THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST HALF

FY 2019/20

FEBRUARY, 2020

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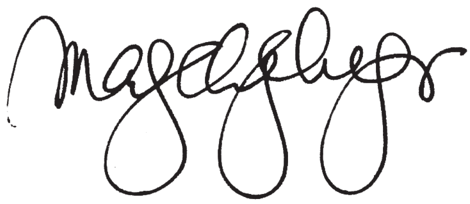
PREFACE

I am honoured to present the half year County Governments Budget Implementation Review Report (CBIRR) for FY 2019/20. This report has been prepared in accordance with Article 228 (6) of the Constitution of Kenya 2010, which require the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the national and county government every four months.

This report presents the progress made in budget implementation by the forty seven counties for the period July to December, 2019. The analyses and information presented in this report is based on financial reports submitted to Office of the Controller of Budget by the County Treasuries, the approved County Governments budgets, and reports generated from the Integrated Financial Management Information System (IFMIS). The analyses and findings are anchored on provisions of the Constitution of Kenya 2010, the Public Finance Management (PFM) Act, 2012, and best practice in public financial management. The report also highlights the achievements and challenges encountered during the reporting period and further contains recommendations to address the challenges.

Preparation of this report has been made possible by the concerted effort of staff from both the County Treasuries and the OCOB. As such, I am particularly, grateful to the staff in the Budget Implementation Directorate and the County Treasuries for their contribution towards the preparation of this report.

This report is intended to inform stakeholders, policy makers, analysts and members of the public on the status of budget implementation. I urge all readers to continually take interest in budget implementation, and also implore the county governments to publicly avail information on budget implementation in order to enhance accountability and openness in the use of public resources.



Dr. Margaret. N. Nyakang'o
Controller of Budget

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ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CA	County Assembly
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CECM-F	County Executive Committee Member for Finance
CIDP	County Integrated Development Plan
COB	Controller of Budget
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DRPNK	Drought Resilience Programme in Northern Kenya
ERP	Enterprise Resource Planning
EU	European Union
ECDE	Early Childhood Development Education
FAO	Food and Agriculture Organization
FY	Financial Year
IB	Internet Banking
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
KASP	Kenya Agricultural Support Programme
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
KRB	Kenya Roads Board
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SRC	Salaries and Remuneration Commission
THSUC	Transforming Health Systems for Universal Health Care
UHC	Universal Health Care
UIB	Urban Integrated Plan
UIG	Urban Institutional Grants
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act 2016. It covers the period from July to December 2019 and highlights the status of budget implementation by each of the 47 County Governments.

The approved aggregate budget estimates for the 47 County governments in FY 2019/20 amounted to Kshs.485.64 billion comprised of Kshs.288.78 billion (59.5 per cent) allocation for recurrent expenditure and Kshs.196.86 billion (40.5 per cent) for development 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 government budget must be allocated for development programs.

In order to finance the budgets, county governments expect to receive Kshs.316.5 billion as equitable share of revenue raised nationally, Kshs.22.9 billion as Conditional Grants from the National Government, Ksh.39.09 billion as loans and grants from Development Partners and generate Kshs.54.28 billion from own revenue sources, utilizing Kshs.47.15 billion cash balances from FY 2018/19. The total funds available to the County Governments in the first half of FY 2019/20 totalled Kshs.179.77 billion. The amount consisted of Kshs.117.29 billion as equitable share of revenue raised nationally, Kshs.47.15 billion cash balance from FY 2018/19, and Kshs.15.33 billion raised from own sources.

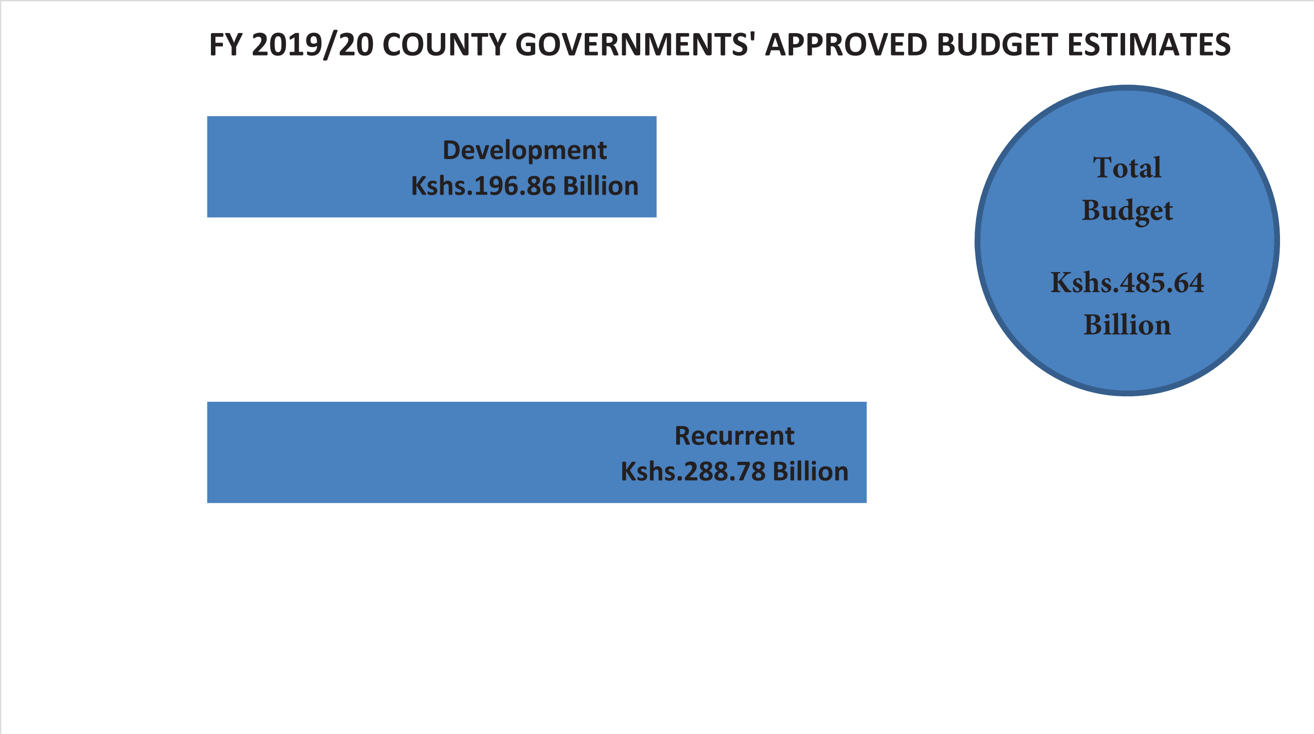
During the reporting period, county governments generated a total of Kshs.15.33 billion from own sources of revenue, which was 28.2 per cent of the annual target of Kshs.54.28 billion. This was a slight decrease compared to Kshs.15.37 billion generated in a similar period of FY 2018/19. Analysis of own source revenue as a proportion of the annual revenue target by county indicates that; Narok, Isiolo, Samburu achieved the highest proportions at 63.1 per cent, 56.3 per cent, and 56.1 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were; Trans Nzoia at 14.8 per cent, Kajiado at 14.7 per cent, and Kericho at 11.3 per cent.

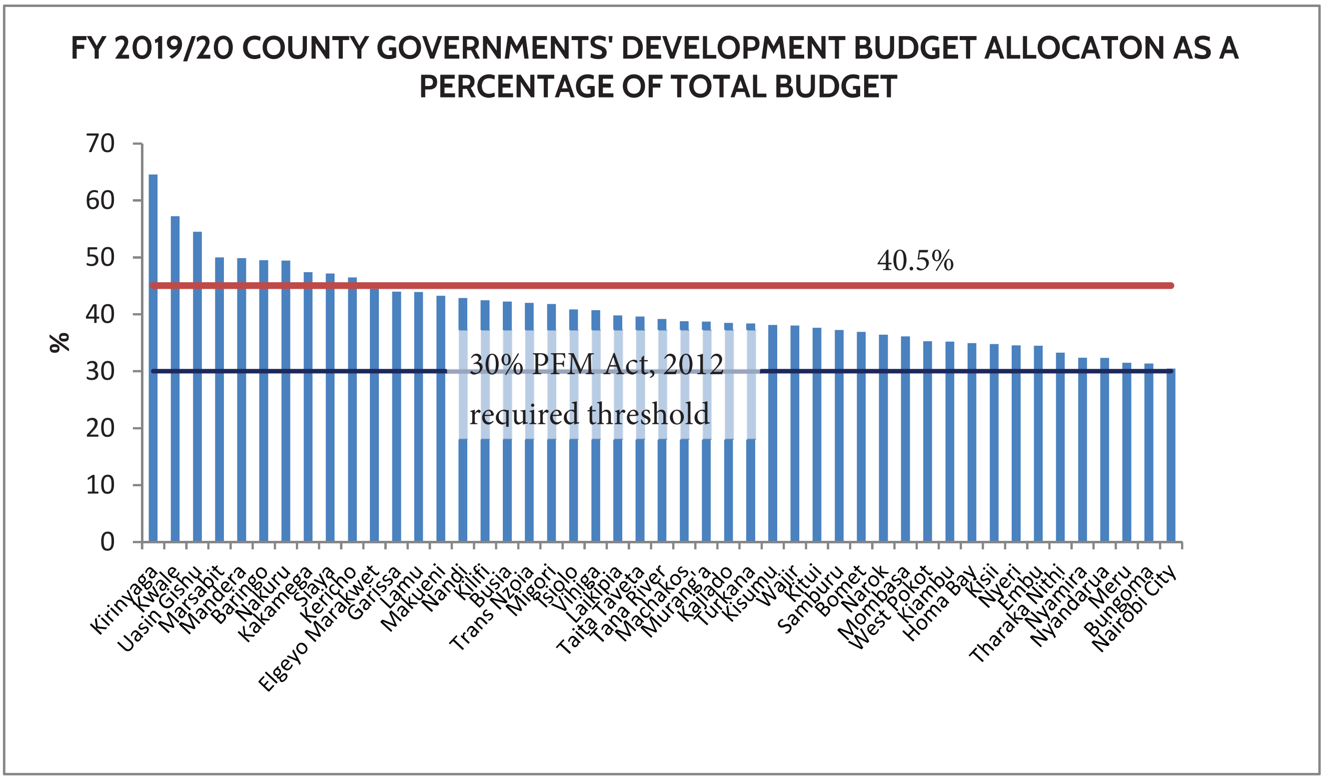
During the period, the Controller of Budget authorised withdrawals of Kshs.149.65 billion, from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.134.74 billion (90 per cent) to the County Executive and Kshs.14.91 billion (10 per cent) to the County Assemblies.

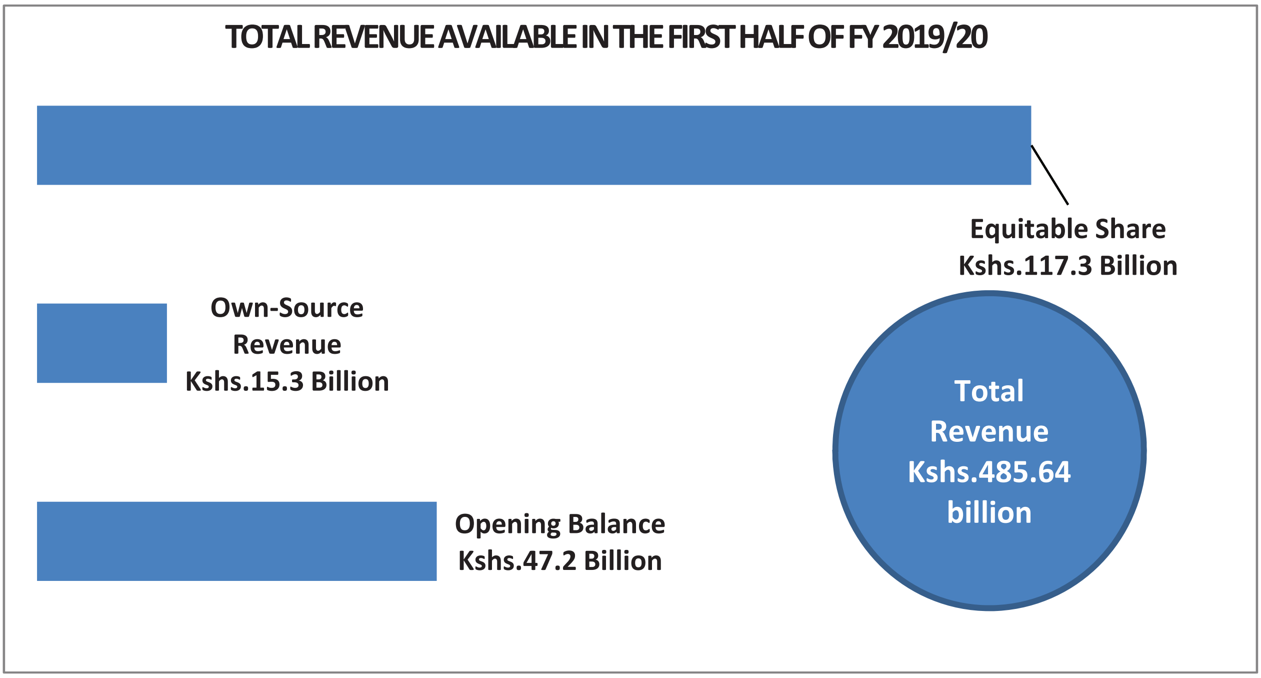
The total expenditure by County Governments amounted to Kshs.143.27 billion representing an absorption rate of 29.5 per cent of the annual County Governments' Budgets. The absorption rate was similar to that attained in the first half of FY 2018/19 when total expenditure was Kshs.136.98 billion. Expenditure analysis shows that Kshs.120.50 billion was incurred on recurrent expenditure (41.7 per cent of the annual recurrent budget) while Kshs.22.77 billion on development activities (representing an absorption rate of 11.6 per cent). Murang'a, Kakamega, and Kisii Counties attained the highest development expenditure as a proportion of approved annual development budget at 32 per cent, 24.2 per cent, and 23.9 per cent respectively. Two counties, namely; Samburu and Lamu did not report any expenditure on development activities. A review of expenditure by economic classification showed that Kshs.80.9 billion (56.5 per cent) was spent on personnel emoluments, Kshs.39.6 billion (27.6 per cent) on operations and maintenance, and Kshs.22.77 billion (15.9 per cent) on development expenditure.

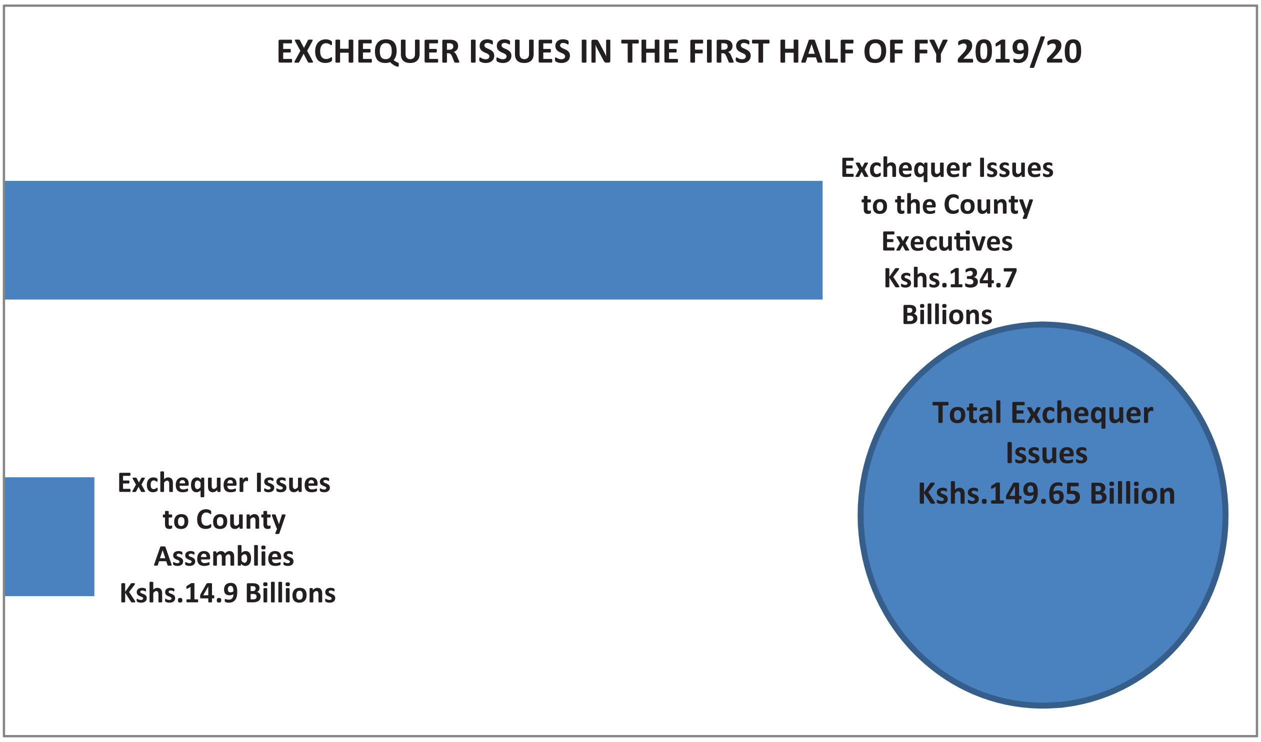
County Assemblies reported an increase in expenditure on MCAs sitting allowance from Kshs.1.08 billion in a similar period of FY 2018/19 to Kshs.1.16 billion. The OCOB also noted that five Counties, namely; Homa Bay, Meru, Kisii, Kisumu, Kakamega County Assemblies reported higher expenditure on sitting allowance than the Salaries and Remuneration Commission (SRC) recommended monthly ceiling of Kshs.124,800.

During the reporting period, the OCOB identified challenges that affected effective budget execution. They included; high expenditure on Personnel Emoluments which accounted for 56.5 per cent of total expenditure, under-performance of own source revenue collection which averaged at 28.2 per cent of annual target, delays in the disbursement of equitable share of nationally collected revenue by the National Treasury, and, low expenditure on the development budget, which averaged at 11.6 per cent of the annual development budget. To address these challenges, the OCOB recommends that the Counties should ensure 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, and implement strategies to enhance own source revenue collection. The National Treasury should ensure that the equitable share of revenue raised nationally is released in line with the CARA, 2019 Disbursement Schedule in order to ensure smooth budget execution. Finally, Counties should develop and implement strategies of ensuring expenditure on development activities complies with Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012.


FY 2019/20 COUNTY GOVERNMENTS' APPROVED BUDGET ESTIMATES
Development
Kshs.196.86 Billion
Total
Budget
Kshs.485.64
Billion
Recurrent
Kshs.288.78 Billion


FY 2019/20 COUNTY GOVERNMENTS' DEVELOPMENT BUDGET ALLOCATON AS A PERCENTAGE OF TOTAL BUDGET
%
70
60
50
40
30
20
10
0
40.5%
30% PFM Act, 2012
required threshold
Kirinyaga
Kwale
Uasin Gishu
Marsabit
Mandera
Baringo
Nakuru
Kakamega
Siaya
Kericho
Elgeyo Marakwet
Garissa
Lamu
Makueni
Nandi
Kilifi
Busia
Trans Nzoia
Migori
Isiolo
Vihiga
Laikipia
Taita Taveta
Tana River
Machakos
Muranga
Kajiado
Turkana
Kisumu
Wajir
Kitui
Samburu
Bomet
Narok
Mombasa
West Pokot
Kiambu
Homa Bay
Kisii
Nyeri
Embu
Tharaka Nithi
Nyamira
Nyandarua
Meru
Bungoma
Nairobi City


TOTAL REVENUE AVAILABLE IN THE FIRST HALF OF FY 2019/20
Equitable Share Kshs.117.3 Billion
Own-Source Revenue Kshs.15.3 Billion
Opening Balance Kshs.47.2 Billion
Total Revenue Kshs.485.64 billion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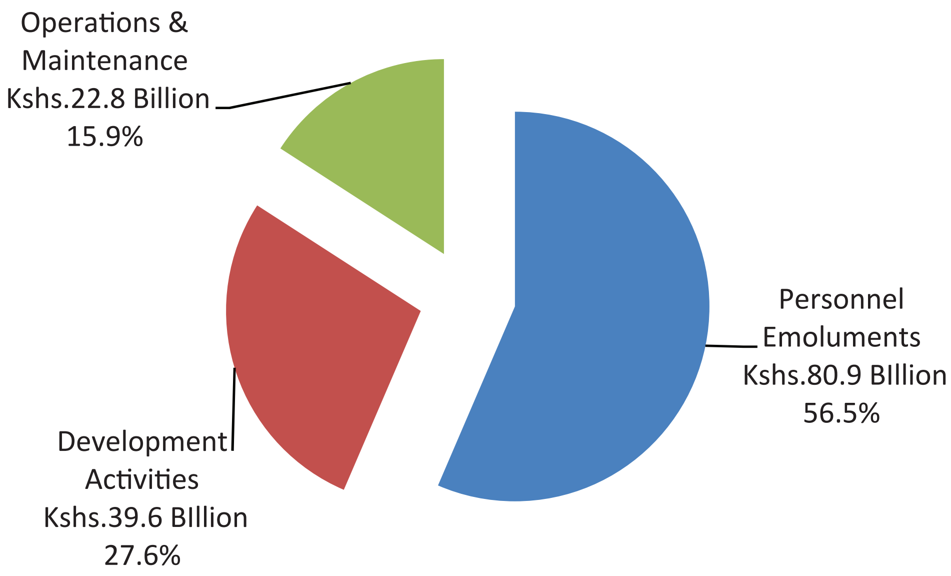
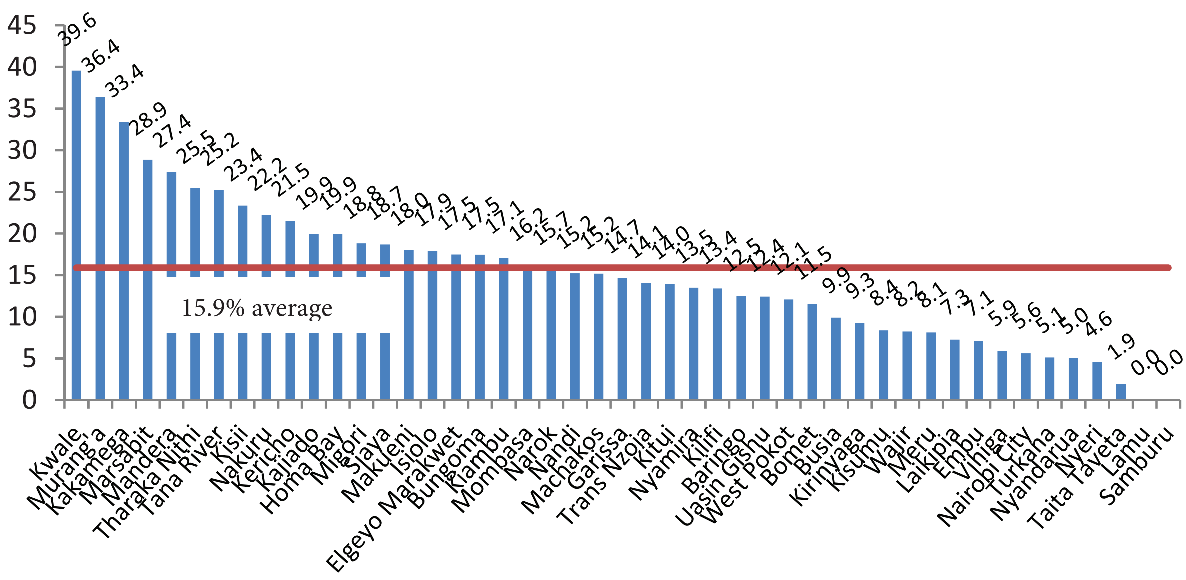
EXPENDITURE BY ECONOMIC CLASSIFICATON IN THE FIRST HALF OF FY 2019/20



FY 2019/20 DEVELOPMENT EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE



1 INTRODUCTION

This is one in a series of regular County Budget Implementation Review Reports (CBIRRs) by the Office of the Controller of Budget (OCOB) since the establishment of County Governments in March, 2013. The report presents a review of in-year budget execution by the County Governments for the first half of FY 2019/20. It is prepared in fulfilment of Article 228 (4) and (6) of the Constitution of Kenya, 2010, and Section 39(8) of the Public Finance Management (PFM) Act, 2012 which requires the Controller of Budget to authorize withdrawal of public funds and report on budget implementation by submitting quarterly budget implementation review reports to each House of Parliament every four months.

The report presents the status of budget execution by the County Governments during the period from July to December 2019. It offers useful information to the Senate and County Assemblies who are bestowed with the oversight mandate on utilization of public funds by the County Governments. It also provides members of the public with information on budget implementation and is useful in evaluating achievements against set targets and also benchmark performance with other counties.

The report is arranged as follows; chapter two provides an analysis of counties cumulative revenue and expenditure performance against targets. In the review of expenditure, focus is on the broad economic classifications of recurrent and development expenditure. Recurrent expenditure is further disaggregated into Personnel Emoluments (PE) and Operations and Maintenance (O&M). Debt repayments and pending bills are discussed separately. Chapter three presents information on budget financing, budget allocation, exchequer issues, and expenditure performance by individual Counties. Key challenges that affected budget execution are identified and appropriate recommendations are also provided.

The overall challenges that affected budget implementation by County Governments are presented in Chapter four. Appropriate recommendations are also included, with the objective of ensuring effective budget implementation in the future. Chapter five provides the conclusion.

2.1 Introduction

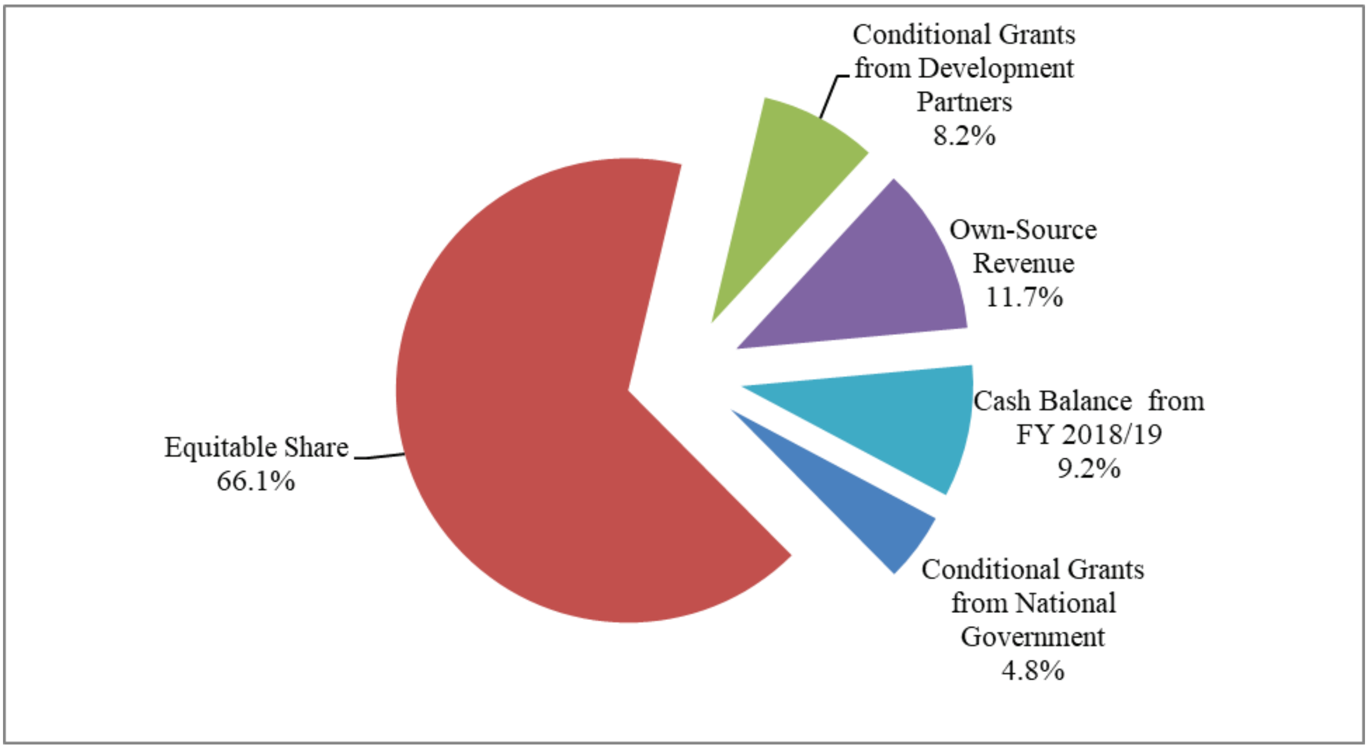
This chapter presents the financial analysis of aggregated county budget implementation for the first half of FY 2019/20.

2.2 Revenue Analysis

In first half FY 2019/20, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.485.64 billion and comprised of Kshs.196.86 billion (40.5 per cent) allocated to development expenditure and Kshs.288.78 billion (59.5 per cent) for recurrent expenditure.

In order to finance the budgets, county governments expects to receive Kshs.316.5 billion as equitable share of revenue raised national, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.54.28 billion from own revenue sources, and utilize Kshs.47.15 billion cash balance from FY 2018/19. Figure 2.1 shows expected sources of budget financing in FY 2019/20.

Figure 2.1: Expected Sources of Budget Financing in FY 2019/20



Source: *OCOB*

Figure 2.1 shows that the counties are largely dependent on equitable share of revenue From, the National Government.

Table 2.1: Conditional Grants as per CARA, 2019

S/No.	Grants Contained in CARA, 2019	Annual CARA, 2019 Allocation (Kshs.)
	Conditional grants from the National Government	
1	Leasing of Medical Equipment	6,200,000,000
2	Level 5 Hospitals	4,326,000,000
3	Road Maintenance Fuel Levy Fund	8,984,062,500
4	Compensation of User Fee Foregone	900,000,000
5	Rehabilitation of Village Polytechnics	2,000,000,000
6	Construction of County Headquarters	485,152,184
	Sub Total	**22,895,214,684**
	Conditional grants from the Development Partners	
7	Transforming Health Systems for Universal Car Project (World Bank),	2,994,247,736

S/No.	Grants Contained in CARA, 2019	Annual CARA, 2019 Allocation (Kshs.)
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	7,232,719,940
9	IDA (World Bank)- Kenya Climate Smart Agriculture Project (KCSAP),	3,643,298,670
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 1 grant",	1,410,000,000
11	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)	11,464,702,500
12	DANIDA for Universal Healthcare in Devolved System Program	986,583,544
13	EU for Instruments for Devolution Advice and Support (IDEAS)	492,698,583
14	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	3,500,000,000
15	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 2 grant"	4,890,000,000
16	Sweden-Agricultural Sector Development Support Programme (ASDSP) II	849,626,237
17	EU for Water Tower Protection and Climate Change Mitigation and Adaption Programme (WaTER)	880,000,000
18	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)-Urban Institutional Grants (UIG)	396,000,000
19	German Development Bank (KfW)-Drought Resilience Programme in Northern Kenya (DRPNK)	350,000,000
	Sub Total	**39,089,877,210**
	Grand Total	**61,985,091,894**

Source: *CARA, 2019*

2.2.1 Overall Revenue Out-turn

The total funds available to the County Governments in the first half FY 2019/20 amounted to Kshs.179.77 billion. This amount consisted of Kshs.117.29 billion as equitable share of revenue raised nationally, Kshs.47.15 billion cash balance from FY 2018/19, and Kshs.15.33 billion raised from own sources.

2.2.2 Own- Source Revenue

The aggregate annual own source revenue target for counties in FY 2019/20 is Kshs.54.28 billion. During the reporting period, county governments generated a total of Kshs.15.33 billion, which was 28.2 per cent of the annual target. This was a slight decrease compared to Kshs.15.37 billion generated in a similar period of FY 2018/19. An analysis of quarterly own source revenue collection for the period July to December, 2019 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection from July to December, 2019

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Half of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Half Year Actual OSR	Half Year Actual AIA	Half Year Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	393.42	-	393.42	174.02	-	174.02	44.2
Bomet	275.92	-	275.92	76.06	-	76.06	27.6
Bungoma	500.00	378.66	878.66	117.95	235.77	353.72	40.3
Busia	504.50	-	504.50	110.54	-	110.54	21.9
Elgeyo Marakwet	88.00	64.00	152.00	28.90	28.49	57.38	37.8
Embu	511.00	389.00	900.00	97.73	162.12	259.86	28.9
Garissa	150.00	-	150.00	49.27	-	49.27	32.8
Homa Bay	144.89	62.70	207.59	49.35	4.19	53.54	25.8
Isiolo	170.86	-	170.86	96.14	-	96.14	56.3
Kajiado	1,793.86	-	1,793.86	263.04	-	263.04	14.7
Kakamega	1,157.46	-	1,157.46	429.72	-	429.72	37.1
Kericho	913.94	-	913.94	102.87	-	102.87	11.3
Kiambu	2,968.00	-	2,968.00	1,062.69	-	1,062.69	35.8
Kilifi	1,100.00	-	1,100.00	288.11	-	288.11	26.2
Kirinyaga	500.00	-	500.00	121.56	-	121.56	24.3
Kisii	500.00	-	500.00	149.33	-	149.33	29.9
Kisumu	1,438.48	-	1,438.48	363.96	-	363.96	25.3
Kitui	600.00	-	600.00	171.95	-	171.95	28.7
Kwale	325.00	-	325.00	98.31	-	98.31	30.2
Laikipia	1,006.88	-	1,006.88	326.74	-	326.74	32.5
Lamu	100.00	-	100.00	30.81	-	30.81	30.8
Machakos	2,212.66	-	2,212.66	526.40	-	526.40	23.8
Makueni	609.00	-	609.00	205.14	-	205.14	33.7
Mandera	200.00	-	200.00	50.27	-	50.27	25.1
Marsabit	170.00	-	170.00	67.94	-	67.94	40.0
Meru	705.00	120.00	825.00	168.84	-	168.84	20.5
Migori	450.00	-	450.00	141.78	-	141.78	31.5
Mombasa	3,452.76	-	3,452.76	1,483.05	-	1,483.05	43.0

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Half of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Half Year Actual OSR	Half Year Actual AIA	Half Year Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Murang'a	960.00	-	960.00	242.43	-	242.43	25.3
Nairobi City	17,049.64	266.65	17,316.30	3,108.91	90.88	3,199.79	18.5
Nakuru	2,100.00	1,000.00	3,100.00	542.71	563.31	1,106.02	35.7
Nandi	376.83	-	376.83	100.98	-	100.98	26.8
Narok	2,995.14	-	2,995.14	1,897.05	-	1,897.05	63.3
Nyamira	350.00	-	350.00	55.99	-	55.99	16.0
Nyandarua	600.00	30.00	630.00	132.89	6.72	139.61	22.2
Nyeri	1,000.00	-	1,000.00	270.20	-	270.20	27.0
Samburu	267.03	-	267.03	149.94	-	149.94	56.1
Siaya	420.00	-	420.00	71.54	-	71.54	17.0
Taita Taveta	350.00	-	350.00	116.66	-	116.66	33.3
Tana River	66.00	-	66.00	13.94	-	13.94	21.1
Tharaka Nithi	350.00	-	350.00	112.48	-	112.48	32.1
Trans Nzoia	500.00	-	500.00	73.93	-	73.93	14.8
Turkana	250.00	-	250.00	79.88	-	79.88	32.0
Uasin Gishu	900.00	-	900.00	269.11	-	269.11	29.9
Vihiga	192.09	-	192.09	82.05	-	82.05	42.7
Wajir	150.00	-	150.00	23.95	-	23.95	16.0
West Pokot	150.32	-	150.32	43.64	-	43.64	29.0
Total	**51,968.67**	**2,311.02**	**54,279.69**	**14,240.75**	**1,091.49**	**15,332.25**	**28.2**

***Source**: County Treasuries*

Analysis of own source revenue as a proportion of the annual revenue target indicates that Narok, Isiolo, Samburu achieved the highest proportions at 63.1 per cent, 56.3 per cent, and 56.1 per cent respectively. Conversely, counties that recorded the lowest proportions were Trans Nzoia at 14.8 per cent, Kajiado at 14.7 per cent, and Kericho at 11.3 per cent.

2.2.3 Funds Released to the Counties from the Consolidated Fund

In first half FY 2019/20, the Controller of Budget (COB) approved transfer of Kshs.117.29 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. Chapter three provides further details of releases to each of the counties.

2.2.4 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.149.65 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.134.74 billion (90 per cent) to the County Executive and Kshs.14.91 billion (10 per cent) to the County Assembly. A detailed analysis of the funds released to each county is provided in chapter three.

The total expenditure by county governments in first half FY 2019/20 amounted to Kshs.143.27 billion, representing an absorption rate of 29.5 per cent of the annual County Governments' Budgets. The absorption rate was similar to that attained in the first half of FY 2018/19 where total expenditure was Kshs.136.98 billion.

Recurrent expenditure was Kshs.120.50 billion, representing 41.7 per cent of the annual recurrent budget, and an improvement from 40.6 per cent reported in a similar period of FY 2018/19. Development expenditure amounted to Kshs.22.77 billion, representing an absorption rate of 11.6 per cent, and a decrease from 13.2 per cent attained in the first half of FY 2018/19 when total development expenditure was Kshs.24.73 billion. Analysis of expenditure by economic classification in first half FY 2019/20 is provided in Table 2.3.

Table 2.3: Expenditure by Economic Classification - First Half FY 2019/20

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,684,948,997	396,532,992	2,081,481,989	297,210,649	2,378,692,638
Bomet	1,327,346,465	596,850,093	1,924,196,558	250,725,341	2,174,921,899
Bungoma	2,388,543,901	1,178,636,074	3,567,179,975	754,586,321	4,321,766,296
Busia	1,482,178,893	555,059,287	2,037,238,180	223,887,921	2,261,126,101
Elgeyo Marakwet	1,018,815,664	408,594,861	1,427,410,525	302,628,420	1,730,038,945
Embu	1,488,244,091	344,635,456	1,832,879,547	140,789,807	1,973,669,354

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
Garissa	2,317,093,955	576,704,368	2,893,798,323	498,009,200	3,391,807,523
Homa Bay	1,457,580,197	847,765,923	2,305,346,120	573,121,060	2,878,467,180
Isiolo	654,214,653	464,809,634	1,119,024,287	244,401,213	1,363,425,500
Kajiado	1,491,913,244	855,750,068	2,347,663,312	584,654,025	2,932,317,337
Kakamega	2,557,454,877	850,068,069	3,407,522,946	1,709,881,731	5,117,404,677
Kericho	1,512,533,827	633,094,927	2,145,628,754	588,610,147	2,734,238,902
Kiambu	3,669,621,152	1,448,529,088	5,118,150,240	1,053,141,782	6,171,292,022
Kilifi	1,519,037,545	745,797,073	2,264,834,619	350,603,170	2,615,437,788
Kirinyaga	1,037,126,099	630,914,181	1,668,040,279	170,260,563	1,838,300,842
Kisii	2,477,399,903	857,115,033	3,334,514,936	1,016,595,934	4,351,110,870
Kisumu	2,409,348,048	703,206,072	3,112,554,120	284,610,906	3,397,165,026
Kitui	2,534,498,567	987,287,293	3,521,785,860	571,519,996	4,093,305,856
Kwale	906,876,792	784,954,564	1,691,831,356	1,107,592,264	2,799,423,620
Laikipia	1,394,224,561	490,339,006	1,884,563,567	147,373,349	2,031,936,916
Lamu	393,828,525	332,500,339	726,328,864	-	726,328,864
Machakos	3,048,769,888	918,603,720	3,967,373,608	709,450,585	4,676,824,193
Makueni	1,847,227,041	977,771,076	2,824,998,117	620,101,409	3,445,099,526
Mandera	1,610,352,085	1,740,260,268	3,350,612,354	1,263,434,344	4,614,046,697
Marsabit	1,277,833,500	469,763,978	1,747,597,478	709,312,482	2,456,909,960
Meru	2,301,520,917	907,544,893	3,209,065,811	284,007,263	3,493,073,074
Migori	1,449,727,101	711,210,473	2,160,937,574	501,182,006	2,662,119,579
Mombasa	2,100,649,817	879,829,114	2,980,478,931	574,724,495	3,555,203,426
Murang'a	1,221,615,056	722,041,801	1,943,656,857	1,111,698,433	3,055,355,290
Nairobi City	5,919,787,720	4,555,158,511	10,474,946,231	625,844,857	11,100,791,087
Nakuru	2,453,493,901	1,007,326,866	3,460,820,767	988,702,501	4,449,523,268
Nandi	1,546,058,783	529,694,273	2,075,753,056	372,770,336	2,448,523,392
Narok	1,948,503,565	2,012,973,183	3,961,476,748	737,000,000	4,698,476,748
Nyamira	1,646,980,618	378,133,745	2,025,114,363	316,325,206	2,341,439,569
Nyandarua	1,055,390,145	755,857,659	1,811,247,804	95,742,886	1,906,990,690
Nyeri	1,853,170,891	569,898,508	2,423,069,399	115,885,628	2,538,955,027
Samburu	999,150,486	409,798,633	1,408,949,119	-	1,408,949,119
Siaya	1,335,718,042	783,056,978	2,118,775,020	487,140,907	2,605,915,928
Taita Taveta	937,537,878	594,911,602	1,532,449,480	30,307,698	1,562,757,178
Tana River	856,798,461	848,230,280	1,705,028,741	575,675,838	2,280,704,579
Tharaka Nithi	779,869,681	317,611,370	1,097,481,051	374,996,309	1,472,477,360
Trans Nzoia	1,145,339,000	527,352,176	1,672,691,176	274,351,548	1,947,042,724
Turkana	2,009,969,142	1,650,257,338	3,660,226,480	197,485,321	3,857,711,801
Uasin Gishu	1,695,650,347	625,245,496	2,320,895,843	329,674,909	2,650,570,752
Vihiga	1,182,387,029	280,846,137	1,463,233,166	92,331,080	1,555,564,246
Wajir	1,813,744,002	1,037,579,099	2,851,323,101	256,342,344	3,107,665,445
West Pokot	1,139,438,553	702,137,276	1,841,575,829	253,582,415	2,095,158,244
Total	**80,899,513,605**	**39,602,238,855**	**120,501,752,459**	**22,768,274,598**	**143,270,027,057**

***Source**: OCOB and County Treasuries*

The Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.11.1 billion, Kiambu at Kshs.6.17 billion, and Kakamega at Kshs.5.12 billion. The lowest expenditure was recorded by Samburu, Isiolo and Lamu at Kshs.1.41 billion, Kshs.1.36 billion and Kshs.726.33 million respectively.

A review of cumulative expenditure by economic classification showed that Kshs.80.9 billion (56.5 per cent) was spent on personnel emoluments, Kshs.39.6 billion (27.6 per cent) on operations and maintenance, and Kshs.22.77 billion (15.9 per cent) on development expenditure.

2.2.5 Development Expenditure

The County governments spent Kshs.22.77 billion on development activities, representing an absorption rate of 11.6 per cent of the annual development budget, which is a decline from 13.2 per cent, reported in a similar period of FY 2018/19 when development expenditure was Kshs.24.36 billion.

Analysis of county budgets and expenditure in first half FY 2019/20 is provided in Table 2.4.

Table 2.4: County Budget Allocation, Expenditure and Absorption Rate for First Half FY 2019/20

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
Baringo	4,383.00	4,298.52	8,681.52	2,081.48	297.21	2,378.69	47.5	6.9	27.4
Bomet	4,470.70	2,616.92	7,087.62	1,924.20	250.73	2,174.92	43.0	9.6	30.7
Bungoma	8,184.38	3,737.15	11,921.53	3,567.18	754.59	4,321.77	43.6	20.2	36.3
Busia	5,350.35	3,915.25	9,265.60	2,037.24	223.89	2,261.13	38.1	5.7	24.4
Elgeyo/Marakwet	3,187.80	2,552.80	5,740.59	1,427.41	302.63	1,730.04	44.8	11.9	30.1
Embu	4,331.36	2,279.60	6,610.96	1,832.88	140.79	1,973.67	42.3	6.2	29.9
Garissa	6,122.97	4,807.49	10,930.46	2,893.80	498.01	3,391.81	47.3	10.4	31.0
Homa Bay	5,424.72	2,913.07	8,337.79	2,305.35	573.12	2,878.47	42.5	19.7	34.5
Isiolo	3,401.67	2,349.49	5,751.16	1,119.02	244.40	1,363.43	32.9	10.4	23.7
Kajiado	6,324.65	3,961.80	10,286.44	2,347.66	584.65	2,932.32	37.1	14.8	28.5
Kakamega	7,820.97	7,051.08	14,872.05	3,407.52	1,709.88	5,117.40	43.6	24.2	34.4
Kericho	4,608.07	4,003.31	8,611.38	2,145.63	588.61	2,734.24	46.6	14.7	31.8
Kiambu	10,130.24	5,508.56	15,638.80	5,118.15	1,053.14	6,171.29	50.5	19.1	39.5
Kilifi	8,470.42	6,253.22	14,723.64	2,264.83	350.60	2,615.44	26.7	5.6	17.8
Kirinyaga	2,244.93	4,093.89	6,338.81	1,668.04	170.26	1,838.30	74.3	4.2	29.0
Kisii	7,981.96	4,256.83	12,238.79	3,334.51	1,016.60	4,351.11	41.8	23.9	35.6
Kisumu	7,305.95	4,499.60	11,805.55	3,112.55	284.61	3,397.17	42.6	6.3	28.8
Kitui	7,095.07	4,283.43	11,378.50	3,521.79	571.52	4,093.31	49.6	13.3	36.0
Kwale	5,475.22	7,333.02	12,808.24	1,691.83	1,107.59	2,799.42	30.9	15.1	21.9
Laikipia	4,277.97	2,827.66	7,105.63	1,884.56	147.37	2,031.94	44.1	5.2	28.6
Lamu	2,655.94	2,080.38	4,736.32	726.33	-	726.33	27.3	-	15.3
Machakos	7,850.71	4,971.55	12,822.26	3,967.37	709.45	4,676.82	50.5	14.3	36.5
Makueni	6,123.48	4,667.13	10,790.61	2,825.00	620.10	3,445.10	46.1	13.3	31.9
Mandera	6,510.52	6,476.97	12,987.49	3,350.61	1,263.43	4,614.05	51.5	19.5	35.5
Marsabit	4,170.14	4,173.39	8,343.53	1,747.60	709.31	2,456.91	41.9	17.0	29.4
Meru	7,664.96	3,528.69	11,193.65	3,209.07	284.01	3,493.07	41.9	8.0	31.2
Migori	5,552.51	3,989.35	9,541.86	2,160.94	501.18	2,662.12	38.9	12.6	27.9
Mombasa	8,739.57	4,939.80	13,679.37	2,980.48	574.72	3,555.20	34.1	11.6	26.0
Murang'a	5,495.23	3,472.57	8,967.80	1,943.66	1,111.70	3,055.36	35.4	32.0	34.1
Nairobi City	25,710.13	11,271.26	36,981.39	10,474.95	625.84	11,100.79	40.7	5.6	30.0
Nakuru	10,803.80	10,573.22	21,377.02	3,460.82	988.70	4,449.52	32.0	9.4	20.8
Nandi	4,632.69	3,473.98	8,106.67	2,075.75	372.77	2,448.52	44.8	10.7	30.2
Narok	7,735.06	4,434.92	12,169.98	3,961.48	737.00	4,698.48	51.2	16.6	38.6
Nyamira	4,347.36	2,081.00	6,428.37	2,025.11	316.33	2,341.44	46.6	15.2	36.4
Nyandarua	4,412.23	2,109.67	6,521.89	1,811.25	95.74	1,906.99	41.1	4.5	29.2
Nyeri	5,787.88	3,055.15	8,843.03	2,423.07	115.89	2,538.96	41.9	3.8	28.7
Samburu	4,269.51	2,532.66	6,802.17	1,408.95	-	1,408.95	33.0	-	20.7
Siaya	4,870.25	4,353.10	9,223.35	2,118.78	487.14	2,605.92	43.5	11.2	28.3
Taita/Taveta	3,466.84	2,275.47	5,742.31	1,532.45	30.31	1,562.76	44.2	1.3	27.2
Tana River	5,001.75	3,222.79	8,224.54	1,705.03	575.68	2,280.70	34.1	17.9	27.7
Tharaka -Nithi	3,386.29	1,689.05	5,075.34	1,097.48	375.00	1,472.48	32.4	22.2	29.0
Trans Nzoia	4,833.57	3,503.21	8,336.78	1,672.69	274.35	1,947.04	34.6	7.8	23.4
Turkana	8,624.56	5,379.77	14,004.33	3,660.23	197.49	3,857.71	42.4	3.7	27.5
Uasin Gishu	5,217.34	6,253.09	11,470.44	2,320.90	329.67	2,650.57	44.5	5.3	23.1
Vihiga	4,174.81	2,868.40	7,043.20	1,463.23	92.33	1,555.56	35.0	3.2	22.1
Wajir	5,990.73	3,675.68	9,666.42	2,851.32	256.34	3,107.67	47.6	7.0	32.1
West Pokot	4,156.10	2,265.70	6,421.80	1,841.58	253.58	2,095.16	44.3	11.2	32.6
Total	**288,776.36**	**196,860.61**	**485,636.97**	**120,501.75**	**22,768.27**	**143,270.03**	**41.7**	**11.6**	**29.5**

Source: *OCOB and County Treasuries*

Analysis of development expenditure as a proportion of the approved annual development budget shows that Murang'a, Kakamega, and Kisii Counties attained the highest absorption rate at 32 per cent, 24.2 per cent, and 23.9 per cent respectively. Two counties, namely; Samburu and Lamu did not report any expenditure on development activities.

An analysis of the development projects implemented by counties is provided in chapter three.

2.2.6 Recurrent Expenditure

The Counties spent an aggregate of Kshs.120.5 billion or 84.1 per cent of the total expenditure on recurrent activities. This expenditure represents 41.7 per cent of the annual county government's budget for recurrent activities, and an improvement from 40.6 per cent recorded in a similar period of FY 2018/19 when expenditure stood at Kshs.112.25 billion.

The recurrent expenditure comprised of Kshs.80.9 billion (67.1 per cent) on personnel emoluments and Kshs.39.6 billion (32.9 per cent) on operations and maintenance expenditure (O&M). An analysis of the recurrent expenditure by counties is provided in chapter three.

2.2.7 Review of MCAs Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.1.16 billion on MCAs sitting allowances against an approved budget allocation of Kshs.2.89 billion. This expenditure translates to 40 per cent of the approved MCAs sitting allowance budget, and an increase from 38.9 per cent attained in a similar period of FY 2018/19 when Kshs.1.08 billion was spent.

Table 2.5 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in first half FY 2019/20.

Table 2.5: MCAs Budget Allocation, Expenditure and Absorption Rate in First Half FY 2019/20

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Earning per MCA	Average monthly sitting allowance per MCA
	A	B		C=B/A*100	D	E=B/D/6
Baringo	56,018,088	26,327,600	46	47.0	572,339	95,390
Bomet	10,882,900	8,477,736	37	77.9	229,128	38,188
Bungoma	95,596,800	33,425,600	61	35.0	547,961	91,327
Busia	96,192,000	38,770,336	54	40.3	717,969	119,662
Elgeyo Marakwet	42,931,200	19,360,900	34	45.1	569,438	94,906
Embu	32,103,000	23,953,988	35	74.6	684,400	114,067
Garissa	63,024,000	14,923,800	49	23.7	304,567	50,761
Homa Bay	110,760,000	74,759,215	61	67.5	1,225,561	204,260
Isiolo	17,280,000	13,257,719	18	76.7	736,540	122,757
Kajiado	22,500,000	6,829,300	42	30.4	162,602	27,100
Kakamega	133,286,400	83,912,598	90	63.0	932,362	155,394
Kericho	56,248,800	27,984,267	47	49.8	595,410	99,235
Kiambu	120,000,000	44,103,800	93	36.8	474,234	79,039
Kilifi	55,000,000	27,242,010	56	49.5	486,464	81,077
Kirinyaga	134,854,961	12,484,700	34	9.3	367,197	61,200
Kisii	118,868,000	57,196,121	70	48.1	817,087	136,181
Kisumu	78,515,200	39,257,229	49	50.0	801,168	133,528
Kitui	74,024,015	36,173,737	55	48.9	657,704	109,617
Kwale	51,580,000	21,227,212	34	41.2	624,330	104,055
Laikipia	-	10,137,400	25	-	405,496	67,583
Lamu	16,592,000	10,825,300	19	65.2	569,753	94,959
Machakos	64,228,920	22,871,000	61	35.6	374,934	62,489
Makueni	53,992,093	32,160,300	49	59.6	656,333	109,389
Mandera	58,240,000	23,805,600	49	40.9	485,829	80,971
Marsabit	45,000,000	12,281,800	30	27.3	409,393	68,232
Meru	114,034,000	52,693,500	69	46.2	763,674	127,279
Migori	128,007,000	23,599,400	57	18.4	414,025	69,004
Mombasa	-	-	-	-	-	-
Murang'a	72,000,000	27,566,335	54	38.3	510,488	85,081
Nairobi City	102,398,400	38,867,400	124	38.0	313,447	52,241
Nakuru	103,000,000	38,846,512	79	37.7	491,728	81,955
Nandi	49,920,000	8,089,800	40	16.2	202,245	33,708
Narok	63,813,760	22,318,400	48	35.0	464,967	77,494
Nyamira	65,395,200	9,598,294	37	14.7	259,413	43,236
Nyandarua	55,773,600	25,051,984	40	44.9	626,300	104,383
Nyeri	50,668,800	20,454,200	45	40.4	454,538	75,756
Samburu	31,104,000	4,225,800	28	13.6	150,921	25,154

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Earning per MCA	Average monthly sitting allowance per MCA
	A	B		C=B/A*100	D	E=B/D/6
Siaya	54,624,000	22,739,300	43	41.6	528,821	88,137
Taita Taveta	19,648,000	9,769,500	34	49.7	287,338	47,890
Tana River	39,360,000	13,465,200	24	34.2	561,050	93,508
ka Nithi	20,000,000	9,308,880	21	46.5	443,280	73,880
Trans Nzoia	69,297,600	14,626,200	40	21.1	365,655	60,943
Turkana	81,764,000	19,272,800	48	23.6	401,517	66,919
Uasin Gishu	39,600,000	21,456,500	48	54.2	447,010	74,502
Vihiga	66,643,200	26,700,300	39	40.1	684,623	114,104
Wajir	19,375,200	13,891,600	49	71.7	283,502	47,250
West Pokot	31,968,328	11,013,552	34	34.5	323,928	53,988
Total	**2,886,113,465**	**1,155,304,724**	**2,199**	**40.0**	**23,386,670**	**3,897,778**

Source: *OCOB and County Treasuries*

Homa Bay, Meru, Kisii, Kisumu, Kakamega County Assemblies reported higher expenditure on sitting allowance than the recommended monthly ceiling of Kshs.124,800 by the Salaries and Remuneration Commission (SRC). The Mombasa County Assembly did not report any expenditure on sitting allowance during the reporting period

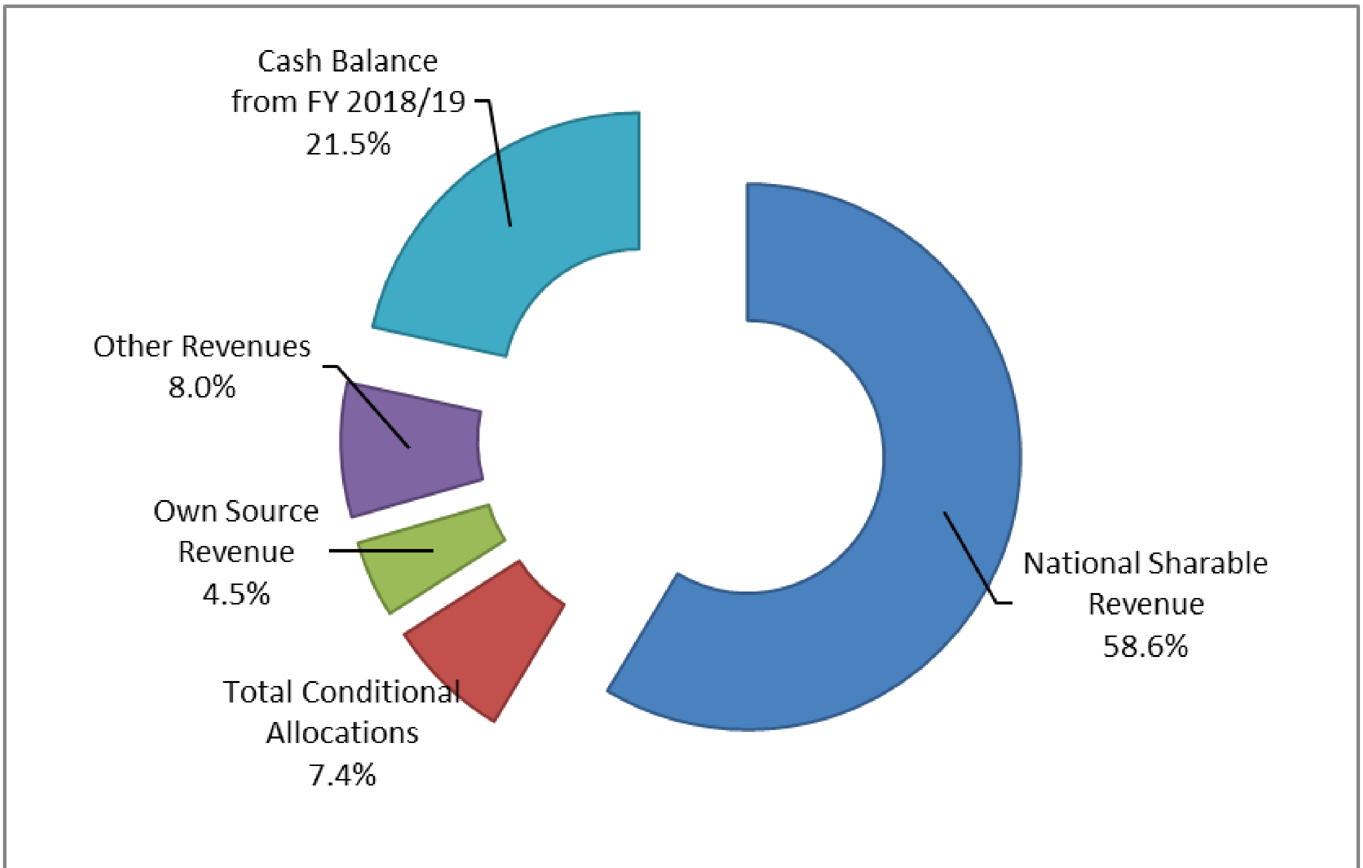
3.1 Baringo County

3.1.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.68 billion, comprising of Kshs.4.30 billion (49.5 per cent) and Kshs.4.38 billion (50.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.09 billion (58.6 per cent) as equitable share of revenue raised nationally, Kshs.639.95 million (7.4 per cent) as total conditional grants, generate Kshs.393.42 million (4.5 per cent) from own source revenue, Kshs.690.54 million (8 per cent) as other revenues, and Kshs.1.87 billion (21.5 per cent) as cash balance from FY 2018/19. Figure 3.1 shows the expected sources of financing by category in FY 2019/20.

Figure 3.1: Baringo County Expected Revenue Sources in FY 2019/20



Source: *Baringo County Treasury*

3.1.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.8 billion as equitable share of the revenue raised nationally, Kshs.58.31 million as total conditional grants, raised Kshs.174.02 million from own-source revenue, and had a cash balance of Kshs.1.87 billion from FY 2018/19.

Table 3.1: Baringo County, Revenue Performance in the First Half of FY 2019/20

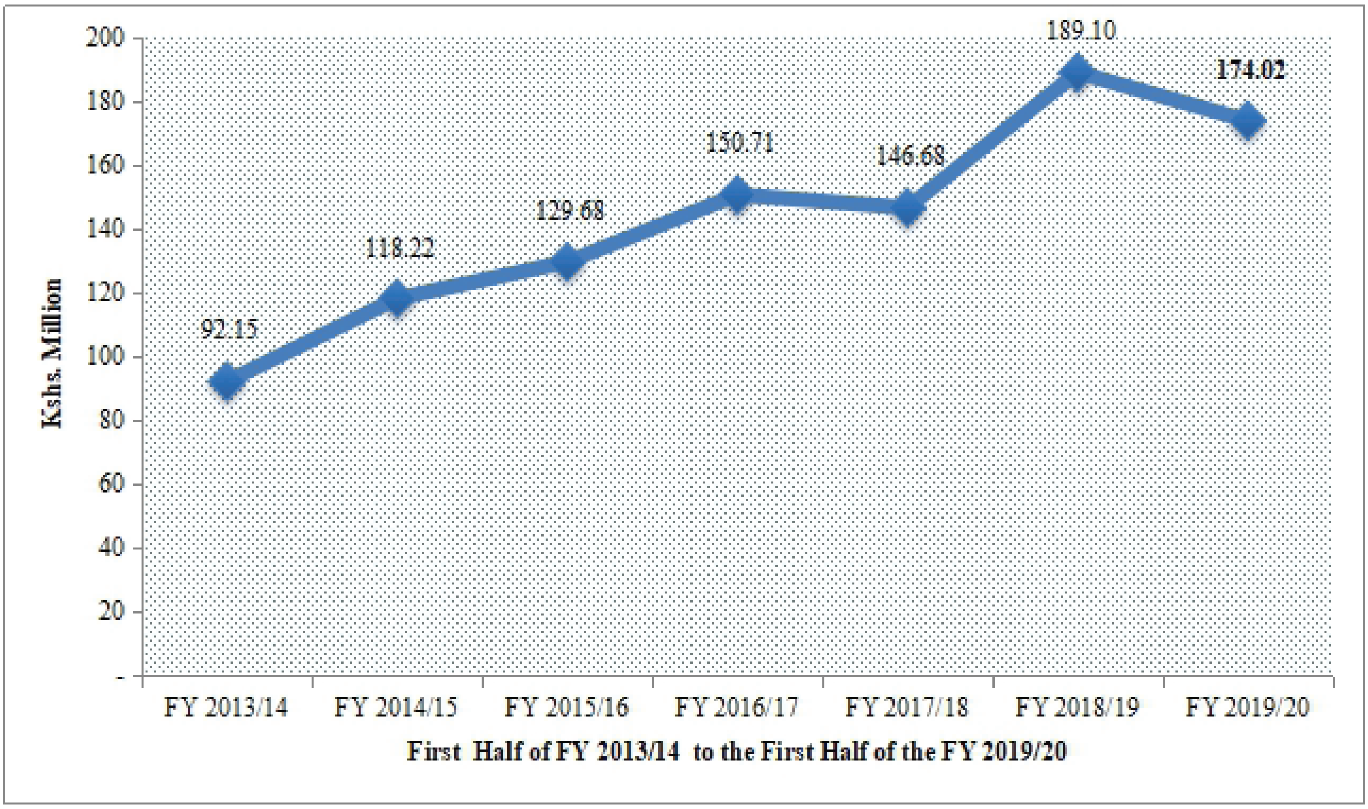
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,095,650,000**	**5,086,800,000**	**1,803,860,100**	**35.5**
B.	**Conditional Grants from the National Government**				
1	Compensation for User Fee Foregone	13,191,000	13,191,000	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	144,643,406	144,643,406	-	-

4	Rehabilitation of Village Polytechnics	24,873,298	24,873,298	-	-
Sub Total		**314,622,598**	**314,622,598**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	39,175,834	39,175,834	4,226,888	10.8
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	-	-	-	-
7	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	141,097,380	141,097,380	54,084,479	38.3
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	52,360,500	52,360,500	-	-
10	DANIDA Grant	15,187,500	15,187,500	-	-
11	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,118,210	21,118,210	-	-
12	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,586,468	17,586,468	-	-
13	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WATER)	-	-	-	-
14	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
15	German Development Bank (KFW) – Drought Resilience Programme in Northern Kenya (DRPNK)	-	-	-	-
Sub Total		**325,325,892**	**325,325,892**	**58,311,368**	17.9
D	**Other Sources of Revenue**				
16	Own Source Revenue	-	393,416,291	174,018,423	44.2
17	Balance b/f from FY2018/19	-	1,870,816,863	1,870,816,863	100.0
18	Other Revenues	-	690,539,359	-	-
Sub Total		**-**	**2,954,772,513**	**2,044,835,286**	**69.2**
Grand Total		**5,735,598,490**	**8,681,521,003**	**3,907,006,754**	**45.0**

Source: *Baringo County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.91 billion as shown in Table 3.1.

Figure 3.2: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Baringo County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.174.02 million as own-source revenue. This amount represented a decline of 8 per cent when compared to Kshs.189.10 million realised during the same period in FY 2018/19, and represented 44.2 per cent of the annual target.

3.1.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.38 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.223.18 million (9.4 per cent) for development programmes and Kshs.2.16 billion (90.6 per cent) for recurrent programmes.

3.1.4 Overall Expenditure Review

A total of Kshs.2.38 billion was spent on both development and recurrent programmes representing 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.297.21 million and Kshs.2.08 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 6.9 per cent while that incurred on recurrent expenditure programmes represented 47.5 per cent of the annual recurrent budget.

3.1.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.68 billion was spent on compensation to employees, Kshs.396.53 million on operations and maintenance, and Kshs.297.21 million on development expenditure.

Table 3.2: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,382,999,315**	**2,081,481,989**	**87.5**	**47.5**
Compensation to Employees	3,355,675,673	1,684,948,997	70.8	50.2
Operations and Maintenance	1,027,323,642	396,532,992	16.7	38.6
Development Expenditure	**4,298,521,687**	**297,210,649**	**12.5**	**6.9**
Grand Total	**8,681,521,002**	**2,378,692,638**	**100.0**	**27.4**

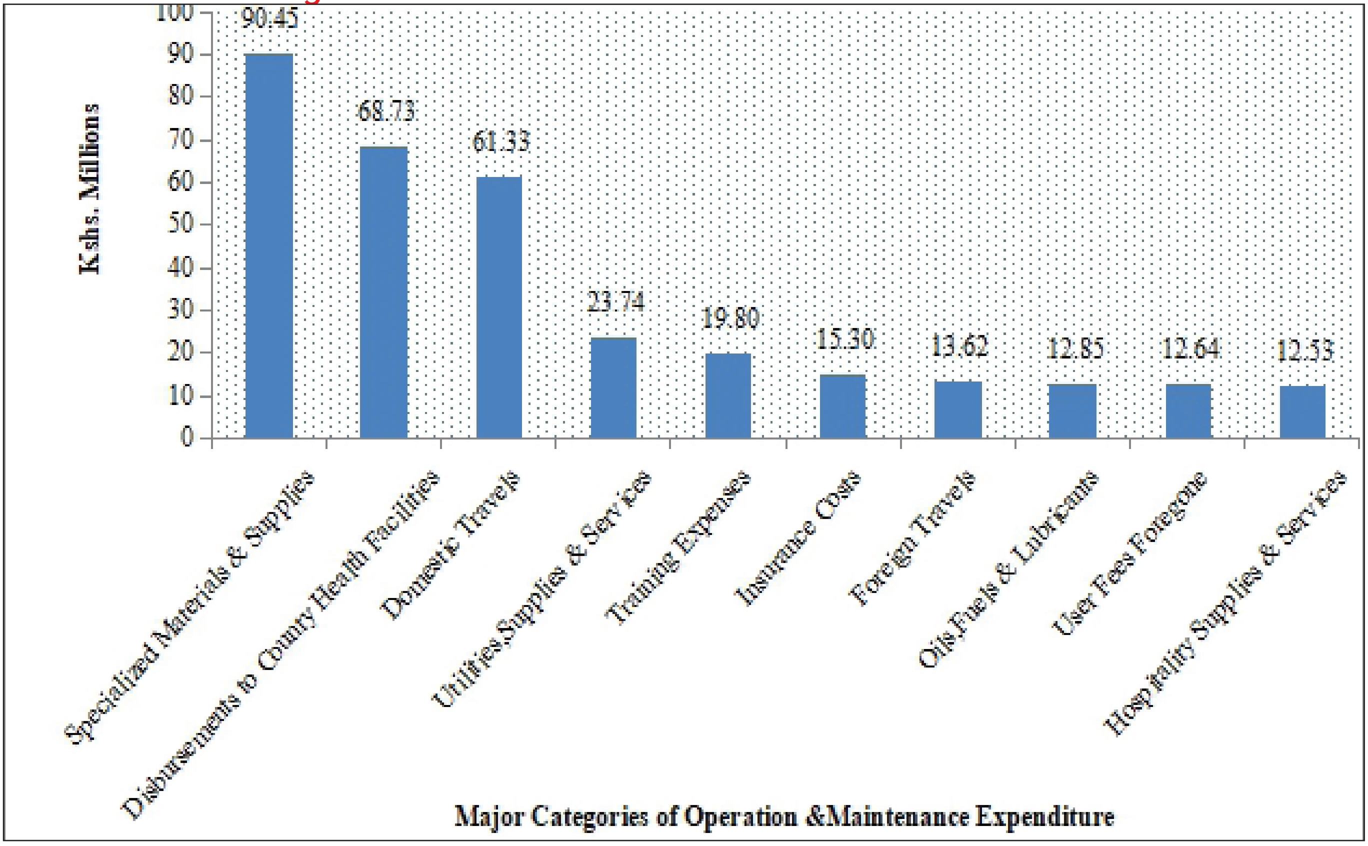
Source: *Baringo County Treasury*

Expenditure on compensation to employees was 70.8 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 5.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.6 billion.

3.1.6 Analysis of Operations and Maintenance Expenditure

Figure 3.3 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.3: Baringo County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Baringo County Treasury*

The County spent Kshs.26.33 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.56.02 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.95,390 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.61.33 million and comprised of Kshs.34.88 million spent by the County Assembly and Kshs.26.45 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.13.62 million and comprised of Kshs.9.20 million spent by the County Assembly and Kshs.4.42 million spent by the County Executive.

3.1.7 Development Expenditure Analysis

The total development expenditure of Kshs.297.21 million represented 6.9 per cent of the annual development budget of Kshs.4.29 billion. Table 3.3 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.3: Baringo County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20.

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Roll out of Kenya Climate Smart Agriculture Program (KCSAP) Projects	County wide	141,097,380	54,087,479	38.3
2	ICT Infrastructural Development	County wide	24,000,000	7,800,000	32.5
3	Construction & Completion of Surgical Block	Kabarnet Referral Hospital	119,799,530	7,600,000	6.3
4	On- going Construction of Storey Building Offices	County Assembly Premises	12,704,016	6,000,425	47.2

5	Disbursement of Agricultural Sector Development Support Programme (ASDP) Matching fund	County wide	11,000,000	5,500,000	50
6	Purchase of Isuzu Refuse Track	Kabarnet Town	4,498,500	4,498,500	100
7	Supply of 35,833 one day old chicks	County wide	4,246,210	4,246,210	100
8	Consultancy Services in preparation & Development of Urban Integrated Plan(UIB)	Kabarnet Town	3,973,429	3,973,429	100
9	Drilling of Water Boreholes	At Koroto, Chesirimion & Kasisit	5,872,000	3,383,700	57.6
10	Installation of Liquid nitrogen	Kabarnet County Referral Hospital	3,224,867	3,224,867	100

Source: *Baringo County Treasury*

3.1.8 Budget Performance by Department

Table 3.4 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.4: Baringo County, Budget Performance by Department for the First Half of FY 2019/20

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	644.63	12.7	279.74	6.1	262.81	6	93.9	98.4	40.8	47.2
Governor/County Executive Services	479.45	58.56	224.08	11.22	118.36	9.61	52.8	85.6	24.7	16.4
County Treasury Services	278.58	36	166.52	-	127.89	-	76.8	-	45.9	-
Roads, Transport, Energy & Public Works	62.89	976.23	31.05	5.32	21.48	32.67	69.2	614.3	34.2	3.3
Industrialisation, Commerce & Tourism	74.85	158.83	51.74	1.52	50.8	3.02	98.2	198.4	67.9	1.9
Education and Vocational training (ICT)	335.79	204.56	147.03	12.32	160.03	8.91	108.8	72.3	47.7	4.4
Youth Affairs, Sports, Culture, Gender & Social services	33.43	98.79	16.42	1	12.92	1.63	78.7	161.9	38.6	1.6
Health Services	1,973.04	898.3	983.61	46.92	1,171.60	38.08	119.1	81.1	59.4	4.2
Lands, Physical Planning & Urban Development	87.17	271.16	54.36	8.47	20.24	12.33	37.2	145.5	23.2	4.5
Agriculture, Livestock & Fisheries Management	254.84	486.03	133.36	83.68	83.44	130.35	62.6	155.8	32.7	26.8
Water & Irrigation	121.25	1,050.73	50.63	46.61	41.64	51.49	82.2	110.5	34.3	4.9
Environment & Natural Resources	37.05	46.63	16.73	-	10.28	3.14	61.5	-	27.7	6.7
Total	**4,383.00**	**4,298.52**	**2,155.24**	**223.18**	**2,081.48**	**297.21**	**96.6**	**133.2**	**47.5**	**6.9**

Source: *Baringo County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 47.2 per cent while the Department of County Treasury Services did not incur any development expenditure. The Department of Industrialization, Commerce & Tourism had the highest percentage of recurrent expenditure to its recurrent budget at 67.9 per cent while the Department of Lands, Physical Planning & Urban Development recorded the lowest rate at 23.2 per cent.

3.1.9 Budget Execution by Programmes and Sub-Programmes

Table 3.5 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.5: Baringo County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Default	Default - Non Programmatic	-	1,531,235	(1,531,235)	0.0
General administration	General administration, planning & support services	344,211,616	92,673,059	251,538,557	26.9
Land Administration	Land adjudication and demarcation	27,700,000	99,800	27,600,200	0.4
Urban Development-Eldama ravine	Support service	40,000,000	-	40,000,000	0.0
Livestock Development and Management	General administration, planning & support services	12,800,000	-	12,800,000	0.0
	Support service	443,134,299	146,832,527	296,301,772	33.1
	Livestock Improvement, Pasture and Fodder Development	6,000,000	-	6,000,000	0.0
	Apiculture Development	5,000,000	-	5,000,000	0.0
	Sub Total	**466,934,299**	**146,832,527**	**320,101,772**	**31.4**
Agricultural Development	General administration, planning & support services	1,000,000	500,000	500,000	50.0
Agricultural training services	General administration, planning & support services	1,300,000	650,000	650,000	50.0
Other Urban Infrastructure development and management	KUSP Programme	52,360,500	-	52,360,500	0.0
Crop Production and Management	Agribusiness Infrastructure Development	11,400,000	312,100	11,087,900	2.7
Fisheries Development and Management	Aquaculture Development	3,000,000	-	3,000,000	0.0
Urban Development-Kabarnet	General Administrative Services	134,702,716	8,578,000	126,124,716	6.4
Land Use Planning	Land Planning and Development	16,600,000	-	16,600,000	0.0
General administration	General administration, planning & support services	62,894,893	22,209,827	40,685,066	35.3
Development and Rehabilitation of rural roads and structures	Roads opening and rehabilitation	831,582,296	38,481,683	793,100,613	4.6
General administration	General administration, planning & support services	74,853,448	51,225,399	23,628,049	68.4
Trade Development	Trade Development	5,752,776	2,500,000	3,252,776	43.5
Industrial Development services	Industrial Development services	-	-	-	0.0
	General administration, planning & support services	153,074,112	1,524,110	151,550,002	1.0
	Sub Total	**153,074,112**	**1,524,110**	**151,550,002**	**1.0**
General administration	General administration, planning & support services	1,879,576,758	1,072,312,877	807,263,881	57.1
Curative and Rehabilitative Services	General administration, planning & support services	40,164,034	-	40,164,034	0.0
	Support service	131,914,894	-	131,914,894	0.0
	Support to County Hospitals (FIF)	80,074,047	63,412,633	16,661,414	79.2
	Sub Total	**252,152,975**	**63,412,633**	**188,740,342**	**25.1**

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Preventive and Promotive Health Services	Infrastructure Development	46,400,000	-	46,400,000	0.0
	Compensation for User fees Forgone	665,007,098	36,492,177	628,514,922	5.5
	Primary Health Care	28,200,000	4,393,070	23,806,930	15.6
	Sub Total	**739,607,098**	**40,885,247**	**698,721,852**	**5.5**
General administration services	General administration, planning & support services	281,402,357	160,933,038	120,469,319	57.2
Early Childhood Development Education	Early Childhood Development Education	-	-	-	0.0
	General administration, planning & support services	24,770,000	-	24,770,000	0.0
	Support service	164,870,659	10,457,104	154,413,555	6.3
	Sub Total	**189,640,659**	**10,457,104**	**179,183,555**	**5.5**
Vocational Training	General administration, planning & support services	14,923,979	-	14,923,979	0.0
General Administration, Planning and support services	General Administration services	144,643,406	-	144,643,406	0.0
Special programmes	Secondary Schools bursary	30,000,000	-	30,000,000	0.0
	Capitation allocation on VTC - Grant	9,949,320	-	9,949,320	0.0
	School feeding programme	14,442,715	-	14,442,715	0.0
	Sub Total	**54,392,035**	**-**	**54,392,035**	**0.0**
Office Of the Clerk	General administration, planning & support services	-	-	-	0.0
General Administration ,Planning and Support Services	Support service	305,595,875	97,977,223	207,618,652	32.1
	General administrative services	12,704,016	6,038,647	6,665,369	47.5
	Sub Total	**318,299,891**	**104,015,870**	**214,284,021**	**32.7**
	General administration, planning & support services	208,938,252	110,467,471	98,470,781	52.9
	Support service	-	-	-	0.0
	Internal Audit Services	1,300,000	534,070	765,930	41.1
	Emergency Fund	14,000,000	1,424,500	12,575,500	10.2
	Sub Total	**224,238,252**	**112,426,041**	**111,812,211**	**50.1**
Treasury Accounts	General administration, planning & support services	-	-	-	0.0
KDS Programme	General administration, planning & support services	31,500,000	11,238,075	20,261,925	35.7
Economic Planning, Budget, Monitoring and Evaluation Services	Support service	2,042,550	516,300	1,526,250	25.3
	Monitoring and Evaluation Services	2,557,182	863,000	1,694,182	33.7
	Budget process and public participation services	6,090,000	4,181,550	1,908,450	68.7
	Sub Total	**10,689,732**	**5,560,850**	**5,128,882**	**52.0**
Revenue Services Development	General administration, planning & support services	9,155,519	5,901,111	3,254,408	64.5
	Support service	3,000,000	2,387,996	612,004	79.6
	Infrastructural Development	36,000,000	-	36,000,000	0.0
	Sub Total	**48,155,519**	**8,289,107**	**39,866,412**	**17.2**
Civic Education Development Services	Civic Education Development Services	1,597,102	798,551	798,551	50.0

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Inter and intra -governmental Relations services	General administration, planning & support services	7,000,000	2,438,950	4,561,050	34.8
	General administrative services	85,043,057	37,471,404	47,571,653	44.1
	County Secretary	102,319,443	21,807,158	80,512,285	21.3
	Deputy Governor	24,765,974	8,181,278	16,584,696	33.0
	Legal services	13,000,000	6,459,280	6,540,720	49.7
	Public Administration and devolution Services	91,828,349	7,357,439	84,470,910	8.0
	Communication Services	300,000	295,000	5,000	0.0
	Mogotio Sub County Administration Services	16,851,692	5,172,118	11,679,574	30.7
	Baringo Central Sub County Administration Services	15,255,765	7,132,047	8,123,718	46.7
	Baringo North Sub County Administration Services	17,684,745	6,821,724	10,863,021	38.6
	Baringo South Sub County Administration Services	19,510,904	6,770,411	12,740,493	34.7
	Tiaty Sub County Administration Services	18,841,842	2,848,159	15,993,683	15.1
	County Public Service Board Services	48,230,907	4,351,012	43,879,895	9.0
	Eldama Ravine Sub County Administration Services	17,224,229	8,419,967	8,804,262	48.9
	Sub -total	**470,856,907**	**123,086,998**	**347,769,909**	**26.1**
	Legislative Representation and Oversight services	339,037,766	153,389,401	185,648,365	45.2
	General administrative services	-	-	-	0.0
	ICT Development	24,000,000	-	24,000,000	0.0
	Infrastructure development	34,558,240	8,601,386	25,956,854	0.0
	Sub -total	**58,558,240**	**8,601,386**	**49,956,854**	**14.7**
	General administration, planning & support services	26,432,472	9,592,508	16,839,964	36.3
	General administration, planning & support services	10,700,000	1,961,620	8,738,380	0.0
	Support service	7,300,000	-	7,300,000	0.0
	Gender mainstreaming	1,000,000	999,700	300	0.0
	Sub -total	**19,000,000**	**2,961,320**	**16,038,680**	**15.6**
Sport Development	General administration, planning & support services	84,292,570	2,369,308	81,923,262	2.8
	Support service	1,500,000	739,000	761,000	0.0
	Sub -total	**85,792,570**	**3,108,308**	**82,684,262**	**3.6**
	Conservation of Cultural Heritage	1,000,000	-	1,000,000	0.0
	General administration, planning & support services	121,251,196	40,769,580	80,481,616	33.6
	General administration, planning & support services	-	-	-	0.0
	Support service	370,321,000	-	370,321,000	0.0
	Water Harvesting Storage and Flood Control	680,408,787	51,786,470	628,622,317	0.0
	Sub -total	**1,050,729,787**	**51,786,470**	**998,943,317**	**4.9**
	General administration, planning & support services	33,627,305	-	33,627,305	0.0

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	General administration, planning & support services	-	77,400	(77,400)	0.0
	Support service	6,000,000	-	6,000,000	0.0
	Sub -total	**6,000,000**	**77,400**	**5,922,600**	**1.3**
	General Administrative services	37,048,339	11,086,939	25,961,400	29.9
	Protection of rivers and streams	1,000,000	-	1,000,000	0.0
	County Forest conservation and management	6,000,000	-	6,000,000	0.0
Grand Total		**8,681,521,001**	**2,364,346,392**	**6,317,174,609**	**27.2**

Source: *Baringo County Treasury*

The best performing programs across the County were: Revenue Services Development (Support Services) at 79.6 per cent, Curative and Rehabilitative Services (Support to Health Services) at 79.2 per cent , and Economic Planning, Budget, Monitoring and Evaluation Services (budget process & public participation) at 68.7 per cent of budget allocation.

3.1.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Under-performance in own source of revenue collection, which declined by 8 per cent from Kshs.189.10 million realized in a similar period of FY 2018/19 to Kshs.174.02 million in the reporting period.
2. Delay in submission of financial statement and reports to the OCOB for Car Loans and House Mortgage Fund Scheme, Bursary/Scholarships Fund, Enterprise Fund and Emergency Funds which contravenes Section 168 of the PFM Act, 2012.
3. Delay in constituting the County Budget and Economic Forum (CBEF) as per the requirement of Section 137 of the PFM Act, 2012 for consultation in the budget process.
4. Failure by the County Executive to establish an Internal Audit Committee to oversee financial operations in the County contrary to Section 155 of the PFM Act, 2012.
5. High costs on personnel emoluments which increased by 5.1 per cent from Kshs.1.6 billion recorded in a similar period of FY 2018/19 to Kshs.1.68 billion in the reporting period, and accounted for 70.8 per cent of the total expenditure for the period.

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

1. *The County Treasury should develop and implement strategies to enhance own source revenue in order to ensure budgeted activities are adequately funded.*
2. *The County Executive Committee Member of Finance should ensure all Fund Administrators submits quarterly expenditure reports on the established Funds in time in line with Section 168 of the PFM Act, 2012.*
3. *The County should speed up the process of constituting the County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.*
4. *The County should expedite on establishment of an Internal Audit Committee and strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*
5. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

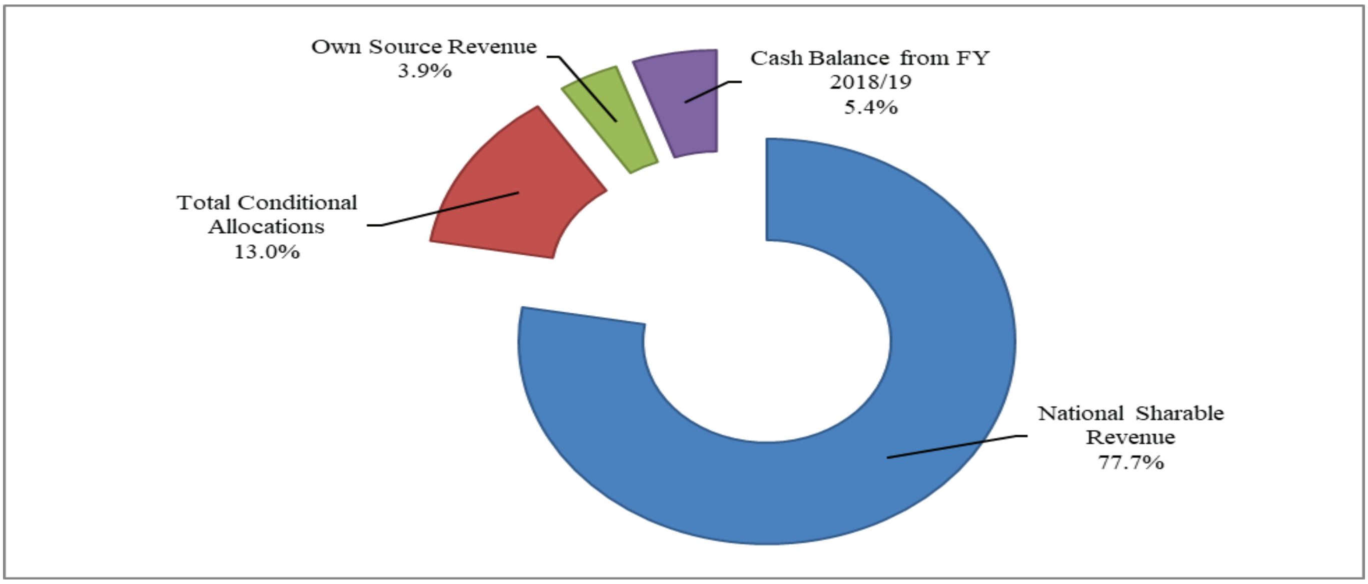
3.2 Bomet County

3.2.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.7.09 billion, comprising of Kshs.2.62 billion (37 per cent) and Kshs.4.47 billion (63 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.51 billion (77.7 per cent) as equitable share of revenue raised nationally, Kshs.918.70 million (13 per cent) as total conditional grants, generate Kshs.275.92 million (3.9 per cent) from own sources of revenue, and Kshs.385.90 million (5.4 per cent) as cash balance from FY 2018/19. Figure 3.4 shows the expected sources of financing by category in FY 2019/20.

Figure 3.4: Expected Revenue Sources in FY 2019/20



Source: *Bomet County Treasury*

3.2.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.10 billion as equitable share of the revenue raised nationally, raised Kshs.76.06 million from own-source revenue, and had a cash balance of Kshs.385.90 million from FY 2018/19.

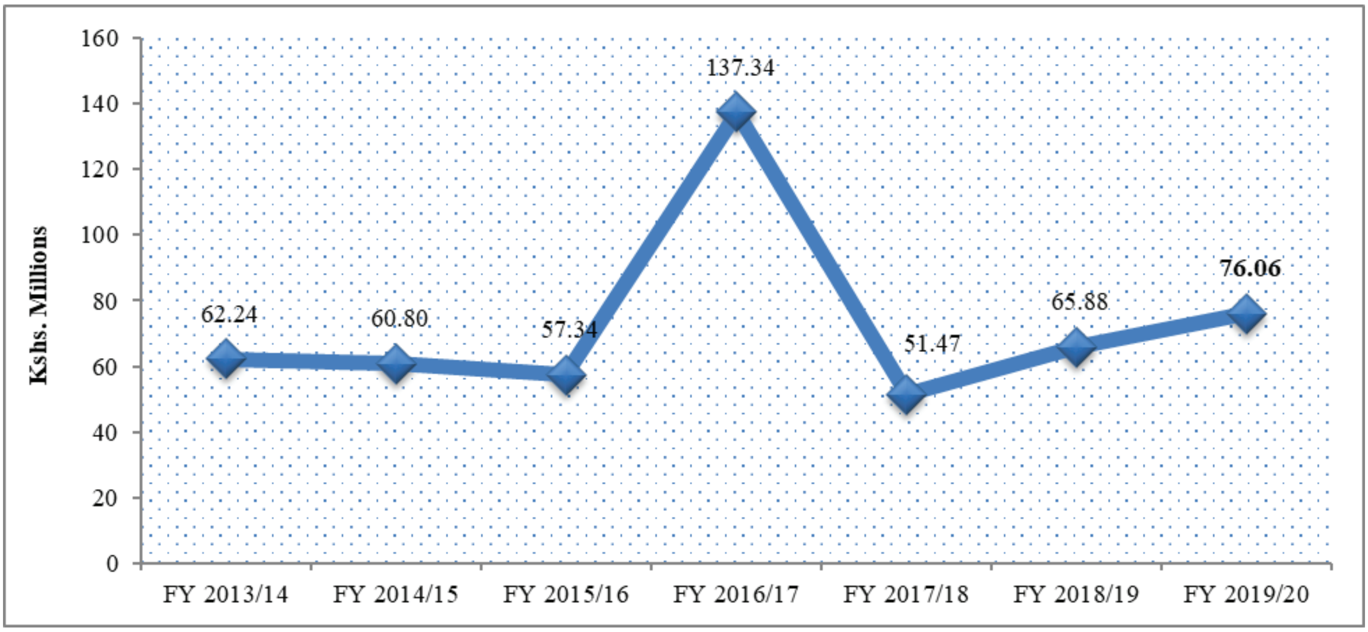
Table 3.6: Bomet County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**5,859,000,000**	**5,507,100,000**	**2,103,165,277**	**38.2**
B.	**Conditional Grants from the National Government Revenue**	-	-	-	-
1	Compensation for User Fee Foregone	16,713,356	16,713,356	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	156,322,688	156,322,688	-	-
4	Rehabilitation of Village Polytechnics	57,875,000	57,875,000	-	-
Sub Total		**362,825,938**	**362,825,938**	-	-
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
6	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	215,200,000	215,200,000	-	-
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	240,534,800	240,534,800	-	-
8	DANIDA Grant	17,718,750	17,718,750	-	-
9	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	30,000,000	30,000,000	-	-
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,000,000	17,416,549	-	-
	Sub Total	**555,453,550**	**555,870,099**	-	-
D	**Other Sources of Revenue**				
11	Own Source Revenue	-	275,922,277	76,063,824	27.6
12	Balance b/f from FY2018/19	-	385,900,000	385,900,000	100.0
Sub Total		-	**661,822,277**	**461,963,824**	**69.8**
	Grand Total	**6,777,279,488**	**7,087,618,314**	**2,565,129,100**	**36.2**

Source: *Bomet County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.57 billion as shown in Table 3.6.

Figure 3.5: Trend in Own-Source Revenue Collection ffor the First Half of the Year from of the year FY 2013/14 to FY 2019/20



Source: *Bomet County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.76.06 million as own-source revenue. This amount represented an increase of 15 per cent when compared to Kshs.65.88 million realised during the same period in FY 2018/19, and represented 27.6 per cent of the annual target.

3.2.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.48 billion from the CRF during the reporting period. This withdrawal comprised of Kshs.322.32 million (13 per cent) for development programmes and Kshs.2.16 billion (87 per cent) for recurrent programmes.

3.2.4 Overall Expenditure Review

A total of Kshs.2.17 billion was spent on development and recurrent programmes and represented 86 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.250.73 million and Kshs.1.92 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 9.6 per cent while that incurred on recurrent expenditure programmes represented 43 per cent of the annual recurrent budget.

3.2.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.33 billion was spent on compensation to employees, Kshs.596.85 million on operations and maintenance, and Kshs.250.73 million on development expenditure.

Table 3.7: Bomet County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**4,470,702,594**	**2,159,834,107**	**1,924,196,558**	**88.5**	**43.0**
Compensation to Employees	2,461,225,287	1,381,475,915	1,327,346,465	61.0	53.9
Operations and Maintenance	2,009,477,307	778,358,192	596,850,093	27.4	29.7
Total Development Expenditure	**2,616,915,720**	**322,317,770**	**250,725,341**	**11.5**	**9.6**
Development Expenditure	2,616,915,720	322,317,770	250,725,341	11.5	9.6
Total	**7,087,618,314**	**2,482,151,877**	**2,174,921,899**	100	30.7

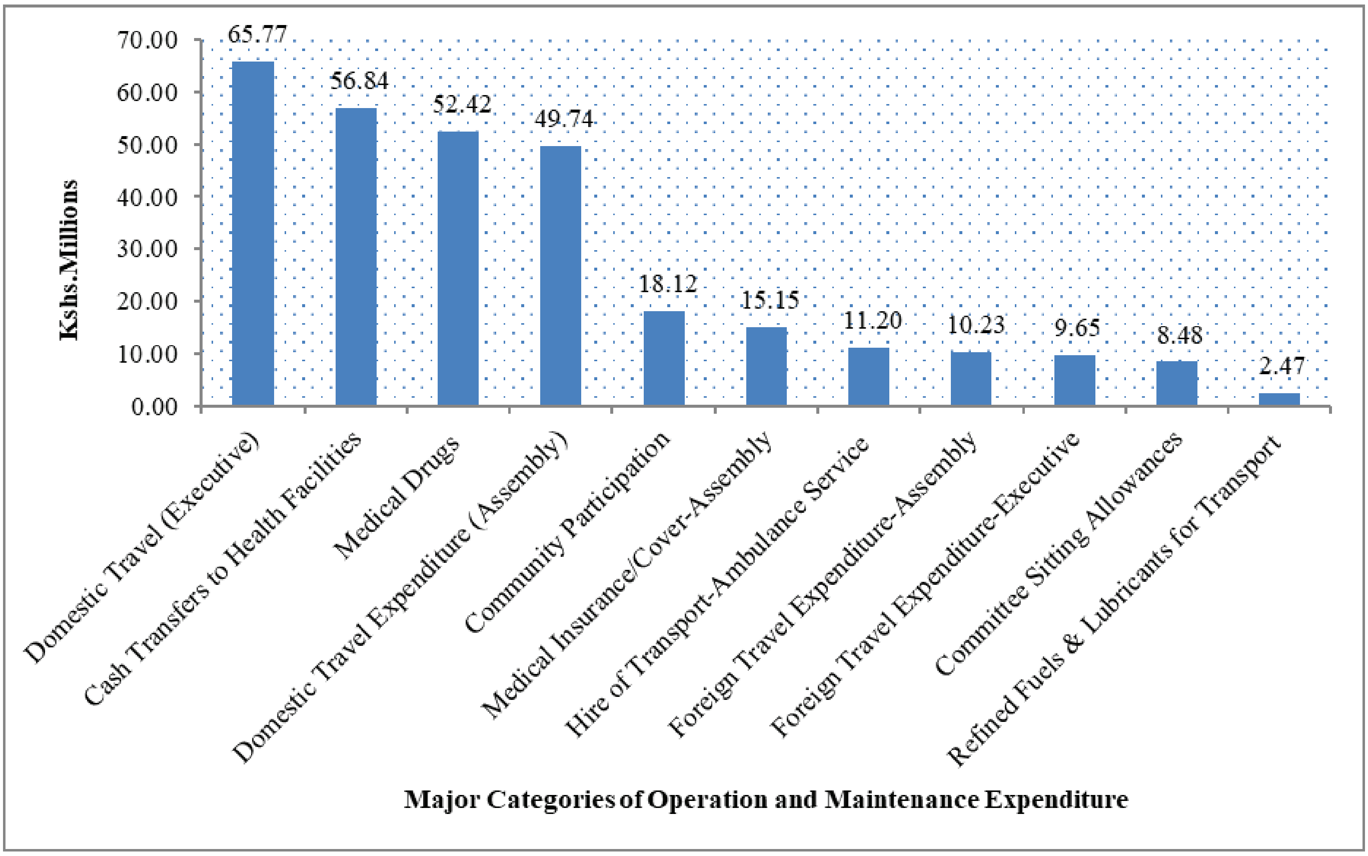
Source: *Bomet County Treasury*

Expenditure on compensation to employees was 61 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.42 billion.

3.2.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.6: Bomet County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Bomet County Treasury*

The County spent Kshs.8.48 million on committee sitting allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.10.88 million in the first half of FY 2019/20. The average monthly sitting allowance averaged Kshs.38,188 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.115.51 million and comprised of Kshs.49.74 million spent by the County Assembly and Kshs.65.77 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.19.88 million and comprised of Kshs.10.23 million spent by the County Assembly and Kshs.9.65 million spent by the County Executive.

3.2.7 Development Expenditure Analysis

The total development expenditure of Kshs.250.73 million represented 9.6 per cent of the annual development budget of Kshs.2.62 billion. Table 3.8 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.8: Bomet County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Development of detailed design for sewerage plant at Sotik town Chemagel	Chemagel	-	9,438,940	-
2	Chepalungu water supply	Kongasis	3,955,336	3,999,450	101.1
3	Kamureito water supply	Kipsonoi	7,814,375	5,424,000	69.4
4	Aonet water Project	Singorwet	-	13,353,684	-
5	Fabrication and installation of litter bins	Silibwet Township ward, Chemagel, Mogogosiek, Chebunyo, Longisa and Kipreres	2,194,500	2,402,400	109.5
6	Kipngosos water project	Rongena/Manaret	2,600,000	2,510,423	96.6
7	Chebaraa Irrigation Scheme	Sigor	-	5,379,000	-
8	Kipngosos water project	Rongena/Manaret	-	6,952,919	-
9	Taboino water Project	Embomos	-	3,989,230	-
10	Kaptebengwet water Project	Boito	2,378,550	2,378,550	100.0

Source: *Bomet County Treasury*

3.2.8 Budget Performance by Department

Table 3.9 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.9: Bomet County, Budget Performance by Department for the First Half of FY 2019/20

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	646.32	60.00	304.00	-	293.75	-	96.6	-	45.4	-
County Executives	1,753.87	-	1,044.87	-	1,066.31	-	102.1	-	60.8	-
Public Service Board	20.03	-	4.55	-	2.32	-	50.9	-	11.6	-
Administration	58.39	69.61	26.62	-	16.33	-	61.4	-	28.0	-
ICT	25.71	21.00	8.20	-	8.80	-	107.4	-	34.2	-
Finance	105.77	99.93	36.64	38.31	40.33	47.45	110.1	123.9	38.1	47.5
Economic Planning	133.87	0	38.54	-	18.15	-	47.1	-	13.6	-
Lands, Housing and Urban Planning	71.49	280.56	11.28	-	9.55	-	84.6	-	13.4	-
Youth, Sports, Gender and Culture	88.02	37.00	37.31	-	21.65	-	58.0	-	24.6	-
Medical Services & Public Health	1,188.09	374.73	519.92	13.23	333.82	10.94	64.2	82.7	28.1	2.9
Education and Vocational Training	146.47	128.18	26.66	35.17	28.13	35.17	105.5	100.0	19.2	27.4
Water Sanitation and Environment	86.51	404.35	60.30	23.91	41.43	19.43	68.7	81.3	47.9	4.8
Agriculture Cooperatives and Marketing	60.97	363.20	9.89	93.71	9.48	35.11	95.9	37.5	15.6	9.7
Roads, Public Works & Transport	58.38	655.57	21.88	94.47	11.03	80.20	50.4	84.9	18.9	12.2
Trade, Energy, Tourism, Industry and Investment	26.80	122.80	9.17	23.52	23.11	22.41	252.0	95.3	86.2	18.2
TOTAL	**4,470.70**	**2,616.92**	**2,159.83**	**322.32**	**1,924.20**	**250.73**	**89.1**	**77.8**	**43**	**9.6**

Source: *Bomet County Treasury*

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 47.5 per cent followed by the Departments of Education and Vocational Training at 27.4 per cent. The Department of Trade, Energy, Tourism, Industry and Investment had the highest percentage of recurrent expenditure to its recurrent budget at 86.2 per cent while the Department of public Service Board had the lowest at 11.6 per cent.

3.2.9 Budget Execution by Programmes and Sub-Programmes

Table 3.10 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.10: Bomet County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
MEDICAL SERVICES, PUBLIC HEALTH & SANITATION					
Curative Health Services	Cash Transfers to Health Facilities.	110,953,899	56,841,980	54,111,919	51.2
	Health Programmes	495,596,909	148,168,799	347,428,110	29.9
General Administration Planning and Support Services					
	Human Resource Services	665,000,000	162,455,832	502,544,168	24.4
	Administrative services	27,495,831	12,257,166	15,238,665	44.6
World Bank Loan to for transforming health systems for universal care project	Transformative Health Care systems	35,000,000	21,190,561	13,809,439	60.5
COUNTY EXECUTIVE					
Administration, Planning and Support services	Human Resource Services	1,494,638,552	619,302,091	875,336,461	41.4
	Administration of Human Resources in County Public Service Board	20,034,200	2,316,164	17,718,036	11.6
	Administration Services	259,227,874	47,415,846	211,812,028	18.3
Information Technology Services(ICT) Services					
	Administration Services	35,000,000	8,801,980	26,198,020	25.1
FINANCE AND ECONOMIC PLANNING					
Budget Preparation and Management	Administrative Services	105,772,392	40,325,462	65,446,930	38.1
	Budget Preparation Documents	8,000,000	5,505,000	2,495,000	68.8
	Public Participation	6,000,000	4,610,400	1,389,600	76.8
Policy Planning and Administration					
	Administrative Services	23,900,000	1,853,500	22,046,500	7.8
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
Administration, Planning and Support Services	Administrative services	60,972,095	9,482,511	51,489,584	15.6
	IDA(Word Bank) Kenya Climate Smart	215,200,000	11,304,194	203,895,806	5.3
	Fisheries Development	900,000	3,536,896	(2,636,896)	393
	Disease, Vector and pest control	4,000,000	525,000	3,475,000	13.1
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
Policy planning and Administrative Services	SP1.1. Policy, Planning and Administrative services	86,514,199	41,426,400	45,087,799	47.9
	P.2 Water supply infrastructure	257,846,082	18,633,996	239,212,086	7.2
EDUCATION AND VOCATIONAL TRAINING					
Policy Planning, and General Administrative Services	General Administrative Services	146,470,250	28,134,615	239,212,086	19.2
	Early Childhood Development and Education	122,250,000	32,831,207	89,418,793	26.9
	Technical Vocational Educational and Training	5,925,000	2,343,379	3,581,621	39.6
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT					
General Administration Planning and Support Services					
	Use of Goods and Services	36,491,187	440,850	36,050,337	1.2
ROADS, TRANSPORT & PUBLIC WORKS					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration Planning and Support Services	Delivery Unit	3,500,000	348,600	3,151,400	10
Roads Maintenance	Road maintenance (Fuel)	10,000,000	3,412,747	6,587,254	34.1
	Overhaul of Roads (RMLF)	156,322,688	39,992,953	116,329,735	25.6
	Construction and Maintenance of Motorized Bridge	20,000,000	40,210,539	(20,210,539)	201.1
TOURISM, TRADE, ENTERPRISE DEVELOPMENT & COOPERATIVES					
Policy, General Administration Planning and Support Services					
	Policy, General Administration Planning and Support Services	20,396,647	9,690,288	10,706,359	47.5
Trade Development and Promotion	County Enterprise Fund	21,000,000	12,673,175	8,326,825	60.3
	Market Development	32,696,006	869,626	31,826,380	2.7
Energy Development	Power Generation And Distribution Service_ street lights	5,000,000	2,147,216	2,852,784	42.9
	Installation and Maintenance of street lights	20,000,000	4,518,787	15,481,213	22.6
Industry Development	Industrial Development And Support	13,000,000	1,042,350	11,957,650	8
	Equipping of Jua Kali sheds	4,000,000	1,157,710	2,842,290	28.9
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
Gender Children Services	Training and gender empowerment	6,400,000	2,511,500	3,888,500	39.2
	Social protection and children services	12,300,000	5,539,300	6,760,700	45.0
Culture and library services	Cultural Development	3,120,370	731,360	2,389,010	23.4
	Public Records and Archives Management	1,000,000			-
Youth and Sports Development	Internship Programme	27,000,000	8,634,000	2,389,010	32
COUNTY ASSEMBLY					
County Assembly Legislative Services	Legislative Services	301,586,736	52,008,075	249,578,661	17.2
	Committee Services	30,492,000	611,760	29,880,240	2
	Public Participation	37,236,350	10,400,000	26,836,350	27.9
Oversight Presentation	Decentralization of Services	30,340,000	8,024,000	22,316,000	26.4
	SP 3.2: H R and Admin Services	301,962,662	89,817,796	212,144,866	29.7
Total		**5,280,541,928**	**1,574,045,608**	**3,810,395,781**	**29.8**

Source: *Bomet County Treasury*

The best performing programs across the County were: Fisheries Development at 393 per cent, Construction and Maintenance of Motorized Bridge at 201.1 per cent, Transformative Health Care systems at 60.5 per cent, and County Enterprise Fund at 60.3 per cent of budget allocation.

3.2.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in approval of the FY 2019/20 budget by the County Assembly, which affected effective budget execution during the reporting period.
2. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates approved budget estimates of kshs.5.28 billion compared to Kshs.7.09 billion in the County Appropriation Act, 2019. In addition, some programmes such as Fisheries Development and Construction and Maintenance of Motorized Bridge absorbed 393 per cent and 201.1 per cent of budget allocation.

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

1. *The County should observe the budget timelines as stipulated in law in approval of key planning documents so as to facilitate smooth implementation of the budget.*
2. *The County Treasury should reconcile the budget implementation reports generated from IFMIS with progress reports on budget implementation and address any anomalies.*

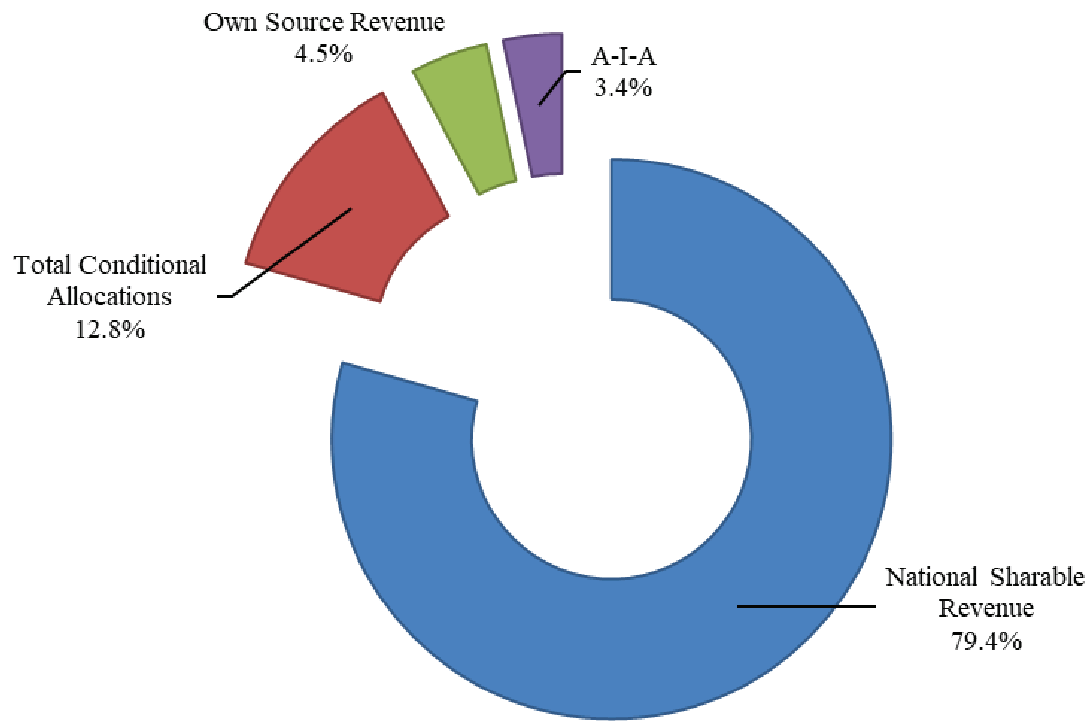
3.3 Bungoma County

3.3.1 Overview of the FY 2019/20 Budget

The County's Approved Budget for FY 2019/20 was Kshs.11.92 billion, comprising of Kshs.3.74 billion (31.3 per cent) and Kshs.8.18 billion (68.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.89 billion (79.4 per cent) as equitable share of revenue raised nationally, Kshs.1.43 billion (12.8 per cent) as total conditional grants and generate Kshs.500 million (4.5 per cent) from own source revenue. The County also budgeted to receive Ksh.378.66 million (3.4 per cent) as Appropriations in Aid. Figure 3.7 shows the expected sources of financing by category in FY 2019/20.

Figure 3.7: Bungoma County Expected Revenue Sources in FY 2019/20



Source: *Bungoma County Treasury*

3.3.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.21 billion as equitable share of the revenue raised nationally, Kshs.117.83 million as total conditional grants and raised Kshs.117.95 million from own-source revenue. The County also received Ksh.235.77 million as Appropriations-in-Aid.

Table 3.11: Bungoma County, Revenue Performance in the First Half of FY 2019/20

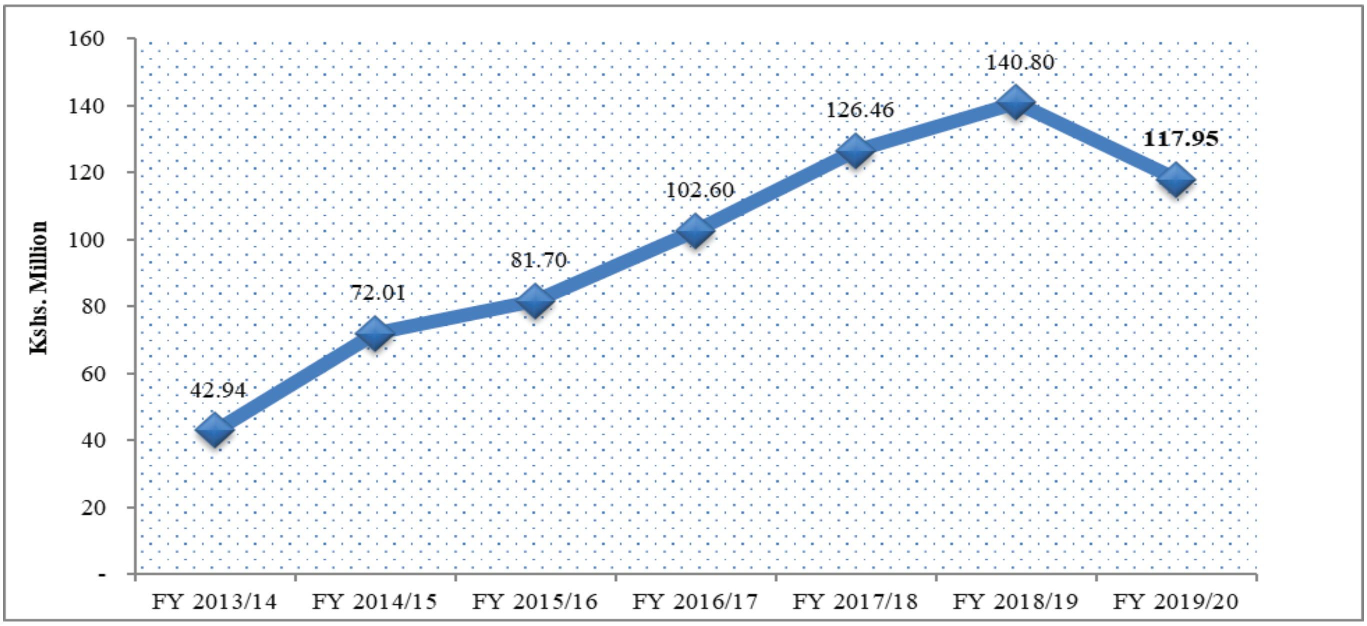
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,893,650,000	9,432,327,000	3,212,754,028	36.1
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	32,837,307	32,837,307	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	252,452,156	252,452,156	117,827,628	45.1
4.	Rehabilitation of Village Polytechnics	53,928,298	53,928,298	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		**471,132,655**	**471,132,655**	**117,827,628**	**25.0**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	143,042,792	143,042,792	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	300,977,100	300,977,100	-	-
9.	DANIDA Grant	26,718,750	26,718,750	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,814,092	18,814,092	-	-
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		958,352,734	914,552,734	-	-
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	500,000,000	117,949,768	23.6
14.	A-I-A	-	378,664,822	235,772,982	62.3
Sub Total		-	878,664,822	353,722,750	40.3
Grand Total		**10,323,135,389**	**11,696,677,211**	**3,684,304,406**	**31.5**

Source: *Bungoma County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.69 billion as shown in Table 3.11.

Figure 3.8: Trend in Own-Source Revenue Collection or the First Half of the year from of the year FY 2013/14 to FY 2019/20



Source: *Bungoma County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.117.95 million as own-source revenue. This amount represented a decrease of 16.2 per cent when compared to Kshs.140.8 million realised during the same period in FY 2018/19, and represented 23.6 per cent of the annual target.

3.3.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.16 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.656.12 million (12.7 per cent) for development programmes and Kshs.4.50 billion (87.3 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

A total of Kshs.4.32 billion was spent on development and recurrent programmes and represented 83.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.754.59 million and Kshs.3.57 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 20.2 per cent while that incurred on recurrent expenditure programmes represented 43.6 per cent of the annual recurrent budget.

3.3.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.39 billion was spent on compensation to employees, Kshs.1.18 billion on operations and maintenance, and Kshs.754.59 million on development expenditure.

Table 3.12: Bungoma County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**8,184,380,247**	**4,503,156,079**	**3,567,179,975**	**82.5**	**43.6**
Compensation to Employees	3,571,716,770	2,432,580,615	2,388,543,901	55.3	66.9
Operations and Maintenance	4,612,663,477	2,070,575,464	1,178,636,074	27.3	25.6
Total Development Expenditure	**3,737,152,253**	**656,124,686**	**754,586,321**	**17.5**	**20.2**
Development Expenditure	3,737,152,253	656,124,686	754,586,321	17.5	20.2
Total	**11,921,532,500**	**5,159,280,765**	**4,321,766,296**	**100.0**	**36.3**

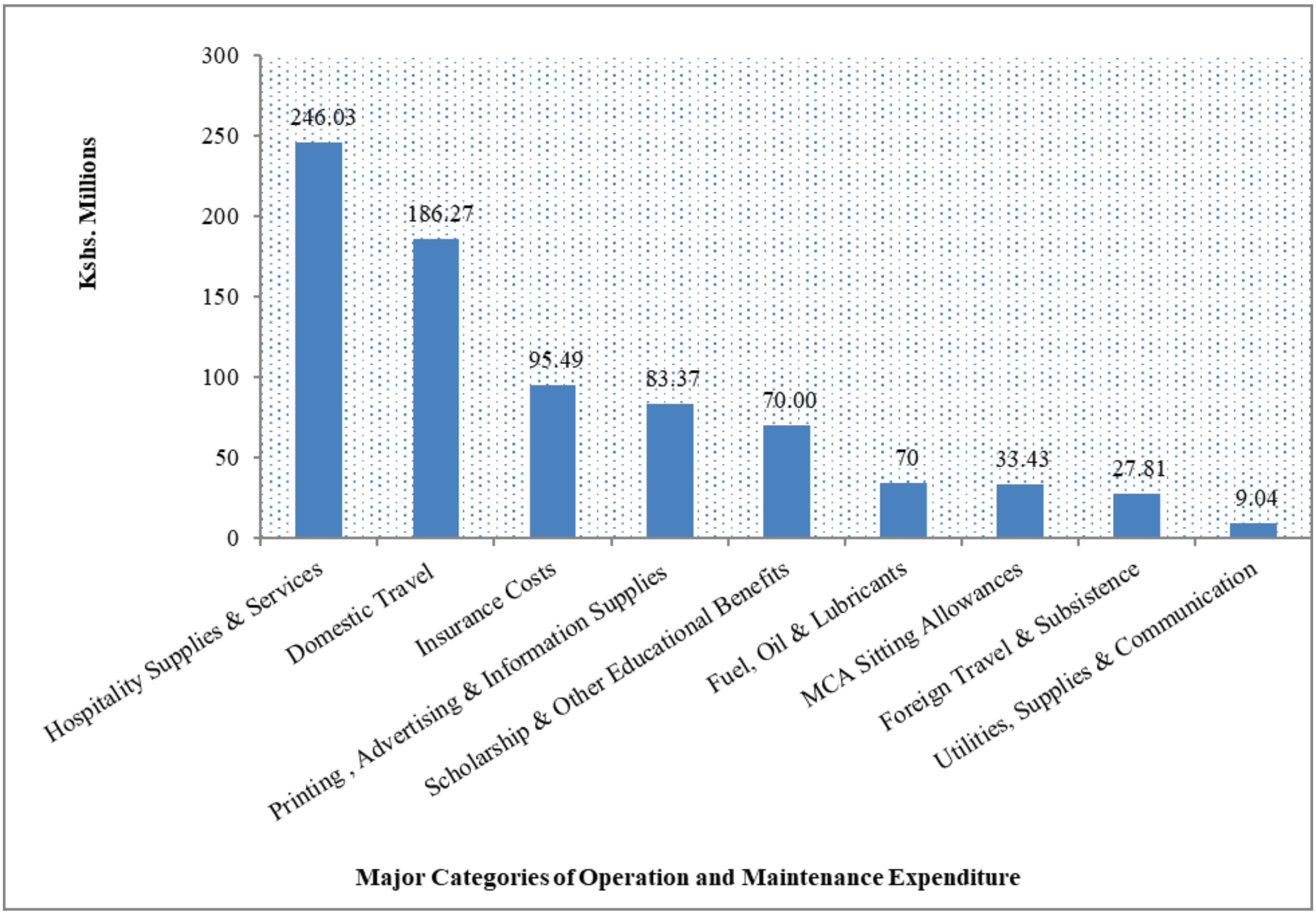
Source: *Bungoma County Treasury*

Expenditure on compensation to employees was 55.3 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 5.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.72 billion.

3.3.6 Analysis of Operations and Maintenance Expenditure

Figure 3.9 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.9: Bungoma County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source:*Bungoma County Treasury*

The County spent Kshs.33.43 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.95.6 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.91,327 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.186.27 million and comprised of Kshs.15.94 million spent by the County Assembly and Kshs.170.33 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.27.81 million and comprised of Kshs.14.66 million spent by the County Assembly and Kshs.13.15 million spent by the County Executive.

3.3.7 Development Expenditure Analysis

The total development expenditure of Kshs.754.59 million represented 20.2 per cent of the annual development budget of Kshs.3.74 billion. Table 3.13 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.13: Bungoma County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Kanduyi - Sang'alo Junction Dual Carriage	Kanduyi - Sang'alo Junction	271,912,595	158,900,157	58.4
2	Construction of Kanduyi stadium	Kanduyi	100,016,248	69,140,663	69.1
3	Other infrastructure and civil works: Phase two Construction of Administration block	County Assembly	198,389,974	29,949,519	15.1

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
4	Construction of a 300 bed Maternal and Child Health Ward	Bungoma County Referral Hospital	65,000,000	25,045,531	38.5
5	NARIGP	20 Wards	350,000,010	2,244,174	0.6
6	Other infrastructure and civil works: County Assembly Refurbishment	County Assembly	1,610,026	1,610,028	100

Source: *Bungoma County Treasury*

3.3.8 Budget Performance by Department

Table 3.14 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.14 : Bungoma County, Budget Performance by Department for the First Half of FY 2019/20

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	867.66	216.00	464.56	75.45	427.87	31.56	92.1	41.8	49.3	14.6
Governor and D/Governor's Office	434.61	-	234.06	-	243.33	-	104.0	-	56.0	-
Finance & Economic planning	1,138.30	-	614.01	-	548.05	-	89.3	-	48.1	-
Agriculture, Livestock, Fisheries & Co-op Development	319.74	686.89	274.19	21.00	164.80	71.78	60.1	341.8	51.5	10.4
Tourism, Forestry, Environment, Water and Natural Resources	230.08	358.34	239.12	-	102.91	-	43.0	-	44.7	-
Roads and Public works	156.11	1,110.45	236.64	437.30	62.49	362.94	26.4	83.0	40.0	32.7
Education & Science	1,171.56	235.23	587.96	1.25	525.163	1.25	89.3	100.0	44.8	0.5
Health and Sanitation	2,780.80	201.17	1,277.69	25.05	1,113.04	26.14	87.1	104.4	40.0	13.0
Trade, Energy & Industrialization	44.56	105.96	19		17.26		90.9	-	38.7	0.0
Culture, Gender, Youth and Sports	110.18	136.02	87.31	69.14	49.86	69.14	57.1	100.0	45.3	50.8
Land, Urban, Physical planning and Housing	69.24	435.88	87.29	15.23	31.11	180.21	35.6	1183.6	44.9	41.3
Public Administration	446.30	251.21	344.28	11.71	265.99	11.56	77.3	98.7	59.6	4.6
County Public Service	36.58	-	36.33	-	15.29	-	42.1	0.0	41.8	0.0
TOTAL	**7,805.72**	**3,737.15**	**4,502.43**	**656.12**	**3,567.18**	**754.58**	**79.2**	**115.0**	**45.7**	**20.2**

Source: *Bungoma County Treasury*

Analysis of expenditure by department shows that the Department of Culture, Gender, Youth and Sports recorded the highest absorption rate of development budget at 50.8 per cent followed by the Department of Land, Urban, Physical planning and Housing at 41.3 per cent. The Department of Public Administration had the highest percentage of recurrent expenditure to its recurrent budget at 59.6 per cent while the Department of Trade, Energy & Industrialization had the lowest at 38.7 per cent.

3.3.9 Budget Execution by Programmes and Sub-Programmes

Table 3.15 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.15: Bungoma County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Health and Sanitation					
Preventive and Promotive	Preventive services	332,889,500	-	332,889,500	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administration, Planning and Support Service	2,470,959,621	1,068,620,050	1,402,339,571	43.2
Curative health care services	Curative health care services	315,001,345	-	315,001,345	-
Sanitation management	Sanitation management	14,070,393	232,800	13,837,593	1.7
Reproductive, Maternal, New born and Child health	Reproductive, Maternal, New born and Child health	190,613,112	70,334,616	120,278,496	36.9
	Sub total	**3,323,533,971**	**1,139,187,466**	**2,184,346,505**	**34.3**
Water and Natural Resources					
General administration ,planning and support services	General administration ,planning and support services	39,515,764	18,363,918	21,151,846	47
Purchase of drilling grill	Purchase of drilling grill	80,000,000	-	80,000,000	-
Overhaul of water supplies	Overhaul of water supplies	40,000,000	-	40,000,000	-
other infrastructure and civil works (Ward Based Projects)	other infrastructure and civil works (Ward Based Projects)	150,344,323	-	150,344,323	-
Other infrastructure and Civil works EU FUNDING	Other infrastructure and Civil works EU FUNDING	8,000,000	-	8,000,000	-
Water supplies and Sewerage	Water supplies and Sewerage	13,000,000	-	13,000,000	-
Purchase of Tree seed and seedlings	Purchase of Tree seed and seedlings	45,000,000	-	45,000,000	-
-	**Sub total**	**375,860,087**	**18,363,918**	**357,496,169**	**5**
General administration, planning and support services	General administration, planning and support services	44,564,778	17,263,509	27,301,269	**38.7**
Market Infrastructure Development	Market Infrastructure Development	24,000,000	-	24,000,000	-
Trade and Enterprise Development	Trade and Enterprise Development	30,000,000	-	30,000,000	-
Energy access and Industrial development	Energy access and Industrial development	15,000,000	-	15,000,000	-
Ward Based Projects	Ward Based Projects	36,964,006	-	36,964,006	-
-	**Sub total**	**150,528,784**	**17,263,509**	**133,265,275**	**11.5**
Education and Planning					
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	1,173,562,669	455,163,452	718,399,217	39
Early Childhood Development and Education	Early Childhood Development and Education	53,928,298	-	53,928,298	-
Vocational Education and Training	Vocational Education and Training	162,297,166	70,000,000	92,297,166	43
Education Support Programme	Education Support Programme	19,000,000	1,250,000	17,750,000	7
	Sub total	**1,408,788,133**	**526,413,452**	**882,374,681**	**37**
Tourism					
General Administration	General Administration	191,716,261	84,547,160	107,169,101	44
Feasibility and Appraisal studies	Feasibility and Appraisal studies	2,000,000	-	2,000,000	-
Other infrastructure and civil works	Other infrastructure and civil works	14,000,000	-	14,000,000	-
Other infrastructure and civil works	Other infrastructure and civil works	6,000,000	-	6,000,000	-
-	**Sub total**	**213,716,261**	**84,547,160**	**129,169,101**	**40**
General administration, planning and support services	General administration, planning and support services	55,385,873	21,402,779	33,983,094	38.6
Land Resource Management and survey	Land Resource Management and survey	116,877,797	12,732,674	104,145,124	10.9
Urban development	Urban development	309,000,000	167,475,530	141,524,470	54.2
	Sub total	**481,263,670**	**201,610,983**	**279,652,687**	**41.9**
County Public Service Board					
General Administration, planning and Support Services	General Administration, planning and Support Services	27,990,760	15,290,376	12,700,384	55
Human Resource Management and Development	Human Resource Management and Development	6,185,300	-	6,185,300	-
Governance and National Values	Governance and National Values	2,400,000	-	2,400,000	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub total	**36,576,060**	**15,290,376**	**21,285,684**	**42**
Public Administration					
General Administration, Planning and support services	General Administration, Planning and support services	322,297,417	181,977,480	140,319,937	56.5
Purchase of ICT networking and Communications Equipment	Purchase of ICT networking and Communications Equipment	29,670,244	10,895,073	18,775,171	36.7
Institutional development and support services	Institutional development and support services	9,000,000	-	9,000,000	-
	Sub total	**360,967,661**	**192,872,553**	**168,095,108**	**53.4**
Housing					
General Administration, Planning and support services	General Administration, Planning and support services	19,855,883	9,711,380	10,144,503	49
Housing development and management	Housing development and management	10,000,000	-	10,000,000	-
	Sub total	**29,855,883**	**9,711,380**	**20,144,503**	**33**
Finance and Economic planning					
General administration ,planning and support services	General administration ,planning and support services	1,130,226,504	544,673,263	585,553,241	48.2
Integrated Planning & Budgeting Service	Integrated Planning & Budgeting Service	-	-	-	-
Monitoring & Evaluation	Monitoring & Evaluation	8,072,960	3,374,200	4,698,760	41.8
County Public Financial Management	County Public Financial Management	-	0	-	-
Emergency Fund	Emergency Fund	-	0	-	-
	Sub total	**1,138,299,464**	**548,047,463**	**590,252,001**	**48.1**
Governor/Deputy Governor					
General Administration, Planning and support services	General Administration, Planning and support services	434,609,527	243,332,448	191,277,079	56
	Sub total	**434,609,527**	**243,332,448**	**191,277,079**	**56**
County Secretary					
General administration ,planning and support services	General administration, planning and support services	124,000,000	84,099,226	39,900,774	67.8
Kenya devolution development	Kenya devolution development	212,537,789	**0**	212,537,789	-
	Sub total	**336,537,789**	**84,099,226**	**252,438,563**	**25.0**
Roads and Public Works					
General administration, planning and support services	General administration, planning and support services	104,745,457	62,493,535	42,251,922	59.7
Public safety and transport operations	Public safety and transport operations	5,316,000	-	5,316,000	-
Building standard and civil works	Building standard and civil works	2,936,000	-	2,936,000	-
Transport and infrastructure development and management	Transport and infrastructure development and management	1,157,242,695	362,941,213	794,301,482	31.4
	Sub total	**1,270,240,152**	**425,434,748**	**844,805,404**	**33.5**
General administration ,planning and support services	General administration ,planning and support services	344,009,239	164,804,752	179,204,488	47.9
Other Capital grants and transfers-ASDSP and NARGIP	Other Capital grants and transfers-ASDSP and NARGIP	374,314,092	50,780,787	323,533,305	13.6
infrastructure and civil works	infrastructure and civil works	79,570,930	-	79,570,930	-
Crop development and management	Crop development and management	179,479,070	-	179,479,070	-
Livestock resource management and development	Livestock resource management and development	43,070,930	21,000,000	22,070,930	48.8
Fisheries development and management	Fisheries development and management	-	-	-	-
Agricultural Institutions and Development	Agricultural Institutions and Development	7,100,000	-	7,100,000	-
Ward Fund projects	Ward Fund projects	3,357,452	-	3,357,452	-
	Sub total	**1,030,901,713**	**236,585,539**	794,316,175	**22.9**
Gender, Youth, Culture and Sports					

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and support services	General Administration, Planning and support services	110,175,415	49,861,580	60,313,835	45.3
Youth Empowerment	Youth Empowerment	9,000,000	-	9,000,000	-
Infrastructure and civil works	Infrastructure and civil works	17,000,000	-	17,000,000	-
Sports Facility development and management	Sports Facility development and management	110,016,248	69,140,663	40,875,585	62.8
	Sub total	**246,191,663**	**119,002,243**	**127,189,420**	**48.3**
County Assembly					
General Administration, Planning and support services	General Administration, Planning and support services	634,549,223	427,868,168	206,681,055	67.4
Legislation	Legislation	9,000,000	-	9,000,000	-
Oversight	Oversight	173,159,300	-	173,159,300	-
Representation and outreach services	Representation	50,953,160	-	50,953,160	-
General Infrastructure development	General Infrastructure development	216,000,000	31,559,547	184,440,454	14.6
	Sub total	**1,083,661,683**	**459,427,714**	**624,233,969**	**42.4**
Grand Total		**11,921,532,501**	**4,321,190,178**	**7,600,342,324**	**36.2**

***Source**: Bungoma County Treasury*

The best performing programs across the County were: Sports Facility development and Management at 62.8 per cent, Urban Development at 54.2 per cent, Livestock Resource Management and Development at 48.8 per cent, and Monitoring & Evaluation at 41.8 per cent of budget allocation.

3.3.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Slow implementation of development activities. The County spent Kshs.754.59 million which represented 20.2 per cent of the annual development budget against the expected absorption rate of 50 per cent.
2. Under-performance in own-source revenue collection, which declined by 16.2 per cent from Kshs.140.8 million in the first half of FY 2018/19 to Kshs.117.95 million in the reporting period.

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

1. *The County should identify and address issues that cause delays in the implementation of development projects.*
2. *The County Treasury should formulate and implement strategies to enhance own-source revenue collection.*

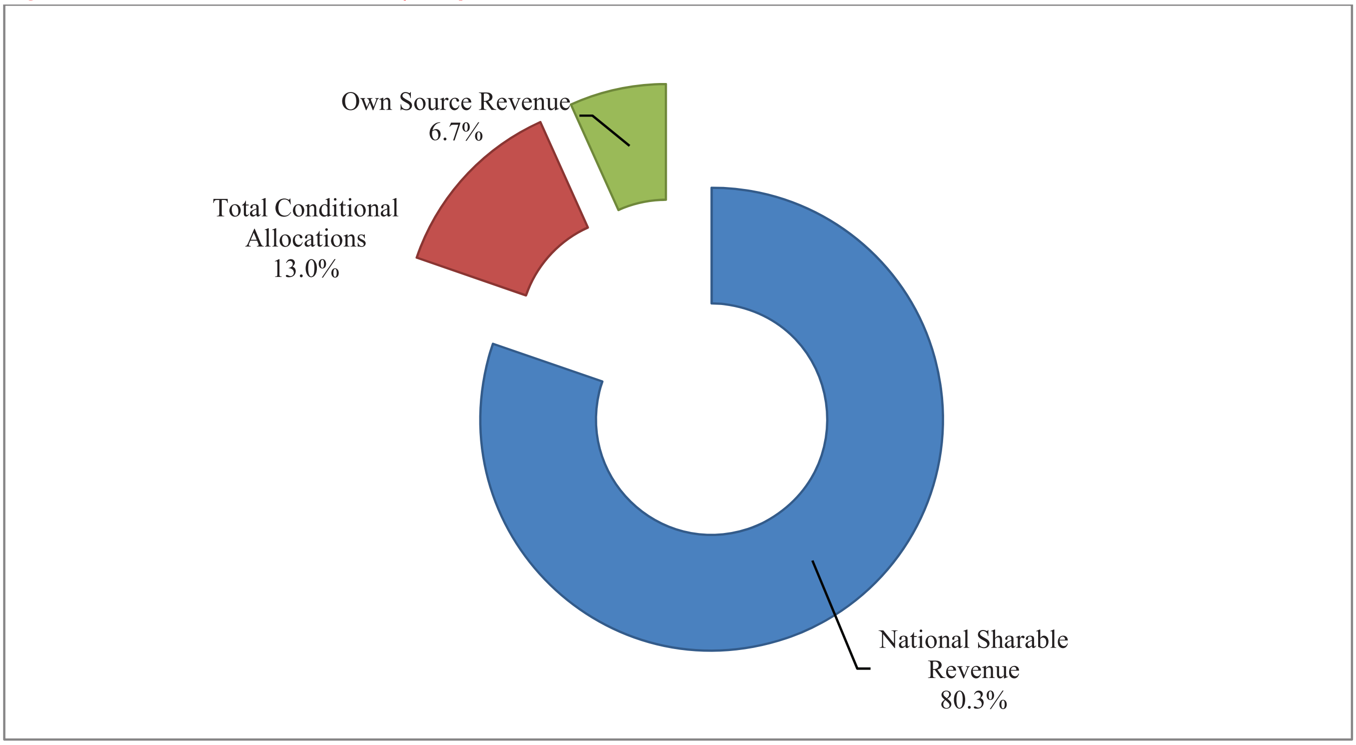
3.4 Busia County

3.4.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.9.26 billion, comprising of Kshs.5.35 billion (57.7 per cent) and Kshs.3.91 billion (42.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.01 billion (64.9 per cent) as equitable share of revenue raised nationally, Kshs.972 million (10.5 per cent) as total conditional grants, generate Kshs.504 million (5.4 per cent) from own sources of revenue, and Kshs.1.77 billion (19.2 per cent) as cash balance from FY 2018/19. Figure 3.10 shows the expected sources of financing by category in FY 2019/20.

Figure 3.10: Busia County Expected Revenue Sources in FY 2019/20



Source: *Busia County Treasury*

3.4.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.13 billion as equitable share of the revenue raised nationally, Kshs.113.74 million as total conditional grants, raised Kshs.110.54 million from own-source revenue, and had a cash balance of Kshs.1.77 billion from FY 2018/19.

Table 3.16: Busia County, Revenue Performance in the First Half of FY 2019/20

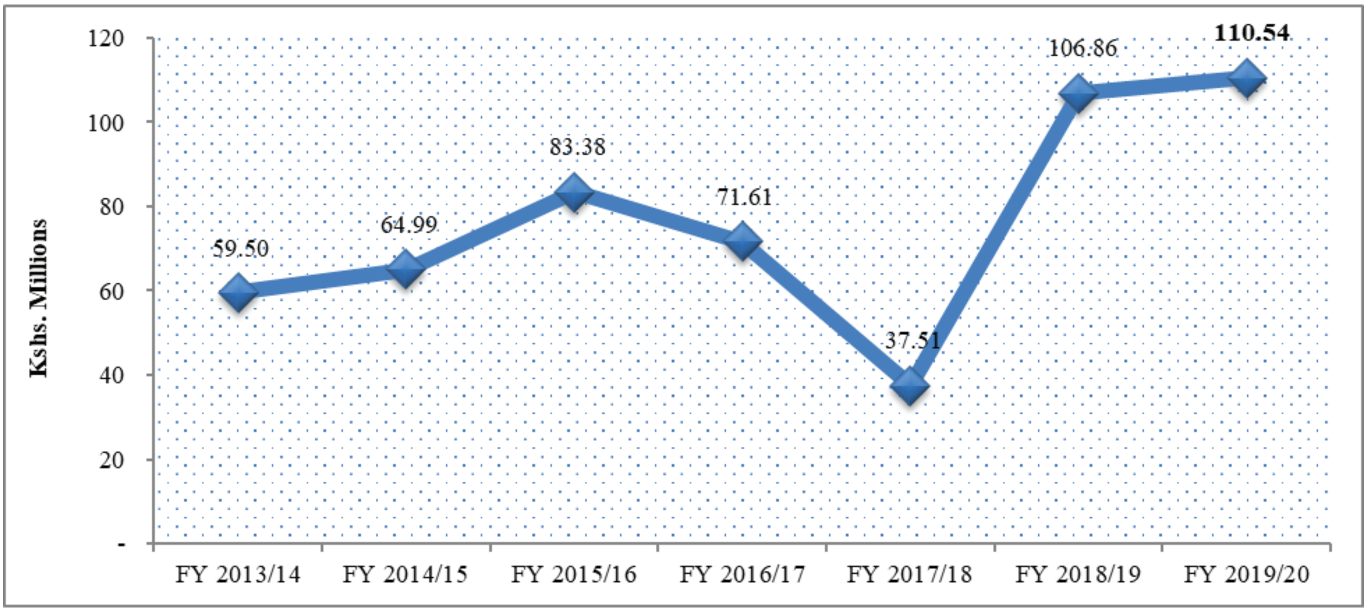
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,013,500,000	6,013,500,000	2,128,779,000	35.4
B.	**Conditional Grants from National Government Revenue**				
1	Compensation for User Fee Foregone	16,934,085	16,934,085	-	-
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	170,697,188	170,697,188	-	-
4	Rehabilitation of Village Polytechnics	63,333,298	63,333,298	-	-
	Sub Total	**382,879,465**	**250,964,571**	**-**	**-**
C	**Loans and Grants from Development Partners**				-
5	Transforming Health systems for Universal care Project (WB)	81,106,071	81,106,071	18,813,071	23.2
6	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	116,993,505	116,993,505	44,822,152	38.3
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000		-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	101,071,500	101,071,500		-
9	DANIDA Grant	17,812,500	17,812,500	8,906,250	50.0
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,257,455	18,257,455	-	-
11	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	41,200,000	468.2
	Sub Total	**454,041,031**	**454,041,031**	**113,741,473**	**25.1**
D	**Other Sources of Revenue**				-
13	Own Source Revenue	-	504,500,651	110,544,066.03	21.9

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
14	Balance b/f from FY2018/19	-	1,775,199,946	1,775,199,946	100.0
15	Other Revenue Sources	-	267,397,413	-	
Sub Total		-	**2,547,098,010**	**1,885,744,012**	**82.7**
Grand Total		**6,850,420,496**	**9,265,603,612**	**4,128,264,485**	**44.6**

Source: *Busia County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.4.13 billion as shown in Table 3.16.

Figure 3.11: Busia County Trend in Own-Source Revenue Collection for the First Half of the Year from of the year FY 2013/14 to FY 2019/20



Source: *Busia County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.110.54 million as own-source revenue. This amount represented a decrease of 3.4 per cent when compared to Kshs.106.86 million realised during the same period in FY 2018/19, and represented 21.9 per cent of the annual target.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.25 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.148.06 million (6.6 per cent) for development programmes and Kshs.2.10 billion (93.4 per cent) for recurrent programmes.

3.4.4 Overall Expenditure Review

A total of Kshs.2.26 billion was spent on development and recurrent programmes and represented 100.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.223.89 million and Kshs.2.04 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 5.7 per cent while that incurred on recurrent expenditure programmes represented 38.1 per cent of the annual recurrent budget.

3.4.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.48 billion was spent on compensation to employees, Kshs.555.06 million on operations and maintenance, and Kshs.223.89 million on development expenditure.

Table 3.17: Busia County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**5,350,352,966**	**2,102,157,403**	**2,037,238,180**	**90.1**	**38.1**
Compensation to Employees	3,111,652,998	1,509,599,259	1,482,178,893	65.6	47.6
Operations and Maintenance	2,238,699,968	592,558,144	555,059,287	24.5	24.8
Total Development Expenditure	**3,915,250,648**	**148,061,312**	**223,887,921**	**9.9**	**5.7**
Development Expenditure	3,915,250,648	148,061,312	223,887,921	9.9	5.7
Total	**9,265,603,614**	**2,250,218,715**	**2,261,126,101**	**100.0**	**24.4**

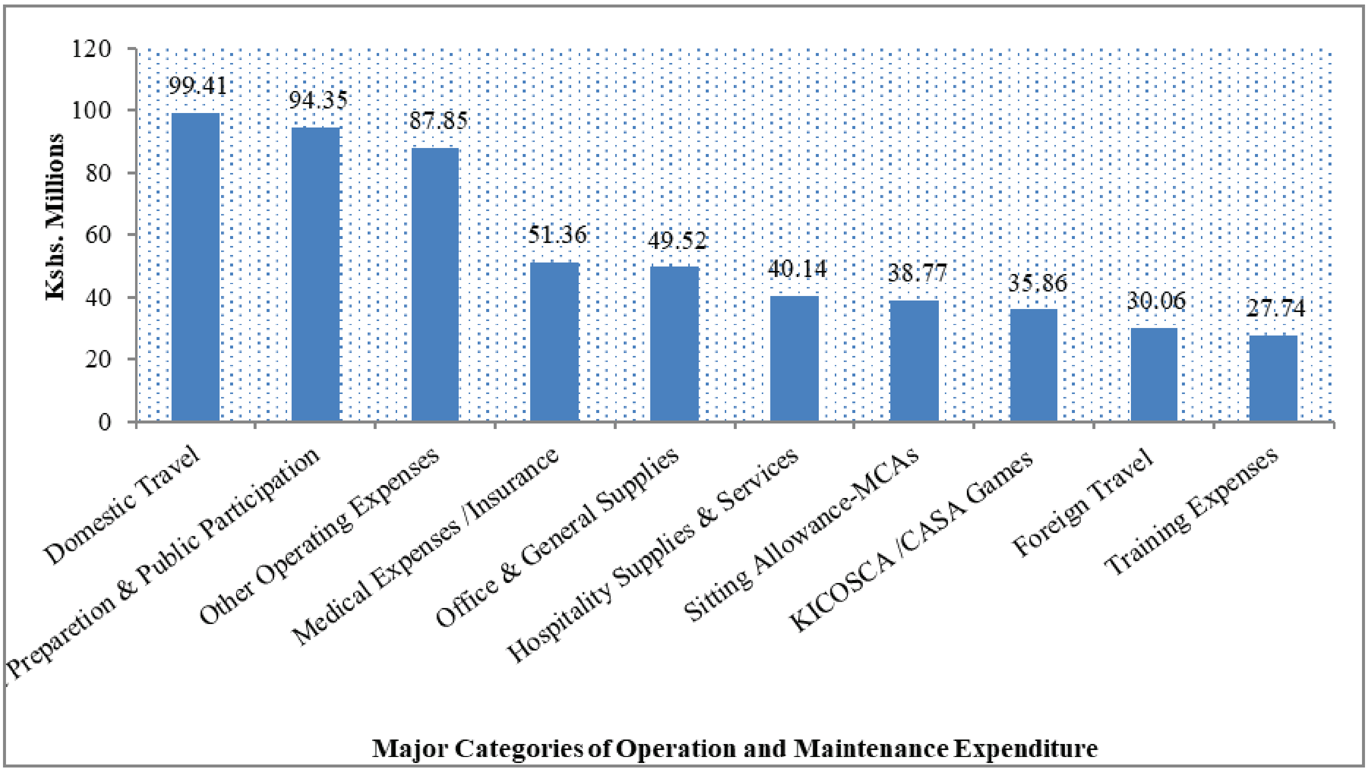
Source: *Busia County Treasury*

Expenditure on compensation to employees was 65.6 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 5.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.41 billion.

3.4.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.12: Busia County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Busia County Treasury*

The County spent Kshs.38.77 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.96.19 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.119,662 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.99.41 million and comprised of Kshs.64.38 million spent by the County Assembly and Kshs.35.06 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.30.06 million and comprised of Kshs.16.63 million spent by the County Assembly and Kshs.13.43 million spent by the County Executive.

3.4.7 Development Expenditure Analysis

The total development expenditure of Kshs.223.89 million represented 5.7 per cent of the annual development budget of Kshs.3.91 billion. Table 3.18 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.18: Busia County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Border Fish Transshipment Market in Busia	Busia Town	63,000,000	23,264,254	36.9
2	Proposal Of Agribusiness Incubation Centre at ATC	Busia ATC Grounds	34,000,000	12,568,308	37.0
3	Renovation Of Referral Hospital	Busia County Referral Hospital	18,231,080	11,933,940	65.5
4	Construction Of New Born Unit BCRH	Busia County Referral Hospital	50,533,680	9,741,445	19.3
5	Proposed Construction Of Madivira Water Project, Installation Of Pumping Units, and Protection of Intake, Pipe Network And Associated Works Madivira Water Supply. Samia Subcounty	Samia Subcounty	10,000,000	7,364,572	73.6
6	Proposed Augmentation of Nambale Water Supply , Construction of Elevated Steel Tank, Installation of Solar Pumping Units And Pipe Networks , Nambale Subcounty	Nambale Sub-county	6,000,000	4,763,798	79.4
7	Proposed Rehabilitation And Augmentation of Busia Mundika Water Supply, Pipe Extension And Installation Of Assorted Control Fittings - Matayos Subcounty	Matayos Subcounty Sub-county	5,000,000	4,059,810	81.2
8	Construction Of 40 Cubicle Cowsheds, Feed Alley, Milking Palour And Collection Yard and Office Blocks In Teso South	Teso South	11,000,000	3,240,429	29.5
9	Renovation of x-Ray at Khunyangu Hospital	Khunyangu Subcounty Hospital	3,877,300	1,838,952	47.4
10	Supply Of Facility Equipment	Busia County Referral Hospital	908,000	861,035	94.8

Source: *Busia County Treasury*

3.4.8 Budget Performance by Department

Table 3.19 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.19: Busia County, Budget Performance by Department for the First Half of FY 2019/20

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	219.83	664.19	103.50	69.55	146.06	64.38	141.1	92.6	66.4	9.7
Trade, Cooperatives and Industrialization	76.12	205.40	29.10	6.11	3.93	-	13.5	-	5.2	-
Education and Vocational Training	422.78	238.24	155.32	4.62	159.83	-	102.9	-	37.8	-
Finance, Economic Planning and ICT	815.76	66.53	268.52	1.85	479.86	2.46	178.7	133.0	58.8	3.7
Youth, Culture, sports, Tourism and Social Services	90.32	41.55	40.93	1.82	43.53	-	106.4	-	48.2	-
Roads, Public Works, Energy and Transport	88.56	858.92	38.09	9.89	6.58	77.74	17.3	786.4	7.4	9.1
Public Service Management	403.48	-	30.13	-	10.62	-	35.3	-	2.6	-
Lands, Housing and urban Development	115.81	339.75	70.81	6.66	3.19	-	4.5	-	2.8	-
Water Environment and Natural Resources	120.92	596.77	45.81	4.52	16.30	20.33	35.6	450.2	13.5	3.4
Health and Sanitation	1,770.86	780.00	725.57	17.65	617.06	34.64	85.0	196.3	34.8	4.4
County Public Service Board	58.29	-	19.94	-	4.81	-	24.1	-	8.3	-
The Governorship	428.66	19.15	166.44	1.08	142.78	-	85.8	-	33.3	-

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
County Assembly	738.97	104.77	408.00	24.33	402.69	24.33	98.7	100.0	54.5	23.2
Total	**5,350.35**	**3,915.25**	**2,102.16**	**148.06**	**2,037.24**	**223.89**	**96.9**	**151.2**	**38.1**	**5.7**

Source: *Busia County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 23.2 per cent followed by the Department of Agriculture and Animal Resources at 9.7 per cent. The Department of Agriculture and Animal Resources had the highest percentage of recurrent expenditure to its recurrent budget at 66.4 per cent while the Department of Public Service Management had the lowest at 2.6 per cent.

3.4.9 Budget Execution by Programmes and Sub-Programmes

Table 3.20 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.20: Busia County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Agriculture and Animal Services					
Land use and Management Crop Production and management	Agricultural mechanization	12,300,000	-	12,300,000	-
	Inputs Support services	27,000,000	-	27,000,000	-
	Crop Development	6,050,000	-	6,050,000	-
	Crop Protection	5,010,000	-	5,010,000	-
Agricultural Training and Extension Services	Agriculture Extension Services	3,000,000	-	3,000,000	-
	Agricultural Training Services	153,234,646	47,750,390	105,484,257	31.2
	Kenya Climates Smart Agriculture Programme (KCSP)	208,607,507	10,171,377	198,436,130	4.9
Agribusiness and agricultural Value chain Development	Value Addition	372,190	-	372,190	-
Agricultural Financial and Investment service	Agricultural credit Support Services	8,000,000	-	8,000,000	-
Fisheries and Aquaculture Resource Development	Aquaculture development	6,080,000	-	6,080,000	-
	Fisheries training infrastructure development	5,000,000	-	5,000,000	-
	Lake based aquaculture parks	20,000,000	-	20,000,000	-
Livestock Production Development	Livestock Production Improvement (Cattle	5,000,000	-	5,000,000	-
Veterinary Health Services	Veterinary Disease Control	10,585,000	-	10,585,000	-
	AI Services	3,500,000	-	3,500,000	-
	Meat inspection services	2,000,000	-	2,000,000	-
	Other Development Projects	188,454,000	6,462,586	181,991,414	3.4
Department of Trade, Cooperatives and Industrialization					
Trade Development	Busia County Trade Development Fund	5,000,000	-	5,000,000	-
	Market Modernization and development	49,574,063	-	49,574,063	-
Fair Trade Practices	Weight and Measures	5,000,000	-	5,000,000	-
Cooperative Development	Cooperative Management and governance	7,000,000	-	7,000,000	-
	Other Development Projects	138,821,114	-	138,821,114	-
Department of Education and Vocational Training		-	-	-	-
Early Childhood Development Education (Basic Education -	Improvement of Infrastructure in ECDE Centers	8,072,267	-	8,072,267	-
	ECDE Capitation	2,000,000	-	2,000,000	-
Technical/Vocational Training Development	Infrastructure Development	14,302,411	-	14,302,411	-
: Education Support	Education Support scheme	109,159,139	-	109,159,139	-
	Other Development Projects	104,701,726	-	104,701,726	-
Department of Finance, Economic Planning and ICT		-	-	-	-
Financial Management , control and Development Services	Revenue Generation Services	14,892,000	-	14,892,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
: Information and Communication Services	ICT support Services	9,534,474	-	9,534,474	-
	Other Development Projects	42,100,000	2,460,000	39,640,000	5.8
Department of Youth, Culture, Sports, Tourism and Social services		-	-	-	-
Youth Empowerment and Development	Equipping and Operationalization of Youth Empowerment	3,000,000	-	3,000,000	-
: Promotion and Development of sports.	Infrastructural Development	4,000,000	-	4,000,000	-
	Sports Promotion	2,000,000	-	2,000,000	-
Culture Promotion and Development	Cultural Infrastructural Development	4,000,000	-	4,000,000	-
Promotion and Development of Local Tourism in the County	Tourism Development	-	-	-	-
Alcoholic Drinks and Drug Abuse Control	Infrastructure Development	6,000,000	-	6,000,000	-
	Other Development Projects	22,546,000	-	22,546,000	-
Department of Public Works, Transport, Roads and Energy		-	-	-	-
Development and Maintenance of Roads	Routine Maintenance of Roads	369,273,049	12,779,180	356,493,870	3.5
	Building Infrastructure Development	1,000,000	-	1,000,000	-
Energy Development	Energy Services	-	-	-	-
	Solar Energy Exploration	10,000,000	-	10,000,000	-
	Renewable Energy Technology	5,298,640	-	5,298,640	-
Alternative Transport Infrastructure Development	Other Development Projects	473,348,189	64,960,558	408,387,631	13.7
Department of Lands, Housing and Urban Development					
County Land Administration and planning	Land use Planning	5,000,000	-	5,000,000	-
Housing Development and management	Housing Development	31,000,000	-	31,000,000	-
Urban Management and Development Control	Urban Management	257,964,079	-	257,964,079	-
	Other Development Projects	45,781,992	-	45,781,992	-
Department of Water, Irrigation, Environment and Natural Resource					
Water Supply Services	Water supply services and sewerage	123,722,061	19,783,279	103,938,782	16.0
Environmental Management and Protection	Water Tower Protection and Climate Change Mitigation	134,000,000	-	134,000,000	-
Small Holder Irrigation and Drainage	Irrigation Infrastructure Development	2,000,000	-	2,000,000	-
Forestry Development and Management	Rehabilitation and restoration of degraded landscape.	3,984,500	-	3,984,500	-
	Other Development Projects	333,066,576	543,200	332,523,376	0.2
Department of Health and sanitation					
Curative Health Services	Infrastructure Development	438,880,141	29,644,442	409,235,699	6.8
Preventive and Health Services	Infrastructure Development	206,292,327	5,000,000	201,292,327	2.4
	Other Development Projects	134,823,424	-	134,823,424	-
The Governorship Office					
Disaster Risk Management	Disaster Preparedness	-	-	-	-
Information dissemination and knowledge management	Information dissemination and knowledge management	10,000,000	-	10,000,000	-
	Other Development Projects	9,150,000	-	9,150,000	-
		19,150,000	-	19,150,000	-
The County Assembly					
County Assembly Infrastructural Development	Infrastructural Development	104,769,135	24,332,910	80,436,225	23.2
Grand Total		**3,915,250,650**	**223,887,921**	**3,691,362,729**	**5.7**

Source: *Busia County Treasury*

The best performing programs across the County were: Agricultural Training Services at 31.2, per cent and Infrastructural Development at 23.2 per cent of budget allocation.

3.4.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury that hampered implementation of development activities in the reporting period.

2. High wage bill that accounted for 65.5 per cent of the total expenditure in the reporting period.
3. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs. 3.95 billion compared to Kshs.9.26 billion in the County Appropriation Act for the current financial year.

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

1. *The County Treasury should liaise with the National Treasury so as to ensure that funds allocated to the County are released in a timely manner in line with CARA, 2019 Disbursement Schedule.*
2. *The County Public Service Board should develop and implement an optimal staffing structure to contain expenditure on personnel costs within 35 per cent of the Country's total revenue in line with Regulation 25(1)(b) of the PFM (County Governments)Regulations, 2015.*
3. *The County Treasury should align the programme based budget with the County Appropriation Act for the current financial year.*

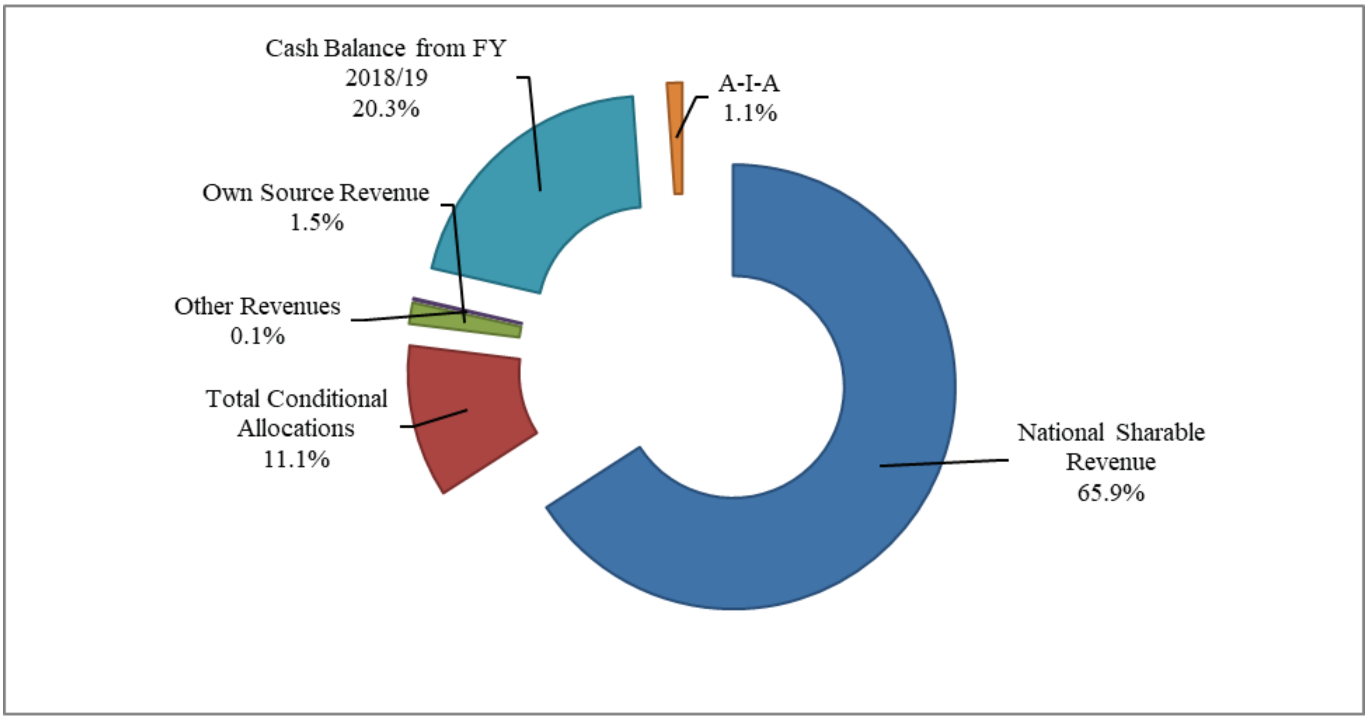
3.5 Elgeyo Marakwet County

3.5.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.74 billion, comprising of Kshs.3.19 billion (55.5 per cent) and Kshs.2.55 billion (44.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.78 billion (65.9 per cent) as equitable share of revenue raised nationally, Kshs.635.45 million (11.1 per cent) as total conditional grants, generate Kshs.88.0 million (1.5 per cent) from own sources of revenue, generate Kshs.7 million (0.1 per cent) from other sources, and Kshs.1.16 billion (20.3 per cent) as cash balance from FY 2018/19. The County also expects to generate Kshs.64 million (1.1 per cent) as Appropriations in Aid. Figure 3.13 shows the expected sources of financing by category in FY 2019/20.

Figure 3.13: Elgeyo Marakwet Expected Revenue Sources in FY 2019/20



Source: *Elgeyo Marakwet County Treasury*

3.5.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.37 billion as equitable share of the revenue raised nationally, Kshs.85.98 million as total conditional grants, raised Kshs.57.38 million from own-source revenue, and had a cash balance of Kshs.1.16 billion from FY 2018/19. The County also received Ksh.28.49 million as Appropriations-in-Aid, bringing

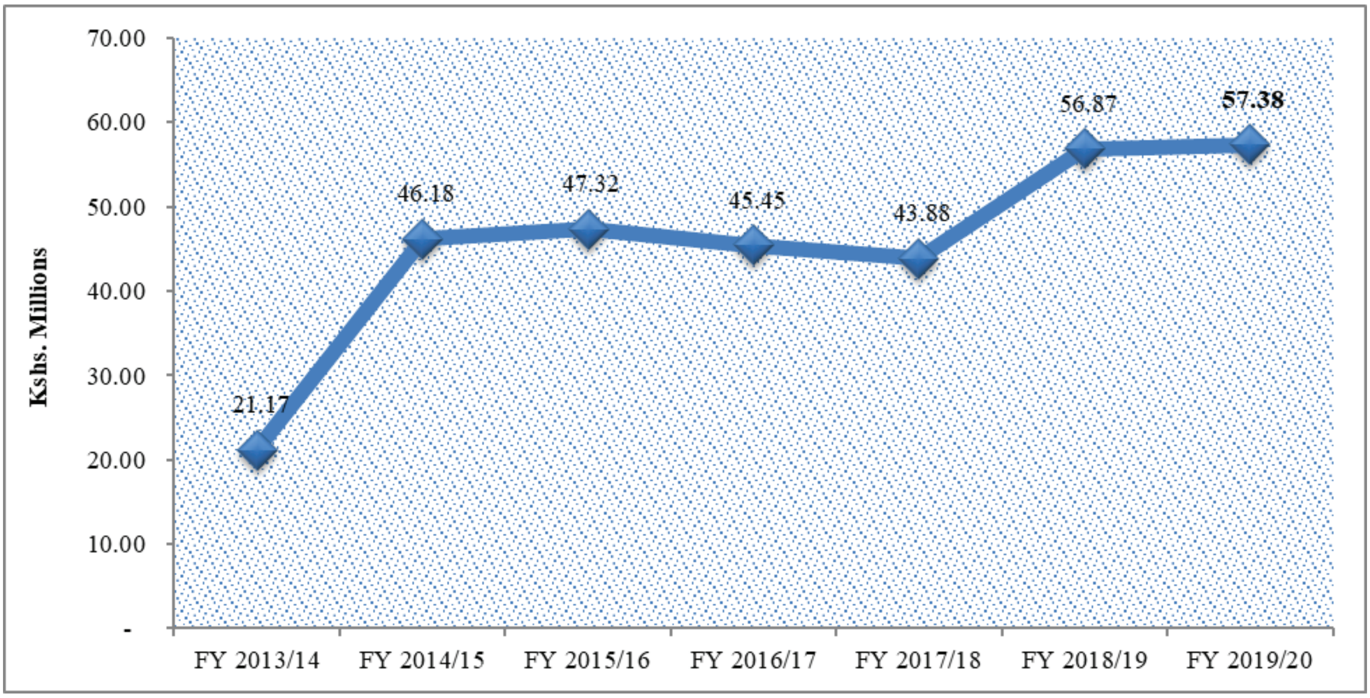
Table 3.21: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2019/20

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	3,861,300,000	3,782,000,000	1,366,900,200	36.1
B.	**Conditional Grants from the National Government**				
1.	Compensation for User Fee Foregone	8,788,919	8,788,919	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	109,605,563	109,605,563	27,401,391	25.0
4.	Rehabilitation of Village Polytechnics	30,228,298	30,228,298	-	-
Sub Total		**280,537,674**	**280,537,674**	**27,401,391**	**9.8**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	35,000,000	60,081,486	7,581,220	21.7
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	118,422,545	140,590,677	45,371,285	38.3
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	46,326,333	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	89,802,100	107,908,872	-	-
9.	DANIDA Grant	11,250,000	8,788,919	5,625,000	50.0
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,632,723.00	-	-	-
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	45,000,000.00	-	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000.00	-	-	-
Sub Total		**354,907,368**	**363,696,287**	**58,577,505**	**16.5**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	88,000,000	88,000,000	28,897,512	32.8
14.	Balance b/f from FY2018/19	1,164,149,352	1,164,149,352	1,164,149,352	100
15.	Other Revenues	7,000,000	7,000,000	-	-
16.	A-I-A	64,000,000	64,000,000	28,486,133.	44.5
Sub Total		**1,323,149,352**	**1,323,149,352**	**1,221,532,997**	**92.3**
Grand Total		**5,819,894,394**	**5,749,383,313**	**2,674,412,093**	**46.0**

Source: *Elgeyo Marakwet County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.67 billion as shown in Table 3.21..

