THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FY 2019/20

NOVEMBER 2019

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PREFACE

I am pleased to present the First Quarter County Governments Budget Implementation Review Report (CBIRR) for FY 2019/20 from the Office of the Controller of Budget (OCOB). The report covers the period, July 1 to September 30, 2019 and is prepared in accordance with Article 228 (6) of the Constitution and Section 9 of the Controller of Budget Act, 2016. It highlights the status of budget implementation by each of the forty seven county governments and contains information on revenue and expenditure performance. It also highlights achievements and the challenges encountered in budget implementation during the period. Further, the report proposes recommendations to address the identified challenges to promote prudence in utilization of public funds.

The report is largely based on analysis of expenditure reports submitted by County Treasuries in line with Section 166 and 168 of the Public Finance Management (PFM) Act, 2012 and data generated from the Integrated Financial Management System (IFMIS). Information in this report is also derived from the County Allocation of Revenue Act (CARA), 2019 and FY 2019/20 County Governments Approved Budget Estimates for the County Governments. Analysis, findings and recommendations are anchored on provisions of the Constitution and the Public Finance Management (PFM) Act, 2012.

The production of this report has been made possible through dedication of OCOB and County Government staff. I therefore, take this opportunity to appreciate all those who have contributed to the production of this report.

This budget implementation review report is one of the tools the OCOB uses to disseminate information to the Public on budget implementation as stipulated under Section 39(8) of the PFM Act, 2012. I expect that the information contained in this report will not only be useful to the legislature, but also the executive and the public in enhancing awareness on the status of budget implementation and in advancing prudent management of public resources.

Mr. Stephen Masha

Ag. CONTROLLER OF BUDGET

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ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
B/F	Brought Forward
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
DORA	Division of Revenue Act
DRPK	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
UIG	Urban Institutional Grants
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This County Budget Implementation Review Report (CBIRR) covers the first three months of the Financial Year (FY) 2019/20. It has been prepared in fulfilment of the requirements of Article 228 (6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016 and highlights status of budget implementation by the Counties by presenting information on revenue and expenditure performance against annual budget and similar performance in the first three months of FY 2018/19.

In first quarter FY 2019/20, the combined County governments' budgets approved by the County Assemblies amounted to **Kshs.456.38 billion** and comprised of Kshs.177.37 billion (38.9 per cent) allocated to development expenditure and Kshs.279.01 billion (61.1 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.55.86 billion from own revenue sources, and utilize Kshs.37.63 billion cash balance from FY 2018/19.

The total funds available to the County Governments in the first quarter of FY 2019/20 amounted to **Kshs.100.41 billion.** This amount consisted of Kshs.55.07 billion as equitable share of revenue raised nationally, Kshs.37.63 billion cash balance from FY 2018/19, and Kshs.7.71 billion raised from own sources.

The aggregate own source revenue raised by County Governments of **Kshs.7.71 billion** was 13.8 per cent of the annual target of Kshs.55.86 billion, and was a slight improvement compared to Kshs.7.41 billion generated in a similar period of FY 2018/19. Analysis of own source revenue as a proportion of the annual revenue target indicates that Isiolo, Narok and Samburu achieved the highest proportions at 38.1 per cent, 35.5 per cent, and 33.8 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were Turkana at 5 per cent, Kitui at 4.7 per cent, and Kericho at 3.6 per cent.

During the reporting period, the Controller of Budget (COB) authorised withdrawal of **Kshs.50 billion** from the County Revenue Funds (CRF) to the various County Operational Accounts. The transfers comprised of Kshs.44.49 billion (89 per cent) to the County Executive and Kshs.5.52 billion (11 per cent) to the County Assembly.

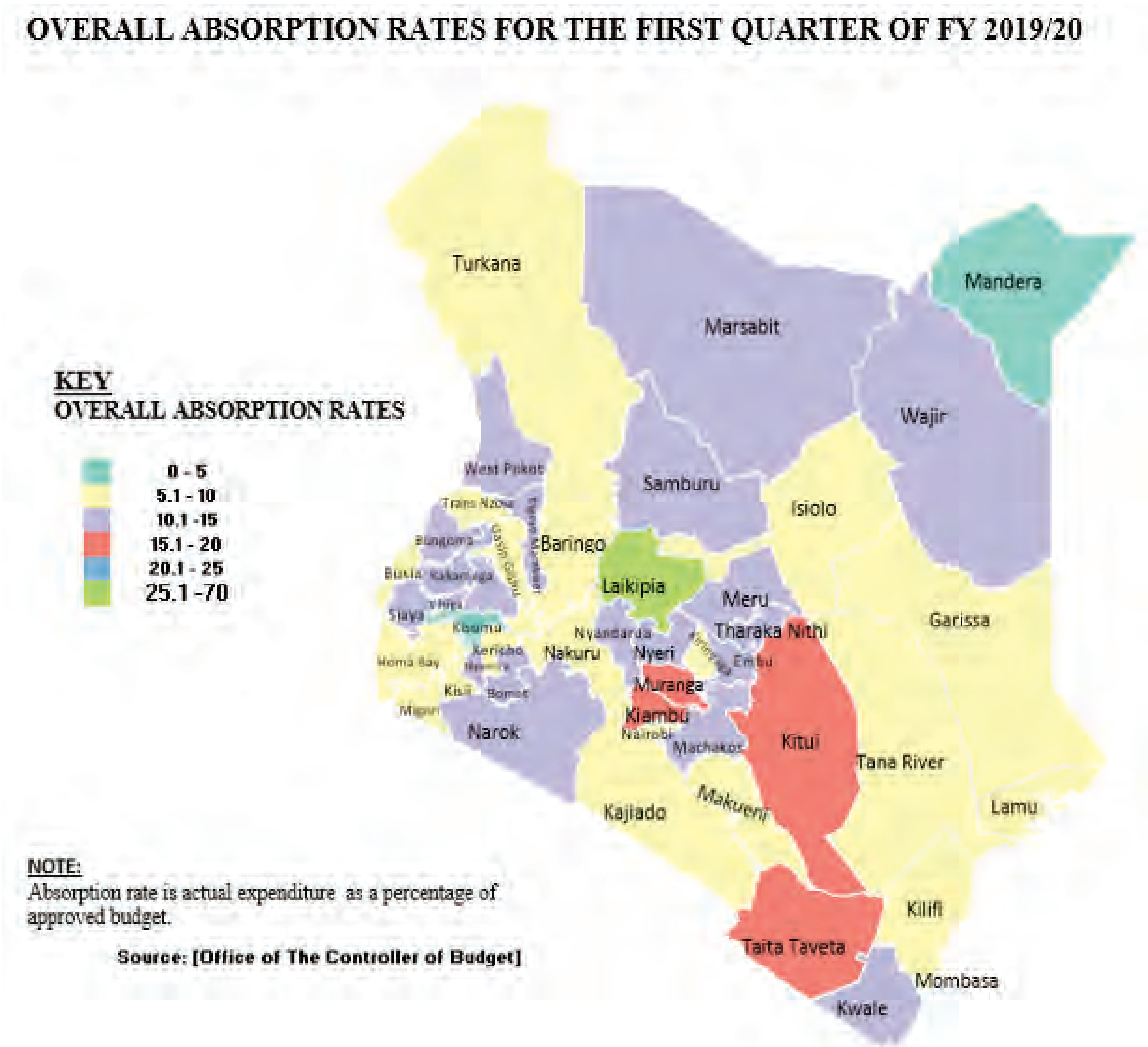
The total expenditure in the first three months of FY 2019/20 was **Kshs.46.08 billion** representing an absorption rate of 10.1 per cent of the total annual County Governments' budgets. This was a decline from an absorption rate of 11.3 per cent attained in a similar period of FY 2018/19 when total expenditure was Kshs.50.97 billion. The expenditure comprised of Kshs.44.14 billion for recurrent expenditure (**15.8 per cent** of the annual recurrent budget) and Kshs.1.94 billion for development expenditure (**1.1 per cent** of the annual development budget). Kisumu County and Mandera County reported nil expenditure during the reporting period as they were not able to access funding due to budget approval impasse at the County. A review of cumulative expenditure by economic classification showed that Kshs.35.39 billion (76.8 per cent) was spent on personnel emoluments, Kshs.8.75 billion (19 per cent) on operations and maintenance, and Kshs.1.94 billion (4.2 per cent) on development expenditure. Expenditure information is based on actual spending reported by County Treasuries and is also augmented with reports generated from the Integrated Financial Management System (IFMIS).

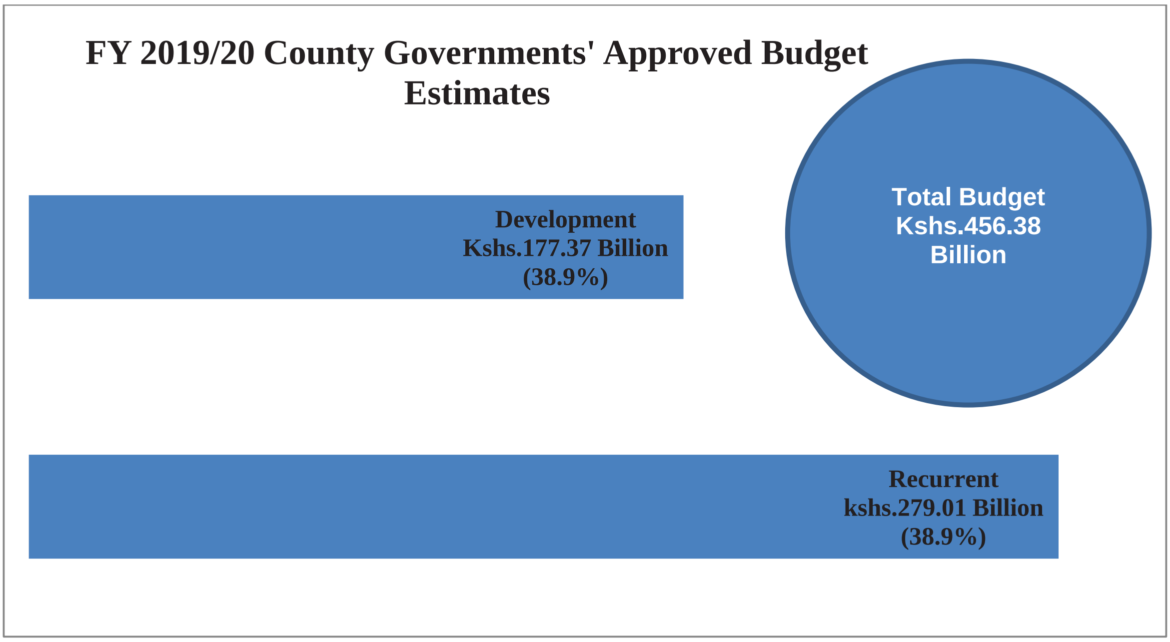
The key challenges identified by the Office as hindering effective budget execution by County Governments incuded; Under-performance in Own Source Revenue Collection, Delay in disbursement of equitable share, Late Submission of Financial Reports to the Controller of Budget, and Delays in the Approval of key planning and budget documents by County Governments.

The Office recommends that the County Governments should develop and implement strategies to enhance own source revenue collection, and ensure compliance with PFM Act, 2012 on submission of financial and non-financial expenditure returns to the OCOB. On the delay in disbursement of equitable share, it is recommended that the Commission on Revenue Allocation, the National Treasury, and Parliament should devise strategies to ensure the Division of Revenue Bill is approved within the legal timelines. Parliament should also develop legislations to facilitate funds flow to Counties in the event of delays in the approval of the

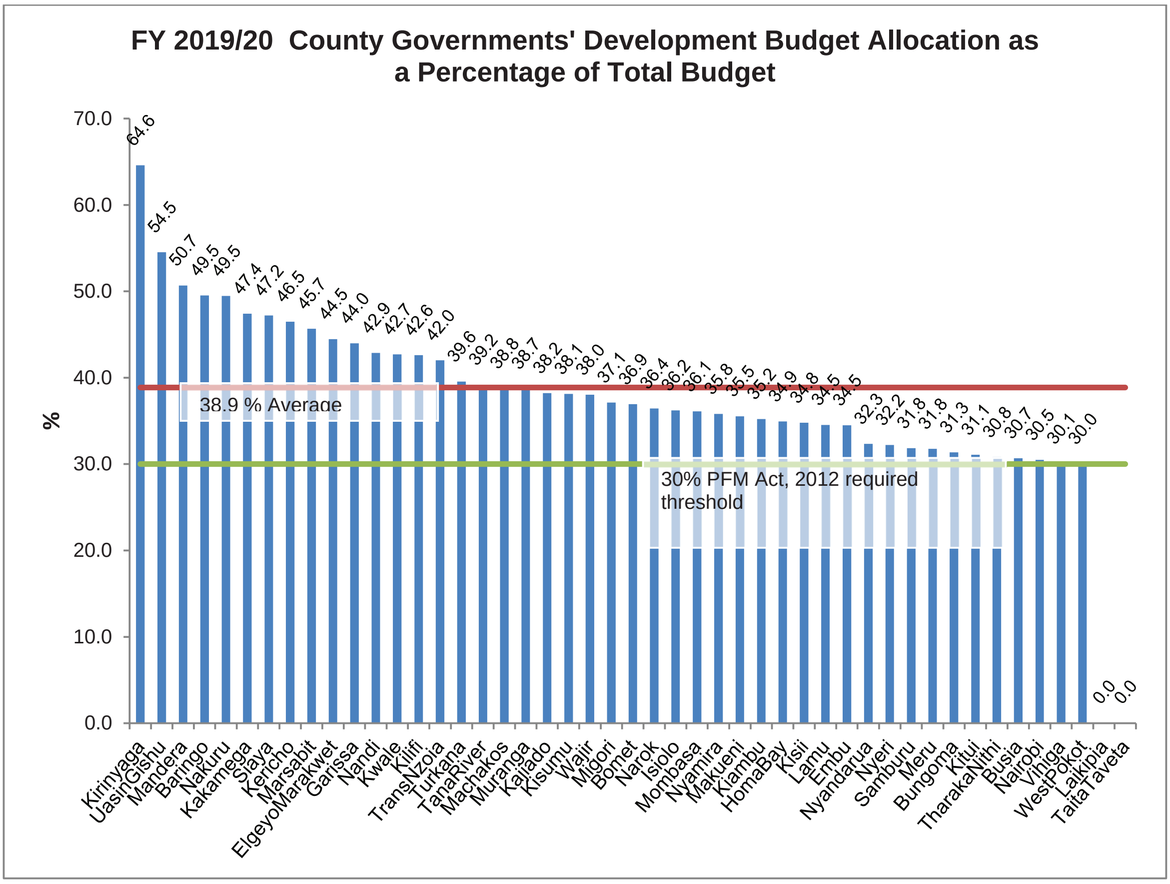
Division of Revenue Bill (DoRB). The Controller of Budget further recommends that the Intergovernmental Relations Technical Committee should come up with strategies to address the relationship issues between the County Executive and Assembly and for continuous capacity building of County Governments on the role of the two arms in order to enhance the credibility and timely approval of the budget.

KEY HIGHLIGHTS

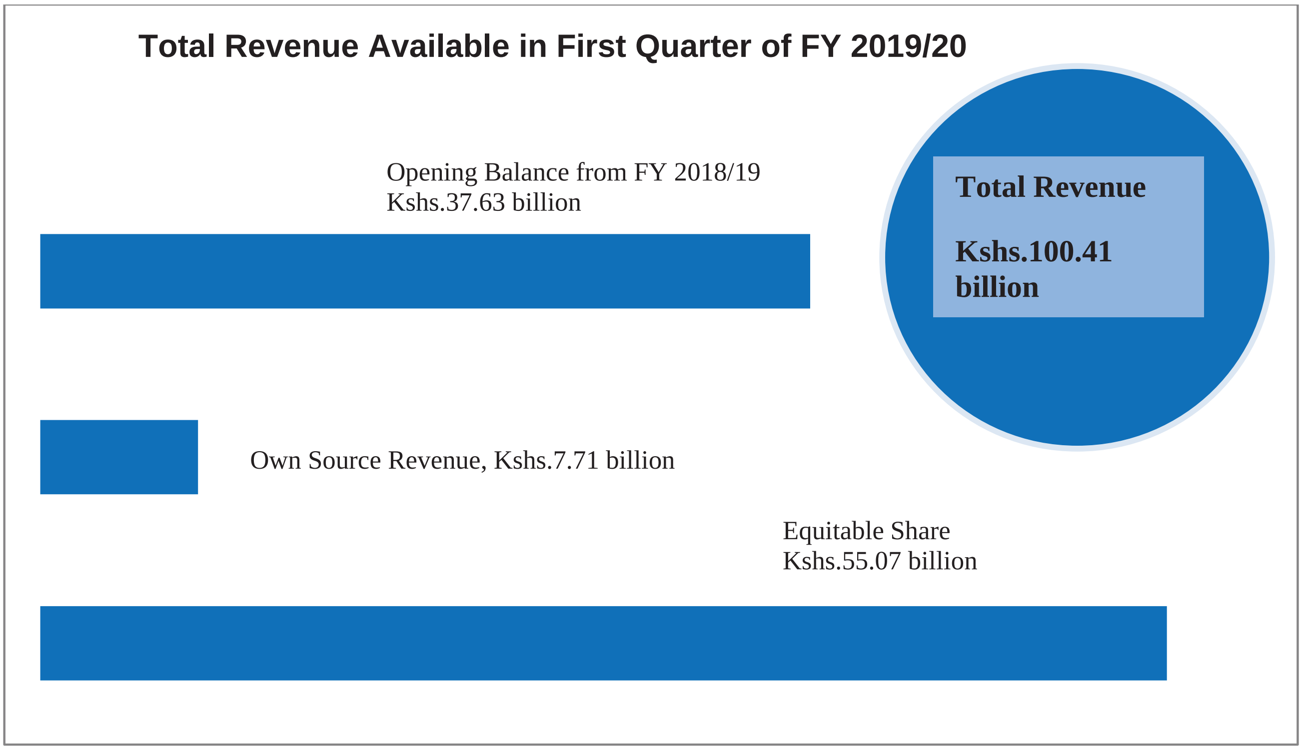


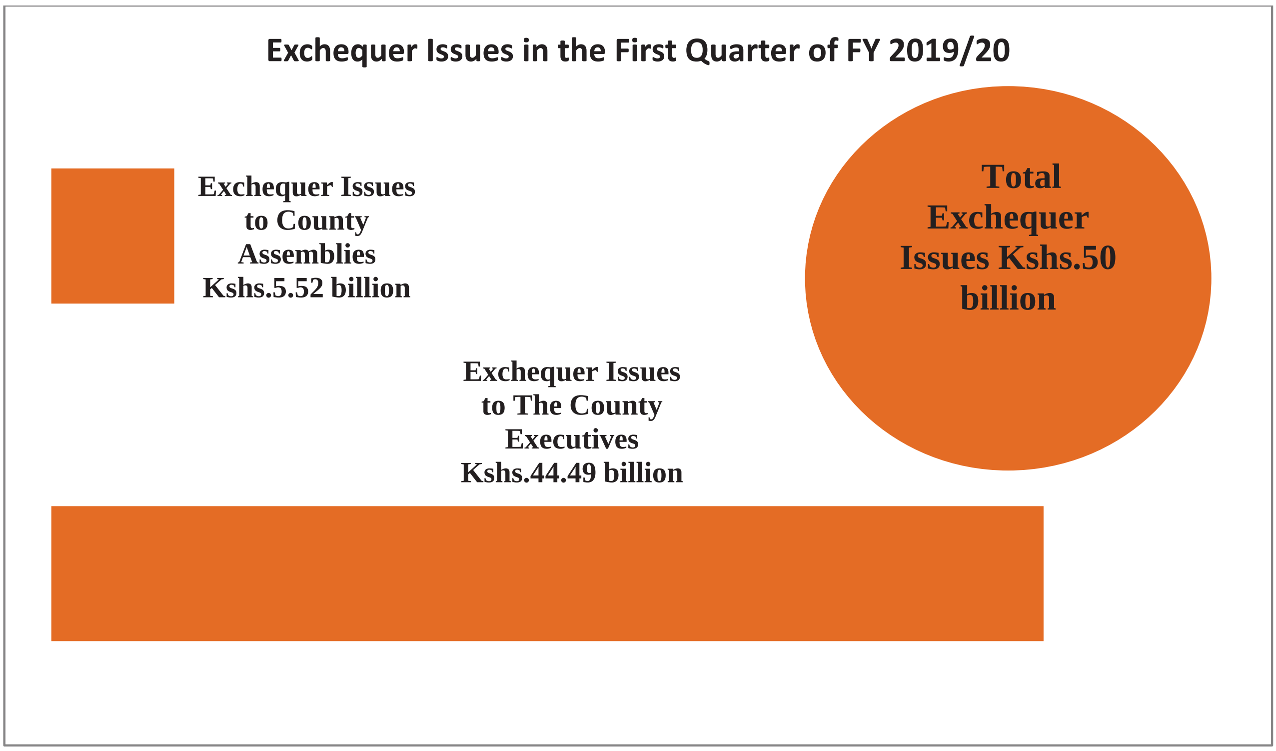


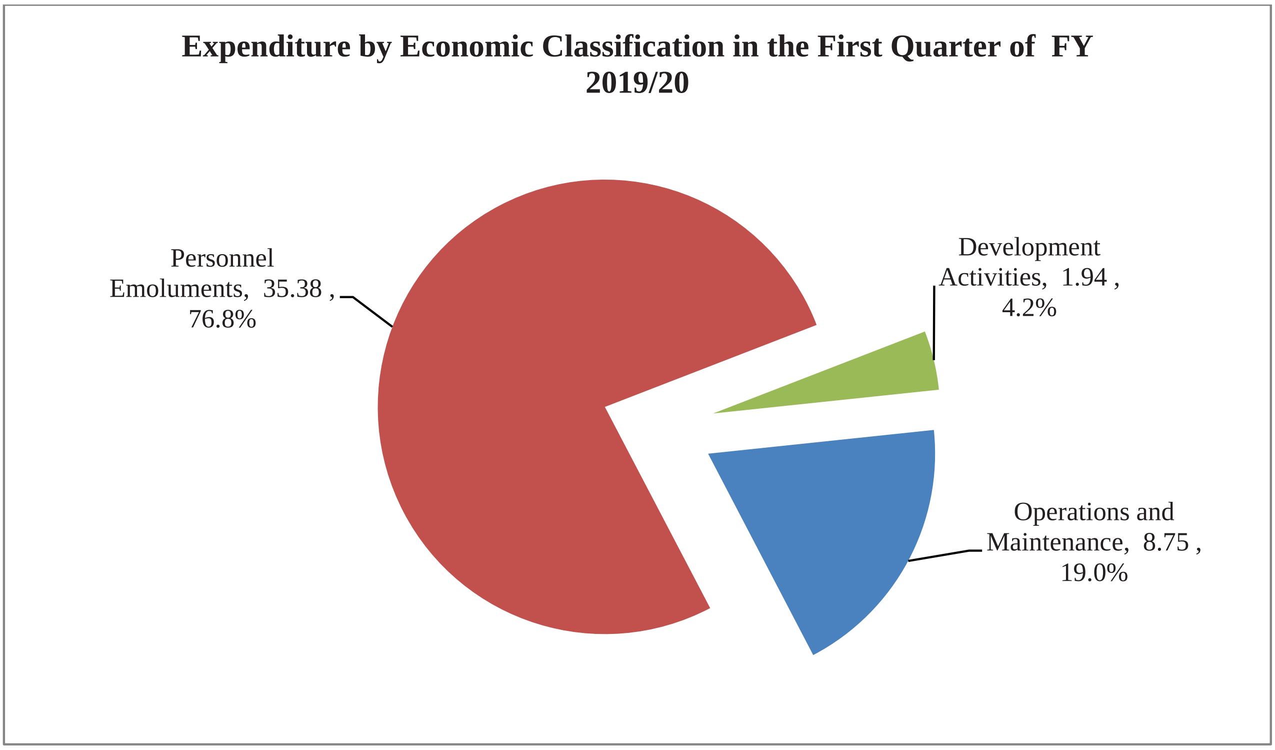
FY 2019/20 County Governments' Approved Budget Estimates
Development Kshs.177.37 Billion (38.9%)
Total Budget Kshs.456.38 Billion
Recurrent kshs.279.01 Billion (38.9%)



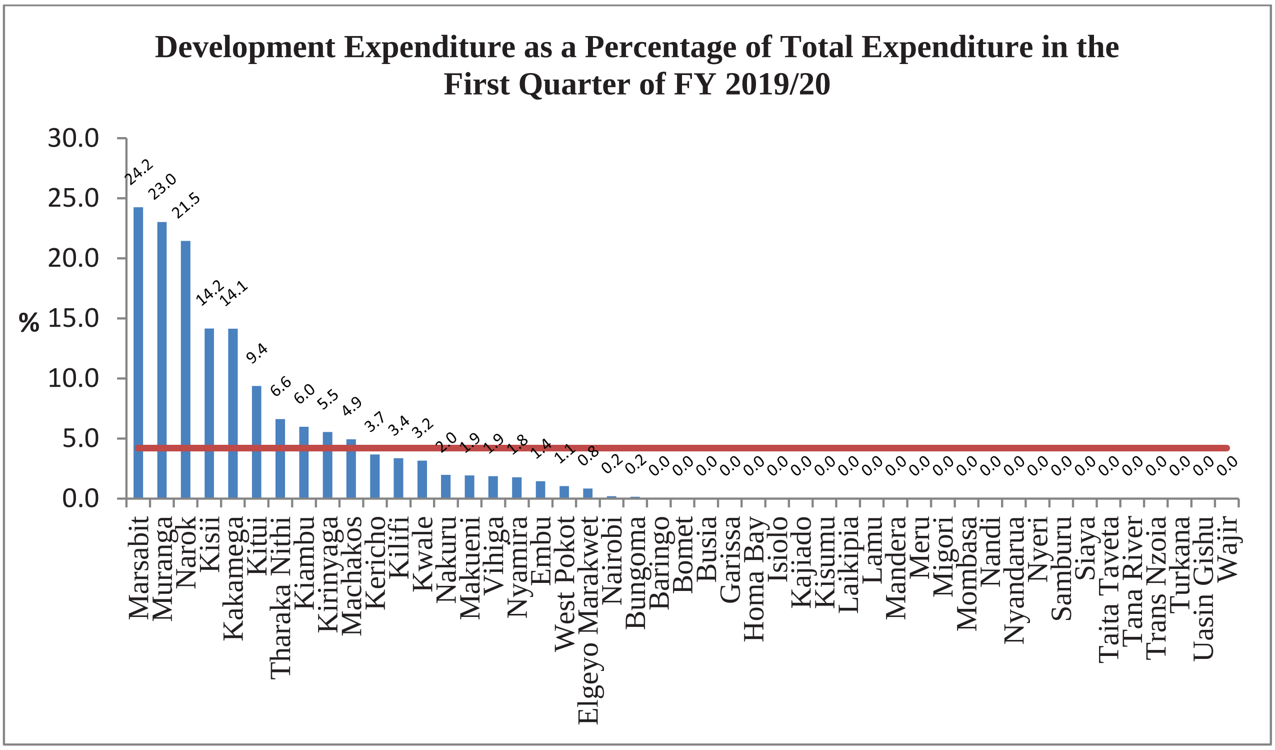
FY 2019/20 County Governments' Development Budget Allocation as a Percentage of Total Budget
%
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
38.9 % Average
30% PFM Act, 2012 required threshold
64.6
54.5
50.7
49.5
49.5
47.4
47.2
46.5
45.7
44.5
44.0
42.9
42.7
42.6
42.0
39.6
39.2
38.8
38.7
38.2
38.1
38.0
37.1
36.9
36.4
36.2
36.1
35.8
35.5
35.2
34.9
34.8
34.5
34.5
32.3
32.2
31.8
31.8
31.3
31.1
30.8
30.7
30.5
30.1
30.0
0.0
0.0
Kirinyaga
UasinGishu
Mandera
Baringo
Nakuru
Kakamega
Siaya
Kericho
Marsabit
ElgeyoMarakwet
Garissa
Nandi
Kwale
Kilifi
TransNzoia
Turkana
TanaRiver
Machakos
Muranga
Kajiado
Kisumu
Wajir
Migori
Bomet
Narok
Isiolo
Mombasa
Nyamira
Makueni
Kiambu
HomaBay
Kisii
Lamu
Embu
Nyandarua
Nyeri
Samburu
Meru
Bungoma
Kitui
TharakaNithi
Busia
Nairobi
Vihiga
WestPokot
Laikipia
TaitaTaveta


Total Revenue Available in First Quarter of FY 2019/20
Opening Balance from FY 2018/19
Kshs.37.63 billion
Total Revenue
Kshs.100.41 billion
Own Source Revenue, Kshs.7.71 billion
Equitable Share
Kshs.55.07 billion


Exchequer Issues in the First Quarter of FY 2019/20
Exchequer Issues to County Assemblies Kshs.5.52 billion
Total Exchequer Issues Kshs.50 billion
Exchequer Issues to The County Executives Kshs.44.49 billion



Expenditure by Economic Classification in the First Quarter of FY 2019/20
Personnel Emoluments, 35.38 , 76.8%
Development Activities, 1.94 , 4.2%
Operations and Maintenance, 8.75 , 19.0%



Development Expenditure as a Percentage of Total Expenditure in the First Quarter of FY 2019/20
%
30.0
25.0
20.0
15.0
10.0
5.0
0.0
24.2
23.0
21.5
14.2
14.1
9.4
6.6
6.0
5.5
4.9
3.7
3.4
3.2
2.0
1.9
1.9
1.8
1.4
1.1
0.8
0.2
0.2
0.0
Marsabit
Muranga
Narok
Kisii
Kakamega
Kitui
Tharaka Nithi
Kiambu
Kirinyaga
Machakos
Kericho
Kilifi
Kwale
Nakuru
Makueni
Vihiga
Nyamira
Embu
West Pokot
Elgeyo Marakwet
Nairobi
Bungoma
Baringo
Bomet
Busia
Garissa
Homa Bay
Isiolo
Kajiado
Kisumu
Laikipia
Lamu
Mandera
Meru
Migori
Mombasa
Nandi
Nyandarua
Nyeri
Samburu
Siaya
Taita Taveta
Tana River
Trans Nzoia
Turkana
Uasin Gishu
Wajir

1 INTRODUCTION

The Office of the Controller of Budget (OCOB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010 to oversee and report on implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (COB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the national and county governments every four months. This report has been prepared in conformity with this requirement and covers the first quarter of FY 2019/20.

The report presents status of budget execution by the 47 County Governments and contains information on budgets, revenue, expenditure, budget performance by programmes and sub-programmes, and challenges encountered in budget execution during the reporting period. This report is primarily aimed at providing information to Parliament and County Assemblies, but is also useful to other stakeholders and the public at large as it provides key information of in-year budget implementation by County Governments. The report also satisfies Section 39(8) of the Public Finance Management (PFM) Act, 2012, which requires the Controller of Budget (COB) to ensure members of the public are provided with information on budget implementation.

The report is organized into four chapters. Chapter two provides the aggregate analysis of budget performance by the counties during the reporting period. It presents revenue performance, exchequer issues to the County Governments and expenditure performance disaggregated into development and recurrent expenditure in line with Section 9 (3) (a) of the Controller of Budget Act, 2016. Revenue performance is analysed by stream, namely equitable shareable revenue, conditional grants from the National Government, conditional grants from Development Partners, and County Governments' own source revenue collection. Chapter three presents performance by individual counties. The chapter presents information on budget financing, budget allocation, exchequer issues, and expenditure performance by both economic classification and programmes and sub-programmes. Chapter three also provides the challenges that affected budget execution in the period under review and appropriate recommendations made.

The global 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 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST QUARTER OF FY 2019/20

2.1 Introduction

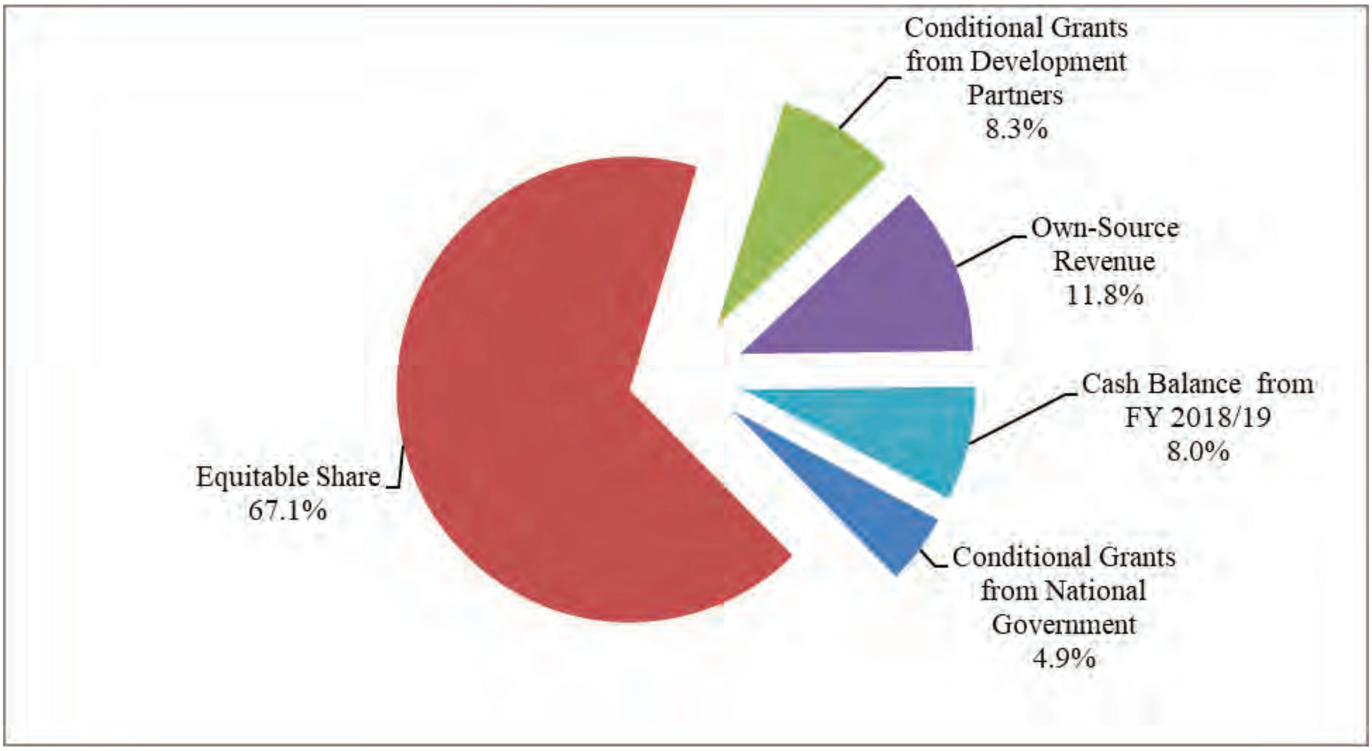
This chapter presents the financial analysis of aggregated county budget implementation for the first quarter of FY 2019/20.

2.2 Revenue Analysis

In first quarter FY 2019/20, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.456.38 billion and comprised of Kshs.177.37 billion (38.9 per cent) allocated to development expenditure and Kshs.279.01 billion (61.1 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.55.86 billion from own revenue sources, and utilize Kshs.37.63 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 2018/19



The breakdown of conditional grants as per CARA, 2019 are shown in table 2.1.

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 Development Partners	
7	Transforming Health Systems for Universal Car Project (World Bank),	2,994,247,736
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

2.3 Revenue Out-turn

The total funds available to the County Governments in first quarter FY 2019/20 amounted to Kshs.100.41 billion. This amount consisted of Kshs.55.07 billion as equitable share of revenue raised nationally, Kshs.37.63 billion cash balance from FY 2018/19, and Kshs.7.71 billion raised from own sources.

2.3.1 Own- Source Revenue

The aggregate annual own source revenue target for counties in FY 2019/20 is Kshs.55.86 billion. During the reporting period, county governments generated a total of Kshs.7.71 billion, which was 13.8 per cent of the annual target. This was an increase compared to Kshs.7.41 billion generated in a similar period of FY 2018/19. Analysis of quarterly own source revenue collection for the period July to September, 2019 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection for the Period July to September, 2019 of FY 2018/19

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs.)			First Qurter of FY 2019/20 OSR Performance (Kshs.)			% of Collection of OSR Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Q1 Actual OSR	Q1 Actual AIA	Q1 Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	393,416,291	-	393,416,291	107,046,956	-	107,046,956	27.2
Bomet	275,922,277	-	275,922,277	25,449,962	-	25,449,962	9.2
Bungoma	500,000,000	378,664,822	878,664,822	59,804,173	126,545,656	186,349,829	21.2
Busia	454,500,650	-	454,500,650	61,579,302	-	61,579,302	13.5
Elgeyo Marakwet	88,000,000	64,000,000	152,000,000	16,402,434	8,955,857	25,358,291	16.7

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs.)			First Qurter of FY 2019/20 OSR Performance (Kshs.)			% of Collection of OSR Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Q1 Actual OSR	Q1 Actual AIA	Q1 Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Embu	511,000,000	389,000,000	900,000,000	60,274,138	69,376,907	129,651,045	14.4
Garissa	150,000,000	-	150,000,000	26,722,810	-	26,722,810	17.8
Homa Bay	144,892,435	62,699,089	207,591,524	26,800,000	4,191,833	30,991,833	14.9
Isiolo	155,861,337	-	155,861,337	59,380,623	-	59,380,623	38.1
Kajiado	1,793,857,006	-	1,793,857,006	135,937,041	-	135,937,041	7.6
Kakamega	1,157,455,491	-	1,157,455,491	226,413,053	-	226,413,053	19.6
Kericho	913,935,000	-	913,935,000	32,980,001	-	32,980,001	3.6
Kiambu	2,967,999,421	-	2,967,999,421	561,473,354	-	561,473,354	18.9
Kilifi	1,000,000,000	-	1,000,000,000	157,905,459	-	157,905,459	15.8
Kirinyaga	500,000,000	-	500,000,000	62,766,395	-	62,766,395	12.6
Kisii	500,000,000	-	500,000,000	74,560,440	-	74,560,440	14.9
Kisumu	1,438,478,604	-	1,438,478,604	154,474,850	-	154,474,850	10.7
Kitui	1,693,610,892	-	1,693,610,892	79,267,956	-	79,267,956	4.7
Kwale	325,000,000	-	325,000,000	50,469,412	-	50,469,412	15.5
Laikipia	1,006,875,000	-	1,006,875,000	139,911,956	-	139,911,956	13.9
Lamu	100,000,000	-	100,000,000	11,922,697	-	11,922,697	11.9
Machakos	2,212,664,748	-	2,212,664,748	185,740,734	-	185,740,734	8.4
Makueni	609,000,000	-	609,000,000	111,368,463	-	111,368,463	18.3
Mandera	200,000,000	-	200,000,000	24,811,531	-	24,811,531	12.4
Marsabit	150,000,000	-	150,000,000	30,357,585	-	30,357,585	20.2
Meru	705,000,000	120,000,000	825,000,000	91,585,952	-	91,585,952	11.1
Migori	450,000,000	-	450,000,000	80,880,687	-	80,880,687	18.0
Mombasa	3,452,759,072	-	3,452,759,072	471,530,040	129,925,498	601,455,538	17.4
Murang'a	960,000,000	-	960,000,000	149,962,096	-	149,962,096	15.6
Nairobi City	17,049,640,942	266,654,947	17,316,295,889	1,535,971,691	90,883,384	1,626,855,075	9.4
Nakuru	2,100,000,000	1,000,000,000	3,100,000,000	291,251,577	257,081,625	548,333,202	17.7
Nandi	376,829,833	-	376,829,833	57,585,153	-	57,585,153	15.3
Narok	2,995,144,970	-	2,995,144,970	1,062,577,808	-	1,062,577,808	35.5
Nyamira	350,000,000	-	350,000,000	32,207,510	-	32,207,510	9.2
Nyandarua	600,000,000	30,000,000	630,000,000	64,924,558	-	64,924,558	10.3
Nyeri	1,000,000,000	-	1,000,000,000	154,605,469	-	154,605,469	15.5
Samburu	267,032,787	-	267,032,787	90,140,091	-	90,140,091	33.8
Siaya	420,000,000	-	420,000,000	33,788,718	-	33,788,718	8.0
Taita Taveta	320,000,000	-	320,000,000	47,483,796	-	47,483,796	14.8
Tana River	66,000,000	-	66,000,000	7,854,059	-	7,854,059	11.9
Tharaka Nithi	250,000,000	-	250,000,000	53,327,232	-	53,327,232	21.3
Trans Nzoia	500,000,000	-	500,000,000	33,359,908	-	33,359,908	6.7
Turkana	250,000,000	825,480,000	1,075,480,000	53,997,248	-	53,997,248	5.0
Uasin Gishu	900,000,000	-	900,000,000	141,410,664	-	141,410,664	15.7
Vihiga	192,086,250	-	192,086,250	50,087,994	-	50,087,994	26.1
Wajir	150,000,000	-	150,000,000	12,702,126	-	12,702,126	8.5
West Pokot	130,320,184	-	130,320,184	18,949,359	-	18,949,359	14.5
Total	**52,727,283,191**	**3,136,498,858**	**55,863,782,049**	**7,020,005,061**	**686,960,760**	**7,706,965,821**	**13.8**

Source: *County Treasuries*

Analysis of own source revenue as a proportion of the annual revenue target indicates that Isiolo, Narok and Samburu achieved the highest proportions at 38.1 per cent, 35.5 per cent, and 33.8 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were Turkana at 5 per cent, Kitui at 4.7 per cent, and Kericho at 3.6 per cent.

2.4 Funds Released to the Counties

2.4.1 Funds released to counties from the Consolidated Fund

In first quarter FY 2019/20, the Controller of Budget (COB) approved transfer of Kshs.55.07 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. The transfer was entirely from the equitable share of revenue raised nationally. Detailed analysis of released equitable and conditional grants to each county is provided in chapter three.

2.4.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.50 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.44.49 billion (89 per cent) to the County Executive and Kshs.5.52 billion (11 per cent) to the County Assembly. Detailed analysis of the funds released to each county is provided in chapter three.

2.5 Expenditure Analysis

The total expenditure by County governments in first quarter FY 2019/20 was Kshs.46.08 billion representing an absorption rate of 10.1 per cent of the total annual County Government's Budgets. This was a decrease from an absorption rate of 11.3 per cent reported attained in of FY 2018/19 where total expenditure was Kshs.50.97 billion.

Recurrent expenditure was Kshs.44.14 billion, representing 15.8 per cent of the annual recurrent budget, and a decline from 17.4 per cent reported in a similar period of FY 2018/19. Development expenditure amounted to Kshs.1.94 billion, representing an absorption rate of 1.1 per cent, and a decrease from 2 per cent attained in the first quarter of FY 2018/19 when total development expenditure was Kshs.3.51 billion. The analysis of expenditure by economic classification in first quarter FY 2019/20 is provided in Table 2.2.

Table 2.2: Expenditure by Economic Classification - First Quarter 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	789,210,148	76,840,213	866,050,361	-	866,050,361
Bomet	595,838,675	184,496,980	780,335,655	-	780,335,655
Bungoma	1,173,431,562	288,109,816	1,461,541,378	2,244,174	1,463,785,552
Busia	539,760,026	70,636,769	610,396,795	-	610,396,795
Elgeyo Marakwet	508,906,950	150,327,034	659,233,984	5,623,000	664,856,984
Embu	762,815,038	85,765,367	848,580,405	12,405,608	860,986,013
Garissa	768,100,000	41,000,000	809,100,000	-	809,100,000
Homa Bay	577,144,998	222,452,501	799,597,499	-	799,597,499
Isiolo	348,048,510	51,229,341	399,277,851	-	399,277,851
Kajiado	799,281,139	76,108,968	875,390,107	-	875,390,107
Kakamega	1,213,541,156	136,539,122	1,350,080,278	222,243,239	1,572,323,517

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
Kericho	394,924,199	96,565,094	491,489,293	18,719,856	510,209,149
Kiambu	1,723,042,135	662,569,210	2,385,611,345	151,956,945	2,537,568,290
Kilifi	899,242,730	107,091,803	1,006,334,533	35,000,000	1,041,334,533
Kirinyaga	396,198,630	201,164,373	597,363,003	35,101,715	632,464,718
Kisii	856,247,983	137,948,297	994,196,280	164,198,501	1,158,394,781
Kisumu	-	-	-	-	-
Kitui	1,423,626,860	243,864,618	1,667,491,478	172,575,904	1,840,067,382
Kwale	502,996,930	482,296,911	985,293,840	32,188,208	1,017,482,048
Laikipia	569,586,129	122,402,120	691,988,249	-	691,988,249
Lamu	335,802,897	10,114,486	345,917,384	-	345,917,384
Machakos	1,408,218,610	212,490,899	1,620,709,509	84,178,811	1,704,888,320
Makueni	836,668,911	47,483,140	884,152,051	17,397,159	901,549,210
Mandera	-	-	-	-	-
Marsabit	619,209,318	188,928,294	808,137,612	258,666,564	1,066,804,176
Meru	1,170,678,769	359,039,405	1,529,718,174	-	1,529,718,174
Migori	632,205,705	200,332,619	832,538,324	-	832,538,324
Mombasa	595,305,635	200,572,804	795,878,439	-	795,878,439
Murang'a	918,222,526	152,655,978	1,070,878,504	320,167,295	1,391,045,799
Nairobi City	2,182,166,906	941,848,988	3,124,015,894	6,057,828	3,130,073,722
Nakuru	1,490,578,147	226,187,076	1,716,765,223	34,541,032	1,751,306,255
Nandi	873,285,635	177,256,676	1,050,542,311	-	1,050,542,311
Narok	618,917,068	442,658,931	1,061,575,999	289,966,569	1,351,542,568
Nyamira	508,591,884	237,338,601	745,930,485	13,570,100	759,500,585
Nyandarua	517,312,091	231,314,122	748,626,214	-	748,626,214
Nyeri	860,914,607	183474732	1,044,389,339	-	1,044,389,339
Samburu	643,970,276	129,803,358	773,773,634	-	773,773,634
Siaya	664,125,567	184,806,016	848,931,583	-	848,931,583
Taita Taveta	321,865,664	29,315,258	351,180,922	-	351,180,922
Tana River	315,524,898	268,644,080	584,168,978	-	584,168,978
Tharaka Nithi	508,936,065	72,320,260	581,256,325	41,162,353	622,418,678
Trans Nzoia	466,369,438	72,600,105	538,969,543	-	538,969,543
Turkana	952,083,788	181,352,867	1,133,436,655	-	1,133,436,655
Uasin Gishu	841,741,333	225,971,758	1,067,713,091	-	1,067,713,091
Vihiga	605,568,759	68,220,701	673,789,460	12,806,498	686,595,958

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
Wajir	978,213,730	122,185,948	1,100,399,679	-	1,100,399,679
West Pokot	679,422,224	147,303,260	826,725,484	8,800,000	835,525,484
Total	**35,387,844,250**	**8,751,628,900**	**44,139,473,150**	**1,939,571,359**	**46,079,044,509**

Source: *OCOB and County Treasuries*

The Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.3.13 billion, Kiambu at Kshs.2.54 billion, and Kitui at Kshs.1.84 billion. Kisumu and Mandera Counties reported nil expenditure during the reporting period.

A review of cumulative expenditure by economic classification showed that Kshs.35.39 billion (76.8 per cent) was spent on personnel emoluments, Kshs.8.75 billion (19 per cent) on operations and maintenance, and Kshs.1.94 billion (4.2 per cent) on development expenditure.

2.5.1 Development Expenditure

The County governments spent Kshs.1.94 billion on development activities, representing an absorption rate of 1.1 per cent of the annual development budget, which is a decline from 2 per cent, reported in a similar period of FY 2018/19 when development expenditure was Kshs.3.51 billion.

Analysis of county budgets and expenditure in first quarter FY 2019/20 is provided in Table 2.3.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for First Quarter 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	866.05	-	866.05	20.1	-	10.0
Bomet	4,470.70	2,616.92	7,087.62	780.34	-	780.34	29.8	-	11.0
Bungoma	8,184.38	3,737.15	11,921.53	1,461.54	2.24	1,463.79	39.1	0.0	12.3
Busia	4,862.92	2,151.59	7,014.51	610.40	-	610.40	28.4	-	8.7
Elgeyo/Marakwet	3,187.80	2,552.80	5,740.59	659.23	5.62	664.86	25.8	0.2	11.6
Embu	4,331.36	2,279.60	6,610.96	848.58	12.41	860.99	37.2	0.3	13.0
Garissa	6,122.97	4,807.49	10,930.46	809.10	-	809.10	16.8	-	7.4
Homa Bay	5,424.72	2,913.07	8,337.79	799.60	-	799.60	27.4	-	9.6
Isiolo	3,169.18	1,799.42	4,968.60	399.28	-	399.28	22.2	-	8.0
Kajiado	6,324.65	3,911.80	10,236.44	875.39	-	875.39	22.4	-	8.6
Kakamega	7,820.97	7,051.08	14,872.05	1,350.08	222.24	1,572.32	19.1	2.8	10.6
Kericho	4,608.07	4,003.31	8,611.38	491.49	18.72	510.21	12.3	0.4	5.9
Kiambu	10,130.24	5,508.56	15,638.80	2,385.61	151.96	2,537.57	43.3	1.5	16.2
Kilifi	7,094.84	5,266.90	12,361.74	1,006.33	35.00	1,041.33	19.1	0.5	8.4
Kirinyaga	2,244.93	4,093.89	6,338.81	597.36	35.10	632.46	14.6	1.6	10.0
Kisii	7,981.96	4,256.83	12,238.79	994.20	164.20	1,158.39	23.4	2.1	9.5
Kisumu	7,305.95	4,499.60	11,805.55	-	-	-	-	-	-
Kitui	7,942.93	3,584.14	11,527.07	1,667.49	172.58	1,840.07	46.5	2.2	16.0

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
Kwale	5,283.41	3,937.43	9,220.84	985.29	32.19	1,017.48	25.0	0.6	11.0
Laikipia	1,114.95	-	1,114.95	691.99	-	691.99	-	-	62.1
Lamu	2,318.74	1,222.84	3,541.58	345.92	-	345.92	28.3	-	9.8
Machakos	7,850.71	4,971.55	12,822.26	1,620.71	84.18	1,704.89	32.6	1.1	13.3
Makueni	5,985.79	3,300.53	9,286.32	884.15	17.40	901.55	26.8	0.3	9.7
Mandera	6,295.85	6,467.56	12,763.40	-	-	-	-	-	-
Marsabit	4,152.15	3,488.99	7,641.14	808.14	258.67	1,066.80	23.2	6.2	14.0
Meru	7,237.37	3,370.38	10,607.74	1,529.72	-	1,529.72	45.4	-	14.4
Migori	5,321.24	3,141.40	8,462.64	832.54	-	832.54	26.5	-	9.8
Mombasa	8,739.57	4,939.80	13,679.37	795.88	-	795.88	16.1	-	5.8
Murang'a	5,495.23	3,472.57	8,967.80	1,070.88	320.17	1,391.05	30.8	5.8	15.5
Nairobi City	25,710.13	11,271.26	36,981.39	3,124.02	6.06	3,130.07	27.7	0.0	8.5
Nakuru	10,803.80	10,573.22	21,377.02	1,716.77	34.54	1,751.31	16.2	0.3	8.2
Nandi	4,632.69	3,473.98	8,106.67	1,050.54	-	1,050.54	30.2	-	13.0
Narok	7,735.06	4,434.92	12,169.98	1,061.58	289.97	1,351.54	23.9	3.7	11.1
Nyamira	3,731.26	2,081.00	5,812.26	745.93	13.57	759.50	35.8	0.4	13.1
Nyandarua	4,412.23	2,109.67	6,521.89	748.63	-	748.63	35.5	-	11.5
Nyeri	5,278.72	2,508.36	7,787.08	1,044.39	-	1,044.39	41.6	-	13.4
Samburu	3,872.84	1,809.35	5,682.19	773.77	-	773.77	42.8	-	13.6
Siaya	4,870.25	4,353.10	9,223.35	848.93	-	848.93	17.4	-	9.2
Taita/Taveta	1,832.85	-	1,832.85	351.18	-	351.18	-	-	19.2
Tana River	5,001.75	3,222.79	8,224.54	584.17	-	584.17	18.1	-	7.1
Tharaka -Nithi	3,297.81	1,468.35	4,766.16	581.26	41.16	622.42	39.6	1.2	13.1
Trans Nzoia	4,833.57	3,503.21	8,336.78	538.97	-	538.97	15.4	-	6.5
Turkana	8,624.56	5,643.19	14,267.75	1,133.44	-	1,133.44	20.1	-	7.9
Uasin Gishu	5,217.34	6,253.09	11,470.44	1,067.71	-	1,067.71	17.1	-	9.3
Vihiga	3,886.67	1,670.00	5,556.67	673.79	12.81	686.60	40.3	0.3	12.4
Wajir	5,990.73	3,675.68	9,666.42	1,100.40	-	1,100.40	29.9	-	11.4
West Pokot	3,893.10	1,670.90	5,563.99	826.73	8.80	835.53	49.5	0.2	15.0
Total	**279,011.90**	**177,367.77**	**456,379.67**	**44,139.50**	**1,939.59**	**46,079.07**	**15.8**	**1.1**	**10.1**

Source: OCOB and County Treasuries

Analysis of development expenditure as a proportion of approved annual development budget shows that Marsabit, Murang'a, and Narok Counties attained the highest absorption rate at 6.2 per cent, 5.8 per cent, and 3.7 per cent respectively. A total of 25 counties did not incur any expenditure on development activities during the reporting period. An analysis of the development projects implemented by counties is provided in chapter three.

2.5.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.44.14 billion or 95.8 per cent of the total expenditure on recurrent activities. This expenditure represents 15.8 per cent of the annual county government's budget for recurrent activities, and a decline from 17.4 per cent recorded in FY 2018/19 when expenditure stood at Kshs.47.45 billion.

The recurrent expenditure comprised of Kshs.35.39 billion (80.2 per cent) on personnel emoluments and Kshs.8.75 billion (19.8 per cent) on operations and maintenance expenditure (O&M). An analysis of the recurrent expenditure by counties is provided in chapter three.

2.5.3 Review of MCAs Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.475.41 million on MCAs Sitting allowances against an approved budget allocation of Kshs.2.55 billion. This expenditure translates to 18.6 per cent of the approved MCAs sitting allowance budget, and an increase from 14.8 per cent attained in a similar period of FY 2018/19 when Kshs.423.31 million was spent.

Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in first quarter FY 2019/20.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in First Quarter FY 2019/20

County	Budget	Expenditure	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA
	A	B	C=B/A*100	D	E=B/D/3
Baringo	56,018,088	14,388,400	25.7	46	104,264
Bomet	33,755,071	2,977,000	8.8	37	26,820
Bungoma	95,596,800	16,858,400	17.6	61	92,122
Busia	96,192,000	6,744,500	7.0	54	41,633
Elgeyo Marakwet	42,931,200	9,555,000	22.3	34	93,676
Embu	32,103,000	9,808,496	30.6	35	93,414
Garissa	63,024,000	3,750,000	6.0	51	24,510
Homa Bay	110,760,000	15,451,841	14.0	61	84,436
Isiolo	17,280,000	2,673,500	15.5	18	49,509
Kajiado	11,250,000	3,521,700	31.3	43	27,300
Kakamega	133,286,400	30,321,600	22.7	90	112,302
Kericho	56,248,800	13,515,790	24.0	48	93,860
Kiambu	120,000,000	23,894,000	19.9	93	85,642
Kilifi	-	-			-
Kirinyaga	134,854,961	9,518,800	7.1	34	93,322
Kisii	118,868,000	18,283,254	15.4	70	87,063
Kisumu	-	-		-	-
Kitui	68,329,860	13,398,480	19.6	55	81,203
Kwale	51,580,000	10,899,012	21.1	34	106,853
Laikipia	41,472,000	6,219,200	15.0	25	82,923
Lamu	18,000,000	5,541,700	30.8	19	97,223
Machakos	64,228,920	15,482,200	24.1	60	86,012
Makueni	53,992,093	12,449,400	23.1	49	84,690
Mandera	-	-			-
Marsabit	45,000,000	-	-	30	-
Meru	114,034,000	25,619,800	22.5	69	123,767
Migori	120,850,000	20,788,873	17.2	57	121,572
Mombasa	-	-			-
Murang'a	72,000,000	15,923,251	22.1	54	98,292
Nairobi City	102,398,400	20,183,800	19.7	124	54,258

County	Budget	Expenditure	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA
	A	B	C=B/A*100	D	E=B/D/3
Nakuru	103,000,000	29,660,111	28.8	79	125,148
Nandi	49,920,000	6,982,300	14.0	40	58,186
Narok	15,953,440	12,769,900	80.0	48	88,680
Nyamira	65,395,200	13,076,879	20.0	37	117,810
Nyandarua	55,773,600	10,217,900	18.3	40	85,149
Nyeri	50,668,800	11,004,500	21.7	34	107,887
Samburu	31,104,000	3,283,800	10.6	28	39,093
Siaya	54,624,000	11,417,700	20.9	43	88,509
Taita Taveta	-	-			-
Tana River	39,375,158	5,264,700	13.4	23	76,300
Tharaka Nithi	15,000,000	4,188,700	27.9	21	66,487
Trans Nzoia	69,297,600	2,108,400	3.0	40	17,570
Turkana	-	-	-	-	-
Uasin Gishu	39,600,000	10,676,900	27.0	48	74,145
Vihiga	36,691,200	14,542,400	39.6	39	124,294
Wajir	19,375,200	8,709,100	44.9	49	59,246
West Pokot	31,968,328	3,740,100	11.7	34	36,668
Total	**2,551,800,119**	**475,411,387**	**18.6**	**1,954**	**79,156**

Source: *OCOB and County Treasuries*

Nakuru County Assembly reported higher expenditure on sitting allowance than the Salaries and Remuneration Commission (SRC) recommended monthly ceiling of Kshs.124,800. Six County Assemblies did not report expenditure on sitting allowance during the reporting period. These were; Kilifi, Kisumu, Mandera, Mombasa, Taita Taveta, and Turkana.

3 BUDGET PERFORMANCE BY COUNTY

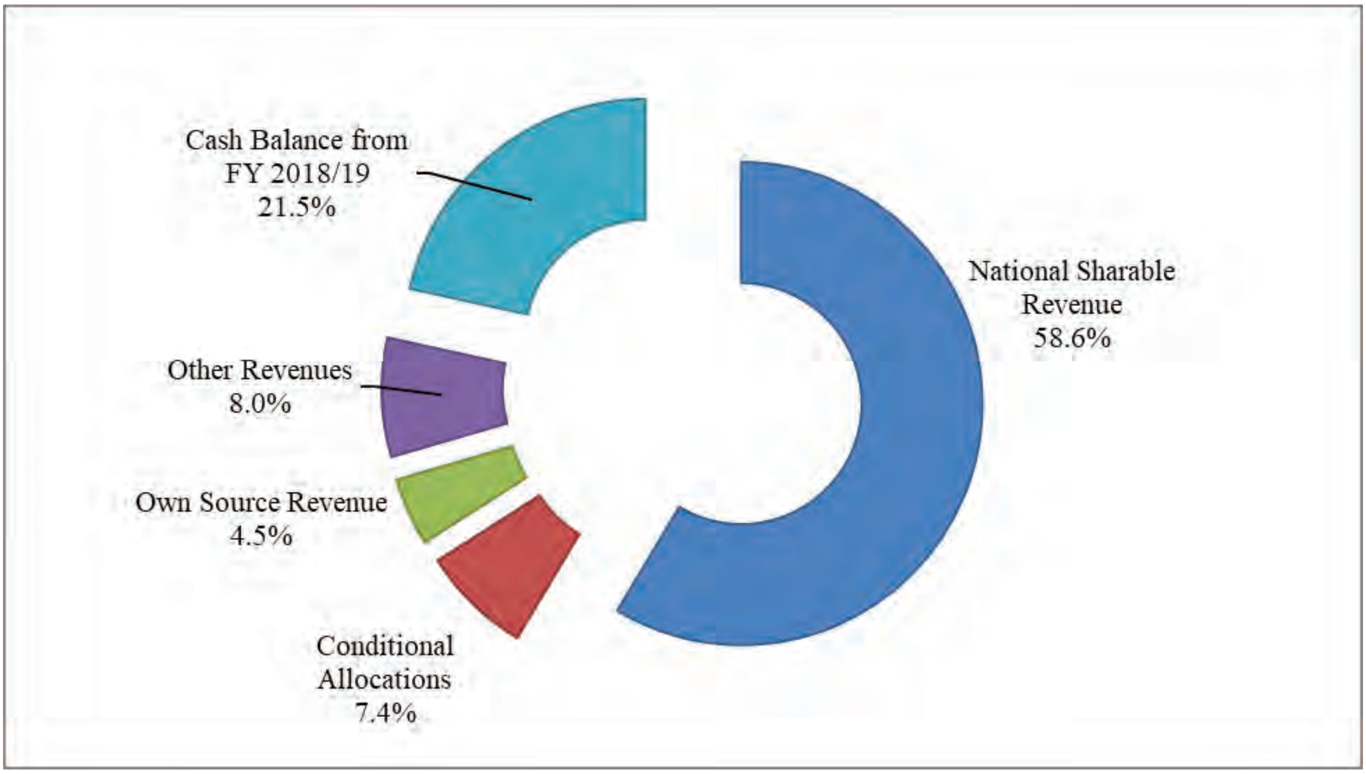
3.1 Baringo County

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 expects 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 had Kshs.1.87 billion (21.5 per cent) as cash balance from FY 2018/19. (Included in the cash balance is Kshs.138.07 million for Kenya Devolution Support Program level 11 for the FY 2018/19 that was re-voted). Figure 3.1 shows the expected sources of financing in FY 2019/20

Figure 3.1: Baringo County, Expected Sources of Budget Financing in FY 2019/20



Source: *Baringo County Treasury*

3.1.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.886.64 million as equitable share of the revenue raised nationally, raised Kshs.107.05 million from own-source revenue, and had a cash balance of Kshs.1.87 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.86 billion as shown in Table 3.1.

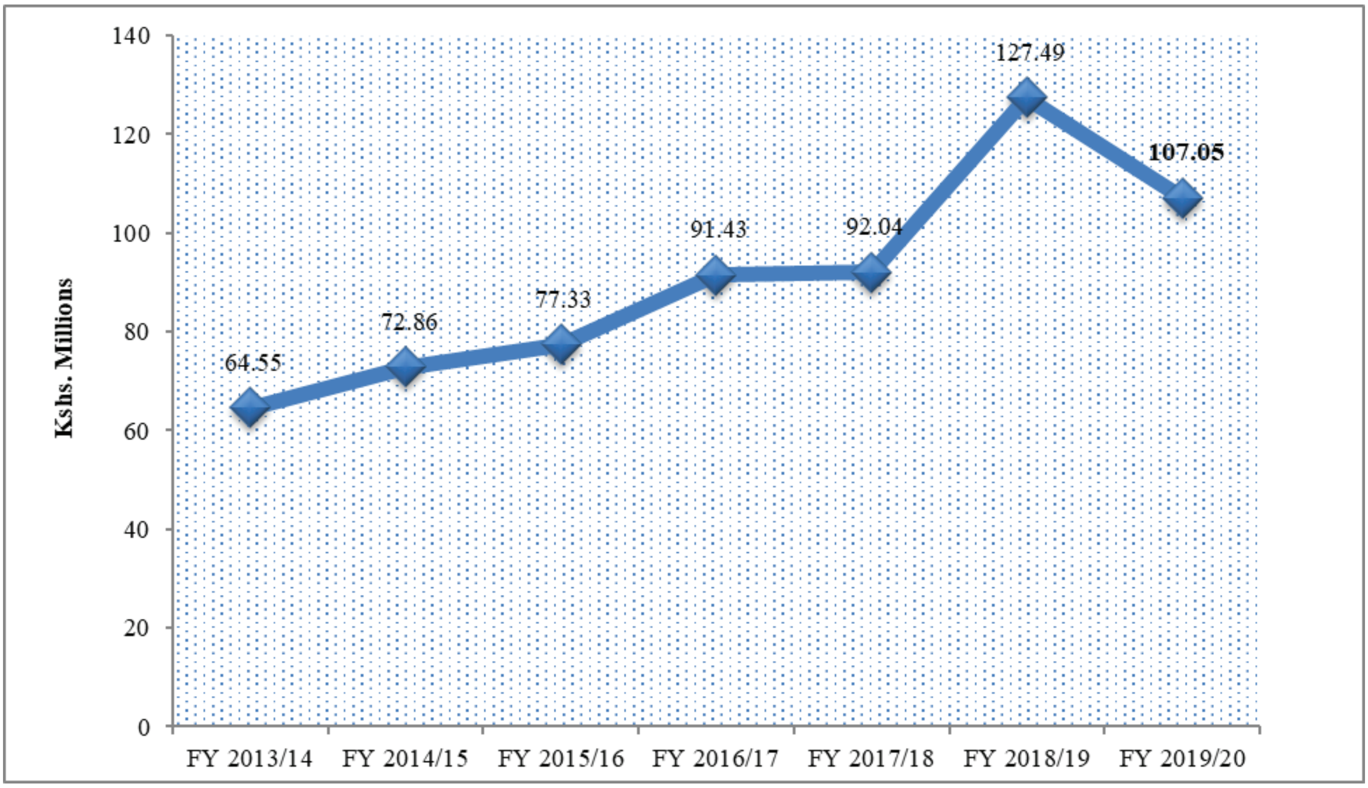
Table 3.1: Baringo County, Revenue Performance in the First Quarter of FY 2019/20

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**	5,095,650,000	5,086,800,000	886,643,100	17.4
B.	**Conditional Grants From The National Government Revenue**	-	-	-	
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		**5,410,272,598**	**5,401,422,598**	-	-
C	**Loans and Grants From Development Partners**				
5.	Transforming Health Systems For Universal Care Project (WB)	39,175,834	39,175,834	-	-
6.	Ida (WB) Kenya Climate Smart Agriculture Project (KCSAP)	141,097,380	141,097,380	-	-
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)	52,360,500	52,360,500	-	-
9.	Danida Grant	15,187,500	15,187,500	-	-
10.	EU Grant (Instruments For Devolution Advise and Support IDEAS)	21,118,210	21,118,210	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,586,468	17,586,468	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**325,325,892**	**325,325,892**	-	-
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	393,416,291	107,046,956	27.2
14.	Balance B/F From FY2018/19	-	1,870,816,863	1,870,816,863	100.0
15.	Other Revenues	-	690,539,359	-	-
Sub Total		-	**2,954,772,513**	**1,977,863,819**	-
Grand Total		**5,735,598,490**	**8,681,521,003**	**2,864,506,919**	**33**

Source: *Baringo County Treasury*

Figure 3.2 shows the trend in own-source revenue collection for the first quartet from FY 2013/14 to FY 2019/20.

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



Source: *Baringo County Treasury*

The County generated a total of Kshs.107.05 million from own revenue sources in the first quarter of FY 2019/20. This amount was 27.2 per cent of the annual target.

3.1.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.972.21 million from the CRF account. The withdrawal of Kshs.972.21 million was entirely for recurrent programmes and represented 11.2 per cent of the recurrent budget.

3.1.4 Overall Expenditure Review

A total of Kshs.866.05 million was spent on recurrent programmes. This expenditure represented 89.1 per cent of the total funds released from the CRF account. and represented 19.8 per cent of the annual recurrent budget.

3.1.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.789.21 million was spent on compensation to employees and Kshs.76.84 million on use of goods and services.

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

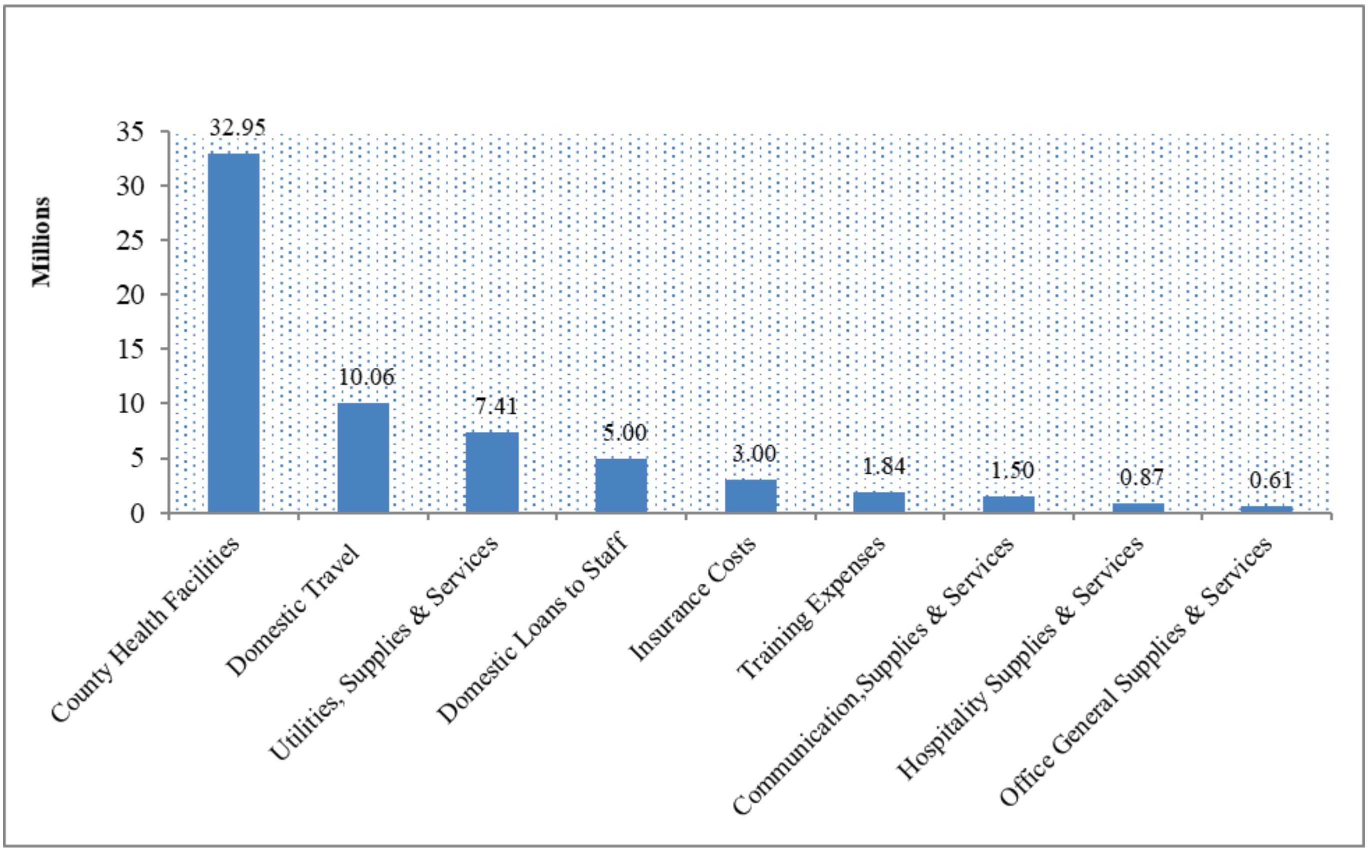
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**4,382,999,315**	**972,208,817**	**866,050,361**	**19.8**
Compensation to Employees	3,355,675,673	875,762,359	789,210,148	23.5
Operations and Maintenance	1,027,323,642	96,446,458	76,840,213	7.5
Total Development Expenditure	**4,298,521,687**	-	-	-
Development Expenditure	-	-	-	-
Grand Total	**8,681,521,002**	**972,208,817**	**866,050,361**	**10.0**

Source: *Baringo County Treasury*

3.1.6 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: *Baringo County Treasury*

During the reporting period, the County spent Kshs.14.39 million on committee sitting allowances to the 45 MCAs and the Speaker against the annual budget allocation of Kshs.56.02 million. This was an increase of Kshs.14.15 million compared to Kshs.236,000 spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.104,264 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.10.06 million and comprised of Kshs.1.26 million spent by the County Assembly and Kshs.8.80 million by the County Executive. This represented a decrease of 46.1 per cent compared to Kshs.18.68 million spent in the first quarter of FY 2018/19.

3.1.7 Budget Performance by Department

Table 3.3 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.3: Baringo County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	644,633,641	12,704,016	80,573,961	-	76,001,233		94.3	-	11.8	-
Governor/County Executive Services	479,454,009	58,558,240	96,239,291	-	75,126,078		78.1	-	15.7	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Treasury Services	278,583,503	36,000,000	90,659,371	-	90,044,896		99.3	-	32.3	-
Roads, Transport, Energy & Public Works	62,894,893	976,225,702	13,011,223	-	5,858,461		45.0	-	9.3	-
Industrialisation, Commerce & Tourism	74,853,448	158,826,888	34,436,470	-	34,417,868		99.9	-	46.0	-
Education and Vocational training (ICT)	335,794,393	204,564,638	47,731,584	-	45,304,690		94.9	-	13.5	-
Youth Affairs, Sports, Culture, Gender & Social services	33,432,472	98,792,570	6,774,368	-	5,911,276		87.3	-	17.7	-
Health Services	1,973,041,805	898,295,026	497,870,290	-	497,669,600		100.0	-	25.2	-
Lands, Physical Planning & Urban Development	87,173,812	271,163,216	18,632,089	-	10,442,303		56.0	-	12.0	-
Agriculture, Livestock & Fisheries Management	254,837,804	486,034,299	60,982,036	-	16,247,598		26.6	-	6.4	-
Water & Irrigation	121,251,196	1,050,729,787	18,247,799	-	5,728,054		31.4	-	4.7	-
Environment & Natural Resources	37,048,339	46,627,305	7,050,335	-	3,298,305		46.8	-	8.9	-
Total	**4,382,999,315**	**4,298,521,687**	**972,208,816**	-	**866,050,361**	-	**89.1**	-	19.8	-

Source: *Baringo County Treasury*

Analysis of expenditure by department shows that the Department of Industrialization, Commerce & Tourism posted the highest percentage of recurrent expenditure to its recurrent budget at 46 per cent while the Water & Irrigation Department had the lowest at 4.7 per cent.

3.1.8 Budget Execution by Programmes and Sub-Programmes

Table 3.4 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.4: Baringo County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General Administration	General Administration, Planning & Support Services	344,211,616	44,356,572	299,855,044	12.9
Land Administration	Land Adjudication and Demarcation	27,700,000	-	27,700,000	-
Urban Development-Eldama Ravine	Support Service	40,000,000	-	40,000,000	-
Livestock Development and Management	General Administration, Planning & Support Services	12,800,000	-	12,800,000	-
	Support Service	443,134,299	-	443,134,299	-
	Livestock Improvement, Pasture and Fodder Development	6,000,000	-	6,000,000	-
	Apiculture Development	5,000,000	-	5,000,000	-
	Sub Total	**466,934,299**	-	**466,934,299**	-
Agricultural Development	General Administration , Planning & Support Services	1,000,000	-	1,000,000	-
Agricultural Training Services	General Administration ,Planning & Support Services	1,300,000	-	1,300,000	-
Other Urban Infrastructure Development and Management	Kusp Programme	52,360,500	-	52,360,500	-

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Crop Production and Management	Agribusiness Infrastructure Development	11,400,000	-	11,400,000	-
Fisheries Development and Management	Aquaculture Development	3,000,000	-	3,000,000	-
Urban Development-Kabarnet	General Administrative Services	134,702,716	-	134,702,716	-
Land Use Planning	Land Planning and Development	16,600,000	-	16,600,000	-
General Administration	General Administration ,Planning & Support Services	62,894,893	6,630,604	56,264,289	10.5
Development and Rehabilitation Of Rural Roads and Structures	Roads Opening and Rehabilitation	831,582,296	-	831,582,296	-
General Administration	General Administration ,Planning & Support Services	74,853,448	34,453,812	40,399,636	46.0
Trade Development	Trade Development	5,752,776	-	5,752,776	-
Industrial Development Services	Industrial Development Services	-	-	-	-
	General Administration, Planning & Support Services	153,074,112	-	153,074,112	-
	Sub Total	**153,074,112**	**-**	**153,074,112**	**-**
General Administration	General Administration ,Planning & Support Services	1,879,576,758	465,220,817	1,414,355,941	-
Curative and Rehabilitative Services	General Administration ,Planning & Support Services	40,164,034	-	40,164,034	-
	Support Service	131,914,894	-	131,914,894	-
	Support To County Hospitals (FIF)	80,074,047	14,657,302	65,416,745	18.3
	Sub Total	**252,152,975**	**14,657,302**	**237,495,673**	**5.8**
Preventive and Promotive Health Services	Infrastructure Development	46,400,000	-	46,400,000	-
	Compensation For User Fees Forgone	665,007,098	-	665,007,098	-
	Primary Health Care	28,200,000	-	28,200,000	-
	Sub Total	**739,607,098**	**-**	**739,607,098**	**-**
General Administration Services	General Administration, Planning & Support Services	281,402,357	95,671,539	185,730,818	34.0
Early Childhood Development Education	Early Childhood Development Education	-	-	-	
	General Administration, Planning & Support Services	24,770,000	-	24,770,000	-
	Support Service	164,870,659	-	164,870,659	-
	Sub Total	**189,640,659**	**-**	**189,640,659**	**-**
Vocational Training	General Administration, Planning & Support Services	14,923,979	-	14,923,979	-
General Administration, Planning and Support Services	General Administration Services	144,643,406	-	144,643,406	-
Special Programmes	Secondary Schools Bursary	30,000,000	-	30,000,000	-
	Capitation Allocation On VTC - Grant	9,949,320	-	9,949,320	-
	School Feeding Programme	14,442,715	-	14,442,715	-
	Sub Total	**54,392,035**	**-**	**54,392,035**	**-**

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General, Administration, Planning and Support Services	Support Service	305,595,875	52,401,439	253,194,436	17.1
	General Administrative Services	12,704,016	38,222	12,665,794	0.3
	Sub Total	**318,299,891**	**52,439,661**	**265,860,230**	**16.5**
	General Administration ,Planning & Support Services	208,938,252	89,413,914	119,524,338	42.8
	Support Service	-	-	-	-
	Internal Audit Services	1,300,000	-	1,300,000	-
	Emergency Fund	14,000,000	472,400	13,527,600	3.4
	Sub Total	**224,238,252**	**89,886,314**	**134,351,938**	**40.1**
Treasury Accounts	General Administration ,Planning & Support Services	-	-	-	-
KDS Programme	General Administration ,Planning & Support Services	31,500,000	-	31,500,000	-
Economic Planning, Budget, Monitoring and Evaluation Services	Support Service	2,042,550	-	2,042,550	-
	Monitoring and Evaluation Services	2,557,182	333,400	2,223,782	13.0
	Budget Process and Public Participation Services	6,090,000	1,763,800	4,326,200	29.0
	Sub Total	**10,689,732**	**2,097,200**	**8,592,532**	**19.6**
Revenue Services Development Services	General Administration ,Planning & Support Services	9,155,519	640,000	8,515,519	7.0
	Support Service	3,000,000	271,875	2,728,125	9.1
	Infrastructural Development	36,000,000	-	36,000,000	-
	Sub Total	**48,155,519**	**911,875**	**47,243,644**	**1.9**
Civic Education Development Services	Civic Education Development Services	1,597,102	192,400	1,404,702	12.0
Inter and Intra -Governmental Relations Services	General Administration ,Planning & Support Services	7,000,000	291,900	6,708,100	4.2
	General Administrative Services	85,043,057	20,614,099	64,428,958	24.2
	County Secretary	102,319,443	17,648,198	84,671,245	17.2
	Deputy Governor	24,765,974	4,200,260	20,565,714	17.0
	Legal Services	13,000,000	234,280	12,765,720	1.8
	Public Administration and Devolution Services	91,828,349	3,226,250	88,602,099	3.5
	Communication Services	300,000	-	300,000	-
	Mogotio Sub County Administration Services	16,851,692	2,713,464	14,138,228	16.1
	Baringo Central Sub County Administration Services	15,255,765	6,718,806	8,536,959	44.0
	Baringo North Sub County Administration Services	17,684,745	5,244,092	12,440,653	29.7
	Baringo South Sub County Administration Services	19,510,904	5,978,878	13,532,026	30.6
	Tiaty Sub County Administration Services	18,841,842	2,232,109	16,609,733	11.8
	County Public Service Board Services	48,230,907	623,670	47,607,237	1.3
	Eldama Ravine Sub County Administration Services	17,224,229	7,287,783	9,936,446	42.3
	Sub -Total	**470,856,907**	**76,721,889**	**394,135,018**	**16.3**

Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	Legislative Representation and Oversight Services	339,037,766	55,338,660	283,699,106	16.3
	General Administrative Services	-	-	-	-
	ICT Development	24,000,000	-	24,000,000	-
	Infrastructure Development	34,558,240	-	34,558,240	-
	Sub -Total	**58,558,240**	**-**	**58,558,240**	**-**
	General Administration, Planning & Support Services	26,432,472	5,653,355	20,779,117	21.4
	General Administration ,Planning & Support Services	10,700,000	-	10,700,000	-
	Support Service	7,300,000	-	7,300,000	-
	Gender Mainstreaming	1,000,000	-	1,000,000	-
	Sub -Total	**19,000,000**	**-**	**19,000,000**	**-**
Sport Development	General Administration ,Planning & Support Services	84,292,570	37,580	84,254,990	-
	Support Service	1,500,000	-	1,500,000	-
	Sub -Total	**85,792,570**	**37,580**	**85,754,990**	**-**
	Conservation Of Cultural Heritage	1,000,000	-	1,000,000	-
	General Administration ,Planning & Support Services	121,251,196	9,681,365	111,569,831	8.0
	General Administration ,Planning & Support Services	-	-	-	-
	Support Service	370,321,000	-	370,321,000	-
	Water Harvesting Storage and Flood Control	680,408,787	-	680,408,787	-
	Sub -Total	**1,050,729,787**	**-**	**1,050,729,787**	**-**
	General Administration, Planning & Support Services	33,627,305	-	33,627,305	-
	General Administration ,Planning & Support Services	-	-	-	
	Support Service	6,000,000	-	6,000,000	-
	Sub -Total	**6,000,000**	**-**	**6,000,000**	**-**
	General Administrative Services	37,048,339	3,463,755	33,584,584	9.3
	Protection Of Rivers and Streams	1,000,000	-	1,000,000	-
	County Forest Conservation and Management	6,000,000	-	6,000,000	-
Grand Total		**8,681,521,001**	**957,706,600**	**7,723,814,401**	**11.0**

Source: Baringo County Treasury

The top performing programmes in the county were: General Administration at 46 per cent closely followed by Inter-Governmental Relations at 44 per cent.

3.1.9 Key Observations and Recommendations

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

1. Under-performance of own source revenue collection, which declined by 16 per cent from Kshs.127.49

million achieved in a similar period of FY 2018/19 to Kshs.107.05 million in the reporting period.

2. Delay in submission of financial statement reports to the OCOB for Car Loans and House Mortgage Fund Scheme and Bursary/Scholarships Fund, contrary to 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 formulate and implement strategies to enhance own source revenue collection.*
2. *The County Executive Committee Member for Finance should ensure that Fund Administrators in charge of County established Funds submit expenditure reports in time in line with Section 168 of the PFM Act, 2012.*

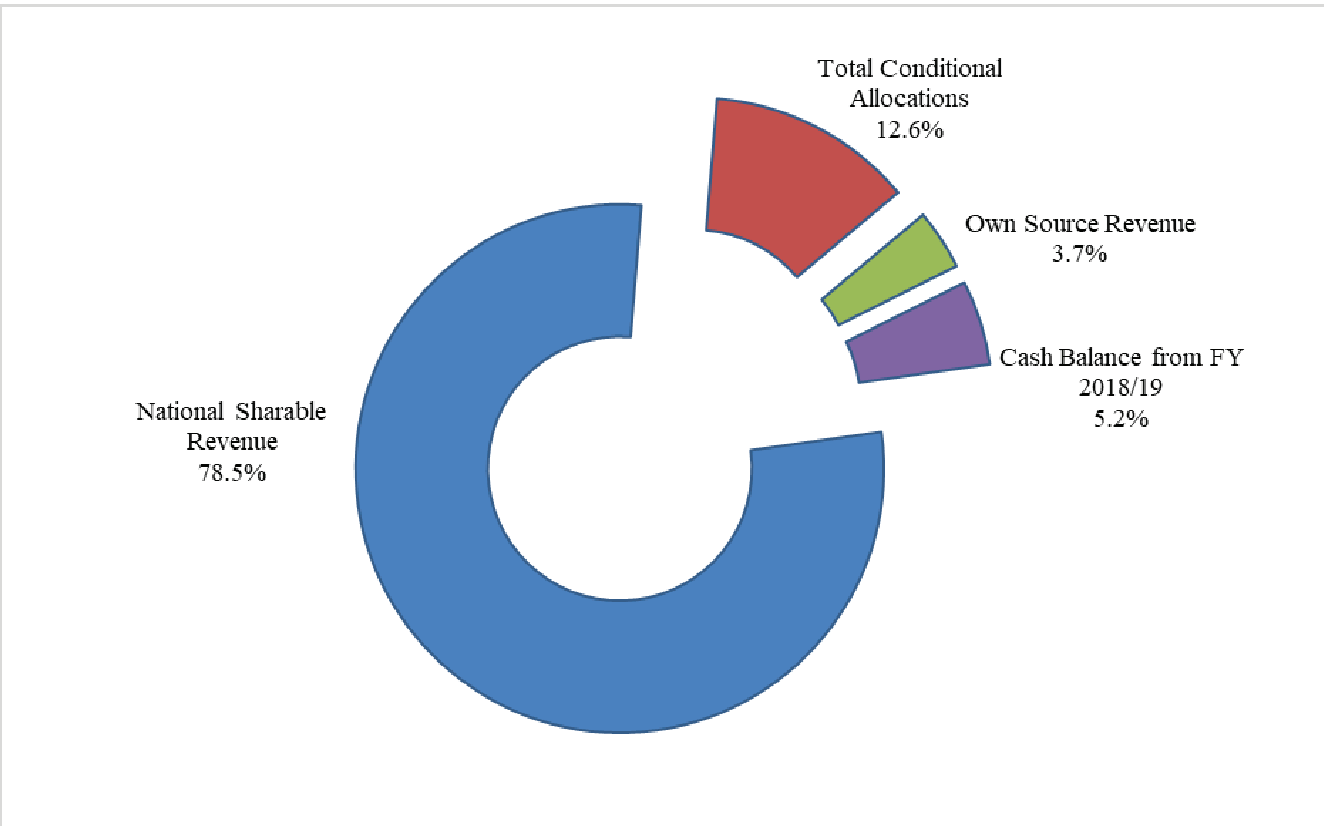
3.2 Bomet County

3.2.1 Overview of the FY 2019/20 Budget

The County did not have an approved budget for FY 2019/20 in place by September 30, 2010. However a Vote on Account amounting to Kshs.1.11 billion was approved pursuant to provisions of Section 134(3) of the Public Finance Management Act, of 2012. The Vote on Account approved withdrawal of up to 30 per cent of the budget estimates submitted to the County Assembly on 30th April 2019.

To finance the budget, the County expected to receive Kshs.5.86 billion (78.5 per cent) as equitable share of revenue raised nationally, Kshs.941.27 million (12.6 per cent) as total conditional grants, generate Kshs.275.92 million (3.70 per cent) from own source revenue, and had Kshs.385.9 million (5.2 per cent) as cash balance from FY 2018/19. Figure 3.4 shows the expected sources of financing in FY 2019/20

Figure 3.4: Expected Sources of Financing in FY 2019/20



Source: *Bomet County Treasury*

3.2.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.508.84 million as equitable share of the revenue raised nationally, raised Kshs.25.45 million from own-source revenue, and had a cash balance of Kshs.385.90 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.920.19 million as shown in Table 3.5.

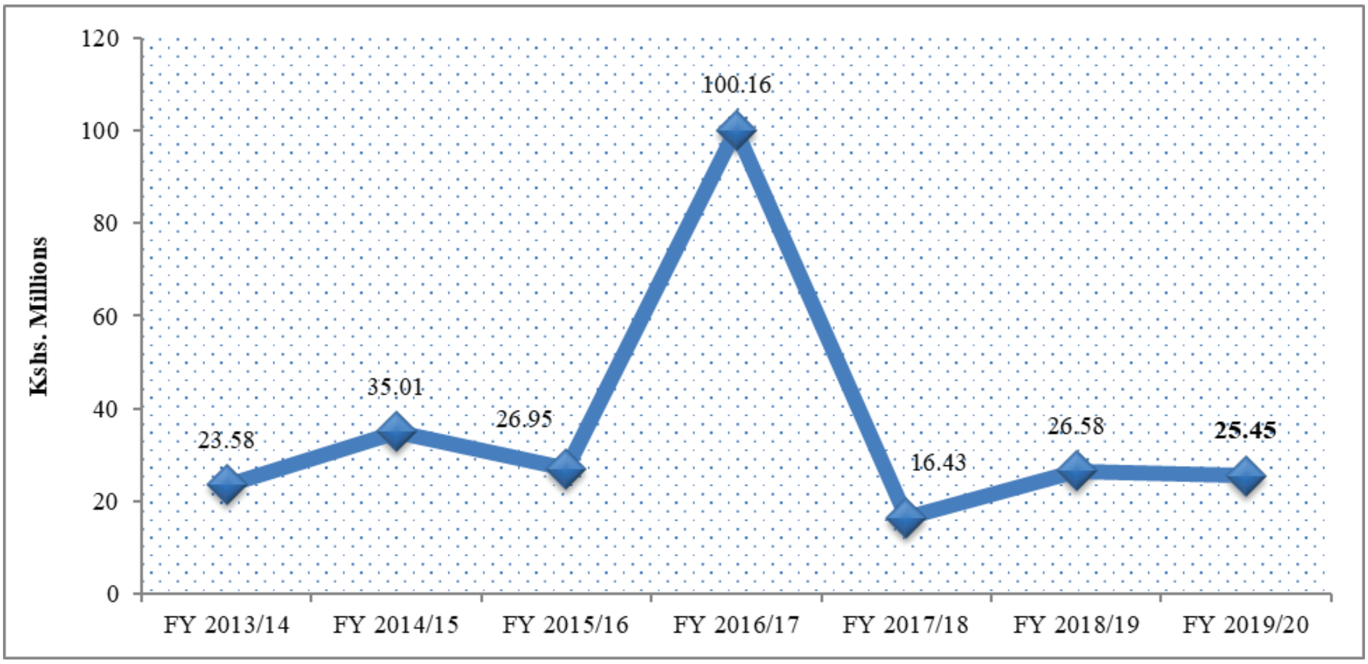
Table 3.5: Bomet County, Revenue Performance in the First Quarter of FY 2019/20

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	5,859,000,000	5,859,000,000	508,841,040	8.7
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	169,798,781	169,798,781	-	-
4.	Rehabilitation of Village Polytechnics	57,875,000	57,875,000	-	-
	Sub Total	**376,302,031**	**376,302,031**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health Systems for Universal Care Project (WB)	86,405,581	86,405,581	-	-
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)	200,534,800	200,534,800	-	-
8.	DANIDA Grant	15,829,718	15,829,718	-	-
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	17,000,000	-	-
Sub Total		**564,970,099**	**564,970,099**	**-**	**-**
D	**Other Sources of Revenue**				
11.	Own Source Revenue	-	275,922,277	25,449,962	9.2
12.	Balance b/f from FY2018/19	-	385,900,000	385,900,000	100
Sub Total		**661,822,277**	**661,822,277**	**411,349,962**	**58.3**
Grand Total		**7,462,094,407**	**7,462,094,407**	**920,191,002**	**11.7**

Source: *Bomet County Treasury*

Figure 3.5 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.5: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20.



Source: *Bomet County Treasury*

The County generated a total of Kshs.25.45 million from own sources of revenue in the first quarter of FY 2019/20. This amount was 9.2 per cent of the annual target.

3.2.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.920.20 million from the CRF account. The withdrawals were entirely for recurrent programmes.

3.2.4 Overall Expenditure Review

A total of Kshs.870.15 million was spent on recurrent programmes. This expenditure represented 95 per cent of the total funds released from the CRF account and represented 18 per cent of the annual recurrent budget.

3.2.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.595.84 million was spent on compensation to employees and Kshs.184.50 million on use of goods and services.

Table 3.6: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

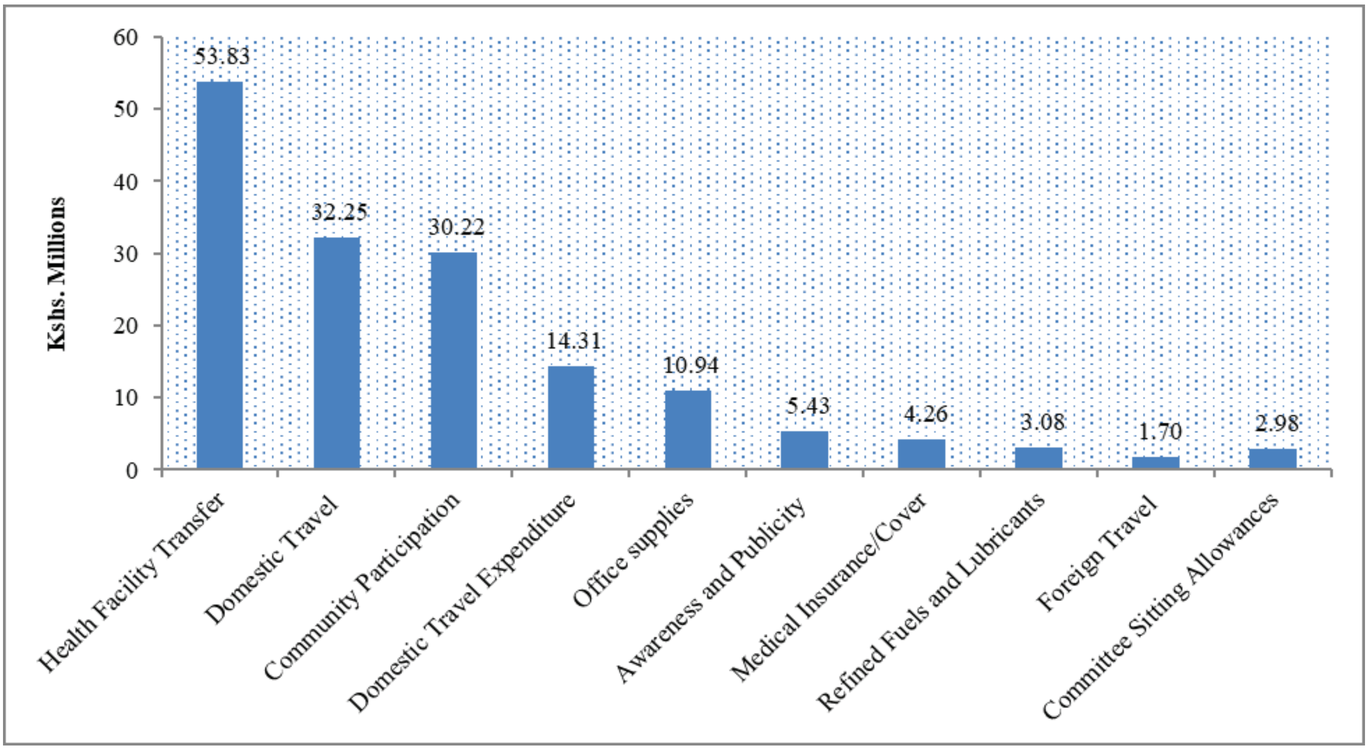
Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Total Recurrent Expenditure	**4,894,391,633**	**830,191,002**	**830,191,002**	**17**
Compensation to Employees	2,781,186,735	593,741,107	595,838,674	21.4
Operations and Maintenance	2,113,204,898	236,449,894	184,496,980	8.7
Total Development Expenditure	-	-	-	-
Development Expenditure	-	-	-	-
Total	**4,894,391,633**	**830,191,002**	**830,191,002**	**17**

Source: *Bomet County Treasury*

3.2.6 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: *Bomet County Treasury*

During the reporting period, the County spent Kshs.2.98 million on committee sitting allowances to the 37 MCAs against the annual budget allocation of Kshs.33.75 million. This was a decline of 58.1 per cent compared to Kshs.7.11 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.26,820 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.46.56 million and comprised of Kshs.14.31 million spent by the County Assembly and Kshs.32.25 million by the County Executive. This represented was an increase of 3 per cent compared to Kshs.45.19 million spent in the first quarter of FY 2018/19.

3.2.7 Budget Performance by Department

Table 3.7 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.7: Bomet County, Budget Performance by Department for the First Quarter 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	603.55	175.02	90	-	89.82	-	99.8	-	14.9	-
County Executives	2,054.60	-	495.60	-	448.85	-	90.6	-	21.8	
Administration	84.89	92.61	8.74	-	9.22	-	105.5	-	10.9	-
ICT	35	30	0.33	-	0.13	-	38.8	-	0.4	-
Finance	103.73	15.43	17.81	-	27	-	151.6	-	26.0	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Economic Planning	99.98	-	10.54	-	9.08	-	86.2	-	9.1	
Lands, Housing and Urban Planning	36.49	283.44	2.76	-	2.58	-	93.6	-	7.1	-
Youth, Sports, Gender and Culture	121	49	13.96	-	12.02	-	-	-		-
Medical Services & Public Health	1,281.94	257.25	229.40	-	228.02	-	-	-		-
Education and Vocational Training	166.21	162.17	6.78	-	2.36	-	-	-		-
Water Sanitation and Environment	111.51	474.36	33.46	-	33.96	-	101.5	-	30.5	-
Agriculture Cooperatives and Marketing	71.30	405.20	0.98	-	0.15	-	15.4	-	0.2	-
Roads, Public Works & Transport	42.38	433.42	5.36	-	3.35	-	-	-	-	-
Trade, Energy, Tourism, Industry and Investment	31.80	189.80	4.47	-	3.61	-	-	-	-	-
Total	**4,844.39**	**2,567.70**	**920.19**	**-**	**870.15**	**-**	**95**	**-**	**18**	**-**

Source: *Bomet County Treasury*

** Based in budget estimates submitted to the C.A in April 2019*

Analysis of expenditure by department shows that the Department of Water and Sanitation and Finance Unit had the highest percentage of recurrent expenditure to recurrent budget at 30 per cent while the Department of Agriculture and cooperatives recorded the lowest at 0.2 per cent.

3.2.8 Budget Execution by Programmes and Sub-Programmes

Table 3.8 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.8: Bomet County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Submitted Estimates (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
MEDICAL SERVICES, PUBLIC HEALTH & SANITATION					
P2 Curative Health Services	Cash Transfers to Health Facilities	110,953,899	53,833,000	57,120,899	
	Human Resource Services	700,000,000	173,688,508	526,311,491	
	Policy Development	2,000,000	500,000	1,500,000	
	Administrative services	12,741,524	2,904,026	9,837,498	
COUNTY EXECUTIVE					
Programme 1: Administration, Planning and Support services	Human Resource Services	1,779,600,000	422,150,166	1,357,449,834	24

Programme	Sub- Programme	Submitted Estimates (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Administration of Human Resources in County Public Service	59,404,595	14,468,217	44,936,378	24
	Administration Services	275,000,000	26,694,988	248,305,012	10
Information Technology Services(ICT) Services	Administration Services	35,000,000	129,200	34,870,800	-
FINANCE AND ECONOMIC PLANNING					
P4 Budget Preparation and Management	Administrative Services	76,970,600	26,999,810	49,970,790	35
	Budget Preparation	12,000,000	1,800,000	10,200,000	15
	Budget Preparation	3,400,000	1,659,000	1,741,000	49
	Public Participation	10,000,000	5,428,200	4,571,800	54
Policy Planning and Administration	Administrative Services	23,900,000	1,853,500	22,046,500	8
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
Administration, Planning and Support Services	Administrative services	32,300,400	150,650	32,149,750	0
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
Policy planning and Administrative Services	Policy, Planning and Administrative services	111,514,199	33,963,600	77,550,599	30
EDUCATION AND VOCATIONAL TRAINING					
Policy Planning, and General Administrative Services	Mobilization and awareness	166,208,899	2,355,600	163,853,299	1
	Use of Goods and Services	36,491,187	440,850	36,050,337	1
ROADS, TRANSPORT & PUBLIC WORKS					
P1 General Administration Planning and Support Services	Delivery Unit	3,500,000	348,600	3,151,400	10
Roads Maintenance	Road maintenance (Fuel)	6,000,000	2,999,823	3,000,177	50
	Policy, General Administration Planning and Support Services	6,700,000	1,363,608	5,336,392	20
Trade Development and Promotion	Capacity Building Of SMEs	2,000,000	900,000	1,100,000	45
	Fair Trade And Consumer Protection Practices	5,000,000	1,350,000	3,650,000	27
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
Programme 2: Gender Children Services	Training and gender empowerment	14,700,000	1,018,900	13,681,100	7
	Cultural Development	6,000,000	2,722,900	3,277,100	45
Youth and Sports Development	Internship Programme	20,000,000	7,864,000	12,136,000	39
Policy development and General Administration	General Administration	4,100,000	414,700	3,685,300	10
COUNTY ASSEMBLY					
County Assembly Legislative Services	Legislative Services	301,586,736	52,008,075	249,578,661	17
	Committee Services	30,492,000	611,760	29,880,240	2
Oversight Presentation	Public Participation	37,236,350	10,400,000	26,836,350	28
	Decentralisation of Services	30,340,000	8,024,000	22,316,000	26

Programme	Sub- Programme	Submitted Estimates (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and Human Resources	H R and Admin Services	301,962,662	89,817,796	212,144,866	30
Total		**4,217,103,051**	**948,863,477**	**3,268,239,573**	**22.5**

Source: *Bomet County Treasury*

The top performing programs across the County were Youth and sports Development, Culture and library services.

3.2.9 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 contrary with the timeliness provided under Section 166 of the PFM Act, 2012.
2. Delay in the approval of the FY 2019/20 by the County which affected effective budget execution during the reporting period.
3. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an submitted estimates of Kshs.4.23 billion compared to Kshs.4.89 billion allocation by department.

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 t in line with Section 166 of PFM Act, 2012.*
2. *The County leadership should identify and address the causes of delays in the approval of key budget documents in order to enhance effective budget implementation.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents.*

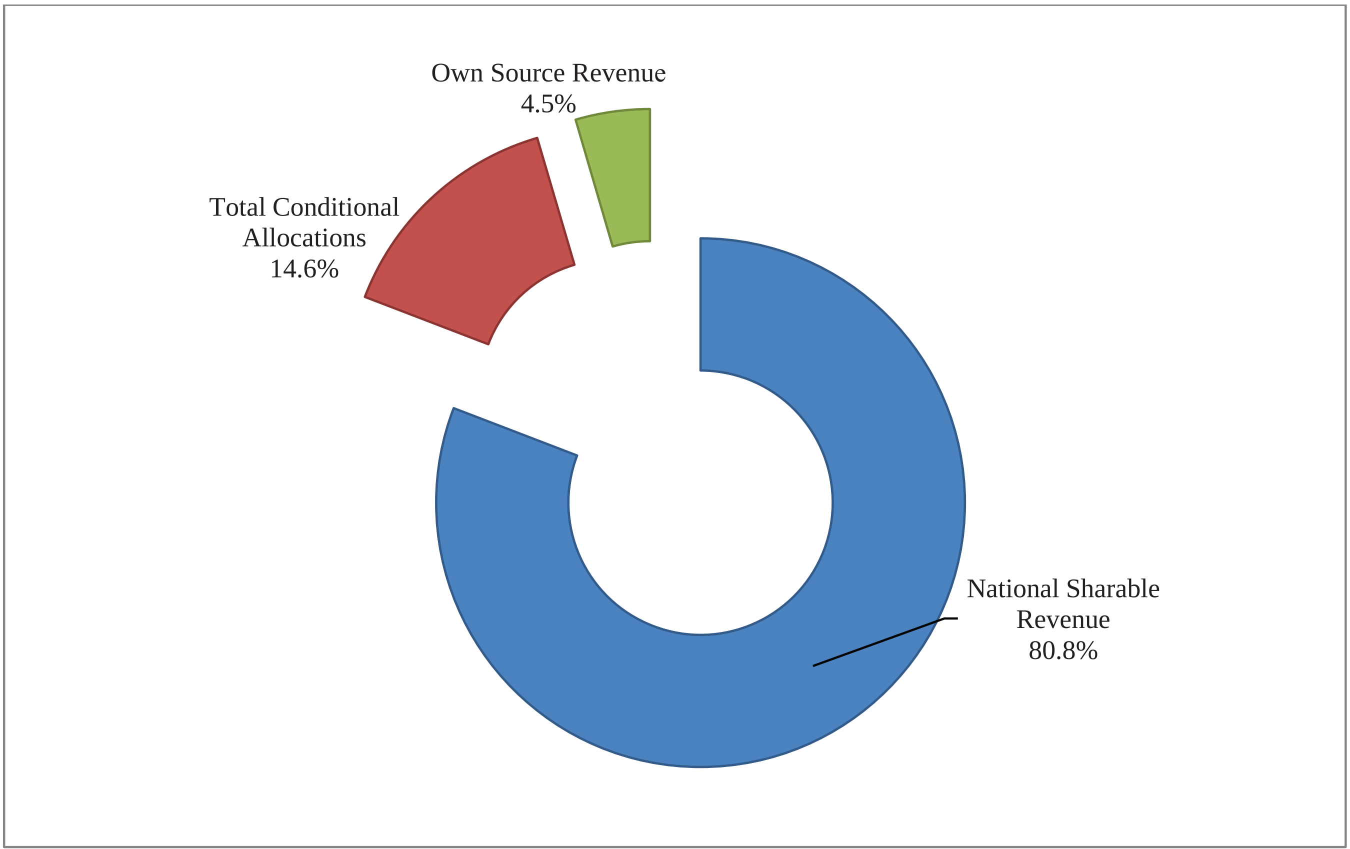
3.3 Bungoma County

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 (78.1 per cent) as equitable share of revenue raised nationally, Kshs.1.61 billion (14.1 per cent) as total conditional grants, and generate Kshs.500 million (4.4 per cent) from own source revenue. The County also budgeted to receive Kshs.378.66 million (3.3 per cent) as Appropriations in Aid. Figure 3.7 shows the expected sources of financing in FY 2019/20.

Figure 3.7: Expected Sources of Financing in FY 2019/20



Source: *Bungoma County Treasury*

3.3.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.46 billion as equitable share of the revenue raised nationally, raised Kshs.59.80 million from own-source revenue. The County also received Ksh.126.55 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.1.65 billion as shown in Table 3.9.

Table 3.9: Bungoma County, Revenue Performance in the First Quarter of FY 2019/20

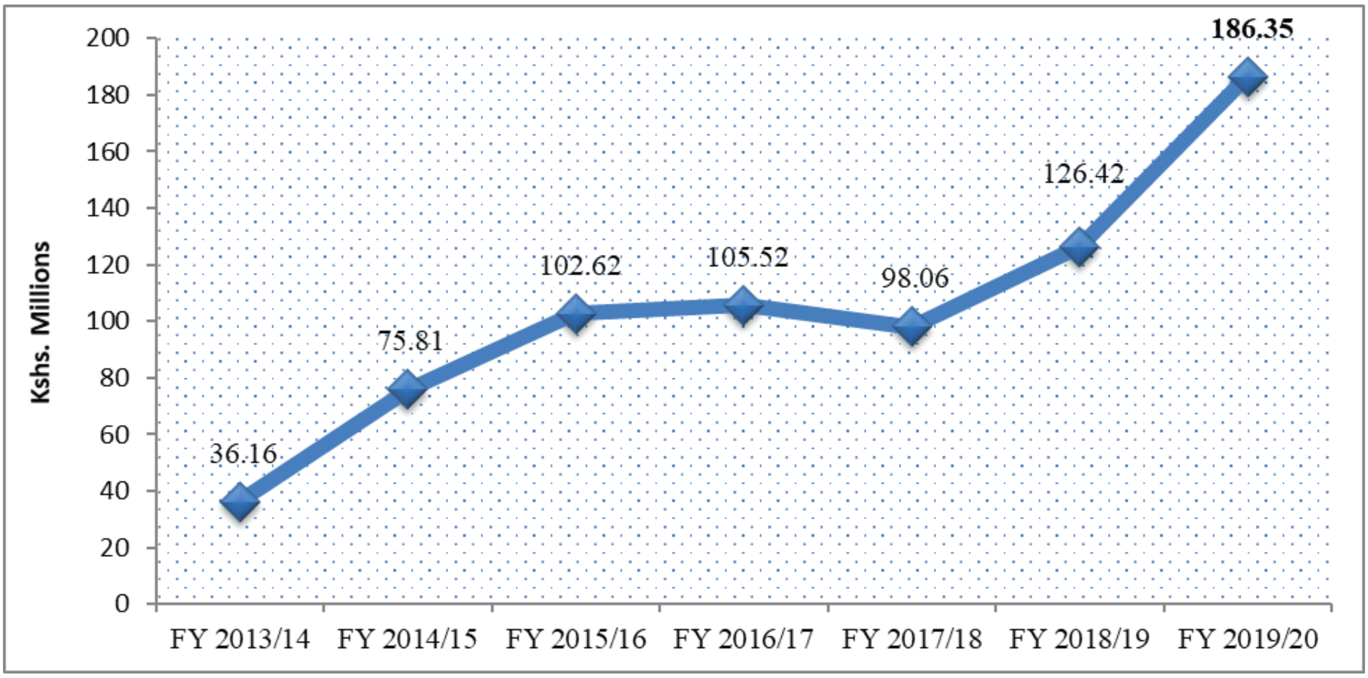
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs.)	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,893,650,000	9,432,327,000	1,461,604,789	15.5
B.	**Conditional Grants from the National 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	-	-
4.	Rehabilitation of Village Polytechnics	53,928,298	53,928,298	-	-
Sub Total		**471,132,655**	**471,132,655**	-	-
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	143,042,792	-	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	-		0.6

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 1 Grant	30,000,000	-	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	300,977,100	-	-	-
9.	DANIDA Grant	26,718,750	26,718,750		-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,814,092	-	-	-
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	-	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**958,352,734**	**26,718,750**	**-**	**0.2**
D	**Other Sources of Revenue**				
13.	Own Source Revenue		500,000,000	59,804,173	12.0
14.	A-I-A		378,664,822	126,545,656	33.4
Sub Total		**-**	**878,664,822**	**186,349,829**	**21.2**
Grand Total		**10,323,135,389**	**10,808,843,227**	**1,647,954,618**	**15.2**

Source: *Bungoma County Treasury*

Figure 3.8 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.8: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Bungoma County Treasury*

The own source revenue realised in the reporting period of Kshs.186.35 million accounted for 12 per cent of the annual target.

3.3.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.58 billion from the CRF account. The withdrawals comprised of Kshs.117.83 million (7.6 per cent) for development programmes and Kshs.1.46 billion (92.4 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

A total of Kshs.1.46 billion was spent on development and recurrent programmes. This expenditure represented 92.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.24 million and Kshs.1.46 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 17.9 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 0.1 per cent.

3.3.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.17 billion was spent on compensation to employees and Kshs.288.11 million on use of goods and services.

Table 3.10: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

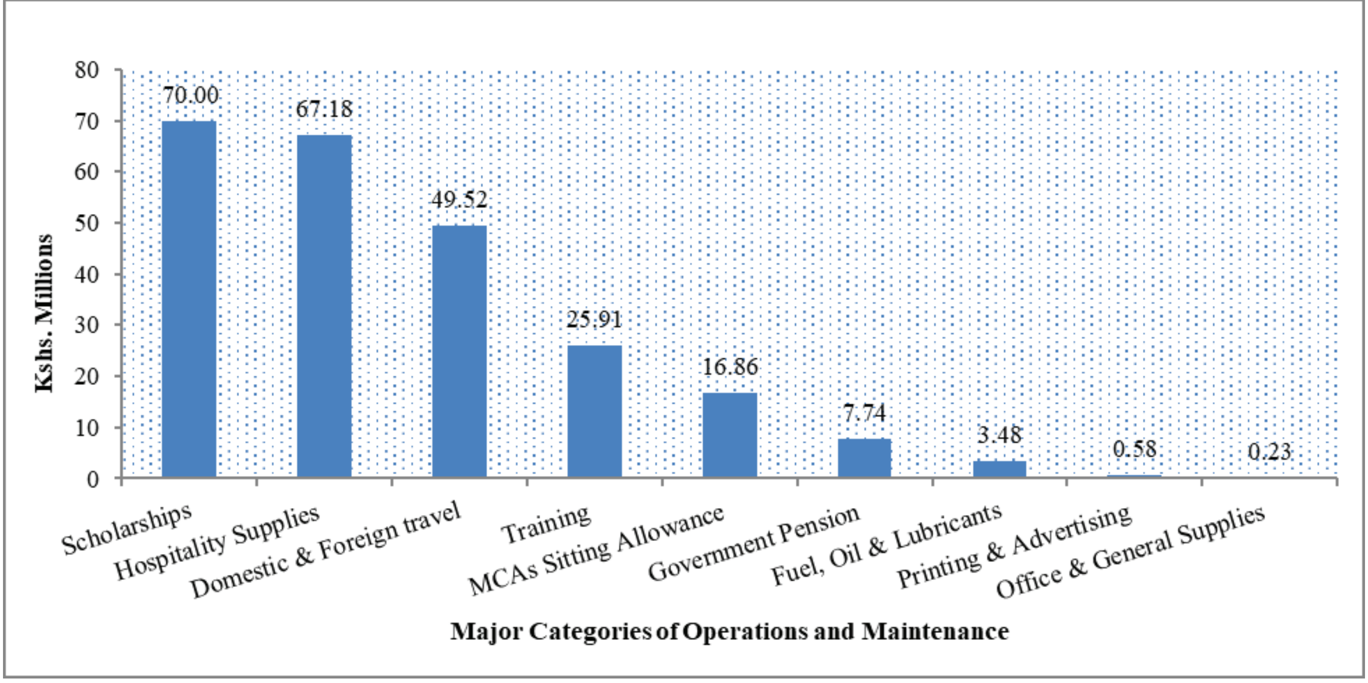
Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**8,184,380,247**	**1,461,604,789**	**1,461,541,378**	**17.9**
Compensation to Employees	3,571,716,770	1,209,123,982	1,173,431,562	32.9
Operations and Maintenance	4,612,663,477	252,480,807	288,109,816	6.2
Total Development Expenditure	**3,737,152,253**	**117,827,628**	**2,244,174**	**0.1**
Development Expenditure	3,737,152,253	117,827,628	2,244,174	0.1
Total	**11,921,532,500**	**1,579,432,417**	**1,463,785,552**	**12.3**

Source: *Bungoma County Treasury*

3.3.6 Analysis of Operations and Maintenance

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 FY 2019/20



Source: *Bungoma County Treasury*

During the period under review, the County spent Kshs.16.86 million on committee sitting allowances to the 61 MCAs against the annual budget allocation of Kshs.95.6 million. This was a decline of 9.5 per cent compared to Kshs.18.64 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.92,122 per MCA compared to SRC's recommended monthly ceiling of Kshs.124, 800.

Expenditure on domestic and foreign travel amounted to Kshs.49.52 million and comprised of Kshs.6.46 million spent by the County Assembly and Kshs.43.06 million by the County Executive. This represented an increase of 8.7 per cent compared to Kshs.54.23 million spent in the first quarter of FY 2018/19.

