



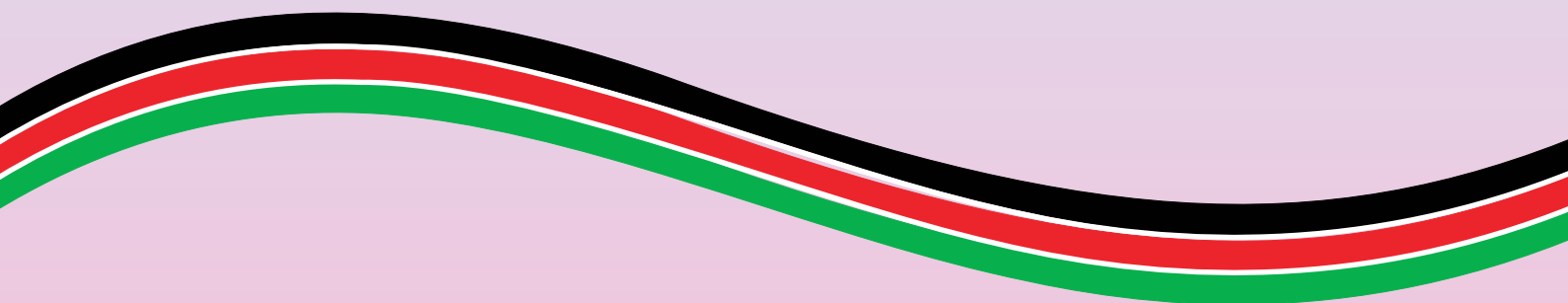
THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW
REPORT

FOR THE FIRST NINE MONTHS OF
FY 2021/22

MAY, 2022





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FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya to oversee budget implementation for both the national and county governments by approving the withdrawal of funds and reporting to each House of Parliament every four months. Precisely, Article 228(6) of the Constitution of Kenya and Section 9 of the Controller of Budget Act, 2016 require the Controller of Budget (CoB) to submit to Parliament quarterly budget implementation reports for the national and county governments within thirty days after the end of each quarter.

In fulfilment of this mandate, I am pleased to present the County Governments' Budget Implementation Review Report (CBIRR) for the first nine months of the Financial Year (FY) 2021/22, covering July 2021 to March 2022. The preparation of this report is based on the approved budget for the FY 2021/22 by county governments, financial and non-financial performance reports for the first nine months of the financial year under review submitted to OCoB in line with Sections 166 and 168 of the Public Finance Management Act (PFM Act), and data extracted from the Integrated Financial Management Information System (IFMIS).

The report examines budget implementation by the forty-seven County governments and presents the budget performance analysis of the approved budget, receipts into the County Revenue Fund, exchequer issues, expenditure by the major economic classification of Personnel Emoluments, Operations and Maintenance and Development Expenditure, expenditure by programmes, and the absorption of funds against the approved budget allocation. The report also highlights key issues identified that hampered budget implementation during the period and contains appropriate recommendations to address these issues. All the 47 County Governments are expected to implement the applicable recommendations to ensure effective budget implementation.

The publication of this report will hopefully help promote prudent use of public funds and further ensure that information on budget implementation is available to members of the public to enable them to hold the duty bearers to account.



Dr. Margaret Nyakang'o, CBS
CONTROLLER OF BUDGET

TABLE OF CONTENTS

FOREWORD.....	II
ACRONYMS	XVI
EXECUTIVE SUMMARY	XVIII
KEY HIGHLIGHTS	XX
1 INTRODUCTION	1
2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST NINE MONTHS OF FY 2021/22INTRODUCTION	2
2.1 Revenue Analysis	2
2.2 Funds Released to the Counties	3
2.3 Expenditure Analysis	4
3 BUDGET PERFORMANCE BY COUNTY	10
3.1 County Government of Baringo	10
3.2 County Government of Bomet	19
3.3 County Government of Bungoma	29
3.4 County Government of Busia	41
3.5 County Government of Elgeyo Marakwet	51
3.6 County Government of Embu	61
3.7 County Government of Garissa	70
3.8 County Government of Homa Bay	78
3.9 County Government of Isiolo	88
3.10 County Government of Kajiado	98
3.11 County Government of Kakamega	107
3.12 County Government of Kericho	118
3.13 County Government of Kiambu	127
3.14 County Government of Kilifi	136
3.15 County Government of Kirinyaga	145
3.16 County Government of Kisii	154
3.17 County Government of Kisumu	162
3.18 County Government of Kitui	172
3.19 County Government of Kwale	181
3.20 County Government of Laikipia	190
3.21 County Government of Lamu	200
3.22 County Government of Machakos	207
3.23 County Government of Makueni	217
3.24 County Government of Mandera	226
3.25 County Government of Marsabit	232
3.26 County Government of Meru	240

3.27	County Government of Migori	249
3.28	County Government of Mombasa.....	260
3.29	County Government of Murang'a.....	268
3.30	County Government of Nairobi City.....	277
3.31	County Government of Nakuru.....	287
3.32	County Government of Nandi.....	301
3.33	County Government of Narok	308
3.34	County Government of Nyamira	318
3.35	County Government of Nyandarua	326
3.36	County Government of Nyeri.....	335
3.37	County Government of Samburu.....	343
3.38	County Government of Siaya	354
3.39	County Government of Taita Taveta.....	362
3.40	County Government of Tana River.....	369
3.41	County Government of Tharaka Nithi	378
3.42	County Government of Trans Nzoia.....	387
3.43	County Government of Turkana.....	395
3.44	County Government of Uasin Gishu.....	412
3.45	County Government of Vihiga.....	423
3.46	County Government of Wajir.....	432
3.47	County Government of West Pokot	443
4	KEY CHALLENGES AND RECOMMENDATIONS	454
4.1	Introduction.....	454
4.2	Under-performance in Own Source Revenue Collection	454
4.3	Low Expenditure on the Development Budget.....	454
4.4	High Expenditure on Personnel Emoluments	454
4.5	High Level of Pending Bills.....	455
4.6	Use of Manual Systems to Process Payroll	455
4.7	Weak Accountability for County Established Funds	455
5	CONCLUSION.....	457

LIST OF TABLES

Table 2.1:	Own Source Revenue Collection for the First Nine Months of FY 2021/22.....	2
Table 2.2:	Expenditure by Major Economic Classification - First Nine Months of FY 2021/22	4
Table 2.3:	County Budget Allocation, Expenditure and Absorption Rate for First Nine Months FY 2021/22.....	6
Table 2.4:	MCAs Budget Allocation, Expenditure and Absorption Rate in First Nine Months	FY 2021/22 8
Table 3.1	Baringo County, Revenue Performance in the First Nine Months of FY 2021/22	10
Table 3.2 :	Summary of Budget and Expenditure by Economic Classification.....	12
Table 3.3:	County Established Fund performance as of 31st March 2022.....	12
Table 3.4:	Baringo County, List of Development Projects with the Highest Expenditure	14
Table 3.5:	Baringo County, Budget Performance by Department	14
Table 3.6:	Baringo County, Budget Execution by Programmes and Sub-programmes	15
Table 3.7:	Bomet County, Revenue Performance in the First Nine Months of FY 2021/22.....	20
Table 3.8:	Summary of Bomet County Pending Bill.....	22
Table 3.9:	Summary of Budget and Expenditure by Economic Classification.....	22
Table 3.10:	County Established Fund performance as of 31st March 2022.....	23
Table 3.11:	Bomet County, List of Development Projects with the Highest Expenditure	24
Table 3.12:	Bomet County, Budget Performance by Department.....	25
Table 3.13:	Bomet County, Budget Execution by Programmes	26
Table 3.14:	Bungoma County, Revenue Performance in the First Nine Months of FY 2021/22.....	29
Table 3.15:	Summary of Budget and Expenditure by Economic Classification.....	31
Table 3.16:	County Established Fund performance as of 31st March 2022.....	31
Table 3.17:	Bungoma County, List of Development Projects with the Highest Expenditure	32
Table 3.18:	Bungoma County, Budget Performance by Department.....	33
Table 3.19:	Bungoma County, Budget Execution by Programmes and Sub-programmes	33
Table 3.20:	Busia County, Revenue Performance in the First Nine Months of FY 2021/22	41
Table 3.21:	Summary of Budget and Expenditure by Economic Classification.....	43
Table 3.22:	County Established Fund performance as of 31st March 2022.....	43
Table 3.23:	Busia County, List of Development Projects with the Highest Expenditure	44
Table 3.24:	Busia County, Budget Performance by Department	45
Table 3.25:	Busia County, Budget Execution by Programmes and Sub-programmes	46
Table 3.26:	Elgeyo Marakwet County, Revenue Performance in the First Nine Months of FY 2021/22.....	51
Table 3.27:	Summary of Budget and Expenditure by Economic Classification.....	53
Table 3.28:	County Established Fund performance as of 31st March 2022.....	53

Table 3.29:	Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure	55
Table 3.30:	Elgeyo Marakwet County, Budget Performance by Department.....	55
Table 3.31:	Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes	56
Table 3.32:	Embu County, Revenue Performance in the First Nine Months of FY 2021/22.....	61
Table 3.33:	Summary of Budget and Expenditure by Economic Classification.....	63
Table 3.34:	County Established Fund performance as of 31st March 2022.....	63
Table 3.35:	Embu County, List of Development Projects with the Highest Expenditure	65
Table 3.36:	Embu County, Budget Performance by Department.....	65
Table 3.37:	Embu County, Budget Execution by Programmes and Sub-programmes	66
Table 3.38:	Garissa County, Revenue Performance in the First Nine Months of FY 2021/22	71
Table 3.39:	Summary of Budget and Expenditure by Economic Classification.....	72
Table 3.40:	County Established Fund performance as of 31st March 2022.....	73
Table 3.41:	Garissa County, List of Development Projects with the Highest Expenditure	74
Table 3.42:	Garissa County, Budget Performance by Department	74
Table 3.43:	Garissa County, Budget Execution by Programmes and Sub-programmes	75
Table 3.44:	Homa Bay County, Revenue Performance in the First Nine Months of FY 2021/22	78
Table 3.45:	Summary of Budget and Expenditure by Economic Classification.....	80
Table 3.46:	County Established Fund performance as of 31st March 2022.....	81
Table 3.47:	Homa Bay County, List of Development Projects with the Highest Expenditure	82
Table 3.48:	Homa Bay County, Budget Performance by Department	82
Table 3.49:	Homa Bay County, Budget Execution by Programmes and Sub-programmes	83
Table 3.50:	Isiolo County, Revenue Performance in the First Nine Months of FY 2021/22	89
Table 3.51:	Summary of Budget and Expenditure by Economic Classification.....	90
Table 3.52:	County Established Fund performance as of 31st March 2022.....	91
Table 3.53:	Isiolo County, List of Development Projects with the Highest Expenditure	92
Table 3.54:	Isiolo County, Budget Performance by Department	92
Table 3.55:	Isiolo County, Budget Execution by Programmes and Sub-programmes	93
Table 3.56:	Kajiado County, Revenue Performance in the First Nine Months of FY 2021/22.....	98
Table 3.57:	Summary of Budget and Expenditure by Economic Classification.....	99
Table 3.58:	County Established Fund performance as of 31st March 2022.....	100
Table 3.59:	Kajiado County, List of Development Projects with the Highest Expenditure	101
Table 3.60:	Kajiado County, Budget Performance by Department.....	102
Table 3.61:	Kajiado County, Budget Execution by Programmes and Sub-programmes Recurrent Programmes	103
Table 3.62 :	Kakamega County, Revenue Performance in the First Nine Months of FY 2021/22.....	107
Table 3.63:	Summary of Budget and Expenditure by Economic Classification.....	109

Table 3.64:	County Established Fund performance as of 31st March 2022.....	109
Table 3.65:	Kakamega County, List of Development Projects with the Highest Expenditure	111
Table 3.66:	Kakamega County, Budget Performance by Department.....	111
Table 3.67:	Kakamega County, Budget Execution by Programmes and Sub-programmes	112
Table 3.68:	Kericho County, Revenue Performance in the First Nine Months of FY 2021/22	119
Table 3.69:	Summary of Budget and Expenditure by Economic Classification.....	120
Table 3.70:	County Established Fund performance as of 31st March 2022.....	121
Table 3.71:	Kericho County, List of Development Projects with the Highest Expenditure	122
Table 3.72:	Kericho County, Budget Performance by Department	123
Table 3.73:	Kericho County, Budget Execution by Programmes and Sub-programmes	124
Table 3.74:	Kiambu County, Revenue Performance for the first nine months of FY 2021/22.....	127
Table 3.75:	Summary of Budget and Expenditure by Economic Classification.....	129
Table 3.76:	County Established Fund performance as of 31st March 2022.....	130
Table 3.77:	Kiambu County, List of Development Projects with the Highest Expenditure	131
Table 3.78:	Kiambu County, Budget Performance by Department.....	131
Table 3.79:	Kiambu County, Budget Execution by Programmes and Sub-programmes	132
Table 3.80:	Kilifi County, Revenue Performance in the First Nine Months of FY 2021/22.....	137
Table 3.81:	Summary of Budget and Expenditure by Economic Classification.....	138
Table 3.82:	County Established Fund performance as of 31st March 2022.....	139
Table 3.83:	Kilifi County, List of Development Projects with the Highest Expenditure	140
Table 3.84:	Kilifi County, Budget Performance by Department.....	141
Table 3.85:	Kilifi County, Budget Execution by Programmes and Sub-programmes	142
Table 3.86:	Kirinyaga County, Revenue Performance in the First Nine Months of FY 2021/22.....	145
Table 3.87:	Summary of Budget and Expenditure by Economic Classification.....	147
Table 3.88:	County Established Fund performance as of 31st March 2022.....	148
Table 3.89:	Kirinyaga County, List of Development Projects with the Highest Expenditure	149
Table 3.90:	Kirinyaga County, Budget Performance by Department.....	149
Table 3.91:	Kirinyaga County, Budget Execution by Programmes and Sub-programmes	150
Table 3.92:	Kisii County, Revenue Performance in the First Nine Months of FY 2021/22.....	154
Table 3.93:	Summary of Budget and Expenditure by Economic Classification.....	156
Table 3.94:	County Established Fund performance as of 31st March 2022.....	156
Table 3.95:	Kisii County, List of Development Projects with the Highest Expenditure	157
Table 3.96:	Kisii County, Budget Performance by Department.....	158
Table 3.97:	Kisii County, Budget Execution by Programmes and Sub-programmes	159
Table 3.98:	Kisumu County, Revenue Performance in the First Nine Months of FY 2021/22	162
Table 3.99:	Summary of Budget and Expenditure by Economic Classification.....	164

Table 3.100:	County Established Fund performance as of 31st March 2022.....	165
Table 3.101:	Kisumu County, List of Development Projects with the Highest Expenditure	166
Table 3.102:	Kisumu County, Budget Performance by Department.....	166
Table 3.103:	Kisumu County, Budget Execution by Programmes and Sub-programmes	167
Table 3.104:	Kitui County, Revenue Performance in the First Nine Months of FY 2021/22.....	172
Table 3.105:	Summary of Budget and Expenditure by Economic Classification.....	174
Table 3.106:	County Established Fund performance as of 31st March 2022.....	174
Table 3.107:	Kitui County, List of Development Projects with the Highest Expenditure	175
Table 3.108:	Kitui County, Budget Performance by Department.....	176
Table 3.109:	Kitui County, Budget Execution by Programmes and Sub-programmes	177
Table 3.110:	Kwale County, Revenue Performance in the First Nine Months of FY 2021/22.....	182
Table 3.111:	Summary of Budget and Expenditure by Economic Classification.....	183
Table 3.112:	County Established Fund performance as of 31st March 2022.....	184
Table 3.113:	Kwale County, List of Development Projects with the Highest Expenditure	185
Table 3.114:	Kwale County, Budget Performance by Department.....	185
Table 3.115:	Kwale County, Budget Execution by Programmes and Sub-programmes	186
Table 3.116:	Laikipia County, Revenue Performance in the First Nine Months of FY 2021/22.....	190
Table 3.117:	Summary of Budget and Expenditure by Economic Classification.....	192
Table 3.118:	County Established Fund performance as of 31st March 2022	192
Table 3.119:	Laikipia County, List of Development Projects with the Highest Expenditure	193
Table 3.120:	Laikipia County, Budget Performance by Department.....	194
Table 3.121:	Laikipia County, Budget Execution by Programmes and Sub-programmes	195
Table 3.122:	Lamu County, Revenue Performance in the First Nine Months of FY 2021/22	200
Table 3.123:	Summary of Budget and Expenditure by Economic Classification.....	201
Table 3.124:	County Established Fund Performance as of 31st March 2022.....	202
Table 3.125:	Lamu County, List of Development Projects with the Highest Expenditure	203
Table 3.126:	Lamu County, Budget Performance by Department	204
Table 3.127:	Lamu County, Budget Execution by Programmes and Sub-programmes	205
Table 3.128:	Machakos County, Revenue Performance in the First Nine Months of FY 2021/22.....	207
Table 3.129:	Summary of Budget and Expenditure by Economic Classification.....	209
Table 3.130:	County Established Fund performance as of 31st March, 2022.....	210
Table 3.131:	Machakos County, List of Development Projects with the Highest Expenditure	211
Table 3.132:	Machakos County, Budget Performance by Department.....	211
Table 3.133:	Machakos County, Budget Execution by Programmes and Sub-programmes	212
Table 3.134:	Makueni County, Revenue Performance in the First Nine Months of FY 2021/22.....	217
Table 3.135:	Summary of Budget and Expenditure by Economic Classification.....	219

Table 3.136:	County Established Fund performance as of 31st March 2022.....	220
Table 3.137:	Makueni County, List of Development Projects with the Highest Expenditure	221
Table 3.138:	Makueni County, Budget Performance by Department.....	221
Table 3.139:	Makueni County, Budget Execution by Programmes and Sub-programmes	222
Table 3.140:	Mandera County, Revenue Performance in the First Nine Months of FY 2021/22.....	226
Table 3.141:	Summary of Budget and Expenditure by Economic Classification.....	228
Table 3.142:	Mandera County, List of Development Projects with the Highest Expenditure	229
Table 3.143:	Mandera County, Budget Performance by Department.....	230
Table 3.144:	Mandera County, Budget Execution by Programmes and Sub-programmes	231
Table 3.145:	Marsabit County, Revenue Performance in the First Nine Months of FY 2021/22.....	232
Table 3.146:	Summary of Budget and Expenditure by Economic Classification.....	234
Table 3.147:	County Established Fund performance as of 31st March 2022.....	235
Table 3.148:	Marsabit County, List of Development Projects with the Highest Expenditure	236
Table 3.149:	Marsabit County, Budget Performance by Department	236
Table 3.150:	Marsabit County, Budget Execution by Programmes and Sub-programmes	237
Table 3.151:	Meru County, Revenue Performance in the First Nine Months of FY 2021/22.....	241
Table 3.152:	Summary of Budget and Expenditure by Economic Classification.....	243
Table 3.153:	County Established Fund performance as of 31st March 2022.....	243
Table 3.154:	Meru County, List of Development Projects with the Highest Expenditure	244
Table 3.155:	Meru County, Budget Performance by Department.....	245
Table 3.156:	Meru County, Budget Execution by Programmes and Sub-programmes	246
Table 3.157:	Migori County, Revenue Performance in the First Nine Months of FY 2021/22	249
Table 3.158:	Summary of Budget and Expenditure by Economic Classification.....	251
Table 3.159:	Migori County, List of Development Projects with the Highest Expenditure	252
Table 3.160:	Migori County, Budget Performance by Department	253
Table 3.161:	Migori County, Budget Execution by Programmes and Sub-programmes	254
Table 3.162:	Mombasa County, Revenue Performance in the First Nine Months of FY 2021/22	260
Table 3.163:	Summary of Budget and Expenditure by Economic Classification.....	262
Table 3.164:	County Established Fund performance as of 31st March 2022.....	262
Table 3.165:	Mombasa County, List of Development Projects with the Highest Expenditure	263
Table 3.166:	Mombasa County, Budget Performance by Department	264
Table 3.167:	Mombasa County, Budget Execution by Programmes and Sub-programmes	265
Table 3.168:	Murang'a County, Revenue Performance in the First Nine Months of FY 2021/22.....	269
Table 3.169:	Summary of Budget and Expenditure by Economic Classification.....	270
Table 3.170:	County Established Fund performance as of 31st March 2022.....	271
Table 3.171:	Murang'a County, List of Development Projects with the Highest Expenditure	272

Table 3.172:	Murang'a County, Budget Performance by Department.....	272
Table 3.173:	Murang'a County, Budget Execution by Programmes and Sub-programmes	273
Table 3.174:	Nairobi City County, Revenue Performance in the First Nine Months of FY 2021/22.....	277
Table 3.175:	Summary of Budget and Expenditure by Economic Classification.....	279
Table 3.176:	Nairobi City County, List of Development Projects with the Highest Expenditure	281
Table 3.177:	Nairobi City County, Budget Performance by Department.....	281
Table 3.178:	Nairobi City County, Budget Execution by Programmes and Sub-programmes	282
Table 3.179:	Nakuru County, Revenue Performance in the First Nine Months of FY 2021/22.....	288
Table 3.180:	Summary of Budget and Expenditure by Economic Classification.....	289
Table 3.181:	County Established Fund performance as of 31st March 2022.....	290
Table 3.182:	Nakuru County, List of Development Projects with the Highest Expenditure	291
Table 3.183:	Nakuru County, Budget Performance by Department	291
Table 3.184:	Nakuru County, Budget Execution by Programmes and Sub-programmes	292
Table 3.185:	Nandi County, Revenue Performance in the First Nine Months of FY 2021/22	301
Table 3.186:	Summary of Budget and Expenditure by Economic Classification.....	303
Table 3.187:	Nandi County, List of Development Projects with the Highest Expenditure	304
Table 3.188:	Nandi County, Budget Performance by Department	305
Table 3.189:	Nandi County, Budget Execution by Programmes and Sub-programmes	306
Table 3.190:	Narok County, Revenue Performance in the First Nine Months of FY 2021/22	308
Table 3.191:	Summary of Budget and Expenditure by Economic Classification.....	310
Table 3.192:	County Established Fund performance as of 31st March 2022.....	311
Table 3.193:	Narok County, List of Development Projects with the Highest Expenditure	312
Table 3.194:	Narok County, Budget Performance by Department	312
Table 3.195:	Narok County, Budget Execution by Programmes and Sub-programmes	313
Table 3.196:	Nyamira County, Revenue Performance in the First Nine Months of FY 2021/22	318
Table 3.197:	Summary of Budget and Expenditure by Economic Classification.....	320
Table 3.198:	County Established Fund performance as of 31st March 2022.....	320
Table 3.199:	Nyamira County, List of Development Projects with the Highest Expenditure	321
Table 3.200:	Nyamira County, Budget Performance by Department	322
Table 3.201:	Nyamira County, Budget Execution by Programmes and Sub-programmes	323
Table 3.202:	Nyandarua County, Revenue Performance in the First Nine Months of FY 2021/22.....	326
Table 3.203:	Summary of Budget and Expenditure by Economic Classification.....	328
Table 3.204:	County Established Fund performance as of 31st March 2022.....	328
Table 3.205:	Nyandarua County, List of Development Projects with the Highest Expenditure	330
Table 3.206:	Nyandarua County, Budget Performance by Department.....	330
Table 3.207:	Nyandarua County, Budget Execution by Programmes and Sub-programmes	331

Table 3.208:	Nyeri County, Revenue Performance in the First Nine Months of FY 2021/22.....	335
Table 3.209:	Summary of Budget and Expenditure by Economic Classification.....	337
Table 3.210:	County Established Fund performance as of 31st March 2022.....	337
Table 3.211:	Nyeri County, List of Development Projects with the Highest Expenditure	338
Table 3.212:	Nyeri County, Budget Performance by Department.....	339
Table 3.213:	Nyeri County, Budget Execution by Programmes and Sub-programmes	340
Table 3.214:	Samburu County, Revenue Performance in the First Nine Months of FY 2021/22.....	343
Table 3.215:	Summary of Budget and Expenditure by Economic Classification.....	345
Table 3.216:	County Established Fund performance as of 31st March 2022.....	345
Table 3.217:	Samburu County, List of Development Projects with the Highest Expenditure	346
Table 3.218:	Samburu County, Budget Performance by Department.....	347
Table 3.219:	Samburu County, Budget Execution by Programmes and Sub-programmes	348
Table 3.220:	Siaya County, Revenue Performance in the First Nine Months of FY 2021/22.....	354
Table 3.221:	Summary of Budget and Expenditure by Economic Classification.....	356
Table 3.222:	County Established Fund performance as of 31st March 2022.....	356
Table 3.223:	Siaya County, List of Development Projects with the Highest Expenditure	357
Table 3.224:	Siaya County, Budget Performance by Department.....	358
Table 3.225:	Siaya County, Budget Execution by Programmes and Sub-programmes	359
Table 3.226:	Taita Taveta County, Revenue Performance in the First Nine Months of FY 2021/22.....	362
Table 3.227:	Summary of Budget and Expenditure by Economic Classification.....	364
Table 3.228:	County Established Fund performance as of 31st March 2022.....	365
Table 3.229:	Taita Taveta County, List of Development Projects with the Highest Expenditure	366
Table 3.230:	Taita Taveta County, Budget Performance by Department.....	366
Table 3.231:	Taita Taveta County, Budget Execution by Programmes and Sub-programmes	367
Table 3.232:	Tana River County, Revenue Performance in the First Nine Months of FY 2021/22.....	369
Table 3.233:	Summary of Budget and Expenditure by Economic Classification.....	371
Table 3.234:	County Established Fund performance as of 31st March 2022.....	371
Table 3.235:	Tana River County, List of Development Projects with the Highest Expenditure	372
Table 3.236:	Tana River County, Budget Performance by Department.....	373
Table 3.237:	Tana River County, Budget Execution by Programmes and Sub-programmes	374
Table 3.238:	Tharaka Nithi County Revenue Performance in the First Nine Months of FY 2021/22.....	378
Table 3.239:	Summary of Budget and Expenditure by Economic Classification.....	380
Table 3.240:	County Established Fund performance as of 31st March 2022.....	380
Table 3.241:	Tharaka Nithi County, List of Development Projects with the Highest Expenditure	381
Table 3.242:	Tharaka Nithi County, Budget Performance by Department	382
Table 3.243:	Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes	383

Table 3.244:	Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2021/22	387
Table 3.245:	Summary of Budget and Expenditure by Economic Classification.....	389
Table 3.246:	County Established Fund performance as of 31st March 2022	389
Table 3.247:	Trans Nzoia County, List of Development Projects with the Highest Expenditure	391
Table 3.248:	Trans Nzoia County, Budget Performance by Department.....	391
Table 3.249:	Trans Nzoia County, Budget Execution by Programmes and Sub-programmes	392
Table 3.250:	Turkana County, Revenue Performance in the First Nine Months of FY 2021/22	395
Table 3.251:	Summary of Budget and Expenditure by Economic Classification.....	397
Table 3.252:	County Established Fund performance as of 31st March 2022	399
Table 3.253:	Turkana County, Budget Performance by Department	400
Table 3.254:	Turkana County, Budget Execution by Programmes and Sub-programmes	401
Table 3.255:	Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2021/22.....	412
Table 3.256:	Summary of Budget and Expenditure by Economic Classification.....	414
Table 3.257:	County Established Fund performance as of 31st March 2022	414
Table 3.258:	Uasin Gishu County, List of Development Projects with the Highest Expenditure	416
Table 3.259:	Uasin Gishu County, Budget Performance by Department.....	416
Table 3.260:	Uasin Gishu County, Budget Execution by Programmes and Sub-programmes	418
Table 3.261:	Vihiga County, Revenue Performance in the First Nine Months of FY 2021/22.....	423
Table 3.262:	Summary of Budget and Expenditure by Economic Classification.....	425
Table 3.263:	County Established Fund performance as of 31st March 2022	426
Table 3.264:	Vihiga County, List of Development Projects with the Highest Expenditure	427
Table 3.265:	Vihiga County, Budget Performance by Department.....	428
Table 3.266:	Vihiga County, Budget Execution by Programmes and Sub-programmes	429
Table 3.267:	Wajir County, Revenue Performance in the First Nine Months of FY 2021/22.....	433
Table 3.268:	Summary of Budget and Expenditure by Economic Classification.....	435
Table 3.269:	County Established Fund performance as of 31st March 2022	435
Table 3.270:	Wajir County, List of Development Projects with the Highest Expenditure	436
Table 3.271:	Wajir County, Budget Performance by Department.....	437
Table 3.272:	Wajir County, Budget Execution by Programmes and Sub-programmes	438
Table 3.273:	County, Revenue Performance in the First Nine Months of FY 2021/22.....	444
Table 3.274:	Summary of Budget and Expenditure by Economic Classification.....	446
Table 3.275:	County Established Fund performance as of 31st March 2022	446
Table 3.276:	West Pokot County, List of Development Projects with the Highest Expenditure	448
Table 3.277:	West Pokot County, Budget Performance by Department.....	448
Table 3.278:	West Pokot County, Budget Execution by Programmes and Sub-programmes	449

LIST OF FIGURES

Figure 3.1:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	11
Figure 3.2:	Baringo County, Operations and Maintenance Expenditure by Major Categories	13
Figure 3.3:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	21
Figure 3.4:	Bomet County, Operations and Maintenance Expenditure by Major Categories	24
Figure 3.5:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	30
Figure 3.6:	Bungoma County, Operations and Maintenance Expenditure by Major Categories	32
Figure 3.7:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	42
Figure 3.8:	Busia County, Operations and Maintenance Expenditure by Major Categories	44
Figure 3.9:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	52
Figure 3.10:	Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories	54
Figure 3.11:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	62
Figure 3.12:	Embu County, Operations and Maintenance Expenditure by Major Categories	64
Figure 3.13:	Trend in Own-Source Revenue Collection for the First Nine Months from FY2013/14 to FY 2021/22.....	71
Figure 3.14:	Garissa County, Operations and Maintenance Expenditure by Major Categories	73
Figure 3.15:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	79
Figure 3.16:	Homa Bay County, Operations and Maintenance Expenditure by Major Categories	81
Figure 3.17:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	89
Figure 3.18:	Isiolo County, Operations and Maintenance Expenditure by Major Categories	91
Figure 3.19:	Trend in Own-Source Revenue Collection for the First Nine Months from FY2013/14 to FY 2021/22.....	99
Figure 3.20:	Kajiado County, Operations and Maintenance Expenditure by Major Categories	101
Figure 3.21:	Annual Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	108
Figure 3.22:	Kakamega County, Operations and Maintenance Expenditure by Major Categories	110
Figure 3.23:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	119
Figure 3.24:	Kericho County, Operations and Maintenance Expenditure by Major Categories	122
Figure 3.25:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22....	128
Figure 3.26:	Kiambu County, Operations and Maintenance Expenditure by Major Categories	130
Figure 3.27:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22....	137
Figure 3.28:	Kilifi County, Operations and Maintenance Expenditure by Major Categories	140
Figure 3.29:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22.....	146
Figure 3.30:	Kirinyaga County, Operations and Maintenance Expenditure by Major Categories	148
Figure 3.31:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22....	155
Figure 3.32:	Kisii County, Operations and Maintenance Expenditure by Major Categories	157
Figure 3.33:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22....	163

Figure 3.34:	Kisumu County, Operations and Maintenance Expenditure by Major Categories	165
Figure 3.35:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 ...	173
Figure 3.36:	Kitui County, Operations and Maintenance Expenditure by Major Categories	175
Figure 3.37:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	182
Figure 3.38:	Kwale County, Operations and Maintenance Expenditure by Major Categories	184
Figure 3.39:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	191
Figure 3.40:	Laikipia County, Operations and Maintenance Expenditure by Major Categories	193
Figure 3.41:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	200
Figure 3.42:	Lamu County, Operations and Maintenance Expenditure by Major Categories	203
Figure 3.43:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	208
Figure 3.44:	Machakos County, Operations and Maintenance Expenditure by Major Categories	210
Figure 3.45:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	218
Figure 3.46:	Makueni County, Operations and Maintenance Expenditure by Major Categories	220
Figure 3.47:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	227
Figure 3.48:	Mandera County, Operations and Maintenance Expenditure by Major Categories	229
Figure 3.49:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	233
Figure 3.50:	Marsabit County, Operations and Maintenance Expenditure by Major Categories.....	235
Figure 3.51:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	242
Figure 3.52:	Meru County, Operations and Maintenance Expenditure by Major Categories	244
Figure 3.53:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	250
Figure 3.54:	Migori County, Operations and Maintenance Expenditure by Major Categories	252
Figure 3.55:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	261
Figure 3.56:	Mombasa County, Operations and Maintenance Expenditure by Major Categories	263
Figure 3.57:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	269
Figure 3.58:	Murang'a County, Operations and Maintenance Expenditure by Major Categories	271
Figure 3.59:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	278
Figure 3.60:	Nairobi City County, Operations and Maintenance Expenditure by Major Categories	280
Figure 3.61:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	288
Figure 3.62:	Nakuru County, Operations and Maintenance Expenditure by Major Categories	290
Figure 3.63:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	302
Figure 3.64:	Nandi County, Operations and Maintenance Expenditure by Major Categories.....	304
Figure 3.65:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	309
Figure 3.66:	Narok County, Operations and Maintenance Expenditure by Major Categories	311
Figure 3.67:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	319
Figure 3.68:	Nyamira County, Operations and Maintenance Expenditure by Major Categories	321
Figure 3.69:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	327

Figure 3.70:	Nyandarua County, Operations and Maintenance Expenditure by Major Categories	329
Figure 3.71:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	336
Figure 3.72:	Nyeri County, Operations and Maintenance Expenditure by Major Categories	338
Figure 3.73:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	344
Figure 3.74:	Samburu County, Operations and Maintenance Expenditure by Major Categories	346
Figure 3.75:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	355
Figure 3.76:	Siaya County, Operations and Maintenance Expenditure by Major Categories	357
Figure 3.77:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	363
Figure 3.78:	Taita Taveta County, Operations and Maintenance Expenditure by Major Categories	365
Figure 3.79:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	370
Figure 3.80:	Tana River County, Operations and Maintenance Expenditure by Major Categories	372
Figure 3.81:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	379
Figure 3.82:	Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories	381
Figure 3.83:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	388
Figure 3.84:	Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories	390
Figure 3.85:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	396
Figure 3.86:	Turkana County, Operations and Maintenance Expenditure by Major Categories	399
Figure 3.87:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	413
Figure 3.88:	Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories	415
Figure 3.89:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	424
Figure 3.90:	Vihiga County, Operations and Maintenance Expenditure by Major Categories	427
Figure 3.91:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	434
Figure 3.92:	Wajir County, Operations and Maintenance Expenditure by Major Categories	436
Figure 3.93:	Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22	445
Figure 3.94:	West Pokot County, Operations and Maintenance Expenditure by Major Categories	447

ACRONYMS

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

OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. The report provides information on the status of budget implementation by County Governments during the first nine months of FY 2021/22. It analyses revenue and expenditure performance against annual budget estimates and is based on financial and non-financial reports submitted by County Governments in line with Sections 166 and 168 of the Public Finance Management Act, 2012.

The aggregate budget estimates for the 47 County governments in the first nine months of FY 2021/22 amounted to Kshs.528.54 billion and comprised Kshs.194.01 billion (33.7 per cent) allocated to development and Kshs.334.53 billion (63.3 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.58.78 billion from their own revenue sources and utilise Kshs.46.22 billion cash balance from FY 2020/21. As of 31st March 2022, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

The total funds available to the County Governments in the first nine months of FY 2021/22 amounted to Kshs.289.64 billion. This amount consisted of Kshs.216.32 billion as equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.46.22 billion cash balance from FY 2020/21, and Kshs.27.09 billion raised from own sources. County governments generated a total of Kshs.27.09 billion from their own source revenue, which was 46.1 per cent of the annual target of Kshs.58.78 billion and an improvement compared to Kshs.25.52 billion generated in a similar period of FY 2020/21. Analysis of own-source revenue as a proportion of the annual revenue target shows that twenty-one counties recorded a performance of less than 50 per cent of the annual target. These were; - Uasin Gishu, Machakos, Kilifi, Kisii, Marsabit, Nyamira, Elgeyo Marakwet, Makueni, Nandi, Wajir, Meru, Kisumu, Nairobi City, Bungoma, Kitui, Embu, Garissa, Kajiado, Murang'a, Trans Nzoia, and Busia.

To implement county government budgets, the Controller of Budget authorised withdrawals of Kshs.252.04 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.42.67 billion (16.9 per cent) for development expenditure and Kshs.209.37 billion (83.1 per cent) for recurrent expenditure. This was an improvement from Kshs.223.97 billion authorised in a similar period in FY 2020/21. Chapter three of this report provides a detailed analysis of the funds released to each county.

During the reporting period, County Governments spent Kshs.257.18 billion, representing an absorption rate of 48.7 per cent of the total annual County Governments budgets. This increased from an absorption rate of 44.2 per cent reported in a similar period in FY 2020/21, where total expenditure was Kshs.221.39 billion. The total expenditure of Kshs.257.18 billion represented 102 per cent of authorised withdrawals of Kshs.252.04 billion, which may be due to timing differences between when transactions are expensed in the IFMIS system and when the same are settled. In IFMIS, a transaction is expensed when relayed to the Internet Banking (IB) Platform for payment; but actual payment may occur later.

Recurrent expenditure was Kshs.212.88 billion, representing 63.6 per cent of the annual recurrent budget, an improvement from 56.2 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.44.3 billion representing an absorption rate of 22.8 per cent and a decline from 25.1 per cent attained in the first nine months of FY 2020/21 when total development expenditure was Kshs.48.45 billion. A total of 19 counties recorded an absorption rate of less than 20 per cent of development expenditure. These were; - Taita Taveta, Machakos, Baringo, Nairobi City, Lamu, Narok, Wajir, Nyandarua, Kisumu, Kiambu, Turkana, West Pokot, Trans Nzoia, Siaya, Garissa Kilifi, Elgeyo Marakwet, Vihiga, and Migori. An analysis of the development projects implemented by counties is provided in chapter three.

This report has identified challenges that hampered effective budget execution during the reporting period. They included; under-performance in own-source revenue collection, which was Kshs.27.09 billion compared with the annual target of Kshs.58.78 billion, low expenditure on development budget, which was Kshs.44.3 billion and represented an absorption rate of 22.8 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.194.01 billion, high expenditure on personnel emoluments at Kshs.139.57 billion which accounted for 54.3 per cent of the total spending of Kshs.257.18 billion or 35.2 per cent of first nine month's proportional revenue of Kshs.396.41 billion, high level of outstanding pending bills as reported by the Office of the Auditor General in a Special Report on Pending Bills which shows that unpaid eligible pending bills as of 30th June 2020 were Kshs.47.44 billion, and, use of manual systems to process payroll which is prone to abuse. County governments processed Kshs.11.99 billion of wages through manual systems other than the prescribed Integrated Payroll Personnel Database (IPPD). During the period, there was weak accountability for the operations of County Established Funds as Fund Administrators failed to submit the quarterly financial and non-financial reports to the Controller of Budget contrary to the requirement of Section 168 of the PFM Act, 2012.

To address the identified challenges, the Controller of Budget advises Counties to review the revenue targets to confirm that they are realistic and implement strategies to mobilise their own source revenue collection. On the low development expenditure, county governments should prioritise the implementation of development projects during the remaining period of the FY 2021/22 to improve the standard of living for their citizens and ensure that expenditure on development activities meets the minimum set threshold of 30 per cent of their annual budgets. Further, the County Governments should ensure that spending on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. County governments are also required to settle pending bills on time as specified in contract agreements to avoid the accumulation of arrears. Eligible pending bills should be budgeted as a first charge on the budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015. The Government Policy requires salaries to be processed through the IPPD system, and the Controller of Budget advises county governments to fast-track the acquisition of personal numbers for their staff and ensure the entire wage bill is captured in the prescribed personnel system. On weak accountability for County Established Funds, the Controller of Budget recommends that each CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

KEY HIGHLIGHTS

FY 2021/22 County Governments' Approved Budget Estimates



Development
Kshs. 194.01 billion

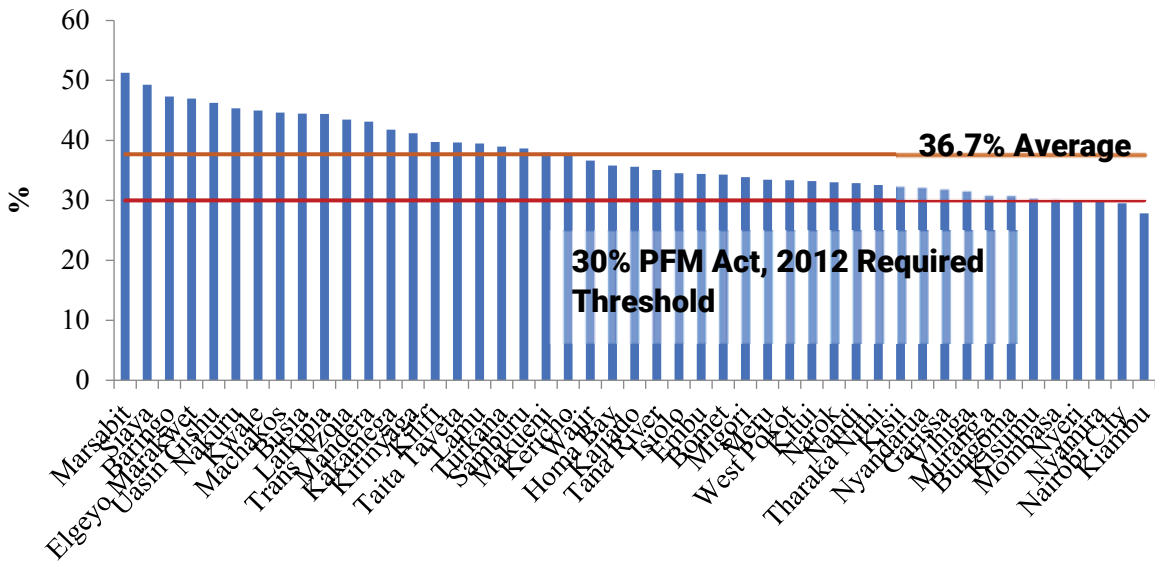


Total Approved
Estimates
Kshs. 528.54
billion

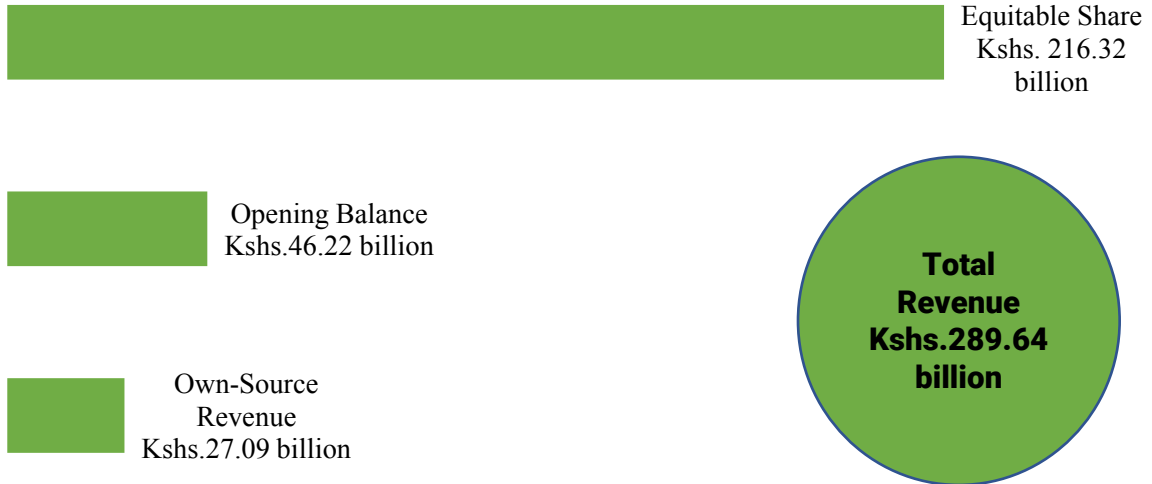


Recurrent
Kshs. 334.53 billion

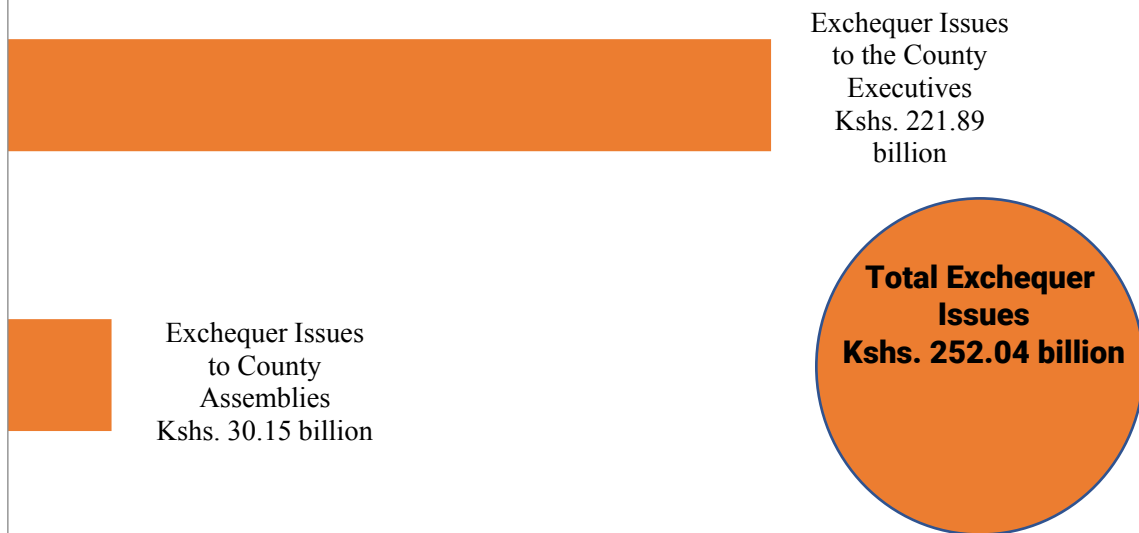
FY 2021/22 County Governments' Development Budget Allocation as a Percentage of Total Budget



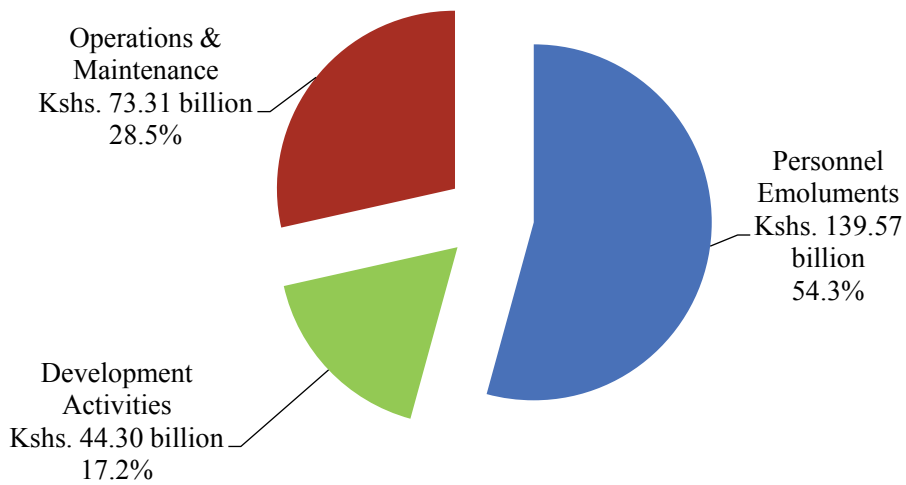
Total Revenue Available in the First Nine Months of FY 2021/22



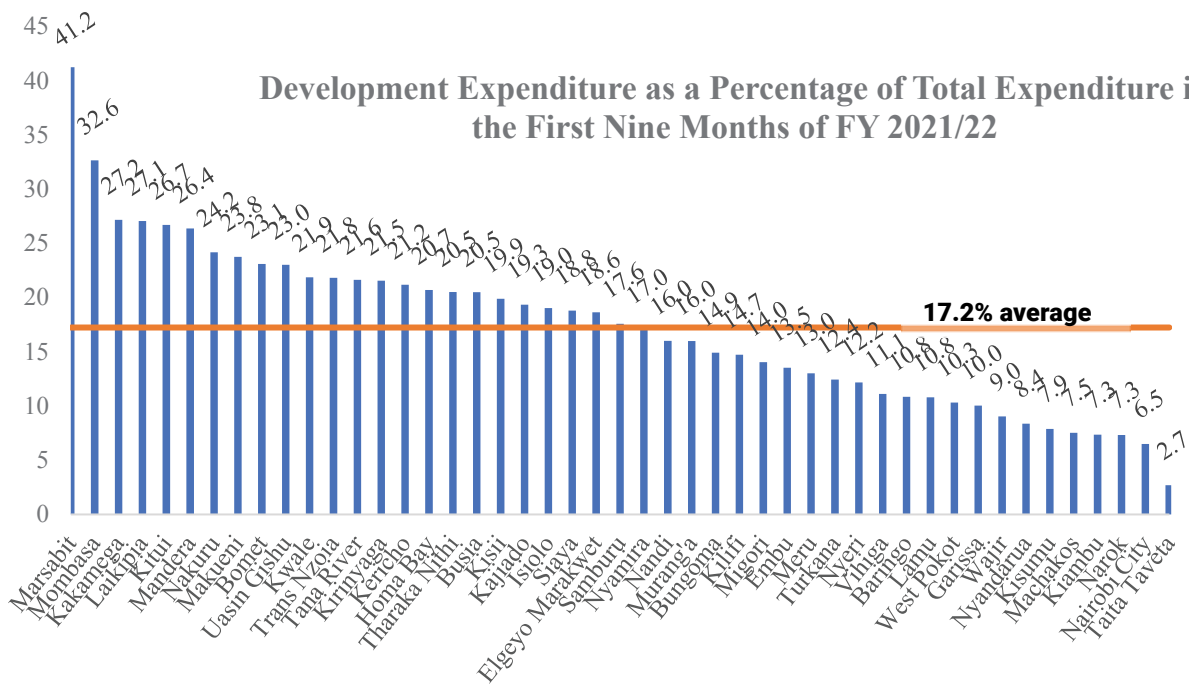
Exchequer Issues in the First Nine Months of FY 2021/22



Expenditure by Economic Classification in the First Nine Months of FY 2021/22



Development Expenditure as a Percentage of Total Expenditure in the First Nine Months of FY 2021/22



1 INTRODUCTION

The Office of the Controller of Budget is established by Article 228(1) of the Constitution of Kenya 2010 to oversee and report on the implementation of the National and County Governments Budgets. Further, Article 228 (4) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016 clarify the mandate of the Controller of Budget, which includes; authorizing withdrawals from public funds, reporting on budget implementation to each House of Parliament every four months and publishing and publicizing the statutory reports, among other functions. To fulfil its mandate, the Controller of Budget has prepared this County Budget Implementation Review Report on the progress made by the County Governments in budget implementation in the first nine months of the Financial Year (FY) 2021/22.

The CBIRR provides information on revenue raised by counties, disbursement of the equitable share of revenue by the National Treasury, and receipts of conditional grants from both the National Government and Development Partners. This report is prepared based on financial and non-financial statements received from County Governments for the period under review, compared to the annual targets as provided in the approved county government's budget. The report also highlights key challenges each county government faced during the budget implementation process and proposes recommendations to enhance budget execution.

This report is structured as follows: Chapter two provides an analysis of the aggregated budget performance of the 47 county governments. Specifically, the chapter analyses revenue performance against set targets and presents an analysis of actual expenditure compared to the approved Budget Estimates. Expenditure is classified into recurrent and development activities. Recurrent spending is further decomposed into Personnel Emoluments (PE) and Operations and Maintenance (O&M). The absorption rate is computed as a percentage of actual expenditure against approved budget allocation in the analysis.

Chapter three presents individual county budget performance and covers information on budget allocation for recurrent and development expenditure, budget financing, exchequer issues and actual spending. A report on budget execution by programme and sub-programmes and a report on budget performance by the departments for each county are also captured in this chapter. Chapter four highlights the county governments' key challenges and further provides appropriate recommendations to address the identified challenges to ensure smooth implementation of County Budgets. Chapter five provides the conclusion.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST NINE MONTHS OF FY 2021/22 INTRODUCTION

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

2.1 Revenue Analysis

In the first nine months of FY 2021/22, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.528.54 billion, which comprised of Kshs.194.01 billion (36.7 per cent) allocated to development expenditure and Kshs.334.53 billion (63.3 per cent) for recurrent expenditure.

To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.58.78 billion from their own revenue sources and utilise Kshs.46.22 billion cash balance from FY 2020/21. As of 31st March 2022, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

2.1.1 Revenue Out-turn

The total funds available to the County Governments in the first nine months of FY 2021/22 amounted to Kshs.289.64 billion. This amount consisted of Kshs.216.32 billion as equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.46.22 billion cash balance from FY 2020/21, and Kshs.27.09 billion raised from own sources.

2.1.2 Own- Source Revenue

During the reporting period, county governments generated a total of Kshs.27.09 billion from their own source revenue (OSR), which was 46.1 per cent of the annual target of Kshs.58.78 billion. This was an improvement compared to Kshs.25.52 billion generated in a similar period of FY 2020/21. Analysis of own-source revenue collection for July 2021 to March 2022 is shown in Table 2.1.

Table 2.1: Own Source Revenue Collection for the First Nine Months of FY 2021/22

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Nine Months of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	258,546,935	187,723,960	72.6
Bomet	300,000,000	158,641,367	52.9
Bungoma	746,811,602	282,172,088	37.8
Busia	976,108,322	227,317,183	23.3
Elgeyo Marakwet	266,100,000	116,571,048	43.8
Embu	900,000,000	297,829,189	33.1
Garissa	150,000,000	48,953,500	32.6
Homa Bay	143,811,399	132,915,691	92.4
Isiolo	113,686,337	78,211,743	68.8
Kajiado	1,605,355,500	456,827,116	28.5
Kakamega	1,600,000,000	954,426,642	59.7
Kericho	852,636,240	461,292,140	54.1
Kiambu	4,288,015,282	2,378,221,287	55.5
Kilifi	925,000,000	433,394,023	46.9
Kirinyaga	485,000,000	273,954,260	56.5
Kisii	700,000,000	322,836,620	46.1

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Nine Months of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Kisumu	1,984,000,003	784,219,821	39.5
Kitui	800,000,000	280,374,666	35.0
Kwale	315,000,000	213,529,786	67.8
Laikipia	1,006,000,000	638,522,836	63.5
Lamu	120,000,000	91,479,787	76.2
Machakos	1,682,894,197	800,761,867	47.6
Makueni	1,091,306,710	476,588,345	43.7
Mandera	200,037,792	107,553,765	53.8
Marsabit	170,000,000	78,335,820	46.1
Meru	689,061,600	288,029,707	41.8
Migori	300,000,000	272,154,364	90.7
Mombasa	4,957,305,414	2,880,660,826	58.1
Murang'a	1,600,000,000	394,490,229	24.7
Nairobi City	19,360,744,671	7,386,983,090	38.2
Nakuru	1,980,000,000	1,139,889,345	57.6
Nandi	387,106,430	166,381,995	43.0
Narok	1,869,402,102	975,125,170	52.2
Nyamira	295,000,000	132,440,468	44.9
Nyandarua	590,000,000	339,242,718	57.5
Nyeri	1,000,000,000	702,070,203	70.2
Samburu	150,000,000	85,381,694	56.9
Siaya	445,445,551	316,296,999	71.0
Taita Taveta	406,282,421	221,684,450	54.6
Tana River	87,846,000	55,036,013	62.7
Tharaka Nithi	350,000,000	174,005,771	49.7
Trans Nzoia	529,500,000	128,661,714	24.3
Turkana	180,000,000	151,014,622	83.9
Uasin Gishu	1,414,917,111	681,306,574	48.2
Vihiga	232,658,877	181,303,134	77.9
Wajir	100,000,000	42,789,215	42.8
West Pokot	170,000,000	96,362,200	56.7
Total	58,775,580,496	27,093,965,051	46.1

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicates that Homa Bay, Migori and Turkana counties achieved the highest performance of 92.4 per cent, 90.7 per cent and 83.9 per cent, respectively. Conversely, twenty-one counties recorded below 50 per cent performance, namely; - Uasin Gishu, Machakos, Kilifi, Kisii, Marsabit, Nyamira, Elgeyo Marakwet, Makueni, Nandi, Wajir, Meru, Kisumu, Nairobi City, Bungoma, Kitui, Embu, Garissa, Kajiado, Murang'a, Trans Nzoia, and Busia. The OCOB recommends that the twenty-one counties that recorded under-performance of OSR in the period under review should develop strategies to ensure the target is achieved and control expenditure to avoid the occurrence of pending bills in the coming financial year.

2.2 Funds Released to the Counties

2.2.1 Funds released from the Consolidated Fund to the Counties

In first nine months of the FY 2021/22, the Controller of Budget (COB) approved the transfer of Kshs.216.3 billion as equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds

(CRFs) in accordance with Article 206 (4) of the Constitution. The transferred amount represented 58.5 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2021. A detailed analysis of the released equitable share and conditional grants to each county is provided in chapter three.

2.2.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.252.04 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.42.67 billion (16.9 per cent) for development expenditure and Kshs.209.37 billion (83.1 per cent) for recurrent expenditure. This was an improvement from Kshs.223.97 billion authorised in a similar period in FY 2020/21. A detailed analysis of the funds released to each county is provided in chapter three.

2.3 Expenditure Analysis

The total expenditure by County governments in the first nine months of the FY 2021/22 was Kshs.257.18 billion, representing an absorption rate of 48.7 per cent of the total annual County Governments' budget. This increased from an absorption rate of 44.2 per cent reported in a similar period in FY 2020/21, where total expenditure was Kshs.221.39 billion.

Total expenditure of Kshs.257.18 billion represented 102 per cent of authorised withdrawals of Kshs.252.04 billion, which may be due to timing differences between when transactions are expensed in the IFMIS system and when the expense is settled. In IFMIS, a transaction is expensed when relayed to IB for payment; the actual payment may occur later.

Recurrent expenditure was Kshs.212.88 billion, representing 63.6 per cent of the annual recurrent budget, an improvement from 56.2 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.44.3 billion representing an absorption rate of 22.8 per cent and a decline from 25.1 per cent attained in the first nine months of FY 2020/21 when total development expenditure was Kshs.48.45 billion. The analysis of expenditure by economic classification in the first nine months of FY 2021/22 is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification - First Nine Months of FY 2021/22

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	2,269,365,355	987,462,710	3,256,828,065	396,126,084	3,652,954,149
Bomet	2,199,212,107	1,185,686,806	3,384,898,913	1,016,312,442	4,401,211,355
Bungoma	3,504,474,878	2,162,731,856	5,667,206,734	992,432,165	6,659,638,899
Busia	2,537,995,627	1,204,192,914	3,742,188,541	963,903,493	4,706,092,034
Elgeyo Marakwet	1,931,718,733	445,983,156	2,377,701,889	544,461,153	2,922,163,042
Embu	2,489,418,328	744,067,352	3,233,485,680	505,269,540	3,738,755,220
Garissa	3,750,805,686	1,388,580,715	5,139,386,401	572,880,457	5,712,266,858
Homa Bay	3,338,871,569	686,813,845	4,025,685,414	1,050,041,581	5,075,726,995
Isiolo	1,178,008,941	2,207,276,109	3,385,285,050	795,444,634	4,180,729,684
Kajiado	2,903,302,403	1,652,424,473	4,555,726,876	1,092,455,994	5,648,182,870
Kakamega	4,009,696,504	2,093,165,787	6,102,862,291	2,275,453,742	8,378,316,033
Kericho	2,061,114,377	931,403,787	2,992,518,164	803,925,373	3,796,443,537
Kiambu	6,019,891,007	1,753,004,124	7,772,895,131	615,945,539	8,388,840,670

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kilifi	3,297,100,700	2,925,920,231	6,223,020,931	1,074,002,860	7,297,023,791
Kirinyaga	2,019,918,277	1,181,011,030	3,200,929,307	879,202,152	4,080,131,460
Kisii	3,851,602,223	1,406,046,984	5,257,649,207	1,304,691,005	6,562,340,212
Kisumu	4,041,206,482	1,320,741,610	5,361,948,093	458,520,577	5,820,468,670
Kitui	3,922,567,679	2,103,974,665	6,026,542,344	2,194,452,865	8,220,995,209
Kwale	2,509,208,216	2,174,196,375	4,683,404,591	1,310,348,464	5,993,753,055
Laikipia	2,020,896,953	1,132,893,862	3,153,790,815	1,169,961,085	4,323,751,900
Lamu	1,135,714,968	687,339,442	1,823,054,410	220,387,957	2,043,442,366
Machakos	4,626,433,478	1,493,327,350	6,119,760,828	497,873,145	6,617,633,973
Makueni	2,228,103,038	1,749,109,062	3,977,212,100	1,238,831,357	5,216,043,457
Mandera	3,292,704,322	2,762,415,434	6,055,119,756	2,168,041,391	8,223,161,147
Marsabit	2,447,486,389	860,413,578	3,307,899,967	2,321,682,883	5,629,582,850
Meru	3,958,326,206	1,684,266,230	5,642,592,436	843,340,872	6,485,933,308
Migori	2,555,283,394	1,582,857,553	4,138,140,947	675,160,632	4,813,301,579
Mombasa	3,517,635,339	1,189,954,252	4,707,589,591	2,281,359,292	6,988,948,883
Murang'a	2,906,234,663	1,636,827,314	4,543,061,977	863,771,864	5,406,833,841
Nairobi City	10,908,086,377	4,348,589,064	15,256,675,441	1,058,509,137	16,315,184,578
Nakuru	4,012,771,723	2,653,496,136	6,666,267,858	2,125,430,467	8,791,698,326
Nandi	3,121,788,785	1,484,344,622	4,606,133,407	877,219,012	5,483,352,419
Narok	3,169,141,214	3,179,644,774	6,348,785,988	501,221,012	6,850,007,000
Nyamira	2,543,518,320	931,675,053	3,475,193,373	713,757,404	4,188,950,777
Nyandarua	1,859,506,736	1,275,095,290	3,134,602,026	286,132,685	3,420,734,711
Nyeri	3,032,946,839	1,398,118,229	4,431,065,068	613,943,774	5,045,008,842
Samburu	1,770,950,345	1,061,156,843	2,832,107,188	604,046,986	3,436,154,174
Siaya	2,298,316,561	1,252,361,969	3,550,678,530	821,378,897	4,372,057,427
Taita Taveta	2,355,974,473	861,782,636	3,217,757,109	84,175,354	3,301,932,463
Tana River	1,286,513,254	1,662,186,606	2,948,699,860	813,314,127	3,762,013,987
Tharaka Nithi	1,636,942,357	692,862,660	2,329,805,017	601,078,791	2,930,883,808
Trans Nzoia	1,587,010,831	710,275,737	2,297,286,568	640,881,161	2,938,167,729
Turkana	3,606,924,641	2,599,491,001	6,206,415,642	880,796,255	7,087,211,897
Uasin Gishu	2,459,935,893	1,847,396,195	4,307,332,087	1,287,644,424	5,594,976,511
Vihiga	2,336,704,536	740,790,872	3,077,495,408	384,297,329	3,461,792,737
Wajir	2,971,385,067	2,200,487,004	5,171,872,071	513,669,656	5,685,541,727
West Pokot	2,090,543,983	1,074,135,517	3,164,679,500	363,379,362	3,528,058,861
Total	139,573,259,776	73,307,978,814	212,881,238,589	44,297,156,433	257,178,395,022

Source: OCoB and County Treasuries

Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.16.32 billion, Nakuru at Kshs.8.79 billion, and Kiambu at Kshs.8.38 billion. The lowest expenditure was recorded by Tharaka Nithi, Elgeyo Marakwet and Lamu at Kshs.2.93 billion, Kshs.2.92 billion and Kshs.2.04 billion.

A review of cumulative expenditure by economic classification showed that Kshs.139.57 billion (54.3 per cent) was spent on Personnel Emoluments, Kshs.73.31 billion (28.5 per cent) on Operations and Maintenance, and Kshs.44.3 billion (17.2 per cent) on Development Expenditure.

2.3.1 Development Expenditure

The County governments spent Kshs.44.3 billion on development activities, representing an absorption rate of 22.8 per cent of the annual development budget, which is a decrease from 25.1 per cent reported in a similar period of FY 2020/21 when development expenditure was Kshs.48.46 billion. Analysis of county budgets and expenditures in the first nine months of the FY 2021/22 is provided in Table 2.3.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for First Nine Months FY 2021/22

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	5,241.84	4,705.50	9,947.34	3,256.83	396.13	3,652.95	62.1	8.4	36.7
Bomet	5,811.29	3,031.95	8,843.24	3,384.90	1,016.31	4,401.21	58.2	33.5	49.8
Bungoma	9,974.99	4,479.38	14,454.36	5,667.21	992.43	6,659.64	56.8	22.2	46.1
Busia	5,681.53	4,548.85	10,230.38	3,742.19	963.90	4,706.09	65.9	21.2	46.0
Elgeyo / Marakwet	3,495.83	3,095.35	6,591.18	2,377.70	544.46	2,922.16	68.0	17.6	44.3
Embu	4,539.39	2,379.72	6,919.11	3,233.49	505.27	3,738.76	71.2	21.2	54.0
Garissa	7,096.95	3,343.79	10,440.74	5,139.39	572.88	5,712.27	72.4	17.1	54.7
Homa Bay	5,573.81	3,109.80	8,683.61	4,025.69	1,050.04	5,075.73	72.2	33.8	58.5
Isiolo	4,169.53	2,198.31	6,367.84	3,385.29	795.44	4,180.73	81.2	36.2	65.7
Kajiado	7,183.07	3,973.15	11,156.22	4,555.73	1,092.46	5,648.18	63.4	27.5	50.6
Kakamega	9,545.88	6,854.36	16,400.24	6,102.86	2,275.45	8,378.32	63.9	33.2	51.1
Kericho	5,183.82	3,155.72	8,339.54	2,992.52	803.93	3,796.44	57.7	25.5	45.5
Kiambu	12,637.21	4,869.66	17,506.87	7,772.90	615.95	8,388.84	61.5	12.6	47.9
Kilifi	9,496.72	6,262.35	15,759.07	6,223.02	1,074.00	7,297.02	65.5	17.2	46.3
Kirinyaga	4,531.06	3,174.27	7,705.33	3,200.93	879.20	4,080.13	70.6	27.7	53.0
Kisii	8,498.97	4,091.72	12,590.70	5,257.65	1,304.69	6,562.34	61.9	31.9	52.1
Kisumu	8,439.31	3,706.87	12,146.18	5,361.95	458.52	5,820.47	63.5	12.4	47.9
Kitui	8,327.23	4,141.51	12,468.74	6,026.54	2,194.45	8,221.00	72.4	53.0	65.9
Kwale	6,760.28	5,524.98	12,285.26	4,683.40	1,310.35	5,993.75	69.3	23.7	48.8
Laikipia	4,765.64	3,805.11	8,570.75	3,153.79	1,169.96	4,323.75	66.2	30.7	50.4
Lamu	3,025.13	1,972.25	4,997.38	1,823.05	220.39	2,043.44	60.3	11.2	40.9
Machakos	9,051.33	4,038.39	9,051.33	6,119.76	497.87	6,617.63	151.5	5.5	73.1
Makueni	6,979.64	4,271.40	11,251.04	3,977.21	1,238.83	5,216.04	57.0	29.0	46.4
Mandera	7,541.26	5,713.72	13,254.97	6,055.12	2,168.04	8,223.16	80.3	37.9	62.0
Marsabit	4,359.29	4,586.03	8,945.32	3,307.90	2,321.68	5,629.58	75.9	50.6	62.9
Meru	8,349.12	4,192.03	12,541.15	5,642.59	843.34	6,485.93	67.6	20.1	51.7
Migori	6,897.99	3,532.97	10,430.97	4,138.14	675.16	4,813.30	60.0	19.1	46.1
Mombasa	10,168.15	4,431.85	14,600.00	4,707.59	2,281.36	6,988.95	46.3	51.5	47.9
Murang'a	7,372.37	3,316.19	10,688.56	4,543.06	863.77	5,406.83	61.6	26.0	50.6
Nairobi City	27,935.70	11,691.84	39,627.54	15,256.68	1,058.51	16,315.18	54.6	9.1	41.2

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Nakuru	12,851.05	10,662.94	23,513.99	6,666.27	2,125.43	8,791.70	51.9	19.9	37.4
Nandi	6,019.80	2,945.75	8,965.55	4,606.13	877.22	5,483.35	76.5	29.8	61.2
Narok	8,618.70	4,248.39	12,867.09	6,348.79	501.22	6,850.01	73.7	11.8	53.2
Nyamira	4,778.83	2,053.79	6,832.62	3,475.19	713.76	4,188.95	72.7	34.8	61.3
Nyandarua	4,885.10	2,332.53	7,217.63	3,134.60	286.13	3,420.73	64.2	12.3	47.4
Nyeri	6,097.46	2,635.80	8,733.27	4,431.07	613.94	5,045.01	72.7	23.3	57.8
Samburu	4,472.27	2,817.83	7,290.09	2,832.11	604.05	3,436.15	63.3	21.4	47.1
Siaya	5,151.40	5,005.86	10,157.26	3,550.68	821.38	4,372.06	68.9	16.4	43.0
Taita/Taveta	4,474.94	2,937.86	7,412.79	3,217.76	84.18	3,301.93	71.9	2.9	44.5
Tana River	5,510.90	2,973.82	8,484.71	2,948.70	813.31	3,762.01	53.5	27.3	44.3
T h a r a k a -Nithi	3,987.11	1,924.15	5,911.26	2,329.81	601.08	2,930.88	58.4	31.2	49.6
Trans Nzoia	5,232.46	4,020.71	9,253.17	2,297.29	640.88	2,938.17	43.9	15.9	31.8
Turkana	9,880.51	6,308.33	16,188.84	6,206.42	880.80	7,087.21	62.8	14.0	43.8
Uasin Gishu	7,103.02	6,110.64	13,213.66	4,307.33	1,287.64	5,594.98	60.6	21.1	42.3
Vihiga	4,374.70	2,034.17	6,408.88	3,077.50	384.30	3,461.79	70.3	18.9	54.0
Wajir	7,341.86	4,243.70	11,585.56	5,171.87	513.67	5,685.54	70.4	12.1	49.1
West Pokot	5,112.78	2,558.90	7,671.68	3,164.68	363.38	3,528.06	61.9	14.2	46.0
Total	334,527.23	194,014.17	524,503.01	212,881.24	44,297.16	257,178.40	63.6	22.8	49.0

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of the approved annual development budget shows that only three counties attained an absorption rate above 50 per cent, namely, Kitui at 53 per cent, Mombasa at 51.5 per cent, and Marsabit at 50.6 per cent. A total of 19 counties recorded a below 20 per cent absorption rate of development expenditure, namely; - Taita Taveta, Machakos, Baringo, Nairobi City, Lamu, Narok, Wajir, Nyandarua, Kisumu, Kiambu, Turkana, West Pokot, Trans Nzoia, Siaya, Garissa Kilifi, Elgeyo Marakwet, Vihiga, and Migori. An analysis of the development projects implemented by counties is provided in chapter three.

2.3.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.212.88 billion or 82.8 per cent of the total expenditure on recurrent activities. This expenditure represents 63.6 per cent of the annual county government's budget for recurrent activities and an improvement from 56.2 per cent recorded in the first nine months of the FY 2020/21 when expenditure stood at Kshs.172.96 billion.

The recurrent expenditure comprised Kshs.139.57 billion (65.6 per cent) on Personnel Emoluments and Kshs.73.31 billion (34.4 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in chapter three.

2.3.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.1.50 billion on MCA's Sitting allowances against an approved budget allocation of Kshs.2.59 billion during the reporting period. This expenditure translates to 58.1 per cent of the approved MCAs sitting allowance budget, an increase from 51.8 per cent attained in a similar period of FY 2020/21 when Kshs.1.49 billion was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first nine months of the FY 2021/22.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in First Nine Months FY 2021/22

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA	Number of Established County Assembly Committees
	(Kshs.)	(Kshs.)	(%)		(Kshs.)	
	A	B	C=B/A*100		D	
Baringo	63,364,274	23,073,700	36.4	46	55,734	25
Bomet	30,630,578	18,598,900	60.7	37	55,853	20
Bungoma	26,121,600	21,614,187	82.7	61	39,370	24
Busia	75,593,600	55,506,600	73.4	54	114,211	21
Elgeyo Marakwet	43,500,000	31,589,455	72.6	34	103,234	18
Embu	29,000,000	19,214,500	66.3	35	60,998	18
Garissa	63,240,000	32,995,588	52.2	51	71,886	18
Homa Bay	117,715,200	61,075,217	51.9	61	111,248	25
Isiolo	15,669,258	4,924,800	31.4	18	30,400	13
Kajiado	25,000,000	4,700,000	18.8	42	12,434	12
Kakamega	133,286,400	86,321,600	64.8	90	106,570	25
Kericho	65,003,200	32,509,075	50	48	75,252	14
Kiambu	120,000,000	43,097,600	35.9	93	51,491	22
Kilifi	72,965,066	39,600,900	54.3	55	80,002	23
Kirinyaga	61,846,400	24,914,400	40.3	34	81,420	27
Kisii	107,420,000	65,896,200	61.3	71	103,124	23
Kisumu	53,633,076	36,809,200	68.6	49	83,468	24
Kitui	53,271,200	30,086,900	56.5	55	60,782	20
Kwale	40,864,000	29,591,492	72.4	31	106,063	24
Laikipia	32,565,600	18,300,560	56.2	25	81,336	18
Lamu	21,952,000	9,295,000	42.3	19	54,357	15
Machakos	57,000,000	50,418,700	88.5	61	91,837	26
Makueni	64,274,400	38,906,072	60.5	49	88,222	22
Mandera	44,000,000	13,220,300	30	49	29,978	23
Marsabit	35,000,000	14,275,000	40.8	31	51,165	21
Meru	104,476,926	59,892,100	57.3	69	96,445	27
Migori	97,161,600	85,770,515	88.3	57	167,194	25
Mombasa	40,000,000	24,658,800	61.6	43	63,718	21
Murang'a	68,000,000	42,188,513	62	54	86,808	20
Nairobi City	100,120,000	61,977,244	61.9	124	55,535	26
Nakuru	81,000,000	52,221,251	64.5	79	73,448	21
Nandi	53,557,481	17,941,300	33.5	40	49,837	21
Narok	57,614,000	23,250,500	40.4	48	53,821	17
Nyamira	55,892,800	39,977,809	71.5	37	120,053	20
Nyandarua	55,773,600	15,545,700	27.9	40	43,183	20
Nyeri	50,668,800	23,990,200	47.3	45	59,235	22
Samburu	26,400,000	18,476,656	70	28	73,320	15
Siaya	52,405,000	46,134,254	88	48	106,792	24

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA	Number of Established County Assembly Committees
	(Kshs.)	(Kshs.)	(%)		(Kshs.)	
	A	B	$C=B/A*100$		$E=B/D/3$	
Taita Taveta	20,000,000	17,689,100	88.4	34	57,808	21
Tana River	18,125,000	12,672,000	69.9	24	58,667	19
Tharaka Nithi	21,644,000	11,099,400	51.3	21	58,727	19
Trans Nzoia	50,853,610	19,085,500	37.5	40	53,015	27
Turkana	36,000,000	20,839,540	57.9	48	48,240	20
Uasin Gishu	36,689,000	34,844,000	95	48	80,657	22
Vihiga	66,643,200	34,529,564	51.8	39	98,375	20
Wajir	12,776,400	11,480,800	89.9	50	25,513	21
West Pokot	29,288,328	23,236,860	79.3	34	75,937	25
Total	2,588,005,597	1,504,037,551	58.1	2,249	74,306	982

Source: OCoB and County Treasuries

County Assemblies of Migori reported higher expenditure on sitting allowance than the recommended monthly ceiling of Kshs.124,800 by the Salaries and Remuneration Commission (SRC).

3 BUDGET PERFORMANCE BY COUNTY

3.1 County Government of Baringo

3.1.1 Overview of FY 2021/22 Budget

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

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

3.1.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.15 billion as the equitable share of the revenue raised nationally, raised Kshs.187.72 million as own-source revenue, Kshs.152.23 million as conditional grants, and had a cash balance of Kshs.2.50 billion from FY 2020/21. The total funds available for budget implementation amounted to Kshs.5.99 billion, as shown in Table 3.1

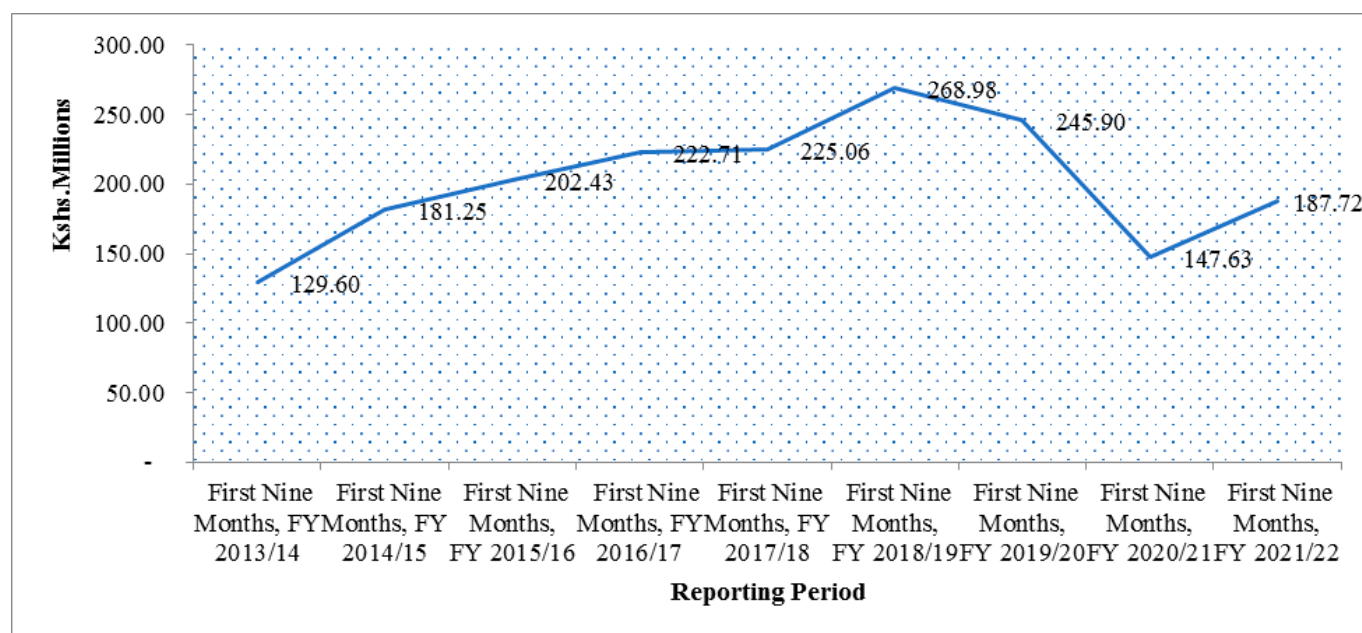
Table 3.1 Baringo County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,522,692,464	3,152,850,320	48.3
	Sub Total	6,522,692,464	3,152,850,320	48.3
B	Other Sources of Revenue			
1	Own Source Revenue	258,546,935	187,723,960	72.6
2	Conditional Grants	667,338,025	152,232,328	22.8
3	Balance b/f from FY 2020/21	2,498,762,283	2,498,762,283	100
	Sub Total	3,424,647,243	2,838,718,571	82.9
	Grand Total	9,947,339,707	5,991,568,891	60.2

Source: Baringo County Treasury

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

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



Source: Baringo County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.187.72 million as own-source revenue, which was 72.6 per cent of the annual target. This amount represented an increase of 27.2 per cent compared to Kshs.147.63 million realised during a similar period in FY 2020/21. The growth may be attributed to improvement in the collection of hospital services fees, market fees and Single Business Permit (SBP) after the return to normalcy in business and trading operations, farm produce and cess. The resumption of tourism and game park activities also contributed immensely to improved revenue collection.

3.1.3 Exchequer Issues

The Controller of Budget approved Kshs.3.95 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.327.90 million (8.3 per cent) for development programmes and Kshs.3.62 billion (91.7 per cent) for recurrent programmes, as shown in Table 3.5.

3.1.4 Overall Expenditure Review

The County spent Kshs.3.65 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.4 per cent of the total funds released by the COB and comprised Kshs.396.13 million and Kshs.3.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.4 per cent, while recurrent expenditure represented 62.1 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.204.44 million and comprised of Kshs.19.91 million for recurrent expenditure and Kshs. 184.53 million for development expenditure. At the beginning of the FY 2021/22, the County prepared and submitted a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.195.25 million were paid, consisting of Kshs.19.91 million for recurrent expenditure and Kshs.175.34 million for development programmes. Outstanding pending bills amounted to Kshs.9.19 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 do not include the eligible bills by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 was Kshs.395.49 million out of which the County has settled bills amounting to Kshs.162.11 million leaving a balance of Kshs.233.38 million as of 31st March 2022, the amount owed to the Ministry of Health.

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.27 billion was spent on employee compensation, Kshs.987.46 million on operations and maintenance, and Kshs.396.13 million on development activities, as shown in Table 3.2.

Table 3.2 : Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,495,821,652	746,019,020	2,745,131,036	511,697,029	11.4	68.6
Compensation to Employees	3,021,863,149	420,828,638	1,959,093,880	310,271,475	64.8	73.7
Operations and Maintenance	1,473,958,503	325,190,382	786,037,156	201,425,554	53.3	61.9
Development Expenditure	4,603,999,035	101,500,000	392,928,066	3,198,018	8.5	3.2
Total	9,099,820,687	847,519,020	3,138,059,102	514,895,047	34.5	60.8

Source: Baringo County Treasury

3.1.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 30.4 per cent of the first nine months proportional revenue of Kshs.7.46 billion, an increase of 2.9 per cent compared to Kshs.2.21 billion incurred in a similar period in the FY 2020/21.

Personnel emoluments amounting to Kshs.2.18 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.88.69 million. The manual payroll amounted to 3.9 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.27 billion includes Kshs.1.33 billion attributable to the health sector, which translates to 58.8 per cent of the total wage bill in the reporting period.

3.1.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.101.15 million to county established funds in FY 2021/22, which constituted 1 per cent of the County's overall budget for the year. Table 3.3 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.3: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation FY 2021/22 (Kshs)		Actual Expenditure as of 31 st March 2022 (Kshs)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Baringo County Car Loan & House Mortgage Scheme	7,648,040	16,000,000	-	4,500,000	No	Yes

S/No.	Name of the Fund	Approved Budget Allocation FY 2021/22 (Kshs)		Actual Expenditure as of 31 st March 2022 (Kshs)		Submission of quarterly financial statements	
		County Exec- utive	County As- sembly	County Exec- utive	County Assem- bly	Yes	No
2.	Baringo County Bursary Fund	30,000,000	-	-	-	Yes	N/a
3.	Baringo County Emergency Fund	30,000,000	-	-	-	No	N/a
4.	Baringo County Small & Medium Enterprise Fund	3,000,000	-	-	-	No	N/a
5.	Baringo County Co-operative Development Fund	3,500,000	-	-	-	No	N/a
6.	Baringo County Community Wildlife Conservation Fund	11,000,000	-	-	-	No	N/a
7.	Baringo County Assembly Members Car & Mortgage Fund	-	-	-	-	N/a	Yes
	Total	85,148,040	16,000,000	-	4,500,000		

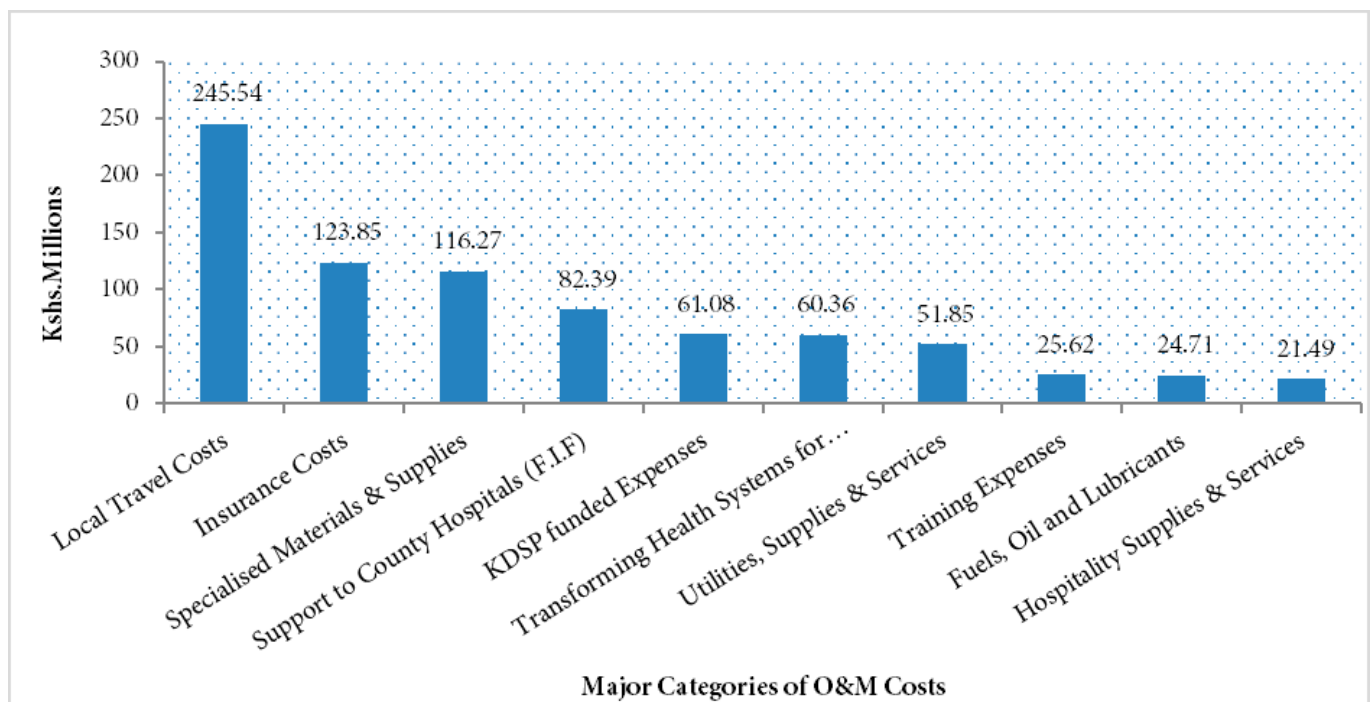
Source: Baringo County Treasury

Out of the seven County established public funds enlisted, the Office of Controller of Budget has only received quarterly financial returns from administrators of Baringo County Assembly Members & Staff Car loans & Mortgage Funds, and Bursary Fund during the reporting period, as indicated in Table 3.3.

3.1.9 Expenditure on Operations and Maintenance

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

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



Source: Baringo County Treasury

The County spent Kshs.23.07 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.63.36 million. The average monthly sitting allowance was Kshs.55,734 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.245.54 million and comprised Kshs.128.69 million spent by the County Assembly and Kshs.116.85 million by the County Executive. Spending on foreign travel amounted to Kshs.12.47 million and consisted of Kshs.6.40 million by the County Assembly and Kshs.6.07 million by the County Executive.

3.1.10 Development Expenditure

The County incurred Kshs.396.13 million on development programmes, which represented an increase of 63 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.243.09 million. Table 3.4 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs)	Payments to Date (Kshs)	Absorption Rate (%)
1	Implementation of KCSAP Assorted & Specified Programmes & Activities	Baringo Central	126,694,497	55,642,655	43.9
2	Acquisitions of Fruit Seedlings & Distribution to Farmers	Baringo Central	30,000,000	18,200,000	60.7
3	Implementation of KDSP Assorted & Specified Programmes & Activities	Baringo Central	229,472,420	17,042,347	7.4
4	Improvement of Livestock Production & Value Addition	Baringo Central	30,000,000	10,200,000	34.0
5	Commissioning & Operationalization of Rig Machinery	Baringo Central	30,000,000	6,000,000	20.0
6	Dozing, Grading & Murraming of Torokole-Rugus Road	Baringo South -Mukutani	5,900,000	5,900,000	100.0
7	Proposed Erection & Completion of Casualty Block at Marigat Sub-county Hospital	Baringo South -Marigat	5,648,878	5,648,878	100.0
8	Maintenance & Operations of Drilled Boreholes (Surface & Underground)	Baringo Central & Countywide	5,031,053	5,031,053	100.0
9	Installation of Culverts, Maintenance of Machineries & Supply of Bulk fuels	Eldama Ravine-Koibatek	5,000,000	5,000,000	100.0
10	Assorted Community Projects & Bursary Grants	Baringo Central, Mochongoi, Emining &Kisanana wards	5,000,000	5,000,000	100.0

Source: Baringo County Treasury

3.1.11 Budget Performance by Department

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

Table 3.5: Baringo County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	746.02	101.50	531.42	3.20	511.70	3.20	96.3	100.0	68.6	3.2
Governor/County Executive Services	3,391.17	93.83	2,495.38	-	2,185.45	-	87.6	-	64.4	0.0
County Treasury Services	249.39	244.47	119.11	1.43	153.96	17.04	129.3	1193.6	61.7	7.0
Lands, Housing & Urban Development	31.24	139.49	16.00	-	11.64	-	72.8	-	37.3	0.0
Education and ICT	75.09	231.88	27.00	29.04	7.91	36.69	29.3	126.3	10.5	15.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Industrialisation-Industrialisation, Commerce and Tourism	17.25	138.84	16.00	7.20	6.10	9.87	38.1	137.1	35.4	7.1
Water & Irrigation	59.92	883.64	43.80	83.15	45.70	79.44	104.3	95.5	76.3	9.0
Environment & Natural Resources	23.93	87.23	7.50	11.32	7.05	11.31	94.0	100.0	29.5	13.0
Health Services	536.83	543.60	316.52	17.22	292.46	19.51	92.4	113.3	54.5	3.6
Agriculture, Live-stock, Fisheries & Marketing	51.08	770.95	11.50	112.21	7.25	93.61	63.0	83.4	14.2	12.1
Transport and Infra-structure	35.06	1,315.71	29.89	26.07	12.64	98.88	42.3	379.3	36.0	7.5
Youth, Gender & Social Security Services	24.87	154.35	10.27	37.06	14.96	26.58	145.7	71.7	60.2	17.2
TOTAL	5,241.84	4,705.50	3,624.39	327.90	3,256.83	396.13	89.9	120.8	62.1	8.4

Source: Baringo County Treasury

Analysis of expenditure by the departments shows that the Department of Youth, Gender & Social Security Services recorded the highest absorption rate of development budget at 17.2 per cent, while two departments, namely; Governor/County Executive Services and Lands, Housing & Urban Development, did not report any expenditure on development activities. The Department of Water & Irrigation had the highest percentage of recurrent expenditure to budget at 76.3 per cent, while the Department of Education, Vocational Training & ICT registered the lowest at 10.5 per cent

3.1.12 Budget Execution by Programmes and Sub-Programmes

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

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

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Default Value (Non-Departmental)	Default Value (Non- Departmental)	-	5,498,015	(5,498,015)	
		-	5,498,015	(5,498,015)	
County Assembly		468,474,573	220,389,982	248,084,591	47.0
	P1 OFFICE OF THE CLERK	-	-	-	0.0
		8,200,000	7,775,753	424,247	94.8
	General Administration, Planning And Support Services	460,274,573	212,614,229	247,660,344	46.2
	General Administration	-	-	-	
Office Of The Speaker		9,004,000	8,089,630	914,370	89.8
		9,004,000	8,089,630	914,370	89.8
	General Administration, Planning And Support Services	-	-	-	
County Assembly Administration		370,040,447	284,351,439	85,689,008	76.8
		370,040,447	284,351,439	85,689,008	76.8

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Office Of The Governor And Deputy Governor		151,060,107	46,850,030	104,210,077	31.0
		57,229,600	46,665,813	10,563,787	81.5
		93,830,507	184,217	93,646,290	0.2
	P3 GOVERNORS OFFICE				
	P4 DEPUTY GOVERNOR				
County Executive Administration		3,074,066,167	2,327,128,563	746,937,604	75.7
		-	-	-	0.0
	Civic Education Development Services	700,000	700,000	-	100.0
	General Administration				
	Inter And Intra -Governmental Relations Services	7,000,000	6,988,050	11,950	99.8
		3,066,366,167	2,319,440,513	746,925,654	75.6
County Secretary		173,540,370	150,504,432	23,035,938	86.7
	County Secretary	-	-	-	0.0
		173,540,370	150,504,432	23,035,938	86.7
County Public Service Board					
	County Public Service Board				
		5,278,159	4,795,508	482,651	90.9
	Tiaty Sub County (Administration)	-	-	-	0.0
		5,278,159	4,795,508	482,651	90.9
		5,086,222	4,720,973	365,249	92.8
		5,086,222	4,720,973	365,249	92.8
	Baringo North Sub County	-	-	-	0.0
		4,758,027	3,031,220	1,726,807	63.7
		4,758,027	3,031,220	1,726,807	63.7
	Baringo Central Sub County				
		5,144,000	3,076,013	2,067,987	59.8
	Baringo South Sub County				
		5,144,000	3,076,013	2,067,987	59.8
		4,362,377	3,069,838	1,292,539	70.4
		4,362,377	3,069,838	1,292,539	70.4
	Mogotio Sub County	-	-	-	0.0
		4,852,412	4,353,981	498,431	89.7
		4,852,412	4,353,981	498,431	89.7
	Eldama Ravine Sub County				
Office Of The Deputy Governor		17,586,339	15,700,579	1,885,760	89.3
	P4 DEPUTY GOVERNOR	-	-	-	0.0
		17,586,339	15,700,579	1,885,760	89.3
	P3 GOVERNORS OFFICE				
Headquarters					
	Treasury Accounts				
	Civic Education Development Services				
Finance & Economic Planning		392,209,024	160,850,971	231,358,053	41.0
	General Administration, Planning And Support Services	5,963,263	1,936,330	4,026,933	32.5
	Revenue Services Development Services	238,508,107	39,676,867	198,831,240	16.6
	General Administration	147,737,654	119,237,774	28,499,880	80.7

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Monitoring And Evaluation		101,650,000	91,421,332	10,228,668	89.9
	Economic Planning, Budget, Monitoring And Evaluation Services	101,650,000	91,421,332	10,228,668	89.9
Plant Disease Control		-	-	-	0.0
	KDS Programme	-	-	-	0.0
Transport		1,350,773,292	207,236,673	1,143,536,619	15.3
	General Administration	35,059,993	21,990,972	13,069,021	62.7
	Rural Infrastructure Development	1,305,713,299	185,245,701	1,120,467,598	14.2
	Urban Infrastructure Development	10,000,000	-	10,000,000	-
County Roads		-	18,901,358	(18,901,358)	0.0
	General Administration, Planning And Support Services				
	Development And Rehabilitation Of Rural Roads And Structures	-	18,901,358	(18,901,358)	0.0
Industrial Development Services		138,835,959	19,370,926	119,465,033	14.0
	Co-Operative Services Dev	92,285,959	17,381,362	74,904,597	18.8
	Industrial Dev Services	20,000,000	-	20,000,000	0.0
	Trade Development	26,550,000	1,989,564	24,560,436	7.5
Trade Development And Management Services		17,250,000	8,227,105	9,022,895	47.7
	Trade Development	-	-	-	0.0
	General Administration	17,250,000	8,227,105	9,022,895	47.7
Education		306,974,664	113,044,439	193,930,225	36.8
	Early Childhood Development Education	230,084,664	48,222,888	181,861,776	21.0
	General Administration Services	75,090,000	64,821,551	10,268,449	86.3
	General Administration, Planning And Support Services	1,800,000	-	1,800,000	0.0
County Health Services		1,080,429,081	431,162,066	649,267,016	39.9
	General Administration	536,829,113	397,347,215	139,481,898	74.0
	Preventive And Promotive Health Services	390,302,096	28,039,371	362,262,725	7.2
	Curative And Rehabilitative Services	153,297,872	5,775,480	147,522,392	3.8
	Health/Preventive Services	-	-	-	0.0
Promotion Of Primary Health Care		-	-	-	0.0
	General Administration	-	-	-	0.0
Lands		149,802,238	51,074,114	98,728,124	34.1
	General Administration	10,310,420	5,943,153	4,367,267	57.6
	Land Use Planning	20,200,000	-	20,200,000	0.0
		1,600,000	-	1,600,000	0.0
	Land Administration	36,073,200	7,680,700	28,392,500	21.3
	Urban Development-Kabarnet	-	-	-	0.0
	Other Urban Infrastructure Development And Management	80,818,618	37,450,261	43,368,357	46.3
	Livestock Development And Management	800,000	-	800,000	0.0

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Land Survey And Mapping		8,806,568	4,787,039	4,019,529	54.4
	General Administration	8,806,568	4,787,039	4,019,529	54.4
	Civic Education Development Services	-	-	-	0.0
	Urban Development-Eldama Ravine	-	-	-	0.0
Housing		12,119,157	7,895,407	4,223,750	65.1
	General Administration	12,119,157	7,895,407	4,223,750	65.1
Agricultural Services		822,027,087	153,778,904	668,248,183	18.7
	Livestock Development And Management	49,111,392	4,171,984	44,939,408	8.5
	Improved Livestock Production	345,651,719	57,897,441	287,754,278	16.8
	Agricultural Mechanization Services	363,459,668	78,679,961	284,779,707	21.6
	General Administration	51,075,333	7,902,293	43,173,040	15.5
	Fisheries Development And Management	-	-	-	0.0
	Agricultural Development	-	-	-	0.0
	Agricultural Training Services	7,028,975	-	7,028,975	0.0
	Crop Production And Management	5,700,000	5,127,225	572,775	90.0
Culture Services		179,215,995	54,608,719	124,607,276	30.5
		3,500,000	-	3,500,000	0.0
	Sports Development	7,175,571	-	7,175,571	0.0
		24,867,453	20,894,003	3,973,450	84.0
		143,672,971	33,714,716	109,958,255	23.5
Sports Development And Management Services		-	3,565,680	(3,565,680)	0.0
	General Administration	-	-	-	0.0
	Sports Development	-	-	-	0.0
		-	3,565,680	(3,565,680)	0.0
Water Management Services		943,555,669	173,329,658	770,226,011	18.4
		878,463,790	122,370,833	756,092,957	13.9
		59,916,879	50,958,825	8,958,054	85.0
		5,175,000	-	5,175,000	0.0
Environment Administration And Planning		23,934,809	13,302,110	10,632,699	55.6
		23,934,809	13,302,110	10,632,699	55.6
		-	-	-	0.0
Environmental And Natural Resource Protection Management		87,232,364	21,431,395	65,800,969	24.6
		2,800,000	-	2,800,000	0.0
		37,658,442	7,232,195	30,426,247	19.2
		43,946,822	14,199,200	29,747,622	32.3
		1,677,500	-	1,677,500	0.0
		-	-	-	0.0
		1,149,600	-	1,149,600	0.0
Headquarters		-	-	-	0.0
	Inter And Intra -Governmental Relations Services	-	-	-	0.0
Headquarters		39,270,600	23,560,793	15,709,807	60.0
		-	-	-	0.0
		39,270,600	23,560,793	15,709,807	60.0

Programmes	Sub-Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Grand Total	9,947,339,707	4,639,108,892	5,308,230,815	46.6

Source: Baringo County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Civic Education Development Services recorded the highest level of absorption at 100 per cent in the Governor/County Executive Services Department, followed closely by Inter & Intra -Governmental Relations Services at 99.8 per cent in the County Executive Services Department, P1 Office of the Clerk at 94.8 per cent under County Assembly Entity, fourthly Baringo North Sub-County Administration at 92.8 per cent and finally Tiaty Sub-County Administration at 90.9 per cent of their budgetary allocation.

3.1.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The County Treasury, save for the County Assembly, submitted financial reports on 22nd April 2022 against a stipulated timeline of 15th April 2022 provided in the OCOB circular.
2. Low absorption of development funds as indicated by the expenditure of Kshs.379.08 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.71billion. The development expenditure represented 8.1 per cent of the annual development budget.
3. The County Treasury's use of revenue at source and poor budgeting practice as shown in Table 3.5 and Table 3.6, where the County incurred expenditure of Kshs.5.49 million with and without approved budgetary allocation known as "below the lines expenditure" and excess absorption of exchequer releases by some departments on recurrent and development expenditure
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Executive Car Loans & House Mortgage Scheme Fund, Small & Medium Enterprise Fund, County Co-operative Development Fund, and County Community Wildlife Conservation Fund were not submitted to the Controller of Budget during the reporting period.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County Executive Committee Member for Finance (CECMF) should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.2 County Government of Bomet

3.2.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.84 billion, comprising Kshs.3.03 billion (34.3 per cent) and Kshs.5.81 billion (65.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.69 billion (75.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (3.4 per cent) from its own sources of revenue, and a cash

balance of Kshs.668.55 million (7.6 per cent) from FY 2020/21. The County also expects to receive Kshs.1.18 billion (13.4 per cent) as conditional grants. The grants consist of; Kshs.153.30 million for Leasing of Medical Equipment; Kshs.319,907 from Road Maintenance Fuel Levy Fund; Kshs.24,31 million for COVID 19 response allocation; Kshs.24.26 million for Development of Youth Polytechnics; Kshs.150.77 million from World Bank loan for Transforming Health Systems for Universal Care Project; Kshs.92.31 million for Kenya Urban Support Programme; Kshs.215.35 million for Kenya Devolution Support Programme (Level 1 & 2 Grant); Kshs.20.03 million for HSSF DANIDA; Kshs.427.70 million for IDA Kenya Climate-Smart Programme; Kshs.43.24 million for Agriculture Sector Development Support Programme; and Kshs.10 million for Climate Change.

3.2.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.45 billion as the equitable share of the revenue raised nationally, raised Kshs.158.92 million as own-source revenue, Kshs.7.5 million as conditional grants, and had a cash balance of Kshs.676.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs. 5.29 billion, as shown in Table 3.7.

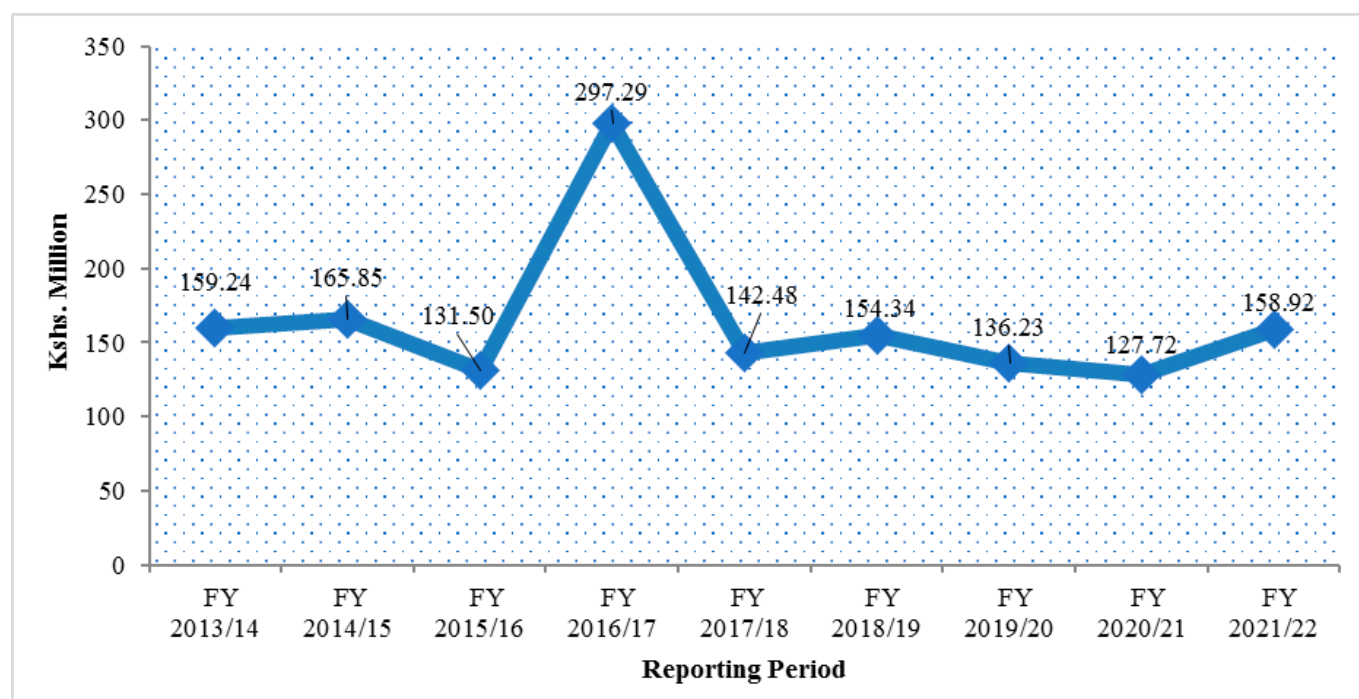
Table 3.7: Bomet County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,691,099,118	4,449,580,915	66.5
Sub Total		6,691,099,118	4,449,580,915	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	158,923,993	53.0
2.	Conditional Grants	1,183,589,768	7,499,400	0.6
3.	Balance b/f from FY2020/21	668,554,856	676,567,128	101.2
Sub Total		2,152,144,624	842,990,521	39.2
Grand Total		8,843,243,742	5,292,571,436	59.8

Source: Bomet County Treasury

The actual balance of Kshs.676.57 million from FY 2020/21 exceeded the estimated balance brought forward of Kshs.668.55 million. In addition to the balance brought forward, the county reported Kshs.318.37 million as balances retained in special-purpose accounts at the close of FY 2020/21. Figure 3.3 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

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



Source: Bomet County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.158.92 million as own-source revenue, which was 52.9 per cent of the annual target. This amount represented an increase of 24.4 per cent compared to Kshs.127.72 million realised during a similar period in FY 2020/21. The growth can be attributed to implementing an automated revenue management system called JamboPay in FY 2018/19.

3.2.3 Exchequer Issues

The Controller of Budget approved Kshs.5.12 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.2 billion (23.4 per cent) for development programmes and Kshs. 3.92 billion (76.6 per cent) for recurrent programmes, as shown in Table 3.12.

3.2.4 Overall Expenditure Review

The County spent Kshs.4.4 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.9 per cent of the total funds released by the CoB and comprised Kshs.1.02 billion and Kshs.3.38 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.5 per cent, while recurrent expenditure represented 58.2 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.520.73 million and comprised Kshs.68.4 million for recurrent expenditure and Kshs.452.33 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the bills in the financial year. During the period under review, pending bills amounting to Kshs.373.44 million were paid, consisting of Kshs.40.47 million for recurrent expenditure, and Kshs.332.97 million for development programmes. Outstanding pending bills amounted to Kshs.147.29 million as of 31st March 2022, comprising Kshs.27.93 million for recurrent and Kshs.119.35 million for development.

The outstanding pending bills as of 31st March 2022 do not include the bills by the Office of the Auditor-General as of 30th June 2020. The Auditor-General reported that pending bills as of 30th June 2020 were Kshs.575.28

million, out of which the County reported settling bills amounting to Kshs.469.56 million, leaving a balance of Kshs.105.72 million as of 31st March 2022. Table 3.8 gives a summary of the County Government of Bomet's Pending Bills as of 31st March 2022:

Table 3.8: Summary of Bomet County Pending Bill

Classification	Pending Bills as of 30th June 2021	Paid as of 30th March 2022	Balance as of 30th March 2022
Recurrent	68,398,636	40,467,761	27,930,875
Development	452,326,956	332,972,352	119,354,604
Total (A)	520,725,592	373,440,113	147,285,479
OAG Report			
Total Pending Bills as per the report (B)	575,277,393	469,556,019	105,721,374
Grand Total (A+B)	1,096,002,985	842,996,132	253,006,853
Unpaid pending bills that are listed in both reports (C)			12,323,666
Current Pending Bill Balance (A+B-C)			240,683,187

Source: County Government of Bomet, Pending Bill Status Report as of 31st March 2022

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.2 billion was spent on employee compensation, Kshs.1.19 billion on operations and maintenance, and Kshs.1.02 billion on development activities, as shown in Table 3.9.

Table 3.9: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,088,224,741	723,066,449	2,937,587,288	447,311,625	57.7	61.9
Compensation to Employees	3,061,433,665	312,263,151	1,996,520,573	202,691,534	65.2	64.9
Operations and Maintenance	2,026,791,076	410,803,298	941,066,715	244,620,091	46.4	59.5
Development Expenditure	2,819,297,475	212,655,077	1,005,879,644	10,432,798	35.7	4.9
Total	7,907,522,216	935,721,526	3,943,466,932	457,744,423	49.9	48.9

Source: Bomet County Treasury

3.2.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33.2 per cent of the first nine months' expected proportional revenue of Kshs.6.63 billion.

The wage bill of Kshs.2.2 billion includes Kshs.820.79 million attributable to the Department of Medical Services and Public Health which translates to 37.3 per cent of the total wage bill in the reporting period.

Personnel emoluments exchequer requisitions during the period under review amount to Kshs.2.67 billion, out of which, Kshs.1.6 billion was supported by IPPD system reports and Kshs.1.06 billion by manual schedules. The manual schedules constituted 39.8 per cent of the total Personnel Emoluments. Government policy requires that salaries be processed through the IPPD system - the County is advised to fast-track the acquisition of personal numbers for their staff.

3.2.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.233.73 million to County-Established funds in FY 2021/22, which constituted 2.6 per cent of the County's overall budget for the year. Table 3.10 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.10: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (in Kshs.)	Actual Expenditure as of 31 March 2022 (in Kshs.)	Submission of quarterly financial statements
				(Yes/No.)
1.	Bomet County Assembly Car Loan and Mortgage (Members) Scheme Fund	75,000,000	-	Yes
2.	Housing Loans to Public Servants – Department of Finance	3,100,000	3,100,000	No
3.	Car loan to public servants – Department of Finance	1,875,000	1,700,000	No
4.	Enterprise Development Fund – Department Cooperatives and Enterprise Development	40,500,000	-	No
5.	Bursaries and Support Services - Department of Education and Vocational Training	91,916,277	32,310,698	Yes
6.	Revolving Fund - Department of Education and Vocational Training	20,000,000	-	No
7.	Emergency Fund – Department of Finance	1,337,122	1,300,000	No
Total		233,728,399	38,410,698	

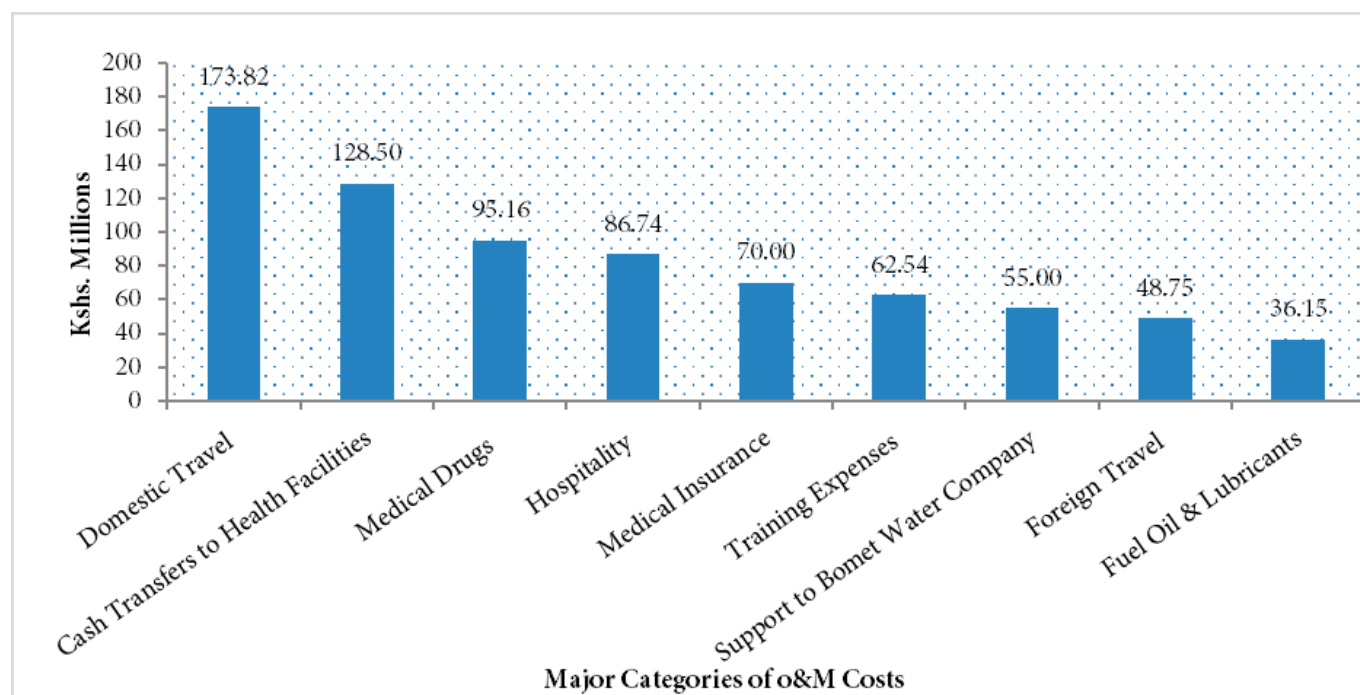
Source: Bomet County Treasury

The OCoB did not receive the third quarter financial returns from Administrators of funds, as indicated in Table 3.10.

3.2.9 Expenditure on Operations and Maintenance

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

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



Source: Bomet County Treasury

The County spent Kshs.18.60 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.30.63 million. The average monthly sitting allowance was Kshs.55,853 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.173.82 million and comprised Kshs.70.68 million spent by the County Assembly and Kshs.103.14 million by the County Executive. Spending on foreign travel amounted to Kshs.48.75 million and consisted of Kshs.26.24 million by the County Assembly and Kshs.22.52 million by the County Executive.

3.2.10 Development Expenditure

The County incurred Kshs.1.02 billion on development programmes, which represented an increase of 34.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.757.63 million. Table 3.11 summarises development projects with the highest expenditure in the reporting period.

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

Development Item	Department	Budget Estimates	Reported Expenditure for the first nine months	Absorption Rate
		Kshs.	Kshs.	%
Construction of Roads	Department of Roads Public Works and Transport	455,601,064	455,525,914	100.0
Pending Bills	Department of Finance	238,327,469	118,279,763	49.6
Water supply infrastructure	Department of Water, Sanitation, and Environment	108,600,000	108,578,323	100.0
Construction and Maintenance of Motorised Bridge	Department of Roads Public Works and Transport	105,000,000	104,970,782	100.0
Foot Bridge construction	Department of Roads Public Works and Transport	45,000,000	44,311,250	98.5

Development Item	Department	Budget Estimates	Reported Expenditure for the first nine months	Absorption Rate
		Kshs.	Kshs.	%
Construction of ECD Classrooms	Department of Education and Vocational Training	125,099,983	29,534,118	23.6
Culvert Installation	Department of Roads Public Works and Transport	66,817,000	25,000,000	37.4
Water Harvesting and Storage	Department of Water, Sanitation, and Environment	104,000,000	16,188,987	15.6
Non-Residential Buildings (Hospitals, Health Centres, Dispensaries)	Department of Medical Services and Public Health	56,000,000	11,709,914	20.9
Ancillary Education Support	Department of Education and Vocational Training	15,000,000	10,558,350	70.4

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 3.12 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.12: Bomet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executives	215.50		128.65		141.86		110.3		65.8	
County Public Service Board	34.41	6.00	24.18		22.97		95.0		66.8	-
Administration	32.04	22.50	17.03	1.78	14.37		84.4	-	44.8	-
Public Service	2,009.93		1,550.50		1,261.46		81.4	-	62.8	-
Information, Communication, and Technology	23.21	12.00	9.78	-	8.97	1.73	91.6	-	38.6	14.4
Finance	133.01	244.00	84.50	122.82	95.76	121.08	113.3	98.6	72.0	49.6
Economic Planning	149.89	201.35	55.10	167.35	62.75	-	113.9	-	41.9	-
Lands, Housing and Urban Planning	81.50	161.81	15.17	22.65	11.72	14.53	77.2	64.2	14.4	-
Youth, Sports, Gender, and Culture	60.18	22.00	42.77	0.78	34.74	1.59	81.2	203.2	57.7	7.2
Medical Services and Public Health	1,897.39	240.41	1,259.88	23.49	1,105.24	15.61	87.7	66.5	58.3	6.5
Education and Vocational Training	191.85	221.27	64.44	88.90	41.02	50.73	63.7	57.1	21.4	22.9
Water Sanitation and Environment	125.45	299.49	99.63	152.30	69.57	128.28	69.8	84.2	55.5	42.8
Agriculture, Livestock, and Veterinary Services	16.59	573.85	4.36	2.50	15.28	8.84	350.5	353.6	92.1	1.5

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
Roads, Public Works, and Transport	83.67	690.24	48.39	580.95	45.28	644.89	93.6	111.0	54.1	93.4
Trade, Energy, Tourism, Industry, and Investment	12.12	38.03	6.81	23.15	5.60	13.69	82.2	59.1	46.2	36.0
Co-operatives and Enterprise Development	21.49	86.35	11.36		1.00	4.91	8.8	Inf.	4.7	5.7
Bomet County Assembly	723.07	212.66	501.86	10.59	447.31	10.43	89.1	98.5	61.9	4.9
Total	5,811.29	3,031.95	3,924.39	1,197.27	3,384.90	1,016.31	86.3	84.9	58.2	33.5

Source: Bomet County Treasury

Analysis of expenditure by the departments shows that the Department of Roads, Public Works, and Transport recorded the highest absorption rate of development budget at 93.4 per cent, while the County Public Service Board, Department of Administration, and Department of Economic Planning did not report any expenditure on development activities. The Department of Agriculture, Livestock and Veterinary Services had the highest percentage of recurrent expenditure to budget at 92.1 per cent, while the Department of Co-operatives and Enterprise Development had the lowest at 4.7 per cent.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.13 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.13: Bomet County, Budget Execution by Programmes

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive		215,500,000	141,863,474	73,636,526	65.8
	Operations and Maintenance	215,500,000	141,863,474	73,636,526	65.8
County Public Service Board		40,406,540	22,969,262	17,437,278	56.8
	Development	6,000,000	-	6,000,000	-
	Operations and Maintenance	34,406,540	22,969,262	11,437,278	66.8
Department of Administration		54,535,461	14,365,650	40,169,811	26.3
	Centre for Devolved Governance	200,000	-	200,000	-
	Infrastructure Development and Equipment	22,500,000	-	22,500,000	-
	Operations and Maintenance	31,835,461	14,365,650	17,469,811	45.1
Department of Agriculture, Livestock and Veterinary Services		590,443,577	24,115,794	566,327,783	4.1
	Crop Development and Management	508,877,257	-	508,877,257	-
	Livestock, Fisheries & Veterinary Services	64,976,320	8,839,675	56,136,645	13.6
	Operations and Maintenance	16,590,000	15,276,119	1,313,881	92.1
Department of Cooperatives and Enterprise Development		107,843,230	5,907,275	101,935,955	5.5
	Agribusiness Development and Marketing	45,600,000	4,905,100	40,694,900	10.8

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Enterprise Development Fund	40,500,000	-	40,500,000	-
	Operations and Maintenance	21,490,030	1,002,175	20,487,855	4.7
	Policy Formulation, Review, and Administration	253,200	-	253,200	-
Department of Economic Planning		351,239,501	62,752,923	288,486,578	17.9
	Budget Preparation and Management	9,770,000	6,290,300	3,479,700	64.4
	KDSP (Level 1 Grant)	48,000,000	8,946,855	39,053,145	18.6
	KDSP (Level 2 Grant)	201,353,974	-	201,353,974	-
	Monitoring and Evaluation Services	4,000,000	3,650,000	350,000	91.3
	Operations and Maintenance	78,494,653	31,342,568	47,152,085	39.9
	Planning and Statistics	9,620,874	12,523,200	(2,902,326)	130.2
Department of Education and Vocational Training		413,124,051	91,745,997	321,378,054	22.2
	Early Childhood Development and Education	221,270,837	50,729,008	170,541,829	22.9
	Operations and Maintenance	8,679,590	8,706,291	(26,701)	100.3
	Policy, Planning, and General Administrative Services	183,173,624	32,310,698	150,862,926	17.6
Department of Finance		377,002,899	216,839,145	160,163,754	57.5
	Financial Management Services	243,997,469	121,079,763	122,917,707	49.6
	Operations and Maintenance	133,005,430	95,759,383	37,246,047	72.0
Department of Information, Communication, and Technology		35,205,000	10,693,547	24,511,453	30.4
	Information Communication Technology (ICT) Services	12,000,000	1,728,400	10,271,600	14.4
	Operations and Maintenance	23,205,000	8,965,147	14,239,853	38.6
Department of Lands, Housing and Urban Planning		243,307,578	26,252,603	217,054,975	10.8
	Housing Development	8,175,000	1,188,300	6,986,700	14.5
	Lands Development	36,000,000	8,027,664	27,972,336	22.3
	Municipality	142,307,578	1,455,600	140,851,978	1.0
	Operations and Maintenance	7,380,000	3,159,280	4,220,720	42.8
	Urban Management	49,445,000	12,421,759	37,023,241	25.1
Department of Medical Services and Public Health		2,137,799,187	1,120,854,903	1,016,944,284	52.4
	Curative Services	207,697,381	106,674,624	101,022,757	51.4
	Health Care Financing	192,238,000	136,333,000	55,905,000	70.9
	Health Infrastructure	240,407,763	15,609,914	224,797,849	6.5
	Human Resources for Health Services	1,252,531,842	838,932,675	413,599,167	67.0
	Preventing and Promotive Services	110,129,352	3,970,750	106,158,602	3.6
	Reproductive Health Services	134,794,849	19,333,940	115,460,909	14.3
Department of Public Service		2,009,933,665	1,261,460,509	748,473,156	62.8
	Operations and Maintenance	208,000,000	86,324,207	121,675,793	41.5
	Salaries and Wages	1,801,933,665	1,175,136,302	626,797,363	65.2
Department of Roads Public Works and Transport		773,911,743	690,178,599	83,733,145	89.2
	County Transport Infrastructure	11,500,000	8,085,920	3,414,080	70.3
	Development and Maintenance of other Public works	222,817,000	181,282,032	41,534,968	81.4

Department	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Operations and Maintenance	83,673,772	45,284,733	38,389,039	54.1
	Roads Construction & Maintenance	455,920,971	455,525,914	395,057	99.9
Department of Trade, Energy, Tourism and Industry and Investment		50,153,901	19,283,301	30,870,600	38.4
	Industry Development	5,540,000	4,193,307	1,346,693	75.7
	Energy Development	12,000,000	3,014,130	8,985,870	25.1
	Operations and Maintenance	12,123,901	5,595,635	6,528,266	46.2
	Tourism Development	5,490,000	-	5,490,000	-
	Trade Development	15,000,000	6,480,229	8,519,771	43.2
Department of Water, Sanitation, and Environment		424,935,106	197,854,359	227,080,747	46.6
	Development of Water Supply for Domestic and Commercial purposes	277,785,106	128,281,059	149,504,047	46.2
	Environment and Natural Resources	31,510,000	3,768,000	27,742,000	12.0
	Irrigation Development	1,000,000	-	1,000,000	-
	Operations and Maintenance	110,040,000	65,805,300	44,234,700	59.8
	Policy planning and administrative services	4,500,000	-	4,500,000	-
	Waste-water management	100,000	-	100,000	-
Department of Youth, Sports, Gender, and Culture		82,180,777	36,329,590	45,851,187	44.2
	Culture and library services	9,600,000	1,980,700	7,619,300	20.6
	Gender, Children Services, and Social Protection	17,500,000	9,892,700	7,607,300	56.5
	Operations and Maintenance	8,180,777	4,617,300	3,563,477	56.4
	Policy Development, and Administrative Services	2,000,000	2,999,620	(999,620)	150.0
	Youth and Sports Development	44,900,000	16,839,270	28,060,730	37.5
County Assembly of Bomet		935,721,526	457,744,423	477,977,104	48.9
	Legislative Services	297,442,155	175,834,394	121,607,761	59.1
	Oversight and Representation	97,112,877	78,043,018	19,069,859	80.4
	General Administration, Human Resource, and Administrative Services	541,166,494	203,867,011	337,299,483	37.7
Grand Total		8,843,243,742	4,401,211,354	4,442,032,389	49.8

Source: Bomet County Treasury

The County programmes with high levels of implementation based on absorption rates were: Roads Construction and Maintenance in the Department of Roads Public Works and Transport at 99.9 per cent; Operations and Maintenance in the Department of Agriculture, Livestock and Veterinary Services at 92.1 per cent; Monitoring and Evaluation Services in the Department of Economic Planning at 91.3 per cent; and Oversight and Representation under County Assembly of Bomet at 80.4 per cent of budget allocation.

Further, after the County gazetted its first Supplementary Budget Appropriation Act on 11th March 2022, the County Treasury failed to reconcile programme expenditure with the approved budget. This resulted in expenditure above 100 per cent for some programmes.

3.2.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.02 billion in the first nine

months of FY 2021/22 from the annual development budget allocation of Kshs.3.03 billion. The development expenditure represented 33.5 per cent of the annual development budget.

2. Several Fund Administrators failed to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
3. Personnel Emoluments amounting to Kshs.1.06 billion were processed through the manual payroll and accounted for 39.8 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds due to a lack of proper controls.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.3 County Government of Bungoma

3.3.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.14.45 billion, comprising Kshs.4.48 billion (31 per cent) and Kshs.9.97 billion (69 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.66 billion (73.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.745.81 million (5.2 per cent) from its own sources of revenue, and a cash balance of Kshs.230.67 million (1.6 per cent) from FY 2020/21. The County also expects to receive Kshs.2.07 billion (14.3 per cent) as conditional grants. The grants consist of; Leasing of Medical Equipment at Kshs.153.30 million, UNICEF at Kshs.1.57 million, Universal Health Care Projects at Kshs.52.97 million, DANIDA at Kshs.19.71 million, World Bank Agricultural and Rural growth Projects Kshs.280.53 million, ASDSP II at Kshs.26.75 million, Kenya Devolution Support Programme- Level 11 at Kshs.112.82 million Urban support programme (Development) at Kshs.300.98 million, Urban Support Programme (Recurrent) at Kshs.11,000,000, KISP II (Kenya Informal Settlement Improvement Project) at Kshs.50 million, and Retention at Kshs.8.77 million.

3.3.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.7.40 billion as the equitable share of the revenue raised nationally, raised Kshs.282.17 million as own-source revenue, Kshs.442.36 million as AIA, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.230.67 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.8.35 billion, as shown in Table 3.14.

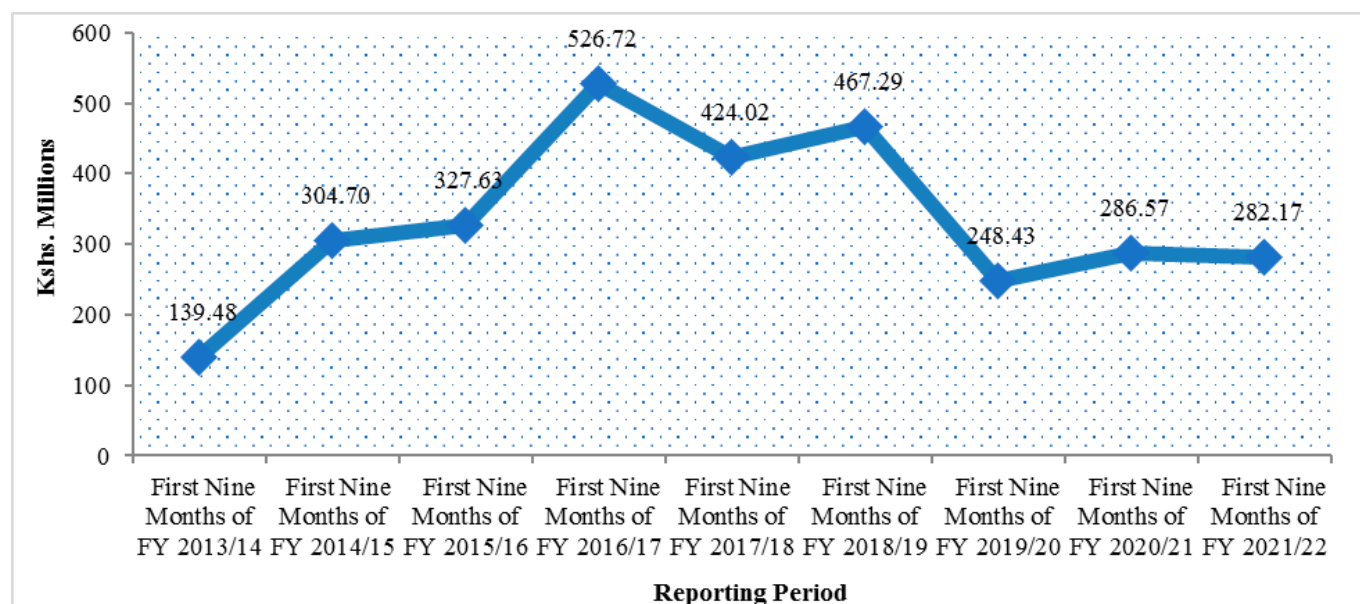
Table 3.14: Bungoma County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,659,435,192	7,397,099,965	69.4
	Sub Total	10,659,435,192	7,397,099,965	69.4
B	Other Sources of Revenue			
1	Own Source Revenue	746,811,602	282,172,088	37.8
2	Conditional Grants	2,067,149,798	2,500,000	0.1
3	Balance b/f from FY2020/21	230,673,452	230,673,452	100
4	AIA	741,524,891	442,362,674	59.7
5	Other Revenues	8,769,449	-	-
	Sub Total	3,794,929,192	727,034,762	19.2
	Grand Total	14,454,364,384	8,354,808,179	57.8

Source: Bungoma County Treasury

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

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



Source: Bungoma County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.282.17 million as own-source revenue, which was 37.8 per cent of the annual target. This amount represented a decrease of 1.6 per cent compared to Kshs.286.57 million realized during a similar period in FY 2020/21. The County has implemented an automated OSR collection system called Revenue Automation System.

3.3.3 Exchequer Issues

The Controller of Budget approved Kshs.7.40 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.882.54 million (11.9 per cent) for development programmes and Kshs.6.51 billion (88.1 per cent) for recurrent programmes, as shown in Table 3.18.

3.3.4 Overall Expenditure Review

The County spent Kshs.6.66 billion on development and recurrent programmes during the reporting period. This expenditure represented 90 per cent of the total funds released by the CoB and comprised Kshs.992.43 million and Kshs.5.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.2 per cent, while recurrent expenditure represented 56.8 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.978.77 million and comprised Kshs.392.30 million for recurrent expenditure and Kshs.586.46 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.259.91 million were paid, consisting of Kshs.97.31 million for recurrent expenditure and Kshs.162.60 million for development programmes. Outstanding pending bills amounted to Kshs.719.34 million as of 31st March 2022.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.50 billion was spent on employee compensation, Kshs.2.16 billion on operations and maintenance, and Kshs.992.43 million on development activities, as shown in Table 3.15.

Table 3.15: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,053,807,120	921,179,505	4,991,458,459	675,748,275	55.1	73.4
Compensation to Employees	5,215,992,101	347,197,199	3,260,586,746	243,888,132	62.5	70.2
Operations and Maintenance	3,837,815,019	573,982,306	1,730,871,713	431,860,143	45.1	75.2
Development Expenditure	4,372,377,759	107,000,000	972,432,165	20,000,000	22.2	18.7
Total	13,426,184,879	1,028,179,505	5,963,890,624	695,748,275	44.4	67.7

Source: Bungoma County Treasury

3.3.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.3 per cent of the first nine months proportional revenue of Kshs.10.48 billion.

Personnel emoluments amounting to Kshs.3.45 billion were processed through the IPPD system, while Kshs.57.39 million was paid through a manual payroll. The manual payroll amounted to 1.7 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.50 billion includes Kshs.1.42 billion attributable to the health sector, which translates to 40.5 per cent of the total wage bill in the reporting period.

3.3.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.480 million to county established funds in FY 2021/22, which constituted 3.3 per cent of the County's overall budget for the year. Table 3.16 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.16: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Scholarship and other Educational benefits	410,000,000	350,000,000	Yes
2.	Emergency fund	70,000,000	-	No
3.	Total	480,000,000	350,000,000	

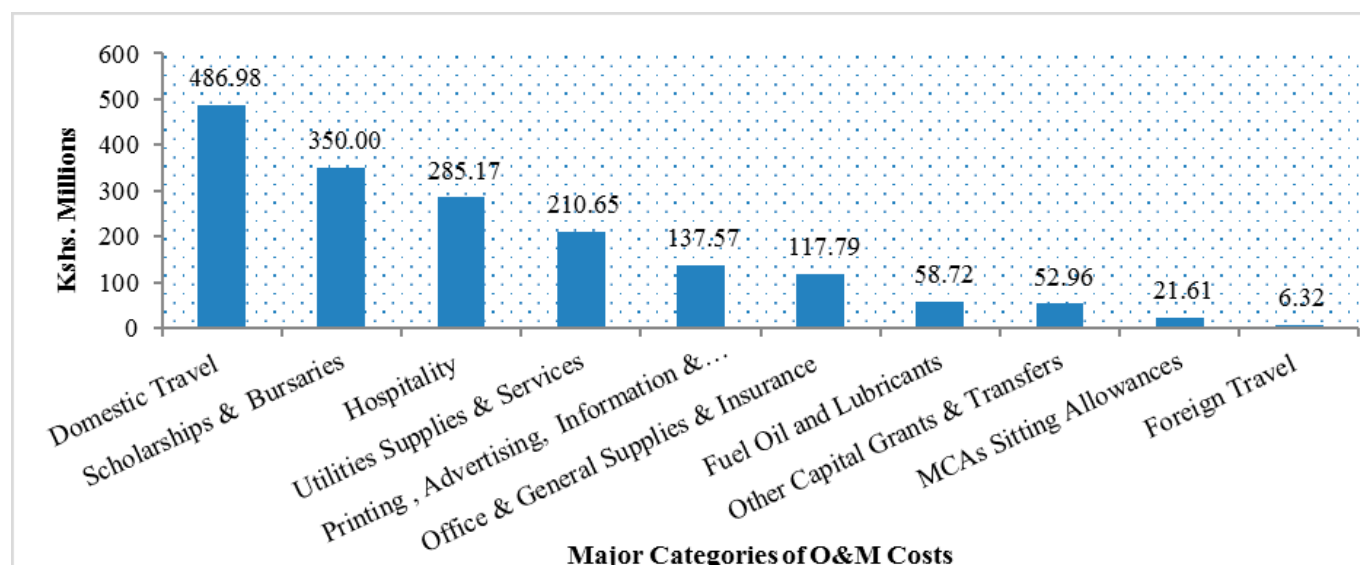
Source: Bungoma County Treasury

The OCoB received quarterly financial returns from the Fund Administrator of the Scholarship Fund, as indicated in Table 3.16.

3.3.9 Expenditure on Operations and Maintenance

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

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



Source: Bungoma County Treasury

The County spent Kshs.21.12 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.26.61 million. The average monthly sitting allowance was Kshs.39,370 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 24 committees.

During the period, expenditure on domestic travel amounted to Kshs.486.98 million and comprised Kshs.178.23 million spent by the County Assembly and Kshs.308.75 million by the County Executive. Spending on foreign travel amounted to Kshs.6.32 million and consisted of Kshs.2.32 million by the County Assembly and Kshs.3.99 million by the County Executive.

3.3.10 Development Expenditure

The County incurred Kshs.992.43 million on development programmes, which represented an increase of 1.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.981.23 million. Table 3.17 summarises development projects with the highest expenditure in the reporting period.

Table 3.17: Bungoma County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum	Payments to Date	Absorption Rate
			(Kshs.)	(Kshs.)	(%)
1	Upgrading of Kanduyi - Sang'alo Junction Dual Carriage	Kanduyi - Sang'alo	350,000,000	336,242,640	96.1
2	Maintenance of Rural Roads (CEF)	45 wards	451,195,500	170,388,649	37.8
3	Maintenance of Rural Roads (RMLF)	45 wards	227,038,896	26,925,547	11.9
4	Supplier credit	45 wards	192,298,049	14,493,580	7.5
5	Unconditional grants for VTCs	45 wards	60,525,266	29,900,000	49.4
6	Implementation of bursary and scholarship	45 wards	350,000,000	350,000,000	100
7	Construction and modernization of Masinde Muliro stadium	Kanduyi s/c	189,116,354	139,936,716	74.0

Source: Bungoma County Treasury

3.3.11 Budget Performance by Department

Table 3.18 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.18: Bungoma County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	459.98	805.85	376.52	60.89	296.37	64.88	78.7	106.6	64.4	8.1
Tourism, Forestry, Environment, Water and Natural Resources	385.45	231.74	287.88	31.46	258.29	35.31	89.7	112.2	67.0	15.2
Roads and Public Works	184.55	1,714.78	119.04	572.41	97.84	597.14	82.2	104.3	53.0	34.8
Education, Science, Sports and Youth Affairs	1,471.02	241.03	1,096.11	21.03	1,006.08	61.30	91.8	291.6	68.4	25.4
Health and Sanitation	3,704.59	97.12	1,874.91	24.03	1,618.93	16.82	86.3	70.0	43.7	17.3
Trade, Energy and Industrialization	73.49	38.08	48.08	-	50.14	-	104.3	-	68.2	-
Land, Urban, Physical Planning and Housing	129.65	632.96	76.86	3.47	70.15	3.47	91.3	100.2	54.1	0.5
Gender, Culture, Youth and Sports	126.38	277.74	98.58	142.35	83.62	139.94	84.8	98.3	66.2	50.4
Finance and Planning	1,320.49	8.77	1,111.52	-	833.67	-	75.0	-	63.1	-
County Public Service	59.21	-	44.94	-	41.17	-	91.6	-	69.5	-
Governor/Deputy Governors	532.78	-	243.56	-	304.74	-	125.1	-	57.2	-
Public Administration	606.22	324.30	371.77	6.90	330.47	53.58	88.9	776.2	54.5	16.5
County Assembly	921.18	107.00	764.75	20.00	675.75	20.00	88.4	100.0	73.4	18.7
Total	9,974.99	4,479.38	6,514.52	882.54	5,667.21	992.43	87.0	112.5	56.8	22.2

Source: Bungoma County Treasury

Analysis of expenditure by the departments shows that the Department of Gender, Culture, Youth and Sports recorded the highest absorption rate of development budget at 50.4 per cent while the Department of Trade, Energy and Industrialization and the Department of Finance and Planning did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 73.4 per cent, while the Department of Health and Sanitation had the lowest at 43.7 per cent.

3.3.12 Budget Execution by Programmes and Sub-Programmes

Table 3.19 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.19: Bungoma County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Cooperative and Livestock					
Programme 1: General Administration, planning and support services					
SP 1.1 Administrative and Support Services	SP 1.1 Administrative and Support Services	126,833,522	91,328,067	35,505,455	72.0
SP 1.2 Human Resource Management and Development.	SP 1.2 Human Resource Management and Development.	314,512,616	211,329,199	103,183,417	67.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP 1.3: Policy, Legal and Regulatory Framework	SP 1.3: Policy, Legal and Regulatory Framework	7,600,000	-	7,600,000	0.0
SP 1.4: Planning and Financial Management	SP 1.4: Planning and Financial Management	11,615,043	-	11,615,043	0.0
S.P 1.5 Sector Coordination	S.P 1.5 Sector Coordination	4,000,000	-	4,000,000	0.0
SP 1.7: Leadership and Governance	SP 1.7: Leadership and Governance	2,000,000	-	2,000,000	0.0
Programme 2: Land and Crop Development and Management					
SP 2.1: Agricultural extension and training services	SP 2.1: Agricultural extension and training services	4,746,821	-	4,746,821	0.0
S.P 2.2: Crop production and productivity	S.P 2.2: Crop production and productivity	86,970,400	33,055,116	53,915,284	38.0
SP 2.7 Irrigation Extension and training	SP 2.7 Irrigation Extension and training	2,540,000	-	2,540,000	0.0
Programme 3: Livestock development and management					
SP 3.1 Livestock production extension, Training and Information Services	SP 3.1 Livestock production extension, Training and Information Services	5,600,000	-	5,600,000	0.0
SP 3.4 Disease and Vector Control	SP 3.4 Disease and Vector Control	7,000,000	-	7,000,000	0.0
SP 3.5 Food Safety And Quality Control	SP 3.5 Food Safety And Quality Control	5,500,000	-	5,500,000	0.0
SP 3.6 Leather development	SP 3.6 Leather development	-	-	-	-
SP 3.7 Veterinary Extension Services	SP 3.7 Veterinary Extension Services	3,600,000	-	3,600,000	0.0
SP 3.8 Breeding and AI Subsidy programme	SP 3.8 Breeding and AI Subsidy programme	3,000,000	-	3,000,000	0.0
Programme 4: Fisheries development and management					
SP 4.1 Fisheries extension service and training	SP 4.1 Fisheries extension service and training	3,000,000	-	3,000,000	0.0
SP 4.2 Fisheries product value-chain development	SP 4.2 Fisheries product value-chain development	3,500,000	-	3,500,000	0.0
Programme 5: Cooperatives Development and Management					
SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	9,800,000	-	9,800,000	0.0
SP 5.2 Cooperatives Audit Services	SP 5.2 Cooperatives Audit Services	1,500,000	-	1,500,000	0.0
Programme 6: Institutional Development and Management					
SP 6.1 Mabanga ATC Administration management services	SP 6.1 Mabanga ATC Administration management services	-	-	-	0.0
SP 6.2 Agricultural Enterprise Development (ATC)	SP 6.2 Agricultural Enterprise Development (ATC)	-	-	-	0.0
SP 6.3 Infrastructural development (ATC)	SP 6.3 Infrastructural development (ATC)	30,700,000	-	30,700,000	0.0
SP 6.5 Tractor hire services	SP 6.5 Tractor hire services	5,000,000	-	5,000,000	0.0
SP 6.8 Operational development (CFF)	SP 6.8 Operational development (CFF)	3,240,000	-	3,240,000	0.0
NARIGP	NARIGP	514,946,619	-	514,946,619	0.0
ASDSP II	ASDSP II	46,167,495	-	46,167,495	0.0
Ward Based Projects	Ward Based Projects	62,461,000	25,540,985	36,920,015	40.9
Total Expenditure		1,265,833,516	361,253,367	904,580,149	28.5
HEALTH & SANITATION					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme1: General Administration and Planning, and Support Services					
SP 1: Health Administration Planning and support services	SP 1: Health Administration Planning and support services	680,964,067	190,607,320	490,356,747	28.0
Human resources	Human resources	2,421,263,243	1,428,320,705	992,942,538	59.0
SP3.Health Infrastructure	SP3.Health Infrastructure	97,124,894	16,816,323	80,308,571	17.3
Programme 2: Preventive Promotive and Rehabilitative					
SP 2:Communicable and non-communicable	SP 2:Communicable and non-communicable	18,005,084	-	18,005,084	0.0
SP 2: Health Promotion services	SP 2: Health Promotion services	6,000,000	-	6,000,000	0.0
SP 3: Disease surveillance	SP 3: Disease surveillance	2,746,938	-	2,746,938	0.0
SP 4: Community health services	SP 4: Community health services	78,072,000	-	78,072,000	0.0
Programme 3: Curative & health Services					
SP 3: Routine Medical Services	SP 3: Routine Medical Services	424,865,820	-	424,865,820	0.0
SP 3: Blood Bank Services	SP 3: Blood Bank Services	10,000,000	-	10,000,000	0.0
Programme 4: Health Research	Programme 4: Health Research	8,200,000	-	8,200,000	0.0
SP 4: Capacity Development	SP 4: Capacity Development	8,200,000	-	8,200,000	0.0
Programme 5: Maternal and Child Health	Programme 5: Maternal and Child Health	54,469,787	-	54,469,787	0.0
SP 5: Maternity Services	SP 5: Maternity Services	52,969,787	-	52,969,787	0.0
SP 5: Immunization Services	SP 5: Immunization Services	1,500,000	-	1,500,000	0.0
Total Expenditure		3,864,381,620	1,635,744,349	2,228,637,271	42.3
ROADS & PUBLIC WORKS					
Transport infrastructure development and management	Transport infrastructure development and management	1,549,460,621	597,135,548	952,325,073	38.5
Public safety and transport operations	Public safety and transport operations	10,440,000	-	10,440,000	0.0
Building standards and other civil works	Building standards and other civil works	3,537,534	-	3,537,534	0.0
General administration, planning and support services	General administration, planning and support services	335,894,584	97,835,046	238,059,538	29.1
Total Expenditure		1,899,332,739	694,970,594	1,204,362,145	36.6
WATER & TOURISM					
Programme 1: General Administration Planning and support Services					
SP. Human Resources Management	SP. Human Resources Management	58,513,750	34,575,584	23,938,166	59.1
SP. Policy and Legal Framework formulation	SP. Policy and Legal Framework formulation	1,000,000	-	1,000,000	0.0
SP. Marking of international/national events	SP. Marking of international/national events	4,800,000	4,266,695	533,305	88.9
SP. Annual devolution conference	SP. Annual devolution conference	3,000,000	-	3,000,000	0.0
Programme 2: Water and Sewerage Services Management					
SP Water Services Provision	SP Water Services Provision	152,668,384	28,248,342	124,420,042	18.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP. Rig operation and maintenance	SP. Rig operation and maintenance	1,850,705	-	1,850,705	0.0
SP. Stakeholders engagement (water users association)	SP. Stakeholders engagement (water users association)	4,800,000	-	4,800,000	0.0
SP. KOICA counterpart funding	SP. KOICA counterpart funding	16,553,051	-	16,553,051	0.0
SP. Sub- County operations	SP. Sub- County operations	3,200,000	-	3,200,000	0.0
SP. Routine Maintenance of water supplies	SP. Routine Maintenance of water supplies	2,400,000	-	2,400,000	0.0
SP. Office operation and maintenance	SP. Office operation and maintenance	140,459,380	69,459,862	70,999,518	49.5
Programme 3: Integrated Solid Waste Management					
SP. Dumpsite Management	SP. Dumpsite Management	-	-	-	0.0
SP. Garbage collection and transportation	SP. Garbage collection and transportation	227,942,024	157,046,998	70,895,026	68.9
TOTAL Expenditure	TOTAL Expenditure	617,187,294	293,597,482	323,589,812	47.6
				-	
EDUCATION AND VOCATIONAL TRAINING					
Programme 1: General Administration, Planning and Support Services					
SP 1: Salaries and allowances	SP 1: Salaries and allowances	1,011,120,892	625,669,772	385,451,120	61.9
SP3: Administration and support services	SP3: Administration and support services	34,383,957	30,406,400	3,977,557	88.4
Programme 2: Early Childhood Education Development					
Sp1: Quality Assurance and Standards	Sp1: Quality Assurance and Standards	800,000	-	800,000	0.0
Sp2: Curriculum implementation	Sp2: Curriculum implementation	1,000,000	-	1,000,000	0.0
Sp3: learning materials	Sp3: learning materials	1,600,000	-	1,600,000	0.0
SP4:Annual conference for Education stakeholders	SP4:Annual conference for Education stakeholders	1,520,043	-	1,520,043	0.0
SP4:Annual conference for ECDE teachers	SP4:Annual conference for ECDE teachers	1,800,000	-	1,800,000	0.0
SP5:Monitoring and evaluation	SP5:Monitoring and evaluation	800,000	-	800,000	0.0
SP6:Commisioning of ECDE classrooms	SP6:Commisioning of ECDE classrooms	1,400,000	-	1,400,000	0.0
SP6 : Infrastructure development	SP6 : Infrastructure development	115,730,000	27,312,801	88,417,199	23.6
SP9:Pending bills	SP9:Pending bills	32,737,719	-	32,737,719	0.0
PROGRAMME 3: VOCATIONAL TRAINING CENTRES					
Sp1: Tuition support grant	Sp1: Tuition support grant	92,566,263	33,990,000	58,576,263	36.7
Sp2:Tools and equipment for VTC	Sp2:Tools and equipment for VTC	-	-	-	-
Sp3:Construction of Centre of Excellence	Sp3:Construction of Centre of Excellence	-	-	-	-
Sp4: Quality assurance and standards	Sp4: Quality assurance and standards	1,000,000	-	1,000,000	0.0
SP5: Joint Vocational Training Graduation	SP5: Joint Vocational Training Graduation	1,600,000	-	1,600,000	0.0
SP6: VTC instructor annual conference	SP6: VTC instructor annual conference	2,000,000	-	2,000,000	0.0
SP7:Community sensitization	SP7:Community sensitization	1,000,000	-	1,000,000	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP8:Monitoring and Evaluation	SP8:Monitoring and Evaluation	1,000,000	-	1,000,000	0.0
PROGRAMME 4: EDUCATIONAL SUPPORT SCHEME					
Sp1: Education support and bursary scheme	Sp1: Education support and bursary scheme	410,000,000	350,000,000	60,000,000	85.4
TOTAL Education		1,712,058,874	1,067,378,973	644,679,901	62.3
Trade, Energy & Industrialisation.					
Trade and Enterprise Development	Trade and Enterprise Development	1,900,000	-	1,900,000	0.0
Market Infrastructure Development	Market Infrastructure Development	-	-	-	0.0
Energy Development and Management	Energy Development and Management	4,000,000	-	4,000,000	0.0
Salaries and emoluments	Salaries and emoluments	25,063,211	16,294,934	8,768,277	65.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	46,523,605	33,843,213	12,680,392	72.7
CEF	CEF	30,846,000	-	30,846,000	0.0
Supplier's Credit	Supplier's Credit	3,235,741	-	3,235,741	0.0
Total Expenditure Trade		111,568,557	50,138,147	61,430,410	44.9
LANDS AND URBAN PLANNING					
Programme 1: General Administration, Planning and Support services					
SP 1: Institutional accountability, efficiency and effectiveness in service delivery	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	57,911,470	40,744,615	17,166,855	70.4
SP 2: Human resource development and management	SP 2: Human resource development and management	5,745,622	-	5,745,622	0.0
Programme 2: Land Resource Survey/Mapping and Management					
SP 1: Land acquisition	SP 1: Land acquisition	9,700,000	-	9,700,000	0.0
SP 2: Survey of government land quality control of survey activities	SP 2: Survey of government land quality control of survey activities	-	-	-	0.0
Total Land		73,357,092	40,744,615	32,612,477	55.5
HOUSING DEPARTMENT					
Programme 1 General Administration, Planning and Support services					
SP 1: salaries and emoluments	SP 1: salaries and emoluments	8,054,246	5,660,531	2,393,715	70.3
SP 2: Administrative Services	SP 2: Administrative Services	10,698,820	6,560,803	4,138,017	61.3
SP 3: Research and Development	SP 3: Research and Development	6,260,298	5,820,880	439,418	93.0
SP 4: Human resource development and management	SP 4: Human resource development and management	939,045	-	939,045	0.0
Programme 2 Housing development and Human Settlement					
SP 1: Estate Management	SP 1: Estate Management	-	934,558	(934,558)	0.0
SP 2: Housing Development	SP 2: Housing Development	-	-	-	0.0
sp3: Housing Grant	sp3: Housing Grant	50,000,000	-	50,000,000	0.0
Total Housing		75,952,409	18,976,773	56,975,636	25.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
BUNGOMA MUNICIPALITY					
Programme I: Urban Economy, General Administration, Planning and Support services					
SP 1.1: Human Resource Capacity Development and Management	SP 1.1: Human Resource Capacity Development and Management	3,898,202	-	3,898,202	0.0
SP 1.2: General Administration and Support Services	SP 1.2: General Administration and Support Services	14,191,933	8,511,626	5,680,307	60.0
SP 1.3: Planning and Financial Management	SP 1.3: Planning and Financial Management	2,178,239	-	2,178,239	0.0
SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	2,430,000	-	2,430,000	0.0
SP 1.5: Public Participation and Outreach Services	SP 1.5: Public Participation and Outreach Services	2,940,000	-	2,940,000	0.0
Programme II: Urban Infrastructure Development and Management					
SP 3.1: Urban Transport and Infrastructure	SP 3.1: Urban Transport and Infrastructure	198,876,358	-	198,876,358	0.0
Total Expenditure		224,514,732	8,511,626	216,003,106	3.8
Kimilili Municipality					
Programme 1: General Administration, Planning and Support services					
SP1:General Adm. planning and support services	SP1:General Adm. planning and support services	22,083,705	5,393,063	16,690,642	24.4
SP2:Administration and HR Services	SP2:Administration and HR Services	1,745,987	-	1,745,987	0.0
Programme 2:Urban Infrastructure Development and management	Programme 2:Urban Infrastructure Development and management	364,952,055	-	364,952,055	0.0
Infrastructure. Housing and public works	Infrastructure. Housing and public works	364,952,055	-	364,952,055	0.0
Total Expenditure		753,733,802	5,393,063	748,340,739	0.7
Grand Total Lands, Housing & municipality		1,127,558,035	73,626,077	1,053,931,958	6.5
FINANCE AND ECONOMIC PLANNING					
Economic development planning and coordination services	Economic development planning and coordination services	76,478,230	73,383,367	3,094,863	96.0
Monitoring and evaluation services	Monitoring and evaluation services	37,337,494	23,252,255	14,085,239	62.3
Public finance management	Public finance management	156,243,550	-	156,243,550	0.0
Human Resources Management	Human Resources Management	701,815,431	456,752,759	245,062,672	65.1
General administration, planning, policy coordination and support services	General administration, planning, policy coordination and support services	357,381,974	280,279,798	77,102,176	78.4
Total Expenditure		1,329,256,679	833,668,179	495,588,500	62.7
PUBLIC ADMINISTRATION					
Public service Management and Administration					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	General administration, planning and support services	290,495,281	263,312,134	27,183,147	90.6
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services	7,400,000	-	7,400,000	0.0
Service Delivery and Organizational Transformation	Service Delivery and Organizational Transformation	17,000,000	-	17,000,000	0.0
Office of the County Secretary, ICT and County Attorney					
General administration, planning and support services	General administration, planning and support services	262,541,621	74,060,411	188,481,210	28.2
Kenya Devolution Support Programme	Kenya Devolution Support Programme	344,173,420	46,674,105	297,499,315	13.6
ICT and information management services	ICT and information management services	8,914,028	-	8,914,028	0.0
Total Expenditure	Total Expenditure	930,524,350	384,046,650	546,477,700	41.3
GENDER AND YOUTHS					
Programme 1: General Administration, Planning and Support services					
Sp 1.2 Administrative services	Sp 1.2 Administrative services	57,899,981	54,035,135	3,864,846	93.3
SP 1. 2.Compansation to employees	SP 1. 2.Compansation to employees	48,275,943	29,580,487	18,695,457	61.3
1.3 Staff training	1.3 Staff training	2,000,000	-	2,000,000	0.0
Sp1.4 DHRC Meeting	Sp1.4 DHRC Meeting	1,000,000	-	1,000,000	0.0
Sp1.5staff bonding	Sp1.5staff bonding	1,200,000	-	1,200,000	0.0
1.7 Planning and Budgeting	1.7 Planning and Budgeting	2,500,000	-	2,500,000	0.0
Programme:3.0 Gender Equality And Empowerment Of Vulnerable Groups					
Sp3.1 Gender equality framework	Sp3.1 Gender equality framework	5,500,000	-	5,500,000	0.0
Sp3.2 Gender empowerment	Sp3.2 Gender empowerment	4,000,000	-	4,000,000	0.0
Sp3.3 Gender mainstreaming	Sp3.3 Gender mainstreaming	2,000,000	-	2,000,000	0.0
Sp3.4 Disability mainstreaming	Sp3.4 Disability mainstreaming	2,000,000	-	2,000,000	0.0
Programme4.0 Sports Facility Development and Management					
Sp 4.1Development of sports facility	Sp 4.1Development of sports facility	273,573,021	139,936,716	133,636,305	51.2
Programme5.0 Sports talent development and management					
5.1Sports and talent development established	5.1Sports and talent development established	4,171,000	-	4,171,000	0.0
Total Expenditure	Total Expenditure	404,119,945	223,552,337	180,567,608	55.3
PUBLIC SERVICE					
Programme 1: General Administration, Planning and Support services					
SP 1. 1 Administrative service	SP 1. 1 Administrative service	43,316,431	37,027,058	6,289,373	85.5
Programme 2: (Human Resource Management and Development)					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
SP 2. 1 Human Resource Management	SP 2. 1 Human Resource Management	7,991,250	4,144,611	3,846,639	51.9
SP 2. 2. Human Resource Development	SP 2. 2. Human Resource Development	-	-	-	0.0
Programme 3:(Governors and National Values					
SP 3. 1Quality Assurance	SP 3. 1Quality Assurance	2,702,854	-	2,702,854	0.0
SP 3. 2 ethics governors and national	SP 3. 2 ethics governors and national	5,195,000	-	5,195,000	0.0
Total Expenditure		59,205,535	41,171,669	18,033,866	69.5
GOVERNORS & D.GOVERNORS					
Programme 1: General Administration planning & support	Programme 1: General Administration planning & support	532,779,578	304,742,799	228,036,779	57.2
Programme 2: County Executive Committee Affairs	Programme 2: County Executive Committee Affairs	-	-	-	0.0
Programme 3: County Strategic and Service Delivery.	Programme 3: County Strategic and Service Delivery.	-	-	-	0.0
Total Expenditure	Total Expenditure	532,779,578	304,742,799	228,036,779	57.2
COUNTY ASSEMBLY					
General Administration and Support Services	General Administration and Support Services	612,516,945	430,112,255	182,404,690	70.2
Legislation services	Legislation services	23,766,600	9,968,415	13,798,185	41.9
Oversight	Oversight	54,579,084	38,398,030	16,181,054	70.4
Representation and outreach services	Representation and outreach services	230,316,876	197,269,575	33,047,301	85.7
General Infrastructure	General Infrastructure	107,000,000	20,000,000	87,000,000	18.7
		1,028,179,505	695,748,275	332,431,230	67.7
Grand Total		14,881,986,227	6,659,638,899	8,222,347,328	44.7

Source: Bungoma County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Representation and outreach services in the County Assembly at 85.7 per cent, Administrative Services in the Department of Public Service at 85.5 per cent, Economic Development Planning and Coordination Services in the Department of Gender and Youth at 93 per cent, and Education Support and Bursary Scheme at 85.4 per cent of budget allocation.

