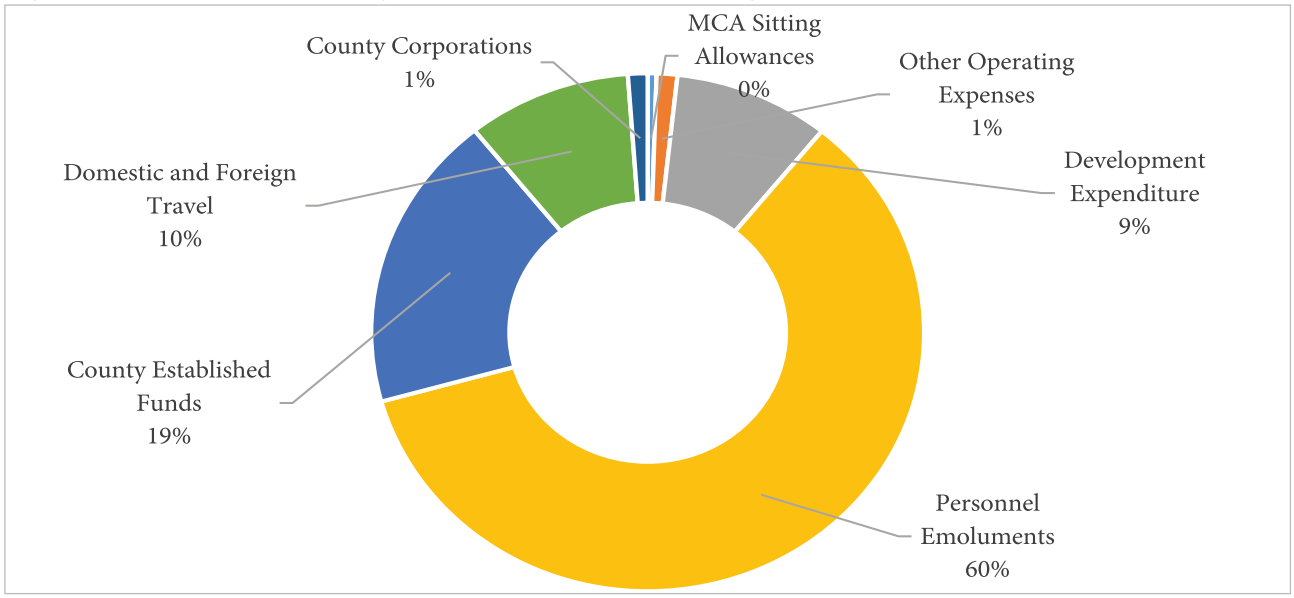
As of December 31, 2025, the County Government's cash balance in the West Pokot CRF account was Kshs.582.82 million.

3.47.6 Expenditure Review

The County spent Kshs.2.62 billion on development and recurrent programmes during the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB. It comprised Kshs.256.48 million for development programmes and Kshs.2.37 million for recurrent programmes. Expenditure on development programmes represented 9 per cent of the annual development expenditure budget, while recurrent expenditure represented 42 per cent of the annual recurrent expenditure budget.

Figure 280 provides a detailed breakdown of expenditure, showing the relative composition of each shilling incurred.

Figure 280: West Pokot County Composition of Each Shilling Incurred in the First Half of FY 2025/26



Source: *West Pokot County Treasury*

As shown in Figure 280, the three highest expenditure categories were Personnel Emoluments, County Established Funds, and Domestic and Foreign Travel, which accounted for 60, 19, and 10 per cent of total expenditure for the reporting period.

3.47.7 Settlement of Trade Payables

As of 1st July 2025, the County reported trade payables totalling Kshs.330.57 million. This amount consisted of Kshs.309.07 million from the County Executive and Kshs.21.50 million from the County Assembly. The trade payables from the County Executive comprised of Kshs.221.13 million for recurrent expenditure and Kshs.87.13 million for development expenditure.

During the reporting period, the County Executive settled trade payables amounting to Kshs.51.06 million, comprising Kshs.43.10 million (84 per cent) for recurrent programmes and Kshs.7.96 million (16 per cent) for development programmes. On the other hand, the County Assembly settled trade payables totaling Kshs.3.03 million, which were solely for recurrent activities. The outstanding trade payables as of 31st December 2025 were Kshs.258.01 million for the County Executive and Kshs.18.47 million for the County Assembly. Table 3.690 provides additional details of trade payables.

Table 3.690: West Pokot County Trade Payables as of 31st December 2025

		County Entity	Development (Kshs.)	Recurrent (Kshs.)	Total (Kshs.)
As at 1 July 2025 (End of FY 2024/25)	a	County Executive	87,127,464	221,127,464	309,070,993
		County Assembly	-	21,502,274	21,502,274
		Total	87,127,464	242,629,738	330,573,267
Trade payables scheduled to be settled in the first half of FY 2025/26 per the action plan	b	County Executive	65,056,436	81,930,344	146,986,779
		County Assembly	-	8,029,987	8,029,987
		Total	65,056,436	89,960,331	155,016,766
Amount paid in the First Half of FY 2025/26	c	County Executive	7,957,035	43,101,359	51,058,394
		County Assembly	-	3,029,987	3,089,987
		Total	7,957,035	46,131,346	54,148,381
Trade Payables Incurred in First Half of FY 2025/26	d	County Executive			-
		County Assembly	-	-	-
		Total	-	-	-
Outstanding trade payables as of 31st December 2025	**e=a-c*b**	**County Executive**	**79,986,494**	**178,026,494**	**258,012,599**
		County Assembly	**-**	**18,472,287**	**18,472,287**
		Total	**-**	**196,498,781**	**276,484,886**

Source: *West Pokot County Treasury*

The County Executive and the Assembly submitted a trade payables payment plan, committing to pay Kshs.89.96 million and Kshs.65.06 million on recurrent and development expenditure, respectively, in the first half of FY 2025/26. The County did not adhere to this payment plan, as it cleared Kshs.51.06 million for the Executive and Kshs.3.09 million for the Assembly.