3.3.7 Budget Performance by Department

Table 3.11 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.11: Bungoma County, Budget Performance by Department for the First Quarter 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	162.59	-	162.59		100	-	18.7	-
Governor and D/Governor's Office	434.61	-	89.15	-	88.92		99.7	-	20.5	-
Finance & Economic planning	1,138.30	-	210.30	-	219.76		104.5	-	19.3	-
Agriculture, Livestock, Fisheries & Co-op Development	319.74	686.89	66.99	-	66.58	2.24	99.4	-	20.8	0.3
Tourism, Forestry, Environment, Water and Natural Resources	230.08	358.34	15.47	-	15.47		100	-	6.7	-
Roads and Public works	156.11	1,110.45	16.54	117.83	16.54		100	-	10.6	-
Education ,Science	1,171.56	235.23	295.77	-	295.89		100	-	25.3	-
Health and Sanitation	2,780.80	201.17	499.14	-	494.93		99.2	-	17.8	-
Trade ,Energy & Industrialization	44.56	105.96	3.22	-	3.22		100	-	7.2	-
Culture, Gender, Youth and Sports	110.18	136.02	21.03	-	21.03		100	-	19.1	-
Land, Urban, Physical planning and Housing	69.24	435.88	19.47	-	13.38		68.7	-	19.3	-
Public Administration	446.30	251.21	59.71	-	59.18		99.1	-	13.3	-
County Public Service	36.58	-	2.52	-	4.05		160.4	-	11.1	-
TOTAL	**7,805.72**	**3,737.15**	**1,461.90**	**117.83**	**1,461.54**	**2.24**	**100**	**1.9**	**18.7**	**0.1**

Source: *Bungoma County Treasury*

Analysis of expenditure by department shows that the Department of Education and Science had the highest percentage of recurrent expenditure to its recurrent budget at 25.3 per cent while the Tourism, Forestry, Environment, Water and Natural Resources had the lowest at 6.7 per cent.

3.3.8 Budget Execution by Programmes and Sub-Programmes

Table 3.12 shows a summary of the budget execution by Programmes and sub-Programmes in the first quarter of FY 2019/20.

Table 3.12: Bungoma County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Health and sanitation					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption Rate (%)**
Health and sanitation					
Preventive and Promotive Health Services	Health Promotion	3,323,533,969	497,908,824	2,825,625,145	15.0
TOTAL		**3,323,533,970**	**497,908,824**	**2,828,607,963**	**15.0**
Trade, Energy and Industrialization					
General Administration, planning and support services	General administration, Planning and Support Services	44,564,778	3,221,825	41,342,953	7.2
TOTAL		**150,528,784**	**3,221,825**	**41,342,953**	**2.1**
Education and Science					
Administration, Planning and Support Service	Administration, Planning and Support Service	1,173,562,669	294,261,302	947,677,067	19.2
Vocational Training and Education management services	Vocational Training and Education management services	235,225,464	1,250,000	233,975,464	43.1
ICT infrastructure	ICT infrastructure	48,409,366	232,000		
TOTAL		**1,457,197,499**	**295,743,302**	**1,039,974,233**	**21.0**
Tourism and Environment					
Promotion of tourism sites and programmes	Promotion of tourism sites and programmes	213,716,261	29,226,241	184,490,020	13.7
TOTAL		**213,716,261**	**29,226,241**	**184,490,020**	**13.7**
County Public Service Board					
General Administration, Planning and Support Services	General Administration ,Planning and Support Services	36,576,060	2,660,375	33,915,685	7.3
TOTAL		**36,576,060**	**2,660,375**	**33,915,685**	**7.3**
Public Service Management and Administration					
General Administration Planning and Support Services	Staff Development	312,297,417	51,594,940	260,702,476	
County Secretary					
General Administration Planning and Support Services	Administration	223,350,929	68,292,378	155,058,550	30.6
TOTAL		**535,648,346**	**119,887,319**	**415,761,027**	**22.4**
Agriculture					
General Administration, Planning and Support Services	Agricultural policy formulation and legal frame work	871,358,189	75,833,925	795,524,263	**8.7**
	Administrative services	234,785,280	10,753,632	224,031,648	**4.6**
TOTAL		**1,106,143,469**	**86,587,558**	**1,019,555,912**	
Finance and Economic planning					
County Public Financial Management	Accounting Services	22,613,408	5,141,800	17,471,608	**22.7**
	Supply chain management	27,685,248	1,405,280	26,279,968	**5.1**
	Internal Revenue collection	50,610,985	-639,000	51,249,985	**-1.3**
County Economic and Financial Policy Formulation and Management	County Economic and Financial Policy Formulation and Management	944,134,894	175,873,394	768,261,500	**18.6**
TOTAL		**1,045,044,535**	**181,781,474**	**863,263,061**	**17.4**
Governor/D/Governor's office					
General Administration planning & support	Management and Administration services	434,609,527.00	63,702,294.65	370,907,232.35	14.7
TOTAL		**434,609,527**	**63,702,295**	**370,907,232**	**14.7**

Health and sanitation					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance (Kshs.)**	**Absorption Rate (%)**
Roads and Public works					
General administration, planning and support Services	General administration, planning and support services	44,564,778.00	4,177,275.00	40,387,503.00	**9.4**
Promotion of tourism sites and programmes	Promotion of tourism sites and programmes	213,716,261.00	29,226,241.45	184,490,019.55	**13.7**
General Administration ,Planning and Support Services	General Administration ,Planning and Support Services	159,787,707	18,476,546	141,311,161	11.6
TOTAL		**418,068,746**	**51,880,062**	**366,188,684**	**12.4**
Agriculture, Livestock, Fisheries, Irrigation and Co-operative development					
General Administration, Planning and Support Services	Agricultural policy formulation and legal frame work	871,358,189.00	75,833,925.50	795,524,263.50	8.7
	Administrative services	234,785,280.40	10,753,632.00	224,031,648.40	4.6
Agriculture Institutions Development	General Administration, Planning and Support services	319,000,000.00	115,304,033.70	203,695,966.30	36.1
TOTALS		**1,425,143,469**	**201,891,591**	**1,223,251,878**	**14.2**
Gender, Youth, Culture and Sports					
Gender and Youth Empowerment	Gender and Youth Empowerment	246,191,663	9,500,205	236,691,458	3.9
TOTAL		**246,291,663**	**9,500,205**	**236,791,458**	**3.9**
County Assembly					
Legislation and Representation	Legislation and Representation	867,661,683	101,257,696	766,403,988	23.5
TOTAL		**867,661,683**	**101,257,696**	**766,403,988**	**23.5**
Grand Total		**12,305,208,548**	**1,645,248,767**	**10,659,959,781**	13.4

Source: *Bungoma County Treasury*

The top performing programs across the county were: Agriculture Institutions Development (Housing), Agriculture Institutions Development (Agriculture, Livestock, Fisheries, Irrigation and Co-operative Development), and Legislation and Representation (County Assembly).

3.3.9 Key Observations and Recommendations:

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

1. Delay by Fund Administrators to submit quarterly expenditure reports on the established County Funds as required under Section 168 of the PFM Act, 2012. The quarterly expenditure reports which were pending included reports for the Emergency Fund, Trade loan, Women Empowerment Fund, Youth Empowerment Fund, and People with Disability Fund.
2. Failure by the County to budget for unspent cash balance from FY 2018/19 amounting to Ksh.1.8 billion.
3. Failure to correctly budget for the equitable share of revenue and conditional grants per CARA, 2019.
4. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.11.92 billion compared to Kshs.12.31 billion allocation by programmes.

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

1. *The Fund Administrators should ensure timely submission of expenditure reports in line with Section 168 of the PFM Act, 2012.*
2. *The County should appropriate the unspent cash balance from FY 2018/19 in the supplementary*

budget.

3. *The County should prepare a Supplementary Budget to align the equitable share of revenue and the conditional grants to the CARA, 2019.*
4. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

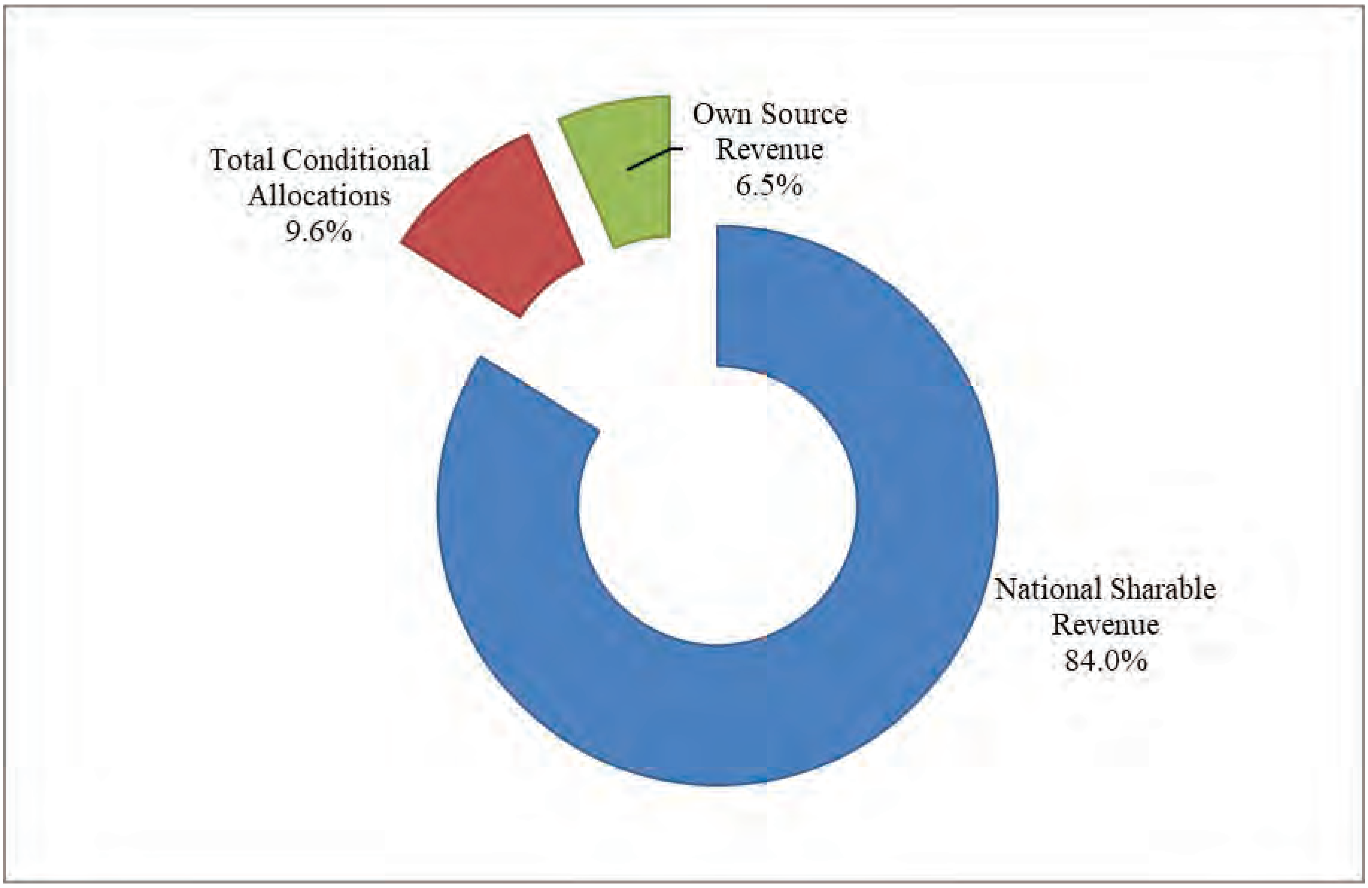
3.4 Busia County

3.4.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.7.01 billion, comprising of Kshs.4.86 billion (69.3 per cent) and Kshs.2.15 billion (30.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.89 billion (83.9 per cent) as equitable share of revenue raised nationally, Kshs.670 million (9.6 per cent) as total conditional grants, and generate Kshs.454.50 million (6.5 per cent) from own revenue sources. Table 3.11 shows the expected sources of financing in FY 2019/20.

Figure 3.10: Expected Sources of Financing in FY 2019/20



Source: *Busia County Treasury*

3.4.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.05 billion as equitable share of the revenue, raised nationally and raised Kshs.61.58 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.1.11 billion as shown in Table 3.13.

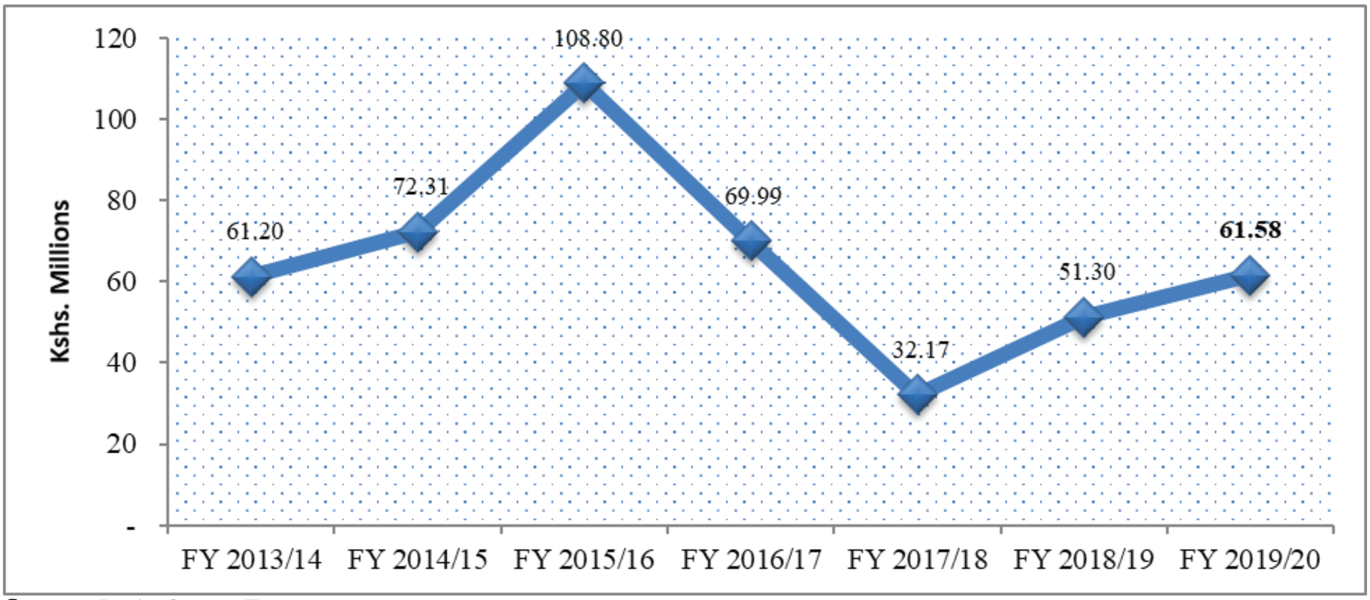
Table 3.13: Busia County, Revenue Performance in the First Quarter of FY 2019/20

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	5,890,000,000	1,046,349,000	17.8
B.	**Conditional Grants From The National Government Revenue**	382,879,464	250,991,571	-	-
1.	Compensation for User Fee Foregone	16,934,085	16,934,085.00	-	-
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		**6,396,379,464**	**6,140,991,571**	**1,046,349,000**	**17.8**
C	**Loans And Grants From Development Partners**				-
5.	Transforming Health Systems For Universal Care Project (WB)	81,106,071	81,106,071	-	-
6.	Ida (Wb) Kenya Climate Smart Agriculture Project (KCSAP)	116,993,505	116,993,505	-	-
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	-	-
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	45,000,000	-	-
12.	Ida (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**454,014,031**	**419,014,031**	**-**	**17.9**
D	**Other Sources Of Revenue**				
13. .	Own Source Revenue	-	454,500,650	61,579,302	13.5
Sub Total		**-**	**454,500,650**	**61,579,302**	**13.5**
Grand Total		**6,850,393,495**	**7,014,506,252**	**1,107,928,302**	**14.60**

Source: *Busia County Treasury*

Figure 3.11 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.11: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Busia County Treasury*

The County generated a total of Kshs.61.58 million from own revenue sources in the first quarter of FY 2019/20. This amount was 13.5 per cent of the annual target.

3.4.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.910.89 million from the CRF account. The entire withdrawals were for recurrent programmes.

3.4.4 Overall Expenditure Review

A total of Kshs.610.40 million was spent on recurrent programmes. The County did not report expenditure on development activities. This expenditure represented 67 per cent of the total funds released from the CRF account and represented 8.7 per cent of the annual recurrent budget.

3.4.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.539.76 million was spent on compensation to employees and Kshs.70.64 million on use of goods and services.

Table 3.14: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

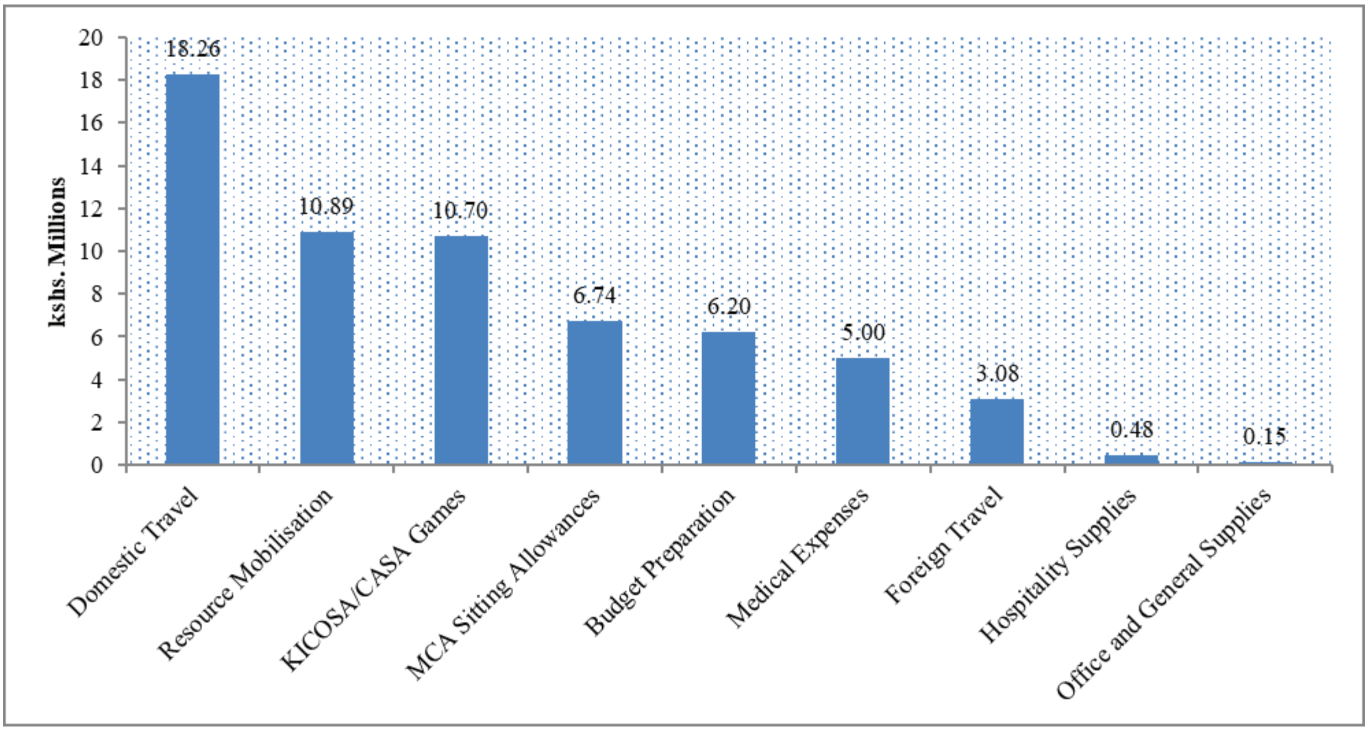
Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.))	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**4,862,915,423**	**910,886,400**	**610,396,794**	**12.6**
Compensation to Employees	3,079,652,999	770,000,000	539,760,025	17.5
Operations and Maintenance	1,783,262,424	140,886,400	70,636,769	4
Total Development Expenditure	**2,151,590,829**	-	-	-
Development Expenditure	2,151,590,829	-	-	-
Total	**7,014,506,252**	**910,886,400**	**610,396,794**	**8.7**

Source: *Busia County Treasury*

3.4.6 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: Busia County Treasury

During the reporting period, the County spent Kshs.6.74 million on committee sitting allowances to the 54 MCAs against the annual budget allocation of Kshs.96.19 million. This was a decline of 62.5 per cent compared to Kshs.16 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.41,632 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.18.26 million and comprised of Kshs.9.37 million spent by the County Assembly and Kshs.8.88 million by the County Executive. This represented a decrease of 186.9 per cent compared to Kshs.52.37 million spent in the first quarter of FY 2018/19.

3.4.7 Budget Performance by Department

Table 3.15 shows a summary of the approved budget allocation and performance by department in the first quarter of the FY 2019/20.

Table 3.15: Busia County, Budget Performance by Department for the First Quarter 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	222.37	355.11	49.96	-	0.23	-	0.46	-	0.10	-
Trade, Cooperatives and Industrialization	74.37	118.35	13.03	-	0.16	-	1.20	-	0.21	-
Education and Vocational Training	402.33	131.30	69.63	-	0.46	-	0.66	-	0.11	-
Finance, Economic Planning and ICT	714.36	60.43	124.55	-	286.36	-	229.93	-	40.09	-
Youth, Culture, sports, Tourism and Social Services	70.38	29.70	21.29	-	10.36	-	48.69	-	14.73	-
Roads, Public Works, Energy and Transport	87.43	621.03	17.97	-	0.87	-	4.83	-	0.99	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Management	281.72	-	11.77	-	0.07	-	0.55	-	0.02	-
Lands, Housing and urban Development	71.31	205.70	13.58	-	0.86	-	6.31	-	1.20	-
Water Environment and Natural Resources	107.32	232.48	21.65	-	0.96	-	4.43	-	0.89	-
Health and Sanitation	1,639.37	250.30	362.76	-	230.69	-	63.59	-	14.07	-
County Public Service Board	50.98	-	9.17	-	0.00	-	0.02	-	0.00	-
The Governorship	404.41	81.18	64.53	-	10.25	-	15.88	-	2.53	-
County Assembly	736.56	66.00	131.00	-	69.14	-	52.78	-	9.39	-
TOTAL	**4,862.92**	**2,151.59**	**910.89**	**-**	**610.40**	**-**	**67.01**	**-**	**12.55**	**-**

Source: *Busia County Treasury*

Analysis of expenditure by department shows that the County did not incur any development expenditure. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to its recurrent budget at 40.1 per cent while the County Public Service Board and Public Service Management Department did not incur any expenditure.

3.4.8 Budget Execution by Programmes and Sub-Programmes

Table 3.16 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.16: Busia County, Budget Execution by Programmes and Sub-Programmes in The First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
1. Agriculture and Animal Resources					
General Administration and Support services	Administrative Support Service	222,367,734	230,071	222,137,663	10.4
Land use and management	Agricultural Mechanization	14,300,000	-	14,300,000	-
Crop Production and management	Crop Production And Development.	3,050,000	-	3,050,000	-
Input Access	Crop Protection	28,000,000	-	28,000,000	-
Agricultural Training and Extension Services	Agriculture Extension Services	4,000,000	-	4,000,000	-
	Agricultural Training Services	10,000,000	-	10,000,000	-
	Kenya Climate Smart Agriculture Programme (KCSP)	122,000,000	-	122,000,000	-
Agricultural Financial and Investment services	Agricultural Credit Support Services	8,000,000	-	8,000,000	-
Fisheries and Aquaculture Resource Development	Aquaculture Development	6,000,000	-	6,000,000	-
	Lake Based Aquaculture Parks	14,000,000	-	14,000,000	-
	Feed Factory	5,000,000	-	5,000,000	-
Livestock Production Development	Livestock Production Improvement	3,000,000	-	3,000,000	-
Programme: Veterinary Health Services	Veterinary Disease Control	7,500,000	-	7,500,000	-
	Meat Inspection Services	2,000,000	-	2,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Other Development Projects	Ward Projects	128,260,000	-	128,260,000	-
Sub-totals		**577,477,734**	**230,071**	**577,247,663**	**4.0**
2. Trade, Co-Operatives and Industrialization					
General Administrative support service	Administrative Support Service	74,369,520	156,640	74,212,880	21.1
Trade Development	Busia County Trade Development Fund	5,000,000	-	5,000,000	-
	Market Modernization And Development	40,000,000	-	40,000,000	-
Programme: Fair Trade Practices	Weight And Measures	5,000,000	-	5,000,000	-
Cooperative Development	Busia County Cooperative Enterprise Development Fund	7,000,000	-	7,000,000	-
	Value Addition	5,000,000	-	5,000,000	-
Other Development Projects	Ward Projects	56,350,000	-	56,350,000	-
Sub-totals		**192,719,520**	**156,640**	**192,562,880**	**8.1**
3. Education and Vocational Training					
General Administration and Support Services	Administrative Support Service	402,330,271	457,325	401,872,946	11.4
Early Childhood Development Education-Basic Education	Improvement Of Infrastructure In ECDE Centres	2,000,000	-	2,000,000	-
Technical/ Vocational Training Development	Infrastructure Development	8,000,000	-	8,000,000	-
Education Support	Education Support Scheme	98,400,000	-	98,400,000	-
Other Development Projects	Other Projects	22,900,000	-	22,900,000	-
Sub-totals		**533,630,271**	**457,325**	**533,172,946**	**8.6**
4. Finance, Economic planning and ICT					
General Administration and Support services	Administrative Support Service	714,360,016	286,364,563	427,995,453	40.1
Financial Management , control and Development Services	Revenue Generation Services	20,292,000	-	-	-
Information and Communication Services	ICT Support Services	6,534,474	-	-	-
Other Development Projects	Other Projects	33,600,000	-	-	-
Sub-totals		**774,786,490**	**286,364,563**	**427,995,453**	**37.0**
5. Culture, Sports and Social Services					
General Administration and Support services	Administrative Support Service	70,376,803	10,363,461	60,013,342	14.7
Youth Development and empowerment Services	Youth Empowerment Services	5,000,000	-	5,000,000	-
Promotion and Development of sports.	**Infrastructural Development**	**1,000,000**	**-**	**1,000,000**	**-**
Child Care and protection	Rehabilitation And Custody	8,000,000.00	-	8,000,000.00	
Culture Promotion and Development	**Cultural Infrastructural Development**	**8,200,000**	**-**	**8,200,000**	
Promotion and Development of Local Tourism in the County	Tourism Development	2,000,000.00	-	2,000,000.00	0.00
Programme: Alcoholic Drinks and Drug Abuse Control	Infrastructure Development	3,000,000.00	-	3,000,000.00	0.00
Other Development Projects	Other Projects	2,500,000.00	-	2,500,000.00	0.00
Sub-totals		**100,076,803**	**10,363,461**	**89,713,342**	**10.36**
6. Public Works, Transport, Roads and Energy					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General Administration and Support services	Administrative Support Service	87,429,331	867,397	86,561,934	0.99
Development and Maintenance of Roads	Routine Maintenance Of Roads	44,000,000	-	-	-
	Development Of Roads	269,250,469	-	-	-
	Building Infrastructure Development	3,000,000	-	-	-
Energy Development	Solar Energy Exploration	17,293,632	-	-	-
Other Development Projects	Other Projects	287,490,000	-	-	-
Sub-totals		**708,463,432**	**867,397.00**	**86,561,934**	**0.12**
7. Public Service Management					
General Administration and Support services	Administrative Support Service	281,720,005.00	65,034.00	281,654,971	0.02
Sub-totals		**281,720,005.00**	**65,034.00**	**281,654,971**	**0.02**
8. Lands, Housing and Urban Development					
General Administration and Support services	Administrative Support Service	71,311,785.00	857,219.00	70,454,566.00	1.20
Land Use and management	Land Use Planning	5,000,000.00	-	-	-
Housing development and management	Housing Development	2,000,000.00	-	-	-
County Urban Management and Development	Urban Management	137,800,000	-	-	-
Other Development Projects		60,900,000	-	-	-
Sub-totals		**277,011,785**	**857,219**	**70,454,566**	**0.31**
9. Water, Environment and Natural Resources					
General Administration and support services	Administrative Support Service	107,322,782	958,788	106,363,994	0.89
Water Supply Services	Water Supply	17,033,717	-	17,033,717	-
Programme: Small Holder Irrigation and Drainage	Irrigation Services	4,000,000	-	4,000,000	-
Rehabilitation and restoration of degraded landscape.	Rehabilitation Of Degraded Areas	19,000,000	-	19,000,000	-
Other Development Projects	Other Projects	192,450,000	-	192,450,000	-
Sub-totals		**339,806,499**	**958,788**	**338,847,711**	**0.28**
10. Health and Sanitation					
General Administration and support services	Administrative Support Service	1,639,372,564	230,687,094	1,408,685,470	14.07
Health Curative Services	Infrastructure Development	6,000,000	-	6,000,000	-
	Hospital Equipment	36,858,318	-	36,858,318	-
Preventive and Health Services	Infrastructure Development	28,272,414	-	28,272,414	-
	Lower Level Hospital Equipment	12,167,022	-	12,167,022	-
	HIV/Aids Prevention And Control	4,000,000	-	4,000,000	-
	Malaria Control And Reproductive Health	9,740,733	-	9,740,733	-
	Health Promotion Unit	110,463,548	-	110,463,548	-
Other Development Projects	Ward	42,800,000	-	42,800,000	-
Sub-totals		1,889,674,599	230,687,094	1,658,987,505	12.21
County Public Service Board					
Administrative support service	Administrative Support Service	50,983,973	1,600	50,982,373	-
Sub-totals		**50,983,973**	**1,600**	**50,982,373**	**-**
11. The Governorship					
Administrative support service	Administrative Support Service	404,411,192	10,247,112	394,164,080	2.53
Disaster Risk Management	Disaster Preparedness	70,034,502	-	70,034,502	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Information dissemination		10,000,000	-	10,000,000	-
Other Development Projects		1,150,000	-	1,150,000	-
Sub-totals		**485,595,694**	**10,247,112**	**475,348,582**	**2.11**
12. The County Assembly					
Administrative support service	Administrative Support Service	736,559,447	69,140,490	667,418,957	9
County Assembly Infrastructural Development	Infrastructural Development	66,000,000	-	66,000,000	-
Sub-totals		**802,559,447**	**69,140,490**	**733,418,957**	**9**
Grand Total		**7,014,506,252**	**610,396,794**	**6,404,109,458**	**9**

The top performing programs across the county were: road construction, immunization, trade facilitation, administration (office of the governor), and county planning. The lowest performing programs were: ECD promotion, street lighting, water access, etc.

3.4.9 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 review reports by the OCOB.
2. Delay in the disbursement of the equitable share of revenue raised nationally by the National Treasury which affected implementation of the development budget.

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

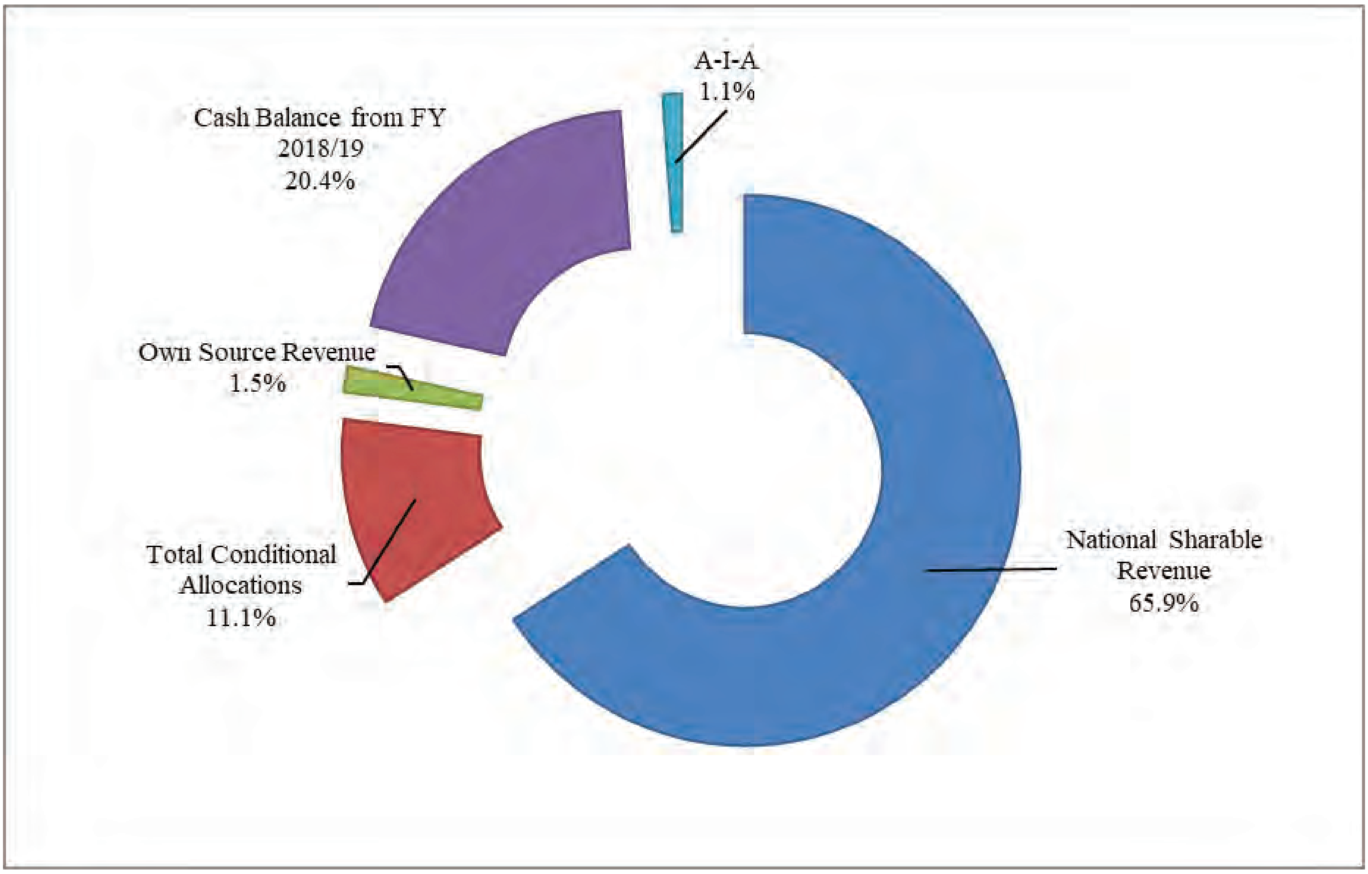
1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with the CARA Disbursement Schedule.*

3.5 Elgeyo Marakwet

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.635.44 million (11.1 per cent) as total conditional grants, generate Kshs.88 million (1.5 per cent) from own source revenue, and had Kshs.1.17 billion (20.4 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Ksh.64 million (1.1 per cent) as Appropriations in Aid. Error! Reference source not found. shows the expected sources of financing in FY 2019/20.

Figure 3.13: Expected Sources of Financing in FY 2019/20



Source: *Elgeyo Marakwet County Treasury*

3.5.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.671.87 million as equitable share of the revenue raised nationally, nil on conditional grants, raised Kshs.25.36 million from own-source revenue, and had a cash balance of Kshs.1.17 billion from FY 2018/19. The County also received Ksh.9 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.1.87 billion as shown in Table 3.17.

Table 3.17: Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2019/20

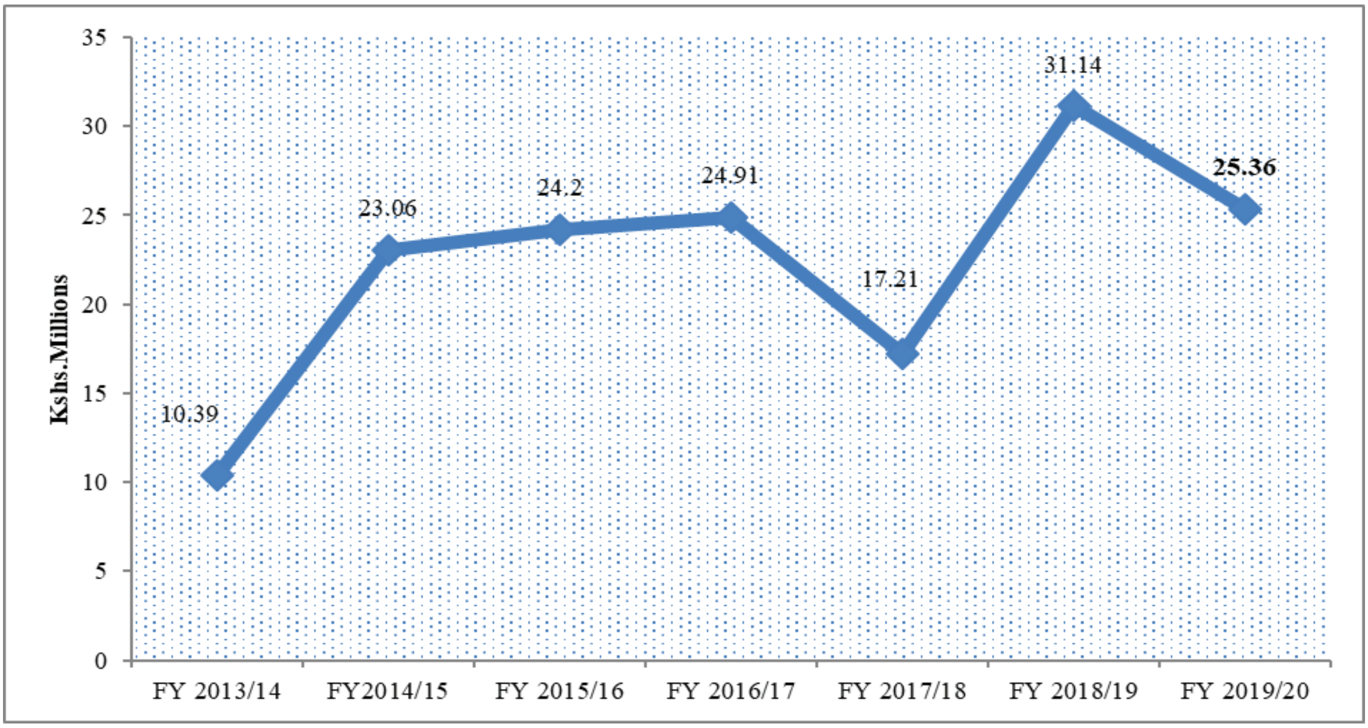
S/No.	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**3,861,300,000**	**3,782,000,000**	**671,866,200**	**17.4**
B.	**Conditional Grants from the National Government Revenue**				
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	-	-
4.	Rehabilitation of Village Polytechnics	30,228,298	30,228,298	-	-
Sub Total		**280,537,674**	**271,748,755**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	35,000,000	60,081,486	-	-
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	118,422,545	140,590,677	-	-

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 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	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,632,723	-	-	-
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	45,000,000	-	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**354,907,368**	**363,696,287**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	88,000,000	88,000,000	25,358,291	28.8
14.	Balance b/f from FY2018/19	1,171,149,352	1,171,149,352	1,171,149,352	100
	A-I-A	64,000,000	64,000,000	8,955,857	14
Sub Total		**1,323,149,000**	**1,323,149,000**	**1,205,463,500**	**91.1**
Grand Total		**5,819,894,394**	**5,740,594,394**	**1,877,329,700**	**32.7**

Source: *Elgeyo Marakwet County Treasury*

Figure 3.14 shows the trend in own-source revenue collection for the first quarters for FY 2013/14 to FY 2019/20.

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



Source: *Elgeyo Marakwet County Treasury*

The realised own source revenue in the reporting period accounted for 28.8 per cent of annual target.

3.5.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.648.51 million from the CRF account. The withdrawals comprised of Kshs.41.2 million (6.4 per cent) to finance development programmes and Kshs.607.31 million (93.6 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

A total of Kshs.664.86 million was spent on development and recurrent programmes. This expenditure represented 102.5 per cent of the total funds released from the CRF account and comprised of Kshs.5.62 million and Kshs.659.23 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 20.7 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.2 per cent.

3.5.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.508.91 million was spent on compensation to employees and Kshs.150.33 million on use of goods and services.

Table 3.18: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

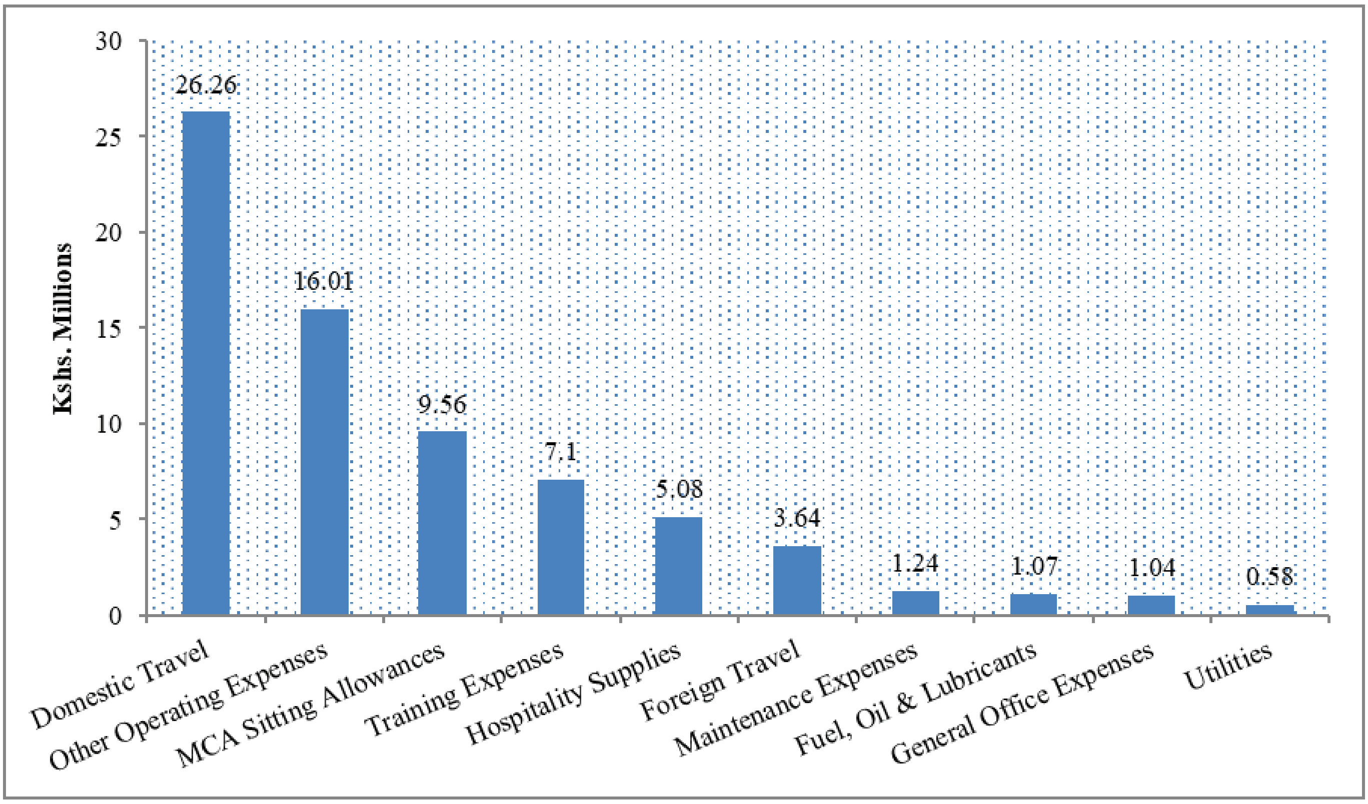
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**3,187,795,008**	**607,311,621**	**659,233,984**	**20.7**
Compensation to Employees	2,446,938,029	548,861,812	508,906,950	20.8
Operations and Maintenance	740,856,979	58,449,809	150,327,034	20.3
Total Development Expenditure	**2,552,799,386**	**41,200,000**	**5,623,000**	**0.2**
Development expenditure	2,552,799,386	41,200,000	5,623,000	0.2
Total	**5,740,594,394**	**648,511,621**	**664,856,984**	**11.6**

Source: *Elgeyo Marakwet County Treasury*

3.5.6 Analysis of Operations and Maintenance

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 FY 2019/20



Source: *Elgeyo Marakwet County Treasury*

During the reporting period, the County spent Kshs.9.56 million on committee sitting allowances to the 34 MCAs against the annual budget allocation of Kshs.42.93 million. This was an increase of 8.3 per cent compared to Kshs.8.83 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.93,676 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.26.27 million and comprised of Kshs.19.71 million spent by the County Assembly and Kshs.6.56 million by the County Executive. This represented a decrease of 8.1 per cent compared to Kshs.28.59 million spent in the first quarter of FY 2018/19.

3.5.7 Budget Performance by Department

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

Table 3.19: Elgeyo Marakwet County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure in (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	566.84	1.03	65.64	-	118.15	-	180	-	21.8	-
Office of the Governor	157.24	-	31.46	-	31.43	-	100	-	20	-
Finance and Economic Planning	242.06	-	46.40	-	45.94	-	99	-	19	-
Agriculture, and Irrigation	100.65	342.22	19.65	-	19.69	-	100.2	-	19.6	-
Education and Tech. Training	216.74	360.02	37.55	-	37.55	-	100	-	17.3	-
Health and Sanitation	1,461.88	646.78	323.33	-	323.20	-	100	-	22.1	-
Water, Lands, Environment & Climate Change	73.11	438.80	18.94	41.20	18.94	5.62	100	13.6	25.9	1.3
Roads, Public Works and Transport	64.25	470.91	10.60	-	10.60	-	-	-	-	-
Tourism, Culture, Wildlife, Trade & Industry	35.09	27.90	5.91	-	5.91	-	-	-	-	-
Youth Affairs, Sports, ICT & Social Services	35.74	129.72	5.58	-	5.58	-	-	-	-	-
Public Service Management & County Administration	92.48	51.63	17.31	-	17.31	-	100	-	18.7	-
County Public Service Board	45.65	-	6.54	-	6.54	-	100	-	14.3	-
Livestock Production, Fisheries & Cooperative Development	96.06	83.79	18.41	-	18.41	-	100	-	19.2	-
Total	**3,187.80**	**2,552.80**	**607.31**	**41.20**	**659.23**	**5.62**	**108.5**	**0.1**	**0.2**	**0.2**

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of Water, Lands, Environment and Climate Change had the highest percentage of recurrent expenditure to recurrent budget at 25.9 per cent.

3.5.8 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 quarter of FY 2019/20.

Table 3.20: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Program	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
General administration and Support services		**100,653,823**	**19,692,389**	**80,961,434**
	General administration and support services	100,653,823	19,692,389	80,961,434
Housing Development and Human Settlement		-	-	-
	Housing Development	-	-	-
Crop Development		**316,919,054**	-	**316,919,054**
	Cash Crops Development	29,659,620	-	29,659,620
	Food Crops Development	1,000,000	-	1,000,000
	Agricultural Extension and Training Services	286,259,434	-	286,259,434
Soil Conservation		**600,000**	-	**600,000**
	Soil Conservation	600,000	-	600,000
Irrigation Development		**24,700,000**	-	**24,700,000**
	Irrigation Development	24,700,000	-	24,700,000
General Administration and Support Services		**96,058,255**	**18,406,551**	**77,651,704**
	General administration and support services	96,058,255	18,406,551	77,651,704
Livestock Development		**50,943,128**	-	**50,943,128**
	Livestock Production	45,683,120	-	45,683,120
	Livestock Extension and Training Services	5,260,008	-	5,260,008
Cooperative Development		**3,000,000**	-	**3,000,000**
	Cooperatives development	3,000,000	-	3,000,000
Veterinary Services		**29,850,000**	-	**29,850,000**
	Disease Surveillance and control	20,500,000	-	20,500,000
	A I Services	9,350,000	-	9,350,000
General administration and support services		**35,086,495**	**5,910,796**	**29,175,699**
	General administration and support services	35,086,495	5,910,796	29,175,699
Irrigation and Drainage Infrastructure		-	-	-
	Promotion of Irrigation and Drainage Development and Management	-	-	-
Tourism Development		**21,451,664**	-	**21,451,664**
	Tourism Development	21,451,664	-	21,451,664
Trade and Enterprise Development		**2,250,000**	-	**2,250,000**
	Trade and enterprise development	2,250,000	-	2,250,000
Culture and Heritage Preservation		**4,200,734**	-	**4,200,734**
	Culture and Heritage Preservation	4,200,734	-	4,200,734
General administration and support services		**57,550,494**	**10,599,232**	**46,951,262**
	General administration and support services	57,550,494	10,599,232	46,951,262
Road Transport		-	-	-
	Construction of Roads and Bridges	-	-	-
Road Improvement		**457,212,642**	-	**457,212,642**
	Rural road Works	457,212,642	-	457,212,642
Public works		**11,900,000**	-	**11,900,000**
	Public Works	11,900,000	-	11,900,000
Energy		**8,500,000**	-	**8,500,000**
	Energy	8,500,000	-	8,500,000

Program	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
General administration and support services		**35,742,302**	**5,578,275**	**30,164,027**
	General administration and support services	35,742,302	5,578,275	30,164,027
Sports Development		**17,115,959**	**-**	**17,115,959**
	Sports Infrastructure Development	17,115,959	-	17,115,959
Social Empowerment		**94,626,441**	**-**	**94,626,441**
	Social Empowerment	94,626,441	-	94,626,441
Social Protection.		**12,780,000**	**-**	**12,780,000**
	Social Protection	12,780,000	-	12,780,000
ICT Services		**5,200,000**	**-**	**5,200,000**
	ICT Services	5,200,000	-	5,200,000
General administration and support services		**216,736,544**	**37,545,482**	**179,191,062**
	General administration and support services	216,736,544	37,545,482	179,191,062
Technical and Vocational Education and Training (TVET)		**231,667,259**	**-**	**231,667,259**
	Technical Vocational Education & Training	231,667,259	-	231,667,259
Pre-Primary Education		**128,350,000**	**-**	**128,350,000**
	Pre-Primary Education	128,350,000	-	128,350,000
General administration and support services		**1,061,616,883**	**298,555,877**	**763,061,006**
	General administration and support services	1,061,616,883	298,555,877	763,061,006
Water and Sanitation Management		**200,766,099**	**-**	**200,766,099**
	Water Services	200,766,099	-	200,766,099
Environmental Management and Protection		**84,523,177**	**-**	**84,523,177**
	Environmental conservation	84,523,177	-	84,523,177
Solid Waste Management		**1,000,000**	**-**	**1,000,000**
	Solid waste management	1,000,000	-	1,000,000
Lands, Physical Planning and Urban Development		**152,508,872**	**5,623,000**	**146,885,872**
	Lands, Physical planning and Urban Development	152,508,872	5,623,000	146,885,872
Preventive and Promotive Health		**80,491,967**	**-**	**80,491,967**
	Community and Environmental Health	72,291,967	-	72,291,967
	Communicable & Non-Communicable Disease Prevention & Control	8,200,000	-	8,200,000
Curative and Rehabilitative Health		**1,039,657,585**	**43,577,588**	**996,079,997**
	Commodity management	95,257,103	-	95,257,103
	County Hospitals	386,716,174	43,577,588	343,138,586
	Primary Care Units	546,684,308	-	546,684,308
	Emergency Medical Services	11,000,000	-	11,000,000
General administration and support services		**154,245,017**	**37,926,879**	**116,318,138**
	General administration and support services	154,245,017	37,926,879	116,318,138
Open Governance, Transparency and Accountability		**48,642,406**	**37,068**	**48,605,338**
	Governance	48,642,406	37,068	48,605,338
General administration and support services		**88,505,897**	**17,312,720**	**71,193,178**
	General administration and support services	88,505,897	17,312,720	71,193,178
Public Service Management		**55,604,013**	**-**	**55,604,013**
	Coordination of government functions	51,629,292	-	51,629,292
	Citizen participation and Civic Education	3,974,721	-	3,974,721
General administration and support services		**160,058,110**	**41,886,058**	**118,172,052**

Program	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	General administration and support services	160,058,110	41,886,058	118,172,052
Financial Management		**23,529,693**	**4,056,790**	**19,472,903**
	Monitoring, Evaluation and reporting	2,450,000	-	2,450,000
	Economic Planning & Budgeting	5,970,000	1,419,790	4,550,210
	Accounting services	3,389,693	167,600	3,222,093
	Supply Chain Management	2,690,000	-	2,690,000
	Revenue Management Services	9,030,000	2,469,400	6,560,600
General administration, planning and support services		**275,691,451**	**39,857,147**	**235,834,304**
	General administration, planning and support services	275,691,451	39,857,147	235,834,304
Legislation and representation		**281,529,640**	**67,968,933**	**213,560,707**
	Legislation and representation	281,529,640	67,968,933	213,560,707
Legislative oversight		**69,128,790**	**10,322,200**	**58,806,590**
	Legislative oversight	69,128,790	10,322,200	58,806,590
	Grand Total	**5,740,594,394**	**664,856,984**	**5,075,737,410**

Source: *Elgeyo Marakwet County Treasury*

The top performing programmes across the County were: General administration and support services (Health Services) at 28.1 per cent, and legislation and representation (County Assembly) at 24.1 per cent.

3.5.9 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 which was occasioned by delay in approval of DORA by Parliament. As at the end of the reporting period, Kshs.671.87 million had been disbursed against an expected disbursement of Kshs.810.87 million.
2. Failure to provide details of projects and activities to be funded by conditional grants of Kshs.1.02 billion in the FY 2019/20 Approved Budget.
3. Failure to reconcile IFMIS payroll data to the IPPD data. IFMIS reports indicate total expenditure on personnel emoluments as Kshs.508.91 million while data from the IPPD indicated Kshs.548.86 billion as the total payroll costs for the same 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 Treasury should support the budgeted conditional grants with a detailed schedule and narration of the projects and activities to enhance openness and accountability in line with Article 201 of the Constitution.*
3. *The County should reconcile the IFMIS & IPPD data on a monthly basis to enhance accuracy in financial reporting.*

3.6 Embu County

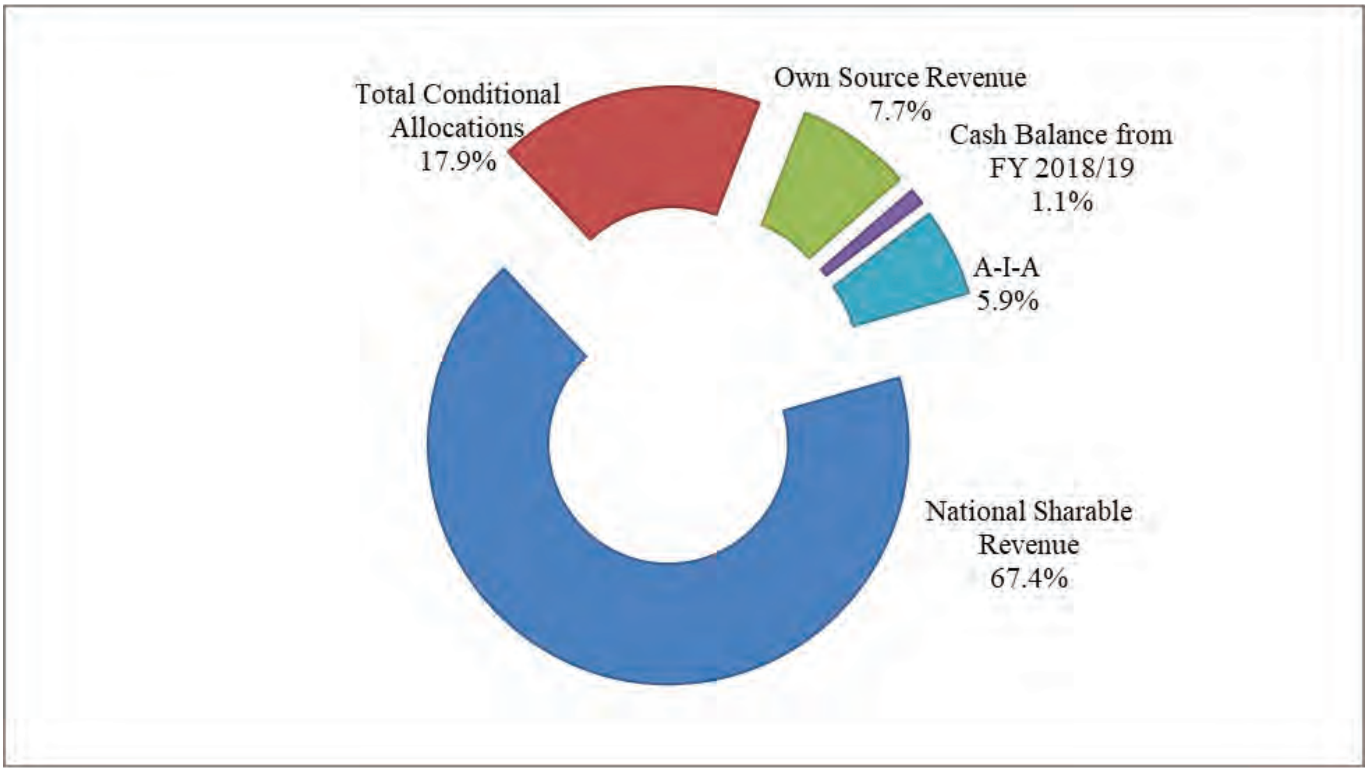
3.6.1 Overview of the FY 2019/20 Budget

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 development and recurrent 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, Kshs.70.7 million (1.1 per cent) as expected funds from NAGRIP conditional grant for FY 2018/19 and Kshs.389 million (5.9 per cent) as Appropriations in Aid. The county did not budget for the cash balance of Kshs.110.64 million from FY 2018/19.

Figure 3.16 shows the expected sources of financing in FY 2019/20.

Figure 3.16: Expected Sources of Financing in FY 2019/20



Source: *Embu County Treasury*

3.6.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.748.97 million as equitable share of the revenue raised nationally, raised Kshs.60.27 million from own-source revenue, and had a cash balance of Kshs.110.64 million from FY 2018/19. The county also received Ksh.69.38 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.989.25 million as shown in Table 3.21.

Table 3.21: Embu County, Revenue Performance in the First Quarter of FY 2019/20

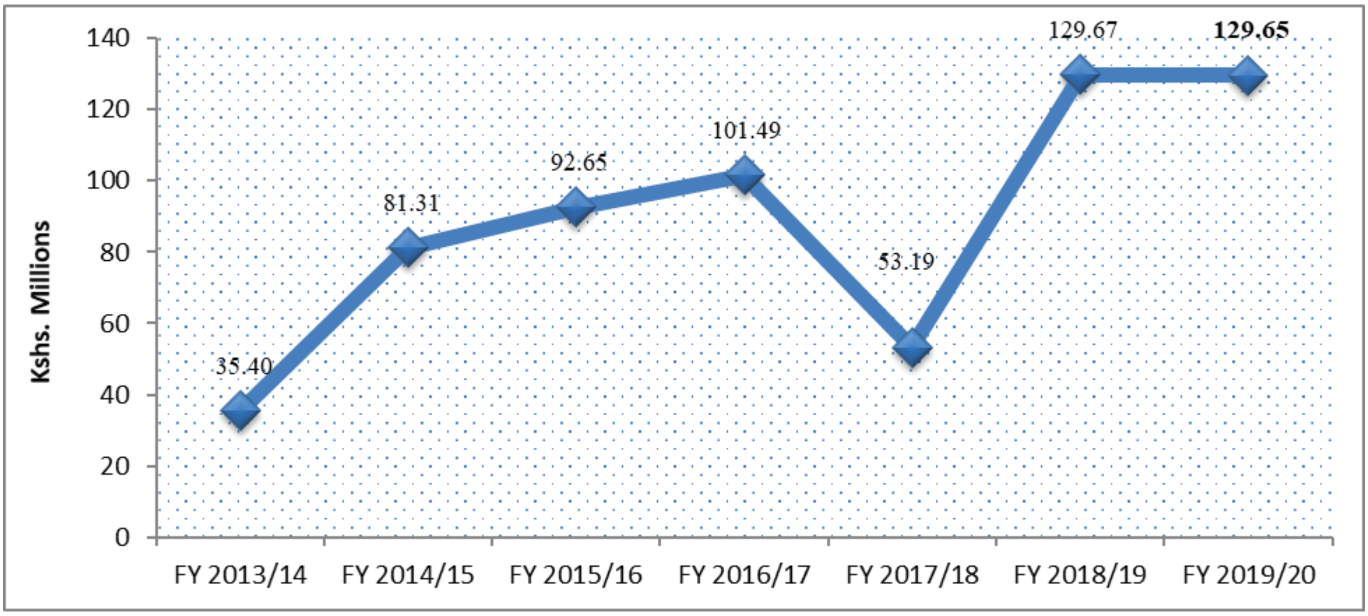
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,304,400,000	4,458,800,000	748,965,600	16.8
B.	**Conditional Grants from the National Government Revenue**				
1	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	-	-
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		**4,903,866,129**	**5,058,266,129**	**748,965,600**	**16.8**
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 (%)
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	-	-
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	119,892,100	119,892,100	-	-
8	Transforming Health systems for Universal care Project (WB)	44,569,827	44,569,827	-	-
9	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
10	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,418,468	15,418,468	-	-
11	DANIDA Grant	13,312,500	13,312,500	-	-
12	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**		-
D	**Other Sources of Revenue**				
13	Own Source Revenue	-	511,000,000	60,274,138	11.8
14	Balance B/F from FY2018/19	-	-	110,635,317	-
15	Conditional Grant-NAGRIP Expected from FY2018/19	-	70,703,400	-	-
16	Appropriation in Aid	-	389,000,000	69,376,907	17.8
Sub Total		**-**	**970,703,400**	**240,286,362**	**24.8**
Grand Total		**5,485,859,024**	**6,610,962,424**	**989,251,962**	**15.0**

Source: *Embu County Treasury*

Figure 3.17, shows the trend in own-source revenue collection from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.17: Trend in Own-Source Revenue Collection from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Embu County Treasury*

The County generated a total of Kshs.129.65 million from own revenue sources in the first quarter of FY 2019/20. This amount was 25.4 per cent of the annual target.

3.6.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.906.5 million from the CRF account for recurrent programmes.

3.6.4 Overall Expenditure Review

A total of Kshs.860.99 million was spent on development and recurrent programmes. This expenditure represented 95 per cent of the total funds released from the CRF account and comprised of Kshs.12.41 million and Kshs.848.58 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 19.6 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 0.5 per cent.

3.6.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.762.82 million was spent on compensation to employees and Kshs.85.77 million on operations and maintenance.

Table 3.22: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

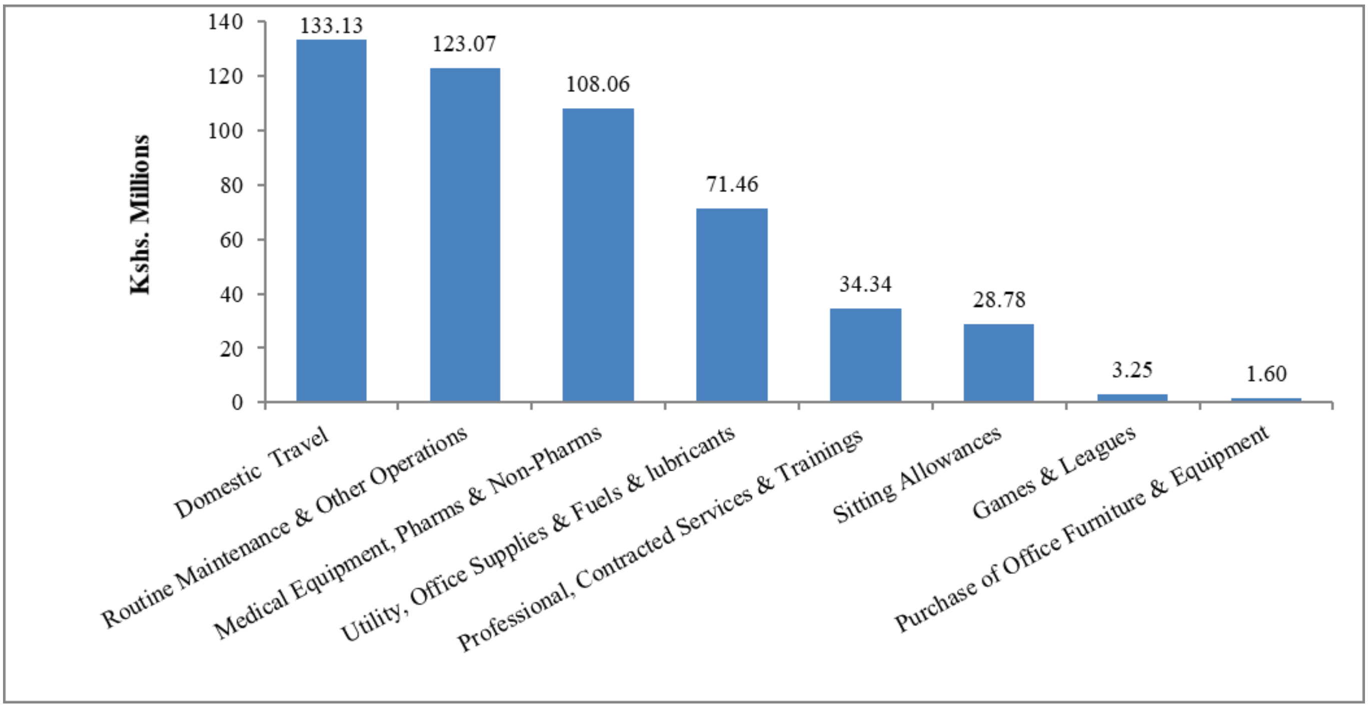
Expenditure Classification	Budget Kshs.	Exchequer Issues (million)	Expenditure Kshs.	Absorption (%)
Total Recurrent Expenditure	**4,331,361,359**	**906,500,000**	**848,580,405**	**19.6**
Compensation to Employees	3,110,069,525	761,968,050	762,815,038	24.5
Operations and Maintenance	1,221,291,834	144,531,950	85,765,367	7.0
Total Development Expenditure	**2,279,601,065**	**-**	**12,405,607**	**0.5**
Development Expenditure	2,279,601,065	-	12,405,607	0.5
Total	**6,610,962,424**	**906,500,000**	**860,986,012**	13.0

Source: *Embu County Treasury*

3.6.6 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: *Embu County Treasury*

The County spent Kshs.9.81 million on committee sitting allowances to the 34 MCAs and the speaker, against the annual budget allocation of Kshs.32.10 million. This was an increase of 63.4 per cent compared to Kshs.6 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.93,414 per MCA compared to SRC's recommended monthly ceiling of Kshs.80,000.

Expenditure on domestic travel amounted to Kshs.133.13 million and comprised of Kshs.110.97 million spent by the County Assembly and Kshs.22.15 million by the County Executive. This represented 15.7 per cent of total recurrent expenditure and was an increase of 239.5 per cent compared to Kshs.39.22 million spent in the first quarter of FY 2018/19.

3.6.7 Budget Performance by Department

Table 3.23 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.23: Embu County, Budget Performance by Department for the First Quarter 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
Public Service and Administration	390.04	15.21	95.49	-	143.31	-	150.1	-	36.7	-
Health	1,829.38	204.05	442.38	-	445.58	-	100.7	-	24.4	-
Water, Environment and Natural Resources	57.37	124.1	11.39	-	13.69	-	120.2	-	23.9	-
Agriculture, Livestock, Fisheries and Co-operative Development	289.48	452.48	63.25	-	64.19	-	101.5	-	22.2	-
County Public Service Board	32.53	-	7.01	-	7.09	-	101.2	-	21.8	-
Office of Governor	212.63	-	44.14	-	42.61	-	96.5	-	20.0	-
County Assembly	600.06	162.85	122	-	103.9	-	85.2	-	17.3	-

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
Investment, Industrialization, Trade And Tourism	26.33	98.06	0.5	-	4.18	-	834.5	-	15.9	-
Infrastructure, Public Works and Housing	61.46	688.94	6.14	-	6.25	-	101.8	-	10.2	-
Embu Level 5 Hospital	210.73	138.51	39.99	-	12.03	12.41	30.1	-	5.7	9.0
Finance and Economic Planning.	116.71	46	2.35	-	5.7	-	242.7	-	4.9	-
Youth Empowerment, Sports, Gender, Culture, Children and Social Services	19.33	120.73	2	-	0.04	-	2.1	-	0.2	-
Lands, Physical Planning and Urban Development.	38.07	149.69	6.81	-	-	-	-	-	-	-
Education, Science and Technology	447.23	78.97	63.03	-	-	-	-	-	-	-
Total	**4,331.36**	**2,279.60**	**906.5**	**-**	**848.58**	**12.41**	**93.6**	**-**	**19.6**	**0.5**

Source: *Embu County Treasury*

Analysis of expenditure by department shows that the Department of Public Service and Administration had the highest percentage of recurrent expenditure to its recurrent budget at 36.7 per cent while the Department of Lands, Physical Planning and Urban Development and the Department of Education, Science and Technology did not record any expenditure.

3.6.8 Budget Execution by Programmes and Sub-Programmes

Table 3.19 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.19: Embu County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub-Programme	Description	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
106000000		General Administration Planning and Support Services	794,639,387	77,879,534	716,759,853	9.8
	106019999	Administration, Planning & Support Services	794,639,387	77,879,534	716,759,853	9.8
201000000		General Administration, Planning and Support Services	719,667,527	35,329,038	684,338,489	4.9
	201019999	General Administration, Planning and Support Services	719,667,527	35,329,038	684,338,489	4.9
301000000		General Administration Planning and Support Services	111,225,944	4,478,498	106,747,446	4.0
	301019999	General Administration Planning and Support Services	111,225,944	4,478,498	106,747,446	4.0
404000000		General Administration, Planning & Support Services	1,362,618,697	519,882,134	842,736,563	38.2
	404019999	Health Policy, Planning & Financing	1,362,618,697	519,882,134	842,736,563	38.2
508000000		General Administration, Planning and Support Services	526,205,530	1,191,650	525,013,880	0.2
	508019999	Headquarters Administrative Services	526,205,530	1,191,650	525,013,880	0.2
701000000		General Administration Planning and Support Services	900,051,204	348,879,709	551,171,495	38.8
	701019999	General Administration Planning and Support Services	900,051,204	348,879,709	551,171,495	38.8
711000000		Gender & Youth Empowerment	120,726,822	-	120,726,822	-
	711069999	Gender & Socio-economic empowerment	120,726,822	-	120,726,822	-

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub-Programme	Description	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
905000000		General Administration, Planning and Support Services	19,327,475	118,540	19,208,935	0.6
	905019999	General Administration, Planning and Support Services	19,327,475	118,540	19,208,935	0.6
1.004E+09		Water Resources Management	124,100,000	-	124,100,000	-
	1.004E+09	Water Resources conservation and Protection	124,100,000	-	124,100,000	-
Grand Total			**4,678,562,585**	**987,759,103**	**3,690,803,483**	**21.1**

Source: *Embu County Treasury*

The Budget Execution by Programmes and Sub-Programmes report does not reflect the complete budget of Kshs.6.61 billion. This would imply that there are votes within the budget that are not aligned to any specific program or sub-program. The County Treasury should ensure that all votes are streamlined to specific programs and sub-programs with specific key performance indicators.

3.6.9 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.748.97 million had been disbursed against an expected disbursement of Kshs. 903.92 million.
2. Failure by the County to budget for eligible pending bills amounting to Kshs.1.05 billion as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Forum (IBEC).
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.6.61 billion compared to Kshs.4.68 billion allocation by programmes.

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

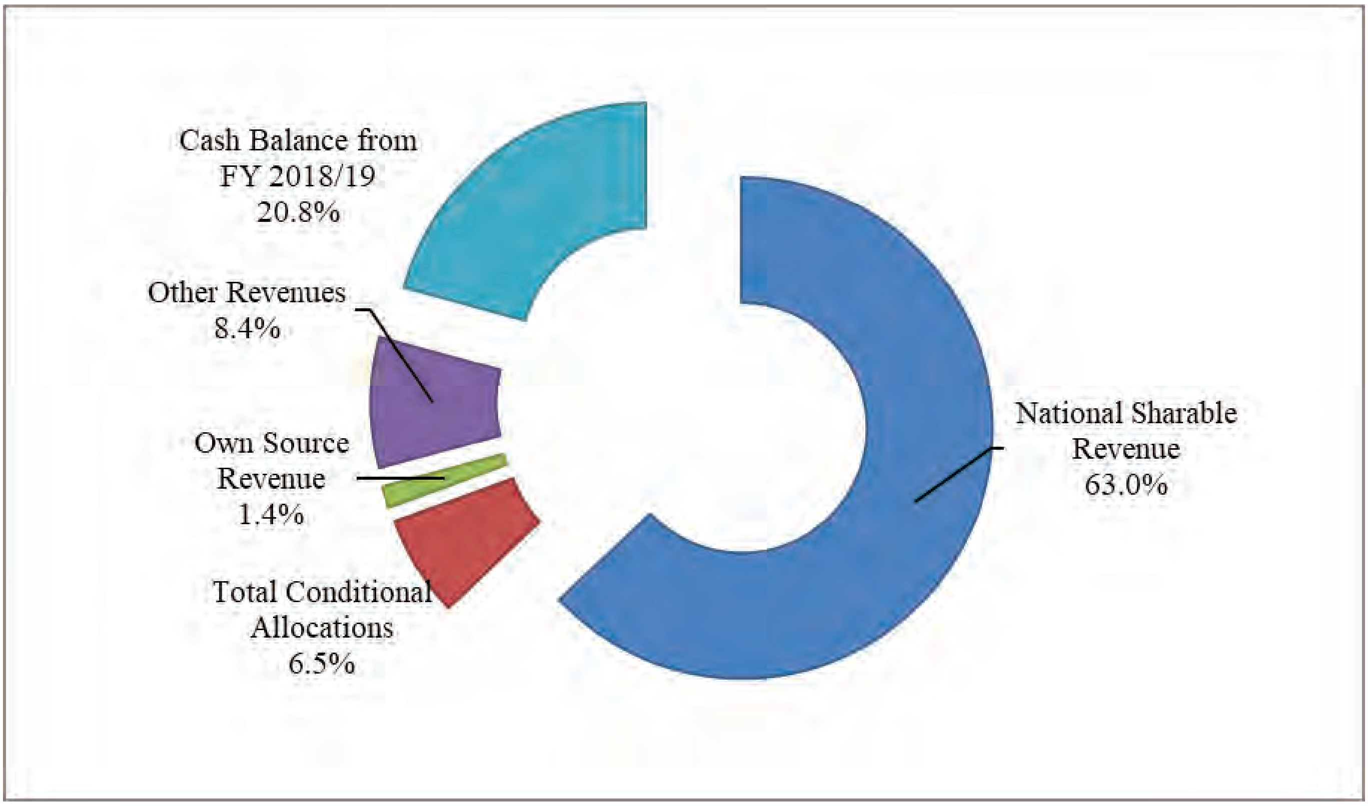
1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with CARA 2019 Disbursement Schedule.*
2. *The County Treasury should budget for and pay eligible pending bills as a first charge in line with the PFM Act, 2012.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

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 (44.0 per cent) and Kshs.6.12 billion (56.0 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.150.00 million (1.4 per cent) from own source revenue, and had Kshs.2.27 billion (20.8 per cent) as cash balance from FY 2018/19 Figure 3.20 shows the expected sources of financing in FY 2019/20

Figure 3.20: Expected Sources of Financing in FY 2019/20



Source: *Garissa County Treasury*

3.7.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.22 billion as equitable share of the revenue raised nationally; raised Kshs.26.7 million from own-source revenue, and had a cash balance of Kshs. 1.27 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.52 billion as shown in Table 3.24.

Table 3.24: Garissa County, Revenue Performance in the First Quarter of FY 2019/20

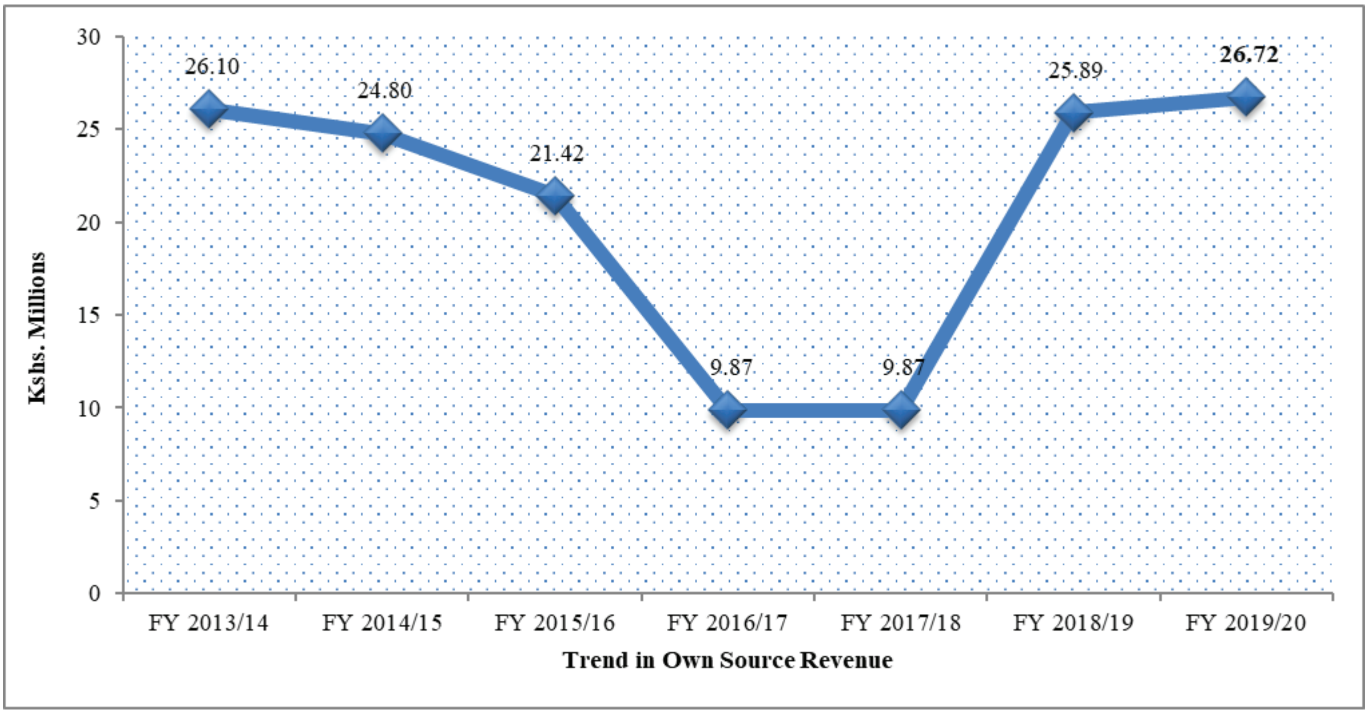
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,882,000,000	6,882,000,000	1,222,576,200	17.8
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	-	-
2.	Compensation for User Fee Foregone	12,964,636	12,964,636	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	199,446,188	199,446,188	-	-
5.	Rehabilitation of Village Polytechnics	20,628,298	20,628,298	-	-
Sub Total		**7,591,693,900**	**7,591,693,900**	**1,222,576,200**	**16.1**
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	47,421,765	47,421,765	-	-

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 (%)
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,422,858	157,422,858	-	-
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)	233,506,000	233,506,000	-	-
10.	DANIDA Grant	20,718,750	20,718,750	-	-
11.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	-	-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,520,018	20,520,018	-	-
13.	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**		**-**
D	**Other Sources of Revenue**				
14.	Own Source Revenue	150,000,000	150,000,000	26,722,810	17.8
15.	Balance b/f from FY2019/20	2,270,378,994	2,270,378,994	1,270,378,994	56.0
Sub Total		**2,420,378,994**	**2,420,378,994**	**1,297,101,804**	**53.6**
Grand Total		**17,812,462,285**	**10,930,462,285**	**2,519,678,004**	**23.1**

Source: *Garissa County Treasury*

Figure 3.21 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.21: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Garissa County Treasury*

The County generated a total of Kshs.26.72 million from own revenue sources in the first quarter of FY 2019/20. This amount was 17.8 per cent of the annual target.

3.7.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.810 million from the CRF account. The withdrawals were entirely for recurrent programmes.

3.7.4 Overall Expenditure Review

A total of Kshs.809.10 million was spent on development and recurrent programmes. This expenditure represented 100 per cent of the total funds released from the CRF account and represented 13.2 per cent of the annual recurrent budget.

3.7.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.768.1 million was spent on compensation to employees and Kshs.41 million on use of goods and services.

Table 3.25: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**6,122,968,278**	**810,000,000**	**809,100,000**	**13.2**
Compensation to Employees	4,234,143,994	769,000,000	768,100,000	18.1
Operations and Maintenance	1,888,824,284	41,000,000	41,000,000	2.2
Total Development Expenditure	**4,807,493,993**	**-**	**-**	**-**
Development Expenditure	4,807,493,993	-	-	-
Total	**10,930,462,271**	**810,000,000**	**809,100,000**	**7.4**

Source: *Garissa County Treasury*

3.7.6 Budget Performance by Department

Table 3.26 shows a summary of the approved budget allocation and performance by department in the first quarter of the FY 2019/20.

Table 3.26: Garissa County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	756.40	-	150.00	-	150.00	-	100.0	-	19.8	-
County Executive	393.80	120.15	28.35	120.15	28.35	-	100.0	-	7.2	-
Finance and Economic Planning	892.14	161.85	93.90	161.85	93.90	-	100.0	-	10.5	-
Agriculture and Livestock Dev	165.18	315.44	16.15	315.44	16.15	-	100.0	-	9.8	-
Education and Labour	542.18	106.63	67.55	106.63	67.55	-	100.0	-	12.5	-
Health and Sanitation	2,457.17	588.41	377.30	588.41	376.40	-	99.8	-	15.3	-
Lands, Physical Planning and Housing Development	322.79	355.55	34.80	355.55	34.80	-	100.0	-	10.8	-
Roads and Transport	40.32	522.15	4.15	522.15	4.15	-	100.0	-	10.3	-
Trade, Enterprises Development and Tourism.	110.00	163.00	6.90	163.00	6.90	-	100.0	-	6.3	-
Gender, Culture and Social Services	71.20	170.00	5.40	170.00	5.40	-	100.0	-	7.6	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water and Irrigation	199.56	2,002.00	15.10	2,002.00	15.10	-	100.0	-	7.6	-
Environment and Energy	63.15	60.00	7.40	60.00	7.40	-	100.0	-	11.7	-
Town Management	72.00	242.31	-	-	-	-	-	-	-	-
County Public services Boards	37.07	-	3.00	242.31	3.00	-	100.0	-	8.1	-
Grand Total	**6,122.97**	**4,807.49**	**810.00**	**4,807.49**	**809.10**	-	99.9	-	13.2	-

Source: Garissa County Treasury

Analysis of expenditure by department shows that the County did not report expenditure on the development budget. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 19.8 per cent while the Department of Town Management did not report any expenditure in the period under review.

3.7.7 Budget Execution by Programmes and Sub-Programmes

Figure 3.22 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Figure 3.22: Garissa County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Land Policy and Physical Planning Plans	**8,000,000**	-	**8,000,000**	-
Physical and spatial plans	8,000,000	-	8,000,000	-
Administrative and support services	**385,581,104**	-	**385,581,104**	-
Administrative and Support Services	385,581,104	-	385,581,104	-
Livestock production services	**93,645,730**	-	**93,645,730**	-
Veterinary support services	18,350,000	-	18,350,000	-
Administration and Support Services	69,745,730	-	69,745,730	-
Livestock Production	5,550,000	-	5,550,000	-
0 Fisheries production services	**200,000**	-	**200,000**	-
Fishery Services	200,000	-	200,000	-
Crop Production and Irrigation services	**6,200,000**	-	**6,200,000**	-
Extension Support Services and exhibition	1,200,000	-	1,200,000	-
Irrigation Development	5,000,000	-	5,000,000	-
Roads network and Transport services	**2,417,200**	-	**2,417,200**	-
Transport services	2,417,200	-	2,417,200	-
General Administration and Support Services	**37,906,400**	-	**37,906,400**	-
Administration, personnel and operation of activities.	37,906,400	-	37,906,400	-
Roads Development Program	**522,154,546**	-	**522,154,546**	-
Maintenance of Roads and Bridges	522,154,546	-	522,154,546	-
Public Works and Housing Program	**133,616,390**	-	**133,616,390**	-
Housing Development	133,616,390	-	133,616,390	-
Lands And Physical Planning Program	**244,506,000**	-	**244,506,000**	-
Planning and survey	244,506,000	-	244,506,000	-
Administrative and support Services	**119,250,255**	-	**119,250,255**	-
Administration and policy formulation	119,250,255	-	119,250,255	-
Departmental service programme	**1,350,000**	-	**1,350,000**	-
Weight and Measures services	1,350,000	-	1,350,000	-
Trade And Co-operative Development Program	**2,400,000**	-	**2,400,000**	-
Trade Development and Weigh & Measures	2,400,000	-	2,400,000	-
Curative Services	**854,234,894**	-	**854,234,894**	-

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Medical Products, Appliances and Equipment	454,000,000	-	454,000,000	-
Development of Health Services	331,914,894	-	331,914,894	-
Referral Services	68,320,000	-	68,320,000	-
Preventive and Promotive Services	**76,157,119**	**-**	**76,157,119**	**-**
Health Promotion and Campaign	2,075,645	-	2,075,645	-
Public Health Services	71,258,965	-	71,258,965	-
Nutrition	2,822,509	-	2,822,509	-
General Administration and Support Services	**2,115,197,442**	**897,657,411**	**1,217,540,031**	42.4
Administration ,Planning and M&E Service	2,115,197,442	897,657,411	1,217,540,031	42.4
ECD Program	**66,412,400**	**-**	**66,412,400**	**-**
ECD Training	14,412,400	-	14,412,400	-
ECD, Polytechnic and Schools	52,000,000	-	52,000,000	-
Youth polytechnics	**29,628,298**	**-**	**29,628,298**	**-**
Infrastructural development	29,628,298	-	29,628,298	-
General Administration and Support Services	**546,817,941**	**(365,000)**	**547,182,941**	(0.1)
Administration Operations and Maintenance	364,754,463	-	364,754,463	-
Public Service	182,063,478	(365,000)	182,428,478	(0.2)
County Executive Services	**215,520,000**	**27,176,351**	**188,343,649**	12.6
Governor's Office	179,400,000	18,531,766	160,868,234	10.3
Deputy Governor's Office	36,120,000	8,644,585	27,475,415	23.9
Departmental Programs	**185,747,163**	**4,500,000**	**181,247,163**	2.4
Department Operations and Sub-County Offices	120,152,000	-	120,152,000	-
Intergovernmental Relations, Special Programs	18,812,430	4,500,000	14,312,430	23.9
Information Research and statistics	46,782,733	-	46,782,733	-
Administration and construction works	**1,112,505,152**	**232,886,090**	**879,619,062**	20.9
Administration and Planning Services	840,755,152	172,727,134	668,028,018	20.5
Sub County Operations	90,810,000	37,250,000	53,560,000	41.0
Special Program Services	180,940,000	22,908,956	158,031,044	12.7
Departmental programs	**263,000,120**	**94,732,436**	**168,267,684**	36.0
Budget formulation and management program	6,780,000	1,136,000	5,644,000	16.8
Resource mobilization program	208,927,781	90,975,036	117,952,745	43.5
Finance and Accounting Program	3,713,739	929,000	2,784,739	25.0
Supply Chain Management Program	5,630,000	613,200	5,016,800	10.9
Economic Planning	34,086,000	760,000	33,326,000	2.2
Internal Audit Services	3,862,600	319,200	3,543,400	8.3
Town Management Services	**886,566,905**	**47,782,046**	**838,784,859**	5.4
Urban Sanitation and Development	900,000	-	900,000	-
Urban Planning and Disaster Management	1,614,626	-	1,614,626	-
Administration and Services	884,052,279	47,782,046	836,270,233	5.4
Administration Support Services and construction works	**236,411,832**	**-**	**236,411,832**	**-**
Logistics and Maintenance Services	236,411,832	-	236,411,832	-
Social Protection Cultural Promotion and Preservation	1,025,000	-	1,025,000	-
Environment and Natural Resource Management	**1,600,000**	**-**	**1,600,000**	**-**
Natural Resource Management	1,600,000	-	1,600,000	-
Forest, Wildlife and Tourism	**151,100,000**	**-**	**151,100,000**	**-**
Wildlife and Forest Conservation	1,100,000	-	1,100,000	-
Tourist Development	150,000,000	-	150,000,000	-

Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Energy and Mining	**1,205,000**	**-**	**1,205,000**	**-**
Electrification of Rural and Other	1,205,000	-	1,205,000	-
Administration and Support Services	**119,243,025**	**-**	**119,243,025**	**-**
Administration and Operations	119,243,025	-	119,243,025	-
Water Services	**2,196,556,361**	**-**	**2,196,556,361**	**-**
Administration and Support Services	646,556,361	-	646,556,361	-
Water Infrastructure Development	1,550,000,000	-	1,550,000,000	-
Total	**10,616,156,277**	**1,304,369,335**	**9,311,786,942**	**12.3**

Source: *Garissa County Treasury*

The top performing programs across the County were: Administration, Planning and M&E Service, Resource Mobilization Program, and Sub County Operations.

3.7.8 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. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury. This was occasioned by delay in approval of CARA 2019 by National Assembly. As at the end of the reporting period, Kshs.2.73 billion had been disbursed against an expected disbursement of Kshs.3.07 billion.
3. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes regulation 41 of PFM Act, (County Government) Regulations, 2015.
4. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.10.93 billion compared to Kshs.10.62 billion allocation by programmes.

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 liaise with the National Treasury to ensure release of equitable share of revenue is on a timely basis in the remaining period of the financial year.*
3. *The County should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*
4. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

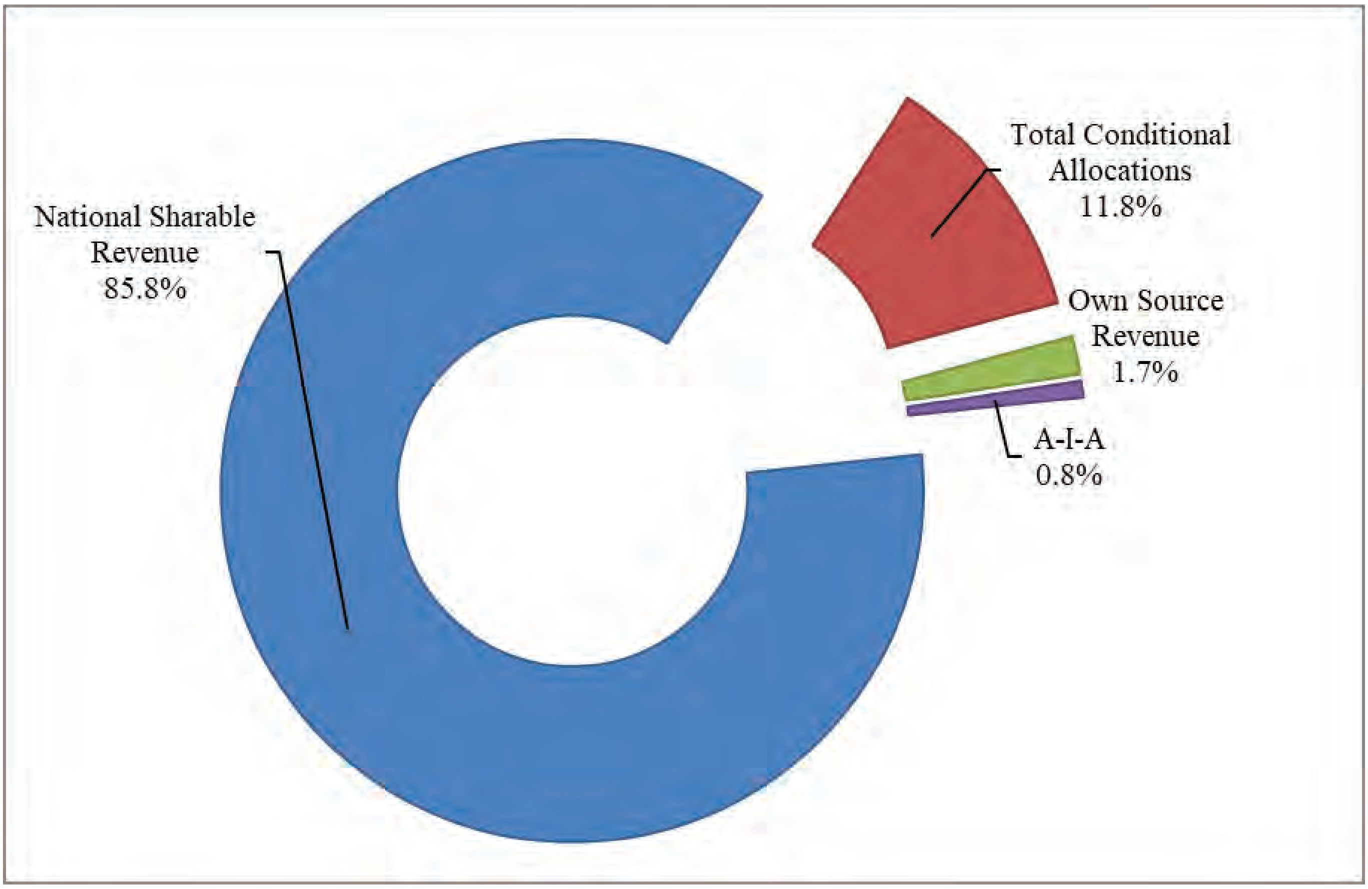
3.8 Homa Bay County

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 source revenue, and budgeted to receive Ksh.62.70 million (0.8 per cent) as Appropriations-in-Aid. The County did not budget for the Kshs.1.03 billion cash balance from FY 2018/19. Figure 3.23 shows the expected sources of financing in FY 2019/20

Figure 3.23: Expected Sources of Financing in FY 2019/20



Source: *Homa Bay County Treasury*

3.8.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.17 billion as equitable share of the revenue raised nationally, raised Kshs.26.8 million from own-source revenue, had a cash balance of Kshs.1.03 billion from FY 2018/19, and received Ksh.4.19 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.2.23 billion as shown in Table 3.27.**:**

Table 3.27: Homa Bay County, Revenue Performance in the First Quarter of FY 2019/20

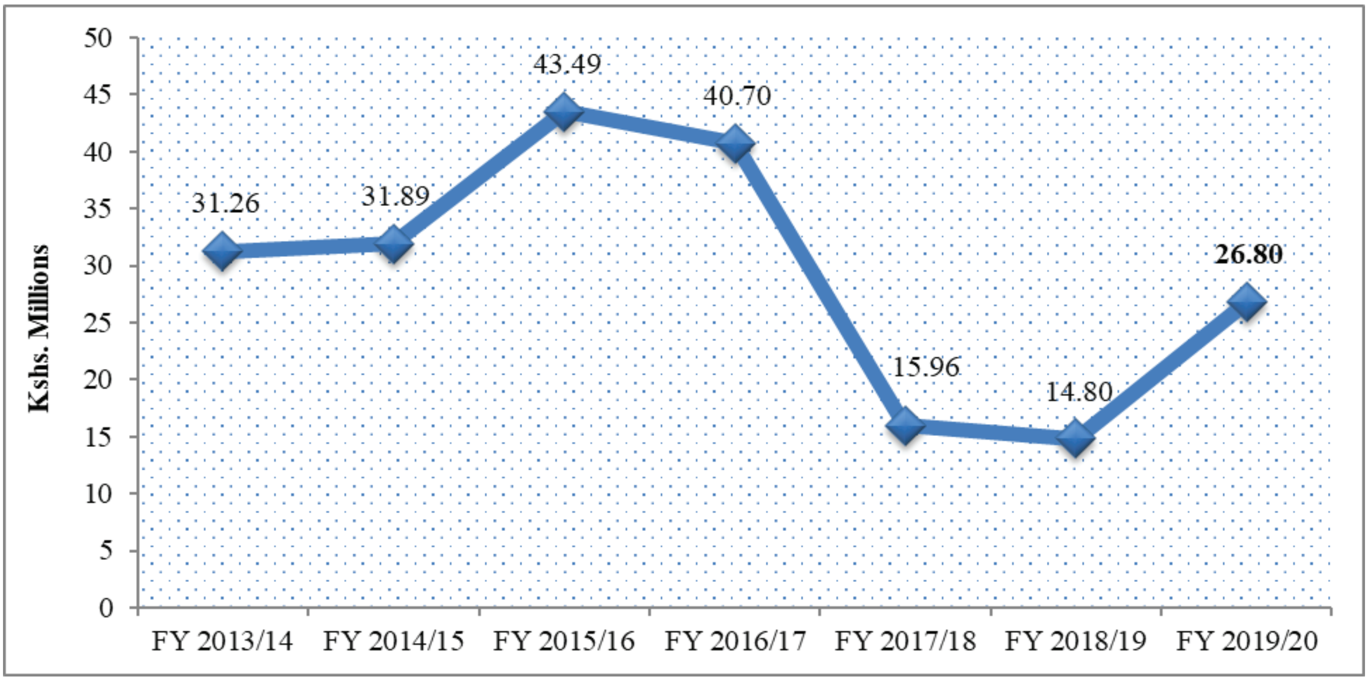
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,741,450,000	7,149,771,000	1,173,012,300	17.4
B.	**Conditional Grants from the National 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	-	-

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 (%)
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)	119,361,500	119,361,500	-	-
9.	DANIDA Grant	19,968,750	19,968,750	-	-
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	-	-
Sub Total		**599,801,103**	**599,801,103**	**-**	**-**
D	**Other Sources of Revenue**				
12.	Own Source Revenue	144,892,435	144,892,435	26,800,000	18.5
13.	Balance b/f from FY2018/19	-	-	1,026,447,420	-
14.	A-I-A	62,699,089	62,699,089	4,191,833	6.7
Sub Total		**207,591,524**	**207,591,524**	**1,057,439,253**	**509.4**
Grand Total		**7,929,466,696**	**8,337,787,696**	**2,230,451,553**	**26.8**

Source: *Homa Bay County Treasury*

Figure 3.24 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 3.24: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Homa Bay County Treasury*

The County generated a total of Kshs.26.80 million from own revenue sources in the first quarter of FY 2019/20. This amount represented 18.5 per cent of the annual target.

3.8.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.975.73 million from the CRF account. The withdrawals comprised of Kshs.61.73 million (6.3 per cent) for development programmes and Kshs.914 million (93.7 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

A total of Kshs.799.60 million was spent on recurrent programmes while there was no expenditure on development programmes. This expenditure represented 81.9 per cent of the total funds released from the CRF account. Expenditure on recurrent programmes represented 14.7 per cent of the annual recurrent budget.

3.8.5 Expenditure by Economic Classification

Analysis of recurrent expenditure shows that Kshs.577.14 million was spent on compensation to employees and Kshs.222.45 million on use of goods and services.

Table 3.28: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

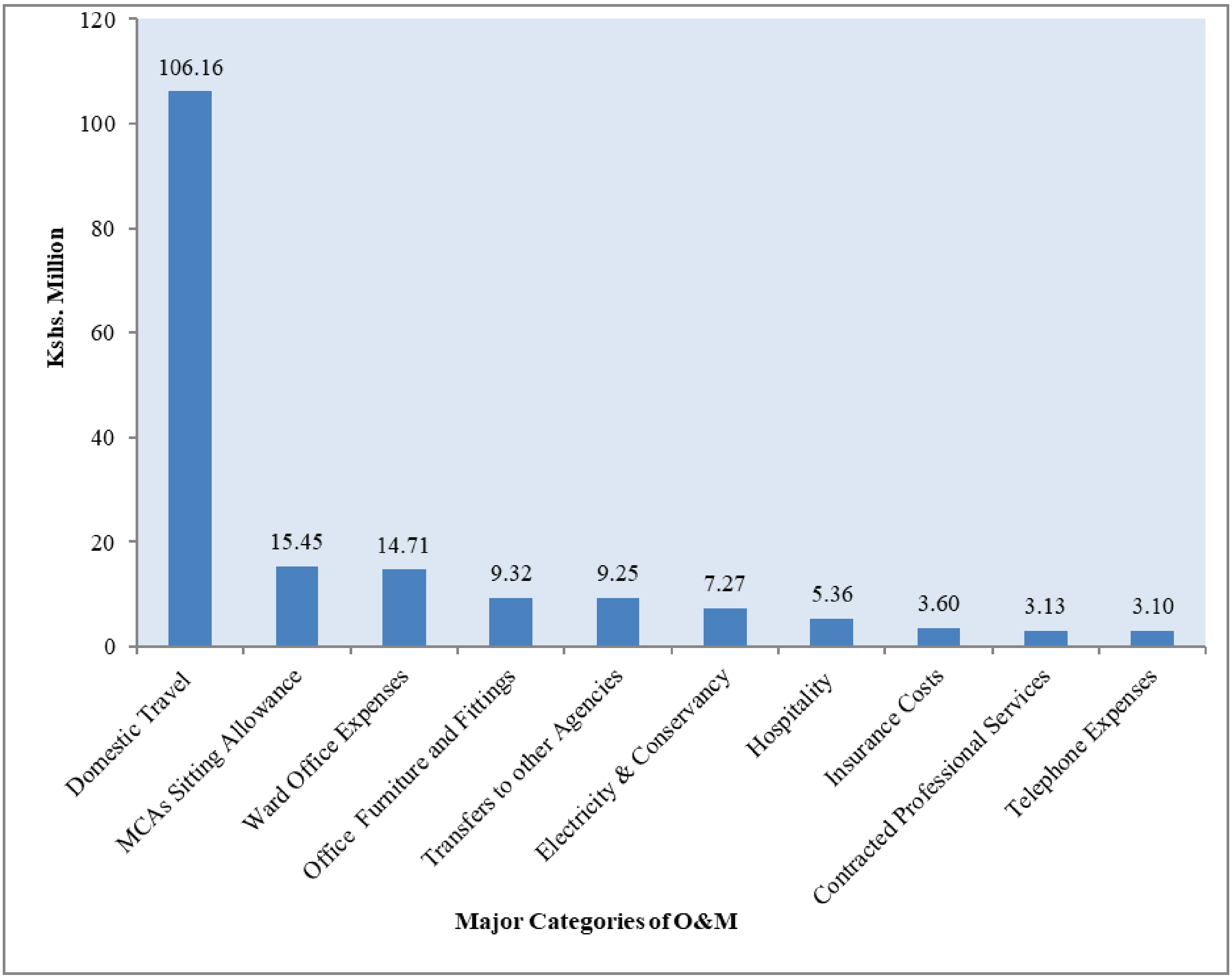
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**5,424,717,761**	**914,000,000**	**799,597,499**	**14.7**
Compensation to Employees	3,369,731,308	778,677,250	577,144,998	17.1
Operations and Maintenance	2,054,986,453	135,322,750	222,452,501	10.8
Total Development Expenditure	**2,913,069,935**	**61,730,197**	**-**	**-**
Development Expenditure	2,913,069,935	61,730,197	-	-
Total	**8,337,787,696**	**975,730,197.00**	**799,597,499.00**	**9.6**

Source: *Homa Bay County Treasury*

3.8.6 Analysis of Operations and Maintenance

Figure 3.25 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.25: Homa Bay County, Operations and Maintenance Expenditure by Major Categories in the FY 2019/20



***Source:** Homa Bay County Treasury*

During the reporting period, the County spent Kshs.15.45 million on committee sitting allowances to the 61 MCAs against the annual budget allocation of Kshs.110.76 million. This was an increase of 52.2 per cent compared to Kshs.10.15 million spent in a similar period of FY 2018/19. The average monthly sitting allowance was Kshs.84,436 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.106.16 million and comprised of Kshs.38.50 million spent by the County Assembly and Kshs.67.66 million by the County Executive. This represented an increase of 22.1 per cent compared to Kshs.86.97 million spent in a similar period of FY 2018/19.

3.8.7 Budget Performance by Department

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

Table 3.29: Homa Bay County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.Milion)		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 Food Security	198.97	616.53	70.50	-	37.95	-	53.8	-	19.1	-
Tourism, Sports, Youth Gender, Culture and Social Services	51.58	212.04	11.00	-	10.10	-	91.9	-	19.6	-
Roads, Transport and Public Works	84.92	420.42	13.50	61.73	11.32	-	83.9	-	13.3	-
Energy and Mining	35.78	79.23	6.60	-	4.69	-	71.1	-	13.1	-
Education and ICT	550.23	111.73	119.00	-	45.95	-	38.6	-	8.4	-
Health Services	2,268.01	344.32	232.00	-	253.26	-	109.2	-	11.2	-
Lands, Housing, Urban Development and Physical Planning	60.16	172.70	13.00	-	7.09	-	54.6	-	11.8	-
Trade, Industrialization, Cooperatives and Enterprise Development	217.95	157.94	98.00	-	41.78	-	42.6	-	19.2	-
Water, Environment and Natural Resources	157.36	330.65	34.00	-	25.73	-	75.7	-	19.2	-
Finance, Economic Planning and Service Delivery	224.48	251.22	43.40	-	51.26	-	118.1	-	16.4	-
Office of the Governor	549.94	88.00	102.00	-	155.60	-	152.5	-	22.8	-
County Public Service Board	70.69	6.00	11.00	-	3.34	-	30.4	-	4.7	-
County Assembly Service Board	932.23	122.28	160.00	-	151.52	-	94.7	-	16.3	-
Homa Bay Municipal Board	22.40	-	-	-	-	-	-	-	-	-
Total	**5,424.72**	**2,913.07**	**914.00**	**61.73**	**799.60**	**-**	**87.8**	**-**	**14.7**	**-**

Source: *Homa Bay County Treasury*

Analysis of expenditure by department shows that the Office of the Governor had the highest percentage of recurrent expenditure to recurrent budget at 22.8 per cent. The Homa Bay Municipal Board did not report any expenditure in the reporting period. The department of Roads, Transport and Public Works recorded the only expenditure on development at Kshs.61.73 million.

3.8.8 Budget Execution by Programmes and Sub-Programmes

Figure 3.26 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Figure 3.26: Homa Bay County Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
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	37,948,092	157,025,031	19.5
	Sub Total	**198,973,123**	**37,948,092**	**161,025,031**	**19.1**
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	-	350,000,000	-
	Agriculture Sector Development Support Programme	22,845,232	-	22,845,232	-
	Sub total	**436,938,246**		**436,938,246**	-
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	10,104,000	28,382,669	26.3
	Policy and Planning Services	2,000,000	-	2,000,000	-
	Sub total	**40,486,669**	**10,104,000**	30,382,669	**25.0**
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**	**-**
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	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	160,329,509	-	160,329,509	-
	Sports Management and Talent Development	12,200,000	-	12,200,000	-
	Sub total	**172,529,509**	**-**	**172,529,509**	-
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	65,399,937.50	**11,324,325**	**54,075,613**	**17.3**
	Roads and Transport Services Operations	11,374,761.50	-	**11,374,762**	-
	Sub total	**76,774,699**	**11,324,325**	65,450,374	**14.8**
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	48,499,922.00	-	48,499,922	-
	Road maintenance	346,004,452.00	-	346,004,452	-
	Sub total	**394,504,374**	**-**	**394,504,374**	**-**
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	-	43,658,987	-
	Low Cost energy Technologies promotion Services	17,772,949	-	17,772,949	-
	Sub total	**76,231,936**	**-**	**76,231,936**	**-**
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	4,691,451	**30,396,955**	**13.4**
	Development of Policies, Plans, Regulations and Legislations	649,149		**649,149**	-
	Sub total	**35,737,555**	**4,691,451**	**31,046,104**	**13.1**
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	45,954,112	476,775,661	**8.8**
	Sub total	**537,678,199**	**45,954,112**	**491,724,087**	**8.5**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
ECDE and Vocational Training Services	ECDE Services	55,275,957	-	55,275,957	-
	Vocational Training Services	56,458,942	-	56,458,942	-
	Sub total	**111,734,899**	-	**111,734,899**	-
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	253,257,506	1,611,233,461	**13.6**
	Sub total	**1,877,964,774**	**253,257,506**	**1,624,707,268**	**13.5**
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	-
Curative and rehabilitative health services	Routine medical health services	268,017,729	-	268,017,729	-
	Medical emergency response services	12,000,000	-	12,000,000	-
	Facility infrastructure improvement services	323,247,690	-	323,247,690	-
	Sub total	**603,265,419**	-	**603,265,419**	-
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	7,094,555	26,673,885	**21.0**
	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**	**7,094,555**	**53,068,844**	**11.8**
Lands and Physical planning	County Spatial planning	35,477,062	-	35,477,062	-
	Survey, Demarcation and upgrading of markets	6,232,308	-	6,232,308	-
	Sub total	**41,709,370**	-	**41,709,370**	-
Housing and Urban Development	Housing improvement services	8,000,760	-	8,000,760	-
	Smart settlement services (Equiping 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	41782165	130,043,894	24.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	Policy Development and Implementation Services	46,123,140	-	46,123,140	-
	Sub total	**217,949,199**	**41,782,165**	**176,167,034**	**19.2**
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	-	90,245,511	-
	Sub total	**106,135,404**	-	106,135,404	-
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	25,729,550	130,428,555	**16.5**
	Policy and Planning Services	1,200,000	-	1,200,000	-
	Sub total	**157,358,105**	**25,729,550**	131,628,555	**16.4**
Water Supply and Management Services	Urban Water Supply Services	51,845,920	-	51,845,920	-
	Rural Water Supply Services	228,500,000	-	228,500,000	-
	Sub total	**280,345,920**	-	280,345,920	-
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	51,255,260	58,616,320	46.7
	General Logistics, Coordination and Asset Management Services	8,735,098	-	8,735,098	-
	Devolution and Service Delivery Support Services	41,216,648	-	41,216,648	-
	Sub total	**159,823,326**	**51,255,260**	**108,568,066**	**32.1**
Planning, budgeting and development coordination services	Economic planning and development services	108,600,200	-	108,600,200	-
	Resource Allocation Services	12,129,714	-	12,129,714	-
	Community Development Participation Services	30,146,160	-	30,146,160	-
	Sub total	**150,876,074**	-	**150,876,074**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
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	-	53,721,280	-
	Sub total	**62,169,528**	**-**	**62,169,528**	**-**
	Accounting and Financial Reporting Services	12,554,530	-	12,554,530	-
	Audit and Advisory Services	8,318,740	-	8,318,740	-
Financial management services	Emergency Management Services	70,000,000	-	70,000,000	-
	Sub total	**90,873,270**	**-**	**90,873,270**	**-**
Office of the Governor					
Public service administration support services	Human resource management and development services	260,167,019	155,596,359	104,570,660	59.8
	supply chain management services	5,559,541	-	5,559,541	-
	Legal Services	16,000,000	-	16,000,000	-
	Logistics, security and asset management services	33,824,360	-	33,824,360	-
	Performance contracting and appraisal services	7,500,000	-	7,500,000	-
	Sub total	**323,050,920**	**155,596,359**	**167,454,561**	**48.2**
Governance and coordination services	Executive management and liaison services	94,565,410.00	-	94,565,410	-
	Field coordination and administration services	154,266,000.00	-	154,266,000	-
	Sub total	**248,831,410**	**-**	**248,831,410**	**-**
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					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Policy, Planning and Administration Services	Policy and Planning Services	2,124,900	-	2,124,900	-
	Administrative Support Services	51,444,305	3,344,200	48,100,105	**6.5**
	Facility Improvement & Capacity Strengthening Services	6,000,000	-	6,000,000	-
	Sub total	**59,569,205**	**3,344,200**	**56,225,005**	**5.6**
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	4,817,000	-	4,817,000	-
	Human Resource Advisory Services	8,230,000	-	8,230,000	-
	Capacity Development Services	3,295,500	-	3,295,500	-
	Sub total	**16,342,500**	**-**	**16,342,500**	**-**
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	54,085,199	269,545,589	**16.7**
	Legislative development and approval services	53,176,569	11,433,900	41,742,669	**21.5**
	Sub total	**376,807,357**	**65,519,099**	**311,288,258**	**17.4**
Oversight and Control Services	Capacity building services	8,000,000	-	8,000,000	-
	Report writing services	19,500,000	-	19,500,000	-
	Public participation and education services	12,081,120	-	12,081,120	-
	Sub total	**39,581,120**	**-**	**39,581,120**	**-**
Ward Representation Services	Staff welfare support services	51,619,464	2,527,580	49,091,884	**4.9**
	Ward operations and maintenance	84,000,000	14,712,000	69,288,000	**17.5**
	Sub total	**135,619,464**	**17,239,580**	**118,379,884**	**12.7**
Policy, Planning and Administrative	Administrative support services	234,525,916	63,829,045	170,696,871	**27.2**
Support Services	Financial management Services	145,698,720	4928200	140,770,520	**3.4**
	Assembly infrastructure development Services	122,283,799	-	122,283,799	-
	Sub total	**502,508,435**	**68,757,245**	**433,751,190**	**13.7**
Homa Bay Municipal Board					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Policy, Planning, General Administration and Support Services	Policy and Planning Services	5,000,000	-	**5,000,000**	-
	Administration and Support Services	13,150,000	-	**13,150,000**	-
	Sub total	**18,150,000**	-	**18,150,000**	-
Urban development services	Project coordination services	4,250,000	-	4,250,000	-
	Sub total	**4,250,000**	0	**4,250,000**	-
Grand Total		**8,337,742,696**	**799,597,499**	**7,538,145,197**	**9.6**

Source: *Homa Bay County Treasury*

The top performing programmes across the county were: Road Development and Maintenance Services, Immunization, Trade Facilitation, Administration (Office of the Governor), and County Planning.

3.8.9 Key Observations and Recommendations

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

Failure by the county to budget for unspent cash balance from FY 2018/19 amounting to Ksh.1.03 billion. This affected payment of pending bills from the previous financial year.

1. 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.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury. This was occasioned by delay by Parliament to approve DORA and CARA and led to non-absorption of the development budget.
3. Delay by Fund Administrators to submit expenditure reports for the first quarter of the FY 2019/20 of the Car Loan and Mortgage Fund and Bursary Fund contrary to Section 168 of the PFM Act, 2012.

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

1. *The County Assembly 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 Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner.*
3. *All Fund Administrators should ensure timely submission of quarterly expenditure reports on established Funds in line with Section 168 of PFM Act 2012.*

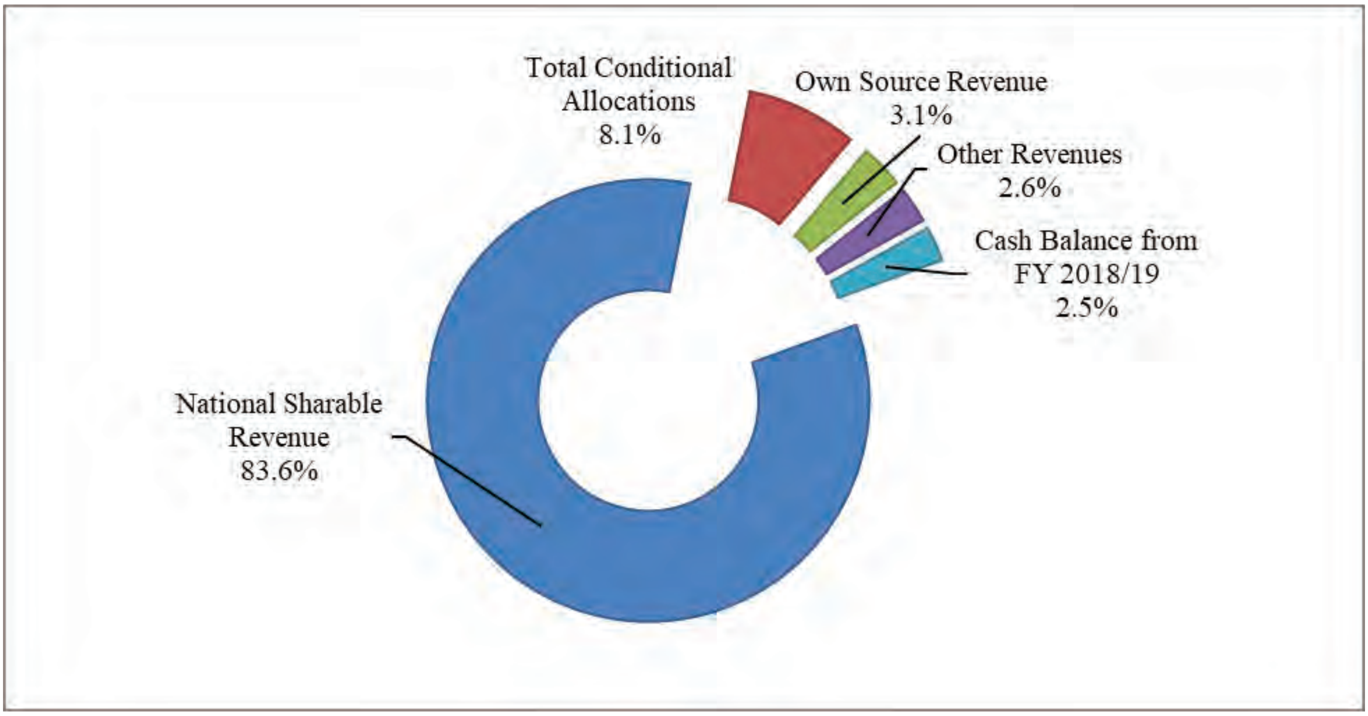
3.9 Isiolo County

3.9.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.4.97 billion, comprising of Kshs.1.8 billion (36.2 per cent) and Kshs.3.17 billion (63.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.15 billion as equitable share of revenue raised nationally, Kshs.658.74 million as total conditional grants , generate Kshs.155.86 million from own source revenue, had a cash balance of Kshs.125.02 million, and Kshs.59.38 million from other sources of revenue. Figure 3.27 shows the expected sources of financing in FY 2019/20.