3.3.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs.992.43 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.47 billion. The development expenditure represented 22.2 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs. 282.17 million against an annual projection of Kshs.746.81 million, representing 37.8 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.719.34 million as of 31st March 2022.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.4 County Government of Busia

3.4.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.7.17 billion (70.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.976 million (9.5 per cent) from its own sources of revenue, and a cash balance of Kshs.1.39 billion (13.6 per cent) from FY 2020/21. The County also expects to receive Kshs.695 million (6.8 per cent) as conditional grants. The grants consist of; Universal Health Care at Kshs.42.2 million, Kenya Climate-Smart Agriculture Project at Kshs.295.79 million, DANIDA at Kshs.13.3 million, Agriculture Sector Development Support Programme 11(ASDSP 11) at Kshs.26 million, Water Tower Protection and Climate Change Mitigation and Adoption Project at Kshs.106 million, Kenya Urban Support Programme at Kshs.202 million and Nutritional International Kshs.10 million.

3.4.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.77 billion as the equitable share of the revenue raised nationally, raised Kshs.227.32 million as own-source revenue, and had a cash balance of Kshs.1.39 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.38 billion, as shown in Table 3.20.

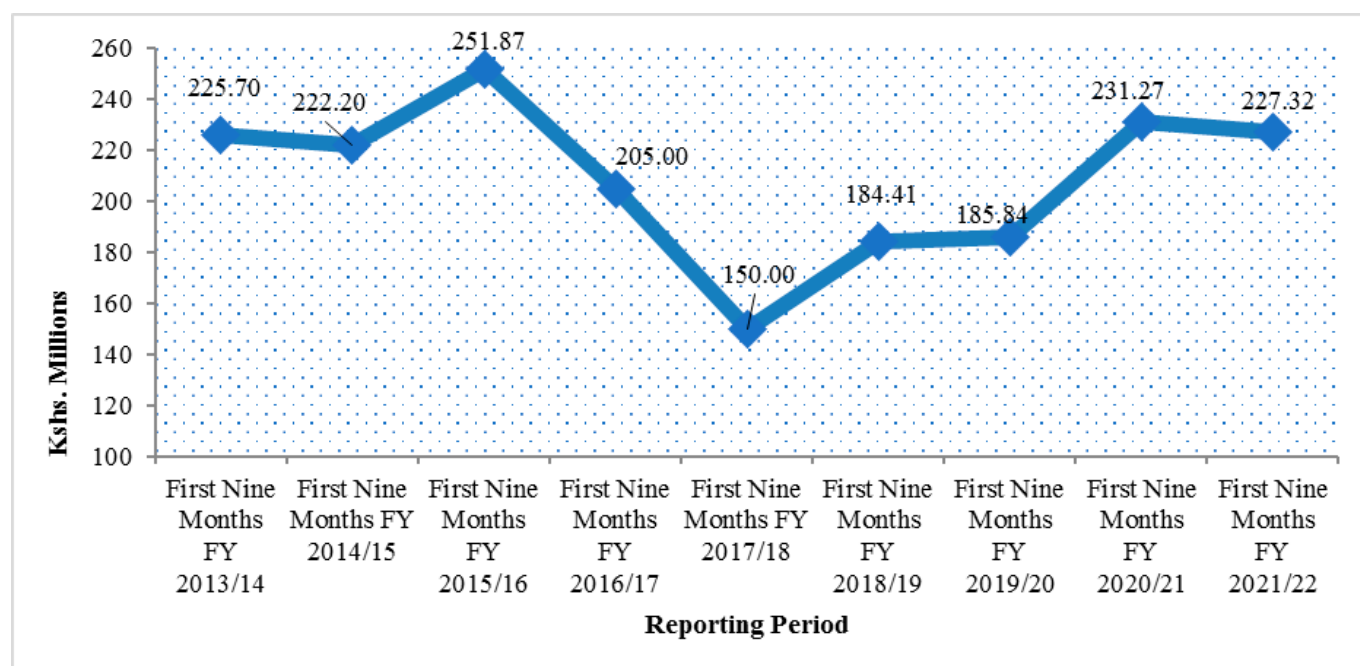
Table 3.20: Busia County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,172,162,009	4,769,487,738	66.5
	Sub Total	7,172,162,009	4,769,487,738	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	976,108,322	227,317,183	23.3
2.	Conditional Grants	695,308,068	-	-
3.	Balance b/f from FY2020/21	1,386,799,236	1,386,799,236	100
	Sub Total	3,058,215,626	1,614,116,419	52.8
	Grand Total	10,230,377,635	6,383,604,157	62.4

Source: Busia County Treasury

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

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



Source: Busia County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.227.32 million as own-source revenue, which was 23.3 per cent of the annual target. This amount represented a decrease of 1.7 per cent compared to Kshs.231.27 million realised during a similar period in FY 2020/21. The County has implemented an automated OSR collection system referred to as County PRO Management System.

3.4.3 Exchequer Issues

The Controller of Budget approved Kshs.5.35 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.969.97 million (18.1 per cent) for development programmes and Kshs.4.38 billion (81.9 per cent) for recurrent programmes, as shown in Table 3.24

3.4.4 Overall Expenditure Review

The County spent Kshs.4.71 billion on development and recurrent programmes during the reporting period. This expenditure represented 88 per cent of the total funds released by the CoB and comprised Kshs.963.90 million and Kshs.3.74 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.2 per cent, while recurrent expenditure represented 65.9 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.799.79 million and comprised Kshs.59.14 million for recurrent expenditure and Kshs.740.66 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills. In the current financial year, the county committed to pay Kshs.123 million per month.

During the period under review, pending bills amounting to Kshs.410.12 million were settled. All these pending bills were related to development programmes. Outstanding pending bills amounted to Kshs. 330.53 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.742.93 million, out of which the County has settled bills amounting to Kshs.482.56 million, leaving a balance of Kshs.260.38 million as of 31st March 2022.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.54 billion was spent on employee compensation, Kshs.1.20 billion on operations and maintenance, and Kshs.963.90 million on development activities, as shown in Table 3.21.

Table 3.21: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,880,120,791	801,409,679	3,275,312,944	466,875,597	67.1	58.3
Compensation to Employees	2,898,231,787	522,684,651	2,301,853,895	236,141,733	79.4	45.2
Operations and Maintenance	1,981,889,004	278,725,028	973,459,049	230,733,865	49.1	82.8
Development Expenditure	4,443,847,164	105,000,000	923,903,493	40,000,000	20.8	38.1
Total	9,323,967,955	906,409,679	4,199,216,436	506,875,597	45.0	55.9

Source: Busia County Treasury

3.4.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33.1 per cent of the first nine months' proportional revenue of Kshs.7.67 billion.

Personnel emoluments amounting to Kshs.2.31 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.84.93 million. The manual payroll amounted to 3.3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.54 billion includes Kshs.1.17 billion attributable to the health sector, which translates to 46.2 per cent of the total wage bill in the reporting period.

3.4.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.34.07 million to county established funds in FY 2021/22, which constituted 0.33 per cent of the County's overall budget for the year. Table 3.22 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.22: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	County Trade Development Fund	6,000,000	-	-	-	-	NO
2.	County Health Services Fund	23,070,935	-	-	-	-	NO
3.	Revolving Fund (Operations refund)	-	5,000,000	-	-	-	NO
	Total	29,070,935	5,000,000	-	-	-	

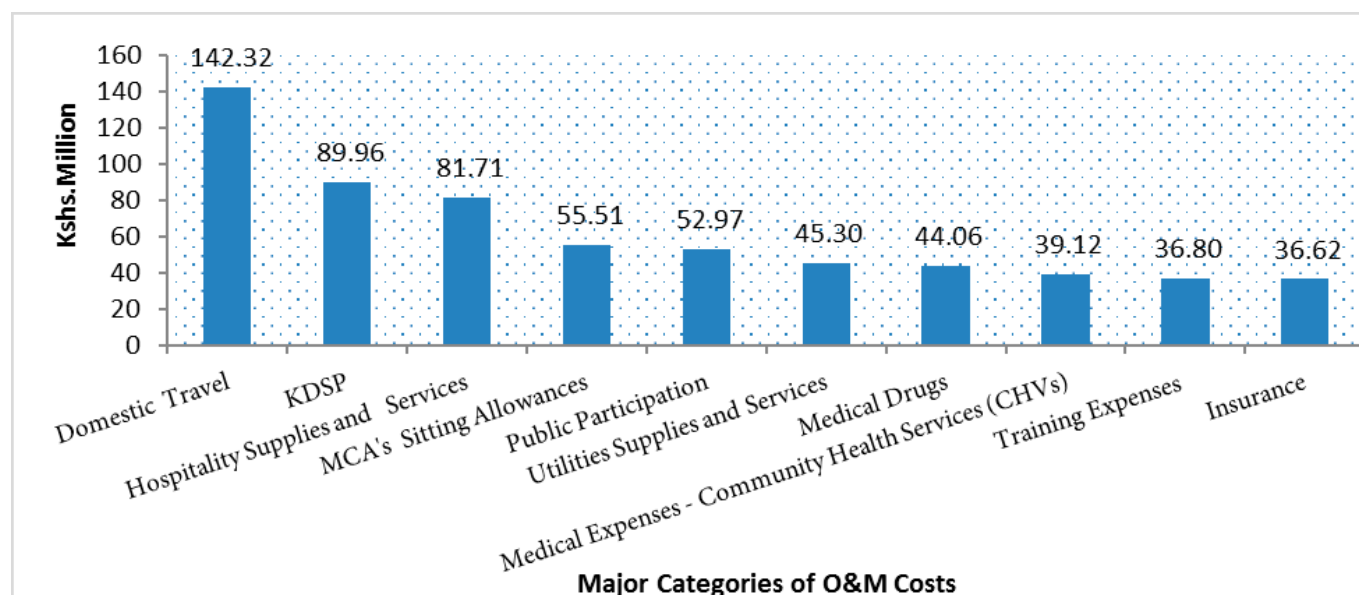
Source: Busia County Treasury

The OCOB did not receive quarterly financial returns from administrators of the three funds, as indicated in Table 3.22.

3.4.9 Expenditure on Operations and Maintenance

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

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



Source: Busia County Treasury

The County spent Kshs.55.51million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.75.59 million. The average monthly sitting allowance was Kshs.114,211 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.142.32 million and comprised Kshs.65.04 million spent by the County Assembly and Kshs.77.28 million by the County Executive. Spending on foreign travel amounted to Kshs.1.31 million and was incurred by the County Executive.

3.4.10 Development Expenditure

The County incurred Kshs.963.90 million on development programmes, which is a decreased compared to a similar period in FY 2020/21 when the County spent Kshs.965.12 million. Table 3.23 summarises development projects with the highest expenditure in the reporting period.

Table 3.23: Busia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Contract Sum (Kshs.)	Payments (Kshs.)	Absorption Rate (%)
1.	Construction and refurbishment of Amukura HC	Amukura	69,825,044	63,183,027	90.5
2.	Purchase of fire Engine	Teso North - Malaba town	55,000,000	52,000,000	94.5
3.	Upgrading of Lot 3 Amerikwai- Airstrip Road and Matayos Health Centre Roads to Bitumen Standards (First Payment)	Hqs	61,192,570	41,292,210	67.5
4.	World Bank Project for Transforming Universal Health Care System	Busia Countywide	70,869,375	28,597,583	40.4

S/No.	Project Name	Location	Contract Sum (Kshs.)	Payments (Kshs.)	Absorption Rate (%)
5.	Construction of Mother and Child Specialist Hospital	ALUPE HOSPITAL	51,682,234	22,500,540	43.5
6.	Upgrading of lot 3 Amerikwai- Airstrip Road and Matayos health centre roads to Bitumen standards (first payment)	Hqs	21,000,000	21,000,000	100.0
7.	Routine Maintenance of roads	Hqs	17,644,493	17,644,493	100.0
8.	Nutrition services	Busia County wide	30,232,602	16,699,188	55.2
9.	Proposed upgrading to bitumen standards of the Assembly-Milimani loop-chief's office access road, flowman lane and Magharibi access road and installation of monopole high mask flood light	Burumba,Mayenje & Angorom	13,854,799	13,854,799	100.0
10.	Pipeline extensions and maintenance of community water points in Malaba	Hqs	15,921,150	13,576,898	85.3

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 3.24 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.24: Busia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Animal Resources	238.05	995.16	215.17	89.12	63.18	162.07	29.4	181.9	26.5	16.3
Trade, Cooperatives and Industrialisation	71.73	247.21	59.45	70.75	43.19	47.25	72.7	66.8	60.2	19.1
Education and Vocational Training	425.92	277.20	307.74	54.55	286.96	25.24	93.2	46.3	67.4	9.1
Finance, Economic Planning and ICT	918.54	26.90	706.67	2.94	844.67	2.10	119.5	71.3	92.0	7.8
Youth, Culture, sports, Tourism and Social Services	95.44	121.79	79.67	19.89	60.45	39.39	75.9	198.1	63.3	32.3
Roads, Public Works, Energy and Transport	128.58	1,096.73	108.99	204.81	67.26	222.66	61.7	108.7	52.3	20.3
Public Service Management	391.22	-	163.56	-	113.90	-	69.6	-	29.1	-
Lands, Housing and urban Development	130.91	355.15	104.20	31.94	60.77	58.72	58.3	183.8	46.4	16.5
Water Environment and Natural Resources	142.60	536.54	123.31	117.26	69.43	164.97	56.3	140.7	48.7	30.7
Health and Sanitation	1,813.30	691.59	1,492.98	327.31	1,444.16	149.48	96.7	45.7	79.6	21.6
County Public Service Board	100.04	-	83.75	-	44.37	-	53.0	-	44.4	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Governorship	423.79	95.55	319.89	11.40	176.94	52.01	55.3	456	41.7	54.4
County Assembly	801.41	105.00	612.27	40.00	466.87	40.00	76.2	100	58.2	8.13
Total	5,681.53	4,548.85	4,377.65	969.97	3,742.18	963.90	85.5	99.4	65.9	21.2

Source: Busia County Treasury

Analysis of expenditure by the departments shows that the Governorship recorded the highest absorption rate of development budget at 54.4 per cent, followed by the Department of Youth, Culture, sports, Tourism and Social Services at 32.3 per cent. The Department of Finance, Economic Planning & ICT had the highest percentage of recurrent expenditure to budget at 92 per cent, while the Department of Agriculture and Animal resources had the lowest at 26 per cent.

3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 3.25 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.25: Busia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
AGRICULTURE					
CP 1: General Administration and support services	Administrative support service	238,051,956	63,184,480	174,867,476	26.5
CP 2: Crop Production and management	CSP 2.1 Input support services	2,000,000	-	2,000,000	-
	CSP 2.2: Crop development	3,000,000	999,320	2,000,680	33.3
	CSP 2.3: Crop protection	2,000,000	-	2,000,000	-
CP 3: Land Use and Management	CSP 3.1: Agricultural mechanization	2,000,000	-	2,000,000	-
CP 4: Agricultural Training and Extension services	CSP 4.1: Agriculture extension services	2,000,000	-	2,000,000	-
	CSP 4.2: Agricultural Training services	80,236,573	9,566,806	70,669,767	11.9
CP 5: Agribusiness and agricultural value chain Development	CSP 5.1: Value addition	12,000,000	-	12,000,000	-
CP 6: Agricultural financial support services	CSP 6.1: Agricultural credit support services	3,000,000	292,371	2,707,629	9.7
CP 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	403,428,590	13,968,961	389,459,629	3.5
CP 8: Fisheries and Aquaculture Resources Development	CSP 8.1: Aquaculture development	16,000,000	-	16,000,000	-
	CSP 8.2: Fisheries training infrastructure development	5,000,000	-	5,000,000	-
	CSP 8.3: Fish value addition and marketing	4,000,000	-	4,000,000	-
	CSP 8.4: Lake based aquaculture parks	5,000,000	-	5,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 9: Veterinary Health Services	CSP 9.1: Veterinary Disease control	11,138,104	1,984,500	9,153,604	17.8
	CSP 9.2: AI services	3,500,000	-	3,500,000	-
	CSP 9.3 Meat inspection services	3,000,000	-	3,000,000	-
	CSP 9.4 Veterinary Extension	6,000,000	-	6,000,000	-
CP 10: Livestock production & Development	CSP 10.1: Livestock production improvement	14,650,000	-	14,650,000	-
	CSP 10.2: Livestock Extension	3,428,986	-	3,428,986	-
CP 11: Other Development Projects	CSP 11.1: Other Development projects	413,783,059	135,263,065	278,519,994	32.7
Total for Vote		1,233,217,268	225,259,502	1,007,957,766	18.3
TRADE					-
CP 12: General Administration and Support services	CSP 12.1: Administrative support service	71,728,843	43,192,535	28,536,309	60.2
CP 13: Trade Developments and Investment	CSP 13.1: Busia county trade development fund	6,000,000	1,700,000	4,300,000	28.3
	CSP 13.2: Market modernization and development	105,070,250	2,154,661	102,915,590	2.1
CP 14: Fair Trade Practices	CSP 14.1: Weights and measures.	3,000,000	-	3,000,000	-
CP 15: Cooperative development	CSP 15.1 Busia county cooperative enterprise development fund	-	-	-	-
	CSP 15.2: Revitalization of cotton ginneries	11,750,000	-	11,750,000	-
	CSP 15.3: Value addition	-	-	-	-
CP 16: Other Development Projects	CSP 16.1. Other Development projects	121,394,516	43,394,354	78,000,162	35.7
Total for Vote		318,943,609	90,441,549	228,502,060	28.4
FINANCE					-
CP 22: General Administration and Support services	CSP 22.1: Administrative support service	918,537,365	844,666,278	73,871,087	92.0
CP 23: Financial management, Control and Development services	CSP 23.1: Revenue generation services	2,000,000	-	2,000,000	-
CP 24: Information and Communication Services	CSP 24.1: ICT support services	2,500,000	2,101,132	398,868	84.0
CP 25: Other Development Projects	CSP 25.1: Other Development projects	22,400,000	-	22,400,000	-
Total for Vote		945,437,365	846,767,410	98,669,956	89.6
EDUCATION					-
CP 17: General Administration and Support services	CSP 17.1: Administrative support service	425,919,138	286,965,279	138,953,859	67.4
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of the infrastructure in ECDE Centre	51,502,000	-	51,502,000	-
	CSP 18.2 E.C.D.E Capitation	-	-	-	-
	CSP 18.3: Child nutrition	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 19: Tertiary/Vocational Training Development	CSP 19.1: Infrastructure development	23,582,126	-	23,582,126	-
CP 20: Education support	CSP 20.1: Education support scheme	52,097,410	10,514,284	41,583,126	20.2
CP 21: Other Development Projects	CSP 21.1 Other Development Projects	150,023,826	14,727,179	135,296,647	9.8
Total for Vote		703,124,500	312,206,742	390,917,758	44.4
CULTURE					
CP 26: General Administration and Support services	CSP 26.1: Administrative support service	95,440,030	60,454,449	34,985,582	63.3
CP 27: Social services	CSP 27.1: Infrastructural development	3,500,000	-	-	-
	CSP 27.2: Community Support	15,400,000	-	15,400,000	-
CP 28: Youth and Empowerment Development	CSP 28.1 Equipping and Operationalization of youth empowerment	3,950,000	-	3,950,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	6,000,000	-	6,000,000	-
	CSP 29.2: Sports promotion	-	-	-	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	5,000,000	-	5,000,000	-
CP 31: Culture Promotion and Development	CSP 31.1: Cultural infrastructural development	-	-	-	-
CP 32: Promotion and development of local tourism in the county	CSP 32.1: Tourism development	-	-	-	-
CP 33: Alcoholic Drinks and Drugs control	CSP 33.1: Infrastructure development	-	-	-	-
CP 34: Other Development Projects	CSP 34.1: Other Development projects	87,939,982	33,409,713	54,530,269	38.0
Total for Vote		217,230,012	99,846,921	117,383,092	46.0
PUBLIC WORKS					
CP 35: General Administration and support services	CSP 35.1: Administrative support service	128,583,786	67,262,758	61,321,027	52.3
CP 36: Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	385,000,000	65,425,744	319,574,256	17.0
	CSP 36.2: Development of Roads	112,489,285	29,215,276	83,274,009	26.0
CP 37: Building Infrastructure Development	CSP 37.1: Infrastructure Development	2,923,010	-	2,923,010	-
CP 38: Energy Development	CSP 38.1 Energy Services	9,200,000	-	9,200,000	-
	CSP 38.2: Solar Energy Exploration	16,500,000	-	16,500,000	-
	CSP 38.3: Renewable energy	-	-	-	-
CP 39: Alternative Transport infrastructure Development	CSP 39.1: Road safety campaign	1,000,000	-	1,000,000	-
CP 40: Other Development Projects	CSP 40.1: Other Development Projects	569,619,323	128,021,809	441,597,514	22.5
Total for Vote		1,225,315,404	289,925,588	935,389,816	23.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
PUBLIC SERVICE MANAGEMENT					-
	CSP 41.1: Administrative support services	391,221,340	113,902,844	277,318,495	29.1
CP 41: General Administration and support services		391,221,340	113,902,844	277,318,495	29.1
PUBLIC SERVICE BOARD					-
Total for Vote	CSP 41.1: Administrative support services	100,036,203	44,371,491	55,664,712	44.4
CP 41: General Administration and support services		100,036,203	44,371,491	55,664,712	44.4
LANDS					-
Total for Vote	CSP 42.1: Administrative support services	130,911,619	60,775,520	70,136,099	46.4
CP 42: General Administration and support services					-
CP 43: County Land Administration and planning	CSP 43.1: Land use planning	5,503,212	4,500,000	1,003,212	81.8
CP 44: Housing development and management	CSP 44.1: Housing Development	46,770,752	-	46,770,752	-
CP 45: County Urban management and Development	CSP 45.1: Urban management	56,298,859	2,481,658	53,817,201	4.4
	CSP 45.2: Urban Development (Malaba Municipalities)	212,531,513	40,802,535	171,728,978	19.2
	CSP 45.3: Urban Development (Busia Municipality)	15,000,000	-	15,000,000	-
CP 46: Other Development Projects	CSP 46.1: Other Development Projects	19,049,760	10,931,926	8,117,834	57.4
Total for Vote		486,065,715	119,491,639	366,574,076	24.6
WATER					-
CP 47: General Administration and support services	CSP 47.1: Administrative support services	142,603,493	84,520,210	58,083,284	59.3
CP 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	77,970,555	40,042,029	37,928,526	51.4
	CSP 48.2: Rural water supply	100,920,218	95,570,653	5,349,565	94.7
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	17,500,000	5,703,705	11,796,296	32.6
CP 50: Small Holder Irrigation and Drainage	CSP 50.1: Irrigation infrastructure development	-	-	-	-
CP 51: Forest development and management	CSP 51.1: Rehabilitation and Restoration degraded landscape	10,000,000	-	10,000,000	-
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	-	-	-	-
CP53: Other Development Projects	CSP 53.1 Other Development Projects	330,150,442	23,659,005	306,491,437	7.2
Total for Vote		679,144,708	249,495,601	429,649,107	36.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
HEALTH					-
CP 54: General Administration and support services	CSP 54.1: Administrative support service	1,813,298,517	1,474,788,163	338,510,354	81.3
CP 55: Curative Health Services	CSP 55.1: Infrastructure development	303,680,901	95,726,212	207,954,688	31.5
	CSP 55.2: Hospital equipment	46,625,360	10,844,097	35,781,263	23.3
CP 56: Preventive and Promotive Health services	CSP 56.1: Infrastructure development	105,838,637	2,193,606	103,645,031	2.1
	CSP 56.2: Lower level hospital equipment	1,345,360	-	1,345,360	-
	CSP 56.3: Preventive Services	12,000,000	-	12,000,000	-
	CSP 56.4: Health promotion unit	129,133,623	21,487,037	107,646,586	16.6
CP 57: Other Development Projects	CSP 57.1: Other Development projects	92,970,932	19,231,338	73,739,594	20.7
Total for Vote		2,504,893,329	1,624,270,453	880,622,876	64.8
GOVERNORS					-
CP 59: General Administration and support services	CSP 59.1: Administrative support service	423,788,503	176,944,724	246,843,779	41.8
CP 60: Disaster Risk Management	CSP 60.1: Disaster preparedness	74,579,000	52,007,759	22,571,241	69.7
CP 61: Information dissemination and knowledge management	CSP 61.1: Communication Services	18,471,000	-	18,471,000	-
CP 62: Other Development Projects	CSP 62.1: Other Development projects	2,500,000	-	2,500,000	-
Total for Vote		519,338,503	228,952,483	290,386,020	44.1
The County Assembly					-
CP 63: Administrative support service	CSP 63.1: Administrative support service	801,409,679	466,875,597	334,534,082	58.3
CP 64: County Assembly Infrastructural Development	ICSP 64.1: Infrastructural Development	105,000,000	40,000,000	65,000,000	38.1
Sub-totals		906,409,679	506,875,597	399,534,082	55.9
GRAND TOTAL		10,230,377,635	4,751,807,820	5,478,569,814	46.4

Source: Busia County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Rural water supply in the Department of Water at 94.7 per cent, Administrative Support Services in the Department of Finance at 92 per cent, ICT Support Services in the Department of Finance at 84 per cent, and Land Use Planning in the Department of lands at 82 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs.963.90 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.55 billion. The development expenditure represented 21.2 per cent of the annual development budget.
3. A high wage bill, which accounted for 53.9 per cent of the total expenditure in the first nine months of FY 2021/22, thus constraining funding to other programmes.

4. The underperformance of own-source revenue at Kshs.272.32 million against an annual projection of Kshs. 976.11 million, representing 23.3 per cent of the annual target.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Busia County Trade development Fund, Busia County Health services Fund and County Assembly Revolving Fund were not submitted to the Controller of Budget.
6. High level of outstanding pending bills which amounted to Kshs.330.53 million as of 31st March 2022.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.5 County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.59 billion, comprising Kshs. 3.10 billion (47.0 per cent) and Kshs.3.50 billion (53.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.61 billion (70.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.266.1 million (4.1 per cent) from its own sources of revenue, and a cash balance of Kshs.1.08 billion (16.5 per cent) from FY 2020/21. The County also expects to receive Kshs.702.05 million (10.7 per cent) as conditional grants, which consist of DANIDA Universal Health Care - Kshs.8.56 million, World Bank-Transforming Health Systems Kshs.37.02 million, World Bank-Kenya Climate Smart Agriculture Project(KCSAP) – Kshs.350.00 million, Sweden-Agriculture Sector Development Support Programme (ASDSP) – Kshs.23.84, World Bank-Kenya Informal Settlement Improvement Project(KISIP II)–Kshs.50 million, World Bank-Emergency Locust Response Project(ELRP)– Kshs.47.84 million and World Bank-Kenya Development Support Programme (KDSP) Level 2 – Kshs.184.80 million.

3.5.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.67 billion as the equitable share of the revenue raised nationally, raised Kshs.116.57 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.1.08 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.87 billion, as shown in Table 3.26.

Table 3.26: Elgeyo Marakwet County, Revenue Performance in the First Nine Months of FY 2021/22

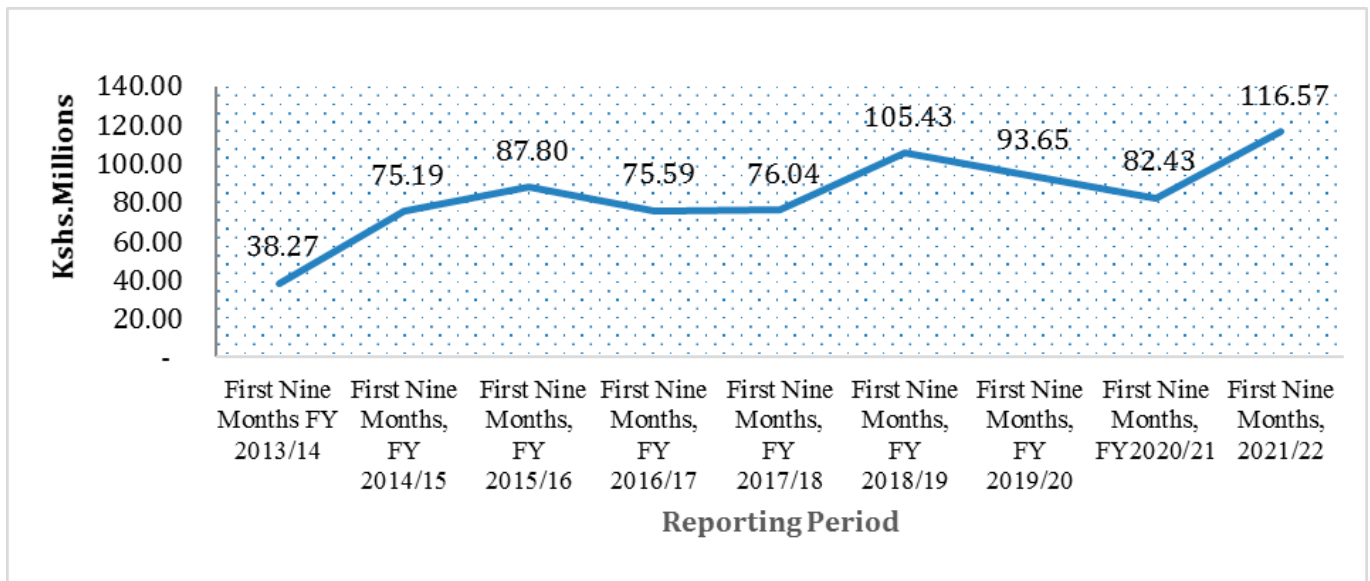
S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	2,671,788,840	58
	Sub Total	4,606,532,480	2,671,788,840	58

B	Other Sources of Revenue			
1.	Own Source Revenue	266,100,000	116,571,048	43.8
2.	Conditional Grants	702,054,383	2,500,000	0.4
3.	Balance b/f from FY 2020/21	1,078,886,623	1,078,886,623	100
	Sub Total	2,047,041,006	1,197,957,671	58.5
Grand Total		6,653,573,486	3,869,746,511	58.1

Source: Elgeyo Marakwet County Treasury

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

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



Source: Elgeyo Marakwet County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.116.57 million as own-source revenue, which was 43.8 per cent of the annual target. This amount represented an increase of 41.04 per cent compared to Kshs.82.4 million realised during a similar period in FY 2020/21.

3.5.3 Exchequer Issues

The Controller of Budget approved Kshs.2.79 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.651.02 million (23.3 per cent) for development programmes and Kshs.2.14 billion (76.7 per cent) for recurrent programmes, as shown in xxxx.

3.5.4 Overall Expenditure Review

The County spent Kshs.2.92 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.6 per cent of the total funds released by the CoB and comprised Kshs.544.46 million and Kshs2.38 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent, while recurrent expenditure represented 66.1 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.52.87 million and comprised of Kshs.5.74 million for recurrent expenditure and Kshs.47.18 million for development expenditure. During the period under review, pending bills amounting to Kshs.42.65 million were settled, consisting of Kshs.2.73 million for recurrent expenditure and Kshs.39.92 million for development programmes. Outstanding pending bills amounted to Kshs.9.81 million as of 31st March 2022.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.93 billion was spent on employee compensation, Kshs.419.20 million on operations and maintenance, and Kshs.544.46 million on development activities, as shown in Table 3.27.

Table 3.27: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,006,577,885	593,254,972	1,880,193,029	497,508,860	62.5	83.9
Compensation to Employees	2,320,973,152	332,214,925	1,682,583,959	249,134,774	72.5	75.0
Operations and Maintenance	685,604,733	261,040,047	197,609,070	248,374,086	28.8	95.1
Development Expenditure	3,095,348,409	-	544,461,153	-	17.6	-
Total	6,101,926,294	593,254,972	2,424,654,182	497,508,860	39.7	83.9

Source: Elgeyo Marakwet County Treasury

3.5.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 38.7 per cent of the first nine months proportional revenue of Kshs.4.99 billion.

Personnel emoluments amounting to Kshs.1.56 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.161.91 million. The manual payroll amounted to 9.4 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.72 billion includes Kshs.979.28 million attributable to the health sector, which translates to 57.0 per cent of the total wage bill in the reporting period.

3.5.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.43.00 million to county established funds in FY 2021/22, which constituted 0.65 per cent of the County's overall budget for the year. Table 3.28 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.28: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Elgeyo Marakwet County Bursary Fund	32,000,000	32,000,000	No
2.	Elgeyo Marakwet County Alcoholic Drinks Control Fund	4,000,000	0	Yes
3.	Elgeyo Marakwet County Assembly Car & Mortgage Revolving Fund	7,000,000*	7,000,000*	Yes
4.	Elgeyo Marakwet (County Assembly) Catering Services Revolving Fund	0*	0*	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
5.	Elgeyo Marakwet County Executive Car & Mortgage Revolving Fund	0*	0*	Yes
Total		43,000,000	39,000,000	

Source: Elgeyo Marakwet County Treasury

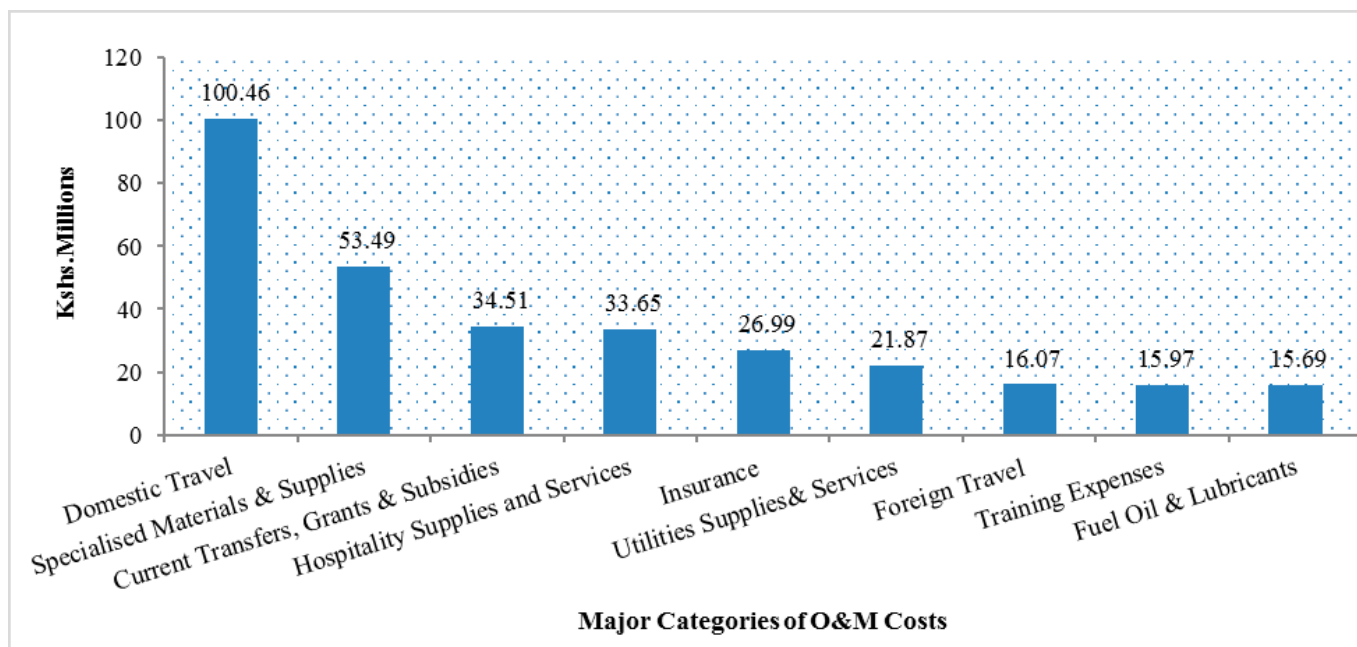
Note - * means that these are revolving funds, and where there is a positive figure in the budget column, it means an injection of additional funding.

The OCoB received quarterly financial returns from administrators of four funds, as indicated in Table 3.28.

3.5.9 Expenditure on Operations and Maintenance

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

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



Source: Elgeyo Marakwet County Treasury

The County spent Kshs.31.59 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.43.50 million. The average monthly sitting allowance was Kshs.103,233 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 18 committees.

During the period, expenditure on domestic travel amounted to Kshs.100.46 million and comprised Kshs.64.88 million spent by the County Assembly and Kshs.35.58 million by the County Executive. Spending on foreign travel amounted to Kshs.8.83 million and consisted of Kshs.7.67 million by the County Assembly and Kshs.1.16 million by the County Executive.

3.5.10 Development Expenditure

The County incurred Kshs.544.46 million on development programmes, which represented an increase of 4.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 519.95 million. Table 3.29 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Budgeted Sum	Payments to Date (Kshs.)	Absorption Rate (%)
			(Kshs.)		
1	Kenya Urban Support Programme	County	74,236,956	34,334,800	46.3
2	Mother and Baby Wing at Iten County Referral Hospital (KDSP)	County	62,085,000	30,784,853	49.6
3	Ainabyat Water Project (KDSP)	County	34,500,000	22,128,975	64.1
4	Agricultural Sector Development Support Programme	County	23,843,630	11,163,077	46.8
5	THS-UC Project	Headquarters	17,262,893	10,963,142	63.5
6	World Bank-Transforming Health Systems	Head Quarters	37,021,153	9,341,243	25.2
7	Kapsowar town roads	Kapsowar	8,796,279	8,796,279	100.0
8	Kosich water project	Embobut/Embolot Ward	7,000,000	6,970,550	99.6
9	Potato seed multiplication (KDSP New)	County	27,558,345	6,538,810	23.7
10	Field Visits/ supervision	County Wide	4,028,412	4,028,400	100.0

Source: Elgeyo Marakwet County Treasury

3.5.11 Budget Performance by Department

Table 3.30 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.30: Elgeyo Marakwet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	593.25	-	440.18	-	497.51	-	113.0	-	83.9	-
Office of Governor	166.85	-	96.09	-	103.98	-	108.2	-	62.3	-
Finance and Economic Planning	260.33	-	118.4	-	126.98	-	107.2	-	48.8	-
Agriculture and Irrigation	93.46	795.24	57.68	79.51	63.83	104.59	110.7	131.5	68.3	13.2
Education and Technical Training	293.66	266.56	159.47	34.61	172.88	34.61	108.4	100.0	58.9	13.0
Health and Sanitation	1,485.87	432.27	956.36	157.93	1,063.73	67.94	111.2	43.0	71.6	15.7
Water, Lands, Environment & Climate Change	95.16	486.93	53.48	136.43	58.89	137.33	110.1	100.7	61.9	28.2
Roads, Public Works & Transport	136.7	690.06	65.14	75.88	71.15	101.16	109.2	133.3	52.0	14.7
Tourism, Culture, Wildlife, Trade & Industry	37.98	82.76	23.14	62.87	26.23	3.17	113.4	5.0	69.1	3.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Youth Affairs, Sports, ICT & Social Services	44.91	106.31	25.56	31.96	28.69	30.75	112.2	96.2	63.9	28.9
Public Service Management & County Administration	130.71	46.06	58.55	5.58	66.29	5.63	113.2	100.9	50.7	12.2
County Public Service Board	56.64	2.5	28.37	-	31.88	-	112.4	-	56.3	-
Livestock Production, Fisheries & Co-op Development	100.31	186.66	60.03	66.24	65.66	59.29	109.4	89.5	65.5	31.8
Total	3,495.83	3,095.35	2,142.44	651.02	2,377.70	544.46	111.0	83.6	68.0	17.6

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by the departments shows that the Department of Livestock Production, Fisheries & Co-op Development recorded the highest absorption rate of development budget at 31.8 per cent, while the Department of Tourism, Culture, Wildlife, Trade & Industry recorded the least absorption for development funds at 3.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 83.9 per cent, while the Department of Finance and Economic Planning had the lowest at 48.8 per cent.

Note: The excess expenditure over exchequer releases is caused by timing differences between when transactions are expensed in the system and when the expense is settled. In IFMIS, a transaction is expensed when it is relayed to IB for payment even though actual payment may take place later.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.31 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.31: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes

Program	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly					
General administration, planning and support services		226,239,780.00	210,708,572.00	15,531,208.00	93
	General administration, planning and support services	226,239,780.00	210,708,572.00	15,531,208.00	93
Legislation and representation		312,835,742.00	234,636,698.00	78,199,044.00	75
	Legislation and representation	312,835,742.00	234,636,698.00	78,199,044.00	75
Legislative oversight		54,179,450.00	52,163,590.00	2,015,860.00	96
	Legislative oversight	54,179,450.00	52,163,590.00	2,015,860.00	96
Sub Total for County Assembly		593,254,972.00	497,508,860.00	95,746,112.00	84
Office of the Governor					
Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption
General administration and support services		176,099,179.00	120,111,693.40	55,987,485.60	68
	General administration and support services	176,099,179.00	120,111,693.40	55,987,485.60	68

Program	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Governance		49,895,562.00	15,947,728.55	33,947,833.45	32
	Governance	49,895,562.00	15,947,728.55	33,947,833.45	32
Sub Total for Office of the Governor		225,994,741.00	136,059,421.95	89,935,319.05	60
Finance & Economic Planning					
General administration and support services		93,216,406.00	46,455,461.25	46,760,944.75	50
	General administration and support services	93,216,406.00	47,514,461.25	45,701,944.75	51
	Financial Services	-	(1,059,000.00)	1,059,000.00	-
Financial Management		125,534,976.00	80,527,887.10	45,007,088.90	64
	Monitoring, Evaluation and reporting	2,290,000.00	1,042,090.00	1,247,910.00	46
	Economic Planning & Budgeting	105,541,311.00	74,230,592.45	31,310,718.55	70
	Accounting services	10,044,411.00	4,540,914.65	5,503,496.35	45
	Supply Chain Management	1,724,412.00	465,890.00	1,258,522.00	27
	Revenue Management Services	5,934,842.00	248,400.00	5,686,442.00	4
Sub Total for Finance and Economic Planning		218,751,382.00	126,983,348.35	91,768,033.65	58
Agriculture and Irrigation					
General administration and support services		93,458,495.00	63,828,149.45	29,630,345.55	68
	General administration and support services	93,458,495.00	63,828,149.45	29,630,345.55	68
Crop Development		552,475,926.00	55,055,979.00	497,419,947.00	10
	Cash Crops Development	26,997,343.00	6,569,240.00	20,428,103.00	24
	Agricultural Extension and Training Services	525,478,583.00	48,486,739.00	476,991,844.00	9
Soil Conservation		12,343,896.00	5,229,821.85	7,114,074.15	42
	Soil Conservation	12,343,896.00	5,229,821.85	7,114,074.15	42
Irrigation Development		128,402,185.00	44,303,513.00	84,098,672.00	35
	Irrigation Development	128,402,185.00	44,303,513.00	84,098,672.00	35
Sub Total for Agriculture and Irrigation		786,680,502.00	168,417,463.30	618,263,038.70	21
Livestock and Fisheries					
General administration and support services		100,309,765.00	65,420,702.70	34,889,062.30	65
	General administration and support services	100,309,765.00	65,420,702.70	34,889,062.30	65
Livestock Development		81,431,383.00	19,321,380.00	62,110,003.00	24
	Livestock Production	79,511,025.00	19,022,880.00	60,488,145.00	24
	Livestock Extension and Training Services	1,920,358.00	298,500.00	1,621,858.00	16
Livestock Resources Management and Development		-	39,990.00	(39,990.00)	-
	Livestock Production and Management	-	39,990.00	(39,990.00)	-
Cooperatives development		14,406,899.00	3,603,570.00	10,803,329.00	25
	Cooperatives development	14,406,899.00	3,603,570.00	10,803,329.00	25
Veterinary Services		59,259,680.00	35,801,465.25	23,458,214.75	60
	Disease Surveillance and control	51,379,680.00	26,324,722.00	25,054,958.00	51
	A I Services	7,880,000.00	9,476,743.25	(1,596,743.25)	120

Program	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub Total for Livestock and Fisheries		255,407,727.00	124,187,107.95	131,220,619.05	49
Trade and Tourism					
General administration and support services		37,977,361.00	26,225,161.25	11,752,199.75	69
	General administration and support services	37,977,361.00	26,225,161.25	11,752,199.75	69
Tourism Development		6,111,949.00	175,234.10	5,936,714.90	3
	Tourism Development	6,111,949.00	175,234.10	5,936,714.90	3
Trade and enterprise development		11,788,780.00	2,396,086.00	9,392,694.00	20
	Trade and enterprise development	11,788,780.00	2,396,086.00	9,392,694.00	20
Culture and Heritage Preservation		2,450,000.00	600,000.00	1,850,000.00	24
	Culture and Heritage Preservation	2,450,000.00	600,000.00	1,850,000.00	24
Sub Total for Trade and Tourism		120,652,498.00	19,742,367.60	100,910,130.40	16
Roads, Public Works & Transport					
Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption
General administration and support services		114,769,140.00	61,335,737.45	3,433,402.55	53
	General administration and support services	114,769,140.00	61,335,737.45	53,433,402.55	53
Road Transport		-	(119,700.00)	119,700.00	-
	Construction of Roads and Bridges	-	(119,700.00)	119,700.00	-
Road Improvement		616,147,747.00	99,785,489.50	516,362,257.50	16
	Rural road Works	616,147,747.00	99,785,489.50	516,362,257.50	16
Public works		19,587,010.00	1,731,390.00	17,855,620.00	9
	Public Works	19,587,010.00	1,731,390.00	17,855,620.00	9
Energy		20,100,000.00	9,575,678.70	10,524,321.30	48
	Energy	20,100,000.00	9,575,678.70	10,524,321.30	48
Sub Total for Roads, Public Works and Transport		770,603,897.00	172,308,595.65	598,295,301.35	22
Public Service Management					
General administration and support services		128,367,019.00	65,318,778.45	63,048,240.55	51
	General administration and support services	128,367,019.00	65,318,778.45	63,048,240.55	51
Public Service Management		27,042,755.00	6,598,768.80	20,443,986.20	24
	SP 4.1 Human Resource Management	495,000.00	281,260.00	213,740.00	57
	Coordination of government functions	25,697,755.00	6,317,508.80	19,380,246.20	25
	Citizen participation and Civic Education	850,000.00	-	850,000.00	0
Sub Total for Public Service Management		155,409,774.00	71,917,547.25	83,492,226.75	46
Education & Technical Training					
General administration and support services		293,659,070.00	172,883,987.65	120,775,082.35	59
	General administration and support services	293,659,070.00	172,883,987.65	120,775,082.35	59
Technical Vocational Education & Training		28,166,071.00	-	28,166,071.00	0
	Technical Vocational Education & Training	28,166,071.00	-	28,166,071.00	0

Program	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Pre-Primary Education		173,613,388.00	34,614,899.45	138,998,488.55	20
	Pre-Primary Education	173,613,388.00	34,614,899.45	138,998,488.55	20
Sub Total for Education and Technical Training		495,438,529.00	207,498,887.10	287,939,641.90	42
Sports, Youth and Gender Affairs					
General administration and support services		44,914,178.00	28,688,566.65	16,225,611.35	64
	General administration and support services	44,914,178.00	28,688,566.65	16,225,611.35	64
Sports Development		28,487,598.00	5,681,197.00	22,806,401.00	20
	Sports Infrastructure Development	14,495,017.00	5,329,337.00	9,165,680.00	37
	Sports Talent Development	13,992,581.00	351,860.00	13,640,721.00	3
Social Empowerment		79,901,975.00	20,012,640.00	59,889,335.00	25
	Social Empowerment	79,901,975.00	20,012,640.00	59,889,335.00	25
Social Protection		5,770,000.00	5,052,000.00	718,000.00	88
	Social Protection	5,770,000.00	5,052,000.00	718,000.00	88
ICT Services		2,940,438.00	-	2,940,438.00	-
	ICT Services	2,940,438.00	-	2,940,438.00	-
Sub Total for Sports, Youth and Gender Affairs			59,434,403.65	102,579,785.35	-
Water, Lands & Physical Planning					
General administration and support services		95,158,451.00	58,891,374.25	36,267,076.75	62
	General administration and support services	95,158,451.00	58,891,374.25	36,267,076.75	62
Water & Sanitation Management		348,284,867.00	111,497,427.35	236,787,439.65	32
	Water Services	348,284,867.00	111,497,427.35	236,787,439.65	32
Environmental Management & Protection		1,299,950.00	699,950.00	600,000.00	54
	Environmental conservation	1,299,950.00	699,950.00	600,000.00	54
Solid waste management		500,000.00	-	500,000.00	0
	Solid waste management	500,000.00	-	500,000.00	0
Lands, Physical planning and Urban Development		165,463,536.00	25,130,000.50	140,333,535.50	15
	Lands, Physical planning and Urban Development	165,463,536.00	25,130,000.50	140,333,535.50	15
Sub Total for Water, Lands and Physical Planning			196,218,752.10	414,488,051.90	32
County Public Service Board					
Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption
General administration and support services		41,583,281.00	-	41,583,281.00	0
	General administration and support services	41,583,281.00	-	41,583,281.00	0
Sub Total for County Public Service Board		41,583,281.00	-	41,583,281.00	0
Health and Sanitation					
Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption
General administration and support services		1,685,867,002.00	1,063,733,803.25	622,133,198.75	63
	Default - Non Programmatic	1,685,867,002.00	1,063,733,803.25	622,133,198.75	63
Preventive and Promotive Health		57,284,046.00	2,440,017.05	54,844,028.95	4

Program	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Community and Environmental Health	57,284,046.00	2,440,017.05	54,844,028.95	4
Curative and Rehabilitative Health		437,066,925.00	62,634,856.00	374,432,069.00	14
	Commodity management	500,000.00	495,050.00	4,950.00	99
	County Hospitals	255,236,206.00	20,396,601.00	234,839,605.00	8
	Primary Care Units	152,050,719.00	41,743,205.00	110,307,514.00	27
	Emergency Medical Services	29,280,000.00	-	29,280,000.00	0
Sub-Total For Health and Sanitation		2,180,217,973.00	1,128,808,676.30	1,051,409,296.70	52
Grand Total		6,454,702,080.00	2,909,085,431.20	3,707,630,837.80	45

Source: Elgeyo Marakwet County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Curative and Rehabilitative Health (Commodity Management) at 99 per cent Department of Health and Sanitation. Legislative Oversight in the County Assembly at 96 per cent, General administration, planning and support services in the County Assembly at 93 per cent and Social protection in the department of Sports, Youth And Gender Affairs at 88 per cent of budget allocation.

The Artificial Insemination (AI) program in the department of Livestock and Fisheries has reported absorption of 120 per cent. This is due to overspending on the budget for the program to the tune of Kshs.1.5 million. At the time of drafting the report, the county had not provided a reason for the over expenditure.

3.5.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report on own-source revenue performance was not received until May 16th 2022, while it was expected on 15th April 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.544.46 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.10 billion. The development expenditure represented 17.6 per cent of the annual development budget.
3. A high wage bill, which accounted for 38.7 per cent of the first nine months, proportional revenue of Kshs.4.99 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.116.57 million against an annual projection of Kshs.266.1 million, representing 43.8 per cent of the annual target. This is despite reporting an improvement of 41.04 per cent compared to Kshs.82.4 million realised during a similar period in f FY 2020/21.
5. Manual Payroll. Personnel emoluments amounting to Kshs.161.91 million were processed through the manual payroll and accounted for 9.4 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4. The County should address its revenue performance to ensure the approved budget is fully financed.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.6 County Government of Embu

3.6.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.92 billion, comprising Kshs.2.38 billion (34.4 per cent) and Kshs.4.54 billion (65.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.13 billion (74.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.900 million (13 per cent) from its own sources of revenue, and a cash balance of Kshs.265.75 million (3.8 per cent) from FY 2020/21. The County also expects to receive Kshs.628.12 million (9.1 per cent) as conditional grants. The grants consist of; Leasing of Medical Equipment (Kshs.153.30), Transforming Health Systems for Universal Care Project (Kshs.5.71 million), National Agricultural and Rural Inclusive Growth Project (NARIGP) (Kshs.387.95 million), DANIDA Grant (Kshs.9.54 million), Sweden - Agricultural Sector Development Support Programme (ASDSP) II (Kshs.22.22 million), Emergency Locust Response Project (ELRP) (Kshs.28.40 million), and Kenya Nutrition Support Grant (Kshs.21 million)

3.6.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.41 billion as the equitable share of the revenue raised nationally, raised Kshs.297.83 million as own-source revenue, Kshs.7.5 million as conditional grants, and had a cash balance of Kshs.265.75 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.3.98 billion, as shown in Table 3.32.

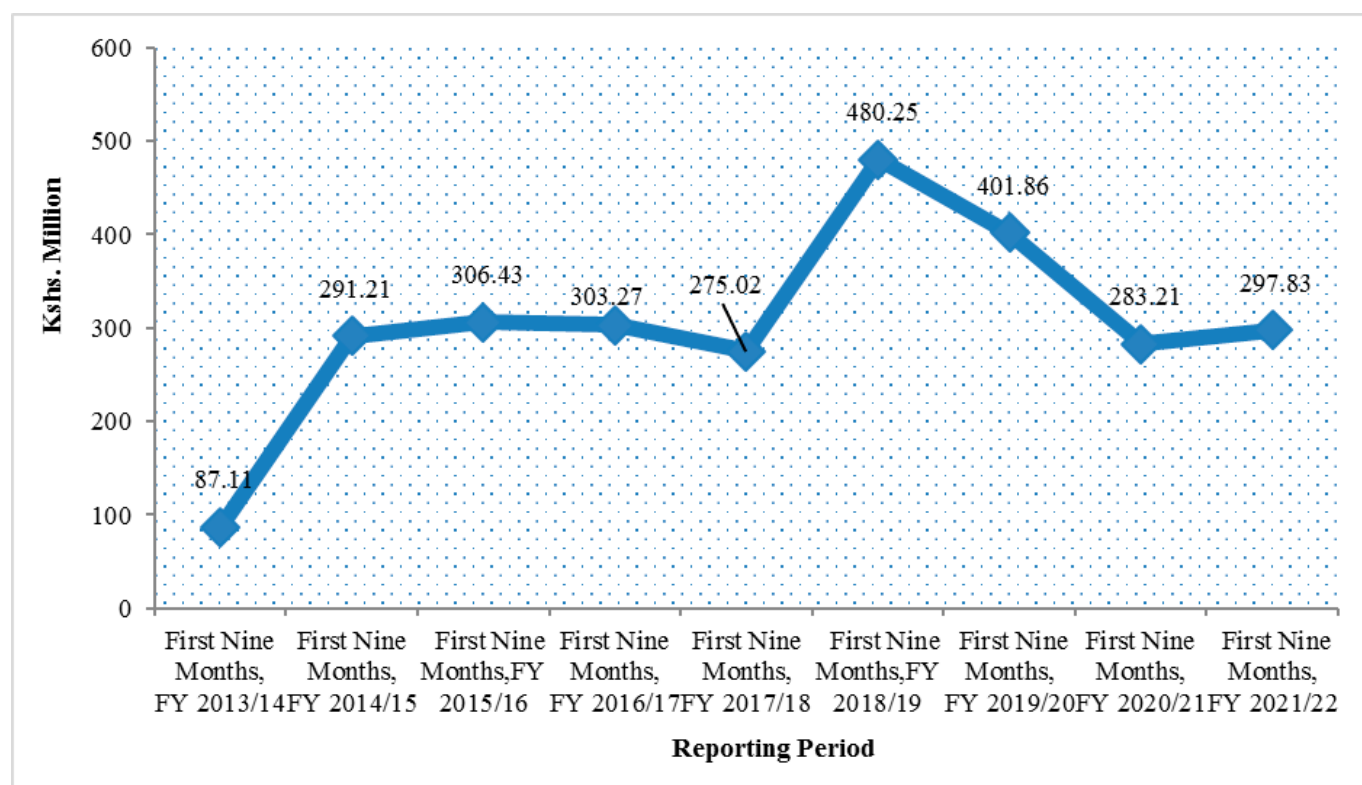
Table 3.32: Embu County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,125,243,762	3,408,287,103	66.5
	Sub Total	5,125,243,762	3,408,287,103	66.5
B	Other Sources of Revenue			
1	Own Source Revenue	900,000,000	297,829,189	33.1
2	Conditional Grants	628,119,396	7,500,000	1.2
3	Balance b/f from FY 2020/21	265,751,342	265,751,342	100
	Sub Total	1,793,870,738	571,080,531	31.8
	Grand Total	6,919,114,500	3,979,367,634	57.5

Source: Embu County Treasury

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

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



Source: Embu County Treasury

In the first nine months of FY 2021/22, the County generated Kshs.297.83 million as own-source revenue. This amount represented an increase of 5.2 per cent compared to Kshs.283.21 million realised during a similar period in FY 2020/21 and was 33.1 per cent of the annual target. The County has implemented an automated OSR collection system called Embu Pay.

3.6.3 Exchequer Issues

The Controller of Budget approved Kshs.3.76 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.616.53 million (16.4 per cent) for development programmes and Kshs.3.15 billion (83.6 per cent) for recurrent programmes, as shown in Table 3.36.

3.6.4 Overall Expenditure Review

The County spent Kshs.3.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.3 per cent of the total funds released by the CoB and comprised Kshs.505.27 million and Kshs.3.23 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.2 per cent, while recurrent expenditure represented 71.2 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

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

During the period under review, pending bills amounting to Kshs.837.97 million were settled, consisting of Kshs.511.26 million for recurrent expenditure and Kshs.326.21 million for development programmes. Outstanding pending bills amounted to Kshs.1.22 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.368.45 million, out of which the County has settled bills amounting to Kshs.283.83 million, leaving a balance of Kshs.84.62 million as of 31st March 2022.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.49 billion was spent on employee compensation, Kshs.744.07 million on operations and maintenance, and Kshs.505.27 million on development activities, as shown in Table 3.33.

Table 3.33: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,840,322,109	699,069,773	2,728,493,158	504,992,522	71	72.2
Compensation to Employees	2,830,104,897	299,282,948	2,268,545,072	220,873,256	80.2	73.8
Operations and Maintenance	1,010,217,212	399,786,825	459,948,086	284,119,266	45.5	71.1
Development Expenditure	2,319,722,618	60,000,000	492,186,540	13,083,000	21.2	21.8
Total	6,160,044,727	759,069,773	3,220,679,698	518,075,522	52.3	68.3

Source: Embu County Treasury

3.6.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 48.0 per cent of the first nine months proportional revenue of Kshs.5.19 billion.

Personnel emoluments amounting to Kshs.2.39 billion were processed through the IPPD system while those paid through manual payroll was Kshs.101.49 million. The manual payroll amounted to 4.1 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs.2.49 billion includes Kshs.1.28 billion attributable to the health sector which translates to 51.5 per cent of the total wage bill in the reporting period.

3.6.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.148.45 million to county established funds in FY 2021/22, which constituted 2.1 per cent of the County's overall budget for the year. Table 3.34 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.34: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	20,000,000	N/A	NO

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
2.	Embu County Education Support Fund	117,450,000	62,675,345	YES
3.	Embu County Emergency Fund	11,000,000	N/A	NO
Total		148,450,000	62,675,345	

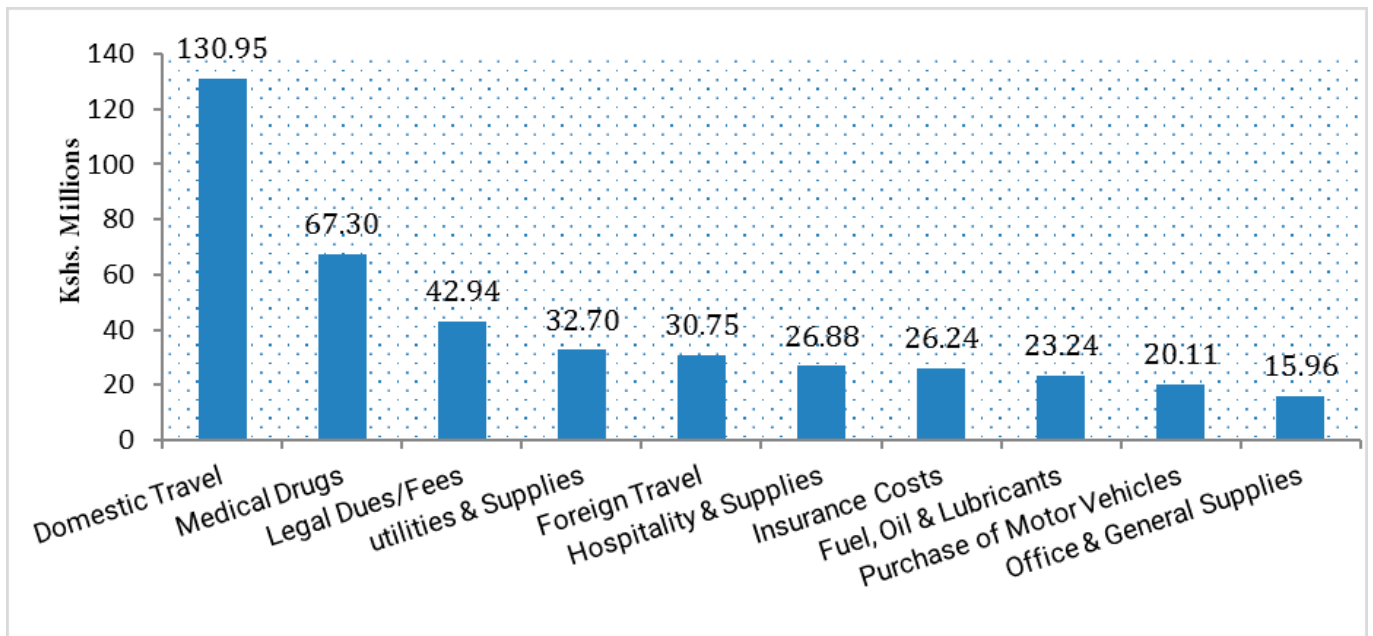
Source: Embu County Treasury

The OCoB received quarterly financial returns from the Embu County Education Support Fund administrator, as indicated in Table 3.34.

3.6.9 Expenditure on Operations and Maintenance

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

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



Source: Embu County Treasury

The County spent Kshs.19.21 million on committee sitting allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs.29.00 million. The average monthly sitting allowance was Kshs.60,998 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 18 committees.

During the period, expenditure on domestic travel amounted to Kshs.130.95 million and comprised Kshs.107.06 million spent by the County Assembly and Kshs.23.89 million by the County Executive. Spending on foreign travel amounted to Kshs.30.75 million and consisted of Kshs.30.34 million by the County Assembly and Kshs.0.40 million by the County Executive.

3.6.10 Development Expenditure

The County incurred Kshs.505.27 million on development programmes, which represented a decrease of 7.2 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 544.72 million. Table 3.35 summarises development projects with the highest expenditure in the reporting period.

Table 3.35: Embu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Mukuuri-Kanja Road-Phase 2	Kagaari North	27,425,648	23,023,157	83.9
2	Kivwe-Kithimu Road-Phase 2	Kithimu	25,908,845	17,182,261	66.3
3	Rwika-Jeremiah Nyaga Technical Institute Road-Phase 2	Mbeti South	16,101,206	15,795,702	98.1
4	Kivue-Karingari-Phase 1	Kithimu	25,197,645	15,433,303	61.2
5	Upgrading to Bitumen Standards of Mukuuri-Kanja Road Phase 3 & Upgrading to Bitumen Standards of ACK Muthege Church to Kirimiri Coffee Factory	County Wide	42,040,000	15,144,433	36.0
6	Mufu Market Road-Phase 1	Kyeni North	16,359,532	13,223,072	80.8
7	Construction of The County Assembly Office Complex	County Assembly -Kirimari	349,707,101	13,083,000	3.7
8	Mukuuri-Kirimiri Road-Phase 1	Kagaari North	16,557,223	12,512,050	75.6
9	Ishara-Karerema Road-Phase 1	Evurore	14,152,223	9,053,901	64.0
10	Completion of Kithimu Grain Store	Kithimu	10,000,000	8,499,000	85.0

Source: Embu County Treasury

3.6.11 Budget Performance by Department

Table 3.36 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.36: Embu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	233.85	-	167.66	-	177.44	-	105.8	-	75.9	-
County Public Service Board	33.33	-	25.08	-	23.37	-	93.2	-	70.1	-
Public Service and Administration	400.46	25.00	377.47	-	318.28	-	84.3	-	79.5	0.0
County Assembly	699.07	60.00	410.78	13.08	504.99	13.08	122.9	100.0	72.2	21.8
Gender, Culture, Children and Social Services	10.25	45.98	4.31	25.89	5.76	25.89	133.7	100.0	56.2	56.3
Finance and Economic Planning	88.41	3.20	51.92	-	70.87	3.20	136.5	-	80.2	100.0
Trade Tourism Investment and Industrialization	23.29	64.28	16.39	4.50	16.28	4.78	99.3	106.2	69.9	7.4
Agriculture, Livestock, Fisheries and Co-Operative Development	408.24	362.75	211.19	15.50	180.70	8.50	85.6	54.8	44.3	2.3
Health	1,832.51	164.12	1,309.11	4.50	1,427.08	5.10	109.0	113.4	77.9	3.1
Embu Level 5 Hospital	163.42	85.30	114.49	11.79	137.89	2.88	120.4	24.5	84.4	3.4
Infrastructure, Public Works and Housing.	51.70	1,287.57	32.08	483.81	38.98	388.44	121.5	80.3	75.4	30.2
Education, Science and Technology	457.97	73.42	353.15	22.49	257.36	16.16	72.9	71.8	56.2	22.0
Lands, Physical Planning and Urban Development & Water	86.23	153.76	62.85	19.22	59.29	10.63	94.3	55.3	68.8	6.9
Youth Empowerment and Sports	35.67	39.34	9.80	15.73	9.58	26.60	97.8	169.1	26.9	67.6
Embu County Revenue Authority (ECRA)	15.00	15.00	1.62	-	5.61	-	347.2	-	37.4	0.0
TOTAL	4,539.39	2,379.72	3,147.89	616.53	3,233.49	505.27	102.7	82.0	71.2	21.2

Source: Embu County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 100.0 per cent, while the Departments of Public Service and Administration and Embu County Revenue Authority (ECRA) did not report any expenditure on development activities. The Department of Embu Level 5 Hospital had the highest percentage of recurrent expenditure to budget at 84.4 per cent, while the Department of Youth Empowerment and Sports had the lowest at 26.9 per cent.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.37 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.37: Embu County, Budget Execution by Programmes and Sub-programmes

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
OFFICE OF GOVERNOR					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	140,307,538	106,465,634	33,841,904	75.9
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	46,769,179	35,488,545	11,280,635	75.9
	SP2.2: Management of County Executive Services (Office of County Secretary)	28,061,508	21,293,127	6,768,381	75.9
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	18,707,672	14,195,418	4,512,254	75.9
Sub Total		233,845,897	177,442,724	56,403,173	75.9
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	2,833,127	1,986,850	846,277	70.1
	SP1.2: Administration of board programmes	4,166,363	2,921,838	1,244,525	70.1
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	5,832,908	4,090,573	1,742,335	70.1
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	3,833,054	2,688,091	1,144,963	70.1
Administration of Human Resources in Public Service	SP2.1 Recruitment and Selection, Career Management, HR Policy & Audit	5,555,151	3,895,784	1,659,367	70.1
	SP2.2 Administration of Board programmes/ Agenda	5,555,151	3,895,784	1,659,367	70.1
	SP2.3 Performance Management & Discipline	5,555,151	3,895,784	1,659,367	70.1
Sub Total		33,330,903	23,374,704	9,956,199	21.2
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	183,306,847	137,130,047	46,176,801	74.8

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	145,853,870	109,111,844	36,742,027	74.8
	SP2.2: Office Infrastructure Expansion	96,294,743	72,037,149	24,257,594	74.8
Sub Total		425,455,461	318,279,039	107,176,422	74.8
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	8,434,384	4,747,558	3,686,826	56.3
P2: Gender and Social Development	SP2.1: Communication Mobilization and Development	11,245,845	6,330,077	4,915,768	56.3
	SP2.2 : Social Welfare Services	8,434,384	4,747,558	3,686,826	56.3
	SP2.3 : Vocational Rehabilitation and Training	5,622,923	3,165,039	2,457,884	56.3
	SP2.4 : Gender Mainstreaming and Development	8,434,384	4,747,558	3,686,826	56.3
P3: Children Services	SP3.1: Child Rehabilitation and Custody	8,434,384	4,747,558	3,686,826	56.3
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	5,622,923	3,165,039	2,457,884	56.3
Sub Total		56,229,227	31,650,385	24,578,842	56.3
FINANCE AND ECONOMIC PLANNING					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	16,265,401	13,151,521	3,113,880	80.9
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	22,771,562	18,412,130	4,359,432	80.9
P3: Financial Management Services	SP3.1: Control and Management of Public Finances	10,566,006	8,543,229	2,022,777	80.9
P4: Monitoring and Evaluation	SP 4.1: Monitoring and Evaluation of projects	21,815,149	17,638,814	4,176,335	80.9
P5: Research and Statistics	SP5.1: County database and profile	20,188,610	16,323,663	3,864,947	80.9
Sub Total		91,606,728	74,069,357	17,537,371	17.9
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION					
P1: Administrative Support Services	P1.1: Administrative Support Services	10,405,337	2,502,923	7,902,414	24.1
P2: Trade development and Promotion	P2.1: Trade development and Promotion	42,137,133	10,135,760	32,001,373	24.1
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	19,265,572	4,634,184	14,631,389	24.1
P4: Tourism Development	P4.1: Tourism Development	15,762,740	3,791,605	11,971,136	24.1
Sub Total		87,570,783	21,064,472	66,506,311	24.1
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
P1: Administrative Support Services	P1.1: Administrative Support Services	100,627,730	24,693,808	75,933,922	24.5
P2: Crop Development and Management	P2.1: Crop Development and Management	359,527,418	88,227,183	271,300,235	24.5
P3: Agribusiness and Information Management	P3.1: Agribusiness and Information Management	100,228,255	24,595,778	75,632,477	24.5

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P4:Livestock Resources Management and Development	P4.1:Livestock Resources Management and Development	133,504,514	32,761,694	100,742,820	24.5
P5:Fisheries Development	P5.1:Fisheries Development	77,098,658	18,919,829	58,178,829	24.5
Sub Total		770,986,575	189,198,293	581,788,282	24.5
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,149,888,198	824,813,937	325,074,261	71.7
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	473,285,649	339,487,439	133,798,210	71.7
P3: General Administration Planning and Support Services	SP3.1: General Administration services	373,454,244	267,878,448	105,575,797	71.7
Sub Total		1,996,628,091	1,432,179,823	564,448,268	71.7
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	167,360,411	94,727,422	72,632,989	56.6
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	46,894,578	26,542,732	20,351,846	56.6
P3: General Administration Planning and Support Services	SP3.1: General Administration services	34,458,885	19,504,023	14,954,862	56.6
Sub Total		248,713,874	140,774,177	107,939,697	56.6
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	133,927,706	42,742,026	91,185,681	31.9
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	1,004,457,797	320,565,193	683,892,604	31.9
P3: Energy and housing	SP3.1: Energy and Housing	200,891,559	64,113,039	136,778,521	31.9
Sub Total		1,339,277,063	427,420,257	911,856,806	31.9
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1:General Administration and Support Services	212,558,633	109,405,966	103,152,667	51.5
P2:Quality Assurance and Standards	SP2.1: Quality Assurance and standards	106,279,316	54,702,983	51,576,334	51.5
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	212,558,633	109,405,966	103,152,667	51.5
Sub Total		531,396,582	273,514,914	257,881,668	51.5
LANDS,PHYSICAL PLANNING AND URBAN DEVELOPMENT					
P1: Physical Planning and Urban Development	SP1.1: Physical Planning Services	11,499,570	3,298,547	8,201,023	28.7
	SP1.2: Establishment and Promotion of Land Policy	16,099,397	4,617,966	11,481,431	28.7
	SP1.3: Environmental conservation	11,499,570	3,298,547	8,201,023	28.7
P2: General Administration, Planning and Support Services	SP2.1 General Administration and Support Services	22,999,139	6,597,094	16,402,045	28.7
P3: Water Supply and sewerage Services	SP3.1: Domestic water supply	103,496,128	29,686,925	73,809,203	28.7
P4:Irrigation and civil works	SP4.1: Irrigation and civil works	64,397,591	18,471,864	45,925,727	28.7
EMBU MUNICIPAL BOARD					

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	1,800,000	709,958	1,090,042	39.4
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	8,200,000	3,234,253	4,965,747	39.4
Sub Total		239,991,396	69,915,155	170,076,241	29.1
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1: Youth Development and Empowerment Services	37,506,074	18,091,749	19,414,325	48.2
P2: Management and Development of Sports and Sports facilities	SP5.1: Community Sports programme	30,004,859	14,473,399	15,531,460	48.2
P3: General Administration Planning and Support Services	SP3.1: General Administration services	7,501,215	3,618,350	3,882,865	48.2
Sub Total		75,012,147	36,183,498	38,828,649	48.2
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	5,472,057	1,023,804	4,448,253	18.7
	SP1.2: Revenue Management Services	24,527,943	4,589,096	19,938,847	18.7
Sub Total		30,000,000	5,612,900	24,387,100	18.7
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	580,268,083	375,088,699	205,179,384	64.6
P: 1: Legislation	SP: 1: Legislation	178,801,690	142,986,822	35,814,868	80.0
Sub Total		759,069,773	518,075,521	240,994,252	68.3
Grand Total		6,919,114,500	3,738,755,219	3,180,359,281	54.0

Source: Embu County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: SP1.1: Administration, Planning and Support Services, SP 2.1: Economic Development Planning and Coordination, SP3.1: Control and Management of Public Finances, SP 4.1: Monitoring and Evaluation of projects and SP5.1: County database and profile in the Department of Finance and Economic Planning at 80.9 per cent, SP: 1: Legislation in the Department of County Assembly at 80.0 per cent, SP1.1: Management of County Affairs, SP2.1: Sub-County Administration and Field Services, SP2.2: Management of County Executive Services, and SP3.1: Public Sector Advisory Services in the Department of Office of the Governor at 75.9 per cent, and SP1.1: Service Delivery and Management of County Affairs, SP2.1: Human Resource Development and Culture Change Management, SP2.2: Office Infrastructure Expansion in the department of Public Service and Administration at 74.8 per cent of budget allocation.

3.6.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The reports were submitted on 26th April, 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.505.27 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.38 billion. The development expenditure represented 21.2 per cent of the annual development budget.
3. A high wage bill, which accounted for 48 per cent of the first nine months' proportional revenue of Kshs.5.19 billion, thus, constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.297.83 million against an annual projection of Kshs.900

million, representing 33.1 per cent of the annual target. This implies that the annual target of Kshs.900 million was unrealistic and should be corrected to avoid the accumulation of pending bills due to budget commitments.

5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is contrary to the requirements of Section 168 of the PFM Act, 2012. Except for the Embu County Education Support Fund, no other Fund reports were submitted to the Controller of Budget.
6. High level of pending bills, which amounted to Kshs.1.22 billion as of 31st March 2022.
7. Manual Payroll. Personnel emoluments amounting to Kshs.101.49 million were processed through the manual payroll and accounted to 4.1 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed. The County Treasury should develop and implement policies to ensure the budget is not committed where there is a lack of supporting cash flow.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
7. *The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.*

3.7 County Government of Garissa

3.7.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.7.93 billion (75.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from its own sources of revenue, and a cash balance of Kshs.597.24 million (5.7 per cent) from FY 2020/21. The County also expects to receive Kshs.1.77 billion (16.9 per cent) as conditional grants. The grants consist of; Kshs.153.30 million as a grant for Leasing of Medical Equipment, Kshs.1.09 billion as loan and grants, Kshs.112.63 million for Kenya urban Support Program, Kshs.228 million for the Water and Sanitation Development program, Kshs.16.02 million as Transforming Health System World Bank, Kshs.104 million as Road Maintenance Levy Fund and Kshs.64.16 million as Kenya Development Support Programme.

3.7.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.27 billion as the equitable share of the revenue raised nationally, raised Kshs.48.95 million as own-source revenue, Kshs.421.26 million as conditional grants, and had a cash balance of Kshs.608.09 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.35 billion, as shown in Table 3.38.

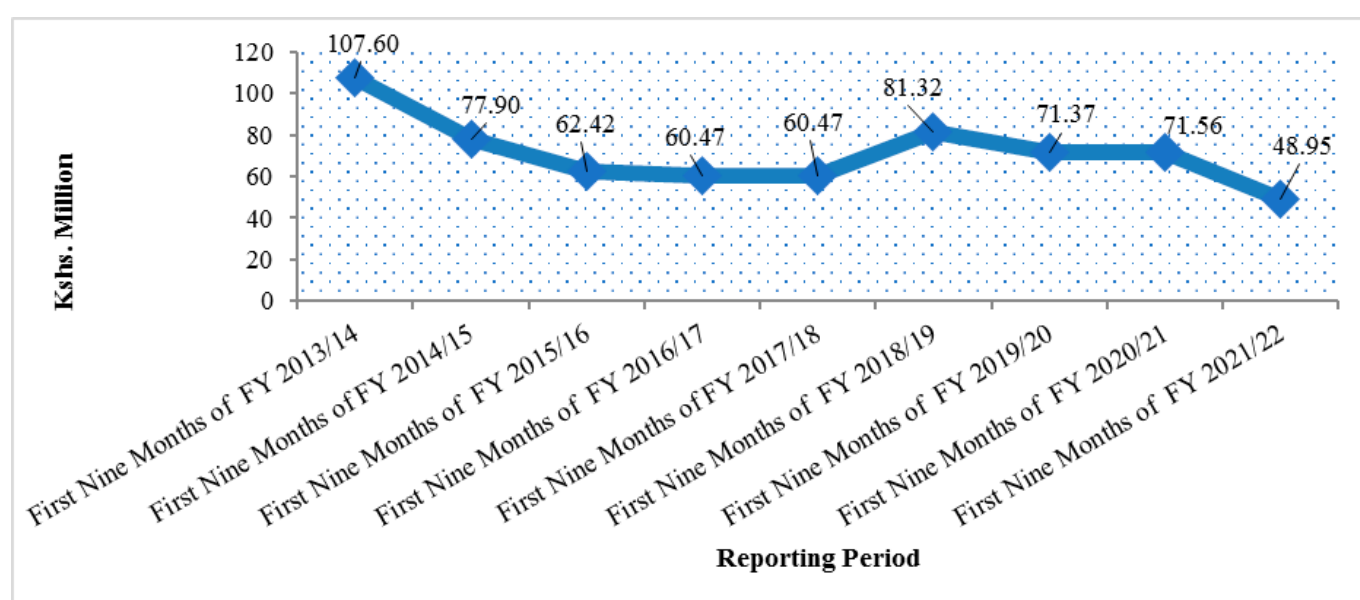
Table 3.38: Garissa County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,927,212,254	5,271,596,151	67.0
Sub Total		7,927,212,254	5,271,596,151	67.0
B	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	48,953,500	32.6
2.	Conditional Grants	1,766,290,377	421,264,720	23.9
3.	Balance b/f from FY 2020/21	597,235,000	608,092,586	101.8
Sub Total		2,513,525,877	1,078,310,806	42.9
Grand Total		10,440,738,131	6,349,906,957	60.8

Source: Garissa County Treasury

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

Figure 3.13: Trend in Own-Source Revenue Collection for the First Nine Months from FY2013/14 to FY 2021/22



Source: Garissa County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.48.95 million as own-source revenue, which was 32.6 per cent of the annual target. This amount represented a decrease of 31.6 per cent compared to Kshs.71.56 million realised during a similar period in FY 2020/21. The County has automated the OSR collection process.

3.7.3 Exchequer Issues

The Controller of Budget approved Kshs.6.49 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.20 billion (18.5 per cent) for development programmes and Kshs.5.29 billion (81.5 per cent) for recurrent programmes, as shown in Table 3.42.

3.7.4 Overall Expenditure Review

The County spent Kshs.5.71 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.0 per cent of the total funds released by the CoB and comprised Kshs.572.88 million

and Kshs.5.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.1 per cent, while recurrent expenditure represented 72.4 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.29 billion and comprised Kshs.145.91 million for recurrent expenditure and Kshs.1.14 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the part of the bills amounting to Kshs.517.00 million in the financial year. During the period under review, pending bills amounting to Kshs.514.66 million were settled, which were entirely for development programmes. Outstanding pending bills amounted to Kshs.771.78 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.16 billion out of which the County has settled bills amounting to Kshs.514.66 million leaving a balance of Kshs.644.55 million as of 31st March 2022.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.75 billion was spent on employee compensation, Kshs.1.39 billion on operations and maintenance, and Kshs.572.88 million on development activities, as shown in Table 3.39.

Table 3.39: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,157,943,296	939,003,881	4,517,791,249	621,595,152	73.4	66.2
Compensation to Employees	4,238,206,980	540,296,322	3,366,037,657	384,768,029	79.4	71.2
Operations and Maintenance	1,919,736,316	398,707,559	1,151,753,592	236,827,123	60.0	59.4
Development Expenditure	3,278,790,954	65,000,000	550,494,329	22,386,128	16.8	34.4
Total	9,436,734,250	1,004,003,881	5,068,285,578	643,981,280	53.7	64.1

Source: Garissa County Treasury

3.7.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 47.9 per cent of the first nine months' proportional revenue of Kshs.7.83 billion.

Personnel emoluments amounting to Kshs.3.09 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.746.10 million. The manual payroll amounted to 19.4 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.75 billion includes Kshs.1.60 billion attributable to the health sector, which translates to 42.7 per cent of the total wage bill in the reporting period.

3.7.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.244.00 million to county established funds in FY 2021/22, which constituted 2.3 per cent of the County’s overall budget for the year. Table 3.40 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.40: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	MCA’s Car Grant	-	84,000,000	Yes
2.	Bursaries	60,000,000	-	No
3.	Disaster Management Fund	100,000,000	-	No
Total		160,000,000	84,000,000	

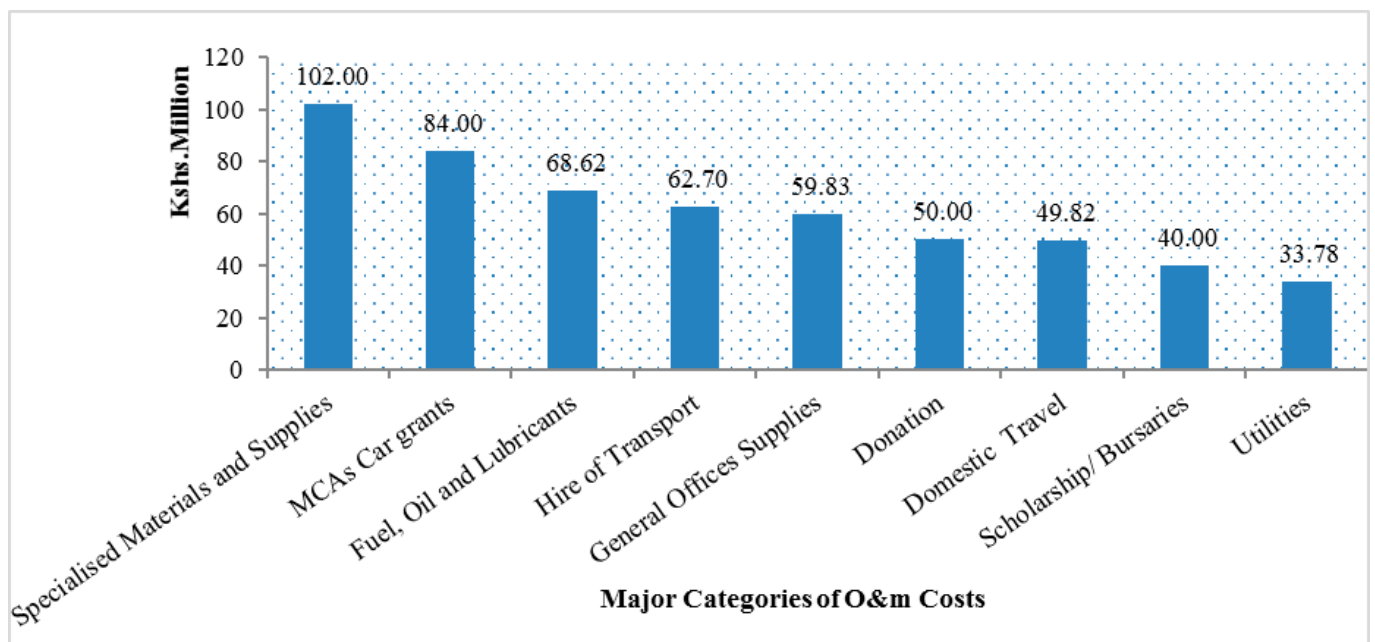
Source: Garissa County Treasury

The OCoB received quarterly financial returns from the Administrator of MCA’s Car Grant funds as indicated in Table 3.40.

3.7.9 Expenditure on Operations and Maintenance

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

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



Source: Garissa County Treasury

The County spent Kshs.33.00 million on committee sitting allowances for the 51 MCAs and Speaker against the annual budget allocation of Kshs.63.24 million. The Assembly has 18 established committees. The average monthly sitting allowance was Kshs.71,886 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 18 committees.

3.7.10 Development Expenditure

The County incurred Kshs.572.88 million on development programmes, which represented a decrease of 48.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.11 billion. Table 3.41 summarises development projects with the highest expenditure in the reporting period.

Table 3.41: Garissa County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments (Kshs.)	Absorption Rate (%)
1	Proposed Construction of Sub County Administration offices	County wide	92,459,479	92,459,479	100.0
2	Proposed Construction of Dogob Orphanage Centre	Balambala	98,765,000	28,033,786	28.4
3	Construction of new water pan at Dogob	Balambala	28,654,300	17,796,481	62.1
4	Supply of collapsible water pumps	County wide	17,320,210	17,320,210	100.0
5	Supply of uji-mix for ECD Centre	County wide	16,785,000	16,785,000	100.0
6	Supply of agriculture machinery to ANS	Garissa Township	13,680,000	13,680,000	100.0
7	Supply and delivery of medical records materials	Garissa Township	12,659,800	12,659,800	100.0
8	Proposed Construction of Health Head quarter in Garissa	Garissa Township	46,563,340	11,450,039	24.6
9	Construction of Irrigation infrastructure at Mansabubu Farm	Fafi	19,360,400	11,035,900	57.0
10	Supply and delivery of pumps	County wide	21,930,550	10,835,000	49.4

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 3.42 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.42: Garissa County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Cooperative	171.20	524.18	137.19	20.29	137.19	37.56	100.0	185.1	80.1	7.2
Environment, Energy, Natural Resources and Wildlife	63.15	80.00	48.22	-	48.22	-	100.0	-	76.4	-
Road and Transport	40.32	304.00	36.28	-	36.28	-	100.0	-	90.0	-
Trade, Tourism and Enterprise	90.00	100.00	66.49	-	66.49	-	100.0	-	73.9	-
Health and Sanitation	2,571.36	453.03	1,897.32	17.12	1,881.30	63.69	99.2	372.0	73.2	14.1
Education and Labour	859.41	40.00	627.87	31.55	563.26	31.55	89.7	100.0	65.5	78.9
County Assembly	939.00	65.00	692.61	27.39	621.60	22.39	89.7	81.7	66.2	34.4
Office of the Governor	349.80	-	265.41	-	265.40	-	100.0	-	75.9	-
Finance, Revenue, Economic Planning and County Affairs	1,331.30	557.33	975.78	514.66	975.78	92.46	100.0	18.0	73.3	16.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Gender, Social Service and Sport	66.20	40.00	55.55	23.87	55.55	51.90	100.0	217.4	83.9	129.8
Water and Irrigation	198.56	1,004.28	174.79	434.92	174.79	254.18	100.0	58.4	88.0	25.3
Lands, Housing and Urban Planning	298.78	63.34	226.40	16.54	226.40	19.15	100.0	115.8	75.8	30.2
County Public Service Board	37.07	-	35.92	-	35.74	-	99.5	-	96.4	-
Garissa Municipality	80.80	112.63	51.39	112.63	51.39	-	100.0	-	63.6	-
Grand Total	7,096.95	3,343.79	5,291.24	1,198.96	5,139.39	572.88	97.1	47.8	72.4	17.1

Source: Garissa County Treasury

Analysis of expenditure by the departments shows that the Department of Gender, Social Service and Sport recorded the highest absorption rate of development budget at 129.7 per cent, while the Department of Environment, Energy, Natural Resource and Wildlife, Trade, Tourism and Enterprise and Municipality did not report any expenditure on development activities. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 96.4 per cent, while the Department of Municipality had the lowest at 63.6 per cent. The County should regularise the excess over appropriations under the Department of Gender, Social Service and Sport before the close of the financial year.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.43 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.43: Garissa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative					
Agriculture Service	Agriculture Extension and Exhibition	1,200,000	400,000	800,000	33.3
Livestock Service	Livestock	96,224,397	60,564,260	35,660,137	62.9
	Livestock Production	5,550,000	350,000	5,200,000	6.3
Veterinary Service	Veterinary	33,350,000	9,465,400	23,884,600	28.4
Fisheries Services	Fisheries	200,000	-	200,000	-
General Administration and Support Services	General Administration and Support Services	558,257,309	103,674,560	454,582,749	18.6
Cooperative Services	Cooperative	600,000	300,000	300,000	50.0
	Sub Total	695,381,706	174,754,220	520,627,486	25.1
Energy, Environment and Natural Resource					
Energy Service	Energy	81,205,000	505,000	80,700,000	0.6
Environment	Environment	1,100,000	-	1,100,000	-
Natural Resource	Natural Resource	1,600,000	1,000,000	600,000	62.5
General Administration and Support Services	General Administration and Support Services	59,243,025	46,718,000	12,525,025	78.9
	Sub Total	143,148,025	48,223,000	94,925,025	33.7
Road and Transport					
Road Service	Road	306,417,200	2,400,000	304,017,200	0.8
General Administration and Support Services	General Administration and Support Services	37,906,400	33,882,000	4,024,400	89.4
	Sub Total	344,323,600	36,282,000	308,041,600	10.5
Trade, Tourism and Enterprise					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade Service	Trade	102,400,000	600,000	101,800,000	0.6
Weight and Measure	Weight and Measure	1,350,000	1,300,000	50,000	96.3
General Administration and Support Services	General Administration and Support Services	85,447,996	64,587,055	20,860,941	75.6
Tourism Service	Tourism	802,259	-	802,259	-
	Sub Total	190,000,255	66,487,055	123,513,200	35.0
Health and Sanitation					
Preventive and Promotive	Preventive	497,297,872	96,694,707	400,603,165	19.4
Curative	Curative	207,997,156	129,200,000	78,797,156	62.1
General Administration and Support Services	General Administration and Support Services	2,319,087,436	1,719,095,566	599,991,870	74.1
	Sub Total	3,024,382,464	1,944,990,273	1,079,392,191	64.3
Education and Labour					
General Administration and Support Services	General Administration and Support Services	574,889,663	403,630,160	171,259,503	70.2
Vocational Services	Vocational Training Centres	12,601,200	11,218,600	1,382,600	89.0
ECD	ECD	44,412,400	34,696,600	9,715,800	78.1
Human Resource	Human Resource	244,219,292	123,483,906	120,735,386	50.6
Information and ICT	Information and ICT	23,282,733	21,782,000	1,500,733	93.6
	Sub Total	899,405,288	594,811,266	304,594,022	66.1
County Assembly					
General Administration and Support Services	General Administration and Support Services	1,004,003,881	643,981,280	360,022,601	64.1
	Sub Total	1,004,003,881	643,981,280	360,022,601	64.1
Office of the Governor					
Governor's Office	Governor	105,400,000	54,700,000	50,700,000	51.9
Deputy Governor	Deputy Governor	36,120,000	28,800,000	7,320,000	79.7
General Administration and Support Services	General Administration and Support Services	120,810,000	107,460,000	13,350,000	88.9
Street Lighting	Street Lighting	48,656,215	41,606,000	7,050,215	85.5
Intergovernmental and Institutional	Intergovernmental	18,812,430	17,422,000	1,390,430	92.6
County Attorney	County Attorney	20,000,000	15,410,000	4,590,000	77.1
	Sub Total	349,798,645	265,398,000	84,400,645	75.9
Finance, Revenue, Economic Planning and County Affairs					
Accounting Service	Accounting	3,713,739	660,000	3,053,739	17.8
Budget Service	Budget	6,780,000	1,800,000	4,980,000	26.5
Revenue Service	Revenue	208,927,781	174,901,000	34,026,781	83.7
Economic and Statistic	Economic Planning	34,086,000	30,785,700	3,300,300	90.3
Supply Chain Service	Procurement	5,630,000	1,350,000	4,280,000	24.0
Internal Audit	Internal Audit	3,862,600	1,000,000	2,862,600	25.9
Special Program	Special Program	170,940,000	66,499,090	104,440,910	38.9
General Administration and Support Services	General Administration and Support Services	1,437,914,215	776,496,931	661,417,284	54.0
Donor Coordination	Donor Coordination	16,780,548	14,750,000	2,030,548	87.9
	Sub Total	1,888,634,883	1,068,242,721	820,392,162	56.6
Gender, Social Service and Sport					
General Administration and Support Services	General Administration and Support Services	101,411,832	103,432,501	-2,020,669	102.0
Social Protection	Social Protection	1,025,000	625,000	400,000	61.0
Cinemas	Cinemas	3,763,600	3,391,600	372,000	90.1
	Sub Total	106,200,432	107,449,101	-1,248,669	101.2
Water and Irrigation					
					-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and Support Services	General Administration and Support Services	289,834,613	246,671,051	43,163,562	85.1
Irrigation Schemes	Irrigation Scheme	35,000,000	34,300,000	700,000	98.0
Water Supply Service	Water Infrastructure	878,000,000	147,996,512	730,003,488	16.9
	Sub Total	1,202,834,613	428,967,563	773,867,050	35.7
Lands, Housing and Urban Planning					-
Urban Sanitation and Development	Urban Sanitation and Development	900,000	700,000	200,000	77.8
Urban Planning and Disaster Management	Urban Planning and Disaster Management	11,614,626	10,414,000	1,200,626	89.7
General Administration and Support Services	General Administration and Support Services	293,036,738	194,182,000	98,854,738	66.3
Lands	Lands	34,000,000	25,650,379	8,349,621	75.4
Housing	Housing	22,574,997	14,600,000	7,974,997	64.7
	Sub Total	362,126,361	245,546,379	116,579,982	67.8
County Public Service Board					
General Administration and Support Services	General Administration and Support Services	37,072,000	35,744,000	1,328,000	96.4
	Sub Total	37,072,000	35,744,000	1,328,000	96.4
Town Municipality					
General Administration and Support Services	General Administration and Support Services	193,425,978	51,390,000	142,035,978	26.6
	Sub Total	193,425,978	51,390,000	142,035,978	26.6
Grand Total		10,440,738,131	5,712,266,858	4,728,471,273	54.7

Source: Garissa County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General Administration and support programme in the Department of Gender, Social Service and Sport at 102.0 per cent, Irrigation scheme in the Department of Water and Irrigation at 98 per cent, County General Administration and Support Service in the Department of County Public Service Board at 96.4 per cent, and Weight and Measure at 96.3 per cent of budget allocation. The County should regularise the excess over appropriations under the Department of Gender, Social Service and Sport before the close of the financial year.

3.7.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 22nd April 2022, which was late considering the requirement of 15th April 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.572.88 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.34 billion. The development expenditure represented 17.1 per cent of the annual development budget.
3. A high wage bill, which accounted for 47.9 per cent of the first nine months' proportional revenue of Kshs.7.83 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.48.95 million against an annual projection of Kshs.150 million, representing 32.6 per cent of the annual target.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Bursary Fund and Emergency Fund reports were not submitted to the Controller of Budget.
6. High level of pending bills which amounted to Kshs.644.55 million as of 31st March 2022. This is based on the

eligible pending bills reported by the OAG.

- Manual Payroll. Personnel emoluments amounting to Kshs.746.10 million were processed through the manual payroll and accounted for 19.4 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds due to inadequate controls.

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

- The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
- The County should identify and address issues causing delays in implementing development projects.*
- 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.*
- The County should address its revenue performance to ensure the approved budget is fully financed.*
- The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
- The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
- The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.8 County Government of Homa Bay

3.8.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.7.81 billion (89.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.143.81 million (1.7 per cent) from its own sources of revenue, and Kshs.126.82 million (1.5 per cent) as Appropriations-in -Aid. The County did not budget for cash balance from FY 2020/21. The County also expects to receive Kshs.607.76 million (7 per cent) as conditional grants. The grants consist of; Kshs.279.12 million from the National Agriculture and Rural Inclusive Growth Project (NARIGP), Kshs.153.30 million for Leasing of Medical Equipment, Kshs.70.45 for Transforming Health Systems for Universal Health Care Project, Kshs.50.00 million for Kenya Informal Settlement Improvement Project (KISIP II) Kshs.31.10 million For Agricultural Sector Development Support Programme (ASDSP), Kshs.14.94 million from DANIDA grant and Kshs.8.85 million for UNFPA Project.

The County did not budget for the unspent cash balance from previous financial years, which amounted to Kshs.417.95 million.

3.8.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.80 billion as the equitable share of the revenue raised nationally, raised Kshs.132.92 million as own-source revenue, Kshs.115.39 million as Appropriations -in -Aid, the County did not receive conditional grants and had a cash balance of Kshs.417.95 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.6.47 billion, as shown in Table 3.44.

Table 3.44: Homa Bay County, Revenue Performance in the First Nine Months of FY 2021/22

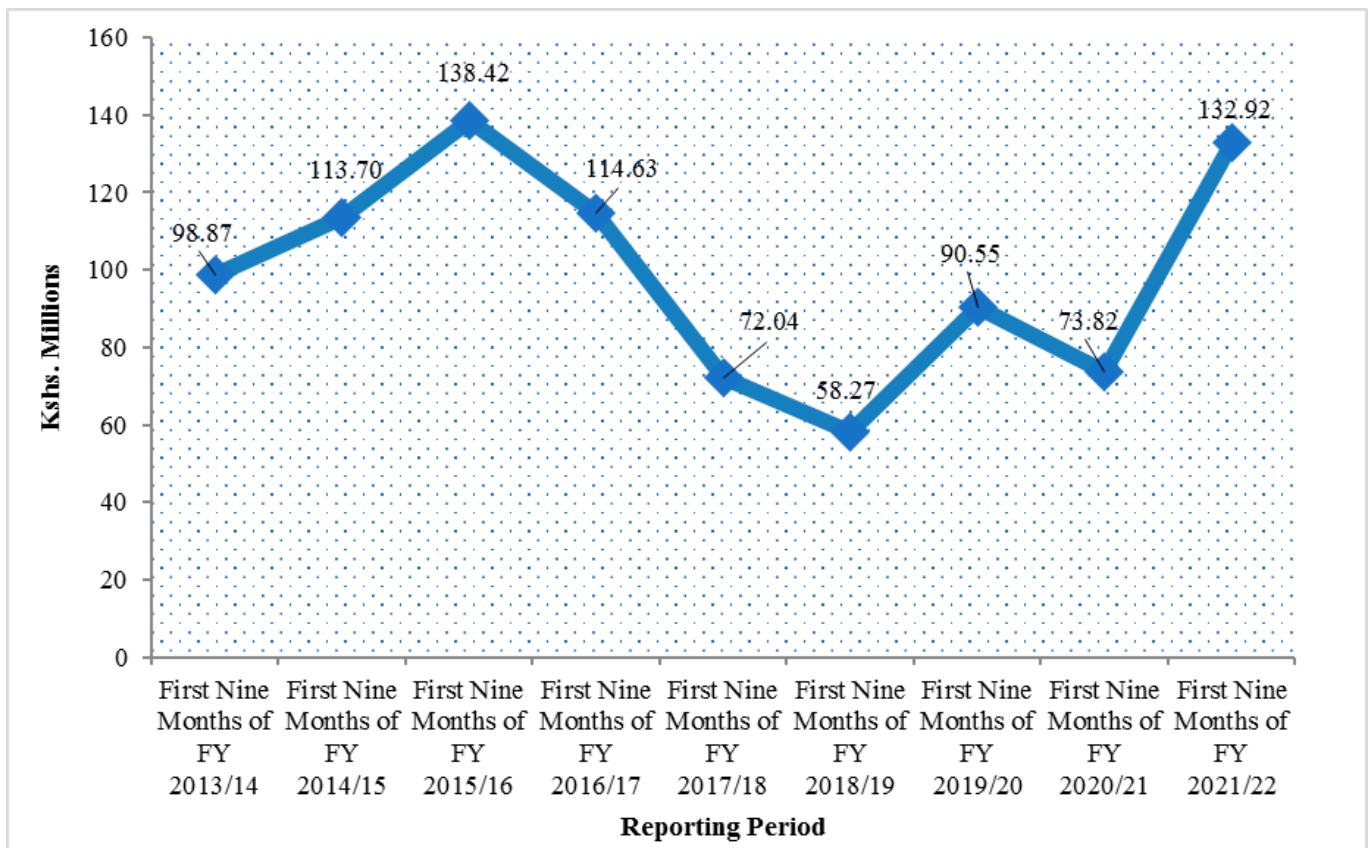
S/ No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,805,353,300	5,804,959,474	74.4
Sub Total		7,805,353,300	5,804,959,474	74.4

S/ No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2021/22 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
B	Other Sources of Revenue			
1.	Own Source Revenue	143,811,399	132,915,691	92.4
2.	Conditional Grants	607,761,293	-	-
3.	Balance b/f from FY 2020/21	-	417,947,391	-
4.	AIA	126,682,193	115,393,341	91.1
Sub Total		878,254,885	666,256,423	75.9
Grand Total		8,683,608,185	6,471,215,897	74.5

Source: Homa Bay County Treasury

The trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22 is shown in Figure 3.15.

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



Source: Homa Bay County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.132.92 million as own-source revenue, which was 92.4 per cent of the annual target. This amount represented an increase of 80.1 per cent compared to Kshs.73.82 million realised during a similar period in FY 2020/21. The growth can be attributed to the sealing of leakages in own-source revenue collection and improved infrastructure within the open-air markets within the County. The County has implemented an automated OSR collection system called Zizi Software Solutions.

3.8.3 Exchequer Issues

The Controller of Budget approved Kshs.5.08 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.06 billion (20.8 per cent) for development programmes and Kshs.4.03 billion (79.2 per cent) for recurrent programmes, as shown in Table 3.48.

3.8.4 Overall Expenditure Review

The County spent Kshs.5.08 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised Kshs.1.05 billion and Kshs.4.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.8 per cent, while recurrent expenditure represented 72.2 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.575.57 million and comprised Kshs.16.97 million for recurrent expenditure and Kshs.558.60 million for development expenditure. At the beginning of the second quarter of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.557.61 million were paid, consisting of Kshs.19.97 million for recurrent expenditure and Kshs.537.64 million for development programmes.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.465.08 million, out of which the County has settled bills amounting to Kshs.316.91 million, leaving a balance of Kshs.148.17 million as of 31st March 2022.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.34 billion was spent on employee compensation, Kshs.686.81 million on operations and maintenance, and Kshs.1.05 billion on development activities, as shown in Table 3.45.

Table 3.45: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,544,418,217	1,029,394,205	3,324,468,971	701,216,443	0.7	0.7
Compensation to Employees	3,291,657,312	552,699,132	3,081,677,296	257,194,273	93.6	46.5
Operations and Maintenance	1,252,760,905	476,695,073	242,791,675	444,022,170	19.4	93.1
Development Expenditure	2,987,511,963	122,283,800	1,036,258,024	13,783,557	34.7	11.3
Total	7,531,930,180	1,151,678,005	4,360,726,995	715,000,000	57.9	0.6

Source: Homa Bay County Treasury

3.8.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 51.3 per cent of the first nine months' proportional revenue of Kshs.6.51 billion.

Personnel emoluments amounting to Kshs.2.84 billion were processed through the IPPD system, while Kshs.495.19 million was paid through a manual payroll. The manual payroll amounted to 14.8 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.34 billion includes Kshs.1.53 billion attributable to the health sector, which translates to 46.0 per cent of the total wage bill in the reporting period.

3.8.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.297.53 million to county established funds in FY 2021/22, which constituted 3.4per cent of the County’s overall budget for the year. Table 3.46 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.46: County Established Fund performance as of 31st March 2022

S/No.	Name Of The Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements
1.	Homa Bay County Education Bursary Fund	103,000,000	-	No
2.	Homa Bay County Emergency Fund	100,000,000	-	No
3.	Homa Bay County Assembly Car Loan and Mortgage Fund	97,525,627	35,000,000	Yes
	Total	297,525,627	35,000,000	

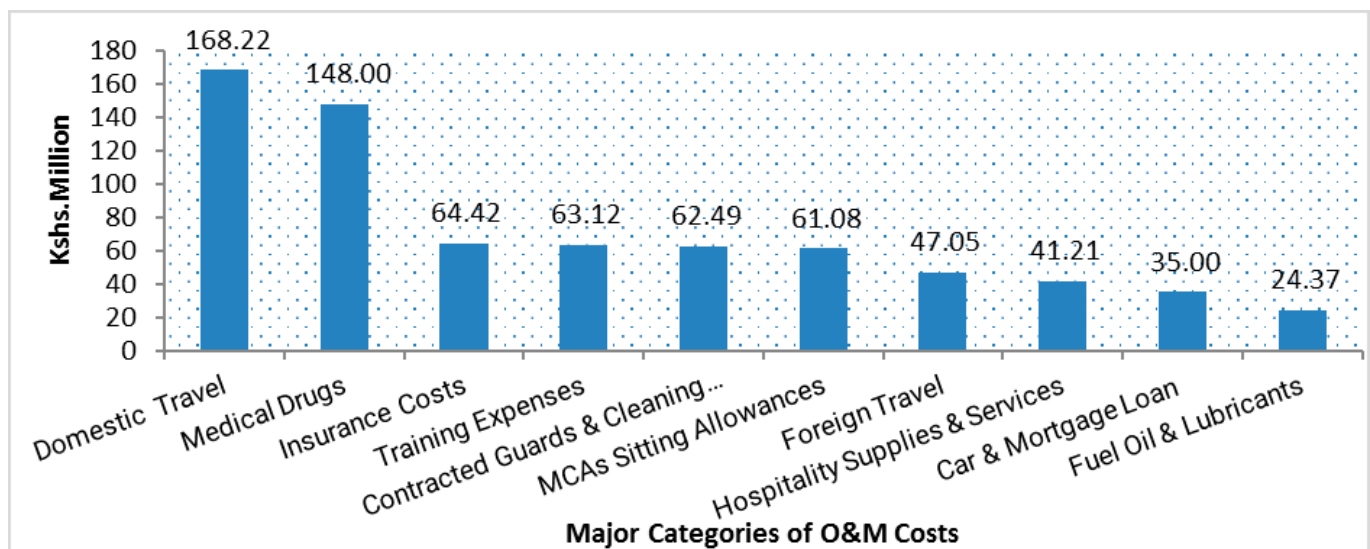
Source: Homa Bay County Treasury

The OCoB received quarterly financial returns from the Fund Administrator of the Homa Bay County Assembly Car Loan and Mortgage Fund, as indicated in Table 3.46.

3.8.9 Expenditure on Operations and Maintenance

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

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



Source: Homa Bay County Treasury

The County spent Kshs.61.08 million on committee sitting allowances for the 61MCAs and Speaker against the annual budget allocation of Kshs.117.72 million. The average monthly sitting allowance was Kshs.111,248 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 25 committees.

During the period, expenditure on domestic travel amounted to Kshs.168.22 million and comprised Kshs.85.20 million spent by the County Assembly and Kshs.83.02 million by the County Executive. Spending on foreign travel amounted to Kshs.47.05 million and consisted of Kshs.28.86 million by the County Assembly and Kshs.18.19 million by the County Executive.

3.8.10 Development Expenditure

The County incurred Kshs.1.05 billion on development programmes, which represented a decrease of 6.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 1.12 billion. Table 3.47 summarises development projects with the highest expenditure in the reporting period.

Table 3.47: Homa Bay County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Homa Bay Stadium	Arujo Ward	156,300,000	82,698,147	52.9
2	Blood Bank Satellite	Homa Bay Town	22,000,000	10,230,000	46.5
3	Ongeng -Nyagidha Road	Ndhiwa	10,227,198	10,227,198	100
4	Nyagwethe-NyandiwaRoad	Suba South	8,288,755	8,288,755	100
5	Pala-Kanyamfwa- Gogo junction Road	Karachuonyo	7,285,287	7,285,287	100
6	Kanyabie- Ober Road	Ndhiwa	5,890,760	5,890,760	100
7	Got Agulu Dispensary	West Kasipul	4,720,160	3,856,230	81.7
8	Rehabilitation of water supply at Nyawita	Kagan	3,711,395	3,711,395	100
9	Desilting of Pan & Rehabilitation at Kadinga Pan CWP	North Karachuonyo	3,679,962	3,679,962	100
10	Drilling and Equipping with Solar Pump at Kideswa CWP	Kendu Bay Town	3,576,500	3,576,500	100

Source: Homa Bay County Treasury

3.8.11 Budget Performance by Department

Table 3.48 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.48: Homa Bay County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries and Food Security	155.13	414.3	123.68	2.99	123.68	2.99	100	100	79.7	0.7
Tourism, Sports, Youth Gender, Culture and Social Services	78.84	156.3	25.45	82.7	25.45	82.7	100	100	32.3	52.9
Roads, Transport and Public Works	49.3	921.36	16.8	266.11	16.8	266.11	100	100	34	28.9
Energy and Mining	21.68	76.9	5	30.97	5	30.89	100	99.7	23.1	40.2
Education and ICT	544.91	130.1	371.07	49.45	371.07	49.45	100	100	68.1	38
Health Services	2,252.07	433.3	1,851.49	221.18	1,851.04	220.87	100	99.9	82.2	51
Lands, Housing, Urban Development and Physical Planning	51.68	119.67	21.4	58.44	21.4	58.44	100	100	41.4	48.8
Trade, Industry, Cooperatives and Enterprise Development	132.53	83.9	118.72	83.89	118.69	78.3	100	93.3	89.6	93.3
Water, Environment and Natural Resources	120.1	316.3	80.5	230.48	80.09	230.48	99.5	100	66.7	72.9

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance, Economic Planning and Service Delivery	433.12	104.25	180.18	0	177.6	-	98.6	-	41	-
Office of the Governor	604.3	100	502.13	15.78	502.99	15.78	100.2	100	83.2	15.8
County Public Service Board	78.7	5	27.47	0	22.96	0.25	83	-	29.2	5
County Assembly	1,029.39	122.28	701.22	13.78	701.22	13.78	100	100	68.1	11.3
Municipal Board	22.06	126.14	3.2	-	7.7	-	240.5	-	34.9	-
TOTAL	5,573.81	3,109.80	4,028.31	1,055.77	4,025.69	1,050.04	99.9	99.5	72.2	33.8

Source: Homa Bay County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Industry, Cooperatives and Enterprise Development recorded the highest absorption rate of the development budget at 93.3 per cent, while the Department of Finance, Economic Planning and Service Delivery did not report any expenditure on development activities. The Department of Trade, Industry, Cooperatives and Enterprise Development had the highest percentage of recurrent expenditure to budget at 89.6 per cent, while the Department of Energy and Mining had the lowest at 23.1 per cent.

3.8.12 Budget Execution by Programmes and Sub-Programmes

Table 3.49 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.49: Homa Bay County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000	-	4,000,000	-
	General Administration and Support Services	151,127,711	123,683,617	27,444,094	81.8
	Sub total	155,127,711	123,683,617	31,444,094	79.7
Crop, Land and Agribusiness Development Services	Crop Development Services	7,272,161	2,986,652	4,285,509	41.1
	Agribusiness Development Services	14,000,000	-	14,000,000	-
	National Agriculture Rural Inclusive Growth	279,115,289	-	279,115,289	-
	Agriculture Sector Development Support Programme	31,096,673	-	31,096,673	-
	Sub total	331,484,123	2,986,652	328,497,471	0.9
Food Security Enhancement Services	Farm Input Access Services	20,000,000	-	20,000,000	-
	Sub Sector Infrastructure Development Services	10,815,877	-	10,815,877	-
	Subtotal	30,815,877	-	30,815,877	-
Fisheries Resources Development Services	Capture Fisheries	12,000,000	-	12,000,000	-
	Farmed Fish Production	8,000,000	-	8,000,000	-
	Subtotal	20,000,000	-	20,000,000	-
Livestock Development Programme	Livestock Improvement and Development	2,939,000	-	2,939,000	-
	Livestock Products Value Addition and Marketing	19,910,000	-	19,910,000	-
	Livestock Health and Disease Management	9,151,000	-	9,151,000	-
	Subtotal	32,000,000	-	32,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	40,204,628	17,790,381	22,414,247	44.2
	Policy and Planning Services	19,632,110	7,659,619	11,972,491	39.0
	Sub total	59,836,738	25,450,000	34,386,738	42.5
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	19,000,000	-	19,000,000	-
	Subtotal	19,000,000	-	19,000,000	-
Social Development and Empowerment Services	Gender and Women Empowerment	2,000,000	-	2,000,000	-
	Youth Empowerment	9,000,000	-	9,000,000	-
	Subtotal	11,000,000	-	11,000,000	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	130,300,000	82,698,147	47,601,853	63.5
	Sports Management and Talent Development	15,000,000	-	15,000,000	-
	Subtotal	145,300,000	82,698,147	62,601,853	56.9
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	35,581,848.00	7,700,000	27,881,848	21.6
	Roads and Transport Services Operations	9,623,712.00	9,100,000	523,712	94.6
	Subtotal	45,205,560	16,800,000	28,405,560	37.2
Public works and maintenance services	Quality control and Enforcement	567,470	-	567,470	-
	Plant and Machinery maintenance	3,523,540	-	3,523,540	-
	Subtotal	4,091,010	-	4,091,010	-
Road Development and Maintenance Services	Road Development and Rehabilitation services	599,499,400	234,383,306	365,116,094	39.1
	Road maintenance	230,000,006	31,726,354	198,273,652	13.8
	Plant and Machinery Purchase and maintenance	80,000,000	-	-	-
	Subtotal	909,499,406	266,109,660	643,389,746	29.3
Transport Services	Development of Jetties	11,862,940	-	11,862,940	-
	Subtotal	11,862,940	-	141,455,900	-
Department of Energy and Mining					
Energy Services	Electrical Power Services	23,000,000	-	23,000,000	-
	Solar Power Services	48,900,000	30,890,379	18,009,621	63.2
	Low-Cost Energy Technologies Promotion Services	5,000,000	-	5,000,000	-
	Sub total	76,900,000	30,890,379	46,009,621	40.2
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	3,800,000	-	3,800,000	-
	Subtotal	3,800,000	-	3,800,000	-
General Administration, Planning and Support Services	Administrative Support Services	17,884,228	5,000,000	12,884,228	28.0
	Subtotal	17,884,228	5,000,000	12,884,228	28.0
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	33,446,350	-	33,446,350	-
	Quality Assurance Services	511,468,564	371,066,202	140,402,362	72.5
	Subtotal	544,914,914	371,066,202	173,848,712	68.1
ECDE and Vocational Training Services	EYE Services	65,000,000	49,453,077	15,546,923	76.1
	Vocational Training Services	39,100,000	-	39,100,000	-
	Subtotal	104,100,000	49,453,077	54,646,923	76
	ICT Infrastructure Development	26,000,000	-	26,000,000	-
Subtotal	26,000,000	-	26,000,000	-	
Department of Health Services					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Policy planning and administrative support service	Policy, Planning and Monitoring Services	3,771,000	-	3,771,000	-
	Administrative Support Services	1,923,223,195	1,786,171,233	137,051,962	92.9
	Subtotal	1,926,994,195	1,786,171,233	140,822,962	92.7
Preventive and promotive health services	Community health services	63,650,000	6,434,379	57,215,621	10.1
	Disease control services	47,250,000	-	47,250,000	-
	Facility infrastructure improvement services	117,000,000	58,435,899	58,564,101	
	Subtotal	227,900,000	64,870,278	163,029,722	28.5
Curative and rehabilitative health services	Routine medical health services	224,173,731	91,120,278	133,053,453	40.6
	Medical emergency response services	18,000,000	-	18,000,000	-
	Facility infrastructure improvement services	283,300,000	129,747,097	153,552,903	45.8
	Subtotal	525,473,731	220,867,375	304,606,356	86
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	3,000,000	-	3,000,000	-
	Subtotal	5,000,000	-	5,000,000	-
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	36,675,033	21,400,000	15,275,033	58.4
	Subtotal	36,675,033	21,400,000	15,275,033	58.4
Lands and Physical planning	Spatial planning Services	35,000,000	14,881,138	20,118,862	42.5
	Survey and Valuation Services	17,999,978	4,632,011	13,367,967	25.7
	Subtotal	52,999,978	19,513,149	33,486,829	68
Housing and Urban Development	Housing improvement services	5,857,914	-	5,857,914	-
	Urban Development Services	75,809,978	38,922,750	36,887,228	51.3
	Subtotal	81,667,892	38,922,750	5,857,914	0
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	126,008,571	118,692,428	7,316,143	94.2
	Policy Development and Implementation Services	6,519,327	-	6,519,327	-
	Subtotal	132,527,898	118,692,428	13,835,470	89.6
	Enterprise Development and Promotion Services	12,700,000	12,700,000	-	100.0
	Trade Infrastructure Development Services	40,000,000	34,402,535	5,597,465	86.0
	Subtotal	52,700,000	47,102,535	5,597,465	186
Industrial Development and Investment Services	Value Chain Development Services	31,200,000	31,200,000	-	100.0
	Subtotal	31,200,000	31,200,000	-	100.0
Department of Water, Environment and Natural Resources					
General Administrative services	Administrative Support Services	58,420,102	45,088,872	13,331,230	77.2
	Policy and Planning Services	55,680,308	35,000,000	20,680,308	62.9
	Subtotal	114,100,410	80,088,872	34,011,538	70.2
Water Supply and Management Services	Urban Water Supply Services	19,980,000	-	19,980,000	-
	Rural Water Supply Services	251,320,000	219,484,162	31,835,838	87.3
	Maintenance of Water Supply Services	6,000,000	-	6,000,000	-
	Subtotal	277,300,000	219,484,162	51,815,838	87
Environmental Protection and Management Services	Pollution and Waste Management services	21,000,000	11,000,000	10,000,000	52.4
	Forestry Development Services	13,500,000	-	13,500,000	-
	Climate Change Services	10,500,000	-	10,500,000	-
	Subtotal	45,000,000	11,000,000	34,000,000	24.4
Department of Finance, Economic Planning and Service Delivery					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General administration and support services	Staff Remuneration and Welfare Support Services	224,042,613	160,491,715	63,550,898	71.6
	General Logistics, Coordination and Asset Management Services	16,177,300	10,177,100	6,000,200	62.9
	Devolution and Service Delivery Support Services	15,975,642	6,930,275	9,045,367	43.4
	Subtotal	256,195,555	177,599,090	78,596,465	69.3
Planning, budgeting and development coordination services	Economic planning and development services	14,914,518	-	14,914,518	-
	Resource Allocation Services	11,989,000	-	11,989,000	-
	Public Participation Facilitation Services	33,934,700	-	33,934,700	-
	Subtotal	60,838,218	-	60,838,218	-
Strategy and service delivery management services	Monitoring and evaluation services	4,687,200	-	4,687,200	-
	Strategy and service delivery improvement services	14,711,911	-	14,711,911	-
	Subtotal	19,399,111	-	19,399,111	-
Resource mobilisation services	External Resources Mobilisation Services	18,232,248	-	18,232,248	-
	Internal Revenue Generation Services	53,221,280	-	53,221,280	-
	Subtotal	71,453,528	-	71,453,528	-
Financial management services	Accounting and Financial Reporting Services	20,524,530	-	20,524,530	-
	Audit and Advisory Services	8,956,997	-	8,956,997	-
	Emergency Management Services	100,000,000	-	100,000,000	-
	Subtotal	129,481,527	-	129,481,527	-
Executive Services(Office of the Governor)					
Public service administration support services	Human resource management and development services	495,883,030	396,297,759	99,585,271	79.9
	Legal Services	5,150,000	-	5,150,000	-
	Subtotal	501,033,030	396,297,759	104,735,271	79.1
Governance and coordination services	Executive management and liaison services	89,820,108.00	60,384,865	29,435,243	67.2
	Field coordination and administration services	77,285,900.00	46,312,000	30,973,900	59.9
	Subtotal	167,106,008	106,696,865	60,409,143	63.8
Strategy and service delivery improvement services	Strategy and advisory services	1,283,730	-	1,283,730	-
	Efficiency monitoring services	15,600,550	9,000,000	6,600,550	57.7
	Information and communication services	9,185,000	-	9,185,000	-
	Disaster management services	10,090,100	6,780,138	3,309,962	67.2
	Subtotal	36,159,380	15,780,138	20,379,242	125
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,533,400	-	2,533,400	-
	Administrative Support Services	50,022,100	22,955,285	27,066,815	45.9
	Facility Improvement & Capacity Strengthening Services	5,000,000	-	5,000,000	-
	Subtotal	57,555,500	22,955,285	34,600,215	39.9
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	12,906,736	-	12,906,736	-
	Human Resource Advisory Services	8,275,000	-	8,275,000	-
	Capacity Development Services	4,182,500	250,000	3,932,500	6.0
	Subtotal	25,364,236	250,000	25,114,236	1.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Performance Management Services	Performance Contracting and Appraisal Services	785,000	-	785,000	-
	Sub total	785,000	-	785,000	-
	County Assembly Service Board				
Legislative Services	Members Welfare Support Services	300,212,940	274,312,269	25,900,671	91.4
	Legislative development and approval services	105,545,286	86,152,430	19,392,856	81.6
	Subtotal	405,758,226	360,464,699	45,293,527	88.8
Oversight and Control Services	Capacity building services	8,000,000	8,000,000	-	100.0
	Report writing services	25,000,000	25,000,000	-	100.0
	Public participation and education services	14,000,000	13800000	200,000	98.6
	Subtotal	47,000,000	-	47,000,000	-
Ward Representation Services	Staff welfare support services	66,628,836	-	66,628,836	-
	Ward operations and maintenance	19,661,760	19,661,760	-	100.0
	Subtotal	86,290,596	19,661,760	66,628,836	22.8
Policy, Planning and Administrative Support Services	Administrative support services	292,382,983	113,980,233	178,402,750	39.0
Support Services	Financial Management Services	197,962,400	160309751	37,652,649	81.0
	Assembly infrastructure development Services	122,283,800	27237690	95,046,110	22.3
	Sub total	612,629,183	301,527,674	311,101,509	49.2
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	4,013,000	-	4,013,000	-
	Administration and Support Services	18,049,013	7,697,342	10,351,671	42.6
	Sub total	22,062,013	7,697,342	14,364,671	34.9
Urban development services	Land Use Planning and Management	43,216,000	-	43,216,000	-
	Infrastructure Development Services	56,784,000	-	56,784,000	-
	Environmental Management Services	26,135,430	-	26,135,430	-
	Subtotal	126,135,430	-	126,135,430	-
Grand Total		8,683,608,185	5,042,381,128	3,727,932,789	58.1

Source: Homa Bay County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Enterprise Development and Promotion Services in the Department of Trade, Industrialization, Cooperatives and Enterprise Development at 100 per cent, Value Chain Development Services in the Department of Trade, Industrialization, Cooperatives and Enterprise Development at 100 per cent, Report writing services in the County Assembly at 100 per cent, and Ward operations and maintenance in the County Assembly at 100 per cent of budget allocation.

3.8.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.05 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.11 billion. The development expenditure represented 33.8 per cent of the annual development budget.
3. A high wage bill, which accounted for 51.3 per cent of the first nine months' proportional revenue of Kshs.6.51

billion, thus constraining funding to other programmes.

4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Homa Bay County Executive Car Loan and mortgage Fund, Homa Bay County Education Bursary Fund, Homa Bay County Emergency Fund and Homa Bay County Trade Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.148.17 million as of 31st March 2022.
6. Manual Payroll System. The County processed wage bills amounting to Kshs.495.19 million through the manual system. The manual payroll amounted to 14.8 per cent of the total PE costs. The manual system is prone to abuse and may be misused where there are no strong internal controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.9 County Government of Isiolo

3.9.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.4.71 billion (74 per cent) as the equitable share of revenue raised nationally, generate Kshs.113.69 million (1.8 per cent) from own sources of revenue, and a cash balance of Kshs.878.48 million (13.8 per cent) from FY 2020/21. The County also budgeted to receive Kshs.665.28 million (10.4 per cent) as conditional grants which comprises of Kshs.330.70 million for Climate Smart Agricultural project, DANIDA grant amounting to Kshs.9.40 million, Transforming Health Systems for Universal care grant amounting to Kshs.25.53 million, Sweden Agricultural Sector Development Support programme amounting to Kshs.26.34 million, Kshs.76.03 million for Emergency locust response project, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.120.37 million, UNFPA-9th Country programme implementation amounting to Kshs.8.86, supplement for construction of County Headquarters amounting to Kshs.68.00 million.

3.9.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.73 billion as the equitable share of the revenue raised nationally, raised Kshs.78.21 million as own-source revenue, and had a cash balance of Kshs.878.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.69 billion, as shown in Table 3.50.

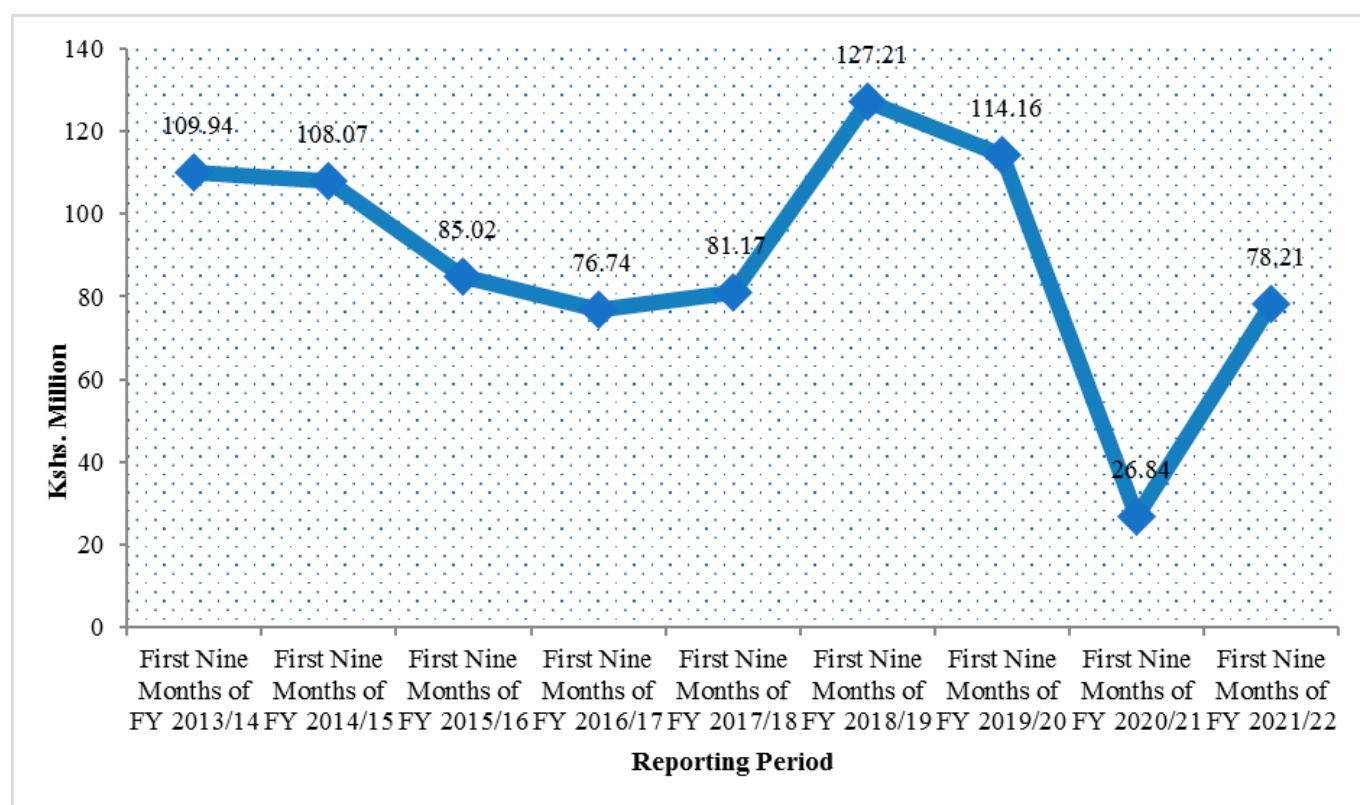
Table 3.50: Isiolo County, Revenue Performance in the First Nine Months of FY 2021/22

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	2,732,025,195	58
Sub Total		4,710,388,265	2,732,025,195	58
B	Other Sources of Revenue			
1.	Conditional Grants	665,286,901	-	-
2.	Own Source Revenue Collection	113,686,337	78,211,743	68.8
3.	Cash Balance from FY 2020/21	878,478,632	878,478,632	100.0
Sub Total		1,657,451,870	956,690,375	57.7
Grand Total		6,367,840,135	3,688,715,570	57.9

Source: Isiolo County Treasury

Figure 3.17 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.17: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Isiolo County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.78.2 million as own-source revenue and was 68.8 per cent of the annual target. This amount represented an increase of 191.4 per cent compared to Kshs.26.84 million realised during a similar period in FY 2020/21. The County has not automated OSR collection.

3.9.3 Exchequer Issues

The Controller of Budget approved Kshs.3.25 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.567.94 million (17.5 per cent) for development programmes and Kshs.2.68 billion (82.5 per cent) for recurrent programmes as shown in Table 3.54.

3.9.4 Overall Expenditure Review

The County spent Kshs.3.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 119.4 per cent of the total funds released by the CoB and comprised of Kshs.795.44 million and Kshs.3.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 36.2 per cent while recurrent expenditure represented 74 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

The outstanding pending bills as of 31st March 2022 amounted to Kshs.770.5 million and comprised of Kshs.495.9 million for recurrent expenditure and Kshs.274.6 million for development expenditure. During the period under review, pending bills amounting to Kshs.115.6 million were settled, consisting of Kshs.40.0 million for recurrent expenditure and Kshs.75.7 million for development programmes. Outstanding pending bills amounted to Kshs.654.8 million as of 31st March, 2022 and included Kshs.295.2 million owed to LAPFUND.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.37 billion was spent on employee compensation, Kshs.1.71 billion on operations and maintenance, and Kshs.795.44 million on development activities, as shown in Table 3.51.

Table 3.51: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,721,278,400	448,252,680	2,786,800,516	299,347,617	74.9	66.8
Compensation to Employees	1,558,552,147	236,299,901	1,194,297,519	177,930,595	76.6	75.3
Operations and Maintenance	2,162,726,253	211,952,779	1,592,502,997	121,417,022	73.6	57.3
Development Expenditure	2,096,309,055	102,000,000	795,444,634	-	37.9	0.0
Total	5,817,587,455	550,252,680	3,582,245,150	299,347,617	61.6	54.4

Source: Isiolo County Treasury

3.9.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 28.7 per cent of the first nine months proportional revenue of Kshs.4.78 billion.

Personnel emoluments amounting to Kshs.1.35 billion were processed through the IPPD system while those paid through manual payroll was Kshs.21.6 million. The manual payroll amounted to 2.0 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs.1.37 billion includes Kshs.757.63 million attributable to the health sector which translates to 55.2 per cent of the total wage bill in the reporting period.

3.9.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.200 million to county established funds in FY 2021/22, which constituted 3 per cent of the County’s overall budget for the year. Table 3.52 below summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.52: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Isiolo County Assembly Car Loan Fund	-	-	-	-	Yes	
2	Isiolo County Youth, Women & People with Disability Fund.	20,000,000	-	-	-		No
3	Emergency fund	110,000,000	-	-	-		No
4	Bursary / Education	70,000,000	-	30,585,358	-	Yes	
Total		200,000,000	-	30,585,358	-		

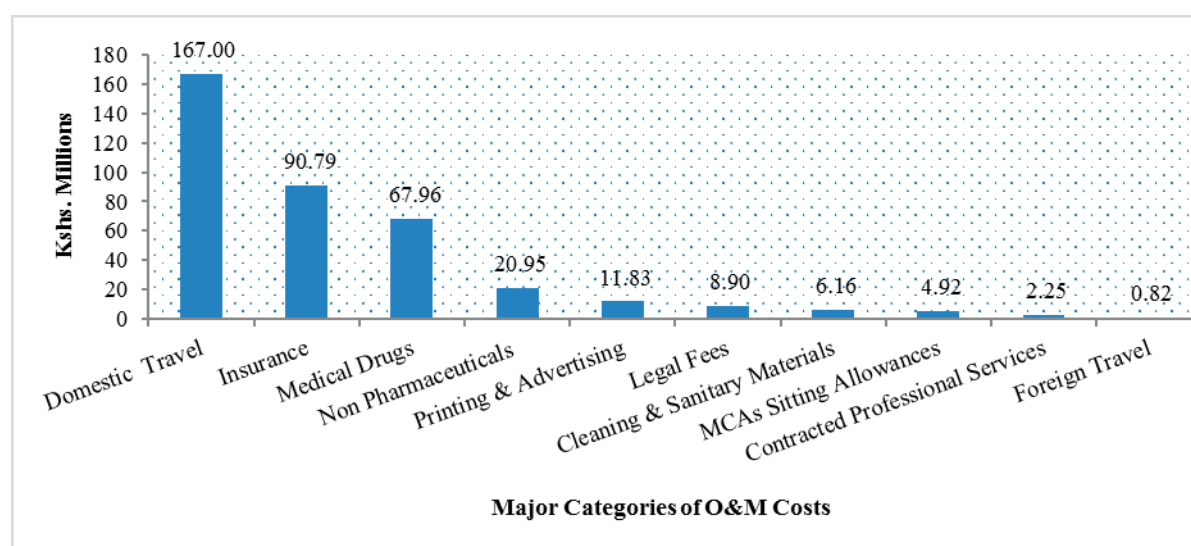
Source: Isiolo County Treasury

From the four-county established public funds, the OCoB received quarterly financial returns from only the Administrators of the Bursary/Education Fund and Isiolo County Assembly Car Loan Fund as indicated in Table 3.52.

3.9.9 Expenditure on Operations and Maintenance

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

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



Source: Isiolo County Treasury

The County spent Kshs.4.92 million on committee sitting allowances for the xx MCAs and Speaker against the annual budget allocation of Kshs.15.67 million. The average monthly sitting allowance was Kshs.30,400 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 13 committees.

During the period, expenditure on domestic travel amounted to Kshs.167 million and comprised of Kshs.55.64 million spent by the County Assembly and Kshs.111.33 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.82 million by the County Executive.

3.9.10 Development Expenditure

The County incurred Kshs.795.44 million on development programmes, which represented an increase of 45.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.546.62 Million. Table 3.53 summarises development projects with the highest expenditure in the reporting period.

Table 3.53: Isiolo County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of KMTC Hostels	Isiolo Municipality	19,600,000	9,455,102	48.2
2	Support to drought emergencies, boreholes	Cherab Ward	13,008,800	11,665,521	89.7
3	Road Improvement works	County wide	25,437,120	25,437,120	100
4	Construction of Isiolo stadium	Isiolo Municipality	75,000,000	31,283,856	41.7
5	Routine maintenance and spot improvements of various roads	County wide	114,000,000	40,090,396	35.2
6	Construction of Isiolo Market	Isiolo Municipality	50,536,430	41,040,920	81.2

Source: Isiolo County Treasury

3.9.11 Budget Performance by Department

Table 3.54 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.54: Isiolo County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	448.25	102	299.35	-	299.35	-	100.0	-	66.8	-
Office of the Governor	307.65	-	167.8	-	258.2	-	153.9	-	83.9	-
County Public Service Board	59.71	-	32.83	-	54.92	-	167.3	-	92.0	-
County Secretary	25	-	10.6	-	16.26	-	153.4	-	65.0	-
Administration and PSM	31.13	12.23	12.81	4.08	155.55	-	1214.3	-	499.7	-
Delivery Unit	254.32	-	71	-	15.47	-	21.8	-	6.1	-
Office of the Deputy Governor	19.7	-	9.98	-	6.97	-	69.8	-	35.4	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	70.14	110	27.13	-	59.79	6.27	220.4	-	85.2	5.7
Finance and Economic Planning	259.12	459.37	121	152.05	205.19	218.43	169.6	143.7	79.2	47.5
Special Programmes and ICT	254.3	-	195.01	-	198.42	-	101.7	-	78.0	-
Economic Planning	65.26	-	32.07	-	47.22	-	147.2	-	72.4	-
Lands and Physical Planning	28.77	22.75	15.89	15.37	6.89	9.61	43.4	62.5	23.9	42.2
Roads and Infrastructure	18.25	118.78	10.96	84.61	7.14	51.51	65.1	60.9	39.1	43.4
Public Works and Housing	24.13	-	13.27	-	1.88	-	14.2	-	7.8	-
Municipal Administration	70.99	177.12	33	89.51	45.58	55.26	138.1	61.7	64.2	31.2
Agriculture	50.75	587.72	36.68	-	43.39	77.11	118.3	-	85.5	13.1
Livestock, Veterinary and Fisheries	141.18	70.13	80.16	24.4	120.44	53.28	150.2	218.4	85.3	76.0
Education and Vocational Training	239.61	26.26	187.03	11.98	211.63	13.15	113.2	109.8	88.3	50.1

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Youth and Sports	35.02	134.98	27.6	40.33	27.29	69.26	98.9	171.7	77.9	51.3
Culture and Social Services	21.37	31.7	12.66	-	10.56	1.9	83.4	-	49.4	6.0
Tourism and Wildlife Management	233.61	10	138.4	8.37	95.89	4	69.3	47.8	41.0	40.0
Trade, Industries, Cooperatives	60.94	2.5	29.39	2.5	29.07	-	98.9	-	47.7	-
Water and Irrigation	101.57	152.23	70.68	89.9	33.99	109.27	48.1	121.5	33.5	71.8
Environment and Natural Resources	39.83	43.81	21.58	6.38	15.97	37.89	74.0	593.9	40.1	86.5
Health Services	1,308.92	136.73	1,026.29	38.45	1,118.86	88.52	109.0	230.2	85.5	64.7
TOTAL	4,169.52	2,198.31	2,683.17	567.93	3,085.92	795.46	115.0	140.1	74.0	36.2

Source: Isiolo County Treasury

Analysis of expenditure by the departments shows that the Department of Environment and Natural Resources recorded the highest absorption rate of development budget at 86.5 per cent, followed by the Department of Livestock, Veterinary and Fisheries at 76 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 88.3 per cent while the Department of Public works and Housing had the lowest at 7.8 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 3.55 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.55: Isiolo County, Budget Execution by Programmes and Sub-programmes

Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
101003510	Livestock resource management and development	113,509,713	9,020,418	104,489,295	7.9
	Livestock Production	113,509,713	9,020,418	104,489,295	7.9
103003510	Administrative, planning, and support services	50,748,528	6,199,973	44,548,555	12.2
	Administration and Support Services	50,748,528	6,199,973	44,548,555	12.2
105003510	Value Addition	27,672,762	15,200,000	12,472,762	54.9
	Veterinary Support Services	27,672,762	15,200,000	12,472,762	54.9
107003510	Planning and Survey of Urban Areas (Modogashe and Olndonyiro)	24,132,288	1,883,489	22,248,799	7.8
	Administration and Planning Services	24,132,288	1,883,489	22,248,799	7.8
109003510	Land Survey and land use planning	28,766,821	6,885,815	21,881,006	23.9
	County land planning and spatial development	28,766,821	6,885,815	21,881,006	23.9
204003510	Public Works	18,250,840	6,654,639	11,596,201	36.5
	Road Improvement	18,250,840	6,654,639	11,596,201	36.5
207003510	Municipal Administration	70,990,354	40,775,133	30,215,221	57.4
	General Administration and Planning	70,990,354	40,775,133	30,215,221	57.4
301003510	Trade development and promotion	60,935,150	22,655,020	38,280,130	37.2
	Entrepreneurship and business management training	60,935,150	22,655,020	38,280,130	37.2
304003510	Tourism Promotion	233,605,944	50,471,117	183,134,827	21.6
	Tourism Development	233,605,944	50,471,117	183,134,827	21.6

Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
401003510	Health Preventive and Promotive Services	12,060,000	7,413,249	4,646,751	61.5
	Preventive and Promotive Health Services	-	3,750,000	- 3,750,000	-
	Disease Surveillance and Epidemic preparedness	12,060,000	3,663,249	8,396,751	30.4
402003510	Health Curative Services	1,124,423,451	946,253,976	178,169,475	84.2
	Provision of Essential Health products In all The Level	13,550,000	366,700	13,183,300	2.7
	Administration Support Services	1,110,873,451	945,887,276	164,986,175	85.1
403003510	Administration and Planning	172,440,945	142,867,448	29,573,497	82.9
	Curative and Rehabilitative Health Services	172,440,945	142,867,448	29,573,497	82.9
501003510	Administration, Planning and Support Services.	239,606,884	188,242,313	51,364,571	78.6
	Administration	169,606,884	118,242,313	51,364,571	69.7
	Contracted Services	70,000,000	70,000,000	-	100.0
504003510	Management and development of Sports and sports facilities	35,024,991	23,292,999	11,731,992	66.5
	Sports Academy Centre	35,024,991	23,292,999	11,731,992	66.5
505003510	Culture and Social Services	21,374,319	10,559,902	10,814,417	49.4
	Culture Development	21,374,319	10,559,902	10,814,417	49.4
701003510	Management of County Affairs	307,646,808	248,344,027	59,302,781	80.7
	Personnel Services	307,646,808	248,344,027	59,302,781	80.7
708003510	Prudent use of Financial Resources	19,704,882	15,470,899	4,233,983	78.5
	Governors Delivery Unit	19,704,882	15,470,899	4,233,983	78.5
709003510	Administration and support services	265,131,806	190,819,770	74,312,036	72.0
	Personnel Services	94,364,868	78,573,525	15,791,343	83.3
	Support Services	159,102,408	111,140,385	47,962,023	69.9
	Administrative Infrastructure support	11,664,530	1,105,860	10,558,670	9.5
710003510	Public financial management	5,652,500	6,170,500	- 518,000	109.2
	Administrative Services	-	538,000	- 538,000	-
	Audit Services	5,652,500	5,632,500	20,000	99.6
711003510	Economic Planning and Coordination ion	65,263,933	47,221,890	18,042,043	72.4
	Monitoring and Evaluation	38,177,682	20,286,700	17,890,982	53.1
	Economic Policy and County Development Plans	10,046,251	10,008,100	38,151	99.6
	County Development Stakeholders Forums	8,900,000	8,984,490	- 84,490	100.9
	County Baseline Surveys on County Development Indicators	7,000,000	6,892,000	108,000	98.5
	Capacity building and Support to Departments	1,140,000	1,050,600	89,400	92.2
712003510	Cohesion and Peace Building	70,139,535	59,791,580	10,347,955	85.2

Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Administrative and Civic Education Services	70,139,535	59,791,580	10,347,955	85.2
713003510	County Governance and Coordination Affairs	25,000,000	6,967,688	18,032,312	27.9
	County Governance	-	-	-	-
	Intergovernmental Services (Deputy Governor Services)	25,000,000	6,967,688	18,032,312	27.9
716003510	County Devolved Administrative Affairs	31,127,905	11,288,586	19,839,319	36.3
	Devolved Administrative Affairs	31,127,905	11,288,586	19,839,319	36.3
719003510	Town administration, planning and support services	242,657,578	147,712,764	94,944,814	60.9
	General Administration Support Services	242,657,578	147,712,764	94,944,814	60.9
723003510	County Public Service	59,706,625	54,917,633	4,788,992	92.0
	Administration Support Services	59,706,625	54,917,633	4,788,992	92.0
725003510	Special programmes	254,303,285	197,981,402	56,321,883	77.9
	Disaster management	254,303,285	197,981,402	56,321,883	77.9
726003510	KDSP (Kenya Devolution Support Programme) Conditional Grant	-	- 156,000	156,000	-
	Kenya Devolution Support	-	- 156,000	156,000	-
1001003510	Provision & Management of domestic & livestock rural water supply	101,570,612	31,893,250	69,677,362	31.4
	Administration and Planning Support Services	101,570,612	31,893,250	69,677,362	31.4
1003003510	Conservation of Environment & Natural Resources	39,829,941	9,425,000	30,404,941	23.7
	Administration and Support Services	39,829,941	9,425,000	30,404,941	23.7
	Sub Total	3,721,278,400	2,506,224,480	1,215,053,920	67.3
101003510	Livestock resource management and development	38,131,151	26,475,000	11,656,151	69.4
	Livestock Production	38,131,151	26,475,000	11,656,151	69.4
102003510	Fisheries development	32,000,000	10,300,000	21,700,000	32.2
	Capacity building	32,000,000	10,300,000	21,700,000	32.2
104003510	Crop Productivity Improvement	587,716,962	77,110,983	510,605,979	13.1
	Increase food productivity & output by 30%.	-	-	-	-
	Establishment of Demo Farms	43,498,333	-	43,498,333	-
	Administration Climate Change Mitigation	544,218,629	77,110,983	467,107,646	14.2
107003510	Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	-	-	-	-
	Administration and Planning Services	-	-	-	-
109003510	Land Survey and land use planning	22,753,823	9,607,930	13,145,893	42.2
	County Land Survey and Mapping	22,753,823	9,607,930	13,145,893	42.2
204003510	Public Works.	118,784,675	51,505,178	67,279,497	43.4
	Estate Flood lighting facilities.	118,784,675	51,505,178	67,279,497	43.4
206003510	KUSP	-	-	-	-

Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Urban Development	-	-	-	-
207003510	Municipal Administration	177,121,082	48,074,868	129,046,214	27.1
	Infrastructural Development	177,121,082	48,074,868	129,046,214	27.1
301003510	Trade development and promotion	2,500,000	-	2,500,000	-
	Entrepreneurship and business management training	2,500,000	-	2,500,000	-
304003510	Tourism Promotion	10,000,000	4,000,000	6,000,000	40.0
	Protection of endangered wildlife animals.	10,000,000	4,000,000	6,000,000	40.0
401003510	Health Preventive and Promotive Services	136,729,585	88,516,423	48,213,162	64.7
	Preventive and Promotive Health Services	136,729,585	88,516,423	48,213,162	64.7
502003510	Provision of education and training services	21,363,760	8,266,178	13,097,582	38.7
	ECDE Classroom Infrastructure	21,363,760	8,266,178	13,097,582	38.7
	Promotion of Quality Youth empowerment	-	-	-	-
503003510	Cultural and Arts Empowerment	4,892,403	4,882,403	10,000	99.8
		4,892,403	4,882,403	10,000	99.8
504003510	Management and development of Sports and sports facilities	134,975,000	62,298,856	72,676,144	46.2
	Sports Academy Centre	134,975,000	62,298,856	72,676,144	46.2
709003510	Administration and support services	351,234,519	220,869,022	130,365,497	62.9
	Administrative Infrastructure support	80,234,519	2,441,871	77,792,648	3.0
	Public Financial Management Services	271,000,000	218,427,151	52,572,849	80.6
712003510	Cohesion and Peace Building	-	-	-	-
	Administrative and Civic Education Services	-	-	-	-
725003510	Special programmes	110,000,000	6,270,000	103,730,000	5.7
	Disaster management	110,000,000	6,270,000	103,730,000	5.7
726003510	KDSP (Kenya Devolution Support Programme) Conditional Grant	120,374,189	-	120,374,189	-
	Kenya Devolution Support	120,374,189	-	120,374,189	-
902003510		31,700,000	1,903,000	29,797,000	6.0
	Marginalized Group Empowerment support services	19,700,000	1,903,000	17,797,000	9.7
	Empowerment Support Services	12,000,000	-	12,000,000	-
1002003510	Water Supply and Storage Services	152,225,167	106,328,780	45,896,387	69.8

Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Water Supply and Storage	152,225,167	106,328,780	45,896,387	69.8
	Civil Works-Establishment of Dams & Pans	-	-	-	-
1003003510	Conservation of Environment & Natural Resources	43,806,739	34,519,836	9,286,903	78.8
	Environmental Conservation	43,806,739	34,519,836	9,286,903	78.8
	Sub Total	2,096,309,055	760,928,457	1,335,380,598	36.3
72200		180,819,594	60,484,862	120,334,732	33.5
	Legislative service	180,819,594	60,484,862	120,334,732	33.5
72400		267,433,086	86,796,097	180,636,989	32.5
	Administration Support Services	267,433,086	86,796,097	180,636,989	32.5
	Infrastructural Development	102,000,000	-	102,000,000	-
	Grand Total	6,367,840,135	3,414,433,895	2,953,406,240	53.6

Source: Isiolo County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Administration support services in the Department of Public service management and administration at 92 per cent, Cohesion and Peace building in the Department of Cohesion at 85 per cent, Health Prevention and promotive services in the Department of Health at 84 per cent, and Curative and Rehabilitative Health Services in the department of Health at 83 per cent of budget allocation.

3.9.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The financial report was received on 4th May 2022.
2. The County Treasury use of revenue at source and poor budgeting practice as shown in Table 3.54 where the County incurred expenditure over approved budgetary allocations.
3. High level of pending bills which amounted to Kshs.654.8 million as of 31st March, 2022.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is contrary to the requirements of Section 168 of the PFM Act, 2012. The reports for the Youth, Women & People with Disability Fund and the Emergency fund were not submitted to the Controller of Budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.10 County Government of Kajiado

3.10.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.16 billion, comprising Kshs.3.97 billion (35.6 per cent) and Kshs.7.18 billion (64.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.95 billion (70.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.61 billion (14.3 per cent) from own sources of revenue, and a cash balance of Kshs.283.4 million (2.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.41 billion (12.6 per cent) as conditional grants, which consists of Kshs.448.98 million from Kenya Climate Smart Agriculture Project (KCSAP); Kshs.265.95 million from Kenya Urban Support Programme (KUSP) and; Kshs. 224.29 million from Roads Maintenance Levy Fund (RMLF).

3.10.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.33 billion as the equitable share of the revenue raised nationally, raised Kshs.456.83 million as own-source revenue, Kshs.137.80 million as conditional grants, and had a cash balance of Kshs.283.40 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.21 billion, as shown in Table 3.56.

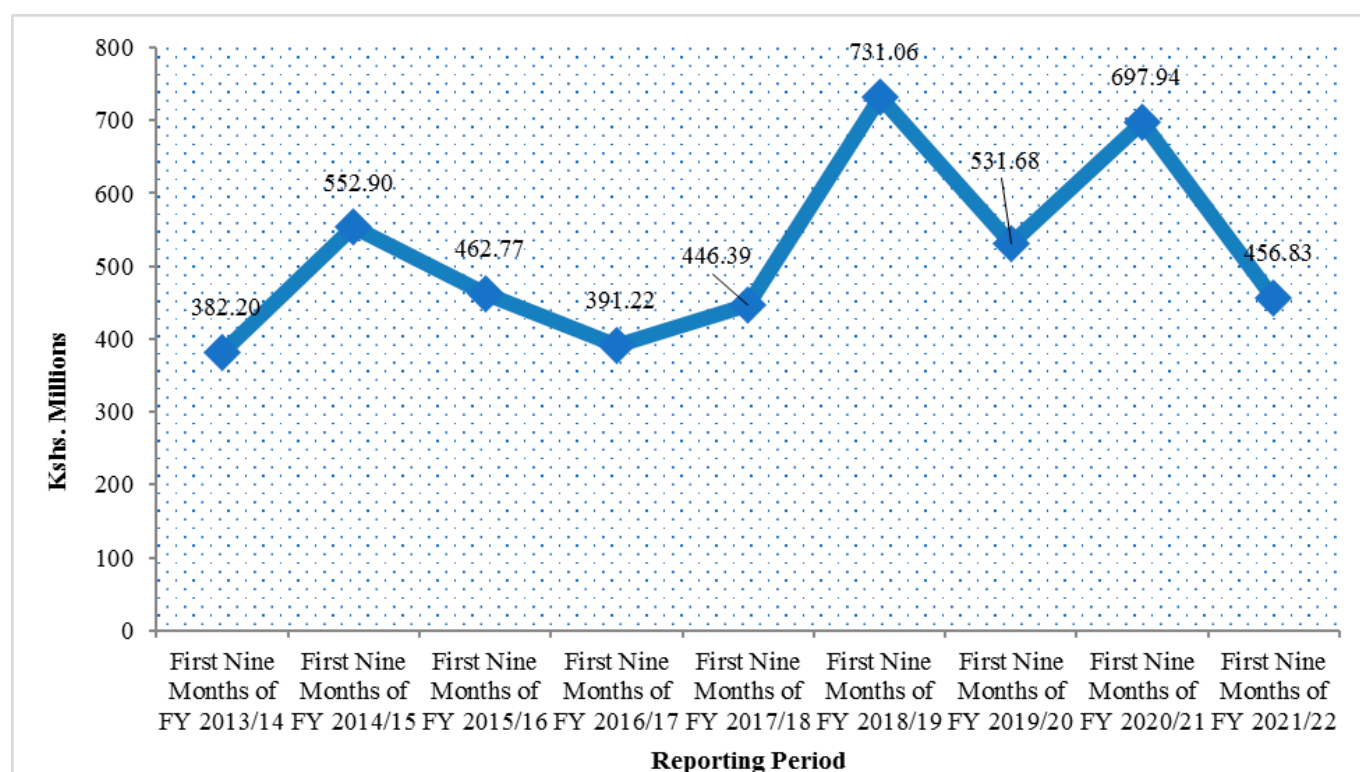
Table 3.56: Kajiado County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,954,768,229	4,333,545,175	54.5
Sub Total		7,954,768,229	4,333,545,175	54.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,605,355,500	456,827,116	28.5
2.	Conditional Grants	1,412,701,247	137,797,033	9.8
3.	Balance b/f from FY 2020/21	283,399,846	283,399,846	100
Sub Total		3,301,456,593	878,023,995	26.6
Grand Total		11,256,224,822	5,211,569,170	46.3

Source: Kajiado County Treasury

Figure 3.19 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.19: Trend in Own-Source Revenue Collection for the First Nine Months from FY2013/14 to FY 2021/22



Source: Kajiado County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.456.83 million as own-source revenue and was 28.5 per cent of the annual target. This amount represented a decrease of 34.5 per cent compared to Kshs.697.94 million realised during a similar period in FY 2020/21. The County Assembly has established 12 committees.

3.10.3 Exchequer Issues

The Controller of Budget approved Kshs.5.15 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.905.93 million (17.6 per cent) for development programmes and Kshs.4.24 billion (82.4 per cent) for recurrent programmes as shown in Table 3.60.

3.10.4 Overall Expenditure Review

The County spent Kshs.5.65 billion on development and recurrent programmes during the reporting period. This expenditure represented 109.8 per cent of the total funds released by the CoB and comprised of Kshs.1.09 billion and Kshs.4.56 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.5 per cent while recurrent expenditure represented 63.4 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

The Auditor General reported that eligible pending bills as of 30th June, 2020 was Kshs.1.31 billion out of which the County has report payment of Kshs.343.32 million. Outstanding pending bills are therefore Kshs.969.07 million.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.9 billion was spent on employee compensation, Kshs.1.65 billion on operations and maintenance, and Kshs.1.09 billion on development activities, as shown in Table 3.57.

Table 3.57: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,307,669,032	875,404,523	4,093,385,796	462,341,080	64.9	52.8
Compensation to Employees	3,602,307,999	308,287,789	2,731,005,924	172,296,479	75.8	55.9
Operations and Maintenance	2,705,361,033	567,116,734	1,362,379,872	290,044,601	50.4	51.1
Development Expenditure	3,787,851,267	185,300,000	1,073,048,715	19,407,279	28.3	10.5
Total	10,095,520,299	1,060,704,523	5,166,434,511	481,748,359	51.2	45.4

Source: Kajiado County Treasury

3.10.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.4 per cent of the first nine months proportional revenue of Kshs.8.44 billion.

Personnel emoluments amounting to Kshs.3.59 billion were processed through the IPPD system while those paid through manual payroll was Kshs.13.01 million. The manual payroll amounted to 0.01 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs.3.60 billion includes Kshs.1.33 billion attributable to the health sector which translates to 44.8 per cent of the total wage bill in the reporting period.