Figure 3.14: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Elgeyo Marakwet County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.57.38 million as own-source revenue. This amount represented an increase of 0.9 per cent when compared to Kshs.56.87 million reported during the same period in FY 2018/19, and represented 37.8 per cent of the annual target.

3.5.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.71 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.264.69 million (15.5 per cent) for development programmes and Kshs.1.45 billion (84.6 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

A total of Kshs.1.73 billion was spent on development and recurrent programmes and represented 101 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.302.63 million and Kshs.1.43 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 11.9 per cent while that incurred on recurrent expenditure programmes represented 44.8 per cent of the annual recurrent budget.

3.5.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.02 billion was spent on compensation to employees, Kshs.408.59 million on operations and maintenance, and Kshs.302.63 million on development expenditure.

Table 3.22: Elgeyo Marakwet County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**3,187,795,008**	**1,427,408,122**	**82.5**	**44.8**
Compensation to Employees	2,446,938,029	1,018,815,664	58.9	41.6
Operations and Maintenance	740,856,979	408,592,458	23.6	55.2
Development Expenditure	**2,552,799,386**	**302,628,420**	**17.5**	**11.9**
Grand Total	**5,740,594,394**	**1,730,036,542**	**100**	**30.1**

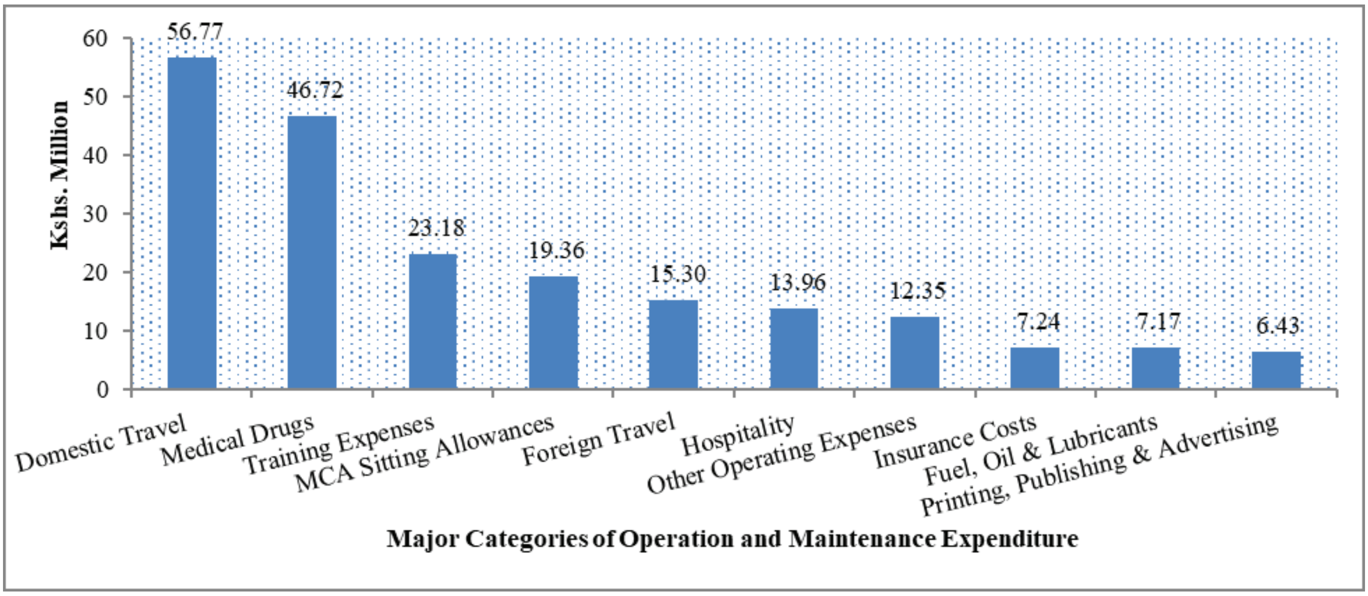
Source: *Elgeyo Marakwet County Treasury*

Expenditure on compensation to employees was 58.9 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 14.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.19 billion.

3.5.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.15: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Elgeyo Marakwet County Treasury*

The County spent Kshs.19.36 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.42.93 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.94,902 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.56.77 million and comprised of Kshs.36.01 million spent by the County Assembly and Kshs.20.76 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.15.30 million and comprised of Kshs.14.30 million spent by the County Assembly and Kshs.1.0 million spent by the County Executive.

3.5.7 Development Expenditure Analysis

The total development expenditure of Kshs.302.63 million represented 11.9 per cent of the annual development budget of Kshs.2.55 billion. Table 3.23 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.23: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs. Millions)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Feasibility study, survey and design, Construction of intake, gravity main, treatment plant, storage tanks, and distribution lines at Moson-go/Barsombe w/p	Cherangany	8,470,464	8,470,464	100
2	Supply and Delivery of ECDE Furniture	All Wards	6,904,900	6,904,900	100
3	Expansion of pipes and extension at Ngemba-Cheptile Water Project	Tambach	5,639,100	3,101,505	55.0
4	Rehabilitation of Pipelines Tirich Water Project	Embobut	3,999,600	3,999,600	100
5	Kapsosio Foot Bridge Construction	Soy South	3,949,500	3,949,500	100
6	Hire of excavator and dozer for Renge-Embomus	Lelan	3,906,800	3,906,800	100
7	Design and Opening of Kapchemurkeldet-Chemetiony-Kaptoben-do-Koropchorwa Roads	Kapyego	3,884,400	2,792,375	71.9
8	Opening, construction and Maintenance of Salaba-Kabulwo Road	Emsoo	3,265,900	3,265,900	100
9	Opening and Maintenance of Kamui Dispensary-Marsitet Road	Kapsowar	2,998,280	2,953,280	100
10	Kabokbok Bridge Construction	Soy South	2,399,500	2,399,500	100

Source: *Elgeyo Marakwet County Treasury*

3.5.8 Budget Performance by Department

Table 3.24 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.24: Elgeyo Marakwet County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure in (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	566.84	1.03	279.87	-	278.08	-	99.4	-	49.1	-
Office of the Governor	157.24	-	78.05	-	77.17	-	98.9	-	49.1	-
Finance and Economic Planning	242.06	-	94.76	-	91.94	-	97.0	-	38.0	-
Agriculture, and Irrigation	100.65	342.22	43.88	54.56	43.34	61.05	98.8	111.9	43.1	17.8
Education and Tech. Training	216.74	360.02	85.61	38.10	85.45	38.78	99.8	101.8	39.4	10.8
Health and Sanitation	1,461.88	646.78	669.25	32.84	668.76	27.34	99.9	83.3	45.7	4.2
Water, Lands, Environment & Climate Change	73.11	438.80	34.65	63.60	34.12	68.48	98.5	107.7	46.7	15.6
Roads, Public Works and Transport	64.25	470.91	32.01	47.26	25.47	79.51	79.6	168.2	39.6	16.9
Tourism, Culture, Wildlife, Trade & Industry	35.09	27.90	15.62	6.49	15.41	5.74	98.7	88.5	43.9	20.6
Youth Affairs, Sports, ICT & Social Services	35.74	129.72	16.96	10.95	12.67	10.83	74.7	98.9	35.4	8.3
Public Service Management & County Administration	92.48	51.63	38.15	10.69	36.45	10.69	95.5	100.0	39.4	20.7
County Public Service Board	45.65	-	15.57	0.20	15.05	-	96.7	-	33.0	-
Livestock Production, Fisheries & Cooperative Development	96.06	83.79	44.24	-	43.50	0.20	98.3	-	45.3	0.2
Grand Total	**3,187.8**	**2,552.8**	**1,448.6**	**264.7**	**1,427.4**	**302.6**	**98.5**	**114.3**	**44.8**	**11.9**

Source: *Elgeyo Marakwet County Treasury*

Analysis of expenditure by the department shows that the Department of Tourism, Culture, Wildlife, Trade and Industry recorded the highest absorption rate of development budget at 20.6 per cent while the County Assembly did not report expenditure on the development budget. The County Assembly and Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 49.1 per cent while the County Public Service Board had the lowest at 33.0 per cent.

3.5.9 Budget Execution by Programmes and Sub-Programmes

Table 3.25 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.25: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption %
General administration and support services		**100,653,823.00**	**44,794,599.90**	**55,859,223.10**	44.5
	General administration and support services	100,653,823.00	44,794,599.90	55,859,223.10	44.5
Crop Development		**316,919,054.00**	**61,047,054.75**	**255,871,999.25**	19.3
	Cash Crops Development	29,659,620.00	0	29,659,620.00	0.0
	Food Crops Development	1,000,000.00	0	1,000,000.00	0.0
	Agricultural Extension and Training Services	286,259,434.00	61,047,054.75	225,212,379.25	21.3
Soil Conservation		**600,000.00**	**0**	**600,000.00**	0.0
	Soil Conservation	600,000.00	0	600,000.00	0.0
Irrigation Development		**24,700,000.00**	**0**	**24,700,000.00**	0.0
	Irrigation Development	24,700,000.00	0	24,700,000.00	0.0
General administration and support services		**96,058,255.00**	**44,909,375.50**	**51,148,879.50**	46.8
	General administration and support services	96,058,255.00	44,909,375.50	51,148,879.50	46.8
Livestock Development		**50,943,128.00**	**200,000.00**	**50,743,128.00**	0.4
	Livestock Production	45,683,120.00	0	45,683,120.00	0.0
	Livestock Extension and Training Services	5,260,008.00	200,000.00	5,060,008.00	3.8

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption %
Cooperative Development		**3,000,000.00**	**0**	**3,000,000.00**	0.0
	Cooperatives development	3,000,000.00	0	3,000,000.00	0.0
Veterinary Services		**29,850,000.00**	**0**	**29,850,000.00**	0.0
	Disease Surveillance and control	20,500,000.00	0	20,500,000.00	0.0
	A I Services	9,350,000.00	0	9,350,000.00	0.0
General administration and support services		**35,086,495.00**	**15,773,158.40**	**19,313,336.60**	45.0
	General administration and support services	35,086,495.00	15,773,158.40	19,313,336.60	45.0
Tourism Development		**21,451,664.00**	**5,743,517.80**	**15,708,146.20**	26.8
	Tourism Development	21,451,664.00	5,743,517.80	15,708,146.20	26.8
Trade and Enterprise Development		**2,250,000.00**	**0**	**2,250,000.00**	0.0
	Trade and enterprise development	2,250,000.00	0	2,250,000.00	0.0
Culture and Heritage Preservation		**4,200,734.00**	**0**	**4,200,734.00**	0.0
	Culture and Heritage Preservation	4,200,734.00	0	4,200,734.00	0.0
General administration and support services		**57,550,494.00**	**24,964,342.50**	**32,586,151.50**	43.4
	General administration and support services	57,550,494.00	24,964,342.50	32,586,151.50	43.4
Road Improvement		**457,212,642.00**	**79,513,535.85**	**377,699,106.15**	17.4
	Rural road Works	457,212,642.00	79,513,535.85	377,699,106.15	17.4
Public works		**11,900,000.00**	**0**	**11,900,000.00**	0.0
	Public Works	11,900,000.00	0	11,900,000.00	0.0
Energy		**8,500,000.00**	**1,073,035.00**	**7,426,965.00**	12.6
	Energy	8,500,000.00	1,073,035.00	7,426,965.00	12.6
General administration and support services		**35,742,302.00**	**13,028,801.50**	**22,713,500.50**	36.5
	General administration and support services	35,742,302.00	13,028,801.50	22,713,500.50	36.5
Sports Development		**17,115,959.00**	**0**	**17,115,959.00**	0.0
	Sports Infrastructure Development	17,115,959.00	0	17,115,959.00	0.0
Social Empowerment		**94,626,441.00**	**10,830,326.00**	**83,796,115.00**	11.4
	Social Empowerment	94,626,441.00	10,830,326.00	83,796,115.00	11.4
Social Protection.		**12,780,000.00**	**0**	**12,780,000.00**	0.0
	Social Protection	12,780,000.00	0	12,780,000.00	0.0
ICT Services		**5,200,000.00**	**0**	**5,200,000.00**	0.0
	ICT Services	5,200,000.00	0	5,200,000.00	0.0
General administration and support services		**216,736,544.00**	**86,571,614.40**	**130,164,929.60**	39.9
	General administration and support services	216,736,544.00	86,571,614.40	130,164,929.60	39.9
Technical and Vocational Education and Training (TVET)		**231,667,259.00**	**38,776,393.65**	**192,890,865.35**	16.7
	Technical Vocational Education & Training	231,667,259.00	38,776,393.65	192,890,865.35	16.7
Pre-Primary Education		**128,350,000.00**	**0**	**128,350,000.00**	0.0
	Pre-Primary Education	128,350,000.00	0	128,350,000.00	0.0
General administration and support services		**1,061,616,883.00**	**514,387,287.05**	**547,229,595.95**	48.5
	General administration and support services	1,061,616,883.00	514,387,287.05	547,229,595.95	48.5
Water and Sanitation Management		**200,766,099.00**	**20,260,823.55**	**180,505,275.45**	10.1
	Water Services	200,766,099.00	20,260,823.55	180,505,275.45	10.1
Environmental Management and Protection		**84,523,177.00**	**0**	**84,523,177.00**	0.0
	Environmental conservation	84,523,177.00	0	84,523,177.00	0.0
Solid Waste Management		**1,000,000.00**	**0**	**1,000,000.00**	0.0
	Solid waste management	1,000,000.00	0	1,000,000.00	0.0
Lands, Physical Planning and Urban Development		**152,508,872.00**	**48,222,493.40**	**104,286,378.60**	31.6
	Lands, Physical planning and Urban Development	152,508,872.00	48,222,493.40	104,286,378.60	31.6
Preventive and Promotive health		**80,491,967.00**	**0**	**80,491,967.00**	0.0
	Community and Environmental Health	72,291,967.00	0	72,291,967.00	0.0
	Communicable & Non-Communicable Disease Prevention & Control	8,200,000.00	0	8,200,000.00	0.0
Curative and Rehabilitative Health		**1,039,657,585.00**	**215,841,013.75**	**823,816,571.25**	20.8
	Commodity management	95,257,103.00	24,481,195.10	70,775,907.90	25.7
	County Hospitals	386,716,174.00	164,015,823.30	222,700,350.70	42.4
	Primary Care Units	546,684,308.00	27,343,995.35	519,340,312.65	5.0
	Emergency Medical Services	11,000,000.00	0	11,000,000.00	0.0

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption %
General administration and support services		**154,245,017.00**	**70,226,577.50**	**84,018,439.50**	45.5
	General administration and support services	154,245,017.00	70,226,577.50	84,018,439.50	45.5
Open Governance, Transparency, and Accountability		**48,642,406.00**	**24,105,200.10**	**24,537,205.90**	49.6
	Governance	48,642,406.00	24,105,200.10	24,537,205.90	49.6
General administration and support services		**88,505,897.00**	**36,219,632.60**	**52,286,264.40**	40.9
	General administration and support services	88,505,897.00	36,219,632.60	52,286,264.40	40.9
Public Service Management		**55,604,013.00**	**10,890,280.20**	**44,713,732.80**	19.6
	Coordination of government functions	51,629,292.00	10,690,280.00	40,939,012.00	20.7
	Citizen participation and Civic Education	3,974,721.00	200,000.20	3,774,720.80	5.0
General administration and support services		**160,058,110.00**	**76,136,379.30**	**83,921,730.70**	47.6
	General administration and support services	160,058,110.00	76,136,379.30	83,921,730.70	47.6
Financial Management		**23,529,693.00**	**8,070,865.00**	**15,458,828.00**	34.3
	Monitoring, Evaluation and reporting	2,450,000.00	1,175,000.00	1,275,000.00	48.0
	Economic Planning & Budgeting	5,970,000.00	2,200,340.00	3,769,660.00	36.9
	Accounting services	3,389,693.00	527,045.00	2,862,648.00	15.5
	Supply Chain Management	2,690,000.00	771,680.00	1,918,320.00	28.7
	Revenue Management Services	9,030,000.00	3,396,800.00	5,633,200.00	37.6
General administration, planning, and support services		**275,691,451.00**	**115,924,209.50**	**159,767,241.50**	42.0
	General administration, planning and support services	275,691,451.00	115,924,209.50	159,767,241.50	42.0
Legislation and representation		**281,529,640.00**	**141,410,551.40**	**140,119,088.60**	50.2
	Legislation and representation	281,529,640.00	141,410,551.40	140,119,088.60	50.2
Legislative oversight		**69,128,790.00**	**29,652,300.00**	**39,476,490.00**	42.9
	Legislative oversight	69,128,790.00	29,652,300.00	39,476,490.00	42.9
	Grand Total	**5,740,594,394.00**	**1,738,946,750.60**	**4,001,647,643.40**	**30.3**

Source: *Elgeyo Marakwet County Treasury*

The best-performing programs across the County were: Legislation and representation at 50.2 per cent, Open Governance, Transparency and Accountability at 49.6 per cent, and Financial Management at 42 per cent of budget allocation.

3.5.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. High expenditure on compensation to employees at 58.9 per cent of total expenditure in the first half of FY 2019/20, which may deprive funding for development activities.
2. Slow implementation of development activities during the first half of FY 2019/20. The County spent Kshs.302.63 million on development projects which represented 11.9 per cent of the annual development budget of Kshs.2.55 billion against the expected absorption rate of 50 per cent.

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

1. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*
2. *The County should identify and address issues that cause delays in the implementation of development projects.*

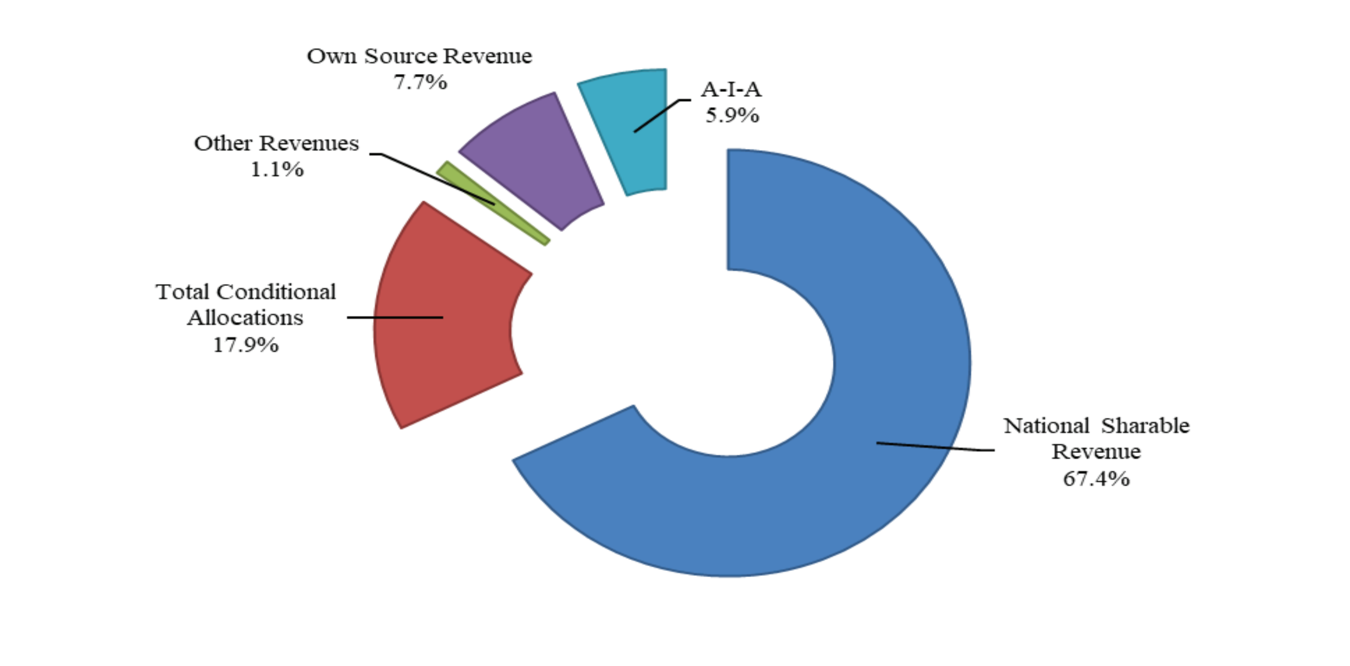
3.6 Embu County

3.6.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.6.61 billion, comprising of Kshs.4.33 billion (65.5 per cent) and Kshs.2.28 billion (34.5 per cent) allocation for recurrent and development programmes respectively.

To finance the budget, the County expects to receive Kshs.4.46 billion (67.4 per cent) as equitable share of revenue raised nationally, Kshs.1.18 billion (17.9 per cent) as total conditional grants, generate Kshs.511 million from own source revenue, Ksh.389 million (5.9 per cent) as Appropriations in Aid, and Kshs.70.7 million (1.1 per cent) as expected funds from NAGRIP conditional grant for FY 2018/19. The County did not budget for cash balance from FY 2018/19. Figure 3.16 shows the expected sources of financing by category in FY 2019/20.

Figure 3.16: Embu County Expected Revenue Sources in FY 2019/20



Source: *Embu County Treasury*

3.6.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.52 billion as equitable share of the revenue raised nationally, Kshs.187.29 million as total conditional grants, raised Kshs.97.73 million from own-source revenue, and had a cash balance of Kshs.110.64 million from FY 2018/19. The County also received Ksh.162.12 million as Appropriations-in-Aid, bringing

Table 3.26: Embu County, Revenue Performance in the First Half of FY 2019/20

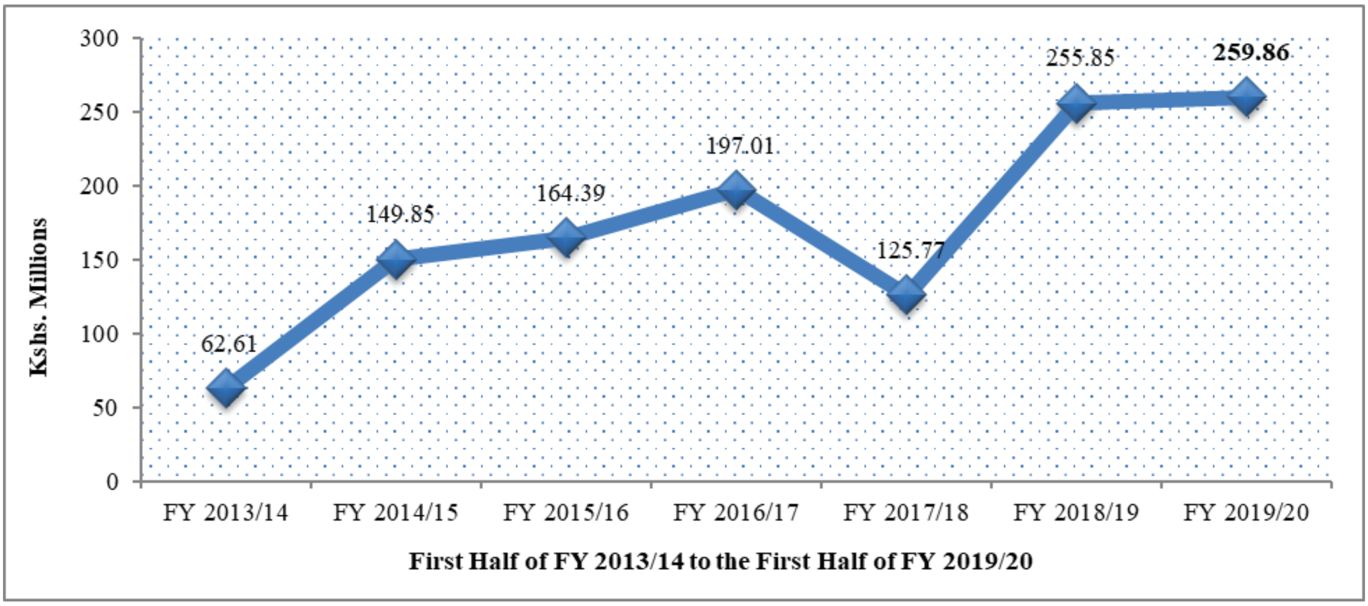
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**4,304,400,000**	**4,458,800,000**	**1,523,757,600**	**34.2**
B.	**Conditional Grants from the National Government Revenue**				
1	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	133,661,965	44.4
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	122,183,250	122,183,250	-	-
4	Rehabilitation of Village Polytechnics	33,603,298	33,603,298	-	-
5	Compensation for User Fee Foregone	10,724,225	10,724,225	-	-
Sub Total		**599,466,129**	**599,466,129**	**133,661,965**	**22.3**
C.	**Loans and Grants from Development Partners**				
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	29,716,658	8.5
2	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	119,892,100	119,892,100	-	-
3	Transforming Health systems for Universal Care Project (WB)	44,569,827	44,569,827	17,254,459	38.7
4	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-

5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,418,468	15,418,468	-	-
6	DANIDA Grant	13,312,500	13,312,500	6,656,250	50.0
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**581,992,895**	**581,992,895**	**53,627,367**	**9.2**
D.	**Other Sources of Revenue**				
1	Own Source Revenue	-	511,000,000	97,734,782	19.1
2	Balance B/F from FY2018/19	-	-	110,635,317	-
3	Other Revenues (Conditional Grants Not Released FY2018/19	-	70,703,400	-	-
4	Appropriation In Aid (A-I-A)	-	389,000,000	162,124,301	41.7
Sub Total		**-**	**970,703,400**	**370,494,400**	**38.2**
Grand Total (A+B+C+D)		**5,485,859,024**	**6,610,962,424**	**2,081,541,331**	**31.5**

Source: Embu County Treasury

The total funds available for budget implementation during the period amounted to Kshs.2.08 billion as shown in Table 3.26 .

Figure 3.17: Embu County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Embu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.259.86 million as own-source revenue. This amount represented an increase of 1.6 per cent when compared to Kshs.255.85 million reported during the same period in FY 2018/19, and represented 28.9 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.97 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.58.94 million (3 per cent) for development programmes and Kshs.1.91 billion (97 per cent) for recurrent programmes.

3.6.4 Overall Expenditure Review

A total of Kshs.1.97 billion was spent on development and recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.140.79 million and Kshs.1.83 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 6.2 per cent while that incurred on recurrent expenditure programmes represented 42.3 per cent of the annual recurrent budget.

3.6.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicates that Kshs.1.49 billion was spent on compensation to employees, Kshs.344.64 million on operations and maintenance, and Kshs.140.79 million on development expenditure.

Table 3.27: Embu County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,331,361,359**	**1,832,879,547**	**92.9**	**42.3**
Compensation to Employees	3,110,069,525	1,488,244,091	75.4	47.9
Operations and Maintenance	1,221,291,834	344,635,456	17.5	28.2
Total Development Expenditure	**2,279,601,065**	**140,789,807**	**7.1**	**6.2**
Total	**6,610,962,424**	**1,973,669,354**	**100.0**	**29.9**

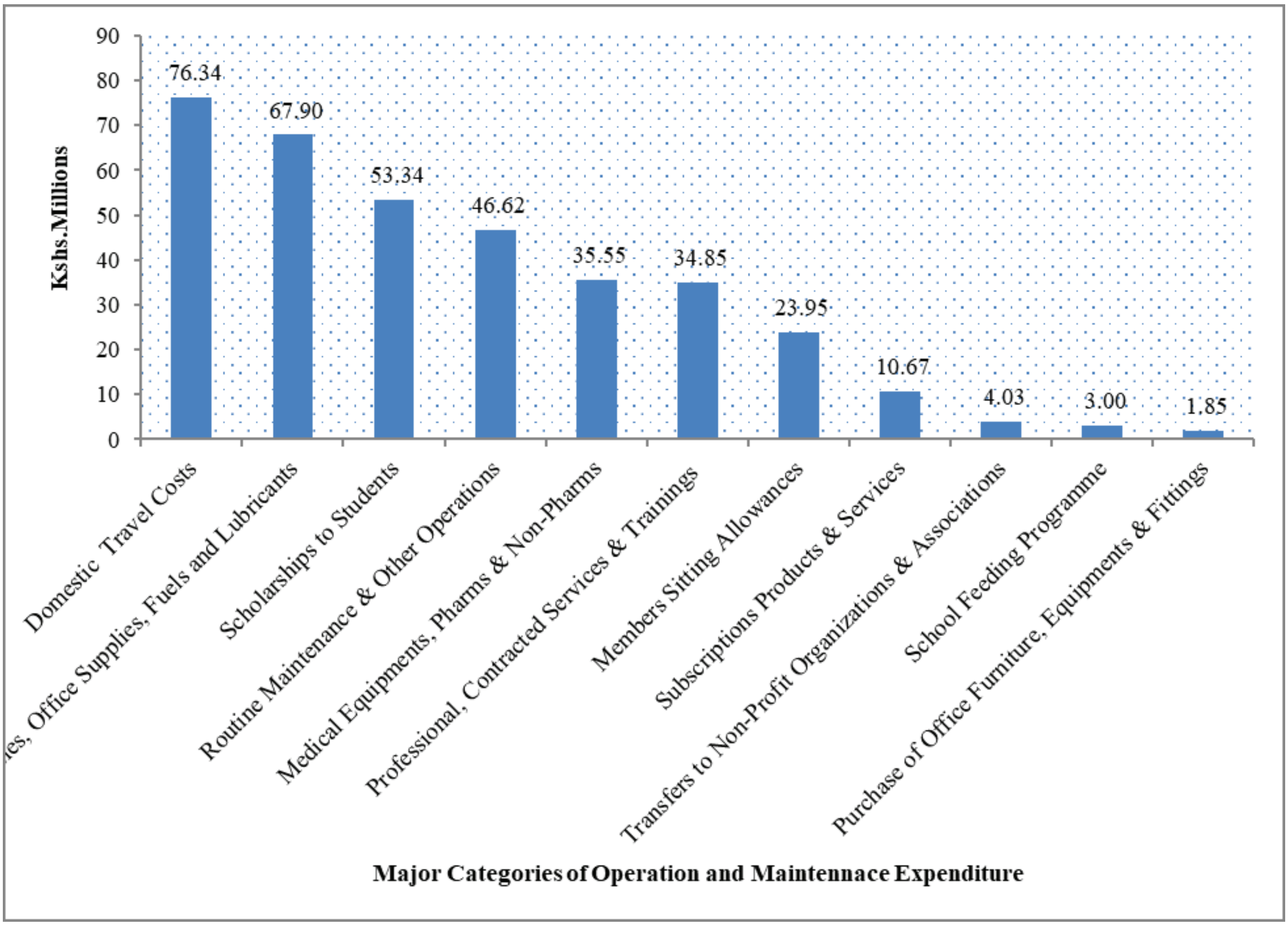
Source: Embu County Treasury

Expenditure on compensation to employees was 75.4 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 55.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.956.97 million.

3.6.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.18: Embu County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: Embu County Treasury

The County spent Kshs.23.95 million on committee sitting allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs.32.10 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.114,067 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.76.34 million and comprised of Kshs.54.18 million spent by the County Assembly and Kshs.22.15 million spent by the County Executive. The county did not report any expenditure on foreign travel for both County Executive and County Assembly.

3.6.7 Development Expenditure Analysis

The total development expenditure of Kshs.140.79 million represented 6.2 per cent of the annual development budget of Kshs.2.28 billion. Table 3.28 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.28: Embu County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

No	Project Name /Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Nthagaiya	Runyenjes Central	10,000,000	15,274,300	152.7
2	Uchumi-Kiambuthi	Kirimari	10,000,000	12,985,649	129.9
3	Construction Of New Badea Block B	Kirimari	33,000,000	12,405,608	37.6
4	Completion Of Bio Medical Engineering Workshop Phase 2	Kirimari	5,000,000	10,888,429	217.8
5	Kavutiri-Muchagori	Gaturi North	10,000,000	8,551,578	85.5
6	Bush clearing on selected roads , hire of grader and bull dozer for road works	County Wide	-	5,386,321	-
7	Construction of a Milk Processing Plant		-	5,000,000	-
8	Development Of CBROP,ADP,CFSP	County Wide	10,000,000	4,989,800	49.9
9	Construction of a Proposed Market Shed	County Wide	-	4,398,094	-
10	Construction of Karambari - Thura -Ntharawe Box Culvert	Kiambere	-	4,203,501	-

Source: *Embu County Treasury*

3.6.8 Budget Performance by Department

Table 3.29 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.29 : Embu County, Budget Performance by Department for the First Half of FY 2019/20

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
Office of Governor	212.63	-	93	-	88	-	94.4	-	41.2	-
County Public Service Board	32.53	-	15.11	-	12.30	-	81.4	-	37.8	-
Public Service and Administration	390.04	15.21	176.49	-	191.16	-	108.3	-	49.0	-
Finance and Economic Planning	116.71	46.00	42.89	9.81	33.17	4.99	77.3	50.9	28.4	10.8
Lands, Physical Planning & Urban Development.	38.07	149.69	13.55	-	12.50	3.54	92.3	> 100	32.8	2.4
Investment, Industrialization, Trade & Tourism	26.33	98.06	12.90	-	8.86	9.52	68.7	> 100	33.7	9.7
Agriculture, Livestock, Fisheries & Co-Op. Devt	289.48	452.48	150.01	-	126.15	5.00	84.1	> 100	43.6	1.1
Water, Environment and Natural Resources	57.37	124.10	27.05	-	22.53	1.98	83.3	> 100	39.3	1.6
Health	1,829.38	204.05	850.32	14.10	851.70	1.93	100.2	13.7	46.6	0.9
Embu Level 5 Hospital	210.73	138.51	133.22	6.50	77.56	29.98	58.2	461.2	36.8	21.6
Infrastructure, Public Works and Housing.	61.46	688.94	31.35	28.53	24.64	74.68	78.6	261.7	40.1	10.8
Education, Science and Technology	447.23	78.97	148.23	-	183.15	4.69	123.6	> 100	41.0	5.9

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
Youth Empowerment, Sports, Gender, Culture, Children & Social Services	19.33	120.73	9.83	-	4.24	4.50	43.1	> 100	21.9	3.7
County Assembly	600.06	162.85	211.00	-	197.23	46.05	93.5	> 100	32.9	-
TOTAL	**4,331**	**2,280**	**1,915**	**59**	**1,833**	**141**	**95.7**	**238.9**	**42.3**	**6.2**

Source: *Embu County Treasury*

Analysis of expenditure by department shows that the Department of Embu Level 5 Hospital recorded the highest absorption rate of development budget at 21.6 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to its recurrent budget at 49 per cent while the Department of Youth Empowerment, Sports, Gender, Culture, Children and Social Services had the lowest at 21.9 per cent.

3.6.9 Budget Execution by Programmes and Sub-Programmes

Table 3.30 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.30: Embu County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance	Absorption (%)
Office of Governor					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	127,578,521	52,610,066	74,968,455	41.2
P2: County Leadership and Co-ordination	SP2.1: Sub-County Administration and Field Services	42,526,174	17,536,689	24,989,485	41.2
	SP2.2: Management of County Executive Services (Office of County Secretary)	25,515,704	10,522,013	14,993,691	41.2
P3: County Leadership and Co-ordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	17,010,470	7,014,676	9,995,794	41.2
Sub Total		**212,630,869**	**87,683,444**	**124,947,425**	**41.2**
County Public Service Board					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	5,530,331	2,091,472	3,438,859	37.8
	SP1.2: Administration of board programmes	8,132,839	3,075,694	5,057,146	37.8
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	11,385,975	4,305,971	7,080,004	37.8
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	7,482,212	2,829,638	4,652,574	37.8
Sub Total		**32,531,357**	**12,302,774**	**20,228,583**	**37.8**
Public Service and Administration					
P1: General Administration Planning and Support Services	SP1.1: Service delivery and management of County Affairs	141,839,342	66,907,067	74,932,274	47.2
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	101,313,816	47,790,763	53,523,053	47.2
	SP2.2: Office Infrastructure Development	162,102,105	76,465,220	85,636,885	47.2
Sub Total		**405,255,262**	**191,163,050**	**214,092,212**	**47.2**
Finance and Economic Planning					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	26,897,818	6,481,049	20,416,770	24.1
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Co-ordination	25,285,858	6,551,637	18,734,222	25.9
P3: Financial Management Services	SP3.1: Revenue Management Services	26,897,818	6,481,049	20,416,770	24.1
	SP3.2: Control and Management of Public Finances	13,448,909	3,240,524	10,208,385	24.1
P4: Monitoring and Evaluation	SP 4.1:Monitoring and Evaluation of projects	16,138,691	3,888,629	12,250,062	24.1
P5: Research and Statistics	SP5.1: County database and profile	13,448,909	3,240,524	10,208,385	24.1

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance	Absorption (%)
P6: P7: Kenya Devolution Support Programme	SP 7.1: Kenya Devolution Support Programme	40,595,727	8,275,391	32,320,336	20.4
Sub Total		**162,713,731**	**38,158,803**	**124,554,928**	**23.5**
Lands, Physical Planning and Urban Development					
P1: Land Policy and Planning	SP1.1: Spatial planning and urban Planning	44,716,358	4,008,773	40,707,586	9.0
	SP1.2: Survey and land Planning	47,682,471	4,008,773	43,673,699	8.4
P2:Environment Management and Natural Resources Conservation	SP2:1: Environment Management and Natural Resources Conservation	57,218,965	4,810,527	52,408,438	8.4
P3: General Administration, Planning and Support Services	SP3.1 General Administration and support Services	38,145,977	3,207,018	34,938,959	8.4
Sub Total		**187,763,771**	**16,035,090**	**171,728,681**	**8.5**
Investment, Industrialization, Trade and Tourism					
P1:Administrative Support Services	P1.1:Administrative Support Services	14,697,326	2,172,294	12,525,032	14.8
P2: Trade development and Promotion	P2.1: Trade development and Promotion	59,937,807	8,858,926	51,078,880	14.8
P3:Industrial Development and Investment	P3.1:Industrial Development and Investment	27,366,215	4,044,781	23,321,435	14.8
P4:Tourism Development	P4.1:Tourism Development	22,390,540	3,309,366	19,081,174	14.8
Sub Total		**124,391,888**	**18,385,367**	**106,006,521**	**14.8**
Agriculture, Livestock, Fisheries and Co-Operative Development					
P1:Administrative Support Services	P1.1: Administrative Support Services	93,422,817	16,513,390	76,909,427	17.7
P2:Crop Development and Management	P2.1:Crop Development and Management	348,272,830	61,560,603	286,712,226	17.7
P3:Agribusiness and Information Management	P3.1:Agribusiness and Information Management	96,455,624	17,049,468	79,406,156	17.7
P4:Livestock Resources Management and Development	P4.1:Livestock Resources Management and Development	129,618,434	22,911,317	106,707,118	17.7
P5:Fisheries Development	P5.1:Fisheries Development	74,196,634	13,114,975	61,081,659	17.7
Sub Total		**741,966,339**	**131,149,753**	**610,816,586**	**17.7%**
Water, Environment and Natural Resources.					
P1: Water Supply and sewerage Services	SP1.1: Domestic water supply	72,588,981	9,802,550	62,786,431	13.5
P2: Irrigation	SP2.1: Provision of Irrigation water	68,959,532	9,312,423	59,647,109	13.5
P3: General Administration, Planning and Support Services	SP 3.1 General Administration and support Services	39,923,940	5,391,403	34,532,537	13.5
Sub Total		**181,472,453**	**24,506,376**	**156,966,077**	**13.5**
Health					
P1: Curative Health Services	SP1.1: Primary Health Care	1,228,076,816	492,642,058	735,434,758	40.1
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	453,511,964	201,833,741	251,678,223	44.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	351,840,500	159,152,334	192,688,166	45.2
Sub Total		**2,033,429,281**	**853,628,133**	**1,179,801,148**	**42**
Embu Level 5 Hospital					
P1: Curative Health Services	SP1.1: Primary Health Care	259,931,469	77,817,656	182,113,813	29.9
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	53,386,955	17,549,224	35,837,731	32.9
P3: General Administration Planning and Support Services	SP3.1: General Administration services	35,924,794	12,172,267	23,752,527	33.9
Sub Total		**349,243,218**	**107,539,146**	**241,704,072**	**30**
Infrastructure, Public Works and Housing.					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	150,079,361	19,863,241	130,216,119	13.2

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance	Absorption (%)
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	375,198,402	49,658,103	325,540,299	13.2
P3: Energy and housing	SP3.1: Energy and Housing	225,119,041	29,794,862	195,324,179	13.2
Sub Total		**750,396,804**	**99,316,207**	**651,080,597**	**13.2**
Education, Science and Technology					
P1: General Administration, Planning and Support Services	SP1.1:General Administration and Support Services	157,861,659	56,350,471	101,511,188	35.7
P2:Quality Assurance and Standards	SP2.1: Quality Assurance and standards	131,551,383	46,958,726	84,592,657	35.7
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	236,792,489	84,525,707	152,266,782	35.7
Sub Total		**526,205,530**	**187,834,904**	**338,370,626**	**35.7%**
Youth Empowerment, Sports, Gender, Culture, Children and Social Services					
P1: Policy and General administrative services	SP1.1: general administrative unit	14,005,430	874,002	13,131,427	6.2
P2: Gender and Social Development	SP2.1: Communication mobilization and development	21,008,145	1,311,004	19,697,141	6.2
	SP2.2 : social welfare services	14,005,430	874,002	13,131,427	6.2
	SP2.3 : Vocational rehabilitation and training	14,005,430	874,002	13,131,427	6.2
	SP2.4 : Gender mainstreaming and development	21,008,145	1,311,004	19,697,141	6.2
P3: Children Services	SP3.1: child rehabilitation and custody	14,005,430	874,002	13,131,427	6.2
P4: Culture and Cultural Preservation	SP 4.1 Cultural preservation	14,005,430	874,002	13,131,427	6.2
P5: Youth Development and Empowerment Services	SP5.1:Youth Development and Empowerment Services	14,005,430	874,002	13,131,427	6.2
P6:Management and development of Sport and Sport facilities	SP5.1: Community Sports programme	14,005,430	874,002	13,131,427	6.2
Sub Total		**140,054,297**	**8,740,025**	**131,314,272**	**6.2**
County Assembly					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	315,969,837	81,684,275	234,285,562	25.9
P: 1: Legislation	SP: 1: Legislation	446,937,787	115,542,007	331,395,780	25.9
Sub Total		**762,907,624**	**197,226,282**	**565,681,342**	**25.9**
Grand Total		**6,610,962,424**	**1,973,669,354**	**4,637,293,070**	**29.9**

Source: *Embu County Treasury*

The best performing programs across the County were: Planning, budgeting and development coordination services at 75.8 per cent, General Administration Planning and Support Services at 45.2 per cent and Preventive and Promotive Health Services at 44.5 per cent of budget allocation.

3.6.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Failure by the County to budget for unspent funds carried forward from FY 2018/19.
2. A high wage bill that increased by 55.5 per cent from Kshs.956.97 million in the first half of FY 2018/19 to Kshs.1.49 billion in the period under review.
3. Delay by the County Assembly in the approval of key planning policy documents such as the ADP and CBROP.

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

1. *The County should appropriate the unspent cash balance from FY 2018/19 in the Supplementary Budget.*
2. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*
3. *The County Assembly should observe the timelines stipulated in law in the approval of key planning documents so as to facilitate smooth implementation of the budget.*

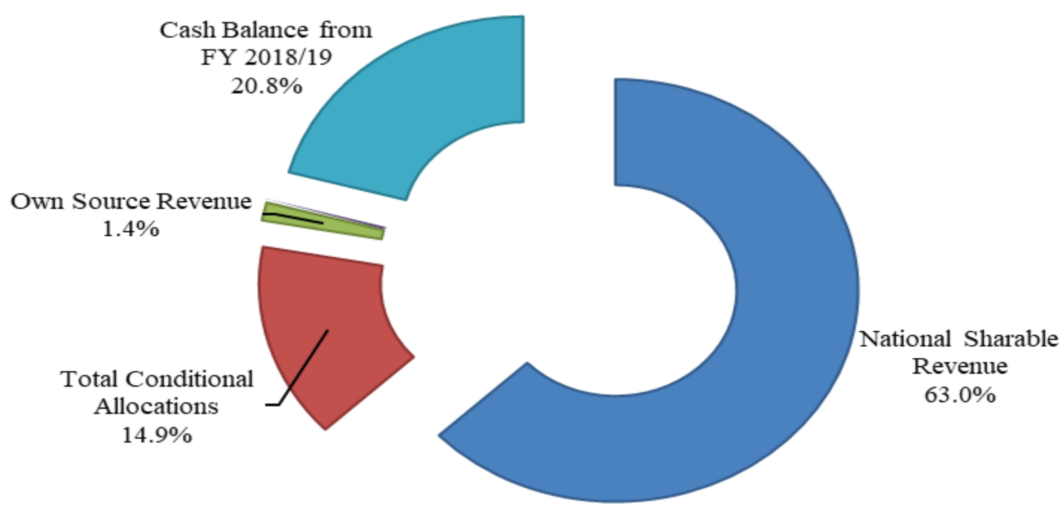
3.7 Garissa County

3.7.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.10.93 billion, comprising of Kshs.4.81 billion (44 per cent) and Kshs.6.12 billion (56 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.88 billion (63.0 per cent) as equitable share of revenue raised nationally, Kshs.1.63 billion (14.9 per cent) as total conditional grants, generate Kshs.150 million (1.4 per cent) from own source revenue, and Kshs.2.27 billion (20.8 per cent) as cash balance from FY 2018/19. Figure 3.19 shows the expected sources of financing by category in FY 2019/20.

Figure 3.19: Garissa County Expected Revenue Sources in FY 2019/20



Source: *Garissa County Treasury*

3.7.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.64 billion as equitable share of the revenue raised nationally, Kshs. 82.80 million as total conditional grants, raised Kshs.49.27 million from own-source revenue, and had a cash balance of Kshs.1.27 billion from FY 2018/19.

Table 3.31: Garissa County, Revenue Performance in the First Half of FY 2019/20

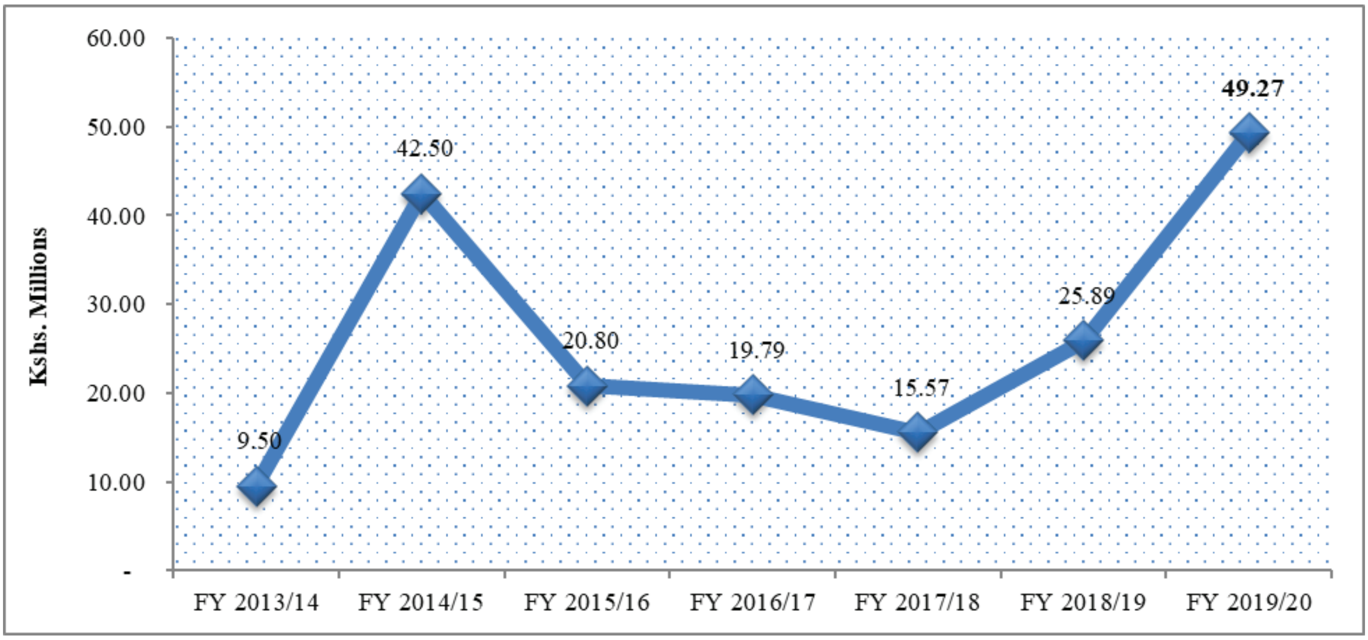
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,882,000,000	6,882,000,000	2,640,374,708	38.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	-	-
3.	Compensation for User Fee Foregone	12,964,636	12,964,636	-	-
4.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
5.	Road Maintenance Fuel Levy Fund	199,446,188	199,446,188	49,861,547	25.0
6.	Rehabilitation of Village Polytechnics	20,628,298	20,628,298		-
Sub Total		**7,591,693,900**	**7,591,693,900**	**2,690,236,255**	**35.4**
C	**Loans and Grants from Development Partners**				

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1	Transforming Health systems for Universal care Project (WB)	47,421,765	47,421,765	12,083,548	25.5
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	-	-	-	-
3	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,422,858	157,422,858	60,357,821	38.3
4	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	- -
5	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	233,506,000	233,506,000	-	-
6	DANIDA Grant	20,718,750	20,718,750	10,359,375	50.0
7	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	-	-
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,520,018	20,520,018	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**918,389,391**	**918,389,391**	**82,800,744**	**9.0**
D	**Other Sources of Revenue**				
1	Own Source Revenue	150,000,000	150,000,000	49,268,986	32.8
2	Balance b/f from FY2018/19	2,270,378,994	2,270,378,994	1,270,378,994	56.0
Sub Total		**2,420,378,994**	**2,420,378,994**	**1,319,647,980**	**54.5**
Grand Total		**17,812,462,285**	**10,930,462,285**	**4,092,684,979**	**37.4**

Source: *Garissa County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.4.07 billion as shown in Table 3.31.

Figure 3.20: Garissa County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Garissa County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.49.27 million as own-source revenue. This amount represented an increase of 90.3 per cent when compared to Kshs.25.89 million reported during the same period in FY 2018/19, and represented 32.8 per cent of the annual target.

3.7.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.51 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.500.36 million (14.1 per cent) for development programmes and Kshs.3.01 billion (85.9 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

A total of Kshs.3.42 billion was spent on development and recurrent programmes and represented 97.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.498.01 million and Kshs.2.92 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 10.4 per cent while that incurred on recurrent expenditure programmes represented 47.7 per cent of the annual recurrent budget.

3.7.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.32 billion was spent on compensation to employees, Kshs.576.70 million on operations and maintenance, and Kshs.498.09 million on development expenditure

Table 3.32: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**6,122,968,278**	**3,011,362,736**	**2,923,245,893**	**85.4**	**47.7**
Compensation to Employees	4,807,493,999	2,317,093,955	2,317,093,955	67.7	48.2
Operations and Maintenance	1,315,474,279	694,268,781	576,704,368	16.9	43.8
Total Development Expenditure	**4,807,493,999**	**500,357,552**	**498,009,200**	**14.6**	**10.4**
Development Expenditure	4,807,493,999	500,357,552	498,009,200	14.6	10.4
Total	**10,930,462,277**	**3,511,720,288**	**3,421,255,093**	**100.0**	**31.3**

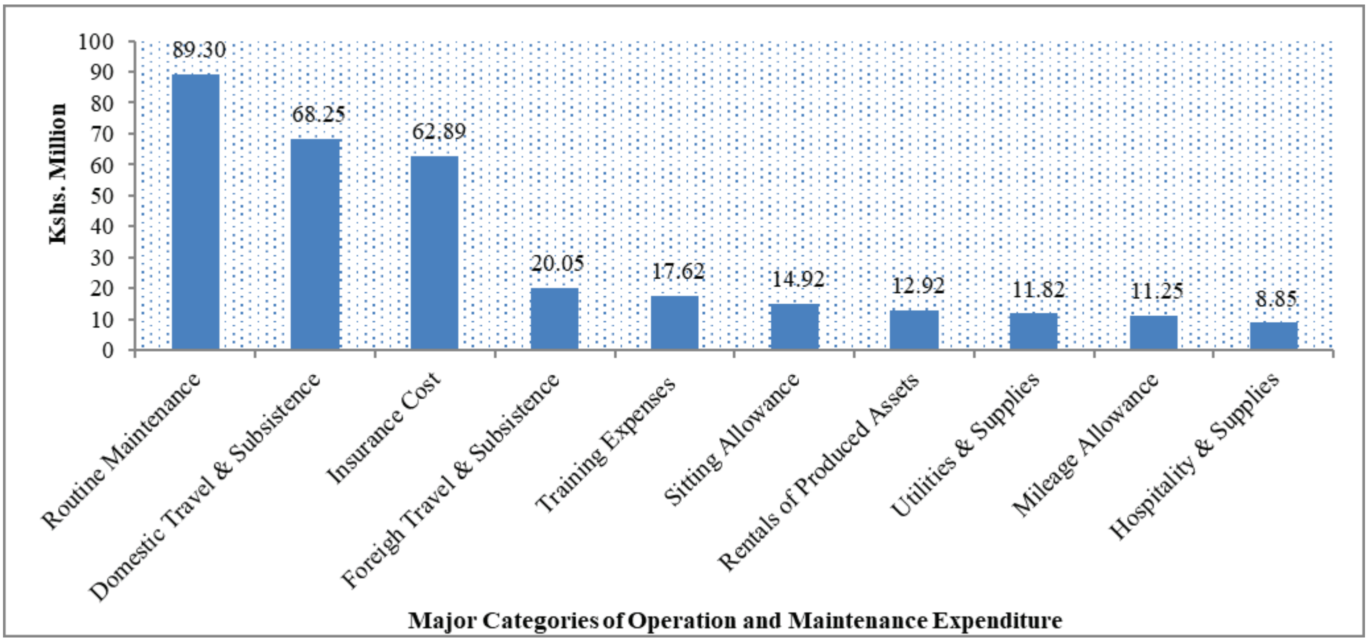
Source: *Garissa County Treasury*

Expenditure on compensation to employees was 67.7 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 6.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.16 billion.

3.7.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.21: Garissa County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Garissa County Treasury*

The County spent Kshs. 14.92 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.63.02 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.50,761 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.68.25 million and comprised of Kshs.23.52 million spent by the County Assembly and Kshs.44.72 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs. 20.05 million and comprised of Kshs.2.0 million spent by the County Assembly and Kshs.18.05 million spent by the County Executive.

3.7.7 Development Expenditure Analysis

The total development expenditure of Kshs.498.09 million represented 10.4 per cent of the annual development budget of Kshs.4.81 billion. The County Treasury did not provide a project implementation status report.

3.7.8 Budget Performance by Department

Table 3.33 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.33: Garissa County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	756.4	-	305	-	303.61	-	99.5	-	40.1	-
County Executive	393.79	120.15	198.83	-	198.22	-	99.7	-	50.3	-
Finance & Economic planning	892.14	170.37	435.22	-	425.22	-	97.7	-	47.7	-

Department	Budget Allocation Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary & Fisheries	165.18	161.48	68.99	74.57	68.99	74.57	100.0	100.0	41.8	46.2
Education and Labour	542.17	315.44	251.81	11.67	251.72	11.67	100.0	100.0	46.4	3.7
Health and Sanitation	2,457.17	106.63	1,411.05	53.33	1,361.04	53.33	96.5	100.0	55.4	50.0
Lands, Physical Planning and Housing Development	322.79	588.41	172.1	39.47	141.1	39.1	82.0	99.1	43.7	6.6
Roads and Transport	40.32	355.55	18.14	89.85	10.94	89.85	60.3	100.0	27.1	25.3
Trade, Enterprises Development and Tourism.	110	522.15	30.75	-	28.69	-	93.3	-	26.1	-
Gender, Culture and Social Services	71.2	163	31.31	2.99	27.31	2.99	87.2	100.0	38.4	1.8
Water and Irrigation	199.56	2,002.00	71.39	228.48	24.28	226.48	34.0	99.1	12.2	11.3
Environment and Energy	63.15	60	29.28	-	4.9	-	16.7	-	7.8	-
Town Management	72	242.31	5	-	10.95	-	219.0	-	15.2	-
County Public Service Board	37.07	-	37.07	-	10.95	-	29.5	-	29.5	-
Total	**6,122.94**	**4,807.49**	**3,065.94**	**500.36**	**2,867.92**	**497.99**	**93.5**	**99.5**	**46.8**	**10.4**

Source: *Garissa County Treasury*

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 50 per cent followed by the Department of Agriculture, Livestock, Veterinary and Fisheries at 46.1 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 55.4 per cent.

3.7.9 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation reports.
2. High costs on personnel emoluments which increased by 6.8 per cent from Kshs.2.16 billion recorded in a similar period of FY 2018/19 to Kshs.2.23 billion in the reporting period, and accounted for 67.7 per cent of the total expenditure for the period.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

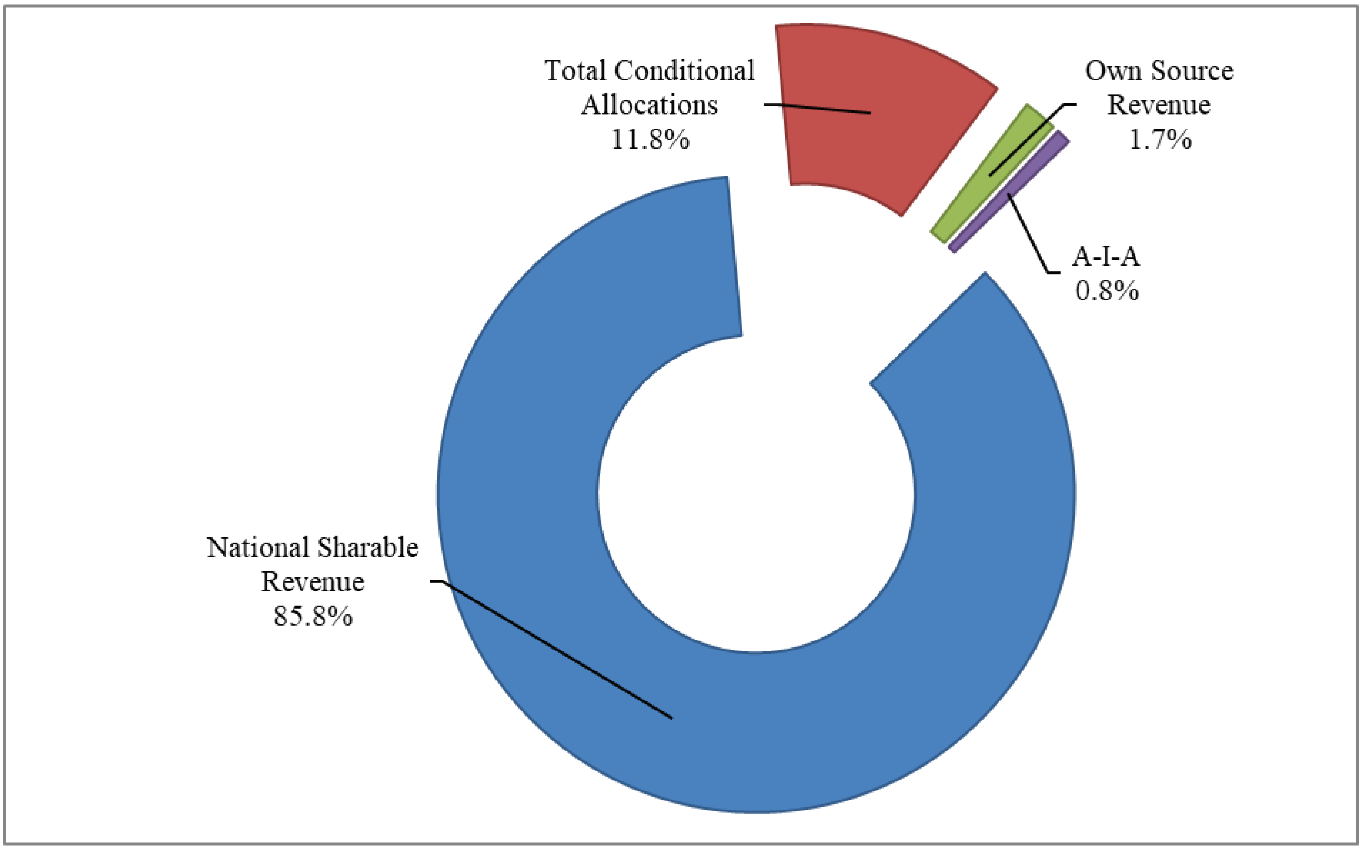
3.8 Homa Bay County

3.8.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.34 billion, comprising of Kshs.2.91 billion (34.9 per cent) and Kshs.5.43 billion (65.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.15 billion (85.8 per cent) as equitable share of revenue raised nationally, Kshs.980.43 million (11.8 per cent) as total conditional grants, generate Kshs.144.89 million (1.7 per cent) from own sources of revenue. The County also budgeted to receive Kshs.62.70 million (0.8 per cent) as Appropriations in Aid. The County did not budget for Kshs.1.05 billion cash balance from FY 2018/19. Figure 3.22 shows the expected sources of financing by category in FY 2019/20.

Figure 3.22: Homa Bay Expected Revenue Sources in FY 2019/20



Source: *Homa Bay County Treasury*

3.8.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.39 billion as equitable share of the revenue raised nationally, Kshs.48.63 million as total conditional grants, raised Kshs.49.35 million from own-source revenue, and had a cash balance of Kshs.1.05 billion from FY 2018/19. The County also received Kshs.4.41 million as Appropriations-in-Aid, bringing

Table 3.34: Homa Bay County, Revenue Performance in the First Half of FY 2019/20

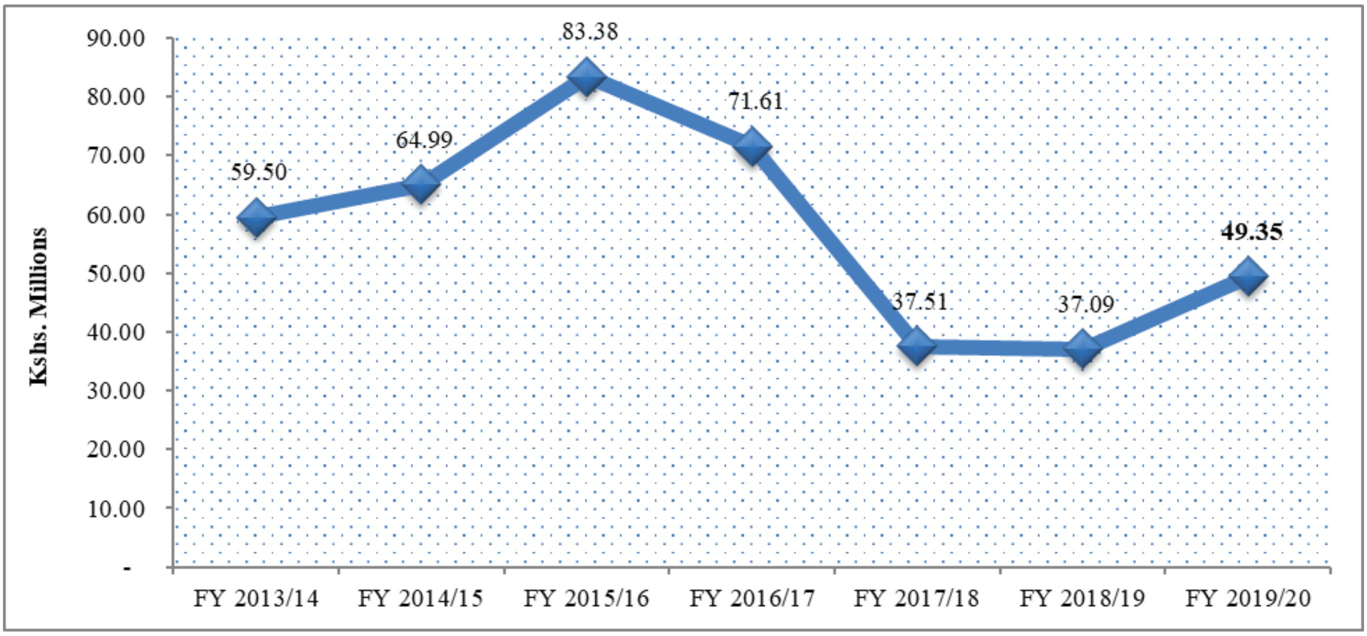
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,741,450,000	7,149,771,000	2,386,473,300	33.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	22,185,346	22,185,346	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	191,360,531	191,360,531	-	-
4.	Rehabilitation of Village Polytechnics	35,163,298	35,163,298	-	-
Sub Total		**380,624,069**	**380,624,069**	-	-
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	53,812,849	53,812,849	11,708,060.20	21.8
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	26,934,192.65	7.7
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	119,361,500	119,361,500	-	-
9	DANIDA Grant	19,968,750	19,968,750	9,984,375.00	50.0
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,858,004	17,858,004	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		**599,801,103**	**599,801,103**	**48,626,627**	**8.1**
D	**Other Sources of Revenue**				
12	Own Source Revenue	144,892,435	144,892,435	49,350,000	34.1
13	Balance b/f from FY2018/19	-	-	1,054,447,420	-
14	A-I-A	62,699,089	62,699,089	4,191,833	6.7
Sub Total		**207,591,524**	**207,591,524**	**1,107,989,253.10**	**533.7**
Grand Total		**7,929,466,696**	**8,337,787,696**	**3,543,089,180.95**	**42.5**

Source: *Homa Bay County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.54 billion as shown in Table 3.34.

Figure 3.23: Homa Bay County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Homa Bay County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.49.35 million as own-source revenue. This amount represented an increase of 33.1 per cent when compared to Kshs.37.09 million reported during the same period in FY 2018/19, and represented 34.1 per cent of the annual target.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.07 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.694.61 million (22.6 per cent) for development programmes and Kshs.2.38 billion (77.4 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

A total of Kshs.2.88 billion was spent on development and recurrent programmes and represented 93.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.573.12 million and Kshs.2.31 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.7 per cent while that incurred on recurrent expenditure programmes represented 42.5 per cent of the annual recurrent budget.

3.8.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.46 billion was spent on compensation to employees, Kshs.847.77 million on operations and maintenance, and Kshs.573.12 million on development expenditure.

Table 3.35: Homa Bay County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**5,424,717,761**	**2,305,346,120**	**80.1**	**42.5**
Compensation to Employees	3,369,731,308	1,457,580,197	50.6	43.3
Operations and Maintenance	2,054,986,453	847,765,923	29.5	41.3
Development Expenditure	**2,913,069,935**	**573,121,060**	**19.9**	**19.7**
Total	**8,337,787,696**	**2,878,467,180**	**100**	**34.5**

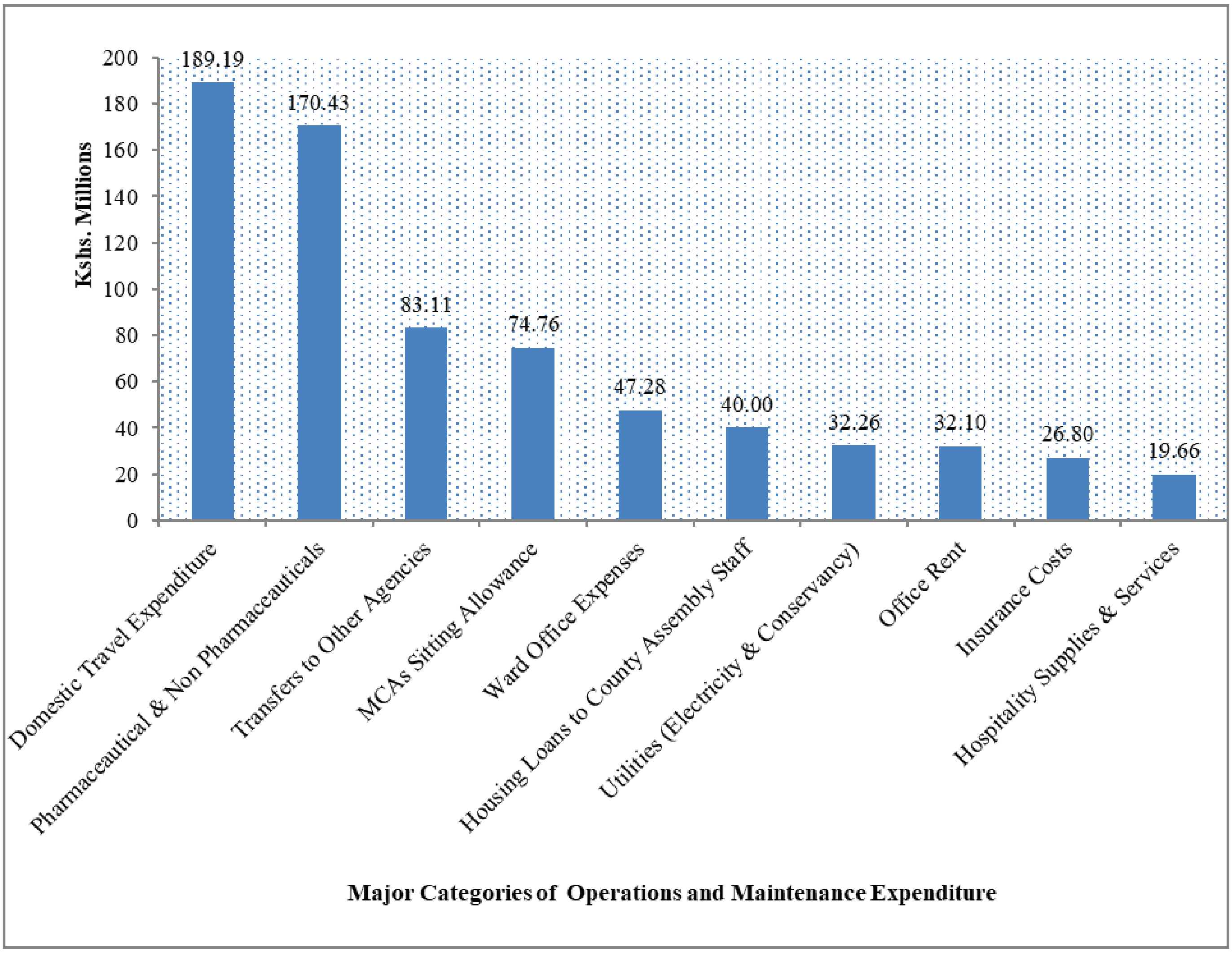
Source: *Homa Bay County Treasury*

Expenditure on compensation to employees was 50.6 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 0.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.46 billion.

3.8.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.24: Homa Bay County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Homa Bay County Treasury*

The County spent Kshs.74.76 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.110.76 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.204, 260 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.189.19 million and comprised of Kshs.57.05 million spent by the County Assembly and Kshs.132.14 million spent by the County Executive. The County did not report expenditure on foreign travel during the reporting period.

3.8.7 Development Expenditure Analysis

The total development expenditure of Kshs.573.12 million represented 19.7 per cent of the annual development budget of Kshs.2.91 billion. Table 3.36 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.36: Homa Bay County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Kadongo Gendia Road		447,911,196	70,000,000	15.6
2	Construction of Finance Office Block	Homa Bay Town	47,004,390	44,153,621	93.9
3	construction of Homa Bay Stadium	Arujo Ward Homa Bay Sub County	160,329,509	39,120,294	24.4
4	Construction of Animal feeds factory	Arujo Ward Homa Bay Sub County	45,160,064	27,268,553	60.4
5	Upgrading of Nyakwere Market	Nyakwere	50,544,193	22,643,272	44.8
6	Perimeter Wall Fencing of Homa Bay Stadium	Arujo Ward Homa Bay Sub County	28,000,000	14,548,551	52.0
7	Junction C19-Pedo-Angalo-Beach Road	Homa Bay Sub County	7,624,500	7,178,428	94.1
8	Ruga -Lala Road	Homa Bay Sub County	14,868,416	6,599,936	44.4
9	Blood Bank Satellite	Homa Bay Town	22,000,000	6,700,000	30.5
10	Renovation of PSB offices	Homa Bay Town	6,644,480	5,781,440	87.0

Source: *Homa Bay County Treasury*

3.8.8 Budget Performance by Department

Table 3.37 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.37: Homa Bay County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Food Security	198.97	616.53	158.50	7.68	76.27	10.02	48.1	130.5	38.3	1.6
Tourism, Sports, Youth Gender, Culture and Social Services	51.58	212.04	24.50	76.00	24.55	53.67	100.2	70.6	47.6	25.3
Roads, Transport and Public Works	84.92	420.42	43.50	263.73	38.81	226.16	89.2	85.8	45.7	53.8
Energy and Mining	35.78	79.23	17.10	5.00	12.94	5.65	75.7	112.9	36.2	7.1
Education and ICT	550.23	111.73	332.00	12.00	112.98	6.15	34.0	51.3	20.5	5.5
Health Services	2,268.01	344.32	804.00	63.00	980.67	55.33	122.0	87.8	43.2	16.1
Lands, Housing, Urban Development and Physical Planning	60.16	172.70	29.00	41.20	28.53	1.12	98.4	2.7	47.4	0.6
Trade, Industrialization, Co-operatives and Enterprise Development	217.95	157.94	162.50	70.00	106.87	21.44	65.8	30.6	49.0	13.6
Water, Environment and Natural Resources	157.36	330.65	86.50	132.00	64.17	26.99	74.2	20.4	40.8	8.2
Finance, Economic Planning and Service Delivery	224.48	251.22	96.90	20.00	112.14	144.27	115.7	721.3	50.0	57.4
Office of the Governor	549.94	88.00	223.20	4.00	323.04	22.33	144.7	558.1	58.7	25.4
County Public Service Board	70.69	6.00	35.30	-	8.64	-	24.5	-	12.2	-
County Assembly Service Board	932.23	122.28	360.00	-	411.75	-	114.4	-	44.2	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Homa Bay Municipal Board	22.40	-	4.00	-	4.00	-	100.0	-	17.9	-
TOTAL	5,424.72	2,913.07	2,377.00	694.61	2,305.35	573.12	97.0	82.5	42.5	19.7

Source: *Homa Bay County Treasury*

Analysis of expenditure by department shows that the Department of Finance, Economic Planning and Service Delivery recorded the highest absorption rate of development budget at 57.4 per cent while the County Assembly Service Board and County Public Service Board did not record any development expenditure. The Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 58.7 per cent while the County Public Service Board had the lowest at 12.2 per cent.

3.8.9 Budget Execution by Programmes and Sub-Programmes

Table 3.38 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.38: Homa Bay County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

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	194,973,123	76,270,612	118,702,511	39.1
	Sub total	**198,973,123**	**76,270,612**	**122,702,511**	38.3
Crop, Land and Agribusiness Development Services	Crop Development Services	17,906,014	-	17,906,014	-
	Agribusiness Development Services	25,687,000	-	25,687,000	-
	Land Development Services	20,500,000	-	20,500,000	-
	National Agriculture Rural Inclusive Growth	350,000,000	10,021,200	339,978,800	2.9
	Agriculture Sector Development Support Programme	22,845,232	-	22,845,232	-
	Sub total	**436,938,246**	**10,021,200**	**426,917,046**	**2.3**
Food Security Enhancement Services	Farm Input Access Services	19,497,000	-	19,497,000	-
	Sub Sector Infrastructure Development Services	15,000,000	-	15,000,000	-
	Sub total	**34,497,000**	-	**34,497,000**	-
Fisheries Resources Development Services	Capture Fisheries	12,442,238	-	12,442,238	-
	Farmed Fish Production	54,581,800	-	54,581,800	-
	Sub total	**67,024,038**	-	**67,024,038**	-
Livestock Development Programme	Livestock Improvement and Development	36,352,000	-	36,352,000	-
	Livestock Products Value Addition and Marketing	36,110,000	-	36,110,000	-
	Livestock Health and Disease Management	5,613,000	-	5,613,000	-
	Sub total	**78,075,000**	-	**78,075,000**	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	38,486,669	24,551,400	13,935,269	63.8
	Policy and Planning Services	2,000,000	-	2,000,000	-
	Sub total	**40,486,669**	**24,551,400**	**15,935,269**	**60.6**
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	12,615,425	-	12,615,425	-
	Cultural Development and Promotion Services	14,000,000	-	14,000,000	-
	Sub total	**26,615,425**	-	**26,615,425**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Social Development and Empowerment Services	Gender and Women Empowerment	1,895,000	-	1,895,000	-
	Social Development and Support Services	16,095,316	-	16,095,316	-
	Youth Empowerment	2,000,000	-	2,000,000	-
	Disability Mainstreaming	4,000,000	-	4,000,000	-
	Sub total	**23,990,316**	-	**23,990,316**	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	160,329,509	53,668,845	106,660,664	33.5
	Sports Management and Talent Development	12,200,000	-	12,200,000	-
	Sub total	**172,529,509**	**53,668,845**	**118,860,664**	**31.1**
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	65,399,938	38,810,751	26,589,187	59.3
	Roads and Transport Services Operations	11,374,762	-	11,374,762	-
	Sub total	**76,774,699**	**38,810,751**	**37,963,948**	**50.6**
Public works and maintenance services	Quality control	974,100	-	974,100	-
	Plant and Machinery maintenance	5,600,000	-	5,600,000	-
	Enforcement Services	1,570,000	-	1,570,000	-
	Sub total	**8,144,100**	-	**8,144,100**	-
Road Development and Maintenance Services	Road Development and Rehabilitation services	48,499,922	32,836,836	15,663,086	67.7
	Road maintenance	346,004,452	193,323,999	152,680,453	55.9
	Sub total	**394,504,374**	**226,160,835**	**168,343,539**	**57.3**
Transport Services	Bus Park Improvement Services	25,920,000	-	25,920,000	-
	Sub total	**25,920,000**	-	**25,920,000**	-
Department of Energy and Mining					
Energy Services	Electrical Power Services	14,800,000	-	14,800,000	-
	Solar Power Services	43,658,987	5,646,188	38,012,799	12.9
	Low Cost energy Technologies promotion Services	17,772,949	-	17,772,949	-
	Sub total	**76,231,936**	**5,646,188**	**70,585,748**	**7.4**
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	3,000,000	-	3,000,000	-
	Sub total	**3,000,000**		**3,000,000**	-
General Administration, Planning and Support Services	Administrative Support Services	35,088,406	12,937,750	22,150,656	36.9
	Development of Policies, Plans, Regulations and Legislations	649,149	-	649,149	-
	Sub total	**35,737,555**	**12,937,750**	**22,799,805**	**36.2**
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	14,948,426	-	14,948,426	-
	Quality Assurance Services	522,729,773	112,975,178	409,754,595	21.6
	Sub total	**537,678,199**	**112,975,178**	**424,703,021**	**21.0**
ECDE and Vocational Training Services	ECDE Services	55,275,957	6,151,031	49,124,926	11.1
	Vocational Training Services	56,458,942	-	56,458,942	-
	Sub total	**111,734,899**	**6,151,031**	**105,583,868**	**5.5**
ICT Services	Information Services	1,030,700	-	1,030,700	-
	ICT Infrastructure Development	11,521,409	-	11,521,409	-
	Sub total	**12,552,109**	-	**12,552,109**	-
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	13,473,807	-	13,473,807	-
	Administrative Support Services	1,864,490,967	810,237,436	1,054,253,531	43.5
	Sub total	**1,877,964,774**	**810,237,436**	**1,067,727,338**	**43.1**
Preventive and promotive health services	Community health services	77,400,000	-	77,400,000	-
	Disease control services	47,500,000	-	47,500,000	-
	Sub total	**124,900,000**	-	**124,900,000**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Curative and rehabilitative health services	Routine medical health services	268,017,729	170,427,917	97,589,812	63.6
	Medical emergency response services	12,000,000	-	12,000,000	-
	Facility infrastructure improvement services	323,247,690	55,332,918	267,914,772	17.1
	Sub total	**603,265,419**	**225,760,835**	**377,504,584**	**37.4**
Research and development service	Research and surveillance services	2,703,000	-	2,703,000	-
	Capacity development services	3,500,000	-	3,500,000	-
	Sub total	**6,203,000**	-	**6,203,000**	-
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	33,768,440	28,525,171	5,243,269	84.5
	Policy development	1,390,000	-	1,390,000	-
	Monitoring and Evaluation	694,409	-	694,409	-
	General office operations	24,310,550	-	24,310,550	-
	Sub total	**60,163,399**	**28,525,171**	**31,638,228**	**47.4**
Lands and Physical planning	County Spatial planning	35,477,062	-	35,477,062	-
	Survey, Demarcation and upgrading of markets	6,232,308	1,117,780	5,114,528	17.9
	Sub total	**41,709,370**	**1,117,780**	**40,591,590**	**2.7**
Housing and Urban Development	Housing improvement services	8,000,760	-	8,000,760	-
	Smart settlement services (Equipping of Ndhiwa ABTC)	3,100,000	-	3,100,000	-
	Kenya Urban Support Programme (KUSP)	119,892,100	-	119,892,100	-
	Sub total	**130,992,860**	-	**130,992,860**	-
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	171,826,059	106,869,454	64,956,605	62.2
	Policy Development and Implementation Services	46,123,140	-	46,123,140	-
	Sub total	**217,949,199**	**106,869,454**	**111,079,745**	**49.0**
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	10,000,000	-	10,000,000	-
	Enterprise Development and Promotion Services	5,889,893	-	5,889,893	-
	Trade Infrastructure Development Services	90,245,511	21,439,533	68,805,978	23.8
	Sub total	**106,135,404**	**21,439,533**	**84,695,871**	**20.2**
Industrial Development and Investment Services	Value Chain Development Services	49,800,000	-	49,800,000	-
	Financial and Investment Services	2,000,000	-	2,000,000	-
	Sub total	**51,800,000**	-	**51,800,000**	-
Department of Water, Environment and Natural Resources					
General Administrative services	Administrative Support Services	156,158,105	64,165,319	91,992,786	41.1
	Policy and Planning Services	1,200,000	-	1,200,000	-
	Sub total	**157,358,105**	**64,165,319**	**93,192,786**	**40.8**
Water Supply and Management Services	Urban Water Supply Services	51,845,920	26,988,411	24,857,509	52.1
	Rural Water Supply Services	228,500,000	-	228,500,000	-
	Sub total	**280,345,920**	**26,988,411**	**253,357,509**	**9.6**
Environmental Protection and Management Services	Pollution and Waste Management services	34,100,000	-	34,100,000	-
	Forestry Development Services	11,200,000	-	11,200,000	-
	Land Reclamation Services	5,000,000	-	5,000,000	-
	Sub total	**50,300,000**	-	**50,300,000**	-
Department of Finance, Economic Planning and Service Delivery					
General administration and support services	Staff Remuneration and Welfare Support Services	109,871,580	90,093,350	19,778,230	82.0
	General Logistics, Coordination and Asset Management Services	8,735,098	5,496,500	3,238,598	62.9
	Devolution and Service Delivery Support Services	41,216,648	16,550,000	24,666,648	40.2
	Sub total	**159,823,326**	**112,139,850**	**47,683,476**	**70.2**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Planning, budgeting and development coordination services	Economic planning and development services	108,600,200	86,844,086	21,756,114	80.0
	Resource Allocation Services	12,129,714	3,140,500	8,989,214	25.9
	Community Development Participation Services	30,146,160	24,425,178	5,720,982	81.0
	Sub total	**150,876,074**	**114,409,764**	**36,466,310**	**75.8**
Strategy and service delivery management services	Monitoring and evaluation services	7,989,200	-	7,989,200	-
	Strategy and service delivery improvement services	3,970,000	-	3,970,000	-
	Sub total	**11,959,200**	-	**11,959,200**	-
Resource mobilization services	External Resources Mobilization Services	8,448,248	-	8,448,248	-
	Internal Revenue Generation Services	53,721,280	5,240,300	48,480,980	9.8
	Sub total	**62,169,528**	**5,240,300**	**56,929,228**	**8.4**
Financial management services	Accounting and Financial Reporting Services	12,554,530	3,500,240	9,054,290	27.9
	Audit and Advisory Services	8,318,740	2,430,800	5,887,940	29.2
	Emergency Management Services	70,000,000	18,688,160	51,311,840	26.7
	Sub total	**90,873,270**	**24,619,200**	**66,254,070**	**27.1**
					Office of the Governor
Public service administration support services	Human resource management and development services	260,167,019	227,936,319	32,230,700	87.6
	supply chain management services	5,559,541	-	5,559,541	-
	Legal Services	16,000,000	4,800,000	11,200,000	30.0
	Logistics, security and asset management services	33,824,360	27,100,000	6,724,360	80.1
	Performance contracting and appraisal services	7,500,000	-	7,500,000	-
	Sub total	**323,050,920**	**259,836,319**	**63,214,601**	**80.4**
Governance and coordination services	Executive management and liaison services	94,565,410	63,200,000	31,365,410	66.8
	Field coordination and administration services	154,266,000	22,325,055	131,940,945	14.5
	Sub total	**248,831,410**	**85,525,055**	**163,306,355**	**34.4**
Strategy and service delivery improvement services	Strategy and advisory services	19,739,640	-	19,739,640	-
	Efficiency monitoring services	32,003,000	-	32,003,000	-
	Information and communication services	5,950,000	-	5,950,000	-
	Disaster management services	8,360,600	-	8,360,600	-
	Sub total	**66,053,240**	-	**66,053,240**	-
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,124,900	-	2,124,900	-
	Administrative Support Services	51,444,305	3,044,200	48,400,105	5.9
	Facility Improvement & Capacity Strengthening Services	6,000,000	-	6,000,000	-
	Sub total	**59,569,205**	**3,044,200**	**56,525,005**	**5.1**
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	4,817,000	-	4,817,000	-
	Human Resource Advisory Services	8,230,000	5,100,000	3,130,000	62.0
	Capacity Development Services	3,295,500	500,000	2,795,500	15.2
	Sub total	**16,342,500**	**5,600,000**	**10,742,500**	**34.3**
Performance Management Services	Performance Contracting and Appraisal Services	783,000	-	783,000	-
	Sub total	**783,000**	-	**783,000**	-
County Assembly Service Board					
Legislative Services	Members welfare Support services	323,630,788	170,661,122	152,969,666	52.7
	Legislative development and approval services	53,176,569	19,176,310	34,000,259	36.1
	Sub total	**376,807,357**	**189,837,432**	**186,969,925**	**50.4**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Oversight and Control Services	Capacity building services	8,000,000	3,993,600	4,006,400	49.9
	Report writing services	19,500,000	9,741,840	9,758,160	50.0
	Public participation and education services	12,081,120	5,908,402	6,172,718	48.9
	Sub total	**39,581,120**	**19,643,842**	**19,937,278**	**49.6**
Ward Representation Services	Staff welfare support services	51,619,464	19,849,995	31,769,469	38.5
	Ward operations and maintenance	84,000,000	47,283,300	36,716,700	56.3
	Sub total	**135,619,464**	**67,133,295**	**68,486,169**	**49.5**
Policy, Planning and Administrative Support Services	Administrative support services	234,525,916	91,074,532	143,451,384	38.8
	Financial management Services	145,698,720	44,065,662	101,633,058	30.2
	Assembly infrastructure development Services	122,283,799	-	122,283,799	-
	Sub total	**502,508,435**	**135,140,194**	**367,368,241**	**26.9**
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	5,000,000	2,500,000	2,500,000	50.0
	Administration and Support Services	13,150,000	1,500,000	11,650,000	11.4
	Sub total	**18,150,000**	**4,000,000**	**14,150,000**	**22.0**
Urban development services	Project coordination services	4,250,000	-	4,250,000	-
	Sub total	**4,250,000**	-	**4,250,000**	-
Grand Total		**8,337,742,696**	**2,878,467,180**	**5,459,275,516**	**34.5**

Source: *Homa Bay County Treasury*

The best performing programs across the County were: Planning, budgeting and development coordination services at 75.8 per cent, Road Development and Maintenance Services at 57.3 per cent, and Legislative Services at 50.4 per cent of budget allocation.

3.8.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Failure by the County to budget for unspent cash balance from FY 2018/19 amounting to Ksh.1.05 billion. This affected payment of pending bills from the previous financial year.
3. Slow implementation of development activities during the reporting period. The County absorbed 19.7 per cent of the annual development budget compared to the expected performance of 50 per cent.
4. Delay by Fund Administrators to submit expenditure reports of the Car Loan and Mortgage Fund and Bursary Fund contrary to Section 168 of the PFM Act, 2012.
5. Late submission of financial reports by the County Assembly, which affected timely preparation of budget implementation report. This is contrary to Section 166 of the PFM Act, 2012.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner.*
2. *The County should appropriate the unspent cash balance from FY 2018/19 in the Supplementary Budget.*
3. *The County should identify and address issues that cause delays in the implementation of development projects.*
4. *All Fund Administrators should ensure timely submission of expenditure reports on established Funds in line with Section 168 of PFM Act 2012.*
5. *The County Assembly should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*

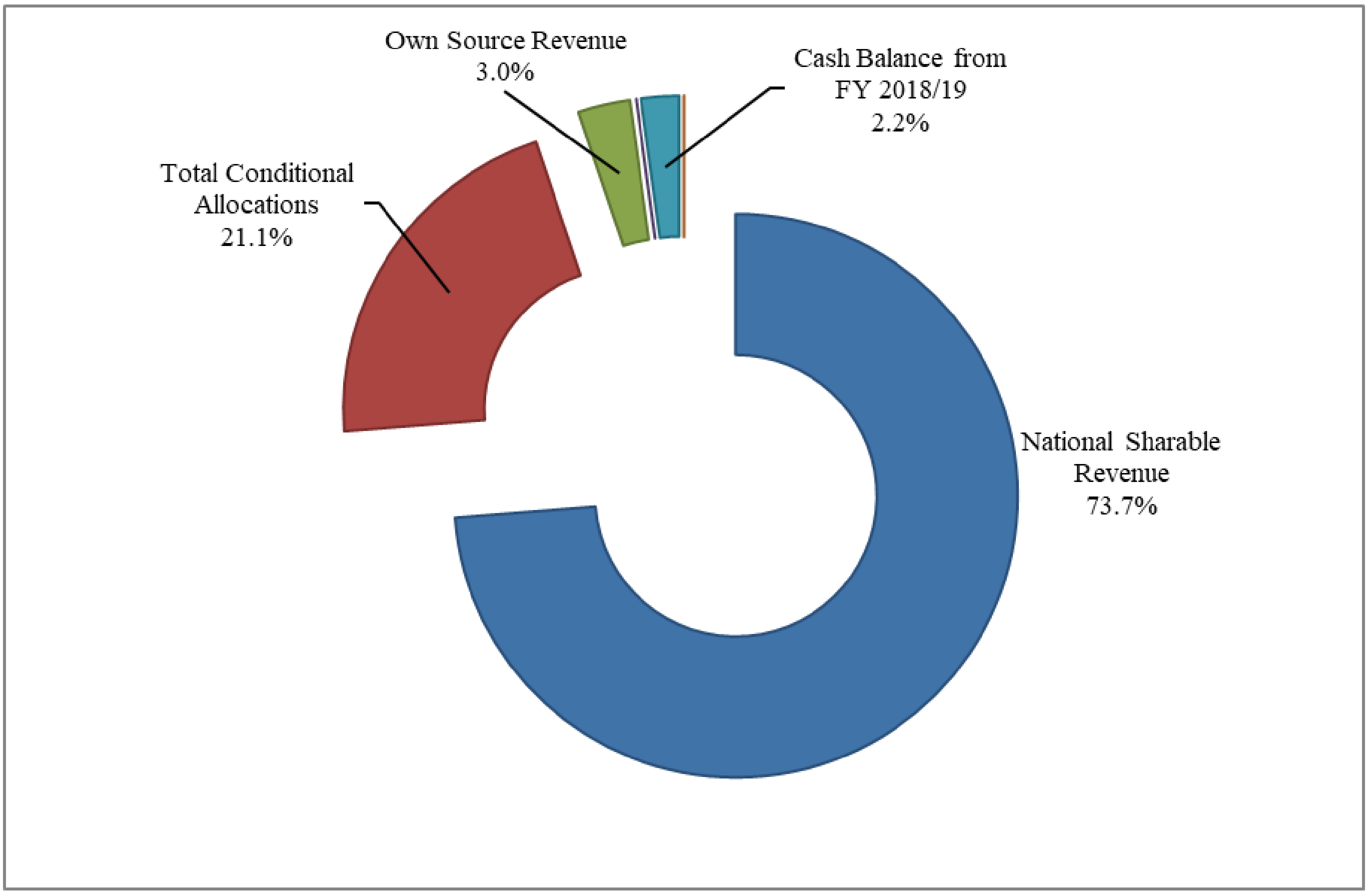
3.9 Isiolo County

3.9.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.5.75 billion, comprising of Kshs.2.35 billion (40.9 per cent) and Kshs.3.4 billion (59.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.24 billion (73.7 per cent) as equitable share of revenue raised nationally, Kshs.1.21 billion (21.1 per cent) as total conditional grants, generate Kshs.170.86 million (3 per cent) from own sources of revenue, and Kshs.125.02 million (2.2 per cent) as cash balance from FY 2018/19. Figure 3.25 shows the expected sources of financing by category in FY 2019/20.

Figure 3.25: Isiolo County Expected Revenue Sources in FY 2019/20



Source: *Isiolo County Treasury*

3.9.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.5 billion as equitable share of the revenue raised nationally, Kshs.112.56 million as total conditional grants, raised Kshs.96.14 million from own-source revenue, and had a cash balance of Kshs.125.02 million from FY 2018/19.

Table 3.39: Isiolo County, Revenue Performance in the First Half of FY 2019/20

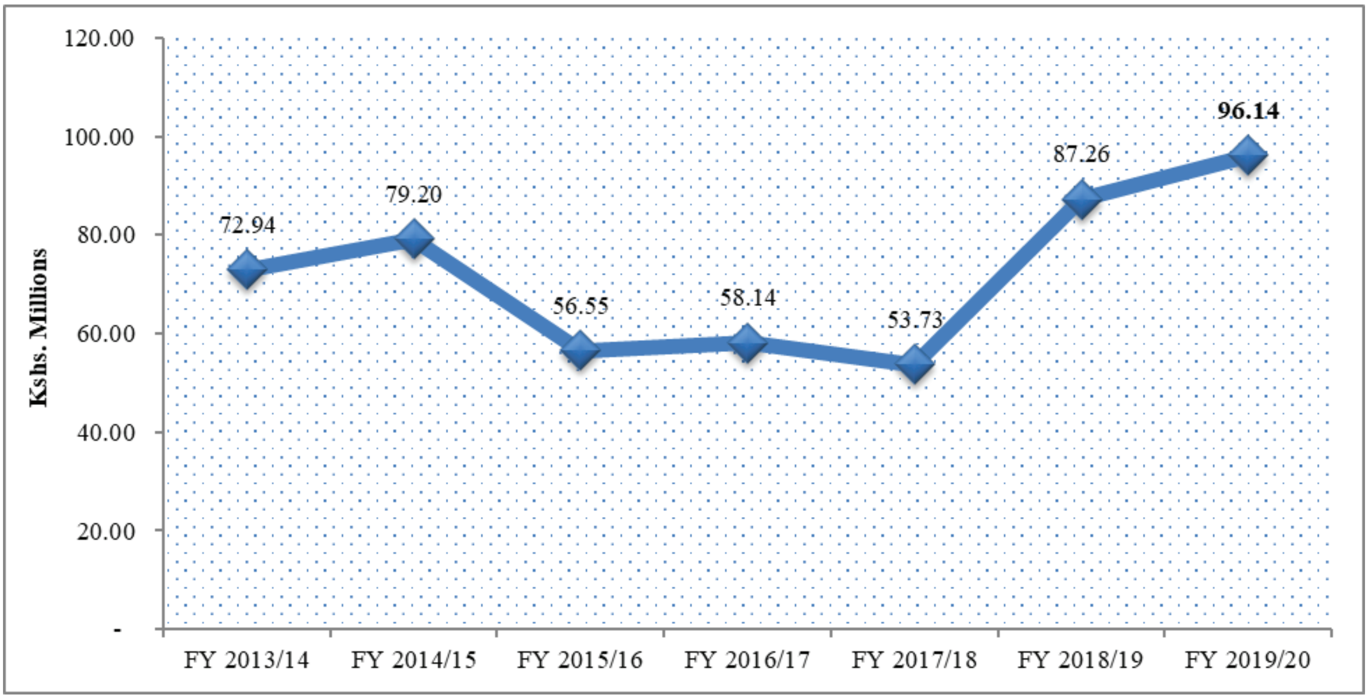
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	1,501,349,400	35.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	3,472,461	3,472,461	-	-
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	120,386,438	212,829,494	-	-
5.	Rehabilitation of Village Polytechnics	10,833,298	10,833,298	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6.	Universal Health Cover	-	214,047,141		
Sub Total		**387,607,091**	**562,182,394**	-	-
C	**Loans and Grants from Development Partners**				
7.	Transforming Health systems for Universal care Project (WB)	64,373,437	82,360,010	-	-
8.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	175,648,054	208,624,153	65,496,042	31.4
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	68,668,826	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	93,968,100	187,936,200	41,200,000	21.9
11.	DANIDA Grant	11,718,750	16,572,474	5,859,375	35.4
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,540,513	32,174,929	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
14.	Food and Agriculture Organization of the United Nations-Livestock Grant b/f 2018/19	-	5,652,760		
Sub Total		**403,048,854**	**651,989,352**	**112,555,417**	**17.3**
D	**Other Sources of Revenue**				
15.	Own Source Revenue	-	170,861,338	96,141,756	56.3
16.	Balance b/f from FY2018/19	-	125,024,135	125,016,874	100
Sub Total		-	**295,885,473**	**221,158,630**	**74.7**
Grand Total		**4,940,510,191**	**5,751,157,219**	**1,835,063,447**	**31.9**

***Source**: Isiolo County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.1.83 billion as shown in Table 3.39..

Figure 3.26: Isiolo County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



***Source**: Isiolo County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.96.14 million as own-source revenue. This amount represented an increase of 10.2 per cent when compared to Kshs.87.26 million reported during the same period in FY 2018/19, and represented 56.3 per cent of the annual target.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.44 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.97.88 million (6.8 per cent) for development programmes and Kshs.1.34 billion (93.2 per cent) for recurrent programmes.

3.9.4 Overall Expenditure Review

A total of Kshs.1.36 billion was spent on development and recurrent programmes and represented 23.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.244.4 million and Kshs.1.12 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 10.4 per cent while that incurred on recurrent expenditure programmes represented 32.9 per cent of the annual recurrent budget.

3.9.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.654.21 million was spent on compensation to employees, Kshs.264.81 million on operations and maintenance, and Kshs.244.4 million on development expenditure.

Table 3.40:` Isiolo County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**3,401,671,428**	**1,340,372,138**	**1,119,024,287**	**82.1**	**32.9**
Compensation to Employees	1,176,937,304	-	654,214,653	48.0	55.6
Operations and Maintenance	595,346,932	-	464,809,634	34.1	78.1
Total Development Expenditure	**2,349,485,790**	**97,881,500**	**244,401,213**	**17.9**	**10.4**
Development expenditure	2,349,485,790	97,881,500	244,401,213	17.9	10.4
Total	**5,751,157,218**	**1,438,253,638**	**1,363,425,500**	**100.0**	**23.7**

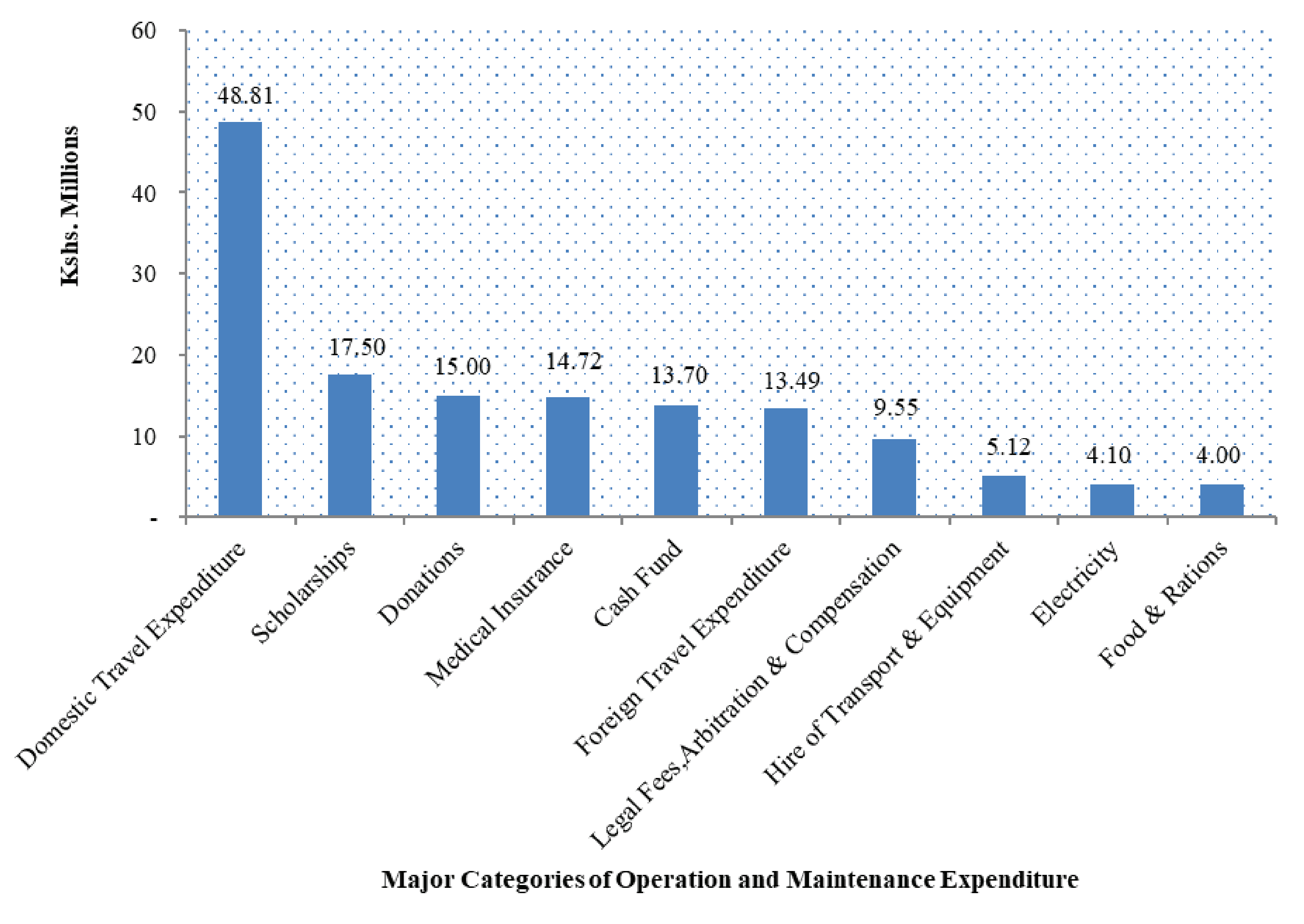
***Source**: Isiolo County Treasury*

Expenditure on compensation to employees was 48 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 4.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.623.83 million.

3.9.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.27: Isiolo County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



***Source**: Isiolo County Treasury*

The County spent Kshs.13.26 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.17.26 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.122,757 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.48.81 million and comprised of Kshs.22.69 million spent by the County Assembly and Kshs.26.12 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.13.49 million which was entirely spent by the County Executive.

3.9.7 Development Expenditure Analysis

The total development expenditure of Kshs.244.4 million represented 10.4 per cent of the annual development budget of Kshs.2.35 billion.

3.9.8 Budget Performance by Department

Table 3.41 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.41: Isiolo County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	421.36	87.40	210.50	40.00	-	-	-	-	-	-
Office of the Governor	292.94	-	97.32	-	109.12	-	112.1	-	37.2	-
County Public Service Board	58.94	-	30.20	-	6.64	-	22.0	-	11.3	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Secretary	23.30	-	6.24	-	5.50	-	88.1	-	23.6	-
Administration and PSM	142.87	19.95	31.47	-	-	-	-	-	-	-
Delivery Unit	14.00	-	4.20	-	3.35	-	79.6	-	23.9	-
Office of the Deputy Governor	25.00	-	7.56	-	4.56	-	60.3	-	18.2	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	63.06	-	28.21	-	-	-	-	-	-	-
Finance and Economic Planning	230.34	350.47	60.04	-	59.78	-	99.6	-	26	-
Special Programmes and ICT	246.31	-	3.75	-	-	-	-	-	-	-
Economic Planning	57.03	-	25.44	-	-	-	-	-	-	-
Lands and Physical Planning	39.52	30.29	11.38	3.52	4.98	8.91	43.8	253.3	12.6	29.4
Roads and Infrastructure	16.74	287.39	3.06	-	2.29	60.91	74.8	-	13.7	21.2
Public Works and Housing	23.16	3.50	8.87	-	2.27	-	25.6	-	9.8	-
Municipal Administration	82.59	335.27	55.35	54.37	15.49	100.37	28.0	184.6	18.8	29.9
Agriculture	50.88	264.87	21.36	-	19.15	23.72	89.6	-	37.6	9.0
Livestock, Veterinary and Fisheries	101.97	65.58	45.18	-	41.13	16.75	91.0	-	40.3	25.5
Education and Vocational Training	211.52	70.58	83.83	-	81.49	-	97.2	-	38.5	-
Youth and Sports	21.46	133.00	5.14	-	1.45	-	28.1	-	6.7	-
Culture and Social Services	26.89	23.80	8.97	-	-	-	-	-	-	-
Tourism and Wildlife Management	118.25	25.79	42.87	-	35.94	-	83.8	-	30.4	-
Trade, Industries, Cooperatives	18.56	27.58	8.25	-	-	-	-	-	-	-
Water and Irrigation	53.65	139.74	31.27	-	28.26	-	90.4	-	52.7	-
Environment and Natural Resources	28.95	42.73	12.20	-	-	-	-	-	-	-
Health Services	1,032.39	441.54	497.69	-	384.96	33.75	77.3	-	37.3	7.6
Total	**3,401.67**	**2,349.49**	**1,340.37**	**97.88**	**1,119.02**	**244.4**	**83.5**	**249.7**	**32.9**	**10.4**

***Source**: Isiolo County Treasury*

Analysis of expenditure by department shows that the Department of Municipal Administration recorded the highest absorption rate of development budget at 29.9 per cent. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to its recurrent budget at 52.7 per cent.

Budget Execution by Programmes and Sub-Programmes

Table 3.42 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.42: Isiolo County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
101003000		**125,160,843.00**	**35,555,630.50**	**89,605,212.50**	28.4
	Extension services,	0	0	0	0.0
	Livestock Production	91,229,073.00	35,555,630.50	55,673,442.50	39.0
	livestock infrastructure development	33,931,770.00	0	33,931,770.00	0.0
102003000		**8,000,000.00**	**0**	**8,000,000.00**	0.0
	extension services	5,000,000.00	0	5,000,000.00	0.0
		3,000,000.00	0	3,000,000.00	0.0
103003000		**50,881,138.00**	**18,784,959.00**	**32,096,179.00**	36.9

Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	Administration and Support Services	50,881,138.00	18,784,959.00	32,096,179.00	36.9
104003000		**264,866,996.00**	**0**	**264,866,996.00**	0.0
	Increase food productivity & output by 30%.	2,000,000.00	0	2,000,000.00	0.0
	Establishment of Demo Farms	24,040,573.00	0	24,040,573.00	0.0
	Administration Climate Change Mitigation	222,258,569.00	0	222,258,569.00	0.0
	Irrigation	14,567,854.00	0	14,567,854.00	0.0
	Policy Devt	2,000,000.00	0	2,000,000.00	0.0
105003000		**34,389,351.00**	**19,252,013.00**	**15,137,338.00**	56.0
	Veterinary Support Services	34,389,351.00	19,252,013.00	15,137,338.00	56.0
107003000		**23,156,220.00**	**1,362,583.00**	**21,793,637.00**	5.9
	Administration and Planning Services	23,156,220.00	1,362,583.00	21,793,637.00	5.9
109003000		**69,807,583.00**	**8,378,954.50**	**61,428,628.50**	12.0
	County land planning and spatial development	39,517,415.00	4,863,154.50	34,654,260.50	12.3
	County Land Survey and Mapping	30,290,168.00	3,515,800.00	26,774,368.00	11.6
204003000		**307,632,748.00**	**62,947,057.70**	**244,685,690.30**	20.5
	Road Improvement	16,740,117.00	2,037,647.00	14,702,470.00	12.2
	Estate Flood lighting facilities.	290,892,631.00	60,909,410.70	229,983,220.30	20.9
206003000		**237,936,200.00**	**46,000,000.00**	**191,936,200.00**	19.3
	Control of invasive species (Mathenge)	50,000,000.00	0	50,000,000.00	0.0
	Urban Development	187,936,200.00	46,000,000.00	141,936,200.00	24.5
207003000		**179,923,516.00**	**68,642,734.00**	**111,280,782.00**	38.2
	General Administration and Planning	32,587,086.00	14,277,147.00	18,309,939.00	43.8
	Infrastructural Development	147,336,430.00	54,365,587.00	92,970,843.00	36.9
301003000		**28,138,787.00**	**2,603,020.00**	**25,535,767.00**	9.3
	Entrepreneurship and business management training	18,556,862.00	2,603,020.00	15,953,842.00	14.0
	Micro and Small Business Support Services	7,000,000.00	0	7,000,000.00	0.0
	Infrastructure support	2,581,925.00	0	2,581,925.00	0.0
303003000		**18,000,000.00**	**0**	**18,000,000.00**	0.0
	Co-operative training and supervision	18,000,000.00	0	18,000,000.00	0.0
304003000		**144,038,889.00**	**35,956,164.50**	**108,082,724.50**	25.0
	Tourism Development	134,739,880.00	35,956,164.50	98,783,715.50	26.7
	Protection of endangered wildlife animals.	9,299,009.00	0	9,299,009.00	0.0
401003000		**196,021,039.00**	**11,582,168.00**	**184,438,871.00**	5.9
	Preventive and Promotive Health Services	144,322,002.00	4,916,000.00	139,406,002.00	3.4
	Disease Surveillance And Epidemic preparedness	16,572,474.00	6,666,168.00	9,906,306.00	40.2
		35,126,563.00	0	35,126,563.00	0.0
402003000		**1,116,837,704.00**	**36,918,088.00**	**1,079,919,616.00**	3.3
	Administration Support Services	882,790,563.00	36,918,088.00	845,872,475.00	4.2
	SP4 Administration Support services(Medical Services)	20,000,000.00	0	20,000,000.00	0.0
	Preventive and Promotive Services	214,047,141.00	0	214,047,141.00	0.0
403003000		**161,068,859.00**	**8,487,550.00**	**152,581,309.00**	5.3
	Curative and Rehabilitative Health Services	112,471,350.00	6,710,300.00	105,761,050.00	6.0

Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	Curative Infrastructure Support	48,597,509.00	1,777,250.00	46,820,259.00	3.7
501003000		**196,521,378.00**	**81,190,784.50**	**115,330,593.50**	41.3
	Administration	161,521,378.00	63,690,784.50	97,830,593.50	39.4
	Contracted Services	35,000,000.00	17,500,000.00	17,500,000.00	50.0
502003000		**74,744,648.00**	**0**	**74,744,648.00**	0.0
	ECDE Classroom Infrastructure	55,715,568.00	0	55,715,568.00	0.0
	Youth Polytechnics	15,000,000.00	0	15,000,000.00	0.0
	Promotion of Quality Youth empowerment	4,029,080.00	0	4,029,080.00	0.0
503003000		**10,833,297.00**	**0**	**10,833,297.00**	0.0
		10,833,297.00	0	10,833,297.00	0.0
504003000		**141,459,826.00**	**1,239,218.00**	**140,220,608.00**	0.9
	Sports Academy Centre	120,000,000.00	0	120,000,000.00	0.0
	Youth and Women Empowerment	21,459,826.00	1,239,218.00	20,220,608.00	5.8
505003000		**36,695,114.00**	**4,687,106.00**	**32,008,008.00**	12.8
	Culture Development	36,695,114.00	4,687,106.00	32,008,008.00	12.8
701003000		**25,000,000.00**	**4,562,029.00**	**20,437,971.00**	18.2
	County Executive Services	25,000,000.00	4,562,029.00	20,437,971.00	18.2
708003000		**14,004,000.00**	**3,104,392.00**	**10,899,608.00**	22.2
	Governors Delivery Unit	14,004,000.00	3,104,392.00	10,899,608.00	22.2
709003000		**461,650,865.00**	**9,411,420.40**	**452,239,444.60**	2.0
	Personnel Services	91,235,450.00	9,411,420.40	81,824,029.60	10.3
	Administrative Infrastructure support	370,415,415.00	0	370,415,415.00	0.0
710003000		**70,435,275.00**	**20,924,871.00**	**49,510,404.00**	29.7
	Administrative Services	70,435,275.00	20,924,871.00	49,510,404.00	29.7
711003000		**57,029,239.00**	**20,336,069.50**	**36,693,169.50**	35.7
	Monitoring and Evaluation	33,611,508.00	10,379,309.50	23,232,198.50	30.9
	Economic Policy and County Development Plans	7,017,731.00	1,483,300.00	5,534,431.00	21.1
	County Development Stakeholders Forums	6,900,000.00	3,394,960.00	3,505,040.00	49.2
	County Baseline Surveys on County Development Indicators	9,000,000.00	5,078,500.00	3,921,500.00	56.4
	Capacity building and Support to Departments	500,000.00	0	500,000.00	0.0
712003000		**63,061,199.00**	**16,615,040.00**	**46,446,159.00**	26.3
	Administrative and Civic Education Services	63,061,199.00	16,615,040.00	46,446,159.00	26.3
713003000		**292,942,438.00**	**91,569,525.20**	**201,372,912.80**	31.3
	County Governance	292,942,438.00	91,569,525.20	201,372,912.80	31.3
716003000		**23,298,681.00**	**5,196,513.00**	**18,102,168.00**	22.3
	Devolved Administrative Affairs	23,298,681.00	5,196,513.00	18,102,168.00	22.3
719003000		**142,870,171.00**	**28,315,737.70**	**114,554,433.30**	19.8
	General Administration Support Services	142,870,171.00	28,315,737.70	114,554,433.30	19.8
721003000		**87,400,000.00**	**0**	**87,400,000.00**	0.0
	Infrastructure support	87,400,000.00	0	87,400,000.00	0.0
722003000		**178,598,637.00**	**41,621,036.40**	**136,977,600.60**	23.3
	Legislative service	178,598,637.00	41,621,036.40	136,977,600.60	23.3

Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
723003000		**58,941,252.00**	**5,476,988.00**	**53,464,264.00**	9.3
	Administration Support Services	58,941,252.00	5,476,988.00	53,464,264.00	9.3
724003000		**242,756,521.00**	**13,449,367.00**	**229,307,154.00**	5.5
	Administration Support Services	242,756,521.00	13,449,367.00	229,307,154.00	5.5
725003000		**246,307,894.00**	**68,396,900.00**	**177,910,994.00**	27.8
	Administration & Planning	21,109,514.00	4,062,900.00	17,046,614.00	19.2
	Disaster management	225,198,380.00	64,334,000.00	160,864,380.00	28.6
726003000		**68,668,826.00**	**0**	**68,668,826.00**	0.0
	Kenya Devolution Support	68,668,826.00	0	68,668,826.00	0.0
902003000		**27,000,000.00**	**0**	**27,000,000.00**	0.0
	Youth and Women Empowerment support Services	13,000,000.00	0	13,000,000.00	0.0
	Marginalized Group Empowerment support services	8,000,000.00	0	8,000,000.00	0.0
	Empowerment Support Services	6,000,000.00	0	6,000,000.00	0.0
1001003000		**53,653,668.00**	**4,403,508.00**	**49,250,160.00**	8.2
	Administration and Planning Support Services	53,653,668.00	4,403,508.00	49,250,160.00	8.2
1002003000		**148,742,119.00**	**1,500,000.00**	**147,242,119.00**	1.0
	Water Supply and Storage	146,242,119.00	0	146,242,119.00	0.0
	Civil Works-Establishment of Dams & Pans	2,500,000.00	1,500,000.00	1,000,000.00	60.0
1003003000		**71,682,297.00**	**3,193,445.00**	**68,488,852.00**	4.5
	Administration and Support Services	28,950,668.00	3,193,445.00	25,757,223.00	11.0
	Environmental Conservation	42,731,629.00	0	42,731,629.00	0.0
Total		**5,760,157,218.00**	**781,664,872.90**	**4,978,492,345.10**	13.6

Source: *Isiolo County Treasury*

3.9.9 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. High costs on personnel emoluments which increased by 4.9 per cent from Kshs.623.83 million recorded in a similar period of the FY 2018/19 to Kshs.654.21 million in the reporting period. The expenditure on personnel emoluments accounted for 48 per cent of the total expenditure.
2. Failure by the County to budget for eligible pending bills, which delayed payment to merchants.

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

1. *The County Public Service Board should develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*
2. *The County Leadership should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*

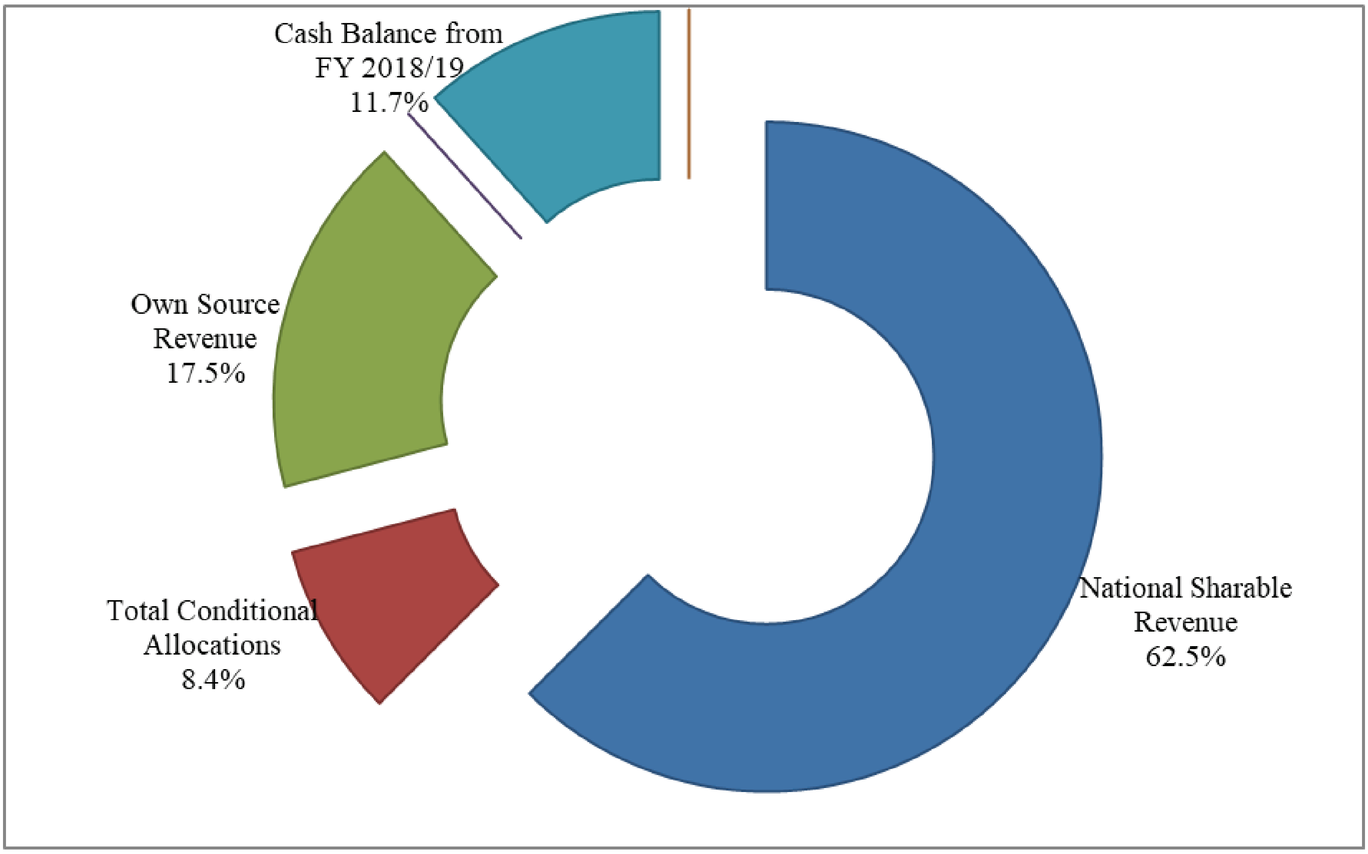
3.10 Kajiado County

3.10.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.10.29 billion, comprising of Kshs.3.96 billion (38.5 per cent) and Kshs.6.32 billion (61.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.42 billion (62.5 per cent) as equitable share of revenue raised nationally, Kshs.860.86 million (8.4 per cent) as total conditional grants, generate Kshs.1.79 billion from own sources of revenue (17.5 per cent), and Kshs.1.2 billion (11.7 per cent) as cash balance from FY 2018/19. Figure 3.28 shows the expected sources of financing by category in FY 2019/20.

Figure 3.28: Kajiado County Expected Revenue Sources in FY 2019/20



Source: *Kajiado County Treasury*

3.10.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.27 billion as equitable share of the revenue raised nationally, Kshs. 104.54 million as total conditional grants, raised Kshs.263.04 million from own-source revenue, and had a cash balance of Kshs.1.2 billion from FY 2018/19.

Table 3.43: Kajiado County, Revenue Performance in the First Half of FY 2019/20

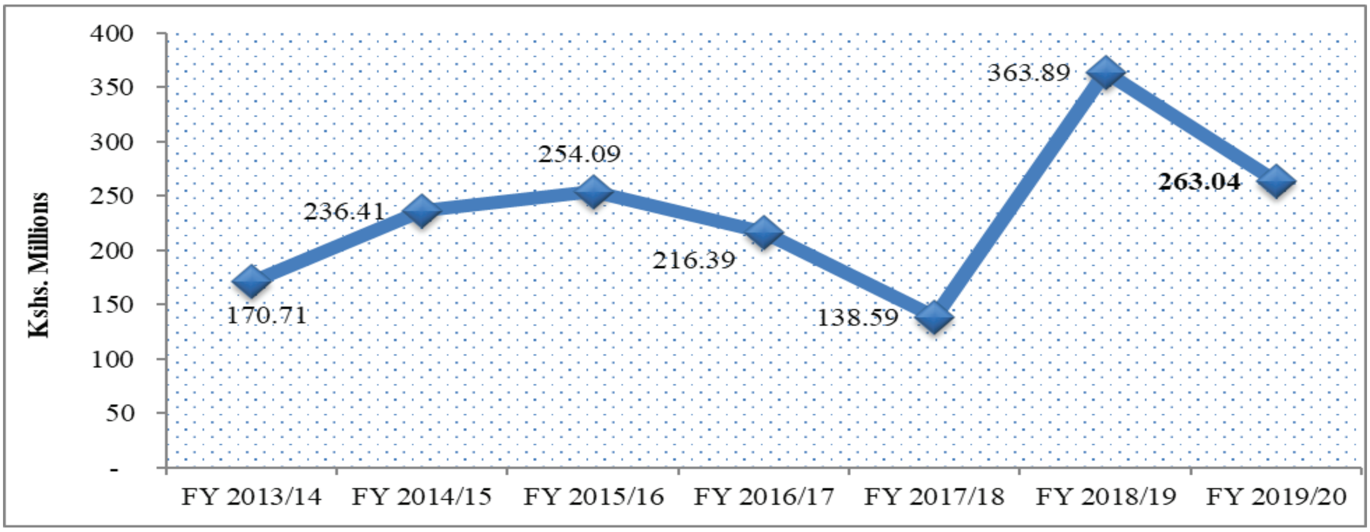
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,424,950,000	6,297,803,101	2,274,432,300	36.1
B.	**Conditional Grants from the National Government**				
1.	Compensation for User Fee Foregone	16,955,365	16,955,365	-	-
2.	Road Maintenance Fuel Levy Fund	182,376,469	182,376,469	-	-
3.	Rehabilitation of Village Polytechnics	35,493,298	35,493,298	-	-
Sub Total		**234,825,132**	**234,825,132**	-	-
C	**Loans and Grants from Development Partners**				
4.	Transforming Health systems for Universal care Project (WB)	135,621,176	135,621,176	40,571,222	29.9
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	143,531,050	143,531,050	55,019,659	38.3
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	79,227,030	-	-

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	265,950,300	265,950,300	-	-
8.	DANIDA Grant	24,844,848	24,844,848	8,953,125	36.0
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	84,695,492	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,285,908	17,285,908	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**626,033,282**	**751,155,804**	**104,544,006**	**13.9**
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	1,793,857,006	263,042,065	14.7
13.	Balance b/f from FY2018/19	-	1,200,000,000	1,200,000,000	100
Sub Total		-	**2,993,857,006**	**1,463,042,065**	**48.9**
Grand Total		**7,285,808,414**	**10,277,641,043**	**3,842,018,371**	**37.4**

Source: Kajiado County Treasury

The total funds available for budget implementation during the period amounted to Kshs.3.84 billion as shown in Table 3.43.

Figure 3.29: Kajiado County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kajiado County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.263.04 million as own-source revenue. This amount represented a decrease of 27.7 per cent when compared to Kshs.363.89 million reported during the same period in FY 2018/19, and represented 14.7 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.85 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.317.38 million (11.2 per cent) for development programmes and Kshs.2.53 billion (88.8 per cent) for recurrent programmes.

3.10.4 Overall Expenditure Review

A total of Kshs.2.93 billion was spent on development and recurrent programmes and represented 103 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.584.65 million and Kshs.2.35

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 14.8 per cent while that incurred on recurrent programmes represented 37.1 per cent of the annual recurrent budget.

3.10.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.49 billion was spent on compensation to employees, Kshs.855.75 million on operations and maintenance, and Kshs.584.65 million on development expenditure.

Table 3.44: Kajiado County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**6,324,645,823**	**2,347,663,312**	**80.1**	**37.1**
Compensation to Employees	3,430,989,522	1,491,913,244	50.9	43.5
Operations and Maintenance	2,893,656,301	855,750,068	29.2	29.6
Development Expenditure	**3,961,795,220**	**584,654,025**	**19.9**	**14.8**
Grand Total	**10,286,441,043**	**2,932,317,337**	**100**	**28.5**

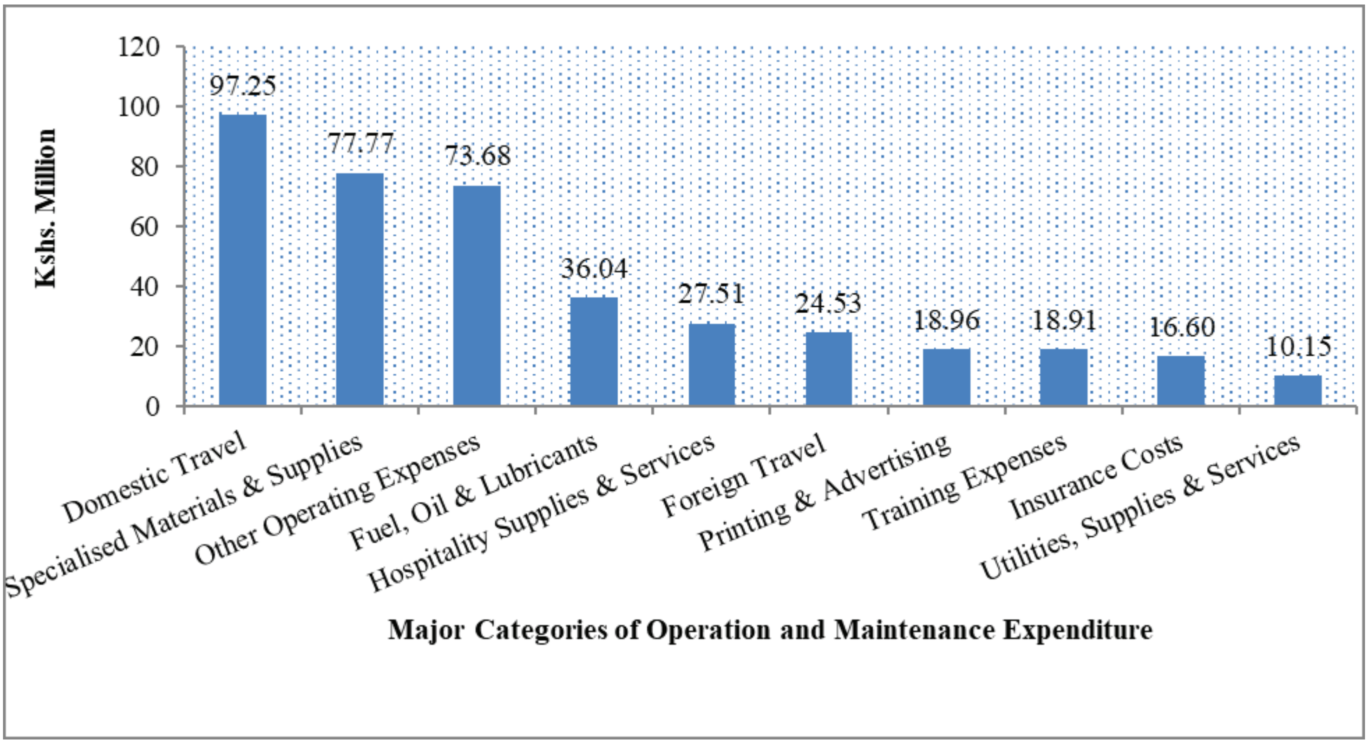
Source: *Kajiado County Treasury*

Expenditure on compensation to employees was 50.9 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 92.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.774.57 million.

3.10.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.30: Kajiado County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kajiado County Treasury*

The County spent Kshs.6.83 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.11.29 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.27,100 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.97.25 million and comprised of Kshs.50.63 million spent by the County Assembly and Kshs.46.62 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.24.53 million and comprised of Kshs. 14.62 million spent by the County Assembly and Kshs.9.92 million spent by the County Executive.

3.10.7 Development Expenditure Analysis

The total development expenditure of Kshs.584.65 million represented 14.8 per cent of the annual development budget of Kshs.3.96 billion. Table 3.45 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.45: Kajiado County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Kitengela Market	Kitengela	40,000,000	14,920,755	37.3
2	Arthi house	Ildamat	30,000,000	13,653,403	45.5
3	Conference hall & fence at county gardens	Ildamat	30,000,000	12,887,310	43.0
4	Isinya Public Park beautification	Kaputie North	15,000,000	11,744,084	78.3
5	Upgrading of Loitokitok Hospital	Kuku	30,000,000	9,735,021	32.5
6	Landscaping & Kajiado Level 4 hospital	Ildamat	26,000,000	9,602,480	36.9
7	Ward & Laundry at Ongata Rongai	Ongata	12,000,000	9,244,997	77.0
8	Magadi Shompole Road	Magadi	9,500,000	9,148,456	96.3
9	Kiserian Road	Keekonyokie	62,000,000	8,992,064	14.5
10	Dormitory phase 1	Keekonyokie	20,000,000	6,907,568	34.5

Source: *Kajiado County Treasury*

3.10.8 Budget Performance by Department

Table 3.46 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.46: Kajiado County, Budget Performance by Department for the First Half of FY 2019/20

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 the Deputy Governor	267.86	-	110.98	-	74.30	-	67.0	-	27.7	-
County Public Service Board	102.76	-	36.69	-	26.80	-	73.0	-	26.1	-
Medical Services, Public Health and Sanitation	2,255.05	269.40	1,027.31	67.33	985.79	60	96	89.1	43.7	22.3
Water, Irrigation, Environment & Natural Resources	250.27	354.80	88.88	39.14	77.60	-	87.3	-	31	-
Roads Transport, Public Works, Housing& Energy	218.31	687.28	84.30	127.19	65.66	2.85	77.9	2.2	30.1	0.4
Public Service, Administration& Citizen Participation	536.30	-	213.44	-	161.84	-	75.8	-	30.2	-
Finance, Economic Planning and ICT	640.54	1,497.94	226.91	-	184.67	466.78	81.4	-	28.8	31.2
Lands, Physical Planning and Urban Development	120.59	333.45	54.46	-	37.14	-	68.2	-	30.8	-
Education, Youth & Sports	678.19	331.39	225.17	40.94	283.31	-	125.8	-	41.8	-
Gender Social Services, Culture, Tourism & Wildlife	122.03	28.50	42.10	-	28.93	-	68.7	-	23.7	-
Trade Cooperative and Enterprise Development	107.47	149.90	46.94	34.94	39.32	-	83.8	-	36.6	-
Agriculture, Livestock, Veterinary Services and Fisheries	359.52	154.13	118.97	7.84	122.42	55.02	102.9	701.4	34.1	35.7
County Assembly	665.76	155.00	252.04	-	259.89	-	103.1	-	39	-
Total	**6,324.65**	**3,961.80**	**2,528.19**	**317.38**	**2,347.66**	**584.65**	**92.9**	**184.2**	**37.1**	**14.8**

Source: *Kajiado County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, Veterinary Services and Fisheries recorded the highest absorption rate of development budget at 35.7 per cent followed by the Department of Finance, Economic Planning and ICT at 31.2 per cent. The Department of Medical Services, Public Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 43.7 per cent while the Department of Gender Social Services, Culture, Tourism & Wildlife had the lowest at 23.7 per cent.

3.10.9 Budget Execution by Programmes and Sub-Programmes

Table 3.47 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.47: Kajiado County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

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		**446,977,147**	**176,539,976**	**270,437,171**	**39.5**
	Headquarters Administrative Services	-	-	-	-
	General Administration and Support Services	446,977,147	176,539,976	270,437,171	39.5
Livestock Recourses Management and Development		**2,741,900**	**324,800**	**2,417,100**	**11.8**
	Veterinary Services	2,741,900	324,800	2,417,100	11.8
Fisheries Development and Management		**3,822,078**	**225,500**		**5.9**
	Fisheries Policy Strategy and Capacity Building	-	-	-	-
	Fisheries	3,822,078	225,500	3,596,578	5.9
Land Policy and Planning		**397,844,200**	**14,644,803**	**383,199,398**	**3.7**
	Land Survey	-	-	-	-
	Boundaries and Fencing Services	-	-	-	-
	Physical Planning	82,121,900	3,842,405	78,279,495	4.7
	Land Survey and Mapping	11,686,000	1,672,450	10,013,550	14.3
	Housing	-	-	-	-
		7,102,000	2,107,000	4,995,000	29.7
		296,934,300	7,022,948	289,911,353	2.4
Animal Husbandry Livestock Resource Management and Development		**89,289,241**	**17,869,762**	**71,419,479**	**20.0**
	Animal Husbandry	27,371,422	1,498,250	25,873,172	5.5
	County Abattoirs	1,979,284	298,339	1,680,945	15.1
	Animal Disease Control	59,071,161	16,073,174	42,997,987	27.2
	Livestock Sale Yards	867,374	-	867,374	-
Agricultural Development		**27,022,769**	**4,976,568**	**22,046,201**	**18.4**
	Crop Husbandry	14,387,500	4,513,530	9,873,970	31.4
	Plant Disease Control	1,959,419	14,000	1,945,419	0.7
	Agricultural Mechanization Services	7,897,500	279,038	7,618,462	3.5
	Demonstration Farm	1,108,200	125,000	983,200	11.3
	Agricultural Training Centre	1,670,150	45,000	1,625,150	2.7
Environment Management		**138,432,189**	**20,429,760**	**118,002,429**	**14.8**
	Environmental Protection	126,848,231	19,028,550	107,819,681	15.0
	Noise Pollution Management	2,600,000	685,300	1,914,700	26.4
	Control of Air Pollution	1,533,958	184,110	1,349,848	12.0
		7,450,000	531,800	6,918,200	7.1
General Administration, Planning and Support Services		**854,599,166**	**62,382,466**	**792,216,700**	**7.3**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**	**Absorption (%)**
	Headquarters Administrative Services	107,806,001	40,413,286	67,392,715	37.5
	Roads	695,276,479	7,777,480	687,498,999	1.1
	Energy	20,100,000	5,972,700	14,127,300	29.7
	Fire Fighting	9,300,000	1,522,000	7,778,000	16.4
	Transport	22,116,686	6,697,000	15,419,686	30.3
Energy and Infrastructure		**26,832,572**	**1,890,000**	**24,942,572**	**7.0**
	Construction of Roads and Bridges	-	-	-	-
	Development of Energy	-	-	-	-
	Housing	26,832,572	1,890,000	24,942,572	7.0
Public Works, Transport and Housing Development		**10,000,000**	**-**	**10,000,000**	**-**
	Housing Development	10,000,000	-	10,000,000	-
Roads and Public Works		**14,150,000**	**4,242,100**	**9,907,900**	**30.0**
	Public Works	14,150,000	4,242,100	9,907,900	30.0
General Administration, Planning and Support Services		**72,984,939**	**30,736,444**	**42,248,495**	**42.1**
	General Administration, Planning and Support Services	72,984,939	30,736,444	42,248,495	42.1
Trade Development		**164,381,198**	**8,581,552**	**155,799,646**	**5.2**
	Trade Licensing	2,774,000	1,051,700	1,722,300	37.9
	Trade Development	137,478,470	2,382,118	135,096,352	1.7
	Cooperative Services and Development	17,161,592	2,676,134	14,485,458	15.6
	Enterprise Development	6,967,136	2,471,600	4,495,536	35.5
Culture And Local Tourism Promotion		**8,366,156**	**765,000**	**7,601,156**	**9.1**
	Local Tourism Promotion	8,366,156	765,000	7,601,156	9.1
General Administration, Planning and Support Services		**1,971,992,905**	**862,896,228**	**1,109,096,677**	**43.8**
	Health Policy, Planning & Financing	-	-	-	-
	General Administration and Support Services	1,971,992,905	862,896,228	1,109,096,677	43.8
Curative Health Services		**312,834,835**	**140,922,660**	**171,912,175**	**45.0**
	Medical Services	312,834,835	140,922,660	171,912,175	45.0
	Ambulance Services	-	-	-	-
Curative and Rehabilitative		**10,059,700**	**3,979,230**	**6,080,470**	**39.6**
	Medical Supplies	-	-	-	-
	Ambulance services	10,059,700	3,979,230	6,080,470	39.6
Public Health and Sanitation		**229,558,695**	**37,994,058**	**191,564,637**	**16.6**
	Preventive and Promotive	209,568,093	31,562,986	178,005,107	15.1
	Licensing and control of undertaking	10,358,518	3,679,388	6,679,130	35.5
	Sanitation	4,526,166	1,423,039	3,103,127	31.4
	Mobile Clinics	5,105,918	1,328,645	3,777,273	26.0
General Administration, Planning and Support Services		**394,142,388**	**185,432,725**	**208,709,664**	**47.0**
	Headquarters Administrative Services	394,142,388	185,432,725	208,709,664	47.0
Social Protection, Culture and Recreation	**Social Protection, Culture and Recreation**	**1,100,000**	**369,700**	**730,300**	**33.6**
	Home craft Centres Development	1,100,000	369,700	730,300	33.6
Education Support	**Education Support**	**577,339,343**	**96,575,983**	**480,763,360**	**16.7**
	Pre-Primary Education	429,820,045	77,938,188	351,881,857	18.1
	Home Craft Centres	147,519,298	18,637,795	128,881,503	12.6
	Village Polytechnics	-	-	-	-
Social Protection and Recreation	**Social Protection and Recreation**	**11,189,554**	**2,179,250**	**9,010,304**	**19.5**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Control of Drugs and Pornography	4,735,654	698,300	4,037,354	14.7
	Liquor Licensing	6,048,700	1,371,550	4,677,150	22.7
	Betting and Casinos	405,200	109,400	295,800	27.0
General Administration and Policy Coordination		**2,777,818,400**	**875,791,752**	**1,902,026,648**	**31.5**
	Headquarters Administrative Services	2,744,036,400	870,890,192	1,873,146,208	31.7
	County Executive Committee	16,932,000	1,889,450	15,042,550	11.2
	ICT	-	-	-	-
	County Inspectorate	16,850,000	3,012,110	13,837,890	17.9
Executive Committee Affairs		-	-	-	-
	General Administrative and Executive Affairs	-	-	-	-
Public Services Coordination and Management		**117,550,000**	**22,322,685**	**95,227,315**	**19.0**
	Human Resource Management	117,550,000	22,322,685	95,227,315	19.0
Legislation, Representation and Oversight		**90,610,523**	**31,871,503**	**58,739,020**	**35.2**
	Research and Policy Development	-	-	-	-
	Capacity Building and Training	14,500,000	5,537,292	8,962,708	38.2
	Directorate of Legislation and Procedures	76,110,523	26,334,211	49,776,312	34.6
Public Financial Management		**278,949,832**	**44,208,830**	**234,741,002**	**15.8**
	Supply Chain Management Services	63,696,000	5,295,800	58,400,200	8.3
	Fiscal and Economic Planning	24,756,000	4,016,180	20,739,820	16.2
	Budget	18,518,000	4,879,500	13,638,500	26.4
	Accounting	16,884,000	2,457,150	14,426,850	14.6
	Procurement	-	-	-	-
	Internal Audit	11,147,531	3,358,200	7,789,331	30.1
	Revenue Collection	143,948,301	24,202,000	119,746,301	16.8
Economic Policy Coordination and Supervision		**16,341,000**	**4,365,986**	**11,975,014**	**26.7**
	Monitoring and Evaluation Services	16,341,000	4,365,986	11,975,014	26.7
Devolution Services		**64,268,000**	**14,052,256**	**50,215,744**	**21.9**
	Coordination Of Devolution Services	31,608,000	6,045,170	25,562,830	19.1
	Intergovernmental Relations	17,620,000	3,426,700	14,193,300	19.4
	County Government Advisory Service	15,040,000	4,580,386	10,459,614	30.5
Public Service, Administration and Citizen Participation		**84,744,127**	**22,569,343**	**62,174,784**	**26.6**
	County administration	57,744,127	14,867,920	42,876,207	25.7
	county executive committee	-	-	-	-
	Citizen participation	27,000,000	7,701,423	19,298,577	28.5
Citizen Participation		-	-	-	-
	Citizen Participation	-	-	-	-
		45,077,769	**9,945,991**	**35,131,778**	**22.1**
	Information, Communication and Technology	33,376,151	6,770,402	26,605,749	20.3
	Special Programmes	11,701,618	3,175,589	8,526,029	27.1
General Administration, Policy and coordination		**390,803,100**	-	**390,803,100**	-

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs)**	**Absorption (%)**
	Office of the Clerk	41,680,000	-	41,680,000	-
	Directorate of Finance & Compliance	10,088,000	-	10,088,000	-
	Assembly Service Board	52,270,000	-	52,270,000	-
	Assembly Service Board	286,765,100	-	286,765,100	-
		35,168,128	**1,918,350**	**33,249,778**	**5.5**
	Museum	3,027,000	806,400	2,220,600	26.6
	Cultural Activities	31,981,128	1,111,950	30,869,178	3.5
	County Parks	160,000	-	160,000	-
		95,442,937	**22,388,084**	**73,054,853**	**23.5**
	Gender	95,442,937	22,388,084	73,054,853	23.5
		57,365,780	**2,601,950**	**54,763,830**	**4.5**
	Youth Development	20,000,000	-	20,000,000	-
	Sports Training and Competitions	17,000,080	927,000	16,073,080	5.5
	Gender Mainstreaming	6,492,700	697,150	5,795,550	10.7
	Disability Mainstreaming	13,873,000	977,800	12,895,200	7.0
General Administration, Planning and Support Services		**121,264,405**	**49,530,527**	**71,733,878**	**40.8**
	Storm Water Management Services	7,750,000	900,000	6,850,000	11.6
	General Administration, Policy and Coordination	113,514,405	48,630,527	64,883,878	42.8
Water and Sanitation Services		-	-	-	-
		345,376,067	7,643,872	337,732,195	2.2
	Water	333,010,000	5,910,339	327,099,661	1.8
	Irrigation	12,366,067	1,733,533	10,632,534	14.0
Grand Total		**10,259,608,471**	**2,781,279,693**	**7,478,328,778**	**27.1**

Source: *Kajiado County Treasury*

The top performing sub-programmes across the County were: Headquarter Administration Services which recorded an absorption of 47 per cent to its budget allocation followed by Medical Services at 45 per cent, General Administration, Policy and Coordination at 42.8 per cent and Capacity Building and Training at 38.2 per cent of budget allocation.

3.10.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury to the Controller of Budget which affected timely preparation of budget implementation reports.
2. Under-performance of own revenue collection, which declined by 27.7 per cent from Kshs.363.89 million achieved in a similar period of FY 2018/19 to Kshs.263.04 million in a reporting period. The performance of own source revenue represented 14.7 per cent of the annual target.
3. High wage bill that has increased by 92.6 percent from Kshs.775 million in the first half of FY 2018/19 to Kshs.1.49 billion in the reporting period. The wage bill accounted for 50.9 per cent of the total expenditure.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should formulate and implement strategies to enhance own revenue collections in order to ensure all planned activities are adequately funded.*
3. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

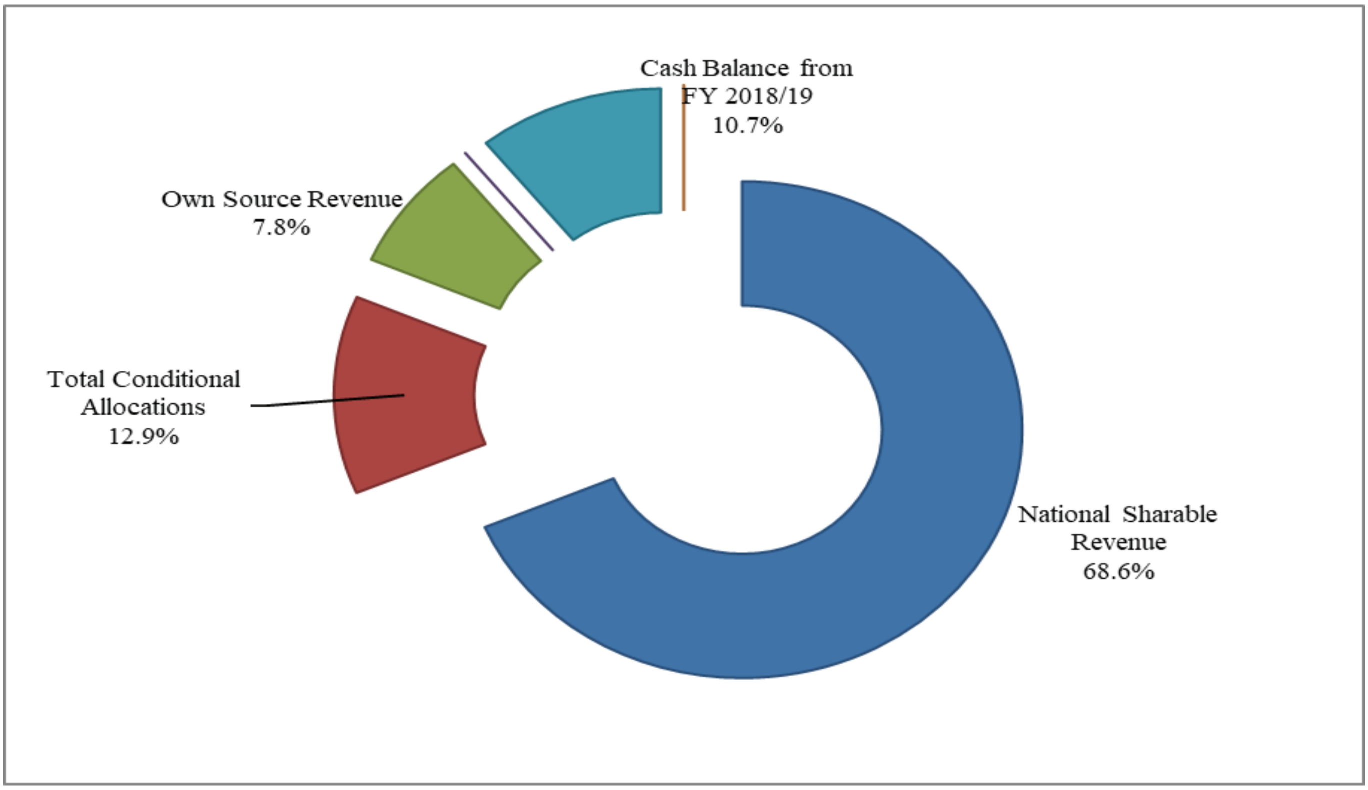
3.11 Kakamega County

3.11.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.14.82 billion, comprising of Kshs.7.05 billion (47.4 per cent) and Kshs.7.82 billion (52.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.20 billion (68.6 per cent) as equitable share of revenue raised nationally, Kshs.1.92 billion (12.9 per cent) as total conditional grants, generate Kshs.1.16 billion from own source revenue, and Kshs.1.60 million (10.7 per cent) as cash balance from FY 2018/19. Figure 3.31 shows the expected sources of financing in FY 2019/20.

Figure 3.31: Kakamega County Expected Revenue Sources in FY 2019/20



Source: *Kakamega County Treasury*

3.11.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.69 billion as equitable share of the revenue raised nationally, Kshs.252.85 million as total conditional grants, raised Kshs.429.72 million from own-source revenue, and had a cash balance of Kshs.1.60 billion from FY 2018/19.

Table 3.48: Kakamega County, Revenue Performance in the First Half of FY 2019/20

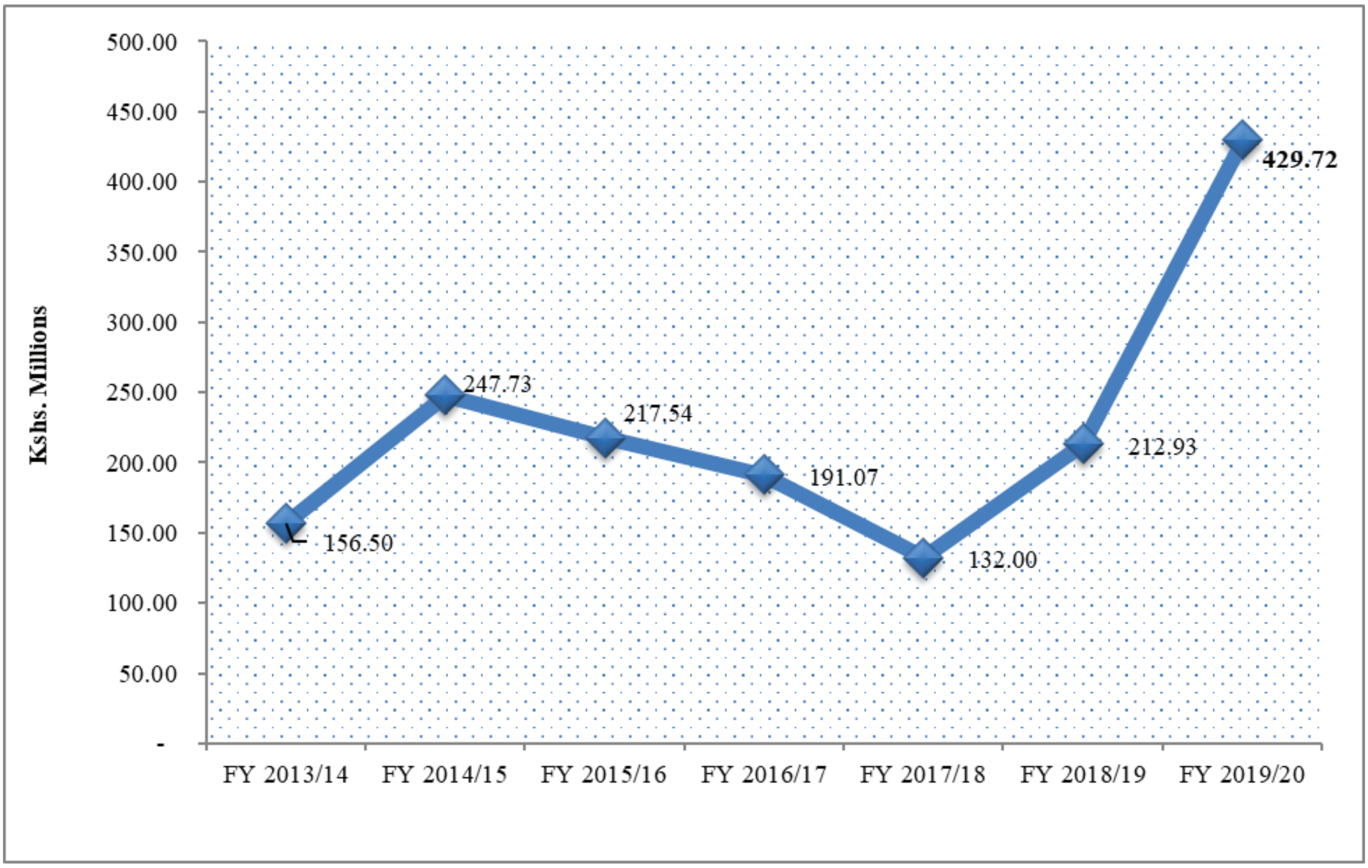
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**10,412,850,000**	**10,199,000,000**	**3,686,148,900**	**36.1**
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	427,283,237	189,713,757	44.4
3.	Compensation for User Fee Foregone	37,789,290	37,789,290	-	-
4.	Leasing of Medical Equipment	131,914,894	-	-	-
5.	Road Maintenance Fuel Levy Fund	295,575,656	295,575,656	-	-
6.	Rehabilitation of Village Polytechnics	76,923,298	76,923,298	-	-
	Sub Total	**969,486,375**	**837,571,481**	**189,713,757**	**22.7**
C	**Loans and Grants from Development Partners**				

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Transforming Health systems for Universal care Project (WB)	61,794,598	61,794,598	12,886,647	20.9
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	44,824,648	38.3
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	93,508,830	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	389,118,800	389,118,800	-	-
6.	DANIDA Grant	30,843,750	33,311,250	15,421,875	46.3
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	262,583,677	-	-
10.	Kenya Agricultural Support Program (KASP)	-	33,716,311	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,811,716	-	-	-
12.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000	-	-
	Sub Total	**737,368,864**	**1,081,033,466**	**73,133,170**	**6.8**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	1,157,455,491	429,720,145	37.1
2.	Balance b/f from FY2018/19	-	1,596,984,941	1,596,984,941	100
Sub Total		-	**2,754,440,432**	**2,026,705,086**	**73.6**
Grand Total		**12,119,705,239**	**14,872,045,379**	**5,975,700,913**	**40.2**

Source: *Kakamega County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.98 billion as shown in Table 3.48.

Figure 3.32: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kakamega County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.429.72 million as own-source revenue. This amount represented an increase of 101.8 per cent when compared to Kshs.212.93 million reported during the same period in FY 2018/19, and represented 37.1 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.27 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.77 billion (33.7 per cent) for development programmes and Kshs.3.49 billion (66.3 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

A total of Kshs.5.12 billion was spent on development and recurrent programmes and represented 97.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.71 billion and Kshs.3.41 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 24.2 per cent while that incurred on recurrent programmes represented 43.6 per cent of the annual recurrent budget.

3.11.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.56 billion was spent on compensation to employees, Kshs.850.07 million on operations and maintenance, and Kshs.1.71 billion on development expenditure.

Table 3.49: Kakamega County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**7,820,969,107**	**3,480,943,585**	**3,407,522,946**	**66.6**	**43.6**
Compensation to Employees	5,395,257,271	2,253,366,285	2,557,454,877	50.0	47.4
Operations and Maintenance	2,425,711,836	1,227,577,300	850,068,069	16.6	35.0

Total Development Expenditure	**7,051,076,272**	**1,771,590,484**	**1,709,881,731**	**33.4**	**24.2**
Development Expenditure	7,051,076,272	1,771,590,484	1,709,881,731	33.4	24.2
Total	**14,872,045,379**	**5,252,534,069**	**5,117,404,677**	100.0	34.4

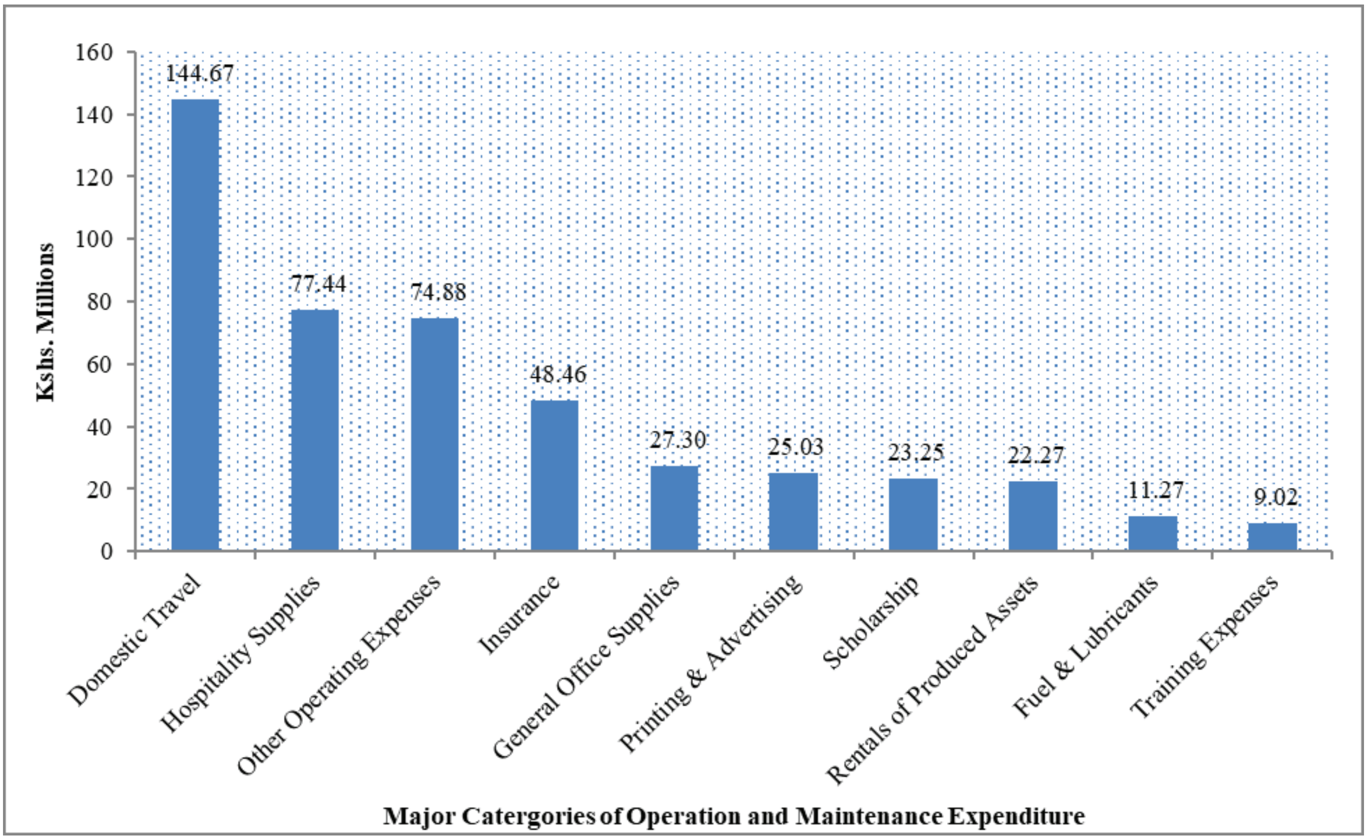
Source: *Kakamega County Treasury*

Expenditure on compensation to employees was 50 per cent of total expenditure in the first half of FY 2019/20 and represented a marginal decline of 0.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.67 billion.

3.11.6 Analysis of Operations and Maintenance Expenditure

Figure 3.33 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.33: Kakamega County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kakamega County Treasury*

The County spent Kshs.83.91 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.27 million in the first half of FY 2019/20. The average monthly sitting allowance averaged Kshs.155,394 per MCA against the SRC's recommended monthly ceiling of Kshs124,800.

During the period, expenditure on domestic travel amounted to Kshs.144.67 million and comprised of Kshs.94 million spent by the County Assembly and Kshs.50.67 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.5.92 million and comprised of Kshs.1.09 million spent by the County Assembly and Kshs.4.83 million spent by the County Executive.