Table 3.691 and Table 3.692 present the ageing of the total outstanding bills as of 31st December 2025 for the County Executive and Assembly, which were Kshs.276.48 million.

Table 3.691: West Pokot County Executive Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	63,549,625	3,056,885	8,960,765	4,419,219	79,986,494
Recurrent Trade Payables (Goods & Services)	3,095,287	5,106,595	75,515,936	-	83,717,818
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	-	92,051,189	-	92,051,189
Recurrent Trade Payables (Staff Claims)	6,446	389,573	499,756	1,361,323	2,257,099
Total Recurrent Trade Payables	**3,101,733**	**5.496,168**	**168,066,881**	**1,361,323**	**178,026,105**
Total Trade Payables	**66,651,358**	**8,553,053**	**177,027,646**	**5,780,542**	**258,012,599**
% of Total	**26**	**3**	**69**	**2**	**100**

Source: *West Pokot County Treasury*

Table 3.692: West Pokot County Assembly Trade Payables Ageing Analysis as of 31st December 2025

Category	Ageing analysis (Amount in Kshs.)				Total
	Under one year	1-2 years	2-3 years	Over 3 years	
Development Trade Payables	-	-	-	-	-
Recurrent Trade Payables (Goods & Services)	-	-	3,029,987	-	**3,029,987**
Recurrent Trade Payables (Salary Arrears and Statutory Deductions)	-	15,442,300	-	-	**15,442,300**
Recurrent Trade Payables (Staff Claims)	-	-	-	-	-
Total Recurrent Trade Payables	-	15,442,300	3,039,987	-	**15,442,300**
Total Trade Payables	-	**15,442,300**	**3,029,987**	-	**18,472,287**
% of Total	-	**84**	**16**	-	**100**

Source: *West Pokot County Treasury*

3.47.8 Expenditure by Economic Classification

The County Executive incurred Kshs.1.49 billion on compensation of employees, Kshs.558.84 million on operations and maintenance, and Kshs.256.48 million on development activities. Similarly, the County Assembly spent Kshs.193.18 billion on compensation of employees, Kshs.125.82 million on operations and maintenance, and nil on development activities, as shown in Table 3.693.

Table 3.693: West Pokot County Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approved Budget (Kshs.) (a)		Amount Paid in the First Half of FY 2025/26 (Kshs.) (b)		Expenditure Accrued in the First Half of FY 2025/26 (Kshs.) (c)		Total Expenditure in the First Half of FY 2025/26 (Kshs.) (d=b+c)		Absorption (%) (d/a*100)	
	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly	Executive	Assembly
Total Recurrent Expenditure	4,982,246,009	699,024,354	**2,048,592,529**	**318,998,076**	-	-	**2,048,592,529**	**318,998,076**	**41**	**46**
Compensation of Employees	3,129,053,689	399,594,292	1,489,753,119	193,180,216	-	-	1,489,753,119	193,180,216	48	48
Operations and Maintenance	1,853,192,320	299,430,062	558,839,410	125,817,860	-	-	558,839,410	125,817,860	30	42
Development Expenditure	**2,887,013,455**	**60,000,000**	**256,479,215**	-	-	-	**256,479,215**	-	**9**	-
Total	**7,869,259,464**	**759,024,354**	**2,305,071,744**	**318,998,076**	-	-	**2,305,071,744**	**318,998,076**	**29**	**42**

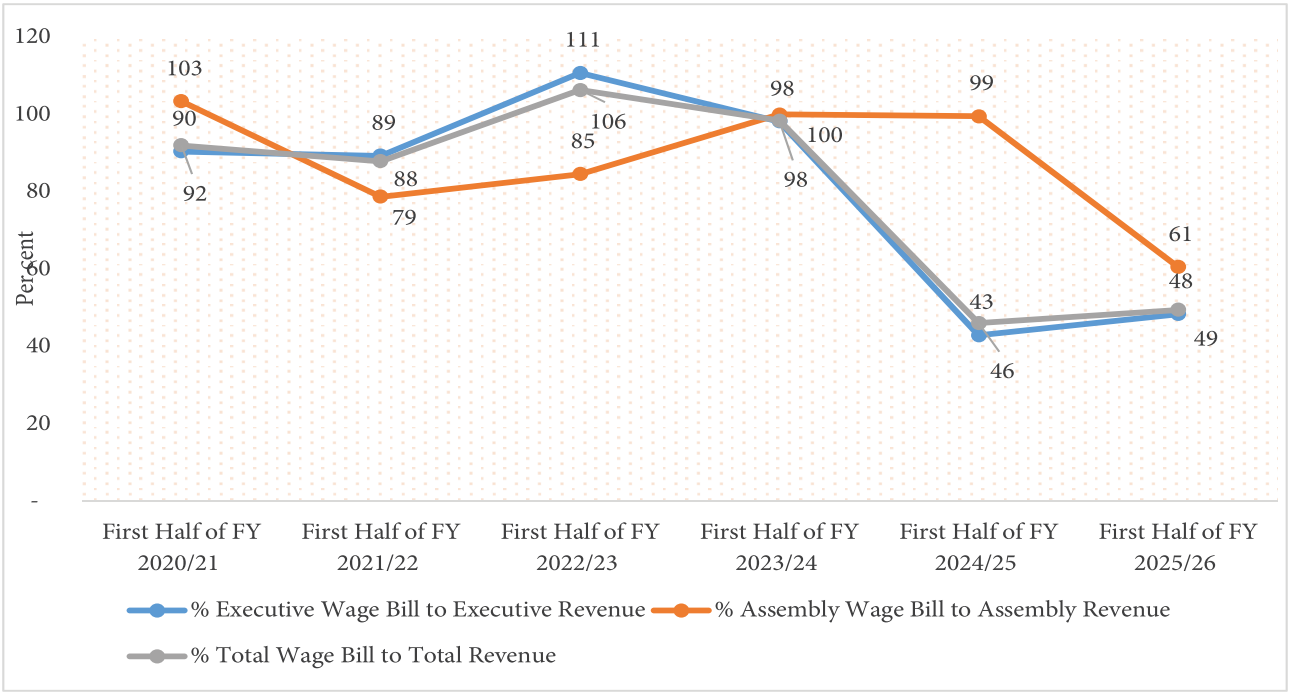
Source: *West Pokot County Treasury*

3.47.9 Expenditure on Compensation of Employees

The expenditure on employee compensation totalled Kshs.1.68 billion. The percentage of compensation of employees to revenue was 49 per cent. This expenditure on employee compensation shows an increase compared to the Kshs.1.64 million reported in a similar period in FY 2024/25. Of this total, Kshs.841.58 million related to Health Sector employees, accounting for 50 per cent of the overall employees' compensation.