3.10.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.391.5 million to county established funds in FY 2021/22, which constituted 3.5 per cent of the County's overall budget for the year. Table 3.58 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.58: County Established Fund performance as of 31st March 2022

Item Description	Budget Estimates 2021/2022		Expenditure for as at 31.03.2022 FY 2021/2022 (Kshs.)	Balance (Kshs.)	Submit report Yes or No
	Recurrent (Kshs.)	Development (Kshs.)			
Nutrition Fund	10,000,000	-	9,999,400	600	NO
Bursary Fund - Scholarships and other Educational Benefits	150,000,000	-	75,000,000	75,000,000	YES
Micro Finance -Disability Fund programme	10,000,000	-	5,000,000	5,000,000	YES
Micro finance - Youth & Women Enterprise Fund	10,000,000	-	5,000,000	5,000,000	YES
Covid-19 Response Fund	-	1,499,045	-	1,499,045	NO
Emergency Fund	-	210,000,000	160,000,000	50,000,000	YES
TOTAL	180,000,000	211,499,045	254,999,400	136,499,645	

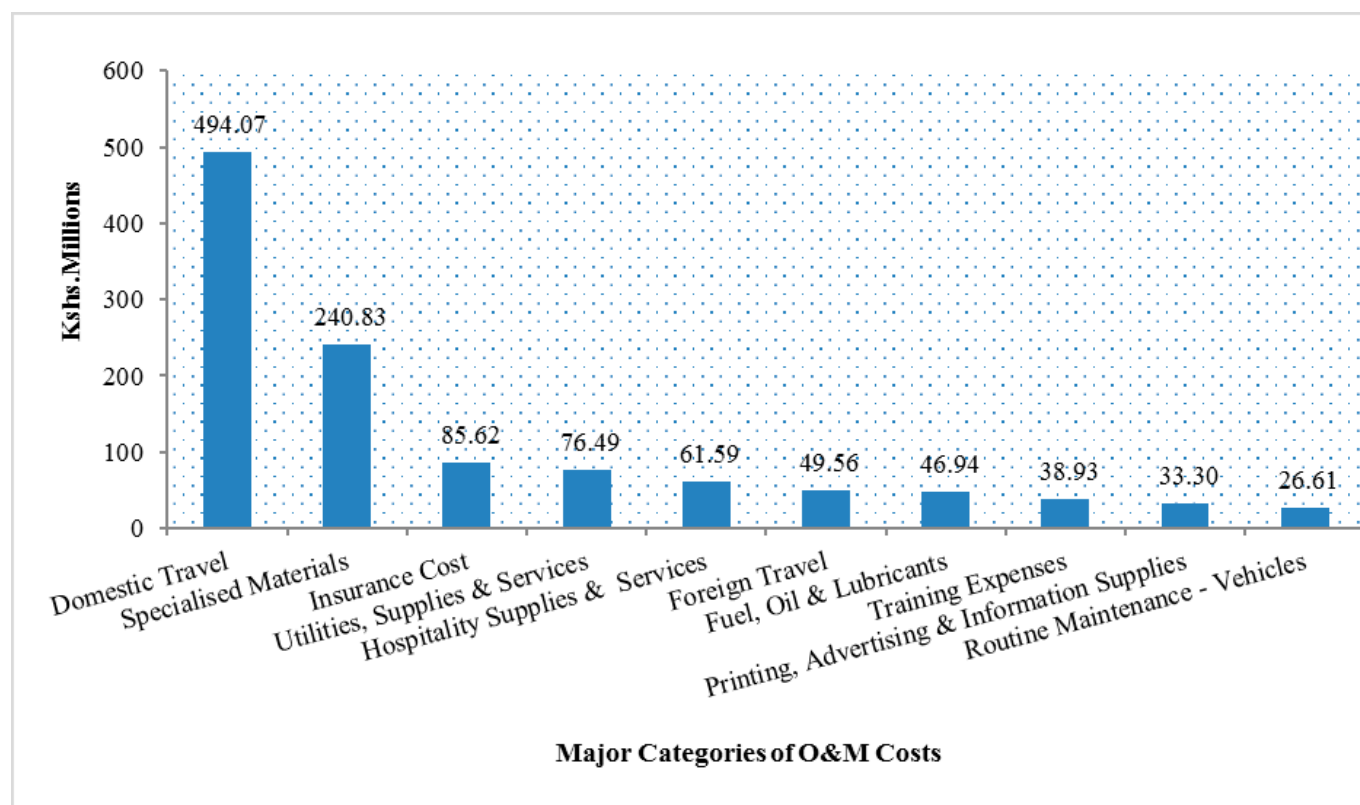
Source: Kajiado County Treasury

The Fund Administrators of the Nutrition Fund, and the Covid-19 Response Fund did not submit a report on established County Funds.

3.10.9 Expenditure on Operations and Maintenance

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

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



Source: Kajiado County Treasury

The County spent Kshs.4.7 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.25 million. The average monthly sitting allowance was Kshs.12,434 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.494.07 million and comprised of Kshs.125.59 million spent by the County Assembly and Kshs.368.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.49.56 million and comprised of Kshs.37.36 million by the County Assembly and Kshs.12.2 million by the County Executive.

3.10.10 Development Expenditure

The County incurred Kshs.1.09 billion on development programmes, which represented a decrease of 40.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.85 billion. Table 3.59 summarises development projects with the highest expenditure in the reporting period.

Table 3.59: Kajiado County, List of Development Projects with the Highest Expenditure

S/No	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Paii Bridge Kajiado South	Rombo	112,234,408	55,682,320	49.6
2	Jcn Namanga Road Isinya - Isinya Hospital Tarmac	Keekonyokie	49,819,912	24,646,694	49.5
3	Decommissioning of Ngong Dumpsite Phase Ii	Ngong	169,906,940	20,277,550	11.9
4	Payment for Revenue Collection Cost	Headquarters	17,522,265	17,522,265	100.0
5	Kiserian Health Centre	Keekonyokie	29,604,476	12,172,727	41.1
6	Staff House, Fencing and Other Works At Olooltepesi Dispensary	Imaroro	10,223,418	10,223,418	100.0
7	Olchoro Rongai Road	Entonet/lenkism	9,630,622	9,630,436	100.0

S/No	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
8	Proposed Tarmacking of Jcn A104 Kcb Kitengela Orata	Kitengela	37,935,190	7,267,733	19.2
9	Drilling and Equipping of Ilderkes Borehole	Kenyawa/poka	6,983,432	6,983,432	100.0
10	Oiti Road	Kenyawa/poka	6,300,000	6,300,000	100.0

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 3.60 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.60: Kajiado County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	875.40	185.30	462.23	19.41	462.34	19.41	100	100	52.8	10.5
Office of the Governor and the Deputy Governor	238.68	-	148.08	-	136.28	-	92.0	-	57.1	-
County Public Service Board	107.90	-	66.78	-	55.40	-	83.0	-	51.4	-
Medical Services and Public Health	2,390.62	202.33	1,492.79	-	1,678.80	11.55	112.5	-	70.2	5.7
Water, Environment, and Natural Resources	218.92	312.60	147.76	41.67	168.34	41.67	113.9	100	76.9	13.3
Roads, Transport, Public Works, and Energy	182.11	852.89	133.66	55.68	127.70	139.57	95.5	250.6	70.1	16.4
Public Service, Administration Social Services, and Inspectorate Services	622.94	48.00	378.91	-	364.43	-	96.2	-	58.5	-
Finance, Economic Planning, and ICT	810.84	1,052.29	343.69	789.17	499.65	844.21	145.4	107	61.6	80.2
Lands, Physical Planning and Urban Development	115.12	51.50	67.99	-	54.50	-	80.2	-	47.3	-
Education, Vocational Training, Culture, and Citizen Participation	698.07	335.31	454.37	-	520.92	-	114.6	-	74.6	-
Gender, Youth, Sports, Tourism and Wildlife	139.94	4.00	82.58	-	87.93	-	106.5	-	62.8	-
Agriculture, Livestock, and Fisheries	329.48	556.98	162.71	-	165.70	36.06	101.8	-	50.3	6.5
Trade, Cooperative Development, and Enterprise Development	128.29	106.00	103.22	-	88.26	-	85.5	-	68.8	-
Kajiado Municipality	59.18	50.00	38.01	-	28.86	-	75.9	-	48.8	-
Ngong Municipality	87.70	215.95	50.83	-	42.91	-	84.4	-	48.9	-
Office of The County Attorney	177.88	-	106.49	-	73.70	-	69.2	-	41.4	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Total	7,183.07	3,973.15	4,240.10	905.93	4,555.73	1,092.46	107.4	120.6	63.4	27.5

Source: *Kajiado County Treasury*

Analysis of expenditure by the departments shows that the Department of Finance, Economic Planning, and ICT recorded the highest absorption rate of development budget at 80.2 per cent while the Department of Public Service, Administration Social Services, and Inspectorate Services; Lands, Physical Planning and Urban Development; Education, Vocational Training, Culture, and Citizen Participation; Gender, Youth, Sports, Tourism and Wildlife; Trade, Cooperative Development, and Enterprise Development; Kajiado Municipality; and Ngong Municipality did not report expenditure on development activities. The Department of Water, Environment, and Natural Resources had the highest percentage of recurrent expenditure to budget at 76.9 per cent while the Department of Office of the County Attorney had the lowest at 41.4 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.61 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.61: Kajiado County, Budget Execution by Programmes and Sub-programmes Recurrent Programmes

Sub Programme	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption (%)
	General Administration, Planning, and Support Services	282,073,497	119,416,615	42.3
101024660	General Administration and Support Services	282,073,497	119,416,615	42.3
	Livestock Recourses Management and Development	3,541,682	870,714	24.6
103034660	Veterinary Services	3,541,682	870,714	24.6
	Fisheries Development and Management	2,745,714	523,600	19.1
104024660	Fisheries	2,745,714	523,600	19.1
	Land Policy and Planning	48,318,438	15,287,985	31.6
106034660	Physical Planning	14,712,000	5,198,136	35.3
106044660	Land Survey and Mapping	7,919,838	3,103,000	39.2
106054660	Housing	5,345,600	2,475,099	46.3
106064660		6,541,000	2,542,050	38.9
106074660		13,800,000	1,969,700	14.3
	Animal Husbandry, Livestock Resource Management and Development	62,493,385	25,208,533	40.3
107014660	Animal Husbandry	9,461,899	1,437,088	15.2
107024660	County Abattoirs	3,023,171	485,600	16.1
107034660	Animal Disease Control	49,075,889	23,285,845	47.4
107044660	Livestock Sale Yards	932,426	0	0.0
	Agricultural Development	36,131,517	3,840,330	10.6
108014660	Crop Husbandry	12,177,143	1,344,800	11.0
108024660	Plant Disease Control	3,100,018	173,200	5.6
108034660	Agricultural Mechanization Services	4,433,658	126,000	2.8

Sub Programme	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption (%)
108044660	Demonstration Farm	622,144	9,000	1.4
108054660	Agricultural Training Centre	1,875,014	67,000	3.6
108064660	Irrigation	13,923,540	2,120,330	15.2
	Environment Management	63,947,231	41,274,536	64.5
109014660	Environmental Protection	56,977,231	38,310,886	67.2
109024660	Noise Pollution Management	2,650,000	944,250	35.6
109034660	Control of Air Pollution	870,000	187,200	21.5
109044660		3,450,000	1,832,200	53.1
	General Administration, Planning and Support Services	174,108,347	95,732,687	55.0
201014660	Headquarters Administrative Services	113,608,347	57,024,130	50.2
201024660	Roads	8,500,000	7,379,300	86.8
201034660	Energy	20,000,000	11,273,400	56.4
201044660	Fire Fighting	12,000,000	10,482,600	87.4
201054660	Transport	20,000,000	9,573,257	47.9
	Citizen Participation	16,385,956	5,462,350	33.3
205034660	Citizen Participation	16,385,956	5,462,350	33.3
	Roads and Public Works	8,000,000	5,679,080	71.0
206014660	Public Works	8,000,000	5,679,080	71.0
	General Administration, Planning and Support Services	84,262,464	40,901,171	48.5
301014660	General Administration, Planning and Support Services	84,262,464	40,901,171	48.5
	Trade Development	44,027,102	16,019,950	36.4
304014660	Trade Licensing	8,784,400	3,984,609	45.4
304024660	Trade Development	19,018,234	5,963,671	31.4
304034660	Cooperative Services and Development	13,329,566	4,825,270	36.2
304044660	Enterprise Development	2,894,902	1,246,400	43.1
	Culture And Local Tourism Promotion	3,209,288	1,868,000	58.2
307024660	Local Tourism Promotion	3,209,288	1,868,000	58.2
	General Administration, Planning and Support Services	1,884,931,765	935,326,646	49.6
401024660	General Administration and Support Services	1,884,931,765	935,326,646	49.6
	Curative Health Services	286,873,940	201,839,672	70.4
403024660	Medical Services	286,873,940	201,839,672	70.4
	Curative and Rehabilitative	5,507,600	3,481,504	63.2
404024660	Ambulance services	5,507,600	3,481,504	63.2
	Public Health and Sanitation	106,026,474	84,795,886	80.0
405014660	Preventive and Promotive	85,439,668	76,307,816	89.3
405024660	Licensing and control of undertaking	8,223,316	2,895,900	35.2
405034660	Sanitation	2,665,000	393,200	14.8
405044660	Mobile Clinics	5,259,850	3,568,170	67.8
405054660		4,438,640	1,630,800	36.7
	General Administration, Planning and Support Services	448,492,654	224,724,050	50.1
501014660	Headquarters Administrative Services	448,492,654	224,724,050	50.1
	Social Protection, Culture and Recreation	2,100,000	1,472,100	70.1
503014660	Home craft Centres Development	2,100,000	1,472,100	70.1
	Education Support	222,079,128	173,488,178	78.1
504014660	Pre-Primary Education	184,919,128	140,808,900	76.1
504024660	Home Craft Centres	37,160,000	32,679,278	87.9
	Social Protection and Recreation	52,574,560	18,598,538	35.4
505014660	Control of Drugs and Pornography	26,678,600	842,000	3.2
505024660	Liquor Licensing	2,925,460	939,000	32.1
505034660	Betting and Casinos	1,388,000	711,188	51.2
505054660	Disability Mainstreaming	21,582,500	16,106,350	74.6

Sub Programme	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption (%)
	General Administration and Policy Coordination	1,650,764,489	624,903,866	37.9
701014660	Headquarters Administrative Services	1,626,369,043	613,116,631	37.7
701054660	County Executive Committee	12,580,000	5,432,585	43.2
701074660	County Inspectorate	11,815,446	6,354,650	53.8
	Public Services Coordination and Management	144,650,000	62,346,410	43.1
703014660	Human Resource Management	144,650,000	62,346,410	43.1
	Public Financial Management	142,482,454	75,144,228	52.7
705054660	Supply Chain Management Services	57,231,000	28,541,160	49.9
705064660	Fiscal and Economic Planning	15,600,000	9,878,200	63.3
705074660	Budget	17,580,000	9,257,930	52.7
705084660	Accounting	14,562,000	6,987,729	48.0
705104660	Internal Audit	11,797,000	6,237,200	52.9
705114660	Revenue Collection	25,712,454	14,242,009	55.4
	Economic Policy Coordination and Supervision	15,639,300	6,832,100	43.7
706034660	Monitoring and Evaluation Services	15,639,300	6,832,100	43.7
	Devolution Services	60,834,000	22,711,291	37.3
707014660	Coordination Of Devolution Services	21,266,000	8,153,779	38.3
707024660	Intergovernmental Relations	32,588,000	12,308,750	37.8
707034660	County Government Advisory Service	6,980,000	2,248,762	32.2
	Public Service, Administration and Citizen Participation	24,250,000	10,342,950	42.7
708034660	County administration	24,250,000	10,342,950	42.7
708054660	Citizen participation	0	0	-
	ICT, Special Programmes and Service Delivery	39,606,001	16,169,046	40.8
710014660	Information, Communication and Technology	29,426,401	12,876,651	43.8
710024660	Special Programmes	10,179,600	3,292,395	32.3
		7,265,855	3,751,300	51.6
901024660	Cultural Activities	4,875,855	2,469,500	50.6
901034660	County Parks	690,000	503,400	73.0
901044660	County Museums	1,700,000	778,400	45.8
		72,797,281	58,428,777	80.3
902014660	Gender	72,797,281	58,428,777	80.3
		23,929,210	12,314,217	51.5
903024660	Sports Training and Competitions	18,691,370	10,055,792	53.8
903034660	Gender Mainstreaming	5,237,840	2,258,424	43.1
	General Administration, Planning and Support Services	128,880,244	68,062,577	52.8
1.001E+09	Storm Water Management Services	11,559,636	2,727,667	23.6
1.001E+09	General Administration, Policy and Coordination	117,320,608	65,334,910	55.7
		50,089,769	35,165,121	70.2
1.003E+09	Water	50,089,769	35,165,121	70.2
	Grand Total	6,199,019,345	3,011,984,006	48.6

Development Programmes

Sub Program	Description	Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	General Administration, Planning and Support Services	448,980,059	36,055,391	8.0
101024660	General Administration and Support Services	448,980,059	36,055,391	8.0
	Land Policy and Planning	4,500,000	-	-
106034660	Physical Planning	4,500,000	-	-
	Animal Husbandry Livestock Resource Management and Development	205,100,000	-	-
107014660	Animal Husbandry	205,100,000	-	-

Sub Program	Description	Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption (%)
	Agricultural Development	-	-	-
108014660	Crop Husbandry	-	-	-
108064660	Irrigation	-	-	-
	Environment Management	70,000,000	41,669,810	59.5
109014660	Environmental Protection	70,000,000	41,669,810	59.5
		50,000,000	-	-
110014660	Urban Development	50,000,000	-	-
	General Administration, Planning and Support Services	577,333,753	139,567,518	24.2
201024660	Roads	577,333,753	139,567,518	24.2
	Trade Development	22,000,000	-	-
304024660	Trade Development	22,000,000	-	-
	General Administration, Planning and Support Services	133,730,262	11,545,842	8.6
401024660	General Administration and Support Services	133,730,262	11,545,842	8.6
	General Administration, Planning and Support Services	-	-	-
501014660	Headquarters Administrative Services	-	-	-
	Social Protection, Culture and Recreation	41,000,000	-	-
503024660	Control of Drugs and Pornography	41,000,000	-	-
	Education Support	224,804,894	-	-
504014660	Pre-Primary Education	196,300,000	-	-
504024660	Home Craft Centres	28,504,894	-	-
	General Administration and Policy Coordination	1,186,029,165	737,859,675	62.2
701014660	Headquarters Administrative Services	1,186,029,165	737,859,675	62.2
	Public Financial Management	24,496,206	12,248,103	50.0
705114660	Revenue Collection	24,496,206	12,248,103	50.0
	ICT, Special Programmes and Service Delivery	-	-	-
710014660	Information, Communication, and Technology	-	-	-
903024660	Sports Training and Competitions	4,000,000	-	-
1003014660	Water	173,600,000	-	-
	Grand Total	3,165,574,339	978,946,339	30.9

Source: Kajiado County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Public Health and Sanitation at 80 per cent, Education Support at 78.1 per cent, and Roads and Public Works at 71 per cent of budget allocation. The report on Budget Execution by Programmes and Sub-Programmes does not cover the County Assembly.

3.10.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was received on 4th May 2022 while it was expected on 15th April, 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.09 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.97 billion. The development expenditure represented 27.5 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.456.83 million against an annual projection of Kshs. 1.61 billion, representing 28.5 per cent of the annual target.

4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Nutrition Fund, and the Covid-19 Response Fund were not submitted.
5. High level of pending bills which amounted to Kshs.969.07 million as of 31st March, 2022.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.11 County Government of Kakamega

3.11.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.16.4 billion comprising Kshs. 9.55 billion (58.2 per cent) and Kshs.6.85 billion (41.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.39 billion (75.5per cent) as the equitable share of revenue raised nationally, generate Kshs.1.6 billion (9.8per cent) from its own sources of revenue, and a cash balance of Kshs.1.72 billion (10.5per cent) from FY 2020/21. The County also expects to receive Kshs.691.09 million (4.2per cent) as conditional grants, consisting of the World Bank Universal Health Care Fund at Kshs.73.14 million, KCSAP-Kenya Climate-Smart Agriculture Project at Kshs. 338.78 million, ASDSP (Agricultural Sector Development Support Programme at Kshs.28.08 million, DANIDA Grant at Kshs.23.07 million, Kenya Devolution Support Programme-Level 2 at Kshs.78 million and Kenya Informal Settlement Improvement Project- (KISIP II) at Kshs.150 million. Also included in the budget for conditional grants is the cash balance from FY 2020/21 of Kshs.632.9 million.

3.11.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs. 7.19 billion as the equitable share of the revenue raised nationally, raised Kshs.954million as own-source revenue and had a cash balance of Kshs. 1.09 billion from FY 2020/21. Other revenue included Kshs.632 million balances carried forward for conditional grants. The total funds available for budget implementation during the period amounted to Kshs.9.86 billion, as shown in Table 3.62.

Table 3.62 : Kakamega County, Revenue Performance in the First Nine Months of FY 2021/22

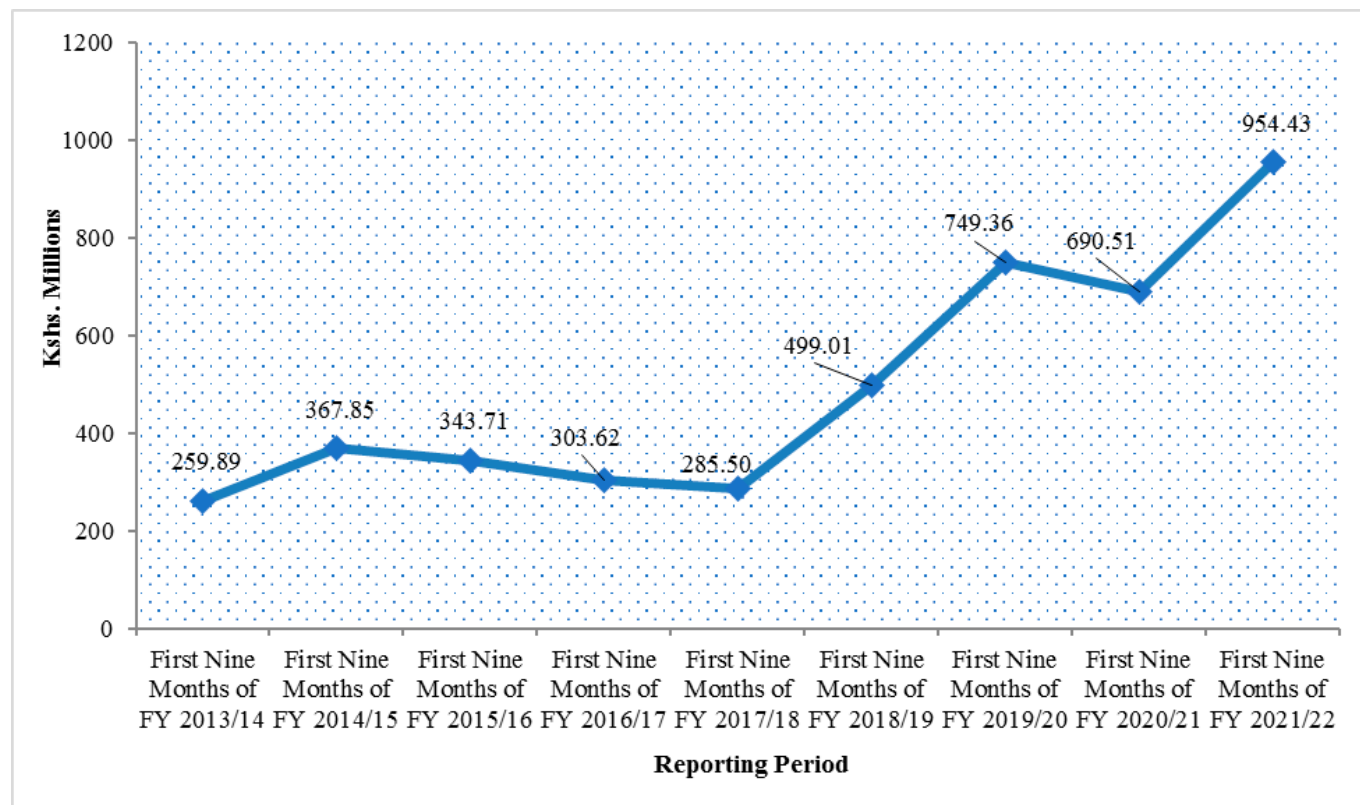
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,389,412,168	7,185,859,056	58.0
Sub Total		12,389,412,168	7,185,859,056	58.0
B.	Other Sources of Revenue			
1	Own Source Revenue	1,600,000,000	954,426,642	59.7
2	Conditional Grants	691,090,920	-	-
3	Balance b/f from FY2020/21	1,086,858,032	1,086,858,032	100
4	Other Revenues	632,877,875	632,877,875	100
Sub Total		4,010,826,827	2,674,162,549	66.7
Grand Total		16,400,238,995	9,860,021,605	60.1

Source: Kakamega County Treasury

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

Figure 3.21 shows the annual trend in own-source revenue collection for the first nine months of FY 2013/14 to FY 2021/22.

Figure 3.21: Annual Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kakamega County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.954.43 million as own-source revenue which was 59.6 per cent of the annual target. This amount represented an increase of Kshs. 38.22 per cent compared to Kshs.690 million realised during a similar period in FY 2020/21.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.78 billion from the CRF account during the reporting period. The amount comprised Kshs.2.34 billion (26.6 per cent) for development programmes and Kshs.6.44 billion (73.4per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

The county spent Kshs.8.39 billion on development and recurrent programmes during the reporting period. This expenditure represented 94.7 per cent of the total funds released by the CoB and comprised Kshs.2.28 billion and Kshs.6.04 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.1 per cent, while recurrent expenditure represented 63.9 per cent of the annual recurrent expenditure budget.

3.11.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.588.70 million and comprised Kshs.239.99 million for recurrent expenditure (County Executive), Kshs.133.57 million for the County Assembly and Kshs.348.72 million for development expenditure.

During the period under review, pending bills amounting to Kshs.532.96 million were settled, consisting of Kshs.221.24 million for recurrent expenditure and Kshs.311.71 million for development programmes. Current pending bills outstanding are Kshs.55.74 million comprising of Kshs.31.21 million and Kshs.24.54 million for recurrent and development, respectively.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.01 billion was spent on employee compensation, Kshs.2.09 billion on operations and maintenance, and Kshs.2.28 billion on development activities, as shown in Table 3.63.

Table 3.63: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,286,257,193	1,278,878,607	5,403,940,099	698,922,192	65.2	54.7
Compensation to Employees	5,142,846,879	535,304,025	3,680,976,218	328,720,286	71.6	61.4
Operations and Maintenance	3,143,410,314	743,574,582	1,722,963,881	370,201,906	54.8	49.8
Development Expenditure	6,835,103,195	-	2,269,227,078	-	33.2	-
Total	15,121,360,388	1,278,878,607	7,673,167,177	698,922,192	50.7	54.7

Source: Kakamega County Treasury

3.11.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.6 per cent of the first nine months proportional revenue of Kshs.12.3 billion.

Personnel emoluments amounting to Kshs.3.69 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.317.36 million. The manual payroll amounted to 8.6 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.01 billion includes Kshs.2.2 billion attributable to the health sector, which translates to 54.9 per cent of the total wage bill in the reporting period.

3.11.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.600 million to county established funds in FY 2021/22, which constituted 3.7 per cent of the County's overall budget for the year. Table 3.64 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.64: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March, 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Emergency Fund	100,000,000	-	9,324,781	-	Yes	
2.	Farm Input Fund	450,000,000	-	-	-		No
Total		600,000,000	-	9,324,781			

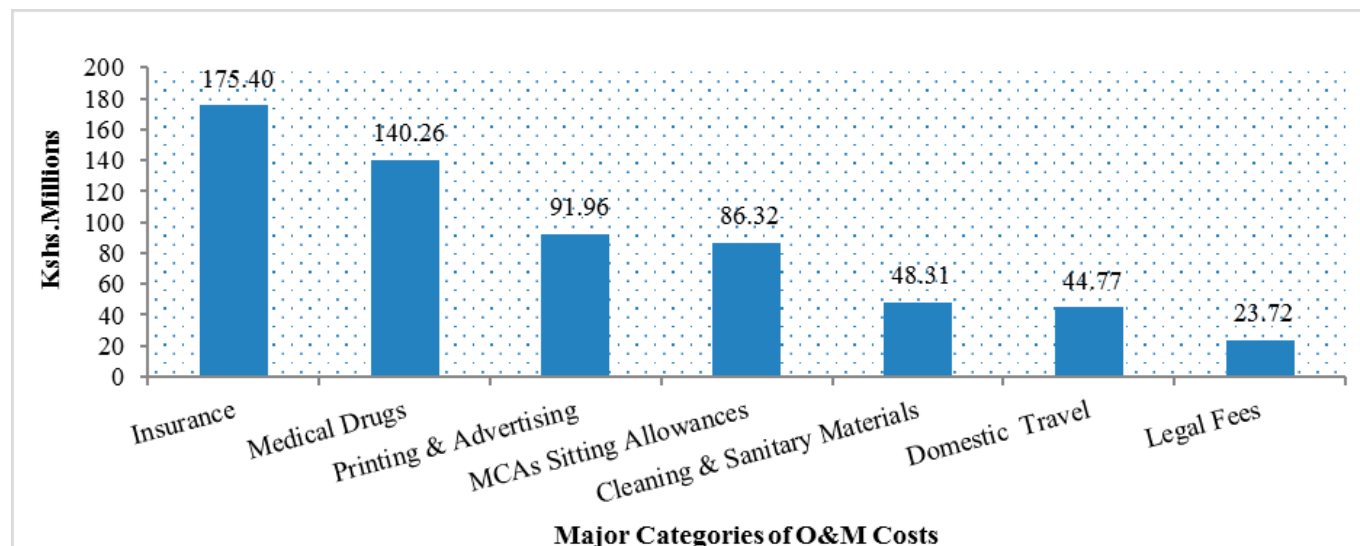
Source: Kakamega County Treasury

The OCoB did not receive financial returns from the Fund Administrator of the Farm input Fund, as indicated in Table 3.64.

3.11.9 Expenditure on Operations and Maintenance

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

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



Source: Kakamega County Treasury

The County spent Kshs.86.32 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million. The average monthly sitting allowance was Kshs.106,570 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 25 committees.

During the period, expenditure on domestic travel amounted to Kshs.44.77 million and comprised of Kshs.23.9 million spent by the County Assembly and Kshs.20.87 million by the County Executive. There was no expenditure on foreign travel.

3.11.10 Development Expenditure

The County incurred an expenditure of Kshs.2.28 billion on development programmes, which represented a decrease of 2.2 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.2.33 billion. Table 3.65 summarises development projects with the highest expenditure in the reporting period.

Table 3.65: Kakamega County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Contract sum	Budget	Expenditure	Absorption Rate
1	Prop. Maint of Makhwabuye-Malava road	Malava	4,199,965.00	4,199,965.00	4,130,365.60	98
2	Prop. Construction of road projects in Matungu (10KM per ward)	Matungu	40,499,544.00	40,499,544.00	40,499,513.97	100
3	Proposed supply, installation, testing and commissioning of 30M monopole highmast at Koromatangi, Tea-Zone and Kefinco Area	Lurambi	14,871,665.16	14,871,665.16	14,871,665.16	100
4	Proposed construction of Roads projects under 10km per ward programme in Khwisero sub-county LOT 5	Khwisero	20,541,860.00	20,541,860.00	20,518,363.33	100
5	Proposed construction of roads under 10km per ward programme in Shinyalu sub county LOT 7	Shinyalu	13,477,692.00	13,477,692.00	13,477,653.30	100
6	Proposed construction of roads under 10km per ward programme in Ikolomani sub county LOT 6	Ikolomani	19,403,320.00	19,403,320.00	19,400,536.00	100
7	Proposed construction of roads under 10km per ward programme in Shinyalu sub county	Shinyalu	13,477,692.00	13,477,692.00	13,477,653.30	100
8	Construction of Itumbu ECDE Centre	Lugari	3,395,106.56	1,204,156.56	3,394,323.00	99.9
9	Construction of Lurambi ECDE Centre	Lurambi	3,426,106.64	1,390,562.64	3,422,498.00	99.9
10	Construction of Shisesia ECDE Centre	Ikolomani	3,314,328.80	970,711.80	3,301,617.00	99.6
11	Construction of Ebutobe ECDE Centre	Mumias West	3,479,884.00	912,862.00	3,479,884.00	100
12	Construction of 2 No. Classrooms and staffroom at Binyenya CP	Likuyani	3,740,000.00	3,740,000.00	3,740,000.00	100
13	Construction of 3 No. Classrooms at Musambaa CP	Matungu	3,739,060.00	1,597,950.00	3,739,060.00	100
14	Bukhungu Stadium Construction	Lurambi	3,240,001,303	525,000,000	424,401,820	81

Source: Kakamega County Treasury

3.11.11 Budget Performance by Department

Table 3.66 summarizes the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.66: Kakamega County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	65.02	1,265.51	43.66	190.74	31.33	172.99	71.8	90.7	48.2	13.7
Trade, Tourism and Industrialization	31.74	250.00	5.27	-	19.86	37.79	376.6	-	62.6	15.1
County Assembly	1,278.88	-	877.56	-	698.92	-	79.6	-	54.7	-
Office of the Governor	145.35	24.95	62.87	-	117.08	1.46	186.2	-	80.6	5.9
Education, Science & Technology	385.07	342.98	188.44	58.69	209.43	135.80	111.1	231.4	54.4	39.6
Environment and Natural Resources	27.16	648.71	8.42	186.12	20.16	61.07	239.4	32.8	74.2	9.4
Finance, Economic Planning & ICT	393.01	152.00	96.83	46.91	232.13	30.05	239.7	64.1	59.1	19.8
Public Service	5,676.35	173.10	4,329.72	56.60	4,069.17	106.04	94.0	187.3	71.7	61.3
Health Services	966.67	1,215.28	688.29	361.55	439.52	349.89	63.9	96.8	45.5	28.8
Lands, Physical Planning, Housing and Urban Development	144.13	815.72	80.94	265.12	117.84	208.19	145.6	78.5	81.8	25.5
Social Services, Youth and Sports	83.90	644.00	21.97	536.38	53.35	534.98	242.8	99.7	63.6	83.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Roads, Transport and Public Work	348.60	1,322.11	36.91	637.81	94.07	630.96	254.9	98.9	27.0	47.7
Total	9,545.88	6,854.36	6,440.88	2,339.92	6,102.86	2,269.23	94.8	97.0	63.9	33.1

Source: Kakamega County Treasury

Analysis of expenditure by the departments shows that the Department of Social Services, Youth and Sports recorded the highest absorption rate of development budget at 83.1 per cent, followed by the Department of Public Service at 61.3. The Department of Lands, Physical Planning, and Housing and Urban Development recorded the highest percentage of expenditure to the recurrent budget at 81.8 per cent, while the Department of Roads, Transport and Public Works recorded the lowest at 27 per cent

3.11.12 Budget Execution by Programmes and Sub-Programmes

Table 3.67 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.67: Kakamega County, Budget Execution by Programmes and Sub-programmes

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
AGRICULTURE							
	34,365,330	115,500,000	149,865,330	27,626,755	64,016,012	91,642,766	61.2
Poultry development	-	5,000,000	5,000,000	-	-	-	-
Dairy Development	26,883,753	74,000,000	100,883,753	24,995,462	46,700,000	71,695,462	71.1
Livestock disease and pest prevention	7,481,577	15,000,000	22,481,577	2,631,293	9,884,675	12,515,968	55.7
Livestock Market infrastructure Improvement	-	21,500,000	21,500,000	-	7,431,337	7,431,337	34.6
	-	70,000,000	70,000,000	136,980	34,645,000	34,781,980	49.7
Fish Marketing and value addition	-	-	-	-	-	-	-
Promotion of Fish Farming	-	70,000,000	70,000,000	136,980	34,645,000	34,781,980	49.7
	20,953,131	987,873,857	1,008,826,988	16,080,392	438,141,500	454,221,892	45.0
Agricultural Extension and Research	-	403,373,857	403,373,857	-	8,500,000	8,500,000	2.1
Cash crop development	-	4,000,000	4,000,000	-	1,621,200	1,621,200	40.5
Crop pest and disease management	-	7,000,000	7,000,000	-	3,086,000	3,086,000	44.1
Food crop production	20,953,131	573,500,000	594,453,131	16,080,392	424,934,300	441,014,692	74.2
Administration services	-	-	-	-	-	-	-
	3,033,093	10,000,000	13,033,093	-	4,958,478	4,958,478	38.0
Agriculture training Infrastructure development	-	-	-	-	-	-	-
Training and demonstration	3,033,093	10,000,000	13,033,093	-	4,958,478	4,958,478	38.0
Kenya Climate Smart Agriculture programme	-	-	-	-	-	-	-

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
	4,716,912	20,000,000	24,716,912	3,939,773	15,400,000	19,339,773	78.2
Marketing and value addition	4,716,912	20,000,000	24,716,912	3,939,773	15,400,000	19,339,773	78.2
	1,953,780	-	1,953,780	282,780	-	282,780	14.5
Small Holder Irrigation and Drainage	1,953,780	-	1,953,780	282,780	-	282,780	14.5
	-	7,140,370	7,140,370	-	-	-	-
Administrative Services	-	7,140,370	7,140,370	-	-	-	-
Grand Total	65,022,246	1,210,514,227	1,275,536,473	48,066,679	557,160,990	605,227,669	47.4
HEALTH SERVICES							
	119,300,000	106,000,000	225,300,000	49,239,407	-	49,239,407	21.9
Maternal and child healthcare promotion	2,100,000	106,000,000	108,100,000	960,350	-	960,350	0.9
Community Health Strategy	105,900,000	-	105,900,000	44,262,400	-	44,262,400	41.8
Malaria control	1,400,000	-	1,400,000	201,317	-	201,317	14.4
Nutrition service Promotion	600,000	-	600,000	450,000	-	450,000	75.0
Diseases surveillance & Emergency response	5,400,000	-	5,400,000	1,478,860	-	1,478,860	27.4
Preventive and promotive services	-	-	-	-	-	-	-
Promotion of family planning	1,500,000	-	1,500,000	873,980	-	873,980	58.3
TB Control	1,200,000	-	1,200,000	230,000	-	230,000	19.2
HIV /AIDS Control	1,200,000	-	1,200,000	782,500	-	782,500	65.2
	1,011,360,461	842,924,270	1,854,284,731	343,860,413	338,957,230	682,817,643	36.8
Ambulance Services	-	-	-	-	-	-	-
Primary medical health services	1,011,360,461	118,000,000	1,129,360,461	343,860,413	90,507,720	434,368,133	38.5
Blood Transfusion Services	-	28,000,000	28,000,000	-	1,710,150	1,710,150	6.1
Health Infrastructure Development	-	696,924,270	696,924,270	-	246,739,360	246,739,360	35.4
	39,456,440	-	39,456,440	26,830,218	-	26,830,218	68.0
Health Data and Information Management	12,620,000	-	12,620,000	11,599,560	-	11,599,560	91.9
Administrative and Human Resources management	26,356,440	-	26,356,440	15,042,188	-	15,042,188	57.1
Disability mainstreaming	480,000	-	480,000	188,470	-	188,470	39.3
Grand Total	1,170,116,901	948,924,270	2,119,041,171	419,930,038	338,957,230	758,887,268	35.8
EDUCATION							
	133,488,461	119,551,307	253,039,768	29,871,838	20,528,645	50,400,483	19.9
Polytechnic Support and Development	133,488,461	119,551,307	253,039,768	29,871,838	20,528,645	50,400,483	19.9
Training Promotion and Development	-	-	-	-	-	-	-

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
	69,340,556	187,800,000	257,140,556	5,174,136	108,986,268	114,160,404	44.4
ECD Infrastructure Development	-	187,800,000	187,800,000	-	108,986,268	108,986,268	58.0
Childcare and development	69,340,556	-	69,340,556	5,174,136	-	5,174,136	7.5
	178,087,166	13,000,000	191,087,166	172,313,527	4,528,319	176,841,846	92.5
Non Tertiary Education Support	178,087,166	13,000,000	191,087,166	172,313,527	4,528,319	176,841,846	92.5
County University Education Scholarship	-	-	-	-	-	-	-
Polytechnic Tuition Subsidy	-	-	-	-	-	-	-
Grand Total	380,916,183	320,351,307	701,267,490	207,359,500	134,043,232	341,402,733	48.7
TRANSPORT AND ROADS							
	344,693,389	1,252,106,752	1,596,800,141	- 19,733,502	660,143,822	640,410,320	40.1
Road construction	344,693,389	1,060,000,000	1,404,693,389	- 19,733,502	584,876,479	565,142,977	40.2
Bridges Culverts Construction	-	34,070,960	34,070,960	-	51,040,711	51,040,711	149.8
Road Maintenance	-	158,035,792	158,035,792	-	24,226,632	24,226,632	15.3
Administrative, planning and support services	-	-	-	-	-	-	-
	-	80,000,000	80,000,000	-	14,871,665	14,871,665	18.6
Electrification.	-	30,000,000	30,000,000	-	14,871,665	14,871,665	49.6
Renewable Energy	-	50,000,000	50,000,000	-	-	-	-
	4,303,173	-	4,303,173	1,274,800	-	1,274,800	29.6
Public works Management	4,303,173	-	4,303,173	1,274,800	-	1,274,800	29.6
	-	50,000,000	50,000,000	-	-	-	-
Oversight services	-	50,000,000	50,000,000	-	-	-	-
Grand Total	348,996,562	1,382,106,752	1,731,103,314	- 18,458,702	675,015,487	656,556,785	37.9
LANDS							
	30,468,630	90,300,000	120,768,630	16,271,422	62,737,515	79,008,937	65.4
Land Administration and Planning	24,867,735	9,500,000	34,367,735	13,058,205	2,757,014	15,815,219	46.0
Land use policy and planning	2,007,424	70,000,000	72,007,424	1,034,863	55,204,859	56,239,722	78.1
Survey Services	3,593,471	10,800,000	14,393,471	2,178,354	4,775,642	6,953,996	48.3
	2,435,861	168,500,000	170,935,861	2,030,458	13,173,543	15,204,001	8.9
Housing Infrastructure development	2,435,861	18,500,000	20,935,861	2,030,458	13,173,543	15,204,001	72.6
Slum Upgrading	-	150,000,000	150,000,000	-	-	-	-
	-	-	-	-	-	-	-
	120,108,945	484,723,425	604,832,370	97,420,142	37,817,617	135,237,759	22.4
Urban Infrastructure Services	-	396,723,425	396,723,425	-	26,244,033	26,244,033	6.6
Social Amenities and Sanitary Services	120,108,945	88,000,000	208,108,945	97,420,142	11,573,585	108,993,726	52.4

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
Urban waste Management Services	-	-	-	-	-	-	-
Grand Total	153,013,436	743,523,425	896,536,861	115,722,021	113,728,675	229,450,696	25.6
SOCIAL SERVICES							
Library Services	-	-	-	-	-	-	-
	25,843,858	-	25,843,858	14,806,774	-	14,806,774	57.3
Administrative Services	25,843,858	-	25,843,858	14,806,774	-	14,806,774	57.3
	11,090,000	11,600,000	22,690,000	9,718,292	2,010,291	11,728,583	51.7
Culture and Heritage Conservation	11,090,000	11,600,000	22,690,000	9,718,292	2,010,291	11,728,583	51.7
	30,140,000	512,400,000	542,540,000	20,297,918	518,802,221	539,100,139	99.4
Promotion and Development of Sports and Talent	30,140,000	5,220,000	35,360,000	20,297,918	19,858,016	40,155,933	113.6
Development of Sports facilities	-	507,180,000	507,180,000	-	498,944,206	498,944,206	98.4
	3,528,000	15,000,000	18,528,000	1,841,270	10,881,200	12,722,470	68.7
Youth, Disability and Gender Empowerment and mainstreaming	3,528,000	15,000,000	18,528,000	1,841,270	10,881,200	12,722,470	68.7
Promotion of Industrial Peace	-	-	-	-	-	-	-
	12,100,600	105,000,000	117,100,600	5,631,723	57,185,537	62,817,260	53.6
Child welfare Services	3,660,000	-	3,660,000	1,633,823	-	1,633,823	44.6
Social Development and Social Protection	8,440,600	105,000,000	113,440,600	3,997,900	57,185,537	61,183,437	53.9
Child protection support services	-	-	-	-	-	-	-
	1,200,000	-	1,200,000	642,761	-	642,761	53.6
Library services	1,200,000	-	1,200,000	642,761	-	642,761	53.6
Grand Total	83,902,458	644,000,000	727,902,458	52,678,848	588,879,250	641,558,097	88.1
TRADE							
	8,515,200	-	8,515,200	6,039,291	-	6,039,291	70.9
Promotion of tourism and marketing	8,515,200	-	8,515,200	6,039,291	-	6,039,291	70.9
Promotion of commerce and enterprises	-	-	-	-	-	-	-
	9,340,000	-	9,340,000	7,351,755	-	7,351,755	78.7
Administration Support Services	9,340,000	-	9,340,000	7,351,755	-	7,351,755	78.7
Quality assurance and Enhancement	-	-	-	-	-	-	-
	12,546,800	134,000,000	146,546,800	4,345,589	35,789,210	40,134,800	27.4
Micro and small enterprises development	8,610,000	-	8,610,000	2,000,000	-	2,000,000	23.2

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
Modern Market infrastructure development	3,936,800	134,000,000	137,936,800	2,345,589	35,789,210	38,134,800	27.6
Investment Promotion	-	-	-	-	-	-	-
Cultural and heritage tourism Development	-	-	-	-	-	-	-
Tourism Promotion	-	-	-	-	-	-	-
	6,114,200	58,000,000	64,114,200	1,644,993	1,998,680	3,643,673	5.7
Industrial Development and Promotion	6,114,200	58,000,000	64,114,200	1,644,993	1,998,680	3,643,673	5.7
SME and Cottage industry development	-	-	-	-	-	-	-
Grand Total	36,516,200	192,000,000	228,516,200	19,381,628	37,787,890	57,169,518	25.0
County electrification	-	-	-	-	-	-	-
WATER AND ENVIRONMENT							-
	6,804,061	26,000,000	32,804,061	3,297,831	1,694,500	4,992,331	15.2
Protection of natural resources and environmental processes	2,465,924	16,000,000	18,465,924	1,101,049	-	1,101,049	6.0
Afforestation and Re-afforestation	4,338,137	10,000,000	14,338,137	2,196,782	1,694,500	3,891,282	27.1
	14,250,212	446,707,538	460,957,750	9,948,505	60,118,578	70,067,082	15.2
Water Resource Supply and management	14,250,212	446,707,538	460,957,750	9,948,505	60,118,578	70,067,082	15.2
	5,236,966	67,000,000	72,236,966	3,541,649	1,788,000	5,329,649	7.4
Climate Change management	-	67,000,000	67,000,000	-	-	-	-
Environmental Protection	5,236,966	-	5,236,966	3,541,649	1,788,000	5,329,649	101.8
Grand Total	26,291,239	539,707,538	565,998,777	16,773,985	63,601,078	80,375,062	14.2
	5,867,037,513	225,528,447	6,092,565,960	369,308,061	101,015,229	470,323,290	7.7
COUNTY PUBLIC SERVICE AND ADMINISTRATION							
County Special Programmes	-	-	-	-	-	-	-
Human Resource Management	5,508,155,761	35,600,000	5,543,755,761	146,489,905	12,707,820	159,197,725	2.9
County Administration	358,881,752	189,928,447	548,810,199	222,818,155	88,307,409	311,125,564	56.7
Administrative Services	-	-	-	-	-	-	-
	4,425,328	-	4,425,328	2,351,698	-	2,351,698	53.1
Alcohol and Drug Rehabilitation Program	4,425,328	-	4,425,328	2,351,698	-	2,351,698	53.1
Grand Total	5,877,323,641	225,528,447	6,102,852,088	373,671,575	101,015,229	474,686,804	7.8
COUNTY PUBLIC SERVICE BOARD							
	19,256,667	-	19,256,667	1,709,766	-	1,709,766	8.9

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
Human Resource Management	19,256,667	-	19,256,667	1,709,766	-	1,709,766	8.9
Grand Total	19,256,667	-	19,256,667	1,709,766	-	1,709,766	8.9
	133,238,046	-	133,238,046	72,004,216	-	72,004,216	54.0
OFFICE OF THE GOVERNOR							
County executive services	133,238,046	-	133,238,046	72,004,216	-	72,004,216	54.0
Infrastructure development	-	-	-	-	-	-	-
	6,451,600	-	6,451,600	3,751,178	-	3,751,178	58.1
Legal Services	6,451,600	-	6,451,600	3,751,178	-	3,751,178	58.1
	-	3,000,000	3,000,000	-	1,463,572	1,463,572	48.8
Information and communication services	-	3,000,000	3,000,000	-	1,463,572	1,463,572	48.8
COUNTY TREASURY							
	-	-	-	-	-	-	-
County Statistics Management	-	-	-	-	-	-	-
	53,038,452	10,000,000	63,038,452	29,308,074	-	29,308,074	46.5
Support and Advisory services	43,447,711	10,000,000	53,447,711	23,489,846	-	23,489,846	43.9
County Internal Audit services	9,590,741	-	9,590,741	5,818,228	-	5,818,228	60.7
Grand Total	192,728,098	13,000,000	205,728,098	105,063,468	1,463,572	106,527,040	51.8
Legal Services	-	-	-	-	-	-	-
	-	52,000,000	52,000,000	-	15,018,138	15,018,138	28.9
Information and communication services	-	52,000,000	52,000,000	-	15,018,138	15,018,138	28.9
	46,194,610	-	46,194,610	16,016,339	-	16,016,339	34.7
Economic policy formulation	46,194,610	-	46,194,610	16,016,339	-	16,016,339	34.7
	287,364,495	-	287,364,495	181,552,387	-	181,552,387	63.2
Financial Accounting and Reporting	143,174,580	-	143,174,580	87,097,226	-	87,097,226	60.8
Procurement services	3,712,936	-	3,712,936	3,059,278	-	3,059,278	82.4
Accounting and Financial services	65,468,500	-	65,468,500	44,329,058	-	44,329,058	67.7
Budget Formulation and management	75,008,479	-	75,008,479	47,066,825	-	47,066,825	62.7
	35,391,320	-	35,391,320	13,805,555	-	13,805,555	39.0
Administrative Services	35,391,320	-	35,391,320	13,805,555	-	13,805,555	39.0
County Public Procurement Services	-	-	-	-	-	-	-
	19,300,965	19,000,000	38,300,965	11,314,131	3,140,000	14,454,131	37.7
Investment promotion	19,300,965	19,000,000	38,300,965	11,314,131	3,140,000	14,454,131	37.7
Grand Total	388,251,390	71,000,000	459,251,390	222,688,411	18,158,138	240,846,549	52.4
ICT							-

Description	Approved Budget (Kshs.)			Actual Expenditure (Kshs.)			Absorption Rate (%)
	Recurrent	Development	Gross	Recurrent	Development	Total	
Information and communication services	19,088,761	69,280,640	88,369,401	11,895,171	36,389,973	48,285,144	54.6
Information and communication services	19,088,761	69,280,640	88,369,401	11,895,171	36,389,973	48,285,144	54.6
Grand Total	19,088,761	69,280,640	88,369,401	12,261,538	36,389,973	48,651,511	55.1

Source: Kakamega County Treasury

Programmes with high levels of implementation based on absorption rates were: Bridges Culverts Construction at 149.8 per cent under the Department of Transport and Roads, Promotion and Development of Sports and Talent at 113.6 per cent under the Department of Social Services and Environmental Protection at 101.8 per cent under the Department of Water and Environment.

3.11.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 26th April 2022, while it was expected on 15th April 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.2.27 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.6.85 billion. The development expenditure represented 33.2 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.954.43 million against an annual projection of Kshs.1.6 billion represents 59.7 per cent of the annual target.
4. Manual Payroll. Personnel emoluments amounting to Kshs.317.36 million were processed through the manual payroll and accounted for 8.6 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.12 County Government of Kericho

3.12.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.34 billion, comprising Kshs.3.15 billion (37.8 per cent) and Kshs.5.18 billion (62.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.43 billion (77.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.852.64 million (10.2 per cent) from its own sources of revenue, receive Kshs.5.8 million (0.1 per cent) from other sources and a cash balance of Kshs.266.72 million (3.2 per cent) from FY 2020/21. The County also expects to receive Kshs.788.72 million (9.4 per cent) as conditional grants.

3.12.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.73 billion as the equitable share of the revenue raised nationally, raised Kshs.461.29 million as own-source revenue, Kshs.250.50 million as conditional grants, and had a cash balance of Kshs.266.71 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.71 billion, as shown in Table 3.68.

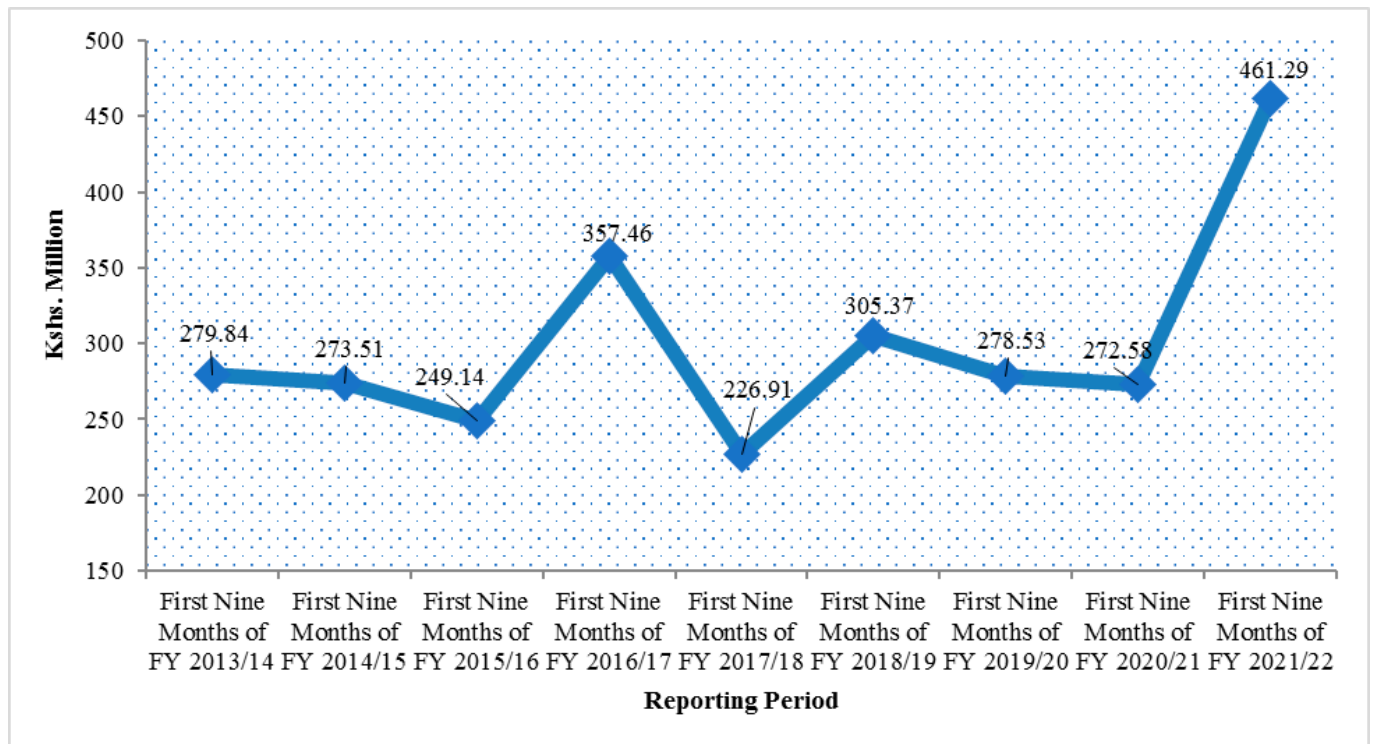
Table 3.68: Kericho County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	3,729,785,658	58
	Sub Total	6430664924	3,729,785,658	58
B.	Other Sources of Revenue			
1	Own Source Revenue	852,636,240	461,292,140	54.1
2	Conditional Grants	783,723,217	250,504,241	32
3	Balance b/f from FY2020/21	266,715,728	266,715,728	100
4	Other Revenues	5,800,000	-	-
	Sub Total	1,908,875,184	978,512,108	51.3
	Grand Total	8,339,540,108	4,708,297,766	56.5

Source: Kericho County Treasury

Figure 3.23. shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.23: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kericho County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.461.29 million as own-source revenue, which was 54.1 per cent of the annual target. This amount represented an increase of 69.2 per cent compared to Kshs.272.58 million realised during a similar period in FY 2020/21.

3.12.3 Exchequer Issues

The Controller of Budget approved Kshs.3.92 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.906.42 million (23.1 per cent) for development programmes and Kshs.3.01 billion (76.9 per cent) for recurrent programmes, as shown in Table 3.72.

3.12.4 Overall Expenditure Review

The County spent Kshs.3.80 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.9 per cent of the total funds released by the CoB and comprised Kshs.803.01 million and Kshs.2.99 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 25.4 per cent, while recurrent expenditure represented 57.7 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

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

During the period under review, pending bills amounting to Kshs.547.56 million were settled, consisting of Kshs.83.24 million for recurrent expenditure and Kshs.464.32 million for development programmes. Outstanding pending bills amounted to Kshs.141.58 million as of 31st March 2022.

The outstanding pending bills as of 31st March include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.09 billion. The county has settled bills amounting to Kshs.547.56 million, leaving a balance at Kshs.543.32 million as of 31st March 2022.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.06 billion was spent on employee compensation, Kshs.931.40 million on operations and maintenance, and Kshs.803.01 million on development activities, as shown in Table 3.69.

Table 3.69: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Execu- tive	County As- sembly	County Ex- ecutive	County As- sembly
Total Recurrent Expenditure	4,455,002,648	728,813,928	2,494,558,071	497,960,093	56	68.3
Compensation to Employees	3,103,295,554	368,129,298	1,827,298,098	233,816,279	58.9	63.5
Operations and Maintenance	1,351,707,094	360,684,630	667,259,973	264,143,814	49.4	73.2
Development Expenditure	3,136,741,603	18,981,929	803,007,305	-	25.6	-
Total	7,591,744,251	747,795,857	3,297,565,375	497,960,093	43.4	66.6

Source: Kericho County Treasury

3.12.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33 per cent of the first nine months' proportional revenue of Kshs. 6.25 billion.

Personnel emoluments amounting to Kshs.1.72 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.343 million. The manual payroll amounted to 16.6 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.06 billion includes Kshs.1.31 billion attributable to the health sector, which translates to 63.5 per cent of the total wage bill in the reporting period.

3.12.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.133.97 million to county established funds in FY 2021/22, which constituted 1.6 per cent of the County's overall budget for the year. Table 3.70 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.70: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	County Emergency Fund	22,000,000	-	No
2.	Executive Car Loan and Mortgage	4,000,000	-	No
3.	Bursary Fund	107,979,000	-	No
Total		133,979,000		

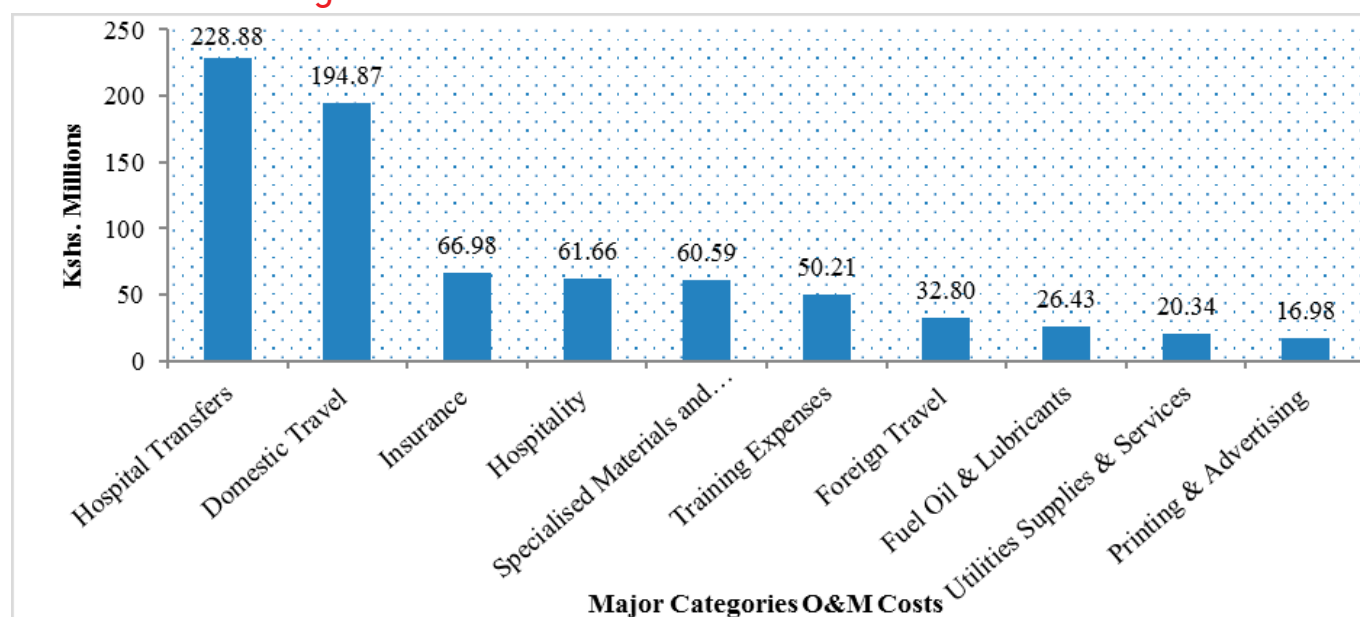
Source: Kericho County Treasury

The OCoB did not receive quarterly financial returns from all the fund administrators, as indicated in Table 3.70.

3.12.9 Expenditure on Operations and Maintenance

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

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



Source: Kericho County Treasury

The County spent Kshs.32.51 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.65 million. The average monthly sitting allowance was Kshs. 75,253 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 14 committees.

During the period, expenditure on domestic travel amounted to Kshs.194.87 million and comprised Kshs.108.78 million spent by the County Assembly and Kshs.86.09 million by the County Executive. Spending on foreign travel amounted to Kshs.32.80 million and consisted of Kshs.31.91 million by the County Assembly and Kshs.0.89 million by the County Executive.

3.12.10 Development Expenditure

The County incurred Kshs.803.01 million on development programmes, which represented an increase of 15.0 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 698.13 billion. Table 3.71 summarises development projects with the highest expenditure in the reporting period.

Table 3.71: Kericho County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Rehabilitation and Construction of Kimologit Water Supply Project	Kamasian	186,289,133	44,234,554	24
2	Rehabilitation And Construction of Kapkures Water Supply Project	Chilchila	87,417,116	40,365,191	46
3	Supply and Delivery of 3No Fully Equipped Ambulances	Kericho County Referral Hospital	28,590,000	28,590,000	100
4	Proposed Erection and Completion of a Modern Market is at Sondu Trading Centre	Kaplelartet	128,945,229	15,676,219	12
5	Construction Of Kipkobob Water Supply Project	Chemosot Ward	11,868,160	11,868,160	100
6	Rehabilitation and Extension of Kiptunoi Water Supply Project	Kapsoit	35,787,775	11,753,932	33
7	Supply of Bulk Water to Bureti Sub-County	Bureti	30,000,000	10,000,000	33
8	Excavation, Grading, Gravelling and Compaction of Kapkurin-Kabirong -Chesonoi-Kapkwen rd 6km	Kunyak	8,578,680	8,578,680	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
9	Excavation, Grading, Graveling and Compaction of Barno-Kimout pry sch-Kimout centre rd 3km, Sudan Kapraplino rd 0.3km, Kiplangat-Chepkoiyo-Kapki-ondo rd 1.3km, Kapsenda Dispesary-Kerich -Kutu rd 1.7km, Marindany-Lalangbek pry sch rd 1.6km	Londiani	8,172,396	8,172,396	100
10	Excavation, Grading, Graveling and Compaction of Free Pentecost Church-Kiprengwe-Kapchelule road; Cattle Dip-Miti Moja Road	Kidowa/Kimugul Ward	7,602,908	7,602,908	100

Source: Kericho County Treasury

3.12.11 Budget Performance by Department

Table 3.72 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.72: Kericho County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	728.81	18.98	498.00	-	497.96	-	100.0	-	68.3	-
Public Service & Administration	360.84	22.85	206.18	-	206.18	-	100.0	-	57.1	-
Office of the Governor & Deputy governor	141.21	-	76.87	-	76.87	-	100.0	-	54.4	-
County Public Service Board	67.22	-	36.44	-	36.44	-	100.0	-	54.2	-
Finance & Economic Planning	285.26	679.13	161.48	209.84	161.48	107.34	100.0	51.2	56.6	15.8
Health Services	2,549.91	378.20	1,477.75	57.53	1,458.02	57.53	98.7	100.0	57.2	15.2
Agriculture, Livestock & Fisheries	160.04	500.61	103.35	35.07	103.35	35.07	100.0	100.0	64.6	7.0
Education, Youth Affairs, Culture & Social Services	426.72	104.19	182.14	45.41	182.14	45.41	100.0	100.0	42.7	43.6
Public Works, Roads & Transport	93.06	895.03	60.07	338.32	60.07	338.32	100.0	100.0	64.5	37.8
Trade, Industrialization, Tourism, Cooperative Management & Wildlife	71.96	54.96	40.92	1.89	40.92	1.89	100.0	100.0	56.9	3.4
Water, Energy, Natural Resources & Environment	140.71	275.69	76.28	205.63	76.28	204.71	100.0	99.6	54.2	74.3
Land, Housing & Physical Planning	82.10	197.31	64.87	12.74	64.87	12.74	100.0	100.0	79.0	6.5
Information, Communication & E-Government	59.97	27.88	27.94	-	27.94	-	100.0	-	46.6	-
TOTAL	5,167.82	3,155.18	3,012.29	906.42	2,992.52	803.01	99.3	88.6	57.9	25.5

Source: Kericho County Treasury

Analysis of expenditure by the departments shows that the Department of Water, Energy, Natural Resources & Environment recorded the highest absorption rate of development budget at 74.3 per cent, while the Department

of Public Service & Administration, Public Service Management, Office of the Governor & Deputy Governor, Information, Communication & E-Government and County Assembly did not report any expenditure on development activities. The Department of Land, Housing & Physical Planning had the highest percentage of recurrent expenditure to budget at 79 per cent, while the Department of Education, Youth Affairs, Culture & Social Services had the lowest at 42.7 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 3.73 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.73: Kericho County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/2021-31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
DEPARTMENT: GOVERNOR'S OFFICE					
County Coordination Services	County Coordination Services	141,213,284	76,868,483	64,344,801	54.4
Public sector advisory services	Economic and Social Advisory Service	-	-	-	-
	Sub Total	141,213,284	76,868,483	64,344,801	54.4
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
Administration, Planning and Support Services.	Administration Services.	368,140,022	199,738,654	168,401,368	54.3
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	36,075,639	25,285,193	10,790,446	70.1
Public Finance Management	Budget Formulation co-ordination and management	551,119,010	60,344,021	490,774,989	10.9
Audit Services	County Audit	9,950,000	6,081,797	3,868,204	61.1
	Sub Total	965,284,671	291,449,665	673,835,006	30.2
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	30,952,435	21,693,286	9,259,149	70.1
Crop Development and Management	Agriculture Extension Services	557,327,994	148,152,204	409,175,790	26.6
Livestock Resource Management and Development	Livestock Disease Management and Control.	12,606,381	11,363,190	1,243,191	90.1
Livestock Resource Management and Development	Livestock Production and Extension Services	52,000,523	37,716,336	14,284,187	72.5
Fisheries development	Management and Development of Capture Fisheries	7,762,998	2,990,680	4,772,318	38.5
	Sub Total	660,650,331	221,915,696	438,734,635	33.6
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT					
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	148,718,651	76,284,453	72,434,198	51.3
Water supply services	Rural Water Supply	267,682,366	204,711,436	62,970,930	76.5
	Sub Total	416,401,017	280,995,889	135,405,128	67.5
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES					

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/2021-31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration & planning services.	Policy Development and Administration	268,501,091	116,805,649	151,695,442	43.5
Basic Education	Early Childhood Development Education	185,398,939	90,406,789	94,992,150	48.8
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	21,099,998	5,898,681	15,201,317	28.0
Youth development and empowerment services	Youth development (YP) Training	55,909,040	25,874,579	30,034,461	46.3
	Sub Total	530,909,068	238,985,699	291,923,369	45.0
DEPARTMENT: HEALTH SERVICES					
Curative Health	Administration and Planning	1,632,585,479	675,797,432	956,788,047	41.4
Curative Health	Hospital(curative) Services				-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,295,527,818	857,306,341	438,221,477	66.2
	Sub Total	2,928,113,297	1,533,103,773	1,395,009,524	52.4
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING					
Administration and support services	General Administration and Planning	117,363,278	31,806,978	85,556,300	27.1
Housing Development and Human Resource	Housing Development	52,044,359	13,959,134	38,085,225	26.8
Land policy and planning	Development Planning and Land Reforms	118,900,008	28,019,570	90,880,438	23.6
Land policy and planning	Land Use Planning	7,102,443	3,823,819	3,278,624	53.8
	Sub Total	295,410,088	77,609,500	217,800,588	26.3
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT					
Transport Management and safety	General Administration Planning and Support Services	76,050,000	59,212,025	16,837,975	77.9
Infrastructure, Roads and Transport	Rehabilitation of Road	890,428,395	383,032,985	507,395,410	43.0
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	21,606,317	10,791,534	10,814,783	49.9
	Sub Total	988,084,712	453,036,544	535,048,168	45.8
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT					
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	73,835,176	21,302,400	52,532,776	28.9
Trade development and investment	Administrative and Support Services.	16,125,061	9,214,850	6,910,211	57.1
Cooperative development and management	Cooperative Advisory & Extension Services.	33,966,870	9,839,752	24,127,118	29.0
Tourism development and marketing	Local Tourism Development.	3,000,000	2,450,000	550,000	81.7
	Sub Total	126,927,107	42,807,002	84,120,105	33.7
DEPARTMENT: ICT AND E-GOVERNMENT					
Information & Communication Service	News and Information Services	59,966,581	17,830,149	42,136,432	29.7
Information & Communication Service	ICT and BPO development services	27,876,262	10,105,986	17,770,276	36.3
	Sub Total	87,842,843	27,936,135	59,906,708	31.8

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/2021-31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	67,215,254	36,436,973	30,778,281	54.2
	Sub Total	67,215,254	36,436,973	30,778,281	54.2
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	306,029,266	157,221,679	148,807,587	51.4
Administration of Human Resources and Public Service	Human Resource Development	77,663,313	48,958,478	28,704,835	63.0
	Sub Total	383,692,579	206,180,157	177,512,423	53.7
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	309,387,361	185,198,696	124,188,665	59.9
Legislative Services		425,504,639	306,860,350	118,644,289	72.1
Administration of Human Resources and Public Service	Human Resource Development	10,322,996	5,901,047	4,421,949	57.2
	Sub Total	745,214,996	497,960,093	247,254,903	66.8
	Grand Total	8,339,540,108	3,795,525,468	4,544,014,640	45.5

Source: Kericho County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Livestock, Disease, Management & Control of the Agriculture, Livestock and Fisheries at 90.1 per cent, Local Tourism Development in the Department of Trade, Industrialisation, Tourism, Wildlife and Cooperative Management at 81.7 per cent, General Administration Planning & Support Services in the Department of Public Works, Roads and Transport at 77.9 per cent, and Rural Water Supply in the Department of Water, Energy, Natural Resources and Environment at 76.5 per cent of budget allocation.

3.12.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget which affected the timely preparation of the budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs.803.01 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs. 3.15 billion. The development expenditure represented 25.4 per cent of the annual development budget.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Emergency Fund, Bursary Fund, and Car Loan/Mortgage Fund reports were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.543.32 million as of 31st March 2022. This is based on the eligible pending bills reported by the OAG.
5. Manual Payroll. Personnel emoluments amounting to Kshs.343 million were processed through the manual payroll and accounted for 16.6 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.13 County Government of Kiambu

3.13.1 Overview of FY 2021/22 Budget

The County's approved first supplementary budget for FY 2021/22 is Kshs.17.51 billion, comprising Kshs.4.87 billion (27.8 per cent) and Kshs.12.64 billion (72.2 per cent) allocations for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.11.72 billion (66.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.29 billion (24.5 per cent) from its own sources of revenue, and utilise the cash balance of Kshs.870.69 million (5.0 per cent) from FY 2020/21. The County also expects to receive Kshs.589.24 million (3.4 per cent) as conditional grants, which consist of the Transforming Health Systems for Universal Care Project (WB) Grant of Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) grant of Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant of Kshs.73.73 million, DANIDA Grant of Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Grant of Kshs.30.34 million, and Kenya Informal Settlement Improvement Project (KISIP II) Grant of Kshs.50 million. Additionally, the County also expects other revenues of Kshs.41.4 million (0.2 per cent) which includes Kshs.26.40 million from the MSF Belgium, and the Nutrition International Project of Kshs.15 million.

3.13.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.6.80 billion as the equitable share of the revenue raised nationally, raised Kshs.2.38 billion as own-source revenue, Kshs.73.73 million as conditional grants, and had a cash balance of Kshs.870.69 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.10.12 billion, as shown in Table 3.74.

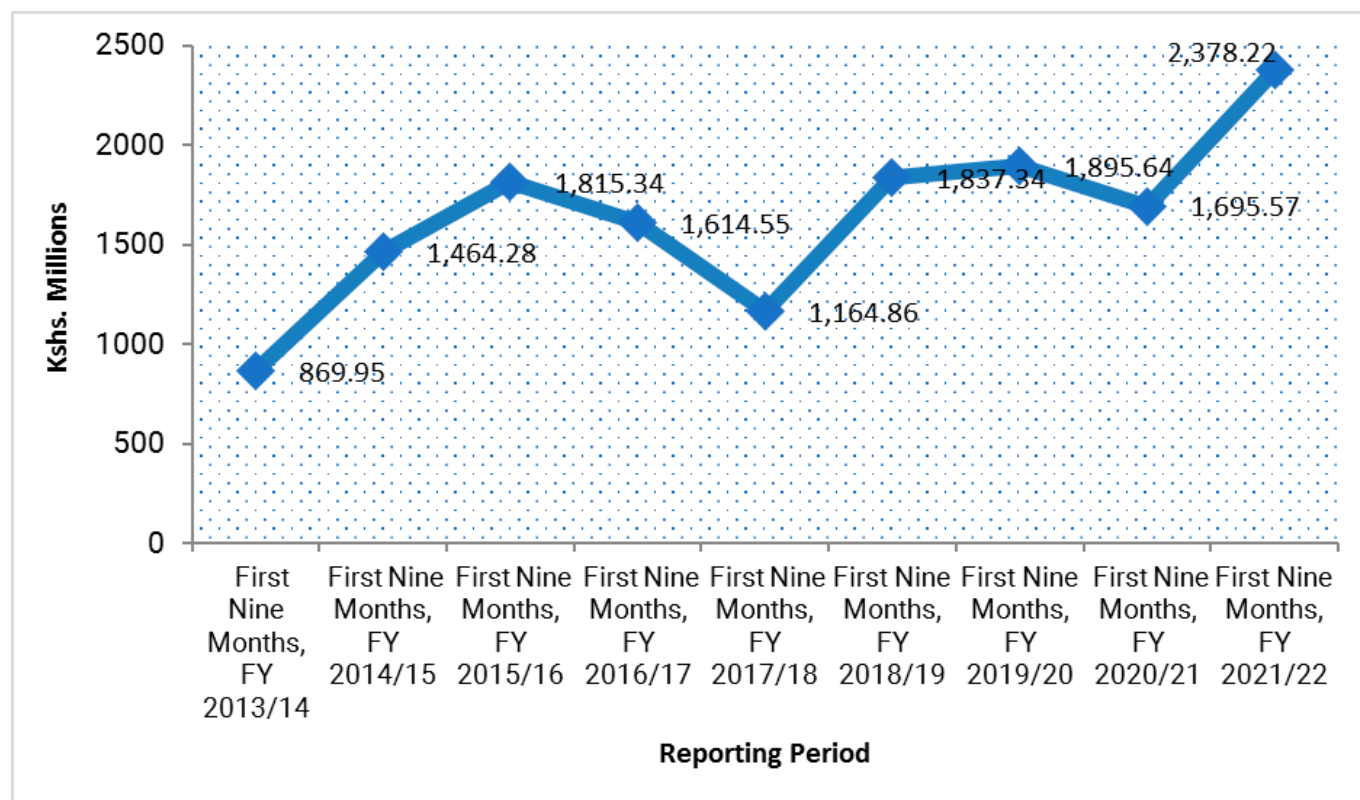
Table 3.74: Kiambu County, Revenue Performance for the first nine months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,717,525,720	6,796,164,918	58.0
Sub Total		11,717,525,720	6,796,164,918	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	4,288,015,282	2,378,221,287	55.5
2.	Conditional Grants	589,239,254	73,731,600	12.5
3.	Balance b/f from FY 2020/21	870,686,826	870,686,826	100
4.	Other Revenues	41,400,000	-	-
Sub Total		5,789,341,362	3,322,639,713	57.4
Grand Total		17,506,867,082	10,118,804,631	57.8

Source: Kiambu County Treasury

Figure 3.25. shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.25: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kiambu County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.2.38 billion as own-source revenue. This amount represented an increase of 40.3 per cent compared to Kshs.1.70 billion realised during a similar period in the first nine months of FY 2020/21 and was 55.5 per cent of the annual target.

Kiambu County has implemented an automated revenue management system referred to Kiambu-Pay which has been instrumental in the increase in revenue performance. Kiambu-Pay is a cashless method of payment and has helped in sealing revenue leakages at the sub-counties and hospitals. The system is used for all main revenue streams, such as; physical planning, land rates, vehicle parking, hospital fees, and/or business permits. Further, the establishment of task forces to supervise revenue collection, analyse and report on revenue collection processes, and public sensitization on the importance of revenue payment including reminders to taxpayers through bulk SMS have also contributed positively to the enhancement in revenue collection.

3.13.3 Exchequer Issues

The CoB approved Kshs.9.85 billion withdrawals from the CRF account during the reporting period. This amount comprised Kshs.1.06 billion (10.8 per cent) for development programmes and Kshs.8.79 billion (89.2 per cent) for recurrent programmes as shown in Table 3.78.

3.13.4 Overall Expenditure Review

The County spent Kshs.8.39 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.2 per cent of the total funds released by the CoB and comprised Kshs.615.95 million and Kshs.7.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.6 per cent while recurrent expenditure represented 61.5 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

The county's stock of outstanding pending bills as of 30th June 2021 amounted to Kshs.5.90 billion and comprised of Kshs.3.20 billion for recurrent expenditure and Kshs.2.70 billion for development expenditure. The payment plan indicated that most pending bills were under a special audit by OAG or verification by the Internal Audit Department.

During the period under review, pending bills amounting to Kshs.568.09 million were settled, consisting of Kshs.236.69 million for recurrent expenditure and Kshs.331.40 million for development programmes. Outstanding pending bills amounted to Kshs.5.33 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.2.73 billion out of which the County has settled bills amounting to Kshs.568.09 million, leaving a balance of Kshs.2.16 billion as of 31st March 2022.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.6.02 billion was spent on employee compensation, Kshs.1.75 billion on operations and maintenance, and Kshs.615.95 million on development activities, as shown in Table 3.75.

Table 3.75: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,229,189,503	1,408,021,994	6,989,744,670	783,150,461	62.2	55.6
Compensation to Employees	7,895,529,419	526,014,863	5,614,460,920	405,430,087	71.1	77.1
Operations and Maintenance	3,333,658,084	882,007,131	1,375,283,750	377,720,374	41.3	42.8
Development Expenditure	4,779,657,585	90,000,000	615,945,539	-	12.9	-
Total	16,008,845,088	1,498,021,994	7,605,690,209	783,150,461	47.5	52.3

Source: Kiambu County Treasury

3.13.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 45.8 per cent of the first nine months' proportional revenue of Kshs.13.13 billion.

Analysis of personnel emoluments indicates that Kshs.5.14 billion was processed through the IPPD system while Kshs.864.22 million was paid through a manual payroll. The manual payroll carried 14.5 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.6.02 billion includes Kshs.3.47 billion attributable to the health sector which translates to 57.6 per cent of the total wage bill in the reporting period.

3.13.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.484.30 million to county established funds in FY 2021/22, which constituted 2.8 per cent of the County's overall budget for the year. Table 3.76 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.76: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No)
1.	Kiambu County Assembly Car loan & Mortgage Scheme Fund	-	-	Yes
2.	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	Yes
3.	Kiambu Alcoholic Drinks Control Fund	31,300,000	18,350,000	Yes
4.	Kiambu County Education Bursary Fund	231,000,000	91,967,208	Yes
5.	Kiambu County Emergency Fund	30,000,000	-	Yes
6.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	-	-	Yes
7.	Kiambu County Jiiue Fund	142,000,000	-	Yes
Total		484,300,000	110,317,208	

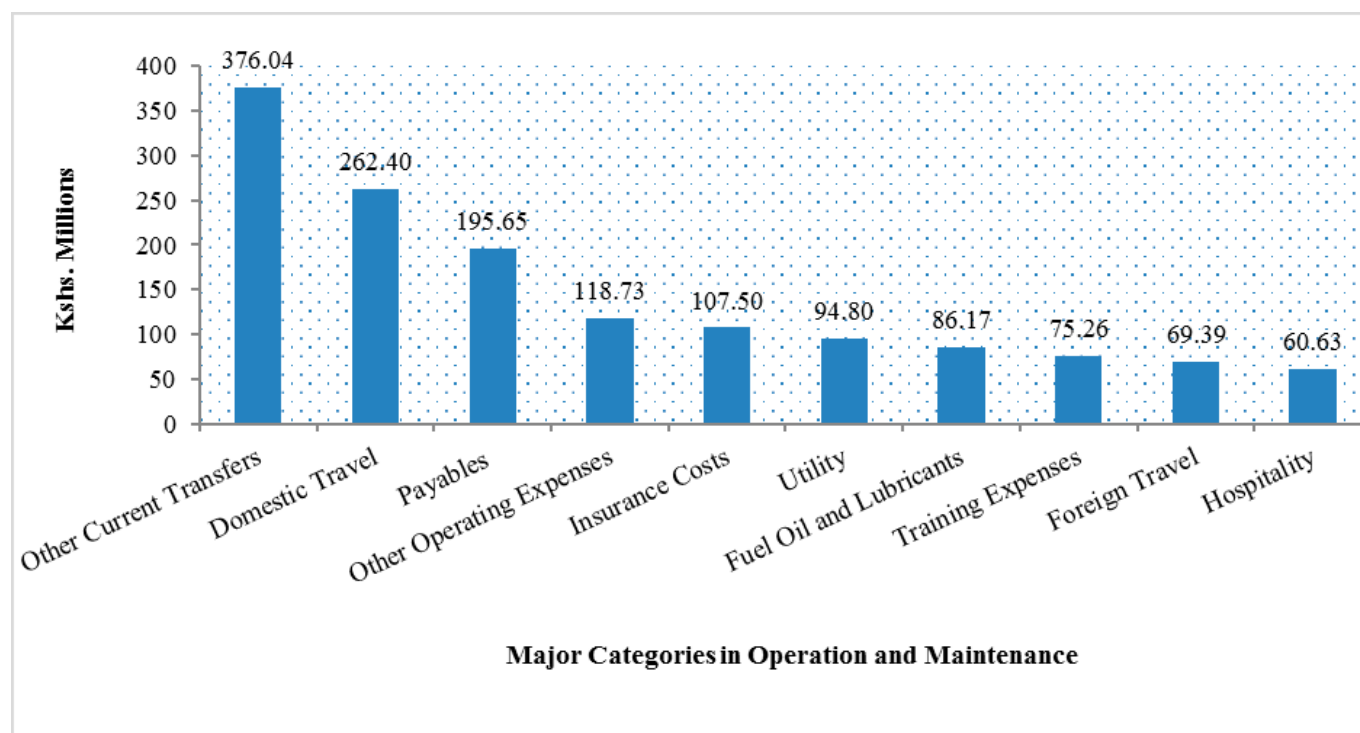
Source: Kiambu County Treasury

The OCoB received quarterly financial returns from Administrators of the seven funds indicated in Table 3.76.

3.13.9 Expenditure on Operations and Maintenance

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

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



Source: Kiambu County Treasury

The County spent Kshs.43.10 million on committee sitting allowances for the 93 MCAs and Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.51,491 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 22 committees.

During the period, expenditure on domestic travel amounted to Kshs.262.40 million and comprised Kshs.185.46 million spent by the County Assembly and Kshs.76.93 million by the County Executive. Expenditure on foreign travel amounted to Kshs.69.39 million and comprised of Kshs.64.94 million by the County Assembly and Kshs.4.46 million by the County Executive.

3.13.10 Development Expenditure

The County incurred Kshs.615.95 million on development programmes, which represented a decrease of 69.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.2.02 billion. Table 3.77 summarises development projects with the highest expenditure in the reporting period.

Table 3.77: Kiambu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase and distribution of certified maize seeds	All wards	26,300,000	26,300,000	100
2	Construction of level 4 hospital at Githunguri Health centre	Githunguri	676,000,000	13,237,097	1.9
3	Delivery of HDPE pipes, fittings and other operation equipment's to Kikuyu Water and Sewerage Co. for Ondire Kamangu	Kikuyu	21,172,910	13,000,000	61.4
4	Construction of Gitaru Market	Kabete	12,083,302	12,083,302	100
5	Street lighting installation (1134 No)	All wards	161,024,000	9,532,176	5.9
6	Construction of level 4 hospital at Bibirioni	Limuru	285,999,354	9,243,580	3.2
7	Construction of Market Shed, an Office and Ablution Block	Rironi	12,700,000	9,200,511	72.4
8	Supply & delivery of 25 No. Skips/litter bins for use in Water, Environment & Natural Resources Department	Thika	7,411,975	7,411,975	100
9	Refurbishment Works at Thika Depot flats on Block B 9/109	Thika	25,816,780	6,298,648	24.4
10	Construction of amphitheatre and talent academy Kirigiti stadium	Riabai	17,450,922	6,000,000	34.4

Source: *Kiambu County Treasury*

3.13.11 Budget Performance by Department

Table 3.78 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.78: Kiambu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,408.02	90.0	783.15	-	783.15	-	100.0	-	55.6	-
County Executive	385.58	-	246.44	-	199.50	-	81.0	-	51.7	-
County Public Service Board	62.10	-	49.09	-	30.69	-	62.5	-	49.4	-
Finance, Economic Planning and ICT	1,885.27	278.73	1,112.20	73.73	817.65	73.73	73.5	100	43.4	26.5
Administration and Public Service & Communication	860.99	31.00	670.32	11.40	574.01	4.93	85.6	43.2	66.7	15.9
Agriculture, Livestock and Fisheries	463.16	816.03	364.14	84.96	213.45	114.10	58.6	134.3	46.1	14.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment and Natural Resources	371.52	293.00	255.57	64.90	217.92	49.94	85.3	77.0	58.7	17
Health Services	5,099.02	802.64	3,886.82	317.28	3,985.95	130.89	102.6	41.3	78.2	16.3
Education, Youth, Sport Culture and Social Services	1,119.68	145.19	678.74	18.25	499.14	16.64	73.5	91.2	44.6	11.5
Youth and Sports	148.45	327.54	103.91	57.15	66.10	7.47	63.6	13.1	44.5	2.3
Lands, Physical Planning and Housing	234.66	264.28	175.59	11.30	98.32	22.60	56.0	200	41.9	8.6
Trade, Tourism, Industry and Co-operative	142.00	386.10	116.67	51.32	65.26	49.29	55.9	96.1	46.0	12.8
Roads, Transport and Public Works	456.76	1,435.16	342.97	371.80	221.77	146.35	64.7	39.4	48.6	10.2
	12,637.21	4,869.66	8,785.59	1,062.07	7,772.9	615.95	88.5	58.0	61.5	12.6

Source: Kiambu County Treasury

Analysis of expenditure by the departments shows that the Department of Finance, Economic Planning and ICT recorded the highest absorption rate of the development budget at 26.5 per cent while the Department for Youth and Sports reported an absorption rate of 2.3 per cent of its development budget. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 78.2 per cent while the Department of Lands, Physical Planning and Housing had the lowest at 41.9 per cent.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 3.79 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.79: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly					
Legislation and Oversight services		785,986,944	471,380,710	314,606,234	59.97
	Legislation and Oversight services	785,986,944	471,380,710	314,606,234	59.97
Representation services		153,630,023	94,157,389	59,472,634	61.29
	Representation services	153,630,023	94,157,389	59,472,634	61.29
General Administration and support services		558,405,027	217,612,363	340,792,664	38.97
	General Administration and support services	558,405,027	217,612,363	340,792,664	38.97
	Sub-Total	1,498,021,994	783,150,461	714,871,533	52.28
County Executive					
General Administration and Support Services		326,967,488	183,717,991	143,249,497	56.19
	General Administration Planning and Support Services	326,967,488	183,717,991	143,249,497	56.19
Representation services		58,613,503	15,783,566	42,829,937	26.93
	Representation services	58,613,503	15,783,566	42,829,937	26.93
	Sub-Total	385,580,991	199,501,557	186,079,434	51.74
County Public Service Board					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Leadership and Admin of HR Management and Development in County Public Service		62,096,211	30,685,082	31,411,129	49.42
	Human Resource development and management services	62,096,211	30,685,082	31,411,129	49.42
	Sub-Total	62,096,211	30,685,082	31,411,129	49.42
Finance & Economic Planning & ICT					
Public Finance Management and Economic Policy and Strategy		2,164,003,233	891,376,717	1,272,626,516	41.19
	General Administration and support services	1,435,721,545	747,778,236	687,943,309	52.08
	financial management services	720,281,688	139,922,695	580,358,993	19.43
	Economic planning services	8,000,000	3,675,786	4,324,214	45.95
	Sub-Total	2,164,003,233	891,376,717	1,272,626,516	41.19
Administration & Public Service					
Admin & Co-ord of county affairs, HR Dev, Mngt, Capacity Building		19,121,529	5,740,918	13,380,611	30.02
	Human resource development and management	19,121,529	5,740,918	13,380,611	30.02
General Administration Planning and Support Services		872,866,812	573,202,191	299,664,621	65.67
	Economic Planning Coordination services	872,866,812	573,202,191	299,664,621	65.67
	Sub-Total	891,988,341	578,943,109	313,045,232	64.90
Agriculture, Livestock and Fisheries					
Crop, Livestock and Fisheries development and Management		1,279,189,749	327,544,814	951,644,935	25.61
	General administration and support services	453,162,497	210,759,643	242,402,854	46.51
	Livestock resource management and development	74,000,000	2,339,500	71,660,500	3.16
	Fisheries Development	9,000,000	0	9,000,000	-
	Crop production and management	743,027,252	114,445,671	628,581,581	15.40
	Sub-Total	1,279,189,749	327,544,814	951,644,935	25.61
Water, Environment & Natural Resources					
Water Resources Mngt, Environment Protection and Conservation		293,000,000	49,939,174	243,060,826	17.04
	Environmental & Solid Waste management	59,000,000	0	59,000,000	-
	Water Resource Management and Sanitation	224,000,000	48,219,174	175,780,826	21.53
	Natural Resources conservation and Management	5,000,000	1,720,000	3,280,000	34.40
	Renewable Energy and Climate Change	5,000,000	0	5,000,000	-
General Administration and Support Services		371,523,466	217,920,198	153,603,268	58.66

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	General Administration & Support Services	371,523,466	217,920,198	153,603,268	58.66
	Sub-Total	664,523,466	267,859,372	396,664,094	40.31
Health Services					
Health curative services		606,824,220	344,221,008	262,603,212	56.72
	Health curative services	606,824,220	344,221,008	262,603,212	56.72
General Administration and Support Services		4,240,282,316	3,562,548,866	677,733,450	84.02
	General Administration and Support Services	4,240,282,316	3,562,548,866	677,733,450	84.02
Community Health Services		453,407,612	64,641,437	388,766,175	14.26
	Community Health Services	453,407,612	64,641,437	388,766,175	14.26
County Hospital Infrastructure		449,142,334	70,887,071	378,255,263	15.78
	County Hospital Infrastructure	449,142,334	70,887,071	378,255,263	15.78
County Pharmaceutical Services		152,000,000	74,542,772	77,457,228	49.04
	Pharmaceutical and Non-Pharmaceutical supplies	152,000,000	74,542,772	77,457,228	49.04
	Sub-Total	5,901,656,482	4,116,841,154	1,784,815,328	69.76
Education, Culture & Social Services					
Pre-primary education Promotion of Culture; ICT and social Services		436,187,527	56,274,060	379,913,467	12.90
	Pre-primary education and youth polytechnics services	436,187,527	56,274,060	379,913,467	12.90
General Administration and support Services		822,681,747	457,353,047	365,328,700	55.59
	General Administration and support Services	822,681,747	457,353,047	365,328,700	55.59
Culture, Gender and Social services		6,000,000	2,156,500	3,843,500	35.94
	Culture, Gender and Social services	6,000,000	2,156,500	3,843,500	35.94
	Sub-Total	1,264,869,274	515,783,607	749,085,667	40.78
Youth & Sports					
Development and Management of Sports Facilities		185,538,853	7,474,712	178,064,141	4.03
	Development and Management of Sports Facilities	185,538,853	7,474,712	178,064,141	4.03
Youth Empowerment		142,000,000	0	142,000,000	-
	Youth Empowerment	142,000,000	0	142,000,000	-
Promotion and development of sports		148,445,280	66,085,091	82,360,189	44.52
	Promotion and development of sports	148,445,280	66,085,091	82,360,189	44.52
	Sub-Total	475,984,133	73,559,803	402,424,330	15.45
Lands, Physical Planning & Housing					
Land Management and Physical Planning; & Housing Development		476,752,477	112,993,922	363,758,555	23.70

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Land Management and Physical Planning	362,470,216	90,396,626	272,073,590	24.94
	Housing Development	114,282,261	22,597,296	91,684,965	19.77
Municipal Administration & Urban Development		22,189,438	7,923,630	14,265,808	35.71
	Municipal Administration and Urban Development	22,189,438	7,923,630	14,265,808	35.71
	Sub-Total	498,941,915	120,917,552	378,024,363	24.23
Trade, Tourism, Industry & Co-Operative					
Industrial, Investments, Tourism, Trade and Co-operative Development		528,100,912	114,559,221	413,541,691	21.69
	General Administration, Planning and Support Services	142,002,334	65,264,472	76,737,862	45.96
	Trade Administration, Development and Promotion	298,500,000	492,947,49	249,205,251	16.51
	Tourism promotion and marketing	16,500,000	0	16,500,000	-
	Co-operative Development and Management	41,000,000	0	41,000,000	-
	Industrialization	5,098,578	0	5,098,578	-
	Enterprise development	25,000,000	0	25,000,000	-
	Sub-Total	528,100,912	114,559,221	413,541,691	21.69
Roads, Transport & Public Works					
Administration, planning & support Services		456,755,348	221,767,317	234,988,031	48.55
	General Administration and Support services	456,755,348	221,767,317	234,988,031	48.55
Road Transport		1,435,155,033	146,350,904	1,288,804,129	10.20
	Construction of Roads and Bridges	1,435,155,033	146,350,904	1,288,804,129	10.20
	Sub-Total	1,891,910,381	368,118,221	1,523,792,160	19.46
	Grand-Total	17,506,867,082	8,388,840,670	9,118,026,412	47.92

Source: Kiambu County Treasury

The sub-programmes with high levels of implementation based on absorption rates were: General Administration and support services in the Department of Health Services at 84 per cent, General Administration and support services in the Department of Administration and Public Services at 65.7 per cent, Representation Services in the County Assembly at 61.3 per cent, and Water, Environment & Natural Resources at 58.7 per cent of budget allocation.

3.13.13 Key Observations and Recommendations

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

1. Violation of the fiscal responsibility principle on the minimum allocation towards development expenditure of 30 per cent based on Kshs.4.87 billion (27.8 per cent) and Kshs.12.64 billion (72.2 per cent) allocation for development and recurrent programmes respectively.
2. Low absorption of development funds as indicated by the expenditure of Kshs.615.95 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.78 billion. The development expenditure represented 12.6 per cent of the annual development budget against an expected absorption rate of 75 per cent in the first nine months of the financial year.

3. A high wage bill, which accounted for 45.8 per cent of the first nine months' proportional revenue of Kshs.13.13 billion thus above the legal threshold of 35 per cent and hence constraining funding to other programmes.
4. During the period, wage bill amounting to Kshs.864.22 million was paid through a manual payroll. The manual payroll carried 14.5 per cent of the total P.E costs. The manual payroll is prone to errors and may be misused to misappropriate public funds where there is a weak internal control system,
5. The underperformance of own-source revenue at Kshs.2.38 billion against an annual projection of Kshs. 4.29 billion, representing 55.5 per cent of the annual target. This amount represented an increase of 40.3 per cent compared to Kshs.1.70 billion realised during a similar period in the first nine months of FY 2020/21. The OSR target for FY 2021/22 may therefore be unrealistic and could lead to accumulation of pending bills.
6. A huge accumulation of pending bills amounting to Kshs.5.33 billion which accounts for 30.4 per cent of the FY 2021/22 approved budget.

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

1. *The County Treasury should ensure compliance to the fiscal responsibility principles on 70:30 per cent requirement as spelt in the PFM Act, 2012 Section 107(2)(b).*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of personal numbers for their staff.*
5. *The County should revise the OSR target to ensure it is realistic and achievable. Further, the County Treasury should strategies on expenditure control to ensure there is no further accumulation of pending bills as a result of the hidden budget deficit.*
6. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.14 County Government of Kilifi

3.14.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.15.76 billion, comprising Kshs.6.26 billion (39.7 per cent) and Kshs.9.5 billion (60.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.64 billion (73.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.925 million (5.9 per cent) from its own sources of revenue, and a cash balance of Kshs.370.69 million (2.4 per cent) from FY 2020/21. The County also expects to receive Kshs.2.82 billion (17.9 per cent) as conditional grants, which consists of Lease of medical equipment kshs.153.29 million (23.8 per cent), Transforming Health Systems (THS) Kshs.265.11 million(12.3 per cent), National Agricultural and Rural Inclusive Growth Project (NARIGP)Kshs.198.4 million(9.2 per cent), DANIDA Kshs.29.7 million(1.4 per cent), Water & Sanitation Development Programme (WSDP)Kshs.1.15 billion (53.5 per cent), Kenya Devolution Support Programme (KDSP) Level II Grant Kshs.146.94 million (6.8 per cent), Agricultural Sector Development Support Programme (ASDSP) II Kshs.14.98 million (0.7 per cent), Kenya Urban Support Programme (KUSP)-Urban Institutional Grant Kshs.86.39 million (4 per cent), Kenya Informal Settlement and Improvement Project (KISIP) Kshs.200 million (9.3 per cent).

3.14.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.6.24 billion as the equitable share of the revenue raised nationally, raised Kshs.433.39 million as own-source revenue, Kshs.473.64 million as conditional grants, and had a cash balance of Kshs.433.39 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.7.96 billion, as shown in Table 3.80.

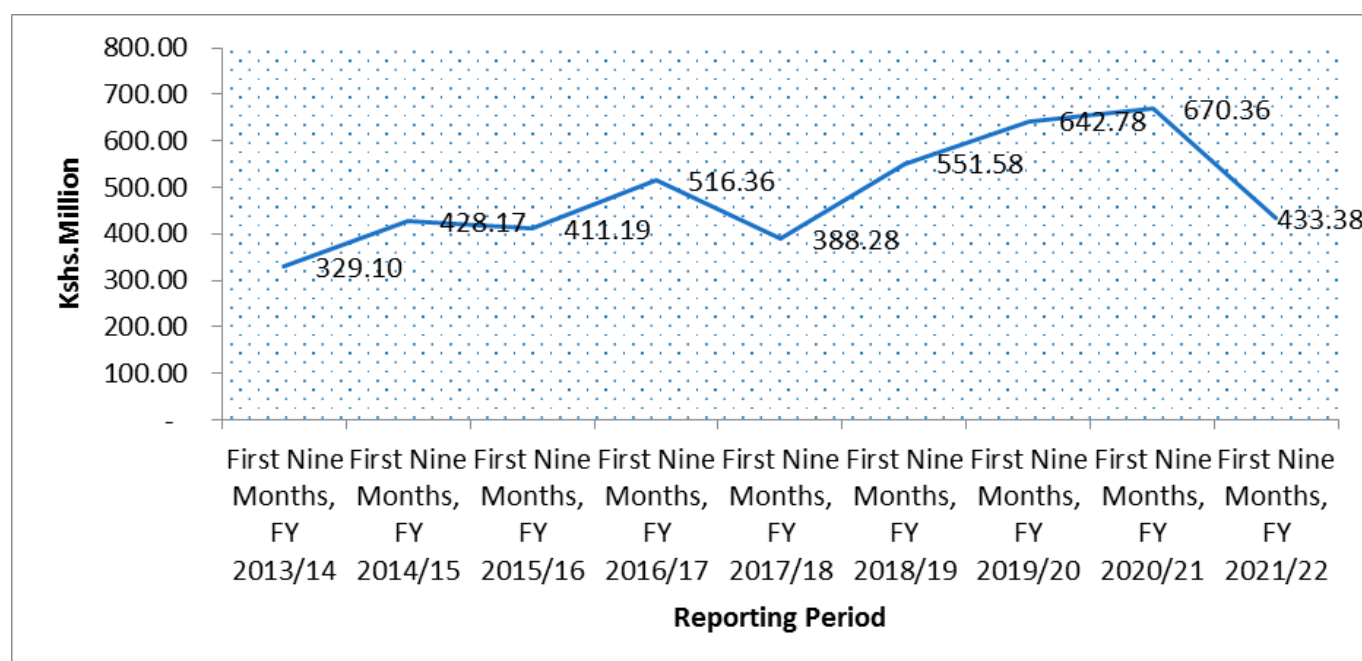
Table 3.80: Kilifi County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	6,246,414,751	53.7
Sub Total		11,641,592,941	6,246,414,751	53.7
B	Other Sources of Revenue			
1.	Own Source Revenue	925,000,000	433,394,023	46.9
2.	Conditional Grants	2,821,792,930	473,642,109	16.8
3.	Balance b/f from FY2020/21	370,687,591	370,687,591	100
Sub Total		4,117,480,521	1,277,723,723	31
Grand Total		15,759,073,462	7,524,138,474	47.7

Source: Kilifi County Treasury

Figure 3.27. shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.27: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kilifi County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.433.38 million as own-source revenue, which was 46.9 per cent of the annual target. This amount represented a decrease of 54.7 per cent compared to Kshs.670.36 million realised during a similar period in FY 2020/21.

3.14.3 Exchequer Issues

The Controller of Budget approved Kshs.7.67 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.45 billion (18.9 per cent) for development programmes and Kshs.6.2 billion (81.1 per cent) for recurrent programmes, as shown in Table 3.84 .

3.14.4 Overall Expenditure Review

The County spent Kshs.7.29 billion on development and recurrent programmes during the reporting period. This expenditure represented 46.3 per cent of the total funds released by the CoB and comprised Kshs.1.07 billion and Kshs.6.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.2 per cent, while recurrent expenditure represented 65.5 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.98 billion and comprised of Kshs.1.19 billion for recurrent expenditure and Kshs.795.37 million for development expenditure. During the period under review, pending bills amounting to Kshs.714.79 million were settled, consisting of Kshs.458.69 million for recurrent expenditure and Kshs.153.97 million for development programmes. Outstanding pending bills amounted to Kshs.1.37 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.598.48 million.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.3 billion was spent on employee compensation, Kshs.2.93 billion on operations and maintenance, and Kshs.1.07 billion on development activities, as shown in Table 3.81.

Table 3.81: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,496,721,117	901,500,000	5,646,234,515	576,786,416	59.5	64.0
Compensation to Employees	4,464,401,906	447,011,606	2,962,084,241	335,016,459	66.3	74.9
Operations and Maintenance	5,032,319,211	454,488,394	2,684,150,274	241,769,957	53.3	53.2
Development Expenditure	6,262,352,345	98,500,000	1,071,502,860	2,500,000	17.1	2.5
Total	15,759,073,462	1,000,000,000	6,717,737,375	579,286,416	42.6	57.9

Source: Kilifi County Treasury

3.14.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 27.9 per cent of the first nine months proportional revenue of Kshs.11.82 billion.

Personnel emoluments amounting to Kshs.3.97 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.290 million. The manual payroll amounted to 7.3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.3 billion includes Kshs.1.98 billion attributable to the health sector, which translates to 60 per cent of the total wage bill in the reporting period.

3.14.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.884.4 million to county established funds in FY 2021/22, which constituted 5.6 per cent of the County's overall budget for the year. Table 3.82 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.82: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Scholarship Fund	350,000,000	262,500,000	Yes
2.	Mbegu Fund	116,000,000	0	Yes
3.	Emergency Fund	150,000,000	75,000,000	Yes
4.	Assembly Car & Mortgage Fund	105,900,000	40,000,000	Yes
5.	NHIF Fund	162,517,034	320,791,818	Yes
	Total	884,417,034	698,291,818	

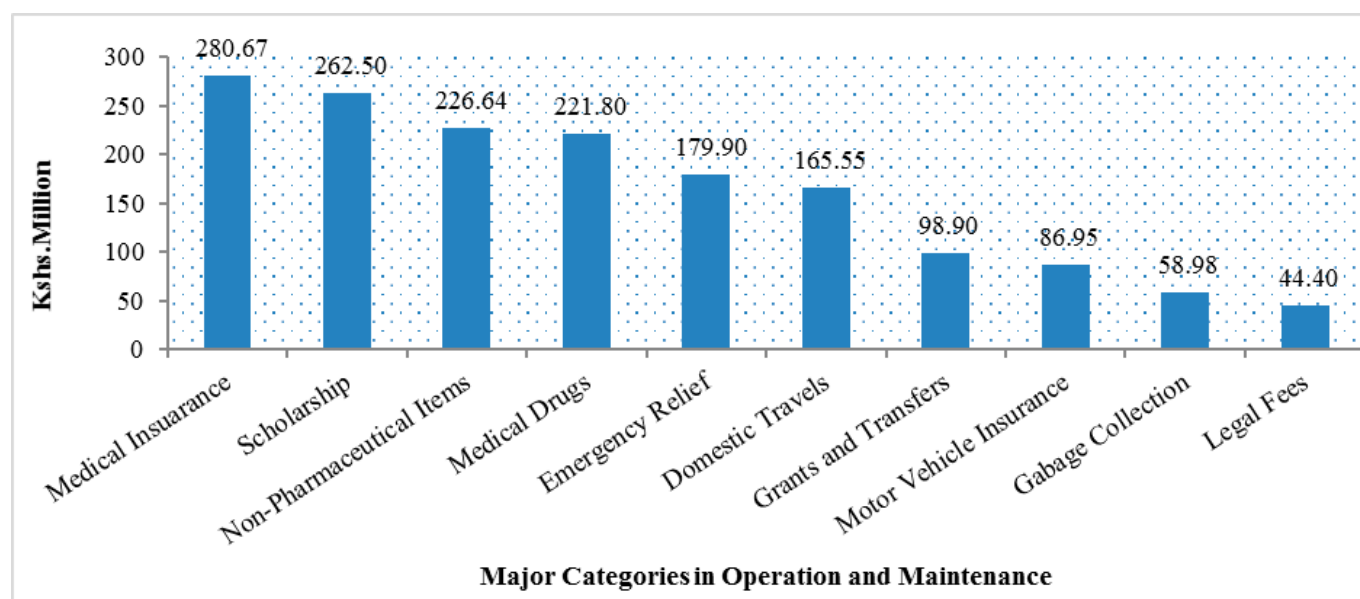
Source: Kilifi County Treasury

The OCoB received quarterly financial returns from administrators of all funds, as indicated in Table 3.82. The report for the NHIF Fund showed an expenditure of Kshs.320.79 million against a budget of Kshs.162.51 million, which is irregular and should be corrected before the closure of the financial year. The County Treasury should clarify the source of additional funding to the NHIF Fund.

3.14.9 Expenditure on Operations and Maintenance

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

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



Source: Kilifi County Treasury

The County spent Kshs.39.6 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.72.9 million. The average monthly sitting allowance was Kshs.80,001 per MCA. The County Assembly has established 23 committees.

During the period, expenditure on domestic travel amounted to Kshs.165.55 million and comprised of Kshs.82.31 million spent by the County Assembly and Kshs.83.23 million by the County Executive.

3.14.10 Development Expenditure

The County incurred Kshs.1.07 billion on development programmes, which represented an increase of 35.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.695.19 million. Table 3.83 summarises development projects with the highest expenditure in the reporting period.

Table 3.83: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Loans & Grants	Finance	Kilifi	341,150,158	341,151,356	100
2	Kilifi County Health Complex (phase II)	Health	Kilifi	175,000,000	118,781,920	67.9
3	KSDP	Finance	Kilifi	102,491,953	102,491,953	100
4	equipment of health complex	Health	Kilifi	100,000,000	45,642,324	45.6
5	Non-Residential Buildings (offices, schools, hospitals, etc.)	Education	All wards	52,911,600	42,807,146	80.9
6	Upgrading of Adu health facility	Health	Adu	115,435,001	29,892,976	25.9
7	Construction of 2 No. wards at Marafa health centre	Health	Marafa	85,197,877	29,249,920	34.3
8	Construction of Pavement & toilet at Gongoni market	Trade	Gongoni	23,600,000	23,600,000	100
9	Acquisition of Other Intangible	Lands	Kilifi	107,580,118	16,805,756	15.6
10	Completion of generator and transformer house at KCH	Health	Kilifi	16,698,980	16,698,980	100

Source: Kilifi County Treasury

3.14.11 Budget Performance by Department

Table 3.84 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.84: Kilifi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	902	99	577	3	577	3	100.0	100	64	2.5
Office of the Governor	263		196		232		118.4	-	88.2	-
County Attorney	133		24		74		304.9	-	55.8	-
Finance	418	498	142	444	126	384	88.9	86.6	30.2	77.2
Economic Planning	88		10		34		349.5	-	39	-
Agriculture	97	363	56	19	46	21	81.7	108.1	47.4	5.8
Livestock	23	34	3	2	8	7	287.6	370.1	35.4	21.6
Fisheries	23	54	6	-	10		179.2	-	44.5	-
Water and Sanitation	10	1,854	9	121	5	4	56.3	3.5	50.3	0.2
Environment & Natural Resources	156	4	135		122		90.2	-	78.1	-
Education (Sports & Youth Affairs)	438	152	308	53	305	45	99.1	85.7	69.7	29.6
ICT	24		-		10		0.0	-	39.2	-
Medical Services	1,054	1,002	738	392	569	320	77.1	81.5	54	31.9
Public Health	194	22	-	-	30		-	-	15.7	-
Roads & Public Works	262	1,313	177	327	220	203	124.0	62.1	83.8	15.5
Lands and energy	385	536	194	13	151	17	77.9	126.4	39.2	3.1
Physical Planning & Urban Development	22	59	8	10	7	10	87.6	100	34	16.6
Gender, Culture & Social Services	103	55	22	8	27	8	120.7	109.3	26.3	15.1
Trade And Tourism	83	202	26	62	21	48	80.6	78.3	24.9	24
Cooperatives Development	14		-		4		-	-	29.3	-
Public Service Board	44		22		3		14.9	-	7.3	-
Devolution & Disaster Service	260	17	167		229	3	136.7	-	88.1	19.0
Public Service Management	4,501		3,401		3,412		100.3	-	75.8	-
TOTAL	9,497	6,262	6,221	1,453	6,223	1,074	100.0	73.9	65.5	17.2

Source: Kilifi County Treasury

Analysis of expenditure by the departments shows that the Department of Finance recorded the highest absorption rate of the development budget at 77.2 per cent, followed by the Department of Medical Services at 31.9 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 88.2 per cent, while the Public Service Board had the lowest at 7.3 per cent.

3.14.12 Budget Execution by Programmes and Sub-Programmes

Table 3.85 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.85: Kilifi County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
County Assembly	Legislation	482,874,928	240,115,996	242,758,932	50	
	Oversight	29,050,000	9,787,500	19,262,500	34	
	Administration	389,575,072	326,882,921	62,692,151	84	
	Development	98,500,000	2,500,000	96,000,000	3	
	Sub Totals	1,000,000,000	579,286,416	420,713,584	58	
Office of the Governor	Intergovernmental relations	33,525,500	27,756,618	5,701,882	83	
	Administration, planning and support services	229,944,595	204,674,597	25,269,998	89	
	Sub Totals	263,470,095	232,431,215	30,971,880	88	
County Attorney	Administration Planning And Support Services	133,152,099	74,346,805	49,790,663	56	
	Sub Totals	133,152,099	74,346,805	49,790,663	56	
Finance	Administration, Planning and Support Services	271,203,190	110,279,780	160,923,410	41	
	Budget Formulation, Coordination and Management	58,241,972	10,808,305	47,433,667	19	
	Audit Services	15,926,085	1,026,855	14,899,230	6	
	Accounting Services	8,950,000	2,005,477	6,944,523	22	
	Supply Chain Management Services	9,744,000	1,068,415	8,675,585	11	
	Resource Mobilisation/Debt Management	53,778,520	856,636	52,921,884	2	
	Development	497,590,268	384,210,299	113,379,969	77	
	Sub Totals	915,434,035	510,255,766	405,178,268	56	
Economic Planning	County Fiscal Planning	49,130,000	13,861,728	35,268,272	28	
	Statistical Information Services/Monitoring	39,075,246	20,531,365	18,543,881	53	
	Sub Totals	88,205,246	34,393,093	53,812,153	39	
Agriculture	General Administration, Planning and Support Services	53,219,845	16,923,279	36,296,566	32	
	Crop Production and Management	35,314,140	17,609,313	17,704,827	50	
	Agribusiness and Information Management	347,619,443	14,242,080	333,694,883	4	
	Irrigation and Drainage Infrastructure	23,209,701	17,989,146	5,220,556	78	
	Sustainable soil and Water management	317,520	3,084,000	(2,766,480)	971	
	Sub Totals	459,680,649	69,847,817	390,150,352	15	
Livestock	Administration, Planning and Support services	15,742,695	5,175,722	10,566,973	33	
	Livestock Policy and Capacity Development	1,358,800	1,210,980	147,820	89	
	Livestock Production and Management	8,598,000	1,329,265	7,268,735	15	
	Livestock Value Addition and Marketing	20,989,305	6,066,662	14,922,643	29	
	Food Safety and Animal Products Development	7,783,579	1,087,465	6,696,114	14	
	Livestock Disease Management and Control	3,074,000	763,995	2,310,005	25	
	Sub Totals	57,546,378	15,634,089	41,912,290	27	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Fisheries	Fisheries Policy and Capacity Development	11,103,132	4,296,053	6,807,079	39	
	Sustainable Fisheries Production and Management	5,470,184	4,583,149	887,035	84	
	Assurance of Fish Safety, Value Addition and Marketing	56,999,496	1,288,321	55,711,176	2	
	Marine Fisheries Production & blue economy	3,000,000	-	3,000,000	0	
	Sub Totals	76,572,811	10,167,522	66,405,289	13	
Water & Sanitation	General Administration, Planning and Support Services	9,867,348	4,966,255	4,901,093	50	
	Water Supply Infrastructure	1,853,627,683	4,250,000	1,712,544,783	0	
	Sub Totals	1,863,495,031	9,216,255	1,717,445,876	0	
Environment	County Environment Management	153,678,466	119,830,118	33,848,349	78	
	Development	4,250,000			0	
	Forest conservation and management	2,720,000	2,317,175	402,825	85	
	Sub Totals	160,648,466	122,147,293	34,251,174	76	
Education	General administration, planning and support services	78,846,659	40,127,716	38,718,943	51	
	Early Childhood development education	132,553,287	45,345,246	87,208,041	34	
	Education support services	350,000,000	262,500,000	87,500,000	75	
	Education and training	28,378,400	2,228,227	26,150,173	8	
	Sub Totals	589,778,346	350,201,188	239,577,158	59	
ICT	Information Communication Technology	24,375,371	9,558,500	14,816,872	39	
	Sub Totals	24,375,371	9,558,500	14,816,872	39	
Health	Rehabilitative Services(Mental Health, Orthopaedic,Physio and Occupational therapy)	1,150,000	465,400	684,600	40	
	General & specialised medical & surgical services	711,497,112	454,632,766	256,864,346	64	
	Diagnostic services	33,094,124	23,324,552	9,769,572	70	
	County Referral Services Total	300,000	67,700	232,300	23	
	Health Policy & Financing	51,600,000	842,520	50,757,480	2	
	Administration for Health	1,251,409,859	408,004,403	843,405,456	33	
	Research, Standards & Quality Assurance	200,000	-	200,000	0	
	Health Information Monitoring & Evaluation	1,800,000	323,800	1,476,200	18	
	Family planning services	600,000	596,444	3,556	99	
	Reproductive Maternal Neonatal Child Adolescent Health	2,700,000	331,440	2,368,560	12	
	Immunization	1,000,000	-	1,000,000	0	
	Sub Totals	2,055,351,095	888,589,025	1,166,762,070	43	
Public Health	Communicable Disease Control	215,264,431	30,357,900	184,906,531	14	
	Sub Totals	215,264,431	30,357,900	184,906,531	14	
Roads & Public Works	General administration, planning and support services	262,092,125	219,629,275		84	
	Road Transport	1,312,714,586	203,191,661		15	
	Sub Totals	1,574,806,711	422,820,936	-	27	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Lands	General Administration	385,116,496	150,843,497		39	
	Development	536,448,739	16,805,756		3	
	Sub Totals	921,565,235	167,649,253		18	
Physical Planning & Urban Development	General Administration	21,723,015	7,390,566		34	
	Development	58,986,097	9,808,956		17	
	Sub Totals	80,709,112	17,199,522		21	
Gender, Culture & Social Services	General Administration	103,005,712	27,041,622		26	
	Development	55,032,734	8,285,280		15	
	Sub Totals	158,038,446	35,326,902		22	
Trade and Tourism	General Administration	83,174,584	20,742,576	10,299,778	25	
	Development	201,959,404	48,387,880	52,591,822	24	
	Co-operatives	14,091,348	4,130,225	2,915,449	29	
	Sub Totals	299,225,336	73,260,681	65,807,049	24	
Public Service Board	General Administration	44,348,832	3,227,621		7	
	Sub Totals	44,348,832	3,227,621		7	
Devolution & Disaster Service	General Administration	259,741,810	228,777,297		88	
	Development	17,000,000	3,232,161		19	
	Sub Totals	276,741,810	232,009,458		84	
Public Service management	General Administration	4,500,663,929	3,412,180,533		76	
	Sub Totals	4,500,663,929	3,412,180,533		76	
Grand Total		15,759,073,464	7,334,500,885	4,936,313,358	46.5	

Source: Kilifi County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Sustainable soil and water management in the Department of Agriculture at 971 per cent, Family planning exercise in the Department of Health at 99 per cent, Livestock Policy in the Department of Livestock at 89 per cent, and Administration planning at 89 per cent Office of the Governor of budget allocation.

3.14.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 25th April 2022, which was late considering it was expected on 15th April 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.07 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.6.26 billion. The development expenditure represented 17.2 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.433.38 million against an annual projection of Kshs.925 million, representing 46.9 per cent of the annual target.
4. Weak budgeting practice by the County Treasury as shown in Table 3.84, where the County incurred expenditure above approved exchequer issues. Further, it was noted that the NHIF Fund had an expenditure of Kshs.320.79 million against a budget of Kshs.162.51 million, which is irregular, and the source of additional funding should be clarified.
5. High level of pending bills which amounted to Kshs.1.37 billion as of 31st March 2022.
6. Manual Payroll. Personnel emoluments amounting to Kshs.290 million were processed through the manual payroll and accounted for 7.3 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.5.19 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.485 million (4.9 per cent) from its own sources of revenue, and a cash balance of Kshs.1.08 billion (31.8 per cent) from FY 2020/21. The County also expects to receive Kshs.573.64 million (7.4 per cent) as conditional grants. The grants consist of; Kshs.344.61 million as IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP), Kshs.146.61 million as IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.47.49 million as Transforming Health Systems for Universal care Project (WB), Kshs.22.52 million as Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.9.39 million as DANIDA Grant. The County has also budgeted for Other Revenues Kshs.364.73 millions as Delayed Exchequer (FY 2021/2022 Estimated Delayed Exchequer).

3.15.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.46 billion as the equitable share of the revenue raised nationally, raised Kshs.273.95 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.1.85 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.82 billion, as shown in Table 3.86.

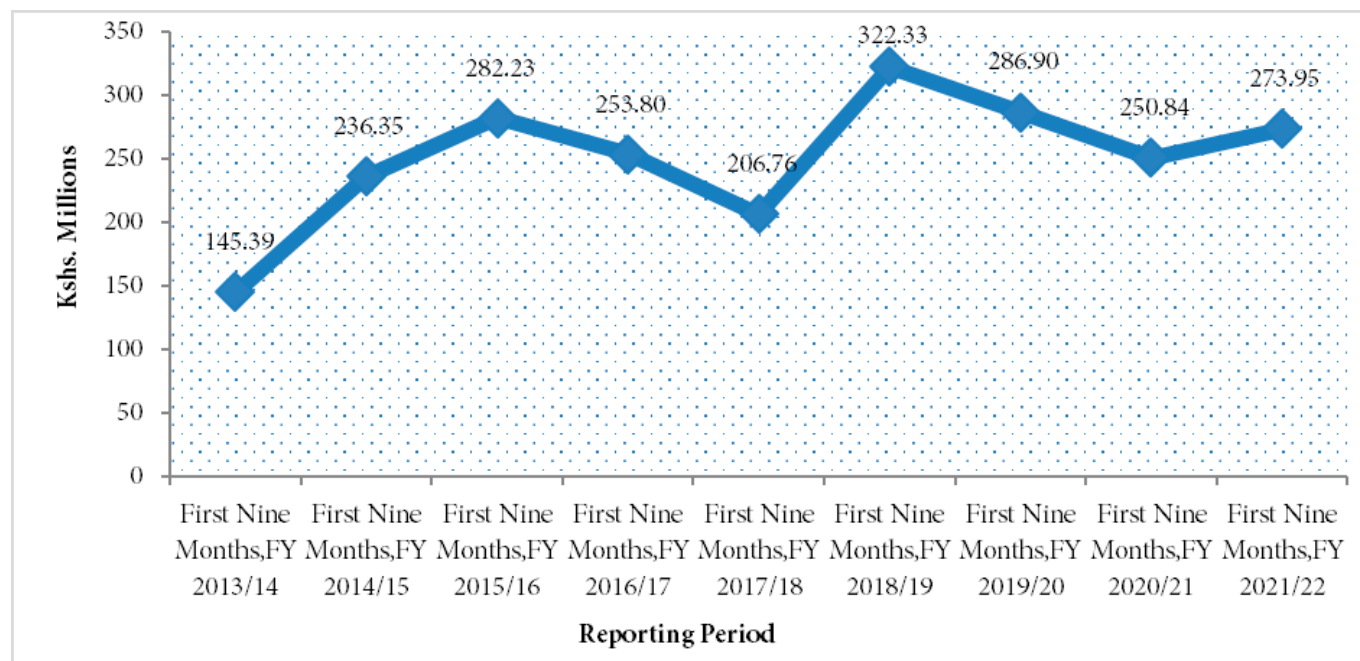
Table 3.86: Kirinyaga County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	3,455,458,338	66.5
Sub Total		5,196,177,952	3,455,458,338	66.5
D	Other Sources of Revenue			
1.	Own Source Revenue	485,000,000	273,954,260	56.5
2.	Conditional Grants	573,638,600	2,500,000	0.4
3.	Balance B/F from FY2020/21	1,085,780,955	1,085,780,955	100
5	Other Revenues	364,734,600	-	-
Sub Total		2,509,154,155	1,362,235,215	54.3
Grand Total		7,705,332,107	4,817,693,553	62.5

Source: Kirinyaga County Treasury

Settlement of Pending Bills shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.29: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kirinyaga County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.273.95 million as own-source revenue, which was 56.5 per cent of the annual target. This amount represented a decrease of 11.0 per cent compared to Kshs.307.74 million realised during a similar period in FY 2020/21.

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

3.15.3 Exchequer Issues

The Controller of Budget approved Kshs.4.17 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.972.15 million (23.3 per cent) for development programmes and Kshs.3.2 billion (76.7 per cent) for recurrent programmes, as shown in Table 3.90

3.15.4 Overall Expenditure Review

The County spent Kshs.4.08 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.8 per cent of the total funds released by the CoB and comprised Kshs.879.20 million and Kshs.3.20 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.7 per cent, while recurrent expenditure represented 70.6 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.402.12 million and comprised of Kshs. 231.38 million for recurrent expenditure and Kshs. 170.75 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.51.47 million were settled, consisting of Kshs.17.85 million for recurrent expenditure and Kshs.33.62 million for development programmes. Outstanding pending bills amounted to Kshs.350.65 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 was Kshs.979,564,861 million, out of which the County has settled bills amounting to Kshs.51.47 million, leaving a balance of Kshs.928.09 million as at 31st March 2022.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.02 billion was spent on employee compensation, Kshs.1.18 billion on operations and maintenance, and Kshs.879.20 million on development activities, as shown in Table 3.87.

Table 3.87: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,893,665,788	637,393,333	2,742,668,908	458,260,400	70	72
Compensation to Employees	2,369,844,138	318,163,728	1,805,616,090	214,302,187	76	67
Operations and Maintenance	1,523,821,650	319,229,605	937,052,818	243,958,212	61	76
Development Expenditure	2,804,704,761	369,568,225	656,479,510	222,722,643	23	60
Total	6,698,370,549	1,006,961,558	3,399,148,418	680,983,042	51	68

Source: Kirinyaga County Treasury

3.15.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.0 per cent of the first nine months proportional revenue of Kshs.5.78 billion.

Personnel emoluments amounting to Kshs.1.88 billion were processed through the IPPD system, while Kshs.141.77 million was paid through a manual payroll. The manual payroll amounted to 7.0 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.02 billion includes Kshs.1.05 billion attributable to the health sector, which translates to 52.0 per cent of the total wage bill in the reporting period.

3.15.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.168.23 million to county established funds in FY 2021/22, which constituted 2.2 per cent of the County's overall budget for the year. Table 3.88 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.88: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	County Bursary Fund	125,600,000	0	-	0	-	
2.	Executive Car Loan and Mortgage Fund	31,300,000	0	39,674,528	0	Yes	
3.	County Emergency Fund	8,000,000	0	2,055,868	0	Yes	
4.	County Assembly Staff Car Loans and Mortgage Fund	0	3,327,408	0	4,100,675	Yes	
Total		164,900,000	3,327,408	41,730,396	4,100,675		

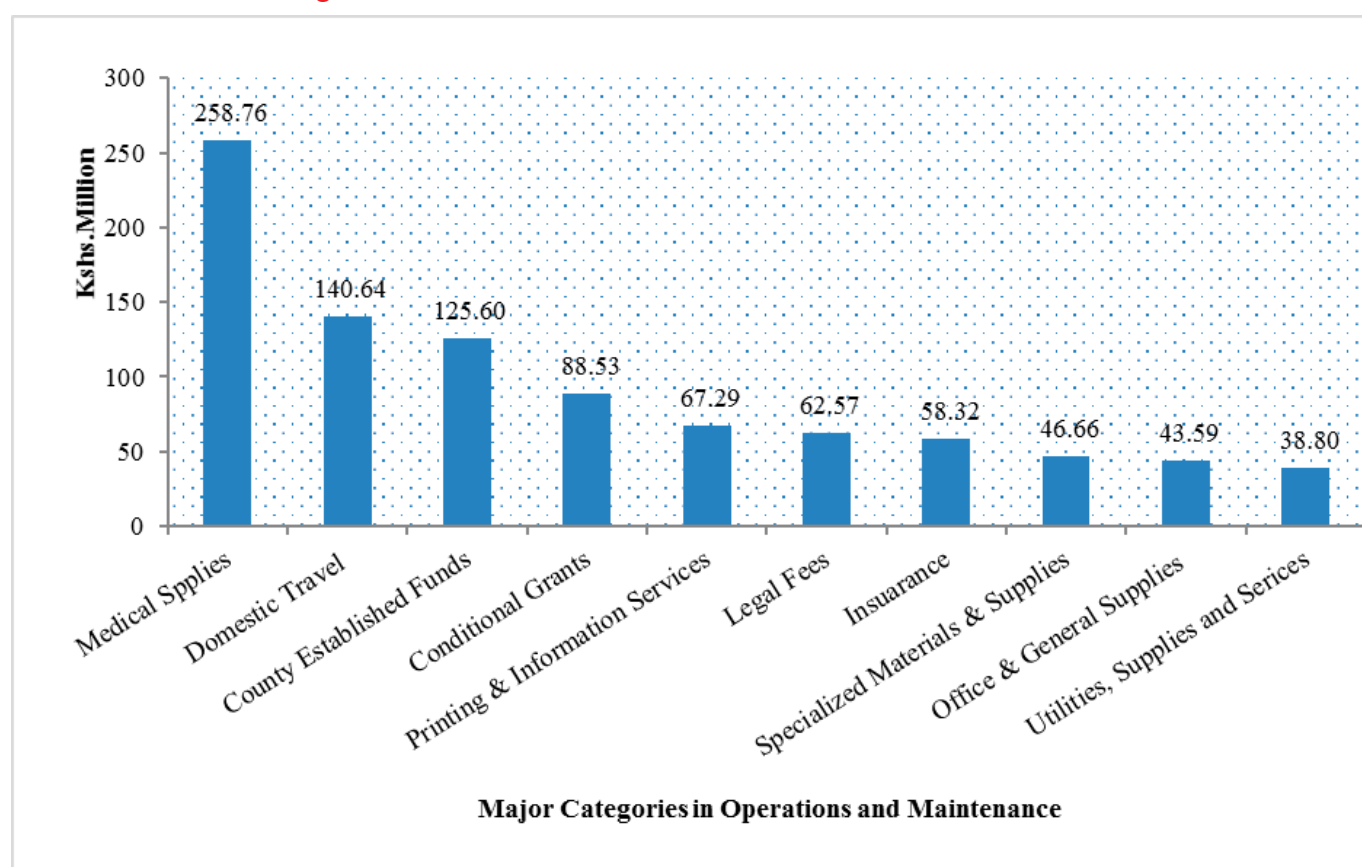
Source: Kirinyaga County Treasury

The OCoB receive the financial statements of the County Bursary Fund, as indicated in shown Table 3.88: County Established Fund performance as of 31st March 2022.

3.15.9 Expenditure on Operations and Maintenance

Figure 3.30 shows a summary of operations and maintenance expenditure by major categories.

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



Source: Kirinyaga County Treasury

The County spent Kshs.24.91 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.61.85 million. The average monthly sitting allowance was Kshs. 81,419.61 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 27 committees.

During the period, expenditure on domestic travel amounted to Kshs.140.64 million and comprised Kshs.92.77 million spent by the County Assembly and Kshs.47.84 million by the County Executive. Spending on foreign travel amounted to Kshs.31.61 million and consisted of Kshs.28 million by the County Assembly and Kshs.3.61 million by the County Executive.

3.15.10 Development Expenditure

The County incurred Kshs.879.20 million on development programmes, which represented an increase of 56.2 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 562.78 million. Table 3.89 summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of the Complex	Kerugoya	415,346,032	171,206,496	41.2
2	Construction and equipping of Ward Offices, Drilling & Equipping of Boreholes in Various Wards	All Wards	167,799,880	150,364,789	89.6
3	IDA-(World Bank) Kenya Devolution Support Programme Grant (KDSP) Level 2 Grant (Purchase & Installation of ICU and HDU equipment for the Newly constructed hospital complex)	Kerugoya	146,608,512	146,608,512	100.0
4	Drilling & Equipping of Boreholes in Various Wards Offices	All Wards	116,500,000	67,594,148	58.0
5	Wezesha Kirinyaga Initiative(Implementation after County Assembly approval)	All Wards	70,000,000	56,684,211	81.0
6	Upgrading of Kianyaga level 4 Hospital	Baragwi	140,000,000	28,503,596	20.4
7	Upgrading of Kimbimbi level 4 Hospital	Nyangati	140,000,000	25,392,005	18.1
8	Fuel for County Trucks and Machinery	All Wards	14,000,000	13,999,985	100.0
9	Kimandi-Kamondo Access Roads	Kerugoya	12,500,000	12,487,500	99.9
10	Construction of Gachuria Moyo Bridge phase 3	Tebere	12,047,464	12,047,464	100.0

Source: Kirinyaga County Treasury

3.15.11 Budget Performance by Department

Table 3.90: summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.90: Kirinyaga County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	459.74	143.63	321.55	36.61	320.47	15.75	99.7	43	69.7	11
Finance and Economic Planning	599.77	2.08	316.69	0.00	317.77	0.00	100.3	-	53	-
Medical Services and Public Health	1962.28	958.75	1444.30	401.80	1444.30	379.09	100.0	94.3	73.6	39.5
Education	299.81	22.01	283.27	2.00	283.27	2.00	100.0	100	94.5	9.1
Agriculture, Livestock and Fisheries	251.71	795.88	137.39	61.11	137.39	61.11	100.0	100	54.6	7.7
Gender and Youth	46.17	5.00	29.82	0.00	29.82	0.00	100.0	-	64.6	-
Sports Culture and Social Services	22.71	19.94	14.10	0.39	14.10	0.39	100.0	100	62.1	1.9
Cooperative Development Trade and Tourism	42.84	19.47	22.58	0.00	22.58	0.00	100.0	-	52.7	-
Environment and Natural Resources	102.59	126.68	85.61	3.92	85.61	3.92	100.0	100	83.5	3.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning and Housing	28.97	99.19	22.06	1.50	22.06	1.50	100.0	100	76.2	1.5
Transport and Infrastructure	77.08	612.08	65.30	242.10	65.30	192.72	100.0	79.6	84.7	31.5
County Assembly	637.39	369.57	458.26	222.72	458.26	222.72	100.0	100	71.9	60.3
TOTAL	4,531	3,174	3,201	972	3,201	879	100.0	90.4	70.6	27.7

Source: Kirinyaga County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 60.3 per cent, while the Department of Finance and Economic Planning, Gender and Youth and Cooperative Development Trade and Tourism did not report any expenditure on development activities. The Department of Education had the highest percentage of recurrent expenditure to budget at 94.5 per cent, while the Department of Cooperative Development Trade and Tourism had the lowest at 52.7 per cent.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.91: summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.91: Kirinyaga County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislation and Oversight	Legislation and Oversight	1,006,961,558	680,983,042	325,978,516	67.6
Sub Total		1,006,961,558	680,983,042	325,978,516	67.6
Office of the Governor and Deputy Governor	070601 County Executive Services	303,048,284	199,064,845.63	103,983,438	65.7
County Executive Administration	070701 County Executive Services	143,630,336	15,750,341.75	127,879,994	11.0
Management of County Affairs	070801 Coordination of County Functions	121,452,000	102,377,330.00	19,074,670	84.3
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	3,181,000.00	3,019,000	51.3
County Public Service Board	071001 Human Resource Management	12,906,040	6,598,896.00	6,307,144	51.1
Administrative Support Services	020202 ICT Governance	3,480,000	1,994,800.00	1,485,200	57.3
	020701 Government Buildings Services	2,567,000	774,945.00	1,792,055	30.2
	070411 Audit Committee	1,919,000	1,436,800.00	482,200	74.9
	070412 County Enforcement Activities	4,185,000	1,930,500.00	2,254,500	46.1
	070413 ICT Infrastructure Development Management	2,458,800	2,418,000.00	40,800	98.3
	070414 ICT Systems Development Management	1,522,000	691,200.00	830,800	45.4
Sub Total		603,368,460	336,218,658	267,149,802	55.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Finance Management	070401 Finance Services	560,294,675	279,451,322.36	280,843,353	49.9
	070402 Revenue Services	16,800,000	14,622,265.15	2,177,735	87.0
	070404 Procurement and Supply Services	6,446,500	6,441,500.00	5,000	99.9
	070405 Internal Audit Services	1,318,200	1,018,600.00	299,600	77.3
	070408 Budget Formulation, Coordination and Management	7,914,520	7,750,120.00	164,400	97.9
	070409 Accounting Services	5,477,500	5,278,260.00	199,240	96.4
County Planning and Economic Policy Management	070501 Economic Planning Services	3,599,000	3,203,800.00	395,200	89.0
Sub Total		601,850,395.00	317,765,867.51	284,084,527	52.8
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,921,022,278	1,823,389,119.06	1,097,633,159	62.4
Sub Total		2,921,022,278	1,823,389,119	1,097,633,159	62.4
Basic Education	050101 General Administration	264,796,229	255,638,150.20	9,158,079	96.5
	050102 Free Pre- Primary Education	19,840,000	2,584,803.00	17,255,197	13.0
State Education Function Support	050203 Tertiary Education	0	0	0	0.0
Technical and Vocational Training	050301 Village Polytechnique	37,186,304	27,039,594.00	10,146,710	72.7
Sub Total		321,822,533	285,262,547	36,559,986	88.6
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	104,910.00	200,090	34.4
	010105 Livestock Production Management	2,480,000	2,014,528.00	465,472	81.2
	010106 Livestock Disease Management & Control	1,200,000	320,000.00	880,000	26.7
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	1,335,328.00	164,672	89.0
	010203 Agribusiness and Market Development	320,000	85,000.00	235,000	26.6
	010206 Land and Crop Development	1,331,000	440,156.00	890,844	33.1
	010207 Food Security Initiatives	400,000	399,300.00	700	99.8
Kamweti Agricultural Training Centre	Extension and Training			-	0.0
Fisheries Development	010402 Aquaculture Development	200,000	-	200,000	0.0
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	2,543,000	-	2,543,000	0.0
	011001 General Administration and Planning	1,037,317,762	193,800,129.56	843,517,632	18.7
Sub Total		1,047,596,762	198,499,352	849,097,410	18.9
Culture	090702 Social Welfare Services	10,687,000	2,427,800.00	8,259,200	22.7
	091201 Gender Administration Services	30,821,210	24,848,959.25	5,972,251	80.6
	091301 Gender and Social Development	8,990,000	2,089,555.00	6,900,445	23.2
Youth	090901 Youth Development and Empowerment Services	670,000	453,395.00	216,605	67.7
Sub Total		51,168,210	29,819,709	21,348,501	58.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sports	090701 General Administration	12,221,217	7,946,041.65	4,275,175	65.0
	090801 Development of Sports and Sports Facilities	19,937,353	385,338.52	19,552,014	1.9
	091401 Management & Development of Sports and Sports Facilities	2,925,000	2,194,435.00	730,565	75.0
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	1,549,000.00	-	100.0
	091701 Preservation & Promotion of Heritage and Culture	248,800	209,400.00	39,400	84.2
Children Services	091101 Child Community Support Services	5,764,000	2,205,265.00	3,558,735	38.3
Sub Total		42,645,370	14,489,480	28,155,890	34.0
Trade Development and Investment	030401 General Administration and Planning	37,773,441	20,795,745.80	16,977,695	55.1
	030103 Capacity Building for Traders and SME's	1,527,000	96,803.00	1,430,197	6.3
	030104 promotion, Development & Growth of Trade	354,000	315,800.00	38,200	89.2
	030105 Fair Trade Practises and Consumer Protection	205,000	150,000.00	55,000	73.2
Tourism Development and Marketing	030302 Tourism promotion and Marketing	195,500	150,000.00	45,500	76.7
	030304 International Tourism Promotion and Marketing	310,000	214,100.00	95,900	69.1
	030305 Promotion of Industrial Development	1,268,500	21,000.00	1,247,500	1.7
	030306 Provision of Industrial Training	140,000	-	140,000	0.0
Cooperative Development and Marketing	030101 General Administration & Planning	19,471,788	-	19,471,788	0.0
	030405 Cooperative Advisory and Extension Services	295,000	284,200.00	10,800	96.3
	030406 Cooperative Education and Training	542,000	351,300.00	190,700	64.8
	030407 Cooperative Governance and Accountability	159,000	134,700.00	24,300	84.7
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	70,000.00	-	100.0
Sub Total		62,311,229	22,583,649	39,727,580	36.2
Water Supply Services	090101 Water and Irrigation	126,675,566	3,920,762.00	122,754,804	3.1
Energy Programme	090301 Energy Services	405,000	308,900.00	96,100	76.3
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	500,300.00	175,500	74.0
Nema	090401 Waste Management Services	101,508,439	84,802,718.85	16,705,720	83.5
Sub Total		229,264,805	89,532,681	139,732,124	39.1
Land and Physical Planning	010601 General Administration and Planning	26,533,028	20,249,188.45	6,283,839	76.3
	010604 County Spatial Planning	1,510,000	1,318,088.00	191,912	87.3
	010605 Town Zoning and Mapping	99,192,631	1,500,000.00	97,692,631	1.5
	010607 Survey and Mapping	505,000	269,465.00	235,535	53.4
Housing Development	010701 Improvement and Development of Human Settlements	420,000	223,600.00	196,400	53.2
Sub Total		128,160,659	23,560,341	104,600,317	18.4

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Transport Management	020301 General Administration and Planning	61,571,285	50,350,846.80	11,220,438	81.8
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	4,390,248.00	116,752	97.4
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	613,381,564	194,018,053.59	419,363,510	31.6
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	9,267,865.00	432,135	95.5
Sub Total		689,159,849	258,027,013	431,132,836	37.4
Grnad Total		7,705,332,108	4,080,131,460	3,625,200,648	53.0

Source: Kirinyaga County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Inspections and Investigations for Cooperatives in the Department of Cooperative Development Trade and Tourism at 100.0 per cent, Control & Campaign Against Drug & Substance Abuse in the Department of Sports Culture and Social Services at 100 per cent, ICT Infrastructure Development Management in the Department of County Executive at 98.3 per cent and Construction and Maintenance of Roads and Bridges in the Department of Transport and Infrastructure at 97.4 per cent of budget allocation.

3.15.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.879.20 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.17 billion. The development expenditure represented 27.7 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.273.95 million against an annual projection of Kshs.485.00 million, representing 56.5 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.350.65 million as of 31st March 2022. This is in relation to the self-reported pending bills by the County and does not cover the bills contained in the Special Report on Pending Bills by the OAG.
4. Use of manual payroll, which is prone to abuse and misuse of public funds. The County processed a total of Kshs.141.77 million processed through the manual payroll, which accounted for 7.0 per cent of the total PE costs.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.16 County Government of Kisii

3.16.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.59 billion, comprising Kshs.4.09 billion (32.5 per cent) and Kshs.8.50 billion (67.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.89 billion (70.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (5.6 per cent) from its own sources of revenue, and a cash balance of Kshs.2.10 billion (16.7 per cent) from FY 2020/21. The County also expects to receive Kshs.893 million (7.1 per cent) as conditional grants. The grants consist of; Leasing of medical equipment, Kenya devolution support program "Starter Pack"- (Level 11), NAGRIP, Agriculture sector development support program-SIDA, Conditional Allocation-Health Systems for Universal Care, DANIDA, European union instruments for Devolution advice and support and urban development grant.

3.16.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.91 billion as the equitable share of the revenue raised nationally, raised Kshs.322.84 million as own-source revenue, Kshs.230.2 million as conditional grants, and had a cash balance of Kshs.783.02 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.25 billion, as shown in Table 3.92:

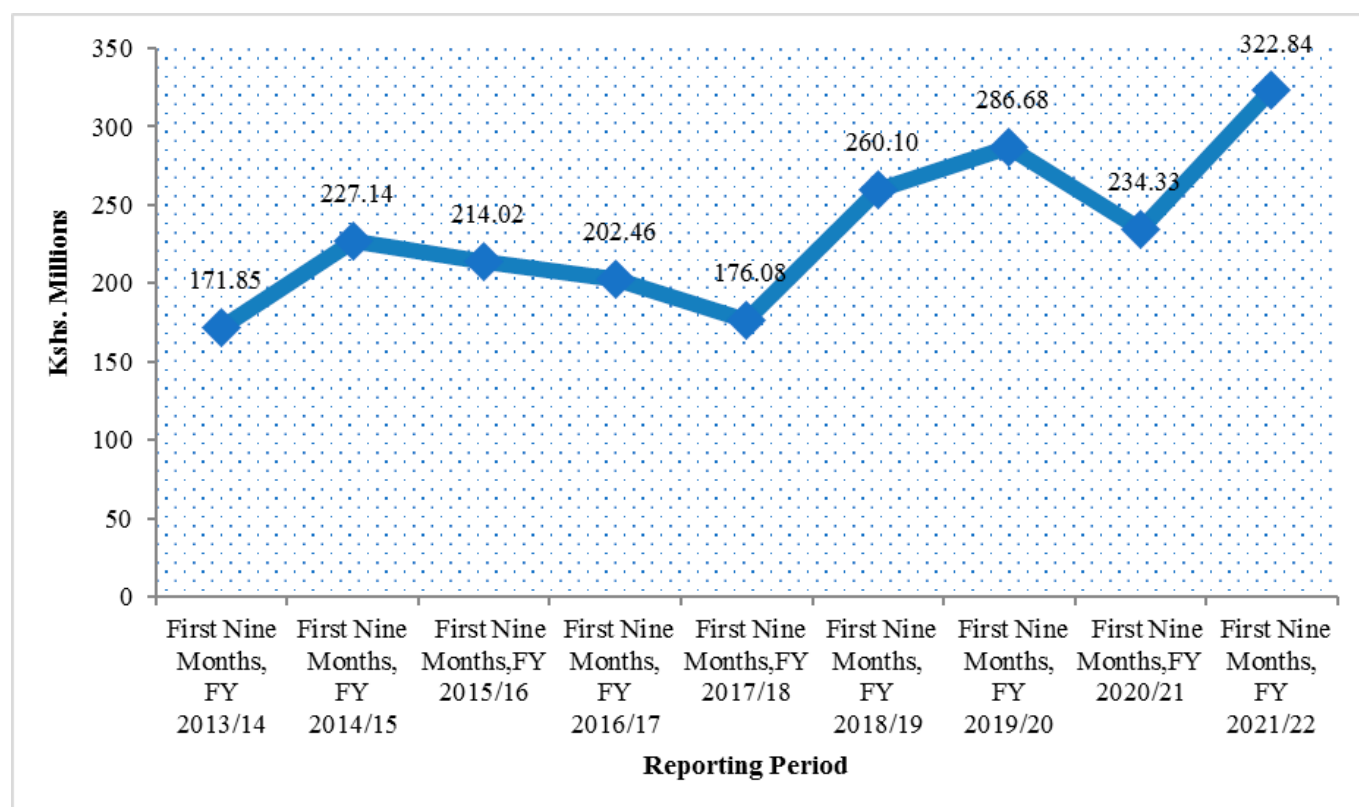
Table 3.92: Kisii County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,894,274,509	5,914,692,547	66.5
Sub Total		8,894,274,509	5,914,692,547	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	700,000,000	322,836,620	46.1
2.	Conditional Grants	892,995,249	230,223,021	25.8
3.	Balance b/f from FY 2020/21	2,103,425,220	783,025,743	37.2
Sub Total		3,696,420,469	1,336,085,384	36.1
Grand Total		12,590,694,978	7,250,777,931	57.6

Source: Kisii County Treasury

Figure 3.31: Trend in Own-Source Revenue Collection for the First Nine Months from shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.31: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kisii County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.322.84 million as own-source revenue, which was 46.1 per cent of the annual target. This amount represented an increase of 37.8 per cent compared to Kshs.234.33 million realised during a similar period in FY 2020/21. The County has implemented an automated OSR collection system referred to as ZIZI

3.16.3 Exchequer Issues

The Controller of Budget approved Kshs.6.47 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.15 billion (17.7 per cent) for development programmes and Kshs.5.32 billion (82.3 per cent) for recurrent programmes, as shown in Table 3.96.

3.16.4 Overall Expenditure Review

The County spent Kshs.6.56 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.4 per cent of the total funds released by the CoB and comprised Kshs.1.30 billion and Kshs.5.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 31.9 per cent, while recurrent expenditure represented 61.9 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.688.46 million and comprised Kshs.267.73 million for recurrent expenditure and Kshs.420.73 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.375.52 million were paid, consisting of Kshs.138.38 million for recurrent expenditure and Kshs.237.13 million for development programmes. Outstanding pending bills amounted to Kshs.312.94 million as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June, 2020 was Kshs.638.36 million, out of which the County has settled bills amounting to Kshs.200.54 million, leaving a balance of Kshs.437.83 million as of 31st March 2022.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.85 billion was spent on employee compensation, Kshs.1.41 billion on operations and maintenance, and Kshs.1.30 billion on development activities, as shown in Table 3.93.

Table 3.93: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,504,140,181	994,832,424	4,659,706,538	597,942,669	0.6	0.6
Compensation to Employees	5,102,455,459	612,152,984	3,447,409,194	404,193,029	67.6	66.0
Operations and Maintenance	2,401,684,722	382,679,440	1,212,297,344	193,749,640	50.5	50.6
Development Expenditure	3,984,969,715	106,753,158	1,261,261,260	43,429,745	31.7	40.7
Total	11,489,109,896	1,101,585,582	5,920,967,798	641,372,414	51.5	0.6

Source: Kisii County Treasury

3.16.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 40.8 per cent of the first nine months' proportional revenue of Kshs.9.44 billion.

The wage bill of Kshs.3.85 billion includes Kshs.1.90 billion attributable to the health sector, which translates to 49.3 per cent of the total wage bill in the reporting period.

3.16.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.210 million to county established funds in FY 2021/22, which constituted 1.7 per cent of the County's overall budget for the year. Table 3.94 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.94: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Kisii County Executive Car and Mortgage Fund	0	2,121,056	Yes
2.	Kisii County Assembly Mortgage and car Loan Fund	0	22,521,136	Yes
3.	Kisii County Emergency Fund Account Report	25,000,000	223,117	Yes
4.	Kisii County Climate change Fund	50,000,000	0	No
5.	Kisii County Bursary Fund	135,000,000	126	Yes
6.	Kisii County Alcoholic Drinks Control Fund	0	7,686,880	Yes
Total		210,000,000	32,552,315	

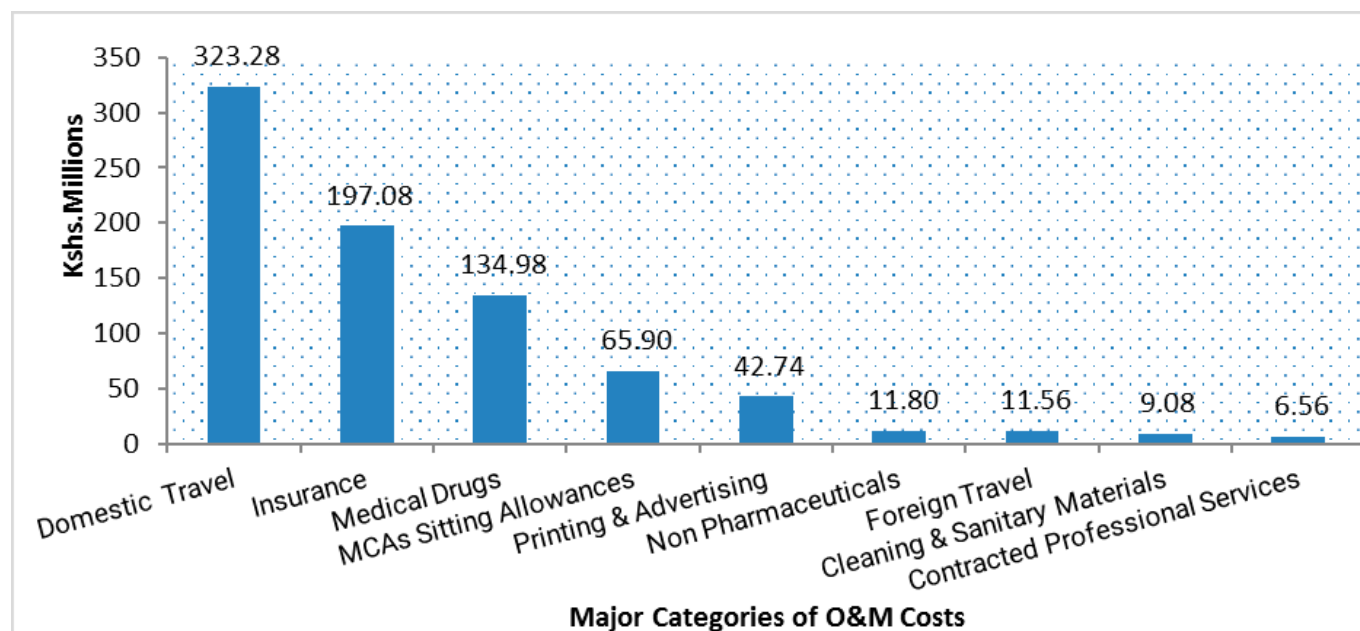
Source: Kisii County Treasury

The OCoB did not receive quarterly financial returns from the Fund Administrator of the Kisii County Climate Change Fund funds, as indicated in Table 3.94..

3.16.9 Expenditure on Operations and Maintenance

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

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



Source: Kisii County Treasury

The County spent Kshs.65.90 million on committee sitting allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.107.42 million. The average monthly sitting allowance was Kshs.103,124 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 23 committees.

During the period, expenditure on domestic travel amounted to Kshs.323.28 million and comprised of Kshs.130.93 million spent by the County Assembly and Kshs.192.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.56 million entirely spent by the County executive.

3.16.10 Development Expenditure

The County incurred Kshs.1.30 billion on development programmes, which represented an increase of 5.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.24 billion. Table 3.95 summarises development projects with the highest expenditure in the reporting period.