3.11.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.71 billion represented 24.2 per cent of the annual development budget of Kshs.7.05 billion. Table 3.50 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.50: Kakamega County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Bukhungu stadium	Kakamega Town	700,000,000	316,675,406	45.2
2	Construction of Kakamega County Teaching and Referral Hospital	Kakamega Town	350,000,000	182,820,911	52.2
3	County Youth Works-Ward based	Based in all the wards	300,000,000	153,922,034	51.3
4	Level 5 hospital grant	Countywide	427,283,237	151,101,524	35.4
5	Bitumen road	Countywide	718,000,000	132,619,078	18.5
6	Kenya Urban Support Programme (KUSP)-Mumias	Kakamega and Mumias	206,000,000	123,827,722	60.1
7	KUSP- Kakamega	Countywide	183,118,800	105,342,399	57.5
8	Infrastructure (ECDE Centres -Ward Based Phase 3 & 4)	Countywide	125,000,000	70,000,000	56.0
9	Road Levy Fund	Countywide	295,575,656	57,944,604	19.6
10	Equipping ECDEs Purchase of Furniture	Countywide	50,000,000	49,731,004	99.5

Source: *Kakamega County Treasury*

3.11.8 Budget Performance by Department

Table 3.51 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.51 : Kakamega County, Budget Performance by Department for the First Half of FY 2019/20

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	129.67	23.20	72.87	-	52.68	-	72	-	41	-
Public Service and Administration	5,216.51	163.51	2,453.95	7.29	2,393.94	7.29	98	100	46	4
Finance & Economic Planning	184.81	105.00	69.08	-	79.70	-	115	-	43	-
Water, Environment & Natural Resources	38.59	550.58	15.96	323.09	16.38	68.87	103	21	42	13
Social Services, Youth and Sports	74.90	815.00	28.79	348.52	25.21	345.21	88	99	34	42
Transport, Infrastructure, Public Works & Energy	22.76	1,818.58	11.83	326.71	9.66	384.65	82	118	42	21
Lands, Housing, Urban Areas and Physical Planning	168.70	510.22	89.27	17.43	41.48	246.60	46	1,415	25	48
Health Services	551.55	1,374.00	256.65	456.95	257.50	380.73	100	83	47	28
Agriculture, Livestock, Fisheries and Cooperatives	52.12	618.72	16.72	96.39	9.13	87.36	55	91	18	14
Trade, Industrialization and Tourism	50.61	305.00	12.98	29.22	13.14	23.18	101	79	26	8
Education, Science & Technology & ICT	200.31	526.92	45.96	120.96	35.34	120.96	77	100	18	23
County Public Service Board	26.33	-	17.25	-	11.44	-	66	-	43	-
ICT, E-government & Communication	42.74	190.35	17.92	45.04	15.26	45.04	85	100	36	24
County Assembly	1,061.36	50.00	389.79	-	446.65	-	114.6	-	42.1	-
TOTAL	**7,820.97**	**7,051.08**	**3,499.00**	**1,771.59**	**3,407.52**	**1,709.88**	**97.4**	**96.5**	**43.6**	**24.2**

Source: *Kakamega County Treasury*

Analysis of expenditure by department shows that the Department of Lands, Housing, Urban Areas and Physical Planning recorded the highest absorption rate of development budget at 48 per cent followed by the Department of Social Services, Youth and Sports at 42 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to its recurrent budget at 46.7 per cent.

3.11.9 Budget Execution by Programmes and Sub-Programmes

Table 3.52 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.52: Kakamega County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Program	Department	Budget	Expenditure (Kshs.)	Variance	Absorption
Bukhungu stadium	Social Services	700,000,000	316,675,406	383,324,594	45.2
Construction of Kakamega County Teaching and Referral Hospital	Health	350,000,000	182,820,911	167,179,089	52.2
County Youth Works-Ward based	Roads	300,000,000	153,922,034	146,077,966	51.3
Level 5 hospital grant	Health	427,283,237	151,101,524	276,181,713	35.4
Bitumen road	Roads	718,000,000	132,619,078	585,380,922	18.5
Kenya Urban Support Programme (KUSP)-Mumias	Lands	206,000,000	123,827,722	82,172,278	60.1
KUSP- Kakamega	Lands	183,118,800	105,342,399	77,776,401	57.5
Infrastructure (ECDE Centre's -Ward Based Phase 3 & 4)	Educ	125,000,000	70,000,000	55,000,000	56.0
Road Levy Fund	Roads	295,575,656	57,944,604	237,631,052	19.6
Equipping ECDEs Purchase of Furniture	Educ	50,000,000	49,731,004	268,996	99.5
Kenya Climate Support Agricultural Programme (KCSAP)	Agric	117,000,000	47,824,647	69,175,353	40.9
Water Infrastructure Development	Water	80,000,000	39,630,316	40,369,684	49.5
ERP	ICT	88,000,000	36,636,666	51,363,334	41.6
10km per ward roads-Ward based	Roads	300,000,000	29,845,122	270,154,878	9.9
Sports support Programme	Social Services	35,000,000	17,008,540	17,991,460	48.6
DANIDA	Health	33,311,250	15,421,875	17,889,375	46.3
World Bank Universal Health Care Fund-THS	Health	61,794,598	13,543,500	48,251,098	21.9
Fish Processing and promotion	Agric	27,000,000	13,000,000	14,000,000	48.1
Re-budgeted ongoing Works	Water	25,000,000	12,204,360	12,795,640	48.8
Construction of markets	Trade	80,000,000	11,267,861	68,732,139	14.1
bridges	Roads	60,000,000	10,323,504	49,676,496	17.2
Stock rings	Agric	30,000,000	8,854,396	21,145,604	29.5
Revenue automation	ICT	46,343,291	8,400,000	37,943,291	18.1
KDSP-LEVEL 2	Water	262,583,677	7,280,000	255,303,677	2.8
landscaping	Lands	13,600,000	6,800,000	6,800,000	50.0
Rehabilitation and augmentation of water supply schemes	Water	20,000,000	6,470,132	13,529,868	32.4
Agriculture Sector Development Support Programme II (ASDSPII)	Agric	33,716,311	5,500,000	28,216,311	16.3
Kambi Somali Market	Lands	10,000,000	5,000,000	5,000,000	50.0
Dairy factory	Trade	40,000,000	4,968,500	35,031,500	12.4
Shelter Improvement	Social Services	45,000,000	4,582,656	40,417,344	10.2
Health Data Management	Health	5,000,000	4,215,509	784,491	84.3
Development of Spatial plan for Mumias and Other urban areas	Lands	10,000,000	3,415,661	6,584,339	34.2
Completion of Hospitals-Shamakhubu and Mumias Level 4 Hospital	Health	30,000,000	2,965,833	27,034,167	9.9
Banana production	Agric	4,500,000	2,955,000	1,545,000	65.7
Equipping other Health facilities	Health	30,000,000	2,953,000	27,047,000	9.8
Completion of Dispensaries under construction	Health	10,000,000	2,953,000	7,047,000	29.5
AI Services	Agric	12,000,000	2,516,880	9,483,120	21.0
Poultry farming promotion	Agric	9,000,000	2,429,058	6,570,942	27.0
Construction of ward Offices	PSA	10,000,000	2,340,474	7,659,526	23.4
Symbio City- Resource Centre	Lands	10,000,000	2,212,978	7,787,022	22.1
KDSP	PSA	93,508,530	2,092,000	91,416,530	2.2
Completion of the county annex	PSA	20,000,000	2,072,885	17,927,115	10.4
Art Gallery-Khayega	Social Services	3,000,000	2,018,252	981,748	67.3
Maize milling factory	Trade	15,000,000	1,988,000	13,012,000	13.3
Hybridization of water schemes	Water	5,350,000	1,952,744	3,397,256	36.5
Refurbishment of markets	Trade	5,000,000	1,853,000	3,147,000	37.1
Boda Boda Sacco Programme	Social Services	5,000,000	1,688,200	3,311,800	33.8
Farm inputs	Agric	150,000,000	1,657,000	148,343,000	1.1
Veterinary Labs	Agric	9,000,000	1,565,397	7,434,603	17.4
Children support programmes	Social Services	4,000,000	1,445,000	2,555,000	36.1
Blood Transfusion Services	Health	15,000,000	1,377,475	13,622,525	9.2
Market sanitation infrastructure development	Water	10,000,000	1,328,200	8,671,800	13.3

Program	Department	Budget	Expenditure (Kshs.)	Variance	Absorption
School support Programme-(Completion of on going Secondary projects)	Educ	40,000,000	1,230,000	38,770,000	3.1
Industrial park development	Trade	5,000,000	1,220,900	3,779,100	24.4
Bukura ATC	Agric	15,000,000	1,054,289	13,945,711	7.0
Other Capital Grants and Trans -Youth & Women Empowerment	Social Services	5,000,000	1,050,000	3,950,000	21.0
Development of Culture and heritage sites	Trade	10,000,000	1,000,000	9,000,000	10.0
EPI-Expanded Immunization Programme	Health	3,321,625	990,000	2,331,625	29.8
Micro Finance	Trade	5,000,000	880,600	4,119,400	17.6
NHIF-Universal access to Health Care	Health	60,000,000	875,000	59,125,000	1.5
Refurbishment of County Offices	PSA	10,000,000	784,740	9,215,260	7.8
Beyond zero campaign	Health	2,000,000	743,500	1,256,500	37.2
Support to Vulnerable persons/groups	Social Services	3,000,000	600,000	2,400,000	20.0
Family planning	Health	2,000,000	405,000	1,595,000	20.3
Disability mainstreaming	Health	1,000,000	234,000	766,000	23.4
People with disabilities support Programme -(census)	Social Services	5,000,000	145,400	4,854,600	2.9
Nutrition Program	Health	2,000,000	126,000	1,874,000	6.3
Total		**5,397,006,975**	**1,709,881,731**	**3,687,125,244**	31.7

Source: *Kakamega County Treasury*

The best performing programs across the County were: Equipping ECDs at 99.5 per cent, Health Data Management program at 84.3 per cent, and the Khayega Art Gallery program at 67.3 per cent of budget allocation.

3.11.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. The County budget does not give a clear distinction between new and rolled-over projects hence making it difficult to track the status of implementation of projects.

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

1. *The County should revise its presentation of the budget to separate new projects from on-going projects for ease of tracking budget implementation.*

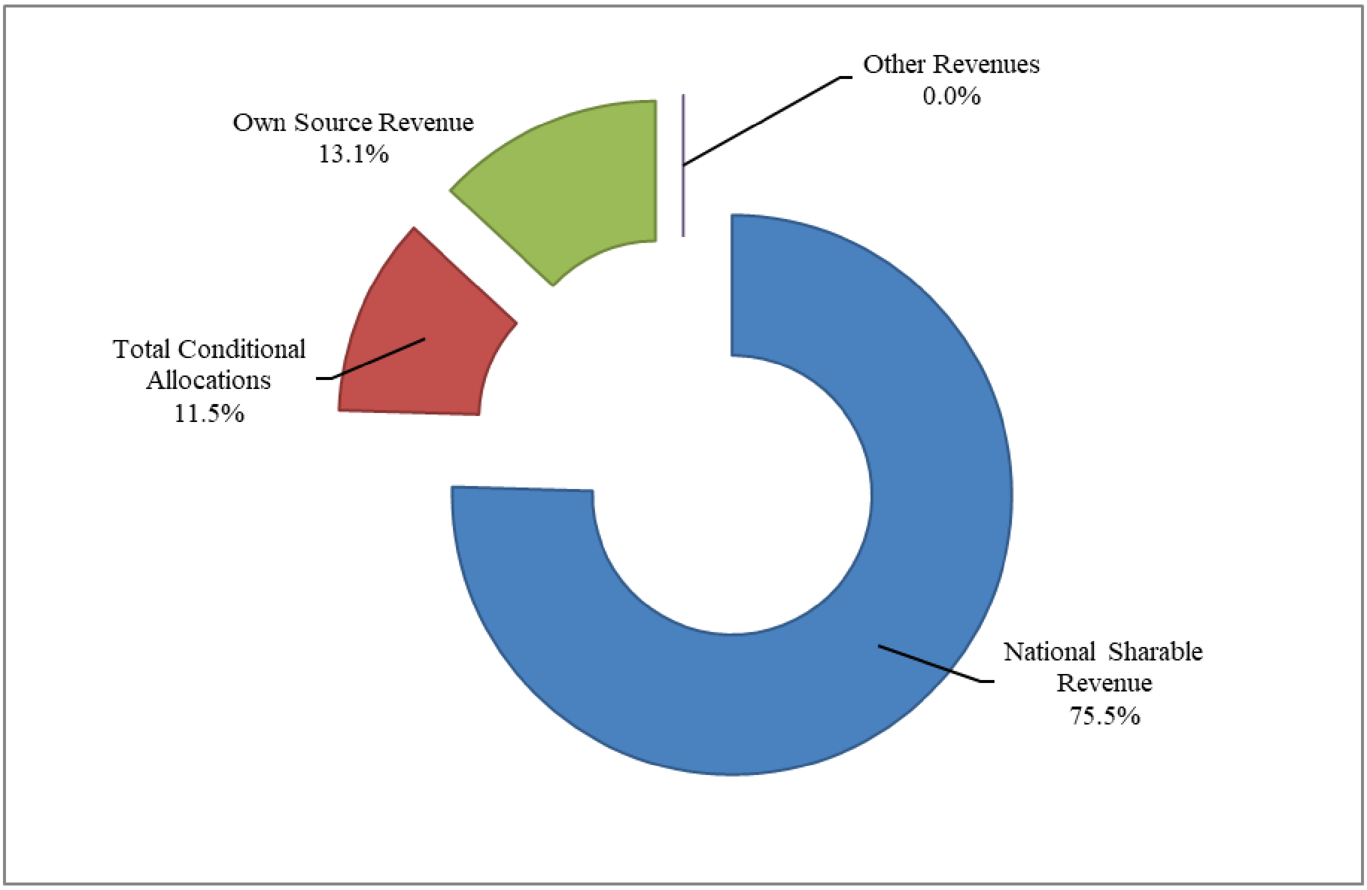
3.12 Kericho County

3.12.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.61 billion, comprising of Kshs.4.0 billion (46.5 per cent) and Kshs.4.61 billion (53.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.27 billion (61.2 per cent) as equitable share of revenue raised nationally, Kshs.799.79 million (9.3 per cent) as total conditional grants, generate Kshs.913.94 million (10.6 per cent) from own source revenue, and Kshs.1.62 billion (18.9 per cent) as cash balance from FY 2018/19. Figure 3.34 shows the expected sources of financing by category in FY 2019/20.

Figure 3.34: Kericho County Expected Revenue Sources in FY 2019/20



Source: *Kericho County Treasury*

3.12.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.90 billion as equitable share of the revenue raised nationally, Kshs.98.32 million as total conditional grants, raised Kshs.102.87 million from own-source revenue, and had a cash balance of Kshs.1.43 billion from FY 2018/19.

Table 3.53: Kericho County, Revenue Performance in the First Half of FY 2019/20

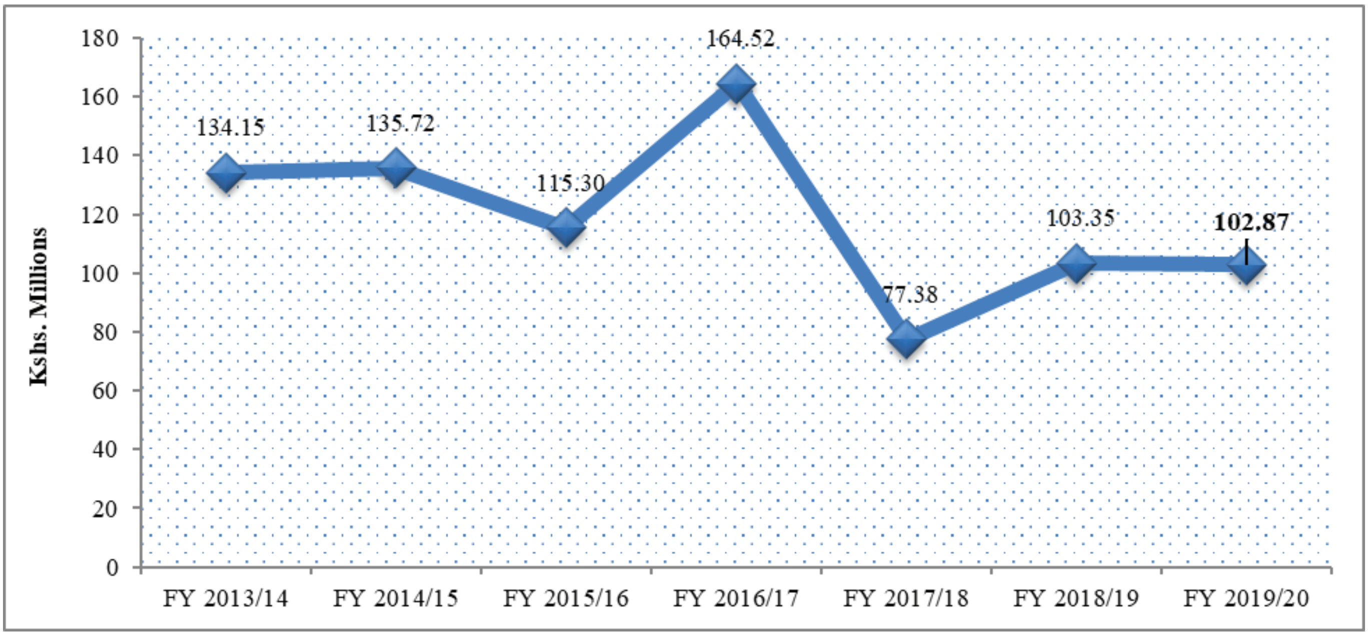
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	5,380,500,000	5,270,000,000	1,904,697,000	35.4
B.	**Conditional Grants from the National Government**				
	Compensation for User Fee Foregone	18,048,789	18,048,789	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	152,729,063	152,729,063	-	-
	Rehabilitation of Village Polytechnics	29,433,298	29,433,298	-	-
Sub Total		**332,126,044**	**200,211,150**	-	-
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	71,544,247	61,507,974	21,812,747	30.5
	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	199,459,400	117,000,000	76,511,087	38.4
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	44,538,343	-	-

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	256,299,000	256,299,000	-	-
	DANIDA Grant	17,062,500	17,516,250	-	-
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,415,491	-	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000	-	-
	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	-	92,719,071	-	-
	Sub Total	**599,580,638**	**599,580,638**	**98,323,833**	**16.4**
D	**Other Sources of Revenue**				
	Own Source Revenue	913,935,000	913,935,000	102,870,710	11.3
	Balance b/f from FY2018/19	1,627,652,234	1,627,652,234	1,425,526,591	87.6
Sub Total		**2,541,587,234**	**2,541,587,234**	**1,528,397,301**	**60.1**
Grand Total		**8,853,793,916**	**8,611,379,022**	**3,531,418,134**	**41**

Source: *Kericho County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.53 billion as shown in Table 3.53.

Figure 3.35 : Kericho County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kericho County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.102.87 million as own-source revenue. This amount represented a decrease of 0.5 per cent when compared to Kshs.103.35 million reported during the same period in FY 2018/19, and represented 11.3 per cent of the annual target.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.88 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.733.02 million (25.4 per cent) for development programmes and Kshs.2.15 billion (74.6 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

A total of Kshs.2.73 billion was spent on development and recurrent programmes and represented 94.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.588.61 million and Kshs.2.15 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 14.7 per cent while that incurred on recurrent programmes represented 46.6 per cent of the annual recurrent budget.

3.12.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.51 billion was spent on compensation to employees, Kshs.633.09 million on operations and maintenance, and Kshs.588.61 million on development expenditure.

Table 3.54: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	**4,608,073,372**	**2,149,356,341**	**2,145,628,754**	**78.5**	**46.6**
Compensation to Employees	2,904,565,938	1,512,533,827	1,512,533,827	55.3	52.1
Operations and Maintenance	1,703,507,434	636,822,514	633,094,927	23.2	37.2
Total Development Expenditure	**4,003,305,650**	**733,023,300**	**588,610,147**	**21.5**	**14.7**
Development expenditure	4,003,305,650	733,023,300	588,610,147	21.5	14.7
Total	**8,611,379,022**	**2,882,379,641**	**2,734,238,902**	**100**	**31.8**

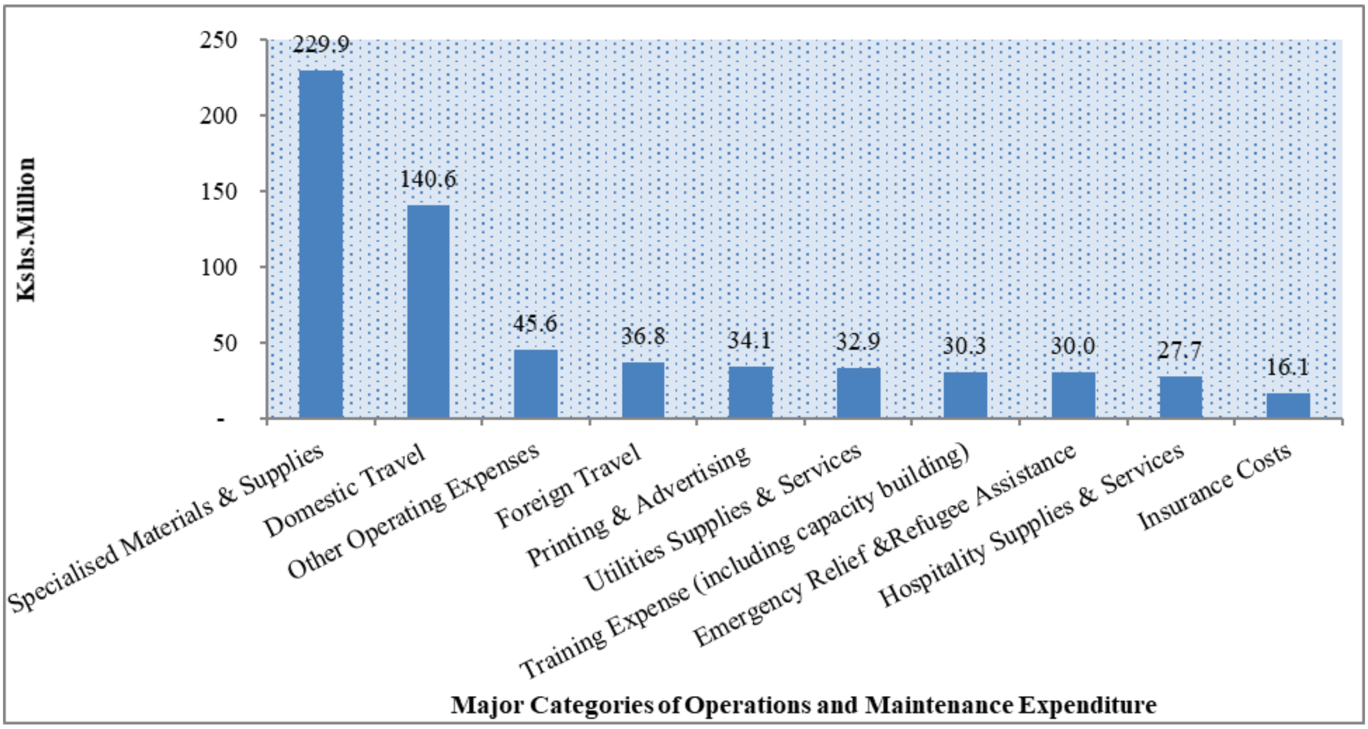
Source: *Kericho County Treasury*

Expenditure on compensation to employees was 55.3 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 11.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.35 billion.

3.12.6 Analysis of Operations and Maintenance Expenditure

Figure 3.36 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.36: Kericho County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kericho County Treasury*

The County spent Kshs.27.98 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.56.25 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.99,234 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.140.59 million and comprised of Kshs.83.79 million spent by the County Assembly and Kshs.56.79 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.36.76 million and comprised of Kshs.22.63 million spent by the County Assembly and Kshs.14.13 million spent by the County Executive.

3.12.7 Development Expenditure Analysis

The total development expenditure of Kshs.588.61 million represented 14.1 per cent of the annual development budget of Kshs.4.0 billion. Table 3.55 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.55: Kericho County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Storm water drainage	Kericho Town	138,859,917	17,524,775	12.6
2	Compensation of KEWASCO (Toror) Land	Kapcheptoror	15,000,000	10,000,000	66.7
3	Earthworks/Bush clearing 835.1 hrs	Chemosot	8,852,060	8,852,060	100.0
4	Main Low Voltage Gear Switch Panel And Controller Factor At KCRH And Kapkatet	Kericho And Kapkatet	8,619,333	8,619,333	100.0
5	Delivery of Beds And Linen	Kericho	8,610,745	8,610,745	100.0
6	Supply, Delivery, Installation And Testing of Vaccines Refrigerators	Kericho	8,400,000	8,400,000	100.0
7	Londiani Water Project	Kedowa	7,481,327.00	7,481,327	100.0
8	Development of enterprise system management software Information system	Revenue Office	7,210,141	7,210,141	100.0
9	Murrum Supply 12000m3, Grading and Graveling	Kaplelartet	6,822,700	6,822,700	100.0
10	Construction of fire station , fencing and beautification of Uhuru gardens	Kericho Town	46,942,144	6,356,563	13.5

Source: *Kericho County Treasury*

3.12.8 Budget Performance by Department

Table 3.56 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.56 : Kericho County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	690.83	32.00	357.79	-	354.93	-	99.2	-	51.4	-
Agriculture, Livestock Development and Fisheries	191.23	226.49	80.53	76.51	80.56	60.76	100.0	79.4	42.1	26.8
County Public Service Board	56.70	-	20.60	-	19.37	-	94.0	-	34.2	-
Education, Youth Affairs, Children, Culture and Social Services	405.42	334.56	117.89	13.19	119.78	13.19	101.6	100.0	29.5	3.9
Finance and Economic Planning	273.62	845.92	142.54	25.99	138.07	25.99	96.9	100.0	50.5	3.1
Health	2,059.42	567.03	1,062.88	144.53	1,035.65	126.52	97.4	87.5	50.3	22.3
Information Communication Technology (ICT)	183.62	119.08	27.01	3.94	34.27	3.94	126.9	100.0	18.7	3.3
Lands, Housing and Physical Planning	75.16	383.75	36.63	31.05	34.98	31.65	95.5	101.9	46.5	8.2
Office of the Governor	124.03	-	54.38	-	75.52	-	138.9	-	60.9	-
Public Service Management (PSM)	289.59	44.22	131.55	-	127.76	-	97.1	-	44.1	-
Public Works, Roads, Transport and ICT	65.64	983.96	27.78	396.34	38.72	285.08	139.4	71.9	59.0	29.0

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industrialization, Tourism, Wildlife and Co-operative Management	65.18	51.97	28.25	10.47	28.54	10.47	101.0	100.0	43.8	20.1
Water, Energy, Natural Resources and Environment	127.62	414.31	61.53	31.01	57.48	31.01	93.4	100.0	45.0	7.5
Total	**4,608.07**	**4,003.31**	**2,149.36**	**733.02**	**2,145.63**	**588.61**	**99.8**	**80.3**	**46.6**	**14.7**

Source: *Kericho County Treasury*

Analysis of expenditure by department shows that the Department of Public Works and Roads recorded the highest absorption rate of development budget at 29 per cent while the Department of Public Service Management and the County Assembly did not report any development expenditure during the reporting period. The Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 60.9 per cent while the Department of Information Communication Technology had the lowest at 18.7 per cent.

3.12.9 Budget Execution by Programmes and Sub-Programmes

Table 3.57 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.57: Kericho County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration and support services	General Administration and Planning	48,678,276	16,000,325	32,677,951	32.9
	Housing Development	52,628,668	15,752,083	36,876,585	29.9
Housing Development and Human Resource **Land policy and planning**	Development Planning and Land Reforms	351,518,177	22,622,499	328,895,678	6.4
	Land Use Planning	6,083,798	2,220,905	3,862,893	36.5
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	38,216,334	11,974,692	26,241,642	31.3
Crop Development and Management	Agriculture Extension Services	287,581,792	93,742,757	193,839,035	32.6
Livestock Resource Management and Development	Livestock Disease Management and Control.	15,389,873	403,450	14,986,423	2.6
	Livestock Production and Extension Services	64,605,746	24,249,067	40,356,679	37.5
	Management and Development of Capture Fisheries	11,930,057	2,596,200	9,333,857	21.8
Fisheries development	General Administration Planning and Support Services	31,425,059	9,745,014	21,680,045	31.0
Transport Management and safety	Rehabilitation of Road	967,634,094	301,519,146	666,114,949	31.2
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	50,547,500	4,537,203	46,010,297	9.0
Information & Communication Service	News and Information Services	168,698,412	22,361,543	146,336,869	13.3
	ICT and BPO development services	134,006,792	12,140,117	121,866,675	9.1
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	60,117,487	22,201,770	37,915,717	36.9
	Administrative and Support Services.	36,154,449	3,546,743	32,607,706	9.8
Cooperative development and management	Cooperative Advisory & Extension Services.	18,372,940	8,196,345	10,176,595	44.6
Tourism development and marketing	Local Tourism Development.	2,500,000	0	2,500,000	0.0
Curative Health	Administration and Planning	933,514,854	365,905,984	567,608,870	39.2
	Hospital(curative)Services	140,537,188	28,544,666	111,992,522	20.3
	Preventive Medicine and Promotive Health	1,552,398,221	648,785,379	903,612,842	41.8
General Administration & planning services.	Policy Development and Administration	254,955,668	106,666,821	148,288,847	41.8
Basic Education	Early Childhood Development Education	460,761,660	15,483,702	445,277,958	3.4
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	24,270,000	1,543,999	22,726,001	6.4
Implementation of Constitution	Legislative Development	32,628,810	16,718,046	15,910,764	51.2
	Compliance and Oversight	354,182,984	195,953,686	158,229,298	55.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration and Field Services	Administration and Field Services	314,250,756	157,454,702	156,796,054	50.1
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	78,466,218	29,492,766	48,973,452	37.6
	General Administration, Planning and Support Services	95,237,427	8,513,953	86,723,474	8.9
	Human Resource Development	238,577,033	111,321,467	127,255,566	46.7
County Coordination Services	County Coordination Services	100,596,799	35,360,713	65,236,086	35.2
Public sector advisory services	Economic and Social Advisory Service	23,432,859	8,837,204	14,595,655	37.7
Administration, Planning and Support Services.	Administration Services.	350,515,364	78,733,122	271,782,242	22.5
	Monitoring Budget Implementation and Reporting	25,178,040	3,744,752	21,433,288	14.9
Public Finance Management	Budget Formulation co-ordination and management	735,508,234	17,825,223	717,683,011	2.4
Audit Services	County Audit	8,346,980	1,437,950	6,909,030	17.2
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	135,332,321	47,077,124	88,255,197	34.8
Water supply services	Rural Water Supply	406,598,152	34,211,202	372,386,950	8.4
Grand Total		**8,611,379,022**	**2,734,238,901**	**6,123,956,703**	**28.9**

Source: *Kericho County Treasury*

The best performing sub-programmes were: Compliance and Oversight at 55.3 per cent, Legislative Development at 51.2 per cent, and Human Resource Development at 46.7 per cent.

3.12.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay by the Fund Administrator of the County Assembly Car & Mortgage Fund to submit financial reports on the county established funds in line with Section 168 of the PFM Act, 2012.
2. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation in line with Section 166 of the PFM Act, 2012.
3. Under performance in own source revenue collection which represented 11.3 per cent of the annual target.

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

1. *All Fund Administrators should provide quarterly financial statements for county established funds in line with Section 168 of the PFM Act, 2012.*
2. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of PFM Act, 2012.*
3. *The County Treasury should develop and implement strategies to enhance own source revenue collections in order to ensure budgeted activities are fully financed.*

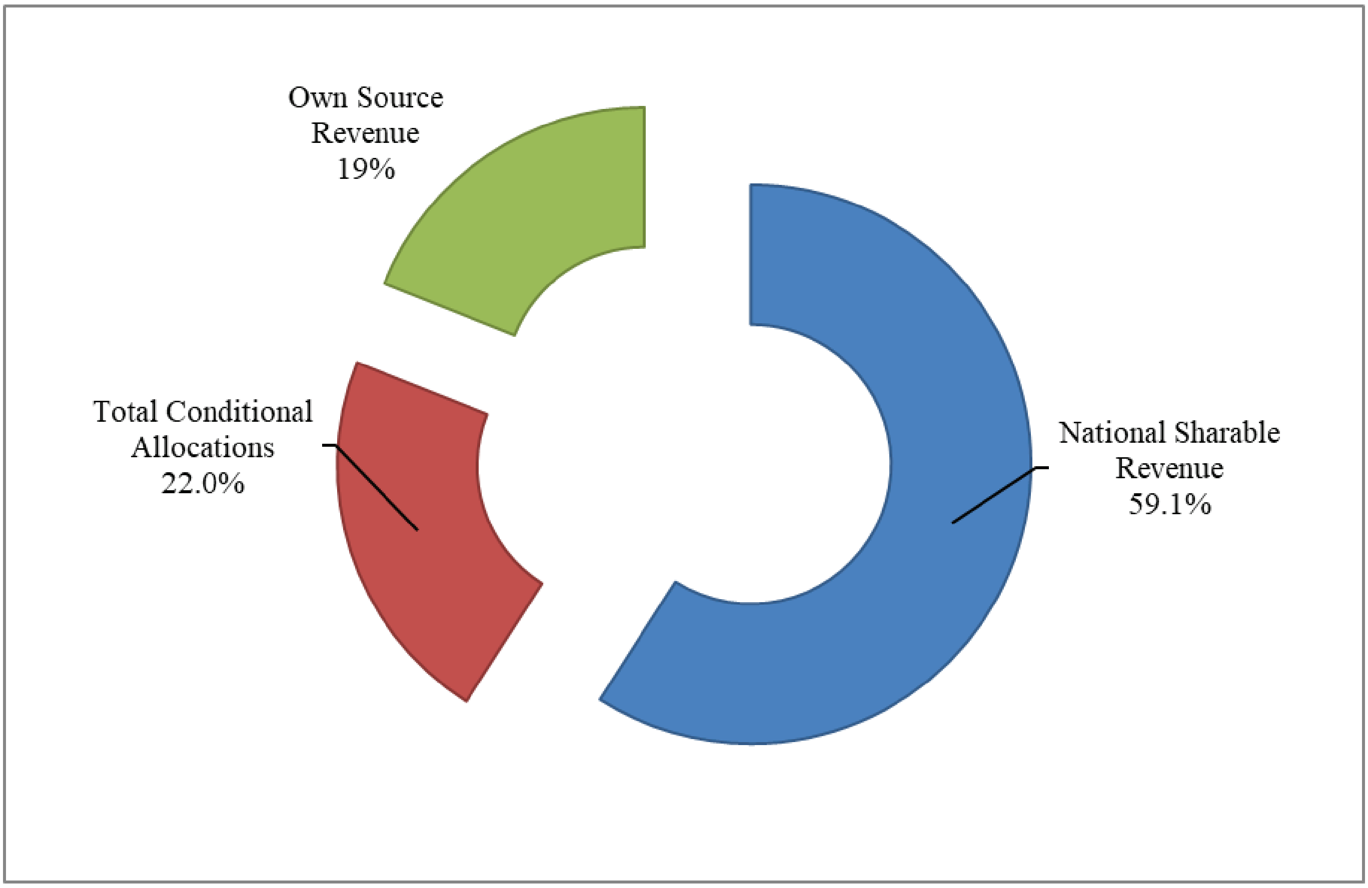
3.13 Kiambu County

3.13.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.15.64 billion, comprising of Kshs.5.51 billion (35.2 per cent) and Kshs.10.13 billion (64.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.9.24 billion (59.1 per cent) as equitable share of revenue raised nationally, Kshs.3.43 billion (22.0 per cent) as total conditional grants, and generate Kshs.2.97 billion (19 per cent) million from own sources of revenue. The County did not budget for cash balance from FY 2018/19. Figure 3.37 shows the expected sources of financing by category in FY 2019/20

Figure 3.37: Kiambu County Expected Revenue Sources in FY 2019/20



Source: *Kiambu County Treasury*

3.13.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.34 billion as equitable share of the revenue raised nationally, Kshs.330.92 million as total conditional grants, raised Kshs.1.06 billion from own-source revenue, and had a cash balance of Kshs.1.19 billion from FY 2018/19.

Table 3.58: Kiambu County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised nationally	9,431,700,000	9,238,000,000	3,338,821,800	36.1
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	538,716,763	551,469,711	239,190,243	43.4
2.	Compensation for User Fee Foregone	34,671,542	34,671,542	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	267,725,063	267,725,063	-	-
5.	Rehabilitation of Village Polytechnics	55,113,298	68,110,000	-	-
Sub Total		**1,028,141,560**	**1,053,891,210**	**239,190,243**	**22.7**
C	**Loans and Grants from Development Partners**		2,378,909,369		
1.	Transforming Health systems for Universal care Project (WB)	80,079,440	-	16,570,025	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	331,195,210	-	61,189,991	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	-		-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,885,993,000	-		-
5.	DANIDA Grant	27,937,500	-	13,968,750	-

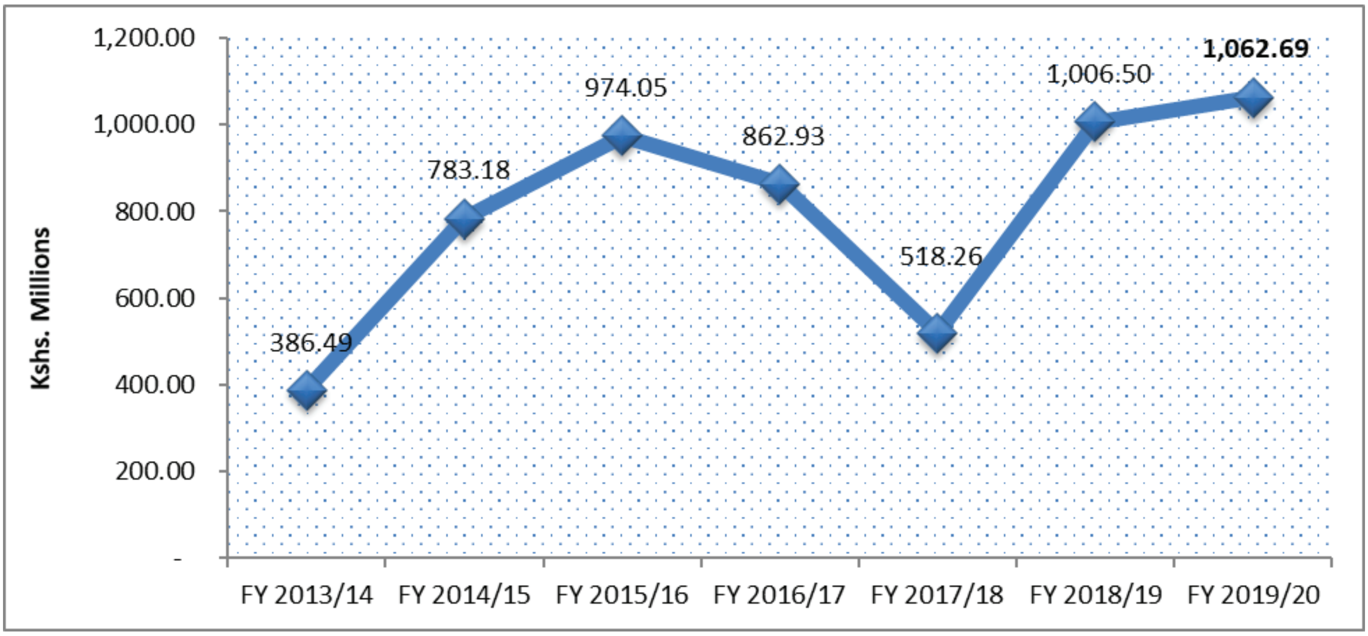
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as a Percentage of Annual Allocation (%)
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,404,219	-	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**2,381,409,369**	**2,378,909,369**	**91,728,766**	**3.9**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	2,967,999,421	1,062,689,396	35.8
2.	Balance b/f from FY2018/19	-	-	1,194,751,803	-
Sub Total		-	2,967,999,421	2,257,441,199	76.1
Grand Total		**12,841,250,929**	**15,638,800,000**	**5,927,182,008**	**37.9**

Source: *Kiambu County Treasury*

The Approved Budget did not provide the expected Loans and Grants from Development Partners per stream as contained in CARA, 2019.

The total funds available for budget implementation during the period amounted to Kshs.5.93 billion, as shown in Table 3.58 .

Figure 3.38: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kiambu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.1.06 billion as own-source revenue. This amount represented an increase of 5.6 per cent when compared to Kshs.1.01 billion reported during the same period in FY 2018/19, and represented 35.8 per cent of the annual target.

3.13.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.71 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.839.07 million (14.7 per cent) for development programmes and Kshs.4.87 billion (85.3 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

A total of Kshs.6.17 billion was spent on development and recurrent programmes and represented108.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.05 billion and Kshs.5.12 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.1 per cent while that incurred on recurrent expenditure programmes represented 50.5 per cent of the annual recurrent budget.

3.13.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.67 billion was spent on compensation to employees, Kshs.1.45 billion on operations and maintenance, and Kshs.1.05 billion on development expenditure.

Table 3.59: Kiambu County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)	Absorption (%)
Total Recurrent Expenditure	10,130,239,266	4,869,028,047	5,118,150,240	82.9	50.5
Compensation to Employees	6,599,824,880	3,663,253,922	3,669,621,152	59.5	55.6
Operations and Maintenance	3,530,414,386	1,205,774,125	1,448,529,088	23.5	41
Total Development Expenditure	**5,508,560,734**	**839,066,660**	**1,053,141,782**	**17.1**	**19.1**
Development Expenditure	5,508,560,734	839,066,660	1,053,141,782	17.1	19.1
Total	**15,638,800,000**	**5,708,094,707**	**6,171,292,022**	100	39.5

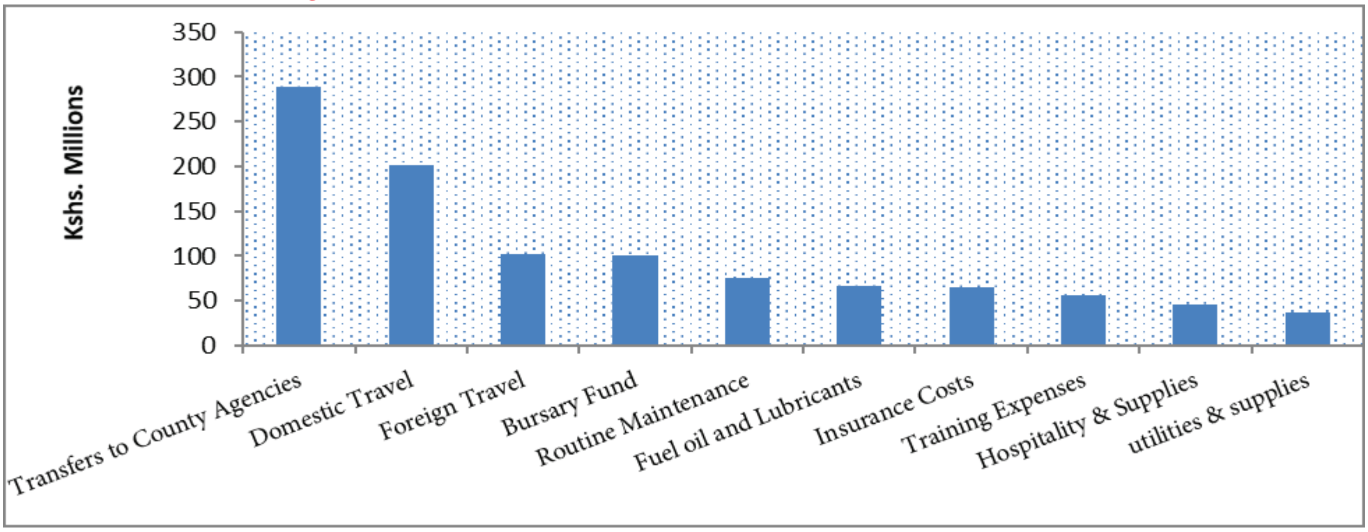
***Source**: Kiambu County Treasury*

Expenditure on compensation to employees was 59.5 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 13.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.22 billion.

3.13.6 Analysis of Operations and Maintenance Expenditure

Figure 3.39 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.39: Kiambu County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



***Source**: Kiambu County Treasury*

The County spent Kshs.44.10 million on committee sitting allowances for the 92 MCAs and Speaker against the annual budget allocation of Kshs.120 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.79,039 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.201.85 million and comprised of Kshs.99.02 million spent by the County Assembly and Kshs.102.82 million by the County Executive. Expenditure on foreign travel amounted to Kshs.102.72 million and comprised of Kshs.80.18 million spent by the County Assembly and Kshs.22.54 million by the County Executive.

3.13.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.05 billion represented 19.1 per cent of the annual development budget of Kshs.5.51 billion. Table 3.60 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.60: Kiambu County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Expenditure (Kshs.)	Absorption Rate (%)
1	Various Development issues under conditional grant-Gatundu Level 5 Hospital	Gatundu south	179,572,255	50,000,000	27.8
2	Construction of 4-storeyed type medical ward block at Tigoni level 4 hospital	Limuru-Tigoni/Ngecha	160,740,400	44,414,263	27.6
3	Various Development issues under conditional grant- Kiambu Level 5 Hospital	Kiambu-Township	179,572,255	41,000,000	22.8
4	Various Development issues under conditional grant- Thika Level 5 Hospital	Thika-Township	179,572,255	40,985,610	22.8
5	Construction of level 4 hospital at Githunguri health center	Githunguri	676,000,000	39,546,042	5.9
6	Construction of 4-storeyed type medical ward block at lari sub-district hospital	Lari-Lari/Kirenga	191,807,905	14,958,452	7.8
7	Construction of level 4 hospital at Bibirioni	Limuru-Bibirioni	285,999,964	10,000,000	3.5
8	Fourteen Falls Fencing	Ngoliba Thika sub-county	5,000,000	5,392,925	107.9
9	Construction of a wall at Bahati ECDE Phase III	Hospital Ward Thika	3,840,240	3,840,240	100.0
10	Chainlink fencing at Kamburu dispensary	Lari- kamburu	3,655,198	3,655,198	100.0
Total			**1,865,760,472**	**253,792,730**	**13.6**

Source: *Kiambu County Treasury*

3.13.8 Budget Performance by Department

Table 3.61 shows a summary of the approved budget allocation and performance by the departments in the first half of FY 2019/20.

Table 3.61: Kiambu County Budget Performance by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,200.9	175.0	510.4	-	525.1	-	102.9	-	43.7	-
County Executive	339.1	-	155.8	-	167.3	-	107.4	-	49.3	-
County Public Service Board	79.0	-	26.7	-	30.1	-	112.5	-	38.1	-
Finance and Economic Planning	1,252.0	55.5	566.9	24.3	648.2	35.7	114.3	146.9	51.8	64.4
Administration, Public Service and Communication	554.8	85.5	300.4	-	348.4	12.1	116.0	-	62.8	14.1
Agriculture, Crop Production and Irrigation	491.3	281.6	217.2	9.0	221.4	47.6	101.9	530.4	45.1	16.9
Water, Energy, Environment and Natural Resources	241.8	204.9	136.6	32.2	129.8	45.7	95.0	141.9	53.7	22.3
Health Services	4,214.2	838.7	2,271.4	216.8	2,249.3	216.8	99.0	100.0	53.4	25.9
Education, Youth, Sports, Culture and Social Services	948.1	266.3	271.1	9.7	394.8	15.7	145.6	162.2	41.6	5.9
Youth and Sports	159.5	166.4	81.4	24.7	81.4	29.8	100.0	120.5	51.0	17.9

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning and Housing	203.5	1,900.4	99.6	4.4	98.6	-	99.0	-	48.5	-
Trade, Tourism, Industry and Co-operative	140.5	386.4	59.6	12.4	47.6	57.6	79.8	465.1	33.9	14.9
Roads, Transport and Public Works	305.5	1,147.8	171.8	505.5	176.1	592.0	102.5	117.1	57.6	51.6
TOTAL	**10,130.24**	**5,508.56**	**4,869.03**	**839.07**	**5,118.15**	**1,053.14**	**105.1**	**125.5**	**50.5**	**19.1**

***Source**: Kiambu County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning reported the highest absorption rate of development budget at 64.4 per cent. The Department of Administration, and Public Service and Communication had the highest percentage of recurrent expenditure to its recurrent budget at 62.8 per cent while the Department of Trade, Tourism, Industry, and Co-operative reported the lowest at 33.9 per cent.

3.13.9 Budget Execution by Programmes and Sub-Programmes

Table 3.62 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.62: Kiambu County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
101004060 Crop, Livestock, and Fisheries Development and Management	General administration and support services	487,774,051	219,565,309	268,208,742	45.0
	Livestock resource management and development	133,618,241	10,975,122	122,643,119	8.2
	Fisheries Development	7,200,000	1,360,000	5,840,000	18.9
	Crop production and management	144,364,757	37,112,761	107,251,996	25.7
	Sub Total	**772,957,049**	**269,013,192**	**503,943,857**	34.8
102004060 Land Management and Physical Planning; & Housing Development	Land Management and Physical Planning	197,914,246	78,621,469	119,292,777	39.7
	Sub Total	**197,914,246**	**78,621,469**	**119,292,777**	39.7
105004060 Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,905,993,000	20,000,000	1,885,993,000	1.0
	Sub Total	**1,905,993,000**	**20,000,000**	**1,885,993,000**	1.0
201004060 Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction of road and civil works	1,147,827,473	592,019,686	555,807,787	51.6
	Sub Total	**1,147,827,473**	**592,019,686**	**555,807,787**	51.6
202004060 Administration, planning & support	General Administration and Support services	305,528,910	176,104,440	129,424,470	57.6
	Sub Total	**305,528,910**	**176,104,440**	**129,424,470**	57.6
301004060 Industrial, Investments, Tourism, Trade and Cooperative Development	General administration and support services	133,457,571	47,599,409	85,858,162	35.7
	Trade, Industrial Development and Investments	305,698,393	45,240,000	260,458,393	14.8
	Tourism Development and Promotion	20,550,128	12,392,090	8,158,038	60.3
	Cooperative Development and promotion	22,970,000	0	22,970,000	0.0
	Enterprise Development	44,168,391	0	44,168,391	0.0
	Sub Total	**526,844,483**	**105,231,499**	**421,612,984**	20.0
401004060 Curative and preventive health care services	General administration and support services	20,000,000	0	20,000,000	0.0
	Health curative services	818,716,765	216,812,884	601,903,881	26.5
	Sub Total	**838,716,765**	**216,812,884**	**621,903,881**	25.9
402004060 Administration, Planning and Support Services	General Administration and Support Services	3,516,816,907	1,936,331,564	1,580,485,343	55.1
	Sub Total	**3,516,816,907**	**1,936,331,564**	**1,580,485,343**	55.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
403004060 Preventive Health Services	Community Health Services	64,400,000	33,154,388	31,245,612	51.5
	Sub Total	**64,400,000**	**33,154,388**	**31,245,612**	51.5
404004060 Curative and Rehabilitative Health Services	County Hospital Infrastructure	533,000,000	270,495,660	262,504,340	50.7
	Sub Total	**533,000,000**	**270,495,660**	**262,504,340**	50.7
405004060 County Pharmaceutical Services	Pharmaceutical and Non Pharmaceutical supplies	100,000,000	9,327,369	90,672,631	9.3
	Sub Total	**100,000,000**	**9,327,369**	**90,672,631**	9.3
501004060 Pre-primary education, Promotion of Culture; ICT and social Services	Pre-primary education and youth polytechnics services	266,299,402	15,734,618	250,564,784	5.9
	Sub Total	**266,299,402**	**15,734,618**	**250,564,784**	5.9
502004060 General Administration and support Services	General Administration and support Services	693,396,202	272,863,430	420,532,772	39.4
	Sub Total	**693,396,202**	**272,863,430**	**420,532,772**	39.4
503004060 Pre-primary education, Vocational Education and Training	Early Childhood Development	194,700,000	121,981,978	72,718,022	62.7
	Sub Total	**194,700,000**	**121,981,978**	**72,718,022**	62.7
504004060 Culture Gender and Social Service Development	Culture, Gender and Social services	60,000,000	0	60,000,000	0.0
	Sub Total	**60,000,000**	**0**	**60,000,000**	0.0
701004060 Legislation and Oversight of County Government	Legislation and Oversight services	595,078,227	301,426,784	293,651,443	50.7
	Sub Total	**595,078,227**	**301,426,784**	**293,651,443**	50.7
703004060 Leadership and Admin of HR Management and dev in County Public Service	Human Resource development and management services	78,962,096	30,050,428	48,911,668	38.1
	Sub Total	**78,962,096**	**30,050,428**	**48,911,668**	38.1
704004060 Public Finance Management and Economic Policy and Strategy	General Administration and support services	1,030,729,322	536,560,116	494,169,206	52.1
	financial management services	245,178,246	130,657,865	114,520,381	53.3
	Economic planning services	31,553,152	16,696,791	14,856,361	52.9
	Sub Total	**1,307,460,720**	**683,914,772**	**623,545,948**	52.3
705004060 Admin & Co-ordination of County Affairs, HR Dev, Management & Capacity Building	Human resource development and management	54,309,000	30,213,765	24,095,235	55.6
	Sub Total	**54,309,000**	**30,213,765**	**24,095,235**	55.6
706004060 General Administration Planning and Support Services	General Administration Planning and Support Services	1,415,231,420	640,494,886	774,736,534	45.3
	Sub Total	**1,415,231,420**	**640,494,886**	**774,736,534**	45.3
707004060 Representation services	Representation services	290,650,000	80,768,123	209,881,877	27.8
	Sub Total	**290,650,000**	**80,768,123**	**209,881,877**	27.8
901004060 Promotion and development of sports; Youth services	General administration and support services	259,708,552	81,417,572	178,290,980	31.3
	Sub Total	**259,708,552**	**81,417,572**	**178,290,980**	31.3
902004060 ICT Services	ICT Services	66,249,021	29,815,346	36,433,675	45.0
	Sub Total	**66,249,021**	**29,815,346**	**36,433,675**	45.0
1001004060 Water Resources Management, Environment Protection and Conservation	Environmental management	55,944,735	14,948,277	40,996,458	26.7
	Water provision and management	144,000,000	30,756,478	113,243,522	21.4
	Renewable Energy and Climate Change	5,000,000	0	5,000,000	0.0
	Sub Total	**204,944,735**	**45,704,755**	**159,239,980**	22.3
1002004060 Administration Planning and Support Service	General Administration and Support Services	241,811,792	129,793,415	112,018,377	53.7
	Sub Total	**241,811,792**	**129,793,415**	**112,018,377**	53.7
Grand Total		**15,638,800,000**	**6,171,292,021**	**9,467,507,979**	39.5%

Source: *Kiambu County Treasury*

The best-performing programmes across the County were: Pre-primary Education, Vocational Education and Training at 62.7 per cent and Industrial Investments, Tourism, Trade and Cooperative Development at 60.3 per cent of budget allocation.

3.13.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. High expenditure on personnel emoluments which has increased by 13.9 per cent from Kshs.3.22 billion spent in a similar period in FY2018/19.
3. Failure to appropriately budget for conditional grants on Loans and Grants from Development Partners as provided in CARA 2019.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *County Treasury should ensure that conditional grants are stated in the budget as per the CARA, 2019.*

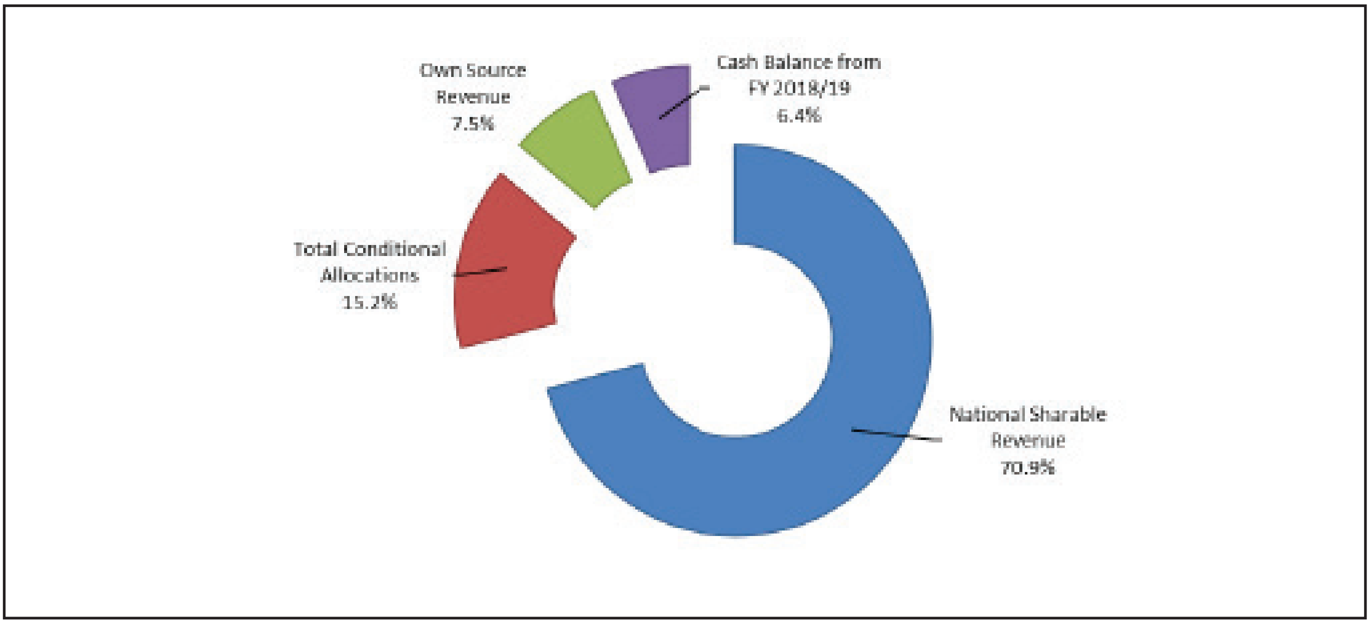
3.14 Kilifi County

3.14.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.14.72 billion, comprising of Kshs.6.25 billion (42.5 per cent) and Kshs.8.47 billion (57.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.44 billion (70.9 per cent) as equitable share of revenue raised nationally, Kshs.2.24 million (15.2 per cent) as total conditional grants, generate Kshs.1.1 billion (7.5 per cent) from own sources of revenue, and had Kshs.936.51 million (6.4 per cent) as cash balance from FY 2018/19. Figure 3.40 shows the expected sources of financing by category in FY 2019/20

Figure 3.40: Kilifi County Expected Revenue Sources in FY 2019/20



Source: *Kilifi County Treasury*

3.14.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.77 billion as equitable share of the revenue raised nationally, Kshs. 357.71 million as total conditional grants, raised Kshs.288.1 million from own-source revenue, and had a cash balance of Kshs.936.52 million from FY 2018/19.

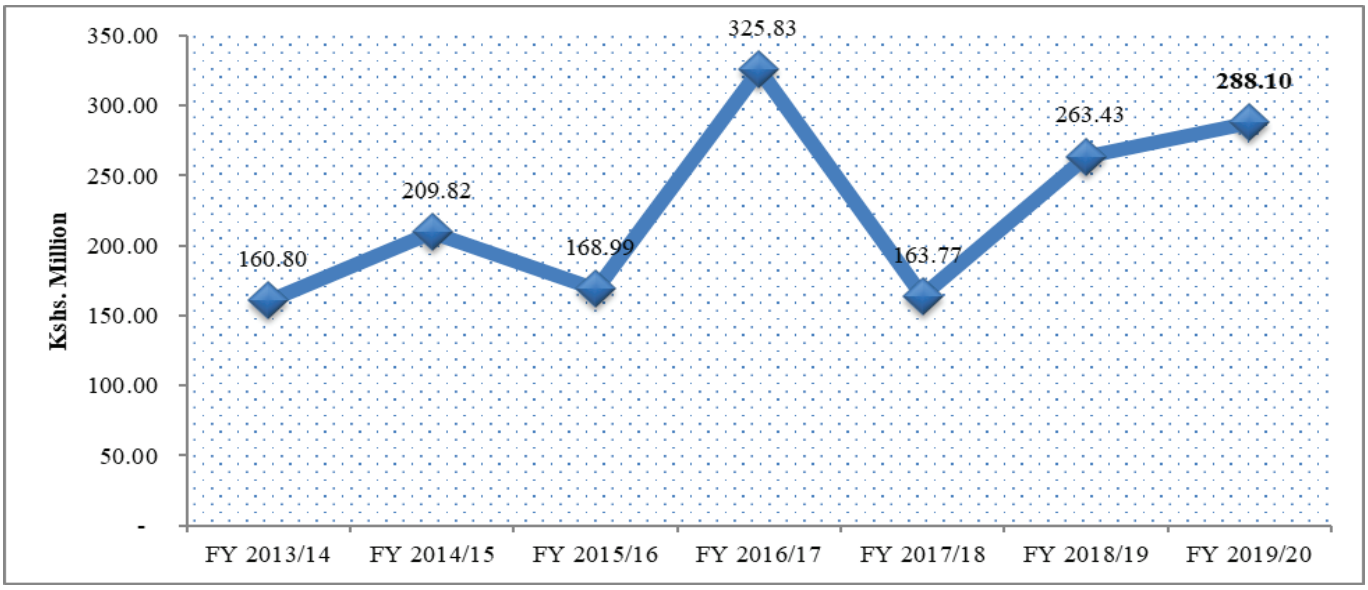
Table 3.63: Kilifi County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,444,500,000	10,444,500,000	3,776,082,602	6.2
B.	**Conditional Grants from the National Government Revenue**				
	Compensation for User Fee Foregone	26,056,268	26,056,268	86,404	0.3
	Leasing of Medical Equipment	131,914,894	131,914,894	131,914,894	100.0
	Road Maintenance Fuel Levy Fund	320,311,580	320,311,580	22,147,082	6.9
	Rehabilitation of Village Polytechnics	58,863,298	58,863,298		-
	Sub Total	**537,146,040**	**537,146,040**	**154,148,380**	**28.7**
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	137,494,851	137,494,851	8,380,130	6.1
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	78,476	0.0
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000		-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	330,534,500	330,534,500	41,200,000	12.5
5	DANIDA Grant	32,775,320	32,775,320	102,808	0.3
6	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	600,000,000	600,000,000		-
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant FY 2018-19	153,800,563	153,800,563	153,800,563	100.0
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,723,695	19,723,695	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
10	SlovakAid-Desktop Support for Vocational Training	1,140,000	1,140,000	-	-
Sub Total		**1,705,468,929**	**1,705,468,929**	**203,561,977**	**11.9**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	1,100,000,000	288,108,846	26.2
2.	Balance b/f from FY2018/19	-	936,521,064	936,521,064	100.0
Sub Total		-	**2,036,521,064**	**1,224,629,910**	**60.1**
Grand Total		**12,687,114,969**	**14,723,636,033**	**5,358,422,869**	**36.4**

Source: *Kilifi County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.36 billion as shown in Table 3.63..

Figure 3.41: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kilifi County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.288.1 million as own-source revenue. This amount represented an increase of 8.6 per cent when compared to Kshs.263.43 million reported during the same period in FY 2018/19, and represented 26.2 per cent of the annual target.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.62 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.408.55 million (11.3 per cent) for development programmes and Kshs.3.21 billion (88.7 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

A total of Kshs.2.59 billion was spent on development and recurrent programmes and represented 71.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.330.6 million and Kshs.2.26 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 5.3 per cent while that incurred on recurrent expenditure programmes represented 26.7 per cent of the annual recurrent budget.

3.14.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.52 billion was spent on compensation to employees, Kshs.745.80 million on operations and maintenance, and Kshs.330.6 million on development expenditure.

Table 3.64: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**8,470,419,926**	**3,212,141,800**	**2,264,834,619**	**87.3**	**26.7**
Compensation to Employees	4,223,260,346	1,991,478,146	1,519,037,545	76.7	47.2
Operations and Maintenance	4,247,159,580	1,220,663,654	745,797,073	28.7	17.6
Total Development Expenditure	**6,253,216,107**	**408,549,393**	**330,603,170**	**12.7**	**5.3**
Development Expenditure	6,253,216,107	408,549,393	330,603,170	12.7	5.3
Total	**14,723,636,033**	**3,620,691,192**	**2,595,437,788**	**100.0**	**17.6**

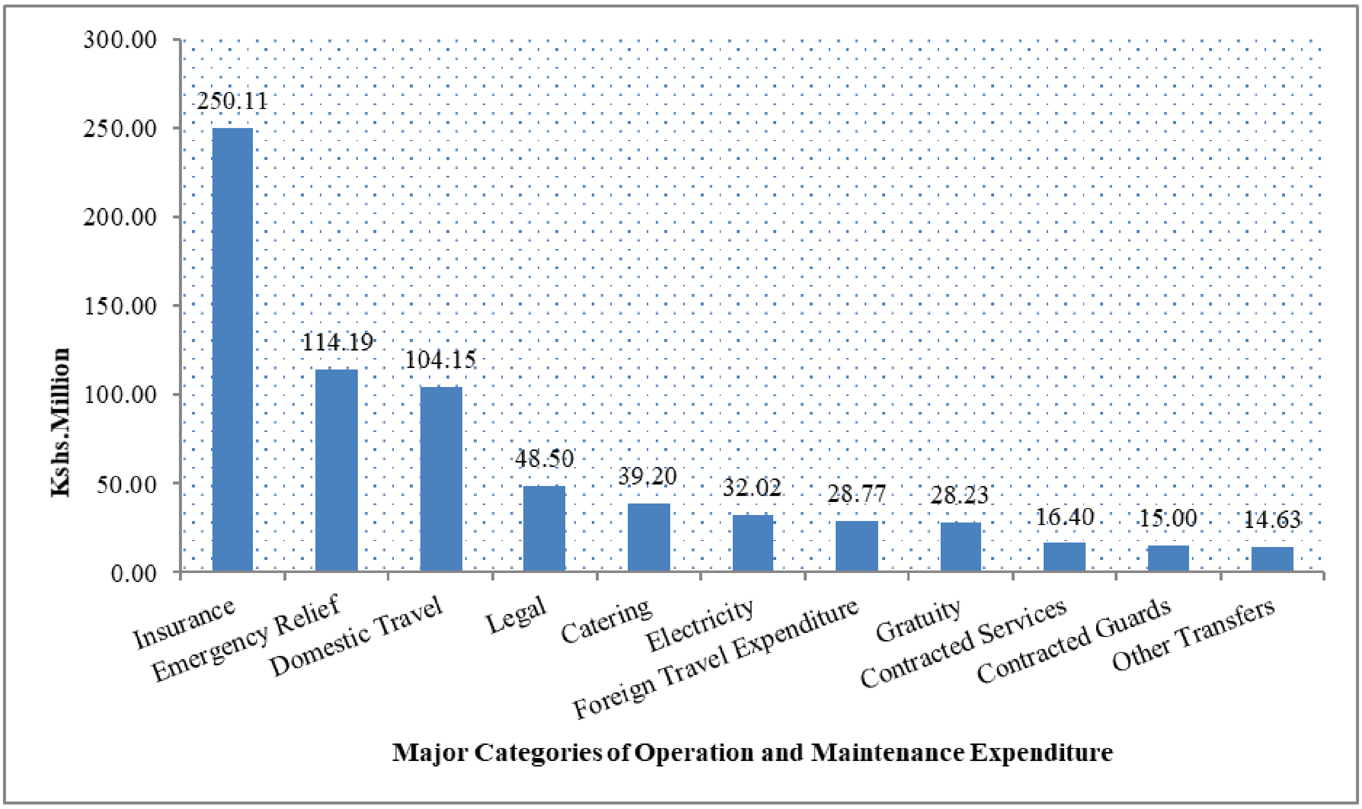
Source: *Kilifi County Treasury*

Expenditure on compensation to employees was 76.7 per cent of total expenditure in the first half of FY 2019/20.

3.14.6 Analysis of Operations and Maintenance Expenditure

Figure 3.42 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.42: Kilifi County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kilifi County Treasury*

The County spent Kshs.27.42 million on committee sitting allowances for the 56 MCAs and Speaker against the annual budget allocation of Kshs.55 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs. 81,077 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.104.15 million and comprised of Kshs.81.98 million spent by the County Assembly and Kshs.22.17 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.28.77 million and comprised of Kshs.21.94 million spent by the County Assembly and Kshs.6.82 million spent by the County Executive.

3.14.7 Development Expenditure Analysis

The total development expenditure of Kshs.330.6 million represented 5.3 per cent of the annual development budget of Kshs.6.25 billion. Table 3.65 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.65: Kilifi County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

Project Name	Department	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
Construction of Malindi Beach Road	Roads and Public Works	Malindi	100,000,000	70,013,238	70.0
Non- Residential Buildings	County Assembly	County Assembly	200,000,000	73,403,434	36.7
Construction of hospital complex	Health	Kilifi	207,765,310	44,661,750	21.5
Mbegu Fund	Trade	Across County	105,000,000	35,000,000	33.3
Completion of Mtwapa Bus Park	Roads and Public Works	Mtwapa	57,000,000	32,513,176	57.0
Non-Residential Buildings	Education	Across County	356,054,722	22,770,518	6.4

Project Name	Department	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
Kilifi County Newborn Unit	Health	Kilifi	20,000,000	20,000,000	100.0
Opening, bush clearing and grading of Mulunguni, Ndharako - Kilulu Road	Roads and Public Works	Mulunguni, Ndharako - Kilulu Road	21,251,556	21,251,556	100.0
Spot murraming and culverting of mashuhuri-ikanga road	Roads and Public Works	Mashuhuri-Ikanga Road	13,750,000	10,308,643	75.0

Source: *Kilifi County Treasury*

3.14.8 Budget Performance by Department

Table 3.66 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.66: Kilifi County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	803.46	200.00	317.14	73.54	297.96	73.40	94.00	99.80	37.10	36.70
Office of the Governor	357.88	-	132.66	-	116.87	-	88.10	-	32.70	-
County Attorney	102.58	-	58.67	-	54.07	-	92.20	-	52.70	-
Finance	544.11	6.00	133.44	-	61.72	-	46.30	-	11.30	-
Economic Planning	91.96	-	7.26	-	2.87	-	39.50	-	3.10	-
Agriculture	307.75	522.93	124.99		23.17	-	18.50	-	7.50	-
Livestock	21.42	145.75	-		7.64	-	-	-	35.70	-
Fisheries	21.01	117.43	-		17.19	2.02	-	-	81.80	1.70
Water And Sanitation	231.93	1,122.10	105.73	5.58	74.36	19.36	70.30	347.00	32.10	1.70
Environment & Natural Resources	60.29	1.80	-		16.93		-	-	28.10	-
Education (Sports & Youth Affairs)	930.05	560.42	499.85	31.98	22.77	22.77	4.60	71.20	2.40	4.10
ICT	69.83		-		0.24		-	-	0.40	-
Medical Services	2,553.12	930.67	1,338.89	87.11	1,052.76		78.60	-	41.20	-
Public Health	601.62	64.00	27.27		124.05		454.90	-	20.60	-
Roads & Public Works	341.59	1,336.48	129.87	176.97	60.45	179.68	46.50	101.50	17.70	13.40
Lands and energy	133.83	196.65	40.99		20.96	-	51.10	-	15.70	-
Physical Planning & Urban Development	81.08	95.87	2.15		2.37	-	110.20	-	2.90	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Gender, Culture & Social Services	120.46	317.75	36.80		33.88		92.10	-	28.10	-
Trade And Tourism	155.38	260.23	36.09	45.35	30.27	45.35	83.90	100.00	19.50	17.40
Cooperatives Development	28.18	-	-	-	2.67	-	-	-	9.50	-
Public Service Board	82.35	2.50	23.83		13.10	-	55.00	-	15.90	-
Devolution & Public Service	210.05	42.64	142.81	8.02	136.77	8.02	95.80	100.00	65.10	18.80
Disaster Management	581.57		53.70	-	91.77	-	170.90	-	-	-
Kilifi Municipality	19.60	96.59	-	-	-	-	-	-	-	-
Malindi Municipality	19.34	233.41	-	-	-	-	-	-	-	-
Total	**8,470.42**	**6,253.22**	**3,212.14**	**428.55**	**2,264.83**	**350.6**	**70.5**	**81.8**	**26.7**	**5.3**

Source: *Kilifi County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 36.7 per cent followed by the Department of Devolution & Public Service at 18.8 per cent. The Department of Fisheries had the highest percentage of recurrent absorption expenditure to its recurrent budget at 81.8 per cent.

3.14.9 Budget Execution by Programmes and Sub-Programmes

Table 3.67 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.67: Kilifi County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
County Attorney	Administration Planning And Support Services	102,575,000.00	54,070,459.00	52.7
	Sub total	**102,575,000.00**	**54,070,459.00**	52.7
Agriculture	Administration, Planning and Support services	628,693,052.00	17,165,745.75	2.7
	Food Sufficiency Initiatives	55,747,191.00	2,269,257.80	4.1
	Agribusiness and Information Management	38,207,963.00	1,986,135.00	5.2
	Irrigation and Drainage Infrastructure	108,034,621.75	1,747,850.00	1.6
	Sub total	**830,682,827.75**	**23,168,988.55**	2.8
Devolution, Public service and Disaster management	**Risk Management**	154,205,500.00	129,580,500.35	84.0
	Public Participation	8,316,700.00	95,500.00	1.1
	General Administration Planning & Support Services	90,172,076.00	7,090,686.00	7.9
Education	**Sub total**	**252,694,276.00**	**136,766,686.35**	54.1
	General administration, planning and support services	565,857,547.00	253,329,916.15	44.8
	Early Childhood development education	403,342,152.00	23,122,037.75	5.7
	Education support services	354,560,000.00	71,760,600.00	20.2
	Vocation Education and training	166,716,117.00	243,050.00	0.1
Environment, Forestry, Natural Resources & Wildlife	**Sub total**	**1,490,475,816.00**	**348,455,603.90**	23.4
	Environment management and protection	62,090,702.00	16,213,399.65	26.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Economic Planning	**Sub total**	**62,090,702.00**	**16,213,399.65**	26.1
	Administration, Support and Planning Services	29,047,000.00	848,196.00	2.9
	County Fiscal Planning	7,063,000.00	994,220.00	14.1
	Statistical Information services /Monitoring	17,346,532.00	1,027,430.00	5.9
Finance	**Sub total**	**53,456,532.00**	**2,869,846.00**	5.4
	Administration, Support and Planning Services	502,036,609.00	43,271,159.00	8.6
	Budget Formulation, Coordination and Management	19,523,500.00	5,610,153.00	28.7
	Audit Service	8,240,000.00	737,830.00	9.0
	Accounting Services	15,255,350.00	3,290,215.00	21.6
	Supply Chain Management	4,275,000.00	1,791,485.00	41.9
	Resource Mobilization & Revenue Management	22,574,998.00	7,017,069.00	31.1
Gender	**Sub total**	**571,905,457.00**	**61,717,911.00**	10.8
	General administration	438,207,033.00	33,883,414.00	7.7
Medical Services	**Sub total**	**438,207,033.00**	**33,883,414.00**	7.7
	Curative and rehabilitative	108,269,413.27	825,564.00	0.8
	General Administration, Planning & Support Services	2,235,644,788.44	1,033,862,846.65	46.2
	.Maternal and Child Health	35,321,228.95	1,384,355.00	3.9
Lands & Energy	**Sub total**	**2,379,235,430.66**	**1,036,072,765.65**	43.5
	General Administration Planning and Support services	114,634,878.00	17,902,527.00	15.6
	Land policy and planning	91,705,832.00	1,466,820.00	1.6
	Alternative Energy Technologies	124,143,762.00	1,585,780.00	1.3
Livestock	**Sub total**	**330,484,472.00**	**20,955,127.00**	6.3
	Administration, Planning and Support services	9,100,764.00	3,582,156.00	39.4
	Livestock Production and Management	106,405,022.00	872,500.70	0.8
	Livestock Value Addition and Marketing	5,400,000.00	1,556,060.00	28.8
	Food Safety and Animal Products Development	4,305,000.00	588,080.00	13.7
	Livestock Disease Management and Control	41,951,667.36	1,040,080.00	2.5
Office of the Governor	**Sub total**	**167,162,453.36**	**7,638,876.70**	4.6
	Intergovernmental relations	21,000,000.00	14,132,183.00	67.3
	Administration, planning and support services	257,938,877.00	102,741,846.00	39.8
County Assembly	**Sub total**	**278,938,877.00**	**116,874,029.00**	41.9
	General administration	1,003,455,640.00	297,960,041.58	29.7
Public Works	**Sub total**	**1,003,455,640.00**	**297,960,041.58**	29.7
	General administration, planning and support services	305,168,574.00	60,449,640.50	19.8
	Road Transport	1,069,024,064.00	179,683,181.85	16.8
Trade & Tourism	**Sub total**	**1,374,192,638.00**	**240,132,822.35**	17.5
	General Administration, Planning and Support services	75,876,151.00	26,036,904.40	34.3
	Trade Development and Promotion	254,063,361.00	46,250,687.30	18.2
	Co-operative Development and Promotion	10,178,850.00	2,670,205.15	26.2
	Tourism Development and Promotion	23,520,816.00	3,336,311.20	14.2
Devolution & Public Service	**Sub total**	**363,639,178.00**	**78,294,108.05**	21.5
	County Secretary	19,208,122.00	**720,000.00**	3.7
	Administration, Planning and Support Services	553,611,438.00	90,184,446.85	16.3
	Human resource Management	8,580,000.00	-	0.0
	Strategic Human Resource Management	2,668,000.00	411,855.00	15.4
Water & Sanitation	**Sub total**	**584,067,560.00**	**90,596,301.85**	15.5
	General Administration, Planning and Support Services	231,930,095.00	74,362,212.35	32.1
	Water Resource management	1,122,098,708.00	19,355,936.90	1.7
	Sub total	**1,354,028,803.00**	**93,718,149.25**	6.9
Public Health	Health Promotion & Non combative prevention	355,298,457.36	124,049,805.00	34.9
	Sub total	**355,298,457.36**	**124,049,805.00**	34.9
County Public Service Board	General Administration	82,345,935.00	13,098,419.85	15.9
	Sub total	**82,345,935.00**	**13,098,419.85**	15.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Physical Planning	Urban Development and Management	58,000,000.00	550,000.00	0.9
	Land Use and Planning	16,399,000.00	1,421,182.00	8.7
	Housing Development and Human Settlement	98,069,941.00	348,000.00	0.4
	Government Buildings	4,476,595.00		0.0
	Sub total	**176,945,536.00**	**2,319,182.00**	1.3
Fisheries	Fisheries Policy and Capacity Development	16,398,710.00	3,760,858.00	22.9
	Sustainable Fisheries Production and Management	3,294,250.00	58,200.00	1.8
	Assurance of Fish Safety, Value Addition and Marketing	73,247,250.00	2,020,000.00	2.8
	Marine Fisheries Production & blue economy	45,500,000.00	-	0.0
	Sub total	**138,440,210.00**	**5,839,058.00**	4.2
ICT	ICT Support services	69,826,139.00	244,600.00	0.4
	Sub total	**69,826,139.00**	**244,600.00**	0.4
Grand Total		**12,460,148,973**	**2,804,939,594**	**22.5**

Source: *Kilifi County Treasury*

The best performing sub-programmes across the County were: Risk Management at 84 per cent, Intergovernmental Relations at 67.3 per cent, and Administration Support at 52.7 per cent of budget allocation.

3.14.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay by the Fund Administrators of the County Assembly and County Executive Car & Mortgage Fund, Scholarship Fund, and Mbegu Fund to submit financial reports on the county established funds in line with Section 168 of the PFM Act, 2012.
2. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.12.46 billion compared to Kshs.14.72 billion in the County Appropriation Act, 2019.

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

1. *All Funds Administrators should provide quarterly financial statements for County established funds in line with Section 168 of the PFM Act, 2012.*
2. *The County Treasury should reconcile the budget implementation reports generated from IFMIS with progress reports on budget implementation and address any anomalies.*

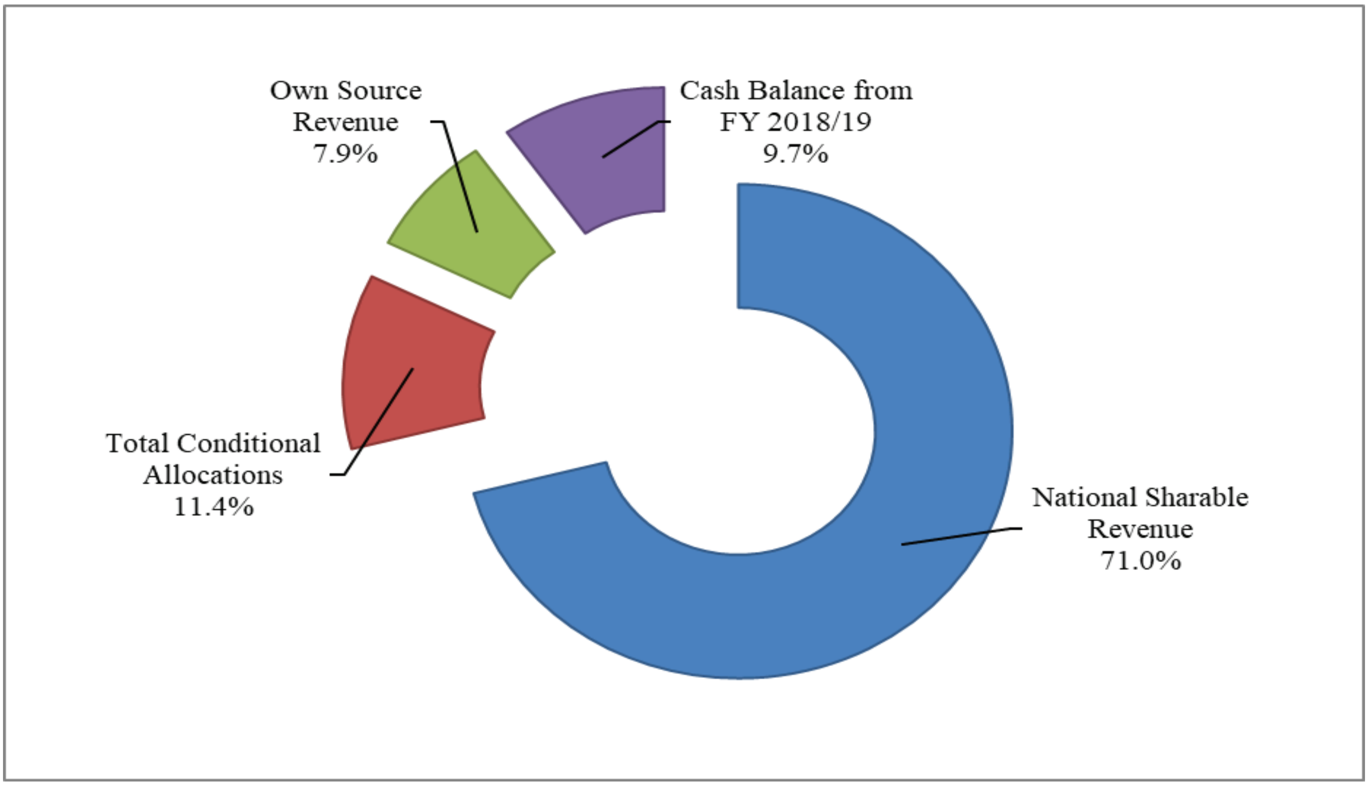
3.15 Kirinyaga County

3.15.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.6.34 billion, comprising of Kshs.2.24 billion (35.4 per cent) and Kshs.4.09 billion (64.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.50 billion (71 per cent) as equitable share of revenue raised nationally, Kshs.724.15 million (11.4 per cent) as total conditional grants, generate Kshs.500 million from own source revenue, and Kshs.616.69 million (9.7 per cent) as cash balance from FY 2018/19.

Figure 3.43: Kirinyaga Expected Revenue Sources in FY 2019/20



Source: *Kirinyaga County Treasury*

3.15.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.50 billion as equitable share of the revenue raised nationally, Kshs. 67.69 million as total conditional grants, raised Kshs.121.56 million from own-source revenue, and had a cash balance of Kshs.616.69 million from FY 2018/19.

Table 3.68: Kirinyaga County, Revenue Performance in the First Half of FY 2019/20

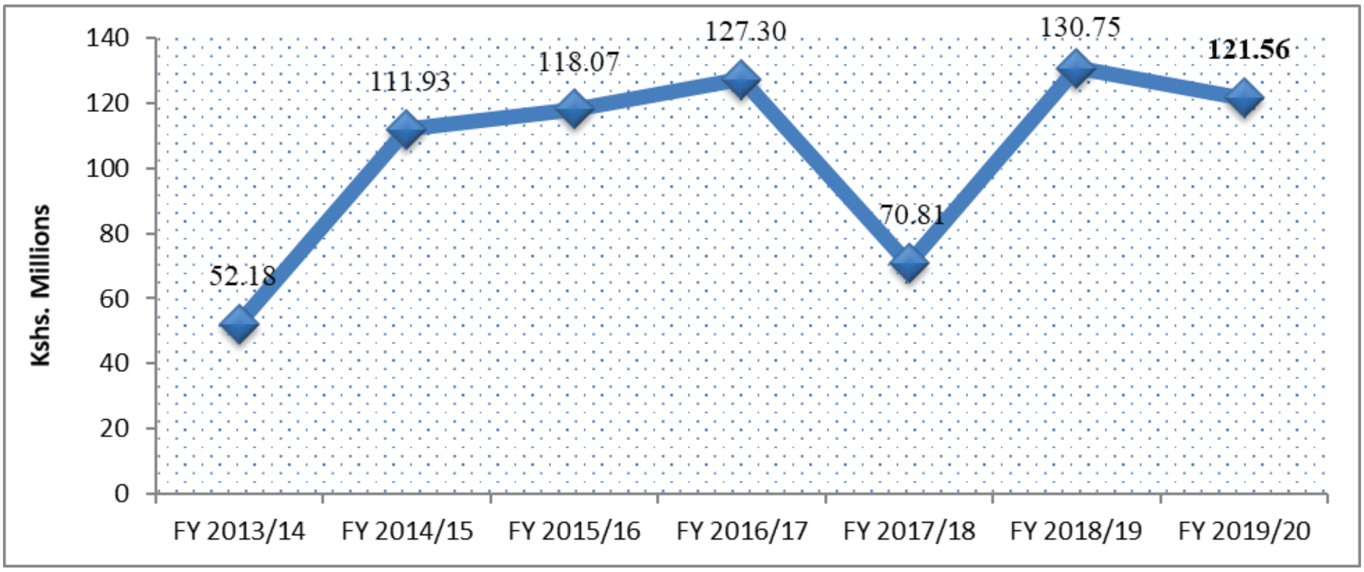
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs. Millions)	Annual Budget Allocation (Kshs. Millions)	Actual receipts in the FY 2019/20 (Kshs. Millions)	Actual Receipts as a Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,241.10	4,497.98	1,501.35	33.4
B.	**Conditional Grants from the National Government Revenue**				
1	Compensation for User Fee Foregone	11.28	11.28	-	-
2	Leasing of Medical Equipment	131.91	-	-	-
3	Road Maintenance Fuel Levy Fund	120.39	120.39	30.10	25.00
4	Rehabilitation of Village Polytechnics	34.50	34.50	-	-
Sub Total		298.09	166.17	30.10	18.11
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	35.00	30.00	7.42	24.74
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350.00	350.00	24.03	6.87
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30.00	71.08	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs. Millions)	Annual Budget Allocation (Kshs. Millions)	Actual receipts in the FY 2019/20 (Kshs. Millions)	Actual Receipts as a Percentage of Annual Allocation (%)
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	71.30	8.80	-	-
9	DANIDA Grant	12.28	12.28	6.14	50.00
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14.51	14.51	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8.80	71.30	-	-
Sub Total		**521.90**	**557.98**	**37.59**	**6.74**
D	**Other Sources of Revenue**				
14	Own Source Revenue	-	500.00	121.56	24.3
15	Balance b/f from FY2018/19	-	616.69	616.69	100.0
Sub Total		-	**1,116.69**	**738.25**	**66.1**
Grand Total		**5,061,084,156.00**	**6,338,812,666.00**	**2,307,291,169.46**	**36.4**

Source: *Kirinyaga County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.31 billion as shown in Table 3.68.

Figure 3.44: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kirinyaga County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.121.56 million as own-source revenue. This amount represented a decrease of 7.6 per cent when compared to Kshs.130.83 million reported during the same period in FY 2018/19, and represented 24.3 per cent of the annual target.

3.15.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.06 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.170.26 million (8.3 per cent) for development programmes and Kshs.1.89 billion (91.7 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

A total of Kshs.1.84 billion was spent on development and recurrent programmes and represented 89.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.170.26 million and Kshs.1.67

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 7.6 per cent while that incurred on recurrent expenditure programmes represented 40.7 per cent of the annual recurrent budget.

3.15.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.04 billion was spent on compensation to employees, Kshs.630.91 million on operations and maintenance, and Kshs.170.26 million on development expenditure.

Table 3.69: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,093,885,961**	**1,891,479,129**	**1,668,040,279**	**90.7**	**40.7**
Compensation to Employees	2,659,525,999	1,249,302,722	1,037,126,099	56.4	39.0
Operations and Maintenance	1,434,359,962	642,176,407	630,914,181	34.3	44.0
Total Development Expenditure	**2,244,926,705**	**170,260,563**	**170,260,563**	**9.3**	**7.6**
Development expenditure	2,244,926,705	170,260,563	170,260,563	9.3	7.6
Total	**6,338,812,666**	**2,061,739,692**	**1,838,300,842**	**100**	**29.0**

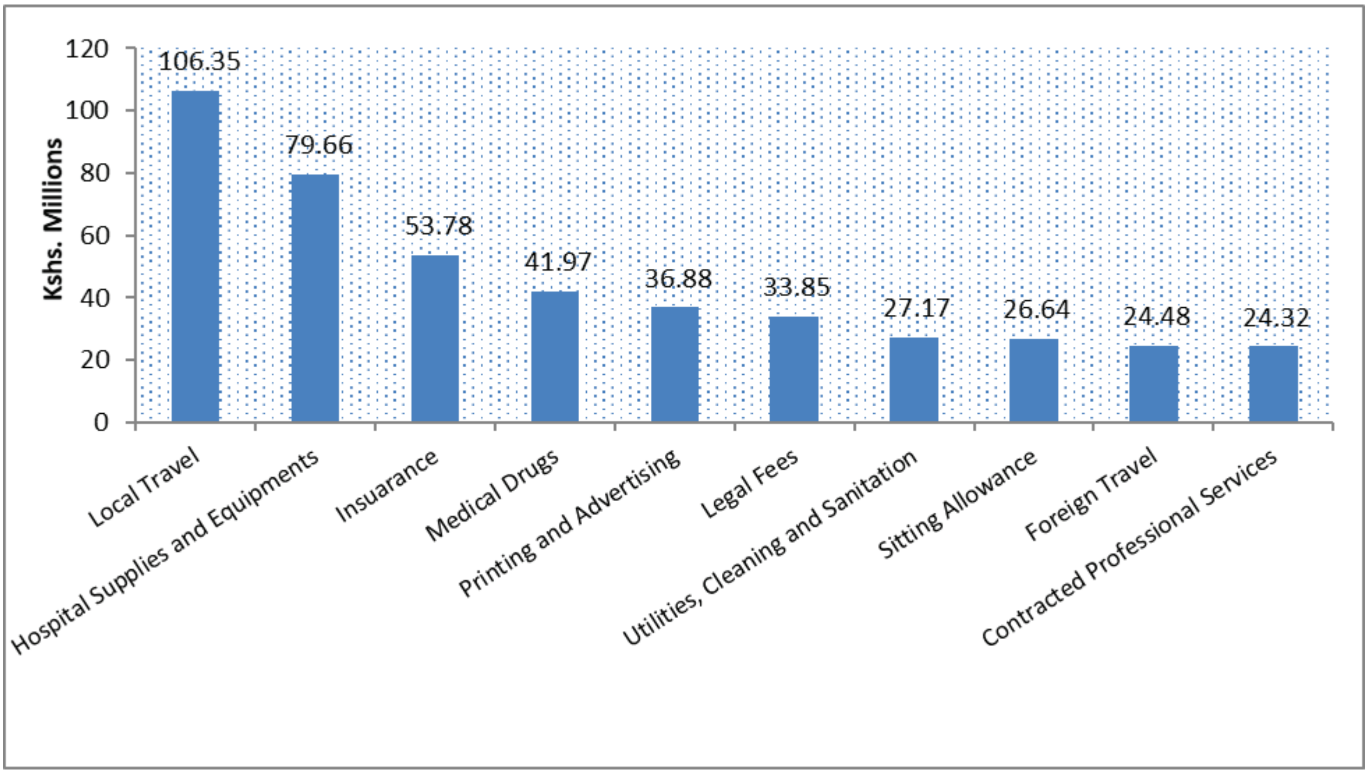
Source: *Kirinyaga County Treasury*

Expenditure on compensation to employees was 56.4 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 9.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.14 billion.

3.15.6 Analysis of Operations and Maintenance Expenditure

Figure 3.45 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.45: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kirinyaga County Treasury*

The County spent Kshs. 12.48 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs. 134.85 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs. 61,200 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs. 106.35 million and comprised of Kshs.69.99 million spent by the County Assembly and Kshs. 36.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs. 24.48 million and comprised of Kshs. 17.32 million spent by the County Assembly and Kshs. 7.16 million by the County Executive.

3.15.7 Development Expenditure Analysis

The total development expenditure of Kshs.170.26 million represented 7.6 per cent of the annual development budget of Kshs.2.24 billion. Table 3.70 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.70: Kirinyaga County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1	Proposed Construction of 220-bed capacity medical Complex	Medical Services and Public Health	Kerugoya	450,000,000	61,804,349	13.7
2	Fuel Levy Fund (KRB)	Transport and Infra-structure	All Wards	120,386,438	30,096,610	25
3	Agriculture & Rural Inclusive Growth Project (NARIGP	Agriculture, Livestock and Fisheries	All Wards	90,356,687	14,431,545	16
4	Fuel expense for the In House County Funded Roads Grading & Graveling program.	Transport and Infra-structure	All Wards	31,000,000	12,000,000	38.7
5	Tender for Paving & Marking of Kutus Matatu Parking and Marking in Kabare/ Nyangati Wards (County Funded)	Transport and Infra-structure	County Hqs/ Kab-are /Nyangati	8,692,000	8,692,000	100
6	Repair cost for County & Exter-nal machinery	Transport and Infra-structure	All Wards	10,000,000	8,182,000	81.8
7	Ward Based Projects	County Executive	All Wards	159,000,000	6,396,322	4
8	Kibingoti Shopping Center Roads.	Transport and Infra-structure	Kiine	3,987,800	3,987,800	100
9	Tender for Demolition & Con-struction of Mahiga-ini Bridge across Nyamindi River	Transport and Infra-structure	Gathigiriri	3,500,000	3,429,251	98
10	Kibukure Bridge and its Accesss-es	Transport and Infra-structure	Kangai	2,652,081	2,652,081	100

Source: *Kirinyaga County Treasury*

3.15.8 Budget Performance by Department

Table 3.71 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2019/20.

Table 3.71: Kirinyaga County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	222.53	488.29	94.62	14.43	69.78	14.43	73.7	100	31.4	3.0
Cooperative Development Trade and Tourism	54.51	56.61	12.45	-	12.38	-	99.4	-	22.7	-
County Assembly	556.93	134.52	290.82	-	290.76	-	100.0	-	52.2	-
County Executive	515.29	481.68	204.91	6.40	185.60	6.40	90.6	100	36.0	1.3
Education	218.26	34.50	78.08	-	57.40	-	73.5	-	26.3	-
Environment and Natural Re-sources	90.63	59.43	37.46	2.37	33.98	2.37	90.7	100	37.5	4.0
Finance and Economic Plan-ning	325.85	30.00	163.61	-	145.68	-	89.0	-	44.7	-

Gender and Youth	37.66	35.95	19.84	2.26	16.61	2.26	83.8	100	44.1	6.3
Medical Services and Public Health	1,923.77	609.32	940.25	61.80	812.71	61.80	86.4	100	42.2	10.1
Physical Planning and Housing	39.15	71.30	10.49	-	9.39	-	89.5	-	24.0	-
Sports Culture and Social Services	29.74	14.50	18.03	-	18.19	-	100.9	-	61.2	-
Transport and Infrastructure	79.56	228.83	20.94	82.99	15.57	82.99	74.4	100	19.6	36.3
TOTAL	**4,093.89**	**2,244.93**	**1,891.48**	**170.26**	**1,668.04**	**170.26**	**88.2**	**100**	**40.7**	**7.6**

Source: *Kirinyaga County Treasury*

Analysis of expenditure by departments shows that the Department of Transport and Infrastructure recorded the highest absorption rate of development budget at 36.3 per cent. The Department of Sports Culture and Social Services had the highest percentage of recurrent expenditure to its recurrent budget at 61.2 per cent while the Department of Transport and Infrastructure had the lowest at 19.6 per cent.

3.15.9 Budget Execution by Programmes and Sub-Programmes

Table 3.72 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.72: Kirinyaga County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance**	**Absorption (%)**
Legislation and Oversight		**691,454,051**	**290,760,077**	**400,693,974**	**42.1**
Sub Total		**691,454,051**	**290,760,077**	**400,693,974**	**42.1**
Office of the Governor and Deputy Governor	County Executive Services	289,499,644	99,045,690	190,453,954	34.2
County Executive Administration	County Executive Services	481,677,591	18,423,472	463,254,119	3.8
Management of County Affairs	Coordination of County Functions	181,228,830	55,957,977	125,270,853	30.9
County Executive Committee Affairs	Organization of County Business	5,600,000	3,688,655	1,911,345	65.9
County Public Service Board	Human Resource Management	17,311,040	4,986,146	12,324,894	28.8
	Administrative Support Services	7,980,000	2,338,732	5,641,268	29.3
	Audit Committee	2,600,000	1,377,092	1,222,908	53.0
	County Enforcement Activities	4,950,000	1,967,110	2,982,890	39.7
	ICT Infrastructure Development Management	4,184,000	3,563,079	620,922	85.2
Administrative Support Services	ICT Systems Development Management	1,940,000	645,468	1,294,532	33.3
Sub Total		**996,971,105**	**191,993,421**	**804,977,684**	19.3
	Finance Services	280,792,347	116,479,455	164,312,892	41.5
	Revenue Services	45,540,000	16,596,897	28,943,103	36.4
	Procurement and Supply Services	8,126,500	3,282,445	4,844,055	40.4
	Internal Audit Services	2,363,200	513,140	1,850,060	21.7
	Budget Formulation, Coordination and Management	7,844,000	3,467,680	4,376,320	44.2
Public Finance Management	Accounting Services	6,255,000	2,775,340	3,479,660	44.4
County Planning and Economic Policy Management	Economic Planning Services	4,928,000	2,565,842	2,362,158	52.1
Sub Total		**355,849,047.00**	**145,680,799.00**	**210,168,248.00**	40.9
Curative and Rehabilitative Services	Curative and Rehabilitative Services	2,533,092,065	874,517,099	1,658,574,966	34.5
Sub Total		**2,533,092,065**	**874,517,099**	**1,658,574,966**	34.5

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance**	**Absorption (%)**
Basic Education	General Administration	209,174,229	50,876,258	158,297,971	24.3
	Free Pre- Primary Education	8,270,000	1,158,460	7,111,540	14.0
State Education Function Support	Tertiary Education	34,503,298	4,998,760	29,504,538	14.5
Technical and Vocational Training	Village Polytechnic	815,000	368,760	446,240	45.2
Sub Total		**252,762,527**	**57,402,238**	**195,360,289**	22.7
Livestock Resource Management and Development	Livestock Extension and Capacity Building Services	305,000	75,560	229,440	24.8
	Livestock Production Management	880,000	250,839	629,161	28.5
	Livestock Disease Management & Control	1,300,000	412,070	887,930	31.7
Crop Development and Management	Agricultural Extension Services	2,000,000	1,470,976	529,024	73.5
	Agribusiness and Market Development	335,000	195,687	139,313	58.4
	Land and Crop Development	1,331,000	873,181	457,820	65.6
	Food Security Initiatives	400,000	99,800	300,200	25.0
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	-
Fisheries Development	Aquaculture Development	200,000	-	200,000	-
Policy Strategy and Management of Agriculture	Development of Agricultural Policy	5,910,000	2,223,810	3,686,190	37.6
	General Administration and Planning	698,160,024	78,604,953	619,555,072	11.3
Sub Total		**710,821,024**	**84,206,875**	**626,614,149**	11.8
Culture	Gender Administration Services	32,671,210	10,856,002	21,815,208	33.2
	Gender and Social Development	38,780,800	7,348,509	31,432,291	18.9
Youth	Youth Development and Empowerment Services	2,150,000	675,150	1,474,850	31.4
Sub Total		**73,602,010**	**18,879,661**	**54,722,349**	25.7
Sports	Development of Sports and Sports Facilities	14,500,000	3,740,500	10,759,500	25.8
	Management & Development of Sports and Sports Facilities	10,350,000	5,543,150	4,806,850	53.6
Social Services	Social Services	10,428,469	4,667,881	5,760,588	44.8
	Control & Campaign Against Drug & Substance Abuse	3,084,000	3,084,000	-	100.0
	Prevention & Promotion of Heritage and Culture	334,000	75,800	258,200	22.7
Children Services	Child Community Support Services	5,542,000	1,074,251	4,467,749	19.4
Sub Total		**44,238,469**	**18,185,582**	**26,052,887**	41.1
Trade Development and Investment	General Administration and Planning	20,765,436	-	20,765,436	#VALUE!
	Capacity Building for Traders and SME's	577,000	34,600	542,400	6.0
	promotion, Development & Growth of Trade	39,223,878	602,200	38,621,678	1.5
	Fair Trade Practices and Consumer Protection	610,000	99,900	510,100	16.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance**	**Absorption (%)**
	Tourism promotion and Marketing	6,757,000	108,699	6,648,301	1.6
	International Tourism Promotion and Marketing	410,000	113,800	296,200	27.8
	Promotion of Industrial Development	1,905,000	509,300	1,395,700	26.7
Tourism Development and Marketing	Provision of Industrial Training	1,230,000	65,099	1,164,902	5.3
	General Administration & Planning	32,352,727	10,416,154	21,936,573	32.2
	Cooperative Advisory and Extension Services	4,210,000	188,799	4,021,201	4.5
	Cooperative Education and Training	-2,450,000	164,399	2,285,601	6.7
Cooperative Development and Marketing	Cooperative Governance and Accountability	449,000	50,000	399,000	11.1
Cooperative Audit Services	Inspections and Investigations for Cooperatives	180,200	24,993.00	155,207	13.9
Sub Total		**111,120,241**	**12,377,942**	**98,742,299**	11.1
Water Supply Services	Water and Irrigation	59,434,000	3,951,165	55,482,835	6.6
Energy Programme	Energy Services	580,000	150,800	429,200	26.0
NEMA	Environment Management and Protection	32,297,000	20,764,587	11,532,413	64.3
Water	General Administration & Planning	57,750,839	11,479,172	46,271,667	19.9
Sub Total		**150,061,839**	**36,345,724**	**113,716,115**	24.2
	General Administration and Planning	109,600,228	9,013,515	100,586,713	8.2
	County Spatial Planning	855,000		855,000	0.0
Land and Physical Planning	Town Zoning and Mapping	71,302,200	-	71,302,200	-!
	Survey and Mapping	1,155,000		1,155,000	0.0
Estate Management	Estate Management	850,000	373,480	476,520	43.9
Sub Total		**110,450,228**	**9,386,995**	**101,063,233**	8.5
Transport Management	General Administration and Planning	63,268,285	20,865,412	42,402,873	33.0
Disaster Management	Fire Fighting and Emergency Services	1,780,000	254,800	1,525,200	14.3
Roads Development Maintenance and Management	Construction and Maintenance of Roads and Bridges	230,131,775	72,477,963	157,653,812	31.5
Government Building Services	Government Building Services	3,510,000	1,503,102	2,006,898	42.8
Infrastructure Development, Maintenance and Management	Infrastructure Development Services	9,700,000	3,463,152	6,236,848	35.7
Sub Total		**308,390,060**	**98,564,429**	**209,825,631**	32.0
Grand Total		**6,338,812,666**	**1,838,300,842**	**4,500,511,824**	**29.0**

Source: *Kirinyaga County Treasury*

The best-performing sub-programmes across the County were: Control & Campaign against Drug and Substance Abuse at 100 per cent, ICT Infrastructure Development and Management at 85.2 per cent, and Agricultural Extension Services and Organization of County Business at 73.5 per cent of budget allocation.

3.15.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Slow implementation of the development programmes during the reporting period. The expenditure on development programmes represented an absorption rate of 7.6 per cent.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner.*
2. *The County should identify and address issues that cause delays in the implementation of the development programmes.*

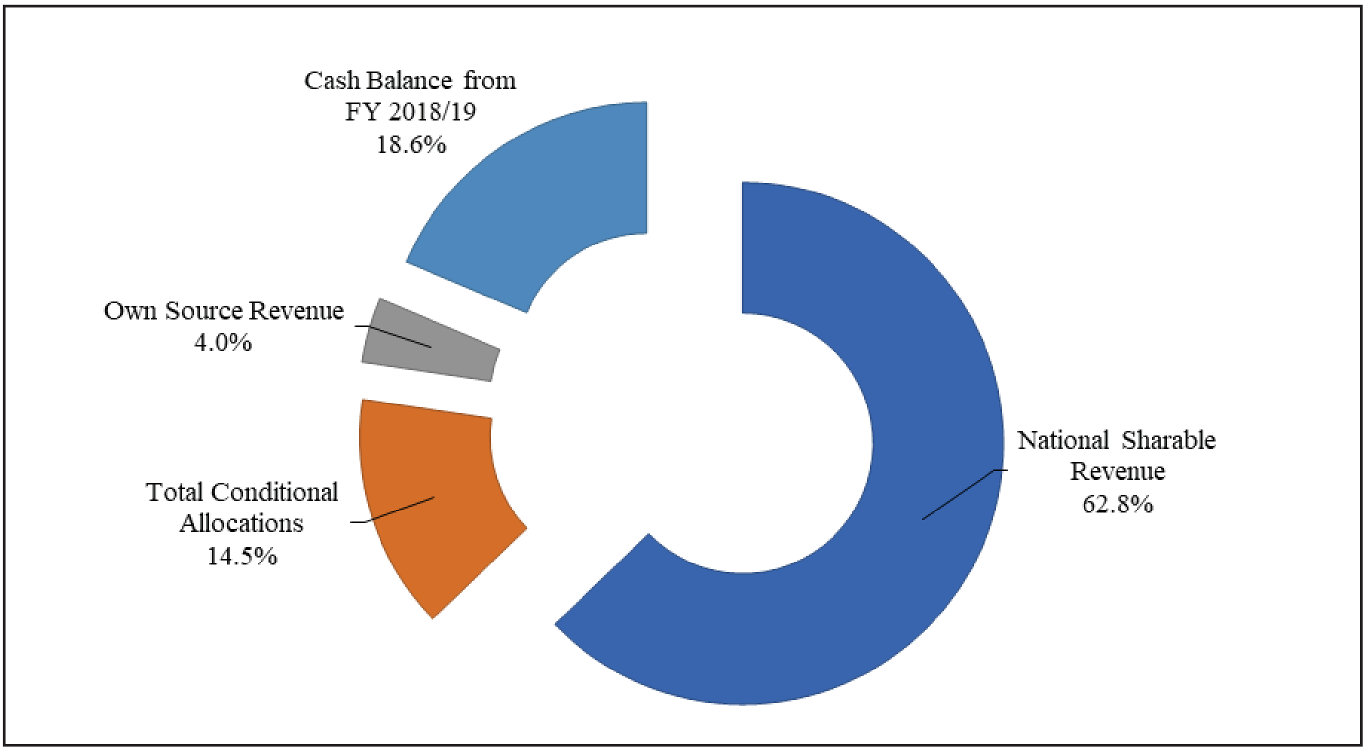
3.16 Kisii County

3.16.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.24 billion, comprising of Kshs.4.26 billion (34.8 per cent) and Kshs.7.98 billion (65.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.79 billion (62.8 per cent) as equitable share of revenue raised nationally, Kshs.1.8 billion (14.5 per cent) as total conditional grants, generate Kshs.500 million (4 per cent) from own sources of revenue, and Kshs.2.31 billion (18.6 per cent) as cash balance from FY 2018/19. Figure 3.46 shows the expected sources of financing by category in FY 2019/20.

Figure 3.46: Kisii County Expected Revenue Sources in FY 2019/20



Source: *Kisii County Treasury*

3.16.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.76 billion as equitable share of the revenue raised nationally, Kshs.552.54 million as total conditional grants, raised Kshs.149.33 million from own-source revenue, and had a cash balance of Kshs.1.53 billion from FY 2018/19.

Table 3.73: Kisii County, Revenue Performance in the First Half of FY 2019/20

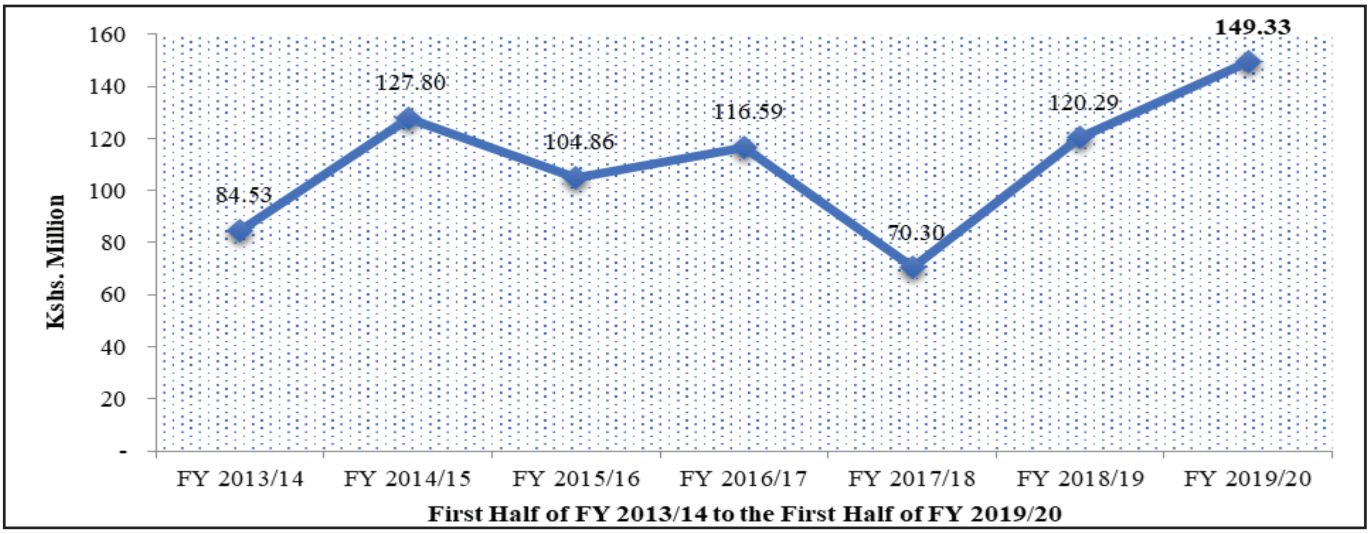
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	7,785,900,000	7,626,000,000	2,756,208,600	35.4
B	**Conditional Grants from the National Government**				
1.	Conditional Grants to Level-5 Hospitals	417,572,254	417,572,254	185,402,080	44.4
2.	Supplement for construction of county headquarters	-	-	-	-
3.	Compensation for User Fee Foregone	26,138,997	26,138,997	-	-

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
5.	Road Maintenance Fuel Levy Fund	221,007,938	221,007,938	55,251,985	25
6.	Rehabilitation of Village Polytechnics	74,553,298	74,553,298	-	-
Sub Total		**453,615,127**	**453,615,127**	**240,654,065**	**27.6**
C	**Loans and Grants from Development Partners**				
7.	Transforming Health systems for Universal care Project (WB)	44,696,901	44,696,901	9,584,031	21.4
8.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	67,579,542	19.3
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	164,053,800	164,053,800	-	-
11.	DANIDA Grant	22,968,750	22,968,750	-	-
12.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	45,697,438	45,697,438	-	-
13.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	234,727,114	234,727,114	100
14.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,527,653	18,527,653	-	-
15.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
16.	Aquaculture Business Development Programme(IFAD)	-	12,500,000	-	-
Sub Total		**27,327,653**	**931,971,656**	**311,890,687**	**45.6**
D	**Other Sources of Revenue**				
17.	Own Source Revenue	-	500,000,000	149,325,440	29.9
18.	Balance b/f from FY2018/19	-	2,309,631,924	1,531,924,409	59.9
Sub Total		-	**2,809,631,924**	**1,681,249,849**	**59.8**
Grand Total		**9,341,831,923**	**12,238,790,961**	**4,990,003,201**	**53.4**

Source: *Kisii County Treasury*

The total funds available for budget implementation amounted to Kshs.4.99 billion as shown in Table 3.73.

Figure 3.47: Kisii County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kisii County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.149.33 million as own-source revenue. This amount represented an increase of 24.1 per cent when compared to Kshs.120.29 million reported during the same period in FY 2018/19, and represented 29.9 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.3 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.842.61 million (19.6 per cent) for development programmes and Kshs.3.46 billion (80.4 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

A total of Kshs.4.35 billion was spent on development and recurrent programmes and represented 101.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.02 billion and Kshs.3.33 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 23.9 per cent while that incurred on recurrent programmes represented 41.8 per cent of the annual recurrent budget.

3.16.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicates that Kshs.2.48 billion was spent on compensation to employees, Kshs.857.12 million on operations and maintenance, and Kshs.1.02 billion on development expenditure.

Table 3.74: Kisii County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,981,964,388	3,457,647,878	3,334,514,936	76.6	41.8
Compensation to Employees	5,361,125,176	2,519,699,744	2,477,399,903	56.9	46.2
Operations and Maintenance	2,620,839,212	937,948,134	857,115,033	19.7	32.7
Total Development Expenditure	4,256,826,573	842,608,593	1,016,595,934	23.4	23.9
Development expenditure	4,256,826,573	842,608,593	1,016,595,934	23.4	23.9
Total	**12,238,790,961**	**4,300,256,471**	**4,351,110,870**	100.0	35.6

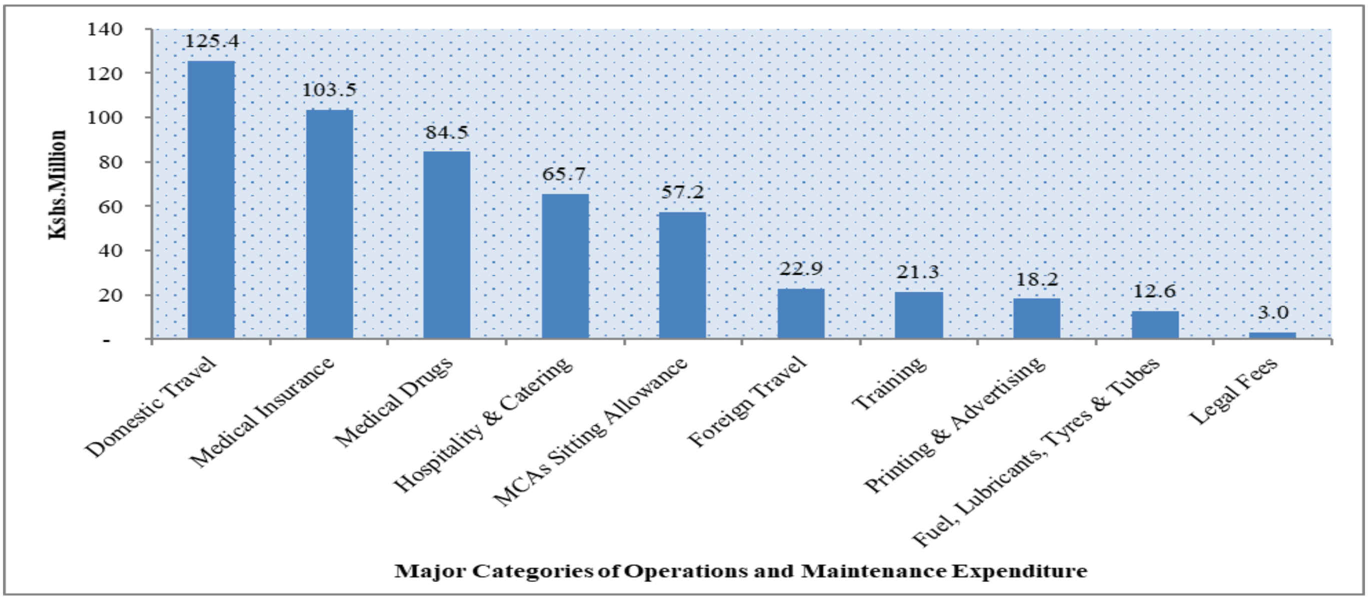
Source: *Kisii County Treasury*

Expenditure on compensation to employees was 56.9 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 3.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.52 billion.

3.16.6 Analysis of Operations and Maintenance Expenditure

Figure 3.48 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.48: Kisii County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kisii County Treasury*

The County spent Kshs.57.2 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.118.87 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.136,181 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.125.43 million and comprised of Kshs.38.81 million spent by the County Assembly and Kshs.86.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.89 million and comprised of Kshs. 3.47 million spent by the County Assembly and Kshs.19.42 million by the County Executive.

3.16.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.02 billion represented 23.9 per cent of the annual development budget of Kshs.4.26 billion. Table 3.75 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.75: Kisii County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Perimeter Wall Phase II At KTRH	Kisii Level 6 Hospital	22,177,000	15,413,124	69.5
2	Supply,Delivery and Distribution Of Semen, Liquid Nitrogen And Artificial Insemination Equipments	Kisii County Hqs	17,345,000	17,345,000	100
3	Supply, Delivery And Installation Of 170 Solar Streetlights	All wards	54,898,600	22,500,000	41
4	Supply Of Drilling Rig Unit Complete With Its Accessories	Kisii County Hqs	23,000,000	23,000,000	100
5	Supply, Delivery And Installation Of Morgue Pathology Equipment	Kisii Level 6 Hospital	78,934,080	30,000,000	38
6	Proposed Doctors Plaza At KTRH	Kisii Level 6 Hospital	127,117,995	31,088,343	24.5
7	Transfer To Mechanical Transport Fund (MTF)-Construction Of County Roads	Headquarters	40,541,743	40,541,743	100
8	Support Of Youth Polytechnics Programmes	Kisii County Heaquarters	144,643,298	52,917,949	36.6
9	Upgrade Of Marani Level Hospital	Marani	329,635,783	56,576,071	17.2
10	Construction Of Mother – Child Hospital (MULTI YEAR PROJECT)	Kisii Level 6 Hospital	267,566,626	71,566,352	26.8

Source: *Kisii County Treasury*

3.16.8 Budget Performance by Department

Table 3.76 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2019/20.

Table 3.76: Kisii County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	958.15	180.00	398.42	29.75	345.83	29.75	86.8	100	36.1	16.5
County Executive	496.75	48.50	213.60	-	198.52	-	92.9	-	40	-
Finance & Economic planning	1,152.19	90.40	608.20	12.56	587.58	12.56	96.6	100	51	13.9
Agriculture, Livestock, Veterinary & Fisheries	359.33	802.98	167.66	141.05	165.99	224.23	99.0	159.0	46.2	27.9
Energy, Environment and Natural Resources	183.46	238.00	61.27	59.66	54.57	55.33	89.1	92.7	29.7	23.2
Education, Youth Affairs & Social Development	613.44	206.83	243.56	11.93	229.07	64.85	94.1	543.6	37.3	31.4
County Health Services	3,009.93	1,083.95	1,229.94	247.41	1,246.93	241.31	101.4	97.5	41.4	22.3
Lands, Physical Planning and Urban Development	99.99	121.76	45.02	51.78	38.20	51.78	84.9	100	38.2	42.5
County Transport, Public Works	163.79	898.15	64.19	236.27	63.86	233.79	99.5	99	39	26

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Cooperatives and Enterprise Development	97.48	128.75	34.23	22.47	34.00	22.47	99.3	100	34.9	17.5
Culture, Social Services and Gender	71.15	102.20	31.62	12.45	33.91	12.45	107.2	100	47.7	12.2
Kisii town	139.17	286.75	69.22	8.18	51.10	58.97	73.8	721.3	36.7	20.6
Administration and stakeholder management	637.10	68.56	290.73	9.10	284.94	9.10	98.0	100	44.7	13.3
Grand Total	**7,981.93**	**4,256.83**	**3,457.65**	**842.61**	**3,334.51**	**1,016.60**	**96.4**	**120.6**	**41.8**	**23.9**

Source: *Kisii County Treasury*

Analysis of expenditure by the department shows that the Department of Lands, Physical Planning and Urban Development recorded the highest absorption rate of development budget at 42.5 per cent while the County Executive did not report expenditure on development activities. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to its recurrent budget at 51 per cent while the Department of Energy, Environment and Natural Resources had the lowest at 29.7 per cent.

3.16.9 Budget Execution by Programmes and Sub-Programmes

Table 3.77 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.77: Kisii County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Office of the speaker	38,389,787	8,165,211	30,224,576	21
	Representation, legislative and oversight services	545,993,330	232,134,754	313,858,576	43
	County assembly service board	553,767,588	135,280,116	418,487,472	24
	Sub total	**1,138,150,705**	**375,580,081**	**762,570,624**	**33**
County Executive	Administration, planning and support services	417,407,288	167,493,334	249,913,954	40
	Office of the county secretary	36,100,000	9,999,786	26,100,214	28
	Legal services	20,700,000	5,387,737	15,312,263	26
	Communication services	24,250,000	2,308,100	21,941,900	10
	Special programmes	6,850,000	2,782,170	4,067,830	41
	Public private partnership	2,500,000	1,075,700	1,424,300	43
	Advisory services	3,350,000		3,350,000	
	County public service board	34,096,000	8,341,383	25,754,617	24
	Sub total	**545,253,288**	**197,388,210**	347,865,078	36
Administration, Corporate services and stakeholder management	Administration, planning and support services	567,711,999	272,337,286	295,374,713	48
	Devolved units services	59,464,165	11,840,863	47,623,302	20
	Human Resource development	10,060,000	2,374,411	7,685,589	24
	Enforcement services	13,100,000		13,100,000	
	Stakeholder management	8,308,809	2,605,377	5,703,432	31
	Public participation and civic education.	12,950,000	1,607,555	11,342,445	12
	Disaster management.	34,070,000	2,231,100	31,838,900	7
	Sub total	**705,664,973**	**292,996,592**	**412,668,381**	**42**
Finance and economic planning	Administration, coordination and support services	971,177,878	498,670,727	472,507,151	**51**
	Public financial management services	80,775,000	40,771,761	40,003,239	**50**
	County planning services	190,670,076	60,699,479	129,970,597	32
	Sub total	**1,242,622,954**	**600,141,967**	**642,480,987**	**48**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, livestock, fisheries and cooperative development	Administrative and support services	709,652,585	206,201,295	503,451,290	**29**
	Crop development and value addition	194,910,085	41,681,143	153,228,942	**21**
	Livestock development	23,250,000	10,706,300	12,453,700	46
	Veterinary services	175,000,000	113,784,960	61,215,040	65
	Cooperative development and management	2,250,000	1,125,000	1,125,000	**50**
	Fisheries development	48,000,000	15,328,290	32,671,710	**32**
	Kisii agricultural training centre	9,250,000	1,400,340	7,849,660	**15**
	Sub total	**1,162,312,670**	**390,227,328**	**772,085,342**	**34**
Energy, water, environment and natural resources	Administration and planning services	130,156,579	47,323,009	82,833,570	36
	Water and sanitation services	260,750,000	54,659,882	206,090,118	21
	Environment management	22,000,000	5,229,546	16,770,454	24
	Energy services	8,550,000	2,689,500	5,860,500	**31**
	Sub total	**421,456,579**	**109,901,937**	**311,554,642**	**26**
Education, labour and manpower development	General administration and planning services	613,439,043	229,070,120	384,368,923	37
	Early childhood development education	43,184,441	9,851,961	33,332,480	23
	Vocational training	163,643,298	54,995,759	108,647,539	34
	Sub total	**820,266,782**	**293,917,840**	**526,348,942**	**36**
Health services	Medical services	4,057,930,441	1,485,115,092	2,572,815,349	37
	Public health	35,950,000	3,121,300	32,828,700	9
	Sub total	**4,093,880,441**	**1,488,236,392**	**2,605,644,049**	**36**
Lands, Physical Planning and Urban Development	Administration, planning and support services	75,985,904	29,956,706	46,029,198	39
	Land use services	108,300,000	51,028,430	57,271,570	47
	Urban development	37,456,610	8,997,898	28,458,712	24
	Sub total	**221,742,514**	**89,983,034**	**131,759,480**	**41**
Roads, Public Works, Transport and Housing	General administration and planning services	109,395,000	51,709,475	57,685,525	47
	Roads development	877,152,456	229,464,150	647,688,306	26
	Public works	69,590,000	14,938,418	54,651,582	21
	Housing services	5,800,000		5,800,000	
	Sub total	**1,061,937,456**	**296,112,043**	**760,025,413**	**28**
Trade, Tourism and Industry	Administration and planning services	204,322,306	50,151,691	154,170,615	**25**
	Tourism services	8,357,000	1,690,882	6,666,118	20
	Weights and measures	2,550,000	1,181,000	1,369,000	46
	Liquor licensing	2,450,000	1,180,000	1,270,000	48
	Betting and gaming	8,550,000	2,271,700	6,278,300	27
	Sub total	**226,229,306**	**56,475,273**	**169,754,033**	**25**
Culture and Social Services	Administration and planning services	52,165,252	22,980,734	29,184,518	44
	Sports development	79,835,603	18,466,810	61,368,793	23
	Cultural services	34,650,000	4,908,700	29,741,300	14
	Social development	6,700,000		6,700,000	
	Sub total	**173,350,855**	**46,356,244**	**126,994,611**	**27**
Kisii Town	General administration, planning and support services	139,174,275	51,102,023	88,072,252	37
	Infrastructure development	286,748,163	58,974,999	227,773,164	21
	Sub total	**425,922,438**	**110,077,022**	**315,845,416**	**26**
Grand Total		**12,238,790,961**	**4,351,110,870**	**7,887,680,091**	**36**

Source: *Kisii County Treasury*

The best-performing programs across the county were: Veterinary Services at 65 per cent, Co-operative Development at 50 per cent, Liquor licensing at 48 per cent and Management (Department of Agriculture) of budget allocation.

3.16.10 Key Observations and Recommendations

Despite the above-mentioned progress, the following challenges continued to hamper effective budget implementation;

1. High expenditure on personnel emolument which accounted for 56.8 per cent of the total expenditure in the first half of FY2019/20.
2. Failure to establish an Internal Audit Committee in line with Section 155(5) of the PFM Act, 2012.
3. Low own source revenue collection which represented 29.9 per cent of annual targets.

The County should implement the following recommendations in order to improve on its budget performance;

1. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*
2. *The County Treasury should establish the Internal Audit Committee in line with the requirements of Section 155(5) of the PFM Act, 2012.*
3. *The county should develop and adopt sound revenue enhancement measures to improve performance so as to ensure the budget is fully financed.*

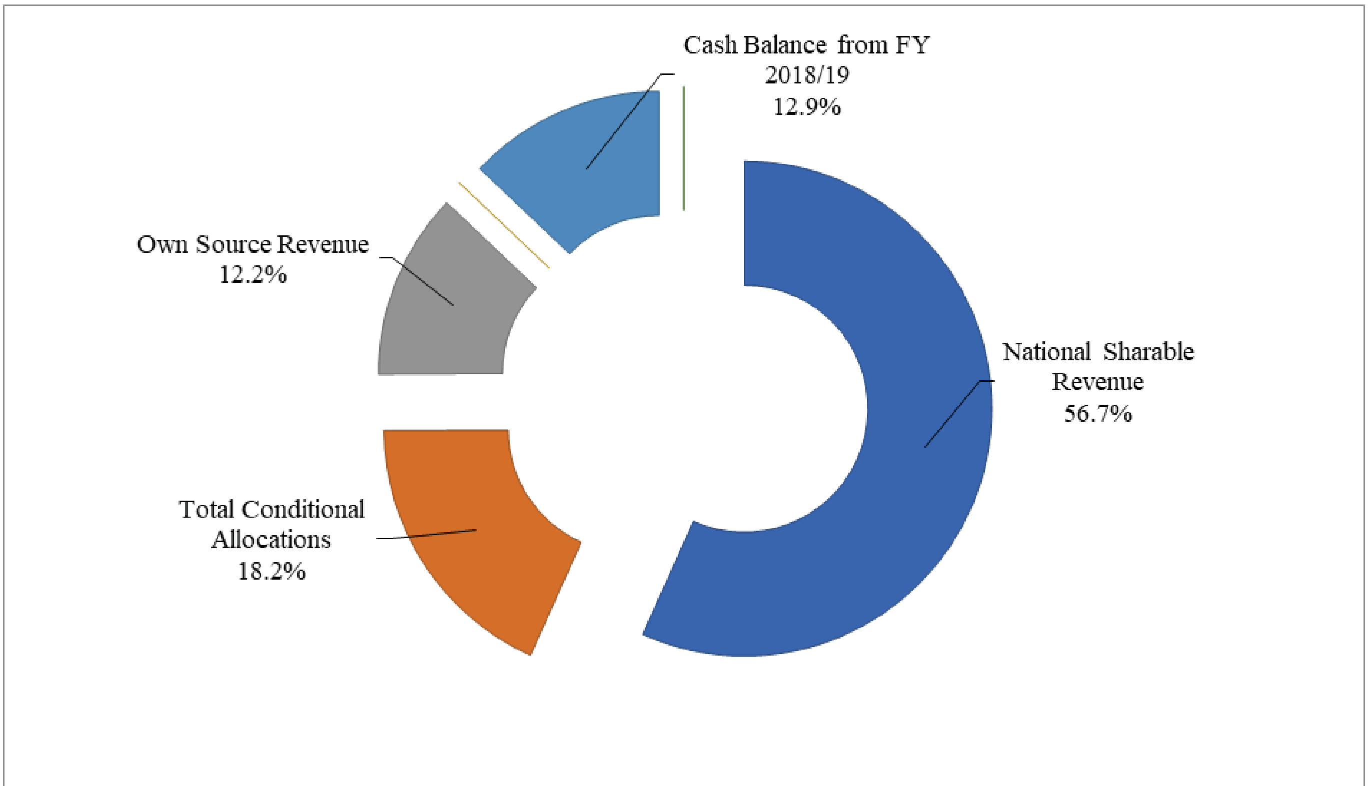
3.17 Kisumu County

3.17.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.11.81 billion, comprising of Kshs.4.50billion (38.1 per cent) and Kshs.7.31 billion (69.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.7 billion (56.7 per cent) as equitable share of revenue raised nationally, Kshs.2.14 billion (18.2 per cent) as total conditional grants, generate Kshs.1.44 billion (12.2 per cent) from own sources of revenue and Kshs.1.52 billion (12.9 per cent) as cash balance from FY 2018/19. Figure 3.49 shows the expected sources of financing by category in FY 2019/20.

Figure 3.49: Kisumu County Expected Revenue Sources in FY 2019/20



Source: *Kisumu County Treasury*

3.17.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.42billion as equitable share of the revenue raised nationally, Kshs.230.88 million as total conditional grants, raised Kshs.363.96 million from own-source revenue, and had a cash balance of Kshs.1.52 billion from FY 2018/19.

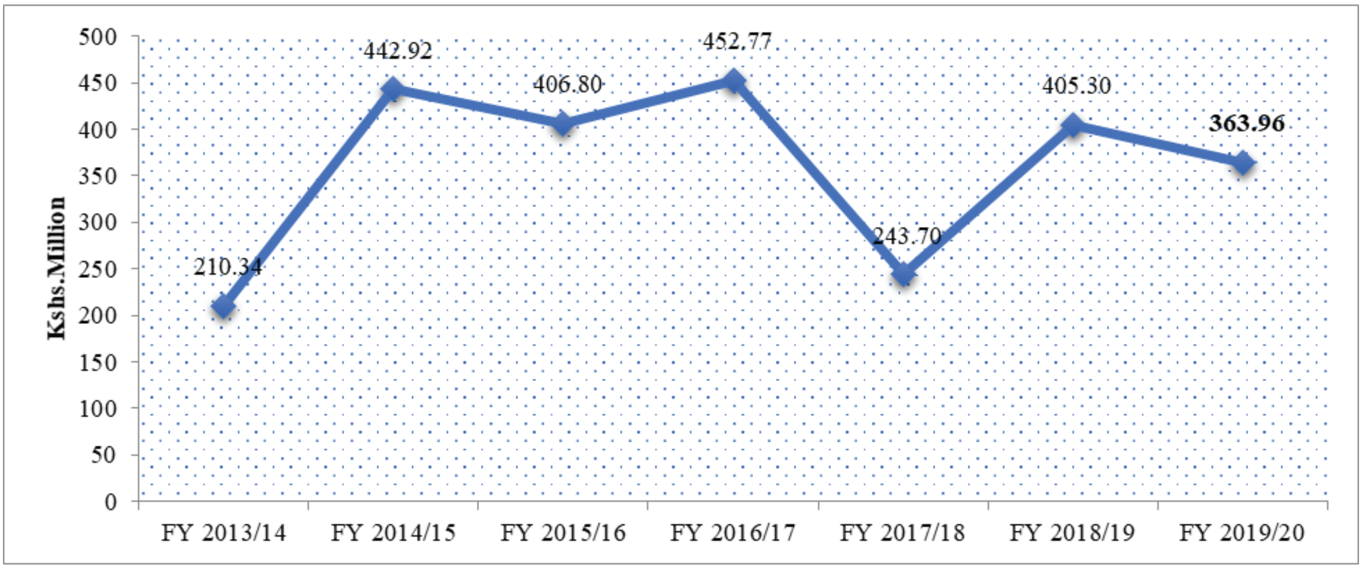
Table 3.78: Kisumu County, Revenue Performance in the First Half of FY 2019/20

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**6,696,000,000**	**6,696,000,000**	**2,420,085,600**	**36.1**
B.	**Conditional Grants from the National Government**				
1.	Conditional Grants to Level-5 Hospitals	369,017,341	369,017,341	163,843,700	44.4
2.	Road Maintenance Fuel Levy Fund	194,055,750	181,881,624		
3.	Leasing of Medical Equipment	131,914,894	0		
4.	Rehabilitation of Village Polytechnics	41,673,298	41,650,000		
5.	Compensation for User Fee Foregone	21,299,489	21,299,489		
Sub Total		**757,960,772**	**613,848,454**	**163, 843, 700**	26.7
C	**Loans and Grants from Development Partners**				
6.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	773,573,300	773,573,300		
7.	Universal Health Care	-	274,576,632		
8.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	118,482,110	118,482,110	45,394,174	38.3
9.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	36,068,231	90,000,000		
10.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	80,000,000	80,000,000		
11.	Transforming Health Systems for Universal Care Project (WB)	35,000,000	67,364,355	11,328,158	16.8
12.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	49,642,674		
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	41,200,000		
14.	DANIDA Grant)	20,625,000	21,971,250	10,312,500	46.9
15.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,029,227	16,331,934		
Sub Total		**1,119,577,868**	**1,533,142,255**	**67,034,832**	**4.4**
D	**Other Sources of Revenue**				
16.	Own Source Revenue	1,438,478,604	1,438,478,604	363,961,066	25.3
17.	Balance b/f from FY2018/19	1,524,076,529	1,524,076,529	1,524,076,529	100
Sub Total		**2,962,555,133**	**2,962,555,133**	**1,888,037,595**	**63.7**
Grand Total		**11,536,093,773**	**11,805,545,842**	**4,539,001,727**	**38.4**

Source: *Kisumu County Treasury*

The total funds available for budget implementation amounted to Kshs.4.54 billion as shown in Table 3.78.

Figure 3.50: Kisumu County, Trend in Own-Source Revenue Collection ffor the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kisumu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.363.96 million as own-source revenue. This amount represented a decrease of 10.2 per cent when compared to Kshs.405.3 million reported during the same period in FY 2018/19, and represented 25.3 per cent of the annual target.

3.17.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.13 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.118.65 million (3.7 per cent) for development programmes and Kshs.3.01billion (96.2 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

A total of Kshs.3.40 billion was spent on development and recurrent programmes and represented 108.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.284.61 million and Kshs.3.11billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 6.3 per cent while that incurred on recurrent expenditure programmes represented 42.6 per cent of the annual recurrent budget.

3.17.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.41 billion was spent on compensation to employees, Kshs.703.21 million on operations and maintenance, and Kshs.284.61 million on development expenditure.

Table 3.79: Kisumu County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as % of Total Expenditure	Absorption (%)
Total Recurrent Expenditure	**7,305,947,632**	**3,012,324,354**	**3,112,554,120**	**91.6**	**42.6**
Compensation to Employees	4,041,558,356	2,111,686,568	2,409,348,048	70.9	59.6
Operations and Maintenance	3,264,398,276	900,637,786	703,206,072	20.7	21.5
Total Development Expenditure	**4,499,598,210**	**118,645,443**	**284,610,906**	8.4	6.3
Development expenditure	4,499,598,210	118,645,443	284,610,906	8.4	6.3
Total	**11,805,545,842**	**3,130,969,797**	**3,397,165,026**	100.0	28.8

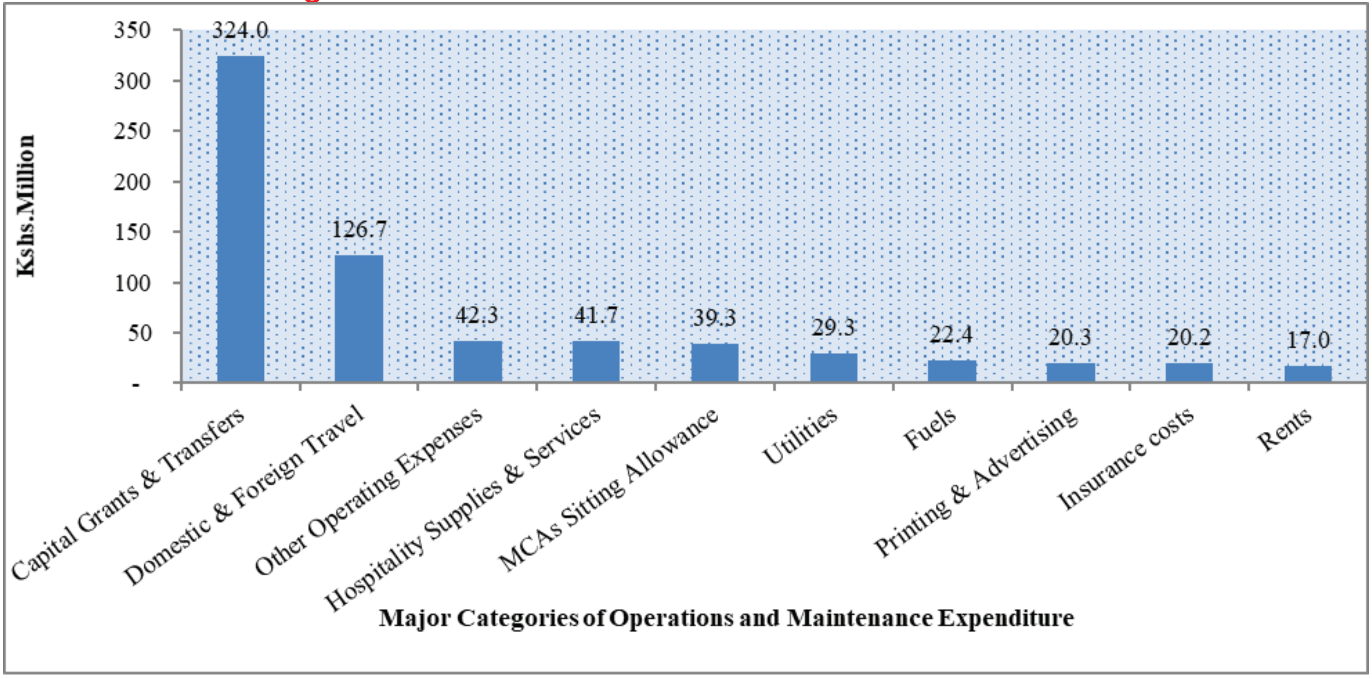
Source: *Kisumu County Treasury*

Expenditure on compensation to employees was 70.9 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 26.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.9 billion.

3.17.6 Analysis of Operations and Maintenance Expenditure

Figure 3.51 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.51: Kisumu County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kisumu County Treasury*

The County spent Kshs.39.26 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.78.52 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.133,528 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.104.50 million and comprised of Kshs.53.58 million spent by the County Assembly and Kshs.50.92 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.20.6 million and comprised of Kshs.11.65 million spent by the County Assembly and Kshs.8.95 million spent by the County Executive.

3.17.7 Development Expenditure Analysis

The total development expenditure of Kshs.284.61million represented 6.3 per cent of the annual development budget of Kshs.4.50 billion. Table 3.80 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.80: Kisumu County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement of Guba-Kamoge –Rapogi Road	4,998,879	4,998,879	100
2	Improvement of corner Buoye-Ofunyu Access Road	4,695,512	4,695,512	100
3	Improvement of Manason-Ogendo- Access Road	4,300,000	4,300,000	100
4	Improvement of Kadan Kopere- Nandi Access Road	4,249,967	4,249,967	100
5	Construction of lagoon Twin Box Culvert	4,237,538	4,237,538	100
6	United Church – Kogole – Dafina Access Road	3,543,235	3,543,235	100
7	Improvement of Ogango – Okmart Access Road	3,219,016	3,219,016	100
8	Improvement of Got Nyithindo -Tamu Access Road	2,994,698	2,994,698	100
9	Improvement of Makini – Kibao Access Road	2,990,677	2,990,677	100
10	Improvement of Bodi Pap Ndege Road	2,093,390	2,093,390	100

Source: *Kisumu County Treasury*

3.17.8 Budget Performance by Department

Table 3.81 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2019/20.

Table 3.81: Kisumu County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		(Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and County Administration	531.36	100.37	270.65	-	175.98	-	65.0	0	33.1	0
Finance and Economic Planning	1,186.05	1,211.33	392.46	55.69	347.06	237.31	88.4	426.1	29.3	19.6
Agriculture, Livestock and Fisheries	246.85	278.68	121.84	50.39	107.80	5.00	88.5	9.9	43.7	1.8
Education, Human Resource Development & ICT	372.18	266.34	74.03	-	165.82	33.76	224.0	0	44.6	12.7
Tourism, Culture, Arts and Sports	106.46	162.34	48.10	-	16.32	-	33.9	0	15.3	-
Physical Planning, Lands, Housing & Urban Devel.	56.10	99.00	27.57	-	4.01	-	14.5	0	7.1	-
Public Works, Roads and Transport	187.66	578.23	81.06	-	37.15	-	45.8	0	19.8	-
Health Services	3,106.18	301.15	1,310.29	-	1,626.31	1.85	124.1	0	52.4	0.6
Water, Environment and Natural Resources	79.41	271.69	34.68	-	33.9	-	97.7	0	42.7	-
Business, Co-Operatives and Markets	32.42	186.84	15.32	-	10.09	-	65.9	0	31.1	-
Energy and Industry	51.41	122.62	25.69	-	17.43	-	67.9	0	33.9	-
County Assembly	684.80	90.00	292.02	-	289.39	-	99.1	0	42.3	-
City of Kisumu	616.33	831.01	296.89	12.55	268.23	6.69	90.0	53.3	43.5	0.8
County Public Service Board	48.75	0	21.71	-	13.07	-	60.2	0	26.8	-
Total	**7,305.96**	**4,499.60**	**3,012.32**	**118.65**	**3,112.55**	**284.61**	**103.3**	**239.9**	**42.6**	**6.3**

Source: *Kisumu County Treasury*

Analysis of expenditure by departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 19.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to its recurrent budget at 52.4 per cent while the Department of Physical Planning, Lands, Housing, and Urban Development had the lowest at 7.1 per cent.

3.17.9 Budget Execution by Programmes and Sub-Programmes

Table 3.82 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.82: Kisumu County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
General administration and planning services	Planning and coordination services	166,605,634	68,493,271	98,112,363	41.1
	Management of human and capital resources	77,265,936	98,000	77,167,936	0.1
	Planning and administration	234,615,153	108,286,781	126,328,372	46.2
	Sub total	**477,486,723**	**176,878,053**	**300,608,670**	**37.0**
Agriculture productivity and output management	Management of agriculture advisory services	9,951,726	808,276	9,143,450	8.1
	Promotion of crop and value chain	50,118,069	1,079,950	49,038,119	2.2
	Promotion of farm forestry	332,500	0	332,500	0.0
	Development of product quality assurance	1,078,700	204,560	874,140	19.0
	Agriculture sector planning and management	1,884,300	891,400	992,900	47.3
	Sub total	**63,365,295**	**2,984,186**	**60,381,109**	**4.7**
Physical planning and housing	Physical planning services	80,400,000	212,400	80,187,600	0.3
	County housing management	2,100,000	516,896	1,583,104	24.6
	Sub total	**82, 500, 000**	**729,296**	**81,770,704**	**0.9**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
Promotion of sustainable land use	Promotion of soil and water management.	46,794,484	146,400	46,648,084	0.3
	Promotion of mechanization	26,191,098	282,200	25,908,898	1.1
	Sub total	**72, 985, 582**	**429,200**	**72,556,382**	**0.6**
Agriculture productivity management	Agriculture credit access	751,250	183,600	567,650	24.4
	Agriculture input access	11,623,875	34,000	11,589,875	0.3
	Sub total	**12, 375, 125**	**217,600**	**12,157,525**	**1.8**
Promotion of market access and product development	Promotion of agribusiness	7,527,000	114,100	7,412,900	1.5
	Promotion of value addition	1,618,450	141,500	1,476,950	8.7
	Sub total	**9, 145, 450**	**255,600**	**8,889,850**	**2.8**
Revenue generation management	Local revenue mobilization	993,451,093	67,943,859	925,507,234	6.8
	Sub total	**993,451, 093**	**67,943,859**	**925,507,234**	**6.8**
Urban planning and development control	Urban planning and development	81,415,724	36,274,771	45,140,953	44.6
	Sub total	**81,415,724**	**36,274,771**	**45,140,953**	**44.6**
County roads and public works management	General administration and planning	72,598,256	3,280,238	69,318,018	4.5
	Road construction and maintenance services	462,148,784	3,997,360	458,151,424	0.9
	Sub total	**534,747,040**	**7,277,598**	**527,469,442**	**1.4**
Administration, planning and support services	Administrative services	1,061,221,541	318,964,014	742,257,527	30.1
	Financial services	37,383,312	10,515,080	26,868,232	28.1
	Sub total	**1,098,604,853**	**329,479,093**	**769,125,760**	**30.0**
Energy production	Petroleum and electricity	66,696,864	426,315	65,970,655	0.6
	Sub total	**66,696,864**	**426,315**	**65,970,655**	**0.6**
Energy and mining	Resource mobilization	103,506,215	9,060,000	94,446,215	8.8
	Green energy	1,500,00	148,560	1,351,440	9.9
	Sub total	**105,006,215**	**9,208,560**	**95,797,655**	**8.8**
Roads general administration and planning	Public works	189,081,624	0	189,081,624	0
	Resource mobilization and research	27,180,113	0	27,180,113	0
	Sub total	**216,561,737**	**0**	**216,561,737**	**0**
ICT services	ICT services	5,920,000	1,058,800	4,861,200	17.9
	Sub total	**5,920,000**	**1,058,800**	**4,861,200**	**17.9**
Communication services	Communication services	4,052,100	539,100	3,513,050	13.3
	Sub total	**4,052,100**	**539,100**	**3,513,050**	**13.3**
General administration and policy making	Trade support services	77,164,894	556,250	76,608,644	0.7
	Sub total	**77,164,894**	**556,250**	**76,608,644**	**0.7**
regulation and verification of weights	Verification and calibration of weighing equipments	10,477,500	528,775	9,948,725	5.0
	Sub total	**10,477,500**	**528,775**	**9,948,725**	**5.0**
Tourism development and management	Tourism development	6,275,700	591,250	5,684,450	9.4
	Research and product development	5,775,700	445,200	5,330,500	7.7
	Tourism event management	5,211,800	132,627	5,079,173	2.5
	Tourism standards development	5,709,700	286,755	5,422,945	5.0
	Sub total	**22,972,900**	**1,455,832**	**21,517,068**	**6.3**
Administration planning and support	Administration planning	87,175,904	33,154,957	54,020,947	38.0
	Sub total	**87,175,904**	**33,154,957**	**54,020,947**	**38.0**
Co-operative development management	Co – operative governance	47,164,000	93,100	47,070,900	0.2
	Sub total	**47,164,000**	**93,100**	**47,070,900**	**0.2**
Industrial development	Renovations and operationalisation of CIDCs	87,625,864	229,370	87,396,494	0.3
	Sub total	**87,625,864**	**229,370**	**87,396,494**	**0.3**
Preventive and promotive health services	Environmental health and sanitation	140,234,053	50,214,163	90,019,890	35.8
	Community health strategy	880,000	140,000	740,000	15.9
	Disease surveillance	3,200,000	883,160	2,316,840	27.6
	Health promotion services	98,005,269	43,124,177	54,881,092	44.0
	Sub total	**242,319,322**	**94,361,940**	**147,957,382**	**38.9**
Health curative services	Elimination of communicable and non – communicable diseases	69,864,355	3,943,594	65,920,761	5.6
	Reproductive health	3,500,00	329,900	3,170,100	9.4
	Sub total	**73,364,355**	**4,273,494**	**69,090,861**	**5.8**
General administration, operational research and planning services	Governance and leadership	375,847,371	17,850,287	357,997,084	4.7
	Human resource for health	2,348,978,658	1,478,990,262	869,988,396	63.0
	Sub total	**2,724,826,029**	**1,496,840,548**	**1,227,985,481**	**54.9**
Health sector support program	Health promotion services	1,100,000	167,600	932,400	15.2
	Sub total	**1,100,000**	**167,600**	**932,400**	**15.2**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
Jaramogi Oginga Odinga Teaching and Referral Hospital	J.O.O Teaching and referral hospital	296,524,395	98,262,199	198,262,199	33.1
	Sub total	**296,524,395**	**98,262,199**	**198,262,199**	**33.1**
Kisumu county referral hospital	Kisumu county referral hospital	32,574,850	13,219,000	19,355,850	40.6
	Sub total	**32,574,850**	**13,219,000**	**19,355,850**	**40.6**
County and Sub – county hospital services	County and Sub – county hospital services	239,898,439	10,703,992	229,194,447	4.5
	Sub total	**239,898,439**	**10,703,992**	**229,194,447**	**4.0**
Early childhood development	Promotion of early childhood education	113,956,687	53,852,325	60,104,362	47.3
	Sub total	**113,956,687**	**53,852,325**	**60,104,362**	**47.3**
Youth training and development	Youth polytechnics	7,019,000	1,691,079	5,327,921	24.1
	Sub total	**7,019,000**	**1,691,079**	**5,327,921**	**24.1**
Gender and social development	Gender and disability mean streaming	3,005,000	0	3,005,000	0
	Betting control	2,550,000	168,600	2,381,400	6.6
	Sub total	**5,555,000**	**168,600**	**5,386,400**	**3.0**
Early childhood education management	Early childhood education	4,840,000	90,000	4,750,000	1.9
	Sub total	**4,840,000**	**90,000**	**4,750,000**	**1.9**
Sports management and development	Sports management	6,054,500	382,100	5,672,400	6.3
	Talent management	105,491,000	400,592	105,090,408	0.4
	Sub total	**111,545,500**	**782,900**	**110,762,600**	**0.7**
Alcoholic drinks	Alcoholic drinks	7,461,179	30,400	7,430,779	0.4
	Sub total	**7,461,179**	**30,400**	**7,430,779**	**0.4**
Pre - primary policy and legislation	Pre - primary policy and legislation	35,564,316	3,578,664	31,985,652	10.1
	Sub total	**35,564,316**	**3,578,664**	**31,985,652**	**10.1**
Youth training and legislation	Youth training and legislation	3,995,894	727,002	3,268,892	18.2
	Sub total	**3,995,894**	**727,002**	**3,268,892**	**18.2**
General administration and planning services	Administration& formulation of county policy	1,141,080,163	254,585,601	886,494,562	22.3
	General administration	211,545,670	51,371,412	160,174,258	24.3
	Human development services	227,105,208	106,917,025	120,188,183	47.1
	Development & management of county admin systems	70,860,470	18,776,853	52,083,617	26.5
	Social responsibility including civic & public management	6,519,479	978,500	5,540,979	15.0
	Sub total	**1,657,110,990**	**432,629,390**	**1,224,481,600**	**26.1**
Management of county affairs and special affairs	Inter-government and protocol	11,702,198	1,956,642	9,745,556	16.7
	Sub total	**11,702,198**	**1,956,642**	**9,745,556**	**16.7**
Inter-governmental relations, communication and coordination.	Governor's press service and communication	10,678,795	1,448,204	9,230,591	13.6
	Internal auditing services	12,430,000	1,785,344	10,644,656	14.4
	Sub total	**23,108,795**	**3,233,548**	**19,875,247**	**14.0**
Administration and development of human resources in Kisumu county	General administration and support services	664,776,957	190,071,220	474,705,737	28.6
	Human resource recruitment and development	32,694,356	7,260,113	25,434,243	22.2
	Human resource audit and staff rationalization	2,534,000	394,000	2,140,00	15.5
	Sub total	**700,005,313**	**197,725,333**	**502,279,980**	**28.2**
Public finance management	Revenue mobilisation	46,999,560	1,387,500	45,612,060	3.0
	Assets management	98,550,000	10,200,000	88,350,000	10.4
	Management of public financial resources	4,245,000	337,500	3,907,500	8.0
	Budget formulation and coordination	95,689,712	3,006,508	92,683,204	3.1
	Sub total	**245,484,272**	**14,931,508**	**230,552,764**	**6.1**
County planning & development coordination services	Policy formulation and planning	22,500,000	4,242,351	18,257,649	18.9
	Monitoring and evaluation	11,000,000	361,653	10,638,347	3.3
	Sub total	**33,500,000**	**4,604,004**	**28,895,996**	**13.7**
County communication and ICT	Management of information system	6,210,650	161,219	6,049,431	2.6
	County publicity and marketing	4,781,700	546,000	4,235,700	11.4
	Sub total	**10,992,350**	**707,319**	**10,285,031**	**6.4**
County assembly service board	County assembly service board	35,432,855	8,487,266	26,945,589	24.0
	Committee services	289,015,200	96,816,594	192,198,606	33.5
	Representation & public participation	80,031,000	35,493,225	44,537,775	44.3
	Sub total	**404,479,055**	**140,797,085**	**263,681,970**	**34.8**

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
Legislation and oversight services	Legislation and oversight services	136,437,991	64,696,722	71,741,269	47.4
	Sub total	**136,437,991**	**64,696,722**	**71,741,269**	**47.4**
County planning & development coordination services	County planning and development coordination	8,850,630	1,550,900	7,299,730	17.5
	Sub total	**8,850,630**	**1,550,900**	**7,299,730**	**17.5**
General administration and planning services	Policy planning and administration	9,085,940	0	9.085,940	0
	Sub total	**9,085,940**	**0**	**9,085,940**	**0**
Conservation and management of ecosystems	Water resources & sewerage services	245,065,329	19,217,551	225,847,778	7.8
	Sub total	**245,065,329**	**19,217,551**	**225,847,778**	**7.8**
General administration and planning services	Policy planning and administration	31,983,002	13,422,938	18,470,064	42.1
	Sub total	**31,983,002**	**13,422,938**	**18,470,064**	**42.1**
Environment planning and management	Environmental quality protection	1,044,840	94,300	950,540	9.0
	Environmental conservation of natural resources	79,714,910	0	79,714,910	0
	Solid waste management	1,184,663	151,800	1,032,863	12.8
	Sub total	**81, 944, 413**	**246,100**	**81,698,313**	**0.3**
Sports and cultural services	Cultural promotion services	138,098,332	63,130,995	74,967,337	45.7
	Sub total	**138,098,332**	**63,130,995**	**74,967,337**	**45.7**
Culture and arts development	Culture and heritage development	5,630,700	410,820	5,219,880	6.1
	Artistic talent development	5,575,700	339,326	5,236,374	7.3
	Sub total	**11,206,400**	**750,146**	**10,456,254**	**6.7**
Grand Total		**11,806,524,842**	**3,397,020,026**	**8,409,504,816**	**28.9**

Source: *Kisumu County Treasury*

The best-performing programmes were: Legislation & Oversight Services a 47.4 per cent, and Early Childhood Development at 47.3 per cent of budget allocation..

3.17.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Failure by the County Treasury to provide complete financial and non-financial reports to the OCOB contrary with Section 166 of the PFM Act, 2012. The County did not provide a status report on implementation of development projects to justify the reported expenditure of Kshs.284.61 million.
2. Under-performance of own source revenue collection which declined by 10.2 per cent from Kshs.405.3 million realized during the same period in FY 2018/19, and represented 25.3 per cent of the annual target.
3. High costs on personnel emoluments which increased by 26.8 per cent from Kshs.1.9 billion recorded in a similar period of FY 2018/19 to Kshs.2.41 billion in the reporting period, and accounted for 70.9per cent of the total expenditure for the period.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Treasury should formulate and implement strategies to enhance own-source revenue collection.*
3. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

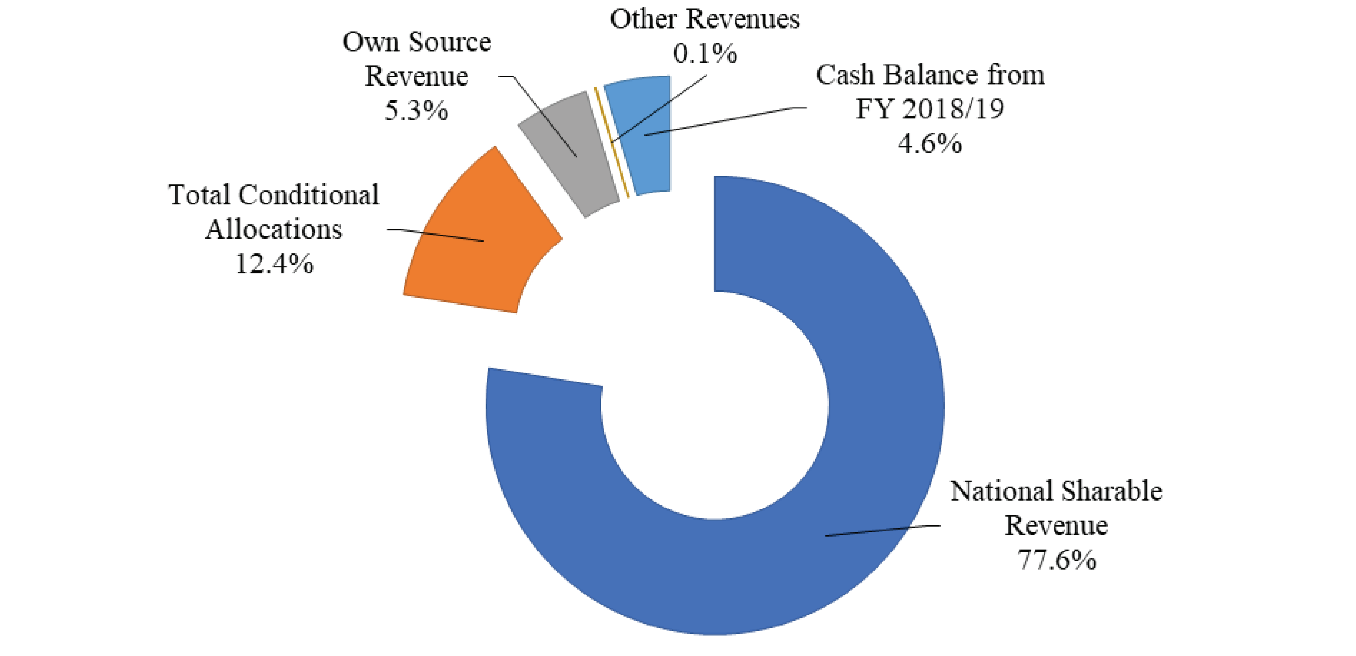
3.18 Kitui County

3.18.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.11.38 billion, comprising of Kshs.4.28 billion (37.6 per cent) and Kshs.7.1 billion (62.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.83 billion (77.6 per cent) as equitable share of revenue raised nationally, Kshs.1.42 billion (12.5 per cent) as total conditional grants, generate Kshs.600 million (5.3 per cent) from own sources of revenue, and Kshs.526.21 million (4.6 per cent) as cash balance from FY 2018/19. The County also budgeted to receive other revenues of Kshs.9.18 million (0.1 per cent) not contained in CARA 2019. Figure 3.52 shows the expected sources of financing by category in FY 2019/20.

Figure 3.52: Kitui County Expected Revenue Sources in FY 2019/20



Source: *Kitui County Treasury*

3.18.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.13 billion as equitable share of the revenue raised nationally, Kshs.182.85 million as total conditional grants, raised Kshs.171.95 million from own-source revenue, and had a cash balance of Kshs.526.21million from FY 2018/19.