Figure 281 shows the compensation trend of employees' expenditures as a percentage of total revenue received from the First Half of FY 2020/21 to the First Half of FY 2025/26.

Figure 281: Percentage of Employee Compensation Expenditure to Total Revenue Received in the First Half of FY 2020/21 to the First Half of FY 2025/26



Source: West Pokot County Treasury

Further analysis indicated that PE costs totaling Kshs.1.68 billion were processed through the Human Resource Information System (HRIS). In contrast, Kshs.102.40 million was processed through manual payrolls, which accounted for 6 per cent of the total PE cost.

The manual payroll comprised top-up allowances for security personnel, LAPTRUST/LAPFUND Pension Contributions, and Community Health Workers, as shown in Table 3.694.

Table 3.694: Breakdown of West Pokot County Manual Payroll

Sno.	Description of Manual Payroll	Amount (Kshs.)
1	Salaries for staff yet to be onboarded into HRIS	-
2	Salaries for casual staff	-
3	Top-up Allowances for Security Officers	6,468,600
4	LAPTRUST/LAPFUND Pension Contributions	77,762,576
5	Gratuity for contract staff	-
6	Community Health Workers	18,172,500
	Total	**102,403,676**

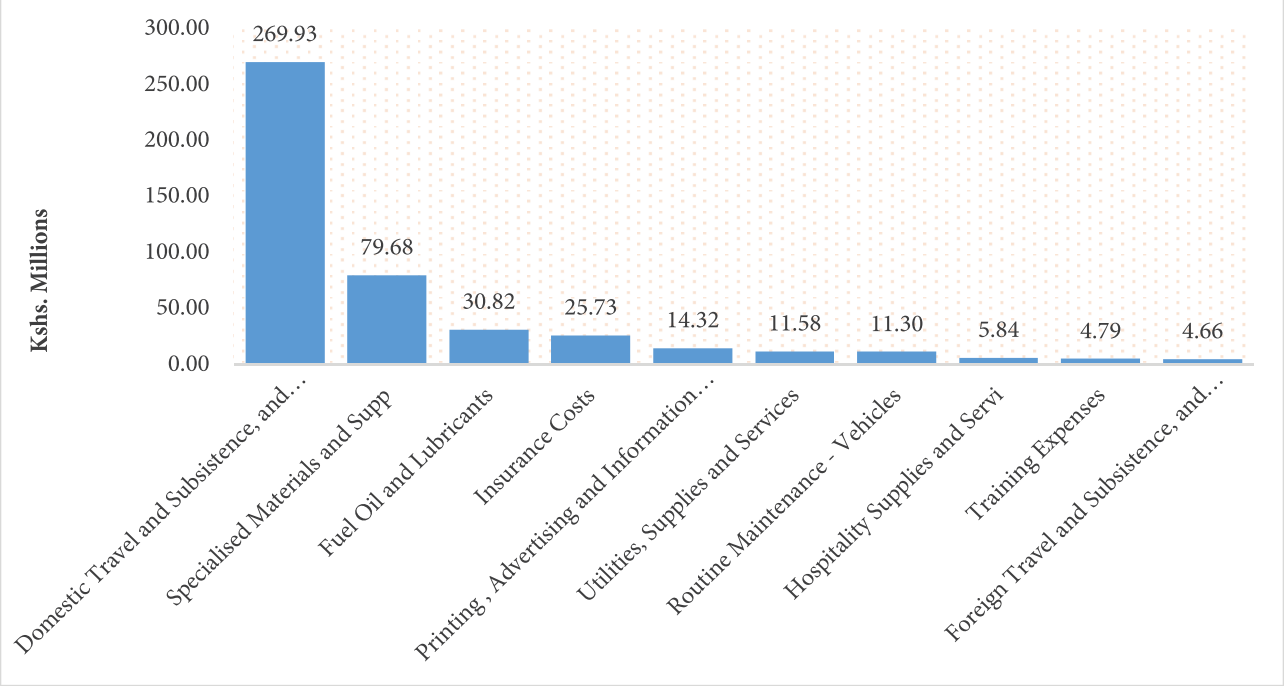
Source: *West Pokot County Treasury*

The County Assembly spent Kshs.14.54 million on committee sitting allowances for the 33 MCAs against the annual budget allocation of Kshs.29.01 million. The average monthly sitting allowance was Kshs.73,424 per MCA. The County Assembly has 26 House Committees.

3.47.10 Expenditure on Operations and Maintenance

During the reporting period, the County spent Kshs.684.66 million on operations and maintenance, representing an increase of 83 per cent compared to a similar period in FY 2024/25, when the County spent Kshs.373.69 million. Figure 282 summarises the Operations and Maintenance expenditure by major categories.