Table 3.95: Kisii County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Proposed construction of Tartan Track phase 1 in Gusii Stadium	Gusii Stadium	58,071,870	23,420,500	40
2	Proposed construction of reproductive health unit	Kisii central	175,987,487	10,000,000	6
3	Proposed construction of reproductive health unit	KTRH	94,372,652	9,160,651	10
4	Proposed construction of reproductive health unit	KTRH	85,212,001	8,600,000	10
5	Construction of perimeter wall at Nyatieko waste management site	Nyatieko	17,575,000	7,000,000	40
6	Proposed terraces for Gusii Stadium	Gusii Stadium	7,795,621	6,000,000	77
7	Construction of Marani Level 4 Theatre block	Marani	7,502,710	5,000,000	67
8	Proposed cabro parking to marani level 4 hospital	marani	5,000,000	4,999,850	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
9	Construction of riamogaka box culvert	bogiakumu	4,802,922	4,302,922	90
10	Repair and maintenance of magena- riomagwa-emesa road	Boochi borabu	4,000,000	3,997,023	100

Source: Kisii County Treasury

3.16.11 Budget Performance by Department

Table 3.96 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.96: Kisii County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive And Public Service board	461.04	35.30	296.02	2.27	262.11	2.27	262.11	2.27	56.9	6.4
Administration and Stakeholder Management	540.97	89.34	333.81	7.26	323.47	7.26	323.47	7.26	59.8	8.1
Finance and Economic Planning	1296.86	86.84	780.98	29.10	752.41	29.10	752.41	29.10	58.0	33.5
Agriculture and Co-operative Development	506.13	784.58	341.58	306.90	340.85	380.64	340.85	380.64	67.3	48.5
Energy, Water, Environment And Natural Resources	193.12	201.61	108.98	53.28	106.08	50.58	106.08	50.58	54.9	25.1
Education, Youth Affairs And Social Development	485.52	153.89	310.84	21.56	312.76	21.72	312.76	21.72	64.4	14.1
County Health Services	3160.00	805.33	2123.19	112.10	2124.73	112.10	2124.73	112.10	67.2	13.9
Lands, Physical Planning and Urban Development	185.51	116.60	103.36	32.87	97.57	32.87	97.57	32.87	52.6	28.2
Roads, Public Works and Transport	281.73	1227.78	140.54	441.77	142.86	477.15	142.86	477.15	50.7	38.9
Trade Development, Industry and Tourism	131.67	93.24	63.18	15.61	71.31	15.61	71.31	15.61	54.2	16.7
Culture and Social Services	99.66	148.92	59.73	36.94	63.18	36.94	63.18	36.94	63.4	24.8
Kisii Municipality	161.94	241.54	62.97	45.16	62.38	95.03	62.38	95.03	38.5	39.3
County Assembly	994.83	106.75	597.94	43.43	597.94	43.43	597.94	43.43	60.1	40.7
Total	8498.97	4091.72	5323.11	1148.24	5257.65	1304.69	5257.65	1304.69	61.9	31.9

Source: Kisii County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture and Co-operative Development recorded the highest absorption rate of the development budget at 48.5 per cent. The Department of Agriculture and Co-operative Development had the highest percentage of recurrent expenditure to budget at 67.3 per cent, while the Kisii Municipality had the lowest at 38.5 per cent.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.97: summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.97: Kisii County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved revised Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Office of the speaker	6,355,200	1,131,500	5,223,700	17.80
	Representation, legislative and oversight services	232,407,914	139,644,036	92,763,878	60.10
	County assembly service board	862,822,468	500,596,879	362,225,589	58.00
	Sub total	1,101,585,582	641,372,415	460,213,167	58.20
County Executive	Administration, planning and support services	376,287,952	205,303,098	170,984,854	54.60
	Office of the county secretary	21,890,000	10,000,379	11,889,621	45.70
	Legal services	7,320,000	3,980,622	3,339,378	54.40
	communication services	24,570,000	14,515,207	10,054,793	59.10
	Special programmes	7,950,000	5,314,805	2,635,195	66.90
	public private partnership	6,900,000	2,583,110	4,316,890	37.40
	Advisory services	6,750,000	2,576,812	4,173,188	38.20
	Chief of staff	4,700,000	2,888,400	1,811,600	61.50
	County public service Board	39,970,000	17,217,869	22,752,131	43.10
	Sub total	496,337,952	264,380,302	231,957,650	53.30
Administration, co-operate services and Stakeholder management	Administration, planning and support services	472,385,448	298,680,357	173,705,091	63.20
	Devolved units services	62,843,694	9,924,302	52,919,392	15.80
	Human Resource development	10,050,000	1,877,500	8,172,500	18.70
	Enforcement services	8,800,000	3,647,700	5,152,300	41.50
	Stakeholder management	50,309,602	4,691,000	45,618,602	9.30
	Public participation and civic Education	6,300,000	2,812,000	3,488,000	44.60
	Disaster management	12,626,255	5,303,922	7,322,333	42.00
	Fleet Management	7,000,000	3,790,648	3,209,352	54.20
	Sub total	630,314,999	330,727,429	299,587,570	52.50
Finance & Economic planning	Administration, coordination and support services	1,051,044,503	635,827,176	415,217,327	60.50
	Public financial management services	79,825,000	37,339,519	42,485,481	46.80
	County planning services	252,835,594	108,349,800	144,485,794	42.90
	Sub total	1,383,705,097	781,516,495	602,188,602	56.50

Programme	Sub- Programme	Approved revised Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Live-stock, Veterinary & Fisheries	Administrative and support services	475,889,510	106,995,390	106,995,390	22.50
	Crop development and value addition	395,303,675	287,203,315	287,203,315	72.70
	Livestock development	60,590,000	40,826,750	40,826,750	67.40
	veterinary services	276,888,980	259,176,114	259,176,114	93.60
	Co-operative development and management	3,100,000	1,412,900	1,412,900	45.60
	Fisheries development	51,751,910	21,401,935	21,401,935	41.40
	Kisii agricultural training center	27,184,180	4,474,718	4,474,718	16.50
	Sub total	1,290,708,255	721,491,122	721,491,122	55.90
Energy, Environment And Natural Resources	Administration and planning services	58,166,331	30,378,208	27,788,123	52.20
	Water and sanitation services	317,222,867	123,142,995	194,079,872	38.80
	environment management	13,500,000	2,698,000	10,802,000	20.00
	Energy services	5,841,809	438,250	5,403,559	7.50
	Sub total	394,731,007	156,657,453	238,073,554	39.70
Education, Youth Affairs & Social Development	General administration and planning services	485,517,045	312,757,137	172,759,908	64.40
	Early childhood development education	86,707,636	2,409,687	84,297,949	2.80
	Vocational training	67,179,898	19,305,505	47,874,393	28.70
	Sub total	639,404,579	334,472,329	304,932,250	52.30
County Health Services	Medical services	3,920,271,432	2,230,553,870	1,689,717,562	56.90
	Public health	45,060,000	6,278,310	38,781,690	13.90
	Sub total	3,965,331,432	2,236,832,180	1,728,499,252	56.40
Lands, Physical Planning and Urban Development	administration, planning and support services	168,375,000	91,080,942	77,294,058	54.10
	Land use services	36,799,078	18,152,251	18,646,827	49.30
	Urban development	96,931,284	21,206,183	75,725,101	21.90
	Sub total	302,105,362	130,439,376	171,665,986	43.20
Roads, public works, Transport and Housing	General administration and planning services	104,470,000	63,489,317	40,980,683	60.80
	Roads development	1,172,884,248	474,154,922	698,729,326	40.40
	Public works	217,146,474	77,825,567	139,320,907	35.80
	Housing services	15,000,000	-	15,000,000	0.00
	Sub total	1,509,500,722	615,469,806	894,030,916	40.80

Programme	Sub- Programme	Approved revised Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade, Tourism, Co-operatives and Enterprise Development	Administration and planning services	87,261,639	55,580,268	31,681,371	63.70
	Tourism development	8,200,000	2,138,650	6,061,350	26.10
	Weights and measures	3,250,000	1,035,000	2,215,000	31.80
	liquor licensing	800,000	605,000	195,000	75.60
	Markets development	122,701,153	-	122,701,153	0.00
	Betting and gaming	2,700,000	1,793,800	906,200	66.40
	Sub total	224,912,792	61,152,718	163,760,074	27.20
Culture and Social Services	Administration and planning services	74,097,361	44,713,716	29,383,645	60.30
	Sports development	144,837,091	47,197,212	97,639,879	32.60
	Cultural services	26,148,677	5,731,603	20,417,074	21.90
	Social development	3,500,000	2,468,500	1,031,500	70.50
	Sub total	248,583,129	100,111,031	148,472,098	40.30
Kisii Municipality	General administration, planning and support services	161,937,287	62,383,169	99,554,118	38.50
	Infrastructure development	241,536,783	95,029,735	146,507,048	39.30
	Sub total	403,474,070	157,412,904	246,061,166	39.00
GRAND TOTAL		12,590,694,978	6,532,035,560	6,210,933,407	51.90

Source: Kisii County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: veterinary services in the Department of agriculture, livestock, veterinary & Fisheries at 93.6 per cent, Liquor Licensing in the Department of Trade, Tourism, Co-operatives and Enterprise Development at 75.6 per cent, crop development and value addition in the Department of Agriculture, livestock, veterinary and fisheries at 72.7 per cent, and social development at 70.5 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.30 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.1 billion. The development expenditure represented 31.9 per cent of the annual development budget.
3. A high wage bill, which accounted for 40.8 per cent of the first nine months' proportional revenue of Kshs.9.44 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.322.84 million against an annual projection of Kshs.700 million, representing 46.1 per cent of the annual target. This was despite posting an increase of 37.8 per cent compared to Kshs.234.33 million realised in a similar period in FY 2020/21.
5. Spending at source revenue generated from liquor licensing, Artificial insemination services, and weight and measures.
6. High level of pending bills which amounted to Kshs.437.83 million as of 31st March 2022. This is based on the eligible pending bills reported by the OAG.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012
2. The County should identify and address issues causing delays in implementing development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
4. The County should address its revenue performance to ensure the approved budget is fully financed.
5. The County Treasury should ensure that all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
6. The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.

3.17 County Government of Kisumu

3.17.1 Overview of FY 2021/22 Budget

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

To finance the budget, the County expects to receive Kshs.8.03 billion (6.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (16.3 per cent) from its own sources of revenue, and a cash balance of Kshs.719.5 million (5.9 per cent) from FY 2020/21. The County also expects to receive Kshs.1.42 billion (5.9 per cent) as conditional grants, which consists of DANIDA Kshs.15.15 million, KDSP Kshs.108.56 million, Kenya Climate Smart Agriculture Kshs.389.66 million, ASDP Kshs.49.83 million, EU-Ideas Kshs.35.10 million, KSSIP Kshs.300 million, Development of youth polytechnics Kshs.16.36 million, KUSP Kshs.135.40 million, Urban Institutional Grant Kshs.579.24 million SEACAP Kshs.7.13 million, RLMF Kshs.127.62 million and Level 5 Kshs.96.33 million.

3.17.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.66 billion as the equitable share of the revenue raised nationally, raised Kshs.784.22 million as own-source revenue, Kshs.116.86 million as conditional grants, and had a cash balance of Kshs.719.5 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.28 billion, as shown in Table 3.98.

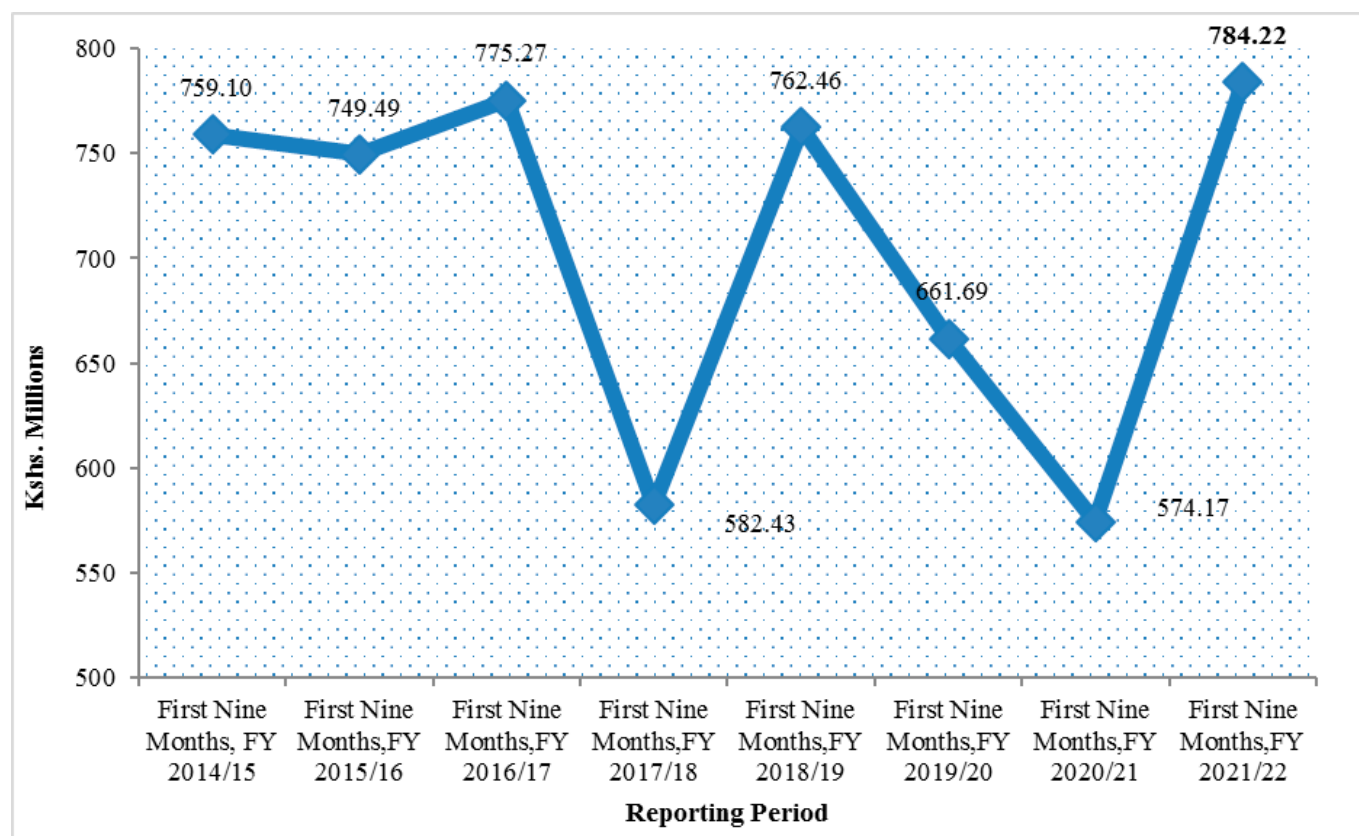
Table 3.98: Kisumu County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,026,139,240	4,655,160,757	58
	Sub Total	8,026,139,240	4,655,160,757	58
B	Other Sources of Revenue			
1.	Own Source Revenue	1,984,000,003	784,219,821	39.5
2.	Conditional Grants	1,416,537,734	116,859,020	8.2
3.	Balance b/f from FY 2020/21	719,499,320.	719,499,320	100
	Sub Total	4,120,037,057	1,620,578,161	39.3
	Grand Total	12,468,742,561	6,275,738,918	51.7

Source: Kisumu County Treasury

Figure 3.33: shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.33: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kisumu County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.784.22 million as own-source revenue, which was 39.5 per cent of the annual target. This amount represented an increase of 26.8 per cent compared to Kshs.574.17 million realised during a similar period in the first nine months of FY 2020/21. The growth can be attributed to the scaling up of licence and also increase of point of sale systems (POS). The County has implemented an automated OSR collection system referred to as County Pro by Strathmore University.

3.17.3 Exchequer Issues

The Controller of Budget approved Kshs.6.05 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs. 630.01 million (10.4 per cent) for development programmes and Kshs.5.42 billion (89.6 per cent) for recurrent programmes, as shown in Table 3.102.

3.17.4 Overall Expenditure Review

The County spent Kshs.5.82 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.2 per cent of the total funds released by the CoB and comprised Kshs.458.52 million and Kshs.5.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.4 per cent, while recurrent expenditure represented 63.5 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.13 billion and comprised of Kshs.454.30 million for recurrent expenditure and Kshs. 1.67 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the development bills of Kshs.648 million and recurrent bills of Kshs.200 million in the financial year.

During the period under review, pending bills amounting to Kshs.573.18 million were settled, consisting of Kshs.114.66 million for recurrent expenditure and Kshs.458.52 million for development programmes. Outstanding pending bills amounted to Kshs.1.55 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.05 billion, out of which the County has settled bills amounting to Kshs.123.04 million, leaving a balance of Kshs.919.01 million as of 31st March 2022.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.04 billion was spent on employee compensation, Kshs.1.32 billion on operations and maintenance, and Kshs.458.52 million on development activities, as shown in Table 3.99.

Table 3.99: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,659,992,724	779,317,456	4,853,116,898	508,831,195	63.4	65.3
Compensation to Employees	4,507,947,847	348,995,660	3,829,212,405	211,994,077	84.9	60.7
Operations and Maintenance	3,152,044,877	430,321,796	1,023,904,493	296,837,117	32.5	69.0
Development Expenditure	3,556,866,117	150,000,000	458,520,577	-	12.9	-
Total	11,216,858,841	929,317,456	5,311,637,475	508,831,195	47.4	54.8

Source: Kisumu County Treasury

3.17.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 43.2 per cent of the first nine months' proportional revenue of Kshs.9.35 billion.

Personnel emoluments amounting to Kshs.3.64 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.401.27 million. The manual payroll amounted to 9.9 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.04 billion includes Kshs.1.86 billion attributable to the health sector, which translates to 46.5 per cent of the total wage bill in the reporting period.

3.17.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.520 million to county established funds in FY 2021/22, which constituted 4.1 per cent of the County's overall budget for the year. Table 3.100 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.100: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
4.	Bursary / Education	205,000,000	-	205,000,000	-	Yes	
5.	Kisumu County Social Health Insurance Fund.	140,000,000	-	-	-		No.
6.	Kisumu County Emergency Fund	100,000,000	-	90,000,000		Yes	
7.	COVID -19 Response	50,000,000		50,000,000		Yes	
8.	Kisumu County Assembly Loan Mortgage Fund	-	25,000,000	-	3,000,000	Yes	
9.	Kisumu Enterprises Fund	100,000,000					No.
10.	Kisumu County Rural Electrification and Renewal Energy Corporation Fund	35,000,000					No.
Total		495,000,000	25,000,000	172,500,000	3,000,000		

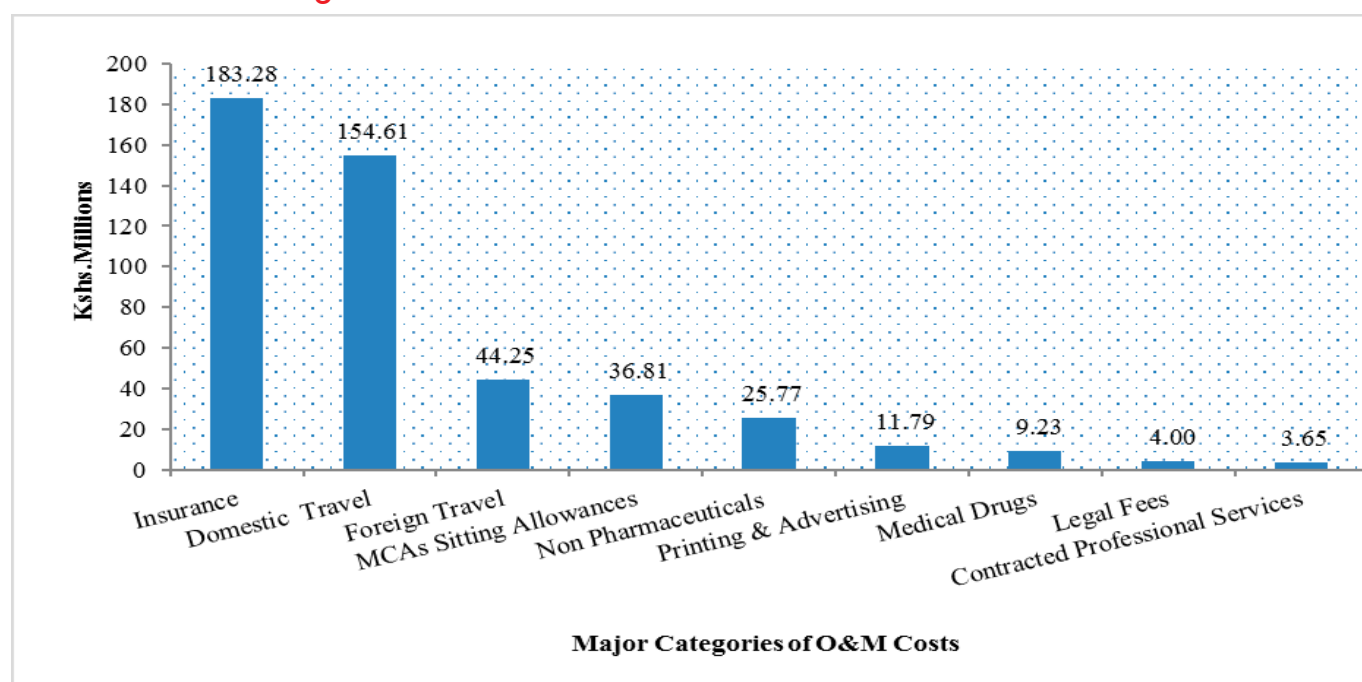
Source: Kisumu County Treasury

The OCoB received quarterly financial returns from administrators of 4 established funds, as indicated in Table 3.100:.

3.17.9 Expenditure on Operations and Maintenance

Figure 3.34: Kisumu County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

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



Source: Kisumu County Treasury

The County spent Kshs.36.81 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.53.63 million. The average monthly sitting allowance was Kshs.83,468 Per MCA against the SRC's recommended monthly ceiling of Kshs.124,800 The County Assembly has established 24 committees.

During the period, expenditure on domestic travel amounted to Kshs.154.61 million and comprised Kshs.136.93 million spent by the County Assembly and Kshs.17.69 million by the County Executive. Spending on foreign travel amounted to Kshs.44.25 million and consisted of Kshs.38.82 million by the County Assembly and Kshs.10.43 million by the County Executive.

3.17.10 Development Expenditure

The County incurred Kshs.458.52 million on development programmes, which represented an increase of 63.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 169.63 million. Table 3.101: Kisumu County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.101: Kisumu County, List of Development Projects with the Highest Expenditure

No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Stabilisation of Parking Areas for Madaraka Celebration at Mamboleo Show Ground	Mamboleo Show Ground	31,758,937	26,688,182	84.0
2	Construction of Internal Road Within Mamboleo Show Ground	Mamboleo Show Ground	29,040,855	24,404,080	84.0
3	Construction of Ring Road Within Mamboleo Show Ground	Mamboleo Show Ground	25,200,832	21,177,170	84.0
4	Construction & Renovation of Outer Perimeter Fence at Mamboleo Show Ground	Mamboleo Show Ground	21,415,288	17,996,040	84.0
5	Supply, Installation, Testing & Commissioning of Automated Asset Verification, Tagging & Management System	HQ	14,229,972	11,957,960	84.0
6	Proposed Paving of Katito Open Air Market and Drains	Katito	8,742,325	7,346,492	84.0
7	Construction of Kolewe Box Culvert	Kolowe	5,941,595	4,992,937	84.0
8	Construction of Kombewa Market Ring Road	Kombewa	5,912,184	4,968,222	84.0
9	Construction of Esuvaru Water Project	Esuvaru	5,772,722	4,851,027	84.0

Source: Kisumu County Treasury

3.17.11 Budget Performance by Department

Table 3.102 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.102: Kisumu County, Budget Performance by Department

Departments	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	198.49	609.49	170.88	27.00	120.00	1.83	70.2	6.8	60.5	0.30
Trade, Energy and industry	100.60	354.30	55.02	45.35	45.92	55.33	83.5	122	45.7	15.6
Kisumu City	355.43	155.90	255.59		174.99		68.5	-	49.2	-
Governance and Administration	682.21	75.00	439.97		326.81		74.3	-	47.9	-
Education	592.44	260.10	488.76	69.21	446.09	65.97	91.3	95.3	75.3	25.4
Environment and Natural Resources	101.63	79.95	78.10		50.32		64.4	-	49.5	-
Finance and Economic Planning	1,414.44	806.75	970.80	422.94	1,388.58	281.45	143	66.6	98.2	34.9

Departments	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Tourism, Culture and Sports	65.68	144.55	24.04		24.29		101.1	-	37	-
Medical Services and Public Health	3,804.37	213.80	2,202.97	24.14	2,074.40	24.14	94.2	-	54.5	11.3
Physical Planning and Housing	73.51	345.60	43.29		32.84		75.9	-	44.7	-
CPSB	75.03		21.82		40.09		183.7	-	53.4	-
Transport and Infrastructure	196.17	511.42	153.33	41.37	128.77	29.80	84	-	65.6	5.8
County Assembly	779.32	150.00	515.48		508.83	-	98.7	-	65.3	-
Sub Totals	8,439.31	3,706.87	5,420.06	630.01	5,361.95	458.52	98.9	72.8	63.5	12.4

Source: Kisumu County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic planning recorded the highest absorption rate of development budget at 34.9 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 98.2 per cent while the Department of Trade and Tourism had the lowest at 37 per cent.

3.17.12 Budget Execution by Programmes and Sub-Programmes

Table 3.103 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.103: Kisumu County, Budget Execution by Programmes and Sub-programmes

Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Office of the Governor and County Administration	759,846,382	175,587,292	584,259,091	76.9
0206005060	Mining Efficiency	76,950,000	486,500	76,463,500	99.4
0307005060	Industrial Development	605,384	72,000	533,384	88.1
0205005060	Energy Production	72,222,514	3,543,271	68,679,243	95.1
0306005060	Enterprise Development	100,910,000	217,322	100,692,678	99.8
0305005060	Co-Operative Development and Management	12,780,000	6,071,875	6,708,125	52.5
0508005060	Alcoholic Drinks	1,600,000	301,600	1,298,400	81.2
0302005060	Regulation and Verification of Weights	7,795,000	92,040	7,702,960	98.8
0301005060	General Administration and Policy making Services	68,150,000	6,111,309	62,038,691	91.0
0504005060	Gender and Social Dev.	1,620,000	146,000	1,474,000	91.0
0704005060	County Public Service Board	112,270,532	68,680,522	43,590,010	38.8
0704005060	County Public Service Board	210,303,000	59,549,160	150,753,840	71.7
0206005060	Mining Efficiency	23,500,000	18,458,816	5,041,184	21.5
0702005060	Management of County affairs and Special Programmes	8,100,000	1,193,041	6,906,959	85.3
0701005060	General Administration and Planning services	28,360,000	4,080,331	24,279,669	85.6

Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0101005060	General Administration and Planning Services	300,000	7,000	293,000	97.7
0706005060	County Planning and Development Coordination Services	14,770,000	2,758,305	12,011,695	81.3
0703005060	Inter-Governmental relations, Communication and Protocol	19,609,952	3,818,200	15,791,752	80.5
	Medical Services and Public Health	4,018,172,321	2,599,713,201	1,418,459,120	35.3
0407005060	Jaramogi Oginga Odinga Teaching and Referral Hospital	296,334,964	96,334,964	200,000,000	67.5
0403005060	General Administration, Operational Research and Planning	2,899,479,396	2,247,203,472	652,275,924	22.5
0405005060	Health Sector support Program (DANIDA)	160,792,947	47,453,779	113,339,169	70.5
0408005060	Kisumu County Referral Hospital	60,000,000	47,895,155	12,104,845	20.2
0402005060	Health Curative Services	141,315,014	29,720,989	111,594,025	79.0
0401005060	Preventive & Promotive Health Services	156,450,000	44,000,000	112,450,000	71.9
0409005060	Medical and Bio-Medical Services	303,800,000	87,104,843	216,695,157	71.3
	Tourism, Culture and Sport	210,226,963	21,771,715	188,455,248	89.6
0401005060	Preventive & Promotive Health Services	100,000,000	-	100,000,000	100.0
0507005060	Sports Stadia Development	4,970,000	1,010,000	3,960,000	79.7
0303005060	Tourism Development and Management	15,745,000	3,149,790	12,595,210	80.0
0907005060		4,015,000	343,950	3,671,050	91.4
0101005060	General Administration and Planning Services	37,486,963	16,757,975	20,728,988	55.3
0506005060	Sports Management and Development	48,010,000	510,000	47,500,000	98.9
	Transport and Infrastructure	707,594,265	140,289,242	567,305,023	80.2
0101005060	General Administration and Planning Services	91,948,538	85,410,600	6,537,938	7.1
0201005060	County Roads and Public Works Management	502,424,662	13,792,425	488,632,237	97.3
0207005060	Roads General Administration and Planning	47,089,048	10,540,850	36,548,198	77.6
0304005060	Administration Planning and Support	66,132,017	30,545,367	35,586,650	53.8

Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Physical Planning & Housing	419,112,176	17,644,447	401,467,729	95.8
0102005060	County Survey Services	1,290,000	180,000	1,110,000	86.0
0103005060	Physical Planning & Housing	13,350,000	314,500	13,035,500	97.6
0109005060	Urban Planning & Development Control	1,800,000	106,900	1,693,100	94.1
0201005060	County Roads and Public Works Management	367,122,176	17,034,847	350,087,329	95.4
0304005060	Administration Planning and Support	35,550,000	8,200	35,541,800	100.0
	Agriculture, Livestock and Fisheries	807,980,095	179,004,503	628,975,592	77.8
0106005060	Agricultural Productivity Improvement	10,300,000	50,000	10,250,000	99.5
0707005060	County Communication & Ict Services	650,000	163,100	486,900	74.9
0107005060	Promotion of market access and products development	12,700,000	1,149,400	11,550,600	90.9
0104005060	Promotion of sustainable land use	700,000	217,555	482,445	68.9
0105005060	Agriculture Productivity Improvement	102,461,872	6,144,698	96,317,174	94.0
0701005060	General Administration and Planning services	450,000	150,000	300,000	66.7
0101005060	General Administration and Planning Services	680,718,223	171,129,750	509,588,473	74.9
	Education	852,536,870	271,140,683	581,396,187	68.2
0208005060	ICT Services	2,465,000	510,205	1,954,795	79.3
0504005060	Gender and Social Dev.	8,320,000	1,072,700	7,247,300	87.1
0101005060	General Administration and Planning Services	366,901,976	183,649,048	183,252,928	49.9
0502005060	Youth Training and Development	30,000,000	1,768,810	28,231,190	94.1
0505005060	Early Child Education Management	364,100,000	48,067,700	316,032,300	86.8
0517005060	Youth Training and Legislation	79,799,894	35,813,720	43,986,174	55.1
0701005060	General Administration and Planning services	950,000	258,500	691,500	72.8
	Environment and Natural Resources	181,578,186	44,654,701	136,923,485	75.4
0205005060	Energy Production	2,100,000	20,000	2,080,000	99.0
0206005060	Mining Efficiency	2,000,000	90,000	1,910,000	95.5
0301005060	General Administration and Policy making Services	4,553,963	2,126,977	2,426,986	53.3
0906005060		3,041,920	1,808,870	1,233,050	40.5

Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0904005060	Environmental Planning And Management	6,484,559	1,835,000	4,649,559	71.7
0902005060	Conservation and management of natural ecosystems	128,386,715	21,880,490	106,506,225	83.0
0101005060	General Administration and Planning Services	35,011,029	16,893,363	18,117,666	51.7
	Kisumu City	511,326,844	179,250,245	332,076,599	64.9
0109005060	Urban Planning \$ Development Control	29,182,514	14,590,492	14,592,022	50.0
0501005060	Early Childhood Development.	38,578,941	19,288,098	19,290,843	50.0
0704005060	County Public Service Board	324,686,836	85,932,610	238,754,226	73.5
0401005060	Preventive & Promotive Health Services	93,229,322	46,614,546	46,614,776	50.0
0108005060	Revenue Generation and Management	25,649,231	12,824,500	12,824,732	50.0
	County Assembly Service	929,317,456	443,006,523	486,310,933	52.3
0701005060	General Administration and Planning services	419,074,012	160,333,392	258,740,620	61.7
0705005060	Public Financial Management	7,081,800	3,524,639	3,557,161	50.2
0203005060	Administration, Planning and Support Services	35,900,780	10,451,929	25,448,851	70.9
0708005060	Legislation & Oversight, services	193,519,904	94,949,889	98,570,015	50.9
0710005060	County Assembly Service Board	273,740,960	173,746,674	99,994,286	36.5
	County Public Service Board	75,031,463	32,604,623	42,426,840	56.5
0704005060	County Public Service Board	75,031,463	32,604,623	42,426,840	56.5
	Finance and Economic Planning	2,221,190,649	1,064,344,424	1,156,846,225	52.1
0109005060	Urban Planning \$ Development Control	22,485,000	7,516,820	14,968,180	66.6
0203005060	Administration, Planning and Support Services	1,680,452,563	930,407,367	750,045,196	44.6
0703005060	Inter-Governmental relations, Communication and Protocol	8,618,508	3,354,575	5,263,933	61.1
0705005060	Public Financial Management	245,103,929	41,664,316	203,439,613	83.0
0305005060	Co-Operative Development and Management	10,000,000	6,022,000	3,978,000	39.8
0201005060	County Roads and Public Works Management	208,294,000	60,904,282	147,389,718	70.8

Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0706005060	County Planning and Development Coordination Services	46,236,649	14,475,064	31,761,585	68.7
	Trade, Energy and Industry	452,262,627	134,177,906	318,084,721	70.3
0711005060	County Planning and Development Coordination Services	7,450,000	1,650,000	5,800,000	77.9
0704005060	County Public Service Board	143,661,891	18,018,146	125,643,745	87.5
0515005060	Pre-Primary Policy and Legislation	25,160,000	6,127,200	19,032,800	75.6
0709005060	Representation services & public participation	7,500,000	570,970	6,929,030	92.4
0701005060	General Administration and Planning services	268,490,736	107,811,590	160,679,146	59.8
	Grand Total	12,146,176,297	5,303,189,505	6,842,986,792	56.3

Source: Kisumu County Treasury

Programmes with high levels of implementation based on absorption rates were: Urban Planning Development in the Department of Lands, Physical Planning and Housing at 95.8 per cent, Tourism Development in the Department of Tourism at 89.6 per cent, Agricultural productivity and improvement in the Department of Agriculture, Livestock and Fisheries at 77.8 per cent of budget allocation.

3.17.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 28th April 2022, while it was expected on 15th April 2022.
2. Low absorption of development funds is indicated by the expenditure of Kshs.458.52 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs3.71 billion. The development expenditure represented 12.37 per cent of the annual development budget.
3. A high wage bill, which accounted for 43.2 per cent of the first nine months, proportional revenue of Kshs.9.35 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.784.22 million against an annual projection of Kshs.1.98 billion, representing 39.5 per cent of the annual target.
5. High level of pending bills which amounted to Kshs1.55 billion as of 31st March 2022.
6. Manual Payroll. Personnel emoluments amounting to Kshs.401.27 million were processed through the manual payroll and accounted for 9.9 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.
7. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Kisumu County Social Health Insurance Fund reports, Kisumu Enterprises Fund, and Kisumu County Rural Electrification and renewal Energy Corporation Fund.

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

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

3. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
4. The County should address its revenue performance to ensure the approved budget is fully financed. There is a need to ensure the OSR target is realistic and achievable to avoid further accumulation of pending bills.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
6. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.
7. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.18 County Government of Kitui

3.18.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.47 billion, comprising Kshs.4.14 billion (33.2 per cent) and Kshs.8.33 billion (66.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.40 billion (83.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.800 million (6.4 per cent) from its own sources of revenue, and a cash balance of Kshs.769.55 million (6.2 per cent) from FY 2020/21. The County also expects to receive Kshs.505.23 million (4.1 per cent) as conditional grants. The grants consist of; Kshs.14.55 million IDA (WB) Transforming Health Systems for Universal care Project, Kshs.283.09 million IDA (WB) Credit (National Agricultural & Rural Inclusive Growth Project NAGRIP), Kshs.19.56 million DANIDA Grant - Primary Health Care in Devolved Context, Kshs.112.82 million IDA (WB) Credit: Kenya Devolution Support Project Level 2 Grant, Kshs.28.86 million Sweden - Agricultural Sector Development Support Programme II, Kshs.38.96 million IDA (WB) Emergency Locust Response Project, and, Kshs.7.39 million UNFPA- 9th Country Programme Implementation.

3.18.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.6.03 billion as the equitable share of the revenue raised nationally, raised Kshs.280.37 million as own-source revenue, and had a cash balance of Kshs.769.55 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.08 billion, as shown in Table 3.104 .

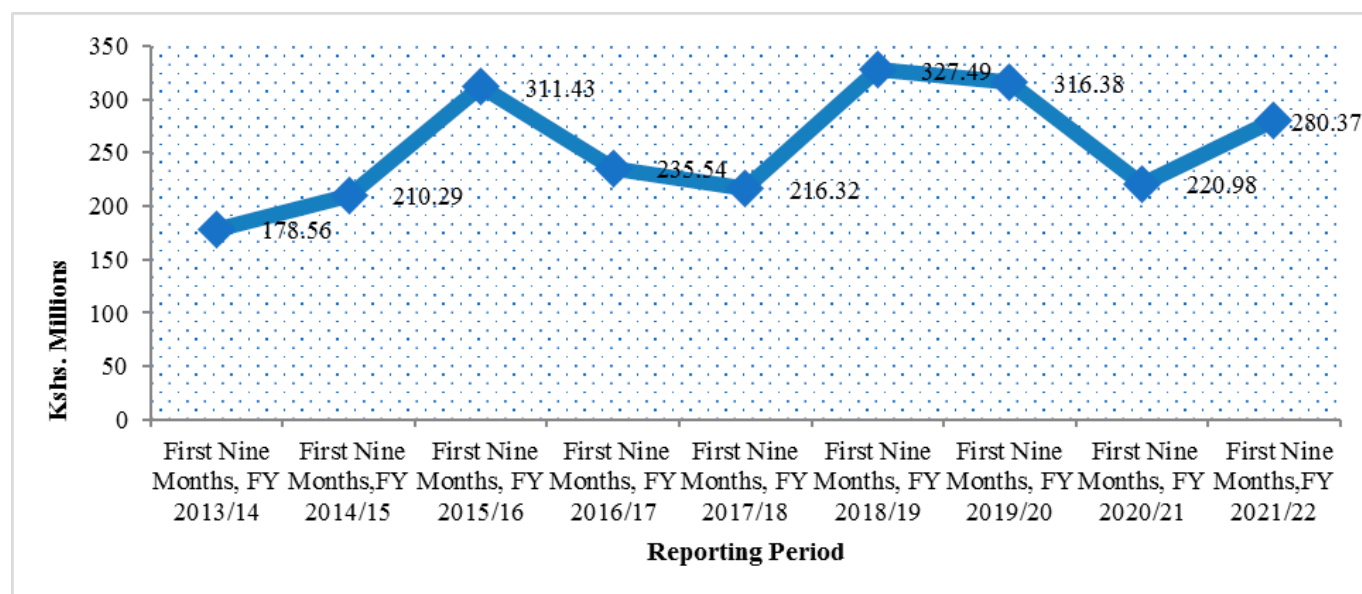
Table 3.104: Kitui County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,393,970,413	6,028,502,969	58.0
Sub Total		10,393,970,413	6,028,502,969	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	800,000,000.00	280,374,666.00	35.0
2.	Conditional Grants	505,225,110	-	0.0
3.	Balance b/f from FY 2020/21	769,547,038.00	769,547,039.00	100.0
Sub Total		2,074,772,148	1,049,921,705	50.6
Grand Total		12,468,742,561	7,078,424,674	56.8

Source: Kitui County Treasury

Figure 3.35 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.35: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kitui County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.280.37 million as own-source revenue, which was 35 per cent of the annual target. This amount represented an increase of 26.9 per cent compared to Kshs.220.98 million realised during a similar period in the first nine months of FY 2020/21. The growth can be attributed to cash received from the NHIF that relates to outstanding bills of the previous financial year, as well as a new revenue stream on county investments in the sale of cabros and interlocking bricks.

3.18.3 Exchequer Issues

The Controller of Budget approved Kshs.6.65 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.38 billion (20.7 per cent) for development programmes and Kshs.5.27 billion (79.3 per cent) for recurrent programmes, as shown in Table 3.108.

3.18.4 Overall Expenditure Review

The County spent Kshs.8.22 billion on development and recurrent programmes during the reporting period. This expenditure represented 123.7 per cent of the total funds released by the CoB and comprised Kshs.2.19 billion and Kshs.6.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53 per cent, while recurrent expenditure represented 72.4 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.05 billion and comprised Kshs.235.66 million for recurrent expenditure and Kshs.814.27 million for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year, which was later updated to incorporate pending bills cleared by Auditor General.

During the period under review, pending bills amounting to Kshs.410.48 million were settled, consisting of Kshs.116.63 million for recurrent expenditure and Kshs.293.85 million for development programmes. Outstanding pending bills amounted to Kshs.639.44 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.05 billion, out of which the County has settled bills amounting to Kshs.609.46 million leaving a balance of Kshs.442.52 million as of 31st March 2022.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.92 billion was spent on employee compensation, Kshs.2.10 billion on operations and maintenance, and Kshs.2.19 billion on development activities, as shown in Table 3.105.

Table 3.105: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,337,633,829	989,600,070	5,348,710,139	677,832,205	0.7	0.7
Compensation to Employees	4,754,571,052	410,314,977	3,633,078,786	289,488,893	76.4	70.6
Operations and Maintenance	2,583,062,777	579,285,093	1,715,631,353	388,343,312	66.4	67.0
Development Expenditure	4,069,751,301	71,757,361	2,194,452,865	-	53.9	0.0
Total	11,407,385,130	1,061,357,431	7,543,163,004	677,832,205	66.1	0.6

Source: Kitui County Treasury

3.18.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 41.9 per cent of the first nine months' proportional revenue of Kshs.9.35 billion.

Personnel emoluments amounting to Kshs.3.48 billion were processed through the IPPD system, while Kshs.364.29 million was paid through the manual payroll. The manual payroll amounted to 10.5 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.89 billion includes Kshs.2.32 billion attributable to the health sector, which translates to 59.5 per cent of total wage bill in the reporting period.

3.18.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.130 million to county established funds in FY 2021/22, which constituted 1 per cent of the County's overall budget for the year. Table 3.106 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.106: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Kitui county assembly service board employees' car & mortgage fund schemes	50,000,000	234,588	Yes
2.	Kitui County Empowerment Fund *	80,000,000	0	No
3.	Total	130,000,000	234,588	

Source: Kitui County Treasury

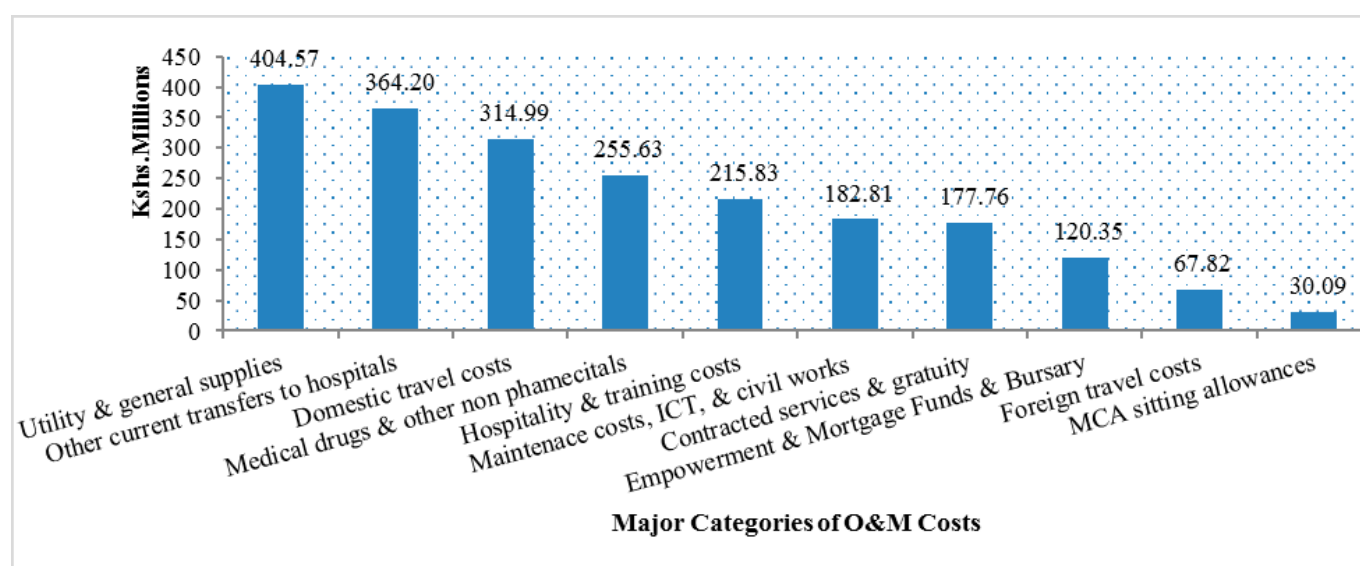
The OCoB received quarterly financial returns from Kitui county assembly service board employees' car & mortgage fund administrators indicated in Table 3.106.

The Kitui County Empowerment Fund was operationalised in the FY 2020/21, and an exchequer of Ksh.100 million was released to the fund. However, the fund administrator has not been providing quarterly FY to COB, contrary to section 168 of the PFM Act 2012.

3.18.9 Expenditure on Operations and Maintenance

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

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



Source: Kitui County Treasury

The County spent Kshs.30.09 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.53.27 million. The average monthly sitting allowance was Kshs.60,782 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.314.99 million and comprised Kshs.110.96 million spent by the County Assembly and Kshs.204.03 million by the County Executive. Spending on foreign travel amounted to Kshs.67.82 million and consisted of Kshs.62.30 million by the County Assembly and Kshs.5.53 million by the County Executive.

3.18.10 Development Expenditure

The County incurred Kshs.2.19 billion on development programmes, which represented an increase of 2.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 2.15 billion. Table 3.107 summarises development projects with the highest expenditure in the reporting period.

Table 3.107: Kitui County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of 10m concrete poles	Kitui Central	28,869,753	28,869,753	100.0
2	Makuta Earth Dam desilting	Kitui East	26,576,758	26,576,758	100.0
3	Sekeani sump well water project sump well, pumping system, rising main distribution lines.	Kitui Rural	20,177,354	20,177,354	100.0

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
4	Supply of power to Masinga treatment works for the month of July	Kitui Central	10,451,862	10,451,862	100.0
5	implementation of climate proofed infrastructure programme	Kitui Central	10,431,449	10,431,449	100.0
6	Kunda kindu bus park improvement	Kitui Central	9,712,680	9,712,680	100.0
7	Supply of fuel for road grading using county machinery	Kitui	6,000,000	6,000,000	100.0
8	Supply of fuel for road grading using county machinery	Kitui	6,000,000	6,000,000	100.0
9	Construction of Mwinga Kithumula drift	Kitui West	9,638,931	5,983,879	62.1
10	Perimeter fencing of Kitui County Referral Hospital	Kitui Central	7,511,210	5,257,867	70.0

Source: Kitui County Treasury

3.18.11 Budget Performance by Department

Table 3.108 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.108: Kitui County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	572.56	1,064.66	385.26	192.78	337.00	494.69	87.5	256.6	58.9	46.5
Public Service Management and Administration	529.94	1.47	397.15	1.08	410.34	1.08	103.3	100.0	77.4	73.5
Agriculture, Water and Irrigation	477.50	1,019.86	337.52	324.71	287.06	426.95	85.0	131.5	60.1	41.9
Basic Education, ICT and Youth Development	554.52	192.61	412.18	47.19	377.63	113.88	91.6	241.3	68.1	59.1
Infrastructure, Housing, Transport and Public Works	283.70	741.37	216.69	507.88	150.96	666.90	69.7	131.3	53.2	90.0
Health and Sanitation	3,376.36	146.77	2,002.52	36.64	3,049.52	84.60	152.3	230.9	90.3	57.6
Trade, Cooperatives and Investment	269.78	232.92	134.42	128.87	176.53	190.87	131.3	148.1	65.4	81.9
Environment, Tourism and Natural Resources	153.05	96.38	82.44	7.98	52.30	15.46	63.4	193.8	34.2	16.0
Gender, Sports and Culture	101.81	82.08	71.41	15.32	28.58	28.08	40.0	183.3	28.1	34.2
County Treasury	608.85	154.73	400.13	112.82	335.14	9.03	83.8	8.0	55.0	5.8
County Public Service Board	55.31	-	21.06	-	14.99	-	71.2	∞	27.1	∞
County Assembly	989.60	71.76	599.87	-	677.83	-	113.0	∞	68.5	0.0
Kitui Municipality	117.72	185.11	89.67	1.98	51.38	132.19	57.3	6,683.3	43.6	71.4
Mwingi Town	73.34	42.69	43.99	0.76	24.14	11.88	54.9	1,560.6	32.9	27.8
Livestock, Apiculture and Fisheries Development	78.44	49.42	35.50	1.25	12.50	12.87	35.2	1,031.5	15.9	26.0
Lands & Physical Planning	84.76	59.69	39.20	0.19	40.64	5.97	103.7	3,184.8	47.9	10.0
Total	8,327.23	4,141.51	5,269.01	1,379.43	6,026.54	2,194.45	114.4	159.1	72.4	53.0

Source: Kitui County Treasury

Analysis of expenditure by the departments shows that the Department of Infrastructure, Housing, Transport and Public Works recorded the highest absorption rate of the development budget at 90 per cent, while the County

Assembly did not report any expenditure on development activities. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 90.3 per cent, while the Department of Livestock, Apiculture and Fisheries Development had the lowest at 15.9 per cent.

The percentage of expenditure to exchequer issues is above 100 per cent and is attributed to unspent balances in the Special Purpose Accounts for conditional grants as of the close of the FY 2020/21 that were not refunded to the County Revenue Fund as well as the reconciliation of IFMIS payments and actual payments as per bank statement. The County Treasury should routinely carry out bank reconciliation.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3.109 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.109: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
3711 Office of The Governor					
General Administration And Planning Headquarters	701013710	1,056,472,447	484,016,097	572,456,350	45.8
	701013710	328,362,185	148,378,067	179,984,118	45.2
	702013710	70,966,018	49,288,466	21,677,552	69.5
Headquarters	703013710	88,129,450	67,351,238	20,778,212	76.4
Procurement Headquarters	704023710	93,293,728	82,661,339	10,632,389	88.6
Sub-total Office of The Governor		1,637,223,828	831,695,207	805,528,621	50.8
3712 Administration and Coordination of County Affairs					
Coordination And Administrative Services Headquarters	705013710	142,352,229	96,999,179	45,353,050	68.1
Coordination And Administrative Services Headquarters	706013710	211,848,422	189,380,087	22,468,335	89.4
Coordination And Programmes Tracking Headquarters	707013710	17,899,299	7,238,611	10,660,688	40.4
General Administration And Planning Headquarters	701013710	159,305,894	117,798,181	41,507,713	73.9
Sub-total Administration and Coordination of County Affairs		531,405,844	411,416,058	119,989,786	77.4
3713 Agriculture Water and Livestock Development					
Agriculture Headquarters	102013710	481,715,874	16,180,735	465,535,139	3.4
Agriculture Headquarters	103013710	37,177,765	16,540,130	20,637,635	44.5
Agriculture Headquarters	103023710	109,325,157	38,126,481	71,198,676	34.9
Agriculture Headquarters	104013710	4,533,763	2,640,242	1,893,521	58.2
General Administration And Planning Headquarters	101013710	303,038,439	158,281,293	144,757,146	52.2
Water Headquarters	101013710	76,516,299	67,806,106	8,710,193	88.6
Water Headquarters	111013710	389,824,204	341,963,490	47,860,714	87.7
Water Headquarters	111023710	95,230,053	72,471,196	22,758,857	76.1
Sub-total Agriculture Water and Livestock Development		1,497,361,554	714,009,673	783,351,881	47.7
3714 Basic Education, ICT, and Youth Development					
Basic Education Headquarters	502013710	414,806,720	278,390,834	136,415,886	67.1
General Administration And Planning Headquarters	501013710	150,579,934	75,215,372	75,364,562	50.0
internet connections	505013710	15,825,722	6,246,799	9,578,923	39.5
Training And Skills Development Headquarters	503013710	99,541,009	80,093,549	19,447,460	80.5

Programme	Sub-gramme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Training And Skills Development Headquarters	504013710	4,915,400	3,064,300	1,851,100	62.3
Training And Skills Development Headquarters	506013710	61,460,909	48,495,355	12,965,554	78.9
Sub-total Basic Education, ICT, and Youth Development		747,129,694	491,506,209	255,623,485	65.8
3715 Lands, Infrastructure, Housing and Urban Development					
General Administration And Planning Headquarters	101013710	125,528,531	74,443,177	51,085,354	59.3
Housing Headquarters	107013710	28,316,290	17,529,321	10,786,969	61.9
Housing Headquarters	109013710	35,115,030	22,473,054	12,641,976	64.0
Roads, Transport And Mechanical Services Headquarters	110013710	798,205,198	698,646,469	99,558,729	87.5
Roads, Transport And Mechanical Services Headquarters	203013710	37,903,760	4,766,503	33,137,257	12.6
Sub-total Lands, Infrastructure, Housing and Urban Development		1,025,068,809	817,858,524	207,210,285	79.8
3716 Health and Sanitation					
General Administration And Planning Headquarters	401013710	136,314,136	110,204,164	26,109,972	80.8
General Administration And Planning Headquarters	401023710	74,322,752	52,122,788	22,199,964	70.1
General Administration and Planning Headquarters	401033710	4,844,081	2,902,680	1,941,401	59.9
Medical Services Headquarters	402013710	2,670,479,175	2,422,491,289	247,987,886	90.7
Medical Services Headquarters	402023710	18,800,000	14,759,463	4,040,537	78.5
Medical Services Headquarters	403023710	133,042,972	124,900,466	8,142,506	93.9
promotion and disease control	404013710	3,677,301	697,350	2,979,951	19.0
promotion and disease control	404043710	1,296,995	-	1,296,995	-
Public Health Headquarters	403013710	16,675,686	11,545,754	5,129,932	69.2
Public Health Headquarters	403023710	1,700,000	814,795	885,205	47.9
Public Health Headquarters	403033710	2,150,000	1,721,800	428,200	80.1
Rural Health Services	402033710	382,746,480	357,952,475	24,794,005	93.5
Rural Health Services	404023710	13,901,500	12,196,174	1,705,326	87.7
Rural Health Services	404033710	63,184,279	21,897,502	41,286,777	34.7
Sub-total Health and Sanitation		3,523,135,357	3,134,206,700	388,928,657	89.0
3717 Trade, Cooperatives and Investments					
cooperatives Headquarters	304013710	11,626,609	7,671,231	3,955,378	66.0
cooperatives Headquarters	304023710	44,670,200	27,711,542	16,958,658	62.0
General Administration And Planning Headquarters	301013710	329,008,397	229,817,681	99,190,716	69.9
Trade And Markets Headquarters	110013710	-	440,200	(440,200)	#DIV/0!
Trade And Markets Headquarters	301013710	112,948,895	99,545,397	13,403,498	88.1
Trade And Markets Headquarters	303023710	4,441,675	2,212,260	2,229,415	49.8
Sub-total Trade, Cooperatives and Investments		502,695,776	367,398,311	135,297,465	73.1
3719 Environment and Natural Resources					
Energy Headquarters	1005013710	5,401,195	1,636,465	3,764,730	30.3
Energy Headquarters	1006013710	95,762,948	16,496,176	79,266,772	17.2
Environment Headquarters	1002013710	13,446,282	2,977,039	10,469,243	22.1
Environment Headquarters	1003013710	1,294,036	693,200	600,836	53.6
Environment Headquarters	1004013710	2,163,023	1,831,300	331,723	84.7

Programme	Sub- gramme	Pro-	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration And Planning Headquarters	1001013710		63,322,786	23,575,763	39,747,023	37.2
Headquarters	305013710		4,209,922	726,700	3,483,222	17.3
Headquarters	305033710		8,614,044	3,121,050	5,492,994	36.2
Headquarters	1003023710		22,957,893	1,087,050	21,870,843	4.7
Mineral Resources Headquarters	1003013710		7,863,316	3,077,080	4,786,236	39.1
Mineral Resources Headquarters	1003023710		10,341,849	4,769,574	5,572,275	46.1
Mineral Resources Headquarters	1003043710		10,178,577	5,415,450	4,763,127	53.2
Mineral Resources Headquarters	1007013710		1,750,548	1,137,600	612,948	65.0
Mineral Resources Headquarters	1008013710		2,117,236	1,213,700	903,536	57.3
Sub-total Environment and Natural Resources			249,423,655	67,758,147	181,665,508	27.2
3720 Tourism, Sports and Culture						
Culture	307013710		34,136,871	6,599,780	27,537,091	19.3
Culture	307023710		12,928,447	5,607,620	7,320,827	43.4
Gender	308013710		9,485,704	715,900	8,769,804	7.5
Gender	308023710		2,411,550	683,800	1,727,750	28.4
General Administration And Planning Headquarters	301013710		36,916,890	9,970,435	26,946,455	27.0
sports	306013710		22,487,347	12,197,749	10,289,598	54.2
sports	306023710		65,523,009	20,892,667	44,630,342	31.9
Sub-total Tourism, Sports and Culture			183,889,818	56,667,951	127,221,867	30.8
3721 County Treasury						
Accounts Headquarters	704013710		56,777,755	34,246,089	22,531,666	60.3
Accounts Headquarters	712053710		17,423,824	11,871,279	5,552,545	68.1
Budgetary Supplies Headquarters	712013710		155,361,803	89,878,527	65,483,276	57.9
Economic Affairs Headquarters	710013710		88,555,135	55,597,970	32,957,165	62.8
Economic Affairs Headquarters	710023710		12,741,471	10,263,468	2,478,003	80.6
Economic Affairs Headquarters	712023710		12,126,930	9,712,585	2,414,345	80.1
General Administration And Planning Headquarters	701013710		411,812,807	127,210,848	284,601,959	30.9
Internal Audit Headquarters	712033710		8,774,100	5,392,547	3,381,553	61.5
Sub-total County Treasury			763,573,825	344,173,313	419,400,512	45.1
3722-Kitui - County Public Service Board						
Board	713013710		11,259,284	1,429,713	9,829,571	12.7
Board	713023710		6,605,268	1,859,789	4,745,479	28.2
Board	714013710		5,033,615	1,083,796	3,949,819	21.5
General Administration And Planning Headquarters	701013710		32,416,599	10,616,474	21,800,125	32.8
Sub-total County Public Service Board			55,314,766	14,989,772	40,324,994	27.1
3723 County Assembly						
General Administration And Planning Headquarters	701013710		395,712,894	193,653,414	202,059,480	48.9
Legislative Department Headquarters	715013710		665,644,537	484,178,791	181,465,746	72.7
Sub-total County Assembly			1,061,357,431	677,832,205	383,525,226	63.9
3724 Kitui Municipality						
General Administration and Planning- Headquarters	201013710		49,757,428	25,191,214	24,566,214	50.6

Programme	Sub-programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Environment, Culture, Recreation and Community Development - Headquarters	207013710	35,394,963	10,648,079	24,746,884	30.1
finance headquarter	207023710	34,065,000	11,299,466	22,765,534	33.2
Trade, commerce & industrialisation	207033710	13,385,097	5,555,746	7,829,351	41.5
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	170,226,108	130,878,440	39,347,668	76.9
Sub-total Kitui Municipality		302,828,596	183,572,945	119,255,651	60.6
3725 Mwingi Town Administration					
General Administration And Planning- Headquarters	109013710	13,775,916	1,853,220	11,922,696	13.5
General Administration And Planning- Headquarters	201013710	67,060,500	18,940,265	48,120,235	28.2
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	15,001,455	3,974,728	11,026,727	26.5
Planning, Development Control, Transport and Infrastructure - Headquarters	207023710	1,090,400	582,550	507,850	53.4
Planning, Development Control, Transport and Infrastructure - Headquarters	207033710	7,565,280	4,103,498	3,461,782	54.2
General Administration And Planning- Headquarters	706013710	2,316,250	2,607,274	(291,024)	112.6
Environment, Culture, Recreation and Community Development - Headquarters	1001013710	9,224,325	3,960,579	5,263,746	42.9
Sub-total Mwingi Town Administration		116,034,126	36,022,114	80,012,012	31.0
3726 Livestock apiculture and Fisheries Development					
Headquarters	101013710	64,383,055	5,987,758	58,395,297	9.3
Headquarters	105013710	1,852,271	365,931	1,486,340	19.8
Headquarters	106013710	27,808,966	9,207,638	18,601,328	33.1
Headquarters	106023710	33,808,540	9,810,776	23,997,764	29.0
Sub-total Livestock apiculture and Fisheries Development		127,852,832	25,372,103	102,480,729	19.8
3727 Lands and physical planning					
Headquarters	101013710	50,371,843	21,606,381	28,765,462	42.9
Headquarters	108013710	51,896,711	6,596,454	45,300,257	12.7
Headquarters	108023710	42,178,096	18,397,742	23,780,354	43.6
Sub-total lands and physical planning		144,446,650	46,600,577	97,846,073	32.3
Grand Total		12,468,742,561	8,221,079,809	4,247,662,752	65.9

Source: Kitui County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: 706013710 General Administration And Planning Headquarters in the Department of Mwingi Town Administration at 112.6 per cent, 403023710 Medical Services Headquarters in the Department of Health and Sanitation at 93.9 per cent, 402033710 Rural Health Services in the Department of Health and Sanitation at 93.5 per cent, and 402013710 Medical Services Headquarters at 90.7 per cent of budget allocation.

3.18.13 Key Observations and Recommendations

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

Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.

1. A high wage bill, which accounted for 41.9 per cent of the first nine months' proportional revenue of Kshs.9.35 billion, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.280.37 million against an annual projection of Kshs.800 million, representing 35 per cent of the annual target. However, this amount represented an increase compared to Kshs.220.98 million realised during a similar period in FY 2020/21. The OSR target is therefore unrealistic.
3. Kitui County Empowerment Fund Administrator failed to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. Failure to refund unspent balances on the Special Purpose Accounts at the close of the financial year and spending of OSR at source led to the percentage of expenditure to exchequer issues being above 100 per cent. This is against Section 136 of the PFM Act, 2012.
5. Manual payroll. During the period, wage bills amounting to Kshs.364.29 million were processed manually. The manual payroll amounted to 10.5 per cent of the total PE costs. Manual payroll is prone to financial misuse and may lead to the loss of public funds.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed. Further, the County Treasury should embrace the practice of setting realistic and achievable OSR targets in order to avoid the accumulation of pending bills as a result of committing the budget while there are inadequate resources.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with the law. Further regular reconciliation of IFMIS payments and actual payments as per bank statements should be undertaken by the County Treasury.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.29 billion, comprising Kshs.5.52 billion (45 per cent) and Kshs.6.76 billion (55 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.27 billion (67.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.315 million (2.6 per cent) from its own sources of revenue, and a cash balance of Kshs.2.63 billion (21.4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.08 billion (8.8 per cent) as conditional grants, which consist of Compensation for User Fees Forgone of Ksh.14.8 million, Leasing of Medical Equipment of Ksh.153.30 million, Road Maintenance Levy of Ksh.125.40 million, Development of Youth Polytechnics of Ksh.54.84 million World Bank Grant on Kenya Devolution Support Programme of

Ksh.73.05 million, DANIDA Grant to Supplement Financing of County Health facilities of Ksh.21.57 million, World Bank Grant for Universal Health Care Project of Ksh.34.29 million, National Agricultural and Rural Inclusive Growth Project NARIGP of Ksh.194.46 million, Water and Sanitation Development Project (WSDP) of Ksh.389.61 million and Agricultural Sector Development Support Programme-ASDSP of Ksh.14.35 million.

3.19.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.09 billion as the equitable share of the revenue raised nationally, raised Kshs.213.53 million as own-source revenue, Kshs.2.50 million as conditional grants, and had a cash balance of Kshs.2.63 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.94 billion, as shown in Table 3.110.

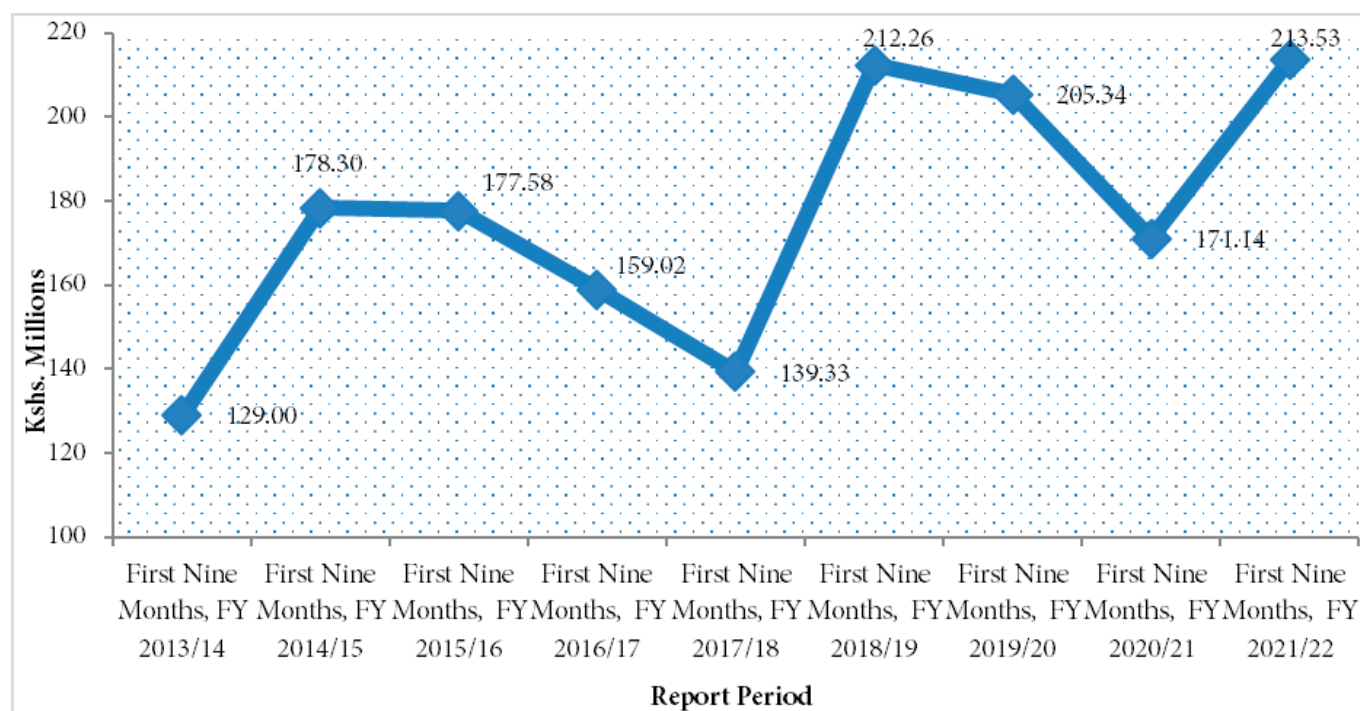
Table 3.110: Kwale County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	4,091,464,830	49.5
Sub Total		8,265,585,516	4,091,464,830	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	315,000,000	213,529,786	67.8
2.	Conditional Grants	1,075,670,970	2,500,000	0.2
3.	Balance b/f from FY2020/21	2,629,007,981	2,629,007,981	100
Sub Total		4,019,678,951	2,845,037,767	70.8
Grand Total		12,285,264,467	6,936,502,597	56.5

Source: Kwale County Treasury

Figure 3.37 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.37: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Kwale County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.213.53 million as own-source revenue, which was 67.8 per cent of the annual target. This amount represented an increase of 24.8 per cent compared to Kshs.171.14 million realized during a similar period in FY 2020/21.

3.19.3 Exchequer Issues

The Controller of Budget approved Kshs.6.03 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.10 billion (18.2 per cent) for development programmes and Kshs.4.93 billion (81.8 per cent) for recurrent programmes, as shown in Table 3.114.

3.19.4 Overall Expenditure Review

The County spent Kshs.5.99 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.5 per cent of the total funds released by the CoB and comprised Kshs.1.31 billion and Kshs.4.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.7 per cent, while recurrent expenditure represented 69.3 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

The outstanding commitments as of 30th June 2021 amounted to Kshs.2.69 billion for development expenditure. During the period under review, bills amounting to Kshs.841.96 million were settled, and therefore the outstanding bills were Kshs.1.79 billion as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.18.42 billion, which the County Treasury is yet to provide the reconciliation to ascertain how much has been settled.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.51 billion was spent on employee compensation, Kshs.2.17 billion on operations and maintenance, and Kshs.1.31 million on development activities, as shown in Table 3.111.

Table 3.111: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,111,834,015	648,445,792	4,275,020,136	408,384,455	0.7	0.6
Compensation to Employees	3,147,521,500	302,150,321	2,290,155,395	219,052,821	72.8	72.5
Operations and Maintenance	2,964,312,515	346,295,471	1,984,864,741	189,331,634	67.0	54.7
Development Expenditure	5,145,143,839	379,840,821	1,213,934,326	96,414,138	23.6	25.4
Total	11,256,977,854	1,028,286,613	5,488,954,462	504,798,593	48.8	0.5

Source: Kwale County Treasury

3.19.7 Expenditure on Personnel Emoluments.

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 27.2 per cent of the first nine months proportional revenue of Kshs.9.21 billion.

The entire personnel emoluments were processed through the IPPD system. The wage bill of Kshs.1.98 billion includes Kshs.1.25 billion attributable to the health sector, which translates to 63.0 per cent of the total wage bill in the reporting period.

3.19.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.435 million to county established funds in FY 2021/22, which constituted 3.5 per cent of the County’s overall budget for the year. Table 3.112 summarizes each established fund’s budget allocation and performance during the reporting period.

Table 3.112: County Established Fund performance as of 31st March 2022

S/No.	Name of The Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure (Kshs.)	Submission of Quarterly Financial Statements (Yes/No.)
1.	Kwale County Bursary Fund	400,000,000	390,000,000	Yes
2.	Kwale County Youth, Women and Persons with Disability Revolving Fund	-	-	No.
3.	Kwale County Disaster Management Fund	5,000,000	993,400	No.
4.	Kwale County Trade Revolving Fund	-	-	No.
5.	Car Loan & Mortgage Funds.	30,000,000	-	Yes
	Total	435,000,000	390,993,400	

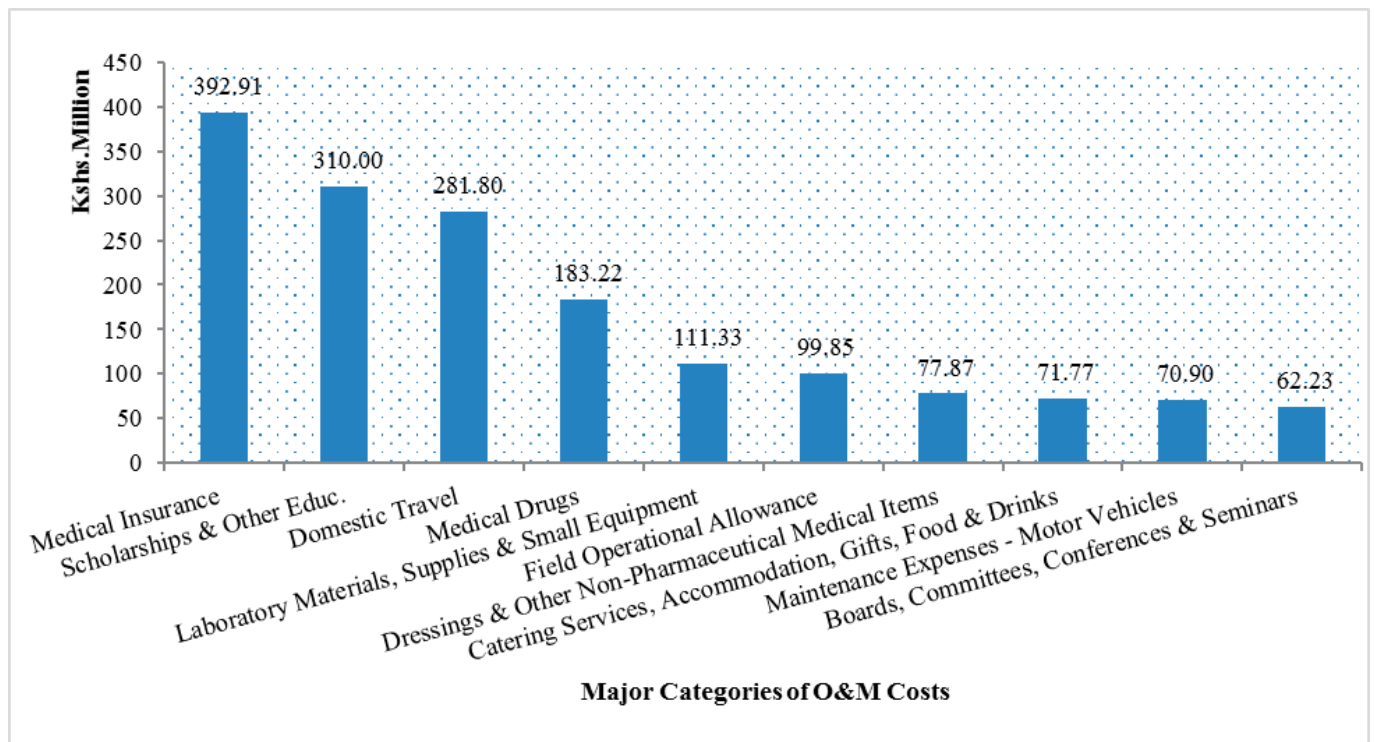
Source: Kwale County Treasury

The OCoB received quarterly financial returns from administrators of the Bursary Fund and the Car Loan & Mortgage, as indicated in .

3.19.9 Expenditure on Operations and Maintenance

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

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



Source: Kwale County Treasury

The County spent Kshs.29.59 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.40.86 million. The average monthly sitting allowance was Kshs.106,063 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 24 committees.

During the period, expenditure on domestic travel amounted to Kshs.281.80 million and comprised Kshs.51.46 million spent by the County Assembly and Kshs.230.34 million by the County Executive. Spending on foreign travel amounted to Kshs.16.75 million and consisted of Kshs.16.32 million by the County Assembly and Kshs.0.43 million by the County Executive.

3.19.10 Development Expenditure

The County incurred Kshs.1.31 billion on development programmes, which a decreased by 19.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.63 billion. Table 3.113 summarizes development projects with the highest expenditure in the reporting period.

Table 3.113: Kwale County, List of Development Projects with the Highest Expenditure

Sn	Project name/description	location of the project	Contract sum (Kshs.)	payments to date (Kshs.)	Absorption (%)
1	Construction of county headquarters	Kwale town	462,376,631	461,504,423	99.8
2	County flagship project 1 - kona ya jadini - lotfa road	Ukunda	134,346,511	127,920,993	95.2
3	County flagship project 3 - tarmacking of mkilo – kalalani - luweni road in mwavumbo ward	Mwavumbo	160,004,861	124,420,230	77.8
4	County flagship project 2 - tarmacking of kona ya musa – mabokoni – kona ya masai road in ukunda, gombato/bongwe wards	Ukunda	277,977,685	114,720,884	41.3
5	Construction of stadium	Kwale	119,259,841	106,645,147	89.4
6	Construction of governor"s residence	Golini	183,403,077	105,125,727	57.3
7	Purchase of CT scan kinango hospital in kinango ward	Kinango ward	59,000,000	54,000,000	91.5
8	Miss tourism event tourism promotion	All wards	25,002,000	25,002,000	100.0
9	Eu/led ideas Kombani wholesale market - tranche iii	Kombani	27,170,714	24,536,425	90.3
10	Provision of valuation roll for revenue automation	Hq	29,824,022	23,861,617	80.0

Source: Kwale County Treasury

3.19.11 Budget Performance by Department

Table 3.114 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.114: Kwale County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,115.10	22.99	933.98	-	738.18	-	79.0	-	66.2	0.0
Agriculture, Livestock & Fisheries	194.12	537.61	151.14	87.24	133.68	72.37	88.4	83.0	68.9	13.5
Land, Environment, Mining & natural resources	185.72	110.51	87.46	79.44	84.47	72.94	96.6	91.8	45.5	66.0
Medical and Public Health Services	2,575.39	1,082.29	1,709.09	212.76	1,830.46	279.46	107.1	131.3	71.1	25.8
County Assembly	648.45	379.84	459.73	95.76	408.38	96.41	88.8	100.7	63.0	25.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Investment and Co-operative Development	76.80	213.56	56.19	43.48	50.05	44.58	89.1	102.5	65.2	20.9
Community Development	132.26	199.30	110.39	64.93	98.77	140.22	89.5	216	74.7	70.4
Executive Services	123.69	35.72	94.74	1.41	76.39	-	80.6	-	61.8	-
Education	968.45	799.51	783.76	213.90	723.94	226.18	92.4	105.7	74.8	28.3
Water Services	90.18	1,234.93	56.13	164.38	57.51	165.82	102.5	100.9	63.8	13.4
Roads and Public Works	237.31	739.85	165.48	89.40	164.92	166.34	99.7	186.1	69.5	22.5
Tourism and ICT	51.70	66.87	36.07	30.43	32.46	30.43	90	100	62.8	45.5
County Public Service Board	56.60	-	34.11	-	31.54	-	92.5	-	55.7	-
Public Service & Administration	293.79	47.21	245.10	15.59	250.77	15.56	102.3	99.8	85.4	33.0
Kwale Municipality	4.55	31.12	1.86	-	0.54	-	29.0	-	11.9	-
Diani Municipality	6.18	23.68	2.05	-	1.34	-	65.4	-	21.7	-
Total	6,760.29	5,524.99	4,927.28	1,098.7	4,683.4	1,310.3	95.1	119.3	69.3	23.7

Source: Kwale County Treasury

Analysis of expenditure by the departments shows that the Department of Community Development recorded the highest absorption rate of the development budget at 70.4 per cent, while the Department of Finance and Economic Planning, County Executive Service, Kwale Municipality and Diani Municipality did not report any expenditure on development activities. The Departments of Public Service & Administration had the highest percentage of recurrent expenditure to budget at 85.4 per cent, while the Department of Kwale Municipality had the lowest at 11.9 per cent.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3.115 summarizes the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.115: Kwale County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
FINANCE				
Budget formulation, coordination and management (0703023060)	49,826,460	45,328,328	4,498,132	91.0
Personal Services(0704013060)	286,410,959	141,440,159	144,970,800	49.4
General Administration (0704043060)	617,006,163	410,928,816	206,077,347	66.6
Revenue Collection Management (0710013060)	118,255,000	92,622,835	25,632,165	78.3
Public Finance and Accounting Services (0711013060)	1,325,075	25,075	1,300,000	1.9
Procurement services(0711023060)	18,993,846	13,776,961	5,216,885	72.5
Risk Assurance Services (0711033060)	46,271,700	34,058,078	12,213,622	73.6
Total	1,138,089,203	738,180,252	399,908,951	64.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
AGRICULTURE				
GENERAL ADMINISTRATION AND SUPPORT SERVICES {0102053060}	225,152,755	40,901,540	184,251,215	18.2
Personnel Services (0102063060)	147,845,355	114,187,248	33,658,107	77.2
CROP PRODUCTION & FOOD SECURITY {0107013060}	240,215,670	2,903,000	237,312,670	1.2
AGRICULTURAL EXTENTION, RESEARCH & TRAINING. {0107023060}	11,690,067	7,159,877	4,530,190	61.2
FARM LAND UTILIZATION, MECHNIZATION & CROP STORAGE {0107033060}	21,293,860	15,622,989	5,670,871	73.4
Dairy and Meat Production (0108013060)	20,890,000	7,864,915	13,025,085	37.6
Value Addition of Livestock and Livestock Products (0108023060)	28,695,305	6,545,000	22,150,305	22.8
LIVESTOCK DISEASE CONTROL {0108033060}	19,853,147	4,500,215	15,352,932	22.7
FISH PRODUCTION MANAGEMENT {0109013060}	2,648,152	1,143,415	1,504,737	43.2
Value Addition and Marketing (0109023060)	13,440,000	5,222,890	8,217,110	38.9
Total	731,724,311	206,051,089	525,673,222	28.2
LANDS				
0102053060 (General administration and Support services	132,031,337	95,110,958	36,920,379	72.0
0102063060 (Personnel Services)	28,609,681	21,948,278	6,661,403	76.7
Urban Development Support Services (0102073060)	7,134,499	263,500	6,870,999	3.7
0104013060 (Physical development plans)	15,528,000	11,603,230	3,924,770	74.7
0105013060 (Establishment of squatter settlement schemes	52,463,900	24,566,095	27,897,805	46.8
0106023060 (County Environmental Awareness Initiative)	60,465,066	3,920,000	56,545,066	6.5
Total	296,232,483	157,412,061	138,820,422	53.1
HEALTH				
Maternal new born and child health(0401023060)	222,590,076	41,315,297	181,274,779	18.6
Medical Health Drugs (0402043060)	201,950,000	183,222,879	18,727,121	90.7
General Administration(0403013060)	723,843,194	293,195,333	430,647,861	40.5
Personnel Services(0403053060)	1,686,921,764	1,250,568,541	436,353,223	74.1
Msambweni Hospital (0405013060)	44,709,989	21,645,999	23,063,990	48.4
Kinango Hospital(0406013060)	149,620,000	115,184,800	34,435,200	77.0
Kwale Hospital(0407013060)	21,260,000	2,565,365	18,694,635	12.1
Tiwi Rural Health Facility(0408013060)	53,298,554	33,074,478	20,224,076	62.1
Samburu Hospital(0409013060)	85,535,000	46,888,251	38,646,749	54.8
Lungalunga Hospital(0410013060)	58,429,194	35,262,479	23,166,715	60.4
Rural Health Facilities(0412013060)	298,405,331	2,719,918	295,685,413	0.9
Diani Health Centre(0413013060)	111,110,750	84,284,624	26,826,126	75.9
Total	3,657,673,852	2,109,927,964	1,547,745,888	57.7
COUNTY ASSEMBLY				
Audit Services (0704013060)	304,406,321	220,699,821	83,706,500	72.5
General Administration (0704043060)	485,296,002	170,081,627	315,214,375	35.0
Oversight and legislation of county affairs (0705013060)	238,584,290	114,017,145	124,567,145	47.8
Total	1,028,286,613	504,798,593	523,488,020	49.1
TRADE				
Building capacity of traders for better market access (0301013060)	3,320,000	2,234,350	1,085,650	67.3
Enforcement of weights & measures Act (0301043060)	4,900,000	3,910,850	989,150	79.8
Investment publicity and promotion (0302023060)	9,897,666	523,335	9,374,331	5.3
Personnel Services (0305013060)	38,914,187	29,676,169	9,238,018	76.3
Administration services(0305023060)	109,352,689	42,500,360	66,852,329	38.9
Rehabilitation of Existing Markets (0306013060)	13,374,898	8,620,487	4,754,411	64.5
Construction of new markets(0306023060)	58,475,475	-	58,475,475	0.0

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Investment Promotion Services(0307013060)	52,133,033	7,159,398	44,973,635	13.7
Total	290,367,948	94,624,949	195,742,999	32.6
SOCIAL SERVICES				
Social Services (0903013060)	34,099,702	16,042,915	18,056,787	47.0
Community development (0903023060)	700,000	-	700,000	0.0
Drug and substance abuse management (0903033060)	3,588,464	3,290,488	297,976	91.7
Protection and promotion of positive culture and heritage (0904013060)	13,425,910	5,217,465	8,208,445	38.9
Youth sporting talent search and development (0905013060)	1,500,000	1,119,248	380,752	74.6
Sports development program (0905023060)	63,842,368	35,668,242	28,174,126	55.9
Youth empowerment program (0905033060)	49,515,966	42,577,930	6,938,036	86.0
Personnel Services (0906013060)	34,399,694	28,745,644	5,654,050	83.6
Administration Services (0906023060)	130,490,552	106,332,067	24,158,485	81.5
Total	331,562,656	238,993,999	92,568,657	72.1
EXECUTIVE				
Audit Services704013060	57,141,052	48,255,931	8,885,121	84.5
General Administration704043060	76,202,685	18,007,774	58,194,911	23.6
Legal Advisory Services (0707013060)	6,529,360	2,686,808	3,842,552	41.1
Media and Communication Services (0707033060)	19,536,000	7,434,638	12,101,362	38.1
Total	159,409,097	76,385,151	83,023,946	47.9
EDUCATION				
Early childhood and development (0501013060)	29,150,000	15,393,718	13,756,282	52.8
Early Childhood Development (0501043060)	380,323,222	53,007,393	327,315,829	13.9
Administration Planning support service (0502013060)	349,221,587	175,285,105	173,936,482	50.2
Personnel Services (0502023060)	493,994,871	368,461,637	125,533,234	74.6
Youth Training Development (0503013060)	39,137,156	25,959,278	13,177,878	66.3
Infrastructure development (0503023060)	76,128,116	2,012,288	74,115,828	2.6
Scholarship and Bursary (0504013060)	400,000,000	310,000,000	90,000,000	77.5
Total	1,767,954,952	950,119,419	817,835,533	53.7
WATER				
Construction & Maintenance of water pipeline supply systems (1001023060)	178,288,887	4,921,821	173,367,066	2.8
Development of Borehole water supply system (1001033060)	139,273,137	-	139,273,137	-
Development/Construction of surface water supply systems (1001043060)	144,967,984	6,303,388	138,664,596	4.3
Community Water Project (1001063060)	70,718,682	12,931,238	57,787,444	18.3
Personnel Services (1002013060)	35,425,222	23,431,285	11,993,937	66.1
Administration Services (1002023060)	756,433,024	175,739,282	580,693,742	23.2
Total	1,325,106,936	223,327,014	1,101,779,922	16.9
INFRASTRUCTURE				
Rehabilitations of Roads, Drainage and bridges (0202013060)	457,212,438	13,295,848	443,916,590	2.9
Installation of Street Lighting Facilities (0203013060)	55,093,646	10,346,062	44,747,584	18.8
Personnel Services (0305013060)	75,896,057	46,841,628	29,054,429	61.7
Administration Services (0305023060)	388,957,651	260,777,702	128,179,949	67.0
Total	977,159,792	331,261,240	645,898,552	33.9
ICT				
Tourism Promotion {0304013060}	26,558,102	7,641,337	18,916,765	28.8
Personnel services {0305013060}	22,901,766	17,064,770	5,836,996	74.5
Administration services {0305023060}	37,752,412	24,476,415	13,275,997	64.8
Local area network installation and ICT support {0308013060}	31,355,014	13,707,905	17,647,109	43.7
Total	118,567,294	62,890,427	55,676,867	53.0

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CPSB				
Human Resource Planning (706013060)	9,416,200	4,194,513	5,221,687	44.5
Compensation To Employees (706043060)	33,287,043	17,156,905	16,130,138	51.5
Staff Rationalization (706063060)	13,891,926	10,187,850	3,704,076	73.3
Total	56,595,169	31,539,268	25,055,901	55.7
PSA				
Audit Services0704013060	195,287,849	180,255,199	15,032,650	92.3
General Administration0704043060	61,278,576	20,552,057	40,726,519	33.5
County compliance and enforcement0708033060	23,292,727	20,096,621	3,196,106	86.3
Sub County Admin Kinango0712043060	6,318,200	7,309,645	(991,445)	115.7
county garbage and cleaning services0713013060	22,745,000	21,173,995	1,571,005	93.1
Human Resource and Planning,0714013060	14,010,000	10,499,930	3,510,070	74.9
	18,068,750	6,475,273	11,593,477	35.8
Total	341,001,102	266,362,720	74,638,382	78.1
KWALE MUNICIPALITY				
0102063060 (Personnel)	2,320,000	-	2,320,000	-
0111013060 (kwale municipality)	33,347,055	537,605	32,809,450	1.6
Total	35,667,055	537,605	35,129,450	1.5
DIANI MUNICIPALITY				
0102063060 (Personnel)	2,472,000	-	2,472,000	-
0112013060 (Diani municipality)	27,394,004	1,341,300	26,052,704	4.9
Total	29,866,004	1,341,300	28,524,704	4.5
Grand Total	12,285,264,467	5,993,753,051	6,291,511,416	48.8

Source: Kwale County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Sub County Administration Kinango in the Department of Public service Administration at 115.7 per cent, County Garbage & Cleaning Services in the Department of Public Service Administration at 93.1 per cent, Audit Services in the Department of Public Service Administration at 92.3 per cent, and drugs and substance abuse management at 91.7 per cent of budget allocation in the Department of Social Services. The absorption rate above 100 per cent is irregular and should be corrected before the closure of the financial year.

3.19.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.1.13 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.5.52 billion. The development expenditure represented 23.7 per cent of the annual development budget.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kwale County Youth, Women and Persons with Disability Revolving Fund, Kwale County Disaster Management Fund and Kwale County Trade Revolving Fund were not submitted to the Controller of Budget.
3. Failure by the County Treasury to prepare a reconciliation report on the pending bills verified by the Office of the Auditor General, which was Kshs.18.42 billion as of 30th June 2020.

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

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

3. The County Treasury should provide a reconciliation report to ascertain whether the pending bills reported by the Office of the Auditor General have been cleared.

3.20 County Government of Laikipia

3.20.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.57 billion, comprising Kshs.3.81 billion (44.4 per cent) and Kshs.4.76 billion (55.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (59.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.01 billion (11.7 per cent) from own sources of revenue, and a cash balance of Kshs.432.75 million (5.0 per cent) from FY 2020/21. The County also expects to raise Kshs.1.25 billion (14.6 per cent) through issuance of an infrastructure bond and receive Kshs.748.11 million (8.7 per cent) as conditional grants which consists of Kenya Devolution Support Programme, DANIDA grant, EU-IDEAS and Kenya Climate Smart.

3.20.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.42 billion as the equitable share of the revenue raised nationally, raised Kshs.638.52 million as own-source revenue, Kshs.29.97 millions as conditional grants and had a cash balance of Kshs.432.75 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.52 billion, as shown in Table 3.116.

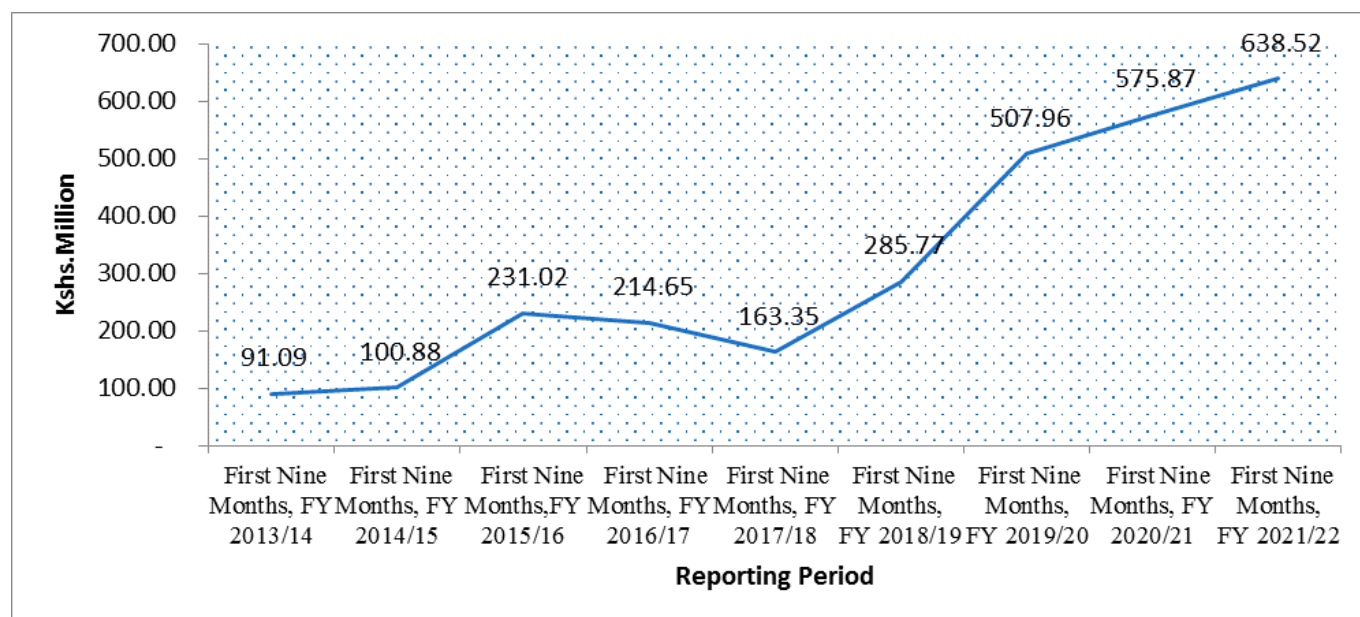
Table 3.116: Laikipia County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,136,265,679	3,415,616,678	66.5
Sub Total		5,136,265,679	3,415,616,678	66.5
B	Other Sources of Revenue			
1	Own Source Revenue	1,006,000,000	638,522,836	63.5
2	Conditional Grants	748,106,376	29,974,152	4.0
3	Balance b/f from FY2020/21	432,747,990	432,747,990	100.0
5	Other Revenues	1,247,627,355		-
Sub Total		3,434,481,721	1,101,244,978	32.1
Grand Total		8,570,747,400	4,516,861,656	52.7

Source: Laikipia County Treasury

Figure 3.39 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.39: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Laikipia County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.638.52 million as own-source revenue. This amount represented an increase of 9.8 per cent compared to Kshs.575.87 million realised during similar period in FY 2020/21. The County has not implemented an automated OSR Collection System.

3.20.3 Exchequer Issues

The Controller of Budget approved Kshs.3.91 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.853.65 million (21.8 per cent) for development programmes and Kshs.3.06 billion (78.2 per cent) for recurrent programmes as shown in Table 3.120.

3.20.4 Overall Expenditure Review

The County spent Kshs.4.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 110.5 per cent of the total funds released by the CoB and comprised of Kshs.1.17 billion and Kshs.3.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 30.7 per cent while recurrent expenditure represented 66.2 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.955.39 million and comprised of Kshs.195.63 million for recurrent expenditure and Kshs.753.49 million for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the bills in 2021-2022 and 2022-2023 financial years.

During the period under review, pending bills amounting to Kshs.639.72 million were settled, consisting of Kshs.25.89 million for recurrent expenditure and Kshs.613.83 million for development programmes. Outstanding pending bills amounted to Kshs.309.4 million as of 31st March, 2022.

The outstanding pending bills as of 31st March, 2022 do not include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June, 2020 was Kshs.588.46 million. The County Treasury did not make any provision in the budget for the eligible pending bills arguing that they received the OAG list long after the county budget had already been approved. The County has however indicated that a provision will be made in FY 2022/23 budget.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.02 billion was spent on employee compensation, Kshs.1.13 billion on operations and maintenance, and Kshs.1.17 billion on development activities, as shown in Table 3.117.

Table 3.117: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,295,532,587	470,108,195	2,773,321,181	380,469,634	64.6	80.9
Compensation to Employees	2,861,408,552	257,926,965	1,830,591,155	190,305,798	64.0	73.8
Operations and Maintenance	1,434,124,035	212,181,230	942,730,026	190,163,836	65.7	89.6
Development Expenditure	3,755,106,618	50,000,000	1,162,185,473	7,775,612	30.9	15.6
Total	8,050,639,205	520,108,195	3,935,506,654	388,245,246	48.9	74.6

Source: Laikipia County Treasury

3.20.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 31.4 per cent of the first nine months proportional revenue of Kshs.6.43 billion.

Personnel emoluments amounting to Kshs.1.60 billion were processed through the IPPD system while those paid through manual payroll was Kshs.419.32 million. The manual payroll amounted to 20.7 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs.2.02 billion includes Kshs.1.11 billion attributable to the health sector which translates to 55 per cent of the total wage bill in the reporting period.

3.20.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.240.65 million to county established funds in FY 2021/22, which constituted 2.8 per cent of the County's overall budget for the year. Table 3.118 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.118 : County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	Leasing Fund	160,000,000		137,500,000	-	Yes	
2	Co-operative Fund	10,000,000		-	-		No
3	Enterprise Fund	10,000,000		-	-	Yes	
4	Emergency Fund	18,892,400		10,758,229	-	Yes	
5	Bursary Fund	25,000,000		25,000,000	-	Yes	
6	County Assembly Staff Car & Mortgage Fund	16,760,883		-	0		No
		240,653,283		173,258,229	-		

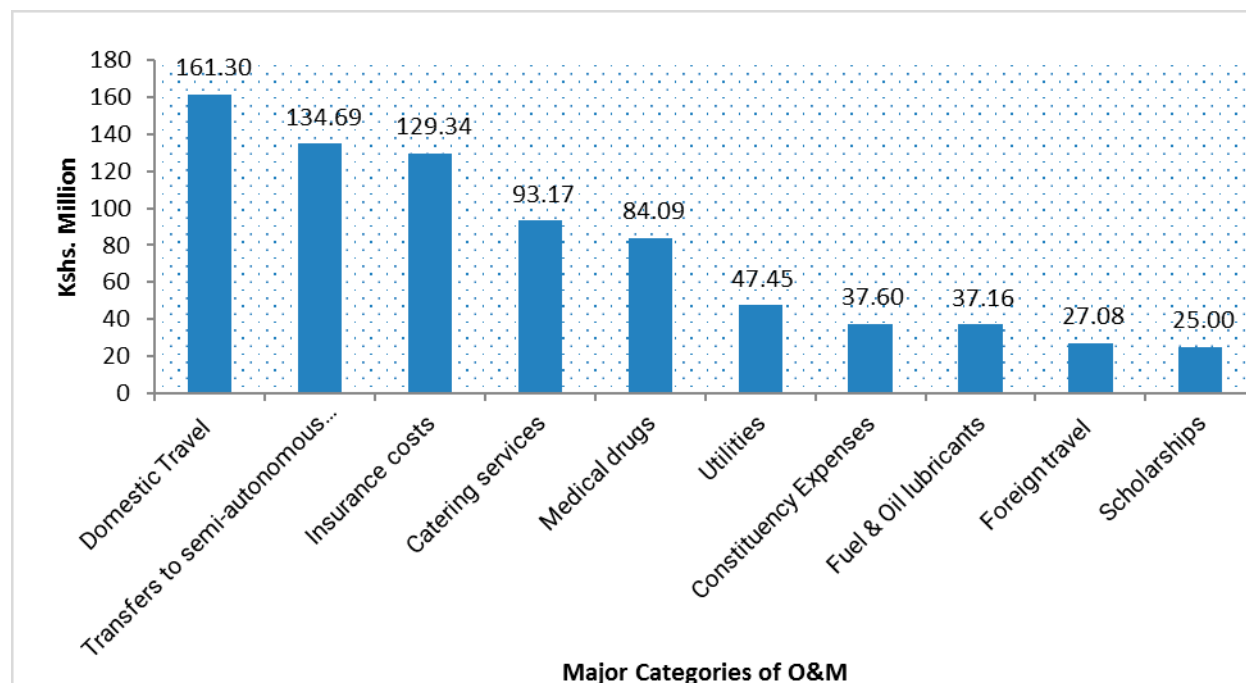
Source: Laikipia County Treasury

From the six-county established public funds, the OCoB received quarterly financial returns from administrators of 4 funds as indicated in Table 3.118 .

3.20.9 Expenditure on Operations and Maintenance

Figure 3.40 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.40: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia County Treasury

The County spent Kshs.18.4 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.32,57 million. The Assembly has 10 standing committees and 8 sectoral committees. The average monthly sitting allowance was Kshs.81,336 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 18 committees.

During the period, expenditure on domestic travel amounted to Kshs.161.3 million and comprised of Kshs.44.56 million spent by the County Assembly and Kshs.116.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.01 million and comprised of Kshs.25.08 million by the County Assembly and Kshs.1.99 million by the County Executive.

3.20.10 Development Expenditure

The County incurred Kshs.1.17 billion on development programmes, which represented an increase of 40.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.690.37 million. Table 3.119 summarises development projects with the highest expenditure in the reporting period.

Table 3.119: Laikipia County, List of Development Projects with the Highest Expenditure

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Periodic maintenance of Willy Jimmy in Nanyuki Town	Land & Infrastructure	Nanyuki Ward	9,235,789	8,178,143	88.5
2	Periodic maintenance of Hospital Road	Land & Infrastructure	Igwamiti Ward	27,785,482	27,785,482	100.0

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	Rehabilitation and drainage works to Kimathi, Rumuruti & chief's camp in Nanyuki town	Land & Infrastructure	Nanyuki Ward	23,038,850	23,038,850	100.0
4	Periodic maintenance of Boston House-Nyahururu Law Courts-Jimrock roads	Land & Infrastructure	Igwamiti Ward	19,459,129	18,317,511	94.1
5	Periodic maintenance of Machakos Road Phase 1 in Nanyuki	Land & Infrastructure	Nanyuki Ward	14,998,467	14,052,301	93.7
6	Proposed construction of Mukuri Bridge in Nanyuki Ward	Land & Infrastructure	Nanyuki Ward	11,807,153	11,807,153	100.0
7	Pipeline extension of nganoini water project	Water	Salama Ward	4,000,000	3,997,325	99.9
8	Construction of chumvi masonry tank	Water	Mukongondo East	3,977,450	3,866,254	97.2
9	Proposed Market Stalls in Kahuruko In Olmorani	Trade	Olmorani Ward	32,000,000	3,012,682	9.4
10	Proposed Resource Centre in Gambolo In Mukogodo West Ward	Trade	Mukogondo West	3,000,000	2,945,068	98.2

Source: Laikipia County Treasury

3.20.11 Budget Performance by Department

Table 3.120 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.120: Laikipia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	3,328.09	292.18	2,173.75	24.80	2,144.70	197.91	98.7	797.9	64.4	67.7
Finance & Economic Planning	250.70	235.38	145.96	52.92	162.77	57.31	111.5	108.3	64.9	24.3
Health & Sanitation	520.59	204.66	282.78	149.62	352.94	102.04	124.8	68.2	67.8	49.9
Agriculture, Livestock & Fisheries	28.94	751.95	13.81	43.98	11.94	116.99	86.5	266.0	41.3	15.6
Infrastructure & Public Works	21.04	1,746.32	8.53	410.05	6.68	493.78	78.3	120.4	31.8	28.3
Education, Youth & Sports	85.18	131.40	60.15	60.76	58.89	54.37	97.9	89.5	69.1	41.4
Trade, Tourism & Enterprise Development	16.22	54.00	15.40	23.02	9.78	23.00	63.5	99.9	60.3	42.6
Water Services	23.02	295.26	20.06	88.49	20.62	88.84	102.8	100.4	89.6	30.1
Rumuruti Municipality	5.00	43.96	5.00	-	5.00	27.96	100.0	0.0	100.0	63.6
County Assembly	486.87	50.00	333.90	-	380.47	7.78	113.9	0.0	78.1	15.6
TOTAL	4,765.64	3,805.11	3,059.34	853.65	3,153.79	1,169.96	103.1	137.1	66.2	30.7

Source: Laikipia County Treasury

Analysis of expenditure by the departments shows that the County Administration Services recorded the highest absorption rate of development budget at 67.7 per cent while the Department of Agriculture, Livestock & Fisheries had the lowest at 15.6 per cent. Rumuruti Municipality had the highest percentage of recurrent expenditure to budget at 100 per cent while Infrastructure & Public Works had the lowest at 31.8 per cent.

3.20.12 Budget Execution by Programmes and Sub-Programmes

Table 3.121 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.121: Laikipia County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education					
General Administration & Planning services	Personnel services	71,265,456	37,814,523	33,450,933	53.1
	Administration Services	12,269,490	4,734,690	7,534,800	38.6
Vocational Training Institutes.	Vocational Training Institutes.	48,213,048	19,536,594	28,676,454	40.5
Collaboration with Stakeholders	Collaboration with Stakeholders.	4,000,000	982,941	3,017,059	24.6
Gender Culture and Social Services.	Gender Culture and Social Services.	23,959,755	3,617,141	20,342,614	15.1
Youth and Sports.	Youth & Sports	8,204,700	4,522,550	3,682,150	55.1
Education & Library Services	Education and Library Services.	43,184,875	39,909,740	3,275,135	92.4
Talent Development Services	Talent Development	5,484,112	2,141,795	3,342,317	39.1
Sub-total		216,581,436	113,259,974	103,321,462	52.3
County Assembly					
General Administration & Planning Services	Administration services	292,121,447	228,281,780	63,839,667	78.1
Legislative & Oversight	Legislation & Oversight Services	194,747,631	152,187,854	42,559,777	78.1
Infrastructure improvement services	County Assembly Infrastructure improvement	50,000,000	7,775,612.00	42,224,388	15.6
Sub-total		536,869,078	388,245,246	148,623,832	72.3
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	24,000,000	4,072,963	19,927,037	16.97
	Health Products & Technologies Support	236,736,402	165,237,979	71,498,423	69.80
	Emergency Referral & Rehabilitative Service	99,548,177	57,324,896	42,223,281	57.59
General Administration & Planning Services	Essential Health Institutions & Services	126,629,882	71,180,781	55,449,101	56.21
	Administrative, Project Planning & Implementation Services	137,877,133	89,116,503	48,760,630	64.63
	Human Resource Development	2,000,000	1,555,803	444,197	77.79
	Health Policy, Governance, Planning & Financing	9,500,000	6,635,180	2,864,820	69.84
	Health Information Standards & Quality Assurance	1,500,000	-	1,500,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Community Health Strategy, Advocacy & Surveillance	11,056,500	1,817,800	9,238,700	16.44
Preventive Health Services	Family Planning , Maternal & Child Health Services	4,300,000	1,731,700	2,568,300	40.27
	Non-Communicable Diseases Control & Prevention	1,800,000	1,400,000	400,000	77.78
	Public Health Promotion & Nutrition Services	7,300,000	5,683,975	1,616,025	77.86
	Social Health Insurance scheme	63,000,000	49,213,792	13,786,208.30	78.12
Sub-total		725,248,094	454,971,372	270,276,722	62.73
Infrastructure, Physical Planning & Lands					
General Administration and Planning Services	Administration Services	9,399,080	2,639,593	6,759,487	28.1
	Planning and Financial Management	2,900,920	1,467,800	1,433,120	50.6
Financial Services	County Treasury administrative services	254,090,282	159,325,539	94,764,743	62.7
Land and Housing Management	Housing Policy Development	4,700,000	1,583,700	3,116,300	33.7
Public Works Service Delivery Improvement	County Building Construction Standard	3,000,000	818,900	2,181,100	27.3
Renewable /Green Energy Services	County renewable/green energy services	19,678,268	2,249,820	17,428,448	11.4
Roads Network Improvement Housing and Urban Development	Road Network improvement	120,000,000	114,999,000	5,001,000	95.8
	Road network maintenance	55,007,257	55,007,257	0	100.0
	Heavy equipment Maintenance	10,000,000	586,800	9,413,200	5.9
	Urban Development	1,073,759,248	0	1,073,759,248	0.0
Critical Infrastructure rehabilitation and Construction	Inter ward bridge construction program	20,057,111	1,133,139	18,923,972	5.6
Administration and Support Services	Managed Specialized equipment and Vehicles	160,000,000	160,000,000	0	100.0
Physical Planning and Survey	Survey and Planning services	24,760,000	650,000	24,110,000	2.6
	Land Management services	10,000,000		10,000,000	0.0
Sub-total		1,767,352,166	500,461,548	1,266,890,618	28.3
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	6,000,000	4,713,590	1,286,410	78.6
	Personnel Services	1,215,450	444,500	770,950	36.6
	Policy Development	1,000,000	645,030	354,970	64.5
Co-operative Development and promotion	Co-operative Development and promotion	2,000,000	1,806,051	193,949	90.3
	Research & Development	500,000	136,000	364,000	27.2
	Market Infrastructure Development		-	-	0.0
	Revolving Fund	11,000,000	-	11,000,000	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	500,000	162,179	337,821	32.4
	Market Infrastructure Development	33,963,180	23,000,583	10,962,597	67.7
	Metrological Lab-weights and measures	1,000,000	500,000	500,000	50.0
Tourism Development & Promotion	Tourism Promotion and Marketing	3,000,000	1,375,860	1,624,140	45.9
	Tourism Infrastructural Development	10,036,820	-	10,036,820	0.0
Sub-total		70,215,450	32,783,793	37,431,657	46.7
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,060,408,552	1,936,255,080	1,124,153,472	63.3
	County Public Service Board	18,500,000	14,161,131	4,338,869	76.5
County Administration Services	Headquarter Administration Services	28,296,931	15,116,715	13,180,216	53.4
	ICT Infrastructure & Connectivity	10,000,000	5,070,030	4,929,970	50.7
	County Administration Services	21,497,766	9,000,321	12,497,445	41.9
	County services delivery and result reporting	5,500,000	1,328,525	4,171,475	24.2
	Car & Mortgage	-	-	-	0.0
	Decentralized Services	28,142,860	23,615,533	4,527,327	83.9
	Executive Support Service	70,000,000	58,334,502	11,665,498	83.3
	Grants & Transfers	242,430,576	188,377,233	54,053,343	77.7
	Urban Facilities Management	20,000,000	19,401,312	598,688	97.0
	Legal Services	47,000,000	23,763,427	23,236,573	50.6
Security & Policing Services	Disaster Reduction Management	8,000,000	6,876,335	1,123,665	86.0
	Enforcement And Disaster Management	5,000,000	3,687,500	1,312,500	73.8
	Alcohol Control Committee	6,500,000	5,612,450	887,550	86.3
	Intergovernmental & Donor Relations	24,000,000	15,001,396	8,998,604	62.5
	Fire Services	7,000,000	2,955,060	4,044,940	42.2
Public Participation & Civic Education	Public participation	18,000,000	14,050,800	3,949,200	78.1
Sub-total		3,620,276,685	2,342,607,349	1,277,669,336	64.7
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	276,629,876	81,482,464	195,147,412	29.5
General Administration & Support Services	Administrative and Planning Services	12,019,587	11,313,133	706,454	94.1
	Motor vehicle maintenance and fuel provision	11,000,000	9,311,208	1,688,792	84.6
	Development of water management policies	2,000,000	0	2,000,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Pay-ments (Kshs)	Variance (Kshs.)	Absorption (%)
Environment & Natural Resources	Solid Waste Management	7,000,000	3,314,409	3,685,591	47.3
	Human-Wildlife Conflict Prevention	3,000,000	1,165,600	1,834,400	38.9
	Natural Resources Management	3,000,000	0	3,000,000	-
	Climate Change Adaptation & Mitigation	1,000,000	1,575,000	-575,000	157.5
	Integrated land rehabilitation	2,631,320	1,300,000	1,331,320	49.4
Sub-total		318,280,783	109,461,814	208,818,969	34.4
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	61,218,816	24,179,573	37,039,243	39.50
	Agriculture Sector Extension Management	34,065,350		34,065,350	-
Livestock Production	Livestock Resource Development and Management	4,200,000	1,147,000.00	3,053,000	27.31
	Livestock Marketing and Value Addition	200,000		200,000	-
Crop production & Horticulture	Land and Crop Productivity Enhancement and Management	3,000,000	1,301,550	1,698,450	43.39
	Strategic Food Security Service	97,421,200	11,476,186	85,945,014	11.78
	Agribusiness and Information Management	55,000		55,000	-
	Standards and Quality Assurance	600,000	300,000	300,000	50.00
	Climate Change Adaptation & Mitigation	571,396,178	86,651,446.75	484,744,731	15.16
Veterinary Services	Animal Health and Disease Management	4,200,000	3,135,660.00	1,064,340	74.66
Fisheries Services	Fisheries Development and Management	4,532,504	738,237.80	3,794,266	16.29
Sub-total		780,889,048	128,929,653	651,959,395	16.51
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	59,075,442	24,033,336	35,042,106	40.7
Administration, Planning & Support Services	Personnel Services	1,000,000	941,131	58,869	94.1
	General Administration Support	112,419,000	29,195,744	83,223,256	26.0
	Infrastructural Services	94,328,375	144,754	94,183,621	0.2
Public Finance Management Services	Internal Audit Services	8,400,000	6,442,680	1,957,320	76.7
	County Treasury Administrative Services	13,450,270	46,819,799	-33,369,529	348.1
	Revenue collection services	126,546,789	49,283,255	77,263,534	38.9
	Laikipia County Development Authority	20,500,000	12,972,832	7,527,168	63.3
	Supply chain management services	7,000,000	9,875,639	-2,875,639	141.1
Development Planning Services	Monitoring and Evaluation Services	5,500,000	13,217,866	-7,717,866	240.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Strategic Partnership & Collaboration	6,800,000	6,847,187	-47,187	100.7
	Research, Statistics & Documentation	6,900,000	6,232,022	667,978	90.3
Innovation & Enterprise Services	Innovation & Enterprise Development	13,159,108	7,897,430	5,261,678	60.0
	Participatory Budgeting	11,000,000	6,171,800	4,828,200	56.1
Sub-total		486,078,984	220,075,475	266,003,509	45.3
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	5,000,000	5,000,000	-	100
Roads Network Improvement Housing and Urban Development	Road Network improvement	43,955,676	27,955,676	16,000,000	63.6
Sub-Total		48,955,676	32,955,676	16,000,000	67.3
GRAND TOTAL		8,570,747,400	4,323,751,901	4,246,995,499	50.4

Source: Laikipia County Treasury

The following sub-programmes had expenditure in excess of approved allocations and should be regularised before closure of the financial year, namely;- Supply chain management services, Monitoring and Evaluation Services, County Treasury Administrative Services, Strategic Partnership & Collaboration, and Climate Change Adaptation & Mitigation.

3.20.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 26th April 2022 and 10th May 2022 by the County Executive and County Assembly respectively.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.17 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.81 billion. The development expenditure represented 30.7 per cent of the annual development budget.
3. Poor budgeting and implementation practice by county treasury as they do not undertake IFMIS vote book reconciliations. The Department of Water & Irrigation incurred expenditure above exchequer issues as shown in Table 3.120: Laikipia County, Budget Performance by Department. Further, a number of sub-programmes recorded expenditure in excess of approved allocations.
4. Manual Payroll. Personnel emoluments amounting to Kshs.419.32 million were processed through the manual payroll and accounted to 20.7 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.
4. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

3.21 County Government of Lamu

3.21.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.5.0 billion, comprising Kshs. 1.97 billion (39.5 per cent) and Kshs.3.03 billion (60.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.3.11 billion (62.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (2.4 per cent) from its own sources of revenue, and a cash balance of Kshs.1 billion (20 per cent) from FY 2020/21.

3.21.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.1.54 billion as the equitable share of the revenue raised nationally, raised Kshs.91.48 million as own-source revenue, Kshs.2.5 million as conditional grant under Sweden - Agricultural Sector Development Support Programme (ASDSP) II, and had a cash balance of Kshs.1 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.63 billion, as shown in Table 3.122.

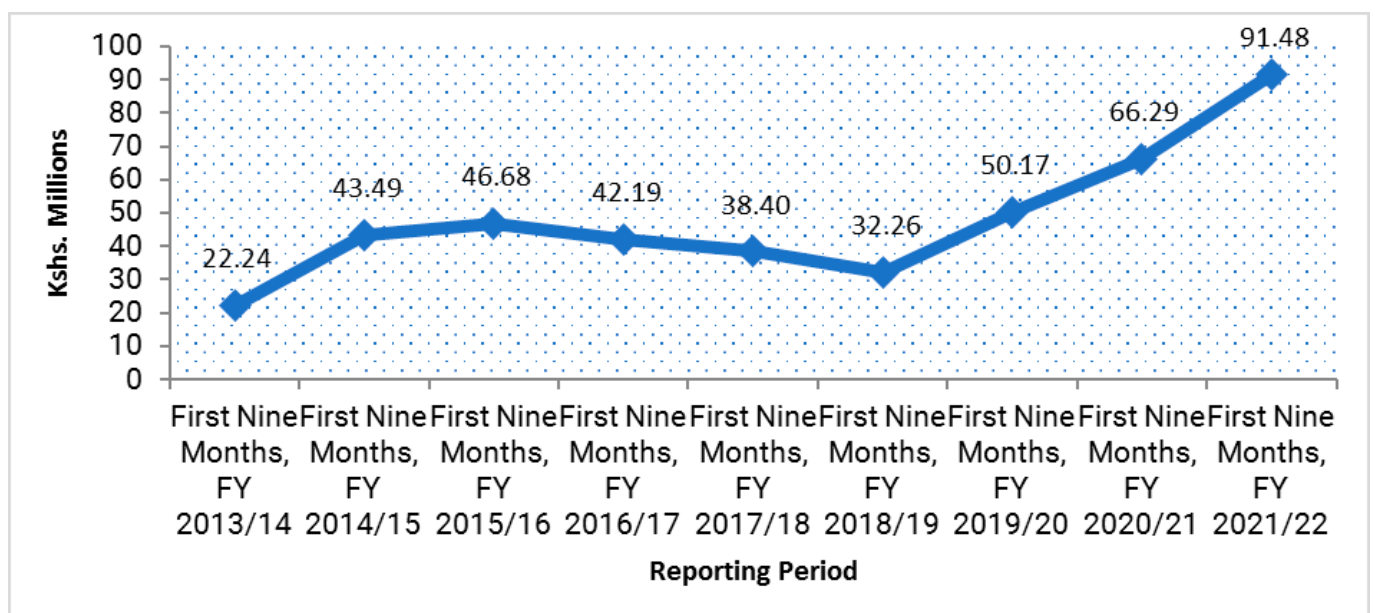
Table 3.122: Lamu County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,105,649,643	1,537,296,574	49.5
Sub Total				
B	Other Sources of Revenue			
1.	Own Source Revenue	120,000,000	91,479,787	76.2
2.	Conditional Grants	-	2,500,000	0.3
3.	Balance b/f from FY 2020/21	1,000,348,097	1,000,348,097	100
Sub Total				
Grand Total		4,997,376,336	2,631,624,458	52.7

Source: Lamu County Treasury

Figure 3.41 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.41: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Lamu County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.91.48 million as own-source revenue, which was 76.2 per cent of the annual target. This amount represented an increase of 38.0 per cent compared to Kshs.66.29 million realised during a similar period in FY 2020/21. The significant increase in revenue in the County was due to an increase in revenue collection in the Medical Department. The NHIF claims and capitation for the half-year amounted to Kshs.45.47 million, which was 49.7 per cent of the total County generated own income.

3.21.3 Exchequer Issues

The Controller of Budget approved Kshs.1.97 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.177.13 million (9 per cent) for development programmes and Kshs.1.79 billion (91 per cent) for recurrent programmes, as shown in Table 3.126.

3.21.4 Overall Expenditure Review

The County spent Kshs.2.04 billion on Development and recurrent programmes during the reporting period. This expenditure represented 104 per cent of the total funds released by the CoB and comprised Kshs.220.39 million and Kshs.1.82 billion on Development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent, while recurrent expenditure represented 60.3 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.97.17 million and comprised of Kshs.76.52 million for recurrent expenditure and Kshs.20.64 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.39.49 million were paid, consisting of Kshs.30.96 million for recurrent expenditure and Kshs.8.53 million for development programmes. Outstanding pending bills amounted to Kshs.57.68 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.161.76 million, out of which the County has settled bills amounting to Kshs.147.63 million, leaving a balance of Kshs.14.13 millions as of 31st March 2022.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.14 billion was spent on employee compensation, Kshs.687.34 million on operations and maintenance, and Kshs.220.39 million on development activities, as shown in Table 3.123.

Table 3.123: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,607,128,626	418,000,000	1,590,538,855	232,515,555	61.0	55.6
Compensation to Employees	1,465,723,883	196,731,710	1,010,101,235	125,613,733	68.9	63.9
Operations and Maintenance	1,141,404,743	221,268,290	580,437,620	106,901,822	50.9	48.3
Development Expenditure	1,812,247,711	160,000,000	220,387,956	-	12.5	0.0
Total	4,419,376,337	578,000,000	1,810,926,811	232,515,555	41.1	40.2

Source: Lamu County Treasury

3.21.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 30.3 per cent of the first nine months proportional revenue of Kshs.3.75 billion.

The wage bill of Kshs.1.14 billion includes Kshs.611.83 million attributable to the health sector, which translates to 53.9 per cent of the total wage bill in the reporting period.

3.21.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.165 million to county established funds in FY 2021/22, which constituted 3.3 per cent of the County's overall budget for the year. Table 3.124 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.124: County Established Fund Performance as of 31st March 2022

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Lamu County Bursary Fund	125,000,000	125,000,000	No
2.	Lamu County Emergency Fund	7,000,000	7,000,000	No
3.	Lamu County Persons with Disabilities Fund	2,000,000	Nil	No
4.	Lamu County Gender and Social Development Fund	2,000,000	Nil	No
5.	Lamu County Youth Development Fund	2,000,000	Nil	No
6.	County grant to TVET	27,000,000	27,000,000	No
Total		165,000,000	159,000,000	

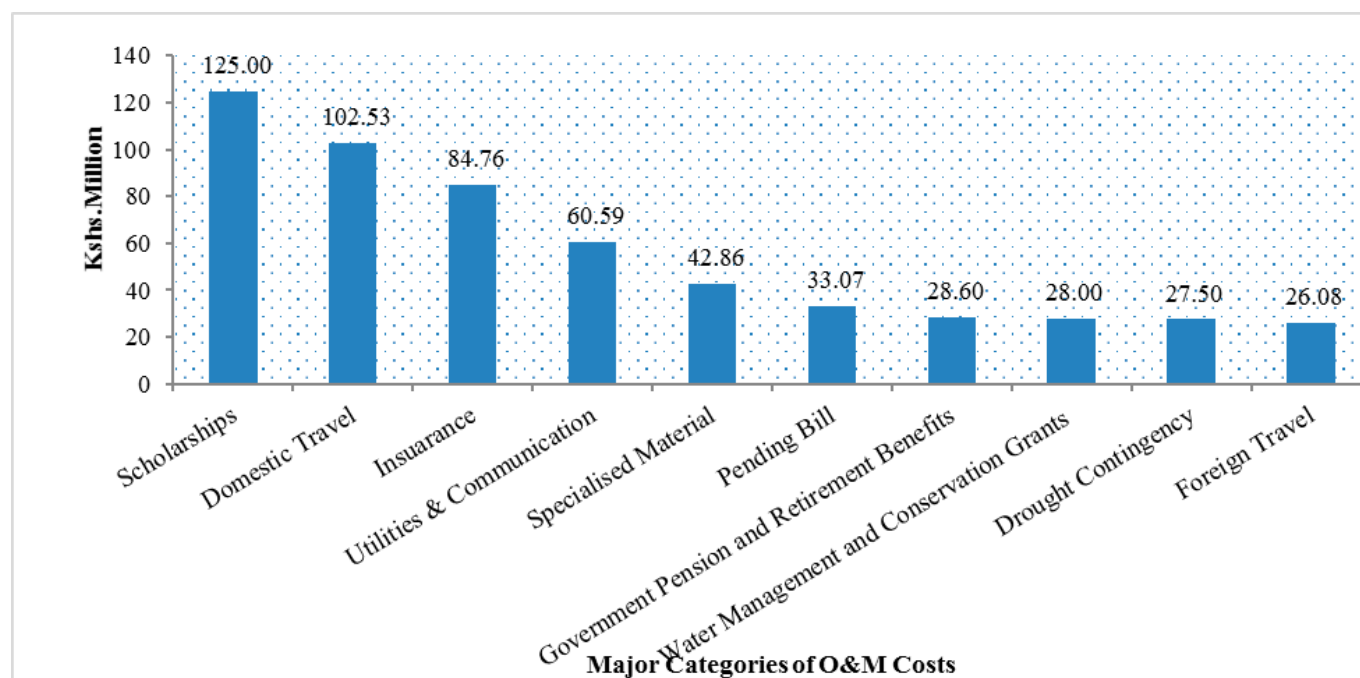
Source: Lamu County Treasury

There was a failure by the fund Administrator of the above six Lamu county established funds to submit quarterly financial and non-financial reports to OCoB, in line with Section 168 of the PFM Act 2012 as indicated in Table 3.124.

3.21.9 Expenditure on Operations and Maintenance

Figure 3.42: shows a summary of operations and maintenance expenditure by major categories.

Figure 3.42: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

The County spent Kshs.9.3 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.21.95 million. The average monthly sitting allowance was Kshs.54,357 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 15 committees.

During the period, expenditure on domestic travel amounted to Kshs.102.53 million and comprised Kshs.35.15 million spent by the County Assembly and Kshs.67.38 million by the County Executive. Spending on foreign travel amounted to Kshs.26.08 million by the County Assembly.

3.21.10 Development Expenditure

The County incurred Kshs.220.39 million on development programmes, which represented an increase of 87 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.121.06 million. Table 3.125 summarises development projects with the highest expenditure in the reporting period.

Table 3.125: Lamu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of Mokowe Market	Mokowe	43,340,111	37,192,960	85.8
2	Purchase of 10 Tractors	County Wide	35,000,000	35,000,000	100
3	County grant to TVET	County Wide	27,000,000	27,000,000	100
4	Purchase of 3 garbage tractors and trailers -	Mpeketoni, Faza and Witu	14,500,000	13,205,535	91.1
5	Construction of Lamu Market	Amu	11,074,752	11,074,752	100
6	Extension and completion of Kizingitini ice plant	Kizingitini	8,833,423	7,247,182	82.0
7	Construction of Seven A- side pitch at Twaifu Grounds	Amu	13,000,000	7,241,906	55.7
8	Completion of Mpeketoni SCH Maternity Unit	Mpeketoni	22,878,000	6,473,670	28.3
9	Livestock Improvement Programme	County Wide	10,000,000	5,999,166	60.0
10	Faza Desalination Plant	Faza	20,000,000	5,633,073	28.2

Source: Lamu County Treasury

3.21.11 Budget Performance by Department

Table 3.126 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.126: Lamu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	418.00	160.00	232.05	-	232.52	-	100.2	-	55.6	0.0
County Executive & PSM	467.31	80.75	317.47	4.71	314.91	9.41	99.2	200.0	67.4	11.7
Finance	195.66	-	74.54	-	75.20	-	100.9	-	38.4	-
Agriculture & Irrigation	122.30	379.72	37.04	43.00	41.75	39.35	112.7	91.5	34.1	10.4
Land and Physical Planning	29.51	99.87	15.85	15.38	15.98	15.38	100.8	100.0	54.1	15.4
Education and Vocational Training	242.93	141.05	180.19	35.16	179.37	35.16	99.5	100.0	73.8	24.9
Medical Services	1,115.20	284.00	664.36	9.05	683.47	9.05	102.9	100.0	61.3	3.2
Trade, Tourism & Investment Development	30.47	84.63	16.05	2.94	16.80	2.94	104.6	100.0	55.1	3.5
Livestock, Veterinary & Cooperative Development	38.01	27.62	27.74	6.00	27.88	6.00	100.5	100.0	73.3	21.7
County Public Service Board	55.86	-	36.70	-	32.50	-	88.6	-	58.2	-
Water Management & Conservation	52.48	260.52	42.87	13.76	52.38	15.74	122.2	114.4	99.8	6.0
Youth, Gender, Culture, Sports, & Social services	15.99	99.34	9.05	11.58	8.25	14.66	91.2	126.5	51.6	14.8
Public Health Sanitation and Environment	65.71	30.78	46.53	14.69	46.52	14.69	100.0	100.0	70.8	47.7
Fisheries Development	31.83	12.83	20.42	9.74	19.55	9.74	95.8	100.0	61.4	75.9
Budget And Economic Planning	23.67	-	12.01	-	11.73	-	97.6	-	49.6	-
Infrastructure and Energy	42.82	215.62	29.63	-	27.80	-	93.8	-	64.9	0.0
Lamu Municipality	77.39	95.50	25.89	11.13	36.45	48.27	140.8	433.8	47.1	50.5
TOTAL	3,025.13	1,972.25	1,788.38	177.13	1,823.05	220.39	101.9	124.4	60.3	11.2

Source: Lamu County Treasury

Analysis of expenditure by the departments shows that the Department of Fisheries Development recorded the highest absorption rate of development budget at 75.9 per cent, while the Department of Infrastructure & Energy and the County Assembly did not report any expenditure on development activities. The Department of Water Management & Conservation had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Agriculture & Irrigation had the lowest at 34.1 per cent.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.127 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.127: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	P.1 Administration, planning and support services.	222,467,120	123,978,800	98,488,320	55.7
	P.2 Legislation and Oversight	195,532,880	108,536,755	86,996,125	55.5
	P 3: Development	160,000,000		160,000,000	0.0
	Subtotal	578,000,000	232,515,555	345,484,445	40.2
County Executive & PSM	P 1. administration	425,036,323	295,950,430	129,085,893	69.6
	P 2. Executive Services Governor	42,269,700	18,960,269	23,309,431	44.9
	P3. Development	80,746,867	9,414,622	71,332,245	11.7
	Subtotal	548,052,890	324,325,321	223,727,569	59.2
Finance	P1. Administration, planning support services	92,583,614	67,260,353	25,323,261	72.6
	P2. Accounting Standards & Reporting	8,056,515	3,378,231	4,678,284	41.9
	P3. Procurement & Supply Chain Management	4,623,909	1,501,213	3,122,696	32.5
	P4. Resource Mobilization	9,835,409	1,556,368	8,279,041	15.8
	P5. Internal Audit	4,020,909	1,505,270	2,515,639	37.4
	P6. KDSP Headquarters	76,534,906	-	76,534,906	0.0
	Subtotal	195,655,262	75,201,435	120,453,827	38.4
Agriculture & Irrigation	P1. Directorate of Agriculture & Extension Services	52,330,716	33,113,106	19,217,610	63.3
	P7. Crop Productivity and Output	17,596,440	3,064,000	14,532,440	17.4
	P9. Plant Diseases Control(Conditional Grants (KCSAP & ASDSP))	52,368,686	5,575,004	46,793,682	10.6
	P 4: Development	379,722,943	39,353,750	340,369,193	10.4
	Subtotal	502,018,785	81,105,860	420,912,925	16.2
Land, Physical Planning	P1. Headquarters	29,512,018	15,980,009	13,532,009	54.1
	P 2: Land Development Management	99,870,369	15,378,774	84,491,595	15.4
	Subtotal	129,382,387	31,358,783	98,023,604	24.2
Education and Vocational Training	P1. General Administration & Planning	117,930,500	54,370,830	63,559,670	46.1
	P2. Education and Training Programme	125,000,000	125,000,000	-	100.0
	P3. Development	141,046,894	35,159,488.00	105,887,406	24.9
	Subtotal	383,977,395	214,530,318	169,447,077	55.9
Medical Services	P1 Administration, planning & support Services	823,527,182	612,947,051	210,580,131	74.4
	P2. Curative & Rehabilitative Health	118,188,376	48,380,630	69,807,746	40.9
	P3. Preventive & Promotive Health Dept	173,486,163	22,145,436	151,340,727	12.8
	P 4: Development	284,002,144	9,054,756	274,947,388	3.2
	Subtotal	1,399,203,865	692,527,873	706,675,992	49.5
Trade, Investment, Culture & Tourism	P 1: Administration, planning & support Services	23,813,168	13,181,683	10,631,485	55.4
	P 2: Tourism Promotion	4,186,865	2,230,232	1,956,633	53.3
	P 4: Trade & Investment	2,465,500	1,385,750	1,079,750	56.2
	P5: Development	84,632,772	2,936,500	81,696,272	3.5
	Subtotal	115,098,305	19,734,165	95,364,140	17.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Livestock, Veterinary & Co-operative Development	P 1: Headquarters	34,961,698	26,047,970	8,913,728	74.5
	P 3: Livestock Production	976,764	699,058	277,706	71.6
	P 4: Veterinary Services	1,464,613	785,689	678,924	53.6
	P 5: Cooperative development	605,478	342,390	263,088	56.5
	P6: Development	27,621,975	5,999,166	21,622,809	21.7
	Subtotal	65,630,528	33,874,273	31,756,255	51.6
Public Service Board	P1. Administration, planning and support services.	44,331,946	24,342,182	19,989,764	54.9
	P2. Human Resource Management & Development	11,531,300	8,157,928	3,373,372	70.7
	Subtotal	55,863,246	32,500,110	23,363,136	58.2
Water Management & Conservation	P 1: Headquarters	24,432,663	14,353,020	10,079,643	58.7
	P 2: Water Management, Conservation & Provision	28,050,000	38,028,536	(9,978,536)	135.6
	P3: Development	260,516,917	15,735,245	244,781,672	6.0
	Subtotal	312,999,580	68,116,801	244,882,779	21.8
Gender, Sports, Youth Affairs, & Social Services	P 1: Headquarters	15,990,988	8,254,760	7,736,228	51.6
	P3: Development	99,344,080	14,660,007	84,684,073	14.8
	Subtotal	115,335,068	22,914,767	92,420,301	19.9
Public Health Environment & Sanitation	P 1: Headquarters	60,704,412	45,033,593	15,670,819	74.2
	P 2: Public Health and Sanitation	5,010,000	1,484,415	3,525,585	29.6
	P3: Development	30,783,571	14,688,409	16,095,162	47.7
	Subtotal	96,497,983	61,206,417	35,291,566	63.4
Fisheries Budget & Economic Planning	P 1.General Administration, Planning and Support services	31,825,280	19,549,845	12,275,435	61.4
	P2: Development	12,833,424	9,739,528	3,093,896	75.9
	Subtotal	44,658,704	29,289,373	15,369,331	65.6
Budget & Economic Planning	P1.Headquarters	15,557,455	8,715,330	6,842,125	56.0
	P2. Economic Planning & Budgeting	8,108,544	3,012,565	5,095,979	37.2
	Subtotal	23,665,999	11,727,895	11,938,104	49.6
Infrastructure, Urban Development & Energy	P 1: Administration Headquarters	42,816,607	27,800,315	15,016,292	64.9
	P2: Development	215,621,993		215,621,993	0.0
	Subtotal	258,438,600	27,800,315	230,638,285	10.8
Lamu Municipality	P1. Administration, planning and support services.	35,614,290	25,762,392	9,851,898	72.3
	P2. Kenya Urban Support Programme (KUSP)	41,779,689	10,683,000	31,096,689	25.6
	P3. Development (KISSP)	95,503,760	48,267,712	47,236,048	50.5
	Subtotal	172,897,739	84,713,104	88,184,635	49.0
Grand Total	4,997,376,337	2,043,442,366	2,953,933,972	40.9	

Source: Lamu County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Water Management, Conservation & Provision in the Department of Water Management & Conservation at 135.6 per cent, Education and Training Programme in the Department of Education and Vocational Training Programme at 100 per cent, Development in the Department of Fisheries Budget & Economic Planning at 75.9 per cent, and Headquarters in the Department of Public Health Environment & Sanitation at 774.2 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.220.39 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.1.97 billion. The development expenditure represented 11.2 per cent of the annual development budget.

2. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. The County spent cash balances at source during the reporting period and may be an issue of misappropriation of funds if not regularised before the close of the financial year. For example, the programme of Water Management, Conservation & Provision in the Department of Water Management & Conservation had absorption at 135.6 per cent.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the six Funds were not submitted to the Controller of Budget.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

3.22 County Government of Machakos

3.22.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.13.09 billion, comprising Kshs.4.04 billion (30.9 per cent) and Kshs.9.05 billion (69.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.16 billion (70 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.68 million (12.9 per cent) from its own sources of revenue, and a cash balance of Kshs.659.27 million (5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.59 billion (12.1 per cent) as conditional grants. These grants consist of; Kshs.673.5 million for Kenya Urban Support World Bank Project, Kshs.426.65 million for Kenya Climate-Smart World Bank Agricultural Project; Kshs.227.99 million for Kenya Devolution Support Project from World Bank; Kshs.153.29 million for Leasing of Medical Equipment; Kshs.32.05 million for Transforming Health Systems for Universal Care Project from World Bank; Kshs.28.38 million for Emergency Locust Response World Bank Project; Kshs.25.49 million for Agriculture Sector Development Support Program; Kshs.17.18 million for Universal Healthcare in Devolved System DANIDA Project and Kshs.703,210 for Level Five Hospital.

3.22.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.31 billion as the equitable share of the revenue raised nationally, raised Kshs.800.76 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.659.27 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.6.78 billion, as shown in Table 3.128

Table 3.128: Machakos County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts i (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	5,314,136,457	58
Sub Total		9,162,304,232	5,314,136,457	58
B	Other Sources of Revenue			
1.	Own Source Revenue	1,682,894,196	800,761,867	47.6
2.	Conditional Grants	1,585,251,867	2,500,000	0.2
3.	Balance b/f from FY 2020/21	659,266,584	659,266,584	100
Sub Total		3,927,412,647	1,462,528,451	37.2
Grand Total		13,089,716,879	6,776,664,908	51.8

Source: Machakos County Treasury

Figure 3.43 Shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.43: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Machakos County Treasury

In the first nine months of FY 2021/22, the County generated Kshs.800.76 million as own-source revenue. This amount represented an increase of 8.9 per cent compared to Kshs.735.54 million realised during a similar period in the first nine months of FY 2020/21 and was 47.6 per cent of the annual target.

In the FY 2020/21, the County implemented an automated revenue management system called the Machakos County Integrated Financial Operations Management System (CIFOMS).

3.22.3 Exchequer Issues

The Controller of Budget approved Kshs.6.80 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.490.36 million (7.2 per cent) for development programmes and Kshs.6.31 billion (92.8 per cent) for recurrent programmes, as shown in Table 3.132.

3.22.4 Overall Expenditure Review

The County spent Kshs.6.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.5 per cent of the total funds released by the CoB and comprised Kshs.569.41 million and Kshs.5.99 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.1 per cent, while recurrent expenditure represented 66.3 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.74 billion for both recurrent expenditure and development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.890.40 million were settled by the County Executive, consisting of Kshs.527 million for recurrent expenditure and Kshs.363.40 million for development programmes. Outstanding pending bills amounted to Kshs.848.82 million as of 31st March, 2022, which excludes the County Assembly which had not reported any pending bills prior to the Audit report.

The outstanding pending bills as of 31st March, 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June, 2020 was Kshs.1.83 billion out of which the County has settled bills amounting to Kshs.964.18 million, leaving a balance of Kshs.865.32 million as at 31st March, 2022.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.63 billion was spent on employee compensation, Kshs.1.49 billion on operations and maintenance, and Kshs.569.41 million on development activities, as shown in Table 3.129.

Table 3.129: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,033,538,817	1,017,790,391	5,327,834,644	669,125,586	66.3	65.7
Compensation to Employees	5,655,570,468	427,092,034	4,353,504,591	272,928,887	77.0	63.9
Operations and Maintenance	2,377,968,349	590,698,357	974,330,053	396,196,699	41.0	67.1
Development Expenditure	3,691,675,458	346,712,213	503,783,529	65,623,523	13.6	18.9
Total	11,725,214,275	1,364,502,604	5,831,618,173	734,749,109	49.7	53.8

Source: Machakos County Treasury

3.22.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 47.1 per cent of the first nine months' proportional revenue of Kshs.9.82 billion.

Personnel emoluments amounting to Kshs.4.46 billion were processed through the IPPD system while those paid through manual payroll was Kshs.162.53 million. The manual payroll amounted to 3.5 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs.4.63 billion includes Kshs.2.65 billion attributable to the health sector, which translates to 57.3 per cent of the total wage bill in the reporting period.

3.22.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.170.39 million to county established funds in FY 2021/22, which constituted 1.3 per cent of the County's overall budget for the year. Table 3.130 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.130: County Established Fund performance as of 31st March, 2022

S/No.	Name of the Fund	Department	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31st March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Staff Car loans	County Assembly	5,000,000	Not Provided	No
2.	MCA Car loans	County Assembly	50,000,000	Not Provided	No
3.	Staff Mortgages	County Assembly	35,000,000	Not Provided	No
4.	Bursary Fund	Education, Skills Training and Social Welfare	80,389,996	40,224,007	Yes
Total			170,389,996	40,224,007	

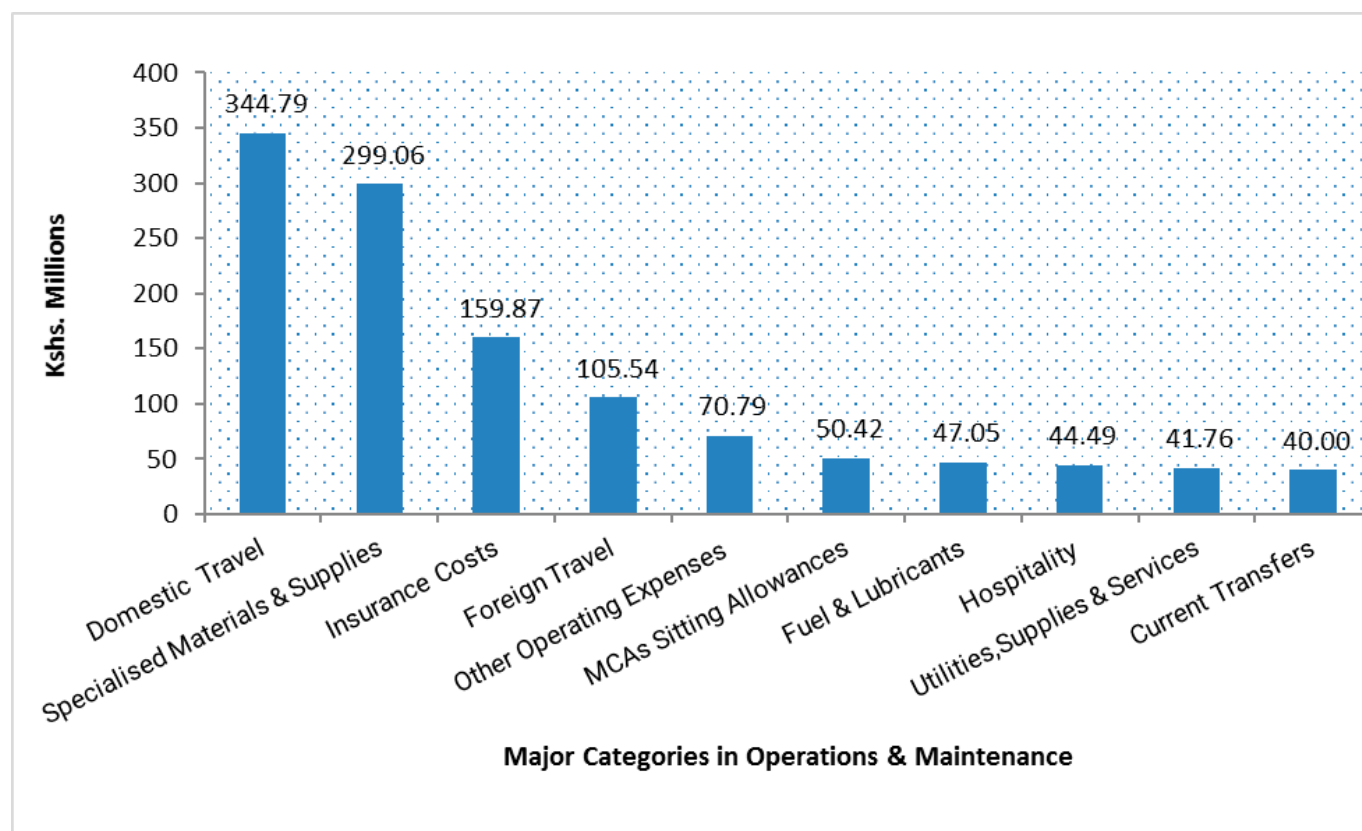
Source: Machakos County Treasury

The OCoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.130.

3.22.9 Expenditure on Operations and Maintenance

Figure 3.44 summary of operations and maintenance expenditure by major categories.

Figure 3.44: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

The County spent Kshs.50.42 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.57 million. The average monthly sitting allowance was Kshs.91,837 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 26 committees.

During the period, expenditure on domestic travel amounted to Kshs.344.79 million and comprised of Kshs.189.69 million spent by the County Assembly and Kshs.155.10 million by the County Executive. Spending on foreign travel amounted to Kshs.105.54 million and consisted of Kshs.57.94 million by the County Assembly and Kshs.47.60 million by the County Executive.

3.22.10 Development Expenditure

The County incurred Kshs.569.41 million on development programmes, which represented a decrease of 50.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 1.15 billion. Table 3.131 summarises development projects with the highest expenditure in the reporting period.

Table 3.131: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Roads	Transport	Various Sub counties	80,589,963	49,427,075	49,427,075	61.3
2	Construction of Ecde Centres	Education	Various Sub counties	114,775,228	15,356,926	15,356,926	13.4
3	Construction of Mukunike Community Hospital	Health	Kangundo	19,760,817	6,490,770	11,294,831	57.2
4	Construction of Jua Kali Shed at Grogon Area	Trade	Machakos	21,183,930	7,993,939	7,993,939	37.7
5	Construction of Mavoko Stadium - 1st Certificate	Tourism	Mavoko	25,657,079	7,903,033	7,903,033	30.8
6	Construction of Mbusyani Dispensary	Health	Kangundo	15,858,817	4,965,722	5,393,069	34.0
7	Construction of Masii Stadium - 1st Certificate	Tourism	Matungulu	18,259,027	4,299,339	4,299,339	23.5

Source: Machakos County Treasury

3.22.11 Budget Performance by Department

Table 3.132 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.132: Machakos County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	562.11	5.08	312.92	-	324.63	-	103.7	-	57.8	-
County Public Service Board	39.76	10	28.48	-	9.18	-	32.2	-	23.1	-
Roads, Transport and Public Works.	199.28	880.82	153.55	151.4	174.49	164.6	113.6	108.7	87.6	18.7
Health Services and Emergency Services	4,086.18	372.82	3,122.7	32.96	3,037.4	44.28	97.3	134.3	74.3	11.9
Water, Irrigation, Environment and Natural Resources	106.07	329.25	81.38	48.92	65.08	45.43	80.0	92.9	61.4	13.8
Agriculture, Food Security and Co-operative Development.	418.44	501.44	165.84	8	272.53	6.99	164.3	87.4	65.1	1.4
Finance and Economic Planning.	563	239.49	292.72	1.46	366.60	1.46	125.2	100	65.1	0.6
Public Service, Quality Management and ICT	775.45	9.33	353.19	-	226.28	-	64.1	-	29.2	-
Tourism, Youth, Sports and Culture.	114.37	90.99	71.19	4.91	89.61	23.83	125.9	485.7	78.3	26.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industrialisation and Innovation.	127.63	274.91	63.86	164.2	28.24	186.9	44.2	113.8	22.1	68.0
Education, Skills Training and Social Welfare	399.04	182.10	305.30	9.96	227.5	15.36	74.5	154.2	57	8.4
Energy, Lands, Housing and Urban Development.	123.69	780.50	82.59	2.93	31.27	14.99	37.9	510.7	25.3	1.9
County Administration and Decentralized Units.	518.50	14.94	493.35	-	475	-	96.3		91.6	-
County Assembly	1,017.79	346.71	786.44	65.62	669.13	65.62	85.1	100	65.7	18.9
TOTAL	9,051.33	4,038.4	6,313.5	490.4	5,997	569.4	95	116.1	66.3	14.1

Source: Machakos County Treasury

Analysis of expenditure by the departments shows that the Department of Trade Industrialization and Innovation recorded the highest absorption rate of development budget at 68 per cent, while the Finance and Economic Planning recorded the lowest absorption at 0.6 per cent on development activities. The Department of County Administration and Decentralised Units had the highest percentage of recurrent expenditure to budget at 91.6 per cent, while the Department of Trade, Industrialization and Innovation had the lowest at 22.1 per cent.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 3.133: summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.133: Machakos County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
OFFICE OF THE GOVERNOR						
Sub-programme 1	Office of the Governor	351,530,811	213,285,691	138,245,120	60.7	
Sub-programme 2	Transport Services	36,917,459	17,804,874	19,112,585	48.2	
Sub-programme 3	Human Resource and Administration Section	80,050,981	49,959,622	30,091,359	62.4	
Sub-programme 4	ICT Section	13,659,704	7,388,573	6,271,131	54.1	
Sub-programme 5	Hospitality Services Section	17,580,000	8,750,641	8,829,359	49.8	
Sub-programme 6	Cabinet Office	3,461,575	2,801,180	660,395	80.9	
Sub-programme 7	Office of the Deputy Governor	28,882,712	13,900,784	14,981,928	48.1	
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	18,882,869	3,821,974	15,060,895	20.2	
Sub-programme 9	Office of the County Secretary	9,489,914	2,020,159	7,469,755	21.3	
Sub-programme 10	Office of the County Advisors	6,732,840	4,896,122	1,836,718	72.7	
TOTAL		567,188,865	324,629,620	242,559,245	57.2	
COUNTY PUBLIC SERVICE BOARD						
Sub-programme 1	Human Resource and Administration	49,763,200	9,183,160	40,580,040	18.5	
TOTAL		49,763,200	9,183,160	40,580,040	18.5	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
ROADS, TRANSPORT AND PUBLIC WORKS						
Sub-programme 1	Headquarter Administrative services	236,581,765	147,276,028	89,305,737	62.3	
Sub-programme 2	Road Development and Management	570,547,814	106,129,650	464,418,164	18.6	
Sub-programme 3	County Government Buildings	179,964,762	49,910,019	130,054,743	27.7	
Sub-programme 4	County Fleet Management	93,000,000	35,768,868	57,231,132	38.5	
TOTAL		1,080,094,341	339,084,565	741,009,776	31.4	
HEALTH AND EMERGENCY SERVICES						
Sub-programme 1	General Administration and support services	3,664,349,636	2,672,758,008	991,591,628	72.9	
Sub-programme 2	Machakos Level 5	407,491,058	293,952,346	113,538,712	72.1	
Sub-programme 3	Kangundo Level 4	56,472,109	17,818,489	38,653,620	31.6	
Sub-programme 4	Matuu Level 4	55,332,809	7,655,426	47,677,383	13.8	
Sub-programme 5	Kathiani Level 4	26,744,170	5,749,595	20,994,575	21.5	
Sub-programme 6	Mwala Level 4	18,037,414	2,650,550	15,386,864	14.7	
Sub-programme 7	Kimiti Level 4	8,376,608	596,500	7,780,108	7.1	
Sub-programme 8	Masinga Level 4	6,825,116	2,503,023	4,322,093	36.7	
Sub-programme 9	Athi River Level 4	7,097,554	2,200,000	4,897,554	31.0	
Sub-programme 10	Mutituni Level 4	7,417,154	1,953,000	5,464,154	26.3	
Sub-programme 11	Ndithini Level 4	6,031,854	1,229,000	4,802,854	20.4	
Sub-programme 12	Kalama Level 4	7,430,806	480,250	6,950,556	6.5	
Sub-programme 13	Public Health and Community Outreach	174,046,416	70,302,738	103,743,678	40.4	
Sub-programme 14	Emergency Services	13,352,640	1,855,000	11,497,640	13.9	
TOTAL		4,459,005,344	3,081,703,925	1,377,301,419	69.1	
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES						
Sub-programme 1	Water Supply and Sewerage	204,616,575	35,661,493	168,955,082	17.4	
Sub-programme 2	Irrigation Schemes, Development and Promotion	10,056,000	10,994,440	(938,440)	109.3	
Sub-programme 3	Development and Promotion of Irrigation Schemes	137,708,903	50,702,571	87,006,332	36.8	
Sub-programme 4	Environment and Natural Resources	82,945,804	13,148,480	69,797,324	15.9	
TOTAL		435,327,282	110,506,984	324,820,298	25.4	
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT						
Sub-programme 1	General Administration and support services	783,927,267	262,480,484	521,446,783	33.5	
Sub-programme 2	Crop Development and Management	50,000,000	5,393,800	44,606,200	10.8	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Sub-programme 3	Livestock Resources Management and Development	10,560,000	3,534,518	7,025,482	33.5	
Sub-programme 4	Fisheries Development	4,050,000	75,000	3,975,000	1.9	
Sub-programme 5	Veterinary Services	9,919,664	88,400	9,831,264	0.9	
Sub-programme 6	Agriculture Training Centre	5,150,000	88,400	5,061,600	1.7	
Sub-programme 7	Co-operative Development and Marketing	4,153,251	275,000	3,878,251	6.6	
Sub-programme 8	Capacity Building to Co-operative Societies	2,692,000	2,642,536	49,464	98.2	
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	38,561,000	2,206,030	36,354,970	5.7	
Sub-programme 8	Co-operative Financial Services	3,324,000	2,460,626	863,374	74.0	
Sub-programme 9	Promotion and growth of Co-operative Societies	3,630,000	-	3,630,000	-	
Sub-programme 10	Co-operative Audit Support Services	3,916,000	272,440	3,643,560	7.0	
TOTAL		919,883,182	279,517,234	640,365,948	30.4	
FINANCE AND ECONOMIC PLANNING						
Sub-programme 1	Revenue Management	63,169,417	15,717,056	47,452,361	24.9	
Sub-programme 2	Budget formulation, Coordination and Implementation Section	77,961,479	13,144,800	64,816,679	16.9	
Sub-programme 3	Supply Chain Management Section	9,387,354	2,094,398	7,292,956	22.3	
Sub-programme 4	Accounts Services	214,415,542	8,143,278	206,272,264	3.8	
Sub-programme 5	Audit Section	14,187,779	4,720,350	9,467,429	33.3	
Sub-programme 6	Human Resource Management and Support Services	399,893,211	319,373,208	80,520,003	79.9	
Sub-programme 7	Economic Planning and Statistical Services	22,525,974	4,833,538	17,692,436	21.5	
Sub-programme 8	External Resource Mobilization	950,000	34,224	915,776	3.6	
TOTAL		802,490,756	368,060,852	434,429,904	45.9	
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT						
Sub-programme 1	General Administration and support services	691,335,292	224,637,851	466,697,441	32.5	
Sub-programme 2	Quality Management	235,000	159,960	75,040	68.1	
Sub-programme 3	Training, Research and Development	72,980,121	1,081,040	71,899,081	1.5	
Sub-programme 4	ICT General Administration and support services	6,855,000	398,620	6,456,380	5.8	
Sub-programme 5	ICT Infrastructure	4,747,000	-	4,747,000	-	
Sub-programme 6	Closed Circuit Television	8,629,343	-	8,629,343	-	
TOTAL		784,781,756	226,277,471	558,504,285	28.8	
TOURISM, CULTURE, YOUTH AND SPORTS						

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Sub-programme 1	General administrative and Support Services	95,546,573	87,454,711	8,091,862	91.5	
Sub-programme 2	Heritage & Culture	1,740,919	36,400	1,704,519	2.1	
Sub-programme 3	Liquor Management	807,867	-	807,867	-	
Sub-programme 4	Tourism Development and Marketing	8,157,888	-	8,157,888	-	
Sub-programme 5	Management of Recreational Services	2,158,750	-	2,158,750	-	
Sub-programme 6	Machawood	3,196,115	231,000	2,965,115	7.2	
Sub-programme 7	County Image Directorate	3,166,000	39,199	3,126,801	1.2	
Sub-programme 8	Youth Development	2,495,799	635,240	1,860,559	25.5	
Sub-programme 9	Stadium Management	73,307,031	22,004,033	51,302,998	30.0	
Sub-programme 10	Youth Empowerment	6,864,765	170,000	6,694,765	2.5	
Sub-programme 11	Sports Promotion	7,920,000	2,865,014	5,054,986	36.2	
TOTAL		205,361,707	113,435,597	91,926,110	55.2	
TRADE, INDUSTRIALIZATION AND INNOVATION						
Sub-programme 1	Headquarter Administration Services	73,672,498	10,341,617	63,330,881	14.0	
Sub-programme 2	Trade Development	227,543,727	172,436,255	55,107,472	75.8	
Sub-programme 3	Business and Enterprise Development	13,070,150	2,397,954	10,672,196	18.3	
Sub-programme 4	Industrialization and Innovation	35,362,745	12,683,795	22,678,950	35.9	
Sub-programme 5	Investment Facilitation and Support	3,098,000	80,000	3,018,000	2.6	
Sub-programme 6	Hygiene and Sanitation	4,785,000	1,038,276	3,746,724	21.7	
Sub-programme 7	Legal Services	45,007,076	16,130,810	28,876,266	35.8	
TOTAL		402,539,196	215,108,707	187,430,489	53.4	
EDUCATION, YOUTH AND SOCIAL WELFARE						
Sub-programme 1	Headquarter Administrative services	562,327,309	237,362,540	324,964,769	42.2	
Sub-programme 2	Gender and Social Services	18,819,436	5,488,218	13,331,218	29.2	
TOTAL		581,146,745	242,850,758	338,295,987	41.8	
ENERGY, LANDS, HOUSING AND URBAN DEVELOPMENT						
Sub-programme 1	Headquarter Administrative services	71,807,195	2,414,240	69,392,955	3.4	
Sub-programme 2	County Electrification	91,883,648	30,956,915	60,926,733	33.7	
Sub-programme 3	Housing and Urban Development	716,500,000	592,275	715,907,725	0.1	
Sub-programme 4	Machakos Municipality	8,000,000	813,000	7,187,000	10.2	
Sub-programme 5	Mavoko Municipality	8,000,000	6,981,380	1,018,620	87.3	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
Sub-programme 6	Kangundo Tala Municipality	8,000,000	4,498,500	3,501,500	56.2	
TOTAL		904,190,843	46,256,310	857,934,533	5.1	
COUNTY ADMINISTRATION AND DECENTRALISED UNITS						
Sub-programme 1	General Administration and support services	504,951,120	463,202,428	41,748,692	91.7	
Sub-programme 2	Civic Engagement	500,000	170,000	330,000	34.0	
Sub-programme 3	Administration and Co-ordination Services	1,650,000	679,465	970,535	41.2	
Sub-programme 4	Solid Waste Management	14,684,339	4,725,496	9,958,843	32.2	
Sub-programme 5	Inspectorate Services and Management	11,655,600	6,225,600	5,430,000	53.4	
TOTAL		533,441,059	475,002,989	58,438,070	89.0	
COUNTY ASSEMBLY						
Sub-Programme 1	Legislation and Oversight	1,364,502,604	734,749,109	629,753,495	53.8	
Total		1,364,502,604	734,749,109	629,753,495	53.8	
Grand Total		13,089,716,880	6,566,367,281.05	13,046,699,198	50.2	

Source: Machakos County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Irrigation Schemes, Development and Promotion in the Department of Water, Irrigation, Environment and Natural Resources at 109.3 per cent, Capacity Building to Cooperative Societies in the Department of Agriculture, Food Security and Cooperative Development at 98.2 per cent, General Administration and Support Services in the Department of County Administration and Decentralised Units at 91.7 per cent, and General Administration and Support Services in the Department of Tourism, Culture, Youth and Sports at 91.5 per cent of budget allocation.

The County's expenditure was reported in terms of sub-programmes and not programmes. The County Treasury is advised to build its capacity to be able to report on programmes and sub-programmes in line with the National Treasury's prescribed templates.

3.22.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.569.41 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.04 billion. The development expenditure represented 14.1 per cent of the annual development budget.
3. A high wage bill, which accounted for 47.1 per cent of the first nine months' proportional revenue of Kshs.9.82 billion, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.800.76 million against an annual projection of Kshs.1.68 billion, representing 47.6 per cent of the annual target. The underperformance of OSR may lead to further accumulation of pending bills.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly's Staff Car loans, MCA Car loans and Staff Mortgage Funds were not submitted to the Controller of Budget.
6. High level of pending bills which amounted to Kshs.859.56 million as of 31st March 2022.
7. Manual Payroll. Personnel emoluments amounting to Kshs.162.53 million were processed through the manual

payroll and accounted to 4.1 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
7. *The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.11.25 billion, comprising Kshs.4.27 billion (38 per cent) and Kshs.6.98 billion (62 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.13 billion (72.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.09 billion (9.7 per cent) from its own sources of revenue, and a cash balance of Kshs.1.22 billion (10.8 per cent) from FY 2020/21. The County also expects to receive Kshs.808.07 million (7.2 per cent) as conditional grants, which consist of; Kenya Urban Support Project(KUSP) Kshs.36.06 million, Transforming Health Systems for Universal Care Project Kshs.87.59 million, National Agriculture and Rural Inclusive Growth Project (NARIGP) Kshs.284.35 million, DANIDA Grant Primary Health Care in Devolved Context Kshs.16.41 million, Kenya Devolution Support Program (KDSP) Kshs.184.80 million, Agriculture Sector Development Support Programme(ASDSP) Kshs.35.57 million, Conditional Allocation for Leasing of Medical Equipment Kshs.153.30 million and Nutrition International Donor funding Kshs.10 million.

3.23.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.72 billion as the equitable share of the revenue raised nationally, raised Kshs.476.59 million as own-source revenue, Kshs.7.50 million as conditional grants, and had a cash balance of Kshs.1.22 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.42 billion, as shown in Table 3.134.