Figure 3.27: Expected Sources of Financing in FY 2019/20



Source: *Isiolo County Treasury*

3.9.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.737.95 million as equitable share of the revenue raised nationally, Kshs.125.02 million cash balance from FY 2018/19, and raised Kshs.59.38 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.797.33 million as shown in Table 3.30.

Table 3.30: Isiolo County, Revenue Performance in the First Quarter of FY 2019/20

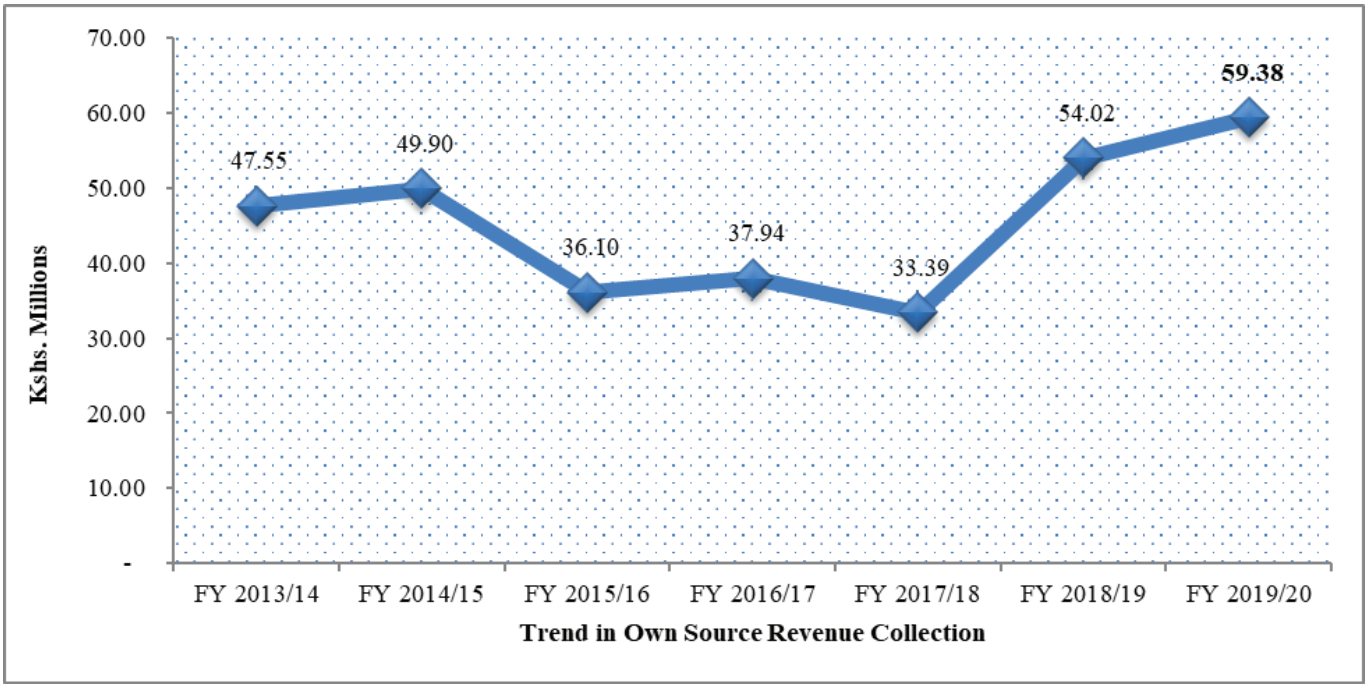
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	4,241,100,000	4,154,000,000	737,951,400	17.4
B.	**Conditional 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	120,386,438	-	-
5.	Rehabilitation of Village Polytechnics	10,833,298	10,833,298	-	-
Sub Total		**387,607,091**	**255,692,197**	-	-
C	**Loans and Grants from Development Partners**				-
6.	Transforming Health systems for Universal care Project (WB)	64,373,437	64,373,437	-	-
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	175,648,054	170,794,330	-	-
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)	93,968,100	93,968,100	-	-

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.	DANIDA Grant	11,718,750	16,572,474	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,540,513	18,540,513	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**403,048,854**	**403,048,854**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	155,861,337	59,380,623	38.1
14.	Balance b/f from FY2018/19	-	125,016,874	125,016,874	100
Sub Total		**-**	**280,878,211**	**59,380,623**	**21.1**
Grand Total		**5,031,755,945**	**5,093,619,262**	**797,332,023**	**15.8**

Source: *Isiolo County Treasury*

Figure 1 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.28: Trend in Own-Source Revenue Collection from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Isiolo County Treasury*

The County generated a total of Kshs.59.38 million from own revenue sources in the first quarter of FY 2019/20. This amount represented 38.1 per cent of the annual target.

3.9.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.500.5 million from the CRF account. The withdrawal was entirely for recurrent programmes.

3.9.4 Overall Expenditure Review

A total of Kshs.399.28 million was spent on recurrent programmes. This expenditure represented 79.8 per cent of the total funds released from the CRF account and represented 12.6 per cent of the annual recurrent budget.

3.9.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.348.05 million was spent on compensation to employees and Kshs.51.23 million on use of goods and services.

Table 3.31: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

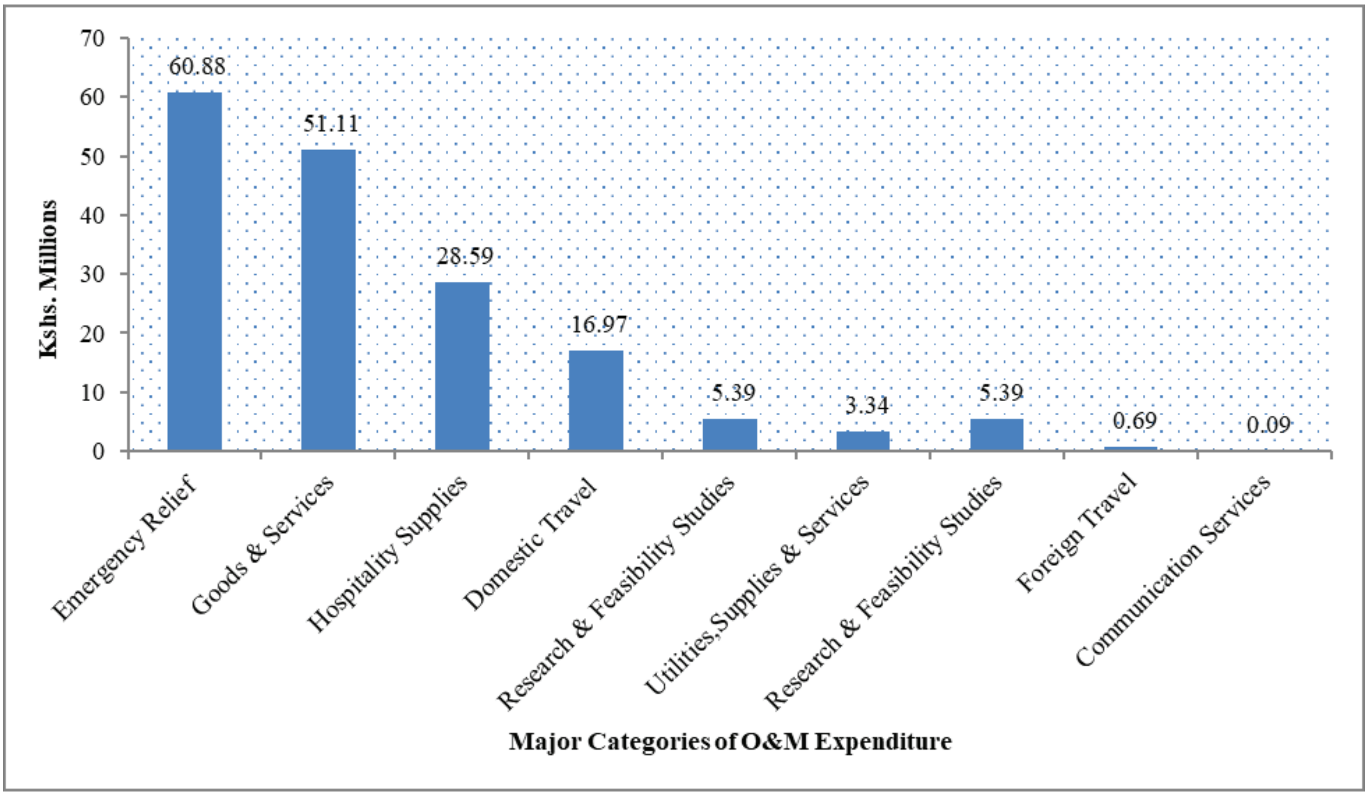
Expenditure Classification	Budget Kshs.	Exchequer Issues (million)	Expenditure Kshs.	Absorption (%)
Total Recurrent Expenditure	**3,169,180,704**	**500,500,000**	**399,277,851**	**12.6**
Compensation to Employees	1,761,721,688	348,048,510	348,048,510	19.8
Operations and Maintenance	1,407,459,016	152,451,490	51,229,341	3.6
Total Development Expenditure	**1,799,421,688**	-	-	-
Development Expenditure	1,799,421,688	-	-	-
Total	**4,968,602,392**	**500,500,000**	**399,277,851**	**8.0**

Source: *Isiolo County Treasury*

3.9.6 Analysis of Operations and Maintenance

Figure 3.29shows a summary of operations and maintenance expenditure by major categories.

Figure 3.29: Isiolo County, Operations and Maintenance Expenditure by Major Categories in the FY 2019/20



Source: Isiolo *County Treasury*

The County spent Kshs.2.67 million on committee sitting allowances to the 18 MCAs inclusive of the Speaker against the annual budget allocation of Kshs.17.28 million. This was an increase of over 100 per cent compared to Kshs.1.21 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.49,50 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.16.97 million and comprised of Kshs.1.2 million spent by the County Assembly and Kshs.15.77 million by the County Executive. This represented an increase of 16.2 per cent compared to Kshs.14.6 million spent in the first quarter of FY 2018/19.

3.9.7 Budget Performance by Department

Table 3.32 shows a summary of the approved budget allocation and performance by department in the first quarter of the FY 2019/20.

Table 3.32: Isiolo County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	422.95	80.00	86.50	-	54.21	-	62.7	-	12.8	-
Office of The Governor	301.74	-	28.85	-	28.00	-	97.1	-	9.3	-
County Public Service Board	59.38	-	10.93	-	8.75	-	80.0	-	14.7	-
County Secretary	19.99	-	1.27	-	1.20	-	94.7	-	6.0	-
Administration and PSM	139.31	13.70	7.90	-	6.85	-	86.8	-	4.9	-
Delivery Unit	8.02	-	0.88	-	0.75	-	85.4	-	9.3	-
Office Of The Deputy Governor	25.00	-	2.48	-	-	-	-	-	-	-
Cohesion, Intergovernmental Relations, Aid Coordination, Disaster Management	65.06	-	1.45	-	1.39	-	95.7	-	2.1	-
Finance and Economic Planning	160.90	250.47	18.55	-	17.40	-	93.8	-	10.8	-
Special Programmes and ICT	160.06	45.29	-	-	-	-	-	-	-	-
Economic Planning	62.54	-	2.39	-	2.38	-	99.7	-	3.8	-
Lands and Physical Planning	32.04	50.58	2.71	-	2.70	-	99.7	-	8.4	-
Roads and Infrastructure	12.00	180.87	0.94	-	0.92	-	98.1	-	7.7	-
Public Works and Housing	21.37	-	3.22	-	3.21	-	99.7	-	15.0	-
Municipal Administration	23.24	229.50	2.54	-	2.53	-	99.5	-	10.9	-
Agriculture	50.19	234.61	8.57	-	8.50	-	99.2	-	16.9	-
Livestock, Veterinary and Fisheries	95.17	101.74	19.49	-	18.42	-	94.5	-	19.4	-
Education and Vocational Training	216.32	54.56	36.01	-	36.00	-	100.0	-	16.6	-
Youth and Sports	16.36	133.00	1.52	-	1.50	-	98.9	-	9.2	-
Culture and Social Services	19.72	23.80	1.58	-	1.55	-	98.3	-	7.9	-
Tourism and Wildlife Management	116.11	28.30	22.96	-	20.50	-	89.3	-	17.7	-
Trade, Industries, Cooperatives	20.26	15.58	2.86	-	2.82	-	98.6	-	13.9	-
Water And Irrigation	62.35	125.92	10.29	-	9.33	-	90.6	-	15.0	-
Environment and Natural Resources	29.56	28.90	5.16	-	5.14	-	99.6	-	17.4	-
Health Services	1029.55	202.60	221.46	-	221.40	-	100.0	-	21.5	-
Total	**3,169.18**	**1,799.42**	**500.50**	**-**	**455.45**	**-**	**91.0**	**-**	**14.4**	**-**

Source: *Isiolo County Treasury*

Analysis of expenditure by department shows that the Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 21.5 per cent while the Department of Cohesion, Intergovernmental Relations, Aid Coordination, Disaster Management recorded the lowest at 2.1 per cent.

3.9.8 Budget Execution by Programmes and Sub-Programmes

Table 3.33 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.33: Isiolo County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Sector	Description	Approved Budget	Actual Payments	Variance	Absorption
County Assembly	County Assembly infrastructure, policy and service support	80,000,000	-	80,000,000	-
	Infrastructure support	80,000,000	-	80,000,000	-
	Legislative and oversight	178,738,410	16,112,535	162,625,875	9
	Legislative service	178,738,410	16,112,535	162,625,875	9
	Administration and support services	244,209,207	38,100,728	206,108,479	16
	Administration Support Services	244,209,207	38,100,728	206,108,479	16
Governors	County Governance and Coordination Affairs	301,737,492	17,546,312	284,191,180	6
	County Governance	301,737,492	17,546,312	284,191,180	6
County secretary	County Devolved Administrative Affairs	19,994,885	300,000	19,694,885	2
	Devolved Administrative Affairs	19,994,885	300,000	19,694,885	2
Deputy Governor	Management of County Affairs	25,000,000	-	25,000,000	-
	County Executive Services	25,000,000	-	25,000,000	-
Delivery Unit	Prudent use of Financial Resources	8,024,000	242,800	7,781,200	3
	Governors Delivery Unit	8,024,000	242,800	7,781,200	3
County Public Service Board	County Public Service	59,375,252	1,163,600	58,211,652	2
	Administration Support Services	59,375,252	1,163,600	58,211,652	2
Finance	Administration and support services	360,402,921	23,050,014	337,352,907	6
	Personnel Services	96,235,450	23,050,014	73,185,436	24
	Administrative Infrastructure support	264,167,471	-	264,167,471	-
	Public financial management	34,664,452	7,284,874	27,379,578	21
	Administrative Services	34,664,452	7,284,874	27,379,578	21
	KDSP(Kenya Devolution Support Programme) Conditional Grant	30,000,000	-	30,000,000	-
	Kenya Devolution Support	30,000,000	-	30,000,000	-
Economic Planning and Coordination	Economic Planning and Coordination	62,535,239	676,500	61,858,739	1
	Monitoring and Evaluation	33,417,508	676,500	32,741,008	2
	Economic Policy and County Development Plans	10,917,731	-	10,917,731	-
	County Development Stakeholders Forums	6,900,000	-	6,900,000	-
	County Baseline Surveys on County Development Indicators	10,000,000	-	10,000,000	-
	Capacity building and Support to Departments	1,300,000	-	1,300,000	-
Special Programme	Special programmes	205,346,534	1,293,600	204,052,934	1
	Administration & Planning	9,859,514	1,293,600	8,565,914	13
	Disaster management	195,487,020	-	195,487,020	-
Cohesion	Cohesion and Peace Building	65,061,199	13,170,360	51,890,839	20
	Administrative and Civic Education Services	65,061,199	13,170,360	51,890,839	20

Sector	Description	Approved Budget	Actual Payments	Variance	Absorption
Livestock	Livestock resource management and development	156,470,843	3,066,592	153,404,251	2
	Livestock Production	89,729,073	3,066,592	86,662,481	3
	livestock infrastructure development	66,741,770	-	66,741,770	-
	Fisheries development	10,000,000	-	10,000,000	-
	extension services	7,000,000	-	7,000,000	-
	Fish hatchery	3,000,000	-	3,000,000	-
Agriculture	Administrative, planning, and support services	50,191,138	365,943	49,825,195	1
	Administration and Support Services	50,191,138	365,943	49,825,195	1
	Crop Productivity Improvement	234,608,427	23,720,286	210,888,141	10
	Increase food productivity & output by 30.	2,000,000	-	2,000,000	-
	Establishment of Demo Farms	24,040,573	12,020,286	12,020,287	50
	Administration Climate Change Mitigation	182,000,000	11,700,000	170,300,000	6
	Irrigation	24,567,854	-	24,567,854	-
	Policy Devt	2,000,000	-	2,000,000	-
	Value Addition	30,436,591	-	30,436,591	-
	Veterinary Support Services	30,436,591	-	30,436,591	-
Lands	Land Survey and land use planning	82,623,423	5,510,000	77,113,423	7
	County land planning and spatial development	32,043,086	120,000	31,923,086	0
	County Land Survey and Mapping	50,580,337	5,390,000	45,190,337	11
Roads	Public Works.	192,867,666	251,532	192,616,134	0
	Administration and planning services	12,001,117	251,532	11,749,585	2
	Road Improvement and management	180,866,549	-	180,866,549	-
Public Works	Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	21,373,518	911,307	20,462,211	4
	Administration and Planning Services	21,373,518	911,307	20,462,211	4
Municipal Administration	KUSP	102,768,100	-	102,768,100	-
	Control of invasive species (Mathenge)	8,800,000	-	8,800,000	-
	Urban Development	93,968,100	-	93,968,100	-
	Municipal Administration	149,973,516	1,212,676	148,760,840	1
	General Administration and Planning	14,437,086	1,212,676	13,224,410	8
	Infrastructural Development	135,536,430	-	135,536,430	-
Education	Administration, Planning and Support Services.	201,321,378	295,460	201,025,918	0
	Administration	166,321,378	295,460	166,025,918	0
	Bursary Services	35,000,000	-	35,000,000	-
	Provision of education and training services	58,729,080	-	58,729,080	-
	ECDE Classroom Infrastructure	35,700,000	-	35,700,000	-
	Youth Polytechnics	15,000,000	-	15,000,000	-
	Promotion of Quality Youth empowerment	8,029,080	-	8,029,080	-

Sector	Description	Approved Budget	Actual Payments	Variance	Absorption
Youth & sports	Cultural and Arts Empowerment	10,833,297	-	10,833,297	-
	Youth Polytechnic Infrastructure	10,833,297	-	10,833,297	-
	Management and development of Sports and sports facilities	136,359,826	206,262	136,153,564	0
	Sports Academy Centre	120,000,000	-	120,000,000	-
	Youth and Women Empowerment	16,359,826	206,262	16,153,564	1
Gender , Culture and social services	Culture and Social Services	29,520,114	687,372	28,832,742	2
	Culture Development	29,520,114	687,372	28,832,742	2
	County Empowerment support	27,000,000	-	27,000,000	-
	Youth and Women Empowerment support Services	13,000,000	-	13,000,000	-
	Marginalized Group Empowerment support services	8,000,000	-	8,000,000	-
	Empowerment Support Services	6,000,000	-	6,000,000	-
Tourism	Tourism Promotion	144,404,042	126,830	144,277,212	0
	Tourism Development	134,105,033	126,830	133,978,203	0
	Protection of endangered wildlife animals.	10,299,009	-	10,299,009	-
Trade& Cooperative	Trade development and promotion	27,838,787	147,450	27,691,337	1
	Entrepreneurship and business management training	20,256,862	147,450	20,109,412	1
	Micro and Small Business Support Services	5,000,000	-	5,000,000	-
	Infrastructure support	2,581,925	-	2,581,925	-
	Co-Operative Development	8,000,000	-	8,000,000	-
	Co-operative training and supervision	8,000,000	-	8,000,000	-
Public Services Management	Public service administration, planning and support services	139,307,540	45,000	139,262,540	-
	General Administration Support Services	139,307,540	45,000	139,262,540	-
Water & Sanitation	Provision & Management of domestic & livestock rural water supply	62,353,668	300,000	62,053,668	1
	Administration and Planning Support Services	62,353,668	300,000	62,053,668	1
	Water Supply and Storage Services	134,924,560	-	134,924,560	-
	Water Supply and Storage	131,924,560	-	131,924,560	-
	Civil Works-Establishment of Dams & Pans	3,000,000	-	3,000,000	-
Environment & Natural Resources	Conservation of Environment & Natural Resources	58,456,715	319,000	58,137,715	1
	Administration and Support Services	29,560,668	319,000	29,241,668	1
	Environmental Conservation	28,896,047	-	28,896,047	-

Sector	Description	Approved Budget	Actual Payments	Variance	Absorption
Health Services	Health Preventive and Promotive Services	165,273,436	37,157,116	128,116,320	23
	Preventive and Promotive Health Services	116,928,123	37,157,116	79,771,007	32
	Disease Surveillance And Epidemic preparedness	11,718,750	-	11,718,750	-
	Health Infrastructure Projects	36,626,563	-	36,626,563	-
	Health Curative Services	906,952,274	324,565,630	582,386,644	36
	Administration Support Services	882,952,274	324,565,630	558,386,644	37
	SP4 Administration Support services(Medical Services)	24,000,000	-	24,000,000	-
	Administration and Planning	159,924,859	-	159,924,859	-
	Curative and Rehabilitative Health Services	111,327,350	-	111,327,350	-
	Curative Infrastructure Support	48,597,509	-	48,597,509	-
Total		**4,977,602,389**	**517,829,779**	**4,459,772,611**	**10**

Source: Isiolo County Treasury

The top performing programs across the County was establishment of demo farms under the Agriculture Department.

3.9.9 Key Observations and Recommendations

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

1. Failure by the County Treasury did not budget for the cash balance of Kshs.125.02 million from FY 2018/19.
2. The report on the County budget execution by programmes and sub programmes indicates an Approved Budget of Kshs.4.98 billion compared to the County Appropriation Act, 2019 of Kshs.4.97 billion.
3. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC).
4. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury which was occasion by the impasse in Parliament in the approval of the Division of Revenue Bill.

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

1. *The County should prepare a supplementary budget and appropriate the cash balance from FY 2018/19.*
2. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Act and Approved Budget documents.*
3. *The County should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*
4. *Parliament, National Treasury and the Commission on Revenue Allocation should identify and address the causes of delay in approval of DORB. Further, the National Treasury should ensure funds are released to the County in a timely manner in the remaining period of the financial year in order to enhance budget implementation.*

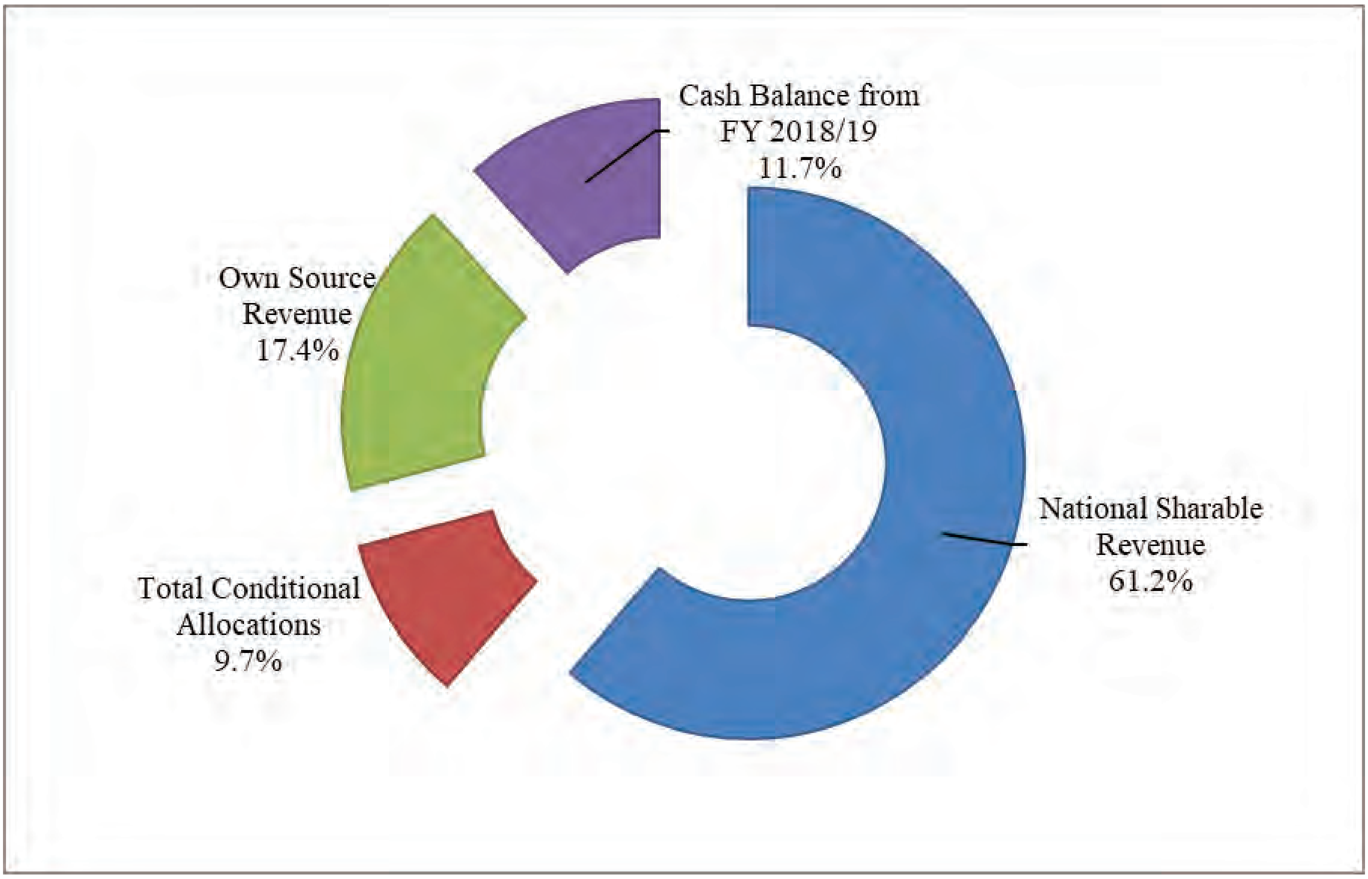
3.10 Kajiado County

3.10.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.10.24 billion, comprising of Kshs.3.96 billion (38.2 percent) and Kshs.6.32 billion (61.8 percent) allocation for development and recurrent expenditure respectively.

To finance the budget, the County expects to receive Kshs.6.3 billion (61.2 percent) as equitable share of revenue raised nationally, Kshs.994.78 million (9.7 per cent) as total conditional grants, generate Kshs.1.79 billion (17.4 percent) from own source revenue, and had Kshs.1.2 billion (11.7 percent) as cash balance from FY 2018/19. Figure 1 shows the expected sources of financing in FY 2019/20.

Figure 3.30: Expected Sources of Financing in FY 2019/20



Source: *Kajiado County Treasury*

3.10.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.17 billion as equitable share of the revenue raised nationally and raised Kshs.135.94 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.1.25 billion as shown in Table 3.34.

Table 3.34: Kajiado County, Revenue Performance in the First Quarter of FY 2019/20

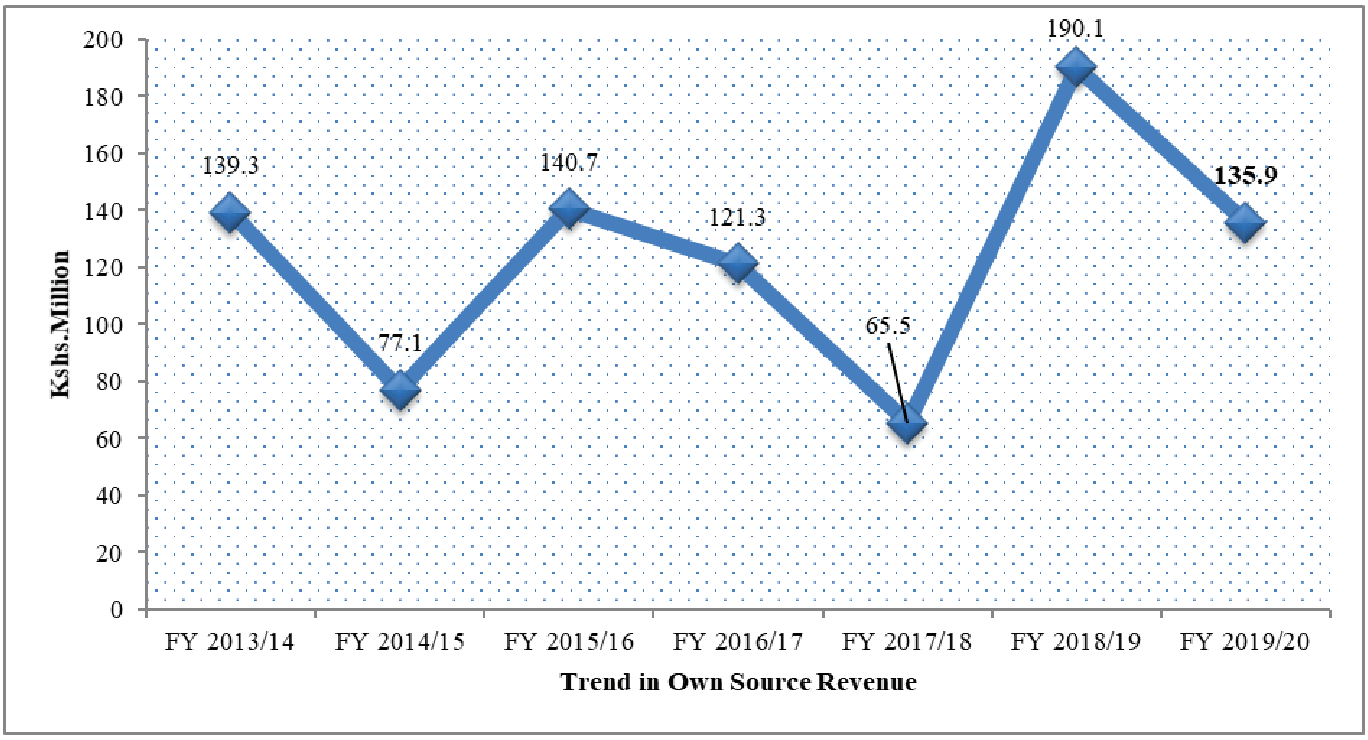
S/No.	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	6,424,950,000	6,297,803,101	1,117,941,300	17.8
B.	**Conditional Grants from the National Government Revenue**				
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	-	-
5	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	143,531,050	143,531,050	-	-

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 (%)
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	79,227,030	-	-
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	-	-
9	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	66,231,532	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		**692,264,814**	**751,155,804**		
D	**Other Sources of Revenue**				
12	Own Source Revenue	-	1,793,857,006	135,937,041	7.6
13	Balance b/f from FY2018/19	-	1,200,000,000	-	-
Sub Total		**-**	**2,993,857,006**	**135,937,041**	**4.5**
Grand Total		**7,352,039,946**	**10,277,641,043**	**1,253,878,341**	**12.2**

Source: *Kajiado County Treasury*

Figure 3.31 shows the trend in own-source revenue collection for the first quarter from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.31: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Kajiado County*

3.10.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.955.45 million from the CRF account for recurrent programmes.

3.10.4 Overall Expenditure Review

A total of Kshs.875.39 million was spent on recurrent programmes. This expenditure represented 91.6 percent of the total funds released from the CRF account.

3.10.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.799.28 million was spent on compensation to employees and Kshs.76.11 million on use of goods and services.

Table 3.35: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**6,324,645,823**	**955,451,035**	**875,390,106**	**13.8**
Compensation to Employees	3,430,989,522	780,776,396	799,281,139	**23.3**
Operations and Maintenance	2,893,656,301	174,674,639	76,108,968	**2.6**
Total Development Expenditure	**3,911,795,220**	**-**	**-**	**-**
Development Expenditure	3,911,795,220	-	-	-
Total	**10,236,441,043**	**955,451,035**	**875,390,106**	**8.6**

Source: *Kajiado County Treasury*

3.10.6 Budget Performance by Department

Table 3.36 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.36: Kajiado County, Budget Performance by Department for the First Quarter 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 and the Deputy Governor	267.86	-	20.22	-	21.90	-	108.3	-	8.2	-
County Public Service Board	102.76	-	10.63	-	13.17	-	123.9	-	12.8	-
Medical Services and Public Health	2,255.05	269.40	481.07	-	386.52	-	80.3	-	17.1	-
Water, Irrigation, Environment & Natural Resources	250.27	354.80	19.78	-	33.81	-	170.9	-	13.5	-
Roads Transport, Public Works, Housing& Energy	218.31	687.28	18.19	-	25.73	-	141.5	-	11.8	-
Public Service, Administration& Citizen Participation	536.30	-	81.91	-	53.30	-	65.1	-	9.9	-
Finance, Economic Planning and ICT	640.54	1,497.94	61.80	-	66.97	-	108.4	-	10.5	-
Lands, Physical Planning and Urban Development	120.59	333.45	9.86	-	9.42	-	95.5	-	7.8	-
Education, Youth& Sports	678.19	331.39	94.78	-	89.27	-	94.2	-	13.2	-
Gender Social Services, Culture, Tourism& Wildlife	122.03	28.50	10.30	-	12.81	-	124.5	-	10.5	-
Trade Cooperative and Enterprise Development	107.47	149.90	13.80	-	20.23	-	146.6	-	18.8	-
Agriculture, Livestock and Livestock	359.52	154.13	43.51	-	44.11	-	101.4	-	12.3	-
County Assembly	665.76	155.00	89.59	-	98.15	-	109.5	-	14.7	-
Total	**6,324.65**	**3,961.80**	**955.45**	**-**	**875.39**	**-**	**91.6**	**-**	**13.8**	**-**

Source: *Kajiado County Treasury*

Analysis of expenditure by Department shows that the Department of Trade Cooperation and Enterprise Development had the highest percentage of recurrent expenditure to its recurrent budget at 18.8 per cent. The County did not report expenditure on the development budget during the period under review.

3.10.7 Budget Execution by Programmes and Sub-Programmes

Table 3.37 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.37: Kajiado County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme Description	Approved Budget	Actual Payments	Variance
General Administration, Planning and Support Services	**446,977,147**	**53,462,764**	**393,514,383**
General Administration and Support Services	446,977,147	53,462,764	393,514,383
Livestock Resources Management and Development	**2,741,900**	**-**	**2,741,900**
Veterinary Services	2,741,900	-	2,741,900
Fisheries Development and Management	**3,822,078**	**-**	**3,822,078**
Fisheries	3,822,078	-	3,822,078
Land Policy and Planning	**397,844,200**	**-**	**397,844,200**
Physical Planning	82,121,900	-	82,121,900
Land Survey and Mapping	11,686,000	-	11,686,000
	7,102,000	-	7,102,000
	296,934,300	-	296,934,300
Animal Husbandry Livestock Resource Management and Development	**89,289,241**	**58,800**	**89,230,441**
Animal Husbandry	27,371,422	-	27,371,422
County Abattoirs	1,979,284	58,800	1,920,484
Animal Disease Control	59,071,161	-	59,071,161
Livestock Sale Yards	867,374	-	867,374
Agricultural Development	**27,022,769**	**-**	**27,022,769**
Crop Husbandry	14,387,500	-	14,387,500
Plant Disease Control	1,959,419	-	1,959,419
Agricultural Mechanization Services	7,897,500	-	7,897,500
Demonstration Farm	1,108,200	-	1,108,200
Agricultural Training Centre	1,670,150	-	1,670,150
Environment Management	**138,432,189**	**5,613,380**	**132,818,809**
Environmental Protection	126,848,231	5,491,130	121,357,101
Noise Pollution Management	2,600,000	122,250	2,477,750
Control of Air Pollution	1,533,958	-	1,533,958
	7,450,000	-	7,450,000
General Administration, Planning and Support Services	**854,599,166**	**19,596,975**	**835,002,191**
Headquarters Administrative Services	107,806,001	19,596,975	88,209,026
Roads	695,276,479	-	695,276,479
Energy	20,100,000	-	20,100,000
Fire Fighting	9,300,000	-	9,300,000
Transport	22,116,686	-	22,116,686
Energy and Infrastructure	**26,832,572**	**1,890,000**	**24,942,572**
Housing	26,832,572	1,890,000	24,942,572
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**
Public Works	14,150,000	4,242,100	9,907,900
General Administration, Planning and Support Services	**72,984,939**	**17,945,742**	**55,039,197**
General Administration, Planning and Support Services	72,984,939	17,945,742	55,039,197
Trade Development	**164,381,198**	**2,288,100**	**162,093,098**
Trade Licensing	2,774,000	343,000	2,431,000
Trade Development	137,478,470	899,200	136,579,270
Cooperative Services and Development	17,161,592	122,500	17,039,092

Programme Description	Approved Budget	Actual Payments	Variance
Enterprise Development	6,967,136	923,400	6,043,736
Culture And Local Tourism Promotion	**8,366,156**	**-**	**8,366,156**
Local Tourism Promotion	8,366,156	-	8,366,156
General Administration, Planning and Support Services	**1,971,992,905**	**376,813,568**	**1,595,179,337**
General Administration and Support Services	1,971,992,905	376,813,568	1,595,179,337
Curative Health Services	**312,834,835**	**-**	**312,834,835**
Medical Services	312,834,835	-	312,834,835
Curative and Rehabilitative	**10,059,700**	**306,115**	**9,753,585**
Ambulance services	10,059,700	306,115	9,753,585
Public Health and Sanitation	**229,558,695**	**9,402,788**	**220,155,907**
Preventive and Promotive	209,568,093	8,894,193	200,673,900
Licensing and control of undertaking	10,358,518	254,250	10,104,268
Sanitation	4,526,166	-	4,526,166
Mobile Clinics	5,105,918	254,345	4,851,573
General Administration, Planning and Support Services	**394,142,388**	**89,269,264**	**304,873,125**
Headquarters Administrative Services	394,142,388	89,269,264	304,873,125
Social Protection, Culture and Recreation	**1,100,000**	**-**	**1,100,000**
Homecraft Centres Development	1,100,000	-	1,100,000
Education Support	**577,339,343**	**-**	**577,339,343**
Pre-Primary Education	429,820,045	-	429,820,045
Home Craft Centres	147,519,298	-	147,519,298
Social Protection and Recreation	**11,189,554**	**516,600**	**10,672,954**
Control of Drugs and Pornography	4,735,654	173,600	4,562,054
Liquor Licensing	6,048,700	343,000	5,705,700
Betting and Casinos	405,200	-	405,200
General Administration and Policy Coordination	**2,777,818,400**	**172,667,304**	**2,605,151,096**
Headquarters Administrative Services	2,744,036,400	172,558,904	2,571,477,496
County Executive Committee	16,932,000	-	16,932,000
County Inspectorate	16,850,000	108,400	16,741,600
Public Services Coordination and Management	**117,550,000**	**-**	**117,550,000**
Human Resource Management	117,550,000	-	117,550,000
Legislation, Representation and Oversight	**90,610,523**	**13,684,950**	**76,925,574**
Capacity Building and Training	14,500,000	2,626,370	11,873,631
Directorate of Legislation and Procedures	76,110,523	11,058,580	65,051,943
Public Financial Management	**278,949,832**	**669,660**	**278,280,172**
Supply Chain Management Services	63,696,000	-	63,696,000
Fiscal and Economic Planning	24,756,000	385,360	24,370,640
Budget	18,518,000	179,300	18,338,700
Accounting	16,884,000	-	16,884,000
Internal Audit	11,147,531	-	11,147,531
Revenue Collection	143,948,301	105,000	143,843,301
Economic Policy Coordination and Supervision	**16,341,000**	**-**	**16,341,000**
Monitoring and Evaluation Services	16,341,000	-	16,341,000
Devolution Services	**64,268,000**	**-**	**64,268,000**
Coordination Of Devolution Services	31,608,000	-	31,608,000
Intergovernmental Relations	17,620,000	-	17,620,000
County Government Advisory Service	15,040,000	-	15,040,000
Public Service, Administration and Citizen Participation	**84,744,127**	**2,026,800**	**82,717,327**
County administration	57,744,127	-	57,744,127
Citizen participation	27,000,000	2,026,800	24,973,200
ICT, Special Programmes and Service Delivery	**45,077,769**	**479,000**	**44,598,769**
Information, Communication and Technology	33,376,151	479,000	32,897,151
Special Programmes	11,701,618	-	11,701,618
General Administration, Policy and coordination	**390,803,100**	**63,961,721**	**326,841,379**
Office of the Clerk	41,680,000	822,380	40,857,620
Directorate of Finance & Compliance	10,088,000	766,470	9,321,530
Assembly Service Board	52,270,000	1,222,951	51,047,049

Programme Description	Approved Budget	Actual Payments	Variance
Assembly Service Board	286,765,100	61,149,920	225,615,180
	35,168,128	**511,000**	**34,657,128**
Museum	3,027,000	511,000	2,516,000
Cultural Activities	31,981,128	-	31,981,128
County Parks	160,000	-	160,000
	95,442,937	**11,114,057**	**84,328,880**
Gender	95,442,937	11,114,057	84,328,880
	57,365,780	**671,300**	**56,694,480**
Youth Development	20,000,000	-	20,000,000
Sports Training and Competitions	17,000,080	-	17,000,080
Gender Mainstreaming	6,492,700	318,500	6,174,200
Disability Mainstreaming	13,873,000	352,800	13,520,200
General Administration, Planning and Support Services	**121,264,405**	**27,052,846**	**94,211,559**
Storm Water Management Services	7,750,000	900,000	6,850,000
General Administration, Policy and Coordination	113,514,405	26,152,846	87,361,559
	345,376,067	**1,146,592**	**344,229,475**
Water	333,010,000	1,102,992	331,907,008
Irrigation	12,366,067	43,600	12,322,467
Total	**10,286,441,043**	**875,391,425**	**9,411,049,618**

Source: *Kajiado County Treasury*

Programme description of a number of items was missing from the report on budget execution by programme which was pulled from IFMIS by the County Treasury.

3.10.8 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 contrary to section 166 of the PFM Act 2012.
2. Delay by the Fund administrators of Bursary Fund, Youth Fund and Emergency Fund to provide quarterly financial statements contrary to Section 168 of the PFM Act, 2012
3. The report on the County budget execution by programmes and sub programmes indicates an Approved Budget of Kshs.10.29 billion compared to the County Appropriation Act, 2019 of Kshs.10.24 billion. Further, the report on budget execution by programmes did not provide description of all the programmes.

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 Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECM-F should ensure Fund Administrators submit quarterly financial statement for established county funds in line with Section 168 of the PFM Act, 2012.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents. Further, the IFMIS Directorate should ensure the system provides full description of all expenditure items.*

3.11 Kakamega County

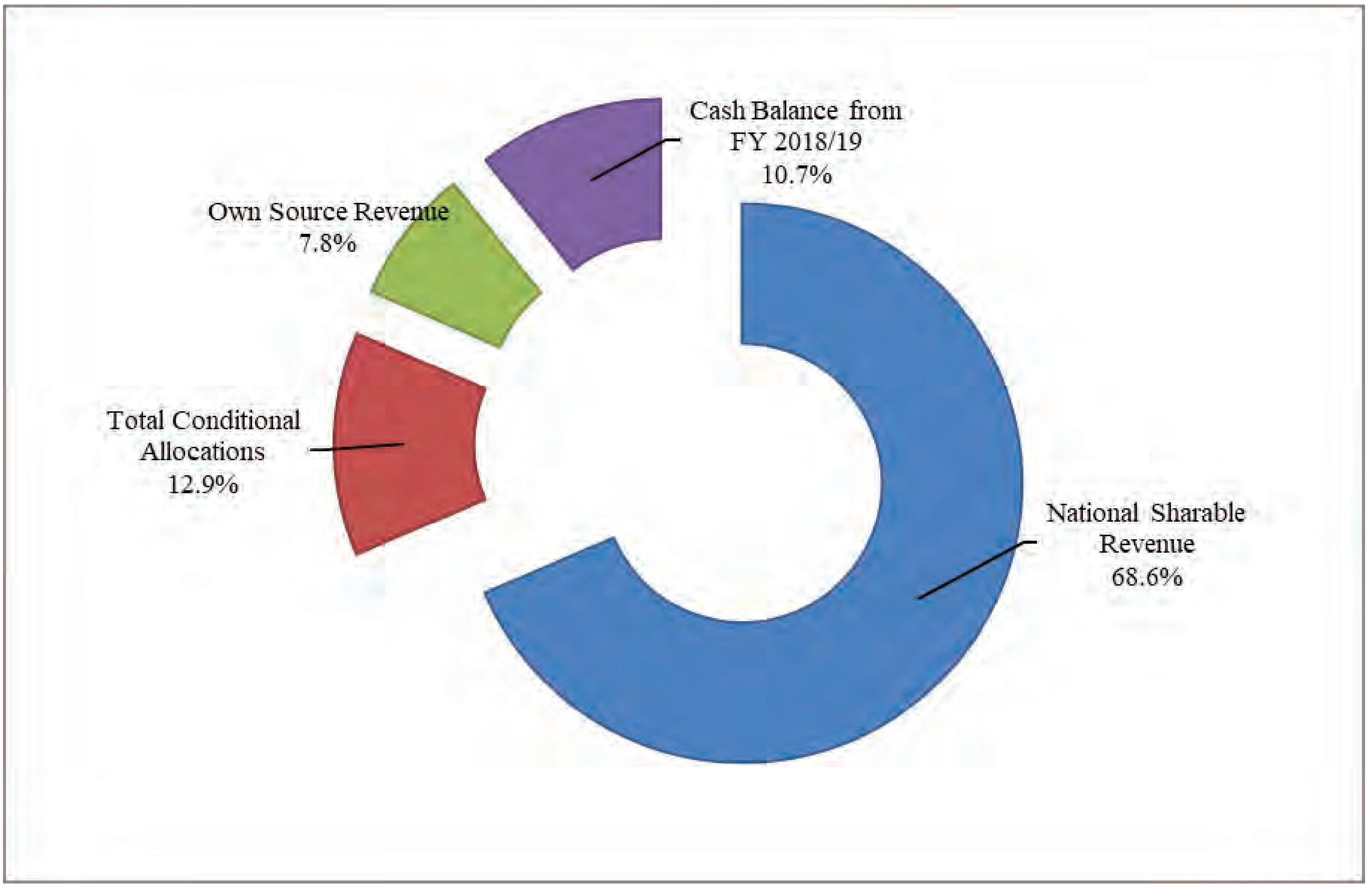
3.11.1 Overview of the FY 2019/20 Budget

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 expects 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 (7.8 per cent) from own source revenue, and had Kshs.1.60 billion (10.7 per cent) as cash balance from FY 2018/19.

Figure 3.32 shows the expected sources of financing in FY 2019/20.

Figure 3.32: Expected Sources of Financing in FY 2019/20



Source: *Kakamega County Treasury*

3.11.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.81 billion as equitable share of the revenue raised nationally, raised Kshs.226.41 million from own-source revenue, and had a cash balance of Kshs.927.89 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.97 billion as shown in Table 3.38.

Table 3.38: Kakamega County, Revenue Performance in the First Quarter of FY 2019/20

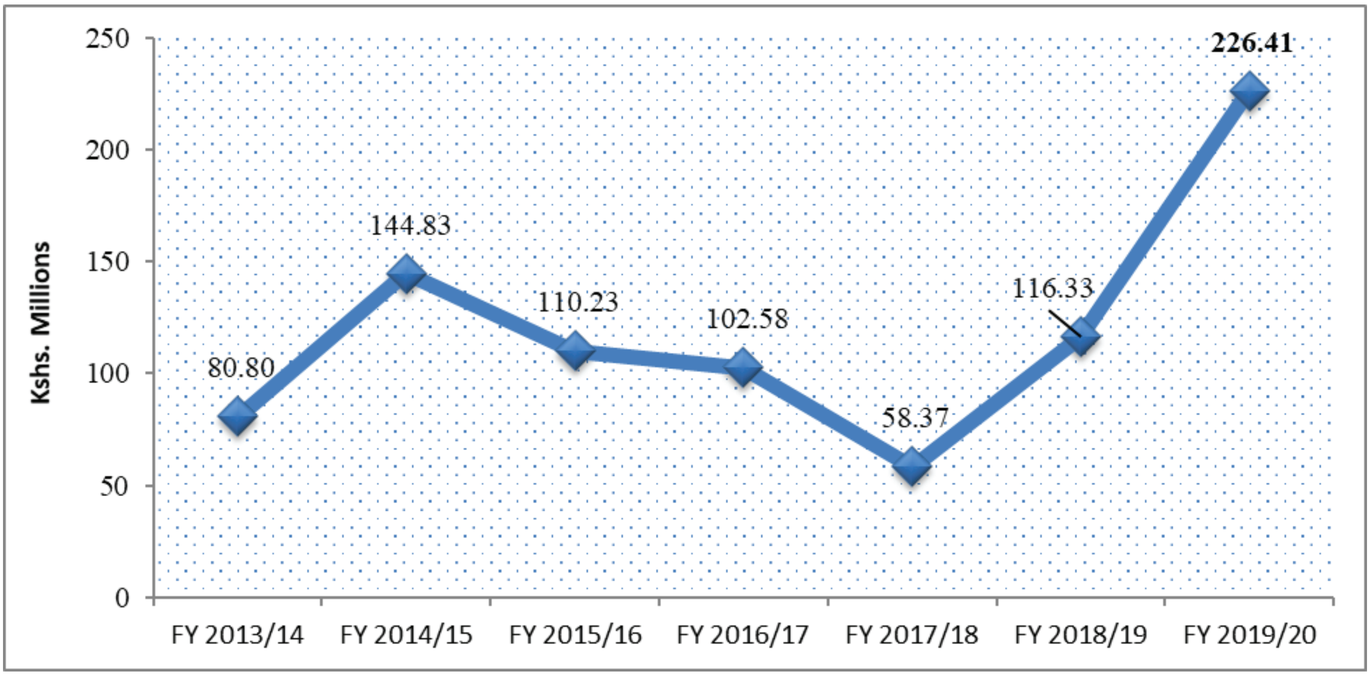
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,412,850,000	10,199,000,000	1,811,835,900	17.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	427,283,237	-	-
2.	Compensation for User Fee Foregone	37,789,290	37,789,290	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	295,575,656	295,575,656	-	-
5.	Rehabilitation of Village Polytechnics	76,923,298	76,923,298	-	-
Sub Total		**969,486,375**	**837,571,481**	**-**	**-**
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	61,794,598	61,794,598	-	-
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	93,508,830	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	389,118,800	389,118,800	-	-
10.	DANIDA Grant	30,843,750	33,311,250	-	-
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	262,583,677	-	-
12.	Kenya Agricultural Support Program (KASP)	-	33,716,311	-	-
13.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,811,716	-	-	-
14.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
15.	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**	**-**	**-**
D	**Other Sources of Revenue**				
16.	Own Source Revenue	-	1,157,455,491	226,413,053	19.6
17.	Balance b/f from FY2019/20	-	1,596,984,941	-	-
Sub Total		**-**	**2,754,440,432**	**-**	**-**
Grand Total		**12,119,705,239**	**14,872,045,379**	**2,038,248,953**	**14.9**

Source: *Kakamega County Treasury*

Figure 3.33 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the FY 2019/20.

Figure 3.33: Trend in Own-Source Revenue Collection from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Kakamega County Treasury*

The County generated a total of Kshs.228.41 million from own revenue sources in the first quarter of FY 2019/20. This amount was 19.6 per cent of the annual target.

3.11.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.47 billion from the CRF account. The withdrawals comprised of Kshs.313.64 million (21.4 per cent) for development programmes and Kshs.1.15 billion (78.6 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

A total of Kshs.1.57 billion was spent on development and recurrent programmes. This expenditure represented 107.1 per cent of the total funds released from the CRF account and comprised of Kshs.222.24 million and Kshs.1.35 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 17.3 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 3.2 per cent.

3.11.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.21 billion was spent on compensation to employees and Kshs.136.54 million on operations and maintenance.

Table 3.39: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**7,821,189,107**	**1,154,698,830**	**1,350,080,278**	**17.3**
Compensation to Employees	5,418,392,078	1,014,454,186	1,213,541,156	22.4
Operations and Maintenance	2,402,797,029	140,244,644	136,539,122	5.7
Total Development Expenditure	**7,051,076,272**	**313,640,328**	**222,243,239**	**3.2**
Development Expenditure	7,051,076,272	313,640,328	222,243,239	3.2
Grand Total	**14,872,265,379**	**1,468,339,158**	**1,572,323,517**	**10.6**

Source: *Kakamega County Treasury*

3.11.6 Budget Performance by Department

Table 3.40 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.40: Kakamega County, Budget Performance by Department for the First Quarter 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	129.67	23.2	6.48	-	12.45	3.00	192.1	-	9.6	12.9
Dept. of Public Service and Administration	5,216.51	163.51	961.51	-	1,163.79	-	121.0	-	22.3	-
Finance & Economic Planning	184.81	105	7.23	-	9.96	-	137.8	-	5.4	-
Water, Environment & Natural Resources	38.59	550.58	1.87	262.58	0.63	-	33.7	-	1.6	-
Social Services, Youth and Sports	74.9	815	1.75	-	0.08	-	4.6	-	0.1	-
Transport, Infrastructure, Public Works & Energy	22.76	1,818.58	1.14	51.06	1.43	76.64	125.4	150.1	6.3	4.2
Lands, Housing, Urban Areas and Physical Planning	168.7	510.22	14.57	-	-	55.77	-	-	-	10.9
Dept. of Health Services	551.55	1,374.00	72.52	-	24.99	86.83	34.5	-	4.5	6.3
Agriculture, Livestock, Fisheries and Cooperatives	52.12	618.72	2.1	-	1.67	-	79.5	-	3.2	-
Trade, Industrialization and Tourism	50.61	305	2.02	-	1.74	-	86.1	-	3.4	-
Education, Science & Technology & ICT	200.31	526.92	1.63	-	1.91	-	117.2	-	1.0	-
County Public Service Board	26.33	-	4.79	-	2.48	-	51.8	-	9.4	-
ICT, E-government & Communication	42.74	190.35	2.1	-	2.28	-	108.6	-	5.3	-
County Assembly	1,061.36	50	75	-	126.65	-	168.9	-	11.9	-
Grand Total	**7,820.97**	**7,051.08**	**1,154.70**	**313.64**	**1,350.04**	**222.24**	**116.9**	**70.9**	**17.3**	**3.2**

Source: *Kakamega County Treasury*

Analysis of expenditure by department shows that The Office of the Governor recorded the highest absorption rate of development budget at 12.9 per cent followed by the department of Lands, Housing, Urban Areas and Physical Planning at 10.9 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to its recurrent budget at 22.3 per cent while The Department of Lands, Housing, Urban Areas and Physical Planning did not report expenditure on its recurrent budget.

3.11.7 Budget Execution by Programmes and Sub-Programmes

Table 3.34 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

3.11.8 Key Observations and Recommendations

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

1. The County Assembly's exchequer issues for the first quarter of FY 2019/20 were Kshs.75 million against an expenditure of Kshs.126.65 million. As a result, the County Assembly borrowed Kshs.51.65

million which is contrary to the provisions of the law.

2. Non adherence with Section 136 (2) of the PFM Act, 2012 which requires the deposit of unspent funds into the County Revenue Account maintained at the Central Bank of Kenya at the end of the financial year. The COB has noted that the Departments of Health and Roads & Infrastructure did not refund all the unspent funds at the end of the FY2018/19 financial year.

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

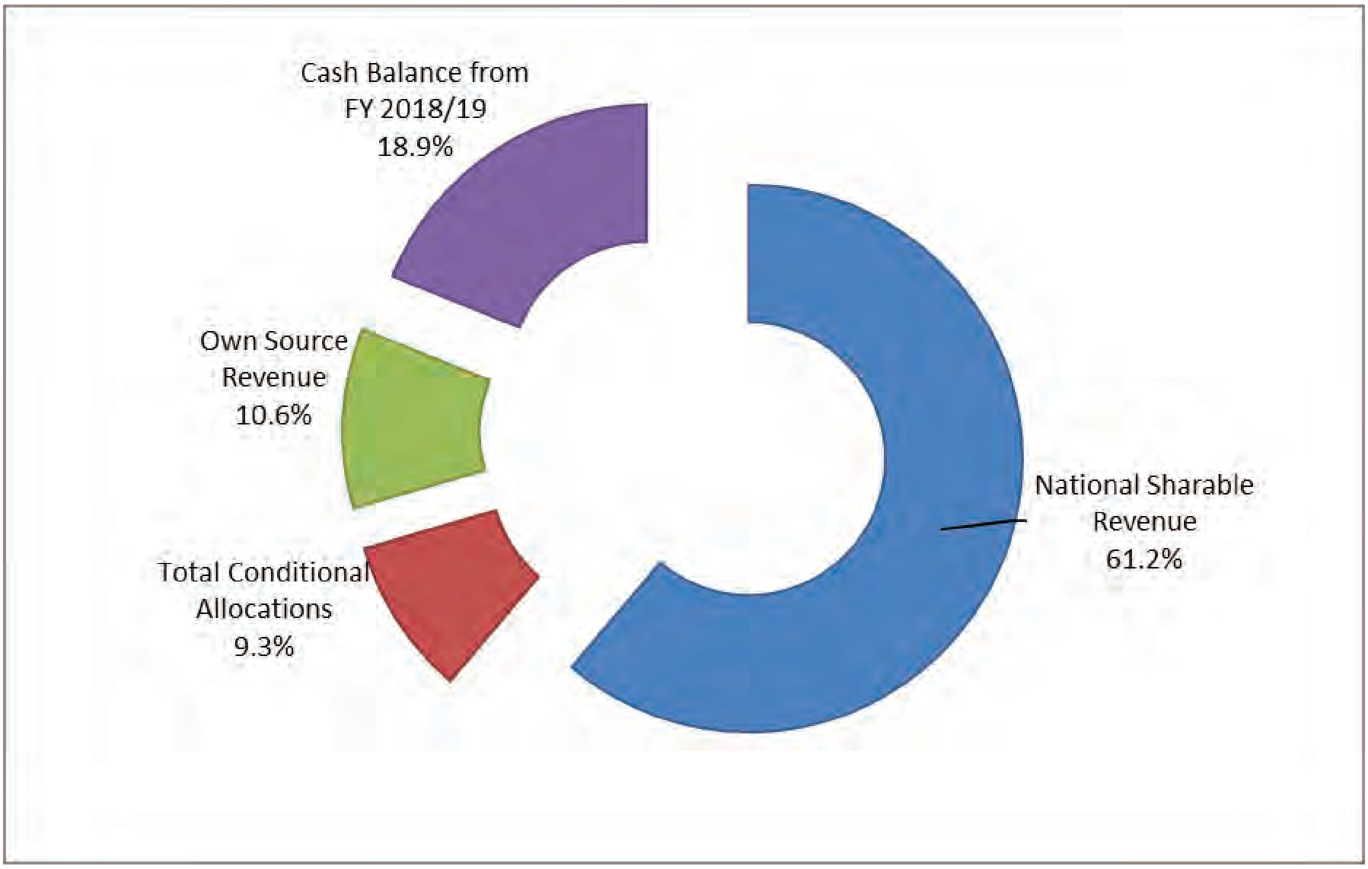
1. *The County Assembly should ensure that borrowing is approved as provided by the law.*
2. *The County Treasury should ensure observance of the government expenditure timelines and put in place mechanisms for adherence with Section 136 (2) of the PFM Act, 2012.*

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. 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 expected 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 had Kshs.1.63 billion (18.9 per cent) as cash balance from FY 2018/19. Figure 3.34 shows the expected sources of financing in FY 2019/20.

Figure 3.34: Expected Sources of Financing in FY 2019/20



Source: *Kericho County Treasury*

3.12.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.936.20 billion as equitable share of the revenue raised nationally, raised Kshs.32.98 million from own-source revenue, and had a cash balance of Kshs.1.40 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.37 billion as shown in Table 3.41.

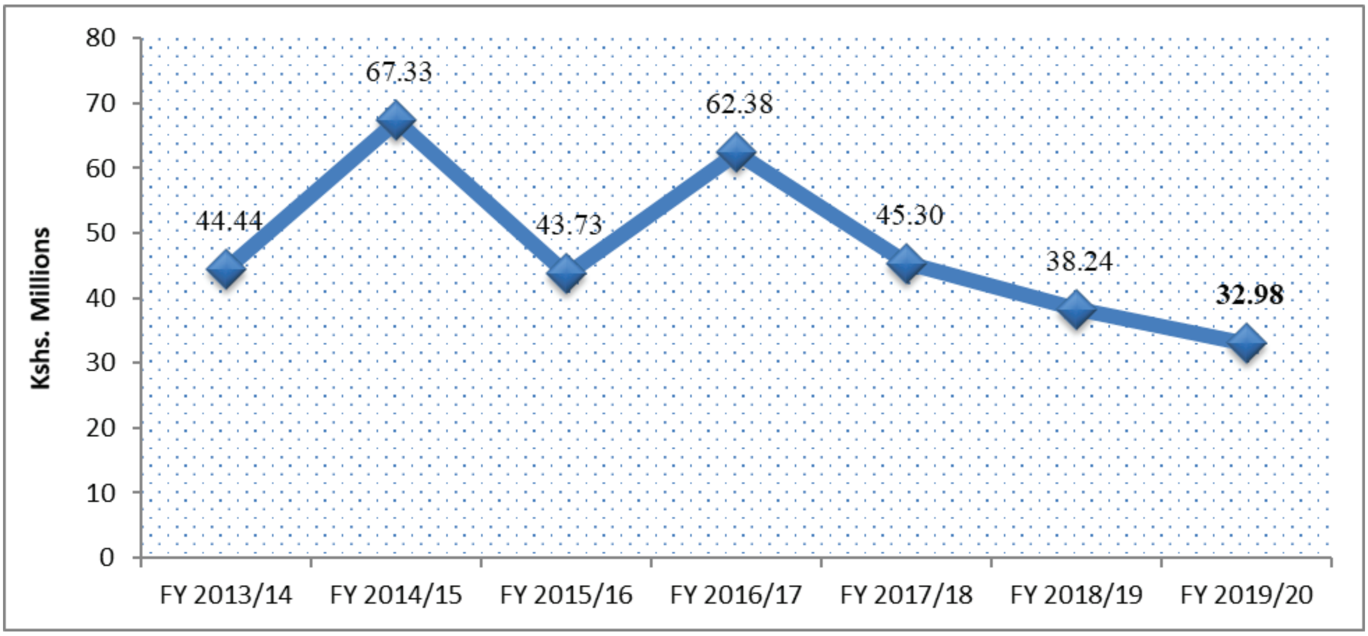
Table 3.41: Kericho County, Revenue Performance in the First Quarter of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in 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	936,207,000	17.8
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	18,048,789	18,048,789	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	152,729,063	152,729,063	-	-
4.	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**				
5.	Transforming Health systems for Universal care Project (WB)	71,544,247	61,507,974	-	-
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	199,459,400	117,000,000	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	44,538,343	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	256,299,000	256,299,000	-	-
9.	DANIDA Grant	17,062,500	17,516,250	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,415,491	-	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000	-	-
12.	Other Donor	-	92,719,071	-	-
Sub Total		**599,580,638**	**599,580,638**	**-**	**-**
Grand Total		**6,312,206,682**	**6,069,791,788**	**936,207,000**	**15.4**

Source: *Kericho County Treasury*

Figure 3.35 shows the trend in own-source revenue collection from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.35: Trend in Own-Source Revenue Collection for the first Quarter from FY 2013/14 to FY 2019/20



Source: *Kericho County Treasury*

The County generated a total of Kshs.32.98 million from own revenue sources in the first quarter of FY 2019/20. This amount was 3.6 per cent of the annual target.

3.12.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.15 billion from the CRF account. The withdrawals comprised of Kshs.259.82 million (22.5 per cent) for development programmes and Kshs.893.47 million (77.5 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

A total of Kshs.510.21 million was spent on development and recurrent programmes. This expenditure represented 59 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.18.72 million and Kshs.491.49 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 10.8 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.5 per cent.

3.12.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.394.92 million was spent on compensation to employees and Kshs.96.57 million on operations and maintenance.

Table 3.42: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

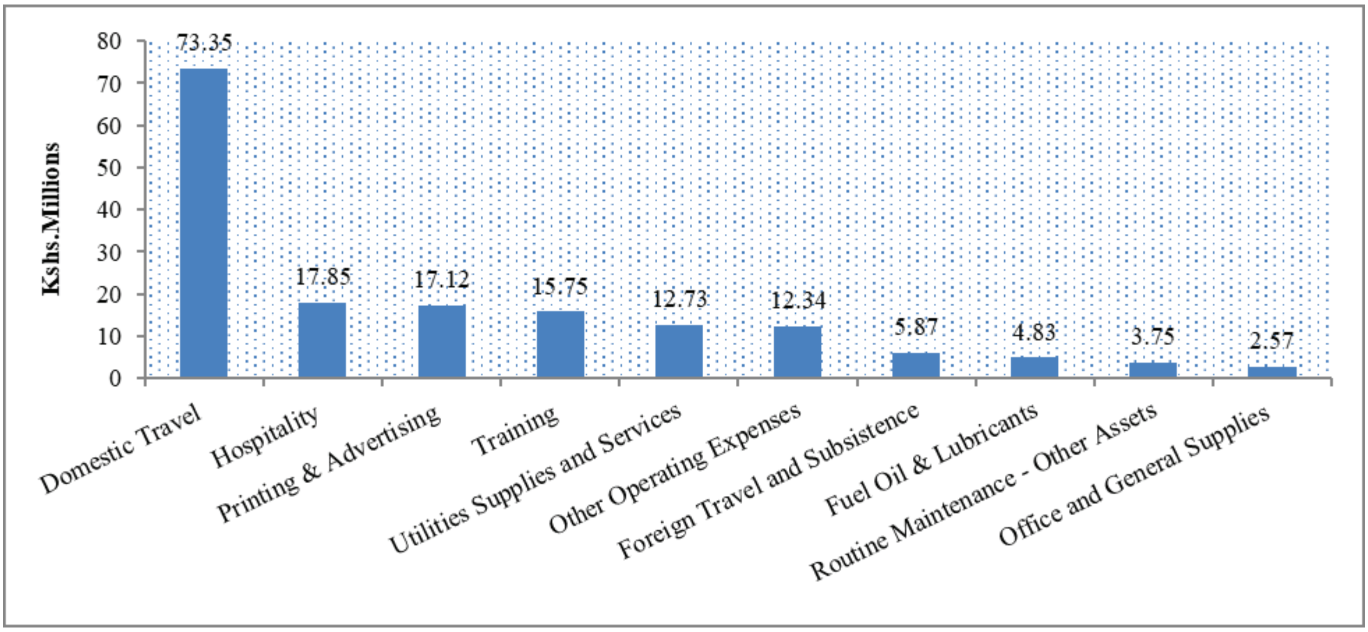
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**4,563,853,371**	**893,471,936**	**491,489,293**	**10.8**
Compensation to Employees	2,904,565,938	691,635,654	394,924,199	13.6
Operations and Maintenance	1,659,287,433	201,836,282	96,565,094	5.8
Total Development Expenditure	**4,047,525,651**	**259,827,819**	**18,719,856**	**0.5**
Development Expenditure	4,047,525,651	259,827,819	18,719,856	0.5
Grand Total	**8,611,379,022**	**1,153,299,755**	**510,209,149**	5.9

Source: *Kericho County Treasury*

3.12.6 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: *Kericho County Treasury*

The County spent Kshs.13.51 million on committee sitting allowances to the 28 MCAs against the annual budget allocation of Kshs.56.23 million. This was a decrease of 43.7 per cent compared to Kshs.24 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.93,859 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic and foreign travel amounted to Kshs.79.66 million and comprised of Kshs.49.23 million spent by the County Assembly and Kshs.30.44 million by the County Executive. This represented an increase of 762.8 per cent compared to Kshs.9.23 million spent in the first quarter of FY 2018/19.

3.12.7 Budget Performance by Department

Table 3.43 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.43: Kericho County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	690.83	32	174.39	-	172.53	-	98.9	-	25.0	-
County Executive	470.33	44.22	92.95	-	36.93	-	39.7	-	7.9	-
Finance & Economic Planning	273.62	845.92	38.2	-	42.12	-	110.3	-	15.4	-
Health Services	2,059.42	567.03	409.48	15	259.26	-	63.3	-	12.6	-
Agriculture, Livestock Development & Fisheries	191.23	226.49	39.62	-	22.96	-	58.0	-	12.0	-
Education, Youth, Children, Culture & Social Services	405.42	334.56	56.03	-	32.88	-	58.7	-	8.1	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Works, Roads & Transport	65.64	983.96	12.8	224.83	14.79	18.72	115.5	8.3	22.5	1.9
Trade, Industrialization, Tourism ,Wildlife & Cooperative Development	65.18	51.97	12.77	-	8.95	-	70.1	-	13.7	-
Water, Energy, Natural Resources & Environment	127.62	414.31	28.23	10	13.89	-	49.2	-	10.9	-
Land, Housing & Physical Planning	75.16	383.75	18.05	10	14.36	-	79.6	-	19.1	-
Information, Communication & E-Government	183.62	119.08	10.96	-	8.41	-	76.7	-	4.6	-
Total	**4,608.07**	**4,003.31**	**893.47**	**259.83**	**627.09**	**18.72**	**70.2**	**7.2**	**13.6**	**0.5**

Source: *Kericho County Treasury*

Analysis of expenditure by department shows that Department of Public Works, Roads and Transport recorded an absorption rate of development budget at 1.9 per cent while the rest of the department did not make any spending on development expenditure during the period under review. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 25.0 per cent while the Department of Information, Communication & E-Government had the lowest at 4.6 per cent.

3.12.8 Budget Execution by Programmes and Sub-Programmes

Table 3.44 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.44: Kericho County, Budget Execution by Programmes and Sub-Programmes in The First Quarter of FY 2019/20

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
5261-County Assembly						
101005261		**Policy Planning, General Administration and Support Services**	**273,745,677**	**48,130,972**	**225,614,705**	**17.6**
	101015260	General Administration And Support Services	273,745,677	48,130,972	225,614,705	**17.6**
701005261		**General Administration And Support Services**	**72,076,000**	**21,731,142**	**50,344,858**	**30.2**
	701045260	Policy and Planning Services	72,076,000	21,731,142	50,344,858	**30.2**
708005261		**Oversight and Management Services**	**72,289,000**	**29,492,100**	**42,796,900**	**40.8**
	708015260	Committees Management Services	72,289,000	29,492,100	42,796,900	**40.8**
709005261		**Legislation and Representation Services**	**394,996,833**	**45,649,319**	**349,347,514**	**11.6**
	709025260	Representation and Infrastructural Development	394,996,833	45,649,319	349,347,514	**11.6**
		Grand Total	**813,107,510**	**145,003,533**	**668,103,977**	**17.8**
5262-Governor's Office						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
701005262		**General Administration and Support Services**	**548,635,252**	**71,225,665**	**477,409,587**	**13**

	701015260	General Administration support services	316,270,188	25,611,835	290,658,353	**8.1**
	701025260	Policy development and support services	232,365,064	45,613,830	186,751,234	**19.6**
		Grand Total	**548,635,252**	**71,225,665**	**477,409,587**	**13**
5263-Deparment of Finance and Economic Planning						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
504005263		**Information and Communication Technology Services**	**15,000,000**	**-**	**15,000,000**	**-**
	504025260	ICT infrastructural services	15,000,000	-	15,000,000	**-**
701005263		**General administration and support services**	**206,026,269**	**30,995,023**	**175,031,246**	**15**
	701015260	General administration support services	198,500,519	29,716,973	168,783,546	**15**
	701025260	Policy development and support services	2,740,150	368,500	2,371,650	**13.4**
	701035260	Supply chain management	4,785,600	909,550	3,876,050	**19**
702005263		**Economic Planning, Budgeting and Co-ordination Services**	**108,796,440**	**8,221,350**	**100,575,090**	**7.6**
	702015260	Economic planning and coordination	64,903,440	5,289,650	59,613,790	**8.2**
	702025260	Budget formulation and management	43,893,000	2,931,700	40,961,300	**6.7**
704005263		**County Financial Management and Control**	**4,071,280**	**1,309,000**	**2,762,280**	**32.2**
	704025260	Audit services	4,071,280	1,309,000	2,762,280	**32.2**
705005263		**Resource Mobilization**	**43,524,022**	**1,328,800**	**42,195,222**	**3.1**
	705025260	Internal Resource Mobilization	43,524,022	1,328,800	42,195,222	**3.1**
		Grand Total	**377,418,011**	**41,854,173**	**335,563,838**	**11.1**
5264-Department of Agriculture, Livestock and Fisheries						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
101005264		**Policy Planning, General Administration and Support Services**	**163,276,323**	**28,491,752**	**134,784,571**	**17.5**
	101015260	General administration and support services	155,580,209	25,021,602	130,558,607	**16.1**
	101025260	Policy and planning	7,696,114	3,470,150	4,225,964	**45.1**
102005264		**Crop, Agribusiness and Land Management Services**	**415,002,554**	**13,202,100**	**401,800,454**	**3.2**
	102015260	Crop Development Services	372,565,000	9,461,000	363,104,000	**2.5**
	102025260	Agribusiness	42,437,554	3,741,100	38,696,454	**8.8**
103005264		**Fisheries Development and Promotion Services**	**3,772,000**	**704,000**	**3,068,000**	**18.7**
	103015260	Aquaculture Promotion Services	3,772,000	704,000	3,068,000	**18.7**
104005264		**Livestock Promotion and Development**	**33,460,000**	**1,245,750**	**32,214,250**	**3.7**
	104015260	Livestock Product Value Addition and Marketing	26,960,000	1,245,750	25,714,250	**4.6**
	104025260	Animal Health Disease and Management	6,500,000	-	6,500,000	**-**
		Grand Total	**615,510,877**	**43,643,602**	**571,867,275**	**7.1**
5265-Department of Environment, Energy, Natural Resources and Mining						
Program	Sub Program	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
1.001E+09		**Policy Planning, General Administration and Support Services**	**60,642,274**	**10,090,285**	**50,551,989**	**16.6**

	1001015260	General administration and support services	57,023,604	9,179,885	47,843,719	**16.1**
	1001025260	Policy and planning	3,618,670	910,400	2,708,270	**25.2**
1.002E+09		**Energy and Mineral Resources Services**	**29,603,100**	**-**	**29,603,100**	**-**
	1002035260	Other energy sources promotion	29,603,100	-	29,603,100	-
1.003E+09		**Water Supply and Management Services**	**154,439,500**	**2,800,000**	**151,639,500**	**1.8**
	1003015260	Major towns water services	16,980,000	-	16,980,000	-
	1003025260	Rural water services	137,459,500	2,800,000	134,659,500	**2**
1.004E+09		**Environmental Protection and Management Services**	**10,133,996**	**325,000**	**9,808,996**	**3.2**
	1004015260	Pollution and waste management	3,783,996	-	3,783,996	**0**
	1004025260	Agroforestry promotion	6,350,000	325,000	6,025,000	**5.1**
		Grand Total	**254,818,870**	**13,215,285**	**241,603,585**	**5.2**

5266-Department of Education and Youth Empowerment

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
501005266		**General Administration, Policy Planning and Support Services**	**29,813,478**	**995,300**	**28,818,178**	**3.3**
	501015260	General Administration	27,681,728	820,200	26,861,528	**3**
	501025260	Planning Policy	2,131,750	175,100	1,956,650	**8.2**
502005266		**ECDE and CCC Development services**	**406,040,700**	**40,272,092**	**365,768,608**	**9.9**
	502015260	ECDE and CCC management services	406,040,700	40,272,092	365,768,608	**9.9**
503005266		**Vocational Development and Training Services**	**257,510,329**	**569,900**	**256,940,429**	**0.2**
	503015260	Vocational Management services	257,510,329	569,900	256,940,429	**0.2**
		Grand Total	**693,364,507**	**41,837,292**	**651,527,215**	**6**

5267-Department of Health

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
401000000		**Preventive & Promotive Health Services**	**516,353,403**	**38,078,088**	**478,275,315**	**7.4**
	401019999	Health Promotion	407,522,327	35,385,988	372,136,339	**8.7**
	401059999	Communicable Disease Control	108,831,076	2,692,100	106,138,976	**2.5**
401005267		**General Administration, Planning and Support Services**	**130,106,417**	**22,799,171**	**107,307,246**	**17.5**
	401015260	Administration support services	130,106,417	22,799,171	107,307,246	**17.5**
402005267		**Curative Health Services**	**1,167,243,766**	**183,024,521**	**984,219,245**	**15.7**
	402015260	Medical services	1,046,188,766	183,024,521	863,164,245	**17.5**
	402025260	Facility infrastructural services	121,055,000	-	**121,055,000**	**-**
		Grand Total	**1,813,703,586**	**243,901,780**	**1,569,801,806**	**13.4**

5268-Department of Lands, Housing and Urban Development

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
101005268		**Policy Planning, General Administration and Support Services**	**67,918,132**	**8,393,627**	**59,524,505**	**12.4**
	101015260	General administration and support services	66,645,732	8,393,627	58,252,105	**12.6**
	101025260	Policy and planning	1,272,400	-	1,272,400	**-**
105005268		**Physical Planning and Surveying Services**	**45,915,000**	**-**	**45,915,000**	**-**
	105015260	Physical Planning	40,000,000	-	40,000,000	**-**

	105025260	Surveying services	5,915,000	-	5,915,000	-
106005268		**Housing Improvement Development**	**140,300,000**	-	**140,300,000**	-
	106015260	Housing Improvement Services	140,300,000	-	140,300,000	-
107005268		**Management and Development of Towns**	**140,855,300**	**680,000**	**140,175,300**	**0.5**
	107015260	Town Management and Co-ordination	140,855,300	680,000	140,175,300	**0.5**
		Grand Total	**394,988,432**	**9,073,627**	**385,914,805**	**2.3**
5270-Department of Roads, Transport and Public Works						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
201005270		**General Administration, Planning and Support Services**	**87,365,819**	**13,406,616**	**73,959,203**	**15.3**
	201055260	Administration and support services	85,204,966	12,657,116	72,547,850	**14.9**
	201065260	Policy and planning	2,160,853	749,500	1,411,353	**34.7**
202005270		**Roads Development and Management**	**371,662,750**	-	**371,662,750**	-
	202025260	Construction of roads and bridges	100,620,000	-	100,620,000	-
	202035260	Rehabilitation and maintenance of Roads	271,042,750	-	271,042,750	-
		Grand Total	**459,028,569**	**13,406,616**	**445,621,953**	**2.9**
5271-Department of Trade, Tourism, Industrialization and Cooperatives Development						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
301005271		**Policy Planning, General Administration and Support Services**	**36,634,250**	**5,851,869**	**30,782,381**	**16**
	301015260	General administration and support services	34,533,944	5,361,869	29,172,075	**15.5**
	301025260	Policy and planning services	2,100,306	490,000	1,610,306	**23.3**
302005271		**Trade, Cooperative and Investment Development and Promotion**	**67,121,640**	**1,000,800**	**66,120,840**	**1.5**
	302015260	Cooperative promotion	14,313,440	665,300	13,648,140	**4.6**
	302025260	Trade promotion	52,808,200	335,500	52,472,700	**0.6**
303005271		**Tourism Development and Promotion**	**2,594,600**	-	**2,594,600**	**0**
	303015260	Tourism promotion and management	2,594,600	-	2,594,600	**0**
		Grand Total	**106,350,490**	**6,852,669**	**99,497,821**	**6.4**
5272-Department of Youths, Sports, Gender, Culture and Social Services						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance**
701005272		**General Administration and Support Services**	**41,062,338**	**5,881,140**	**35,181,198**	**14.3**
	701015260	General Administration support services	39,296,338	5,721,140	33,575,198	**14.6**
	701025260	Policy development and support services	1,766,000	160,000	1,606,000	**9.1**
902005272		**Promotion and Management of Sports**	**84,636,069**	**1,543,800**	**83,092,269**	**1.8**
	902015260	Community Development	65,393,345	932,000	64,461,345	**1.4**
	902035260	Cultural promotion heritage	19,242,724	611,800	18,630,924	**3.2**
		Grand Total	**125,698,407**	**7,424,940**	**118,273,467**	**5.9**
5273-Public Service Board						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**

1001005273		**Policy Planning, General Administration and Support Services**	**81,300,278**	**14,569,381**	**66,730,897**	**17.9**
	1001015260	General administration and support services	73,303,886	11,603,581	61,700,305	**15.8**
	1001025260	Policy and planning	7,996,392	2,965,800	5,030,592	**37.1**
		Grand Total	**81,300,278**	**14,569,381**	**66,730,897**	**17.9**
5274-Public Service Management						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
101005274		**Policy Planning, General Administration and Support Services**	**358,930,542**	**246,968,444**	**111,962,098**	**68.8**
	101015260	General administration and support services	352,719,942	246,161,444	106,558,498	**69.8**
	101025260	Policy and planning	6,210,600	807,000	5,403,600	**13**
701005274		**General Administration and Support Services**	**2,194,000**	**196,000**	**1,998,000**	**8.9**
	701075260	Communication services	2,194,000	196,000	1,998,000	**8.9**
710005274		**Co-ordination, Strategy and Human Resource Services**	**9,057,000**	**1,439,000**	**7,618,000**	**15.9**
	710015260	Field coordination and administration	3,395,000	588,000	2,807,000	**17.3**
	710025260	Strategy and Advisory Services	1,200,000	210,000	990,000	**17.5**
	710035260	Human resource management	4,130,000	587,000	3,543,000	**14.2**
	710045260	Human resource development	332,000	54,000	278,000	**16.3**
		Grand Total	**370,181,542**	**248,603,444**	**121,578,098**	**67.2**

Source: *Kericho County Treasury*

The top performing programs across the county were: General Administration, Planning, and Support, County Financial Management and Oversight and Management Services.

3.12.9 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 13.8 per cent from Kshs.38.24 million in the first quarter of FY 2018/19 to Kshs.32.98 million in the first quarter of FY 2019/20.
2. Delay by Fund Administrator of the County Assembly Car & Mortgage Fund to submit quarterly financial reports on the established County Funds contrary to Section 168 of the PFM Act, 2012.
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 formulate and implement strategies to enhance own-source revenue collection.*
2. *All Funds Administrators should provide quarterly financial statements for County Funds in line with Section 168 of the PFM Act, 2012.*
3. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*

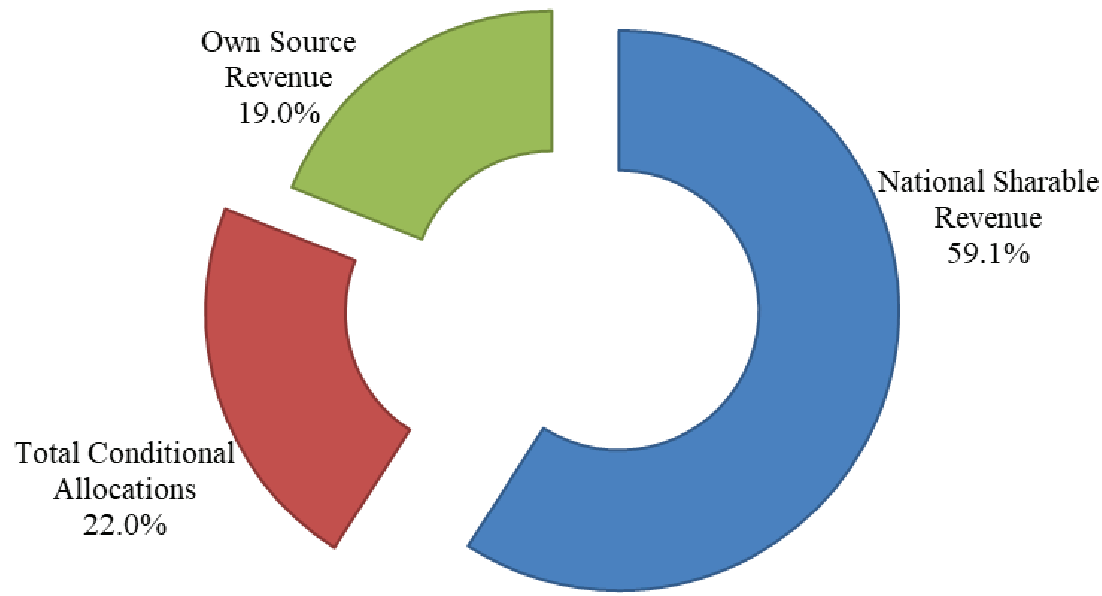
3.13 Kiambu County

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.10.13 billion (64.8 per cent) and Kshs.5.51 billion (35.2 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 per cent) as total conditional grants, and generate Kshs.2.97 billion (19 per cent) from own-source revenue. The County did not budget for cash balances from FY 2018/19 amounting to Kshs.1.19 billion. Figure 3.37 shows the expected sources of financing in FY 2019/20.

Figure 3.37: Expected Sources of Financing in FY 2019/20



Source: *Kiambu County Treasury*

3.13.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.64 billion as equitable share of the revenue raised nationally, raised Kshs.561.47 million from own-source revenue, and had a cash balance of Kshs.1.19 billion from FY 2018/19. The County did not receive any conditional grants. The total funds available for budget implementation amounted to Kshs.3.40 billion as shown in Table 3.45.

Table 3.45: Kiambu County, Revenue Performance in the First Quarter of FY 2019/20

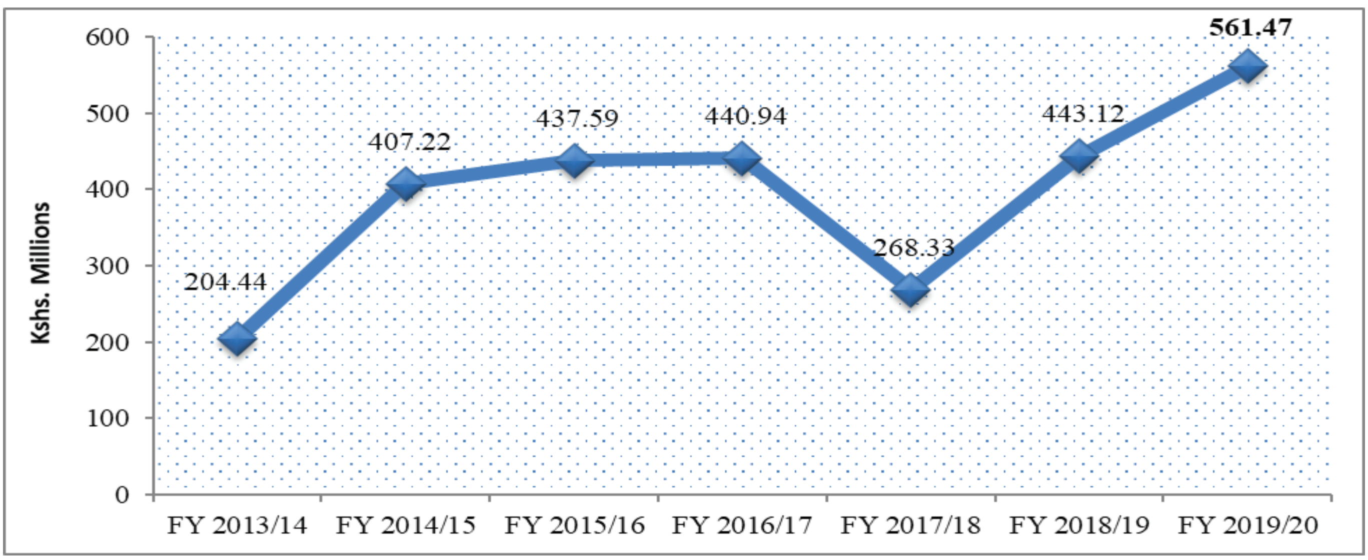
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,431,700,000	9,238,000,000	1,641,115,800	17.4
B.	**Conditional Grants from the National Government Revenue**				-

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.	Conditional Grants to Level-5 Hospitals	538,716,763	551,469,711	-	-
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**	**-**	**-**
C	**Loans and Grants from Development Partners**		**2,378,909,369**		**-**
6.	Transforming Health systems for Universal care Project (WB)	80,079,440	-	-	-
7.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	331,195,210	-	-	-
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)	1,885,993,000	-	-	-
10.	DANIDA Grant	27,937,500	-	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,404,219	-	-	-
12.	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**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue		2,967,999,421	561,473,354	-
14.	Balance b/f from FY2018/19			1,194,751,803	-
Sub Total		**-**	**2,967,999,421**	**1,756,225,157**	**-**
Grand Total		**12,841,250,929**	**15,638,800,000**	**3,397,340,957**	**26.5**

Source: *Kiambu County Treasury*

Figure 3.38 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

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



Source: *Kiambu County Treasury*

The County generated a total of Kshs.561.47 million from own revenue sources in the first quarter of FY 2019/20. This amount was 18.9 per cent of the annual target.

3.13.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.2.21 billion from the CRF account. The withdrawals comprised of Kshs.11.78 million (0.5 per cent) for development programmes and Kshs.2.20 billion (99.5 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

A total of Kshs.2.54 billion was spent on development and recurrent programmes. This expenditure represented 115 per cent of the total funds released from the CRF account and comprised of Kshs.2.39 billion and Kshs.151.96 million on recurrent and development activities respectively. Expenditure on recurrent programmes represented 23.5 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 2.8 per cent.

3.13.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.72 billion was spent on compensation to employees and Kshs.662.57 million on use of goods and services.

Table 3.46: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**10,130,239,266**	**2,195,393,757**	**2,385,611,345**	**23.5**
Compensation to Employees	6,599,824,880	1,827,765,361	1,723,042,135	**26.1**
Operations and Maintenance	3,530,414,386	367,628,396	662,569,210	**18.8**
Total Development Expenditure	**5,508,560,734**	**11,777,186**	**151,956,945**	**2.8**
Development Expenditure	5,508,560,734	11,777,186	151,956,945	**2.8**
Grand Total	**15,638,800,000**	**2,207,170,943**	**2,537,568,290**	**26.3**

Source: *Kiambu County Treasury*

3.13.6 Development Expenditure

Table 3.47shows a list of projects implemented in the first quarter of FY 2019/20.

Table 3.47: List of Projects Implemented for the First Quarter of FY 2019/20

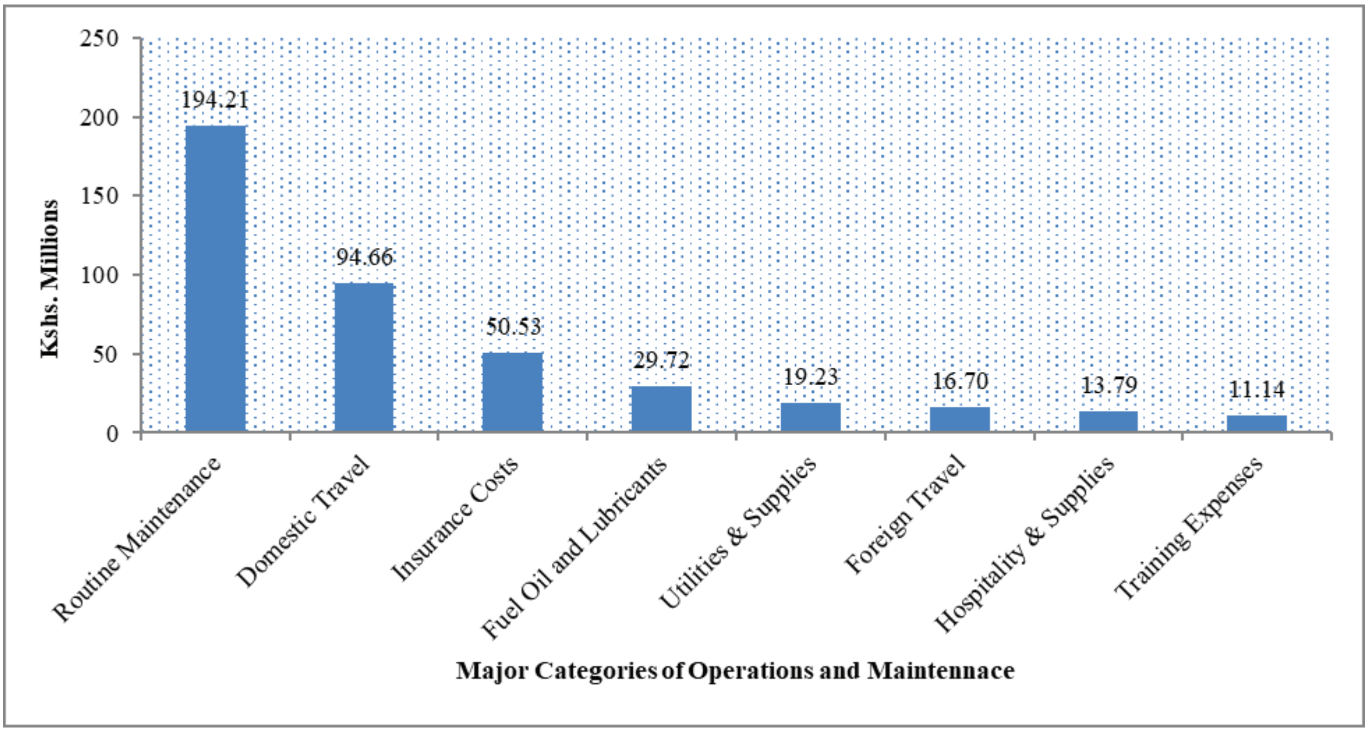
S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs)	Absorption Rate (%)
1	Indian Bazaar Boda Boda Shed	Trade, Co-operatives, Tourism & Enterprise Development	Kiambu Township Ward	500,000	497,500	99.5
2	Muchatha Boda Boda Shed	Trade, Co-operatives, Tourism & Enterprise Development	Muchatha Ward	500,000	497,480	99.5
3	Gatiiguru Boda Boda Shed	Trade, Co-operatives, Tourism & Enterprise Development	Komothai Ward	500,000	498,350	99.7
4	Fourteen Falls Fencing	Trade, Co-operatives, Tourism & Enterprise Development	Ngoliba Thika sub-county	5,000,000	5,392,925	107.9

Source: *Kiambu County Treasury*

3.13.7 Analysis of Operations and Maintenance

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 Quarter of FY 2019/20



Source: Kiambu County Treasury

During the reporting period, the County spent Kshs.23.89 million on committee sitting allowances to the 92 MCAs and the Speaker against the annual budget allocation of Kshs.120 million. This was a decline of 4.9 per cent compared to Kshs.25.12 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.85,642 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.94.66 million and comprised of Kshs.43.23 million spent by the County Assembly and Kshs.51.36 million by the County Executive. This represented an increase of 54.6 per cent compared to Kshs.43.01 million spent in the first quarter of FY 2018/19.

3.13.8 Budget Performance by Department

Table 3.48 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.48: Kiambu County, Budget Performance by Department for the First Quarter 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	1,200.86	175.00	144.18	-	181.83	-	126.1	-	15.1	-
County Executive	339.11	-	62.29	-	80.47	-	129.2	-	23.7	-
County Public Service Board	78.96	-	10.44	-	10.37	-	99.4	-	13.1	-
Finance, ICT and Economic Planning	1,252.00	55.46	240.85	-	328.82	-	136.5	-	26.3	-
Administration, and Public Service and Communication	554.80	85.50	133.35	-	189.64	-	142.2	-	34.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Crop Production and Irrigation	491.32	281.64	112.50	-	94.82	-	84.3	-	19.3	-
Water, Energy, Environment and Natural Resources	241.81	204.94	69.05	-	79.49	-	115.1	-	32.9	-
Health Services	4,214.22	838.72	1,083.35	-	1,035.57	-	95.6	-	24.6	-
Education, Youth, Sports, Culture and Social Services	948.10	266.30	112.75	-	122.98	-	109.1	-	13.0	-
Youth and Sports	159.54	166.42	53.53	-	55.34	-	103.4	-	34.7	-
Lands, Physical Planning and Housing	203.53	1,900.37	48.87	-	51.02	-	104.4	-	25.1	-
Trade, Tourism, Industry and Co-operative	140.46	386.39	29.36	-	40.16	45.24	136.8	-	28.6	11.7
Roads, Transport and Public Works	305.53	1,147.83	94.87	11.78	115.10	106.72	121.3	906.1	37.7	9.3
Total	**10,130.24**	**5,508.56**	**2,195.39**	**11.78**	**2,385.61**	**151.96**	**108.7**	**1,290.3**	**23.5**	**2.8**

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Trade, Tourism, Industry and Co-operative recorded the highest absorption rate of development budget at 11.7 per cent, followed by the Roads, Transport and Public Works Department at 9.3 per cent. The Department of Roads, Transport and Public Works had the highest percentage of recurrent expenditure to recurrent budget at 37.7 per cent while the Education, Youth, Sports, Culture and Social Services Department had the lowest at 13.0 per cent.

3.13.9 Budget Execution by Programmes and Sub-Programmes

Table 3.49 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.49: Kiambu County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Crop, Livestock and Fisheries Development and Management	General Administration and Support Services	487,774,051	94,820,312	392,953,739	**19**
	Livestock Resource Management and Development	133,618,241	-	133,618,241	-
	Fisheries Development	7,200,000	-	7,200,000	-
	Crop Production and Management	144,364,757	-	144,364,757	-
	Sub Total	**772,957,049**	**94,820,312**	**678,136,737**	**12**
Land Management and Physical Planning; & Housing Development	Land Management and Physical Planning	197,914,246	41,023,723	156,890,523	**21**
	Sub Total	**197,914,246**	**41,023,723**	**156,890,523**	**21**
Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,905,993,000	10,000,000	1,895,993,000	1
	Sub Total	1,905,993,000	10,000,000	1,895,993,000	1
Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction Of Road and Civil Works	1,147,827,473	106,716,945	1,041,110,528	**9**
	Sub Total	**1,147,827,473**	**106,716,945**	**1,041,110,528**	**9**

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Administration, planning & support	General Administration and Support Services	305,528,910	115,096,073	190,432,837	**38**
	Sub Total	**305,528,910**	**115,096,073**	**190,432,837**	**38**
Industrial, Investments, Tourism, Trade and Cooperative Development	General Administration and Support Services	133,457,571	40,159,118	93,298,453	**30**
	Trade, Industrial Development and Investments	305,698,393	45,240,000	260,458,393	**15**
	Tourism Development and Promotion	20,550,128	-	20,550,128	-
	Cooperative Development and Promotion	22,970,000	-	22,970,000	-
	Enterprise Development	44,168,391	-	44,168,391	-
	Sub Total	**526,844,483**	**85,399,118**	**441,445,365**	**16**
Curative and preventive health care services	General Administration and Support Services	20,000,000	-	20,000,000	-
	Health Curative Services	818,716,765	-	818,716,765	-
	Sub Total	**838,716,765**	**-**	**838,716,765**	**-**
Administration, Planning and Support Services	General Administration and Support Services	3,516,816,907	949,153,259	2,567,663,648	**27**
	Sub Total	**3,516,816,907**	**949,153,259**	**2,567,663,648**	**27**
Preventive Health Services	Community Health Services	64,400,000	-	64,400,000	-
	Sub Total	**64,400,000**	**-**	**64,400,000**	**-**
Curative and Rehabilitative Health Services	County Hospital Infrastructure	533,000,000	86,416,694	446,583,306	**16**
	Sub Total	**533,000,000**	**86,416,694**	**446,583,306**	**16**
County Pharmaceutical Services	Pharmaceutical and Non Pharmaceutical Supplies	100,000,000	-	100,000,000	-
	Sub Total	**100,000,000**	**-**	**100,000,000**	**-**
Pre-primary education, Promotion of Culture; ICT and social Services	Pre Primary Education and Youth Polytechnics Services	266,299,402	-	266,299,402	-
	Sub Total	**266,299,402**	**-**	**266,299,402**	**-**
General Administration and support Services	General Administration and Support Services	693,396,202	122,975,155	570,421,047	**18**
	Sub Total	**693,396,202**	**122,975,155**	**570,421,047**	**18**
Pre-primary education, Vocational Education and Training	Early Childhood Development	194,700,000	-	194,700,000	-
	Sub Total	**194,700,000**	**-**	**194,700,000**	**-**
Culture Gender and Social Service Development	Culture, Gender and Social Services	60,000,000	-	60,000,000	-
	Sub Total	**60,000,000**	**-**	**60,000,000**	**-**
Legislation and Oversight of county Government	Legislation and Oversight Services	595,078,227	62,256,403	532,821,824	**10**
	Sub Total	**595,078,227**	**62,256,403**	**532,821,824**	**10**
Leadership and Admin of HR Management and dev in County Public Service	Human Resource Development and Management Services	78,962,096	10,374,741	68,587,355	**13**
	Sub Total	**78,962,096**	**10,374,741**	**68,587,355**	**13**
Public Finance Management and Economic Policy and Strategy	General Administration and Support Services	1,024,992,846	272,372,704	752,620,142	**27**
	Financial Management Services	248,376,722	48,224,309	200,152,413	**19**
	Economic Planning Services	34,091,152	8,227,502	25,863,650	**24**
	Sub Total	**1,307,460,720**	**328,824,515**	**978,636,205**	**25**

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Admin & co-ordination of county affairs, HR Dev, Management, Capacity Building	Human Resource Development and Management	54,309,000	1,867,760	52,441,240	**3**
	Sub Total	**54,309,000**	**1,867,760**	**52,441,240**	**3**
General Administration Planning and Support Services	General Administration Planning and Support Services	1,415,231,420	357,289,541	1,057,941,879	**25**
	Sub Total	**1,415,231,420**	**357,289,541**	**1,057,941,879**	**25**
Representation services	Representation Services	290,650,000	30,524,601	260,125,399	**11**
	Sub Total	**290,650,000**	**30,524,601**	**30,524,601**	**11**
Promotion and development of sports; Youth services	General Administration and Support Services	259,708,552	55,340,556	204,367,996	**21**
	Sub Total	**259,708,552**	**55,340,556**	**204,367,996**	**21**
ICT Services	ICT Services	66,249,021	-	66,249,021	-
	Sub Total	**66,249,021**	**-**	**66,249,021**	**-**
Water Resources Management, Environment Protection and Conservation	Environmental Management	55,944,735	-	55,944,735	-
	Water Provision and Management	144,000,000	-	144,000,000	-
	Renewable Energy and Climate Change	5,000,000	-	5,000,000	-
	Sub Total	**204,944,735**	**-**	**204,944,735**	**-**
Administration Planning and Support Service	General Administration and Support Services	241,811,792	79,488,894	162,322,898	**33**
	Sub Total	**241,811,792**	**79,488,894**	**162,322,898**	**33**
Total		**15,638,800,000**	**2,537,568,290**	**13,101,231,710**	**16**

Source: *Kiambu County Treasury*

The top performing programs across the County were: General Administration Planning and Support Services, Land Management and Physical Planning, and Economic Policy and Strategy

3.13.10 Key Observations and Recommendations

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

1. Failure by the County Treasury to provide a status report on pending bills from the previous financial year contrary to the circulars from the OCOB and the National Treasury.
2. Failure to budget correctly for the equitable share of revenue and conditional grants as provided in the CARA, 2019.

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

1. *The County should provide the Controller of budget with a quarterly status report on pending bills. Further, the County should constitute a pending bills committee in accordance with the advisory given by the Controller of Budget and direction of the Intergovernmental Budget and Economic Council (IBEC).*
2. *The County Treasury should prepare a Supplementary Budget and incorporate the equitable share of revenue and conditional grants in line with CARA, 2019.*

3.14 Kilifi County

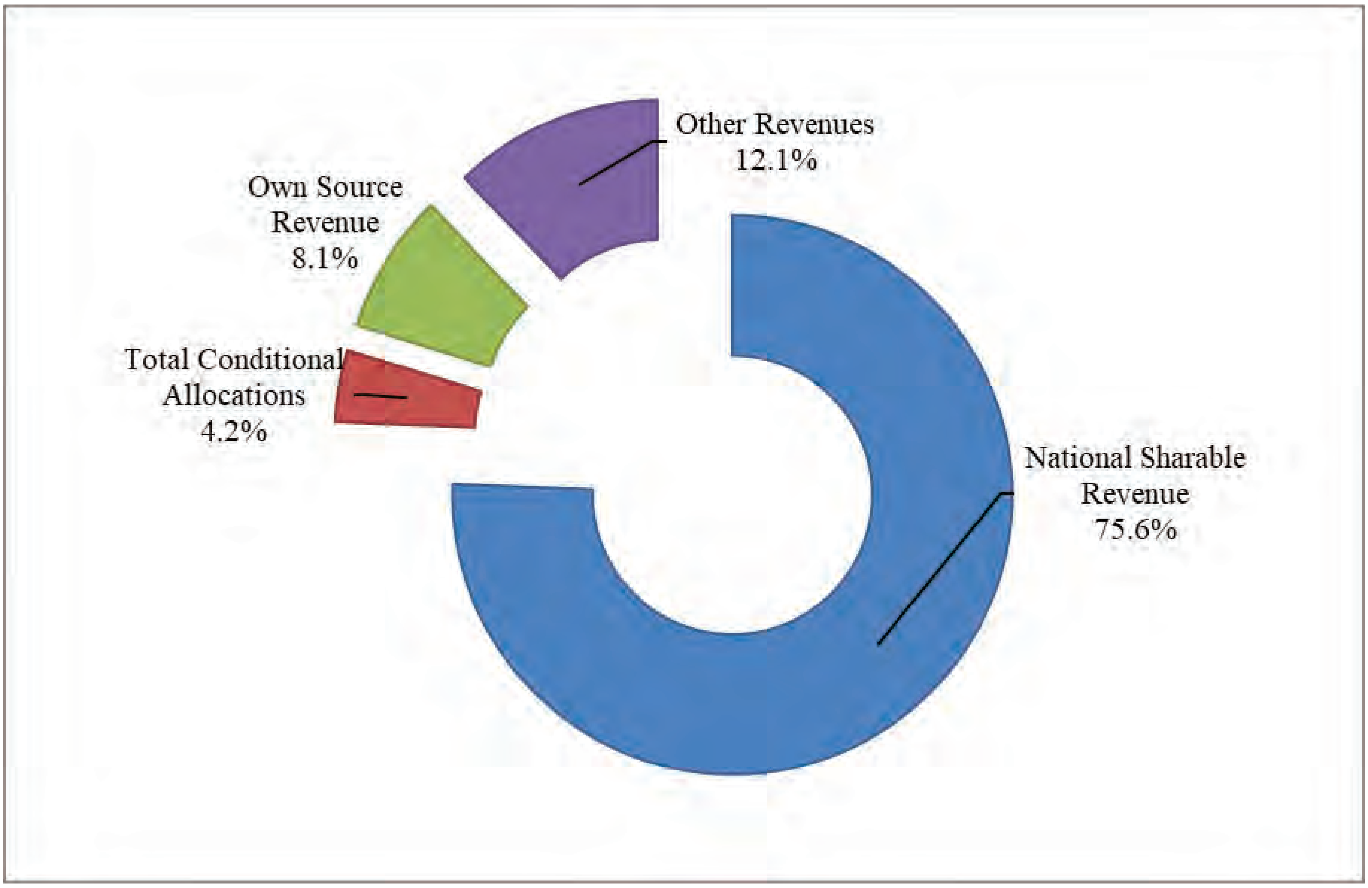
3.14.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.36 billion, comprising of Kshs.5.27 billion (42.6 per cent) and Kshs.7.09 billion (57.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.9.35 billion (75.6 per cent) as equitable share of revenue raised nationally, Kshs.513.22 million (4.2 per cent) as total conditional grants, generate Kshs.1.0 billion (8.1 per cent) from own source revenue, and had Kshs.1.5 billion (12.1 per cent) as cash balance from FY 2018/19.

Figure 3.40 shows the expected sources of financing in FY 2019/20.

Figure 3.40: Expected Sources of Financing in FY 2019/20



Source: *Kilifi County Treasury*

3.14.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.82 billion as equitable share of revenue raised nationally, Kshs.230.78 million as total conditional grants, raised Kshs.157.91 million from own-source revenue, and had a cash balance of Kshs.936.52 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.98 billion as shown in Table 3.50.

Table 3.50: Kilifi County, Revenue Performance in the First Quarter of FY 2019/20

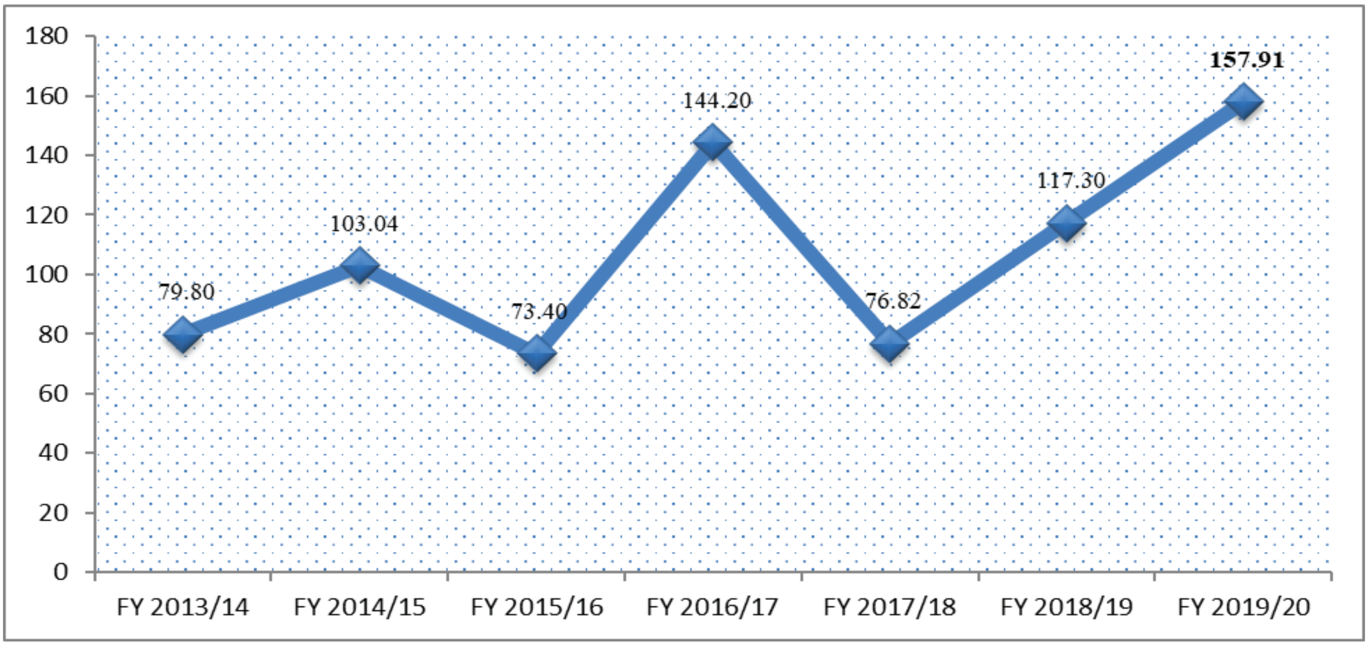
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	10,444,500,000	9,348,000,000	1,817,343,000	
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	25,969,864	25,969,864	-	-
2.	Leasing of Medical Equipment	131,914,894		-	-
3.	Road Maintenance Fuel Levy Fund	296,474,063	296,474,063	-	-

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 (%)
4.	Rehabilitation of Village Polytechnics	58,863,298	58,863,298	-	-
Sub Total		**10,957,722,119**	**9,729,307,225**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	129,114,721	129,114,721	-	-
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)	330,534,500	330,534,500	-	-
9.	DANIDA Grant	32,343,750	32,343,750	-	-
10.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	600,000,000	600,000,000	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,723,695	19,723,695	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**1,500,516,666**	**1,500,516,666**	**0**	**-**
D	**Other Sources of Revenue**				
13.	balance b/f conditional Grants	-	-	230,780,397	-
14.	Balance b/f from FY2018/19	-	-	936,521,064	-
Sub Total		**-**	**-**	**1,167,301,461**	**-**
Grand Total		**12,458,238,785**	**11,229,823,891**	**2,984,644,461**	**10.4**

Source: *Kilifi County Treasury*

Figure 3.41 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the FY 2019/20.

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



Source: *Kilifi County Treasury*

The County generated a total of Kshs.157.91 million from own revenue sources in the first quarter of FY 2019/20. This amount was 15.8 per cent of the annual target.

3.14.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.906.14 million from the CRF account. The withdrawals comprised of Kshs.35 million (3.9 per cent) for development programmes and Kshs.871.14 million (96.1 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

A total of Kshs.1.04 billion was spent on development and recurrent programmes. This expenditure represented 96.7 per cent of the total funds released from the CRF account and comprised of Kshs.35 million and Kshs.906.96 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 14.2 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.7 per cent.

3.14.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.899.24 million was spent on compensation to employees and Kshs.107.09 million on use of goods and services.

Table 3.51: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**7,094,836,639**	**1,042,403,487**	**1,006,334,533**	**14.2**
Compensation to Employees	3,446,815,937	879,242,730	899,242,730	26.1
Operations and Maintenance	3,648,020,702	163,160,757	107,091,803	2.9
Total Development Expenditure	**5,266,902,146**	**35,000,000**	**35,000,000**	**0.7**
Development Expenditure	5,266,902,146	35,000,000	35,000,000	0.7
Total	**12,361,738,785**	**1,077,403,487**	**1,041,334,533**	8.4

Source: *Kilifi County Treasury*

3.14.6 Budget Performance by Department

Table 3.52 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.52: Kilifi County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues in FY 2019/20 (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	798.46	200	161.14	-	134.37	-	83.4	-	16.8	-
Office of the Governor	278.94	-	22.34	-	13.28	-	59.4	-	4.8	-
County Attorney	92.58	-	-	-	15.38	-	-	-	16.6	-
Finance	474.43	1,500.52	32.49	-	7.87	-	24.2	-	1.7	-
Economic Planning	53.46	-	-	-	0.71	-	-	-	1.3	-
Agriculture	305.77	104.55	35.41	-	52.7	-	148.8	-	17.2	-
Livestock	20.82	100	-	-	0.08	-	-	-	0.4	-
Fisheries	21.01	88.5	-	-		-	-	-	-	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues in FY 2019/20 (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water and Sanitation	166.91	423.3	34.09	-	19.39	-	56.9	-	11.6	-
Environment & Natural Resources	40.29	0.5	-	-	0.72	-	-	-	1.8	-
Education (Sports & Youth Affairs)	839.89	316.76	147.3	-	195.75	-	132.9	-	23.3	-
ICT	11.23	0	-	-	-	-	-	-	-	-
Medical Services	2,379.24	662.98	376.09	-	520.56	-	138.4	-	21.9	-
Public Health	355.3	49.7	-	-	-	-	-	-	-	-
Roads & Public Works	305.17	1,069.02	10.87	-	12.51	-	115.1	-	4.1	-
Lands and energy	114.39	178	6.37	-	0.4	-	6.3	-	0.3	-
Physical Planning & Urban Development	47.66	45.5	-	-	-	-	-	-	-	-
Gender & Social Services	83.07	264.1	4.76	-	3.5	-	73.5	-	4.2	-
Trade and Tourism	121.25	226.16	7.23	35	11.13	35	153.9	100	9.2	15.5
Cooperatives Devpt	10.18	-	-	-	-	-	-	-	-	-
Public Service Board	55.92	-	4.5	-	6.72	-	149.3	-	12.0	-
Devolution & Public Service	308.85	2.5	28.56	-	-	-	-	-	-	-
Disaster Management	210.05	34.8	-	-	11.25	-	-	-	5.4	-
Total	**7,095**	**5,267**	**871**	**35**	**1,006**	**35**	**115.5**	**100.0**	**14.2**	**0.7**

Source: *Kilifi County Treasury*

Analysis of expenditure by department shows that County division of Trade & Tourism recorded the highest absorption rate of development budget at 100 per cent while all other departments did not record any development expenditure. The County Department of Education had the highest percentage of recurrent expenditure to recurrent budget at 23.3 per cent followed by the Department of Medical Supplies at 21.9 per cent.