Figure 282: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: *West Pokot County Treasury*

3.47.11 Unbundling "Other Operating Expenses" Under Operations and Maintenance Expenditures

The budget performance report for the first half of FY 2025/26 indicates that the County spent Kshs.34.06 million on "*other operating expenses*," which is 5 per cent of the total operations and maintenance expenditure of Kshs.684.66 million. The disaggregated items under the "*Other Operating Expenses*" categories are shown in Table 3.695

Table 3.695: Breakdown of "Other Operating Expenses" under O&M Expenditures

Code	Item	Budget (Kshs)	Expenditure (Kshs.)
2211324	Registration of Land	6,599,527	2,999,526
2211308	KRA Dues	30,743,967	30,743,967
2211306	Membership Fees	2,345,000	313,200
	Total	**39,688,494**	**34,056,693**

***Source**: West Pokot County Treasury*

A review of the other expense items listed in the table revealed the following inconsistencies:

- *Some expenditures with clear and unique budget codes were erroneously aggregated under the "Other Operating Expenses" category. These include Subscription to professional bodies.*
- *Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes. For example, KRA dues and membership fees.*

3.47.12 County-Established Funds

Section 116 of the PFM Act 2012 allows County Governments to establish other public funds, subject to approval from the County Executive Committee and the County Assembly. The County allocated Kshs.28.27 million to County-Established funds in FY 2025/26, or less than 1 per cent of the County's overall budget. Further, the County allocated Kshs.10 million to the Emergency Fund (less than 1 per cent of the total budget) in line with Section 110 of the PFM Act, 2012. Table 3.696 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.696: Performance of West Pokot County Established Funds in the First Half of FY 2025/26

S/No.	Name of the Fund	Year Established	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues in First Half of FY 2025/26 (Kshs.)	Actual disbursements in the First Half of FY 2025/26 (Kshs.)	Cumulative disbursements to the Fund (Kshs)	Submission of Financial Statements (Yes/No.)
		County Executive Established Funds					
1	West Pokot County Car Loan and Mortgage	2016	-	-	-	225,000,000	Yes
2	West Pokot County Bursary and Infrastructure Fund	2025	-	-	-	7,820,150,000	Yes
3	West Pokot County Cooperative Development Fund	2018	18,272,000	-	7,493,932	65,000,000	Yes
4	West Pokot County Emergency Fund	2025	10,000,000	-	-	-	No
		County Assembly Established Funds					
1	West Pokot County Assembly Car Loans and Mortgage	2025	-	-	-	240,726,312	No
	Total		28,272,000	-	7,493,932	8,350,876,312	

***Source:** West Pokot County Treasury*

During the reporting period, the CoB did not receive quarterly financial reports from three (2) Fund Administrators, as indicated in Table 3:690, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.47.13 County Corporations

The County has two corporations, which were allocated Kshs.120.15 million in FY 2025/26. Their total expenditure for the review period amounted to Kshs.32.23 million, as shown in Table 3.697

Table 3.697: Performance of West Pokot County Corporations in the First Half of FY 2025/26

S/No.	Name of the Corporation	Approved Budget Allocation in FY 2025/26 (Kshs.)	Exchequer Issues (Kshs.)	Actual Transfers in the first half of FY 2025/26 (Kshs.)	Cumulative Transfers to the Corporation since its inception (Kshs.)	Actual Expenditure (Kshs.)
1	Chepareria Municipality	14,150,000	-	4,575,000	11,725,000	2,837,881
2	Kacheliba Municipality	106,000,000	-	11,750,000	278,359,300	29,392,675
	Total	120,150,000	-	16,325,000	290,084,300	32,230,556

Source: *West Pokot County Treasury*

3.47.14 Expenditure on Domestic and Foreign Travel

Expenditure on domestic travel amounted to Kshs.269.93 million and comprised Kshs.120.40 million spent by the County Assembly and Kshs.149.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.66 million, solely incurred by the County Executive. Expenditure on foreign travel is summarised in Table 3.698

Table 3.698: Summary of Expenditure on Foreign Travel in the First Half of FY 2025/26

Arm of County Government	Number of Officers Travelled	Date travelled	Purpose of the travel	Destination	Actual Payment on Travel (a) (Kshs.)	Accrued Expenditure on Travel (b) (Kshs.)	Total Expenditure on Travel (c=a+b) (Kshs.)
County Executive	2	24th November to 28th November 2025	Attendance at the workshop for boards, Audit Committee, CEOs, and heads of internal Audit	Istanbul, Turkey	1,794,380	-	1,794,380
County Executive	1	13th December to 20th December 2025	Attendance at the International Conference of Business Analytics and Intelligence (2025-ICBAI)	Tamilnadu, India	697,291	-	697,291
County Executive	2	8th December to 15th December 2025	Attendance at the Strong Cities Network Sixth Global Summit	Toronto, Canada	2,171,021	-	2,171,021
Total					4,662,692	-	4,662,692

Source: *West Pokot County Treasury and County Assembly*

3.47.15 Facility Improvement Financing

During the review period, the County reported collections of Kshs.124.71 million as FIF, which was 65 per cent of the annual target of Kshs.192.81 million. The collected amount was retained and utilised at source in line with the Facility Improvement Financing Act, 2023. The County, however, has not developed regulations to operationalise the FIF Act of 2023.

The expenditure by the health facilities amounted to Kshs.63.81 million, as shown in Table 3.699

Table 3.699: West Pokot County Health Facilities Expenditure Performance in the first half of FY 2025/26

No.	Health Facility	Number of Facilities	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1.	Kapenguria County Referral Hospital	1	132,800,000	32,570,846	25
2.	Kacheliba Sub-County Hospital	1	24,005,000	3,036,400	13
3.	Chepareria Sub-County Hospital	1	20,000,000	2,252,831	11
4.	Sigor Sub County Hospital	1	16,000,000	3,144,150	20
5.	Level 2 and 3 Facilities	69	60,000,000	22,800,950	38
	Total	**73**	**252,805,000**	**63,805,177**	**25**

Source: *West Pokot County Treasury*

3.47.16 Development Expenditure

In the review period, the County reported spending Kshs.256.48 million on development programmes, representing an increase of 6 per cent compared to FY 2024/25, when the County spent Kshs.241.44 million. Table 3.700 summarises the development projects with the highest expenditure in the reporting period.