Table 3.134: Makueni County, Revenue Performance in the First Nine Months of FY 2021/22

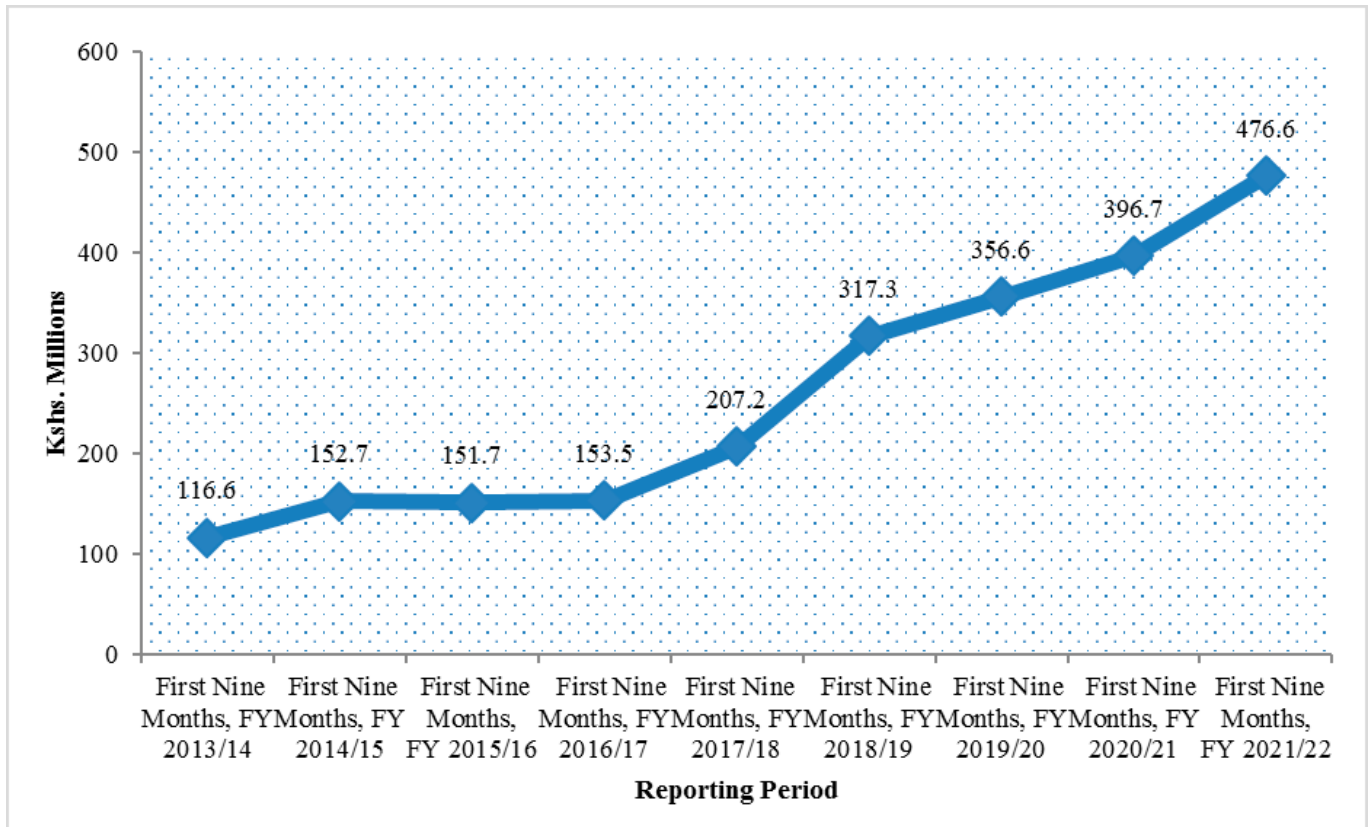
No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	4,717,014,467	58
Sub Total		8,132,783,562	4,717,014,467	58
B	Other Sources of Revenue			
1.	Own Source Revenue	1,091,306,710	476,588,345	43.7
2.	Conditional Grants	808,073,194	7,500,000	0.9

3.	Balance B/F from FY2020/21	1,218,876,238	1,218,876,238	100
Sub Total		3,118,256,142	1,702,964,583	54.6
Grand Total		11,251,039,704	6,419,979,050	57.1

Source: Makueni County Treasury

Settlement of Pending Bills shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.45: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Makueni County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.476.6 million as own-source revenue, which was 43.7 per cent of the annual target. This amount represented an increase of 20.1 per cent compared to Kshs.396.7 million realised during a similar period in FY 2020/21.

The county's consistent and improved performance in revenue collection may be attributed to the implementation of the automated OSR collection system called the Zizi County Revenue Collection System.

3.23.3 Exchequer Issues

The Controller of Budget approved Kshs.5.34 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.22 billion (22.8 per cent) for development programmes and Kshs.4.12 billion (77.2 per cent) for recurrent programmes, as shown in Table 3.138.

3.23.4 Overall Expenditure Review

The County spent Kshs.5.22 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.6 per cent of the total funds released by the CoB and comprised of Kshs.1.24 billion and Kshs.3.98 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 29 per cent, while recurrent expenditure represented 57 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.58.14 million and comprised of Kshs.42.89 million for recurrent expenditure and Kshs.15.52 million for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the entire bills by the end of 2021/22. During the period under review, pending bills amounting to Kshs.55.26 million were settled, consisting of Kshs.42.30 million for recurrent expenditure and Kshs.12.96 million for development programmes. Outstanding pending bills amounted to Kshs.2.89 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 exclude the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.286.28 million, out of which the County has settled bills amounting to Kshs.285.18 million, leaving a balance of Kshs.1.10 million as of 31st March 2022.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.23 billion was spent on employee compensation, Kshs.1.75 billion on operations and maintenance, and Kshs.1.24 billion on development activities, as shown in Table 3.87.

Table 3.135: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,222,995,485	756,641,539	3,484,098,465	493,113,635	56.0	65.2
Compensation to Employees	3,993,532,191	363,744,904	2,089,921,852	138,181,186	52.3	38.0
Operations and Maintenance	2,229,463,293	392,896,635	1,394,176,613	354,932,449	62.5	90.3
Development Expenditure	4,250,932,539	20,470,142	1,225,102,681	13,728,676	28.8	67.1
Total	10,473,928,023	777,111,681	4,709,201,146	506,842,311	45.0	65.2

Source: Makueni County Treasury

3.23.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 26.4 per cent of the first nine months' proportional revenue of Kshs.8.44 billion.

Personnel emoluments amounting to Kshs.2.12 billion were processed through the IPPD system, while those processed through manual payroll were Kshs.281.04 million as per the exchequer requests. The manual payroll amounted to 11.7 per cent of the total PE costs, which included gratuities of Kshs.138.45 million transferred to employees' Retirement Benefits Schemes and manually processed personnel emoluments. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.23 billion includes Kshs.1.31 billion attributable to the health sector, which translates to 59 per cent of the total wage bill in the reporting period.

3.23.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.173.24 million to county established funds in FY 2021/22, which constituted 1.5 per cent of the County’s overall budget for the year. Table 3.88 summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.136: County Established Fund performance as of 31st March 2022

No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements
1.	Emergency fund	30,000,000	27,899,340	Yes
2.	Bursary Fund	113,243,011	103,718,011	Yes
3.	MCA Mortgage and Car grant Fund	30,000,000	30,000,000	Yes
Total		173,243,011	161,617,351	

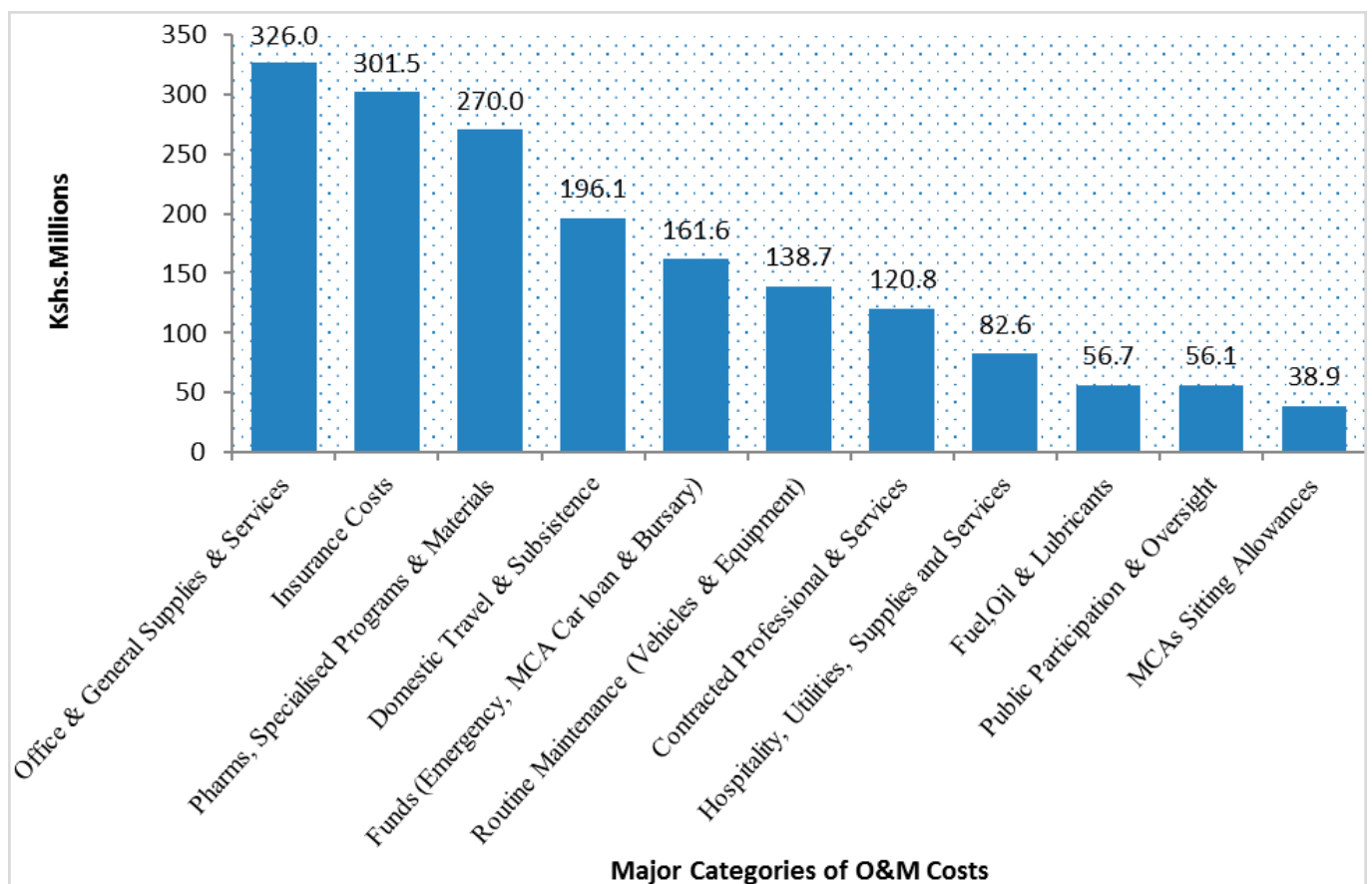
Source: Makueni County Treasury

The Financial and Non-Financial Statements for the Bursary Fund, Emergency Fund and Car grants for MCAs Fund as of 31st March 2022 were submitted late to the Controller of Budget.

3.23.9 Expenditure on Operations and Maintenance

Figure 3.46 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.46: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

The County spent Kshs.38.91 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.64.27 million. The Assembly has 22 established committees. The average monthly sitting allowance was Kshs.66,167 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 22 Committees.

During the period, expenditure on domestic travel amounted to Kshs.195.73 million and comprised Kshs.128.56 million spent by the County Assembly and Kshs.67.17 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 374,000 by the County Executive.

3.23.10 Development Expenditure

The County incurred Kshs.1.24 billion on development programmes, which represented a decrease of 24.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.65 billion. Table 3.137 summarises development projects with the highest expenditure in the reporting period.

Table 3.137: Makueni County, List of Development Projects with the Highest Expenditure

No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Other Operating Expenses - Universal Health Care	Countywide	270,290,975	201,951,750	74.7
2	Construction and Civil Works	All Wards	511,568,135	155,569,897	30.4
3	CTTI Capitation	County wide	40,000,000	39,710,226	99.3
4	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	County wide	165,216,924	37,625,877	22.8
5	Makueni County Fruit Processing Plant Development and Marketing Authority - AIA	Nzaui Kilili Kalamba	60,000,000	37,125,365	61.9
6	Other Operating Expenses - Conditional Grant for COVID 19 Emergency Response	County wide	80,219,797	36,355,573	45.3
7	Transforming Health Systems for Universal Care Project (WB)	County wide	142,427,633	35,677,880	25
8	Rural Electrification Programme - REREC Matching grant	County wide	30,000,000	30,000,000	100
9	Manual digging of trenches from the roads into Farms (roads for water structures)	County wide	39,000,000	27,319,489	70
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 2 grant"	County wide	281,929,774	27,135,431	9.6
11	Community Economic Empowerment- 30 wards Agricultural extension service for increased production and productivity	County Wide	38,356,336	23,776,572	62
12	Other Operating Expenses - Nutrition International Matching Grant	County wide	29,991,753	17,973,341	59.9

Source: Makueni County Treasury

3.23.11 Budget Performance by Department

Table 3.138 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.138: Makueni County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Livestock & Fisheries Development	271.52	735.61	173.48	90.04	161.22	95.39	92.9	105.9	59.4	13
County Attorney's Office	33.44	-	7.13	-	25.57	-	358.5	-	76.5	-
County Public Service Board	50.89	24.83	31.80	3.15	28.20	1.74	88.7	55.3	55.4	7.0
Office of the County Secretary	457.15	-	395.74	-	342.01	-	86.4	-	74.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Devolution, County Admin, Participatory Development, Youth & Public Service	341.03	79.74	219.53	20.77	222.73	6.91	101.5	33.3	65.3	8.7
Education, Sports & ICT	485.35	322.84	432.86	118.72	271.23	86.46	62.7	72.8	55.9	26.8
Finance & Social Economic Planning	509.94	372.03	307.64	139.79	291.60	50.20	94.8	35.9	57.2	13.5
Gender, Culture and Social Services	100.96	53.27	58.39	30.13	52.10	26.35	89.2	87.5	51.6	49.5
Governorship- Office of Governor and Deputy Governor	196.59	-	140.18	-	131.42	-	93.7	-	66.8	-
Health Services	3,185.64	963.94	1,456.20	279.78	1,640.38	361.32	112.6	129.1	51.5	37.5
Lands, Urban Development, Environment and Climate Change	144.19	275.34	99.34	22.85	93.23	63.99	93.8	280.1	64.7	23.2
Trade, Industry, Marketing, Tourism & Coop. Development	56.39	54.72	31.14	9.82	25.96	17.38	83.4	176.9	46	31.8
Transport, Roads, Public Works & Energy	181.66	821.72	135.52	279.20	106.89	356.01	78.9	127.5	58.8	43.3
Water and Sanitation (Includes Sand Authority)	208.23	546.89	98.52	207.99	91.55	159.34	92.9	76.6	44.0	29.1
County Assembly	756.64	20.47	532.35	15.24	493.11	13.73	92.6	90.1	65.2	67.1
TOTAL	6,979.64	4,271.40	4,119.82	1,217.48	3,977.21	1,238.83	96.5	101.8	57	29

Source: *Makueni County Treasury*

Analysis of expenditure by the departments shows that the Department of Gender, Culture and Social Services recorded the highest absorption rate of development budget at 49.5 per cent, while the Department of County Public Service Board reported the lowest expenditure on development activities at 7.0 per cent. The Department of County Attorney's Office had the highest percentage of recurrent expenditure to budget at 76.5 per cent, while the Department of Water and Sanitation (Includes Sand Authority) had the lowest at 44.0 per cent.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.139 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.139: Makueni County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Livestock & Fisheries					
Programme 1: General administration & planning	SP1. 1 General administration & planning	639,910,018	216,152,230	423,757,788	34
Programme 2: Land, Crop development & productivity	SP2. 1 Land, Crop development & productivity	80,840,433	6,638,491	74,201,942	8
Programme 3: Agribusiness and information management	SP3. 1 Agribusiness and information management	213,499,782	27,880,980	185,618,802	13
Programme 4: Livestock Production, Management and Development	SP4. 1 Livestock Production, Management and Development	72,877,930	5,943,464	66,934,466	8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Total Budget		1,007,128,162	256,615,164	750,512,998	25
Transport & Infrastructure					
Programme 1: General administration & planning	SP1. 1 General administration & planning	149,403,453	113,290,854	36,112,599	76
Programme 2: Road transport	SP2. 1: Road transport	669,980,150	302,219,541	367,760,609	45
Programme 3: Infrastructure development	SP3. 1: Infrastructure development	28,533,785	8,617,624	19,916,161	30
Programme 4: Energy Infrastructure & development	SP4. 1: Energy Infrastructure & development	155,464,224	38,771,735	116,692,490	25
Total Budget		1,003,381,612	462,899,754	540,481,858	46
Trade, Industry & Cooperatives					
Programme 1: General administration & planning	SP1. 1 General administration & planning	45,127,893	25,081,834	20,046,058	56
Programme 2: Trade development & promotion	SP2.1: Trade marketing & promotion	46,770,181	6,959,005	39,811,176	15
Programme 3: Industrial development and promotion	SP3.1: Industrial development and promotion	4,237,700	3,766,596	471,104	89
Programme 4: Tourism development & promotion	SP4.1: Tourism development & promotion	5,415,500	1,319,066	4,096,434	24
Programme 5: Cooperative development and management	SP5.1: Cooperative development and management	9,565,000	6,213,406	3,351,594	65
Total Budget		111,116,274	43,339,908	67,776,366	39
Land, Physical Planning & Mining					
Programme 1: General administration & planning	SP1.1: General administration & planning	45,157,168	31,721,607	13,435,561	70
Programme 2: Land Survey & Mapping	SP2.1: Land Survey & Mapping	36,793,738	10,404,233	26,389,504	28
Programme 3: Urban planning	SP3.1: Urban planning	238,998,429	59,678,142	179,320,287	25
Programme 2: Mining mapping & development	SP2.1: Mining mapping & development	1,100,000	890,195	209,805	81
Programme 3: Environment management and protection	SP3.1: Environment management and protection	97,475,985	54,526,236	42,949,749	56
Total Budget		419,525,320	157,220,413	262,304,907	37
Water, Irrigation & Environment					
Programme 1: General administration & planning	SP1.1: General administration & planning	137,010,138	99,487,146	37,522,992	73
Programme 2: Water infrastructure Development	SP 2.1: Water harvesting and storage	112,843,887	22,152,876	90,691,012	20
	SP 2.2: Piped water supply infrastructure	265,703,711	71,804,774	193,898,937	27
	SP2.3: Ground water development	155,740,537	27,397,303	128,343,233	18
Total Budget		671,298,273	220,842,099	450,456,174	33
Sand Authority					
Programme 1: General administration & planning	SP1.1: General administration & planning	83,828,840	30,054,647	53,774,193	36
Total Budget		83,828,840	30,054,647	53,774,193	36
Education & ICT					
Programme 1: General administration & planning	SP1.1: General administration & planning	346,916,833	216,889,372	130,027,461	63
Programme 2: Early childhood education	SP2.1: Early childhood education	147,586,055	58,566,905	89,019,150	40

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Programme 3: Technical training & non-formal education	SP3.1: Technical training & non-formal education	75,808,762	27,847,791	47,960,971	37
Programme 4: Support to education	SP4.1: Support to education	118,420,486	40,687,300	77,733,186	34
Programme 5: ICT Infrastructure & Systems Development	SP5.1: ICT Infrastructure & Systems Development	41,530,586	12,319,500	29,211,086	30
Programme 6: Sports Development	SP6.1: Sports Development	77,931,972	1,383,946	76,548,026	2
Total Budget		808,194,695	357,694,813	450,499,881	44
Health Services					
Programme 1: General administration & planning	SP1.1: General administration & planning	3,024,710,650	1,519,500,605	1,505,210,045	50
Programme 2: Curative health care services	SP2.1: Curative health care services	768,343,805	387,710,823	380,632,982	50
Programme 3: Preventive and promotive health care services	SP3.1: Preventive and promotive health care services	356,522,428	94,488,460	262,033,968	27
Total Budget		4,149,576,883	2,001,699,888	2,147,876,994	48
Youth, Gender & Social Services					
Programme 1: General administration & planning	SP1.1: General administration & planning	80,494,875	52,595,070	27,899,805	65
Programme 2: Gender & Social Development	SP2.1: Gender & Social Development	73,740,158	25,852,720	47,887,438	35
Total Budget		154,235,033	78,447,790	75,787,243	51
County Attorney					
Programme 1: Legal & advisory services	SP1.1: Legal & advisory services	33,440,152	25,565,109	7,875,043	76
Total Budget		33,440,152	25,565,109	7,875,043	76
County Secretary					
Programme 1: Leadership and coordination of departments.	SP1.1: Leadership and coordination of departments.	457,152,607	342,014,542	115,138,066	75
Total Budget		457,152,607	342,014,542	115,138,066	75
Governorship					
Programme 1: General administration & planning	SP1.1: General administration & planning	196,590,027	131,419,923	65,170,104	67
Total Budget		196,590,027	131,419,923	65,170,104	67
Devolution & Public Service					
Programme 1: General administration & planning	SP1.1: General administration & planning	275,015,452	163,759,249	111,256,203	60
Programme 2: Public Participation & Civic Education	SP2.1: Public Participation & Civic Education	56,052,534	33,675,485	22,377,049	60
Programme 3: Information and communication	SP3.1: Information and communication	5,150,000	232,676	4,917,324	5
Programme 4: Enforcement and compliance	SP4.1: Enforcement and compliance	42,550,000	20,443,591	22,106,409	48
Programme 5: Youth Development support & Empowerment	SP5.1: Youth Development	42,003,049	11,526,691	30,476,358	27
Total Budget		420,771,035	229,637,691	191,133,343	55
County Public Service Board					
Programme 1: General Administration and Planning	SP1.1: General Administration and Planning	75,722,843	29,945,397	45,777,446	40
Total Budget		75,722,843	29,945,397	45,777,446	40

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Finance & Socio-Economic Planning					
Programme 1: General administration & planning	SP1.1: General administration & planning	713,376,268	247,513,906	465,862,362	35
Programme 2: Public financial management	SP2.1: Accounting services	12,540,000	5,606,485	6,933,515	45
	SP2.2: Budget formulation, coordination and management	48,090,000	35,152,012	12,937,988	73
	SP2.3: Internal audit services	8,040,000	6,366,118	1,673,882	79
	SP2.4: Resource mobilization	45,840,000	20,780,399	25,059,601	45
	SP2.5: Supply chain management services	7,040,000	5,157,640	1,882,360	73
	SP2.6: Economic planning	47,040,000	21,227,447	25,812,553	45
Total Budget		881,966,268	341,804,007	540,162,261	39
County Assembly					
Legislation & Oversight	Legislation & Oversight	777,111,681	506,842,311	270,269,370	65
TOTAL COUNTY BUDGET		11,251,039,704	5,216,043,457	6,034,996,247	46

Source: Makueni County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Industrial development and promotion in the Department of Trade, Industry & Cooperatives at 89 per cent, Mining mapping & development in the Department of Land, Physical Planning & Mining at 81 per cent, Internal audit services in the Department of Finance & Socio-Economic Planning at 79 per cent and Legal & advisory services in the Department of County Attorney at 76 per cent of budget allocation.

3.23.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.24 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.27 billion. The development expenditure represented 29 per cent of the annual development budget.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Emergency Fund and Car grants for MCAs Fund were not submitted to the Controller of Budget.
4. Although the OSR improved to Kshs.476.6 million in the period under review from Kshs.396.7 million realised during a similar period in FY 2020/21, it accounted for 43.7 per cent of the annual target of Kshs.1.09 billion. The OSR annual target may therefore be unrealistic and unachievable.
5. Manual Payroll. Personnel emoluments amounting to Kshs.281.04 million were processed through the manual payroll and accounted for 11.07 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the

PFM Act, 2012.

4. The County Treasury should come up with strategies to ensure the setting of OSR targets is objective and based on historical trends to ensure there is no hidden budget deficit.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.24 County Government of Mandera

3.24.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.13.25 billion, comprising Kshs. 5.71 billion (43.1 per cent) and Kshs.7.54 billion (56.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.19 billion (84.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.200.04 million (1.5 per cent) from its own sources of revenue, and a cash balance of Kshs.1.26 billion (9.5 per cent) from FY 2020/21. The County also expects to receive Kshs.608.18 million (4.6 per cent) as conditional grants, which consist of the Kenya Climate-smart Agriculture Project (NEDI), Kenya Devolution Support Program, and World Bank/Japan Funding for Health sector - Transforming Health Care - Universal Health among others.

3.24.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.61 billion as the equitable share of the revenue raised nationally, raised Kshs.107.55 million as own-source revenue, Kshs.144.34 million as conditional grants, and had a cash balance of Kshs.835.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.09 billion, as shown in Table 3.140.

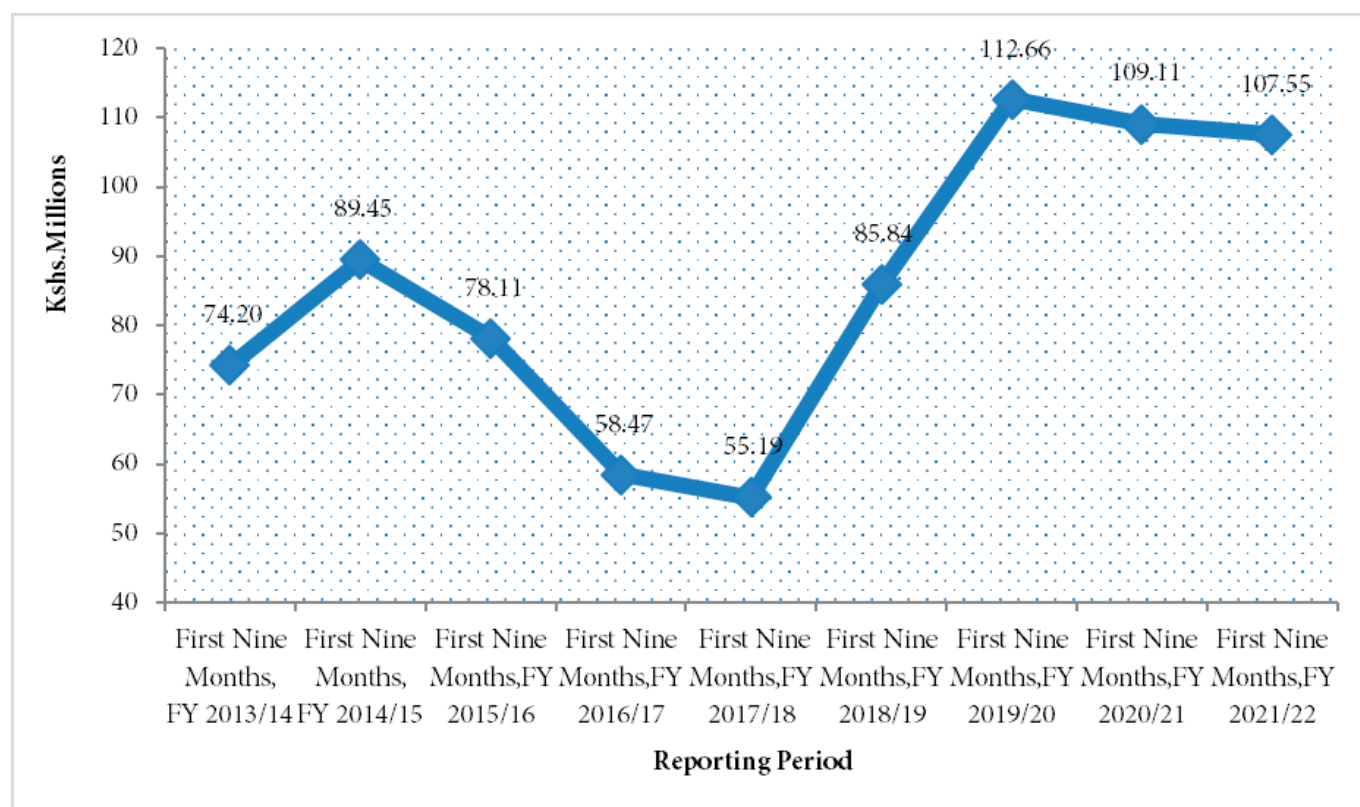
Table 3.140: Mandera County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	5,611,503,076	50.1
	Sub Total	11,190,382,598	5,611,503,076	50.1
B	Other Sources of Revenue			
1.	Own Source Revenue	200,037,792	107,553,765	53.8
2.	Conditional Grants	608,180,993	144,344,646	23.7
3.	Balance b/f from FY 2020/21	1,256,369,662	835,579,096	66.5
	Sub Total	2,064,588,447	1,087,477,507	52.7
	Grand Total	13,254,971,045	6,698,980,583	50.5

Source: Mandera County Treasury

Figure 3.140 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.47: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Mandera County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.107.55 million as own-source revenue, which was 53.8 per cent of the annual target. This amount represented a decrease of 1.4 per cent compared to Kshs.109.11 million realised in the first nine months of FY 2020/21.

3.24.3 Exchequer Issues

The Controller of Budget approved Kshs.7.58 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.2.17 billion (28.6 per cent) for development programmes and Kshs.5.41 billion (71.4 per cent) for recurrent programmes, as shown in Table 3.143.

3.24.4 Overall Expenditure Review

The County spent Kshs.7.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.9 per cent of the total funds released by the CoB and comprised Kshs.2.17 billion and Kshs.5.4 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 37.9 per cent, while recurrent expenditure represented 71.6 per cent of the annual recurrent expenditure budget.

3.24.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.29 billion was spent on employee compensation, Kshs.2.76 billion on operations and maintenance, and Kshs.2.34 billion on development activities, as shown in Table 3.31.

Table 3.141: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,630,207,047	911,048,184	5,541,462,259	513,657,497	83.6	56.4
Compensation to Employees	3,680,972,444	493,731,819	3,012,986,472	279,717,850	81.9	56.7
Operations and Maintenance	2,949,234,602	417,316,365	2,528,475,787	233,939,647	85.7	56.1
Development Expenditure	5,541,462,259	172,253,555	2,168,041,391	-	39.1	-
Total	12,171,669,306	1,083,301,739	7,709,503,650	513,657,497	63.3	47.4

Source: Mandera County Treasury

3.24.6 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 33.1 per cent of the first nine months' proportional revenue of Kshs.9.94 billion.

Personnel emoluments amounting to Kshs.3.29 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.440 million. The manual payroll amounted to 13 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.29 billion includes Kshs.1.09 billion attributable to the health sector, which translates to 33.1 per cent of the total wage bill in the reporting period.

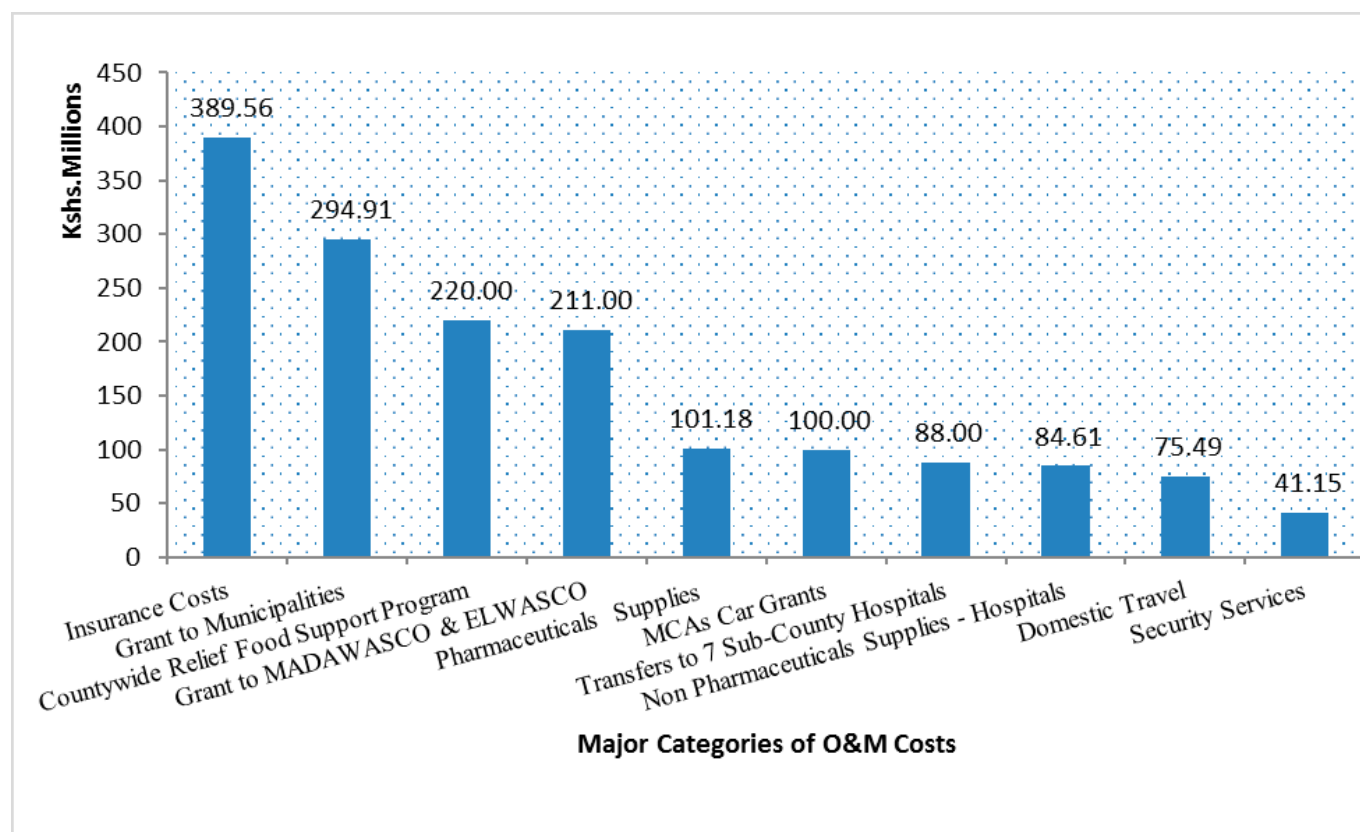
3.24.7 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.120 million to a Bursary Program in FY 2021/22, which constituted 0.9 per cent of the County's overall budget for the year.

3.24.8 Expenditure on Operations and Maintenance

Figure 3.48 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.48: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

The County spent Kshs.13.44 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.44 million. The average monthly sitting allowance was Kshs.29,978 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 23 committees.

During the period, expenditure on domestic travel amounted to Kshs.75.49 million and comprised of Kshs.45.67 million spent by the County Assembly and Kshs.29.82 million by the County Executive. The County Assembly spent Kshs.12.45 million on foreign travel.

3.24.9 Development Expenditure

The County incurred Kshs.2.17 billion development programmes, which represented a decrease of 1.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 2.2 billion. Table 3.142 summarises development projects with the highest expenditure in the reporting period.

Table 3.142: Mandera County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Desilting of various dams countywide	Countywide	205,000,000	205,000,000	100
2	Relief food	Drought affected areas in Mandera county	220,000,000	173,185,848	78.7
3	Completion of County Headquarter	Mandera East	69,045,841	69,045,841	100
4	Construction and Opening up of Awa-cho Sambur - Kiliwehiri Road	Banisa	68,500,000	63,500,000	92.7
5	Construction of Dandu - Ires Teno - Gagaba - Sake - RMLF	Mandera West	100,000,000	60,000,000	60
6	Opening up and light grading of Mandera bypass road	Mandera East	57,000,000	57,000,000	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
7	Construction of Rhamu sub-county headquarters	Mandera North sub county	78,993,535	50,600,000	64.1
8	Construction of a box culvert at live-stock market road- (KUSP)	Mandera East	55,819,500	46,311,274	83
9	Construction of County Public Service Board office	Mandera East	50,000,000	41,391,186	82.8
10	Proposed construction of KMTC in Mandera East	Mandera East	62,623,508	40,554,004	64.8

Source: Mandera County Treasury

3.24.10 Budget Performance by Department

Table 3.143 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.143: Mandera County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	911.05	172.25	519.16	-	513.66	-	98.9	-	56.4	-
Agriculture and live-stock	222.91	945.02	131.35	174.88	131.35	174.88	100	100	58.9	18.5
Education, Culture, and Sports	433.99	319.69	219.24	92.63	219.24	92.63	100	100	50.5	29
Genders, Social Services and Youth Affairs	69.52	105.00	46.81	13.87	46.81	13.87	100	100	67.3	13.2
Finance and Economic Planning and ICT	603.27	430.30	494.94	236.91	494.94	236.91	100	100	82	55.1
Health Services	1,957.90	687.58	1,452.52	308.55	1,452.52	308.55	100	100	74.2	44.9
Trade, Investments, Industrialisation, and Cooperative Development	68.65	77.79	50.82	17.84	50.82	17.84	100	100	74.0	22.9
Lands, Housing Developments and Physical Planning	457.17	24.41	344.60	15.00	344.60	15.00	100	100	75.4	61.4
Office of the Governor and Deputy Governor	502.21	-	355.09	-	355.09	-	100	-	70.7	-
County Public Service Board	84.76	62.00	61.41	33.19	61.41	33.19	100	100	72.5	53.5
Public Service Management and Devolved Units	1,451.16	103.19	1,152.09	47.88	1,152.09	47.88	99.8	100	79.4	46.4
Public Works Roads and Transport	138.40	1,388.26	106.49	660.60	106.49	660.60	98.2	100	76.9	47.6
Water, Energy, Environment and Natural Resources	640.24	1,398.22	470.78	566.67	470.78	566.67	100	100	73.5	40.5
Total	7,541.26	5,713.72	5,405.30	358.80	5,399.80	2,168.04	99.8	100	71.6	37.9

Source: Mandera County Treasury

Analysis of expenditure by the departments shows that the Department of Lands, Housing Developments and Physical Planning recorded the highest absorption rate of the development budget at 61.4 per cent, while the County Assembly did not report expenditure on development programmes. The Department of Finance and Economic Planning and ICT had the highest percentage of recurrent expenditure to budget at 82 per cent, while the Department of Education, Culture, and Sports had the lowest at 50.5 per cent.

3.24.11 Budget Execution by Programmes and Sub-Programmes

Table 3.144 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.144: Mandera County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agricultural and Live-stock Sector Support	Agricultural Infrastructure, Con-servation, and Research	801,955,500	120,945,007	681,010,493	15.1
	Livestock Agricultural Sector Sup-port	245,450,158	124,267,685	121,182,473	50.6
	Sub Total	1,047,405,658	245,212,692	802,192,966	23.4
Cooperatives Develop-ment Programmes	Cooperatives Agricultural Support	7,200,000	2,200,000	5,000,000	30.6
	Sub Total	7,200,000	2,200,000	5,000,000	30.6
Trade Development	Trade development &Promotion	139,247,936	63,622,905	75,625,031	45.7
	Sub Total	139,247,936	63,622,905	75,625,031	45.7
Physical Infrastructure Development	Infrastructure & Equipment	24,410,211	14,994,274	9,415,937	61.4
	Infrastructure Construction, Ex-pansion and Maintenance	687,575,394	283,257,481	404,317,913	41.2
	Infrastructure Development and Expansion	103,193,187	63,769,580	39,423,607	61.8
	Infrastructure Development and Expansion	1,388,257,226	708,005,345	680,251,881	51.0
	Sub Total	2,203,436,018	1,070,026,680	1,133,409,338	48.6
Youth Rehabilitation and Development	Youth Development Programmes and Policy	105,000,000	13,870,000	91,130,000	13.2
	Sub Total	105,000,000	13,870,000	91,130,000	13.2
Administration, Planning, and Support Services	General Administration & Support Services	2,391,897,091	1,332,451,398	663,312,376	55.7
	General Administration & Support Services	716,098,903	553,305,765	162,793,138	77.3
	Sub Total	3,107,995,994	1,885,757,163	826,105,513	60.7
ECDE and Sports Devel-opment Services	ECDE Infrastructure.	319,692,015	92,693,699	226,998,316	29.0
	Sub Total	319,692,015	92,693,699	226,998,316	29.0
Legislation and Over-sight Services	County Assembly Administration offices	172,253,556	-	172,253,556	0.0
	Sub Total	172,253,556	-	172,253,556	0.0
Financial Services	Procurement Services	430,300,000	236,814,152	193,485,848	55.0
	Sub Total	430,300,000	236,814,152	193,485,848	55.0
Administration and Compensation	Administration Services	3,467,690,856	2,254,400,644	1,213,290,212	65.0
	Administration and Support Ser-vices	216,284,891	149,724,344	66,560,547	69.2
	Sub Total	3,683,975,747	2,404,124,988	1,279,850,759	65.3
Water Provision Services	Water Storage Structures	1,304,518,191	896,892,974	407,625,217	68.8
	Water provision services	616,020,707	93,151,669	522,869,038	15.1
	Sub Total	1,920,538,898	990,044,643	930,494,255	51.6
Solar Energy and Envi-ronmental Services	Street lighting	93,701,231	46,845,872	46,855,359	50.0
	Environmental Protection	24,223,992	2,970,000	21,253,992	12.3
	Sub Total	117,925,223	49,815,872	68,109,351	42.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Grand Total	13,254,971,045	7,054,182,795	5,804,654,933	53.2

Source: Mandera County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Administration and Compensation at 65.3 per cent, Administration, Planning, and Support Services at 60.7 per cent, and Financial Services at 55 per cent of budget allocation.

3.24.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.2.34 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.5.71 billion. The development expenditure represented 41 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.107.55 million against an annual projection of Kshs. 200.04 million, representing 53.8 per cent of the annual target.
3. Manual Payroll. Personnel emoluments amounting to Kshs.440 million were processed through the manual payroll and accounted for 13 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.25 County Government of Marsabit

3.25.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.95 billion, comprising Kshs.4.59 billion (51.3 per cent) and Kshs.4.36 billion (48.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.28 billion (81.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from its own sources of revenue, and a cash balance of Kshs.541 million (6 per cent) from FY 2020/21. The County also expects to receive Kshs.957.31 million (10.7 per cent) as conditional grants, consisting of Kshs.204 million for Roads Maintenance Fuel Levy and Kshs.753.31 million from other loans and grants from development partners.

3.25.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.84 billion as the equitable share of the revenue raised nationally, raised Kshs.78.34 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.541 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.46 billion, as shown in Table 3.145.

Table 3.145: Marsabit County, Revenue Performance in the First Nine Months of FY 2021/22

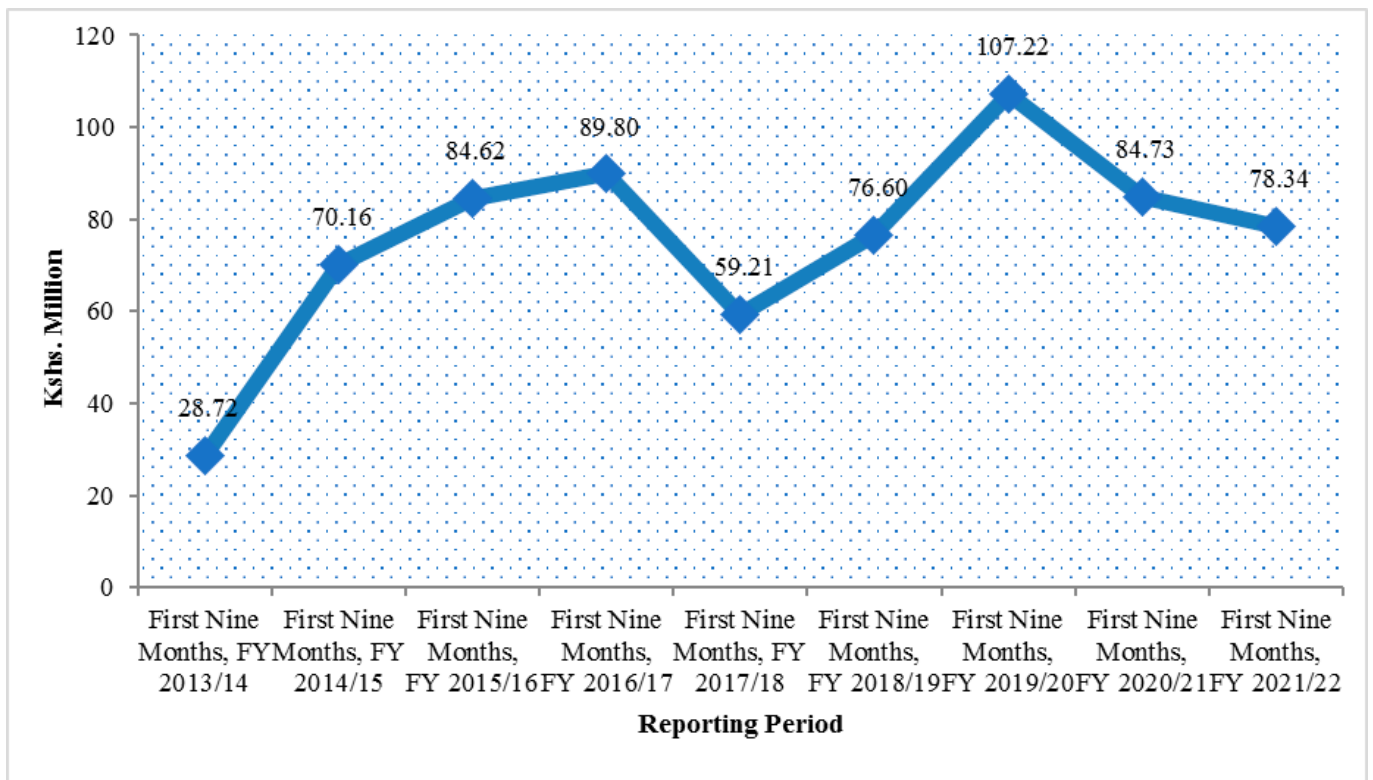
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,277,004,032	4,839,207,684	66.5

Sub Total		7,277,004,032	4,839,207,684	66.5
B. Other Sources of Revenue				
1.	Own Source Revenue	170,000,000	78,335,820	46.1
2.	Conditional Grants	957,314,489	2,500,000	0.3
3.	Balance b/f from FY2020/21	541,000,000	541,000,000	100
Sub Total		1,668,314,489	621,835,820	37.3
Grand Total		8,945,318,521	5,461,043,504	61.0

Source: Marsabit County Treasury

Figure 3.49 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.49: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Marsabit County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.78.34 million as own-source revenue, which was 46.1 per cent of the annual target. This amount represented a decrease of 7.5 per cent compared to Kshs.84.73 million realised during a similar period FY 2020/21. The County has partially implemented an automated OSR collection system called Sense Networks Revenue Automation System for the unstructured revenue streams.

3.25.3 Exchequer Issues

The Controller of Budget approved Kshs.4.87 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.82 billion (37.4 per cent) for development programmes and Kshs.3.05 billion (62.6 per cent) for recurrent programmes, as shown in Table 3.149.

3.25.4 Overall Expenditure Review

The County spent Kshs.5.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 115.7 per cent of the total funds released by the CoB and comprised Kshs.2.32 billion

and Kshs.3.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 50.6 per cent, while recurrent expenditure represented 75.9 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.72 billion for both recurrent and development expenditures. During the period under review, pending bills amounting to Kshs.825.8 million were settled for both recurrent expenditure and development programmes. Outstanding pending bills amounted to Kshs.821.81 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.372.75 million, out of which the County has settled bills amounting to Kshs.206.14 million, leaving a balance of Kshs.166.62 million as of 31st March 2022.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.45 billion was spent on employee compensation, Kshs.860.41 million on operations and maintenance, and Kshs.2.32 billion on development activities, as shown in Table 3.146.

Table 3.146: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,600,126,036.15	759,162,996	2,940,137,752	367,762,214	81.7	48.4
Compensation to Employees	2,406,604,634	224,678,668	2,326,034,668	121,451,720	96.7	54.1
Operations and Maintenance	1,193,521,402.15	534,484,328	614,103,084	246,310,493	51.5	46.1
Development Expenditure	4,475,779,489	110,250,000	2,321,682,883	-	51.9	-
Total	8,075,905,525.15	869,412,996	5,261,820,635	367,762,214	65.2	42.3

Source: Marsabit County Treasury

3.25.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.5 per cent of the first nine months' proportional revenue of Kshs.6.71 billion.

Personnel emoluments amounting to Kshs.1.88 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.569.4 million. The manual payroll amounted to 23.3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.45 billion includes Kshs.1.24 billion attributable to the health sector, which translates to 50.7 per cent of the total wage bill in the reporting period.

3.25.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.244.16 million to county established funds in FY 2021/22, which constituted 2.7 per cent of the County’s overall budget for the year. Table 3.147 summarises each established fund’s budget allocation and performance during the reporting period.

Table 3.147: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Scholarships and Other Educational Benefits Fund	70,000,000	-	NO
2.	Emergency Fund	130,000,000	-	NO
3.	Car Loan and Mortgage	44,162,996	-	NO
	Total	244,162,996	-	

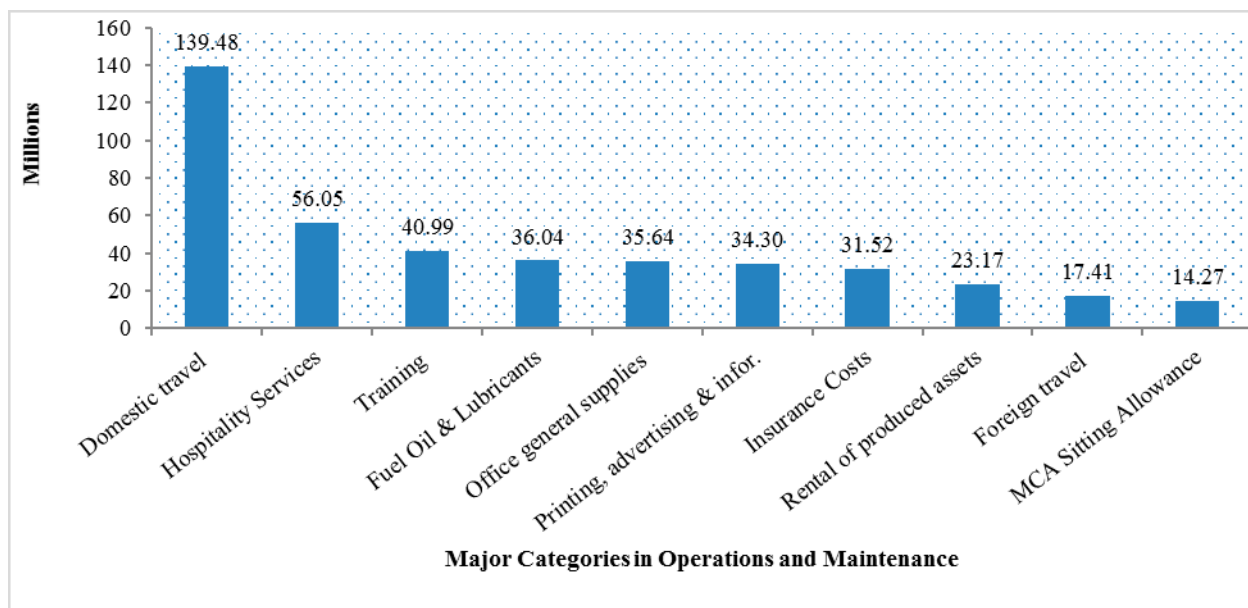
Source: Marsabit County Treasury

The OCoB did not receive any quarterly financial returns from administrators of these funds, as indicated in Table 3.147.

3.25.9 Expenditure on Operations and Maintenance

Figure 3.50 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.50: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

The County spent Kshs.14.27 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.35 million. The average monthly sitting allowance was Kshs.51,165 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.139.48 million and comprised Kshs.48.84 million spent by the County Assembly and Kshs.90.64 million by the County Executive. Spending on foreign travel amounted to Kshs.17.41 million and consisted of Kshs.12.53 million by the County Assembly and Kshs.4.88 million by the County Executive.

3.25.10 Development Expenditure

The County incurred Kshs.2.32 billion on development programmes, which represented an increase of 58.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.46 billion. Table 3.148 summarises development projects with the highest expenditure in the reporting period.

Table 3.148: Marsabit County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Drought Mitigation Programme	County wide	400,000,000	366,878,327	80.9
2	Construction and completion of Sololo Level IV Hospital	Sololo	120,000,000	97,273,705	55.1
3	Supply of medical drugs	County wide	90,000,000	55,233,922	61.4
4	Construction and completion of a fish factory - phase II	Loiyangalani	15,000,000	12,500,000	83.3

Source: Marsabit County Treasury

3.25.11 Budget Performance by Department

Table 3.149 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.149: Marsabit County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	759.16	110.25	487.84	-	367.76	-	75.4	-	48.4	-
County Executive Services	535.00	550.00	339.76	456.09	368.96	450.01	108.6	98.7	69.0	81.8
Finance Management Services	369.07	1,692.61	234.10	873.95	323.51	1,119.71	138.2	128.1	87.7	66.2
Agriculture, Livestock, Fisheries	199.14	93.35	115.11	10.50	156.05	8.00	135.6	76.2	78.4	8.6
County Public Service	95.87	7.00	49.45	-	47.78	-	96.6	-	49.8	-
Education Youth Affairs	329.71	299.55	192.17	40.71	271.91	73.60	141.5	180.8	82.5	24.6
County Health Services	1,295.47	550.37	1,186.00	219.56	1,258.56	277.72	106.1	126.5	97.2	50.5
Administration and ICT	263.90	46.00	138.79	-	160.18	36.20	115.4	-	60.7	78.7
Physical Planning & Devpt, Energy, Lands, Municipality	123.64	149.40	78.53	66.64	92.33	93.59	117.6	140.4	74.7	62.6
Public Works, Roads	89.39	465.30	45.78	82.19	57.56	72.04	125.7	87.7	64.4	15.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Water and Environment	134.32	525.50	83.74	70.06	100.28	145.56	119.8	207.8	74.7	27.7
Trade & Industry	81.85	23.00	55.37	-	56.28	21.55	101.6	-	68.8	93.7
Tourism, Culture & Social Services	82.77	73.70	39.70	-	46.72	23.70	117.7	-	56.4	32.2
TOTAL	4,359.29	4,586.03	3,046.35	1,819.70	3,307.9	2,321.68	108.6	127.6	75.9	50.6

Source: Marsabit County Treasury

Analysis of expenditure by the departments shows that the Department of Trade & Industry recorded the highest absorption rate of development budget at 93.7 per cent, while the County Assembly and the County Public Service did not report any expenditure on development activities. The Department of Health had the highest percentage of recurrent expenditure to budget at 97.2 per cent, while the County Public Service Board had the lowest at 49.8 per cent.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 3.150 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.150: Marsabit County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
A. County Assembly of Marsabit					
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and MCAs	224,678,668	121,451,721	103,226,947	46.0
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	51,400,000	22,443,400	28,956,600	56.0
Total Expenditure For Programme 1		276,078,668	143,895,121	132,183,547	100
Programme 2: Legislature And Oversight	SP 2.1 Domestic and foreign accommodation, air travel and daily subsistence allowance	103,257,475	61,384,184	41,873,291	41.0
	SP 2.2 ICT, Hansard and Communication equipment	10,500,000	3,232,000	7,268,000	69.0
	SP 2.3 Mortgage & Car Loans and tax	46,987,786	-	46,987,786	100.0
	SP 2.4 Staff Trainings and Development and Tuitions	34,950,000	23,637,760	11,312,240	32.0
	SP 2.5 Public Participation	-	-	-	-
Total Expenditure For Programme 2		195,695,261	88,253,944	107,441,317	100
Programme 3: County Assembly Infrastructure Improvement	SP 3.11 Equipping of library	-	-	-	-
	SP 3.12 Maintenance of motor vehicle	9,000,000	7,558,549	1,441,451	16.0
	SP 3.13 Purchase of furniture and general equipment	7,366,678	750,000	6,616,678	90.0
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices	110,250,000	-	110,250,000	100.0
	SP 3.15 Improvement of ICT services	-	-	-	-
	SP 3.16 Maintenance of plants, machinery & other assets	10,016,760	303,548	9,713,212	97.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
	SP 3.17 Electricity, water and sewerage and other utility charges	13,428,878	6,369,500	7,059,378	53.0
	SP 3.18 Printing, advertisement and information supplies and services	43,321,371	29,871,085	13,450,286	31.0
	SP 3.19 Rental of approved assets and hire of motor vehicles	13,200,000	375,000	12,825,000	97.0
	SP 3.20 Insurance cost for group personnel, building, motor vehicle and medical cover	28,937,645	23,519,306	5,418,339	19.0
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	37,500,000	23,226,860	14,273,140	38.0
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	4,061,543	4,938,457	55.0
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	21,500,000	4,506,485	16,993,515	79.0
	SP 3.24 Ward office	28,400,000	18,913,324	9,486,676	33.0
	SP 3.25 Uniform, Specialized materials and supplies	11,000,000	6,940,000	4,060,000	37.0
	-SP 3.26 Membership fees and dues and subscription for international organisation	5,500,000	750,000	4,750,000	86.0
	SP 3.28 Refurbishment of buildings	4,000,000	3,996,800	3,200	-
	SP 3.29 Gratuity/pension	33,217,735	4,471,150	28,746,585	87.0
	SP 3.30 Purchase of motor vehicle	12,000,000		12,000,000	100.0
	SP 3.31 Research, Feasibility Studies, Project and Preparation and Design, Projects	-	-	-	-
	Total expenditure for Programme 3	397,639,067	135,613,150	262,025,917	
Sub -Total		869,412,996	367,762,215	501,650,781	
County Executive Services					
Physical Planning and Development	Urban Development Services	72,900,000	47,395,911	25,504,089	65.0
	Lands and Physical Planning Services	76,900,000	46,196,428	30,703,572	60.0
	General administration planning and Support Services	123,637,768	92,330,315	31,307,453	75.0
	Sub total	273,437,768	185,922,654	87,515,114	68.0
Education	General Administration, Planning and Support Services	329,673,491	271,912,841	57,760,650	82.0
	Pre – Primary Education	121,400,000	9,806,700	111,593,300	8.0
	Youth Development	109,950,000	54,829,400	55,120,600	50.0
	Vocational Education and Training	7,000,000	891,800	6,108,200	13.0
	Sports	61,200,000	8,071,900	53,128,100	13.0
Sub total	629,223,491	345,512,641	283,710,850	55.0	
Executive Services	General Administration, Planning and Support Services	1,085,000,000	818,966,285	266,033,715	75.0
	Management of County Affairs	-	-	-	-
	Public Sector Advisory Services	-	-	-	-
	Inter/Intra Governmental	-	-	-	-
	County Legal Services	-	-	-	-
Sub total	1,085,000,000	818,966,285	266,033,715	0.8	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
Administration and ICT	General administration planning and Support Services	306,400,000	196,184,330	110,215,670	0.6
	ICT infrastructure	3,500,000	200,000	3,300,000	0.1
	Coordination of functions of devolved Units	-	-	-	-
	Public Participation and Civic Education	-	-	-	-
	Sub total	309,900,000	196,384,330	113,515,670	63.0
Agriculture and Live-stock Development	General Administration, Planning and Support Services	189,029,716	81,716,872	107,312,844	43.0
	Livestock Resources Management and Development	-	67,449,342	- 67,449,342	-
	Fisheries Development and Management	56,750,000	14,879,766	41,870,234	26.0
	Crop Development and Management	46,713,970	-	46,713,970	
	Sub total	292,493,686	164,045,980	128,447,706	56.0
Health Services	Curative Health Services	180,815,000	126,703,050	54,111,950	70.0
	General Administration, Planning and Support Services	1,655,019,330	1,399,579,427	255,439,903	85.0
	Maternal and child health	10,000,000	10,000,000	-	100.0
	Sub total	1,845,834,330	1,536,282,477	309,551,853	83.0
County Public Service Board	General administration planning and Support Services	95,868,570	47,783,269	48,085,301	50.0
	Human Resource Management and Development	7,000,000		7,000,000	-
	Sub total	102,868,570	47,783,269	55,085,301	46.0
Culture and Social Ser- vices	Youth Development	9,000,000	7,854,100	1,145,900	
	Culture Services	23,300,000	13,850,200	9,449,800	
	Social Services	41,400,000	2,000,000	39,400,000	-
	General administration, planning and support services	82,770,872	46,721,250	36,049,622	56.0
	Sub total	156,470,872	70,425,550	86,045,322	45.0
Finance and Economic Planning	General administration planning and Support Services	2,028,019,640	1,410,644,044	617,375,596	70.0
	Public Finance Management	19,300,000	18,611,200	688,800	
	Economic and financial policy Formu- lation	14,000,000	13,965,500	34,500	100.0
	Sub total	2,061,319,640	1,443,220,744	618,098,896	0.7
Roads, Housing and Public Works	Road Transport Infrastructure Develop- ment	465,300,000	72,039,508	393,260,492	0.2
	Housing Development	42,900,758	26,042,062	16,858,696	
	General administration planning and Support Services	46,489,380	31,519,714	14,969,666	0.7
	Sub total	554,690,138	129,601,284	425,088,854	0.2
Trade, Industry & En- terprise Development	General administration planning and Support Services	102,850,000	76,132,113	26,717,887	0.7
	Trade and Industrial Development	-	-	-	
	Enterprise Development	2,000,000	1,700,000	300,000	0.9
	Sub total	104,850,000	77,832,113	27,017,887	0.7
Water	Water Resources Management	505,500,000	130,259,443	54,624,099	0.3
	General administration planning and Support Services	93,147,470	74,194,573	209,600	0.8
	Natural Resources Conservation and Management	61,169,560	41,389,292	475,900	0.7
	Sub total	659,817,030	245,843,308	55,309,599	0.4

Programme	Sub- Programme	Approved Budget	Actual Pay-	Variance	Absorption
		(Kshs)	ments (Kshs)	(Kshs.)	(%)
		A	B	C=A-B	D=B/A*100
Grand Total		8,945,318,521	5,629,582,850	2,455,420,767	62.9

Source: Marsabit County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Maternal Health in the Department of Health Services, Economic and financial policy Formulation in the Department of Finance and Economic Planning, and Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices at 100 per cent of budget allocation.

3.25.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 27th April 2022, while it was expected on 15th April 2022.
2. A high wage bill, which accounted for 44.8 per cent of the total expenditure in the first nine months of FY 2021/22, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.78.34 million against an annual projection of Kshs.170 million, representing 46.1 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarship Fund, Emergency Fund and County Assembly Staff Mortgage Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.821.82 million as of 31st March 2022.
6. Manual Payroll. Personnel emoluments amounting to Kshs.569.4 million were processed through the manual payroll and accounted for 23.3 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.26 County Government of Meru

3.26.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.5 billion, comprising Kshs.4.17 billion (33.4 per cent) and Kshs.8.33 billion (66.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.79 billion (70.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.689.06 million (5.5 per cent) from its own sources of revenue, and a cash balance of Kshs.1.13 billion (9.6 per cent) from FY 2020/21. The County also expects to receive Kshs.1.66 billion (13.3 per cent) as conditional grants and Kshs.270 million (2.2 per cent) as “other revenue”. The conditional grants comprise Level Five Hospital of Kshs.373.87 million, Compensation for User fee foregone of Kshs.31.65 million, RLMF of Kshs.241.5 and World bank loans and grants of Kshs. 823.17 million.

3.26.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.55 billion as the equitable share of the revenue raised nationally, raised Kshs.288.03 million as own-source revenue, Kshs.141.84 million as conditional grants, and had a cash balance of Kshs.1.13 billion from FY 2020/21. The total funds available for budget implementation amounted to Kshs.7.11 billion, as shown in Table 3.151.

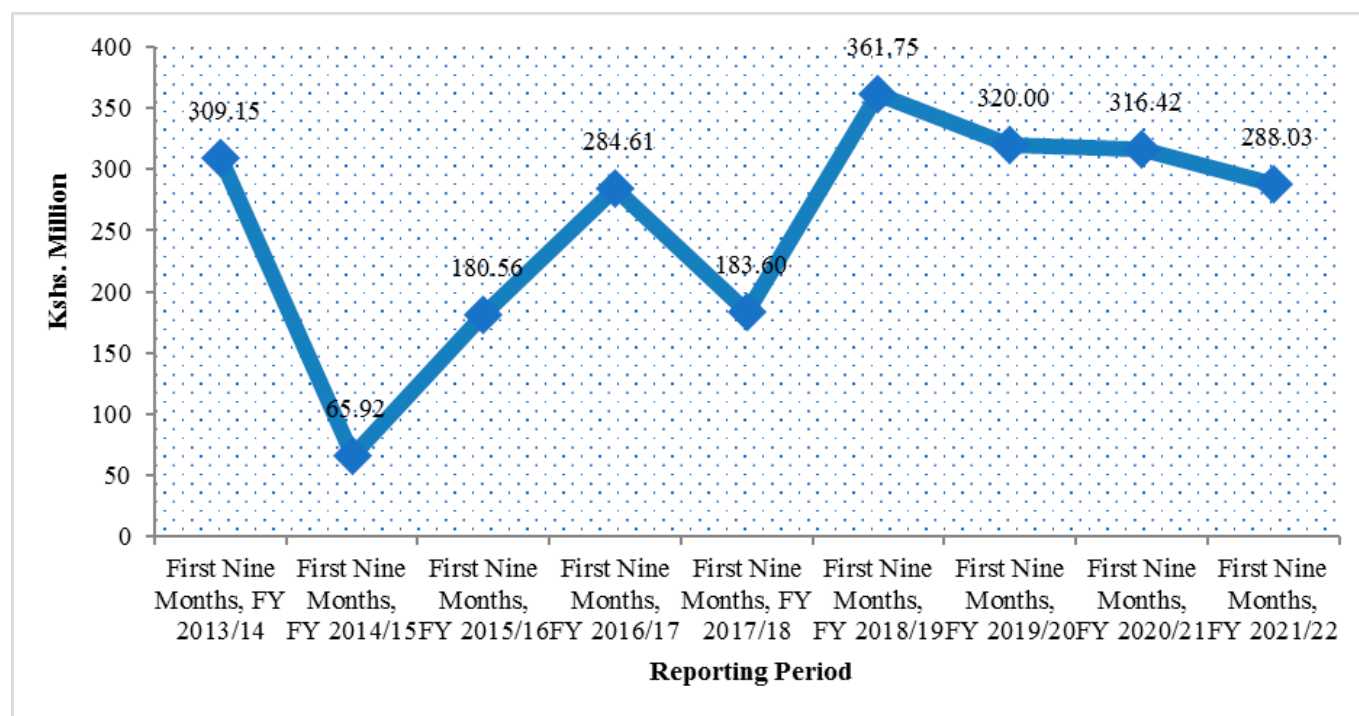
Table 3.151: Meru County, Revenue Performance in the First Nine Months of FY 2021/22

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,788,594,074	5,553,906,544	63.2
	Sub Total	8,788,594,074	5,553,906,544	63.2
B	Other Sources of Revenue			
1.	Own Source Revenue	689,061,600	288,029,707	41.8
2.	Conditional Grants	1,662,489,483	141,844,646	8.5
3.	Balance b/f from FY 2020/21	1,131,009,431	1,131,009,431	100
4.	Other Revenues	270,000,000	-	-
	Sub Total	12,541,154,588	1,560,883,784	12.4
	Grand Total	12,541,154,588	7,114,790,328	56.7

Source: Meru County Treasury

Figure 3.51 Settlement of Pending Bills shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.51: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Meru County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.288.03 million as own-source revenue, which was 41.8 per cent of the annual target. This amount represented a decrease of 8.9 per cent compared to Kshs.316.42 million realised during a similar period in FY 2020/21. The County has implemented an automated OSR collection system called Jambo Pay.

3.26.3 Exchequer Issues

The Controller of Budget approved Kshs.6.49 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.855.34 million (13.2 per cent) for development programmes and Kshs.5.63 billion (86.8 per cent) for recurrent programmes, as shown in Table 3.155.

3.26.4 Overall Expenditure Review

The County spent Kshs.6.88 billion on development and recurrent programmes during the reporting period. This expenditure represented 54.8 per cent of the total funds released by the CoB and comprised Kshs.843.34 million and Kshs.6.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.1 per cent, while recurrent expenditure represented 72.3 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.971.66 million and comprised Kshs.211.94 million for recurrent expenditure and Kshs.759.72 million for development expenditure. During the period under review, pending bills amounting to Kshs.483.54 million were settled, consisting of Kshs.60.27 million for recurrent expenditure and Kshs.423.27 million for development programmes. Outstanding pending bills amounted to Kshs.460.12 million as of 31st March 2022.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.96 billion was spent on employee compensation, Kshs.1.68 billion on operations and maintenance, and Kshs.843.34 million on development activities, as shown in Table 3.152.

Table 3.152: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,317,952,921	1,008,660,369	5,017,592,436	625,000,000	68.6	62.0
Compensation to Employees	4,579,078,502	521,143,139	3,668,523,045	289,803,161	80.1	55.6
Operations and Maintenance	2,738,874,419	487,517,230	1,349,069,391	335,196,839	49.3	68.8
Development Expenditure	4,104,886,888	68,000,000	843,340,872	-	20.5	-
Total	11,422,839,809	1,076,660,369	5,860,933,308	625,000,000	51.3	58.0

Source: Meru County Treasury

3.26.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 42.1 per cent of the first nine months' proportional revenue of Kshs.9.41 billion.

Personnel emoluments amounting to Kshs.3.36 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.159 million. The manual payroll amounted to 4.7 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.96 billion includes Kshs.2.30 billion attributable to the health sector, which translates to 58.2 per cent of the total wage bill in the reporting period.

3.26.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.308.93 million to county established funds in FY 2021/22, which constituted 2.5 per cent of the County's overall budget for the year. Table 3.153 summarises each established fund's budget allocation and performance during the reporting period.

Table 3.153: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Meru Micro-Finance	81,230,864	54,000,000	Yes
2.	Meru Investment and Development Corporation	54,803,972	42,101,239	No
3.	Scholarship/Bursary	128,894,362	128,850,000	Yes
4.	Meru Youth Service	44,000,000	25,000,000	No
Total		308,929,198	249,951,239	

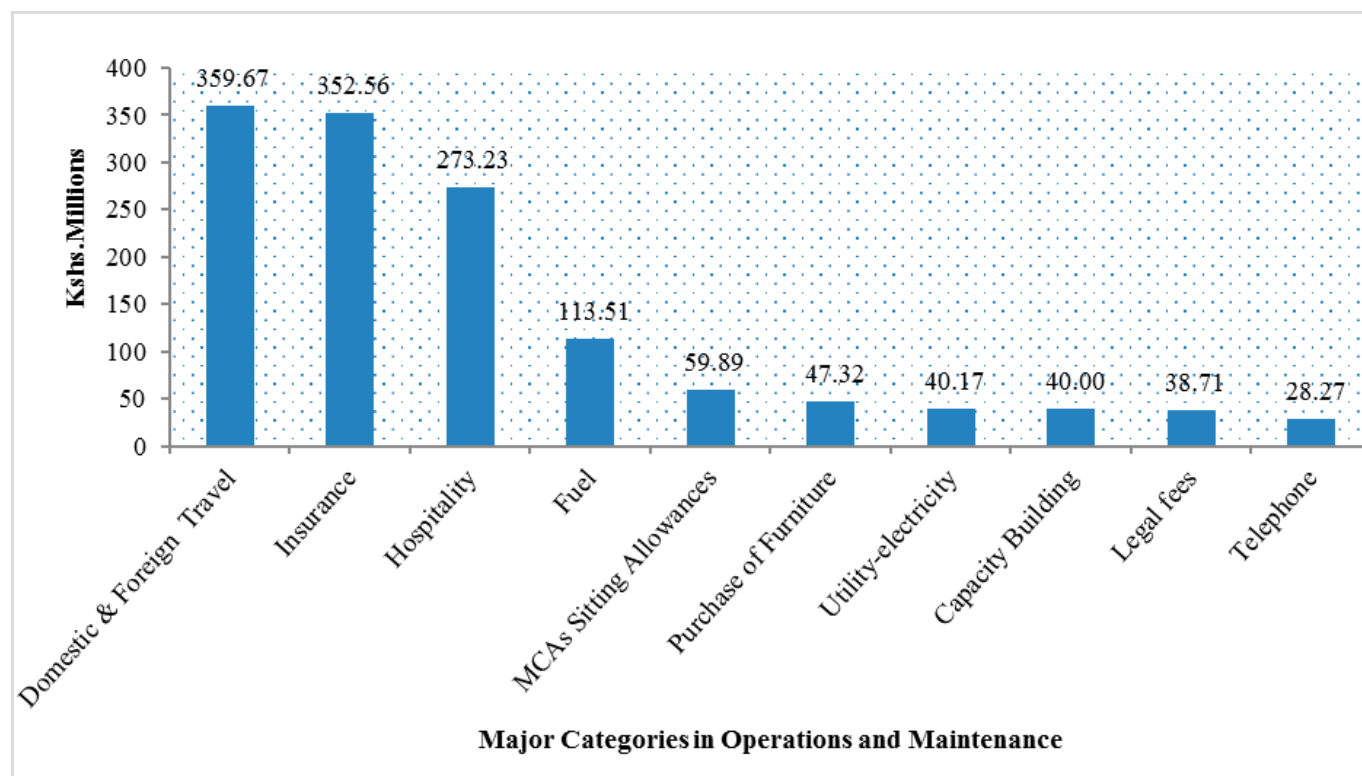
Source: Meru County Treasury

The OCoB received quarterly financial returns from administrators of established funds, as indicated in Table 3.153.

3.26.9 Expenditure on Operations and Maintenance

Figure 3.52 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.52: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

The County spent Kshs.59.89 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.104.48 million. The average monthly sitting allowance was Kshs.868,001 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 27 committees.

During the period, expenditure on domestic travel amounted to Kshs.247.52 million and comprised Kshs.148.78 million spent by the County Assembly and Kshs.98.74 million by the County Executive. Spending on foreign travel amounted to Kshs.112.14 million and consisted of Kshs.111.0 million by the County Assembly and Kshs.1.14 million by the County Executive.

3.26.10 Development Expenditure

The County incurred Kshs.843.34 million on development programmes, which represented a decrease of 10.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.942.70 billion. Table 3.154 summarises development projects with the highest expenditure in the reporting period.

Table 3.154: Meru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Improvement and maintenance of the roads	Road	Countywide	405,750,000	256,967,821	63.3
2	Finishing off the County Headquarter office block	Finance	Municipality	45,000,000	14,920,578	33.2
3	Construction of ward in Meru Teaching and Referral Hospital	Health	Municipality	379,975,046	150,140,007	39.5
4	Construction of the Governor's and Deputy Governor's residence	Lands	Municipality	75,000,000	50,000,000	66.7
5	Drilling of Boreholes	Water	Various Wards	520,624,206	204,467,821	39.3
6	Purchase of Lighting Equipment	Environment	Municipality	45,000,000	25,000,000	55.6

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
7	KDSP	Public Service, Adm. and Legal affairs	Various Wards	141,844,646	141,844,646	100.0

Source: Meru County Treasury

3.26.11 Budget Performance by Department

Table 3.155 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.155: Meru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption %	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,008.66	68.00	625.00	-	625.00	-	100.00	-	62.0	-
Office of the Governor	340.39	-	224.9	-	235.40	-	104.65	-	69.2	-
Finance, Economic Planning and ICT	975.92	56.00	652.64	-	674.47	-	103.35	-	69.1	-
Agriculture, Livestock and Fisheries Development	325.86	620.68	248.98	20.91	251.75	8.91	101.11	42.61	77.3	1.4
Water Service and Irrigation	124.51	520.62	82.78	23.23	92.18	23.23	111.35	100.00	74.0	4.5
Education, Technology, Gender and Social Development	836.77	214.31	673.50	11.61	715.08	11.61	106.17	100.00	85.5	5.4
Health Service	3,148.48	379.97	2,195.18	83.39	2,479.57	83.39	112.96	100.00	78.8	21.9
Lands, Physical Planning, Urban Development and Public Works	170.46	564.99	85.73	70.42	96.57	70.42	112.65	100.00	56.7	12.5
Public Service Administration and Legal Affairs	853.78	141.84	581.70	141.8	584.08	141.85	100.41	100.00	68.4	100
Road, Transport and Energy	131.40	1,424.4	62.71	474.00	70.09	474	111.76	100.00	53.3	33.3
Trade, Investment, Industrialization, Tourism and Cooperative Development	139.02	150.13	60.49	22,09	67.34	22.10	111.34	100.00	48.4	14.7
Youth Affairs and Sport	179.06	39.51	78.93	7.84	80.74	7.84	102.29	100.00	45.1	19.8
County Public Service Board	45.19	-	23.59	-	26.83	-	113.71	-	59.4	-
Environment, Wildlife and Natural Resources	69.60	11.60	34.42	-	34.58	-	100.45	-	49.7	-
TOTAL	8,349.12	4,192	5,630.59	855.34	6,033.68	843.34	107.1	98.6	72.3	20.1

Source: Meru County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service and Legal Affairs recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Road, Transport and Energy at 33.3 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 85.5 per cent, while the Department of Youth Affairs and Sport had the lowest at 45.1 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.156 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.156: Meru County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
COUNTY ASSEMBLY					
Legislation and Representation	Legislation	456,774,801.06	312,461,174.30	144,313,626.76	68.4
legislative Oversight	Oversight	247,715,982.34	151,985,298.35	95,730,683.99	61.4
General Admin, Planning and Support	General Administration	304,169,585.60	160,553,527.35	143,616,058.25	52.8
Development		68,000,000.00		-	-
Total		1,076,660,369.00	625,000,000.00	451,660,369.00	58.1
DEPARTMENT: OFFICE OF THE GOVERNOR					
General Administration	General Administration	234,665,560.00	183,588,861.75	51,076,698.25	78.2
Governor Press/Communication and Events	Governor Press/Communication and Events	28,620,000.00	12,635,390.00	15,984,610.00	44.2
Efficiency Monitoring	Efficiency Monitoring	13,077,280.00	8,210,588.00	4,866,692.00	62.8
Research and Strategy	Research and Strategy	13,350,000.00	4,907,650.00	8,442,350.00	36.8
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	18,866,780.50	5,053,700.00	13,813,080.50	26.8
External Linkages & Partnership	External Linkages & Partnership	18,700,000.00	13,326,754.00	5,373,246.00	71.3
'County Secretary	County Secretary	13,118,766.46	7,679,590.00	5,439,176.46	58.5
Total		340,398,386.96	235,402,533.75	104,995,853.21	69.2
DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT					
General Administration	Administration	165,784,741.00	141,556,820.62	24,227,920.38	85.4
Deputy Governors Office	Office Affairs	18,540,000.00	15,572,891.00	2,967,109.00	84
Procurement	Procurement	11,070,000.00	7,579,387.00	3,490,613.00	68.5
Internal Audit	Internal Audit	10,215,000.00	6,383,881.00	3,831,119.00	62.5
Budget and Policy	Budget and Policy	25,951,707.90	19,250,720.00	6,700,987.90	74.2
Accounts	Accounts	88,778,396.11	46,034,126.80	42,744,269.31	51.9
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corporation	84,803,972.00	42,101,239.25	42,702,732.75	49.7
Microfinance Corporation	Meru Micro-Finance Corporation	81,230,864.00	54,000,000.00	27,230,864.00	66.5
Revenue Board	Meru Revenue Board	332,144,000.00	264,396,911.71	67,747,088.29	79.6
ICT Development	ICT Development	36,170,000.00	7,402,854.10	28,767,145.90	20.5
Economic Planning and Co-ordination Services	Economic Planning and Co-ordination Services	10,494,200.00	7,080,310.00	3,413,890.00	67.47
Fleet Management	Fleet Management	166,743,760.00	63,112,962.43	103,630,797.57	37.85
Total		1,031,926,641.01	674,472,103.91	357,454,537.10	65.36
DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES					
General Administration	General Administration	805,165,554.98	245,397,450.60	559,768,104.38	30.48
Livestock	Livestock	21,050,566.70	1,920,050.00	19,130,516.70	9.12
Fisheries	Fisheries	6,792,500.00	1,238,350.00	5,554,150.00	18.23
Agricultural Services	Agricultural Services	28,436,425.60	11,780,383.60	16,656,042.00	41.43
Animal Disease Management	Animal Disease Management	3,040,000.00	327,000.00	2,713,000.00	10.76
Agricultural Training Centre (ATC)	Agricultural Training Centre (ATC)	43,948,485.80	20,911,294.00	23,037,191.80	47.58
Agricultural Mechanization Services (AMS)	Agricultural Mechanization Services (AMS)	38,104,411.00		38,104,411.00	0.00
Total		946,537,944.08	281,574,528.20	664,963,415.88	29.75
DEPARTMENT: WATER & IRRIGATION					
General Administration	Administration Services	645,134,808.00	115,406,292.00	529,728,516.00	17.89

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Total		645,134,808.00	115,406,292.00	529,728,516.00	17.89
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					
General Administration	General Administration	724,887,948.00	685,880,435.55	39,007,512.45	94.62
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	202,171,921.00	26,755,169.00	175,416,752.00	13.23
'Technical and Vocation Education	'Technical and Vocation Education	61,887,374.00	723,000.00	61,164,374.00	1.17
'Gender Mainstreaming and Social Services	'Gender Mainstreaming and Social Services	57,131,600.00	13,321,900.00	43,809,700.00	23.32
PWD Empowerment	PWD Empowerment	5,000,000.00		5,000,000.00	0.00
Total		1,051,078,843.00	726,680,504.55	324,398,338.45	69.14
DEPARTMENT: HEALTH SERVICES					
General Administration	General Administration	2,587,582,239.00	2,308,294,417.82	279,287,821.18	89.21
Curative Health	Curative Health	735,705,226.70	231,238,806.00	504,466,420.70	31.43
Preventive and Promotive Health	Preventive and Promotive Health	205,175,614.36	23,434,504.00	181,741,110.36	11.42
Total		3,528,463,080.06	2,562,967,727.82	965,495,352.24	72.64
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					
General Administration	Ggeneral Administration	66,218,847.00	62,701,531.45	3,517,315.55	94.69
Lands & Public Works	Lands & Public Works	189,969,732.00	72,929,134.50	117,040,597.50	38.39
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	418,448,362.05	28,886,079.00	389,562,283.05	6.90
Meru Municipality	Meru Municipality	60,809,000.00	5,649,350.00	55,159,650.00	9.29
Total		735,445,941.05	170,166,094.95	565,279,846.10	23.14
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					
General Administration	General Administration	20,179,291.19	9,822,208.40	10,357,082.79	48.67
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	21,801,708.23	9,668,800.00	12,132,908.23	44.35
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	82,269,668.76	7,366,375.00	74,903,293.76	8.95
Human Resource	Human Resource	794,216,132.05	671,461,419.00	122,754,713.05	84.54
Office of the County Attorney	Office of the County Attorney	73,891,658.00	27,602,654.65	46,289,003.35	37.36
Towns Management & Administration	Towns Management & Administration	3,269,854.00		3,269,854.00	0.00
Total		995,628,312.23	725,921,457.05	269,706,855.18	72.91
DEPARTMENT: 'ROADS, TRANSPORT& ENERGY					
General Administration-Roads	General Administration-Roads	105,850,000.00	53,835,536.40	52,014,463.60	50.86
Energy	Energy	50,595,163.90	22,101,503.85	28,493,660.05	43.68
Roads Transport		1,399,321,642.10	474,003,327.00	925,318,315.10	0.34
Total		1,555,766,806.00	549,940,367.25	1,005,826,438.75	35.35
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT					
Headquarters	Headquarters	62,893,762.00	52,587,276.70	10,306,485.30	83.61
Co-operatives Development	Co-operatives Development	37,800,000.00	5,214,560.00	32,585,440.00	13.80
Tourism Development	Tourism Development	47,500,000.00	3,462,442.00	44,037,558.00	7.29
Trade Development	Trade Development	140,958,097.00	6,080,555.00	134,877,542.00	4.31
Total		289,151,859.00	67,344,833.70	221,807,025.30	23.29

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
DEPARTMENT: YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	37,869,071.00	30,009,594.00	7,859,477.00	79.25
Youth Affairs	Youth Affairs	76,843,191.84	36,976,328.10	39,866,863.74	48.12
Sports Development	Sports Development	78,172,393.49	5,329,700.00	72,842,693.49	6.82
Arts and Culture Development	Arts and Culture Development	25,683,590.15	8,422,280.80	17,261,309.35	32.79
Total		218,568,246.48	80,737,902.90	137,830,343.58	36.94
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	45,198,021.68	26,828,149.17	18,369,872.51	59.36
Total		45,198,021.68	26,828,149.17	18,369,872.51	59.36
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	69,595,331.00	34,577,263.51	35,018,067.49	49.68
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	11,600,000.00		11,600,000.00	0.00
Total		81,195,331.00	34,577,263.51	46,618,067.49	42.59
GRAND TOTAL		12,541,154,589.54	6,877,019,758.76	5,664,134,830.78	54.84

Source: Meru County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General Administration in the Department of Lands, Physical Planning, Urban Development & Public Works at 94.5 per cent, and General Administration in the Department of budget allocation.

3.26.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 26th April 2022, which was expected on 15th April 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.843.34 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.19 billion. The development expenditure represented 20.1 per cent of the annual development budget.
3. A high wage bill of Kshs.3.95 billion, which accounted for 42.1 per cent of the total expenditure in the first nine months of FY 2021/22, thus constraining funding to crucial development programmes.
4. The underperformance of own-source revenue at Kshs.288.03 million against an annual projection of Kshs.689.06 million, representing 41.8 per cent of the annual target.
5. High level of pending bills, which amounted to Kshs.460.12 million as of 31st March 2022.
6. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is contrary to the requirements of Section 168 of the PFM Act, 2012. Fund Administrators of the Meru Investment and Development Corporation and Meru Youth Service did not submit the quarterly reports.
7. Manual Payroll. Personnel emoluments amounting to Kshs.159 million were processed through the manual payroll and accounted for 4.7 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

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

2. The County should identify and address issues causing delays in implementing development projects.
3. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
4. The County should address its revenue performance to ensure the approved budget is fully financed.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
6. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
7. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.27 County Government of Migori

3.27.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.10.43 billion, comprising Kshs.3.53 billion (33.9 per cent) and Kshs.6.90 billion (66.1 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8 billion (76.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (2.9 per cent) from its own sources of revenue, and a cash balance of Kshs.1.29 billion (12.4 per cent) from FY 2020/21. The County also expects to receive Kshs.827.81 million (7.9 per cent) as conditional grants, which consists of, Kshs.153.29 million for Leasing Medical Equipment, Kshs.15.01 million for DANIDA, Kshs.276.07 million for IDA National Agricultural and Rural Inclusive Growth Project, Kshs.15.62 million for Instrument for Devolution Advice and Support, Kshs.48.94 million for transforming health system for universal care project, Kshs.4.4 million for UNFPA-9th Country Programme Implementation, Kshs.31.01 million for Agricultural Sector Development Support Programme (ASDSP II) and Kshs.283.42 million for Kenya Urban Support Programme.

3.27.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.96 billion as the equitable share of the revenue raised nationally, raised Kshs.272.15 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.1.29 billion from FY 2020/21. The total funds available for budget implementation amounted to Kshs5.53 billion, as shown in Table 3.157.

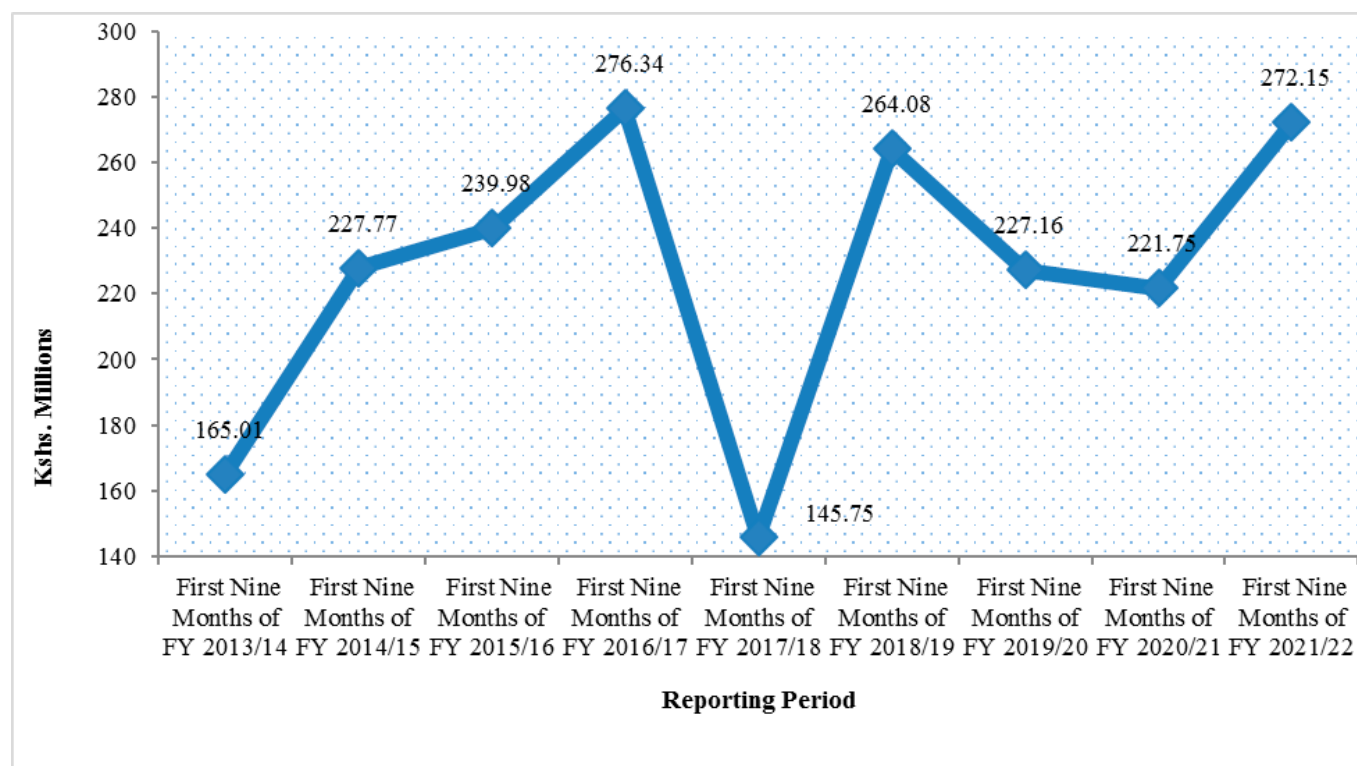
Table 3.157: Migori County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,005,020,448	3,962,485,122	49.5
Sub Total		8,005,020,448	3,962,485,122	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	272,154,363.65	90.7
2.	Conditional Grants	827,813,952	2,500,000	0.3
3.	Balance b/f from FY 2020/21	1,298,132,522	1,298,132,522	100
Sub Total		2,425,946,474	1,572,786,885.65	64.8
Grand Total		10,430,966,922	5,535,272,007.65	53.1

Source: Migori County Treasury

Settlement of Pending Bills shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.53: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Migori County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.272.15 million as own-source revenue, which was 90.7 per cent of the annual target. This amount represented an increase of 23 per cent compared to Kshs.221.75 million realised during a similar period in FY 2020/21. The County has implemented an automated OSR collection system referred to as the county integrated financial operation management system.

3.27.3 Exchequer Issues

The Controller of Budget approved Kshs.4.89 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.699.72 million (14.3 per cent) for development programmes and Kshs.42 billion (85.7per cent) for recurrent programmes, as shown in Table 3.160.

3.27.4 Overall Expenditure Review

The County spent Kshs.4.81 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.2 per cent of the total funds released by the CoB and comprised Kshs.675.16 million and Kshs.4.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.1 per cent, while recurrent expenditure represented 60 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.38 billion and comprised Kshs.736.85 million for recurrent expenditure and Kshs.655.89 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.866.79 million were settled, consisting of Kshs.390.44 million for recurrent expenditure and Kshs.476.35 million for development programmes. Outstanding pending bills amounted to Kshs.525.94 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.587.97 million, out of which the County has settled bills amounting to Kshs.545.89 million, leaving a balance of Kshs.42.08 million as of 31st March 2022.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs2.55 billion was spent on employee compensation, Kshs.1.58 billion on operations and maintenance, and Kshs.675.16 million on development activities, as shown in Table 3.158.

Table 3.158: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,034,484,351	863,510,576	3,548,316,167	589,824,798	58.8	68.3
Compensation to Employees	2,664,754,324	431,651,078	2,236,644,601	318,638,793	83.9	73.8
Operations and Maintenance	3,369,730,027	431,859,498	1,311,671,566	271,186,005	38.9	62.8
Development Expenditure	3,451,334,741	81,637,254	675,160,632	-	19.6	-
Total	9,485,819,092	945,147,830	4,223,476,799	589,824,798	58.8	68.3

Source: Migori County Treasury

3.27.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.7 per cent of the first nine months' proportional revenue of Kshs.7.82 billion.

Personnel emoluments amounting to Kshs.2.43 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.116.28 million. The manual payroll amounted to 4.5 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.55 billion includes Kshs.1.07 billion attributable to the health sector, which translates to 42 per cent of the total wage bill in the reporting period.

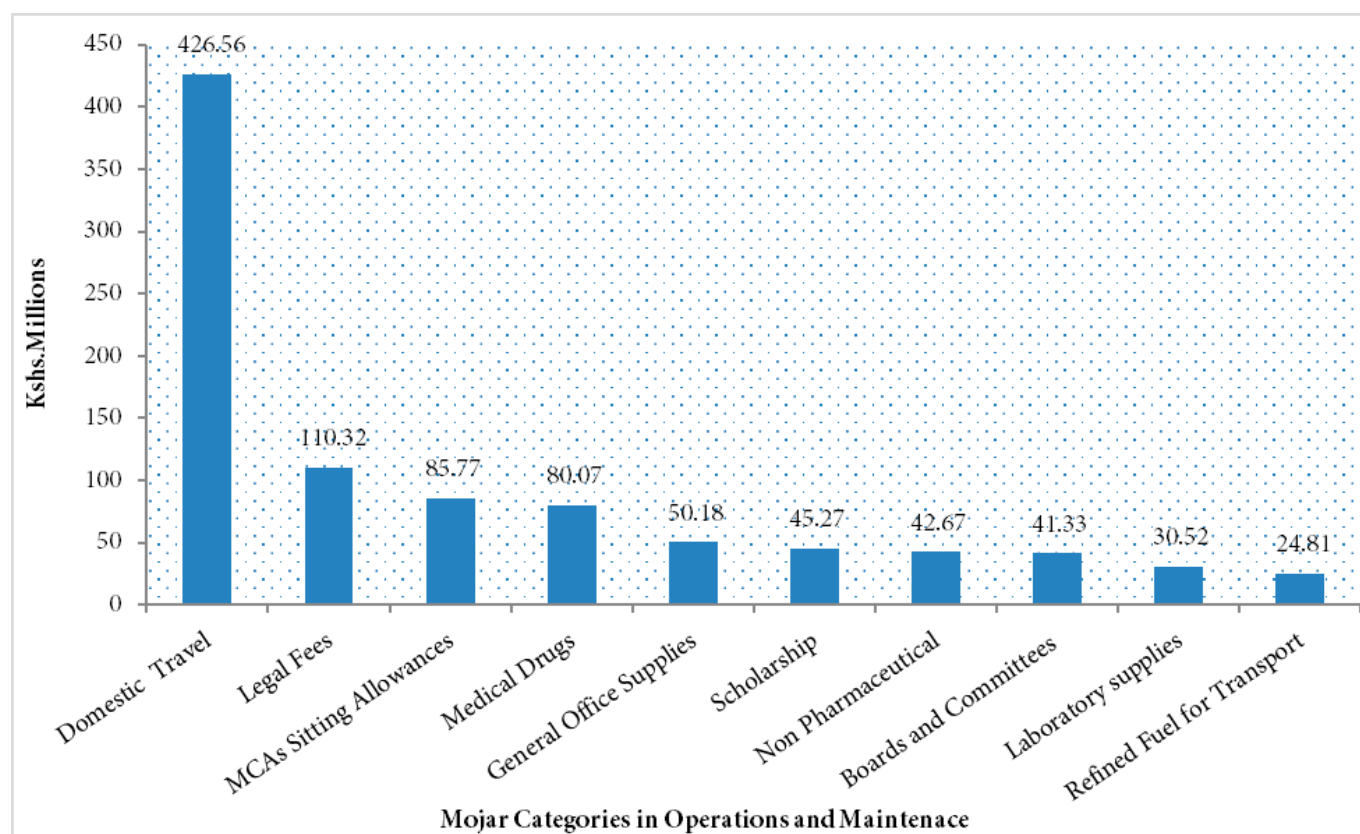
3.27.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County did not allocate funds to county established funds in FY 2021/22. Further, there was a failure by the Fund Administrator of the Migori County Executive Car and mortgage Loan Fund, Migori County Alcoholic Drink Fund, and Migori car Loan and Mortgage Fund to submit quarterly financial and non-financial reports in line with Section 168 of the PFM Act 2012.

3.27.9 Expenditure on Operations and Maintenance

Figure 3.54 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.54: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

The County spent Kshs.85.77 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.97.16 million. The average monthly sitting allowance was Kshs.167,193 MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 25 committees.

During the period, expenditure on domestic travel amounted to Kshs.426.55 million and comprised Kshs.172.86 million spent by the County Assembly and Kshs.253.68 million by the County Executive.

3.27.10 Development Expenditure

The County incurred Kshs.675.16 million on development programmes, which represented a decrease of 16.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 808.79 million. Table 3.159 summarises development projects with the highest expenditure in the reporting period.

Table 3.159: Migori County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase of land for a solid waste disposal site for Migori town	Suna Central	19,820,000	19,820,000	100
2	Access Box culvert To Ondoche	Kaler	16,975,631	16,975,631	100
3	Opening/Spot Improvement Of Othoro-Kamboro-Andingo Junction-Oriama Bridge-Hon Omamba-Masoge-Obama Primary-Nyangweso-Achama Road	North Kanyamkago	13,999,173	13,999,173	100
4	Construction of bongu raga water supply	Kachieng	13,850,000	13,850,000	100
5	Spot improvement of olasi - giribe road	Kachieng	10,086,136	10,086,136	100
6	purchase of land for expansion of Dede market	Ntimaru East	9,793,300	9,793,300	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
7	Supply and delivery of medical equipment	Suna Central	9,278,000	9,278,000	100
8	Opening and spot improvement of wath remo wang neno wang rota road	Kachieng	9,199,229	9,199,229	100
9	Opening - spot improvement of nyambona - nyambema road	Wiga	8,609,993	8,609,993	100
10	Opening and spot improvement of ogwedhi ya korondo mosque stella road	South Kanyamkago	7,245,230	7,245,230	100

Source: Migori County Treasury

3.27.11 Budget Performance by Department

Table 3.160 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.160: Migori County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock Production, Fisheries, Veterinary Services	561.12	116.845	171.96	2.7	146.03	-	85	-	26	-
County Assembly	863.51	81.64	334.82	-	589.82	-	100	-	68.3	-
County Attorney	172.15	-	56.65	-	124.31	-	101.8	-	72.2	-
County Executive	190.03	108.40	115.85	23.8	149.11	4.9	128.2	21	78.5	4.6
Education, Youth Sports, Culture and Social Development	334.63	586.49	268.14	84.66	269.47	94.22	100.5	111.3	80.5	16.1
Environment and Disaster Management	105.03	10.66	55.71	1.9	81.76	1.9	146.8	100	77.8	18.7
Finance and Economic Planning	899.79	7.0	530.57	-	438.56	-	82.7	-	48.7	-
Medical Services	1,775.36	157.10	1,389.37	27.56	1,298.12	27.56	93.4	95	73.1	17.5
Public Health	415.45	362.98	133.19	68.36	58.84	23.26	49	86	16	16.2
Lands, Housing, Physical Planning and Survey	119.42	446.65	92.74	238.29	80.72	238.29	87	100	67.6	53.4
Public Service Management	1,023.13	97.79	492.92	14.98	683.32	17.68	138.6	118	66.8	18.1
Roads, Public Works Transport	250.53	1,035.27	100.66	117.54	83.65	117.54	83.1	100	33.4	11.4
Trade Development and Regulation	88.00	172.45	63.04	47.76	69.27	43.46	109	91	78.7	25.2
Water and Energy	99.81	349.67	73.93	70.53	57.53	70.53	77.8	100	57.6	20.2
Total	6,897.99	3,532.97	4,200.1	699.72	4,138.14	675.16	98.5	96	60	19.1

Source: Migori County Treasury

Analysis of expenditure by the departments shows that the Department of Lands, Housing, Physical Planning and Survey recorded the highest absorption rate of development budget at 53.4 per cent, while the Departments of Agriculture, Livestock Production, Fisheries, Veterinary Services, County Assembly and Finance and Economic Planning, did not report any expenditure on development activities. The Department of Education, Youth Sports, Culture and Social Development had the highest percentage of recurrent expenditure to budget at 80.5 per cent, while the Department of Public Health had the lowest at 16 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 3.161 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.161: Migori County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
Agriculture, Livestock Development and Fisheries Development						
Agriculture Mechanisation Services	Agriculture Mechanisation Services	1,700,000	0	1,700,000	0	
Crop Development	Crop Development	3,820,400	0	3,820,400	0	
	Crop Development	49,420,000	0	49,420,000	0	
Fisheries Development	Fisheries Development	1,860,000	0	1,860,000	0	
	Fisheries Development and Management	6,212,000	0	6,212,000	0	
	Aquaculture Development and Extension Services	22,714,000	0	22,714,000	0	
General administration, planning & support service	General administration	151,011,774	106,862,774	44,149,000	71	
	capacity building and training	2,419,790	0	2,419,790	0	
	Field Extension Services and Support Programme	9,947,800	8,826,084	1,121,716	89	
	Field Extension Services and Support Programme	9,691,300	1,196,840	8,494,460	12	
	Field Extension Services and Support Programme	9,243,150	1,366,000	7,877,150	15	
	Field Extension Services and Support Programme	9,296,044	424,491	8,871,553	5	
	Field Extension Services and Support Programme	320,000	0	320,000	0	
	Field Extension Services and Support Programme	500,000	0	500,000	0	
	Donor Fund	342,397,464	27,353,505	315,043,959	8	
	Donor Fund	2,596,660	0	2,596,660	0	
Livestock Resources Management and Development	Disease control	1,750,000	0	1,750,000	0	
	Feed & livestock products safety, equipment and laboratory services	4,390,000	0	4,390,000	0	
	Livestock Breeds Improvement & Upgrading	29,514,414	0	29,514,414	0	
Veterinary services	Veterinary Public Health management	1,186,000	0	1,186,000	0	
	Livestock Breeding and Livestock Products	5,378,500	0	5,378,500	0	
	Livestock Disease Control and Management	8,600,000	0	8,600,000	0	
	Veterinary Public Health management	4,000,000	0	4,000,000	0	
Total	Total	677,969,296	146,029,694	531,939,602	22	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Assembly					
General administration and support services	General Administration & supportive services	701,155,331	485,972,783	215,182,548	69
Oversight management services	Committee management services	50,738,280	4,982,367	45,755,913	10
Legislative services	legislation development & approval services	193,254,219	98,869,630	94,384,571	51
	Total	945,147,830	589,824,780	355,323,032	62
County Attorney					
Management and administration	General administration	172,151,962	124,313,243	47,838,719	72
	Total	172,151,962	124,313,243	47,838,719	72
County Executive					
Enhanced Management, Co-ordination & Supervision.	Peace Building Initiatives	3,715,000	0	3,715,000	0
General Administration	General Administration (Deputy Governors)	20,485,000	18,018,900	2,466,100	88
Governance and Executive Management	Citizen Delivery Services	108,400,000	9,992,854	98,407,146	9
	Citizen Delivery Services	25,000,000	10,733,211	14,266,789	43
	Governance and Executive management	53,993,880	36,410,928	17,582,952	67
Strategy and service delivery	Strategy and advisory	86,832,464	78,950,517	7,881,947	91
Total	Total	298,426,344	154,106,410	144,319,934	52
Education, Gender, Sports, Youth Development and Culture					
Culture Development Promotion and Arts	Culture and Heritage Conservation	1,000,000	397,400	602,600	40
ECDE Services	Child Care Services	97,225,416	51,600,283	45,625,133	53
	Child Care Services	0	0	0	-
Education Support Services	Bursaries	40,000,000	38,982,267	1,017,733	97
External Funding	Conditional Grants	17,984,692		17,984,692	0
Gender and Equality Services	Women Empowerment	1,000,000	0	1,000,000	0
	General administration	94,227,969	55,032,054	39,195,915	58
	General administration	262,144,649	207,472,034	54,672,615	79
National arts and cultural services	Construction of Cultural Central and Cultural Activities	500,000	0	500,000	0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Sports and Talent Development	Sports and Talent Development	3,500,000	1,736,230	1,763,770	50
	Vocational Training Services	5,000,000	4,971,947	28,053	99
	Sports Development	374,045,454	3,000,000	371,045,454	1
	Sports Development	3,500,000	498,950	3,001,050	14
Youth development and empowerment services	Vocational Training Services	21,000,000	0	21,000,000	0
	Total	921,128,180	363,691,165	557,437,015	39
Environment, Natural Resource and Disaster Management					
Disaster Management Services	Disaster Management Services	2,000,000	1,163,600	836,400	58
	Disaster Management Services	18,202,736	14,618,581	3,584,155	80
Forestry Conservation and Development	Forestry Conservation and Development	4,660,000	0	4,660,000	0
	Forestry Conservation and Development	7,200,000	0	7,200,000	0
General Administration Support Services	General Administration Support Services	61,396,171	60,614,763	781,408	99
Solid Waste Management	Solid Waste Management	4,000,000	0	4,000,000	0
	Solid Waste Management	18,240,864	7,364,780	10,876,084	40
	Total	115,699,771	83,761,724	31,938,047	72
Finance and Economic Planning					
Financial management services	Resource mobilization	70,253,148	23,817,129	46,436,019	34
	Accounting Services	219,598,214	198,411,066	21,187,148	90
	Procurement Services	18,207,570	0	18,207,570	0
	Audit Services	17,140,000	809,066	16,330,934	5
Economic policy and county planning	Budget Coordination and Management	9,275,000	0	9,275,000	0
	Policy and Plans Developments	71,455,604	12,852,689	58,602,915	18
	Community Development	2,936,705	0	2,936,705	0
General Administration	General Administration(Accounts)	467,710,563	197,546,766	270,163,797	42
	General Administration(Planning)	23,215,449	5,129,307	18,086,142	22
	General Administration(Planning)	7,000,000	0	7,000,000	0
	Total	906,792,253	438,566,023	468,226,230	48
Health-Medical services					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
General administration	General administration	22,313,762	0	22,313,762	0
	Infrastructure and Health facility management	134,790,610	14,528,000	120,262,610	11
	Purchase of Non-pharmaceuticals	209,192,500	39,366,427	169,826,073	19
	General administration	1,535,588,719	1,271,740,246	263,848,473	83
	Health standards, quality assurance and standards	2,592,000	56,000	2,536,000	2
	Policy Formulation, Planning, Implementation, Monitoring	6,888,000	0	6,888,000	0
Maternal Health Services	Maternal Health Services	2,900,000	0	2,900,000	0
Preventive, promotive Health services and Disease Control	Human Nutrition and Di-etetics	2,200,000	0	2,200,000	0
	Malaria	1,390,000	0	1,390,000	0
	Disease surveillance / Emergency preparedness& response	6,276,000	0	6,276,000	0
	Health promotion & edu-cation	5,300,000	0	5,300,000	0
	Non Communicable Dis-eases, Violence and Injuries	3,040,000	0	3,040,000	0
	Total	1,932,471,591	1,325,690,673	606,780,918	69
Health - Public health					
Planning and administrative support services	Administrative and sup-port services	531,940,039	123,673,817	408,266,222	23
Preventive and promotive health services	Community health services	70,960,000	1,584,900	69,375,100	2
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical com-modities	115,840,164	0	115,840,164	0
External funding	Donor funds	59,698,750		59,698,750	0
	Total	778,438,953	125,258,717	653,180,236	16
Lands, Housing and Physical Planning					
Land development services	Survey Services	68,623,600	30,940,000	37,683,600	45
General administration	General administration	299,024,836	207,598,016	91,426,820	69
	General administration	119,421,416	80,481,741	38,939,675	67
Physical planning services	General administration	79,000,000	0	79,000,000	0
	Total	566,069,852	319,019,757	247,050,095	56
Public Service Management					

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)	
Enhanced Management, Co-ordination & Supervision.	Enhanced Management, Coordination & Supervision.	43,450,000	3,245,810	40,204,190	7	
General administration	General administration(PSM)	87,790,791	9,793,300	77,997,491	11	
	General administration(PSB)	10,000,000	0	10,000,000	0	
	General Administration(ICT)	40,558,596	1,240,000	39,318,596	3	
	General administration(PSM)	779,070,026	661,534,863	117,535,163	85	
	General administration(PSB)	59,840,094	2,398,000	57,442,094	4	
Human resources management and Development	Personnel Services	23,296,967	1,600,000	21,696,967	7	
ICT Infrastructure	ICT Infrastructure	27,160,000	11,487,540	15,672,460	42	
	Technical Support	6,500,000	2,210,000	4,290,000	34	
	Co-ordination of policy formulation implementing of vision 2030 and CIDP	1,300,000	999,000	301,000	77	
Personnel management	Human Resource Management	12,100,000	1,595,875	10,504,125	13	
	Budget Formulation coordination and Management	17,706,706	4,498,980	13,207,726	25	
Sub County Administration Services	Devolved Units Development Services	12,150,000	410,350	11,739,650	3	
	Total	1,120,923,180	701,013,718	419,909,462	63	
Roads, Transport and Public Works						
General administration	General administration	110,365,434	31,312,192	79,053,242	28	
Road management services	Road management services	140,170,000	5,968,350	134,201,651	4	
	Road management services	1,035,271,341	163,924,995	871,346,347	16	
	Total	1,285,806,775	201,205,536	1,084,601,239	16	
Trade Tourism and Cooperative Development						
General administration	General administration	86,200,926	61,643,879	24,557,047	72	
	General administration	66,998,476	20,659,039	46,339,437	31	
	Verification	1,800,000	0	1,800,000	0	
	Trade Development and Promotion SME	72,767,000	28,345,407	44,421,593	39	
	Trade Infrastructure Development Services	32,689,402	2,099,440	30,589,962	6	
	Total	260,455,804	112,747,764	147,708,040	43	
Water And Energy						

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Water Supply and Management Services	Rural Water Services	203,724,597	73,085,144	130,639,453	36
	Urban Water Services	94,651,327	13,850,000	80,801,327	15
	maintenance	70,850,167	5,762,153	65,088,014	8
Alternative Energy Services	Alternative Energy Technologies	51,299,040	24,622,938	26,676,102	48
Urban Water Supply & Mgt	Urban Water Supply & Mgt	28,960,000	10,752,143	18,207,857	37
	Total	449,485,131	128,072,377	321,412,754	28
Grand Total		10,430,966,922	4,813,301,579	5,617,665,343	46.1

Source: Migori County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General administration support services in the Department of Environment, Natural Resource and Disaster Management at 99 per cent, Vocational Training Services in the Department of Education, Gender, Sports, Youth Development and Culture at 99 per cent, Strategy and advisory in the Department of County Executive at 91 per cent, and Accounting services in the department of Finance and economic planning at 90 per cent of budget allocation.

3.27.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs. 675.16 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.53 billion. The development expenditure represented 19.1 per cent of the annual development budget.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Migori county executive car and mortgage loan Fund, Migori County Alcoholic Drink Fund and Migori Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.453.94 million as of 31st March 2022
5. The county assembly's average monthly sitting allowance was Kshs.167,193 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.
6. Manual Payroll. The County processed wage bills amounting to Kshs.116.28 million through the manual system, which accounted for 4.5 per cent of the total PE costs. The use of manual payroll is prone to financial misuse and should be stopped.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
4. The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.

5. The County Assembly should ensure the monthly sitting allowance is within SRC's recommended monthly ceiling.
6. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.28 County Government of Mombasa

3.28.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.14.6 billion, comprising Kshs. 4.43 billion (30.4 per cent) and Kshs.10.17 billion (69.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.57 billion (51.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.96 billion (34.0 per cent) from its own sources of revenue, and a cash balance of Kshs.265.66 million (12.4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.81 billion (12.4 per cent) as conditional grants consisting of Kshs. 221.68 million for CA-Fuel levy fund, Kshs.23.50 million for Agriculture Sector Support Program II, Kshs.18.91 million for Conditional Allocation for development of Youth Polytechnics, Kshs. 23.38 million for CA-User Fees Forgone, Kshs.388.44 million for Level 5 Hospital, Kshs. 15.64 million for DANIDA grant, Kshs.18.13 million for Transforming Health Systems for Universal Care Project (World Bank-IDA), Kshs. 300.0 million for World Bank - Kenya Informal Settlement Improvement Project (KISIP) and Kshs.800 million for World Bank - Water and Sanitation Development Project.

3.28.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.03 billion as the equitable share of the revenue raised nationally, raised Kshs. 2.88 billion as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.265.66 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.18 billion, as shown in Table 3.162.

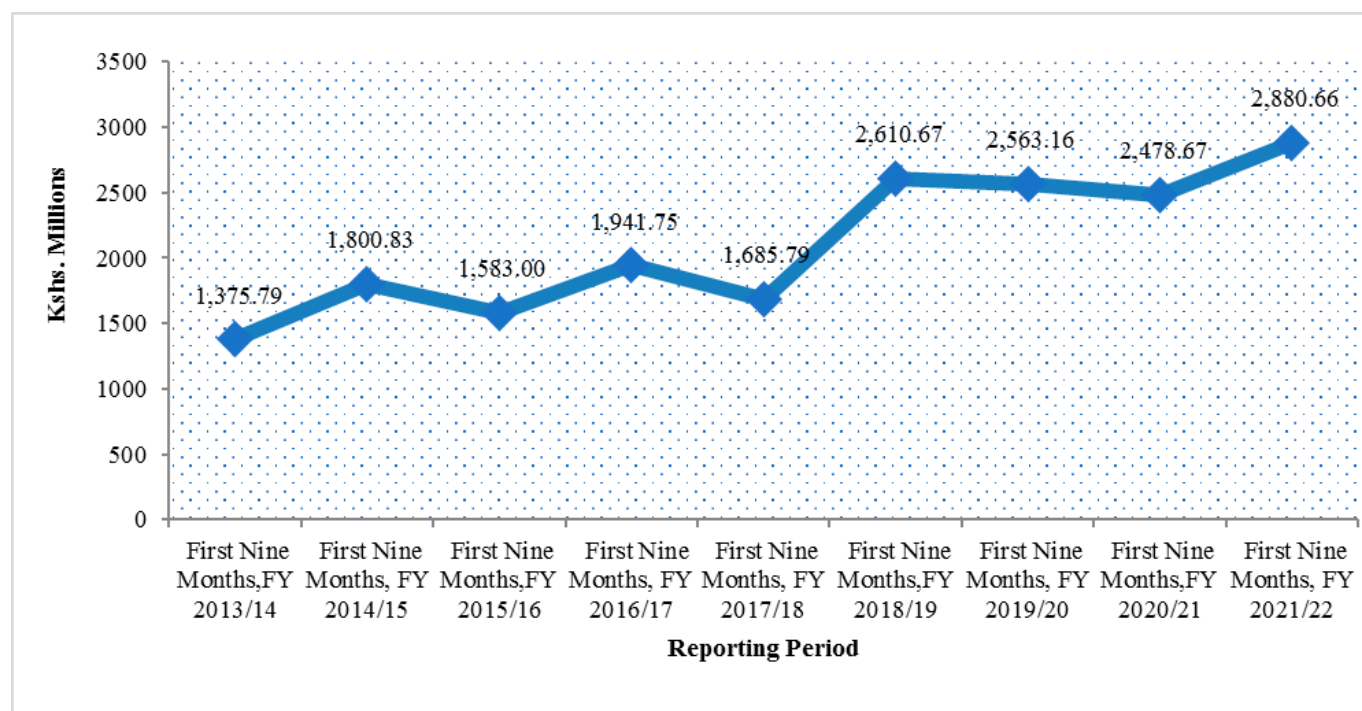
Table 3.162: Mombasa County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2021/22 (Kshs)	Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061	5,029,790,450	66.5
Sub Total		7,567,354,061	5,029,790,450	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	4,957,305,414	2,880,660,826	58.1
2.	Conditional Grants	1,809,680,204	2,500,000	0.1
3.	Balance b/f from FY2020/21	265,660,321	265,660,321	100.0
Sub Total		7,032,645,939	3,148,821,147	44.8
Grand Total		14,600,000,000	8,178,611,597	56.0

Source: Mombasa County Treasury

Figure 3.55 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.55: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Mombasa County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.2.88 billion as own-source revenue, which was 58.1 per cent of the annual target. This amount represented an increase of 16.2 per cent compared to Kshs.2.47 billion realised during a similar period in FY 2020/21. The County has implemented an automated OSR collection system referred to as the Mombasa County e-services Services System

3.28.3 Exchequer Issues

The Controller of Budget approved Kshs.7.04 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.786.11 million (11.2 per cent) for development programmes and Kshs.6.25 billion (88.8 per cent) for recurrent programmes, as shown in Table 3.166.

3.28.4 Overall Expenditure Review

The County spent Kshs.6.99 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.3 per cent of the total funds released by the CoB and comprised Kshs.2.28 billion and Kshs.4.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 51.5 per cent, while recurrent expenditure represented 46.1 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.4.46 billion and comprised of Kshs.1.80 billion for recurrent expenditure and Kshs.2.66 billion for development expenditure. During the period under review, pending bills amounting to Kshs.1.30 billion were settled, consisting of Kshs.853.28 million for recurrent expenditure and Kshs.448.94 million for development programmes. Outstanding pending bills amounted to Kshs.3.16 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1.61 billion out of which the County has settled bills amounting to Kshs.202.61 million, leaving a balance of Kshs.1.41 billion as of 31st March 2022.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.52 billion was spent on employee compensation, Kshs.1.19 billion on operations and maintenance, and Kshs.2.28 billion on development activities, as shown in Table 3.163.

Table 3.163: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,388,896,436	779,254,392	4,268,908,185	438,681,406	45.5	56.3
Compensation to Employees	5,600,203,873	354,754,584	3,293,918,351	223,716,988	58.8	63.1
Operations and Maintenance	3,788,692,563	424,499,808	974,989,834	214,964,418	25.7	50.6
Development Expenditure	4,231,849,172	200,000,000	2,281,359,292	-	53.9	-
Total	13,620,745,608	979,254,392	6,550,267,477	438,681,406	48.1	44.8

Source: Mombasa County Treasury

3.28.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.1 per cent of the first nine months proportional revenue of Kshs.10.95 billion.

Personnel emoluments amounting to Kshs.3.51 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.25.6 million. The manual payroll amounted to 0.72 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.52 billion includes Kshs.1.60 billion attributable to the health sector, which translates to 45.5 per cent of the total wage bill in the reporting period.

3.28.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.262.11 million to county established funds in FY 2021/22, which constituted 1.8 per cent of the County's overall budget for the year. Table 3.164 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.164: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Mombasa County Scholarship and Other Educational Benefits	162,114,800	0	0.00	0.00		
2.	Mombasa County Assembly Members & Staff Car Loan & Mortgage Fund	0	100,000,000	0.00	0.00		
Total		162,114,800	100,000,000	0.00	0.00		

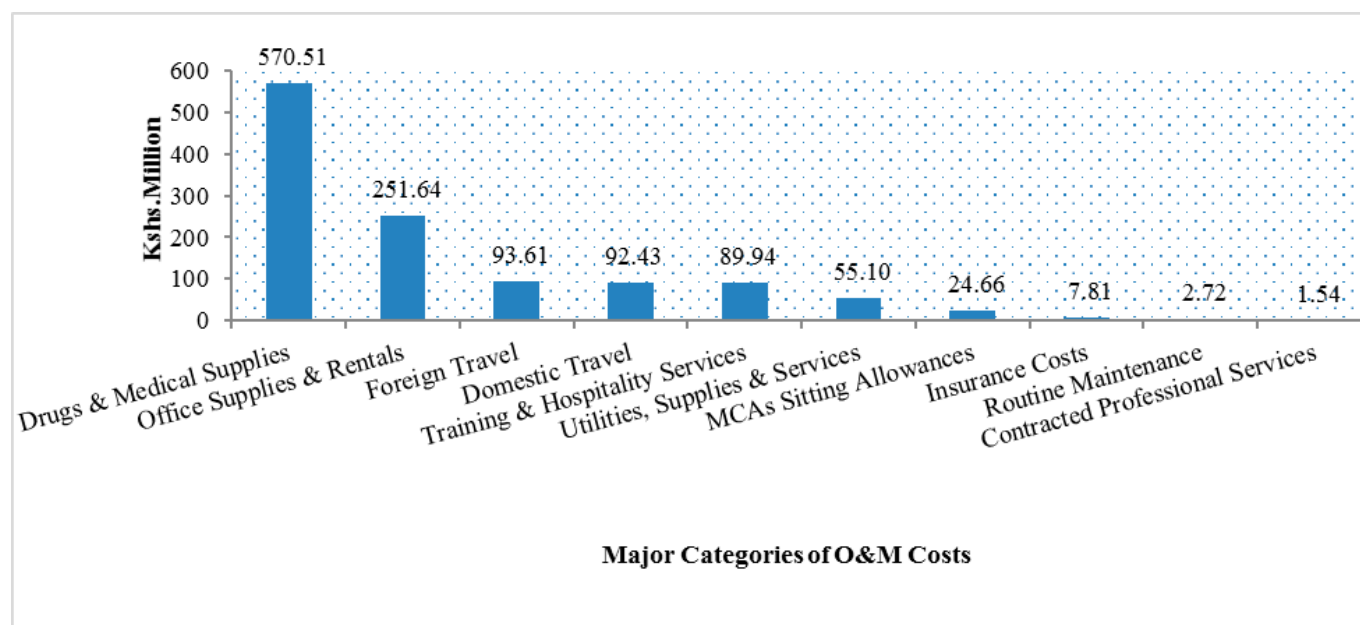
Source: Mombasa County Treasury

The OCoB did not receive quarterly financial returns from the fund administrators, as indicated in Table 3.164.

3.28.9 Expenditure on Operations and Maintenance

Figure 3.56 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.56: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

The County spent Kshs.24.66 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.63,717 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.92.43 million and comprised Kshs.21.52 million spent by the County Assembly and Kshs.70.91 million by the County Executive. Spending on foreign travel amounted to Kshs.93.61million and included Kshs.72.42 million by the County Assembly and Kshs.21.18 million by the County Executive.

3.28.10 Development Expenditure

The County incurred Kshs.2.28 billion on development programmes, which represented an increase of 0.1 per cent compared to a similar period in FY 2020/21. Table 3.165 summarises development projects with the highest expenditure in the reporting period.

Table 3.165: Mombasa County, List of Development Projects with the Highest Expenditure

S/No	Project Name/Description	Project Location	Project Budget/Contract Price (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption%	Project Status
1	Development of Mombasa Stadium	Tudor	1,768,183,999	279,424,402	15.8	On-going
2	Purchase of High-Density Fibre Fishing Boat with Accessories	Across the County	196,000,000	152,456,217	77.8	28 Boats Delivered

S/No	Project Name/Description	Project Location	Project Budget/Contract Price (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption%	Project Status
3	Construction of 24 Stalls, Kongowea Market	Kongowea	18,550,990	14,417,600	77.7	350 New High-Pressure Lights Re-paired
4	Construction of Simu Upepo Cabro Road	Mvita	13,049,377	12,817,793	98.2	Currently in Use
5	Spot Gravelling of Mwakirunge Dumpsite to Kilifi Boundary Roads	Mwakirunge	12,694,905	12,516,523	98.6	On-going
6	Construction of ECD at Mwangala Primary School	Bofu	13,715,700	10,206,369	74.4	On-going
7	The Construction of Cathlab At Coast General Teaching & Referral Hospital	Bonden	25,000,000.00	8,037,855.00	32.2	On-going
8	Periodic Maintenance of Mbuyuni Mwamba Avenue Oceanic & Mikindani Roads	Mikindani	35,137,107.50	7,504,742.35	21.4	On-going
9	Refurbishment of Classes and Construction Of Toilets - Mtopanga ECD	Mtopanga	7,525,650.00	6,321,356.00	84.0	Complete
10	Proposed Refurbishment of Likoni Shika Adabu Market	Shika Adabu	3,484,883.40	3,484,883.40	100.0	Currently in Use

Source: Mombasa County Treasury

3.28.11 Budget Performance by Department

Table 3.166 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.166: Mombasa County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	280.46	-	204.79	-	97.46	-	47.6	0.0	34.7	0.0
Public Service Board	87.90	-	87.36	-	47.67	1.86	54.6	0.0	54.2	0.0
Finance & Economic Planning	1,333.47	638.07	573.22	314.50	693.33	348.30	121.0	110.7	52.0	54.6
Environment, Waste Management and Energy	715.47	168.65	578.40	70.89	275.39	130.79	47.6	184.5	38.5	77.6
Education, Information Technology & MV 2035	370.91	141.57	369.92	23.23	187.37	-	50.7	0.0	50.5	0.0
Health Services	2,869.48	358.98	1,727.48	17.73	2,958.30	4.87	171.2	27.5	103.1	1.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Sanitation & Natural Resources	51.49	919.00	43.94	50.00	23.12	-	52.6	0.0	44.9	0.0
Youth, Gender, Sports and Cultural Affairs	352.22	241.87	337.32	163.45	168.83	104.78	50.0	64.1	47.9	43.3
Trade, Tourism & Investment	493.23	7.88	390.55	40.99	280.13	1.45	71.7	3.5	56.8	18.4
Land, Planning, Housing and Urban Renewal	404.53	420.97	163.68	20.18	101.59	55.43	62.1	274.7	25.1	13.2
Transport, Infrastructure & Public Works	510.87	1,272.92	327.51	85.14	244.23	234.83	74.6	275.8	47.8	18.4
Agriculture, Fisheries, Livestock and Co-operatives	177.88	48.43	168.76	-	88.25	-	52.3	0.0	49.6	0.0
Devolution & Public Service Administration	1,740.99	13.51	805.07	-	500.15	2.13	62.1	0.0	28.7	15.8
County Assembly	779.25	200.00	473.04	-	438.68	-	92.7	0.0	56.3	0.0
TOTAL	10,168.15	4,431.85	6,251.03	786.11	6,104.51	884.44	97.7	112.5	60.0	20.0

Source: Mombasa County Treasury

The report on budget performance by department presented in Table 3.166 varies significantly from the summary of budget and expenditure by economic classification in Table 3.163. The financial reports submitted by the County Treasury had material errors that should be reconciled and indicate a lack of internal control.

3.28.12 Budget Execution by Programmes and Sub-Programmes

Table 3.167 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.167: Mombasa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
3011 The Executive	Governor's Affairs & Advisory Services	116,594,492	25,292,825	91,301,667	21.7
	Deputy Governor's Affairs & External Relations	51,274,828	8,340,654	42,934,174	16.3
	Cabinet Affairs, Policy Research and Legal Services	57,875,327	58,906,845	-1,031,518	101.8
	MV 2035 & E-Government	37,000,000	982,759	36,017,241	2.7
	Strategic Delivery Unit	17,716,961	3,934,706	13,782,255	22.2
3013 County Public Service Board	Administration Unit	87,901,639	49,531,471	38,370,168	56.3
3014 Finance and Economic Planning	Administration Unit	1,860,879,147	962,685,388	898,193,759	51.7

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
	Accounting Unit	52,650,000	48,686,150	3,963,850	92.5
	Planning and Monitoring Unit	58,010,653	29,601,896	28,408,757	51.0
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	533,352,194	371,836,892	161,515,302	69.7
	Waste Management	93,327,252	28,353,499	64,973,753	30.4
	Environmental Compliance and Monitoring	126,960,000	5,505,500	121,454,500	4.3
	Climate Change	55,239,000	1,147,000	54,092,000	2.1
	Energy	75,239,000	0	75,239,000	0.0
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	234,218,416	187,367,420	46,850,996	80.0
	Education headquarters	59,211,170	0	59,211,170	0.0
	Childcare	8,500,000	0	8,500,000	0.0
	Elimu Fund	161,890,000	0	161,890,000	0.0
	Information Technology Headquarters	48,659,356	0	48,659,356	0.0
3017 Health Services	Administration Unit	2,900,061,316	2,836,067,642	63,993,674	97.8
	Curative/Clinical Health Services	58,249,239		58,249,239	0.0
	Preventive and Promotive Services Unit	222,031,161	127,098,217	94,932,944	57.2
	Special Programs	48,123,140		48,123,140	0.0
3018 Water, Sanitation & Natural Resources	Administration unit	852,059,919	23,123,594	828,936,325	2.7
	Sanitation/Sewerage Services Headquarters	37,750,000		37,750,000	0.0
	Water Supply Headquarters	30,450,000		30,450,000	0.0
	Natural Resources	50,230,000		50,230,000	0.0
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	322,701,716	222,127,699	100,574,017	68.8
	Youth Empowerment	95,480,000	11,581,644	83,898,356	12.1
	Gender Affairs and Disability Mainstreaming	35,000,000	12,036,590	22,963,410	34.4
	Sports development	0		0	0.0
	Cultural Affairs	110,000,000	16,782,170	93,217,830	15.3
	Public Recreation and Entertainment	30,900,000	11,076,574	19,823,426	35.8
3020 Trade, Tourism & Investment	Administration Unit	321,970,982	232,226,878	89,744,104	72.1
	Trade Development	100,787,810	16,606,615	84,181,195	16.5
	Development of Tourism	10,159,449	3,452,056	6,707,393	34.0
	Investment Promotion and Products Headquarters	33,080,000	18,190,759	14,889,241	55.0
	Development of County Industrial Parks	12,000,000	11,108,103	891,897	92.6
	Ease of Doing Business-Headquarters	23,105,082	0	23,105,082	0.0

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
3021 Lands, Housing and Physical Planning	Administration Unit	219,083,825	97,337,211	121,746,614	44.4
	Physical planning	130,000,000	6,086,716	123,913,284	4.7
	Land Management Unit	63,566,175	43,782,227	19,783,948	68.9
	Housing Development Unit	380,501,378	8,974,661	371,526,717	2.4
	Urban Renewal	32,350,000	831,414	31,518,586	2.6
3022 Transport, Infrastructure & Public Works	Administration Unit	741,284,162	271,411,644	469,872,518	36.6
	Road and Transport Unit	776,400,000	206,443,571	569,956,429	26.6
	Works Unit	40,780,299	100,000	40,680,299	0.2
	Transport Planning, Management and Safety	19,750,000	100,000	19,650,000	0.5
	Mechanical Services	69,375,000	910,579	68,464,421	1.3
	Safety, Risk Management and Rescue Services	136,200,000	100,000	136,100,000	0.1
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	109,219,199	88,099,906	21,119,293	80.7
	Crop Management Unit	15,398,491	150,000	15,248,491	1.0
	Livestock Unit	22,556,206		22,556,206	0.0
	Fisheries Unit-Headquarters	43,599,045	0	43,599,045	0.0
	Veterinary Services	19,431,413		19,431,413	0.0
	Cooperatives	16,112,093	0	16,112,093	0.0
3026 Devolution & Public Service Administration	Administration	1,330,005,214	487,606,900	842,398,314	36.7
	Devolution and public service administration	223,909,196	6,079,984	217,829,212	2.7
	Public Service Reforms and Delivery	103,911,867	6,502,586	97,409,281	6.3
	Compliance and Enforcement	68,600,000	474,138	68,125,862	0.7
	County Administration and decentralized services	28,072,796	1,624,395	26,448,401	5.8
3012 County Assembly	Human Resources Management	849,584,071	332,909,080	516,674,991	39.2
	Legal Services	129,670,321	105,772,326	23,897,995	81.6
Grand Total		14,600,000,000	6,988,948,884	7,611,051,115	47.9

Source: Mombasa County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Cabinet Affairs, Policy Research and Legal Services at 101.8 per cent in the Executive Office and Administration Unit at 97.8 per cent in the Health Services Department. Expenditure above the approved budget is irregular and should be addressed before the closure of the financial year.

3.28.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The financial reports were received between 27th

April 2022 to 10th May 2022, while they were expected on 15th April 2022. As at the time of finalising this report, the County Treasury had not provided complete financial statements to clarify the identified gaps.

2. The underperformance of own-source revenue at Kshs.2.88 billion against an annual projection of Kshs.4.96 billion, representing 58.1 per cent of the annual target. This is despite recording an increase of 16.2 per cent compared to Kshs.2.47 billion realised during a similar period in FY 2020/21.
3. Rampant reallocation of released exchequer releases and poor budgeting practice as shown in the variances between the amounts in Table 3.163. There was a complete failure by the County Treasury to reconcile the financial statements in order to clarify the material errors.
4. High level of pending bills which amounted to Kshs.3.16 billion as of 31st March 2022.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is contrary to the requirements of Section 168 of the PFM Act, 2012, as shown in Table 3.164.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012. Further, there is a need to ensure the financial statements are reconciled and verified to improve credibility.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Any variances should be documented and regularised.*
4. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.10.69 billion, comprising Kshs.3.32 billion (31.0 per cent) and Kshs. 7.37 billion (69.0 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.18 billion (67.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.60 billion (15.0 per cent) from its own sources of revenue, and a cash balance of Kshs.1.04 billion (9.7 per cent) from FY 2020/21. The County also expects to receive Kshs.869.19 million (8.1 per cent) as conditional grants, which consists of Kshs.335.68 million for the National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA grant amounting to Kshs.13.95 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.80 million, Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) amounting to Kshs.62.44 million, Agricultural Sector Deepening Support Program amounting to Kshs.23.49 million, Kshs.153.29 million for Leasing of Medical Equipment, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.60 million.

3.29.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.16 billion as the equitable share of the revenue raised nationally, raised Kshs.394.49 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.60 billion, as shown in Table 3.168.

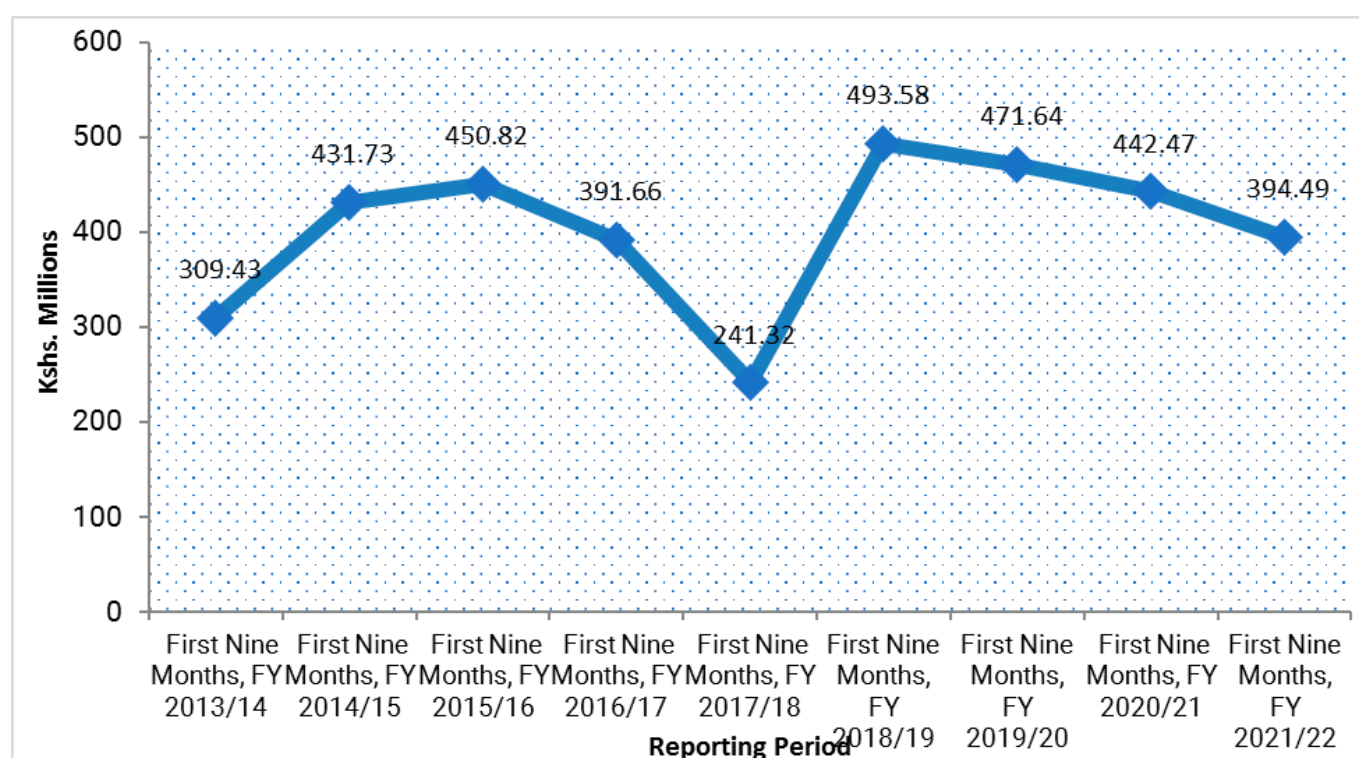
Table 3.168: Murang'a County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	4,164,490,397	58.0
	Sub Total	7,180,155,855	4,164,490,397	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,600,000,000	394,490,229	24.7
2.	Conditional Grants	608,227,154	-	0.0
3.	Balance b/f from FY 2020/21	1,039,222,750	1,039,222,750	100.0
4.	Other Revenues	260,958,511	-	0.0
	Sub Total	3,508,408,415	1,433,712,979	40.9
	Grand Total	10,688,564,270	5,598,203,376.	52.4

Source: Murang'a County Treasury

Figure 3.57 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.57: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Murang'a County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.394.49 million as own source revenue. This amount represented a decrease of 12.2 per cent compared to Kshs.442.47 million realised in the first nine months of FY 2020/21 and was 24.7 per cent of the annual target. The County has not automated OSR collection.

3.29.3 Exchequer Issues

The Controller of Budget approved Kshs.5.43 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.863.86 million (15.9 per cent) for development programmes and Kshs.4.56 billion (84.1per cent) for recurrent programmes as shown in Table 3.166.

3.29.4 Overall Expenditure Review

The County spent Kshs.5.41 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.6 per cent of the total funds released by the CoB and comprised Kshs.863.77 million and Kshs.4.54 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 26.0 per cent while recurrent expenditure represented 61.6 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.91 billion and comprised Kshs.521.05 million for recurrent expenditure and Kshs.1.39 billion for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the bills in the 2021-2022 and 2022-2023 financial years.

During the period under review, pending bills amounting to Kshs.997.02 million were settled, consisting of Kshs.207.63 million for recurrent expenditure and Kshs.789.39 million for development programmes. Outstanding pending bills amounted to Kshs.911.61 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.525.74 million out of which the County has settled bills amounting to Kshs.365.85 million, leaving a balance of Kshs.159.92 million as of 31st March 2022.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.91 billion was spent on employee compensation, Kshs.1.64 billion on operations and maintenance, and Kshs.863.77 million on development activities, as shown in Table 3.169.

Table 3.169: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,431,628,021	940,743,240	4,033,400,004	509,661,973	62.7	54.2
Compensation to Employees	3,737,443,517	277,782,000	2,738,763,285	167,471,378	73.3	60.3
Operations and Maintenance	2,694,184,504	662,961,240	1,294,636,719	342,190,595	48.1	51.6
Development Expenditure	3,285,629,235	30,563,774	861,551,578	2,220,286	26.2	7.3
Total	9,717,257,256	971,307,014	4,894,951,582	511,882,259	50.4	52.7

Source: Murang'a County Treasury

3.29.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.3 per cent of the first nine months' proportional revenue of Kshs.8.02 billion.

Personnel emoluments amounting to Kshs.2.53 billion were processed through the IPPD system while those paid through manual payroll were Kshs.378 million. The manual payroll amounted to 13.1 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.91 billion includes Kshs.1.51 billion attributable to the health sector which translates to 52.1 per cent of the total wage bill in the reporting period.

3.29.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.448.60 million to county-established funds in FY 2021/22, which constituted 4.2 per cent of the County's overall budget for the year. Table 3.170 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.170: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Murang'a County Assembly Car Loan and Mortgage Scheme Fund	104,600,000	35,000,000	Yes
2.	Murang'a County Education Scholarship Fund - Bursary	244,000,000	76,652,000	Yes
3.	Small Traders Empowerment Program	100,000,000	20,010,150	Yes
Total		448,600,000	131,662,150	

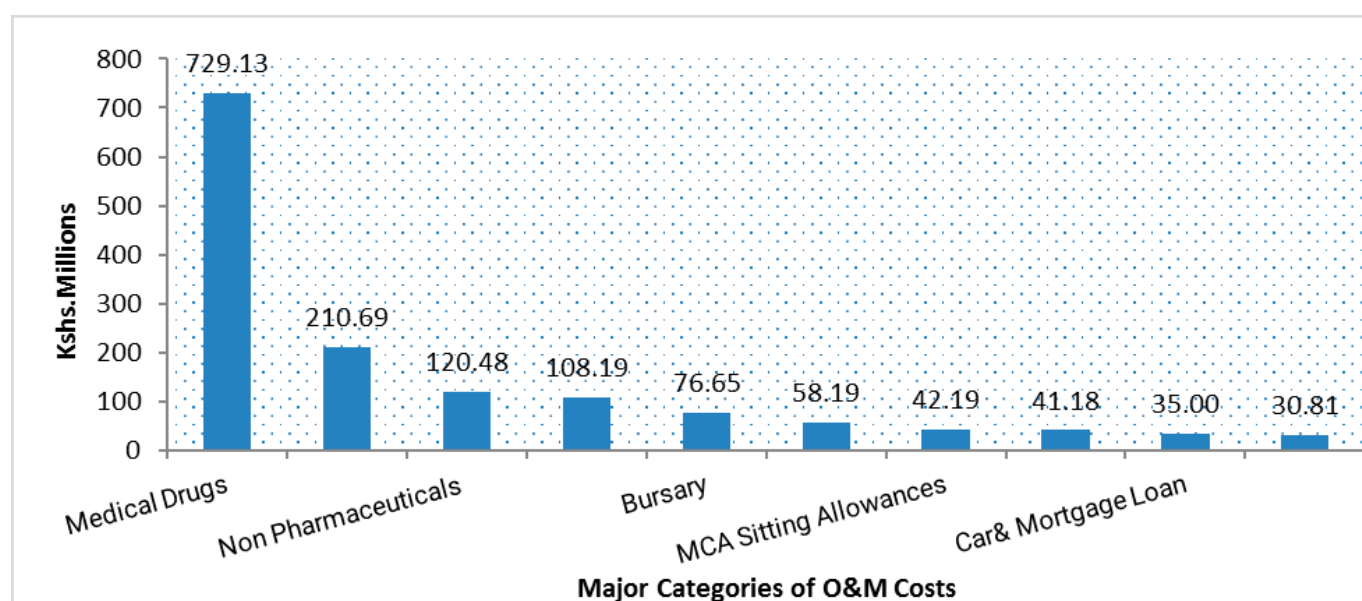
Source: Murang'a County Treasury

The OCoB received quarterly financial returns from all administrators of the funds as indicated in Table 3.170.

3.29.9 Expenditure on Operations and Maintenance

Figure 3.58 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.58: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

The County spent Kshs.42.19 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.68.00 million. The average monthly sitting allowance was Kshs.86,807 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.210.69 million and comprised Kshs.183.49 million spent by the County Assembly and Kshs.27.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.41.18 million and comprised of Kshs.14.88 million by the County Assembly and Kshs.2.41 million by the County Executive.

3.29.10 Development Expenditure

The County incurred Kshs.863.77 million on development programmes, which represented a decrease of 45.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.59 billion. Table 3.171 summarises development projects with the highest expenditure in the reporting period.

Table 3.171: Murang'a County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of Fertilizer	County wide	75,000,000	55,000,000	73.3
2	Supply of ICU Equipment	Murang'a level 5	97,793,792	52,500,000	53.7
3	Supply of Maize Seeds	County wide	75,000,000	50,000,000	66.7
4	Milk Support for MCC	Murang'a County Creameries	100,000,000	36,301,016	36.3
5	Supply of Lab Reagents/EQU	Murang'a level 5 Referral hospital	20,000,000	20,250,213	101.3
6	Supply of Avocado Seedlings	Countywide	15,000,000	19,500,000	130
7	Supply of Renal Equipment	Murang'a level 5 referral hospital	153,297,782	15,666,400	10.22
8	Supply of Building Materials at MCC	Murang'a County Creameries	7,751,088	7,751,088	100
9	Supply of Milk Packaging Materials	Murang'a County Creameries	7,606,551	7,606,551	100
10	Supply of Milk Solutions	Murang'a County Creameries	7,527,700	7,527,700	100

Source: Murang'a County Treasury

3.29.11 Budget Performance by Department

Table 3.172 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.172: Murang'a County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	322.26	1.00	178.32	-	162.43		91.1	0.0	50.4	0.0
Finance, Information Technology and Economic Plan.	451.23	15.34	291.30	-	291.30		100.0	0.0	64.6	0.0
Agriculture, Livestock and Fisheries	268.39	918.94	227.97	225.00	228.07	225.00	100.0	100.0	85.0	24.5
Energy Transport and Roads	26.60	508.00	12.90	192.50	12.90	192.50	100.0	100.0	48.5	37.9
Commerce, Trade, Industry and Tourism	40.26	653.89	11.03	139.64	11.03	139.64	100.0	100.0	27.4	21.4
Health and Sanitation	3,734.46	720.92	2,393.95	190.63	2,393.95	190.63	100.0	100.0	64.1	26.4
Lands, Housing & Physical Planning	37.54	11.00	2.50	-	2.50		100.0	0.0	6.7	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education & Technical Training	556.51	76.00	261.52	12.95	261.42	12.95	100.0	100.0	47.0	17.0
Public Service Adm.	707.96		541.51	-	541.30		100.0	0.0	76.5	0.0
Youth, Culture, Gender, Social Services & Special Programs	111.44	85.00	74.19	11.41	74.19	11.41	100.0	100.0	66.6	13.4
Environment & Natural Resources	18.09	36.50	2.81	10.39	2.81	2.00	100.0	19.2	15.5	5.5
County Public Service Board	43.72		15.22	-	15.22		100.0	0.0	34.8	0.0
Water & Irrigation	56.72	80.00	18.86	53.52	18.86	61.91	100.0	115.7	33.3	77.4
Murang'a Municipality	56.45	179.04	17.41	25.50	17.41	25.50	100.0	100.0	30.8	14.2
County Assembly	940.74	30.56	513.69	2.31	509.66	2.22	99.2	96.1	54.2	7.3
TOTAL	7,372.37	3,316.19	4,563.18	863.86	4,543.06	863.77	99.6	100.0	61.6	26.0

Source: Murang'a County Treasury

Analysis of expenditure by the departments shows that the Department of Water & Irrigation recorded the highest absorption rate of development budget at 77.4 per cent while the Department of Finance, Information Technology and Economic Planning and departments of Lands, Housing & Physical Planning did not report any expenditure on development activities. The Department of Agriculture, Livestock, and Fisheries had the highest percentage of recurrent expenditure to budget at 85.0 per cent while the Department of Lands, Housing & Physical Planning had the lowest at 6.7 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.173 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.173: Murang'a County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
GOVERNORSHIP, COUNTY COORDINATION, AND ADMINISTRATION					
Promotion Food Security	Promotion Food Security	4,500,000	2,394,740	2,105,260	53.2
Office Administration and Support Services	Office Administration and Support Services	9,160,000	596,000	8,564,000	6.5
General Administration Planning and support Services	General Administration Planning and support Services	284,100,810	156,838,453	127,262,357	55.2
Audit Services	Audit Services	9,946,700	952,695	8,994,005	9.6
Disaster Fund Management	Disaster Fund Management	15,555,000	1,644,372	13,910,628	10.6
	Sub total	323,262,510	162,426,260	160,836,250	50.2
FINANCE, IT AND PLANNING					
Information Communication and Technology	Information Communication and Technology	4,500,000	300,000	4,200,000	6.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Local Revenue Mobilisation	Local Revenue Mobilisation	26,300,000	12,048,259	14,251,741	45.8
Economic Planning and CIDP Review	Economic Planning and CIDP Review	14,500,000	1,336,000	13,164,000	9.2
Public Participation	Public Participation	11,500,000	4,856,721	6,643,279	42.2
General Administration Planning and support Services	General Administration Planning and support Services	397,373,918	269,621,215	127,752,703	67.9
Corporate Governance	Corporate Governance	4,300,000	1,787,712	2,512,288	41.6
Budget Implementation and Monitoring	Budget Implementation and Monitoring	8,100,000	1,353,825	6,746,175	16.7
	Sub total	466,573,918	291,303,732	175,270,186	62.4
AGRICULTURE, LIVESTOCK, AND FISHERIES					
Land and Crops Development	Land and Crops Development	250,136,766	233,283,752	16,853,014	93.3
Promotion Food Security	Promotion Food Security	776,339,318	108,782,230	667,557,088	14.0
Capacity development, Mechanization, and Innovation	Capacity development, Mechanization, and Innovation	3,500,000	752,600	2,747,400	21.5
Promotion Food Security	Promotion Food Security	6,000,000	1,303,680	4,696,320	21.7
Value addition and marketing of fish products	Value addition and marketing of fish products	2,700,000	120,000	2,580,000	4.4
Veterinary Services	Veterinary Services	145,100,000	108,782,230	36,317,770	75.0
Livestock and Fisheries Development	Livestock and Fisheries Development	1,550,000	50,000	1,500,000	3.2
General Administration Planning and support Services	General Administration Planning and support Services	2,000,000	-	2,000,000	0.0
	Sub total	1,187,326,084	453,074,492	734,251,592	38.2
ENERGY TRANSPORT AND ROADS					
Construction of Roads and Bridges	Construction of Roads and Bridges	26,599,911	12,900,331	13,699,580	48.5
Infrastructure Devt	Infrastructure Devt	508,000,000	192,504,006	315,495,994	37.9
	Sub total	534,599,911	205,404,337	329,195,574	38.4
COMMERCE, TRADE, INDUSTRY, AND TOURISM					
Domestic Trade Development	Domestic Trade Development	694,151,269	150,676,947	543,474,322	21.7
	Sub total	694,151,269	150,676,947	543,474,322	21.7
EDUCATION & TECHNICAL TRAINING					
Curriculum Implementation	Curriculum Implementation	10,000,000	2,146,355	7,853,645	21.5
Revitalisation of Youth Polytechnics	Revitalisation of Youth Polytechnics	90,499,947	20,761,297	69,738,650	22.9
Early Child Development and Education	Early Child Development and Education	280,006,877	172,131,854	107,875,023	61.5
Motivation of Primary and Secondary Schools	Motivation of Primary and Secondary Schools	252,000,000	79,331,310	172,668,690	31.5
	Sub total	632,506,824	274,370,816	358,136,008	43.4
HEALTH AND SANITATION					
Prevention Curriculum Development	Prevention Curriculum Development	2,748,785,325	1,530,485,869	1,218,299,456	55.7
Treatment Protocols and Service Provider	Treatment Protocols and Service Provider	3,300,000	1,371,061	1,928,939	41.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Community Screening, Early Identification, and Interventions	Community Screening, Early Identification, and Interventions	3,300,000	1,504,938	1,795,062	45.6
Free Primary HealthCare	Free Primary Health-Care	1,699,993,129	1,051,218,259	648,774,870	61.8
	Sub total	4,455,378,454	2,584,580,127	1,870,798,327	58.0
LANDS, HOUSING & PHYSICAL PLANNING					
Land Policy and Planning	Land Policy and Planning	37,540,871	2,497,611	35,043,260	6.7
Digital Mapping	Digital Mapping	11,000,000	-	11,000,000	0.0
	Sub total	48,540,871	2,497,611	46,043,260	5.1
COUNTY PUBLIC SERVICE BOARD					
General Administration Planning and support Services	General Administration Planning and support Services	43,717,945	15,220,319	28,497,626	34.8
	Sub total	43,717,945	15,220,319	28,497,626	34.8
YOUTH, CULTURE, GENDER, SOCIAL SERVICES & SPECIAL PROGRAMS					
Social Welfare and Vocational Rehabilitation	Social Welfare and Vocational Rehabilitation	82,699,377	15,322,134	67,377,243	18.5
Development and Promotion of Culture	Development and Promotion of Culture	113,738,652	70,284,811	43,453,841	61.8
	Sub total	196,438,029	85,606,945	110,831,084	43.6
ENVIRONMENT & NATURAL RESOURCES					
Environmental Leadership and Governance	Environmental Leadership and Governance	12,690,793	1,330,361	11,360,432	10.5
Hazardous Waste	Hazardous Waste	5,400,000	1,480,000	3,920,000	27.4
Environmental Management	Environmental Management	36,500,000	1,998,999	34,501,001	5.5
	Sub total	54,590,793	4,809,360	49,781,433	8.8
PUBLIC SERVICE ADM.					
General Administration Planning and support Services	General Administration Planning and support Services	707,962,989	541,298,925	166,664,064	76.5
	Sub total	707,962,989	541,298,925	166,664,064	76.5
WATER & IRRIGATION					
Promotion of Irrigation and Drainage, Development and Management	Promotion of Irrigation and Drainage, Development and Management	1,300,000	-	1,300,000	0.0
Water Supply Infrastructure - REC	Water Supply Infrastructure - REC	55,418,686	18,862,058	36,556,628	34.0
Water Supply Infrastructure - DEV	Water Supply Infrastructure - DEV	80,000,000	61,913,741	18,086,259	77.4
	Sub total	136,718,686	80,775,799	55,942,887	59.1
MURANG'A MUNICIPALITY					
Urban Development and Support	Urban Development and Support	179,036,084	25,498,484	153,537,600	14.2
General Administration Planning and support Services	General Administration Planning and support Services	56,452,889	17,407,428	39,045,461	30.8
	Sub total	235,488,973	42,905,912	192,583,061	18.2
COUNTY ASSEMBLY					
Legislation and representation	Legislation and representation	370,400,000	213,727,355	156,672,645	57.7
Oversight	Oversight	315,050,000	161,492,680	153,557,320	51.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration planning and support	Administration planning and support	285,857,014	136,662,224	149,194,790	47.8
	Sub total	971,307,014	511,882,259	459,424,755	52.7
Grand Total		10,688,564,270	5,406,833,841	5,281,730,429	50.6

Source: Murang'a County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Land and Crops Development in the Department of Agriculture at 93.3 per cent, Water Supply Infrastructure in the Department of Water and Irrigation at 77.4 per cent, General Administration Planning and Support Services in the Department of Public Service Administration at 76.5 per cent, Primary HealthCare in the Department of Health and Sanitation at 61.8 per cent of budget allocation.

3.29.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.863.77 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.3.32 billion. The development expenditure represented 26.0 per cent of the annual development budget.
3. A high wage bill, which accounted for 53.8 per cent of the total expenditure in the first nine months of FY 2021/22 thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.394.49 million against an annual projection of Kshs.1.60 billion, representing 24.7 per cent of the annual target.
5. High level of pending bills which amounted to Kshs. 911.61 million as of 31st March 2022.
6. Poor budgeting and implementation practice by the County Treasury as they do not undertake IFMIS vote book reconciliations. This is evidenced by the Department of Water & Irrigation, which incurred expenditure above exchequer issues as shown in Table 3.172.
7. Manual Payroll. Personnel emoluments amounting to Kshs.378 million were processed through the manual payroll and accounted to 13.1 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*
5. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
7. *The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.*

3.30 County Government of Nairobi City

3.30.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.39.63 billion, comprising Kshs.11.69 billion (29.5 per cent) and Kshs.27.94 billion (70.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.19.61 billion (49.5 per cent) from its own sources of revenue, and a cash balance of Kshs.600 million (1.5 per cent) from FY 2020/21. The County also expects to receive Kshs.166.79 million (0.4 per cent) as conditional grants. The grants consist of; Kshs.87.49 million from Transforming Health Systems for Universal Care Project (WB), Kshs.35.27 million from DANIDA Grant, Kshs.36.64 million from Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.7.39 million from UNFPA.

3.30.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.9.53 billion as the equitable share of the revenue raised nationally, raised Kshs.7.60 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.17.13 billion, as shown in Table 3.174.