3.14.7 Budget Execution by Programmes and Sub-Programmes

Table 3.53 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.53: Kilifi County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
County Attorney	Administration Planning And Support Services	46,287,500	15,382,393	30,905,107	33.2
	Sub Total	**46,287,500**	**15,382,393**	30,905,107	33.2
Agriculture	Administration, Planning and Support services	251,490,561	52,701,229	198,789,332	21.0
	Food Sufficiency Initiatives	48,747,191	-	48,747,191	-
	Agribusiness and Information Management	46,207,962	-	46,207,962	-
	Irrigation and Drainage Infrastructure	63,877,882		63,877,882	-
	Sub total	**410,323,597**	**52,701,229**	357,622,368	12.8

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Devolution, Public service and Disaster management	Strategic Human Resource Management	8,580,000	-	8,580,000	-
	General Administration, Planning & Support Services	297,597,866	11,248,000	286,349,866	3.8
	Sub total	**306,177,866**	**11,248,000**	294,929,866	3.7
Education	General administration, planning and support services	475,242,071	125,753,774	349,488,297	26.5
	Early Childhood development education	224,304,462	-	-	-
	Education support services	354,560,000	70,000,000	284,560,000	19.7
	Vocation Education and training	102,546,266	-	-	-
	Sub total	**1,156,652,799**	**195,753,774**	960,899,025	16.9
Environment, Forestry, Natural Resources & Wildlife	Environment management and protection	36,790,702	715,200	36,075,502	1.9
	Sub Total	**36,790,702**	**715,200**	36,075,502	1.9
Economic Planning	Administration, Support and Planning Services	14,523,500	134,200	14,389,300	0.9
	County Fiscal Planning	3,531,500	273,240	3,258,260	7.7
	Statistical Information services / Monitoring	8,673,266	300,330	8,372,936	3.5
	Sub total	**26,728,266**	**707,770**	26,020,496	2.6
Finance	Administration, Support and Planning Services	167,345,535	5,689,214	161,656,321	3.4
	Budget Formulation, Coordination and Management	19,523,500	940,120	18,583,380	4.8
	Audit Service	8,240,000	256,150	7,983,850	3.1
	Accounting Services	15,255,350	309,810	14,945,540	2.0
	Supply Chain Management	4,275,000	286,780	3,988,220	6.7
	Resource Mobilization & Revenue Management	22,574,998	388,000	22,186,998	1.7
	Sub total	**237,214,383**	**7,870,074**	229,344,309	3.3
Gender	General administration	16,099,500	3,498,818	12,600,682	21.7
	Sub total	**16,099,500**	**3,498,818**	12,600,682	21.7
Health	Curative and rehabilitative	108,269,413	-	108,269,413	-
	General Administration, Planning & Support Services	2,898,629,546	520,564,701	2,378,064,845	18.0
	.Maternal and Child Health	35,321,229	-	35,321,229	-
	Sub total	**3,042,220,189**	**520,564,701**	2,521,655,488	17.1
Lands & Energy	General Administration Planning and Support services	95,891,349	196,771	95,694,578	0.2
	Land policy and planning	118,000,000	204,400	117,795,600	0.2
	Alternative Energy Technologies	78,500,000	-	-	-
	Sub total	**292,391,349**	**401,171**	291,990,178	0.1

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Livestock	Administration, Planning and Support services	9,100,764	-	9,100,764	0.0
	Livestock Production and Management	79,180,000	84,000	79,096,000	0.1
	Livestock Value Addition and Marketing	8,800,000	-	-	-
	Food Safety and Animal Products Development	3,705,000	-	-	-
	Livestock Disease Management and Control	20,030,000	-	-	-
	Sub total	**120,815,764**	**84,000**	120,731,764	0.1
Office of the Governor	Intergovernmental Relations	10,500,000	2,861,670	7,638,330	27.3
	Administration, planning and support services	128,969,439	10,419,294	118,550,145	8.1
	Sub total	**139,469,439**	**13,280,964**	126,188,475	9.5
County Assembly	General administration	399,227,800	134,373,770	264,854,030	37.6
	Sub total	**399,227,800**	**134,373,770**	264,854,030	37.6
Public Works	General administration, planning and support services	152,484,287	12,508,938	139,975,349	8.2
	Road Transport	534,512,032		534,512,032	0.0
	Sub total	**686,996,319**	**12,508,938**	674,487,381	1.8
Trade & Tourism	General Administration, Planning and Support services	75,876,151	11,130,532	64,745,619	14.7
	Trade Development and Promotion	254,063,361	-	-	-
	Co-operative Development and Promotion	10,178,850		10,178,850	-
	Tourism Development and Promotion	23,520,816	-	-	-
	Sub total	**363,639,178**	**11,130,532**	352,508,646	3.1
Public Service Board	General administration	34,864,630	6,718,569	28,146,061	19.3
	Sub total	**34,864,178**	**6,718,569**	-	19.3
Water & Sanitation	General Administration, Planning and Support Services	166,905,360	19,394,630	147,510,730	11.6
	Water Resource management	423,300,000	-	423,300,000	-
	Sub total	**590,205,360**	**19,394,630**	570,810,730	3.3
Grand Total		**7,871,240,010**	**1,006,334,533**	**6,864,905,477**	**12.8**

Source: Kilifi County Treasury

The top performing programs across the county were: General Administration (County Assembly) and Administration Planning and Support Services (County Attorney).

3.14.8 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 166 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 report in line with Section 166 of PFM Act, 2012.*

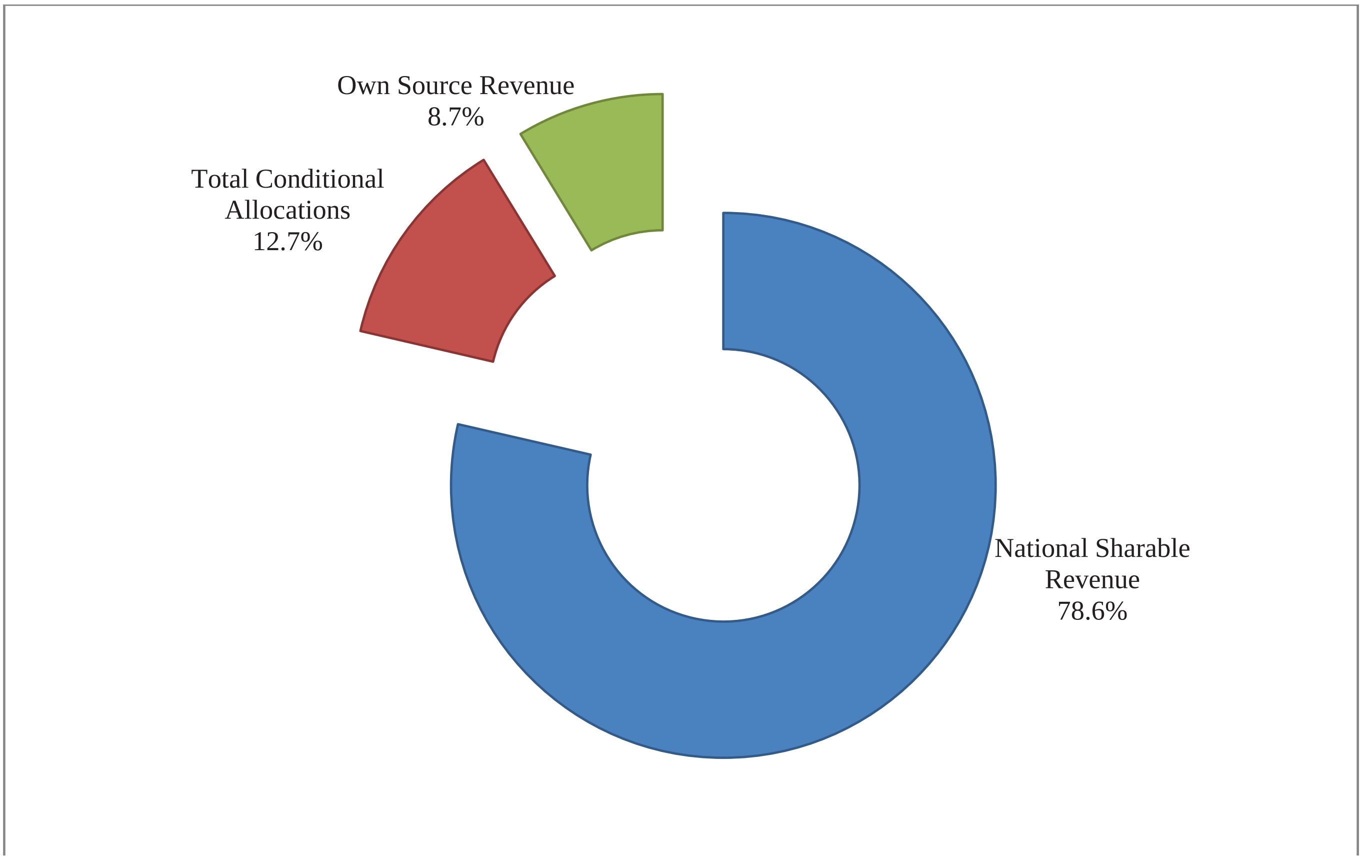
3.15 Kirinyaga County

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 expects 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 had Kshs.616.69 million (9.7 per cent) as cash balance from FY 2018/19. Figure 3.42 shows the Expected Sources of financing in FY 2019/20

Figure 3.42: Expected Sources of Financing in FY 2019/20



Source: *Kirinyaga County Treasury*

3.15.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.737.95 million as equitable share of the revenue raised nationally, raised Kshs.62.77 million from own-source revenue, and had a cash balance of Kshs.616.69 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.42 billion as shown in Table 3.54

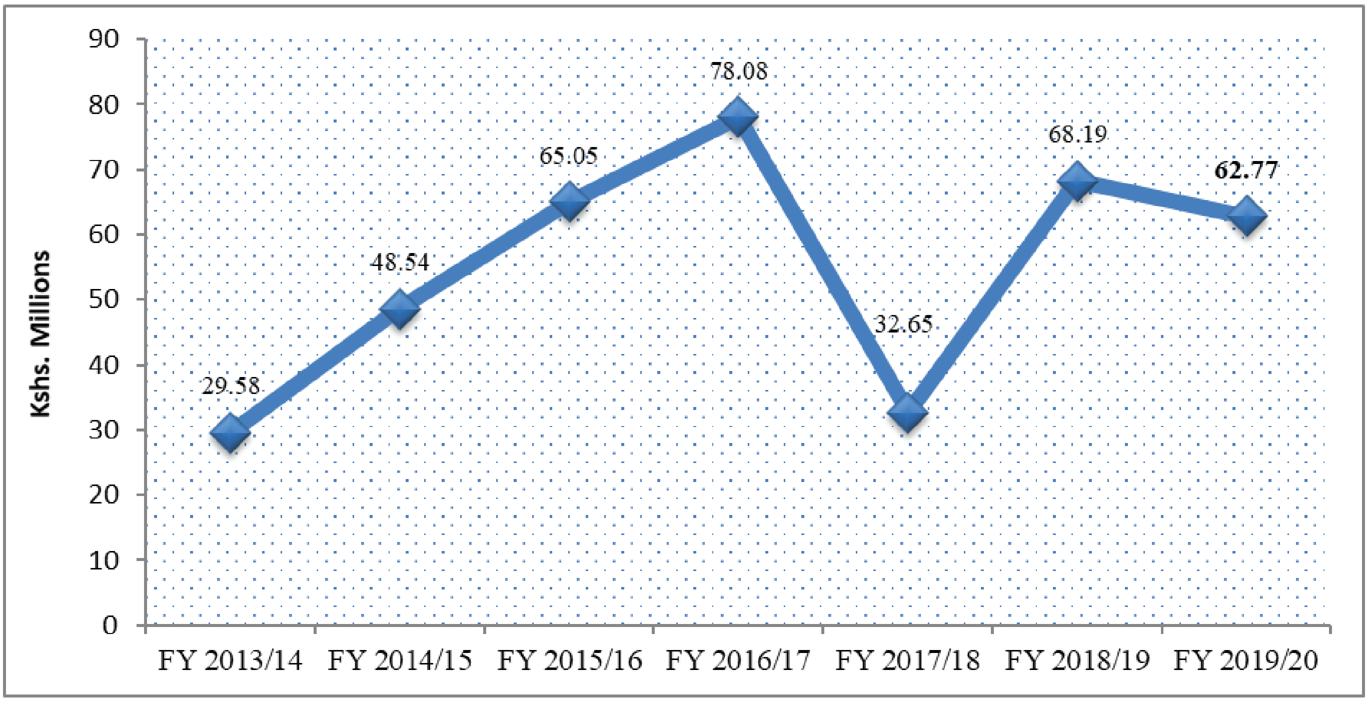
Table 3.54: Kirinyaga County, Revenue Performance in the First Quarter of FY 2019/20

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**	**4,241,100,000**	**4,497,978,000**	**737,951,400**	**16.4**
Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	11,282,570	11,282,570	-	-
2.	Leasing of Medical Equipment	131,914,894		-	-
3.	Road Maintenance Fuel Levy Fund	120,386,438	120,386,438	-	-
4.	Rehabilitation of Village Polytechnics	34,503,298	34,503,298	-	-
Sub Total		**298,087,200**	**166,172,306**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health Systems for Universal Care Project (WB)	35,000,000	30,000,000	-	-
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	71,078,830	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	71,302,200	8,800,000.00	-	-
9.	DANIDA Grant	12,281,250	12,281,250	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,513,506	14,513,306	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	71,302,200	-	-
Sub Total		**521,896,956**	**557,975,586**	**-**	**-**
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	500,000,000	62,766,395	12.6
13.	Balance b/f from FY2018/19	-	616,686,774	616,618,774	100
Sub Total		**-**	**1,116,686,774**	**62,766,395**	**60.8**
Grand Total		**5,061,084,156**	**6,338,812,666**	**1,417,404,569**	**22.4**

Source: *Kirinyaga County Treasury*

Figure 3.43 shows the trend in own-source revenue collection for the first quarter from the FY 2013/14 to FY 2019/20.

Figure 3.43: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



***Source:** Kirinyaga County Treasury*

The County generated a total of Kshs.62.77 million from own revenue sources in the first quarter of the FY 2019/20. This amount was 12.6 per cent of the annual target.

3.15.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.874.14 million from the CRF account. The withdrawals comprised of Kshs.53.34 million (6.1 per cent) for development programmes and Kshs.820.80 million (93.9 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

A total of Kshs.632.46 million was spent on development and recurrent programmes. This expenditure represented 72.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.35.1 million and Kshs.597.36 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 14.6 per cent of the annual recurrent budget while that incurred on development programmes accounted for absorption of 1.6 per cent of the development budget. Table 3.55 shows a list of development projects implemented in the first quarter of FY 2019/20.

Table 3.55: List of Projects Implemented in the First Quarter of FY 2019/20

S/No.	Project Name	Department	Location	Budget	Exchequer Issues	Expenditure (Kshs)	Absorption Rate (%)	Implementation Status
1	Proposed Construction of 220 bed capacity medical Complex	Medical Services and Public Health	Kerugoya	450,000,000	30,101,715	30,101,715	6.7	Ongoing
2	Fuel expense for the In House County Funded Roads Grading & Graveling program.	Transport and Infrastructure	All Wards	31,000,000	5,000,000	5,000,000	16.1	Ongoing

***Source:** Kirinyaga County Treasury*

3.15.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.396.20 million was spent on compensation to employees and Kshs.201.16 million on use of goods and services.

Table 3.56: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

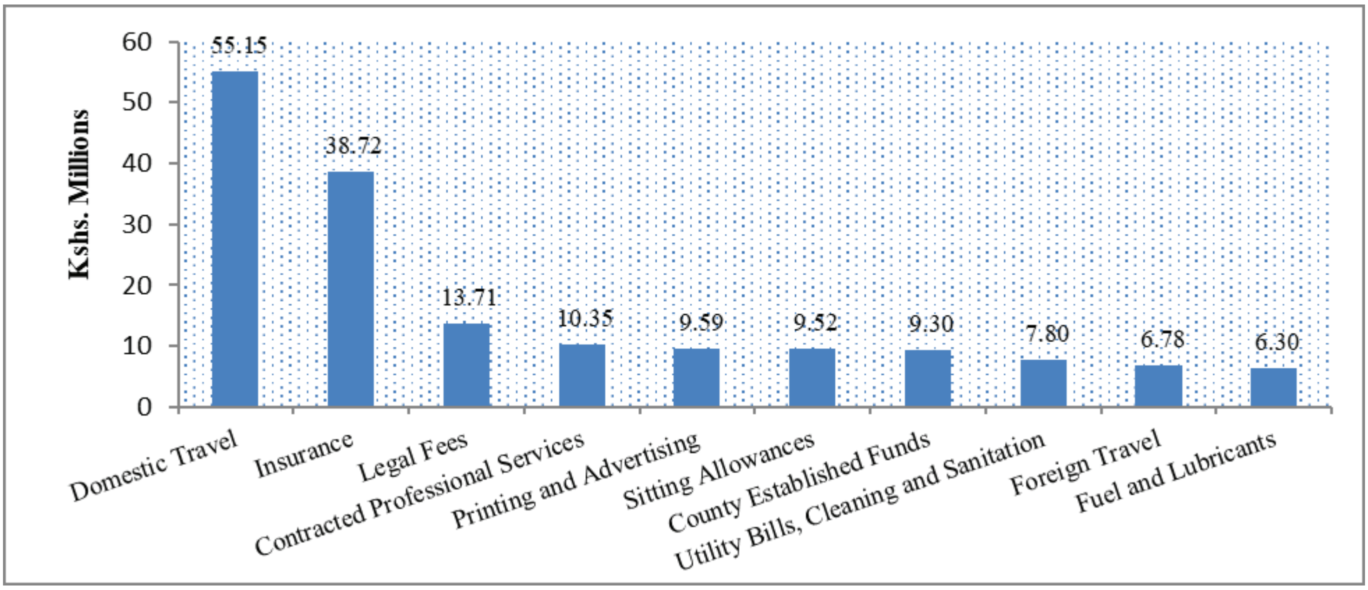
Expenditure Classification	Budget(Kshs.)	Exchequer Issues (Kshs.)	Expenditure Kshs.	Absorption (%)
Total Recurrent Expenditure	4,093,885,961	820,799,853	597,363,003	14.6
Compensation to Employees	2,659,525,999	545,618,738	396,198,630	14.9
Operations and Maintenance	1,434,359,962	275,181,115	201,164,373	14.0
Total Development Expenditure	2,244,926,705	53,338,236	35,101,715	1.6
Development expenditure	2,244,926,705	53,338,236	35,101,715	1.6
Total	**6,338,812,666**	**874,138,089**	**632,464,718**	10.0

Source: *Kirinyaga County Treasury*

3.15.6 Analysis of Operations and Maintenance

Figure 3.44 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.44: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Kirinyaga County Treasury*

During the first quarter of FY 2019/20, the County spent Kshs.9.52 million on committee sitting allowances to the 34 MCAs inclusive of the Speaker against the annual budget allocation of Kshs.134.85 million. This was an increase of 41.4 per cent compared to Kshs.5.6 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.93,321 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.55.15 million and comprised of Kshs.44.8 million spent by the County Assembly and Kshs.10.35 million by the County Executive. This represented an increase of 21.7 per cent compared to Kshs.43.2 million spent in the first quarter of FY 2018/19.

3.15.7 Budget Performance by Department

Table 3.57 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.57: Kirinyaga County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	556.93	134.52	140.19	-	140.13	-	100.0	-	25.2	-
County Executive	515.29	481.68	92.77	-	73.46	-	79.2	-	14.3	-
Finance and Economic Planning	325.85	30.00	93.29	-	75.36	-	80.8	-	23.1	-
Medical Services and Public Health	1,923.77	609.32	367.77	30.10	240.23	30.10	65.3	100	12.5	4.9
Education	218.26	34.50	34.44	-	13.76	-	40.0	-	6.3	-
Agriculture, Livestock and Fisheries	222.53	488.29	37.93	-	13.08	-	34.5	-	5.9	-
Gender and Youth	37.66	35.95	10.16	-	6.94	-	68.3	-	18.4	-
Sports Culture and Social Services	29.74	14.50	5.07	-	5.23	-	103.1	-	17.6	-
Cooperative Development Trade and Tourism	54.51	56.61	5.05	-	4.98	-	98.6	-	9.1	-
Environment and Natural Resources	90.63	59.43	15.97	-	12.49	-	78.2	-	13.8	-
Physical Planning and Housing	39.15	71.30	5.45	-	4.35	-	79.9	-	11.1	-
Transport and Infrastructure	79.56	228.83	12.71	23.24	7.34	5.00	57.8	21.5	9.2	2.2
TOTAL	**4,093.89**	**2,244.93**	**820.80**	**53.34**	**597.36**	**35.10**	**72.8**	**65.8**	**14.6**	**1.6**

Source: *Kirinyaga County Treasury*

Analysis of expenditure by department shows that the Department of Medical Services and Public Health, and the Department of Transport and Infrastructure recorded an absorption rate for development budget at 4.9 per cent and 2.2 per cent respectively. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 25.2 per cent while the Department of Agriculture, Livestock and Fisheries had the lowest at 5.9 per cent.

3.15.8 Budget Execution by Programmes and Sub-Programmes

Table 3.58 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.58: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes in the First Quarter 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	140,131,587	551,322,464	20.3
Sub Total		**691,454,051**	**140,131,587**	**551,322,464**	**20.3**
Office of the Governor and Deputy Governor	County Executive Services	289,499,644	48,670,405	240,829,239	16.8
County Executive Administration	County Executive Services	481,677,591	-	481,677,591	-
Management of County Affairs	Coordination of County Functions	181,228,830	21,101,071	160,127,759	11.6
County Executive Committee Affairs	Organization of County Business	5,600,000	482,100	5,117,900	8.6
County Public Service Board	Human Resource Management	17,311,040	1,740,666	15,570,374	10.1
Administrative Support Services	Administrative Support Services	7,980,000	334,200	7,645,800	4.2
	Audit Committee	2,600,000	34,600	2,565,400	1.3
	County Enforcement Activities	4,950,000	161,000	4,789,000	3.3
	ICT Infrastructure Development Management	4,184,000	670,964	3,513,037	16.0
	ICT Systems Development Management	1,940,000	267,000	1,673,000	13.8

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Sub Total		**996,971,105**	**73,462,006**	**923,509,099**	**7.4**
Public Finance Management	Finance Services	280,792,347	71,944,531	208,847,816	25.6
	Revenue Services	45,540,000	750,450	44,789,550	1.6
	Procurement and Supply Services	8,126,500	51,500	8,075,000	0.6
	Internal Audit Services	2,363,200	116,200	2,247,000	4.9
	Budget Formulation, Coordination and Management	7,844,000	978,660	6,865,340	12.5
	Accounting Services	6,255,000	1,162,740	5,092,260	18.6
County Planning and Economic Policy Management	Economic Planning Services	4,928,000	356,040	4,571,960	7.2
Sub Total		**355,849,047.00**	**75,360,120.75**	**280,488,926.25**	21.2
Curative and Rehabilitative Services	Curative and Rehabilitative Services	2,533,092,065	270,333,350	2,262,758,715	10.7
Sub Total		**2,533,092,065**	**270,333,350**	**2,262,758,715**	**10.7**
Basic Education	General Administration	209,174,229	13,181,640	195,992,589	6.3
	Free Pre- Primary Education	8,270,000	406,360		4.9
State Education Function Support	Tertiary Education	34,503,298	-	34,503,298	-
Technical and Vocational Training	Village Polytechnics	815,000	174,960	640,040	21.5
Sub Total		**252,762,527**	**13,762,960**	**231,135,927**	**5.4**
Livestock Resource Management and Development	Livestock Extension and Capacity Building Services	305,000	-	305,000	-
	Livestock Production Management	880,000	-	880,000	-
	Livestock Disease Management & Control	1,300,000	29,500	1,270,500	2.3
Crop Development and Management	Agricultural Extension Services	2,000,000	535,654	1,464,346	26.8
	Agribusiness and Market Development	335,000	-	335,000	-
	Land and Crop Development	1,331,000	390,553	940,447	29.3
	Food Security Initiatives	400,000		400,000	-
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	40,000	5,870,000	0.7
	General Administration and Planning	698,160,024	12,088,686	686,071,338	1.7
Sub Total		**710,821,024**	**13,084,393**	**697,736,631**	**1.8**
Culture	Gender Administration Services	32,671,210	6,338,276	26,332,934	19.4
	Gender and Social Development	38,780,800	600,200	38,180,600	1.5
Youth	Youth Development and Empowerment Services	2,150,000	98,000	2,052,000	4.6
Sub Total		**73,602,010**	**6,938,476**	**64,513,534**	**9.4**
Sports	Development of Sports and Sports Facilities	14,500,000	-	14,500,000	-
	Management & Development of Sports and Sports Facilities	10,350,000	3,060,700	7,289,300	29.6
Social Services	Social Services	10,428,469	2,116,886	8,311,583	20.3
	Control & Campaign Against Drug & Substance Abuse	3,084,000	-	3,084,000	-
	Prevention & Promotion of Heritage and Culture	334,000	30,000	304,000	9
Children Services	Child Community Support Services	5,542,000	21,000	5,521,000	0.4

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Kshs)**	**Actual Payments (Kshs)**	**Variance**	**Absorption (%)**
Sub Total		**44,238,469**	**5,228,586**	**39,009,883**	**11.8**
Trade Development and Investment	General Administration and Planning	20,765,436	-	20,765,436	-
	Capacity Building for Traders and SME's	577,000	-	577,000	-
	Promotion, Development & Growth of Trade	39,223,878	21,000	39,202,878	0.1
	Fair Trade Practices and Consumer Protection	610,000	-	610,000	-
Tourism Development and Marketing	Tourism promotion and Marketing	6,757,000	-	6,757,000	-
	International Tourism Promotion and Marketing	410,000	-	410,000	-
	Promotion of Industrial Development	1,905,000	45,000	1,860,000	2.4
	Provision of Industrial Training	1,230,000	-	1,230,000	-
Cooperative Development and Marketing	General Administration & Planning	32,352,727	4,916,255	27,436,472	15.2
	Cooperative Advisory and Extension Services	4,210,000	-	4,210,000	-
	Cooperative Education and Training	2,450,000	-	2,450,000	-
	Cooperative Governance and Accountability	449,000	-	449,000	-
Cooperative Audit Services	Inspections and Investigations for Cooperatives	180,200	-	180,200	-
Sub Total		**111,120,241**	**4,982,255**	**106,137,986**	**4.5**
Water Supply Services	Water and Irrigation	59,434,000	-	59,434,000	-
Energy Programme	Energy Services	580,000	-	580,000	-
NEMA	Environment Management and Protection	32,297,000	7,658,800	24,638,200	23.7
Water	General Administration & Planning	57,750,839	4,828,775	52,922,064	8.4
Sub Total		**150,061,839**	**12,487,575**	**137,574,264**	**8.3%**
Land and Physical Planning	General Administration and Planning	109,600,228	4,178,277	105,421,951	3.8
	County Spatial Planning	855,000	-	855,000	-
	Town Zoning and Mapping	71,302,200	-	71,302,200	-
	Survey and Mapping	1,155,000	-	1,155,000	-
Estate Management	Estate Management	850,000	174,860	675,140	20.6
Sub Total		**110,450,228**	**4,353,137**	**106,097,091**	**3.9**
Transport Management	General Administration and Planning	63,268,285	6,738,524	56,529,761	10.7
Disaster Management	Fire Fighting and Emergency Services	1,780,000	-	1,780,000	-
Roads Development Maintenance and Management	Construction and Maintenance of Roads and Bridges	230,131,775	5,000,000	225,131,775	2.2
Government Building Services	Government Building Services	3,510,000	38,600	3,471,400	1.1
Infrastructure Development, Maintenance and Management	Infrastructure Development Services	9,700,000	563,148	9,136,852	5.8
Sub Total		**308,390,060**	**12,340,272**	**296,049,788**	4
Grand Total		**6,338,812,666**	**632,464,718**	**5,696,334,308**	**10**

Source: *Kirinyaga County Treasury*

The top performing sub-programs across the county were: Land and Crop Development, Management and Development of Sports and Sports Facilities, and Finance Services.

3.15.9 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. This was caused by delays in the approval of DORA and CARA by Parliament and affected implementation of the budget.
2. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes the PFM Act, 2012.

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

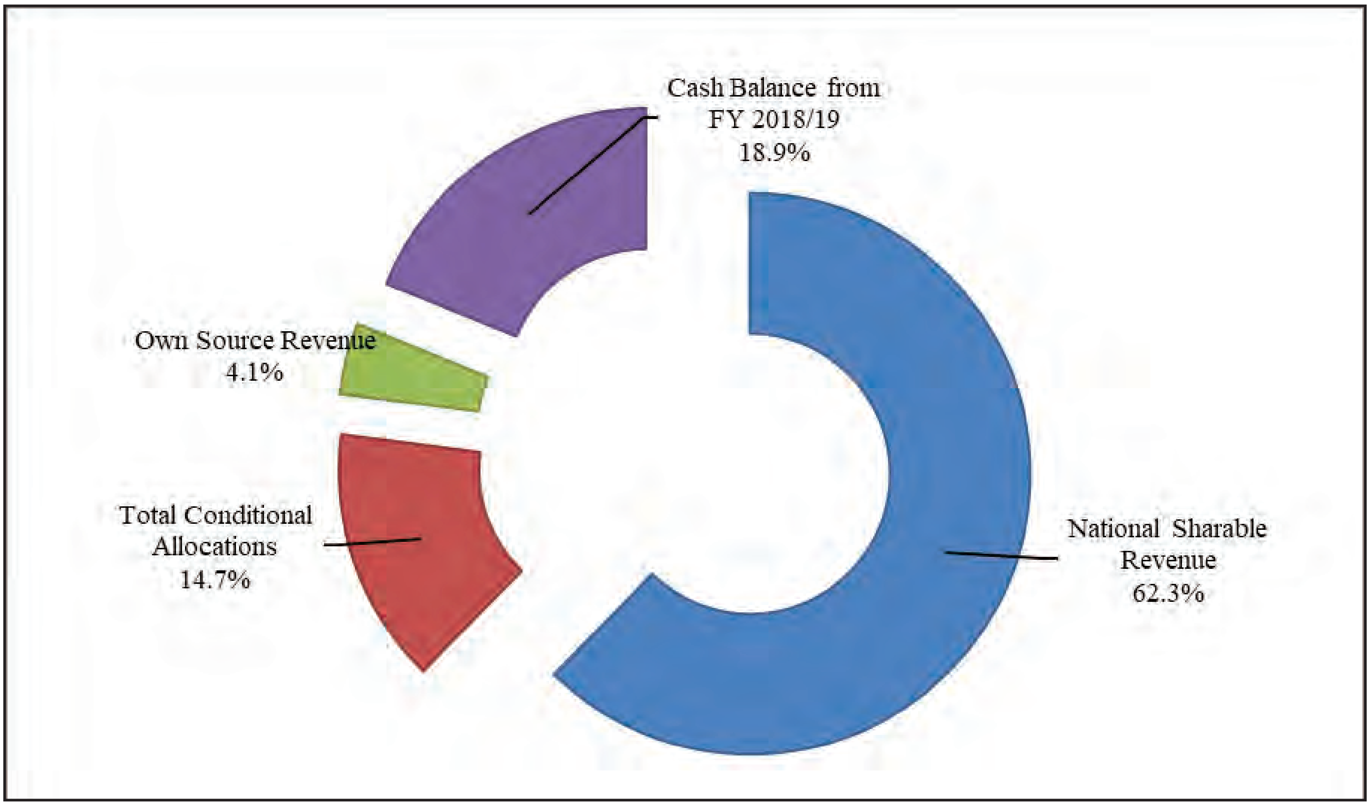
1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in the remaining period of the financial year.*
2. *The County should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*

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 (34.80 per cent) and Kshs.7.98 billion (65.20 per cent) allocation for development and recurrent programmes respectively. To finance the budget, the County expects to receive Kshs.7.85 billion (78.5 per cent) as equitable share of revenue raised nationally, Kshs.1.80 billion (15 per cent) as total conditional grants, generate Kshs.500 million (4.7 per cent) from own source revenue, and had Kshs.2.31 billion (21.8 per cent) as cash balance from FY 2018/19. Figure 3.45 shows the expected sources of financing in FY 2019/20.

Figure 3.45: Expected Sources of Financing in FY 2019/20



Source: *Kisii County Treasury*

3.16.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.35 billion as equitable share of the revenue raised nationally, Kshs.234.73 million as total conditional grants, raised Kshs.74.56 million from own-source revenue, and had a cash balance of Kshs.848.82 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.51 billion as shown in Table 3.49.

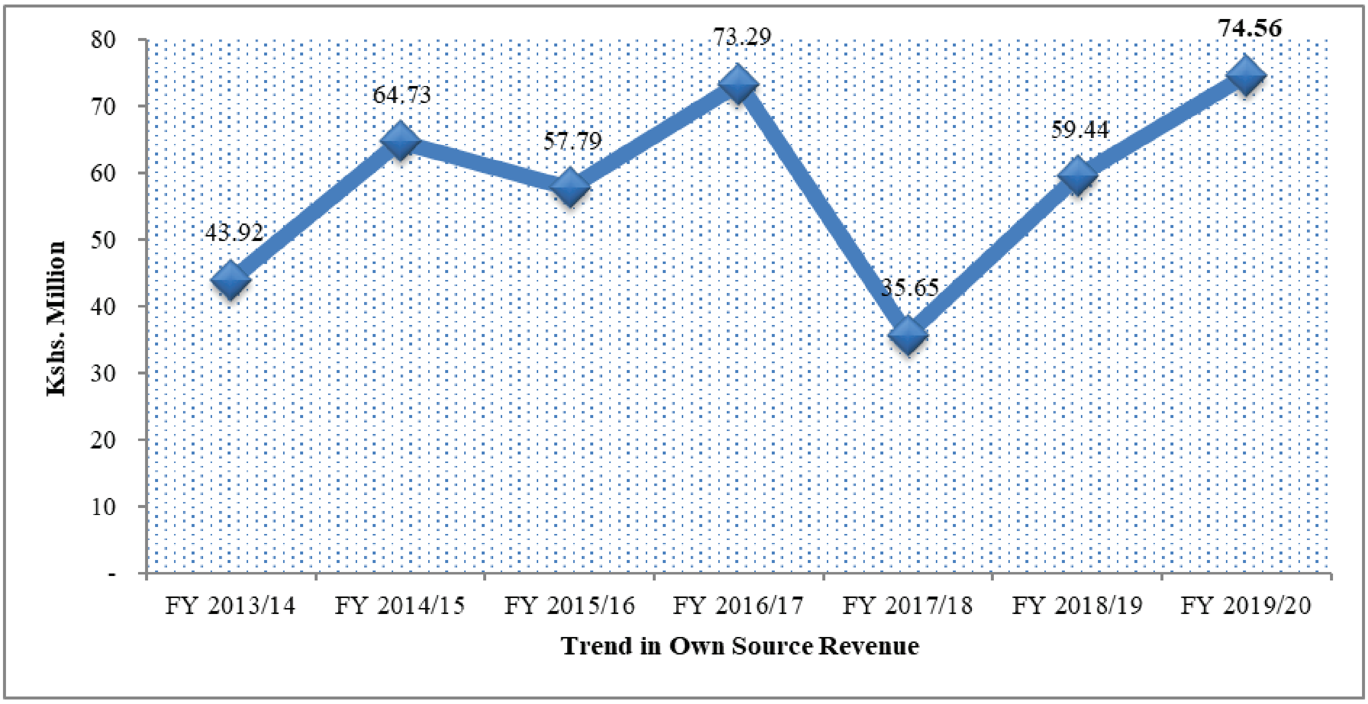
Table 3.59: Kisii County, Revenue Performance in the First Quarter of FY 2019/20

	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	1,354,746,600	17.8
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	417,572,254	417,572,254	-	-
2.	Compensation for User Fee Foregone	26,138,997	26,138,997	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	221,007,938	221,007,938	-	-
5.	Rehabilitation of Village Polytechnics	74,553,298	74,553,298	-	-
Sub Total		**871,187,381**	**871,187,381**	**-**	**-**
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	44,696,901	44,696,901	-	-
7.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	-	-
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)	164,053,800	164,053,800	-	-
10.	DANIDA Grant	22,968,750	22,968,750	-	-
11.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	45,697,438	45,697,438	-	-
12.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	234,727,114	234,727,114	100.0
13.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,527,653	18,527,653	-	-
14.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
15.	Aquaculture Business Development Programme(IFAD)	-	12,500,000	-	-
Sub Total		**684,744,542**	**931,971,656**	**234,727,114**	**17.8**
D	**Other Sources of Revenue**				
16.	Own Source Revenue	-	500,000,000	74,560,440	14.9
17.	Balance b/f from FY2018/19	-	2,309,631,924	848,820,543	36.8
Sub Total		**-**	**2,809,631,924**	**923,380,983**	**32.9**
Grand Total		**9,341,831,923**	**12,238,790,961**	**2,512,854,697**	**20.5**

Source: *Kisii County Treasury*

Figure 3.46 shows the trend in own-source revenue collection for the first quarter from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.46: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Kisii County Treasury*

The own source revenue realised in the reporting period of Kshs.74.56 million represented 14.9 per cent of the annual target.

3.16.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.61 billion from the CRF account. The withdrawals comprised of Kshs.88.26 million (5.5 per cent) for development programmes and Kshs.1.52billion (94.5 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

A total of Kshs.1.16 billion was spent on development and recurrent programmes. This expenditure represented 72 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.164.20 million and Kshs.994.20 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 12.5 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 3.9 per cent.

3.16.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.856.25 million was spent on compensation to employees and Kshs.137.95 million on use of goods and services.

Table 3.60: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**7,981,964,388**	**1,521,344,720**	**994,196,280**	**12.5**
Compensation to Employees	5,361,125,176	1,245,954,495	856,247,983	16
Operations and Maintenance	2,620,839,212	235,390,225	137,948,297	5.3
Total Development Expenditure	**4,256,826,573**	**88,257,285**	**164,198,501**	3.9
Development expenditure	4,256,826,573	88,257,285	164,198,501	3.9
Grand Total	**12,238,790,961**	**1,609,602,005**	**1,158,394,781**	**9.5**

Source: *Kisii County Treasury*

3.16.6 Development Expenditure

Table 3.61: List of Projects Implemented for the First Quarter of FY 2019/20

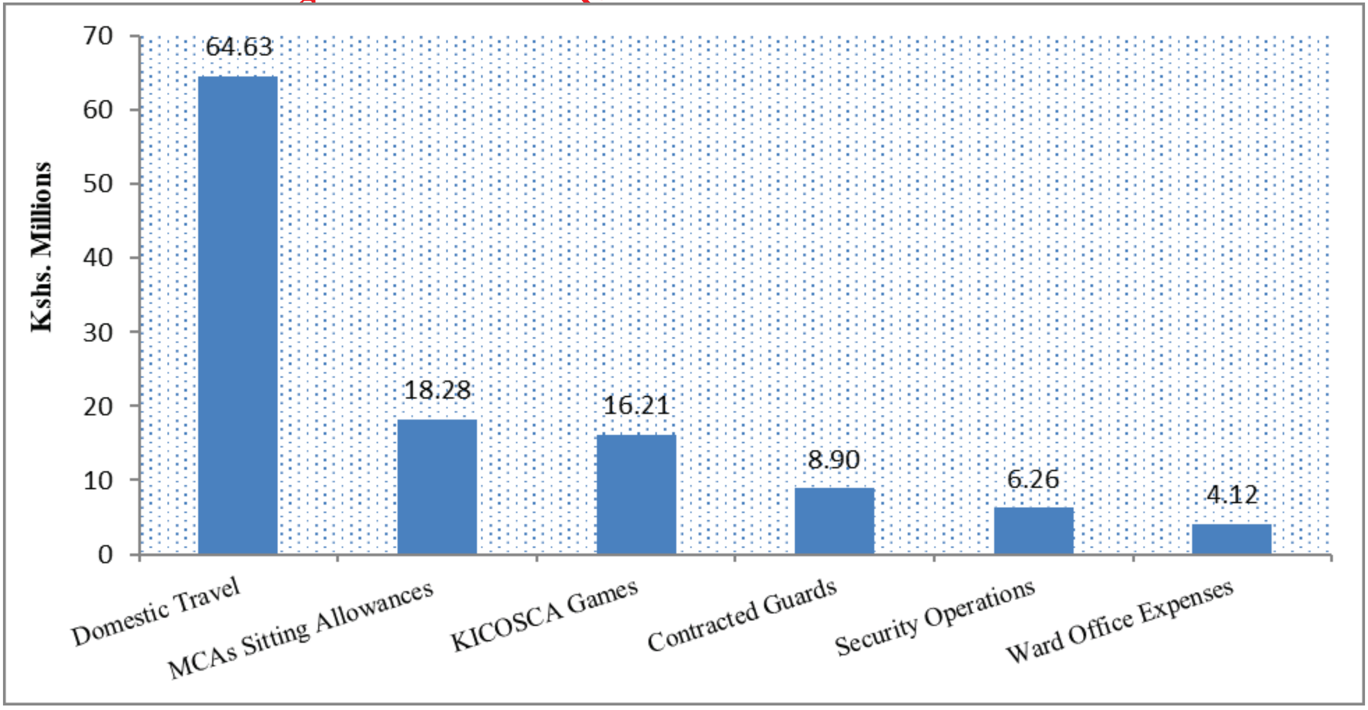
S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1.	Supply and Configuration Of An Enterprise End Point Security Solution For All County It Equipment And Devices	Finance	Kisii County Hqs	6,932,000	6,932,000	100
2.	Supply And Delivery Of 470 Pistollette And 200pkts Of Disposable Syringes 50cc	Agriculture, Livestock, Fisheries & Co-Operative Development	Kisii County Hqs	2,341,000	2,341,000	100
3.	Supply, Delivery And Distribution Of Semen, Liquid Nitrogen And Artificial Insemination Equipment	Agriculture, Livestock, Fisheries & Co-Operative Development	Kisii County Hqs	17,345,000	17,345,000	100
4.	Supply And Delivery Of 8670 Litres Of Liquid Nitrogen	Agriculture, Livestock, Fisheries & Co-Operative Development	Kisii County Hqs	3,901,500	3,901,500	100
5.	Supply, Delivery And Installation Of 170 Solar Streetlights	Lands, Physical Planning And Urban Development	All Wards	54,898,600	16,500,000	30
6.	Supply, Delivery And Installation Of Morgue Pathology Equipment	County Health Services	Kisii Level 6 Hospital	78,934,080	10,000,000	13
7.	Hire of MTF Equipment For Gravelling in Kisii County	Roads, Public Works And Transport	All Wards	217,214,146	25,353,535	12
8.	Rehabilitation of Mission-Makanda S.D.A Road	Roads, Public Works And Transport	Sensi	2,600,000	2,600,000	100
9.	Construction Of Nyandiba-Riasamuel Road	Roads, Public Works And Transport	Marani	3,284,250	3,284,250	100
10.	Daraja Mbili Cabbage - Mosota Semo - Osoro - Nyabikondo Road	Roads, Public Works And Transport	Kitutu Central	4,583,920	4,086,100	89
11.	Kisii Main Stage-Getare Road	Roads, Public Works And Transport	Kitutu Central	35,673,982	5,774,510	16
12.	Taracha Disp - Taracha Shopping Centre Road	Roads, Public Works And Transport	Bogusero	2,099,912	2,099,912	100
13.	Cattle Dip - Nyachenge - Riomache - Nyakegara Kemo Road	Roads, Public Works And Transport	Masige West	4,700,615	3,223,942	69
14.	Magenche D.O.K Pry Sch - Riogachi - Botaranda Road	Roads, Public Works And Transport	Magenche	2,304,600	2,302,500	100
15.	Moticho - Eburi Road	Roads, Public Works And Transport	Moticho	3,707,600	3,336,971	90
16.	Nyagesenda - Itare Bridge - Sombogo - Masongo - Nyagoto - Nyamarianyi Road	Roads, Public Works And Transport	Sensi	4,822,150	3,909,722	81

Source: *Kisii County Treasury*

3.16.7 Analysis of Operations and Maintenance

Figure 3.47 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.47: Kisii County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



***Source: Kisii** County Treasury*

The County spent Kshs18.28 million on committee sitting allowances to the 70 MCAs and the Sepaker against the annual budget allocation of Kshs.118.87 million. This was a decline of 9 per cent compared to Kshs.20.10 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.85,837 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.64.63 million and comprised of Kshs.12.14 million spent by the County Assembly and Kshs.52.49 million by the County Executive. This represented a decrease of 24 per cent compared to Kshs.84.54 million spent in the first quarter of FY 2018/19.

3.16.8 Budget Performance by Department

Table 3.62 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.62: Kisii County, Budget Performance by Department for the First Quarter 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	958.15	180.00	183.75	-	124.40	-	67.7	-	13.0	-
County Executive	496.75	48.50	96.93	-	39.64	-	40.9	-	8.0	-
Finance & Economic planning	1,152.19	90.40	180.78	6.93	136.56	6.93	75.5	100.0	12.0	7.7
Agriculture, Livestock, Veterinary & Fisheries	359.33	802.98	94.05	23.59	12.56	23.59	13.4	100.0	3.5	2.9
Energy, Environment and Natural Resources	183.46	238.00	32.00	-	0.43	-	1.3	-	-	-
Education, Youth Affairs & Social Development	613.44	206.83	77.26	-	45.82	51.21	58.3	-	7.5	25

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 Health Services	3,009.93	1,083.95	629.57	10.00	458.34	10.00	72.8	100.0	15.2	1.0
Lands, Physical Planning and Urban Development	99.99	121.76	15.89	16.50	5.54	16.50	34.9	100.0	5.5	13.6
County Transport, Public Works	163.79	898.15	28.26	31.24	1.24	55.97	4.4	198.0	1.0	6.2
Trade, Tourism, Cooperatives and Enterprise Development	97.48	128.75	13.10	-	1.32	-	10.0		1.4	
Culture, Social Services and Gender	71.15	102.20	15.13	-	11.02	-	72.8		15.5	
Kisii town	139.17	286.75	56.96	-	9.45	-	16.6		6.8	
Administration and Stakeholder Management	637.10	68.56	97.66	-	147.88	0.00			23.2	
Total	**7,981.96**	**4,256.83**	**1,521.34**	**88.26**	**994.19**	**164.20**	**65.3**	**186**	**12.5**	**4**

Source: *Kisii County Treasury*

Analysis of expenditure by department shows that the Department of Education, Youth affairs and Social Development recorded the highest absorption rate of development budget at 25 per cent. The Department of Administration and Stakeholder Management had the highest percentage of recurrent expenditure to its recurrent budget at 23 per cent.

3.16.9 Budget Execution by Programmes and Sub-Programmes

Table 3.34 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.63: Kisii County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Assembly	Office of the speaker	38,389,787	3,796,735	34,593,052	10
	Representation, legislative and oversight services	545,993,330	72,505,356	473,487,974	13
	County assembly service board	553,767,588	48,093,884	505,673,704	9
	Sub total	**1,138,150,705**	**124,395,975**	**1,013,754,730**	**11**
County Executive	Administration, planning and support services	417,407,288	34,198,109	383,209,179	8
	Office of the county secretary	36,100,000	172,300	35,927,700	0
	Legal Services	20,700,000	150,000	20,550,000	1
	Communication services	24,250,000	462,400	23,787,600	2
	Special programmes	6,850,000	1,387,370	5,462,630	20
	Public private partnership	2,500,000	-	2,500,000	-
	Advisory services	3,350,000	-	3,350,000	-
	County public service board	34,096,000	3,265,040	30,830,960	10
	Sub total	**545,253,288**	**39,635,219**	505,618,069	7
	Administration, planning and support services	567,711,999	145,582,648	422,129,351	26
	Devolved units services	59,464,165	74,800	59,389,365	0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration, cooperate services and stakeholder management	Human Resource development	10,060,000	699,000	9,361,000	7
	Enforcement services	13,100,000	-	13,100,000	-
	Stakeholder management	8,308,809	650,100	7,658,709	8
	Public participation and civic education.	12,950,000	569,055	12,380,945	4
	Disaster management.	34,070,000	163,100	33,906,900	0
	Sub total	**705,664,973**	**147,738,703**	**557,926,270**	**21**
	Administration, coordination and support services	971,177,878	121,313,064	849,864,814	**12**
	Public financial management services	80,775,000	1,702,120	79,072,880	**2**
Finance and economic planning	County planning services	190,670,076	20,481,400	170,188,676	11
	Sub total	**1,242,622,954**	**143,496,584**	**1,099,126,370**	**12**
	Administrative and support services	709,652,585	12,564,634	697,087,951	**2**
	Crop development and value addition	194,910,085	-	194,910,085	**-**
Agriculture, livestock, fisheries and cooperative development	Livestock development	23,250,000	2,341,000	20,909,000	10
	Veterinary services	175,000,000	21,246,500	153,753,500	12
	Cooperative development and management	2,250,000	-	2,250,000	-
	Fisheries development	48,000,000	-	48,000,000	-
	Kisii agricultural training centre	9,250,000	-	9,250,000	-
	Sub total	**1,162,312,670**	**36,152,134**	**1,126,160,536**	**3**
	Administration and planning services	130,156,579	325,620	129,830,959	-
	Water and sanitation services	260,750,000	100,000	260,650,000	-
Energy, water, environment and natural resources	Environment management	22,000,000	-	22,000,000	-
	Energy services	8,550,000	-	8,550,000	
	Sub total	**421,456,579**	**425,620**	**421,030,959**	**0.1**
	General administration and planning services	613,439,043	45,822,720	567,616,323	7
	Early childhood development education	43,184,441	-	43,184,441	-
Education, labour and manpower development	Vocational training	163,643,298	51,207,559	112,435,739	31
	Sub total	**820,266,782**	**97,030,279**	**723,236,503**	**12**
	Medical services	4,057,930,441	467,977,296	3,589,953,145	12
	Public health	35,950,000	363,000	35,587,000	1
Health Services	**Sub total**	**4,093,880,441**	**468,340,296**	**3,625,540,145**	**11**
	Administration, planning and support services	75,985,904	5,543,800	70,442,104	7
	Land use services	108,300,000	16,500,000	91,800,000	15
Lands, Physical Planning and Urban Development	Urban development	37,456,610	-	37,456,610	
	Sub total	**221,742,514**	**22,043,800**	**199.698,714**	**10**
	General administration and planning services	109,395,000	732,000	108,663,000	1
	Roads development	877,152,456	55,971,442	821,181,014	6
Roads ,public works, transport and housing	Public works	69,590,000	507,531	69,082,469	1
	Housing services	5,800,000	-	5,800,000	
	Sub total	**1,061,937,456**	**57,210,973**	**1,004,726,483**	**5**
	Administration and planning services	**204,322,306**		**204,322,306**	
	Tourism services	8,357,000	1,223,695	7,133,305	1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Trade , tourism and industry	Weights and measures	2,550,000	94,890	2,455,110	1
	Liquor licensing	2,450,000	-	2,450,000	-
	Betting and gaming	8,550,000	-	8,550,000	-
	Sub total	**226,229,306**	**1,318,585**	**224,910,721**	**1**
	Administration and planning services	52,165,252	3,086,162	49,079,090	6
	Sports development	79,835,603	7,935,000	71,900,603	10
Culture and social services	Cultural services	34,650,000	-	34,650,000	-
	Social development	6,700,000	-	6,700,000	-
	Sub total	**173,350,855**	**11,021,162**	**162,329,693**	**6**
	General administration, planning and support services	139,174,275	9,447,551	129,726,724	7
	Infrastructure development	286,748,163	-	286,748,163	-
Grand Total		**12,238,790,961**	**1,158,394,781**	**11,080,396,180**	**9.5**

Source: *Kisii County Treasury*

The top performing programs across the County were: administration, planning and support services, communication services, and vocational training.

3.16.10 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 reports.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury which was occasioned by the impasse in Parliament in the approval of the Division of Revenue Bill.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Controller of Budget in line with Section 166 of PFM Act, 2012*
2. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are releases on a timely manner to avoid delays in budget implementation.*

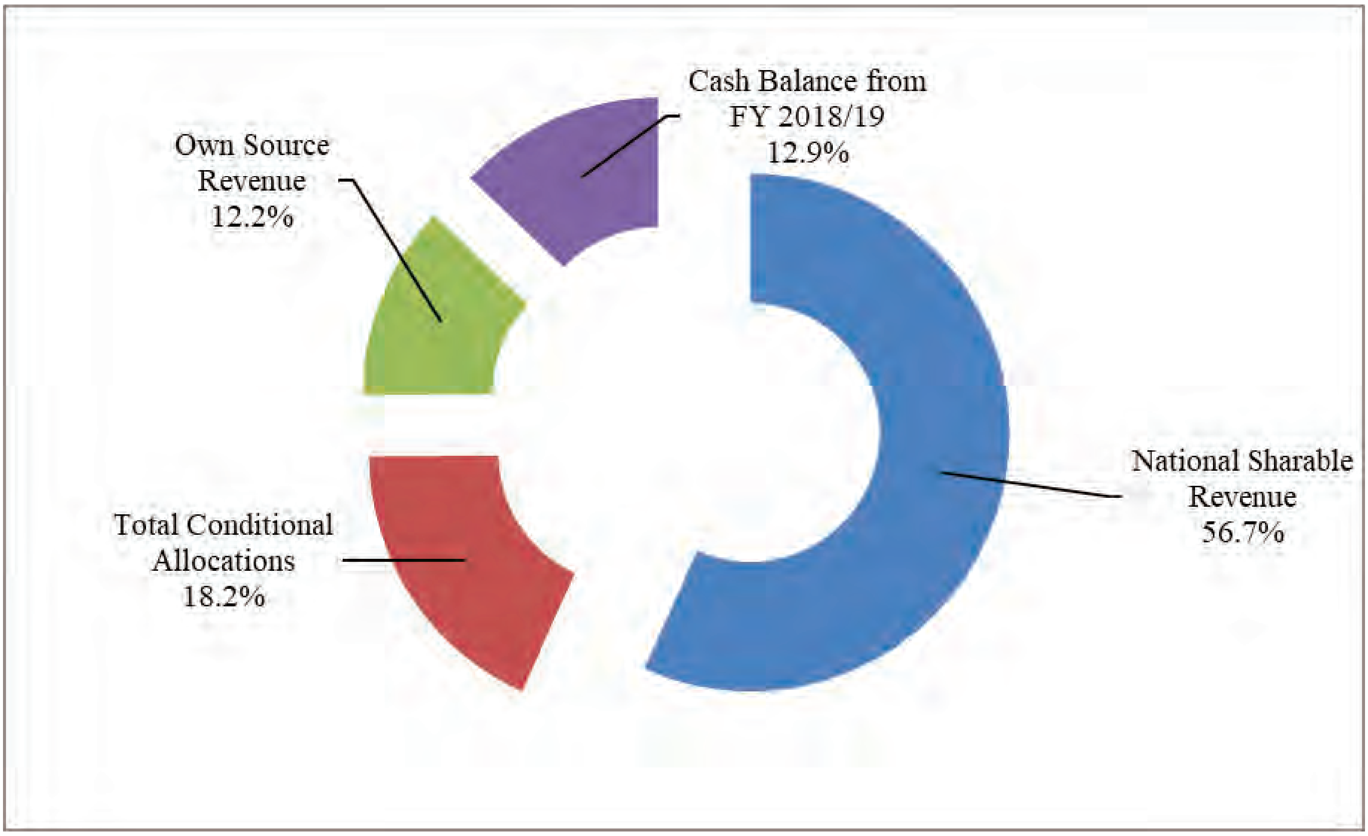
3.17 Kisumu County

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.4.50 billion (38.1 per cent) and Kshs.7.31 billion (61.9 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 from own source revenue (12.2 per cent), and Kshs.1.52 billion (12.9 per cent) as cash balance from FY 2018/19. Figure 3.48shows the Expected Sources of financing in FY 2019/20

Figure 3.48: Expected Sources of Financing in FY 2019/20



Source: *Kisumu County Treasury*

3.17.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.19 billion as equitable share of the revenue raised nationally, raised Kshs.154.47 million from own-source revenue, and had a cash balance of Kshs.1.52 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.87 billion as shown in Table 3.64.

Table 3.64: Kisumu County, Revenue Performance in the First Quarter of FY 2019/20

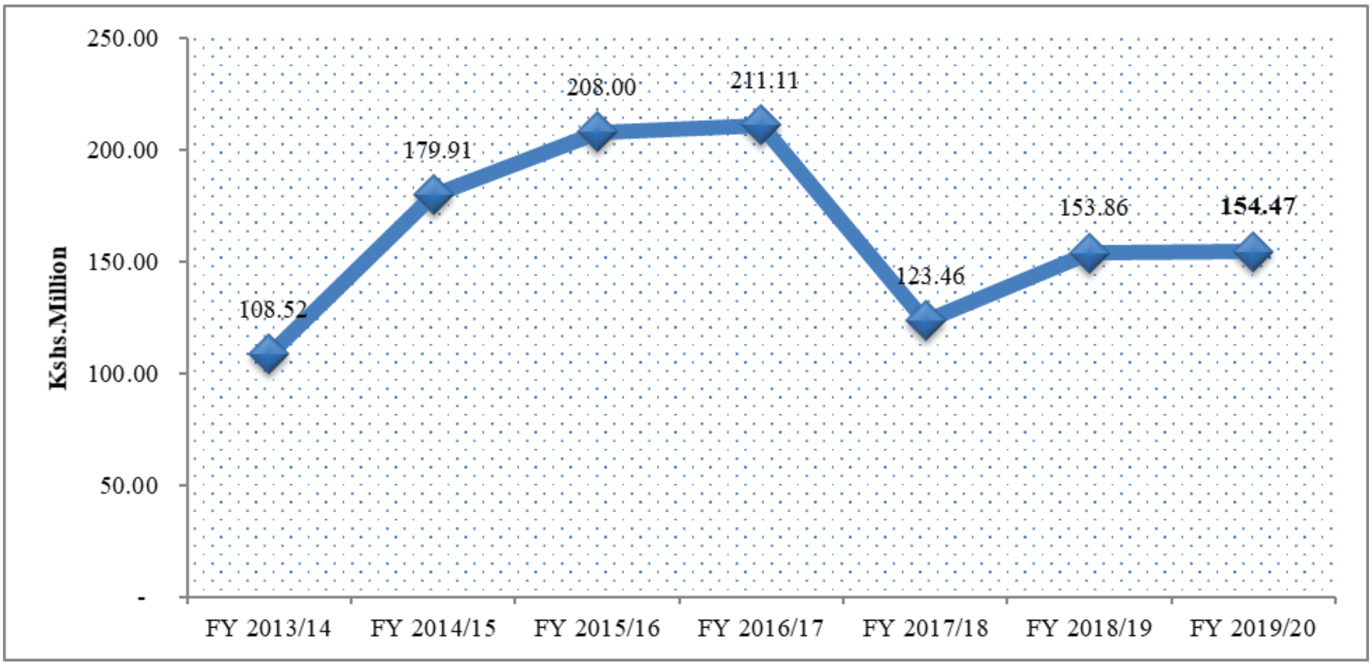
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**6,696,000,000**	**6,696,000,000**	**1,189,533,600**	**17.8**
B.	**Conditional Grants from the National Government Revenue**				-
1.	Conditional Grants to Level-5 Hospitals	369,017,341	369,017,341		-
2.	Compensation for User Fee Foregone	21,299,489	21,299,489		-
3.	Leasing of Medical Equipment	131,914,894	-		-
4.	Road Maintenance Fuel Levy Fund	194,055,750	181,881,624		-
5.	Rehabilitation of Village Polytechnics	41,673,298	41,650,000		-
	Sub Total	**757,960,772**	**613,848,454**	-	-
C	**Loans and Grants from Development Partners**				-
6.	Transforming Health Systems for Universal Care Project (WB)	35,000,000	67,364,355	-	-
7.	Universal Health Care	-	274,576,632	-	-

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) Kenya Climate Smart Agriculture Project (KCSAP)	118,482,110	118,482,110	-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	49,642,674	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	773,573,300	773,573,300	-	-
11.	DANIDA Grant	20,625,000	21,971,250	-	-
12.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	36,068,231	90,000,000	-	-
13.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,029,227	16,331,934	-	-
14.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
15.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	41,200,000	-	-
Sub Total		**1,119,577,868**	**1,533,142,255**	**-**	**-**
D	**Other Sources of Revenue**				**-**
16.	Own Source Revenue	-	1,438,478,604	154,474,850	10.7
17.	Balance b/f from FY2018/19		1,524,076,529	1,524,076,529	100
Sub Total		**2,962,555,133**	**2,962,555,133**	**1,678,551,379**	**56.7**
Grand Total		**11,536,093,773**	**11,805,545,842**	**2,868,084,979**	**24.3**

Source: *Kisumu County Treasury*

Figure 3.49 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.49: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Kisumu County Treasury*

The own source revenue realised in the reporting period of Kshs.154.47 million represented 10.7 per cent of the annual target.

3.17.3 Exchequer Issues

There were no exchequer issues in the reporting period.

3.17.4 Overall Expenditure Review

The County did not report expenditure in the first three months of the FY 2019/20.

3.17.5 Key Observations and Recommendations

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

1. Late approval of the FY 2019/20 budget estimates which affected budget implementation in the reporting period.
2. Failure to budget for all conditional grants as per CARA, 2019.

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

1. *The County Leadership should iron out the reasons which occasioned the budget stalemate in order to ensure planning and budget documents are prepared and approved in a timely manner.*
2. *The County should capture all conditional grants as provided in CARA,2019 in the Supplementary Budget.*

3.18 Kitui County

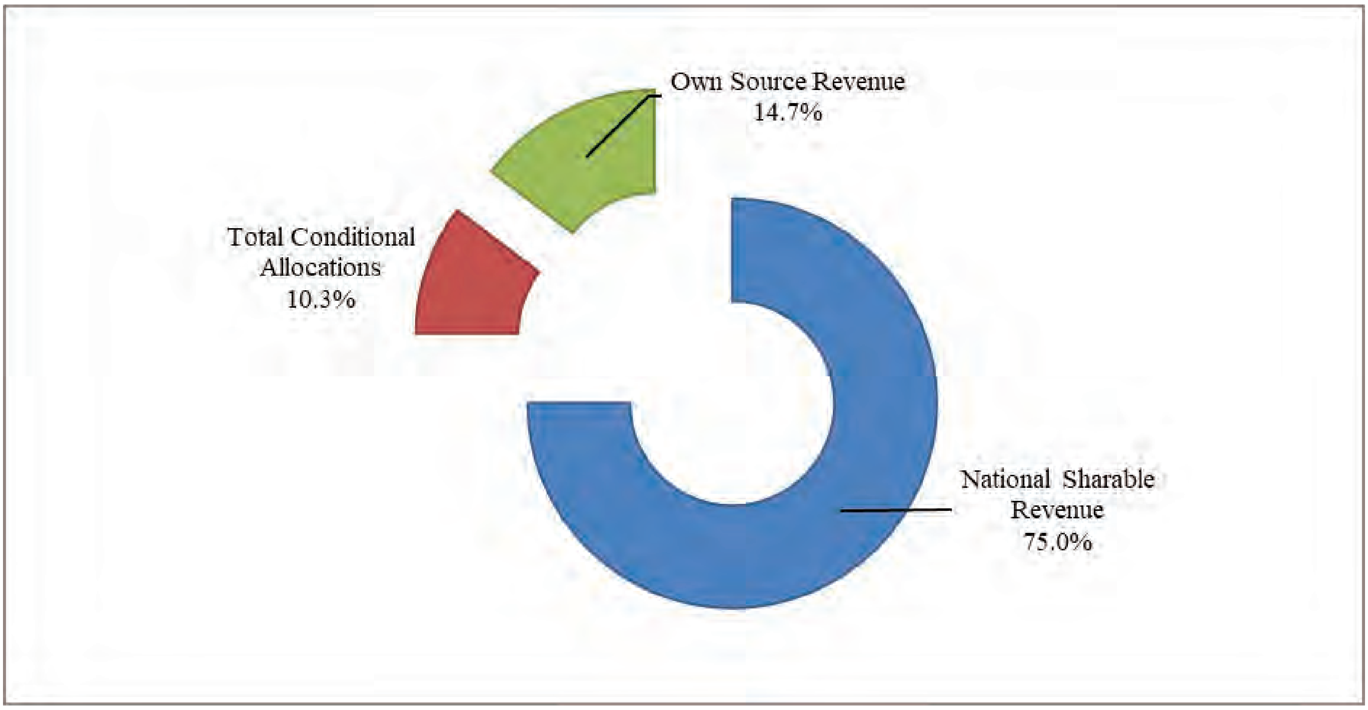
3.18.1 Overview of the FY 2019/20 Budget

The County's submitted budget estimate to the County Assembly for FY 2019/20 was Kshs.11.53 billion, comprising of Kshs.3.58 billion (31.1 per cent) and Kshs.7.9 billion (68.9 per cent) allocation for development and recurrent programmes respectively.

For the period under review the Kitui County did not have an approved budget but rather operated on approved Vote on Account in accordance with Section 134 of PFM Act 2012.

To finance the budget, the County expects to receive Kshs.8.65 billion (75.0 per cent) as equitable share of revenue raised nationally, Kshs.1.18 billion (10.3 per cent) as total conditional grants, and generate Kshs.1.69 million (14.7 per cent) from own source revenue. Figure 3.50 shows the expected sources of financing in FY 2019/20.

Figure 3.50: Expected Sources of Financing in FY 2019/20



Source: *Kitui County Treasury*

3.18.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.54 billion as equitable share of the revenue raised nationally, and raised Kshs.79.27 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.1.62 billion as shown in Table 3.65.

Table 3.65: Kitui County, Revenue Performance in the First Quarter of FY 2019/20

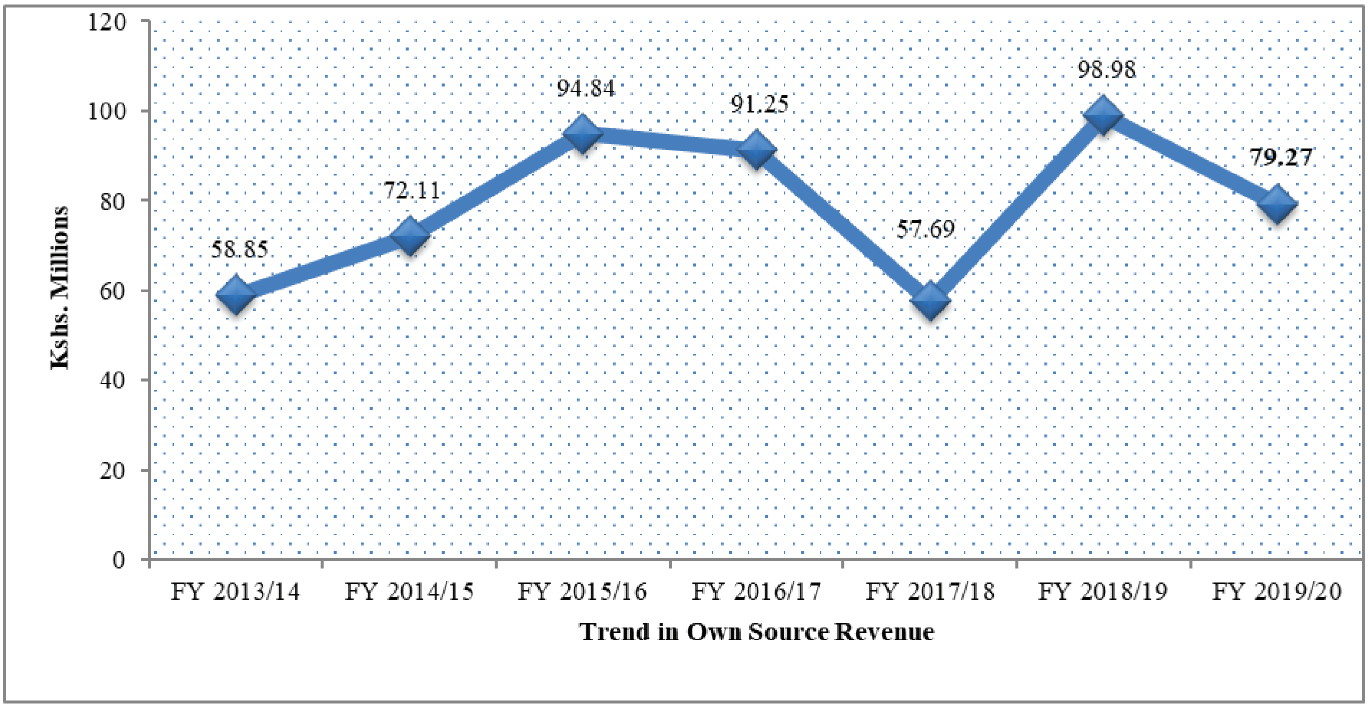
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs Millions)	Annual Budget Allocation (in Kshs Millions)	Actual Receipts in the FY 2019/20 (in Kshs Millions)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	8,729,200,000	8,649,000,000	1,536,480,900	17.8
B.	**Conditional Grants from the National Government Revenue**				-
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	250,655,344	-	-
4.	Rehabilitation of Village Polytechnics	72,588,398	72,588,298	-	-
Sub Total		**9,206,858,542**	**8,994,743,548**	**1,536,480,900**	17.1
C	**Loans and Grants from Development Partners**				-
5.	Transforming Health systems for Universal care Project (WB)	129,886,088	100,000,000	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	349,906,550	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	56,374,018	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	232,374,200	232,374,200	-	-
9.	DANIDA Grant	26,062,500	29,008,125	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,392,968		-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs Millions)	Annual Budget Allocation (in Kshs Millions)	Actual Receipts in the FY 2019/20 (in Kshs Millions)	Actual Receipts as Percentage of Annual Allocation (%)
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	41,200,000	-	-
Sub Total		**797,515,756**	**808,862,893**	**-**	**-**
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	1,693,610,892	79,267,956	4.7
13.	Other Revenues - World Bank loan to Supplement financing of County Health Facilities	-	29,852,863	-	-
Sub Total		**-**	**1,723,463,755**	**79,267,956**	**4.6**
Grand Total		**18,733,574,298.00**	**20,176,070,196**	**3,152,229,756**	**15.6**

Source: *Kitui County Treasury*

Figure 3.51 shows the trend in own-source revenue collection from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.51: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Kitui County Treasury*

3.18.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.70 billion from the CRF account. The withdrawals comprised of Kshs.28.73 million (1.7 per cent) for development programmes and Kshs.1.68 billion (98.3 per cent) for recurrent programmes.

3.18.4 Overall Expenditure Review

A total of Kshs.1.84 billion was spent on development and recurrent programmes. This expenditure represented 107.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.172.58 million and Kshs.1.67 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 21 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 4.8 per cent.

3.18.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.42 billion was spent on compensation to employees and Kshs.416.44 million on use of goods and services.

Table 3.66: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

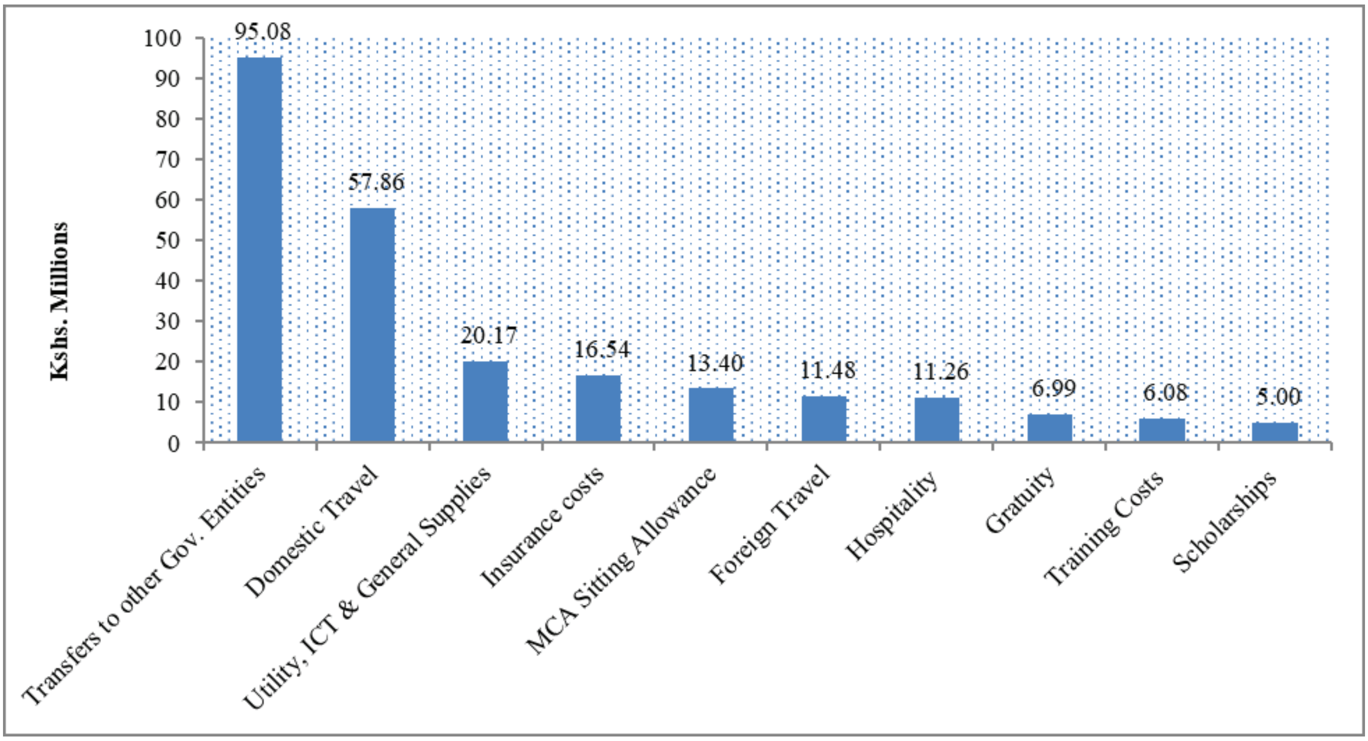
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**7,942,928,666**	**1,676,029,811**	**1,667,491,478**	**21.0**
Compensation to Employees	4,573,912,730	1,454,756,485	1,423,626,860	**31.1**
Operations and Maintenance	3,369,015,936	221,273,326	243,864,618	**7.2**
Total Development Expenditure	**3,584,141,533**	**28,726,288**	**172,575,904**	**4.8**
Development Expenditure	3,584,141,533	28,726,288	172,575,904	**4.8**
Grand Total	**11,527,070,199**	**1,704,756,099**	**1,840,067,382**	**16.0**

Source: *Kitui County Treasury*

3.18.6 Analysis of Operations and Maintenance

Figure 3.52 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.52: Kitui County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Kitui County Treasury*

The County spent Kshs.13.40 million on committee sitting allowances to the 55 MCAs against the annual budget allocation of Kshs.68.33 million. This was an increase of 34.9 per cent compared to Kshs.9.94 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.81,203 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.57.86 million and comprised of Kshs.30.94 million spent by the County Assembly and Kshs.26.92 million by the County Executive. This was an decrease of 36.2 per cent compared to Kshs.90.69 million spent in the first quarter of FY 2018/19.

3.18.7 Budget Performance by Department

Table 3.67 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.67: Kitui County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	*Submitted 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	851.80	253.50	103.57	-	33.30	25.02	32.1	-	3.9	9.9
Administration & Coordination of County Affairs	475.91	10.00	115.39	-	8.21	-	7.1	-	1.7	-
Agriculture Water & Livestock Development	529.60	1,173.28	127.95	28.73	128.10	51.72	100.1	180	24.2	4.4
Basic Education, ICT, & Youth Development	400.18	154.32	95.68	-	89.57	-	93.6	-	22.4	-
Lands, Infrastructure, Housing and Urban Development	281.92	725.50	57.74	-	3.26	13.74	5.6	-	1.2	1.9
Health and Sanitation	3,097.35	325.86	737.26	-	1,055.63	41.43	143.2	-	34.1	12.7
Trade, Cooperatives and Investments	465.21	324.79	36.09	-	19.34	25.59	53.6	-	4.2	7.9
Environment & Natural Resources	122.20	102.78	13.45	-	0.79	-	5.9	-	0.6	-
Tourism, Sports & Culture	121.11	103.59	15.83	-	0.42	-	2.7	-	0.3	-
County Treasury	461.44	111.37	87.26	-	135.51	-	155.3	-	29.4	-
County Public Service Board	53.43	-	10.87	-	0.25	-	2.3	-	0.5	∞
County Assembly	833.25	-	197.23	-	183.46	-	93.0	-	22.0	∞
Kitui Municipality	173.28	276.65	63.52	-	7.81	15.08	12.3	-	4.5	5.5
Mwingi Town Administration	76.25	22.50	14.20	-	1.84	-	12.9	-	2.4	-
Total	**7,942.93**	**3,584.14**	**1,676.03**	**28.73**	**1,667.49**	**172.58**	**99.5**	**600.8**	**21.0**	**4.8**

Source: *Kitui County Treasury*

*During the first quarter of FY 2019/20, the County was operating on a Vote of Account as per Section 134 of PFM Act 2012

Analysis of expenditure by department shows that the Department of Health & Sanitation recorded the highest absorption rate of development budget at 12.7 per cent. The Department of Health & Sanitation had the highest percentage of recurrent expenditure to recurrent budget at 34.1 per cent while the Department of Tourism, Sports & Culture had the lowest at 0.3 per cent.

3.18.8 Budget Execution by Programmes and Sub-Programmes

Table 3.68 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.68: Kitui County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Office of the Governor					
General Admin & planning	General admin & planning	651,350,000	57,945,800	593,404,200	8.9
National social safety net	National social safety net	216,000,000	-	216,000,000	-
Cabinet affairs	Cabinet affairs	68,650,000	-	68,650,000	-
Public financial management	Public financial management	39,300,000	367,000	38,933,000	0.9
Human resource	Human resource	130,000,000	-	130,000,000	-
	Sub total	**1,105,300,000**	**58,312,800**	**1,046,987,200**	**5.3**
Administration And Co-ordination Of County Affairs					
General admin & support services	general admin & support services	141,742,844	1,153,800	140,589,044	0.8
County govt. admin &field services	county govt. admin & field services	159,865,800	-	159,865,800	-
Devolution service	devolution services	184,304,835	7,055,970	177,248,865	3.8
	Sub total	**485,913,479**	**8,209,770**	**477,703,709**	**1.7**
Agriculture, Water And Livestock Development					
General admin& support services	General admin & support services	272,705,589	96,859,503	175,846,086	35.5
Crop Development & management	Crop Development & management	356,633,503	8,598,285	348,035,218	2.4
Agribusiness and Information management	Agribusiness and Information management	71,898,920	-	71,898,920	-
Agricultural extension services and training	Agricultural extension services and training	59,270,192	479,000	58,791,192	0.8
Irrigation and drainage infrastructure	Irrigation and drainage infrastructure	4,166,957	-	4,166,957	-
Fisheries development &management	Fisheries development &management	3,345,407	-	3,345,407	-
Livestock resource management and development	Livestock resource management and development	95,585,101	-	95,585,101	-
Water resource management	Water resource management	839,271,740	73,781,830	765,489,910	8.8
	Sub total	**1,702,877,409**	**179,718,618**	**1,523,158,791**	**10.6**
Basic Education, ICT and Youth Development					
General admin & support services	General admin & support services	53,618,957	130,869	53,488,088	0.2
Primary education	Primary education	293,389,582	89,211,577	204,178,005	30.4
ICT infrastructure development	ICT infrastructure development	17,276,000	-	17,276,000	-
Youth training and development	Youth training and development	186,215,461	102,200	186,113,261	0.1
Quality assurance &standard	Quality assurance &standard	4,000,000	-	4,000,000	-
	Sub total	**554,500,000**	**89,444,646**	**465,055,354**	**16.1**
Lands, Infrastructure and Urban Development					
General admin & support services	General admin & support services	149,892,862	130,869	149,761,993	0.1
Lands policy & planning	Lands policy & planning	120,115,618	89,211,577	30,904,041	74.3
Housing development and human settlement	Housing development and human settlement	46,625,432	-	46,625,432	-
Government buildings	Government buildings	34,986,959	102,200	34,884,759	0.3
Road transport	Road transport	655,795,622	-	655,795,622	-
	Sub total	**1,007,416,493**	**89,444,646**	**917,971,847**	**8.9**
County Ministry Of Health And Sanitation					
General admin & planning and support services	General admin& planning and support services	261,119,388	50,365,040	210,754,348	19.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Maternal and child health	Maternal and child health	569,536,122	400,000,000	169,536,122	70.2
Preventive and promotive health services	Preventive and promotive health services	46,111,946	46,070,937	41,009	99.9
Curative health services	Curative health services	2,546,443,704	600,169,900	1,946,273,804	23.6
	Sub total	**3,423,211,160**	**1,096,605,877**	**2,326,605,283**	**32.0**
Trade, Co-Operatives, & Investment					
General admin & planning and support services	General admin & planning and support services	163,188,948	14,493,119	148,695,829	8.9
Trade development and promotion	Trade development and promotion	259,061,205	2,797,700	256,263,505	1.1
Cooperative development and management	Cooperative development and management	367,749,847	27,643,356	340,106,491	7.5
	Sub total	**790,000,000**	**44,934,175**	**745,065,825**	**5.7**
Environment And Natural Resources					
General admin & planning and support services	General admin & planning and support services	49,229,664	790,800	48,438,864	1.6
Environment management	Environment management	56,217,263	-	56,217,263	-
Power transmission and distribution	Power transmission and distribution	6,696,737	-	6,696,737	-
Alternative energy technologies	Alternative energy technologies	39,440,491	-	39,440,491	--
Mineral resources management	Mineral resources management	73,397,833	-	73,397,833	-
	Sub total	**224,981,988**	**790,800**	**224,191,188**	0.4
Tourism Sports And Culture					
General admin & planning and support services	General admin & planning and support services	31,515,541	388,000	31,127,541	1.2
Tourism development and promotion	Tourism development and promotion	81,697,763	33,550	81,664,213	-
Sports	Sports	58,920,097	-	58,920,097	-
Culture	Culture	8,645,438	-	8,645,438	-
Gender	Gender	30,963,840		30,963,840	-
Social development and children services	Social development & children services	12,960,741	-	12,960,741	-
	Sub total	**224,703,420**	**421,550**	**224,281,870**	**0.2**
County Treasury					
General admin & planning and support services	General admin & planning and support services	187,301,775	39,381,265	147,920,510	21.0
economic policy & national planning	economic policy & national planning	84,217,800	67,754,919	16,462,881	80.5
monetary & evaluation services	monetary & evaluation services	15,951,327	677,249	15,274,078	4.2
public financial management	public financial management	223,969,225	27,693,626	196,275,599	12.4
	Sub total	**511,440,127**	**135,507,059**	**375,933,068**	**26.5**
County Public Service Board					
General admin & planning and support services	General admin & planning and support services	20,557,341	250,374	20,306,967	1.2
Human resource management and development	Human resource management and development	25,508,711	-	25,508,711	-
Governance and county values	Governance and county values	7,368,065	-	7,368,065	-
	Sub total	**53,434,117**	**250,374**	**53,183,743**	**0.5**
County Assembly					
General admin & planning and support services	General admin & planning and support services	833,248,915	58,342,529	774,906,386	7.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Legislation and oversight	Legislation and oversight	-	125,120,233	(125,120,233)	-
Economic policy and national planning	Economic policy and national planning	61,374,918	-	61,374,918	-
	Sub total	**894,623,833**	**183,462,762**	**711,161,071**	**20.5**
Kitui Municipality					
General admin & planning and support services	General admin & planning and support services	449,923,246	22,886,847	427,036,399	5.1
	Sub total	**449,923,246**	**22,886,847**	**427,036,399**	**5.1**
Mwingi Town Administration					
General admin & planning and support services	General admin & planning and support services	48,451,343	1,839,442	46,611,901	3.8
Environmental policy management	Environmental policy management	5,500,681	-	5,500,681	-
Government building	Government building	12,167,937	-	12,167,937	-
Urban and metropolitan dev	Urban and metropolitan dev	27,815,391	-	27,815,391	-
Devolution services	Devolution services	4,810,473	-	4,810,473	-
	Sub total	**98,745,825**	**1,839,442**	**96,906,383**	**1.9**
GRAND TOTAL		**11,527,071,097**	**1,911,829,366**	**9,615,241,731**	**16.6**

Source: *Kitui County Treasury*

The top performing programs across the County were; Preventive and promotive health services (Health & Sanitation) with 99.9 per cent, followed by economic policy & national planning (County Treasury) with 80.5 per cent performance rate.

3.18.9 Key Observations and Recommendations

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

1. Delay in approval of FY 2019/20 budget. During the period under review, the County was operating under Vote on Account in line with Section 134 of PFM Act 2012, and therefore, the County could not withdrawal funds for development expenditure.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury which was occasioned by the impasse in the passage of the Division of Revenue Bill by Parliament.
3. Late submission of financial reports to OCOB Contrary to Section 166 and 168 of PFM Act 2012 and Section 16 of Controller of Budget Act 2016. Further, the County Treasury failed to provide a detailed report on pending bills as of the end of the quarter.

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

1. *The County should expedite approval of FY 2019/20 budget in order to ensure the planned development programmes are effectively implemented.*
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 should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 and 168 of PFM Act, 2012, and Section 16 of Controller of Budget Act, 2016*

3.19 Kwale County

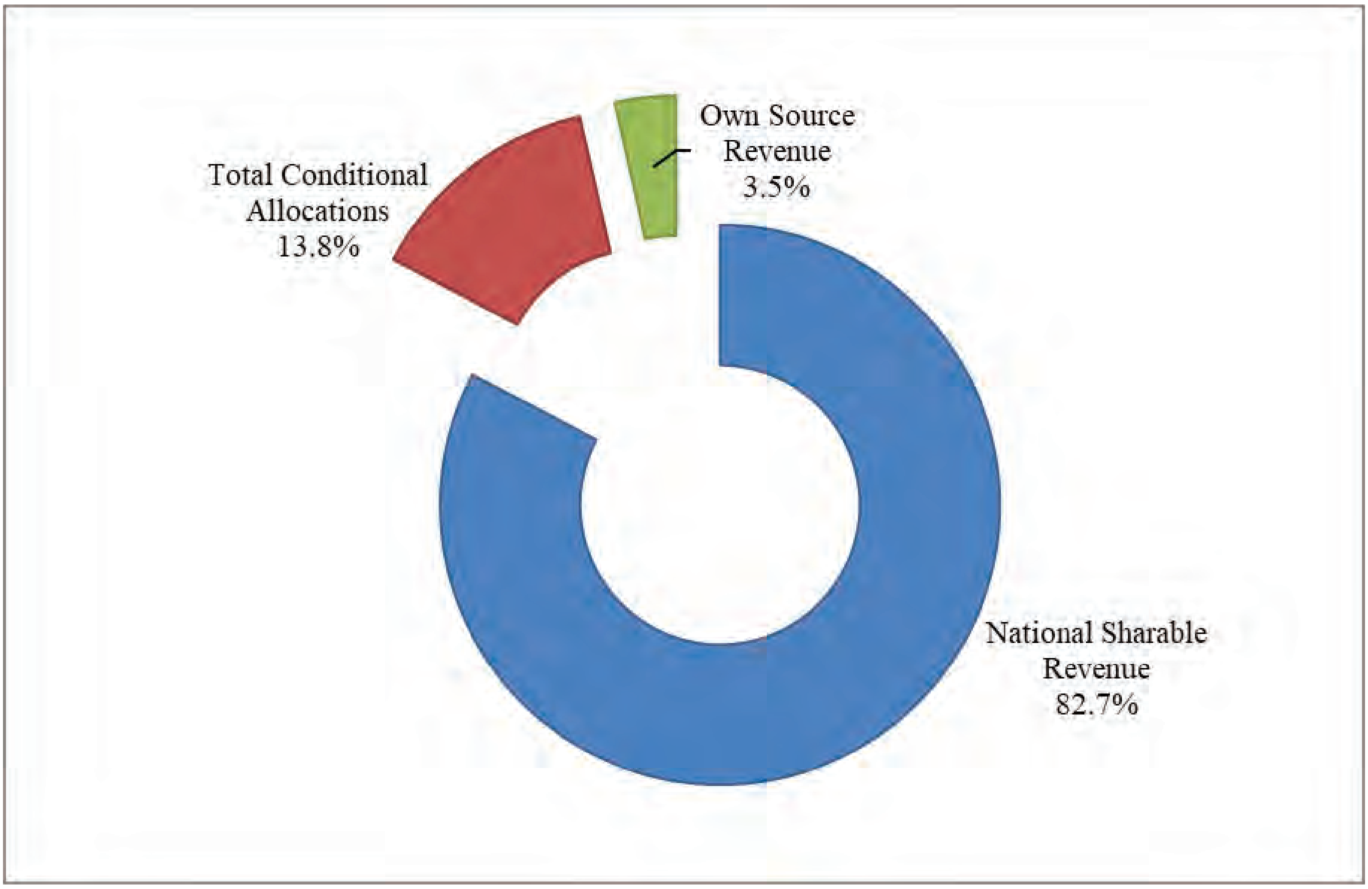
3.19.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.9.22 billion, comprising of Kshs.5.28 billion (57.3 per cent) and Kshs.3.94 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 (82.7 per cent) as equitable share of revenue raised nationally, Kshs.1.27 billion (13.8 per cent) as total conditional grants and generate Kshs.325 million from own source revenue. The County did not budget for the cash balance from FY 2018/19 of Kshs.2.53 billion.

Figure 3.53 shows the expected sources of financing in FY 2019/20

Figure 3.53: Expected Sources of Financing in FY 2019/20



Source: *Kwale County Treasury*

3.19.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.35 billion as equitable share of the revenue raised nationally and raised Kshs.50.47 million from own-source revenue, and had a cash balance of Kshs.2.53 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.3.94 billion as shown in Table 3.69: Kwale County, Revenue Performance in the First Quarter of FY 2019/20.

Table 3.69: Kwale County, Revenue Performance in the First Quarter of FY 2019/20

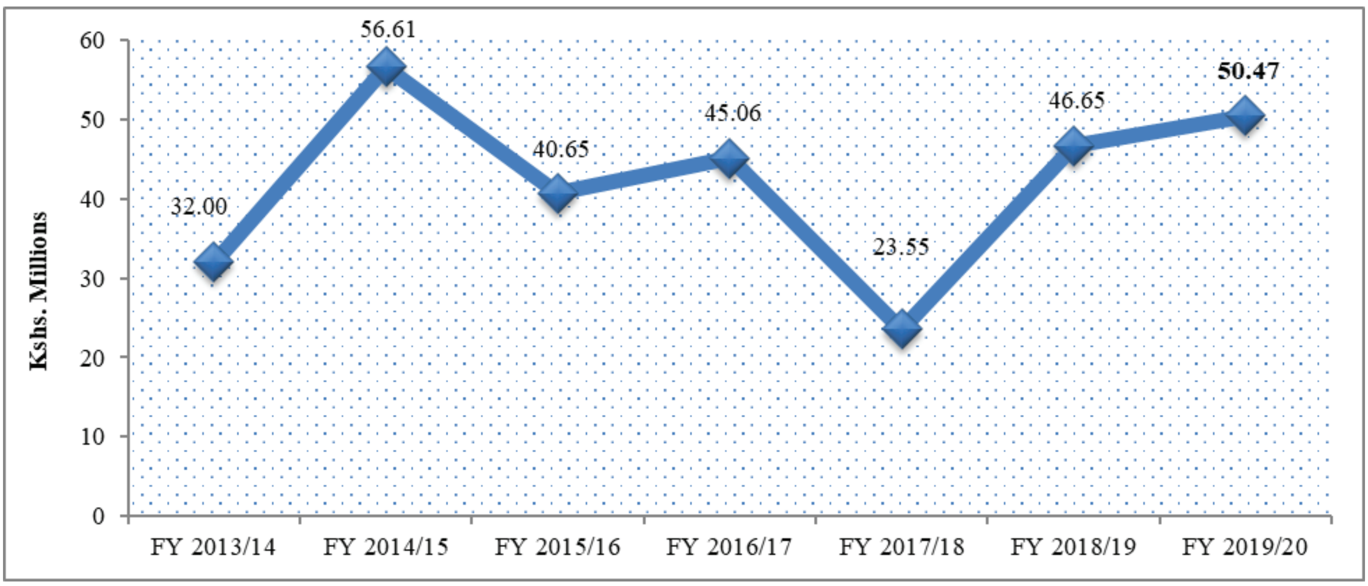
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Ksh s)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**7,785,900,000**	**7,626,000,000**	**1,354,746,600**	**17.4**
B.	**Conditional 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	221,007,938	-	-
4	Rehabilitation of Village Polytechnics	59,793,298	59,793,298	-	-
Sub Total		**427,925,723**	**427,925,723**	**-**	**-**

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 (%)
C	**Loans and Grants from Development Partners**				
5	Transforming Health systems for Universal care Project (WB)	157,706,559	103,084,030	-	-
6	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	147,456,921	-	-
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)	50,000,000	52,500,000	-	-
9	DANIDA Grant	22,500,000	20,514,998	-	-
10	EU Grant (Instruments for Devolution Advise and Support IDEAS)	44,360,883	44,360,883	-	-
11	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	300,000,000	420,000,000	-	-
12	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,348,633	24,000,000	-	-
13	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**982,716,075**	**841,916,832**	**-**	**-**
D	**Other Sources of Revenue**				
14	Own Source Revenue	-	325,000,000	50,469,412	15.5
Sub Total		**-**	**325,000,000**	**50,469,412**	**15.5**
Grand Total		**9,196,541,798**	**9,220,842,555**	**1,405,216,012**	**15.3**

Source: *Kwale County Treasury*

Figure 3.54 shows the trend in own-source revenue collection for the first quarters from FY 2013/14 to FY 2019/20.

Figure 3.54: Trend in Own-Source Revenue Collection for the First Quarters from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Kwale County Treasury*

The County generated a total of Kshs.50.47 million from own revenue sources in the first quarter of FY 2019/20. This amount represented 15.5 per cent of the annual target.

3.19.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.06 billion from the CRF account. The withdrawals comprised of Kshs.22 million (2.1 per cent) for development programmes and Kshs.1.04 billion (97.9 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

A total of Kshs.1.02 billion was spent on development and recurrent programmes. This expenditure represented 96.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.32.19 million and Kshs.985.29 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 18.6 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 1.6 per cent.

3.19.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.503 million was spent on compensation to employees and Kshs.482.30 million on use of goods and services.

Table 3.70: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

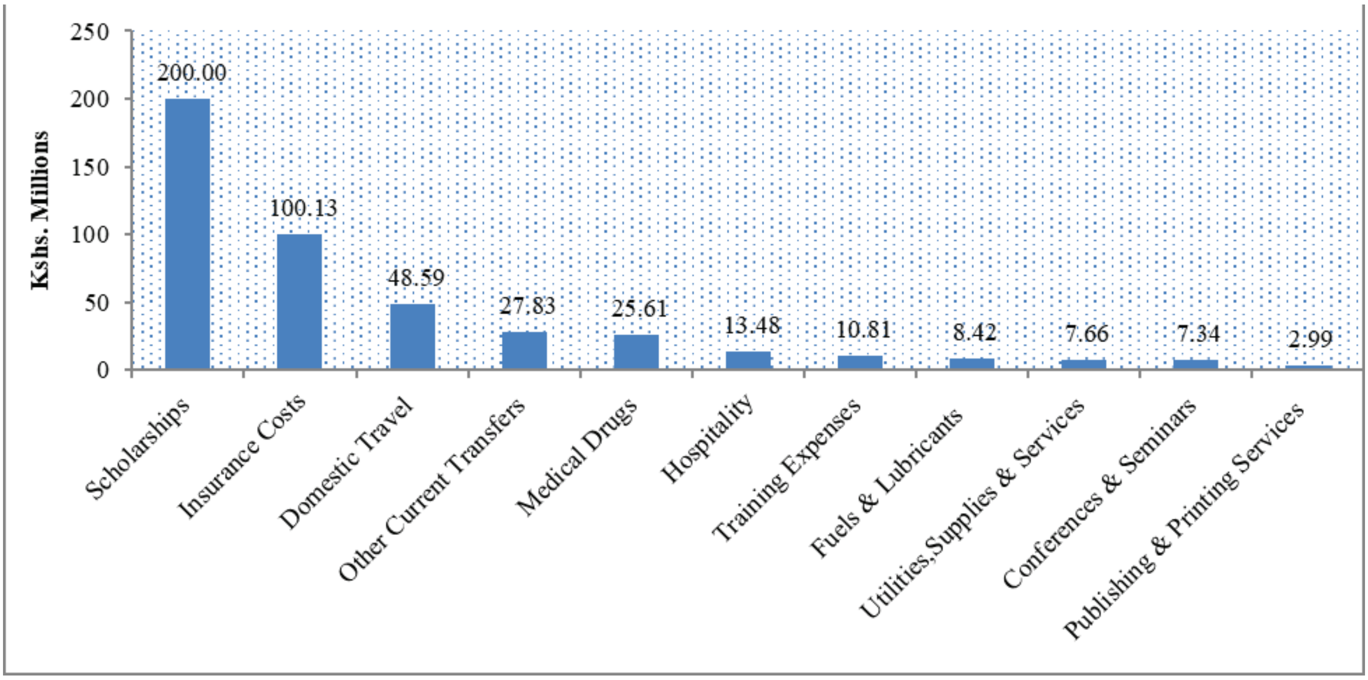
Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Million)	Expenditure(Kshs.)	Absorption (%)
Total Recurrent Expenditure	**5,283,407,845**	**1,036,189,669**	**985,293,840**	**18.6**
Compensation to Employees	2,939,571,089	515,153,388	502,996,930	17.1
Operations and Maintenance	2,343,836,756	521,036,281	482,296,911	20.6
Total Development Expenditure	**3,937,434,710**	**22,209,185**	**32,188,208**	**1.6**
Development Expenditure	9,220,842,555	22,209,185	32,188,208	1.6
Total	**9,220,842,555**	**1,058,398,854**	**1,017,482,048**	**14.0**

Source: *Kwale County Treasury*

3.19.6 Analysis of Operations and Maintenance

Figure 3.55 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.55: Kwale County, Operations and Maintenance Expenditure by Major Categories in the FY 2019/20



***Source: Kwale** County Treasury*

During the reporting period, the County spent Kshs.10.90 million on committee sitting allowances to the 34 MCAs against the annual budget allocation of Kshs.51.58 million. This was a decline of 1.7 per cent compared to Kshs.11.08 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.106, 853 per MCA compared to SRC's recommended monthly ceiling of Kshs.124, 800.

Expenditure on domestic travel amounted to Kshs.48.59 million and comprised of Kshs.24.04 million spent by the County Assembly and Kshs.24.55 million by the County Executive. This represented was an increase of 2.8 per cent compared to Kshs.47.29 million spent in the first quarter of FY 2018/19.

3.19.7 Budget Performance by Department

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

Table 3.71: Kwale County, Budget Performance by Department for the First Quarter 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	417.51	40.00	69.68	-	76.62	-	110	-	18.4	-
Agriculture, Livestock and Fisheries	197.66	398.28	37.48	-	42.17	-	112.5	-	21.3	-
Land, Environment, Mining and Natural Resources	63.15	187.08	21.66	-	11.16	3.77	51.5	-	17.7	2.0
Health Services	1,996.36	505.63	302.32	-	200.17	-	66.2	-	10.0	-
County Assembly	689.35	93.00	72.12	22.21	119.48	28.42	165.7	128.0	17.3	30.6
Industry, Trade and Investments	58.48	202.41	7.21	-	8.29	-	115.0	-	14.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Community Development, Youth and Women Empowerment and Social Services	154.32	207.84	46.87	-	12.13	-	25.9	-	7.9	-
Office Of The Governor and The Deputy Governor	134.63	76.50	29.90	-	20.86	-	69.8	-	15.5	-
Education	911.04	562.22	267.86	-	298.11	-	111.3	-	32.7	-
Water and Urban Planning and Decentralized Units	75.80	847.60	11.29	-	11.89	-	105.3	-	15.7	-
Infrastructure and Public Works	136.82	616.43	17.98	-	20.29	-	112.9	-	14.8	-
ICT and Tourism	50.34	88.43	8.40	-	10.42	-	124.0	-	20.7	-
County Public Service Board	47.52	-	3.90	-	3.52	-	90.3	-	7.4	-
Public Service and Administration	350.41	112.00	139.52	-	150.18	-	107.6	-	42.9	-
Total	**5,283.41**	**3,937.43**	**1,036.19**	**22.21**	**985.29**	**32.19**	**95.1**	**144.9**	**18.6**	**0.8**

Source: *Kwale County Treasury*

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption of development budget at 30.6 per cent followed by the Department of Land, Environment and Natural Resources at the rate of 2 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to recurrent budget at 42.9 per cent while the County Public Service Board had the lowest at 7.4 per cent.

3.19.8 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 quarter of FY 2019/20.

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

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Finance And Economic Planning				
Budget formulation, coordination and management	68,737,842	13,851,607	54,886,235	20.2
General Administration	317,774,830	56,605,070	261,169,760	17.8
Revenue Collection Management	41,631,598	3,716,402	37,915,196	8.9
Public Finance and Accounting Services	8,720,016	1,581,100	7,138,916	18.1
Procurement Services	5,285,680	357,860	4,927,820	6.8
Risk Assurance Services	15,361,200	511,450	14,849,750	3.3
TOTAL	**457,511,166**	**76,623,489**	**380,887,677**	16.7
Agriculture, Livestock & Fisheries				-
General Administration and Support Services	342,400,774	41,370,530	301,030,244	12.1
Crop Production & Food Security	71,951,000	238,200	71,712,800	0.3
Dairy and Meat Production	34,451,000	141,500	34,309,500	0.4
Fish Production Management	39,151,000	25,348	39,125,652	0.1
Livestock Disease Control	41,700,000	-	41,700,000	-
Farm Land Utilization, Mechanization & Crop Storage	43,812,436	391,072	43,421,364	0.9

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Agricultural Extension, Research & Training	22,480,000	-	22,480,000	-
TOTAL	**595,946,210**	**42,166,650**	**553,779,560**	7.1
Land, Environment, Mining and Natural Resources				-
General administration and Support Services	22,612,904	1,833,929	20,778,975	8.1
Personnel Services	25,581,648	9,330,535	16,251,113	36.5
Physical development plans	57,000,000	3,767,050	53,232,950	6.6
Establishment of squatter settlement schemes	16,993,332	-	16,993,332	-
Identification and acquisition of land for development	10,000,000	-	10,000,000	-
County Environmental Awareness Initiative	16,750,000	3,000	16,747,000	0.02
Kwale municipality	62,500,000		62,500,000	-
Diani Municipality	38,800,000		38,800,000	-
TOTAL	**250,237,884**	**14,934,514**	**235,303,370**	6.0
Health Services				-
General Administration	352,942,172	19,434,303	333,507,869	5.5
Medical Drugs	216,533,928	25,783,043	190,750,885	11.9
HMIS	7,500,000	-	7,500,000	-
Personnel Services	1,389,966,114	126,472,875	1,263,493,239	9.1
Msambweni Hospital	15,108,000	259,000	14,849,000	1.7
Kinango Hospital	23,295,000	118,315	23,176,685	0.5
Kwale Hospital	27,974,800	272,345	27,702,455	1.0
Tiwi Rural Health Facility	15,620,000	-	15,620,000	-
Samburu Hospital	1,240,000	-	1,240,000	-
Lungalunga Hospital	29,900,000	-	29,900,000	-
Public Health	43,750,000	-	43,750,000	-
Rural Health Facilities	274,484,595	15,180,865	259,303,730	5.5
Diani Health Center	600,000	-	600,000	-
Other Current Transfers	103,084,030	12,647,198	90,436,832	12.3
TOTAL	**2,501,998,639**	**200,167,944**	**2,301,830,695**	8.0
County Assembly				-
Audit Services	164,492,328	39,456,727	125,035,601	24.0
General Administration	111,701,828	23,029,058	88,672,770	20.6
Oversight& Legislation of County Affairs	128,384,166	23,131,090	105,253,076	18.0
General Administration and Support Services	377,767,124	62,284,169	315,482,955	16.5
TOTAL	**782,345,446**	**147,901,044**	**634,444,402**	18.9
Industry, Trade And Investments				-
Administration services	9,578,772	924,348	8,654,424	9.6
Construction of new markets	68,864,156	-	68,864,156	-
Weights & Measures	10,130,000	236,435	9,893,565	2.3
Trade Development and Investment	10,505,000	594,956	9,910,044	5.7
Personnel services	27,934,892	5,636,047	22,298,845	20.2
Building Capacity of Traders for better Market Access	3,445,000	276,260	3,168,740	8.0
Availing Affordable Credit to Entrepreneurs for Wealth creation	39,000,000	-	39,000,000	-
Industry & Enterprise Development	85,357,448	161,600	85,195,848	0.2
Cooperative Development	6,080,000	458,400	5,621,600	7.5
TOTAL	**260,895,268**	**8,288,046**	**252,607,222**	3.2

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Community Development, Youth And Women Empowerment And Social Services				-
Administration	58,260,232	10,968,190	47,292,042	18.8
Community Development	96,250,000	124,400	96,125,600	0.1
Culture and Heritage	47,500,000	113,000	47,387,000	0.2
Sports and Talent Development	160,157,044	923,025	159,234,019	0.6
TOTAL	**362,167,276**	**12,128,615**	**350,038,661**	3.3
Office of the Governor and the Deputy Governor				-
Media & Communication Service	3,034,460	219,800	3,254,260	7.2
Audit Services	74,747,728	20,491,493	54,256,235	27.4
General Administration	130,001,976	589,200	129,412,776	0.5
Legal Advisory Services	3,350,000	-	3,350,000	-
TOTAL	**211,134,164**	**20,860,893**	**190,273,271**	9.9
Education				-
Personnel Services	418,792,484	96,260,532	322,531,952	23.0
Scholarship and Bursary	400,000,000	200,000,000	200,000,000	50.0
Administration Planning support service	19,499,924	564,339	18,935,585	2.9
Infrastructure development	562,218,298	-	562,218,298	-
Youth Training Development	14,750,000	500,849	14,249,151	3.4
Early Childhood Development	58,000,000	786,700	57,213,300	1.4
TOTAL	**1,473,260,706**	**298,112,420**	**1,175,148,286**	20.2
Water And Urban Planning And Decentralized Units				-
Personnel Services	19,652,847	8,401,083	11,251,764	42.7
Administration Services	469,491,678	3,485,976	466,005,702	0.7
Construction & Maintenance of Water Pipeline Supply Systems	107,400,000	-	107,400,000	-
Development of Borehole Water Supply System	114,850,000	-	114,850,000	-
Development/Construction Of Surface Water Supply Systems	163,100,000	-	163,100,000	-
Community Water Project	29,250,000	-	29,250,000	-
TOTAL	**903,744,525**	**11,887,059**	**891,857,466**	1.3
Infrastructure And Public Works				-
Administration Services	70,923,148	647,320	70,275,828	0.9
Rehabilitations of Roads, Drainage and bridges	576,431,260	-	576,431,260	-
Personnel Services	79,298,372	19,646,565	59,651,807	24.8
Installation of Street Lighting Facilities	26,600,000	-	26,600,000	-
TOTAL	**753,252,780**	**20,293,885**	**732,958,895**	2.7
ICT And Tourism				-
Personnel services	20,728,251	7,794,884	12,933,367	37.6
Administration services	8,068,600	811,100	7,257,500	10.1
Local area network installation and ICT support	50,643,129	735,700	49,907,429	1.5
Tourism Promotion	59,330,344	1,077,921	58,252,423	1.8
TOTAL	**138,770,324**	**10,419,605**	**128,350,719**	7.5
County Public Service Board				-
Human Resource Planning	14,019,156	603,670	13,415,486	4.3
Transformation Of Service Delivery In Public Service	1,500,000	392,700	1,107,300	26.2

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
HR Management And Skill Development	-	-	-	-
Compensation To Employees	28,500,315	2,482,601	26,017,714	8.7
Human Resource Planning	1,200,000	42,000	1,158,000	3.5
Staff Rationalization	2,300,000	-	2,300,000	-
TOTAL	**47,519,471**	**3,520,971**	**43,998,500**	7.4
Public Service And Administration				-
Audit Services	153,954,414	46,925,608	107,028,806	30.5
General Administration	232,586,000	102,903,256	129,682,744	44.2
Garbage Collection	10,921,568	56,140	10,865,428	0.5
County Compliance and Enforcement	12,296,000	-	12,296,000	-
Sub County Administration Msambweni	8,208,000	100,290	8,107,710	1.2
Sub County Administration Lungalunga	9,128,000	47,745	9,080,255	0.5
Sub County Administration Matuga	9,852,000	48,060	9,803,940	0.5
Sub County Administration Kinango	11,351,866	82,822	11,269,044	0.7
Human Resource	14,108,000	13,000	14,095,000	0.1
Total	**462,405,848**	**150,176,921**	**312,228,927**	32.5
Grand Total	**9,201,189,707**	**1,017,482,056**	**8,183,707,650**	11.1

Source: *Kwale County Treasury*

The top performing programs across the County were: Scholarship and bursaries, General Administration (Public service and administration), Personnel (Water, urban planning &decentralized units), and Personnel Services in ICT.

3.19.9 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 to budget for all conditional grants as per CARA, 2019.
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.9.22 billion compared to Kshs.9.20 billion allocation by programmes.

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 realign the budget as per the CARA, 2019.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

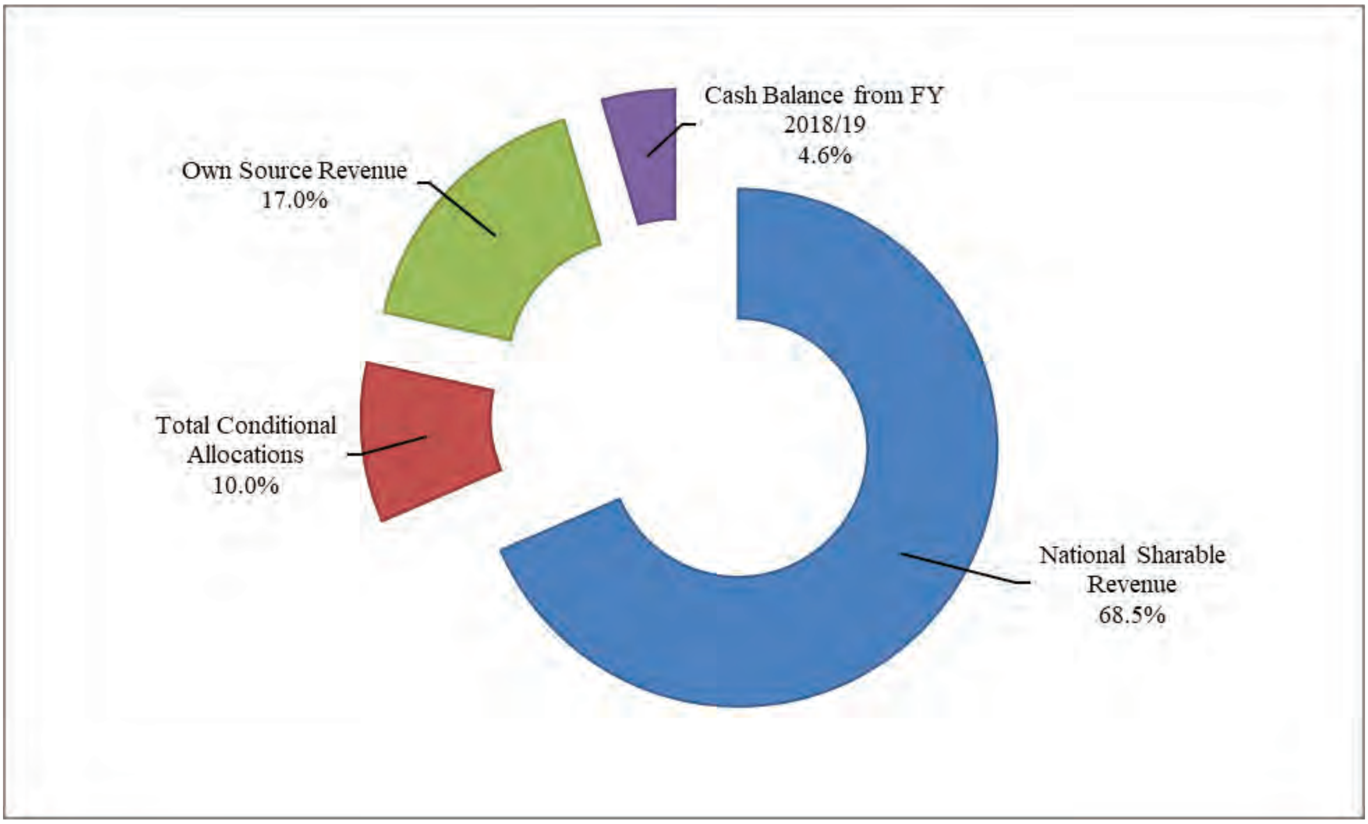
3.20 Laikipia County

3.20.1 Overview of the FY 2019/20 Budget

The County did not have an approved budget for FY 2019/20 during the reporting period. A Vote on Account amounting to Kshs.1.11 billion was approved pursuant to provisions of Section 134(3) of the Public Finance Management Act, of 2012. The Vote on Account approved withdrawal of up to 30 per cent of estimates submitted to County Assembly on 30th April 2019.

To finance the FY2019/20 budget , the County expects to receive Kshs.4.06 billion (68.5 per cent) as equitable share of revenue raised nationally, Kshs.590.68 million (10 per cent) as total conditional grants, generate Kshs.1.01 billion (17 per cent) from own source revenue, and had Kshs.269.78 million (4.6 per cent) as cash balance from FY 2018/19. Figure 3.56shows the Expected Sources of financing in FY 2019/20

Figure 3.56: Expected Sources of Financing in FY 2019/20



Source: *Laikipia County Treasury*

3.20.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.655.84 million as equitable share of the revenue raised nationally, raised Kshs.139.91 million from own-source revenue, and had a cash balance of Kshs.269.78 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.07 billion as shown in Table 3.73.