Table 3.83: Kitui County, Revenue Performance in the First Half of FY 2019/20

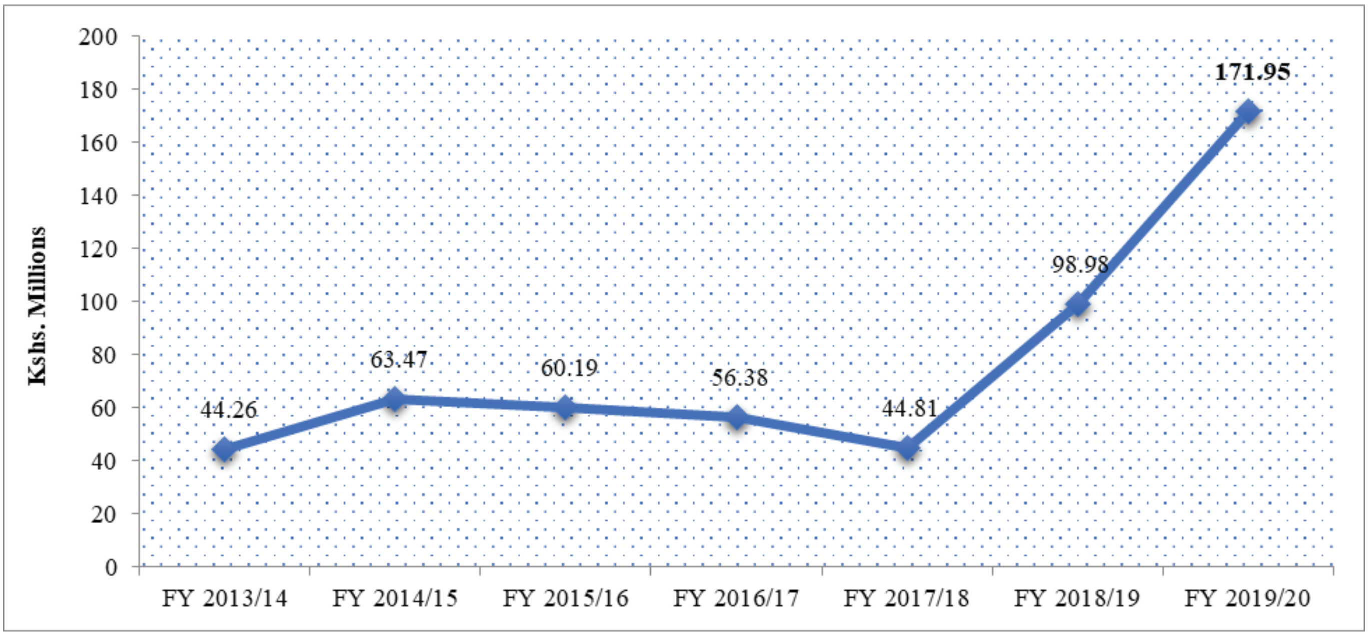
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**8,830,350,000**	**8,830,350,000**	**3,125,943,900**	**35.4**
B.	**Conditional Grants from the National Government**				
1.	Compensation for User Fee Foregone	22,499,906	22,499,906	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	250,655,344	280,638,858	-	-
4.	Rehabilitation of Village Polytechnics	72,588,297	72,882,525	-	-
Sub Total		**477,658,441**	**376,021,289**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	129,886,088	146,059,341	100,248,422	68.6
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	384,709,261	19,933,907	5.2
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,140,998	-	-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	232,374,200	363,132,592	62,663,836	17.3
9	DANIDA Grant	26,062,500	26,062,500	-	-
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,392,968	36,633,313	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		**797,515,756**	**1,036,738,005**	**182,846,165**	**17.6**

D	Other Sources of Revenue				
12	Own Source Revenue	-	600,000,000	171,953,186	28.7
13	Balance b/f from FY2018/19	-	526,210,232	526,210,232	100
14	Other Revenues	-	9,180,723	-	-
Sub Total		-	**1,135,390,955**	**698,163,418**	**61.5**
Grand Total		**10,105,524,197**	**11,378,500,249**	**4,006,953,483**	**35.2**

Source: *Kitui County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.4.01 billion as shown in Table 3.83.

Figure 3.53: Kitui County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kitui County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.171.95 million as own-source revenue. This amount represented an increase of 73.7 per cent when compared to Kshs.98.98 million reported during the same period in FY 2018/19, and represented 28.7 per cent of the annual target.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.97 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.542.86 million (13.6 percent) for development programmes and Kshs.3.43 billion (86.4 per cent) for recurrent programmes.

3.18.4 Overall Expenditure Review

A total of Kshs.4.09 billion was spent on development and recurrent programmes and represented 103.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.571.52 million and Kshs.3.52 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 13.3 per cent while that incurred on recurrent expenditure programmes represented 49.6 per cent of the annual recurrent budget.

3.18.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.53billion was spent on compensation to employees, Kshs.961.75 million on operations and maintenance, and Kshs.571.52 million on development expenditure.

Table 3.84: Kitui County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**7,095,068,864**	**3,428,172,442**	**3,521,785,860**	**86.0**	**49.6**
Compensation to Employees	4,376,067,679	2,381,037,740	2,534,498,567	61.9	57.9
Operations and Maintenance	2,719,001,185	1,047,134,702	987,287,293	24.1	36.3
Total Development Expenditure	**4,283,431,385**	**542,860,024**	**571,519,996**	**14.0**	**13.3**
Development Expenditure	4,283,431,385	542,860,024	571,519,996	14.0	13.3
Total	**11,378,500,249**	**3,971,032,466**	**4,093,305,856**	**100.0**	**36.0**

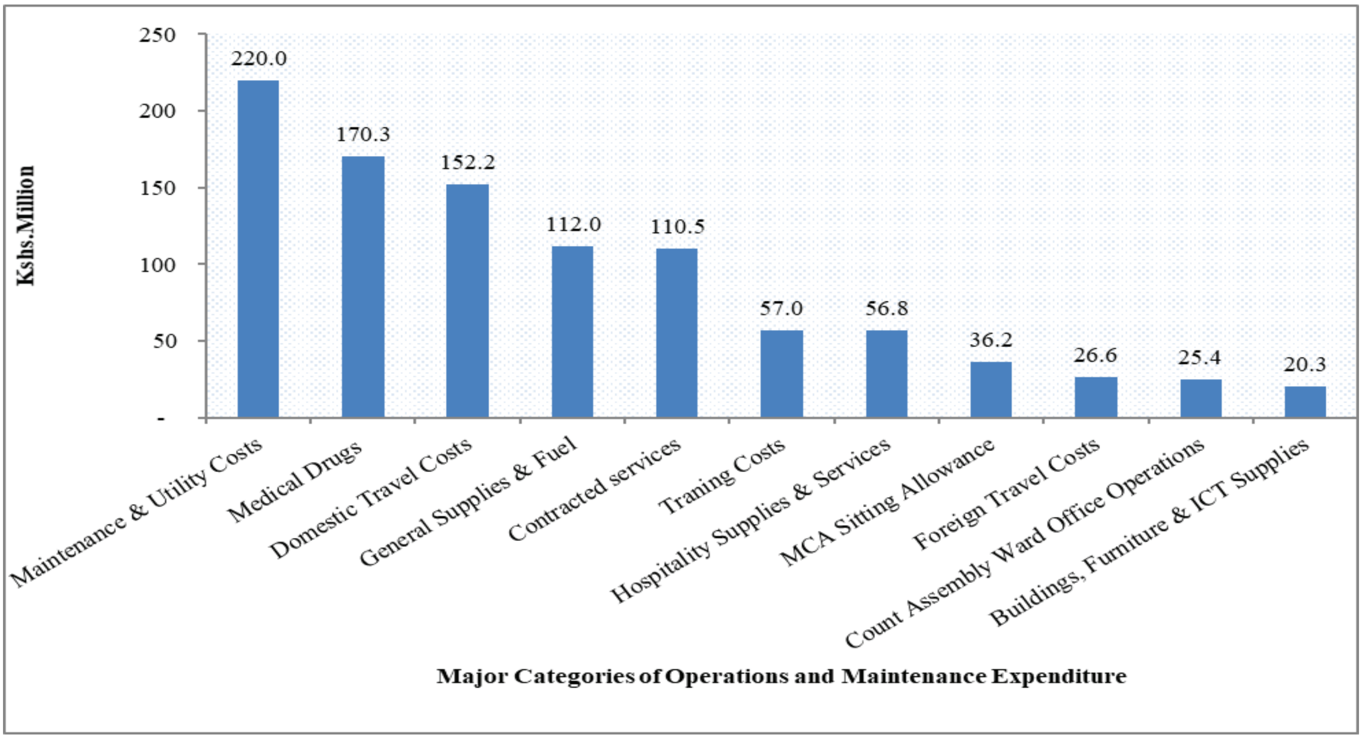
Source: *Kitui County Treasury*

Expenditure on compensation to employees was 61.9 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 26.5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.0 billion.

3.18.6 Analysis of Operations and Maintenance Expenditure

Figure 3.54 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.54: Kitui County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Kitui County Treasury*

The County spent Kshs.36.17 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.74.02 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.109,617 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.152.21 million and comprised of Kshs.52.42 million spent by the County Assembly and Kshs.99.79 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.26.63 million and comprised of Kshs.23.90 million by the County Assembly and Kshs.2.73 million by the County Executive.

3.18.7 Development Expenditure Analysis

The total development expenditure of Kshs.571.52 million represented 13.3 per cent of the annual development budget of Kshs.4.28 billion. Table 3.85 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.85: Kitui County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply and delivery of horticultural seeds	Kitui Central	23,543,385	23,543,385	100
2	Completion to governor's office block	Kitui Central	36,558,077	15,791,467	43.2
3	Kyalamoko pipeline extension	Mwingi West	15,043,115	15,043,115	100
4	Supply of water for Masinga treatment works	Kitui Central	10,576,970	10,576,970	100
5	Supply of electricity for Masinga water treatment works for the month of October 2019	Kitui County	9,237,757	9,237,757	100
6	Supply of electricity for Masinga water treatment works for the month of September 2019	Kitui County	9,237,757	9,237,757	100
7	Building borehole Kwa Sedi Maliku	Kitui Rural	10,339,772	5,169,886	50
8	Construction of mortuary at Mwingi level iv hospital	Kitui Central	20,508,600	5,038,027	24.6
9	Payment for Kamulewa borehole	Kitui West	8,881,238	4,440,619	50
10	Installation of 100 KVA generator set at Ikanga	Kitui South	4,415,421	4,415,053	100

Source: *Kitui County Treasury*

3.18.8 Budget Performance by Department

Table 3.86 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.86: Kitui County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	620.74	761.49	309.54	35.33	305.50	59.33	98.7	167.9	49.2	7.8
Administration & Coordination of County Affairs	402.75	7.38	285.16	1.10	196.73	-	69.0	0.0	48.8	0.0
Agriculture, Water & Livestock Development	458.25	1,164.60	304.54	221.07	214.42	239.64	70.4	108.4	46.8	20.6
Basic Education, ICT & Youth Development	466.26	187.54	249.19	6.34	208.47	6.49	83.7	102.5	44.7	3.5
Lands, Infrastructure, Housing & Urban Development	236.55	638.15	129.35	96.78	105.60	68.30	81.6	70.6	44.6	10.7
Health & Sanitation	2,910.02	436.61	1,303.25	70.79	1,694.58	79.85	130.0	112.8	58.2	18.3
Trade, Co-operatives & Investments	352.03	260.84	108.55	42.63	111.20	46.37	102.4	108.8	31.6	17.8
Environment & Natural Resources	97.44	138.85	45.18	3.92	31.30	2.46	69.3	62.8	32.1	1.8
Tourism, Sports & Culture	118.29	103.56	42.45	18.48	28.54	15.82	67.2	85.6	24.1	15.3
County Treasury	364.64	70.14	177.19	-	182.18	3.18	102.8	∞	50.0	4.5
County Public Service Board	40.18	-	21.52	-	9.51	-	44.2	∞	23.7	∞
County Assembly	909.24	50.00	385.12	-	351.07	-	91.2	∞	38.6	0.0
Kitui Municipality	57.70	441.48	39.61	46.42	46.02	50.01	116.2	107.7	79.8	11.3
Mwingi Town	60.97	22.79	27.52	-	10.96	0.07	39.8	∞	18.0	0.3
TOTAL	**7,095.07**	**4,283.43**	**3,428.17**	**542.86**	**3,496.09**	**571.52**	**102.0**	**105.3**	**49.3**	**13.3**

Source: *Kitui County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Water & Livestock Development recorded the highest absorption rate of development budget at 20.6 per cent while the Department of Administration & Coordination of County Affairs and the County Assembly did not report expenditure on development activities. The Department of Kitui Municipality had the highest percentage of recurrent expenditure to its recurrent budget at 79.8 per cent while the Department of Mwingi Town had the lowest at 18 per cent.

3.18.9 Budget Execution by Programmes and Sub-Programmes

Table 3.87 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.87: Kitui County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
OFFICE OF THE GOVERNOR					
General Adm & planning	General Adm & planning	1,171,117,654	282,244,198	888,873,456	24.1
National social safety net	National social safety net	124,792,166	17,134,214	107,657,952	13.7
Cabinet affairs	Cabinet affairs	50,200,000	40,298,747	9,901,253	80.3
Public financial management	Public financial management	36,120,000	-	36,120,000	-
Human resource	Human resource	-	25,146,156	(25,146,156)	∞
	Sub total	**1,382,229,820**	**364,823,315**	**1,017,406,505**	**26.4**
ADMNISTRATION AND CO-ORDINATION OF COUNTY AFFAIRS					
General admin & support services	General admin & support services	139,917,282	63,179,891	76,737,391	45.2
County Govt admin &field services	County Govt admin &field services	127,943,777	55,598,494	72,345,283	43.5
Devolution services	Devolution services	142,272,212	77,949,457	64,322,755	54.8
	Sub total	**410,133,271**	**196,727,842**	**213,405,429**	**48.0**
AGRICULTURE,WATER AND LIVESTOCK DEVELOPMENT					
General admin & support services	General admin & support services	281,237,369	130,274,491	150,962,878	46.3
Crop Development & management	Crop Development & management	459,807,260	67,944,339	391,862,921	14.8
Agribusiness and Information management	Agribusiness and Information management	72,715,933	8,474,539	64,241,394	11.7
Agricultural extension services and training	Agricultural extension services and training	70,890,842	7,147,270	63,743,572	10.1
Irrigation and drainage infrastructure	Irrigation and drainage infrastructure	6,542,766	251,669	6,291,097	3.8
Fisheries development &management	Fisheries development &management	1,975,479	59,100	1,916,379	3.0
Livestock resource management and development	Livestock resource management and development	24,273,378	2,083,477	22,189,901	8.6
Water resource management	Water resource management	705,414,150	66,483,891	638,930,259	9.4
	Sub total	**1,622,857,177**	**282,718,776**	**1,340,138,401**	**17.4**
BASIC EDUCATION, ICT AND YOUTH DEVELOPMENT					
General admin & support services	General admin & support services	94,436,080	2,367,500	92,068,580	2.5
Primary education	Primary education	313,284,322	175,585,967	137,698,355	56.0
ICT infrastructure development	ICT infrastructure development	170,751,301	3,167,411	167,583,890	1.9
Youth training and development	Youth training and development	75,322,554	14,943,058	60,379,496	19.8
Quality assurance &standard	Quality assurance &standard	-	18,903,110	(18,903,110)	∞
	Sub total	**653,794,257**	**214,967,046**	**438,827,211**	**32.9**
LANDS,INFRUSTRUCTURE AND URBAN DEVELOPMENT					
General admin & support services	General admin & support services	116,625,577	45,538,723	71,086,854	39.0
Lands policy & planning	Lands policy & planning	47,994,774	22,676,158	25,318,616	47.2
Housing development and human settlement	Housing development and human settlement	30,557,557	16,398,955	14,158,602	53.7
Government buildings	Government buildings	28,360,135	37,937,288	(9,577,153)	133.8
Road transport	Road transport	651,169,061	49,620,359	601,548,702	7.6
	Sub total	**874,707,104**	**172,171,483**	**702,535,621**	**19.7**
HEALTH AND SANITATION					
General admin & planning and support services	General admin & planning and support services	466,684,727	397,725,006	68,959,721	85.2
Maternal and child health	Maternal and child health	175,766,976	18,765,815	157,001,161	10.7
Preventive and promotive health services	Preventive and promotive health services	472,522,647	236,348,198	236,174,449	50.0
Curative health services	Curative health services	2,231,651,374	1,121,599,292	1,110,052,082	50.3
	Sub total	**3,346,625,724**	**1,774,438,311**	**1,572,187,413**	**53.0**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
TRADE, CO-OPERATIVES, & INVESTMENT					
General admin & planning and support services	General admin & planning and support services	136,510,148	55,503,962	81,006,186	40.7
Trade development and promotion	Trade development and promotion	163,662,458	32,518,483	131,143,975	19.9
Cooperative development and management	Cooperative development and management	312,701,357	69,547,791	243,153,566	22.2
	Sub total	**612,873,963**	**157,570,236**	**455,303,727**	**25.7**
ENVIRONMENT & NATURAL RESOURCES					
General admin & planning and support services	General admin & planning and support services	50,150,422	15,503,371	34,647,051	30.9
Environment management	Environment management	48,545,097	9,995,935	38,549,162	20.6
Power transmission and distribution	Power transmission and distribution	3,280,584	3,703,819	(423,235)	112.9
Alternative energy technologies	Alternative energy technologies	95,494,480	3,514,668	91,979,812	3.7
Mineral resources management	Mineral resources management	38,822,253	1,047,540	37,774,713	2.7
	Sub total	**236,292,836**	**33,765,333**	**202,527,503**	**14.3**
TOURISM SPORTS AND CULTURE					
General admin & planning and support services	General admin & planning and support services	39,067,601	12,925,572	26,142,029	33.1
Tourism development and promotion	Tourism development and promotion	66,109,070	17,055,299	49,053,771	25.8
Sports	Sports	84,401,687	10,625,866	73,775,821	12.6
Culture	Culture	12,604,678	(963,850)	13,568,528	-7.6
Gender	Gender	11,034,360	4,712,263	6,322,097	42.7
Social development and children services	Social development and children services	9,631,892	-	9,631,892	-
	Sub total	**222,849,288**	**44,355,150**	**178,494,138**	**19.9**
COUNTY TREASURY					
General admin& planning and support services	General admin& planning and support services	109,897,371	46,539,582	63,357,789	42.3
economic policy & national planning	economic policy & national planning	108,515,298	42,070,898	66,444,400	38.8
monetary & evaluation services	monetary & evaluation services	13,397,471	-	13,397,471	-
public financial management	public financial management	202,972,986	93,570,751	109,402,235	46.1
	Sub total	**434,783,126**	**182,181,231**	**252,601,895**	**41.9**
COUNTY PUBLIC SERVICE BOARD					
General admin & planning and support services	General admin & planning and support services	16,333,362	4,815,282	11,518,080	29.5
Human resource management and development	Human resource management and development	18,184,595	-	18,184,595	-
Governance and county values	Governance and county values	5,658,065	4,698,125	959,940	83.0
	Sub total	**40,176,022**	**9,513,407**	**30,662,615**	**23.7**
COUNTY ASSEMBLY					
General admin & planning and support services	General admin & planning and support services	318,868,872	125,243,761	193,625,111	39.3
Legislation and oversight	Legislation and oversight	640,370,888	251,521,754	388,849,134	39.3
	Sub total	**959,239,760**	**376,765,515**	**582,474,245**	**39.3**
KITUI MUNICIPALITY					
General admin & planning and support services	General admin & planning and support services	449,923,246	-	449,923,246	-
	Sub total	**449,923,246**	**-**	**449,923,246**	**-**
MWINGI TOWN ADMINSTRATION					
General admin & planning and support services	General admin & planning and support services	41,417,367	11,031,565	30,385,802	26.6
Environmental policy management	Environmental policy management	3,360,681	-	3,360,681	-
Government building	Government building	14,277,937	-	14,277,937	-
Urban and metropolitan dev	Urban and metropolitan dev	20,707,351	-	20,707,351	-
Devolution services	Devolution services	3,990,611	-	3,990,611	-
	Sub total	**83,753,947**	**11,031,565**	**72,722,382**	**13.2**
GRAND TOTAL		**11,330,239,541**	**3,821,029,210**	**7,509,210,331**	**33.7**

Source: *Kitui County Treasury*

The best performing programs across the County were: Government buildings at 133.8 per cent, Power transmission and distribution at 112.9 per cent, and Governance and County Values at 83 per cent, and Legislation and oversight at 39.3 per cent of budget allocation.

3.18.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first half of FY 2019/2020. The County spent Kshs.571.52 million out of annual development budget of Kshs.4.28 billion. The development expenditure represented 13.3 per cent of the annual development.
3. Discrepancies between the conditional and unconditional allocation contained in the approved estimates and the allocations in the County Allocation of Revenue Act, (CARA) 2019
4. A high wage bill, which accounted for 61.9 per cent of the total expenditure in the first half of FY 2019/20 thus constraining funding to other programmes.
5. Under performance of own revenue at Kshs.171.95 million against annual projection of Kshs.600 million. The reported own source revenue represented 28.7 per cent of its annual target.

The County should implement the following recommendations in order 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 PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should realign the budget with the CARA, 2019 through a Supplementary Budget.*
4. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
5. *The County should address own source revenue performance so as to ensure the approved budget is fully financed.*

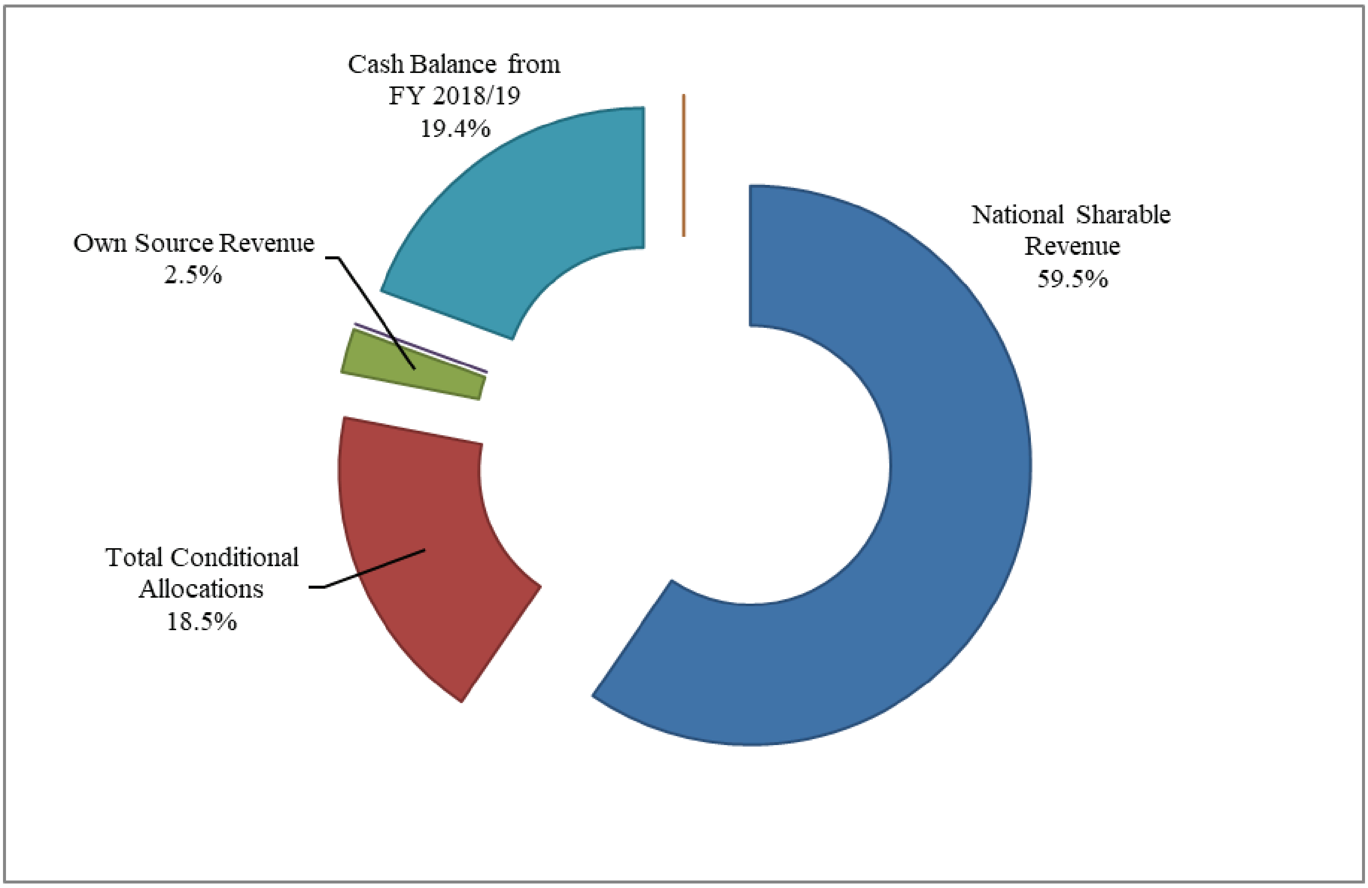
3.19 Kwale County

3.19.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.12.81 billion, comprising of Kshs.7.33 billion (57.3 per cent) and Kshs.5.48 billion (42.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.63 billion (60 per cent) as equitable share of revenue raised nationally, Kshs.2.37 billion (18.5 cent) as total conditional grants, generate Kshs.325 million from own sources of revenue, and had Kshs.2.48 billion (19.4 per cent) as cash balance from FY 2018/19. Figure 3.55 shows the expected sources of financing by category in FY 2019/20.

Figure 3.55: Kwale County Expected Revenue Sources in FY 2019/20



Source: *Kwale County Treasury*

3.19.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.76 billion as equitable share of the revenue raised nationally, Kshs.136.32 million as total conditional grants, raised Kshs.98.31 million from own-source revenue, and had a cash balance of Kshs.2.48 billion from FY 2018/19.

Table 3.88: Kwale County, Revenue Performance in the First Half of FY 2019/20

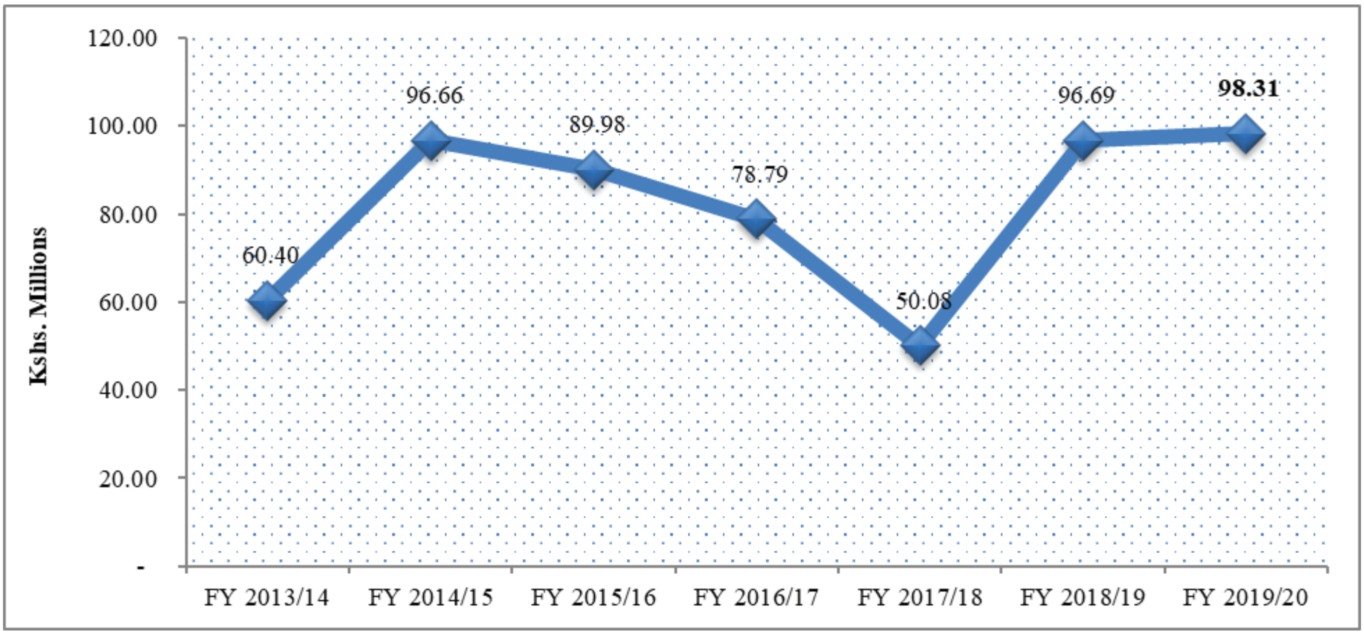
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,785,900,000	7,626,000,000	2,756,208,600	36.1
B.	**Conditional Grants from the National Government Revenue**				
1	Compensation for User Fee Foregone	15,209,593	15,209,593	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	221,007,938	554,658,944	55,251,985	10.0
4	Rehabilitation of Village Polytechnics	59,793,298	74,646,131		-
Sub Total		**427,925,723**	**776,429,562**	**2,811,460,585**	**362.1**
C	**Loans and Grants from Development Partners**				
1	Transforming Health systems for Universal care Project (WB)	157,706,559	177,810,035	30,656,867	17.2
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	244,313,608	39,157,107	16.0
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	62,970,782	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	102,500,000	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	DANIDA Grant	22,500,000	20,514,998	11,250,000	54.8
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	44,360,883	88,497,081	-	-
7	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	300,000,000	820,000,000	-	-
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,348,633	38,714,471	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	41,200,000		-
	Sub Total	**982,716,075**	**1,596,520,975**	**81,063,974**	**5.1**
D	**Other Sources of Revenue**				
1.	Own Source Revenue		325,000,000	98,307,612	30.3
2.	Balance b/f from FY2018/19		2,484,289,495	2,484,289,495	100.0
	Sub Total	-	**2,809,289,495**	**2,582,597,107**	**91.9**
Grand Total		**9,196,541,798**	**5,182,240,032**	**5,475,121,666**	**105.7**

Source: *Kwale County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.48 billion as shown in Table 3.88.

Figure 3.56: Kwale County, Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Kwale County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.98.31 million as own-source revenue. This amount represented an increase of 1.7 per cent when compared to Kshs.96.69 million reported during the same period in FY 2018/19, and represented 30.3 per cent of the annual target.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.05 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.03 billion (25.3 per cent) for development programmes and Kshs.3.03 billion (74.7 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

A total of Kshs.2.80 billion was spent on development and recurrent programmes and represented 69.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.11 billion and Kshs.1.69 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 15.1 per cent while that incurred on recurrent expenditure programmes represented 30.9 per cent of the annual recurrent budget.

3.19.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.906.88 million was spent on compensation to employees, Kshs.784.95 million on operations and maintenance, and Kshs.1.11 billion on development expenditure.

Table 3.89: Kwale County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**5,475,220,102**	**3,026,700,671**	**1,691,831,356**	**60.4**	**30.9**
Compensation to Employees	2,869,045,816	1,466,379,962	906,876,792	32.4	31.6
Operations and Maintenance	2,606,174,286	1,560,320,709	784,954,564	28.0	30.1
Total Development Expenditure	**7,333,019,930**	**1,026,441,708**	**1,107,592,264**	**39.6**	**15.1**
Development expenditure	7,333,019,930	1,026,441,708	1,107,592,264	39.6	15.1
Total	**12,808,240,032**	**4,053,142,379**	**2,799,423,620**	**100.0**	**21.9**

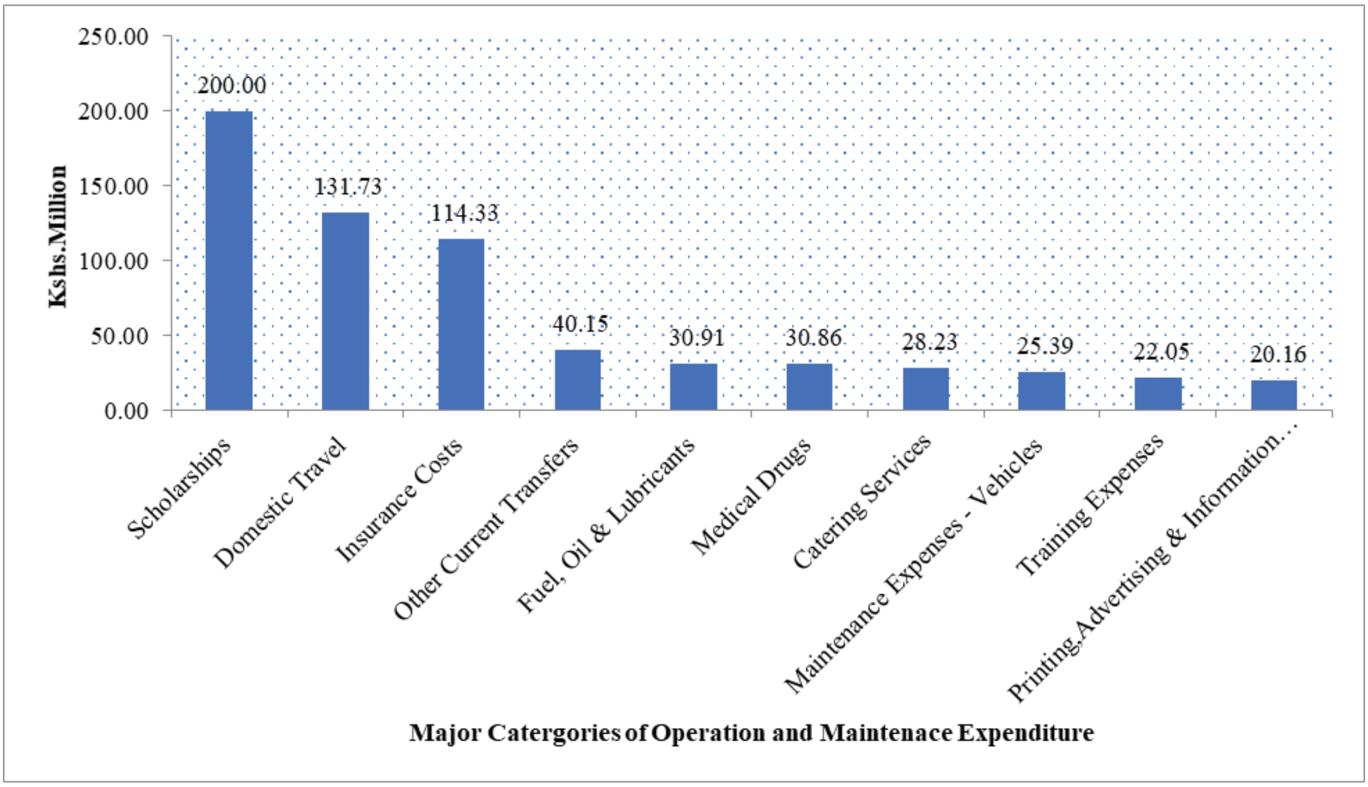
Source: *Kwale County Treasury*

Expenditure on compensation to employees was 32.4 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 3.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.878.27 million.

3.19.6 Analysis of Operations and Maintenance Expenditure

Figure 3.57 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.57: Kwale County, Operations and Maintenance Expenditure by Major Categories in the First Half of FY 2019/20



Source: *Kwale County Treasury*

The County spent Kshs.21.23 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.51.58 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.105,055 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.131.73 million and comprised of Kshs.84.41 million spent by the County Assembly and Kshs.47.32 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.23 million and comprised of Kshs.9.84 million spent by the County Assembly and Kshs.0.38 million by the County Executive.

3.19.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.11 billion represented 15.1 per cent of the annual development budget of Kshs.7.33 billion. Table 3.90 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.90: Kwale County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name	(Location of the Project)	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
1	Augmentation and Expansion of Mwanda Matumbi Pipeline (4) to(6) diameter including extensions to Pemba and Lutsangani in Mwavumbo ward	Mwavumbo ward	40,000,000	28,126,520	70.3
2	Construction of Busho-Kilibasi pipeline(Mackinon Road)	Mackinon Road	33,673,228	22,035,709	65.4
3	Proposed Cabro Paving Of Mkilo Road In Mwavumbo Road	Mwavumbo	20,057,994	19,915,100	99.3
4	Proposed Drift Installation At Mnyalatsoni - Ramisi Road At Kubo South Ward	Kubo south	22,412,796	18,456,480	82.3
5	Purchase of Animals and Breeding Stock-dairy cattle(All wards_-pending bills	All wards	15,000,000	15,000,000	100.0
6	Emergency water supply systems rehabilitation/ repairs (Pumps/motors repair and installation, Dam embankment/ spillway seals, pipes & pipe fittings/ accessories)	Kwale	14,250,000	14,075,202	98.8
7	Flagship Project 2-Development of Medium size Dams -Dziweni Gitegemee Dam	Dziweni	24,241,749	13,580,501	56.0
8	Rehabilitation/ Construction of small dams at Chikwakwani and Chigato Central in Kasemeni ward	Kasemeni ward	13,426,420	13,248,365	98.7
9	Support to community water supply systems (Operation and maintenance of community based water supply schemes-Nyalani, Mkanda, Marere Mkongani, Majimboni, etc.)	Kwale	15,000,000	12,215,901	81.4

Source: *Kwale County Treasury*

3.19.8 Budget Performance by Department

Table 3.91 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.91: Kwale County, Budget Performance by Department for the First Half of FY 2019/20

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	465.08	55.31	272.26	9.77	148.12	9.77	54.4	100	31.8	17.7
Agriculture, Livestock and Fisheries	197.53	614.77	105.39	116.28	155.76	102.25	147.8	87.9	78.9	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
Land, Environment, Mining and Natural Resources	104.35	287.01	56.81	60.01	16.01	9.26	28.2	15.4	15.3	3.2
Health Services	1,995.97	1,042.53	1,056.80	120.52	244.91	147.29	23.2	122.2	12.3	14.1
County Assembly	689.35	237.36	329.66	63.1	315.85	77.21	95.8	122.4	45.8	32.5
Industry, Trade And Investments	63.48	338.85	28.28	16.07	18.72	50	66.2	311.1	29.5	14.8
Community Development, Youth and Women Empowerment And Social Services	209.38	318.26	111.34	28.98	10.66	61.6	9.6	212.6	5.1	19.4
Office of the Governor and the Deputy Governor	134.63	136.57	72.82	21.05	59.04	-	81.1	-	43.9	-
Education	953.04	1,154.55	606.92	182.32	400.28	186.83	66	102.5	42	16.2
Water and Urban Planning and Decentralized Units	75.8	1,868.77	31.59	258.51	22.68	272.6	71.8	105.5	29.9	14.6
Infrastructure and Public Works	138.35	1,029.26	70.64	137.26	57.51	178.2	81.4	129.8	41.6	17.3
ICT and Tourism	50.34	119.08	22.29	4.71	15.2	4.71	68.2	100	30.2	4
County Public Service Board	47.52	-	13.05	-	7.97	-	61.1	-	16.8	-
Public Service and Administration	350.41	130.7	247.85	7.86	219.12	7.86	88.4	100	62.5	6
	5,475.23	**7,333.02**	**3,025.70**	**1,026.44**	**1,691.83**	**1,107.58**	**55.9**	**107.9**	**30.9**	**15.1**

Source: *Kwale County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 32.5 per cent while the Office of the Governor and the Deputy Governor did not report expenditure on development activities. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to its recurrent budget at 78.9 per cent while the Department of Community Development, Youth and Women Empowerment and Social Services had the lowest at 5.1 per cent.

3.19.9 Budget Execution by Programmes and Sub-Programmes

Table 3.92 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.92: Kwale County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance and Economic Planning				
Budget formulation, coordination and management	44,368,921	21,186,100	23,182,821	47.7
General Administration	104,714,824	28,209,943	76,504,881	26.9
Revenue Collection Management	10,815,799	5,139,334	5,676,465	47.5
Public Finance and Accounting Services	4,360,008	2,117,465	2,242,543	48.6
Procurement Services	2,642,840	995,560	1,647,280	37.7
Risk Assurance Services	7,680,600	1,507,624	6,172,976	19.6
Personal Services	117,046,903	98,732,634	18,314,269	84.4
TOTAL	**291,629,895**	**157,888,660**	**133,741,235**	54.1
Agriculture, Livestock and Fisheries				
General Administration and Support Services	386,988,952	156,617,953	230,370,999	40.5
Crop Production & Food Security	35,975,500	4,845,900	31,129,600	13.5
Dairy and Meat Production	17,375,500	332,100	17,043,400	1.9
Fish Production Management	19,675,500	3,057,228	16,618,272	15.5
Livestock Disease Control	21,000,000	195,480	20,804,520	0.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Farm Land Utilization, Mechanization & Crop Storage	22,006,218	10,169,820	11,836,398	46.2
Agricultural Extension, Research & Training.	11,301,000	81,750	11,219,250	0.7
TOTAL	**514,322,670**	**175,300,231**	**339,022,439**	34.1
Land, Environment, Mining and Natural Resources				
General administration and Support services	111,234,504	10,267,149	100,967,355	9.2
Personnel Services	12,790,824	9,330,535	3,460,289	72.9
Physical development plans	28,500,000	4,868,230	23,631,770	17.1
Establishment of squatter settlement schemes	8,496,666	196,150	8,300,516	2.3
Identification and acquisition of land for development	5,000,000	-	5,000,000	-
County Environmental Awareness Initiative	8,375,000	609,250	7,765,750	7.3
Kwale municipality	72,450,000	-	72,450,000	-
Diani Municipality	19,400,000	-	19,400,000	-
TOTAL	**266,246,994**	**25,271,314**	**240,975,680**	9.5
Health Services				
General Administration	713,364,650	192,707,616	520,657,034	27.0
Medical Drugs	108,266,964	29,961,398	78,305,566	27.7
HMIS	3,750,000	250,000	3,500,000	6.7
Personnel Services	619,859,853	126,598,075	493,261,778	20.4
Msambweni Hospital	7,554,000	1,589,095	5,964,905	21.0
Kinango Hospital	11,647,500	1,114,367	10,533,133	9.6
Kwale Hospital	13,987,400	735,646	13,251,754	5.3
Tiwi Rural Health Facility	7,810,000	-	7,810,000	-
Samburu Hospital	620,000	-	620,000	-
Lungalunga Hospital	14,950,000	-	14,950,000	-
Public Health	21,875,000	-	21,875,000	-
Rural Health Facilities	137,242,298	18,142,087	119,100,211	13.2
Diani Health Centre	300,000	-	300,000	-
Other Current Transfers	126,268,020	21,206,577	105,061,443	16.8
TOTAL	**1,787,495,685**	**392,304,861**	**1,395,190,824**	21.9
County Assembly				
General Administration	276,194,154	124,263,710	151,930,444	45.0
General Administration and Support Services	517,628,462	157,190,273	360,438,189	30.4
Oversight& Legislation of County Affairs	132,884,166	60,226,430	72,657,736	45.3
Total	**926,706,782**	**341,680,413**	**585,026,369**	36.9
Industry, Trade and Investments				
Building Capacity of Traders for better Market Access	5,252,500	5,875,156	(622,656)	111.9
Availing Affordable Credit to Entrepreneurs for Wealth creation	19,500,000	-	19,500,000	-
Enforcement of Weights & Measures Act	5,065,000	3,917,655	1,147,345	77.3
Investment Publicity and Promotion	3,040,000	846,600	2,193,400	27.8
Personnel services	13,967,446	11,614,494	2,352,952	83.2
Administration services	102,093,274	18,206,366	83,886,908	17.8
Rehabilitation of Existing markets	1,722,500	424,500	1,298,000	24.6
Construction of new markets	78,568,276	27,616,761	50,951,515	35.2
Investment promotion services	42,678,724	222,638	42,456,086	0.5
TOTAL	**271,887,720**	**68,724,170**	**203,163,550**	25.3
Community Development, Youth and Women Empowerment and Social Services				
Administration	194,595,469	81,663,685	112,931,784	42.0
Community Development	48,125,000	2,595,787	45,529,213	5.4
Culture And Heritage	23,750,000	1,527,730	22,222,270	6.4
Sports And Talent Development	80,078,522	1,234,365	78,844,157	1.5
TOTALS	**346,548,991**	**87,021,567**	**259,527,424**	25.1
Office of the Governor and the Deputy Governor				
Media & Communication Service	1,517,230	105,200	1,412,030	6.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Audit Services	37,373,865	38,596,331	(1,222,467)	103.3
General Administration	125,071,348	8,636,610	116,434,738	6.9
Legal Advisory Services	1,675,000	530,000	1,145,000	31.6
TOTAL	**165,637,442**	**47,868,141**	**117,769,301**	28.9
Education				
Personnel Services	209,396,242	194,347,981	15,048,261	92.8
Scholarship and Bursary	220,000,000	200,000,000	20,000,000	90.9
Administration Planning support service	596,625,164	174,035,244	422,589,920	29.2
Infrastructure development	300,061,982	19,513,513	280,548,469	6.5
Youth Training Development(	7,375,000	1,532,575	5,842,425	20.8
Early Childhood Development	43,500,000	2,323,261	41,176,739	5.3
TOTAL	**1,376,958,388**	**591,752,574**	**785,205,814**	43.0
Water and Urban Planning and Decentralized Units				
Construction & Maintenance of water pipeline supply systems	53,700,000	-	53,700,000	-
Development of Borehole water supply system	57,425,000	-	57,425,000	-
Development/Construction of surface water supply systems	81,550,000	-	81,550,000	-
Community Water Project	14,625,000	9,149,956	5,475,044	62.6
Personnel Services	19,652,847	14,178,757	5,474,090	72.1
Administration Services	1,255,915,408	271,946,840	983,968,568	21.7
TOTAL	**1,482,868,255**	**295,275,553**	**1,187,592,702**	19.9
Infrastructure and Public Works			-	
Administration Services	488,970,031	598,929,824	(109,959,793)	122.5
Rehabilitations of Roads, Drainage and bridges	288,215,630	287,715,630	500,000	99.8
Personnel Services	500,000	-	500,000	-
Installation of Street Lighting Facilities	13,300,000	12,602,911	697,089	94.8
TOTAL	**790,985,661**	**899,248,365**	**(108,262,704)**	113.7
ICT and Tourism				
Personnel services	20,728,251	9,577,505	11,150,746	46.2
Administration services	46,777,274	6,700,311	40,076,963	14.3
Local area network installation and ICT support	50,643,129	1,232,605	49,410,524	2.4
Tourism Promotion	51,274,189	2,396,404	48,877,785	4.7
	169,422,843	**19,906,825**	**149,516,018**	11.7
County Public Service Board				
Human Resource Planning	7,009,578	2,393,850	4,615,728	34.2
Transformation of Service Delivery in Public Service	750,000	392,700	357,300	52.4
Compensation to Employees	14,250,158	4,390,192	9,859,966	30.8
Human Resource Planning	600,000	296,800	303,200	49.5
Staff Rationalization	1,150,000	498,400	651,600	43.3
TOTAL	**23,759,736**	**7,971,942**	**15,787,794**	33.6
Public Service and Administration				
Audit Services	76,977,207	89,763,111	(12,785,904)	116.6
General Administration	134,995,652	107,783,147	27,212,505	79.8
Garbage Collection	5,460,784	6,437,810	(977,026)	117.9
County Compliance and Enforcement	6,088,000	6,646,704	(558,704)	109.2
Sub County Administration Msambweni	4,089,000	2,650,066	1,438,934	64.8
Sub County Administration Lungalunga	4,639,000	2,310,463	2,328,537	49.8
Sub County Administration Matuga	4,801,000	1,781,338	3,019,662	37.1
Sub County Administration Kinango	5,573,434	1,738,937	3,834,497	31.2
Human Resource	7,281,500	13,000	7,268,500	0.2
TOTAL	**249,905,577**	**219,124,575**	**30,781,001**	87.7
GRAND TOTAL	**8,664,376,638**	**3,329,339,192**	**5,335,037,445**	**38.4**

Source: *Kwale County Treasury*

The best performing programmes across the County were: Personnel, Garbage Collection, Audit Services at 116.6 per cent and Building Capacity of Traders for Better Market Access at 111.9 per cent.

3.19.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development budget. In the reporting period, the County reported an absorption rate of 15.1 per cent against to expectation of 50 per cent.
2. Under-performance in own source revenue collection which represented 30.3 per cent of annual target. The County may therefore not achieve the target which will lead to budget deficits.
3. Failure to budget for the actual amount of equitable share and conditional grants as per the CARA, 2019.

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

1. *The County should put in place mechanisms that will enhance absorption of development funds in the remaining period of the financial year.*
2. *The County needs to come up with strategies to mobilize own source revenue collection. Further, there is need to approve supporting legislation in order to help in enforcement of revenue collection.*
3. *The County should prepare a Supplementary Budget and realign its revenue budget as per the CARA, 2019.*

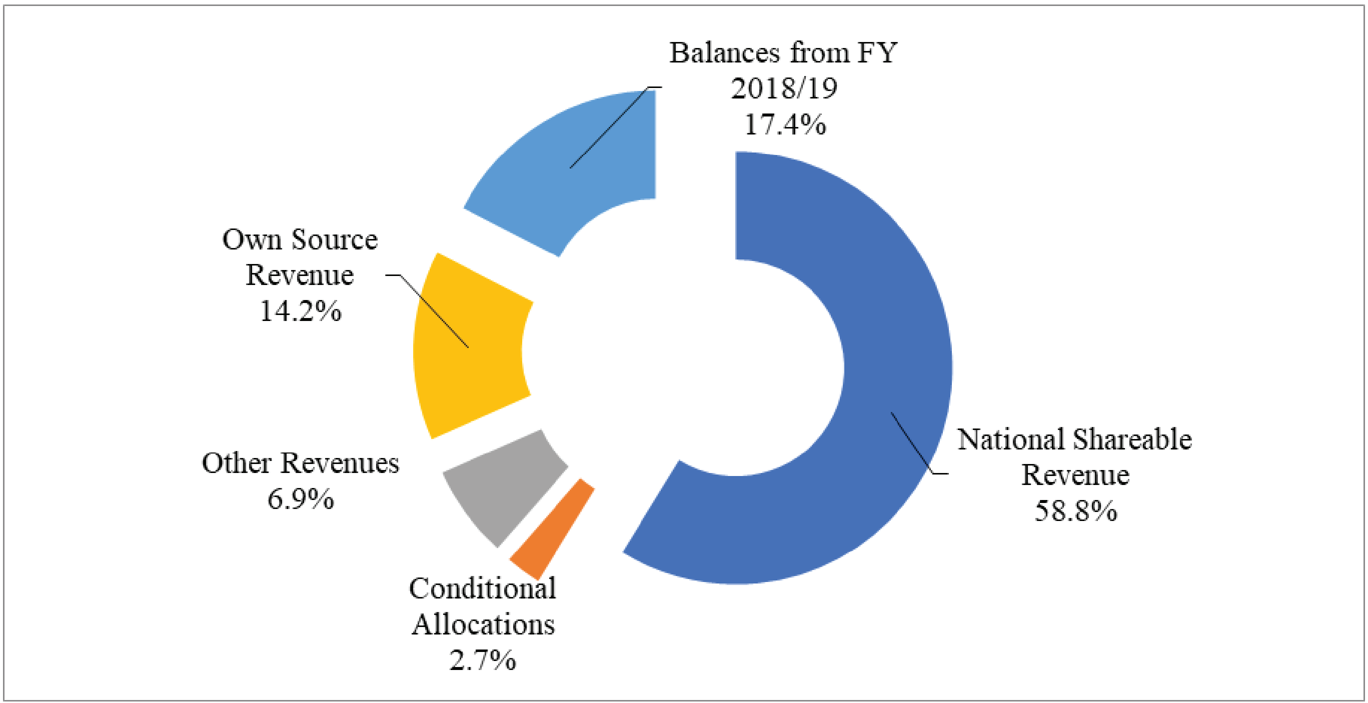
3.20 Laikipia County

3.20.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.7.11 billion, comprising of Kshs.4.28 billion (60.2 per cent) and Kshs.2.83 billion (39.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.18 billion (58.8 per cent) as equitable share of revenue raised nationally, Kshs.188.9 million (2.7 per cent) as total conditional grants, generate Kshs.1.01 billion (14.2 per cent) from own sources of revenue, Kshs.492.17 million (6.9 per cent) as loans and grants from development partners and Kshs.1.24 billion (17.4 per cent) as balance from FY 2018/19 comprising of Kshs.572.93 million as grants bank balances, and Kshs.666.87 million for repayment of recurrent and development pending bills. Figure 3.58 shows the expected sources of financing by category in FY 2019/20.

Figure 3.58: Laikipia County Expected Revenue Sources in FY 2019/20



Source: *Laikipia County Treasury*

3.20.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.54 billion as equitable share of the revenue raised nationally, Kshs.112.36 million as total conditional grants, raised Kshs.326.74 million from own-source revenue, and had a cash balance of Kshs.1.24 billion from FY 2018/19.

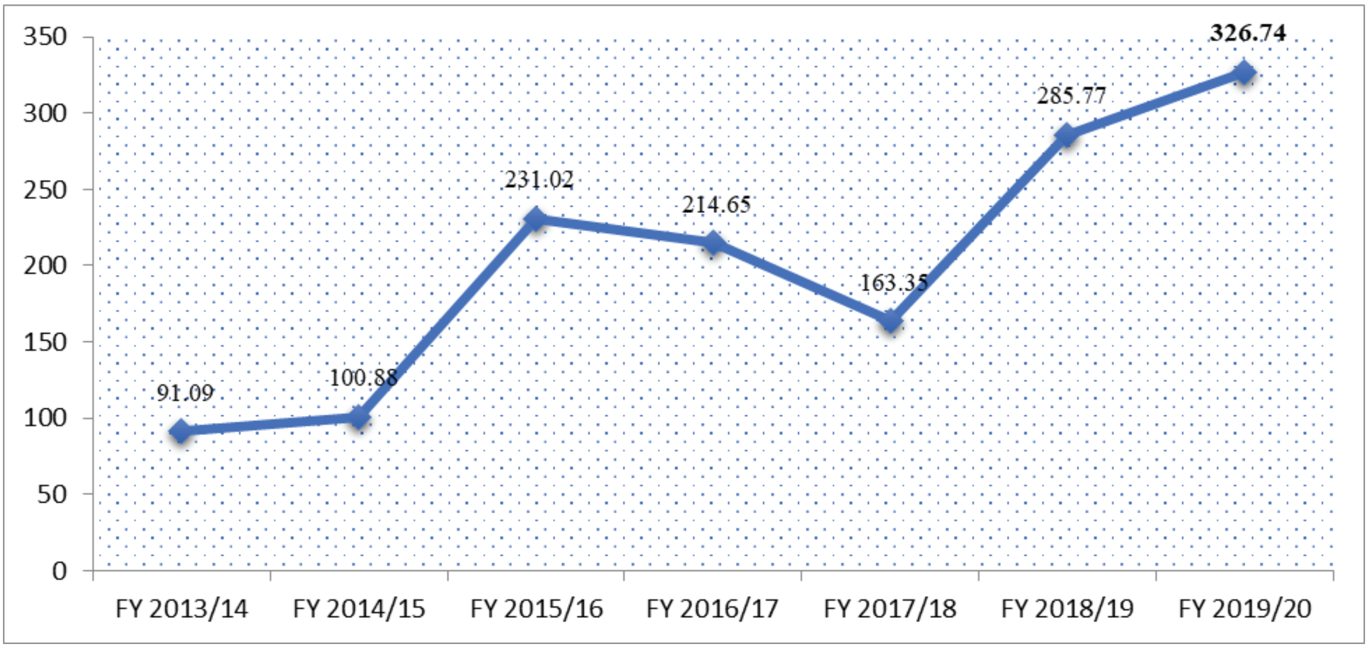
Table 3.93: Laikipia County, Revenue Performance in the First Half of FY 2019/20

No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	**Equitable Share of Revenue Raised Nationally**	4,177,800,000	4,177,800,000	1,535,296,645	36.7
B	**Conditional Grants from National Government Revenue**				
1	Compensation for User Fee Forgone	9,968,208	9,968,208	-	-
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	118,589,625	118,589,625	29,647,406	25.0
4	Rehabilitation of Village Polytechnics	31,908,298	60,433,298	15,954,149	26.4
	Sub Total	**292,381,025**	**188,991,131**	**45,601,555**	**36.2**
C	**Loans and Grants from Development Partners**				
1	Transforming Health Systems for Universal Care Project	35,000,000	60,000,635	9,056,052	15.1
2	Kenya Climate Smart Agriculture Project	131,027,150	208,624,542	50,214,821	24.1
3	Kenya Devolution Support Project Level 1	30,000,000	71,121,027	-	-
4	Kenya Urban Support Project (Urban Development Grant)	50,000,000	50,000,000	-	-
5	Danida Grant	12,281,250	12,281,250	6,140,625	50.0
6	EU Ideas	21,345,341	38,318,050	-	-
7	Agricultural Sector Development Support Programme	16,625,223	28,961,250	-	-
8	Kenya Urban Support Project (Urban Institutional Grant)	8,800,000	8,800,000	-	-
9	UNICEF Grant	-	14,058,783	1,348,200	9.6
	Sub Total	**305,078,964**	**492,165,537**	**66,759,698**	**13.6**
D	**Other Sources of Revenue**				
10	Grants Bank Balance	572,933,001	572,933,001	572,933,001	100
11	Allocation For Pending Bills	666,866,823	666,866,823	666,866,823	100
12	Own Source Revenue	1,006,875,000	1,006,875,000	326,744,757	32.5
	Sub Total	**2,246,674,824**	**2,246,674,824**	**1,566,544,581**	**69.7**
Grand Total		**5,782,134,989**	**7,105,631,492**	**3,214,202,479**	**45.2**

Source: *Laikipia County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.21 billion as shown in Table 3.93.

Figure 3.59: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Laikipia County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.326.74 million as own-source revenue. This amount represented an increase of 14.3 per cent when compared to Kshs.285.77 million reported during the same period in FY 2018/19, and represented 32.5 per cent of the annual target.

3.20.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.18 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.294.43 million (13.5 per cent) for development programmes and Kshs.1.89 billion (86.5 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

A total of Kshs.2.03 billion was spent on development and recurrent programmes and represented 93.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.147.37 million and Kshs.1.88 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 5.2 per cent while that incurred on recurrent expenditure programmes represented 44.1 per cent of the annual recurrent budget.

3.20.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.39 billion was spent on compensation to employees, Kshs.490.34 million on operations and maintenance, and Kshs.147.37 million on development expenditure.

Table 3.94: Laikipia County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,277,967,968**	**1,889,894,430**	**1,884,563,567**	**92.7**	**44.1**
Compensation to Employees	2,458,795,648	1,399,224,561	1,394,224,561	68.6	56.7
Operations and Maintenance	1,819,172,320	490,669,869	490,339,006	24.1	27
Total Development Expenditure	**2,827,663,524**	**294,426,066**	**147,373,349**	**7.3**	**5.2**
Development Expenditure	**2,827,663,524**	294,426,066	147,373,349	7.3	5.2
Total	**7,105,631,492**	**2,184,320,496**	**2,031,936,916**	**100**	**28.6**

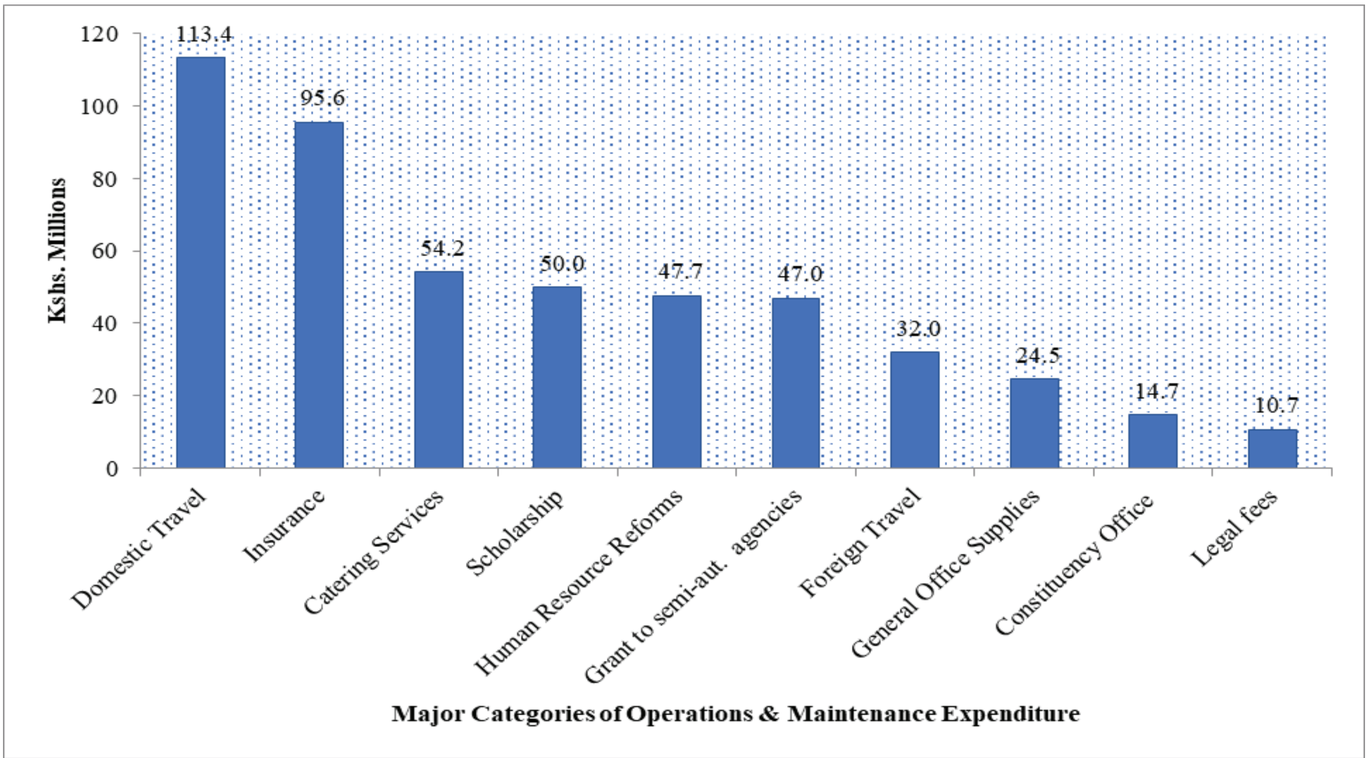
Source: *Laikipia County Treasury*

Expenditure on compensation to employees was 68.6 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 2.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.42 billion.

3.20.6 Analysis of Operations and Maintenance Expenditure

Figure 3.60 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.60: Laikipia County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Laikipia County Treasury*

The County spent Kshs.10.14 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.41.47 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.67,582 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.113.39 million and comprised of Kshs.27.18 million spent by the County Assembly and Kshs.86.21 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs. 32.04 million and comprised of Kshs. 28.49 million spent by the County Assembly and Kshs.3.54 million spent by the County Executive.

3.20.7 Development Expenditure Analysis

The total development expenditure of Kshs.147.37 million represented 5.2 per cent of the annual development budget of Kshs.2.83 billion. Table 3.95 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.95: Laikipia County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Leasing & acquisition of specialized vehicles & equipment (2 tipper, 1 loader	Headquarters	88,500,000	44,000,000	49.7
2	Periodic Road Maintenance (pending bill-Fuel Levy)	County Wide	178,468,920	31,739,073	17.8
3	Construction of box culvert	Igwamiti	20,000,000	18,387,069	91.9
4	Building materials, Precast items for smart town	Winyumirie	12,500,000	12,135,959	97.1

No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
5	Equipping of borehole	Marura	4,800,000	3,026,934	63.1
6	Borehole at Mugumo Dispensary	Mugumo	4,800,000	3,518,000	73.3
7	County Wards Fuel Replenishment	County Wide	91,000,000	7,000,000	7.7

Source: *Laikipia County Treasury*

3.20.8 Budget Performance by Department

Table 3.96 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.96: Laikipia County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	472.39	76.67	229.93	-	263.39	-	114.5	-	55.7	-
County Administration Services	2,817.33	171.83	1,450.73	-	1,405.85	-	96.9	-	49.9	-
Finance & Economic Planning	262.08	442.57	89.35	186.00	74.19	81.07	83.0	43.6	28.3	18.3
County Health & Sanitation Services	483.82	142.01	80.10	-	94.37	-	117.8	-	19.5	-
Agriculture, Livestock & Fisheries	57.42	454.22	6.98	62.21	8.98	24.09	128.68	38.7	15.6	5.3
Land, Infrastructure, Housing & Urban Development	68.04	824.95	11.87	44.65	17.43	40.71	146.8	91.2	25.6	5.0
Education, Sports, Youth & Social Services	72.22	263.85	6.99	-	5.96	-	85.3	-	8.2	-
Trade, Tourism & Enterprise Development	25.08	179.05	7.24	-	6.66	-	92.0	-	26.5	-
Water, Environment & Natural Resources	19.60	272.51	6.73	1.56	7.73	1.5	114.9	96.2	39.4	0.6
TOTAL	**4,277.97**	**2,827.66**	**1,889.89**	**294.42**	**1,884.56**	**147.37**	**99.7**	**50.1**	**44.1**	**5.2**

Source: *Laikipia County Treasury*

Analysis of expenditure by the department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 18.3 per cent followed by the Department of Agriculture, Livestock & Fisheries at 5.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 55.7 per cent while the Education, Sports, Youth & Social Services Department had the lowest at 8.2 per cent.

3.20.9 Budget Execution by Programmes and Sub-Programmes

Table 3.97 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.97: Laikipia County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption %
General Administration & Planning services	Administration Service	4,000,000	1,249,050	2,750,950	31.2
	Personnel Services	2,715,450	1,835,700	879,750	67.6
	Policy Development	1,000,000	148,000	852,000	14.8
	Pending bills	4,865,667	0	4,865,667	0.0
Co-operative Development	Co-operative Development and promotion	750,000	1,121,600	-371,600	149.5

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption %
Home Craft Industrialization & Enterprise Development		1,050,000	216,000	834,000	20.6
	Home Craft Industrialization & Enterprise Development	-	-	-	-
Trade development and promotion	Market Infrastructure Development/Trade Promotion Services	179,053,423		179,053,423	-
		700,000	-	700,000	-
	Tourism development and Promotion	9,000,000	1,552,000	7,448,000	17.2
Tourism Promotion and Marketing	Tourism Infrastructural Development	-	-	-	-
		1,000,000	536,400	463,600	53.6
Financial Services	County Treasury Administrative Services	71,054,010	-	71,054,010	0.0
Water Development	Rural Water Supply & Sanitation	182,736,995	1,500,000	181,236,995	0.8
General Administration & Support Services	Administration & Planning Services	11,019,589	2,903,741	8,115,848	26.4
	Personnel Services	5,000,000	3,404,345	1,595,655	68.1
	Strategic Project Monitoring & Intervention	2,000,000	1,419,400	580,600	71.0
Environment & Natural Resources	Solid Waste Management	12,000,000	-	12,000,000	-
	Human Wildlife Conflict Prevention	5,300,000	-	5,300,000	-
	Natural Resources Management	3,000,000	-	3,000,000	-
General Administration & Planning services	Headquarters Administration Services	11,000,000	3,287,270	7,712,730	29.9
Education Empowerment	Education Empowerment Programme	148,591,000	-	148,591,000	-
Sports, Arts and Social Services	Talent Development Services	16,100,000	189,900	15,910,100	1.2
	Social and Cultural Development	13,600,000	126,373	13,473,627	0.9
Education and Training	Vocational Education and Training	55,533,793	1,500,000	54,033,793	2.7
Financial Services	County Treasury Administrative Services	86,039,630	-	86,039,630	-
Sports Improvement and Support Programme	Sports Promotion Services	2,200,000	621,400	1,578,600	28.2
	Children Institution Support Program (CEDC)	3,000,000	231,384	2,768,616	7.7
Administration, Planning and Support Services	Administration Services	66,036,268	17,425,047	48,611,221	26.4
	Personnel Services	2,000,000	-	2,000,000	0.0
Physical Planning Services	Land Management Services and Development of Valuation roll	10,000,000	-	10,000,000	-
	Survey, Planning Services and Titling	12,000,000	-	12,000,000	-
Housing and Urban Development	Housing Improvement	2,000,000	-	2,000,000	-
	Urban development and Management	105,783,080	-	105,783,080	-
Public Works Service delivery Improvement	County Building Construction Standards	900,602	-	900,602	-
	Public Building and Bridges Inspectorate Services	3,400,000	-	3,400,000	-
	Private Building Inspectorate Services	700,000	-	700,000	-
Roads Network Improvement and Urban Development	Roads Network Improvement and Bridges	550,483,915	31,739,073	518,744,842	5.8
	Bridges infrastructural Services	16,000,000	-	16,000,000	-
	Leased Equipment Operations Support	91,000,005	7,000,000	84,000,005	7.7
Renewable Energy Services	County Renewable/Green Energy Services	1,200,000		1,200,000	-
Financial Services	County Treasury administrative services	31,486,317	1,975,413	29,510,904	6.3

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption %
General Administration & Planning	Emergency Referral and Rehabilitative Services	48,672,664	2,067,050	46,605,614	4.2
	Essential Health Institutions & Services	88,228,490	17,761,594	70,466,896	20.1
	Use of goods & Services	2,874,619	2,563,860	310,759	89.2
	Community Health Strategy, Advocacy & Surveillance	18,413,700	11,461,589	6,952,111	62.2
	County Treasury Administration Services	123,333,378	4,612,500	118,720,878	3.7
	Emergency Response Services	24,645,672	-	24,645,672	-
Curative & Rehabilitative Health Programme	Strategic Health Interventions	2,701,874	-	2,701,874	-
	Emergency Referral and Rehabilitative Services	56,037,483	-	56,037,483	-
	Use of goods & Services	3,403,748	1,669,500	1,734,248	49.0
	Community Health Strategy, Advocacy & Surveillance	12,608,746	2,371,098	10,237,648	18.8
Preventive Health Services	Strategic Health Interventions	3,800,000	1,636,200	2,163,800	43.1
	Emergency Referral and Rehabilitative Services	940,154	626,820	313,334	66.7
	Use of goods & Services	30,083,881	17,346,276	12,737,605	57.7
	Participatory Budgeting Support	750,000	709,200	40,800	94.6
Nanyuki Referral Hospital General Administrative & Planning Services	Emergency Referral and Rehabilitative Services	112,640,834	19,267,864	93,372,970	17.1
Nyahururu Hospital General Administrative & Planning Services	Emergency Referral and Rehabilitative Services	96,699,071	12,272,958	84,426,113	12.7
General Administrative & Planning Services	Headquarter Administration Services	37,650,016	2,457,743	35,192,273	6.5
	County Treasury Administrative Services	53,307,377		53,307,377	-
Irrigation Development & Management	Irrigation Development and management	14,900,000	108,700	14,791,300	0.7
Crop Development	Land and Crop Productivity Enhancement and Management	4,599,304	557,707	4,041,597	12.1
	Strategic Food Security Service	104,566,406	19,095,083	85,471,323	18.3
	Agriculture Sector Extension Management	37,397,616	4,171,138	33,226,478	11.2
Livestock Resources Management	Animal Health and Disease Management and Control	248,081,388	5,628,367	242,453,021	2.3
	Livestock Resource Development and Management	8,960,000	676,000	8,284,000	7.5
Fisheries Development	Fisheries Development and Management	2,200,000	377,700	1,822,300	17.2
Human Capital Management & Development	Compensation to employees	2,546,275,000	1,329,371,649	1,216,903,351	52.2
County Administration Services	Car and mortgage -state officers	30,000,000	0	30,000,000	-
	County Administration Management	96,800,634	11,108,487	85,692,147	11.5
	County services delivery and result reporting	3,987,243	1,694,100	2,293,143	42.5
	Decentralized Services	123,332,299	1,128,100	122,204,199	0.9
	Executive Support Service	39,950,000	22,156,455	17,793,545	55.5
	Headquarters Administration Services	112,306,000	31,180,297	81,125,703	27.8
Security & Policing Services	Disaster Reduction Management	6,500,000	500,000	6,000,000	7.7
	Enforcement And Disaster Management	7,000,000	1,706,400	5,293,600	24.4
	Alcohol Control Committee	4,000,000	713,400	3,286,600	17.8
	Fire Services	5,500,000	1,267,100	4,232,900	23.0

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption %
Public Participation & Civic Education	Public participation	13,499,000	5,024,498	8,474,502	37.2
General Administration & Planning Services	Administration services	282,800,648	154,684,266	128,116,382	54.7
Legislative Oversight	Oversight	189,587,406	108,706,360	80,881,046	57.3
Infrastructure improvement services	Infrastructure improvement services	76,672,607	0	76,672,607	-
General Administration & Planning Services	Headquarters administration services	59,707,984	30,005,544	29,702,440	50.3
	Managed Specialized Equipment	88,500,000	44,000,000	44,500,000	49.7
	Infrastructural Services	16,246,090		16,246,090	0.0
	County Administration	16,525,728	500,000	16,025,728	3.0
Public Finance Management Services	Accounting and Reporting Services	20,500,000	3,604,620	16,895,380	17.6
	Internal Audit Services	13,020,000	3,017,283	10,002,717	23.2
	Revenue collection services	71,600,000	12,972,600	58,627,400	18.1
	Fleet and Logistics	4,500,000		4,500,000	-
	Supply chain management services	7,700,000	3,102,150	4,597,850	40.3
Development Planning Services	Integrated Monitoring and Evaluation Services	9,500,000	5,139,500	4,360,500	54.1
	Planning & Budgeting	53,010,000	14,651,660	38,358,340	27.6
	Grants and Transfers to Government entities	343,810,217	38,267,763	305,542,454	11.1
Total		**7,105,627,021**	**2,031,923,275**	**5,073,703,747**	**28.6**

Source: *Laikipia County Treasury*

The best performing programmes across the County were: Cooperative Development and Promotion at 149.5 per cent, and Use of Goods and Services at 89.2 per cent of budget allocation.

3.20.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.147.4 million on development projects representing 5.2 per cent of the total development budget of Kshs.2.82 billion compared to the expected rate of 50 per cent.
3. Delay by the Fund Administrator of County Executive Car & Mortgage Fund, County Bursary and Scholarship Fund, Co-operative Fund and Enterprise Funds to submit financial reports on the county established funds in line with Section 168 of the PFM Act, 2012.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should put mechanisms in place that will enhance absorption of development funds.*
3. *All Funds Administrators should provide quarterly financial statements for county established funds in line with Section 168 of the PFM Act, 2012.*

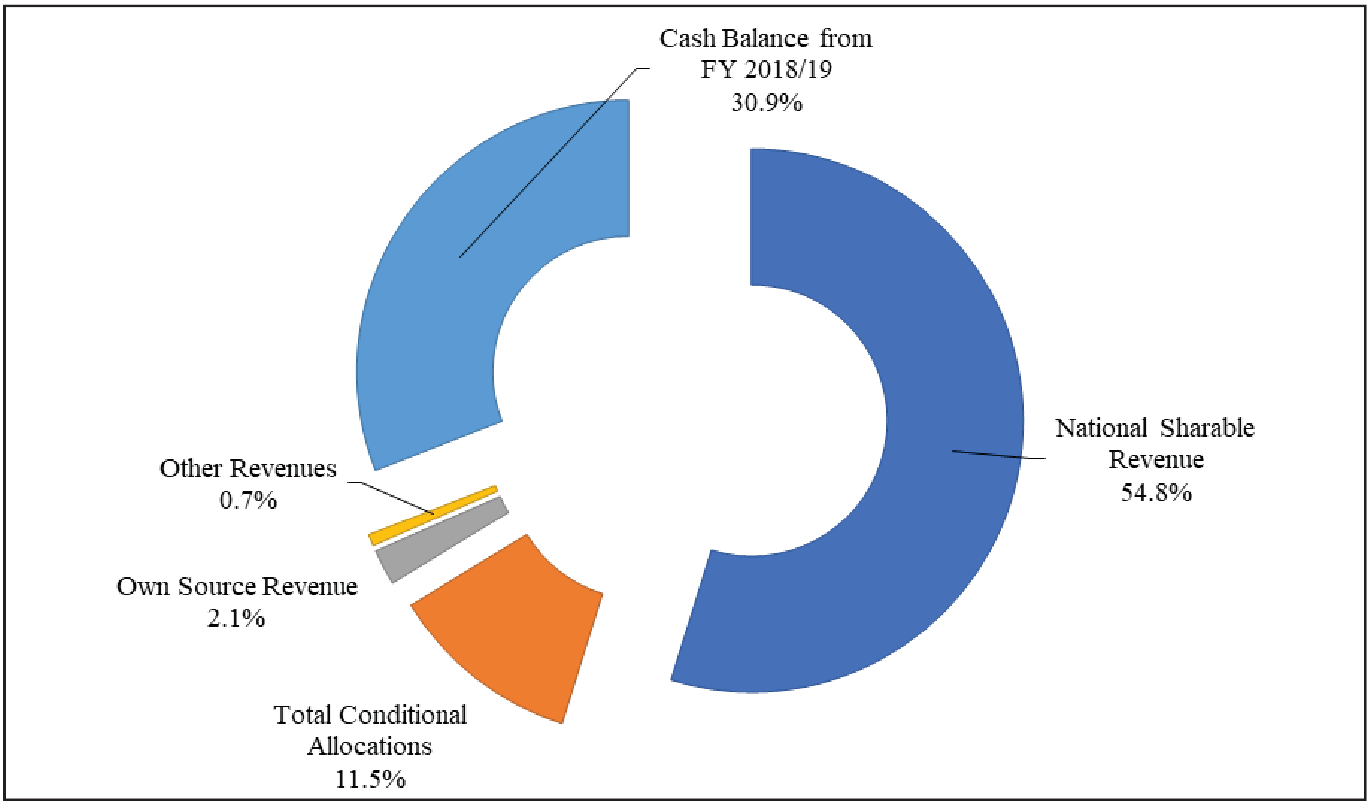
3.21 Lamu County

3.21.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.4.74 billion, comprising of Kshs.2.08 billion (43.9 per cent) and Kshs.2.66 billion (56.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.2.6 billion (54.8 per cent) as equitable share of revenue raised nationally, Kshs.544.59 million (11.5 per cent) as total conditional grants, generate Kshs.100 million (2.1 per cent) from own sources of revenue, and Kshs.1.46 billion (30.9 per cent) as cash balance from FY 2018/19. The County also budgeted to generate Kshs.32.76 million (0.7 per cent) from other revenues. Figure 3.61 shows the expected sources of financing by category in FY 2019/20.

Figure 3.61: Laikipia County Expected Revenue Sources in FY 2019/20



Source: *Lamu County Treasury*

3.21.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.992.20 million as equitable share of the revenue raised nationally, Kshs.71.19 million as total conditional grants, raised Kshs.30.81 million from own-source revenue, and had a cash balance of Kshs.1.46 billion from FY 2018/19.

Table 3.98: Lamu County, Revenue Performance in the First Half of FY 2019/20

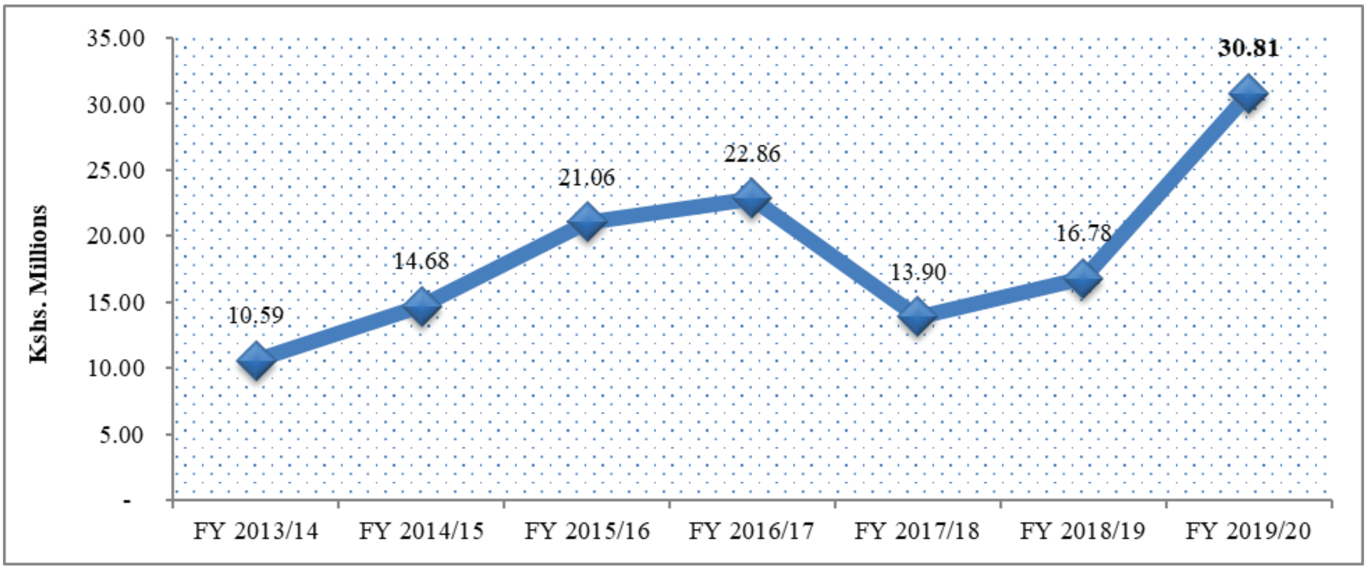
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Expenditure in the FY 2019/20 (in Kshs.)
A.	**Equitable Share of Revenue Raised Nationally**	2,595,300,000	2,595,300,000	992,203,653	38.2
B.	**Conditional Grants from the National Government Revenue**				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	2,451,034	2,451,034	-	-
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	73,669,313	73,669,313	-	-
5.	Rehabilitation of Village Polytechnics	41,298,298	41,298,298	-	-
Sub Total		**370,333,539**	**238,418,645**	-	-
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Expenditure in the FY 2019/20 (in Kshs.)
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,507,010	157,507,010	60,390,161	38.3
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
10.	DANIDA Grant	10,593,750	10,593,750	5,296,875	50.0
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,265,997	14,265,997	5,500,000	38.6
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**306,166,757**	**306,166,757**	**71,187,036**	**23.3**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	100,000,000	30,807,693	30.8
14.	Balance b/f from FY2018/19	-	1,463,672,976	1,463,672,976	100
15.	Other Revenues	-	32,758,653	-	-
Sub Total		**-**	**1,596,431,629**	**1,494,480,669**	**93.6**
Grand Total		**3,271,800,296**	**4,736,317,031**	**2,557,871,359**	**54.0**

***Source:** Lamu County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.56 billion as shown in Table 3.98.

Figure 3.62: Lamu Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



***Source:** Lamu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.30.81 million as own-source revenue. This amount represented an increase of 84.6 per cent when compared to Kshs.16.79 million reported during the same period in FY 2018/19, and represented 30.8 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.937.6 million from the CRF account in the reporting period. This withdrawal comprised of Kshs.65.89 million (7 per cent) for development programmes and Kshs.871.71 million (93 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

A total of Kshs.726.33 million was spent on development and recurrent programmes and represented 77.5 per cent of the total funds released from the CRF account. The entire expenditure of Kshs.726.33 million was on recurrent activities and represented 27.3 per cent of the annual recurrent budget.

3.21.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.393.83 million was spent on compensation to employees and Kshs.332.5 million on operations and maintenance.

Table 3.99: Lamu County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**2,655,940,021**	**871,709,897**	**726,328,864**	**100.0**	**27.3**
Compensation to Employees	1,420,033,746	566,074,144	393,828,525	54.2	27.7
Operations and Maintenance	1,235,906,275	305,635,754	332,500,339	45.8	26.9
Total Development Expenditure	**2,080,377,010**	**65,890,161**	-	-	-
Development Expenditure	2,080,377,010	65,890,161	-	-	-
Total	**4,736,317,031**	**937,600,059**	**726,328,864**	**100.0**	**15.3**

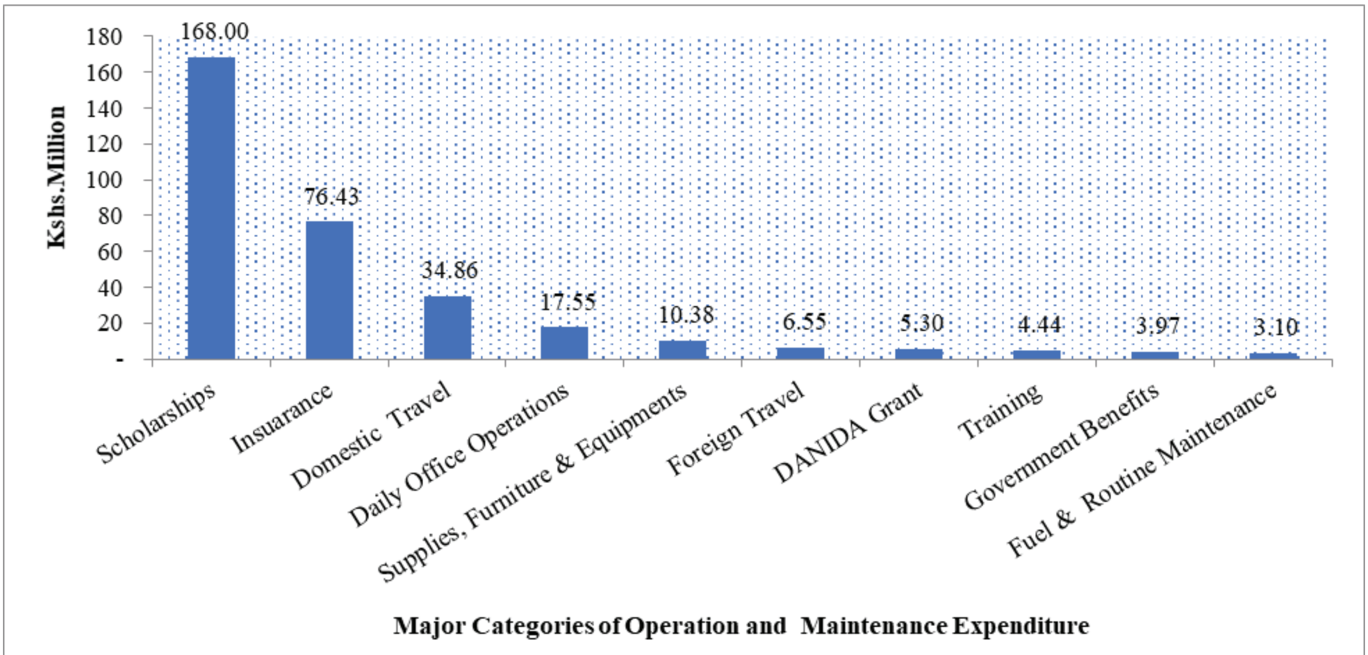
Source: *Lamu County Treasury*

Expenditure on compensation to employees was 54.2 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 47 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.579.11 million.

3.21.6 Analysis of Operations and Maintenance Expenditure

Figure 3.63 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.63: Lamu County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Lamu County Treasury*

The County spent Kshs.10.83 million on committee sitting allowances for the 19 MCAs and Speaker against the annual budget allocation of Kshs.16.59 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.94,959 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.34.86 million and comprised of Kshs.20.62 million spent by the County Assembly and Kshs.14.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.55 million and was entirely spent by the County Assembly.

3.21.7 Development Expenditure Analysis

During the first half of the financial year, the County did not report expenditure on the approved development budget.

3.21.8 Budget Performance by Department

Table 3.100 shows a summary of the approved budget allocation and performance by departments in the first half of FY 2019/20.

Table 3.100: Lamu County, Budget Performance by Department for the First Half of FY 2019/20

Department	Supplementary 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	405	195	158.44	-	128.65	-	81.2	-	31.8	-
County Executive	427.69	246.69	83.19	-	142.25	-	171.0	-	33.3	-
Finance	101.37	4.10	26.15	-	18.64	-	71.3	-	18.4	-
Agriculture & Irrigation	117.16	169.90	20.46	65.89	12.57	-	61.4	-	10.7	-
Land, Physical Planning	34.50	140.65	7.38	-	6.19	-	83.9	-	17.9	-
Education, Gender, Sports, Youth, Culture & Social services	257.45	179.61	194.81	-	186.29	-	95.6	-	72.4	-
Medical Services	914.33	336.24	280.27	-	178.75	-	63.8	-	19.5	-
Trade, Tourism & Investment Development	26.00	27.90	11.40	-	3.11	-	27.3	-	12.0	-
Livestock, Veterinary & Cooperative Development	37.98	43.02	12.81	-	10.05	-	78.5	-	26.5	-
Public Service Board	45.22	-	7.29	-	5.93	-	81.3	-	13.1	-
Water Management & Conservation	27.04	182.67	2.97	-	1.56	-	52.5	-	5.8	-
Youth, Gender, Culture, Sports & Social Services	25.02	124.80	5.82	-	1.59	-	27.3	-	6.4	-
Public Health Sanitation and Environment	86.27	31.58	32.81	-	13.20	-	40.2	-	15.3	-
Fisheries Development	33.85	37.10	10.05	-	4.95	-	49.3	-	14.6	-
Budget & Economic Planning	19.95	-	4.95	-	4.00	-	80.8	-	20.1	-
Infrastructure and Energy	43.32	262.88	12.77	-	8.37	-	65.5	-	19.3	-
Lamu Municipality	53.79	98.25	0.13	-	0.23	-	176.9	-	0.4	-
Total	**2,655.94**	**2,080.38**	**871.71**	**65.89**	**726.33**	**-**	**83.3**	**-**	**27.3**	**-**

Source: *Lamu County Treasury*

Analysis of expenditure by departments shows that the Department of Education, Gender, Sports, Youth, Culture & Social Services had the highest percentage of recurrent expenditure to its recurrent budget at 72.4 per cent while the Lamu Municipality had the lowest at 0.4 per cent.

3.21.9 Budget Execution by Programmes and Sub-Programmes

Table 3.101 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.101: Lamu County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs. Million)	Actual Payments (Kshs. Million)	Absorption (%)
County Assembly	General Administration & Planning	201.81	61.96	30.7
	Legislation. Representation & Oversight	203.19	66.70	32.8
	Sub total	**405.00**	**128.65**	31.8

Programme	Sub- Programme	Approved Budget (Kshs. Million)	Actual Payments (Kshs. Million)	Absorption (%)
County Executive	Headquarters	210.00	123.17	58.7
	Office of the Governor & Deputy Governor	195.47	17.87	9.1
	Public Service Management	4.18	0.28	6.7
	County Public Service	18.04	0.93	5.2
	Sub total	**427.69**	**142.25**	33.3
Finance	Headquarters	101.37	18.64	18.4
	Sub total	**101.37**	**18.64**	18.4
Agriculture & Irrigation	Agriculture & Extension Services	68.01	12.57	18.5
	Crop Management	7.48	-	0.0
	Crop Husbandry	1.97	-	0.0
	Plant disease control	39.70	-	0.0
	Sub total	**117.16**	**12.57**	10.7
Land, Physical Planning	Headquarters	24.15	6.19	25.6
	Survey & Planning	10.10	-	0.0
	Housing, Urban Devpt & Infrastructure	0.25	-	0.0
	Sub total	**34.50**	**6.19**	17.9
Education, Gender, Sports, Youth, Culture & Social Services	Headquarters	29.52	4.16	14.1
	Early Childhood Development	227.93	182.14	79.9
	Sub total	**257.45**	**186.29**	72.4
Medical Services	Headquarters	714.63	171.50	24.0
	Curative & Rehabilitative Health Dept	141.98	1.96	1.4
	Preventive & Promotive Health Dept	57.72	5.30	9.2
	Sub total	**914.33**	**178.75**	19.5
Trade, Tourism & Investment Development	Headquarters	10.24	2.81	27.4
	Tourism	3.10	0.18	6.0
	Culture	9.00	-	0.0
	Trade & Investment	3.65	0.11	3.1
	Sub total	**26.00**	**3.11**	12.0
Livestock, Veterinary & Cooperative Development	Headquarters	10.92	2.26	20.7
	Livestock Production	9.89	3.03	30.7
	Veterinary Services	15.16	4.70	31.0
	Cooperative Development	2.01	0.05	2.3
	Sub total	**37.98**	**10.05**	26.5
Public Service Board	Trade Development & Regulation	45.22	5.93	13.1
	Sub total	**45.22**	**5.93**	13.1
Water Management & Conservation	Headquarters	16.75	1.56	9.3
	Headquarter	10.29	0.01	0.1
	Sub total	**27.04**	**1.56**	5.8
Gender, Youth, Culture, Sports & Social Services	Headquarter	9.86	0.85	8.6
	Headquarters	10.78	0.74	6.8
	Social Services	4.37	-	0.0
	Sub total	**25.02**	**1.59**	6.3
Public Health Sanitation & Environment	Headquarter	86.27	13.20	15.3
	Sub total	**86.27**	**13.20**	15.3
Fisheries Development	Headquarters	33.85	4.95	14.6
	Sub total	**33.85**	**4.95**	14.6
Budget & Economic Planning	Economic Planning and Budgeting	19.95	4.00	20
	Sub total	**19.95**	**4.00**	20
Infrastructure & Energy	Headquarters	43.32	8.37	19.3
	Sub total	**43.32**	**8.37**	19.3
Lamu Municipality	Headquarters	53.79	0.23	0.4
	Sub total	**53.79**	**0.23**	0.4
Grand Total		**2,655.94**	**726.33**	**27.3**

Source: *Lamu County Treasury*

The best-performing sub-programmes across the County were: Early Childhood Development at 79.9 per cent, followed by Legislation, Representation & Oversight at 32.8 per cent of budget allocation.

3.21.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. The County did not report any expenditure on development programmes during the reporting period.
2. Operational delays and IFMIS connectivity challenges, which slowed payment to suppliers.

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

1. *The County should prioritize the implementation of the development programmes during the remaining period of the financial year.*
2. *The County Treasury should liaise with IFMIS Directorate to address IFMIS connectivity challenges.*

3.22 Machakos County

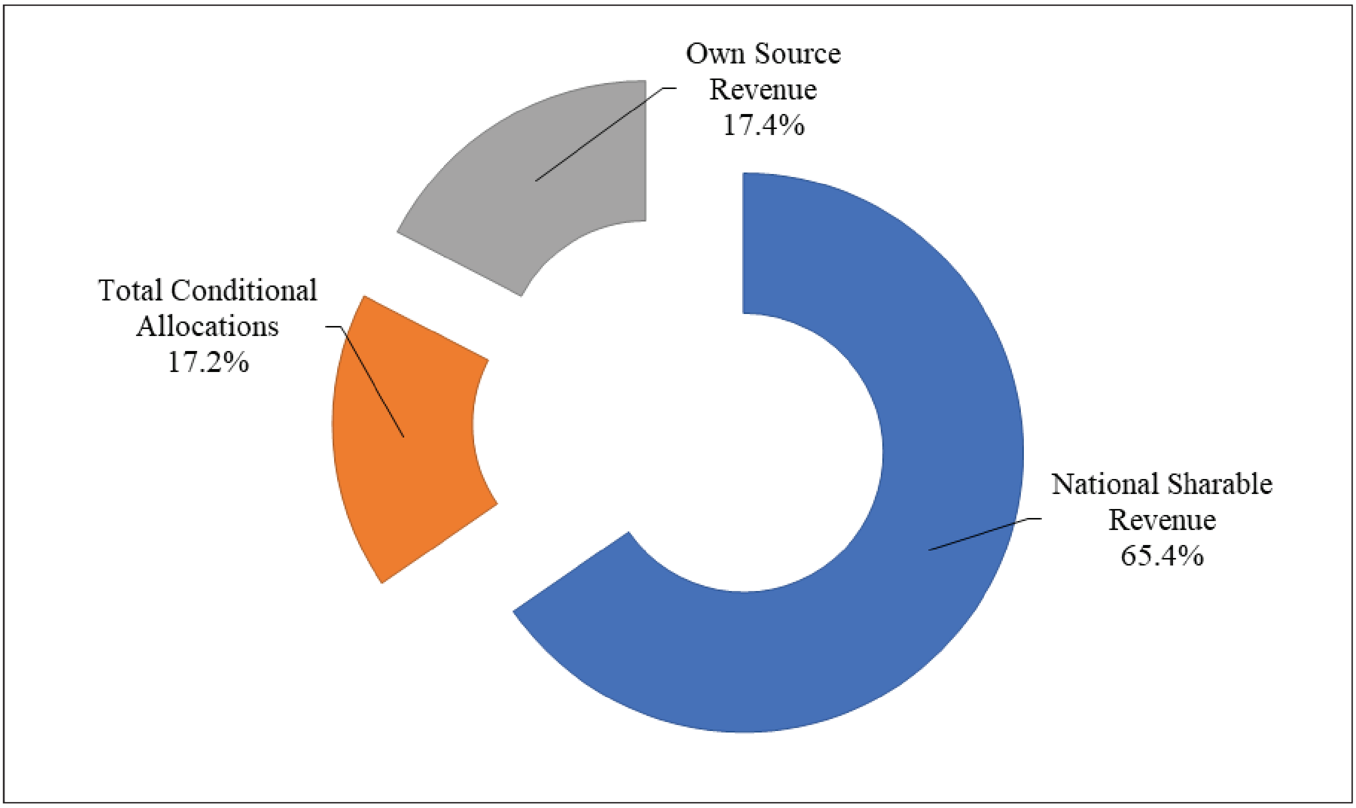
3.22.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.82 billion, comprising of Kshs.4.97 billion (38.8 per cent) and Kshs.7.85 billion (61.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.32 billion (65.4 per cent) as the equitable share of revenue raised nationally, Kshs.2.19 billion (17.2 per cent) as total conditional grants, and generate Kshs.2.21 billion (17.4 per cent) from own source revenue. The county did not budget for Kshs.1.60 billion cash balance from FY 2018/19.

Figure 3.64 shows the expected sources of financing by category in FY 2019/20

Figure 3.64: Machakos County Expected Revenue Sources in FY 2019/20



Source: *Machakos County Treasury*

3.22.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3 billion as equitable share of the revenue raised nationally, Kshs.258.13 million as total conditional grants, raised Kshs.526.40 million from own-source revenue, and had a cash balance of 1.6 billion from FY 2018/19.

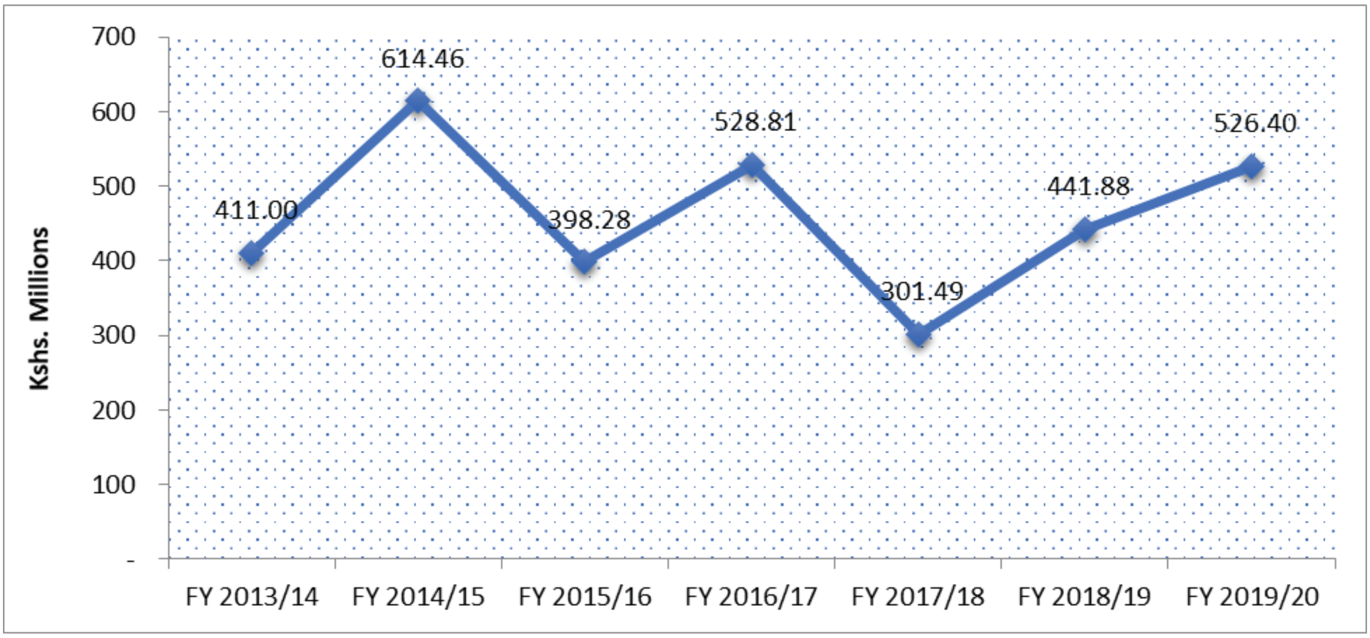
Table 3.102: Machakos County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,754,250,000	8,223,915,000	3,003,130,324	36.5
B.	**Conditional Grants from the National Government Revenue**				
1	Conditional Grants to Level-5 Hospitals	383,583,815	383,583,815	170,311,213	44.4
2	Compensation for User Fee Foregone	24,129,039	24,129,039	-	-
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	220,109,531	361,687,117	-	-
5	Rehabilitation of Village Polytechnics	51,093,298	51,093,298	-	-
Sub Total		**810,830,577**	**952,408,163**	**170,311,213**	17.9
C	**Loans and Grants from Development Partners**				
1	Transforming Health systems for Universal care Project (WB)	129,858,778.00	129,858,778.00	17,827,176.75	13.7
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	150,156,390.00	150,156,390.00	57,565,559.50	38.3
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000.00	83,423,784.00		-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,018,320,500.00	1,018,320,500		-
5	DANIDA Grant	24,843,750.00	24,843,750.00	12,421,875.00	50.0
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	-		-
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,869,663.00	17,869,663.00		-
8	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	-	-	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000.00	8,800,000.00		-
10	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	-	-	-	-
	Sub Total	**1,379,849,081**	**1,433,272,865**	**87,814,611**	**6.1**
D	**Other Sources of Revenue**				
1	Own Source Revenue		2,212,664,747.86	526,403,137	**23.8**
2	Balance b/f from FY2018/19		-	1,603,371,394	-
Sub Total		-	2,212,664,747.86	2,129,774,531.30	
Grand Total		**9,944,929,658**	**11,388,987,911**	**5,391,030,679**	**47.3**

Source: *Machakos County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.39 billion as shown in Table 3.102.

Figure 3.65: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Machakos County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.526.40 million as own-source revenue. This amount represented an increase of 16.1 per cent when compared to Kshs.441.88 million reported during the same period in FY 2018/19, and represented 23.8 per cent of the annual target.

3.22.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.79 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.721.78 million (15.1 per cent) for development programmes and Kshs.4.07 billion (84.9 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

A total of Kshs.4.68 billion was spent on development and recurrent programmes and represented 95.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.709.45 million and Kshs.3.97 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 14.3 per cent while that incurred on recurrent expenditure programmes represented 50.5 per cent of the annual recurrent budget.

3.22.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.05 billion was spent on compensation to employees, Kshs.918.60 million on operations and maintenance, and Kshs.709.45 million on development expenditure.

Table 3.103: Machakos County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Ksh.)	Exchequer Issues (Kshs.)	Expenditure (Ksh)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,850,709,245	4,072,447,409	3,967,373,608	84.8	50.5
Compensation to Employees	4,446,207,363	3,048,769,888	3,048,769,888	65.2	68.6
Operations and Maintenance	3,404,501,882	1,023,677,521	918,603,720	19.6	27.0
Total Development Expenditure	4,971,551,531	721,780,478	709,450,585	15.2	14.3
Development expenditure	4,971,551,531	721,780,478	709,450,585	15.2	14.3
Total	12,822,260,776	4,794,227,886	4,676,824,193	100.0	36.5

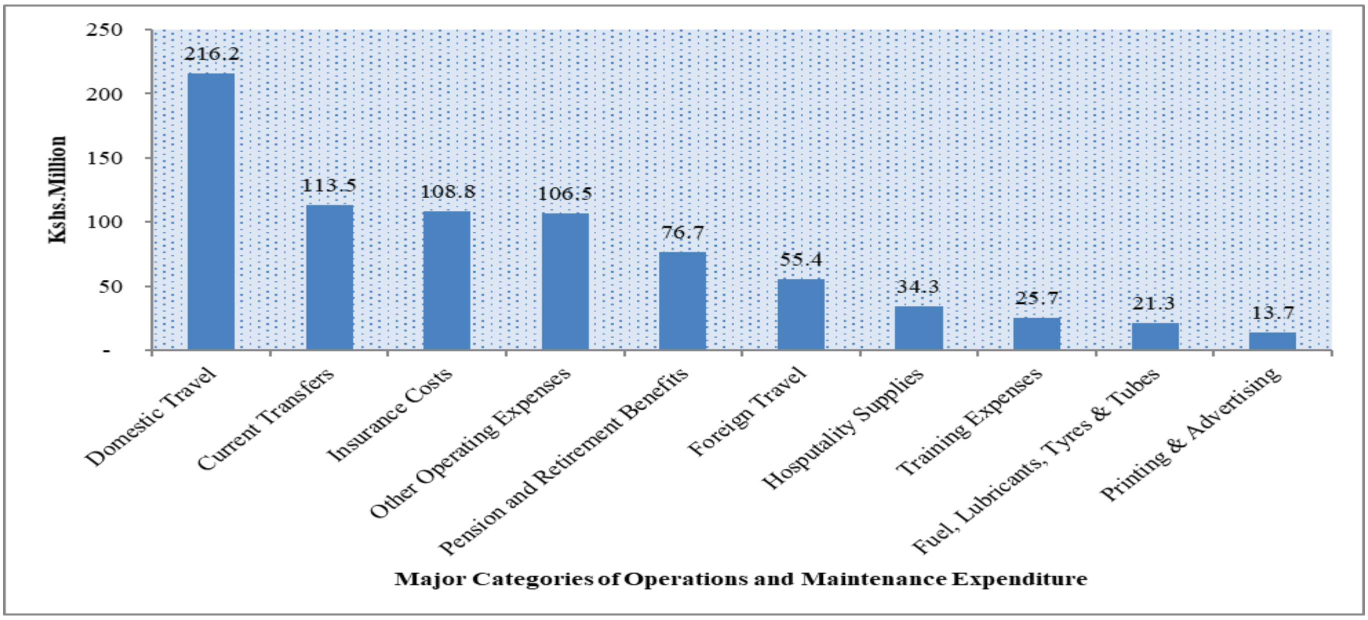
Source: *Machakos County Treasury*

Expenditure on compensation to employees was 65.2 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 17.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.52 billion.

3.22.6 Analysis of Operations and Maintenance Expenditure

Figure 3.66 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.66: Machakos County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Machakos County Treasury*

The County spent Kshs.22.87 million on committee sitting allowances for the 60 MCAs and Speaker against the annual budget allocation of Kshs.64.23 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.62,489 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.271.63 million and comprised of Kshs.152.27 million spent by the County Assembly and Kshs.119.36 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.55.4 million and comprised of Kshs.46.11 million spent by the County Assembly and Kshs.9.27 million spent by the County Executive.

3.22.7 Development Expenditure Analysis

The total development expenditure of Kshs.709.45 million represented 14.3 per cent of the annual development budget of Kshs.4.97 billion. Table 3.104 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.104 : Machakos County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

No	Project Name	Department	Location	Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Upgrading of Nguluni Centre road to bitumen standards	Lands	Nguluni	58,966,814	34,290,248	58
2.	Upgrading of NMT and Parking facilities	Lands	Tala town	56,125,911	40,739,964	73
3.	Upgrading of NMT and Parking Facilities	Lands	Kangundo Town	54,384,512	54,382,958	100
4.	Supply and Delivery of 2 Garbage Compacting Trucks	Lands	Kangundo/Tala Sub Counties	51,400,000	51,400,000	100
5.	Construction of Drainage Facilities in Tala Town	Lands	Tala town	48,516,182	35,793,774	74

No	Project Name	Department	Location	Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6.	Construction of NMT facilities and cabro works along Mbolu Malu Mwatu wa Ngoma Road	Lands	Machakos Town	47,582,180	44,762,669	94
7.	Renovation of Tala youth Centre	Education	Tala	7,653,253	7,653,253	100
8.	Mbusyani VTC Workshop	Education	Kangundo west	6,400,000	3,418,230	53
9.	mlolongo-police road spot improvement	Roads	Mlolongo	4,492,100	4,492,100	100
10.	Matungulu east-kyaume- katwanyaa-kalala spot improvement	Roads	Matungulu East	4,032,578	4,032,577	100
	TOTAL			**339,553,529**	**280,965,773**	**83**

Source: *Machakos County Treasury*

3.22.8 Budget Performance by Department

Table 3.105 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.105: Machakos County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	552.71	5.42	197.54	-	169.85	1.89	86.0	-	30.7	34.9
Finance and Economic Planning	556.16	89.74	242.80	-	163.02	-	67.1	-	29.3	-
Public Service, Quality Management and ICT	509.03	11.77	261.60	-	1,773.18	-	677.8	-	348.3	-
County Public Service Board	59.01	10.00	14.43	-	8.12	-	56.3	-	13.8	-
Roads, Transport and Public Works	202.27	1,364.10	120.41	399.86	62.83	463.21	52.2	115.8	31.1	34
Health and Emergency Services	3,368.59	586.17	2,097.19	125.72	945.66	74.21	45.1	59.0	28.1	12.7
Agriculture, Food Security, and Co-operative Development	383.45	354.53	147.42	65.25	74.89	8.08	50.8	12.4	19.5	2.3
Tourism, Youth, Sports, and Culture	103.90	130.00	37.55	2.32	25.12	20.51	66.9	884.1	24.2	15.8
County Administration and Decentralized Units	395.61	88.10	212.84	-	98.65	-	46.3	-	24.9	-
Trade, Industrialization and Innovation	255.70	133.30	81.90	13.29	71.67	43.39	87.5	326.5	28.0	32.6
County Assembly	911.15	387.00	496.78	6.13	475.91	-	95.8	-	52.2	-
Education, Skills Training and Social Welfare	309.92	158.54	62.37	18.42	45.63	25.17	73.2	136.6	14.7	15.9
Energy, Lands, Housing and Urban Development	120.51	1,152.66	51.71	-	31.23	1.55	60.4	-	25.9	0.1
Water, irrigation, Environment, and Natural Resources	122.72	500.22	47.91	90.78	21.61	71.42	45.1	78.7	17.6	14.3
TOTAL	**7,850.71**	**4,971.55**	**4,072.45**	**721.78**	**3,967.37**	**709.45**	**97.4**	**98.3**	**50.5**	**14.3**

Source: *Machakos County Treasury*

Analysis of expenditure by the departments shows that the Office of the Governor recorded the highest absorption rate of development budget at 34.9 per cent while eight departments did not incur any expenditure. The Department of Public Service, Quality Management and ICT had the highest percentage of recurrent expenditure to its recurrent budget at 348.3 per cent while the County Public Service Board had the lowest at 13.8 per cent. The over expenditure in the Department of Public Service, Quality Management and ICT at 348.3 per cent is as a result of lumping up expenditure on personnel emoluments in the department instead of respective user departments.

3.22.9 Budget Execution by Programmes and Sub-Programmes

Table 3.106 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.106: Machakos County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Absorption (%)
Office of the Governor				
Co-ordination and Supervisory Services	Co-ordination and Supervisory Services	558,128,499	171,741,192	**30.8**
Sub total		**558,128,499**	**171,741,192.40**	**30.8**
Finance and Revenue Management				
Revenue Management	Revenue Management	186,928,163	46,058,378	**24.6**
Financial Management	Budget Formulation, Coordination and Implementation	115,652,240	15,786,660	**13.7**
Supply Chain Management	Supply Chain Management	4,271,964	0	**0.0**
Accounts Services	Accounts Services	10,735,603	7,609,900	**70.9**
Audit Services	Audit Services	4,101,320	30,000	**0.7**
Human Resource Management and Support Services	Human Resource Management and Support Services	282,149,172	86,360,127	**30.6**
County Planning and Statistical Information Services	County Planning and Statistical Information Services	42,062,000	7,178,628	**17.1**
Sub total		**645,900,462**	**163,023,693**	**25.2**
Public Service, Quality Management and ICT				
General Administration and Support Services	Support Services	398,977,602	1,766,728,055	**442.8**
Quality Management	Quality Management	3,300,000	-	-
Training, Research and Development	Human Resource Capacity Development	93,436,384	1,983,740	**2.1**
ICT Infrastructure	ICT Infrastructure	22,837,119	4,470,983	**19.6**
Closed Circuit Television (CCTV)	Closed Circuit Television (CCTV)	2,245,000	-	-
Sub total		**520,796,105**	**1,773,182,778**	**340.5**
County Public Service Board				
Human Resource Administration	Human Resource Administration	69,009,725	8,119,604	**11.8**
Sub total		**69,009,725**	**8,119,604**	**11.8**
Roads, Transport and Public Works				
General Administration and Support Services	Support Services	232,336,447	40,761,350	**17.5**
Road Development and Management	Road Development and Management	922,499,617	201,134,451	**21.8**
County Government Buildings Services	County Government Buildings Services	281,824,557	243,297,254	**86.3**
County Fleet Management	County Fleet Management	129,704,913	40,848,925	**31.5**
Sub total		**1,566,365,534**	**526,041,981**	**33.6**
Health and Emergency Services				
General Administration And Support Services	Support Services	2,830,321,656	925,541,481	**32.7**
Preventive and Promotive Services	Preventive and Promotive Services	991,772,738	86,536,246	**8.7**
Emergency Services	Emergency Services	24,112,500	-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Absorption (%)
public health and community outreach	public health and community outreach	108,557,389	7,792,883	**7.2**
Sub total		**3,954,764,283**	**1,019,870,610**	**25.8**
Agriculture, Food Security, and Co-operative Development				
General Administration and Support Services	Support Services	261,899,172	54,161,798	**20.7**
Crop Development and Management	Crop Development and Management	179,174,991	27,581,024	**15.4**
Livestock Resources Management and Development	Livestock Resources Management	93,126,412	340,000	**0.4**
Fisheries Development	Fisheries Development	14,752,645	130,000	**0.9**
Veterinary Services	Veterinary Services	82,328,402	-	-
Agriculture Training Centre	Agriculture Training Centre	15,628,231	-	-
Cooperative Development and Marketing	Cooperative Development and Marketing	91,065,157	758,600	**0.8**
Sub total		**737,975,010**	**82,971,422**	**11.2**
Tourism, Youth, Sports and Culture				
General Administration and Support Services	Support Services	65,715,063	20,146,407	**30.7**
Heritage & Culture	Heritage & Culture Preservation	5,149,882	2,678,704	**52.0**
Liquor Management	Liquor Management	1,330,790	-	-
Tourism Development and Marketing	Tourism Development	10,161,278	3,747,200	**36.9**
County Image Directorate	County Beautification	10,800,000	250,000	**2.3**
Management and Development of Sports and Sports Facilities	Management of Sports	140,740,112	18,814,499	**13.4**
Sub total		**233,897,125**	**45,636,810**	**19.5**
County Administration and Decentralized Units				
General Administration and Support Services	Support Services	300,280,713	79,910,925	**26.6**
Civic Engagement	Civic Engagement	99,436,310	6,215,228	**6.3**
Administration and Coordination Services	Administration and Coordination Services	24,492,254	9,884,052	**40.4**
Solid Waste Management	Solid Waste Management	12,800,000	2,643,000	**20.6**
Sanitation Management	Sanitation	2,000,000	-	-
Inspectorate services and Management	Inspectorate Services	44,695,872	-	-
Sub total		**483,705,149**	**98,653,205**	**20.4**
Trade, Industrialization and Innovation				
General Administration and Support Services	Support Services	77,841,600	15,297,582	**19.7**
Trade Development	Trade Development	33,850,000	12,142,813	**35.9**
Business and Enterprise Development	Business and Enterprise Development	8,600,000	1,054,900	**12.3**
Industrialization and innovation	Industrialization and innovation	106,050,000	37,788,499	**35.6**
Machakos Investment Promotion Board	Investment Facilitation and Support	11,759,324	694,069	**5.9**
County Law Office	Legal Office	150,903,950	48,087,451	**31.9**
Sub total		**389,004,874**	**115,065,313**	**29.6**
County Assembly				-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs)	Absorption (%)
Legislation and Oversight	Legislation and Oversight	1,298,145,156	475,905,734	**36.7**
Sub total		**1,298,145,156**	**475,905,734**	**36.7**
Education, Skills Training and Social Welfare				
General Administration and Support Services	Support Services	277,645,916	48,810,884	**17.6**
Basic Education	Provision of Education Services	106,594,456	19,188,291	**18.0**
Youth Development Services	Youth Empowerment	67,813,258	1,518,970	**2.2**
Gender and Social Services	Social Protection	16,406,107	1,284,250	**7.8**
Sub total		**468,459,737**	**70,802,394**	**15.1**
Energy, Lands, Housing and Urban Development				
General Administration and Support Services	Support Services	62,012,957	29,592,212	**47.7**
Housing and Urban Development	Land Policy and Planning	1,123,306,468	1,467,000	**0.1**
Energy and Natural Resources	Energy and Natural Resources	87,849,140	1,716,711	**2.0**
Sub total		**1,273,168,565**	**32,775,923**	**2.6**
Water, irrigation, Environment, and Natural Resources				
Water Supply and Sewerage	Water Supply and Sewerage	338,064,789	76,358,484	**22.6**
Irrigation Schemes Development and Promotion.	Irrigation Development	188,014,626	5,815,200	**3.1**
	Development and promotion of irrigation schemes	5,562,474	-	-
General Administration and Support Services	Support Services	91,298,662	10,859,852	**11.9**
Sub Total		**622,940,551**	**93,033,536**	**14.9**
Grand Total		**12,822,260,776**	**4,676,824,193**	**36.5**

Source: *Machakos County Treasury*

The best performing sub-programmes across the County were: Accounts Services at 70.9 per cent, County Government Building Services at 86.3 per cent, Heritage & Culture, and General Administration and Support Services at 442.8 per cent .

3.22.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. The County maintains several imprest accounts for different departments in commercial banks which affect proper reporting on budget implementation.

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

1. *The county should limit the number of imprest accounts maintained in the commercial banks and instead make payments through the IFMIS system.*

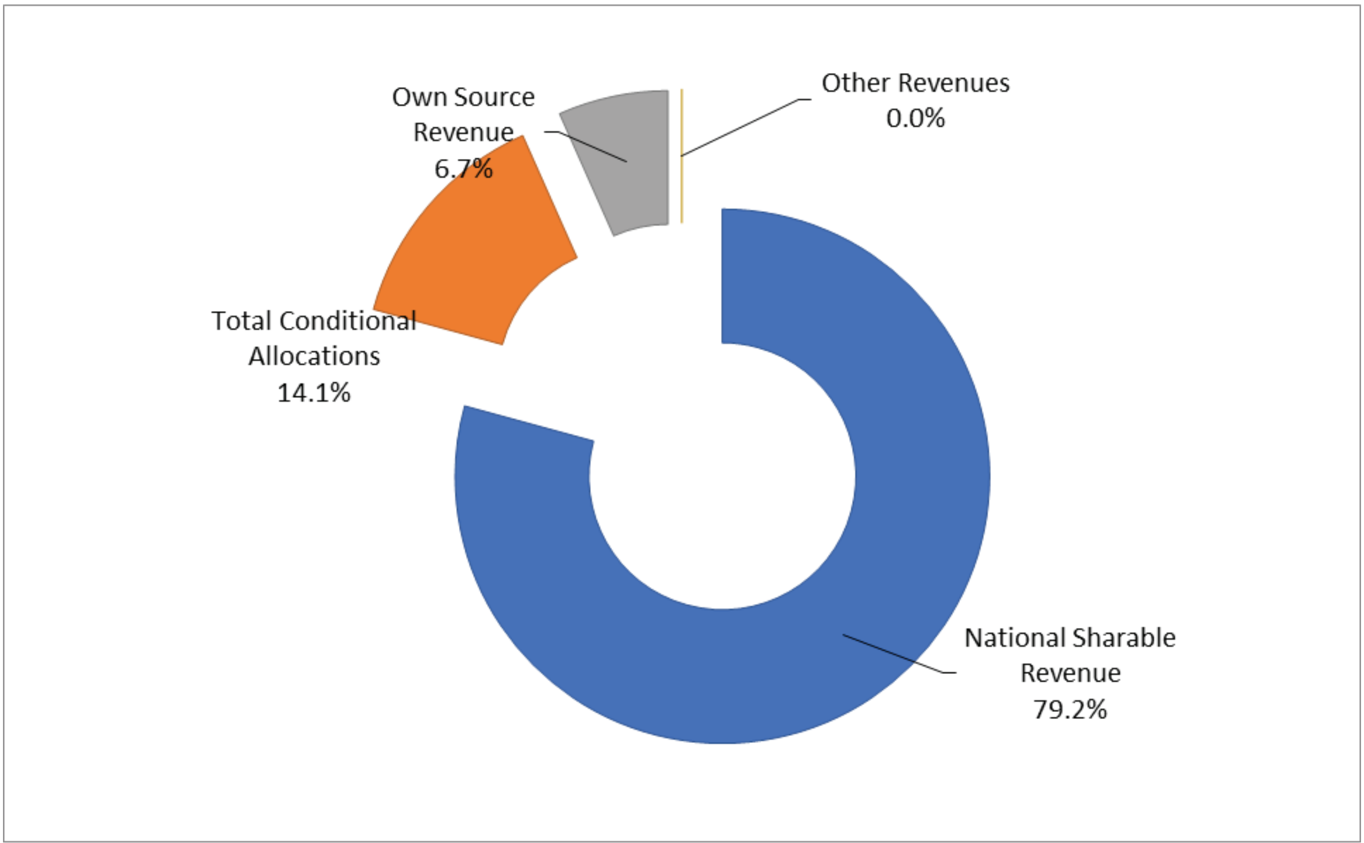
3.23 Makueni County

3.23.1 Overview of the FY 2019/20 Budget

The County's approved supplementary budget for FY 2019/20 was Kshs.10.79 billion, comprising of Kshs.4.67 billion (43.3 per cent) and Kshs.6.12 billion (56.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.25 billion (67.2 per cent) as equitable share of revenue raised nationally, Kshs.1.29 billion (12.0 per cent) as total conditional grants, generate Kshs.609 million (5.6 per cent) from own sources of revenue, and budgeted Kshs.1.64 billion (15.2 per cent) as cash balance from FY 2018/19. Included in own source revenue is Kshs.59 million for Appropriation in Aid for ATC, Fruit Processing and Sand Authority. Figure 3.67 shows the expected sources of financing by category in FY 2019/20.

Figure 3.67: Makueni County Expected Revenue Sources in FY 2019/20



***Source**: Makueni County Treasury*

3.23.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.62 billion as equitable share of the revenue raised nationally, *Kshs.467.47 million as total conditional grants, raised Kshs.205.14 million from own-source revenue, and reported a cash balance of *Kshs.1.01 billion from FY 2018/19.

Table 3.107: Makueni County, Revenue Performance in the First Half of FY 2019/20

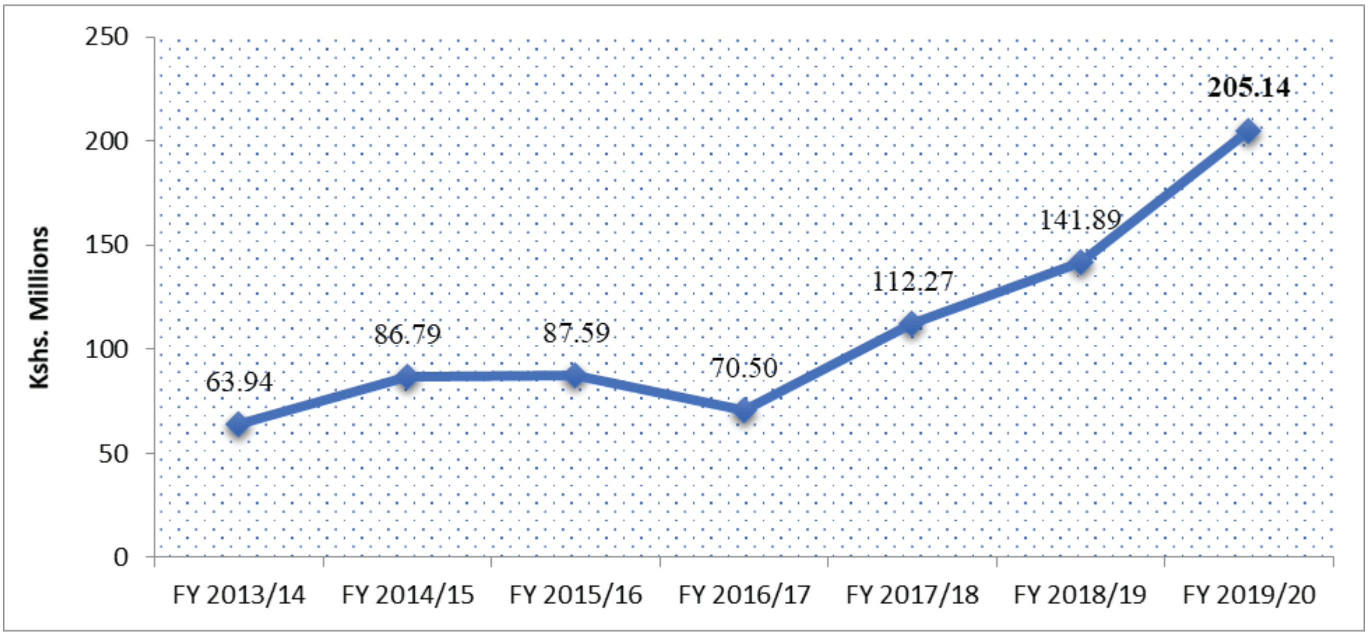
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**7,406,100,000**	**7,254,000,000**	**2,621,759,400**	**36.1**
B.	**Conditional Grants from the National Government Revenue**				
3.	Compensation for User Fee Foregone	19,435,760	19,435,760		-
4.	Leasing of Medical Equipment	131,914,894			-
5.	Road Maintenance Fuel Levy Fund	210,227,063	210,227,063	52,556,766	25.0
6.	Rehabilitation of Village Polytechnics	60,333,298	60,333,298		-
Sub Total		**421,911,015**	**289,996,121**	**52,556,766**	**18.1**
C	**Loans and Grants from Development Partners**				
7	Transforming Health systems for Universal care Project (WB)	89,179,782	89,179,782	27,191,831	30.5
8	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	80,427,414	23.0
9	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000		-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
10	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	136,261,600	136,261,600		-
11	DANIDA Grant	21,281,250	21,281,250	10,640,625	50.0
12	EU Grant (Instruments for Devolution Advise and Support IDEAS)	50,180,747	50,180,747		-
13	Kenya Devolution Support Programme "Level 2 grant"		296,651,733	[1*]*296,651,733*	100.0
14	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,051,135	19,051,135		-
15	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000		-
16	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)				
Sub Total		**704,754,514**	**1,001,406,247**	**414,911,602**	**41.4**
D	**Other Sources of Revenue**				
17	Own Source Revenue		609,000,000	205,138,050	33.7
18	Balance b/f from FY2018/19		1,636,208,781	[2*]*709,793,969*	43.4
Sub Total		-	2,245,208,781	914,932,019	40.8
Grand Total			**10,790,611,149**	**4,004,159,787**	**37.1**

Source: *Makueni County Treasury*

The total funds available for budget implementation, during the period was Kshs.4 billion as shown in Table 3.107.

Figure 3.68: Makueni County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Makueni County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.205.14 million as own-source revenue. This amount represented an increase of 44.6 per cent when compared to Kshs.141.89 million reported during the same period in FY 2018/19, and represented 33.7 per cent of the annual target.

1 [*] *The County, through their refund statement at the end of FY 2018/19, reported a balance of Kshs. 1006,445,701.80. Included in this amount was Kshs.296,651,733.00 (CRF CBK Statement) that was conditional grant receipt for Kenya Devolution Support Programme "Level 2 Grant".*

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.82 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.946.23 million (24.7 per cent) for development programmes and Kshs.2.88 billion (75.3 per cent) for recurrent programmes.

3.23.4 Overall Expenditure Review

A total of Kshs.3.45 billion was spent on development and recurrent programmes and represented 90.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.620.10 million and Kshs.2.82 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 13.3 per cent while that incurred on recurrent expenditure programmes represented 46.1 per cent of the annual recurrent budget.

3.23.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.85 billion was spent on compensation to employees, Kshs.977.77 million on operations and maintenance, and Kshs.620.10 million on development expenditure.

Table 3.108: Makueni County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget Kshs.	Exchequer Issues Kshs.	Expenditure Kshs	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**6,123,483,834**	**2,878,323,396**	**2,824,998,117**	**82.0**	**46.1**
Compensation to Employees	3,735,819,476	1,850,758,047	1,847,227,041	53.6	49.4
Operations and Maintenance	2,387,664,358	1,027,565,349	977,771,076	28.4	41.0
Total Development Expenditure	**4,667,127,315**	**946,233,914**	**620,101,409**	**18.0**	**13.3**
Development expenditure	4,667,127,315	946,233,914	620,101,409	18.0	13.3
Total	**10,790,611,149**	**3,824,557,310**	**3,445,099,526**	**100.0**	**31.9**

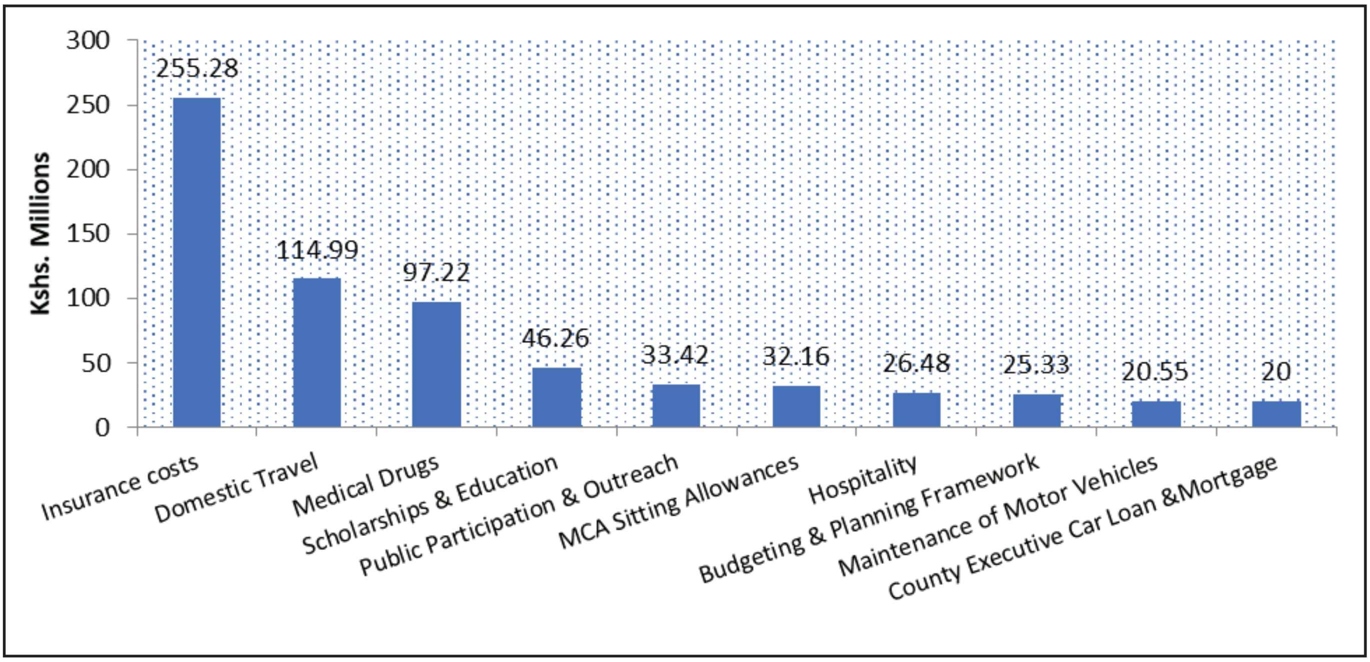
***Source**: Makueni County Treasury*

Expenditure on compensation to employees was 53.6 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 7.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.71 billion.

3.23.6 Analysis of Operations and Maintenance Expenditure

Figure 3.69 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.69 : Makueni County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Makueni County Treasury*

The County spent Kshs.32.16 million on committee sitting allowances for the 49 MCAs including the Speaker against the annual budget allocation of Kshs.53.99 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs. 109,389 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.114.99 million and comprised of Kshs.70.45 million spent by the County Assembly and Kshs.44.54 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.73 million and comprised of Kshs.1.73 million spent by the County Assembly and Kshs. 8.00 million spent by the County Executive.

3.23.7 Development Expenditure Analysis

The total development expenditure of Kshs.620.10 million represented 13.3 per cent of the annual development budget of Kshs.4.67 billion. Table 3.109 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.109: Makueni County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Universal health care programme	County Wide	281,646,846	150,251,110	53.3
2	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	Specific Wards (20)	352,507,165	46,379,115	13.2
3	IDA (World Bank) credit: Kenya Urban Support Project(KUSP) - Urban Development Grant (UDG)	Wote Municipality	198,206,302	40,105,767	20.2
4	Transforming Health Systems for Universal Care Project (WB)	County Wide	155,865,040	27,157,307	17.4
5	Ligi-Mashinani / sport Development/ Anti-Drug & substance abuse programme	County Wide	30,000,000	14,300,200	47.7
6	Proposed Installation of Chamber Seats	County Assembly of Makueni	11,182,400	13,201,365	118.1
7	AIA-Makueni Fruit Processing Plant	Kalamba	25,000,000	11,973,771	47.9
8	Roads upgrade programme - ward - fuel levy funding		39,209,281	11,593,143	29.6
9	Kithuluni - Itetani road	Tulimani	9,000,000	8,788,455	97.6

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
10	Ndivuni – Kwa kavuli – Ngaa – Kwa kisyoka – Kalimani – Mbumbuni – Kimandi – Ngoni – kwa Masuku – mwende – Kavutini road (heavy grading and murraming)	Kisau/ Kiteta	7,000,000	7,262,988	103.8

Source: *Makueni County Treasury*

3.23.8 Budget Performance by Department

Table 3.110 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.110: Makueni County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. millions.)		Exchequer Issues (Kshs. millions)		Expenditure (Kshs. millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	746.36	121.24	432.09	16.13	393.46	13.20	91.1	81.8	52.7	10.9
Office of the Governor	178.08	-	98.27	-	81.04	-	82.5		45.5	
Office of the Deputy Governor	13.45	-	7.14	-	4.94	-	69.2		36.7	
County Attorney's Office	24.84	-	8.70	-	6.72	-	77.3		27.1	
County Public Service Board	54.35	-	20.63	-	18.72	-	90.8		34.5	
County Secretary Office	390.66	-	270.54	-	277.90	-	102.7		71.1	
Department of Devolution, Administration, Participatory Development, Youth & Public Service	270.16	100.08	120.87	5.75	122.38	4.86	101.2	84.5	45.3	4.9
The Department of Finance and Socio Economic Planning	526.49	399.20	218.93	296.65	228.94	2.75	104.6	0.9	43.5	0.7
The Department of Agriculture, Irrigation, Livestock & Fisheries Development	245.40	676.41	135.20	87.34	116.17	77.79	85.9	89.1	47.3	11.5
The Department of Water, Environment & Climate Change	207.14	1,135.57	96.46	130.89	80.27	87.92	83.2	67.2	38.7	7.7
The Department of Education and ICT	400.08	339.83	155.03	25.24	178.09	38.79	114.9	153.7	44.5	11.4
The Department of Health Services	2,751.90	637.05	1,175.87	273.06	1,186.91	207.31	100.9	75.9	43.1	32.5
The Department of Lands, Mining and Urban Development	55.90	293.05	24.84	9.90	16.91	40.45	68.1	408.6	30.3	13.8
The Department of Transport and Infrastructure	139.87	757.44	56.19	90.85	68.37	130.97	121.7	144.2	48.9	17.3
The Department of Trade, Industry, Tourism & Cooperatives	49.50	104.94	25.60	8.44	19.77	9.78	77.2	115.9	39.9	9.3

Department	Budget Allocation (Kshs. millions.)		Exchequer Issues (Kshs. millions)		Expenditure (Kshs. millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Department of Gender and Social Services	69.31	102.34	31.96	1.99	24.42	6.29	76.4	315.6	35.2	6.1
Total	**6,123.48**	**4,667.13**	**2,878.32**	**946.23**	**2,825.00**	**620.10**	**98.1**	**65.5**	**46.1**	**13.3**

Source: *Makueni County Treasury*

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 32.5 per cent while the Department of Finance and Socio Economic Planning recorded the lowest at 0.7 per cent. County Secretary Office had the highest percentage of recurrent expenditure to its recurrent budget at 71.1 per cent while the Department of Lands, Mining and Urban Development had the lowest at 30.3 per cent.

3.23.9 Budget Execution by Programmes and Sub-Programmes

Table 3.111 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.111: Makueni County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Department	Programme/ Sub Programme	Revised Budget Estimates FY 2019/20	Cumulative Expenditure First Half FY 2019/20	Implementation status
Agriculture, Irrigation, Livestock	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	346,181,271	120,716,407	34.9
	Programme 2: Land, Crop development & productivity			
& Fisheries	SP2. 1Land, Crop development & productivity	463,641,495	53,870,032	11.6
	P3;Agribusiness and information management			
Development	SP3. 1Agribusiness and information management	4,338,563	13,723,771	316.3
	Programme 4: Livestock Production, Management and Development			
	SP4. 1LivestockProduction, Management and Development	107,644,114	5,650,885	5.2
	Total Budget	**921,805,443**	**193,961,095**	21.0
Transport & Infrastructure	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	107,751,358	41,454,831	38.5
	Programme 2: Road transport			
	SP2. 1Road transport	722,890,934	130,396,783	18.0
	P3;Infrastructure development			
	SP3. 1Infrastructure development	51,386,960	13,536,915	26.3
	Programme 2: Energy Infrastructure & development			
	SP4. 1Energy Infrastructure & development	15,273,771	2,941,711	19.3
	Total Budget	**897,303,024**	**188,330,240**	21.0
Trade, Industry	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	44,245,883	19,771,151	44.7
	Programme 2: Trade development & promotion			
	SP2.4; Trade marketing & promotion	91,159,785	3,013,370	3.3
Tourism &	**P3; Industrial development and promotion**			
	SP3. 1 Industrial development and promotion	3,660,000	500,000	13.7
Cooperatives	**Programme 4: Tourism development & promotion**			
	SP4. 1Tourism development & promotion	8,480,131	2,603,620	30.7
	Programme 5: Cooperative development and management			
	SP4. 1Cooperative development and management	6,885,168	3,660,995	53.2
	Total Budget	**154,430,967**	**29,549,136**	19.1

Department	Programme/ Sub Programme	Revised Budget Estimates FY 2019/20	Cumulative Expenditure First Half FY 2019/20	Implementation status
Land, Mining & Urban Development	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	48,952,175	15,907,838	32.5
	Programme 2: : Land Survey & Mapping			
	SP2. 1: Land Survey & Mapping	41,670,368	604,920	1.5
	P3;Urban planning			
	SP3. 1Urban planning	256,398,302	40,505,767	15.8
	Programme 2: Mining mapping & development			
	SP4. 1Mining mapping & development	1,921,100	341,100	17.8
	Total Budget	348,941,946	**57,359,625**	16.4
Water, Environment & Climate Change	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	173,109,630	69,965,370	40.4
	Programme 2: Water infrastructure Development			
	SP 2.1 Water harvesting and storage	300,622,848	22,600,911	7.5
	SP 2.2.Piped water supply infrastructure	439,023,506	33,624,884	7.7
	SP2.3 Ground water development	283,771,633	17,282,255	6.1
	P3; Irrigation infrastructure development			
	SP3. 1 Irrigation infrastructure development	-	-	
	Programme 4: Environment management and protection			
	SP4. 1Environment management and protection	146,183,440	24,717,092	16.9
	Total Budget	**1,342,711,057**	**168,190,511**	12.5
Sand Authority	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning			
	Total Budget			
Education & ICT	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	271,297,447	119,381,340	44.0
	Programme 2: Early childhood education			
	SP1. 1 Early childhood education	138,238,495	18,613,943	13.5
	Programme 3: Technical training & non formal education			
	SP1. 1 Technical training & non formal education	124,948,912	12,588,652	10.1
	Programme 4: Support to education			
	SP1. 1 Support to education	59,491,773	49,443,940	83.1
	Programme 5;ICT Infrastructure & Systems Development			
	SP3. 1ICT Infrastructure & Systems Development	38,168,404	935,557	2.5
	Programme 6; Youth Development support& Empowerment			
	SP6. 1 Youth Development	3,442,629	769,830	22.4
	Programme 7: Sports Development			
	SP7. 1Sports Development	104,320,279	15,147,051	14.5
	Total Budget	**739,907,939**	**216,880,312**	29.3
Health Services	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	3,021,757,699	1,280,284,281	42.4
	Programme 2: Curative health care services			
	SP2. 1:Curative health care services	312,333,333	99,949,690	32.0
	Programme 3; Preventive and promotive health care services			
	SP3. 1Preventive and promotive health care services	54,862,332	13,985,366	25.5
	Total Expenditure of Vote	**3,388,953,364**	**1,394,219,338**	41.1
Gender & Social Services	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	62,726,049	25,058,873	39.9
	Programme 2: Gender & Social Development			
	SP2. 1Gender & Social Development	108,921,864	5,646,320	5.2
	Total Budget	**171,647,914**	**30,705,193**	17.9
County Attorney	**Programme 1: Legal & advisory services**			
	SP1. 1 Legal & advisory services	24,836,716	6,723,426	27.1
	Total Budget	**24,836,716**	**6,723,426**	27.1
County Secretary	**Programme 1: Leadership and coordination of departments.**			
	SP1. 1 Leadership and coordination of departments.	390,661,579	277,895,858	71.1
	Total Budget	**390,661,579**	**277,895,858**	71.1

Department	Programme/ Sub Programme	Revised Budget Estimates FY 2019/20	Cumulative Expenditure First Half FY 2019/20	Implementation status
Office of the Governor	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	191,531,902	85,983,569	44.9
	Total Budget	**191,531,902**	**85,983,569**	44.9
Devolution, Administration, Participatory Development, Youth and Public Service	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	249,818,354	113,582,523	45.5
	Programme 2: :Public Participation & Civic Education			
	SP2. 1:Public Participation & Civic Education	21,800,000	6,272,630	28.8
	Programme 3;Information and communication			
	SP3. 1Information and communication	2,443,630	-	0.0
	Programme 4:Enforcement and compliance			
	SP4. 1 Enforcement and compliance	10,400,000	3,247,352	31.2
	Programme 5:Volunteerism & mentorship			
	SP5. 1 Volunteerism & mentorship	14,000,000	1,371,320	9.8
	Programme 6; Youth Development support& Empowerment			
	SP6. 1 Youth Development	71,775,968	2,758,199	3.8
	Total Budget	**370,237,952**	**127,232,024**	34.4
County Public Service Board	**Programme 1: General Administration and Planning**			
	SP1.1 : General Administration and Planning	54,348,175	18,723,282	34.5
	Total Budget	**54,348,175**	**18,723,282**	34.5
Finance & Socio Economic Planning	**Programme 1: General administration & planning**			
	SP1. 1 General administration & planning	744,453,881	166,512,440	22.4
	Programme 2: Public financial management			
	SP2.1 Accounting services	15,406,000	6,071,245	39.4
	SP2.2; Budget formulation, coordination and management	45,906,000	28,780,507	62.7
	SP2.3; Internal audit services	18,406,000	5,878,503	31.9
	SP2.4; Resource mobilisation	52,206,000	14,036,715	26.9
	SP2.5; Supply chain management services	8,406,000	3,914,831	46.6
	SP2.6; Economic planning	40,906,000	6,489,621	15.9
	Total Budget	**925,689,881**	**231,683,861**	25.0
County Assembly	Legislation & Oversight	867,603,291	468,246,653	54.0
	TOTAL COUNTY BUDGET	**10,790,611,149**	**3,495,684,124**	**32.4**

Source: *Makueni County Treasury*

The best performing programmes across the County were: Agribusiness and Information Management programme under Department of Agriculture, Irrigation, Livestock and Fisheries Development at 316.3 per cent; and Support to Education programme under Department of Education and ICT at 83.1 per cent.

3.23.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Development budget absorption rate has declined from 16.6 per cent in the first half of FY 2018/19 to 13.3 per cent in the second half of FY 2019/20.
2. The reported expenditure for some votes exceeded the actual exchequer issued for the period under review
3. The national sharable equitable revenue allocation for Makueni County as per CARA 2019 is Kshs.7.41 billion and not Kshs.7.25 billion as estimated in the first supplementary budget.

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

1. *In the remaining period of FY 2019/20 there is need for the County to put more focus on development activities/ implementation.*

2. *The County Treasury should check on their financial controls to ensure that expenses incurred by County entities are within the exchequer work plans.*
3. *The County is advised to revise their budget estimates in line with the CARA, 2019 allocations.*

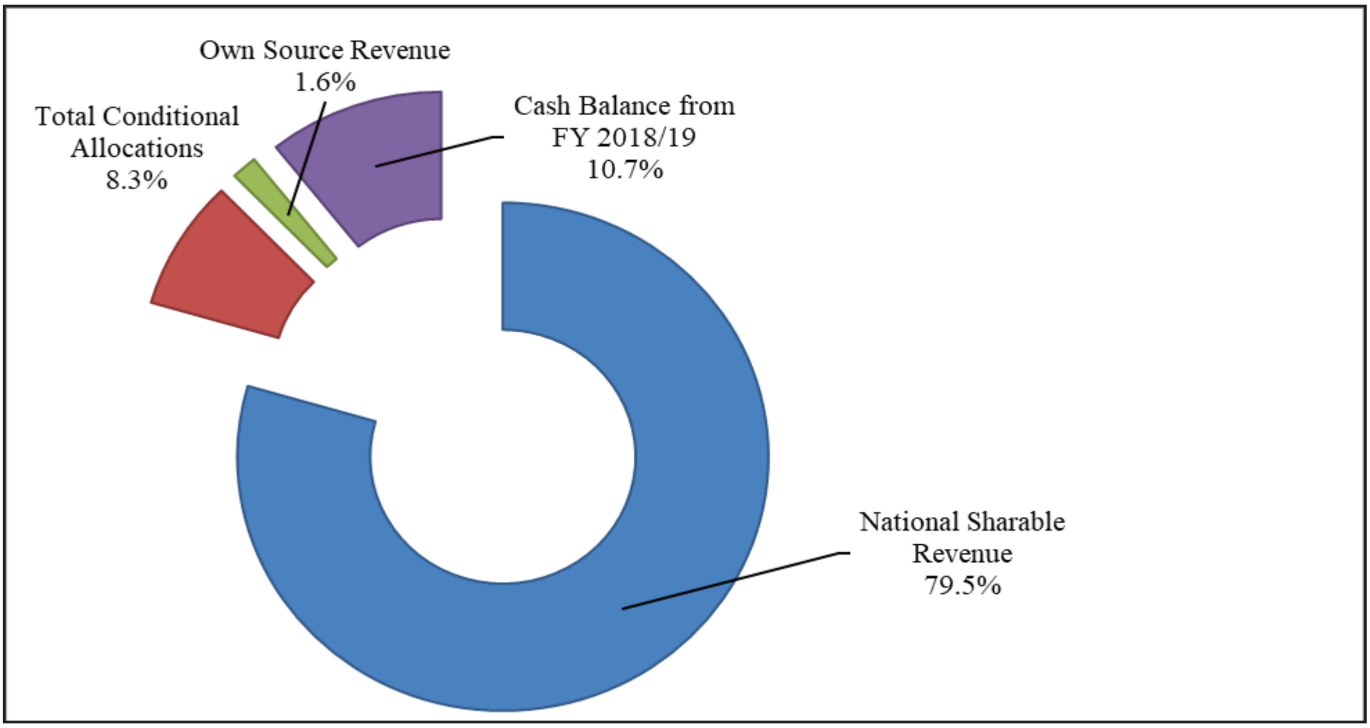
3.24 Mandera County

3.24.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.99 billion, comprising of Kshs.6.48 billion (49.9 per cent) and Kshs.6.51 billion (50.1per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.22 billion (79.5 per cent) as equitable share of revenue raised nationally, Kshs.1.18 billion (8.3 per cent) as total conditional grants, generate Kshs.200 million from own sources of revenue (1.6 per cent), and Kshs.1.37 billion (10.7 per cent) as cash balance from FY 2018/19. Figure 3.70 shows the expected sources of financing by category in FY 2019/20.

Figure 3.70: Mandera County Expected Revenue Sources in FY 2019/20



Source: *Mandera County Treasury*

3.24.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.62 billion as equitable share of the revenue raised nationally, Kshs. 91.86 million as total conditional grants, raised Kshs.50.27 million from own-source revenue, and had a cash balance of Kshs.1.37 billion from FY 2018/19.

Table 3.112: Mandera County, Revenue Performance in the First Half of FY 2019/20

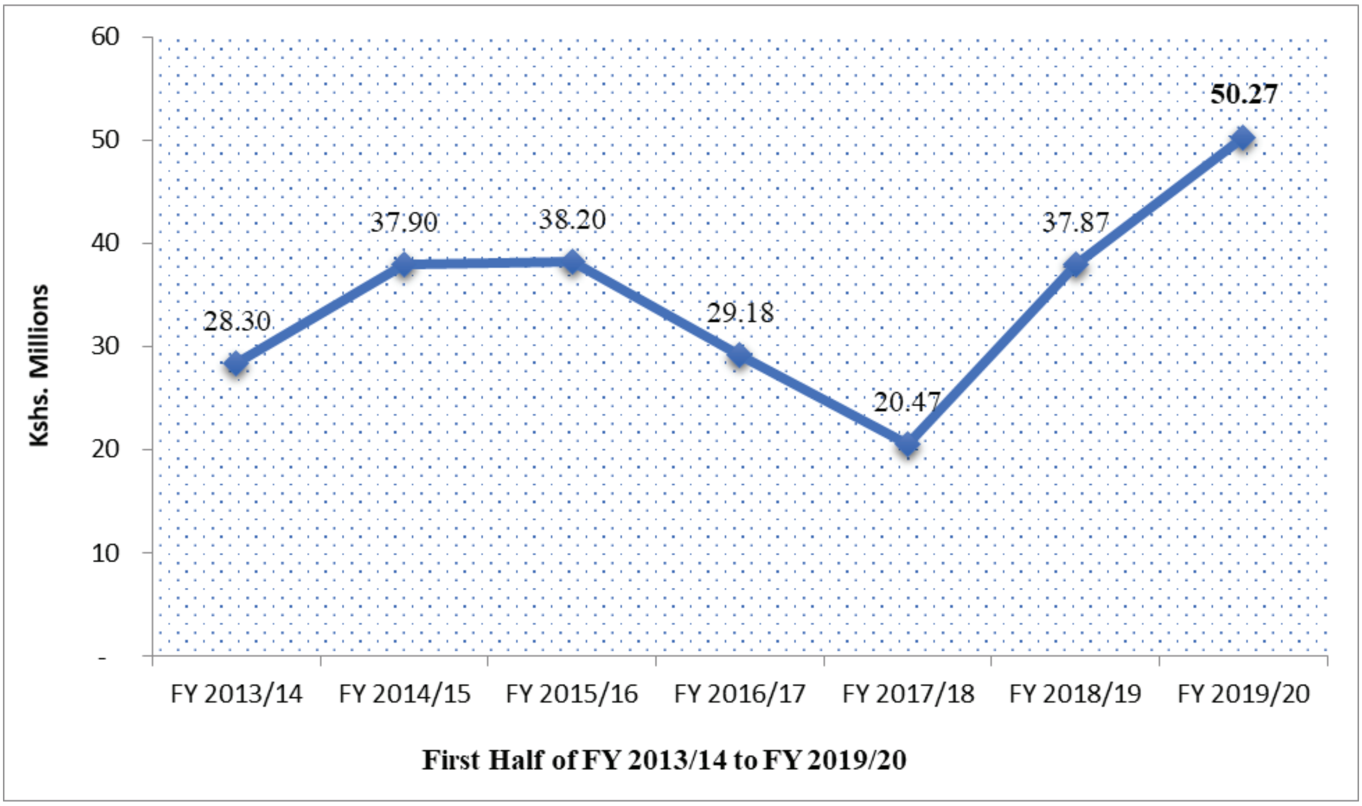
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,222,950,000	10,222,950,000	3,618,924,300	35.4
B.	**Conditional Grants from the National Government**				
	Compensation for User Fee Foregone	25,474,920	25,474,920	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	290,185,219	290,185,219	-	-
	Rehabilitation of Village Polytechnics	22,113,298	31,240,000	-	-
Sub Total		**469,688,331**	**346,900,139**	**-**	**-**

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	**Loans and Grants from Development Partners**				
17.	Transforming Health systems for Universal care Project (WB)	125,791,038	125,000,000	-	-
18.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	76,718,822	38.4
19.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
20.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	175,819,500	175,819,500	-	-
21.	DANIDA Grant	30,281,250	30,000,000	15,140,625	50.5
22.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	235,542,828	-	-
23.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,822,072	22,419,701		
24.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000	-	-
Sub Total		**593,513,860**	**828,782,029**	**91,859,447**	**11.1**
D	**Other Sources of Revenue**				
25.	Own Source Revenue	-	200,000,000	50,271,685	25.1
26.	Balance b/f from FY2018/19	-	1,374,718,639	1,374,718,639	100
Sub Total		-	**1,574,718,639**	**1,424,990,324**	**90.5**
Grand Total		**11,286,152,191**	**12,973,350,807**	**5,135,774,071**	**39.6**

Source: *Mandera County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.14 billion as shown in Table 3.112.

Figure 3.71: Mandera County Trend in Own-Source Revenue Collection ffor the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Mandera County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.50.27 million as own-source revenue. This amount represented an increase of 32.7 per cent when compared to Kshs.37.87 million reported during the same period in FY 2018/19, and represented 25.1 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.85 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.61 billion (33.3 per cent) for development programmes and Kshs.3.24 billion (66.7 per cent) for recurrent programmes.

3.24.4 Overall Expenditure Review

A total of Kshs.4.61 billion was spent on development and recurrent programmes and represented 95.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.26 billion and Kshs.3.35 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.5 per cent while that incurred on recurrent expenditure programmes represented 51.5 per cent of the annual recurrent budget.

3.24.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.61 billion was spent on compensation to employees, Kshs.1.74 billion on operations and maintenance, and Kshs.1.26 billion on development expenditure.

Table 3.113: Mandera County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**6,510,523,183**	**3,237,628,593**	**3,350,612,354**	**72.6**	**51.5**
Compensation to Employees	3,067,858,534	1,422,893,800	1,610,352,085	34.9	52.5
Operations and Maintenance	3,442,664,649	1,814,734,793	1,740,260,268	37.7	50.5
Total Development Expenditure	**6,476,969,658**	**1,613,445,281**	**1,263,434,344**	**27.4**	**19.5**
Development expenditure	6,476,969,658	1,613,445,281	1,263,434,344	27.4	19.5
Total	**12,987,492,841**	**4,851,073,874**	**4,614,046,697**	**100.0**	**35.5**

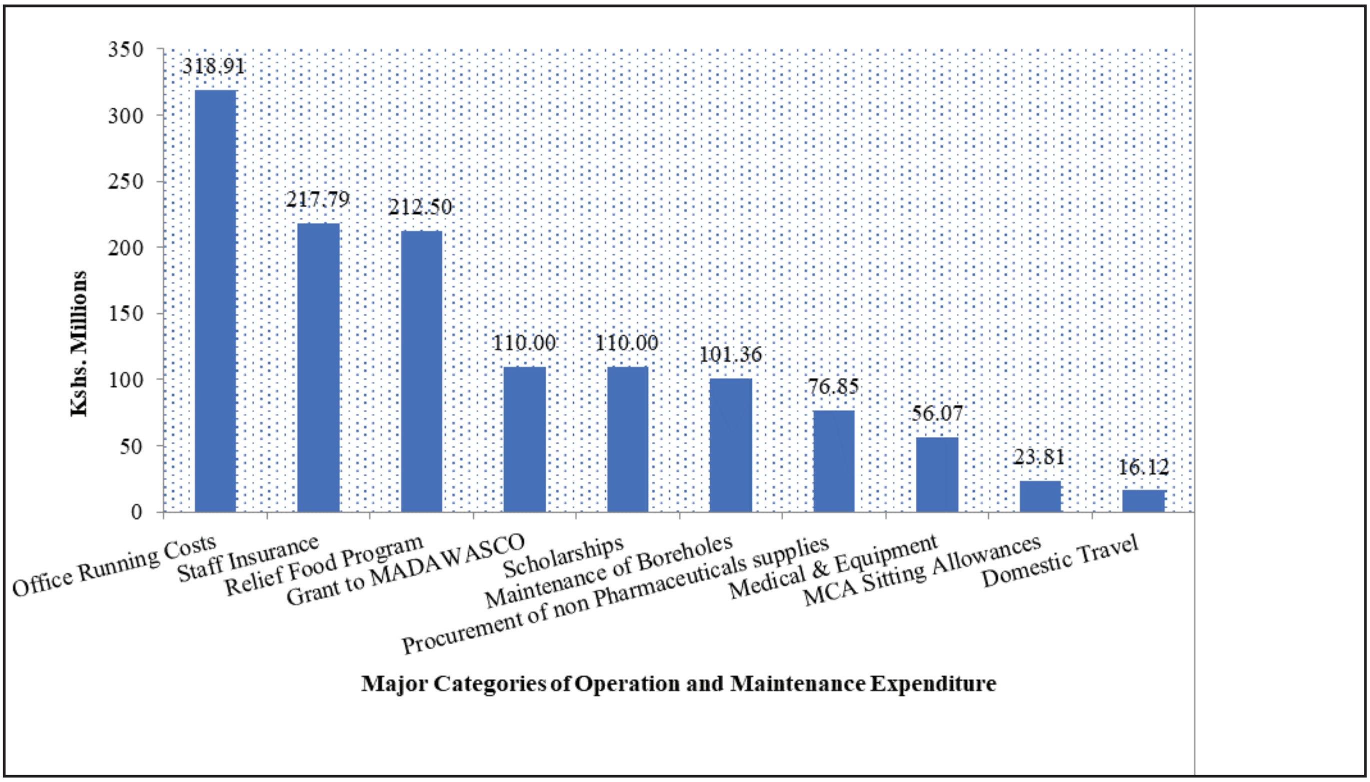
Source: *Mandera County Treasury*

Expenditure on compensation to employees was 34.9 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 8.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.49 billion.

3.24.6 Analysis of Operations and Maintenance Expenditure

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Mandera County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Mandera County Treasury*

The County spent Kshs. 23.81 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs. 58.24 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs. 80,971 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.16.12 million and comprised of Kshs. 13.12 million spent by the County Assembly and Kshs.3 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.4.28 million and comprised of Kshs.2.99 million spent by the County Assembly and Kshs.1.28 million spent by the County Executive.

3.24.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.26 billion represented 19.5 per cent of the annual development budget of Kshs.6.48 billion. Table 3.114 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.114: Mandera County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of KMTC	Mandera East	256,235,085	256,235,085	100
2	Proposed Construction Of Mandera Teachers Training College	Mandera East	250,000,000	219,690,963	87.9
3	Construction of Kutulo level 4 Hospital	Kutulo	120,412,837	104,432,093	86.7
4	Liability for IDP housing	Rhamu	97,387,075	97,387,075	100
5	Proposed construction of Executive Block at works compound	Mandera East	66,522,225	66,522,225	100
6	Proposed Koromey Irrigation Projects	Mandera East	263,564,200	61,728,395	23.4
7	Proposed construction of Regional Livestock Market	Mandera East	289,335,728	51,569,600	17.8
8	Proposed Paved parking at new Fire Station	Mandera East	76,288,200	51,000,000	66.9

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
9	Proposed Construction of Elwak Sub County Hqrs	Elwak	50,172,731	50,172,731	100
10	Proposed Construction of Modern Slaughter House	Mandera East	119,752,258	48,752,258	40.7

Source: *Mandera County Treasury*

3.24.8 Budget Performance by Department

Table 3.115 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.115: Mandera County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	751.83	268.83	276.43	84.32	391.32	66.39	141.6	78.7	52.0	24.7
Agriculture, Livestock and Fisheries	259.21	1,061.83	112.20	478.47	112.20	216.21	100	45.2	43.3	20.4
Education, Culture and Sports	441.48	453.60	241.37	140.29	241.37	140.29	100	100	54.7	30.9
Gender, Youth and Social Services	85.56	60.75	24.18	12.09	24.18	8.60	100	71.1	28.3	14.2
Finance & Economic Planning and ICT	630.02	284.41	395.85	97.39	395.85	97.39	100	100	62.8	34.2
Health Services	1,691.61	868.41	890.40	240.59	890.40	174.47	100	72.5	52.6	20.1
Trade, Investments, Industrialization, and Cooperative Development	71.61	282.27	18.23	99.55	18.23	98.45	100	98.9	25.5	34.9
Lands, Housing Developments and Physical Planning	279.48	216.32	143.80	10.00	143.80	9.70	100	97.0	51.5	4.5
Office of the Governor and Deputy Governor	449.39	-	193.03	-	205.23	-	106.3	-	45.7	-
County Public Service Board	56.76	-	27.40	-	27.40	-	100	-	48.3	-
Public Service Management and Devolved Units	1,138.28	248.50	578.63	63.82	578.63	65.03	100	101.9	50.8	26.2
Public Works Roads and Transport	126.57	1,449.72	49.44	166.68	49.44	165.59	100	99.3	39.1	11.4
Water, Energy, Environment, Natural Resources Tourism and Wildlife	528.71	1,282.35	286.65	220.24	272.55	221.32	95.1	100.5	51.6	17.3
Total	**6,510.52**	**6,476.97**	**3,237.63**	**1,613.45**	**3,350.61**	**1,263.43**	**103.5**	**78.3**	**51.5**	**19.5**

Source: *Makueni County Treasury*

Analysis of expenditure by department shows that the Department of Trade, Investments, Industrialisation, and Cooperative Development recorded the highest absorption rate of development budget at 34.9 per cent while the Department of Lands, Housing Developments and Physical Planning recorded the lowest at 4.5. The Department of Finance & Economic Planning and ICT had the highest percentage of recurrent expenditure to its recurrent budget at 62.8 per cent while the Department of Trade, Investments, Industrialisation, and Cooperative Development had the lowest at 25.5 per cent.