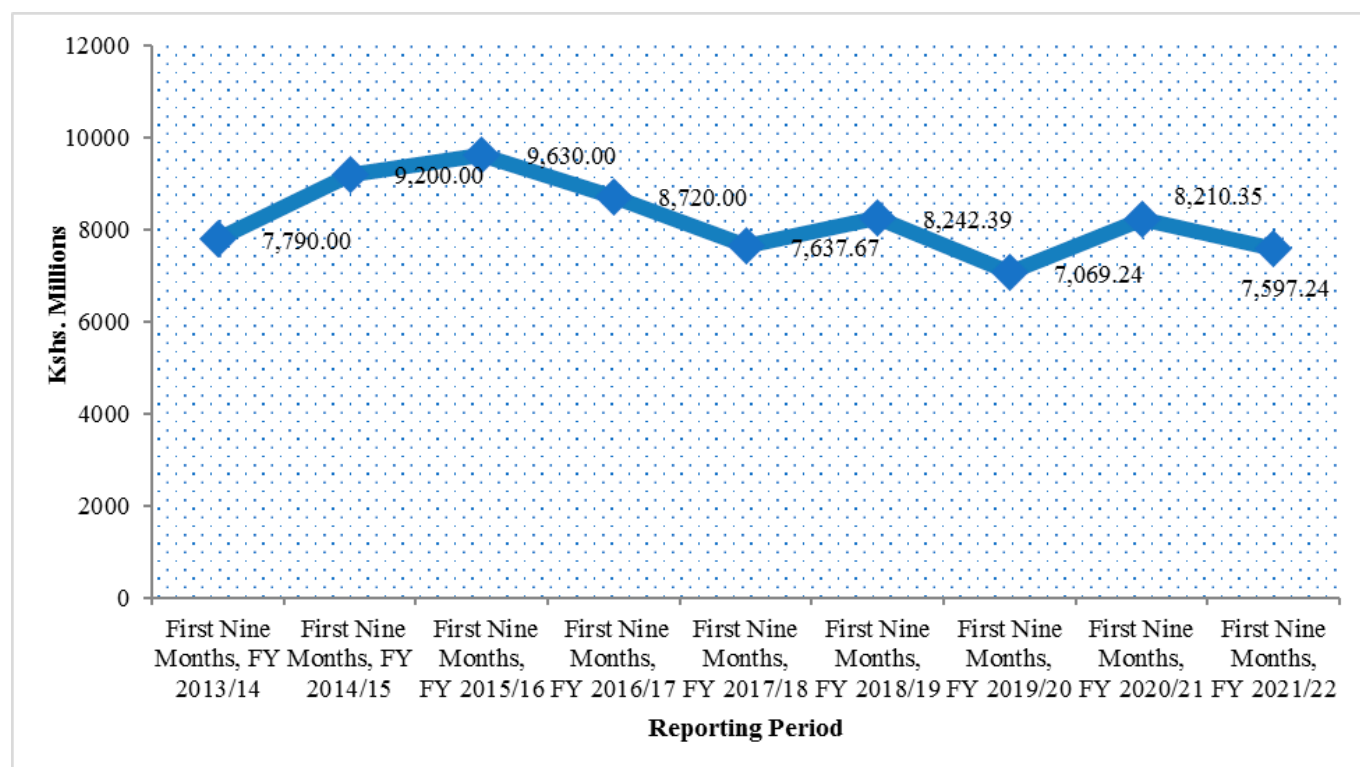
Table 3.174: Nairobi City County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,250,000,000	9,528,590,319	49.5
	Sub Total	19,250,000,000	9,528,590,319	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	19,360,744,671	7,386,983,090	38.2
2.	Conditional Grants	166,791,329	-	-
3.	Balance b/f from FY 2020/21	600,000,000	-	-
4.	Appropriation in Aid (A.I.A)	250,000,000	210,257,452	84.1
	Sub Total	20,377,536,000	7,597,240,542	37.3
	Grand Total	39,627,536,000	17,125,830,861	43.2

Source: Nairobi City County Treasury

Figure 3.59 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.59: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nairobi City County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.7.60 billion as own-source revenue which was 37.7 per cent of the annual target. This amount represented a decrease of 7.5 per cent compared to Kshs.8.21 billion realised during a similar period in the first nine months of FY 2020/21.

3.30.3 Exchequer Issues

The Controller of Budget approved Kshs.16.20 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.38 billion (8.5 per cent) for development programmes and Kshs.14.82 billion (91.5 per cent) for recurrent programmes, as shown in Table 3.177.

3.30.4 Overall Expenditure Review

The County spent Kshs.16.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.7 per cent of the total funds released by the CoB and comprised Kshs.1.06 billion and Kshs.15.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.1 per cent, while recurrent expenditure represented 54.6 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.85.72 billion. At the beginning of the FY 2021/22, the County failed to prepare a satisfactory payment plan on how the pending bills will be settled in the current financial year.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.10.59 billion. By the time of publishing this report, the County had not submitted a status report on the settlement of pending bills as of 31st March 2022.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.10.91 billion was spent on employee compensation, Kshs.4.35 billion on operations and maintenance, and Kshs1.06 billion on development activities, as shown in Table 3.175.

Table 3.175: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	26,389,824,597	1,545,872,087	14,370,840,962	885,834,479	54.5	57.3
Compensation to Employees	17,033,622,938	893,996,178	10,326,096,389	581,989,988	60.6	65.1
Operations and Maintenance	8,086,201,659	651,875,909	4,044,744,573	303,844,491	50.0	46.6
Development Expenditure	11,598,839,316	93,000,000	1,058,509,137	-	9.1	0.0
Total	37,988,663,913	1,638,872,087	15,429,350,099	885,834,479	40.6	54.1

Source: Nairobi City County Treasury.

3.30.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.7 per cent of the first nine months' proportional revenue of Kshs.29.72 billion.

Personnel emoluments amounting to Kshs.10.85 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.55.75 million. The manual payroll amounted to 0.5 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.10.91 billion includes Kshs.4.13 billion attributable to the health sector, which translates to 37.9 per cent of the total wage bill in the reporting period.

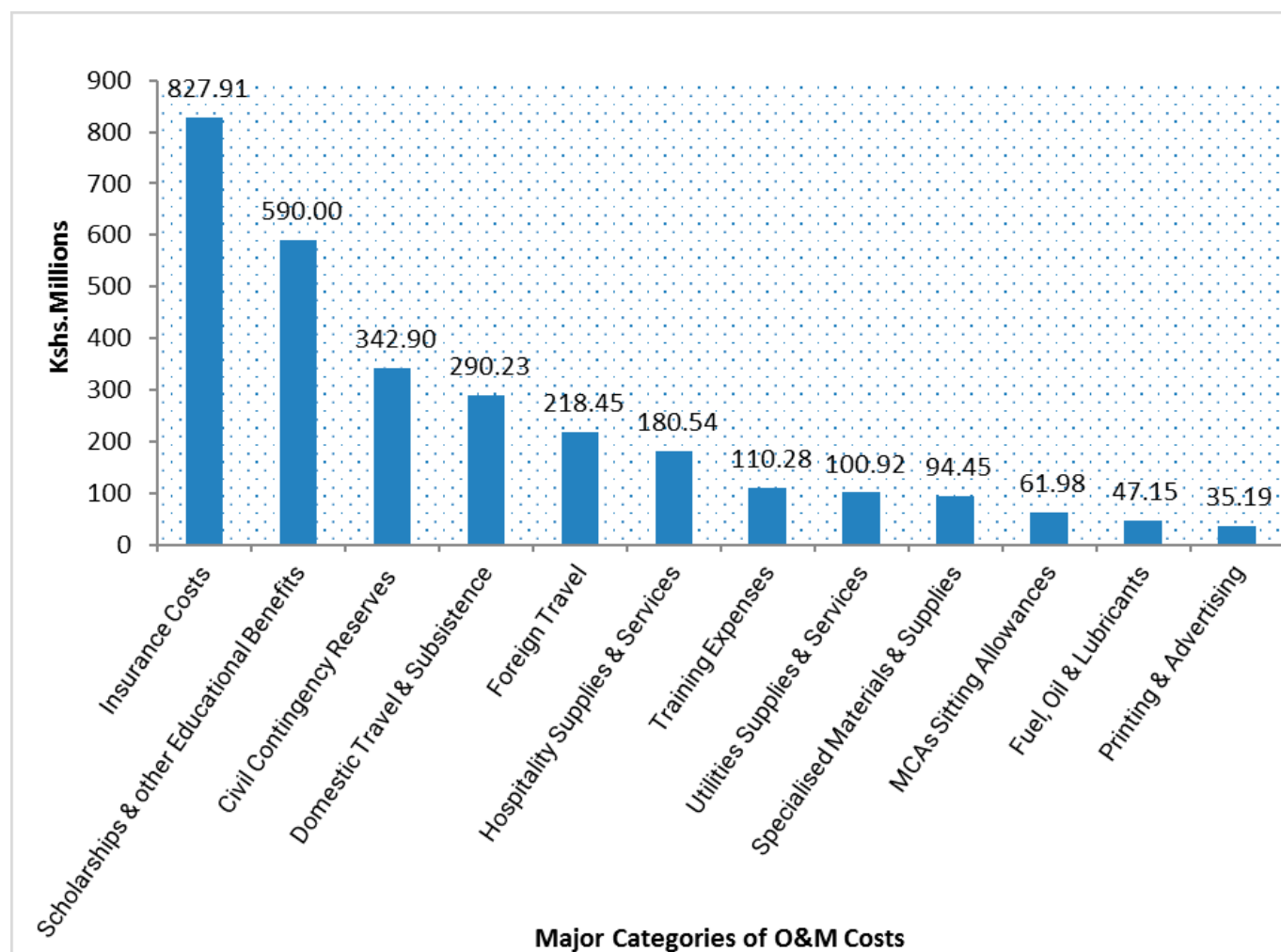
3.30.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County did not allocate any budget to established funds in FY 2021/22.

3.30.9 Expenditure on Operations and Maintenance

Figure 3.60 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.60: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

The County spent Kshs.61.98 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.100.12 million. The average monthly sitting allowance was Kshs.83,303 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 26 committees.

During the period, expenditure on domestic travel amounted to Kshs.290.23 million and comprised Kshs.125.46 million spent by the County Assembly and Kshs.164.77 million by the County Executive. Spending on foreign travel amounted to Kshs.218.45 million and consisted of Kshs.57.18 million by the County Assembly and Kshs.161.28 million by the County Executive.

3.30.10 Development Expenditure

The County incurred Kshs.1.06 billion on development programmes, which represented an increase of 1,237.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.79.12 million. Table 3.176 summarises development projects with the highest expenditure in the reporting period.

Table 3.176: Nairobi City County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location of the Project	Contract Sum (Kshs.)	Total Expenditure (Kshs.)	Absorption (%)
1	Being payment for delivery of 5 no of vehicles	Headquarters department	City Hall	36,000,000	36,000,000	100.0
2	Being payment for the supply and delivery of a truck	Decentralisation headquarters	City Hall	30,914,538	16,457,000	53.2
3	Being payment for the construction and completion of the street children rehabilitation Centre	Early Childhood Development centres		180,000,000	5,516,094	14.8
4	Being payment for of construction 40 ECD Centre in Embakasi primary and Komarock schools	Early Childhood Development centres	Embakasi		21,164,651	
5	Being payment for rehabilitation and refurbishment of 3rd-floor offices city hall annexe	Youth Affairs Headquarters	City Hall	35,600,000	11,925,348	33.5
6	Being payment of supply delivery installation of weights and measures equipment	Weights & Measures Department headquarters		44,036,580	17,206,000	39.1
7	Supply, delivery and installation of apparel and garment making equipment for Jogoo road.	Trade Development Department headquarters	Jogoo road	35,500,000	28,357,500	79.9
8	Being Payment for Supply and Delivery of Breathing Apparatus	Fire Department headquarters	Headquarters	72,500,000	35,050,000	96.7
9	Being Payment for Supply and Delivery of Breathing Apparatus	Fire Department headquarters	Headquarters		35,050,000	
10	Purchase of Software	County Public Service Board	Headquarters	8,000,000	5,950,000	74.4

Source: Nairobi City County Treasury

3.30.11 Budget Performance by Department

Table 3.177 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.177: Nairobi City County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	84.89	44.62	27.31	5.95	27.31	5.95	100.0	100.	32.2	13.3
Office of Governor & Deputy Governor	4,985.21	333.31	2,589.91	122.51	2,639.91	122.51	101.9	100.	53.0	36.8
ICT, E-Govt & Public Communications	274.07	165.70	58.93	-	58.93	-	100.0	-	21.5	-
Finance & Economic Planning	3,737.91	459.79	2,194.52	-	2,144.52	-	97.7	-	57.4	-
Health	69.52	-	32.03	-	32.03	-	100.0	-	46.1	-
Urban Planning and Lands	51.68	-	10.10	-	10.10	-	100.0	-	19.5	-
Public Works, Transport & Infrastructure	50.54	300.00	0.72	-	0.72	-	100.0	-	1.4	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Youth Affairs, Sports, Culture & Social Services	1,819.08	360.90	1,241	38.61	1,241.44	38.61	100.0	100.	68.2	10.7
Trade, Commerce, Tourism & Cooperatives	760.37	263.49	421.06	45.56	430.08	46	102.1	100.	56.6	17.3
Public Service Management	1,658.90	25.00	945.73	-	945.73	-	100.0	-	57.0	-
Agriculture, Livestock Development, Fisheries & Forestry	322.43	71.17	119.45	-	119.45	-	100.0	-	37.0	-
County Assembly	1,545.87	93.00	885.83	-	885.83	-	100.0	-	57.3	-
Environment, Water, Energy & Natural Resources	52.97	-	16.13	-	7.11	-	44.1	-	13.4	-
Ward Development Programmes	76.21	1,492.78	6.75	-	6.75	-	100.0	-	8.9	-
Emergency Fund	140.00	-	342.90	-	342.90	-	100.0	-	244.9	-
Liquor Board	200.00	50.00	-	-	112.96	-	-	-	56.5	-
Nairobi Metropolitan Services	12,106.04	8,032.07	5,933.19	1,163.62	6,250.93	846	105.4	72.7	51.6	10.5
Total	27,935.69	11,691.83	14,826	1,376.25	15,256.7	1,058.51	102.9	76.9	54.6	9.1

Source: Nairobi City County Treasury

Analysis of expenditure by the departments shows that the Office of Governor and Deputy Governor recorded the highest absorption rate of the development budget at 36.8 per cent. The Emergency Fund Department had the highest percentage of recurrent expenditure to budget at 244.9 per cent, which was due to utilisation of Section 135 of the PFM Act, 2012, while the Department of Public Works, Transport & Infrastructure had the lowest at 1.4 per cent.

3.30.12 Budget Execution by Programmes and Sub-Programmes

Table 3.178 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.178: Nairobi City County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
0701000 P1 General Administration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	129,503,380	33,256,574	96,246,805	25.7	
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	129,503,380	33,256,574	96,246,805	25.7	
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	679,070,411	318,578,296	360,492,114	46.9	
	0718025310 Sp2 Sub County Administration	1,723,440,903	999,332,608	724,108,294	58.0	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	0718075310 Sp7 County Executive	286,304,531	54,410,259	231,894,272	19.0
	0718095310 Sp9 Audit	124,591,354	37,401,783	87,189,570	30.0
0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	1,214,509,402	619,816,574	594,692,827	51.0
	0724015310 sp 24.1 investigative Services	86,521,541	14,410,958	72,110,582	16.7
P; 0726005310:Disaster Management Coordination	072601510: Fire & Disaster Management	573,318,695	321,337,718	251,980,976	56.0
0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	630,764,439	397,126,635	233,637,803	63.0
	Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	5,318,521,276	2,762,414,833	2,556,106,442	51.9
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	146,712,796	54,208,319	92,504,476	36.9
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	81,628,403	2,205,000	79,423,403	2.7
	0208030 SP 2.3: ICT and Media Regulatory Services	11,129,108	794,000	10,335,108	7.1
	0208040 SP 2.4 E-Government Services	88,644,363	1,718,400	86,925,963	1.9
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	93,466,288	-	93,466,288	0.0
	0210035310 sp 3:Information Security	18,185,300	-	18,185,300	0.0
	Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	439,766,258	58,925,719	380,840,538	13.4
0701005310 Public Financial Management	0701015310 Assets Management Services	280,722,542	11,851,724	268,870,818	4.2
	0701065310 sp1.6 Accounting Services	1,702,631,217	824,306,733	878,324,484	48.4
	0701075310 sp1.7 Budget Formulation Coordination and mgt	267,195,306	105,186,035	162,009,271	39.4
	0701085310 sp1.8 Resource Mobilisation	594,193,461	527,569,294	66,624,167	88.8
	070115310 Debt Management Services	749,888,919	394,769,717	355,119,202	52.6
	0718085310 Sp8 Supply Chain Management	121,004,798	72,188,395	48,816,403	59.7
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	368,695,990	170,978,319	197,717,670	46.4
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	113,371,579	37,665,033	75,706,546	33.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Total 5314000000 FINANCE & ECONOMIC PLANNING	4,197,703,812.	2,144,515,25	2,053,188,561	51.1
0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	69,518,950	32,025,495	37,493,454	46.1
	Total 5315000000 HEALTH	69,518,950	32,025,495	37,493,454	46.1
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	51,680,314	10,096,994	41,583,319	19.5
	Total 5316000000 URBAN PLANNING AND LANDS	51,680,314	10,096,994	41,583,319	19.5
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	350,543,790	715,874	349,827,915	0.2
	Total 5317000000 PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE	350,543,790	715,874	349,827,915	0.2
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,456,050,092	1,116,673,473	339,376,618	76.7
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	1,280,951	-	1,280,951	0.0
	0509025310 sp 9.2 Early Childhood Development Centres	259,270,000	45,622,845	213,647,155	17.6
	0509035310 sp 9.3 Technical and Vocational Training	39,996,632	118,000	39,878,632	0.3%
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	176,197,913	97,314,086	78,883,826	55.2
	0902025310 Sp.2.2 Gender and Community Empowerment	86,839,373	6,672,400	80,166,973	7.7
	0902045310 Sp2.4 Development and promotion of sports	61,030,251	1,414,000	59,616,251	2.3
	0902055310 Sp2.5 Youth Empowerment and Promotion	82,537,521	12,228,728	70,308,793	14.8
	0902065310 Sp 2.6 Social welfare and care for the Aged	7,637,182	-	7,637,182	0.0
	0902075310 Sp 2.7 Promotion of Library and Information Services	1,444,191	-	1,444,191	0.0
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	7,698,969	-	7,698,969	0.0
	Total 5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	2,179,983,075	1,280,043,533	899,939,541	58.7
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	284,205,322	149,376,960	134,828,361	52.6

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	25,673,198	1,255,400	24,417,798	4.9
	0310025310 sp 10.2 Cooperative Audit Services	6,405,915	153,000	6,252,915	2.4
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	61,561,709	43,713,232	17,848,477	71.0
0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	371,959,465	246,169,700	125,789,765	66.2
	0312025310 sp 12.2 Market Services	201,069,492	3,000,000	198,069,492	1.5
	0313025310 sp 13.2 Weights & Measures Services	13,592,954	19,806,000	(6,213,046)	145.7
	0313035310 sp 13.3 Trade Licensing Services	26,398,349	-	26,398,349	0.0
	0313045310 sp 13.4 Betting & Gaming Services	32,995,661	12,171,200	20,824,461	36.9
	Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	1,023,862,065	475,645,492	548,216,572	46.5
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	587,599,265	154,961,591	432,637,673	26.4
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	826,317,280	773,397,522	52,919,758	93.6
	0710020 S.P.5.2 Human Resource Development	242,285,847	13,280,524	229,005,322	5.5
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	11,899,963	1,882,000	10,017,963	15.8
	0723025310 sp 23.2 Governance Monitoring and Evaluation	11,275,361	1,182,900	10,092,461	10.5
	0723035310 sp 23.3 Quality Management Systems and ISO certification	4,523,028	1,025,200	3,497,828	22.7
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	1,683,900,744	945,729,737	738,171,006	56.2
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	206,474,257	115,703,701	90,770,555	56.0
P;0119005310:Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	79,115,611	530,000	78,585,611	0.7
	0119025310: Fisheries Development and management	31,224,871	459,600	30,765,271	1.5
	0119035310: Livestock Resources management and development	26,381,283	706,600	25,674,683	2.7
0116005310 P.10:Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	19,371,651	684,400	18,687,251.00	3.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0117005310 P.11:Aforestation	0117015310 sp 11.1 Forestry Services	15,048,026	234,800	14,813,226	1.6
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	15,989,164	1,128,400	14,860,764	7.1
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	393,604,863	119,447,501	274,157,361	30.3
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	52,972,124	7,114,231	45,857,892	13.4
	Total 5323000000 ENVIRONMENT,WATER,ENERGY & NATURAL RESOURCES	52,972,124	7,114,231	45,857,892	13.4
0214005310 P8:Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,568,992,681	6,752,337	1,562,240,344	0.4
	Total 5325000000 WARD DEVELOPMENT FUND	1,568,992,681	6,752,337	1,562,240,344	0.4
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	140,000,000	342,899,000	(202,899,000)	244.9
	5326000000 EMERGENCY FUND	140,000,000	342,899,000	(202,899,000)	244.9
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	88,625,152	161,374,848	35.5
	Total 5327000000 LIQUOR LICENSING BOARD	250,000,000	88,625,152	161,374,848	35.5
Legislation & Representation	Office of the Speaker	9,196,150	2,792,422	6,403,728	30.4
	County Legislature	736,909,687	438,068,850	298,840,836	59.4
Oversight	Committees Services	166,148,587	92,887,086	73,261,500	55.9
General Administration and Support Services	County Assembly Service Board	24,691,205	13,350,174	11,341,031	54.1
	Office of the Clerk	701,926,458	338,735,946	363,190,511	48.3
	Total COUNTY ASSEMBLY	1,638,872,087	885,834,478	753,037,608	54.1
	5328000100 Nairobi Metropolitan Services	20,138,110,580	7,096,809,458	13,041,301,122	35.2
	TOTAL NAIROBI METROPOLITAN SERVICES	20,138,110,580	7,096,809,458	13,041,301,122	35.2
	Total Voted Expenditure Kshs.	39,627,535,999	16,290,851,664	23,336,684,334	41.1

Source: Nairobi City County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Emergency Fund at 244.9 per cent, Trade development and Market Services in the Department of Trade, Commerce, Tourism & Cooperatives at 145.7 per cent, Public Service Transformation in the Department of Agriculture, Livestock Development, Fisheries & Forestry at 93.6 per cent, and Public Financial Management, Resource Mobilisation of Finance & Economic Planning at 88.8 per cent of budget allocation. The County Treasury should prepare a Supplementary Budget to regularise the expenditure above budget allocation.

3.30.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.06 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.11.69 billion. The development expenditure represented 9.1 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.7.60 billion against an annual projection of Kshs.19.6 billion, representing 39.2 per cent of the annual target.
4. High level of pending bills and failure by the County to prepare a payment plan for the settlement of the bills. The reported outstanding pending bills were worth Kshs.85.72 billion at the beginning of the financial year.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year. Further, the County Treasury is urged to ensure that monitoring and reporting of the status of pending bills are done in line with the reporting requirements in the law.*

3.31 County Government of Nakuru

3.31.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.23.51 billion, comprising Kshs.10.66 billion (45.3 per cent) and Kshs.12.85 billion (54.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.13.03 billion (55.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.38 billion (14.4 per cent) from its own sources of revenue, and a cash balance of Kshs.5.70 billion (24.2 per cent) from FY 2020/21. The County also expects to receive Kshs.1.41 billion (6 per cent) as conditional grants, which consists of Kshs.23.21 million from DANIDA, Kshs.120.37 million from Kenya Devolution Support Program (KDSP) Level II, Kshs.269.56 million from World bank National Agricultural and Rural inclusive growth Projects (NARIGP), Kshs.26.34 million from Agricultural Sector Development Support Projects (ASDSP II), Kshs.429.74 million from Kenya Urban Support Project (KUSP) - Urban Development Grant, Kshs.300 million from Kenya Informal Settlement Improvement Project II (KISIP II), Kshs.10 million from Nutrition International Grant, Kshs.153.30 million from Leasing of Medical Equipment and Kshs.79.79 million from World Bank THS-UC.

3.31.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.6.45 billion as the equitable share of the revenue raised nationally, raised Kshs.1.14 billion as own-source revenue, conditional grant, and had a cash balance of Kshs.5.70 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.14.43 billion, as shown in Table 3.179.

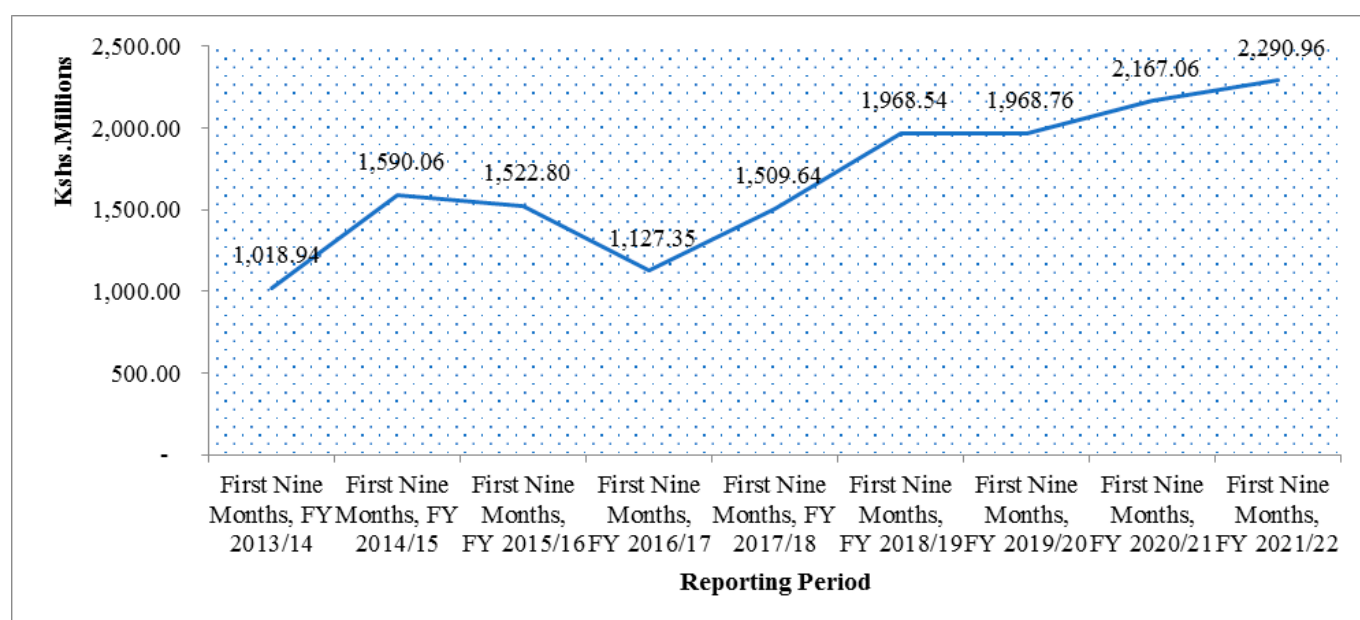
Table 3.179: Nakuru County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	13,026,116,323	6,447,927,579	49.5
Sub Total		13,026,116,323	6,447,927,579	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,980,000,000	1,139,889,345	57.6
2.	Conditional Grants	1,412,322,231	-	0.0
3.	Balance b/f from FY 2020/21	5,695,548,026	5,695,548,026	100
4.	Appropriations-In Aid (AIA)	1,400,000,000	1,151,067,998	82.2
Sub Total		10,487,870,257	7,986,505,370	76.1
Grand Total		23,513,986,580	14,434,432,948	61.4

Source: Nakuru County Treasury

Figure 3.61 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.61: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nakuru County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.2.29 billion (inclusive of A-I-A) as own-source revenue, which was 67.8 per cent of the annual target. This amount represented an increase of 5.7 per cent compared to Kshs.2.17 billion realised during a similar period in the first nine months of FY 2020/21 and was 67.8 per cent of the annual target. The County has implemented an automated OSR collection system referred to as CIFOMS.

3.31.3 Exchequer Issues

The Controller of Budget approved Kshs.9.88 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.2.85 billion (28.9 per cent) for development programmes and Kshs.7.03 billion (71.1 per cent) for recurrent programmes, as shown in Table 3.183.

3.31.4 Overall Expenditure Review

The County spent Kshs.8.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.9 per cent of the total funds released by the CoB and comprised Kshs.2.12 billion

and Kshs.6.67 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.9 per cent, while recurrent expenditure represented 51.9 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.660.2 million. During the period under review, pending bills amounting to Kshs.233.64 million were settled. Outstanding pending bills amounted to Kshs.426.56 million as of 31st March 2022. The figure for pending bills does not include the County Assembly as it was not provided.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.203.43 million, out of which the County has settled bills amounting to Kshs.156.93 million, leaving a balance of Kshs.46.50 million as of 31st March 2022.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.01 billion was spent on employee compensation, Kshs.2.65 billion on operations and maintenance, and Kshs.2.12 billion on development activities, as shown in Table 3.180

Table 3.180: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,648,835,291	1,202,212,204	5,935,904,842	730,363,016	51.0	60.8
Compensation to Employees	7,030,755,182	387,663,585	3,704,717,056	308,054,667	52.7	79.5
Operations and Maintenance	4,618,080,108	814,548,619	2,231,187,787	422,308,349	48.3	51.8
Development Expenditure	10,278,543,883	384,395,202	2,017,430,260	108,000,207	19.6	28.1
Total	21,927,379,174	1,586,607,406	7,953,335,103	838,363,223	36.3	52.8

Source: Nakuru County Treasury

3.31.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 22.8 per cent of the first nine months proportional revenue of Kshs.17.64 billion.

Personnel emoluments amounting to Kshs.3.42 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.593.48 million. The manual payroll amounted to 14.8 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.4.01 billion includes Kshs.2.84 billion attributable to the health sector, which translates to 70.8 per cent of the total wage bill in the reporting period.

3.31.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.626.90 million to county established funds in FY 2021/22, which constituted 2.7 per cent of the County's overall budget for the year. Table 3.181 below summarises each established fund's budget allocation during the reporting period.

Table 3.181: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Emergency Fund	100,500,000	-	NO
2.	Nakuru County Persons Living with disability Fund	71,634,886	-	NO
3.	Bursary Fund	254,763,210	-	NO
4.	Nakuru County Assembly MCA Car and Mortgage Loan	100,000,000	-	NO
5.	Nakuru County Executive Car and Mortgage Loan	40,000,000	-	NO
6.	Nakuru County Enterprise Fund	60,000,000	-	NO
Total		626,898,096	-	NO

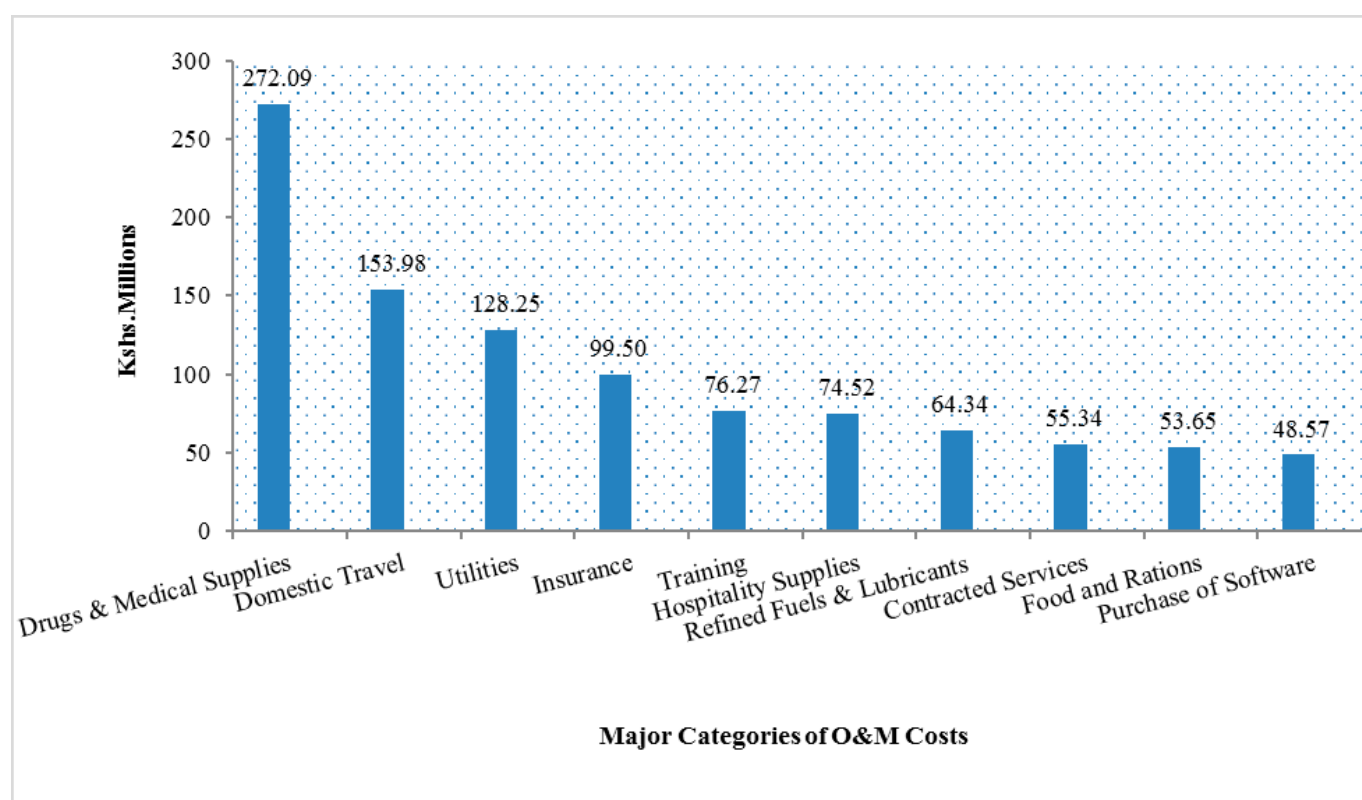
Source: Nakuru County Treasury

The OCoB did not receive quarterly financial returns from administrators of the six funds, as indicated in Table 3.181.

3.31.9 Expenditure on Operations and Maintenance

Figure 3.62 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.62: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

The County spent Kshs.52.22 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.81 million. The average monthly sitting allowance was Kshs. 73,448 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.153.98 million and comprised Kshs.68.93 million spent by the County Assembly and Kshs.85.05 million by the County Executive. Spending on foreign travel amounted to Kshs.17.23 million and consisted of Kshs.4.17 million by the County Assembly and Kshs.13.06 million by the County Executive.

3.31.10 Development Expenditure

The County incurred Kshs.2.12 billion on development programmes, which represented an increase of 55.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.36 billion. Table 3.182 summarises development projects with the highest expenditure in the reporting period.

Table 3.182: Nakuru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Budget Allocation (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of County Treasury	Nakuru Town	150,000,000	95,397,011	63.6
2	Construction of Outpatients complex (PGH)	Nakuru Town	69,212,237	68,578,083	99.1
3	Kenya Devolution Support Programme Level II	Headquarters	67,339,018	65,540,478	97.3
4	Conditional Grant-Road Maintenance Levy Fund	Headquarters	111,262,270	48,623,550	43.7
5	Conditional Grant-Road Maintenance Levy Fund	Headquarters	74,343,117	47,246,803	63.5
	Construction of an Office Block	County Assembly	91,700,000	43,166,230	47.1
6	Conditional Grant-Road Maintenance Levy Fund	Headquarters	120,960,788	38,135,907	31.5
7	Conditional Grant-Road Maintenance Levy Fund	Headquarters	32,781,561	33,623,519	
8	Purchase of medical (PGH) (FIF)	Nakuru Town	40,000,000	32,579,103	81.4
9	Administrative cost of the revenue management system	Headquarters	75,000,000	27,368,792	36.5
10	Purchase of Hansard Equipment	County Assembly	51,494,245	25,384,533	49.3

Source: Nakuru County Treasury

The construction of an Outpatients complex (PGH) in the Department of Health Services had the highest absorption rate of 99.1 per cent, followed by Kenya Devolution Support Programme Level II at 97.3 per cent. It can be noted that the County did not provide the exact projects under the conditional grants.

3.31.11 Budget Performance by Department

Table 3.183 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.183: Nakuru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1202.21	384.40	528.20	162.58	730.36	108.00	138.3	66.4	60.8	28.1
Finance and Economic Planning	1196.36	519.40	645.49	332.97	274.79	173.71	42.6	52.2	23.0	33.4
Public Service Training and Devolution	839.37	71.65	551.98	28.51	195.76	14.78	35.5	51.9	23.3	20.6
Agriculture, Livestock and Fisheries	620.23	806.54	376.38	134.57	353.77	103.47	94.0	76.9	57.2	26.7
Lands, Physical Planning and Housing	163.68	1095.25	83.03	72.68	82.16	292.26	99.0	402.1	50.2	26.7
Office of the Governor and Deputy Governor	342.02	103.49	324.72	59.80	113.16	56.37	34.9	94.3	33.1	54.5
Education, ICT and E-Government	822.67	668.98	442.20	116.38	435.54	81.76	99.2	70.3	22.6	23.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industry Marketing and Tourism	252.68	307.55	158.16	104.96	57.02	70.59	36.1	67.3	22.6	23.0
Youth, Culture, Sports and Social Services	439.93	253.42	119.74	94.15	127.67	73.09	106.6	77.6	29.0	28.8
Infrastructure, Roads, Public Works and Transport	393.93	2407.36	219.06	739.22	213.84	507.50	97.6	68.7	54.3	21.1
Environment, Water, Energy and Natural Resources	356.79	1133.33	223.17	223.59	186.74	255.82	83.7	101.0	52.3	20.8
Health Services	6030.28	1586.81	3261.34	190.77	3814.35	228.43	117.0	119.7	63.3	14.4
CPSB	98.29	11.18	57.82	-	53.67	-	92.8	-	54.6	-
Nakuru Municipality	54.47	840.38	13.6	399.15	13.27	104.78	97.6	26.3	24.4	12.5
Naivasha Municipality	38.47	473.21	24.83	185.40	11.15	74.86	44.9	40.4	29.0	15.8
Total	12851.05	10662.94	7029.72	2854.73	6666.27	2125.43	94.8	74.5	51.9	19.9

Source: Nakuru County Treasury

Analysis of expenditure by the departments shows that the Office of the Governor and Deputy Governor recorded the highest absorption rate of development budget at 54.5 per cent, while the Department of Education, ICT and E-Government had the lowest at 12.2 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 63.3 per cent, while the Department of Trade, Industry Marketing and Tourism had the lowest at 22.6 per cent.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.184 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.184: Nakuru County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Finance and Economic Planning					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration Services	381,694,096	259,429,714	122,264,382	68.0
	Sp 1.2: Personnel Services	552,772,189	2,850,022	549,922,167	0.5
Sub Total		934,466,285	262,279,736	672,186,549	28.1
Programme 2: Public Finance Management	SP 2.1: Budget Formulation Coordination and Management	64,407,062	34,973,728	29,433,334	54.3
	SP 2.2: Resource Mobilization	82,630,120	29,621,872	53,008,248	35.8
	SP 2.3: Internal Audit	34,644,521	16,226,902	18,417,619	46.8
	SP 2.4: Procurement	18,120,293	3,998,002	14,122,291	22.1
	SP 2.5: Public Finance and Accounting	26,536,381	8,316,866	18,219,515	31.3
	SP 2.6: Debt Management	97,542,906	26,844,864	70,698,042	27.5
	SP 2.7: External Resource Mobilization	11,923,988	3,442,190	8,481,798	28.9
Sub Total		335,805,271	123,424,424	212,380,847	36.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
Programme 3: Eco- nomic and Financial Policy Formulation and Management	SP 3.1: Fiscal Planning	27,960,301	13,754,223	14,206,078	49.2
	SP 3.2: Monitoring & Evalu- ation / Statistical Data Manage- ment	9,626,747	4,045,376	5,581,371	42.0
	SP 3.3: KDSP Programme	232,715,207	45,002,000	187,713,207	19.3
Sub Total		270,302,255	62,801,599	207,500,656	23.2
Department of Public Service Training and Devolution					
Programme 1 Admin- istration, Planning and Support service	Sub-programme 1.1(Adminis- tration service)	202,357,877	135,250,000	67,107,877	66.8
	Sub-programme 1.2(Personal Service)	543,295,896	19,644,000	523,651,896	3.6
	Sub-programme 1.3(Financial Service)	500,000	-	500,000	0.0
	Sub-programme 1.4(Co-ordi- nation of Public and Special Community Programme)	3,550,000	2,777,550	772,450	78.2
	Sub-programme 1.5(Main- stream Workplace HIV/ AIDS,Alcohol & Drug Abuse Control)	2,000,000	350,000	1,650,000	17.5
	Sub-programme 1.6(Rehabil- itation/Construction of Sub County Offices)	85,119,295	14,783,573	70,335,722	17.4
Sub Total		836,823,068	172,805,123	664,017,945	20.7
Programme 2:Legal Services	Sub-programme 2.1(Legal Ser- vices to County Government and Public)	10,575,000	7,201,200	3,373,800	68.1
	Sub-programme 2.2(Coordi- nation of County Compliance and enforcement services)	5,625,000	2,577,730	3,047,270	45.8
Sub Total		16,200,000	9,778,930	6,421,070	60.4
Programme 3: Human Resource Management and Development	Sub-programme 3.1 Perform- ance Contracting	5,000,000	3,850,000	1,150,000	77.0
	Sub-programme 3.2 Perform- ance Appraisal System	5,000,000	2,577,640	2,422,360	51.6
	Sub-programme 3.3 Staff de- velopment Through Capacity Building and Training	70,603,631	5,434,825	65,168,806	7.7
Sub Total		80,603,631	11,862,465	68,741,166	14.7
Programme 4: Disaster Management and Hu- manitarian Assistance	Sub-programme 4.1 Disaster Management and Humanitar- ian Assistance	5,500,000	1,315,573	4,184,427	23.9
Sub Total		5,500,000	1,315,573	4,184,427	23.9
Department of Agriculture, Livestock and Fisheries					
Programme 1: Admin- istration, Planning and Support Services	SP 1.1: Human Resources Ser- vices	336,085,782	-	336,085,782	0.0
	SP 1.2: Administration, Plan- ning and Support Services	378,075,953	110,241,738	267,834,215	29.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
Sub Total		714,161,735	110,241,738	603,919,997	15.4
Programme 2: Live- stock Resource Man- agement and Develop- ment	SP 2.1: Livestock Production and Management	151,346,882	6,050,400	145,296,482	4.0
	SP 2.2: Promotion of Value Ad- dition of Livestock and Live- stock Products	29,203,118	75,150	29,127,968	0.3
	SP 2.3: Livestock Extension Service Delivery	29,230,295	59,150	29,171,145	0.2
	SP 2.4: Food Safety and Live- stock Products Development	9,050,000	41,000	9,009,000	0.5
	SP 2.5: Livestock Disease Man- agement and Control	50,383,413	73,751,674	(23,368,261)	146.4
Sub Total		269,213,708	79,977,374	189,236,334	29.7
Programme 3: Fisheries Development	SP 3.1: Aquaculture develop- ment	10,500,000	2,405,340	8,094,660	22.9
	SP 3.2: Development of capture fisheries resources	3,871,070	320,550	3,550,520	8.3
	SP 3.3: Fish quality assurance, value addition and marketing	2,562,140	145,290	2,416,850	5.7
Sub Total		16,933,210	2,871,180	14,062,030	17.0
Programme 4: Crop Development and Management	SP 4.1: Extension, Research and Training	6,308,006	247,875	6,060,131	3.9
	SP 4.2: Crop Production and Food Security	383,601,617	5,856,892	377,744,725	1.5
	SP 4.3: Farm land utilization, Conservation and Mechaniza- tion	5,775,287	1,021,750	4,753,537	17.7
	SP 4.4: Agribusiness Develop- ment and Marketing	4,020,230	175,260	3,844,970	4.4
	SP 4.5: Agri-nutrition	755,057	63,750	691,307	8.4
Sub Total		400,460,197	7,365,527	393,094,670	1.8
Department of Lands, Physical Planning and Housing					
Programme 1: Admin- istration, Planning, Management and Sup- port Services	SP 1.1 Administration and fi- nancial service	120,086,278	76,100,265	43,986,013	63.4
Sub Total		120,086,278	76,100,265	43,986,013	63.4
Programme 2: Land Use Planning and Sur- vey	SP 2.1 Nakuru County Land use plan	95,780,964	65,293,888	30,487,076	68.2
	SP 2.2 Land Information Man- agement System (LIM)	500,000	150,000	350,000	30.0
	SP 2.3 Surveying and Mapping of county	33,735,888	4,398,264	29,337,624	13.0
	SP 2.4 Urban Plan and Devel- opment	1,301,615	650,000	651,615	49.9
	SP 2.5 Surveying of Urban Centres	1,000,000	430,000	570,000	43.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 2.6 Surveying of County Estate and facilitation of Lease processing	1,500,000	720,000	780,000	48.0
	SP 2.7 Establishment of a survey Centre and Mapping Centre	1,058,385	375,000	683,385	35.4
Sub Total		134,876,852	72,017,152	62,859,700	53.4
Programme 3: Housing Development and Management	SP 3.1 Maintenance of County Houses	3,500,000	1,825,701	1,674,299	52.2
	SP 3.2 Housing Technology Establishment of five Constituency Building Technology Centres	13,097,454	300,000	12,797,454	2.3
	SP 3.3 Development of Housing Infrastructure	39,478,226	6,431,346	33,046,880	16.3
Sub Total		56,075,680	8,557,047	47,518,633	15.3
Office of the Governor and Deputy Governor -					
Administration, Planning and Support	Administration and Planning	259,804,704	21,857,923	237,946,781	8.4
	Personnel Services	94,514,968	5,887,373	88,627,595	6.2
Sub Total		354,319,672	27,745,296	326,574,376	7.8
Management of County Affairs	County Executive Services	14,352,112	5,666,827	8,685,285	39.5
	Policy Direction and Coordination	82,176,056	50,434,493	31,741,563	61.4
	County Policing Services	4,305,633	2,123,000	2,182,633	49.3
	Leadership and Governance	2,870,422	1,200,300	1,670,122	41.8
Sub Total		103,704,223	59,424,620	44,279,603	57.3
Coordination and Supervisory Services	The organisation of County Business	21,528,167	10,820,000	10,708,167	50.3
	Special Programmes	7,176,056	5,400,200	1,775,856	75.3
Sub Total		28,704,223	16,220,200	12,484,023	56.5
Department of Education, ICT and E-Government					
Programme 1: Administration, Planning and Support Services	S.P. 1:1 Personnel services	374,561,593	141,573,486	232,988,107	37.8
	S.P. 1:2 Administration and Support Services	599,242,852	91,012,887	508,229,965	15.2
	S.P. 1.3: Financial services	-	-	-	-
Sub Total		973,804,445	232,586,373	741,218,072	23.9
Programme 2: Promotion of Early Childhood Education and Development	S.P. 2.1: Promotion of early childhood	36,639,846	3,345,730	33,294,116	9.1
	S.P. 2.2: Bursaries	254,763,210	240,720,488	14,042,722	94.5
	S.P. 2.3: Education development	19,311,176	-	19,311,176	0.0
Sub Total		310,714,232	244,066,218	66,648,014	78.6
Programme 3: Vocational Training	S.P. 3.1: Vocational training	81,437,259	31,761,289	49,675,970	39.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	S.P. 3.2: Revitalisation of youth programme	77,049,914	-	77,049,914	0.0
Sub Total		158,487,173	31,761,289	126,725,884	20.0
Programme 4: Information and Communication Service	S.P. 4.1: Public Communication and Media Services	18,491,437	6,452,453	12,038,984	34.9
Sub Total		18,491,437	6,452,453	12,038,984	34.9
Programme 5: ICT Infrastructure Development and e-Government Services	S.P. 5.1: Network Infrastructure	6,800,000	-	6,800,000	0.0
	S.P. 5.2: Hardware and Software platforms	5,000,000	-	5,000,000	0.0
	S.P. 5.3: e-Government Services	18,352,000	5,192,554	13,159,446	28.3
Sub Total		30,152,000	5,192,554	24,959,446	17.2
Department of Trade, Industry Marketing and Tourism					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration, Planning and Support Services	43,252,574	23,257,320	19,995,254	53.8
	SP 1.2: Personnel Services	49,117,214	30,204,638	18,912,576	61.5
	SP 1.3: Financial Services	-	-	-	-
Sub Total		92,369,788	53,461,959	38,907,830	57.9
Programme 2: Cooperative Development and Management	SP 2.1: Enhance Marketing Cooperatives	24,700,000		24,700,000	0.0
	SP 2.2: Sacco Member Empowerment	5,646,036	4,603,839	1,042,197	81.5
	SP 2.3: Enforcement of Compliance in Cooperatives	1,863,964	-	1,863,964	0.0
	SP 2.4: Extension Services	2,600,000	-	2,600,000	0.0
Sub Total		34,810,000	4,603,839	30,206,161	13.2
Programme 3: Commerce and Enterprise	SP3:1 Business Development Services for SMEs	12,000,000	3,195,923	8,804,077	26.6
	SP 3.2: Facilitating Producer Business Groups (PBGs)	3,840,000	-	3,840,000	0.0
	SP 3.3: SME Funding	52,000,000	-	52,000,000	0.0
	SP 3.4: Trade Licensing	2,800,000	-	2,800,000	0.0
	SP 3.5: Consumer Protection	4,455,000	1,733,400	2,721,600	38.9
Sub Total		75,095,000	4,929,323	70,165,677	6.6
Programme 4: Market Rehabilitation and Development	SP 4.1: Rehabilitation and Renovation of Existing Markets	280,434,558	70,592,353	209,842,205	25.2
	SP 4.2: Development of Retail and Wholesale Markets in Nakuru	10,500,000		10,500,000	0.0
	SP 4.3: Market Users Delivery Services	28,950,000	21,532,194	7,417,806	74.4
Sub Total		319,884,558	92,124,548	227,760,010	28.8
Programme 5: Promotion of Tourism and Markets	SP 5.1: Promotion of Local Tourism	4,750,000	2,700,800	2,049,200	56.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
	SP 5.2: Establishment and Management of County Tourism Information Centre	12,000,000		12,000,000	0.0
Sub Total		16,750,000	2,700,800	14,049,200	16.1
Department of Youth, Culture, Sports and Social Services					
Programme 1: Administration, Planning and Support Services	SP 1.2 Administration	141,734,295	57,976,749	83,757,546	40.9
	SP 1.3 Personnel services	114,639,196	1,926,468	112,712,728	1.7
	SP 1.4 Financial services	2,100,000	736,754	1,363,246	35.1
Sub Total		258,473,491	60,639,971	197,833,520	23.5
Programme 2: Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.2 Cultural development activities	17,900,000	2,089,218	15,810,782	11.7
	SP 2.3 Gender development activities	6,500,000	2,757,218	3,742,782	42.4
	SP 2.4 Promotion of responsible gaming.	1,800,000	1,350,000	450,000	75.0
	SP 2.5 Social Development activities	13,557,866	3,599,202	9,958,664	26.5
	SP 2.6 Social-Cultural Development	14,640,737	-	14,640,737	0.0
Sub Total		54,398,603	9,795,638	44,602,965	18.0
Programme 3: Management and Development of Sports, Recreation and Sports Facilities	SP 3.2 Development of Sports Infrastructure	93,000,000	24,637,786	68,362,214	26.5
	SP 3.3 Sporting Tournament	11,485,866	4,483,207	7,002,659	39.0
	SP 3.4 Sports Funding.	53,034,886	26,531,325	26,503,561	50.0
Sub Total		157,520,752	55,652,318	101,868,434	35.3
Programme 4: Youth Empowerment and Participation	SP 4.2 Youth empowerment and participation	177,868,962	5,199,600	172,669,362	2.9
	SP 4.3 Youth development	-	-	-	-
Sub Total		177,868,962	5,199,600	172,669,362	2.9
Department of Infrastructure, Roads, Public Works and Transport					
Programme 1: Administration, Planning and Support Services	SP 1.1. Administrative services.	50,976,207	17,269,194	33,707,014	33.9
	SP 1.2: Personnel services.	159,342,630	92,990,967	66,351,663	58.4
	SP 1.3: Financial Services.	-	-	-	-
Sub Total		210,318,837	110,260,161	100,058,677	52.4
Programme 2. Infrastructure, Development & Maintenance.	S.P 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	1,066,312,898	753,649,257	312,663,641	70.7
	S.P 2.2-Rehabilitation & Maintenance of Transport Terminus.	3,160,000	332,500	2,827,500	10.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
	S.P 2.3-Construction & Main- tenance of non-residential County Buildings.	13,260,000	4,564,381	8,695,619	34.4
	S.P 2.4-Installation, Rehabilita- tion & Maintenance of Light- ing facilities.	103,610,000	59,154,010	44,455,990	57.1
Sub Total		1,186,342,898	817,700,148	368,642,750	68.9
Programme 3. Fire- fighting & Disaster Management.	S.P 3.1 Firefighting and Emer- gency Services	7,660,000	4,354,242	3,305,758	56.8
Sub Total		7,660,000	4,354,242	3,305,758	56.8
Department of Environment, Water, Energy and Natural Resources					
Programme 1: Admin- istration	S.P 1.1: Administrative ser- vices	33,035,288	7,678,217	25,357,071	23.2
	S.P 1.2: Human Resource	236,363,541	142,190,006	94,173,535	60.2
Sub Total		269,398,829	149,868,223	119,530,606	55.6
Programme 2: Water and Sewerage manage- ment	SP 2.1 Provision of Water	1,071,741,665	235,990,340	835,751,325	22.0
	S.P 2.2 Provision of sewerage	35,500,000	23,669,386	11,830,614	66.7
Sub Total		1,107,241,665	259,659,726	847,581,939	23.5
Programme 3: Environ- mental Management	S.P 3:1 Pollution control	59,391,276	11,290,319	48,100,957	19.0
	S.P 3:3 Greening and Beautifi- cation	83,081,446	3,479,508	79,601,938	4.2
Sub Total		142,472,722	14,769,827	127,702,895	10.4
Department of Health Services					
Programme 1: Admin- istration and Planning	SP 1.1: Health Information System	111,970,436	1,388,176	110,582,260	1.2
	SP 1.2: Governance and Lead- ership	425,760,541	256,896,251	168,864,290	60.3
	SP 1.3: Human Resource Man- agement	194,729,016	159,386,344	35,342,672	81.9
	SP 1.4: Research and Develop- ment	2,500,000		2,500,000	0.0
	SP 1.5: Health Infrastructure and Development	29,400,000	152,040	29,247,960	0.5
Sub Total		764,359,993	417,822,811	346,537,182	54.7
Programme 2: Health Preventive and Promo- tive Services	SP 2:1: Primary Health Care	477,563,074	89,965,339	387,597,735	18.8
	SP 2.2: Environmental Health and Sanitation	3,150,000		3,150,000	0.0
	SP 2:3: Human Resource	1,510,739,524	920,216,535	590,522,989	60.9
	SP 2.4: Disease Surveillance and Emergency Response	1,997,550		1,997,550	0.0
	SP 2.5: Health Promotive	1,740,000		1,740,000	0.0
	SP 2:6: HIV Programme	2,300,000	2,262,700	37,300	98.4
	SP 2:7: Nutrition	20,000,000		20,000,000	0.0
	SP 2:8 Reproductive Health	1,750,000		1,750,000	0.0
	SP 2:9 Immunization	2,500,000		2,500,000	0.0
Sub Total		2,021,740,148	1,012,444,574	1,009,295,574	50.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 3: Health Curative and Rehabilitative Services	SP 3:1: Provision of Essential Health Services in all levels	2,222,537,135	843,505,186	1,379,031,949	38.0
	SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000		2,200,000	0.0
	SP 3:3: Human Resource	2,573,622,163	1,769,008,288	804,613,875	68.7
Sub Total		4,798,359,298	2,612,513,475	2,185,845,823	54.4
County Public Service Board					
Programme: Administration and Human Resource Planning	SP1.1 Administration services	100,471,261	50,778,699	49,692,562	50.5
	SP1.2 Financial services	2,000,000	594,000	1,406,000	29.7
	SP1.3 Human Resource Planning	4,000,000	1,500,000	2,500,000	37.5
	SP 1.4 Provision of Human Resource Planning	3,000,000	800,000	2,200,000	26.7
Sub Total		109,471,261	53,672,699	55,798,562	49.0
Nakuru Municipality					
Programme 1: Administration and Planning	SP 1.1 Administration and Planning	23,381,482	4,786,568	18,594,914	20.5
	SP 1.2 Personnel Services	16,668,432	8,381,836	8,286,596	50.3
	SP 1.3 Financial Services	600,000	100,000	500,000	16.7
Sub Total		40,649,914	13,268,405	27,381,509	32.6
Programme 2: Nakuru Municipality Urban Planning and Development	SP 2.1 Infrastructure Development and Urban Planning	841,805,592	101,430,347	740,375,245	12.0
	SP 2.2 Nakuru Municipality Environmental Management	1,500,000	850,000	650,000	56.7
	SP 2.3 Trade Markets and Investments	2,000,000	1,000,000	1,000,000	50.0
	SP 2.4 Nakuru Municipality Social Services	3,688,664	1,500,000	2,188,664	40.7
Sub Total		848,994,256	104,780,347	744,213,909	12.3
Naivasha Municipality					
Programme 1: Administration, Planning and Support Services	S.P 1.1 Administration and Planning	25,711,622	-	25,711,622	0.0
	S.P 1.2: Personnel Services	8,447,760	4,545,200	3,902,560	53.8
	S.P 1.3: Financial services	600,000	-	600,000	0.0
Sub Total		34,759,382	4,545,200	30,214,182	13.1
Programme 2: Naivasha Municipal Services	S.P 2.1 Planning and Infrastructure	474,615,032	74,855,509	399,759,523	15.8
	S.P 2.2 Environmental Management and Sanitation	900,000	-	900,000	0.0
	S.P 2.3 Naivasha Social Services	400,000	-	400,000	0.0
	S.P 2.4 Tourism, Investment and Trade	1,000,000	-	1,000,000	0.0
Sub Total		476,915,032	74,855,509	402,059,523	15.7
County Assembly					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
Procedures and Com- mittee Services	Procedures and Committee Services	1,586,607,406	838,363,223	748,244,183	52.8
Sub Total		1,586,607,406	838,363,223	748,244,183	52.8
Grand Total		23,513,986,580	8,791,698,326	14,722,288,254	37.4

Source: Nakuru County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Livestock Disease Management and Control in the Department of Agriculture, Livestock and Fisheries at 146.4 per cent, HIV Programme in the Department of Health Services at 98.4 per cent, Bursaries in the Department of Education, ICT and E-Government at 94.5 per cent and Human Resource Management in the Department of Health Services at 81.9 per cent.

3.31.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 9th May 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.2.12 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.10.66 billion. The development expenditure represented 19.9 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.2.29 billion against an annual projection of Kshs.3.38 billion, representing 67.8 per cent of the annual target
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the Funds, as shown in Table 3.181, were not submitted to the Controller of Budget.
5. Failure to submit Budget allocations for some projects and submission of the individual projects undertaken by the conditional grants.
6. High level of pending bills, which amounted to Kshs.426.56 million as of 31st March 2022.
7. Manual Payroll. Personnel emoluments amounting to Kshs.593.48 million were processed through the manual payroll and accounted for 14.8 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The budget should have explicit budget allocations for individual projects and reporting all the undertaken projects by conditional grants need to be provided.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
7. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.32 County Government of Nandi

3.32.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.97 billion, comprising Kshs.2.95 billion (32.9 per cent) and Kshs.6.02 billion (67.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.99 billion (78 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.11 million (4.3 per cent) from its own sources of revenue, and a cash balance of Kshs.989.36 million (11 per cent) from FY 2020/21. The County also expects to receive Kshs.598.21 million (6.7 per cent) as conditional grants. The grants consist of; DANIDA Kshs.11.85 million, Kenya Development Support Program (KDSP) Kshs.82.68 million, Transforming Health Systems for Universal care Project (WB) Kshs.118.90 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.297.11 million, Kenya Informal Settlement Improvement Fund (KISIP) Kshs.50 million Agricultural Sector Development Support Programme (ASDSP) kshs.23.68 million and Kshs.14 million from other loans and grants.

3.32.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.65 billion as the equitable share of the revenue raised nationally, raised Kshs.166.38 million as own-source revenue, and had a cash balance of Kshs.327.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.5.14 billion, as shown in Table 3.185.

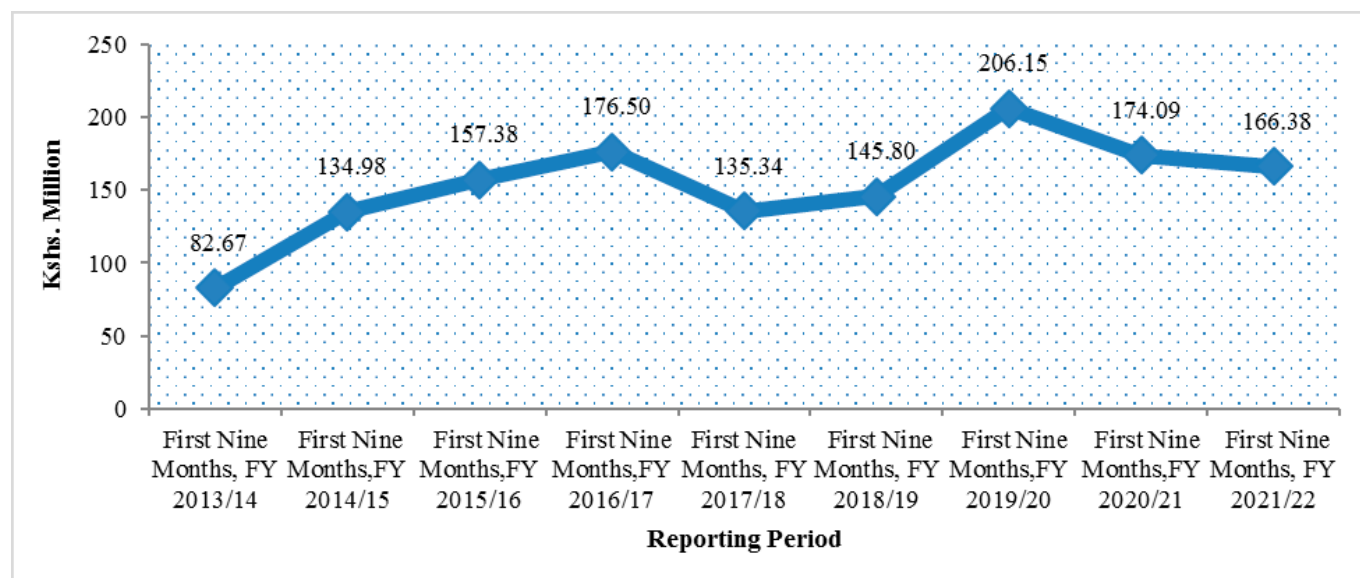
Table 3.185: Nandi County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	4,648,927,910	66.5
Sub Total				
B	Other Sources of Revenue			
1.	Own Source Revenue	387,106,430	166,381,995	43.0
2.	Conditional Grants	598,211,166	-	-
3.	Balance b/f from FY 2020/21	989,363,172	327,650,621	33.1
Sub Total		1,974,680,768	494,032,616	25.0
Grand Total		8,965,549,809	5,142,960,526	57.4

Source: Nandi County Treasury

Figure 3.63 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.63: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nandi County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.166.38 million as own-source revenue, which was 43 per cent of the annual target. This amount represented a decrease of 4.4 per cent compared to Kshs.174.09 million realised during a similar FY 2020/21.

3.32.3 Exchequer Issues

The Controller of Budget approved Kshs.4.59 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.676.48 million (14.7 per cent) for development programmes and Kshs.3.92 billion (85.3 per cent) for recurrent programmes, as shown in Table 3.188.

3.32.4 Overall Expenditure Review

The County spent Kshs.5.48 billion on development and recurrent programmes during the reporting period. This expenditure represented 119.4 per cent of the total funds released by the CoB and comprised Kshs.877.22 million and Kshs.4.61 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 29.8 per cent, while recurrent expenditure represented 76.5 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.794.31 million and comprised Kshs.254.75 million for recurrent expenditure and Kshs.539.56 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.337.99 million were paid, consisting of Kshs.137.77 million for recurrent expenditure and Kshs.200.22 million for development programmes. Outstanding pending bills amounted to Kshs.456.32 million as of 31st March 2022. This is based on self-reported pending bills by the County.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.957.49 million, out of which the County has settled bills amounting to Kshs.557.96 million, leaving a balance of Kshs.399.53 million as of 31st March 2022.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.12 billion was spent on employee compensation, Kshs.1.48 billion on operations and maintenance, and Kshs.877.22 million on development activities, as shown in Table 3.186.

Table 3.186: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,350,346,659	669,452,972	4,080,054,646	526,078,761	76.3	78.6
Compensation to Employees	3,474,491,256	361,928,343	2,814,515,636	307,273,149	81.0	84.9
Operations and Maintenance	1,875,855,403	307,524,629	1,265,539,010	218,805,612	67.5	71.2
Development Expenditure	2,880,750,178	65,000,000	856,459,399	20,759,613	29.7	31.9
Total	8,231,096,837	734,452,972	4,936,514,045	546,3838,374	60.0	74.5

Source: Nandi County Treasury

3.32.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46.4 per cent of the first nine months' proportional revenue of Kshs.6.72 billion.

Personnel emoluments amounting to Kshs.1.85 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.156.43 million. The manual payroll amounted to 7.8 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.12 billion includes Kshs.1.52 billion attributable to the health sector, which translates to 48.7 per cent of the total wage bill in the reporting period.

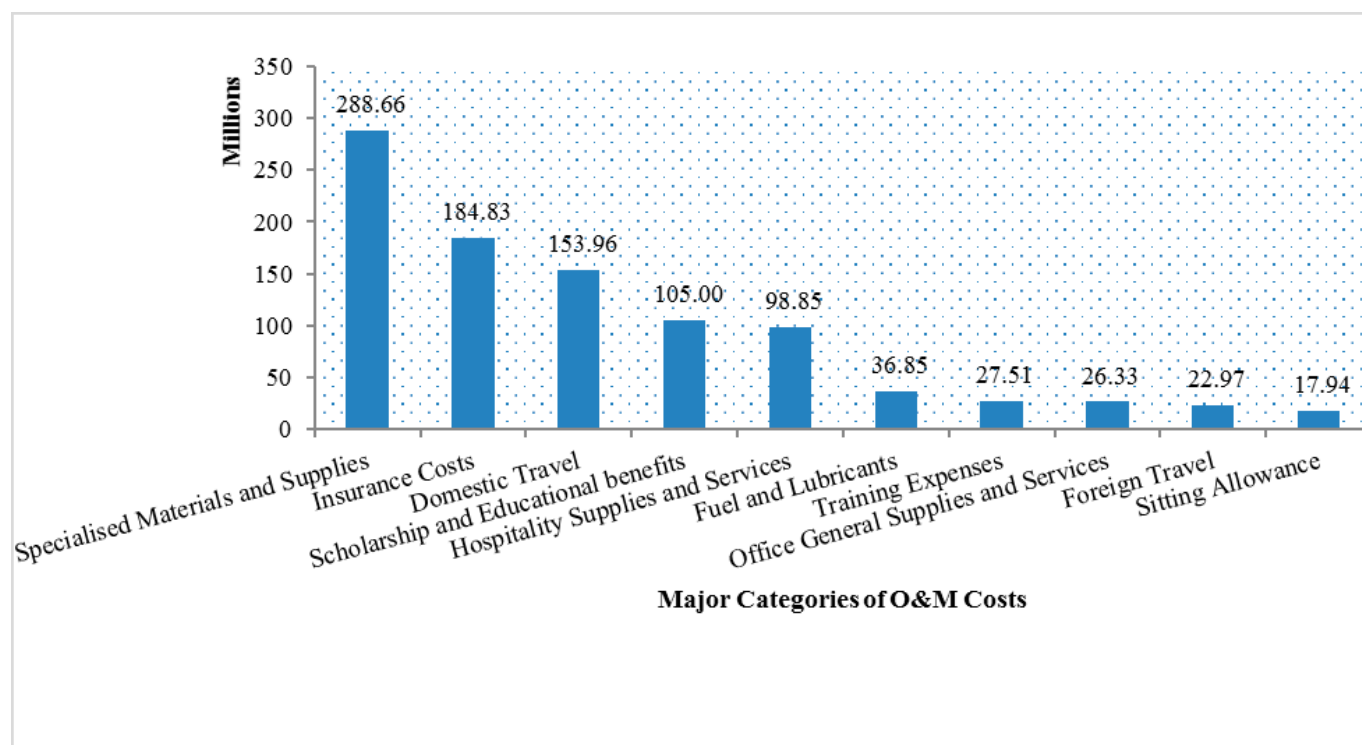
3.32.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.116 million to the Nandi County Education Fund in FY 2021/22, which constituted 1.3 per cent of the County's overall budget for the year. The Fund Administrator of the County Education Fund reported an expenditure of Kshs.64.60 million as of 31st March 2022.

3.32.9 Expenditure on Operations and Maintenance

Figure 3.64 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.64: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

The County spent Kshs.17.94 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.53.56 million. The average monthly sitting allowance was Kshs.49,837 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.153.96 million and comprised Kshs.79.99 million spent by the County Assembly and Kshs.73.97 million by the County Executive. Spending on foreign travel amounted to Kshs.22.97 million and consisted of Kshs.17.58 million by the County Assembly and Kshs.5.38 million by the County Executive.

3.32.10 Development Expenditure

The County incurred Kshs.877.22 million on development programmes, which represented a decrease of 14.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.03 billion. Table 3.187 summarises development projects with the highest expenditure in the reporting period.

Table 3.187: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Spot Improvement of Roads	Countywide	36,700,000	24,799,283	67.6
2.	Hire and Lease of Equipment and Machinery	Countywide	222,345,041	146,947,313	66.1
3.	Construction of Market Stalls	Countywide	8,325,072	5,324,863	64.0
4.	Construction of ECD Classrooms	Countywide	128,903,082	33,142,062	25.7
5.	Supply of Fuel for Road works	Countywide	60,000,000	37,901,862	63.2
6.	Supply of Vaccines and Semen	Countywide	59,292,900	26,368,522	44.5
7.	Renovation of Dispensaries	Countywide	108,239,995	36,241,235	33.5
8.	Construction of Nandi Cooperative Creameries	Kabiyet	72,650,000	21,843,879	30.1

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
9.	Construction of Kapsabet County Referral Hospital	Kapsabet	72,996,289	16,982,206	23.3
10.	Construction of Water Projects	Countywide	206,847,634	19,441,111	9.4

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 3.188 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.188: Nandi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	638.35	58.36	463.10	1.21	508.26	1.49	109.8	122.9	79.6	2.5
Finance and Economic Planning	604.89	-	413.89	-	450.14	1.83	108.8	-	74.4	-
Devolved Units and Special Programmes	80.17	539.45	41.40	13.97	42.04	12.87	101.5	92.1	52.4	6.5
Health and Sanitation	2,863.68	720.65	1,734.46	119.93	2,201.38	141.77	126.9	118.2	76.9	26.5
Agriculture, Livestock and Fisheries	272.30	37.30	197.81	58.26	224.04	85.53	113.3	146.8	82.3	11.9
Tourism, Culture and Co-operative Development	50.25	117.90	23.00	4.29	32.63	4.73	141.9	110.4	64.9	12.7
Youth, Gender and Social Services	115.28	216.88	85.20	16.19	97.97	24.11	115.0	148.9	85.0	20.4
Education Research and Vocational Training	376.03	364.45	297.00	66.70	316.25	107.35	106.5	160.9	84.1	49.5
Lands, Environment and Natural Resources	99.47	574.05	51.50	140.83	67.07	117.14	130.2	83.2	67.4	32.1
Roads Transport and Public Works	154.38	574.05	81.40	233.81	81.11	355.35	99.6	152.0	52.5	61.9
Trade and Industrial Development	52.94	54.97	37.50	910.84	35.05	4.30	93.5	472.0	66.2	7.8
Public Service and Labour	42.62	-	17.90	-	24.12	-	134.7	-	56.6	-
County Assembly	669.45	65.00	473.38	20.37	526.08	20.76	111.1	101.9	78.6	31.9
Total	6,019.80	2,945.75	3,917.53	676.48	4,606.13	877.22	117.6	129.7	76.5	29.8

Source: Nandi County Treasury

Analysis of expenditure by the departments shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 61.9 per cent, while the Department of County Executive recorded the lowest absorption rate of development budget at 2.5 per cent. The Department of Youth, Gender and Social Services had the highest percentage of recurrent expenditure to budget at 85 per cent, while the Department of Devolved Units and Special Programmes had the lowest at 52.4 per cent.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.189 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.189: Nandi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Support services	638,347,158	508,257,391	130,089,767	79.6
	Sub total	638,347,158	508,257,391	130,089,767	79.6
Physical Infrastructure	Physical Infrastructure	58,300,000	1,485,178	56,814,822	2.5
	Sub total	58,300,000	1,485,178	56,814,822	2.5
Finance and Economic Planning					
Finance and Accounting	General Administration and Support services	604,888,378	450,136,330	154,752,048	74.4
	Sub total	604,888,378	450,136,330	154,752,048	74.4
Revenue	Revenue Collection and Management	-	1,833,493	(1,833,493)	-
	Subtotal	-	1,833,493	(1,833,493)	-
Devolved Units and Special Programmes					
Sub-County Administration	Administrative & Support of Human Resources	80,165,685	42,039,105	38,126,580	52.4
	Sub total	80,165,685	42,039,105	38,126,580	52.4
Town Administration Section	Administration and Support of Human Services	196,821,516	12,867,676	183,953,840	6.5
	Sub total	196,821,516	12,867,676	183,953,840	6.5
Health and Sanitation					
Public Health and Sanitation	Health Service Delivery Administration Services	2,863,677,844	2,201,375,920	662,301,954	76.9
	Sub total	2,863,677,844	2,201,375,920	662,301,954	76.9
Curative Health Services	Physical Planning	539,446,273	141,774,485	397,671,788	26.3
	Sub total	539,446,273	141,774,485	397,671,788	26.3
Agriculture, Livestock and Fisheries					
Agriculture and Crop Production	Administration and General Support services	272,298,844	224,043,445	48,255,399	82.3
	Sub total	272,298,844	224,043,445	48,255,399	82.3
Livestock and Veterinary	Livestock Resources Management	720,645,039	85,527,815	635,117,224	11.9
	Sub total	720,645,039	85,527,815	635,117,224	11.9
Tourism, Culture and Cooperative Development					
Tourism	General Administration and Support Services	50,844,650	32,626,464	17,618,186	64.9
	Sub total	50,844,650	32,626,464	17,618,186	64.9
Culture	Development and Promotion of Culture	37,299,290	4,732,000	32,567,290	12.7
	Sub total	37,299,290	4,732,000	32,567,290	12.7
Youth, Gender and Social Services					
Youth Affairs	General Administration and Support Services	115,279,747	97,974,295	17,305,452	85.0
	Sub total	115,279,747	97,974,295	17,305,452	85.0
Sports	Sports Development	117,897,558	24,105,400	93,792,158	20.4
	Sub total	117,897,558	24,105,400	93,792,158	20.4

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Education, Research and Vocational Training					
Pre-education and Care Services	General Administration and Support Services	376,032,223	316,253,935	59,778,288	84.1
	Education	216,878,974	107,348,060	109,530,914	49.5
	Sub total	423,601,995	169,309,202	169,309,202	71.4
Lands, Environment and Natural Resources					
Natural Resources and Mining	General Administration and Support Services	99,469,652	67,068,889	32,400,763	67.4
	Sub total	99,469,652	67,068,889	32,400,763	67.4
Lands	Lands Adjudication	2,600,000	-	2,600,000	0.0
	Sub total	2,600,000	-	2,600,000	0.0
Water	Water Supply	361,847,634	117,140,032	244,707,602	32.1
	Sub total	361,847,634	117,140,032	244,707,602	32.1
Roads, Transport and Public Works					
Public Works	General Administration and Support Services	154,379,793	81,108,194	73,271,599	52.5
	Sub total	154,379,793	81,108,194	73,271,599	52.5
Roads and Infrastructure	Roads Transport	574,045,041	355,346,490	218,698,551	61.9
	Sub total	574,045,041	355,346,490	218,698,551	61.9
Trade and Industrial Development					
Markets	General Administration and Support Services	52,941,161	35,052,477	17,888,684	66.2
	Sub total	52,941,161	35,052,477	17,888,684	66.2
Industrial, SME Development	Trade Development	54,968,853	4,298,770	50,670,083	7.8
	Sub total	54,968,853	4,298,770	50,670,083	7.8
Public Service and Labour					
General Administration and Planning	Administration and Support of Human Resources	42,421,494	24,118,200	18,503,294	56.6
	Sub total	42,421,494	24,118,200	18,503,294	56.6
County Assembly					
Administrative Section	Administration and support Services	65,000,000	20,759,613	44,240,387	31.9
	Sub total	65,000,000	20,759,613	44,240,387	31.9
County Assembly Service Board	County Assembly Service Board	669,452,972	526,078,761	143,374,211	78.6
	Sub total	669,452,972	526,078,761	143,374,211	78.6
Grand Total		8,965,549,809	5,483,352,418	3,482,197,391	61.2

Source: Nandi County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Youth affairs in the Department of Youth, Gender and Social Services at 85 per cent, Pre-education and Care Services in the Department of Education, Research and Vocational Training at 84.1 per cent, Agriculture and Crop Production in the Department of Agriculture, Livestock and Fisheries at 82.3 per cent, and General Administration and Planning at 79.6 per cent of budget allocation.

3.32.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.877.22 million in the first nine

months of FY 2021/22 from the annual development budget allocation of Kshs.2.95 billion. The development expenditure represented 29.8 per cent of the annual development budget.

2. A high wage bill, which accounted for 46.4 per cent of the first nine months' proportional revenue of Kshs.6.72 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.166.38 million against an annual projection of Kshs.387.11 million, representing 43 per cent of the annual target.
4. Weak budgeting practice by the County Treasury as shown in Table 3.188, where the County incurred expenditure above/over approved exchequer issues.
5. Manual payroll. During the period, a wage bill amounting to Kshs.156.43 million was processed manually, which is against the Government policy as it is prone to misuse. The manual payroll amounted to 7.8 per cent of the total PE costs.
6. High level of pending bills which amounted to Kshs.557.96 million as of 31st March 2022. This is based on the eligible pending bills reported by the OAG.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.33 County Government of Narok

3.33.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.12.86 billion, comprising Kshs.4.24 billion (33.0 per cent) and Kshs.8.61 billion (67.0 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.84 billion (68.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.86 billion (14.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.35 billion (10.5 per cent) from FY 2020/21. The County also expects to receive Kshs.799.26 million (6.2 per cent) as conditional grants.

3.33.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.88 billion as the equitable share of the revenue raised nationally, raised Kshs.975.12 million as own-source revenue, and had a cash balance of Kshs.1.35 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.21 billion, as shown in Table 3.190.

Table 3.190: Narok County, Revenue Performance in the First Nine Months of FY 2021/22

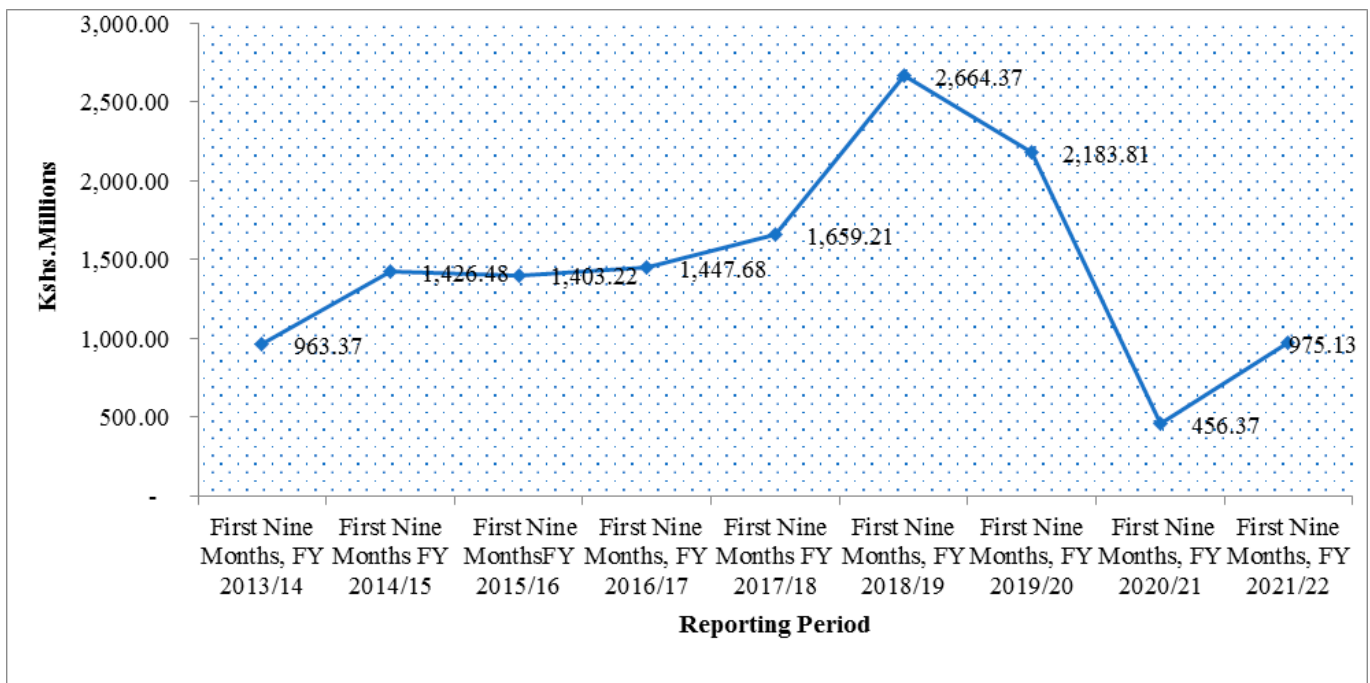
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	5,881,784,990	66.5

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		8,844,790,000	5,881,784,990	65.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,869,402,102	975,125,169	52.2
2.	Conditional Grants	799,265,988	0.0	0.0
3.	Balance b/f from FY 2020/21	1,353,634,985	1,353,634,985	100.0
Sub Total		4,022,303,075	2,328,760,155	57.9
Grand Total		12,867,093,075	8,210,545,145	63.8

Source: Narok County Treasury

Figure 3.65 the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.65: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Narok County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.975.12 million as own-source revenue and was 52.2 per cent of the annual target. This amount represented an increase of 113.7 per cent compared to Kshs.456.37 million realised during a similar period in FY 2020/21.

3.33.3 Exchequer Issues

The Controller of Budget approved Kshs.6.85 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.502.12 million (7.3 per cent) for development programmes and Kshs.6.35 billion (92.7 per cent) for recurrent programmes as shown in Table 3.194.

3.33.4 Overall Expenditure Review

The County spent Kshs.6.85 billion on development and recurrent programmes during the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB and comprised of Kshs.501.22 million and Kshs.6.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.8 per cent while recurrent expenditure represented 73.7 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The Auditor General reported that eligible pending bills as of 30th June, 2020 was Kshs.901.33 million for the County Executives out of which bills amounting to Kshs.216.68 million have been paid leaving a balance of Kshs.684.65 million as at 31st March, 2022. The ineligible pending bills amounted to Kshs.944.69 million as of 30th June, 2020.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.17 billion was spent on employee compensation, Kshs.3.18 billion on operations and maintenance, and Kshs.501.22 million on development activities, as shown in Table 3.191.

Table 3.191: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,849,688,139	769,710,518	5,816,717,253	532,068,735	0.7	0.7
Compensation to Employees	3,318,267,602	445,329,162	2,839,372,513	329,768,701	85.6	74.1
Operations and Maintenance	4,531,420,537	324,381,356	2,977,344,740	202,300,034	65.7	62.4
Development Expenditure	4,177,700,935	70,693,482	501,221,012	-	12	0
Total	12,027,389,074	840,404,000	6,317,938,265	532,068,735	52.5	0.6

Source: Narok County Treasury

3.33.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.8 per cent of the first nine months proportional revenue of Kshs. 9.65 billion.

Personnel emoluments amounting to Kshs.2.58 billion were processed through the IPPD system while those paid through manual payroll was Kshs.224.76 million. The manual payroll amounted to 8 per cent of the total P.E costs. The Government policy is that salaries should be processed through the IPPD system and the County is advised to fast-track acquisition of personal numbers for their staff.

The wage bill of Kshs. 3.17 billion includes Kshs.942.5 million attributable to the health sector which translates to 30 per cent of the total wage bill in the reporting period.

3.33.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs. 495.56 million to county established funds in FY 2021/22, which constituted 3.9 per cent of the County's overall budget for the year. Table 3.192 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.192: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Maasai Mara Community Support Fund	200,460,764	-	41,995,623	-		NO
2.	Bursary	260,094,929		124,417,000	-		NO
3.	Narok County Assembly staff Loan	-	1,000,000	-	-		NO
4.	Narok County Alcohol Drinks (Regulation)	5,000,000	-	-	-		NO
5.	Narok and Kajiado Economic Block	30,000,000	-	22,816,741	-		NO
Total		495,555,693	1,000,000	189,229,364	-		

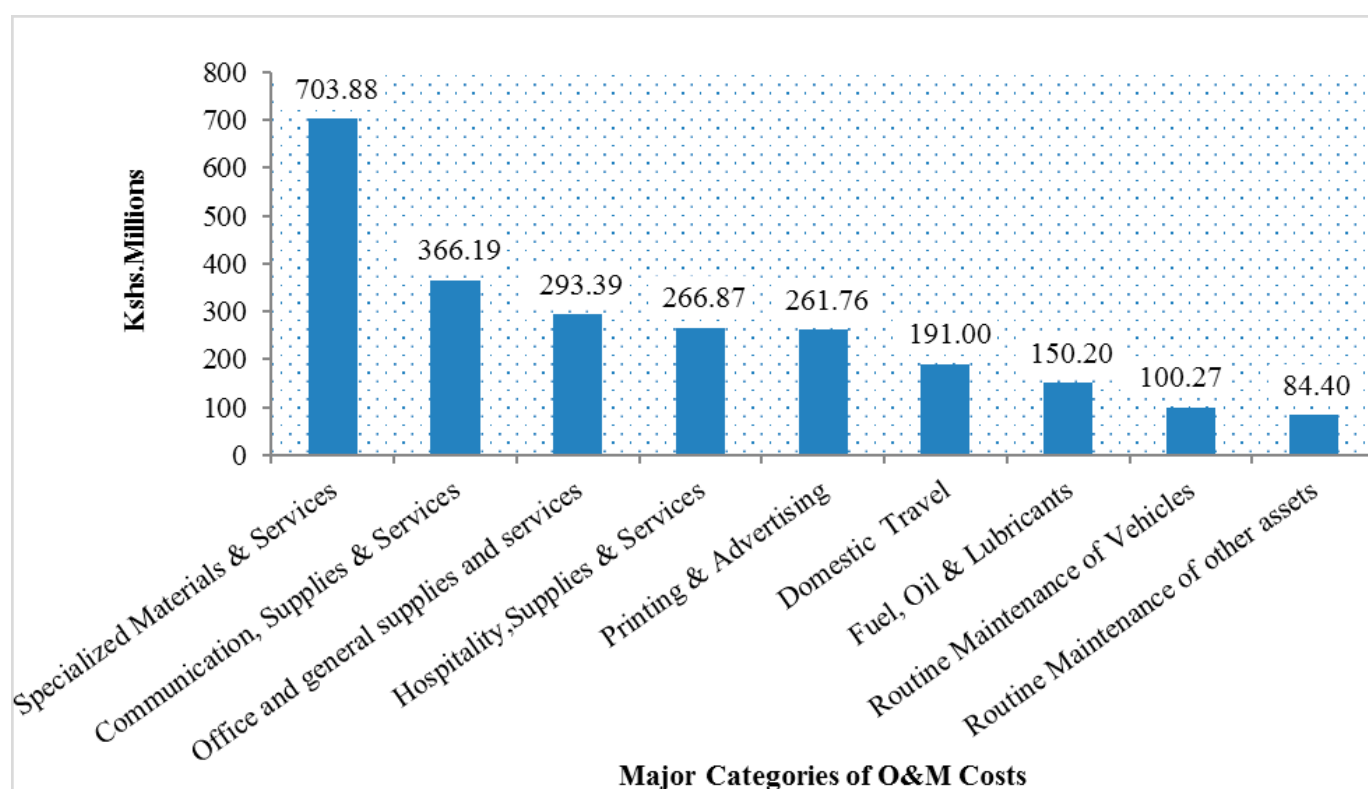
Source: Narok County Treasury

The OCoB did not receive any quarterly financial returns from administrators for the above funds as indicated in Table 3.192. This is contrary to Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 3.66 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.66: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: :Narok County Treasury

The County spent Kshs.23.25 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.57.61 million. The average monthly sitting allowance was Kshs.53,820 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 17 committees.

During the period, expenditure on domestic travel amounted to Kshs.191 million and comprised of Kshs.92.46 million spent by the County Assembly and Kshs.98.55 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.23 million and comprised of nil million by the County Assembly and Kshs.13.23 million by the County Executive.

3.33.10 Development Expenditure

The County incurred Kshs.501.22 million on development programmes, which represented a decrease of 45.18 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.727.69 million. Table 3.193 summarises development projects with the highest expenditure in the reporting period.

Table 3.193: Narok County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of new narok referral hospital block	Health and Sanitation	Narok Town Ward	558,795,432	164,733,198	29
2	Construction of schools	Education, Youth affairs, Sport Culture and social services	Countywide	94,838,850	94,838,852	100
3	Construction of a new narok medical school	Health and Sanitation	Narok Town Ward	288,850,043	90,911,502	31
4	Construction of covid-19 isolation centre at ololulunga	Health and Sanitation	Ololulunga Ward	95,817,258	23,178,210	24
5	Construction of Emurua Dikirr Health Center	Health and Sanitation	Ilkerin ward	128,295,605	19,621,569	15
6	construction of lolgorian market	Trade & Industrialization	Lolgorian ward	13,193,724	13,193,724	100
7	Construction of new Mortuary block	Health and Sanitation	Narok Town Ward	8,975,798	8,975,798	100
8	Construction of Nairagie Enkare Market	Health and Sanitation	Keekonyokie	42,624,000	8,637,407	20
9	Construction of new Health centre at eor-ekule	Health and Sanitation	Ildamat	23,950,000	6,193,534	26
10	Construction of Roads-Olkiu-Enkori-ka-Mashangwa	Roads, County Transport Public Works and infrastructure	Angata Barigo Ward	8,776,404	3,000,000	34

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 3.194 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.194: Narok County, Budget Performance by Department

Department	Budget Allocation (Kshs Million.)		Exchequer Issues (Kshs Million.)		Expenditure (Kshs Million.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County assembly	769.51	70.69	532.07	-	532.07	-	100.0	0.0	69.1	0.0
Office of the Governor and Deputy Governor	137.45	-	88.58	-	88.58	-	100.0	0.0	64.4	0.0

Department	Budget Allocation (Kshs Million.)		Exchequer Issues (Kshs Million.)		Expenditure (Kshs Million.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Treasury, Economic Planning & ICT	766.84	257.66	558.95	-	558.95	-	100.0	0.0	72.9	0.0
Roads, County Transport Public Works and Infrastructure	642.67	654.98	551.01	73.35	551.01	73.15	100.0	99.7	85.7	11.2
Education, Youth affairs, Sport Culture and social services	1,374.08	151.65	875.17	-	875.17	-	100.0	0.0	63.7	0.0
Environment & Natural resources	219.49	140.74	166.89	-	166.89	-	100.0	0.0	76.0	0.0
County public service Board	77.01	-	54.98	-	54.98	-	100.0	0.0	71.4	0.0
Agriculture, Livestock and Fisheries	267.01	497.01	175.95	-	175.95	-	100.0	0.0	65.9	0.0
Health and Sanitation	2,297.96	1,936.00	1,795.72	380.20	1,795.68	379.81	100.0	99.9	78.1	19.6
Lands, Housing, Physical planning & Urban development	301.47	224.53	246.64	13.44	246.64	13.24	100.0	98.5	81.8	5.9
Tourism & Wildlife	380.61	62.50	305.00	-	305.00	-	100.0	0.0	80.1	0.0
County administrative and public service management	1,285.19	172.08	928.52	-	928.52	-	100.0	0.0	72.2	0.0
Trade & Industrialization	99.41	80.55	69.33	35.12	69.33	35.02	100.0	99.7	69.7	43.5
TOTAL	8,618.70	4,248.39	6,348.82	502.11	6,348.79	501.22	100.0	99.8	73.7	11.8

Source: Narok County Treasury

Analysis of expenditure by the departments shows that the Department of Trade and Industrialisation recorded the highest absorption rate of development budget at 43 per cent while the Department of Treasury, Education, Agriculture and Tourism did not report any expenditure on development activities. The Department of Road and Public works had the highest percentage of recurrent expenditure to budget at 85.7 per cent while the Department of Office of the Governor and Education, Youth affairs, sport and Social Culture and Social Services had the lowest at 64.4 per cent respectively.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.195 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.195: Narok County, Budget Execution by Programmes and Sub-programmes

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kssh)	Variance (Kshs.)	Absorption (%)
Default Value (Non- Departmental)	-	-	-	-
Economic Policy and County Planning	-	-	-	-
General Administration, Planning and Support Services	-	-	-	-
Default - Non Programmatic	-	-	-	-
Environment Management and Protection	-	-	-	-
Preventive & Promotive Health Services	-	-	-	-
General Administration, Planning & Support Services	-	-	-	-
Revenue Management	-	-	-	-

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kssh)	Variance (Kshs.)	Absorption (%)
General Administration, Planning & Support Services	-	-	-	-
County Assembly Headquarters	301,902,712	221,174,958	80,727,754	73.3
Legislation and Representation	301,902,712	221,174,958	80,727,754	73.3
General Administration, Planning and Support Services	-	-	-	-
Office of the Speaker	13,460,000	12,727,160	732,840	94.6
Legislation and Representation	13,460,000	12,727,160	732,840	94.6
County Assembly Administration	325,118,836	291,269,404	33,849,432	89.6
General Administration, Planning and Support Services	325,118,836	291,269,404	33,849,432	89.6
County Legislature	8,700,000	7,329,355	1,370,645	84.2
Legislation and Representation	8,700,000	7,329,355	1,370,645	84.2
Finance Management Services	14,610,000	13,744,930	865,070	94.1
General Administration, Planning and Support Services	14,610,000	13,744,930	865,070	94.1
Public Finance Management	-	-	-	-
Policy And Research	6,600,544	4,970,770	1,629,774	75.3
Legislation and Representation	6,600,544	4,970,770	1,629,774	75.3
Administrative Services	71,916,800	68,221,525	3,695,275	94.9
General Administration, Planning and Support Services	71,916,800	68,221,525	3,695,275	94.9
County Assembly Service Board	22,000,000	19,533,150	2,466,850	88.8
Legislation and Representation	22,000,000	19,533,150	2,466,850	88.8
Procedure And Committee Services	75,895,108	75,895,108	-	100.0
General Administration, Planning and Support Services	75,895,108	75,895,108	-	100.0
County Executive	137,450,000	123,892,900	13,557,100	90.1
General Administration, Planning and Support Services	137,450,000	123,892,900	13,557,100	90.1
	-	-	-	-
County Executive Administration	-	-	-	-
	-	-	-	-
General Administration, Planning and Support Services	-	-	-	-
County Public Service Management	-	-	-	-
General Administration, Planning and Support Services	-	-	-	-
Internal Audit	-	-	-	-
	-	-	-	-
Finance & Economic Planning	20,623,554	17,468,887	3,154,667	84.7
Economic Policy and County Planning	20,623,554	17,468,887	3,154,667	84.7
Public Finance Management	-	-	-	-
Procurement	84,999,720	55,021,302	29,978,418	64.7
Public Finance Management	84,999,720	55,021,302	29,978,418	64.7
Revenue Management Services	208,715,451	162,045,782	46,669,669	77.6
Public Finance Management	208,715,451	162,045,782	46,669,669	77.6
County Treasury	550,098,744	342,207,461	207,891,283	62.2
Economic Policy and County Planning	550,098,744	342,207,461	207,891,283	62.2
Public Finance Management	-	-	-	-
Accounting Services	22,239,191	1,609,115	20,630,076	7.2
Public Finance Management	22,239,191	1,609,115	20,630,076	7.2

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kssh)	Variance (Kshs.)	Absorption (%)
Budget Formulation, Coordination and Management	46,143,544	3,668,034	42,475,510	7.9
Public Finance Management	46,143,544	3,668,034	42,475,510	7.9
Internal Audit	47,501,395	1,204,000	46,297,395	2.5
Public Finance Management	47,501,395	1,204,000	46,297,395	2.5
	44,178,615	3,041,830	41,136,785	6.9
ICT Services	44,178,615	3,041,830	41,136,785	6.9
Public Works And Infrastructure	729,313,235	338,263,217	391,050,018	46.4
Roads Transport and Public Works	729,313,235	338,263,217	391,050,018	46.4
ICT Services	-	-	-	-
Urban Mobility and Transport	-	-	-	-
Roads And Transport	84,556,370	74,406,496	10,149,874	88.0
ICT Services	-	-	-	-
Roads Transport and Public Works	84,556,370	74,406,496	10,149,874	88.0
	483,781,527	32,000,000	451,781,527	6.6
Roads Transport and Public Works	483,781,527	32,000,000	451,781,527	6.6
Education	1,328,713,661	879,350,000	449,363,661	66.2
Manpower Development, Employment and Productivity Management	1,328,713,661	879,350,000	449,363,661	66.2
Social Development and Children Services	-	-	-	-
General Administration and policy formulation	-	-	-	-
Gender and Youth Affairs	78,858,815	64,402,148	14,456,667	81.7
Social Development and Children Services	78,858,815	64,402,148	14,456,667	81.7
Vocational Education and Training	85,864,723	923,200	84,941,523	1.1
Social Development and Children Services	85,864,723	923,200	84,941,523	1.1
Sports	-	-	-	-
Social Development and Children Services	-	-	-	-
Arts, Culture and Heritage	14,360,027	1,191,488	13,168,539	8.3
Social Development and Children Services	14,360,027	1,191,488	13,168,539	8.3
Social services and Recreation	17,933,336	5,960,000	11,973,336	33.2
Social Development and Children Services	17,933,336	5,960,000	11,973,336	33.2
Environment Protection, Energy, Water& Natural Resources	360,226,420	2,570,693	357,655,727	0.7
Environment Management and Protection	360,226,420	2,570,693	357,655,727	0.7
	-	-	-	-
County Public Service Board	77,013,566	75,480,875	1,532,691	98.0
	-	-	-	-
General Administration, Planning and Support Services	77,013,566	75,480,875	1,532,691	98.0
Crop Production	570,830,178	461,656,400	109,173,778	80.9
Crop Development and management	570,830,178	461,656,400	109,173,778	80.9
	-	-	-	-
Livestock Resources management and development	-	-	-	-
Livestock Production	133,067,276	90,314,599	42,752,677	67.9
	-	-	-	-
Livestock Resources management and development	63,720,974	43,578,919	20,142,055	68.4

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kssh)	Variance (Kshs.)	Absorption (%)
Crop Development and management	69,346,302	46,735,680	22,610,622	67.4
Fisheries	20,558,456	-	20,558,456	-
	-	-	-	-
Fisheries development and management	20,558,456	-	20,558,456	-
Veterinary Services	39,559,542	23,657,891	15,901,651	59.8
	-	-	-	-
Livestock Resources management and development	39,559,542	23,657,891	15,901,651	59.8
Health- Medical Services	3,886,131,922	2,083,987,553	1,802,144,369	53.6
General Administration, Planning & Support Services	1,950,132,854	1,516,545,967	433,586,887	77.8
Preventive & Promotive Health Services	1,935,999,068	567,441,586	1,368,557,482	29.3
Public Health	347,824,451	118,519,199	229,305,252	34.1
Curative Health Services	347,824,451	118,519,199	229,305,252	34.1
Land, Housing & Survey	48,093,691	6,529,000	41,564,691	13.6
Urban Mobility and Transport	-	-	-	-
Crop Development and management	-	-	-	-
Land Policy and Planning	48,093,691	6,529,000	41,564,691	13.6
Housing Development and Human Settlement	-	-	-	-
General administration, planning and support services	-	-	-	-
Town Management	354,836,878	107,615,818	247,221,060	30.3
Land Policy and Planning	-	-	-	-
Urban Mobility and Transport	354,836,878	107,615,818	247,221,060	30.3
Physical Planning	123,070,280	90,000,000	33,070,280	73.1
Housing Development and Human Settlement	123,070,280	90,000,000	33,070,280	73.1
ICT & E-Government	-	-	-	-
	-	-	-	-
ICT Services	-	-	-	-
Tourism	443,107,293	15,273,200	427,834,093	3.4
	-	-	-	-
Tourism Development and Promotion	443,107,293	15,273,200	427,834,093	3.4
Wildlife	-	-	-	-
	-	-	-	-
General Administration and Support Services	-	-	-	-
Trade & Industry	-	-	-	-
Wildlife Conservation and Security	-	-	-	-
General Administration and Support Services	-	-	-	-
Cooperatives	-	-	-	-
General Administration and Support Services	-	-	-	-
	-	-	-	-
General Administration and Support Services	-	-	-	-
	684,024,906	557,268,525	126,756,381	81.5
General Administration, Planning and Support Services	511,944,906	400,268,525	111,676,381	78.2
Legislation and Representation	172,080,000	157,000,000	15,080,000	91.2
	363,912,872	93,239,026	270,673,846	25.6

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kssh)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services	363,912,872	93,239,026	270,673,846	25.6
	409,337,081	302,372,000	106,965,081	73.9
General Administration, Planning and Support Services	409,337,081	302,372,000	106,965,081	73.9
	172,531,708	-	172,531,708	-
General Administration and Support Services	172,531,708	-	172,531,708	-
	5,753,770	-	5,753,770	-
General Administration and Support Services	5,753,770	-	5,753,770	-
	1,676,878	-	1,676,878	-
General Administration and Support Services	1,676,878	-	1,676,878	-
County Assembly	-	-	-	-
Preventive & Promotive Health Services	-	-	-	-
Grand Total	12,867,093,076	6,850,007,000	6,017,086,076	53.2

Source: Narok County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Procedure and Committee Services in the Department of County Assembly service board at 100 per cent, General Administration, planning and Support Services in the Department of County public service board at 98 per cent, Legislation and Representation in the Department of County Assembly at 95 per cent, and General Administration, Planning and Support Services at 95 per cent of budget allocation.

3.33.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 20th April 2022 while it was expected on 15th April, 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.501.22 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.24 billion. The development expenditure represented 11.8 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.975.03 million against an annual projection of Kshs.1.87 billion, representing 52.2 per cent of the annual target.
4. Manual Payroll. Personnel emoluments amounting to Kshs.224.76 million were processed through the manual payroll and accounted to 8 per cent of the total P.E costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is lack of proper controls.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012 as shown Table 3.192.
6. High level of pending bills which amounted to Kshs.684.65 million as of 31st March, 2022 as per the OAG special report on pending bills.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The Government policy is that salaries should be processed through the IPPD system and the County is advised to*

fast-track acquisition of personal numbers for their staff.

5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.83 billion, comprising Kshs.2.05 billion (30.0 per cent) and Kshs.4.78 billion (70.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (75.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.295.00 million (4.3 per cent) from its own sources of revenue, and a cash balance of Kshs.838.91 million (12.3 per cent) from FY 2020/21. The County also expects to receive Kshs.563.37 million (8.2 per cent) as conditional grants, consisting of a World Bank loan – National Agriculture Rural Inclusive Growth Project Kshs.275.42 million, World Bank Grant – Transforming Health Sector Universal Coverage Kshs.90.23 million, DANIDA Kshs.10.67 million, Agricultural Sector Development Support Program Kshs.24.25million, Kenya Devolution Support Program II Kshs.112.82, Kenya Informal Settlement Improvement 2 Kshs.50.0 million.

3.34.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.98 billion as the equitable share of the revenue raised nationally, raised Kshs.132.44 million as own-source revenue, and had a cash balance of Kshs.838.91 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.3.95 billion, as shown in Table 3.196.

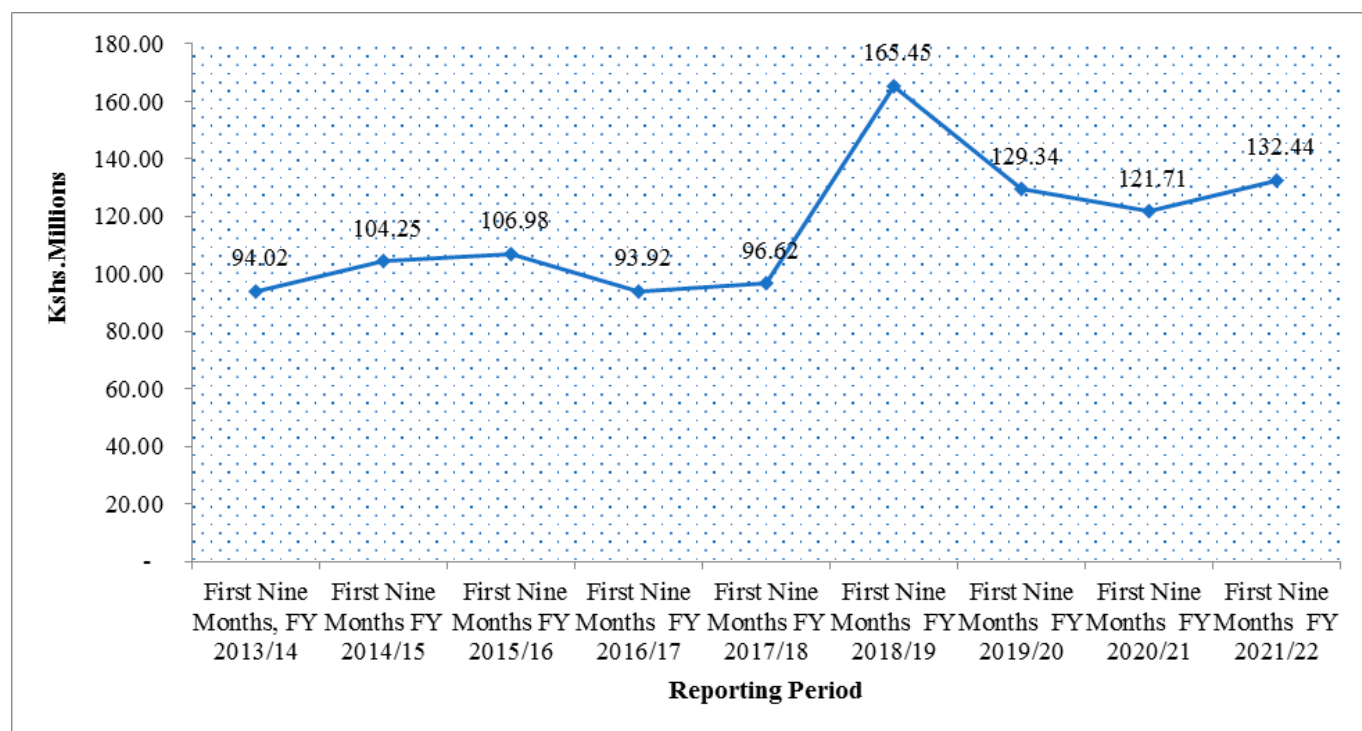
Table 3.196: Nyamira County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,135,340,036	2,978,497,221	58.0
	Sub Total	5,135,340,036	2,978,497,221	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	295,000,000	132,440,468	44.9
2.	Conditional Grants	563,367,518	0.0	0.0
3.	Balance b/f from FY 2020/21	838,910,105	838,910,105	100.0
	Sub Total	1,697,277,623	971,350,573	57.2
	Grand Total	6,832,617,659	3,949,847,794	57.8

Source: Nyamira County Treasury

Figure 3.67 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.67: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nyamira County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.132.44 million as own-source revenue, which was 44.9 per cent of the annual target. This amount represented an increase of 8.8 per cent compared to Kshs.121.71 million realised during a similar period of FY 2020/21.

3.34.3 Exchequer Issues

The Controller of Budget approved Kshs.3.45 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.581.93 million (16.9 per cent) for development programmes and Kshs.2.87 billion (83.1per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

The County spent Kshs.4.19 billion on development and recurrent programmes during the reporting period. This expenditure represented 121.4 per cent of the total funds released by the CoB and comprised Kshs.713.76 million and Kshs.3.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 34.8 per cent, while recurrent expenditure represented 72.2 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.344.55 million and comprised Kshs.121.35 million for recurrent expenditure and Kshs.223.22 million for development expenditure. At the beginning of the FY 2021/22, the County prepared a payment plan to settle the entire bills in eight months of the financial year.

During the period under review, pending bills amounting to Kshs.197.03 million were settled, consisting of Kshs.56.51 million for recurrent expenditure and Kshs.140.52 million for development programmes. Outstanding pending bills amounted to Kshs.147.52 million as of 31st March 2022.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.54 billion was spent on employee compensation, Kshs.931.67 million on operations and maintenance, and Kshs.713.76 million on development activities, as shown in Table 3.197.

Table 3.197: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,166,387,927	612,444,433	3,029,103,419	446,089,954	72.7	72.8
Compensation to Employees	2,907,319,654	362,839,306	2,279,887,022	263,631,298	78.4	72.7
Operations and Maintenance	1,259,068,273	249,605,127	749,216,397	182,458,656	59.5	73.1
Development Expenditure	1,898,785,299	155,000,000	625,499,560	88,257,844	32.9	56.9
Total	6,065,173,226	767,444,433	3,654,602,979	534,347,798	60.3	69.6

Source: Nyamira County Treasury

3.34.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 49.6 per cent of the first nine months proportional revenue of Kshs.4.12 billion.

The wage bill of Kshs.2.54 billion includes Kshs.1.03 billion attributable to the health sector, which translates to 40.6 per cent of the total wage bill in the reporting period.

3.34.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.164.71 million to county established funds in FY 2021/22, which constituted 2.4 per cent of the County's overall budget for the year. Table 3.198 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.198: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Bursary Fund	99,706,801	N/A	No
2.	Car Loan & Mortgage – County Assembly	15,000,000	N/A	No.
3.	Emergency Fund	30,000,000	N/A	No.
4.	Trade Fund	20,000,000	N/A	No.
Total		164,706,801		

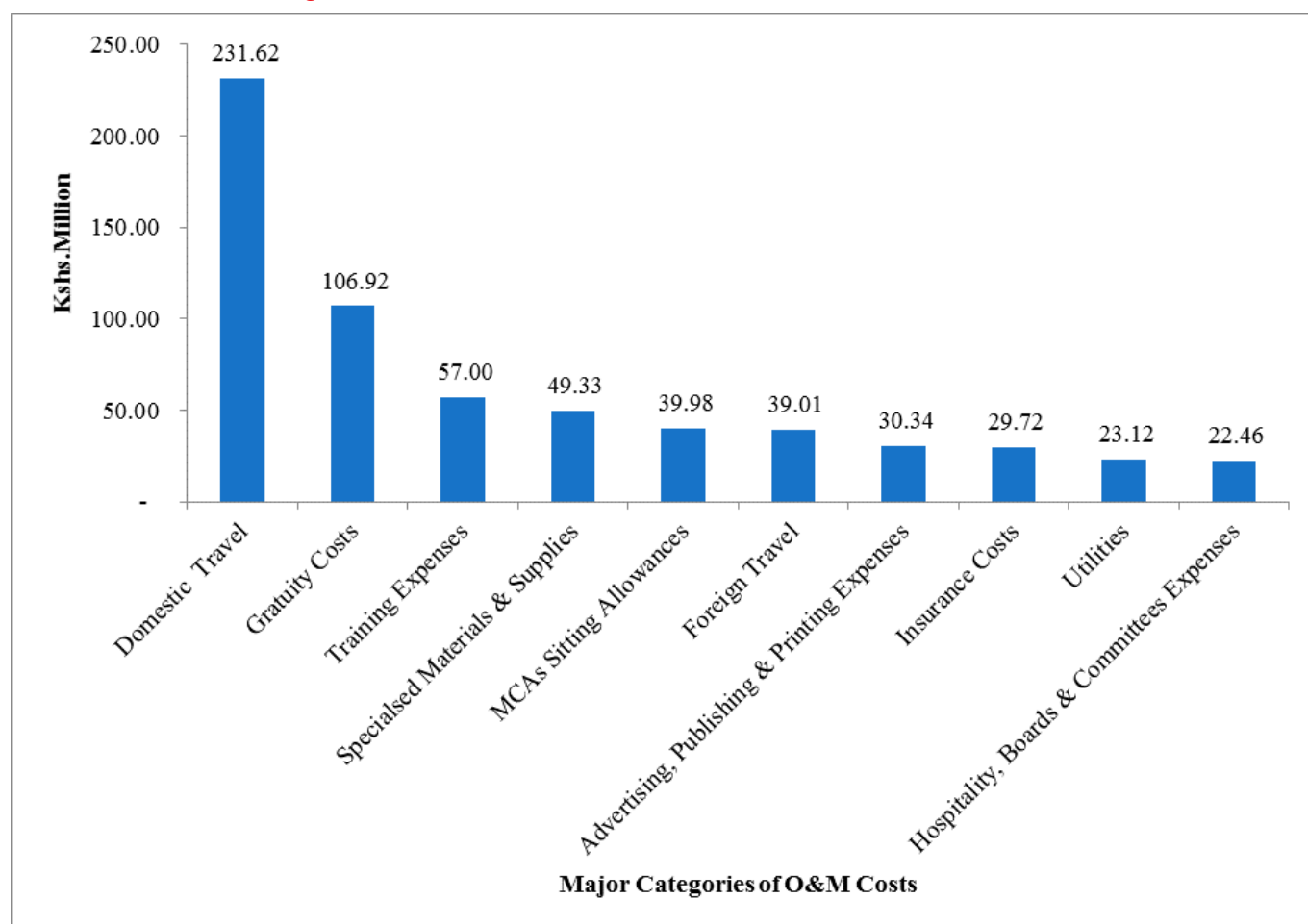
Source: Nyamira County Treasury

The OCoB did not receive quarterly financial returns from the Fund Administrators of funds, as indicated in Table 3.198.

3.34.9 Expenditure on Operations and Maintenance

Figure 3.68 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.68: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

The County spent Kshs.39.98 million on committee sitting allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.55.89 million. The average monthly sitting allowance was Kshs.120,054 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.231.62 million and comprised Kshs.108.17 million spent by the County Assembly and Kshs.123.45 million by the County Executive. Spending on foreign travel amounted to Kshs.39.01 million and consisted of Kshs.3.02 million by the County Assembly and Kshs.35.99 million by the County Executive.

3.34.10 Development Expenditure

The County incurred Kshs.713.76 million on development programmes, which represented a decrease of 14.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.837.67 million. Table 3.199 summarises development projects with the highest expenditure in the reporting period.

Table 3.199: Nyamira County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Proposed construction and completion of county headquarter	Nyamira South	382,970,401	30,053,255	7.8
2.	Construction and completion of ECDE classroom at Emboye Pri School	Kiabonyoru	3,519,788	1,726,048	49.0
3.	Construction and completion of ECDE classroom at Itongo Sengera pri school	Rigoma	3,602,150	1,375,504	38.2

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
4.	Construction and completion of workshop classroom at Bigege vocational training	Bosamaro	1,624,846	1,624,846	100.0
5.	Construction of culverts and drainage works within Gachuba ward	Gachuba	1,338,092	1,338,092	100.0
6.	Construction and completion of culverts and drainage works in various roads location	Nyansiongo	2,282,762	2,282,762	100.0
7.	Proposed construction and completion of Ribaita OPD Block with 2 no Door pits latrine	Esise	1,892,858	1,892,858	100.0
8.	Proposed construction and completion of Bobaracho OPD health facility	Manga	3,999,947	3,999,947	100.0
9.	Proposed drilling, casing and pump house of Obwari Borehole in Ekerenyo ward	Ekerenyo	3,999,999	3,999,999	100.0
10.	Proposed construction of Kiabonyoru Water supply	Kiabonyoru	3,763,349	3,763,349	100.0

Source: Nyamira County Treasury

3.34.11 Budget Performance by Department

Table 3.200 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.200: Nyamira County, Budget Performance by Department.

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	612.44	155.00	417.74	61.98	446.09	2,961.54	106.8	4778.2	72.8	39.9
County Executive	452.16	0.00	289.93	0.00	330.55	0.00	114.0	0.0	73.1	0.00
Finance, ICT & Economic planning	422.06	199.44	204.70	116.78	301.04	0.00	147.0	0.0	71.3	0.00
Agriculture & Livestock	166.65	313.58	111.12	37.45	130.09	54.37	117.1	145.2	78.1	17.3
Environment and Energy	98.62	146.40	62.63	41.50	73.85	50.89	117.9	122.6	74.9	34.8
Education & Vocational Training	481.83	15.13	248.23	40.84	410.61	36.80	165.4	90.1	85.2	243.2
Health Services	1,778.99	520.14	1,020.75	123.13	1,209.15	280.60	118.5	221.9	68.0	53.9
Lands, Housing & Urban Development	80.35	142.44	48.63	47.66	62.88	31.59	129.3	66.2	78.3	22.2
Roads, Transport & Public Works	126.31	259.40	95.92	74.69	84.16	124.83	87.7	167.1	66.6	48.1
Trade, Tourism, Industrialisation	38.66	54.65	19.95	10.25	28.57	21.64	143.2	211.1	73.9	39.6
Youths, Sports, Gender & Culture	56.87	54.14	31.36	27.63	39.60	21.99	126.3	79.6	69.6	40.6
County Public Service Board	66.11	0.00	44.58	0.00	45.31	0.00	101.6	0.00	68.5	0.0
Public Service Management	350.57	30.00	243.36	0.00	280.53	0.00	115.3	0.0	80.0	0.0
Nyamira Municipality	47.20	163.46	33.38	0.00	32.77	0.00	98.2	0.0	69.4	0.0
Total	4,778.83	2,053.79	2,872.26	581.93	3,475.19	713.76	121.0	122.6	72.7	34.8

Source: Nyamira County Treasury

Analysis of expenditure by the departments shows that the Department of Education & Vocational training recorded the highest absorption rate of development budget at 243.3 per cent, while the Departments of Finance

& Economic Planning, Public service management, and Nyamira municipality did not report any expenditure on development activities. The Department of Education & vocational training had the highest percentage of recurrent expenditure to budget at 85.2 per cent, while the Department of Roads, transport & public works had the lowest at 66.6 per cent.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 3.201 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.201: Nyamira County, Budget Execution by Programmes and Sub-programmes

	Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Sub total		487,337,200	327,930,200	159,406,999	67.3
010100	Policy planning, general administration	332,337,200	239,672,356	92,664,843	72.1
070900	Legislation and representation services	155,000,000	88,257,844	66,742,155	31.9
Sub total		280,107,233	206,417,597	73,689,635	56.9
070800	Committee management services	33,395,023	33,136,795	258,228	99.2
070900	Legislation and representation services	246,712,210	173,280,802	73,431,407	29.8
Department of County executive					
070100	General administration and support services	379,649,855	285,716,236	93,933,618	75.3
Subtotal		379,649,855	285,716,236	93,933,618	75.3
070100	General administration and support services	18,489,700	14,092,868	4,396,831	76.2
070600	Governance and coordination services	54,022,770	30,738,978	23,283,792	56.9
Subtotal		72,512,470	44,831,846	27,680,623	61.8
Department of Finance and economic planning					
050400	ICT Services	3,000,000	2,509,229	490,771	83.6
070100	General administration and support services	255,486,995	211,810,698	43,676,296	82.9
070500	Resource mobilization	15,254,660	9,386,020	5,868,640	61.5
Sub total		273,741,655	223,705,947	50,035,707	81.7
050400	ICT Services	12,657,902	1,061,552	11,596,350	8.3
070200	Budget formulation and management	8,600,010	7,009,450	1,590,560	81.5
Sub total		21,257,912	8,071,002	13,186,910	38.0
070200	Budget formulation and management	99,686,841	36,006,118	63,680,723	36.1
Subtotal		99,686,841	36,006,118	63,680,723	36.1
070400	County financial management & control	3,000,000	2,846,486	153,513	94.9
Sub total		3,000,000	2,846,486	153,513	94.9
070100	General administration and support services	3,000,020	2,344,115	655,905	78.1
Sub total		3,000,020	2,344,115	655,905	78.1
070400	County financial management & control	3,000,006	2,401,300	598,706	80.0
Sub total		3,000,006	2,401,300	598,706	80.0
050400	ICT services	112,815,048	0.00	112,815,048	0.0
070200	Budget formulation and management	105,000,000	28,330,005	76,669,995	27.0
Sub total		217,815,048	28,630,005	189,185,043	13.1
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	163,541,681	129,001,633	34,539,984	78.9
Sub total		163,541,681	129,001,633	34,539,984	78.9
010400	Livestock promotion and development	2,500,000	2,500,000	0	0.0
Sub total		2,500,000	2,500,000	0	0.0
010200	Crop, agribusiness & land management services	313,081,363	51,867,256	261,214,107	16.6
Sub total		313,081,363	51,867,256	261,214,107	16.6
010300	Fisheries development & promotion services	1,113,000	1,084,500	28,500	97.4
Sub total		1,113,000	1,084,500	28,500	97.4
Environment, water and natural resources					
100100	Policy planning, general administration and support services	78,623,857	58,179,676	20,444,180	74.0
Subtotal		78,623,857	58,179,676	20,444,180	74.0
100200		22,509,200	18,178,580	4,333,619	80.8

	Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Sub total		22, 509,200	18,178,580	4,333,619	80.8
100300	Water supply and management services	143,890,800	48,382,922	95,507,877	33.6
Subtotal		143,890,800	48,382,922	95,507,877	33.6
Department of Education and vocational training					
050100	General administration, policy planning & support services	363,032,278	286,153,448	76,878,829	78.8
Sub total		363,032,278	286,153,448	76,878,829	78.8
050200	ECDE and CCC development services	19,660,732	37,897,024	(18,236,292)	192
Subtotal		19,660,732	37,897,024	(18,236,292)	192
050300	Vocational training and development services	114, 275,430	123,359,996	(9,084,566)	107
Subtotal		114, 275,430	123, 359,996	(9,084,566)	107
Department of Health services					
040100	General administration, planning and support services	1,588,855,521	1,137,704,445	450,795,546	71.6
040200	Curative health services	10,355,529	6,484,560	3,870,968	62.6
Subtotal		1,598,855,521	1,144,189,005	454,666,515	71.6
040200	Curative health services	700,271,470	345,566,075	354,705,394	49.3
Subtotal		700,271,470	345,566,075	354,705,394	49.3
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	80,352,053	62,879,351	17,472,701	78.3
010500	Physical planning and surveying services	24,998,000	22,217,500	2,780,500	88.9
010700	Management and development of towns	63,255,194	8,445,694	54, 809,499	13.4
Subtotal		168,605,247	93,542,545	75,062,701	55.5
010600	Housing improvement development	54,187,416	922,500	53,264,916	1.7
Subtotal		54,187,416	922, 500	53,264,916	1.7
Department of roads, transport and public works					
010100	Policy planning, general administration and support services	8,500,000	8,495,000	500, 000	99.9
020100	General administration and support services	112,861,008	75,314,926	37,546,081	66.7
Subtotal		121,361,008	83,809,926	37,551,081	69.1
020200	Roads development and management	263,900,044	124,828,612	139,071,431	47.3
Subtotal		263,900,044	124,828,612	139,071,431	47.3
020200	Roads development and management	450, 000	352,280	97,720	78.3
Subtotal		450, 000	352,280	97,720	78.3
Department of trade, tourism, industrialisation and co – operative development					
030100	Policy planning, general administration and support services	34,481,800	25,277,680	9,413,793	73.3
030300	Tourism development and promotion	896, 000	686,326	209,674	79.0
Subtotal		35,377,800	25,964,006	9,204,119	73.4
030200	Trade, cooperative, investment development promotion	57,927,337	24,071,954	33,855,383	41.6
Subtotal		457,927,337	24,071,954	33,855.383	41.6
Department of youths, sports, gender, culture social services					
070100	General administration and support services	51,889,578	38,260,954	13,628,583	73.7
Subtotal		51,889,578	38,260,954	13,628,583	73.7
090200	Promotion and management of sports	4, 725, 000	591.600	4,133,400	12.5
Subtotal		4, 725, 000	591,600	4,133,400	12.5
090200	Promotion and management of sports	54,394, 800	22,744,851	31,649,948	41.8
Subtotal		54,394,800	22,744,851	31,649,948	41.8
Department of County public service board					
070100	General administration and support services	5, 394,500	2,693,600	2,687,900	49.3
100100	Policy planning, general administration and support services	60, 731, 790	42,614,769	18,117,020	70.2
Subtotal		66, 113, 290	45,308,369	20,804,920	69.0
Department of public service management					
010100	Policy planning, general administration and support services	347,035,806	278,153,148	68,882,657	80.2

	Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
070100	General administration and support services	454,000	571,200	(171,200)	125.8
071000	Coordination, strategy and HR Services	62,876,500	870,650	62,005,850	1.4
	Subtotal	381,168,878	194,120,292	187,048,586	50.9
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	47,195,970	32,767,762	14,428,207	69.4
020200	Roads development and management	163,460,354	0.00	163,460,354	0.0
	Sub total	210,656,324	32,767,762	177,888,561	15.6
	Grand Total	6,832,617,659	4,189,050,777	2,643,566,881	61.3

Source: Nyamira County Treasury

Programmes with high levels of implementation based on absorption rates were: ECDE and CCC development services in the Department of Education and Training at 192.0 per cent, General Administration and Support Services in the Department of Public service management at 125.8 per cent, Vocational Training and development services in the Department of Education and Vocational Training at 107.0 per cent, and Policy planning, general administration & support services in the Department of Roads, transport and public works at 99.9 per cent of budget allocation.

3.34.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.713.76 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.05 billion. The development expenditure represented 34.8 per cent of the annual development budget.
2. A high wage bill, which accounted for employees 49.6 per cent of the first nine months' proportional revenue of Kshs.4.12 billion, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.132.44 million against an annual projection of Kshs. 295.0 million, representing 44.9 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Car loan & mortgage for County Assembly Fund and Emergency Fund were not submitted to the Controller of Budget.
5. Weak budgeting practice by the County Treasury as shown in Table 3.200, where the County incurred expenditure above/over approved exchequer issues and approved budget allocation.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County should address its revenue performance to ensure the approved budget is fully financed.
4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.22 billion, comprising Kshs.2.33 billion (32.3 per cent) and Kshs.4.88 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.67 billion (78.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.590 million (8.2 per cent) from its own sources of revenue, and a cash balance of Kshs.45.00 million (0.6 per cent) from FY 2020/21. The County also expects to receive Kshs.912.87 million (12.6 per cent) as conditional grants. The grants consist of; Supplement for the construction of county headquarters, Leasing of Medical Equipment, Transforming Health Systems for Universal care Project (WB), Kenya Climate-Smart Agriculture Project (KCSAP), DANIDA Grant, EU Grant (Instruments for Devolution Advise and Support IDEAS), Kenya Devolution Support Project (KDSP) Level 2 Grant, Kenya Informal Settlement Improvement Project- KISIP II and the Agricultural Sector Development Support Programme (ASDSP) II.

3.35.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.29 billion as the equitable share of the revenue raised nationally, raised Kshs.339.24 million as own-source revenue, Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.45 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.68 billion, as shown in Table 3.202.

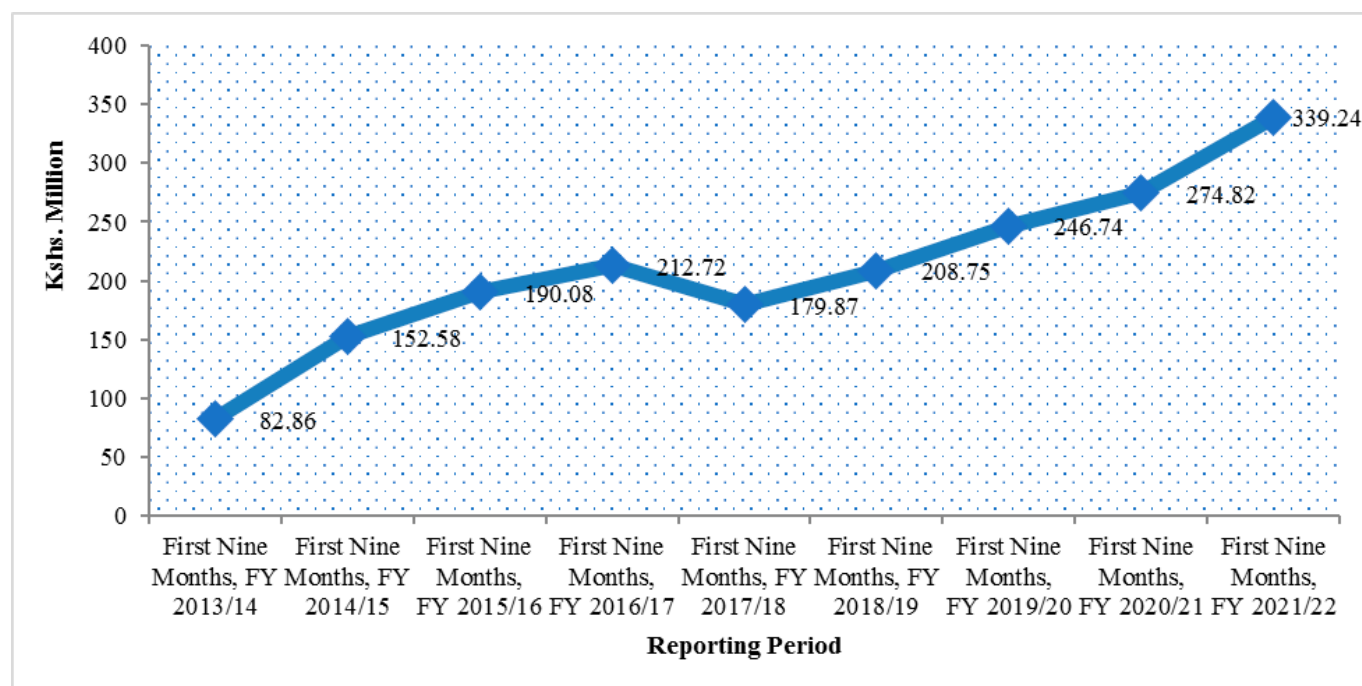
Table 3.202: Nyandarua County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,670,444,228	3,288,857,650	58.0
Sub Total		5,670,444,228	3,288,857,650	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	590,000,000	339,242,718	57.5
2.	Conditional Grants	912,187,561	2,500,000	0.3
3.	Balance b/f from FY2020/21	45,000,000	45,000,000	100.0
Sub Total		1,547,187,561	386,742,718	25.0
Grand Total		7,217,631,789	3,675,600,368	50.9

Source: Nyandarua County Treasury

Figure 3.69 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.69: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nyandarua County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.339.24 million as own-source revenue, which was 57.5 per cent of the annual target. This amount represented an increase of 23.4 per cent compared to Kshs.274.82 million realised during a similar period in FY 2020/21. In the FY 2018/19, the County implemented an automated revenue management system called Nyandarua County's automated revenue management system.

3.35.3 Exchequer Issues

The Controller of Budget approved Kshs.3.46 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.296.66 million (8.6 per cent) for development programmes and Kshs.3.16 billion (91.4 per cent) for recurrent programmes, as shown in Table 3.206.

3.35.4 Overall Expenditure Review

The County spent Kshs.3.42 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.0 per cent of the total funds released by the CoB and comprised Kshs.286.13 million and Kshs.3.13 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.3 per cent, while recurrent expenditure represented 64.2 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.882.66 million and comprised Kshs.181.48 million for recurrent expenditure and Kshs.701.18 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.39.29 million were settled, consisting of Kshs.1.47 million for recurrent expenditure and Kshs.37.82 million for development programmes. Outstanding pending bills amounted to Kshs.847.37 million as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.1. billion out of which the County has settled bills amounting to Kshs.39.29 million, leaving a balance of Kshs.969.90 million as of 31st March 2022.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.86 billion was spent on employee compensation, Kshs.1.28 billion on operations and maintenance, and Kshs.286.13 million on development activities, as shown in Table 3.203.

Table 3.203: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,155,458,963	729,643,697	2,800,307,992	334,294,035	67.4	45.8%
Compensation to Employees	2,169,900,000	385,188,132	1,599,808,380	259,698,356	73.7	67.4
Operations and Maintenance	1,985,558,963	344,455,565	1,200,499,612	74,595,679	60.5	21.7
Development Expenditure	2,247,529,129	85,000,000	286,132,685	-	12.7	0.0
Total	6,402,988,092	814,643,697	3,086,440,677	334,294,035	48.2	41.0

Source: Nyandarua County Treasury

3.35.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.4 per cent of the first nine months' proportional revenue of Kshs.5.41 billion.

Personnel emoluments amounting to Kshs.1.60 billion were processed through the IPPD system, while those paid through the manual payroll were Kshs.256.52 million. The manual payroll amounted to 13.8 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.86 billion includes Kshs.750.09 million attributable to the health sector, which translates to 40.3 per cent of the total wage bill in the reporting period.

3.35.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.354 million to county established funds in FY 2021/22, which constituted 4.9 per cent of the County's overall budget for the year. Table 3.204 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.204: County Established Fund performance as of 31st March 2022

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1	County Bursary Fund	147,500,000	-	152,434,941	-	Yes	
2	County Mortgage Fund- Civil Servants	66,000,000	-	55,335,660		Yes	

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Exec- utive	County As- sembly	County Exec- utive	County Assem- bly	Yes	No
3	County Mortgage Fund- Executive Committee Members	-	-	19,635,722			No.
4	County Emergency Fund	40,000,000	-	52,646,310		Yes	
5	County Assembly Staff Car Loans and Mortgage Fund	-	40,000,000		51,640,252	Yes	
6	County Assembly Members Car Loans and Mortgage Fund	-	25,000,000		2,000,000	Yes	
7	Nyandarua County Trade Fund	35,500,000	-	-			No Regula- tions in Place
	Total	289,000,000	65,000,000	280,052,633	53,640,252		

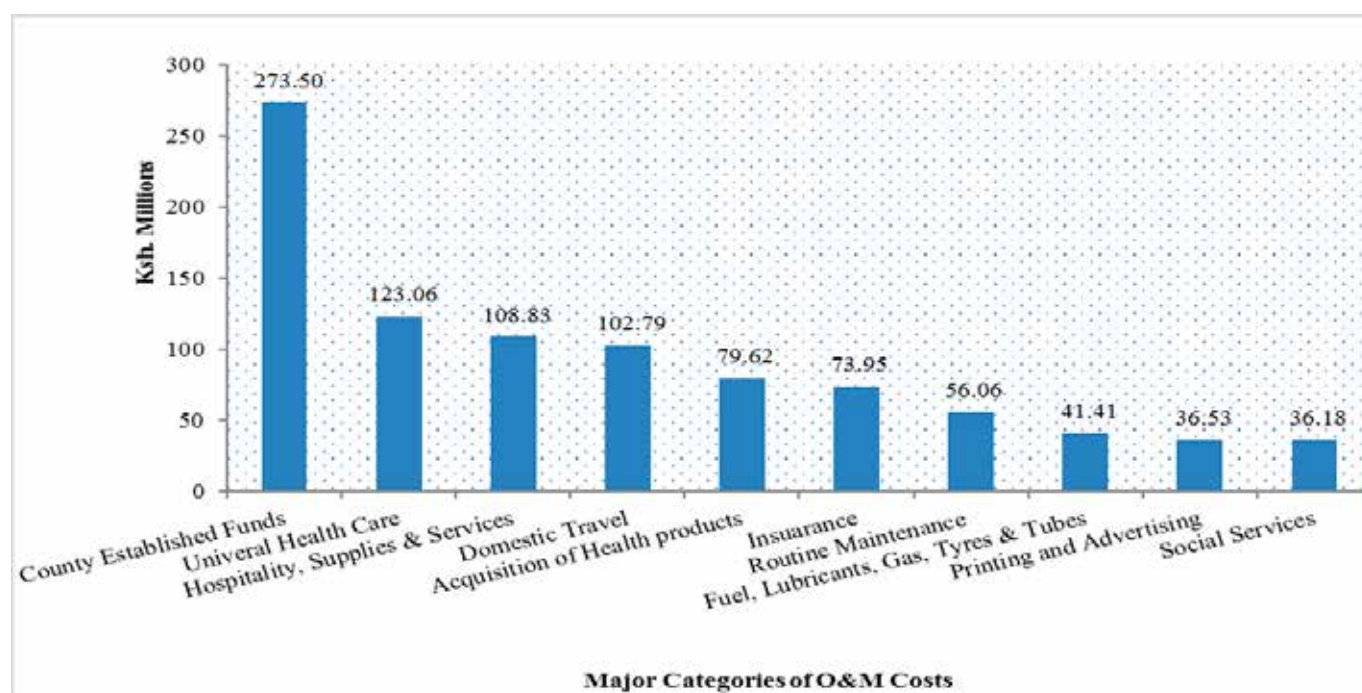
Source: Nyandarua County Treasury

The OCoB received quarterly financial returns from administrators of 5 established funds, as indicated in Table 3.204.

3.35.9 Expenditure on Operations and Maintenance

Figure 3.70 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.70: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

The County spent Kshs.15.54 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.55.77 million. The average monthly sitting allowance was Kshs.43,183 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.102.79 million and comprised Kshs.1.36 million spent by the County Assembly and Kshs.101.43 million by the County Executive. Spending on foreign travel amounted to Kshs.1.47 million by the County Executive.

3.35.10 Development Expenditure

The County incurred Kshs.286.13 million on development programmes, which represented a decrease of 33.2 per cent compared to a similar period in FY 2020/21, when the County spent Kshs.428.31 million. Table 3.205 summarises development projects with the highest expenditure in the reporting period.

Table 3.205: Nyandarua County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	County headquarters (County contribution)	Kaimbaga	35,000,000	33,924,802	96.9
2	Road maintenance using County's in-house Road Machinery & Equipment	Ndaragwa Central	10,000,000	9,999,700	100.0
3	Ol'kalou Arboretum- Phase 2 Completion of solar heated swimming pool and septic tank -Kaimbaga ward	Kaimbaga	20,600,000	9,675,471	47.0
4	Engineer Male Ward	Engineer	10,000,000	8,967,083	89.7
5	Construction of a Potato and Vegetable Processing Plant- Flagship Project	Olkalou	130,000,000	8,294,025	6.4
6	Road maintenance using County's in-house Road Machinery & Equipment	Magumu	10,000,000	7,340,000	73.4
7	Road maintenance using County's in-house Road Machinery & Equipment	Wanjohi	7,000,000	7,000,000	100.0
8	Olkalou Stadium - VIP Dias	Kaimbaga	15,000,000	6,052,369	40.3
9	Road maintenance using County's in-house Road Machinery & Equipment	Kaimbaga	7,511,261	5,497,274	73.2
10	Manunga theatre	Kipipiri	5,000,000	5,000,000	100.0

Source: Nyandarua County Treasury

3.35.11 Budget Performance by Department

Table 3.206 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.206: Nyandarua County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office & Service Delivery	120.89	-	112.56	-	110.87	-	98.5	-	91.7	-
The County Secretary	2,273.82	-	1,680.66	-	1,679.40	-	99.9	-	73.9	-
County Attorney	60.35	-	38.38	-	38.01	-	99.0	-	63.0	-
Public Administration & ICT	64.29	2.70	40.95	-	40.11	-	97.9	-	62.4	-
County Public Service Board	22.79	-	12.97	-	12.89	-	99.4	-	56.5	-
Finance & Economic Development	418.46	35.50	354.84	-	352.99	-	99.5	-	84.4	-
Health Services	539.01	301.97	232.90	38.97	232.17	38.97	99.7	100.0	43.1	12.9
Education, Gender, Youth, Culture and Social Services	39.35	87.47	15.88	17.91	15.33	17.91	96.5	100.0	39.0	20.5

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
Industrialisation Cooperatives, Trade & Enterprise Development	47.18	199.01	35.02	9.79	33.96	9.79	97.0	100.0	72.0	4.9
Ol-Kalou Municipality	15.96	50.00	5.70	-	5.46	-	95.8	-	34.2	-
Youth, Sports and Arts	191.44	68.30	91.36	6.05	80.45	6.05	88.1	100.0	42.0	8.9
Water, Environment, Tourism & Natural resources	79.80	283.60	46.96	16.66	46.48	16.66	99.0	100.0	58.3	5.9
Transport, Energy & Public Works	120.65	828.07	82.03	202.73	79.08	192.73	96.4	95.1	65.5	23.3
Lands, Housing & Physical Planning	27.86	48.66	14.50	1.02	14.19	1.02	97.9	100.0	50.9	2.1
Agriculture Live-stock & Fisheries	133.63	342.25	60.61	3.53	58.92	3.00	97.2	85.1	44.1	0.9
County Assembly	729.64	85.00	334.73	-	334.29	-	99.9	-	45.8	-
Total	4,885	2,332	3,160.05	296.66	3,134.60	286.13	99.2	96.5	64.2	12.3

Source: Nyandarua County Treasury

Analysis of expenditure by the departments shows that the Department of Transport, Energy & Public Works recorded the highest absorption rate of development budget at 23.3 per cent, while the Department of Public Administration & ICT, Finance & Economic Development, Ol-Kalou Municipality, and the County Assembly did not report any expenditure on development activities. The Department of Governor's Office & Service Delivery had the highest percentage of recurrent expenditure to budget at 91.7 per cent, while the Department of Ol-Kalou Municipality had the lowest at 34.2 per cent.

3.35.12 Budget Execution by Programmes and Sub-Programmes

Table 3.207 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.207: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	Service Delivery Unit	27,600,000	26,693,553	906,447	96.7
	Governor's Office & Investment Promotion	65,920,000	58,940,095	6,979,905	89.4
	Liaison and Intergovernmental Relations	16,186,000	14,739,285	1,446,715	91.1
	Civic Education and Public Participation	11,180,997	10,500,342	680,655	93.9%
Sub Total		120,886,997	110,873,275	10,013,722	91.7
County Secretary	County Secretary- Administration	50,470,000	48,920,264	1,549,736	96.9
	Cabinet Affairs	830,000	740,770	89,230	89.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Human Resource Management	Payroll (Including Compensation to employees)	2,068,000,000	1,600,862,256	467,137,744	77.4
	Human Resource Management (Including employee gratuity, pension and medical insurance)	154,520,000	28,878,822	125,641,178	18.7
Sub Total		2,273,820,000	1,679,402,112	594,417,888	73.9
County Attorney Services	legal and public affairs	60,350,000	38,005,285	22,344,715	63.0
Sub Total		60,350,000	38,005,285	22,344,715	63.0
Public administration	Public Administration	8,700,000	8,146,902	553,098	93.6
	sub-county and ward administration	23,090,000	13,852,632	9,237,368	60.0
	Communication and Public Relations	7,600,000	4,018,874	3,581,126	52.9
	Enforcement and Compliance	17,600,000	10,863,574	6,736,426	61.7
ICT and E-government Services	ICT and E-government Services	10,000,000	3,225,272	6,774,728	32.3
Sub Total		66,990,000	40,107,254	26,882,746	59.9
County Public Service Board	County Public Service Board	22,789,000	12,886,773	9,902,227	56.5
Sub Total		22,789,000	12,886,773	9,902,227	56.5
Public Finance Management	County Funds	289,000,000	253,500,000	35,500,000	87.7
	treasury services	16,903,117	13,263,274	3,639,843	78.5
	Financial reporting	5,315,000	4,641,600	673,400	87.3
	Revenue Collection and Administration (Including automation)	20,150,000	17,269,411	2,880,589	85.7
	Revenue Enhancement and Monitoring	16,700,000	13,278,828	3,421,172	79.5
	Supply Chain Management	6,880,000	6,127,371	752,629	30.4
	Internal Audit and Risk Management	8,000,000	6,770,975	1,229,025	84.6
	Internal Audit committee	3,000,000	2,998,300	1,700	99.9
Economic planning and development	County Budgeting	13,898,750	12,052,456	1,846,294	86.7
	County Statistics and Data Bank	4,950,000	4,911,670	38,330	99.2
	Monitoring and Evaluation	9,365,260	3,670,520	5,694,740	39.2
	Economic Modelling and Research	3,051,700	3,051,700	-	100.0
	Economic Development Planning	56,750,000	11,450,576	45,299,424	20.2
Sub Total		453,963,827	352,986,681	100,977,146	77.8
Preventive and Promotive Services	Preventive and Promotive Services	6,271,274	5,314,728	956,546	84.7
Curative Services	Curative Services	218,199,497	176,410,164	41,789,333	80.8
	universal health care and grants	309,636,578	46,864,209	262,772,369	15.1
General administration, planning and support services	Solid Waste and Cemeteries	4,900,000	3,580,157	1,319,843	73.1
	Infrastructure and Equipment	301,971,038	38,970,917	263,000,121	12.9
Sub total		840,978,387	271,140,175	569,838,212	32.2
Primary education	ECDE	83,652,219	20,292,924	63,359,295	24.3
Youth training and development	revitalization of youth polytechnics	6,050,106	4,605,371	1,444,735	76.1
Culture	development and promotion of culture	7,830,000	2,132,463	5,697,537	27.2
Arts & Theater	Arts & Theater	29,288,954	6,209,338	23,079,616	21.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub Total		126,821,279	33,240,096	93,581,183	26.2
Trade development and promotion	Financial and Trade Services	43,910,000	10,021,729	33,888,271	22.8
Industrial development and investment	Industrial and Enterprise Development	134,825,000	11,748,580	123,076,420	8.7%
	Weights & Measures	2,920,000	2,408,877	511,123	82.5
Cooperative development and management	Cooperative advisory services	16,530,000	8,580,299	7,949,701	51.9
	cooperative audit extension services	5,240,458	4,024,735	1,215,723	76.8
Urban development	Urban development	42,759,912	6,968,513	35,791,399	16.3
Ol'kalou municipality	Ol'kalou municipality	65,956,600	5,460,351	60,496,249	8.3
Sub Total		312,141,970	49,213,084	262,928,886	15.8
Sports	Sports Development	92,725,000	19,342,456	73,382,544	20.9
Youth Affairs	Youth Affairs	30,950,000	14,063,884	16,886,116	45.4
Gender Affairs and Social Services & youth empowerment	Social Services	125,360,000	43,753,848	81,606,152	34.9
	Gender Affairs and Social Services	3,950,000	2,591,938	1,358,062	65.6
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,750,000	6,750,000	-	100.0
Sub Total		259,735,000	86,502,126	173,232,874	33.3
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	224,521,789	20,047,983	204,473,806	8.9
Environment	environmental support and management	26,850,000	8,029,069	18,820,931	29.9
	climate change resilience	24,600,000	6,918,572	17,681,428	28.1
	natural resource	1,800,000	999,380	800,620	55.5
Tourism development and promotion	tourism infrastructure development	77,226,469	25,819,339	51,407,130	33.4
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	8,400,000	1,330,975	7,069,025	15.8
Sub Total		363,398,258	63,145,318	300,252,940	17.4
Road transport	Transport (Including fuel level, General Administration & Support Services)	636,046,261	173,187,381	462,858,880	27.2
	Public Works	233,363,199	68,605,974	164,757,225	29.4
Alternative energy technologies	alternative energy technologies	75,210,000	27,414,406	47,795,594	36.5
General administration, planning and support services	Emergency Response & Preparedness	4,100,000	2,599,305	1,500,695	63.4
Sub Total		948,719,460	271,807,066	676,912,394	28.6
Land policy and planning	Physical Planning	9,510,455	4,408,465	5,101,990	46.4
	Survey and Mapping	8,988,000	3,870,715	5,117,285	43.1
	Land Administration and Management	49,851,545	5,631,707	44,219,838	11.3
Housing	Housing	8,170,000	1,300,675	6,869,325	15.9
Sub Total		76,520,000	15,211,562	61,308,438	19.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Crop development and management	land and crop development	386,597,035	26,748,010	359,849,025	6.9
	Seed Potato Production Unit (SPPU Lab)	12,095,937	2,065,846	472,246,626	17.1
Livestock resources management and development	livestock production and management	11,185,618	4,050,370	7,135,248	36.2
	Veterinary Services	16,195,000	8,520,237	7,674,763	52.6
Fisheries Development and management	fisheries policy, strategy and capacity building	5,300,000	773,074	4,526,926	14.6
General administration, planning and support services	Institution Support (ATCs)	13,185,000	5,325,511	7,859,489	40.4
	Agriculture Mechanization Services	6,635,000	2,644,170	3,990,830	39.9
	General administration and Extension Services	11,950,324	8,135,451	3,814,873	68.1
	Subsidized Artificial Insemination	12,730,000	3,657,201	9,072,799	28.7
Sub Total		475,873,914	61,919,870	876,170,579	13.0
County Assembly	legislative, oversight and representation	814,643,697	334,294,034.86	480,349,662	41.0
Sub Total		814,643,697	334,294,035	480,349,662	41.0
Grand Total		7,217,631,789	3,420,734,712	4,259,113,612	47.4

Source: Nyandarua County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Alcohol Drinks Control and Civic Education in the Department of Youth, Sports and Arts at 100 per cent, Economic Modelling Research in the Department of Finance & Economic Development at 100.0 per cent, County Statistics and Data Bank in the Department of Finance & Economic Development at 99.2 per cent, Service Delivery Unit in the Department of Governor's Office & Service Delivery at 96.7 per cent, of budget allocation.

3.35.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.286.13 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.33 billion. The development expenditure represented 12.3 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.339.24 million against an annual projection of Kshs.590 million, representing 57.5 per cent of the annual target.
3. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. The County spent these cash balances at source during the reporting period and may be an issue of misappropriation of funds if not regularised before the close of the financial year.
4. High level of pending bills which amounted to Kshs.843.37 million as of 31st March 2022.
5. Manual Payroll. Personnel emoluments amounting to Kshs.256.52 million were processed through the manual payroll and accounted for 13.8 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds due to inadequate controls.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should ensure compliance with the law and improve budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section

109 (2) of the PFM Act, 2012.

4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.36 County Government of Nyeri

3.36.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.8.73 billion, comprising Kshs.2.64 billion (30.2 per cent) and Kshs.6.09 billion (69.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.23 billion (71.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.0 billion (11.5 per cent) from its own sources of revenue, and a cash balance of Kshs.810.51 million (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs.694.02 million (7.9 per cent) as conditional grants.

Conditional grants consist of Kshs.352.82 million from IDA (World Bank) for Kenya Climate-Smart Agriculture Project, Kshs.29.07 million from IDA (World Bank) for Agriculture Sector Development Support Programme, Kshs.184.79 million from IDA (World Bank) as credit for Kenya Devolution Support Programme "Level 2 grant", Kshs.60.0 million from IDA (World Bank) as credit for Kenya Informal Sector Settlement Programme, Kshs.48.73 million for Transforming Health Systems for Universal Care, Kshs.11.99 million as a grant from DANIDA for Universal Healthcare to Devolved System and Kshs.6.60 million as a grant from CDC for HIV Programme.

3.36.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.61 billion as the equitable share of the revenue raised nationally, raised Kshs.702.07 million as own-source revenue, Kshs.6.57 million as conditional grants, and had a cash balance of Kshs.810.51 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.5.13 billion, as shown in Table 3.208.

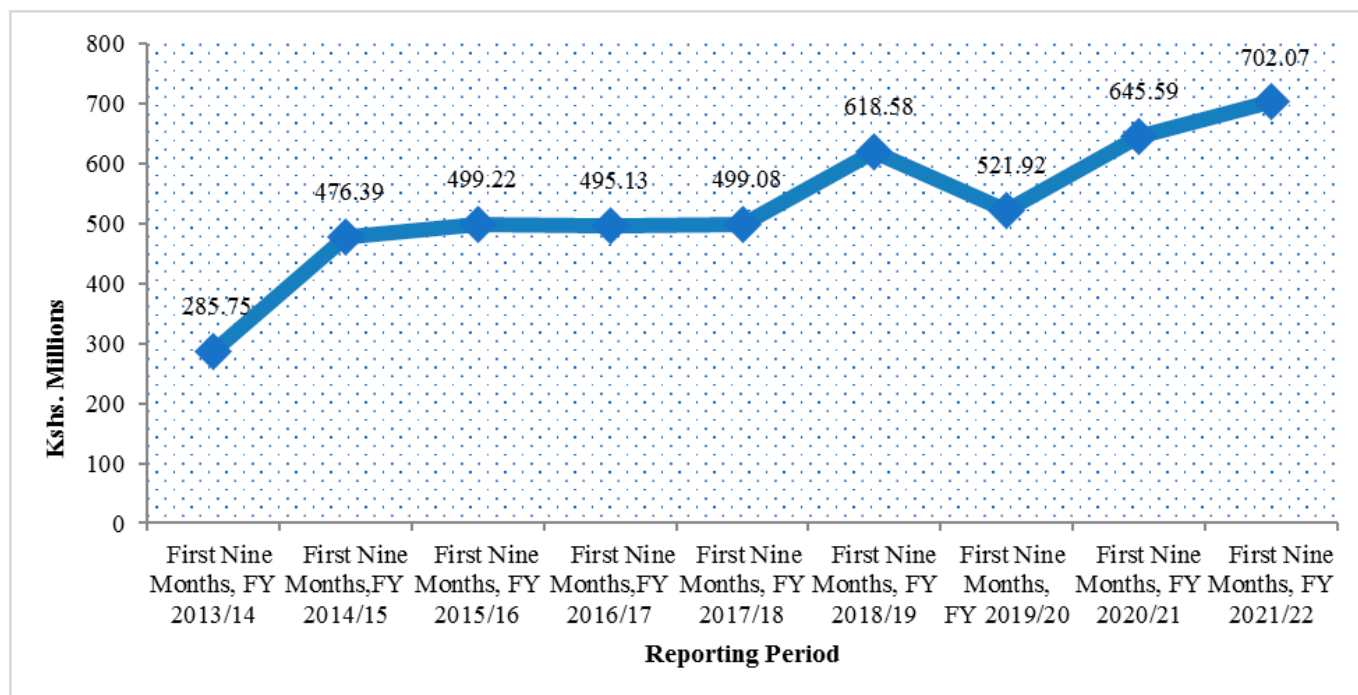
Table 3.208: Nyeri County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,228,728,555	3,612,662,560	58.0
	Sub Total	6,228,728,555	3,612,662,560	58.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,000,000,000	702,070,203	70.2
2.	Conditional Grants	694,024,498	6,570,000	0.9
3.	Balance b/f from FY 2020/21	810,515,428	810,515,428	100.0
	Sub Total	2,504,539,926	1,519,155,630	60.7
	Grand Total	8,733,268,481	5,131,818,190	58.8

Source: Nyeri County Treasury

Figure 3.71 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.71: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Nyeri County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.702.07 million as own-source revenue, which was 70.2 per cent of the annual target. This amount represented an increase of 8.7 per cent compared to Kshs.645.59 million realised during a similar period of FY 2020/21. The County has implemented an automated OSR collection system referred to as Nyeripay.

3.36.3 Exchequer Issues

The Controller of Budget approved Kshs.4.62 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.425.26 million (9.2 per cent) for development programmes and Kshs.4.19 billion (90.8 per cent) for recurrent programmes, as shown in Table 3.212.

3.36.4 Overall Expenditure Review

The County spent Kshs.5.05 billion on development and recurrent programmes during the reporting period. This expenditure represented 109.2 per cent of the total funds released by the CoB and comprised Kshs.613.94 million and Kshs.4.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 23.3 per cent, while recurrent expenditure represented 72.7 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.110.97 million and comprised of Kshs.74.43 million for recurrent expenditure and Kshs.36.54 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.92.41 million were paid, consisting of Kshs.57.09 million for recurrent expenditure and Kshs.35.31 million for development programmes. Outstanding pending bills amounted to Kshs.18.56 million as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.439.93 million, out of which the County has settled bills amounting to Kshs.421.37 million, leaving a balance of Kshs.18.56 million as of 31st March 2022.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.03 billion was spent on employee compensation, Kshs.1.40 billion on operations and maintenance, and Kshs.613.94 million on development activities, as shown in Table 3.209.

Table 3.209: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,362,963,778	734,500,292	3,901,741,055	529,324,013	72.8	72.1
Compensation to Employees	3,668,325,920	258,853,361	2,850,605,044	182,341,795	77.7	70.4
Operations and Maintenance	1,694,637,858	475,646,931	1,051,136,011	346,982,218	62.0	72.9
Development Expenditure	2,623,804,411	12,000,000	611,167,314	2,776,460	23.3	23.1
Total	7,986,768,189	746,500,292	4,512,908,369	532,100,473	56.5	71.3

Source: Nyeri County Treasury

3.36.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46.3 per cent of the first nine months' proportional revenue of Kshs.6.55 billion.

Personnel emoluments amounting to Kshs.2.71 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.319.98 million. The manual payroll amounted to 10.6 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.03 billion includes Kshs.1.83 billion attributable to the health sector, which translates to 60.4 per cent of the total wage bill in the reporting period.

3.36.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.160.0 million to county established funds in FY 2021/22, which constituted 1.8 per cent of the County's overall budget for the year. Table 3.210 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.210: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Nyeri County Executive Car Loan and Mortgage (Staff) Scheme Fund	-	-	27,768	-	N/A	No
2.	Nyeri County Elimu Fund	160,000,000	-	-	-	Yes	
3.	Nyeri County Enterprise Development Fund	-	-	-	-	N/A	No
4.	Nyeri County Health Fund	-	-	157,328,469	-	Yes	N/A
5.	Nyeri County Assembly Car Loan and Mortgage (Members) Scheme Fund	-	-	-	-	Yes	N/A
6.	Nyeri County Assembly Car Loan and Mortgage (Staff) Scheme Fund	-	-	-	37,480,000	Yes	N/A
Total		160,000,000	-	157,356,237	37,480,000		

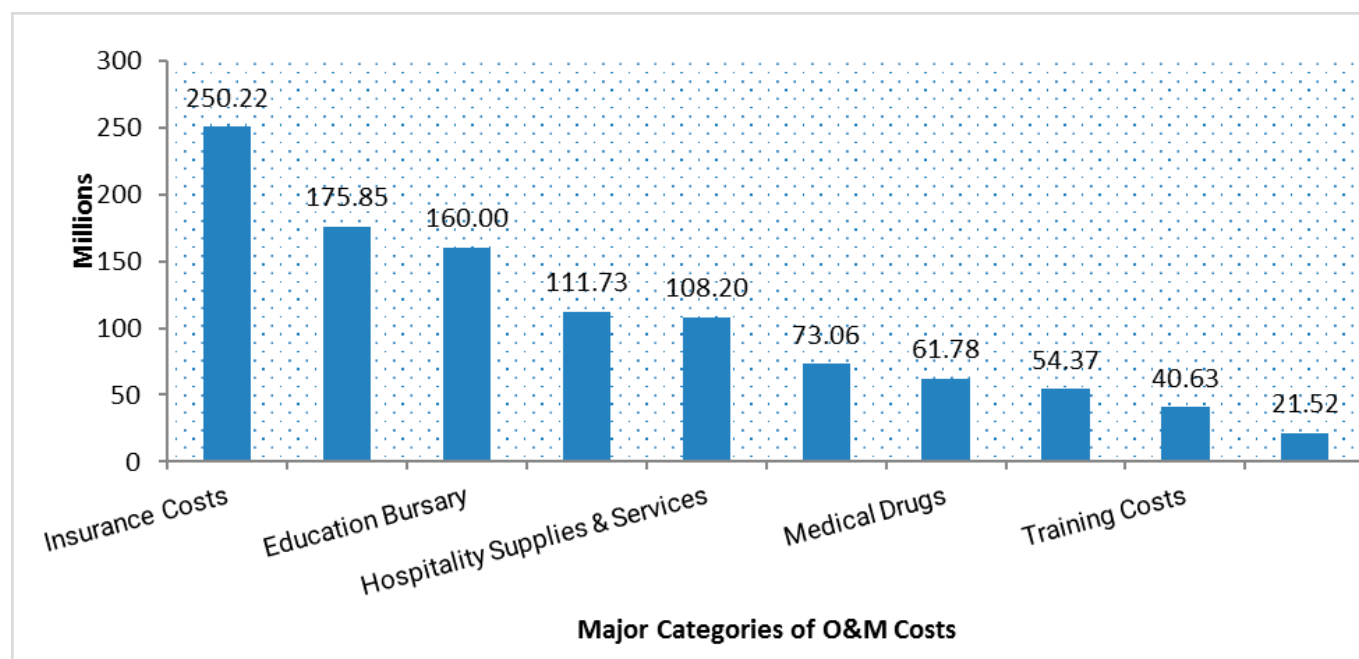
Source: Nyeri County Treasury

The OCoB received quarterly financial returns from administrators of 4 funds, as indicated in Table 3.210.