Table 3.73: Laikipia County, Revenue Performance in FY 2019/20

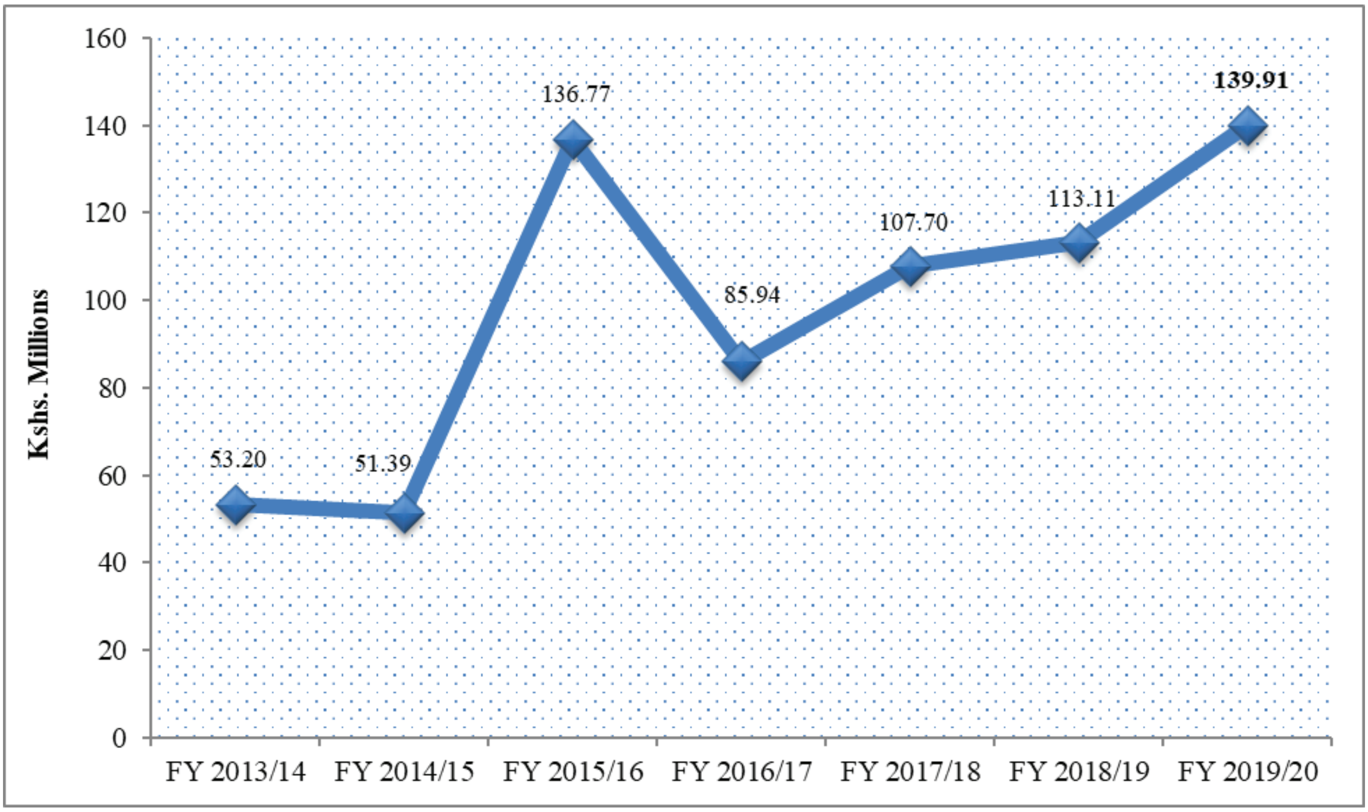
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**4,177,800,000**	**4,061,000,000**	**655,837,200**	**16.1**
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	9,968,208	9,968,208	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	118,589,625	117,691,219	-	-
4.	Rehabilitation of Village Polytechnics	31,908,298	28,525,000	-	-
Sub Total		292,381,025	288,099,321	-	-
C	**Loans and Grants from Development Partners**				
5.	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 Receipts as Percentage of Annual Allocation (%)
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	131,027,150	128,527,150	-	-
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)	50,000,000	50,000,000	-	-
9.	DANIDA Grant	12,281,250	12,281,250	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,345,341	21,345,341	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,625,223	16,625,223	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		305,078,964	302,578,964	-	-
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	1,006,875,000	139,911,956	13.9
14.	Balance b/f from FY2018/19	-	269,775,187	269,775,187	100
Sub Total		**-**	**1,276,650,187**	**409,687,143**	**32**
Grand Total		**4,775,259,989**	**5,928,328,472**	**1,065,524,343**	18

Source: *Laikipia County Treasury*

Figure 3.57 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 3.57: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Laikipia County Treasury*

The realised own source revenue in the reporting period accounted for 13.9 per cent of the annual target.

3.20.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.816.77 million from the CRF account. The withdrawal was entirely for recurrent programmes.

3.20.4 Overall Expenditure Review

A total of Kshs.691.99 million was spent entirely on recurrent programmes. This expenditure represented 84.7 per cent of the total funds released from the CRF account. Expenditure on recurrent programmes represented 62.1 per cent of the Vote on Account budget.

3.20.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.569.59 million was spent on compensation to employees and Kshs.122.40 million on use of goods and services.

Table 3.74: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

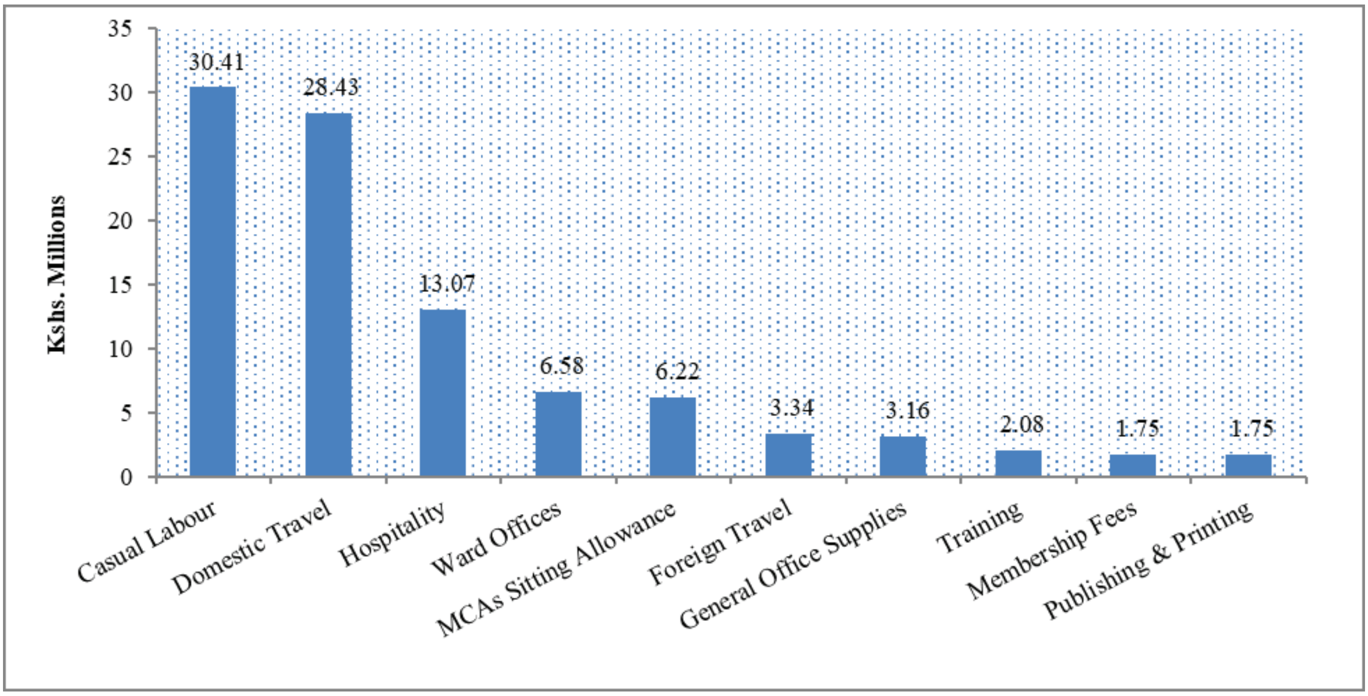
Expenditure Classification	Budget (Kshs) (Vote on Account)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**1,114,951,977**	**816,770,475**	**691,988,249**	**62.1**
Compensation to Employees	699,412,947	669,735,708	569,586,129	81.4
Operations and Maintenance	415,539,030	147,034,767	122,402,120	29.5
Development Expenditure	-	-	-	-
Total	**1,114,951,977**	**816,770,475**	**691,988,249**	**62.1**

Source: *Laikipia County Treasury*

3.20.6 Analysis of Operations and Maintenance

Figure 3.58 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.58: Laikipia County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Laikipia County Treasury*

During the period under review, the County spent Kshs.6.22 million on committee sitting allowances to the 25 MCAs against the annual budget allocation of Kshs.41.47 million. This was an increase of 4.9 per cent compared to Kshs.5.93 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.82,923 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.28.43 million and comprised of Kshs.24.68 million spent by the County Assembly and Kshs.3.75 million by the County Executive. This represented a decline of 7.6 per cent compared to Kshs.32.77 million spent in the first quarter of FY 2018/19.

3.20.7 Budget Performance by Department

Table 3.75 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.75: Laikipia County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Vote on Account (Kshs Millions)		Exchequer (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	134.93	-	95.10	-	94.76	-	99.6	-	70.2	-
County Administration Services	811.39	-	657.08	-	552.95	-	84.2	-	68.1	-
Finance & Economic Planning	46.84	-	33.71	-	27.72	-	82.2	-	59.2	-
County Health & Sanitation Services	82.05	-	28.09	-	14,658,73	-	52.2	-	17.9	-
Agriculture, Livestock Development	5.61	-	0.49	-	0.67	-	138.6	-	12.0	-
Infrastructure, Physical Planning & Lands	5.41	-	0.10	-	0.10	-	100	-	1.9	--
Education ICT& Social Services	18.35	-	1.73	-	0.66	-	38	-	3.6	-
Industrialization, Trade, Tourism,& Cooperatives Development	4.96	-	0.47	-	0.47	-	100		9.5	-
Water	5.41	-	-	-	-	-	-	-	-	-
Total	**1,114.95**	**-**	**816.77**	**-**	**691.99**	**-**	**84.7**	**-**	**62.1**	**-**

Source: *Laikipia County Treasury*

The Department of County Administration Services had the highest percentage of recurrent expenditure to recurrent budget at 68.1 per cent while the Department of Water did not spend on its budget.

3.20.8 Budget Execution by Programmes and Sub-Programmes

Table 3.76 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.76: Laikipia County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Estimated Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General Administration Services	Headquarter Administration Services	23,056,602	9,410,680	13,645,922	41
	Agriculture Sector Extension Management	8,312,612	187,800	8,124,812	2
Livestock Resources Management and Development	SP2 Livestock Production and Management	500,000	-	500,000	-
	SP4 Animal Health and Disease Management and Control	514,500	-	514,500	-
Fisheries Productivity Program	Promotion of Irrigation and Drainage Development and Management	300,000	-	300,000	-
Physical Planning and Survey	Physical Planning and Survey	580,000	-	580,000	-

Programme	Sub- Programme	Estimated Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Land and Housing Management	Housing improvement	425,000	-	425,000	-
Public Works Service Delivery Improvement	Office development	443,000	-	443,000	-
Road Network Improvement Housing and Urban Development	Road network Improvement	149,000	-	149,000	-
	Urban Development	4,400,000	-	4,400,000	-
Crop Development and Management	Land and Crop Productivity Enhancement and Management	500,000	-	500,000	-
	Irrigation Development and management	175,000	-	175,000	-
County Renewable/Green Energy Services	County renewable/Green energy services	325,000	-	325,000	-
Administration, Planning and Support Services	Administration Services	1,000,000	-	1,000,000	-
	Personnel Services	1,375,000	1,460,000	(85,000)	106
	Policy Development	250,000	-	250,000	-
Trade Development and Promotion	Metrological Lab-weights and measures	250,000	-	250,000	-
	Industrial Development and Investment Promotion	950,000	-	950,000	-
	Informal Sector Development	45,000	-	45,000	-
Tourism Development and Promotion	Tourism Promotion and Marketing	750,000	-	750,000	-
Preventive & Promotive Health Services	Strategic Health Interventions	6,872,274	-	6,872,274	-
	Emergency Referral and Rehabilitative Services	60,234,104	7,785,236	52,448,868	13
	Essential Health Institutions and Services	17,500,000	-	17,500,000	-
General Administrative & Planning Services	Administration ,Project Planning and Implementation Services	5,500,000	3,349,994	2,150,006	61
	Health policy, governance, planning and financing	25,000	-	25,000	-
Preventive Health Services	Community health Strategy, Advocacy and surveillance	6,140,625	-	6,140,625	-
Information Communication and Technology	Infrastructure Improvement	1,250,000	-	1,250,000	-
Sports, Arts and Social Services	Social and Cultural Development	1,375,000	-	1,375,000	-
Education and Training	Vocational Education and Training	1,950,250	-	1,950,250	-
	Education Empowerment	1,719,198	-	1,719,198	-
General Administration Planning and Support Services	County Administration-Laikipia East	1,000,000	500,000	500,000	50
	County Administration-Laikipia West	750,000	-	750,000	-
	County Administration-Laikipia North	500,000	-	500,000	-
	Compensation to employee	637,818,751	556,265,984	93,673,165	85
County Administration	County Administration Management	3,625,000	2,356,700	1,268,300	65
	Public participation	1,000,000	-	1,000,000	-
	Decentralized Services	750,000	-	750,000	-
	County services delivery and result reporting	1,149,972	-	1,149,972	-
Public Safety, Enforce and Disaster Management	Disaster Reduction Management	1,250,000	-	1,250,000	-
	Fire Services	1,250,000	-	1,250,000	-
	Enforcement And Disaster Management	1,750,000	-	1,750,000	-
	Alcohol Control Committee	1,000,000	-	1,000,000	-
Departmental Administrative Services/ Centralized Services	Supply chain management services	1,925,000	317,500	1,607,500	16
	Revenue collection services	9,750,000	9,031,400	718,600	93
Financial Services	Accounting and Reporting Services	4,375,000	987,250	3,387,750	23
Monitoring and Evaluation Services	National Integrated Monitoring and Evaluation	9,475,000	3,194,100	6,280,900	34

Programme	Sub- Programme	Estimated Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Intergovernmental Relations	Grants and Transfers to Government entities	15,000,000	-	15,000,000	0
Enhanced Staff Welfare	Car and mortgage -state officer	5,000,000	-	5,000,000	-
Economic Planning Services	Integrated planning Services	1,500,000	178,500	1,321,500	12
	Research Statistics and Documentation	1,000,000	643,200	356,800	64
	Integrated Monitoring and Evaluation Services	412,500	215,400	197,100	52
	Integrated planning Services	1,500,000	178,500	1,321,500	12
Human Capital Management and Development	Information and Records management	965,750	-	965,750	-
Security and Policing Support Services	Urban Facilities Management Services	7,000,000	-	7,000,000	-
Public Finance Management Services	Internal Audit Service	2,130,000	627,849	1,502,151	29
Development Planning Services	Integrated Planning Services	25,000	-	25,000	-
	Participatory Budgeting Support Services	2,000,000	-	2,000,000	-
	Research Statistics and Documentation Service	370,000	-	370,000	-
	Programme monitoring and Evaluation	1,250,000	214,000	1,036,000	17
	Youth Development Empowerment Services	25,000	-	25,000	-
Sports Improvement and Support Program	Sports promotion services	1,750,000	-	1,750,000	-
Children Support Program	Children institutions support program (CEDC)	2,500,000	110,884	2,389,116	4
Natural Resources Conservation and Management	Administration and Planning Services	2,754,897	-	2,754,897	-
	Personnel Services	1,250,000	-	1,250,000	-
	Strategic Project Monitoring and intervention	500,000	-	500,000	-
	Administration and Planning Services	2,754,897	-	2,754,897	-
General Administration Support Services	General administration support services	167,975,324	58,905,769	109,973,248	34.5
Legislative and Oversight	Legislative and oversight	73,052,721	35,767,503	37,285,218	47.9
Total		**1,114,951,977**	**691,988,249.00**	**422,963,728**	**62.0**

Source: *Laikipia County Treasury*

The top performing programs across the County were: General Administration Support Services, Legislative and Oversight, Administrative Services and Centralized Services, Economic Planning Services, and Public Finance Management Services.

3.20.9 Key Observations and Recommendations

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

1. Delay in the approval of budget, as at the end of first quarter the County had not approved the FY 2019/20 budget and was relying on Vote on Account in line with Section 134 of the PFM Act, 2012.
2. Delay in disbursement of equitable share of revenue raised nationally by the National Treasury occasioned by delay in enactment of DORA, 2019 and CARA, 2019.
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.
4. Delay by 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 established County Funds contrary to Section 168 of the PFM Act, 2012.

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

1. *The County should identify and address the causes of late budget approval in order to ensure timely approval of key budget documents in line with the law.*
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 the CARA Disbursement Schedule.*
3. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
4. *All Funds Administrators should provide quarterly financial statements for County Funds in line with Section 168 of the PFM Act, 2012.*

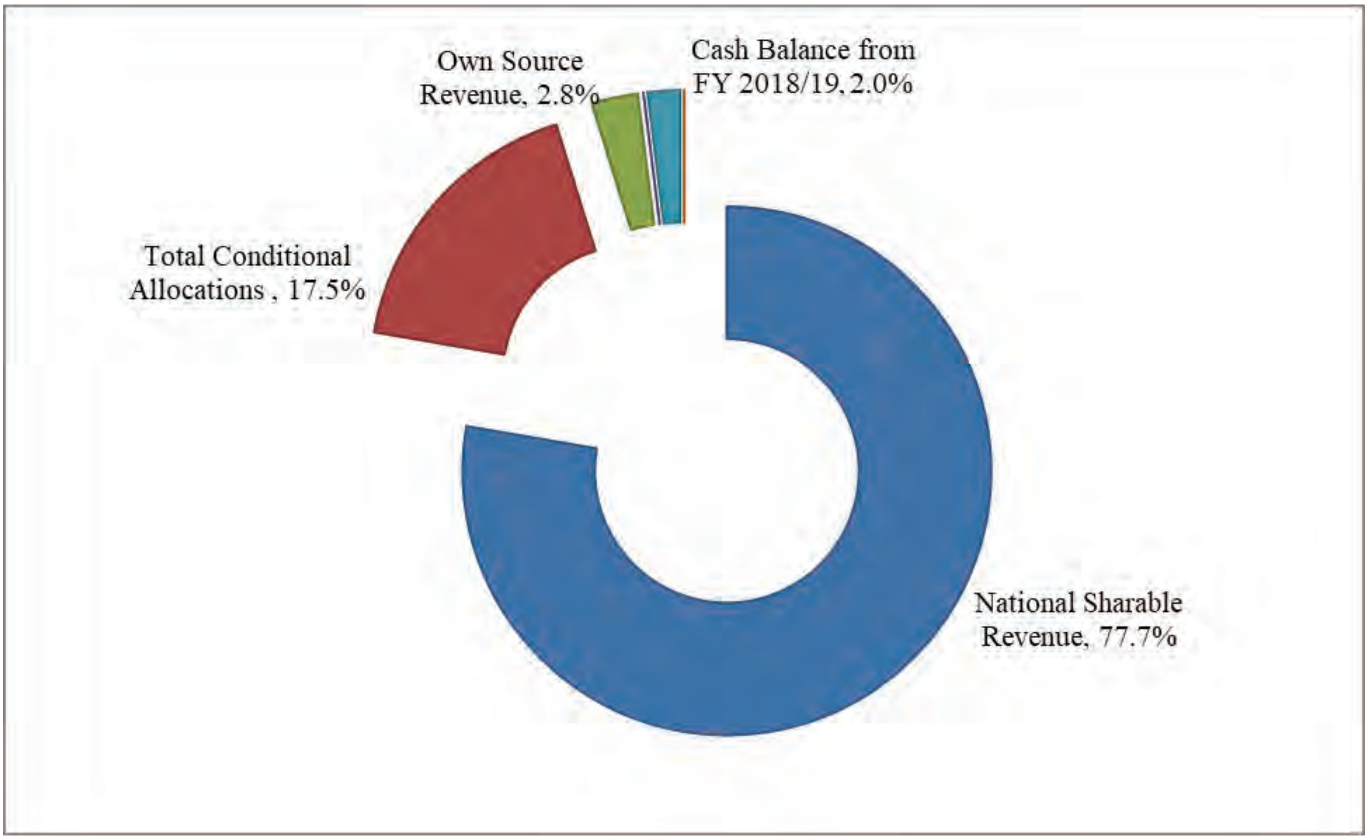
3.21 Lamu County

3.21.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.3.54 billion, comprising of Kshs.1.22 billion (34.5 per cent) and Kshs.2.32 billion (65.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.2.75 billion (77.7 per cent) as equitable share of revenue raised nationally, Kshs.619.58 million (17.5 per cent) as total conditional grants, generate Kshs.100 million from own source revenue, and had Kshs.70 million (2 per cent) as cash balance from FY 2018/19. Figure 3.59 shows the expected sources of financing in FY 2019/20

Figure 3.59: Expected Sources of Financing in FY 2019/20



Source: *Lamu County Treasury*

3.21.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.451.58 million as equitable share of the revenue raised nationally, raised Kshs.11.92 million from own-source revenue, and had a cash balance of Kshs.1.33 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.79 billion as shown in Table 3.77.

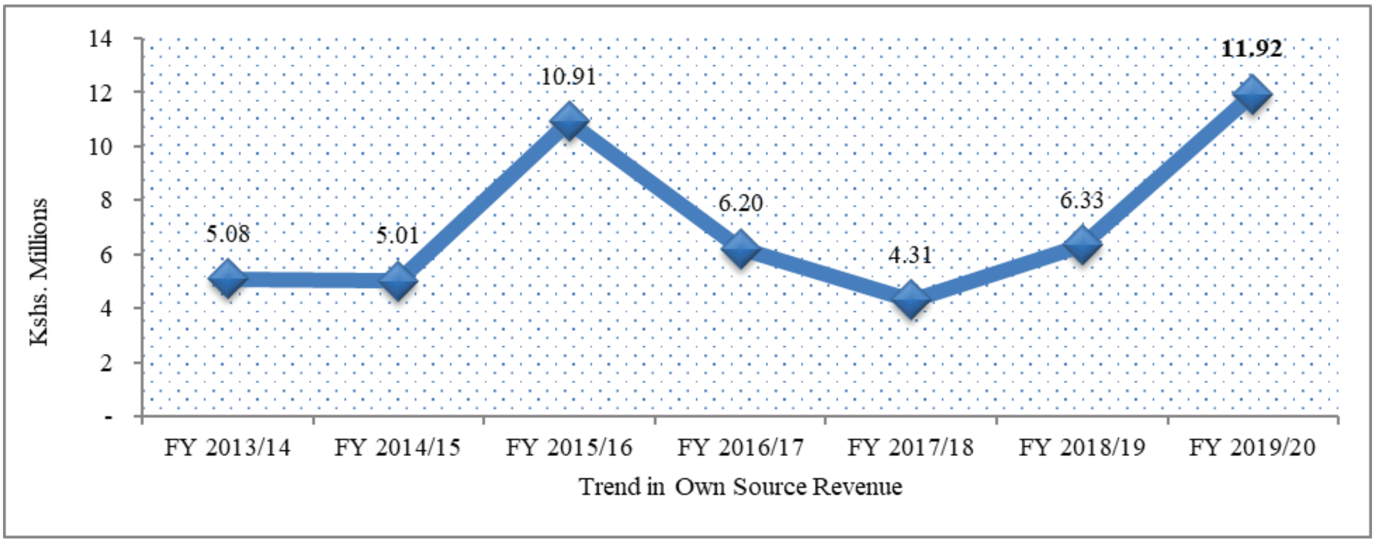
Table 3.77: Lamu County, Revenue Performance in the First Quarter of FY 2019/20

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**	**2,595,300,000**	**2,752,000,000**	**451,582,200**	**17.4**
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	-	-	-	-
2.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
3.	Compensation for User Fee Foregone	2,451,034	2,451,034	-	-
4.	Leasing of Medical Equipment	131,914,894		-	-
5.	Road Maintenance Fuel Levy Fund	73,669,313	73,669,313	-	-
6.	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**				
7	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
8.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,507,010	157,507,010	-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	63,793,559	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
11.	DANIDA Grant	10,593,750	10,593,750	-	-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,265,997	14,265,997	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		**306,166,757**	**381,160,316**	**-**	**-**
D	**Other Sources of Revenue**				
14.	Own Source Revenue	-	100,000,000	11,922,697	11.9
15.	Balance b/f from FY2018/19	-	70,000,000	1,326,352,485	1894.8
Sub Total		**-**	**170,000,000**	**1,338,275,182**	**7.9**
Grand Total		**3,271,800,296**	**3,541,578,961**	**1,789,857,382**	**50.5**

Source: *Lamu County Treasury*

Figure 3.60 shows the trend in own-source revenue collection for the first quarter from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.60: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Lamu County Treasury*

The own source revenue realised in the reporting period of Kshs.11.92 million represented 11.9 per cent of the annual target.

3.21.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.368.22 million from the CRF account. The withdrawal was entirely for recurrent programmes.

3.21.4 Overall Expenditure Review

A total of Kshs.345.92 million was spent on recurrent programmes. This expenditure represented 93.9 per cent of the total funds released from the CRF account and represented 14.9 per cent of the annual recurrent budget.

3.21.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.335.8 million was spent on compensation to employees and Kshs.10.11 million on use of goods and services.

Table 3.78: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

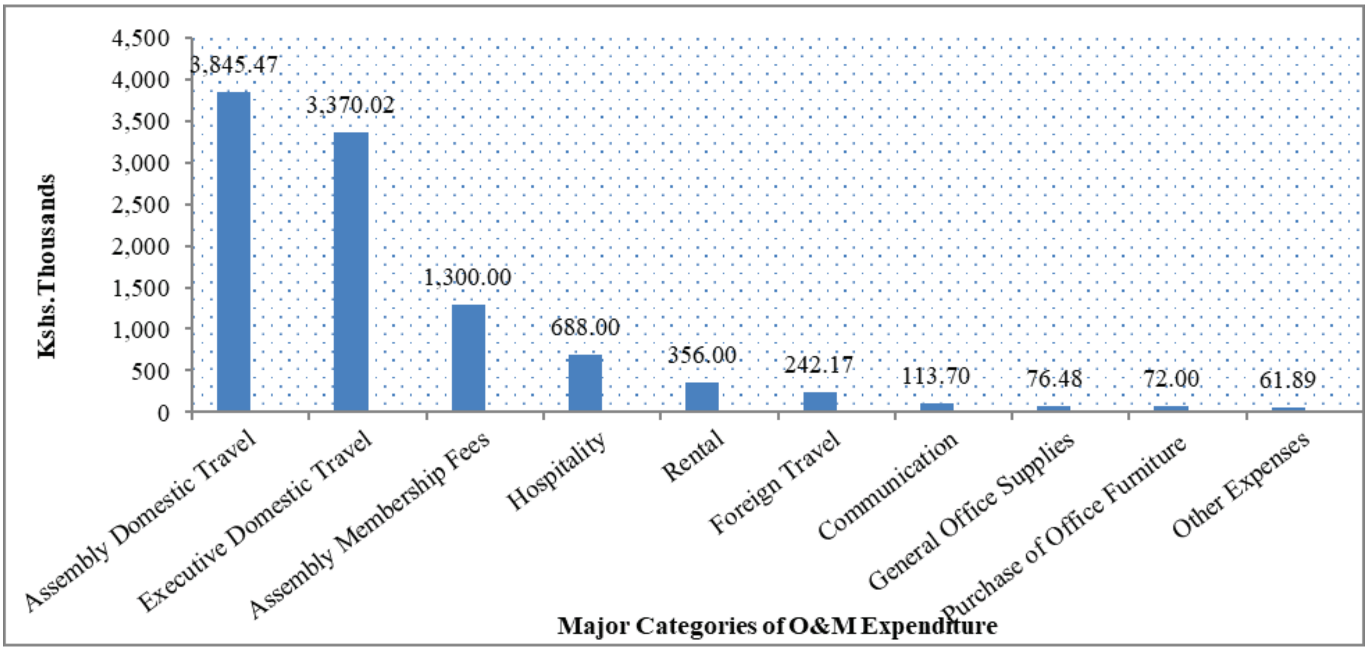
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**2,318,735,354**	**368,219,770**	**345,917,384**	**14.9**
Compensation to Employees	1,366,696,186	333,508,391	335,802,897	24.6
Operations and Maintenance	952,039,168	34,711,379	10,114,486	1.1
Total Development Expenditure	**1,222,843,607**	-	-	-
Development expenditure	1,222,843,607	-	-	-
Total	**3,541,578,961**	**368,219,770**	**345,917,384**	**9.8**

Source: Lamu County Treasury

3.21.6 Analysis of Operations and Maintenance

Figure 3.61 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.61: Lamu County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



***Source: Lamu** County Treasury*

The County spent Kshs.5.54 million on committee sitting allowances to the 19 MCAs and the Speaker against the annual budget allocation of Kshs.18 million. This was an increase of compared to Kshs.2.41 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.97,222 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.7.22 million and comprised of Kshs.3.85 million spent by the County Assembly and Kshs.3.37 million by the County Executive. This represented was a decrease of 69.6 per cent compared to Kshs.23.73 million spent in the first quarter of FY 2018/19.

3.21.7 Budget Performance by Department

Table 3.79 shows a summary of the approved budget allocation and performance by department in the first quarter of the FY 2019/20.

Table 3.79: Lamu County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	405.00	100.00	66.78	-	44.24	-	66.2		10.9	-
County Executive	380.00	94.00	43.56	-	44.75	-	102.7		11.8	-
Finance	84.11	-	14.94	-	15.72	-	105.3		18.7	-
Agriculture & Irrigation	117.08	147.79	11.32	-	11.43	-	101.0		9.8	-
Land, Physical Planning	24.60	49.50	3.69	-	5.98	-	162.3		24.3	-
Education, Gender, Sports, Youth, Culture & Social services	183.12	124.29	15.48	-	17.36	-	112.1		9.5	-
Medical Services	746.13	168.95	161.26	-	167.57	-	103.9		22.5	-
Trade, Tourism & Investment Development	18.52	15.00	2.45	-	2.42	-	98.8		13.1	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Livestock, Veterinary & Cooperative Development	35.76	30.00	7.30	-	8.99	-	123.3		25.1	-
Public Service Board	43.47	-	4.04	-	4.07	-	100.7		9.4	-
Water	25.92	118.90	1.56	-	1.44	-	92.7		5.6	-
Gender, Sports, Youth, Culture & Social services	21.83	107.50	3.40	-	1.40	-	41		6.4	-
Public Health Sanitation and Environment	89.32	14.50	18.69	-	11.66	-	62.4		13.1	-
Fisheries	33.37	15.50	6.21	-	4.51	-	72.7		13.5	-
Budget & Economic Planning	21.43	-	2.15	-	1.36	-	63.2		6.3	-
Infrastructure and Energy	39.08	186.92	5.39	-	3.02	-	56		7.7	-
Lamu Municipality	50.00	50	-	-	-	-	-		-	-
TOTAL	**2,318.74**	**1,222.8**	**368.2**	**-**	**345.92**	**-**	**93.9**		**14.9**	**-**

Source: *Lamu County Treasury*

Analysis of expenditure by department shows that the Department of Livestock, Veterinary & Cooperative Development had the highest percentage of recurrent expenditure to its recurrent budget at 25.1 per cent while the Department of Lamu Municipality did not have any expenditure.

3.21.8 Budget Execution by Programmes and Sub-Programmes

Table 3.80 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.80: Lamu County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Department	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Assembly	**Totals**	**405,000,000**	**44,235,112**	**360,764,888**	**10.9**
	P.1Administration, planning and support services.	204,981,120	38,824,468	166,156,652	18.9
	P.2 Legislation and Oversight	200,018,880	5,410,644	194,608,236	2.7
County Executive	**Totals**	**379,998,782**	**44,746,681**	**335,252,101**	**11.8**
	P 1: Administration, planning and support services.	173,064,584	34,074,169	138,990,415	19.7
	P.2 Executive Services	183,714,342	10,301,913	173,412,429	5.6
	P 3: Coordination & Policy formulation	5,175,000	278,600	4,896,400	5.4
	P5:	18,044,856	91,999	17,952,857	0.5
Finance	**Totals**	**84,106,322**	**15,721,776**	**68,384,546**	**18.7**
	P 1: Administration, planning support services	84,106,322	15,721,776	68,384,546	18.7
Agriculture & Irrigation	**Totals**	**117,079,464**	**11,432,318**	**105,647,146**	**9.8**
	P 2: Extension services	67,056,564	11,432,318	55,624,246	17.0
	P7: Crop Management	7,476,916	-	7,476,916	-
	P8: Crop Husbandry	1,967,844	-	1,967,844	-
	P9: Plant disease control	40,578,140	-	40,578,140	-

Department	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Land, Physical Planning	**Totals**	**24,601,164**	**5,981,648**	**18,619,516**	**24.3**
	P 1: Administration, planning & support Services	24,151,164	5,981,648	18,169,516	24.8
	P3: Survey & Planning	200,000	-	200,000	-
	P4: Housing, Urban Devpt & Infrastructure	250,000	-	250,000	-
3216 Education, Gender, Youth Affairs, Sports and Social Services	**Totals**	**183,123,190**	**17,360,197**	**165,762,993**	**9.5**
	P 1: Head Quarters	21,068,790	3,296,000	17,772,790	15.6
	P2: Early Childhood Development	162,054,400	14,064,197	147,990,203	8.7
Health Services, Sanitation and Environmnet	**Totals**	**746,125,484**	**167,566,371**	**578,559,113**	**22.5**
	P 1: Head Quarters	649,570,700	167,566,371	482,004,329	25.8
	P2: Curative & Rehabilitative Health Dept	48,510,000	-	48,510,000	-
	P3: Preventive & Promotive Health	48,044,784	-	48,044,784	-
Trade, Investment, culture and Tourism	**Totals**	**18,518,304**	**2,418,748**	**16,099,556**	**13.1**
	P 1:Administration, planning & support Services	10,550,892	2,418,748	8,132,144	22.9
	P 2: Tourism Promotion	3,469,072	-	3,469,072	-
	P 3: Trade & Industrialization	4498340	-	4,498,340	-
Livestock, Veterinary and Cooperative Development	**Totals**	**35,757,308**	**8,991,587**	**26,765,721**	**25.1**
	P.1 Administration, planning and support services.	8,378,388	1,500,000	6,878,388	17.9
	P 3: Livestock	9,835,306	3,008,399	6,826,907	30.6
	P 4: Veterinary	15,531,880	4,483,188	11,048,692	28.9
	P 5: Cooperative	2,011,734	-	2,011,734	-
Public Service Board	**Totals**	**43,472,772**	**4,068,262**	**39,404,510**	**9.4**
	P1: Trade Development & Regulation	43,472,772	4,068,262	39,404,510	9.4
Water Management and Conservation	**Totals**	**25,916,932**	**1,443,265**	**24,473,667**	**5.6**
	P 1: Administration and planning support services	15,252,252	1,443,265	13,808,987	9.5
	P 2: Water Management and Provision	10,664,680	-	10,664,680	-
Gender, Sports, Youth, Culture & Social Services	P.1 Administration, planning and support services.	**21,827,800**	**1,395,168**	**20,432,632**	**6.4**
	P.1 Administration, planning and support services.	8,900,400	765,684	8,134,716	8.6
	P2. Youth, Culture & Sports Development	8,554,200	629,484	7,924,716	7.4
		4,373,200	-	4,373,200	-
Public Health Environment and Sanitation	**Totals**	**89,321,750**	**11,659,088**	**77,662,662**	**13.1**
	P 1: General Administration, Planning and Support Services	80,150,136	11,659,088	68,491,048	14.5
	P 2: Public Health and Sanitation	4,765,000	-	4,765,000	-
	P 4: Environment and Natural Resources	4,406,614	-	4,406,614	-
Fisheries	**Totals**	**33,368,840**	**4,513,669**	**28,855,171**	**13.5**
	P.1 Administration, planning and support services.	28,816,540	4,513,669	24,302,871	15.7
	P 2: Fisheries	4,552,300	0	4,552,300	0.0
Budget And Economic Planning	**Totals**	**21,433,802**	**1,359,832**	**20,073,970**	**6.3**
	P 1: Administration, planning support services	13,490,229	1,359,832	12,130,397	10.1
	P 2: Economic Planning and Budgeting	7,943,573	-	7,943,573	-

Department	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Infrastructure, Urban Development & Energy	**Totals**	**39,083,436**	**3,023,662**	**36,059,774**	**7.7**
	P 1: Administration, planning & support Services	25,408,436	3,023,662	22,384,774	11.9
	P 4: Infrastructure Development	13,675,000	-	13,675,000	-
Lamu Municipality	**TOTALS**	**50,000,000**	**-**	**50,000,000**	**-**
	P 1: Administration, planning & support Services	2,450,000	-	2,450,000	-
	P 1: Urban Development	47,550,000	-	47,550,000	-
TOTAL VOTED EXPENDITURE		**2,318,735,350**	**345,917,384**	**1,972,817,966**	**14.9**

Source: *Lamu County Treasury*

The top performing programs across the County were: Livestock, Veterinary and Cooperative Development, Land, Physical Planning and Health Services, Sanitation & Environment.

3.21.9 Key Observations and Recommendations

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

1. Failure by the County Treasury to budget for unspent cash balance from FY 2018/19 amounting to Ksh.1.33 billion. This affected payment of pending bills from the previous financial year.
2. Late submission of financial reports by the County Assembly, which affected timely preparation of budget implementation report contrary with Section 166 of the PFM Act, 2012.
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.3.54 billion compared to Kshs.2.32 billion allocation by programmes.

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

1. *The County should prepare a supplementary budget and appropriate the unspent cash balance from the FY 2018/19.*
2. *The County Assembly 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 reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

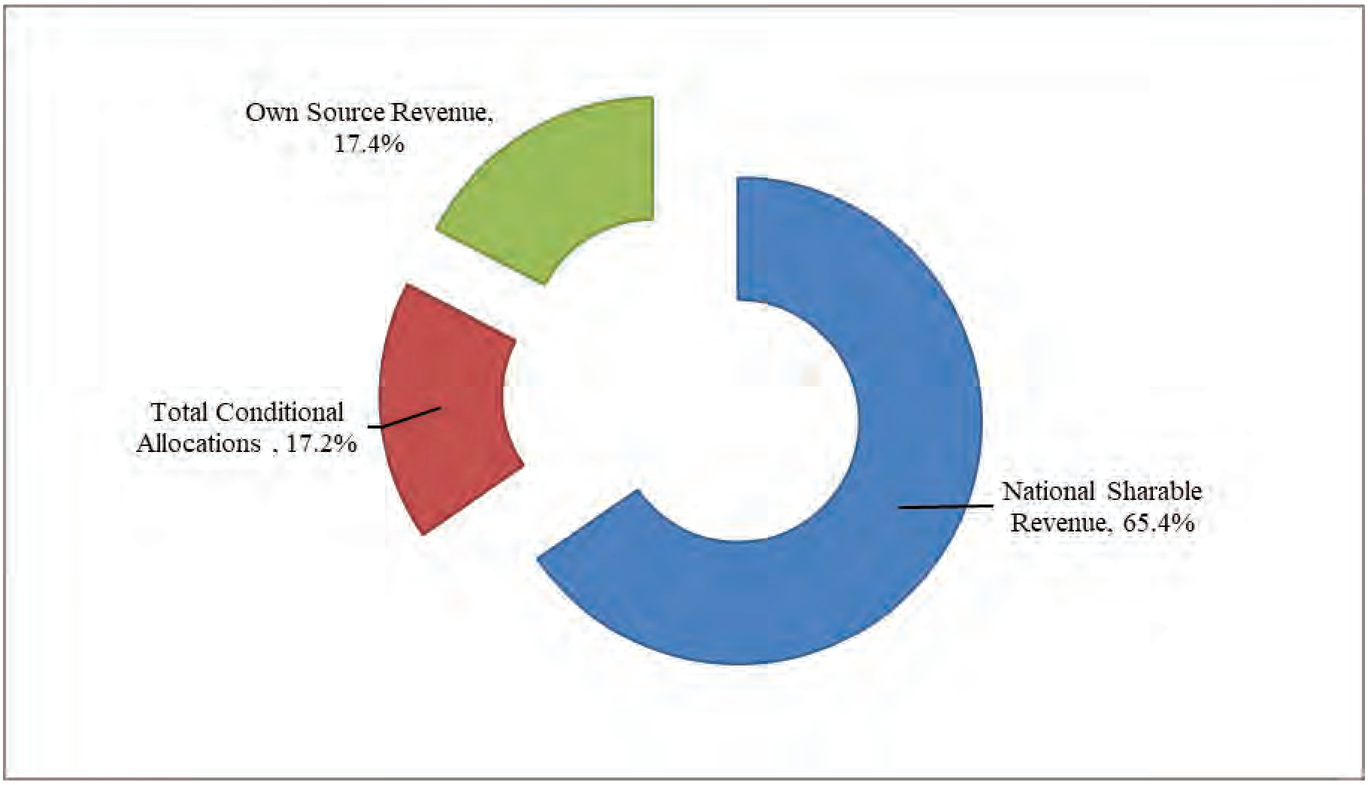
3.22 Machakos County

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 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 3.62 shows the expected sources of financing in FY 2019/20

Figure 3.62: Expected Sources of Financing in FY 2019/20



Source: *Machakos County Treasury*

3.22.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.35 billion as equitable share of the revenue raised nationally, raised Kshs.185.74 million from own-source revenue, and had a cash balance of Kshs.1.60 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.3.14 billion as shown in Table 3.81.

Table 3.81: Machakos County, Revenue Performance in the First Quarter of FY 2019/20

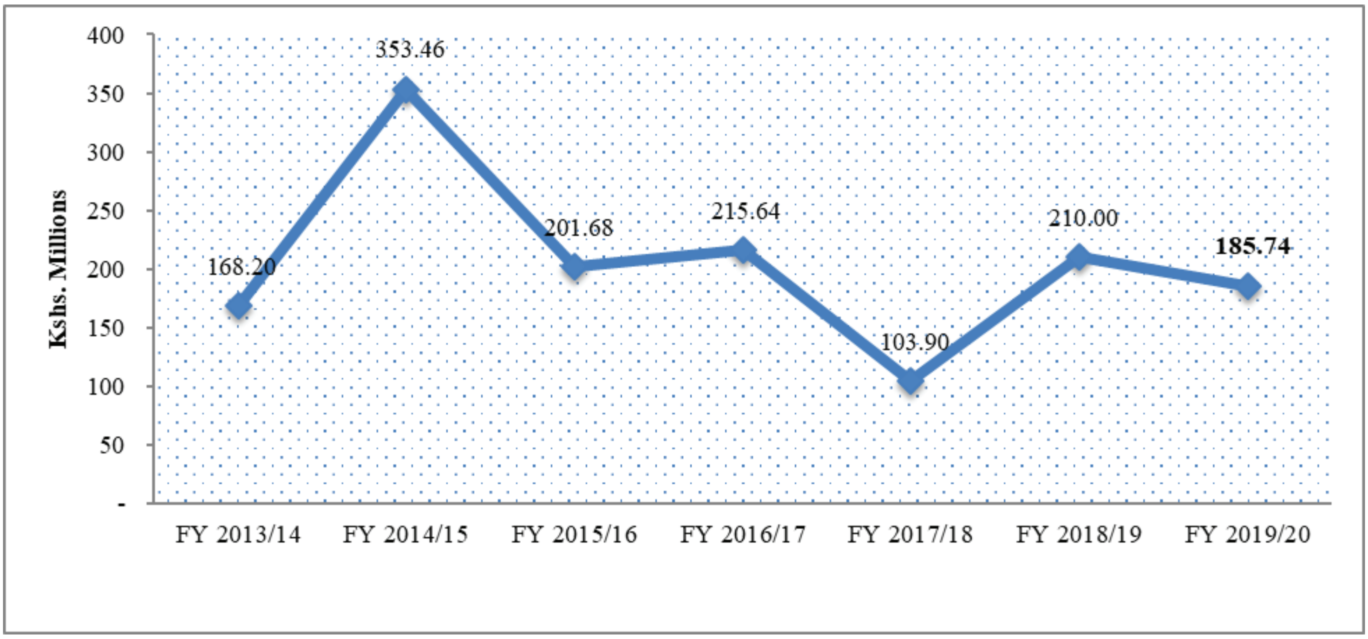
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**7,754,250,000**	**8,223,915,000**	**1,349,239,500**	**17.4**
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	383,583,815	383,583,815	-	-
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	51,093,2980	-	-
Sub Total		**810,830,577**	**952,408,163**	-	-
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	129,858,778	129,858,778	-	-
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	150,156,390	150,156,390	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	83,423,784	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,018,320,500	1,018,320,500	-	-
10.	DANIDA Grant	24,843,750	24,843,750		-

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 (%)
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,869,663	17,869,663	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**1,379,849,081**	**1,433,272,865**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	2,212,664,747	185,740,734	8.4
14.	Balance b/f from FY2018/19	-	-	1,603,371,394	-
Sub Total		-	2,212,664,747	1,789,112,128	80.9
Grand Total		**9,944,929,658**	**12,822,260,776**	**3,138,351,628**	14

Source: *Machakos County Treasury*

Figure 3.63 shows the trend in own-source revenue collection from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.63: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Machakos County*

The own source revenue realised in first quarter of FY2019/20 of Kshs.185.74 million represented 8.4 per cent of the annual target.

3.22.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.96 billion from the CRF account. The withdrawals comprised of Kshs.154.14 million (7.9 per cent) for development programmes and Kshs.1.80 billion (92.1 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

A total of Kshs.1.70 billion was spent on development and recurrent programmes. This expenditure represented 96.6 per cent of the total funds released from the CRF account and comprised of Kshs.84.17 million and

Kshs.1.62 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 20.6 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 1.7 per cent.

3.22.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.41 billion was spent on compensation to employees and Kshs.212.49 million on use of goods and services.

Table 3.82: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

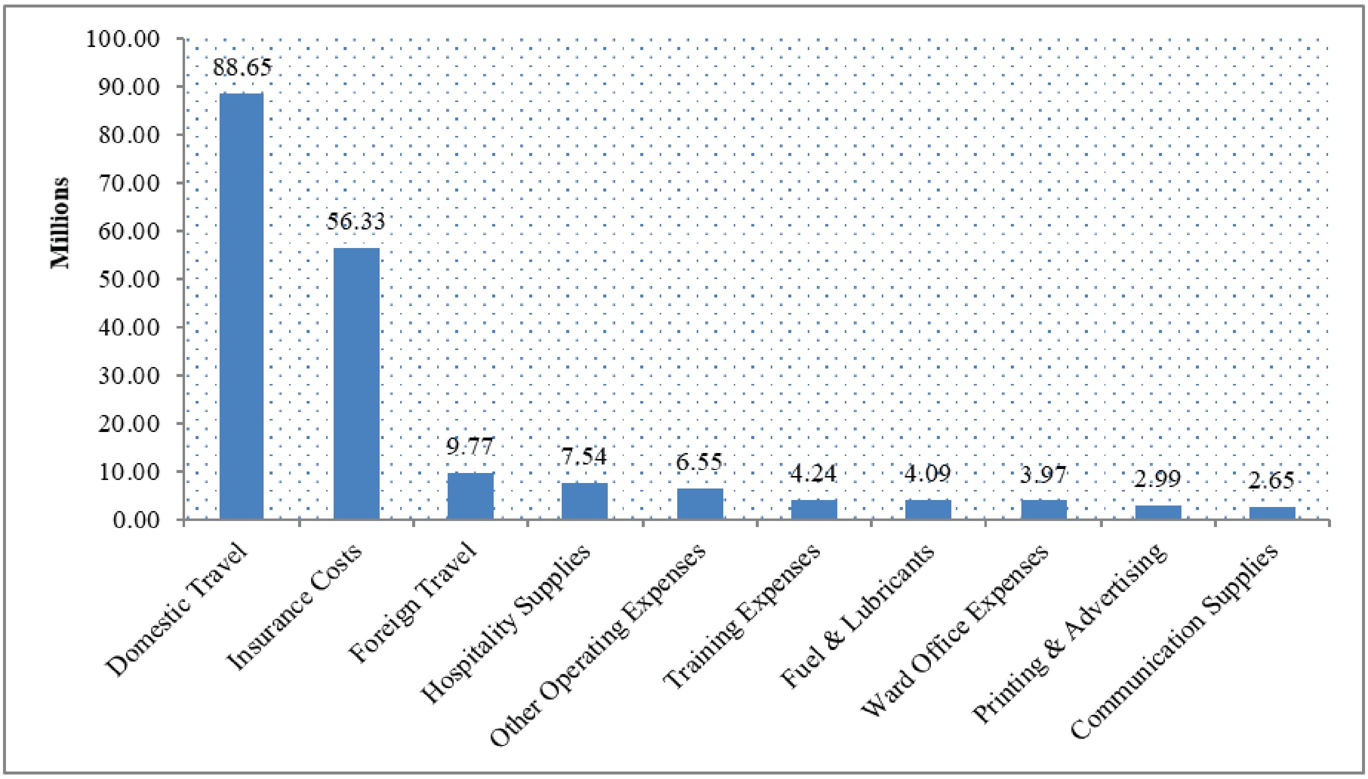
Expenditure Classification	Budget Ksh	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	7,850,709,245	1,804,833,571	1,620,709,509	20.6
Compensation to Employees	4,446,207,363	1,390,211,777	1,408,218,610	31.7
Operations and Maintenance	3,404,501,882	414,621,794	212,490,899	6.2
Total Development Expenditure	4,971,551,531	154,137,268	84,178,811	1.7
Development Expenditure	4,971,551,531	154,137,268	84,178,811	1.7
Total	**12,822,260,776**	**1,958,970,839**	**1,704,888,320**	**13.3**

Source: *Machakos County Treasury*

3.22.6 Analysis of Operations and Maintenance

Figure 3.64 Figure shows a summary of operations and maintenance expenditure by major categories.

Figure 3.64: Machakos County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Machakos County Treasury*

3.22.7 Budget Performance by Department

Table 3.83 shows a summary of the approved budget allocation and performance by department in the first quarter FY 2019/20.

Table 3.83: Machakos County, Budget Performance by Department for the First Quarter 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	65.02	-	26.61	-	40.9	-	4.8	-
Finance and Economic Planning	556.16	89.74	106.35	-	20.85	-	19.6	-	3.7	-
Public Service, Quality Management and ICT	509.03	11.77	167.95	-	1369.20	-	815.3	-	269	-
County Public Service Board	59.01	10.00	8.08	-	0.74	-	9.1	-	1.3	-
Roads, Transport and Public Works	202.27	1,364.10	48.28	132.18	0.18	84.18	0.4	63.7	0.1	6.2
Health and Emergency Services	3,368.59	586.17	870.93	-	4.23	-	0.5	-	0.1	-
Agriculture, Food Security and Co-operative Development	383.45	354.53	58.87	7.68	0.99	-	1.7	-	0.3	-
Tourism, Youth, Sports and Culture	103.90	130.00	18.75	-	1.25	-	6.7	-	1.2	-
County Administration and Decentralized Units	395.61	88.10	118.70	-	2.75	-	2.3	-	0.7	-
Trade, Industrialization and Innovation	255.70	133.30	14.34	-	2.61	-	18.2	-	1	-
County Assembly	911.15	387.00	241.62	6.13	187.45	-	77.6	-	20.6	-
Education, Skills Training and Social Welfare	309.92	158.54	44.88	-	0.75	-	1.7	-	0.2	-
Energy, Lands, Housing and Urban Development	120.51	1,152.66	20.60	-	2.54	-	12.3	-	2.1	-
Water, Irrigation, Environment and Natural Resources	122.72	500.22	20.48	8.13	0.56	-	2.7	-	0.5	-
TOTAL	**7,850.71**	**4,971.55**	**1,804.83**	**154.14**	**1620.71**	**84.18**	**89.8**	**54.6**	**0.1**	**0.6**

Source: *Machakos County Treasury*

Analysis of expenditure by department shows that the Department of Roads, Transport and Public Works was the only one that incurred expenditure on development budget at an absorption rate of 6.2 per cent. The Department of Public Service, Management and Devolved Unit had the highest percentage of recurrent expenditure to recurrent budget at 269 per cent while the Department of Health and Emergency Services had the lowest at 0.1 per cent. Expenditure above approved budget is irregular and should be addressed through a Supplementary Budget.

3.22.8 Budget Execution by Programmes and Sub-Programmes

Table 3.84 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.84: Machakos County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
Office of the Governor					
Co-ordination and Supervisory Services	Co-ordination and Supervisory Services	558,128,499	26,613,994	531,514,505	4.8

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
	Sub total	**558,128,499**	**26,613,994**	**531,514,505**	**4.8**
Finance and Revenue Management					
Revenue Management	Revenue Management	186,928,163	15,139,578	171,788,585	8.1
Financial Management	Budget Formulation, Coordination and Implementation	115,652,240	4,330,800	111,321,440	3.7
Supply Chain Management	Supply Chain Management	4,271,964	-	4,271,964	-
Accounts Services	Accounts Services	10,735,603	10,000	10,725,603	0.1
Audit Services	Audit Services	4,101,320	30,000	4,071,320	0.7
Human Resource Management and Support Services	Human Resource Management and Support Services	282,149,172	145,712	282,003,460	0.1
County Planning and Statistical Information Services	County Planning and Statistical Information Services	42,062,000	1,198,000	40,864,000	2.8
	Sub total	**645,900,462**	**20,854,090**	625,046,372	3.2
Public Service, Quality Management and ICT					
General Administration and Support Services	Support Services	359,484,762	1,369,197,913	(1,009,713,151)	380.9
Quality Management	Quality Management	3,300,000	-	3,300,000	-
Training, Research and Development	Human Resource Capacity Development	93,436,384	-	93,436,384	-
General Administration and Support Services	Support Services	39,492,840	-	39,492,840	-
ICT Infrastructure	ICT Infrastructure	22,837,119	-	22,837,119	-
Closed Circuit Television (CCTV)	Closed Circuit Television (CCTV)	2,245,000	-	2,245,000	-
	Sub total	**520,796,105**	**1,369,197,913**	**(848,401,808)**	**262.9**
County Public Service Board					
Human Resource Administration	Human Resource Administration	69,009,725	738,050	68,271,675	1.1
	Sub total	**69,009,725**	**738,050**	**68,271,675**	**1.1**
Roads, Transport and Public Works					
General Administration and Support Services	Support Services	232,336,447	177,480	232,158,967	0.1
Road Development and Management	Road Development and Management	922,499,617	8,104,368	914,395,249	0.9
County Government Buildings Services	County Government Buildings Services	281,824,557	76,074,443	205,750,114	27
County Fleet Management	County Fleet Management	129,704,913	-	129,704,913	-
	Sub total	**1,566,365,534**	**84,356,291**	**1,482,009,243**	**5.4**
Health and Emergency Services					
General Administration And Support Services	Support Services	2,830,321,656	4,233,330	2,826,088,326	0.1
Preventive and Promotive Services	Preventive and Promotive Services	991,772,738	-	991,772,738	-
Emergency Services	Emergency Services	24,112,500		24,112,500	-
public health and community outreach	public health and community outreach	108,557,389		108,557,389	-
	Sub total	**3,954,764,283**	**4,233,330**	**3,950,530,953**	**0.1**
Agriculture, Food Security and Co-operative Development					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
General Administration and Support Services	Support Services	261,899,172	740,365	261,158,807	0.3
Crop Development and Management	Crop Development and Management	179,174,991	**30,000**	179,144,991	-
Livestock Resources Management and Development	Livestock Resources Management	93,126,412	**220,000**	92,906,412	0.2
Fisheries Development	Fisheries Development	14,752,645		14,752,645	-
Veterinary Services	Veterinary Services	82,328,402		82,328,402	-
Agriculture Training Centre	Agriculture Training Centre	15,628,231		15,628,231	-
Cooperative Development and Marketing	Cooperative Development and Marketing	91,065,157	-	91,065,157	-
	Sub total	**737,975,010**	**990,365**	**736,984,645**	**0.1**
Tourism, Youth, Sports and Culture					
General Administration and Support Services	Support Services	65,715,063	500,000	65,215,063	0.8
Heritage & Culture	Heritage & Culture Preservation	5,149,882	750,000	4,399,882	14.6
Liquor Management	Liquor Management	1,330,790	-	1,330,790	-
Tourism Development and Marketing	Tourism Development	10,161,278	-	10,161,278	-
County Image Directorate	County Beautification	10,800,000	-	10,800,000	-
Management and Development of Sports and Sports Facilities	Management of Sports	140,740,112	-	140,740,112	-
	Sub total	**233,897,125**	**1,250,000**	**232,647,125**	**0.5**
County Administration and Decentralized Units					
General Administration and Support Services	Support Services	300,280,713	2,750,000	297,530,713	0.9
Civic Engagement	Civic Engagement	99,436,310	-	99,436,310	-
Administration and Coordination Services	Administration and Coordination Services	24,492,254	-	24,492,254	-
Solid Waste Management	Solid Waste Management	12,800,000	-	12,800,000	-
Sanitation Management	Sanitation	2,000,000	-	2,000,000	-
Inspectorate services and Management	Inspectorate Services	44,695,872	-	44,695,872	-
	Sub total	**483,705,149**	**2,750,000**	**480,955,149**	**0.6**
Trade, Industrialization and Innovation					
General Administration and Support Services	Support Services	77,841,600	2,478,900	75,362,700	3.2
Trade Development	Trade Development	33,850,000	-	33,850,000	-
Business and Enterprise Development	Business and Enterprise Development	8,600,000	-	8,600,000	-
Industrialization and innovation	Industrialization and innovation	106,050,000	-	106,050,000	-
Machakos Investment Promotion Board	Investment Facilitation and Support	11,759,324	-	11,759,324	-
County Law Office	Legal Office	150,903,950	127,480		0.1
	Sub total	**389,004,874**	**2,606,380**	**386,398,494**	**0.7**
County Assembly					

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
Legislation and Oversight	Legislation and Oversight	1,298,145,156	187,450,107	1,110,695,049	14.4
	Sub total	**1,298,145,156**	**187,450,107**	**1,110,695,049**	**14.4**
Education, Skills Training and Social Welfare					
General Administration and Support Services	Support Services	277,645,916	500,000	277,145,916	0.2
Basic Education	Provision of Education Services	106,594,456	-	106,594,456	-
Youth Development Services	Youth Empowerment	67,813,258	250,000	67,563,258	0.4
Gender and Social Services	Social Protection	16,406,107	-	16,406,107	-
	Sub total	**468,459,737**	**750,000**	**467,709,737**	**0.2**
Energy, Lands, Housing and Urban Development					
General Administration and Support Services	Support Services	62,012,957	1,291,800	60,721,157	2.1
Housing and Urban Development	Land Policy and Planning	1,123,306,468	1,250,000	1,122,056,468	0.1
Energy and Natural Resources	Energy and Natural Resources	87,849,140	-	87,849,140	-
	Sub total	**1,273,168,565**	**2,541,800**	**1,270,626,765**	**0.2**
Water, Irrigation, Environment and Natural Resources					
Water Supply and Sewerage	Water Supply and Sewerage	338,064,789	-	338,064,789	-
Irrigation Schemes Development and Promotion.	Irrigation Development	188,014,626	-	188,014,626	-
	Development and promotion of irrigation schemes	5,562,474	-	5,562,474	-
General Administration and Support Services	Support Services	91,298,662	556,000	90,742,662	0.6
	Sub total	**622,940,551**	**556,000**	622,384,551	0.1
Grand Total		**12,822,260,776**	**1,704,888,320**	**11,117,372,456**	**13.3**

Source: *Machakos County Treasury*

The top performing programs across the county were: County Government Buildings, Heritage & Culture and legislation & oversight.

3.22.9 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. The County does not have standardized organization of departments; it was observed that the names of department in the various budget documents differed from the ones in the IFMIS system.
3. The County maintains several imprest accounts for different departments in commercial banks which affects proper reporting on budget implementation.
4. Failure to budget for cash balance from FY 2018/19 of Kshs.1.60 billion in the current year budget.

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 the equitable share of revenue is disbursed to the County in a timely manner in the remaining period of the financial year.*
2. *The County should reorganize its departments and ensure the names of all entities are synchronized in both IFMIS and in the planning and budget documents.*
3. *The County is advised to close the imprest accounts maintained with the commercial banks and*

instead make staff imprest payments through the IFMIS system.

4. *The CECM-F should ensure that unspent balance of Kshs.1.6 billion from previous financial year is appropriated through the Supplementary Budget.*

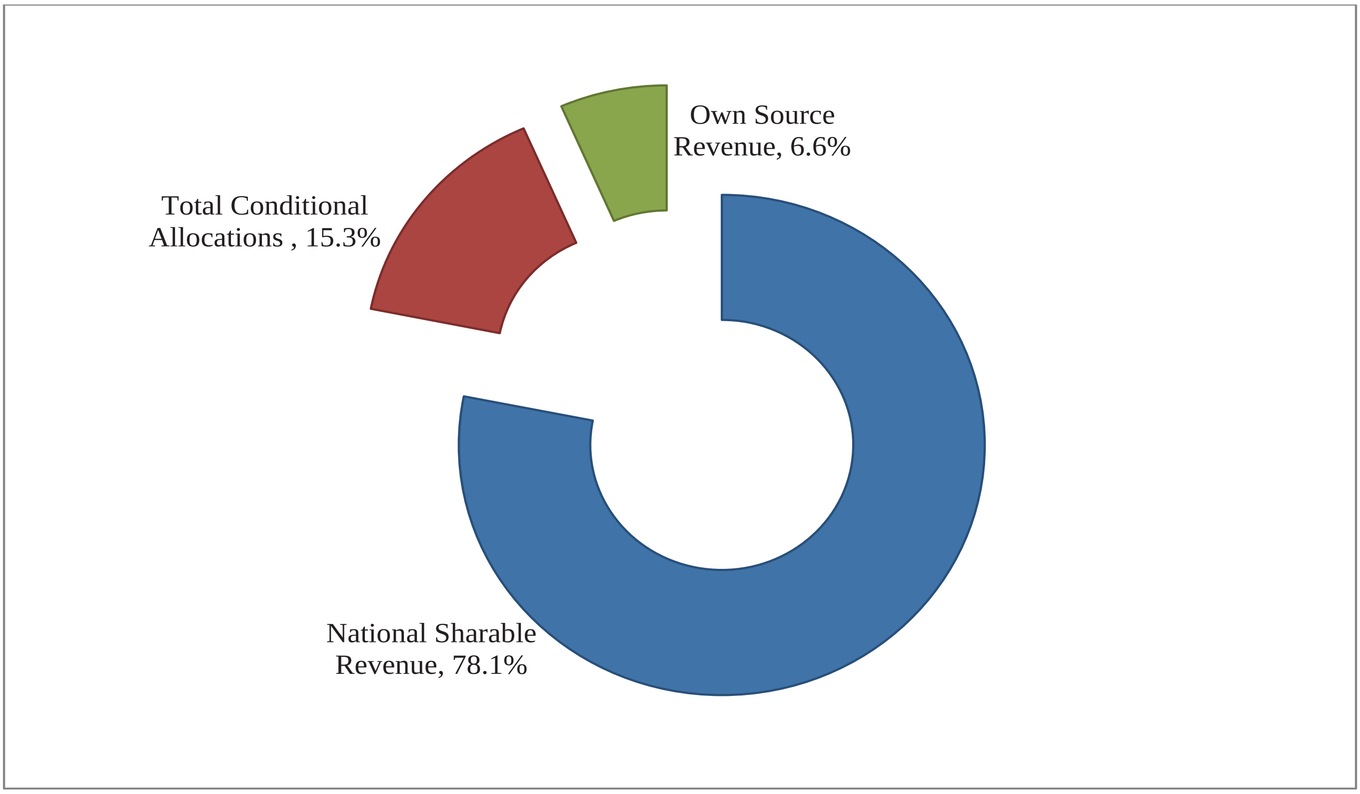
3.23 Makueni County

3.23.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.9.29 billion, comprising of Kshs.3.30 billion (35.5 per cent) and Kshs.5.99 billion (64.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.25 billion (78.1 per cent) as equitable share of revenue raised nationally, Kshs.1.42 billion (15.3 per cent) as total conditional grants, generate Kshs.609 million from own source revenue. Included in own source revenue is Kshs.59 million for Appropriation in Aid for ATC, Fruit Processing and Sand Authority. Figure 3.65 shows the expected sources of financing in FY 2019/20.

Figure 3.65: Expected Sources of Financing in FY 2019/20



Source: Makueni County Treasury

3.23.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.29 billion as equitable share of the revenue raised nationally, generated Kshs.111.37 million from own-source revenue, and had cash balance from FY 2018/19 of Kshs.1.01 billion. The total funds available for budget implementation amounted to Kshs.2.41 billion as shown in Table 3.85.

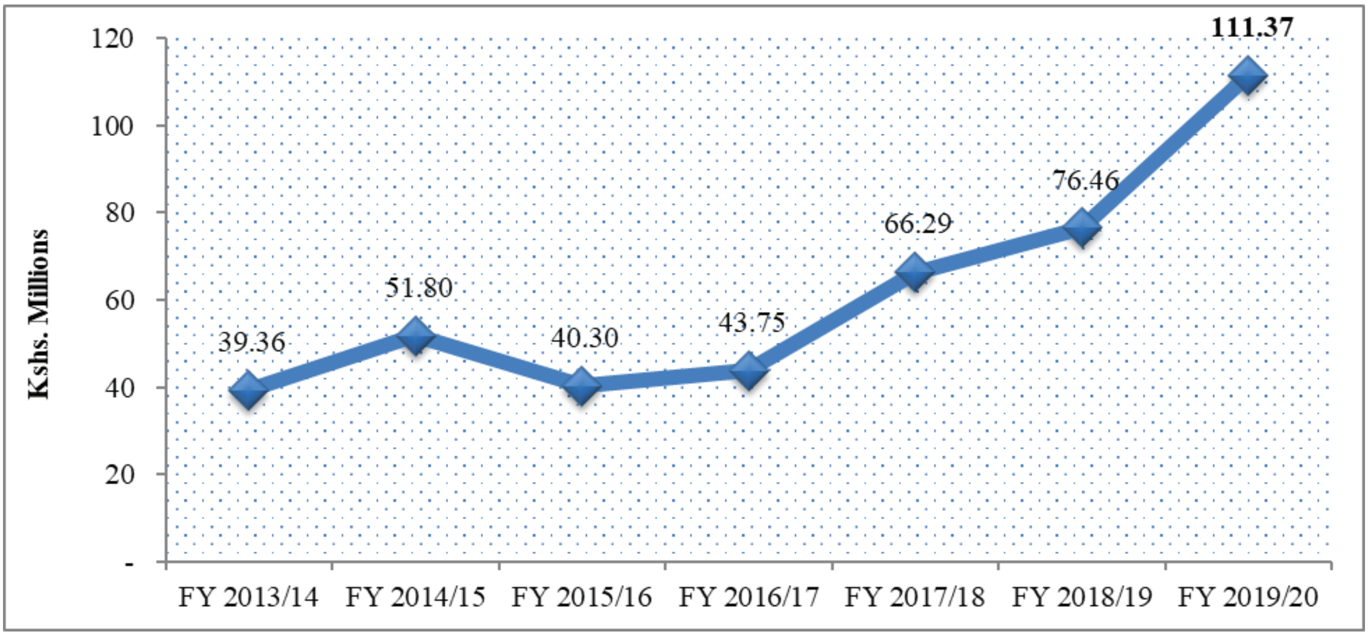
Table 3.85: Makueni County, Revenue Performance in the First Quarter of FY 2019/20

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	7,854,678,000	7,254,000,000	1,288,661,400	17.8
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	19,435,760	19,435,760	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	210,227,063	210,227,063	-	-
4.	Rehabilitation of Village Polytechnics	60,333,298	60,333,298	-	-
Sub Total		**421,911,015**	**421,911,015**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	89,179,782	89,179,782	-	-
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)	136,261,600	136,261,600	-	-
9.	DANIDA Grant	21,281,250	21,281,250	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	50,180,747	50,180,747	-	-
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	296,651,733	296,651,733	100
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,051,135	19,051,135	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		704,754,514	1,001,406,247	296,651,733	29.6
D	**Other Sources of Revenue**				
14.	Own Source Revenue	-	609,000,000	111,368,463	18.3
15.	Balance b/f from FY2018/19	-		709,793,969	∞
Sub Total		-	609,000,000	821,162,432	134.8
Grand Total		**8,981,343,529**	**9,286,317,262**	**2,406,475,565**	**25.9**

Source: *Makueni County Treasury*

Figure 3.66 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.66: Trend in Own-Source Revenue Collection from the First Quarter FY 2013/14 to the First Quarter of FY 2019/20



Source: Makueni County Treasury

The own source revenue realised in the reporting period of Kshs.111.37 million represented 18.3 per cent of the annual target.

3.23.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.01 billion from the CRF account. The withdrawals were entirely for recurrent programmes.

3.23.4 Overall Expenditure Review

A total of Kshs.901.55 million was spent on development and recurrent programmes and represented 89.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.17.40 million and Kshs.884.15 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 14.8 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 0.5 per cent.

3.23.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.836.67 million was spent on compensation to employees and Kshs.47.48 million on operations and maintenance.

Table 3.86: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**5,985,791,813**	**1,005,770,053**	**884,152,052**	**14.8**
Compensation to Employees	3,716,138,837	904,481,391	836,668,911	22.5
Operations and Maintenance	2,269,652,976	101,288,662	47,483,140	2.1
Total Development Expenditure	**3,300,525,449**	**-**	**17,397,159**	**0.5**
Development Expenditure	3,300,525,449		17,397,159	0.5
Total	**9,286,317,262**	**1,005,770,053**	**901,549,211**	9.7

Source: *Makueni County Treasury*

3.23.6 Development Expenditure

Table 3.87 provides a list of projects implemented in the first quarter of FY 2019/20.

Table 3.87: List of Projects Implemented for the First Quarter of FY 2019/20

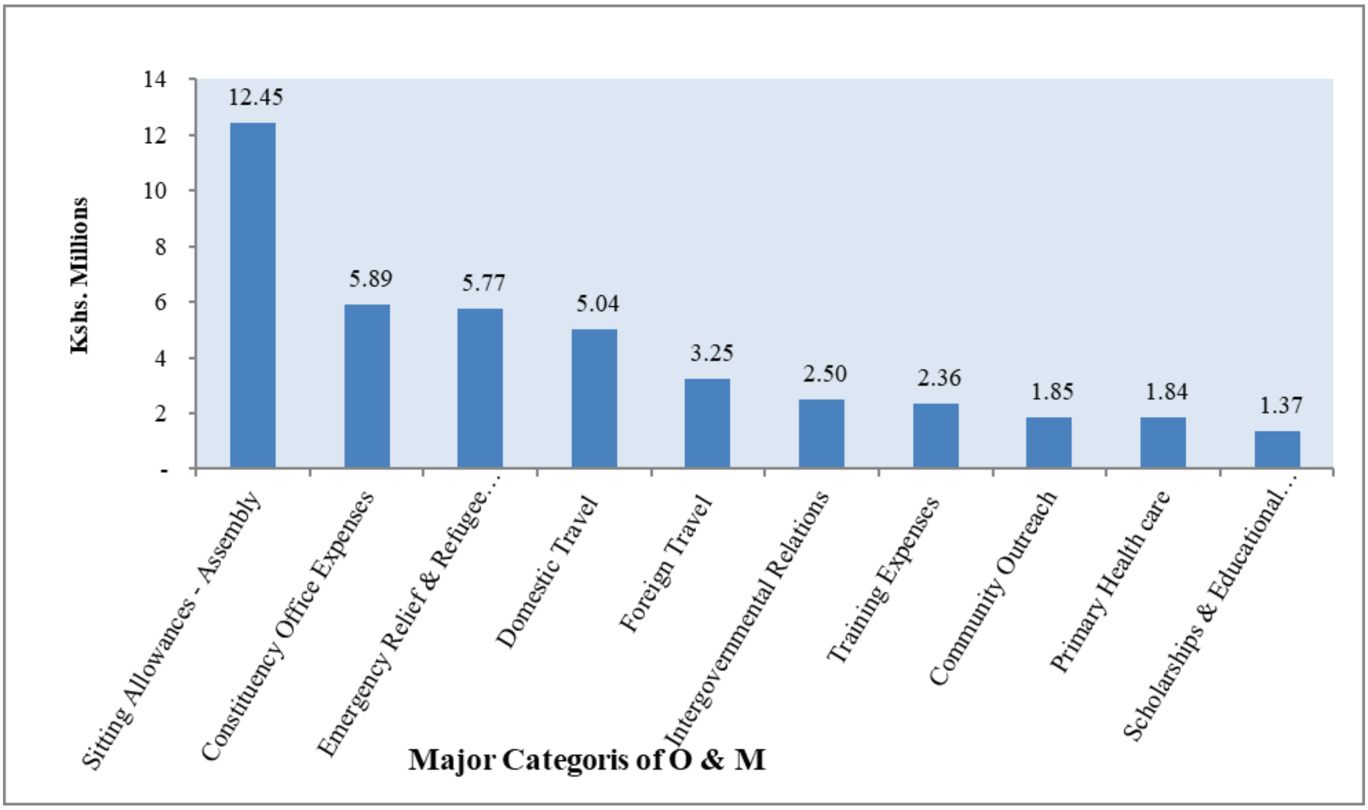
S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)
1	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 1 grant"	The Department of Finance and Socio Economic Planning	HQ	30,000,000	1,604,200
2	Transforming Health Systems for Universal Care Project (WB)	The Department of Health Services	HQ	89,179,782	15,318,959
3	Makueni Youth service - Youth Economic Empowerment strategy	Devolution and Public Service	HQ	-	474,000

Source: *Makueni County Treasury*

3.23.7 Analysis of Operations and Maintenance

Figure 3.67 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.67 Makueni County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Makueni County Treasury*

The County spent Kshs.12.45 million on committee sitting allowances to the 49 MCAs against the annual budget allocation of Kshs.53.99 million. This was a decline of 10.7 per cent compared to Kshs.13.94 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.84,689 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.5.04 million and comprised of Kshs.4.23 million spent by the County Assembly and Kshs.0.81 million by the County Executive. This represented a decrease of 81.6 per cent compared to Kshs.27.43 million spent in the first quarter of FY 2018/19.

3.23.8 Budget Performance by Department

Table 3.88 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.88: Makueni County, Budget Performance by Department for the First Quarter 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	746.36	99.64	167.67	-	70.08	-	41.8	-	9.4	-
Office of the Governor & Deputy Governor	183.43	-	27.97	-	22.24	-	79.5	-	12.1	-
County Attorney's Office	24.84	-	1.08	-	0.71	-	65.6	-	2.8	-
County Public Service Board	54.35	-	8.38	-	7.53	-	89.8	-	13.8	-
Office of the County Secretary	378.96	-	21.71	-	20.03	-	92.2	-	5.3	
Devolution and Public Service	264.91	16.31	39.67	-	50.02	0.47	126.1	-	18.9	2.9
Finance and Socio Economic Planning	480.03	346.65	56.18	-	50.65	1.60	90.2	-	10.6	0.5
Agriculture, Livestock & Fisheries development	239.51	523.82	55.38	-	31.83	-	57.5	-	13.3	-
Water, Irrigation & Environment	175.55	586.41	25.03	-	19.59	-	78.3	-	11.2	-
Education and ICT	377.85	292.29	62.34	-	46.17	-	74.1	-	12.2	-
Health Services	2,737.45	594.28	494.02	-	540.63	15.32	109.4	-	19.7	2.6
Lands, Physical Planning & Mining	44.70	194.76	7.26	-	3.10	-	42.8	-	6.9	-
Transport and Infrastructure	166.57	469.51	17.32	-	11.00	-	63.5	-	6.6	-
Trade, Tourism & Cooperatives	46.50	78.76	9.47	-	5.32	-	56.1	-	11.4	-
Gender, Youth and Social Services	64.81	98.09	12.28	-	5.25	-	42.8	-	8.1	-
TOTAL	**5,985.79**	**3,300.53**	**1,005.77**	**-**	**884.15**	**17.40**	**87.9**	**-**	**14.8**	**0.5**

Source: *Makueni County Treasury*

Analysis of development expenditure by department shows that the Department of Devolution and Public Service recorded the highest absorption rate of development budget at 2.9 per cent, followed by the Department of Health Services at 2.6 per cent and the Department of Finance and Socio Economic Planning at 0.5 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to recurrent budget at 19.7 per cent while the County Attorney's Office had the lowest at 2.8 per cent.

3.23.9 Budget Execution by Programmes and Sub-Programmes

Table 3.89 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.89: Makueni County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0401 General Administrative and Policy Formulation		**2,840,542,493**	**546,916,424**	**2,293,626,069**	**19.3**
	040104 General Administration & support services	2,840,542,493	546,916,424	2,293,626,069	19.3
0704 Leadership and Coordination of MDAs		**867,603,291**	**149,548,715**	**718,054,576**	**17.2**
	070402 Legislation and Oversight Services	867,603,291	149,548,715	718,054,576	17.2
0501 Administrative, Planning and Support Services		**273,311,537**	**45,853,026**	**227,458,511**	**16.8**
	050101 Administration services	273,311,537	45,853,026	227,458,511	16.8
0101 Administration, Planning and Support Services		**343,744,431**	**51,929,680**	**291,814,751**	**15.1**
	010101 Administration services	343,744,431	51,929,680	291,814,751	15.1
1001 Administrative, Planning and Support Services		**141,859,608**	**20,079,932**	**121,779,676**	**14.2**
	100101 Administration services	141,859,608	20,079,932	121,779,676	14.2
0201 Administrative, Planning and Support Services		**81,051,358**	**11,224,877**	**69,826,481**	**13.8**
	020101 Administration services	81,051,358	11,224,877	69,826,481	13.8
0701 Administrative, Planning and Support Services		**1,746,659,176**	**187,488,539**	**1,559,170,637**	**10.7**
	070101 Administration services	1,746,659,176	187,488,539	1,559,170,637	10.7
0901 Administrative, Planning and Support Services		**83,734,919**	**8,518,085**	**75,216,834**	**10.2**
	090102 Administration services	83,734,919	8,518,085	75,216,834	10.2
0714 Governance & County Values		**24,400,000**	**2,290,500**	**22,109,500**	**9.4**
	071401 SP1 Enforcement and Compliance	10,400,000	1,340,500	9,059,500	12.9
	071402 SP2 Enforcement and Compliance	14,000,000	950,000	13,050,000	6.8
0505 Support to Education		**65,591,773**	**4,263,573**	**61,328,200**	**6.5**
	050501 Support to education	65,591,773	4,263,573	61,328,200	6.5
0403 Preventive and Promotive Health Care Services		**261,066,619**	**16,737,019**	**244,329,600**	**6.4**
	040304 Preventive & promotive health care services	261,066,619	16,737,019	244,329,600	6.4
0713 Civic Education & Public Communication		**24,243,630**	**608,400**	**23,635,230**	**2.5**
	071301 Civic education & public participation	21,800,000	608,400	21,191,600	2.8
	071302 Information and communication	2,443,630	-	2,443,630	-
0705 Accounting, Financial Standards & Reporting		**222,536,000**	**2,622,266**	**219,913,735**	**1.2**
	070505 Supply chain management services	8,406,000	837,699	7,568,302	10.0
	070501 Accounting standards policy enforcement & monitoring	15,906,000	521,700	15,384,300	3.3
	070502 Budget formulation, coordination and management	45,906,000	597,400	45,308,600	1.3
	070503 Internal audit services	27,406,000	338,000	27,068,000	1.2

Programme	Sub-Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	070504 Resource mobilisation	54,006,000	177,467	53,828,533	0.3
	070506 Economic planning	70,906,000	150,000	70,756,000	0.2
0302 Trade Development and Promotion		**50,543,753**	**210,000**	**50,333,753**	**0.4**
	030208 Trade Marketing & Promotion	50,543,753	210,000	50,333,753	0.4
0206 ICT Infrastructure & Systems Development		**38,768,403**	**122,036**	**38,646,367**	**0.3**
	020602 Construction & Equipping of resource centres	38,768,403	122,036	38,646,367	0.3
0502 Early Childhood Education		**152,338,774**	**380,500**	**151,958,274**	**0.2**
	050203 Early childhood education	152,338,774	380,500	151,958,274	0.2
0304 Co-operative Development		**50,501,199**	**117,400**	**50,383,799**	**0.2**
	030403 Co-operative Development and Management	50,501,199	117,400	50,383,799	0.2
0503 Technical Vocational Training		**122,148,913**	**174,000**	**121,974,913**	**0.1**
	050302 Technical training & non formal education	122,148,913	174,000	121,974,913	0.1
0903 Youth Development and Empowerment		**86,115,423**	**112,300**	**86,003,123**	**0.1**
	090303 Youth Development Support and Empowerment	15,589,455	112,300	15,477,155	0.7
	090302 Youth support and empowerment	70,525,968	-	70,525,968	-
0402 Curative Health Care Services		**316,259,998**	**245,200**	**316,014,798**	**0.1**
	040206 Curative health care services	316,259,998	245,200	316,014,798	0.1
0203 Infrastructure Development, Vehicles, Machinery & Other Equipment's		**48,273,519**	**(40,000)**	**48,313,519**	**(0.1)**
	020303 Infrastructure Development	48,273,519	(40,000)	48,313,519	(0.1)
1004 Environment Management and Protection		**210,763,128**	**(216,800)**	**210,979,928**	**(0.1)**
	100403 Environmental conservation and management	210,763,128	(216,800)	210,979,928	(0.1)
1002 Water Resources Management and Water Storage		**1,021,234,323**	**(2,623,920)**	**1,023,858,243**	**(0.3)**
	100204 Water Supply Infrastructure	-	(2,623,920)	2,623,920	
0204 Electrification		**16,873,771**	**(387,000)**	**17,260,771**	**(2.3)**
	020403 Energy Infrastructure and Development	16,873,771	(387,000)	17,260,771	(2.3)
0000 Default - Non Programmatic		**-**	**3,812,688**	**(3,812,688)**	**-**
	000000 Default - Non Programmatic	-	3,812,688	(3,812,688)	-

Source: *IFMIS report (pulled by OCOB Head Office Team)*

The top performing programs across the county were: General Administrative and Policy Formulation; Leadership and Coordination of MDAs; and Administrative, Planning and Support Services programmes.

3.23.10 Key Observations and Recommendations

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

1. The impasse between National Assembly and the Senate in the approval of the Division of Revenue Bill (DORB) and County Allocation of Revenue Bill (CARB) occasioned the delay in release of national shareable revenue to counties by the National Treasury during the period under review.
2. Failure by the County to budget for cash balance from FY 2018/19 of Kshs.1.01 billion.
3. Delay by Fund Administrators to submit quarterly expenditure reports of the Car Loan and Mortgage, Emergency Fund, Bursary Fund contrary to Section 168 of the PFM Act, 2012.

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

1. *Parliament should identity and address issues which caused the delays in approval of the Division of Revenue Bill and the County Allocation of Revenue Bill.*
2. *The County is advised to prepare a supplementary budget and include the cash balances from FY 2018/19.*
3. *All Fund Administrators should ensure timely submission of expenditure reports of established Funds in line with Section 168 of PFM Act, 2012.*

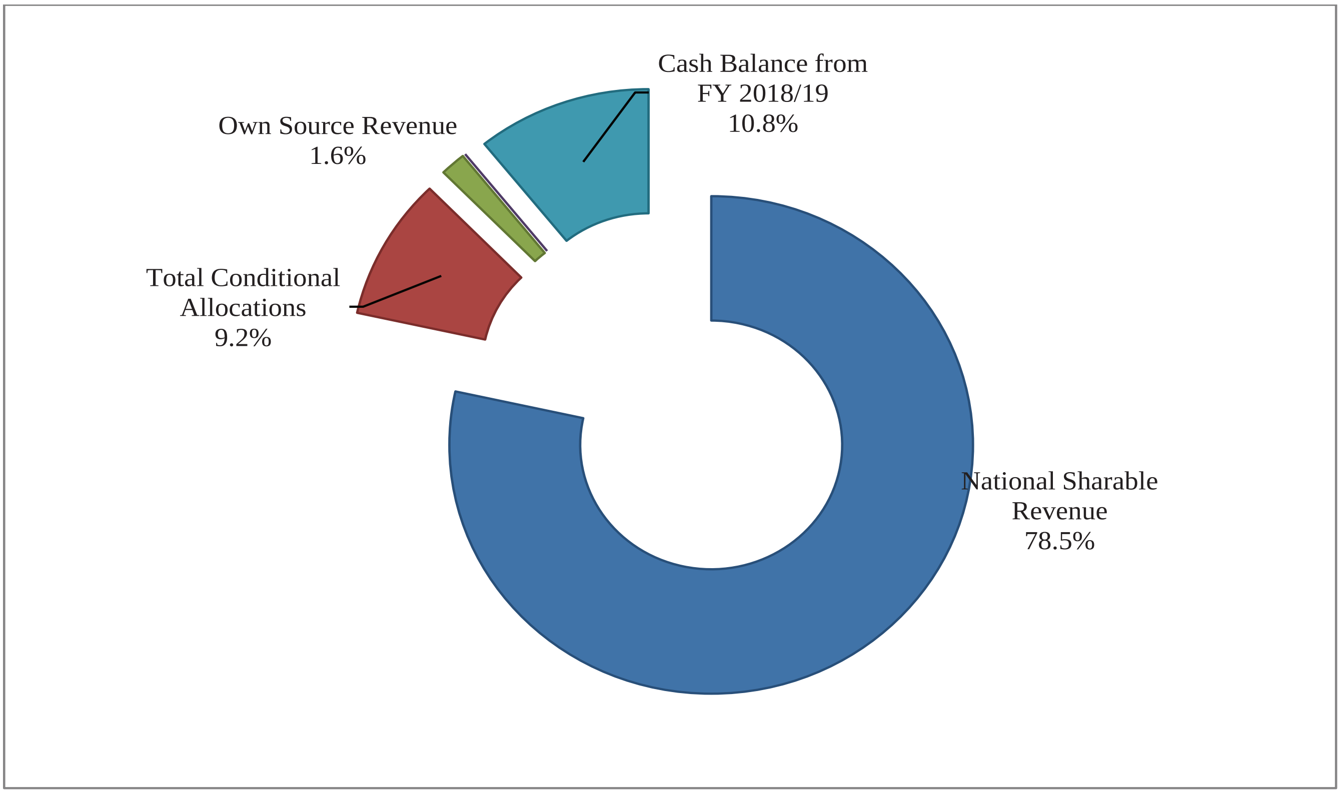
3.24 Mandera County

3.24.1 Overview of the FY 2019/20 Budget

The County's budget estimates for FY 2019/20 was Kshs.12.76 billion, comprising of Kshs.6.47 billion (50.7 per cent) and Kshs.6.3 billion (49.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.01 billion (78.5 per cent) as equitable share of revenue raised nationally, Kshs.1.17 billion (9.2 per cent) as total conditional grants, generate Kshs.200 million (1.6 per cent) from own source revenue, and had Kshs.1.37 billion (10.8 per cent) as cash balance from FY 2018/19. Figure 3.68 shows the expected sources of financing in FY 2019/20

Figure 3.68: Expected Sources of Financing in FY 2019/20



Source: *Mandera County Treasury*

3.24.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.78 billion as equitable share of the revenue raised nationally, raised Kshs.24.81million from own-source revenue, and had a cash balance of Kshs.1.37 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.3.18 billion as shown in Table 3.90.

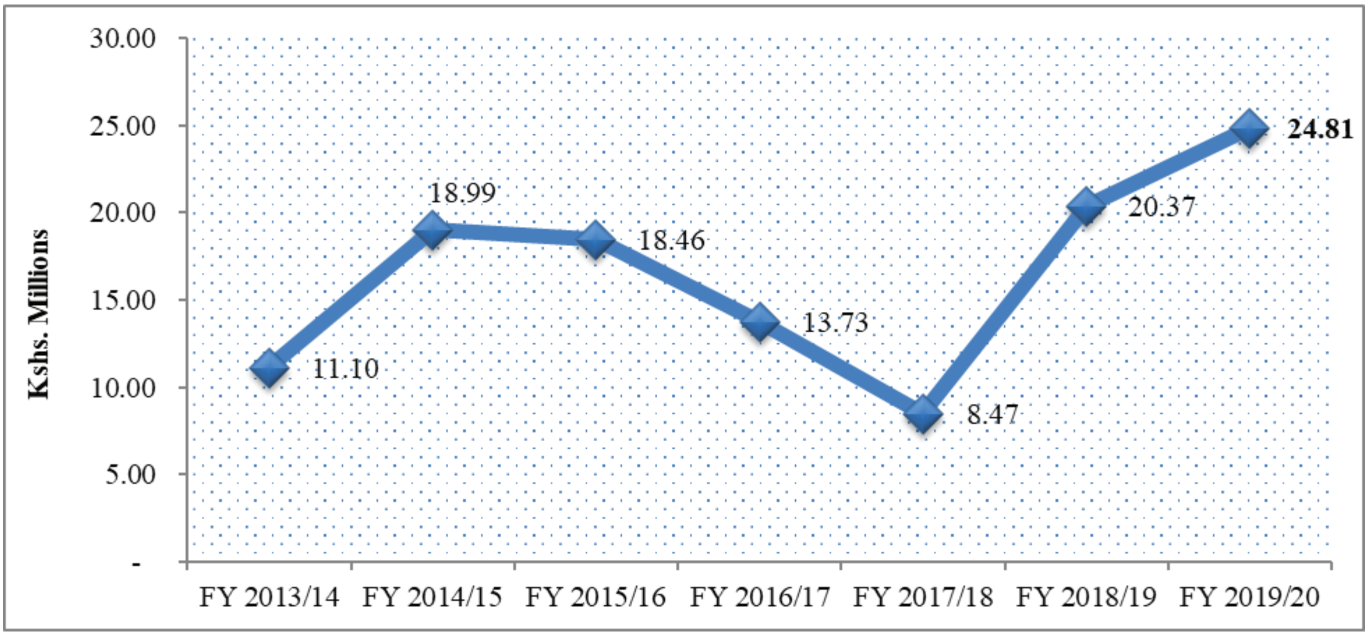
Table 3.90: Mandera County, Revenue Performance in the First Quarter of FY 2019/20

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**	**10,222,950,000**	**10,013,000,000**	**1,778,793,300**	**17.4**
B.	**Conditional Grants from the National Government Revenue**			**-**	**-**
1.	Compensation for User Fee Foregone	25,474,920	25,474,920	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	290,185,219	290,185,219	-	-
4.	Rehabilitation of Village Polytechnics	22,113,298	31,240,000	-	-
Sub Total		**469,688,331**	**346,900,139**		**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal Care Project (WB)	125,791,038	125,000,000	-	-
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	-	-
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)	175,819,500	175,819,500	-	-
9.	DANIDA Grant	30,281,250	30,000,000	-	-
10.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	235,542,828	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,822,072	22,419,701	-	-
12.	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**	-	-
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	200,000,000	24,811,531	12.4
14.	Balance b/f from FY2018/19	-	1,374,718,639	1,374,718,639	100.0
Sub Total		**-**	**1,574,718,639**	**1,399,530,170**	**88.9**
Grand Total		**11,286,152,191**	**12,763,400,807**	**3,178,323,470**	24.9

Source: *Mandera County Treasury*

Figure 3.69 shows the trend in own-source revenue collection from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.69: Trend in Own-Source Revenue Collection from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Mandera County*

The realised own source revenue in the reporting period accounted for 12.4 per cent of annual target.

3.24.3 Exchequer Issues

During the period there were no exchequer issues. There was stalemate on the approved budget between Assembly and executive.

3.24.4 Overall Expenditure Review

The County did not incur any expenditure during the period.

3.24.5 Key Observations and Recommendations

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

1. Budget stalemate between the County Executive and the County Assembly which led to delays in the preparation and approval of the County's budget documents for FY 2019/20.
2. Delay in approval of FY 2019/20 budget. During the period under review, the County was operating under Vote on Account in line with Section 134 of PFM Act 2012, and therefore, the County could not withdrawal funds for development expenditure.

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

1. *The County 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 should hasten budget implementation activities remaining nine months of the financial year so as to endure planned programmes are accomplished.*

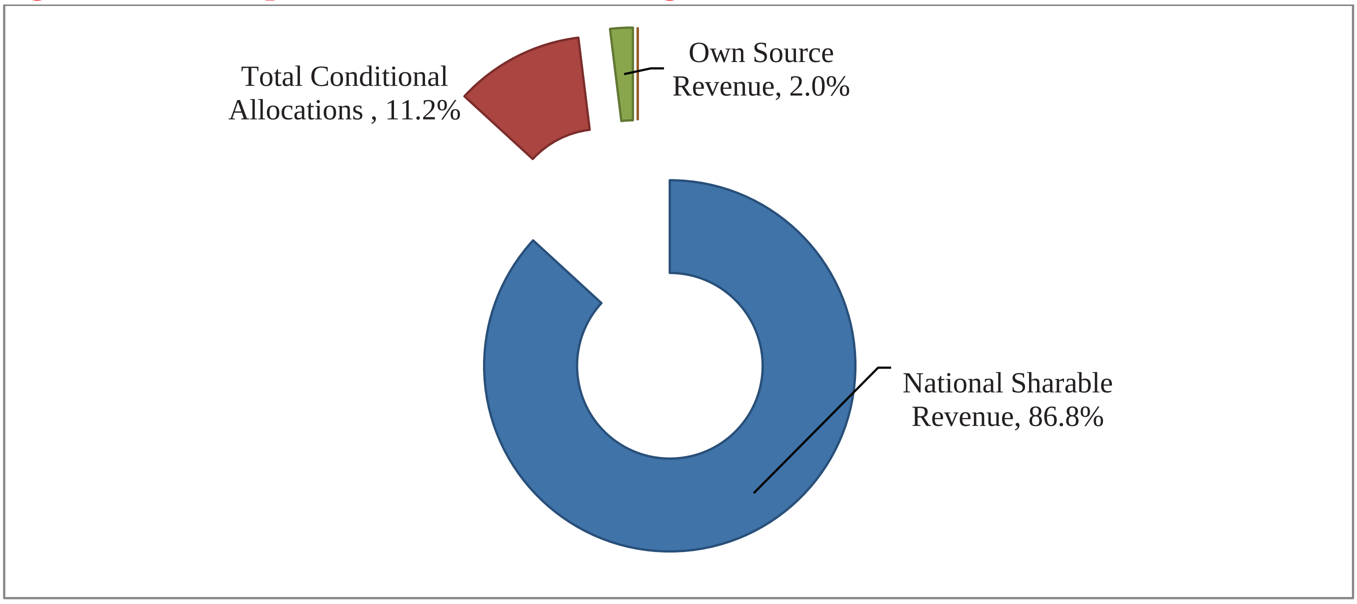
3.25 Marsabit County

3.25.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.7.64 billion, comprising of Kshs.3.49 billion (45.7 per cent) and Kshs.4.15 billion (54.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.63 billion (86.8 per cent) as equitable share of revenue raised nationally, Kshs.857.14 million (11.2 per cent) as total conditional grants, and generate Kshs.150 million from own source revenue. The County did not budget for Kshs.658.36 million cash balance from FY 2018/19.Figure 3.70 shows the expected sources of financing in FY 2019/20

Figure 3.70: Expected Sources of Financing in FY 2019/20



Source: *Marsabit County Treasury*

3.25.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.18 billion as equitable share of the revenue raised nationally, raised Kshs.30.36 million from own-source revenue, and had a cash balance of Kshs.658.36 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.87 billion as shown in Table 3.91.

Table 3.91: Marsabit County, Revenue Performance in the First Quarter of FY 2019/20

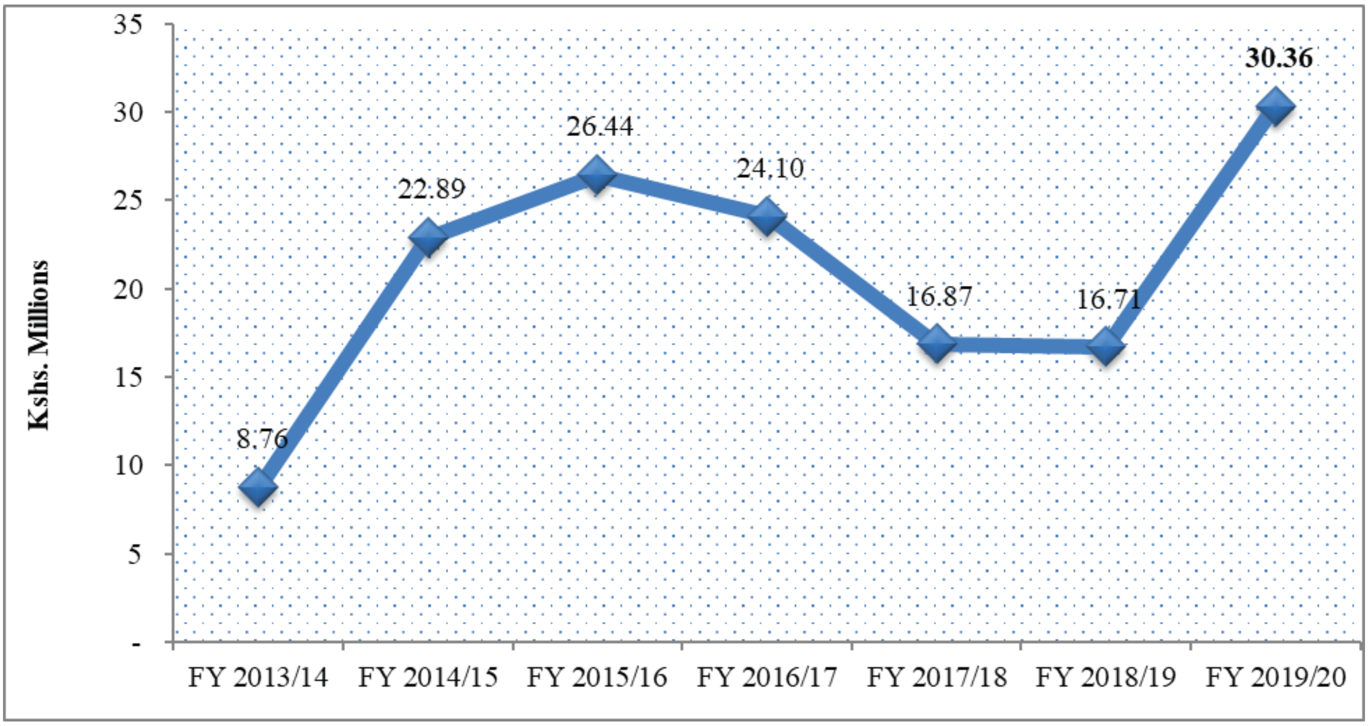
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**6,773,100,000**	**6,634,000,000**	**1,178,519,400**	**15.8**
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		**214,460,950**	**346,375,844**	-	-
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	57,240,000	57,240,000	-	-
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	156,114,090	150,000,000	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	DANIDA Grant	29,133,697	20,906,250	-	-

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 (%)
9.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	23,851,133	23,851,133	-	-
10.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	50,000,000	50,000,000	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,466,188	19,966,188	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
13.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	150,000,000	150,000,000	-	-
Sub Total		**527,605,108**	**510,763,571**	-	-
Other Sources of Revenue					
14.	Own Source Revenue	150,000,000	150,000,000	30,357,585	20.2
15.	Balance b/f from FY2018/19	-	-	658,360,223	-
Sub Total		**150,000,000**	**150,000,000**	688,717,808	459.1
Grand Total		**7,665,166,058**	**7,641,139,415**	**1,867,237,208**	**24.4**

Source: *Marsabit County Treasury*

Figure 3.71 shows the trend in own-source revenue collection for the first quarters of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.71: Trend in Own-Source Revenue Collection for the First Quarter fromFY 2013/14 to FY 2019/20



Source: *Marsabit County*

The own source revenue realised in the first quarter of FY 2019/20 represented 20.2 per cent of the annual target

3.25.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.35 billion from the CRF account. The withdrawals comprised of Kshs.401 million (29.8 per cent) for development programmes and Kshs.944.1 million (70.2 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

A total of Kshs.1.07 billion was spent on development and recurrent programmes. This expenditure represented 79.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.258.67 million and Kshs.808.14 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 19.5 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 7.4 per cent.

3.25.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.619.21 million was spent on compensation to employees and Kshs.188.93 million on use of goods and services.

Table 3.92: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

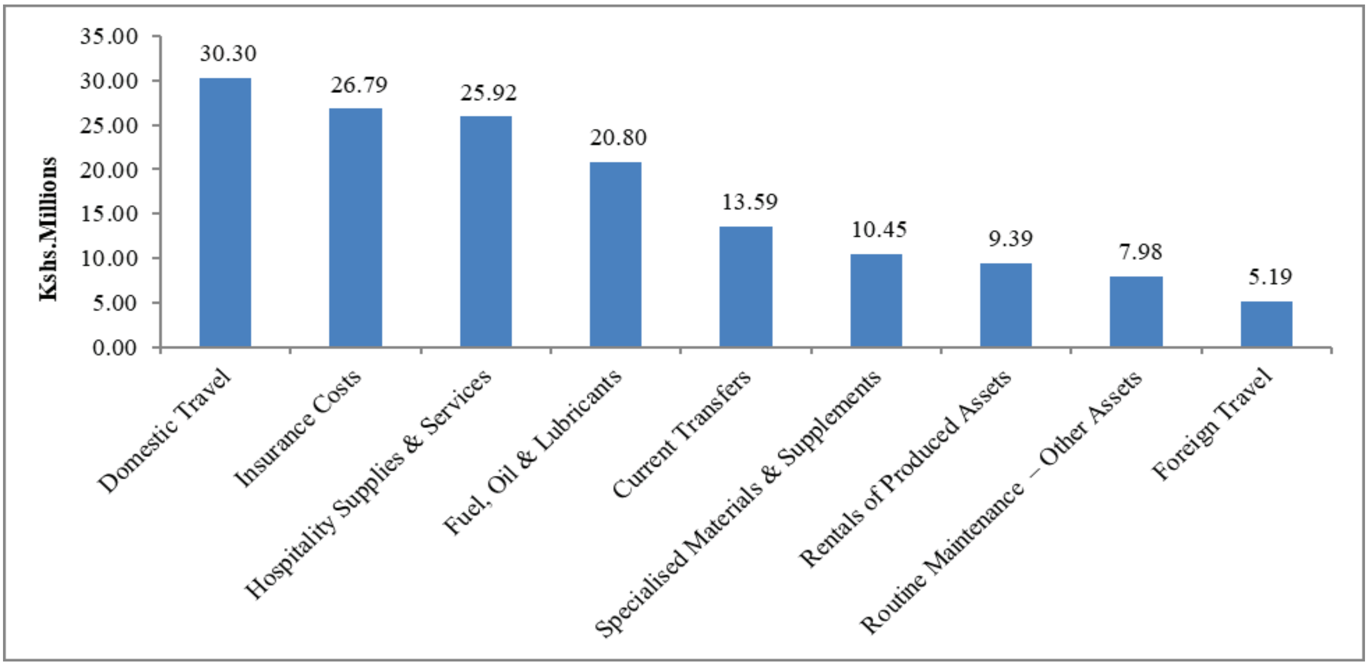
Expenditure Classification	Budget (Kshs)	Exchequer Issues (million)	Expenditure Ksh	Absorption (%)
Total Recurrent Expenditure	**4,152,151,055**	**944,103,103**	**808,137,612**	**19**
Compensation to Employees	2,624,898,264	654,000,000	619,209,318	24
Operations and Maintenance	1,527,252,791	290,103,103	188,928,294	12
Total Development Expenditure	**3,488,988,360**	**401,000,000**	**258,666,564**	**7**
Development expenditure	3,488,988,360	401,000,000	258,666,564	7
Total	**7,641,139,415**	**1,345,103,104**	**1,066,804,176**	**14**

Source: *Marsabit County Treasury*

3.25.6 Analysis of Operations and Maintenance

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Marsabit County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Marsabit County Treasury*

The County did not incur expenditure on committee sitting allowances to the 30 MCAs and the Speaker against the annual budget allocation of Kshs.45 million.

Expenditure on domestic travel amounted to Kshs.30.30 million. This was entirely incurred by the County Executive. This represented a decrease of 38 per cent compared to Kshs.48.87 million spent in the first quarter of FY 2018/19.

3.25.7 Budget Performance by Department

Table 3.93 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.93: Marsabit County, Budget Performance by Department for the First Quarter 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	628.32	70	100.10	-	32.47	-	32.4	-	5.2	-
Executive Services	544.86	430	138.35	135	176.38	190.38	127.5	141	32.4	44.3
Finance Management Services	282.05	185	63.28	-	48.33	4	76.4	-	17.1	2.2
Agriculture	199.76	462.02	46.07	-	38.61	-	83.8	-	19.3	-
County Public Service Board	82.56	-	12.32	-	9.01	-	73.2	-	10.9	-
Education ,Youth Affairs	289.49	310.25	71.20	-	57.02	3.04	80.1	-	19.7	1
Health Services	1,276.51	746.02	325.42	133	293.66	10	90.2	7.5	23	1.3
Administration & ICT	300.31	6.20	75.06	-	72.04	3.10	96.0	-	24	50
Physical Planning and Development	142.60	213.75	30.44	12	17.96	3.73	59.0	31.1	12.6	1.7
Public Works	92.97	353.95	20.11	-	17.61	12.50	87.5	-	18.9	3.5
Water Services	134.04	566.80	29.43	91	21.18	30.10	72.0	33.1	15.8	5.3
Trade and Industry	80.62	72.60	17.14	30	11.90	-	69.5	-	14.8	-
Culture and Social Services	98.07	72.40	15.18	-	11.97	1.81	78.8	-	12.2	2.5
TOTAL	**4,152.15**	**3,488.99**	**944.10**	**401**	**808.14**	**258.67**	**85.6**	**64.5**	**19.5**	**7.4**

Source: *Marsabit County Treasury*

Analysis of expenditure by department shows that the Department of Administration and ICT and Department of Executive Services recorded the highest absorption rate of development budget at 50 per cent and 44.3 per cent respectively. The Department of Executive Services had the highest percentage of recurrent expenditure to recurrent budget at 32.4 per cent while the County Assembly had the lowest at 5.2 per cent.

3.25.8 Budget Execution by Programmes and Sub-Programmes

Table 3.94 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.94: Marsabit County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Department	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
COUNTY ASSEMBLY OF MARSABIT OPERATIONAL & OVERSIGHT	Operations and Oversight	698,316,313	32,469,814	665,846,498	5
PHYSICAL PLANNING AND DEVELOPMENT	Urban Development Services	118,750,000	3,482,560	115,267,440	3
	Lands and Physical Planning Services	95,000,000	5,665,850	89,334,150	6
	General administration planning and Support Services	142,597,500	17,960,964	124,636,535	13
	Sub total	**356,347,500**	**27,109,374**	**329,238,125**	**8**
EDUCATION	General Administration, Planning and Support Services	289,493,916	57,018,394	232,475,521	20
	Pre – Primary Education	146,150,000	2,897,030	143,252,970	2
	Youth Development	75,930,000	-	75,930,000	-
	Vocational Education and Training	17,058,298	-	17,058,298	-
	Sports	69,110,000	-	69,110,000	-
	Sub total	**597,742,214**	**59,915,424.48**	**537,826,789.52**	**10**
EXECUTIVE SERVICES	General Administration, Planning and Support Services	330,000,000	142,540,680	187,459,320	43
	Management of County Affairs	535,857,842	184,784,781	351,073,060.40	34
	Public Sector Advisory Services	59,000,000	24,143,460	34,856,540	41
	Inter/Intra Governmental	25,000,000	10,996,000	14,004,000	
	County Legal Services	25,000,000	1,700,000	23,300,000	7
	Sub total	**974,857,842**	**364,164,922**	**610,692,920**	**37**
ADMINISTRATION AND ICT	General administration planning and Support Services	279,809,768	68,535,486	211,274,281	24
	ICT infrastructure	6,200,000	-	6,200,000	-
	Coordination of functions of devolved Units	17,500,000	3,505,400	13,994,600	20
	Public Participation and Civic Education	3,000,000	-	3,000,000	
	Sub total	**306,509,768**	**72,040,886**	**234,468,881**	**24**
AGRICULTURE AND LIVESTOCK DEVELOPMENT	General Administration, Planning and Support Services	90,580,444	38,492,577	52,087,866	42
	Livestock Resources Management and Development	139,322,786	113,378	139,209,408	-
	Fisheries Development and Management	82,206,450		82,206,450	-
	Crop Development and Management	349,666,188	-	349,666,188	
	Sub total	**661,775,868**	**38,605,955**	**623,169,912**	**6**
HEALTH SERVICES	Curative Health Services	229,000,000		229,000,000	-
	General Administration, Planning and Support Services	1,783,535,526	303,655,335	1,479,880,190	17
	Maternal and Child Health	10,000,000	-	10,000,000	-
	Sub total	**2,022,535,526**	**303,655,335**	**1,718,880,190**	**15**

Department	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
COUNTY PUBLIC SERVICE BOARD	General Administration Planning and Support Services	70,249,998	9,014,115	61,235,882	13
	Human Resource Management and Development	12,305,000	-	12,305,000	-
	Sub total	**82,554,998**	**9,014,115**	**73,540,882**	**11**
CULTURE AND SOCIAL SERVICES	Youth Development	20,000,000	791,400	19,208,600	4
	Culture Services	16,500,000	1,018,500	15,481,500	-
	Social Services	35,900,000	-	35,900,000	-
	General Administration, Planning and support services	98,067,498	11,965,896	86,101,601	12
	Sub total	**170,467,498**	**13,775,796**	**156,691,701**	**8**
FINANCE AND ECONOMIC PLANNING	General Administration Planning and Support Services	348,045,344	47,524,566	300,520,777	14
	Public Finance Management	74,000,000	221,800	73,778,200	
	Economic and financial policy Formulation	45,000,000	4,002,200	40,997,800	9
	Sub total	**467,045,344**	**51,748,566**	**415,296,777**	**11**
ROADS, HOUSING AND PUBLIC WORKS	Road Transport Infrastructure Development	377,163,838	23,306,161	353,857,676	6
	Housing Development	19,524,930	1,130,000	18,394,930	
	General Administration Planning and Support Services	50,230,402	5,674,000	44,556,402	11
	Sub total	**446,919,170**	**30,110,161**	**416,809,008**	**7**
TRADE, INDUSTRY & ENTERPRICE DEVELOPMENT	General administration planning and Support Services	80,619,796	11,904,575	68,715,220	15
	Trade and Industrial Development	12,600,000	-	12,600,000	
	Enterprise Development	60,000,000	-	60,000,000	-
	Sub total	**153,219,796**	**11,904,575**	**141,315,220**	**8**
WATER	Water Resources Management	605,127,256	11,904,575.51	54,624,098.60	2
	General Administration Planning and Support Services	28,600,000	-	209,600	-
	Natural Resources Conservation and Management	67,120,316	-	475,900	-
	Sub total	**700,847,572**	**11,904,575**	**55,309,598**	**2**

Source: *Marsabit County Treasury*

The top performing programs across the county were: general administration planning and support, public sector advisory services and management of county affairs.

3.25.9 Key Observations and Recommendations

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

1. Failure by Fund Administrators to submit quarterly expenditure reports of the County Assembly Members Car Loan Fund, and the County Bursary Funds contrary to Section 168 of the PFM Act, 2012.
2. Delay by the national treasury to disburse the equitable share of revenue raised nationally. This was occasioned by delays in approval of DORA and CARA by Parliament.
3. Failure to budget for cash balances from the last financial year of Kshs.658.36 million.
4. Failure to budget for all conditional grants in CARA, 2019.

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

1. *All Fund Administrators should provide timely financial reports in line with Section 168 of the PFM Act, 2012.*
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 the approved disbursement schedule.

3. *The County should expedite preparation of a supplementary budget to include unspent cash balances from FY2018/19 in the budget.*
4. *The County should budget for all conditional grants in CARA, 2019 through a supplementary budget.*

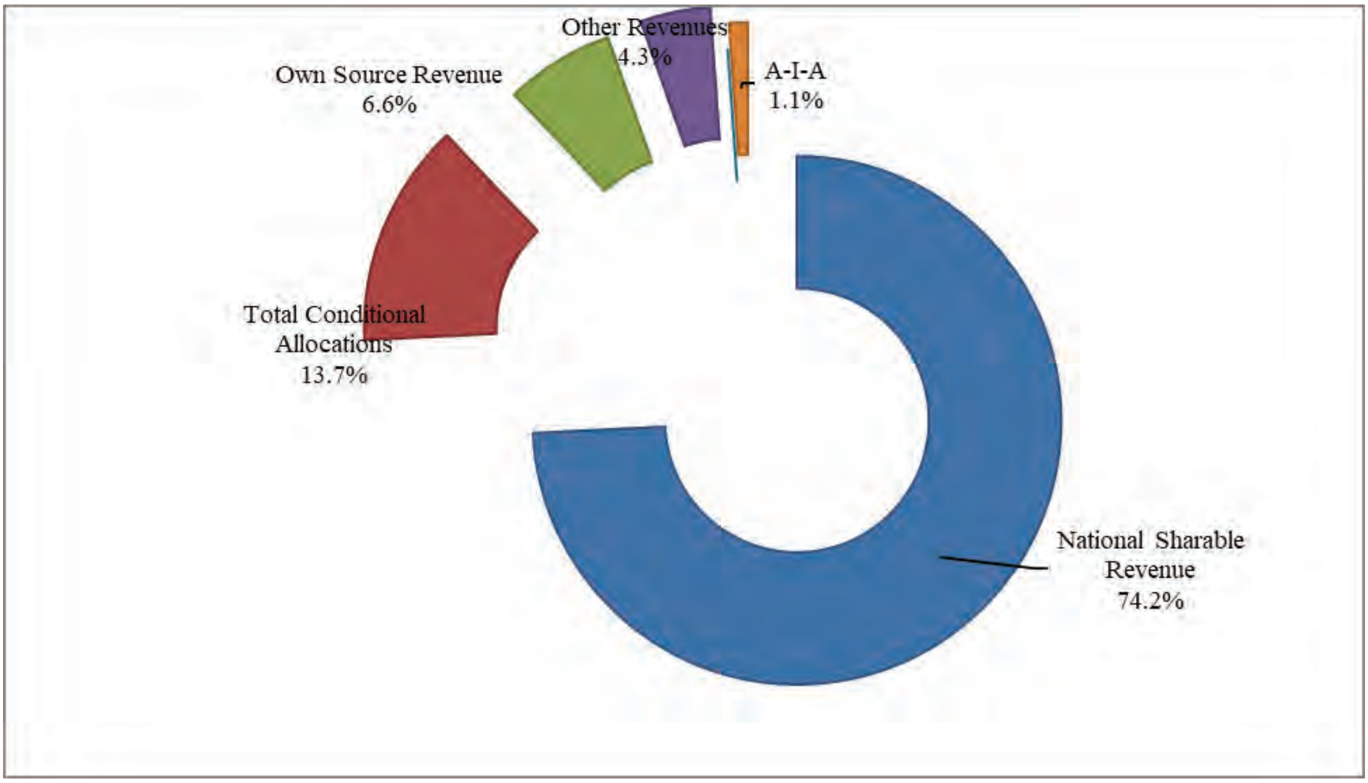
3.26 Meru County

3.26.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.10.61 billion, comprising of Kshs.3.37 billion (31.8 per cent) and Kshs.7.24 billion (68.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.7.87 billion (74.2 per cent) as equitable share of revenue raised nationally, Kshs.1.45 billion (13.7 per cent) as total conditional grants, generate Kshs.705 million (6.6) from own source revenue, and had Kshs.454 million (4.3 per cent) as other source of revenue. The County also budgeted to receive Kshs.120 million (1.1 per cent) as Appropriations in Aid. Figure 3.73 shows the expected sources of financing in FY 2019/20

Figure 3.73: Expected Sources of Financing in FY 2019/20



Source: *Meru County Treasury*

3.26.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.40 billion as equitable share of the revenue raised nationally, Kshs.232.22 million as total conditional grants, raised Kshs.91.59 million from own-source revenue, and had a cash balance of Kshs.311.80 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.03 billion as shown in Table 3.95.