Table 3.700: West Pokot County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative Project Expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
County Funded Projects										
1.	Health and Sanitation	Construction of the Makutano Subcounty Hospital (Phase 2)	Mnangei	01/07/2025	01/03/2026	31,873,414	24,873,414	15,862,026	15,862,026	50
2.	Health and Sanitation	Equipping of Modern Morgue at KCRH	Kapenguria	03/02/2025		19,500,000	19,500,000	19,500,000	19,500,000	100
3.	Education and Technical Training	Completion of Education Administration Block	Kapenguria	23/02/2023	30/11/2025	36,812,987	22,767,066	-	14,500,000	90
4.	Water, Environment, Natural Resources, and Climate Change	Upgrading of Kasei Borehole to Solar Power	Kasei	15/03/2024	30/06/2024	1,999,376	1,704,985	1,999,376	1,999,376	100
5.	County Executive	Proposed Renovation of Staff House at Governor's Residence	Kapenguaria	14/07/2025	15/09/2025	4,992,013	4,999,013	4,999,013	4,999,013	100
6.	Education and Technical Training	Construction of ECDE Classrooms	Lelan	28/04/2025	28/06/2025	9,999,990	10,000,000	4,999,995	4,999,995	100
7.	Livestock, Fisheries and Veterinary Services	Purchase of Boma Rhodes Seeds	Kapenguria	15/03/2022	15/04/2022	1,798,802	1,798,802	1,798,802	1,798,802	100
8.	Trade, Industrialization, Energy, and Cooperative Development	Construction of Fresh Produce Market	Seker	16/12/2024	30/06/2026	109,209,105	30,000,000	90,000,000	90,000,000	82
9.	Youth Affairs, Sports, Tourism, Culture, and Social Services.	Proposed Construction of Social Hall at Siyoi Advisory Centre	Siyoi	01/30/2025	31/12/2025	24,142,252	15,000,000	24,142,252	24,142,252	100

No	Sector	Project Name	Project Location	Project Commencement Date	Expected date of Completion of the Project	Contract sum (Kshs)	Total Funding in FY 2025/26 (Kshs.)	Expenditure (on an accrual basis) in the First Half of FY 2025/26 (Kshs.)	Cumulative Project Expenditure (in accrual basis) as of 31st December 2025 (Kshs.)	Percentage (%) of Completion
10.	County Executive	Proposed External Works at the Governor's Residence	Kapenguria	09/05/2024	09/07/2024	4,851,120	852,000	851,120	4,851,120	100

Source: *West Pokot County Treasury*

The County reported four (4) stalled development projects as of 31st December 2025, with an estimated value of Kshs.660 million, of which Kshs.108 million has already been paid. The stalled projects are shown in Table 3.701.

Table 3.701: West Pokot County Stalled Projects as of 31st December 2025

No	Sector	Project Name	Project Location	Project Start Date	Expected Completion Date of the Project	Estimated Value of the Project (Kshs.)	Amount Paid on the stalled project (Kshs.)	Accrued Expenditure on the stalled project (Kshs.)	Outstanding Unpaid Balance As of 31st December 2025	Percentage of Completion before stalling of the Project
1.	Trade, Industrialization, Energy, and Cooperative Development	Completion of West Pokot Milk Processing Plant	Lelan	2020/2021	30/06/2022	400,000,000	28,000,000	372,000,000	372,000,000	7
2.	Trade, Industrialization, Energy, and Cooperative Development	Completion of West Pokot Mango Processing Plant	Lomut	2020/2021	30/06/2022	150,000,000	15,000,000	135,000,000	135,000,000	10
3.	County Assembly	Completion of Residential Building (Speakers Residence)	Kapenguria	03/01/2014		68,000,000	32,000,000	36,000,000	36,000,000	70
4.	County Assembly	Completion of the Restaurant	Kapenguria	03/01/2014		42,000,000	33,000,000	9,000,000	9,000,000	98

Source: *West Pokot County Treasury*

3.47.17 Budget Performance by Department

Table 3.702 summarises the approved budget allocation, expenditure, and absorption rate by departments in the period under review.

Table 3.702: West Pokot County, Budget Allocation and Absorption Rate by Department in the first half of FY 2025/26

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	357.78	89.89	124.02	8.19	124.02	8.19	100	100	35	9
Finance and Economic Planning	303.53	2.80	147.75	-	147.75	-	100	-	49	-
Public Works, Transport and Infrastructure	102.52	253.73	42.81	58.63	42.81	58.63	100	100	42	23
Health and Sanitation	2,221.62	638.25	910.40	44.55	910.40	44.55	100	100	41	7

Department	Revised Budget Allocation (Kshs.Million)		Exchequer Received (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education and Technical Training	587.40	227.84	296.25	7.19	296.25	7.19	100	100	50	3
Agriculture and Irrigation	86.25	407.76	45	-	45	-	100	-	52	-
Livestock, Fisheries and Veterinary Services	92.84	53.25	35.93	4.10	35.93	4.10	100	100	39	8
Trade, Industrialization, Energy, and Cooperative Development	67.16	70.20	25.09	30	25.09	30	100	100	37	43
Lands, Housing, Physical Planning, and Urban Development	191.76	110.54	78	4.59	78	4.59	100	100	41	4
Water, Environment, Natural Resources, and Climate Change	83.92	513.69	26.80	65.06	26.80	65.06	100	100	32	13
Youth Affairs, Sports, Tourism, Culture, and Social Services.	74.90	163.57	37.69	34.16	37.69	34.16	100	100	50	21
County Public Service Management, ICT, and Decentralized Units	698.02	355.50	248.83	-	248.83	-	100	-	36	-
Special Programmes	114.54	-	29.96	-	29.96	-	100	-	26	-
West Pokot County Assembly	699.02	60	319	-	319	-	100	-	46	-
Total	**5,681.27**	**2,947.21**	**2,367.59**	**256.48**	**2,367.59**	**256.48**	**100**	**100**	**42**	**9**

***Source**: West Pokot County Treasury*

Analysis of departmental expenditure shows that the Department of Trade, Industrialization, Energy and Cooperative Development recorded the highest absorption rate of the development budget at 43 per cent, followed by the Department of Public Works, Transport and Infrastructure at 23 per cent. The Department of Agriculture and Irrigation had the highest recurrent expenditure-to-budget ratio at 52 per cent, while the Department of Special Programmes had the lowest at 26 per cent.