3.24.9 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		**1,019,162,123**	**350,765,319**	**668,396,804**	**34.4**
	Administration, planning and support services	750,334,897	274,703,845	475,631,052	36.6
	Physical Infrastructure	268,827,226	76,061,474	192,765,752	28.3
Office of the Speaker		**1,500,000**	**240,000**	**1,260,000**	**16.0**
	Administration, planning and support services	1,500,000	240,000	1,260,000	16.0
Office of the Governor and the Deputy Governor	**Office of the Governor and the Deputy Governor**	**449,390,272**	**211,145,242**	**238,245,030**	**47.0**
	Administration, planning and support services	449,390,272	211,145,242	238,245,030	47.0
Finance and Economic Planning	**Finance and economic planning**	**513,150,157**	**196,973,390**	**316,176,767**	**38.4**
	Physical Infrastructure	284,405,058	97,349,239	187,055,819	34.2
	Administration, planning and support services	228,745,099	99,624,151	129,120,948	43.6
Fiscal Planning	**Fiscal Planning**	**36,500,000**	**14,500,000**	**22,000,000**	**39.7**
	Administration, planning and support services	36,500,000	14,500,000	22,000,000	39.7
Budget	**Budget**	**8,000,000**	**4,500,000**	**3,500,000**	**56.3**
	Administration, planning and support services	8,000,000	4,500,000	3,500,000	56.3
Accounting	**Accounting**	**4,000,000**	**4,000,000**	**-**	**100.0**
	Administration, planning and support services	4,000,000	4,000,000	-	100.0
Procurement	**Procurement**	**4,000,000**	**3,000,000**	**1,000,000**	**75.0**
	Administration, planning and support services	4,000,000	3,000,000	1,000,000	75.0
Internal Audit	**Internal Audit**	**4,000,000**	**3,000,000**	**1,000,000**	**75.0**
	Internal Audit	-	-	-	-
	Administration, planning and support services	4,000,000	3,000,000	1,000,000	75.0
Revenue		**36,500,000**	**21,870,400**	**14,629,600**	**59.9**
	Administration, planning and support services	36,500,000	21,870,400	14,629,600	59.9
ICT		**67,778,989**	**34,869,726**	**32,909,263**	**51.4**
	Administration, planning and support services	67,778,989	34,869,726	32,909,263	51.4
		224,500,000	**218,929,630**	5,570,370	97.5
	Administration, planning and support services	224,500,000	218,929,630	5,570,370	97.5
		16,000,000	**2,500,000**	13,500,000	15.6
	Administration, planning and support services	16,000,000	2,500,000	13,500,000	15.6
Agriculture and irrigation		**559,913,653**	**126,425,658**	**433,487,995**	**22.6**
	Administration & Support Services	199,891,581	91,690,758	108,200,823	45.9
	Food security Initiatives	360,022,072	34,734,900	325,287,172	9.6
Flood control		**543,851,720**	**136,972,995**	**406,878,725**	**25.2**
	Administration & Support Services	8,500,000	2,125,000	6,375,000	25.0
	Food security Initiatives	535,351,720	134,847,995	400,503,725	25.2
Crop Management		**217,273,247**	**82,682,868**	**134,590,379**	**38.1**
	Livestock Production	217,273,247	82,682,868	134,590,379	38.1
Water		**1,720,726,078**	**481,922,204**	**1,238,803,874**	**28.0**
	Water Supply	1,720,726,078	481,922,204	1,238,803,874	28.0
Energy and electricity		**90,331,488**	**18,804,602**	**71,526,886**	**20.8**
	Energy	51,003,360	11,625,592	39,377,768	22.8
	Environment and Natural Resources	39,328,128	7,179,010	32,149,118	18.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education		**720,577,620**	**261,916,169**	**458,661,451**	**36.3**
	Early Childhood Development Education (ECDE)	453,601,223	140,293,568	313,307,655	30.9
	Administration & Support Services	266,976,397	121,622,601	145,353,796	45.6
Children Services		**148,500,000**	**118,250,000**	**30,250,000**	**79.6**
	Administration & Support Services	148,500,000	118,250,000	30,250,000	79.6
Sports		**26,000,000**	**1,500,000**	**24,500,000**	**5.8**
	Administration & Support Services	26,000,000	1,500,000	24,500,000	5.8
County Health Services		**1,059,478,397**	**544,671,862**	**514,806,535**	**51.4**
	Administration & Support Services	1,059,478,397	544,671,862	514,806,535	51.4
Medical Services		**965,350,210**	**443,502,977**	**521,847,233**	**45.9**
	Health care Infrastructure	478,584,458	115,677,229	362,907,229	24.2
	Administration & Support Services	486,765,752	327,825,748	158,940,004	67.3
Public health and sanitation		**439,558,271**	**64,523,631**	**375,034,640**	**14.7**
	Health care Infrastructure	389,820,771	64,523,631	325,297,140	16.6
	Administration & Support Services	49,737,500	-	49,737,500	-
Ambulance services		**95,633,248**	**39,303,825**	**56,329,423**	**41.1**
	Administration & Support Services	95,633,248	39,303,825	56,329,423	41.1
Lands, Housing and Physical Planning		**427,302,574**	**97,854,404**	**329,448,170**	**22.9**
	Land Survey	181,819,500	-	181,819,500	-
	Administration & Support Services	245,483,074	97,854,404	147,628,670	39.9
Lands survey and mapping		**61,500,000**	**17,699,535**	**43,800,465**	**28.8**
	Land Survey	34,500,000	9,699,535	24,800,465	28.1
	Administration & Support Services	27,000,000	8,000,000	19,000,000	29.6
Housing		**7,000,000**	**1,750,000**	**5,250,000**	**25.0**
	Land Survey	-	-	-	-
	Administration & Support Services	7,000,000	1,750,000	5,250,000	25.0
Headquarters		**106,574,242**	**41,639,026**	**64,935,216**	**39.1**
	Administration & Support Services	106,574,242	41,639,026	64,935,216	39.1
County roads		**942,747,805**	**145,390,779**	**797,357,026**	**15.4**
	Physical Infrastructure	922,747,805	137,590,779	785,157,026	14.9
	Administration & Support Services	20,000,000	7,800,000	12,200,000	39.0
Public works		**526,970,561**	**27,922,205**	**499,048,356**	**5.3**
	Physical Infrastructure	526,970,561	27,922,205	499,048,356	5.3
Livestock management		**146,307,756**	**32,774,486**	**113,533,270**	**22.4**
	Administration and Support Services	85,559,110	24,177,570	61,381,540	28.3
	Youth Affairs	60,748,646	8,596,916	52,151,730	14.2
County public service		**1,235,355,950**	**624,110,403**	**611,245,547**	**50.5**
	Physical Infrastructure	248,497,599	63,616,826	184,880,773	25.6
	Administration, planning and support services	986,858,351	560,493,577	426,364,774	56.8
Firefighting and disaster management		**17,400,000**	**6,624,500**	**10,775,500**	**38.1**
	Administration, planning and support services	17,400,000	6,624,500	10,775,500	38.1
Market development		**24,523,400**	**10,690,900**	**13,832,500**	**43.6**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Administration, planning and support services	24,523,400	10,690,900	13,832,500	43.6
Trade		**109,500,000**	**0**	**109,500,000**	**-**
	Administration, planning and support services	109,500,000	0	109,500,000	-
County Public Service Board		**56,759,224**	**42,402,972**	**14,356,252**	**74.7**
	Administration and Support Services	56,759,224	42,402,972	14,356,252	74.7
Trade		**347,075,858**	**115,015,029**	**232,060,829**	**33.1**
	Trade Development and Promotion	347,075,858	115,015,029	232,060,829	33.1
Tourism		**6,800,000**	**1,700,000**	**5,100,000**	**25.0**
	Co-operative Development	6,800,000	1,700,000	5,100,000	25.0
Grand Total		**12,987,492,843**	**4,552,344,737**	**8,435,148,106**	**35.1**

Source: *Mandera County Treasury*

The best performing programmes were: Accounting Services at 100 per cent, Administration, Planning and Support Services under ICT at 97.5 per cent, and Administration Planning and Support Services under Children Services at 79.6 per cent of budget allocation.

3.24.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in approval of FY 2019/20 Budget due to a stalemate between the County Executive and the County Assembly. This delay affected smooth budget implementation during the reporting period.
2. Failure to correctly budget for the conditional grants as per CARA, 2019.

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

1. *The County leadership should involve other PFM stakeholders to settle the budget impasse so as to ensure timely preparation and approval of the key budget planning documents.*
2. *The County Treasury should prepare a Supplementary Budget to align the conditional grants to the CARA, 2019.*

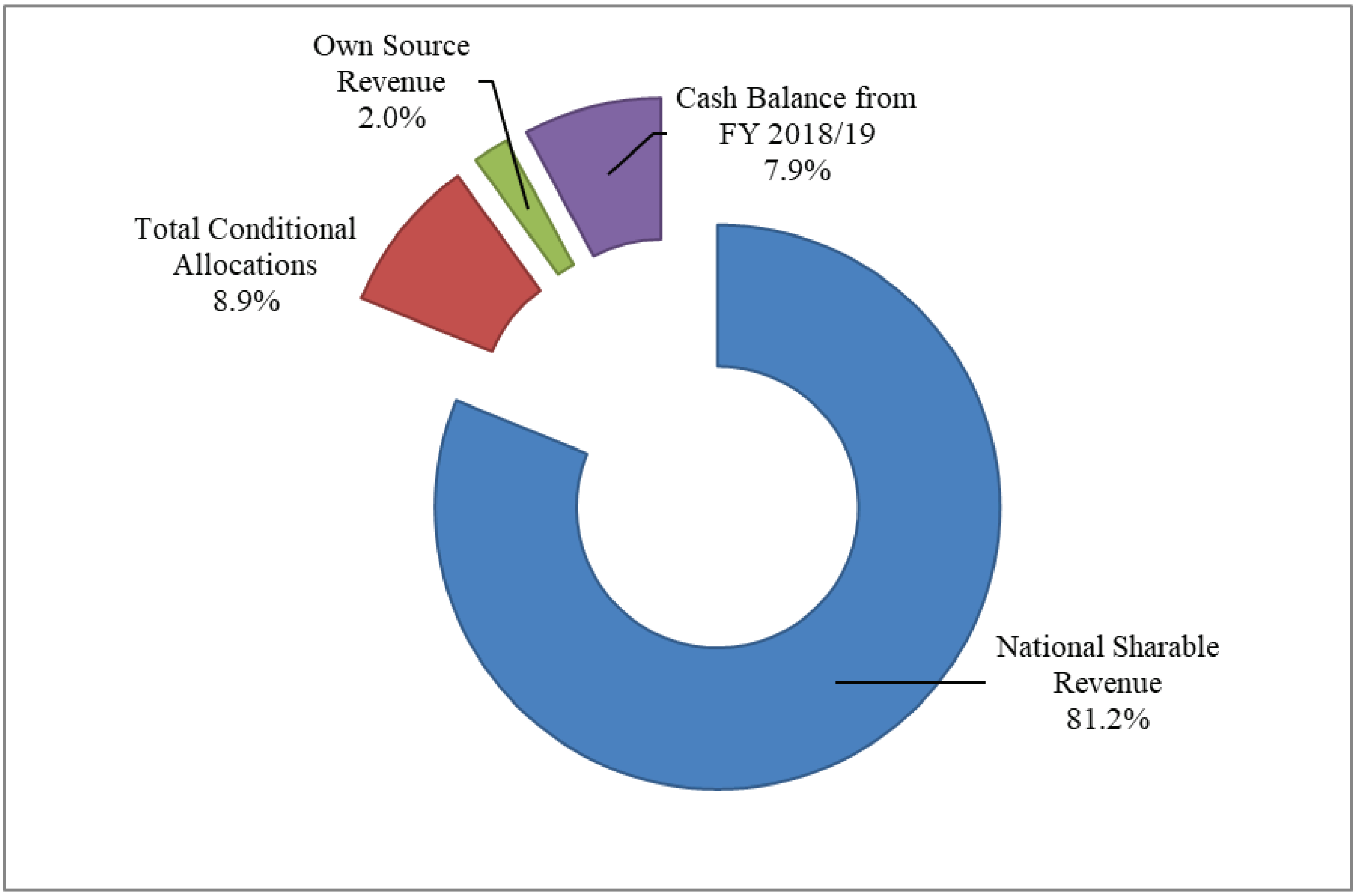
3.25 Marsabit County

3.25.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.8.34 billion, comprising of Kshs.4.17 billion (50 per cent) and Kshs.4.17 billion (50 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.77 billion (81.2 per cent) as equitable share of revenue raised nationally, Kshs.742.06 million (8.9 per cent) as total conditional grants, generate Kshs.170 million (2.0 per cent) from own sources of revenue, and Kshs.658.36 million (7.9 per cent) as cash balance from FY 2018/19. Figure 3.73 shows the expected sources of financing by category in FY 2019/20.

Figure 3.73: Marsabit County Expected Revenue Sources in FY 2019/20



Source: *Marsabit County Treasury*

3.25.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.40 billion as equitable share of the revenue raised nationally, Kshs.87.18 million as total conditional grants, raised Kshs.67.94 million from own-source revenue, and had a cash balance of Kshs.658.36 million from FY 2018/19, bringing

Table 3.116: Marsabit County, Revenue Performance in the First Half of FY 2019/20

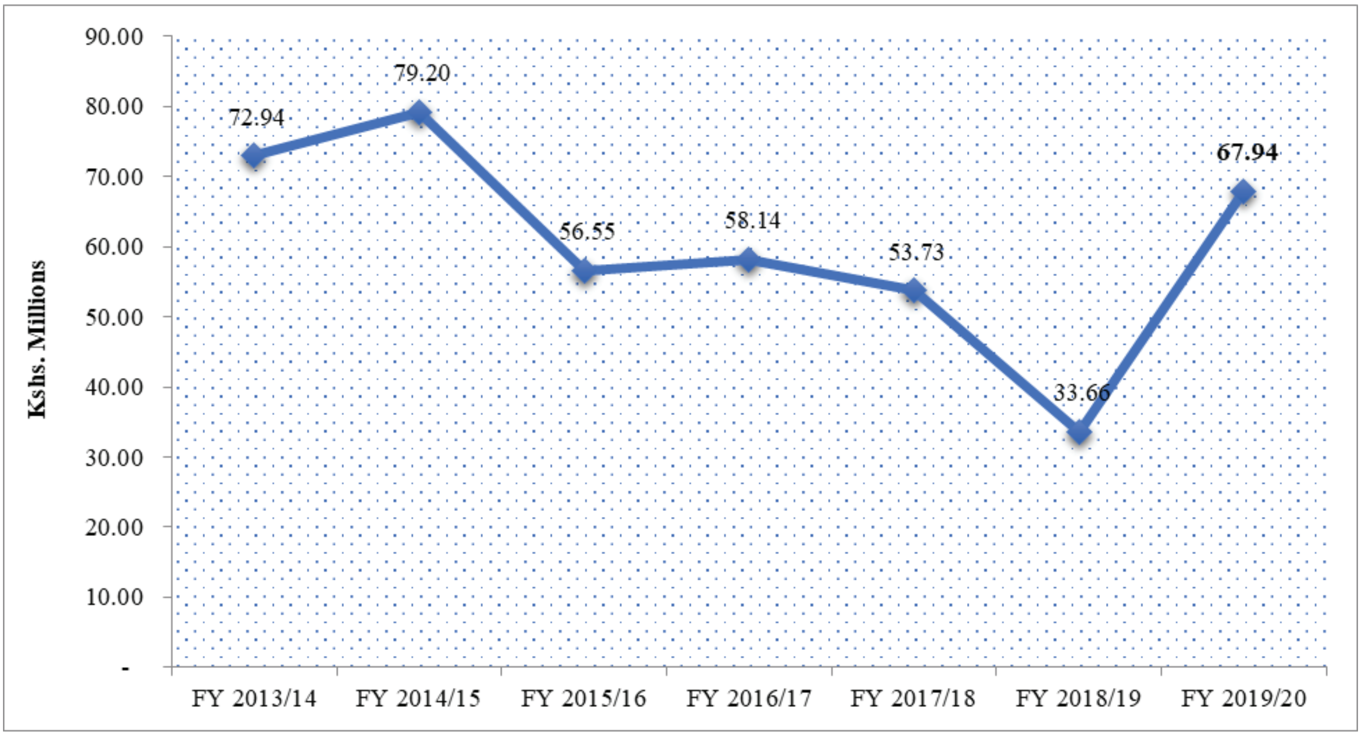
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,773,100,000	6,773,100,000	2,397,677,400	35.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	6,643,714	6,643,714	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	192,258,938	192,258,938	-	-
4.	Rehabilitation of Village Polytechnics	15,558,298	15,558,298	-	-
Sub Total		**346,375,844**	**214,460,950**	-	-
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	57,240,000	57,240,000	16,871,980.10	29.4
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	156,114,090	156,114,090	59,854,907.80	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5.	DANIDA Grant	29,133,697	29,133,697	10,453,125.00	35.9
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	23,851,133	23,851,133	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,466,188	22,466,188	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
9.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	150,000,000	150,000,000		-
Sub Total		**527,605,108**	**527,605,108**	**87,180,012.90**	**16.5237242**
D	**Other Sources of Revenue**				
1	Own Source Revenue	-	170,000,000	67,937,847	40
2	Balance b/f from FY2018/19	-	658,360,223	658,360,223	100
Sub Total		**-**	**828,360,223.55**	**726,298,070**	
Grand Total		**7,647,080,952**	**8,343,526,282**	**3,211,155,483**	**29.8**

Source: *Marsabit County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.21 billion as shown in Table 3.116.

Figure 3.74: Marsabit County, Trend in Own-Source Revenue Collection from the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Marsabit County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.67.94 million as own-source revenue. This amount represented an increase of 101.9 per cent when compared to Kshs.33.65 million reported during the same period in FY 2018/19, and represented 40 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.77 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.748.87 million (27 per cent) for development programmes and Kshs.2.02 billion (73 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

A total of Kshs.2.46 billion was spent on development and recurrent programmes and represented 88.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.709.31 million and Kshs.1.75

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 16.9 per cent while that incurred on recurrent expenditure programmes represented 41.9 per cent of the annual recurrent budget.

3.25.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.28 billion was spent on compensation to employees, Kshs.469.76 million on operations and maintenance, and Kshs.709.31 million on development expenditure.

Table 3.117: Marsabit County, Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,170,135,505**	**2,022,803,103**	**1,747,597,478**	**71.1**	**41.9**
Compensation to Employees	2,591,891,557	1,308,000,000	1,277,833,500	**52.0**	49.3
Operations and Maintenance	1,578,243,948	714,803,103	469,763,978	**19.1**	29.8
Total Development Expenditure	**4,173,390,776**	**748,867,292**	**709,312,482**	**28.9**	**17.0**
Development Expenditure	4,173,390,776	748,867,292	709,312,482	**28.9**	17.0
Total	**8,343,526,281**	**2,771,670,395**	**2,456,909,960**	**100.0**	29.4

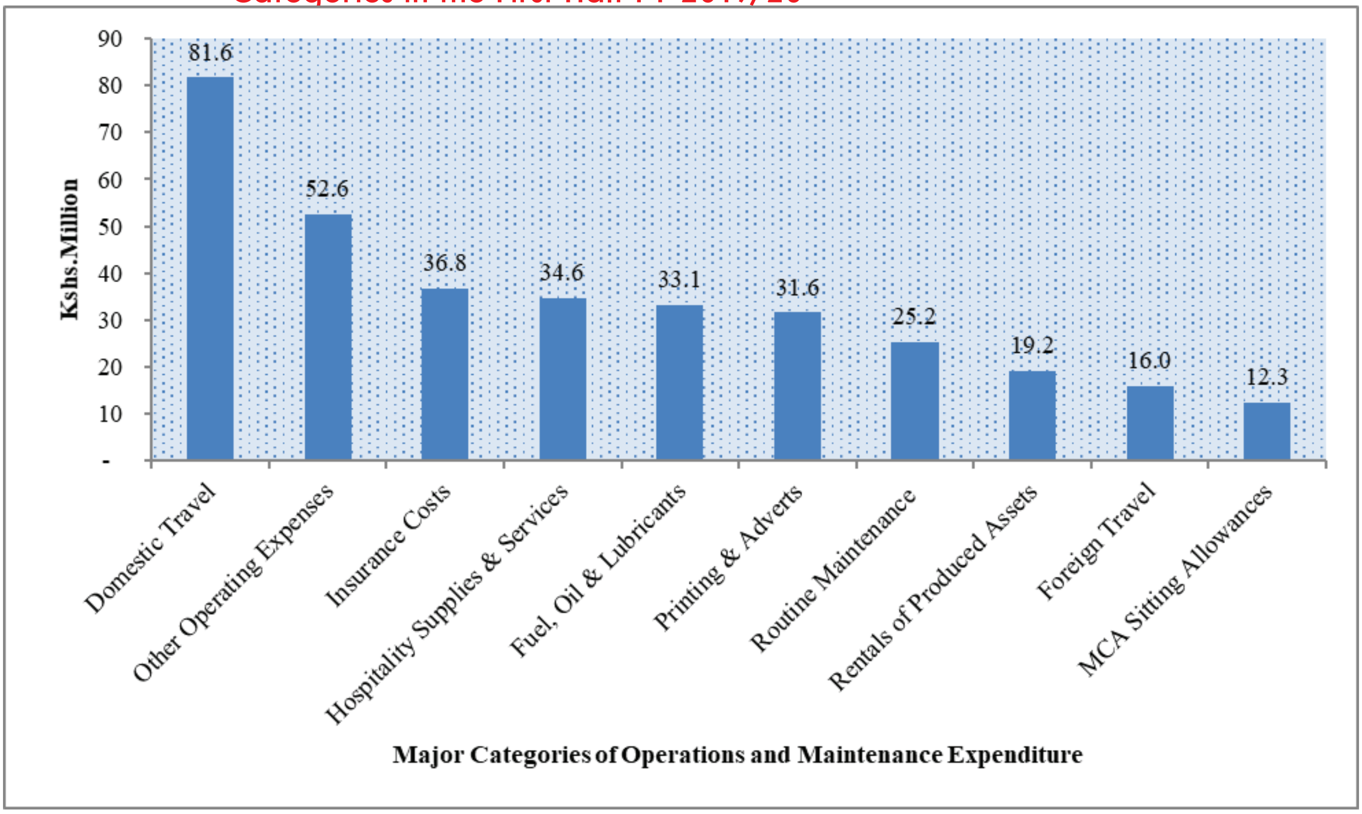
Source: *Marsabit County Treasury*

Expenditure on compensation to employees was 52 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 3.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.23 billion.

3.25.6 Analysis of Operations and Maintenance Expenditure

Figure 3.75 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.75: Marsabit County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Marsabit County Treasury*

The County spent Kshs. 12.28 million on committee sitting allowances for the 30 MCAs and Speaker against the annual budget allocation of Kshs. 45 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.68,232 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.81.64 million and comprised of Kshs.37.73 million spent by the County Assembly and Kshs.43.91 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.16.04 million and comprised of Kshs.9.35 million spent by the County Assembly and Kshs.6.69 million spent by the County Executive.

3.25.7 Development Expenditure Analysis

The total development expenditure of Kshs.709.31 million represented 16.9 per cent of the annual development budget of Kshs.4.17 billion. Table 3.118 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.118: Marsabit County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of level four hospital at sololo Makutano	Sololo	483,369,790	30,000,000	6.2
2	Erection & Completion of tuition block for proposed KMTC at Marsabit hospital.	Marsabit	200,920,462	25,000,000	12.4
3	Proposed Completion of Modern market	Marsabit	173,134,534	30,000,000	17.3
4	Upgrading of mt Kulal road to Gravel Standard	Loiyangalani	30,000,000	29,974,760	99.9
5	Purchase of certified seed	Head Quarters	2,500,000	2,500,000	100

Source: *Marsabit County Treasury*

3.25.8 Budget Performance by Department

Table 3.119 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.119: Marsabit County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	640.18	176.76	253.10	-	220.60	-	87.2	-	34.5	-
County Executive Services	535.28	728.87	294.57	235.0	255.86	319.8	86.9	136.1	47.8	43.9
Finance and Economic Planning	269.05	180.00	129.69	-	104.69	15.00	80.7	-	38.9	8.3
Agriculture, Livestock and Fisheries	193.76	529.69	102.78	41.21	81.89	6.98	79.7	16.9	42.3	1.3
County Public Service Board	81.56	-	27.88	-	29.84	-	107.0	-	36.6	-
Education Youth Affairs	310.19	327.38	137.04	-	139.87	38.15	102.1	-	45.1	11.7
Health Services	1,272.01	754.05	649.57	199.45	597.40	123.64	92.0	62.0	47.0	16.4
Administration and ICT	324.81	6.20	134.87	-	116.80	-	86.6	-	36.0	-
Energy, Lands & Urban Dev.	137.80	312.19	66.43	119.20	45.70	21.33	68.8	17.9	33.2	6.8
Roads and Public Works	85.47	437.04	43.06	-	32.08	118.14	74.5	-	37.5	27.0
Water, Environment & Natural Res.	126.84	599.22	68.54	124.00	54.00	65.25	78.8	52.6	42.6	10.9
Trade and Industry	78.12	72.10	35.00	30.00	32.06	-	91.6	-	41.0	-
Tourism, Culture and Social Services	115.07	49.89	80.27	-	36.81	1.02	45.9	-	32.0	2

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
TOTAL	4,170.14	4,173.39	2,022.8	748.87	1,747.6	709.31	86.4	94.7	41.9	16.9

Source: *Marsabit County Treasury*

Analysis of expenditure by department shows that the County Executive Services recorded the highest absorption rate of development budget at 43.9 per cent followed by the Department of Roads and Public Works at 27 per cent. The County Executive Services had the highest percentage of recurrent expenditure to its recurrent budget at 47.8 per cent while the Department of Tourism, Culture and Social Services had the lowest at 32 per cent.

3.25.9 Budget Execution by Programmes and Sub-Programmes

Table 3.120 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.120: Marsabit County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption (%)**
County Assembly of Marsabit Operational And Oversight	Operations & Oversight	640,182,991	220,595,281	419,587,710	34.5
Physical Planning And Development	Urban Development Services	385,637,646	11,042,256	374,595,390	2.9
	Lands and Physical Planning Services	25,000,000	10,292,200	14,707,800	41.2
	General administration planning and Support Services	132,997,500	45,698,935	87,298,565	34.4
	Sub total	**543,635,146**	**67,033,391**	**476,601,755**	12.3
Education	General Administration, Planning and Support Services	330,893,916	139,868,303	191,025,613	42.3
	Pre – Primary Education	180,416,350	28,004,922	152,411,428	15.5
	Youth Development	75,930,000	5,693,300	70,236,700	7.5
	Vocational Education and Training	19,058,298	-	19,058,298	-
	Sports	69,110,000	4,453,600	64,656,400	6.4
	Sub total	**675,408,564**	**178,020,125**	**497,388,439**	26.4
Executive Services	General Administration,Planning and Support Services	330,000,000	142,540,680	187,459,320	43.2
	Management of County Affairs	535,857,842	184,784,782	351,073,060	34.5
	Public Sector Advisory Services	59,000,000	24,143,460	34,856,540	40.9
	Inter/Intra Governmental	25,000,000	10,996,000	14,004,000	44.0
	County Legal Services	25,000,000	1,700,000	23,300,000	6.8
	Sub total	**974,857,842**	**364,164,922**	**610,692,920**	37.4
Administration and ICT	General administration planning and Support Services	330,809,768	111,126,215	219,683,553	33.6
	ICT infrastructure	6,200,000	-	6,200,000	-
	Coordination of functions of devolved Units	15,500,000	5,265,300	10,234,700	34.0
	Public Participation and Civic Education	3,000,000	412,000	2,588,000	13.7
	Sub total	**355,509,768**	**116,803,515**	**238,706,253**	32.9
Agriculture And Livestock Development	General Administration, Planning and Support Services	84,080,444	55,132,733	28,947,711	65.6
	Livestock Resources Management and Development	214,849,300	27,431,908	187,417,392	12.8
	Fisheries Development and Management	80,236,450	868,244	79,368,206	1.1
	Crop Development and Management	405,955,924	5,429,371	400,526,553	1.3
	Sub total	**785,122,118**	**88,862,256**	**696,259,862**	11.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Health Services	Curative Health Services	414,000,000	20,219,325	393,780,675	4.9
	General Administration, Planning and Support Services	1,842,095,300	696,274,972	1,145,820,328	37.8
	Maternal and child health	10,000,000	4,540,700	5,459,300	45.4
	Sub total	**2,266,095,300**	**721,034,997**	**1,545,060,303**	31.8
County Public Service Board	General administration planning and Support Services	68,249,998	28,484,170	39,765,828	41.7
	Human Resource Management and Development	12,305,000	1,354,585	10,950,415	11.0
	Sub total	**80,554,998**	**29,838,755**	**50,716,243**	37.0
Culture and Social Services	Youth Development	-	-	-	-
	Culture Services	31,970,038	1,018,500	30,951,538	3.2
	Social Services	-	-	-	-
	General administration, planning and support services	132,067,498	36,814,705	95,252,793	27.9
	Sub total	**164,037,536**	**37,833,205**	**126,204,331**	23.1
Finance and Economic Planning	General administration planning and Support Services	342,045,344	96,701,291	245,344,053	28.3
	Public Finance Management	44,000,000	15,783,950	28,216,050	35.9
	Economic and financial policy Formulation	45,000,000	7,209,600	37,790,400	16.0
	Sub total	**431,045,344**	**119,694,841**	**311,350,503**	27.8
Roads, Housing and Public Works	Road Transport Infrastructure Development	520,125,818	63,055,460	457,070,358	12.1
	Housing Development	37,740,766	25,969,889	11,770,877	68.8
	General administration planning and Support Services	40,230,402	6,110,400	34,120,002	15.2
	Sub total	**598,096,986**	**95,135,749**	**502,961,237**	15.9
Trade, Industry & Enterprise Development	General administration planning and Support Services	75,619,796	32,057,156	43,562,640	42.4
	Trade and Industrial Development	11,600,000	-	11,600,000	-
	Enterprise Development	60,000,000	30,000,000	30,000,000	50.0
	Sub total	**147,219,796**	**62,057,156**	**85,162,640**	42.2
Water	Water Resources Management	606,389,062	64,795,978	54,624,099	10.7
	General administration planning and Support Services	83,793,660	50,906,954	209,600	60.8
	Natural Resources Conservation and Management	61,100,316	3,553,900	475,900	5.8
	Sub total	**751,283,038**	**119,256,832**	**55,309,599**	15.9
Grand Total		**8,413,049,427**	**2,220,331,024**	**5,616,001,795**	**26.4**

Source: *Marsabit County Treasury*

The best performing programs across the County were: Housing Development at 68.8 per cent, Enterprise Development at 50 per cent, and Lands and Physical Planning Services at 41.2 per cent of budget allocation,

3.25.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report contrary to section 168 of the PFM Act, 2012.
2. A high wage bill that increased by 3.8 per cent from Kshs.1.23 billion in the FY 2018/19 to Kshs.1.28 billion in the reporting period. The wage bill accounted for 52 per cent of total expenditure in the reporting period.
3. Low expenditure on the development budget. The County spent Kshs.709.31 million on development programmes during the period under review compared with the annual development expenditure budget of Kshs.4.17 billion. This development expenditure represented 16.9 per cent of the annual development budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with section 166 of PFM Act, 2012.*
2. *The County Public Service Board should develop an optimal staffing structure and devise strategies to contain expenditure on personnel costs within 35 per cent of County's total revenue in line with regulation 25(1) (b) of the PFM (County Government) Regulations, 2015.*
3. *The County Treasury should develop and implement strategies to improve the absorption of the development expenditure budget during the remaining period of the financial year.*

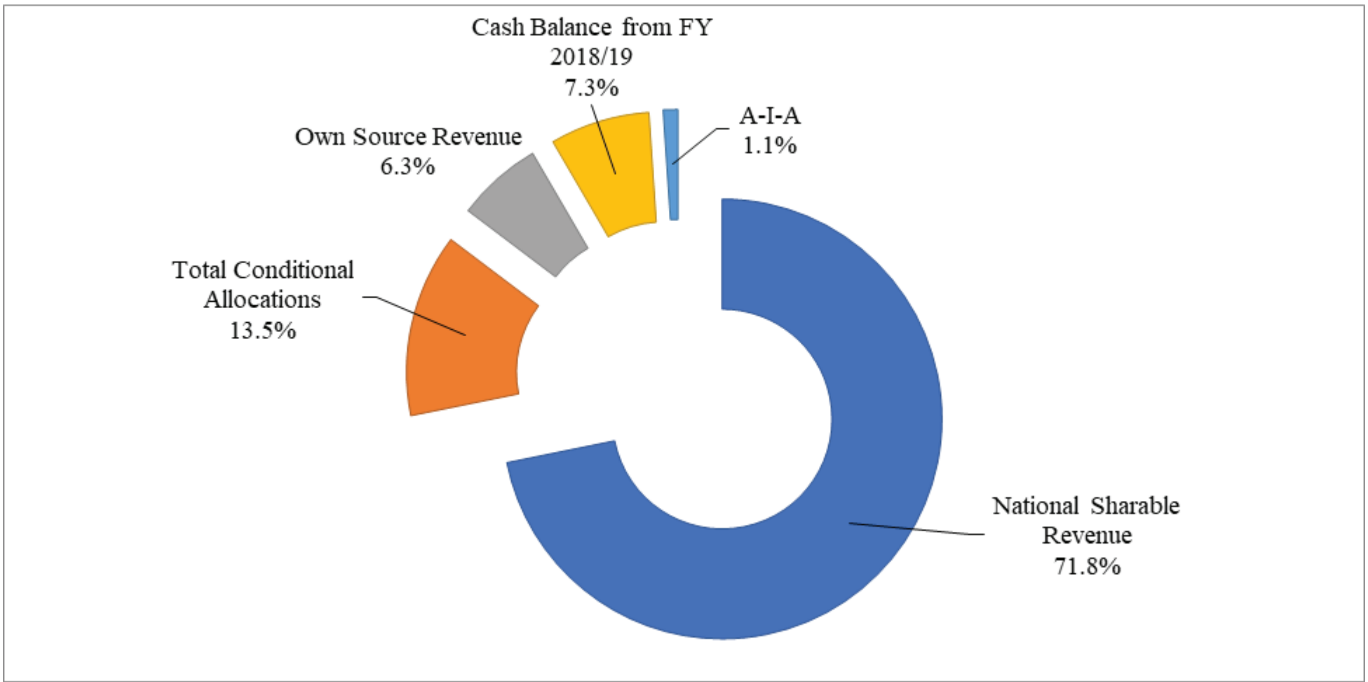
3.26 Meru County

3.26.1 Overview of the FY 2019/20 Budget

The County's approved supplementary budget for FY 2019/20 was Kshs.11.19 billion, comprising of Kshs.3.53 billion (31.5 per cent) and Kshs.7.66 billion (68.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (71.8 per cent) as equitable share of revenue raised nationally, Kshs.1.51 billion (13.5 per cent) as total conditional grants, generate Kshs.705 million (6.3 per cent) from own sources of revenue, and had Kshs.820.87 million (7.3 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.120 million (1.1 per cent) as Appropriations in Aid. Figure 3.76 shows the expected sources of financing by category in FY 2019/20.

Figure 3.76: Meru County Expected Revenue Sources in FY 2019/20



Source: *Meru County Treasury*

3.26.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.85 billion as equitable share of the revenue raised nationally, Kshs.492.76 million as total conditional grants, raised Kshs.168.84 million from own-source revenue, and had a cash balance of Kshs.311.80 million from FY 2018/19.

Table 3.121: Meru County, Revenue Performance in the First Half of FY 2019/20

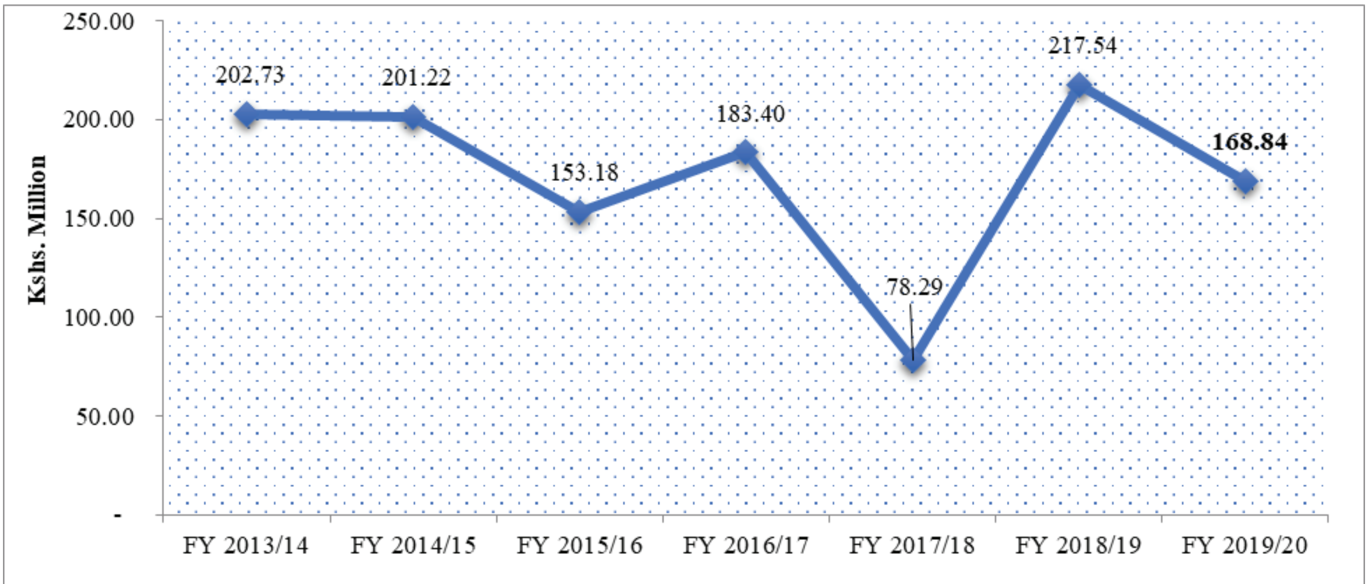
	Revenue	Annual CARA, 2019 Allocation (Kshs. Million)	Annual Budget Allocation (Kshs. Million	Actual receipts (Kshs .Million)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,039.1	8,039.1	2,845.8	35.4
B.	Conditional Grants from the National Government				

	Revenue	Annual CARA, 2019 Allocation (Kshs. Million)	Annual Budget Allocation (Kshs. Million	Actual receipts (Kshs .Million)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Conditional Grants to Level-5 Hospitals	373.87	373.87	166.00	44.4
2.	Compensation for User Fee Foregone	31.65	31.65	0.00	0.0
3.	Road Maintenance Fuel Levy Fund	228.20	228.20	57.05	25
4.	Rehabilitation of Village Polytechnics	56.57	56.57	0.00	0.0
Sub Total		690.28	690.28	223.05	32.3
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	35.00	35.00	3.27	9.4
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	299.97	299.97	22.27	7.4
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30.00	262.22	232.22	88.6
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116.89	116.89	0.00	0.0
9.	DANIDA Grant	23.91	23.91	11.95	50
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17.68	17.68	0.00	0.0
11.	ASDSP Project (B/F 2017-18)	8.80	8.80	0.00	0.0
Sub Total		532.24	818.40	269.71	33
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	705.00	168.84	23.9
13.	Balance b/f from FY2018/19	-	820.87	311.80	38
14.	A-I-A	-	120.00	-	-
Sub Total		-	**1645.87**	**480.64**	**61.9**
Grand Total		**9,261.63**	**11,193.65**	**3,819.24**	**34.1**

Source: *Meru County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.82 billion as shown in Table 3.121.

Figure 3.77 : Meru County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Meru County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.168.84 million as own-source revenue. This amount represented a decrease of 22.4 per cent when compared to Kshs.217.54 million reported during the same period in FY 2018/19, and represented 23.9 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.68 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.302.68 million (8.2 per cent) for development programmes and Kshs.3.38 billion (91.8 per cent) for recurrent programmes.

3.26.4 Overall Expenditure Review

A total of Kshs.3.49 billion was spent on development and recurrent programmes and represented 94.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.284.01 million and Kshs.3.21 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 8 per cent while that incurred on recurrent expenditure programmes represented 41.9 per cent of the annual recurrent budget.

3.26.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.3 billion was spent on compensation to employees, Kshs.907.54 million on operations and maintenance, and Kshs.284.01 million on development expenditure.

Table 3.122: Meru County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**7,664,962,213**	**3,209,065,811**	91.9	**41.9**
Compensation to Employees	4,992,115,282	2,301,520,917	65.9	46.1
Operations and Maintenance	2,672,846,931	907,544,893	26.0	34.1
Development Expenditure	**3,528,690,305**	**284,007,263**	8.1	8
Grand Total	**11,193,652,518**	**3,493,073,073.55**	**100.0**	**31.2**

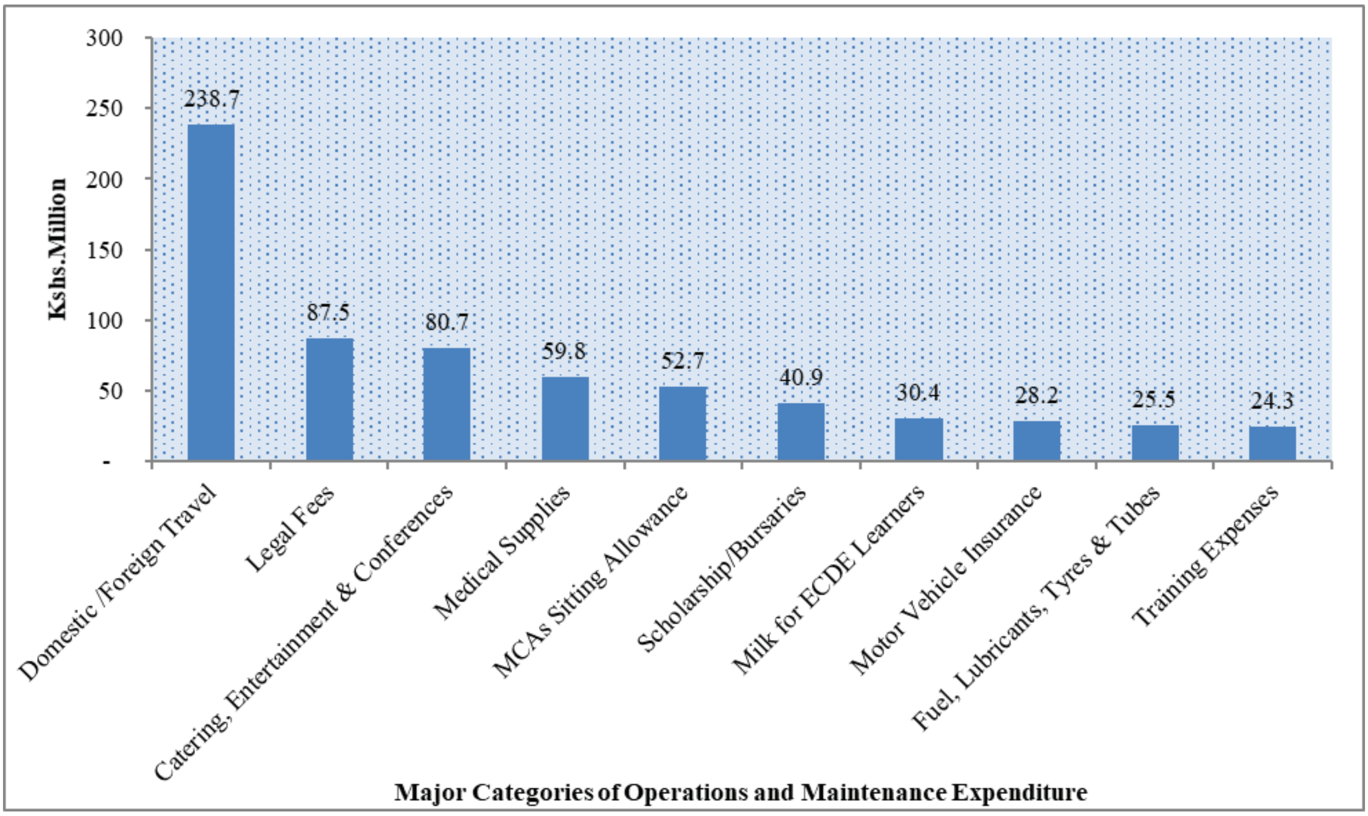
Source: *Meru County Treasury*

Expenditure on compensation to employees was 65.9 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 11.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.60 billion.

3.26.6 Analysis of Operations and Maintenance Expenditure

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Meru County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Meru County Treasury*

The County spent Kshs.52.69 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.114.03 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.127,279 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.226.88 million and comprised of Kshs.145.42 million spent by the County Assembly and Kshs.81.46 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.11.82 million and comprised of Kshs.1.76 million spent by the County Assembly and Kshs.10.06 million spent by the County Executive.

3.26.7 Development Expenditure Analysis

The total development expenditure of Kshs.284.01 million represented 8 per cent of the annual development budget of Kshs.3.53 billion. Table 3.123 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.123: Meru County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Maintenance and improvement of road	Countywide	410,900,000	157,574,297	38.3
2	Construction of ECDE classes	Countywide	95,500,000	71,600,000	75.0
3	Purchase of macadamia and avocado	Countywide	15,000,000	11,000,055	78.3
4	Construction of KMTC block	Kanyakine	30,000,000	15,000,000	50.0
5	Construction of Cultural site	Kianjai Ward	15,000,000	10,000,000	66.7
6	Trade Promotion	Headquarter	2,100,000	878,200	41.8

Source: *Meru County Treasury*

3.26.8 Budget Performance by Department

Table 3.124 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.124: Meru County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	925.22	70	450	-	445.38	-	99	-	48.1	-
Office of the Governor	301.70	4	151.95	-	150.29	-	98.90	-	49.8	-
Finance, Economic Planning and ICT	758.63	65.50	306.03	-	299.02	-	97.70	-	39.4	-
Agriculture, Livestock and Fisheries	315.32	488.12	113.14	29.37	112.49	28.95	99.40	98.60	35.7	5.9
Water and Irrigation	115.12	486.65	48.41	-	48.00	-	99.20	-	41.7	-
Education Technology, Gender, Culture and Social Development	887.17	197.76	340.18	71.60	340.18	71.60	100	100	38.3	36.2
Health Service	2,970.52	370.32	1,368.51	21.19	1,366.79	15	99.90	70.80	46.0	4.1
Lands, Physical Planning, Urban Development and Public Works	168.40	411.15	47.68	-	47.47	-	99.60	-	28.2	-
Public Service Administration and Legal Affairs	811.99	232.22	406.64	-	252.85	-	62.20	-	31.1	-
Roads, Transport and Energy	91.28	993.82	34.28	170.52	34.28	157.57	100	92.40	37.6	15.9
Trade, Investment, Industrialization, Tourism and Cooperative Development	102.40	114.10	39.43	-	39.43	0.88	100	-	38.5	0.8
Youth Affairs and Sport	147.74	61.65	44.17	10	44.15	10.00	100	100	29.9	16.2
Public Service Board	25.38	-	13.47	-	12.54	-	93	-	49.4	-
Environment, Wildlife and Natural Resource	44.10	33.40	16.54	-	16.19	-	97.90	-	36.7	-
Total	**7,664.96**	**3,528.69**	**3,380.43**	**302.68**	**3,209.07**	**284.01**	**94.90**	**93.80**	**41.9**	**8.0**

Source: *Meru County Treasury*

Analysis of expenditure by department shows that the Department of Education Technology, Gender, Culture and Social Development recorded the highest absorption rate of development budget at 36.2 per cent, followed by the Department of Youth Affairs and Sport at 16.2 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 49.8 per cent.

3.26.9 Budget Execution by Programmes and Sub-Programmes

Table 3.125 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.125: Meru County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
HEALTH SERVICE					
Preventive and Promotive Health Care Services	Preventive Services	25,652,122	-	25,652,122	-
	Promotive health care	-	-	0.00	-
	Sub total	25,652,122			
Curative Health	Curative health care services	721,075,173	1141,042,255	580,032,918	19.6
	Tertiary care				
	Sub total				
General Administration and Planning	General Administration and Planning	2,594,105,378	1,240,747,603	1,353,357,775	47.8
	Sub total				
OFFICE OF THE GOVERNOR					
General Administration and Planning	General Administration and Planning	105,043,999	59,154,261.30	45,889,737.70	56.3
Communication and Events	Communication and Events	25,650,000	6,590,000	19,060,000	25.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	18,200,000	6,441,250	11,758,750	35.4
Human Resource Management	Human Resource Management	136,800,629	58,984,527.10	77,816,102.42	43.1
Efficiency, Monitoring and Evaluation	Efficiency, Monitoring and Evaluation	8,900,000	7,436,900	1,463,100	83.6
	Performance Management and Appraisal	1,000,000	98,000	902,000	9.8
Partnership Development and External Linkages	Partnership Development and External Linkages	10,100,728	11,582,269	-1,481,541	114.7
FINANCE, ECONOMIC PLANNING AND ICT					
General Administration and Planning	General Administration and Planning	729,414,994	260,950,318.70	468,464,675.30	35.8
Public Finance Management	Budget Coordination & Management	22,400,000	12,034,620	10,365,380	53.7
	Internal Audit	5,550,000	4,206,204	1,343,796	75.8
	Procurement Service	4,700,000	1,922,900	2,777,100	40.9
ICT Development	ICT Development	24,839,132	15,659,799	9,179,333	63.0
Economic Planning & Coordination services	Economic Planning & Coordination services	13,300,000	4,249,694	9,050,306	32.0
Fleet Management	Fleet Management	23,925,000	0.00	23,925,000	0.0
AGRICULTURE, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	723,799,925	127,107,511	596,692,413.10	17.6
Agriculture Development	Agriculture Development	32,008,000	12,358,159.80	19,569,840.20	38.9
Aquaculture Development	Aquaculture Development	7,628,000	919,892	6,708,108	12.1
Livestock Development	Livestock Development	8,628,000	478,020	8,149,980	5.5
Animal Disease Management	Animal Disease Management	15,628,000	491,699	15,136,301	3.1
County Owned Enterprise	Agricultural Training Centre	15,226,400	12,000	15,214,4000	0.1
	Agricultural Mechanization Service	525,600	-	525,600	-
WATER AND IRRIGATION					
General Administration and Planning	General Administration and Planning	115,120,000	48,000,873.75	67,119,126.25	41.7
Water Resource Management	Water Resource Management	439,650,000	-	439,650,000	-
Water Resource Management	Water Resource Management	47,000,000	-	47,000,000	-
EDUCATION, TECHNOLOGY, GENDER AND SOCIAL SERVICE					
General Administration and Planning	General Administration and Planning	786,230,856	303,888,373.70	482,342,482.20	38.7
Basic Education	Basic Education	194,501,646	103,333,221	91,168,425	53.1
Technical & Vocational Education Service	Technical & Vocational Education Service	68,199,983	1,081,000	67,118,983	1.6
Gender, Social Development & Children Service	Gender, Social Development & Children Service	36,000,000	3,481,350	32,518,650	9.7
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND PUBLIC WORKS					
General Administration and Planning	General Administration and Planning	105,800,000	460,907,372.15	58,892,627.85	44.3
Meru Town Municipality	Meru Town Municipality	310,430,649	560,200	309,870,449	0.2
Spatial, Planning, Survey and Mapping	Spatial, Planning, Survey and Mapping	28,000,000	-	28,000,000	-
Public Works	Public Works	135,318,966	-	135,318,966	-
PUBLIC SERVICE ADMINISTRATION AND LEGAL AFFAIRS					
General Administration and Planning	General Administration and Planning	40,624,640	13,876,285	26,748,355	34.2
Coordination of County Government Function	Coordination of County Government Function	11,395,000	4,788,000	6,607,000	42.0
County Enforcement Service	**County Law Enforcement Service**	2,030,000	-	2,030,000	-
Human Resource Management	Human Resource Management	820,353,506	142,674,424.70	677,679,081.30	17.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Legal Representation and Advisory Service	Legal Representation and Advisory Service	157,800,353	87,000,000	69,840,353	55.7
Town Management & Administration	Town Management & Administration	12,007,393	3,554,219	8,453,174	29.6
ROAD, TRANSPORT AND ENERGY					
General Administration and Planning	General Administration and Planning	68,879,845	30,743,817.35	38,136,027.65	44.6
Electrification and Street Lighting	Electrification and Street Lighting	32,400,155	3,539,539	28,860,616	10.9
Road Transport	Road Transport	983,816,212	157,574,297	826,241,915	16.0
TRADE, INVESTMENT, INDUSTRIALIZATION, TOURISM AND COOPERATIVE DEVELOPMENT					
General Administration and Planning	General Administration and Planning	49,800,000	26,536,146.50	23,263,853.50	53.3
Trade Development & Promotion	Trade Development & Promotion	109,124,044	4,998,752	104,125,292	4.6
Cooperative Development	Cooperative Development	20,000,000	4,979,682	15,020,318	24.9
Tourism Development and Promotion	Tourism Development and Promotion	37,580,000	3,790,849	33,789,151	10.1
YOUTH AFFAIRS AND SPORT					
General Administration and Planning	General Administration and Planning	31,200,000	14,242,166.65	16,957,833.55	45.6
Youth Affairs	Youth Affairs	73,537,156	17,836,971	4355,700,185	24.3
Sport Development	Sport Development	78,150,000	9,470,400	68,679,600	12.1
Arts and Culture Development	Arts and Culture Development	26,500,000	12,603,740	13,896,260	47.6
COUNTY PUBLIC SERVICE BOARD					
General Administration and Planning	General Administration and Planning	25,381,034	12,535,999	12,845,035	49.4
ENVIRONMENT, WILDLIFE AND NATURAL RESOURCE					
General Administration and Planning	General Administration and Planning	44,100,000	16,185,511.60	27,914,488.40	36.7
Environment Management and Protection	Environment Management and Protection	33,400,000	0.00	33,400,000	0.0
COUNTY ASSEMBLY					
General Administration and Planning	General Administration and Planning	223,944,036	94,621,942.06	129,322,093.94	42.3
Legislative and Representation	Legislative and Representation	536,240,684	215,080,728.54	321,159,955.46	40.1
Legislative Oversight	Legislative Oversight	235,035,280	135,679,328.95	99,355,951.05	57.7
Grand Total		**11,193,652,518**	**3,493,073,073.55**	**7,700,579,444.45**	**31.2**

Source: *Meru County Treasury*

The best performing programmes across the County were: Partnership Development and External Linkages at 114.7 per cent, Efficiency, Monitoring and Evaluation at 83.6 per cent and Internal Audit at 75.8 per cent of budget allocation.

3.26.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury. As at the end of the reporting period, Kshs.2.85 billion had been disbursed against an expected disbursement of Kshs.3.94 billion.
2. Under performance in own source revenue collection which declined from Kshs.217.54 million in the first half of FY 2018/19 to Kshs.168.84 million in the reporting period.
3. Some programmes such as Partnership Development and External Linkages absorbed 114.7 per cent of budget allocation.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with CARA 2019 Disbursement Schedule.*

2. *The County Treasury should formulate strategies to enhance local revenue collection such as proper automation of the revenue system.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS with progress reports on budget implementation and address any anomalies.*

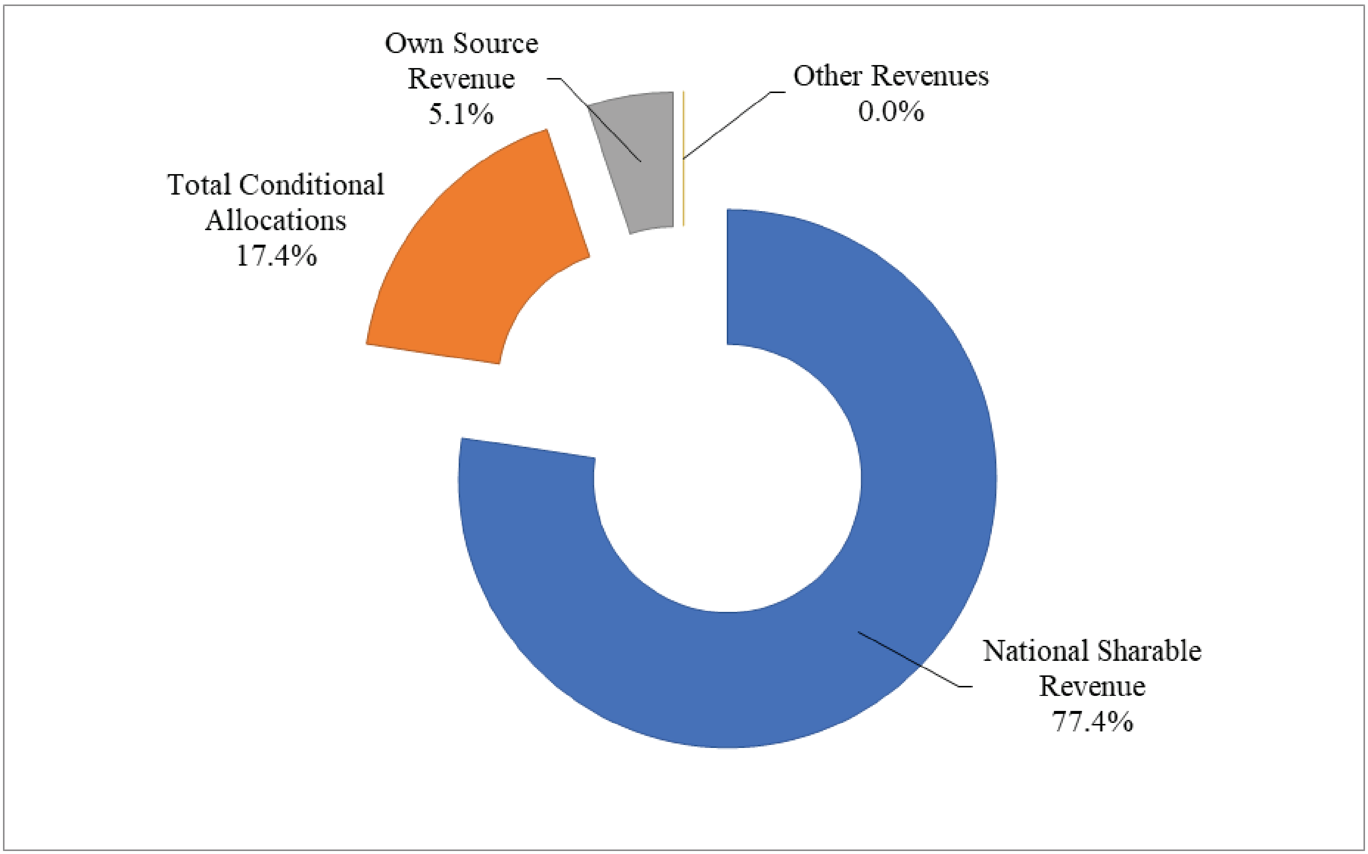
3.27 Migori County

3.27.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.9.54 billion, comprising of Kshs.3.99 billion (41.8 per cent) and Kshs.5.55 billion (58.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.77 billion (71 per cent) as equitable share of revenue raised nationally, Kshs.1.52 billion (16 per cent) as total conditional grants, generate Kshs.450 million(4.7 per cent) from own sources of revenue, and had Kshs.791.95 million (8.3 per cent) as cash balance from FY 2018/19. Figure 3.79 shows the expected sources of financing by category in FY 2019/20

Figure 3.79: Migori County Expected Revenue Sources in FY 2019/20



Source: *Migori County Treasury*

3.27.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.39 billion as equitable share of the revenue raised nationally, Kshs.69.21 million as total conditional grants, raised Kshs.141.78 million from own-source revenue, and had a cash balance of Kshs.791.95 million from FY 2018/19.

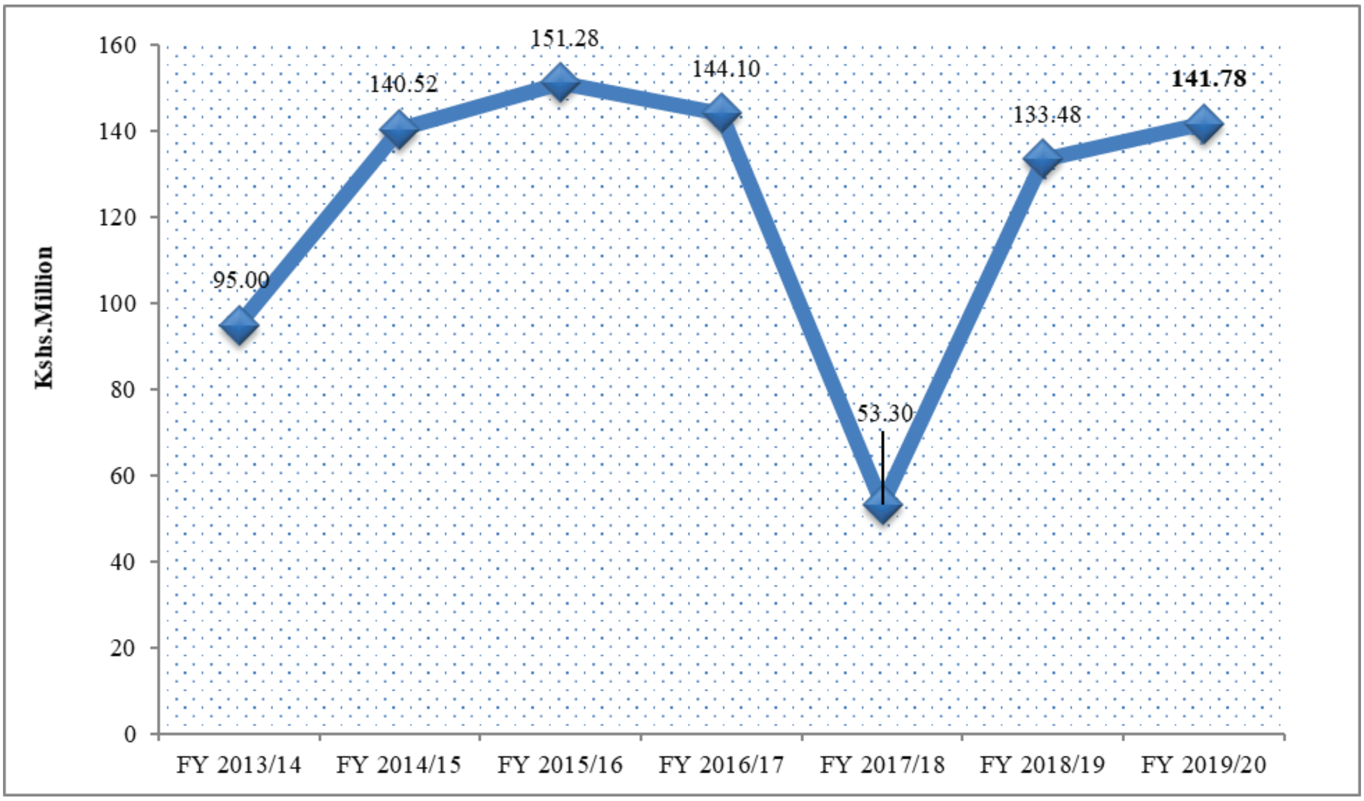
Table 3.126: Migori County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs.)	Annual Budget Allocation (in Kshs.)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,773,100,000	6,773,100,000	2,397,677,400	35.4
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	21,655,884	21,655,884	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	192,258,938	236,494,622	-	-
4.	Rehabilitation of Village Polytechnics	30,033,298	30,033,298	-	-
	Sub Total	**375,863,014**	**7,193,198,698**	**2,397,677,400**	33.3
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	76,811,165	76,811,165	17,449,675	22.7
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	41,736,286	11.9
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	518,367,800	518,367,800	-	-
5.	DANIDA Grant	20,062,500	20,062,500	10,031,250	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	43,668,076	43,668,076	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,805,472	17,805,472	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		**1,065,515,013**	**1,106,715,013**	**69,217,211**	**6.3**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	450,000,000	141,776,951	31.5
2.	Balance b/f from FY2018/19	-	791,947,717	791,947,717	100.0
Sub Total		-	**1,241,947,717**	**933,724,668**	**75.2**
Total		**8,214,478,027**	**9,541,861,428**	**3,400,619,279**	**35.6**

Source: *Migori County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.4 billion as shown in Table 3.126.

Figure 3.80: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Migori County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.141.78 million as own-source revenue. This amount represented an increase of 6.2 per cent when compared to Kshs.133.48 million reported during the same period in FY 2018/19, and represented 31.5 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.04 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.671.91 million (22.1 per cent) for development programmes and Kshs.2.36 billion (77.9 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

A total of Kshs.2.66 billion was spent on development and recurrent programmes and represented 87.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.501.18 million and Kshs.2.16 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 12.6 per cent while that incurred on recurrent expenditure programmes represented 38.9 per cent of the annual recurrent budget.

3.27.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.44 billion was spent on compensation to employees, Kshs.711.21 million on operations and maintenance, and Kshs.501.18 million on development expenditure.

Table 3.127: Migori County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,552,511,706	2,365,200,000	2,160,937,574	81.2	38.9
Compensation to Employees	2,878,630,982	1,357,488,370	1,449,727,101	54.5	50.4

Operations and Maintenance	2,673,880,724	1,007,711,630	711,210,473	26.7	26.6
Total Development Expenditure	3,989,349,722	671,912,053	579,514,048	21.8	14.5
Development Expenditure	3,989,349,722	671,912,053	501,182,006	18.8	12.6
Total	**9,541,861,428**	**3,037,112,053**	**2,662,119,579**	100.0	27.9

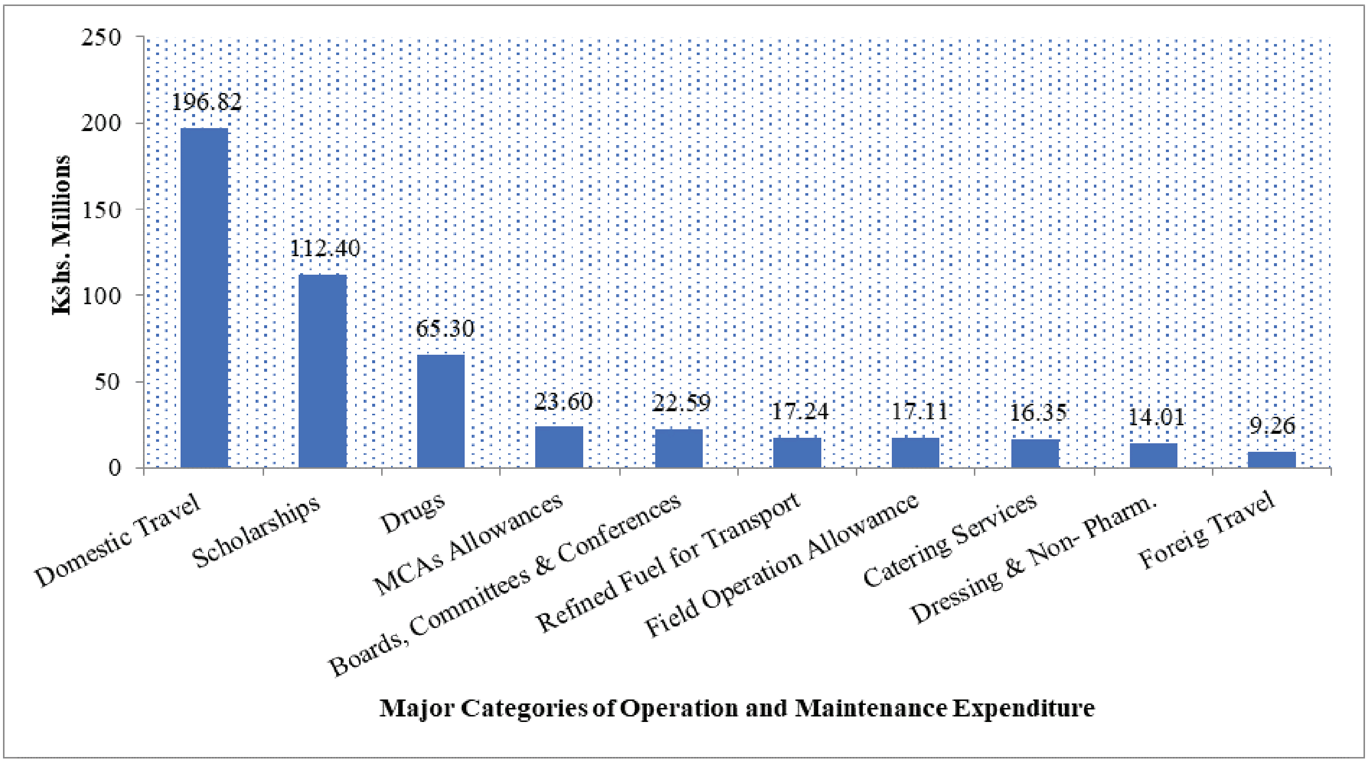
Source: *Migori County Treasury*

Expenditure on compensation to employees was 55.8 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.35 billion.

3.27.6 Analysis of Operations and Maintenance Expenditure

Figure 3.81 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.81: Migori County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Migori County Treasury*

The County spent Kshs.23.59 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.128 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.69,004 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.196.82 million and comprised of Kshs.95.5 million spent by the County Assembly and Kshs.101.2 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.26 million and comprised of Kshs.5.7 million spent by the County Assembly and Kshs.3.5 million spent by the County Executive.

3.27.7 Development Expenditure Analysis

The total development expenditure of Kshs.501.1 million represented 12.6 per cent of the annual development budget of Kshs.3.99 billion. Table 3.128 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.128: Migori County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Kiringi Bridge and approach roads of the Eastern by pass	Suna Central Ward	100,000,000	51,046,062	51
2	Upgrade to Bitumen standard of Uriri-Oria-Ayego Kabwana	Central Kanyamkago ward	153,697,821	39,087,761	**52**
3	Construction of Maternal child and Amenity complex at the MCRH	Suna Central ward	53,941,740	28,065,316	**52**
4	Supply of fire Engine truck	County headquarter	52,950,347	25,436,849	48
5	Supply, Delivery and Installation of Oxygen Plant at Migori County Referral Hospital	Suna Central ward	21,841,485	21,841,485	100
6	Water & Energy Installation of solar street lighting in various centers in Migori county	County wide	14,468,388	14,468,388	100
7	Proposed access Road to Ngochoni and Nyamutiba	Nyamosense Komosoko ward	14,027,880	14,027,880	100
8	Access to Korweny river in East Kamagambo ward	East Kamagambo ward	12,497,260	12,497,260	100
9	Supply and Delivery of Prime Mover with Hydraulic Winch GCW 45-60 Tons	County headquarter	10,000,000	10,000,000	100
10	Proposed Access to Ratieny river	Muhuru ward	9,299,140	9,299,140	100

Source: *Migori County Treasury*

3.27.8 Budget Performance by Department

Table 3.129 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.129: Migori County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs.) Millions		Exchequer Issues (Kshs.) Millions		Expenditure (Kshs. Millions) Millions		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary & Fisheries	186.67	501.02	94.13	84.08	78.95	10.15	83.9	12.1	42.3	2.0
County Assembly	836.83	50	350	-	393.28	-	112.4	-	47.0	-
County Executive	303.34	306.5	124	-	88.53	14.97	71.4	-	29.2	4.9
Education, Youth, Sports, Culture, Gender and Social Services	419.56	207.42	120.53	24.7	227.1	3.58	188.4	14.5	54.1	1.7
Finance and Economic Planning	669.35	42.5	269.56	-	183.42	-	68.0	-	27.4	-
Health	1,774.94	552.06	946.11	100.4	770.61	93.43	81.4	67.7	93.1	16.9
Lands, Physical Planning and Housing	117.63	616.01	*73.71*	6.94	29.58	4.96	40.1	71.4	25.1	0.8
Management Environment, Natural Resources and Disaster Management	198.43	6.24	34.12	-	32.85	4.65	96.3	-	16.6	74.5

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Millions		Millions		Millions					
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Management	757.88	63.6	213.05	53.33	251.55	-	118.1	-	33.2	-
Roads, Transport and Public Work	89.26	1,259.17	49.27	308.82	27.18	295.94	55.2	95.8	30.5	23.5
Trade, Tourism and Cooperative Development	71.5	104.95	47.35	22.54	42.29	14.73	99.5	65.3	59.2	24.4
Water and Energy	127.09	279.85	43.35	71.09	35.57	47.49	82.1	66.8	28.0	17.0
TOTAL	**5,552.51**	**3,989.35**	**2,365.20**	**671.91**	**2,160.94**	**501.18**	**91.0**	**75.0**	**39.0**	**13.0**

Source: *Migori County Treasury*

Analysis of expenditure by department shows that the Department of Management Environment, Natural Resources recorded the highest absorption rate of development budget at 74.5 per cent. The Department of Trade, Tourism and Cooperative Development had the highest percentage of recurrent expenditure to its recurrent budget at 59.2 per cent while the Department of Management Environment, Natural Resources had the lowest at 16.6 per cent.

3.27.9 Budget Execution by Programmes and Sub-Programmes

Table 3.130 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.130: Migori County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/2020

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
HEALTH					
Planning and administrative support services	Health Management Informative System	1,500,000.00	416,250.00	1,083,750.00	27.7
	Administrative And Support Services	1,340,729,812.00	678,216,731.80	662,513,080.20	50.6
	Sub total	**1,342,229,812.00**	**678,632,981.80**	**663,596,830.20**	**50.5**
Preventive And Promotive Health Services	Community Health Services	44,860,680.00	-	44,860,680.00	-
	Sanitation And Environmental Health Services	1,000,000.00	-	1,000,000.00	-
	Human Nutrition And Dietetics	2,000,000.00	1,115,500.00	884,500.00	55.8
	Communicable Disease Control	1,000,000.00	-	1,000,000.00	-
	HIV And Aids Management	2,000,000.00	-	2,000,000.00	-
	Disease Surveillance/	1,500,000.00	-	1,500,000.00	-
	Emergency Preparedness And Response	1,000,000.00	57,600.00	942,400.00	5.7
	Health Promotion	1,500,000.00	-	1,500,000.00	-
	Family& Reproductive Health	17,000,000.00	689,000.00	16,311,000.00	4.0
	Sub total	**71,860,680.00**	**1,862,100.00**	**69,998,580.00**	2.6
Curative , Rehabilitative and Referral services	Pharmaceutical And Non –Pharmaceutical Commodities	316,638,857.00	90,116,325.70	226,522,531.30	28.5
	Diagnostic Services	2,500,000.00	-	2,500,000.00	-
	Sub total	**319,138,857.00**	**90,116,325.70**	**229,022,531.30**	28.2
Infrastructure Development	Infrastructure Development	343,348,878.00	93,438,092.35	249,910,785.65	27.2
	Sub total	**343,348,878.00**	**93,438,092.35**	**249,910,785.65**	19.8
External Funding	Donor Funds	96,862,500.00	-	96,862,500.00	-
	Conditional Grants	153,570,778.00	-	153,570,778.00	-
	Sub total	**250,433,278**	**0**		-
AGRICULTURE					
Agriculture (Policy, Planning, General Administration and Support Services)	General administration	151,734,680.00	75,742,234.15	75,992,445.85	49.9
	Sub total	**151,734,680.00**	**75,742,234.15**	75,992,445.85	49.9
	Field Extension Services and support programme	10,885,660.00	1,398,787.00	9,486,873.00	-
	Sub total	**10,885,660.00**	**1,398,787.00**		-
Crop development and management	Crop development	20,460,001.00	-	31,000,000.00	-
	Sub total	**20,460,001.00**	-	**31,000,000.00**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
External Funding	Donor Funds	443,246,222.00	-	443,246,222.00	-
	Sub total	**443,246,222.00**	-	**443,246,222.00**	-
Fisheries (Policy, Planning, General Administration and Support Services)	General administration	7,184,160.00	-	7,184,160.00	-
	Field Extension Services and support programme	5,781,840.00	-	5,781,840.00	-
	Sub total	**12,966,000.00**	-	12,966,000.00	-
	Aquaculture development and extension	15,835,083.00	-	12,486,708.00	
	Sub total	**15,835,083.00**	-	**12,486,708.00**	
Livestock (Policy, Planning, General Administration and Support Services)	General administration	7,290,000.00	384,350.00	6,905,650.00	5.3
	Sub total	**7,290,000.00**	**384,350.00**	**6,905,650.00**	5.3
Livestock production and management	Enterprise Development And Value Addition	4,720,000.00	521,730.00	4,198,270.00	11.0
	Sub total	**4,720,000.00**	**521,730.00**	4,198,270.00	11.0
Veterinary Services (Policy, Planning, General Administration and Support Services)	General administration	6,919,000.00	-	6,919,000.00	-
	Field Extension Services and support programme	1,230,000.00	900,000.00	330,000.00	73.1
	Sub total	**8,149,000.00**	**900,000.00**	7,249,000.00	11.04
Veterinary services	Livestock disease control & management	9,489,786.00	10,151,162.00	(661,376.00)	106.9
	Veterinary public health management	2,920,000.00	-	2,920,000.00	-
	Livestock breeding services	-	-	-	-
	Sub total	**12,409,786.00**	**10,151,162.00**	**2,258,624.00**	81.8
COUNTY EXECUTIVE					
Governance and Executive Management	Citizen delivery service	270,000,000.00	-	270,000,000.00	-
	Coordination of Devolved Ministries and Departments	31,768,582.00	15,108,180.00	16,660,402.00	47.5
	Sub total	**301,768,582.00**	**15,108,180.00**	**286,660,402.00**	5.0
Strategy and service delivery	Legal Services	68,100,000.00	15,839,138.00	52,260,862.00	23.3
	Efficiency monitoring services	7,636,000.00	977,315.00	6,658,685.00	12.8
	Sub total	**75,736,000.00**	**16,816,453.00**	**58,919,547.00**	22.2
Strategy and service delivery	Conflict Management And Resolution	1,101,000.00	1,191,500.00	(90,500.00)	108.2
	Sub total	**1,101,000.00**	**1,191,500.00**	**(90,500.00)**	108.2
Governor's Office (General Administration and Support Services)	General Administration Services	96,734,000.00	52,853,813.04	43,880,186.96	54.6
	Sub total	**96,734,000.00**	**52,853,813.04**	**43,880,186.96**	54.6
Cohesion And Peace Building	Peace Building, Education, Advocacy And Research	7,995,000.00	733,690.00	7,261,310.00	9.2
	Sub total	**7,995,000.00**	**733,690.00**	**7,261,310.00**	9.2
Deputy Governor's Office(General Administration and Support Services)	General Administration Services	20,063,200.00	7,485,457.96	12,577,742.04	37.3
	Sub total	**20,063,200.00**	**7,485,457.96**	**12,577,742.04**	37.3
Governance and Executive Management	Citizen Delivery services	3,374,000.00	-	3,374,000.00	-
	Sub total	**3,374,000.00**	-	**3,374,000.00**	-
County Secretary (General Administration and Support Services)	General Administration Services	20,632,000.00	8,196,550.00	12,435,450.00	39.7
	Sub total	**20,632,000.00**	**8,196,550.00**	**12,435,450.00**	39.7
Kenya Devolution Support Programme	Key Result Area1: Public Finance Management	3,600,000.00	-	3,600,000.00	-
	Key Result Area2: Planning , Monitoring And Evaluation	6,900,000.00	-	6,900,000.00	-
	Key Result Area3: Performance Contracting And Human Resources Management	10,800,000.00	-	10,800,000.00	-
	Key Result Area4: Civic Education And Public Participation	5,100,000.00	-	5,100,000.00	-
	Key Result Area5: Environment And Social Safeguard	3,600,000.00	-	3,600,000.00	-
	Sub total	**30,000,000.00**	-	**30,000,000.00**	-
Information Communication Technology (General Administration and Support Services)	General Administration Services	27,433,252.00	1,117,160.00	26,316,092.00	4.0
	Information communication and technology	25,000,000.00	-	25,000,000.00	-
	Sub total	**52,433,252.00**	**1,117,160.00**	**51,316,092.00**	2.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
PUBLIC SERVICE MANAGEMENT					
General Administration and Support Services	General Administration and Support Services	712,266,600.00	222,623,505.50	489,643,094.50	31.
	Sub total	**712,266,600.00**	**222,623,505.50**	**489,643,094.50**	31.2
Human Capital Management And Development	Human Capital Strategy	2,000,000.00	-	2,000,000.00	-
	Information And Records Management	570,000.00	307,160.00	262,840.00	53.8
	Sub total	**2,570,000.00**	**307,160.00**	**2,262,840.00**	11.9
Sub County Administration Services	Devolved units Development services	50,604,036.00	3,726,059.00	46,877,977.00	7.3
	Sub total	**50,604,036.00**	**3,726,059.00**	**46,877,977.00**	7.3
Civic Education And Public Participation	Civic Education	4,000,000.00	166,664.00	3,833,336.00	4.2
	Sub total	**4,000,000.00**	**166,664.00**	3,833,336.00	4.2
County Security and Compliance Enforcement Services	Support and Administration Services	3,240,000.00	973,000.00	2,267,000.00	30
	Sub total	**3,240,000.00**	**973,000.00**	**2,267,000.00**	30
General Administration and Support Services(PSB)	General Administration and Support Services	39,908,120.00	11,024,578.50	28,883,541.50	27.6
	Sub total	**39,908,120**	**11,024,578**	**28,883,541**	27.6
Human Capital Management And Development	Human Capital Strategy	3,570,000	5,559,867	(1,989,867)	155.7
	Public service board services	3,730,000	7,162,132	(3,432,132)	192
	Information And Records Management	1,600,000	7,900	1,592,100	0.5
	Sub total	**8,900,000**	**12,729,899**	**-3,829,899**	143
EDUCATION ,YOUTH,SPORTS,CULTURE,GENDER AND SOCIAL SERVICES					
General Administration and Support Services(Education)	General Administration and Support Services	169,110,498.00	100,214,026.80	68,896,471.20	59.3
	Sub total	**169,110,498.00**	**100,214,026.80**	**68,896,471.20**	59.3
Education Support Services	Bursary And Scholarship	180,856,780.00	112,397,057.00	68,459,723.00	62.1
	Sub total	**180,856,780.00**	**112,397,057.00**	**68,459,723.00**	62.1
Child Care Support Services	Infrastructure development and sanitation improvement	82,482,176.00	383,182.00	82,098,994.00	0.4
	Ecde Staffing	15,810,000.00	480,700.00	15,329,300.00	3
	Sub total	**98,292,176.00**	**863,882.00**	97,428,294.00	0.8
Quality Management Services	Quality Assurance and standard services	7,000,000.00	-	7,000,000.00	-
	Sub county education office services	1,600,000.00	235,710.00	1,364,290.00	14.7
	Sub total	**8,600,000.00**	**235,710.00**	8,364,290.00	2.7
Youth Development Empowerment	Vocational Education Training	28,000,000.00		28,000,000.00	
	Sub total	**28,000,000.00**	-	28,000,000.00	-
Sports and culture development	Culture and heritage conservation	5,000,000.00		5,000,000.00	-
	Sub total	**5,000,000.00**		5,000,000.00	-
Sports and culture development(Sports)	Sport and talent development	55,500,000.00	12,540,200.00	42,959,800.00	22.6
	General Administration and Support Services	35,585,117.00	3,125,967.00	9,180,000.00	
	Talent development services	5,500,000.00	17,000.00	5,483,000.00	0.3
	Sub total	**96,585,117.00**	**15,683,167.00**	80,901,950.00	16.2
Youth Development Empowerment(youth)	Youth home craft centers and enterprises services	1,500,000.00	-	1,500,000.00	-
	Sub total	**1,500,000.00**	-	1,500,000.00	-
External Funding	Conditional Grants	30,033,298.00	-	30,033,298.00	-
	Sub total	**30,033,298.00**	-	30,033,298.00	-
Sports and culture development(culture &social)	Culture and heritage conservation	3,500,000.00	-	3,500,000.00	-
	Sub total	**3,500,000.00**	-	3,500,000.00	-
Gender And Equality	Women empowerment enterprises and support services	4,000,000.00	1,292,700.00	2,707,300.00	32.3
	Pwds enterprises and support services	1,500,000.00	-	1,500,000.00	-
	Sub total	**5,500,000.00**	**1,292,700.00**	4,207,300.00	23.5
MANAGEMENT ENVIRONMENT,NATURAL,RESOURCES AND DISASTER MANAGEMENT					
General Administration and Support Services(Environment)	General Administration and Support Services	77,000,810.00	26,816,723.10	50,184,086.90	34.8
	Sub total	**77,000,810.00**	**26,816,723.10**	50,184,086.90	34.8
Environment management and protection	Solid waste management services	7,700,000.00	3,685,651.19	4,014,348.81	47.8
	Sub total	**7,700,000.00**	**3,685,651.19**	4,014,348.81	47.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Environmental and natural resource conservation and management	County greening program me		-	-	-
	Water resource conservation and management	300,000.00	1,007,100.00	(707,100.00)	335.7
	Climate change adoption and mitigation	540,000.00	324,000.00	216,000.00	60.0
	Forestry conservation and development	3,650,000.00	-	3,650,000.00	-
	Sub total	**4,490,000.00**	**1,331,100.00**	3,158,900.00	29.6
Natural resources conservation and management	Forestry conversation and development	-		-	-
	Mining services	1,350,000.00	588,340.00	761,660.00	43.5
	Sub total	**1,350,000.00**	**588,340.00**	761,660.00	43.5
Disaster Management	Disaster management services	114,134,889	5,079,704	109,055,185	4.4
	Sub total	**114,134,889**	**5,079,704**	**109,055,185**	36.6
FINANCE ECONOMIC PLANNING					
General Administration and Support Services(Accounting)	General Administration and Support Services	232,228,662.00	12,406,025.00	219,822,637.00	5.3
	Sub total	**232,228,662.00**	**12,406,025.00**	219,822,637.00	5.3
Public finance management	Accounting services	272,687,835.00	139,829,189.85	132,858,645.15	51.2
	Sub total	**272,687,835.00**	**139,829,189.85**	132,858,645.15	51.2
General Administration and Support Services(Audit)	General Administration and Support Services	21,021,000.00	7,272,130.00	13,748,870.00	34.5
	Sub total	**21,021,000.00**	**7,272,130.00**	13,748,870.00	34.6
Public Financial management (procurement)	**Procurement services**	18,600,000.00	2,946,390.00	15,653,610.00	15.8
	Sub total	**18,600,000.00**	**2,946,390.00**	15,653,610.00	15.8
General Administration and Support Services(Revenue)	General Administration and Support Services	2,160,000.00	-	2,160,000.00	-
	Sub total	**2,160,000.00**		2,160,000.00	-
Public Financial management (Revenue)	Resource mobilization	58,775,000.00	292,000.00	58,483,000.00	0.5
	Sub total	**58,775,000.00**	**292,000.00**	58,483,000.00	0.5
General Administration and Support Services(Planning)	General Administration and Support Services	29,800,675.00	8,235,767.00	21,564,908.00	27.6
	Sub total	**29,800,675.00**	**8,235,767.00**	21,564,908.00	27.6
Economic policy and county planning	Budget coordination and management	60,583,116.00	11,162,981.00	49,420,135.00	18.4
	Policy and plans development	3,000,000.00	-	3,000,000.00	-
	County statistical information services	10,000,000.00	1,279,970.00	8,720,030.00	12.8
	Community development	3,000,000.00	-	3,000,000.00	-
	Sub total	**76,583,116.00**	**12,442,951.00**	64,140,165.00	16.2
LANDS ,HOUSINGAND PHYSICAL PLANNING					
General Administration and Support Services(Lands)	General Administration and Support Services	82,634,725.00	29,580,929.70	53,053,795.30	35.8
	Sub total	**82,634,725.00**	**29,580,929.70**	53,053,795.30	35.8
Physical planning service	Physical and urban planning services	82,150,722.00	4,959,000.00	77,191,722.00	6
	External funding	568,366,492.00	-	568,366,492.00	-
	Sub total	**650,517,214.00**	**4,959,000.00**	645,558,214.00	0.7
Housing Development services	Housing services	500,000.00	-	500,000.00	-
	Sub total	**500,000.00**	-	500,000.00	-
	ROADS,TRANSPORTAND PUBLIC WORKS				
Policy, General administration, planning & support Service	General Administration and Support Services	67,257,644.00	23,448,858.75	43,808,785.25	34.8
	Sub total	**67,257,644.00**	**23,448,858.75**	43,808,785.25	34.8
Roads development, maintenance and management	Road network improvement	1,181,171,277.00	271,848,744.35	920,585,683.30	23
	Construction of bridges and maintenance	100,000,000.00	39,087,761.00	60,912,239.00	39
	Mechanization services	-	-	-	-
	Sub total	**1,281,171,277**	**310,936,505**	**970,234,771**	**24.2**
TRADE TOURISM AND COOPERATIVE					
Policy, Planning and Administrative Support Services	General Administration and Support Services	45,820,872.00	35,296,035.65	10,524,836.35	77
	Sub total	**45,820,872.00**	**35,296,035.65**	10,524,836.35	77

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade And Markets Promotion And Development	Trade Development And Promotion Of SMEs Services	13,208,590.00	5,777,075.00	7,431,515.00	43.7
	Trade infrastructure development services	91,450,406.00	14,728,138.00	76,722,268.00	16.1
	Regional economic integration	420,000.00	102,000.00	318,000.00	24.2
	Sub total	**105,078,996.00**	**20,607,213.00**	84,471,783.00	19.6
Industrial development and investment services	Promotion Of Industrial Development And Investments	490,000.00	260,000.00	230,000.00	53
	Industrial Parks And Infrastructure Development	1,500,000.00	-	1,500,000.00	-
	Sub total	**1,990,000.00**	**260,000.00**	1,730,000.00	13
Cooperative development services	Cooperative Development Services And Promotion	7,820,000.00	-	7,820,000.00	-
	Cooperative Oversight And Compliance	1,416,000.00	-	1,416,000.00	-
	Cooperative Policy, Research And Advisory	1,080,000.00	-	1,080,000.00	-
	Sub total	**10,316,000.00**	-	10,316,000.00	-
Tourism Development	Tourism Promotion, Investment And Marketing	1,500,000.00	263,240.00	1,236,760.00	17.5
	Cradle Of Mankind Circuit	1,500,000.00	-	1,500,000.00	-
	Tourism products and services	7,000,000.00	-	7,000,000.00	-
	Sub total	**10,000,000.00**	**263,240.00**	9,736,760.00	2.63
Trade And Markets Promotion And Development	Metrological laboratory services	2,340,000	-	2,340,000.00	-
	Sub total	**2,340,000.00**	-	2,340,000.00	-
Liquor Licensing and Control Services	Infrastructure Development	900,000.00	596,539.00	303,461.00	66.3
	Sub total	**900,000.00**	**596,539.00**	303,461.00	66.3
COUNTY ASSEMBLY					
General Administration and Support Services(SPEAKER DEPARTMENT)	Administrative services	15,000,000	-	15,000,000.00	-
	Sub total	**15,000,000**	-	15,000,000.00	-
Oversight Management Service	Committees management services	116,750,000.00	95,574,953.00	21,175,047.00	81.8
	Sub total	**116,750,000.00**	**95,574,953.00**	21,175,047.00	81.8
Legislative Service	Representation	25,863,160.00	-	25,863,160.00	-
	Sub total	**25,863,160.00**	-	25,863,160.00	-
General Administration and Support Services(CLERK DEPARTMENT)	Administrative services	729,221,065.00	297,708,046.91	431,513,018.09	40.8
	Citizen Engagement		-	-	-
	Sub totals	**729,221,065.00**	**297,708,046.91**	431,513,018.09	40.8
WATER AND ENERGY					
Water supply and management services	Urban water Supply and Management Services	38,446,750.00	15,261,849.00	23,184,901.00	39.7
	Rural water services	183,934,649.00	30,861,286.50	153,073,362.50	16.7
	Green Energy Development	11,916,000.00	-	11,916,000.00	-
	Sub total	**234,297,399.00**	**46,123,135.50**	188,174,263.50	19.7
General administration, planning & support Service	General Administration ,policies and legal framework	76,736,446.00	20,313,172.50	56,423,273.50	26.4
	Sub total	**76,736,446.00**	**20,313,172.50**	56,423,273.50	26.4
Alternative Energy Services	Green Energy Development	76,311,281.00	16,638,003.00	59,673,278.00	21.8
	Sub total	**76,311,281.00**	**16,638,003.00**	59,673,278.00	21.8
Operation and maintenance of Rural Water Services	Water supplies and sewerage	**19,611,766**	-	19,611,766.00	-
	Sub total	**19,611,766**	-	19,611,766.00	-
Grand Total		**9,541,861,428**	**2,662,119,579**	**6,879,741,848**	**27.9**

Source: *Migori County Treasury*

The top performing programs across the County were: Oversight Management Services at 81.8 per cent, Liquor Licensing & Control Services at 66.3 per cent, and Education Support Services at 62.1 per cent of budget allocation,.

3.27.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Slow implementation of development programmes during first half FY 2019/20. The absorption rate of development budget was 12.6 per cent compared to the expected 50 per cent.
3. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report contrary to section 166 of the PFM Act, 2012.

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

1. *The County Treasury should liaise with National Treasury to ensure timely disbursement of allocated funds.*
2. *The County should prioritize implementation of development programme in the remaining period of the financial year.*
3. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*

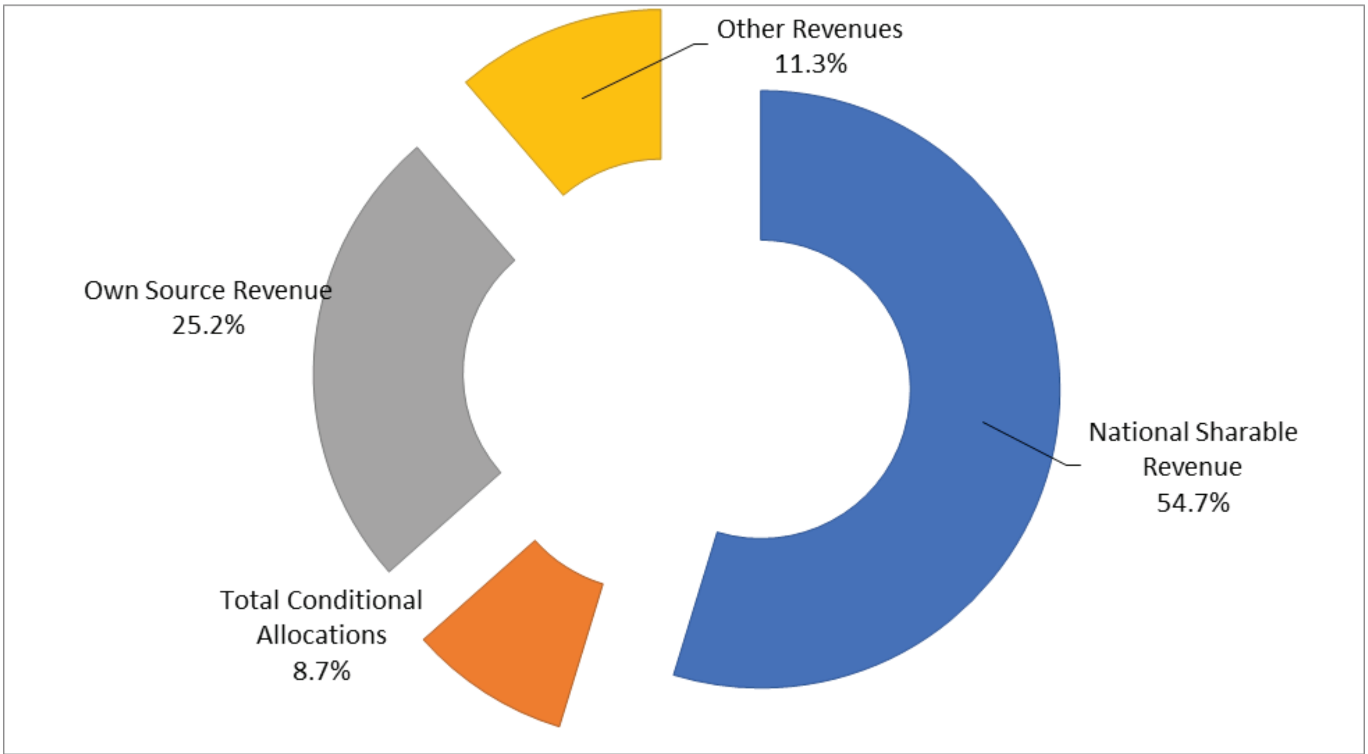
3.28 Mombasa County

3.28.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.13.68 billion, comprising of Kshs.4.94 billion (36.3 per cent) and Kshs.8.74 billion (63.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.49 billion (54.7 per cent) as equitable share of revenue raised nationally, Kshs.1.19 billion (8.7 per cent) as total conditional grants, other revenue sources of Kshs.1.55 billion (11.3 per cent), and generate Kshs.3.45 billion (25.2 per cent) from own source revenue. Figure 3.82 shows the expected sources of financing by category in FY 2019/20.

Figure 3.82: Mombasa County Expected Revenue Sources in FY 2019/20



***Source**: Mombasa County Treasury*

3.28.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.5 billion as equitable share of the revenue raised nationally, Kshs.186.47 million as total conditional grants, raised Kshs.1.48 billion from own-source revenue. The own source revenue includes Kshs.382.91 million from A-I-A (Level 5 Hospital).

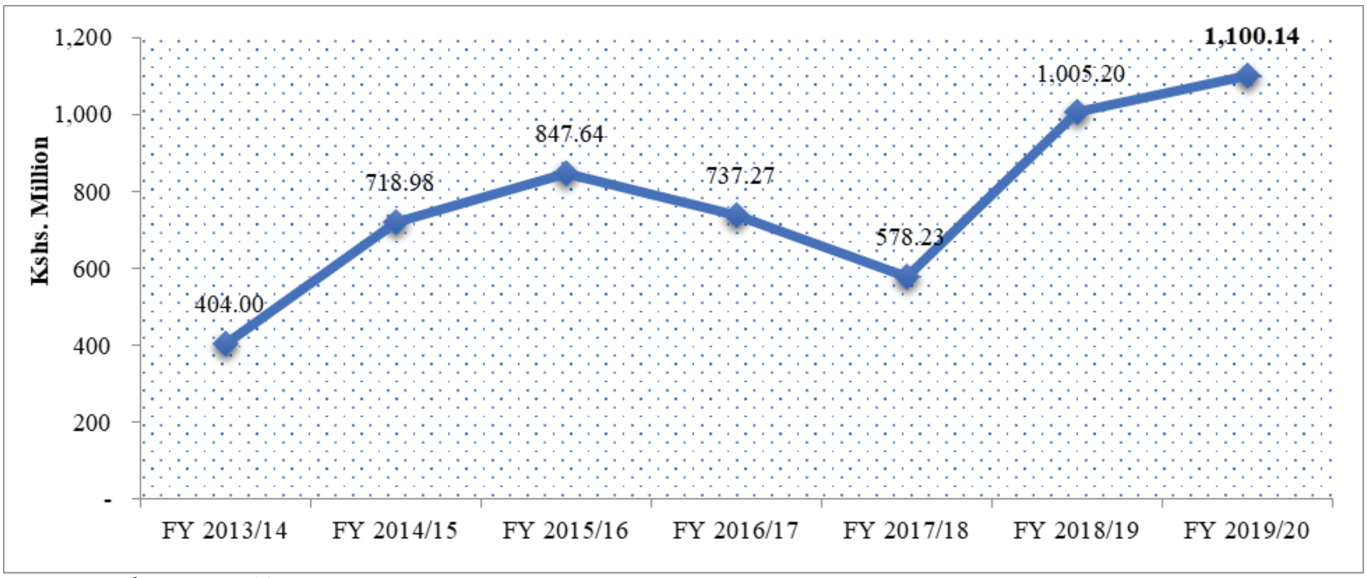
Table 3.131: Mombasa County, Revenue Performance in the First Half of FY 2019/20

S / No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**7,057,950,000**	**7,485,441,000**	**2,498,514,300**	**33.4**
B.	**Conditional Grants from the National Government Revenue**				
1	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	172,467,053	44.4
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy	200,344,594	200,344,594	-	-
4	Development of Youth Polytechnics	25,473,298	25,473,298		
5	Compensation for User Fee Foregone	23,385,934	23,385,934	12,281,250	52.5
Sub Total		**769,558,026**	**769,558,026**	**184,748,303**	**44.9**
C	**Loans and Grants from Development Partners**				
1	Transforming Health systems for Universal Care Project (WB)	37,921,806	37,921,806	1,721,291	4.5
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	83,333,725	-	-
3	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	259,416,946	-	-
4	DANIDA Grant	24,562,500	24,562,500	-	-
5	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,550,000,000	-	-	-
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,374,963	16,374,963	-	-
Sub Total		**1,658,859,269**	**421,609,940**	**1,721,291**	**0.4**
D	**Other Sources of Revenue**				
1	Own Source Revenue	-	3,452,759,072	1,100,140,307	31.9
2	Other Revenues (World Bank Development Projects)	-	1,550,000,000	-	-
3	A-I-A (Level 5 Hospital)	-	-	382,907,591	-
Sub Total		-	**5,002,759,072**	**1,483,047,898**	**29.6**
Grand Total		**9,486,367,295**	**13,679,368,038**	**4,168,031,792**	**30.5**

Source: *Mombasa County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.4.17 billion as shown in Table 3.131.

Figure 3.83: Mombasa County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Mombasa County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.1.10 billion as own-source revenue. This amount represented an increase of 9.4 per cent when compared to Kshs.1 billion realised during the same period in FY 2018/19, and represented 31.9 per cent of the annual target.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.34 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.171 million (5.1 per cent) for development programmes and Kshs.3.17 billion (94.9 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

A total of Kshs.3.56 billion was spent on development and recurrent programmes and represented 106.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.574.72 million and Kshs.2.98 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 11.6 per cent while that incurred on recurrent programmes represented 34.1 per cent of the annual recurrent budget.

3.28.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.1 billion was spent on compensation to employees, Kshs.879.83 million on operations and maintenance, and Kshs.574.72 million on development expenditure.

Table 3.132: Mombasa County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**8,739,571,572**	**2,980,478,931**	**83.8**	**34.1**
Compensation to Employees	5,063,084,700	2,100,649,817	59.1	41.5
Operations and Maintenance	3,676,486,872	879,829,114	24.7	23.9
Development Expenditure	**4,939,796,466**	**574,724,495**	**16.2**	**11.6**
Grand Total	**13,679,368,038**	**3,555,203,426**	**100**	**26.0**

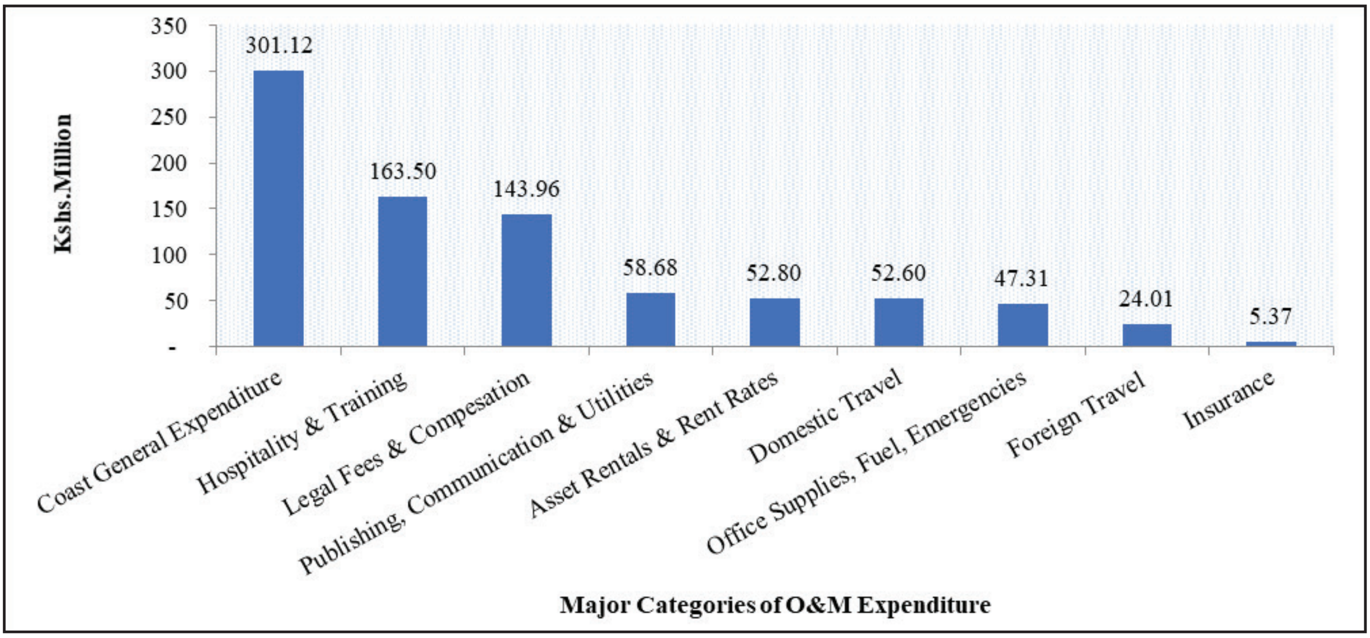
Source: *Mombasa County Treasury*

Expenditure on compensation to employees was 59.1 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.37 billion.

3.28.6 Analysis of Operations and Maintenance Expenditure

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Mombasa County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Mombasa County Treasury*

During the period, expenditure on domestic travel amounted to Kshs.52.6 million and comprised of Kshs.20.23 million spent by the County Assembly and Kshs.32.37 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.24.01 million and comprised of Kshs.7.16 million spent by the County Assembly and Kshs.16.86 million spent by the County Executive.

3.28.7 Development Expenditure Analysis

The total development expenditure of Kshs.574.72 million represented 11.6 per cent of the annual development budget of Kshs.4.94 billion. Table 3.133 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.133: Mombasa County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)
1	Development Of The County Government Policy Document For Rating, Valuation & Ict Intergration Strategy	County Planning, Land &Housing	County	17,661,900	6,901,697
2	Engagement Of A Consulting Firm To Develop County Policy Documents Land Use And Housing Policy Review And Feasibility Study On Slum Upgrading	County Planning, Land & Housing	County	11,408,103	4,457,917
3	Construction Of Storm Water Closed Drain Along Mtopanga Estate Road Old Malindi Kisauni Sub County Cgm/Pro/57/2019/2020	Transport, Infrastructure & Public Works	Kisauni	9,653,764	3,772,378
4	Routine Maintenance Of Changamwe Estate Roads Changamwe Sub County Cgm/Pro/135/2016-2017	Finance & Economic Planning	Changamwe	9,325,774	3,644,210
5	Periodic Maintenance Of Jomvu Aldina Severin Access Green Wood Drive & Greenwood Lane Cgm/Pro/19/2019-2020	Transport, Infrastructure & Public Works	Mvita	8,860,872	3,462,541
6	Closed Curlvert Storm Water Drain From Harambee Area Kiwirira Outfall Bofu Likoni Sub County Cgm/Pro/43/2019/2020	Transport, Infrastructure & Public Works	Likoni	8,616,129	3,366,904
7	Collection Through E Lands Services	Finance &Economic Planning	Mvita	8,534,483	3,334,999
8	Routine Maintenance Of Beach Road & Bungalow Roads Nyali Sub County Cgm/Pro/29/2019/2020	Transport, Infrastructure & Public Works	Nyali	8,190,873	3,200,728
9	Periodic Maintenance Of Impala Jomokenyatta Lantana & Mama Ngina Road Nyali Sub County Cgm/Pro/21/2019-2020	Transport, Infrastructure & Public Works	Mvita	8,047,686	3,144,775
10	Routine Maintenance Of Jundani Gusii Sir Ali & Taita Roads Mvita Sub County Cgm/Pro/137/2016-2017	Finance & Economic Planning	Mvita	8,014,662	3,131,870

Source: *Mombasa County Treasury*

3.28.8 Budget Performance by Department

Table 3.134 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.134: Mombasa County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	482.22	26.74	245.51	-	65.22	-	26.6	-	13.5	-
County Assembly	658.05	25.77	205.73	-	238.91	-	116.1	-	36.3	-
Finance & Economic Planning	979.52	749.95	353.64	-	551.03	128.69	155.8	-	56.3	17.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment, Waste Management and Energy	514.13	428.37	244.52	7.85	162.4	2.95	66.4	37.6	31.6	0.7
Education, Information Technology & MV 2035	541.52	220.33	164.59	-	96.42	2.29	58.6	-	17.8	1
Health Services	2,813.84	231.64	980.62	-	1,288.40	-	131.4	-	45.8	-
Water, Sanitation & Natural Resources	121.22	1,550	60.37	-	9.66	-	16	-	8	-
Youth, Gender, Sports and Cultural Affairs	270.28	375.6	117.96	-	35.58	-	30.2	-	13.2	-
Trade, Tourism & Investment	465.95	151.06	178.13	-	112.78	3.63	63.3	-	24.2	2.4
Lands, Housing and Physical Planning	220.15	211.33	74.91	-	39.87	29.07	53.2	-	18.1	13.8
Transport, Infrastructure & Public Works	435.22	657.45	144.12	127.03	132.67	262.11	92.1	206.3	30.5	39.9
Agriculture, Fisheries, Livestock and Co-operatives	222.02	211.02	76.29	36.1	44.83	5.71	58.8	15.8	20.2	2.7
Devolution & Public Service Administration	1,015.40	100.55	326.29	-	339.88	3.15	104.2	-	33.5	3.1
TOTAL	**8,739.60**	**4,939.80**	**3,172.70**	**171**	**3,117.60**	**437.6**	**98.3**	**255.9**	**35.7**	**8.9**

Source: *Mombasa County Treasury*

Analysis of expenditure by department shows that the Department of Transport, Infrastructure & Public Works recorded the highest absorption rate of development budget at 39.9 per cent. The Department of Finance & Economic Planning had the highest percentage of recurrent expenditure to its recurrent budget at 56.3 per cent while the Department of Water, Sanitation & Natural Resources had the lowest at 8 per cent.

3.28.9 Budget Execution by Programmes and Sub-Programmes

Table 3.135 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.135: Mombasa County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
The Executive	Governor's Affairs & Advisory Services	132,442,288	37,749,802	94,692,486	28.5
	Deputy Governor's Affairs & External Relations	77,286,579	10,183,747	67,102,833	13.2
	Cabinet Affairs, Policy Research and Legal Services	120,987,682	1,777,457	119,210,225	1.5
	MV 2035 & E-Government	25,950,714	-	25,950,714	-
	Strategic Delivery Unit	21,823,957	-	21,823,957	-
County Public Service Board	Administration Unit	130,469,239	15,505,333	114,963,906	11.9
Finance and Economic Planning	Administration Unit	1,556,801,698	577,706,756	979,094,942	37.1
	Accounting Unit	79,100,000	52,313,922	26,786,078	66.1
	Planning and Monitoring Unit	93,574,896	49,696,343	43,878,553	53.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Energy, Environment & Waste Management	Administration, Planning and Support Services	416,866,040	149,202,324	267,663,716	35.8
	Waste Management	285,072,081	11,337,909	273,734,172	4
	Environmental Compliance and Monitoring	167,065,338	4,779,310	162,286,028	2.9
	Climate Change	53,250,500	-	53,250,500	-
	Energy	20,250,500	-	20,250,500	-
Education, Information Technology & MV 2035	General Administration, Planning and Support Services	286,676,346	94,568,831	192,107,515	33
	Education headquarters	126,359,535	4,141,991	122,217,544	3.3
	Childcare	64,650,000	-	64,650,000	-
	Elimu Fund	161,890,000	-	161,890,000	-
	Information Technology Headquarters	122,273,119	-	122,273,119	-
Health Services	Administration Unit	2,551,268,459	1,288,394,509	1,262,873,950	50.5
	Curative/Clinical Health Services	266,500,326	-	266,500,326	-
	Preventive and Promotive Services Unit	205,120,131	-	205,120,131	-
	Special Programs	22,588,394	-	22,588,394	-
Water, Sanitation & Natural Resources	Administration unit	68,984,955	9,662,940	59,322,015	14
	Sanitation/Sewerage Services Headquarters	609,430,666	-	609,430,666	-
	Water Supply Headquarters	938,006,011	-	938,006,011	-
	Natural Resources	54,800,000	-	54,800,000	-
Youth, Gender , Sports and Cultural Affairs	Administration Unit	186,314,141	35,576,347	150,737,794	19.1
	Youth Empowerment	101,754,276	-	101,754,276	-
	Gender Affairs and Disability Mainstreaming	44,000,000	-	44,000,000	-
	Sports development	206,913,664	-	206,913,664	-
	Cultural Affairs	66,890,078	-	66,890,078	-
	Public Recreation and Entertainment	40,000,000	-	40,000,000	-
Trade, Tourism & Investment	Administration Unit	329,770,816	114,353,855	215,416,961	34.7
	Trade Development	83,412,129	2,062,985	81,349,144	2.5
	Development of Tourism	98,412,128	-	98,412,128	-
	Investment Promotion and Products Headquarters	91,412,129	-	91,412,129	-
	Ease of Doing Business-Headquarters	14,001,998	-	14,001,998	-
Lands, Housing and Physical Planning	Administration Unit	233,119,225	68,939,208	164,180,017	29.6
	Land Management Unit	78,075,000	-	78,075,000	-
	Housing Development Unit	120,290,000	-	120,290,000	-
Transport, Infrastructure & Public Works	Administration Unit	288,997,607	211,372,164	77,625,443	73.1
	Road and Transport Unit	473,500,531	168,178,223	305,322,308	35.5
	Works Unit	63,789,385	-	63,789,385	-
	Transport Planning, Management and Safety	146,305,365	11,949,117	134,356,248	8.2
	Mechanical Services	77,825,279	3,273,103	74,552,176	4.2
	Safety, Risk Management and Rescue Services	42,250,000	-	42,250,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	166,036,421	44,832,728	121,203,693	27.0
	Crop Management Unit	64,262,529	-	64,262,529	-
	Livestock Unit	29,242,330	-	29,242,330	-
	Fisheries Unit-Headquarters	126,273,771	5,709,465	120,564,306	4.5
	Veterinary Services	27,027,147	-	27,027,147	-
	Cooperatives	20,194,353	-	20,194,353	-
Devolution & Public Service Administration	Administration	659,661,960	281,781,792	377,880,168	42.7
	Devolution and public service administration	124,358,237	60,247,306	64,110,931	48.4
	Public Service Reforms and Delivery	181,047,496	1,000,000	180,047,496	0.6
	Compliance and Enforcement	29,429,118	-	29,429,118	-
	County Administration and decentralized services	121,483,715	-	121,483,715	-
County Assembly	Administration & Legal Services	683,827,757	238,905,957	444,921,800	34.9
Grand Total		**13,679,368,039**	**3,555,203,426**	**10,124,164,613**	**26.0**

Source: *Mombasa County Treasury*

The best performing programs across the County were: Transport Administration Unit which performed at 73.1 per cent, Finance Accounting Unit at 66.1 per cent and Health Administration Unit at 50.5 per cent of budget allocation.

3.28.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Low expenditure on the development budget. The County spent Kshs.574.72 million during the six months of the FY 2019/20, which was 11.6 per cent of the approved development budget of Kshs.4.94 billion, compared to an expected absorption of 50 per cent.
2. Spending of revenue at source in contravention of Section 109 of the PFM Act 2012. The COB has noted, from the analysis of bank statements and expenditure returns, that the Department of Health and Sanitation did not bank all its revenue receipts from hospitals into the CRF account.

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

1. *The County should put mechanisms in place that will enhance absorption of development funds during the remaining period of the financial year.*
2. *The County should ensure full compliance with Section 109 of the PFM Act, 2012 and bank all revenue receipts intact into the CRF account.*

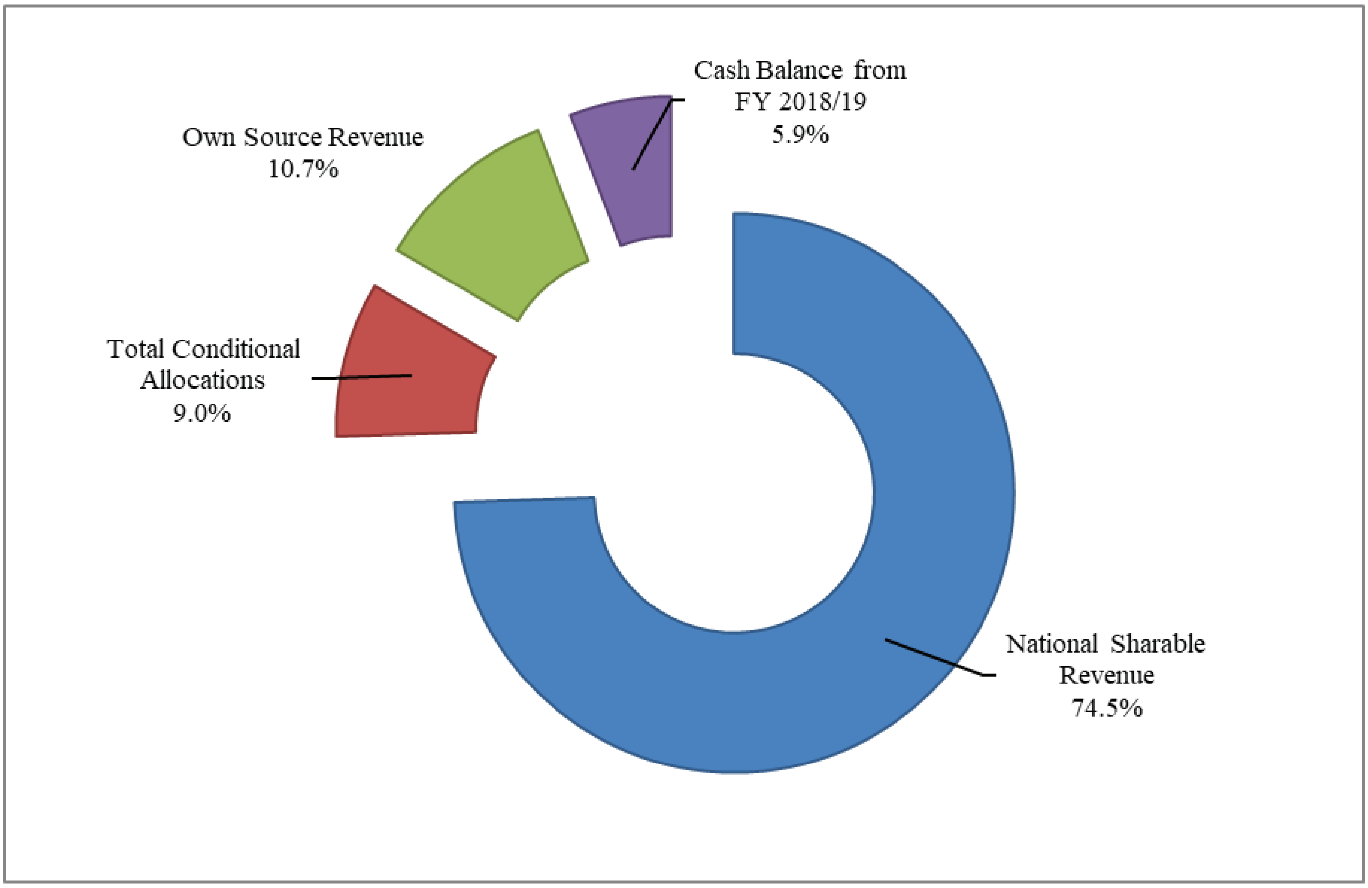
3.29 Murang'a County

3.29.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.97 billion, comprising of Kshs.3.47 billion (38.7 per cent) and Kshs.5.5 billion (61.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.68 billion (74.5 per cent) as equitable share of revenue raised nationally, Kshs.802.97 million (9 per cent) as total conditional grants, generate Kshs.960 million (10.7 per cent), from own sources of revenue and Kshs.525 million (5.9 per cent) as cash balance from FY 2018/19. Figure 3.85 shows the expected sources of financing by category in FY 2019/20

Figure 3.85: Murang'a County Expected Revenue Sources in FY 2019/20



Source: *Murang'a County Treasury*

3.29.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.23 billion as equitable share of the revenue raised nationally, Kshs.120.50 million as total conditional grants, raised Kshs.242.43 million from own-source revenue, and had a cash balance of Kshs.525 million from FY 2018/19.

Table 3.136: Murang'a County, Revenue Performance in the First Half of FY 2019/20

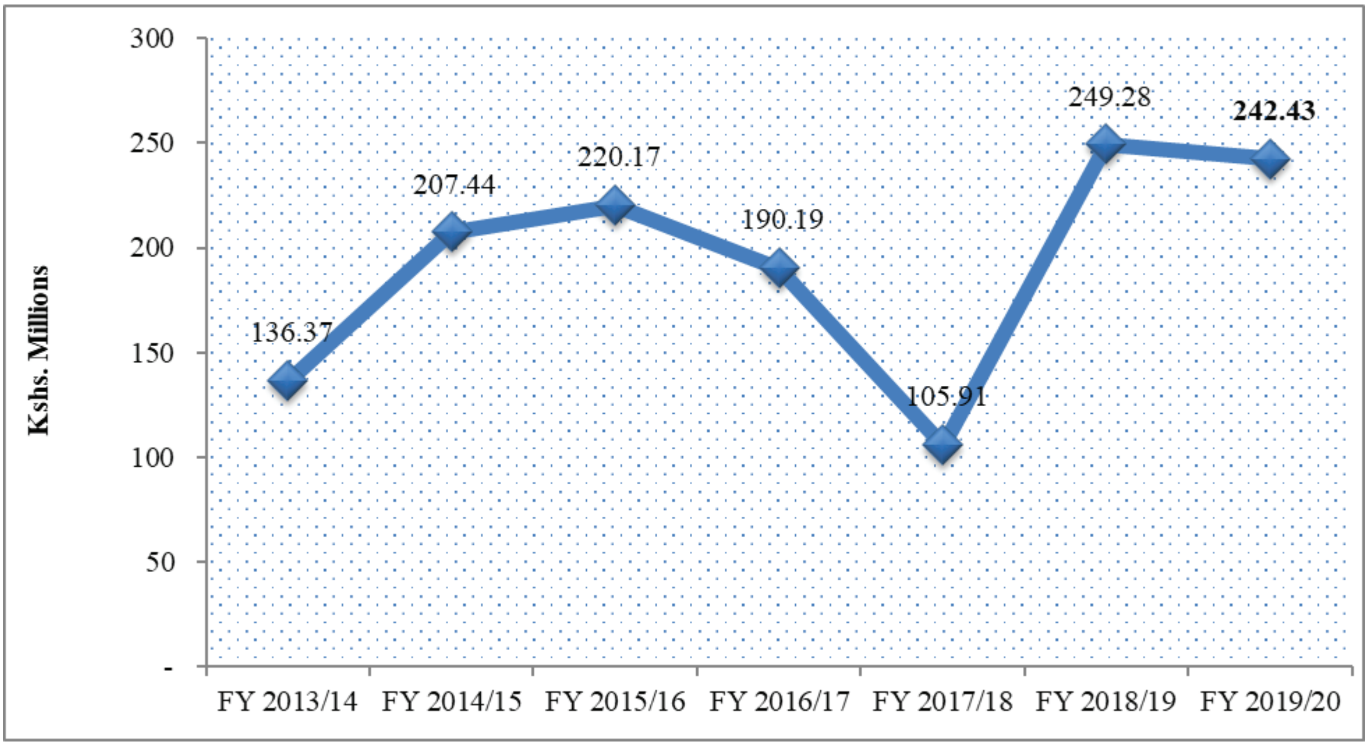
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,298,350,000	6,679,833,000	**2,229,615,900**	**33.4**
B.	**Conditional Grants from the National Government**				
1.	Compensation for User Fee Foregone	20,138,691	20,138,691.	-	-
2.	Leasing of Medical Equipment	131,914,894	-		-
3.	Road Maintenance Fuel Levy Fund	178,782,844	178,782,844	44,695,711	25
4.	Rehabilitation of Village Polytechnics	83,268,298	83,268,298	-	-
Sub Total		**414,104,727**	**282,189,833**	**44,695,711**	**15.8**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	76,894,209	76,894,209	24,767,776	32.2
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	307,623,650	307,623,650	41,713,340	13.6
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	62,437,600	62,437,600	-	-

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
9.	DANIDA Grant	18,656,250	18,656,250	9,328,125	50
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,369,053	16,369,053	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000.	-	-
Sub Total		**520,780,762**	**520,780,762**	**75,809,241**	**14.6**
D	**Other Sources of Revenue**				
12.	Own Source Revenue		960,000,000	242,429,304	25.3
13.	Balance b/f from FY2018/19		525,000,000	525,000,000	100
Sub Total		-	**1,485,000,000**	767,429,304	51.7
Grand Total		**7,233,235,489**	**8,967,803,595**	**3,117,550,156**	**34.8**

Source: *Murang'a County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.12 billion as shown in Table 3.136.

Figure 3.86: Murang'a County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Murang'a County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.242.43 million as own-source revenue compared to Kshs.249.28 million realised during the same period in FY 2018/19, and represented 25.3 per cent of the annual target.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.07 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.12 billion (36.4 per cent) for development programmes and Kshs.1.96 billion (63.6 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

A total of Kshs.3.06 billion was spent on development and recurrent programmes representing 99.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.11 billion and Kshs.1.94 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 32 per cent while that incurred on recurrent programmes represented 35.4 per cent of the annual recurrent budget.

3.29.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.22 billion was spent on compensation to employees, Kshs.722.04 million on operations and maintenance, and Kshs.1.11 billion on development expenditure.

Table 3.137: Murang'a County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,495,229,653	1,956,572,525	1,943,656,857	63.6	35.4
Compensation to Employees	4,200,248,149	-	1,221,615,056	40.0	29.1
Operations and Maintenance	1,294,981,504	-	722,041,801	23.6	55.8
Total Development Expenditure	**3,472,573,942**	**1,117,946,420**	**1,111,698,433**	**36.4**	**32.0**
Development Expenditure	3,472,573,942	1,117,946,420	1,111,698,433	36.4	32.0
Total	**8,967,803,595**	**3,074,518,945**	**3,055,355,290**	100.0	34.1

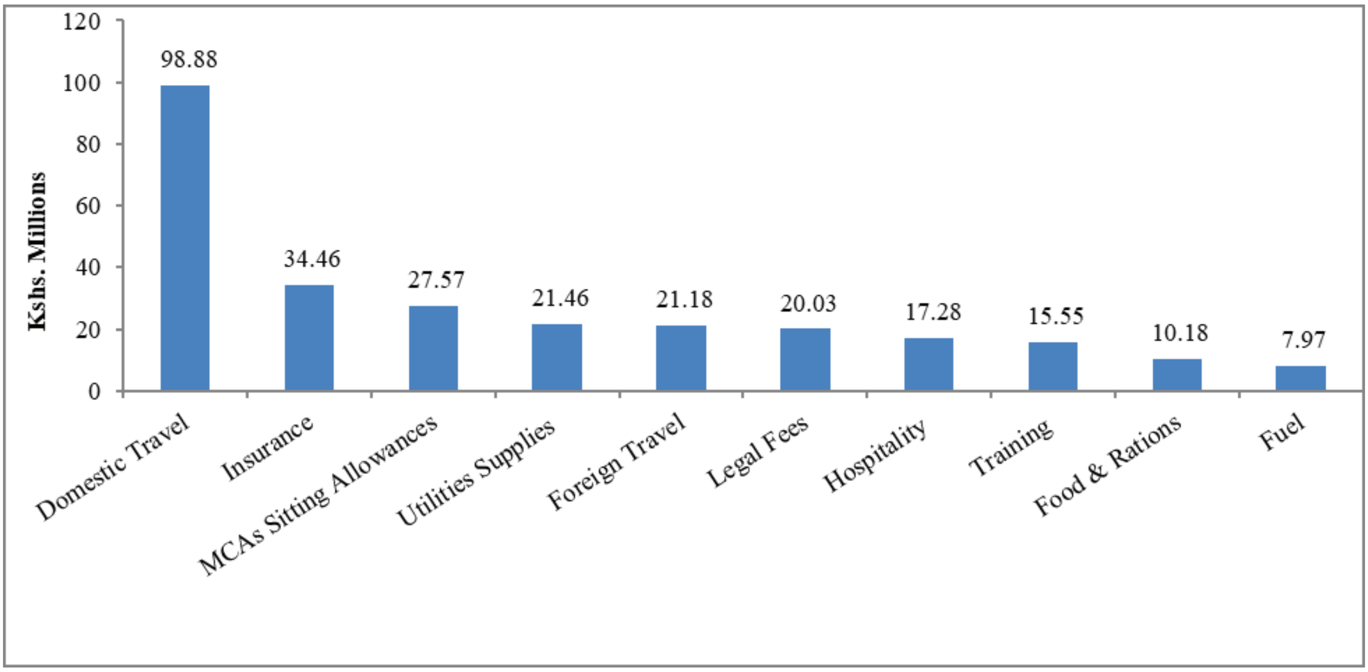
Source: *Murang'a County Treasury*

Expenditure on compensation to employees was 40 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 27.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.68 billion.

3.29.6 Analysis of Operations and Maintenance Expenditure

Figure 3.87 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.87 : Murang'a County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Murang'a County Treasury*

The County spent Kshs.27.57 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.72 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.85,081 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.98.88 million and comprised of Kshs.52.34 million spent by the County Assembly and Kshs.46.54 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.21.18 million and comprised of Kshs.16.79 million spent by the County Assembly and Kshs. 4.39 million spent by the County Executive.

3.29.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.11 billion represented 32 per cent of the annual development budget of Kshs.3.47 billion. Table 3.138 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.138: Murang'a County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	County Pharmaceutical Services		693,162,146	645,162,146	93
2	Roads Development Programme	County Wide	662,019,018	218,484,448	33
3	Cooperatives Development	County Wide	200,000,000	44,881,619	22
4	ECDE Feeding Programme	County Wide	100,000,000.	34,950,783	35
5	Promotion Food Security	County Wide	261,069,053	28,801,540	11
6	Markets And Urban Development	County Wide	75,000,000	27,392,160	37
7	Water Development, Sewers And Other Infrastructure	County Wide	310,000,000	17,508,218.55	6
8	Cash Crop Development And Management	County Wide	264,969,053	15,072,079	6
9	Gender & Youth Empowerment	County Wide	32,100,000	12,522,017	39
10	Livestock Resources Management And Development	County Wide	16,000,000	10,047,929	63
Total			**2,614,319,270**	**1,054,822,940**	**40.3**

Source: *Murang'a County Treasury*

3.29.8 Budget Performance by Department

Table 3.139 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.139: Murang'a County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Coordination and Administration	300.24	-	130.95	-	158.95	-	121.4	-	52.9	-
Finance and Economic Planning	198.23	45.00	92.50	-	117.00	-	126.5	-	59.0	-
Agriculture & Livestock	259.63	584.99	55	190.91	68.50	57.54	124.5	30.1	26.4	9.8
Transport, Public Works & Infrastructure	24.73	737.02	2.70	201.94	3.70	196.94	137.0	97.5	15.0	26.7
Trade, Culture, Tourism & Cooperative Development	24.15	245.83	3.50	78.08	7.50	54.85	214.3	70.3	31.1	22.3
Education, Science and Technology	348.54	363.87	107.95	61.76	143.45	63.98	132.9	103.6	41.2	17.6
Health, Public Health and sanitation	2,150.61	868.92	870.95	548	647.95	701.12	74.4	127.9	30.1	80.7
Land Housing Physical	46.20	126.94	12.60	5.61	13.60	3.28	107.9	58.6	29.4	2.6

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	39.19	-	13.28	-	18.48	-	139.2	-	47.2	-
Youth Culture And Social	122.22	73	29.44	14.65	32.44	16.47	110.2	112.4	26.5	22.6
Environment & Natural resources	46.88	32	8.50	0.33	11.50	-	135.3	-	24.5	-
County Public Service Administration	1,005.68	-	381.45	-	480.45	-	126.0	-	47.8	-
Water & Irrigation	55.61	345	18.40	16.66	23.70	17.51	128.8	105.1	42.6	5.1
County Assembly	873.33	50	229.36	-	216.44	-	94.4	-	24.8	-
Grand Totals	**5,495.23**	**3,472.57**	**1,956.57**	**1,117.95**	**1,943.66**	**1,111.7**	**99.3**	**99.4**	**35.4**	**32**

Source: *Murang'a County Treasury*

Analysis of expenditure by department shows that the Department of Health, Public Health and Sanitation recorded the highest absorption rate of development budget at 80.7 per cent while the Department of Land Housing Physical recorded the lowest at 2.6 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to its recurrent budget at 59 per cent while the Department of Transport, Public Works & Infrastructure had the lowest at 15 per cent.

3.29.9 Budget Execution by Programmes and Sub-Programmes

Table 3.140 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.140: Murang'a County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Cash Crop Development and Management	Land and Crops Development	3,900,000	1,050,260	2,849,740	26.9
	Promotion Food Security	261,069,053	57,409,527	203,659,526	22
	Sub total	264,969,053	58,459,787	206,509,266	22.1
Livestock and fisheries Development	Curative health care services	5,000,000	-	5,000,000	-
	Prev.	114,173,298	56,051,939	58,121,358.85	49.1
	Tertiary care	2,000,000	-	2,000,000	-
	Sub total	121,173,298	56,051,939	65,121,359	46.3
Land survey, housing and administration	Land Policy and Planning	22,500,000	-	22,500,000	-
	Land Survey	10,000,000	-	10,000,000	-
	Sub total	32,500,000	-	32,500,000	-
Agribusiness and Information Management	Agribusiness and Market Development	4,200,000	277,586	3,922,414	-
	Sub total	4,200,000	277,586	3,922,414	-
Livestock Resources Management and Development	Livestock Diseases Management and Control	16,000,000	3,717,190	12,282,810	23.2
	Sub total	16,000,000	3,717,190	12,282,810	23.2
Land Administration and Management	Land Administration and Management	5,319,000	1,286,210	4,032,790	24.2
	Sub total	5,319,000	1,286,210	4,032,790	24.2
Road Transport	Construction of Roads and Bridges	19,411,500	6,350,570	13,060,930	32.7
	General Administration, Planning and Support Services	739,019,018	214,132,607	524,886,411	29
	Sub total	758,430,518	220,483,177	537,947,341	29.1
ICT Infrastructure Development	ICT Infrastructure Connectivity	30,000,000	-	30,000,000	-
	Sub total	30,000,000	-	30,000,000	-
Tourism Development and Promotion	Tourism Promotion and Marketing	3,300,000	1,571,900	1,728,100	47.6
	Sub total	3,300,000	1,571,900	1,728,100	47.6
Trade Promotion and marketing	Domestic Trade Development	245,832,114	45,852,668	199,979,446	18.7
	Sub total	245,832,114	45,852,668	199,979,446	18.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Cooperative Development and Management	Governance and Accountability	3,100,000	561,238	2,538,761	18.1
	Co-operative Advisory Services	20,779,074	1,948,000	18,831,074	9.4
	Sub total	23,879,074	2,509,238.15	21,369,836	10.5
Trade Development and Promotion	Domestic Trade Development	4,600,000	2,047,876	2,552,124	44.5
	Fair Trade and Consumer Protection	3,100,000	527,800	2,572,200	17
	Sub total	7,700,000	2,575,676	5,124,324	33.5
Curative Health Services	Forensic and Diagnostics	3,000,000	784,365	2,215,635	26.1
	Free Primary Healthcare	288,924,209	104,999,835	183,924,374	36.3
	Sub total	291,924,209	105,784,200	186,140,009	36.2
Treatment and rehabilitation	Prevention Curriculum Development	3,000,000	727,405	2,272,595	24.2
	Sub total	3,000,000	727,405	2,272,595	24.2
ICT Infrastructure Development	ICT Infrastructure Connectivity	30,000,000	-	30,000,000	-
	Sub total	30,000,000	-	30,000,000	-
Tourism Development and Promotion	Tourism Promotion and Marketing	3,300,000	1,571,900	1,728,100	47.6
	Sub total	3,300,000	1,571,900	1,728,100	47.6
Trade Promotion and marketing	Domestic Trade Development	245,832,114	45,852,668	199,979,446	18.7
	Sub total	245,832,114	45,852,668	199,979,446	18.7
Cooperative Development and Management	Governance and Accountability	3,100,000	561,238.15	2,538,761.85	18.1
	Co-operative Advisory Services	20,779,074	1,948,000	18,831,074	9.4
	Sub total	23,879,074	2,509,238.15	21,369,835.85	10.5
Trade Development and Promotion	Domestic Trade Development	4,600,000	2,047,876	2,552,124	44.5
	Fair Trade and Consumer Protection	3,100,000	527,800	2,572,200	17
	Sub total	7,700,000	2,575,676	5,124,324	33.5
	Free Primary Healthcare	288,924,209	104,999,835	183,924,374	36.3
	Sub total	291,924,209	105,784,200	186,140,009	36.2
Treatment and rehabilitation	Prevention Curriculum Development	3,000,000	727,405	2,272,595	24.2
	Sub total	3,000,000	727,405	2,272,595	24.2
Prevention Curriculum Development	Prevention Curriculum Development	3,000,000	727,405	2,272,595	24.2
	Sub total	3,000,000	727,405	2,272,595	24.2
Education	Early Childhood Development Education	158,500,000	47,527,627	110,972,373	30
	Motivation of Primary and Secondary School	96,000,000	42,422,342	53,577,658	44.2
	Sub total	254,500,000	89,949,969	164,550,031	35.3
Technical Vocational Education and Training	Infrastructure Development and Expansion	87,437,600	-	87,437,600	-
	Sub total	87,437,600	-	87,437,600	-
Youth Training and Development	Revitalization of Youth Polytechnics	112,868,298	4,883,660	107,984,638	4.3
	Sub total	112,868,298	4,883,660	107,984,638	4.3
General Administration, Planning and Support Services	General Administration, Planning and Support Services	20,000,000	1,188,000	18,812,000	5.9
	Sub total	20,000,000	1,188,000	18,812,000	5.9
	Legislation, Treaties and Advisory Services	323,400,000	136,889,140	186,510,860	42.3
	Public Trusts and Estates Management	7,000,000	-	7,000,000	-
	Oversight	240,750,000	84,670,641	156,079,359	35.2
	Sub total	571,150,000	221,559,782	349,590,218	38.8
	Human Resource Management	16,198,711	2,185,860	14,012,851	13.5
	Staff Training and Capacity Building	314,123,650	50,609,000	263,514,650	16.1
	Sub total	330,322,361	52,794,860	277,527,501	16
	Budget Formulation Coordination and Management	4,500,000	2,079,648	2,420,352	46.2
	Economic Planning and CIDP Review	4,500,000	2,068,117	2,431,883	46
	Sub total	9,000,000	4,147,765	4,852,235	46.1
Public Participation	Public Participation	5,500,000	2,671,638	2,828,362	48.6
	Sub total	5,500,000	2,671,638	2,828,362	48.6
General Administration Planning and support Services	General Administration Planning and support Services	5,113,299,328	1,928,359,100	3,184,940,228	37.7
	Sub total	5,113,299,328	1,928,359,100	3,184,940,228	37.7
Gender & Youth Empowerment	Youth Development Services	2,100,000	978,300	1,121,700	46.6
	Gender & Socio-economic empowerment	30,000,000	7,342,360	22,657,640	24.5
	Sub total	32,100,000	8,320,660	23,779,340	25.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Public Financial Management	Accounting Services	5,000,000	348,078	4,651,921	7
	Public Financial Management Reforms	11,000,000	5,176,088	5,823,912	47.1
	Sub total	16,000,000	5,524,167	10,475,833	34.5
Audit Services	County Governments Audit	5,449,999	2,617,675	2,832,324	48
	General Administration Planning and Support Services	6,500,000	3,001,753	3,498,247	46.2
	Sub total	11,949,999	5,619,428	6,330,571	47
Control and Management of Public finances	Budget implementation and Monitoring	5,300,000	2,576,010	2,723,990	48.6
	Sub total	5,300,000	2,576,010	2,723,990	48.6
	Social Assistance to vulnerable groups	78,172,926	1,600,544	76,572,382	2
	Persons Living With Disabilities	5,000,000	-	5,000,000	-
	Disaster Fund Management	9,500,000	4,258,157	5,241,843	44.8
	Sub total	92,672,926	5,858,701	86,814,225	6.3
Development and Management of Sports Facilities	Development and Management of Sports Facilities	50,052,096	12,845,729	37,206,367	25.7
	Sub total	50,052,096	12,845,729	37,206,367	25.7
Development And Promotion of Culture	Development And Promotion of Culture	3,213,594	615,130	2,598,464	19.1
	Sub total	3,213,594	615,130	2,598,464	19.1
Environmental Leadership and Governance	Environmental Leadership and Governance	15,000,000	1,672,182	13,327,818	11.1
	Sub total	15,000,000	1,672,182	13,327,818	11.1
Hazardous Waste	Hazardous Waste	28,600,000	3,545,640	25,054,360	12.4
	Sub total	28,600,000	3,545,640	25,054,360	12.4
Water Resources Management	Water Supply Infrastructure	400,610,127	356,120	400,254,007	0.1
	Sub total	400,610,127	356,120	400,254,007	0.1
Grand Total		**8,967,803,595**	**3,055,355,290**	**5,912,448,305**	**34.1**

Source: *Murang'a County Treasury*

The best performing programs across the County were: Control and Management of Public finances and Public Participation both which spent 48.6 per cent of their budget allocation, Tourism Development and Promotion at 47.2 per cent and Audit Services at 47 per cent of budget allocation.

3.29.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Failure to establish an Internal Audit Committee to oversee operations in the County as per section 155 of the PFM Act, 2012.
2. Under-performance in own source revenue collection, which amounted to Kshs.242.43 million, representing 25.3 percent of the annual target of Kshs.960 million for FY 2019/20.
3. Failure by the National Treasury to disburse the equitable share of revenue as per the disbursement schedule during the second quarter of FY 2019/20.
4. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report contrary to section 166 of the PFM Act, 2012.
5. Failure to correctly budget for equitable share of revenue as provided for in CARA, 2019

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

1. *The County should establish an Internal Audit Committee as per section 155 of the PFM Act, 2012*
2. *The County should formulate and implement strategies to improve the local revenue yield.*
3. *The County should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the approved Disbursement Schedule.*
4. *The County should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
5. *The County should prepare a supplementary budget to align equitable share of revenue with CARA, 2019.*

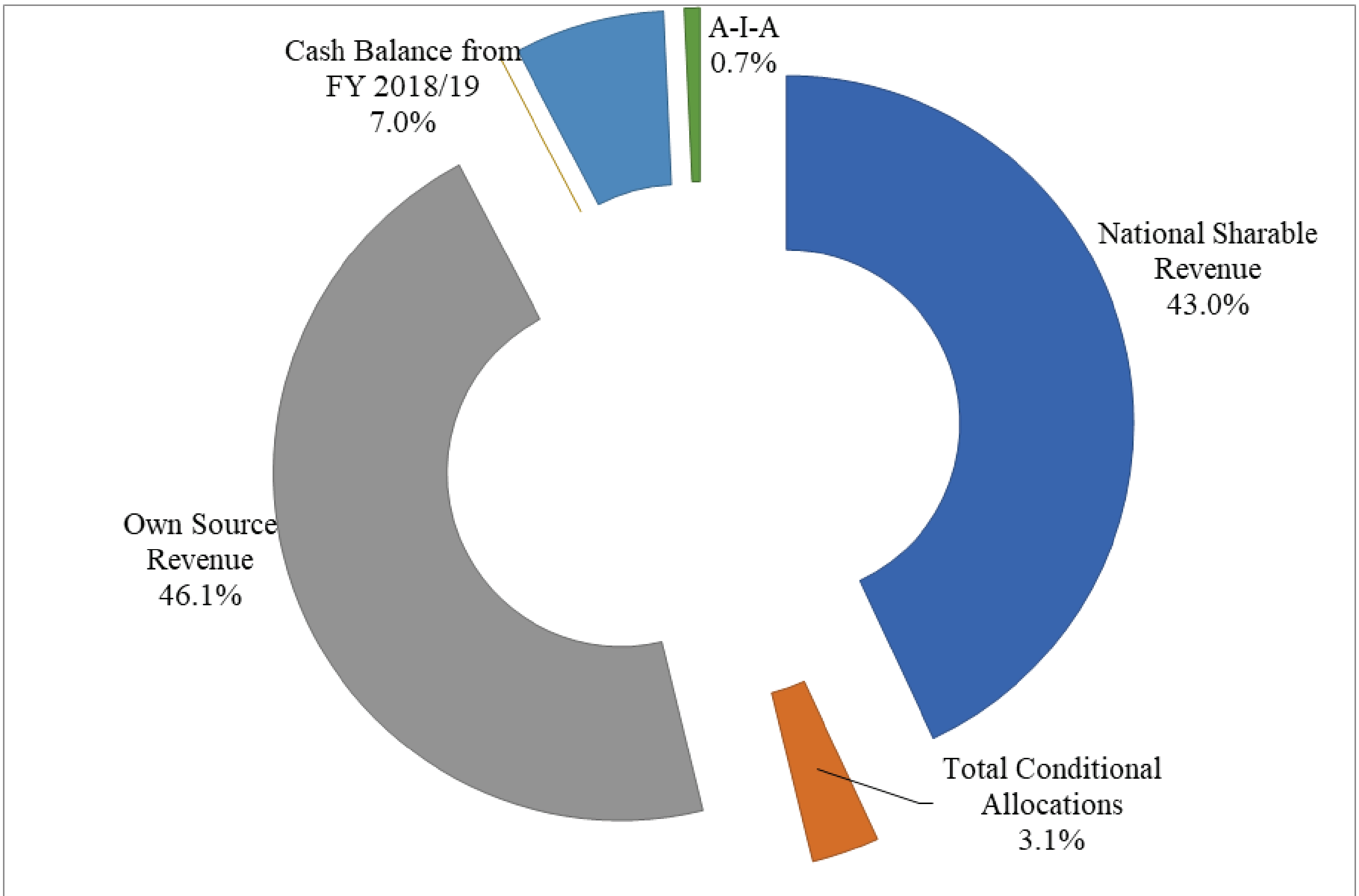
3.30 Nairobi City County

3.30.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.36.98 billion, comprising of Kshs.11.27 billion (30.5 per cent) and Kshs.25.71 billion (69.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.15.91 billion (43 per cent) as equitable share of revenue raised nationally, Kshs.1.16 billion (3.1 per cent) as total conditional grants inclusive of Kshs.415 million RMFLF allocation for FY 2018/19, generate Kshs.17.05 billion (46.1 per cent) from own source revenue, and Kshs.2.58 billion (7 per cent) as cash balance from FY 2018/19, the county also budgeted to receive Ksh.266.65 million (0.7 per cent) as Appropriations in Aid. Figure 3.88 shows the expected sources of financing in FY 2019/20.

Figure 3.88: Nairobi City County Expected Sources of Financing in FY 2019/20



Source: *Nairobi City County Treasury*

3.30.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.5.64 billion as equitable share of the revenue raised nationally, raised Kshs.3.11 billion from own-source revenue, Kshs.415.85 million disbursement of Road Maintenance Fuel Levy Fund for FY 2018/19, Kshs.37.55 million as Loans and Grants from Development Partners and had a cash balance of Kshs.2.58 billion from FY 2018/19. The County also received Ksh.122.81 million as Appropriations in Aid.

Table 3.141: Nairobi City County, Revenue Performance in the First Half of FY 2019/20

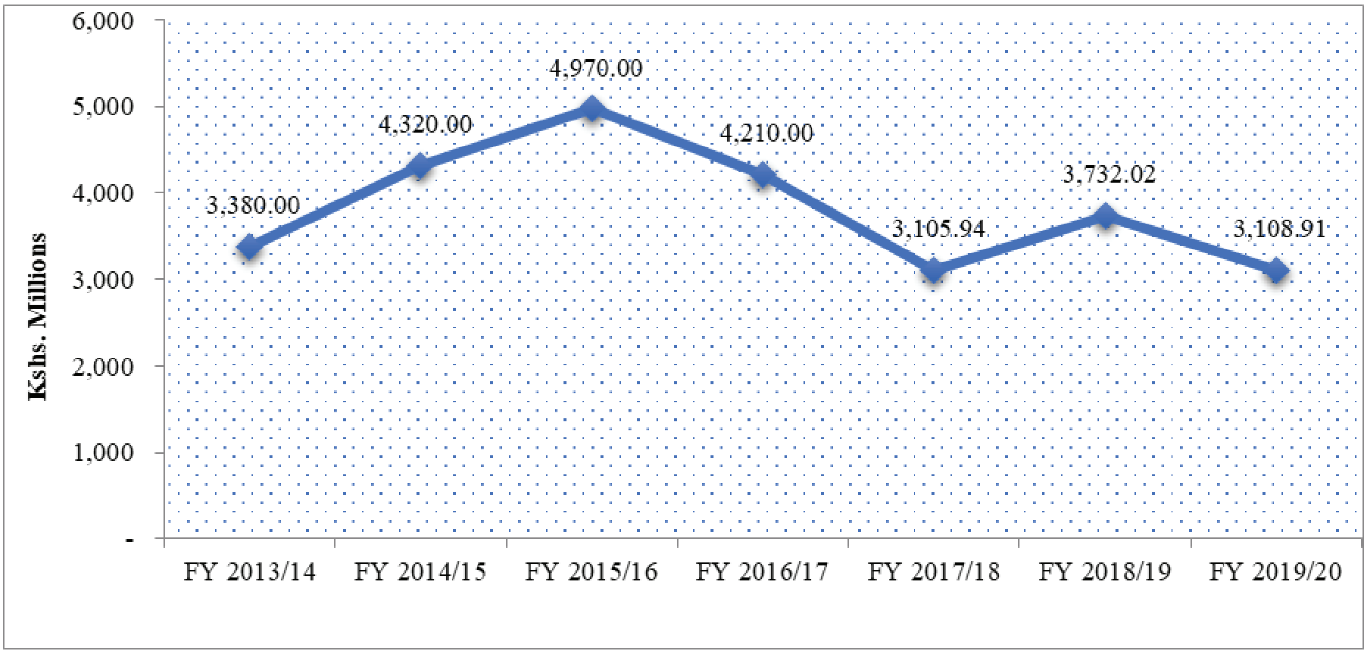
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	15,919,950,000	15,919,950,000	5,635,662,300	35
B	**Conditional Grants from the National Government Revenue**				
1	Compensation for User Fee Foregone	79,423,251	79,423,251	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	451,898,344	451,898,344	-	-
4	Rehabilitation of Village Polytechnics	22,998,298	22,998,298	-	-
Sub Total		**686,234,787**	**554,319,893**	-	-
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	96,359,510	96,359,510	13,977,255	15
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
7	DANIDA Grant	47,156,250	47,156,250	23,578,125	50
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,183,840	21,183,840	-	-
Sub Total		**194,699,600**	**194,699,600**	**37,555,380.30**	19
D	**Other Sources of Revenue**				
9	Own Source Revenue	-	17,049,640,942	3,108,910,040	18.2
10	Balance b/f from FY2018/19	-	2,580,279,980	2,580,279,980	100
11	Other Revenues (RMFLF FY 2018/19)	-	415,845,530	415,847,530	100
12	A-I-A	-	266,654,947	122,812,174	46.1
Sub Total		-	**20,312,421,399**	**6,227,849,724**	**30.7**
Grand Total		**16,800,884,387**	**36,981,390,892**	**11,901,067,404**	**32.2**

Source: *Nairobi City County Treasury*

The total funds available for budget implementation amounted to Kshs.11.9 billion as shown in Table 3.141.

Figure 3.89: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Nairobi City County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.3.11 billion as own-source revenue. This amount represented a decrease of 16.6 per cent when compared to Kshs.3.73 billion realised during the same period in FY 2018/19, and represented 18.2 per cent of the annual target.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.10.93 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.619.79 million (5.7 per cent) for development programmes and Kshs.10.31 billion (94.3 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

A total of Kshs.11.10 billion was spent on development and recurrent programmes. This expenditure represented 101.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.625.84 million and Kshs.10.47 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 40.7 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 5.6 per cent.

3.30.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.5.92 billion was spent on compensation to employees, Kshs.4.56 billion on operations and maintenance, and Kshs.625.84 million on development expenditure.

Table 3.142: Nairobi City County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	25,710,129,941.00	10,474,946,231	94.3	40.7
Compensation to Employees	14,241,481,185.00	5,919,787,720	53.3	41.6
Operations and Maintenance	11,468,648,753.91	4,555,158,511	41.0	39.7
Development Expenditure	11,271,260,947.00	625,844,856.58	**5.7**	5.6
Grand Total	**36,981,390,888.00**	**11,100791,087**	**100**	**30.4**

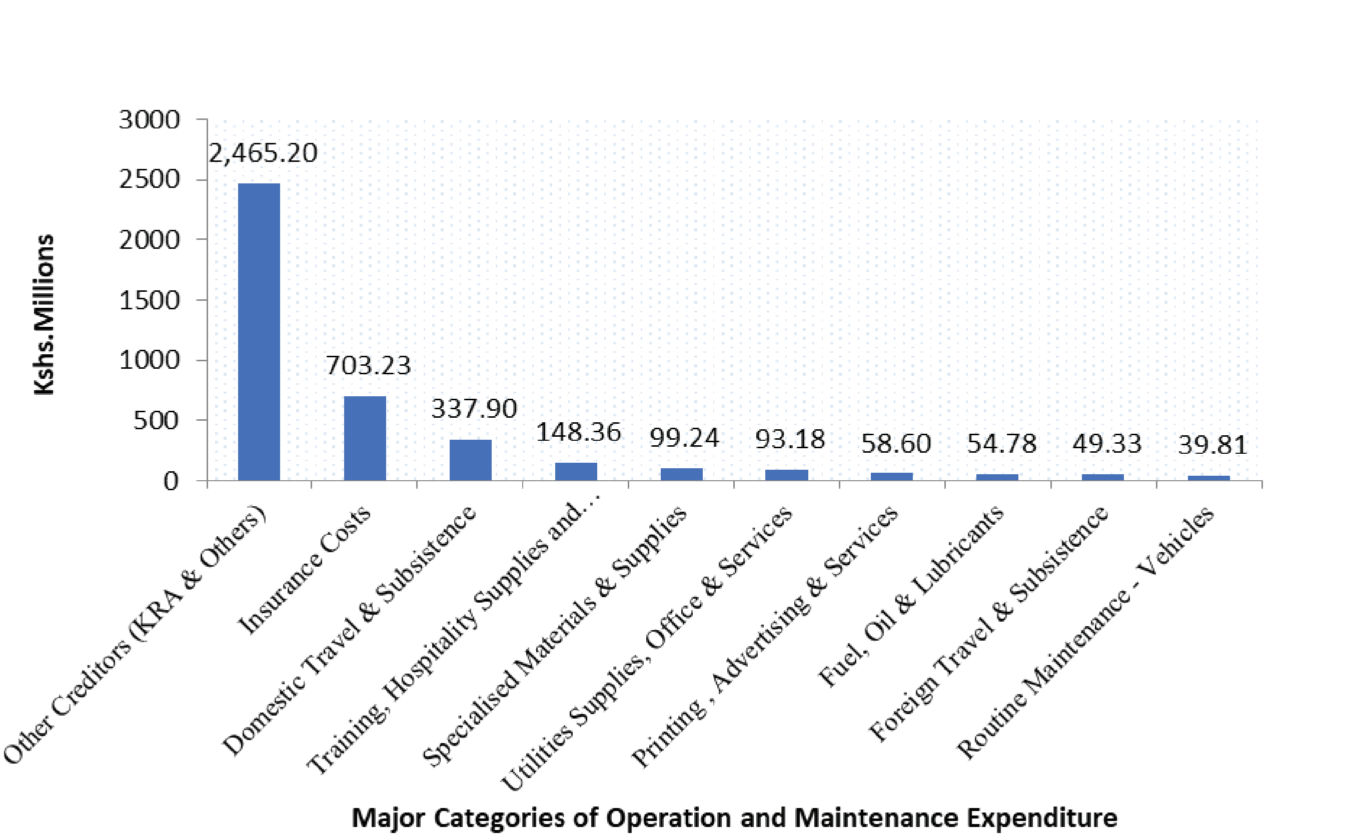
Source: *Nairobi City County Treasury*

Expenditure on compensation to employees was 53.3 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 15.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.7.01 billion.

3.30.6 Analysis of Operations and Maintenance Expenditure

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Nairobi City County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Nairobi City County Treasury*

The County spent Kshs.38.87 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.102.39 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.52,241 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.337.90 million and comprised of Kshs.105.50 million spent by the County Assembly and Kshs.232.39 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.49.33 million and comprised of Kshs.250,000 spent by the County Assembly and Kshs.49.08 million spent by the County Executive.

3.30.7 Development Expenditure Analysis

The total development expenditure of Kshs.632.05 million represented 5.6 per cent of the annual development budget of Kshs.11.27 billion. The County did not provide a list of development projects that were implemented during the period under review.

3.30.8 Budget Performance by Department

Table 3.143 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.143: Nairobi City County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs)		Expenditure FY 2019/20 (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	52.21	0.00	14.45	0.00	14.45	0.00	100.0	-	27.7	-
Office Of Governor & Deputy Governor	5479.45	628.00	2003.31	0.00	2003.31	0.00	100.0	-	36.6	-
ICT, E-Govt & Public Communications	203.51	349.00	50.48	0.00	50.48	0.00	100.0	-	24.8	-
Finance & Economic Planning	4660.77	862.11	2979.25	580.00	2979.25	580.00	100.0	100.0	63.9	67.3
Health	6719.22	658.00	2190.25	8.48	2190.25	8.48	100.0	100.0	32.6	1.3
Urban Planning And Lands	488.48	168.00	159.41	0.00	159.41	0.00	100.0	-	32.6	-
Public Works ,Transport & Infrastructure	1141.28	3638.00	390.92	31.31	390.92	31.31	100.0	100.0	34.3	0.9
Education, Youth Affairs, Sports, Culture & Social Services	1534.81	441.65	399.34	0.00	399.34	0.00	100.0	-	26.0	-
Trade, Commerce, Tourism & Cooperatives	611.90	473.50	164.64	0.00	164.64	0.00	100.0	-	26.9	-
Public Service Management	1026.45	91.00	753.22	0.00	753.22	0.00	100.0	-	73.4	-
Agriculture, Livestock Development, Fisheries & Forestry	360.56	126.00	98.40	0.00	98.40	0.00	100.0	-	27.3	-
Environment, Water, Energy & Natural Resources	1519.80	463.00	583.44	0.00	594.22	0.00	101.8	-	39.1	-
Urban Renewal And Housing	151.72	500.00	42.95	0.00	42.95	0.00	100.0	-	28.3	-
Ward Development Programmes	39.00	1304.00	4.00	0.00	4.00	0.00	100.0	-	10.3	-
Emergency Fund	100.00	0.00	2.30	0.00	2.30	0.00	100.0	-	2.3	-
Liquor Licensing Board	211.00	39.00	0.00	0.00	161.30	12.26	-	-	76.4	31.4
County Assembly	1409.98	1530.00	477.29	0.00	466.50	0.00	97.7	-	33.1	-
TOTAL	**25,710.13**	**11,271.26**	**10,313.64**	**619.79**	**10,474.95**	**632.05**	**101.6**	**102.0**	**40.7**	**5.6**

Source: *Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 67.3 per cent, followed by the Liquor Licensing Board at 31.4 per cent. The Department of Liquor Licensing Board had the highest percentage of recurrent expenditure to its recurrent budget at 76.4 per cent.