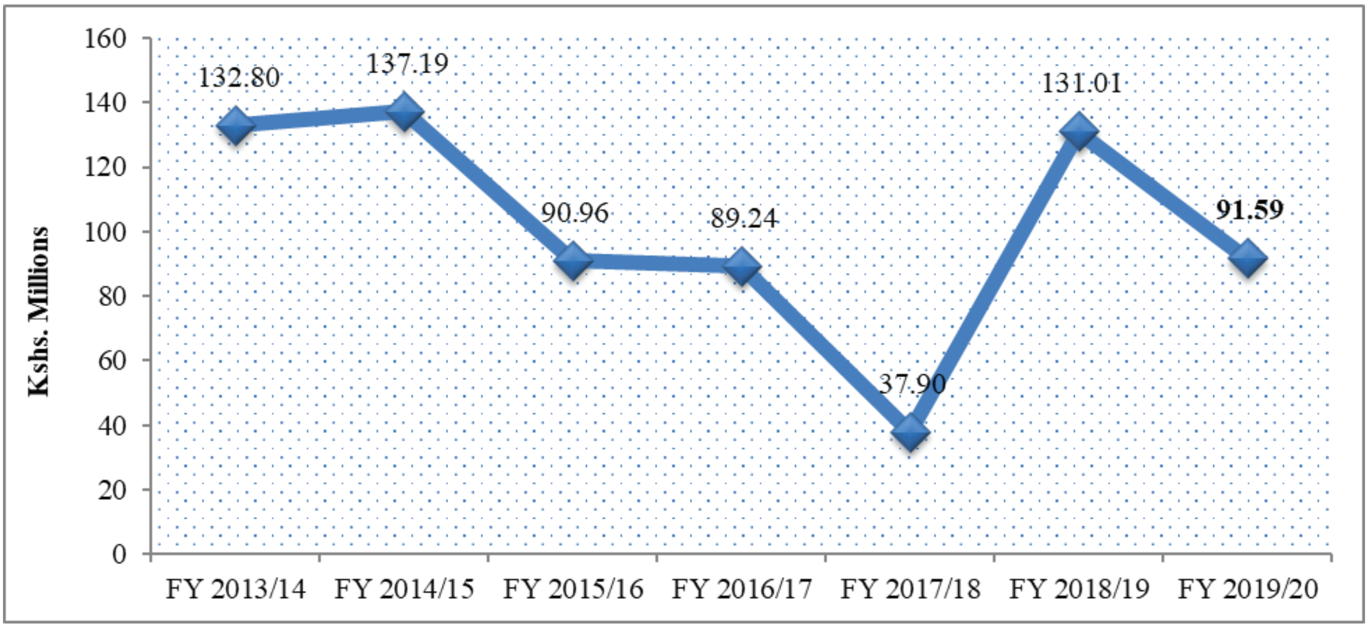
Table 3.95: Meru County, Revenue Performance in the First Quarter of FY 2019/20

	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**	8,039,100,000	7,874,000,000	1,398,803,400	**18**
B.	**Conditional Grants from the National Government Revenue**				
	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	-	-
	Compensation for User Fee Foregone	31,648,428	31,648,428	-	-
	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	-	-
	Rehabilitation of Village Polytechnics	56,568,298	56,568,298	-	-
Sub Total		690,284,746	690,284,746		-
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	299,971,780	299,971,780	-	-
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	262,216,740	232,216,740	89
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,890,200	116,890,200	-	-
	DANIDA Grant	23,906,250	23,906,250	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000		
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,575,209	17,675,209	-	-
Sub Total		**532,143,439**	**764,460,179**	**232,216,740**	**30**
D	**Other Sources of Revenue**				
	Own Source Revenue	-	705,000,000	91,585,951	13
	Balance b/f from FY2018/19	-	-	311,801,251	-
	Other Revenues	-	454,000,000	-	-
	A-I-A	-	120,000,000	-	-
Sub Total		-	**1,279,000,000**	**403,387,203**	**32**
Grand Total		**9,261,528,185**	**10,607,744,925**	**2,034,407,343**	**19**

Source: *Meru County Treasury*

Figure 3.74 shows the trend in own-source revenue collection for the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.74: Trend in Own-Source Revenue Collection for the first quarter from FY 2013/14 to FY 2019/20



Source: *Meru County Treasury*

The realised own source revenue in the reporting period accounted for 13 per cent of the annual target.

3.26.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.84 billion from the CRF account which was entirely for recurrent expenditure.

3.26.4 Overall Expenditure Review

A total of Kshs.1.53 billion was spent on recurrent programmes. The County did not report on any development expenditure. This expenditure represented 82.5 per cent of the total funds released from the CRF account, and represented 21.1 per cent of the annual recurrent budget.

3.26.5 Expenditure by Economic Classification

Analysis of recurrent expenditure shows that Kshs.1.17 billion was spent on compensation to employees and Kshs.359.04 million on use of goods and services.

Table 3.96: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

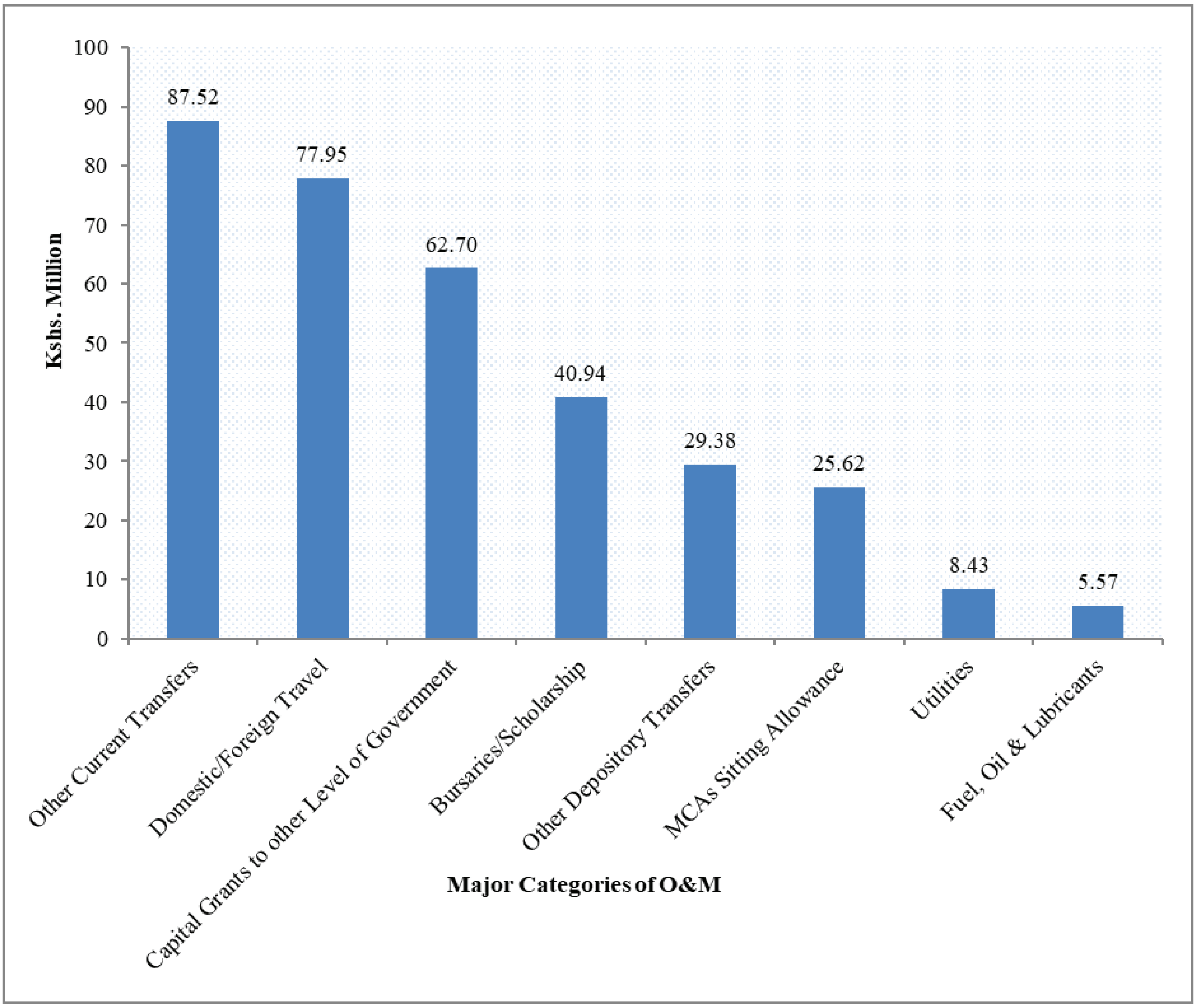
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**7,237,365,388**	**1,854,604,805**	**1,529,718,174**	**21.1**
Compensation to Employees	5,037,066,655	1,464,014,153	1,170,678,769	23.2
Operations and Maintenance	2,200,298,733	380,590,652	359,039,405	16.3
Total Development Expenditure	**3,370,379,537**	-	-	-
Development expenditure	3,370,379,537	-	-	-
Grand Total	**10,607,744,925**	**1,854,604,805**	**1,529,718,174**	**14.4**

Source: *Meru County Treasury*

3.26.6 Analysis of Operations and Maintenance

Figure 3.75 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.75: Meru County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



***Source: Meru** County Treasury*

During the reporting period, the County spent Kshs.25.62 million on committee sitting allowances to the 69 MCAs against the annual budget allocation of Kshs.114.03 million. The average monthly sitting allowance was Kshs.123,767 per MCA compared to SRC's recommendation monthly ceiling of Kshs.124,800.

Expenditure on domestic & domestic travel amounted to Kshs.77.95 million and comprised of Kshs.69.13 million spent by the County Assembly and Kshs.8.8 million by the County Executive. This represented was an increase of 10.5 per cent compared to Kshs.70.52 million spent in the first quarter of FY 2018/19

3.26.7 Budget Performance by Department

Table 3.97 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.97: Meru County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure in (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	925.22	30.00	210.00	-	195.00	-	92.9	-	21.2	-
Office of the Governor	279.45	2.00	59.34	-	44.95	-	75.8	-	16.1	-
Finance, Economic planning and ICT	629.43	111.50	192.61	-	165.32	-	85.8	-	26.3	-
Agriculture, Livestock & Fisheries	320.82	405.45	84.83	-	71.18	-	83.9	-	22.2	-
Water & Irrigation	111.12	476.40	28.70	-	23.30	-	81.2	-	21	-
Education, Technology, Gender, Culture and Social Development	848.77	165.62	206.13	-	197.71	-	95.9	-	23.3	-
Health Services	3,015.42	737.19	883.19	-	721.82	-	81.7	-	23.9	-
Lands, Physical Planning, Urban Development and Public Works	126.10	281.79	21.03	-	17.29	-	82.2	-	13.7	-
Public Services Administration and Legal Affairs	581.55	232.22	110.56	-	70.66	-	63.9	-	12.2	-
Roads, Transport & Energy	91.28	754.64	13.95	-	6.84	-	49.1	-	7.5	-
Trade, Investment, Industrialization Tourism & Cooperatives Development	81.90	88.38	19.90	-	10.09	-	50.7	-	12.3	-
Youth Affairs & Sport	170.20	51.40	13.45	-	4.96	-	36.9	-	2.9	-
Public Services Board	15.00	0.00	3.77	-	0.59	-	15.6	-	3.9	-
Environment, Wildlife & Natural Resources	41.10	33.80	7.15	-	0.00	-	-	-	-	-
Grand Total	**7,237.37**	**3,370.38**	**1,854.60**	**-**	**1,529.72**	**-**	**82.5**	**-**	**21.1**	**-**

Source: Meru County Treasury

Analysis of expenditure by department shows that the County did not incurred any development expenditure during the period under review. The Department of Finance, Economic Planning and ICT had the highest percentage of recurrent expenditure to its recurrent budget at 26.3 per cent while the Department of Environment, Wildlife and Natural Resource did not spend during the reporting period.

3.26.8 Budget Execution by Programmes and Sub-Programmes

Table 3.98 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.98: Meru County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
HEALTH SERVICE					
Preventive and Promotive Health Care Services	Preventive Services	25,652,122	-	25,652,122	-
	Promotive health care	-	-	-	-
	Sub total	25,652,122	-	-	-
Curative Health	Curative Health Care Services	725,546,996	124,408,893	601,138,103	17.1
	Tertiary care				
	Sub total				
General Administration and Planning	General Administration and Planning	2,601,413,335	597,408,225	2,004,005,110	23
	Sub total				
Universal Health Coverage	Universal Health Coverage	400,000,000	-	**400,000,000**	-
OFFICE OF THE GOVERNOR					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General Administration and Planning	General Administration and Planning	84,806,0000	43,852,355	40,953,645	51.7
Communication and Events	Communication and Events	20,650,000	-	20,650,000	-
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	16,950,000	-	16,950,000	-
Human Resource Management	Human Resource Management	136,800,000	-	136,800,000	-
Efficiency, Monitoring and Evaluation	Efficiency, Monitoring and Evaluation	7,100,000	1,097,800	6,002,200	15.5
	Performance Management and Appraisal	1,000,000	-	1,000,000	-
Partnership Development and External Linkages	Partnership Development and External Linkages	14,145,023	-	14,145,023	-
FINANCE, ECONOMIC PLANNING AND ICT					
General Administration and Planning	General Administration and Planning	684,339,994	162,935,872	521,404,122	23.8
Public Finance Management	Budget Coordination & Management	19,900,000	729,000	19,171,000	3.7
	Internal Audit	4,950,000	-	4,950,000	-
	Procurement Service	4,100,000	-	4,100,000	-
ICT Development	ICT Development	17,139,132	1,621,533	15,517,599	9.5
Economic Planning & Coordination services	Economic Planning & Coordination services	10,500,000	38,500	10,461,500	0.4
AGRICULTURE, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	645,622,989	71,177,714	574,445,275	11
Agriculture Development	Agriculture Development	27,008,000	-	27,008,000	-
Aquaculture Development	Aquaculture Development	7,628,000	-	7,628,000	-
Livestock Development	Livestock Development	7,628,000	-	7,628,000	-
Animal Disease Management	Animal Disease Management	22,628,000	-	22,628,000	-
County Owned Enterprise	Agricultural Training Centre	15,226,400	-	15,226,400	-
	Agricultural Mechanization Service	525,600	-	525,600	-
WATER AND IRRIGATION					
General Administration and Planning	General Administration and Planning	111,120,000	23,296,661	87,823,339	21
Water Resource Management	Water Resource Management	426,400,000	-	426,400,000	-
Water Resource Management	Water Resource Management	50,000,000	-	50,000,000	-
EDUCATION, TECHNOLOGY, GENDER AND SOCIAL SERVICE					
General Administration and Planning	General Administration and Planning	747,830,856	197,712,372	550,118,484	26.4
Basic Education	Basic Education	166,689,144	-	166,689,144	-
Technical & Vocational Education Service	Technical & Vocational Education Service	64,868,298	-	64,868,298	-
Gender, Social Development & Children Service	Gender, Social Development & Children Service	35,000,000	-	35,000,000	-
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND PUBLIC WORKS					
General Administration and Planning	General Administration and Planning	101,000,000	17,287,436	83,712,564	17.1
Meru Town Municipality	Meru Town Municipality	166,890,200	-	166,890,200	-
Spatial, Planning, Survey and Mapping	Spatial, Planning, Survey and Mapping	40,000,000	-	40,000,000	-
Public Works	Public Works	100,000,000	-	100,000,000	-
PUBLIC SERVICE ADMINISTRATION AND LEGAL AFFAIRS					
General Administration and Planning	General Administration and Planning	27,474,600	502,277	26,972,323	1.8

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Coordination of County Government Function	Coordination of County Government Function	3,695,000	-	3,695,000	-
County Enforcement Service	**County Law Enforcement Service**	2,030,000	-	2,030,000	-
	Conservancy Ranger Service	-	-	-	
Human Resource Management	Human Resource Management	750,576,740	70,138019	680,438,721	9.3
Legal Representation and Advisory Service	Legal Representation and Advisory Service	17,987,284	-	17,987,284	-
Town Management & Administration	Town Management & Administration	12,007,393	23,600	11,983,793	0.2
ROAD, TRANSPORT AND ENERGY					
General Administration and Planning	General Administration and Planning	68,879,845	6,843,536	62,036,309	9.9
Electrification and Street Lighting	Electrification and Street Lighting	32,400,155	-	32,400,155	-
Road Transport	Road Transport	744,635,188	-	744,635,188	-
TRADE, INVESTMENT, INDUSTRIALIZATION, TOURISM AND COOPERATIVE DEVELOPMENT					
General Administration and Planning	General Administration and Planning	56,400,000	8,947,745	47,452,255	15.9
Trade Development & Promotion	Trade Development & Promotion	55,900,000	705,000	55,195,000	1.3
Cooperative Development	Cooperative Development	16,000,000	199,476	15,800,524	1.2
Tourism Development and Promotion	Tourism Development and Promotion	31,980,000	238,269	31,741,731	0.7
Industrial Development and Investment	Industrial Development and Investment	10,000,000	-	10,000,000	-
YOUTH AFFAIRS AND SPORT					
General Administration and Planning	General Administration and Planning	31,200,000	3,470,610	27,929,390	11.1
Youth Affairs	Youth Affairs	45,000,000	1,408,098	43,591,902	3.1
Sport Development	Sport Development	71,400,000	87,700	71,312,300	0.1
Arts and Culture Development	Arts and Culture Development	74,000,000	-	74,000,000	-
COUNTY PUBLIC SERVICE BOARD					
General Administration and Planning	General Administration and Planning	15,000,000	587,483	14,412,517	3.9
ENVIRONMENT, WILDLIFE AND NATURAL RESOURCE					
General Administration and Planning	General Administration and Planning	41,100,000	-	41,100,000	-
Environment Management and Protection	Environment Management and Protection	33,800,000	-	33,800,000	-
COUNTY ASSEMBLY					
General Administration and Planning	General Administration and Planning	237,380,736	25,929,776	211,450,960	10.9
Legislative and Representation	Legislative and Representation	489,303,984	96,119,170	393,184,814	19.6
Legislative Oversight	Legislative Oversight	228,535,280	72,951,054	155,584,226	31.9
Grand Total		**10,607,744,924**	**1,529,718,174**	**9,078,026,750**	**14.4**

Source: *Meru County Treasury*

The top performing programs across the County were: General Administration and Planning, Efficiency, Monitoring and Evaluation and Curative Health Care Services.

3.26.9 Key Observations and Recommendations

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

1. Under-performance of own revenue collection. The own revenue collection has declined from Kshs.131.01 million in the first quarter of FY 2018/19 to Kshs.91.59 million in the reporting period.
2. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report contrary with Section 166 of the PFM Act, 2012.
3. Spending of revenue at source in contravention of Section 109 of the PFM Act, 2012. The OCOB has noted, from the analysis of bank statements and expenditure returns, that the Departments of Health did not bank all its revenue receipts into the CRF account.

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

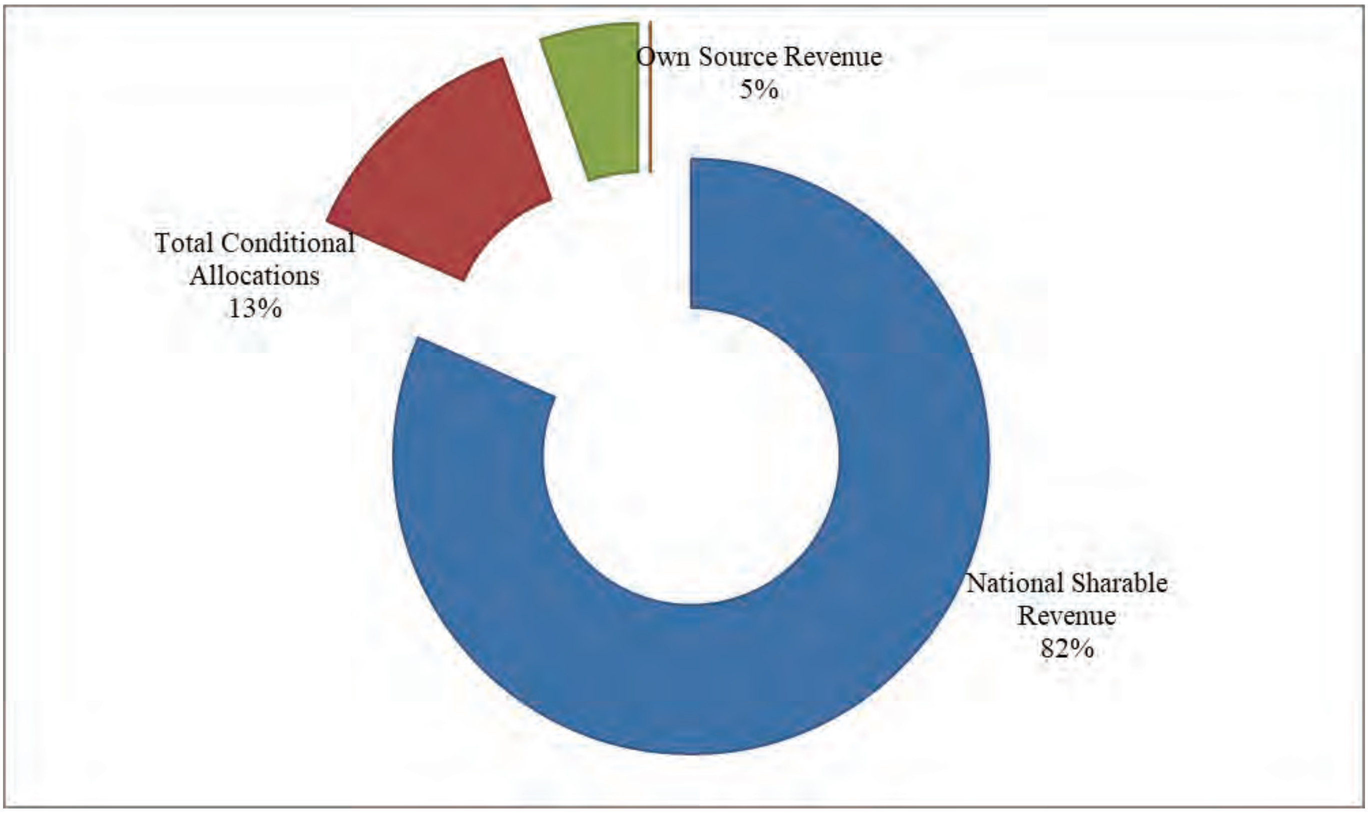
1. *The County Treasury should formulate and implement strategies to enhance own source revenue.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
3. *The County should ensure all departments adhere to Section 109 of the PFM Act, 2012 and bank all revenue receipts intact into the CRF account.*

3.27 Migori County

3.27.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.8.46 billion, comprising of Kshs.3.14 billion (37 per cent) and Kshs5.32 billion (63 per cent) allocation for development and recurrent programmes respectively. To finance the budget, the County expects to receive Kshs.6.9 billion (82 per cent) as equitable share of revenue raised nationally, Kshs.1.11 billion (13 per cent) as total conditional grants, generate Kshs.450 million (5 per cent) from own source revenue. Figure 3.76 shows the expected sources of financing in FY 2019/20

Figure 3.76: Expected Sources of Financing in FY 2019/20



Source: *Migori County Treasury*

3.27.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.17 billion as equitable share of the revenue raised nationally, raised Kshs.80.88 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.1.25 billion as shown in Table 3.99.

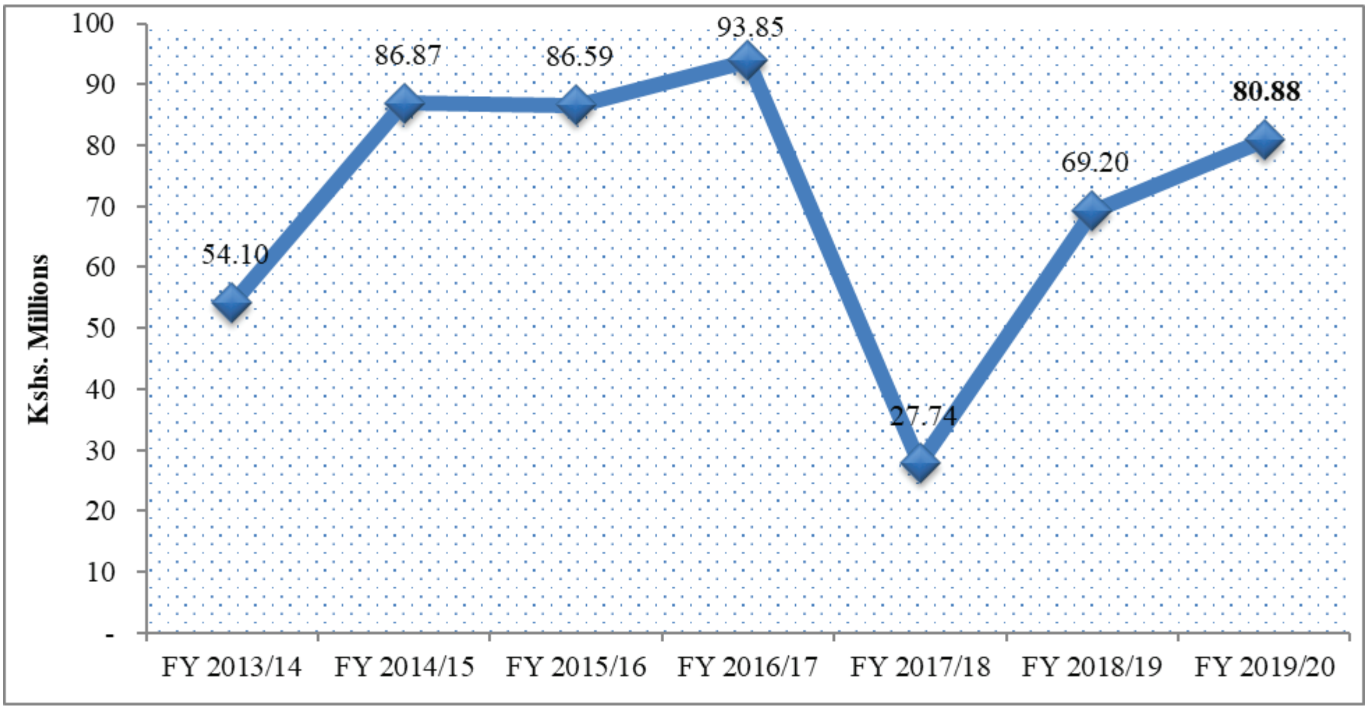
Table 3.99: Migori County, Revenue Performance in the First Quarter of FY 2019/20

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**	6,773,100,000	6,900,000,000	1,178,519,400	17.4
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	192,258,938	-	-
4.	Rehabilitation of Village Polytechnics	30,033,298	30,033,298	-	-
Sub Total		**7,148,963,014**	**7,275,863,014**	**1,178,519,400**	**16.5**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	76,811,165	76,800,000	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	-	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	49,609,793	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	518,367,800	518,367,800	-	-
9.	DANIDA Grant	20,062,500	21,000,000	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	43,668,076	61,000,000	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,805,472	-	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000		-
Sub Total		**1,065,515,013**	**736,777,593**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue		450,000,000	80,880,687	18
Sub Total		**-**	**450,000,000**	**80,880,687**	**-**
Grand Total		**8,214,478,027**	**8,462,640,607**	**1,259,400,087**	**15.3**

Source: *Migori County Treasury*

Figure 3.77 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.77: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Migori County Treasury*

The own source revenue realised in the reporting period of Kshs.80.88 million represented 18 per cent of the annual target.

3.27.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.974 million from the CRF account all of this being for recurrent programmes.

3.27.4 Overall Expenditure Review

A total of Kshs.832.54 million was spent on recurrent programmes and represented 85 per cent of the total funds released from the CRF account. The County did not report expenditure no development expenditure. The expenditure on recurrent programmes represented 15.6 per cent of the annual recurrent budget and an overall absorption rate of 9.8 per cent.

3.27.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.632.50 million was spent on compensation to employees and Kshs.200.16 million on use of goods and services.

Table 3.100: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

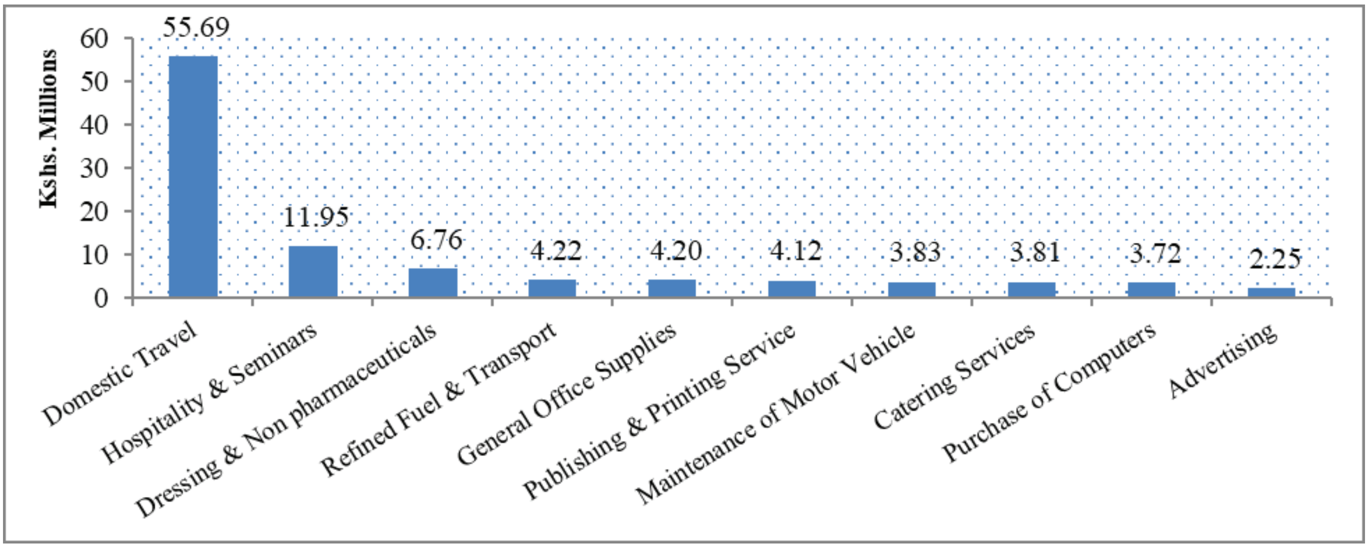
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**5,321,237,601**	**974,000,000**	**832,538,324**	**15.6**
Compensation to Employees	2,844,055,005	634,154,538	632,205,705	22.2
Operations and Maintenance	2,477,182,596	339,845,462	200,332,618	8.1
Total Development Expenditure	**3,141,403,006**	-	-	-
Development Expenditure	3,141,403,006	-	-	-
Total	**8,462,640,607**	**974,000,000**	**832,538,324**	**9.8**

Source: *Migori County Treasury*

3.27.6 Analysis of Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Migori County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Migori County Treasury*

The County spent Kshs.20.78 million on committee sitting allowances to the 57 MCAs against the annual budget allocation of Kshs.120.85 million. This was an increase of 0.45 per cent compared to Kshs.20.63 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.121,572 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.55.69 million and comprised of Kshs.20.79 million spent by the County Assembly and Kshs.34.90 million by the County Executive. This represented was a decline of 58.1 per cent compared to Kshs.132.85 million spent in the first quarter of FY 2018/19

3.27.7 Budget Performance by Department

Table 3.101 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.101: Migori County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues in FY 2019/20 (Kshs. Millions)		Expenditure in FY 2019/20 (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	836.13	50.00	70.00	-	60.52	-	86.5	-	7.2	-
County Executive	363.30	211.50	51.50	-	34.07	-	66.2	-	9.4	-
Finance & Economic planning	575.96	126.50	121.10	-	83.30		68.8		14.5	-
Agriculture, Livestock, Veterinary & Fisheries	188.13	144.41	45.43	-	38.76	-	85.3	-	20.6	-
Education, Youth Sports, Culture & Social Services	391.84	257.43	62.25	-	61.63	-	99	-	15.7	-
County Health Services	1,722.31	510.01	432.04	-	353.16		81.7		20.5	-

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues in FY 2019/20 (Kshs. Millions)		Expenditure in FY 2019/20 (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning and Housing	71.16	651.13	15.49	-	13.92	-	89.9	-	19.6	-
Roads, Transport & Public Works	124.59	738.07	18.87	-	12.33	-	65.4	-	9.9	-
Trade, Tourism and Cooperatives Development	73.63	94.25	21.86	-	21.82	-	99.8	-	29.6	-
Public Service Management	742.46	74.49	97.36	-	125.60	-	129	-	16.9	-
Wirer and Energy	96.55	252.50	22.56	-	12.74	-	56.5	-	13.2	-
Environment ,Natural Resources	135.17	31.12	15.53	-	14.69	-	94.6	-	10.9	-
TOTAL	5,321.24	3,141.40	974.00	-	832.54	-	**85**	-	**15.6**	-

Source: *Migori County Treasury*

Analysis of expenditure by department shows that the Department of Trade, Tourism and Cooperative Development highest percentage of recurrent expenditure to its recurrent budget at 29.6 per cent while the County Assembly recorded the lowest at 7 per cent.

3.27.8 Budget Execution by Programmes and Sub-Programmes

Table 3.102 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.102: Migori County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
HEALTH					
Planning and administrative support services	Health Management Informative System	2,500,000	-	2,500,000	-
	Administrative And Support Services	1,354,609,800	346,092,708	1,008,517,092	25.6
	Sub total	**1,357,109,800**	**346,092,708**	**1,011,017,092**	**25.5**
Preventive And Promotive Health Services	Community Health Services	52,860,000	-	52,860,000	-
	Sanitation And Environmental Health Services	1,000,000	-	1,000,000	-
	Human Nutrition And Dietetics	3,000,000	-	3,000,000	-
	Communicable Disease Control	1,000,000	-	1,000,000	-
	Hiv And Aids Management	2,800,000	-	2,800,000	-
	Disease Surveillance/	1,500,000	-	1,500,000	-
	Emergency Preparedness And Response	1,000,000	-	1,000,000	-
	Health Promotion	1,500,000	-	1,500,000	-
	Family& Reproductive Health	12,600,000	-	12,600,000	-
	Sub total	**77,260,000**	-	**77,260,000**	-
Curative , Rehabilitative and Referral services	Pharmaceutical And Non – Pharmaceutical Commodities	242,880,395	7,064,573	235,815,822	2.9
	Diagnostic Services	2,500,000	-	2,500,000	-
	Sub total	**245,380,395**	**7,064,573**	238,315,822	2.9
Infrastructure Development	Infrastructure Development	301,196,664	-	301,196,664	-
	Sub total	**301,196,664**	-	**301,196,664**	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
External Funding	Donor Funds	97,800,000	-	97,800,000	-
	Conditional Grants	153,570,778	-	153,570,778	-
	Sub total	**251,370,778**	**-**	**251,370,778**	**-**
AGRICULTURE					
Agriculture (Policy, Planning, General Administration and Support Services)	General administration	152,134,680	38,227,352.95	113,907,327	25.1
	Sub total	**152,134,680**	**38,227,352.95**	**113,907,327**	**25.1**
	Field Extension Services and support programme	4,000,000	-	4,000,000	-
	Sub total	**4,000,000**	-		-
Crop development and management	Crop development	31,000,000	-	31,000,000	-
	Sub total	**31,000,000**	-	**31,000,000**	-
External Funding	Donor Funds	61,000,000	-	61,000,000	-
	Sub total	**61,000,000**	-	**61,000,000**	-
Fisheries (Policy, Planning, General Administration and Support Services)	General administration	7,798,500	510,637	7287863	6.6
	Field Extension Services and support programme	4,201,500	-	4201500	-
	Sub total	**12,000,000**	**510,637**	11489363	4.3
Fisheries development and management	Capture fisheries development & management	5,400,000	-	5,400,000	-
	Aquaculture development and extension	12,486,708	-	12,486,708	-
	Sub total	**17,886,708**	-	**17,886,708**	-
Livestock (Policy, Planning, General Administration and Support Services)	General administration	7,280,000	-	7,280,000	-
	Sub total	**7,280,000**	-	**7,280,000**	-
Livestock production and management	Enterprise Development And Value Addition	17,200,000	21,730	17,178,270	0.1
	Breeds improvement	2,520,000	-	2,520,000	-
	Sub total	**19,720,000**	**21,730**	**19,698,270**	**0.1**
Veterinary Services (Policy, Planning, General Administration and Support Services)	General administration	6,874,000	-	6,874,000	-
	Field Extension Services and support programme	1,230,000	-	1,230,000	-
	Sub total	**8,104,000**	**-**	**8,104,000**	**-**
Veterinary services	Livestock disease control & management	1,950,000	-	1,950,000	-
	Veterinary public health management	16,136,000	-	16,136,000	-
	Livestock breeding services	1,330,000	-	1,330,000	-
	Sub total	**19,416,000**	**-**	**19,416,000**	**-**
COUNTY EXECUTIVE					
Governance and Executive Management	Citizen Delivery services	170,000,000	-	170,000,000	-
	Coordination of Devolved Ministries and Departments	22,888,582	171,900	22,716,682	0.8
	Sub total	**192,888,582**	**171,900**	**192,716,682**	**0.1**
Strategy and service delivery	Legal Services	57,700,000	5,098,325	52,601,675	8.8
	Efficiency monitoring services	14,936,000	-	14,936,000	-
	Sub total	**72,636,000**	**5,098,325**	**67,537,675**	**7**
Strategy and service delivery	Conflict Management And Resolution	4,401,000	380,170	4,020,830	8.6
	Sub total	**4,401,000**	**380,170**	4,020,830	8.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Governor's Office (General Administration and Support Services)	General Administration Services	124,144,000	26,070,586	98,073,414	21
	Sub total	**124,144,000**	**26,070,586**	98,073,414	21
Cohesion And Peace Building	Peace Building, Education, Advocacy And Research	4,345,000	-	4,345,000	-
	Sub total	**4,345,000**	**-**	**4,345,000**	**-**
Deputy Governor's Office(General Administration and Support Services)	General Administration Services	23,763,200	7,032	23,756,168	0.03
	Sub total	**23,763,200**	**7,032**	23,756,168	0.03
Governance and Executive Management	Citizen Delivery services	3,374,000	-	3,374,000	-
	Sub total	**3,374,000**	**-**	**3,374,000**	**-**
County Secretary (General Administration and Support Services)	General Administration Services	21,632,000	2,316,000	19,316,000	10.7
	Sub total	**21,632,000**	**2,316,000**	**19,316,000**	**10.7**
Kenya Devolution Support Programme	Key Result Area1: Public Finance Management	6,010,099	-	6,010,099	-
	Key Result Area2: Planning , Monitoring And Evaluation	11,576,928	-	11,576,928	-
	Key Result Area3: Performance Contracting And Human Resources Management	17,841,439	-	17,841,439	-
	Key Result Area4: Civic Education And Public Participation	8,250,000	-	8,250,000	-
	Key Result Area5: Environment And Social Safeguard	5,940,363	-	5940363	-
	Sub total	**49,618,829**	-	49,618,829	-
Information Communication Technology (General Administration and Support Services)	General Administration Services	38,000,000	30,600	37,969,400	0.1
	Information communication and technology	40,000,000	-	40,000,000	-
	Sub total	**78,000,000**	**30,600**	**77,969,400**	**0.04**
PUBLIC SERVICE MANAGEMENT					
General Administration and Support Services	General Administration and Support Services	653,722,600	108,325,626	545,396,974	16.6
	Sub total	**653,722,600**	**108,325,626**	**545,396,974**	**16.6**
Human Capital Management And Development	Human Capital Strategy	5,000,000	-	5,000,000	-
	Information And Records Management	2,020,000	132,760	1,887,240	6.6
	Sub total	**7,020,000**	**132,760**	**6,887,240**	**1.9**
Sub County Administration Services	Devolved units Development services	89,851,383	1,199,933	88,651,450	1.3
	Sub total	**89,851,383**	**1,199,933**	**88,651,450**	**1.3**
Civic Education And Public Participation	Civic Education	4,000,000	-	4,000,000	-
	Sub total	**4,000,000**		**4,000,000**	**-**
County Security and Compliance Enforcement Services	Support and Administration Services	3,240,000	973,000	2267000	30
	Sub total	**3,240,000**	**973000**	**2267000**	**30**
General Administration and Support Services(PSB)	General Administration and Support Services	41,490,000	8,268,022.50	33221977.5	19.9
	Sub total	**41,490,000**	**8,268,022.50**	33221977.5	19.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Human Capital Management And Development	Human Capital Strategy	8,330,000	3,761,535	4568465	45.2
	Public service board services	6,900,000	2,934,462	3,965,538	42.5
	Information And Records Management	2,400,000	-	2,400,000	-
	Sub total	**17,630,000**	**6,695,997**	**10,934,003**	**38**
EDUCATION ,YOUTH,SPORTS,CULTURE,GENDER AND SOCIAL SERVICES					
General Administration and Support Services(Education)	General Administration and Support Services	160,649,983	48,548,273	112,101,710	30.2
	Sub total	**160,649,983**	**48,548,273**	**112,101,710**	**30.2**
Education Support Services	Bursary And Scholarship	177,065,912	-	177,065,912	-
	Sub total	**177,065,912**	**-**	**177,065,912**	**-**
Child Care Support Services	Infrastructure development and sanitation improvement	91,428,177	-	91,428,177	-
	ECDE Staffing	9,990,000	451,800	9,538,200	4.5
	Sub total	**101,418,177**	**451,800**	100,966,377	0.5
Quality Management Services	Quality Assurance and standard services	8,000,000	-	8,000,000	-
	Sub county education office services	500,000	-	500,000	-
	Sub total	**8,500,000**	**-**	8,500,000	-
Youth Development Empowerment	Vocational Education Training	58,500,000	-	58,500,000	-
	Sub total	**58,500,000**	**-**	58,500,000	-
Sports and culture development	Culture and heritage conservation	5,000,000		5,000,000	-
	Sub total	**5,000,000**		5,000,000	-
Sports and culture development(Sports)	Sport and talent development	100,600,000	12,540,200	88,059,800	12.5
	Talent development services	1,000,000	90,000	910,000	9
	Sub total	**101,600,000**	**12,630,200**	88,969,800	12.4
Youth Development Empowerment (youth)	Youth home craft centers and enterprises services	2,000,000	-	2,000,000	-
	Sub total	**2,000,000**	**-**	**2,000,000**	**-**
External Funding	Conditional Grants	30,033,298	-	30,033,298	-
	Sub total	**30,033,298**	**-**	30,033,298	-
Sports and culture development(culture &social)	Culture and heritage conservation	1,000,000	-	1,000,000	-
	Sub total	**1,000,000**	**-**	**1,000,000**	**-**
Gender And Equality	Women empowerment enterprises and support services	2,500,000	-	2,500,000	-
	PWDS enterprises and support services	1,000,000	-	1,000,000	-
	Sub total	**3,500,000**	**-**	**3,500,000**	**-**
MANAGEMENT ENVIRONMENT, NATURAL,RESOURCES AND DISASTER MANAGEMENT					
General Administration and Support Services (Environment)	General Administration and Support Services	69,571,238	13,630,126.10	55,941,111	19.6
	Sub total	**69,571,238**	**13,630,126.10**	**55,941,111**	**19.6**
Environment management and protection	Solid waste management services	35,700,000	13,500	35,686,500	0.04
	Sub total	**35,700,000**	**13,500**	**35,686,500**	**0.04**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Environmental and natural resource conservation and management	County greening programmer	5,000,000	-	5,000,000	-
	Water resource conservation and management	4,200,000	618,000	3,582,000	14.7
	Climate change adoption and mitigation	900,000	-	900,000	-
	Forestry conservation and development	1,000,000	-	1,000,000	-
	Sub total	**11,100,000**	**618,000**	**10,482,000**	**5.6**
Natural resources conservation and management	Forestry conservation and development	4,000,000		4,000,000	-
	Mining services	5,118,954	-	5,118,954	-
	Sub total	**9,118,954**	**-**	**9,118,954**	**-**
Disaster Management	Disaster management services	40,800,000	429,000	40,371,000	1.1
	Sub total	**40,800,000**	**429,000**	**40,371,000**	**1.1**
FINANCE ECONOMIC PLANNING					
General Administration and Support Services(Accounting)	General Administration and Support Services	142,859,009	4,336,575	138,522,434	3
	Sub total	**142,859,009**	**4,336,575**	138,522,434	3
Public finance management	Accounting services	352,687,835	68,060,835	284,626,999	19.3
	Sub total	**352,687,835**	**68,060,835**	**284,626,999**	**19.3**
General Administration and Support Services(Audit)	General Administration and Support Services	21,021,000	1,600,000	19,421,000	7.6
	Sub total	**21,021,000**	**1,600,000**	**19,421,000**	**7.6**
Public Financial management (procurement)	**Procurement services**	18,600,000	-	18,600,000	-
	Sub total	**18,600,000**	**-**	**18,600,000**	**-**
General Administration and Support Services (Revenue)	General Administration and Support Services	2,160,000	-	2,160,000	-
	Sub total	**2,160,000**	**-**	**2,160,000**	**-**
Public Financial management (Revenue)	Resource mobilization	52,775,000	-	52,775,000	-
	Sub total	**52,775,000**	**-**	**52,775,000**	**-**
General Administration and Support Services (Planning)	General Administration and Support Services	30,772,000	1,640,645	29,131,355	5.3
	Sub total	**30,772,000**	**1,640,645**	**29,131,355**	**5.3**
Economic policy and county planning	Budget coordination and management	62,583,116	7,659,843	54,923,273	12.2
	Policy and plans development	5,000,000	-	5,000,000	-
	County statistical information services	10,000,000	-	10,000,000	-
	Community development	4,000,000		4,000,000	-
	Sub total	**81,583,116**	**7,659,843**	**73,923,273**	**9.4**
LANDS ,HOUSINGAND PHYSICAL PLANNING					
General Administration and Support Services(Lands)	General Administration and Support Services	69,157,616	13,916,129	55,241,486	20.1
	Sub total	**69,157,616**	**13,916,129**	**55,241,486**	**20.1**
Physical planning service	Physical and urban planning services	124,260,982	-	124,260,982	-
	External funding	528,366,492	-	528,366,492	-
	Sub total	**652,627,474**	**-**	**652,627,474**	**-**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Housing Development services	Housing services	500,000	-	500,000	-
	Sub total	**500,000**	**-**	**500,000**	**-**
ROADS,TRANSPORTAND PUBLIC WORKS					
Policy, General administration, planning & support Service	General Administration and Support Services	59,293,644	10,719,815	48,573,828	18.1
	Sub total	**59,293,644**	**10,719,815**	48,573,828	18.1
Roads development, maintenance and management	Road network improvement	622,566,695	1,615,130	620,951,565	0.3
	Construction of bridges and maintenance	115,804,422	-	115,804,422	-
	Mechanization services	65,000,000	-	65,000,000	-
	Sub total	**803,371,117**	**1,615,130**	**801,755,987**	**0.2**
TRADE TOURISM AND COOPERATIVE					
Policy, Planning and Administrative Support Services	General Administration and Support Services	45,820,872	17,592,750	28,228,121	38.4
	Sub total	**45,820,872**	**17,592,750**	**28,228,121**	**38.4**
Trade And Markets Promotion And Development	Trade Development And Promotion Of SMEs Services	14,837,758	3,866,158	10,971,600	26.1
	Trade infrastructure development services	78,250,000	-	78,250,000	-
	Regional economic integration	1,020,000	102,000	918,000	10
	Sub total	**94,107,758**	**3,968,158**	**90,139,600**	**4.2**
Industrial development and investment services	Promotion Of Industrial Development And Investments	1,380,000	260,000	1,120,000	18.8
	Industrial Parks And Infrastructure Development	1,020,000	-	1,020,000	-
	Sub total	**2,400,000**	**260,000**	**2,140,000**	**10.8**
Cooperative development services	Cooperative Development Services And Promotion	1,320,000	-	1,320,000	-
	Cooperative Oversight And Compliance	1,416,000	-	1,416,000	-
	Cooperative Policy, Research And Advisory	1,080,000	-	1,080,000	-
	Sub total	**3,816,000**	**-**	**3,816,000**	**-**
Tourism Development	Tourism Promotion, Investment And Marketing	750,000	-	750,000	-
	Cradle Of Mankind Circuit	1,720,000	-	1,720,000	-
	Tourism products and services	12,000,000	-	12,000,000	-
	Sub total	**14,470,000**	**-**	**14,470,000**	**-**
Trade And Markets Promotion And Development	Metrological laboratory services	1,170,000	-	1,170,000	-
	Sub total	**1,170,000**	**-**	**1,170,000**	**-**
Liquor Licensing and Control Services	Infrastructure Development	6,100,000	-	6,100,000	-
	Sub total	**6,100,000**	**-**	**6,100,000**	**-**
COUNTY ASSEMBLY					
General Administration and Support Services(SPEAKER DEPARTMENT)	Administrative services	15,000,000	-	15,000,000	-
	Sub total	**15,000,000**	-	15,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Oversight Management Service	Committees management services	120,850,000	20,788,873	100,061,127	17.2
	Sub total	**120,850,000**	**20,788,873**	**100,061,127**	**17.2**
Legislative Service	Representation	14,130,048	-	14,130,048	-
	Sub total	**14,130,048**	**-**	**14,130,048**	**-**
General Administration and Support Services(CLERK DEPARTMENT)	Administrative services	634,147,017	39,730,513	594,416,503	6.3
	Citizen Engagement	102,000,000	-	102,000,000	-
	Sub totals	**736,147,017**	**39,730,513**	**696,416,503**	**5.4**
WATER AND ENERGY					
Water supply and management services	Urban water Supply and Management Services	35,000,000	5,582,905	29,417,095	16
	Rural water services	150,837,907	-	150,837,907	-
	Water conservation, protection and governance	480,000	-	480,000	-
	Sub total	**186,317,907**	**5,582,905**	**180,735,002**	**3**
General administration, planning & support Service	General Administration ,policies and legal framework	68,787,583	7,158,298	61,629,284	10.4
	Sub total	**68,787,583**	**7,158,298**	**61,629,284**	**10.4**
Alternative Energy Services	Green Energy Development	81,942,430	-	81,942,430	-
	Sub total	**81,942,430**	**-**	**81,942,430**	**-**
Operation And maintenance Of Rural Water Services	Water supplies and sewerage	12,000,000	-	12,000,000	-
Sub total		**12,000,000**	**-**	12,000,000	-
Grand Total		**8,462,640,607**	**832,538,324.20**	**7,630,102,283**	**9.8**

Source: *Migori County Treasury*

The top performing programs across the County were: Planning and Administrative Support Services County Security and Compliance Enforcement Services, Trade and Markets Promotion and Development Public Finance Management.

3.27.9 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 which was occasioned by failure by Parliament to approve DORA, 2019 CARA, 2019 in line with the timelines in law.
2. Under-performance of own source revenue which represented 18 per cent of the annual target of Kshs.450 million.

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 timely disbursement of allocated funds.*
2. *The County Treasury should come up with strategies to enhance own source revenue in order to ensure budgeted activities ate executed.*

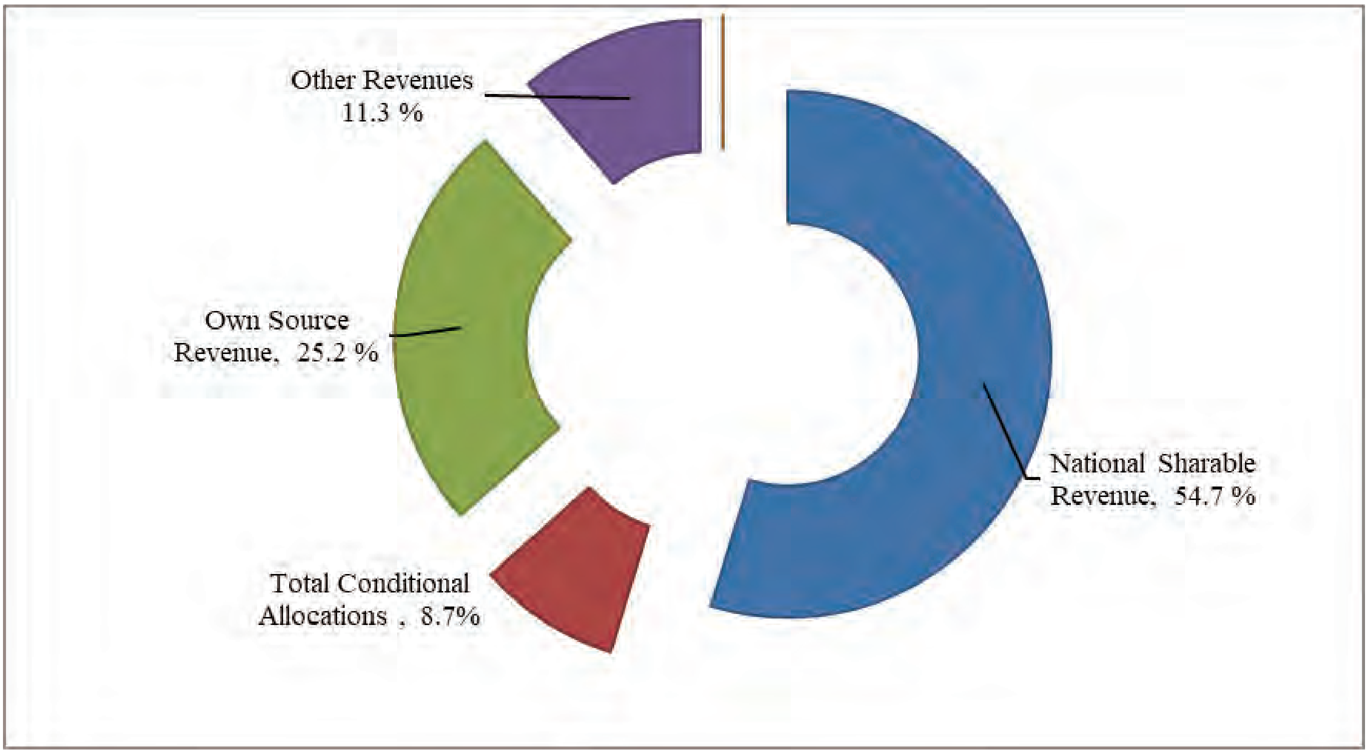
3.28 Mombasa County

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 expects to receive Kshs.7.49 billion (54.8 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 3.79 shows the expected sources of financing in FY 2019/20

Figure 3.79: Expected Sources of Financing in FY 2019/20



Source: *Mombasa County Treasury*

3.28.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.23 billion as equitable share of the revenue raised nationally, raised Kshs.471.53 million from own-source revenue, and generated Ksh.129.93 million as Appropriations in Aid (A-I-A). The total funds available for budget implementation amounted to Kshs.1.83 billion as shown in Table 3.103.

Table 3.103: Mombasa County, Revenue Performance in the First Quarter of FY 2019/20

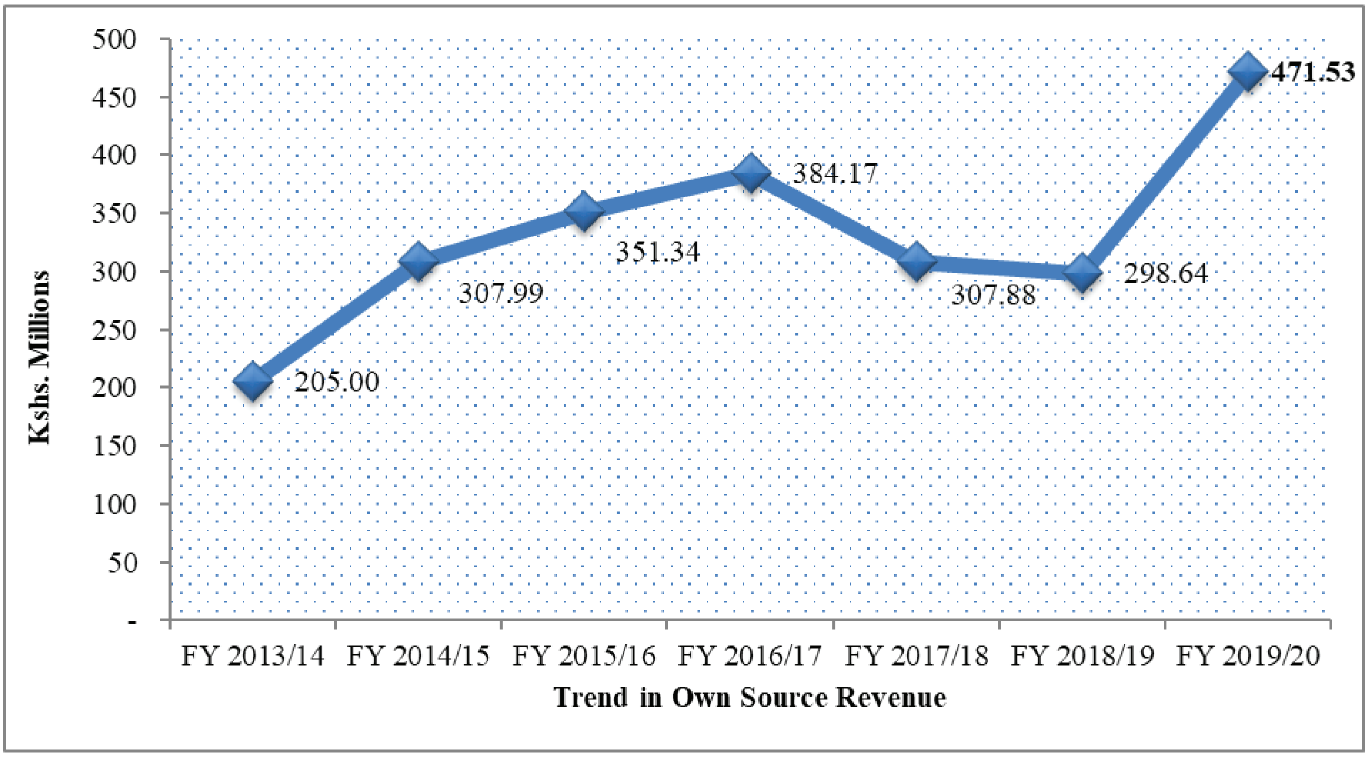
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	7,057,950,000	7,485,441,000	1,228,083,300	16.4
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	-	-
3.	Compensation for User Fee Foregone	23,385,934	23,385,934	-	-
4.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
5.	Road Maintenance Fuel Levy Fund	200,344,594	200,344,594	-	-
6.	Rehabilitation of Village Polytechnics	25,473,298	25,473,298	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		**769,558,026**	**769,558,026**	-	-
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	37,921,806	37,921,806	-	-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	83,333,725	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	259,416,946	-	-
6.	DANIDA Grant	24,562,500	24,562,500	-	-
8.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,550,000,000	-	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,374,963	16,374,963	-	-
Sub Total		**1,658,859,269**	**421,609,940**	-	-
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	3,452,759,072	471,530,040	13.7
3.	Other Revenues	-	1,550,000,000	-	-
4.	A-I-A (Level 5 Hospital)	-	-	129,925,498	-
Sub Total		-	**5,002,759,072**	**601,455,538**	-
Grand Total		**9,486,367,295**	**13,679,368,038**	**1,829,538,838**	**13.4**

Source: *Mombasa County Treasury*

Figure 3.80 shows the trend in own-source revenue collection from the first quarters of the FY 2013/14 to FY 2019/20.

Figure 3.80: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to the First Quarter of FY 2019/20



Source: *Mombasa County*

The own source revenue realised in the reporting period of Kshs.471.53 million represented 13.7 per cent of the annual target.

3.28.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.47 billion from the CRF account. The withdrawal was entirely for recurrent programmes.

3.28.4 Overall Expenditure Review

A total of Kshs.795 million was spent on recurrent programmes and represented 54 per cent of the total funds released from the CRF account. The expenditure represented 9.1 per cent of the annual recurrent budget.

3.28.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.551.93 million was spent on compensation to employees and Kshs.200.57 million on use of goods and services.

Table 3.104: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

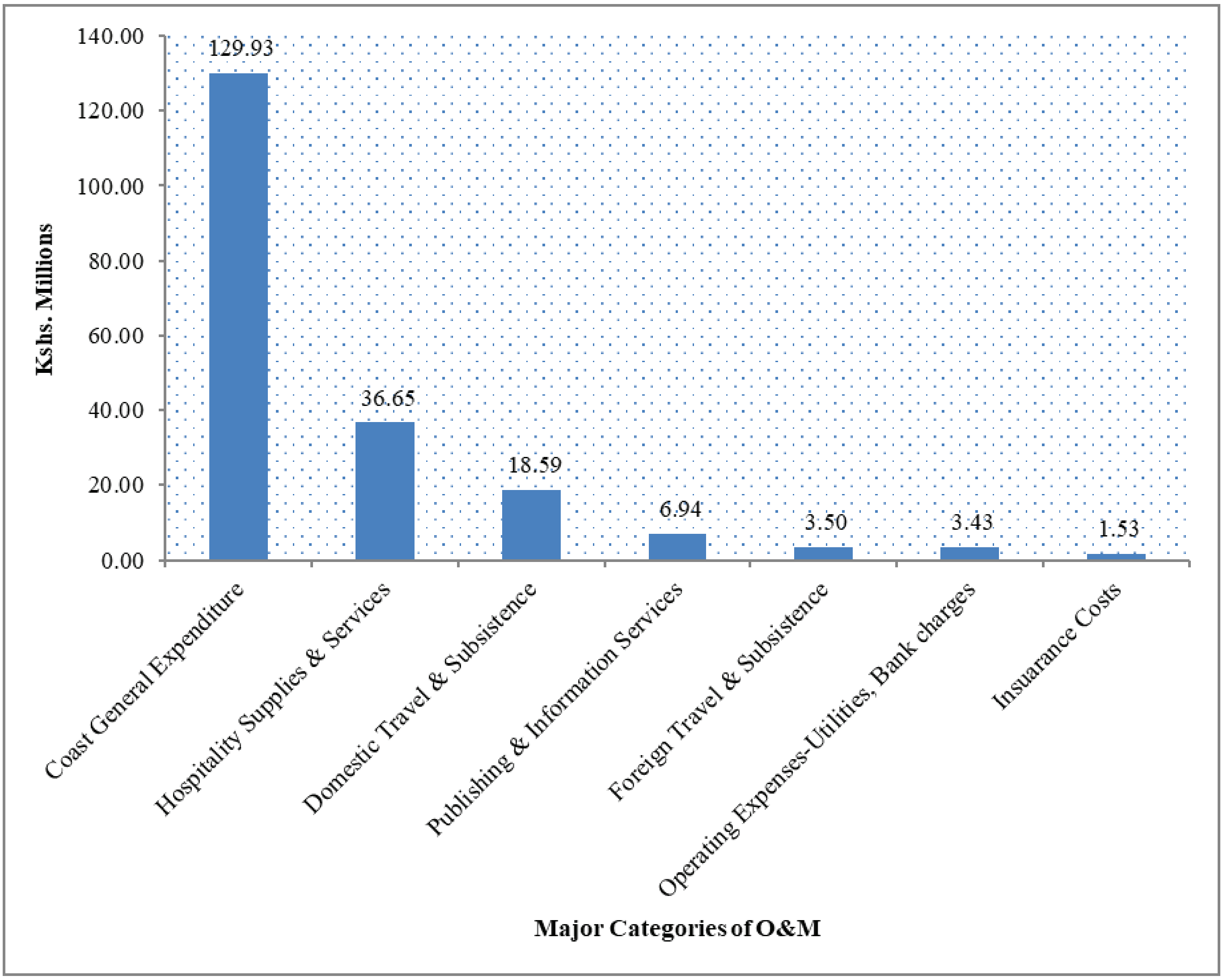
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**8,739,571,572**	**1,472,844,000**	**795,878,438**	**9.1**
Compensation to Employees	5,063,084,700	1,382,700,000	551,926,223	**10.9**
Operations and Maintenance	3,676,486,872	90,144,000	200,572,804	**5.5**
Total Development Expenditure	**4,939,796,466**	-	-	-
Development expenditure	-	-	-	-
Grand Total	**13,679,368,038**	**1,472,844,000**	**795,878,438**	**5.8**

Source: *Mombasa County Treasury*

3.28.6 Analysis of Operations and Maintenance

Figure 3.81shows a summary of operations and maintenance expenditure by major categories.

Figure 3.81: Mombasa County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Mombasa County Treasury*

3.28.7 Budget Performance by Department

Table 3.105 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.105: Mombasa County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	482.22	26.74	107.58	-	6.6	-	6.1	-	1.4	-
County Assembly	658.05	25.77	54.89	-	43.4	-	79	-	6.6	-
Finance & Economic Planning	979.52	749.95	145.57	-	126.4	-	86.8	-	12.9	-
Environment, Waste Management and Energy	514.13	428.37	91.73	-	35.6	-	38.8	-	6.9	-
Education, Information Technology & MV 2035	541.52	220.33	59.15	-	26.4	-	44.5	-	4.9	-
Health Services	2,813.84	231.64	558.16	-	390.5	-	70	-	13.9	-

Department	Budget Allocation (Kshs)		Exchequer Issues (Kshs)		Expenditure (Kshs)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Sanitation & Natural Resources	121.22	1,550	23.79	-	1.8	-	7.6	-	1.5	-
Youth, Gender, Sports and Cultural Affairs	270.28	375.60	37.88	-	9.9	-	26	-	3.6	-
Trade, Tourism & Investment	465.95	151.06	65.31	-	32.2	-	49.3	-	6.9	-
Lands, Housing and Physical Planning	220.15	211.33	34.51	-	10.8	-	31.2	-	4.9	-
Transport, Infrastructure & Public Works	435.22	657.45	70.13	-	29.8	-	42.6	-	6.9	-
Agriculture, Fisheries, Livestock and Co-operatives	222.02	211.02	41.77	-	13	-	31	-	5.8	-
Devolution & Public Service Administration	1,015.43	100.55	182.38	-	69.7	-	38.2	-	6.9	-
TOTAL	**8,740**	**4,940**	**1,473**	-	**796**	-	**54**	-	**9.1**	-

Source: *Mombasa County Treasury*

Analysis of expenditure by department shows that the Department of Health Services had the highest percentage of recurrent expenditure to its recurrent budget at 13.9 per cent while the County Executive had the lowest at 1.4 per cent.

3.28.8 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 quarter of FY 2019/20.

Table 3.106: Mombasa County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
The Executive	Governor's Affairs & Advisory Services	132,442,288	350,000	132,092,288	0.3
	Deputy Governor's Affairs & External Relations	77,286,579	-	77,286,579	-
	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	4,481,705	125,987,534	3.4
Finance and Economic Planning	Administration Unit	1,556,801,698	87,514,952	1,469,286,746	5.6
	Accounting Unit	79,100,000	23,161,493	55,938,507	29.3
	Planning and Monitoring Unit	93,574,896	15,701,911	77,872,985	16.8
Energy, Environment & Waste Management	Administration, Planning and Support Services	416,866,040	35,549,806	381,316,234	8.5
	Waste Management	285,072,081	-	285,072,081	-
	Environmental Compliance and Monitoring	167,065,338	-	167,065,338	-
	Climate Change	53,250,500	-	53,250,500	-
	Energy	20,250,500	-	20,250,500	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Education, Information Technology & MV 2035	General Administration, Planning and Support Services	286,676,346	26,347,048	260,329,298	9.2
	Education headquarters	126,359,535	-	126,359,535	-
	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	390,459,098	2,160,809,361	15.3
	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	1,810,746	67,174,209	2.6
	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	9,855,087	176,459,054	5.3
	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	32,210,935	297,559,881	9.8
	Trade Development	83,412,129	-	83,412,129	-
	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	10,778,316	222,340,909	4.6
	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	29,843,648	259,153,959	10.3
	Road and Transport Unit	473,500,531	-	473,500,531	-
	Works Unit	63,789,385	-	63,789,385	-
	Transport Planning, Management and Safety	146,305,365	-	146,305,365	-
	Mechanical Services	77,825,279	-	77,825,279	-
	Safety, Risk Management and Rescue Services	42,250,000	-	42,250,000	-
Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	166,036,421	12,958,576	153,077,845	7.8
	Crop Management Unit	64,262,529	-	64,262,529	-
	Livestock Unit	29,242,330	-	29,242,330	-
	Fisheries Unit-Headquarters	126,273,771	-	126,273,771	-
	Veterinary Services	27,027,147	-	27,027,147	-
	Cooperatives	20,194,353	-	20,194,353	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Devolution & Public Service Administration	Administration	659,661,960	69,698,249	589,963,711	10.6
	Devolution and public service administration	124,358,237	-	124,358,237	-
	Public Service Reforms and Delivery	181,047,496	-	181,047,496	-
	Compliance and Enforcement	29,429,118	-	29,429,118	-
	County Administration and decentralized services	121,483,715	-	121,483,715	-
County Assembly	General Administration	463,397,124	43,379,412	420,017,712	9.4
	Legislation, Oversight & Representation	220,430,633	-	220,430,633	-
Total		**13,679,368,039**	**795,878,439**	**12,883,489,600**	**5.8%**

Source: *Mombasa County Treasury*

The top performing programs across the County were: Finance accounting and monitoring units, Health and Devolution administration.

3.28.9 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 which was occasion by the impasse in the approval of the Division of Revenue Bill by Parliament.
2. Failure to correctly budget for conditional grants and equitable share in line with CARA, 2019.
3. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes 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 in line with CARA 2019 disbursement schedule.*
2. *The County should prepare a Supplementary Budget and align it to the equitable share and conditional grant to the CARA, 2019.*
3. *The County should budget and pay eligible pending bills as a first charge in line with the PFM Act, 2012.*

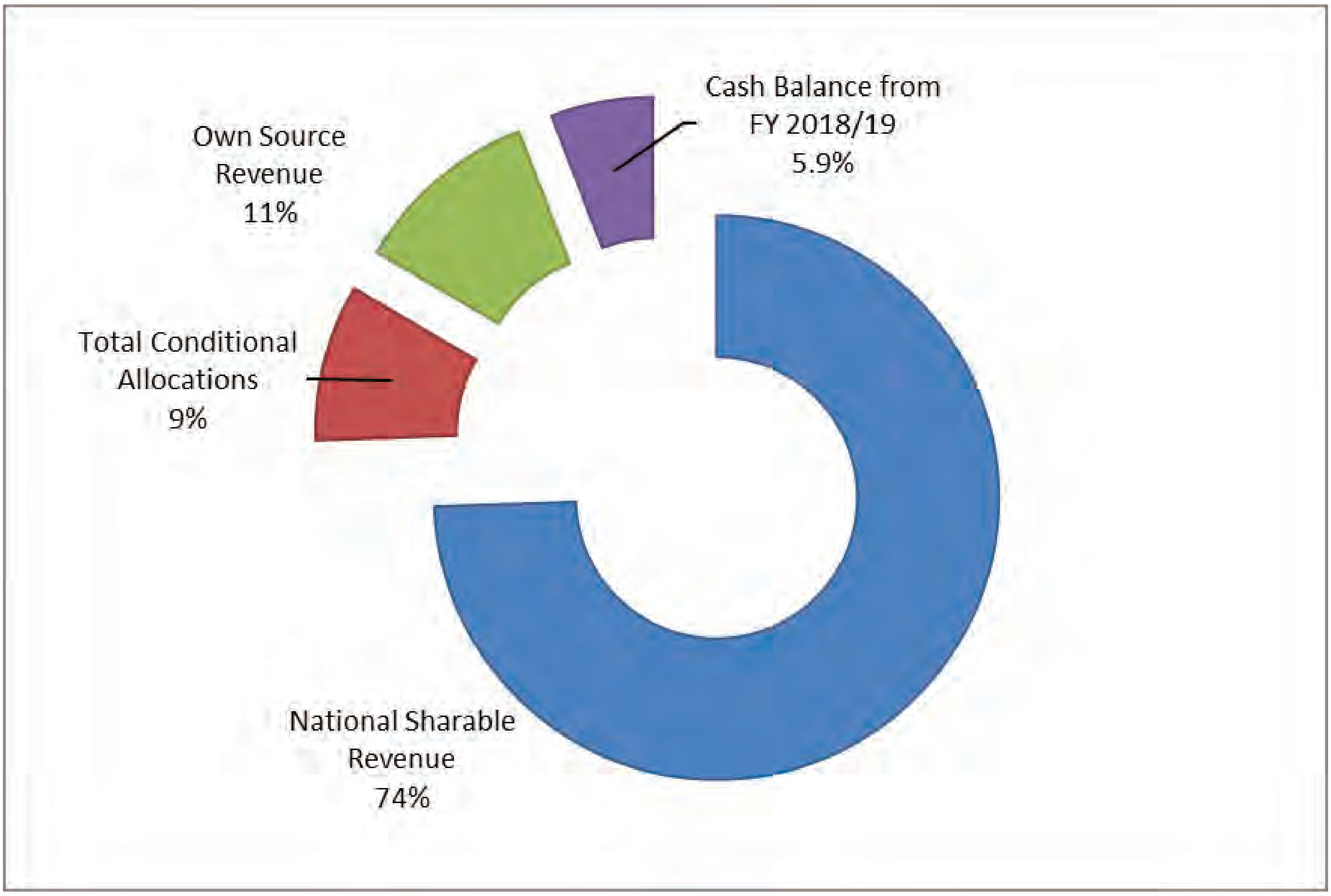
3.29 Murang'a County

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 source revenue, and had Kshs.525 million (5.9 per cent) as cash balance from FY 2018/19. Figure 3.82 shows the expected sources of financing in FY 2019/20.

Figure 3.82: Expected Sources of Financing in FY 2019/20



Source: *Murang'a County Treasury*

3.29.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.09 billion as equitable share of the revenue raised nationally, raised Kshs.149.96 million from own-source revenue, and had a cash balance of Kshs.525 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.77 billion as shown in Table 3.107.

Table 3.107: Murang'a County, Revenue Performance in the First Quarter of FY 2019/20

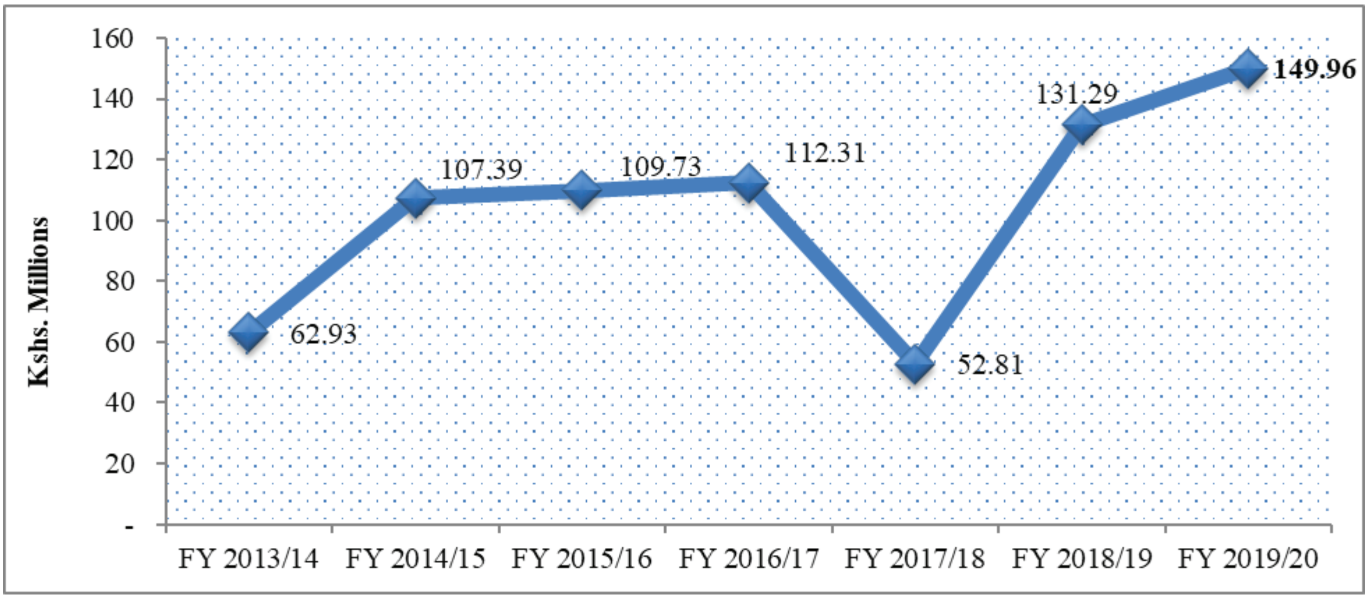
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	6,298,350,000	6,679,833,000	1,095,912,900	17.4
B.	**Conditional Grants from the National Government Revenue**				
3.	Compensation for User Fee Foregone	20,138,691	20,138,691	-	-
4.	Leasing of Medical Equipment	131,914,894	-	-	-
5.	Road Maintenance Fuel Levy Fund	178,782,844	178,782,844	-	-
6.	Rehabilitation of Village Polytechnics	83,268,298	83,268,298	-	-
Sub Total		**414,104,727**	**282,189,833**	**-**	**-**
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	76,894,209	76,894,209	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	307,623,650	307,623,650	-	-

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 (%)
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)	62,437,600	62,437,600	-	-
6.	DANIDA Grant	18,656,250	18,656,250	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,369,053	16,369,053	-	-
8.	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**	-	-
D	**Other Sources of Revenue**				
1.	Own Source Revenue		960,000,000	149,962,096	15.62
2.	Balance b/f from FY2018/19		525,000,000	525,000,000	100.00
Sub Total		-	**1,485,000,000**	**674,962,096**	**45.45**
Grand Total		**7,233,235,489**	**8,967,803,595**	**1,770,874,996**	**24.48**

Source: *Murang'a County Treasury*

Figure 3.83 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to FY 2019/20.

Figure 3.83: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Murang'a County*

The own source revenue realised in the reporting period of Kshs.149.96 million represented 15.6 per cent of the annual target.

3.29.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.1 billion from the CRF account. The withdrawals comprised of Kshs.329.19 million (30 per cent) for development programmes and Kshs.768.16 million (70 per cent) for recurrent programmes.

3.29.4 1.3 Overall Expenditure Review

A total of Kshs.1.39 billion was spent on development and recurrent programmes. This expenditure represented 126.8 per cent of the total funds released from the CRF account and comprised of Kshs.320.17 million and Kshs.1.07 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 19.5 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 9.2 per cent.

3.29.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.918.22 million was spent on compensation to employees and Kshs.152.66 million on use of goods and services.

Table 3.108: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**5,495,229,652**	**768,159,265**	**1,070,878,504**	**19.5**
Compensation to Employees	4,200,248,149	-	918,222,526	**21.9**
Operations and Maintenance	1,294,981,503	-	152,655,978	**11.8**
Total Development Expenditure	**3,472,573,942**	**329,185,091**	**320,167,295**	**9.2**
Development expenditure	3,472,573,942	329,185,091	320,167,295	**9.2**
Grand Total	**8,967,803,594**	**1,097,344,356**	**1,391,045,799**	**15.5**

Source: *Murang'a County Treasury*

3.29.6 Development expenditure

Table 3 provides a list of projects implemented in the first quarter of FY 2019/20

Table 3.108: List of Projects Implemented for the First Quarter of FY 2019/20

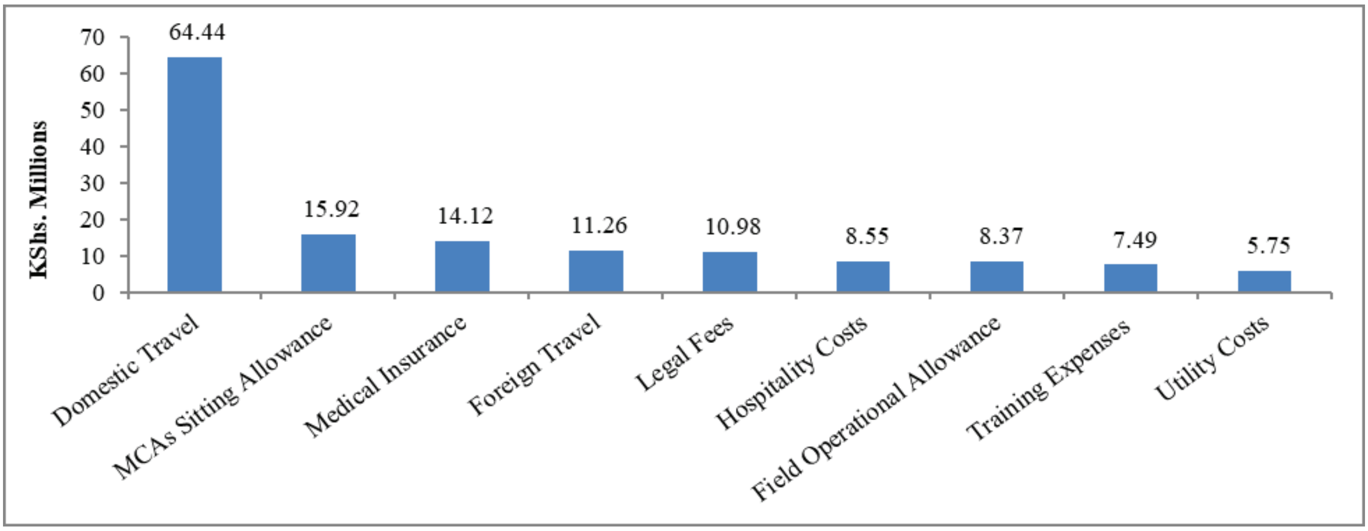
S/No	Project Name	Department	Location	Budget	Expenditure	Absorption Rate (%)
1.	Cooperative Development and Management	Cooperatives	County wide	23,879,074	1,739,238	7.3
2.	Cooperatives Development	Cooperatives	County wide	200,000,000	1,730,762	0.9
3.	ECDE Feeding programme	ECDE	County wide	100,000,000	10,506,415	10.5
4.	Youth polytechnics and vocational training	Education	County wide	112,868,298	-	-
5.	County Pharmaceutical & non-pharmaceutical services	Health	County wide	615,000,000	253,566,814	41.2
6.	Roads development programme	Roads	County wide	652,019,018	47,899,723	7.3
7.	Markets and urban development	Roads	County wide	75,000,000	-	-
8.	Gender & Youth Empowerment	Social development	County wide	32,100,000	1,440,000	4.5
9.	Refurbishment of Buildings	County Assembly	Ruring'u	50,000,000	3,284,342	6.6
Total				**3,452,239,434**	**320,167,294**	**9.3**

Source: *Murang'a County Treasury*

3.29.7 Analysis of Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Murang'a County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: Murang'a County Treasury

The County spent Kshs.15.92 million on committee sitting allowances to the 54 MCAs against the annual budget allocation of Kshs.72 million. This was an increase of 34 per cent compared to Kshs.11.9 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.98,292 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.64.44 million and comprised of Kshs.21.79 million spent by the County Assembly and Kshs.42.65 million by the County Executive. This represented an increase of 27.5 per cent compared to Kshs.88.91 million spent in the first quarter of FY 2018/19.

3.29.8 Budget Performance by Department

Table 3.109 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.109: Murang'a County, Budget Performance by Department for the First Quarter 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 & Administration	300.24	-	37.15	-	27.24	-	73.3	-	9.1	-
Finance and Economic Planning	198.23	45.00	14.00	-	31.06	-	221.9	-	15.7	-
Agriculture & Livestock	259.63	584.99	18.50	59.76	2.96	-	16.	-	1.1	-
Transport, Public Works & Infrastructure	24.73	737.02	1.00	34.85	1.21	47.90	120.7	137.4	4.9	6.5
Trade, Culture, Tourism & Cooperative Development	24.15	245.83	0.20	11.50	3.79	3.47	1896.9	30.2	15.7	1.4
Education, Science & Technology	348.54	363.87	56.00	6.98	0.13	10.51	0.2	150.6	-	2.9
Health, Public Health & sanitation	2,150.61	868.92	337.00	211.99	839.39	253.57	249.1	119.6	39	29.2
Lands, Housing & Physical Planning	46.20	126.94	9.80	-	-	-	-	-	-	-
County Public Service Board	39.19	-	1.72	-	2.01	-	116.6	-	5.1	-

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
Youth Culture & Social Services	122.22	73.00	18.43	-	7.77	1.44	42.2	-	6.4	2
Environment & Natural resources	46.88	32.00	2.00	-	0.31	-	15.5	-	0.7	-
County Public Service Administration	1,005.68	-	150.00	-	12.22	-	8.1	-	1.2	-
Water & Irrigation	55.61	345.00	3.00	4.11	0.10	-	3.3	-	0.2	-
County Assembly	873.33	50.00	119.36	-	142.69	3.28	119.5	-	16.3	6.6
TOTAL	**5,495.23**	**3,472.57**	**768.16**	**329.19**	**1,070.88**	**320.17**	**139.4**	**97.3**	**19.5**	**9.2**

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development and recurrent budget at 29.2 per cent and 39 per cent respectively.

3.29.9 Budget Execution by Programmes and Sub-Programmes

Table 3.110 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.110: Murang'a County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme Description	Approved Budget	Actual Payments	Variance
	-	**1,017,000**	**(1,017,000)**
Default - Non Programmatic	-	1,017,000	(1,017,000)
	264,969,053	**2,118,209**	**262,850,844**
Land and Crops Development	3,900,000	617,260	3,282,740
Promotion Food Security	261,069,053	1,500,949	259,568,104
	121,173,298	**200,000**	**120,973,298**
Formation of Fisheries and Cooperatives	5,000,000	-	5,000,000
Value addition and marketing of fish products	114,173,298	200,000	113,973,298
Local Poultry Development	2,000,000	-	2,000,000
	32,500,000	**-**	**32,500,000**
Land Policy and Planning	22,500,000	-	22,500,000
Land Survey	10,000,000	-	10,000,000
Agribusiness and Information Management	**4,200,000**	**-**	**4,200,000**
Agribusiness and Market Development	4,200,000	-	4,200,000
Livestock Resources Management and Development	**16,000,000**	**330,400**	**15,669,600**
Livestock Diseases Management and Control	16,000,000	330,400	15,669,600
Land Administration and Management	**5,319,000**	**269,000**	**5,050,000**
Land Administration and Management	5,319,000	269,000	5,050,000
Road Transport	**758,430,518**	**48,631,108**	**709,799,410**
Construction of Roads and Bridges	19,411,500	581,385	18,830,115
General Administration, Planning and Support Services	739,019,018	48,049,723	690,969,295
	30,000,000	**-**	**30,000,000**
ICT Infrastructure Connectivity	30,000,000	-	30,000,000
	3,300,000	**617,540**	**2,682,460**
Tourism Promotion and Marketing	3,300,000	617,540	2,682,460
	245,832,114	**3,470,000**	**242,362,114**
Domestic Trade Development	245,832,114	3,470,000	242,362,114
Cooperative Development and Management	**23,879,074**	**1,739,238**	**22,139,836**
Governance and Accountability	3,100,000	561,238	2,538,762
Co-operative Advisory Services	20,779,074	1,178,000	19,601,074
Trade Development and Promotion	**7,700,000**	**1,700,491**	**5,999,509**

Programme Description	Approved Budget	Actual Payments	Variance
Domestic Trade Development	4,600,000	1,439,491	3,160,509
Fair Trade and Consumer Protection	3,100,000	261,000	2,839,000
Curative Health Services	**291,924,209**	**83,572,660**	**208,351,549**
Forensic and Diagnostics	3,000,000	83,160	2,916,840
Free Primary Healthcare	288,924,209	83,489,500	205,434,709
	3,000,000	**136,500**	**2,863,500**
Prevention Curriculum Development	3,000,000	136,500	2,863,500
	254,500,000	**10,506,415**	**243,993,585**
Early Childhood Development Education	158,500,000	10,506,415	147,993,585
Motivation of Primary and Secondary School	96,000,000	-	96,000,000
	87,437,600	**-**	**87,437,600**
Infrastructure Development and Expansion	87,437,600	-	87,437,600
Youth Training and Development	**112,868,298**	**-**	**112,868,298**
Revitalization of Youth Polytechnics	112,868,298	-	112,868,298
General Administration, Planning and Support Services	**20,000,000**	**-**	**20,000,000**
County Administrative Services	20,000,000	-	20,000,000
	571,150,000	**104,778,298**	**466,371,702**
Legislation, Treaties and Advisory Services	323,400,000	60,689,927	262,710,073
Public Trusts and Estates Management	7,000,000	-	7,000,000
Oversight	240,750,000	44,088,371	196,661,629
	330,322,361	**1,448,370**	**328,873,991**
Human Resource Management	16,198,711	1,448,370	14,750,341
Staff Training and Capacity Building	314,123,650	-	314,123,650
	9,000,000	**1,720,765**	**7,279,235**
Budget Formulation Coordination and Management	4,500,000	1,581,420	2,918,580
Economic Planning and CIDP Review	4,500,000	139,345	4,360,655
	5,500,000	**328,045**	**5,171,955**
Public Participation	5,500,000	328,045	5,171,955
	5,113,299,328	**1,113,935,484**	**3,999,363,844**
General Administration Planning and support Services	5,113,299,328	1,113,935,484	3,999,363,844
Gender & Youth Empowerment	**32,100,000**	**186,200**	**31,913,800**
Youth Development Services	2,100,000	186,200	1,913,800
Gender & Socio-economic empowerment	30,000,000	-	30,000,000
Public Financial Management	**16,000,000**	**1,597,222**	**14,402,778**
Accounting Services	5,000,000	-	5,000,000
Public Financial Management Reforms	11,000,000	1,597,222	9,402,778
Audit Services	**11,949,999**	**3,088,580**	**8,861,419**
County Governments Audit	5,449,999	1,370,870	4,079,129
General Administration Planning and Support Services	6,500,000	1,717,710	4,782,290
Control and Management of Public finances	**5,300,000**	**231,370**	**5,068,630**
Budget implementation and Monitoring	5,300,000	231,370	5,068,630
	92,672,926	**1,906,583**	**90,766,343**
Social Assistance to vulnerable groups	78,172,926	238,000	77,934,926
Persons Living With Disabilities	5,000,000	-	5,000,000
Disaster Fund Management	9,500,000	1,668,583	7,831,417
	50,052,096	**6,500,200**	**43,551,896**
Development and Management of Sports Facilities	50,052,096	6,500,200	43,551,896
	3,213,594	**560,000**	**2,653,594**
Development And Promotion of Culture	3,213,594	560,000	2,653,594
	15,000,000	**-**	**15,000,000**
Environmental Leadership and Governance	15,000,000	-	15,000,000
	28,600,000	**-**	**28,600,000**
Hazardous Waste	28,600,000	-	28,600,000
Water Resources Management	**-**	**356,120**	**(356,120)**
Water Supply Infrastructure	-	356,120	(356,120)
Total	**8,567,193,468**	**1,390,945,798**	**7,176,247,670**

***Source:** Murang'a County Treasury*

The top performing programs across the County were: Curative Health, Road Construction and Administration.

3.29.10 Key Observations and Recommendations

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

1. Failure to establish an Internal Audit Committee to oversee operations in the County contrary to section 155 of the PFM Act, 2012.
2. Under-performance in own source revenue collection, which was Kshs.149.96 million representing 15.6 per cent of FY 2019/20 annual target of Kshs.960 million.
3. 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.
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. Over-budgeting of equitable share of revenue compared with the allocations provided for in the CARA 2019, representing a variance of Kshs.381 million.
6. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.8.97 billion compared to Kshs.8.56 billion allocation by programme.

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

1. *The County to establish an Internal Audit Committee in compliance with Section 155 of the PFM Act, 2012*
2. *The County Treasury should formulate and implement strategies to improve the own source revenue yield.*
3. *The County Treasury 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 Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
5. *The County should revise its revenue estimates in line with the allocations contained in the CARA, 2019.*
6. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

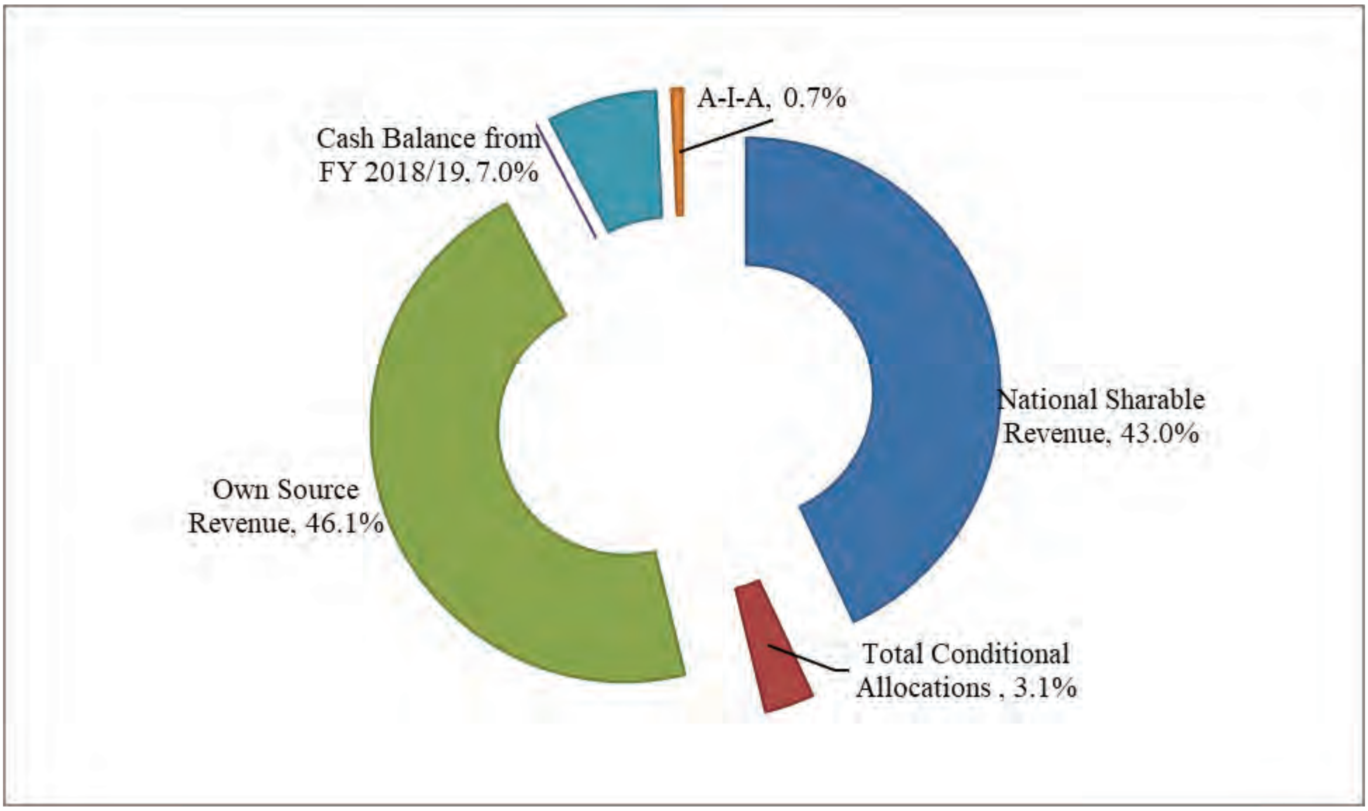
3.30 Nairobi City County

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 as Road Maintenance Fuel Levy Fund 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 3.85 shows the expected sources of financing in FY 2019/20.

Figure 3.85: Expected Sources of Financing in FY 2019/20



Source: *Nairobi City County Treasury*

3.30.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.2.77 billion as equitable share of the revenue raised nationally, raised Kshs.1.54 billion from own-source revenue, and had a cash balance of Kshs.2.58 billion from FY 2018/19. The County also received Ksh.90.88 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.6.98 billion as shown in Table 3.111.

Table 3.111: Nairobi City County, Revenue Performance in the First Quarter of FY 2019/20

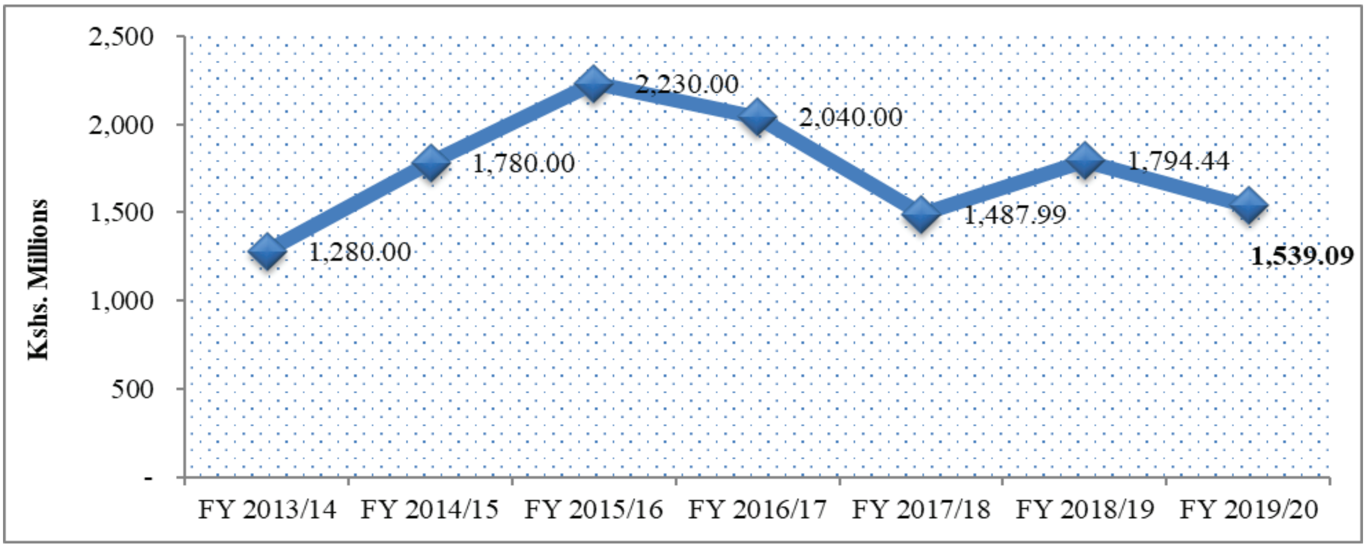
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A	**Equitable Share of Revenue Raised nationally**	**15,919,950,000**	**15,919,950,000**	**2,770,071,300**	**17**
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	79,423,251	79,423,251	-	-
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	-	-
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	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,183,840	21,183,840	-	-
Sub Total		**194,699,600**	**194,699,600**	**-**	**-**
D	**Other Sources of Revenue**				

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
9.	Own Source Revenue	-	17,049,640,942	1,535,971,691	9
10.	Balance b/f from FY2018/19	-	2,580,279,980	2,580,279,980	100
11.	Other Revenues	-	415,845,530	-	-
12.	A-I-A	-	266,654,947	90,883,384	34
Sub Total		-	**20,312,421,399**	**4,210,257,410**	**20**
Grand Total		**16,800,884,387**	**36,981,390,892**	**6,980,328,710**	**19**

Source: *Nairobi City County Treasury*

Figure 3.86 shows the trend in own-source revenue collection for the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.86: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Nairobi City County*

The own source revenue realised in first quarter of FY2019/20 of Kshs.1.54 billion represented 9 per cent of the annual target.

3.30.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.3.04 billion from the CRF account. The withdrawal was entirely for recurrent programmes.

3.30.4 Overall Expenditure Review

A total of Kshs.3.13 billion was spent on development and recurrent programmes. This expenditure represented 103 per cent of the total funds released from the CRF account and exceeded the releases because of the Appropriation. The expenditure comprised of Kshs.6.06 million and Kshs.3.12 billion on development and recurrent activities respectively. Expenditure on recurrent programmes represented 12.2 per cent of the annual recurrent budget while that incurred on development programmes represented an absorption rate of 0.05 per cent.

3.30.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.18 billion was spent on compensation to employees and Kshs.941.85 million on use of goods and services.

Table 3.112: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

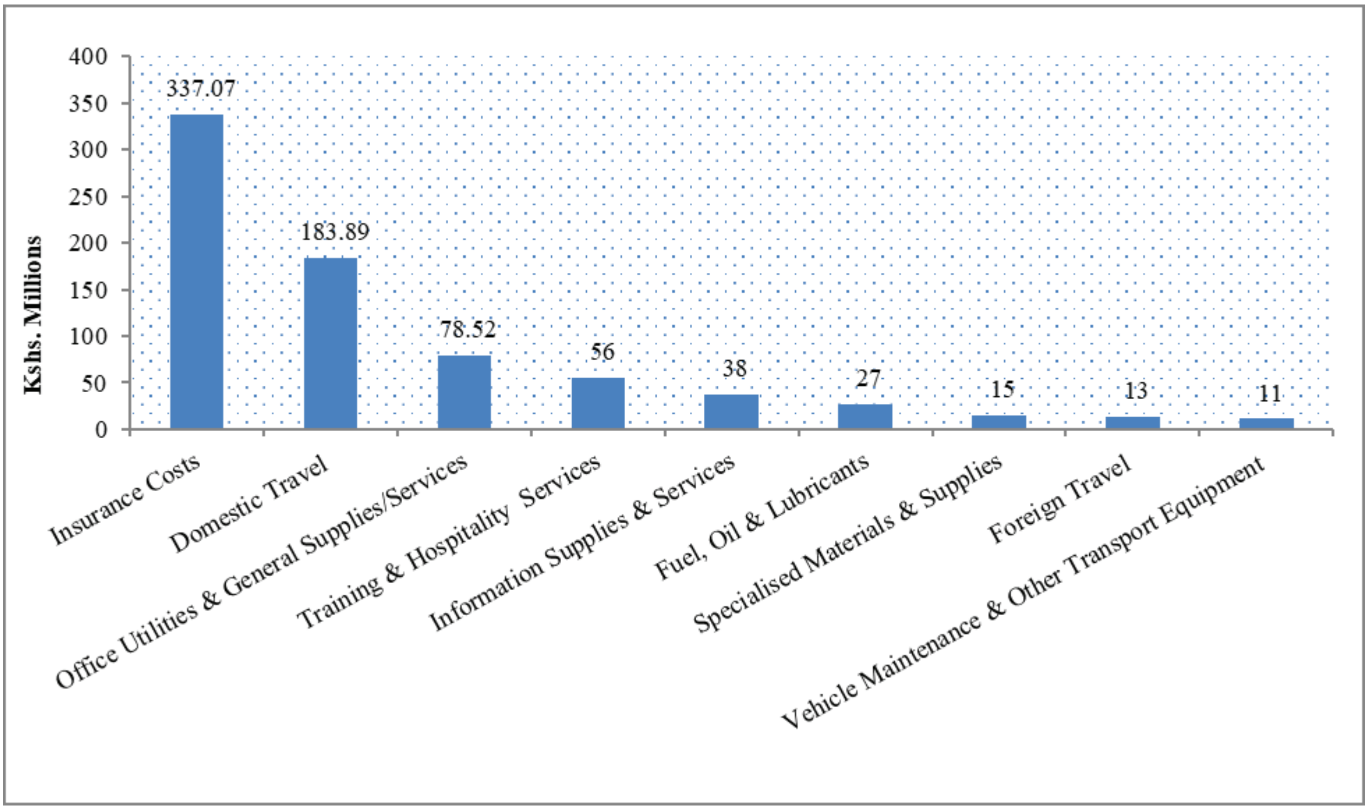
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	25,710,129,941	3,039,190,339	3,124,015,894	**12.2**
Compensation to Employees	14,241,481,185	2,182,166,906	2,182,166,906	**15.3**
Operations and Maintenance	11,468,648,753	857,023,432	941,848,988	**8.2**
Total Development Expenditure	**11,271,260,947**	-	**6,057,828**	**0.1**
Development Expenditure	11,271,260,947	-	6,057,828	**0.1**
Grand Total	**36,981,390,888**	**3,039,190,338**	**3,130,073,722.35**	**8.5**

Source: *Nairobi City County Treasury*

3.30.6 Analysis of Operations and Maintenance

Figure 3.87 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.87: Nairobi City County, Operations and Maintenance Expenditure by Major Categories in the FY 2019/20.



Source: Nairobi *City County Treasury*

The County spent Kshs.20.18 million on committee sitting allowances to the 124 MCAs against the annual budget allocation of Kshs.102.40 million. This was a decline of 36.5 per cent compared to Kshs.31.77 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs. 54,257per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.183.89 million and comprised of Kshs.75.51 million spent by the County Assembly and Kshs.108.38 million by the County Executive. This represented an increase of 164.2 per cent compared to Kshs.69.60 million spent in the first quarter of FY 2018/19.

3.30.7 Budget Performance by Department

Table 3.113 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.113: Nairobi City County, Budget Performance by Department for the First Quarter 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 Public Service Board	52.21	-	5.86	-	5.86	-	100	-	11.2	-
Office Of Governor & Deputy Governor	5,479.45	628.00	698.99	-	698.99	-	100	-	11.2	-
ICT, E-Govt & Public Communications	203.51	349.00	14.49	-	14.49	-		-	12.8	-
Finance & Economic Planning	4,660.77	862.11	198.99	-	198.99	-		-	7.1	-
Health	6,719.22	658.00	780.44	-	780.44	-		-	4.3	-
Urban Planning And Lands	488.48	168.00	62.39	-	62.39	-		-	11.6	-
Public Works ,Transport & Infrastructure	1,141.28	3,638.00	192.73	-	192.73	-		-	12.8	-
Education, Youth Affairs, Sports, Culture & Social Services	1,534.81	441.65	148.18	-	148.18	-		-	16.9	-
Trade, Commerce, Tourism & Co-operatives	611.90	473.50	60.32	-	60.32	-		-	9.7	-
Public Service Management	1,026.45	91.00	370.62	-	370.62	-	100	-	9.9	-
Agriculture, Livestock Development, Fisheries & Forestry	360.56	126.00	35.66	-	35.66	-	100	-	36.1	-
Environment, Water, Energy & Natural Resources	1,519.80	463.00	227.93	-	227.93	-	100	-	9.9	-
Urban Renewal And Housing	151.72	500.00	15.67	-	15.67	-	100	-	15	--
Ward Development Programmes	39.00	1,304.00	0.80	-	-	-	-	-	10.3	-
Emergency Fund	100.00	-	2.30	-	-	-	-	-	-	-
Liquor Licensing Board	211.00	39.00	-	-	84.83	6.06	-	-	-	-
County Assembly	1,409.98	1,530.00	223.83	-	223.83	-	100	-	40.2	-
TOTAL	**25,710.13**	**11,271.26**	**3,039.19**	**-**	**3,120.92**	**6.06**	**103**	**-**	**15.9**	**-**

Source: *Nairobi City County Treasury*

Analysis of expenditure by department shows that the Department of Agriculture, Livestock Development, Fisheries & Forestry recorded the highest absorption rate of recurrent budget at 36.1 per cent.

3.30.8 Budget Execution by Programmes and Sub-Programmes

Table 3.114: Shows a Summary of the Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub-programmes	Approved Estimates (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
General Administration Planning and Support Services	General Administration Planning and Support Services	52,214,502	**5,859,560**	**46,354,943**	11.2
COUNTY PUBLIC SERVICE BOARD		**52,214,502**	**5,859,560**	**46,354,943**	11.2
General Administrative Services	General Administration & Support Services	491,292,312	81,824,625	409,467,687	16.7
	Sub County Administration	2,073,002,186	270,341,808	1,802,660,379	13
	County Executive	355,423,965	11,759,434	343,664,531	3.3
	Audit	99,100,941	9,397,272	89,703,669	9.5
Security and Safety Management	Inspectorate	2,040,682,477	279,947,173	1,760,735,304	13.7
	investigative Services	90,897,401	9,453,141	81,444,260	10.4

Programme	Sub-programmes	Approved Estimates (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Disaster Management Coordination & Control	Fire & Disaster Management	650,744,784	23,677,350	627,067,435	3.6
management of legal affairs	legal services	306,305,142	12,591,395	293,713,748	4.1
OFFICE OF GOVERNOR & DEPUTY GOVERNOR		**6,107,449,208**	**698,992,197**	**5,408,457,011**	11.4
General Administration Planning and Support Services	General Administration, Planning And Support Services	114,011,356	14,150,558	99,860,798	12.4
Information And Communication Services	News And Information Services	65,500,000	51,000	65,449,000	0.1
	ICT and Media Regulatory Services	19,500,000	284,000	19,216,000	1.5
	E-Government Services	228,500,000	-	228,500,000	-
ICT Infrastructure Development	ICT Infrastructure Connectivity	107,000,000	-	107,000,000	-
	:Information Security	18,000,000	-	18,000,000	-
ICT, E-GOVT & PUBLIC COMMUNICATIONS		**552,511,356**	**14,485,558**	**538,025,798**	2.6
Public Financial Management	Assets Management Services	287,667,520	-	287,667,520	-
	Accounting Services	3,251,694,840	15,846,559	3,235,848,281	0.5
	Budget Formulation Coordination and mgt	176,129,010	14,093,904	162,035,106	8
	Resource Mobilization	355,754,600	4,518,700	351,235,900	1.3
	Debt Management Services	13,949,500	-	13,949,500	-
	Supply Chain Management	113,451,364	12,827,498	100,623,866	11.3
	KDSP	83,000,000	-	83,000,000	-
	County Budget & Economic Forum	5,470,000	-	5,470,000	-
General Administrative Services	General Administration & Support Services	916,314,417	143,260,300	773,054,117	15.6
Economic and Financial Policy Formulation and Management	Fiscal Policy Formulation, Development and Management	319,446,289	8,439,550	311,006,739	2.6
FINANCE & ECONOMIC PLANNING		**5,522,877,540**	**198,986,512**	**5,323,891,028**	3.6
Preventive & Promotive Health Services	HIV/AIDS Prevention & Control Unit	4,440,402	-	4,440,402	-
	TB Control	2,200,000	-	2,200,000	-
	Malaria Control & Other Communicable Diseases	1,400,000	-	1,400,000	-
	Reproductive Health & Maternal Health (RMNCAH)	148,661,321	1,505,702	147,155,619	1.0
	Environmental / Public Health	96,300,000	-	96,300,000	0.0
Curative care	County Referral Hospitals	732,450,000	14,976,835	717,473,166	2.0
	Health Centres & dispensaries	305,338,679	1,343,018	303,995,661	0.4

Programme	Sub-programmes	Approved Estimates (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
General administration, planning and support services	Administration/Human Resource for Health	5,324,566,646	760,779,424	4,563,787,222	14.3
	Health Policy, Planning & Financing	49,900,000	1,834,709	48,065,291	3.7
	Health Commodities	651,957,500	-	651,957,500	-
	Research, Quality assurance & standards unit	27,000,500	-	27,000,500	-
	Coroner services unit	33,000,000	-	33,000,000	-
HEALTH		**7,377,215,048**	**780,439,687**	**6,596,775,361**	10.6
General Administration Planning and Support Services	Administration, Planning & Support Services	290,837,689	34,495,883	256,341,806	11.9
Urban Planning, compliance & enforcement	Urban planning	32,500,000	3,500,200	28,999,800	10.8
	Enforcement and compliance	88,200,000	920,800	87,279,200	1.0
Land management	valuation services	56,500,000	1,336,320	55,163,680	2.4
	land survey	170,437,596	22,049,093	148,388,503	12.9
	Administrative services	18,000,000	87,200	17,912,800	0.5
URBAN PLANNING AND LANDS		**656,475,285**	**62,389,496**	**594,085,789**	9.5
General Administration Planning and Support Services	General Administration, Planning And Support Services	1,078,097,939	192,641,971	885,455,968	17.9
Roads, Drainage & Bridges	Construction Roads & Drainages & Maintenance	3,257,860,000	89,400	3,257,770,600	-
:Road Safety Interventions	Transport Facilities & Traffic Management	187,620,000	-	187,620,000	-
Institutional Buildings & Maintenance	Public street lighting Installations & Maintenances	230,000,000	-	230,000,000	-
	Motor Vehicle, Machinery & Plant Maintenance	11,200,000	-	11,200,000	-
	Institutional Buildings Maintenance	14,500,000	-	14,500,000	-
PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE		**4,779,277,939**	**192,731,371**	**4,586,546,568**	4.0
General administration, planning and support services	General Administration & Support Services	1,149,631,494	115,344,384	1,034,287,110	10
Education services	Quality Assurance and Co-curriculum	1,000,000	236,000	764,000	23.6
	Early Childhood Development Centres	148,400,000	-	148,400,000	-
	Technical and Vocational Training	88,904,947	956,400	87,948,547	1.1

Programme	Sub-programmes	Approved Estimates (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Social Services	General Administration & Support Services	178,773,527	16,641,744	162,131,783	9.3
	Gender and Community Empowerment	30,800,000	-	30,800,000	-
	Development and promotion of culture/ heritage	38,150,000	112,700	38,037,300	0.3
	Development and promotion of sports	239,000,000	10,633,422	228,366,578	4.4
	Youth Empowerment and Promotion	26,300,000	3,206,450	23,093,550	12.2
	Social welfare and care for the Aged	30,000,000	714,800	29,285,200	2.4
	Promotion of Library and Information Services	4,300,000	-	4,300,000	-
	Rescue and Rehabilitation of Children Services	41,200,000	335,000	40,865,000	0.8
EDUCATION,YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES		**1,976,459,968**	**148,180,900**	**1,828,279,068**	7.5
General Administration Planning and Support Services	General Administration Planning and Support Services	428,123,278	55,837,035	372,286,243	13.0
Co-operative Development and Audit Services	Cooperative Development Services	34,000,000	3,786,600	30,213,400	11.1
	Cooperative Audit Services	12,281,300	60,000	12,221,300	0.5
Tourism Promotion and Marketing	Tourism Development	43,000,000	-	43,000,000	-
Trade development and Market Services	Trade Development	170,000,000	631,400	169,368,600	0.4
	Market Services	280,000,000	-	280,000,000	-
	Weights & Measures Services	62,000,000	-	62,000,000	-
	Trade Licensing Services	35,000,000	-	35,000,000	-
	Betting & Gaming Services	21,000,000	-	21,000,000	-
TRADE,COMMERCE,TOURISM & COOPERATIVES		**1,085,404,578**	**60,315,035**	**1,025,089,543**	5.6
General Administration Planning and Support Services	General Administration Planning and Support Services	297,662,603	29,740,315	267,922,288	10.0
Public Service Transformation	Human Resource Management	701,000,000	325,596,199	375,403,801	46.4
	Human Resource Development	74,785,035	13,115,467	61,669,568	17.5
Performance Management and Public Service Delivery	Performance Contracting management	10,000,000	1,745,758	8,254,242	17.5
	Governance Monitoring and Evaluation	25,000,000	212,599	24,787,401	0.9
	Quality Management Systems and ISO certification	9,000,000	212,599	8,787,401	2.4
PUBLIC SERVICE MANAGEMENT		**1,117,447,638**	**370,622,937**	**746,824,702**	33.2
General Administration Planning and Support Services	Administration, Planning & Support Services	231,481,909	34,943,947	196,537,962	15.1

Programme	Sub-programmes	Approved Estimates (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Crop Development and Management	Crop Production, Marketing & Research	38,494,806	712,800	37,782,006	1.9
Fisheries Development and Management	Aquaculture Development Marketing & Research	31,509,644	-	31,509,644	-
Livestock Resources Management and Development	Promotion of Dairy Production, Extension & Research	31,533,999	-	31,533,999	-
:Animal Health, Safety and Quality Assurance	Animal Research, Diseases, Pest Control & Quality Assurance	55,152,413	-	55,152,413	-
Afforestation	Forestry Services	24,532,637	-	24,532,637	-
Food Systems and Surveillance	Food Systems and Surveillance Services	26,830,000	-	26,830,000	-
Agricultural Development Support Project	Agricultural Development Support Project	47,025,760	-	47,025,760	-
AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY		**486,561,168**	**35,656,747**	**450,904,421**	7.3
General Administration & Support Services	General Administration & Support Services	567,476,815	85,954,671	481,522,144	15.1
Environment Management and Protection.	Solid waste management	992,237,878	138,650,857	853,587,021	14
	Beautification, Recreation and Greening Services	43,687,121	-	43,687,121	-
	Environment planning Management Services	27,400,000	120,800	27,279,200	0.4
Water Resources Management	Energy & Natural resources	352,000,000	3,206,800	348,793,200	0.9
ENVIROMENT,WATER,ENERGY & NATURAL RESOURCES		**1,982,801,814**	**227,933,127**	**1,754,868,687**	11.5
Housing Development and Human Settlement	Urban Renewal	298,000,000	429,000	297,571,000	0.1
	Management of Rental Housing	25,900,000	1,075,500	24,824,500	4.2
General Administration Planning and Support Services	Administration, Planning & Support Services	303,016,963	13,520,035	289,496,928	4.5
Building Services	Building services research and information	24,800,000	644,350	24,155,650	2.6
URBAN RENEWAL AND HOUSING		**651,716,963**	**15,668,885**	**636,048,078**	2.4
Ward Development	Ward Development & Administration	1,343,000,000	799,220	1,342,200,780	0.1
WARD DEVELOPMENT FUND		**1,343,000,000**	**799,220**	**1,342,200,780**	0.1
General Administrative Services	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	Liquor Licensing & Regulation	250,000,000	**90,883,384**	**159,116,616**	36.4
LIQOUR LICENSING BOARD		**250,000,000**	**90,883,384**	**159,116,616**	36.4
COUNTY ASSEMBLY	Legislation and Oversight	**2,939,977,879**	**223,829,108**	**2,716,148,771**	7.6
TOTAL VOTED EXPENDITURE		**36,981,390,886**	**3,130,073,722**	**33,851,317,164**	**8.5**

Source: *Nairobi City County Treasury*

The top performing programs across the County were: Liquor Licensing & Regulation (Liquor Licensing Board), Human Resource management/Development (Public Service Transformation) and General Administration, Planning and Support Services.