3.36.9 Expenditure on Operations and Maintenance

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

The County spent Kshs.23.99 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.59,235 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 22 committees.

During the period, expenditure on domestic travel amounted to Kshs.175.84 million and comprised of Kshs.100.41 million spent by the County Assembly and Kshs.75.43million by the County Executive. Spending on foreign travel amounted to Kshs.111.73 million and consisted of Kshs.77.77 million by the County Assembly and Kshs.33.96 million by the County Executive.

3.36.10 Development Expenditure

The County incurred Kshs.613.94 million on development programmes, which represented a decrease of 37.0 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.974.24 million. Table 3.211 summarises development projects with the highest expenditure in the reporting period.

Table 3.211: Nyeri County, List of Development Projects with the Highest Expenditure

S/No	Project Name/ Description	Project Location	Budgeted Amount (Kshs)	Payments to date (Kshs.)	Absorption Rate (%)
1	Purchase of 2 No. of specialised enforcement vehicle.	County Headquarter	12,400,000	5,840,000	47.1
2	Kenya Urban Support Programme - Asian Quarter Transport Termini	Rware ward	154,162,735	98,146,748	63.7
3	Construction & Installations - Naromoru Level 4 Hospital	Naromoru	522,418,442	59,543,473	11.4
4	Improvement of Livestock breeds- Dairy goats	Countywide	20,750,000	10,999,800	53.0
5	Counterpart funding for Coffee rehabilitation Programme	Countywide	19,611,130	6,000,000	30.6
6	Counterpart funding for KCSAP	Countywide	8,618,370	8,618,370	100.0

S/No	Project Name/ Description	Project Location	Budgeted Amount (Kshs)	Payments to date (Kshs.)	Absorption Rate (%)
7	Counterpart funding for ASDSP II	Countywide	6,958,568	6,958,568	100.0
8	Construction of Mutoigo Intake	Wamagana	3,317,550	3,296,500	99.4
9	Improvement of Access Roads	Countywide	189,616,366	132,304,979	69.8
10	Installation of Street Lights	Countywide	71,322,073	31,752,637	44.5

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 3.212 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.212: Nyeri County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	157.08	0.00	112.58	0.00	101.80	0.00	90.4	0.0	64.8	0.0
Office of the County Secretary	323.19	24.50	293.09	0.00	280.88	0.00	95.8	0.0	86.9	0.0
Finance and Economic Planning	1,006.75	268.25	526.52	190.64	562.91	74.68	106.9	39.2	55.9	27.8
Lands, Physical Planning, Housing and Urbanization	60.18	347.08	39.93	10.68	39.13	119.19	98.0	1116.0	65.0	34.3
Health Services	2,615.08	339.19	1,873.67	7.34	2,039.51	61.95	108.9	843.6	78.0	18.3
Gender, Youth and Social Services	67.16	67.85	42.52	3.33	42.07	6.18	98.9	185.7	62.6	9.1
County Public Service and Solid Waste Management	113.19	69.00	81.98	6.41	82.15	9.40	100.2	146.5	72.6	13.6
Agriculture, Livestock and Fisheries	244.77	493.47	190.96	30.93	187.96	48.16	98.4	155.7	76.8	9.8
Trade, Culture, Tourism and Co-Operative Development	58.25	76.98	38.82	5.40	39.59	13.08	102.0	242.2	68.0	17.0
Education and Sports	441.45	89.45	338.87	0.44	358.27	6.38	105.7	1446.2	81.2	7.1
Water, Irrigation, Environment and Climate Change	75.93	140.32	50.99	9.58	50.06	22.34	98.2	233.3	65.9	15.9
County Assembly	734.50	12.00	492.41	2.78	529.32	2.78	107.5	100.0	72.1	23.1
County Public Service Board	43.55	5.00	28.20	0.00	31.54	0.00	111.8	0.0	72.4	0.0
Transport, Public Works Infrastructure and Energy	115.16	702.73	82.71	157.73	85.40	249.81	103.3	158.4	74.2	35.5
Office of the County Attorney	41.23	0.00	0.47	0.00	0.47	0.00	100.0	0.0	1.1	0.0
TOTAL	6,097.46	2,635.80	4,193.71	425.26	4,431.07	613.94	105.7	144.4	72.7	23.3

Source: County Treasury

Analysis of expenditure by the departments shows that the Department of Transport, Public Works, Infrastructure and Energy recorded the highest absorption rate of the development budget at 35.5 per cent, while the Office of the County Secretary and County Public Service Board did not report any expenditure on development activities. The Office of the County Secretary had the highest percentage of recurrent expenditure to budget at 86.9 per cent, while the Office of County Attorney had the lowest at 1.1 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.213 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.213: Nyeri County, Budget Execution by Programmes and Sub-programmes

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	677,694,243	211,790,938	465,903,305	31.25
	Wambugu ATC	Farm Development	6,851,500	6,851,500	0	100.00
	AMS Naromoru	Development Of Agricultural Land For Crop Production	7,710,500	855,250	6,855,250	11.09
	Livestock Production Management	Provision of Extension Services to Livestock farmers	17,521,100	11,733,105	5,787,995	66.97
	Fisheries development	Administrative Support Services	7,209,500	484,682	6,724,818	6.72
	Veterinary services	Administrative Support Services	21,246,340	4,402,255	16,844,085	20.72
			738,233,183	236,117,730	502,115,453	31.98
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	390,760,150	153,871,154	236,888,997	39.38
	Land Policy and Planning	Land Policy Formulation	15,057,481	4,019,679	11,037,802	26.70
	Housing Development and Human Settlement	Government Building	1,440,000	431,565	1,008,435	29.97
		407,257,631	158,322,398	248,935,234	38.88	
Transport, Public Works Infrastructure and Energy	General administration and policy development and implementation	Administration, planning and support services	73,962,887	51,117,342	22,845,545	69.11
	Roads development, maintenance and management	County access and feeder roads improvement	505,025,159	201,377,189	303,647,970	39.87
	Energy Sector development	Administration, planning and support services	41,193,000	34,283,491	6,909,509	83.23
		Street lighting programme	197,700,000	48,430,590	149,269,410	24.50
		817,881,046	335,208,611	482,672,435	40.99	
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	6,324,585	1,312,714	5,011,871	20.76
	Trade and Co-operative Development	Trade Promotion	118,547,395	50,075,969	68,471,426	42.24
	Co-operatives	Cooperative Development And Management	10,350,000	1,281,666	9,068,334	12.38
		135,221,980	52,670,349	82,551,631	38.95	
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,954,266,382	2,101,464,933	852,801,449	71.13
		2,954,266,382	2,101,464,933	852,801,449	71.13	

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Education and Sports	General administration and policy development and implementation	Administrative Support Services	468,847,431	353,288,424	115,559,007	75.35
	County Sports Development	Search and nurture talents	42,631,000	5,499,733	37,131,267	12.90
	Youth Training and Development	Youth Training and Development	13,000,000	3,174,622	9,825,378	24.42
	ECDE Management	ECDE Management	6,417,496	2,695,312	3,722,184	42.00
			530,895,927	364,658,091	166,237,836	68.69
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	157,083,962	101,801,361	55,282,601	64.81
			157,083,962	101,801,361	55,282,601	64.81
Office of the County Secretary	Co-ordination of County Functions and Public Service Management	Administration, planning and support services	338,421,828	279,617,158	58,804,670	82.62
		County publicity campaign	1,170,000	539,751	630,249	46.13
		ICT Infrastructure Development	8,100,000	722,806	7,377,194	8.92
			347,691,828	280,879,715	66,812,113	80.78
Finance and Economic Planning	Executive services	Administration and personnel services	1,198,999,989	599,611,849	599,388,140	50.01
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	13,747,266	7,299,540	6,447,726	53.10
	Public Finance Management	Financial Accounting	11,901,000	8,282,938	3,618,062	69.60
		Procurement Compliance and Reporting	11,100,000	5,128,183	5,971,817	46.20
		Internal Audit	7,859,800	5,147,885	2,711,915	65.50
	Revenue Mobilization	Revenue Mobilization	25,270,000	10,069,246	15,200,754	39.85
	Economic Planning and Policy Formulation	Monitoring and Evaluation	6,126,372	2,051,400	4,074,972	33.48
			1,275,004,427	637,591,041	637,413,386	50.01
County Assembly	General administration, Policy Development and implementation	Administration and Personnel Services	746,500,292	532,100,473	214,399,819	71.28
			746,500,292	532,100,473	214,399,819	71.28
County Public Service and Solid Waste Management	Human resources management	Administration Planning and Support Services	107,055,287	78,324,967	28,730,321	73.16
	Sanitation management	Environment Conservation, Protection and Management	11,629,820	3,822,654	7,807,166	32.87
		Sanitation management	63,500,000	9,398,150	54,101,850	14.80
			182,185,107	91,545,771	90,639,337	50.25

County Department	Name of the Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	48,548,187	31,536,003	17,012,184	64.96
			48,548,187	31,536,003	17,012,184	64.96
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	57,252,024	38,547,773	18,704,251	67.33
	Social development	Administration and planning services	77,762,000	9,694,432	68,067,568	12.47
			135,014,024	48,242,205	86,771,819	35.73
Water and Irrigation Services	Water Management	Administrative Support Services	72,279,777	48,647,520	23,632,258	67.30
		Water Management Services	127,169,171	22,341,222	104,827,949	17.57
	Environment Services	Environment Conservation, Protection and Management	2,174,324	1,057,553	1,116,771	48.64
	Climate Change	Climate Change	14,627,753	354,868	14,272,885	2.43
			216,251,025	72,401,162	143,849,863	33.48
Office of the County Attorney	General Administration and Planning services	Administrative Support Services	41,233,480	469,000	40,764,480	1.14
			41,233,480	469,000	40,764,480	1.14
		Grand Total	8,733,268,481	5,045,008,842	3,688,259,639	57.77

Source: Nyeri County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Farm Development in the Department of Agriculture, Livestock and Fisheries at 100 per cent, Administration, planning and support services in the Department of Transport, Public Works Infrastructure and Energy at 83.23 per cent, Administration, planning and support services in the Department of Office of the County Secretary at 82.62 per cent, and Administrative Support Services in the Department of Education and Sports at 75.35 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.613.94 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.64 billion. The development expenditure represented 23.3 per cent of the annual development budget.
2. A high wage bill, which accounted for 46.3 per cent of the first nine months of FY 2021/22 total proportional revenue, thus constraining funding to other programmes.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for Enterprise Development Fund and Executive Car & Mortgage Fund were not submitted to the Controller of Budget.
4. Manual payroll. Personnel emoluments amounting to Kshs.319.98 million were processed through manual payroll and amounted to 10.6 per cent of the total PE costs. A manual system is prone to abuse and may lead to loss of public finance where internal control mechanisms are weak.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel

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

3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.37 County Government of Samburu

3.37.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.7.29 billion, comprising Kshs. 2.82 billion (38.7 per cent) and Kshs.4.47 billion (61.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.37 billion (73.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (2.1 per cent) from its own sources of revenue, and a cash balance of Kshs.1.14 billion (15.7 per cent) from FY 2020/21. The County also expects to receive Kshs.624.24 million (8.6 per cent) as conditional grants, which consists of Kshs.153.29 million Leasing of Medical Equipment, Kshs.102.49 million Kenya Devolution Support Program, Kshs.212.28 million National Agricultural and Rural Inclusive Growth Project, Kshs.15.6 million EU Grant for Instrument for Devolution Advice and Support (Abattoir Construction), Kshs.32.99 million Agriculture Sector Development Support Programme (ASDSP), Kshs.5.6 million for Transforming Health Systems for Universal Care Project, Kshs.91.71 million for Emergency Locust Response Project and Kshs.10.24 million DANIDA Health Support funds.

3.37.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.66 billion as the equitable share of the revenue raised nationally, raised Kshs.85.38 million as own-source revenue, Kshs.2.50 million as conditional grants, and had a cash balance of Kshs.1.26 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.01 billion, as shown in Table 3.214.

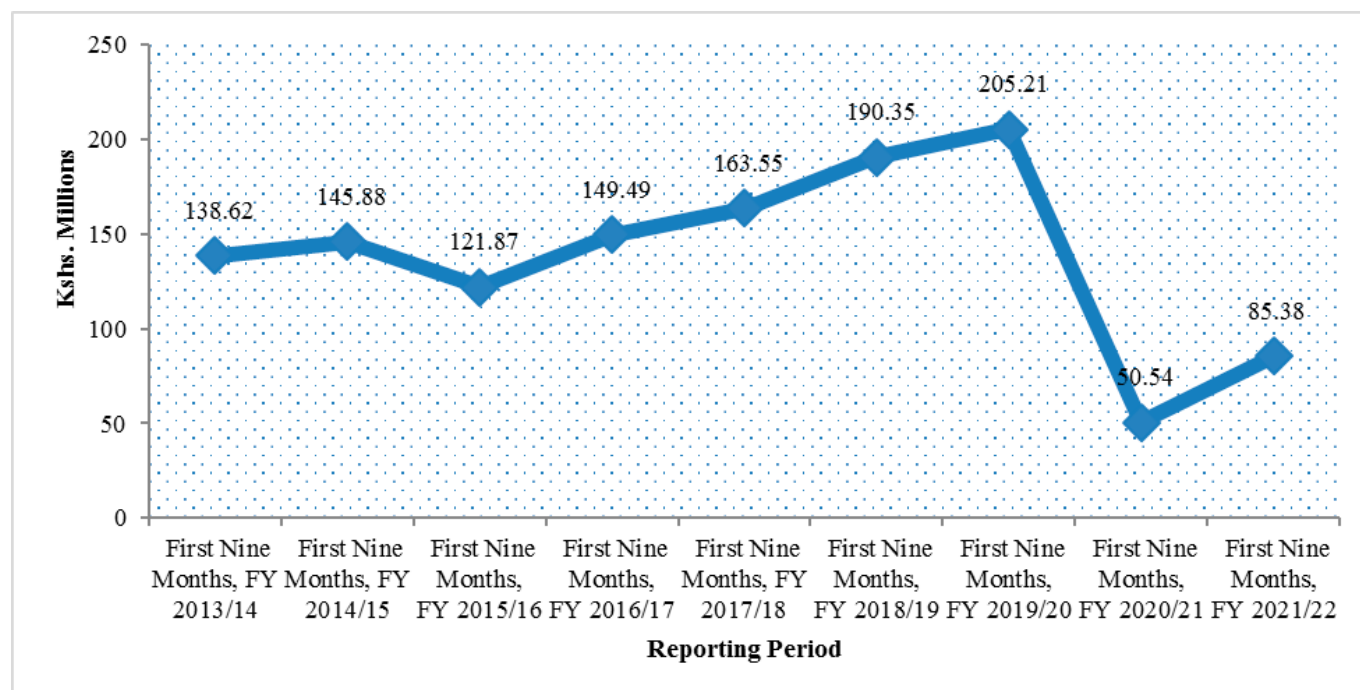
Table 3.214: Samburu County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,371,346,037	2,658,816,288	49.5
	Sub Total	5,371,346,037	2,658,816,288	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	85,381,694	56.9
2.	Conditional Grants	624,237,223	2,500,000	0.4
3.	Balance b/f from FY 2020/21	1,144,507,509	1,261,395,561	110.2
	Sub Total	1,918,744,732	1,349,277,254	70.3
	Grand Total	7,290,090,769	4,008,093,542	55.0

Source: Samburu County Treasury

Figure 3.73: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.73: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Samburu County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.85.38 million as own-source revenue, which was 56.9 per cent of the annual target. This amount represented an increase of 68.9 per cent compared to Kshs.50.54 million realised during a similar period of FY 2020/21. The growth can be attributed to the relatively improved tourist visits that have contributed a more significant share of the county's own source revenue over the years. The County has not implemented an automated OSR collection system.

3.37.3 Exchequer Issues

The Controller of Budget approved Kshs.3.33 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.604.05 million (18.1 per cent) for development programmes and Kshs.2.73 billion (81.9 per cent) for recurrent programmes, as shown in Table 3.218.

3.37.4 Overall Expenditure Review

The County spent Kshs.3.43 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.9 per cent of the total funds approved by the CoB and comprised Kshs.604.05 million and Kshs.2.82 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.4 per cent, while recurrent expenditure represented 63.1 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.636.34 million and comprised Kshs.90.94 million for recurrent expenditure and Kshs.545.41 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.331.91 million were settled, consisting of Kshs.33.44 million for recurrent expenditure and Kshs.298.48 million for development programmes. Outstanding pending bills amounted to Kshs.304.43 million as of 31st March 2022.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.77 billion was spent on employee compensation, Kshs.1.06 billion on operations and maintenance, and Kshs.604.05 million on development activities, as shown in Table 3.215.

Table 3.215: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,954,256,206	518,009,215	2,411,883,013	420,224,175	61.0	81.1
Compensation to Employees	2,051,203,379	304,779,215	1,505,232,556	265,717,789	73.4	87.2
Operations and Maintenance	1,903,052,827	213,230,000	906,650,457	154,506,386	47.6	72.5
Development Expenditure	2,662,660,533	155,164,815	604,046,986	0	22.7	0.0
Total	6,616,916,739	673,174,030	3,015,929,999	420,224,175	45.6	62.4

Source: Samburu County Treasury

3.37.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 32.4 per cent of the first nine months' proportional revenue of Kshs.5.47 billion.

Personnel emoluments amounting to Kshs.1.35 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.255.17 million. The manual payroll amounted to 15.9 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.77 billion includes Kshs.656.64 million attributable to the health sector, which translates to 37.1 per cent of the total wage bill in the reporting period.

3.37.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.339.80 million to county established funds in FY 2021/22, which constituted 4.7 per cent of the County's overall budget for the year. Table 3.216 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.216: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Conservancies Fund	149,000,000	149,000,000	No
2.	Bursary Fund	114,100,000	106,700,000	No
3.	Emergency Fund	62,500,313	0	No
4.	Youth & Women Fund	8,200,000	0	No
5.	Covid-19 Fund	6,000,000	0	No
Total		339,800,313	255,700,000	

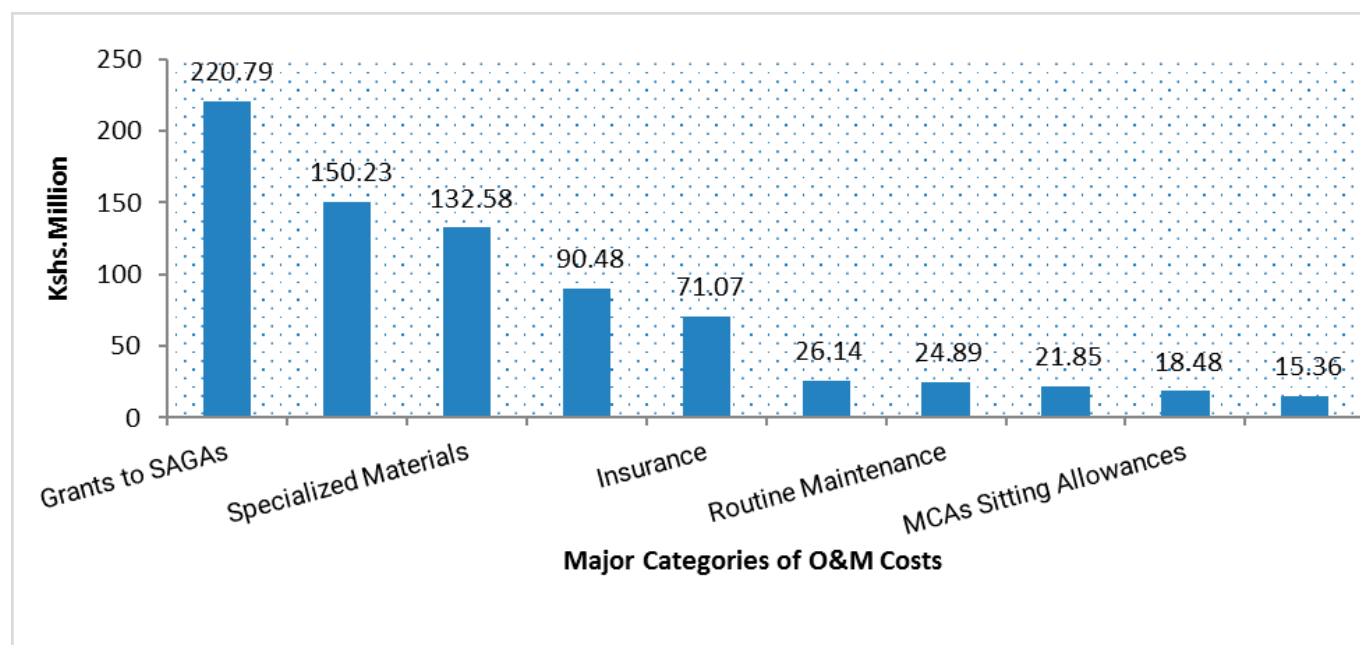
Source: Samburu County Treasury

The OCoB did not receive quarterly financial returns from administrators of any established funds, as indicated in Table 3.216.

3.37.9 Expenditure on Operations and Maintenance

Figure 3.74 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.74: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

The County spent Kshs.18.48 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.26.40 million. The average monthly sitting allowance was Kshs. 73,320 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 15 committees.

During the period, expenditure on domestic travel amounted to Kshs.150.23 million and comprised Kshs.55.22 million spent by the County Assembly and Kshs.95.00 million by the County Executive. Spending on foreign travel amounted to Kshs.15.36 million and consisted of Kshs.9.59 million by the County Assembly and Kshs.5.78 million by the County Executive.

3.37.10 Development Expenditure

The County incurred Kshs.604.05 million on development programmes, which represented an increase of 51.5 per cent compared to a similar period in FY 2020/21 when the County spent Kshs. 398.59 million. Table 3.217 summarises development projects with the highest expenditure in the reporting period.

Table 3.217: Samburu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Grants to Samburu County Community Conservancies Fund	County Wide	149,000,000	149,000,000	100.0
2	Construction of County Referral Hospital Complex	Maralal	41,069,694	41,069,694	100.0
3	Construction of Maralal Slaughter House	Maralal	32,826,168	32,826,168	100.0
4	Supply of Sahiwal Bulls and Heifers	County Wide	23,520,000	23,520,000	100.0
5	Supply of Certified Seeds	County Wide	20,000,000	20,000,000	100.0
6	Equipping of 6No Boreholes	Samburu East	16,403,811	16,403,811	100.0
7	Installation of Wireless Hotspot	Maralal	15,997,386	15,997,386	100.0

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
8	Construction of 50 No ECGE Pit Latrines	County Wide	15,488,470	15,488,470	100.0
9	Construction of Lulu Irrigation Project Phase Two	Lulu, Samburu North	15,142,209	15,142,209	100.0
10	Supply and Delivery of Camel Heifers and Camel Bulls	County Wide	37,500,000	14,472,000	38.6

Source: Samburu County Treasury

3.37.11 Budget Performance by Department

Table 3.218 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.218: Samburu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	518.01	155.16	432.74	-	420.22	-	97.1	0.0	81.1	0.0
County Executive	480.92	43.00	273.80	-	327.55	-	119.6	0.0	68.1	0.0
Finance, Economic Planning & ICT	616.25	48.88	351.33	23.48	315.20	23.48	89.7	100.0	51.1	48.0
Agriculture, Livestock Development, Veterinary Services & Fisheries	285.58	558.99	146.34	109.16	131.06	109.16	89.6	100.0	45.9	19.5
Water, Environment, Natural Resources & Energy	196.50	458.27	153.47	51.51	109.83	51.51	71.6	100.0	55.9	11.2
Education and Vocational Training	497.22	205.55	363.81	69.78	439.92	69.78	120.9	100.0	88.5	33.9
Medical Services, Public Health & Sanitation	1,221.61	551.39	629.84	115.78	828.36	115.78	131.5	100.0	67.8	21.0
Lands, Housing, Physical Planning & Urban Development	185.16	104.98	97.77	-	66.45	-	68.0	0.0	35.9	0.0
Roads, Transport & Public Works	110.94	411.32	60.89	66.62	34.78	66.62	57.1	100.0	31.4	16.2
Tourism, Trade, Enterprise Development & Cooperatives	207.93	217.60	110.83	153.96	93.14	153.96	84.0	100.0	44.8	70.8
Culture, Social Services, Gender, Sports & Youth Affairs	152.14	62.66	107.22	13.75	56.97	13.75	53.1	100.0	37.4	21.9
Total	4,472.27	2,817.83	2,728.04	604.05	2,823.49	604.05	103.5	100.0	63.1	21.4

Source: Samburu County Treasury

Analysis of expenditure by the departments shows that the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded the highest absorption rate of development budget at 70.8 per cent, while the County Assembly, County Executive and the Department of Lands, Housing, Physical Planning & Urban Development did not report any expenditure on development activities. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 88.5 per cent, while the Department of Roads, Transport & Public Works had the lowest at 31.4 per cent.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.219 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.219: Samburu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
The County Assembly					
	0707014210 SP1 Legislative and Oversight	64,934,400	53,956,173	10,978,227	83.1
	0707024210 SP2 County Assembly Administration	376,661,595	176,249,316	200,412,279	46.8
	0707034210 SP3 Representation	231,578,035	190,018,689	41,559,346	82.1
	Subtotal	673,174,030	420,224,178	252,949,852	62.4
The County Executive					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	239,215,344	127,590,587	111,624,757	53.3
	0704014210 SP2 Administration of Human Resources in County Public Service	69,487,568	46,633,061	22,854,507	67.1
	0701034210 SP3 Sub County Administration	175,747,707	127,363,473	48,384,234	72.5
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	39,472,837	25,959,961	13,512,876	65.8
	Subtotal	523,923,456	327,547,082	196,376,374	62.5
Department of Finance, Economic Planning & ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	367,427,417	197,126,008	170,301,409	53.7
	0705024210 SP2 ICT Services	58,815,474	15,706,009	43,109,465	26.7
	Subtotal	426,242,891	212,832,017	213,410,874	49.9
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	42,811,010	14,533,936	28,277,074	33.9
	0706024210 SP2 Resource Mobilization	68,034,838	51,028,525	17,006,313	75.0
	0706034210 SP3 Internal Audit	19,713,870	11,782,192	7,931,678	59.8
	0706044210 SP4 Supply Chain Management	21,618,886	11,863,597	9,755,289	54.9
	0706014210 SP1 Budget Formulation Coordination and Management	13,242,800	10,743,296	2,499,504	81.1
	0706064210 SP6 Fiscal Planning	40,767,280	12,514,072	28,253,208	30.7
	Subtotal	206,188,684	112,465,618	93,723,066	54.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	7,551,952	3,006,781	4,545,171	39.8
	Subtotal	7,551,952	3,006,781	4,545,171	39.8
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	25,142,922	10,378,226	14,764,696	41.3
	Subtotal	25,142,922	10,378,226	14,764,696	41.3
Department Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	566,282,323	103,826,790	462,455,533	18.3
	Subtotal	566,282,323	103,826,790	462,455,533	18.3
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	12,748,584	5,533,340	7,215,244	43.4
	0103024210 SP2 Livestock Production and Management	70,867,032	42,621,570	28,245,462	60.1
	0103034210 SP3 Livestock Diseases Management and Control	25,799,666	7,342,448	18,457,218	28.5
	0103044210 SP4 Livestock Marketing and Rangeland Management	83,003,983	43,721,265	39,282,718	52.7
	Subtotal	192,419,265	99,218,623	93,200,642	51.6
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	11,149,552	1,987,942	9,161,610	17.8
	Subtotal	11,149,552	1,987,942	9,161,610	17.8
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	53,738,776	24,193,297	29,545,479	45.0
	0105024210 SP2 Food Security Initiatives	20,987,190	10,995,115	9,992,075	52.4
	Subtotal	74,725,966	35,188,412	39,537,554	47.1
Department Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	20,301,883	13,995,515	6,306,368	68.9
	Subtotal	20,301,883	13,995,515	6,306,368	68.9
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	27,565,922	1,264,561	26,301,361	4.6
	1002024210 SP2 Forests Conservation and Management	14,683,286	2,721,666	11,961,620	18.5
	Subtotal	42,249,208	3,986,227	38,262,981	9.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	5,015,494	344,300	4,671,194	6.9
	1003034210 SP3 Mining Services	2,198,573	253,770	1,944,803	11.5
	1003044210 SP4 Water Catchment and Protection Services	8,976,184	1,412,806	7,563,378	15.7
	Subtotal	16,190,251	2,010,876	14,179,375	12.4
1004004210 P4 Water and Sanitation Infrastructure	1004014210 SP1 Storm Water Management	5,419,985	2,411,826	3,008,159	44.5
	1004024210 SP2 Water and Sanitation Services	570,614,349	138,938,901	431,675,448	24.3
	Subtotal	576,034,334	141,350,727	434,683,607	24.5
Department of Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	206,613,119	156,969,941	49,643,178	76.0
	Subtotal	206,613,119	156,969,941	49,643,178	76.0
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalisation of Youth Polytechnics	21,736,692	8,833,040	12,903,652	40.6
	Subtotal	21,736,692	8,833,040	12,903,652	40.6
0502004210 P2 Early Childhood Development and Education	0502014210 SP1 Early Childhood Development and Education	474,424,842	343,903,492	130,521,350	72.5
	Subtotal	474,424,842	343,903,492	130,521,350	72.5
Department of Medical Services, Public Health & Sanitation					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion	105,699,435	81,809,590	23,889,845	77.4
	0402014210 SP1 Nutrition	15,014,900	5,221,345	9,793,555	34.8
	0401054210 SP3 Communicable Disease Control	94,936,472	59,529,917	35,406,555	62.7
	0401064210 SP4 Non-communicable Disease Prevention & Control	37,972,158	16,342,139	21,630,019	43.0
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	59,730,924	32,514,767	27,216,157	54.4
	Subtotal	313,353,889	195,417,758	117,936,131	62.4
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	608,243,935	462,494,681	145,749,254	76.0
	0402054210 SP2 Free Primary Health Services	330,414,139	97,521,127	232,893,012	29.5
	Subtotal	938,658,074	560,015,808	378,642,266	59.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	321,551,018	59,195,805	262,355,213	18.4
	0403034210 SP2 Human Resource Management and Development	72,050,220	48,703,346	23,346,874	67.6
	0403044210 SP3 Monitoring and Evaluation, Research and Development	5,137,284	236,301	4,900,983	4.6
	0403054210 SP4 Health Policy, Planning & Financing	31,260,403	11,200,117	20,060,286	35.8
	0403064210 SP5 Health Standards and Quality Assurance Services	90,987,595	69,374,267	21,613,328	76.2
	Subtotal	520,986,520	188,709,836	332,276,684	36.2
Department Lands, Housing, Physical Planning and Urban Development					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	129,742,626	31,032,429	98,710,197	23.9
	Subtotal	129,742,626	31,032,429	98,710,197	23.9
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning	6,021,006	1,907,590	4,113,416	31.7
	0102034210 SP2 Land Survey and Mapping	8,826,752	4,480,030	4,346,722	50.8
	0102044210 SP3 Housing Management Services	882,166	20,000	862,166	2.3
	Subtotal	15,729,924	6,407,620	9,322,304	40.7
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	144,670,091	29,010,575	115,659,516	20.1
	Subtotal	144,670,091	29,010,575	115,659,516	20.1
Department Roads, Transport and Public works					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	197,164,601	11,023,212	186,141,389	5.6
	0201034210 SP2 Fire-fighting Services	70,287,226	12,952,300	57,334,926	18.4
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	11,325,634	4,642,390	6,683,244	41.0
	Subtotal	278,777,461	28,617,902	250,159,559	10.3
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	179,649,542	57,443,905	122,205,637	32.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,354,650	4,781,592	5,573,058	46.2
	0202034210 SP3 Street Lights Management	46,039,954	6,659,920	39,380,034	14.5
	0202044210 SP4 Public Road Transport and Parking	7,438,882	3,898,785	3,540,097	52.4
	Subtotal	243,483,028	72,784,202	170,698,826	29.9
Department Tourism, Trade, Enterprise Development and Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	25,937,923	2,605,215	23,332,708	10.0
	Subtotal	25,937,923	2,605,215	23,332,708	10.0
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	51,552,461	7,261,814	44,290,647	14.1
	Subtotal	51,552,461	7,261,814	44,290,647	14.1
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	292,980,616	215,713,614	77,267,002	73.6
	Subtotal	292,980,616	215,713,614	77,267,002	73.6
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	26,420,775	5,401,520	21,019,255	20.4
	Subtotal	26,420,775	5,401,520	21,019,255	20.4
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP1 General Administration Planning and Support Services	28,644,226	16,112,992	12,531,234	56.3
	Subtotal	28,644,226	16,112,992	12,531,234	56.3
Department Culture, Social Services, Gender, Sports and Youth Affairs					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	82,515,085	28,440,589	54,074,496	34.5
	Subtotal	82,515,085	28,440,589	54,074,496	34.5
0902004210 P2 Culture and Social Services Development	0902014210 SP1 Conservation of Heritage	978,000	-	978,000	0.0
	0902024210 SP2 Development and Promotion of Culture	7,932,448	3,531,817	4,400,631	44.5
	0902034210 SP3 Social Welfare and Gender	32,438,000	16,140,208	16,297,792	49.8
	0902044210 SP4 Community Mobilization and Development	6,206,880	296,738	5,910,142	4.8
	Subtotal	47,555,328	19,968,763	27,586,565	42.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0903004210 P3 Promotion of other Sports Activities	0903014210 SP1 Development and Management of Sports Facilities	18,325,000	1,201,500	17,123,500	6.6
	Subtotal	18,325,000	1,201,500	17,123,500	6.6
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	49,070,000	15,963,240	33,106,760	32.5
	Subtotal	49,070,000	15,963,240	33,106,760	32.5
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	17,336,372	5,147,570	12,188,802	29.7
	Subtotal	17,336,372	5,147,570	12,188,802	29.7
Grand Total		7,290,090,769	3,427,538,434	3,862,552,335	47.0

Source: Samburu County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General Administration Planning and Support Services in the Department of Education and Vocational Training at 76.0 per cent, Tourism Promotion and Marketing in the Department of Tourism, Trade, Enterprise Development and Cooperatives at 73.6 per cent, Early Childhood Development and Education in the Department of Education and Vocational Training at 72.5 per cent, and General Administration Planning and Support Services in the Department of Water, Environment, Natural Resources & Energy at 68.9 per cent of budget allocation.

3.37.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.604.05 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.82 billion. The development expenditure represented 21.4 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.85.38 million against an annual projection of Kshs.150 million, representing 56.9 per cent of the annual target.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
5. High level of pending bills which amounted to Kshs.304.43 million as of 31st March 2022.
6. Manual Payroll. Personnel emoluments amounting to Kshs.255.17 million were processed through the manual payroll and accounted for 15.9 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.
4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid

without delay in the remaining period of the financial year.

6. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.38 County Government of Siaya

3.38.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.16 billion, comprising Kshs.5.01 billion (49.3 per cent) and Kshs.5.15 billion (50.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.97 billion (68.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.445.45 million (4.4 per cent) from its own sources of revenue, and a cash balance of Kshs.2.05 billion (20.2 per cent) from FY 2020/21. The County also expects to receive Kshs.693.45 million (6.8 per cent) as conditional grants, which consist of; KDSP level 2 grant (Kshs.112.82 million), Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal HealthCare (Kshs.76.12 million), Kenya Climate-Smart Agriculture Project (Kshs.314.64 million), DANIDA (Kshs.12.83 million) and Agricultural Sector Development Support Project (Kshs.23.75 million).

3.38.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.11 billion as the equitable share of the revenue raised nationally, raised Kshs.316.30 million as own-source revenue, Kshs.126.95 million as conditional grants, and had a cash balance of Kshs.2.05 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.61 billion, as shown in Table 3.220.

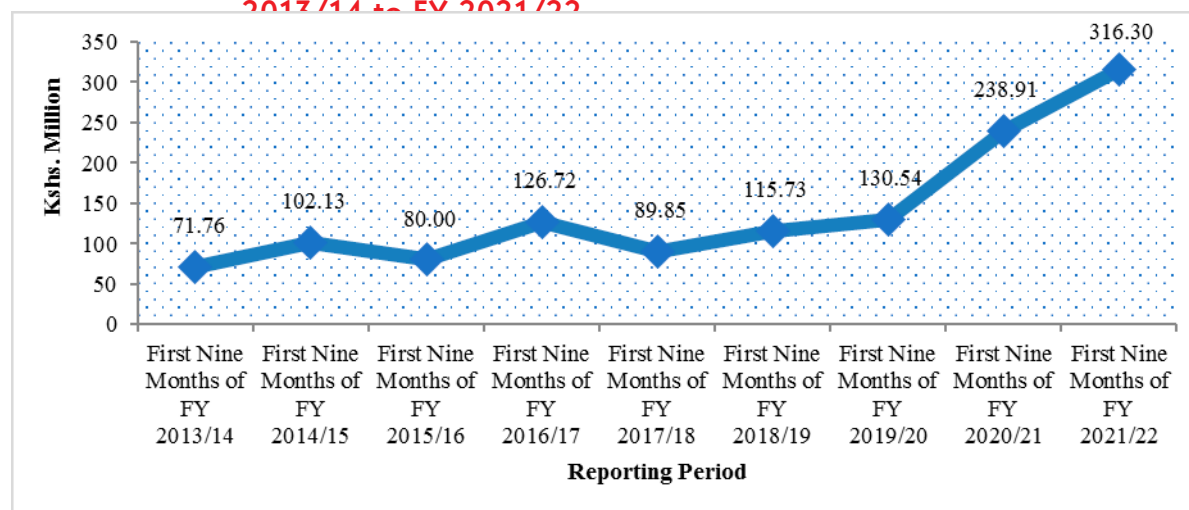
Table 3.220: Siaya County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,966,507,531	4,112,591,634	59.0
Sub Total				
B	Other Sources of Revenue			
1.	Own Source Revenue	445,445,551	316,296,999	71.0
2.	Conditional Grants	693,450,547	126,952,173	18.3
3.	Balance b/f from FY 2020/21	2,051,854,088	2,051,854,088	100.0
Sub Total				
Grand Total				
		10,157,257,717	6,607,694,894	65.1

Source: Siaya County Treasury

The trend in own-source revenue collection for the first nine months from FY 2013/14 to the first nine months of FY 2021/22 is shown Figure 3.75.

Figure 3.75: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Siaya County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.316.30 million as own-source revenue, which was 71.0 per cent of the annual target. This amount represented an increase of 32.4 per cent compared to Kshs.238.91 million realised during a similar period in FY 2020/21. The increase is attributed to the increase in revenue for Linda mama and NHIF free maternity mainly as a result of system usage and also full-time work by the county medics as opposed to the previous year when they were on strike.

3.38.3 Exchequer Issues

The Controller of Budget approved Kshs.4.86 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.04 billion (21.4 per cent) for development programmes and Kshs.3.82 billion (78.6 per cent) for recurrent programmes, as shown in Table 3.224.

3.38.4 Overall Expenditure Review

The County spent Kshs.4.35 billion on development and recurrent programmes during the reporting period. This expenditure represented 89.5 per cent of the total funds released by the CoB and comprised Kshs.821.38 million and Kshs.3.55 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.4 per cent, while recurrent expenditure represented 68.9 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.919.13 million and comprised Kshs.567.55 million for recurrent expenditure and Kshs.351.58 million for development expenditure. At the beginning of the FY 2021/2022, the County prepared a payment plan to settle the entire bills in the financial year 2021/2022. During the period under review, pending bills amounting to Kshs.699.56 million were paid, consisting of Kshs.432.11 million for recurrent expenditure and Kshs.267.46 million for development programmes. Outstanding pending bills amounted to Kshs.219.57 million as of 31st March 2022.

The outstanding pending bills as of 31st March include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.76.47 million out of which the county has settled bills amounting to Kshs.33.12 million, leaving a balance as at Kshs.43.35 million as of 31st March 2022.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.30 billion was spent on employee compensation, Kshs.1.25 billion on operations and maintenance, and Kshs.821.38 million on development activities, as shown in Table 3.221.

Table 3.221: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs. Million)		Expenditure (Kshs. Million)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,364.73	786.66	3,016.23	534.45	69.1	67.9
Compensation to Employees	2,572.50	388.98	2,083.11	215.20	81.0	55.3
Operations and Maintenance	1,792.23	397.69	933.12	319.24	52.1	80.3
Development Expenditure	4,245.25	760.61	767.28	54.10	18.1	7.1
Total	8,609.98	1,547.27	3,783.51	588.54	43.9	38.0

Source: Siaya County Treasury

3.38.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 30.2 per cent of the first nine months proportional revenue of Kshs.7.62 billion.

Personnel emoluments amounting to Kshs.1.85 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.449.92 million. The manual payroll amounted to 19.6 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.30 billion includes Kshs.912.32 million attributable to the health sector, which translates to 39.7 per cent of the total wage bill in the reporting period.

3.38.8 County Established Funds

Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.310 million to county established funds in FY 2021/22, which constituted 3.1per cent of the County's overall budget for the year. Table 3.222 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.222: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Siaya County Bursary Fund	150,000,000	Not Provided	NO
2.	Siaya County Emergency Fund	80,000,000	Not Provided	NO
3.	Siaya County Assembly Car Loan and Mortgage Fund	80,000,000	Not Provided	NO
Total		310,000,000		

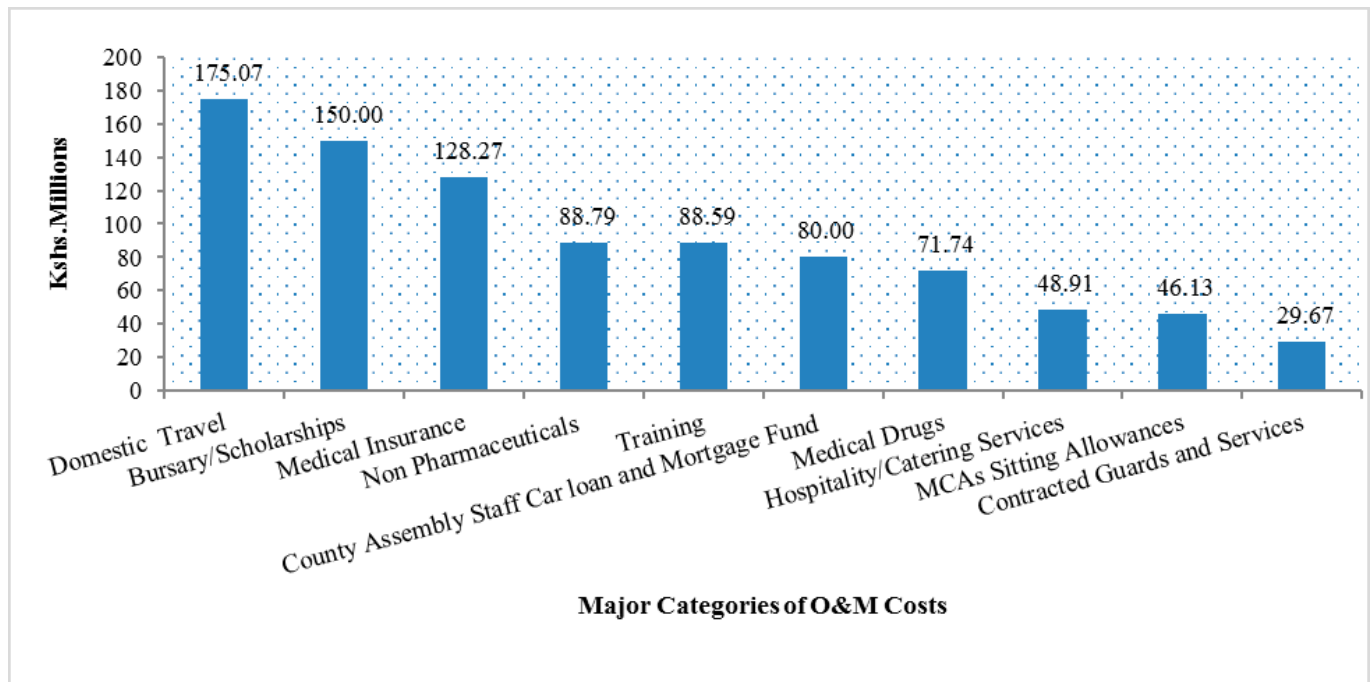
Source: Siaya County Treasury

The OCoB did not receive quarterly financial returns from Fund Administrators of Siaya County Bursary Fund, Siaya County Emergency Fund and Siaya County Assembly Car Loan and Mortgage Fund, as indicated in Table 3.222.

3.38.9 Expenditure on Operations and Maintenance

A summary of major Operations and Maintenance Expenditure categories is shown in Figure 3.76.

Figure 3.76: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

The County spent Kshs.46.13 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.52.41million. The average monthly sitting allowance was Kshs.119,210 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 24 committees.

During the period, expenditure on domestic travel amounted to Kshs.175.07 million and comprised Kshs.105.15 million spent by the County Assembly and Kshs.69.92 million by the County Executive. Spending on foreign travel amounted to Kshs.12.42 million

3.38.10 Development Expenditure

The County incurred Kshs.821.38 million on development programmes, which represented a decrease of 6.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.880.27 million. Table 3.223 summarises development projects with the highest expenditure in the reporting period.

Table 3.223: Siaya County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Construction of Siaya County Stadium	Siaya Headquarters	80,000,000	67,093,742.45	83.9
2.	Construction of Members of the County Assembly Ward Offices	Countywide	597,076,998	33,625,144	5.6
3.	Installation of High mast Lighting in Siaya	Siaya Headquarters	25,105,080	25,105,080	100.0
4.	Tarmacking of Opoda road in Bondo Township	South Sakwa	60,990,033	17,692,949	29.0
5.	Purchase of ICT Networking and Communication Equipment	County Assembly Headquarters	97,915,271	17,037,479	17.4
6.	Furnishing and Carpeting of County Annex	Siaya Headquarters	16,969,380	16,969,380	100.0
7.	County Government support to SIBOWAS-CO	Siaya Township Ward	15,000,000	15,000,000	100.0

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
8.	Construction of modern market at Sigomre	Sigomre Ward	12,000,000	11,765,952	98.0
9.	Consultancy Services for the proposed Siaya Stadium	Siaya Township Ward	11,114,429	11,114,429	100.0
10.	Supply, Installation, Configuration, Customisation, Testing, Commissioning and Support of Enterprise Resource ERP	Siaya Township Ward	10,000,000	10,000,000	100.0

Source: Siaya County Treasury

3.38.11 Budget Performance by Department

Table 3.224 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.224: Siaya County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	786.66	760.61	540.13	54.38	534.45	54.10	99.0	99.5	67.9	7.1
Governance and Administration	569.79	83.75	465.17	16.70	436.99	16.97	93.9	101.6	76.7	20.3
Finance and Economic Planning	685.47	23.83	595.59	16.24	546.21	15.68	91.7	96.5	79.7	65.8
Agriculture, Irrigation, Food, Livestock and Fisheries	240.41	444.26	191.97	32.87	165.77	28.95	86.4	88.1	69.0	6.5
Water, Environment and Natural Resources	52.70	467.81	46.07	82.53	39.28	67.42	85.3	81.7	74.5	14.4
Education, Youth Affairs, Gender and Social Services	369.66	589.82	331.20	272.44	264.78	168.86	79.9	62.0	71.6	28.6
County Health Services	2,137.22	391.93	1,364.24	71.76	1,338.57	60.64	98.1	84.5	62.6	15.5
Lands, Physical Planning, Housing and Urban Development	73.36	190.28	58.97	6.81	53.54	8.56	90.8	125.6	73.0	4.5
Roads, Public Works, Energy and Transport	77.81	1,723.70	48.21	430.47	53.25	335.15	110.4	77.9	68.4	19.4
Enterprise and Industrial Development	97.40	295.89	108.33	42.80	71.23	53.00	65.8	123.8	73.1	17.9
Tourism, Culture, Sports, ICT and Arts	60.90	33.98	72.53	11.00	46.63	12.05	64.3	109.5	76.6	35.5
	5,151.40	5,005.86	8,822.39	1,037.99	3,550.68	821.38	92.9	79.1	68.9	16.4

Source: Siaya County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 65.8 per cent, while the Department of Lands, Physical Planning, Urban Development and Housing recorded the least absorption rate at 4.5 per cent expenditure

on development activities. On the other hand, the Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 79.7 per cent, while the Department of County Health Services had the lowest at 62.6 per cent.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.225 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.225: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
COUNTY ASSEMBLY					
Legislation	Legislation	356,010,564.00	211,585,442.40	144,425,121.60	59.4
Oversight	Oversight	60,343,140.00	57,306,400.00	3,036,740.00	95.0
Staff management and Development	Staff management and Development	1,130,920,303.00	319,852,570.95	811,067,732.05	28.3
	Sub Total	1,547,274,007.00	588,744,413.35	958,529,593.65	38.1
GOVERNANCE AND ADMINISTRATION					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	348,414,683.00	259,530,413.00	88,884,270.00	74.5
The Office of the Governor	The Office of the Governor	73,782,936.00	25,387,436.80	48,395,499.20	34.4
County Public Service Board	County Public Service Board	62,911,711.00	13,140,505.10	49,771,205.90	20.9
Fire fighting and disaster management	Fire fighting and disaster management	21,266,212.00	11,492,261.50	9,773,950.50	54.0
Sub County Administration	Sub County Administration	47,194,849.00	7,029,416.00	40,165,433.00	14.9
Human Resource Management	Human Resource Management	99,970,701.00	20,384,237.40	79,586,463.60	20.4
	Sub Total	653,541,092.00	336,964,269.80	316,576,822.20	51.6
FINANCE AND ECONOMIC PLANNING					
Financial services	Financial services	20,922,552.00	12,944,136.90	7,978,415.10	61.9
Administration Planning, Revenue & Accounting	Administration Planning, Revenue & Accounting	567,558,518.00	287,977,282.10	279,581,235.90	50.7
Procurement	Procurement	13,169,503.00	9,321,304.00	3,848,199.00	70.8
Budget Services	Budget Services	41,170,859.00	27,512,094.00	13,658,765.00	66.8
Internal Audit	Internal Audit	10,511,292.00	4,519,263.00	5,992,029.00	43.0
Economic planning services	Economic planning services	32,923,696.00	19,896,446.35	13,027,249.65	60.4
Economic planning services	Economic planning services	23,042,563.00	19,660,799.60	3,381,763.40	85.3
	Sub Total	709,298,983.00	381,831,325.95	327,467,657.05	53.8
AGRICULTURE, IRRIGATION, FOOD, LIVESTOCK AND FISHERIES					
Administration	Administration	111,788,336.00	47,200,480.40	64,587,855.60	42.2
Veterinary Services	Veterinary Services	46,542,108.00	15,125,352.00	31,416,756.00	32.5
Crop Management	Crop Management	461,337,924.00	88,449,445.90	372,888,478.10	19.2
Fisheries Development & Management	Fisheries Development & Management	65,005,277.00	16,843,733.00	48,161,544.00	25.9

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub Total	684,673,645.00	167,619,011.30	517,054,633.70	24.5
WATER, ENVIRONMENT AND NATURAL RESOURCES					
Administration	Administration	40,322,903.00	5,315,831.00	35,007,072.00	13.2
Water Services	Water Services	472,727,266.00	85,218,091.00	387,509,175.00	18.0
Forestry	Forestry	7,461,946.00	1,209,792.40	6,252,153.60	16.2
	Sub Total	520,512,115.00	91,743,714.40	428,768,400.60	17.6
EDUCATION, YOUTH AFFAIRS, GENDER, SPORTS AND SOCIAL SERVICES					
Administration Services	Administration Services	320,775,900.00	305,758,121.60	15,017,778.40	95.3
ECD programmes	ECD programmes	309,004,193.00	88,823,157.05	220,181,035.95	28.7
Youth Polytechnics and Youth Training	Youth Polytechnics and Youth Training	98,197,825.00	40,268,759.05	57,929,065.95	41.0
Sports	Sports	180,444,630.00	86,822,949.65	93,621,680.35	48.1
Culture	Culture	1,981,968.00	0.00	1,981,968.00	-
Social Resources	Social Resources	51,052,868.00	11,471,650.00	39,581,218.00	22.5
	Sub Total	961,457,384.00	533,144,637.35	428,312,746.65	55.5
COUNTY HEALTH SERVICES					
General administration and Planning Services	General administration and Planning Services	1,562,411,745.00	1,591,984,866.50	-29,573,121.50	101.9
Curative health Care Services	Curative health Care Services	297,008,538.00	93,314,736.95	203,693,801.05	31.4
Preventive, Promotive and Rehabilitative Health Services	Preventive, Promotive and Rehabilitative Health Services	295,562,669.00	128,856,464.65	166,706,204.35	43.6
Facility Improvement Fund	Facility Improvement Fund	126,607,445.00	26,332,906.00	100,274,539.00	20.8
HIV Services	HIV Services	12,832,875.00	3,637,125.00	9,195,750.00	28.3
RH Services	RH Services	18,194,808.00	546,000.00	17,648,808.00	3.0
TB Services	TB Services	105,795,258.00	26,962,567.00	78,832,691.00	25.5
Nutrition Services	Nutrition Services	60,578,536.00	10,041,497.00	50,537,039.00	16.6
Environmental Health Services	Environmental Health Services	50,158,116.00	6,992,265.00	43,165,851.00	13.9
	Sub Total	2,529,149,990.00	1,888,668,428.10	640,481,561.90	74.7
LANDS, PHYSICAL PLANNING, HOUSING AND URBAN DEVELOPMENT					
Physical Planning	Physical Planning	75,559,336.00	9,730,538.10	65,828,797.90	12.9
Housing	Housing	2,025,452.00	839,512.00	1,185,940.00	41.4
Land Survey & Mapping	Land Survey & Mapping	43,765,655.00	10,493,587.00	33,272,068.00	24.0
General Administration, Planning and Support Services	General Administration, Planning and Support Services	142,286,106.00	11,556,661.00	130,729,445.00	8.1
	Sub Total	263,636,549.00	32,620,298.10	231,016,250.90	12.4
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
General Administration services	General Administration services	7,159,795.00	202,005.00	6,957,790.00	2.8
Road Development, Maintenance and Management	Road Development, Maintenance and Management	1,739,976,795.00	487,539,473.10	1,252,437,321.90	28.0

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Government Buildings Services	County Government Buildings Services	54,377,241.00	2,149,619.00	52,227,622.00	4.0
	Sub Total	1,801,513,831.00	489,891,097.10	1,311,622,733.90	27.2
ENTERPRISE AND INDUSTRIAL DEVELOPMENT					
General Administration and Planning Services	General Administration and Planning Services	97,015,187.00	49,941,069.30	47,074,117.70	51.5
Trade Development and Investment	Trade Development and Investment	1,670,000.00	989,300.00	680,700.00	59.2
Promotion of Fair Trade Practices	Promotion of Fair Trade Practices	2,089,533.00	1,022,506.00	1,067,027.00	48.9
Cooperative Extension Services	Cooperative Extension Services	31,690,000.00	1,399,764.20	30,290,235.80	4.4
Market services	Market services	260,834,907.00	45,940,062.20	214,894,844.80	17.6
	Sub Total	393,299,627.00	99,292,701.70	294,006,925.30	25.2
TOURISM, CULTURE, ICT AND ARTS					
ICT	ICT	18,030,000.00	14,188,987.00	3,841,013.00	78.7
Tourism	Tourism	18,000,000.00	2,099,136.00	15,900,864.00	11.7
General Administration, Planning and Support Services	General Administration, Planning and Support Services	50,895,494.00	10,346,441.95	40,549,052.05	20.3
Communication Services	Communication Services	5,975,000.00	4,320,140.00	1,654,860.00	72.3
	Sub Total	92,900,494.00	30,954,704.95	61,945,789.05	33.3
	Grand Total	10,157,257,717.00	4,641,474,602.10	5,515,783,114.90	45.7

Source: Siaya County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General Administration and planning services in the Department of Health Services at 101.9 per cent, Administration Services in the Department of Education, Youth Affairs, Gender, Sports and Social Services at 95.3 per cent, Economic Planning Services in the Department of Finance and Economic Planning at 85.3 per cent, and ICT at 78.7 per cent of budget allocation.

3.38.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.821.38 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.5.01billion. The development expenditure represented 16.4 per cent of the annual development budget.
3. Use of revenue at source and poor budgeting practice as shown Table 3.224 and Table 3.225, where the County Departments incurred expenditure over approved budgetary allocations.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Siaya County Bursary Fund, Siaya County Emergency Fund and Siaya County Assembly Car Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget as of 25th of April, 2022.
5. High level of pending bills which amounted to Kshs.219.57 million as of 31st March 2022.
6. Manual Payroll. The County processed wage bills amounting to Kshs.449.92 million through the manual payroll

during the period. The manual payroll amounted to 19.6 per cent of the total PE costs. Manual payroll is prone to financial abuse and may be misused where there is a weak internal control practice.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should ensure that genuine bills are paid without delay in the remaining period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.7.41 billion, comprising Kshs.2.93 billion (39.6 per cent) and Kshs.4.47 billion (60.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.63 billion (62.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.406.28 million (5.5 per cent) from its own sources of revenue, other revenues of Kshs.62 million (0.8 per cent) and a cash balance of Kshs.0.69 billion (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.62 billion (22.0 per cent) as conditional grants, consisting of Kshs.5.30 million for Compensation of User Fees Forgone, Kshs.193.64 million for the Road Maintenance Fuel Levy Fund, Kshs. 42 million for Rehabilitation of Village Polytechnics, Kshs.47.72 million for Transforming Health Systems for Universal Care Project, Kshs.317.60 million for Kenya Climate Smart Agriculture Project, Kshs.45 million for the Kenya Devolution Support project, Kshs.50.49 million for Instruments for Devolution Advice and Advise, Kshs.88.29 million for Water & Sanitation Development Project and Kshs.29.22 million for Agricultural Sector Development Support Programme.

3.39.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.22 billion as the equitable share of the revenue raised nationally, raised Kshs.221.68 million as own-source revenue, Kshs.50 million as other revenues, and had a cash balance of Kshs.0.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.49 billion, as shown in Table 3.226.

Table 3.226: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2021/22

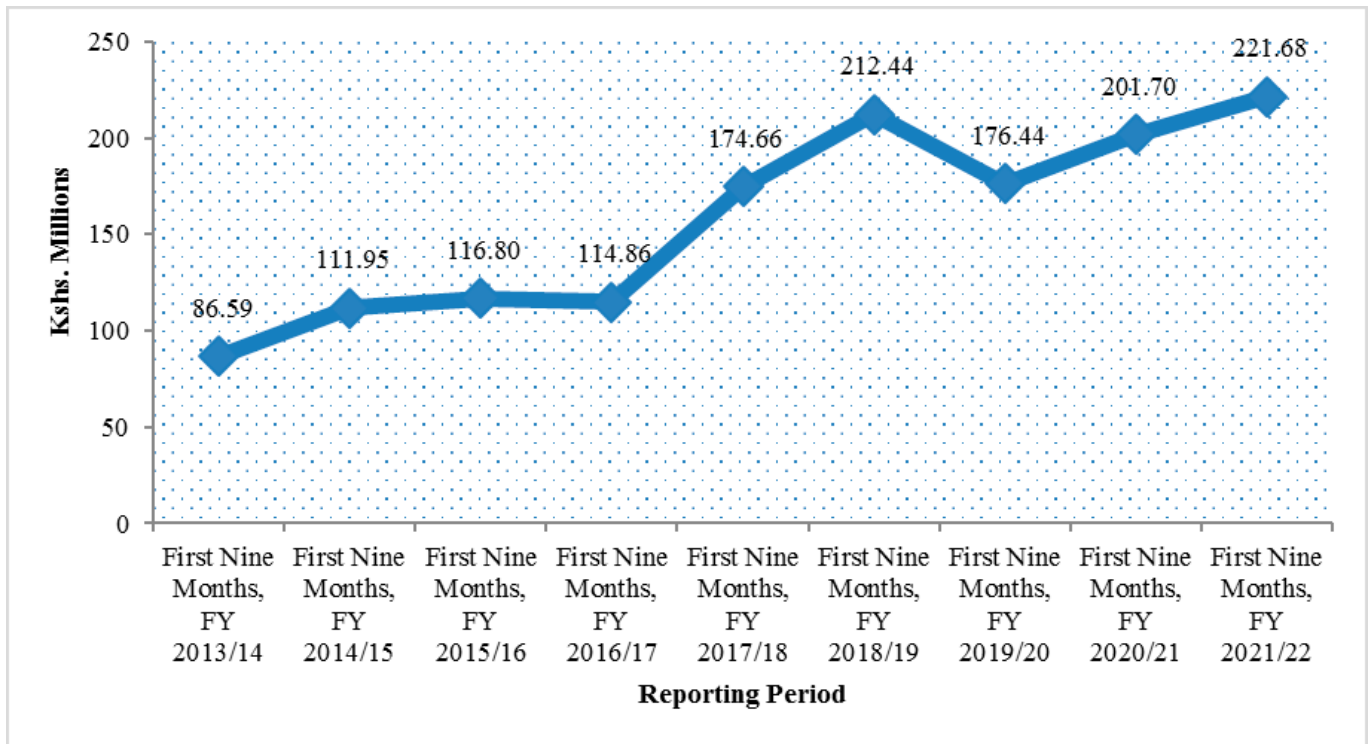
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,633,878,393	3,220,046,173	69.5
Sub Total		4,633,878,393	3,220,046,173	69.5
B	Other Sources of Revenue			
1	Own Source Revenue	406,282,421	221,684,450	54.6
2	Conditional Grants	1,620,633,446	-	-
3	Balance b/f from FY2020/21	690,000,000	481,953	0.1

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4	Other Revenues	62,000,000	50,001,452	80.6
Sub Total		2,778,915,867	272,167,855	9.8
Grand Total		7,412,794,260	3,492,214,028	47.1

Source: Taita Taveta County Treasury

Figure 3.77 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.77: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Taita Taveta County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.221.68 million as own-source revenue, which was 55 per cent of the annual target. This amount represented an increase of 6.7 per cent compared to Kshs.207.7 million realised during a similar period in the first nine months of FY 2020/21. The County implemented an automated revenue management system referred to Taita Taveta LAIFOM system, which attributed to the increase in revenue collection.

3.39.3 Exchequer Issues

The Controller of Budget approved Kshs.3.58 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.86.78 million (2.4 per cent) for development programmes and Kshs.3.50 billion (97.6 per cent) for recurrent programmes, as shown in Table 3.230.

3.39.4 Overall Expenditure Review

The County spent Kshs.3.23 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.3 per cent of the total funds released by the CoB and comprised of Kshs.86.78 million and Kshs.3.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3 per cent, while recurrent expenditure represented 70.4 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.768.36 million and comprised of Kshs. 264.71 million for recurrent expenditure and Kshs. 503.35 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.142.24 million were settled, consisting of Kshs.62.33 million for recurrent expenditure and Kshs.79.91 million for development programmes. Outstanding pending bills amounted to Kshs.769.14 million as of 31st March 2022.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.35 billion was spent on employee compensation, Kshs.861.78 million on operations and maintenance, and Kshs.84.17 million on development activities, as shown in Table 3.227.

Table 3.227: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,843,656,167	631,282,421	2,767,017,539	450,739,570	72.0	71.4
Compensation to Employees	2,308,661,137	236,340,000	2,137,200,935	218,773,538	92.6	92.6
Operations and Maintenance	1,534,995,030	394,942,421	629,816,605	231,966,032	41.0	58.7
Development Expenditure	2,881,365,915	56,489,757	64,116,349	20,059,005	2.2	35.5
Total	6,725,022,082	687,772,178	2,831,133,888	470,798,575	42.1	68.5

Source: Taita Taveta County Treasury

3.39.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 42.4 per cent of the first nine months' proportional revenue of Kshs.5.55 billion.

The wage bill of Kshs 2.35 billion includes Kshs.1.22 billion attributable to the health sector, which translates to 51.9 per cent of the total wage bill in the reporting period.

3.39.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.265.6 million to county established funds in FY 2021/22, which constituted 3.4 per cent of the County's overall budget for the year. Table 3.228 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.228: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of Quarterly Financial Statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Education Fund	170,000,000	-	20,000,000	-	Yes	-
2.	County Emergency Fund	30,000,000	-	-	-	Yes	-
3.	Liquor Control and Licensing Fund	5,600,000	-	-	-	Yes	-
4.	County Executive Car Loan & Mortgage	40,000,000	-	-	-	Yes	-
5.	Taita Taveta Mortgage Scheme Fund	-	10,000,000	-	-	Yes	-
Total		255,600,000	10,000,000	20,000,000	-		

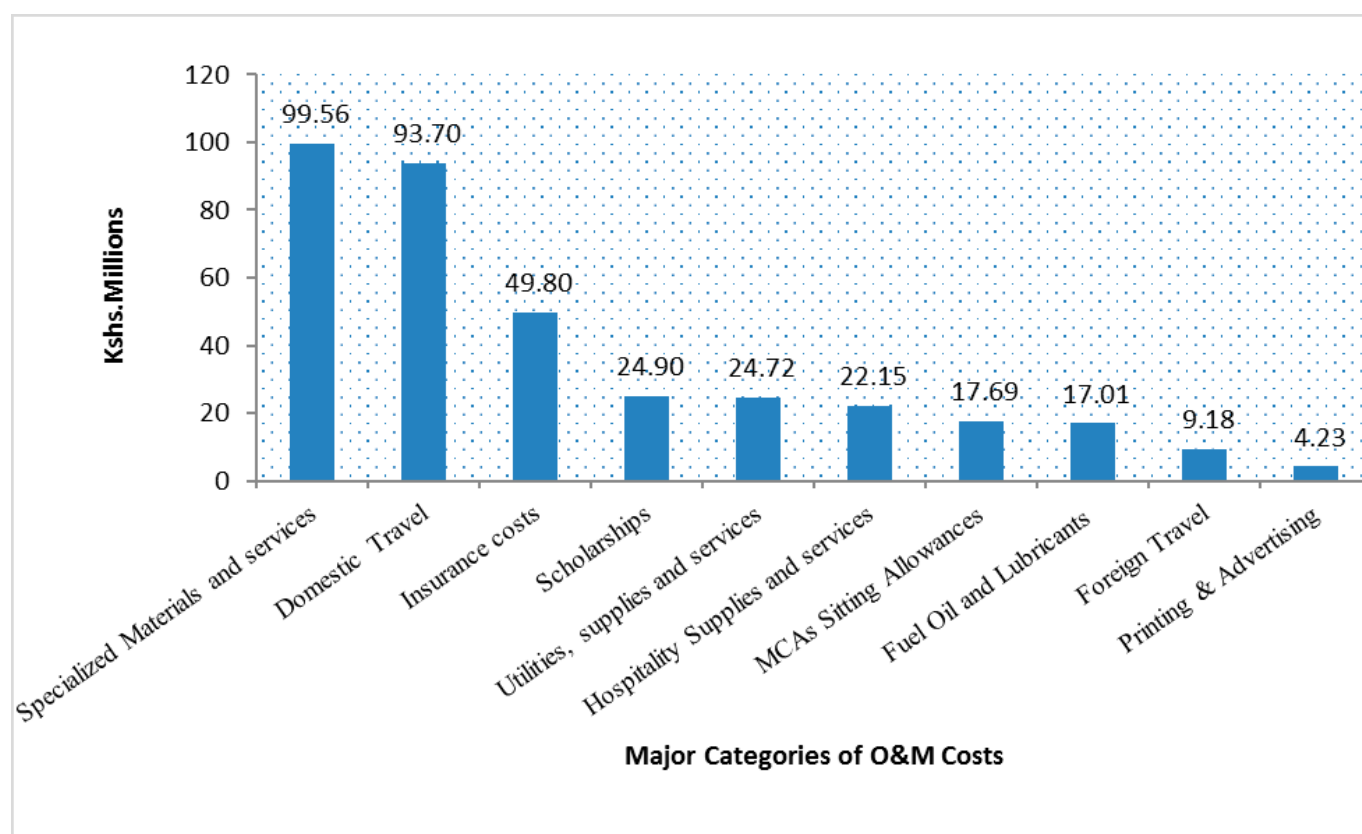
Source: Taita Taveta County Treasury

The OCoB received quarterly financial returns from administrators of County funds, as indicated in Table 3.228.

3.39.9 Expenditure on Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

The County spent Kshs.17.69 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs. 57,807 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.93.70 million and comprised of Kshs.72.0 million spent by the County Assembly and Kshs.21.69 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.18 million and comprised of Kshs.3.33 million by the County Assembly and Kshs.5.84 million by the County Executive.

3.39.10 Development Expenditure

The County incurred Kshs.86.78 million on development programmes, which a decreased compared to a similar period in FY 2020/21 when the County spent Kshs.749.03 million. Table 3.229 summarises development projects with the highest expenditure in the reporting period.

Table 3.229: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Refurbishment of County Assembly Chamber s and installation of Hansard System	County Assembly	Wundanyi	35,000,000	20,059,005	57.3
2	Maintenance of Roads (Pending Bills)	Public Works	County wide	32,654,823	21,948,136	67.2
3	Supply and Delivery of 2 fire engine trucks. (Pending Bill)	Public Works	Voi	25,000,000	14,448,000	57.8
4	Supply and Delivery of Assorted Medical Equipment	Health Services	County wide	30,226,889	13,833,047	45.8
5	Agricultural Sector Development Programme (Grant)	Agriculture	County wide	29,216,307	2,500,000	8.6

Source: Taita Taveta County Treasury

3.39.11 Budget Performance by Department

Table 3.230 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.230: Taita Taveta County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	631.28	56.49	453.46	20.06	450.74	20.06	99.4%	100.0	71.4	35.5
Public Service and Administration	2,565.78	6.28	2,134.73	-	2,137.20	-	100.1%	0.0	83.3	0.0
The Governor's and Deputy Governor's Office	151.86	5.14	149.56	-	58.56	-	39.2%	0.0	38.6	0.0
Finance and Economic Planning	438.36	1,102.73	246.73	-	104.65	-	42.4%	0.0	23.9	0.0
Agriculture, Livestock and Fisheries	16.60	541.72	10.61	7.18	10.61	7.18	100.0%	100.0	63.9	1.3
Water and Irrigation	15.13	141.98	14.42	25.00	14.42	25.00	100.0%	100.0	95.3	17.6
Education and Libraries	210.30	126.30	67.08	-	55.08	-	82.1%	0.0	26.2	0.0
Health	319.42	295.37	319.66	16.46	321.16	16.46	100.5%	100.0	100.5	5.6
Trade, Tourism and Cooperative Development	25.10	38.79	14.24	-	14.04	-	98.6%	0.0	55.9	0.0%
County Public Service Board	17.58	6.57	17.59	-	6.59	-	37.5%	0.0%	37.5	0.0%
Infrastructure and Public Works	24.46	345.84	24.36	16.88	8.36	16.88	34.3%	100.0	34.2	4.9%

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Environment and Natural Resources	43.91	29.10	39.88	1.20	30.83	1.20	77.3%	100.0	70.2	4.1%
Youth, Gender, sports, Culture and Social Services	15.16	241.55	8.82	-	5.53	-	62.7%	0.0	36.5	0.0%
TOTAL	4,474.94	2,937.86	3,501.13	86.78	3,217.76	86.78	91.9	100.0	71.9	3.0

Source: Taita Taveta County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 35.5 per cent, while nine Departments did not report any spending on development activities. The Department of Health had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Finance and Planning had the lowest at 23.9 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.231 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.231: Taita Taveta County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
101003260	Administration Planning and Support Services	84,968,590	24,268,357	60,700,234	28.6
	Administration Planning and Support Services	84,968,590	24,268,357	60,700,234	28.6
102003260	Development programme	374,943,825	91,080,735	283,863,090	24.3
	Development programme	374,943,825	91,080,735	283,863,090	24.3
104003260	Agricultural Development Programme	515,608,014	8,000,000	507,608,014	1.6
	Agricultural Development Programme	515,608,014	8,000,000	507,608,014	1.6
105003260	Livestock and Fisheries Development	26,114,201	-	26,114,201	-
	Livestock and Fisheries Development	26,114,201	-	26,114,201	-
301003260	General Administration and support services programme	25,098,799	3,468,540	21,630,259	13.8
	General Administration and support services programme	25,098,799	3,468,540	21,630,259	13.8
302003260	Trade Development programme.	38,790,468	-	38,790,468	-
	Trade Development programme.	38,790,468	-	38,790,468	-
401003260	Administration and Support Services	319,424,626	84,542,103	234,882,524	26.5
	Administration and Support Services	319,424,626	84,542,103	234,882,524	26.5
402003260	Health Development Programme	295,368,189	89,463,899	205,904,290	30.3
	Health Development Programme	295,368,189	89,463,899	205,904,290	30.3
501003260	General Administration, Planning and Support services	210,298,500	27,538,690	182,759,810	13.1
	General Administration, Planning and Support services	210,298,500	27,538,690	182,759,810	13.1
502003260	Early childhood Education and Youth Training Development Programme	126,300,000	1,407,202	124,892,798	1.1
	Early childhood Education & Youth Training Development Programme	126,300,000	1,407,202	124,892,798	1.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
701003260	General Administration support services	2,583,359,159	2,137,200,935	446,158,224	82.7
	General Administration support services	2,583,359,159	2,137,200,935	446,158,224	82.7
702003260	County Assembly Infrastructure improvement	687,772,178	535,470,683	152,301,495	77.9
	County Assembly Infrastructure improvement	687,772,178	535,470,683	152,301,495	77.9
703003260	Decentralised infrastructure development programme	6,569,047	-	6,569,047	-
	Decentralised infrastructure development programme	6,569,047	-	6,569,047	-
704003260	General Administration and Management of County Affairs	151,863,787	65,566,527	86,297,260	43.2
	General Administration and Management of County Affairs	151,863,787	65,566,527	86,297,260	43.2
705003260	Leadership Development Programme	11,414,281	-	11,414,281	-
	Leadership Development Programme	11,414,281	-	11,414,281	-
706003260	General Administration, Planning, Internal Audit & Support Services	438,357,914	91,829,361	346,528,553	20.9
	General Administration, Planning, Internal Audit & Support Services	438,357,914	91,829,361	346,528,553	20.9
707003260	Treasury Development Programme	1,102,726,856	75,530,661	1,027,196,195	6.8
	Treasury Development Programme	1,102,726,856	75,530,661	1,027,196,195	6.8
1001003260	Water and irrigation Development Programme	141,981,034	20,479,966	121,501,068	14.4
	Water and irrigation Development Programme	141,981,034	20,479,966	121,501,068	14.4
1002003260	General Administration, Support and Support Services	15,126,133	5,110,175	10,015,958	33.8
	General Administration, Support and Support Services	15,126,133	5,110,175	10,015,958	33.8
1003003260	Natural Resources Support Programme	256,708,659	39,759,168	216,949,491	15.5
	Natural Resources Support Programme	256,708,659	39,759,168	216,949,491	15.5
Grand Total		7,412,794,260	3,300,717,000	4,112,077,260	44.5

Source: Taita Taveta County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration support services in the Department of Public Service & Administration at 82.7 per cent, County Assembly Infrastructure improvement at 77.9 per cent, and General Administration and Management of County Affairs in the Office of the Governor at 43.2 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.86.78 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.93 billion. The development expenditure represented 2.7 per cent of the annual development budget.
2. A high wage bill, which accounted for 42.4 per cent of the first nine months' proportional revenue of Kshs.5.55 billion, thus constraining funding to other programmes.
3. High level of pending bills which amounted to Kshs.769.14 million as of 31st March 2022.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.
3. The County leadership should take charge of the worsening pending bills situation in order to ensure eligible pending bills are paid in the remaining period of the financial year.

3.40 County Government of Tana River

3.40.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.48 billion, comprising Kshs.2.97 billion (35 per cent) and Kshs.5.51 billion (65 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.53 billion (76.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.87.85 million (1 per cent) from its own sources of revenue, and a cash balance of Kshs.1.32 billion (15.6 per cent) from FY 2020/21. The County also expects to receive Kshs543.56 million (6.4 per cent) as conditional grants. The grants consist of conditional grants from the national government: Supplement for constructing county headquarters of Kshs.75 million. In addition, the county has budgeted for conditional grants from other development partners, which consists of; Transforming Health System for Universal Health Care Project (THSUCP)Kshs.57.53 million, Kenya Climate Smart Agricultural Project (KCSAP) Kshs.350.27 million, DANIDA-Universal Health Care in Devolved System Program Kshs.12.97 million, Instruments for Devolution Advice and Support (IDEAS) Kshs.19.82 million, and Agricultural Sector Development Support Programs (ASDP)II Kshs.27.97 million.

3.40.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.23 billion as the equitable share of the revenue raised nationally, raised Kshs.55.04 million as own-source revenue, the county did not receive any conditional grants, and had a cash balance of Kshs.1.32 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.61 billion, as shown in Table 3.232.

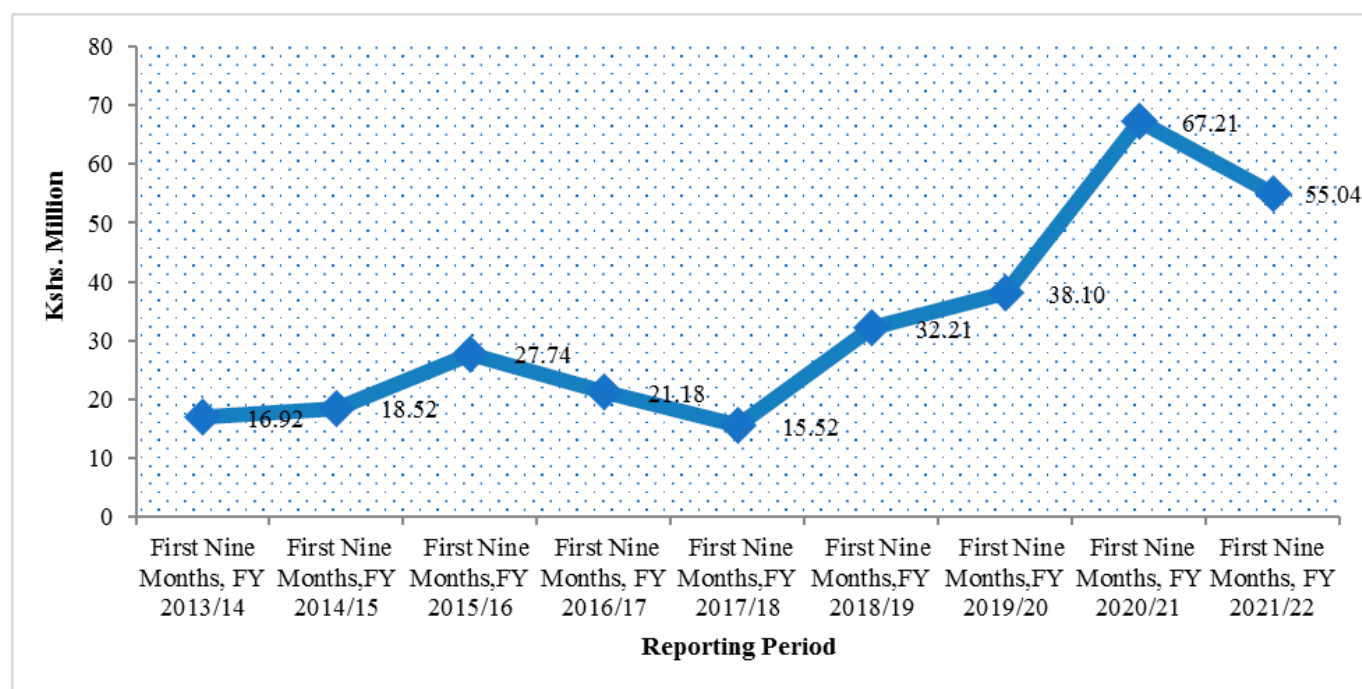
Table 3.232: Tana River County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	3,231,562,337	49.5
Sub Total		6,528,408,765	3,231,562,337	49.5
B	Other Sources of Revenue			
1.	Own Source Revenue	87,846,000	55,036,013	62.7
2.	Conditional Grants	543,563,507	-	
3.	Balance b/f from FY2020/21	1,324,896,099	1,324,896,099	100.0
Sub Total		1,956,305,606	1,379,932,112	70.5
Grand Total		8,484,714,371	4,611,494,449	54.4

Source: Tana River County Treasury

Figure 3.79 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.79: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Tana River County Treasury

In the first nine months of FY 2021/22, the County generated Kshs.55.04 million as own-source revenue. This amount represented a decrease of 18.1 per cent compared to Kshs.67.21 million realised during a similar period of FY 2020/21 and was 62.7 per cent of the annual target. The County has not implemented any automated OSR collection system.

3.40.3 Exchequer Issues

The Controller of Budget approved Kshs.3.23 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.938.65 million (29 per cent) for development programmes and Kshs.2.29 billion (71 per cent) for recurrent programmes, as shown in Table 3.236.

3.40.4 Overall Expenditure Review

The County spent Kshs.3.76 Billion on development and recurrent programmes during the reporting period. This expenditure represented 116.4 per cent of the total funds released by the CoB and comprised Kshs.813.32 million and Kshs.2.95 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.4 per cent, while recurrent expenditure represented 53.5 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.19 billion and comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.14 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.542.1million were paid, consisting of Kshs.82.15 million for recurrent expenditure and Kshs.459.97 million for development programmes. Outstanding ineligible pending bills amounted to Kshs.2.02 billion as of 31st March 2022.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on employee compensation, Kshs.1.66 billion on operations and maintenance, and Kshs.813.31 million on development activities, as shown in Table 3.233.

Table 3.233: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,922,501,700	588,396,752	2,517,207,467	431,492,393	51.1	73.3
Compensation to Employees	1,906,653,864	321,323,167	1,136,017,073	150,496,181	59.6	46.8
Operations and Maintenance	3,015,847,836	267,073,585	1,381,190,394	280,996,212	45.8	105.2
Development Expenditure	2,653,815,919	320,000,000	592,171,171	221,142,956	22.3	69.1
Total	7,576,317,619	908,396,752	3,109,378,638	652,635,349	41.0	71.8

Source: Tana River County Treasury

3.40.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 20.2 per cent of the first nine months proportional revenue of Kshs.6.36 billion.

Personnel emoluments amounting to Kshs1.23 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.51.5million. The manual payroll amounted to 4 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.29 billion includes Kshs.629.1 million attributable to the health sector, which translates to 48.9 per cent of the total wage bill in the reporting period.

3.40.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.363.73 million to county established funds in FY 2021/22, which constituted 4.5 per cent of the County's overall budget for the year. Table 3.234 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.234: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2021 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Tana River County Ward Bursary Fund	150,000,000	N/A	149,498,427	N/A	Yes	
2.	Tana River County Emergency Fund	132,165,375	N/A	124,706,421	N/A	Yes	
3.	Tana River County Staff Car and Mortgage Fund	81,563,009	N/A	17,190,411	N/A		No
	Total	363,728,384		291,395,259			

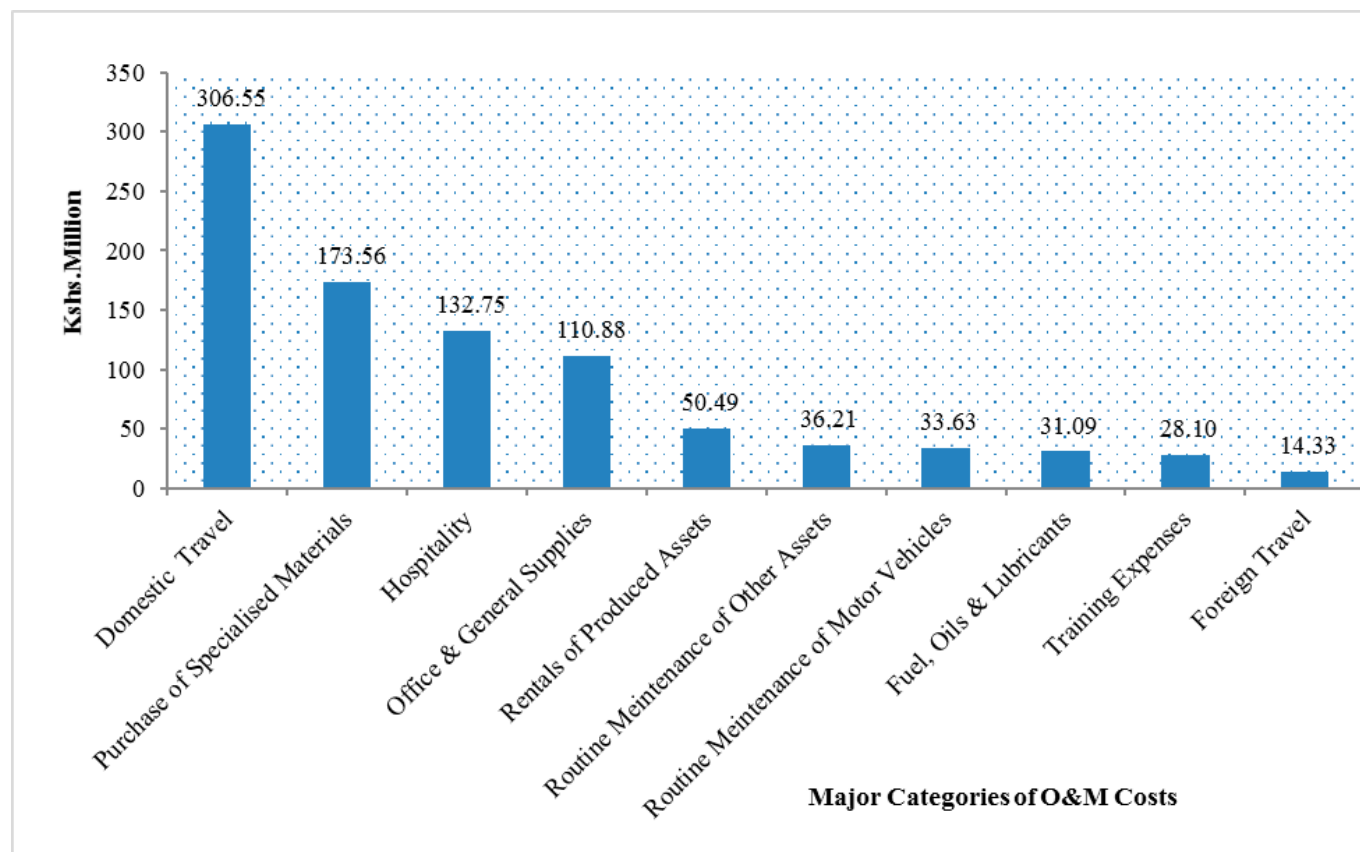
Source: Tana River County Treasury

The OCoB did not receive quarterly financial returns from the Fund Administrator of Tana River County Staff Car & Mortgage Fund, as indicated in Table 3.234.

3.40.9 Expenditure on Operations and Maintenance

Figure 3.80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.80: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

The County spent Kshs.12.67 million on committee sitting allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.18.13 million. The average monthly sitting allowance was Kshs.58,666 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 19 committees.

During the period, expenditure on domestic travel amounted to Kshs.306.55 million and comprised Kshs.111.99 million spent by the County Assembly and Kshs.194.56 million by the County Executive. Spending on foreign travel amounted to Kshs.14.32 million and was incurred by the County Executive.

3.40.10 Development Expenditure

The County incurred Kshs.813.31 million on development programmes, which represented an increase of 6.7 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.762.52 million. Table 3.235 summarises development projects with the highest expenditure in the reporting period.

Table 3.235: Tana River County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure to Date (Kshs.)	Absorption Rate (%)
1	Supply & Delivery of Ambulances	County Wide	52,450,000	52,450,000	100.0
2	Purchase & Installation of Modern Hansards	Hola	16,000,000	13,647,059	85.3

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure to Date (Kshs.)	Absorption Rate (%)
3	Proposed Construction of the Press & Public Gallery at the Old Assembly Chambers	Hola	12,500,000	10,661,765	85.3
4	Proposed Establishment & Equipping of the Assembly Health Club	Hola	7,120,000	6,664,000	93.6
5	Proposed Construction of Assembly Ward Office in Sala ward	Sala Ward	4,995,783	4,740,820	94.9
6	Proposed Construction of Assembly Ward Office in Chewani Ward	Chewani Ward	4,989,491	4,344,668	87.1
7	Proposed Construction of Assembly Ward Office in Chewle Ward	Chewle ward	4,996,375	4,589,985	91.9
8	Purchase Supply Deliver Installation of Outdoors Air Conditioners	Hola	3,900,000	3,555,000	91.2
9	Purchase & Installation of Solar Power Back Ups	Hola	3,500,000	2,985,294	85.3
10	Proposed Installation of Flash light in The County Assembly	Hola	3,500,000	2,985,294	85.3

Source: Tana River County Treasury

3.40.11 Budget Performance by Department

Table 3.236 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.236: Tana River County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	588.39	320.00	438.49	226.37	431.49	221.14	98.4	97.7	73.3	69.1
Office of the Governor	583.32	-	300.24	-	273.24	-	91.0	-	46.8	-
Finance & Planning	806.99	644.27	450.00	448.09	735.70	402.13	163.5	56.1	91.2	39.0
Public Service Board	74.31	-	30.41	-	30.41	-	100.0	-	40.9	-
Trade, Tourism and Industry	38.59	27.50	13.56	-	13.56	-	100.0	-	35.1	-
Agriculture and Rural Development	190.13	526.13	40.22	-	70.22	-	246.7	-	52.2	-
Gender, Social Services & Youth Development	59.80	47.48	10.56	-	19.56	-	100.0	-	17.7	-
Education, Vocational Training & Sports	226.96	39.67	80.00	29.67	74.03	-	239.5	-	84.4	-
Health Services & Sanitation	1,221.89	210.00	454.94	114.78	1,054.66	114.78	231.8	-	86.3	-
Special Program & Cohesion	184.77	-	70.77	-	142.35	-	-	-	-	-
Roads & Public Works	80.15	586.09	70.15	-	70.15	75.07	100.0	-	87.5	12.8
Water, Environment & Natural Resources	134.39	216.73	130.39	57.32	134.39	-	103.1	-	100.0	-
Public Service, Administration & Citizen Participation	1,238.08	53.00	150.08	-	10.00	-	309.5	-	37.5	-
Lands & Physical Planning	39.59	111.50	13.19	-	13.19	-	100.0	-	33.3	-
Hola Municipality	43.59	191.42	40.00	62.42	18.09	-	45.2	-	41.5	-
TOTAL	5,510.95	2,973.79	2,293.00	938.65	2,948.69	813.12	128.6	86.6	53.5	27.3

Source: Tana River County Treasury

Analysis of expenditure by the departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 69.1 per cent, while 12 other Departments did not report any expenditure on development activities. The Department of Water, Environment & Natural Resources had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Gender, Social Services & Youth Development had the lowest absorption at 17.7 per cent.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 3.237 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.237: Tana River County, Budget Execution by Programmes and Sub-programmes

Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture	Administration, planning support services	24,193,636	7,780,756	16,412,880	32.2
	Administration, planning support services	24,193,636	7,780,756	16,412,880	32.2
	Agricultural Development project	555,424,314	103,164,667	452,259,647	18.6
	Agricultural Mechanization Services (AMS Garsen station)	18,284,500	6,454,653	11,829,847	35.3
	Minor/Village irrigation schemes	47,000,000	-	47,000,000	0.0
	Agriculture Sector Development Support Project (ASDSP)	88,523,658	70,922,481	17,601,177	80.1
	Agriculture Extension Services	4,738,000	1,254,639	3,483,361	26.5
	Crop Development	355,271,550	9,136,600	346,134,950	2.6
	Agriculture Sector Development Support Project (ASDSP)	40,286,606	14,965,394	25,321,212	37.2
	Food and Agriculture Organization	1,320,000	430,900	889,100	32.6
	Veterinary Development	51,736,818	7,726,623	44,010,196	14.9
	Veterinary extension services	3,637,500	411,560	3,225,940	11.3
	Artificial insemination (Pilot scheme)	2,263,000	936,493	1,326,507	41.4
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,836,872	1,600,250	1,236,622	56.4
	Conduct Disease Surveillance	7,706,600	3,907,153	3,799,447	50.7
		33,260,846	608,167	32,652,679	1.8
	Leather Development Service	2,032,000	263,000	1,769,000	12.9
	Livestock Development	37,927,500	7,794,840	30,132,660	20.6
	Livestock production extension services	3,042,500	385,800	2,656,700	12.7
	Livestock Research	27,505,000	7,348,840	20,156,160	26.7
	Fodder production training	980,000	-	980,000	0.0
	Irrigation Fodder Production	6,400,000	60,200	6,339,800	0.9
Fisheries & Fisheries Development	Fisheries Development	34,076,043	-	34,076,043	0.0
	Fisheries development	34,076,043	-	34,076,043	0.0
	Fisheries	14,758,831	10,687,254	4,071,577	72.4
	Empowerment of Women and Youth on Fish Safety and Quality Assurance	2,090,000	34,500	2,055,500	1.7
	Construction of Ice Plant and Cold Storage	12,668,831	10,652,754	2,016,077	84.1
Lands & Physical Planning	Land Policy and Planning	149,238,120	18,853,883	130,384,237	12.6
	Physical Planning	67,060,303	11,920,903	55,139,400	17.8
	Land Survey and Mapping	61,177,817	2,642,680	58,535,137	4.3
	Land Administration	21,000,000	4,290,300	16,709,700	20.4
Roads & Public Works	Infrastructure Development programme	340,096,490	150,047,358	190,049,132	44.1
	Roads	340,096,490	150,047,358	190,049,132	44.1
	Administration, Planning and Support Services	44,611,000	4,845,431	39,765,569	10.9
	Administration, planning, Operation and Maintenance	44,611,000	4,845,431	39,765,569	10.9
	Public Works	242,695,000	-	242,695,000	0.0

Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	County Headquarters	242,695,000	-	242,695,000	0.0
	County Roads Development	26,000,196	4,457,450	21,542,746	17.1
	Routine Maintenance	3,628,330	2,820,880	807,450	77.8
	Opening of New Roads	3,877,733	1,050,470	2,827,263	27.1
	Grading and Murruming of County Roads	16,645,000	183,000	16,462,000	1.1
	Tarmacking of County Roads	1,849,133	403,100	1,446,033	21.8
Housing & Urban Development	County Housing Development	204,264,142	65,828,128	138,436,014	32.2
	Housing Development	10,801,780	598,246	10,203,534	5.5
	Urbanization	193,462,362	65,229,882	128,232,480	33.7
	Urban Development	43,500,000	24,989,314	18,510,686	57.5
	Hola Municipality	43,500,000	24,989,314	18,510,686	57.5
Trade & Tourism Development	Promotion of Trade, Tourism and Cooperative Development	66,090,342	18,035,998	48,054,344	27.3
	Promotion of Trade	43,995,171	12,758,719	31,236,452	29.0
	Promotion of Tourism	11,277,102	2,811,921	8,465,181	24.9
	Promotion of Cooperative Development	10,818,069	2,465,358	8,352,711	22.8
	Administration and Support Services	1,003,654,825	625,968,370	377,686,455	62.4
	Administration, planning & support Services	1,003,654,825	625,968,370	377,686,455	62.4
Health & Medical Services	Curative and Rehabilitative	403,071,235	247,733,262	155,337,973	61.5
	Medical Supplies	156,599,895	115,990,201	40,609,694	74.1
	Medical Services	46,968,340	34,240,061	12,728,279	72.9
	Ambulance Services	67,503,000	67,503,000	-	100.0
	SP4 Curative Services	132,000,000	30,000,000	102,000,000	22.7
	Preventive and Promotive	25,173,900	15,211,420	9,962,480	60.4
	Preventive and Promotive	14,353,500	7,488,766	6,864,734	52.2
	Licensing and Control of Undertaking	5,820,400	4,460,279	1,360,121	76.6
	Mobile Clinics	5,000,000	3,262,375	1,737,625	65.3
	General Administration, Planning and Support services	164,805,896	156,163,992	8,641,904	94.8
	General operation, Planning and support services	164,805,896	156,163,992	8,641,904	94.8
Education, ICT & Vocational Training	Quality and Standard Assurance in EYE Centre	47,708,022	29,266,182	18,441,840	61.3
	ECDE Learning/Teaching Materials	13,341,027	4,320,850	9,020,177	32.4
	ECDE Furniture and Equipment Support	34,366,995	24,945,332	9,421,663	72.6
	Vocational Training Centres and Adult Education	54,120,788	46,322,044	7,798,744	85.6
	Quality and Standards Assurance	6,358,292	3,706,965	2,651,327	58.3
	Provision of Modern Tools and Equipment	18,087,602	12,941,032	5,146,570	71.6
	Subsidised Youth Polytechnic Tuition Fund (SYPT)	29,674,894	29,674,047	847	100.0
	Administration, planning support services	451,444,556	204,498,720	246,945,836	45.3
	Coordination and Supervisory Services	451,444,556	204,498,720	246,945,836	45.3
	ICT Infrastructure	33,000,000	-	33,000,000	0.0
	Develop ICT infrastructure	33,000,000	-	33,000,000	0.0
	Administration, planning support services	2,189,740,828	1,066,173,811	1,123,567,017	48.7
	Administration, planning support services	2,189,740,828	1,066,173,811	1,123,567,017	48.7

Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)	
Finance & Economic Planning	Financial Management	210,707,837	151,251,730	59,456,107	71.8	
	Financial management	5,609,349	4,964,120	645,229	88.5	
	Supply Chain Managements	21,800,000	17,115,260	4,684,740	78.5	
	Own Source Revenue Collection	45,700,000	21,518,114	24,181,886	47.1	
	Budget and Economic Planning	82,605,695	61,861,069	20,744,626	74.9	
	Accounting & Finance	22,660,000	22,660,000	-	100.0	
	Internal Audit	12,345,750	7,414,025	4,931,725	60.1	
	Monitoring and Evaluation	19,987,043	15,719,142	4,267,901	78.7	
	Public Service Administration	Board Administration, Planning and Governance	63,543,920	25,397,697	38,146,223	40.0
Board Operations & Governance		63,543,920	25,397,697	38,146,223	40.0	
General administration		17,433,700	7,779,928	9,653,772	44.6	
Ethics Governance and Compliance		4,468,500	3,201,320	1,267,180	71.6	
informationCommunication Technology (ICT)		6,665,200	739,708	5,925,492	11.1	
Human Resource Management & Development		3,200,000	2,050,800	1,149,200	64.1	
Skills and Competence Development		3,100,000	1,788,100	1,311,900	57.7	
Performance Management		170,139,884	2,204,260	167,935,624	1.3	
Performance Management System		5,200,000	1,463,360	3,736,640	28.1	
Human Resource Development		164,939,884	740,900	164,198,984	0.5	
Administration		122,093,500	49,153,300	72,940,200	40.3	
County Administration		96,900,000	47,988,000	48,912,000	49.5	
County Enforcement		25,193,500	1,165,300	24,028,200	4.6	
Public Participation		10,000,000	2,784,600	7,215,400	27.9	
Citizen Participation		10,000,000	2,784,600	7,215,400	27.9	
Leadership		131,878,000	67,771,631	64,106,369	51.4	
County Leadership & Coordination of CDAs		38,500,000	23,358,485	15,141,515	60.7	
County Government Advisory Service		64,878,000	31,251,358	33,626,642	48.2	
Coordination of Peace and Cohesion		28,500,000	13,161,788	15,338,212	46.2	
Administration, planning support services		52,329,120	11,739,602	40,589,518	22.4	
Administration, planning support services		52,329,120	11,739,602	40,589,518	22.4	
Natural Disaster mitigation programme		147,665,375	135,777,675	11,887,700	92.0	
Drought management (Preparedness, Response and Recovery)		4,500,000	3,612,300	887,700	80.3	
Emergency Relief (food, medicine, blankets, cash grant)		143,165,375	132,165,375	11,000,000	92.3	
General administration		37,350,000	2,743,750	34,606,250	7.4	
Gender & Social services		Culture Promotion and Development	26,300,000	1,138,050	25,161,950	4.3
		Empowerment/Capacity Building of Cultural Practitioners	11,050,000	1,605,700	9,444,300	14.5
	Research & Survey	4,700,000	931,867	3,768,133	19.8	
	Baseline Survey for OVC	2,500,000	755,617	1,744,383	30.2	
	Community Awareness Creation on Child Rights and Child Protection	1,400,000	176,250	1,223,750	12.6	
	Enhanced Child Participation	800,000	-	800,000	0.0	
	Empowerment	13,020,000	799,700	12,220,300	6.1	
	Women Empowerment	1,600,000	488,700	1,111,300	30.5	
	Gender and Leadership	11,420,000	311,000	11,109,000	2.7	

Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Sports	Leadership	37,000,560	2,431,600	34,568,960	6.6
	County Sports Leagues	2,233,560	150,600	2,082,960	6.7
	Sports Equipment Support	34,767,000	2,281,000	32,486,000	6.6
	General Administration, Support and Support Services	26,128,592	11,845,986	14,282,606	45.3
	General Administration, Support and Support Services	26,128,592	11,845,986	14,282,606	45.3
Environment & Natural Resources Management	Environmental Management Programme	67,320,425	46,526,182	20,794,243	69.1
	Environmental Management Programme	41,956,300	40,659,182	1,297,118	96.9
	Environmental Protection	6,765,340	2,610,000	4,155,340	38.6
	Control of Air Pollution	18,598,785	3,257,000	15,341,785	17.5
	General Administration	230,384,760	55,609,137	174,775,624	24.1
	Water Management Services	224,079,104	54,179,137	169,899,968	24.2
	Sanitation	3,737,920	300,000	3,437,920	8.0
	Storm Water Management	2,567,736	1,130,000	1,437,736	44.0
	General administration	27,289,464	3,031,920	24,257,544	11.1
	Irrigation Management Services	27,289,464	3,031,920	24,257,544	11.1
	Administration & Development	908,396,752	652,635,349	255,761,403	71.8
County Assembly Services	County Assembly Administration	588,396,752	431,492,393	156,904,359	73.3
	County Assembly Development	320,000,000	221,142,956	98,857,044	69.1
	Grand Total	7,576,317,619	3,393,330,066	4,182,987,553	44.8

Source: Tana River County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Accounting and finance in the Department of Finance & Economic Planning at 100 per cent, Ambulance Services in the Department of Health & Medical Services at 100 per cent, Subsidised Youth Polytechnic Tuition Fund in the Department of Education, ICT & Vocational Training at 100 per cent, and Environmental Management Programme in the Department of Environment & Natural Resources Management at 96.9 per cent of budget allocation.

3.40.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.813.31 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.97 billion. The development expenditure represented 27.3 per cent of the annual development budget.
3. Weak budgeting practice by the County Treasury as shown in Table 3.236, where the County incurred expenditure above/over approved exchequer issues.
4. Some fund administrators failed to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Inuka Fund & Tana River County Assembly Staff Car & Mortgage Fund & Tana River County Staff Car & Mortgage fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.2.02 billion as of 31st March 2022.
6. Inconsistency in financial reporting as noted that expenditure by programmes and sub-programmes as shown in Table 3.237 does not match with accumulated expenditure figures by departments shown in Table 3.236.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.
4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
6. The Tana River County financial reporting unit should ensure that expenditures by programmes and sub-programmes are reconciled totally with that of individual expenditures per department.

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.5.91 billion, comprising Kshs.1.92 billion (32.6 per cent) and Kshs.3.99 billion (67.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.21 billion (71.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (5.9 per cent) from its own sources of revenue, and a cash balance of Kshs.373.81 million (6.3 per cent) from FY 2020/21. The County also expects to receive Kshs.973.25 million (16.5 per cent) as conditional grants, which consists of Leasing of Medical Equipment (Kshs.153.30 million), Supplement for the construction of county headquarters (Kshs.76 million), Transforming Health Systems for Universal care Project (WB) (Kshs.83.43 million), DANIDA Grant (Kshs.8.70 million), Kenya Urban Support Project (KUSP) (Kshs.50 million), Agricultural Sector Development Support Programme (Kshs.35.13 million), Kenya Devolution Support Project (KDSP) Grant (Kshs.137.24 million), Kenya Informal Settlement Programme (Kshs.20 million), Emergency Locust Response Project (ELRP) (Kshs.49.46 million), Water Tower Protection and Climate Change Mitigation and Adaptation Program (Kshs.10 million), and Kenya Climate-Smart Agriculture Project (Kshs.350 million)

3.41.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.80 billion as the equitable share of the revenue raised nationally, raised Kshs.174.01 million as own-source revenue, and had a cash balance of Kshs.373.81 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.35 billion, as shown in Table 3.238.

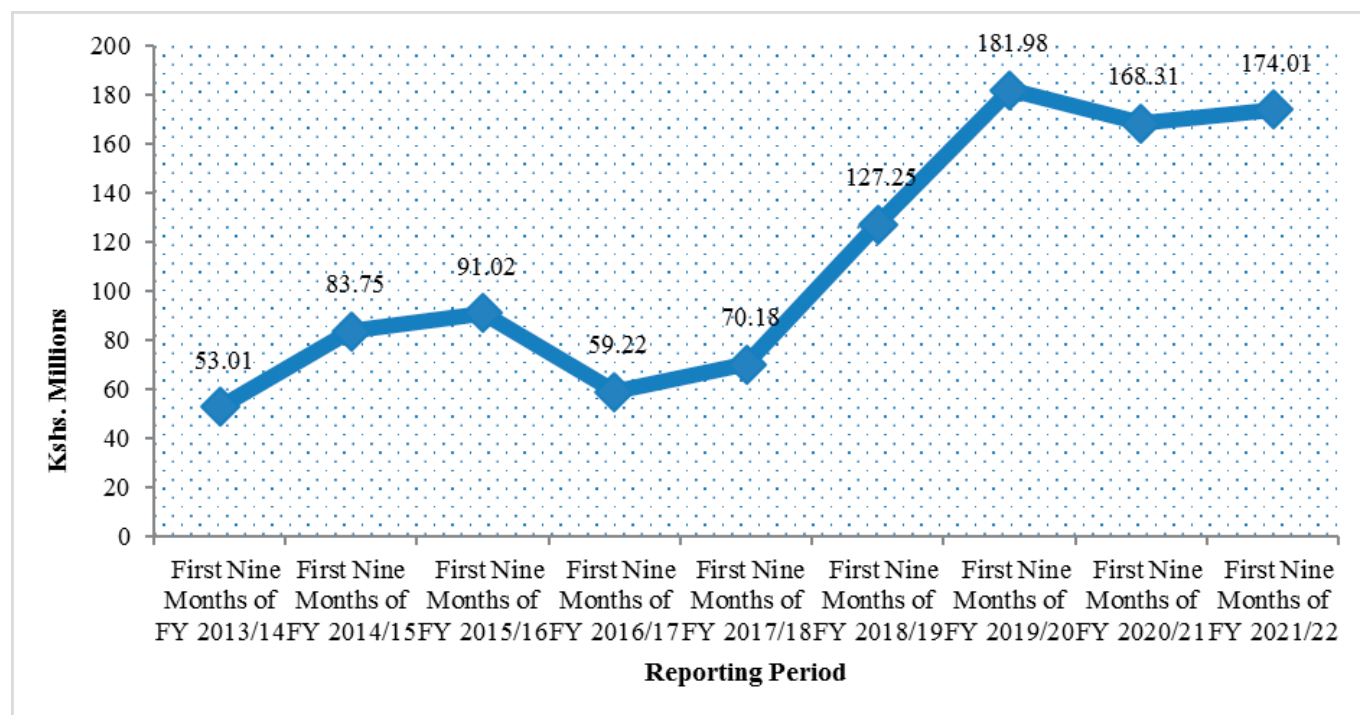
Table 3.238: Tharaka Nithi County Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,214,198,393	2,802,442,063	66.5
	Sub Total	4,214,198,393	2,802,442,063	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	350,000,000	174,005,771	49.7
2.	Conditional Grants	973,250,367	-	-
3.	Balance b/f from FY 2020/21	373,811,941	373,811,941	100.0
	Sub Total	1,697,062,308	547,817,712	32.3
	Grand Total	5,911,260,701	3,350,259,775	56.7

Source: Tharaka Nithi County Treasury

Figure 3.81 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.81: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Tharaka Nithi County Treasury

During the first nine months of FY 2021/22, the County generated a total of Kshs.174.01 million as own-source revenue, reflecting 49.7 per cent of the annual target. This amount represented an increase of 3.4 per cent compared to Kshs.168.31 million realised during a similar period in FY 2020/21.

3.41.3 Exchequer Issues

The Controller of Budget approved Kshs.2.93 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.606.25 million (20.7 per cent) for development programmes and Kshs.2.33 billion (79.3 per cent) for recurrent programmes, as shown in Table 3.242.

3.41.4 Overall Expenditure Review

During the reporting period, the County spent a total of Kshs.2.93 billion comprising of Kshs.601.08 million and Kshs.2.33 billion on development and recurrent programmes, respectively. This expenditure represented 99.9 per cent of the total funds released by the CoB. Expenditure on development programmes represented an absorption rate of 20.5 per cent, while recurrent expenditure represented 79.5 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.327.38 million and comprised Kshs.117.80 million for recurrent expenditure and Kshs.209.58 million for development expenditure. During the period under review, pending bills amounting to Kshs.142.59 million were settled, consisting of Kshs.47.91 million for recurrent expenditure and Kshs.94.68 million for development programmes. Outstanding pending bills amounted to Kshs.184.79 million as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.602.78 million, out of which the County has settled bills amounting to Kshs.326.03 million, leaving a balance of Kshs.96.22 million as of 31st March 2022.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.64 billion was spent on employee compensation, Kshs.692.86 million on operations and maintenance, and Kshs.601.08 million on development activities, as shown in Table 3.239.

Table 3.239: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,562,693,509	424,413,000	2,080,200,451	249,604,566	58.4	58.8
Compensation to Employees	2,265,622,424	225,395,746	1,510,473,114	126,469,243	66.7	56.1
Operations and Maintenance	1,297,071,085	199,017,254	569,727,337	123,135,323	43.9	61.9
Development Expenditure	1,899,154,192	25,000,000	594,216,297	6,862,494	31.3	27.4
Total	5,461,847,701	449,413,000	2,674,416,748	256,467,060	49.0	57.1

Source: Tharaka Nithi County Treasury

3.41.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 37.0 per cent of the first nine months proportional revenue of Kshs.4.43 billion.

Personnel emoluments amounting to Kshs.1.48 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.152.1 million. The manual payroll amounted to 9.3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.1.64 billion includes Kshs.800.34 million attributable to the health sector, which translates to 48.9 per cent of the total wage bill in the reporting period.

3.41.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.25 million to county established funds in FY 2021/22, which constituted 0.4 per cent of the County's overall budget for the year. Table 3.240 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.240: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Tharaka Nithi Bursary Fund	10,000,000	10,000,000	No
2.	Tharaka Nithi Youth Empowerment Fund	-	-	No
3.	Tharaka Nithi Emergency Fund	15,000,000	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
Total		25,000,000	10,000,000	

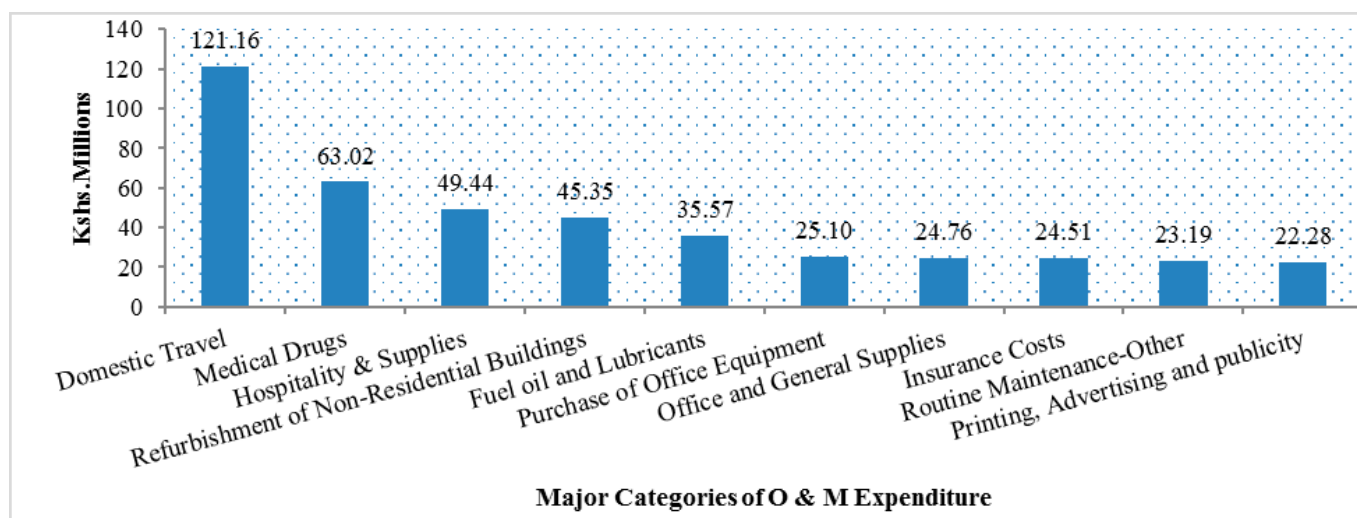
Source: Tharaka Nithi County Treasury

The OCoB did not receive quarterly financial returns from administrators of established funds, as indicated in Table 3.240.

3.41.9 Expenditure on Operations and Maintenance

Figure 3.82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

The County spent Kshs.11.10 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.21.64 million. The average monthly sitting allowance was Kshs.58,727 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800 per MCA. The County Assembly has established 19 committees.

During the period, expenditure on domestic travel amounted to Kshs.121.16 million and comprised of Kshs.81.68 million spent by the County Assembly and Kshs.39.48 million by the County Executive. Spending on foreign travel amounted to Kshs.1.00 million and consisted of Kshs.0.77 million by the County Assembly and Kshs.0.23 million by the County Executive.

3.41.10 Development Expenditure

The County incurred Kshs.601.08 million on development programmes, which represented a decrease of 15.2 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.692.37 million. Table 3.241 summarises development projects with the highest expenditure in the reporting period.

Table 3.241: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Upgrading of Karandini -Kithioroni Road to Bitumen Standards	MAGUMONI	450,000,000	88,715,674	84
2	Upgrading of Kambandi - Cheera-Ruguti Road to Bitumen Standard - Certificate No.3d	Mugwe	356,261,151	47,987,820	81

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
3	Construction of Kathwana Market	Igambang'ombe	127,430,740	36,872,122	44
4	Upgrading of Mitheru - Kaanwa Road to Bitumen Standard - Milestone O6b(2)	Mitheru/Mariani	Not provided	21,660,000	76
5	Other Bridges and footbridges	Countywide	Not provided	11,500,000	85
7	Construction of Mutuguta Bridge	Chogoria/Mwimbi	15,000,000	8,856,600	25
8	Proposed upgrading of Chuka County Referral Hospital Mortuary	Karingani	11,309,050	8,777,780	100
9	Crop Subsidy	Countywide	74,400,000	7,900,000	100
10	Proposed Construction Works at Chuka County Referral Hospital (Aluminium Partitioning to Triage, Demolitions, Concrete and Paving, Masonry Walling, Construction of Waiting Bay, Covered Walkway, Fire Safety Installations and Drainage, Landscaping)	Karingani	15,977,840	7,800,000	100

Source: Tharaka Nithi County Treasury

3.41.11 Budget Performance by Department

Table 3.242 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.242: Tharaka Nithi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor and Deputy Governor	194.89	-	74.67	-	74.88	-	100.3	-	38.4	-
Roads, Infrastructure, Public Works and ICT	198.51	496.61	88.80	253.74	90.21	252.46	101.6	99.5	45.4	50.8
Health Services	1,609.47	199.13	1,054.81	30.23	1,056.29	30.09	100.1	99.5	65.6	15.1
Lands, Physical Planning, Urban Development, Natural Resources	87.27	277.80	50.78	92.31	50.97	90.12	100.4	97.6	58.4	32.4
Agriculture, Cooperatives and Industry	123.01	384.72	73.31	26.68	73.60	25.62	100.4	96.1	59.8	6.7
Public Service, Urban Development and Disaster Management	139.35	-	96.55	-	96.51	-	100.0	-	69.3	-
Education and Vocational Training	197.50	53.07	123.65	38.33	123.52	38.32	99.9	100.0	62.5	72.2
Trade and Revenue	96.47	-	68.23	-	68.32	-	100.1	-	70.8	-
Finance and Economic Planning	411.62	168.55	129.43	137.24	129.26	136.78	99.9	99.7	31.4	81.1
County Assembly	424.41	25.00	249.58	6.89	249.60	6.86	100.0	99.6	58.8	27.4
Water Services and Irrigation	40.25	110.20	20.17	5.45	20.50	5.44	101.7	99.7	50.9	4.9
County Public Service Board	23.93	-	9.72	-	9.32	-	96.0	-	39.0	-
Energy and Housing	35.30	5.20	20.10	3.20	20.21	3.20	100.6	100.0	57.3	61.5
Public Health and Sanitation	263.13	153.30	199.61	-	199.00	-	99.7	-	75.6	0.0
Youth, Sports, Culture and Tourism	62.70	16.20	18.50	1.84	18.52	1.84	100.1	100.0	29.5	11.4
Livestock, Veterinary and Fisheries Development	79.29	34.37	49.56	10.34	49.06	10.34	99.0	100.0	61.9	30.1
TOTAL	3,987.11	1,924.15	2,327.48	606.25	2,329.81	601.08	100.1	99.1	58.4	31.2

Source: Tharaka Nithi County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the development budget at 81.1 per cent, while the Department of Public

Health and Sanitation did not report any expenditure on development activities. The Department of Public Health and Sanitation had the highest absorption rate of the recurrent budget at 75.6 per cent, while the Department of Youth, Sports, Culture and Tourism had the lowest at 29.5 per cent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.243 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.243: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Office of Governor and Deputy Governor					
P: County Government Advisory Services	SP: Communication and Strategy	9,158,661	6,067,200	3,091,461	66.2
P: County Leadership and Coordination of MDAs	SP: Coordination of CMAs (Office of County Secretary)	40,250,000	19,318,523	20,931,477	48.0
	SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	15,880,400	2,707,450	13,172,950	17.0
P: General Administration, Planning and Support Services	SP: Coordination and Supervisory Services (Deputy Governor's Office)	23,480,000	3,635,100	19,844,900	15.5
	SP: Management of County Affairs (Office of Governor)	106,116,911	43,156,692	62,960,219	40.7
Sub Total		194,885,972	74,884,965	120,001,007	38.4
Roads, Infrastructure, Public Works and ICT					
P: General Administration Planning and Support Services	SP: General Administration Services	27,439,324	9,995,550	17,443,774	36.4
P: ICT Infrastructure Development	SP: ICT Infrastructure Development	16,600,000	14,550,588	2,049,412	87.7
P: Public Works and Housing Services	SP: Public Works Services	20,054,500	12,992,036	7,062,464	64.8
P: Roads Transport	SP: Rural Roads Improvement and Maintenance Services	631,019,548	305,130,821	325,888,727	48.4
Sub Total		695,113,372	342,668,995	352,444,377	49.3
Medical Services					
P: Curative and Rehabilitative Services	SP: Laboratory Services	44,000,000	24,889,800	19,110,200	56.6
	SP: Medical Supplies	207,000,000	99,117,784	107,882,216	47.9
P: General Administration Planning and Support Services	SP: General Administration Services	387,236,175	162,041,696	225,194,479	41.8
	SP: Health sector planning, budgeting Monitoring and Evaluation	8,496,000	-	8,496,000	0.0
	SP: Human resource management	1,161,864,550	800,336,267	361,528,283	68.9
Sub Total		1,808,596,725	1,086,385,547	722,211,178	60.1
Lands, Physical Planning, Urban Development, Environment and Natural Resources					
P: Environment and Natural Resources Management	SP: Environment and Natural Resource	18,206,408	751,708	17,454,700	4.1
P: General Administration Planning and Support Services	SP: General Administration Services	40,000,000	36,789,620	3,210,380	92.0

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P: Kathwana Municipality Development Programme	SP: Kathwana Urban Area Support	127,396,660	27,788,554	99,608,106	21.8
P: Land Policy and Planning	SP: Land administration & management	10,199,500	2,918,781	7,280,719	28.6
	SP: Physical Planning Services	71,999,382	45,442,669	26,556,713	63.1
P: Urban Development and Administration	SP: Urban Administrative Services	97,269,828	27,393,787	69,876,041	28.2
Sub Total		365,071,778	141,085,119	223,986,659	38.6
Agriculture, Cooperatives and Industry					
P: Cooperative Development and Management	SP: Cooperative Development	1,473,037	-	1,473,037	0.0
P: Crop Development and Management	SP: Crops Development, Agribusiness and Market Development	123,688,169	8,693,223	114,994,946	7.0
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	382,573,649	90,531,005	292,042,644	23.7
Sub Total		507,734,855	99,224,228	408,510,627	19.5
Public Administration and Devolution Affairs					
P: County Government Advisory Services	SP: Disaster Management and Coordination	1,200,000	398,405	801,595	33.2
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	132,894,880	94,008,193	38,886,687	70.7
	SP: Human Resource Management Services	1,700,000	815,130	884,870	47.9
	SP: Sub-County Administration and Field Services	3,560,000	1,292,600	2,267,400	36.3
Sub Total		139,354,880	96,514,328	42,840,552	69.3
Education and Vocational Training					
P: Education and Youth Training	SP: Promotion of Basic Education (ECDE)	65,069,585	40,311,139	24,758,446	62.0
	SP: Youth Training and Capacity Building	41,051,607	22,377,125	18,674,482	54.5
P: General Administration Planning and Support Services	SP: Administration Planning and Support Services	144,444,755	99,160,675	45,284,080	68.6
Sub Total		250,565,947	161,848,939	88,717,008	64.6
Trade and Revenue					
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	89,771,630	65,698,579	24,073,051	73.2
P: Industrial Development and Investment	SP: Industrial Development	3,300,000	280,850	3,019,150	8.5
P: Trade Development and promotion	SP: Consumer Protection & Fair Trade Practices	3,400,000	2,344,400	1,055,600	69.0
Sub Total		96,471,630	68,323,829	28,147,801	70.8
Finance and Economic Planning					
P: Economic Policy and County Planning	SP: County Statistics Services	5,300,000	2,680,770	2,619,230	50.6
	SP: Economic Development, Planning and Coordination Services	15,100,000	1,009,850	14,090,150	6.7
	SP: Monitoring and Evaluation Services	4,800,000	825,000	3,975,000	17.2

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P: Financial Management Services	SP: Accounting Services	7,250,000	1,980,700	5,269,300	27.3
	SP: Audit Services	8,043,400	3,271,080	4,772,320	40.7
	SP: Budget Formulation and Coordination	7,450,000	2,003,800	5,446,200	26.9
	SP: Supply Chain Management Services	3,070,000	755,200	2,314,800	24.6
P: General Administration, Planning and Support Services	SP: Human Resource Management Services	335,812,265	125,012,019	210,800,246	37.2
P: Kenya Devolution Support Programme	SP: Tharaka Nithi KDSP Capacity Building	172,242,250	122,124,153	50,118,097	70.9
P: Resource mobilisation	SP: Revenue Administration	21,109,300	6,370,895	14,738,405	30.2
Sub Total		580,177,215	266,033,467	314,143,748	45.9
County Assembly					
P: County Legislation Services	SP: Coordination Services (Office of the Speaker)	5,793,916	2,500,000	3,293,916	43.1
	SP: County Assembly Services	129,155,972	75,428,725	53,727,247	58.4
	SP: Procedure and Oversight Services (Committees)	61,702,846	51,847,078	9,855,768	84.0
P: Financial Management Services	SP: Monitoring and Evaluation Services	52,633,000	22,682,000	29,951,000	43.1
P: General Administration, Planning and Support Services	SP: Administrative Services	11,496,768	10,003,174	1,493,594	87.0
	SP: General Administration and Support Services	188,630,498	94,006,083	94,624,415	49.8
Sub Total		449,413,000	256,467,060	192,945,940	57.1
Water Services and Irrigation					
P: Water Supply Services	SP: Domestic Water Services	143,820,800	22,012,138	121,808,662	15.3
	SP: Irrigation and Drainage Services	5,387,350	3,725,720	1,661,630	69.2
	SP: Water Storage Services	1,239,506	203,200	1,036,306	16.4
Sub Total		150,447,656	25,941,058	124,506,598	17.2
County Public Service Board					
P: Financial Management Services	SP: Monitoring and Evaluation Services	1,300,000	400,600	899,400	30.8
P: General Administration, Planning and Support Services		20,058,364	8,026,907	12,031,457	40.0
	SP: General Administration and Support Services	20,058,364	8,026,907	12,031,457	40.0
P: Human Resource Management and Development		2,575,000	896,989	1,678,011	34.8
	SP: County Public Service Board Services	2,575,000	896,989	1,678,011	34.8
Sub Total		23,933,364	9,324,496	14,608,868	39.0
Energy and Housing					
P: Energy Resource Development & Management	SP: Energy Resource Development & Management	5,400,796	3,308,596	2,092,200	61.3
P: General Administration Planning and Support Services	SP: General Administration Services	35,099,095	20,104,793	14,994,302	57.3
Sub Total		40,499,891	23,413,389	17,086,502	57.8
Public Health and Sanitation					

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P: Preventive and Promotive Health Services	SP: Disease Surveillance	1,281,115	-	1,281,115	0.0
	SP: Environmental Health services	18,061,825	8,579,785	9,482,040	47.5
	SP: Health Promotion and Disease Control	392,883,287	190,183,015	202,700,272	48.4
	SP: HIV and AIDS Support Services	2,700,000	240,000	2,460,000	8.9
	SP: Reproductive Maternal and Child Health Services	1,500,000	-	1,500,000	0.0
Sub Total		416,426,227	199,002,800	217,423,427	47.8
Youth, Sports, Culture and Tourism					
P: Culture, Arts and Social Services	SP: Culture and Arts Promotion	13,639,500	949,800	12,689,700	7.0
	SP: Gender, PWDs and Social Services	14,257,200	932,352	13,324,848	6.5
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	3,200,000	-	3,200,000	0.0
P: Sports Development and Promotion	SP: Athletics Championships and Other Games	5,012,050	183,010	4,829,040	3.7
	SP: County Football League and Clubs Development	2,433,000	140,400	2,292,600	5.8
	SP: Talent Search and Promotion	29,529,303	16,804,162	12,725,141	56.9
P: Tourism Development and Promotion	SP: Miss Tourism Tharaka Nithi	10,277,000	1,353,940	8,923,060	13.2
	SP: Tourism Branding and Marketing	553,775	-	553,775	0.0
Sub Total		78,901,828	20,363,664	58,538,164	25.8
Livestock, Veterinary and Fisheries Development					
P: Livestock and Fisheries Resource Management and Development	SP: Fisheries Development and Promotion	13,938,915	-	13,938,915	0.0
	SP: Livestock Policy Development and Capacity Building	77,452,649	49,666,484	27,786,165	64.1
	SP: Veterinary Services and Disease Prevention	22,274,797	9,735,440	12,539,357	43.7
Sub Total		113,666,361	59,401,924	54,264,437	52.3
Grand Total		5,911,260,701	2,930,883,808	2,980,376,893	49.6

Source: Tharaka Nithi County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: General Administration Services in the Department of Lands, Physical Planning, Urban Development, Environment and Natural Resources at 92.0 per cent, ICT Infrastructure Development in the Department of Roads, Infrastructure, Public Works and ICT at 87.7 per cent, Administrative Services in the Department of County Assembly at 87.0 per cent, and Procedure and Oversight Services in the Department of County Assembly at 84.0 per cent of budget allocation. Monitoring and Evaluation

3.41.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.

2. Low absorption of development funds as indicated by the expenditure of Kshs.601.08 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.1.92 billion. The development expenditure represented 31.2 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.174.01 million against an annual projection of Kshs.350.00 million, representing 49.7 per cent of the annual target. The annual target may be unrealistic, noting that there was an increase compared to Kshs.168.31 million realised during a similar period in FY 2020/21.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. Reports for all the County Established Funds were not submitted to the Controller of Budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed. Further, there is a need to ensure the OSR target is realistic and achievable.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.9.31 billion, comprising Kshs.4.05 billion (43.5 per cent) and Kshs.5.26 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs. 7.19 billion (77.2 per cent) as the equitable share of revenue raised nationally, generate Kshs. 529.50 million (5.7per cent) from its own sources of revenue, and a cash balance of Kshs. 864.66 million (9.3 per cent) from FY 2020/21. The County also expects to receive Kshs. 724.98 million (7.8 per cent) as conditional grants, consisting of NARIGP Kshs. 298.66 million, THUSP Kshs. 80.44 million, DANIDA Kshs. 12.76 million, Leasing of Medical Equipment Kshs.153.30 million, ASDSP Kshs.24.03 million, KDSP level 2 Kshs.105.80 million and KISIP II Kshs.50 million.

3.42.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.4.78 billion as the equitable share of the revenue raised nationally, raised Kshs.305.44 million as own-source revenue, Kshs.108.30 million as conditional grants, and had a cash balance of Kshs.864.66 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs. 6.06 billion, as shown in Table 3.244.

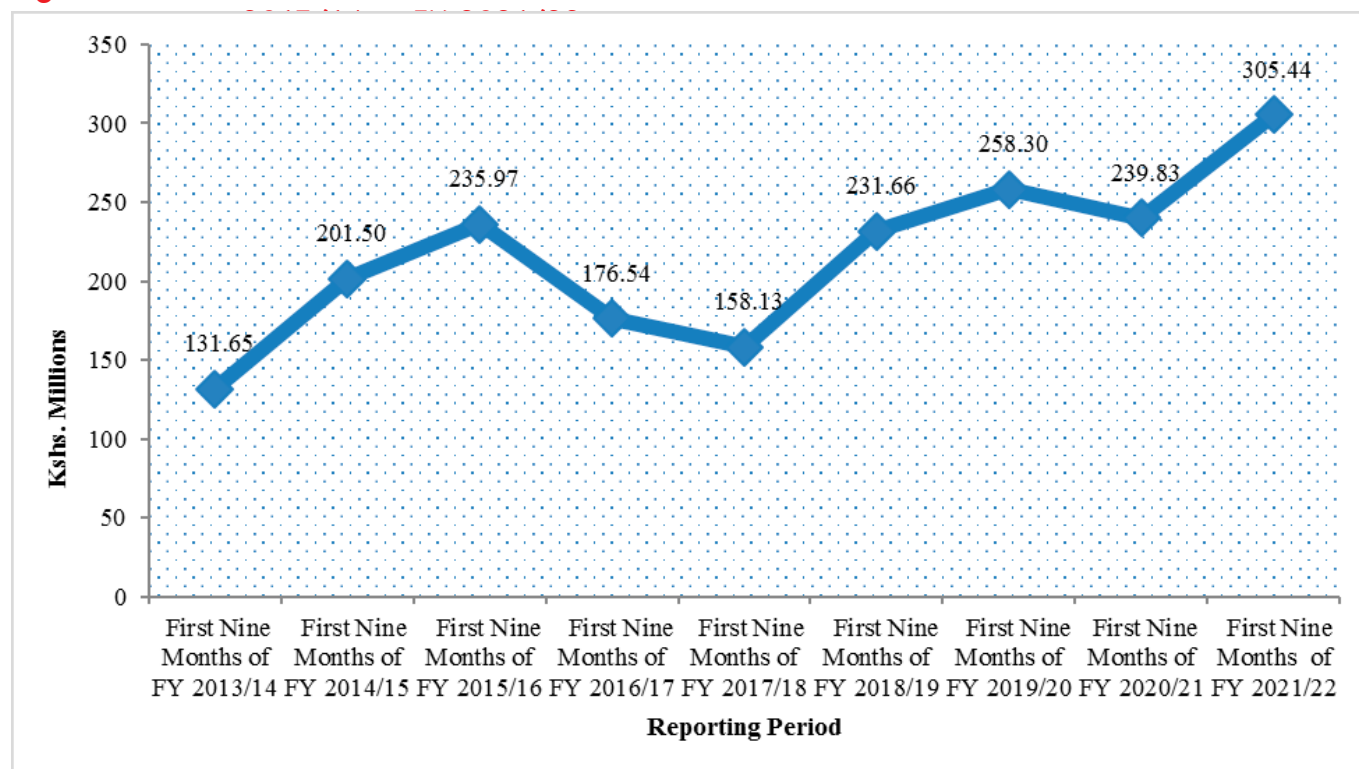
Table 3.244: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2021/22

S/No.	Revenue Category	Supplementary Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Supplementary Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,186,157,670	4,778,794,852	66.5
	Sub Total	7,186,157,670	4,778,794,852	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	529,500,000	305,435,010	57.7
2.	Conditional Grants	724,984,356	108,302,077	14.9
3.	Balance b/f from FY 2020/21	864,662,730	864,662,730	100.0
	Sub Total	2,119,147,086	1,278,399,817	60.3
	Grand Total	9,305,304,756	6,057,194,669	65.1

Source: Trans Nzoia County Treasury

Figure 3.83 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Nine Months from FY



Source: Trans Nzoia County Treasury

In the first nine months of FY 2021/22, the County generated Kshs. 305.44 million as own-source revenue. This amount represented an increase of 27.4 per cent compared to Kshs.239.83 million realised in the first nine months of FY 2020/21.

3.42.3 Exchequer Issues

The Controller of Budget approved Kshs.5.48 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.48 billion (27.0 per cent) for development programmes and Kshs.4.00 billion (73.0 per cent) for recurrent programmes, as shown in Table 3.248.

3.42.4 Overall Expenditure Review

The County spent Kshs.5.37 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.0 per cent of the total funds released by the CoB and comprised Kshs.1.46 billion and Kshs.3.92 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 35.9 per cent, while recurrent expenditure represented 74.5 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.05 billion and comprised of Kshs.774.25 million for recurrent expenditure and Kshs.1.28 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.836.80 million were paid, consisting of Kshs. 275.95 million for recurrent expenditure and Kshs.560.85 million for development programmes. Outstanding pending bills amounted to Kshs.1.21 billion as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.558.29 million, out of which the County has settled bills amounting to Kshs.505.29 million, leaving a balance of Kshs.53.00 million as of 31st March 2022.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.46 billion was spent on employee compensation, Kshs.1.46 billion on operations and maintenance, and Kshs.1.46 billion on development activities, as shown in Table 3.245.

Table 3.245: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,577,779,363	676,650,593	3,403,520,475	512,778,337	74.3	75.8
Compensation to Employees	2,864,795,507	290,500,310	2,240,913,759	219,568,286	78.2	75.6
Operations and Maintenance	1,712,983,856	386,150,283	1,162,606,716	293,210,051	67.9	75.9
Development Expenditure	3,678,603,728	372,271,072	1,446,285,989	9,331,435	39.3	2.5
Total	8,256,383,091	1,048,921,665	4,849,806,464	522,109,772	58.7	49.8

Source: Trans Nzoia County Treasury

3.42.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 35.2 per cent of the first nine months' proportional revenue of Kshs. 6.98 billion.

Personnel emoluments amounting to Kshs.2.21 billion were processed through the IPPD system, while those paid through manual payroll were Kshs. 253.13 million. The manual payroll amounted to 10.3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs. 2.46 billion includes Kshs. 1.13 billion is attributable to the health sector and translates to 46.1 per cent of the total wage bill in the reporting period.

3.42.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.66.50 million to county established funds in FY 2021/22, which constituted 0.7 per cent of the County's overall budget for the year. Table 3.246 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.246: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
4.	Trans-Nzoia County Elimu Bursary Fund	50,000,000	25,000,000	YES
5.	Trans Nzoia County Car and Mortgage Fund	14,500,000	10,000,000	YES
6.	Trans Nzoia Women and Youth Fund	2,000,000	-	NO
	Total	66,500,000	35,000,000	

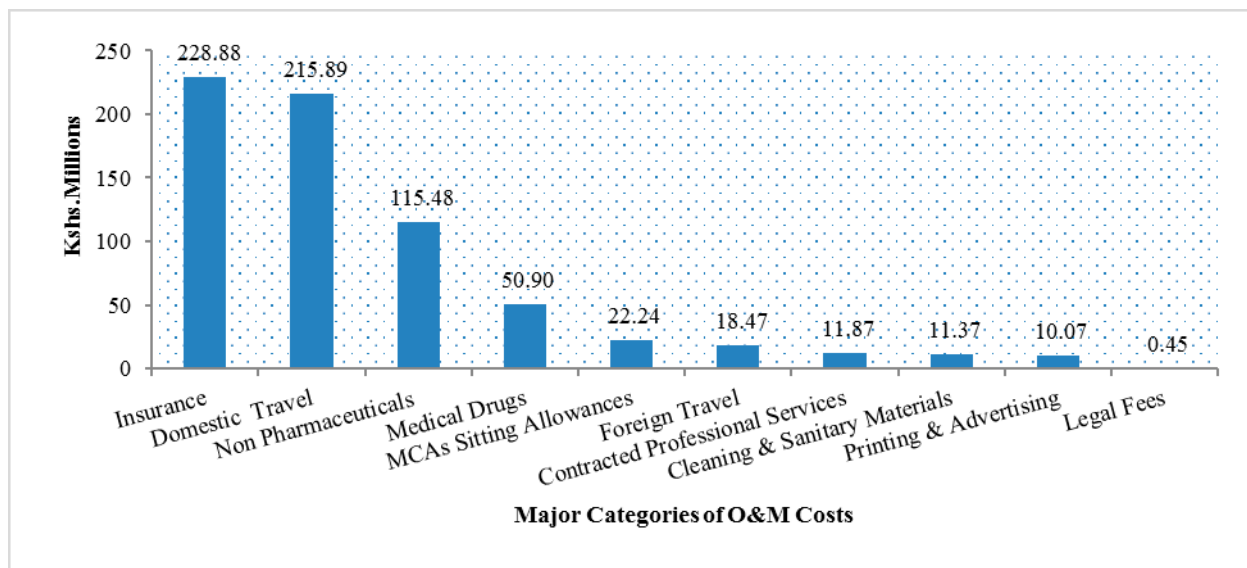
Source: Trans Nzoia County Treasury

The OCoB received quarterly financial returns from administrators of Trans-Nzoia County Elimu Bursary fund and Trans Nzoia County Car and Mortgage Fund as indicated in Table 3.246.

3.42.9 Expenditure on Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

The County spent Kshs.22.24 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs. 40.85 million. The average monthly sitting allowance was Kshs. 61,783 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 27 committees.

During the period, expenditure on domestic travel amounted to Kshs.215.89 million and comprised of Kshs. 63.96 million was spent by the County Assembly and Kshs. 151.93 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.47 million and comprised of Kshs. 8.81 million by the County Assembly and Kshs.9.67 million by the County Executive.

3.42.10 Development Expenditure

The County incurred Kshs.1.46 billion on development programmes, representing a 32.7 per cent increase compared to a similar period in FY 2020/21 when the County spent Kshs.1.10 billion. Table 3.247 summarises development projects with the highest expenditure in the reporting period.

Table 3.247: Trans Nzoia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Construction of Trans Nzoia County Teaching and Referral Hospital	Kitale County Referral Hospital	393,156,751	205,930,087	52.4
2.	Access roads; Spot Improvement Services	County Wide	130,306,918	128,724,668	98.8
3.	Water Supply Services	County Wide	123,454,627	122,316,357	99.1
4.	Supply of Agriculture Products	County Wide	64,450,000	48,366,935	75.0
5.	Construction of ECD classes	County Wide	31,600,000	19,112,373	60.5
6.	Supply of Fish starter, Layers and Mash Feeds	County Headquarters	19,300,000	18,768,995	97.2
7.	Supply and Installation of High Mast Floodlights	County Headquarters	11,000,000	8,127,641	73.9
8.	Supply of Iron Sheets and Ridges	Kaplamai Ward	4,000,000	3,928,800	98.2
9.	Supply of Acaricides	County Headquarters	3,589,100	2,941,000	81.9
10.	Purchase of Land	County Headquarters	4,033,340	2,282,759	56.6

Source: Trans Nzoia County Treasury

3.42.11 Budget Performance by Department

Table 3.248 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.248: Trans Nzoia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	233.92	455.37	143.99	110.62	222.78	28.47	154.7	25.7	95.2	6.3
Livestock	29.95	45.30	8.58	39.01	26.08	25.62	304.0	65.7	87.1	56.5
Trade, Commerce	53.56	320.26	27.16	1.14	39.36	-	144.9	-	73.5	-
Water, Environment and Natural Resources	92.98	168.01	58.47	147.04	58.77	165.34	100.5	112.4	63.2	98.4
Public Works, Roads and Infrastructure	196.03	233.50	150.52	186.76	71.95	199.51	47.8	106.8	36.7	85.4
Health Corporate	1,933.56	706.41	1,765.43	161.10	1,392.29	191.94	78.9	119.1	72.0	27.2
Lands, Housing	67.70	69.03	25.36	11.59	31.84	-	125.5	-	47.0	-
Municipality Board of Kitale	45.15	165.60	32.20	0.00	-	77.48	-	-	-	46.8
Gender, Sports, Culture	51.30	87.59	24.18	66.46	41.60	71.75	172.1	108.0	81.1	81.9
Governance	157.50	47.33	73.91	1.78	52.37	-	70.9	-	33.3	-
Public Service Management	552.62	259.57	377.70	105.80	501.07	2.14	132.7	2.0	90.7	0.8
County Public Service Board	76.85	7.57	32.88	0.00	28.09	-	85.4	-	36.6	-
Education, ICT	389.47	67.97	261.75	24.13	327.73	13.77	125.2	57.1	84.1	20.3
Finance	640.49	601.17	493.82	308.47	580.58	478.99	117.6	155.3	90.6	79.7
Economic Planning	56.69	443.93	5.85	305.63	29.01	191.27	495.6	62.6	51.2	43.1
County Assembly	676.65	372.27	520.34	9.33	512.78	9.33	98.5	100.0	75.8	2.5

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
TOTALS	5,254.43	4,050.87	4,002.14	1,478.86	3,916.30	1,455.62	97.9	98.4	74.5	35.9

Source: *Trans Nzoia County Treasury*

Analysis of expenditure by the departments shows that the Department of Water and Natural Resources recorded the highest absorption rate of development budget at 98.4 per cent, while the Departments of Lands and Housing, Trade and Commerce, Governance and County Public Service Board did not report any expenditure on development activities. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 95.2 per cent, while the Municipality Board of Kitale did not report any spending.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.249 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.249: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

	Budget Execution by Pro- gram FY 2021/22	Approved Budget FY 2021/22 (Kshs.)	Approved Sup- plementary Bud- get FY 2021/22 (Kshs.)	Actual Expendi- ture Nine Months FY 2021/22 (Kshs.)	Variance (Kshs.)	Absorption %
4261	Agriculture, Livestock	880,763,980	764,551,407	302,956,757	461,594,650	39.6
P1	Crop Development	604,532,234	500,678,136	54,093,178	446,584,958	10.8
Sp1.1	Crop Diversification	531,017,155	455,373,957	54,093,178	401,280,779	11.9
Sp1.2	Post-Harvest Management and Value Addition	73,515,079	45,304,179	-	45,304,179	-
P2	Administrative and Support Services	276,231,746	263,873,271	248,863,579	15,009,692	94.3
Sp2.1	Administrative and Support Services	276,231,746	263,873,271	248,863,579	15,009,692	94.3
4262	Trade, Commerce and Indus- try	152,723,901	373,819,545	39,355,477	334,464,068	10.5
P1	Medium and small Enter- prises	89,257,025	320,257,025	-	320,257,025	-
Sp1.1	Medium and Small Enterprises	89,257,025	320,257,025	-	320,257,025	-
P2	Administrative and Support Services	63,466,876	53,562,520	39,355,477	14,207,043	73.5
Sp2.1	Administrative and Support Services	63,466,876	53,562,520	39,355,477	14,207,043	73.5
4263	Water, Environment and Nat- ural Resources	358,563,684	260,991,322	224,103,946	36,887,376	85.9
P1	Environment Management and protection	260,069,115	168,011,498	165,336,641	2,674,857	98.4
Sp1.1	Waste Management	260,069,115	168,011,498	165,336,641	2,674,857	98.4
P2	Administrative and Support Services	98,494,569	92,979,824	58,767,305	34,212,519	63.2
Sp2.1	Administrative and Support Services	98,494,569	92,979,824	58,767,305	34,212,519	63.2
4264	Public Works, Roads and In- frastructure	619,817,302	429,530,790	271,454,275	158,076,515	63.2
P1	Road Construction and Road Maintenance	417,879,433	233,497,311	199,506,902	33,990,409	85.4
Sp1.1	Maintenance of Roads	417,879,433	233,497,311	199,506,902	33,990,409	85.4
P2	Administrative and Support Services	201,937,869	196,033,479	71,947,373	124,086,106	36.7

	Budget Execution by Program FY 2021/22	Approved Budget FY 2021/22 (Kshs.)	Approved Supplementary Budget FY 2021/22 (Kshs.)	Actual Expenditure Nine Months FY 2021/22 (Kshs.)	Variance (Kshs.)	Absorption %
Sp2.1	Administrative and Support Services	201,937,869	196,033,479	71,947,373	124,086,106	36.7
4266	Lands, Housing and Urban Planning	198,021,203	136,730,283	31,838,155	104,892,128	23.3
P1	Administrative and Support Services	198,021,203	136,730,283	31,838,155	104,892,128	23.3
Sp1.1	Administrative and Support Services	198,021,203	136,730,283	31,838,155	104,892,128	23.3
4267	Gender, Sports, Culture and Tourism	277,299,082	138,887,842	113,357,276	25,530,566	81.6
P1	Culture Development and Promotion	221,591,180	87,585,780	71,752,431	15,833,349	81.9
Sp1.1	Culture Development	221,591,180	87,585,780	71,752,431	15,833,349	81.9
P2	Administrative and Support Services	55,707,902	51,302,062	41,604,845	9,697,217	81.1
Sp2.1	Administrative and Support Services	55,707,902	51,302,062	41,604,845	9,697,217	81.1
4268	Public Service Management	748,026,738	812,184,547	503,212,780	308,971,767	62.0
P1	Infrastructure Development	243,393,837	259,568,837	2,142,750	257,426,087	0.8
Sp1.1	Supervision and Management of Projects	243,393,837	259,568,837	2,142,750	257,426,087	0.8
P2	Administrative and Support Services	504,632,901	552,615,710	501,070,030	51,545,680	90.7
Sp2.1	Administrative and Support Services	504,632,901	552,615,710	501,070,030	51,545,680	90.7
4269	Education and ICT	557,427,865	457,444,061	341,505,656	115,938,405	74.7
P1	Vocational Training Development	164,401,494	67,970,110	13,773,049	54,197,061	20.3
Sp1.1	Vocational Training Development	164,401,494	67,970,110	13,773,049	54,197,061	20.3
P2	Administrative and Support Services	393,026,371	389,473,951	327,732,606	61,741,345	84.2
Sp2.1	Administrative and Support Services	393,026,371	389,473,951	327,732,606	61,741,345	84.2
4270	Finance	855,743,917	1,241,652,421	1,059,570,868	182,081,553	85.3
P1	Administrative and Support Services	855,743,917	1,241,652,421	1,059,570,868	182,081,553	85.3
Sp1.1	Supervision and Management of Projects	137,738,318	601,165,546	478,989,505	122,176,041	79.7
Sp1.2	Administrative and Support Services	718,005,599	640,486,875	580,581,363	59,905,512	90.7
4272	Governance	240,649,246	204,827,719	52,370,356	152,457,363	25.6
P1	Infrastructure Development	52,325,000	47,325,000	-	47,325,000	-
Sp1.1	Supervision and Management of Projects	52,325,000	47,325,000	-	47,325,000	-
P2	Administrative and Support Services	188,324,246	157,502,719	52,370,356	105,132,363	33.3
Sp2.1	Administrative and Support Services	188,324,246	157,502,719	52,370,356	105,132,363	33.3
4273	County Public Service Board	86,615,170	84,411,170	28,092,567	56,318,603	33.3
P1	Governance and County Values	8,465,000	7,565,000	-	7,565,000	-
Sp1.1	Infrastructure Development	8,465,000	7,565,000	-	7,565,000	-
P2	Administrative and Support Services	78,150,170	76,846,170	28,092,567	48,753,603	36.6

	Budget Execution by Program FY 2021/22	Approved Budget FY 2021/22 (Kshs.)	Approved Supplementary Budget FY 2021/22 (Kshs.)	Actual Expenditure Nine Months FY 2021/22 (Kshs.)	Variance (Kshs.)	Absorption %
Sp2.1	Administrative and Support Services	78,150,170	76,846,170	28,092,567	48,753,603	36.6
4275	Health Corporate	2,447,614,453	2,639,968,211	1,584,229,331	1,055,738,880	60.0
P1	Administrative and Support Services	2,447,614,453	2,639,968,211	1,584,229,331	1,055,738,880	60.0
Sp1.1	Preventive Health Services	654,517,568	706,407,105	191,939,773	514,467,332	27.2
Sp1.2	Administrative and Support Services	1,793,096,885	1,933,561,106	1,392,289,558	541,271,548	72.0
4277	Economic Planning	488,569,184	500,629,184	220,275,102	280,354,082	44.0
P1	County Research and Development Planning	441,874,451	443,934,451	191,267,841	252,666,610	43.1
Sp1.1	County Development Planning Services	441,874,451	443,934,451	191,267,841	252,666,610	43.1
P2	Administrative and Support Services	46,694,733	56,694,733	29,007,261	27,687,472	51.2
Sp2.1	Administrative and Support Services	46,694,733	56,694,733	29,007,261	27,687,472	51.2
4278	Municipality Board of Kitale	292,412,959	210,754,589	77,483,918	133,270,671	36.8
P1	Administrative and Support Services	292,412,959	210,754,589	77,483,918	133,270,671	36.8
Sp1.1	Administrative and Support Services	292,412,959	210,754,589	77,483,918	133,270,671	36.8
4271	County Assembly	1,048,921,665	1,048,921,665	522,109,772	526,811,893	49.8
P1	Administrative and Support Services	1,048,921,665	1,048,921,665	522,109,772	526,811,893	49.8
Sp1.1	Administrative and Support Services	1,048,921,665	1,048,921,665	522,109,772	526,811,893	49.8
	Grand Total	9,253,170,349	9,305,304,756	5,371,916,236	3,933,388,520	57.7

Source: Trans Nzoia County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Waste Management in the Department of Water, Environment and Natural resources at 98.4 per cent, Administrative and Support Services in the Department of Agriculture, Livestock at 94.3 per cent, Administrative and Support Services in the Department of Public Service Management at 90.7 per cent, and Administrative and Support Services at 90.7 per cent in the Department of Finance.

3.42.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs. 1.46 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs. 4.05 billion. The development expenditure represented 35.9 per cent of the annual development budget.
3. Possible use of revenue at source and poor budgeting practice by the County Treasury as shown in Table 3.248, where the County incurred expenditure over approved exchequer issues.
4. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. The County spent cash balances at source during the reporting period and may be an issue of misappropriation of funds if not regularised before the close of the financial year.
5. High level of pending bills which amounted to Kshs. 1.21 billion as of 31st March 2022.

- Manual Payroll. Personnel emoluments amounting to Kshs.253.13 million were processed through the manual payroll and accounted for 10.3 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

- The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
- The County should identify and address issues causing delays in implementing development projects.*
- The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
- The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund according to Section 136 of the PFM Act, 2012.*
- The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
- The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.43 County Government of Turkana

3.43.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.16.19 billion, comprising Kshs.6.31 billion (39 per cent) and Kshs.9.88 billion (61 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.61 billion (77.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.180 million (1.1 per cent) from its own sources of revenue and a cash balance of Kshs.2.73 billion (16.8 per cent) from FY 2020/21. The County also expects to receive Kshs.673.43 million (4.2 per cent) as conditional grants, which consists of the Transforming Health Systems for Universal Care Project (WB) at Kshs.12.78 million, Universal Health Care in Devolved System Programme at Kshs.23.35 million, UNFPA- 9th Country Programme Implementation at Kshs.2.95 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) at Kshs.270.57 million, Agricultural Sector Development Support Programme (ASDSP) II at Kshs.43.58 million, Drought Resilience Programme in Northern Kenya (DRPNK) at Kshs.200 million, Emergency Locust Response Project (ELRP) at Kshs.120.21 million.

3.43.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.6.99 billion as the equitable share of the revenue raised nationally, raised Kshs.151.01 million as own-source revenue, Kshs.115.32 million as conditional grants, and had a cash balance of Kshs.2.34 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.9.60 billion, as shown in Table 3.250.

Table 3.250: Turkana County, Revenue Performance in the First Nine Months of FY 2021/22

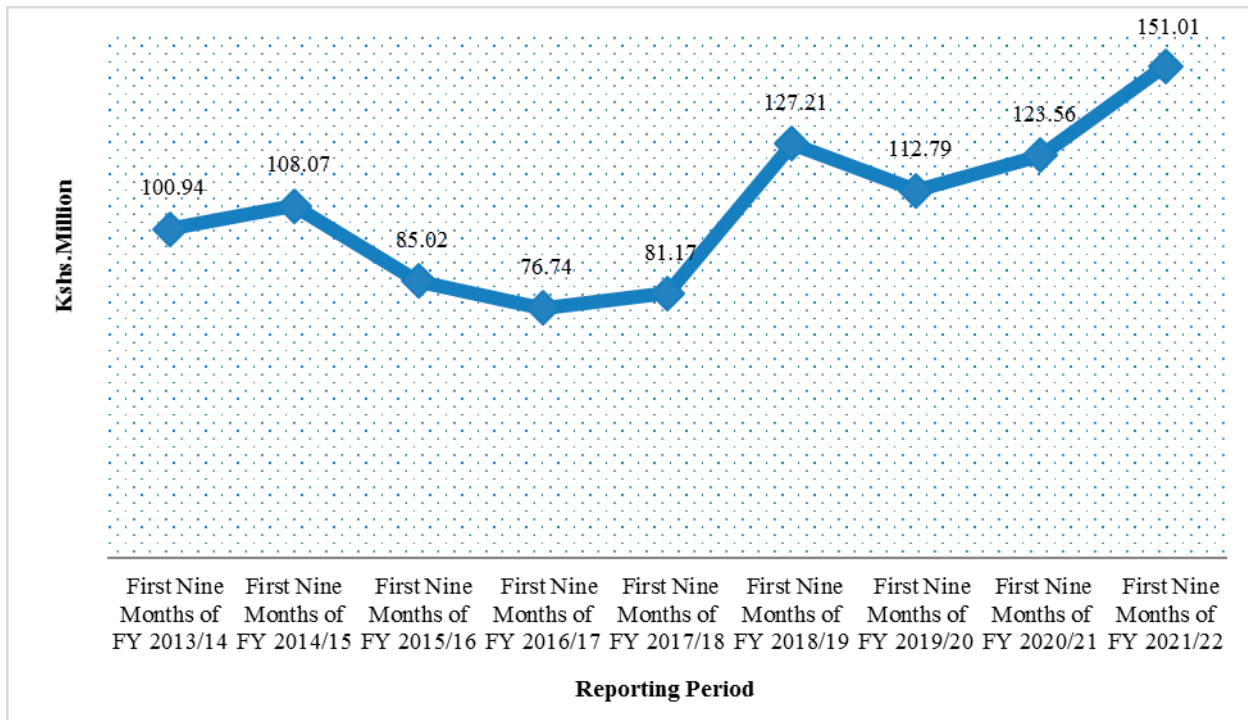
S/No.	Revenue Category	Supplementary Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,609,305,994	6,994,274,235	55.5
Sub Total		12,609,305,994	6,994,274,235	55.5
B	Other Sources of Revenue			
1.	Own Source Revenue	180,000,000	151,014,622	83.9
2.	Conditional Grants	673,432,568	115,315,048	17.1

S/No.	Revenue Category	Supplementary Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Budget Allocation (%)
3.	Balance b/f from FY 2020/21	2,726,097,130	2,338,840,344	85.8
Sub Total		3,579,529,698	2,605,170,014	72.8
Grand Total		16,188,835,692	9,599,444,250	59.3

Source: Turkana County Treasury

Figure 3.85 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.85: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Turkana County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.151.01 million as own-source revenue. This amount represented an increase of 16.5 per cent compared to Kshs.126.68 million realised in the first nine months of FY 2020/21. The County has implemented an automated OSR collection system referred to as the Turkana PoS system.