3.47.18 Budget Execution by Programmes and Sub-Programmes

Table 3.703 summarises the budget execution by programmes and sub-programmes in the period under review, which had the highest absorption rate.

Table 3.703: Budget execution by Programmes and Sub-Programmes

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
	Dev	Dev	Dev
DEVELOPMENT			
Trade, Industrialisation, Investment, and Cooperative Development			
General Administration, Planning and Support Services	50,300,000	30,000,000	60
Lands, Housing, Physical Planning, and Urban Development			
Land Policy and Physical Planning	7,000,000	2,999,526	42
Water, Environment, and Natural Resources			
Climate Change	250,000,000	62,309,494	25
Pastoral Economy			
Livestock Production and Range Management	20,998,740	2,998,740	15

Programme/ Sub-Programme	Gross Approved Estimates FY 2025/26 (Kshs.)	Expenditure (including accrued expenditure) as of 31st December 2025 (Kshs.)	Absorption Rate (%)
	Dev	Dev	Dev
Lands, Housing, Physical Planning, and Urban Development			
Ward Specific	11,392,777	1,523,400	14
RECURRENT			
Education and Technical Training			
Youth Vocational Training	25,827,000	21,368,200	83
Tourism, Youth, Sports, and Culture			
Gender, Youth, and Sports Development	17,924,271	14,845,500	83
Health and Sanitation			
Preventive Health Services	127,464,075	8,360,365	61
Agriculture and Irrigation			
Livestock Production and Range Management	76,681,117	45,003,928	59
Pastoral Economy			
Livestock Production and Range Management	7,400,000	4,000,000	54

Source: *West Pokot County Treasury*

The development sub-programmes with the highest budget implementation rates included General Administration, Planning and Support Services in the Department of Trade, Industrialisation, Investment and Cooperative Development at 60 per cent, Land Policy and Physical Planning in the Department of Lands, Housing, Physical Planning and Urban Development at 42 per cent, and Climate Change at 25 per cent. For recurrent sub-programmes, the top performers were Youth Vocational Training in the Department of Education and Technical Training at 83 per cent, Gender, Youths and sports Development in the Department of Tourism, Youth, Sports and Culture at 83 per cent, Preventive Health Services in the Department of Health and Sanitation at 61 per cent, and Livestock production and Range Management at 59 per cent.

Most Departments had zero absorption rates in the sub-programmes, both in development and recurrent activities.

3.47.19 Accounts Operated in Commercial Banks

Regulation 82(1)(b) of the PFM (County Governments) Regulations, 2015, requires that County Government bank accounts be opened and maintained at the Central Bank of Kenya. The only exception applies to imprest bank accounts for petty cash and revenue collection.

Further, Regulation 82(4) of the Public Finance Management (PFM) Act requires accounting officers to obtain written authorisation from the County Treasury before opening a commercial bank account. Additionally, Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015, requires the County Treasury to submit a copy of the letter authorising an accounting officer to open a commercial bank account to the Controller of Budget.

The County Government operated twenty-four accounts with commercial banks, including seven for Health Facilities, seven for Vocational Training Centres, five for Established Funds, two revenue accounts, and three imprest accounts.

The County Treasury did not submit copies of authorisation letters to the Controller of Budget for opening 24 commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

3.47.20 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the West Pokot County budget, the CoB made the following observations, which hampered effective budget implementation;

i. Low development performance in the review period as the County incurred Kshs.256.48 million on development activities, achieving a 9 per cent absorption rate.
ii. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB within the timelines provided by law, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the West Pokot County

Assembly Car Loans and Mortgage Fund, and Emergency Fund were not submitted to the CoB as of 31st December 2025.

iii. High level of trade payables, which amounted to Kshs.276.48 million as of 31st December 2025. Furthermore, the County Treasury failed to adhere to the trade payables payment plan.

iv. Non-submission of copies of authorisation letters for opening commercial bank accounts as per Regulation 82(5) of the Public Finance Management (County Governments) Regulations, 2015.

v. The County reported Kshs.34.06 million under "*other operating expenses,*" accounting for 5 per cent of total operation and maintenance costs. The review revealed that this category was misused to record items with specific budget codes. Several expenditure items were recorded with vague or generic descriptions, making it difficult to determine their nature and map them to the correct budget codes.

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

i. *The County should implement strategies to increase development expenditures in FY 2025/26.*

ii. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

iii. *The County Leadership should address the situation of trade payables to ensure that genuine bills are paid promptly in the remaining financial year. Further, compliance with the Trade Payables Action Plan should be enforced.*

iv. *The County Treasury should ensure it submits copies of authorisation letters to the CoB for opening commercial bank accounts to enhance accountability and oversight.*

v. *The County Treasury should adhere to the approved budget classification framework by ensuring that all expenditures are recorded under their specific budget codes rather than being aggregated under the "Other Operating Expenses" category.*

4. KEY OBSERVATIONS AND RECOMMENDATIONS

4.1. Introduction

This section highlights the issues that affected budget implementation and reporting in the first half of FY 2025/26 and provides recommendations to address the challenges. The cross-cutting challenges included the following:

4.2. Delay by the National Treasury to disburse the Equitable Share of Revenue raised nationally.

For effective budget implementation, predictability and timely release of funds are essential. Article 206 establishes the Consolidated Fund, while Article 207 establishes the County Revenue Funds. The County Allocation of Revenue Act of 2025 allocates an equitable of Kshs.415 billion to the County Governments from the ordinary revenue generated by the National Government for the financial year 2025/26. This amount is to be disbursed monthly from the Consolidated Fund to the respective County Revenue Funds, in accordance with an approved disbursement schedule, which requires that disbursements shall be made on the 15th day of each month.