3.30.9 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 15 per cent from Kshs.1.79 billion in the first quarter of FY 2018/19 to Kshs.1.53 billion in the reporting period and accounted for 9 per cent of the annual revenue target.
2. Delay in disbursement of equitable share of revenue raised nationally by the National Treasury which caused low absorption of development budget.
3. Increased spending on domestic travel by 164.2 per cent from Kshs.69.60 million in the first quarter of FY 2018/19 to Kshs.183.89 million in 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 National Treasury should expedite releases of the equitable share of revenue raised nationally to enable the County implement its programs as planned.*
3. *The County should control expenditure on non-core arears in order to release resources for core development project and programs*

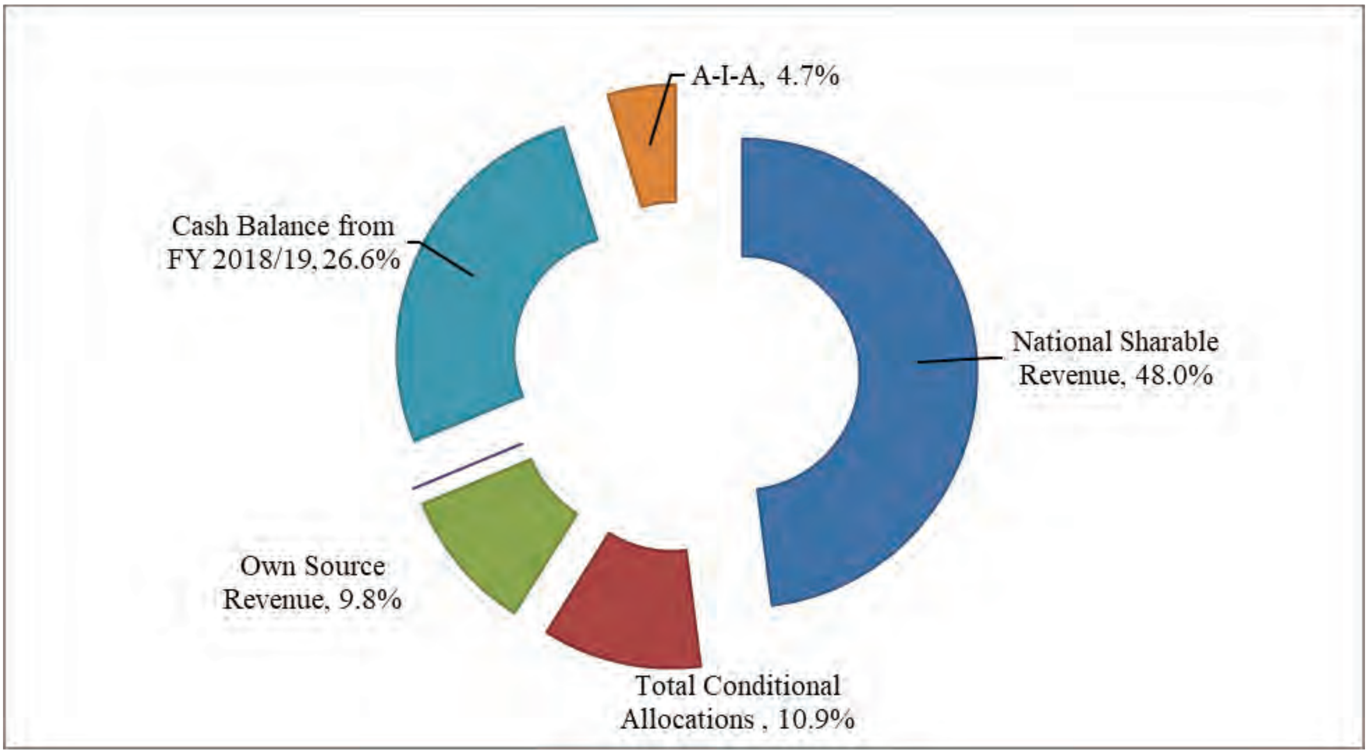
3.31 Nakuru County

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 expects 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 had Kshs.5.68 billion (26.6 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Ksh.1 billion (4.7 per cent) as Appropriations in Aid (A-I-A). Figure 3.88 shows the expected sources of financing in FY 2019/20.

Figure 3.88: Expected Sources of Financing in FY 2019/20



Source: *Nakuru County Treasury*

3.31.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.82 billion as equitable share of the revenue raised nationally, raised Kshs.291.25 million from own-source revenue, and had a cash balance of Kshs.5.68 billion from FY 2018/19. The County also received Ksh.257.08 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.8.05 billion as shown in Table 3.115.

Table 3.115: Nakuru County, Revenue Performance in the First Quarter of FY 2019/20

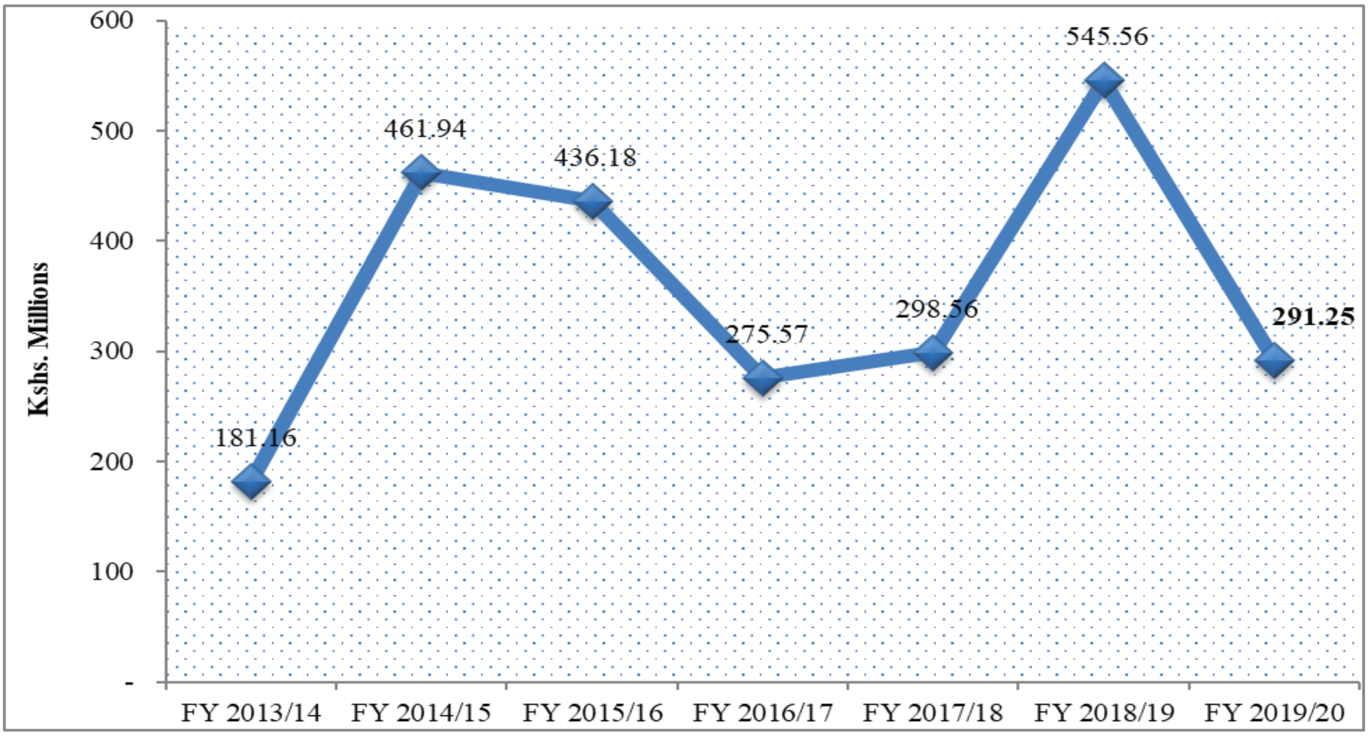
S/No.	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**10,261,000,000**	**10,261,000,000**	**1,822,850,100**	**18**
B.	**Conditional Grants from the National Government Revenue**				
1.	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	-	-
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**	**-**	**-**
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	95,036,351	95,036,351	-	-
7.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	140,435,163	140,435,163	-	-
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	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,983,635	21,983,635	-	-

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)	1,084,843,300	1,084,843,300	-	-
Sub Total		**1,433,665,157**	**1,433,665,157**	**-**	**-**
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	2,100,000,000	291,251,577	14
13.	Balance b/f from FY2018/19	-	5,677,405,446	5,677,405,446	100
14.	A-I-A	-	1,000,000,000	257,081,625	26
Sub Total			**8,777,405,446**	**6,225,738,648**	**71**
Grand Total		**12,599,611,915**	**21,377,017,361**	**8,048,588,748**	**38**

Source: *Nakuru County Treasury*

Figure 3.89 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.89: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Nakuru County*

The own source revenue realised in first quarter of FY2019/20 of Kshs.291.25 million represented 13.9 per cent of the annual target.

3.31.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.67 billion from the CRF account. The withdrawals comprised of Kshs.41.2 million (2.5 per cent) for development programmes and Kshs.1.63 billion (97.5 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

A total of Kshs.1.75 billion was spent on development and recurrent programmes. This expenditure represented 104 per cent of the total funds released from the CRF account and comprised of Kshs.1.72 billion and Kshs.34.54 million on recurrent and development activities respectively. Expenditure on recurrent programmes represented 15.9 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.3 per cent.

3.31.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.72 billion was spent on compensation to employees and Kshs.226.19 million on use of goods and services.

Table 3.116: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**10,803,801,729**	**1,633,575,350**	**1,716,765,223**	**15.9**
Compensation to Employees	6,771,755,738	1,529,124,465	1,490,578,147	22
Operations and Maintenance	3,491,504,288	104,450,885	226,187,076	6.5
Total Development Expenditure	**10,573,215,633**	**41,200,000**	**34,541,032**	**0.3**
Development Expenditure	10,573,215,633	41,200,000	34,541,032	0.3
Total	**21,377,017,362**	**1,674,775,350**	**1,751,306,255**	**8.2**

Source: *Nakuru County Treasury*

Development Expenditure

Table 3.117 provides the list of projects implemented in the first quarter of FY 2019/20.

Table 3.117: List of Projects Implemented for the First Quarter of FY 2019/20

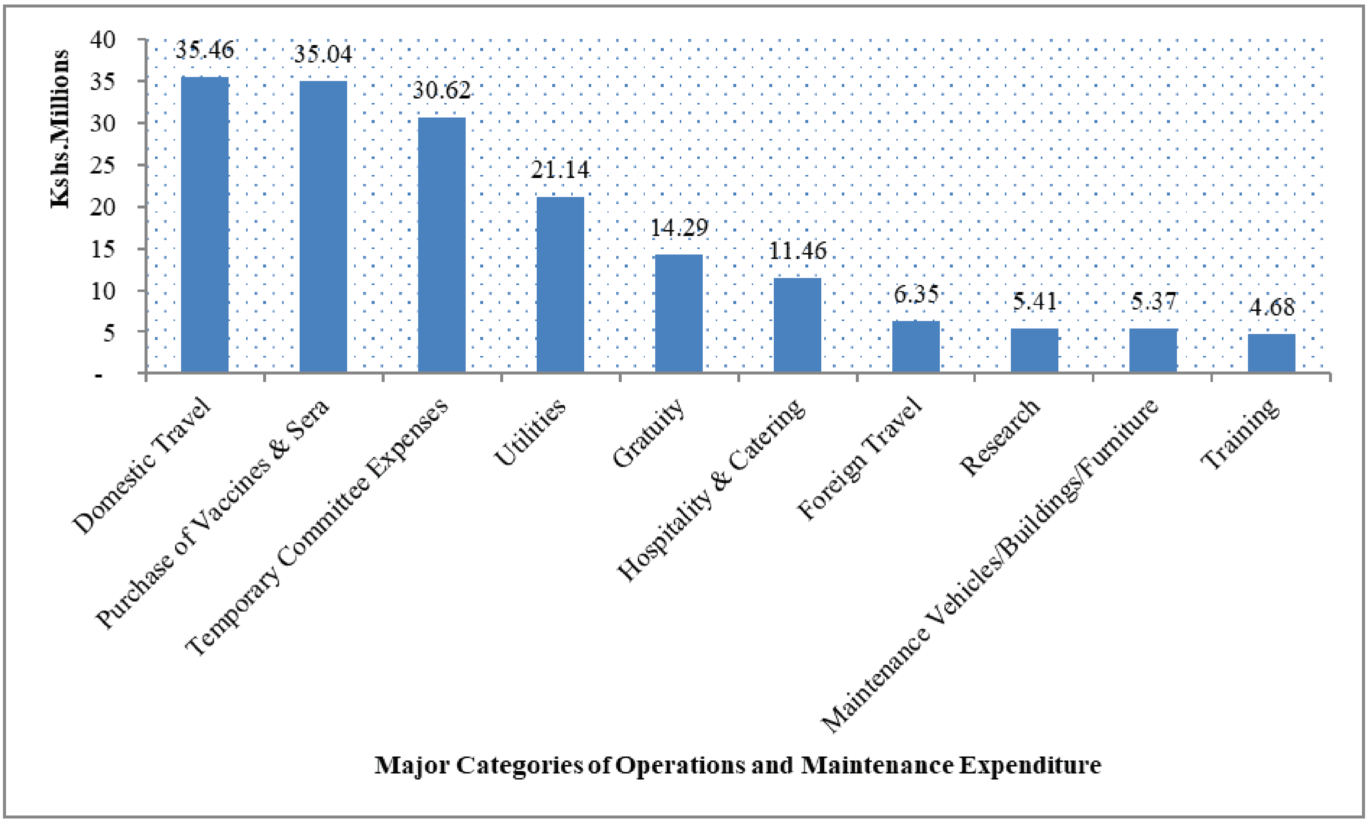
S/No.	Project Name	Department	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Capital Grants to Semi-Autonomous Government Agencies	Health	134,546,169	6,228,000	4.6
2	Other Capital Grants and Transfers	Lands, Physical Planning & Housing	1,105,443,300	2,550,000	0.2
3	Acquisition of Land	Youth, Culture & Social Services	7,300,000	12,600,000	172.6
4	Construction of Buildings - Others	Youth, Culture & Social Services	28,942,387	4,429,232	15.3
5	Capital Grants to Semi-Autonomous Government Agencies	Infrastructure	334,265,846	79,800	2
6	Major Roads	Infrastructure	10,000,000	7,734,000	77.3

Source: *Nakuru County Treasury*

3.31.6 Analysis of Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Nakuru County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Nakuru County Treasury*

During the reporting period, the County spent Kshs.29.66 million on committee sitting allowances to the 79 MCAs against the annual budget allocation of Kshs.103 million. This was an increase of 277.8 per cent compared to Kshs.7.85 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.125,148 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.35.46 million and comprised of Kshs.20.65 million spent by the County Assembly and Kshs.14.8 million by the County Executive. This represented an increase of 27.7 per cent compared to Kshs.27.8 million spent in the first quarter of FY 2018/19.

3.31.7 Budget Performance by Department

Table 3.118 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.118: Nakuru County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	983.22	249.91	161.92	-	154.23	-	95.2	-	15.7	-
Finance & Economic Planning	898.06	412.53	142.38	-	144.44	-	101.5	-	16.1	-
Public Service Training & Devolution	730.22	61.47	133.37	-	137.94	-	103.4	-	18.9	-
Agriculture, Livestock & Fisheries	591.45	593.04	89.91	-	128.99	-	143.5	-	21.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning & Housing	148.57	2,635.20	27.48	41.20	31.44	2.55	114.4	6.2	21.2	0.1
Office of The Governor & Deputy Governor	315.82	118.21	62.45	-	62.82	0.92	100.6	-	19.9	0.8
Education Vocational training, ICT & E-Government	497.11	999.38	67.67	-	44.17	-	65.3	-	8.9	-
Trade, Industry Marketing & Tourism	155.01	490.69	16.52	-	17.90	-	108.4	-	11.5	-
Youth, Culture, Sports & Social Services	259.23	234.56	10.84	-	37.42	17.03	345.1	-	14.4	7.3
Infrastructure	356.23	2,183.13	36.03	-	61.67	7.81	171.2	-	17.3	0.4
Environment, Water, Energy & Natural Resources	288.73	1,423.48	55.39	-	61.96	-	111.8	-	21.5	-
Health Services	5,518.10	1,169.79	824.44	-	828.60	6.23	100.5	-	15	0.5
CPSB	62.06	1.82	5.17	-	5.17	-	10	-	8.3	-
Total	**10,803.8**	**10,573.2**	**1,633.58**	**41.20**	**1,716.77**	**34.54**	**105.1**	**83.8**	**15.9**	**0.3**

Source: *Nakuru County Treasury*

Analysis of expenditure by department shows that the Department of Youth, Culture Sports and Social Services recorded the highest absorption rate of development budget at 7.3 per cent followed by the Office of the Governor and Deputy Governor at 0.8 per cent. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to recurrent budget at 21.8 per cent while the County Public Service Board had the lowest at 8.3 per cent.

3.31.8 Budget Execution by Programmes and Sub-Programmes

Table 3.119 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.119: Nakuru County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Program	Sub Program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
Livestock Resource Management and Development		154,369,747	36,921,020	**117,448,727**
	Promotion of Dairy Production, Breeding and Disease Control	154,369,747	36,921,020	**117,448,727**
Fisheries Development		44,662,021	61,800	**44,600,221**
	Aquaculture development	38,117,621	61,800	**38,055,821**
	Fish quality assurance, value addition and marketing	6,544,400	-	**6,544,400**
Crop Development and Management		509,039,542	191,256	**508,848,286**
	Crop Production and Food Security	509,039,542	191,256	**508,848,286**
Administration, Planning and Support Services		3,183,483,467	123,783,283	**3,059,700,184**
	Administration Services	606,928,663	121,233,283	**485,695,380**
	Infrastructure for Land	2,576,554,804	2,550,000	**2,574,004,804**
Land Use Planning and policies		38,191,060	1,335,890	**36,855,170**
	Develop County Spatial Plan	7,950,000	762,535	**7,187,465**

Program	Sub Program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
	GIS Data Base creation	-	-	**-**
	Survey and Mapping	30,241,060	573,355	**29,667,705**
Infrastructure, Roads &Transport Services		2,224,340,589	15,511,435	**2,208,829,154**
	Rehabilitation of Roads, Drainage and Bridges	2,188,245,789	15,015,800	**2,173,229,989**
	Rehabilitation and construction of Transport terminals	22,563,200	-	**22,563,200**
	Design, Supervision and Rehabilitation of County Buildings	3,991,400	-	**3,991,400**
	Firefighting and Emergency Services	9,540,200	495,635	**9,044,565**
County Electrification		102,330,000	16,000,000	**86,330,000**
	Installation, Maintenance and Rehabilitation of lighting	102,330,000	16,000,000	**86,330,000**
Administration & Planning & ICT To Support		352,073,274	81,277,832	**270,795,442**
	Administration & Personnel	352,073,274	81,277,832	**270,795,442**
	System Support	-	-	**-**
Information & Communication Services		21,569,000	444,800	**21,124,200**
	Functional & Technical Support Centre-Help Desk	21,569,000	444,800	**21,124,200**
Structural Development		55,066,066	-	**55,066,066**
	Networking Infrastructure	55,066,066	-	**55,066,066**
Infrastructure, Development and Maintenance		10,761,482	-	**10,761,482**
	Construction & Maintenance of Non Residential County Buildings	4,761,482	-	**4,761,482**
	Installation, Rehabilitation & Maintenance of Lighting Facilities	6,000,000	-	**6,000,000**
Fire Fighting And Disaster Management		15,000,000	-	**15,000,000**
	Fire Fighting	15,000,000	-	**15,000,000**
Promotion of Early Childhood Education and Development		33,466,339	-	**33,466,339**
	Education Developments	33,466,339	-	**33,466,339**
Vocational Training		115,035,198	-	**115,035,198**
	Revitalization of Youth Programme	115,035,198	-	**115,035,198**
Administration Planning and Support Services		110,551,671	14,151,501	**96,400,170**
	Administration Services	110,551,671	14,151,501	**96,400,170**
Co-operative Development and Management		28,940,000	222,600	**28,717,400**
	Enhance Marketing Co-operatives	28,940,000	222,600	**28,717,400**
Commerce and Enterprise		11,700,000	419,600	**11,280,400**
	Business Development Services for MSE's	9,780,000	356,600	**9,423,400**
	Consumer protection	1,920,000	63,000	**1,857,000**
Market Rehabilitation and Development		491,189,883	2,810,200	**488,379,683**
	Rehabilitation of existing markets	491,189,883	2,810,200	**488,379,683**

Program	Sub Program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
Promotion of Tourism and Marketing		3,820,000	299,007	**3,520,993**
	Establish & Management of County Tourism Information Centre	3,820,000	299,007	**3,520,993**
Health Preventive and Promotive Services?		644,491,438	6,228,000	**638,263,438**
	Health Promotive Services	644,491,438	6,228,000	**638,263,438**
Health Curative Services		2,171,962,276	-	**2,171,962,276**
	Provision of Essential Health Services in all the Levels.	2,171,962,276	-	**2,171,962,276**
Administration and Planning		3,874,440,427	828,598,569	**3,045,841,858**
	Health Infrastructure Development	56,308,823	-	**56,308,823**
	Human Resources for health	3,817,131,604	828,598,569	**2,988,533,035**
	Research and Development	1,000,000	-	**1,000,000**
Administration, Planning and Support Services		1,357,443,511	49,132,734	**1,308,310,777**
	Administration	1,357,443,511	49,132,734	**1,308,310,777**
Provision of Education And Training Services		10,950,637	394,900	**10,555,737**
	Promotion of Quality Youth Empowerment	10,950,637	394,900	**10,555,737**
	ICT Infrastructure and Connectivity	40,514,000	335,383	**40,178,617**
Public Financial Management		537,583,492	11,202,781	**526,380,711**
	Budget Formulation Coordination and management	60,795,181	6,922,700	**53,872,481**
	Resource Mobilization	71,368,362	886,731	**70,481,631**
	Internal Audit	72,839,521	602,790	**72,236,731**
	Procurement	14,541,930	633,100	**13,908,830**
	Public finance and Accounting	24,040,078	1,880,260	**22,159,818**
	Debt Management	293,998,420	277,200	**293,721,220**
Economic and Financial Policy Formulation and Management		290,667,018	803,940	**289,863,078**
	Fiscal Planning	290,667,018	803,940	**289,863,078**
General Administration, Planning and Support Services		1,033,686,575	137,610,683	**896,075,891**
	Administration Services	1,033,686,575	137,610,683	**896,075,891**
County Legislation and Oversight		609,223,466	101,083,757	**508,139,709**
	Procedures and Committee Services	609,223,466	101,083,757	**508,139,709**
Financial Management Services		623,908,377	53,143,407	**570,764,969**
	Finance and Budget	623,908,377	53,143,407	**570,764,969**
Management of County Affairs		363,035,779	35,500,829	**327,534,950**
	Administration and Coordination of County Affairs	363,035,779	35,500,829	**327,534,950**

Program	Sub Program	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)
Coordination and Supervisory Services		38,522,400	2,063,615	**36,458,785**
	Organization of County Business	38,522,400	2,063,615	**36,458,785**
Public Sector Advisory Services		77,476,716	26,180,000	**51,296,716**
	Economic, Social and Political Advisory Services	77,476,716	26,180,000	**51,296,716**
Administration Planning & Support Services		220,515,423	47,902,357	**172,613,065**
	Administration	220,515,423	47,902,357	**172,613,065**
Environmental Management		110,291,371	13,864,360	**96,427,011**
	Pollution Control & Monitoring	110,291,371	13,864,360	**96,427,011**
Conservation & Management of Natural Eco-System		6,700,000	21,100	**6,678,900**
	Forest Resources Management & Climate Change	6,700,000	21,100	**6,678,900**
Water Provision & Management		1,334,196,412	167,659	**1,334,028,753**
	Water Provision & Drilling of Boreholes	1,334,196,412	167,659	**1,334,028,753**
Housing Development and Management		39,207,442	693,530	**38,513,912**
	Rehabilitation of Council Houses	33,207,442	693,530	**32,513,912**
	Housing Technology Transfer	6,000,000	-	**6,000,000**
Socio-Cultural and Arts Empowerment		198,382,476	5,009,943	**193,372,533**
	Promotion of Culture, Arts and Talents	48,585,925	345,308	**48,240,617**
	Social Development Programs	48,000,000	210,700	**47,789,300**
	Rehabilitation of Social Halls, Libraries, Parks and Academies	101,796,551	4,453,935	**97,342,616**
	Strategic Project Monitoring and intervention(Ending Drought Emergencies)	39,500,000	-	**39,500,000**
	Electric Fence Installation Initiative	4,000,000	-	**4,000,000**
Grand Total		**21,132,288,576**	**1,613,367,771**	**19,518,920,805**

Source: *Nakuru County Treasury*

The top performing programs across the County were: Administration Services, Economic, Social and Political Advisory Services, and Human Resources for health.

3.31.9 Key Observations and Recommendations

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

1. Delay in submission of quarterly financial reports to the Controller of Budget contrary with Section 166 of the PFM Act, 2012.
2. Delay in approval of budget estimates which affected budget implementation in the period under review.
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.21.38 billion compared to Kshs.21.13 billion allocation by programmes.

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

1. *The County should ensure timely submission of quarterly financial reports to Controller of Budget in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the cause of the delay in the approval of the budget so as to ensure adherence to the budget cycle as provided for in the PFM Act, 2012.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

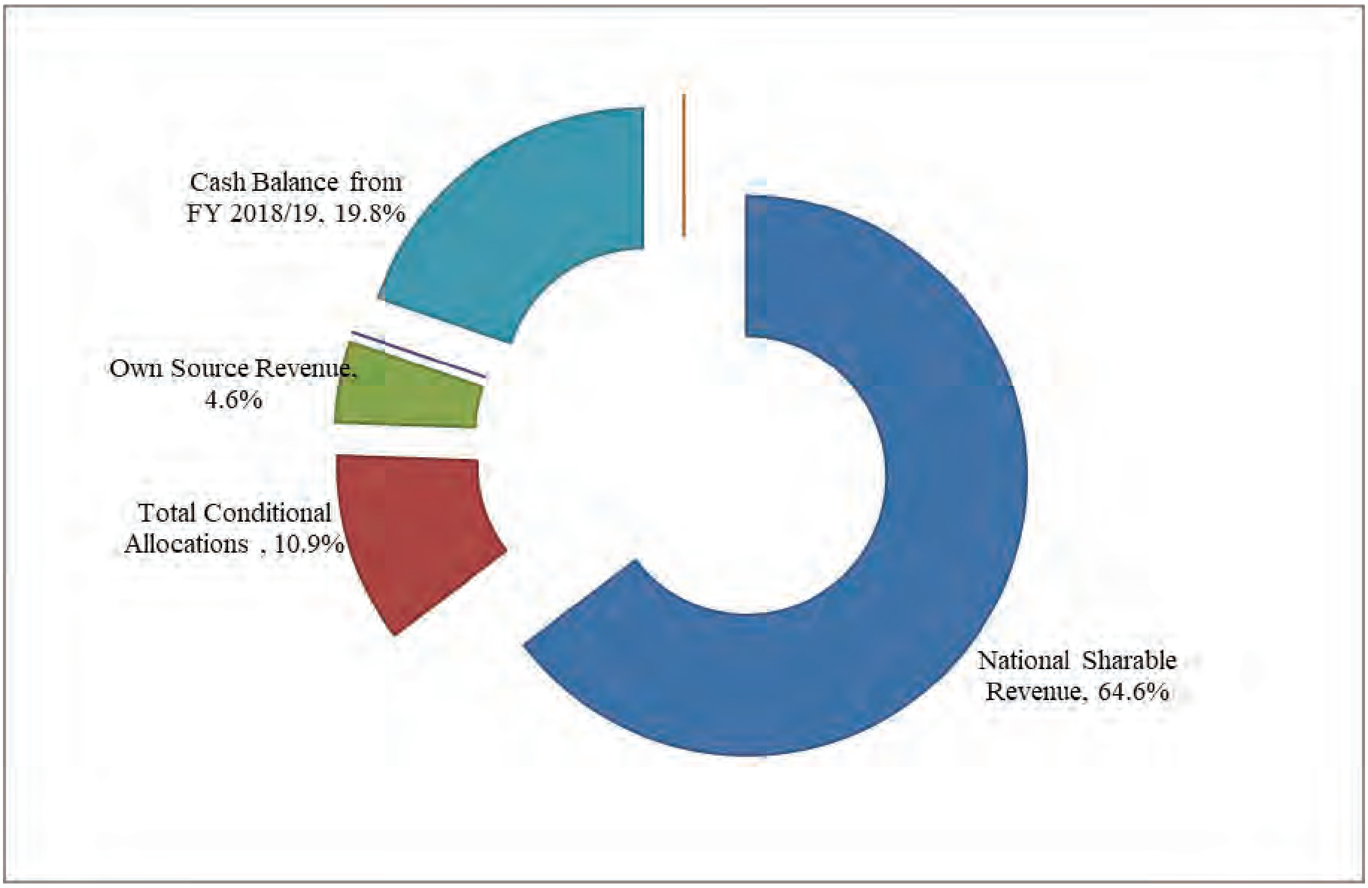
3.32 Nandi County

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 expects 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 had Kshs.1.60 billion (19.8 per cent) as cash balance from FY 2018/19. Figure 3.91 shows the expected sources of financing in FY 2019/20

Figure 3.91: Expected Sources of Financing in FY 2019/20



Source: *Nandi County Treasury*

3.32.1 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.930.70 million as equitable share of the revenue raised nationally, had Kshs.1.60 billion cash balance from FY 2018/19, and raised Kshs.57.59 million from own-source revenue. The total funds available for budget implementation amounted to Kshs.988.29 Million as shown in Table 3.120.

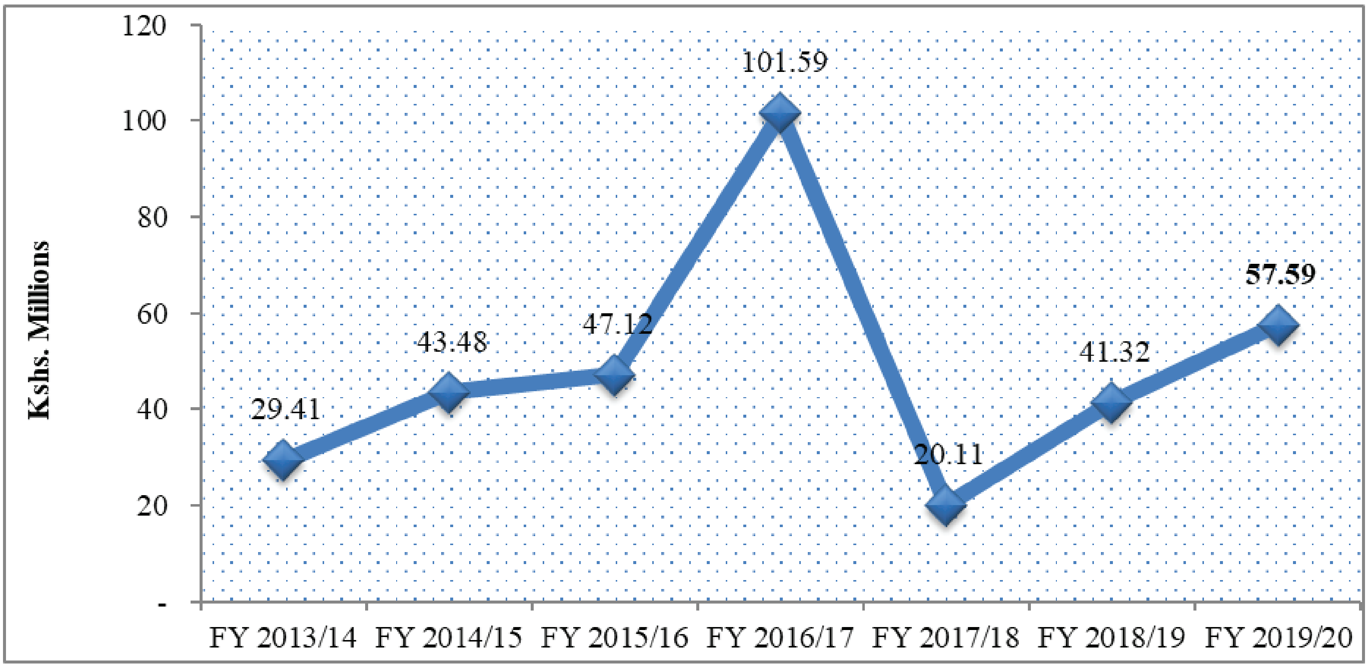
Table 3.120: Nandi County, Revenue Performance in the First Quarter of FY 2019/20

	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**	**930,699,900**	**17.8**
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	18,036,363	18,036,363	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	151,830,656	151,830,656	-	-
4.	Rehabilitation of Village Polytechnics	32,793,298	32,793,298	-	-
Sub Total		**334,625,211**	**202,710,317**	**-**	**-**
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	46,342,186	46,342,186	-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	343,929,300	343,929,300	-	-
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)	177,231,700	177,231,700	-	-
9.	DANIDA Grant	16,031,250	16,031,250	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,507,185	16,507,185	-	-
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	8,800,000	-	-
Sub Total		**718,841,621**	**683,841,621**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	376,829,833	57,585,153	15.3
	Balance b/f from FY2018/19	-	1,604,287,705	1,604,287,705	100
Sub Total		**-**	**1,981,117,538**	**1,661,872,858**	**83.9**
Grand Total		**6,402,316,832**	**8,106,669,476**	**2,592,572,758**	**32**

Source: *Nandi County Treasury*

Figure 3.92 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.92: Trend in Own-Source Revenue Collection from the First Quarter FY 2013/14 to FY 2019/20



Source: *Nandi County Treasury*

The own source revenue realised in the reporting period of Kshs.57.59 million represented 15.3 per cent of the annual target.

3.32.2 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.04 billion from the CRF account. The withdrawals were entirely for recurrent programmes.

3.32.3 Overall Expenditure Review

A total of Kshs.1.05 billion was spent on recurrent programmes. This expenditure represented 100.9 per cent of the total funds released from the CRF account and represented 22.7 per cent of the annual recurrent budget.

3.32.4 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.873.29 million was spent on compensation to employees and Kshs.177.26 million on use of goods and services.

Table 3.121: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

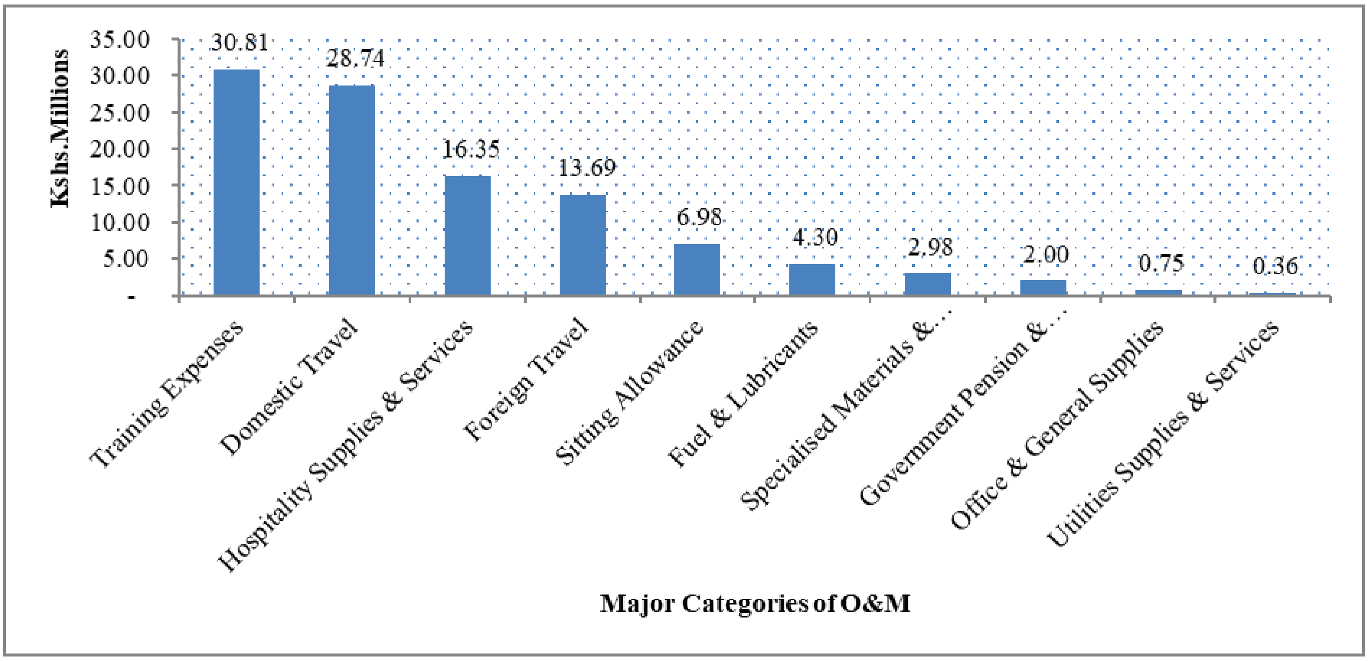
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**4,632,687,065**	**1,040,886,839**	**1,050,542,311**	**22.7**
Compensation to Employees	3,183,765,672	844,418,021	873,285,635	**27.4**
Operations and Maintenance	1,448,921,393	196,468,818	177,256,676	**12.2**
Total Development Expenditure	**3,473,982,411**	-	-	-
Development Expenditure	-	-	-	-
Grand Total	**8,106,669,476**	**1,040,886,839**	**1,050,542,312**	**13**

Source: *Nandi County Treasury*

3.32.5 Analysis of Operations and Maintenance

Figure 3.93 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.93: Nandi County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Nandi County Treaury*

3.32.6 Budget Performance by Department

Table 3.122 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.122: Nandi County, Budget Performance by Department for the First Quarter 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 Executive	353.19	20.78	92.81	-	77.57	-	83.6		22.0	
Finance and Economic Planning	363.52	42.14	96.55	-	113.10	-	117.1	-	31.1	
Devolved Units and Special programmes	354.89	379.81	158.54	-	107.22	-	67.6	-	30.2	
Health and Sanitation	2,065.78	548.36	377.14	-	435.06	-	115.6	-	21.1	-
Agriculture, Livestock and Fisheries	248.62	714.44	77.19	-	52.13	-	67.5	-	21.0	-
Tourism, Culture and Co-operative Development	38.34	63.43	6.98	-	0.90	-	1.3	-	0.2	-
Youth, Gender and Social Services	55.31	117.54	11.48	-	6.74	-	58.7	-	12.2	-
Education Research and Vocational Training	244.82	296.61	64.06	-	72.84	-	113.7	-	29.8	-
Lands, Environment and Natural Resources	78.33	538.30	25.73	-	5.70	-	22.1	-	7.3	-
Roads Transport and Public Works	105.75	454.34	27.74	-	5.25	-	18.9	-	5.0	-
Trade and Industrial Development	46.57	98.00	10.65	-	15.92	-	149.5	-	34.2	-
Public Service and Labour	27.80	-	6.35	-	1.51	-	23.8	-	5.4	-
County Assembly	649.76	200.25	85.66	-	157.42	-	183.8	-	24.2	-

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
Total	**4,632.69**	**3,473.98**	**1,040.89**	**-**	**1,050.54**	**-**	**100.9**	**-**	**22.7**	**-**

Source: *Nandi County Treasury*

Analysis of expenditure by department shows that the Department of Trade and Industrial Development had the highest percentage of recurrent expenditure to recurrent budget at 34.2 per cent while Tourism, Culture and Co-operative Development recorded the lowest at 0.2 per cent.

3.32.7 Budget Execution by Programmes and Sub-Programmes

Table 3.123 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.123: Nandi County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Executive	\				
General Administration and Support Services	General Administration Planning	353,185,993	77,569,940	275,616,053	22
	Sub total	**353,185,993**	**77,569,940**	**275,616,053**	**22**
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 Support Services	General Administration Planning	363,522,915	113,098,776	250,424,139	31.1
	Sub total	**363,522,915**	**113,098,776**	**250,424,139**	**31.1**
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	Administration and Support Services	553,657,040	107,369,985	446,287,054	19.4
	ICT Support Services	9,667,014	-	9,667,014	-
	Sub total	**563,324,054**	**107,369,985**	**455,954,068**	**19.1**
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 and Delivery Administration Services	Health Service and Delivery Administration Services	1,216,884,321	304,749,902	912,134,419	25.0
	Physical Planning	415,563,515	-	415,563,515	-
	Sub total	**1,632,447,836**	**304,749,902**	**1,327,697,934**	**18.7**
Preventive and Promotive Health Services	Community Health Services	553,721,800	106,167,938	447,553,862	19.2
	Sub total	**553,721,800**	**106,167,938**	**447,553,862**	**19.2**
Curative Health Services	Curative Health Management Services	411,942,186	23,992,625	387,949,561	5.8
	Sub total	**411,942,186**	**23,992,625**	**387,949,561**	**5.8**
Health Sector Programme Support (DANIDA FUNDS)	County Health Facility Support (DANIDA)	16,031,250	-	16,031,250	-
	Sub total	**16,031,250**	**-**	**16,031,250**	**-**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Agriculture, Livestock and Fisheries	\				
Administration and General Support of Human Resources	Administration and Support Services	248,618,698	52,127,571	196,491,127	21
	Sub total	**248,618,698**	**52,127,571**	**196,491,127**	**21**
Crop Development and Management	Land and Crops Development	367,500,000	50,000,000	317,500,000	13.6
	Value addition to Agriculture 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	-	340,936,485	-
	Sub total	**340,936,485**	**-**	**340,936,485**	**-**
Tourism, Culture and Cooperative Development	\				
General Administration and Planning	General Administration and Planning	33,694,961	39,600	33,655,361	0.1
	Sub total	**33,694,961**	**39,600**	**33,655,361**	**0.1**
Tourism Development and Promotion	Niche Tourism Product Development and Diversification	3,199,049	50,000	3,149,049	1.6
	Sub total	**3,199,049**	**50,000**	**3,149,049**	**1.6**
Culture	Conservation of Heritage	1,450,000	-	1,450,000	-
	Development and Promotion of Culture	63,429,479	-	63,429,479	-
	Sub total	**64,879,479**	**-**	**64,879,479**	**-**
Youth, Gender and Social Services	\				
General Administration and Planning	General Administration and Planning	55,314,856	6,735,707	48,579,149	12.2
	Sub total	**55,314,856**	**6,735,707**	**48,579,149**	**12.2**
Sports Development	Sports Activities and Programmes	105,037,355	-	105,037,355	-
	Sub total	**105,037,355**	**-**	**105,037,355**	**-**
Gender	Gender Mainstreaming, Intervention 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	72,836,689	169,576,550	30
	Sub total	**242,413,239**	**72,836,689**	**169,576,550**	**30**
Education	Early Child Development and Education	194,560,919	-	194,560,919	-
	Sub total	**194,560,919**	**-**	**194,560,919**	**-**
Youth Training and Development	Revitalization of Youth Polytechnics	104,459,295	-	104,459,295	-
	Sub total	**104,459,295**	**-**	**104,459,295**	**-**
Lands, Environment and Natural Resources	\				
General Administration and Planning	General Administration and Planning	78,329,251	5,693,223	72,636,028	7.3
	Sub total	**78,329,251**	**5,693,223**	**72,636,028**	**7.3**
Land Adjudication	Demarcation and Survey of Community Land	25,000,000	-	25,000,000	-
	Sub total	**25,000,000**	**-**	**25,000,000**	**-**
Environmental Conservation and 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	-	502,694,582	-
	Sub total	**502,694,582**	**-**	**502,694,582**	**-**
Roads, Transport and Public Works	\				

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
General Administration and Planning	General Administration and Planning	105,751,476	5,251,344	100,500,132	5
	Sub total	**105,751,476**	**5,251,344**	**100,500,132**	**5**
Road Transport	Bridges and Foot Bridges	30,000,000	-	30,000,000	-
	Road-Works	424,338,867	-	424,338,867	-
	Sub total	**454,338,867**	**-**	**454,338,867**	**-**
Trade and Industrial Development	\				
General Administration and Planning	General Administration and Planning	46,570,435	15,919,468	30,650,967	34.2
	Sub total	**46,570,435**	**15,919,468**	**30,650,967**	**34.2**
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	1,514,782	26,284,777	5.4
	Sub total	**27,799,559**	**1,514,782**	**26,284,777**	**5.4**
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	157,424,762	492,335,490	24.2
	Sub total	**649,760,252**	**157,424,762**	**492,335,490**	**24.2**
Grand Total		**8,106,669,476**	**1,050,542,312**	**7,006,127,163**	**13**

Source: *Nandi County Treasury*

The top performing programs across the County were: General Administration and Planning, Health Service Delivery Administration Services and Preventive and Promotive Health Services.

3.32.8 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 which was occasion by the impasse in Parliament in the approval of the Division of Revenue Bill. This affected implementation of development activities during the first quarter of FY 2019/20.
2. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes the PFM Act, 2012.

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

1. *The Parliament, National Treasury and the Commission on Revenue Allocation should identify and address the causes of delays in approval of DORB. Further, the National Treasury should ensure funds are released to the County in a timely manner in the remaining period of the financial year in order to enhance budget implementation.*
2. *The County should budget and pay eligible pending bills as a first charge in line with the PFM Act, 2012.*

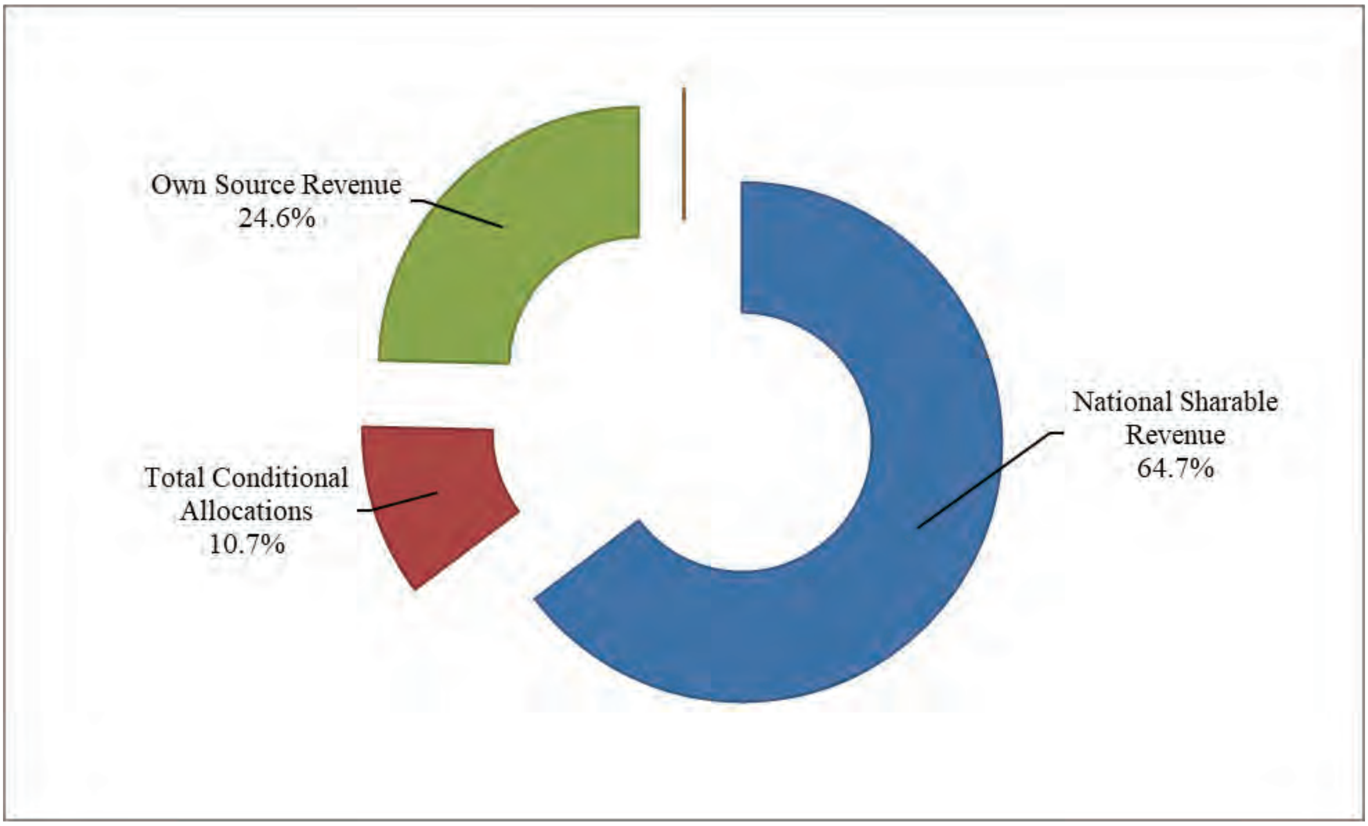
3.33 Narok County

3.33.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.17 billion, comprising of Kshs.4.4 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 expected to receive Kshs.7.88 billion (64.7 per cent) as equitable share of revenue raised nationally, Kshs.1.3 billion (10.7 per cent) as total conditional grants, generate Kshs.2.99 billion (24.6 per cent) from own source revenue. Figure 3.94 shows the expected sources of financing in FY 2019/20.

Figure 3.94: Expected Sources of Financing in FY 2019/20



Source: *Narok County Treasury*

3.33.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.4 billion as equitable share of the revenue raised nationally, Kshs.433.33 million as total conditional grants, raised Kshs.1.24 billion from own-source revenue and had Kshs.25.98 million as cash balance from FY 2018/19 as shown in Table 3.124.

Table 3.124: Narok County, Revenue Performance in the First Quarter of FY 2019/20

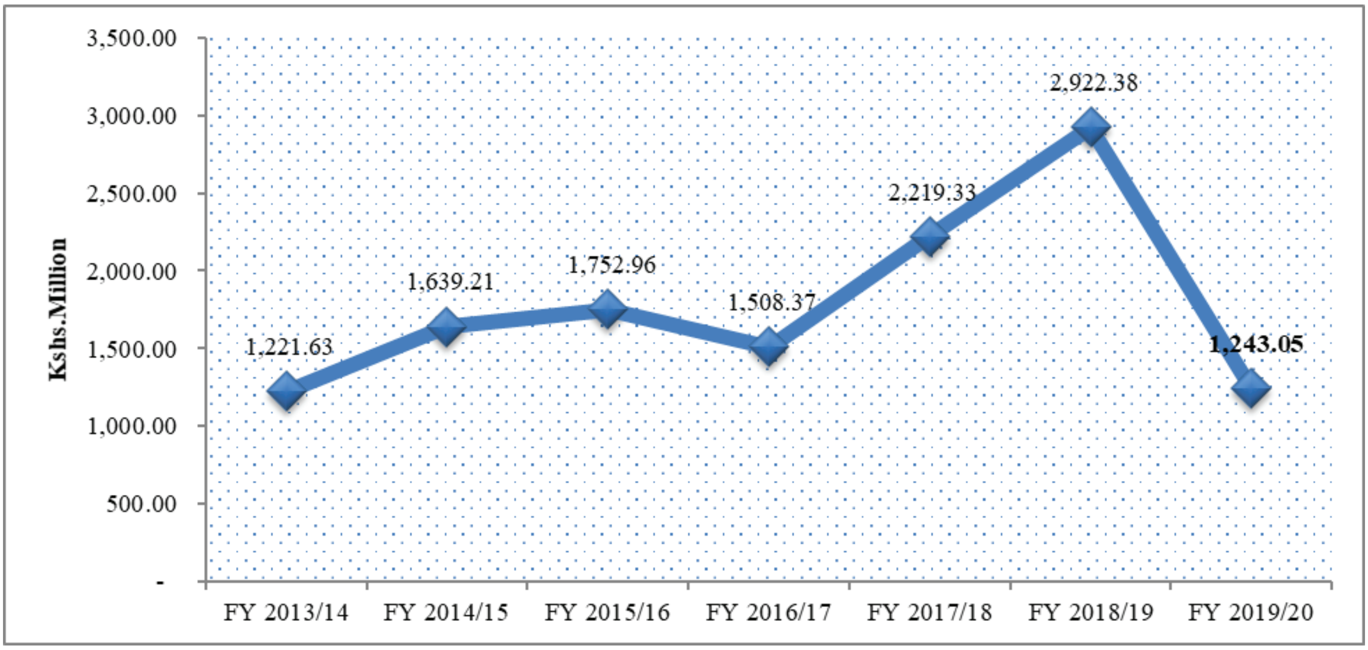
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**7,874,000,000**	**7,874,000,000**	**1,398,803,400**	**17.8**
B.	Conditional Grants from the National Government Revenue(NHIF)	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	73.5
4	Rehabilitation of Village Polytechnics	19,488,298	19,488,298		
Sub Total	**600,093,677**	**600,093,677**	**167,827,135**	**28**	
C	**Loans and Grants from Development Partners**				
5.	Transforming Health systems for Universal care Project (WB)	100,007,240	100,007,240	33,163,917	33.2
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	144,144,440	144,144,440	578,476	0.4

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 1 Grant	81,926,532	81,926,532	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,113,706	116,113,706	41,200,000	35.5
9.	DANIDA Grant	30,269,202	30,269,202	-	-
10	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	210,973,044	210,973,044	185,000,000	87.7
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,305,119	17,305,119	5,500,000	31.8
Sub Total	**700,739,283**	**700,739,283**	**265,442,393**	**37.9**	
D	**Other Sources of Revenue**				
12.	Own Source Revenue	-	2,995,144,970.49	1,243,052,803	41.5
13.	Balance b/f from FY2018/19	-	-	25,982,832	-
Sub Total	**-**	**2,995,144,970.49**	**1,269,035,635**	**42.4**	
Grand Total	**9,174,832,960**	**12,169,977,930**	**3,101,108,563**	**25.5**	

Source: *Narok County Treasury*

Figure 3.95 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.95: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Narok County*

The realised owns source revenue of Kshs.1.24 billion accounted for 41.5 per cent of annual target.

3.33.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.49 billion from the CRF account. The withdrawals comprised of Kshs.120 million (8.1 per cent) for development programmes and Kshs.1.37 billion (91.9 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

A total of Kshs.1.35 billion was spent on development and recurrent programmes. This expenditure represented 90.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.289.97 million and Kshs.1.06 billion on development and recurrent activities respectively.

3.33.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.618.92 million was spent on compensation to employees and Kshs.442.66 million on use of goods and services.

Table 3.125: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

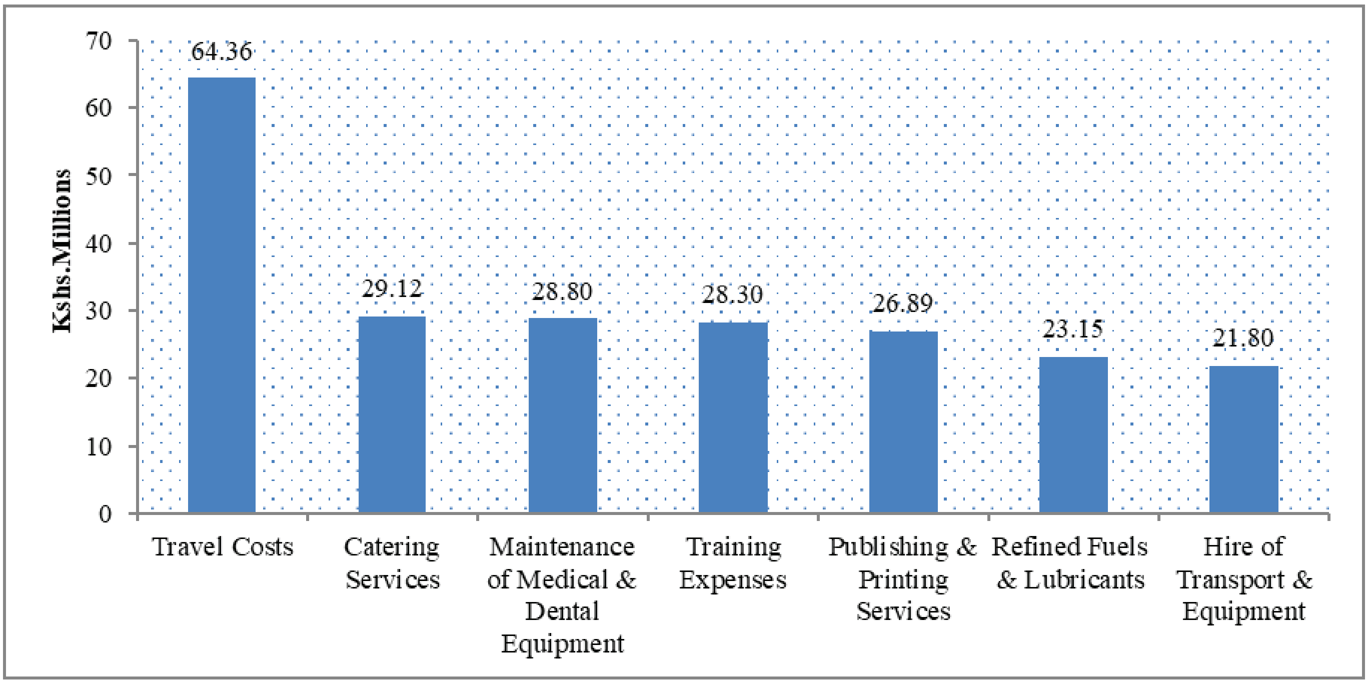
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**7,735,062,335**	**1,370,000,000**	**1,061,575,999**	**13.7**
Compensation to Employees	4,877,150,767	690,450,000	618,917,068	12.7
Operations and Maintenance	2,857,911,568	679,550,000	442,658,931	15.5
Total Development Expenditure	**4,434,915,606**	**120,000,000**	**289,966,569**	**6.5**
Development expenditure	4,434,915,606	120,000,000	289,966,569	6.5
Total	**12,169,977,941**	**1,490,000,000**	**1,351,542,568**	**11.1**

Source: *Narok County Treasury*

3.33.6 Analysis of Operations and Maintenance

Figure 3.76 shows a summary of operations and maintenance expenditure by major categories

Figure 3.96: Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: *Narok County Treasury*

The County incurred Kshs.12.77 million on sitting allowances to the 48 MCAs including the speaker against the annual budget allocation of Kshs.15.95 million. The average monthly sitting allowance was Kshs.88,680 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

3.33.7 Budget Performance by Department

Table 3.126 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.126: Narok County, Budget Performance by Department for the First Quarter 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	840.91	160.24	78.00	-	78.00	-	100.0	-	9.3	-
County Executive	307.84	-	78.77	-	75.66	-	96.1	-	24.6	-
Finance & Economic Planning	810.57	435.31	166.69	-	157.70	-	94.6	-	19.5	-
Agriculture, Livestock, Veterinary & Fisheries	380.40	536.25	80.56	-	28.95	-	35.9	-	7.6	-
Education, Youth Affairs & Social Development	1,136.16	864.60	173.45	-	120.50	86.61	69.5	-	10.6	10.0
County Health Services	2,060.66	501.51	381.75	-	346.93	-	90.9	-	16.8	-
Lands, Physical Planning and Urban Development	74.92	181.50	5.35	-	0.50	9.75	9.3	-	0.7	5.4
County Transport, Public Works and Water Services	279.01	984.00	51.30	120.00	1.71	193.60	3.3	161.3	0.6	19.7
Trade, Tourism, Cooperatives and Enterprise Development	378.18	284.50	63.85	-	18.75	-	29.4	-	5.0	-
Environment & Natural Resources	201.77	287.00	30.05	-	26.52	-	88.3	-	13.1	-
County Public Service Board	95.24	-	19.90	-	1.60	-	8.0	-	1.7	-
County Administration and Public service Management	1,044.10	200.00	220.10	-	204.74	-	93.0	-	19.6	-
Trade and Industrialization	125.30	-	20.23	-	-	-	-	-	-	-
TOTAL	**7,735.06**	**4,434.92**	**1,370.00**	**120.00**	**1,061.57**	**289.97**	**77.5**	**241.6**	**13.7**	**6.5**

Source: *Narok County Treasury*

Analysis of expenditure by department shows that the County Executive had the highest percentage of recurrent expenditure to recurrent budget at 24.6 per cent while the Department of Trade and Industrialization did not report any expenditure during the period.

3.33.8 Budget Execution by Programmes and Sub-Programmes

Table 3.127 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.127: Narok County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Program Description	Approved Budget	Actual Payments	Variance
Default - Non Programmatic	**-**	**47,287,791**	**(47,287,791)**
Default - Non Programmatic	-	47,287,791	(47,287,791)
Crop Development and management	**447,964,512**	**4,144,276**	**443,820,236**
Crop Productivity Improvement	447,964,512	4,144,276	443,820,236
Livestock Resources management and development	**439,543,867**	**17,500,000**	**422,043,867**
Livestock Pests & Disease Management & Control	136,133,135	17,500,000	118,633,135
Livestock Information Management	303,410,732	-	303,410,732
Fisheries development and management	**29,142,576**	**-**	**29,142,576**
Fish Products Production	29,142,576	-	29,142,576
Land Policy and Planning	**27,386,103**	**500,000**	**26,886,103**
Development Planning and Land Reforms	27,386,103	500,000	26,886,103
Housing Development and Human Settlement	**94,006,284**	**-**	**94,006,284**
Housing Development	94,006,284	-	94,006,284
Urban Mobility and Transport	**135,029,631**	**10,000,000**	**125,029,631**
Metropolitan Planning & Infrastructure Development	135,029,631	10,000,000	125,029,631
Roads Transport and Public Works	**1,263,014,572**	**325,478,045**	**937,536,527**
General Administration, Planning and Support Services	73,030,223	3,314,885	69,715,338
Construction of Roads and Bridges	1,066,534,032	313,284,300	753,249,732
Maintenance of Roads	123,450,317	8,878,860	114,571,456
ICT Services	**53,759,279**	**630,000**	**53,129,279**
ICT Infrastructure Development	53,759,279	630,000	53,129,279
Tourism Development and Promotion	**578,779,667**	**684,150**	**578,095,517**
Tourism Promotion and Marketing	578,779,667	684,150	578,095,517
Preventive &Promotive Health Services	**501,512,500**	**10,217,560**	**491,294,940**
Health Promotion	501,512,500	10,217,560	491,294,940
Curative Health Services	**187,053,885**	**-**	**187,053,885**
Referral Services	187,053,885	-	187,053,885
General Administration, Planning & Support Services	**1,873,610,455**	**424,209,978**	**1,449,400,477**
Health Policy, Planning and Financing	1,873,610,455	424,209,978	1,449,400,477
Manpower Development, Employment and Productivity Management	**1,432,745,372**	**379,654,550**	**1,053,090,822**
Early Child Development and Education	1,032,745,372	379,654,550	653,090,822
Infrastructure Development and Expansion	400,000,000	-	400,000,000
General Administration, Planning and Support Services	**1,956,715,468**	**265,556,808**	**1,691,158,660**
Administrative Services	744,233,828	79,937,896	664,295,932
Coordination and Administrative Services	409,098,675	99,489,540	309,609,135
Public service and Field Administrative Services	592,237,439	81,872,132	510,365,307
Board Management Services	211,145,526	4,257,240	206,888,286
Public Finance Management	**339,143,977**	**18,987,159**	**320,156,818**
Accounting services	48,760,875	684,238	48,076,637
Resource Mobilization	107,587,783	951,600	106,636,183
Budget Formulation, Coordination and Management	53,238,841	3,911,650	49,327,191
Supply Chain Management Services	67,973,862	8,219,489	59,754,373
Internal Audit Services	61,582,617	5,220,182	56,362,435
Economic Policy and County Planning	**852,979,892**	**106,223,268**	**746,756,624**
Economic Planning Coordination	786,866,430	99,193,350	687,673,080
Monitoring and Evaluation Services	66,113,462	7,029,918	59,083,544
Legislation and Representation	**691,614,354**	**75,994,237**	**615,620,117**
Legislative Oversight	422,120,354	72,669,857	349,450,497
County Co-ordination Services	249,354,000	3,217,180	246,136,820
Research and Policy	20,140,000	107,200	20,032,800

Program Description	Approved Budget	Actual Payments	Variance
Social Development and Children Services	**568,012,887**	**60,614,800**	**507,398,087**
Gender and Youth Development	18,576,702	-	18,576,702
Social Assistance to Vulnerable Groups	25,671,459	500,000	25,171,459
Development and Promotion of culture	10,167,615	114,800	10,052,815
Development and Management of sports facilities	406,102,043	60,000,000	346,102,043
Voluntary Training Services	107,495,068	-	107,495,068
Environment Management and Protection	**488,767,618**	**5,738,204**	**483,029,414**
Forests Conservation and Management	488,767,618	5,738,204	483,029,414
Total	**11,960,782,897**	**1,753,420,827**	**10,207,362,070**

Source: *Narok County Treasury*

The top performing programs across the County were: Construction of Roads and Bridges, Early Child Development and Education, Health Policy, and Planning and Financing,

3.33.9 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 the budget implementation review report.
2. IFMIS connectivity challenges, which slowed down approval of procurement requests and payment to suppliers.
3. Failure by the County Treasury to provide a status report on pending bills from the previous financial year contrary to the circulars from the OCOB and the National Treasury.
4. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.12.17 billion compared to Kshs.11.96 billion allocation by programmes

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 liaise with the IFMIS Directorate to address the IFMIS downtime and connectivity challenges.*
3. *The County should provide the Controller of Budget with a quarterly status report on pending bills. Further, the County should constitute a pending bills committee in accordance with the advisory given by the Controller of Budget and direction of the Intergovernmental Budget and Economic Council (IBEC).*
4. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

3.34 Nyamira County

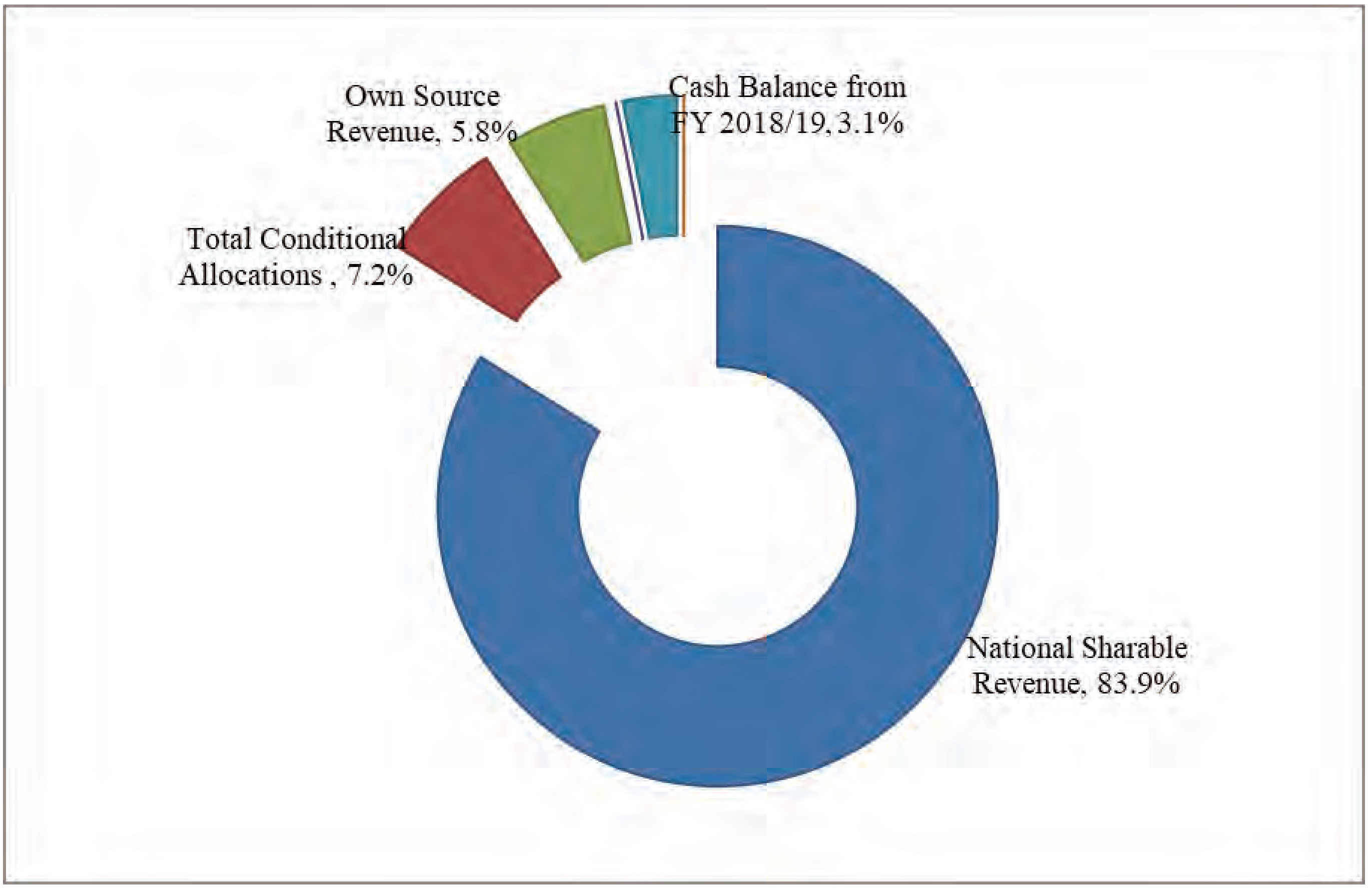
3.34.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.81 billion, comprising of Kshs.2.08 billion (35.8 per cent) and Kshs.3.73 billion (64.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.10 billion (83.9 per cent) as equitable share of revenue raised nationally, Kshs.436.49 million (7.2 per cent) as total conditional grants, generate Kshs.350 million from own source revenue, and had Kshs.189.68 million (3.1 per cent) as cash balance from FY 2018/19.

Figure 3.97 shows the expected sources of financing in FY 2019/20

Figure 3.97: Expected Sources of Financing in FY 2019/20



Source: *Nyamira County Treasury*

3.34.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.837.08 million as equitable share of the revenue raised nationally, raised Kshs.32.21 million from own-source revenue, and had a cash balance of Kshs.1.15 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.02 billion as shown in Table 3.128.

Table 3.128: Nyamira County, Revenue Performance in the First Quarter of FY 2019/20

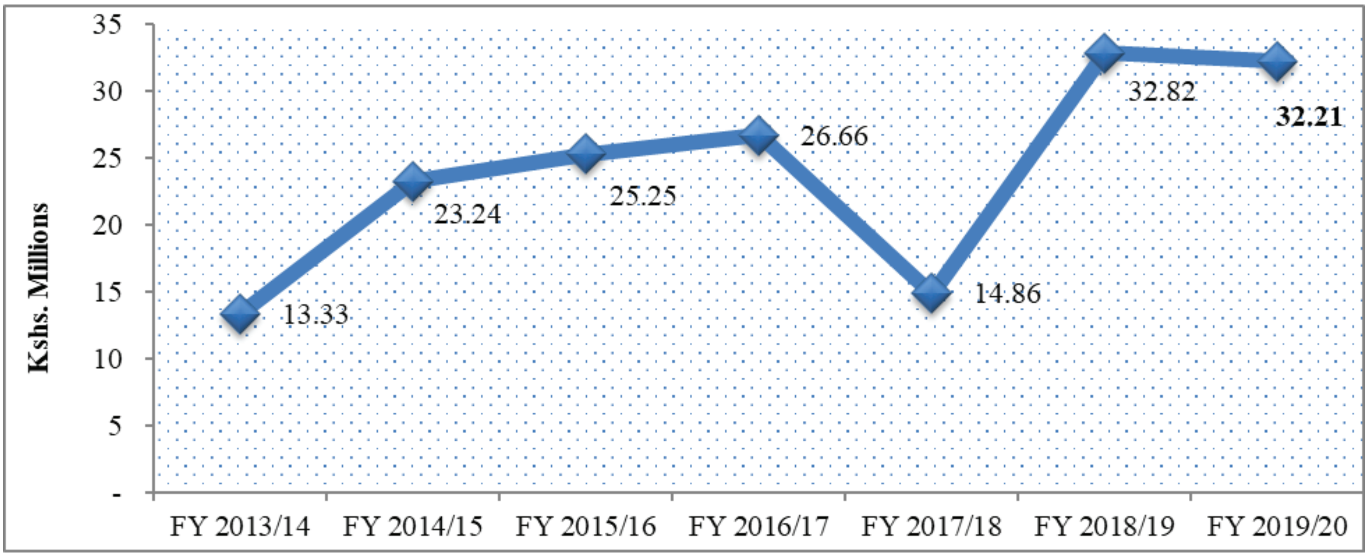
	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**4,810,800,000**	**5,102,184,000**	**837,079,200**	**16.4**
B.	**Conditional Grants from the National 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	-	-
Sub Total	**354,716,163**	**216,801,269**		-	
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) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	-	-

	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 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)	114,705,300	114,705,300	-	-
	DANIDA Grant	14,250,000	14,250,000	-	-
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,937,554	16,937,554	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total	**569,692,854**	**569,692,854**		-	
D	**Other Sources of Revenue**				
11.	Own Source Revenue	-	350,000,000	32,207,510	9.2
12.	Cash Balance from FY 2018/19	-	189,687,298	1,154,682,640	608.7
Sub Total	-	**539,687,298**	**1,186,890,150**	**219.9**	
Grand Total	**5,735,209,017**	**6,428,365,421**	**2,023,969,350**	**31.5**	

Source: *Nyamira County Treasury*

Figure 3.98 shows the trend in own-source revenue collection from the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.98: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Nyamira County*

The own source revenue realised in the reporting period of Kshs.32.21 million represented 9.2 per cent of the annual target.

3.34.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.657.77 million from the CRF account. The withdrawal was entirely for recurrent in nature.

3.34.4 Overall Expenditure Review

A total of Kshs.759.50 million was spent on development and recurrent programmes. This expenditure represented 113.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs. 13.57 million and Kshs.745.93 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 20 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.7 per cent.

3.34.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.508.59 million was spent on compensation to employees and Kshs.237.34 million on use of goods and services.

Table 3.129: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

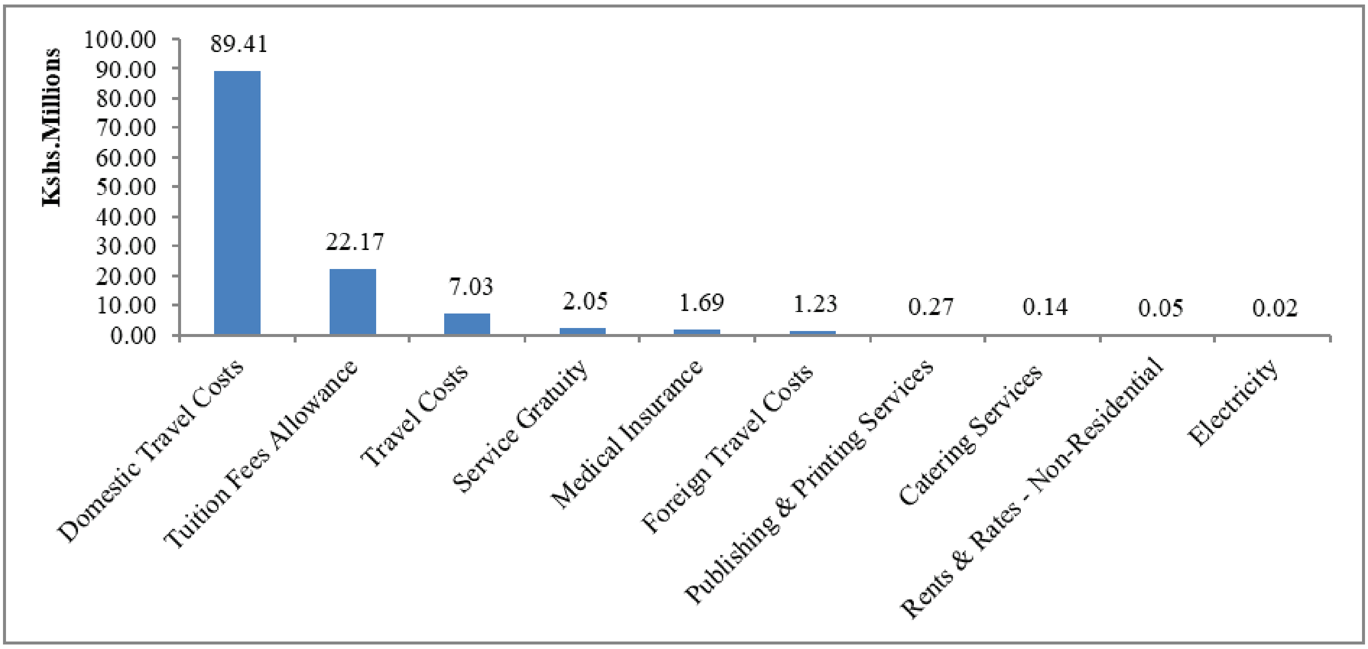
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**3,731,257,303**	**671,770,934**	**745,930,485**	**20**
Compensation to Employees	2,562,598,497	510,351,245	508,591,884	**19.8**
Operations and Maintenance	1,168,658,806	161,419,689	237,338,601	**20.3**
Total Development Expenditure	**2,081,000,604**	-	**13,570,100**	**0.7**
Development expenditure	2,081,000,604	-	13,570,100	**0.7**
Grand Total	**5,812,257,907**	**671,770,934**	**759,500,585**	**13.1**

Source: *Nyamira County Treasury*

3.34.6 Analysis of Operations and Maintenance

Figure 3.99 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.99: Nyamira County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Nyamira County Treasury*

The County spent Kshs.13.08 million on committee sitting allowances to the 37 MCAs against the annual budget allocation of Kshs.65.39 million. This was an increase of 219.3 per cent compared to Kshs.4.09 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.117,809 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic and foreign travel amounted to Kshs.96.44 million and comprised of Kshs.43.80 million spent by the County Assembly and Kshs.52.63 million by the County Executive. This represented was an increase of 95.38 per cent compared to Kshs.49.36 million spent in the first quarter of FY 2018/19.

3.34.7 Budget Performance by Department

Table 3.130 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.130: Nyamira County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure in (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	616.11	197	143.77	-	135.55	-	94.3	-	22.0	-
Office of Governor	548.64	-	70.86	-	71.23	-	100.5	-	13.0	-
Finance and Planning	317.42	60	45.24	-	41.78	-	92.4	-	13.2	-
Agriculture, Livestock and Fisheries	166.46	449.05	27.63	-	30.07	13.57	108.8	-	18.1	3.0
Environment and Water	72.37	182.45	11.28	-	13.22	-	117.2	-	18.3	-
Education & ICT	560.95	132.42	41.77	-	41.84	-	100.2	-	7.5	-
Health Services	1584.50	229.2	233.41	-	243.90	-	104.5	-	15.4	-
Lands & Urban Planning	76.72	318.27	9.73	-	9.07	-	93.2	-	11.8	-
Roads & Public Works	87.37	371.66	13.81	-	13.41	-	97.1	-	15.3	-
Trade & Tourism	45.10	61.25	7.94	-	6.85	-	86.3	-	15.2	-
Youth & Gender	46.00	79.7	9.50	-	7.42	-	78.2	-	16.1	-
Public Service Board	40.65	-	8.05	-	7.28	-	90.4	-	17.9	-
Public Service Management	185.09	-	34.77	-	124.30	-	357.5	-	67.2	-
Grand Total	**3731.26**	**2081.00**	**657.77**	**-**	**745.93**	**13.57**	**113.4**	**-**	**20**	**0.7**

Source: Nyamira 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 3 per cent while the rest of the county departments did not report expenditure on development programmes. The Department of Public Service Management had the highest percentage of recurrent expenditure to recurrent budget at 67.2 per cent while the Department of Education and ICT had the lowest absorption at 7.5 per cent.

3.34.8 Budget Execution by Programmes and Sub-Programmes

Table 3.131 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.131: Nyamira County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
County Assembly						
101005261		**Policy Planning, General Administration and Support Services**	**273,745,677**	**48,130,972**	**225,614,705**	**17.6**
	101015260	General administration and support services	273,745,677	48,130,972	225,614,705	**17.6**
701005261		**General administration and support services**	**72,076,000**	**21,731,142**	**50,344,858**	**30.2**
	701045260	Policy and planning services	72,076,000	21,731,142	50,344,858	**30.2**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
708005261		**Oversight and Management Services**	**72,289,000**	**29,492,100**	**42,796,900**	**40.8**
	708015260	Committees management services	72,289,000	29,492,100	42,796,900	**40.8**
709005261		**Legislation and Representation Services**	**394,996,833**	**45,649,319**	**349,347,514**	**11.6**
	709025260	Representation and infrastructural development	394,996,833	45,649,319	349,347,514	**11.6**
		Grand Total	**813,107,510**	**145,003,533**	**668,103,977**	**17.8**
Governor's Office						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance (%)**
701005262		**General administration and support services**	**548,635,252**	**71,225,665**	**477,409,587**	**13**
	701015260	General administration support services	316,270,188	25,611,835	290,658,353	**8.1**
	701025260	Policy development and support services	232,365,064	45,613,830	186,751,234	**19.6**
		Grand Total	**548,635,252**	**71,225,665**	**477,409,587**	**13**
Department of Finance and Economic Planning						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance**
504005263		**Information and Communication Technology Services**	**15,000,000**	**-**	**15,000,000**	**-**
	504025260	ICT infrastructural services	15,000,000	-	15,000,000	-
701005263		**General administration and support services**	**206,026,269**	**30,995,023**	**175,031,246**	**15**
	701015260	General administration support services	198,500,519	29,716,973	168,783,546	**15**
	701025260	Policy development and support services	2,740,150	368,500	2,371,650	**13.4**
	701035260	Supply chain management	4,785,600	909,550	3,876,050	**19**
702005263		**Economic Planning, Budgeting and Co-ordination Services**	**108,796,440**	**8,221,350**	**100,575,090**	**7.6**
	702015260	Economic planning and coordination	64,903,440	5,289,650	59,613,790	**8.2**
	702025260	Budget formulation and management	43,893,000	2,931,700	40,961,300	**6.7**
704005263		**County Financial Management and Control**	**4,071,280**	**1,309,000**	**2,762,280**	**32.2**
	704025260	Audit services	4,071,280	1,309,000	2,762,280	**32.2**
705005263		**Resource Mobilization**	**43,524,022**	**1,328,800**	**42,195,222**	**3.1**
	705025260	internal Resource mobilization	43,524,022	1,328,800	42,195,222	**3.1**
		Total	**377,418,011**	**41,854,173**	**335,563,838**	**11.1**
Department of Agriculture, Livestock and Fisheries						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
101005264		**Policy Planning, General Administration and Support Services**	**163,276,323**	**28,491,752**	**134,784,571**	**17.5**
	101015260	General administration and support services	155,580,209	25,021,602	130,558,607	**16.1**
	101025260	Policy and planning	7,696,114	3,470,150	4,225,964	**45.1**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
102005264		**Crop, Agribusiness and Land Management Services**	**415,002,554**	**13,202,100**	**401,800,454**	**3.2**
	102015260	Crop Development Services	372,565,000	9,461,000	363,104,000	**2.5**
	102025260	Agribusiness	42,437,554	3,741,100	38,696,454	**8.8**
103005264		**Fisheries Development and Promotion Services**	**3,772,000**	**704,000**	**3,068,000**	**18.7**
	103015260	Aquaculture Promotion Services	3,772,000	704,000	3,068,000	**18.7**
104005264		**Livestock Promotion and Development**	**33,460,000**	**1,245,750**	**32,214,250**	**3.7**
	104015260	Livestock Product Value Addition and Marketing	26,960,000	1,245,750	25,714,250	**4.6**
	104025260	Animal Health Disease and Management	6,500,000	-	6,500,000	**-**
		Total	**615,510,877**	**43,643,602**	**571,867,275**	**7.1**

Department of Environment, Energy, Natural Resources and Mining

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
1001005265		**Policy Planning, General Administration and Support Services**	**60,642,274**	**10,090,285**	**50,551,989**	**16.6**
	1001015260	General administration and support services	57,023,604	9,179,885	47,843,719	**16.1**
	1001025260	Policy and planning	3,618,670	910,400	2,708,270	**25.2**
1002005265		**Energy and Mineral Resources Services**	**29,603,100**	**-**	**29,603,100**	**-**
	1002035260	Other energy sources promotion	29,603,100	-	29,603,100	**-**
1003005265		**Water Supply and Management Services**	**154,439,500**	**2,800,000**	**151,639,500**	**1.8**
	1003015260	Major towns water services	16,980,000	-	16,980,000	**-**
	1003025260	Rural water services	137,459,500	2,800,000	134,659,500	**2.0**
1004005265		**Environmental Protection and Management Services**	**10,133,996**	**325,000**	**9,808,996**	**3.2**
	1004015260	Pollution and waste management	3,783,996	-	3,783,996	**-**
	1004025260	Agroforestry promotion	6,350,000	325,000	6,025,000	**5.1**
		Total	**254,818,870**	**13,215,285**	**241,603,585**	**5.2**

Department of Education and Youth Empowerment

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance %
501005266		**General Administration, Policy Planning and Support Services**	**29,813,478**	**995,300**	**28,818,178**	**3.3**
	501015260	General administration	27,681,728	820,200	26,861,528	**3.0**
	501025260	Planning policy	2,131,750	175,100	1,956,650	**8.2**
502005266		**ECDE and CCC Development services**	**406,040,700**	**40,272,092**	**365,768,608**	**9.9**
	502015260	ECDE and CCC management services	406,040,700	40,272,092	365,768,608	**9.9**
503005266		**Vocational Development and Training Services**	**257,510,329**	**569,900**	**256,940,429**	**0.2**
	503015260	Vocational management services	257,510,329	569,900	256,940,429	**0.2**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
		Total	**693,364,507**	**41,837,292**	**651,527,215**	**6.0**
Department of Health						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
401000000		**Preventive & Promotive Health Services**	**516,353,403**	**38,078,088**	**478,275,315**	**7.4**
	401019999	Health Promotion	407,522,327	35,385,988	372,136,339	**8.7**
	401059999	Communicable Disease Control	108,831,076	2,692,100	106,138,976	**2.5**
401005267		**General Administration, Planning and Support Services**	**130,106,417**	**22,799,171**	**107,307,246**	**17.5**
	401015260	Administration support services	130,106,417	22,799,171	107,307,246	**17.5**
402005267		**Curative Health Services**	**1,167,243,766**	**183,024,521**	**984,219,245**	**15.7**
	402015260	Medical services	1,046,188,766	183,024,521	863,164,245	**17.5**
	402025260	Facility infrastructural services	121,055,000		121,055,000	
		Total	**1,813,703,586**	**243,901,780**	**1,569,801,806**	**13.4**
Department of Lands, Housing and Urban Development						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
101005268		**Policy Planning, General Administration and Support Services**	**67,918,132**	**8,393,627**	**59,524,505**	**12.4**
	101015260	General administration and support services	66,645,732	8,393,627	58,252,105	**12.6**
	101025260	Policy and planning	1,272,400	-	1,272,400	-
105005268		**Physical Planning and Surveying Services**	**45,915,000**	**-**	**45,915,000**	**-**
	105015260	Physical Planning	40,000,000	-	40,000,000	-
	105025260	Surveying services	5,915,000	-	5,915,000	-
106005268		**Housing Improvement Development**	**140,300,000**	**-**	**140,300,000**	**-**
	106015260	Housing Improvement Services	140,300,000	-	140,300,000	-
107005268		**Management and Development of Towns**	**140,855,300**	**680,000**	**140,175,300**	**0.5**
	107015260	Town Management and Co-ordination	140,855,300	680,000	140,175,300	**0.5**
		Total	**394,988,432**	**9,073,627**	**385,914,805**	**2.3**
Department of Roads, Transport and Public Works						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
201005270		**General Administration, Planning and Support Services**	**87,365,819**	**13,406,616**	**73,959,203**	**15.3**
	201055260	Administration and support services	85,204,966	12,657,116	72,547,850	**14.9**
	201065260	Policy and planning	2,160,853	749,500	1,411,353	**34.7**
202005270		**Roads Development and Management**	**371,662,750**	**-**	**371,662,750**	**-**
	202025260	Construction of roads and bridges	100,620,000	-	100,620,000	-
	202035260	Rehabilitation and maintenance of Roads	271,042,750	-	271,042,750	-

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
		Total	**459,028,569**	**13,406,616**	**445,621,953**	**2.9**
Department of Trade, Tourism, Industrialization and Cooperatives Development						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
301005271		**Policy Planning, General Administration and Support Services**	**36,634,250**	**5,851,869**	**30,782,381**	**16.0**
	301015260	General administration and support services	34,533,944	5,361,869	29,172,075	**15.5**
	301025260	Policy and planning services	2,100,306	490,000	1,610,306	**23.3**
302005271		**Trade, Cooperative and Investment Development and Promotion**	**67,121,640**	**1,000,800**	**66,120,840**	**1.5**
	302015260	Cooperative promotion	14,313,440	665,300	13,648,140	**4.6**
	302025260	Trade promotion	52,808,200	335,500	52,472,700	**0.6**
303005271		**Tourism Development and Promotion**	**2,594,600**	**-**	**2,594,600**	**-**
	303015260	Tourism promotion and management	2,594,600	-	2,594,600	**-**
		Total	**106,350,490**	**6,852,669**	**99,497,821**	**6.4**
Department of Youths, Sports, Gender, Culture and Social Services						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
701005272		**General Administration and Support Services**	**41,062,338**	**5,881,140**	**35,181,198**	**14.3**
	701015260	General administration support services	39,296,338	5,721,140	33,575,198	**14.6**
	701025260	Policy development and support services	1,766,000	160,000	1,606,000	**9.1**
902005272		**Promotion and Management of Sports**	**84,636,069**	**1,543,800**	**83,092,269**	**1.8**
	902015260	Community Development	65,393,345	932,000	64,461,345	**1.4**
	902035260	Cultural promotion heritage	19,242,724	611,800	18,630,924	**3.2**
		Total	**125,698,407**	**7,424,940**	**118,273,467**	**5.9**
Public Service Board						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
1001005273		**Policy Planning, General Administration and Support Services**	**81,300,278**	**14,569,381**	**66,730,897**	**17.9**
	1001015260	General administration and support services	73,303,886	11,603,581	61,700,305	**15.8**
	1001025260	Policy and planning	7,996,392	2,965,800	5,030,592	**37.1**
		Total	**81,300,278**	**14,569,381**	**66,730,897**	**17.9**
Public Service Management						
Program	**Sub Program**	**Description**	**Approved Budget**	**Actual Payments**	**Variance**	**Performance %**
101005274		**Policy Planning, General Administration and Support Services**	**358,930,542**	**246,968,444**	**111,962,098**	**68.8**
	101015260	General administration and support services	352,719,942	246,161,444	106,558,498	**69.8**
	101025260	Policy and planning	6,210,600	807,000	5,403,600	**13.0**
701005274		**General Administration and Support Services**	**2,194,000**	**196,000**	**1,998,000**	**8.9**
	701075260	Communication services	2,194,000	196,000	1,998,000	**8.9**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance	Performance (%)
710005274		**Co-ordination, Strategy and Human Resource Services**	**9,057,000**	**1,439,000**	**7,618,000**	**15.9**
	710015260	Field coordination and administration	3,395,000	588,000	2,807,000	**17.3**
	710025260	Strategy and Advisory Services	1,200,000	210,000	990,000	**17.5**
	710035260	Human resource management	4,130,000	587,000	3,543,000	**14.2**
	710045260	Human resource development	332,000	54,000	278,000	**16.3**
		Total	**370,181,542**	**248,603,444**	**121,578,098**	**67.2**

Source: *Nyamira County Treasury and IFMIS*

3.34.9 Key Observations and Recommendations

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

1. Delay by Fund Administrator of the County Assembly Car & Mortgage Fund to submit financial reports on the established County Funds contrary to Section 168 of the PFM Act, 2012.
2. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report in contravention of Section 166 of the PFM Act, 2012.

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

1. *All Funds Administrators should provide quarterly financial statements for County Funds in line with Section 168 of the PFM Act, 2012.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*

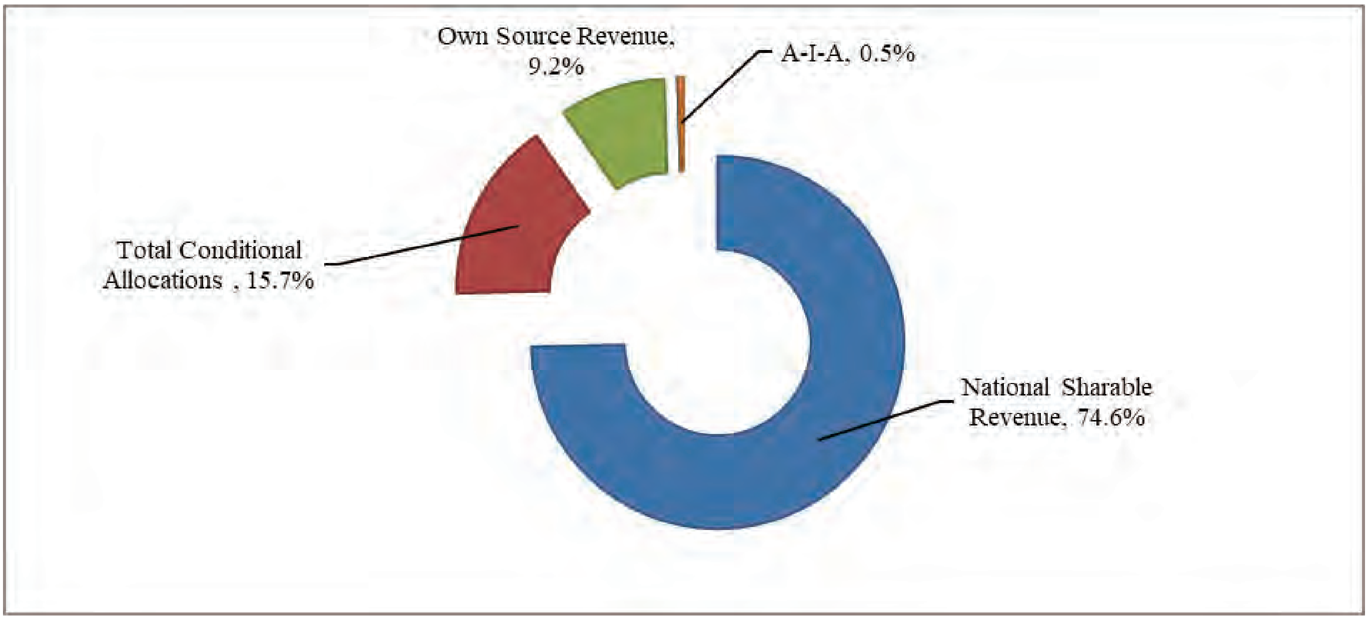
3.35 Nyandarua County

3.35.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.6.5 billion, comprising of Kshs.2.1 billion (32.3 per cent) and Kshs.4.4 billion (67.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.87 billion (74.6 per cent) as equitable share of revenue raised nationally, Kshs.1.0 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 3.100 shows the expected sources of financing in FY 2019/20.

Figure 3.100: Expected Sources of Financing in FY 2019/20



Source: *Nyandarua County Treasury*

3.35.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.848.09 million as equitable share of the revenue raised nationally, raised Kshs.64.92 million from own-source revenue, and had a cash balance of Kshs.1.24 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.15 billion as shown in Table 3.132

Table 3.132: Nyandarua County, Revenue Performance in the First Quarter of FY 2019/20

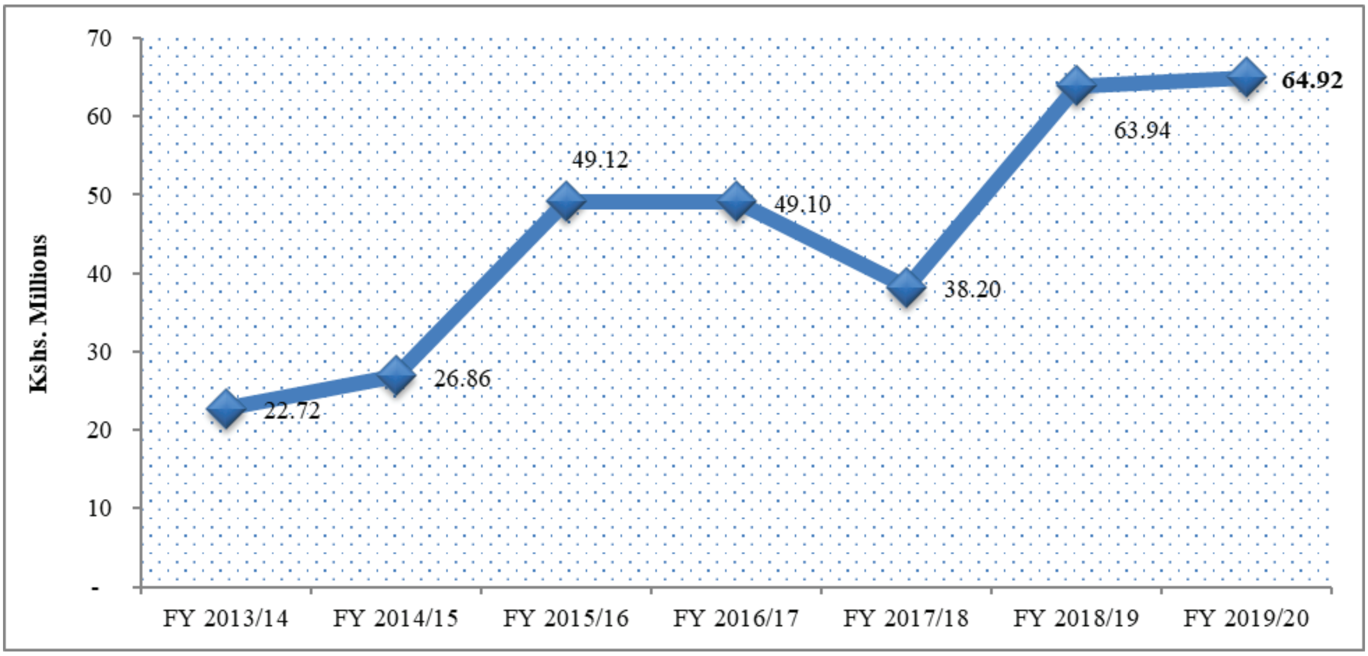
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**4,874,100,000**	**4,867,000,000**	**848,093,400**	**17.4**
B.	**Conditional Grants from the National Government Revenue**				
1	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2	Compensation for User Fee Foregone	12,735,922	12,735,922	-	-
3	Leasing of Medical Equipment	131,914,894	131,543,400	-	-
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**	**446,029,103**	**-**	**-**	
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	50,000,000	-	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,268,690	117,000,000	-	-

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)	135,543,400	135,543,400	-	-
5	DANIDA Grant	14,718,750	15,997,500	-	-
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	20,223,224	-	-	-
7	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	254,280,493	-	-
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,987,360	-	-	-
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total	**377,541,424**	**572,821,393**	**-**	**-**	
D	**Other Sources of Revenue**				
1.	Own Source Revenue	-	600,000,000	64,924,558	10.8
2.	Balance b/f from FY2018/19	-	-	1,241,845,483	-
3.	Rehabilitation of Youth Polytechnique FY 17/18	-	5,669,246	-	-
4.	Linda Mama A-I-A	-	30,000,000	-	-
Sub Total	**-**	**635,669,246**	**1,306,770,041**	**205.6**	
Grand Total	**5,693,630,101**	**6,521,519,742**	**2,154,863,441**	**33**	

Source: *Nyandarua County Treasury*

Figure 3.102 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.101: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to FY 2019/20



Source: *Nyandarua County*

The realised own source revenue accounted for 10.8 per cent of the annual target.

3.35.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.754.28 million from the CRF account. The withdrawals were entirely on recurrent programmes.

3.35.4 Overall Expenditure Review

A total of Kshs.748.62 million was spent recurrent programmes and expenditure represented 99.3 per cent of the total funds released from the CRF account. The expenditure on recurrent programmes represented 17 per cent of the annual recurrent budget. The County did not report expenditure on development programmes.

3.35.5 Expenditure by Economic Classification

Analysis of recurrent expenditure shows that Kshs.517.31 million was spent on compensation to employees and Kshs.231.31 million on use of goods and services.

Table 3.133: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

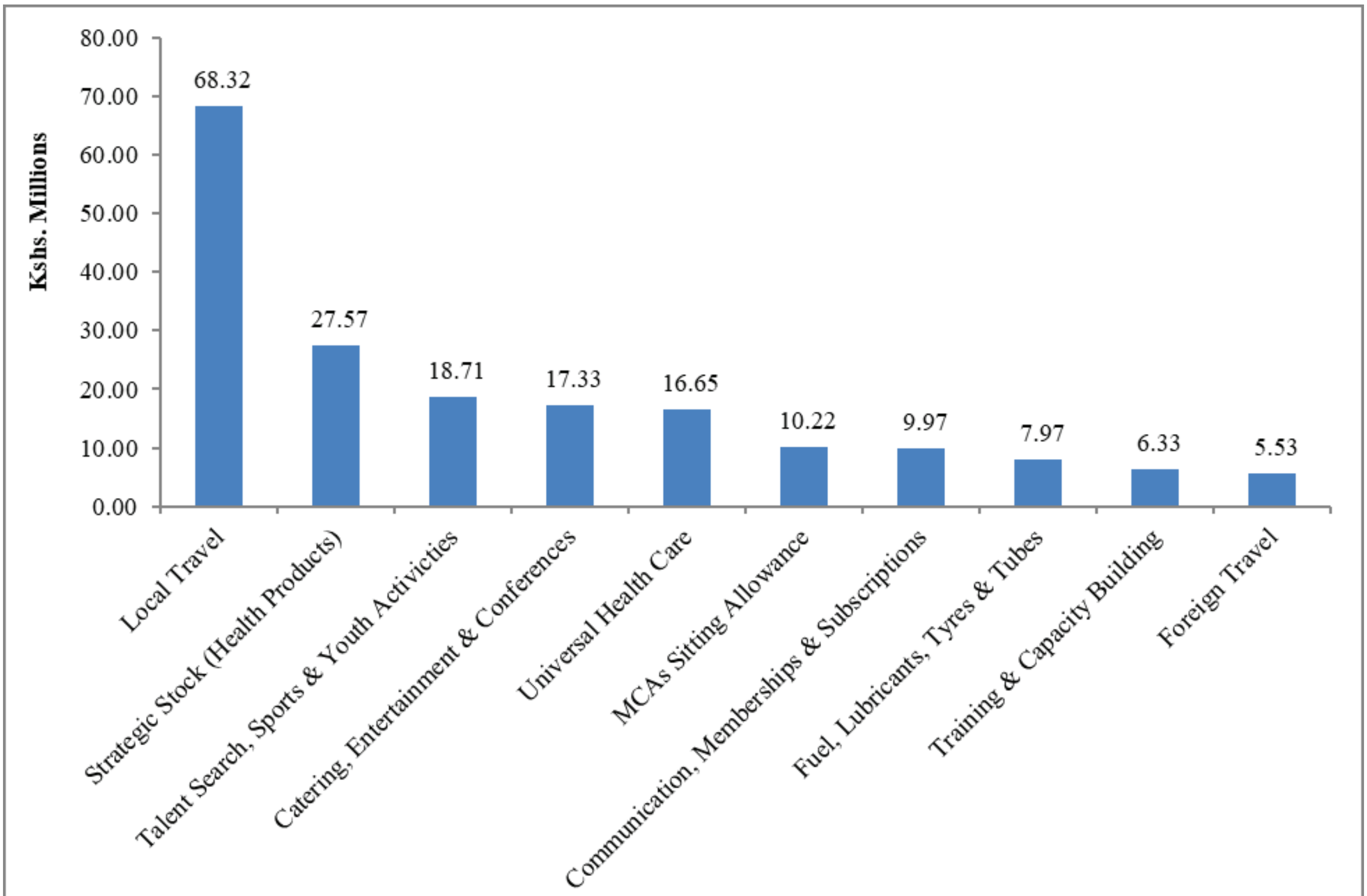
Expenditure Classification	Budget Ksh	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**4,412,225,022**	**754,282,127**	**748,626,213**	**17.0**
Compensation to Employees	2,234,734,377	519,395,216	517,312,091	23.1
Operations and Maintenance	2,177,490,646	234,886,911	231,314,122	10.6
Total Development Expenditure	**2,109,666,212**	-	-	-
Development expenditure	2,109,666,213	-	-	-
Total	**6,521,891,235**	**754,282,127**	**748,626,213**	**11.5**

Source: *Nyandarua County Treasury*

3.35.6 Analysis of Operations and Maintenance

Figure 3.102 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.102: Nyandarua County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Nyandarua County Treasury*

During the reporting period, the County spent Kshs.10.22 million on committee sitting allowances to the 40 MCAs including the Speaker against the annual budget allocation of Kshs.55.77 million. This was a decline of 13 per cent compared to Kshs.11.74 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.85,149 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.68.32 million and comprised of Kshs.32.34 million spent by the County Assembly and Kshs.35.98 million by the County Executive. This represented was an increase of 52.5 per cent compared to Kshs.32.44 million spent in the first quarter of FY 2018/19.

3.35.7 Budget Performance by Department

Table 3.134 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.134: Nyandarua County, Budget Performance by Department for the First Quarter 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
Governor's Office & Service Delivery	120.12	-	8.53	-	17.55	-	205.9	-	14.6	-
The County Secretary	2,032.86	-	466.46	-	454.27		97.4	-	22.3	-
County Attorney	15.28	-	3.21	-	2.61	-	81.3	-	17.1	-
Public Administration & ICT	42.98	15.00	6.76	-	6.35	-	93.8	-	14.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	12.55	-	-	-	-	-	-	-	-	-
Finance & Economic Development	593.29	57.00	19.56	-	20.63	-	105.5	-	3.5	-
Health Services	489.51	111.50	41.29	-	52.01	-	126.0	-	10.6	-
Education, Gender, Youth, Culture and Social Services	118.50	73.42	15.20	-	7.65	-	50.3	-	6.5	-
Indutrialization Coopera-tives, Trade & Enterprise Development	28.99	360.43	3.84	-	4.43	-	115.2	-	15.3	-
Youth, Sports and Arts	51.54	69.95	11.96	-	10.64	-	89.0	-	20.6	-
Water , Environment, Tour-ism &Natural resources	53.87	248.16	3.22	-	3.94	-	122.4	-	7.3	-
Transport, Energy & Public Works	57.74	702.05	9.70	-	9.22	-	95.1	-	16.0	-
Lands, Housing & Physical Planning	27.13	210.79	3.74	-	3.92	-	104.9	-	14.5	-
Agriculture Livestock & Fisheries	109.97	136.37	6.38	-	6.49	-	101.6	-	5.9	-
County Assembly	657.90	125.00	154.43	-	148.93	-	96.4	-	22.6	-
TOTAL	**4,412.23**	**2,109.67**	**754.28**	**-**	**748.63**	**-**	**99.3**	**-**	**17**	**-**

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the County Government of Nyandarua had no development expenditure. The Office of the County Secretary had the highest percentage of recurrent expenditure to recurrent budget at 22.3 per cent while the County Public Service Board did not report any expenditure during the period under review.

3.35.8 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 quarter of FY 2019/20.

Table 3.135: Nyandarua County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Pay-ments (Ksh)**	**Variance**	**Absorption (%)**
County Public Service Board	County Public Service Board	12,550,000	-	12,550,000	-
Sub Total		**12,550,000**	**-**	**12,550,000**	**-**
General administration, planning and support services	Service Delivery Unit	12,480,000	1,404,650	11,075,350	11.3
	Governor's Office & Investment Promotion	76,432,000	13,792,951	62,639,049	18.0
	Liaison and Intergovernmental Relations	23,203,558	1,311,530	21,892,028	5.7
	Civic Education and Public Participation	8,000,000	1,042,817	6,957,183	13.0
Sub total		**120,115,558**	**17,551,948**	**102,563,610**	**14.6**
County Secretary	County Secretary-Administration	7,788,205	1,346,960	6,441,245	17.3
	Communication and Public Relations	11,388,144	428,850	10,959,294	3.8
	Cabinet Affairs	724,000	130,500	593,500	18.0
Human Resource Management	Payroll (Including Compensation to employees)	1,904,310,000	452,029,819	1,452,280,181	23.7
	Human Resource Management (Including employee gratuity, pension and medical insurance)	108,650,100	332,400	108,317,700	0.3
Sub Total		**2,032,860,449**	**454,268,529**	**1,578,591,920**	**22.3**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
County Attorney Services	legal and public affairs	15,280,000	2,605,660	12,674,340	17.1
Sub Total		**15,280,000**	**2,605,660**	**12,674,340**	**17.1**
Public Finance Management	County Funds	220,400,000	-	220,400,000	-
	County Pending Bills	40,000,000	-	40,000,000	-
	treasury services	295,891,970	2,440,688	293,451,282	0.8
	Financial reporting	3,225,000	747,620	2,477,380	23.2
	Revenue Collection and Administration (Including automation)	27,000,000	3,557,285	23,442,715	13.2
	Revenue Enhancement and Monitoring	12,203,825	2,749,540	9,454,285	22.5
	Supply Chain Management	5,750,000	1,352,705	4,397,295	23.5
	Internal Audit and Risk Management	11,620,000	2,280,475	9,339,525	19.6
Economic planning and development	County Budgeting	10,300,000	2,308,036	7,991,964	22.4
	County Statistics and Data Bank	4,950,000	1,162,100	3,787,900	23.5
	Monitoring and Evaluation	3,650,000	618,000	3,032,000	16.9
	Economic Modelling and Research	4,900,000	1,121,760	3,778,240	22.9
	Economic Development Planning (Including CEKEB)	10,400,000	2,288,611	8,111,389	22.0
Sub Total		**650,290,795**	**20,626,820**	**629,663,975**	**3.2**
Public administration	Public Administration	6,955,700	849,530	6,106,170	12.2
	sub-county and ward administration	31,614,394	4,586,254	27,028,140	14.5
	Enforcement and Compliance	4,410,000	705,900	3,704,100	16.0
ICT and E-government Services	ICT and E-government Services	15,000,000	205,680	14,794,320	1.4
Sub Total		**57,980,094**	**6,347,364**	**51,632,730**	10.9
Land policy and planning	Physical Planning	27,893,000	569,900	27,323,100	2.0
	Survey and Mapping	15,272,760	1,018,850	14,253,910	6.7
	Land Administration and Management	34,915,000	2,196,800	32,718,200	6.3
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	159,845,900	136,300	159,709,600	0.1
Sub Total		**237,926,660**	**3,921,850**	**234,004,810**	**1.6**
Road transport	Transport (Including fuel level, General Administration & Support Services)	559,169,781	5,638,430	553,531,351	1.0
	Public Works	161,677,400	1,150,880	160,526,520	0.7
Alternative energy technologies	alternative energy technologies	33,944,000	1,559,100	32,384,900	4.6
General administration, planning and support services	Emergency Response & Preparedness	5,000,000	874,905	4,125,095	17.5
Sub Total		**759,791,181**	**9,223,315**	**750,567,866**	**1.2**
Primary education	ECDE	104,264,000	4,747,090	99,516,910	4.6
Youth training and development	revitization of youth polytechnics	52,723,112	30,004	52,693,108	0.1
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	25,666,000	2,701,300	22,964,700	10.5
General administration, planning and support services	Alcohol Drinks Control and Civic Education	3,436,306		3,436,306	-
Culture	development and promotion of culture	5,830,000	169,380	5,660,620	2.9
Sub Total		**191,919,418**	**7,647,774**	**184,271,644**	**4.0**
Preventive and Promotive Services	Preventive and Promotive Services	7,650,000	1,744,630	5,905,370	22.8
Curative Services	Curative Services (including universal health care and grants)	475,755,836	49,127,934	426,627,902	10.3
General administration, planning and support services	Solid Waste and Cemeteries	7,603,000	1,135,076	6,467,924	14.9
	Infrastructure and Equipment	110,000,000	-	110,000,000	-
Sub total		**601,008,836**	**52,007,640**	**549,001,196**	**8.7**

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Crop development and management	land and crop development	175,366,372	1,192,890	174,173,482	0.7
Livestock resources management and development	livestock production and management	10,110,000	464,970	9,645,030	4.6
	Veterinary Services	13,115,000	712,844	12,402,156	5.4
Fisheries Development and management	fisheries policy, strategy and capacity building	4,500,000	307,000	4,193,000	6.8
General administration, planning and support services	Institution Support (ATCs)	10,014,500	895,201	9,119,299	8.9
	Agriculture Mechanization Services	7,080,000	68,810	7,011,190	1.0
	General administration and Extension Services	18,097,971	2,342,240	15,755,731	12.9
	Subsidized Artificial Insemination	8,050,000	505,750	7,544,250	6.3
Sub Total		**246,333,843**	**6,489,705**	**239,844,138**	**2.6**
Trade development and promotion	Financial and Trade Services (excluding CEKEB, county corporation &Micro-Finance fund)	32,613,401	1,727,595	30,885,806	5.3
Industrial development and investment	Industrial and Enterprise Development (Inclusive of KDSP)	338,210,000	418,118	337,791,882	0.1
	Weights & Measures	1,820,000	251,606	1,568,394	13.8
Cooperative development and management	Cooperative advisory services	16,770,000	2,031,012	14,738,988	12.1
Sub Total		**389,413,401**	**4,428,331**	**384,985,070**	**1.1**
Sports	Sports Development	99,046,200	6,906,080	92,140,120	7.0
Youth Affairs	Youth Affairs	16,125,000	2,884,310	13,240,690	17.9
Arts & Theater	Arts & Theater	6,322,000	850,065	5,471,935	13.4
Sub Total		**121,493,200**	**10,640,455**	**110,852,745**	**8.8**
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	245,870,000	2,088,789	243,781,211	0.8
Environment	environmental support and management	27,600,000	433,540	27,166,460	1.6
Tourism development and promotion	tourism infrastructure development	11,918,000	1,309,670	10,608,330	11.0
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	16,640,000	103,600	16,536,400	0.6
Sub Total		**302,028,000**	**3,935,599**	**298,092,401**	**1.3**
County Assembly	legislative, oversight and representation	782,899,801	148,931,224	633,968,577	19.0
Sub Total		**782,899,801**	**148,931,224**	**633,968,577**	**19.0**
Grand Total		**6,521,891,236**	**748,626,214**	**5,773,265,022**	**11.5**

Source: *Nyandarua County Treasury*

The top performing programs across the county were: Payroll (Including Compensation to employees), Financial reporting, County Statistics and Data Bank.