3.43.3 Exchequer Issues

The Controller of Budget approved Kshs.7.11 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1.24 billion (17.5 per cent) for development programmes and Kshs.5.87 billion (82.5 per cent) for recurrent programmes, as shown in Table 3.253.

3.43.4 Overall Expenditure Review

The County spent Kshs.7.09 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.7 per cent of the total funds released by the CoB and comprised Kshs.880.80 million

and Kshs.6.21 billion for development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.0 per cent of the development budget, while recurrent expenditure represented 62.8 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.472.2 million, out of which the County has settled bills amounting to Kshs.323.68 million, leaving a balance of Kshs.148.52 million as of 31st March 2022.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.61 billion was spent on employee compensation, Kshs.2.6 billion on operations and maintenance, and Kshs.880.80 million on development activities, as shown in Table 3.251.

Table 3.251: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,880,508,897	821,950,164	5,577,956,375	628,459,265	56.5	76.5
Compensation to Employees	4,010,583,028	587,044,291	3,125,047,969	481,876,672	77.9	82.1
Operations and Maintenance	5,869,925,869	234,905,873	2,452,908,406	146,582,593	41.8	62.4
Development Expenditure	6,308,326,794	155,000,000	756,587,753	124,208,501	12.0	80.1
Total	16,188,835,692	976,950,164	6,334,544,129	752,667,767	39.1	0.8

Source: Turkana County Treasury

3.43.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 29.7 per cent of the first nine months' proportional revenue of Kshs.12.14 billion.

Personnel emoluments amounting to Kshs.3.5 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.106.52 million. The manual payroll amounted to 3 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.3.61 billion includes Kshs.1.5 billion attributable to the health sector, which translates to 41.6 per cent of the total wage bill in the reporting period.

3.43.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.1.05 billion to county established funds in FY 2021/22, which constituted 6.5 per cent of the County's overall budget for the year. Table 3.252 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.252: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes/No	No
1.	Emergency Funds	100,000,000	-	182,314,054	-	Yes	-
2.	Education and Skills Development Funds	374,000,000	-	187,641,255	-	Yes	-
3.	Youth and Women Empowerment Fund	100,000,000	-	3,060,737	-	Yes	-
4.	Biashara Fund	191,000,000	-	185,600,000	-	Yes	-
5.	Covid-19 Emergency Response	212,332,128	-	34,727,511	-	Yes	-
6.	Cooperative and Enterprise Development Fund	30,000,000	-	504	-	Yes	-
7.	Car Loan and Mortgage Fund Executive	40,000,000	-	0	-		No
Total		1,047,332,212		593,344,061			

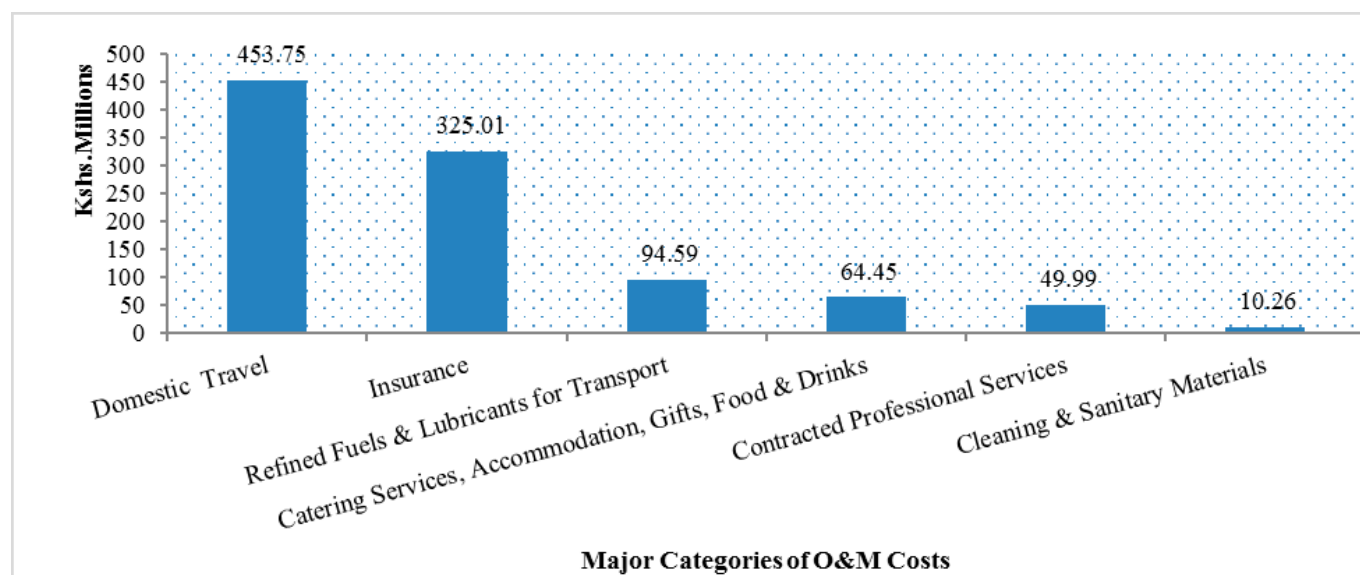
Source: Turkana County Treasury

The OCoB did not receive quarterly financial returns from administrators of the Car Loan and Mortgage Fund Executive.

3.43.9 Expenditure on Operations and Maintenance

Figure 3.86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.86: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

The County spent Kshs.20.84 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.48,239 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.453.75 million and comprised of Kshs.84.29 million spent by the County Assembly and Kshs.369.46 million by the County Executive.

3.43.10 Development Expenditure

In the first nine months of FY 2021/22, the County incurred Kshs.880.80 million on development programmes, representing a 21.4 per cent decrease from Kshs.1.21 billion reported in a similar period of FY 2020/21. However, the County Treasury did not provide a report on projects implemented during the period under review.

3.43.11 Budget Performance by Department

Table 3.253 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.253: Turkana County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance	394.75	290.15	226.47	14.215	307.22	-	135.7	0.0	77.8	0.0
Office of the Deputy Governor	35.424	0	22.58	-	24.12	-	106.8	0	68.1	0
County Attorney	152.66		86.2	-	121.3	-	140.7	0	79.4	0
Finance and Economic Planning	738.38	769.02	419.62	223.57	382.35	56.37	91.1	25.2	51.8	7.3
Water Services, Environment and Mineral Resources	239.58	673.11	40.248	18.46	119.05	13.03	295.8	70.6	49.7	1.9
Health & Sanitation Services	541.93	788.26	317.28	170.41	306.32	185.4	96.5	108.8	56.5	23.5
Trade, Gender and Youth Affairs	130.33	383.3	55.20	276.52	84.68	270.0	153.4	97.6	65.0	70.4
Education, Sports and Social Protection	746.58	678.18	538.0	41.65	587.74	53.21	109.2	127.8	78.7	7.8
Public Service, Administration. & Disaster Management	5,276.33	633.73	3,325.85	60.78	3,218.27	0.947	96.8	1.6	61.0	1.5
Infrastructure Transport & Public Works	164.83	426.58	163.19	96.93	119.44	41.032	731.9	42.3	72.5	9.6
Agriculture, Pastoral Economy & Fisheries	97.80	1,387.8	72.35	130.09	72.56	87.36	100.3	67.2	74.2	6.3
Tourism, Culture and Natural Resources	134.44	280.333	27.20	28.68	52.44	4.385	192.8	15.3	39.0	1.6
Lands, Energy, Housing & Urban Areas Mgt.	234.91	2.66	25.46	32.32	83.97	44.81	329.9	36.1	35.7	16.9
County Assembly	821.95	155.0	612.01	124.21	628.46	124.21	102.7	0	76.5	80.1
County Public Service Board	88.13	3.540	61.10	-	50.21	-	82.2	0	57.0	0.0
Lodwar Municipality	82.47	143.96	21.004	25.38	48.32	-	230.1	0.0	58.6	0.0
TOTAL	9,880.5	6,308.3	5,866.9	1,243.2	6,206.4	880.8	105.8	70.8	62.8	14.0

Source: Turkana County Treasury

Analysis of expenditure by the departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 80.1 per cent, while the Lodwar Municipality, County Public Service Board, County Attorney, Office of the Deputy Governor and Governance did not report any expenditure on development activities. The Department of County Attorney had the highest percentage of recurrent expenditure to budget at 79.4 per cent, while the Department of Lands, Energy, Housing & Urban Areas Management had the lowest at 35.7 per cent.

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3.254 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.254: Turkana County, Budget Execution by Programmes and Sub-programmes

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Adjudication, registry and settlement	15,565,741	2,156,200	13,409,541	13.9
Delineation & adjudication of community land	15,565,741	2,156,200	13,409,541	13.9
Spatial Planning	19,826,703	2,810,008	17,016,695	14.2
Spatial Planning	19,826,703	2,810,008	17,016,695	14.2
Formulation of community land policy and regulations	19,610,495	673,888	18,936,607	3.4
Formulation of community land policy and regulations	-	-	-	-
Urban Centre Mgt	13,610,495	673,888	12,936,607	5.0
Kakuma Kalobeyei Municipality	6,000,000	-	6,000,000	-
Compulsory land acquisition for public utilities	8,989,359	336,000	8,653,359	3.7
Land acquisition for public utilities	8,989,359	336,000	8,653,359	3.7
Establishment and rehabilitation of public utilities in Lodwar	4,000,000	49,000	3,951,000	1.2
Improvement of Moi Garden Stadia	4,000,000	49,000	3,951,000	1.2
Revival of Turkana Fishermen Co-op. society	50,306,640	3,315,600	46,991,040	6.6
Spate Irrigation Technology	12,772,960	155,730	12,617,230	1.2
Spate Irrigation Technology	1,272,960	416,985	855,975	32.8
Spate Irrigation Technology	20,000,000	-	20,000,000	-
Spate Irrigation Technology	13,219,920	744,370	12,475,550	5.6
Rehabilitation	1,714,800	744,300	970,500	43.4
Soil & Water Conservation	1,326,000	1,254,215	71,785	94.6
Fish market infrastructure/ fish value addition	53,071,735	1,031,940	52,039,795	1.9
Fish market infrastructure/ fish value addition	682,469	165,465	517,004	24.2
Fisheries livelihood support	46,714,628	224,470	46,490,158	0.5
Fisheries Extension Services	747,302	10,950	736,352	1.5
Fisheries resource management	1,532,856	423,160	1,109,696	27.6
Fisheries resource management	636,480	-	636,480	-
Fisheries resource management	1,962,400	207,895	1,754,505	10.6
Fish Farming & Aquaculture	795,600	-	795,600	-
Sustainable management of fisheries resources	40,815,509	-	40,815,509	-
Frame survey	29,556,789	-	29,556,789	-
Fish Stock assessment	3,076,320	-	3,076,320	-
Monitoring, Control and Surveillance	2,545,920	-	2,545,920	-
Resource monitoring facilities	5,636,480	-	5,636,480	-
Livestock breed improvement	95,661,105	20,572,045	75,089,060	21.5
Establish livestock Multiplication and breeding Centre.	21,161,561	18,902,415	2,259,146	89.3
Provision of Livestock Extension services	2,556,344	296,340	2,260,004	11.6
Livestock multiplication and breeding centre	23,185,120	490,200	22,694,920	2.1
Livestock Value Chain	40,727,680	437,890	40,289,790	1.1
Skills Devt	8,030,400	445,200	7,585,200	5.5
General Administration	887,981,616	312,102,229	575,879,387	35.1
General Administration	140,672,904	140,672,904	-	100.0

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
General Administration and Support Services- Pastoral Economy and	420,621,770	61,147,432	359,474,338	14.5
General Administration, Planning and Support Services – Lands General Administration, Plan- ning and Support Services - Lands	326,686,942	110,281,893	216,405,049	33.8
Agriculture Programme	79,187,933	25,304,003	53,883,930	32.0
Agri-nutrition/Urban & peri-urban agriculture	592,790	497,000	95,790	83.8
Agricultural Sector Development Support Pro- gramme (ASDSP)	49,077,943	24,306,003	24,771,940	49.5
Agricultural Mechanization	4,901,680	-	4,901,680	-
Agric market Access	954,720	301,000	653,720	31.5
Agric Extension & Devt	21,060,800	-	21,060,800	-
Subsidy & Support	200,000	200,000	-	100.0
Pest Control & Mgt	2,400,000	-	2,400,000	-
Land Governance	105,971,042	-	105,971,042	-
Land Policies	105,971,042	-	105,971,042	-
	277,065,502	13,000,000	264,065,502	4.7
NARIGP	277,065,502	13,000,000	264,065,502	4.7
	208,000,000	8,000,000	200,000,000	3.8
DRNKP/KfW	208,000,000	8,000,000	200,000,000	3.8
	120,206,667	-	120,206,667	-
Emergency Locust Response Project	120,206,667	-	120,206,667	-
Develop and maintain roads	138,045,848	15,992,540	122,053,308	11.6
Annual Roads Inventory and Conditional Survey (ARICS)	1,326,000	335,540	990,460	25.3
Roads maintenance levy fund(RMLF)	130,659,048	14,787,000	115,872,048	11.3
Roads	6,060,800	870,000	5,190,800	14.4
Develop and maintain staff housing and public offices	-	-	-	-
Protection and gabion works of Lokichar river	-	-	-	-
Develop and maintain other public works	2,201,160	1,431,600	769,560	65.0
Capacity Building	954,720	900,000	54,720	94.3
Professional Capacity Building	1,246,440	531,600	714,840	42.6
General Administration	443,168,477	238,828,536	204,339,941	53.9
General Administration	419,676,364	238,555,536	181,120,828	56.8
General Administration- Public works	23,492,113	273,000	23,219,113	1.2
	954,720	-	954,720	-
Mechanical Services	954,720	-	954,720	-
	954,720	-	954,720	-
Structural Services	954,720	-	954,720	-
	903,440	-	903,440	-
Electrical Services	903,440	-	903,440	-
	4,776,928	1,180,500	3,596,428	24.7
Building Inspectorate	4,776,928	1,180,500	3,596,428	24.7
	407,200	309,300	97,900	76.0
Architectural Services	407,200	309,300	97,900	76.0

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Cooperative Societies Development & Performance Improvement	194,043,339	157,777,511	36,265,828	81.3
Cooperatives Development Fund	1,625,950	1,625,950	-	100.0
Value Addition Initiatives	6,457,169	5,858,825	598,344	90.7
Business Development and Training Services	1,556,400	717,500	838,900	46.1
Liquor control Programme	926,000	614,000	312,000	66.3
Cooperative societies development and revival programmes	1,326,000	1,326,000	-	100.0
Legal Metrology Services	1,072,960	894,746	178,214	83.4
Verification of trader's equipment	2,629,360	2,629,360	-	100.0
Consumer rights education	1,204,008	1,083,200	120,808	90.0
Standards and Anti-Counterfeit Services	1,060,800	350,000	710,800	33.0
Market Infrastructure Development	30,380,692	-	30,380,692	-
Industrial Development and Investments	5,804,000	2,677,930	3,126,070	46.1
Biashara Fund	140,000,000	140,000,000	-	100.0
Modern Physical Markets Infrastructure	50,491,743	34,527,296	15,964,448	68.4
Construction & Development of Modern Physical Market	2,820,912	1,559,996	1,260,917	55.3
Co-operative Marketing, Value Addition, Surveys & Research	4,721,404	-	4,721,404	-
Co-operative Education, Training, Exchange and Ushirika Day Celeb	4,781,267	967,300	3,813,967	20.2
Strengthening of Key Dormant Co-operative Societies	4,614,480	2,000,000	2,614,480	43.3
Formulation of Cooperative Policy and Legal Framework	3,553,680	-	3,553,680	-
Cooperative Development Fund	30,000,000	30,000,000	-	100.0
General Administration	145,278,614	46,595,717	98,682,897	32.1
General Administration	145,278,614	46,595,717	98,682,897	32.1
Gender Promotion	16,290,094	3,019,916	13,270,178	18.5
Gender Empowerment and advocacy	9,076,654	339,948	8,736,706	3.7
Gender Mainstreaming and Coordination	1,796,465	840,000	956,465	46.8
Legal Compliance and Redress	3,825,775	1,839,968	1,985,807	48.1
Promotion of Gender Equality and Empowerment	1,591,200	-	1,591,200	-
Youth Affairs Development	107,483,331	100,999,670	6,483,661	94.0
Youth Coordination and Representation	2,970,240	599,886	2,370,354	20.2
Youth Employment Scheme	2,121,600	105,000	2,016,600	4.9
Youth Rare skills	2,391,491	294,784	2,096,707	12.3
Youth and Women Fund	100,000,000	100,000,000	-	100.0
General Administration, Planning and support services	753,964,420	152,321,962	601,642,458	20.2
General Administration, Planning and support services	211,705,314	66,657,332	145,047,982	31.5
Health Facilities	542,259,106	85,664,630	456,594,476	15.8
Support to Health Programs	211,775,789	57,894,690	153,881,099	27.3
HIV & AIDS including community-based HIV interventions	227,200	-	227,200	-
TB & Leprosy	265,200	-	265,200	-
Malaria	318,240	-	318,240	-

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
NTDs(neglected tropical diseases)	265,200	-	265,200	-
Nutrition	2,458,090	1,240,400	1,217,690	50.5
Reproductive health	4,015,393	-	4,015,393	-
Disease surveillance	583,440	-	583,440	-
EPI/outreaches	742,560	-	742,560	-
Health promotion	163,044,066	31,741,900	131,302,166	19.5
Environmental health services	795,600	-	795,600	-
Emergency preparedness & disaster response	795,600	-	795,600	-
mainstreaming	265,200	-	265,200	-
Community Health Services	38,000,000	24,912,390	13,087,610	65.6
	85,824,481	45,000,000	40,824,481	52.4
Laboratory Services	689,520	-	689,520	-
Blood Transfusion Services	2,222,510	-	2,222,510	-
Rehabilitative Services	530,400	-	530,400	-
Referrals & Emergency Services	742,560	-	742,560	-
Radiology Services	503,880	-	503,880	-
Dental Services	318,240	-	318,240	-
Clinical Services	530,400	-	530,400	-
Nursing Services	530,400	-	530,400	-
Rural Health Facility Support	48,510,386	45,000,000	3,510,386	92.8
Subcounty Health Facilities Support	6,621,600	-	6,621,600	-
Universal Health Care Turkana	24,624,585	-	24,624,585	-
	44,114	-	44,114	-
Rural Health Facility Support	44,114	-	44,114	-
	264,591,200	110,630,687	153,960,513	41.8
Medical Supplies	263,000,000	110,035,907	152,964,093	41.8
Health Mgt	1,591,200	594,780	996,420	37.4
	3,712,800	-	3,712,800	-
Health Information & Mgt	1,326,000	-	1,326,000	-
Quality Assurance	530,400	-	530,400	-
Electronic Medical Records	265,200	-	265,200	-
Monitoring & Evaluation Health	795,600	-	795,600	-
Research & Development	530,400	-	530,400	-
Policy & Planning Services	265,200	-	265,200	-
	10,277,959	756,200	9,521,759	7.4
Rehabilitation & Treatment	2,386,800	297,000	2,089,800	12.4
Public Education & Awareness	3,076,320	459,200	2,617,120	14.9
Liquor Licensing	4,019,239	-	4,019,239	-
Training & Capacity Building	795,600	-	795,600	-
Social protection programs/ Affirmative Action	74,114,242	22,865,154	51,249,088	30.9
Construction of PWDs multi-purpose resource center	23,590,272	7,124,514	16,465,758	30.2
Marginalized and Minority groups support	4,127,414	3,066,670	1,060,744	74.3
Child Rescue Centres	21,000,000	-	21,000,000	-
Child Care & Protection	25,396,556	12,673,970	12,722,586	49.9
Sports and arts programme	24,608,030	599,450	24,008,580	2.4
Construction of sport Stadia	15,609,474	599,450	15,010,024	3.8
Stadia	8,998,556	-	8,998,556	-

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
General Administration	921,877,653	513,493,714	408,383,939	55.7
General Administration	547,877,653	139,493,714	408,383,939	25.5
Turkana Education and Skill Development Fund	374,000,000	374,000,000	-	100.0
Vocational Training	42,685,266	20,066,839	22,618,427	47.0
Youth Polytechnic Infrastructure	15,000,000	5,740,585	9,259,415	38.3
Training and Development	6,619,759	1,068,560	5,551,199	16.1
Co-Curricular Activities	8,355,613	547,800	7,807,813	6.6
Youth Polytechnics- Conditional	12,709,894	12,709,894	-	100.0
Public Relations	2,546,731	617,000	1,929,731	24.2
Publicity	1,094,360	617,000	477,360	56.4
Research and Sensitization	1,452,371	-	1,452,371	-
Early Childhood Education	358,924,647	107,955,254	250,969,393	30.1
School Feeding	152,069,536	97,040,929	55,028,607	63.8
Quality Improvement	5,895,106	1,362,295	4,532,811	23.1
Infrastructure Development	187,166,496	-	187,166,496	-
Support to Pre-Primary Training	13,793,509	9,552,030	4,241,479	69.3
General Administration, Planning and Support Services	6,211,314,702	2,910,745,715	3,300,568,987	46.9
General Administration Services	664,759,553	181,313,324	483,446,229	27.3
General Administration - Economic planning	115,776,615	51,746,793	64,029,822	44.7
Security Access Installation	4,000,000	4,000,000	-	100.0
General Admin Planning & Support	12,692,000	4,764,222	7,927,778	37.5
General Administration, Planning and Support Services-Public Ser	4,544,934,821	2,517,768,215	2,027,166,606	55.4
General Administration, Planning and Support Services-Administer	359,644,465	16,081,847	343,562,618	4.5
General Administration, Planning and Support Services- Office of	310,235,365	110,491,309	199,744,056	35.6
General Administration, Planning and Support Services- Liaison O	125,017,883	11,340,406	113,677,477	9.1
General Admin Planning & Support	24,254,000	13,239,598	11,014,402	54.6
Covid-19 Emergency Response Fund	50,000,000	-	50,000,000	-
Governor's Residence	10,370,527	5,224,813	5,145,714	50.4
Construction of Governors residence	1,996,836	1,352,585	644,251	67.7
Documentation, communication policy and strategy	2,662,450	1,398,300	1,264,150	52.5
Civic Education and Public Sensitization	4,104,579	2,379,822	1,724,757	58.0
Production of County Newspaper and Newsletter	1,606,662	94,106	1,512,556	5.9
Donor/ Investor engagement	13,275,924	8,537,915	4,738,010	64.3
Public-Private Partnership Initiatives (PPPs)	1,248,200	992,360	255,840	79.5
Political and Intergovernmental Advisory Services	2,042,124	618,500	1,423,624	30.3
Legal Advisory Services	1,248,200	823,320	424,880	66.0
Security and cross border Advisory Services	1,248,200	1,012,440	235,760	81.1
Oil And Gas Advisory Service	1,248,200	1,248,200	-	100.0
Gender and Partnership Advisory Services	1,248,200	1,173,060	75,140	94.0
Special Interest groups	1,248,200	1,125,140	123,060	90.1
Climate Change advisory services	1,248,200	747,055	501,146	59.9
Education and youth Advisory services	1,248,200	661,760	586,440	53.0

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Culture, Arts and Heritage advisory services	1,248,200	136,080	1,112,120	10.9
Security and Peace Building	242,737,460	75,263,413	167,474,047	31.0
Community Cohesion and Resettlement	20,260,751	11,789,580	8,471,171	58.2
Operationalization of peace building structures and institutions	65,679,345	30,298,294	35,381,051	46.1
Resettlement Infrastructural Programme	118,664,912	4,945,080	113,719,832	4.2
Cross Border peace dividends programme	38,132,452	28,230,459	9,901,993	74.0
Government Communication and Media relations	45,689,093	17,012,452	28,676,641	37.2
Acquiring & development of communication systems/equipment	10,255,407	7,222,848	3,032,559	70.4
Bills	14,000,000	-	14,000,000	-
Policies	9,991,848	8,350,444	1,641,404	83.6
Development and Implementation of ICT Policy and Regulations	2,441,838	1,439,160	1,002,678	58.9
Acquisition of Information Systems and Equipment	9,000,000	-	9,000,000	-
Revenue Collection Systems	101,313,158	18,312,015	83,001,143	18.1
Feasibility Study on Revenue Base	4,859,289	4,033,480	825,809	83.0
Awareness and Campaigns on Revenue.	4,392,289	3,612,100	780,189	82.2
Motorbikes for Revenue Officers 30 No.	11,738,160	-	11,738,160	-
Strengthening Revenue Systems	38,075,144	8,880,102	29,195,042	23.3
Revenue Forecast and Revenue Budget Preparation	2,248,276	1,786,333	461,943	79.5
Completion of Lokiriama Revenue Centre	40,000,000	-	40,000,000	-
Accountability and Transparency	164,224,040	53,372,580	110,851,460	32.5
Internal Audit	5,267,250	5,194,530	72,720	98.6
Procurement systems	3,203,370	3,203,370	-	100.0
IFMIS training	5,014,225	4,483,825	530,400	89.4
Financial Reporting/Research and Development	50,739,195	40,490,855	10,248,340	79.8
Modern Fencing, Gate and Parking Yards for County Treasury Office	100,000,000	-	100,000,000	-
Social and Financial Security	12,514,655	7,319,887	5,194,768	58.5
Assurance and Insurance of Govt. Assets	2,367,783	847,329	1,520,454	35.8
Liability and Debt Management	3,541,858	2,590,379	951,479	73.1
Turkana SACCO Seed Capital	6,605,014	3,882,179	2,722,835	58.8
Planning and Policy formulation	227,196,338	33,614,800	193,581,538	14.8
Economic Policy formulation and Dissemination	20,043,937	3,121,400	16,922,537	15.6
CIDP review and Dissemination	837,900	837,900	-	100.0
Budget preparation and Dissemination	157,815,048	26,768,000	131,047,048	17.0
County Budget and Economic Forums	41,335,165	-	41,335,165	-
Public Participation and Access to Information	5,160,388	2,156,700	3,003,688	41.8
Waste Management	1,011,300	437,500	573,800	43.3
Sector Plans Devt	992,600	293,300	699,300	29.5
Development coordination Programme	5,786,010	1,473,176	4,312,834	25.5
Donor scan/Mapping	1,989,398	813,556	1,175,842	40.9
Establishment of development committees	1,700,043	219,620	1,480,423	12.9
Training of the development committees	1,052,550	240,000	812,550	22.8

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Formulation and Development of TCPSB Board-room ICT Infrastructure	1,044,019	200,000	844,019	19.2
Monitoring and Evaluation	12,526,843	11,219,989	1,306,854	89.6
Soft wares (E-ProMIS, GIS e.t.c)	7,341,354	6,034,500	1,306,854	82.2
Field visits, data collection and Reporting	1,499,389	1,499,389	-	100.0
Training and Knowledge management	2,230,800	2,230,800	-	100.0
Devolved Monitoring and Evaluation Committees	1,455,300	1,455,300	-	100.0
Public Participation and Access to Information	29,656,119	10,453,698	19,202,421	35.2
Construction of Citizen Resource Centre	4,986,024	3,028,600	1,957,424	60.7
Web site Development	8,370,674	4,075,278	4,295,396	48.7
Social Budgeting and Generation of SIR Reports	2,492,453	1,072,800	1,419,653	43.0
Intergovernmental Relation	11,860,000	1,455,790	10,404,210	12.3
Strategy Development, Review, Support and Operationalization	1,946,968	821,230	1,125,738	42.2
County Statistical Unit	21,200,875	15,408,240	5,792,635	72.7
Soft wares, databases and tools	15,400,900	11,114,650	4,286,250	72.2
Capacity Development	1,883,725	831,300	1,052,425	44.1
Project Mgt Information System	3,916,250	3,462,290	453,960	88.4
Service Delivery- ISO Certification	12,765,582	2,839,241	9,926,341	22.2
Service Charter	4,964,629	1,630,240	3,334,389	32.8
Development of County Filing Systems	5,356,880	1,149,781	4,207,099	21.5
Procedure Manual and Training	2,444,073	59,220	2,384,853	2.4
County Internship Programme	23,356,717	12,898,098	10,458,619	55.2
County Internship Programme	23,356,717	12,898,098	10,458,619	55.2
Operationalization of Decentralized Units	71,880,740	37,665,790	34,214,950	52.4
Operationalization of Decentralized Units	8,011,692	4,771,156	3,240,536	59.6
Decentralized County Policy	37,677,930	14,842,970	22,834,960	39.4
Coordinated development	8,953,118	5,188,750	3,764,368	58.0
Policy sensitization and dissemination	17,238,000	12,862,914	4,375,086	74.6
Mainstream Public Sector Integrity programme & Accountability	3,485,962	2,214,354	1,271,608	63.5
Mainstream Public Sector Integrity programme & Accountability	720,720	439,500	281,220	61.0
Public Evaluation on County Public Service Board Performance &Cus	1,094,555	403,000	691,555	36.8
Human Resource Conference & Symposium	914,785	818,903	95,882	89.5
Exit Meetings Per Department	755,902	552,951	202,951	73.2
Disaster Risk Reduction	6,388,524	4,592,707	1,795,817	71.9
Turkana County Drought and Disaster Contingency Fund (CDDCF)	1,282,158	852,530	429,628	66.5
Turkana Multi hazard/Risk	848,640	636,480	212,160	75.0
Assessment and stake holder capacity mapping	3,127,786	2,726,497	401,289	87.2
Regular Assessments of Food, Flood and Conflict Security	1,129,940	377,200	752,740	33.4
Human resource	6,623,453	3,298,584	3,324,869	49.8
Scheme of service	900,209	415,892	484,317	46.2

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Performance Appraisal	1,550,500	526,466	1,024,034	34.0
Enhancing Leadership In County Public Service	681,780	492,142	189,638	72.2
Review and Development of HR Policies	669,986	338,641	331,345	50.5
Human Resource Development/Career Progression	716,680	353,675	363,005	49.3
Performance Management Monitoring	461,499	359,350	102,149	77.9
Development of Database Filing System	555,022	197,443	357,579	35.6
County Public Service Pre-Retirement Sensitization	520,621	284,800	235,821	54.7
Evaluation of Different Cadres of Employees(Promotion, Re-Designation)	567,156	330,175	236,981	58.2
Quality management system programming	2,965,689	1,788,800	1,176,889	60.3
Quality Management Systems Development & Establishment	1,232,372	988,200	244,172	80.2
QMS Audit /Routine Inspection	828,636	478,000	350,636	57.7
Documentation/Record Management For QMS	904,681	322,600	582,081	35.7
Budgetary Supply	96,753,246	43,805,180	52,948,066	45.3
Budget Formulation, Co-ordination and Management	67,327,813	33,803,839	33,523,974	50.2
Public Participation in Budgeting	24,966,863	8,343,041	16,623,822	33.4
County Budget and Economic Forum	4,458,570	1,658,300	2,800,270	37.2
Resource Mobilisation	3,964,789	3,358,160	606,629	84.7
Resource Mobilisation	3,964,789	3,358,160	606,629	84.7
Governors Press Service	7,392,958	4,224,695	3,168,263	57.1
Governors Press support	7,392,958	4,224,695	3,168,263	57.1
Governance and Public participation	37,646,691	21,418,677	16,228,014	56.9
Civic education Programme	1,060,800	326,200	734,600	30.8
Public Participation and access to information	34,729,491	21,092,477	13,637,014	60.7
County Dialogue Forum	1,060,800	-	1,060,800	-
National & County Holidays	2,431,411	1,712,180	719,231	70.4
Policies Design	795,600	-	795,600	-
Disaster risk management	317,805,300	29,390,139	288,415,161	9.2
Disaster Preparedness Programmes	1,326,000	-	1,326,000	-
Disaster Mitigation Programmes	1,326,000	750,080	575,920	56.6
Stakeholders coordination and Support Programme	1,326,000	-	1,326,000	-
Humanitarian Relief Food Programme	313,296,900	28,640,059	284,656,841	9.1
Disaster Risk Mgt	530,400	-	530,400	-
Inspectorate services	27,975,596	735,650	27,239,946	2.6
Establishment and Mainstreaming of the county Inspectorate	-	-	-	-
Inspectorate Training Institute	19,989,269	-	19,989,269	-
Dispute Resolution	1,356,325	-	1,356,325	-
Capacity Building	1,750,321	295,050	1,455,271	16.9
Inspectorate Services	2,652,001	440,600	2,211,401	16.6
Inspectorate Services Equip	2,227,680	-	2,227,680	-
Human resource management	19,962,133	3,603,446	16,358,687	18.1
Payroll and record management	1,909,440	298,150	1,611,290	15.6

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Human Resource Development	4,739,654	410,940	4,328,714	8.7
GHRIS Leave & Performance Module Implementation	1,485,120	840,154	644,966	56.6
Digitization and Automation of Human Resource Registry	2,652,000	409,406	2,242,594	15.4
Mainstreaming Public Sector Integrity Programme	4,137,120	974,976	3,162,144	23.6
County performance management	1,432,080	-	1,432,080	-
Public Service Week	954,720	234,930	719,790	24.6
Records Mgt	1,060,800	434,890	625,910	41.0
HRM	1,591,199	-	1,591,199	-
	22,732,423	7,496,652	15,235,771	33.0
Govt Programming	7,400,000	1,677,146	5,722,854	22.7
Community Engagement	5,200,000	612,500	4,587,500	11.8
Govt Stakeholder Engagement	5,420,000	3,951,420	1,468,580	72.9
Govt Transformation	4,712,423	1,255,586	3,456,837	26.6
General Administration	275,862,783	54,489,086	221,373,697	19.8
General Administration, Planning and Support Services	275,862,783	54,489,086	221,373,697	19.8
Tourism destination marketing and promotion	6,364,800	102,420	6,262,380	1.6
Tourism expos ,incentives, conferences and exhibition program	530,400	-	530,400	-
Community Based Tourism products	1,485,120	102,420	1,382,700	6.9
Tourism Market Research (Baseline Survey & Mapping)	1,591,200	-	1,591,200	-
Media Campaign and Promotion of Tourism Products and Programmes	2,758,080	-	2,758,080	-
Tourism development and Promotion	-	-	-	-
Completion and Furnishing of Eco-Lodges	-	-	-	-
Culture, arts, heritage development, promotion and preservation	68,441,520	10,201,625	58,239,895	14.9
Ushanga Initiative	13,871,920	3,138,000	10,733,920	22.6
Culture Promotion and Preservation	26,748,160	522,000	26,226,160	2.0
Arts and Creativity Development	1,166,880	-	1,166,880	-
Heritage Promotion	1,591,200	426,275	1,164,925	26.8
Annual tourism and cultural festival	25,063,360	6,115,350	18,948,010	24.4
Culture development and preservation infrastructure	2,500,000	-	2,500,000	-
Equipment and Infrastructure Development at Ekalees Centre	2,500,000	-	2,500,000	-
Forestry and wildlife management development and management	17,238,003	2,778,940	14,459,063	16.1
Forestry Management and Conservation	5,242,560	2,496,800	2,745,760	47.6
Community Wildlife Conservation	3,912,160	200,000	3,712,160	5.1
Forest Nature-Based Development	2,222,483	-	2,222,483	-
Forestry Development Infrastructure	4,300,000	-	4,300,000	-
Forestry Protection	818,240	-	818,240	-
Prosopis Mgt	742,560	82,140	660,420	11.1

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Environmental Governance Compliance Conservation Protection & Mgt	17,429,200	134,400	17,294,800	0.8
Environmental Governance & Compliance	3,621,600	134,400	3,487,200	3.7
Environmental Protection & Conservation	4,344,480	-	4,344,480	-
Plastic Collection Re-use Facility	795,600	-	795,600	-
Climate Change & Adaptation	8,667,520	-	8,667,520	-
Mineral Resource Mapping Capacity Building & Mgt	9,323,352	765,900	8,557,452	8.2
Mineral resource Mapping	1,941,627	-	1,941,627	-
Management of Mining & Quarrying activities	1,916,531	765,900	1,150,631	40.0
Capacity building in the exploitation of mineral resources	2,983,594	-	2,983,594	-
Artisanal mining equipment	1,420,800	-	1,420,800	-
Extractives Engagement Bills & Policies	1,060,800	-	1,060,800	-
Petroleum	3,621,291	-	3,621,291	-
Oil and Gas	1,848,640	-	1,848,640	-
Establishment of Extractive Sector Regulations & Strategies	1,772,651	-	1,772,651	-
Energy Development Programme	13,999,432	-	13,999,432	-
Renewable Energy Development	13,999,432	-	13,999,432	-
Turkana Water Programme	379,825,629	33,711,772	346,113,857	8.9
General Administration, Planning and support services	12,000,000	-	12,000,000	-
Construction and Desilting of Water Pans/Rock Catchment	61,277,771	-	61,277,771	-
Rehabilitation of Water Infrastructure	180,404,530	22,368,820	158,035,710	12.4
Drilling and Equipping of Boreholes	117,010,172	10,625,652	106,384,520	9.1
Equipment of Quality Analysis Laboratory	4,800,000	-	4,800,000	-
Project Coordination and Management	4,333,156	717,300	3,615,856	16.6
Joint planning with stakeholders	32,510,550	1,087,140	31,423,410	3.3
Technical planning and design	32,510,550	1,087,140	31,423,410	3.3
IRRIGATION AND SCHEMES DEVELOPMENT PROGRAMME	5,078,734	565,920	4,512,814	11.1
Feasibility studies for irrigation systems development	5,078,734	565,920	4,512,814	11.1
TURKANA AGRICULTURE PROGRAMME	-	-	-	-
Farmers training	-	-	-	-
Establishment of farm demonstrations and trials	-	-	-	-
Organising field days show and exhibitions	-	-	-	-
Climate Change & Adaptation	-	-	-	-
TURKANA REHABILITATION PROGRAMME	-	-	-	-
Construction of trapezoidal bunds, contours & micro catchment	-	-	-	-
Construction of rock catchments and sand dams	-	-	-	-
The sinking of shallow wells	-	-	-	-

Name of the Programme	Approved Estimates FY 2021/22 (Kshs.)	Expenditure 1/7/21- 31/03/22 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Artisanal Mining Equipment	-	-	-	-
Extractive Bills & Policies	-	-	-	-
General Administration and Support	538,844,976	122,096,483	416,748,493	22.7
General Administration and Support	538,844,976	122,096,483	416,748,493	22.7
	-	-	-	-
Oil & gas	-	-	-	-
Extractive Regulations & Strategies	-	-	-	-
County Attorney	32,197,680	11,981,497	20,216,183	37.2
General Administration, Planning and Support Services- County At	32,197,680	11,981,497	20,216,183	37.2
	89,514,590	43,920,321	45,594,269	49.1
Litigation	75,062,800	40,992,111	34,070,689	54.6
Govt Agreements & Contracts	7,854,800	2,461,290	5,393,510	31.3
Legal Audit & Compliance	6,596,990	466,920	6,130,070	7.1
	26,466,214	4,282,629	22,183,585	16.2
Legislation	18,562,214	3,684,360	14,877,854	19.8
Policy & Legal Briefs	7,904,000	598,269	7,305,731	7.6
	4,484,000	357,500	4,126,500	8.0
Training of Legal Counsel	1,630,000	-	1,630,000	-
Legal Training & Awareness	2,854,000	357,500	2,496,500	12.5
Municipality operations	82,470,234	24,735,100	57,735,134	30.0
General Admin Planning and Support Services	43,006,465	11,459,010	31,547,455	26.6
Municipal Planning	5,861,509	1,371,160	4,490,349	23.4
Municipal Services	33,602,260	11,904,930	21,697,330	35.4
County Assembly of Turkana	976,950,164	751,040,052	225,910,112	76.9
General Administration, Planning and Support Services- County At	908,052,162	751,040,052	157,012,110	82.7
Legislation	29,373,059	-	29,373,059	-
Oversight	39,524,943		39,524,943	-
Totals	16,188,835,692	6,431,754,099	9,757,081,593	39.7

Source: Turkana County Treasury

Sub programmes which recorded a 100 per cent absorption rate included; field visits, data collection and reporting under the training and knowledge management programme, devolved monitoring and evaluation committees under the monitoring and evaluation programme, CIDP review and dissemination in the planning and policy formulation programme, procurement systems in the programme accountability and transparency, oil and gas advisory service under the donor/ investor engagement programmes, security access installation under the general administration, planning and support services programmes, youth polytechnics- conditional under the Vocational Training Programme, and Youth and Women Fund under youth affairs development programme.

3.43.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 27th April 2022, while it was expected on 15th April 2022. Further, the submitted report was incomplete as it lacked schedules of

projects implemented in the period under review.

2. Low absorption of development funds as indicated by the expenditure of Kshs.880.80 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.6.31 billion. The development expenditure represented 14.1 per cent of the annual development budget.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The report for the Car Loan and Mortgage Fund Executive was not submitted to the Controller of Budget.
4. Manual Payroll. Personnel emoluments amounting to Kshs.106.52 million were processed through the manual payroll and accounted for 3 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.13.21 billion, comprising Kshs.6.11 billion (46.2 per cent) and Kshs.7.1 billion (53.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.07 billion (61.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.41 billion (10.7 per cent) from its own sources of revenue, and a cash balance of Kshs.2.95 billion (22.4 per cent) from FY 2020/21. The County also expects to receive Kshs.775.87 million (8.7 per cent) as conditional grants consisting of; Kshs. 354.49 million IDA (World Bank) credit - Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.63.53 million IDA (World Bank) credit - Kenya Urban Support Project (KUSP), Kshs.123.31 million IDA (World Bank) credit - Transforming Health Systems for Universal Care Project, Kshs.112.82 million IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level 1, Kshs.73.26 million IDA (World Bank) credit - Kenya Devolution Support Project (KDSP) - Level 2, Kshs.14.03 million DANIDA Grant - Universal Healthcare for Devolved System Program, Kshs.11 million EU Grant- (IDEAS)-Trade and Kshs. 23.44 million Sweden- Agricultural Sector Development Support Programme (ASDSP).

3.44.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.99 billion as the equitable share of the revenue raised nationally, raised Kshs.681.31 million as own-source revenue and had a cash balance of Kshs.2.95 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.7.63 billion, as shown in Table 3.255.

Table 3.255: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2021/22

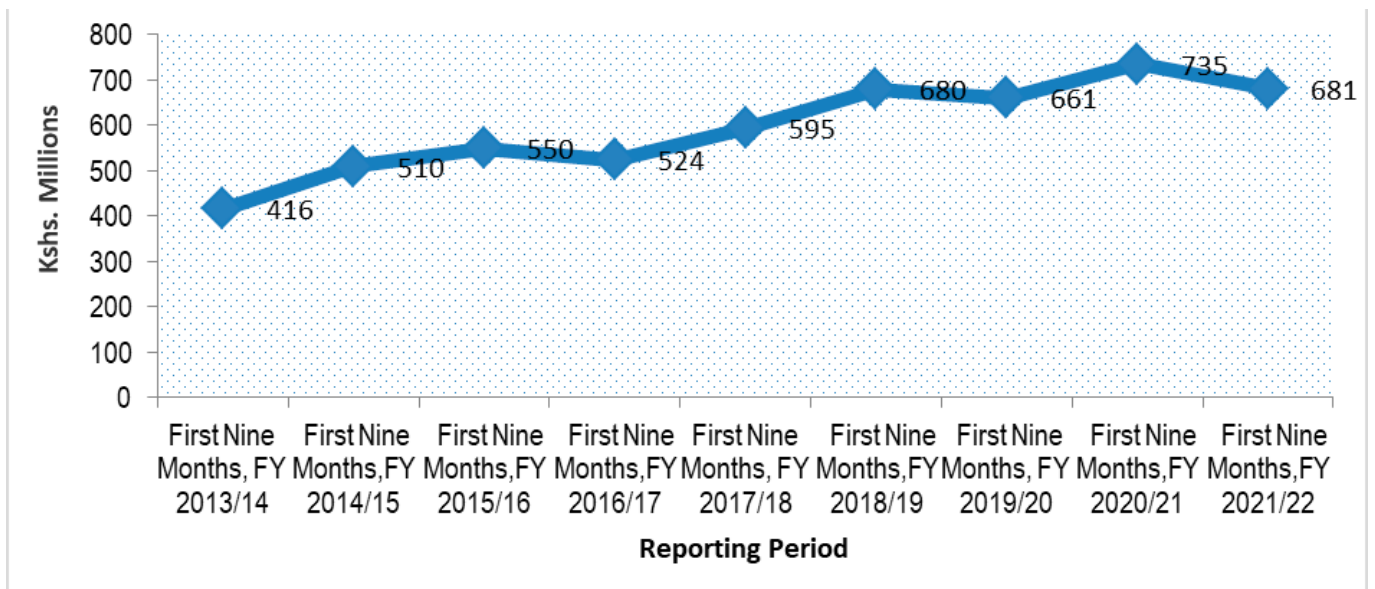
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	3,994,084,866	49.5
Sub Total		8,068,858,318	3,994,084,866	49.5
B	Other Sources of Revenue			

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Own Source Revenue	1,414,917,111	681,306,574	48.2
2.	Conditional Grants	775,874,947	-	0.0
3.	Balance b/f from FY2020/21	2,954,009,117	2,954,009,117	100.0
Sub Total		5,144,801,175	3,635,315,691	70.7
Grand Total		13,213,659,493	7,629,400,557	57.7

Source: Uasin Gishu County Treasury

Figure 3.87 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.87: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Uasin Gishu County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.681.31 million as own-source revenue, which was 48.2 per cent of the annual target. This amount represented a decrease of 7.3 per cent compared to Kshs.735.14 million realised during a similar period of FY 2020/21. The County has implemented an automated OSR collection system called UG PAY.

3.44.3 Exchequer Issues

The Controller of Budget approved Kshs.5.54 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.1 billion (18.1 per cent) for development programmes and Kshs.4.54 billion (81.9 per cent) for recurrent programmes, as shown in Table 3.259.

3.44.4 Overall Expenditure Review

The County spent Kshs.5.59 billion on development and recurrent programmes during the reporting period. This expenditure represented 101 per cent of the total funds approved by the CoB and comprised Kshs.1.29 billion and Kshs.4.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.1 per cent, while recurrent expenditure represented 60.6 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.116.3million and comprised of Kshs.25.66 million for recurrent expenditure and Kshs.90.64 million for development expenditure. At the beginning of FY

2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.80.97 million were paid, consisting of Kshs.15.92 million for recurrent expenditure and Kshs.65.06 million for development programmes. Outstanding pending bills amounted to Kshs.35.32 million as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.462.03 million, out of which the County has settled bills amounting to Kshs.421.95 million, leaving a balance of Kshs.35.58 million as of 31st March 2022.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.46 billion was spent on employee compensation, Kshs.1.85 billion on operations and maintenance, and Kshs.1.29 billion on development activities, as shown in Table 3.256.

Table 3.256: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,395,232,361	707,791,808	3,700,497,341	606,834,746	57.9	85.7
Compensation to Employees	3,761,947,379	350,654,059	2,177,093,992	282,841,901	57.9	80.7
Operations and Maintenance	2,633,284,982	357,137,749	1,523,403,349	323,992,846	57.9	90.7
Development Expenditure	5,792,001,834	318,633,490	1,224,299,343	63,345,081	21.1	19.9
Total	12,187,234,195	1,026,425,298	4,924,796,684	670,179,827	40.4	65.3

Source: Uasin Gishu County Treasury

3.44.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 24.8 per cent of the first nine months' proportional revenue of Kshs.9.91 billion.

Personnel emoluments amounting to Kshs.2.13 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.325.72 million. The manual payroll amounted to 13.2 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.46 billion includes Kshs.1.04 billion attributable to the health sector, which translates to 42.1 per cent of the total wage bill in the reporting period.

3.44.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.206.5 million to county established funds in FY 2021/22, which constituted 1.6 per cent of the County's overall budget for the year. Table 3.257 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.257: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2021 (Kshs.)		Submission of quarterly financial statements
		County Executive	County Assembly	County Executive	County Assembly	
1.	County Assembly Car Loan and Mortgage	-	-	-	-	Yes
2.	County Executive Car Loan and Mortgage	-	-	-	-	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)		Actual Expenditure as of 31 st March 2021 (Kshs.)		Submission of quarterly financial statements
		County Executive	County Assembly	County Executive	County Assembly	
3.	Uasin Gishu Inua Biashara Fund	32,000,000	-	32,000,000	-	Yes
4.	Uasin Gishu County Bursary and Skills Development Support Fund	124,000,000	-	124,000,000	-	Yes
5.	Uasin Gishu TVET Fund	50,500,000	-	50,500,000	-	Yes
Total		206,500,000		206,500,000	-	

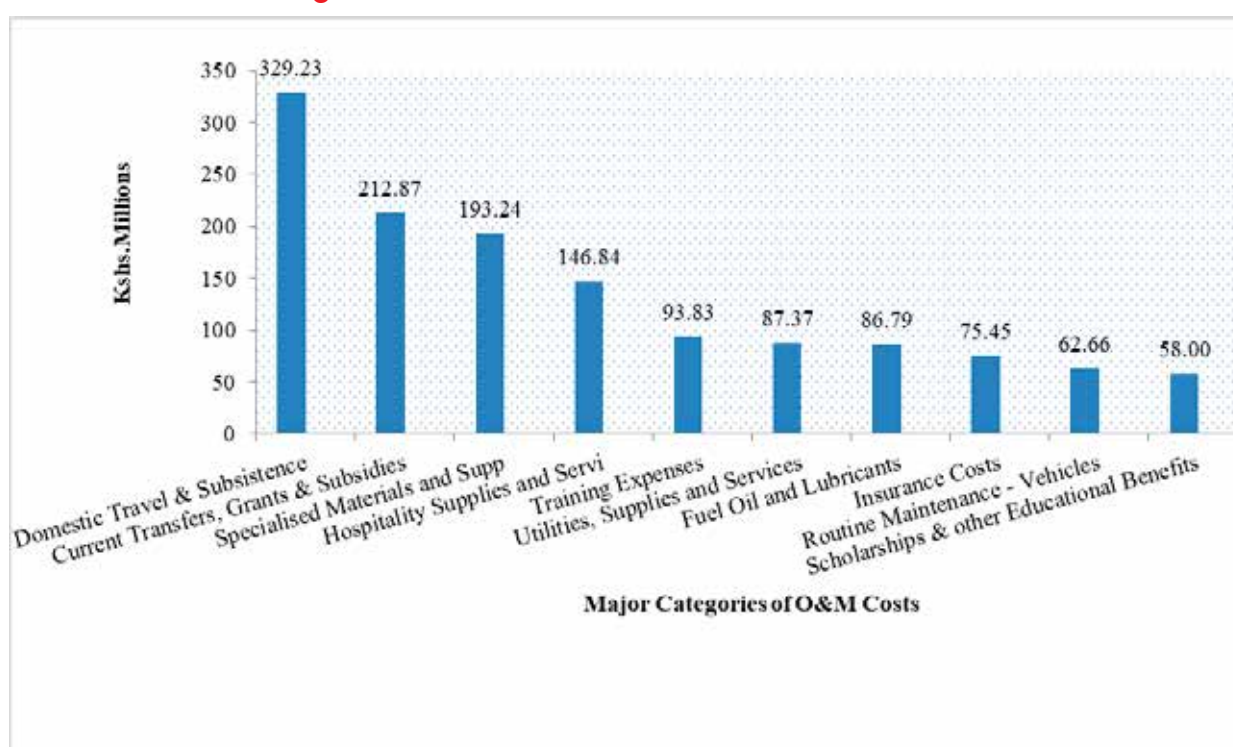
Source: Uasin Gishu County Treasury

The OCoB received quarterly financial returns from administrators of all the funds, as indicated in Table 3.257.

3.44.9 Expenditure on Operations and Maintenance

Figure 3.88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

The County spent Kshs.34.84 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.36.69 million. The average monthly sitting allowance was Kshs.80,657 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 22 committees.

During the period, expenditure on domestic travel amounted to Kshs.329.23 million and comprised Kshs.106.53 million spent by the County Assembly and Kshs.222.7 million by the County Executive. Spending on foreign travel amounted to Kshs.31.77 million and consisted of Kshs.12.87 million by the County Assembly and Kshs.18.89 million by the County Executive.

3.44.10 Development Expenditure

The County incurred Kshs.1.29 billion on development programmes, which represented a decrease of 1.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.31 billion. Table 3.258 summarises development projects with the highest expenditure in the reporting period.

Table 3.258: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of sections of the ground, 1st, 2nd and 3rd floor, slabs, columns, ramps and shuttering	Health Services	Ziwa	189,783,406	131,135,000	69
2	Construction of mortuary, chapel, kitchen, laundry and boundary wall	Health Services	Ziwa	184,836,534	59,090,397	32
3	Purchase of sports kits	Youth Affairs, Gender & Sports	All 30 wards	73,961,856	50,819,320	69
4	Land banking	Roads, Transport, Energy & Public Works	County wide	52,826,204	46,732,997	88
5	Consultancy services for supervision of the proposed upgrading of The 64 Stadium in Municipality of Eldoret	Eldoret Municipality	Eldoret Municipality	56,800,000	33,389,645	59
6	Completion of the main hospital to 2nd floor and laundry, kitchen, morgue, incinerator,	Health Services	Kesses	105,132,920	25,567,325	24
7	Acquisition of land	Water, Environment & Natural Resources	Kipkenyo	34,000,000	24,940,800	73
8	Intake works, storage reservoirs, pipeline/distribution works	Water, Environment & Natural Resources	County wide	25,000,000	21,400,000	86
9	Infrastructure in 3 No. settlements	Roads, Transport, Energy & Public Works	Kipkareen, Mwanzo & Maili Nne	60,000,000	19,900,000	33
10	Proposed construction of town managers office at Ziwa Township	Physical & Urban Planning	Ziwa Township	30,000,000	19,711,242	66

Source: Uasin County Treasury

3.44.11 Budget Performance by Department

Table 3.259 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.259: Uasin Gishu County, Budget Performance by Department

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2021/22 Exchequer Issues (Kshs. Million)		FY 2021/22 Expenditure (Kshs. Million)		FY 2021/22 Expenditure to Exchequer Issues (%)		FY 2021/22 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2021/22 Exchequer Issues (Kshs. Million)		FY 2021/22 Expenditure (Kshs. Million)		FY 2021/22 Expenditure to Exchequer Issues (%)		FY 2021/22 Absorption rate (%)	
Office of the Governor	170.10	-	95.87	-	105.18	-	109.7	-	61.8	-
Finance	469.90	-	190.08	-	276.02	-	145.2	-	58.7	-
Public Service Management	965.72	13.86	469.50	-	477.37	-	101.7	-	49.4	-
ICT and E-Government	68.75	47.67	28.97	4.99	17.68	6.98	61.0	139.8	25.7	14.6
Roads, Transport, Energy and Public Works	494.87	1,167.85	432.81	253.29	303.78	283.44	70.2	111.9	61.4	24.3
Lands and Housing	92.32	326.53	40.50	54.33	42.90	54.58	105.9	100.5	46.5	16.7
Water, Environment, Natural Resources, Tourism and Wildlife Management	222.89	706.65	111.07	135.32	131.73	166.92	118.6	123.3	59.1	23.6
Health Services	2,042.45	755.57	1,432.61	219.72	1,222.40	310.77	85.3	141.4	59.8	41.1
Agriculture	252.91	563.64	138.79	15.98	127.40	31.06	91.8	194.4	50.4	5.5
Trade, Investment and Industrialisation	103.58	216.12	58.18	12.76	78.11	58.28	-	456.6	75.4	27.0
Education, Culture and Social Services	456.96	243.14	359.75	85.50	411.87	91.84	114.5	107.4	90.1	37.8
County Public Service Board	66.05	-	31.82	-	30.35	-	95.4	-	45.9	-
County Assembly	707.79	318.63	606.83	63.35	606.83	63.35	100.0	100.0	85.7	19.9
Budget and Economic Planning	195.55	-	97.06	-	107.25	-	110.5	-	54.8	-
Devolution and Public Administration	175.48	249.45	84.93	3.31	81.15	14.24	95.5	430.4	46.2	5.7
Youth and Sports Development	271.38	181.99	190.21	73.88	173.49	74.08	91.2	100.3	63.9	40.7
Cooperatives and Enterprise Development	92.70	81.31	36.81	-	30.85	3.19	83.8	-	33.3	3.9
Livestock Development and Fisheries	64.79	197.63	27.00	38.40	34.28	67.27	127.0	175.2	52.9	34.0
Physical Planning and Urban Development	52.98	91.52	33.55	12.16	18.14	31.83	54.1	261.7	34.2	34.8
Eldoret Municipality	135.86	949.07	70.06	31.30	30.53	29.83	43.6	95.3	22.5	3.1
TOTAL	7,103.02	6,110.64	4,536.42	1,004.30	4,307.33	1,287.64	1,805.02	128.2	60.6	21.1

Source: Uasin Gishu County Treasury

Analysis of expenditure by the departments shows that the Department of Health Services recorded the highest absorption rate of development budget at 41.1 per cent, while the Eldoret Municipality recorded the lowest absorption rate of development budget at 3.1 per cent. The Department of Education, Culture and Social Services had the highest percentage of recurrent expenditure to budget at 90.1 per cent, while the Eldoret Municipality had the lowest at 22.5 per cent.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.260 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.260: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Department/Programme / Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Governor's Office	170,099,629	105,178,166	64,921,463	61.8%
Administration	120,215,739	81,739,220	38,476,520	68.0%
Administration and Support Services	120,215,739	81,739,220	38,476,520	68.0%
Inter-Governmental Committee	10,000,000	9,472,394	527,606	94.7%
Administration and Support Services	10,000,000	9,472,394	527,606	94.7%
Administration and Support Services	35,383,890	9,466,603	25,917,288	26.8%
Administration and Support Services	35,383,890	9,466,603	25,917,288	26.8%
Administration and Support Services	4,500,000	4,499,950	50	100.0%
Administration and Support Services	4,500,000	4,499,950	50	100.0%
Finance and Economic Planning	469,899,364	276,024,123	193,875,241	58.7%
Administration	363,349,364	195,680,183	167,669,181	53.9%
Public Finance Management	363,349,364	195,680,183	167,669,181	53.9%
Revenue Section	58,400,000	47,686,102	10,713,898	81.7%
Public Finance Management	58,400,000	47,686,102	10,713,898	81.7%
Accounts Section	29,350,000	25,104,775	4,245,225	85.5%
Public Finance Management	29,350,000	25,104,775	4,245,225	85.5%
Procurement and Supplies Section	3,800,000	2,899,950	900,050	76.3%
Public Finance Management	3,800,000	2,899,950	900,050	76.3%
Internal Audit Section	15,000,000	4,653,113	10,346,887	31.0%
Public Finance Management	15,000,000	4,653,113	10,346,887	31.0%
Public Service Management	979,579,744	477,374,249	502,205,495	48.7%
Administration	874,248,773	423,074,988	451,173,785	48.4%
Administration and Support Services	860,392,466	423,074,988	437,317,478	49.2%
Human Resource Management and Development	2,000,000	-	2,000,000	0.0%

Department/Programme / Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Governance Support Services	11,856,307	-	11,856,307	0.0%
Communication Section	22,962,800	3,116,080	19,846,720	13.6%
Administration and Support Services	22,962,800	3,116,080	19,846,720	13.6%
Legal Section	69,246,731	48,683,838	20,562,893	70.3%
Administration and Support Services	69,246,731	48,683,838	20,562,893	70.3%
Registry Section	405,000	60,000	345,000	14.8%
Administration and Support Services	405,000	60,000	345,000	14.8%
Human Resource Section	12,716,440	2,439,343	10,277,097	19.2%
Administration and Support Services	12,716,440	2,439,343	10,277,097	19.2%
ICT and E-Government	116,418,194	24,663,001	91,755,193	21.2%
Administration- ICT and E-Government	116,418,194	24,663,001	91,755,193	21.2%
ICT Infrastructure Development	47,669,254	6,980,000	40,689,254	14.6%
Administrative support services	68,748,940	17,683,001	51,065,939	25.7%
Roads, Transport and Infrastructure	1,662,714,760	587,226,838	1,075,487,922	35.3%
Administration	212,267,230	134,947,987	77,319,243	63.6%
Roads Infrastructure Development	212,267,230	134,947,987	77,319,243	63.6%
Roads Department	1,301,971,663	425,044,340	876,927,323	32.6%
Roads Infrastructure Development	1,301,971,663	425,044,340	876,927,323	32.6%
Public Works Department	12,964,000	953,441	12,010,559	7.4%
Roads Infrastructure Development	2,964,000	953,441	2,010,559	32.2%
Administration Support Services	10,000,000	-	10,000,000	0.0%
Transport Department	22,750,000	7,228,345	15,521,655	31.8%
Disaster Management	22,750,000	7,228,345	15,521,655	31.8%
	112,761,867	19,052,725	93,709,142	16.9%
Street Lighting Services	112,761,867	19,052,725	93,709,142	16.9%
Lands, Housing and Physical Planning	418,849,742	97,487,590	321,362,152	23.3%
Administration	211,316,547	42,904,296	168,412,251	20.3%
Land Policy and Management	211,316,547	42,904,296	168,412,251	20.3%
Physical Planning Section	172,487,579	54,583,294	117,904,285	31.6%
Crop Development and Management	125,365,285	48,461,000	76,904,285	38.7%
Land Policy and Management	47,122,294	6,122,294	41,000,000	13.0%
Survey Section	11,183,664	-	11,183,664	0.0%
Land Policy and Management	11,183,664	-	11,183,664	0.0%
Housing Section	23,861,952	-	23,861,952	0.0%
Land Policy and Management	23,861,952	-	23,861,952	0.0%
Water, Environment, Energy and Natural resources	929,538,657	298,649,567	630,889,090	32.1%
Administration	222,886,256	131,734,173	91,152,083	59.1%
Water Supply Services	222,886,256	131,734,173	91,152,083	59.1%
Environment Section	66,578,500	2,716,730	63,861,770	4.1%
Rural Electrification	7,128,500	1,965,000	5,163,500	27.6%
Environmental Management and Protection	59,450,000	751,730	58,698,270	1.3%
Water Section	624,073,901	164,198,664	459,875,237	26.3%
Water Supply Services	624,073,901	164,198,664	459,875,237	26.3%
Energy Section	16,000,000	-	16,000,000	0.0%

Department/Programme / Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Tourism Development and Marketing	16,000,000	-	16,000,000	0.0%
Health Services	2,798,020,115	1,533,165,538	1,264,854,577	54.8%
Administration	2,559,041,110	1,414,683,492	1,144,357,618	55.3%
Curative Health Services	438,836,534	255,868,680	182,967,855	58.3%
Health Infrastructure	48,013,947	-	48,013,947	0.0%
Clinical Services	96,307,773	-	96,307,773	0.0%
Administration and Support Services	1,975,882,856	1,158,814,813	817,068,044	58.6%
Clinical Services	233,979,005	116,098,246	117,880,759	49.6%
Clinical Services	233,979,005	116,098,246	117,880,759	49.6%
Prevention and Health Promotion	5,000,000	2,383,800	2,616,200	47.7%
Public Health Services	5,000,000	2,383,800.00	2,616,200	47.7%
Agriculture, Livestock and Fisheries	816,556,892	158,454,040	658,102,852	19.4%
Administration-	254,969,699	126,055,959	128,913,740	49.4%
Crop Development And Management	9,600,000	-	9,600,000	0.0%
Administration and Support Services	245,369,699	126,055,959	119,313,740	51.4%
Livestock	5,000,000	-	5,000,000	0.0%
Crop Development And Management	5,000,000	-	5,000,000	0.0%
Agriculture	511,684,490	31,057,049	480,627,441	6.1%
Livestock Resource Management And Development	2,500,000	1,361,920	1,138,080	54.5%
Crop Development And Management	509,184,490	29,695,129	479,489,361	5.8%
Chebororwa Training Center	10,940,423	216,390	10,724,033	2.0%
Agricultural Training Services - Chebororwa	10,940,423	216,390	10,724,033	2.0%
Agricultural Machinery Service	33,962,280	1,124,642	32,837,638	3.3%
Agricultural Mechanization Services	33,962,280	1,124,642	32,837,638	3.3%
Trade, Cooperatives, Tourism and Wildlife	319,694,974	136,387,473	183,307,501	42.7%
Administration-	103,575,353	78,296,807	25,278,546	75.6%
Administration And Support Services	103,575,353	78,296,807	25,278,546	75.6%
Trade Department	216,119,621	58,090,666	158,028,955	26.9%
Trade Development and Investment	144,721,138	50,560,192	94,160,946	34.9%
Market Services	71,398,483	7,530,474	63,868,009	10.5%
Education, Social Cultural, Youth and Sports	700,098,622	503,713,112	196,385,510	71.9%
Administration	282,527,039	148,040,641	134,486,398	52.4%
Administration and Support Services	274,527,039	140,040,641	134,486,398	51.0%

Department/Programme / Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Basic Education	8,000,000	8,000,000	-	100.0%
Education Department	367,884,868	337,404,696	30,480,172	91.7%
Basic Education	356,884,868	337,404,696	19,480,172	94.5%
Early Childhood Education and Training	11,000,000	-	11,000,000	0.0%
Department of Culture	44,186,715	15,472,680	28,714,035	35.0%
Administration and Support Services	32,000,000	15,472,680	16,527,320	48.4%
Community development services	12,186,715	-	12,186,715	0.0%
	5,500,000	2,795,095	2,704,905	50.8%
Social Development Services	5,500,000	2,795,095	2,704,905	50.8%
County Public Service Board	66,049,506	30,345,015	35,704,491	45.9%
Headquarters	66,049,506	30,345,015	35,704,491	45.9%
Administration and Support Services	66,049,506	30,345,015	35,704,491	45.9%
County Assembly	1,026,425,298	670,179,827	356,245,471	65.3%
Headquarters	1,026,425,298	670,179,827	356,245,471	65.3%
County Planning and Economic Policy Management	1,026,425,298	670,179,827	356,245,471	65.3%
Budget and Economic Planning	195,549,887	107,250,506	88,299,381	54.8%
	110,563,087	51,362,206	59,200,881	46.5%
County Planning and Economic Policy Management	110,563,087	51,362,206	59,200,881	46.5%
	12,288,145	10,406,000	1,882,145	84.7%
County Planning and Economic Policy Management	12,288,145	10,406,000	1,882,145	84.7%
	40,548,655	30,961,580	9,587,075	76.4%
County Planning and Economic Policy Management	40,548,655	30,961,580	9,587,075	76.4%
	32,150,000	14,520,720	17,629,280	45.2%
County Planning and Economic Policy Management	32,150,000	14,520,720	17,629,280	45.2%
Devolution and Public Administration	424,936,276	95,387,882	329,548,394	22.4%
	424,936,276	95,387,882	329,548,394	22.4%
Administration Support Services	180,836,544	76,832,218	104,004,326	42.5%
Administration and Support Services	244,099,732	18,555,664	225,544,068	7.6%
Youth and Sports Development	453,364,198	247,566,848	205,797,350	54.6%
Administration	178,053,283	88,848,068	89,205,215	49.9%
Administration and Support Services	177,953,283	88,848,068	89,105,215	49.9%
Management and Development of Sports and Sports Facilities	100,000	-	100,000	0.0%
	146,011,263	104,306,985	41,704,279	71.4%
Administration and Support Services	93,611,263	54,907,485	38,703,778	58.7%
Youth Training and Development	52,400,000	49,399,500	3,000,500	94.3%
	129,299,652	54,411,796	74,887,856	42.1%
Tourism Development and Marketing	55,000,000	18,710,581	36,289,420	34.0%
Administration and Support Services	45,023,638	35,243,115	9,780,523	78.3%
Management and Development of Sports and Sports Facilities	29,276,014	458,100	28,817,914	1.6%
Cooperatives And Enterprise Development	174,015,073	34,041,194	139,973,879	19.6%
Administration	54,115,073	19,904,014	34,211,059	36.8%
Weights and Measurements	49,535,077	19,904,014	29,631,063	40.2%
Cooperatives Development and Marketing	4,579,996	-	4,579,996	0.0%
	119,900,000	14,137,180	105,762,820	11.8%
Weights and Measurements	119,900,000	14,137,180	105,762,820	11.8%
Livestock Development And Fisheries	262,418,442	101,552,005	160,866,437	38.7%

Department/Programme / Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration	91,649,514	35,632,277	56,017,237	38.9%
Crop Development and Management	91,649,514	35,632,277	56,017,237	38.9%
	8,500,000	3,589,134	4,910,866	42.2%
Fisheries Development	8,500,000	3,589,134	4,910,866	42.2%
	162,268,928	62,330,594	99,938,334	38.4%
Livestock Resource Management And Development	18,697,098	700,000	17,997,098	3.7%
Agribusiness Development	143,571,830	61,630,594	81,941,236	42.9%
Physical Planning And Urban Development	144,505,213	49,972,606	94,532,607	121.4%
Administration	48,061,083	9,190,712	38,870,371	19.1%
Housing Development	48,061,083	9,190,712	38,870,371	19.1%
	12,890,000	8,153,046	4,736,954	63.3%
Housing Development	12,890,000	8,153,046	4,736,954	63.3%
	83,554,130	32,628,848	50,925,282	39.1%
Housing Development	83,554,130	32,628,848	50,925,282	39.1%
Eldoret Municipality	1,084,924,907	60,356,931	1,024,567,976	5.6%
Administration	1,084,874,907	60,356,931	1,024,517,976	5.6%
Roads Infrastructure Development	644,696,959	60,356,931	584,340,028	9.4%
Housing Development	340,177,948	-	340,177,948	0.0%
Management and Development of Sports and Sports Facilities	100,000,000	-	100,000,000	0.0%
Disaster Management	50,000	-	50,000	0.0%
Disaster Management	50,000	-	50,000	0.0%
Grand Total	13,213,659,493	5,594,976,511	7,618,682,982	42.3%

Source: Uasin Gishu County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Administration and Support Services in the Office of the Governor at 100 per cent, Basic Education in the Department of Education, Culture and Social Services at 100 per cent.

3.44.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget which affected the timely preparation of the budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.29 billion in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.6.11 billion. The development expenditure represented 21.1 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.681.31 million against an annual projection of Kshs. 1.41 billion, representing 48.2 per cent of the annual target.
4. Failure to refund unspent balances from the previous financial year to the County Revenue Fund Contrary to Section 136 of the PFM Act, 2012. The County spent cash balances at source during the reporting period, which

may be an issue of misappropriation of funds if not regularised before the close of the financial year.

- Manual Payroll. Personnel emoluments amounting to Kshs.325.72 million were processed through the manual payroll and accounted for 13.2 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to loss of public funds where there is a lack of proper controls.

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

- The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
- The County should identify and address issues causing delays in implementing development projects.
- The County should address its revenue performance to ensure the approved budget is fully financed.
- The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund according to Section 136 of the PFM Act, 2012.
- The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

3.45 County Government of Vihiga

3.45.1 Overview of FY 2021/22 Budget

The County's approved supplementary budget for FY 2021/22 is Kshs.6.41billion, comprising Kshs.2.03 billion (31.7 per cent) and Kshs.4.37 billion (68.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.07 billion (79.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.232.66 million (3.6 per cent) from its own sources of revenue, and a cash balance of Kshs.90.57 million (1.4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.02 billion (15.9 per cent) as conditional grants.

3.45.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.3.37 billion as the equitable share of the revenue raised nationally, raised Kshs.181.30 million as own-source revenue, Kshs.269.62 million as conditional grants, and had a cash balance of Kshs.90.57 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.91 billion, as shown in Table 3.261.

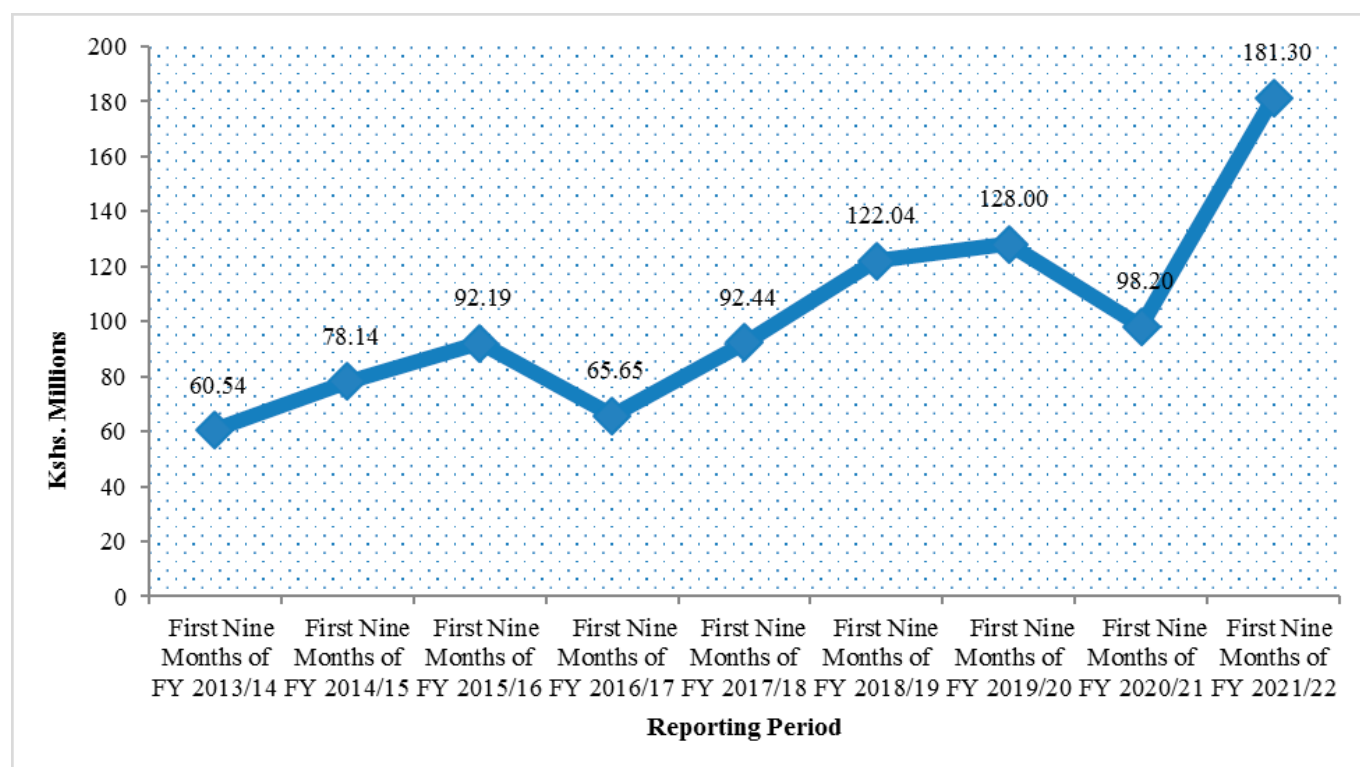
Table 3.261: Vihiga County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,067,356,827	3,369,762,288	66.5
Sub Total		5,067,356,827	3,369,762,288	66.5
B	Other Sources of Revenue			
1.	Own Source Revenue	232,658,878	181,303,134	77.9
2.	Conditional Grants	1,018,293,939	269,622,590	26.5
3.	Balance b/f from FY 2020/21	90,568,796	90,568,796	100.0
Sub Total		1,341,521,613	450,925,724	33.6
Grand Total		6,408,878,440	3,911,256,808	61.0

Source: Vihiga County Treasury

Figure 3.89 shows the Trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.89: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Vihiga County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.181.30 million as own-source revenue. This amount represented an increase of 45.8 per cent compared to Kshs.98.20 million realised in the first nine months of FY 2020/21. The significant growth in revenue collections during the current financial year 2021/2022 is attributed to the following factors;

1. The stability in the County and Sub-county hospitals during the current year. Collections in the hospitals were significantly affected by numerous strikes witnessed during the year 2020/2021. The absence of strikes during the current year has seen remarkable growth in revenue collections in our county and Subcounty hospitals.
2. Reporting on NHIF collections. The County and Sub-county hospitals receive significant amounts from NHIF. These amounts have not been reported correctly in the previous years. The capturing of these amounts has seen our revenue collections grow significantly.
3. Plan approval and Physical planning Revenue. The County has streamlined and stepped up efforts to collect revenue from plan approval and physical planning revenue streams which have seen tremendous growth in revenue collected from these revenue streams.
4. Advertisement Revenue. The County has streamlined and stepped up efforts to collect revenue from the various forms of advertisements, including wall branding and signages. These have seen amounts received from advertisements and related revenue streams surpass receipts from the previous period.
5. CESS on green Leaf Tea from the Mudete Tea factory. The County has managed to enforce payment of Tea CESS from Mudete Tea Factory, which has seen a great performance from a new revenue stream.
6. Revenue from Vihiga FM Radio. Vihiga FM Radio station collected more revenue during the current financial year than the same period in the last financial year.

3.45.3 Exchequer Issues

The Controller of Budget approved Kshs.3.66 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.514.54 million (14.1 per cent) for development programmes and Kshs.3.14 billion (85.59 per cent) for recurrent programmes, as shown in Table 3.265.

3.45.4 Overall Expenditure Review

The County spent Kshs.3.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 94.6 per cent of the total funds released by the CoB and comprised Kshs.384.30 million and Kshs.3.08 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.9 per cent, while recurrent expenditure represented 70.3 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.690.58 million and comprised Kshs.105.62 million for recurrent expenditure and Kshs.584.96 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, pending bills amounting to Kshs.313 million were settled, consisting of Kshs.38.71million for recurrent expenditure and Kshs.274.71 million for development programmes. Outstanding pending bills amounted to Kshs.377.17 as of 31st March 2022.

The outstanding pending bills as of 31st March 2022 include the bills classified as eligible by the Office of the Auditor General. The Auditor General reported that eligible pending bills as of 30th June 2020 was Kshs.690.58 million, out of which the County has settled bills amounting to Kshs.313.41 million, leaving a balance of Kshs.377.17 million as of 31st March 2022.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.34 billion was spent on employee compensation, Kshs.740.79 million on operations and maintenance, and Kshs.384.30 million on development activities, as shown in Table 3.262.

Table 3.262: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,715,094,236	659,609,764	2,604,763,509	529,204,834	2,756,748,218	320,747,190	74.2	48.6
Compensation to Employees	2,215,201,714	383,180,981	1,913,255,076	284,026,955	2,130,265,421	206,439,115	96.2	53.9
Operations and Maintenance	1,499,892,522	276,428,783	691,508,433	245,177,879	626,482,797	114,308,075	41.8	41.4
Development Expenditure	2,004,174,440	30,000,000	507,017,712	7,526,651	376,770,678	7,526,651	18.8	25.1
Total	5,719,268,676	689,609,764	3,111,781,221	536,731,485	3,133,518,896	328,273,841	54.8	47.6

Source: Vihiga County Treasury

3.45.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 48.6 per cent of the first nine months' proportional revenue of Kshs.4.81 billion. This significant increase in PE expenditure is due to the promotion and employment of new staff.

Personnel emoluments amounting to Kshs.1.89 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.469.81 million. The manual payroll amounted to 20.1 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.34 billion includes Kshs.714.41 million attributable to the health sector, which translates to 37.8 per cent of the total wage bill in the reporting period.

3.45.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.179.20 million to county established funds in FY 2021/22, which constituted 2.8 per cent of the County's overall budget for the year. Table 3.263 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.263: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	Vihiga County Co-operative Enterprise Fund	8,000,000	0	No.
2.	Vihiga County Car and Mortgage Fund	1,000,000	0	No.
3.	Vihiga County Education Bursary Fund	95,000,000	78,091,738	No.
4.	Vihiga County Sport Fund	20,000,000	9,000,000	No.
5.	Vihiga County Trade and Enterprise Fund	7,000,000	0	No.
6.	Vihiga County Climate Change Fund	48,200,000	1,005,105	No.
Total		179,200,000	88,096,843	

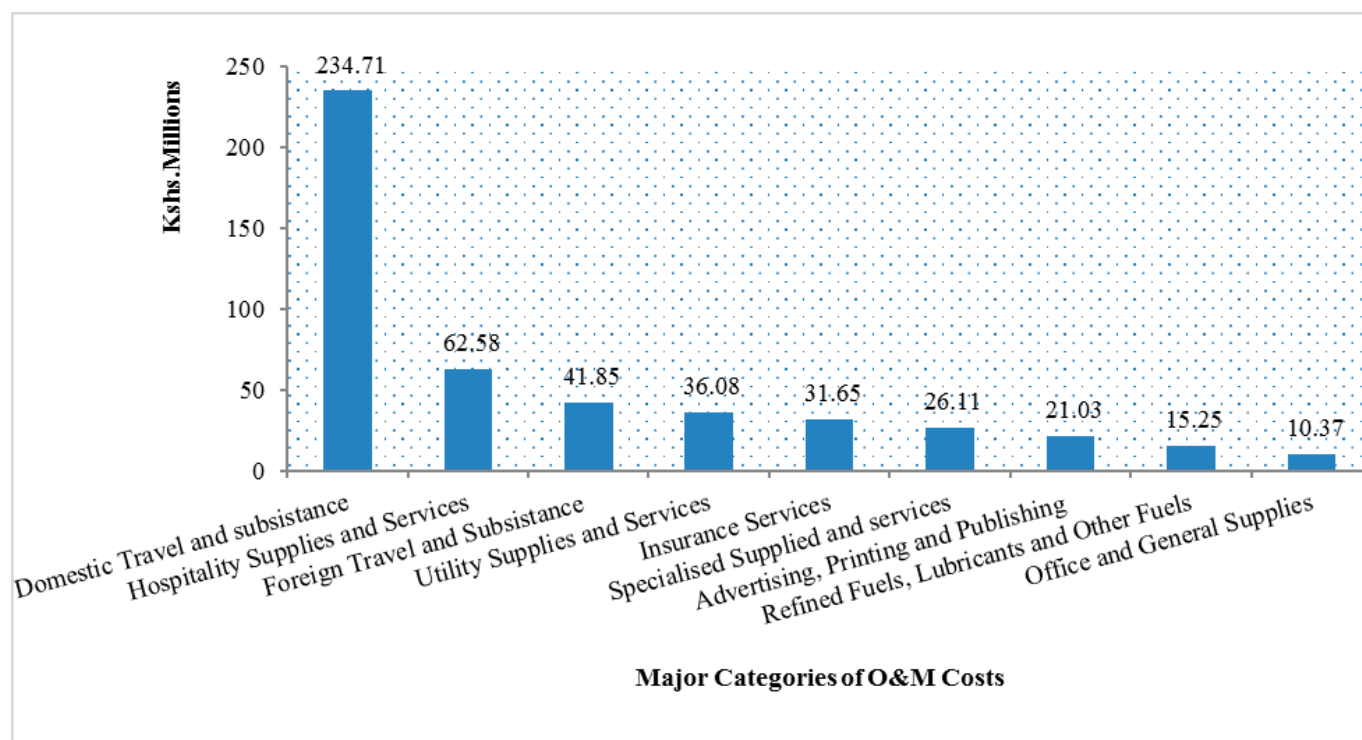
Source: Vihiga County Treasury

The OCoB did not receive quarterly financial returns from administrators of all the Funds, as indicated in Table 3.263.

3.45.9 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

The County spent Kshs.34.53 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.66.64 million. The average monthly sitting allowance was Kshs.98,375 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 20 committees.

During the period, expenditure on domestic travel amounted to Kshs.234.71 million and comprised Kshs.49.21 million spent by the County Assembly and Kshs.185.49 million by the County Executive. Spending on foreign travel amounted to Kshs.41.85 million and consisted of Kshs.0.88 million by the County Assembly and Kshs.41.77 million by the County Executive.

3.45.10 Development Expenditure

The County incurred Kshs.384.30 million on development programmes, which represented a decrease of 22.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.493.38 million. Table 3.264 summarises development projects with the highest expenditure in the reporting period.

Table 3.264: Vihiga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Contract Sum (Kshs.)	Payment to Date (Kshs.)	Absorption Rate (%)
1	Maintenance Tiriki East Roads	Hamisi Sub County	4,849,100	4,849,100	100.0
2	Maintenance Tiriki West Roads	Hamisi Sub County	4,199,050	4,199,050	100.0
3	Khvipanga-Polytechnic-Asalu Ring Road	Emuhaya Sub County	4,174,409	4,174,409	100.0
4	Mali Ya Mungu-Esalwa Church Of God Road	Emuhaya Sub County	3,174,808	3,174,808	100.0
5	Maintenance Emuhaya Sub-County Roads	Across 5 Subcounties	6,653,400	6,653,400	100.0
6	Maintenance Luanda Sub-County Roads	Across 5 Subcounties	7,582,050	7,582,050	100.0

S/No.	Project Name	Location	Contract Sum (Kshs.)	Payment to Date (Kshs.)	Absorption Rate (%)
7	Rehabilitation Kapsoi-Goibei Road	Hamisi Sub County	4,892,300	4,892,300	100.0
8	Maintenance Vihiga Sub-County Roads	Across 5 Subcounties	6,864,300	6,864,300	100.0
9	M u s u k u r a - W a m b u z i Road(Lot.1) Kaptieni-Murukwoni Road(Lot.2)	Emuhaya Sub County	5,226,300	5,226,300	100.0
10	Esibuye-Eliesavo-Mukhombe Road	Emuhaya Sub County	4,996,279	4,996,279	100.0
11	Gambogi-Sosian-Eramba Road	Vihiga Sub county	3,999,819	3,999,819	100.0
12	Chango-Kidinye-Gisambai Lot.1	Vihiga Sub county	3,595,556	3,595,556	100.0

Source: Vihiga County Treasury

3.45.11 Budget Performance by Department

Table 3.265 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.265: Vihiga County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	248.60	6.28	165.37	-	159.62	-	96.5	-	64.2	0.0
Finance and Economic Planning	345.86	328.36	178.28	296.05	330.89	5.28	185.6	1.8	95.7	1.6
Agriculture, Livestock, Fisheries and Co-operatives	200.50	437.15	133.02	8.00	121.38	2.59	91.2	32.4	60.5	0.6
Health Services	1,450.25	278.63	1,040.92	60.58	911.61	46.52	87.6	76.8	62.9	16.7
Education, Science, Technical and Vocational Training	373.94	135.19	314.51	3.88	270.00	51.63	85.8	1330.7	72.2	38.2
Gender, Culture, Youth, Sports and Social Services	87.50	9.78	69.41	0.75	44.48	5.71	64.1	761.3	50.8	58.4
Trade, Industry, Tourism and Entrepreneurship	92.11	32.53	52.75	24.00	44.03	24.00	83.5	100.0	47.8	73.8
County Public Service Board	48.72	-	34.01	-	33.79	0	99.4	-	69.4	-
Environment, Water, Energy and Natural Resources	140.78	126.03	92.16	36.77	74.35	20.90	80.7	56.8	52.8	16.6
Transport, Infrastructure and Communication	134.35	506.06	96.21	56.85	183.75	211.60	191.0	372.2	136.8	41.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Physical Planning, Lands and Housing	105.61	144.17	69.76	20.14	37.94	8.53	54.4	42.4	35.9	5.9
County Assembly	659.61	30.00	529.20	7.53	320.75	7.53	60.6	100.0	48.6	25.1
Administration and Coordination of County Affairs	486.87	-	369.37	-	544.92	0	147.5	-	111.9	-
Total	4,374.70	2,034.17	3,144.97	514.54	3,077.50	384.30	97.9	74.7	70.3	18.9

Source: Vihiga County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Industry, Tourism and Entrepreneurship recorded the highest absorption rate of the development budget at 73.8 per cent. The Department of Transport, Infrastructure and Communication had the highest percentage of recurrent expenditure to budget at 136.8 per cent, followed by the Department of Administration and Coordination of County Affairs at 111.9 per cent. The expenditures were above the approved budget, which should be regularised before the closure of the financial year.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.266 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.266: Vihiga County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administrative Service	892,849,919	342,947,144	607,465,307	38.4
		892,849,919	342,947,144	607,465,307	38.4
Livestock Development and Management	Veterinary Services and Extension	16,370,357	837,000	15,533,357	5.1
		16,370,357	837,000	15,533,357	5.1
Fisheries Development and Management	Promotion of Fish Farming	9,700,000	55,602	9,644,398	0.6
		9,700,000	55,602	9,644,398	0.6
Crop Development and Management	Crop Extension	14,700,000	1,821,445	12,878,555	12.4
		10,000,000	1,821,445	8,178,555	18.2
	Cash Crop Production and Development	4,700,000	-	4,700,000	0.0
Cooperatives Development	Cooperative Development Services	20,750,000	5,281,800	15,468,200	25.5
		20,750,000	5,281,800	15,468,200	25.5
Land Survey and Mapping Services	Land Survey and Mapping	3,000,000	2,186,730	813,270	72.9
		3,000,000	2,186,730	813,270	72.9
1 Urban and Physical Planning and Housing Services	Urban and Physical Planning	109,999,986	-	109,999,986	0.0
		4,000,000	-	4,000,000	0.0
	Vihiga Municipality {KUSP}	105,999,986	-	105,999,986	0.0
Administration, Planning and Support Service	Administrative Service	856,286,286	558,269,694	371,936,590	65.2
		856,286,286	558,269,694	371,936,590	65.2

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference (Kshs.)	Absorption (%)
Transport Management	Transport System Management	14,402,400	763,545	13,638,855	5.3
		14,402,400	763,545	13,638,855	5.3
Infrastructure Development	Roads Maintenance	800,000	34,500	765,500	4.3
		800,000	34,500	765,500	4.3
Administration, Planning and Support Service	Administrative Service	109,434,582	71,884,801	37,549,781	65.7
		109,434,582	71,884,801	37,549,781	65.7
Trade Development and Investment	Market Development and Management	13,200,000	2,329,403	10,870,597	17.6
		6,200,000	2,329,403	3,870,597	37.6
	Business Support and Consumer Protection	7,000,000	-	7,000,000	0.0
Tourism Development	Tourism Promotion and Branding	2,000,000	-	2,000,000	0.0
		2,000,000	-	2,000,000	0.0
Administration, Planning and Support Service	Administrative Service	1,709,805,804	1,032,180,338	726,097,596	60.4
		842,867,395	573,612,845	317,726,680	68.1
	Human Resource Management and Development	864,438,409	456,284,493	408,153,916	52.8
	Healthcare Financing	2,500,000	2,283,000	217,000	91.3
Promotive and Preventive Healthcare Services	Public Health Services	19,886,125	2,228,620	17,657,505	11.2
		3,500,000	-	3,500,000	0.0
	Community Health Strategy	9,086,125	639,120	8,447,005	7.0
	Health Promotion	3,000,000	983,300	2,016,700	32.8
	Reproductive Healthcare	3,500,000	431,200	3,068,800	12.3
Disease Surveillance and Emergency	800,000	175,000	625,000	21.9	
Curative And Rehabilitative Health Services		100,150,000	60,542,479	39,607,521	60.5
	Medical services	99,950,000	60,542,479	39,407,521	60.6
	County referral services	200,000	-	200,000	0.0
Child and Maternal Health Care		50,572,613	9,337,505	41,235,108	18.5
	Antenatal and Post Natal healthcare	4,000,000	874,300	3,125,700	21.9
	Antenatal and Post Natal Healthcare	11,010,500	2,621,989	8,388,511	23.8
	Newborne, Child and Adolescent Health	1,200,000	74,750	1,125,250	6.2
	Nutrition Services	34,362,113	5,766,466	28,595,647	16.8
Administration, Planning and Support Service	Administrative Service	310,129,029	207,029,258	103,099,771	66.8
		310,129,029	207,029,258	103,099,771	66.8
Vocational Education and Training	Youth Polytechnic Development	55,853,981	3,774,190	52,079,791	6.8
		55,853,981	3,774,190	52,079,791	6.8
Early Childhood Development	ECD Development	143,151,398	83,378,207	59,773,192	58.2
		143,151,398	83,378,207	59,773,192	58.2

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilization difference (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administrative Service	1,488,176,009	902,185,240	626,634,826	60.6
		1,437,048,324	894,032,703	583,659,679	62.2
	County Administration	10,570,000	1,738,600	8,831,400	16.4
	County Radio Information Services	40,557,685	6,413,938	34,143,748	15.8
Public Finance Management	Public Finance Management	47,976,382	31,084,015	16,892,367	64.8
		6,600,000	5,375,245	1,224,755	81.4
	Accounting Services	4,400,000	2,848,980	1,551,020	64.7
	Audit Services	13,100,000	4,923,920	8,176,080	37.6
	Budget Formulation Coordination	7,600,000	6,618,300	981,700	87.1
	Resource Mobilization	7,715,812	6,288,750	1,427,062	81.5
	Budget Expenditure Management	8,560,570	5,028,820	3,531,750	58.7
County Planning Services	Monitoring and Evaluation	6,800,000	2,983,117	3,816,883	43.9
		2,600,000	512,800	2,087,200	19.7
	Coordination of Policy Formulation and Plans	4,200,000	2,470,317	1,729,683	58.8
Management and Administration of County Services	County Secretary	48,797,050	15,441,728	33,355,322	31.6
	Legal Services	4,000,000	-	4,000,000	0.0
Administration, Planning and Support Service	Administrative Service	57,862,704	16,398,652	41,464,052	28.3
		57,862,704	16,398,652	41,464,052	28.3
Promotion of Sports	Promotion of Sports	35,928,129	10,957,927	24,970,202	30.5
		20,750,000	3,574,250	17,175,750	17.2
	Promotion of Culture and Heritage	15,178,129	7,383,677	7,794,452	48.6
		3,484,000	970,640	2,513,360	27.9
Social Protection	Social Protection	150,000	-	150,000	0.0
	Gender, Children, Youth and People with Disability	3,334,000	970,640	2,363,360	29.1
Administration, Planning and Support Service	Administrative Service	242,460,295	90,526,188	151,934,107	37.3
		242,460,295	90,526,188	151,934,107	37.3
Water Supply Management	Water Supply Management	12,701,391	3,294,750	9,406,641	25.9
		6,398,637	1,780,000	4,618,637	27.8
	Waste Water Management	6,302,754	1,514,750	4,788,004	24.0
		7,100,000	-	7,100,000	0.0
Environmental Protection and Conservation	Environmental Protection and Conservation	7,100,000	-	7,100,000	0.0
		4,550,000	477,300	4,072,700	10.5
Natural Resources management	Natural Resources management	4,550,000	477,300	4,072,700	10.5
Total		6,408,878,440	3,459,201,817	2,949,676,623	54.0

Source: Vihiga County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Healthcare Financing in the Department of Administration, Planning and Support Services at 91.3 per cent, Budget Formulation Coordination,

Resource Mobilisation and Public Finance Management in the Department of Finance and Economic planning at 87.1 per cent, 81.5 per cent and 81.4 per cent respectively and Land Survey and Mapping in the Department of Land, Survey and Mapping Services at 72.9 per cent of budget allocation.

3.45.13 Key Observations and Recommendations

In overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges that hampered effective budget implementation.

1. Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The OCoB did not receive financial reports for the Vihiga County Executive Car Loan Scheme Fund, Vihiga County Executive Mortgage Scheme Fund, Vihiga County Sports Fund, and Vihiga County Bursary Fund.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
3. Low absorption of development funds as indicated by the expenditure of Kshs.384.30 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.03 billion. The development expenditure represented 18.9 per cent of the annual development budget
4. A high wage bill, which accounted for 67.6 per cent of the total expenditure in the first nine months of FY 2021/22, thus constraining funding to other programmes. Expenditure on compensation to employees was 48.7 per cent of the first half proportional revenue of Kshs.4.81 billion.
5. High level of outstanding pending bills, which amounted to Kshs.377.17 million as of 31st March 2022.
6. Weak budgeting practice is shown in Table 5, where the County incurred expenditure in excess of approved budget allocation in the Department of Transport, Infrastructure and Communication and the Department of Administration and Coordination of County Affairs.
7. Manual Payroll. Personnel emoluments amounting to Kshs.469.81 million were processed through the manual payroll and accounted for 20.1 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

1. *The County Executive Committee Member for Finance (CECM-F) should ensure Fund Administrators prepare and submit financial reports in line with Section 168 of the PFM Act, 2012.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012*
3. *The County should identify and address issues causing delays in implementing development projects.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County leadership should take charge of the worsening pending bills situation in order to ensure genuine bills are paid without delay in the remaining period of the financial year.*
6. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
7. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

3.46 County Government of Wajir

3.46.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.59 billion, comprising Kshs.4.24 billion (36.6 per cent) and Kshs.7.34 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.47 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from its own sources of revenue, and a cash balance of Kshs.499.62 million (4.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.51 billion (13 per cent) as conditional grants, which consists of Kshs.33.85 million for the Transforming Health System- World Bank, Kshs.18.93 million as DANIDA grants, Kshs.346.04 million as Kenya Climate Smart Agricultural Project, Kshs.15.63 million as EU Grants, Kshs.40.58 million as ASDSP, Kshs.600 million as Water and Sanitation, Kshs.88.55 million as Emergency Locust Responses Project, Kshs.4.43 million as 9th Country programme implementation, Kshs.90.84 million as Kenya Urban Support Programme amount brought forward from FY 2020/21, Kshs.127.35 million as Kenya Road Maintenance levy fund brought down from FY 2020/21 and Kshs.95 million as Kenya Devolution Support Programme brought down from FY 2020/21.

3.46.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.5.5 billion as the equitable share of the revenue raised nationally, raised Kshs.42.79 million as own-source revenue and had a cash balance of Kshs.722.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.6.26 billion, as shown in Table 3.267.

Table 3.267: Wajir County, Revenue Performance in the First Nine Months of FY 2021/22

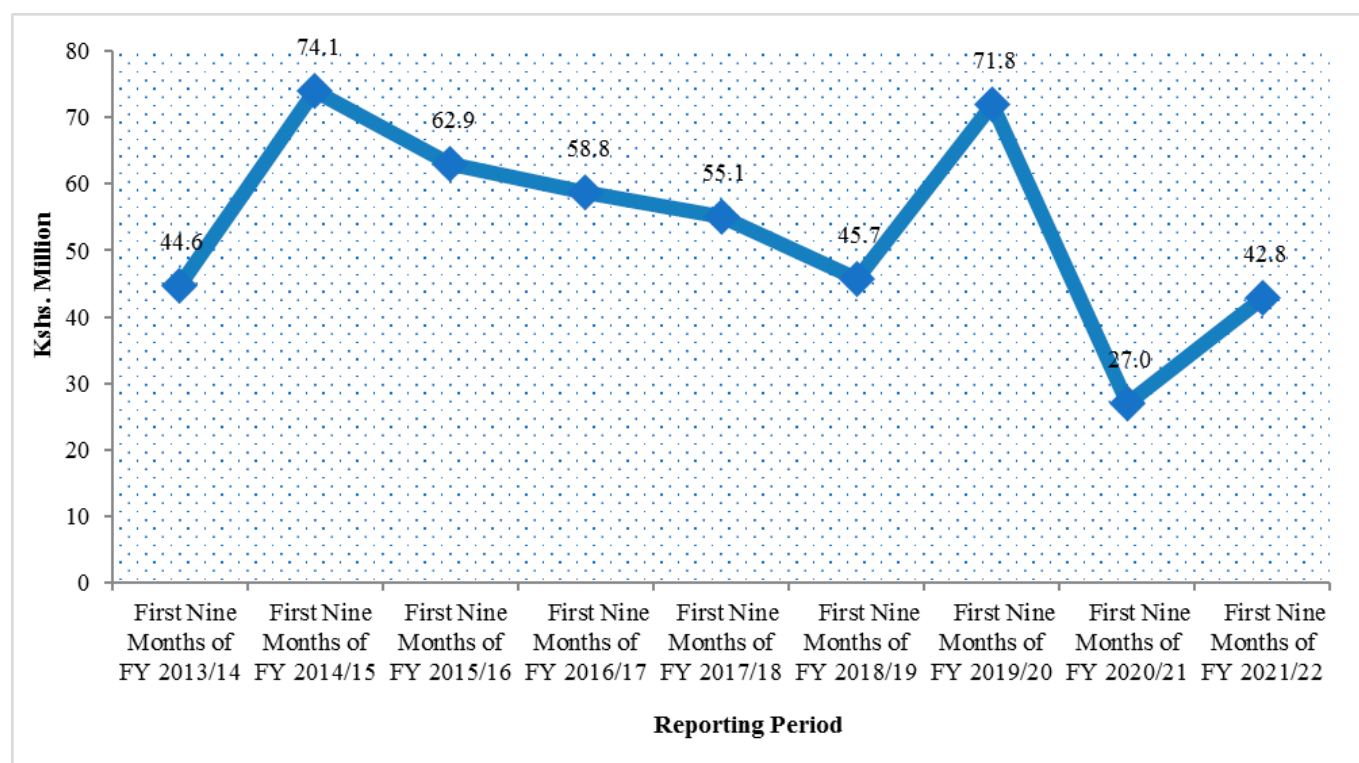
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	5,495,341,173	58
Sub Total		9,474,726,151	5,495,341,173	58
B	Other Sources of Revenue			
1.	Own Source Revenue	100,000,000	42,789,215	42.8
2.	Conditional Grants	1,511,207,274	0	0
3.	Balance b/f from FY 2020/21	499,622,360	722,577,265	144.6
Sub Total		2,110,829,634	765,366,480	36.3
Grand Total		11,585,555,785	6,260,707,653	54.0

Source: Wajir County Treasury

The County underestimated the stock of unspent funds during the budget approval process, which led to actual receipts exceeding budgeted revenues as per Table 3.267.

Figure 3.91 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.91: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: Wajir County Treasury

In the first nine months of FY 2021/22, the County generated a total of Kshs.42.8 million as own-source revenue, which was 42.8 per cent of the annual target. This amount represented an increase of 58.5 per cent compared to Kshs.27 million realised in the first nine months of FY 2020/21.

3.46.3 Exchequer Issues

The Controller of Budget approved Kshs.6.0 billion withdrawals from the CRF account during the reporting period. The amount comprised Kshs.901.2 million (15 per cent) for development programmes and Kshs.5.09 billion (85 per cent) for recurrent programmes, as shown in Table 3.271.

3.46.4 Overall Expenditure Review

The County spent Kshs.5.69 billion on development and recurrent programmes during the reporting period. This expenditure represented 94.9 per cent of the total funds released by the CoB and comprised Kshs.513.67 million and Kshs.5.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.1 per cent of the annual development budget, while recurrent expenditure represented 70.4 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.3.82 billion. At the beginning of the FY 2021/22, the County prepared a payment plan to settle Kshs.1.44 billion of the pending in the current financial year. However, the County did not pay any pending bills due to a High Court Order.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.97 billion was spent on employee compensation, Kshs.2.2 billion on operations and maintenance, and Kshs.513.67 million on development activities, as shown in Table 3.268.

Table 3.268: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,341,856,100	853,341,593	4,542,659,856	629,212,215	61.9	73.7
Compensation to Employees	4,518,117,479	430,844,233	2,685,286,699	286,098,367	59.4	66.4
Operations and Maintenance	2,823,738,621	422,497,360	1,857,373,156	343,113,848	65.8	81.2
Development Expenditure	4,243,699,685	40,000,000	513,669,656	-	12.1	-
Total	11,585,555,785	893,341,593	5,056,329,511	629,212,215	43.6	70.4

Source: Wajir County Treasury

3.46.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 34.2 per cent of the first nine months' proportional revenue of Kshs.8.69 billion.

Personnel emoluments amounting to Kshs.2.4 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.0.57 billion. The manual payroll amounted to 19.2 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.97 billion includes Kshs.965.7 million attributable to the health sector, which translates to 32.5 per cent of the total wage bill in the reporting period.

3.46.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.0.31 billion to county established funds in FY 2021/22, which constituted 2.7 per cent of the County's overall budget for the year. Table 3.269 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.269: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 st March 2022 (Kshs.)	Submission of quarterly financial returns
1.	Bursaries	100,000,000	100,000,000	No
2.	Emergency Fund	130,000,000	0	No
3.	Climate Change	80,000,000	0	No
Total		310,000,000	100,000,000	

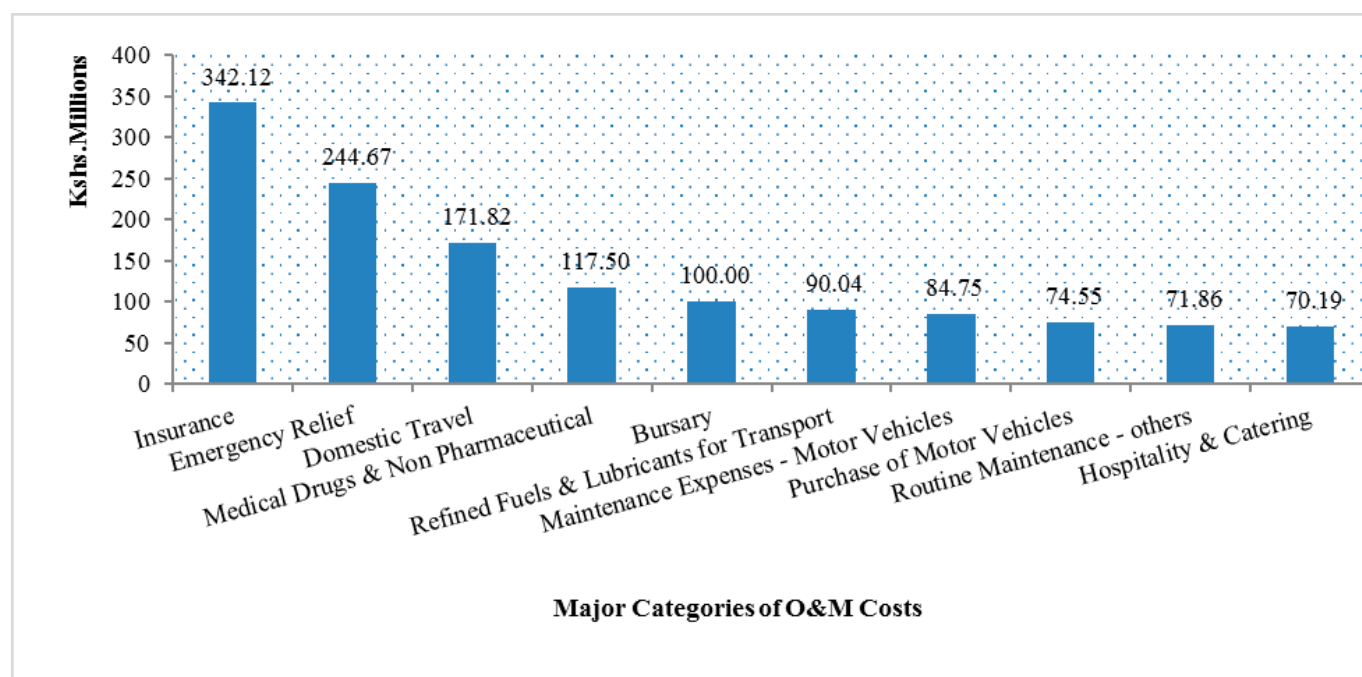
Source: Wajir County Treasury

The OCoB did not receive quarterly financial returns from administrators of the Bursary Fund, Emergency Fund and Climate Change Fund, as indicated in Table 3.269.

3.46.9 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

The County spent Kshs.11.48 million on committee sitting allowances for the 50 MCAs and Speaker against the annual budget allocation of Kshs.12.78 million. The average monthly sitting allowance was Kshs.25,512 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 21 committees.

During the period, expenditure on domestic travel amounted to Kshs.171.82 million and comprised Kshs.144.39 million spent by the County Assembly and Kshs.27.43 million by the County Executive. Spending on foreign travel amounted to Kshs.337,600 and was incurred by the County Assembly.

3.46.10 Development Expenditure

The County incurred Kshs.513.67 million on development programmes, which represented a decrease of 69 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.1.66 billion. Table 3.270 summarises development projects with the highest expenditure in the reporting period.

Table 3.270: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Routine Maintenance at Welmarer-Qarsa Road	Municipality	Tarbaj	4,763,774.05	4,763,774.05	100.0
2	Proposed Expansion and Desilting of Well Bir Water Pan	Agriculture	Tarbaj	4,756,647.40	4,756,647.40	100.0
3	Proposed Request for Piping System and Water Kiosk For Boron And Elamadogol Boreholes	Water	Wajir	4,754,265.50	4,754,265.50	100.0
4	Grading Roads Goricha-Ademasajida	Health	Ademasajida	4,741,308.00	4,741,308.00	100.0
5	Proposed Expansion of Garade Water Pan at Gurar Ward	Health	Khorof Harar	4,716,155.15	4,716,155.15	100.0

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
6	Proposed Expansion and Desilting of Jowhar Water Pan	Education	Malkagufu	4,714,249.65	4,714,249.65	100.0
7	Proposed Construction of 10,000m3 Water Pan at Tulatula	Health	Township	4,714,249.65	4,714,249.65	100.0
8	Proposed Drilling, Development and Test Pumping of Ademasajida Borehole in Wajir West Sub-county	Health	Wajir North	4,210,590.95	4,210,590.95	100.0
9	Proposed Drilling, Development and Test Pumping of Gunana Borehole in Tarbaj Sub county	Municipality	Burwaqo	4,080,398.40	4,080,398.40	100.0
10	Proposed Drilling, Development and Test Pumping at Tarbaj Sub-county	Public Service	Lagboqol South	4,060,726	4,060,726	100.0

Source: Wajir County Treasury

3.46.11 Budget Performance by Department

Table 3.271 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.271: Wajir County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	522	-	389	-	416	-	101.8	0.0	79.6	0.0
County Assembly	853	40	629	-	629	-	100.0	0.0	73.7	0.0
Finance and Economic Planning	750	-	531	-	414	-	98.5	0.0	55.2	0.0
Public Health, Medical Service and Sanitation	2,496	635	1,593	153	1,717	63	35.2	41.6	68.8	10.0
Water Resources	293	707	230	223	286	100	54.4%	44.9	97.7	14.2
Public Works, Housing and Physical Planning	80	248	47	41	44	28	44.7	0.0	55.1	11.5
Roads and Transport	133	495	81	92	84	59	31.4	64.2	63.2	12.0
Agriculture, Livestock and Fisheries	233	759	184	109	183	36	35.2	0.0	78.4	4.8
Education, Youth, Gender and Social Services	573	219	399	87	295	72	24.7	83.0	51.4	32.9
ICT and E-Government, Trade, Industrialization and Cooperative Development	195	62	113	24	116	34	31.8	0.0	59.5	55.2
Public Services, Special Program and Decentralization Unit	653	66	484	12	488	39	98.4	0.0	74.7	59.1
Energy, Environment and Natural Resources	85	201	51	84	53	51	45.7	60.9	62.3	25.3
County Public Service Board	84	-	43	-	141	-	120.3	0.0	168.5	-
WAJWASCO	174	672	167	52	153	-	92.3	0.0	87.8	0.0
Wajir Municipality	217	141	164	24	154	29	95.1	0.0	71.1	20.9
Total	7,342	4,244	5,105	901	5,172	514	101.3	57.0	70.4	12.1

Source: Wajir County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service, Special programs and Decentralisation recorded the highest absorption rate of the development budget at 59.1 per cent, while the County Assembly did not report any expenditure on development activities. The County Public Service Board had the highest percentage of recurrent expenditure to budget at 168.5 per cent, while Education, Youth, Gender and Social Services Department had the lowest at 51.4 per cent. The County is advised to regularise any expenditure above the approved budget allocation.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.272 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.272: Wajir County, Budget Execution by Programmes and Sub-programmes

Program	Subprogram	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Executive					
County Executive Services	County Executive Services	492,168,510	363,584,383	128,584,127	73.9
County Assembly			-	-	
County Executive Services	County Executive Services	20,000,000	15,589,671	4,410,329	77.9
Headquarters	Headquarters	10,320,000	8,449,840	1,870,160	81.9
	County Legislative Services	893,341,593	592,842,797	300,498,796	66.4
	General Administration and Support Services	-	-	-	-
	Preventive and promotive services	-	-	-	-
	Curative Services	-	-	-	-
Finance and Economic Planning			-	-	
Finance Services	Finance Services	63,781,000	50,910,486	12,870,514	79.8
	County Economic Planning Services	-	-	-	-
Economic Planning	Economic Planning		-	-	-
	County Economic Planning Services	28,744,800	26,649,357	2,095,443	92.7
	County Executive Services	3,707,400	2,962,176	745,224	79.9
Revenue	Revenue		-	-	-
	Finance Services	29,813,792	26,054,573	3,759,219	87.4
Budget	Budget		-	-	-
	Finance Services	14,796,700	26,622,944	(11,826,244)	179.9
Internal Audit	Internal Audit		-	-	-
	Finance Services	9,520,725	8,529,024	991,701	89.6
Procurement	Procurement		-	-	-
	Finance Services	20,276,000	18,524,083	1,751,917	91.4
	County Executive Services	-	1,592,000	(1,592,000)	-
Roads and Transport			-	-	
	Improvement of roads network	516,481,086	193,786,530	322,694,556	37.5
	General Administration and Support Services	102,364,574	61,811,721	40,552,853	60.4
	General Administration and Support Services	-	-	-	-
Transport	Transport		-	-	-
	Enhancement of public roads transport system	8,280,000	9,096,750	(816,750)	109.9

Program	Subprogram	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Public Works	Public Works	-	-	-	-
	Monitoring and evaluation	-	-	-	-
	Enhancement of public roads transport system	-	-	-	-
	Construction of Offices	-	-	-	-
	Improvement of roads network	-	-	-	-
Water			-	-	
General Administration and Support Services	General Administration and Support Services	-	-	-	-
Water Services	Water Services	999,561,124	447,764,890	551,796,234	44.8
WAJWASCO			-	-	
	General Administration and Support Services	846,109,130	18,152,951	827,956,179	2.1
Energy, Environment and Nat. Resources			-	-	
Energy Services	Energy Services	35,215,724	14,302,868	20,912,856	40.6
	General Administration and Support Services	-	-	-	-
	Environment & Natural Resource Services	-	-	-	-
Environment & Natural Resources	Environment & Natural Resources				
Environment & Natural Resource Services	Environment & Natural Resource Services	177,521,600	128,866,403	48,655,197	72.6
General Administration and Support Services	General Administration and Support Services	65,131,704	11,164,927	53,966,777	17.1
Natural Resources	Natural Resources	7,954,800	9,150,912	(1,196,112)	115.0
Public Health			-	-	
Preventive and promotive services	Preventive and promotive services	101,787,000	80,731,265	21,055,735	79.3
	General Administration and Support Services	-	924,727	(924,727)	-
	Reproductive Health Services	-	-	-	-
	Curative Services	50,000,000	47,852,294	2,147,706	95.7
	RMNCH	-	-	-	-
Medical Services	Medical Services				
	General Administration and Support Services	-	-	-	-
	Curative Services	727,448,000	266,046,198	461,401,802	36.6
Sanitation	Sanitation	-	307,891	(307,891)	-
	General Administration and Support Services	-	307,891	(307,891)	-
Kenya Medical Training College	Kenya Medical Training College				
	Kenya Medical Training College (KMTC)	-	-	-	-
RMNCH	RMNCH				
	RMNCH	108,119,183	48,077,683	60,041,500	44.5
TB & HIV - AIDS	TB & HIV - AIDS				
	TB & HIV-AIDS	17,600,000	13,513,724	4,086,276	76.8
Health Research	Health Research				
			-	-	-

Program	Subprogram	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Health Research Services	13,256,000	10,593,337	2,662,663	79.9
Emergency Referral Services	Emergency Referral Services		-	-	-
	Curative Services	70,764,000	29,688,735	41,075,265	42.0
Specialised Services	Specialised Services		-	-	-
	Curative Services	33,600,000	18,548,816	15,051,184	55.2
Health Shared Services	Health Shared Services		-	-	-
	General Administration and Support Services	2,005,754,734	1,639,121,480	366,633,254	81.7
	Curative Services	2,500,000	-	2,500,000	-
Education, Youth, Gender and Social Services			-	-	-
Vocational Training Services	Vocational Training Services	-	2,365,760	(2,365,760)	-
Gender, Culture and Social services	Gender, Culture and Social services	-	-	-	-
Youth polytechnics	Youth polytechnics	17,653,000	13,989,296	3,663,704	79.2
General Administration and Support Services	General Administration and Support Services	-	-	-	-
School Support and Development Services	School Support and Development Services	-	-	-	-
ECD	ECD	674,919,328	447,207,920	227,711,408	66.3
Sports promotion and development	Sports promotion and development	-	-	-	-
Social Services	Social Services		-	-	-
	Sports promotion and development	40,044,400	27,949,584	12,094,816	69.8
	Gender, Culture and Social services	16,560,000	11,789,888	4,770,112	71.2
Gender	Gender		-	-	-
	Gender, Culture and Social services	27,924,100	18,937,290	8,986,810	67.8
Heritage and Library Services	Heritage and Library Services		-	-	-
	County Economic Planning Services	5,000,000	4,000,000	1,000,000	80.0
	Gender, Culture and Social services	9,667,800	7,403,558	2,264,242	76.6
Agriculture, Livestock and Fisheries			-	-	-
Agricultural infrastructure development program	Agricultural infrastructure development program	41,400,900	41,843,338	(442,438)	101.1
Kenya Climate Smart Agriculture	Kenya Climate Smart Agriculture	357,281,090	31,049,432	326,231,658	8.7
Administrative and support services	Administrative and support services	177,072,580	118,809,631	58,262,949	67.1
Livestock & Veterinary	Livestock & Veterinary		-	-	-
	Veterinary Support Services	72,715,000	17,913,174	54,801,826	24.6
	Livestock Infrastructure improvement program	215,297,068	90,832,522	124,464,546	42.2

Program	Subprogram	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Fisheries	Fisheries		-	-	-
	Aquaculture, Inland fisheries production and Extension services	15,436,400	5,864,896	9,571,504	38.0
Irrigation	Irrigation		-	-	-
	Irrigation management services	50,734,400	35,021,578	15,712,822	69.0
	Agriculture Sector Development Support Programme	62,580,823	6,400,000	56,180,823	10.2
ICT and E-Government, Trade, Industrialization and Cooperative Development			-	-	
Industrial Development	Industrial Development	-	-	-	-
Co-operative Development	Co-operative Development	-	-	-	-
Trade Services	Trade Services	37,500,000	35,049,205	2,450,795	93.5
Administrative and support Services	Administrative and support Services	170,955,660	137,308,787	33,646,873	80.3
Tourism & Wildlife	Tourism & Wildlife	-	-	-	-
Industrialisation	Industrialisation		-	-	-
	Industrial Development	3,000,000	1,600,000	1,400,000	53.3
	Co-operative Development	3,142,260	2,689,600	452,660	85.6
Co-operative Development	Co-operative Development		-	-	-
	Co-operative Development	17,598,720	14,324,935	3,273,785	81.4
	Trade Services	2,136,540	2,611,496	(474,956)	122.2
ICT Services	ICT Services		-	-	-
	ICT Infrastructure Services	22,190,000	21,360,188	829,812	96.3
Tourism & Wildlife Public Works, Housing and Physical Planning	Tourism & Wildlife		-	-	-
			-	-	-
Housing development and Human Settlement	Housing development and Human Settlement	-	-	-	-
Government Building Services	Government Building Services	-	(96,240)	96,240	-
Administrative and support services	Administrative and support services	69,960,621	27,991,384	41,969,237	40.0
Land Policy and Physical Planning	Land Policy and Physical Planning	157,000,000	66,874,145	90,125,855	42.6
Housing	Housing		-	-	-
	Housing development and Human Settlement	-	-	-	-
	Government Building Services	-	-	-	-
Physical Planning	Physical Planning		-	-	-
	Land Policy and Physical Planning	4,408,600	2,580,312	1,828,288	58.5
Public Works	Public Works		-	-	-
Government Building Services	Government Building Services	802,400	2,401,861	(1,599,461)	299.3
	Housing development and Human Settlement	1,646,500	2,016,660	(370,160)	122.5

Program	Subprogram	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Energy Services	-	-	-	-
	Enhancement of public roads transport system	94,111,000	18,152,951	75,958,049	19.3
Public Services, Special Program and Decentralization Unit			-	-	
Public Participation	Public Participation	-	-	-	-
Administration of Human Resources	Administration of Human Resources	499,448,217	338,002,217	161,446,000	67.7
Decentralised Unit	Decentralised Unit		-	-	-
	Administration of Human Resources	25,550,640	27,669,619	(2,118,979)	108.3
Town Administration	Town Administration		-	-	-
	Engineering, Maintenance and Physical infrastructure services	56,500,000	26,840,472	29,659,528	47.5
	Environment, Beautification and Sanitation services	-	-	-	-
-	Special Programs	-	1,584,000	(1,584,000)	-
Public Participation	Public Participation	14,614,000	12,483,766	2,130,234	85.4
Conflict Resolution	Conflict Resolution	17,191,851	12,688,377	4,503,474	73.8
Intergovernmental Relations	Intergovernmental Relations		-	-	-
	County Executive Services	8,636,624	6,566,560	2,070,064	76.0
Disaster Management	Disaster Management	75,519,800	59,124,961	16,394,839	78.3
Service Delivery and Performance Contracting	Service Delivery and Performance Contracting	14,808,000	9,820,051	4,987,949	66.3
Governance and Ethics	Governance and Ethics	7,337,600	4,427,232	2,910,368	60.3
CPSB			-	-	
General Administration and Support Services	General Administration and Support Services	83,595,808	40,467,756	43,128,052	48.4
Wajir Municipality			-	-	
General Administration and Support Services	General Administration and Support Services	357,685,264	146,183,557	211,501,707	40.9
	Grand Total	11,584,955,785	6,094,225,047	5,490,730,737	52.6

Source: Wajir County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Government Building Services in the Department of Public Works, Housing and Physical Planning, at 299 per cent, Finance Services in the Department of Finance and Economic Planning at 180 per cent, Trade Services in the Department of ICT and E-Government, Trade, Industrialization and Cooperative Development at 122 per cent, and Housing development and Human Settlement in the Department of Public Works, Housing and Physical Planning at 122 per cent of budget allocation.

3.46.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 16th May 2022.
2. Low absorption of development funds as indicated by the expenditure of Kshs.513.67 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.4.24 billion. The development expenditure represented 12.1 per cent of the annual development budget.
3. The under-performance of own-source revenue at Kshs.42.8 million against an annual projection of Kshs. 100 million, representing 42.8 per cent of the annual target.
4. Failure to budget fully for unspent balances from the previous financial year. The County provided for Kshs.499.62 million in the approved budget instead of Kshs.722.58 million, which was the actual balance in the CRF Account.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Emergency Fund and Climate change Fund were not submitted to the Controller of Budget.
6. High level of pending bills which amounted to Kshs.3.82 billion as of 31st March 2022.
7. Manual Payroll. Personnel emoluments amounting to Kshs.0.57 billion were processed through the manual payroll and accounted for 19.2 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.
8. Weak budgeting practice by the County Treasury as shown in Table 3.271, where the County incurred expenditure above/over approved exchequer issues.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure all unspent funds are refunded to the County Revenue Fund in line with Section 136 of the PFM Act, 2012 and accurately reported in the revenue budget.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
7. *Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*
8. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*

3.47 County Government of West Pokot

3.47.1 Overview of FY 2021/22 Budget

The County's approved Supplementary budget I for FY 2021/22 is Kshs.7.67 billion, comprising Kshs.2.56 billion (33.4 per cent) and Kshs.5.11 billion (66.6 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.30 billion (82.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from its own sources of revenue, and a cash

balance of Kshs.644.44 million (8.4 per cent) brought forward from FY 2020/21. The County also expects to receive Kshs.559.95 million (7.3 per cent) as conditional grants, which consists of Kshs.353.54 million for the Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.51.22 million for Transforming Health Systems for Universal care Project (WB), Kshs.66.27 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.11 million for Instruments for Devolution Advice and Support (IDEAS), Kshs.34.5 million for Emergency Locusts Project, Kshs.32.31 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care

3.47.2 Revenue Performance

In the first nine months of FY 2021/22, the County received Kshs.2.89 billion as the equitable share of the revenue raised nationally, raised Kshs.96.36million as own-source revenue, and had cash balance of Kshs.644.44 million from FY 2020/21. The total funds available for budget implementation amounted to Kshs.3.63 billion, as shown in Table 3.273.

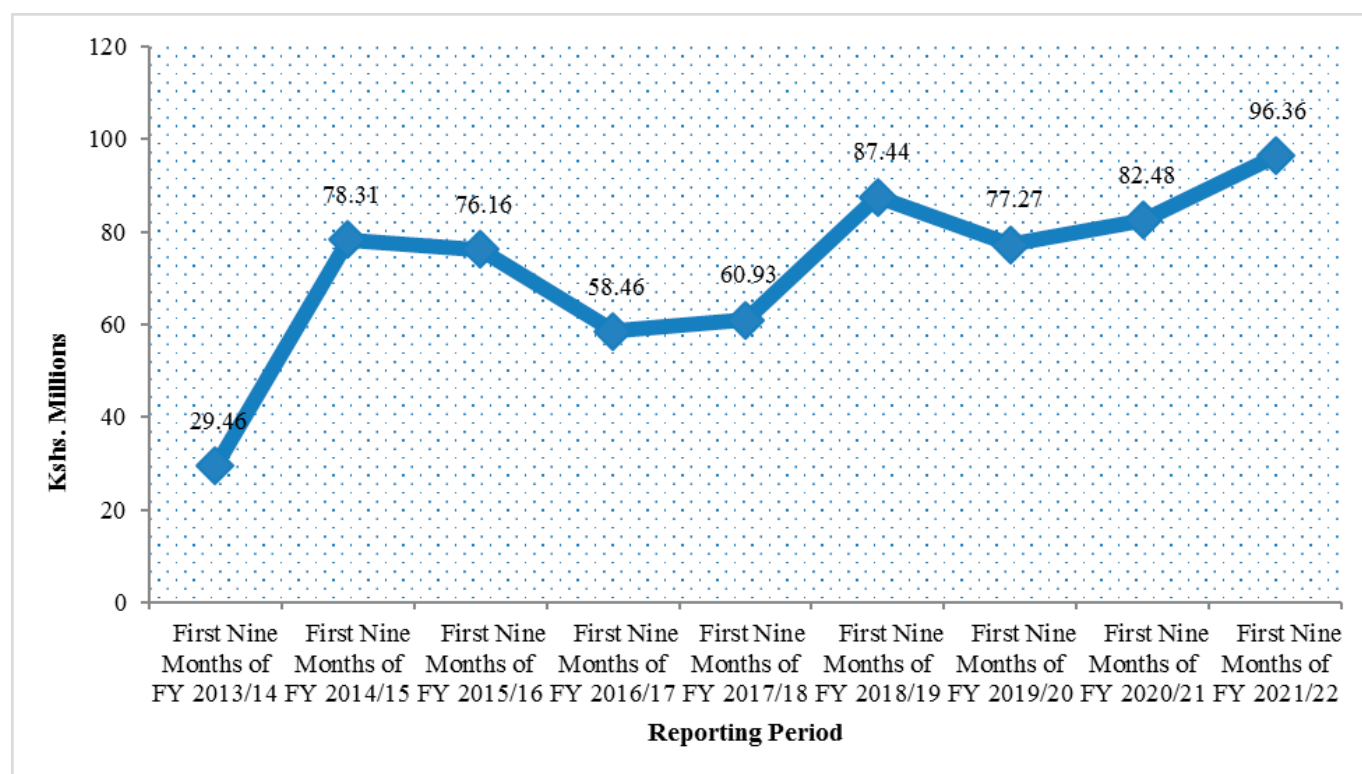
Table 3.273: County, Revenue Performance in the First Nine Months of FY 2021/22

S/No	Revenue	Supplementary Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Supplementary Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,297,284,329	2,891,677,268	45.9
Sub Total	6,297,284,329.	2,891,677,268	45.9	
B	Other Sources of Revenue			
1.	Own Source Revenue	170,000,000	96,362,199.85	56.7
2.	Conditional Grants	559,953,126		0.0
3.	Balance b/f from FY2020/21	644,441,894	644,441,894.00	100.0
Sub Total	1,374,395,020	740,804,093.85	53.9	
Grand Total	7,671,679,349	3,632,481,361	47.3	

Source: West Pokot County Treasury

Figure 3.93 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2021/22.

Figure 3.93: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2021/22



Source: West Pokot County Treasury

In the first nine months of FY 2021/22, the County generated Kshs.96.36 million as own-source revenue. This amount represented an increase of 16.8 per cent compared to Kshs.82.48 million realised in the first nine months of FY 2020/21.

3.47.3 Exchequer Issues

The Controller of Budget approved Kshs.3.63 billion withdrawals from the CRF account during the reporting period. The amount comprised of Kshs.443.24 million (12.2 per cent) for development programmes and Kshs.3.19 billion (87.8 per cent) for recurrent programmes, as shown in Table 3.277.

3.47.4 Overall Expenditure Review

The County spent Kshs.3.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.2 per cent of the total funds released by the COB and comprised Kshs.363.38 million and Kshs.3.20 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.2 per cent, while recurrent expenditure represented 62.7 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.162.56 million and comprised Kshs.119.51 million for recurrent expenditure and Kshs.43.05million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year. During the period under review, pending bills amounting to Kshs.37.99 million were settled, consisting of Kshs.28.39 million for recurrent expenditure and Kshs.13.59 million for development programmes. Outstanding pending bills amounted to Kshs.134.13 million as of 31st March 2022.

The Auditor General reported that eligible pending bills as of 30th June 2020 were Kshs.673.36 million, out of which the County has settled bills amounting to Kshs.539.23 million, leaving a balance of Kshs.134.13 million as of 31st March 2022.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.09 billion was spent on employee compensation, Kshs.1.07 billion on operations and maintenance, and Kshs.363.08 million on development activities, as shown in Table 3.274.

Table 3.274: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs)	Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,500,607,496	612,707,541	2,790,004,709	374,674,790	62.0	61.2
Compensation to Employees	2,591,888,242	342,314,829	1,918,772,679	171,771,303	74.0	50.2
Operations and Maintenance	1,908,719,254	270,392,712	871,232,030	202,903,487	45.6	75.0
Development Expenditure	2,518,898,345	40,000,000	341,028,686	22,350,676	13.5	55.9
Total	7,019,505,841	652,707,541	3,131,033,395	397,025,466	44.6	60.8

Source: West Pokot County Treasury

3.47.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 36.3 per cent of the first nine months' proportional revenue of Kshs.5.75 billion.

Personnel emoluments amounting to Kshs.1.88 billion were processed through the IPPD system, while those paid through manual payroll were Kshs.212.67 million. The manual payroll amounted to 10.1 per cent of the total PE costs. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.

The wage bill of Kshs.2.09 billion includes Kshs.1.10 billion attributable to the health sector, which translates to 52.6 per cent of the total wage bill in the reporting period.

3.47.8 County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Ksh.503 million to county established funds in FY 2021/22, which constituted 6.6 per cent of the County's overall budget for the year. Table 3.275 below summarises each established fund's budget allocation and performance during the reporting period.

Table 3.275: County Established Fund performance as of 31st March 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2021/22 (Kshs.)	Actual Expenditure as of 31 March 2022 (Kshs.)	Submission of quarterly financial statements (Yes/No.)
1.	County Bursary Fund	443,000,000	429,999,970	Yes
2.	County Cooperative Fund	60,000,000	56,727,356	Yes
	Total	503,000,000	486,727,326	

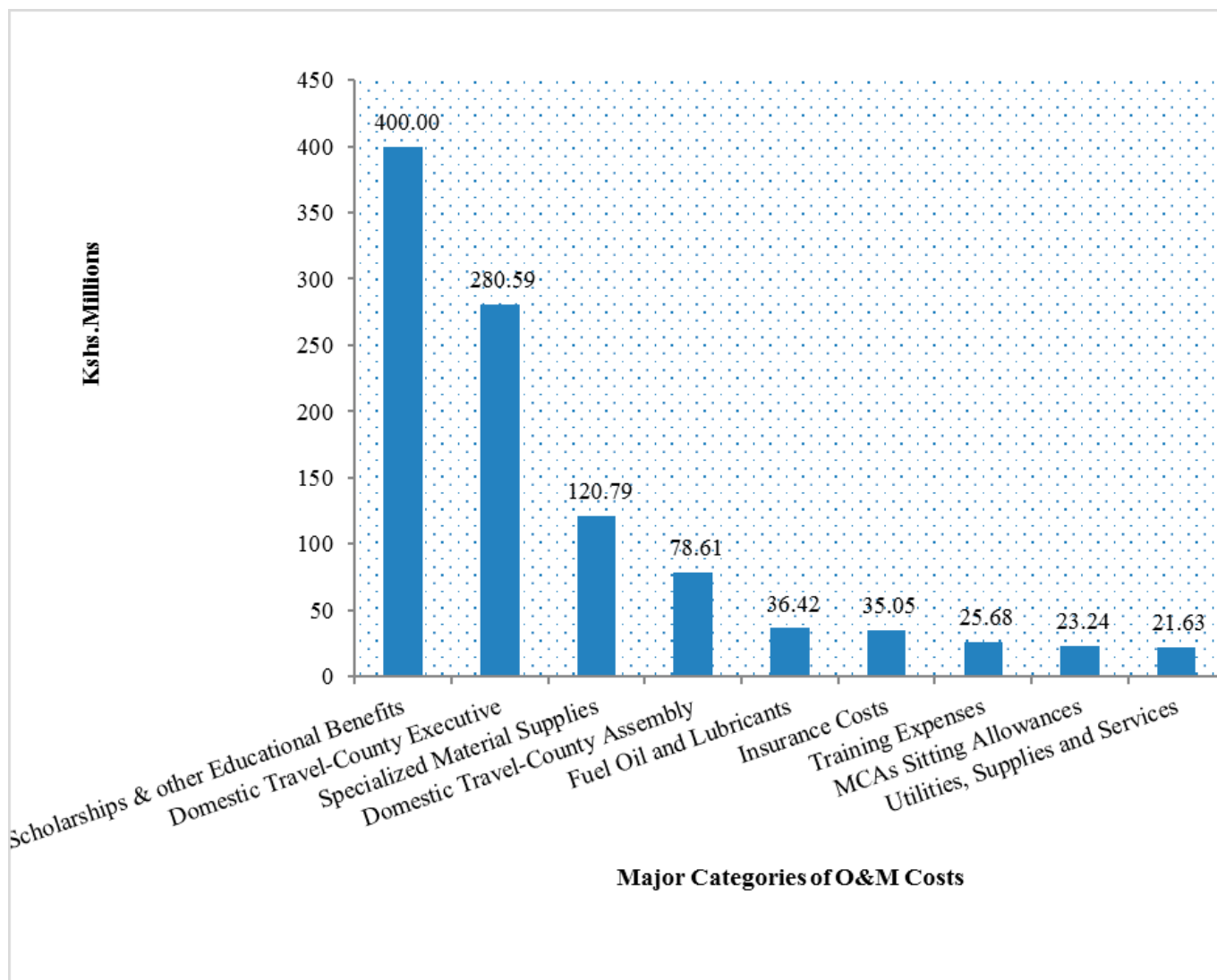
Source: West Pokot County Treasury

The OCoB received quarterly financial returns from administrators of the Bursary fund and the County Cooperative Fund, as indicated in Table 3.275.

3.47.9 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

The County spent Kshs.23.24 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.29.29 million. The average monthly sitting allowance was Kshs.75,937 per MCA against the SRC’s recommended monthly ceiling of Kshs.124,800. The County Assembly has established 25 committees.

During the period, expenditure on domestic travel amounted to Kshs.359.20 million and comprised Kshs.78.61 million spent by the County Assembly and Kshs.280.59 million by the County Executive. Spending on foreign travel amounted to Kshs.3.41 million and consisted of Kshs.0.34 million by the County Assembly and Kshs.3.07million by the County Executive

3.47.10 Development Expenditure

The County incurred Kshs.363.38 million on development programmes, which represented an increase of 52.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.553.80 million. Table 3.276 summarises development projects with the highest expenditure in the reporting period.

Table 3.276: West Pokot County, List of Development Projects with the Highest Expenditure

Project Description	Project Location	Contract Sum	Payments to Date	Absorption Rate
		(Kshs.)	(Kshs.)	(%)
Purchase Of 1 Ambulance-Pending Bill	Kapenguria Hq	21,677,424	21,037,216	97.0
Ortum Fresh Produce Market (Pending Bill)	Batei	22,558,083	17,116,343	75.9
Construction Of West Pokot County Milk Processing Plant At Kabichbich	Kapenguria	28,999,238	15,357,677	53.0
Kopoch Tourist Hotel-Pending Bill	Riwo Ward	14,712,304	14,712,304	100.0
Purchase Of New Compressor For Drilling Rig (Existing Rig)	Department	8,150,000	8,150,000	100.0
World Bank Loan for Transforming Health Systems For Universal Care Project	County Wide	7,887,825	7,887,825	100.0
Construction of West Pokot County Mango Processing Plant At Lomut	Lomut	12,054,668	7,288,758	60.5
Completion of Sobukwo Dispensary (Pending Bill)-Batei Ward	Batei	5,999,800	5,999,800	100.0
Completion of Ywalateke Maternity Wing-Chepareria Ward	Chepareria	5,970,775	5,970,775	100.0
Proposed Construction of Public Toilet And Washroom At Kcrh	Kapenguria Hq	5,906,040	5,906,040	100.0

Source: West Pokot County Treasury

3.47.11 Budget Performance by Department

Table 3.277 summarises the approved budget allocation and performance by departments in the first nine months of FY 2021/22.

Table 3.277: West Pokot County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	365.57	160.50	239.71	38.81	239.71	38.81	100.0	100.0	65.6	24.2
Finance and Economic Planning	226.42	138.90	136.27	74.82	136.27	23.55	100.0	31.5	60.2	0.0
Roads, Public Works, Transport and Infrastructure	69.75	424.92	55.52	74.82	55.52	46.22	100.0	61.8	79.6	0.0
Health, Sanitation and Emergencies	2,100.96	277.67	1,257.74	44.40	1,272.11	44.40	101.1	100.0	60.5	16.0
Education and Technical training	858.72	279.90	608.98	59.16	608.98	59.16	100.0	100.0	70.9	21.1
Agriculture and Irrigation	78.80	479.88	59.06	9.13	59.06	9.13	100.0	100.0	75.0	1.9
Pastoral Economy	81.60	194.72	58.40	50.36	58.40	50.36	100.0	100.0	71.6	25.9
Trade, Industrialisation, Investment & Cooperatives	119.24	110.75	80.07	6.49	80.07	6.49	100.0	100.0	67.2	5.9
Land, Housing, Physical Planning and Urban Dev	95.30	67.08	70.77	3.10	70.77	3.10	100.0	100.0	74.3	4.6
Water, Environment and Natural Resources	97.45	330.85	55.29	44.09	55.29	44.09	100.0	100.0	56.7	13.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Tourism, Youth, Sports, Gender and Social Services	89.55	53.73	42.61	15.71	42.61	15.71	100.0	100.0	47.6	29.2
County Public Service, ICT & Decentralised Units	219.78	-	127.65	-	127.65	-	100.0	0.0	58.1	0.0
Intergovernmental, Special programmes and Directorates	77.49	-	22.48	-	22.48	-	100.0	0.0	29.0	0.0
County Assembly	632.17	40.00	374.67	22.35	374.67	22.35	100.0	100.0	3.5	55.9
TOTAL	5,113.78	2,559.90	3,189.24	443.24	3,204.61	363.38	100.5	82.0	62.7	14.2

Source: West Pokot County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 55.9 per cent, while the Departments of Economic planning, Roads and Special Programmes did not report any expenditure on development activities. The Department of Roads, Public Works, Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 79.6 per cent, while the County Assembly had the lowest at 3.5 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.278 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2021/22.

Table 3.278: West Pokot County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
COUNTY EXECUTIVE	SP 1 - (General Administration, planning and Support Services)	455,769,831.00	289,399,108.05	166,370,722.95	63.50%
	SP 2 -(County Public service Board	20,497,120.00	6,347,397.85	14,149,722.15	30.97%
	SP 3 -(County Executive affairs)	35,337,415.00	10,611,235.00	24,726,180.00	30.03%
	SP 4-(Liasion and Intergovernmental service)	14,473,815.00	8,872,908.00	5,600,907.00	61.30%
	TOTAL	526,078,181.00	315,230,648.90	210,847,532.10	59.92%
FINANCE & ECONOMIC PLANNING	SP 1 (General Administration, planning and Support Services	269,728,387.00	123,016,439.00	146,711,948.00	45.61%
	SP 2-(Treasury Accounting Services)	7,659,823.00	3,952,900.00	3,706,923.00	51.61%
	SP 3-(Supply Chain Management services)	6,438,000.00	1,458,680.00	4,979,320.00	22.66%
	SP 4-(Resource Mobilization)	10,910,000.00	4,348,174.00	6,561,826.00	39.85%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 5-(Internal Audit services)	5,243,600.00	3,690,300.00	1,553,300.00	70.38%
	SP 6-(Budget Formulation services)	16,821,282.00	9,924,668.60	6,896,613.40	59.00%
	SP 7-(Economic Planning)	45,618,485.00	5,311,000.00	40,307,485.00	11.64%
	SP 8-(Monitoring and Evaluation)	2,900,000.00	1,390,300.00	1,509,700.00	47.94%
	TOTAL	365,319,577.00	153,092,461.60	212,227,115.40	41.91%
ROADS ,PUBLIC WORKS,TRANSPORT AND INFRASTRUCTURE	SP 1(General Administration, planning and Support Services	81,185,590.00	53,478,538.75	27,707,051.25	65.87%
	SP 2(Road Transport)	284,841,627.00	37,223,898.70	247,617,728.30	13.07%
	SP 3(CONSTRUCTION OF BRIDGES)	20,000,000.00	-	20,000,000.00	0.00%
	SP 4(Public works)	2,080,000.00	778,600.00	1,301,400.00	37.43%
	SP 5-(Ward Specific Projects)	126,564,819.00	11,037,908.40	115,526,910.60	8.72%
	TOTAL	514,672,036.00	102,518,945.85	412,153,090.15	19.92%
HEALTH AND SANITATION	SP 1(General Administration, planning and Support Services	1,742,637,777.00	1,137,637,284.90	605,000,492.10	65.28%
	SP 2-(Preventive Health Services)	96,166,000.00	64,320,952.00	31,845,048.00	66.89%
	SP 3-(Curative Health Services)	301,142,701.00	80,483,409.65	220,659,291.35	26.73%
	SP 4-(Kacheliba Sub county hospital)	20,040,000.00	5,665,400.00	14,374,600.00	28.27%
	SP 5-(Sigor Sub county hospital)	15,460,000.00	1,583,385.00	13,876,615.00	10.24%
	SP 6-(Chepareria Sub county hospital)	16,360,000.00	1,041,380.00	15,318,620.00	6.37%
	SP 7(Facility Improvement Fund)	76,800,000.00	52,054,148.00	24,745,852.00	67.78%
	SP 8(Ward Specific)	110,014,931.00	22,820,631.05	87,194,299.95	20.74%
		TOTAL	2,378,621,409.00	1,365,606,590.60	1,013,014,818.40
EDUCATION AND TECHNICAL TRAINING	SP 1(General Administration, planning and Support Services	357,979,389.00	241,500,512.46	116,478,876.54	67.46%
	SP 2 -(ECD Services)	39,659,648.00	12,831,161.00	26,828,487.00	32.35%
	SP 3-(Youth Vocational training)	24,184,886.00	647,800.00	23,537,086.00	2.68%
	SP 4-(Bursary Fund)	553,000,000.00	400,000,000.00	153,000,000.00	72.33%
	SP 5 - (Ward specific)	163,786,174.00	14,159,803.20	149,626,370.80	8.65%
		TOTAL	1,138,610,097.00	669,139,276.66	469,470,820.34
AGRICULTURE AND IRRIGATION	SP 1 - (General Administration, planning and Support Services)	75,008,315.00	57,249,202.60	17,759,112.40	76.32%
	SP 2-(Crop Development and Management)	454,124,020.00	8,180,240.00	445,943,780.00	1.80%
	SP 3-(Cash Crop Production(Special Programs)	19,542,000.00	1,666,250.00	17,875,750.00	8.53%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 4 -(Ward specific)	18,400,000.00	1,598,772.50	16,801,227.50	8.69%
	TOTAL	567,074,335.00	68,694,465.10	498,379,869.90	12.11%
PASTORAL ECONOMY	SP 1 - (General Administration, planning and Support Services)	68,672,569.00	130,303,397.00	- 61,630,828.00	189.75%
	SP 2 - (Livestock production and Range Management)	132,466,492.00	46,842,836.00	85,623,656.00	35.36%
	SP 3-(Livestock Disease management)	5,718,400.00	1,498,450.00	4,219,950.00	26.20%
	SP 4-(Fisheries Development)	434,400.00	-	434,400.00	0.00%
	SP 5-(Nasukuta Livestock Improvement Center)	743,500.00	-	743,500.00	0.00%
	SP 6 -(Ward specific)	67,305,140.00	-	67,305,140.00	0.00%
	SP 7 -(Dairy Development(Special Programmes))	3,142,000.00	-	3,142,000.00	0.00%
	TOTAL	278,482,501.00	178,644,683.00	99,837,818.00	64.15%
TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVES DEVELOPMENT	SP 1 - (General Administration, planning and Support Services)	84,389,786.00	57,345,273.00	27,044,513.00	67.95%
	SP 2-(Cooperative Development)	116,861,155.00	28,091,618.00	88,769,537.00	24.04%
	SP 3 - (Trade,License and Market Development)	6,860,000.00	1,928,000.00	4,932,000.00	28.10%
	SP 4-(Ward specific)	21,873,887.00	997,362.00	20,876,525.00	4.56%
	TOTAL	229,984,828.00	88,362,253.00	141,622,575.00	38.42%
LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT	SP 1 - (General Administration, planning and Support Services)	63,412,857.00	53,141,357.00	10,271,500.00	83.80%
	SP 2 -(Land Policy and Physical Planning)	3,753,800.00	2,416,600.00	1,337,200.00	64.38%
	SP 3-(Housing Development)	912,000.00	764,450.00	147,550.00	83.82%
	SP 4-(Urban Development)	16,092,650.00	7,292,365.90	8,800,284.10	45.31%
	SP 5-(Kapenguria Municipality)	74,408,048.00	10,256,688.80	64,151,359.20	13.78%
	SP 6-(Ward specific)	3,801,728.00	-	3,801,728.00	0.00%
	TOTAL	162,381,083.00	73,871,461.70	88,509,621.30	45.49%
WATER, ENVIRONMENT AND NATURAL RESOURCES	SP 1 - (General Administration, planning and Support Services)	71,803,452.00	47,110,228.10	24,693,223.90	65.61%
	SP 2 -(Water Supply Services)	165,163,597.00	28,048,238.05	137,115,358.95	16.98%
	SP 3 -(Environment & Natural Resource Development)	12,081,280.00	-	12,081,280.00	0.00%
	SP 4 -(Ward Specific)	179,249,599.00	25,391,182.00	153,858,417.00	14.17%
	TOTAL	428,297,928.00	100,549,648.15	327,748,279.85	23.48%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.	SP 1 - (General Administration, planning and Support Services)	88,644,206.00	50,546,139.40	38,098,066.60	57.02%
	SP 2-(Tourism Development)	3,978,413.00	2,821,650.00	1,156,763.00	70.92%
	SP 3-(Gender, Youths and sports Development)	30,066,426.00	5,293,750.00	24,772,676.00	17.61%
	SP 4(Culture and Social Development)	1,939,718.00	527,500.00	1,412,218.00	27.19%
	SP 5-(Ward Specific)	18,652,289.00	999,920.00	17,652,369.00	5.36%
	TOTAL	143,281,052.00	60,188,959.40	83,092,092.60	42.01%
COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS	SP 1 - (General Administration, planning and Support Services)	167,297,374.00	110,812,508.40	56,484,865.60	66.24%
	SP 2-(Human Resource)	2,344,000.00	870,300.00	1,473,700.00	37.13%
	SP 3-(Legal Services)	26,286,089.00	11,352,300.00	14,933,789.00	43.19%
	SP 4 - (Records Management)	2,144,000.00	451,250.00	1,692,750.00	21.05%
	SP 5- (Communication Services)	840,000.00	626,600.00	213,400.00	74.60%
	SP 6 - (ICT Infrastructure Connectivity)	2,116,422.00	605,600.00	1,510,822.00	28.61%
	SP 7 - (Field Administration)	18,751,680.00	5,831,714.47	12,919,965.53	31.10%
		TOTAL	219,779,565.00	130,550,272.87	76,309,326.60
SPECIAL PROGRAMMES AND DIRECTORATES	SP 1 - (General Administration, planning and Support Services)	17,844,444.00	12,362,337.40	5,482,106.60	69.28%
	SP 2 -(Dairy Development)	-	-	-	0.00%
	SP 3-(Cash crop production)	-	-	-	0.00%
	SP 4-(Investment and Cooperative development)	575,900.00	490,700.00	85,200.00	85.21%
	SP 5 - (Emergency and disaster response)	41,250,000.00	1,174,300.00	40,075,700.00	2.85%
	SP 6 -(Peace building and reconciliation)	5,826,000.00	4,939,400.00	886,600.00	84.78%
	SP 7- (Resource mobilization and Coordination)	1,350,000.00	1,152,600.00	197,400.00	85.38%
	SP 8(Gender and special needs)	10,640,000.00	3,088,750.00	7,551,250.00	29.03%
	TOTAL	77,486,344.00	23,208,087.40	54,278,256.60	29.95%
COUNTY ASSEMBLY	SP 1 - (General Administration, planning and Support Services)	381,953,923.00	167,554,111.00	214,399,812.00	43.87%
	SP 2 -(Legislation and Representation)	242,853,618.00	128,452,688.00	114,400,930.00	52.89%
	SP 3-(Staff Affairs and development)	47,365,967.00	19,672,936.00	27,693,031.00	41.53%
		TOTAL	672,173,508.00	315,679,735.00	356,493,773.00

Source: West Pokot County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Resource Planning and Coordination in the Department of Special Programmes at 85.4 per cent, Peacebuilding and Reconciliation in the Department of Special Programmes at 84.8 per cent, Investment and Cooperative Development in the Department of Special Programmes at 85.2 per cent of budget allocation.

3.47.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of budget implementation. The County Treasury submitted financial reports on 4th May 2022 against a stipulated timeline of 15th April 2022 provided in the OCOB circular:
2. Low absorption of development funds as indicated by the expenditure of Kshs.363.38 million in the first nine months of FY 2021/22 from the annual development budget allocation of Kshs.2.56 billion. The development expenditure represented 14.2 per cent of the annual development budget.
3. High level of pending bills which amounted to Kshs.134.13 million as at 31st March 2022.
4. Manual Payroll. Personnel emoluments amounting to Kshs.212.67 million were processed through the manual payroll and accounted for 10.1 per cent of the total PE costs. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of personal numbers for their staff.*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first nine months of FY 2021/22 and includes appropriate recommendations to address the challenges to enhance smooth budget execution by the County Governments. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.27.09 billion, which was 46.1 per cent of the annual target of Kshs.58.78 billion, against an expected performance of 75 per cent of the annual target in the first nine months of FY 2021/22. Twenty-one counties recorded below 50 per cent performance, namely; - Uasin Gishu, Machakos, Kilifi, Kisii, Marsabit, Nyamira, Elgeyo Marakwet, Makueni, Nandi, Wajir, Meru, Kisumu, Nairobi City, Bungoma, Kitui, Embu, Garissa, Kajiado, Murang'a, Trans Nzoia, and Busia. The under-performance of own-source revenue collection implies that some planned activities may not be implemented during the financial year as budgets will not be fully financed.

The low performance of own-source revenue collections should be addressed to avoid hidden budget deficits and reduce pending bills at year-end. The Controller of Budget advises Counties to review the revenue targets to realistic amounts during the planning and budgeting process. Further, they should develop and implement strategies to ensure the budget is not committed where there is no corresponding funding source.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Government's budget shall be spent on development programmes.

During the reporting period, County Governments incurred a total of Kshs.44.3 billion representing an absorption rate of 22.8 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.194.01 billion. This performance decreased from an absorption rate of 25.1 per cent, reported in a similar period of FY 2020/21 when development expenditure was Kshs.48.46 billion. This indicates that Counties did not prioritise the implementation of development projects during the period. A total of 19 counties recorded a below 20 per cent absorption rate of development expenditure, namely; - Taita Taveta, Machakos, Baringo, Nairobi City, Lamu, Narok, Wajir, Nyandarua, Kisumu, Kiambu, Turkana, West Pokot, Trans Nzoia, Siaya, Garissa Kilifi, Elgeyo Marakwet, Vihiga, and Migori.

The Controller of Budget recommends that counties prioritise the implementation of development projects to improve the standard of living for their citizens. Further, county governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the county government's expenditure on wages and benefits at 35 per cent of the county's total revenue.

On aggregate, county governments spent Kshs.139.57 billion on personnel emoluments, which accounted for 54.3 per cent of Kshs.257.18 billion and 35.2 per cent of the first nine months' proportional revenue of Kshs.396.41 billion. This expenditure increased from Kshs.117.19 billion incurred in a similar period of FY 2020/21.

Analysis of the percentage of personnel emoluments to the first nine months of proportional revenue by county shows that twenty county governments were above the allowable limit of 35 per cent, namely; - Homa Bay, Nyamira, Vihiga, Embu, Garissa, Machakos, Nandi, Nyeri, Kiambu, Kisumu, Taita Taveta, Meru, Kitui, Kisii, Elgeyo Marakwet, Tharaka Nithi, Nairobi City, Marsabit, West Pokot, and Murang'a.

The OCOB recommends that County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.5 High Level of Pending Bills

During the period, the Office of the Auditor General issued Special Reports on Pending Bills for County Governments as of 30th June 2020. The Special Report showed that the total pending bills by County Executives were Kshs.152.55 billion, which comprised Kshs.45.54 billion described as eligible and Kshs.107 billion described as ineligible. Further, the Office of the Auditor General reported total pending bills by County Assemblies as Kshs.2.9 billion, which comprised Kshs.1.9 billion described as eligible and Kshs.1 billion described as ineligible.

As at 31st March, 2022 County Governments have reported settlement of pending bills as follows;

Description	County Executives (Kshs.)	Payments (Kshs.)	Outstanding Pending Bills
Eligible Pending Bills	45,544,599,661	14,225,506,848	31,319,092,812
Ineligible Pending Bills	107,008,031,373	794,180,268	106,213,851,105
Sub Total	152,552,631,034	15,019,687,117	137,532,943,917
Description	County Assemblies	Payments (Kshs.)	Outstanding Pending Bills
Eligible Pending Bills	1,896,311,654	787,881,578	1,108,430,076
Ineligible Pending Bills	1,005,439,099	97,770,031	907,669,068
Sub Total	2,901,750,754	885,651,610	2,016,099,144
Total	155,454,381,788	15,905,338,727	139,549,043,061

County Governments are advised to settle the eligible pending bills as a first charge on the budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015, which states that “*debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible that the county government does not default on debt obligations*”.

4.6 Use of Manual Systems to Process Payroll

The Office of the Controller of Budget analysed and noted that wage bills amounting to Kshs.11.99 billion were processed through the manual systems and vouchers. This is contrary to Government policy, which requires salaries to be processed through the IPPD system. The manual payroll is prone to abuse and may lead to the loss of public funds with a lack of proper controls.

The counties that had the highest payments through the manual system were; Bomet at Kshs.1.06 billion, Kiambu at Kshs.864.22 million, Garissa at Kshs.746.10 million, Nakuru at Kshs.593.48 million, Marsabit at Kshs.569.40 million, Homa Bay at Kshs.495.19 million, Vihiga at Kshs.469.81 million, Siaya at Kshs.449.92 million, Mandera at Kshs.440 million, Laikipia at Kshs.419.32 million, and Kisumu at Kshs.401.27 million.

The Controller of Budget advises county governments to fast-track the acquisition of staff personal numbers and ensure the entire wage bill is captured in the prescribed personnel system.

4.7 Weak Accountability for County Established Funds

Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. In line with this provision, county governments have

established Funds to address specific objectives to be delivered through the Funds, which are administered by an appointed Administrator. Section 168 of the PFM Act, 2012 requires Fund Administrators of each established County Fund, to submit quarterly financial and non-financial reports.

During the reporting period, there was weak accountability for the operations of these Funds as Fund Administrators failed to submit quarterly financial and non-financial reports to the Controller of Budget. We, therefore, recommend that the CECMF for each county government should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the first nine months of the FY 2021/22 by County Governments. The report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016.

In the first nine months of FY 2021/22, the County Governments' budgets approved by the County Assemblies amounted to Kshs.528.54 billion. This amount comprised Kshs.194.01 billion (33.7 per cent) allocated to development expenditure and Kshs.334.53 billion (63.3 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.58.78 billion from their own revenue sources and utilise a Kshs.46.22 billion cash balance from FY 2020/21. As of 31st March 2022, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocation by the National Government as conditional grants and other grants from development partners.

The total funds available to the County Governments in the first nine months of FY 2021/22 amounted to Kshs.289.64 billion. This amount consisted of Kshs.216.32 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.46.22 billion cash balance from FY 2020/21, and Kshs.27.09 billion raised from own sources. The own source revenue collection was 46.1 per cent of the annual target.

The total expenditure by County Governments in the first nine months of the FY 2021/22 was Kshs.257.18 billion, representing an absorption rate of 48.7 per cent of the total annual County Governments' Budgets. This increased from an absorption rate of 44.2 per cent reported in a similar period in FY 2020/21 when total expenditure was Kshs.221.39 billion. Recurrent expenditure was Kshs.212.88 billion, representing 63.6 per cent of the annual recurrent budget, an improvement from 56.2 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.44.3 billion representing an absorption rate of 22.8 per cent and a decline from 25.1 per cent attained in the first nine months of FY 2020/21 when total development expenditure was Kshs.48.45 billion.

The key challenges that hampered effective budget execution have been identified. They included; under-performance in own-source revenue collection, low expenditure on development budget, high expenditure on personnel emoluments, high level of pending bills and use of manual systems to process payroll. The report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the future.

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