3.30.9 Budget Execution by Programmes and Sub-Programmes

Table 3.144 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.144: Nairobi City County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
General Administration Planning and Support Services	General Administration Planning and Support Services	52,214,502	14,452,879	37,761,623	27.7
COUNTY PUBLIC SERVICE BOARD		52,214,502	14,452,879	37,761,623	27.7
General Administrative Services	General Administration & Support Services	491,292,312	199,933,444	291,358,868	40.7
	0718025310 Sp2 Sub County Administration	2,073,002,186	737,735,488	1,335,266,698	35.6
	0718075310 Sp7 County Executive	355,423,965	54,379,972	301,043,993	15.3
	0718095310 Sp9 Audit	99,100,941	25,077,860	74,023,081	25.3
Security and Safety Management	0724055310 Inspectorate	2,040,682,477	750,131,365	1,290,551,112	36.8
	0724015310 sp 24.1 investigative Services	90,897,401	25,123,248	65,774,153	27.6
Disaster Management Coordination & Control	0724045310 Fire & Disaster Management	650,744,784	68,524,673	582,220,111	10.5
Management of legal affairs	0725015310 sp 25.1 legal services	306,305,142	142,402,102	163,903,040	46.5
OFFICE OF GOVERNOR & DEPUTY GOVERNOR		6,107,449,208	2,003,308,152	4,104,141,056	32.8
General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	114,011,356	38,752,008	75,259,348	34.0
Information And Communication Services	0208010 SP 2.1: News And Information Services	65,500,000	10,579,937	54,920,063	16.2
	0208030 SP 2.3: ICT and Media Regulatory Services	19,500,000	1,151,925	18,348,075	5.9
	0208040 SP 2.4 E-Government Services	228,500,000	-	228,500,000	-
ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	107,000,000	-	107,000,000	-
	0210035310 sp 3:Information Security	18,000,000	-	18,000,000	-
ICT, E-GOVT & PUBLIC COMMUNICATIONS		552,511,356	50,483,870	502,027,486	9.1
0701005310 Public Financial Management	0701015310 Assets Management Services	287,667,520	22,555,634	265,111,886	7.8
	0701065310 sp1.6 Accounting Services	3,251,694,840	3,042,838,747	208,856,093	93.6
	0701075310 sp1.7 Budget Formulation Coordination and mgt	176,129,010	41,040,174	135,088,836	23.3
	0701085310 sp1.8 Resource Mobilization	355,754,600	12,761,970	342,992,630	3.6
	Debt Management Services	13,949,500	100,000	13,849,500	0.7
	0718085310 Sp8 Supply Chain Management	113,451,364	34,525,954	78,925,410	30.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
	5314001001 KDSP	83,000,000	-	83,000,000	-
	5314001101 County Budget & Economic Forum	5,470,000	-	5,470,000	-
General Administrative Services	0718015310 Sp1 General Administration & Support Services	916,314,417	388,003,597	528,310,820	42.3
Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	319,446,289	17,418,927	302,027,362	5.5
FINANCE & ECONOMIC PLANNING		5,522,877,540	3,559,245,003	1,963,632,537	64.4
Preventive & Promotive Health Services	0401115310 HIV/ AIDS Prevention & Control Unit	4,440,402	75,000	4,365,402	1.7
	0401125310 TB Control	2,200,000	-	2,200,000	-
	0401135310 Malaria Control & Other Communicable Diseases	1,400,000	-	1,400,000	-
	0401145310 Reproductive Health & Maternal Health (RMNCAH)	148,661,321	25,083,827	123,577,494	16.9
	0401155310 Environmental / Public Health	96,300,000	14,334,000	81,966,000	14.9
Curative care	0402065310 sp.2.6 County Referral Hospitals	732,450,000	35,831,723	696,618,277	4.9
	0402075310 sp.2.7 Health Canters & dispensaries	305,338,679	1,663,018	303,675,661	0.5
General administration, planning and support services	0404015310 Sp4.1 Administration/ Human Resource for Health	5,324,566,646	2,077,732,937	3,246,833,709	39.0
	0404025310 Sp4.2 Health Policy, Planning & Financing	49,900,000	2,067,909	47,832,091	4.1
	0404035310 sp 4.3 Health Commodities	651,957,500	41,384,130	610,573,370	6.3
	0404045310 sp 4.4 Research, Quality assurance & standards unit	27,000,500	554,356	26,446,144	2.1
	0404055310 sp 4.5 Coroner services unit	33,000,000	-	33,000,000	-
HEALTH		7,377,215,048	2,198,726,900	5,178,488,148	29.8
General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	290,837,689	89,134,073	201,703,616	30.6
Urban Planning, compliance & enforcement	0114015310 sp 8.1 Urban planning	32,500,000	4,611,110	27,888,890	14.2
	0114025310 sp 8.2 Enforcement and compliance	88,200,000	920,800	87,279,200	1.0
Land management	0115015310 sp 9.1 valuation services	56,500,000	1,586,320	54,913,680	2.8
	0115025310 sp 9.2 land survey	170,437,596	63,073,117	107,364,479	37.0
	0115035310 sp 9.3 Administrative services	18,000,000	87,200	17,912,800	0.5

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
URBAN PLANNING AND LANDS		656,475,285	159,412,620	497,062,665	24.3
General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	1,078,097,939	382,068,495	696,029,444	35.4
Roads, Drainage & Bridges	0211015310 sp 5.1 Construction Roads & Drainages & Maintenance	3,257,860,000	19,388,484	3,238,471,516	0.6
Road Safety Interventions	0212015310 sp 6.1 Transport Facilities & Traffic Management	187,620,000	14,716,354	172,903,646	7.8
Institutional Buildings & Maintenance	0213015310 sp 7.1 Public street lighting Installations & Maintenances	230,000,000	6,053,657	223,946,343	2.6
	0213025310 sp 7.2 Motor Vehicle, Machinery & Plant Maintenance	11,200,000	-	11,200,000	-
	0213035310 sp 7.3 Institutional Buildings Maintenance	14,500,000	-	14,500,000	-
PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE		4,779,277,939	422,226,990	4,357,050,949	8.8
General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,149,631,494	298,689,858	850,941,636	26.0
Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	1,000,000	236,000	764,000	23.6
	0509025310 sp 9.2 Early Childhood Development Centres	148,400,000	7,754,008	140,645,992	5.2
	0509035310 sp 9.3 Technical and Vocational Training	88,904,947	956,400	87,948,547	1.1
Social Services	0902015310 General Administration & Support Services	178,773,527	60,709,868	118,063,659	34.0
	0902025310 Sp.2.2 Gender and Community Empowerment	30,800,000	-	30,800,000	-
	0902035310 Sp2.3 Development and promotion of culture/ heritage	38,150,000	112,700	38,037,300	0.3
	0902045310 Sp2.4 Development and promotion of sports	239,000,000	16,068,122	222,931,878	6.7
	0902055310 Sp2.5 Youth Empowerment and Promotion	26,300,000	13,758,642	12,541,358	52.3
	0902065310 Sp 2.6 Social welfare and care for the Aged	30,000,000	714,800	29,285,200	2.4
	0902075310 Sp 2.7 Promotion of Library and Information Services	4,300,000	-	4,300,000	-
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	41,200,000	335,000	40,865,000	0.8

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
EDUCATION,YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES		1,976,459,968	399,335,398	1,577,124,570	20.2
General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	428,123,278	157,442,177	270,681,101	36.8
Co-operative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	34,000,000	4,758,675	29,241,325	14.0
	0310025310 sp 10.2 Cooperative Audit Services	12,281,300	477,870	11,803,430	3.9
Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	43,000,000	920,900	42,079,100	2.1
Trade development and Market Services	0312015310 sp 12.1 Trade Development	170,000,000	631,400	169,368,600	0.4
	0312025310 sp 12.2 Market Services	280,000,000	-	280,000,000	-
	0313025310 sp 13.2 Weights & Measures Services	62,000,000	-	62,000,000	-
	0313035310 sp 13.3 Trade Licensing Services	35,000,000	-	35,000,000	-
	0313045310 sp 13.4 Betting & Gaming Services	21,000,000	412,449	20,587,551	2.0
TRADE,COMMERCE,TOURISM & CO-OPERATIVES		1,085,404,578	164,643,471	920,761,107	15.2
			-	-	
General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	297,662,603	79,942,410	217,720,193	26.9
Public Service Transformation	0710010 S.P.5.1 Human Resource Management	701,000,000	650,596,199	50,403,801	92.8
	0710020 S.P.5.2 Human Resource Development	74,785,035	20,042,142	54,742,893	26.8
Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	10,000,000	1,745,758	8,254,242	17.5
	0723025310 sp 23.2 Governance Monitoring and Evaluation	25,000,000	682,548	24,317,452	2.7
	0723035310 sp 23.3 Quality Management Systems and ISO certification	9,000,000	212,599	8,787,401	2.4
PUBLIC SERVICE MANAGEMENT		1,117,447,638	753,221,656	364,225,982	67.4
General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	231,481,909	94,670,863	136,811,046	40.9
Crop Development and Management	0108055310 SP5 Crop Production, Marketing & Research	38,494,806	3,046,284	35,448,522	7.9

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Fisheries Development and Management	0111020 SP 5.2 Aquaculture Development Marketing & Research	31,509,644	681,984	30,827,660	2.2
Livestock Resources Management and Development	0112065310 Promotion of Dairy Production, Extension & Research	31,533,999	-	31,533,999	-
Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assuarance	55,152,413	-	55,152,413	-
Aforestation	0117015310 sp 11.1 Forestry Services	24,532,637	-	24,532,637	-
Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	26,830,000	-	26,830,000	-
Agricultural Development Support Project	5321000801 Agricultural Development Support Project	47,025,760	-	47,025,760	-
AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY		486,561,168	98,399,131	388,162,037	20.2
General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	567,476,815	240,168,820	327,307,995	42.3
Environment Management and Protection.	1002035310 sp 2.3 Solid waste management	992,237,878	346,591,871	645,646,007	34.9
	1002045310 sp 2.4 Beautification, Recreation and Greening Services	43,687,121	-	43,687,121	-
	1002055310 sp 2.5 Environment planning Management Services	27,400,000	120,800	27,279,200	0.4
Water Resources Management	1004055310 sp 4.5 Energy & Natural resources	352,000,000	7,339,869	344,660,131	2.1
ENVIROMENT,WATER,ENERGY & NATURAL RESOURCES		1,982,801,814	594,221,359	1,388,580,455	30.0
Housing Development and Human Settlement	0102045310 SP4 Urban Renewal	298,000,000	1,078,025	296,921,975	0.4
	0102055310 SP5 Management of Rental Housing	25,900,000	1,258,900	24,641,100	4.9
General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	303,016,963	38,769,839	264,247,124	12.8
Building Services	0113015310 sp 7.1 Building services research and information	24,800,000	1,843,850	22,956,150	7.4
URBAN RENEWAL AND HOUSING		651,716,963	42,950,614	608,766,349	6.6
Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,343,000,000	4,000,420	1,338,999,580	0.3
WARD DEVELOPMENT FUND		1,343,000,000	4,000,420	1,338,999,580	0.3
General Administrative Services	0718015310 Sp1 General Administration & Support Services	100,000,000	2,300,000	97,700,000	2.3
EMERGENCY FUND		100,000,000	2,300,000	97,700,000	2.3
Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	173,562,123	76,437,877	69.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
LIQOUR LICENSING BOARD		250,000,000	173,562,123	76,437,877	69.4
COUNTY ASSEMBLY	Legislation and Oversight	2,939,977,879	466,503,299	2,473,474,580	15.9
Total Voted Expenditur. KShs.		**36,981,390,886**	**11,106,993,885**	**25,874,397,001**	**30.0**

Source: *Nairobi City County Treasury*

The best performing programmes across the county were Public Financial Management at 93.6 per cent, Public Service Transformation at 92.8 per cent, and Public Service Management at 67.4 per cent of budget allocation.

3.30.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Under-performance in own source revenue collection which declined by 16.6 per cent from Kshs.3.73 billion in the first half of FY 2018/19 to Kshs.3.11 billion in the reporting period and accounted 18.2 per cent of the annual revenue target.
2. Failure by the National Treasury to disburse the equitable share of revenue as per the disbursement schedule during the second quarter of FY 2019/20.
3. Increased spending on domestic travel by 114.7 per cent from Kshs.157.35 million in the first half of FY 2018/19 to Kshs.337.90 million in the reporting period.
4. Failure by the County Treasury to provide the OCOB with a project implementation status report despite posting an expenditure of Kshs.632.05 million during the reporting period.

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

1. *The County Treasury should formulate and implement strategies to enhance revenue collection.*
2. *The County should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the approved disbursement schedule.*
3. *The County should control expenditure on non-core arears in order to release resources for core development programs.*
4. *The County Treasury should ensure it prepares the project implementation status report on a quarterly basis and submit in line with Section 166 of the PFM Act, 2012.*

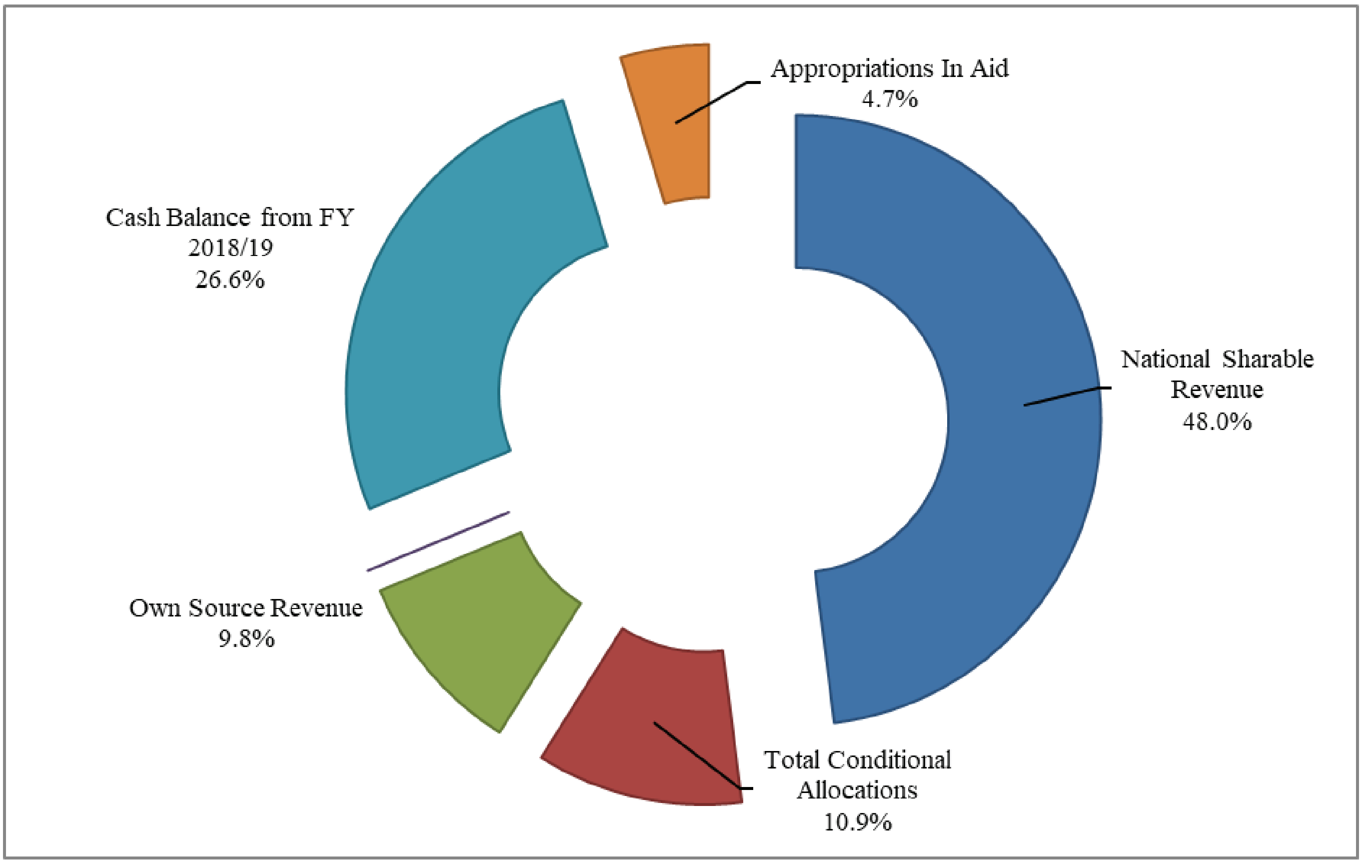
3.31 Nakuru County

3.31.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.21.38 billion, comprising of Kshs.10.57 billion (49.5 per cent) and Kshs.10.8 billion (50.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.26 billion (48 per cent) as equitable share of revenue raised nationally, Kshs.2.34 billion (10.9 per cent) as total conditional grants, generate Kshs.2.1 billion (9.8 per cent) from own source revenue, and Kshs.5.68 billion (26.6 per cent) as cash balance from FY 2018/19 the county also budgeted to receive Ksh.1.0 billion (4.7 per cent) as Appropriations in Aid.

Figure 3.91: Nakuru County Expected Revenue Sources in FY 2019/20



Source: *Nakuru County Treasury*

3.31.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.71 billion as equitable share of the revenue raised nationally, Kshs.165.99 million as total conditional grants, raised Kshs.542.71 million from own-source revenue, and had a cash balance of Kshs.5.68 billion from FY 2018/19. The County also received Ksh.563.3 million (4.7 per cent) as Appropriations-in-Aid, bringing

Table 3.145: Nakuru County, Revenue Performance in the First Half of FY 2019/20

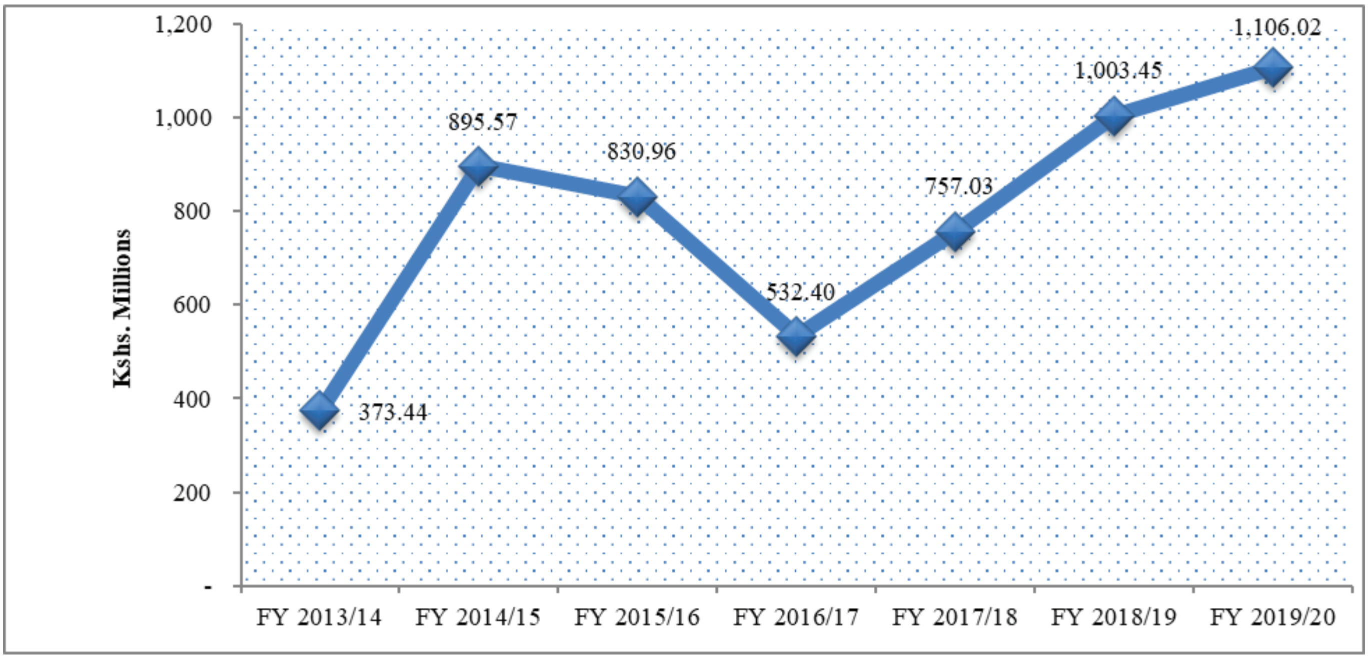
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Expenditure in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,261,000,000	10,261,000,000	3,708,557,100	-	-
B.	**Conditional Grants from the National Government Revenue**					
1.	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	165,999,537	-	-
2.	Compensation for User Fee Foregone	38,723,265	38,723,265	-	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	297,372,469	297,372,469	-	-	-
5.	Rehabilitation of Village Polytechnics	63,063,298	63,063,298	-	-	-
Sub Total		**904,946,758**	**904,946,758**	**165,999,537**	**-**	**-**
C	**Loans and Grants from Development Partners**					
6	Transforming Health systems for Universal care Project (WB)	95,036,351	95,036,351	29,171,563	-	-
7	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	140,435,163	140,435,163	40,285,215	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Expenditure in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	60,282,958	60,282,958		-	-
9	DANIDA Grant	31,083,750	31,083,750	14,109,375	-	-
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,983,635	21,983,635		-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	1,084,843,300	1,084,843,300		-	-
Sub Total		**1,433,665,157**	**1,433,665,157**	**83,566,153**	**-**	**-**
	Other Sources of Revenue					
12	Own Source Revenue		2,100,000,000	542,709,980	-	-
13	Balance b/f from FY2018/19		5,677,405,446	5,677,405,446	-	-
14	Other Revenues		-		-	-
15	A-I-A		1,000,000,000	563,310,989	-	-
Sub Total		**-**	**8,777,405,446**	**6,783,426,415**	**-**	**-**
Grand Total		**12,599,611,915**	**21,377,017,361**	**10,741,549,206**	-	-

Source: *Nakuru County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.10.47 billion as shown in Table 3.145.

Figure 3.92: Nakuru County Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Nakuru County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.1.11 billion as own-source revenue. This amount represented an increase of 10.2 per cent when compared to Kshs.1 billion realized during the same period in FY 2018/19, and represented 36 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.61 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.660.72 million (14.3 per cent) for development programmes and Kshs.3.95 billion (85.7 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

A total of Kshs.4.45 billion was spent on development and recurrent programmes and represented 96.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.988.7 million and Kshs.3.46 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 9.4 per cent while that incurred on recurrent programmes represented 32 per cent of the annual recurrent budget.

3.31.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.45 billion was spent on compensation to employees, Kshs.1 billion on operations and maintenance, and Kshs.988.7 million on development expenditure.

Table 3.146: Nakuru County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	10,803,801,728	3,947,479,552	3,460,820,767	77.8	32
Compensation to Employees	6,631,307,438	3,160,713,777	2,453,493,901	55.1	37
Operations and Maintenance	4,172,494,290	978,682,015	1,007,326,866	22.6	24.1
Total Development Expenditure	10,573,215,633	660,719,519	988,702,501	22.2	9.4
Development expenditure	10,573,215,633	660,719,519	988,702,501	22.2	9.4
Total	**21,377,017,361**	**4,608,199,071**	**4,449,523,268**	100	20.8

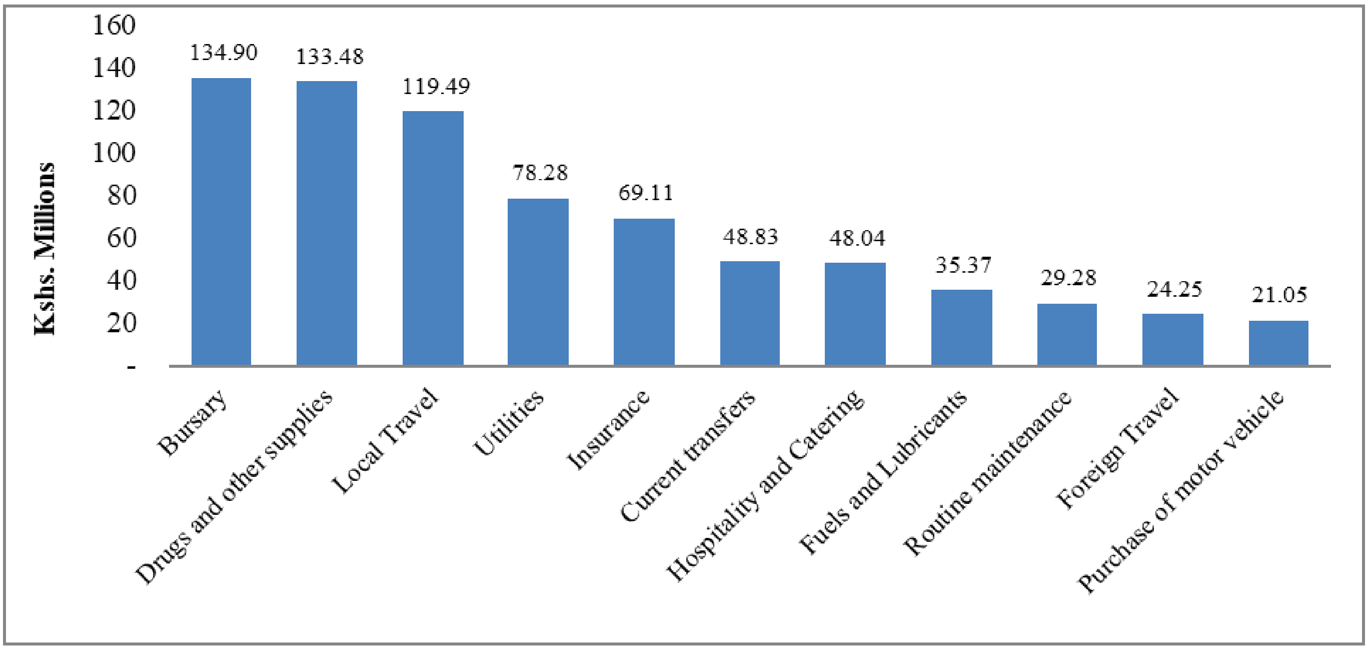
Source: *Nakuru County Treasury*

Expenditure on compensation to employees was 55.1 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 19.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.03 billion.

3.31.6 Analysis of Operations and Maintenance Expenditure

Figure 3.93 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.93: Nakuru County , Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Nakuru County Treasury*

The County spent Kshs.38.85 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.103 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.81,955 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.119.49 million and comprised of Kshs.67.85 million spent by the County Assembly and Kshs.51.64 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.24.25 million and comprised of Kshs.2.44 million spent by the County Assembly and Kshs.21.8 million spent by the County Executive.

3.31.7 Development Expenditure Analysis

The total development expenditure of Kshs.988.7 million represented 9.4 per cent of the annual development budget of Kshs.10.57 billion. Table 3.147 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.147: Nakuru County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of outpatient complex at PGH	Hq	250,372,831	198,582,500	79.3
2	Construction of maternity at Giligil subcounty hospital	Hq	35,653,683	17,260,379	48.4
3	Purchase of medical and dental equipment	Hq	47,000,000	17,095,089	36.4
4	Rehabilitation of Nyayo Gardens	Hq	19,600,000	15,620,411	79.7
5	Construction of outpatient block at Elburgon subcounty hospital	Hq	25,500,400	11,325,589	44.4
6	Malewa west water works	Hq	20,000,000	9,378,774	46.9
7	Purchase of (2) refuse trucks for Naivasha and Subukia	Hq	8,000,000	8,000,000	100
8	Desilting of storm water retention pond at Old Town water treatment works	Hq	5,000,000	4,502,946	90.1
9	Purchase of skip loader	Hq	4,000,000	4,000,000	100
10	Purchase of solar pumps,piping equipment for water projects at Kiamaina Ward	Hq	10,000,000	3,395,873	34

Source: *Nakuru County Treasury*

3.31.8 Budget Performance by Department

Table 3.148 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.148: Nakuru County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	983.22	249.91	422.36	-	329.15	10.00	77.9	-	33.5	4
County Executive	898.06	412.53	336.08	36.96	284.00	77.85	84.5	210.6	31.6	18.9
Finance & Economic planning	730.22	61.47	315.80	-	287.90	61.47	91.2	-	39.4	100
Agriculture, Livestock, Veterinary & Fisheries	591.45	593.04	237.55	74.50	203.44	25.60	85.6	34.4	34.4	4.3
Education, Youth Affairs & Social Development	148.57	2,635.20	59.98	61.92	54.32	75.03	90.6	121.2	36.6	2.8
County Health Services	315.82	118.21	159.85	-	126.81	1.11	79.3	-	40.2	0.9
Lands, Physical Planning and Urban Development	497.11	999.38	229.53	69.60	211.59	103.1	92.2	148.1	42.6	10.3
County Transport, Public Works and Water Services	155.01	490.69	37.94	29.72	44.26	65.09	116.7	219	28.6	13.3
Trade, Tourism, Cooperatives and Enterprise Development	259.23	234.56	60.71	20.57	84.92	27.44	139.9	133.4	32.8	11.7
Culture, Social Services and Gender	356.23	2,183.13	141.62	76.68	137.74	152.3	97.3	198.6	38.7	7

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment, Water, Energy & Natural resources	288.73	1,423.48	126.99	93.27	114.93	157.8	90.5	169.2	39.8	11.1
Health	5,518.10	1,169.79	1,805.63	197.49	1,570.68	231.9	87	117.4	28.5	19.8
County Public Service Board	62.06	1.82	13.46	-	11.10	-	82.5	-	17.9	-
TOTAL	**10,803.8**	**10,573.22**	**3,947.48**	**660.72**	**3,460.82**	**988.7**	**87.7**	**149.6**	**32**	**9.4**

Source: *Nakuru County Treasury*

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 100 per cent while County Public Service Board did not report any development expenditure. The Department of Lands, Physical Planning and Urban development had the highest percentage of recurrent expenditure to its recurrent budget at 42.6 per cent while the Department of County Public Service Board had the lowest at 17.9 per cent.

3.31.9 Budget Execution by Programmes and Sub-Programmes

Table 3.149 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.149: Nakuru County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Administration	Administration and personnel	795,810,619	102,540,447	588,548,111	12.9
Administration Total		795,810,619	102,540,447	588,548,111	12.9
children	Education development	33,466,339	-	37,431,210	-
children Total		33,466,339	-	37,431,210	-
Structural Development	Network Administration	55,066,066	-	55,066,066	-
Structural Development Total		**55,066,066**	**-**	**55,066,066**	**-**
Vocational	revitalized of Youth programme	115,035,198	28,721,192	87,062,949	25
Vocational Total		115,035,198	28,721,192	87,062,949	25
		999,378,222	131,261,639	768,108,336	13.1
Agriculture, Livestock & Fisheries Headquarters	Administration Services	493,820,438	158,718,282	334,129,008	32.1
Agriculture, Livestock & Fisheries Headquarters Total		**493,820,438**	**158,718,282**	**334,129,008**	**32.1**
Crop Development and Management Headquarters	Crop development and food security	509,039,543	60,035,748	347,950,198	11.8
Crop Development and Management Headquarters Total		509,039,543	60,035,748	347,950,198	11.8
Fisheries Development Headquarters	Aquaculture development	44,662,020	757,580	34,789,237	1.7
Fisheries Development Headquarters Total		44,662,020	757,580	34,789,237	1.7
Livestock Resource Management And Development Headquarters	Promotion of dairy production breeding and disease control	156,369,748	41,929,630	95,658,806	26.8
Livestock Resource Management And Development Headquarters Total		**156,369,748**	**41,929,630**	**95,658,806**	**26.8**
		1,203,891,749	261,441,240	812,527,249	21.7
County Assembly Administration Headquarters	Finance and budget	508,388,444	224,257,263	214,123,942	44.1
County Assembly Administration Headquarters Total		508,388,444	224,257,263	214,123,942	44.1
County Assembly Headquarters	Procedure and committee services	471,461,519	114,893,970	245,394,285	24.4
County Assembly Headquarters Total		**471,461,519**	**114,893,970**	**245,394,285**	**24.4**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
		979,849,963	339,151,233	459,518,227	34.6
County Public Service Board Headquarters'	Administration Services	64,102,389	11,097,827	52,173,937	17.3
County Public Service Board Headquarters'		64,102,389	11,097,827	52,173,937	17.3
		64,102,389	11,097,827	52,173,937	17.3
Administration	Administration and personnel	413,727,701	71,147,406	341,840,069	17.2
Administration Total		413,727,701	71,147,406	341,840,069	17.2
children	Education development	127,634,566	136,127,081	37,652,613	106.7
Children Total		**127,634,566**	**136,127,081**	**37,652,613**	**106.7**
Information Communication Services	Functional andf technical support center	50,346,878	3,205,004	45,967,503	6.4
Information Communication Services Total		50,346,878	3,205,004	45,967,503	6.4
Vocational	revitalized of Youth programme	72,701,320	1,108,085	71,303,235	1.5
Vocational Total		**72,701,320**	**1,108,085**	**71,303,235**	**1.5**
		664,410,465	211,587,576	496,763,420	31.8
Environment Natural Resources Water and Energy Headquarters	Administration	100,000	48,300	51,700	48.3
	Forest Headquarters	360,000	60,000	300,000	16.7
Environment Natural Resources Water and Energy Headquarters Total		362,658,175	113,689,245	248,563,323	31.3
Forest Headquarters	Forest resources management and climate change	168,945,418	345,200	167,258,665	0.2
Forest Headquarters Total		**168,945,418**	**345,200**	**167,258,665**	**0.2**
Pollution Headquarters	Pollution control and monitoring	51,000,000	-	38,999,999	-
Pollution Headquarters Total		51,000,000	-	38,999,999	-
Water Headquarters	water provision and drilling of boreholes	1,337,950,872	158,722,046	782,378,945	11.9
Water Headquarters Total		1,337,950,872	158,722,046	782,378,945	11.9
		1,920,554,465	272,756,491	1,237,200,932	14.2
Accounting Headquarters	Public Finance and Accounting	19,882,552	4,048,940	15,125,724	20.4
Accounting Headquarters Total		**19,882,552**	**4,048,940**	**15,125,724**	**20.4**
Budget Headquarters	Budget Formulation coordination and management	46,320,442	13,547,490	27,398,632	29.2
Budget Headquarters Total		**46,320,442**	**13,547,490**	**27,398,632**	**29.2**
Debt Management	debt management	227,943,135	58,587,554	129,101,670	25.7
Debt Management Total		**227,943,135**	**58,587,554**	**129,101,670**	**25.7**
Finance & Economic Planning Headquarters	Administration Services	777,279,431	247,477,832	525,332,315	31.8
Finance & Economic Planning Headquarters Total		**777,279,431**	**247,477,832**	**525,332,315**	**31.8**
Fiscal Planning Headquarters	Fiscal Planning	27,519,084	9,512,400	15,818,541	34.6
Fiscal Planning Headquarters Total		**27,519,084**	**9,512,400**	**15,818,541**	**34.6**
Internal Audit Headquarters	Internal audit	106,346,457	1,980,630	103,208,375	1.9
Internal Audit Headquarters Total		**106,346,457**	**1,980,630**	**103,208,375**	**1.9**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
KDSP Headquarters	Fiscal Planning	153,461,594	1,044,000	151,817,594	0.7
KDSP Headquarters Total		**153,461,594**	**1,044,000**	**151,817,594**	**0.7**
Monitoring and Evaluation	Public Finance and Accounting	11,032,367	1,351,940	8,942,113	12.3
Monitoring and Evaluation Total		11,032,367	1,351,940	8,942,113	12.3
Procurement Headquarters	Procurement	15,708,324	3,013,340	12,565,585	19.2
Procurement Headquarters Total		15,708,324	3,013,340	12,565,585	19.2
Resource Mobilization	Resource Mobilization	120,529,628	21,283,260	94,230,672	17.7
Resource Mobilization Total		**120,529,628**	**21,283,260**	**94,230,672**	**17.7**
		1,506,023,014	361,847,386	1,083,541,221	24
Cemetery Headquarters	Research and development	1,000,000	-	1,000,000	-
Cemetery Headquarters Total		**1,000,000**	**-**	**1,000,000**	**-**
County Health Services Administration	Health infrastructure development	56,308,823	4,138,962	12,419,861	7.4
	Human resources for health	3,858,828,925	1,395,544,124	2,458,654,311	36.2
County Health Services Administration Total		**3,915,137,748**	**1,399,683,086**	**2,471,074,172**	**35.8**
Medical Services Headquarters	Provision of essential services in all levels	1,337,124,324	348,472,271	1,000,306,360	26.1
	Reseat	128,981,784	-	128,981,784	-
Medical Services Headquarters Total		**1,466,106,108**	**348,472,271**	**1,129,288,144**	**23.8**
Primary Health Headquarters	health promotive services	643,191,439	79,614,577	449,129,131	12.4
Primary Health Headquarters Total		**643,191,439**	**79,614,577**	**449,129,131**	**12.4**
		6,025,435,295	1,827,769,934	4,050,491,447	30.3
Housing Headquarters	Rehabilitation of council houses	39,207,442	1,243,357	37,652,420	3.2
Housing Headquarters Total		**39,207,442**	**1,243,357**	**37,652,420**	**3.2**
Lands & Survey Headquarters	Survey and mapping	65,388,879	1,392,686	63,739,529	2.1
Lands & Survey Headquarters Total		**65,388,879**	**1,392,686**	**63,739,529**	**2.1**
Lands Physical planning and Housing Headquarters	Administration	161,572,000	49,543,977	110,961,357	30.7
Lands Physical planning and Housing Headquarters Total		161,572,000	49,543,977	110,961,357	30.7
Physical Planning Headquarters	spatial plan	2,590,004,785	1,118,248,667	1,701,357,627	43.2
Physical Planning Headquarters Total		2,590,004,785	1,118,248,667	1,701,357,627	43.2
		2,856,173,106	1,170,428,687	1,913,710,933	41
County Policies & Security Operation	Organization of county business	40,022,400	14,989,560	24,641,417	37.5
County Policies & Security Operation Total		40,022,400	14,989,560	24,641,417	37.5
Office of the Governor and Deputy Governor	Administration and coordination of county affairs	190,031,530	77,972,143	105,928,835	41
Office of the Governor and Deputy Governor Total		190,031,530	77,972,143	105,928,835	41
Office of the Governor and Deputy Governor Headquarters	administration and coordination of county affairs	118,210,636	1,114,000	115,938,262	0.9
Office of the Governor and Deputy Governor Headquarters Total		118,210,636	1,114,000	115,938,262	0.9
Public Sector	Economic, Social and Economic advisory	27,976,716	33,844,686	(6,152,969)	121
Public Sector Total		27,976,716	33,844,686	(6,152,969)	121
		376,241,282	127,920,389	240,355,545	34
Administration	Administration services	680,284,252	275,218,912	513,787,340	40.5
	rehabilitation of sub county offices	61,471,478	61,471,478	60,786,094	100
Administration Total		741,755,730	336,690,390	574,573,434	45.4
Legal Services	Legal Services to county government and public	20,400,000	6,638,151	12,717,049	32.5
Legal Services Total		20,400,000	6,638,151	12,717,049	32.5

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Performance Management and Public Service Delivery	Public sector management	29,538,456	6,042,902	22,355,554	20.5
Performance Management and Public Service Delivery Total		29,538,456	6,042,902	22,355,554	20.5
		791,694,186	349,371,443	609,646,037	44.1
Fire Fighting Headquarters	Fire Fighting	23,540,200	854,450	21,858,090	3.6
Fire Fighting Headquarters Total		23,540,200	854,450	21,858,090	3.6
Public Works Headquarters	construction and maintenance of non-residential county buildings	8,452,882	1,432,800	13,870,082	17
Public Works Headquarters Total		8,452,882	1,432,800	13,870,082	17
Roads Headquarters	rehabilitation of roads drainage and bridges	2,250,545,789	188,940,003	2,076,913,697	8.4
Roads Headquarters Total		2,250,545,789	188,940,003	2,076,913,697	8.4
Roads, Public Works & Transport Headquarters	Administration and personnel	209,316,895	72,761,401	131,655,172	34.8
Roads, Public Works & Transport Headquarters Total		209,316,895	72,761,401	131,655,172	34.8
Street Light Headquarters	Street Light Headquarters	108,330,000	47,798,700	61,931,301	44.1
Street Light Headquarters Total		**108,330,000**	**47,798,700**	**61,931,301**	**44.1**
Transport Headquarters	rehabilitation and maintenance of transport terminals	22,563,200	-	22,263,200	-
Transport Headquarters Total		**22,563,200**	**-**	**22,263,200**	**-**
		2,622,748,966	311,787,354	2,328,491,542	11.9
Co-operatives Headquarters	Enhance marketimg cooperatives	28,940,000	1,117,900	27,169,696	3.9
Co-operatives Headquarters Total		**28,940,000**	**1,117,900**	**27,169,696**	**3.9**
Markets Headquarters	rehabilitation of existing markets	491,189,883	73,893,981	439,967,843	15
Markets Headquarters Total		**491,189,883**	**73,893,981**	**439,967,843**	**15**
Tourism Headquarters	County Tourism information center	3,820,000	616,827	2,578,338	16.1
Tourism Headquarters Total		**3,820,000**	**616,827**	**2,578,338**	**16.1**
Trade Headquarters	Business development services for SMEs	9,780,000	780,830	8,542,740	8
Trade Headquarters Total		**9,780,000**	**780,830**	**8,542,740**	**8**
Trade Tourism &Industrialization Headquarters	Administration Services	152,681,520	32,873,689	118,576,173	21.5
Trade Tourism &Industrialization Headquarters Total		**152,681,520**	**32,873,689**	**118,576,173**	**21.5**
Weights & Measures Headquarters	consumer protection	1,920,000	63,000	1,857,000	3.3
Weights & Measures Headquarters Total		**1,920,000**	**63,000**	**1,857,000**	**3.3**
		688,331,403	109,346,227	598,691,790	15.9
Administration	Administration and personnel	290,551,738	82,343,604	206,641,847	28.3
Administration Total		**290,551,738**	**82,343,604**	**206,641,847**	**28.3**
Control Headquarters	social development	274,621,981	2,407,556	270,819,266	0.9
Control Headquarters Total		**274,621,981**	**2,407,556**	**270,819,266**	**0.9**
Culture Headquarters	promotion of culture, arts and talents	55,385,925	1,810,464	49,884,548	3.3
Culture Headquarters Total		**55,385,925**	**1,810,464**	**49,884,548**	**3.3**
Public Amenities Headquarters	rehabilitation of social hall,library parks and amenities	61,939,024	21,588,114	39,353,553	34.9
Public Amenities Headquarters Total		**61,939,024**	**21,588,114**	**39,353,553**	**34.9**
Youth Headquarters	promotion of quality youth employment	16,850,636	4,210,500	12,186,779	25
Youth Headquarters Total		**16,850,636**	**4,210,500**	**12,186,779**	**25**
		699,349,304	112,360,238	578,885,993	16.1
Grand Total		**21,377,017,361**	**4,449,523,268**	**15,778,889,697**	**20.2**

Source: *Nakuru County Treasury*

The best performing programs across the County were: Public Sector advisory services in the office of the Governor at 121 per cent of its budgetary allocation and Promotion of Early Childhood Education and Development at 106.7 per cent of budget allocation.

3.31.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development budget. The county spent Kshs.988.7 million during the reporting period, translating to 9.4 per cent of development budget against an expected absorption of 50 per cent.
2. Delay in submission of quarterly financial reports to the Controller of Budget by County Government entities in line with Section 166 of the PFM Act, 2012.
3. Delay in passage of budget estimates which was approved on 24th July, 2019 thereby delaying implementation of the same.

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

1. *The county should put in place mechanisms that will enhance absorption of development funds.*
2. *The county should ensure timely submission of quarterly financial reports to Controller of Budget in line with Section 166 of PFM Act, 2012 and OCoB Circular on the same.*
3. *The county should put in place mechanism to ensure timely approval of budget estimates.*

3.32 Nandi County

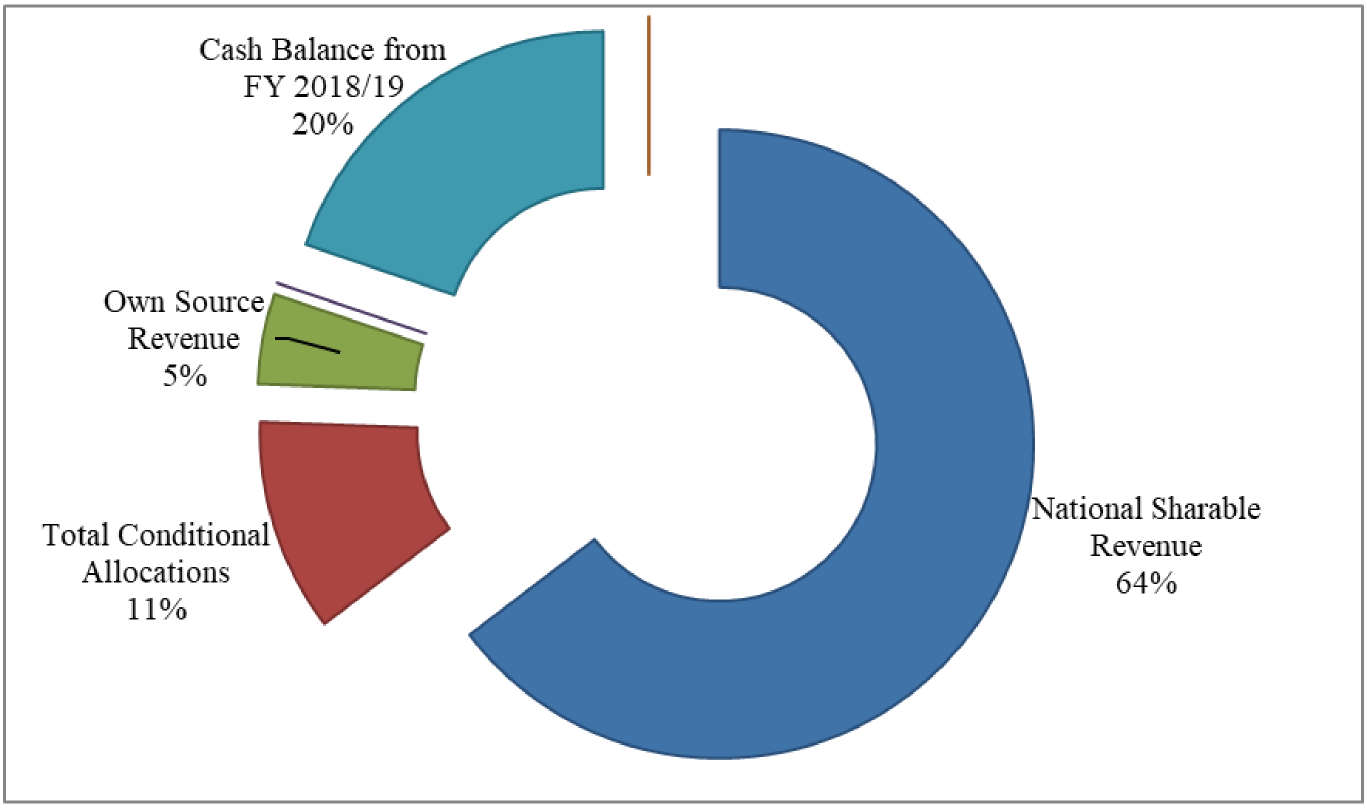
3.32.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.11 billion, comprising of Kshs.3.47 billion (42.9 per cent) and Kshs.4.63 billion (57.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.24 billion (64.6 per cent) as equitable share of revenue raised nationally, Kshs.886.59 million (10.9 per cent) as total conditional grants, generate Kshs.376.83 million (4.6 per cent) from own source revenue, and Kshs.1.60 billion (19.8 per cent) as cash balance from FY 2018/19.

Figure 3.94 shows the expected sources of financing by category in FY 2019/20.

Figure 3.94: Nandi County Expected Revenue Sources in FY 2019/20



Source: *Nandi County Treasury*

3.32.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.89 billion as equitable share of the revenue raised nationally, Kshs.102.22 million as total conditional grants and raised Kshs.100.98 million as own-sources revenue, bringing.

Table 3.150: Nandi County, Revenue Performance in the First Half of FY 2019/20

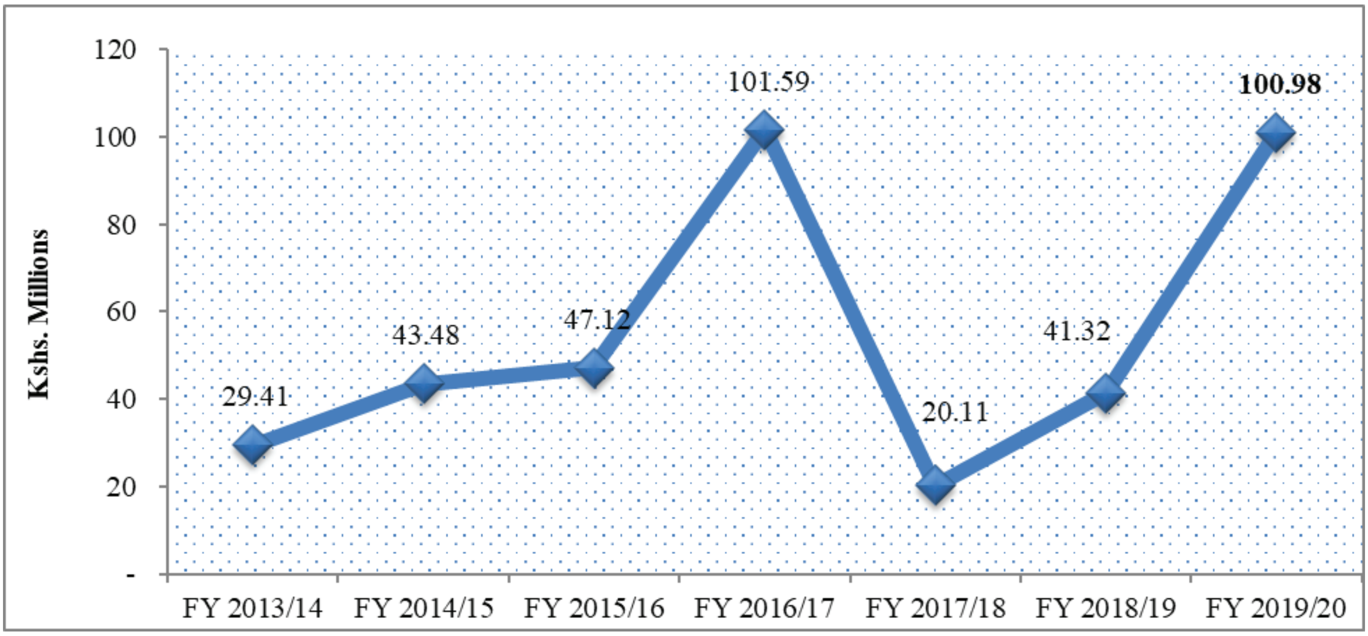
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,348,850,000**	**5,239,000,000**	**1,893,492,900**	**35.4**
B.	**Conditional Grants from the National Government**				
	Compensation for User Fee Foregone	18,086,363	18,086,363	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	151,830,656	151,830,656	37,957,664	25
	Rehabilitation of Village Polytechnics	32,793,298	32,793,298	-	-
Sub Total		**334,625,211**	**202,710,317**	**37,957,664**	**11.3**
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	46,342,186	46,342,186	14,058,161	30.3
	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	343,929,300	343,929,300	42,183,912	12.3
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	177,231,700	177,231,700	-	-
	DANIDA Grant	16,031,250	16,031,250	8,015,625	50
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,507,185	16,507,185	-	-
	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**718,841,621**	**683,841,621**	**64,257,698**	**8.9**
D	**Other Sources of Revenue**				

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Own Source Revenue	-	376,829,833	100,975,939	26.8
	Balance b/f from FY2018/19	-	1,604,287,705	-	-
Sub Total		-	1,981,124,538	100,975,939	5.1
Grand Total		**6,402,266,832**	**8,106,669,476**	**2,096,684,201**	**25.9**

Source: *Nandi County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.10 billion as shown in Table 3.150

Figure 3.95: Nandi County Trend in Own-Source Revenue Collectionfor the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Nandi County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.100.98 million as own-source revenue. This amount represented an increase of 21.1 per cent when compared to Kshs.83.37 million realised during the same period in FY 2018/19, and represented 26.8 per cent of the annual target.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.45 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.353.20 million (14.4 per cent) for development programmes and Kshs.2.09 billion (85.6 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

A total of Kshs.2.45 billion was spent on development and recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.372.77 million and Kshs.2.08 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 10.7 per cent while that incurred on recurrent programmes represented 44.8 per cent of the annual recurrent budget.

3.32.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.55 billion was spent on compensation to employees, Kshs.529.70 million on operations and maintenance, and Kshs.372.77 million on development expenditure.

Table 3.151: Nandi County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget Kshs.	Exchequer Issues (Kshs.)	Expenditure Ksh	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,632,687,065**	**2,093,954,963**	**2,075,753,056**	**84.8**	**44.8**
Compensation to Employees	3,183,765,672	1,377,638,278	1,546,058,783	63.1	48.6
Operations and Maintenance	1,448,921,393	716,316,685	529,694,273	21.6	36.6
Total Development Expenditure	**3,473,982,411**	**353,198,321**	**372,770,336**	**15.2**	**10.7**
Development expenditure	3,473,982,411	353,198,321	372,770,336	15.2	10.7
Total	**8,106,669,476**	**2,447,153,284**	**2,448,523,392**	100	30.2

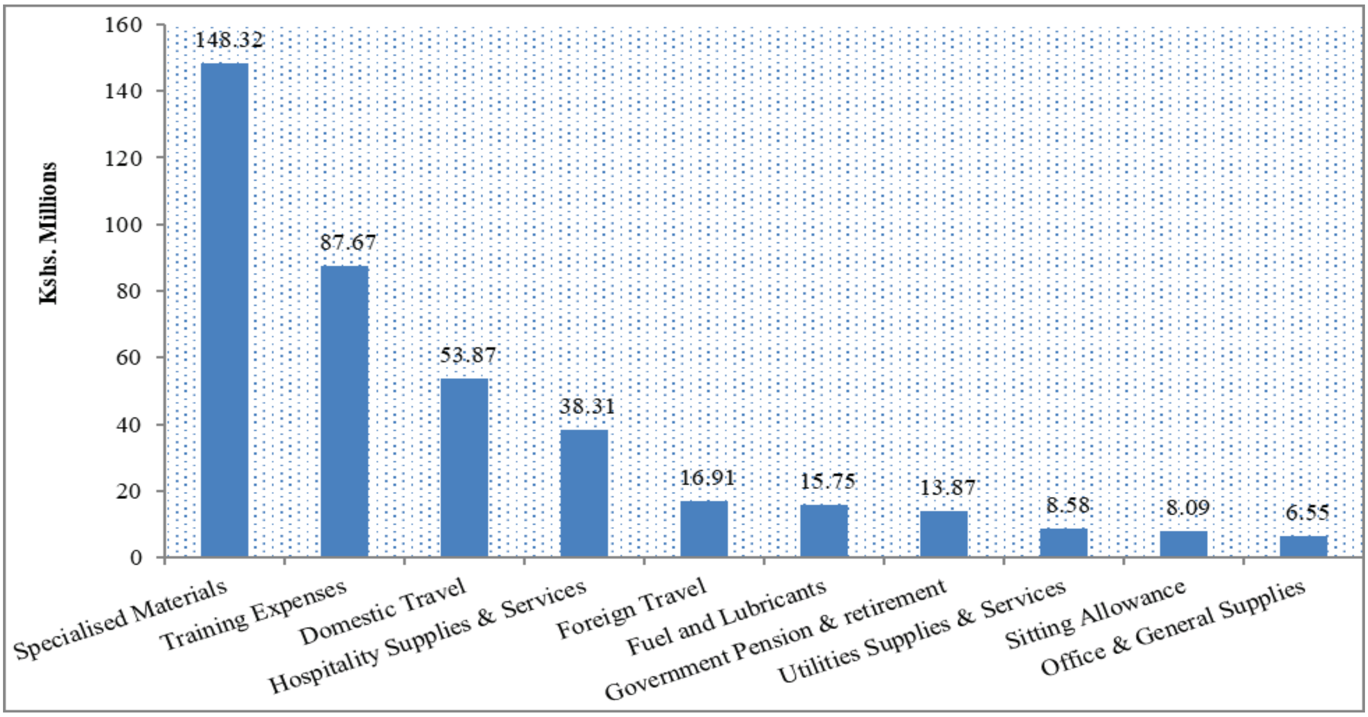
Source: *Nandi County Treasury*

Expenditure on compensation to employees was 63.1 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 6.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.65 billion.

3.32.6 Analysis of Operations and Maintenance Expenditure

Figure 3.96 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.96: Nandi County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Nandi County Treasury*

The County spent Kshs.8.09 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.49.92 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.67,416 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.53.87 million and comprised of Kshs.15.50 million spent by the County Assembly and Kshs.38.37 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.16.91 million and comprised of Kshs.2.52 million spent by the County Assembly and Kshs.14.39 million spent by the County Executive.

3.32.7 Development Expenditure Analysis

The total development expenditure of Kshs.372.77 million represented 10.7 per cent of the annual development budget of Kshs.3.47 billion. Table 3.152 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.152: Nandi County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Consultancy for Nandi County Spatial Plan(NCSP)	County Wide	15,000,000	9,500,000	63.3
2	Hire of excavators and Bulldozers for Road Works	County Wide	144,258,211	70,320,135	48.7
3	Supply of FMD vaccines	County Wide	20,000,000	7,500,000	37.5
4	Procurement of Digitization Bank Service	County Wide	12,000,000	4,135,790	34.5
5	Supply of Fuel for Road Works	County Wide	45,000,000	15,138,288	33.6
6	Design and pre-contract Consultancy at Kapsabet County Referral Hospital	Kapsabet	60,000,000	16,438,072	27.4
7	Construction of Culverts and Bridges	Kaptumo Kobujoi & Kapsabet wards	20,000,000	4,521,522	22.6
8	Spot Improvement of County Roads (RMLF)	Countywide	217,830,656	44,016,671	20.2
9	Construction of Milk Processing Plant	Kabiyet	185,000,000		18.6
10	Construction of Water Projects	County Wide	126,000,000		8
Total			**845,088,867**	**216,163,977**	**25.6**

Source: *Nandi County Treasury*

3.32.8 Budget Performance by Department

Table 3.153 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.153: Nandi County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	353.19	20.78	144.35	-	120.19	-	83.3	-	34.	-
Finance and Economic Planning	363.52	42.14	169.55	-	157.57	-	92.9	-	43.3	-
Devolved Units and Special Programmes	354.89	379.81	260.07	-	173.07	-	66.5	-	48.8	-
Health and Sanitation	2,065.78	548.36	860.59	16.76	996.34	36.33	115.8	216.8	48.2	6.6
Agriculture, Livestock and Fisheries	248.62	714.44	119.48	89.88	114.19	111.53	95.6	124.1	45.9	15.6
Tourism, Culture and Co-operative Development	38.34	63.43	19.81	1.27	14.50	1.34	73.2	105.5	37.8	2.1
Youth, Gender and Social Services	55.31	117.54	27.32	7.96	20.64	4.20	75.6	52.7	37.3	3.6
Education Research and Vocational Training	244.82	296.61	95.08	14.84	89.72	21.76	94.4	146.6	36.6	7.3
Lands, Environment and Natural Resources	78.33	538.29	51.37	28.79	31.43	32.42	61.2	112.6	40.1	6
Roads Transport and Public Works	105.75	454.34	47.59	154.14	38.78	165.18	81.5	107.2	36.7	36.4
Trade and Industrial Development	46.57	97.99	19.30	-	18.19	-	94.2	-	39.1	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service and Labour	27.80	-	14.22	-	5.73	-	40.3	-	20.6	-
County Assembly	649.76	200.25	265.24	39.54	295.40	-	111.4	-	45.5	-
Total	**4,632.69**	**3,473.98**	**2,093.95**	**353.20**	**2,075.75**	**372.77**	**99.1**	**105.5**	**44.8**	**10.7**

Source: *Nandi County Treasury*

Analysis of expenditure by department shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 36.4 per cent while the Departments of County Executive, Finance and Economic Planning, Devolved Units and Special programmes, Trade and Industrial Development, Public Service and Labour and the County Assembly did not incur any development expenditure. The Department of Devolved Units and Special programmes had the highest percentage of recurrent expenditure to its recurrent budget at 48.8 per cent while the Department of Public Service and Labour had the lowest at 20.6 per cent.

3.32.9 Budget Execution by Programmes and Sub-Programmes

Table 3.154 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.154: Nandi County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Planning	353,185,993	157,566,517	195,619,476	44.6
	Sub total	**353,185,993**	**157,566,517**	**195,619,476**	**44.6**
Physical Infrastructure	Construction of Governor's Offices	20,780,655	-	20,780,655	-
	Sub total	**20,780,655**	**-**	**20,780,655**	**-**
Finance and Economic Planning					
General Administration and Planning	General Administration and Planning	363,522,915	120,189,309	243,333,606	33.1
	Sub total	**363,522,915**	**120,189,309**	**243,333,606**	**33.1**
Revenue Enhancement and Infrastructure	Revenue Collection and Management Phase 1	42,139,914	-	42,139,914	-
	Sub total	**42,139,914**	**-**	**42,139,914**	**-**
Devolved Units and Special Programmes					
Administration and Support of Human Resources	Administrative Support Services	553,657,040	173,071,203	380,585,837	31.3
	ICT Support Services	9,667,014	-	9,667,014	-
	Sub total	**563,324,054**	**173,071,203**	**390,252,851**	**30.7**
County Administrative Services	Urban Planning, Investment and Research	171,371,115	-	171,371,115	-
	Sub total	**171,371,115**	**-**	**171,371,115**	**-**
Health and Sanitation					
Health Service Delivery Administration Services	Health Service Delivery Administration Services	1,216,884,321	575,147,007	641,737,314	47.3
	Construction of building	415,563,515	17,625,434	397,938,081	4.2
	Sub total	**1,632,447,836**	**592,772,441**	**1,039,675,395**	**36.3**
Preventive & Promotive Health Services	Community Health Services	553,721,800	264,544,759	289,177,041	47.8
	Sub total	**553,721,800**	**264,544,759**	**289,177,041**	**47.8**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Curative Health Services	Curative Health Management Services	411,942,186	167,414,745	244,527,441	40.6
	Sub total	**411,942,186**	**167,414,745**	**244,527,441**	**40.6**
Health Sector Programme Support (DANIDA FUNDS)	County Health Facilities Support (DANIDA)	16,031,250	7,946,597	8,084,653	49.6
	Sub total	**16,031,250**	**7,946,597**	**8,084,653**	**49.6**
Agriculture, Livestock and Fisheries					
Administration and general support services	Administration and support services	248,618,698	114,189,494	134,429,204	45.9
	Sub total	**248,618,698**	**114,189,494**	**134,429,204**	**45.9**
Crop Development and Management	Land and Crops Development	367,500,000	50,000,000	317,500,000	13.6
	Value addition to Agricultural Products	6,000,000	-	6,000,000	-
	Sub total	**373,500,000**	**50,000,000**	**323,500,000**	**13.4**
Livestock Resources Management and Development	Livestock Production and Management	340,936,485	61,529,377	279,407,108	18
	Sub total	**340,936,485**	**61,529,377**	**279,407,108**	**18**
Tourism, Culture and Cooperative Development					
Tourism Development and Promotion	Niche Tourism Product Development and Diversification	3,199,049	620,490	2,578,559	19.4
	Sub total	**3,199,049**	**620,490**	**2,578,559**	**19.4**
General Administration and Planning	General Administration and Planning	33,694,961	13,542,308	20,152,653	40.2
	Sub total	**33,694,961**	**13,542,308**	**20,152,653**	**40.2**
Culture	Conservation of Heritage	1,450,000	339,900	1,110,100	23.4
	Development And Promotion of Culture	63,429,479	1,344,000	62,085,479	2.1
	Sub total	**64,879,479**	**1,683,900**	**63,195,579**	**2.6**
Youth ,Gender and Social Services					
General Administration and Planning	General Administration and Planning	55,314,856	20,639,980	34,674,876	37.3
	Sub total	**55,314,856**	**20,639,980**	**34,674,876**	**37.3**
Sports Development	Sports Activities and Programs	105,037,355	4,196,600	100,840,755	4
	Sub total	**105,037,355**	**4,196,600**	**100,840,755**	**4**
Gender	Gender Mainstreaming, Interventions and Development	12,500,000	-	12,500,000	-
	Sub total	**12,500,000**	**-**	**12,500,000**	**-**
Education, Research and Vocational Training					
General Administration and Planning	General Administration and Planning	242,413,239	89,205,940	153,207,299	36.8
	Sub total	**242,413,239**	**89,205,940**	**153,207,299**	**36.8**
Education	Early Child Development and Education.	194,560,919	21,764,510	172,796,409	11.2
	Sub total	**194,560,919**	**21,764,510**	**172,796,409**	**11.2**
Youth Training and Development	Revitalization of Youth Polytechnics	104,459,295	509,900	103,949,395	0.5
	Sub total	**104,459,295**	**509,900**	**103,949,395**	**0.5**
Lands, Environment and Natural Resources					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General Administration and Planning	General Administration and Planning	78,329,251	31,426,853	46,902,398	40.1
	Sub total	**78,329,251**	**31,426,853**	**46,902,398**	**40.1**
Land Adjudication	Demarcation and Survey of Community Land	25,000,000	5,000,000	20,000,000	20
	Sub total	**25,000,000**	**5,000,000**	**20,000,000**	**20**
Environmental Conservation & Protection	Forests Protection and Conservation of Swamps and Wetlands	10,600,000	-	10,600,000	-
	Sub total	**10,600,000**	**-**	**10,600,000**	**-**
Water Supply	Development of Water Catchment Areas and Distribution of Water	502,694,582	27,423,315	475,271,267	5.5
	Sub total	**502,694,582**	**27,423,315**	**475,271,267**	**5.5**
Roads, Transport and Public Works					
General Administration and Planning	General Administration and Planning	105,751,476	38,780,598	66,970,878	36.7
	Sub total	**105,751,476**	**38,780,598**	**66,970,878**	**36.7**
Road Transport	Bridges and Foot Bridges	30,000,000	6,443,977	23,556,023	21.5
	Road-Works	424,338,867	158,734,953	265,603,914	37.4
	Sub total	**454,338,867**	**165,178,930**	**289,159,937**	**36.4**
Trade and Industrial Development					
General Administration and Planning	General Administration and Planning	46,570,435	18,187,816	28,382,619	39.1
	Sub total	**46,570,435**	**18,187,816**	**28,382,619**	**39.1**
Trade Development	Trade Development and Promotion	97,993,000	-	97,993,000	-
	Sub total	**97,993,000**	**-**	**97,993,000**	**-**
Public Service and Labour					
General Administration and Planning	General Administration and Planning	27,799,559	5,734,038	22,065,521	20.6
	Sub total	**27,799,559**	**5,734,038**	**22,065,521**	**20.6**
County Assembly					
General Administration and Support Services	Administration and support Services	200,250,000	-	200,250,000	-
	Sub total	**200,250,000**	**-**	**200,250,000**	**-**
County Assembly Service Board	Personnel services	649,760,252	295,403,772	354,356,480	45.5
	Sub total	**649,760,252**	**295,403,772**	**354,356,480**	**45.5**
Grand Total		**8,106,669,476**	**2,448,523,392**	**5,658,146,084**	**30.2**

Source*: Nandi County Treasury*

The top performing programs across the county were: Health Sector Program Support (DANIDA) at 49.6 per cent, Preventive and Promotive Health Services and Health Service Delivery at 47.8 per cent . The lowest performing programs were: Crop Development and Management, Environmental Conservation and Protection, Revenue Enhancement and infrastructure and Trade development.

3.32.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Under performance in own source revenue collection which stood at 26.8 per cent of the total annual budget projection.
2. Delay in disbursement of the equitable share of revenue by the National Treasury.

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

1. *The county should develop and implement strategies to enhance own revenue collection*
2. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the county are released in a timely manner in line with CARA, 2019.*

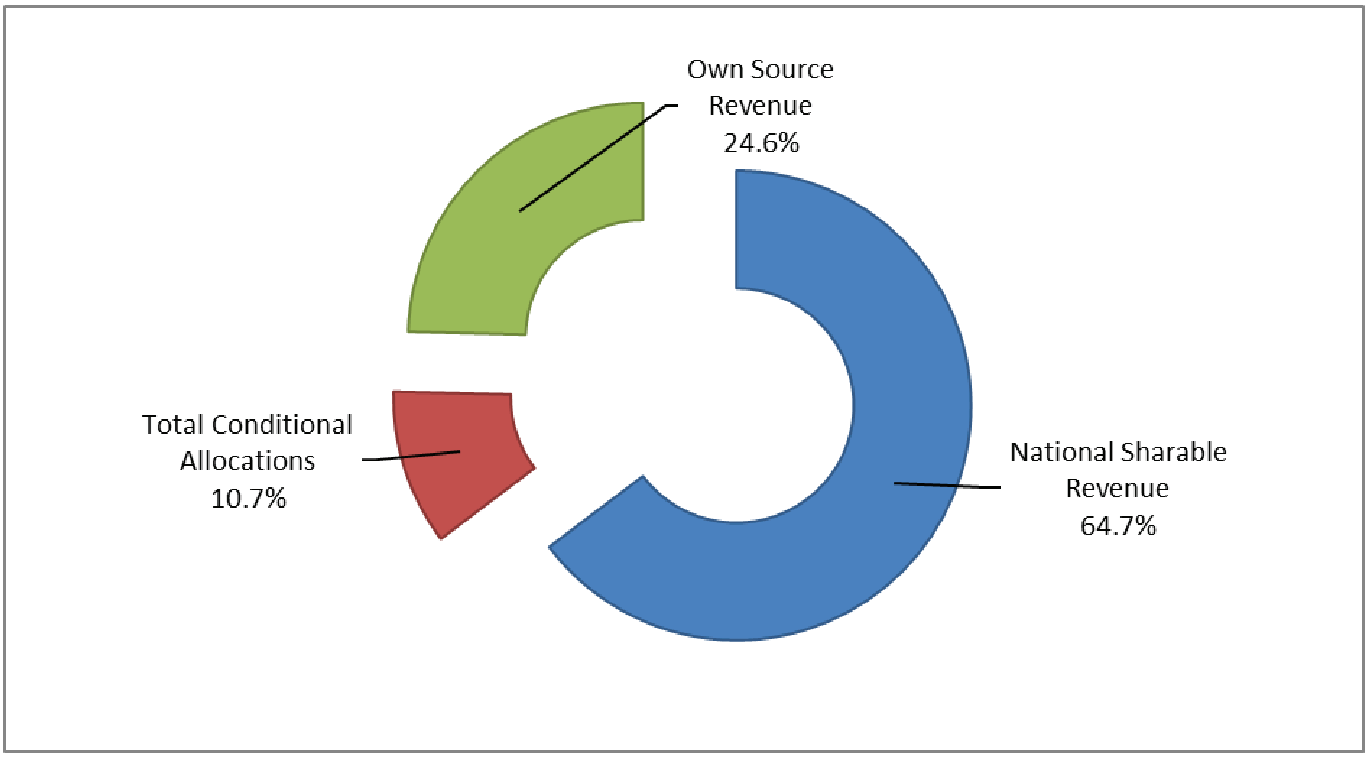
3.33 Narok County

3.33.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.12.17 billion, comprising of Kshs.4.43 billion (36.4 per cent) and Kshs.7.74 billion (63.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.87 billion (64.7 per cent) as equitable share of revenue raised nationally, Kshs.1.3 billion (10.7 per cent) as total conditional grants and generate Kshs.2.99 billion from own sources of revenue. Figure 3.97 shows the expected sources of financing by category in FY 2019/20.

Figure 3.97: Narok County Expected Revenue Sources in FY 2019/20



Source: *Narok County Treasury*

3.33.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.85 billion as equitable share of the revenue raised nationally, Kshs.503.95 million as total conditional grants, raised Kshs.1.9 billion from own-source revenue, and had a cash balance of Kshs.25.98 million from FY 2018/19, bringing

Table 3.155: Narok County, Revenue Performance in the First Half of FY 2019/20

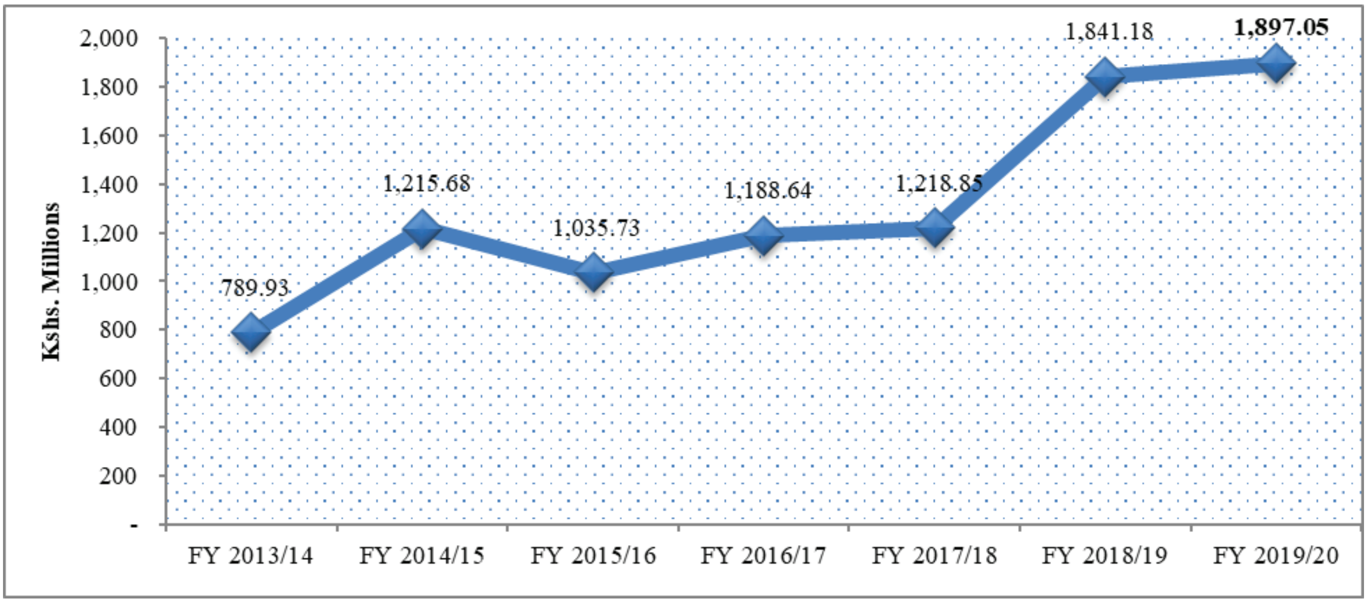
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**7,874,000,000**	**7,874,000,000**	**2,845,841,400**	**36.1**
B.	Conditional Grants from the National Government Revenue	199,900,000	199,900,000	-	-
1.	Compensation for User Fee Foregone	20,595,297	20,595,297	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	167,827,135	-
4.	Rehabilitation of Village Polytechnics	19,488,298	19,488,298	-	-
Sub Total		**600,093,677**	**600,093,677**	**167,827,135**	**-**
C	**Loans and Grants from Development Partners**				

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Transforming Health systems for Universal care Project (WB)	100,007,240	100,007,240	33,163,917	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	144,144,440	144,144,440	56,235,859	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	81,926,532	81,926,532	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,113,706	116,113,706	41,200,000	-
5.	DANIDA Grant	30,269,202	30,269,202	15,023,933	-
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	210,973,044	210,973,044	185,000,000	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,305,119	17,305,119	5,500,000	-
Sub Total		**700,739,283**	**700,739,283**	**336,123,709**	**-**
D	**Other Sources of Revenue**				
	Own Source Revenue	-	2,995,144,970	1,897,052,530	63.3
	Balance b/f from FY2018/19	-	-	25,982,833	-
Sub Total		**-**	**2,995,144,970**	**1,923,035,363**	**63.6**
Grand Total		**9,174,832,960**	**12,169,977,930**	**5,272,827,607**	**15.7**

Source: *Narok County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.5.27 billion as shown in Table 3.155.

Figure 3.98: Trend in Own-Source Revenue Collection for the First Half of the Year from FY 2013/14 to FY 2019/20



Source: *Narok County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.1.9 billion as own-source revenue. This amount represented an increase of 3 per cent when compared to Kshs.1.84 billion realised during the same period in FY 2018/19, and represented 63.3 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.03 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.960.05 million (19.1 per cent) for development programmes and Kshs.4.07 billion (80.9 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

A total of Kshs.4.70 billion was spent on development and recurrent programmes and represented 93.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.737 million and Kshs.3.96 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate 16.6 per cent while that incurred on recurrent programmes represented 51.2 per cent of the annual recurrent budget.

3.33.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.95 billion was spent on compensation to employees, Kshs.2.01 billion on operations and maintenance, and Kshs.737 million on development expenditure.

Table 3.156: Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**7,735,062,335**	**4,066,563,916**	**3,961,476,748**	**84.3**	**51.2**
Compensation to Employees	4,877,150,767	2,356,810,000	1,948,503,566	41.5	40
Operations and Maintenance	2,857,911,568	1,709,753,916	2,012,973,183	42.8	70.4
Total Development Expenditure	**4,434,915,606**	**960,047,369**	**737,000,000**	**15.7**	**16.6**
Development expenditure	4,434,915,606	960,047,369	737,000,000	15.7	16.6
Total	**12,169,977,940**	**5,026,611,285**	**4,698,476,748**	**100**	**38.6**

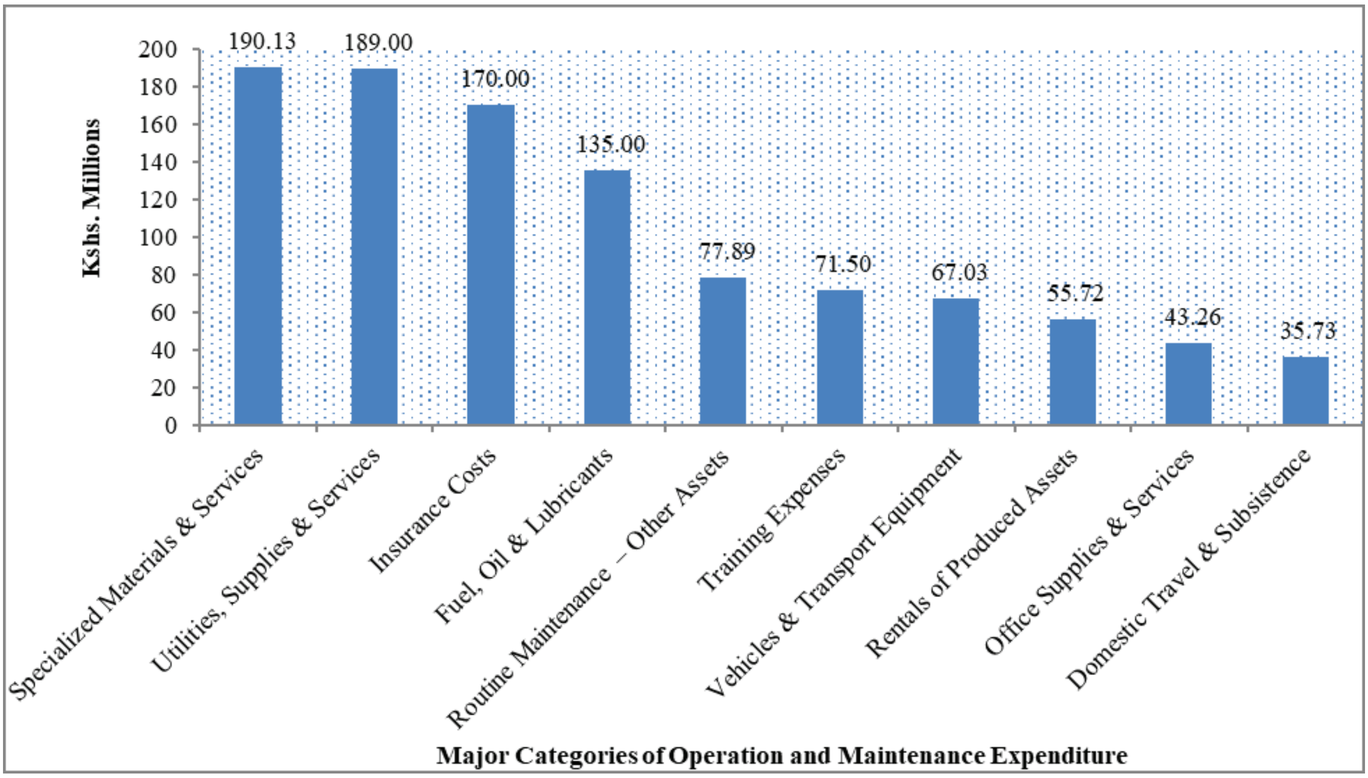
Source: *Narok County Treasury*

Expenditure on compensation to employees was 41.5 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 11.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.18 billion.

3.33.6 Analysis of Operations and Maintenance Expenditure

Figure 3.99 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.99: Narok County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Narok County Treasury*

The County spent Kshs.22.32 million on committee sitting allowances for the Narok MCAs and Speaker against the annual budget allocation of Kshs.63.81 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.77,494 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.35.70 million and comprised of Kshs.12.2 million spent by the County Assembly and Kshs.23.50 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.18.20 million and comprised of Kshs.6.20 million spent by the County Assembly and Kshs.12 million spent by the County Executive.

3.33.7 Development Expenditure Analysis

The total development expenditure of Kshs.737 million represented 16.62 per cent of the annual development budget of Kshs.4.43 billion. Table 3.157 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.157: Narok County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No	Project Name	Department	Location	Budgetn (Kshs.)	Exchequer issues
1	Schools Infrastructure	Education	16 wards	100,000,000	89,100,000
2	Oldonyo Orok Kamtenbwa	Roads & Transport	Angata Ward-Trans Mara West Sub-County	19,000,000	18,970,259
3	Kilutori Olengoloto-Road	Roads & Transport	Kilgoris Central In Trans Mara West Sub-County	19,000,000	18,970,259
4	Ormanie-Olokirikirai	Roads & Transport	Narok North Sub-County	20,000,000	18,970,259
5	Routinr maintanance of county roads-Enelerai-Ririk-Mwangaza road	Roads & Transport	Nkareta	23,493,535	18,794,828
6	grading and gravelling of oldoyo rok-kondamet road	Roads & Transport	Angata Barrikoi	18,363,362	18,363,362
7	Koibayiot-Angata Road	Roads & Transport	Angata Ward-Trans Mara West Sub-County	20,000,000	17,755,517
8	Routine maintenance of Mutenguerr -Olengoloto	Roads & Transport	Keiyan	18,678,040	17,744,138
9	Mutengwarr Olengoloto	Roads & Transport	Kilgoris Central In Trans Mara West Sub-County	20,000,000	17,744,137
10	Grading and gravelling of Narosura Oloisirua	Roads & Transport	Naroosu ra	20,121,978	17,506,121
11	Shapatarakwa-Kamurarr-Road	Roads & Transport	Kilgoris Central In Trans Mara West Sub-County	17,000,000	16,058,104
12	Shapatarakwa-Kamurarr Road.	Roads & Transport	Olokurto Ward In Narok North Sub-County	18,900,000	16,058,103
13	Construction Of A New Hospital Block	Health & Sanitation	Lolgorian Ward In Trans Mara West Sub-County	15,000,000	13,774,138
14	Mamboleo-Lelechonik-Kamasieton	Roads & Transport	Lolgorian Ward In Trans Mara West Sub-County	15,000,000	13,750,000
15	munke-lesidai-olosentu road	Roads & Transport	Kilgoris Central In Trans Mara West Sub-County	18,000,000	13,155,431

Source: *Narok County Treasury*

3.33.8 Budget Performance by Department

Table 3.158 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.158: Narok County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	840.91	160.24	343	-	341.33	-	99.5	-	40.6	-
County Executive	307.84	-	197.72	-	131.05	-	66.3	-	42.6	-
Finance & Economic Planning	810.57	435.31	480.92	60	476.59	60	99.1	100	58.8	13.8
County Transport, Public works and infrastructure	279.01	984	165.09	492.83	164	464.38	99.3	94.2	58.8	47.2
Education Youth Affairs, Sports Culture and Social services	1,136.16	864.6	551.59	115	550.85	89.1	99.9	77.5	48.5	10.3
Environment & Natural Resources	201.77	287	120.7	50	120.56	39.27	99.9	78.5	59.7	13.7
County Public Service Board	95.24	-	58.05	-	56.25	-	96.9	-	59.1	-
Agriculture	380.4	536.25	218.68	67.22	213.31	-	97.5	-	56.1	-
County Health and Sanitation	2,060.66	501.51	1,087.79	130	1,082.20	40.5	99.5	31.2	52.5	8.1
Lands, Housing, Physical Planning & Urban Development	74.92	181.5	34.86	45	34.7	19.75	99.5	43.9	46.3	10.9
Tourism, Trade Development & Regulation	378.18	284.5	212.25	-	200.26	24	94.4	-	53	8.4
County Administration and Public service Management	1,044.10	200	530.39	-	526.18	-	99.2	-	50.4	-
Trade and Industrialization	125.3	-	65.53	-	64.2	-	98	-	51.2	-
TOTAL	**7,735.06**	**4,434.92**	**4,066.56**	**960.05**	**3,961.48**	**737**	**97.4**	**76.8**	**51.2**	**16.6**

Source: *Narok County Treasury*

Analysis of expenditure by department shows that the Department of Transport, Public works and infrastructure recorded the highest absorption rate of development budget at 47.2 per cent. The Department of Environment and Natural Resources had the highest percentage of recurrent expenditure to its recurrent budget at 59.7 per cent while the County Assembly had the lowest at 40.6 per cent.

3.33.9 Budget Execution by Programmes and Sub-Programmes

Table 3.159 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.159: Narok County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes							
Vote Code Title	Programme Code And Title And Sub-Programme	Gross Current Estimates	Gross Capital Estimates	Gross Total Approved Budget Estimates	Actual Expenditure	Variance	Absorption %
		2019/2020 - Kshs.					
County Assembly	**Total**	**840,911,624**	**160,242,703**	**1,001,154,327**	**341,331,311**	**659,823,016**	34.1
	General Administration, Planning and Support Services	509,539,973	-	509,539,973	191,331,311	318,208,662	37.5
	Legislation and Representation	331,371,651	160,242,703	491,614,354	150,000,000	341,614,354	30.5
00 Office of Governor	**Total**	**307,837,328**	**-**	**307,837,328**	**131,050,000**	**176,787,328**	42.6
	General Administration, Planning and Support Services	307,837,328	-	307837328	131,050,000	176,787,328	42.6

Budget Execution by Programmes and Sub-Programmes							
Vote Code Title	Programme Code And Title And Sub-Programme	Gross Current Estimates	Gross Capital Estimates	Gross Total Approved Budget Estimates	Actual Expenditure	Variance	Absorption %
		2019/2020 - Kshs.					
Finance and Economic Planning	**Total**	**810,573,547**	**435,309,601**	**1,245,883,147**	**536,588,525**	**709,294,622**	43.1
	ICT Services	53,759,278	-	53,759,278	22,588,525	31,170,753	42.0
	Public Finance Management	339,143,977	-	339,143,977	180,000,000	159,143,977	53.1
	Economic Policy and County Planning	417,670,291	435,309,601	852,979,892	334,000,000	518,979,892	39.2
Transport And Public Works	**Total**	**279,014,572**	**984,000,000**	**1,263,014,572**	**628,384,454**	**634,630,118**	49.8
	Roads Transport and Public Works	279,014,572	984,000,000	1,263,014,572	628,384,454	634,630,118	49.8
Education, Youth, Sports, Culture & Social Services	Total	**1,136,156,216**	**864,602,043**	**2,000,758,259**	**639,950,300**	**1,360,807,959**	32.0
	Manpower Development, Employment and Productivity Management	1,032,745,372	400,000,000	1,432,745,372	550,850,300	881,895,072	38.4
	Social Development and Children Services	103,410,844	464,602,043	568,012,887	89,100,000	478,912,887	15.7
Environment Protection, Energy, water &Natural Resources	**Total**	**201,767,618**	**287,000,000**	**488,767,618**	**159,821,049**	**328,946,569**	32.7
	Environment Management and Protection	201,767,618	287,000,000	488,767,618	159,821,049	328,946,569	32.7
Public Service Board	**Total**	**95,235,050**	**-**	**95,235,050**	**56,250,000**	**38,985,050**	59.1
	General Administration, Planning and Support Services	95,235,050	-	95,235,050	56,250,000	38,985,050	59.1
Agriculture, Livestock & Fisheries	**Total**	**380,401,096**	**536,249,858**	**916,650,954**	**213,306,780**	**703,344,174**	23.3
	Crop Development and management	188,399,217	259,565,295	447,964,512	113,306,780	334,657,732	25.3
	Livestock Resources management and development	170,219,304	269,324,563	439,543,867	85,000,000	354,543,867	19.3
	Fisheries development and management	21,782,575	7,360,000	29,142,575	15,000,000.00	14,142,575	51.5
Health & Sanitation	**Total**	**2,060,664,340**	**501,512,500**	**2,562,176,840**	**1,122,700,437**	**1,439,476,403**	43.8
	Preventive &Promotive Health Services	-	501,512,500	501,512,500	182,200,000	319,312,500	36.3
	Curative Health Services	187,053,885	-	187,053,885	250,500,437	(63,446,552)	133.9
	General Administration, Planning & Support Services	1,873,610,455	-	1,873,610,455	690,000,000	1,183,610,455	36.8
	Totals			**256,422,018**	**54,453,000**	**201,969,018**	21.2
	Land Policy and Planning Development Planning and Land reforms	27,386,103	-	27,386,103		27,386,103	-
	Housing Development and Human Settlement Housing Development	23,006,284	71,000,000	94,006,284	34,703,000.00	59,303,284	36.9
	Urban Mobility and Transport Metropolitan Planning & Infrastructure Development	24,529,631	110,500,000	135,029,631	19,750,000.00	115,279,631	14.6
Tourism and Wildlife	**Total**	**378,180,766**	**200,598,901**	**578,779,667**	**224,260,602**	**354,519,065**	38.7
	Tourism Development and Promotion	378,180,766	200,598,901	578,779,667	224,260,602	354,519,065	38.7

Budget Execution by Programmes and Sub-Programmes							
Vote Code Title	Programme Code And Title And Sub-Programme	Gross Current Estimates	Gross Capital Estimates	Gross Total Approved Budget Estimates	Actual Expenditure	Variance	Absorption %
		2019/2020 - Kshs.					
County Administration And Public Services Management	**Total**	**1,044,103,117**	**200,000,000**	**1,244,103,117**	**526,180,290**	**717,922,827**	42.3
	General Administration, Planning and Support Services	1,044,103,117	-	1,044,103,117	526,180,290	517,922,827	50.4
	Legislation and Representation	-	200,000,000	200,000,000		200,000,000	-
Trade, Industry and Cooperative Development	**Total**	**125,295,032**	**83,900,000**	**209,195,032**	**64,200,000**	**144,995,032**	30.7
	General Administration and Support Services	125,295,032	83,900,000	209,195,032	64,200,000	144,995,032	30.7
	Total Voted Expenditure Kshs.	**7,735,062,324**	**4,434,915,606**	**12,169,977,929**	**4,698,476,748**	**7,471,501,181**	**38.6**

Source: *Narok County Treasury*

The best performing programmes across the County were: Curative Health Services which spent 133.9 per cent of its budget allocation followed by Fisheries development and Management at 51.5 per cent. of budget allocation

3.33.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.

1. Failure by the County to budget for unspent cash balance from FY 2018/19 amounting to Kshs.1.05 billion. This affected payment of pending bills from the previous financial year.
2. Late submission of financial and non-financial performance reports by the County Treasury to the COB, which affected timely preparation of budget Implementation report contrary to Section 166 of the PFM Act, 2012.

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

1. *The County should appropriate the unspent cash balance from FY 2018/19 in the Supplementary Budget.*
2. *The County Treasury should ensure timely preparation and submission of financial and non-financial performance reports in line with Section 166 of PFM Act,2012*

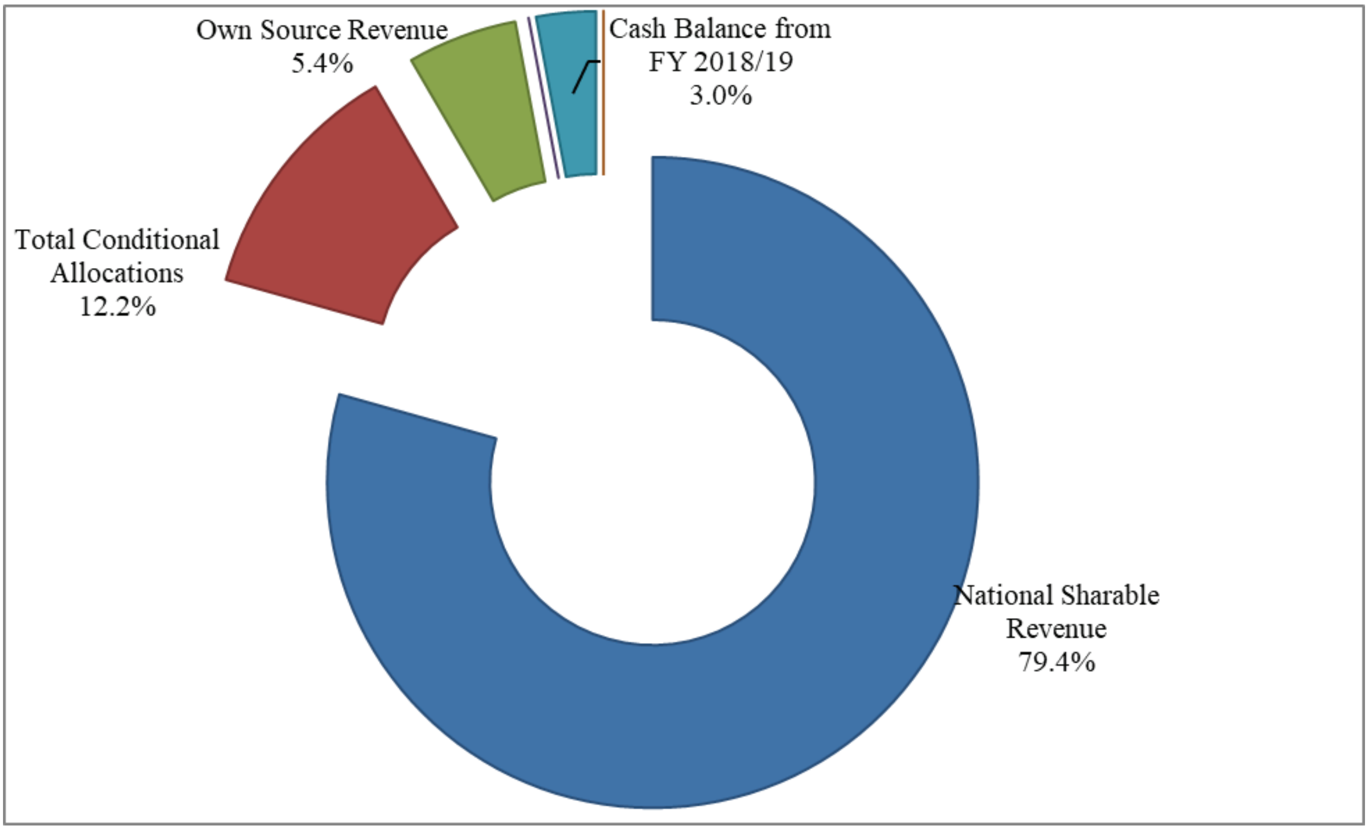
3.34 Nyamira County

3.34.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.6.43 billion, comprising of Kshs.2.08 billion (32.4 per cent) and Kshs.4.35 billion (67.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.10 billion (79.4 per cent) as equitable share of revenue raised nationally, Kshs.786.49 million (12.2 per cent) as total conditional grants, generate Kshs.350 million (5.4 per cent) from own sources of revenue, and Kshs.189.69 million (3 per cent) as cash balance from FY 2018/19. Figure 3.100 shows the expected sources of financing by category in FY 2019/20.

Figure 3.100: Nyamira County Expected Revenue Sources in FY 2019/20



Source: *Nyamira County Treasury*

3.34.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.70 billion as equitable share of the revenue raised nationally, Kshs.46.69 million as total conditional grants, raised Kshs.55.99 million from own-source revenue, and had a cash balance of Kshs.1.15 billion from FY 2018/19.

Table 3.160: Nyamira County, Revenue Performance in the First Half of FY 2019/20

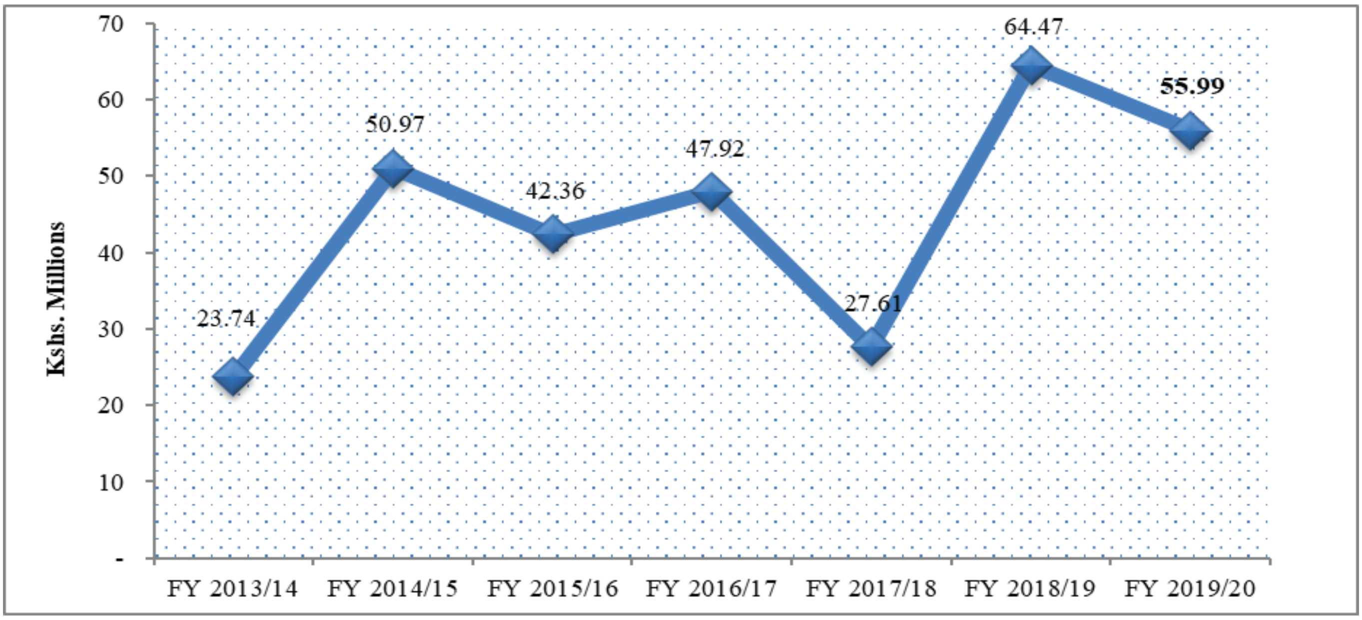
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,810,800,000	5,102,184,000	1,703,023,200	33.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	13,175,221	13,175,221	-	-
2.	Leasing of Medical Equipment	137,914,894		-	-
3.	Road Maintenance Fuel Levy Fund	136,557,750	136,557,750	-	-
4.	Rehabilitation of Village Polytechnics	67,068,298	67,068,298	34,633,023	51.6
Sub Total		354,716,163	216,801,269	34,633,023	
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	4,403,783	12.6
	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	531,911	0.2
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	114,705,300	114,705,300	-	-
	DANIDA Grant	14,250,000	14,250,000	7,125,000	50.0
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,937,554	16,937,554	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		924,409,017	786,494,123	46,693,717	5.9

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
D	**Other Sources of Revenue**				
	Own Source Revenue	-	350,000,000	55,987,352	16.0
	Balance b/f from FY2018/19	-	189,687,298	1,154,682,640	608.7
Sub Total		-	539,687,298	1,210,669,992	224.3
Grand Total		**5,735,209,017**	**6,428,365,421**	**2,960,386,909**	**46.1**

Source: *Nyamira County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.96 billion as shown in Table 3.160.

Figure 3.101: Trend in Own-Source Revenue Collection ffor the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Nyamira County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.55.99 million as own-source revenue. This amount represented a decrease of 13.2 per cent when compared to Kshs.64.46 million realised during the same period in FY 2018/19, and represented 16 per cent of the annual target.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.25 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.212.48 million (9.4 per cent) for development programmes and Kshs.2.04 billion (90.6 per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

A total of Kshs.2.34 billion was spent on development and recurrent programmes representing 104.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.316.33 million and Kshs.2.03 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 15.2 per cent while that incurred on recurrent programmes represented 46.6 per cent of the annual recurrent budget.

3.34.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.65 billion was spent on compensation to employees, Kshs.378.13 million on operations and maintenance, and Kshs.316.33 million on development expenditure.

Table 3.161: Nyamira County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,347,364,813**	**2,037,312,125**	**2,025,114,363**	**86.5**	**46.6**
Compensation to Employees	3,069,961,818	1,486,007,238	1,646,980,618	70.3	53.6
Operations and Maintenance	1,277,402,995	551,304,887	378,133,745	16.1	29.6
Total Development Expenditure	**2,081,000,604**	**212,475,077**	**316,325,206**	**13.5**	**15.2**
Development Expenditure	2,081,000,604	212,475,077	316,325,206	13.5	15.2
Total	**6,428,365,417**	**2,249,787,202**	**2,341,439,569**	**100.0**	**36.4**

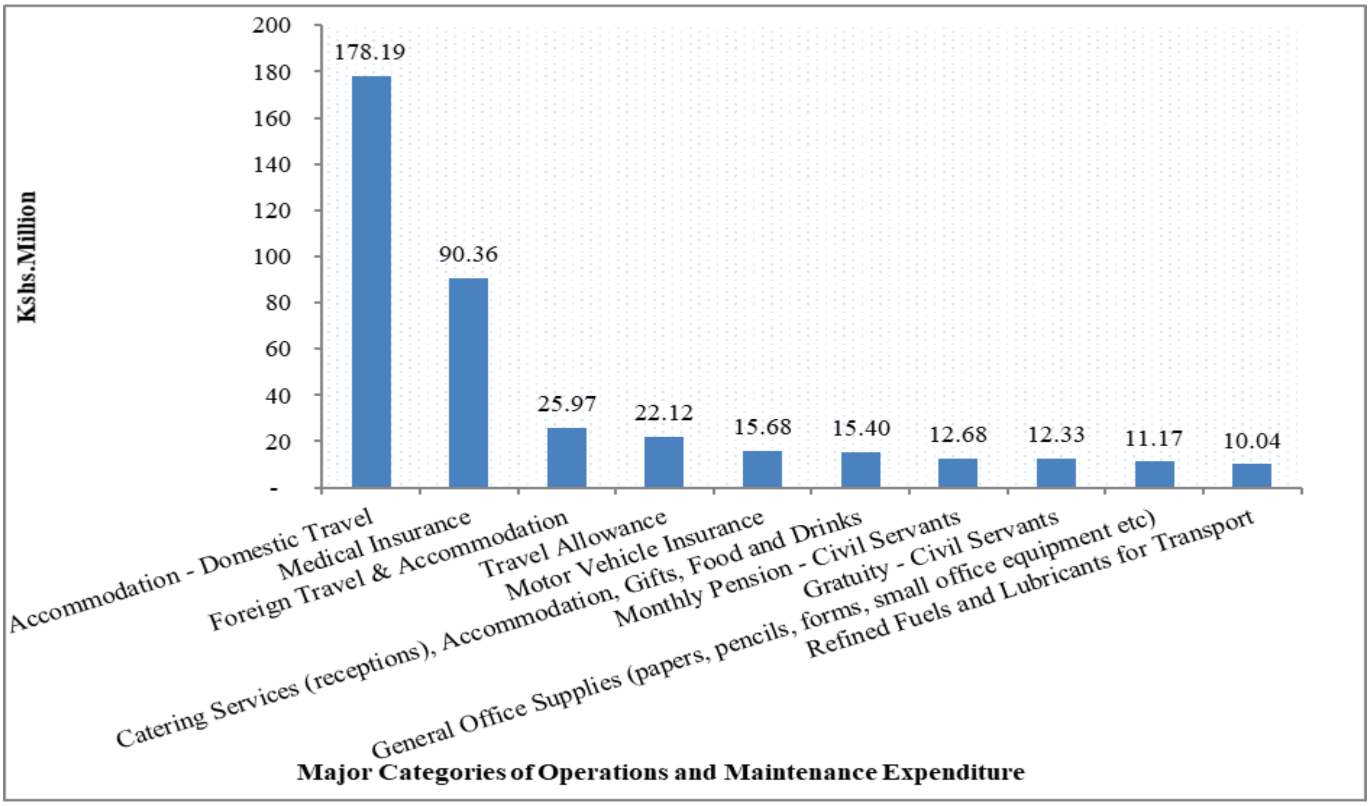
Source: *Nyamira County Treasury*

Expenditure on compensation to employees was 70.3 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 4.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.73 billion.

3.34.6 Analysis of Operations and Maintenance Expenditure

Figure 3.102 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.102: Nyamira County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: Nyamira County Treasury

The County spent Kshs.9.6 million on committee sitting allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.65.39 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.43,236 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.178.19 million and comprised of Kshs.57.87 million spent by the County Assembly and Kshs.120.32 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.25.97 million and comprised of Kshs.10.45 million spent by the County Assembly and Kshs.15.57 million spent by the County Executive.

3.34.7 Development Expenditure Analysis

The total development expenditure of Kshs.316.33 million represented 15.2 per cent of the annual development budget of Kshs.2.08 billion. Table 3.162 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.162: Nyamira County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction and completion of Nyamira County Head Quarters	Township	382,970,401	78,000,000	28
2	Hire of Heavy Equipment (Plant and Machinery) for Road Construction works within the County to open up various Areas under the Mechanical and Transport Fund (MTF)	County wide	73,000,000	50,228,000	28
3	Headquarters Construction of Phase III of the Doctors Plaza	Headquartes	33,000,000	12,598,377	38
4	Supply of Fuel for use by Plant and Machinery for Construction of Roads in theCounty	County wide	15,000,000	7,500,000	50
5	Supply and Delivery of Local Vegetables Planting Materials for Distribution to Farmers Within the County	County wide	6,000,000	6,000,000	100
6	Proposed construction and Completion of 3 No. ECDE classrooms & pit Latrine at Riaranga Primary School	Manga	3,598,410	3,598,410	100
7	Proposed construction and Completion of 3 No. ECDE classrooms & pit Latrine at Ikobe Primary School	Manga	3,536,425	3,585,247	100
8	Preparation of Project Tender Documents and Laying Plans Project Impelementation and carrying out Surveys	County wide	2,772,876	2,772,876	100
9	Construction of Box Culverts and drainage works for various roads within Gesima ward	Gesima	2,599,212	2,599,212	100
10	Construction of Box Culverts and drainage works for various roads within Nyansiongo ward	Nyansiongo	2,432,694	2,432,694	100

Source: *Nyamira County Treasury*

3.34.8 Budget Performance by Department

Table shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.163: Nyamira County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	616.11	197.00	276.81	9.06	276.81	9.06	100	100	44.9	4.6
Office of Governor	548.64	-	240.08	-	258.51	-	107.7	-	47.1	-
Finance and Planning	317.42	60.00	159.01	-	145.10	0.86	91.2	-	45.7	1.4
Agriculture, Livestock and Fisheries	166.46	449.05	86.61	8.88	79.76	41.03	92.1	462.1	47.9	9.1
Environment and Water	72.37	182.45	36.11	5.92	37.07	12.98	102.7	219.3	51.2	7.1
Education & Ict	560.95	132.42	151.03	17.95	135.22	26.37	89.5	146.9	24.1	19.9
Health Services	1,584.50	229.20	749.81	17.70	791.69	16.62	105.6	93.9	50	7.3
Lands and Urban Planning	76.72	318.27	41.82	78.50	34.52	80.10	82.5	102	45	25.2
Roads and Public Works	87.37	371.66	44.96	74.47	52.59	127.88	117	171.7	60.2	34.4
Trade and Tourism	45.10	61.25	21.36	-	19.48	1.42	91.2	-	43.2	2.3
Youth and Gender	46.00	79.70	24.13	-	22.41	-	92.8	-	48.7	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Board	40.65	-	22.63	-	20.13	-	89	-	49.5	-
Public Service Management	185.09	-	182.95	-	151.82	-	83	-	82	-
Total	**4,347.36**	**2,081**	**2,037.31**	**212.48**	**2,025.11**	**316.33**	**99.4**	**148.9**	**46.6**	**15.2**

Source: *Nyamira County Treasury*

Analysis of expenditure by department shows that the Department of Roads and Public Works recorded the highest absorption rate of development budget at 34.4 per cent while the Department of Youth and Gender did not incur any expenditure during the period. The Department of Public Service Management had the highest percentage of recurrent expenditure to its recurrent budget at 82 per cent while the Department of Education and ICT had the lowest at 24.1 per cent.

3.34.9 Budget Execution by Programmes and Sub-Programmes

3.164: shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.164: Nyamira County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

DEPARTMENT: GOVERNOR'S OFFICE					
Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure 1/7/19-31/12/19 (Kshs.)	Variance (Kshs.)	Absorption (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
DEPARTMENT: GOVERNOR'S OFFICE					
General Administration and Support Services	General administration support services	316,970,188	124,896,864	192,073,324	39.4
	Policy development and support services	231,665,064	133,615,401	98,049,663	57.7
		548,635,252	**258,512,265**	**290,122,987**	**47.1**
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure 1/7/19-31/12/19 (Kshs.)	Variance (Kshs.)	Implementation Status (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Information and Communication Technology Services	ICT infrastructural services	15,000,000	857,800	14,142,200	5.7
General Administration and Support Services	General administration support services	198,500,519	113,441,632	85,058,887	57.1
	Policy development and support services	2,740,150	368,500	2,371,650	13.4
	Supply chain management	4,785,600	1,450,950	3,334,650	30.3
Economic Planning, Budgeting and Coordination Services	Economic planning and coordination	64,903,440	17,935,220	46,968,220	27.6
	Budget formulation and management	43,893,000	5,770,900	38,122,100	13.1
County Financial Management and Control	Audit services	4,071,280	1,339,000	2,732,280	32.9
Resource Mobilization	internal Resource mobilization	43,524,022	5,237,680	38,286,342	12
		377,418,011	**146,401,682**	**231,016,329**	**38.8**
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					

DEPARTMENT: GOVERNOR'S OFFICE					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Absorption (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	155,580,209	74,658,983	80,921,226	48
	Policy and planning	7,696,114	3,517,450	4,178,664	45.7
Crop, Agribusiness and Land Management Services	Crop Development Services	367,065,000	31,578,400	335,486,600	8.6
	Agribusiness	47,937,554	8,405,400	39,532,154	17.5
Fisheries Development and Promotion Services	Aquaculture Promotion Services	3,772,000	940,000	2,832,000	24.9
Livestock Promotion ans Development	Livestock Products Value Addition and Marketing	26,960,000	1,540,650	25,419,350	5.7
	Animal Health Disease and Management	6,500,000	144,000	6,356,000	2.2
		615,510,877	**120,784,883**	**494,725,994**	**19.6**
DEPARTMENT: ENVIRONMENT, WATER, MINING & NATURAL RESOURCES					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	57,023,604	30,894,417	26,129,188	54.2
	Policy and planning	3,618,670	1,597,500	2,021,170	44.1
Energy and Mineral Resources Services	Other energy sources promotion	29,603,100	260,100	29,343,000	0.9
Water Supply and Management Services	Major towns water services	16,980,000	-	16,980,000	-
	Rural water services	137,459,500	16,452,528	121,006,972	12
Environmental Protection and Management Services	Pollution and waste management	3,783,996	526,000	3,257,996	13.9
	Agroforestry promotion	6,350,000	325,000	6,025,000	5.1
		254,818,870	**50,055,545**	**204,763,326**	**19.6**
DEPARTMENT: EDUCATION & VOCATIONAL TRAINING					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
General Administration, Policy Planning and Support Services	General administration	27,681,728	7,446,179	20,235,549	26.9
	Planning policy	2,131,750	1,332,000	799,750	62.5
ECDE and CCC Development Services	ECDE and CCC management services	406,040,700	151,374,631	254,666,069	37.3
Vocational Development and Training Services	Vocational management services	257,510,329	1,435,900	256,074,429	0.6
		693,364,507	**161,588,711**	**531,775,796**	**23.3**
DEPARTMENT: HEALTH SERVICES					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**

DEPARTMENT: GOVERNOR'S OFFICE					
Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure 1/7/19-31/12/19 (Kshs.)	Variance (Kshs.)	Absorption (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Preventive and Promotive Health Services	Health Promotion	407,522,327	185,505,089	222,017,238	45.5
	Communicable Disease Control	108,831,076	17,095,070	91,736,006	15.7
General Administration, Planning and Support Services	Administration support services	130,106,417	57,652,268	72,454,149	44.3
Curative Health Services	Medical services	1,046,188,766	546,251,992	499,936,774	52.2
	Facility infrastructural services	121,055,000	1,808,527	119,246,473	1.5
		1,813,703,586	**808,312,946**	**1,005,390,640**	**44.6**
DEPARTMENT: LAND, HOUSING, PYHSICAL PLANNING & URBAN DEVELOPMENT					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	66,645,732	33,838,273	32,807,460	50.8
	Policy and planning	1,272,400	-	1,272,400	-
Physical Planning and Surveying Services	Physical Planning	40,000,000	-	40,000,000	-
	Surveying services	5,915,000	-	5,915,000	-
Housing Improvement Development	Housing Improvement Services	140,300,000	78,598,348	61,701,652	56
Management and Development of Towns	Town Management and Coordination	140,855,300	2,180,000	138,675,300	1.5
		394,988,432	**114,616,621**	**280,371,811**	**29**
DEPARTMENT: TRANSPORT, ROADS AND PUBLIC WORKS					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
General Administration, Planning and Support Services	Administration and support services	85,204,966	51,676,289	33,528,677	60.6
	Policy and planning	2,160,853	916,100	1,244,753	42.4
Roads Development and Management	Construction of roads and bridges	100,620,000	46,128,601	54,491,399	45.8
	Rehabilitation and maintenance of Roads	271,042,750	81,750,576	189,292,174	30.2
		459,028,569	**180,471,567**	**278,557,002**	**39.3**
DEPARTMENT: TRADE, TOURISM, INDUSTRIALIZATION & COOPERATIVES DEVELOPMENT					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	34,533,944	14,992,887	19,541,057	43.4
	Policy and planning services	2,100,306	922,460	1,177,846	43.9
Trade, Cooperative and Investment Development and Promotion	Cooperative promotion	14,313,440	2,301,350	12,012,090	16.1
	Trade promotion	52,808,200	1,922,500	50,885,700	3.6

DEPARTMENT: GOVERNOR'S OFFICE					
Programme	Sub-Programme	Approved Estimates FY 2019/20 (Kshs.)	Expenditure 1/7/19-31/12/19 (Kshs.)	Variance (Kshs.)	Absorption (% Total Expenditure to Approved Estimates)
		A	B	C=A-B	D=B/A*100
Tourism Development and Promotion	Tourism promotion and management	2,594,600	766,000	1,828,600	29.5
		106,350,490	**20,905,197**	**85,445,293**	**19.7**
DEPARTMENT: YOUTHS, SPORTS, GENDER, CULTURE & SOCIAL SERVICES					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
General Administration and Support Services	General administration support services	39,296,338	19,253,854	20,042,484	49
	Policy development and support services	1,766,000	1,258,300	507,700	71.3
Promotion and Management of Sports	Community Development	65,393,345	1,181,300	64,212,045	1.8
	Cultural promotion heritage	19,242,724	713,200	18,529,524	3.7
		125,698,407	**22,406,654**	**103,291,753**	**17.8**
DEPARTMENT: PUBLIC SERVICE BOARD					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	36,651,943	17,528,623	19,123,320	47.8
	Policy and planning	3,998,196	2,602,800	1,395,396	65.1
		40,650,139	**20,131,423**	**20,518,716**	**49.5**
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
Programme	**Sub-Programme**	**Approved Estimates FY 2019/20 (Kshs.)**	**Expenditure 1/7/19-31/12/19 (Kshs.)**	**Variance (Kshs.)**	**Implementation Status (% Total Expenditure to Approved Estimates)**
		A	**B**	**C=A-B**	**D=B/A*100**
Policy Planning, General Administration and Support Services	General administration and support services	176,359,971	149,494,676	26,865,295	84.8
	Policy and planning	3,105,300	798,800	2,306,500	25.7
General Administration and Support Services	Communication services	1,097,000	390,000	707,000	35.6
Coordination, Strategy and Human Resource Services	Field coordination and administration	1,697,500	404,000	1,293,500	23.8
	Strategy and Advisory Services	600,000	105,000	495,000	17.5
	Human resource management	2,065,000	603,000	1,462,000	29.2
	Human resource development	166,000	27,000	139,000	16.3
County Executive Grand Total		**185,090,771**	**151,822,476**	**33,268,295**	**82**
Total		**5,615,257,911**	**2,056,009,969**	**3,559,247,942**	**36.6**

Source: *Nyamira County Treasury*

The best performing programs across the County were: Policy Planning, General Administration and Support Services at 84.8 per cent of its annual allocation followed by Coordination, Strategy and Human Resource Services at 82 per cent. of the budget allocation.

3.34.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Under-performance in own source revenue collection, which declined by 13.2 per cent from Kshs.64.47 million in the first half of FY 2018/19 to Kshs.55.98 million in the first half of FY 2019/20.
2. Delay by Fund Administrator of the County Assembly Car & Mortgage Fund to submit financial reports on the county established funds contrary to Section 168 of the PFM Act, 2012.
3. High costs on personnel emoluments which increased by 4.5 per cent from Kshs.1.73 billion recorded in a similar period of FY 2018/19 to Kshs.1.65 billion in the reporting period, and accounted for 70.3 per cent of the total expenditure for the period.

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

1. *The County Treasury should formulate and implement strategies to enhance local revenue collection.*
2. *All Funds Administrators should provide quarterly financial statements for county established funds in line with Section 168 of the PFM Act, 2012.*
3. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation costs within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

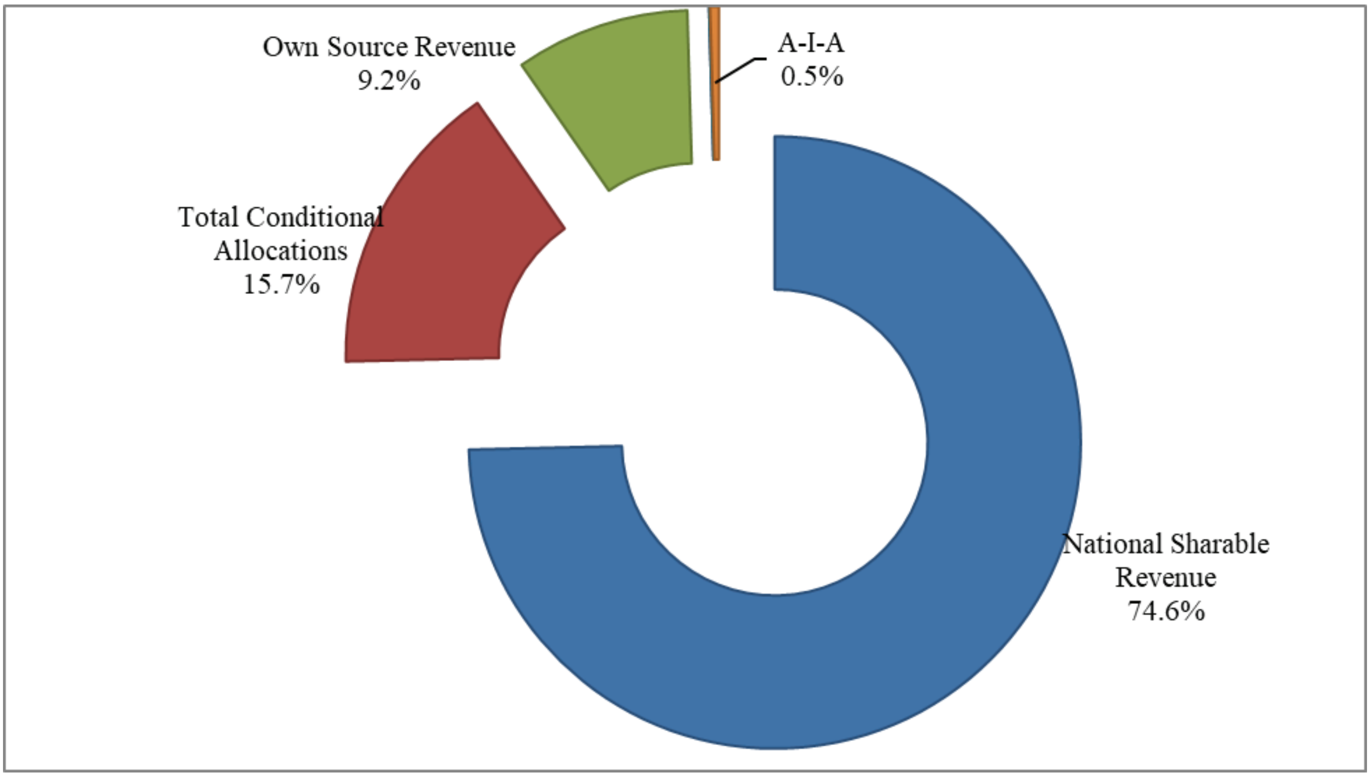
3.35 Nyandarua County

3.35.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.6.52 billion, comprising of Kshs.2.11 billion (32.3 per cent) and Kshs.4.41 billion (67.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.87 billion (74.6 per cent) as equitable share of revenue raised nationally, Kshs.1.02 billion (15.7 per cent) as total conditional grants, generate Kshs.600 million (9.2 per cent) from own source revenue, and budgeted to receive Ksh.30 million (0.5 per cent) as Appropriations in Aid. The County did not budget for Kshs.1.24 billion cash balance from FY 2018/19. Figure 3.103 shows the expected sources of financing in FY 2019/20.

Figure 3.103: Nyandarua County Expected Revenue Sources in FY 2019/20



Source: *Nyandarua County Treasury*

3.35.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.73 billion as equitable share of the revenue raised nationally, Kshs.99.24 million as total conditional grants, raised Kshs.132.89 million from own-source revenue, and had a cash balance of Kshs.1.24 billion from FY 2018/19. The County also received Ksh.6.72 million as Appropriations-in-Aid, bringing

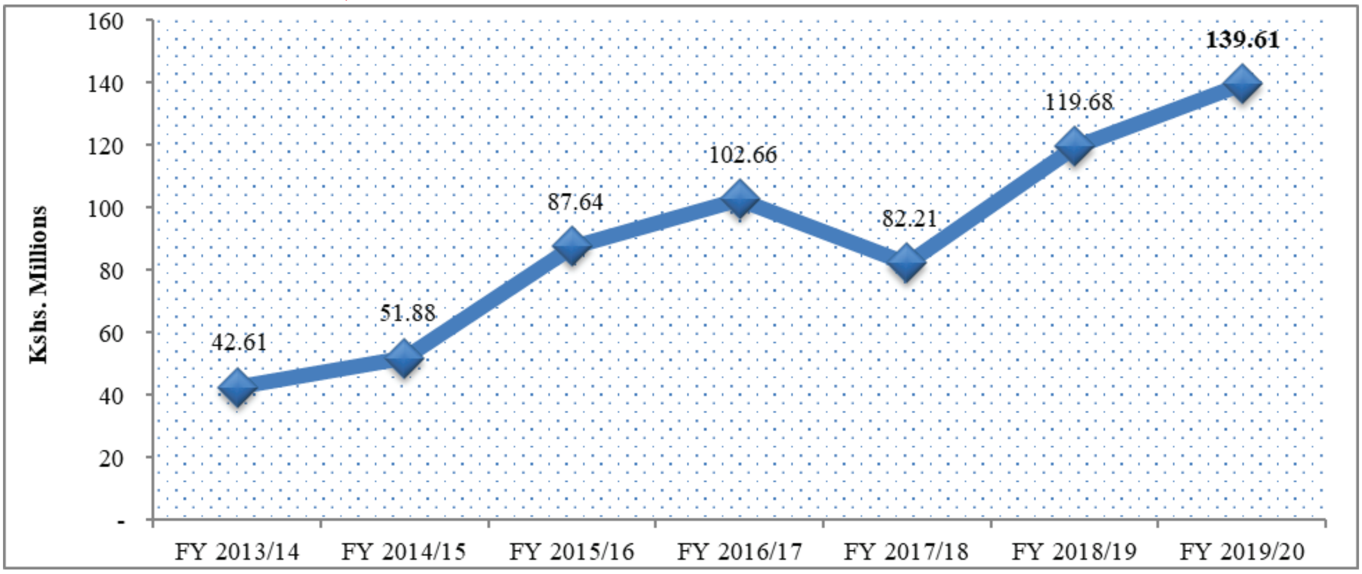
Table 3.165: Nyandarua County, Revenue Performance in the First Half of FY 2019/20

S/ No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,874,100,000	4,867,000,000	1,725,431,400	35
B.	**Conditional Grants from the National Government Revenue**				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	12,735,922	12,735,922	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	138,354,563	141,049,781	-	-
5.	Rehabilitation of Village Polytechnics	37,983,298	39,700,000	-	-
Sub Total		441,988,677	446,400,597	-	-
	Loans and Grants from Development Partners				
6	Transforming Health systems for Universal care Project (WB)	35,000,000	50,000,000	12,359,650	35
7	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,268,690	117,000,000	79,516,538	68
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	-	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	135,543,400	-	-	-
7	DANIDA Grant	14,718,750	15,997,500	7,359,375	50
8	EU Grant (Instruments for Devolution Advise and Support IDEAS)	20,223,224	-	-	-
9	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant		135,543,400	-	-
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,987,360	-	-	-
11	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**377,541,424**	**318,540,900**	**99,235,562**	**26**
D	**Other Sources of Revenue**				
12	Own Source Revenue	-	600,000,000	132,886,154	22.1
13	Other Revenues	-	259,949,739	-	-
14	A-I-A	-	30,000,000	6,724,371	22.4
Sub Total		-	**889,949,739**	**139,610,525**	**15.7**
Grand Total		**5,693,630,101**	**6,521,891,236**	**1,964,277,487**	**34.5**

Source: Nyandarua County Treasury

The total funds available for budget implementation during the period amounted to Kshs.3.21 billion as shown in Table 3.165.

Figure 3.104: Nyandarua County Trend in Own-Source Revenue Collection for the First Half of year from FY 2013/14 to FY 2019/20



Source: *Nyandarua County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.139.61 million as own-source revenue. This amount represented an increase of 14.3 per cent when compared to Kshs.119.68 million realised during the same period in FY 2018/19, and represented 22.2 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.98 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.151.47 million (7.6 per cent) for development programmes and Kshs.1.83 billion (92.4 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

A total of Kshs.1.91 billion was spent on development and recurrent programmes and represented 96.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.95.74 million and Kshs.1.81 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 4.5 per cent while that incurred on recurrent expenditure programmes represented 41.1 per cent of the annual recurrent budget.

3.35.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.06 billion was spent on compensation to employees, Kshs.755.86 million on operations and maintenance, and Kshs.95.74 million on development expenditure.

Table 3.166: Nyandarua County Summary of Expenditure by Economic Classification for the First Half the of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,412,225,022**	**1,830,980,307**	**1,811,247,803**	**95**	**41.1**
Compensation to Employees	2,234,734,377	1,060,548,372	1,055,390,145	55.3	47.2
Operations and Maintenance	2,177,490,646	770,431,935	755,857,659	39.6	34.7
Total Development Expenditure	**2,109,666,212**	**151,465,048**	**95,742,886**	**5**	**4.5**
Development expenditure	2,109,666,213	151,465,048	95,742,886	5	4.5
Total	**6,521,891,235**	**1,982,445,356**	**1,906,990,690**	**100**	**29.2**

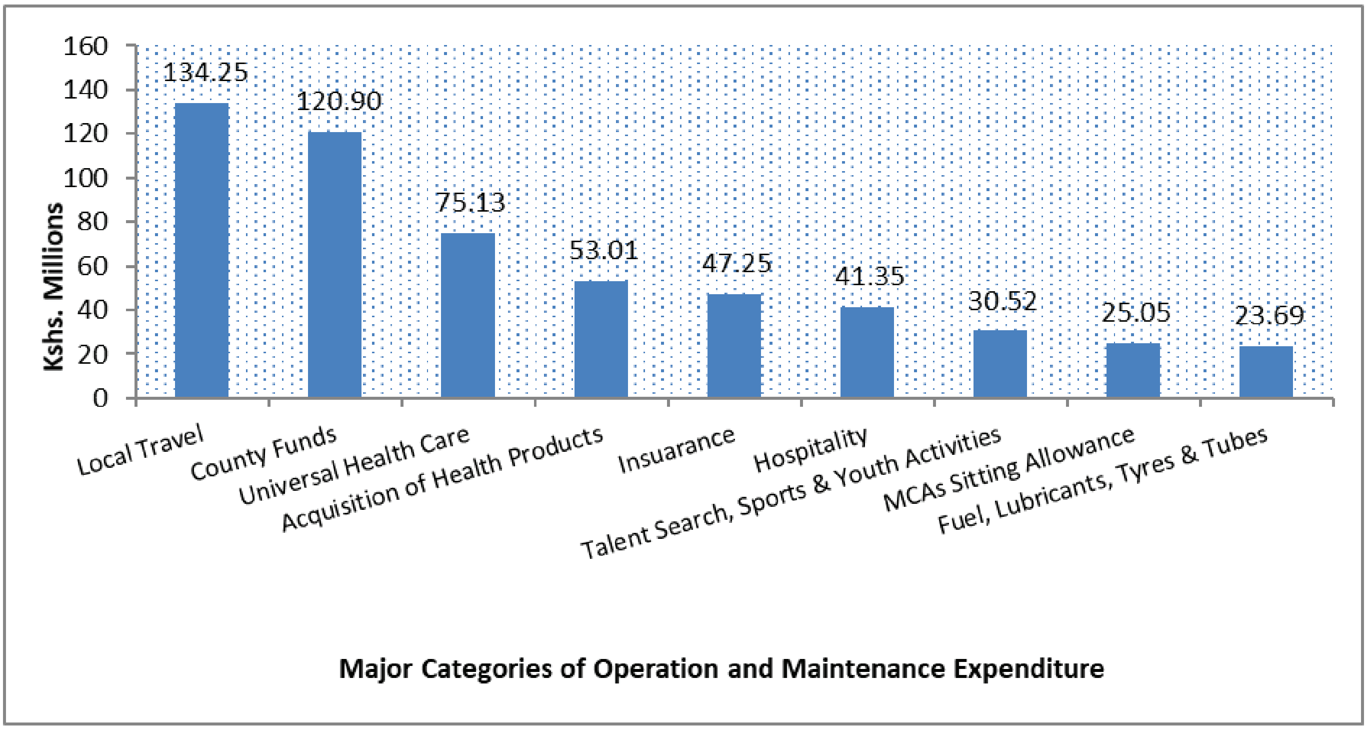
Source: Nyandarua County Treasury

Expenditure on compensation to employees was 55.3 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 4.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.01 billion.

3.35.6 Analysis of Operations and Maintenance Expenditure

Figure 3.105 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.105: Nyandarua County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Nyandarua County Treasury*

The County spent Kshs.25.05 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.55.77 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.104,383 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.134.25 million and comprised of Kshs.59.33 million spent by the County Assembly and Kshs.74.93 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.15.55 million and comprised of Kshs.14.30 million spent by the County Assembly and Kshs.1.24 million spent by the County Executive.

3.35.7 Development Expenditure Analysis

The total development expenditure of Kshs.95.74 million represented 4.5 per cent of the annual development budget of Kshs.2.11 billion. Table 3.167 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.167: Nyandarua County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of an Office Block	Olkalou	90,000,000	76,090,004	84.5
2	Ol'Kalou Stadium- Completion of presidential Dias	Olkalou	33,000,000	14,533,904	44
3	Ol'Kalou Stadium- Completion of fencing	Olkalou	8,000,000	5,118,978	64

Source: *Nyandarua County Treasury*

3.35.8 Budget Performance by Department

Table 3.168 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.168: Nyandarua County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	120.12	-	32.89	-	44.85	-	136.4	-	37.3	-
Office of The County Secretary	2,032.86	-	948.45	-	932.42	-	98.3	-	45.9	-
Office of The County Attorney	15.28	-	8.20	-	7.13	-	87	-	46.7	-
Public Administration and ICT	42.98	15.00	16.24	-	16.51	-	101.7	-	38.4	-
County Public Service Board	12.55	-	3.31	-	2.93	-	88.5	-	23.3	-
Finance & Economic Development	593.29	57	160.23	-	167.32	-	104.4	-	28.2	-
Health Services	489.51	111.50	139.21	10.79	148.93	-	107	-	30.4	-
Education, Gender, Youth, Culture, Gender and Social Services	118.50	73.42	26.22	-	16.59	-	63.3	-	14	-
Industrialization, Trade and Cooperative Development	28.99	360.43	9.63	-	8.45	-	87.7	-	29.1	-
Youth, Sports and Arts	51.54	69.95	29.80	19.65	25.12	19.65	84.3	100	48.7	28.1
Water, Environment, Tourism & Natural Resources	53.87	248.16	23.53	-	14.02	-	59.6	-	26	-
Transport, Energy & Public Works	57.74	702.05	30.71	-	25.96	-	84.5	-	45	-
Lands, Housing, Physical Planning and Urban Development	27.13	210.79	12.81	-	11.97	-	93.5	-	44.1	-
Agriculture Livestock & Fisheries	109.97	136.37	28.67	44.93	28.27	-	98.6	-	25.7	-
County Assembly	657.90	125.00	361.08	76.09	360.78	76.09	99.9	100	54.8	60.9
TOTAL	**4,412.23**	**2,109.67**	**1,830.98**	**151.47**	**1,811.25**	**95.74**	**98.9**	**63.2**	**41.1**	**4.5**

Source: *Nyandarua County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 60.9 per cent, followed by the Department of Youth Sports and the Arts at 28.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 54.8 per cent while the Department of Education, Gender, Culture, Gender and Social Services had the lowest at 14 per cent.

3.35.9 Budget Execution by Programmes and Sub-Programmes

Table 3.169 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.169: Nyandarua County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
County Public Service Board	County Public Service Board	12,550,000	2,926,903	9,623,097	23.3
Sub Total		**12,550,000**	**2,926,903**	**9,623,097**	**23.3**
General administration, planning and support sevices	Service Delivery Unit	12,480,000	5,605,482	6,874,518	44.9
	Governor's Office & Investment Promotion	76,432,000	32,330,630	44,101,370	42.3
	Liaison and Intergovernmental Relations	23,203,558	3,033,330	20,170,228	13.1
	Civic Education and Public Participation	8,000,000	3,883,333	4,116,667	48.5

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance**	**Absorption (%)**
Sub total		**120,115,558**	**44,852,775**	**75,262,783**	**37.3**
County Secretary	County Secretary-Administration	7,788,205	3,355,795	4,432,410	43.1
	Communication and Public Relations	11,388,144	1,723,593	9,664,551	15.1
	Cabinet Affairs	724,000	345,890	378,110	47.8
Human Resource Management	Payroll (Including Compensation to employees)	1,904,310,000	925,405,508	978,904,492	48.6
	Human Resource Management (Including employee gratuity, pension and medical insurance)	108,650,100	1,586,300	107,063,800	1.5
Sub Total		**2,032,860,449**	**932,417,086**	**1,100,443,363**	**45.9**
County Attorney Services	legal and public affairs	15,280,000	7,129,609	8,150,391	46.7
Sub Total		**15,280,000**	**7,129,609**	**8,150,391**	**46.7**
Public Finance Management	County Funds	220,400,000	94,200,000	126,200,000	42.7
	County Pending Bills	40,000,000	-	40,000,000	-
	treasury services	295,891,970	25,494,530	270,397,440	8.6
	Financial reporting	3,225,000	1,667,118	1,557,882	51.7
	Revenue Collection and Administration (Including automation)	27,000,000	13,506,329	13,493,671	50
	Revenue Enhancement and Monitoring	12,203,825	5,832,099	6,371,726	47.8
	Supply Chain Management	5,750,000	2,594,247	3,155,753	45.1
	Internal Audit and Risk Management	11,620,000	5,859,118	5,760,882	50.4
Economic planning and development	County Budgeting	10,300,000	5,409,000	4,891,000	52.5
	County Statistics and Data Bank	4,950,000	3,039,400	1,910,600	61.4
	Monitoring and Evaluation	3,650,000	2,102,000	1,548,000	57.6
	Economic Modelling and Research	4,900,000	2,324,820	2,575,180	47.4
	Economic Development Planning (Including CEKEB)	10,400,000	5,288,611	5,111,389	50.9
Sub Total		**650,290,795**	**167,317,272**	**482,973,523**	**25.7**
Public administration	Public Administration	6,955,700	2,585,858	4,369,842	37.2
	sub-county and ward administration	31,614,394	10,707,582	20,906,812	33.9
	Enforcement and Compliance	4,410,000	1,954,688	2,455,312	44.3
ICT and E-government Services	ICT and E-government Services	15,000,000	1,264,195	13,735,805	8.4
Sub Total		**57,980,094**	**16,512,323**	**41,467,771**	**28.5**
Land policy and planning	Physical Planning	27,893,000	2,442,453	25,450,547	8.8
	Survey and Mapping	15,272,760	3,631,428	11,641,332	23.8
	Land Administration and Management	34,915,000	5,198,475	29,716,525	14.9
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	159,845,900	701,598	159,144,302	0.4
Sub Total		**237,926,660**	**11,973,954**	**225,952,706**	**5**
Road transport	Transport (Including fuel level, General Administration & Support Services)	559,169,781	16,407,177	542,762,604	2.9
	Public Works	161,677,400	3,613,658	158,063,742	2.2
Alternative energy technologies	alternative energy technologies	33,944,000	5,062,040	28,881,960	14.9
General administration, planning and support services	Emergency Response & Preparedness	5,000,000	874,905	4,125,095	17.5
Sub Total		**759,791,181**	**25,957,780**	**733,833,401**	**3.4**
Primary education	ECDE	104,264,000	8,775,030	95,488,970	8.4
Youth training and development	revitization of youth polytechnics	52,723,112	2,270,589	50,452,523	4.3
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	25,666,000	3,637,350	22,028,650	14.2
General administration, planning and support services	Alcohol Drinks Control and Civic Education	3,436,306	922,000	2,514,306	26.8
Culture	development and promotion of culture	5,830,000	989,245	4,840,755	17
Sub Total		**191,919,418**	**16,594,214**	**175,325,204**	**8.6**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance**	**Absorption (%)**
Preventive and Promotive Services	Preventive and Promotive Services	7,650,000	3,082,638	4,567,362	40.3
Curative Services	Curative Services (including universal health care and grants)	475,755,836	144,031,001	331,724,835	30.3
General administration, planning and support services	Solid Waste and Cemeteries	7,603,000	1,818,209	5,784,791	23.9
	Infrastructure and Equipment	110,000,000	-	110,000,000	-
Sub total		**601,008,836**	**148,931,848**	**452,076,988**	**24.8**
Crop development and management	land and crop development	175,366,372	9,406,135	165,960,237	5.4
Livestock resources management and development	livestock production and management	10,110,000	1,349,465	8,760,535	13.3
	Veterinary Services	13,115,000	5,727,460	7,387,540	43.7
Fisheries Development and management	fisheries policy, strategy and capacity building	4,500,000	633,066	3,866,934	14.1
General administration, planning and support services	Institution Support (ATCs)	10,014,500	1,550,750	8,463,750	15.5
	Agriculture Mechanization Services	7,080,000	693,700	6,386,300	9.8
	General administration and Extension Services	18,097,971	6,579,595	11,518,376	36.4
	Subsidized Artificial Insemination	8,050,000	2,326,210	5,723,790	28.9
Sub Total		**246,333,843**	**28,266,381**	**218,067,462**	**11.5**
Trade development and promotion	Financial and Trade Services (excluding CEKEB, county corporation &Micro-Finance fund)	32,613,401	2,555,219	30,058,182	7.8
Industrial development and investment	Industrial and Enterprise Development (Inclusive of KDSP)	338,210,000	913,571	337,296,429	0.3
	Weights & Measures	1,820,000	668,939	1,151,061	36.8
Cooperative development and management	Cooperative advisory services	16,770,000	4,311,599	12,458,401	25.7
Sub Total		**389,413,401**	**8,449,328**	**380,964,073**	**2.2**
Sports	Sports Development	99,046,200	39,026,742	60,019,458	39.4
Youth Affairs	Youth Affairs	16,125,000	4,321,460	11,803,540	26.8
Arts & Theater	Arts & Theater	6,322,000	1,420,180	4,901,820	22.5
Sub Total		**121,493,200**	**44,768,382**	**76,724,818**	**36.8**
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	245,870,000	7,574,574	238,295,426	3.1
Environment	environmental support and management	27,600,000	3,155,251	24,444,749	11.4
Tourism development and promotion	tourism infrastructure development	11,918,000	2,870,839	9,047,161	24.1
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	16,640,000	421,480	16,218,520	2.5
Sub Total		**302,028,000**	**14,022,144**	**288,005,856**	**4.6**
County Assembly	legislative, oversight and representation	782,899,801	436,870,690	346,029,111	55.8
Sub Total		**782,899,801**	**436,870,690**	**346,029,111**	**55.8**
Grand Total		**6,521,891,236**	**1,906,990,689**	**4,614,900,546**	**29.2**

Source: *Nyandarua County Treasury*

The best performing programs across the County were: County Statistics and Data Bank program which spent 61.4 per cent of its budget allocation followed by Legislative, Oversight and Representation at 55.8 per cent of budget allocations.

3.35.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Failure to budget for all conditional grants in line with CARA, 2019 and the unspent cash balance from FY 2018/19 of Kshs.1.24 billion.
3. Slow implementation of the development budget. The development expenditure represented and absorption rate of 4.5 per cent compared to the expected performance of 50 per cent.

4. High costs on personnel emoluments which increased by 4.1 per cent from Kshs.1.01 billion recorded in a similar period of FY 2018/19 to Kshs.1.06 billion in the reporting period, and accounted for 55.3 per cent of the total expenditure for the period.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with CARA, 2019 Disbursement Schedule.*
2. *The County should ensure all conditional grants per the CARA, 2019 and the cash balance from the previous financial year are properly budgeted for through the Supplementary Budget.*
3. *The County should identify and address issues that cause delays in the implementation of the development budget.*
4. *The County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

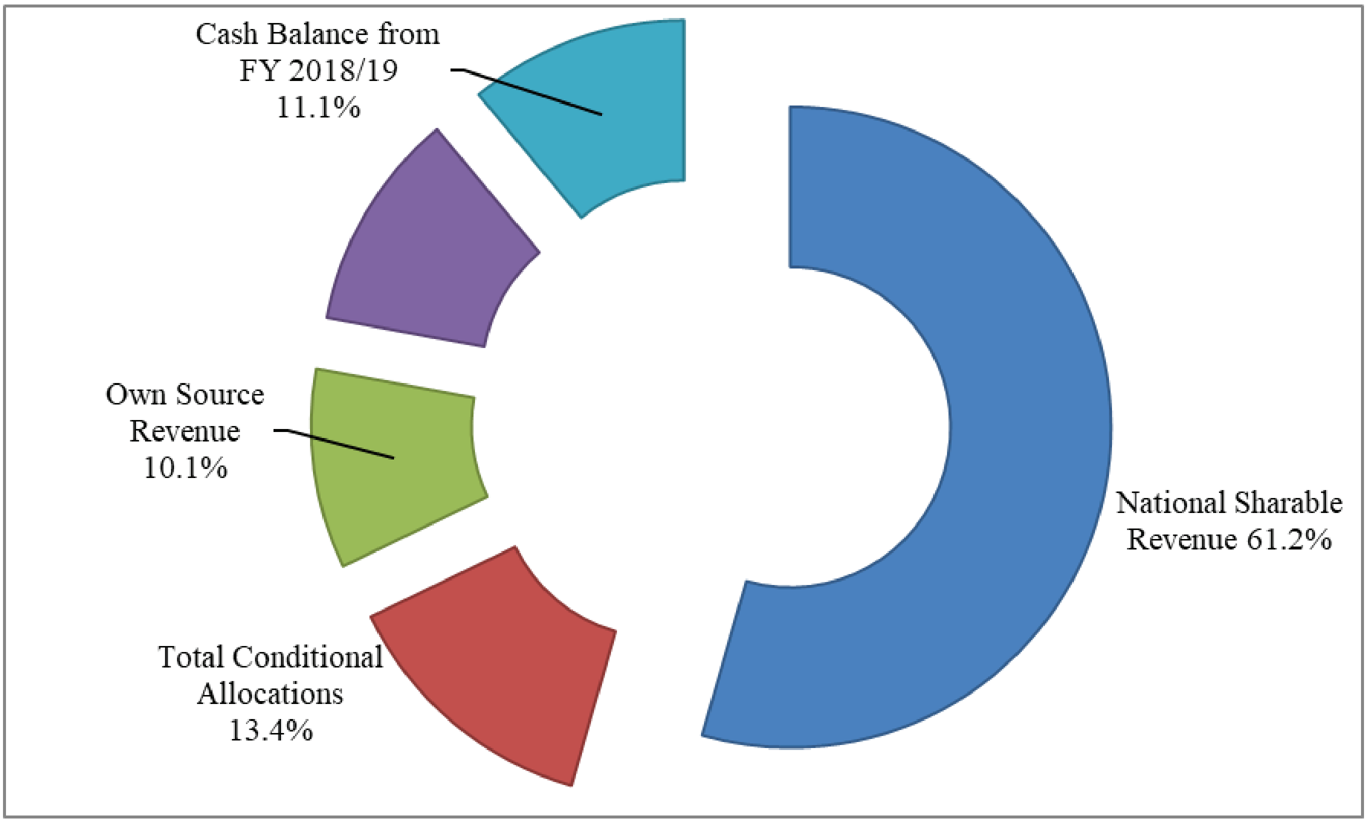
3.36 Nyeri County

3.36.1 Overview of the FY 2019/20 Budget

The County's approved supplementary budget for FY 2019/20 was Kshs.8.84 billion, comprising of Kshs.3.06 billion (34.5 per cent) and Kshs.5.79 billion (65.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.41 billion (61.2 per cent) as equitable share of revenue raised nationally, Kshs.1.33 billion (15.1 per cent) as total conditional grants, generate Kshs.1 billion (11.3 per cent) from own sources of revenue, and Kshs.1.1 billion (12.4 per cent) as cash balance from FY 2018/19. Figure 3.106 shows the expected sources of financing by category in FY 2019/20.

Figure 3.106: Nyeri County Expected Revenue Sources in FY 2019/20



***Source**: Nyeri County Treasury*

3.36.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.92 billion as equitable share of the revenue raised nationally, Kshs.266.15 million as total conditional grants, raised Kshs.270.20 million from own-source revenue, and had a cash balance of Kshs.1.1 billion from FY 2018/19, bringing.

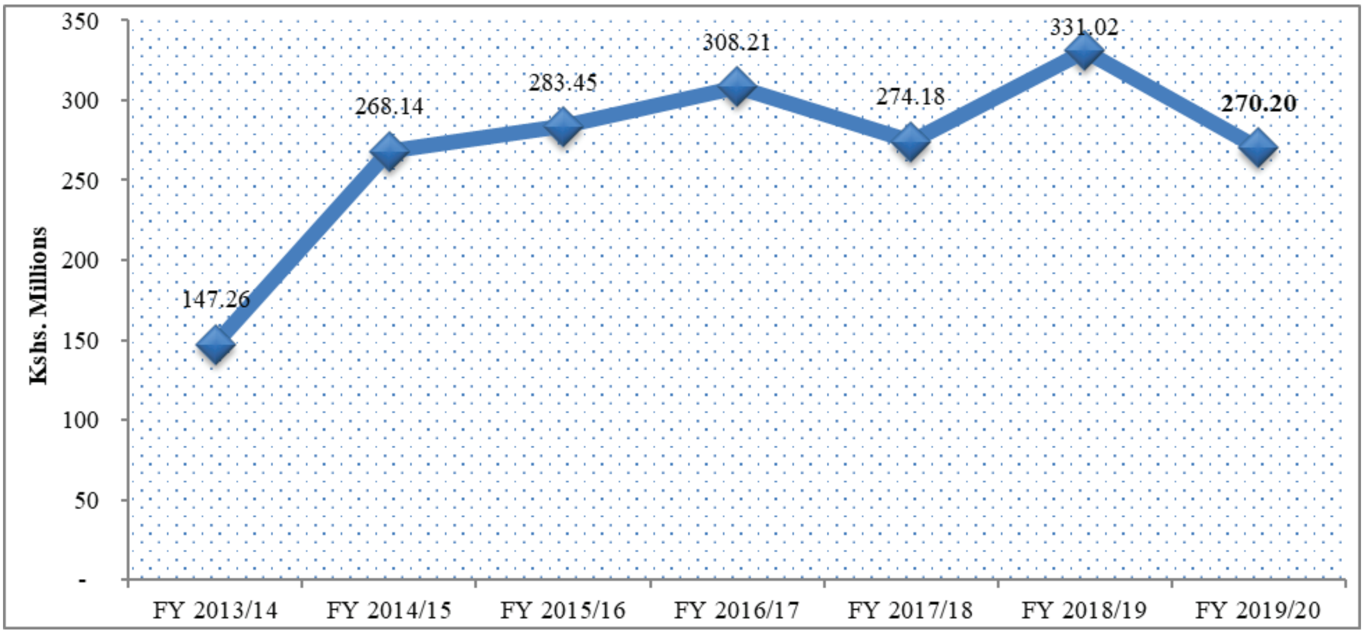
Table 3.170: Nyeri County, Revenue Performance in the First Half of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Expenditure in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,412,150,000	5,412,150,000	1,915,901,100	-	35.4
B.	**Conditional Grants from the National Government Revenue**					
1.	Conditional Grants to Level-5 Hospitals	407,861,272	407,861,272	181,090,405	-	44.4
3.	Compensation for User Fee Foregone	13,701,379	13,701,379	-	-	-
4.	Universal Health care Project (GOK)	-	159,894,390	-	-	-
5.	Leasing of Medical Equipment	131,914,894	-	-	-	-
6.	Road Maintenance Fuel Levy Fund	153,627,469	153,627,469	-	-	-
7.	Rehabilitation of Village Polytechnics	55,143,298	55,143,298	-	-	-
Sub Total		**762,248,312**	**790,227,808**	**181,090,405**	**-**	**23.8**
C	**Loans and Grants from Development Partners**					
1.	Transforming Health systems for Universal care Project (WB)	50,181,184	50,181,184	6,206,088	-	12.4
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	186,033,960	186,033,960	71,352,131	-	38.4
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,639,100	-	-	-
6	DANIDA Grant	15,000,000	15,000,000	7,500,000	-	50
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,187,858	15,187,858	-	-	-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-	-
Sub Total		541,842,102	541,842,102	85,058,219	-	15.7
D	**Other Sources of Revenue**	**1,304,090,414**	**1,332,069,910**			
1	Own Source Revenue	1,000,000,000	1,000,000,000	270,203,316	-	27
2	Balance b/f from FY2018/19	1,098,807,774	1,098,807,774	1,098,807,774	-	100
Sub Total		**2,098,807,774**	**2,098,807,774**	**1,369,011,090.03**	**-**	**65.2**
Grand Total		**8,815,048,188**	**8,843,027,684**	**3,551,060,813.88**	**-**	**40.3**

Source: *Nyeri County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.55 billion as shown in Table 3.170

Figure 3.107: Nyeri County: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



***Source**: Nyeri County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.270.20 million as own-source revenue. This amount represented a decrease of 18.4 per cent when compared to Kshs.331.02 million realised during the same period in FY 2018/19, and represented 27 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.55 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.79.27 million (3.1 per cent) for development programmes and Kshs.2.47 billion (96.9 per cent) for recurrent programmes.

3.36.4 Overall Expenditure Review

A total of Kshs.2.54 billion was spent on development and recurrent programmes and represented 99.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.115.88 million and Kshs.2.42 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 3.8 per cent while that incurred on recurrent expenditure programmes represented 41.9 per cent of the annual recurrent budget.

3.36.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.85 billion was spent on compensation to employees, Kshs.569.89 million on operations and maintenance, and Kshs.115.89 million on development expenditure.

Table 3.171: Nyeri County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,787,876,207	2,423,069,399	95.4	41.9
Compensation to Employees	3,635,564,701	1,853,170,891	73	51
Operations and Maintenance	2,152,311,506	569,898,508	22.4	26.5
Development Expenditure	3,055,151,477	115,885,628	4.6	3.8
Grand Total	**8,843,027,684**	**2,538,955,027**	**100**	**28.7**

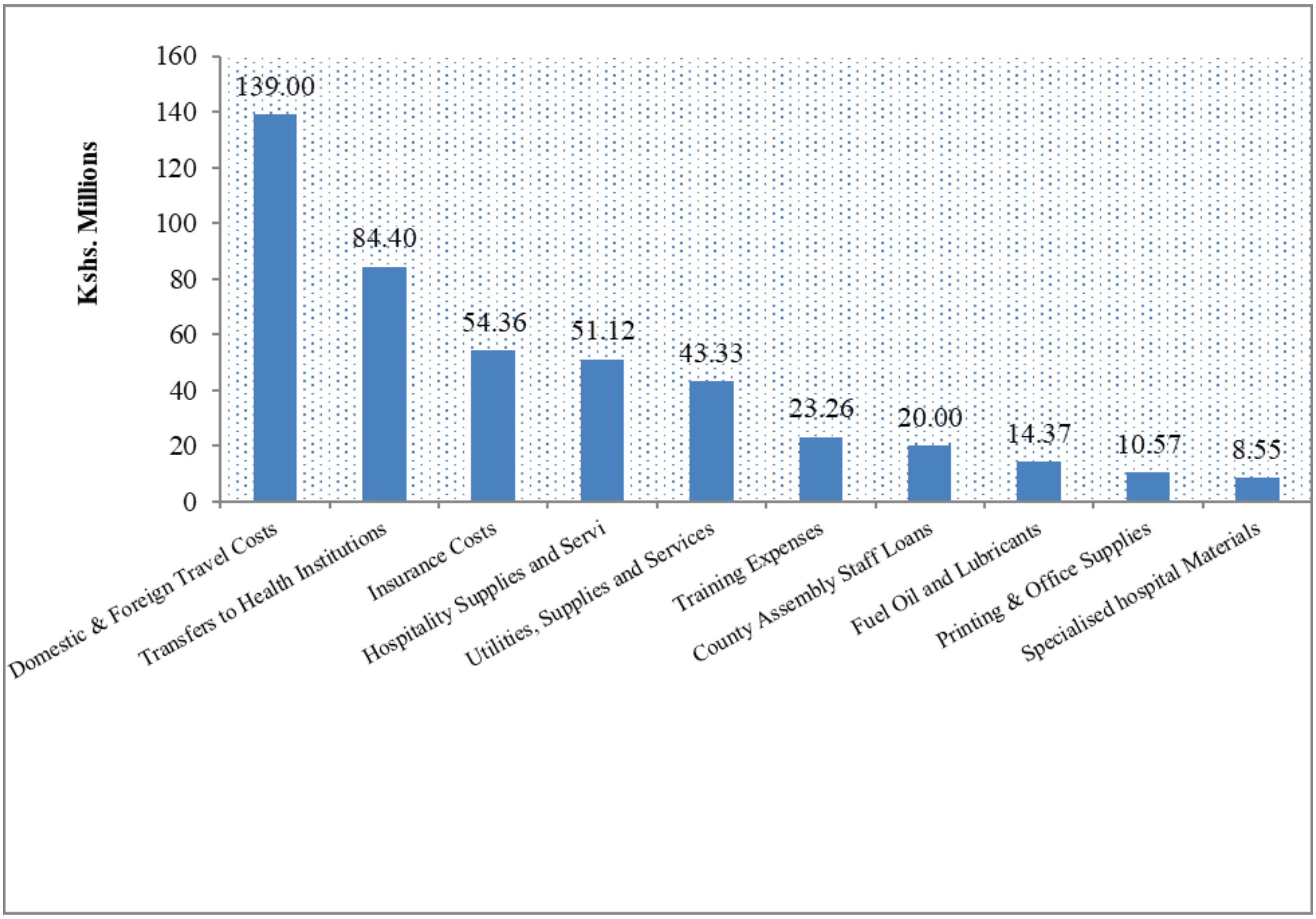
***Source**: Nyeri County Treasury*

Expenditure on compensation to employees was 73 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 7.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.72 billion.

3.36.6 Analysis of Operations and Maintenance Expenditure

Figure 3.108 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.108: Nyeri County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Nyeri County Treasury*

The County spent Kshs.20.45 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.75,756 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.110.38 million and comprised of Kshs.68.56 million spent by the County Assembly and Kshs.41.82 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.28.61 million and comprised of Kshs.28.06 million spent by the County Assembly and Kshs.549,696 spent by the County Executive.

3.36.7 Development Expenditure Analysis

The total development expenditure of Kshs.115.89 million represented 3.8 per cent of the annual development budget of Kshs.3.05 billion. Table 3.172 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.172: Nyeri County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Kenya Climate Smart Agriculture (KCSAP)	Gakawa, Thegu, Gatarakwa, Mugunda, Rugi & Mukurweini Central	226,938,149	85,872,345	37.8
2	Agriculture Sector Development Support Programme (ASDSP)	Countywide	12,624,729	12,624,729	100

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
3	Upgrading of bitumen standard of Railway -DCS office -Ragati Bridge road (0.6km) - Bishara Plaza- DEB Pry- Law Courts Road	Karatina	30,365,649	12,712,679	41.9
4	Refurbishment of Buildings	Ruring'u	15,000,000	1,576,648	10.5
Total			**284,928,527**	**112,786,401**	

Source: *Nyeri County Treasury*

3.36.8 Budget Performance by Department

Table 3.173 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.173: Nyeri County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	149.92	-	45.82	-	42.56	-	92.9	-	28.4	-
Office of the County Secretary	308.39	7.51	76.08	-	58.22	-	76.5	-	18.9	-
Finance and Economic Planning	814.46	280.37	271.04	-	258.89	-	95.5	-	31.8	-
Lands, Physical Planning, Housing and Urbanization	46.96	678.76	25.76	-	24.41	0.19	94.8	-	52	-
Health, Public Health and sanitation	2,647.84	228.31	1,245.6	-	1,284.41	2.91	103.1	-	48.5	1.3
Gender and Social Services	71.08	45.70	27.09	-	20.99	-	77.5	-	29.5	-
County Public Service, Administration & Youth Affairs	61.39	-	29.14	-	26.92	-	92.4	-	43.8	-
Agriculture, Livestock and Fisheries	264.52	300.10	119.18	77.70	107.32	98.50	90	126.8	40.6	32.8
Trade, Culture, Tourism & Cooperative Development	57.08	66.37	25.36	-	22.85	-	90.1	-	40	-
Education, Science and Technology	388.58	133.76	113.23	-	119.78	-	105.8	-	30.8	-
Water, Environment & Natural resources	133.66	211.07	93.41	-	68.92	-	73.8	-	51.6	-
County Assembly	676.09	50.00	323.14	1.58	321.39	1.58	99.5	100	47.5	3.2
County Public Service Board	36.97	-	18.02	-	15.98	-	88.7	-	43.2	-
Transport, Public Works & Infrastructure	130.94	1,053.2	58.33	-	50.43	12.71	86.5		38.5	1.2
TOTAL	**5,788**	**3,055**	**2,471**	**79**	**2,423**	**116**	**98.1**	**146.2**	**41.9**	**3.8**

Source: *Nyeri County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 32.8 per cent while seven departments did not report expenditure on development programmes. The Department of Water, Environment and Natural Resources had the highest percentage of recurrent expenditure to its recurrent budget at 51.6 per cent while the Office of the County Secretary had the lowest at 18.9 per cent.

3.36.9 Budget Execution by Programmes and Sub-Programmes

Table 3.174 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.174: Nyeri County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

County Department	Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Agriculture, Livestock & Fisheries	Agricultural Management	Administration and planning services	480,429,091	199,452,793	280,976,298	41.5
		County Agriculture Extension Program	14,892,751	524,032	14,368,719	3.5
	Wambugu ATC	Farm Development	9,746,988	2,067,772	7,679,216	21.2
	AMS Naromoru	Development of Agricultural Land for Crop Production	8,903,922	332,350	8,571,572	3.7
	Livestock Production Management	Provision of Extension Services to Livestock farmers	9,007,680	779,249	8,228,431	8.7
	Co-operative development	Cooperative Development And Management	5,195,077	269,999	4,925,078	5.2
	Fisheries development	Administrative Support Services	12,669,680	395,317	12,274,363	3.1
	Veterinary services	Administrative Support Services	28,971,680	2,264,733	26,706,947	7.8
		Sub-total	**569,816,869**	**206,086,246**	**363,730,623**	**36.2**
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	37,714,671	23,264,501	14,450,170	61.7
		Formulation of county spatial planning laws	150,000	0	150,000	-
	Land Policy and Planning	Land Policy Formulation	682,938,277	661,770	682,276,507	0.1
	Housing Development and Human Settlement	Government Building	4,920,290	680,450	4,239,840	13.8
		Sub-total	**725,723,238**	**24,606,721**	**701,116,517**	**3.4**
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	87,818,245	41,113,725	46,704,520	46.8
	Energy Sector development	Street lighting programme	164,930,794	9,315,994	155,614,800	5.7
	Roads development, maintenance and management	County access and feeder roads improvement	931,384,662	12,712,679	918,671,983	1.3
		Sub-total	**1,184,133,701**	**63,142,398**	**1,120,991,303**	**5.3**
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	20,772,834	592,107	20,180,727	2.8
	Trade and Cooperative Development	Trade Promotion	97,480,440	21,988,853	75,491,587	22.6
		Sub-total	**118,253,274**	**22,580,960**	**95,672,314**	**19.1**
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,357,056,512	1,202,908,816	1,154,147,696	51
		Health Services	519,098,172	84,402,052	434,696,120	16.3
		Sub-total	**2,876,154,684**	**1,287,310,868**	**1,588,843,816**	**44.8**
Education, Sports, Science and Technology	General administration and policy Development and implementation	Administrative Support Services	438,500,580	118,595,317	319,905,263	27.1
	County Sports Development	Search and nurture talents	56,456,510	258,080	56,198,430	0.5
	ECDE Management	ECDE Management	3,349,000	618,280	2,730,720	18.5
	ICT Development	ICT Infrastructure Development	24,034,000	306,340	23,727,660	1.3
		Sub-total	**522,340,090**	**119,778,017**	**402,562,073**	**22.9**
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	147,020,638	42,381,115	104,639,523	28.8
		Management of county affairs	2,900,000	180,500	2,719,500	6.2
		Sub-total	**149,920,638**	**42,561,615**	**107,359,023**	**28.4**

County Department	Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	289,930,477	57,906,134	232,024,343	20
		Coordination of functions of the County Executive Committee	24,968,468	109,200	24,859,268	0.4
		Sub-total	**314,898,945**	**58,015,334**	**256,883,611**	**18.4**
Finance and Economic Planning	Executive services	Administration and personnel services	994,188,265	227,190,059	766,998,206	22.9
	Economic Planning	Monitoring and Evaluation	6,000,000	1,539,100	4,460,900	25.7
	Revenue Mobilization	Revenue Mobilization	45,995,000	11,628,220	34,366,780	25.3
	Public Finance Management	Financial Accounting	13,350,000	5,626,937	7,723,063	42.2
		Procurement Compliance and Reporting	10,500,000	3,073,690	7,426,310	29.3
		Internal Audit	10,980,000	5,220,032	5,759,968	47.5
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	13,820,000	4,613,544	9,206,456	33.4
		Sub-total	**1,094,833,265**	**258,891,582**	**835,941,683**	**23.7**
County Assembly	General administration, Policy Development and implementation	Administration and planning services	726,085,232	340,710,000	385,375,232	46.9
County Public Service Management	Community sensitization, education and public participation	County publicity campaign	1,000,000	151,200	848,800	15.1
	Human resources Management	Administration Planning and Support Services	61,391,918	26,918,343	34,473,575	43.9
		Sub-total	**62,391,918**	**27,069,543**	**35,322,375**	**43.4**
County Public Service Board		Administration and Personnel Services	36,966,959	15,976,734	20,990,225	43.2
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	54,217,408	18,704,982	35,512,426	34.5
	Social development	Administration and planning services	58,301,189	1,237,469	57,063,720	2.1
		County children's home management	4,260,000	1,047,022	3,212,978	24.6
		Sub-total	**116,778,597**	**20,989,473**	**95,789,124**	**18**
Water, Sewerage and Sanitation Services, Environment & Natural Resources	Water Management	Administrative Support Services	291,576,774	62,592,401	228,984,373	21.5
	Sanitation management	Administrative Support Services	34,840,260	5,395,534	29,444,726	15.5
	Environmental Management	Environment Conservation, Protection and Management	18,313,240	934,275	17,378,965	5.1
		Sub-total	**344,730,274**	**68,922,210**	**275,808,064**	**20**
Total			**8,843,027,684**	**2,556,641,702**	**6,286,385,982**	**28.9**

Source: *Nyeri County Treasury*

The best performing programs across the County were: General Administration and Planning Services a program across all departments followed by Physical Planning Services at 61.7 per cent, Public Finance Management at 42.2 per cent and Agriculture Management at 41.5 per cent of the annual budget allocation.