Observation: As of December 31, 2025, the National Treasury had disbursed Kshs.172.73 billion as the equitable share for the FY 2025/26. However, by the end of the first half, a one-month lag had occurred, as the National Treasury had not yet disbursed the December allocation of Kshs.33.20 billion. This delay negatively impacted the County Governments' cash flows and hindered effective budget implementation.

Recommendation: *The National Treasury should ensure the timely disbursement of the equitable share of revenue raised nationally, in accordance with the disbursement schedule. Disbursements from the Consolidated Fund to the County Funds should be made by the 15th day of each month.*

4.3. Underperformance in Own-Source Revenue Collection

Article 209(3) of the Constitution allows County Governments to impose property rates, entertainment taxes, and any other taxes authorised by an Act of Parliament.

Observation: In the first half of FY 2025/26, County Governments generated a total of Kshs.26.94 billion in own-source revenue, including the Facility Improvement Financing. This amount represents 27 per cent of their annual revenue target of Kshs.99.73 billion. The shortfall in revenue generation has led to budget deficits, impeding the successful execution of planned activities. Six County Governments collected 20 per cent or less of their own-source revenue targets, while twenty Counties achieved between 21 and 30 per cent. Sixteen Counties performed between 31 and 40 per cent, two Counties reached between 41 and 50 per cent, and three Counties exceeded 50 per cent.

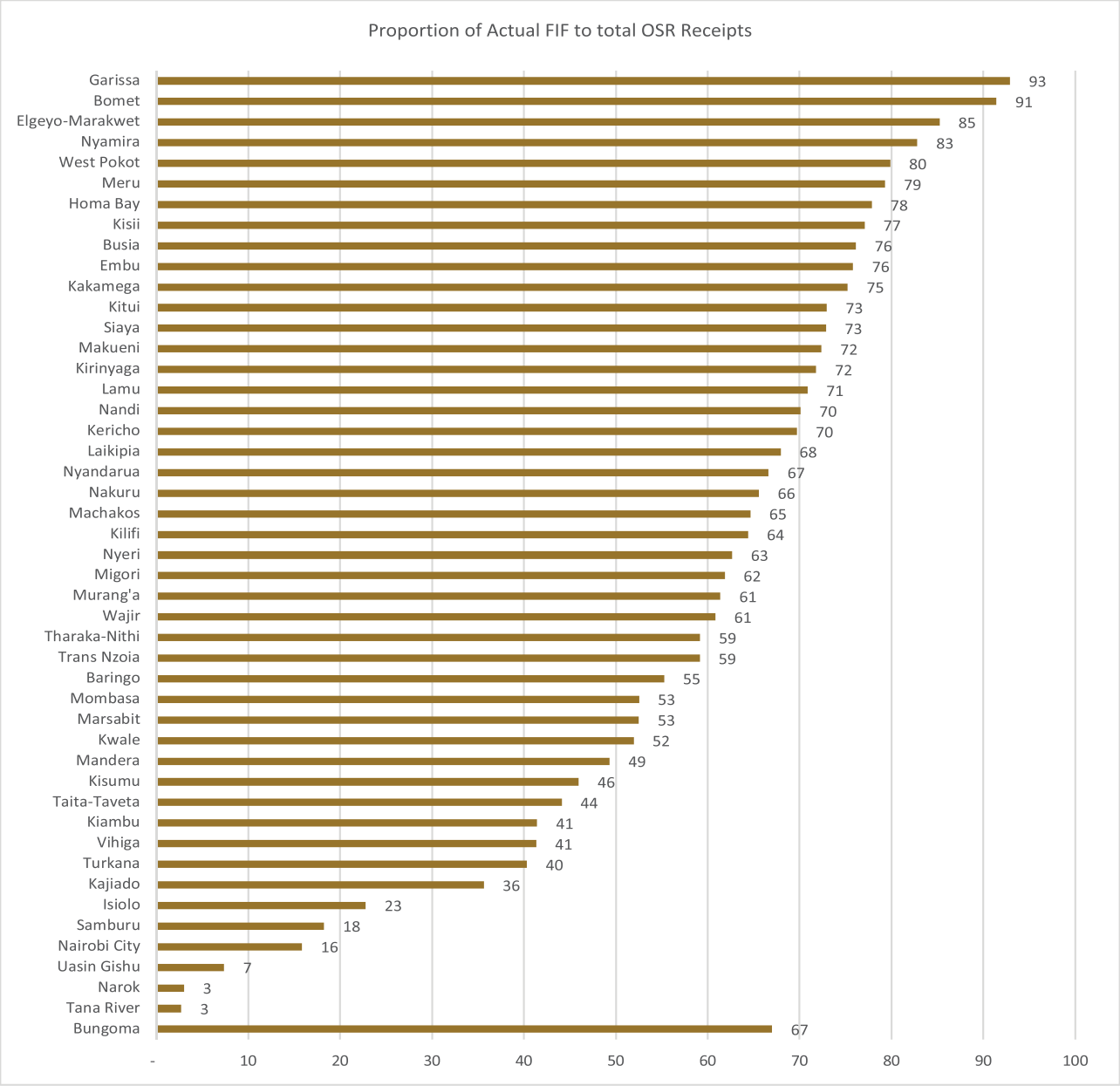
Recommendation: *County Governments should develop and implement strategies to improve their administration and revenue collection processes. They are encouraged to adopt innovative strategies to expand the revenue base and recover outstanding revenue arrears, which had totalled Kshs.143.04 billion as of December 31, 2025.*

4.4. Increased Overdependence on Funding from Facility Improvement Financing

The Facilities Improvement Financing Act of 2023 establishes an efficient, secure, and accountable mechanism for collecting, retaining, and managing revenue derived from health services provided at public health facilities. It also encourages equitable financing for health facility improvements, including benefit-sharing, in accordance with relevant laws.