3.36.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Under-performance in local revenue collection, which amounted to Kshs.270.2 million representing 27 per cent of FY 2019/20 annual target of Kshs.1 billion.
2. Failure by the National Treasury to disburse the equitable share of revenue raised nationally as per the disbursement schedule during the first quarter of FY 2019/20.
3. Slow implementation of the development budget. The County's development absorption rate during the reporting period was 3.8 per cent, against an expected rate of 50 per cent.

4. Failure to constitute the County Budget and Economic Forum (CBEF) as per the requirement of Section 137 of the PFM Act, 2012 for consultation in the budget process.

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

1. *The County should formulate and implement strategies to improve the own source revenue collection.*
2. *The County should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the approved disbursement schedule.*
3. *The County should fast-track the implementation of development programmes in the remaining period of the financial year.*
4. *The County should constitute a County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.*

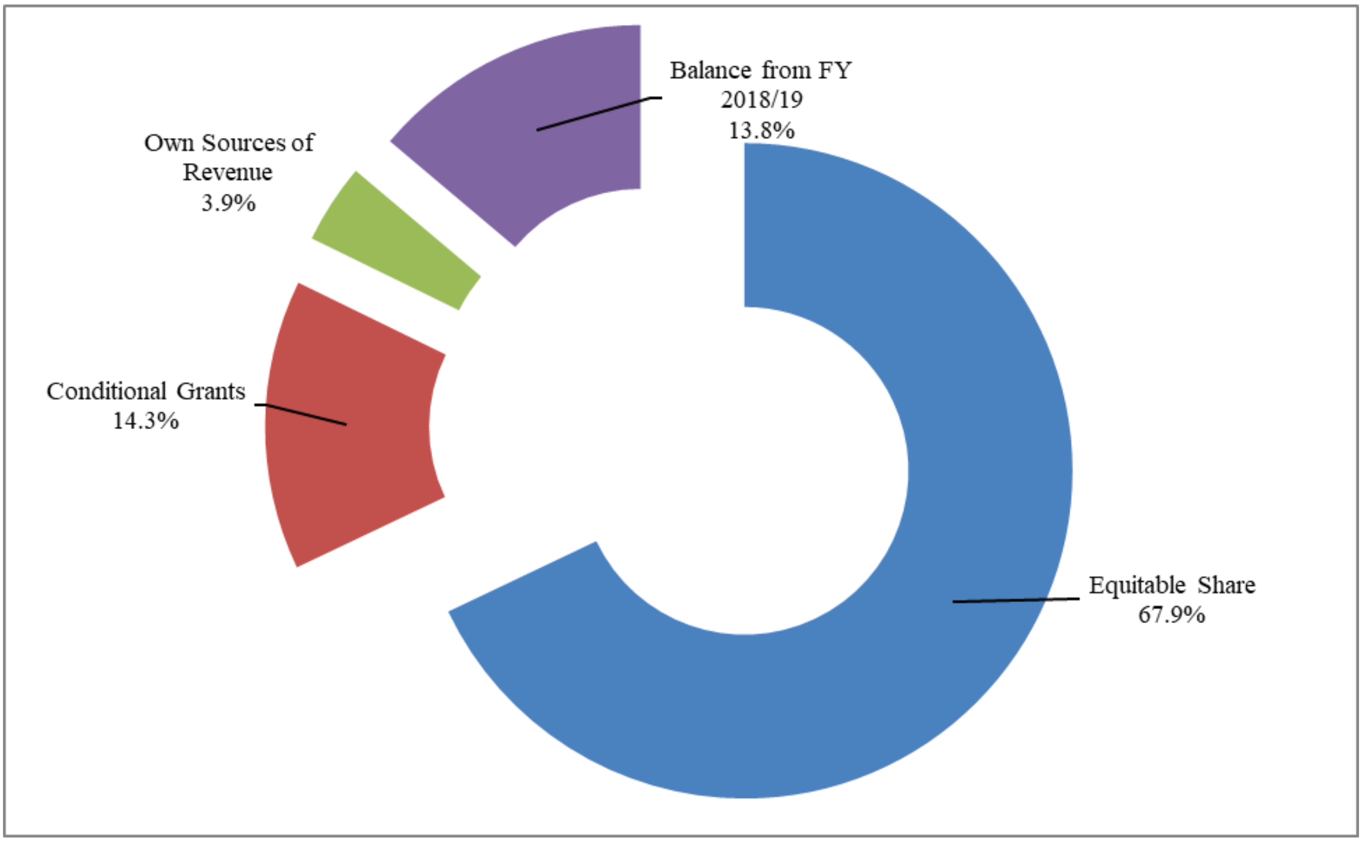
3.37 Samburu County

3.37.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.6.80 billion, comprising of Kshs.2.53 billion (37.2 per cent) and Kshs.4.27 billion (62.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.62 billion (67.9 per cent) as equitable share of revenue raised nationally, Kshs.972.88 million (14.3 per cent) as total conditional grants, generate Kshs.267.03 million (3.9 per cent) from own sources of revenue, and Kshs.941.35 million (13.8 per cent) as cash balance from FY 2018/19. Figure 3.109: Samburu Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/2

Figure 3.109: Samburu Expected Revenue Sources in FY 2019/20



Source: *Samburu County Treasury*

3.37.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.57 billion as equitable share of the revenue raised nationally, Kshs.38.90 million as total conditional grants and raised Kshs.149.94 million from own-source revenue, bringing. Samburu County: Revenue Performance in the First Half of FY 2019/20.

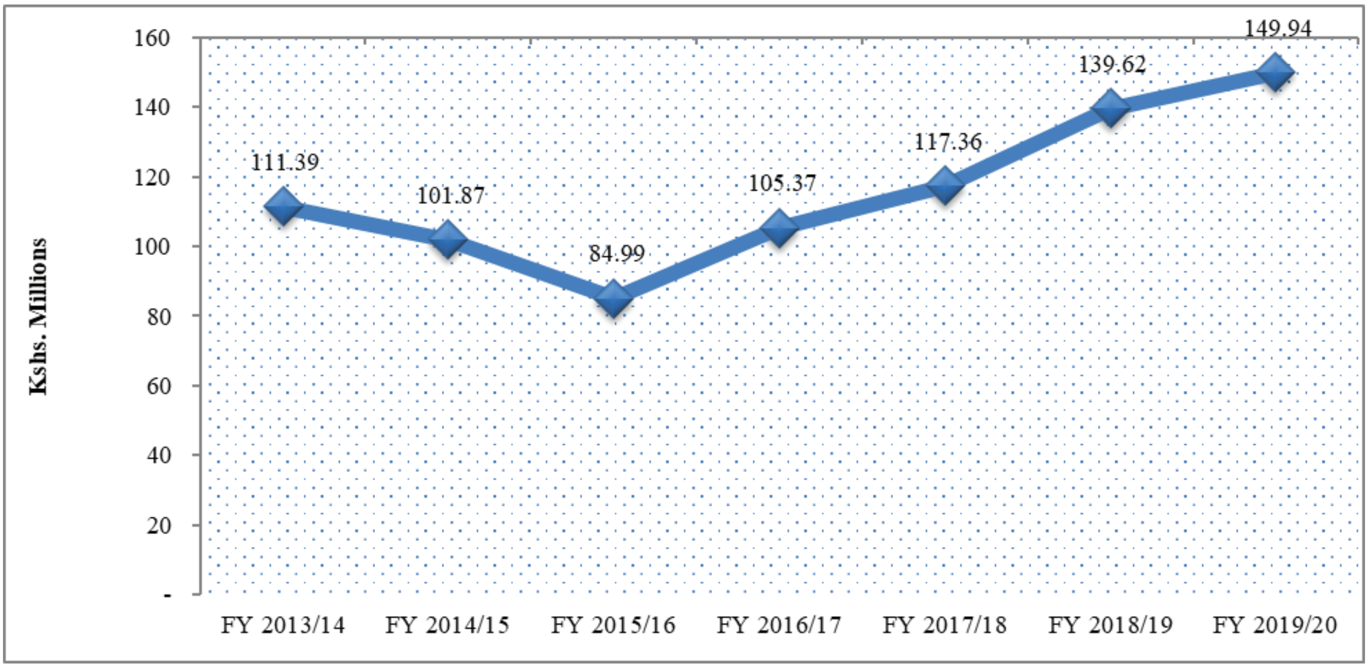
Table 3.175: Samburu County, Revenue Performance in the First Half of FY 2019/20

	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**4,620,900,000**	**4,620,900,000**	**1,567,221,121**	**33.9**
B.	**Conditional Grants from the National Government**				
1	Compensation for User Fee Foregone	5,235,578	5,235,578	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	131,167,313	264,413,635	-	-
4.	Rehabilitation of Village Polytechnics	15,483,298	15,483,298	-	-
Sub Total		**283,801,083**	**417,047,405**	**-**	**-**
C	**Loans and Grants from Development Partners**				
1. L	Transforming Health systems for Universal care Project (WB)	35,000,000	52,658,727	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	32,288,748	9.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5.	DANIDA Grant	13,218,750	13,218,750	6,609,375	50
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	32,159,348	32,159,348	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,994,320	18,994,320	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**538,172,418**	**555,831,145**	**38,898,123**	**7**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	267,032,787	149,937,134	56.2
2.	Balance b/f from FY2018/19	-	941,354,104	-	-
Sub Total		**-**	**1,208,386,891**	**149,937,134**	**12.4**
Grand Total		**5,442,873,501**	**6,802,165,441**	**1,756,056,378**	**25.8**

Source: *Samburu County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.1.76 billion as shown in Table 3.175:

Figure 3.110: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Samburu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.149.94 million as own-source revenue. This amount represented an increase of 7.4 per cent when compared to Kshs.139.62 million realised during the same period in FY 2018/19, and represents 56.2 per cent of the annual target.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.61 billion from the CRF account in the reporting period, entirely for recurrent programmes.

3.37.4 Overall Expenditure Review

A total of Kshs.1.41 billion was spent during the first half of FY 2019/20 and represented 87.7 per cent of the total funds released from the CRF account. This expenditure was fully on recurrent activities as there was no expenditure on development activities during the half year. Expenditure on recurrent expenditure programmes represented 33 per cent of the annual recurrent budget.

3.37.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.999.15 million was spent on compensation to employees, and the remaining Kshs.409.80 million on operations and maintenance expenditure.

Table 3.176: Samburu County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,269,509,531**	**1,606,119,244**	**1,408,949,119**	**100.0**	**33.0**
Compensation to Employees	2,069,218,196	851,280,453	999,150,486	**70.9**	48.3
Operations and Maintenance	2,200,291,335	754,838,791	409,798,633	**29.1**	18.6
Total Development Expenditure	**2,532,655,910**	-	-	-	-
Development expenditure	2,532,655,910	-	-	-	-
Total	**6,802,165,441**	**1,606,119,244**	**1,408,949,119**	**100.0**	**20.7**

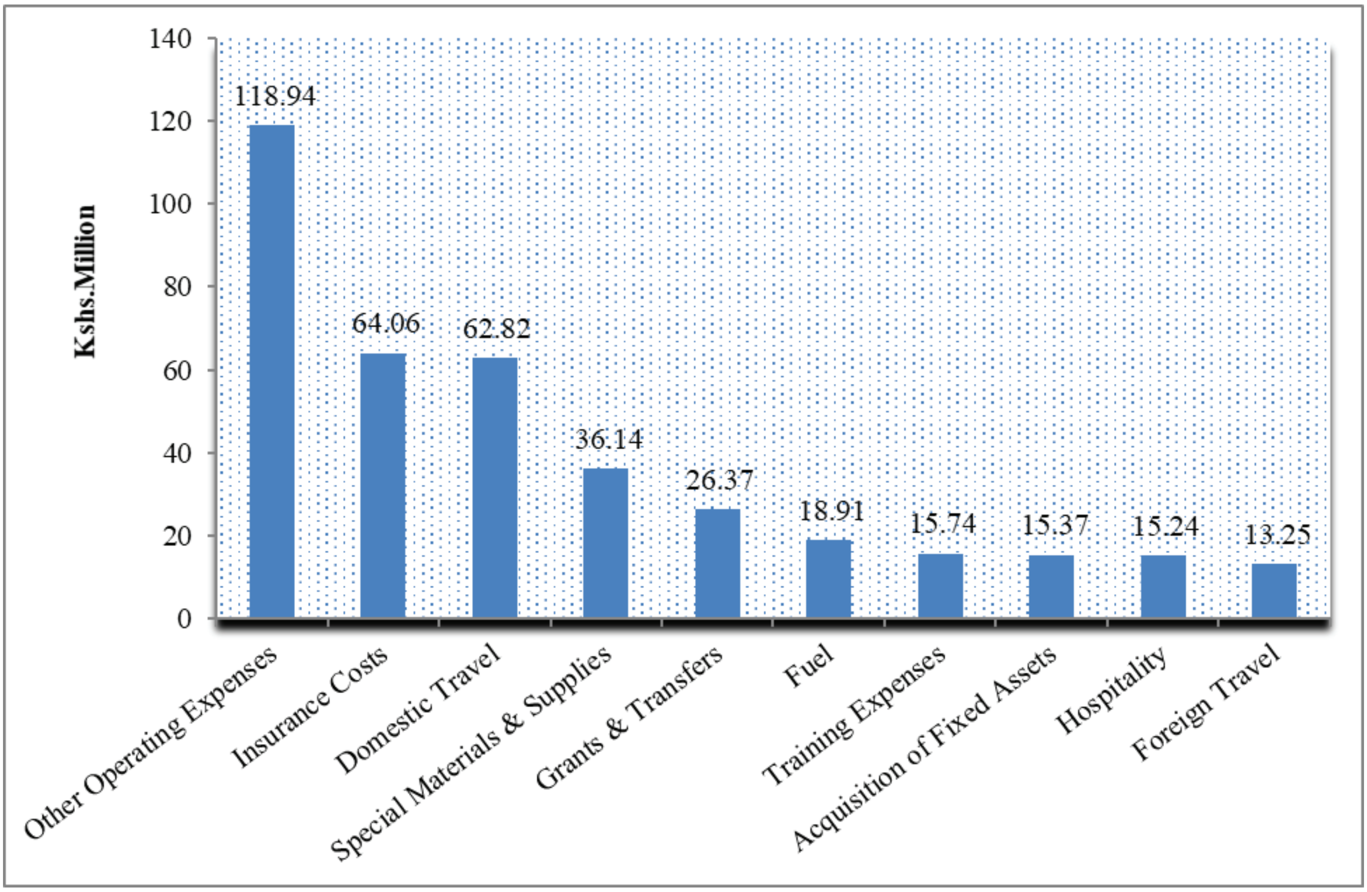
Source: *Samburu County Treasury*

Expenditure on compensation to employees was 70.91 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 9.53 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.912.22 million.

3.37.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.111: Samburu County: Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: Samburu County Treasury

The County spent Kshs.4.23 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.15.56 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.50,304 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.62.82 million and comprised of Kshs.13.74 million spent by the County Assembly and Kshs.49.08 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.13.25 million and comprised of Kshs.7.30 million spent by the County Assembly and Kshs.5.96 million spent by the County Executive.

3.37.7 Development Expenditure Analysis

There was no development expenditure in the first half of the financial year.

3.37.8 Budget Performance by Department

shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.177: Samburu County: Budget Performance by Department for the First Half of FY 2019/20

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	490.30	80	234.22	-	224.42	-	95.8	-	45.8	-
County Executive	472.07	18	165.68	-	160.03	-	96.6	-	33.9	-
Finance, Economic Planning & ICT	632.07	57	213.92	-	174.48	-	81.6	-	27.6	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	543.32	349.84	226.33	-	67.25	-	29.7	-	12.4	-
Water, Environment, Natural Resources & Energy	167.84	376.95	59.02	-	33.37	-	56.5	-	19.9	-
Education and Vocational Training	431.85	165.36	154.24	-	123.59	-	80.1	-	28.6	-
Medical Services, Public Health & Sanitation	973.99	381.21	355.62	-	444.54	-	125	-	45.6	-
Lands, Housing, Physical Planning & Urban Development	94.63	148.37	33.38	-	31.64	-	94.8	-	33.4	-
Roads, Transport & Public Works	108.29	680.94	38.16	-	32.76	-	85.9	-	30.3	-
Tourism, Trade, Enterprise Development & Cooperatives	182.83	195.48	65.34	-	69.56	-	106.5	-	38	-
Culture, Social Services, Gender, Sports & Youth Affairs	172.30	79.50	60.21	-	47.29	-	78.5	-	27.4	-
Total	**4,269.51**	**2,532.66**	**1,606.12**	**-**	**1,408.95**	**-**	**87.7**	**-**	**33**	**-**

Source: *Samburu County Treasury*

Analysis of expenditure by department shows that the County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 45.8 per cent, followed by the Department of Medical Services, Public Health & Sanitation at 45.6 per cent while the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries recorded the lowest at 12.4 per cent.

3.37.9 Budget Execution by Programmes and Sub-Programmes

Table 3.178 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.178: Samburu County: Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
County Executive					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	220,830,697	65,651,206	155,179,491	29.7
	0704014210 SP2 Administration of Human Resources in County Public Service	66,404,595	17,938,676	48,465,919	27
	0701034210 SP3 Sub County Administration	165,018,388	61,076,770	103,941,618	37
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	37,821,177	15,365,830	22,455,347	40.6
	Sub total	**490,074,857**	**160,032,482**	**330,042,375**	**32.7**
Finance, Economic Planning & ICT					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	382,103,639	89,363,422	292,740,217	23.4
	0705024210 SP2 ICT Services	58,523,202	14,588,952	43,934,250	24.9
	Sub total	**440,626,841**	**103,952,374**	**336,674,467**	**23.6**
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	33,881,646	6,697,345	27,184,301	19.8
	0706024210 SP2 Resource Mobilization	74,449,061	26,346,160	48,102,901	35.4
	0706034210 SP3 Internal Audit	16,079,558	6,232,986	9,846,572	38.8
	0706044210 SP4 Supply Chain Management	21,125,208	8,601,313	12,523,895	40.7
	0706014210 SP1 Budget Formulation Coordination and Management	10,589,310	6,150,625	4,438,685	58.1
	0706064210 SP6 Fiscal Planning	69,706,152	9,796,533	59,909,619	14.1
	Sub total	**225,830,935**	**63,824,962**	**162,005,973**	**28.3**
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	6,890,240	2,821,085	4,069,155	40.9
	Sub total	**6,890,240**	**2,821,085**	**4,069,155**	**40.9**
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	15,721,022	3,882,166	11,838,856	24.7
	Sub total	**15,721,022**	**3,882,166**	**11,838,856**	**24.7**
Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	486,605,760	24,621,074	461,984,686	5.1
	Sub total	**486,605,760**	**24,621,074**	**461,984,686**	**5.1**
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock policy development and capacity building	171,337,746	6,401,645	164,936,101	3.7
	0103024210 SP2 Livestock Production and Management	57,137,347	10,287,805	46,849,542	18
	0103034210 SP3 Livestock Diseases management and control	27,496,262	2,339,071	25,157,191	8.5
	0103044210 SP4 Livestock marketing and rangeland management	9,871,455	3,336,203	6,535,252	33.8
	Sub total	**265,842,810**	**22,364,724**	**243,478,086**	**8.4**
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of fisheries	11,497,070	2,815,340	8,681,730	24.5
	Sub total	**11,497,070**	**2,815,340**	**8,681,730**	**24.5**
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	92,754,282	12,707,085	80,047,197	13.7
	0105024210 SP2 Food security Initiatives	36,465,699	4,742,819	31,722,880	13
	Sub total	**129,219,981**	**17,449,904**	**111,770,077**	**13.5**
Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	313,534,521	7,926,446	305,608,075	2.5
	Sub total	**313,534,521**	**7,926,446**	**305,608,075**	**2.5**
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	24,861,039	2,454,923	22,406,116	9.9
	1002024210 SP2 Forests Conservation and Management	15,009,868	815,443	14,194,425	5.4
	Sub total	**39,870,907**	**3,270,366**	**36,600,541**	**8.2**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	8,341,886	759,749	7,582,137	9.1
	1003034210 SP3 Mining Services	17,247,500	1,951,000	15,296,500	11.3
	1003044210 SP4 Water catchment and protection services	72,992,708	365,151	72,627,557	0.5
	Sub total	**98,582,094**	**3,075,900**	**95,506,194**	**3.1**
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water Management	7,372,093	1,156,200	6,215,893	15.7
	1004024210 SP2 Water and Sanitation Services	85,429,635	17,939,095	67,490,540	21
	Sub total	**92,801,728**	**19,095,295**	**73,706,433**	**20.6**
Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	126,813,010	18,115,764	108,697,246	14.3
	Sub total	**126,813,010**	**18,115,764**	**108,697,246**	**14.3**
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalization of Youth Polytechnics	92,277,256	1,826,571	90,450,685	1.98
	Sub total	**92,277,256**	**1,826,571**	**90,450,685**	**1.98**
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education	378,128,446	103,648,642	274,479,804	27.4
	Sub total	**378,128,446**	**103,648,642**	**274,479,804**	**27.4**
Medical Services, Public Health & Sanitation					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health Promotion	74,608,471	36,268,307	38,340,164	48.6
	0402014210 SP1 Nutrition	14,144,518	6,713,890	7,430,628	47.5
	0401054210 SP3 Communicable Disease Control	83,111,734	41,098,598	42,013,136	49.5
	0401064210 SP4 Non-communicable Disease Prevention & Control	36,870,936	11,585,329	25,285,607	31.4
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	61,112,750	30,493,180	30,619,570	49.9
	Sub total	**269,848,409**	**126,159,304**	**143,689,105**	**46.8**
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	362,609,585	166,983,937	195,625,648	46.1
	0402054210 SP2 Free Primary Health Services	136,200,280	51,290,954	84,909,326	37.7
	Sub total	**498,809,865**	**218,274,891**	**280,534,974**	**43.8**
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	9,049,174	4,418,300	4,630,874	48.8
	0403034210 SP2 Human Resource Management and Development	74,762,075	46,746,111	28,015,964	62.5
	0403044210 SP3 Monitoring and Evaluation, Research and Development	5,025,018	2,066,713	2,958,305	41.1
	0403054210 SP4 Health Policy, Planning & Financing	440,620,345	28,333,689	412,286,656	6.4
	0403064210 SP5 Health Standards and Quality Assurance Services	57,090,371	18,545,619	38,544,752	32.5
	Sub total	**586,546,983**	**100,110,432**	**486,436,551**	**17.1**
Lands, Housing, Physical Planning & Urban Development					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	56,244,429	9,567,942	46,676,487	17
	Sub total	**56,244,429**	**9,567,942**	**46,676,487**	**17**
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning	39,614,274	2,944,750	36,669,524	7.4
	0102034210 SP2 Land Survey and Mapping	41,543,515	3,879,588	37,663,927	9.3
	0102044210 SP3 Housing Management Services	1,072,214	162,041	910,173	15.1
	Sub total	**82,230,003**	**6,986,379**	**75,243,624**	**8.5**
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	104,531,216	15,088,985	89,442,231	14.4
	Sub total	**104,531,216**	**15,088,985**	**89,442,231**	**14.4**
Roads, Transport & Public Works					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	88,500,707	12,379,823	76,120,884	14
	0201034210 SP2 Firefighting Services	385,786	-	385,786	-
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	20,296,380	6,063,990	14,232,390	29.9
	Sub total	**109,182,873**	**18,443,813**	**90,739,060**	**16.9**
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	17,794,504	-	17,794,504	-
	0202024210 SP2 Design, Supervision and Rehabilitation of County Buildings	10,904,542	3,057,550	7,846,992	28
	0202034210 SP3 Street lights Management	22,956,658	9,073,388	13,883,270	39.5
	0202044210 SP4 Public Road Transport and Parking	628,386,522	2,188,250	626,198,272	0.4
	Sub total	**680,042,226**	**14,319,188**	**665,723,038**	**2.1**
Tourism, Trade, Enterprise Development & Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	47,248,895	6,626,052	40,622,843	14
	Sub total	**47,248,895**	**6,626,052**	**40,622,843**	**14**
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	37,027,760	3,396,201	33,631,559	9.2
	Sub total	**37,027,760**	**3,396,201**	**33,631,559**	**9.2**
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	225,010,169	37,886,913	187,123,256	16.8
	Sub total	**225,010,169**	**37,886,913**	**187,123,256**	**16.8**
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	53,451,359	15,218,516	38,232,843	28.5
	Sub total	**53,451,359**	**15,218,516**	**38,232,843**	**28.5**
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	15,575,656	6,436,331	9,139,325	41.3
	Sub total	**15,575,656**	**6,436,331**	**9,139,325**	**41.3**
Culture, Social Services, Gender, Sports & Youth Affairs					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	41,315,472	15,962,265	25,353,207	38.6
	Sub total	**41,315,472**	**15,962,265**	**25,353,207**	**38.6**
0902004210 P2 Culture and social Services development	0902014210 SP1 Conservation of Heritage	28,403,600	-	28,403,600	-
	0902024210 SP2 Development and Promotion of Culture	11,759,858	2,160,867	9,598,991	18.4
	0902034210 SP3 Social Welfare and Gender	75,127,500	15,540,130	59,587,370	20.7
	0902044210 SP4 Community Mobilization and Development	10,007,810	-	10,007,810	-
	Sub total	**125,298,768**	**17,700,997**	**107,597,771**	**14.1**
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	30,622,000	-	30,622,000	-
	Sub total	**30,622,000**	**-**	30,622,000	-
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	37,778,844	7,903,660	29,875,184	20.9
	Sub total	**37,778,844**	**7,903,660**	**29,875,184**	**20.9**
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	16,786,002	5,719,822	11,066,180	34.1
	Sub total	**16,786,002**	**5,719,822**	**11,066,180**	**34.1**
County Assembly					
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	90,428,385	22,431,420	67,996,965	24.8
	0707024210 SP2 County Assembly Administration	258,510,303	97,257,188	161,253,115	37.6
	0707034210 SP3 Representation	221,358,346	104,735,725	116,622,621	47.3
	Sub total	**570,297,034**	**224,424,333**	**345,872,701**	**39.4**
Grand Total		**6,802,165,441**	**1,408,949,119**	**5,393,216,322**	**20.7**

Source: *Samburu County Treasury*

The best performing programs across the County were Preventive and Promotive Health Services spent 46.8 per cent of its budget allocation.

3.37.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Failure to implement development projects in the first half of FY 2019/20.

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

1. *The County should prioritize implementation of the development activities.*

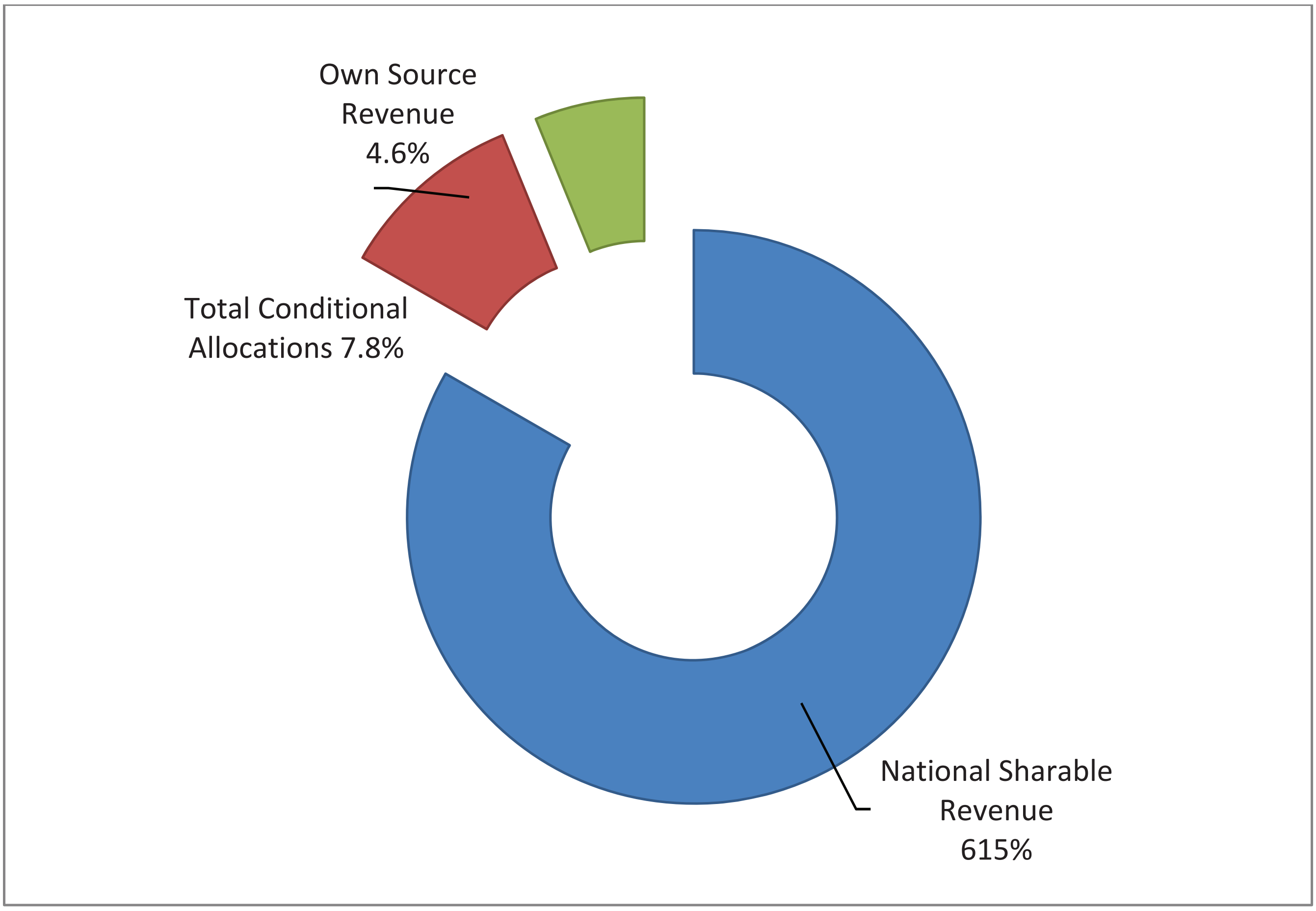
3.38 Siaya County

3.38.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.9.22 billion, comprising of Kshs.4.35 billion (47.2 per cent) and Kshs.4.87 billion (52.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.67 billion (61.5 per cent) as equitable share of revenue raised nationally, Kshs.715.54 million (7.8 per cent) as total conditional grants, generate Kshs.420 million from own source revenue, and Kshs.2.41 billion (26.2 per cent) as cash balance from FY 2018/19. Figure 3.112: Siaya County Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.112: Siaya County Expected Revenue Sources in FY 2019/20



Source: *Siaya County Treasury*

3.38.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.05 billion as equitable share of the revenue raised nationally, Kshs.77.18 million as total conditional grants, raised Kshs.71.54 million from own-source revenue, and had a cash balance of Kshs.1.66 billion from FY 2018/19, bringing

Table 3.179: Siaya County, Revenue Performance in the First Half of FY 2019/20

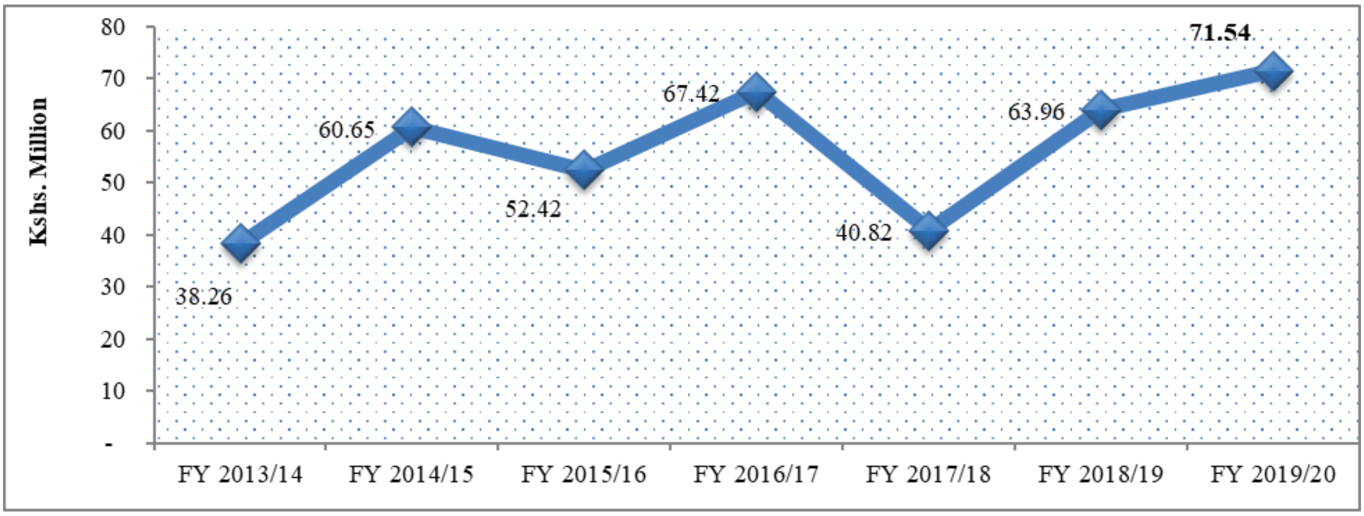
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,791,750,000**	**5,673,000,000**	**2,050,350,300**	**35.4**
B.	**Conditional Grants from the National Government Revenue**				
1	Compensation for User Fee Foregone	18,194,808	18,194,808	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	164,408,344	164,408,344	-	-
4	Rehabilitation of Village Polytechnics	40,278,298	40,278,298	-	-
Sub Total		354,796,344	354,796,344	-	-
C.	**Loans and Grants from Development Partners**				

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
1	Transforming Health systems for Universal care Project (WB)	42,327,625	42,327,625	13,699,805	32.4
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	142,126,290	142,126,290	54,479,856	38.3
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5	DANIDA Grant - Universal Healthcare for Devolved System Program	25,932,368	25,932,368	9,000,000	34.7
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,561,840	16,561,840	-	-
7	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP)-Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**395,748,123**	**360,748,123**	**77,179,660**	19.5
D.	**Other Sources of Revenue**				
1.	Own Source Revenue	-	420,000,000	71,544,229	17
2.	Balance b/f from FY2018/19	-	2,414,805,672	1,599,831,468	66.3
Sub Total		-	2,834,805,672	1,671,375,697	59.0
Grand Total		**6,542,294,467**	**9,223,350,139**	**3,798,905,658**	**41.2**

Source: *Siaya County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.3.8 billion as shown in Table 3.179:

Figure 3.113: Siaya County Trend in Own-Source Revenue Collection for the First Half of year from FY 2013/14 to FY 2019/20



Source: *Siaya County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.71.54 million as own-source revenue. This amount represented an increase of 11.9 per cent when compared to Kshs.63.96 million realised during the same period in FY 2018/19, and represented 17 per cent of the annual target.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.74 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.549.14 million (20 per cent) for development programmes and Kshs.2.19 billion (80 per cent) for recurrent programmes.

3.38.4 Overall Expenditure Review

A total of Kshs.2.61 billion was spent on development and recurrent programmes and represented 95 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.487.14 million and Kshs.2.12 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent while that incurred on recurrent expenditure programmes represented 43.5 per cent of the annual recurrent budget.

3.38.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.34 billion was spent on compensation to employees, Kshs.783.05 million on operations and maintenance, and Kshs.487.14 million on development expenditure.

Table 3.180: Siaya County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs0	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,870,249,502**	**2,194,699,804**	**2,118,775,020**	**81.3**	**43.5**
Compensation to Employees	2,926,638,524	1,345,870,321	1,335,718,042	51.3	45.6
Operations and Maintenance	1,943,610,978	848,829,483	783,056,978	30.0	40.3
Total Development Expenditure	**4,353,100,637**	**549,143,365**	**487,140,907**	**18.7**	**11.2**
Development Expenditure	4,353,100,637	549,143,365	487,140,907	18.7	11.2
Total	**9,223,350,139**	**2,743,843,169**	**2,605,915,928**	**100.0**	**28.3**

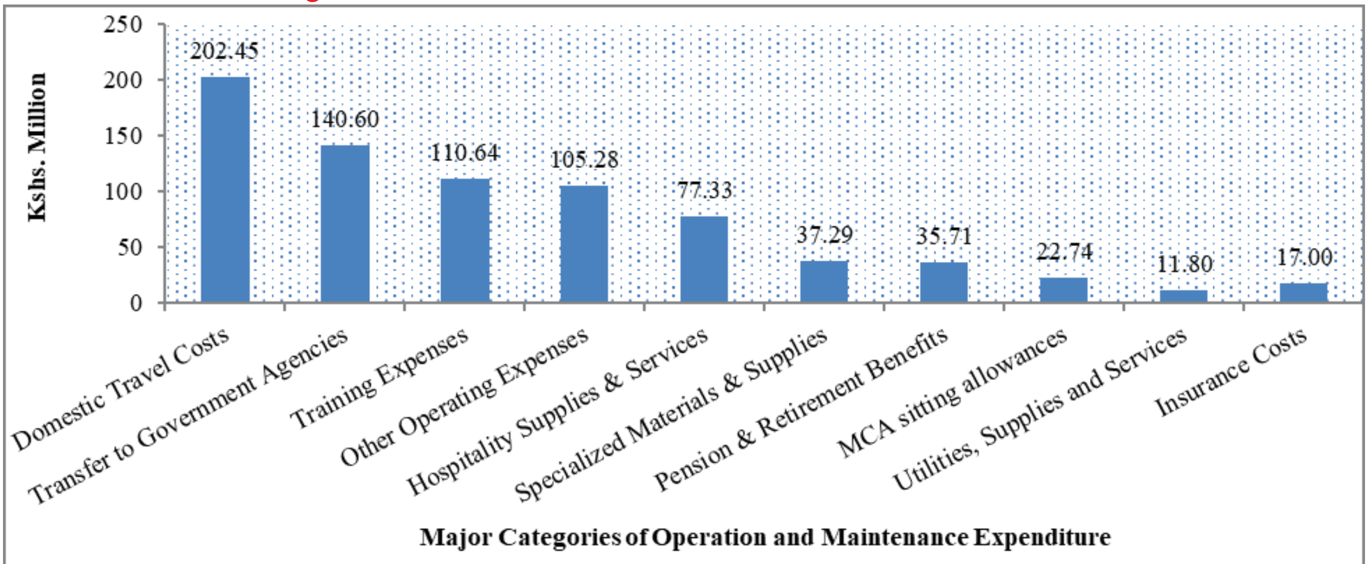
Source: *Siaya County Treasury*

Expenditure on compensation to employees was 51.3 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 0.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.35 billion.

3.38.6 Analysis of Operations and Maintenance Expenditure

Figure 3.114 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.114: Siaya County: Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Siaya County Treasury*

The County spent Kshs.22.74 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs. 54.62 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.88,137 per MCA against the SRC's recommended monthly ceiling of Kshs.124,000.

During the period, expenditure on domestic travel amounted to Kshs. 202.45 million and comprised of Kshs.48.38 million spent by the County Assembly and Kshs.154.07 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.67 million and comprised of Kshs.2.33 million spent by the County Assembly and Kshs.7.34 million spent by the County Executive.

3.38.7 Development Expenditure Analysis

The total development expenditure of Kshs.487.14 million represented 11.2 per cent of the annual development budget of Kshs.4.35 billion. Table 3.181: provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.181: Siaya County: List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/ No.	Project Name /Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs)	Absorption Rate (%)
1	Construction of Siaya Stadium	County Headquarters - Siaya	232,000,000	85,035,016	36.7
2	Construction of ward offices	Spread across the wards	143,702,668	32,380,193	22.5
3	Construction of proposed county Headquarters Annex	County Executive Headquarters - Siaya	44,000,000	31,122,006	70.7
4	Purchase of Hansard	County Assembly chambers	27,837,994	18,642,295	6
5	Construction of modern market at Ramba Market	Siaya Township	26,057,378	12,188,088	46.8
6	Construction of maternity wing at Ambira Sub-County Hospital	Ambira	13,687,355	10,056,776	73.5
7	Pipeline extension from Boro Market Centre to Nyadorera	West Alego	16,087,671	9,282,702	57.7
8	Construction of perimeter wall and laying of cabros at the Finance Department	County Treasury - Siaya	11,031,807	7,357,543	66.7
9	Purchase of mace	County Assembly chambers	7,000,000	6,800,000	97.1
10	Proposed fencing community water point and livestock trough at Uranga Pan	North Alego	5,650,168	5,650,168	100

Source: *Siaya County Treasury*

3.38.8 Budget Performance by Department

Table 3.182 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.182: Siaya County: Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
Governance and Administration	586.47	86.78	289.76	30.52	300.29	31.12	103.6	102	51.2	35.9
Finance and Economic Planning	513.83	17.03	209.22	10.36	248.94	7.36	119	71	48.4	43.2
Agriculture, Food, Livestock & Fisheries	263.94	361.51	124.15	66.39	147.32	13.38	118.7	20.2	55.8	3.7
Water, Irrigation, Environment & Natural Resources	64.51	472.09	34.21	65.83	37.87	52.88	110.7	80.3	58.7	11.2
Education, Youth Affairs, Gender & Social Services	310.43	418.82	115.86	29.27	107.41	36.20	92.7	123.7	34.6	8.6
County Health Services	1,941.42	671.44	894.94	69.76	824.86	47.07	92.2	67.5	42.5	7.0

Lands, Physical Planning, Urban Development and Housing	136.08	156.71	87.68	-	53.48	-	61	-	39.3	-
Roads, Public Works, Energy and Transport	87.20	1,002.64	37.23	132.15	29.78	134.40	80	101.7	34.2	13.4
Enterprise and Industrial Development	126.90	214.60	47.13	26.01	41.83	24.14	88.8	92.8	33	11.2
Tourism, Culture, Sports and Arts	93.17	362.85	50.91	63.20	44.87	85.04	88.1	134.5	48.2	23.4
County Assembly	746.31	588.64	303.60	55.66	282.13	55.56	92.9	99.8	37.8	9.4
TOTAL	**4,870.25**	**4,353.10**	**2,194.70**	**549.14**	**2,118.78**	**487.14**	**96.5**	**88.7**	**43.5**	**11.2**

Source: *Siaya County Treasury*

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 43.2 per cent while the Department of Lands, Physical Planning, Urban Development and Housing did not report expenditure on development programmes. The Department of Water, Irrigation, and Environment & Natural Resources had the highest percentage of recurrent expenditure to its recurrent budget at 58.7 per cent while the Department of Enterprise and Industrial Development had the lowest at 33 per cent.

3.38.9 Budget Execution by Programmes and Sub-Programmes

Table 3.183 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.183: Siaya County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments in First Half FY 2019/20 (Kshs)	Variance	Absorption rate in First Half FY 2019/20 (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representation	308,711,142	127,413,280	181,297,862	41.3
	Sub total	**308,711,142**	**127,413,280**	**181,297,862**	**41.3**
Legislative Oversight	Legislative Oversight	82,352,400	41,127,795	41,224,605	49.9
	Sub total	**82,352,400**	**41,127,795**	**41,224,605**	**49.9**
General administration and planning support services	General administration and planning support services	943,886,097	169,142,012	774,744,085	17.9
	Sub total	**943,886,097**	**169,142,012**	**774,744,085**	**17.9**
GOVERNANCE AND ADMINISTRATION					
Coordination of devolved services	Coordination of devolved services	48,040,356	11,349,060	36,691,296	23.6
	Sub total	**48,040,356**	**11,349,060**	**36,691,296**	**23.6**
County Governance	County Governance	121,469,771	54,697,860	66,771,911	45.0
	Sub total	**121,469,771**	**54,697,860**	**66,771,911**	**45.0**
County Executive Administration	County Executive Administration	363,945,974	202,595,295	161,350,679	55.7
	Sub total	**363,945,974**	**202,595,295**	**161,350,679**	**55.7**
Human Capital Management	Human Capital Management	41,026,447	20,991,800	20,034,647	51.2
	Sub total	**41,026,447**	**20,991,800**	**20,034,647**	**51.2**
Information Communication Services	Information Communication Services	6,891,600	1,383,025	5,508,575	20.1
	Sub total	**6,891,600**	**1,383,025**	**5,508,575**	**20.1**
Monitoring and Evaluation	Monitoring and Evaluation	6,371,510	2,166,313	4,205,197	34.0
	Sub total	**6,371,510**	**2,166,313**	**4,205,197**	**34.0**
County Attorney	County Attorney	21,000,000	7,133,735	13,866,265	34.0
	Sub total	**21,000,000**	**7,133,735**	**13,866,265**	**34.0**
County Public Service Board	County Public Service Board	64,500,087	31,093,259	33,406,828	48.2
	Sub total	**64,500,087**	**31,093,259**	**33,406,828**	**48.2**
FINANCE AND ECONOMIC PLANNING					

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments in First Half FY 2019/20 (Kshs)	Variance	Absorption rate in First Half FY 2019/20 (%)
General Administration	General Administration	388,086,899	187,166,672	200,920,227	48.2
	Sub total	**388,086,899**	**187,166,672**	**200,920,227**	**48.2**
Financial Services	Budget formulation, coordination and management	49,590,511	21,656,817	27,933,694	43.7
	Accounting Services	40,556,733	21,043,537	19,513,196	51.9
	Supply chain management services	6,728,344	3,671,066	3,057,278	54.6
	Revenue	16,126,862	7,054,442	9,072,420	43.7
	Audit and assurance services	5,019,424	2,777,240	2,242,184	55.3
	Sub total	**118,021,874**	**56,203,102**	**61,818,772**	**47.6%**
Economic Planning Services	Economic Planning Services	24,751,572	12,922,797	11,828,775	52.2
	Sub total	**24,751,572**	**12,922,797**	**11,828,775**	**52.2**
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	439,692,018	72,621,619	367,070,399	16.5
	Sub total	**439,692,018**	**72,621,619**	**367,070,399**	**16.5**
Livestock Management and Development	Livestock Management and Development	38,758,222	20,512,000	18,246,222	52.9
	Sub total	**38,758,222**	**20,512,000**	**18,246,222**	**52.9**
Crop and Land Development	Crop and Land Development	97,188,079	43,368,279	53,819,800	44.6
	Sub total	**97,188,079**	**43,368,279**	**53,819,800**	**44.6**
Fisheries Management and Development	Fisheries Management and Development	26,350,017	11,492,805	14,857,212	43.6
	Sub total	**26,350,017**	**11,492,805**	**14,857,212**	**43.6**
Veterinary Services	Veterinary Services	23,455,022	12,707,873	10,747,149	54.2
	Sub total	**23,455,022**	**12,707,873**	**10,747,149**	**54.2**
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	495,553,985	74,439,799	421,114,187	15.0
	Sub total	**495,553,985**	**74,439,799**	**421,114,187**	**15.0**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	37,431,930	15,570,288	21,861,642	41.6
	Sub total	**37,431,930**	**15,570,288**	**21,861,642**	**41.6**
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	3,610,241	736,972	2,873,269	20.4
	Sub total	**3,610,241**	**736,972**	**2,873,269**	**20.4**
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	302,381,817	83,406,884	218,974,933	27.6
	Sub total	**302,381,817**	**83,406,884**	**218,974,933**	**27.6**
County Pre Primary Education	County Pre Primary Education	423,079,150	58,459,360	364,619,790	13.8
	Sub total	**423,079,150**	**58,459,360**	**364,619,790**	**13.8**
Vocational Education and Training Development	Vocational Education and Training Development	2,153,117	885,731	1,267,386	41.1
	Sub total	**2,153,117**	**885,731**	**1,267,386**	**41.1**
County Social Security and Services	County Social Security and Services	1,638,681	857,464	781,217	52.3
	Sub total	**1,638,681**	**857,464**	**781,217**	**52.3**

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments in First Half FY 2019/20 (Kshs)	Variance	Absorption rate in First Half FY 2019/20 (%)
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,594,453,578	519,845,093	1,074,608,485	32.6
	Sub total	**1,594,453,578**	**519,845,093**	**1,074,608,485**	**32.6**
Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	845,207,036	263,732,006	581,475,030	31.2
	Sub total	**845,207,036**	**263,732,006**	**581,475,030**	**31.2**
Preventive and Promotive Health Services	Preventive and Promotive Health Services	173,199,992	88,350,360	84,849,632	51.0
	Sub total	**173,199,992**	**88,350,360**	**84,849,632**	**51.0**
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	231,346,561	50,102,210	181,244,351	21.7
	Sub total	**231,346,561**	**50,102,210**	**181,244,351**	**21.7**
Land Use Planning	Land Use Planning	3,991,805	1,049,510	2,942,295	26.3
	Sub total	**3,991,805**	**1,049,510**	**2,942,295**	**26.3**
County Land Administration and Surveying	County Land Administration and Surveying	4,028,400	1,790,398	2,238,002	44.4
	Sub total	**4,028,400**	**1,790,398**	**2,238,002**	**44.4**
Housing and Urban Development	Housing and Urban Development	53,414,795	538,750	52,876,045	1.0
	Sub total	**53,414,795**	**538,750**	**52,876,045**	**1.0**
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Transport Infrastructure Development	Transport Infrastructure Development	1,082,710,581	160,976,873	921,733,708	14.9
	Sub total	**1,082,710,581**	**160,976,873**	**921,733,708**	**14.9**
County Government Building Services	County Government Building Services	1,210,930	589,723	621,207	48.7
	Sub total	**1,210,930**	**589,723**	**621,207**	**48.7**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	5,917,255	2,614,659	3,302,596	44.2
	Sub total	**5,917,255**	**2,614,659**	**3,302,596**	**44.2**
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	118,051,779	56,895,420	61,156,360	48.2
	Sub total	**118,051,779**	**56,895,420**	**61,156,360**	**48.2**
Trade Development and Promotion	Trade Development and Promotion	216,449,919	6,532,957	209,916,962	3.0
	Sub total	**216,449,919**	**6,532,957**	**209,916,962**	**3.0**
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	3,000,000	1,530,000	1,470,000	51.0
	Sub total	**3,000,000**	**1,530,000**	**1,470,000**	**51.0**
Alcoholic Drinks Control	Alcoholic Drinks Control	1,450,000	144,300	1,305,700	10.0
	Sub total	**1,450,000**	**144,300**	**1,305,700**	**10.0**
Co-operatives Development and Management	Co-operatives Development and Management	2,550,000	871,227	1,678,773	34.2
	Sub total	**2,550,000**	**871,227**	**1,678,773**	**34.2**

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments in First Half FY 2019/20 (Kshs)	Variance	Absorption rate in First Half FY 2019/20 (%)
Market Solid Waste Management	Market Solid Waste Management	-	-	-	-
	Sub total	-	-	-	-
TOURISM, CULTURE SPORTS AND ARTS					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	74,158,651	14,053,539	60,105,112	19.0
	Sub total	**74,158,651**	**14,053,539**	**60,105,112**	**19.0**
Sports and Arts	Sports and Arts	368,837,399	113,431,960	255,405,439	30.8
	Sub total	**368,837,399**	**113,431,960**	**255,405,439**	**30.8**
Information, Communication Technology	Information, Communication Technology	6,553,450	1,132,100	5,421,350	17.3
	Sub total	**6,553,450**	**1,132,100**	**5,421,350**	**17.3**
Tourism development and Promotion	Tourism development and Promotion	6,470,000	1,289,764	5,180,236	19.9
	Sub total	**6,470,000**	**1,289,764**	**5,180,236**	19.9
Grand Total		**9,223,350,139**	**2,605,915,928**	**6,617,434,211**	**28.3**

Source: *Siaya County Treasury*

The best performing programs across the County were: County Executive Administration, Human Capital Management at 55.7 per cent, Economic Planning Services at 52.2 per cent, Livestock Management and Development, Veterinary Services at 52.9 per cent.

3.38.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Low absorption of development budget. In the reporting period, the County incurred development expenditure of Kshs.487.14 million which represented 11.2 per cent of the annual development budget of Kshs.4.35 billion.
3. Under-performance of own-source revenue collection. At the end of the period under review, the County had collected Kshs.71.54 million; representing 17 per cent of the annual target of Kshs.420 million.
4. IFMIS connectivity challenges, which slowed down approval of procurement requests and payment to suppliers.
5. Delay by Fund Administrators to submit expenditure reports of the Car Loan and Mortgage Fund, and Bursary Fund contrary to Section 168 of the PFM Act, 2012.
6. Failure to operationalize a County Budget and Economic Forum (CBEF) as per the requirement of Section 137 of the PFM Act, 2012 for consultation in the budget process.

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

1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with the disbursement schedule.*
2. *The County should institute measures including monitoring and best project management practices to improve absorption of development funds.*
3. *The County Treasury should undertake a review aimed at enhancing own source revenue collection.*
4. *The County should liaise with the IFMIS Directorate to address IFMIS speed and connectivity issues.*
5. *All Fund Administrators should ensure timely submission of expenditure reports in line with Section 168 of the PFM Act, 2012.*
6. *The County should operationalize the County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.*

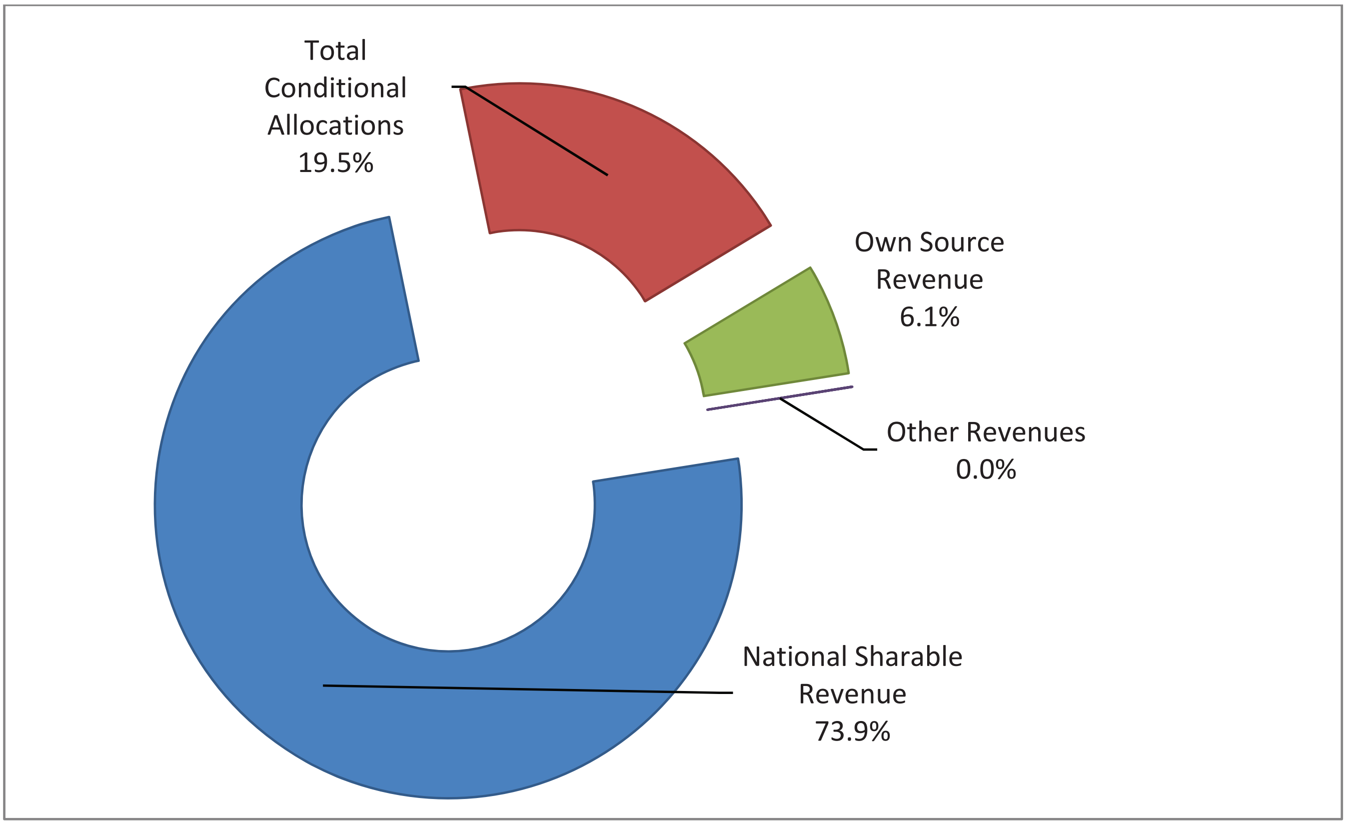
3.39 Taita Taveta County

3.39.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs5.74 billion, comprising of Kshs.2.27 billion (40 per cent) and Kshs.3.47 billion (60 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (73.9 per cent) as equitable share of revenue raised nationally, Kshs.1.12 billion (19.5 per cent) as total conditional grants, generate Kshs.350 million(6.10 per cent) from own sources of revenue, and Kshs.32 million (0.6 per cent) as cash balance from FY 2018/19. The County did not expect to receive any funds as Appropriations in Aid. Figure 3.115: Taita Taveta Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.115: Taita Taveta Expected Revenue Sources in FY 2019/20



Source: *Taita Taveta County Treasury*

3.39.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.50 billion as equitable share of the revenue raised nationally, Kshs.98.92 million as total conditional grants, raised Kshs.116.66 million from own-source revenue, and had a cash balance of Kshs.89.16 million from FY 2018/19, bringing

Table 3.184: Taita Taveta County: Revenue Performance in the First Half of FY 2019/20

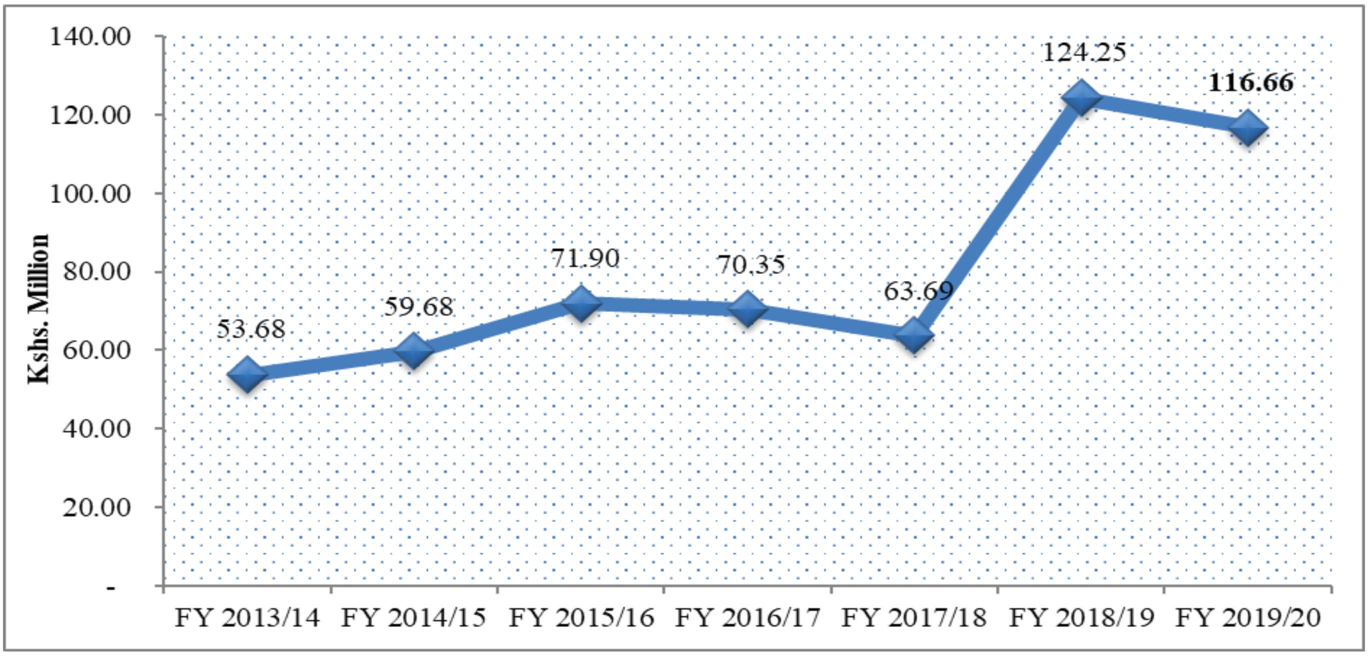
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	1,501,349,400	35.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	5,296,305	5,296,305	-	-
2.	Road Maintenance Fuel Levy Fund	120,386,438	146,386,438	-	-
3.	Rehabilitation of Village Polytechnics	55,638,298	72,010,910	-	-
Sub Total		**181,321,041**	**223,693,653**	-	-
C	**Loans and Grants from Development Partners-**				
1.	Transforming Health systems for Universal care Project (WB)	56,942,903	56,942,903	12,886,603	22.6

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,024,000	117,024,000	44,833,870	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	100,000,000	-	-
5.	DANIDA Grant	12,093,750	12,093,750	-	-
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	42,394,162	42,394,162	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,060,386	17,060,386	-	-
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	-	70,000,000	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	41,200,000	468.2
Sub Total		**734,315,201**	**895,515,201**	**98,920,473**	**13.5**
D	**Other Sources of Revenue**				
11	Own Source Revenue	-	350,000,000	116,661,936	33.3
12	Balance b/f from FY2018/19	-	32,000,000	89,156,610	278.6
Sub Total		-	**382,000,000**	**205,818,546**	**53.9**
Grand Total		**5,156,736,242**	**5,742,308,854**	**1,806,088,419**	**5.9**

Source: Taita Taveta County Treasury

The total funds available for budget implementation during the period amounted to Kshs.1.81 billion as shown in Table 3.184:.

Figure 3.116: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Taita Taveta County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.116.66 million as own-source revenue. This amount represented a decrease of 7 per cent when compared to Kshs.124.25 million realised during the same period in FY 2018/19, and represented 33.3 per cent of the annual target.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.62 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.44.8 million (2.8 per cent) for development programmes and Kshs.1.58 billion (97.2 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

A total of Kshs.1.56 billion was spent on development and recurrent programmes and represented 96.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.30.3 million and Kshs.1.53 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent while that incurred on recurrent expenditure programmes represented 44.2 per cent of the annual recurrent budget.

3.39.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.937.54 million was spent on compensation to employees, Kshs.594.91 million on operations and maintenance, and Kshs.30.3 million on development expenditure.

Table 3.185: Taita Taveta Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,466,836,745	1,579,397,883	1,532,449,480	98.1	44.2
Compensation to Employees	2,009,964,926	996,392,883	937,537,878	60	46.6
Operations and Maintenance	1,456,871,819	583,005,000	594,911,601	38.1	40.8
Total Development Expenditure	2,275,472,109	44,833,870	30,307,698	1.9	1.3
Development expenditure	2,275,472,109	44,833,870	30,307,698	1.9	1.3
Total	**5,742,308,854**	**1,624,231,753**	**1,562,757,178.05**	**100**	**27.2**

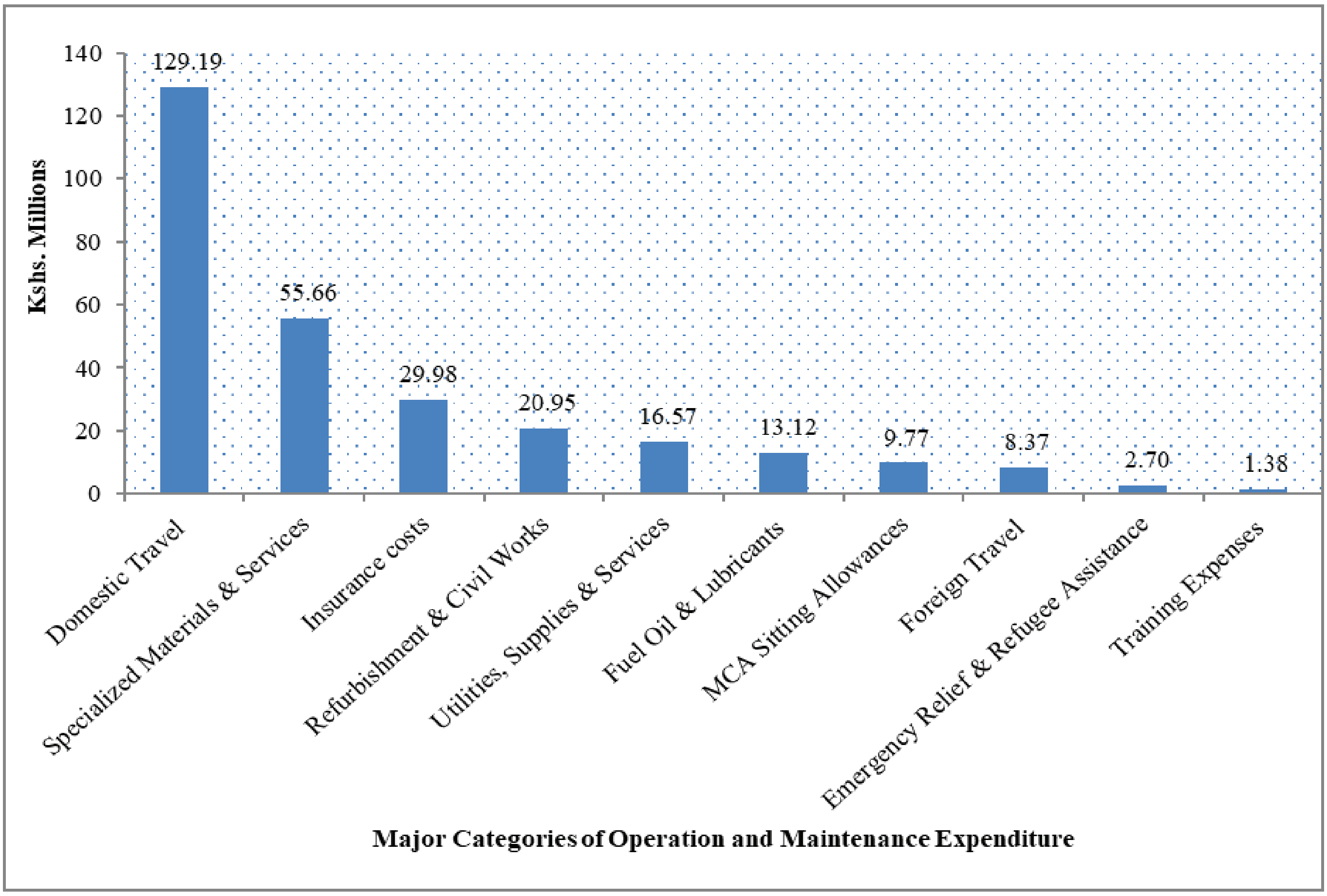
Source: *Taita Taveta County Treasury*

Expenditure on compensation to employees was 60 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 22.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.47 billion.

3.39.6 Analysis of Operations and Maintenance Expenditure

Figure 3.117 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.117: Taita Taveta County: Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



***Source**: Taita Taveta County Treasury*

The County spent Kshs.9.77 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.19.65 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.47,890 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.129.19 million and comprised of Kshs.82.42 million spent by the County Assembly and Kshs.46.77 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.8.37 million and comprised of Kshs.6.21 million spent by the County Assembly and Kshs.1.16million spent by the County Executive.

3.39.7 Development Expenditure Analysis

The total development expenditure of Kshs.30.31 million represented 1.3 per cent of the annual development budget of Kshs.2.27 billion. Table 3.186: provides a summary of development projects with the highest expenditure in the first half of the financial year..

Table 3.186: Taita Taveta County: List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget	Project Actual Expenditure (Kshs. Millions)	Absorption Rate (%)
1	Mwatate Municipal Administration (Kenya Urban Support Programme(World Bank UIG & UDG)	Mwatate Sub County	108,800,000	30,307,698	28

***Source:** Taita Taveta County Treasury*

3.39.8 Budget Performance by Department

Table 3.187: Taita Taveta County: Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.187: Taita Taveta County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs Millions.)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	581.18	67	255	-	257.56	-	101.0	-	44.3	-
Devolution, Public Service and Administration	1,925.43	22.29	905.22	-	905.22	-	100.0	-	47.0	-
The Governor's and Deputy Governor's Office	144.15	3	53.32	-	47.21	-	88.5	-	32.8	-
Finance and Planning	242.31	76	49.31	-	48.31	-	98.0	-	19.9	-
Agriculture, Livestock and Fisheries	29.65	238.50	13.18	44.83	12.49	-	94.8	-	42.1	-
Water, Environment and Sanitation	34.99	576.40	9.58	-	12.96	-	135.4	-	37.1	-
Education, Libraries and ICT	42.11	212.24	10.58	-	10.61	-	100.2	-	25.2	-
Health	330.83	375.14	188.25	-	172.60	-	91.7	-	52.2	-
Trade , Tourism ,Culture, Gender and Co-operative Development	16.63	98.26	10.98	-	10.57	-	96.2	-	63.5	-
County Public Service Board	6.05	4	3.12	-	2.93	-	93.7	-	48.4	-
Public Works, Transport and Infrastructure	36.77	255.79	15.89	-	15.58	-	98	-	42.4	-
Lands, Mining and Housing	67.29	116.30	54.83	-	35.36	30.31	64.5	-	52.5	26.1
Tourism and Natural Resources	-	-	-	-	-	-	-	-	-	-
Industrialization, Mining and ICT	-	-	5.14	-	-	-	-	-	-	-
Youth, Gender, Sport, Culture & Social Services	9.45	230.56	4.99	-	1.05	-	21	-	11.1	-
	-	-	-	-	-	-	-	-	-	-
TOTAL	**3,466.84**	**2,275.47**	**1,579.40**	**44.83**	**1,532.45**	**30.31**	**97.0**	**67.6**	**44.2**	**1.3**

Source: *Taita Taveta County Treasury*

Analysis of expenditure by department shows that the Department of Land, Mining and Housing recorded the highest absorption rate of development budget at 26.1 per cent while the other Departments did not report any expenditure on development programmes. The Department of Trade, Tourism, Culture, Gender and Co-operative Development had the highest percentage of recurrent expenditure to its recurrent budget at 63.5 per cent.

3.39.9 Budget Execution by Programmes and Sub-Programmes

Table 3.188 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.188: Taita Taveta County: Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes & Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
3260		-	**-1,389,013**	**1,389,013**	-
	Default - Non Programmatic	-	-1,389,013	1,389,013	-
101003260	**Administration Planning and Support Services**	**83,710,507**	**13,956,175**	**69,754,331**	17
	Administration Planning and Support Services	83,710,507	13,956,175	69,754,331	17
102003260	**Development programme**	**7,500,000**	-	**7,500,000**	-
	Development programme	7,500,000	-	7,500,000	-
103003260	**Infrastructure Development programme**	**364,586,438**	-	**364,586,438**	-
	Infrastructure Development programme	364,586,438	-	364,586,438	-
104003260	**Agricultural Development Programme**	**238,500,108**	**10,050,832**	**228,449,276**	4
	Agricultural Development Programme	238,500,108	10,050,832	228,449,276	4

Budget Execution by Programmes & Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
105003260	**Livestock and Fisheries Development**	-	-	-	-
	Livestock and Fisheries Development	-	-	-	-
301003260	**General Administration and support services programme**	**72,427,041**	**8,320,555.65**	**64,106,485.35**	11
	General Administration and support services programme	72,427,041	8,320,555.65	64,106,485.35	11
302003260	**Trade Development programme.**	**98,263,000**	**8,373,000**	**89,890,000**	9
	Trade Development programme.	98,263,000	8,373,000	89,890,000	9
401003260	**Administration and Support Services**	**330,828,718.30**	**96,120,862**	**234,707,856.30**	29
	Administration and Support Services	330,828,718.30	96,120,862	234,707,856.30	29
402003260	**Health Development Programme**	**375,136,653**	**2,813,325**	**372,323,328**	1
	Health Development Programme	375,136,653	2,813,325	372,323,328	1
501003260	**General Administration, Planning and Support services**	**36,310,149**	**8,580,534**	**27,729,615**	24
	General Administration, Planning and Support services	36,310,149	8,580,534	27,729,615	24
502003260	**Early childhood Education and Youth Training Development Programme**	**160,000,000**	**67,491,000**	**92,509,000**	42
	Early childhood Education & Youth Training Development Programme	160,000,000	67,491,000	92,509,000	42
701003260	**General Administration support services**	**2,512,659,951**	**1,132,672,017.50**	**1,379,987,933.50**	45
	General Administration support services	2,512,659,951	1,132,672,017.50	1,379,987,933.50	45
702003260	**County Assembly Infrastructure improvement**	**67,000,000**	-	**67,000,000**	-
	County Assembly Infrastructure improvement	67,000,000	-	67,000,000	-
703003260	**Decentralized Infrastructure development programme**	**26,287,000**	-	**26,287,000**	-
	Decentralized Infrastructure development programme	26,287,000	-	26,287,000	-
704003260	**General Administration and Management of County Affairs**	**144,149,785**	**46,471,133**	**97,678,651**	32
	General Administration and Management of County Affairs	144,149,785	46,471,133	97,678,651	32
705003260	**Leadership Development Programme**	**3,000,000**	-	**3,000,000**	-
	Leadership Development Programme	3,000,000	-	3,000,000	-
706003260	**General Administration, Planning, Internal Audit & Support Services**	**242,313,543**	**83,463,911**	**158,849,631**	34
	General Administration, Planning, Internal Audit & Support Services	242,313,543	83,463,911	158,849,631	34
707003260	**Treasury Development Programme**	**76,000,000**	-	**76,000,000**	-
	Treasury Development Programme	76,000,000	-	76,000,000	-
1001003260	**Water and irrigation Development Programme**	**628,638,000**	-	**628,638,000**	-
	Water and irrigation Development Programme	628,638,000	-	628,638,000	-
1002003260	**General Administration, Support and Support Services**	**34,986,000**	**7,404,693.60**	**27,581,306**	21
	General Administration, Support and Support Services	34,986,000	7,404,693.60	27,581,306	21

Budget Execution by Programmes & Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
1003003260	**Natural Resources Support Programme**	-	-	-	-
	Natural Resources Support Programme	-	-	-	-
	Grand Total	**5,502,296,893**	**1,484,329,026**	**4,017,967,867**	**27**

Source: *Taita Taveta County Treasury*

The top performing programmes across the county were: general administration support at 45 per cent, General Administration planning, Internal Audit and Support Services at 34 per cent of the budget allocation.

3.39.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Under-performance in own source revenue collection which declined by 7 per cent from Kshs.124.25 million in a similar period in FY 2018/19 to Kshs.116.66 million reported in the period under review.
2. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation reports contrary to Section 166 of the PFM Act, 2012.
3. Low expenditure on the development budget. The County spent Kshs.30.31 million, which was 1.9 per cent of the annual development expenditure budget of Kshs.2.27 billion, against an expected absorption of 50 per cent.

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

1. *The CECM-F should develop and implement strategies to mobilize own-source revenue.*
2. *The County Treasury should ensure timely preparation and submission of financial and non-financial reports in line with Section 166 of the PFM Act, 2012.*
3. *The County leadership should establish the causes of the low absorption of the development budget with a view of improving budget implementation.*

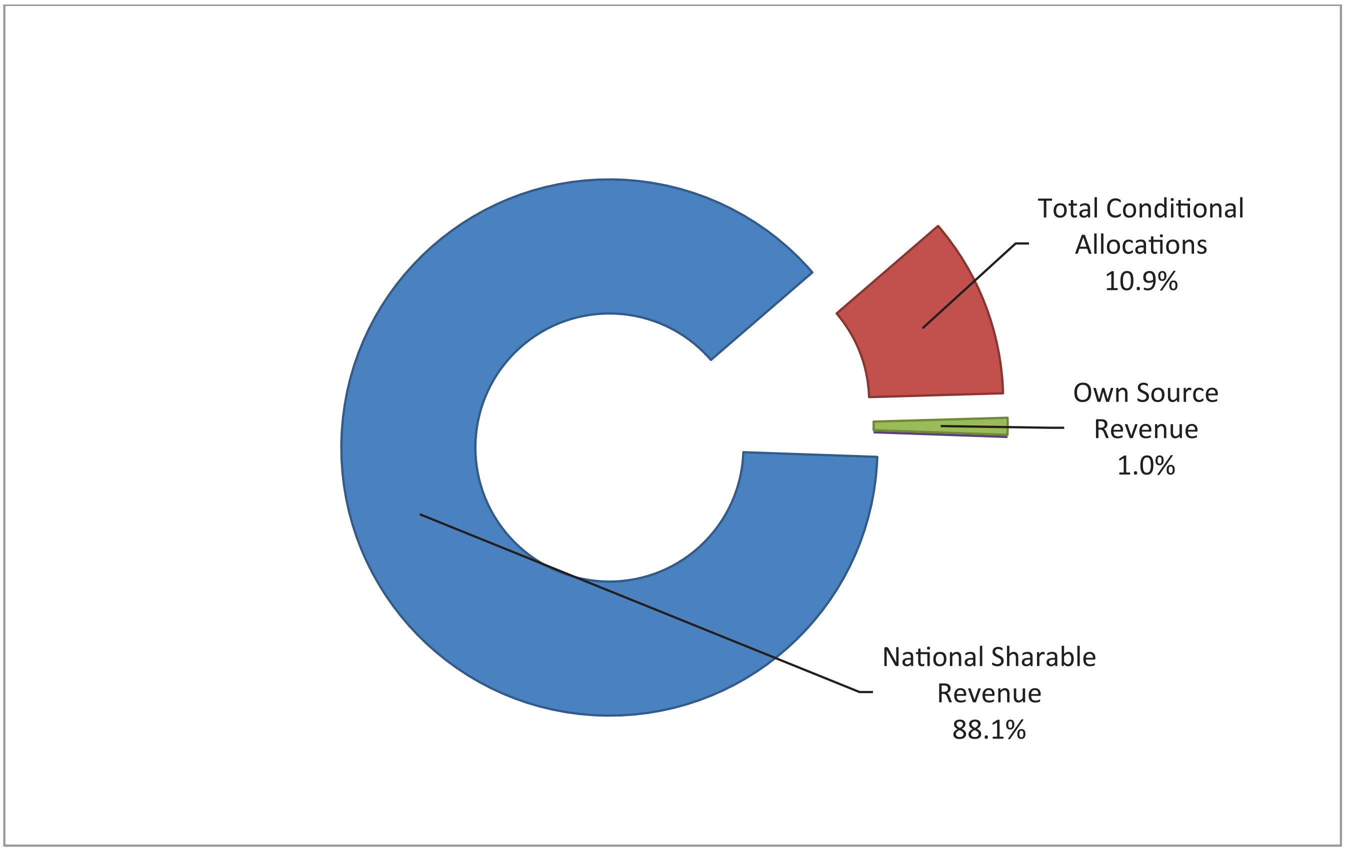
3.40 Tana River County

3.40.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.22 billion, comprising of Kshs.3.22 billion (39.2per cent) and Kshs.5 billion (60.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.74 billion (69.7 per cent) as equitable share of revenue raised nationally, Kshs.707.39 million (8.6 per cent) as total conditional grants, generate Kshs.66 million (0.8 per cent) from own sources of revenue, and Kshs.1.72 billion (20.9 per cent) as cash balance from FY 2018/19. Figure 3.118: Tana River Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.118: Tana River Expected Revenue Sources in FY 2019/20



Source: *Tana River County Treasury*

3.40.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.96 billion as equitable share of the revenue raised nationally, Kshs.92.45 million as total conditional grants, raised Kshs.13.94 million from own-source revenue, and had a cash balance of Kshs.1.72 billion from FY 2018/19, bringing.

Table 3.189: Tana River County, Revenue Performance in the First Half of FY 2019/20

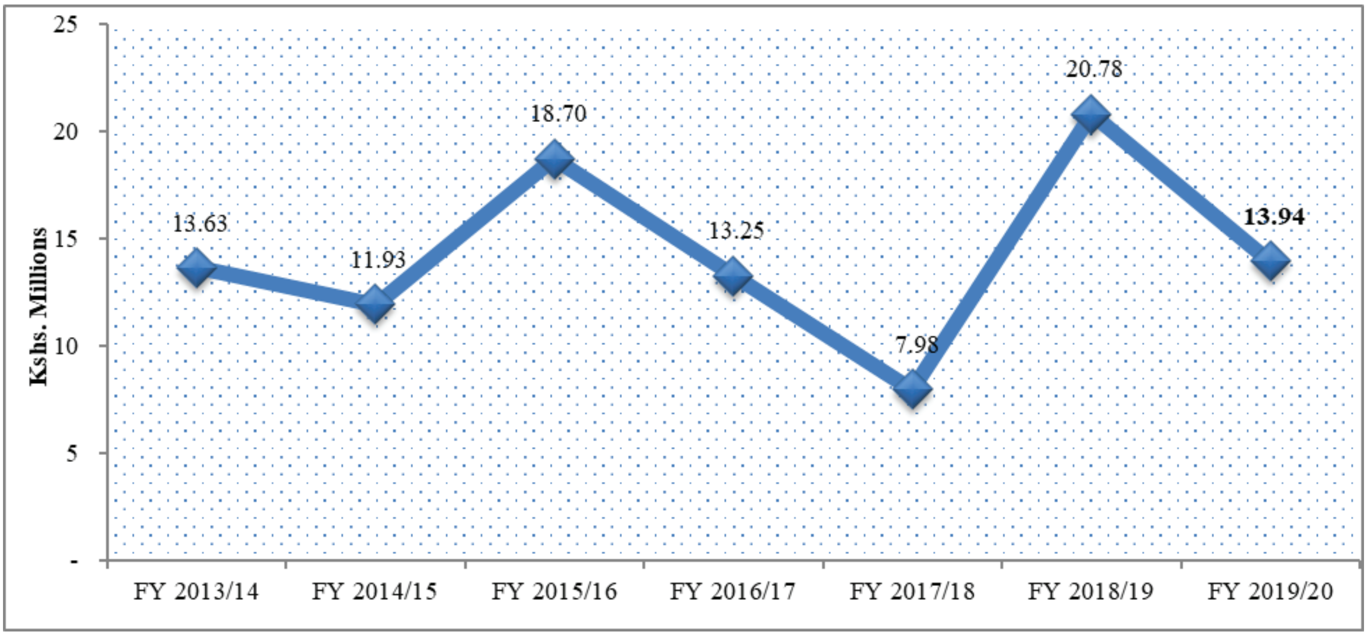
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,735,000,000	5,735,000,000	2,962,006,500	50.9
B.	**Conditional Grants from the National Government Revenue**				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	5,682,537	5,682,537	-	-
3.	Road Maintenance Fuel Levy Fund	166,205,156	166,205,156	-	-
4.	Rehabilitation of Village Polytechnics	21,228,298	21,228,298	-	-
Sub Total		**314,115,991**	**314,115,991**	**-**	**-**
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	50,849,353	50,849,353	7,432,347	14.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	76,718,822	38.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
5.	DANIDA Grant	16,593,750	16,593,750	8,296,875	49.9
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,431,865	15,431,865	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	1,245,700	1,245,700	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,358,867	20,358,867	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**393,279,535**	**393,279,535**	**92,448,044**	**23.5**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	66,000,000	13,939,024	21.1
2.	Balance b/f from FY2018/19	-	1,716,145,804	1,716,145,804	100
Sub Total		**-**	**1,782,145,804**	**1,730,084,828**	**97.1**
Grand Total		**6,442,395,526**	**8,224,541,330**	**4,784,539,372**	**58.2**

Source: *Tana River County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.1.81 billion as shown in Table 3.189 .

Figure 3.119: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Tana River County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.13.94 million as own-source revenue. This amount represented a decrease of 32.9 per cent when compared to Kshs.20.78 million realised during the same period in FY 2018/19, and represented 21.1 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.53 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.466.51 million (18.4 per cent) for development programmes and Kshs.2.06 billion (81.6 per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

A total of Kshs.2.28 billion was spent on development and recurrent programmes and represented 90.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.575.68 million and Kshs.1.71

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 17.9 per cent while that incurred on recurrent expenditure programmes represented 34.1 per cent of the annual recurrent budget.

3.40.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.856.79 million was spent on compensation to employees, Kshs.848.23 million on operations and maintenance, and Kshs.575.68 million on development expenditure.

Table 3.190: Tana River Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**5,001,750,094**	**1,705,028,691**	**74.8**	**34.1**
Compensation to Employees	2,003,633,156	856,798,461	37.6	42.8
Operations and Maintenance	2,998,116,939	848,230,280	37.2	28.3
Development Expenditure	**3,222,791,236**	**575,675,838**	**25.2**	**17.9**
Grand Total	**8,224,541,330**	**2,280,704,529**	**100**	**27.7**

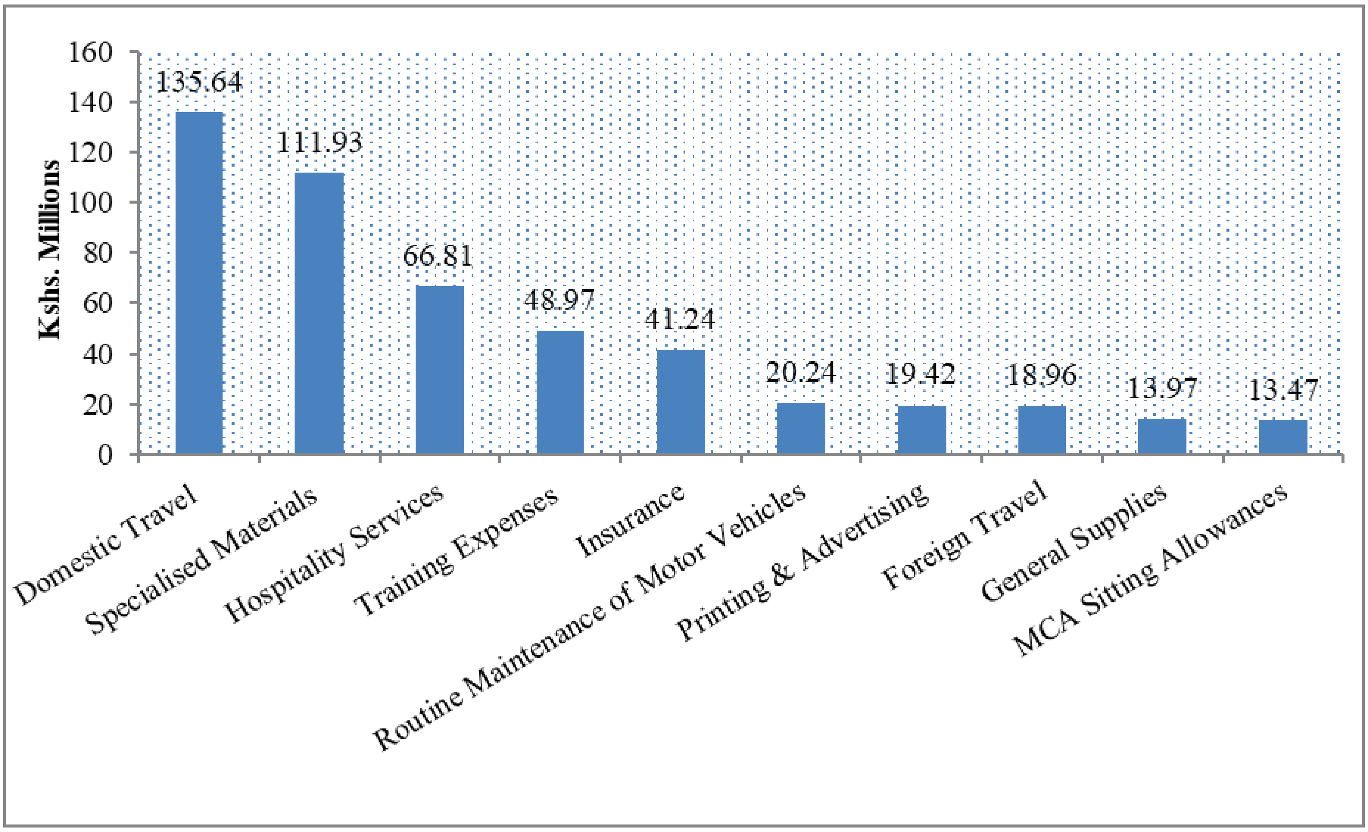
Source: *Tana River County Treasury*

Expenditure on compensation to employees was 37.6 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 14.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.750.13 million, representing % of total expenditure for FY 2018/19

3.40.6 Analysis of Operations and Maintenance Expenditure

Figure 3.120 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.120: Tana River County: Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Tana River County Treasury*

The County spent Kshs.13.46 million on committee sitting allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.39.36 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.93,508 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.135.64 million and comprised of Kshs.45.46 million spent by the County Assembly and Kshs.90.18 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.18.96 million and comprised of Kshs.7.13 million spent by the County Assembly and Kshs.10.71 million spent by the County Executive.

3.40.7 Development Expenditure Analysis

The total development expenditure of Kshs.575.65 million represented 17.9 per cent of the annual development budget of Kshs.3.22 billion. Table 3.191: Tana River County: List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.191: Tana River County: List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs. Millions)	Absorption Rate (%)
1	Opening and upgrading to cabro handampia cluster	Mikinduni	398,345,160	39,834,160	9.9
2	Construction of walden health facility	Walden	35,000,000	20,000,000	57.1
3	Construction of Hola Stadium	Hola	39,221,142	12,615,495	32.1
4	Construction of JCT Village 8-Ndalango Road	Garsen	3,990,400	3,990,400	100
5	Construction of Auction Yard-Bura town	Hirimani	3,981,120	3,981,120	100
6	Rehabilitation of Esa –Kone Road	Garsen	4,225,000	3,500,000	82.8
7	Repair and completion of Kumbi box culvert	Chewani	4,909,758	3,143,679	64
8	Extension of Shirikisho foot bridge	Garsen	4,573,821	2,685,980	587
9	Rehabilitation of Kibusu foot bridge	Garsen	3,996,710	2,673,220	66.9
10	Rehabilitation of village 4 Bura Estate Road	Chewele	7,286,772	2,100,036	28.8

Source: *Tana River County Treasury*

3.40.8 Budget Performance by Department

Table 3.192: shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.192: Tana River County: Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs Millions)		Exchequer Issues (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	487.42	-	234.36	-	135.55	-	57.8	-	27.8	-
County Public Service Board	69.79	-	20.25	-	15.96	-	78.8	-	22.9	-
Special Program	114.32	50	27.53	-	16.47	-	59.8	-	14.4	-
Education and Vocational Training	401.43	196.95	162.34	-	154.96	-	95.5	-	38.6	-
Culture, Gender, Youth, Sports and Social services	65.55	92.10	12.32	-	14.82	-	120.3	-	22.6	-
Medical Services, Public Health and Sanitation	1,230.94	148.20	520.59	-	514.44	-	98.8	-	41.8	-
Agriculture, Livestock, Fisheries & Veterinary	643.85	261.73	179.74	-	79.25	-	44.1	-	12.3	-
Water, Irrigation, Environment & Natural Resources	147.30	245	64.92	-	47.29	-	72.8	-	32.1	-
Roads, Transport, Public Works & Urbanization	116.43	915.94	38.01	169.29	40.13	23.77	105.6	14	34.5	2.6
Public Service Administration and Citizen Participation	376.11	50	189.47	-	187.83	-	99.1	-	49.9	-
Finance and Economic Planning	625.35	805.77	263.80	247.21	163.12	489.24	61.8	197.9	26.1	60.7

Department	Budget Allocation (Kshs Millions)		Exchequer Issues (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Wildlife & Cooperatives	109.92	85.10	20.51	-	17.56	-	85.6	-	16	-
Lands and Physical Planning	76.84	112	46.10	-	9.01	-	19.5	-	11.7	-
County Assembly	486.49	160	242	50	268.63	62.64	111	125.3	55.2	39.2
Hola Municipality	50	100	41.20	-	40	-	97.1	-	80	-
TOTAL	**5,001.74**	**3,222.79**	**2,063.14**	**466.50**	**1,705.02**	**575.65**	**82.6**	**123.4**	**34.1**	**17.9**

Source: *Tana River County Treasury*

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 60.7 per cent, followed by the County Assembly at 39.2 per cent. The Hola Municipality had the highest percentage of recurrent expenditure to its recurrent budget at 80 per cent while the Department of Lands and Physical Planning had the lowest at 11.7 per cent.

3.40.9 Budget Execution by Programmes and Sub-Programmes

Table 3.193 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.193: Tana River County: Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Agriculture	Administration, planning support services	89,070,660	29,750,796	59,319,864	33.4
	Administration, planning support services	89,070,660	29,750,796	59,319,864	33.4
	Agricultural Development project	417,548,619	21,767,492	395,781,127	5.2
	Agricultural Mechanization Services (AMS Garsen station)	40,362,414	3,835,852	36,526,562	9.5
	Crop Husbandry	44,195,768	939,000	43,256,768	2.1
	Plant Disease Control	3,199,468	420,750	2,778,718	13.2
	KCSAP	271,414,525	10,371,890	261,042,635	3.8
	Agriculture Sector Development Support Project (ASDSP)	55,885,044	5,500,000	50,385,044	9.8
	Food and Agriculture Organization	2,491,400	700,000	1,791,400	28.1
	Sub- Total	**506,619,279**	**51,518,288**	**455,100,991**	**10.2**
Veterinary	Administration, planning support services	12,921,593	1,616,109	11,305,484	12.5
	Administration, planning support services	12,921,593	1,616,109	11,305,484	12.5
	Veterinary Services	20,362,081	1,023,000	19,339,081	5.0
	Veterinary extension services	9,406,985	794,400	8,612,585	8.4
	Artificial insemination (Pilot scheme)	6,314,000	156,000	6,158,000	2.5
	Build a modern slaughter house in Garsen	3,387,096		3,387,096	0.0
	Leather Development Service	1,254,000	72,600	1,181,400	5.8
	Diasease Control	23,148,990	1,420,000	21,728,990	6.1
	Conduct Disease Surveillance	16,671,611	900,000	15,771,611	5.4
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	6,477,379	520,000	5,957,379	8.0
	Sub- Total	**56,432,664**	**4,059,109**	**52,373,555**	**7.2**
Livestock	Administration, planning support services	41,717,884	18,568,507	23,149,377	44.5
	Administration, planning support services	41,717,884	18,568,507	23,149,377	44.5
	Animal Husbandry, Livestock Resource Management and Devt	12,551,500	848,000	11,703,500	6.8
	Animal Husbandry	4,322,000	473,400	3,848,600	11.0
	Livestock Sale Yard	1,078,000	71,700	1,006,300	6.7
	Milk Cooling Plant	4,908,500	70,200	4,838,300	1.4
	Irrigation Fodder Production	2,243,000	232,700	2,010,300	10.4
	Sub- Total	**54,269,384**	**19,416,507**	**34,852,877**	**35.8**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Fisheries	Administration, planning support services	17,444,852	3,905,071	13,539,781	22.4
	Administration, planning support services	17,444,852	3,905,071	13,539,781	22.4
	Fisheries	9,080,066	350,000	8,730,066	3.9
	Empowerment of Women and Youth on Fish Safety and Quality Assuran	6,270,066	350,000	5,920,066	5.6
	Construction of Ice Plant and Cold Storage	2,810,000		2,810,000	
	Sub- Total	**26,524,918**	**4,255,071**	**22,269,847**	**16.0**
Lands and Physical Planning	Administration, planning support services	14,177,603	9,017,249	5,160,354	63.6
	Administration, planning support services	14,177,603	9,017,249	5,160,354	63.6
	Land Policy and Planning	62,659,513	-	62,659,513	
	Physical Planning	53,809,335		53,809,335	
	Land Survey and Mapping	5,650,178		5,650,178	
	Land Administration	3,200,000		3,200,000	
	Sub- Total	**76,837,116**	**9,017,249**	**67,819,867**	**11.7**
Roads, Public works and Housing	Administration, Planning and Support Services	72,268,416	22,576,560	49,691,856	31.2
	Administration, planning, Operation and Maintenance	72,268,416	22,576,560	49,691,856	31.2
	Public Works	22,627,000	14,435,687	8,191,313	63.8
	County Headquarters	22,627,000	14,435,687	8,191,313	63.8
	County Roads Development	5,334,999	1,941,400	3,393,599	36.4
	Routine Maintenance	1,778,333	595,600	1,182,733	33.5
	Opening of New Roads	1,778,333	886,000	892,333	49.8
	Grading and Murruming of County Roads	1,778,333	459,800	1,318,533	25.9
	County Housing Development	16,199,801	1,180,482	15,019,319	7.3
	Housing Development	6,981,410	564,450	6,416,960	8.1
	Urbanization	9,218,391	616,032	8,602,359	6.7
	Urban Development	50,000,000	-	50,000,000	
	Hola Municipality	50,000,000		50,000,000	
	Sub- Total	**166,430,216**	**40,134,129**	**126,296,087**	**24.1**
Trade, Tourism and Cooperative Development	Administration and Support Services	23,595,543	12,048,467	11,547,076	51.1
	Administration, planning & support Services	23,595,543	12,048,467	11,547,076	51.1
	Promotion of Trade, Tourism and Cooperative Development	86,324,411	5,515,499	80,808,912	6.4
	Trade, Weights and Measures	69,941,666	3,445,926	66,495,740	4.9
	Promotion of Tourism	6,953,716	1,074,953	5,878,763	15.5
	Promotion of Cooperative Development	9,429,029	994,620	8,434,409	10.5
	Sub- Total	**109,919,954**	**17,563,966**	**92,355,988**	**16.0**
Health and Sanitation	Administration and Support Services	1,014,693,503	415,723,787	598,969,716	41.0
	Administration, planning & support Services	1,014,693,503	415,723,787	598,969,716	41.0
	Curative and Rehabilitative	197,316,864	91,079,435	106,237,429	46.2
	Medical Supplies	162,120,000	77,000,000	85,120,000	47.5
	Medical Services	20,480,864	7,901,235	12,579,629	38.6
	Ambulance Services	14,716,000	6,178,200	8,537,800	42.0
	Preventive and Promotive	18,927,600	7,641,510	11,286,090	40.4
	Preventive and Promotive	14,190,800	5,987,680	8,203,120	42.2
	Licensing and Control of Undertaking	4,736,800	1,653,830	3,082,970	34.9
	Sub- Total	**1,230,937,967**	**514,444,732**	**716,493,235**	**41.8**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Education and Vocational Training	General Administration, Planning and Support services	286,200,515	119,289,301.15	166,911,213.85	41.7
	General operation, Planning and support services	286,200,515	119,289,301.15	166,911,213.85	41.7
	Quality and Standard Assurance in EYE Center	79,000,000	25,904,930	53,095,070	32.8
	ECDE Learning/Teaching Materials	20,500,000	7,848,508	12,651,492	38.3
	ECDE Furniture and Equipment Support	14,000,000	3,672,000	10,328,000	26.2
	ECDE Food Program	40,000,000	13,666,052	26,333,948	34.2
	ECDE Infrastructure	4,500,000	718,370	3,781,630	16.0
	Vocational Training Centers and Adult Education	36,229,485	9,772,700	26,456,785	27.0
	Youth Polytechnic Publicity Campaigns	7,000,000	2,266,300	4,733,700	32.4
	Annual Graduation and Rewards	14,129,485	3,855,200	10,274,285	27.3
	Provision of Modern Tools and Equipment	10,300,000	2,279,200	8,020,800	22.1
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	4,800,000	1,372,000	3,428,000	28.6
	Sub- Total	**401,430,000**	**154,966,931**	**246,463,068**	**38.6**
Public Service Administration	Administration, Planning and Support Services.	187,937,435	87,829,435	100,108,000	46.7
	Administration, Planning and Support Services.	187,937,435	87,829,435	100,108,000	46.7
	Human Resource and Development	133,635,976		133,635,976	
	Performance Management System	11,041,991		11,041,991	
	Human Resource Development	122,593,985		122,593,985	
	County Administration	42,651,000		42,651,000	
	ICT and Citizen Participation	11,892,576		11,892,576	
	Sub- Total	**376,116,987**	**87,829,435**	**288,287,552**	**23.4**
Finance and Economic Planning	Administration, planning support services	482,581,756	132,042,643	350,539,113	27.4
	Administration, planning support services	482,581,756	132,042,643	350,539,113	27.4
	Financial Management	142,763,604	31,080,424	111,683,180	21.8
	Financial management	7,892,957	3,884,520	4,008,437	49.2
	Supply Chain Managements	24,205,000	4,632,472	19,572,528	19.1
	Own Source Revenue Collection	21,815,005	6,828,400	14,986,605	31.3
	Budget and Economic Planning	32,410,000	5,670,132	26,739,868	17.5
	Accounting & Finance	34,688,450	6,700,000	27,988,450	19.3
	Internal Audit	6,672,192	1,420,000	5,252,192	21.3
	Monitoring and Evaluation	15,080,000	1,944,900	13,135,100	12.9
	Sub- Total	**625,345,360**	**163,123,067**	**462,222,293**	**26.1**
Public Service Board					
	Board Operations & Governance	59,501,601	14,202,636	45,298,965	23.9
	Ethics Governance and Compliance	5,782,498	633,800	5,148,698	11.0
	Human Resource Management & Development	2,710,000	454,240	2,255,760	16.8
	Skills and Competence Development	1,800,000	665,400	1,134,600	37.0
	Sub- Total	**69,794,099**	**15,956,076**	**53,838,023**	**22.9**
Office of the Governor	Administration, planning support services	379,958,061	58,122,145	321,835,915	15.3
	Administration, planning support services	379,958,061	58,122,145	321,835,915	15.3
	Performance Management	107,463,833	36,835,778	70,628,054	34.3
	County Leadership & Coordination of CDAs	54,000,000	18,216,242	35,783,757	33.7
	County Government Advisory Service	47,341,464	16,939,414	30,402,049	35.8
	Coordination of Peace and Cohesion	6,122,369	1,680,122	4,442,247	27.4
	Sub- Total	**487,421,894**	**94,957,923**	**392,463,970**	**19.5**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Cohesion and Special Program	Administration, planning support services	17,230,354	11,409,900	5,820,453	66.2
	Administration, planning support services	17,230,354	11,409,900	5,820,453	66.2
	Natural Disaster mitigation programme	79,884,563	93,960	79,790,603	0.1
	Drought management (Preparedness, Response and Recovery)	4,884,563	93,960	4,790,603	1.9
	Emergency Relief (food, medicine, blankets, cash grant)	75,000,000		75,000,000	0.0
	Social Protection and Response to Other Disasters	17,204,849	4,969,665	12,235,184	28.9
	Food Distribution and Rations	10,624,800	4,531,370	6,093,430	42.6
	Capacity Building to Response to Fire Outbreaks and Other Disaster	4,490,049	438,295	4,051,754	9.8
	Resettlement of Victims	2,090,000		2,090,000	
	Sub- Total	**114,319,766**	**16,473,525**	**97,846,240**	**14.4**
Culture, Gender and Youth Services	General Administration, Support and Support Services	19,399,500	8,410,809	10,988,691	43.4
	General Administration, Support and Support Services	19,399,500	8,410,809	10,988,691	43.4
	Culture and Arts Development	14,750,000	173,707	14,576,293	1.2
	Culture Promotion and Development	10,650,000		10,650,000	
	Empowerment/Capacity Building of Cultural Practitioners	4,100,000	173,707	3,926,293	4.2
	Children Protection	8,500,000	2,113,800	6,386,200	24.9
	Baseline Survey for OVC	3,000,000	906,700	2,093,300	30.2
	Community Awareness Creation on Child Rights and Child Protection	3,500,000	1,086,820	2,413,180	31.1
	Enhanced Child Participation	2,000,000	120,280	1,879,720	6.0
	Social development	12,000,000	1,810,400	10,189,600	15.1
	Women Empowerment	5,500,000	377,600	5,122,400	6.9
	Gender and Leadership	6,500,000	1,432,800	5,067,200	22.0
	Sports, Training & Competition	10,900,000	2,312,450	8,587,550	21.2
	County Sports Leagues	6,500,000	2,312,450	4,187,550	35.6
	Sports Equipment Support	4,400,000		4,400,000	
	Sub- Total	**4,400,000**	**14,821,166**	**50,728,334**	
Environment and Wildlife	General Administration, Support and Support Services	13,888,491	9,536,985	4,351,505	68.7
	General Administration, Support and Support Services	13,888,491	9,536,985	4,351,505	68.7
	Environmental Management Programme	49,729,627	18,468,356	31,261,271	37.1
	Environmental Protection	46,236,000	17,981,800	28,254,200	38.9
	Noise Pollution Management	2,244,000	345,956	1,898,044	15.4
	Control of Air Pollution	1,249,627	140,600	1,109,027	11.3
	Sub- Total	**1,249,627**	**28,005,341**	**35,612,776**	
Water and Sanitation	General Administration, Support and Support Services	62,132,828	15,376,126	46,756,702	24.7
	General Administration, Support and Support Services	62,132,828	15,376,126	46,756,702	24.7
	Water Services	17,908,800	3,233,079	14,675,721	18.1
	Water Management Services	12,036,000	3,233,079	8,802,921	26.9
	Sanitation	1,620,000		1,620,000	
	Storm Water Management	4,252,800		4,252,800	
	Irrigation Management Services	3,644,000	676,911	2,967,089	18.6
	Irrigation Management Services	3,644,000	676,911	2,967,089	18.6
	Sub- Total	**83,685,628**	**19,286,116**	**64,399,512**	**23.0**
DEVELOPMENT VOTE	**Programme/sub programme**	**Approved Budget**	**Actual Payments**	**Variance**	
Agriculture					
	Agricultural Development project	178,000,000		178,000,000	
	Minor/Village irrigation schemes	178,000,000		178,000,000	
	Sub Total	**178,000,000**		**178,000,000**	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Veterinary					
	Veterinary Services	38,300,000		38,300,000	
	Build a modern slaughter house in Garsen	38,300,000		38,300,000	
	Sub Total	**38,300,000**		**38,300,000**	
Livestock					
	Animal Husbandry, Livestock Resource Management and Devt	20,000,000		20,000,000	
	Animal Husbandry	7,000,000		7,000,000	
	Livestock Sale Yard	13,000,000		13,000,000	
	Sub Total	**20,000,000**		**20,000,000**	
Fisheries					
	Fisheries	25,431,865		25,431,865	
	Fish Pond rehabilitation	10,000,000		10,000,000	
	Construction of Ice Plant and Cold Storage	15,431,865		15,431,865	
	Sub Total	**25,431,865**		**25,431,865**	
Lands and Physical Planning					
	Land Policy and Planning	112,000,000		112,000,000	
	Physical Planning	112,000,000		112,000,000	
	Sub total	**112,000,000**		**112,000,000**	
Roads, Housing and Public Works					
	Public Works	346,000,000	19,909,000	326,091,000	5.8
	County Headquarters	346,000,000	19,909,000	326,091,000	5.8
	County Roads Development	488,537,191		488,537,191	
	Routine Maintenance	312,237,191		312,237,191	
	Opening of New Roads	84,700,000		84,700,000	
	Grading and Murruming of County Roads	91,600,000		91,600,000	
	County Housing Development	81,400,000	3,860,000	77,540,000	4.7
	Housing Development	59,200,000		59,200,000	
	Urbanization	22,200,000	3,860,000	18,340,000	17.4
	Urban Development	100,000,000		100,000,000	
	Hola Municipality	100,000,000		100,000,000	
	Sub Total	**1,015,937,191**	**23,769,000**	**992,168,191**	**2.3**
Trade, Tourism and Cooperative Development					
	Promotion of Trade, Tourism and Cooperative Development	85,100,000		85,100,000	0.
	Trade, Weights and Measures	75,100,000		75,100,000	
	Trade Development	10,000,000		10,000,000	
	Sub Total	**85,100,000**		**85,100,000**	
Health and Sanitation	Construction and rehabilitation of Health Facilities	148,200,000		148,200,000	
	Sub Total	**148,200,000**		**148,200,000**	
Education and Vocational Training					
	Quality and Standard Assurance in EYE Center	116,300,000		116,300,000	
	ECDE Infrastructure	116,300,000		116,300,000	
	Vocational Training Centers and Adult Education	80,647,684		80,647,684	
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	80,647,684		80,647,684	
	Sub Total	**196,947,684**		**196,947,684**	
Public Service Administration					
	County Administration	50,000,000		50,000,000	
	Sub Total	**50,000,000**		**50,000,000**	
Finance and Economic Planning					
	Financial Management	805,774,496	426,615,166	379,159,330	52.9
	Own Source Revenue Collection	30,000,000		30,000,000	
	Accounting & Finance	775,774,496	426,615,166	349,159,330	55.0
	Sub total	**805,774,496**	**426,615,166**	**379,159,330**	52.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Cohesion and Special Program	Administration, planning support services	10,000,000		10,000,000	
	Administration, planning support services	10,000,000		10,000,000	
	Social Protection and Response to Other Disasters	40,000,000		40,000,000	
	Resettlement of Victims	40,000,000		40,000,000	
	Sub Total	**50,000,000**		**50,000,000**	
Culture, Gender and Youth Services					
	Culture and Arts Development	8,600,000		8,600,000	
	Culture Promotion and Development	8,600,000		8,600,000	
	Sports, Training & Competition	83,500,000		83,500,000	
	Rehabilitation ang upgrading of Stadium	83,500,000		83,500,000	
	Sub Total	**92,100,000**		**92,100,000**	
Environment and Wildlife					
	Environmental Management Programme	41,157,260		41,157,260	
	Environmental Protection	41,157,260		41,157,260	
	Sub Total	**41,157,260**		**41,157,260**	
Water and Sanitation					
	Water Services	203,842,740		203,842,740	
	Water Services	203,842,740		203,842,740	
	Sub Total	**203,842,740**		**203,842,740**	
County Assembly	Administration, planning, Operation and Maintenance	646,497,243	331,276,793	315,220,450	51.2
	Sub Total	**646,497,243**	**331,276,793**	**315,220,450**	
Grand Total		**8,224,541,330**	**2,280,704,529**	**5,943,836,801**	**27.7**

Source: *Tana River County Treasury*

The best performing programs across the County were Accounting and Finance at 55 per cent and Financial Management at 52.9 per cent. of the budget allocation

3.40.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development budget. In the reporting period, the County attained an absorption rate of 17.9 per cent of the annual development budget of Kshs.3.22 billion compared to the expected rate of 50 per cent.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
3. Under-performance of own source revenue collection, which declined by 32.9 per cent from Kshs.20.78 million in the first half of FY 2018/19 to Kshs.13.94 million.

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

1. *The County should come up with measures to improve the absorption of development budget.*
2. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with CARA, 2019 Disbursement Schedule.*
3. *The County Treasury should formulate and implement strategies to enhance own source revenue collection.*

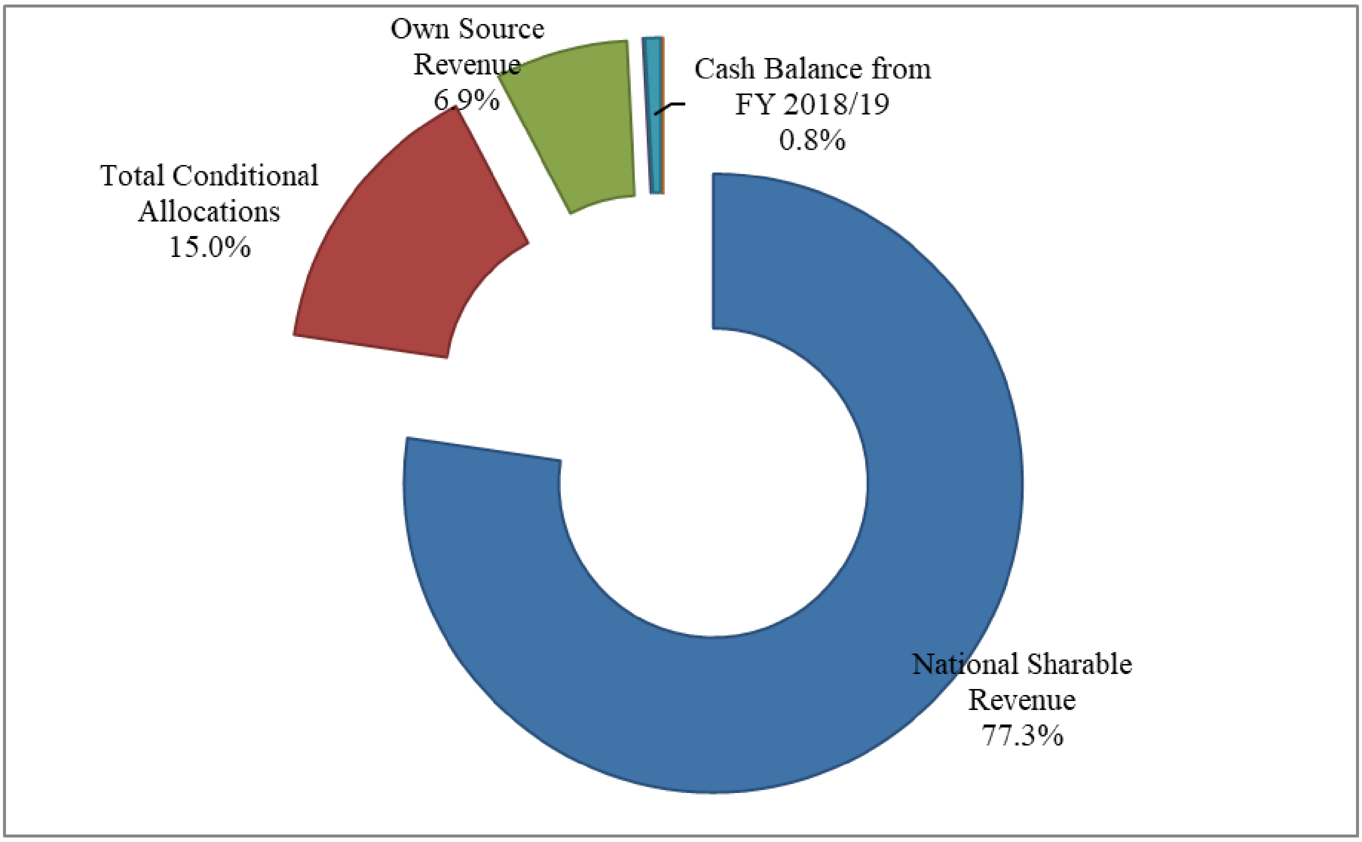
3.41 Tharaka Nithi County

3.41.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.5.08 billion, comprising of Kshs.1.68 billion (33.3 per cent) and Kshs.3.38 billion (66.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.3.92 billion (77.3 per cent) as equitable share of revenue raised nationally, Kshs.759.51 million (15 per cent) as total conditional grants, generate Kshs.350 million from own sources of revenue, and Kshs.41.22 million (0.8 per cent) as cash balance from FY 2018/19. Figure 3.121: TharakaNithi Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20

Figure 3.121: Tharaka Nithi Expected Revenue Sources in FY 2019/20



Source: *Tharaka Nithi County Treasury*

3.41.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.39 billion as equitable share of the revenue raised nationally, Kshs.107.47 million as total conditional grants, raised Kshs.112.48 million from own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19.

Table 3.194: Tharaka Nithi County: Revenue Performance in the First Half of FY 2019/20

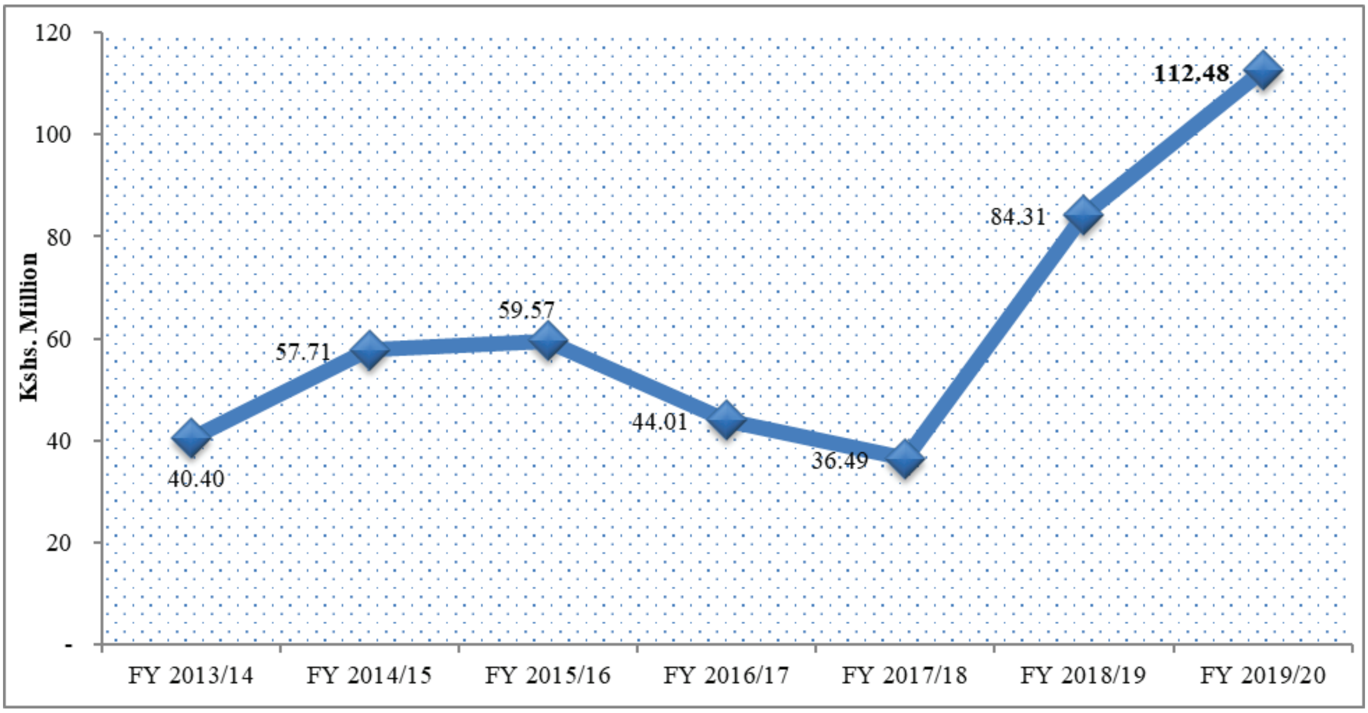
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600,000	3,924,600,000	1,389,308,400	35.4
B	**Conditional Grants from the National Government Revenue**				
1.	Supplement for construction of county headquarters	1,152,184	1,152,184	-	-
2.	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	111,402,375	111,402,375	27,850,594	25
5.	Rehabilitation of Village Polytechnics	55,638,298	55,638,298.00	-	-
	Sub Total	**308,325,870**	**308,325,870**	**27,850,594**	**9**
C	**Loans and Grants from Development Partner**				
6	Transforming Health systems for Universal care Project (WB)	40,049,752	40,049,752.00	15,772,179	39.4
7	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,374,180	58,417,783	38.3
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	68,049,846	-	-
10	DANIDA Grant	10,875,000	10,875,000	5,437,500	50

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,089	15,518,809	-	-
12	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
	Sub Total	**307,617,021**	**325,667,587**	**79,627,463**	**24.5**
D	**Other Sources of Revenue**				
13	Own Source Revenue	-	350,000,000	112,482,858	32.1
14	Balance b/f from FY2019/20	-	41,225,752	46,795,450	113.5
15	Other Revenues(b/f from grants)	-	125,517,597	-	-
	Sub Total	-	**516,743,349**	**159,278,308**	**30.8**
Grand Total		**4,540,542,891**	**5,075,336,806**	**1,656,064,765**	**32.6**

Source: *Tharaka Nithi County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.1.65 billion as shown in Table 3.194.

Figure 3.122: Tharaka Nithi Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Tharaka Nithi County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.112.48 million as own-source revenue. This amount represented an increase of 33.4 per cent when compared to Kshs.84.31 million realised during the same period in FY 2018/19, and represented 32.1 per cent of the annual target.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.65 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.398.42 million (24.1 per cent) for development programmes and Kshs.1.26 billion (75.9 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

A total of Kshs.1.47 billion was spent on development and recurrent programmes representing 89 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.374.99 million and Kshs.1.09 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 22.2 per cent while that incurred on recurrent programmes represented 32.4 per cent of the annual recurrent budget.

3.41.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.779.86 million was spent on compensation to employees, Kshs.317.61 million on operations and maintenance, and Kshs.374.99 million on development expenditure.

Table 3.195: Tharaka Nithi County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**3,386,290,985**	**1,255,840,107**	**1,097,481,051**	**74.5**	**32.4**
Compensation to Employees	2,235,149,150	779,869,681	779,869,681	52.9	34.9
Operations and Maintenance	1,151,141,835	475,970,426	317,611,370	21.6	27.6
Total Development Expenditure	**1,689,045,821**	**398,428,622**	**374,996,309**	**25.5**	**22.2**
Development expenditure	1,689,045,821	398,428,622	374,996,309	25.5	22.2
Total	**5,075,336,806**	**1,654,268,730**	**1,472,477,360**	**100**	**29**

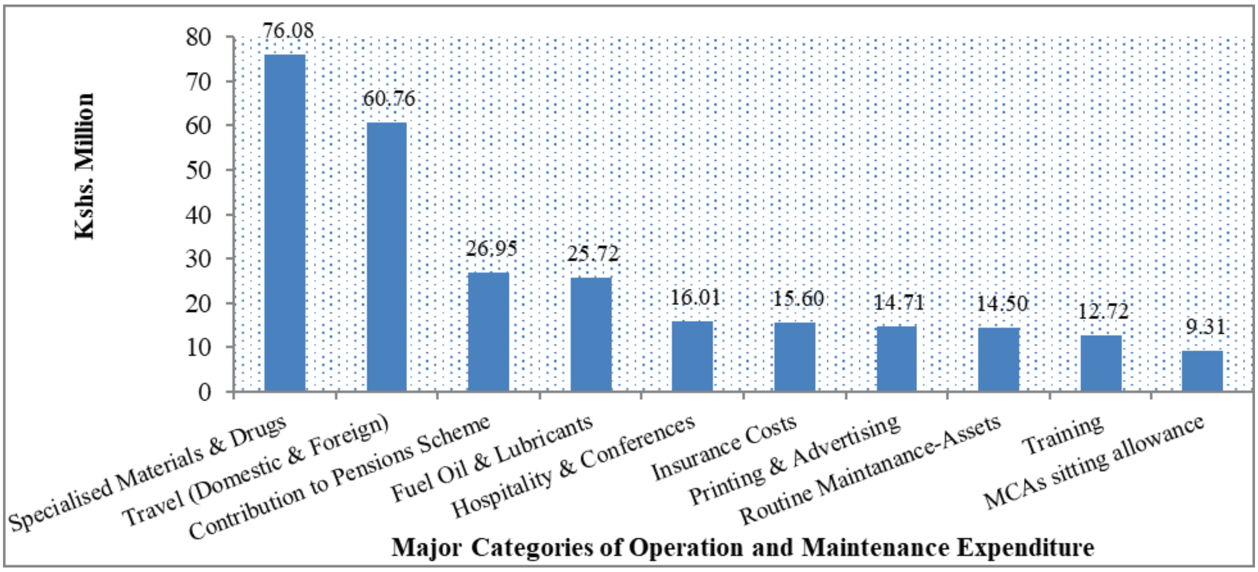
Source: *Tharaka Nithi County Treasury*

Expenditure on compensation to employees was 52.9 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 26 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.05 billion.

3.41.6 Analysis of Operations and Maintenance Expenditure

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

Figure 3.123: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Tharaka Nithi County Treasury*

The County spent Kshs.9.31million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.20 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.73,880 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.50.97 million and comprised of Kshs.33.73 million spent by the County Assembly and Kshs.17.23 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.9.79 million and comprised of Kshs.6.68 million spent by the County Assembly and Kshs.3.11 million spent by the County Executive.

3.41.7 Development Expenditure Analysis

The total development expenditure of Kshs.374.99 million represented 22.2 per cent of the annual development budget of Kshs.1.68 billion. Table 3.196: provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.196: Tharaka Nithi County: List of development projects with the highest expenditure in the first half of FY 2019/20

S/No.	Project Name	Department	Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs. Millions)	Absorption Rate (%)
1	Kenya Urban Support Programme(KUSP)	Lands, Physical Planning and Urban Development	Countywide	100,000,000	41,200,000	41.2
2	Kenya Small Climate Agriculture Project(KCSAP)	Agriculture	Countywide	152,374,180	58,417,783	38.3
3	Construction of OPD &Gate at marimanti Hospital	Medical Services	Marimanti	9,500,000	9,500,000	100.0
4	Roads Maintainance Fuel Levy(RMFL)	Roads& Infrastructure	Countywide	112,554,559	32,259,534	28.7
5	CHUKA L4 Hosp- Construction of OPD Block [ongoing]	Medical Services	karingani	106,000,000	29,698,997	28.0
6	Chuka DCs Grounds Improvement	Lands, Physical Planning and Urban Development	karingani	5,000,000	4,241,900	84.8
7	Construction Governor &D/ Governor's Residence	Lands, Physical Planning and Urban Development	HQ	37,000,000	28,245,443	76.3
8	Tarmaking of Tunyai-Nthaara -Marimanti rd	Roads& Infrastructure	Chiakariga	50,000,000	35,799,363	71.6
9	Tarmaking of Kambandi - Cheera - Ruguti rd	Roads& Infrastructure	Mugwe	50,000,000	24,183,586	48.4
10	Construction of Nkondi Market (on going)	Lands, Physical Planning and Urban Development	Nkondi	5,000,000	4,305,710	86.1

Source: *Tharaka Nithi County Treasury*

3.41.8 Budget Performance by Department

Table 3.197: Tharaka Nithi County, Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.197: Tharaka Nithi County: Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs Millions)		Exchequer Issues (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	400.65	10.00	133.64	4.36	131.89	-	98.7	-	32.9	-
Office of the Governor and Deputy Governor	147.22	-	50.29	-	49.80	-	99	-	33.8	-
Finance and Economic Planning	272.18	36.95	87.25	-	86.69	-	99.4	-	31.8	-
Agriculture and Cooperative Development	95.06	252.07	36.92	62.91	29.10	59.04	78.8	93.8	30.6	23.4
Education And Vocational Training	179.55	82.26	48.77	-	36.74	-	75.3	-	20.5	-
Medical Services	1,652.24	253.47	671.17	41.20	605.10	41.20	90.2	100	36.6	16.3
Lands, Physical Planning, Urban Development, Housing and Environment	61.88	303.43	16.29	120.11	15.03	107.90	92.3	89.8	24.3	35.6
Roads, Infrastructure, Public Works and Industry	44.29	526.60	16.03	161.08	15.10	158.08	94.2	98.1	34.1	30
Administration and Public Service	154.69	-	63.44	-	62.55	-	98.6	-	40.4	-
Trade and Resource Mobilization	102.06	-	42.81	-	33.09	-	77.3	-	32.4	-
Water Services and Irrigation	43.72	120.75	14.34	1.08	11.26	1.08	78.5	100	25.8	0.9
County Public Service Board	21.61	-	5.53	-	2.15	-	38.8	-	9.9	-

Department	Budget Allocation (Kshs Millions)		Exchequer Issues (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Livestock, Veterinary And Fisheries Development	81.23	36.00	28.57	-	6.02	-	21.1	-	7.4	-
Public Health and Sanitation	64.37	-	19.64	-	0.72	-	3.7	-	1.1	-
Energy, Information, Communication and Technology	23.26	29.52	5.72	-	3.82	-	66.7	-	16.4	-
Youth, Sports, Culture and Tourism	42.28	38.00	15.44	7.69	8.42	7.69	54.5	100	19.9	20.2
TOTAL	**3,386**	**1,689**	**1,256**	**398**	**1,097**	**375**	**87.4**	**94.1**	**32.4**	**22.2**

Source: *Tharaka Nithi County Treasury*

Analysis of expenditure by department shows that the Department of Lands, Physical Planning and Development recorded the highest absorption rate of development budget at 35.6 per cent followed by the Department of Agriculture and Cooperative Development at 23.4 per cent. Administration and public services had the highest percentage of recurrent expenditure to its recurrent budget at 40.4 per cent while the Department of Public Health and Sanitation had the lowest at 1.1 per cent.

3.41.9 Budget Execution by Programmes and Sub-Programmes

Table 3.198 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.198: Tharaka Nithi County: Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)-Kshs.	Sum of Cumulative Expenditure (Kshs. Millions)	Sum of Variance (Kshs.)	Sum of % Absorption
P: 3619000800 Kenya Devolution Support Programme	**38,263,000**	**59,255,973**	**8,080,880**	**51,175,093**	**13.6**
SP: Tharaka Nithi KDSP Capacity Building	38,263,000	59,255,973	8,080,880	51,175,093	13.6
P: Cooperatives Development	**15,169,050**	**17,423,062**	**158,000**	**17,265,062**	**0.9**
SP: Cooperatives Development	15,169,050	17,423,062	158,000	17,265,062	0.9
P: County Assembly Services	**400,000**	**400,000**	**175,000**	**225,000**	**43.8**
SP: County Assembly Services	400,000	400,000	175,000	225,000	43.8
P: County Government Administration and Field Services	**346,080,422**	**375,306,539**	**129,264,387**	**246,042,152**	**34.4**
SP: Field Services and Administration	4,700,000	3,593,630	418,760	3,174,870	11.7
SP: General Administrative Services	144,746,972	180,357,633	56,647,487	123,710,146	31.4
SP: Human Resource Management Services	196,633,450	191,355,276	72,198,140	119,157,136	37.7
P: County Government Advisory Services	**20,960,741**	**18,354,257**	**5,476,115**	**12,878,142**	**29.8**
SP: Communication and Strategy	11,544,500	11,088,122	3,348,045	7,740,077	30.2
SP: Disaster Management and Coordination	3,100,000	2,370,267	368,380	2,001,887	15.5
SP: Public Sector Advisory Services [Legal, Political &Economic Advisors]	6,316,241	4,895,868	1,759,690	3,136,178	35.9
P: County Leadership and Coordination of CDAs	**21,175,250**	**14,787,213**	**2,862,140**	**11,925,073**	**19.4**
SP: Coordination and Supervisory Services (D/Governor's Office)	21,175,250	14,787,213	2,862,140	11,925,073	19.4

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)-Kshs.	Sum of Cumulative Expenditure (Kshs. Millions)	Sum of Variance (Kshs.)	Sum of % Absorption
P: Crop Development and Management	**204,064,542**	**192,425,747**	**54,757,902**	**137,667,845**	**28.5**
SP: Crop Development, Agribusiness and Market Development	204,064,542	192,425,747	54,757,902	137,667,845	28.5
P: Culture, Arts and Social Services	**6,505,250**	**4,973,927**	**749,832**	**4,224,095**	**15.1**
SP: Culture and Arts Promotion	5,870,125	4,488,309	733,032	3,755,277	16.3
SP: Gender, PWDs and Social Services	635,125	485,618	16,800	468,818	3.5
P: Curative and Rehabilitative Services	**198,400,000**	**143,467,866**	**73,718,961**	**69,748,905**	**51.4**
SP: Laboratory Services	45,000,000	27,707,097	12,338,933	15,368,164	44.5
SP: Medical Supplies	153,400,000	115,760,769	61,380,028	54,380,741	53
P: Education and Youth Training	**87,441,541**	**77,104,337**	**1,200,230**	**75,904,107**	**1.6**
SP: Promotion of Basic Education (ECDE)	51,437,762	41,717,490	891,480	40,826,010	2.1
SP: Youth Training and Capacity Building	36,003,779	35,386,847	308,750	35,078,097	0.9
P: Energy Resource Development & Management	**24,461,000**	**29,868,922**	**134,700**	**29,734,222**	**0.5**
SP: Energy Resource Development & Management	24,461,000	29,868,922	134,700	29,734,222	0.5
P: Financial Management Services	**12,480,000**	**9,655,425**	**3,725,775**	**5,929,650**	**38.6**
SP: Accounting Services	4,600,000	3,630,359	1,257,990	2,372,369	34.7
SP: Audit Services	5,400,000	4,128,851	1,530,475	2,598,376	37.1
SP: Procurement and Supply Chain Management Services	2,480,000	1,896,215	937,310	958,905	49.4
P: General Administration, Planning & Liquor Licensing & Management	**97,846,802**	**94,474,081**	**32,611,405**	**61,862,676**	**34.5**
SP: General Administration, Planning & Liquor Licensing & Management	97,846,802	94,474,081	32,611,405	61,862,676	34.5
P: General Administration, Planning and Support Services	**2,136,762,205**	**2,282,088,316**	**708,089,395**	**1,573,998,921**	**31**
SP: Administration, Policy, Strategy and Management of Agriculture	142,709,688	137,285,480	33,218,119	104,067,361	24.2
SP: General administration	330,565,220	345,960,581	70,967,209	274,993,372	20.5
SP: General Administration, Planning and Support Services	241,940,405	227,290,274	47,455,444	179,834,830	20.9
SP: HMIS Monitoring and Evaluation	1,500,000	1,070,442	-	1,070,442	-
SP: Human Resource Management	1,275,768,572	1,414,215,475	501,617,518	912,597,957	35.5
SP: Management of County Affairs [Governor's Office]	101,950,320	116,445,714	41,831,209	74,614,505	35.9
SP: Physical Planning Services	40,928,000	38,826,368	12,999,896	25,826,472	33.5
SP: Research and Development	1,400,000	993,982	-	993,982	-
P: Human Resource Planning and Management	**1,659,000**	**1,859,000**	**637,680**	**1,221,320**	**34.3**
SP: Capacity Building - local	1,134,000	1,284,000	304,080	979,920	23.7

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)-Kshs.	Sum of Cumulative Expenditure (Kshs. Millions)	Sum of Variance (Kshs.)	Sum of % Absorption
SP: Human Resource Planning and Policy Development	525,000	575,000	333,600	241,400	58
P: ICT Infrastructure Development	**2,677,000**	**2,046,840**	**431,150**	**1,615,690**	**21**
SP: ICT Infrastructure Development	2,677,000	2,046,840	431,150	1,615,690	21
P: Kathwana Municipality	**3,120,000**	**2,710,408**	**96,360**	**2,614,048**	**3.6**
SP: Kathwana Municipality	3,120,000	2,710,408	96,360	2,614,048	3.6
P: Land Administration & Management	**215,931,600**	**316,375,937**	**108,662,247**	**207,713,690**	**34.4**
SP: Land Administration & Management	215,931,600	316,375,937	108,662,247	207,713,690	34.4
P: Legal Affairs and Services	**7,720,000**	**21,708,041**	**5,962,280**	**15,745,761**	**27.5**
SP: Legal Affairs and Services	7,720,000	17,902,729	5,962,280	11,940,449	33.3
SP: Public participation and Civic Education	-	3,805,312	-	3,805,312	-
P: Livestock Production and Development	**120,308,485**	**117,229,738**	**6,021,580**	**111,208,158**	**5.1**
SP: Fisheries Development and Promotion	3,054,000	2,335,100	76,550	2,258,550	3.3
SP: Livestock Production and Development	107,911,847	107,751,240	5,886,930	101,864,310	5.5
SP: Veterinary Services and Disease Prevention	9,342,638	7,143,398	58,100	7,085,298	0.8
P: Natural Resources and Environmental Conservation	**9,678,633**	**7,400,305**	**1,178,390**	**6,221,915**	**15.9**
SP: Natural Resources and Environmental Conservation	9,678,633	7,400,305	1,178,390	6,221,915	15.9
P: Policy, Budgeting and Planning	**18,820,000**	**14,869,087**	**3,167,090**	**11,701,997**	**21.3**
SP: Budgeting and Expenditure Management	7,230,000	5,583,719	1,878,590	3,705,129	33.6
SP: County Statistics Services	3,390,000	2,592,002	53,300	2,538,702	2.1
SP: Economic Development, Planning and Coordination Services	4,010,000	3,066,054	98,000	2,968,054	3.2
SP: Monitoring and Evaluation	4,190,000	3,627,312	1,137,200	2,490,112	31.4
P: Preventive and Promotive Health Services	**26,410,000**	**64,374,034**	**721,710**	**63,652,324**	**1.1**
SP: Disease Surveillance	1,100,000	1,764,602	-	1,764,602	-
SP: Environmental Health Services	17,650,000	17,475,231	596,550	16,878,681	3.4
SP: Health Promotion and NCDs Services	1,900,000	42,312,395	125,160	42,187,235	-
SP: HIV/AIDS Prevention and Control	3,600,000	1,552,567	-	1,552,567	-
SP: Nutrition Services	1,060,000	810,478	-	810,478	-
SP: Reproductive Maternal and Child health Services	1,100,000	458,761	-	458,761	-
P: Public Works and Housing Services	**5,079,500**	**3,923,997**	**2,371,002**	**1,552,995**	**60.4**
SP: Public Works and Housing Services	5,079,500	3,923,997	2,371,002	1,552,995	60.4
P: Roads and Transport	**470,358,859**	**546,755,062**	**162,476,699**	**384,278,363**	**29.7**
SP: Roads and Transport	470,358,859	546,755,062	162,476,699	384,278,363	29.7
P: Sports Development and Promotion	**82,160,250**	**70,582,555**	**14,689,690**	**55,892,865**	**20.8**

Row Labels	Sum of Printed Estimate (Kshs.)	Sum of Approved Estimates (Net)-Kshs.	Sum of Cumulative Expenditure (Kshs. Millions)	Sum of Variance (Kshs.)	Sum of % Absorption
SP: Inter Counties Competition and Tournaments/ League	3,752,000	2,868,788	287,900	2,580,888	10
SP: Talent Search and Promotion	78,408,250	67,713,767	14,401,790	53,311,977	21.3
P: Tourism Development and Promotion	**4,206,000**	**3,215,915**	**341,400**	**2,874,515**	**10.6**
SP: Miss Tourism Kenya/ Tharaka Nithi	2,730,500	2,087,745	161,700	1,926,045	7.8
SP: Tourism Branding	1,475,500	1,128,170	179,700	948,470	15.9
P: Trade & Industrial Development	**8,350,592**	**7,584,880**	**481,200**	**7,103,680**	**6.3**
SP: Trade & Industrial Development	8,350,592	7,584,880	481,200	7,103,680	6.3
P: Water Supply Services	**169,015,700**	**164,465,342**	**12,342,161**	**152,123,181**	**7.5**
SP: Domestic Water Services	163,125,200	158,311,451	12,081,361	146,230,090	7.6
SP: Irrigation and Drainage Services	4,715,000	4,405,098	112,000	4,293,098	2.5
SP: Water Storage Services	1,175,500	1,748,793	148,800	1,599,993	8.5
P: County Assembly Services	**410,650,000**	**410,650,000**	**131,891,999**	**278,758,001**	**32.1**
SP: County Assembly Services	410,650,000	410,650,000	131,891,999	278,758,001	32.1
Grand Total	**4,766,155,422**	**5,075,336,806**	**1,472,477,360**	**3,602,859,446**	**29**

Source: *Tharaka Nithi County Treasury*

The best performing programs across the County were: Public Works & Housing Services at 60.4 per cent absorption of its annual budget followed by Curative & Rehabilitative Services at 51.4 per cent, Financial Management Services at 38.6 per cent, General Administration and Liquor Licensing at 34.5 per cent and Land Administration & Management at 34.4 per cent.

3.41.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Delay by the National Treasury to disburse the equitable share of revenue raised nationally contrary to the Approved CARA, 2019 Disbursement Schedule.

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

1. *The County Treasury should liaise with the National Treasury so as to ensure that funds allocated to the County are released in a timely manner in line with the CARA, 2019 Disbursement Schedule.*

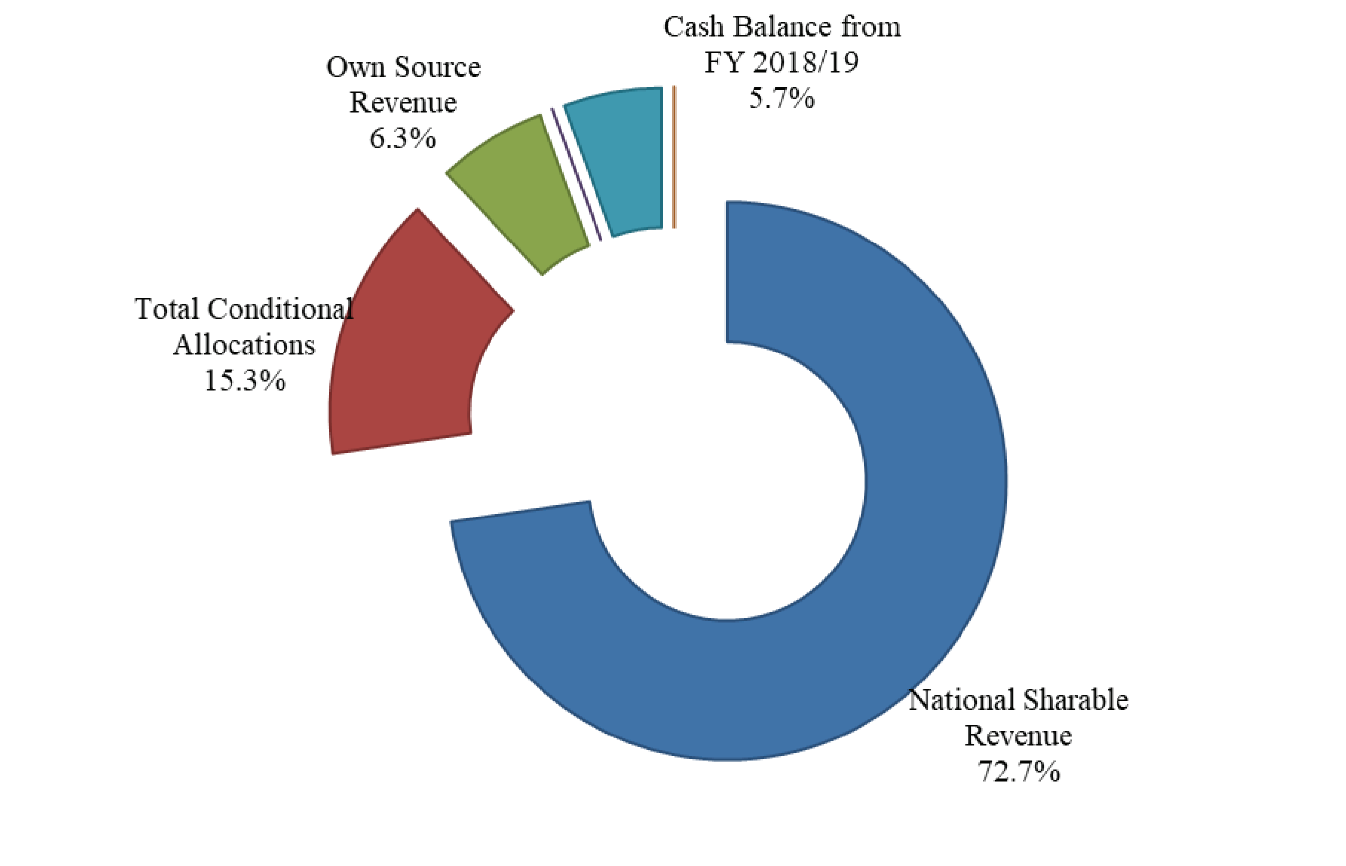
3.42 Trans Nzoia County

3.42.1 Overview of the FY 2019/20 Budget

The County's Approved Budget for FY 2019/20 was Kshs.8.34 billion, comprising of Kshs.3.5 billion (42 per cent) and Kshs.4.83 billion (58 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.76 billion (72.7 per cent) as equitable share of revenue raised nationally, Kshs.1.22 billion (15.3 per cent) as total conditional grants, generate Kshs.500 million (6.3 per cent) from own sources of revenue, and Kshs.451.26 million (5.7 per cent) as cash balance from FY 2018/19. Figure 3.124: Trans Nzoia Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20

Figure 3.124: Trans Nzoia Expected Revenue Sources in FY 2019/20



Source: *Trans Nzoia County Treasury*

3.42.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.12 billion as equitable share of the revenue raised nationally, Kshs.80.17 million as total conditional grants, raised Kshs.73.93 million from own-source revenue, and had a cash balance of Kshs.451.26 million from FY 2018/19.

Table 3.199: Trans Nzoia County: Revenue Performance in the First Half of FY 2019/20

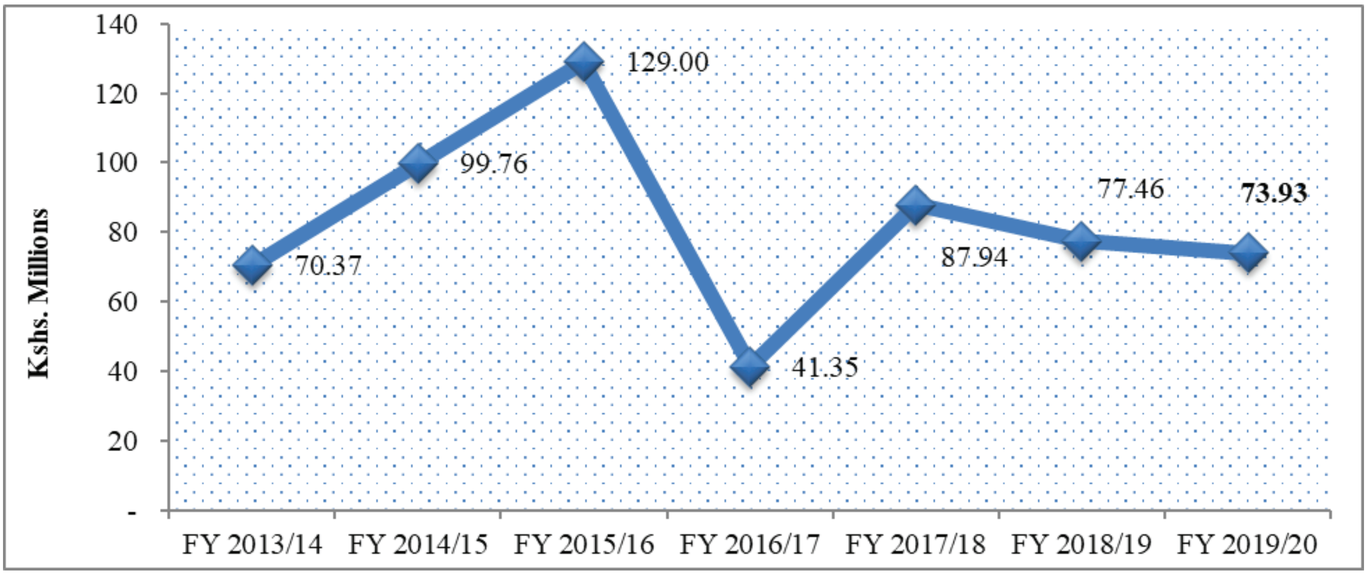
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	5,760,300,000	6,109,194,000	2,119,319,238	34.7
B.	**Conditional Grants from the National Government Revenue**				
1	Compensation for User Fee Foregone	21,304,915	21,304,915	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	163,509,938	163,509,938	-	-
4.	Rehabilitation of Village Polytechnics	61,188,298	61,188,298	-	-
Sub Total		**377,918,045**	**377,918,045**	-	-
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	36,686,728	36,686,728	4,806,142	13.1
	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	66,976,271	19.1
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	125,266,760	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	299,106,900	299,106,900	-	-
	DANIDA Grant	16,781,250	16,781,250	8,390,625	50
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,768,813	16,768,813	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**838,143,691**	**898,410,451**	**80,173,038**	**8.9**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	500,000,000	73,927,531	14.8
2.	Balance b/f from FY2019/20	-	451,261,500	451,261,500	100
Sub Total		-	**951,261,500**	**525,189,031**	**55.2**
Grand Total		**6,976,361,736**	**8,336,783,996**	**2,724,681,307**	**32.7**

***Source:** Trans Nzoia County Treasury*

The total funds available for budget implementation during the period amounted to Kshs.2.72 billion as shown in Table 3.199:

Figure 3.125: Trans Nzoia Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



***Source:** Trans Nzoia County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.73.93 million as own-source revenue. This amount represented a decrease of 4.6 per cent when compared to Kshs.77.46 million realised during the same period in FY 2018/19, and represented 14.8 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.26 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.73 billion (76.5 per cent) for recurrent programmes and Kshs.536.96 million (23.5 per cent) for development programmes.

3.42.4 Overall Expenditure Review

A total of Kshs.1.95 billion was spent on development and recurrent programmes and represented 86.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.274.35 million and Kshs.1.67 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 7.8 per cent while that incurred on recurrent expenditure programmes represented 34.6 per cent of the annual recurrent budget.

3.42.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.15 billion was spent on compensation to employees, Kshs.527.35 million on operations and maintenance, and Kshs.274.35 million on development expenditure.

Table 3.200: Trans Nzoia Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget Kshs.	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,833,570,683**	**1,725,714,137**	**1,672,691,176**	**85.9**	**34.6**
Compensation to Employees	2,744,337,465	1,168,189,320	1,145,339,000	58.8	41.7
Operations and Maintenance	2,089,233,218	557,524,817	527,352,176	27.1	25.2
Total Development Expenditure	**3,503,213,313**	**531,201,030**	**274,351,548**	**14.1**	**7.8**
Development Expenditure	3,503,213,313	531,201,030	274,351,548	14.1	7.8
Total	**8,336,783,996**	**2,256,915,167**	**1,947,042,724**	**100.0**	**23.4**

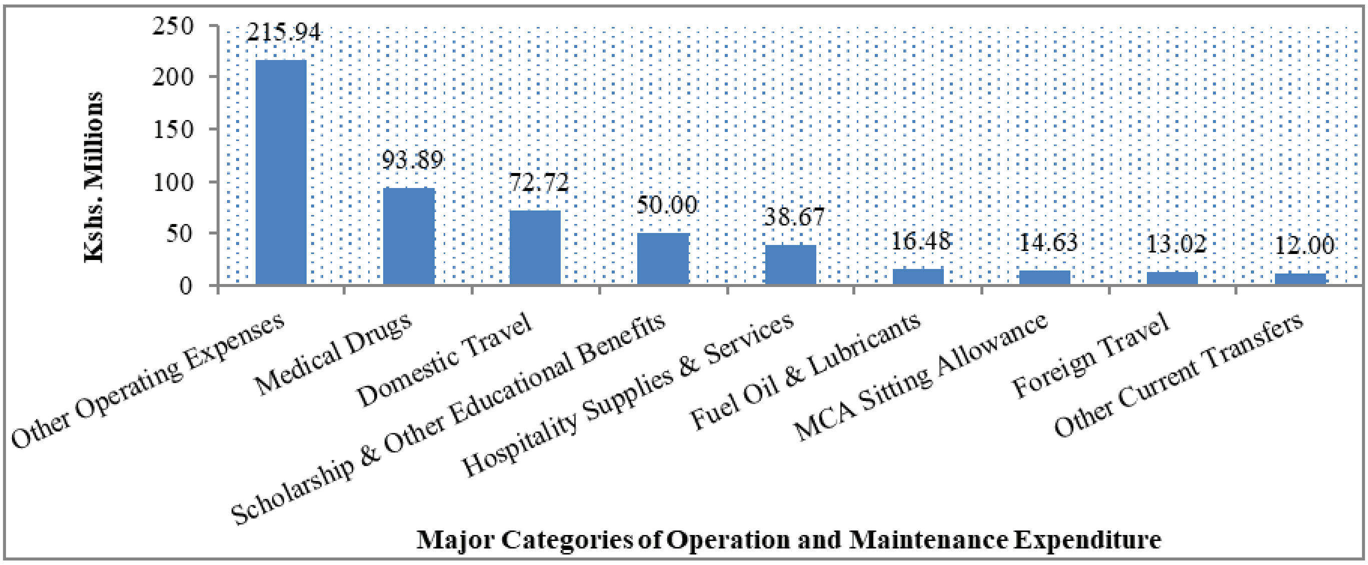
Source: *Trans Nzoia County Treasury*

Expenditure on compensation to employees was 58.8 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 10.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.29 billion.

3.42.6 Analysis of Operations and Maintenance Expenditure

Figure 3.126 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.126: Trans Nzoia County: Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Trans Nzoia County Treasury*

The County spent Kshs. 14.63 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs. 79.95 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs. 60,943 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.72.72 million and comprised of Kshs. 44.91 million spent by the County Assembly and Kshs.27.81 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.13.02 million spent by the County Assembly.

3.42.7 Development Expenditure Analysis

The total development expenditure of Kshs.274.35 million represented 7.8 per cent of the annual development budget of Kshs.3.50 billion. Table 3.201: provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.201: Trans Nzoia County: List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name /Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs. Millions)	Absorption Rate (%)
1	Road Maintenance	County Wide	163,509,938	71,202,638	43.5
2	Water Supply Projects	County Wide	276,522,305	64,481,248	23.3
3	Construction of Trans Nzoia County Referral Hospital	Kitale	230,000,000	29,283,719	12.7
4	Construction of ECDE Centres	County Wide	89,100,000	13,302,984	14.9
5	Supply of Subsidized Planting Fertilizer	County Wide	21,200,000	10,065,000	47.5
6	Supply of Avocado Seedlings	County Wide	62,000,000	6,223,000	10.0

Source: *Trans Nzoia County Treasury*

3.42.8 Budget Performance by Department

Table 3.202: Trans Nzoia County, Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.202: Trans Nzoia County: Budget Performance by Department for the First Half of FY 2019/20

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 Cooperative Development	295.28	666.40	102.74	91.47	97.73	31.93	95.1	34.9	33.1	4.8
Trade, Commerce and Industry	67.58	330.35	22.02	95.27	12.71	-	57.7	-	18.8	-
Environment, Water and Natural Resources	121.52	363.68	41.92	84.82	25.26	66.48	60.2	78.4	20.8	18.3
Public Works, Transport and Infrastructure	210.69	506.02	73.17	149.75	69.45	71.20	94.9	47.5	33.0	14.1
Health	1,675.8	540.87	619.69	67.16	744.19	41.39	120.1	61.6	44.4	7.7
Lands, Housing and Physical Planning	75.97	441.37	25.75	19.00	11.39	9.50	44.2	50	15.0	2.2
Gender, Youth, Sports, Culture and Tourism	59.06	115.54	19.91	3.33	22.75	17.99	114.3	540.8	38.5	15.6
Governance and Public Service Management	494.75	47.58	168.89	5.76	121.03	5.76	71.7	100	24.5	12.1
Education, ECDE and Vocational Training	429.18	247.75	137.91	18.71	157.91	13.30	114.5	71.1	36.8	5.4
Finance	688.83	78.30	247.84	1.69	260.05	13.02	104.9	771.4	37.8	16.6
County Assembly	628.14	120.00	238.44	-	143.25	-	60.1	-	22.8	-
County Public Service Board	30.55	28.82	9.89	-	4.34	-	43.8	-	14.2	-
Economic Planning	56.28	16.54	17.54	-	2.65	3.77	15.1	-	4.7	22.8
Total	**4,834**	**3,504**	**1,726**	**537**	**1,673**	**274**	**96.9**	**51.1**	**34.6**	**7.8**

Source: *Trans Nzoia County Treasury*

Analysis of expenditure by department shows that the Department of Economic Planning recorded the highest absorption rate of development budget at 22.8 per cent while Trade, Commerce and Industry, County Assembly, and County Public Service Board did not report any development expenditure. The Department of Health had the highest percentage of recurrent expenditure to its recurrent budget at 44.4 per cent while the Department of Economic Planning had the lowest at 4.7 per cent.

3.42.9 Budget Execution by Programmes and Sub-Programmes

Table 3.203 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.203: Trans Nzoia County: Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs.)**	**Actual Payments (Kshs.)**	**Variance (Kshs)**	**Absorption (%)**
Agriculture, Livestock, Fisheries and Cooperative Development					
Administrative and support services	Land Policy and Planning	540,603,250	214,918,582	325,684,668	39.8
Cooperative development	Agribusiness and Information Management	146,550,000	34,154,963	112,395,037	23.3
Veterinaries	Veterinaries	35,500,000	15,843,398	19,656,602	44.6
Cooperative development	Irrigation and Drainage Infrastructure	21,000,000	987,500	20,012,500	4.7
Sub Total		**743,653,250**	**265,904,443**	**477,748,807**	**35.8**
Trade, Commerce and Industry					
Administrative and support services	Industrial Development and Investments	238,648,317	13,895,044	224,753,273	5.8
Administrative and support services	General Administration Planning and Support Services	67,584,302	12,707,855	54,876,447	18.8
Trade and industry development	Industrial Development and Investments	91,700,000	-	91,700,000	-
Sub Total		**397,932,619**	**26,602,899**	**371,329,720**	**6.7**
Environment, Water and Natural Resources					
Administrative and support services	General Administration, Planning and Support Services	124,519,375	25,257,223	99,262,152	20.3
Water resource management and storage	Environment Management and Protection	239,222,355	91,113,914	148,108,441	38.1
Environment management and protection	Natural Resources Conservation and Management	121,456,871	28,992,412	92,464,459	23.9
Sub Total		**485,198,601**	**145,363,550**	**339,835,051**	**30.0**
Public Works, Transport and Infrastructure					
Administrative and support services	General Administration, Planning and Support Services	210,688,484	69,309,104	141,379,380	32.9
Road construction	General Administration, Planning and Support Services	154,561,500	51,660,869	102,900,631	33.4
Road construction	Road maintenance	278,856,125	72,141,609	206,714,516	25.9
Electrification	Electrification	47,000,000	22,340,853	24,659,148	47.5
Transport	Transport	10,000,000	1,791,410	8,208,590	17.9
General Administration, Planning and Support Services	General Administration, Planning and Support Services	15,600,000	9,110,205	6,489,795	58.4
Sub Total		**716,706,109**	**226,354,050**	**490,352,059**	**31.6**
Health					
Administrative and support services	Preventive & Promotive Health Services	59,600,295	105,800	59,494,495	0.2
Medical health	Health Research and Development	1,037,244	-	1,037,244	-
Administrative and support services	Preventive & Promotive Health Services	1,616,150,453	744,083,810	872,066,643	46
Administrative and support services	Health Research and Development	539,829,575	85,466,055	454,363,520	15.8
Sub Total		**2,216,617,567**	**829,655,665**	**1,386,961,902**	**37.4**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs)	Absorption (%)
Lands, Housing and Physical Planning					
Administrative and support services	Land Policy and Planning	383,876,147	21,992,511	361,883,636	5.7
Administrative and support services	Crop Development and Management	30,000,000	-	30,000,000	-
Housing Development and Human Settlement	Housing Development and Human Settlement	27,300,000	8,811,682	18,488,318	32.3
Housing Development and Human Settlement	Housing Development and Human Settlement	16,795,170.00	4,524,016.00	12,271,154	26.9
Land Policy and Planning	Land Policy and Planning	170,807,525.00	1,002,350.00	169,805,175	0.6
Urban and Metropolitan Development	Urban and Metropolitan Development	3,123,950.00	-	3,123,950	-
Housing	Land Policy and Planning	26,700,000	-	26,700,000	-
Survey	Crop Development and Management	76,758,730	10,000,000	66,758,730	13.0
Sub Total		**735,361,522**	**46,330,559**	**689,030,963**	**6.3**
Gender, Youth, Sports, Culture and Tourism					
Administrative and support services	Sports	59,055,145	11,618,884	47,436,261	19.7
Administrative and support services	General Administration, Planning and Support Services	47,250,000	16,079,991	31,170,009	34.0
Sports	The Arts	38,600,118	3,340,000	35,260,118	8.7
Culture	Library Services	29,690,617	7,315,542	22,375,075	24.6
Sub Total		**174,595,880**	**38,354,418**	**136,241,462**	**22.0**
Governance and Public Service Management					
Administrative and support services	General Administration Planning and Support Services	423,585,825	121,000,085	302,585,740	28.6
Administrative and support services	General Administration Planning and Support Services	59,369,828	4,337,038	55,032,790	7.3
Sub Total		**482,955,653**	**125,337,123**	**357,618,530**	**26.0**
Education, ECDE and Vocational Training					
Administrative and support services	Primary Education	589,317,813	175,300,109	414,017,704	29.7
Vocational Training	Secondary Education	86,488,298	15,553,135	70,935,163	18
Special programmes	General Administration, Planning and Support Services	1,117,332	-	1,117,332	-
Sub Total		**676,923,443**	**190,853,245**	**486,070,198**	**28.2**
Finance					
Administrative and support services	General Administration Planning and Support Services	708,832,093	260,051,306	448,780,787	36.7
Revenue enhancement	General Administration Planning and Support Services	58,295,477	5,934,349	52,361,128	10.2
Sub Total		**767,127,570**	**265,985,655**	**501,141,915**	**34.7**
Economic Planning					
Transport	Gender & Youth Empowerment	8,950,000	872,000	8,078,000	9.7

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	General Administration Planning and Support Services	56,278,620	2,645,686	53,632,934	4.7
National Statistical Information Services	National Statistical Information Services	16,543,391	3,980,000	12,563,391	24.1
Economic Policy and National Planning	Economic Policy and National Planning	6,826,864	2,848,000	3,978,864	41.7
Sub Total		**88,598,875**	**10,345,686**	78,253,189	**11.7**
County Assembly					
Administrative and support services	General Administration Planning and Support Services	120,000,000	-	120,000,000	-
Administrative and support services	Public Service Transformation	155,100,000	39,336,669	115,763,331	25.4
Administrative and support services	Gender & Youth Empowerment	455,014,106	99,542,749	355,471,358	21.9
Administrative and support services	General Administration Planning and Support Services	118,750,661	15,274,284	103,476,377	12.9
General welfare	Gender & Youth Empowerment	2,248,140	648,750	1,599,390	28.9
Sub Total		**851,112,907**	**154,802,452**	**696,310,456**	**18.2**
Grand Total		**8,336,783,996**	**2,315,544,059**	**5,932,641,063**	**27.8**

Source: *Trans Nzoia County Treasury*

The best performing programs across the County were: General Administration, Planning and Support Services (Public Works, Transport and Infrastructure) at 58.4 per cent, Electrification (Public Works, Transport and Infrastructure) at 47.5 per cent and Preventive & Promotive Health Services (Health) at 46 per cent. of budget

3.42.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Late submission of financial reports by the County Treasury contrary to Section 166 of the PFM Act, 2012.
2. Under-performance of own source revenue collection, which declined by 4.6 per cent from Kshs.77.46 million achieved in a similar period in FY 2018/19 to Kshs.73.93 million in the reporting period.
3. Slow implementation of development activities during the first half of FY 2018/19. Absorption of the development budget was 7.8 per of the annual development budget of Kshs.3.5 billion compared to expected absorption rate of 50 per cent.