According to Section 107(2)(f) of the Public Finance Management (PFM) Act of 2012, the County Treasury is responsible for managing the County Government's public finances while ensuring that fiscal risks are handled prudently.

Observation: During the first half of FY 2025/26, revenue from Facilities Improvement Financing (FIF) accounted for more than 50 per cent of total local revenue in 34 counties, an increase from 28 counties in the first quarter of the FY 2025/26. This significant growth can be attributed to several factors, including improvements in county-level health service delivery. While this progress is encouraging, it raises concerns about the potential overreliance on a single revenue source.



Recommendations: *While the CoB commends County FIF's performance, it advises counties to also focus on improving collections from other revenue streams. This approach will help reduce the risk of overdependence on a single funding source.*

4.5. High Levels of Trade Payables

Regulation 41(2) of the Public Finance Management (County Governments) Act of 2012 states: "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."

Observation: As of December 31, 2025, the Controller of Budget indicated that County Governments had accumulated trade payables of Kshs.163.74 billion. Earlier figures were, Kshs.183.03 billion as of June 30, 2025, and Kshs.177.47 billion as of September 30, 2025. The high level of trade payables poses challenges to service delivery and disrupts business operations.

Recommendations: *County Governments should prioritise settling eligible trade payables in their budgets, in accordance with legal regulations. Furthermore, they should adhere to the trade payables action plan established for the fiscal year 2025/26.*

4.6. Low Expenditure on Development Programmes

According to Section 107(2)(b) of the Public Finance Management (PFM) Act of 2012, at least 30 per cent of County Governments' budgets should be allocated to development expenditures over the medium term. Additionally, Regulation 25(1)(g) of the PFM (County Governments) Regulations 2015 stipulates that the actual spending of county governments on development should align with this requirement.

Observation: In the first half of FY 2025/26, County Governments spent Kshs.32.49 billion for development activities, representing an absorption rate of only 14 per cent of the total annual development budget of Kshs 228.20 billion. This marks a decrease from the Kshs 33.60 billion spent in the same period of FY 2024/25. A closer look shows that 17 County Governments had development performance rates of 10 per cent or lower, while 28 Counties reported performance between 11 and 29 per cent. Only 2 counties achieved performance levels above 30 per cent.

Recommendation: *The CoB recommends that County Governments enhance their spending from development budgets in the remaining months of FY 2025/26. Taking this step will help boost the absorption rate of development funds and foster overall progress at the county level.*

4.7. Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County governments are obligated to prepare and submit both financial and non-financial reports as required by Section 166(4) and Section 168(3) of the Public Finance Management (PFM) Act, 2012. These reports should be submitted no later than one month after the end of each quarter. Additionally, Section 16 of the Controller of Budget Act, 2016, mandates that Accounting Officers cooperate with the Controller of Budget and respond promptly to any inquiries.

According to these regulations, the Controller of Budget has set the submission deadline for financial and non-financial reports for the review period as 15th January, 2026

Observation: Despite legal requirements, County Governments delayed the submission of their financial and non-financial reports within the recommended timeline. This delay delayed the timely finalisation of the County Budget Implementation Review Report for the first half of FY 2025/26. Several County Governments submitted their reports late, with 11 counties, including Laikipia, Isiolo, Kakamega, Mombasa, Narok, Turkana, Bomet, Nyeri, Nairobi, Tharaka-Nithi, and Nandi, submitting their reports in February 2026.

Recommendation: *County Governments should establish mechanisms to ensure compliance with the legal requirements for submitting quarterly financial and non-financial reports to the Controller of Budget, as outlined in the law.*

5. CONCLUSION

The Budget Implementation Review Report for County Governments is prepared and published as mandated by Article 228(6) of the Constitution. This article requires the Controller of Budget (CoB) to present a report on the status of budget implementation for both the National and County governments to each House of Parliament every four months. This report provides an overview of budget implementation for the first half of FY 2025/26, analysing revenue performance and expenditures against annual targets, and highlighting the main challenges faced by county governments during the period.

In the FY 2025/26, the total budget for County Governments amounts to Kshs.619.87 billion. This total includes Kshs.228.20 billion (37 per cent) allocated for development expenses and Kshs.391.67 billion (63 per cent) devoted to recurrent expenses. In the reporting period, county governments collected Kshs.26.94 billion in own-source revenue, representing 27 per cent of the annual target of Kshs.99.73 billion. This collection consists of Kshs.Kshs.14.23 billion from ordinary own-source revenue and Kshs.12.70 billion from the Facility Improvement Fund.

The equitable share of revenue raised nationally and disbersed to County Revenue Funds for the financial year reached Kshs.172.73 billion. Counties also received an additional Kshs.1.08 billion in extra allocations, along with a carryover balance from FY 2024/25 of Kshs.26.40 billion. Consequently, county governments had a total of Kshs.227.15 billion available for expenditure in the first half of FY 2025/26. Total expenditures for this period amounted to Kshs.192.59 billion, reflecting an absorption rate of 31per cent of the annual budget of Kshs.619.87 billion. Recurrent expenditures totalled Kshs.160.10 billion, which constitute 41 per cent of the annual recurrent budget, while development expenditure was Kshs.32.49 billion, representing a 14 per cent absorption rate.

The Controller of Budget underscores the need to address the challenges identified in the report to enhance budget implementation. Issues including delays in releasing the equitable share from the National Treasury, inadequate own-source revenue collection, excessive reliance on facility-improvement financing, high levels of trade payables, and low expenditure in development programs have impeded effective budget utilisation.

To address these challenges, both the County Executive and the County Assembly need to collaborate in implementing the recommendations outlined in Chapter Four of this report. By doing so, they can improve revenue collection, ensure timely access to funds, focus on development projects, and ultimately enhance service delivery and economic growth. These actions will not only bolster budget performance but also improve the overall financial health of county governments, paving the way for sustainable development.

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