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

1. *The County should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should formulate and implement strategies to enhance own source revenue collection.*
3. *The County should identify and address issues that cause delays in implementation of development projects.*

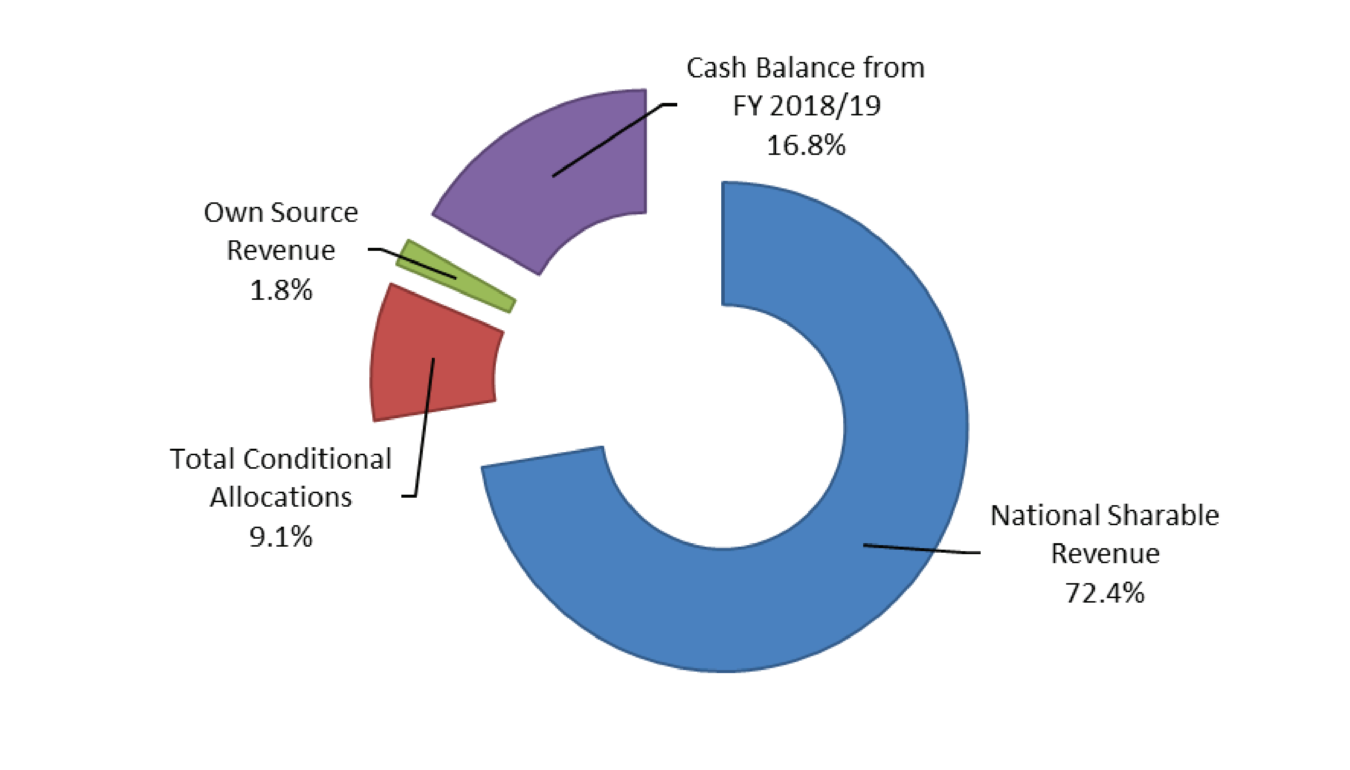
3.43 Turkana County

3.43.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.14.23 billion, comprising of Kshs.5.64 billion (39.6 per cent) and Kshs.8.62 billion (60.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.32 billion (72.4 per cent) as equitable share of revenue raised nationally, Kshs.1.3 billion (9.1 per cent) as total conditional grants, generate Kshs.250 million (1.8 per cent) from own source revenue, and Kshs.2.4 billion (16.8 per cent) as cash balance from FY 2018/19. Figure 3.127: Turkana County Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.127: Turkana County Expected Revenue Sources in FY 2019/20



Source: *Turkana County Treasury*

3.43.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.83 billion as equitable share of the revenue raised nationally, Kshs.88.94 million as total conditional grants, raised Kshs.79.88 million from own-source revenue, and had a cash balance of Kshs.2.4 billion from FY 2018/19.

Table 3.204: Turkana County, Revenue Performance in the First Half of FY 2019/20

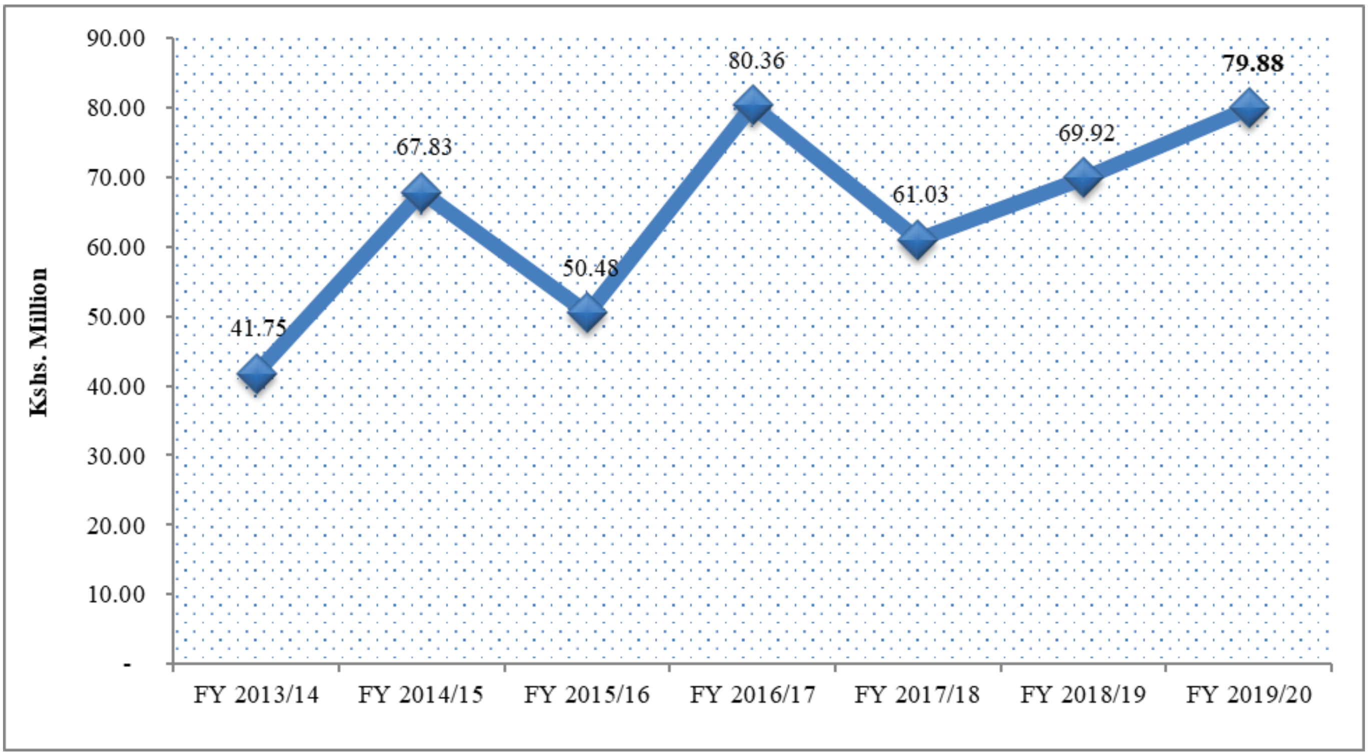
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,539,450,000	10,323,000,000	3,829,865,597	37.1
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	25,634,941	25,634,941	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	299,169,281	299,169,281	-	-
4.	Rehabilitation of Village Polytechnics	13,893,298	13,893,298	-	-
	Sub Total	**470,612,414**	**470,612,414**	**-**	**-**
C	**Loans and Grants from Development Partners**				-
1.	Transforming Health Systems for Universal care Project (WB)	84,141,376	84,141,376	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	47,741,177	13.6
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	-	25,346,766	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	95,023,200	95,023,200	41,200,000	43.4
6.	DANIDA Grant	32,156,250	32,156,250		-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	25,346,766	-	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
9.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	200,000,000	200,000,000	-	-
	Sub Total	**825,467,592**	**825,467,592**	**88,941,177**	**10.8**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	250,000,000	79,880,811	32.0
2.	Balance b/f from FY2018/19	-	2,398,667,807	2,398,667,807	100.0
Sub Total		-	**2,648,667,807**	**2,478,548,618**	**93.6**
	Grand Total	**11,835,530,006**	**14,267,747,813**	**3,918,806,774**	**27.5**

Source: *Turkana County Treasury*

Table 3.204 indicates that the county had a total of Kshs. 3.92 billion available for budget implementation during the reporting period.

Figure 3.128: Trend in Own-Source Revenue Collection in the First Half of the year from 2013/14 to FY 2019/20



Source: *Turkana County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.79.88 million as own-source revenue. This amount represented an increase of 14.2 per cent compared to Kshs.69.92 million realised during the same period in FY 2018/19, and represented 32 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.88 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.245.84 million (6.3 per cent) for development programmes and Kshs.3.63 billion (93.7 per cent) for recurrent programmes.

3.43.4 Overall Expenditure Review

A total of Kshs.3.84 billion was spent on development and recurrent programmes and represented 99.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.197.49 million and Kshs.3.66

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 3.5 per cent while that incurred on recurrent expenditure programmes represented 42.4 per cent of the annual recurrent budget.

3.43.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2 billion was spent on compensation to employees, Kshs.1.65 billion on operations and maintenance, and Kshs.197.49 million on development expenditure.

Table 3.205: Turkana County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**8,624,558,915.04**	**3,660,226,479.84**	**95.2**	**42.4**
Compensation to Employees	4,069,614,899.00	2,009,969,141.50	52.3	49.4
Operations and Maintenance	4,554,944,016.04	1,650,257,338.34	42.9	36.2
Total Development Expenditure	**5,643,188,897.46**	**197,485,320.80**	**5.1**	**3.5**
Development expenditure	5,643,188,897.46	197,485,320.80	5.1	3.5
Total	**14,267,747,812.50**	**3,844,502,018.09**	**100.0**	**26.9**

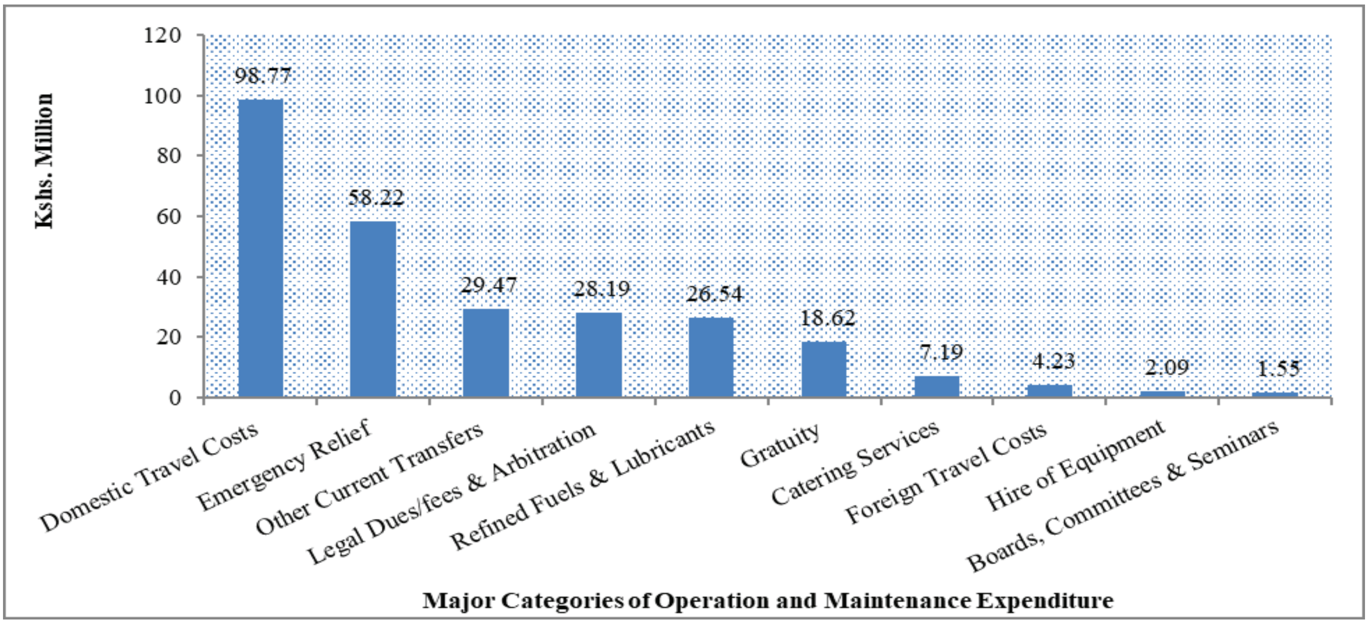
Source: *Turkana County Treasury*

Expenditure on compensation to employees was 52.3 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 0.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.02 billion.

3.43.6 Analysis of Operations and Maintenance Expenditure

Figure 3.129 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.129: Turkana County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Turkana County Treasury*

The County spent Kshs.19.27 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.81.76 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.66,919 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.98.77 million and comprised of Kshs.84.06 million spent by the County Assembly and Kshs.14.72 million spent by the County Executive.

3.43.7 Development Expenditure Analysis

The total development expenditure of Kshs.197.49 million represented 3.5 per cent of the annual development budget of Kshs.5.64 billion. Table 3.206: provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.206: Turkana County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Part Payment For A1-Ekales Centre Road	287,862,120	33,237,808	11.5
2	Construction of Veterinary Laboratory	35,282,700	15,877,215	45.0
3	Final Payment of Upgrading Lodwar Town Road to Bitumen Status	297,602,727	14,680,467	4.9
4	Construction of Perimeter Fence At Morulem Irrigation		13,627,370	-
5	Construction of Nangitony Irrigation	68,932,627	6,893,263	10.0
6	Construction of Perimetre Fence At Morulem Irrigation		3,406,842	-
7	Rehabilitation of Lokiriama Water Supply	2,200,000	2,200,000	100.0
8	Construction of Lokwamosing Dispensary	4,500,000	1,853,079	41.2
9	Construction of Bus Park At Lodwar Township	14,574,095	1,457,409	10.0
10	Routine Maintenace of Lokwamosing -Kakuulit-Lochakula Road	8,729,000	872,000	10.0

Source: *Turkana County Treasury*

3.43.8 Budget Performance by Department

Table 3.207 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.207: Turkana County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	873.36	-	528.56	-	557.72	-	105.5		63.9	-
Governance (Office of the Gvn and Liaison)	332.29	323.05	61.86	-	74.56	-	120.5		22.4	-
Office of the Deputy Governor	36.04	-	7.62	-	11.11	-	145.8		30.8	-
County Attorney	124.02	-	30.18	-	6.93	-	23.0		5.6	-
Finance and Planning	431.47	329.24	156.94	1.87	214.18	3.60	136.5	192.4	49.6	1.1
Water Services, Environment and Mineral Resources	139.11	685.31	20.67	19.60	27.27	19.49	131.9	99.5	19.6	2.8
Health & Sanitation Services	755.12	461.22	254.76	1.85	298.00	3.44	117.0	185.4	39.5	0.7
Trade, Gender and Youth Affairs	82.63	297.30	32.41	-	27.56	-	85.0		33.4	-
Education, Sports and Social Protection	562.98	576.23	243.60	-	163.89	-	67.3		29.1	-
Public Services, Decentralized Administration & Disaster Management	4,738.17	40.57	2,062.81	0.50	2,133.77	0.50	103.4	100	45.0	1.2
Infrastructure Transport & Public Works	51.83	641.54	21.73	51.63	5.61	51.69	25.8	100.1	10.8	8.1

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs.)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Pastoral Economy & Fisheries	139.11	1,463.62	60.51	134.09	35.08	86.38	58.0	64.4	25.2	5.9
Tourism, Culture and Natural Resources	154.73	149.63	59.06	34.18	25.73	28.56	43.6	83.6	16.6	19.1
Lands, Energy, Housing & Urban Areas Mgt.	90.41	405.54	62.13	2.11	47.90	3.82	77.1	181.2	53.0	0.9
County Public Service Board	113.30	6.51	28.22	-	17.71	-	-	-	15.6	-
TOTAL	**8,624.57**	**5,379.76**	**3,631.06**	**245.83**	**3,647.02**	**197.48**	**100.4**	**80.3**	**42.3**	**3.7**

Source: *Turkana County Treasury*

Analysis of expenditure by department shows that the Department of Tourism, Culture and Natural Resources recorded the highest absorption rate of development budget at 19.1 per cent, followed by the Department of Infrastructure Transport & Public Works at 8.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 63.9 per cent while the Department of County Attorney had the lowest at 5.6 per cent.

3.43.9 Budget Execution by Programmes and Sub-Programmes

Table 3.208: shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.208: Turkana County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
104003000			33,928,561	630,740	3,329,782,100	1.9
	104014110	Policies on land and regulations	-	-	-	-
	104024110		10,000,000	-	1,000,000,000	-
	104064110	Transport Parks	8,000,000	-	800,000,000	-
	104074110	Urban Centre Mgt	2,300,000	-	230,000,000	-
	104084110	Municipality Upgrade	13,628,561	630,740	1,299,782,100	4.6
105003000			14,400,000	-	1,440,000,000	-
	105014110	Land acquisition for public utilities	14,400,000	-	1,440,000,000	-
109003000			83,000,000	-	8,300,000,000	-
	109014110	Improvement of Moi Garden Stadia	30,000,000	-	3,000,000,000	-
	109024110	completion of recreational park	46,000,000	-	4,600,000,000	-
	109034110	setting up of dumping site in Lodwar	7,000,000	-	700,000,000	-
110003000			241,334,972	-	24,133,497,200	-
	110014110	Revival of Turkana Fishermen Co-op. society	-	-	-	-
	110044110		56,334,972	-	5,633,497,200	-
	110054110		12,000,000	-	1,200,000,000	-
	110064110		77,000,000	-	7,700,000,000	-
	110074110	Spate Irrigation Technology	60,000,000	-	6,000,000,000	-
	110084110	Rehabilitation	7,000,000	-	700,000,000	-
	110094110	Soil & Water Conservation	29,000,000	-	2,900,000,000	-
111003000			31,850,497	26,580	31,823,917	0.1

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	111014110	Fish market infrastructure/ fish value addition	1,200,000	-	1,200,000	-
	111024110	Fisheries livelihood support	19,200,000	13,290	19,186,710	0.1
	111034110	Fisheries Extension Services	2,500,000	-	2,500,000	-
	111044110	Fisheries resource management	2,960,524	-	2,960,524	-
	111054110		1,770,000	-	1,770,000	-
	111064110		2,893,623	-	2,893,623	-
	111084110	Fish Farming & Aquaculture	1,326,350	13,290	1,313,060	1.0
115003000			68,730,989	1,099,024	67,631,965	1.6
	115014110	Frame survey	47,204,345	986,437	46,217,908	2.1
	115024110	Fish Stock assessment	2,200,000	-	2,200,000	-
	115034110	Monitoring, Control and Surveillance	3,526,370	11,575	3,514,795	0.3
	115044110	Resource monitoring facilities	800,274	101,012	699,262	12.6
	115064110	Productivity Infrastructure	15,000,000	-	15,000,000	-
117003000			90,043,557	256,160	89,787,397	0.3
	117014110	Establish livestock Multiplication and breeding Centre.	17,000,000	-	17,000,000	-
	117024110	Livestock diversification and breed improvement	-	-	-	-
	117034110	Provision of Livestock Extension services	3,000,000	256,160	2,743,840	8.5
	117044110	Livestock Marketing	-	-	-	-
	117054110	Livestock multiplication and breeding centre	4,500,000	-	4,500,000	-
	117074110	Livestock Value Chain	20,000,000	-	20,000,000	-
	117084110	Skills Devt	45,543,557	-	45,543,557	-
125003000			769,059,555	46,874,603	722,184,952	6.1
	125014110	ral Administration	298,799,098	18,909,838	279,889,260	6.3
	125024110	General Administration and Support Services-Pastoral Economy and	246,384,505	1,543,124	244,841,381	0.6
	125034110	General Administration, Planning and Support Services – Lands General Administration, Planning and Support Services - Lands	223,875,952	26,421,641	197,454,311	11.8
126003000			69,335,679	350,270	68,985,410	0.5
	126024110	Agribusiness and Marketing Promotion	4,476,917	239,045	4,237,873	5.3
	126044110	Agri-nutrition/Urban & peri-urban agriculture	1,438,459	-	1,438,459	-
	126064110	Smart agriculture practices (Innovations/technologies to mitigate	3,594,058	63,575	3,530,483	1.8
	126084110	Agricultural Sector Development Support Programme (ASDSP)	25,346,766	-	25,346,766	-

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	126104110	Agricultural Mechanization	10,000,000	-	10,000,000	-
	126114110	Agric market Access	1,647,631	27,500	1,620,131	1.7
	126124110	Agric Extension & Devt	7,103,287	20,150	7,083,137	0.3
	126134110	Subsidy & Support	9,728,561	-	9,728,561	-
	126144110	Pest Control & Mgt	6,000,000	-	6,000,000	-
127003000			6,917,191	260,050	6,657,141	3.8
	127054110	Land Policies	6,917,191	260,050	6,657,141	3.8
129003000			350,000,000	47,741,177	302,258,823	13.6
	129014110	NARIGP	350,000,000	47,741,177	302,258,823	13.6
130003000			206,250,000	-	206,250,000	-
	130014110	DRNKP/KfW	206,250,000	-	206,250,000	-
131003000			30,000,000	-	30,000,000	-
	131014110	Land Devt	30,000,000	-	30,000,000	-
132003000			103,823,200	-	103,823,200	-
	132014110	Urban Devt Grant	95,023,200	-	95,023,200	-
	132024110	Urban Institutional Grant	8,800,000	-	8,800,000	-
201003000			456,103,123	-	456,103,123	-
	201024110	Gravel rural roads	5,000,000	-	5,000,000	-
	201044110	Road Designs system and software	1,850,548	-	1,850,548	-
	201054110	Annual Roads Inventory and Conditional Survey (ARICS)	3,000,000	-	3,000,000	-
	201064110	Roads Safety initiatives	2,083,294	-	2,083,294	-
	201074110	Roads maintenance levy fund(RMLF)	299,169,281	-	299,169,281	-
	201084110	Lodwar Town Road Upgrade	125,000,000	-	125,000,000	-
	201094110	Roads	20,000,000	-	20,000,000	-
202003000			40,000,000	-	40,000,000	-
	202084110	Gabioning Works	40,000,000	-	40,000,000	-
203003000			15,806,370	-	15,806,370	-
	203134110	Machinery	10,000,000	-	10,000,000	-
	203144110	Machinery	3,701,096	-	3,701,096	-
	203154110	Feasibility & Consultancy	830,000	-	830,000	-
	203164110	Capacity Building	750,000	-	750,000	-
	203184110	Professional Capacity Building	525,274	-	525,274	-
205003000			172,862,923	9,197,839	163,665,084	5.3
	205014110	Administration	161,312,923	9,197,839	152,115,084	5.7
	205024110	General Administration-Public works	11,550,000	-	11,550,000	-
207003000			3,026,370	198,412	2,827,958	6.6
	207014110	Structural Services	3,026,370	198,412	2,827,958	6.6
208003000			2,000,000	23,200	1,976,800	1.2
	208014110	Electrical Services	2,000,000	23,200	1,976,800	1.2
209003000			2,075,822	181,442	1,894,380	8.7
	209014110	Building Inspectorate	2,075,822	181,442	1,894,380	8.7
210003000			1,500,548	339,089	1,161,459	22.6
	210014110	Architectural Services	1,500,548	339,089	1,161,459	22.6
302003000			106,130,323	-	106,130,323	-
	302014110	Cooperatives Development Fund	1,380,438	-	1,380,438	-

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	302024110	Value Addition Initiatives	967,911	-	967,911	-
	302034110	Business Development and Training Services	1,500,548	-	1,500,548	-
	302044110	Liquor control Programme	1,700,000	-	1,700,000	-
	302054110	Cooperative societies development and revival programmes	809,263	-	809,263	-
	302064110	Legal Metrology Services	1,300,000	-	1,300,000	-
	302074110	Verification of traders equipment	1,758,020	-	1,758,020	-
	302084110	Consumer rights education	700,000	-	700,000	-
	302094110	Industrial sector support programme	675,274	-	675,274	-
	302104110	Standards and Anti-Counterfeit Services	851,252	-	851,252	-
	302114110	Market Infrastructure Development	39,465,000	-	39,465,000	-
	302124110	Industrial Development and Investments	9,545,700	-	9,545,700	-
	302134110	Biashara Fund	36,000,000	-	36,000,000	-
	302154110	North Rift Economic & FCDC Blocs	6,476,917	-	6,476,917	-
	302164110	Standardization and Metrology	3,000,000	-	3,000,000	-
303003000			10,338,842	997,600	9,341,242	9.6
	303014110	Construction & Development of Modern Physical Market	2,340,000	500,000	1,840,000	21.4
	303024110	Co-operative Marketing, Value Addition, Surveys & Research	2,310,000	497,600	1,812,400	21.5
	303034110	Co-operative Education, Training, Exchange and Ushirika Day Celeb	2,688,459	-	2,688,459	-
	303044110	Strengthening of Key Dormant Co-operative Societies	2,000,000	-	2,000,000	-
	303054110	Formulation of Cooperative Policy and Legal Frame Work	1,000,383	-	1,000,383	-
307003000			95,506,321	106,700	95,399,621	0.1
	307014110	ral Administration	95,506,321	106,700	95,399,621	0.1
308003000			19,056,909	818,710	18,238,199	4.3
	308014110	Gender Empowerment and advocacy	9,310,000	818,710	8,491,290	8.8
	308024110	Gender Mainstreaming and Coordination	8,220,657	-	8,220,657	-
	308034110	Legal Compliance and Redress	601,252	-	601,252	-
	308044110	Promotion of Gender Equality and Empowerment	925,000	-	925,000	-
309003000			148,898,787	969,400	147,929,387	0.7
	309014110	Youth Coordination and Representation	11,960,876	450,000	11,510,876	3.8
	309024110	Youth Employment Scheme	2,550,000	-	2,550,000	-
	309034110	Youth Rare skills	1,387,911	519,400	868,511	37.4
	309044110	Youth and Women Fund	133,000,000	-	133,000,000	-

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
401003000			563,019,252	53,225,068	509,794,183	9.5
	401014110	General Administration, Planning and support services	424,004,284	53,225,068	370,779,215	12.6
	401074110	Health Facilities	139,014,968	-	139,014,968	-
402003000			152,382,986	3,566,565	148,816,421	2.3
	402114110	Health promotion	89,487,314	1,390,400	88,096,914	1.6
	402134110	Emergency preparedness & disaster response	49,610,832	2,176,165	47,434,667	4.4
	402164110	mainstreaming	13,284,840	-	13,284,840	-
410003000			22,450,000	438,000	22,012,000	2.0
	410014110	Laboratory Services	2,250,000	243,000	2,007,000	10.8
	410024110	Blood Transfusion Services	2,400,000	-	2,400,000	-
	410034110	Rehabilitative Services	2,500,000	-	2,500,000	-
	410044110	Referals & Emergency Services	2,500,000	-	2,500,000	-
	410054110	Radiology Services	2,300,000	-	2,300,000	-
	410064110	Dental Services	2,100,000	-	2,100,000	-
	410074110	Clinical Services	2,000,000	-	2,000,000	-
	410084110	Nursing Services	2,000,000	-	2,000,000	-
	410094110	Rural Health Facility Support	2,400,000	195,000	2,205,000	8.1
	410104110	Sub-county Health Facilities Support	2,000,000	-	2,000,000	-
411003000			16,700,000	-	16,700,000	-
	411014110		7,700,000	-	7,700,000	-
	411024110	LCRH Devt	9,000,000	-	9,000,000	-
412003000			411,282,467	147,342	411,135,125	0.0
	412014110	Medical Supplies	409,282,467	-	409,282,467	-
	412024110	Health mgt	2,000,000	147,342	1,852,658	7.4
413003000			45,504,109	976,500	44,527,609	2.1
	413014110	Health Information & Mgt	6,328,287	976,500	5,351,787	15.4
	413024110	Quality Assurance	2,000,000	-	2,000,000	-
	413034110	Universal Health Care	37,175,822	-	37,175,822	-
414003000			5,000,000	-	5,000,000	-
	414014110	Rehabilitation & Treatment	950,000	-	950,000	-
	414024110	Public Education & Awareness	950,000	-	950,000	-
	414034110	Liquor Licensing	2,150,000	-	2,150,000	-
	414044110	Training & Capacity Building	950,000	-	950,000	-
503003000			51,442,410	541,960	50,900,450	1.1
	503024110	Construction of PWDs multi-purpose resource centre	24,500,000	541,960	23,958,040	2.2
	503074110	Marginalized and Minority groups support	1,365,493	-	1,365,493	-
	503084110	Child Rescue Centres	20,000,000	-	20,000,000	-
	503094110	Child Care & Protection	5,576,917	-	5,576,917	-
504003000			35,277,665	1,322,000	33,955,665	3.7
	504014110	Construction of sport Stadia	9,279,109	1,322,000	7,957,109	14.2

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	504044110	Stadia	25,998,556	-	25,998,556	-
506003000			690,594,540	3,182,284	687,412,256	0.5
	506014110	ral Administration	346,594,540	3,182,284	343,412,256	0.9
	506024110	Turkana Education and Skill Development Fund	294,000,000	-	294,000,000	-
	506044110	Turkana Higher Education Loans	50,000,000	-	50,000,000	-
	507014110	Upgrading of Lodwar County and Referral Hospital	-	-	-	-
508003000			29,180,545	5,090,700	24,089,845	17.4
	508014110	Youth Polytechnic Infrastructure	10,000,000	-	10,000,000	-
	508024110	Training and Development	3,226,370	-	3,226,370	-
	508034110	Co-Curricular Activities	2,060,877	-	2,060,877	-
	508044110	Youth Polytechnics-Conditional	13,893,298	5,090,700	8,802,598	36.6
509003000			2,811,425	501,950	2,309,475	17.9
	509014110	Publicity	1,249,120	196,950	1,052,170	15.8
	509024110	Research and Sensitization	1,562,305	305,000	1,257,305	19.5
510003000			329,907,861	3,889,400	326,018,461	1.2
	510014110	School Feeding	158,000,000	1,634,000	156,366,000	1.0
	510024110	Quality Improvement	7,392,201	2,255,400	5,136,801	30.5
	510034110	Infrastructure Development	156,515,660	-	156,515,660	-
	510044110	Support to Pre-Primary Training	8,000,000	-	8,000,000	-
701003000			4,948,270,058	928,464,428	4,019,805,630	18.8
	701014110	General Administration Services	142,722,233	32,764,812	109,957,421	23.0
	701044110	Infrast. Devt & Support Services	110,000,000	-	110,000,000	-
	701094110	General Administration - Economic planning	89,905,815	1,013,600	88,892,215	1.1
	701104110	County Headquarters Offices	65,000,000	-	65,000,000	-
	701114110	Security Access Installation	5,000,000	-	5,000,000	-
	701154110	General Admin Planning & Support	18,840,532	1,325,688	17,514,844	7.0
	701164110	General Administration, Planning and Support Services-Public Ser	4,144,824,816	868,718,246	3,276,106,569	21.0
	701174110	General Administration, Planning and Support Services-Administer	45,719,503	5,532,737	40,186,766	12.1
	701184110	Integration of PWD Computing Skills	1,572,966	392,000	1,180,966	24.9
	701194110	General Administration, Planning and Support Services- Office of	269,534,193	13,531,463	256,002,730	5.0
	701204110	General Administration, Planning and Support Services- Liaison O	25,300,000	2,677,381	22,622,619	10.6
	701214110	General Admin Planning & Support	29,850,000	2,508,501	27,341,499	8.4
702003000			12,456,691	810,720	11,645,971	6.5

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	702014110	Construction of Governor's residence	2,775,822	-	2,775,822	-
	702024110	Documentation, communication policy and strategy	3,701,096	-	3,701,096	-
	702034110	Civic Education and Public Sensitization	3,851,643	810,720	3,040,923	21.0
	702044110	Production of County Newspaper and Newsletter	2,128,130	-	2,128,130	-
703003000			22,000,000	3,069,700	18,930,300	14.0
	703014110	Public-Private Partnership Initiatives (PPPs)	2,200,000	-	2,200,000	-
	703024110	Political and Intergovernmental Advisory Services	2,200,000	-	2,200,000	-
	703034110	Legal Advisory Services	2,200,000	976,500	1,223,500	44.4
	703044110	Security and cross border Advisory Services	2,200,000	366,520	1,833,480	16.7
	703054110	Oil and Gas Advisory Service	2,200,000	722,600	1,477,400	32.8
	703064110	Gender and Partnership Advisory Services	2,200,000	-	2,200,000	-
	703074110	Special Interest groups	2,200,000	705,600	1,494,400	32.1
	703084110	Climate Change advisory services	2,200,000	-	2,200,000	-
	703094110	Education and youth Advisory services	2,200,000	298,480	1,901,520	13.6
	703104110	Culture, Arts and Heritage advisory services	2,200,000	-	2,200,000	-
704003000			188,176,370	5,264,900	182,911,470	2.8
	704024110	Operationalization of peace building structures and institutions	33,876,370	5,264,900	28,611,470	15.5
	704034110	Resettlement Infrastructural Programme	138,100,000	-	138,100,000	-
	704044110	Cross Border peace dividends programme	16,200,000	-	16,200,000	-
705003000			17,125,742	1,566,000	15,559,742	9.1
	705014110	Acquiring & development of communication systems/equipment	1,842,670	900,000	942,670	48.8
	705024110	Bills	8,000,000	-	8,000,000	-
	705034110	Policies	1,017,801	431,000	586,801	42.3
	705044110	Development and Implementation of ICT Policy and Regulations	2,220,657	235,000	1,985,657	10.6
	705054110	Acquisition of Information Systems and Equipment	4,044,614	-	4,044,614	-
706003000			40,941,137	4,313,420	36,627,717	10.5
	706014110	Automated Revenue Collection	4,540,650	1,253,125	3,287,525	27.6
	706024110	Feasibility Study on Revenue Base	950,548	325,274	625,274	34.2
	706034110	Awareness and Campaigns on Revenue.	3,834,913	852,800	2,982,113	22.2
	706044110	Motorbikes for Revenue Officers 30 No.	1,126,370	-	1,126,370	-
	706054110	Strengthening Revenue Systems	19,588,656	1,876,800	17,711,856	9.6

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	706064110	Revenue Forecast and Revenue Budget Preparation	1,400,000	5,421	1,394,579	0.4
	706074110	Completion of Lokiriama Revenue Centre	9,500,000	-	9,500,000	-
707003000			151,549,611	7,825,000	143,724,611	5.2
	707014110	Internal Audit	9,514,319	1,571,700	7,942,619	16.5
	707024110	Procurement systems	6,361,307	1,569,000	4,792,307	24.7
	707044110	IFMIS training	8,155,233	1,793,750	6,361,483	22.0
	707054110	Consultancy Services	17,451,643	1,602,550	15,849,093	9.2
	707064110	Financial Reporting/Research and Development	10,067,109	1,288,000	8,779,109	12.8
	707074110	Modern Fencing,Gate and Parking Yards for County Treasury Office	100,000,000	-	100,000,000	-
	707084110	Management of County Assets	-	-	-	-
708003000			21,551,643	549,140	21,002,503	2.5
	708014110	Assurance and Insurance of Govt. Assets	5,300,000	345,140	4,954,860	6.5
	708024110	Liability and Debt Management	4,251,643	-	4,251,643	-
	708034110	Turkana SACCO Seed Capital	12,000,000	204,000	11,796,000	1.7
709003000			146,648,848	2,205,740	144,443,108	1.5
	709014110	Economic Policy formulation and Dissemination	14,283,060	787,000	13,496,060	5.5
	709024110	CIDP review and Dissemination	4,294,503	-	4,294,503	-
	709034110	Budget preparation and Dissemination	30,000,000	-	30,000,000	-
	709054110	County Budget and Economic Forums	71,500,000	-	71,500,000	-
	709064110	Public Participation and Access to Information	10,654,930	272,900	10,382,030	2.6
	709074110	Waste Management	4,163,068	207,000	3,956,068	5.0
	709094110	Research & Statistics	7,473,287	200,000	7,273,287	2.7
	709104110	Sector Plans Devt	4,280,000	738,840	3,541,160	17.3
710003000			5,617,234	747,698	4,869,536	13.3
	710014110	Donor scan/Mapping	2,114,740	30,260	2,084,480	1.4
	710024110	Establishment of development committees	1,487,313	367,438	1,119,875	24.7
	710034110	Training of the development committees	1,051,046	350,000	701,046	33.3
	710044110	Formulation and Development of TCPSB Boardroom ICT Infrastructure	964,135	-	964,135	-
711003000			7,590,103	1,827,800	5,762,303	24.1
	711014110	Soft wares(E-ProMIS, GIS e.t.c)	2,501,096	850,000	1,651,096	34.0
	711024110	Field visits, data collection and Reporting	1,700,000	150,000	1,550,000	8.8
	711034110	Training and Knowledge management	1,675,822	695,800	980,022	41.5
	711044110	Devolved Monitoring and Evaluation Committees	1,713,185	132,000	1,581,185	7.7
712003000			44,957,122	9,790,166	35,166,956	21.8

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	712014110	Construction of Citizen Resource Centre	5,000,000	653,000	4,347,000	13.1
	712024110	Web site Development	13,703,287	828,280	12,875,007	6.0
	712034110	Social Budgeting and Generation of SIR Reports	3,500,000	-	3,500,000	-
	712044110	Intergovernmental Relation	18,903,287	7,589,846	11,313,441	40.2
	712054110	Strategy Development, Review, Support and Operationalization	3,850,548	719,040	3,131,508	18.7
713003000			14,961,366	990,200	13,971,166	6.6
	713014110	Soft wares, databases and tools	14,961,366	990,200	13,971,166	6.6
714003000			16,493,389	2,304,720	14,188,670	14.0
	714014110	Service Charter	3,100,000	693,600	2,406,400	22.4
	714024110	Development of County Filing Systems	9,179,109	776,160	8,402,950	8.5
	714034110	Procedure Manual and Training	4,214,280	834,960	3,379,320	19.8
715003000			38,000,000	2,565,110	35,434,890	6.8
	715014110	County Internship Programme	38,000,000	2,565,110	35,434,890	6.8
716003000			20,000,000	-	20,000,000	-
	716044110	Construction of Deputy Governor Residence	20,000,000	-	20,000,000	-
717003000			79,875,885	7,441,421	72,434,464	9.3
	717014110	Operationalization of Decentralized Units	12,000,000	1,171,121	10,828,879	9.8
	717024110	Decentralized County Policy	35,500,000	6,270,300	29,229,700	17.7
	717034110	Coordinated development	4,126,370	-	4,126,370	-
	717044110	Policy sensitization and dissemination	5,902,191	-	5,902,191	-
	717084110	Completion of Kibish Sub County Office	22,347,324	-	22,347,324	-
718003000			6,491,898	471,030	6,020,868	7.3
	718014110	Mainstream Public Sector Integrity programme & Accountability	1,085,785	-	1,085,785	-
	718024110	Public Evaluation on County Public Service Board Performance &Cus	1,660,162	202,000	1,458,162	12.2
	718034110	Human Resource Conference & Symposium	1,766,569	74,080	1,692,489	4.2
	718044110	Exit Meetings Per Department	1,979,382	194,950	1,784,432	9.8
719003000			3,758,601	29,750	3,728,851	0.8
	719014110	Turkana County Drought and Disaster Contingency Fund (CDDCF)	1,542,894	-	1,542,894	-
	719034110	Assessment and stake holder capacity mapping	1,140,780	29,750	1,111,030	2.6
	719044110	Regular Assessments of Food, Flood and Conflict Security	1,074,927	-	1,074,927	-
720003000			15,600,755	1,866,307	13,734,448	12.0
	720014110	Scheme of service	1,850,548	226,037	1,624,511	12.2
	720024110	Performance Appraisal	4,551,643	1,115,340	3,436,303	24.5

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	720034110	Enhancing Leadership In County Public Service	1,387,911	200,000	1,187,911	14.4
	720044110	Review and Development of HR Policies	1,202,856	-	1,202,856	-
	720054110	Human Resource Development/Career Progression	1,295,383	-	1,295,383	-
	720064110	Performance Management Monitoring	1,156,592	226,000	930,592	19.5
	720074110	Development of Database Filing System	1,380,000	-	1,380,000	-
	720084110	County Public Serce Pre-Retirement Sensitization	1,387,911	-	1,387,911	-
	720094110	Evaluation of Different Cadres of Employees(Promotion, Re-Designation	1,387,911	98,930	1,288,981	7.1
721003000			60,694,400	6,774,865	53,919,535	11.2
	721014110	Construction of New Assembly Building	36,294,400	6,732,865	29,561,535	18.6
	721034110	Office of Speaker	24,400,000	42,000	24,358,000	0.2
722003000			100,134,957	14,629,553	85,505,404	14.6
	722014110	Construction of Speaker's Residence	97,290,957	13,893,553	83,397,404	14.3
	722024110	Purchase of land for construction of speaker's residence	2,844,000	736,000	2,108,000	25.9
723003000			3,701,855	-	3,701,855	-
	723014110	Quality Management Systems Development & Establishment	1,265,278	-	1,265,278	-
	723024110	QMS Audit /Routine Inspection	1,275,696	-	1,275,696	-
	723034110	Documentation/Record Management For QMS	1,160,881	-	1,160,881	-
724003000			72,841,964	4,779,904	68,062,060	6.6
	724014110	Budget Formulation, Co-ordination and Management	54,053,172	4,070,420	49,982,752	7.5
	724024110	Public Participation in Budgeting	10,073,416	709,484	9,363,932	7.0
	724034110	County Budget and Economic Forum	8,715,376	-	8,715,376	-
725003000			6,423,287	2,388,756	4,034,531	37.2
	725014110	Resource Mobilisation	6,423,287	2,388,756	4,034,531	37.2
726003000			865,950,124	79,967,833	785,982,291	9.2
	726014110	Finance and Shared Services	833,248,124	79,967,833	753,280,291	9.6
	726024110	Hansard Research and information services	16,800,000	-	16,800,000	-
	726034110	County Assembly Service Board.	15,902,000	-	15,902,000	-
727003000			5,014,280	-	5,014,280	-
	727014110	Governors Press support	5,014,280	-	5,014,280	-
728003000			17,502,192	2,882,550	14,619,642	16.5
	728014110	Civic education Programme	2,201,096	-	2,201,096	-
	728024110	Public Participation and access to information	8,500,000	2,882,550	5,617,450	33.9

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	728034110	County Dialogue Forum	2,500,000	-	2,500,000	-
	728044110	National & County Holidays	2,701,096	-	2,701,096	-
	728054110	Policies Design	1,600,000	-	1,600,000	-
729003000			454,079,650	60,227,420	393,852,230	13.3
	729014110	Disaster Preparedness Programmes	2,375,822	-	2,375,822	-
	729024110	Disaster Mitigation Programmes	2,901,096	-	2,901,096	-
	729034110	Stakeholders coordination and Support Programme	1,713,185	-	1,713,185	-
	729044110	Humanitarian Relief Food Programme	445,788,999	60,227,420	385,561,579	13.5
	729064110	Disaster Risk Mgt	1,300,548	-	1,300,548	-
730003000			48,203,287	4,556,105	43,647,182	9.5
	730044110	Inspectorate Training Institute	16,700,000	1,417,675	15,282,325	8.5
	730054110	Dispute Resolution	4,000,000	-	4,000,000	-
	730064110	Enforcement	8,103,287	460,000	7,643,287	5.7
	730074110	Capacity Building	5,700,000	426,900	5,273,100	7.5
	730084110	Inspectorate Services	6,000,000	331,100	5,668,900	5.5
	730094110	Inspectorate Services Equip	7,700,000	1,920,430	5,779,570	24.9
731003000			33,601,644	2,559,120	31,042,524	7.6
	731014110	Payroll and record management	1,400,000	-	1,400,000	-
	731024110	Human Resource Development	7,000,000	1,350,420	5,649,580	19.3
	731034110	GHRIS Leave & Performance Module Implementation	3,900,000	727,300	3,172,700	18.6
	731044110	Digitization and Automation of Human Resource Registry	2,650,000	319,000	2,331,000	12.0
	731054110	Mainstreaming Public Sector Integrity Programme	4,800,000	-	4,800,000	-
	731064110	County performance management	4,800,000	-	4,800,000	-
	731074110	Public Service Week	4,550,000	-	4,550,000	-
	731094110	Records Mgt	1,500,548	-	1,500,548	-
	731104110	HRM	3,001,096	162,400	2,838,696	5.4
735003000			17,200,000	1,128,750	16,071,250	6.6
	735014110	Govt Programming	6,500,000	218,700	6,281,300	3.4
	735024110	Community Engagement	3,000,000	302,898	2,697,102	10.1
	735034110	Govt Stakeholder Engagement	3,700,000	432,000	3,268,000	11.7
	735044110	Govt Transformation	4,000,000	175,152	3,824,848	4.4
901003000			57,561,495	15,485,352	42,076,143	26.9
	901014110	General Administration, Planning and Support Services	57,561,495	15,485,352	42,076,143	26.9
902003000			13,119,211	1,082,495	12,036,716	8.3
	902014110	Tourism expos, incentives, conferences and exhibition program	3,500,001	942,695	2,557,306	26.9

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	902024110	Community Based Tourism products	2,200,000	139,800	2,060,200	6.4
	902054110	Media Campaign and Promotion of Tourism Products and Programmes	7,419,210	-	7,419,210	-
903003000			12,400,000	-	12,400,000	-
	903014110	Completion and Furnishing of Eco-Lodges	8,000,000	-	8,000,000	-
	903024110	Phase II of Renovation of Tourism Infrastructure	1,500,000	-	1,500,000	-
	903034110	Tourism Products	2,900,000	-	2,900,000	-
904003000			167,174,234	8,078,866	159,095,368	4.8
	904014110	Ushanga Initiative	37,800,000	190,860	37,609,140	0.5
	904024110	Culture Promotion and Preservation	84,700,756	288,255	84,412,501	0.3
	904034110	Arts and Creativity Development	3,073,478	-	3,073,478	-
	904044110	Heritage Promotion	6,600,000	407,925	6,192,075	6.2
	904054110	Annual tourism and cultural festival	35,000,000	7,191,826	27,808,174	20.5
905003000			15,400,000	-	15,400,000	-
	905014110	Equipment and Infrastructure Development at Ekalees Centre	15,400,000	-	15,400,000	-
906003000			38,709,835	760,268	37,949,568	2.0
	906014110	Forestry Management and Conservation	3,826,370	684,600	3,141,770	17.9
	906024110	Community Wildlife Conservation	16,182,370	75,668	16,106,703	0.5
	906054110	Forestry Development Infrastructure	13,500,000	-	13,500,000	-
	906084110	Forestry Protection	2,701,095	-	2,701,095	-
	906094110	Prosopis Mgt	2,500,000	-	2,500,000	-
1001003000			377,108,533	687,597	376,420,936	0.2
	1001014110	General Administration, Planning and support services	70,000,000	-	70,000,000	-
	1001024110	Construction and Desilting of Water Pans/Rock Catchment	117,600,000	-	117,600,000	-
	1001034110	Rehabilitation of Water Infrastructure	52,500,000	486,257	52,013,743	0.9
	1001044110	Drilling and Equipping of Boreholes	125,382,163	-	125,382,163	-
	1001084110	Equipment of Quality Analysis Laboratory	8,000,000	-	8,000,000	-
	1001094110	Project Coordination and Management	3,626,370	201,340	3,425,030	5.6
1002003000			10,853,404	61,840	10,791,564	0.6
	1002014110	Technical planning and design	2,053,404	9,090	2,044,314	0.4
	1002144110	Drought Mitigation	8,800,000	52,750	8,747,250	0.6
1003003000			25,205,109	775,320	24,429,789	3.1
	1003014110	Feasibility studies for irrigation systems development	25,205,109	775,320	24,429,789	3.1
1004003000			17,482,005	269,770	17,212,235	1.5
	1004014110	Farmers training	6,798,601	213,160	6,585,441	3.1

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Absorption (%)
	1004024110	Establishment of farm demonstrations and trials	2,453,404	56,610	2,396,794	2.3
	1004034110	Organising field days show and exhibitions	5,000,000	-	5,000,000	-
	1004124110	Climate Change & Adaptation	3,230,000	-	3,230,000	-
1005003000			8,754,218	207,900	8,546,318	2.4
	1005014110	Construction of trapezoidal bunds, contours & micro catchment	3,053,404	207,900	2,845,504	6.8
	1005024110	Construction of rock catchments and sand dams	600,000	-	600,000	-
	1005034110	Sinking of shallow wells	810,329	-	810,329	-
	1005064110	Artisanal Mining Equipment	2,000,000	-	2,000,000	-
	1005074110	Extractive Bills & Policies	2,290,485	-	2,290,485	-
1012003000			374,484,328	19,458,623	355,025,706	5.2
	1012014110	General Administration and Support	374,484,328	19,458,623	355,025,706	5.2
1013003000			10,527,465	744,800	9,782,665	7.1
	1013014110	Oil & gas	7,227,465	744,800	6,482,665	10.3
	1013024110	Extractive Regulations & Strategies	3,300,000	-	3,300,000	-
		Grand Total	14,143,727,727	1,392,563,700	12,751,164,027	9.8

Source: *Turkana County Treasury*

The best performing programs across the county were: Acquiring and Development of Communication Systems/ Equipment which recorded absorption of 48.8 per cent followed by Training and Knowledge Management at 41.5 per cent, Intergovernmental Relations at 40.2 per cent and Resource Mobilization at 37.2 per cent of budget allocation.

3.43.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Low absorption of development budget. In the reporting period, the County attained an absorption rate of 3.5 per cent compared to the expected performance of 50 per cent.
2. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation reports contrary to Section 166 of the PFM Act, 2012.
3. High wage bill, which was 52.3 per cent of total expenditure during the reporting period.
4. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury which may led to low absorption of the budget.

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

1. *The County should put mechanisms in place that will enhance absorption of development funds.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
3. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*
4. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with the CARA, 2019 Disbursement Schedule.*

3.44 Uasin Gishu County

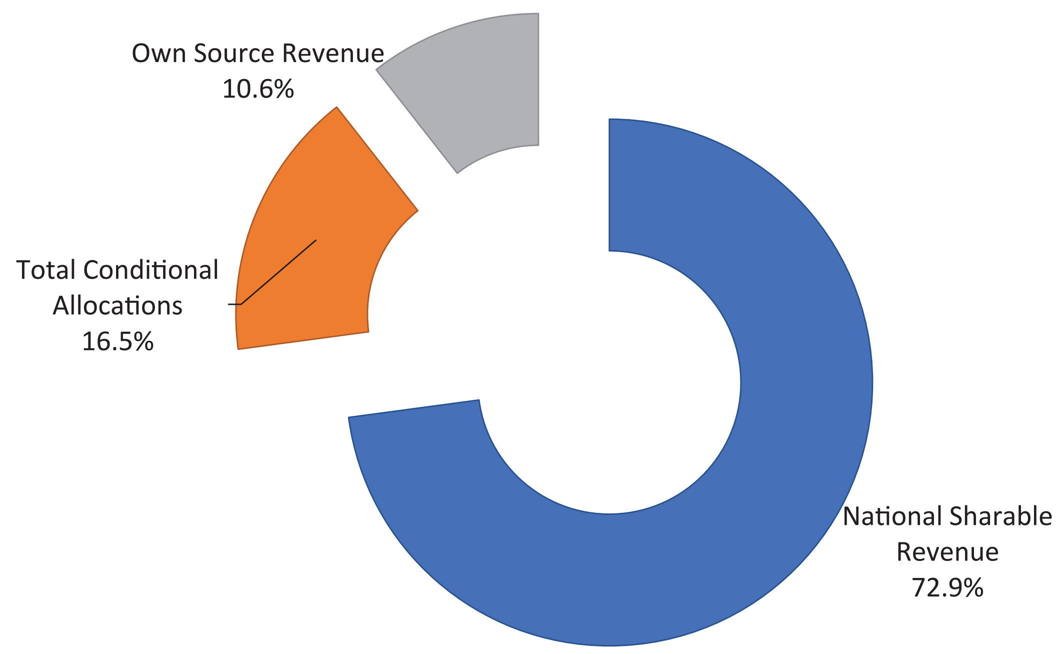
3.44.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.11.47 billion, comprising of Kshs.5.22 billion (45.5 per cent) and Kshs.6.25 billion (54.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.6.20 billion (54.1 per cent) as equitable share of revenue raised nationally, Kshs.1.41 billion (12.3 per cent) as total conditional grants, generate Kshs.900.00 million (7.8 per cent) from own source revenue, and Kshs.2.96 billion (25.8 per cent) as cash balance from FY 2018/19. The county did not budget to receive any Appropriations in Aid.

Figure 3.130: shows the expected sources of financing by category in FY 2019/20.

Figure 3.130: Uasin Gishu County Expected Revenue Sources in FY 2019/20



Source: *Uasin Gishu County Treasury*

3.44.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.2.24 billion as equitable share of the revenue raised nationally, Kshs.193.17 million as total conditional grants, raised Kshs.269.11 million from own-source revenue, and had a cash balance of Kshs.2.96 billion from FY 2018/19.

Table 3.209: Uasin Gishu County, Revenue Performance in the First Half of FY 2019/20

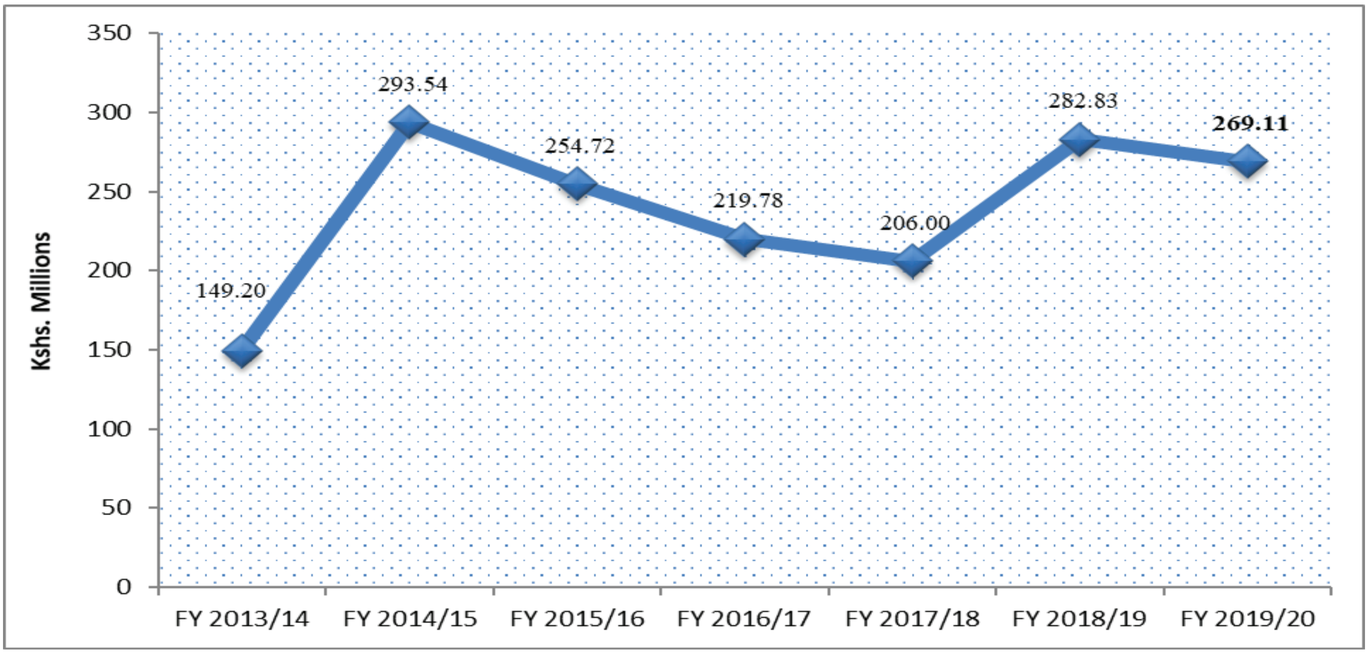
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**6,330,000,000**	**6,200,000,000**	**2,240,820,000**	**36.1**
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	-	-
2.	Road Maintenance Fuel Levy Fund	179,681,250	179,681,250	-	-
3.	Rehabilitation of Village Polytechnics	57,588,298	57,588,298	-	-
Sub Total		**258,082,613**	**258,082,613**	**-**	**-**

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal Care Project (WB)	79,565,499	79,565,499	5,250,390	6.6
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	76,718,821	65.6
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	57,481,990	57,481,990	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	630,147,800	630,147,800	-	-
5	DANIDA Grant	19,136,250	19,136,250	8,859,375	46.3
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	45,000,000	45,000,000	-	-
7	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	80,000,000	80,000,000	-	-
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	102,342,917	102,342,917	-	-
9	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,161,321	18,161,321	-	-
10	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**1,157,635,777**	**1,148,835,777**	**90,828,586**	**7.9**
D	**Other Sources of Revenue**				
11.	Own Source Revenue	900,000,000	900,000,000	269,111,379	29.9
12.	Balance b/f from FY2018/19	2,963,518,784	2,963,518,784	2,963,518,784	100
Sub Total		**3,863,518,784**	**3,863,518,784**	**3,232,630,163**	**83.7**
Grand Total		**11,609,237,174**	**11,470,437,174**	**5,564,278,749**	48.5

Source: *Uasin Gishu County Treasury*

Table 3.209: Indicates that the county had a total of Kshs. 5.56 billion available for budget implementation during the reporting period.

Figure 3.131: Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Uasin Gishu County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.269.11 million as own-source revenue. This amount represented an increase of 4.9 per cent when compared to Kshs.282.83 million realised during the same period in FY 2018/19, and represented 29.9 per cent of the annual target.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.96 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.333.63 million (11.5 per cent) for development programmes and Kshs.2.62 billion (88.5 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

A total of Kshs.2.65 billion was spent on development and recurrent programmes and represented x per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.329.67 million and Kshs.2.32 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 5.3 per cent while that incurred on recurrent expenditure programmes represented 44.5 per cent of the annual recurrent budget.

3.44.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1,70 billion was spent on compensation to employees, Kshs.625.25 million on operations and maintenance, and Kshs.329.67 million on development expenditure.

Table 3.210: Uasin Gishu County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget Kshs.	Exchequer Issues (Kshs.)	Expenditure Kshs.	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**5,217,344,197**	**2,621,509,616**	**2,320,895,843**	**87.6**	**44.5**
Compensation to Employees	3,260,505,029	1,991,298,705	1,695,650,347	64.0	52.0
Operations and Maintenance	1,956,839,168	630,210,911	625,245,496	23.6	32.0
Total Development Expenditure	**6,253,092,977**	**333,632,326**	**329,674,909**	**12.4**	**5.3**
Development Expenditure	6,253,092,977	333,632,326	329,674,909	12.4	5.3
Total	**11,470,437,174**	**2,955,141,942**	**2,650,570,752**	100.0	23.1

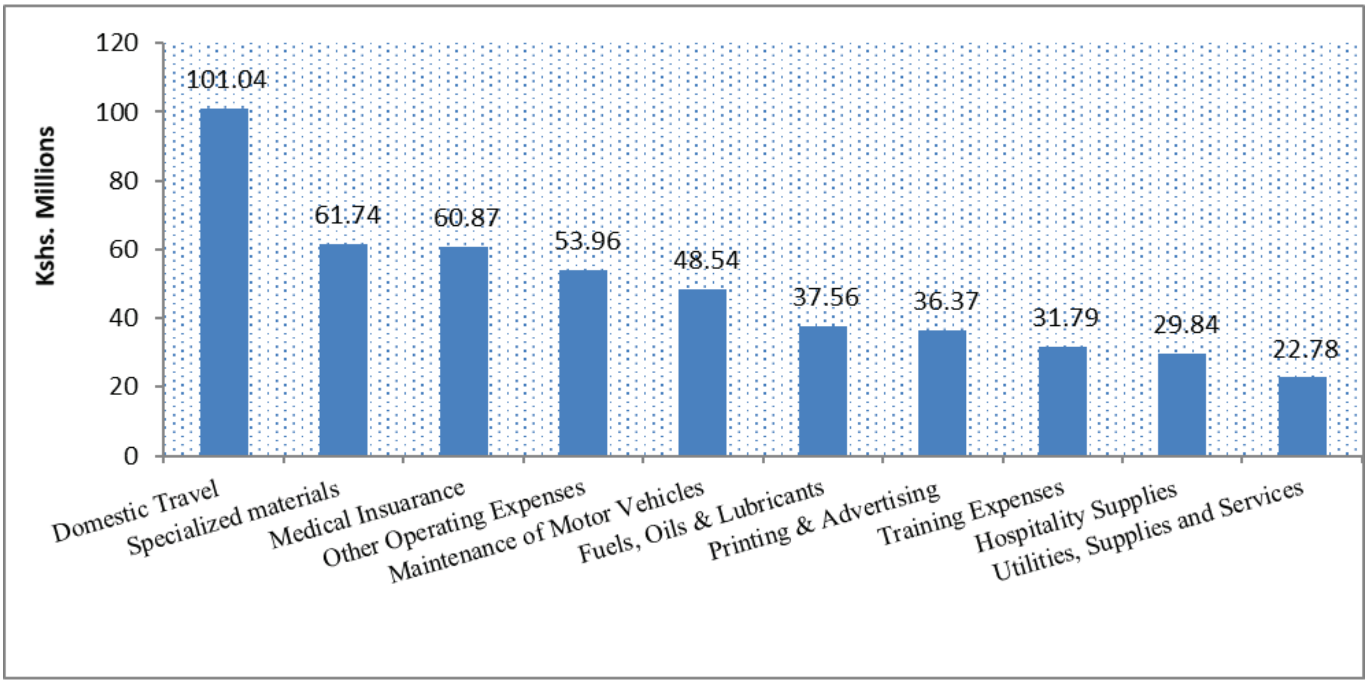
Source: *Uasin Gishu County Treasury*

Expenditure on compensation to employees was 64 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 13.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.49 billion.

3.44.6 Analysis of Operations and Maintenance Expenditure

Figure 3.132 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.132: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Uasin Gishu County Treasury*

The County spent Kshs.21.46 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs. 39.60 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.74,502 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.101.04 million and comprised of Kshs.60.97 million spent by the County Assembly and Kshs.40.07 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs. 20.52 million and comprised of Kshs.12.62 million spent by the County Assembly and Kshs.7.90 million spent by the County Executive.

3.44.7 Development Expenditure Analysis

The total development expenditure of Kshs.329.67 million represented 5.3 per cent of the annual development budget of Kshs.6.25 billion. Table 3.211: Uasin Gishu County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.211: Uasin Gishu County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Nyengilel Vocational Training Centre	Turbo Sub County	23,944,138	15,265,355	63.8
2	Purchase of Pesticides, Fungicides, Insecticides and Sprays	All sub Counties	20,050,800	14,906,000	74.3
3	Street naming and Building numbering in Eldoret town	Eldoret Municipality	12,747,863	8,286,111	65.0
4	Establishment of Geodetic control points across the County	All sub Counties	11,808,800	10,627,920	90.0
5	Construction of market shades, water tower and market stalls at Cheptiret market	Cheptiret/Kipchamo ward	15,600,000	8,078,174	51.8
6	Physical Development plan for Kesses, Chuiyat, Talai and Cheboiywo trading Centres	Kesses Sub County	12,377,200	7,426,320	60.0
7	Phase II of fencing Kilimani Estate	Eldoret Municipality	13,045,789	6,862,572	52.6
8	Construction of Kapseret Sub County Offices	Kapseret Sub County	28,687,411	6,756,960	23.6

S/No.	Project Name/Description	Project Location	Project Budget	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
9	Construction of Kamalel Dispensary	Race Course Ward	11,000,000	5,420,295	49.3
10	Construction of Huruma Reference Lab	Huruma Ward	19,915,350	5,262,920	26.4

Source: *Uasin Gishu County Treasury*

3.44.8 Budget Performance by Department

Table 3.212: Uasin Gishu County, Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.212: Uasin Gishu County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure in (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	90.94	-	58.34	-	31.06	-	53.2	-	34.2	-
Finance	302.70	-	124.49	-	100.12	-	80.4	-	33.1	-
Public Service Management	558.33	35.89	290.08	0.58	278.29	2.43	95.9	419.0	49.8	6.8
ICT and E-Government	39.61	63.98	19.98	6.06	9.75	6.06	48.8	100.0	24.6	9.5
Roads, Transport, Energy and Public Works	513.04	804.72	227.96	30.93	308.67	25.84	135.4	83.6	60.2	3.2
Lands and Housing	49.08	788.64	23.20	30.04	15.07	36.66	65.0	122.0	30.7	4.6
Water, Environment, Natural Resources. Tourism and Wildlife	122.84	619.32	63.62	24.95	50.42	26.53	79.3	106.3	41.0	4.3
Health Services	1,911.50	572.04	1,003.14	10.68	845.74	10.68	84.3	100.0	44.2	1.9
Agriculture	216.96	526.88	120.71	95.70	91.98	89.08	76.2	93.1	42.4	16.9
Trade, Investment, Tourism and Industrialization	15.57	309.35	3.70	19.08	2.66	21.57	71.9	113.1	17.1	7.0
Education, Culture and Social Services	367.22	136.15	162.34	-	135.58	-	83.5	-	36.9	-
County Public Service Board	30.85	-	15.29	-	4.89	-	32.0	-	15.9	-
County Assembly	680.00	100.80	378.84	-	381.08	-	100.6	-	56.0	-
Economic Planning	54.87	-	16.60	-	10.87	-	65.5	-	19.8	-
Devolution and Public Administration	48.26	210.28	14.75	43.13	13.06	43.13	88.5	100.0	27.1	20.5
Youth Affairs, Gender and Sports Development	120.13	284.04	41.82	15.48	12.63	15.48	30.2	100.0	10.5	5.5
Department of Cooperatives and Enterprise Development	15.65	211.58	2.20	-	3.35	-	152.1	-	21.4	-
Department of Livestock Development and Fisheries	11.93	220.32	1.85	14.02	3.46	13.84	187.0	98.7	29.0	6.3
Department of Physical Planning and Urban Development	50.09	87.17	42.11	42.99	20.67	38.37	49.1	89.3	41.3	44.0
Eldoret Municipality	17.77	1,281.92	10.49	-	1.56	-	14.9	-	8.8	-
Grand Total	**5,217.34**	**6,253.09**	**2,621.51**	**333.63**	**2,320.90**	**329.67**	**88.5**	**98.8**	**44.5**	**5.3**

Source: *Uasin Gishu County Treasury*

Analysis of expenditure by department shows that the Department of Physical Planning and Urban Development recorded the highest absorption rate of development budget at 44.0 per cent while the Departments of Education, Culture & Social Services, the County Assembly, the Cooperatives and Enterprise Development and Eldoret Municipality did not report expenditure on development programmes. The Department of Roads, Transport, Energy and Public Works had the highest percentage of recurrent expenditure to its recurrent budget at 60.2 per cent while the Department of Eldoret Municipality had the lowest at 8.8 per cent.

3.44.9 Budget Execution by Programmes and Sub-Programmes

Table 3.213 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.213: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	Default Value (Non- Departmental)	-	**59,219,314**	**(59,219,314)**	
4310		-	59,219,314	(59,219,314)	
Administration - Governor's Office	Livestock Resource Management And Development				
	Administration And Support Services	79,836,612	25,731,824	54,104,788	32.2
		79,836,612	**25,731,824**	**54,104,788**	**32.2**
Inter Governmental Committee	Administration And Support Services	6,000,000	3,129,280	2,870,720	52.2
		6,000,000	**3,129,280**	**2,870,720**	52.2
					-
	Administration And Support Services	5,100,000	2,196,869	2,903,131	43.1
		5,100,000	**2,196,869**	**2,903,131**	43.1
					-
Administration - Finance and Economic Planning	Public Finance Management	242,948,475	80,374,411	162,574,064	33.1
		242,948,475	**80,374,411**	**162,574,064**	33.1
					-
Revenue Section	Kenya Devolution Support Programme	4,455,635	802,795	3,652,840	18.0
	Public Finance Management	32,335,632	10,448,270	21,887,362	32.3
		36,791,267	**11,251,065**	**25,540,202**	30.6
					-
Accounts Section	Public Finance Management	3,602,215	1,721,960	1,880,255	47.8
	Kenya Devolution Support Programme	950,596	232,800	717,796	24.5
		4,552,811	**1,954,760**	**2,598,051**	42.9
					-
Procurement and Supplies Section	Public Finance Management	8,388,736	3,895,314	4,493,422	46.4
	Kenya Devolution Support Programme	270,000	-	270,000	-
		8,658,736	**3,895,314**	**4,763,422**	45.0
					-
Internal Audit Section	Kenya Devolution Support Programme	2,879,800	1,353,281	1,526,519	47.0
	Public Finance Management	6,873,734	1,323,700	5,550,034	19.3
		9,753,534	**2,676,981**	**7,076,553**	27.4
					-

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration- Public Service Management	Human Resource Management And Development	11,229,476	1,069,236	10,160,240	9.5
	County Governance Support Services	19,612,141	1,365,226	18,246,915	7.0
	Service Delivery	5,044,978	-	5,044,978	-
	Administration And Support Services	519,540,564	271,368,814	248,171,750	52.2
		555,427,159	**273,803,276**	**281,623,883**	49.3
					-
Communication Section	Administration And Support Services	2,702,204	755,900	1,946,304	28.0
		2,702,204	**755,900**	**1,946,304**	28.0
					-
Legal Section	Administration And Support Services	20,868,397	4,921,330	15,947,067	23.6
		20,868,397	**4,921,330**	**15,947,067**	23.6
					-
Registry Section	Administration And Support Services	1,300,000	60,965	1,239,035	4.7
	Service Delivery	-	-	-	-
		1,300,000	**60,965**	**1,239,035**	4.7
					-
Human Resource Section	Kenya Devolution Support Programme	5,496,687	-	5,496,687	-
	Administration And Support Services	8,426,000	1,229,700	7,196,300	14.6
		13,922,687	**1,229,700**	**12,692,987**	8.8
					-
Administration- ICT and E-Government	Administrative Support Services	54,528,679	9,675,778	44,852,901	17.7
	Livestock Resource Management And Development	467,380	69,300	398,080	14.8
	Disaster Response Management	765,714	169,999	595,715	22.2
	Ict Infrastructure Development	47,833,313	5,888,861	41,944,452	12.3
		103,595,086	**15,803,938**	**87,791,148**	15.3
					-
Administration - Roads, transport and Infrastructure	Roads Infrastructure Development	192,323,248	192,320,846	2,402	100.0
		192,323,248	**192,320,846**	**2,402**	100.0
					-
Roads Department	Roads Infrastructure Development	1,174,484,372	176,249,909	998,234,463	15.0
		1,174,484,372	**176,249,909**	**998,234,463**	15.0
					-
Fire and Emergency Respond Department	Roads Infrastructure Development	60,000	13,000	47,000	21.7
	Disaster Management	5,870,048	480,100	5,389,948	8.2
		5,930,048	**493,100**	**5,436,948**	8.3
Public Works Department	Roads Infrastructure Development	1,000,000	210,000	790,000	21.0
		1,000,000	**210,000**	**790,000**	21.0
					-

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Transport Department	Disaster Management	20,000,000	-	20,000,000	-
	Transport Management	838,728	-	838,728	-
		20,838,728	-	**20,838,728**	-
					-
	Street Lighting Services	44,182,398	-	44,182,398	-
		44,182,398	-	**44,182,398**	-
					-
Administration- Lands, Housing and Physical Planning	Land Policy And Management	393,706,222	315,819,384	77,886,838	80.2
		393,706,222	**315,819,384**	**77,886,838**	80.2
					-
Physical Planning Section	Land Policy And Management	50,371,125	7,231,550	43,139,575	14.4
		50,371,125	**7,231,550**	**43,139,575**	14.4
					-
Survey Section	Land Policy And Management	37,465,310	15,778,170	21,687,140	42.1
		37,465,310	**15,778,170**	**21,687,140**	42.1
					-
Housing Section	Housing Development	64,090,519	12,322,044	51,768,475	19.2
	Land Policy And Management	292,092,000	270,581,400	21,510,600	92.6
		356,182,519	**282,903,444**	**73,279,075**	79.4
					-
Administration- Water, Environment, Energy and Natural resources	Water Supply Services	114,535,855	49,124,655	65,411,200	42.9
		114,535,855	**49,124,655**	**65,411,200**	42.9
					-
Environment Section	Environmental Management And Protection	135,004,502	5,209,519	129,794,983	3.9
		11,000,000	-	11,000,000	-
	Kenya Devolution Support Programme	8,303,517	1,291,500	7,012,017	15.6
	Rural Electrification	4,100,000	630,000	3,470,000	15.4
		158,408,019	**7,131,019**	**151,277,000**	4.5
					-
Water Section	Water Supply Services	100,900,000	-	100,900,000	-
		338,632,629	161,154,946	177,477,684	47.6
	Agricultural Mechanization Services	2,000,000	-	2,000,000	-
	Rural Electrification	1,000,000	-	1,000,000	-
		442,532,629	**161,154,946**	**281,377,684**	36.4
					-
Energy Section	Tourism Development And Marketing	12,200,000	-	12,200,000	-
	Tourism And Wildlife Services	14,478,926	-	14,478,926	-
		26,678,926	-	**26,678,926**	-
					-
Administration- Health Services	Curative Health Services	52,758,407	5,262,920	47,495,487	10.0
	Health Infrastructure	408,113,176	17,760,768	390,352,408	4.4
	Administration And Support Services	1,694,496,825	783,711,668	910,785,157	46.3
		2,155,368,408	**806,735,356**	**1,348,633,052**	37.4
					-
Clinical Services	Curative Health Services	60,000,000	-	60,000,000	-
	Clinical Services	50,082,080	-	50,082,080	-
	Administration And Support Services	210,115,000	61,722,589	148,392,411	29.4
		320,197,080	**61,722,589**	**258,474,491**	19.3
					-
Prevention and Health Promotion	Administration And Support Services	7,978,111	303,180	7,674,931	3.8
		7,978,111	**303,180**	**7,674,931**	3.8
					-

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration- Agriculture, Livestock and Fisheries	Crop Development And Management	114,784,339	88,159,710	26,624,629	76.8
	Administration Support Services	196,107,810	90,098,306	106,009,504	45.9
		310,892,149	**178,258,016**	**132,634,133**	57.3
					-
Agriculture	Crop Development And Management	228,854,485	25,586,575	203,267,910	11.2
	Agricultural Mechanization Services	3,154,329	851,222	2,303,107	27.0
	Cooperatives Development And Marketing	15,000,000	-	15,000,000	-
		247,008,814	**26,437,797**	**220,571,017**	10.7
					-
Chebororwa Training Center	Agricultural Training Services - Chebororwa	66,063,927	448,960	65,614,967	0.7
		66,063,927	**448,960**	**65,614,967**	0.7
					-
Agricultural Machinery Service	Agricultural Mechanization Services	119,872,048	1,435,620	118,436,428	1.2
		119,872,048	**1,435,620**	**118,436,428**	1.2
					-
Administration- Trade, Cooperatives, Tourism and Wildlife	Administration And Support Services	15,568,257	2,656,058	12,912,199	17.1
		15,568,257	**2,656,058**	**12,912,199**	17.1
					-
Trade Department	Trade Development And Investment	174,707,615	11,967,261	162,740,354	6.8
	Market Services	284,032,545	7,612,332	276,420,213	2.7
		458,740,160	**19,579,593**	**439,160,567**	4.3
					-
Weights and Measures Department	Weights And Measurements	1,960,500	-	1,960,500	-
		1,960,500	**-**	**1,960,500**	-
					-
Betting and licensing department	Administration And Support Services	3,331,515	1,994,880	1,336,635	59.9
		3,331,515	**1,994,880**	**1,336,635**	59.9
Administration - Education, Social Cultural, Youth and Sports	Administration And Support Services	353,821,330	129,809,255	224,012,075	36.7
		353,821,330	**129,809,255**	**224,012,075**	36.7
Education Department	Administration And Support Services	5,596,257	2,388,060	3,208,197	42.7
	Basic Education	109,804,479	-	109,804,479	-
	Early Childhood Education And Training	2,495,568	-	2,495,568	-
		117,896,304	**2,388,060**	**115,508,244**	2.0
Department of Culture	Administration And Support Services	12,400,000	1,723,240	10,676,760	13.9
		12,400,000	**1,723,240**	**10,676,760**	13.9
					-
Social Service Department	Administration And Support Services	3,900,000	1,657,770	2,242,230	42.5
	Social Development Services	8,153,975	-	8,153,975	-
	Youth Training And Development	7,198,965	-	7,198,965	-
		19,252,940	**1,657,770**	**17,595,170**	8.6
Headquarters - County Public Service Board	Administration And Support Services	30,850,007	4,894,369	25,955,638	15.9
		30,850,007	**4,894,369**	**25,955,638**	15.9
					-

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Headquarters	Administration Support Services	100,798,650	-	100,798,650	-
	County Planning And Economic Policy Management	680,000,000	229,920,343	450,079,657	33.8
		780,798,650	**229,920,343**	**550,878,307**	29.4
KENYA DEVOLUTION SUPPORT PROGRAMME	County Planning And Economic Policy Management	36,360,525	9,293,600	27,066,925	25.6
		36,360,525	**9,293,600**	**27,066,925**	25.6
	Kenya Devolution Support Programme	7,852,491	1,745,600	6,106,891	22.2
		7,852,491	**1,745,600**	**6,106,891**	22.2
	Kenya Devolution Support Programme	10,652,364	680,000	9,972,364	6.4
		10,652,364	**680,000**	**9,972,364**	6.4
	Public Works Services	161,559,160	87,178,998	74,380,162	54.0
	Administrative Support Services	-	-	-	-
	Kenya Devolution Support Programme	9,132,383	-	9,132,383	-
	Administration Support Services	48,721,966	-	48,721,966	-
	Administration And Support Services	39,131,309	13,057,324	26,073,985	33.4
		258,544,818	**100,236,322**	**158,308,496**	38.8
	Administration And Support Services	59,384,960	17,565,000	41,819,960	29.6
	Administration And Support Services	101,553,163	3,741,283	97,811,880	3.7
		160,938,123	**21,306,283**	**139,631,840**	13.2
Youth and Gender Affairs Department	Administration And Support Services	12,000,000	-	12,000,000	-
	Youth Training And Development	93,469,603	17,005,559	76,464,044	18.2
		105,469,603	**17,005,559**	**88,464,044**	16.1
	Tourism Development And Marketing	60,000,000	-	60,000,000	-
	Management and Development of Sports And Sports Facilities	77,762,691	7,756,830	70,005,861	10.0
		137,762,691	**7,756,830**	**130,005,861**	5.6
	Cooperatives Development And Marketing	12,105,596	1,708,468	10,397,129	14.1

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Youth and Gender Affairs Department		**12,105,596**	**1,708,468**	**10,397,129**	14.1
	Cooperatives Development And Marketing	22,133,107	1,637,607	20,495,500	7.4
		22,133,107	**1,637,607**	**20,495,500**	7.4
	Weights And Measurements	193,000,000	193,000,000	-	100.0
		193,000,000	**193,000,000**	-	100.0
	Livestock Resource Management And Development	56,544,413	4,551,335	51,993,078	8.0
	Crop Development And Management	10,596,405	3,325,540	7,270,865	31.4
		67,140,818	**7,876,875**	**59,263,943**	11.7
	Fisheries Development	25,985,678	5,780,867	20,204,811	22.2
		25,985,678	**5,780,867**	**20,204,811**	22.2
	Livestock Resource Management And Development	139,127,252	3,639,931	135,487,321	2.6
		139,127,252	**3,639,931**	**135,487,321**	2.6
	Housing Development	3,704,904	675,980	3,028,924	18.2
		3,704,904	**675,980**	**3,028,924**	18.2
	Housing Development	49,114,990	31,975,738	17,139,252	65.1
		49,114,990	**31,975,738**	**17,139,252**	65.1
	Housing Development	84,442,500	26,380,116	58,062,384	31.2
		84,442,500	**26,380,116**	**58,062,384**	31.2
	Grand Total	**10,446,432,027**	**3,596,086,811**	**6,850,345,215**	**34.4**

Source: *Uasin Gishu County Treasury*

The best performing programs across the County were: Administration of Roads, Transport and Infrastructure; administration of lands, Housing and Physical Planning, and administration of Agriculture, Livestock Development and Fisheries. These programmes absorbed 100 per cent of the approved budget.

3.44.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. The report on budget execution by programmes and sub programmes indicates that the approved budget does not tally with the approved programmes based budget for the FY 2019/20.
2. Decline in absorption of development budget. In the period under review, the County spent Kshs.329.67 million compared to Kshs.594.55 million spent in similar period in FY2018/19. This represented 5.3 per cent of the annual development budget of Kshs.6.25 billion.
3. High expenditure on personnel emolument that increased by 14.1per cent from Kshs.1.49 billion in FY2018/19 to Kshs.1.70 billion in the reporting period. The wage bill accounted for 54.5 per cent of the total expenditure in the reporting period.

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

1. *The County should ensure that the aggregate budget based on programmes and sub programmes corresponds to the approved Programmes Based budget for the year under review.*
2. *The County should formulate strategies to enhance absorption of development budget.*
3. *The County Public Service Board should develop an optimal staffing structure and devise strategies to contain expenditure on personnel costs within 35 per cent of the Country's total revenue in line with Regulation 25(1)(b) of the PFM (County Government).*

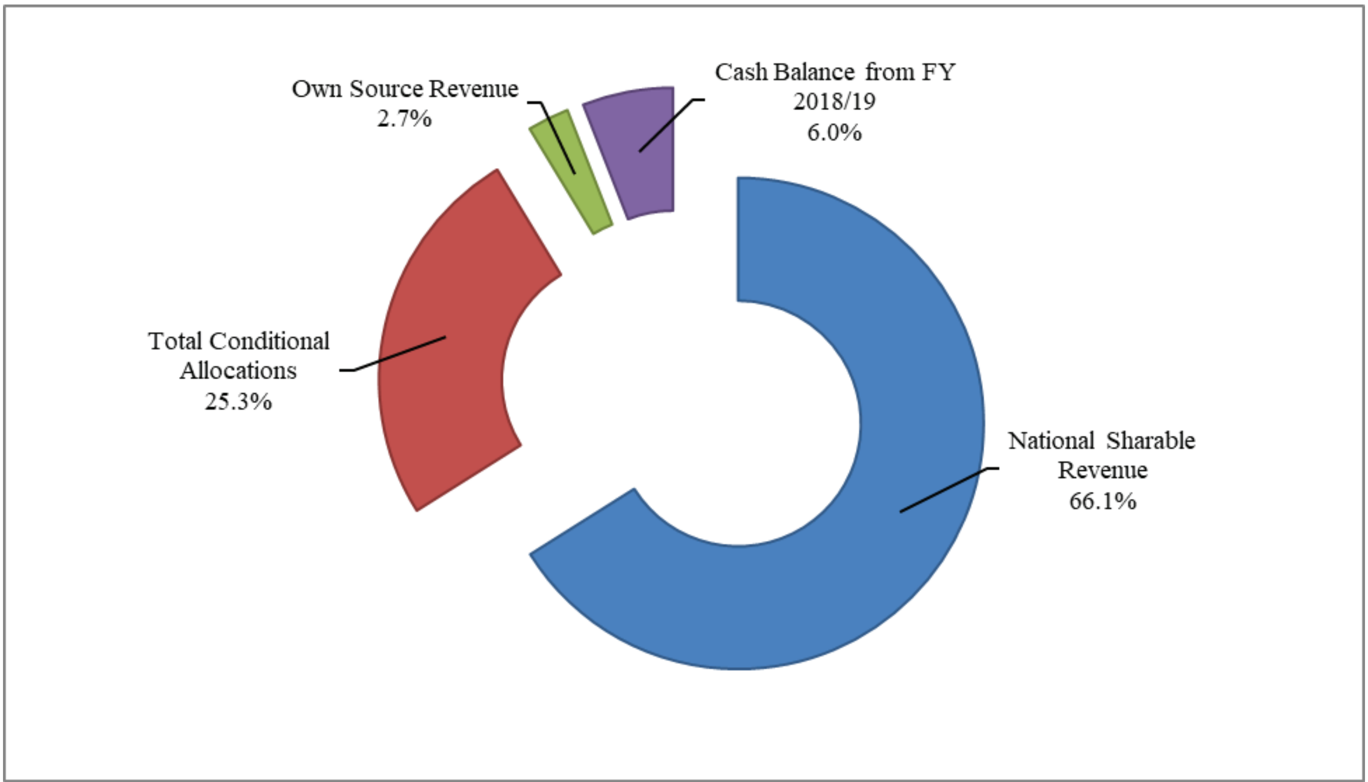
3.45 Vihiga County

3.45.1 Overview of the FY 2019/20 Budget

The County's approved 2nd supplementary budget for FY 2019/20 was Kshs.7.04 billion, comprising of Kshs.2.87 billion (40.7 per cent) and Kshs.4.17 billion (59.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.65 billion (66.1 per cent) as equitable share of revenue raised nationally, Kshs.1.78 billion (25.3 per cent) as total conditional grants, generate Kshs.192.09 million (2.7 per cent) from own sources of revenue, and Kshs.419.39 million (6 per cent) as cash balance from FY 2018/19. Figure 3.133: Vihiga County Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.133: Vihiga County Expected Revenue Sources in FY 2019/20



Source: *Vihiga County Treasury*

3.45.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.65 billion as equitable share of the revenue raised nationally, Kshs.86.88 million as total conditional grants, raised Kshs.82.05 million from own-source revenue, and had a cash balance of Kshs.419.39 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.2.24 billion as shown in Table 3.214:

Table 3.214: Vihiga County, Revenue Performance in the First Half of FY 2019/20

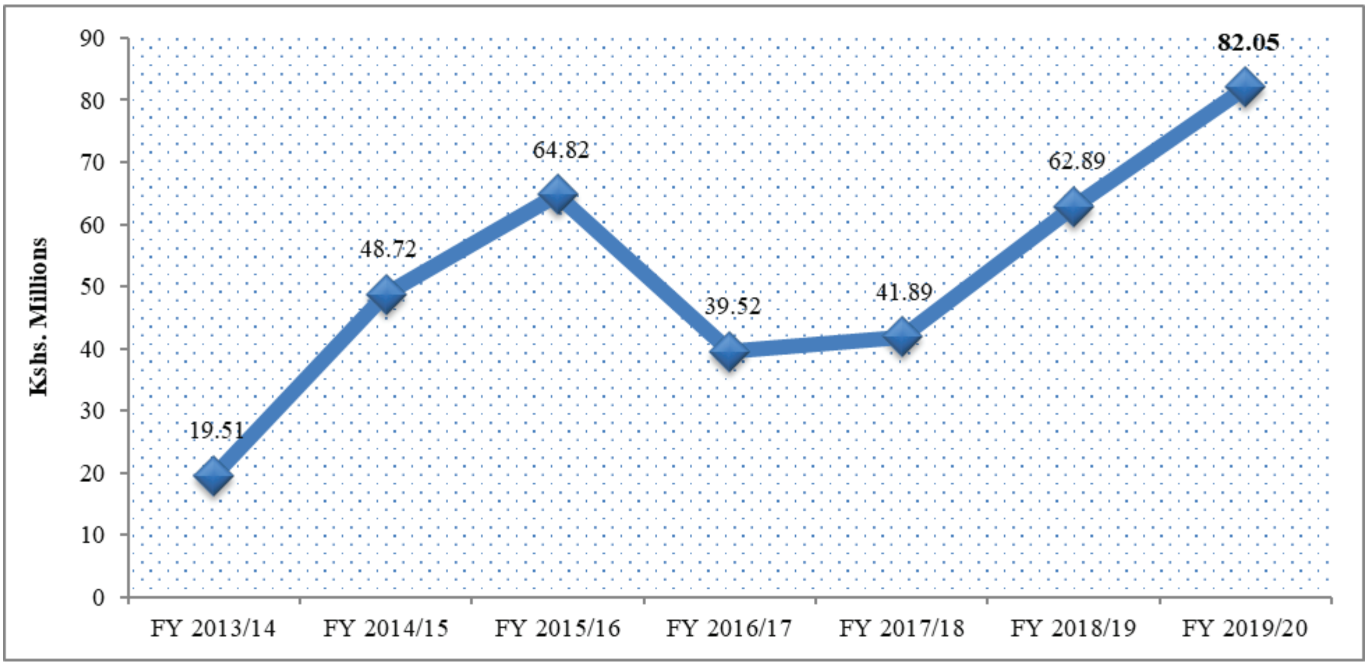
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,652,550,000	4,652,550,000	1,647,002,700	35.4
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	12,657,201	12,657,201	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	170,542,168	170,542,168	33,016,430	19.4
4.	Rehabilitation of Village Polytechnics	84,402,044	84,402,044	33,871,649	40.1
Sub Total		**399,516,307**	**399,516,307**	**66,888,079**	**16.7**
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	93,311,492	93,311,492	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	525,794,178	525,794,178	19,989,558	3.8
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	438,361,024	438,361,024	-	-
6.	DANIDA Grant	13,312,500	13,312,500	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	71,604,116	71,604,116	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	27,273,453	27,273,453	-	-
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	160,000,000	160,000,000	-	-
10	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
Sub Total		**1,379,656,763**	**1,379,656,763**	**19,989,558**	**1.4**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	192,086,250	82,050,425	42.7
2.	Balance b/f from FY2018/19	-	419,392,808	419,392,808	100
Sub Total		**-**	**611,479,058**	**501,443,233**	**82**
Grand Total		**6,431,723,070**	**7,043,202,128**	**2,235,323,570**	**31.7**

Source: *Vihiga County Treasury*

Figure 3: 214 indicates that the county had a total of Kshs. 2.24 billion available for budget implementation during the reporting period.

Figure 3.134: Vihiga County Trend in Own-Source Revenue Collection for the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Vihiga County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.82.05 million as own-source revenue. This amount represented an increase of 23.4 per cent when compared to Kshs.62.89 million realised during the same period in FY 2018/19, and represented 42.7 per cent of the annual target.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.03 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.59.51 million (2.9 per cent) for development programmes and Kshs.1.97 billion (97.1 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

A total of Kshs.1.56 billion was spent on development and recurrent programmes and represented 76.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.92.33 million and Kshs.1.46 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 3.2 per cent while that incurred on recurrent expenditure programmes represented 35 per cent of the annual recurrent budget.

3.45.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.18 billion was spent on compensation to employees, Kshs.280.85 million on operations and maintenance, and Kshs.92.33 million on development expenditure.

Table 3.215: Vihiga County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,174,805,976**	**1,971,537,984**	**1,463,233,166**	**94.1**	**35.0**
Compensation to Employees	2,305,248,378	1,548,042,929	1,182,387,029	76.0	51.3
Operations and Maintenance	1,869,557,598	423,495,055	280,846,137	18.1	15.0
Total Development Expenditure	**2,868,396,152**	**59,505,988**	**92,331,080**	**5.9**	**3.2**
Development Expenditure	2,868,396,152	59,505,988	92,331,080	5.9	3.2
Total	**7,043,202,128**	**2,031,043,972**	**1,555,564,246**	**100.0**	**22.1**

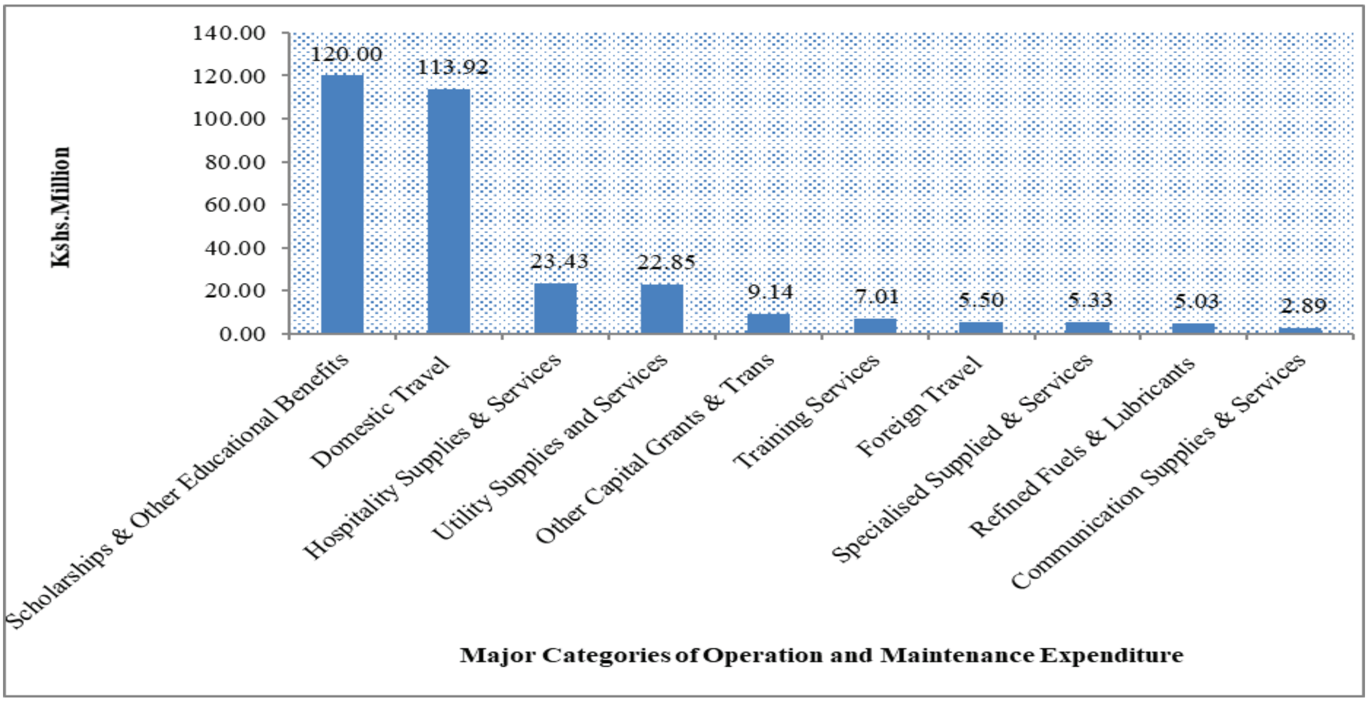
Source: *Vihiga County Treasury*

Expenditure on compensation to employees was 76 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 21.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.925.91 million.

3.45.6 Analysis of Operations and Maintenance Expenditure

Figure 3.135 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.135: Vihiga County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *Vihiga County Treasury*

The County spent Kshs.26.70 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.66.64 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.114, 103 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.113.93 million and comprised of Kshs.53.83 million spent by the County Assembly and Kshs.60.10 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs. 5.50 million and comprised of Kshs. 3.30 million spent by the County Assembly and Kshs. 2.20 million spent by the County Executive.

3.45.7 Development Expenditure Analysis

The total development expenditure of Kshs.92.33 million represented 3.2 per cent of the annual development budget of Kshs.2.87 billion. Table 3.216: Vihiga County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.216: Vihiga County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Road Maintenance	All Sub-Counties	170,542,168	33,016,430	19.3
2	Community Grants to Farming Groups Under - NARIGP	All Sub-Counties	525,794,178	69,324,798	13.1

Source: *Vihiga County Treasury*

3.45.8 Budget Performance by Department

Table 3.217: Vihiga County, Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.217: Vihiga County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	243.97	5.00	120.32	-	82.64	-	68.7	-	33.9	-
Finance & Economic Planning	355.40	450.00	139.45	-	116.99	-	83.9	-	32.9	-
Agriculture, Livestock, Fisheries &Cooperatives	165.61	571.47	80.94	26.49	55.00	69.32	68.0	261.7	33.2	12.1
Health Services	1,365.00	320.78	642.65	-	479.09	-	74.5	-	35.1	-
Education, Science, Technical and Vocational Training	415.17	209.41	266.84	-	227.69	-	85.3	-	54.8	-
Gender, Culture, Youth, Sports and Social Services	148.68	52.78	79.20	-	18.26	-	23.1	-	12.3	-
Trade, Industry, Tourism and Entrepreneurship.	90.34	49.49	30.66	-	14.97	-	48.8	-	16.6	-
County Public Service Board	45.11	-	19.22	-	2.45	-	12.7	-	5.4	-
Environment, Water, Energy & Natural Resources.	143.65	239.00	60.20	-	28.75	-	47.8	-	20.0	-
Transport, Infrastructure & Communication	153.98	453.16	64.54	33.02	28.44	23.01	44.1	69.7	18.5	5.1
Physical Planning, Land and Housing	127.97	493.91	38.33	-	8.76	-	22.9	-	6.8	-
County Assembly	621.96	20.00	301.26	-	178.14	-	59.1	-	28.6	-
Administration and Coordination of County Affairs	297.97	3.40	127.92	-	222.06	-	173.6	-	74.5	-
Total	**4,174.81**	**2,868.40**	**1,971.54**	**59.51**	**1,463.23**	**92.33**	**74.2**	**155.2**	**35.0**	**3.2**

Source: *Vihiga County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock, and Fisheries & Cooperatives recorded the highest absorption rate of development budget at 12.1 per cent, followed by the Department of Transport, Infrastructure & Communication at 5.1 per cent. The other Departments did not report expenditure on their development budgets. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to its recurrent budget at 74.5 per cent while the Department of County Public Service Board had the lowest at 5.4 per cent.

3.45.9 Budget Execution by Programmes and Sub-Programmes

Table 3.218 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.218: Vihiga County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support Service	**Administration, Planning and Support Service**	**817,734,740**	**289,207,439**	**528,527,301**	**35.0**
	Administrative Service	817,534,740	289,207,439	687,726,426	**35.0**
	Research and Development	200,000	-	200,000	-
Livestock Development and Management	**Livestock Development and Management**	**17,970,357**	**3,251,000**	**14,719,357**	**18.0**
	Veterinary Services and Extension	12,170,357	2,831,000	9,339,357	**23.0**
	Livestock Extension	5,800,000	420,000	5,380,000	**7.0**
Fisheries Development and Management	**Fisheries Development and Management**	**8,000,000**	**80,800**	**7,919,200**	**1.0**
	Promotion of Fish Farming	8,000,000	80,800	7,919,200	**1.0**
Crop Development and Management	**Crop Development and Management**	**12,100,000**	**535,000**	**11,565,000**	**4.0**
	Crop Extension	12,100,000	535,000	11,565,000	**4.0**
Cooperatives Development	**Cooperatives Development**	**5,000,000**	**993,360**	**4,006,640**	**20.0**
	Cooperative Development Services	5,000,000	993,360	4,006,640	**20.0**
1 Urban and Physical Planning and Housing Services	**1 Urban and Physical Planning and Housing Services**	**498,361,024**	-	**498,361,024**	-
	Urban and Physical Planning	488,361,024	-	488,361,024	-
	Housing Development	10,000,000	-	10,000,000	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**574,498,888**	**49,431,692**	**525,067,196**	**9.0**
	Administrative Service	574,498,888	49,431,692	525,067,196	**9.0**
Public Finance Management	**Public Finance Management**	**1,000,000**	-	**1,000,000**	-
	Purchase of a trailer	1,000,000	-	1,000,000	-
Transport Management	**Transport Management**	**27,434,400**	**2,510,500**	**24,923,900**	**9.0**
	Transport System Management	10,900,000	2,500,000	8,400,000	**23.0**
	Mechanical Services	16,534,400	10,500	16,523,900	-
Infrastructure Development	**Infrastructure Development**	**4,200,000**	-	**4,200,000**	
	Roads Maintenance	4,200,000	-	4,200,000	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**137,846,017**	**14,965,091**	**122,880,927**	**11.0**
	Administrative Service	137,846,017	14,965,091	122,880,927	**11.0**
	Tourism Development	**1,977,264**	-	**1,977,264**	-
	Tourism Promotion and Branding	1,977,264	-	1,977,264	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**1,331,630,635**	**429,538,944**	**902,091,691**	**32.0**
	Administrative Service	221,747,339	5,000,868	216,746,471	**2.0**
	Human Resource Management and Development	1,053,678,085	420,561,754	633,116,331	**40.0**
	Healthcare Financing	56,205,211	3,976,322	52,228,889	**7.0**
Promotive and Preventive Healthcare Services	**Promotive and Preventive Healthcare Services**	**27,565,284**	**730,656**	**26,834,628**	**3.0**
	Public Health Services	16,700,000	192,256	16,507,744	**1.0**
	Community Health Strategy	6,240,000	469,200	5,770,800	**8.0**
	Health Promotion	3,795,284	44,400	3,750,884	**1.0**
	Reproductive Healthcare	340,000	-	340,000	-
	Disease Surveillance and Emergency	490,000	24,800	465,200	**5.0**
Curative And Rehabilitative Health Services	**Curative And Rehabilitative Health Services**	**280,394,894**	**665,800**	**279,729,094**	-
	Medical services	280,014,894	665,800	279,349,094	-
	County referral services	240,000	-	240,000	-
	Drugs and Other Medical Supplies	140,000	-	140,000	

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Child and Maternal Health Care	**Child and Maternal Health Care**	**46,188,276**	-	**46,188,276**	-
	Antenatal and Post Natal healthcare	1,800,000	-	1,800,000	-
	Antenatal and Post Natal Healthcare	1,440,000	-	1,440,000	-
	Maternity Services	41,368,276	-	41,368,276	-
	New-born, Child and Adolescent Health	1,140,000	-	1,140,000	-
	Nutrition Services	440,000	-	440,000	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**391,699,421**	**143,090,907**	**248,608,514**	**37.0**
	Administrative Service	391,699,421	23,090,907	368,608,514	**6.0**
Vocational Education and Training	**Vocational Education and Training**	**83,176,000**	**21,633,430**	**61,542,570**	**26.0**
	Youth Polytechnic Development	83,176,000	21,633,430	61,542,570	**26.0**
Early Childhood Development	**Early Childhood Development**	**149,700,000**	**62,961,693**	**86,738,307**	**42.0**
	ECD Development	149,700,000	62,961,693	86,738,307	**42.0**
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**1,616,978,949**	**357,158,371**	**1,259,820,578**	**22.0**
	Administrative Service	1,569,641,809	346,479,261	1,223,162,548	**22.0**
	County Administration	28,030,000	5,630,160	22,399,840	**20.0**
	County Radio Information Services	19,307,140	5,048,950	14,258,190	**26.0**
	Bursary Funds	-	-	-	-
Public Finance Management	**Public Finance Management**	**75,095,548**	**12,757,815**	**62,337,733**	**17.0**
	Public Finance Management	10,300,000	1,746,900	8,553,100	**17.0**
	Accounting Services	12,445,548	1,761,980	10,683,568	**14.0**
	Audit Services	11,250,000	1,652,090	9,597,910	**15.0**
	Budget Formulation Coordination	10,400,000	1,696,950	8,703,050	**16.0**
	Resource Mobilization	16,650,000	1,422,795	15,227,205	**9.0**
	Budget Expenditure Management	14,050,000	4,477,100	9,572,900	**32.0**
County Planning Services	**County Planning Services**	**15,364,970**	**1,640,800**	**13,724,170**	**11.0**
	Monitoring and Evaluation	7,425,000	995,100	6,429,900	**13.0**
	Coordination of Policy Formulation and Plans	7,939,970	645,700	7,294,270	**8.0**
Coordination and Supervisory Services	**Coordination and Supervisory Services**	**400,000**	-	**400,000**	-
	Performance Management	200,000	-	200,000	-
	Disaster Management and Mitigation	200,000	-	200,000	-
Management and Administration of County Services	**Management and Administration of County Services**	**17,756,178**	**1,949,360**	**15,806,818**	**11.0**
	County Executive	300,000	-	300,000	-
	County Secretary	10,756,178	996,200	9,759,978	**9.0**
	Legal Services	6,700,000	953,160	5,746,840	**14.0**
Legislation and Oversight	**Legislation and Oversight**	**317,009,425**	**111,608,647**	**205,400,778**	**35.0**
	Legislation and Oversight	317,009,425	111,608,647	205,400,778	**35.0**
	Oversight	-	-	-	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**83,808,587**	**14,634,893**	**69,173,694**	**17.0**
	Administrative Service	82,608,587	14,559,293	68,049,294	**18.0**
	Technical Conferences	500,000	-	500,000	-
	Elderly Fund	700,000	75,600	624,400	**1.0**
		103,954,612	**7,469,250**	**96,485,362**	**7.0**
	Promotion of Sports	70,544,855	7,245,850	63,299,005	**10.0**
	Promotion of Culture and Heritage	19,550,000	223,400	19,326,600	**1.0**
	Recreation and Arts	13,859,757	-	13,859,757	
		13,700,000	-	**13,700,000**	-
	Social Protection	1,400,000	-	1,400,000	-
	Gender, Children, Youth and People with Disability	12,300,000	-	12,300,000	-
Administration, Planning, and Support Service	**Administration, Planning, and Support Service**	**342,156,659**	**28,748,800**	**313,407,859**	**8.0**
	Administrative Service	180,156,659	28,748,800	151,407,859	**16.0**
	Financial Services	162,000,000	-	162,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Finance Management	**Public Finance Management**	**40,500,000**	-	**40,500,000**	-
	Water Supply Management	21,500,000	-	21,500,000	-
	Waste Water Management	1,000,000	-	1,000,000	-
	Environmental Protection and Conservation	14,500,000	-	14,500,000	-
	Farm Forest Management	2,000,000	-	2,000,000	-
	Natural Resources management	1,500,000	-	1,500,000	-
Grand Total		**7,043,202,128**	**1,555,564,246**	**5,487,637,882**	**22.0**

Source: *Vihiga County Treasury*

The best performing programs across the County were: Early Childhood Development at 42 per cent, Legislation and Oversight at 35 per cent, Budget Expenditure Management at 32 per cent, and Vocational Education and Training at 26 per cent of the budget allocation.

3.45.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. High costs on personnel emoluments which increased by 21.6 per cent from Kshs.925.91 million recorded in a similar period of FY 2018/19 to Kshs.1.18 billion in the reporting period, and accounted for 76 per cent of the total expenditure for the period.

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

1. *The County Public Service Board in consultation with the County Executive Committee and County Assembly needs to develop an optimal staffing structure and devise strategies to contain expenditure on employees' compensation within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

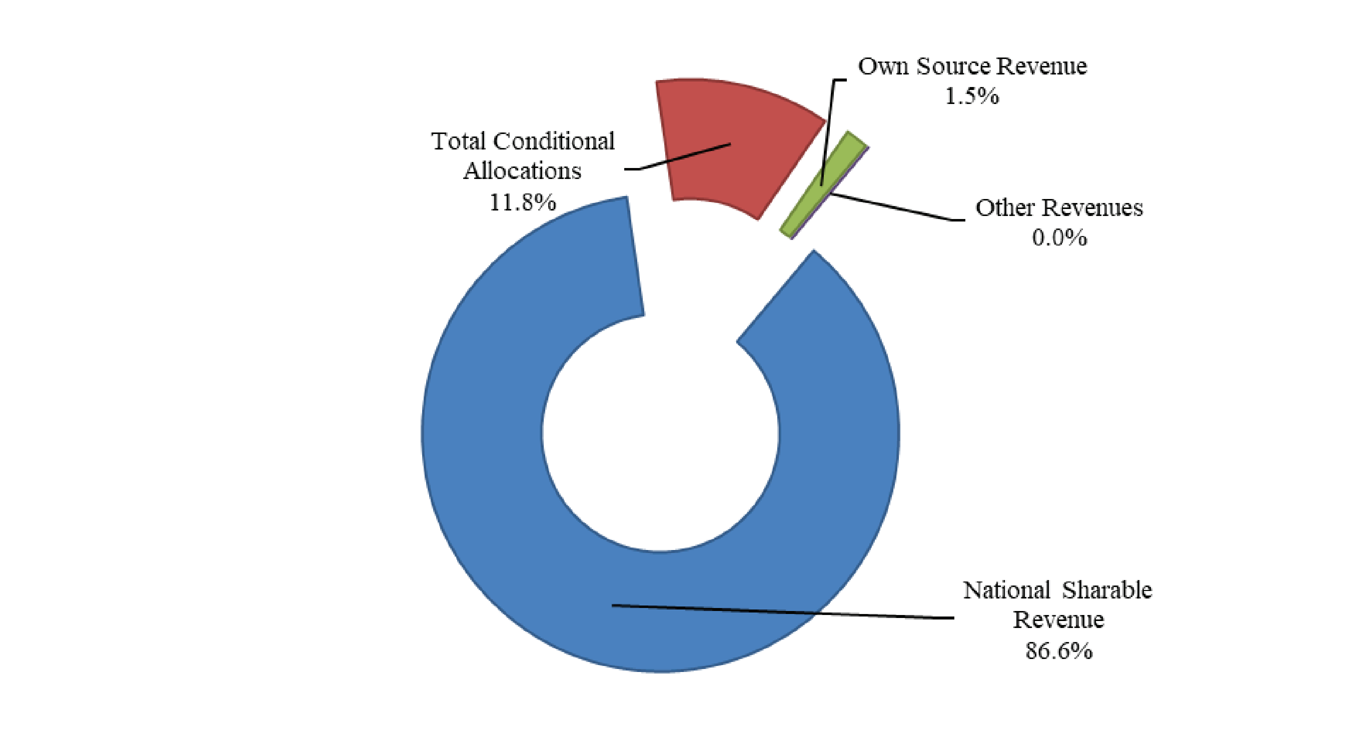
3.46 Wajir County

3.46.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.9.67 billion, comprising of Kshs.3.68 billion (38 per cent) and Kshs.5.99 billion (62 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.8.37 billion (86.3 per cent) as equitable share of revenue raised nationally, Kshs.1.15 billion (11.8 per cent) as total conditional grants, generate Kshs.150 million (1.5 per cent) from own source revenue, and Kshs.29.82 million (0.3 per cent) as cash balance from FY 2018/19. Figure 3.136: shows the expected sources of financing by category in FY 2019/20.

Figure 3.136: Wajir County Expected Revenue Sources in FY 2019/20



Source: *Wajir County Treasury*

3.46.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.3.02billion as equitable share of the revenue raised nationally, Kshs.65 million as total conditional grants, raised Kshs.23.95 million from own-source revenue, and had a cash balance of Kshs.29.82 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.14 billion as shown in Table 3.219:

Table 3.219: Wajir County, Revenue Performance in the First Half of FY 2019/20

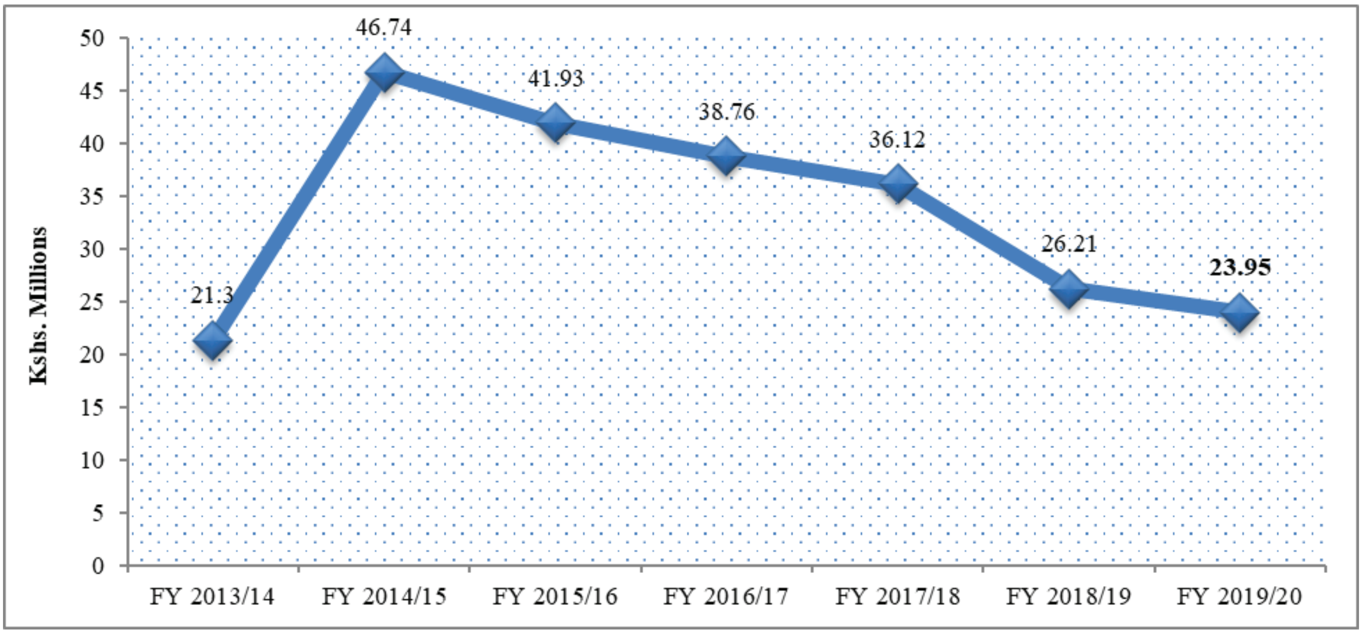
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	8,370,000,000	8,370,000,000	3,025,107,000	36.1
B.	**Conditional Grants from the National Government Revenue**				
	Compensation for User Fee Foregone	15,784,997	15,784,997	-	-
	Road Maintenance Fuel Levy Fund	242,569,688	242,569,688	-	-
	Rehabilitation of Village Polytechnics	18,903,297	18,903,297	-	-
	Sub Total	**277,257,982**	**277,257,982**	-	-
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	153,172,330	153,172,330	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	165,643,500	165,643,500	65,035,294	39.3
6.	DANIDA Grant	25,312,500	25,312,500		-
7.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	24,481,325	24,481,325	-	-
8.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	250,000,000	250,000,000	-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	112,000,000	112,000,000	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	23,548,494	23,548,494	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
Sub Total		**869,158,149**	**869,158,149**	**65,035,294**	**7.5**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	150,000,000	23,945,676	16.0
2.	Balance b/f from FY2019/20	-	-	29,816,646	-
Sub Total		**-**	**150,000,000**	**53,762,322**	**35.8**
Grand Total		**9,516,416,131**	**9,666,416,131**	**3,143,904,615**	**32.5**

Source: *Wajir County Treasury*

Figure 3.129 indicates that the county had a total of Kshs. 3.14 billion available for budget implementation during the reporting period.

Figure 3.137: Trend in Own-Source Revenue Collection of the First Half of the year from FY 2013/14 to FY 2019/20



Source: *Wajir County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.23.95 million as own-source revenue. This amount represented a decrease of 8.6 per cent when compared to Kshs.26.21 million realised during the same period in FY 2018/19, and represented 16 per cent of the annual target.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.31 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.409.86 million (12.4 per cent) for development programmes and Kshs.2.90 billion (87.6 per cent) for recurrent programmes.

3.46.4 Overall Expenditure Review

A total of Kshs.256.34 million was spent on development and Kshs.2.80 recurrent programmes and represented 92.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.256.34 billion and Kshs.2.80 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 7 per cent while that incurred on recurrent expenditure programmes represented 46.8 per cent of the annual recurrent budget.

3.46.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.81billion was spent on compensation to employees, Kshs.1.04 billion on operations and maintenance, and Kshs.256.34million on development expenditure.

Table 3.220: Wajir County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a % of Total Expenditure	Absorption (%)
Total Recurrent Expenditure	**5,990,734,939**	**2,901,323,102**	**2,801,323,102**	**91.6**	**46.8**
Compensation to Employees	3,959,942,066	1,813,744,003	1,813,744,002	59.3	45.8
Operations and Maintenance	2,030,792,873	1,087,579,099	1,037,579,099	33.9	51.1
Development Expenditure	**3,675,681,192**	**409,860,112**	**256,342,344**	**8.4**	**7.0**
Total	**9,666,416,131**	**3,311,183,214**	**3,057,665,446**	**100**	**31.6**

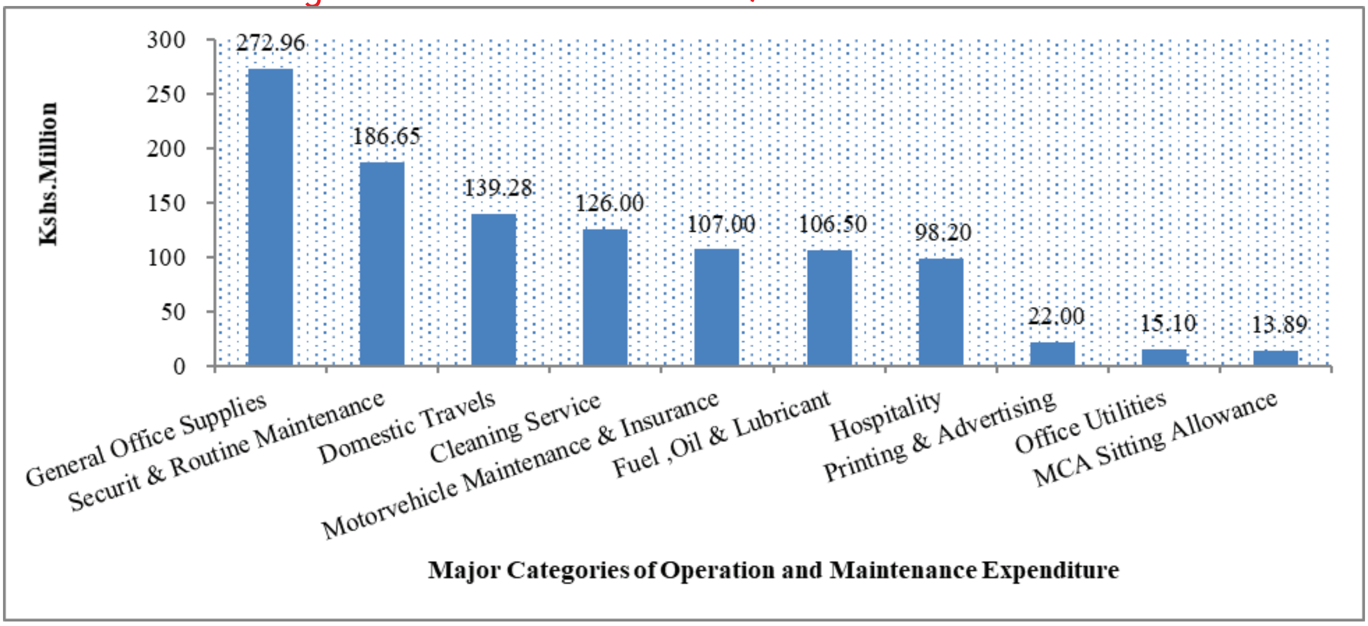
***Source**: Wajir County Treasury*

Expenditure on compensation to employees was 59.3 per cent of total expenditure in the first half of FY 2019/20 and represented a decrease of 7.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.96 billion.

3.46.6 Analysis of Operations and Maintenance Expenditure

Figure 3.138 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.138: Wajir County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



***Source:** Wajir County Treasury*

The County spent Kshs.13.89 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.19.37 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.47,250 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.139.28 million and comprised of Kshs.34.75 million spent by the County Assembly and Kshs.104.53 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.8.56 million which was entirely spent by the County Assembly.

3.46.7 Development Expenditure Analysis

The total development expenditure of Kshs.256.34 million represented 7 per cent of the annual development budget of Kshs.3.68 billion. Table 3.221: Wajir County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3.221: Wajir County, List of Development Projects with the Highest Expenditure in the First Half of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Maintenance of Tarmac roads	Wajir Township	44,000,000	44,000,000	100
2	Completion of ongoing tarmac roads	Town	25,000,000	1,191,000	4.76
3	Gravelling of Overhaul Roads and Bridges	Various Wards	129,000,000	30,000,000	36.41
4	Grading of Overhaul roads and bridges	Various Ward	82,400,000	20,000,000	24.27
5	Maintenance of boreholes	Various Wards	40,000,000	20,000,000	50
6	Water Supplies Mega pans construction	Various Wards	80,000,000	29,046,400	36.3
7	Water Supplies Boreholes Equipment	Various Wards	40,000,000	15,000,000	37.5
8	Infrastructure and Civil works water supply	Various Wards	70,000,000	20,000,000	28.57
9	Medical Drugs	County Health Facilities	100,300,000	57,104,895	56.93

Source: *Wajir County Treasury*

3.46.8 Budget Performance by Department

Table 3.222: Wajir County, Budget Performance by Department for the First Half of FY 2019/20 shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.222: Wajir County, Budget Performance by Department for the First Half of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	760.19	-	362.1	-	361.96	-	100.0	-	47.6	-
County Executive	444.28	-	289.86	-	239.86	-	82.8	-	54.0	-
Finance and Economic Planning	582.5	112	187	-	187.00	-	100.0	-	32.1	-
Agriculture and Livestock Development	206.06	432.69	120.24	79.4	120.24	-	100.0	-	58.4	-
Public Health, Medical Services and Sanitation	1,667.33	518.67	806.81	131.23	756.81	57.1	93.8	43.5	45.4	11.0
Roads & Transport Department	134.78	767.97	67.76	95.19	67.76	95.19	100.0	100.0	50.3	12.4
Water Department	199.25	607.2	109.84	104.05	109.84	104.05	100.0	100.0	55.1	17.1
Energy, Environment and Natural Resources	64.23	141.55	30.46	-	30.46	-	100.0	-	47.4	-
Public Service, Special Programs and Decentralized Unit & Town Administration	662.75	64.9	405.75	-	405.75	-	100.0	-	61.2	-
Education, Youth, Gender and Social Services	560.93	278.8	214.56	-	214.56	-	100.0	-	38.2	-
ICT, Trade, Industrialization, Co-operative Development	211.62	80.25	82.48	-	82.48	-	100.0	-	39.0	-
Public works, Lands, Housing and Physical Planning	73.74	130.5	28.46	-	28.46	-	100.0	-	38.6	-
WAJWASCO	114.83	305.5	41.39	-	41.39	-	100.0	-	36.0	-
CPSB	67.26	-	26.48	-	26.48	-	100.0	-	39.4	-
Municipality	240.97	235.64	128.12	-	128.12	-	100.0	-	53.2	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Total	**5,990.73**	**3,675.68**	**2,901.32**	**409.86**	**2,801.19**	**256.34**	**96.5**	**62.5**	**46.8**	**7.0**

Source: *Wajir County Treasury*

Analysis of expenditure by department shows that the Department of Water recorded the highest absorption rate of development budget at 17.1 per cent, followed by the Department of Roads & Transport at 12.4 per cent. The Department of Public Service, Special Programs and Decentralized Unit & Town Administration had the highest percentage of recurrent expenditure to its recurrent budget at 61.2 per cent.

3.46.9 Budget Execution by Programmes and Sub-Programmes

Table 3.223 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.223: Wajir County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
THE EXECUTIVE OFFICE					
County Executive Services	County Executive Services	444,277,059	239,864,864	204,412,195	54.0
	Sub total	**444,277,059**	**239,864,864**	204,412,195	**54.0**
THE COUNTY ASSEMBLY					
General admin & support services	County Legislative Services	760,194,403	361,959,489.00	398,234,914	47.6
	Sub total	**760,194,403**	**361,959,489.00**	**398,234,914**	**47.6**
FINANCE AND ECONOMIC PLANNING					
Kenya Devolution Support programme	Kenya Devolution Support programme	142,000,000	-	142,000,000	-
Public Finance Management	Public Finance Management	26,428,123	6,999,460	19,428,663	26.5
Economic Planning Services	Economic Planning Services	14,455,600	-	14,455,600	-
General Administration and Support Services	General Administration and Support Services	511,617,221	180,000,000	331,617,221	35.2
	Sub total	**694,500,944.00**	**186,999,460**	**507,501,484**	**26.9**
ROADS TRANSPORT AND PUBLIC WORKS					
Road Transport Services	Road Transport Services	771,449,688	95,191,048	676,258,640	12.3
Public Works and Transport Services	Public Works and Transport Services	44,570,000	20,000,000	24,570,000	44.9
General Administration and Support Services	General Administration and Support Services	91,732,455	47,756,048	43,976,407	52.1
	Sub total	**907,752,143**	**162,947,096**	**744,805,047**	**18.0**
AGRICULTURE AND LIVESTOCK DEVELOPMENT					
General Administration	General Administration	174,887,334	83,419,015	-	-
Livestock Resource management	Livestock Resource management	57,588,600	16,000,000	-	-
Veterinary Support Services	Veterinary Support Services	22,900,000	-	-	-
Crop Development and Management	Crop Development and Management	27,658,600	-	-	-
Fisheries Development and Management	Fisheries Development and Management	12,128,027	-	-	-
Irrigation Management Service	Irrigation Management Service	124,000,000	20,819,015	-	-
Kenya Climate Smart Agriculture	Kenya Climate Smart Agriculture	175,020,320	-	-	-
Agriculture Sector Development support prog	Agriculture Sector Development support prog	26,574,387	-	-	-
	Sub total	**620,757,268**	**120,238,030**	**500,519,238**	**19.4**
PUBLIC HEALTH , MEDICAL SERVICE AND SANITATION					
Curative, Rehabilitative and Referral Services	Curative, Rehabilitative and Referral Services	258,110,000	57,104,896	201,005,105	22.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Preventive and promotive services	Preventive and promotive services	157,575,000	-	-	-
RMNCH	RMNCH	295,732,057	-	-	-
TB & HIV-AIDS	TB & HIV-AIDS	11,168,000	-	-	-
P8 Health Research Services	P8 Health Research Services	9,596,000	-	-	-
General Administration and Support Services	General Administration and Support Services	1,463,822,531	756,811,884		51.7
	Sub total	**2,196,003,588**	**813,916,780**	**1,382,086,809**	**37.1**
WATER					
Water Services	Water Services	788,950,885	213,889,028	575,061,857	27.1
	Sub total	**788,950,885**	**213,889,028**	**575,061,857**	**27.1**
ENERGY , ENVIRONMENT & NATURAL RESOURCES					
Energy Services	Energy Services	16,938,100	-	-	-
Environment & Natural Resource Services	Environment & Natural Resource Services	128,753,050	17,981,430	110,771,620	-
General Administration and Support Services	General Administration and Support Services	53,970,224	12,481,430	41,488,794	-
Wildlife and Tourism	Wildlife and Tourism	27,722,800	-	-	-
	Sub total	**227,384,174**	**30,462,860**	**152,260,414**	**13.4**
PUBLIC SERVICES, SPECIAL PROGRAM AND NATURAL RESOURCES					
Public Participation Services	Public Participation Services	31,700,000	5,000,000	26,700,000	-
County Executive Services	County Executive Services	1,270,000	-	1,270,000	-
Human Resources Management and decentralized services	Human Resources Management and decentralized services	475,918,297	290,754,899	185,163,398	-
Special Programs	Special Programs	163,210,000	88,000,000	75,210,000	-
Environment, Beautification and Sanitation services	Environment, Beautification and Sanitation services	15,484,000	7,000,000	8,484,000	-
Engineering, Maintenance and Physical infrastructure services	Engineering, Maintenance and Physical infrastructure services	35,500,000	15,000,000	20,500,000	-
Service Delivery and Performance Management	Service Delivery and Performance Management	5,400,000	-	5,400,000	-
Governance and Ethics	Governance and Ethics	1,870,000	-	1,870,000	
	Sub total	**730,352,297**	**405,754,899**	**324,597,398**	55.6
EDUCATION , YOUTH , GENDER AND SOCIAL SERVICE					
Sports promotion and development	Sports promotion and development	80,108,700	-	80,108,700	-
Early Childhood Education Development Services	Early Childhood Education Development Services	110,186,600	30,527,810	79,658,790	28
Gender, Culture and Social services	Gender, Culture and Social services	85,251,000	-	85,251,000	-
Youth polytechnics	Youth polytechnics	31,289,797	-	31,289,797	-
School Support and Development Services	School Support and Development Services	116,000,000	-	116,000,000	-
General Administration and Support Services	General Administration and Support Services	420,101,646	184,027,810	236,073,836	44
	Sub total	**842,937,743**	**214,555,620**	**628,382,123**	25
ICT ,TRADE, INDUSTRIALIZATION AND COOPERATIVE DEVLOPMENT					
ICT Infrastructure Services	ICT Infrastructure Services	48,576,000	-	48,576,000	-
General administration, Planning and Support Services	General administration, Planning and Support Services	184,194,382	82,483,615	101,710,767	44.8
Trade Services	Trade Services	43,249,700	-	43,249,700	-
Co-operatives Services	Co-operatives Services	22,846,000	-	22,846,000	-
	Sub total	**298,866,082**	**82,483,615**	**216,382,467**	**27.6**
PUBLIC WORK ,LAND AND HOUSING					
General Administration and Support Services	General Administration and Support Services	64,796,826	12,083,615	52,713,211	18.6
Government Building Services	Government Building Services	922,400	-	922,400	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Land Policy and Physical Planning	Land Policy and Physical Planning	118,796,000	16,379,615	102,416,385	13.8
Public Works and Transport Services	Public Works and Transport Services	19,728,100	-	19,728,100	-
	Sub total	**204,243,326**	**28,463,230**	**175,780,096**	**13.9**
WAJWASCO					
WAJWASCO	WAJWASCO	416,327,493	41,391,138	374,936,355	9.9
	Sub total	**416,327,493**	**41,391,138**	**374,936,355**	**9.9**
COUNTY PUBLIC SERVICE BOARD					
County Public Service Board Services	County Public Service Board Services	67,259,465	26,481,324	40,778,141	39.4
		67,259,465	**26,481,324**	**40,778,141**	39.4
MUNICIPALITY					
Urban Development Services	Urban Development Services	466,609,262	128,120,000	338,489,262	27.5
	Sub total	**466,609,262**	**128,120,000**	**338,489,262**	**27.5**
Grand Total		**9,666,416,132**	**3,057,527,433**	**6,616,941,011**	**31.6**

Source: *Wajir County Treasury*

The best performing programs across the County were: County Executive Services at 54 per cent, County Legislative Services at 47.6 per cent, and Public Works and Transport Services at 44.9 per cent.

3.46.10 Key Observations and Recommendations

The following challenges continued to hamper effective budget implementation;

1. Late submission of financial reports by the County Treasury contrary to Section 166 of the PFM Act, 2012.
2. Under-performance in own source revenue collection. The own source revenue declined by 8.6 per cent when compared to Kshs.26.2 million realized during the same period in FY 2018/19, and represented 16 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial and non-financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Treasury should formulate and implement strategies to improve of its own source revenue collection.*

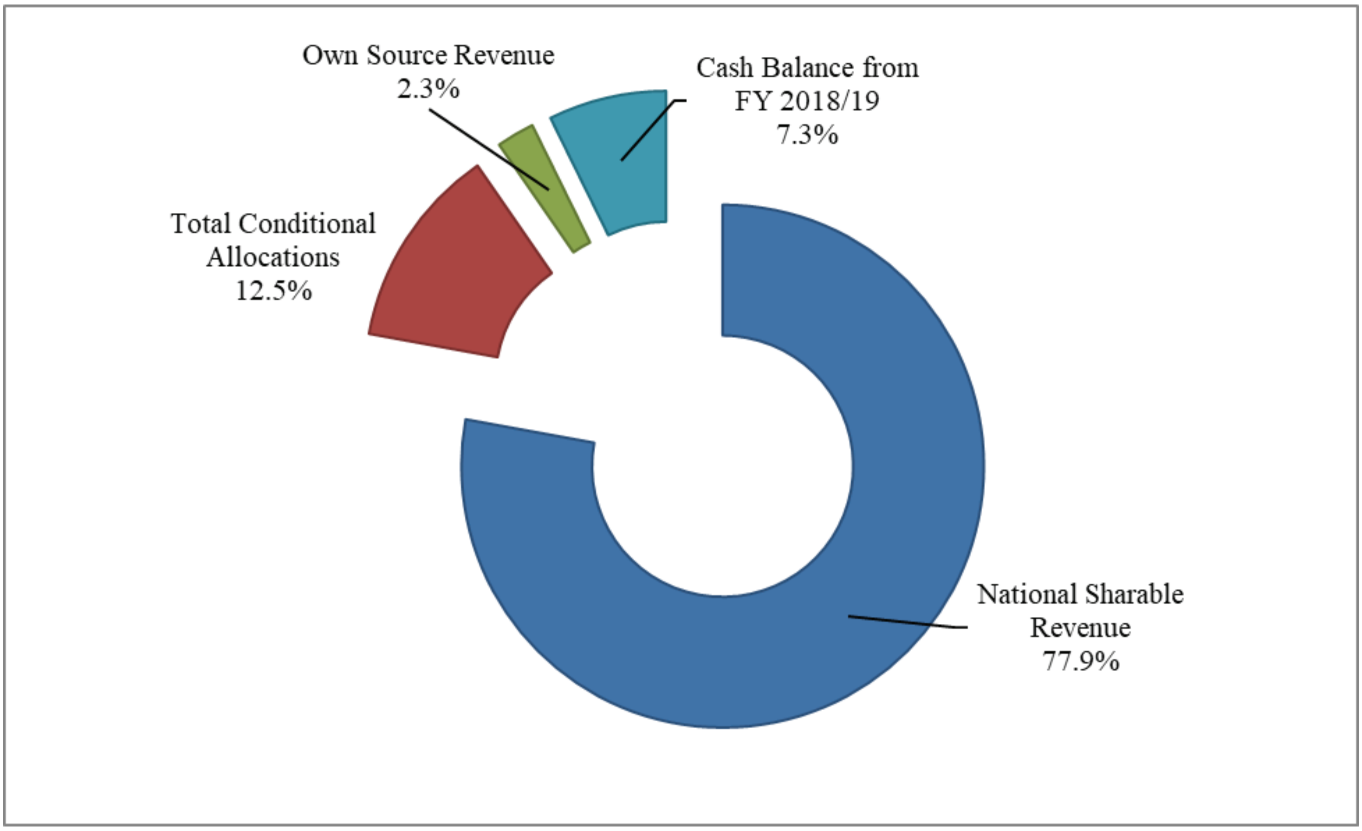
3.47 West Pokot County

3.47.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.6.42 billion, comprising of Kshs.2.26 billion (35.3 per cent) and Kshs.4.16 billion (64.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.0 billion (77.9 per cent) as equitable share of revenue raised nationally, Kshs.802.68 million (12.5 per cent) as total conditional grants, generate Kshs.150.32 million from own sources of revenue, and Kshs.468.1 million (7.3 per cent) as cash balance from FY 2018/19. Figure 3.139: West Pokot County Expected Revenue Sources in FY 2019/20 shows the expected sources of financing by category in FY 2019/20.

Figure 3.139: West Pokot County Expected Revenue Sources in FY 2019/20



Source: *West Pokot County Treasury*

3.47.2 Revenue Performance

During the first half of FY 2019/20, the County received Kshs.1.77 billion as equitable share of the revenue raised nationally, Kshs.44.94 million as total conditional grants, raised Kshs.43.61 million from own-source revenue, and had a cash balance of Kshs.468.10 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.2.33 billion as shown in Table 3.224: West Pokot County, Revenue Performance in the First Half of FY 2019/20.

Table 3.224: West Pokot County, Revenue Performance in the First Half of FY 2019/20

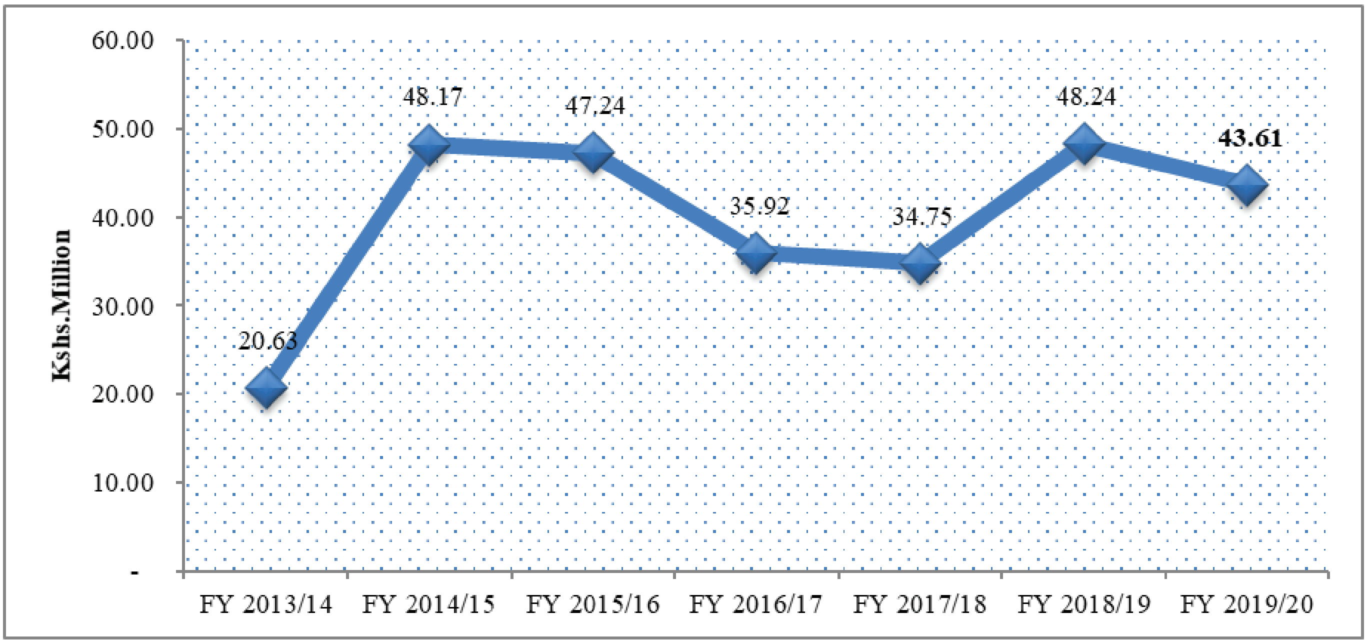
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,000,700,000	5,000,700,000	1,770,247,800	35.4
	Compensation for User Fee Foregone	12,128,484	12,128,484	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	141,948,188	160,456,368	-	-
	Rehabilitation of Village Polytechnics	17,313,298	39,399,992	-	-
Sub Total		**303,304,864**	**211,984,844**	**-**	**-**
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	35,000,000	50,327,032	-	-
	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,291,410	128,924,499	44,936,627	34.9
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	58,070,195	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	73,392,300	112,786,906	-	-
	DANIDA Grant	14,718,750	14,718,750	-	-
	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,495,096	21,495,096	-	-
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,586,308	26,629,462	-	-
	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	125,000,000	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		**399,283,864**	**587,951,940**	**44,936,627**	**6.7**
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	150,320,184	43,610,104	29.0
2.	Balance b/f from FY2018/19	-	468,100,331	468,100,331	100.0
Sub Total		-	**618,420,515**	**511,710,435**	**82.7**
Grand Total		**5,703,288,728**	**6,421,802,099**	**2,326,894,862**	**37.2**

Source: *West Pokot County Treasury*

Table 3.224: indicates that the county has a total of Kshs.2.34 billion available for budget implementation during the reporting period.

Figure 3.140: West Pokot County Trend in Own-Source Revenue Collection for the First Half from FY 2013/14 to FY 2019/20



Source: *West Pokot County Treasury*

During the first half of FY 2019/20, the County generated a total of Kshs.43.61 million as own-source revenue. This amount represented decrease of 9.6 per cent when compared to Kshs.48.24 million realised during the same period in FY 2018/19, and represented 29 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.78 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.136.68 million (7.6 per cent) for development programmes and Kshs.1.65 billion (92.4 per cent) for recurrent programmes.

3.47.4 Overall Expenditure Review

A total of Kshs.2.1 billion was spent on development and recurrent programmes and represented 117.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.253.58 million and Kshs.1.84 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 11.2 per cent while that incurred on recurrent expenditure programmes represented 44.3 per cent of the annual recurrent budget.

3.47.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.14 billion was spent on compensation to employees, Kshs.702.14 million on operations and maintenance, and Kshs.253.58 million on development expenditure.

Table 3.225: West Pokot County Summary of Expenditure by Economic Classification for the First Half of FY 2019/20

Expenditure Classification	Budget Kshs.	Expenditure Kshs.	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	**4,155,101,947**	**1,841,575,829**	**87.9**	**44.3**
Compensation to Employees	2,485,855,061	1,139,438,553	54.4	45.8
Operations and Maintenance	1,669,246,886	702,137,276	33.5	42.1
Total Development Expenditure	**2,265,700,152**	**253,582,415**	**12.1**	**11.2**
Development Expenditure	2,265,700,152	253,582,415	12.1	11.2
Total	**6,420,802,099**	**2,095,158,244**	**100.0**	**32.6**

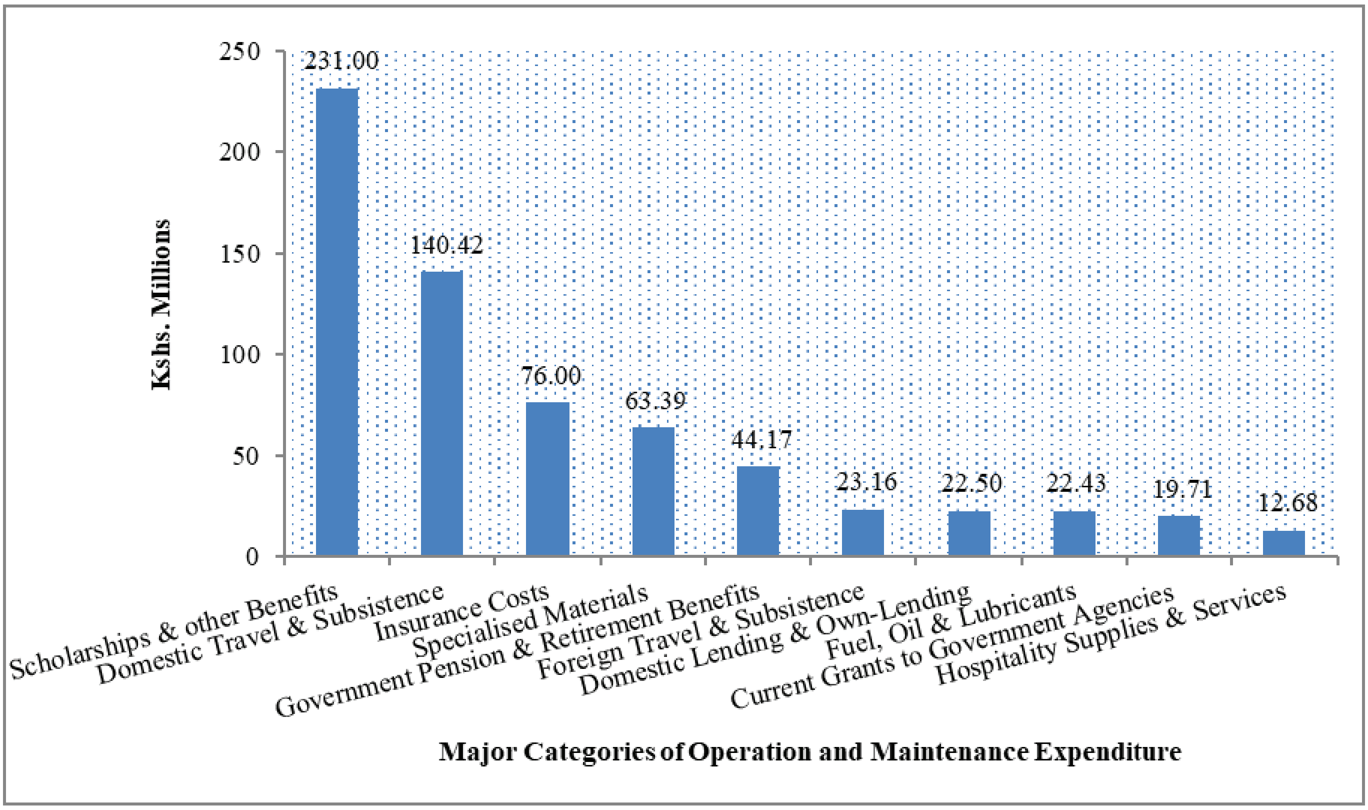
Source: *West Pokot County Treasury*

Expenditure on compensation to employees was 54.4 per cent of total expenditure in the first half of FY 2019/20 and represented an increase of 24.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.913.38 million.

3.47.6 Analysis of Operations and Maintenance Expenditure

Figure 3.141 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.141: West Pokot County, Operations and Maintenance Expenditure by Major Categories in the First Half FY 2019/20



Source: *West Pokot County Treasury*

The County spent Kshs.11.01 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs. 31.97 million in the first half of FY 2019/20. The average monthly sitting allowance translated to Kshs.53,988 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.140.42 million and comprised of Kshs. 60.41 million spent by the County Assembly and Kshs. 80.01 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs. 23.16 million and comprised of Kshs. 14.03 million spent by the County Assembly and Kshs. 9.13 million spent by the County Executive.

3.47.7 Development Expenditure Analysis

The total development expenditure of Kshs.253.58 million represented 11.2 per cent of the annual development budget of Kshs.2.26 billion. The County Treasury did not provide a report on implementation of development projects.

3.47.8 Budget Performance by Department

Table 3.226: shows a summary of the approved budget allocation and performance by department in the first half of FY 2019/20.

Table 3.226: West Pokot County, Budget Performance by Department for the First Half of FY 2019/20

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	425.10	59.45	219.64	12.53	222.09	12.55	101.1	100.2	52.2	21.1
Finance and Economic Planning	270.60	29.50	82.91	-	101.92	-	122.9	-	37.7	-
Public Works , Transport and Infrastructure	61.46	320.93	23.96	39.15	26.96	53.40	112.5	136.4	43.9	16.6
Health, Sanitation and Emergencies	1,371.69	284.86	603.90	31.26	583.93	25.83	96.7	82.6	42.6	9.1
Education and Technical Training	730.74	220.44	193.81	-	355.98	17.44	183.7	-	48.7	7.9
Agriculture and Irrigation	102.78	223.41	43.80	44.94	42.91	76.71	98.0	170.7	41.7	34.3
Pastoral Economy	103.98	166.61	42.31	-	44.78	8.04	105.9	-	43.1	4.8
Trade, Industrialization, Investment and Cooperative Development	75.03	99.35	41.46	-	43.60	-	105.2	-	58.1	-
Land, Housing ,Physical Planning and Urban Development	72.67	204.62	34.79	8.80	27.69	48.31	79.6	549.0	38.1	23.6
Water Development, Environment and Natural Resources	67.55	358.59	30.08	-	24.52	-	81.5	-	36.3	-
Youths, Sports, Tourism, Gender and Social Services	43.20	127.84	14.18	-	11.41	11.30	80.5	-	26.4	8.8
Public Service ,ICT and Decentralized Units	192.52	42.70	100.77	-	101.76	-	101.0	-	52.9	-
Special Programmes and Directorates	40.13	1.60	11.55	-	8.93	-	77.3	-	22.3	-
County Assembly	598.67	125.82	208.74	-	245.07	-	117.4	-	40.9	-
Total	**4,156.10**	**2,265.70**	**1,651.89**	**136.69**	**1,841.58**	**253.58**	**111.5**	**185.5**	**44.3**	**11.2**

Source: *West Pokot County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 34.3 per cent, followed by the Department of Land, Housing, Physical Planning and Urban Development at 23.6 per cent. The Department of Public Service, ICT and Decentralized Units had the highest percentage of recurrent expenditure to its recurrent budget at 52.9 per cent while the Department of Special Programmes and Directorates had the lowest at 22.3 per cent.

3.47.9 Budget Execution by Programmes and Sub-Programmes

Table 3.227 shows a summary of the budget execution by programmes and sub-programmes in the first half of FY 2019/20.

Table 3.227: West Pokot County, Budget Execution by Programmes and Sub-programmes in the First Half of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Executive	General Administration ,planning and Support Services	418,648,977.03	206,666,122.85	211,982,854.18	49.4
	County Executive affairs	36,857,399.49	17,457,824.00	19,399,575.49	47.4
	County Public service Board	5,591,520.00	1,481,784.00	4,109,736.00	26.5
	Field Administration service	10,515,680.00	5,342,350.00	5,173,330.00	50.8
	Liaison and Intergovernmental service	12,933,850.48	3,698,282.50	9,235,567.98	28.6
Finance &Economic Planning	General Administration ,planning and Support Services	204,018,468.41	74,124,636.10	129,893,832.31	36.3
	Treasury Accounting Services	2,273,440.00	1,955,994.00	317,446.00	86.0
	Supply Chain Management services	3,142,816.00	1,176,180.00	1,966,636.00	37.4
	Resource Mobilization	7,492,000.00	2,842,690.00	4,649,310.00	37.9
	Internal Audit services	4,033,600.00	1,764,250.00	2,269,350.00	43.7
	Budget Formulation services	14,469,479.54	4,861,465.00	9,608,014.54	33.6
	Economic Planning	61,871,728.06	13,342,694.80	48,529,033.26	21.6
	Project Management	-	-	-	-
	Monitoring and Evaluation	2,798,000.00	1,855,000.00	943,000.00	66.3
Roads, Public Works, Transport and Infrastructure	General Administration ,planning and Support Services	54,486,183.23	26,072,958.20	28,413,225.03	47.9
	Road Transport	172,102,760.75	12,890,561.10	159,212,199.65	7.5
	Public Works	16,006,546.00	5,216,840.40	10,789,705.60	32.6
	Vehicle Maintenance Unit	-	-	-	-
	Ward Specific Projects	139,795,936.02	36,185,077.10	103,610,858.92	25.9
Health and Sanitation	General Administration ,planning and Support Services	-	-	-	-
	Preventive Health Services	92,094,286.61	33,949,098.75	58,145,187.86	36.9
	Kapenguria Referral Hospital	202,562,790.23	34,825,146.60	167,737,643.63	17.2
	Kacheliba Sub county Hospital	17,860,000.00	5,220,000.00	12,640,000.00	29.2
	Sigor Sub county Hospital	16,860,000.00	5,228,000.00	11,632,000.00	31.0
	Chepareria Sub county Hospital	19,890,000.00	5,270,400.00	14,619,600.00	26.5
	Sanitation	-	-	-	-
	Ward Specific	145,921,820.30	8,050,916.20	137,870,904.10	5.5
Education and Technical Training	General Administration ,planning and Support Services	363,880,943.84	134,497,705.00	229,383,238.84	37.0
	ECD Services	14,481,552.14	523,630.00	13,957,922.14	3.6
	Youth Vocational training	40,775,680.00	7,397,450.00	33,378,230.00	18.1
	Bursary Fund	412,000,000.00	231,000,000.00	181,000,000.00	56.1
	Ward specific	120,040,700.00	-	120,040,700.00	0.0
Agriculture and Irrigation	General Administration, Planning and Support Services	95,332,474.20	39,890,669.15	55,441,805.05	41.8
	Crop Development and Management	217,319,566.25	78,252,210.05	139,067,356.20	36.0
	Cash Crop Production (Special Programs)	1,042,000.00	475,900.00	566,100.00	45.7
	Ward specific	12,499,300.00	999,924.00	11,499,376.00	8.0
Pastoral Economy	General Administration, Planning and Support Services	86,147,851.28	40,835,158.85	45,312,692.43	47.4
	Livestock production and Range Management	71,259,062.00	8,852,154.00	62,406,908.00	12.4
	Livestock Disease management	10,337,095.00	2,702,000.00	7,635,095.00	26.1
	Fisheries Development	434,400.00	195,900.00	238,500.00	45.1
	Nasukuta Livestock Improvement Centre	52,287,096.00	-	52,287,096.00	-
	Ward specific	29,477,687.00	-	29,477,687.00	-
	Dairy Development (Special Programme)	20,642,000.00	241,500.00	20,400,500.00	1.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Trade, Industrialization, Investment & Cooperative Development	General Administration, Planning and Support Services	46,028,946.16	19,346,854.05	26,682,092.11	42.0
	Cooperative Development	104,446,644.00	23,367,038.90	81,079,605.10	22.4
	Trade, License and Market Development	2,688,800.00	886,114.05	1,802,685.95	33.0
	Ward specific	21,211,968.20	-	21,211,968.20	-
Lands, Housing, Physical Planning and Urban Development	General Administration, Planning and Support Services	45,328,435.40	20,233,129.60	25,095,305.80	44.6
	Land Policy and Physical Planning	1,348,800.00	361,600.00	987,200.00	26.8
	Housing Development	912,000.00	394,600.00	517,400.00	43.3
	Urban Development	37,458,946.00	-	37,458,946.00	0.0
	Kapenguria Municipality	186,529,609.10	55,016,654.35	131,512,954.75	29.5
	Ward specific	5,708,751.00	-	5,708,751.00	0.0
Water, Environment and Natural Resources	General Administration, Planning and Support Services	49,330,524.12	19,316,899.95	30,013,624.17	39.2
	Water Supply Services	122,896,600.00	4,165,800.00	118,730,800.00	3.4
	Environment & Natural Resource Development	137,104,800.00	1,042,020.00	136,062,780.00	0.8
	Ward Specific	116,807,247.00	-	116,807,247.00	0.0
Youths, Sports, Tourism, Gender and Social Services.	General Administration, Planning and Support Services	29,295,948.64	7,237,220.30	22,058,728.34	24.7
	Tourism Development	4,743,213.10	1,203,430.00	3,539,783.10	25.4
	Gender, Youths and sports Development	106,817,937.76	2,145,000.00	104,672,937.76	2.0
	Culture and Social Development	4,929,718.40	826,960.00	4,102,758.40	16.8
	Ward Specific	25,249,200.00	11,300,000.00	13,949,200.00	44.8
County Public Service, ICT and Decentralized units	General Administration, Planning and Support Services	229,702,230.81	100,099,144.95	129,603,085.86	43.6
	Human Resource	1,256,000.00	351,746.00	904,254.00	28.0
	Legal Services	1,536,000.00	640,100.00	895,900.00	41.7
	Records Management	384,000.00	10,200.00	373,800.00	2.7
	Communication Services	720,000.00	243,800.00	476,200.00	33.9
	ICT Infrastructure Connectivity	1,616,422.40	412,000.00	1,204,422.40	25.5
Special Programmes and Directorates	General Administration, Planning and Support Services	16,004,561.10	2,255,496.75	13,749,064.35	14.1
	Investment and Cooperative development	575,900.00	256,470.00	319,430.00	44.5
	Emergency and disaster response	9,342,000.00	465,000.00	8,877,000.00	5.0
	Peace building and reconciliation	5,818,000.00	2,826,591.00	2,991,409.00	48.6
	Resource mobilization and Coordination	1,350,000.00	625,000.00	725,000.00	46.3
	Gender and special needs	8,640,000.00	1,731,550.00	6,908,450.00	20.0
County Assembly	General Administration, Planning and Support Services	432,888,081	135,202,305	297,685,776	31.2
	Legislation and Representation	165,779,054	109,872,649	55,906,405	66.3
	Staff Affairs and Development	125,815,273	-	125,815,273	-
Grand Total		**6,421,802,100**	**2,095,158,244**	**4,326,643,856**	**32.6**

Source: *West Pokot County Treasury*

The best performing programs across the County were: Treasury Accounting Services in the Department of Finance and Economic planning at 86 per cent. of the budget allocation.

3.47.10 Key Observations and Recommendations

The following challenges hampered effective budget implementation during the reporting period;

1. Under performance in own source of revenue collection which declined by 9.6 per cent compared to Kshs.48.24 million realised during the same period in FY 2018/19, and represented 35.64 per cent of the annual target.
2. Failure to provide a report on implementation of development projects to the COB despite reporting an expenditure of Kshs.253.58 million.
3. High costs on personnel emoluments which increased by 24.7 per cent from Kshs.913.38 million recorded in

a similar period of FY 2018/19 to Kshs.1.14 billion in the reporting period, and accounted for 70.8 per cent of the total expenditure for the period.

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

1. *The County should institute mechanisms aimed at enhancing own source of revenues in order to improve on budget execution.*
2. *The CECM - Finance should ensure that complete financial and non-financial reports are prepared and submitted to OCOB in line with Section 166 of the PFM Act, 2012.*
3. *The County Public Service Board in consultation with the County Executive Committee and County Assembly should to develop an optimal staffing structure and devise strategies to contain expenditure on employees compensation within 35 per cent of the County's total revenue in line with Regulation 25(1) (b) of the PFM (County Governments) Regulations, 2015.*

4 KEY CHALLENGES AND RECOMMENDATIONS

This section highlights cross-cutting issues that affected budget implementation in the first half of FY 2019/20 and makes appropriate recommendations aimed at addressing the challenges in order to enhance smooth budget execution. The cross-cutting challenges included:

4.1 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, the County Governments spent Kshs.80.9 billion on personnel emoluments (PE), which accounted for 56.5 per cent of the total expenditure for the period and a slight increase from Kshs.80.02 billion incurred in a similar period of FY 2018/19 when the personnel expenditure translated to 58.4 per cent of the total expenditure.

The Office recommends that County Governments should ensure 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.

4.2 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 impose by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.15.33 billion, which was 28.2 per cent of the annual target of Kshs.54.28 billion, compared to the expected performance of 50 per cent at half year. The under-performance in own source revenue collection implies that some planned activities may not be implemented in the financial year as budgets will not be fully financed.

Counties should develop and implement strategies to mobilize own source revenue collection.

4.3 Delays in Disbursement of Equitable Share by the National Treasury

The County Allocation of Revenue Act (CARA),2019 provides that a County Government's allocation shall be transferred to the respective County Revenue Fund in accordance with a Disbursement Schedule approved by the Senate. The Schedule shows that by 15th December 2019, Counties should have received Kshs.140.53 billion which translated to 44.4 per cent of the annual equitable share allocation of Kshs.316.5 billion.

In the first half of FY 2019/20, the National Treasury disbursed a total of Kshs.117.29 billion to the Counties as equitable share of revenue raised nationally, which accounted for 37.1 per cent of the annual equitable share of revenue.

It is recommended that, the National Treasury should disburse funds to the Counties on a timely basis to ensure that budget implementation is not adversely affected.

4.4 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 Governments budget shall be spent on the development expenditure.

During the reporting period, County Governments incurred an expenditure of Kshs.22.77 billion representing an absorption rate of 11.6 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.196.86 billion. This performance was a decline from an absorption rate of 13.2 per cent, reported in a similar period of FY 2018/19 when development expenditure was Kshs.24.73 billion.

The Office recommends that counties should prioritize implementation of development projects in order to improve the standard of living for their citizens.

5 CONCLUSION

This report has been prepared in fulfilment of Article 228 (6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It provides information on the status of budget implementation during the first half of FY 2019/20 by the County Governments.

The aggregate budget estimates for the 47 County governments in FY 2019/20 increased to Kshs.485.64 billion from ksks. 483.37 billion in FY 2018 and comprised of Kshs.288.78 billion (59.5 per cent) allocation for recurrent expenditure and Kshs.196.86 billion (40.5 per cent) for development 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 budget must be allocated for development programs. To finance the budget, County Governments expects to receive Kshs.316.5 billion as equitable share of revenue raised national, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.54.28 billion from own revenue sources, and utilize Kshs.47.15 billion cash balance from FY 2018/19.

During the first half of FY 2019/20, County Governments spent Kshs.143.27 billion which translates to an overall absorption of 29.5 per cent. A total of Kshs.120.50 billion was spent on recurrent expenditure and Kshs.22.77 billion on development activities against the recurrent budget of Kshs.288.78 billion and development budget of Kshs.196.86 billion. Development expenditure translated to an absorption rate of 11.6 per cent while recurrent expenditure was 41.7 per cent of the annual budget for recurrent expenditure.

This report has also identified challenges which hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments, Under-performance of own source revenue collection which translated to 28.2 per cent of annual target, delays in the disbursement of equitable share by the National Treasury, and low expenditure on the development budget which was 11.6 per cent of the annual development budget. The report has provided appropriate recommendations on how to address the identified challenges in order to enhance smooth execution of the budget in the future. The Office encourages all relevant oversight institutions and Officers in the County Government to promptly implement these recommendations.

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