3.35.9 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.848.09 million had been disbursed against an expected disbursement of Kshs.1.02 billion. This affected implementation of activities in the reporting period.
2. Failure to budget for all conditional grants in line with 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 in line with CARA, 2019 Disbursement Schedule.*
2. *The County should ensure all conditional grants are budgeted for through the supplementary budget in line with CARA, 2019.*

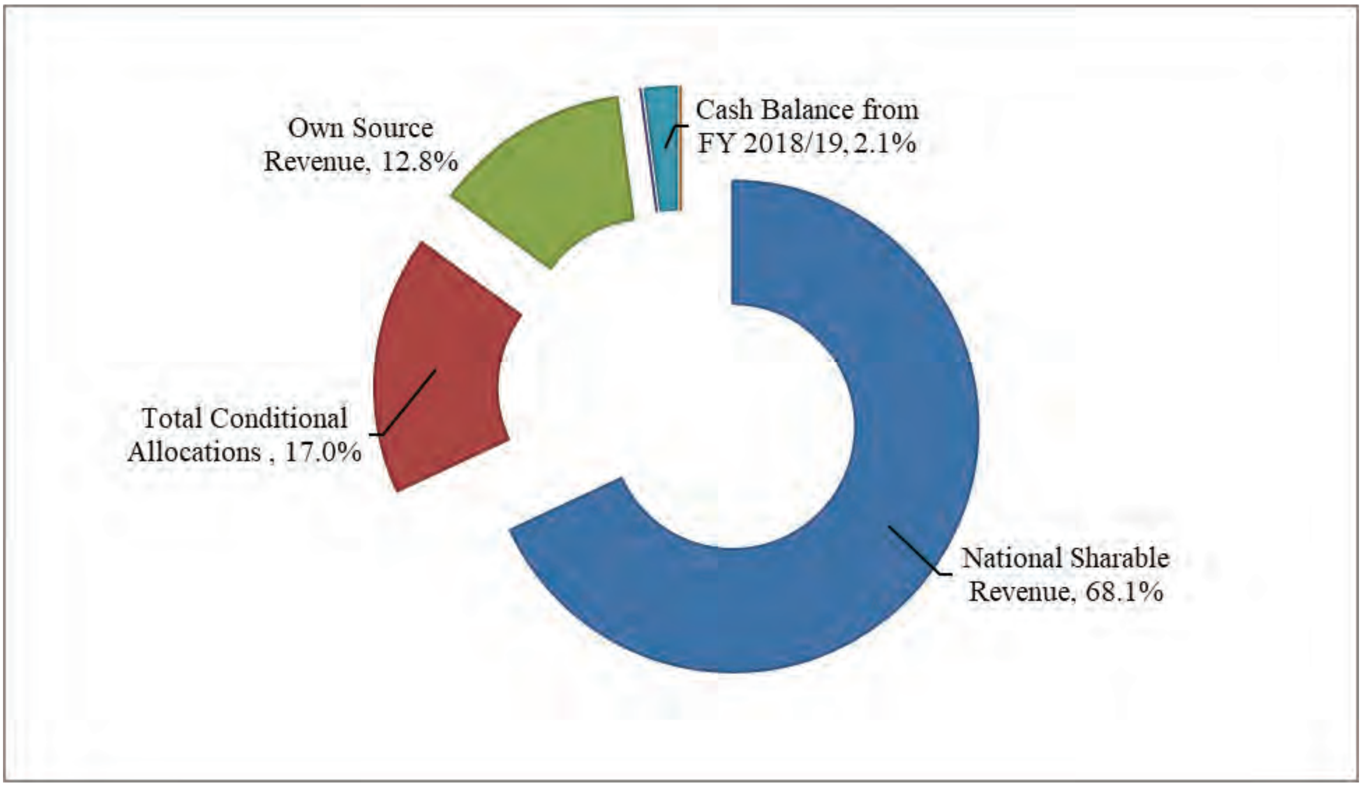
3.36 Nyeri County

3.36.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.7.79 billion, comprising of Kshs.2.51 billion (32.2 per cent) and Kshs.5.28 billion (67.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.3 billion (68.1 per cent) as equitable share of revenue raised nationally, Kshs.1.32 billion (17.0 per cent) as total conditional grants, generate Kshs.1 billion from own source revenue, and Kshs.164 million (2.1 per cent) as cash balance from FY 2018/19. Figure 3.103 shows the expected sources of financing in FY 2019/20

Figure 3.103: Expected Sources of Financing in FY 2019/20



Source: *Nyeri County Treasury*

3.36.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.941.71 million as equitable share of the revenue raised nationally, raised Kshs.154.61 million from own-source revenue, and had a cash balance of Kshs.1.03 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.12 billion as shown in Table 3.136.

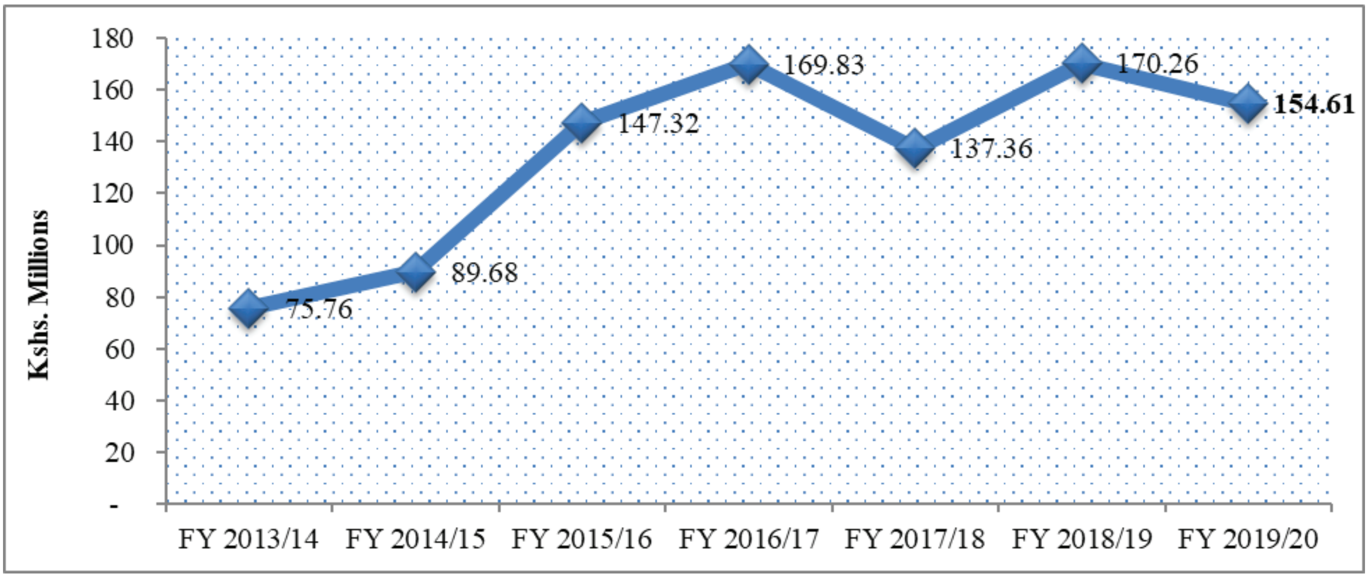
Table 3.136: Nyeri County, Revenue Performance in the First Quarter of FY 2019/20

	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**	5,412,150,000	5,301,000,000	941,714,100	17.4
B.	**Conditional Grants from the National Government Revenue**				
	Conditional Grants to Level-5 Hospitals	407,861,272	407,861,272	-	-
1.	Compensation for User Fee Foregone	13,701,379	13,701,379	-	-
2.	Transforming Health systems for Universal care Project (GOK)	-	159,894,390	-	-
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	153,627,469	153,627,469	-	-
5.	Rehabilitation of Village Polytechnics	55,143,298	55,143,298	-	-
Sub Total		**762,248,312**	**790,227,808**	**-**	**-**
C	**Loans and Grants from Development Partners**				
6.	Transforming Health systems for Universal care Project (WB)	50,181,184	24,814,801	-	-
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	186,033,960	186,033,960	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	53,203,142	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,000,000	-	-
10.	DANIDA Grant	15,000,000	16,605,000	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,187,858	15,187,858	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**541,842,102**	**531,844,761**	**-**	**-**
D	**Other Sources of Revenue**				
13.	Own Source Revenue	1,000,000,000	1,000,000,000	154,605,469	15.5
14.	Balance b/f from FY 2018/19	164,002,853	164,002,853	1,025,984,163	625.6
Sub Total		**1,164,002,853**	**1,164,002,853**	**1,180,589,632**	**101.4**
Grand Total		**7,880,243,267**	**7,787,075,422**	**2,122,303,732**	**27.3**

Source: *Nyeri County Treasury*

Figure 3.104 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.104: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to the First Quarter of FY 2019/20



Source: *Nyeri County Treasury*

The own source revenue realised in the reporting period of Kshs.154.61 million represented 15.5 per cent of the annual target.

3.36.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.05 billion from the CRF account. The withdrawals were entirely for recurrent programmes.

3.36.4 Overall Expenditure Review

A total of Kshs.1.04 billion was spent on the County programmes. This expenditure represented 99.2 per cent of the total funds released from the CRF account. The entire expenditure was on recurrent activities. Expenditure on recurrent programmes represented 19.8 per cent of the annual recurrent budget. No expenditure was incurred on development programmes.

3.36.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.860.91 million was spent on compensation to employees and Kshs.183.47 million on use of goods and services.

Table 3.137: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

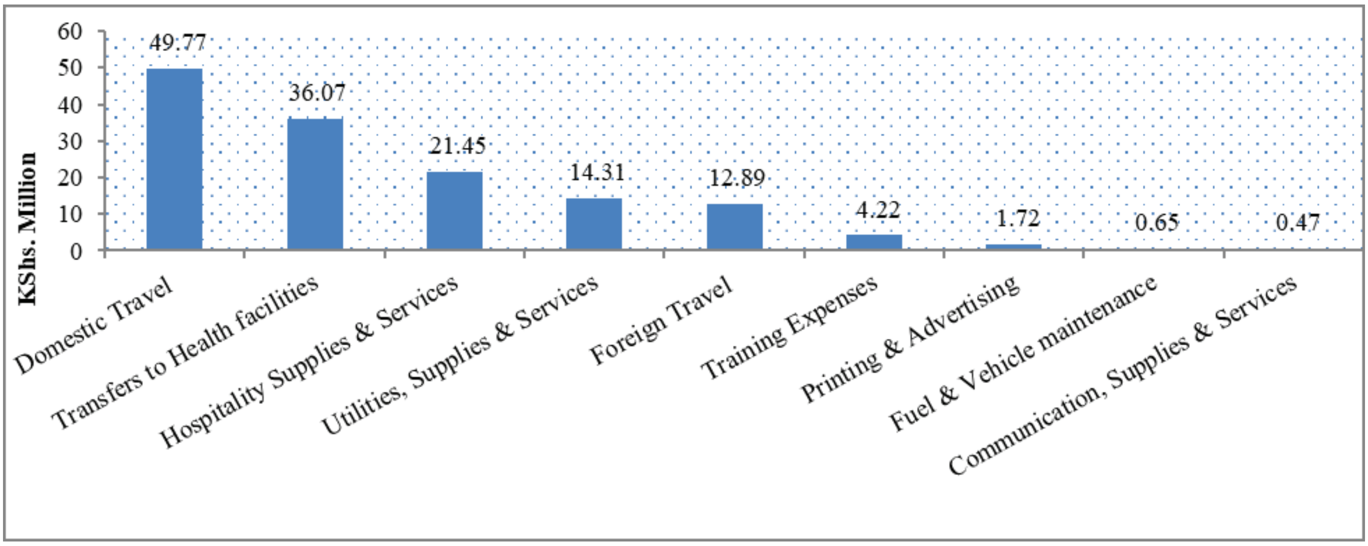
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,278,716,303	1,052,660,700	1,044,389,339	**19.8**
Compensation to Employees	3,507,418,303		860,914,607	**24.5**
Operations and Maintenance	1,771,298,000		183,474,732	**10.4**
Total Development Expenditure	2,508,359,119	-	-	-
Development expenditure	2,508,359,119		-	-
Grand Total	**7,787,075,422**	**1,052,660,700**	**1,044,389,339**	**13.4**

Source: *Nyeri County Treasury*

3.36.6 Analysis of Operations and Maintenance

Figure 3.105 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.105: Nyeri County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: Nyeri County Treasury

During the reporting period, the County spent Kshs.11 million on committee sitting allowances to the 34 MCAs against the annual budget allocation of Kshs.50.67 million. This was a decline of 3 per cent compared to Kshs.12.09 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.107,887 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic and foreign travel amounted to Kshs.62.66 million and comprised of Kshs.52.04 million spent by the County Assembly and Kshs.10.62 million by the County Executive. This represented an increase of 2.6 per cent compared to Kshs.61.09 million spent in the first quarter of FY 2018/19.

3.36.7 Budget Performance by Department

Table 3.138 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.138: Nyeri County, Budget Performance by Department for the First Quarter of FY 2019/20

	Budget Allocation (Kshs Millions)		Exchequer Issues (Kshs Millions)		Expenditure (Kshs Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
Department	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	115.42	80.00	18.38	-	15.28	-	83.1	-	13.2	-
Office of the County Secretary	219.56	-	28.63	-	16.90	-	59.0	-	7.7	-
Finance and Economic Planning	547.25	30.00	67.79	-	57.81	-	85.3	-	10.6	-
Lands, Physical Planning, Housing and Urbanization	46.96	400.60	12.17	-	10.31	-	84.7	-	22.0	-
Health, Public Health and sanitation	2,664.14	205.22	581.20	-	607.55	-	104.5	-	22.8	-
Gender and Social Services	70.97	35.50	13.75	-	9.13	-	66.4	-	12.9	-
County Public Service, Administration & Youth Affairs	57.29	-	10.22	-	8.72	-	85.4	-	15.2	-
Agriculture, Livestock and Fisheries	164.52	271.60	64.94	-	56.34	-	86.8	-	34.2	-
Trade, Culture, Tourism & Cooperative Development	57.19	88.42	10.75	-	10.20	-	94.9	-	17.8	-

Education, Science and Technology	376.91	117.19	51.77	-	70.68	-	136.5	-	18.8	-
Water, Environment & Natural resources	133.66	228.77	32.19	-	29.12	-	90.5	-	21.8	-
County Public Service Board	34.47	-	7.81	-	6.70	-	85.8	-	19.4	-
Transport, Public Works & Infrastructure	130.94	1,001.06	21.30	-	14.65	-	68.8	-	11.2	-
County Assembly	659.45	50.00	131.76	-	130.99	-	99.4	-	19.9	-
TOTAL	**5,278.72**	**2,508.36**	**1,052.66**	**-**	**1,044.39**	**-**	**99.2**	**-**	**19.8**	**-**

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of recurrent budget at 34 per cent while the Office of the County Secretary recorded the lowest at 8 per cent.

3.36.8 Budget Execution by Programmes and Sub-Programmes

Table 3.139 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.139: Nyeri County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Management and Co-ordination of county affairs Office of the Governor and Deputy Governor Coordination of County Functions and Public Service Management Community sensitization, education and public participation Office of the County Secretary Revenue Mobilization	Administration, planning and support services	193,320,638	15,275,298	178,045,340	7.9
	Management of county affairs	2,100,000	-	2,100,000	-
		195,420,638	15,275,298	180,145,340	7.8
	Administration, planning and support services	218,556,582	16,897,099	201,659,483	7.7
	County publicity campaign	1,000,000	-	1,000,000	-
		219,556,582	16,897,099	202,659,483	7.7
	Revenue Mobilization	34,495,000	454,300	34,040,700	1.3
Executive services	Administration and personnel services	494,105,163	52,165,310	441,939,853	10.6
Economic Planning	Monitoring and Evaluation	4,000,000	258,300	3,741,700	6.5
Public Finance Management Economic Planning and Policy Formulation Finance and Economic Planning Physical planning services Land Policy and Planning Housing Development and Human Settlement Lands, Physical Planning, Housing and Urbanization Adminstration, Planning and General Support Services Health Services	Financial Accounting	12,350,000	2,124,044	10,225,956	17.2
	Procurement Compliance and Reporting	9,000,000	135,670	8,864,330	1.5
	Internal Audit services	9,980,000	958,900	9,021,100	9.6
	Economic Planning and Policy Formulation	13,320,000	1,713,174	11,606,826	12.9
		577,250,163	**57,809,698**	**519,440,465**	10.0
	Administration and personnel services	35,864,671	10,312,257	25,552,414	28.8
	Formulation of county spatial planning laws	2,000,000	-	2,000,000	-
	Land Policy Formulation	404,776,651	-	404,776,651	-
	Government Building	4,920,290	-	4,920,290	-
		447,561,612	10,312,257	437,249,355	2.3
	Adminstration, Planning and General Support Services	2,695,241,891	571,473,233	2,123,768,658	21.2
	Health Services	174,110,480	36,074,990	138,035,490	20.7
		2,869,352,371	607,548,223	2,261,804,148	21.2
General Administration and Planning services	Administration and personnel services	54,547,408	8,746,270	45,801,138	16

Social development Gender, Youth and Social Services Human resource management Gender, Youth and Social Services Agricultural Management	Administration and planning services	47,511,189	3,427	47,507,762	-
	County children's home management	4,410,000	378,942	4,031,058	8.6
		106,468,597	9,128,640	97,339,957	8.6
	Administration Planning and Support Services	57,291,918	8,721,056	48,570,862	15.2
		57,291,918	8,721,056	48,570,862	15.2
	Administration and planning services	344,579,750	54,949,782	289,629,968	15.9
	County Agriculture Extension Program	26,236,680	34,821	26,201,859	0.1
Wambugu ATC	Farm Development	9,746,988	304,770	9,442,218	3.1
AMS Naromoru	Development Of Agricultural Land For Crop Production	8,903,922	-	8,903,922	-
Livestock Production Management	Provision of Extension Services to Livestock farmers	10,007,680	121,840	9,885,840	1.2
Fisheries development	Administrative Support Services	7,669,680	65,000	7,604,680	0.8
Veterinary services	Administrative Support Services	28,971,680	865,000	28,106,680	3
Agriculture, Livestock and Fisheries		436,116,380	56,341,213	379,775,167	12.9
Trade and Cooperative Development	Trade Promotion	115,820,440	9,929,282	105,891,158	8.6
Tourism Development	Promotion of Tourism	27,592,834	200,000	27,392,834	0.7
Co-operative development	Cooperative Development And Management	2,195,077	73,300	2,121,777	3.3
Trade, Culture, Tourism and Co-Operative Development		145,608,351	10,202,582	135,405,769	7
General administration and policy Development and implementation	Administrative Support Services	442,226,547	70,683,372	371,543,175	16
ECDE Management	ECDE Management	2,349,000	-	2,349,000	-
ICT Development	ICT Infrastructure Development	13,534,000	-	13,534,000	-
County Sports Development	Search and nurture talents	35,995,775	-	35,995,775	-
Education, Sports, Science and Technology		494,105,322	70,683,372	423,421,950	14.3
Water Management	Administrative Support Services	309,276,774	25,640,169	283,636,605	8.3
Sanitation management	Administrative Support Services	34,840,260	3,482,096	31,358,164	10
Environmental management	Environment Conservation, Protection and Management	18,313,240	-	18,313,240	-
Water, Sewerage and Sanitation Services, Environment & Natural Resources		362,430,274	29,122,265	333,308,009	8
General administration, Policy Development and implementation	Administration and planning services	709,447,249	130,994,520	578,452,729	18.5
County Assembly		709,447,249	130,994,520	578,452,729	18.5
Coordination of County Functions and Public Service Management	Administration and Personnel Services	34,466,959	6,699,061	27,767,898	19.4
County Public Service Board		34,466,959	6,699,061	27,767,898	19.4
Roads development, maintenance and management	County access and feeder roads improvement	900,528,497	-	900,528,497	-
General administration and policy Development and implementation	Administration, planning and support services	83,015,830	14,654,056	68,361,774	17.7
Energy Sector development	Street lighting programme	148,454,679	-	148,454,679	-
Transport, Public Works Infrastructure and Energy		**1,131,999,006**	**14,654,056**	**1,117,344,950**	1.3
Grand Total		**7,787,075,422**	**1,044,389,339**	**6,742,686,083**	**13.4**

Source: *Nyeri County Treasury*

The top performing programs across the county were: physical planning, health services and coordination of count functions and public service management.

3.36.9 Key Observations and Recommendations

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

1. Under-performance in own source revenue collection, which was Kshs.154.61 million representing 15 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 CARA, 2019 Disbursement Schedule during the first quarter of FY 2019/20.
3. Under-budgeting of revenue estimates compared with the allocations provided for in the CARA 2019 and failure to budget for FY2018/19 unspent balances.

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

1. *The County Treasury should formulate and implement strategies to improve the own source revenue yield.*
2. *The County Treasury should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the CARA, 2019 Approved Disbursement Schedule.*
3. *The County should revise its revenue estimates in line with the allocations contained in the CARA, 2019 and budget for unspent balances from FY 2018/19 through a Supplementary Budget.*

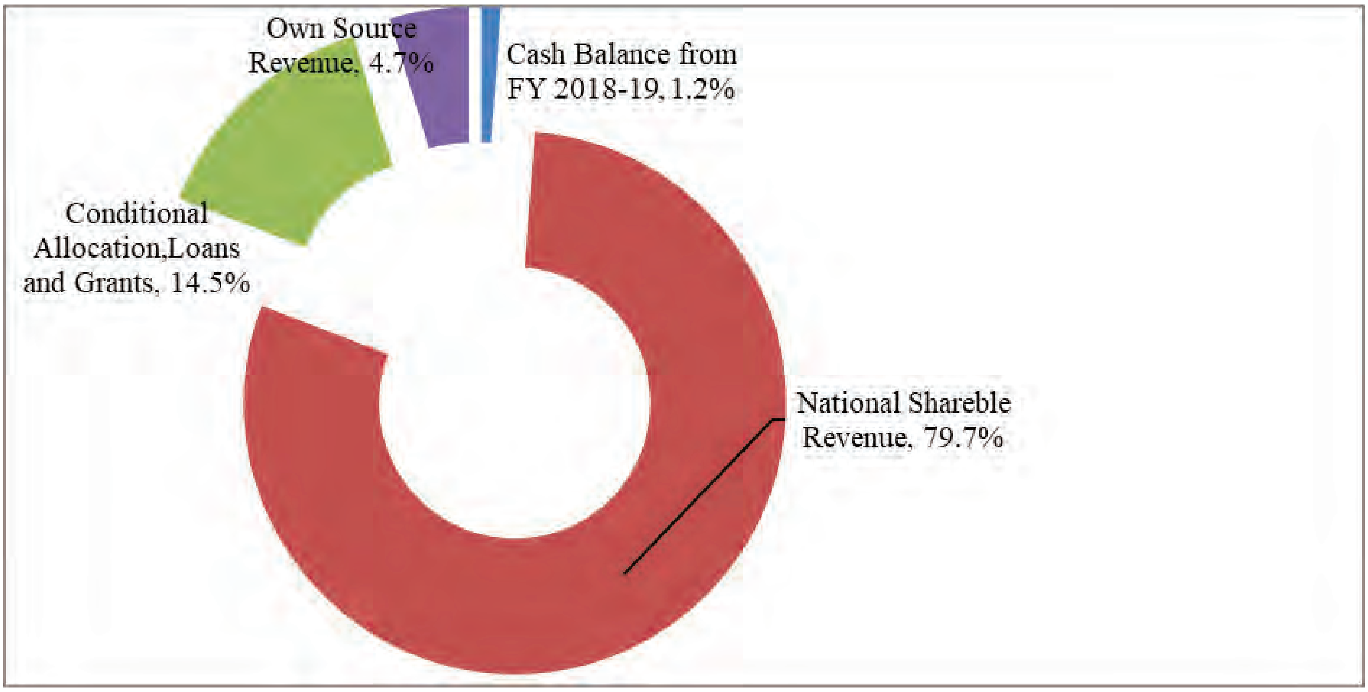
3.37 Samburu County

3.37.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.68 billion, comprising of Kshs.1.81 billion (31.9 per cent) and Kshs.3.87 billion (68.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.53 billion (79.7 per cent) as equitable share of revenue raised nationally, Kshs.821.97 million (14.4 per cent) as total conditional grants, generate Kshs.267.03 million (4.7 per cent) from own source revenue, and had Kshs.67.18 million (1.2 per cent) as cash balance from FY 2018/19. Figure 3.106 shows the expected sources of financing in FY 2019/20

Figure 3.106: Expected Sources of Financing in FY 2019/20



Source: *Samburu County Treasury*

3.37.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.618 million as equitable share of revenue raised nationally and raised Kshs.90.14 million from own source revenue. The total available funds amounted to Kshs.708.14 million as shown in Table 3.140.

Table 3.140: Samburu County, Revenue Performance in the First Quarter of FY 2019/20

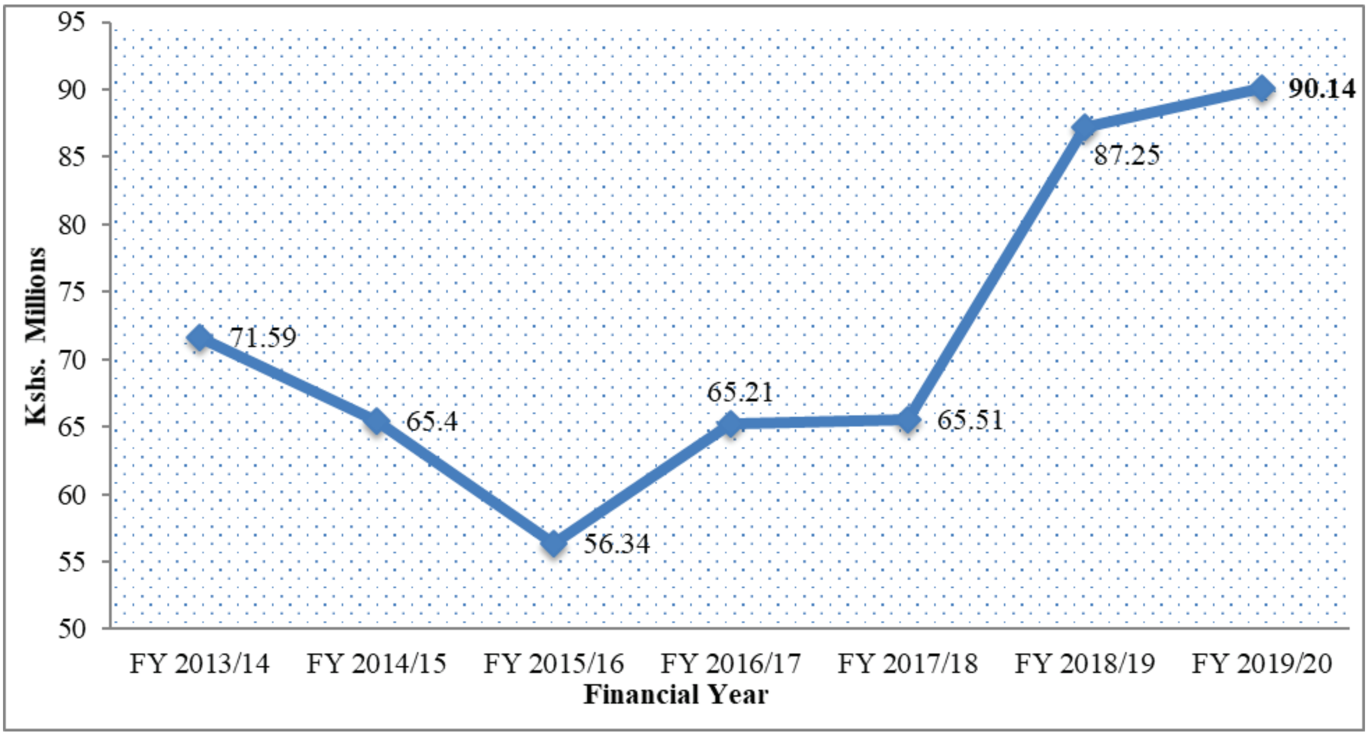
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**4,620,000,000**	**4,526,000,000**	**618,003,586**	**17**
B.	**Conditional Grants from the National Government Revenue**				
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	131,167,313	-	-
4.	Rehabilitation of Village Polytechnics	15,483,298	15,483,298	-	-
Sub Total	**283,801,083**	**283,801,083**	**-**	**-**	
C	**Loans and Grants from Development Partners**				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	-	-
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.	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**	**538,172,418**	**-**	**-**	
D	**Other Sources of Revenue**				
9	Own Source Revenue		267,032,787	90,140,091	34
10	Balance b/f from FY2018/19		67,182,582	-	-
Sub Total		334,215,369	90,140,091	27	
Grand Total	**5,441,973,501**	**5,682,188,870**	**708,143,677**	**12**	

Source: *Samburu County Treasury*

Figure 3.107 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.107: Trend in Own-Source Revenue Collection for the First Quarters of the FY 2013/14 to the First Quarter of FY 2019/20



Source: *Samburu County Treasury*

The total own-source revenue generated in the first quarter of FY 2019/20 of Kshs.90.14 million, representing an increase of 3.3 per cent compared to Kshs.87.25 million generated in the first quarter of FY 2018/19 and was 33.8 per cent of the annual target.

3.37.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.618 million from the CRF account. The entire amount was for recurrent programmes and represented an improvement of 1.3 per cent from Kshs.609.87 million approved in the first quarter of FY 2019/20.

3.37.4 Overall Expenditure Review

A total of Kshs.773 million was spent on recurrent programmes and represented 125 per cent of the funds released from the CRF account. These represented 20 per cent of the annual recurrent budget and translate to an overall absorption rate of 13.6 per cent.

3.37.5 Expenditure by Economic Classification

Analysis of the recurrent expenditure indicated that Kshs.643.9 million was spent on compensation to employees and Kshs.129.8 million on use of goods and services.

Table 3.141: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

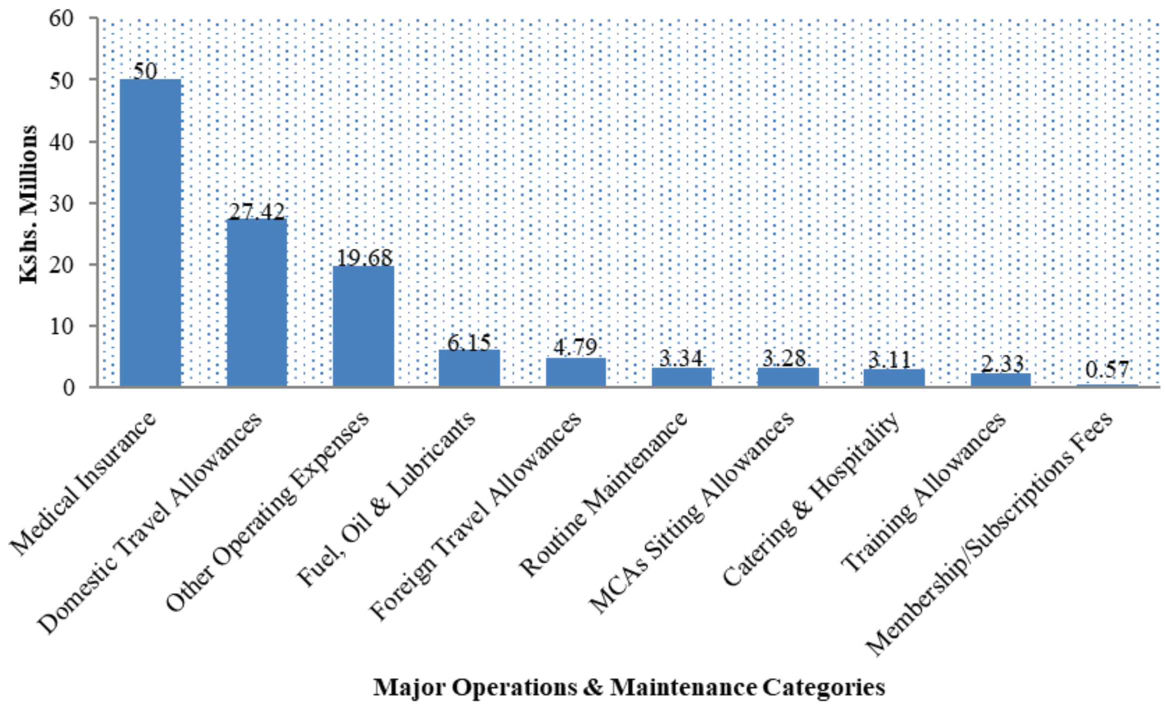
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption Rate (%)
Total Recurrent Expenditure	**3,872,842,115**	**618,003,586**	**773,773,635**	**20.0**
Compensation to Employees	2,003,616,507	389,807,940	643,970,276	**32.1**
Operations and Maintenance	1,869,225,608	228,195,646	129,803,358	**6.9**
Total Development Expenditure	**1,809,346,755**	-	-	-
Development Expenditure	1,809,346,755	-	-	-
Total	**5,682,188,870**	**618,003,586**	**773,773,635**	13.6

Source: Samburu County Treasury

3.37.6 Analysis of Operations and Maintenance

Figure 3.108 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.108: Samburu County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: Samburu County Treasury

The County spent Kshs.3.28 million on committee sitting allowances to the 28 MCAs including the Speaker against the annual budget allocation of Kshs.31.10 million. This was a decline of 26.6 per cent compared to Kshs.4.47 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.39,093 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.27.42 million and comprised of Kshs.8.65 million spent by the County Assembly and Kshs.18.78 million by the County Executive. This is more than three-fold increase of the Kshs.8.18 million spent in the first quarter of FY 2018/19.

3.37.7 1.4 Budget Performance by Department

Table 3.142 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.142: Samburu County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure in (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	449.90	100	85	-	70.5	-	82.9	-	15.7	-
County Executive	428.97	18	69.2	-	118.68	-	171.5	-	27.7	-
Finance, Economic Planning & ICT	483.96	35	75.07	-	122.91	-	163.7	-	25.4	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	531.92	267.76	81.37	-	25.33	-	31.1	-	4.8	-

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure in (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment, Natural Resources & Energy	155.24	241	24.13	-	15.61	-	64.7	-	10.1	-
Education and Vocational Training	400.05	101.91	62.11	-	118.24	-	190.4	-	29.6	-
Medical Services, Public Health & Sanitation	931.14	278.61	144.87	-	240.69	-	166.1	-	25.8	-
Lands, Housing, Physical Planning & Urban Development	91.63	125	14.45	-	19.04	-	131.8	-	20.8	-
Roads, Transport & Public Works	83.79	422.17	12.98	-	8.19	-	63.1	-	9.8	-
Tourism, Trade, Enterprise Development & Cooperatives	179.23	166.9	27.56	-	21.98	-	79.7	-	12.3	-
Culture, Social Services, Gender, Sports & Youth Affairs	137	53	21.27	-	12.59	-	59.2	-	9.2	-
Grand Total	**3,872.84**	**1,809.35**	**618**	**-**	**773.77**	**-**	**125.2**	**-**	**20**	**-**

Source: *Samburu County Treasury*

Analysis of expenditure by department shows that the Department of Education and Vocational Training reported the highest percentage of recurrent expenditure to its recurrent budget at 29.6 per cent while the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries reported the lowest expenditure at 4.8 per cent.

3.37.8 Budget Execution by Programmes and Sub-Programmes

Table 3.143 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.143: Samburu County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
MEDICAL SERVICES, PUBLIC HEALTH & SANITATION					
Preventive and Promotive Health Services	Environmental & Health promotion	74,608,471.50	31,502,258	43,106,213.50	42
	Nutrition	14,144,518	123,231	14,021,287	1
	Communicable Disease Control	83,111,734	40,254,375	42,857,359	48
	Non-communicable Disease Prevention & Control	35,870,935.63	12,351,646	23,519,289.63	34
	Reproductive, Maternal, Neonatal, child and Adolescent Health	61,112,750.25	17,515,106	43,597,644.25	29
	Sub total	**268,848,409.38**	**101,746,616**	**167,101,793.38**	**38**
Curative Health	Hospital and Referral Services	344,950,857.98	121,023,476	223,927,381.98	35
	Free Primary Health Services	136,200,280.25	8,103,200	128,097,080.25	6
	Sub total	**481,151,138.23**	**129,126,676**	**352,024,462.23**	**27**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
General Administration Planning and Support Services	Health Infrastructure development	9,049,174	17,800	9,031,374	-
	Human Resource Management and Development	50,562,074.75	6,143,529	44,418,545.75	12
	Monitoring and Evaluation, Research and Development	5,025,018.25	278,909	4,746,109.25	6
	Health Policy, Planning & Financing	59,409,298.75	2,248,365	57,160,933.75	4
	Health standards and quality assurance Services	57,090,371	1,131,599	55,958,772	2
	Sub total	**181,135,936.75**	**9,820,202**	**171,315,734.75**	**5**
COUNTY EXECUTIVE					
Management of County Affairs	General Administration and Support Services (Governor, Deputy Governor)	166,730,697	50,233,682	116,497,015	30
	Administration of Human Resources in County Public Service	59,404,595	14,468,217	44,936,378	24
	Sub County Administration	165,018,388	39,442,370	125,576,018	24
	Coordination, Supervision and Human Resource services (C S)	37,821,177	14,559,711	23,261,466	38
	Sub total	**428,974,857**	**118,703,980**	**310,270,877**	**28**
FINANCE, ECONOMIC PLANNING & ICT					
General Administration Planning and Support Services	Administration Services	236,596,639	61,993,701	174,602,938	26
	ICT Services	23,523,202	2,932,203	20,590,999	12
	Sub total	**260,119,841**	**64,925,904**	**195,193,937**	**25**
0706004210 P2 Public Finance Management	Accounting Services	33,881,646	11,693,999	22,187,647	35
	Resource Mobilization	62,449,061	23,294,839	39,154,222	37
	Internal Audit	16,079,558	3,835,062	12,244,496	24
	Supply Chain Management	21,125,208	7,248,370	13,876,838	34
	Budget Formulation Coordination and Mgt	10,589,310	1,565,599	9,023,711	15
	Fiscal Planning	57,706,152	4,913,527	52,792,625	9
	Sub total	**201,830,935**	**52,551,396**	**149,279,539**	**26**
General Administration Planning and Support Services	General Administration Planning and Support Services	6,890,240	1,860,896	5,029,344	27
	Sub total	**6,890,240**	**1,860,896**	**5,029,344**	**27**
Special Programs	Special Programs	15,121,022	3,573,064	11,547,958	24
	Sub total	**15,121,022**	**3,573,064**	**11,547,958**	**24**
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
General Administration Planning and Support Services	Administration, Planning and Support Services	400,120,718	7,732,273	392,388,445	2
	Sub total	**400,120,718**	**7,732,273**	**392,388,445**	**2**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Livestock Resource Management and Development	Livestock policy development and capacity building	16,495,816	3,160,100	13,335,716	19
	Livestock Production and Management	24,337,347	2,283,900	22,053,447	9
	Livestock Diseases management and control	27,496,262	681,450	26,814,812	2
	Livestock marketing and rangeland management	9,871,455	1,178,345	8,693,110	12
	Sub total	**78,200,880**	**7,303,795**	**70,897,085**	**9**
Fisheries Development and Management	Management and Development of fisheries	6,497,070	1,236,342	5,260,728	19
	Sub total	**6,497,070**	**1,236,342**	5,260,728	**19**
Crop Development and Management	Lands and Crops Development	35,259,962	7,877,185	27,382,777	22
	Food security Initiatives	11,845,699	1,184,450	10,661,249	10
	Sub total	**47,105,661**	**9,061,635**	**38,044,026**	**19**
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
General Administration Planning and Support Services	General Administration Planning and Support Services	28,586,550	6,205,846	22,380,704	22
	Sub total	**28,586,550**	**6,205,846**	**22,380,704**	**22**
Environmental Management and Protection	County Environment Management	20,361,039	785,700	19,575,339	4
	Forests Conservation and Management	7,509,868	149,023	7,360,845	2
	Sub total	**27,870,907**	**934,723**	**26,936,184**	**3**
Natural Resources Services	Soil Conservation Management	7,141,886	416,984	6,724,902	6
	Mining Services	7,247,500	1,823,000	5,424,500	25
	Water catchment and protection services	4,692,708	40,451	4,652,257	1
	Sub total	**19,082,094**	**2,280,435**	**16,801,659**	**12**
Water and sanitation infrastructure	Storm Water management	7,972,093	1,000,000	6,972,093	13
	Water and sanitation services	71,729,635	5,186,329	66,543,306	7
	Sub total	**79,701,728**	**6,186,329**	**73,515,399**	**8**
EDUCATION AND VOCATIONAL TRAINING					
General Administration Planning and Support Services	General Administration Planning and Support Services	119,513,010	16,001,388	103,511,622	13
	Sub total	**119,513,010**	**16,001,388**	**103,511,622**	**13**
Youth Training and Development	Revitalization of Youth Polytechnics	9,337,996	1,523,371	7,814,625	16
	Sub total	**9,337,996**	**1,523,371**	**7,814,625**	**16**
Early childhood development and Education	Early Childhood Development and Education	271,203,446	100,716,712	170,486,734	37
	Sub total	**271,203,446**	**100,716,712**	**170,486,734**	**37**
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT					
General Administration Planning and Support Services	Administration, Planning and Support Services	26,371,612	5,599,708	20,771,904	21
	Sub total	**26,371,612**	**5,599,708**	**20,771,904**	**21**
Land policy Planning and Housing	Land use planning	7,614,274	440,850	7,173,424	6
	Land Survey And Mapping	11,543,515	1,565,938	9,977,577	14
	Housing management services	1,072,214	121,290	950,924	11
	Sub total	**20,230,003**	**2,128,078**	**18,101,925**	**11**
Urban Centers Administration	Urban center management	45,031,216	11,315,527	33,715,689	25
	Sub total	**45,031,216**	**11,315,527**	**33,715,689**	**25**
ROADS, TRANSPORT & PUBLIC WORKS					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
General Administration Planning and Support Services	General Administration Planning and Support Services	26,800,707	3,152,330	23,648,377	12
	Firefighting services	385,786	-	385,786	-
	Design, implementation and supervision of public buildings	10,296,380	2,716,200	7,580,180	26
	Sub total	**37,482,873**	**5,868,530**	**31,614,343**	**16**
Roads and public Infrastructure Development	Construction, rehabilitation and maintenance of Roads and Bridges	17,794,504	112,000	17,682,504	1
	Design, supervision and rehabilitation of County Buildings	10,904,542	1,198,379	9,706,163	11
	Street lights management	12,956,658	-	12,956,658	-
	Public Road transport and Parking	4,650,189	1,013,542	3,636,647.20	22
	Sub total	**46,305,893**	**2,323,921**	**43,981,972**	**5**
TOURISM, TRADE, ENTERPRISE DEVELOPMENT & COOPERATIVES					
General Administration Planning and Support Services	General Administration Planning and Support Services	21,166,704.80	3,804,802	17,361,902.80	18
	Sub total	**21,166,704.80**	**3,804,802**	**17,361,902.80**	**18**
Cooperatives Development and Management	Governance and Accountability	12,027,760	611,060	11,416,700	5
	Sub total	**12,027,760**	**611,060**	**11,416,700**	**5**
Tourism Development and Promotion	Tourism Promotion and Marketing	97,910,168	16,769,977	81,140,191	17
	Sub total	**97,910,168**	**16,769,977**	**81,140,191**	**17**
Trade Development and Promotion	Domestic trade development	33,551,359	364,950	33,186,409	1
	Sub total	**33,551,359**	**364,950**	**33,186,409**	**1**
General Administration Planning and Support Services	General Administration Planning and Support Services	14,575,656	427,500	14,148,156	3
	Sub total	**14,575,656**	**427,500**	**14,148,156**	**3**
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
General Administration Planning and Support Services	General Administration Planning and Support Services	39,815,472	8,701,550	31,113,922	22
	Sub total	**39,815,472**	**8,701,550**	**31,113,922**	**22**
Culture and social Services development	Conservation of Heritage	2,403,600	107,600	2,296,000	4
	Development and Promotion of Culture	11,759,858	666,079	11,093,779	6
	Social Welfare and Gender	30,127,500	(451,000)	30,578,500	-1
	Community Mobilization and development	10,007,810	(220,000)	10,227,810	-2
	Sub total	**54,298,768**	**102,679**	**54,196,089**	**-**
Promotion of other sports activities	Development and Management of Sports Facilities	5,622,000	108,450	5,513,550	2
	Sub total	**5,622,000**	**108,450**	**5,513,550**	**2**
Sports Development	Sports Development, Training and Competition	21,478,844	464,600	21,014,244	2
	Sub total	**21,478,844**	**464,600**	**21,014,244**	**2**
General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	15,786,002	3,210,010	12,575,992	20
	Sub total	**15,786,002**	**3,210,010**	**12,575,992**	**20**
COUNTY ASSEMBLY					
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	50,026,696	11,645,794	38,380,902	23
	0707024210 SP2 County Assembly Administration	178,510,303	34,868,430	143,641,873	20
	0707034210 SP3 Representation	221,358,346	23,986,485	197,371,861	11
	Sub total	**449,895,345**	**70,500,709**	**379,394,636**	**16**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Grand Total		3,872,842,115.85	773,793,634	3,099,048,481.85	20

Source: Samburu County Treasury

The top performing programs across the county were: Preventive & Promotive Health Services at 38 per cent closely followed by Early Childhood Development & Education at 37 per cent.

3.37.9 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 operationalize the pending bills committee as directed by the Intergovernmental Budget and Economic Forum (IBEC) and the OCOB.
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.5.68 billion compared to Kshs.3.87 billion allocation by programmes.

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 fast-track the operationalization of the pending bills committee and put in place plans to settle all genuine bills.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

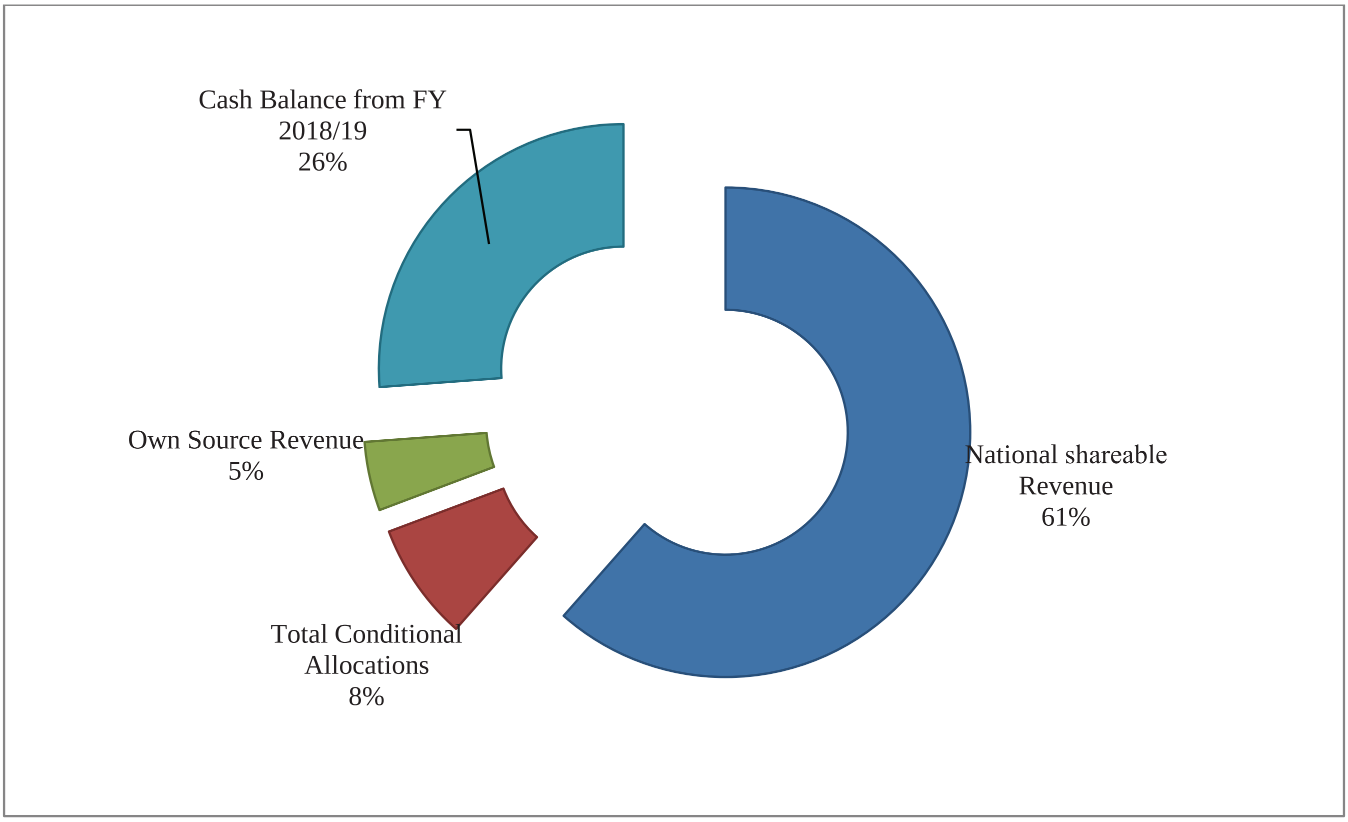
3.38 Siaya County

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 expects 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 had Kshs.2.41 billion (26.2 per cent) as cash balance from FY 2018/19. Figure 3.109 shows the expected sources of financing in FY 2019/20

Figure 3.109: Expected Sources of Financing in FY 2019/20



Source: *Siaya County Treasury*

3.38.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.01 billion as equitable share of the revenue, raised nationally, raised Kshs.33.79 million from own-source revenue, and had a cash balance of Kshs.1.66 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.64 billion as shown in Table 3.144.

Table 3.144: Siaya County, Revenue Performance in the First Quarter of FY 2019/20

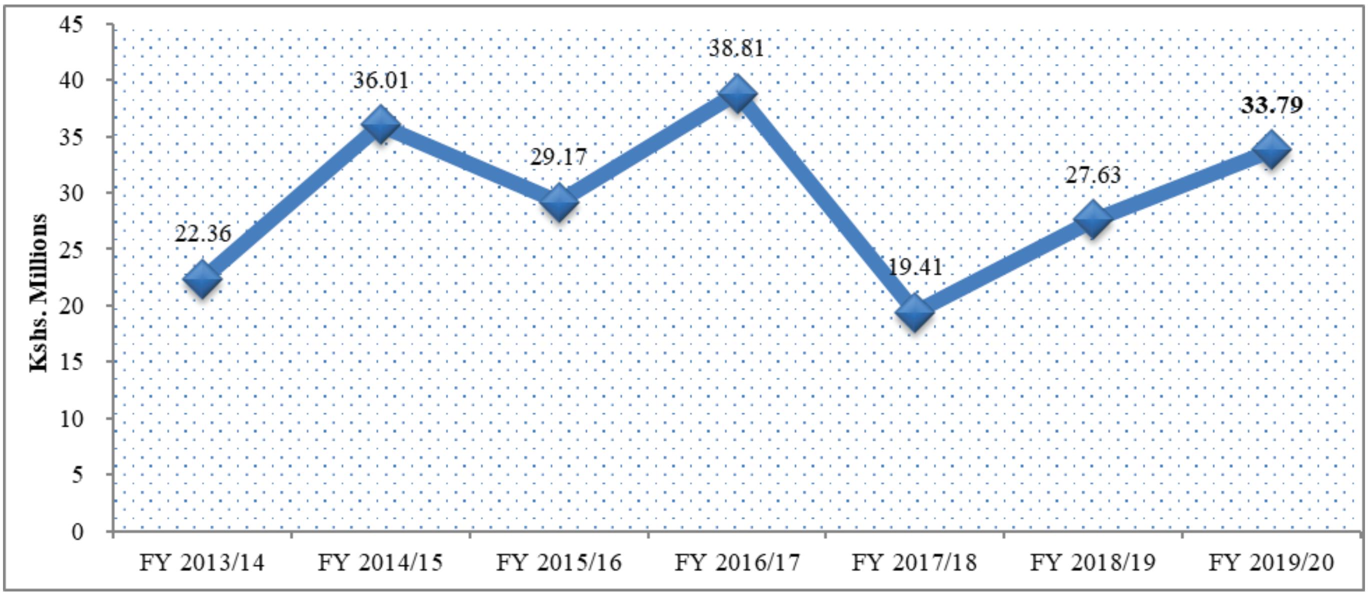
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**5,791,750,000**	**5,673,000,000**	**1,007,799,300**	**17.4**
B.	**Conditional 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**				

1	Transforming Health systems for Universal care Project (WB)	42,327,625	42,327,625	-	-
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	142,126,290	142,126,290	-	-
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	25,932,368	25,932,368	-	-
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**	**-**	**-**	
D	**Other Sources of Revenue**				
9.	Own Source Revenue	-	420,000,000	33,788,718	8
10.	Balance b/f from FY 2018/19	-	2,414,805,672	1,599,831,468	66.3
Sub Total	**-**	**2,834,805,672**	**1,633,620,186**	**57.6**	
Grand Total	**6,542,294,467**	**9,223,350,139**	**2,641,419,486**	**28.6**	

Source: *Siaya County Treasury*

Figure 3.110 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.110: Trend in Own-Source Revenue Collection forthe First Quarter from FY 2013/14 to the First Quarter of FY 2019/20



Source: *Siaya County Treasury*

The realised own source revenue in the reporting period accounted for 8 per cent of the annual target.

3.38.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.891 million from the CRF account which was entirely for recurrent programmes.

3.38.4 Overall Expenditure Review

A total of Kshs.848.93 million was spent on recurrent programmes and represented 95.3 per cent of the total funds released from the CRF account. The expenditure on recurrent programmes represented 17.4 per cent of the annual recurrent.

3.38.5 Expenditure by Economic Classification

Analysis of recurrent expenditure shows that Kshs.664.13 million was spent on compensation to employees and Kshs.184.81 million on use of goods and services.

Table 3.145: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

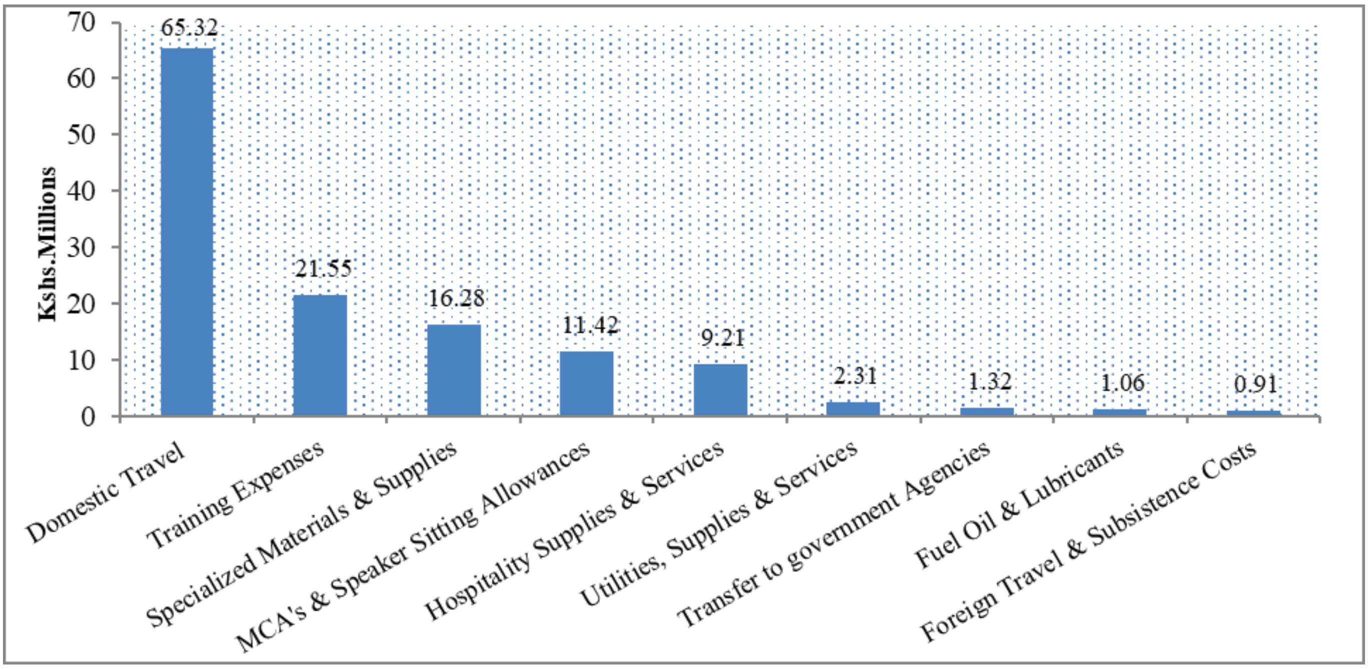
Expenditure Classification	Budget(Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Development Expenditure	**4,353,100,637**	-	-	-
Development Expenditure	4,353,100,637	-	-	-
Total Recurrent Expenditure	**4,870,249,502**	**891,000,000**	**848,931,582**	**17.4**
Compensation to Employees	2,926,638,524	676,712,373	664,125,567	22.7
Operations and Maintenance	1,943,610,978	214,287,627	184,806,016	9.5
Total	**9,223,350,139**	**891,000,000**	**848,931,582**	**9.2**

Source: *Siaya County Treasury*

3.38.6 Analysis of Operations and Maintenance

Figure 3.111 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.111: Siaya County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Siaya County Treasury*

During the period under review, the County spent Kshs.11.42 million on committee sitting allowances to the 42 MCAs and the Speaker against the annual budget allocation of Kshs.54.62 million. This was a decline of 22 per cent compared to Kshs.13.93 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.88,509 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.65.32 million and comprised of Kshs.33.31 million spent by the County Assembly and Kshs.32.01 million by the County Executive. This represented an increase of 11 per cent compared to Kshs.58.86 million spent in the first quarter of FY 2018/19.

3.38.7 Budget Performance by Department

Table 3.146 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.146: Siaya County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation FY 2019/20 (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance and Administration	586.47	86.78	118.54	-	111.03	-	93.7	-	18.9	-
Finance and Economic Planning	513.83	17.03	81.43	-	203.73	-	250.2	-	39.6	-
Agriculture, Food, Livestock & Fisheries	263.94	361.51	48.87	-	56.28	-	115.2	-	21.3	-
Water, Irrigation, Environment & Natural Resources	64.51	472.09	12.63	-	51.21	-	405.4	-	19.6	-
Education, Youth Affairs, Gender & Social Services	310.43	418.82	54.51	-	60.63	-	111.2	-	19.5	-
County Health Services	1,941.42	671.44	337.67	-	205.65	-	60.9	-	10.6	-
Lands, Physical Planning, Urban Development and Housing	136.08	156.71	53.56	-	4.92	-	9.2	-	3.6	-
Roads, Public Works, Energy and Transport	87.20	1,002.64	14.43	-	2.98	-	20.6	-	3.4	-
Enterprise and Industrial Development	126.90	214.60	18.98	-	15.22	-	80.2	-	12	-
Tourism, Culture, Sports and Arts	93.17	362.85	15.37	-	5.57	-	36.2	-	6	-
County Assembly	746.31	588.64	135.00	-	131.74	-	97.6	-	17.7	-
TOTAL	**4,870.25**	**4,353.10**	**891.00**	**-**	**848.93**	**-**	**95.3**	**-**	**17.4**	**-**

Source: Siaya County Treasury

Analysis of expenditure by department shows that the County did not report any development expenditure. The Department of Water, Irrigation, and Environment & Natural Resources had the highest percentage of recurrent expenditure to recurrent budget at 19.6 per cent while Roads, Public Works, Energy and Transport Department had the lowest at 3.4 per cent.

3.38.8 Budget Execution by Programmes and Sub-Programmes

Table 3.147 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.147: Siaya County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption rate (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representation	308,711,142	64,965,246	243,745,896	21
	Sub total	**308,711,142**	**64,965,246**	**243,745,896**	**21**
Legislative Oversight	Legislative Oversight	82,352,400	23,051,800	59,300,600	28
	Sub total	**82,352,400**	**23,051,800**	**59,300,600**	**28**
General administration and planning support services	General administration and planning support services	943,886,097	43,718,997	900,167,100	4.6
	Sub total	**943,886,097**	**43,718,997**	**900,167,100**	**4.6**
GOVERNANCE AND ADMINISTRATION					
	General administration and planning support services	-	-	-	-
	Sub total	**-**	**-**	**-**	**-**
	Coordination of devolved services	48,040,356	9,416,672	38,623,684	19.6
	Sub total	**48,040,356**	**9,416,672**	**38,623,684**	**19.6**
County Governance County Executive Administration Human Capital Management Information Communication Services	County Governance	121,469,771	-	121,469,771	-
	Sub total	**121,469,771**	**-**	**121,469,771**	**-**
	County Executive Administration	363,945,974	93,762,343	270,183,632	25.8
	Sub total	**363,945,974**	**93,762,343**	**270,183,632**	**25.8**
	Human Capital Management	41,026,447	5,542,540	35,483,907	13.5
	Sub total	**41,026,447**	**5,542,540**	**35,483,907**	**13.5**
	Information Communication Services	6,891,600	-	6,891,600	-
	Sub total	**6,891,600**	**-**	**6,891,600**	**-**
Monitoring and Evaluation County Attorney County Public Service Board	Monitoring and Evaluation	6,371,510	-	6,371,510	-
	Sub total	**6,371,510**	**-**	**6,371,510**	**-**
	County Attorney	21,000,000	-	21,000,000	-
	Sub total	**21,000,000**	**-**	**21,000,000**	**-**
	County Public Service Board	64,500,087	2,305,929	62,194,158	3.6
	Sub total	**64,500,087**	**2,305,929**	**62,194,158**	**3.6**
FINANCE AND ECONOMIC PLANNING					
General Administration	General Administration	388,086,899	182,856,421	205,230,478	47.1
	Sub total	**388,086,899**	**182,856,421**	**205,230,478**	**47.1**

Financial Services	Budget formulation, coordination and management	49,590,511	11,515,000	38,075,511	23.2
	Accounting Services	40,556,733	-	40,556,733	-
	Supply chain management services	6,728,344	1,414,666	5,313,678	21
	Revenue	16,126,862	-	16,126,862	-
	Audit and assurance services	5,019,424	1,634,120	3,385,304	32.6
	Sub total	**118,021,874**	**14,563,786**	**103,458,088**	**12.3**
Economic Planning Services	Economic Planning Services	24,751,572	6,305,851	18,445,721	25.5
	Sub total	**24,751,572**	**6,305,851**	**18,445,721**	**25.5**
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	439,692,018	54,785,777	384,906,241	12.5
	Sub total	**439,692,018**	**54,785,777**	**384,906,241**	**12.5**
Livestock Management and Development	Livestock Management and Development	38,758,222	281,000	38,477,222	0.7
	Sub total	**38,758,222**	**281,000**	**38,477,222**	**0.7**
Crop and Land Development	Crop and Land Development	97,188,079	899,350	96,288,729	0.9
	Sub total	**97,188,079**	**899,350**	**96,288,729**	**0.9**
Fisheries Management and Development	Fisheries Management and Development	26,350,017	156,190	26,193,827	0.6
	Sub total	**26,350,017**	**156,190**	**26,193,827**	**0.6**
Veterinary Services	Veterinary Services	23,455,022	159,130	23,295,892	0.7
	Sub total	**23,455,022**	**159,130**	**23,295,892**	**0.7**
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	495,553,985	43,173,004	452,380,981	8.7
	Sub total	**495,553,985**	**43,173,004**	**452,380,981**	**8.7**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	37,431,930	8,034,968	29,396,962	21.5
	Sub total	**37,431,930**	**8,034,968**	**29,396,962**	**21.5**
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	3,610,241	-	3,610,241	-
	Sub total	**3,610,241**	**-**	**3,610,241**	**-**
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	302,381,817	59,688,590	242,693,227	19.7
	Sub total	**302,381,817**	**59,688,590**	**242,693,227**	**19.7**
County Pre Primary Education	County Pre Primary Education	423,079,150	568,964	422,510,186	0.1
	Sub total	**423,079,150**	**568,964**	**422,510,186**	**0.1**
Vocational Education and Training Development	Vocational Education and Training Development	2,153,117	236,300	1,916,817	11
	Sub total	**2,153,117**	**236,300**	**1,916,817**	**11**
County Social Security and Services	County Social Security and Services	1,638,681	131,200	1,507,481	8
	Sub total	**1,638,681**	**131,200**	**1,507,481**	**8**
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,594,453,578	185,317,706	1,409,135,872	11.6
	Sub total	**1,594,453,578**	**185,317,706**	**1,409,135,872**	**11.6**

Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	845,207,036	16,921,972	828,285,064	2
	Sub total	**845,207,036**	**16,921,972**	**828,285,064**	**2**
Preventive and Promotive Health Services	Preventive and Promotive Health Services	173,199,992	3,409,800	169,790,192	2
	Sub total	**173,199,992**	**3,409,800**	**169,790,192**	**2**
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	231,346,561	4,248,675	227,097,886	1.8
	Sub total	**231,346,561**	**4,248,675**	**227,097,886**	**1.8**
Land Use Planning	Land Use Planning	3,991,805	390,200	3,601,605	9.8
	Sub total	**3,991,805**	**390,200**	**3,601,605**	**9.8**
County Land Administration and Surveying	County Land Administration and Surveying	4,028,400	278,800	3,749,600	6.9
	Sub total	**4,028,400**	**278,800**	**3,749,600**	**6.9**
Housing and Urban Development	Housing and Urban Development	53,414,795	-	53,414,795	-
	Sub total	**53,414,795**	**-**	**53,414,795**	**-**
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Transport Infrastructure Development	Transport Infrastructure Development	1,082,710,581	2,567,593	1,080,142,988	0.2
	Sub total	**1,082,710,581**	**2,567,593**	**1,080,142,988**	**0.2**
County Government Building Services	County Government Building Services	1,210,930	-	1,210,930	-
	Sub total	**1,210,930**	**-**	**1,210,930**	**-**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	5,917,255	408,737	5,508,518	6.9
	Sub total	**5,917,255**	**408,737**	**5,508,518**	**6.9**
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	118,051,779	14,704,355	103,347,424	12.5
	Sub total	**118,051,779**	**14,704,355**	**103,347,424**	**12.5**
Trade Development and Promotion	Trade Development and Promotion	216,449,919	-	216,449,919	-
	Sub total	**216,449,919**	**-**	**216,449,919**	**-**
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	3,000,000	42,500	2,957,500	1.4
	Sub total	**3,000,000**	**42,500**	**2,957,500**	**1.4**
Alcoholic Drinks Control	Alcoholic Drinks Control	1,450,000	-	1,450,000	-
	Sub total	**1,450,000**	**-**	**1,450,000**	**-**
Co-operatives Development and Management	Co-operatives Development and Management	2,550,000	470,612	2,079,388	18.5
	Sub total	**2,550,000**	**470,612**	**2,079,388**	**18.5**
TOURISM, CULTURE SPORTS AND ARTS					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	74,158,651	5,566,575	68,592,076	7.5
	Sub total	**74,158,651**	**5,566,575**	**68,592,076**	**7.5**
Sports and Arts	Sports and Arts	368,837,399	-	368,837,399	-
	Sub total	**368,837,399**	**-**	**368,837,399**	**-**
Information, Communication Technology	Information, Communication Technology	6,553,450	-	6,553,450	-
	Sub total	**6,553,450**	**-**	**6,553,450**	**-**

Tourism development and Promotion	Tourism development and Promotion	6,470,000	-	6,470,000	-
	Sub total	**6,470,000**	**-**	**6,470,000**	**-**
Grand Total		**9,223,350,139**	**848,931,582**	**16,748,837,113**	**9.2**

Source: *Siaya County Treasury*

The leading programs in terms of absorption rate across the County were: General Administration (Finance and Economic Planning) at 47.1 per cent, Legislative Oversight (County Assembly) at 28.1 per cent and County Executive Administration (Governance and Administration) at 25.8 per cent.

3.38.9 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 report contrary to Section 166 of the PFM Act, 2012.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury which led to no absorption of the development budget.
3. Under-performance of own-source revenue collection. At the end of the period under review, the County had collected Kshs.33.79 million; representing 8 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. 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.
6. 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.
7. Failure to constitute 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 ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
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 the approved disbursement schedule.*
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 iron out the issues bring about IFMIS speed and connectivity issues*
5. *The County should establish an Internal Audit Committee and also strengthen the internal audit function in line with Section 155 of the PFM Act, 2012.*
6. *All Fund Administrators should ensure timely submission of expenditure reports in line with Section 168 of the PFM Act, 2012.*
7. *The County should constitute a County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.*

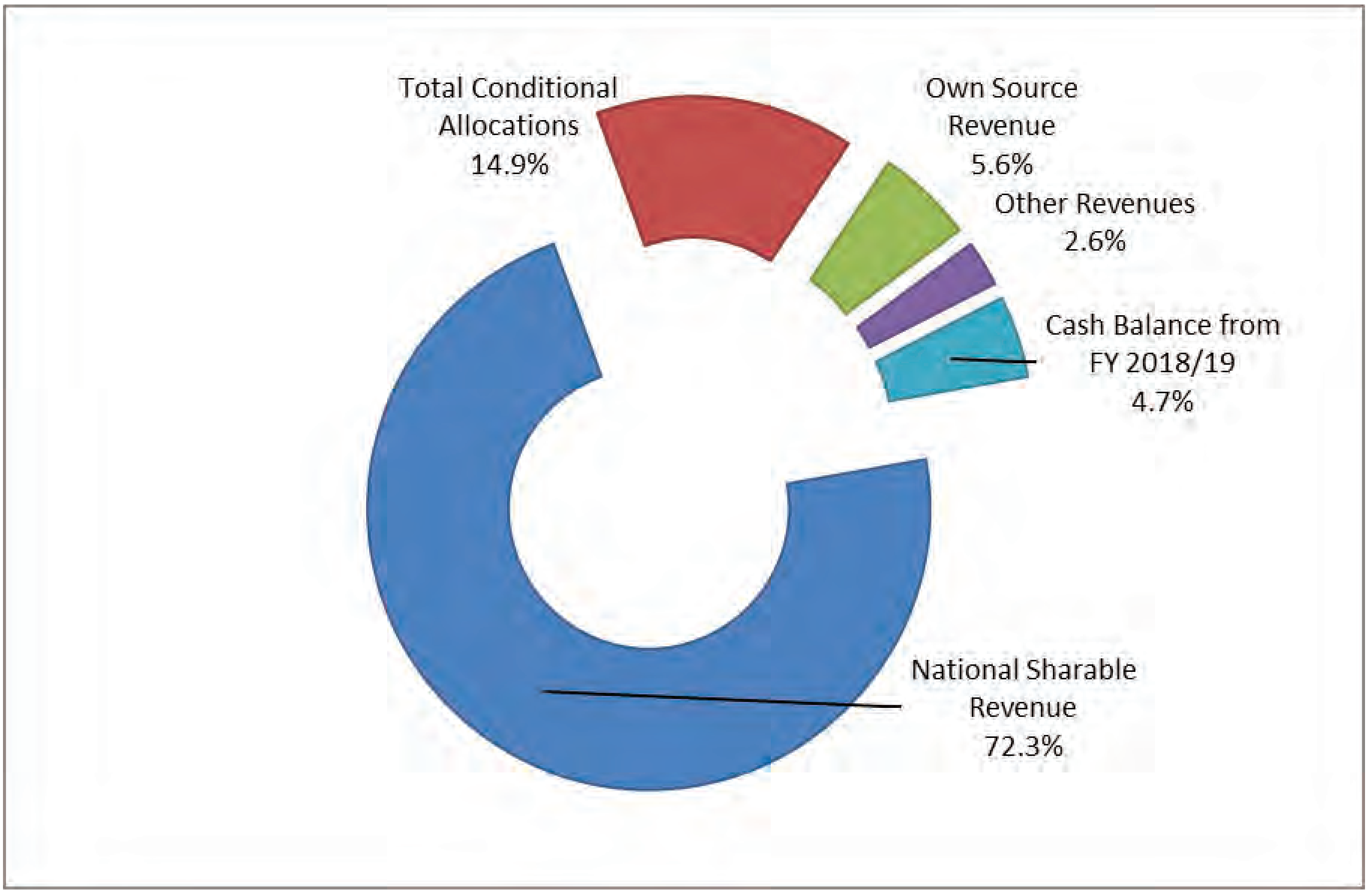
3.39 Taita Taveta County

3.39.1 Overview of the FY 2019/20 Budget

The County did not have an approved budget for FY 2019/20, A Vote on Account amounting to Kshs.1.83 billion was approved pursuant to provisions of Public Finance Management Act of 2012 Section 134 (3). The Vote on Account approved withdrawal of up to 50 per cent of estimates submitted to County Assembly on 30th April 2019.

To finance the budget submitted to County Assembly on 30th April 2019, the County expects to receive Kshs.4.15 billion (72 per cent) as equitable share of revenue raised nationally, Kshs.854.70 million (14.9 per cent) as total conditional grants, generate Kshs.320 million from own source revenue (5.6 per cent), and had Kshs.150 million (2.6 per cent) as cash balance from FY 2018/19. Figure 3.112 shows the expected sources of financing in FY 2019/20

Figure 3.112: Expected Sources of Financing in FY 2019/20



Source: *Taita Taveta County Treasury*

3.39.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.737.95 million as equitable share of the revenue raised nationally, raised Kshs.47.48 million from own-source revenue, and had a cash balance of Kshs.150 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.935.43 million as shown in Table 3.148.

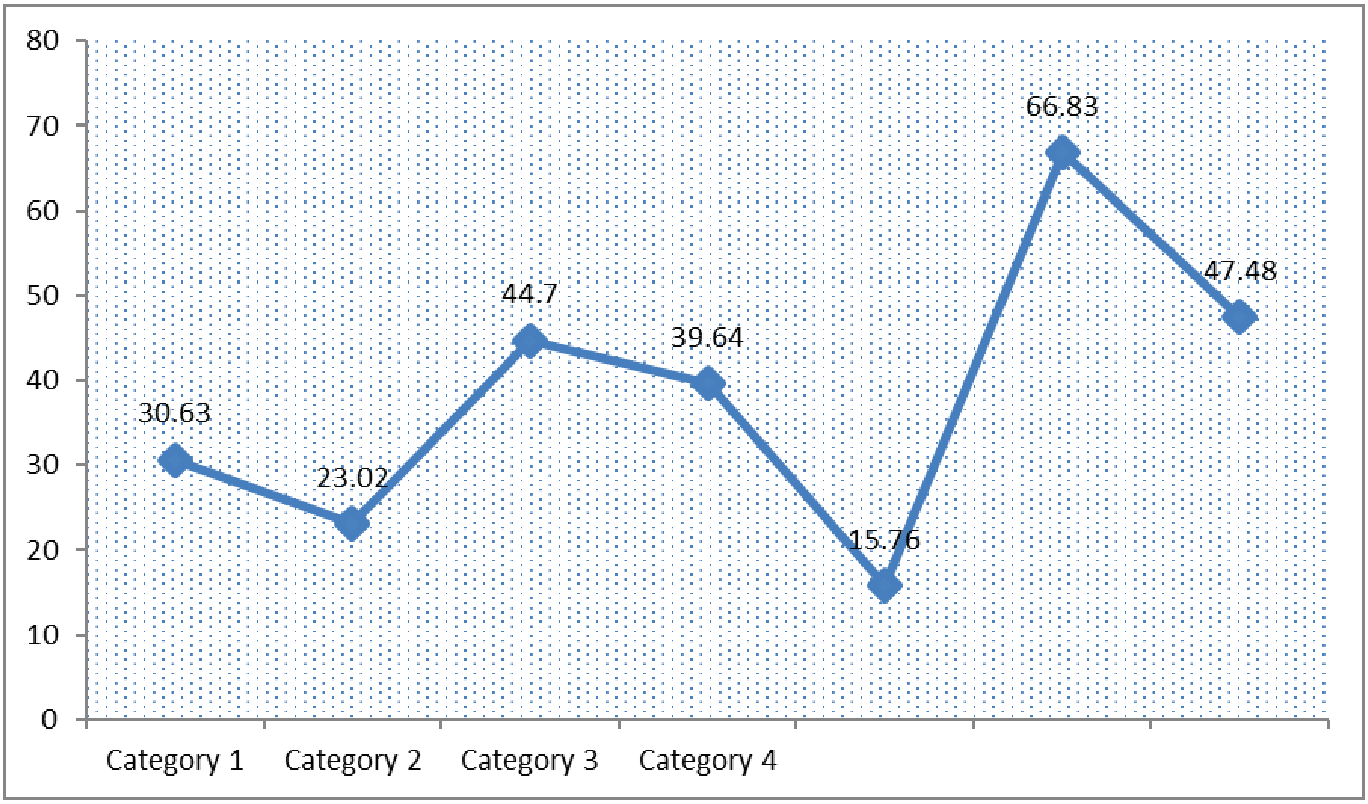
Table 3.148: Taita Taveta County, Revenue Performance in the First Quarter of FY 2019/20

S/No	Revenue	Annual CARA, 2019 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	737,951,400	17.4
B.	**Conditional Grants from the National Government Revenue**			
1.	Compensation for User Fee Foregone	5,296,305	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	120,386,438	-	-
4.	Rehabilitation of Village Polytechnics	55,638,298	-	-
Sub Total		**313,235,935**	**-**	**-**
C	**Loans and Grants from Development Partners**			
1.	Transforming Health systems for Universal care Project (WB)	56,942,903	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,024,000	-	-
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)	50,000,000	-	-
5.	DANIDA Grant	12,093,750	-	-
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	42,394,162	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,060,386	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-
Sub Total		**734,315,201**	**-**	**-**
D	**Other Sources of Revenue**			
10.	Own Source Revenue	-	47,483,796	14.8
11.	Balance b/f from FY2018/19	-	150,000,000	-
Sub Total		**-**	**197,483,796**	**10.1**
Grand Total		**5,288,651,136**	**935,435,196**	**14.3**

Source: *Taita Taveta County Treasury*

Figure 3.113 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.113: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Taita Taveta County*

The own source revenue realised in first quarter of FY2019/20 of Kshs.47.48 million represented 14.8 per cent of the annual target.

3.39.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.298.20 million from the CRF account. The withdrawals were for recurrent programmes only

3.39.4 Overall Expenditure Review

A total of Kshs.351.18 million was spent on recurrent programmes and represented 117.8 per cent of the total funds released from the CRF account. The Expenditure on recurrent programmes represented 19.2 per cent of the recurrent budget. The recurrent expenditure is higher that the exchequer because the County borrowed some money to pay July 2019 salaries from commercial banks.

3.39.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.321.87 million was spent on compensation to employees and Kshs.29.32 million on use of goods and services.

Table 3.149: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget Kshs	Exchequer Issues Kshs.	Expenditure Kshs	Absorption (%)
Total Recurrent Expenditure	1,832,847,938	298,197,883	351,180,922	19.2
Compensation to Employees	1,222,083,098	298,197,883	321,865,664	26.3
Operations and Maintenance	610,764,840		29,315,258	4.8
Total Development Expenditure	-	-	-	-
Development expenditure	-	-	-	-

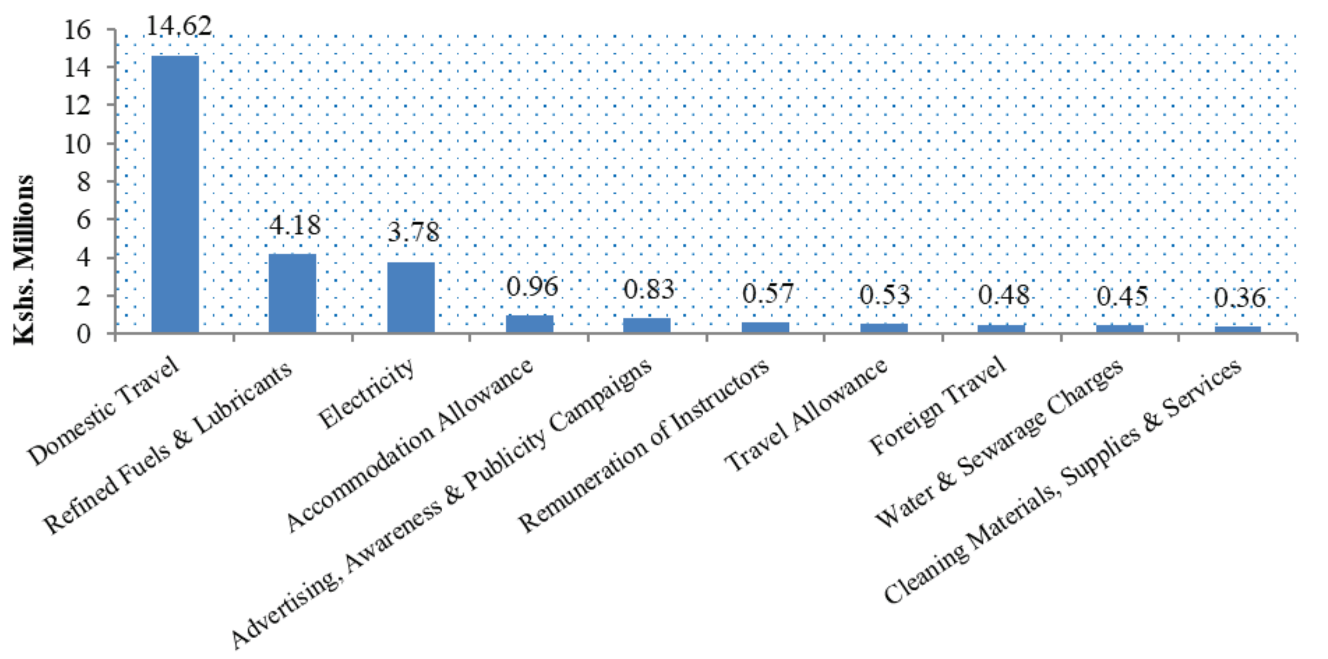
Total	1,832,847,938	298,197,883	351,180,922	19.2

Source: *Taita Taveta County Treasury*

3.39.6 Analysis of Operations and Maintenance

Figure 3.114 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.114: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories in the FY 2019/20



Source: *Taita Taveta County Treasury*

The County Assembly did not report expenditure on committee sitting allowances during the report period.

Expenditure on domestic travel amounted to Kshs.14.62 million and comprised of Kshs.8.85 million spent by the County Assembly and Kshs.5.77 million by the County Executive. This represented a decline of 87.2 per cent compared to Kshs.119.08 million spent in the first quarter of FY 2018/19.

3.39.7 Budget Performance by Department

Table 3.150 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.150: Taita Taveta County, Budget Performance by Department for the First Quarter of FY 2019/20

S/No	Revenue	Annual CARA, 2019 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	737,951,400	17.4
B.	**Conditional Grants from the National Government Revenue**			
1.	Compensation for User Fee Foregone	5,296,305	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	120,386,438	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	Rehabilitation of Village Polytechnics	55,638,298	-	-
Sub Total		**313,235,935**	**-**	**-**
C	**Loans and Grants from Development Partners**			
5.	Transforming Health systems for Universal care Project (WB)	56,942,903	-	-
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,024,000	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	-	-
9.	DANIDA Grant	12,093,750	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	42,394,162	-	-
11.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	-	-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,060,386	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-
Sub Total		**734,315,201**	**-**	**-**
D	**Other Sources of Revenue**			
14.	Own Source Revenue	-	47,483,796	14.8
15.	Balance b/f from FY2018/19	-	150,000,000	-
Sub Total		**-**	**197,483,796**	**10.1**
Grand Total		**5,288,651,136**	**935,435,196**	**14.3**

Source: Taita Taveta County Treasury

Analysis of expenditure by department shows that Public service and Administration recorded the highest absorption rate of recurrent budget at 30.3 per cent followed by the County Assembly recorded at 6.4 per cent.

3.39.8 Budget Execution by Programmes and Sub-Programmes

The County did not report on the performance of programmes in the first quarter of FY 2019/20.

3.39.9 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 execution reports contrary to Section 166 of the PFM Act, 2012. Further, the County did not provide a report on budget execution by programmes.
2. Delay in approval of budgetwhich adversely affected implementation of planned projects and programmes. The delay was a result of budget impasse occasion by constrained relationship between the County Executive and the County Assembly.

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 and the Controller of Budget Act, 2016.*
2. *The County Treasury should observe the budget timelines as stipulated in law with regard to the budget to facilitate its smooth implementation. The County leadership should resolve the frosty relationship of the two arms of government.*

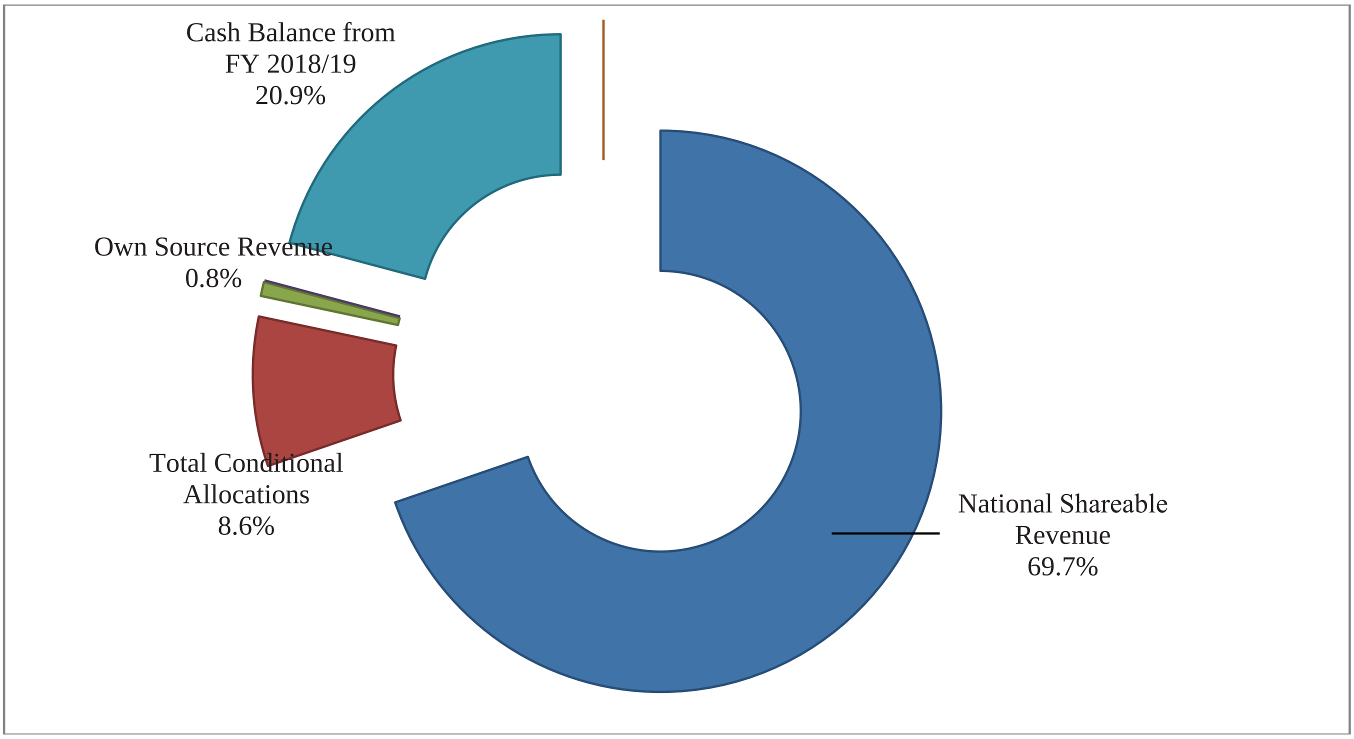
3.40 Tana River County

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 (39.2 per cent) and Kshs.5 billion (60.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects 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 source revenue, and had Kshs.1.72 billion (20.8 per cent) as cash balance from FY 2018/19. Figure 1 shows the expected sources of financing in FY 2019/20.

Figure 3.115: Expected Sources of Financing in FY 2019/20



Source: *Tana River County Treasury*

3.40.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.02 billion as equitable share of the revenue raised nationally, raised Kshs.7.85 million from own-source revenue, and had a cash balance of Kshs.1.72 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.2.74 billion as shown in Table 3.151.

Table 3.151: Tana River County, Revenue Performance in the First Quarter of FY 2019/20

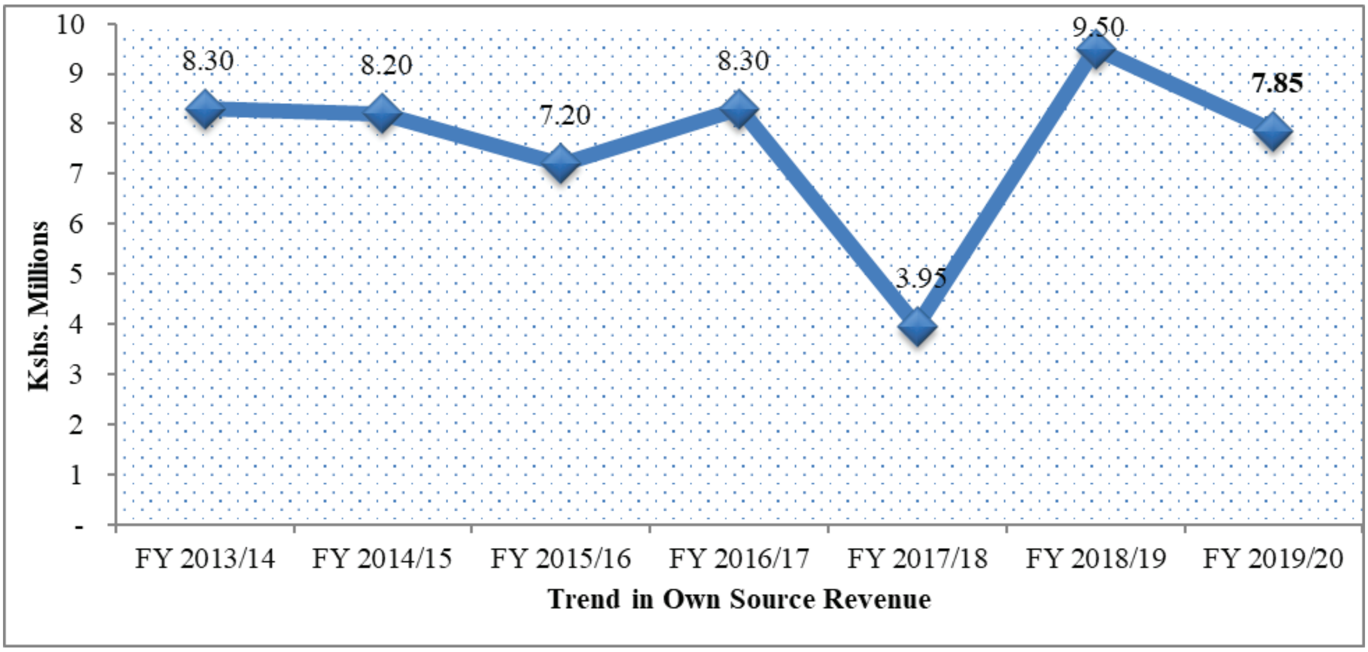
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	5,855,250,000	5,735,000,000	1,018,813,500	17.8
B.	**Conditional Grants from the National Government 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.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	166,205,156	166,205,156	-	-
5.	Rehabilitation of Village Polytechnics	21,228,298	21,228,298	-	-
Sub Total	**446,030,885**	**314,115,991**	**-**	**-**	
C Loans and Grants from Development Partners					
6.	Transforming Health systems for Universal care Project (WB)	50,849,353	50,849,353	-	-
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	-	-
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	-	-
	DANIDA Grant	16,593,750	16,593,750	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,431,865	15,431,865	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,358,867	20,358,867	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total	**392,033,835**	**392,033,835**	**-**	**-**	
D Other Sources of Revenue					
13.	Own Source Revenue	-	66,000,000	7,854,059	11.9
14.	Balance b/f from FY2018/19	-	1,716,145,804	1,716,145,804	100
Sub Total	**-**	**1,782,145,804**	**1,723,999,863**	**96.7**	
Grand Total	**6,693,314,720**	**8,223,295,630**	**2,742,813,363**	**33.4**	

Source: *Tana River County Treasury*

Figure 3.116 shows the trend in own-source revenue collection for the first quarters from the first quarter of FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.116: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Tana River County Treasury*

The own source revenue realised in the reporting period of Kshs.7.85 million represented 11.9 per cent of the annual target.

3.40.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.468.56 million from the CRF account. The withdrawal was entirely for recurrent programmes.

3.40.4 Overall Expenditure Review

A total of Kshs.584.17 million was spent on recurrent programmes and expenditure represented 124.7 per cent of the total funds released from the CRF account. Expenditure on recurrent programmes represented 11.7 per cent of the annual recurrent budget.

Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.315.52 million was spent on compensation to employees and Kshs.268.64 million on use of goods and services.

Table 3.152: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

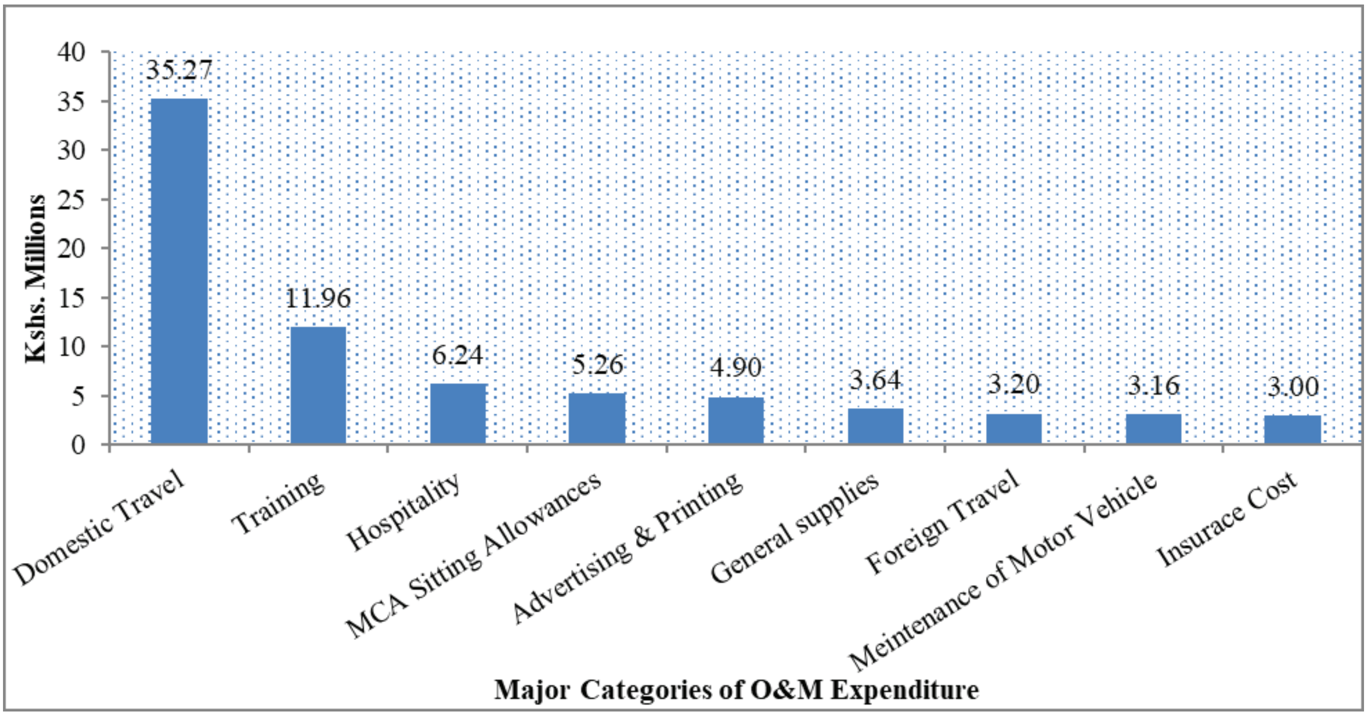
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**5,001,750,095**	**468,557,888**	**584,168,978**	**11.7**
Compensation to Employees	2,028,892,214	310,778,213	315,524,898	**15.6**
Operations and Maintenance	2,972,857,881	157,779,675	268,644,080	**9.0**
Total Development Expenditure	**3,222,791,236**	-	-	-
Development expenditure	3,222,791,236	-	-	-
Total	**8,224,541,331**	**468,557,888**	**584,168,978**	**7.1**

Source: *Tana River County*

3.40.5 Analysis of Operations and Maintenance

Figure 3.117. shows a summary of operations and maintenance expenditure by major categories.

Figure 3.117 : Tana River County, Operations and Maintenance Expenditure by Major Categories in theFY 2019/20



***Source: Tana** River County Treasury*

The County spent Kshs.5.26 million on committee sitting allowances to the 23 MCAs and the Speaker against the annual budget allocation of Kshs.39.36 million. The average monthly sitting allowance was Kshs.76, 300 per MCA compared to SRC's recommended monthly ceiling of Kshs.124, 800.

Expenditure on domestic and foreign travel amounted to Kshs.36.69 million and comprised of Kshs.27.83 million spent by the County Assembly and Kshs.8.87 million by the County Executive. There was no expenditure incurred in first quarter of FY 2018/19.

3.40.6 Budget Performance by Department

Table 3.153 shows a summary of the approved budget allocation and performance by department in the first quarter of the FY 2019/20.

Table 3.153: Tana River County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	487.42	-	40.25	-	347.13	-	862.4	-	71.2	-
County Public Service Board	69.79	-	4.51	-	-	-	-	-	-	-
Special Program	114.32	50	7.05	-	-	-	-	-	-	-
Education and Vocational Training	401.43	196.95	122.34	-	0.87	-	0.7	-	0.2	-
Culture, Gender, Youth, Sports and Social services	65.55	92.10	4.85	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Medical Services, Public Health and Sanitation	1,230.94	148.20	69.09	-	44.58	-	0.8	-	-	-
Agriculture, Livestock, Fisheries & Vet nary	643.85	261.73	21.10	-	5.15	-	24.4	-	0.8	-
Water, Irrigation, Environment & Natural Resources	147.30	245	10.02	-	5.98	-	59.7	-	4.1	-
Roads, Transport, Public Works and Urbanization	116.43	915.94	7.18	-	0.24	-	3.3	-	0.2	-
Public Service Administration and Citizen Participation	376.11	50	27.43	-	2.10	-	7.7	-	0.6	-
Finance and Economic Planning	625.35	805.77	54.36	-	50.26	-	92.5	-	1.0	-
Trade, Tourism, Wildlife and Cooperatives	109.92	85.10	7.70	-	0.23	-	3.0	-	0.2	-
Lands and Physical Planning	76.84	112	4.74	-	-	-	-	-	-	-
County Assembly	486.49	160	88	-	127.63	-	145.0	-	26.2	-
Hola Municipality	50	100	-	-	-	-	-	-	-	-
TOTAL	**5,001.74**	**3,222.79**	**468.62**	**-**	**584.17**	**-**	**124.7**	**-**	**11.7**	**-**

Source: Tana River County Treasury

Analysis of expenditure by department shows that the Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 71.2 per cent.

3.40.7 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 quarter of FY 2019/20.

Table 3.154 : Tana River County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Administration, planning support servicesAgricultural Development projectLivestock Development	Administration, planning support services	164,154,987	11,826,461	152,328,526	7.2
	Sub total	**164,154,987**	**11,826,461**	**152,328,526**	7.2
	Agricultural Mechanization Services (AMS Garsen station)	40,362,414	31,081	40,331,333	0.1
	Minor/Village irrigation schemes	44,195,768	800,000	43,395,768	1.8
	Minor/Village irrigation schemes	271,414,525	5,672,940	265,741,585	2.1
	Sub total	**81,811,071**	**6,504,021**	**81,811,071**	8.0
	Livestock census	4,322,000	99,800	4,222,200	2.3
	Sub total	**4,322,000**	**99,800**	**4,222,200**	2.3
Administration, Planning and Support Services	Administration, planning, Operation and Maintenance	72,268,416	6,196,917	66,071,498	8.6
	Sub total	**72,268,416**	**6,196,917**	**66,071,496**	8.6

Public WorksCounty Roads Development-County Housing DevelopmentAdministration and Support Services	County Headquarters	368,627,000	120,000	368,507,000	**3.3**
	Sub total	**368,627,000**	**120,000**	**368,507,000**	**3.3**
	Routine Maintenance	403,615,524	117,600	403,497,924	2.9
	Sub total	**403,615,524**	**117,600**	**403,497,924**	**2.9**
	Housing Development	6,981,410	99,850	6,881,560	**1.4**
	Sub total	**6,981,410**	**99,850**	**6,881,560**	**1.4**
	Administration, planning & support Services	23,595,543	4,572,173	19,023,370	**19.4**
	Sub total	**23,595,543**	**4,572,173**	**19,023,370**	
Promotion of Trade, Tourism and Cooperative DevelopmentAdministration and Support ServicesCurative and RehabilitativePreventive and PromotiveGeneral Administration, Planning and Support services	Promotion of Trade	155,041,666	681,147	154,360,519	**0.4**
	Promotion of Tourism	6,953,716	401,000	6,552,716	**5.7**
	Promotion of Cooperative Development	9,429,029	115,400	9,313,629	**1.2**
	Sub total	**171,424,411**	**1,197,547**	**170,226,864**	**0.7**
	Administration, planning & support Services	1,014,693,503	138,724,490	875,969,012	13.7
	Sub total	**1,014,693,503**	**138,724,490**	**875,969,012**	**13.7**
	Medical Services	20,480,864	900,000	19,580,864	**4.4**
	Ambulance Services	36,716,000	1,300,000	35,416,000	**3.5**
	Sub total	**219,316,864**	**2,200,000**	**217,116,864**	**1.0**
	Licensing and Control of Undertaking	4,736,800	308,080	4,428,720	6.5
	Sub total	**4,736,800**	**308,080**	**4,428,720**	
	General operation, Planning and support services	286,200,515	111,408,445	174,792,070	38.9
	Sub total	**286,200,515**	**111,408,445**	**174,792,070**	**38.9**
Quality and Standard Assurance in EYE Centre	ECDE Learning/Teaching Materials	55,500,000	50,896,948	54,048,500	91.7
	Sub total	**55,000,000**	**50,896,948**	**54,048,500**	**91.7**
Vocational Training Centres and Adult Education	Youth Polytechnic Publicity Campaigns	7,000,000	1,177,900	5,822,100	16.8
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	50,447,684	1,312,000	49,135,684	2.6
	Sub total	**81,877,169**	**2,489,900**	**79,387,269**	4.3
Administration, Planning and Support Services.	Operations, Planning and Support Services.	396,221,002	32,917,847.80	363,303,154.20	8.3
	Sub total	**396,221,002**	**32,917,847.80**	**363,303,154.20**	**8.3**
Administration, planning support services	Coordination and Supervisory Services	384,971,424	32,117,243.75	352,854,180.25	**8.3**
	Sub total	**384,971,424**	**32,117,243.75**	**352,854,180.25**	**8.3**
Administration, planning support services	Administration, planning support services	482,581,756	40,978,111	441,603,645	8.5
	Sub total	**482,581,756**	**40,978,111**	**441,603,645**	8.5
Financial Management	Financial management	7,892,957	729,000	7,163,957	9.2
	Budget and Economic Planning	37,410,000	1,590,000	35,820,000	4.3
	Sub total	**948,538,102**	**2,319,000**	**946,219,102**	5.1
Board Administration, Planning and Governance	Board Operations & Governance	59,501,601	6,092,921	53,408,680	10.2
	Ethics Governance and Compliance	5,782,498	172,200	5,610,298	3.0
	Skills and Competence Development	1,800,000	457,000	1,343,000	25.4
	County Leadership & Coordination of CDAs	54,000,000	3,761,768.50	50,238,231.50	7.0
	County Government Advisory Service	47,341,464	547,709.35	46,793,754.65	12.5
	Sub Total	**177,257,932**	**11,031,598**	**166,226,334**	9.9
Administration, planning support services	Administration, planning support services	59,629,854	7,443,816	52,186,037	9.2
	Sub total	**59,629,854**	**7,443,816**	**52,186,037**	9.1

General Administration, Support and Support Services	General Administration, Support and Support Services	76,021,319	7,008,295	69,013,023	1.3
	Sub Total	**76,021,319**	**7,008,295.75**	**69,013,023.25**	9.0
Environmental Management Programme	Environmental Protection	87,393,260	7,924,900	79,468,360	12.5
	Noise Pollution Management	2,244,000	28,200	2,215,800	1.3
	Sub Total	**90,886,887**	**7,953,100**	**82,933,787**	9.0
Water Management Services	Water Management Services-**Sub Total**	215,878,740***215,878,740***	2,480,911***2,480,911***	213,397,829***213,397.829***	1.1
Administration	Administration, planning support services	219,742,271	64,825,726	171,264,845	29.5
	Legislative services	266,754,972	62,800,917	203,954,055	23.5
	Sub total	**486,497,243**	**127,626,643**	**375,218,900**	26.2
Grand Total		**4,900,380,561**	**584,168,978**	**4,435,417,717**	**11.9**

Source: *Tana River County Treasury*

The top performing programs across the County were: Administration, Planning Support Services, Legislative Services, Skills and Competence Development, and ECDE Learning/Teaching Materials.

3.40.8 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 which was occasion by the impasse in Parliament in the approval of the Division of Revenue Bill, 2019.

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

1. *The Parliament, National Treasury and the Commission on Revenue Allocation should identify and address the causes of delays in approval of DORB. Further, the National Treasury should ensure funds are released to the County in a timely manner in the remaining period of the financial year in order to enhance budget implementation.*

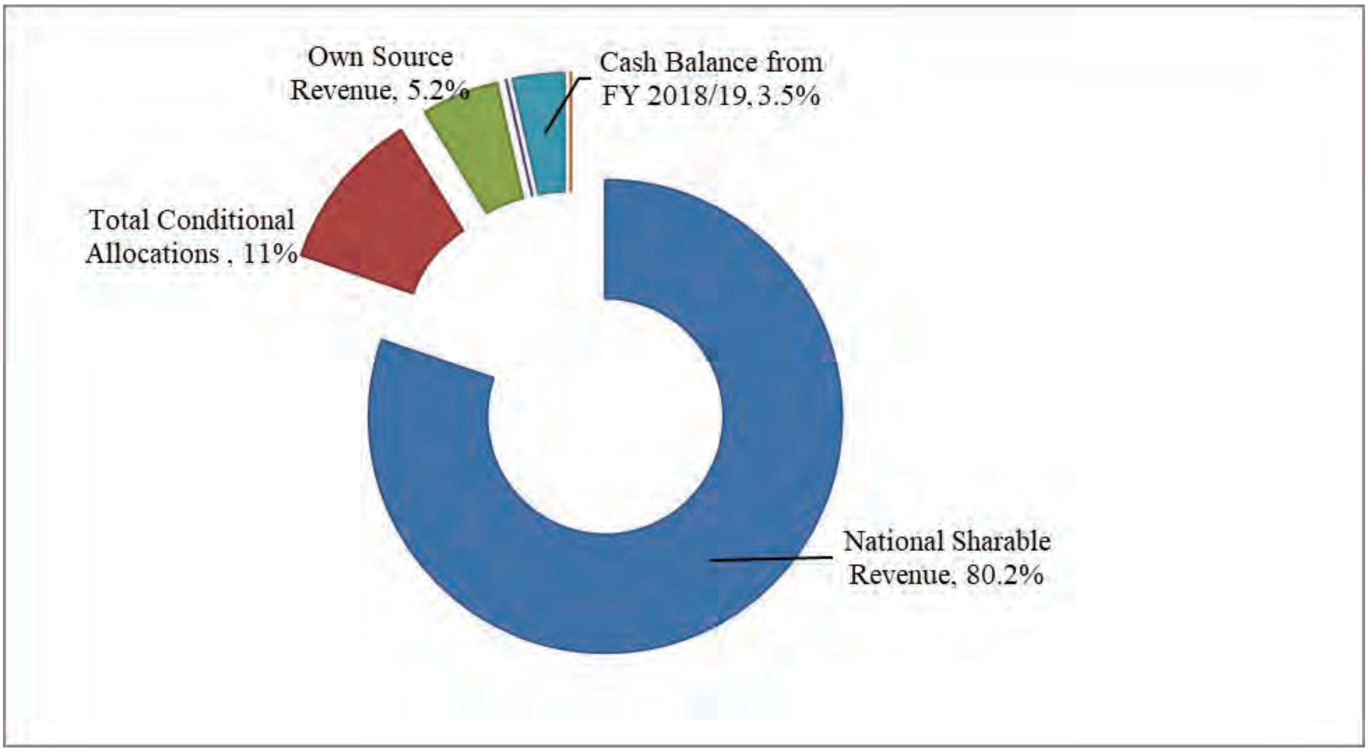
3.41 Tharaka Nithi County

3.41.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.4.76 billion, comprising of Kshs.1.46 billion (30.8 per cent) and Kshs.3.29 billion (69.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.82 billion (80.2 per cent) as equitable share of revenue raised nationally, Kshs.524.02 million (11 per cent) as total conditional grants, generate Kshs.250 million (5.2 per cent) from own source revenue, and had Kshs.167.6 million (3.5 per cent) as cash balance from FY 2018/19. Figure 3.118 shows the expected sources of financing in FY 2019/20.

Figure 3.118: Expected Sources of Financing in FY 2019/20



Source: *Tharaka Nithi County Treasury*

3.41.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.682.88 million as equitable share of the revenue raised nationally, raised Kshs.53.33 million from own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19. The total funds available for budget implementation amounted to Kshs.783.00 million as shown in Table 3.155 .

Table 3.155: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2019/20

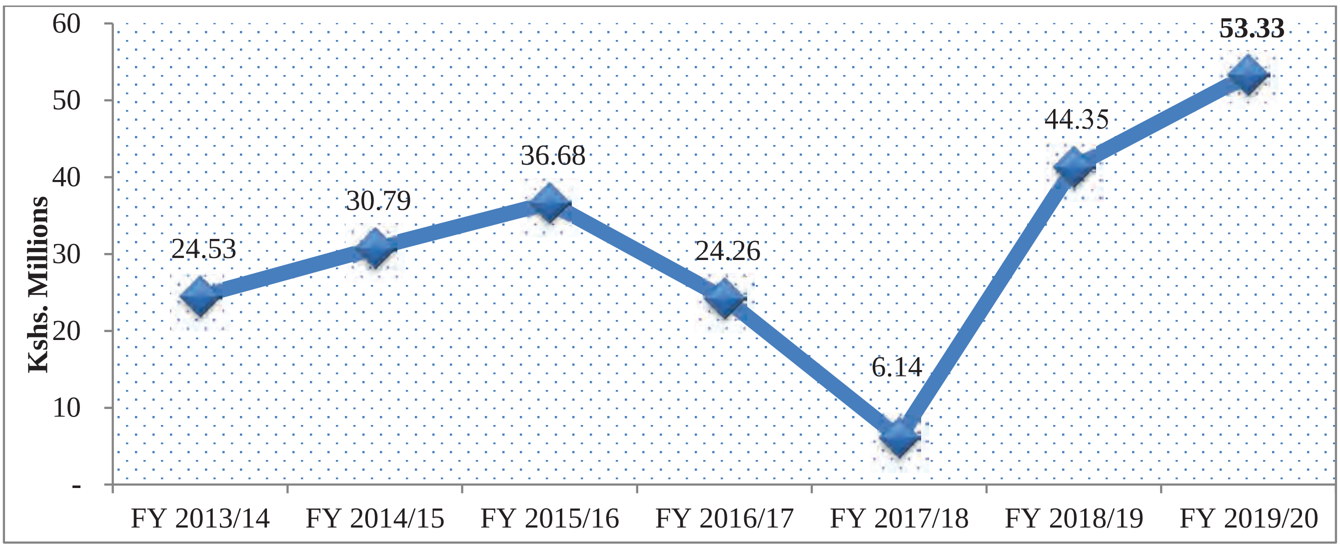
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	3,924,600,000	3,824,520,000	682,880,400	18
B.	**Conditional Grants from the National Government Revenue**				
	Supplement for construction of county headquarters	1,152,184	-	-	-
	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
	Leasing of Medical Equipment	131,914,894	-	-	-
	Road Maintenance Fuel Levy Fund	111,402,375	112,554,559	-	-
	Rehabilitation of Village Polytechnics	55,638,298	55,638,298	-	-
Sub Total	**308,325,870**	**4,000,930,976**	**682,880,400**	**17**	
C	**Loans and Grants from Development Partners**				
	Transforming Health systems for Universal care Project (WB)	40,049,752	50,000,000	-	-
	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,000,000	-	-

	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	38,536,081	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	70,000,000	-	-
	DANIDA Grant	10,875,000	15,080,940	-	-
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,089	22,000,000	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total	**307,617,021**	**347,617,021**	**-**	**-**	
D	**Other Sources of Revenue**				
	Own-Source Revenue	-	250,000,000	53,327,232	21
	Balance b/f from FY2018/19	-	167,607,425	46,795,450	28
Sub Total	**-**	**417,607,425**	**100,122,682**	**24**	
Grand Total	**4,540,542,891**	**4,766,155,422**	**783,003,082**	**16**	

Source: *Tharaka Nithi County Treasury*

Figure 3.119 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 3.119: Trend in Own-Source Revenue Collection for the First Quarters from FY 2013/14 to FY 2019/20



Source: *Tharaka Nithi County*

The own source revenue realised in first quarter of FY2019/20 of Kshs.53.33 million representing 21.3 per cent of the annual target.

3.41.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.639.24 million from the CRF account. The withdrawals comprised of Kshs.41.20 million (6.4 per cent) for development programmes and Kshs.598.05 million (93.6 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

A total of Kshs.622.41 million was spent on development and recurrent programmes. This expenditure represented 97.4 per cent of the total funds released from the CRF account. The expenditure comprised of

Kshs.41.16 million and Kshs.581.25 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 17.6 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 2.8 per cent.

3.41.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.508.93 million was spent on compensation to employees and Kshs.72.32 million on use of goods and services.

Table 3.156: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

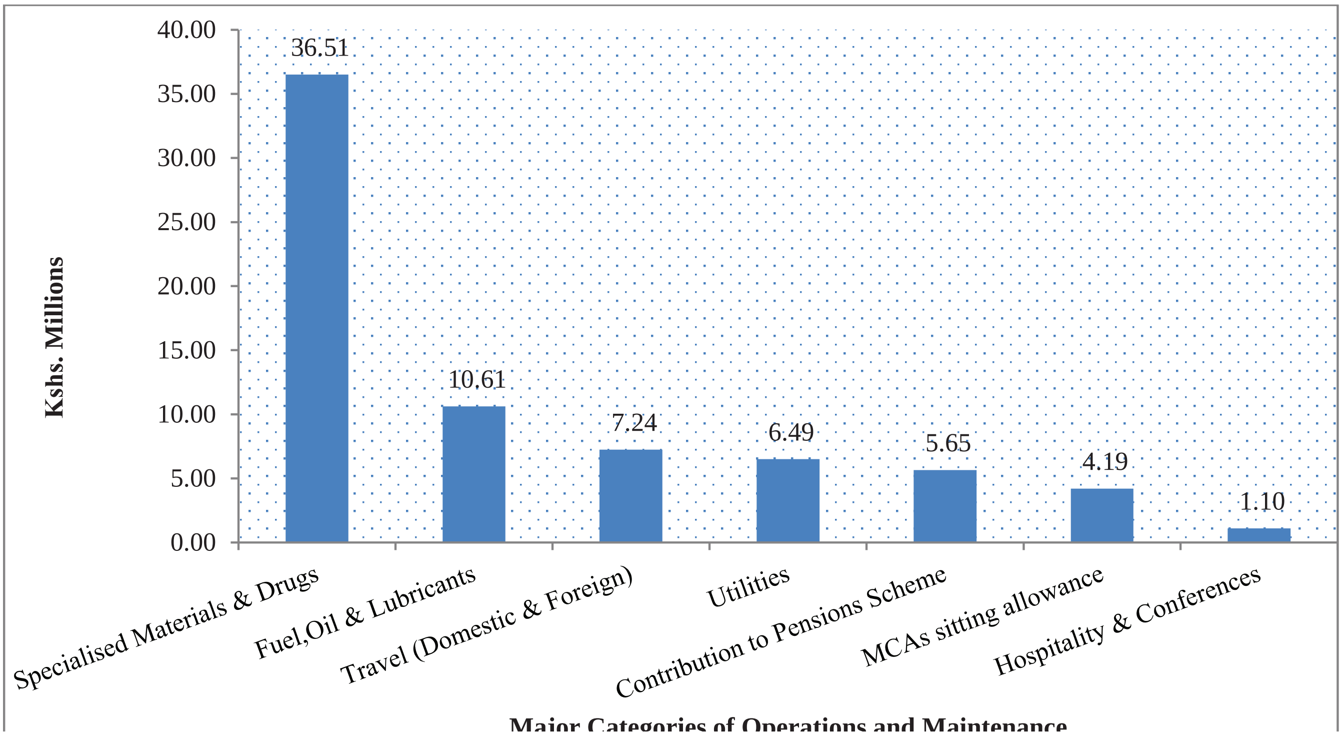
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Total Recurrent Expenditure	**3,297,807,098**	**598,046,000**	581,256,325	17.6
Compensation to Employees	1,916,473,003	508,936,065	508,936,065	26.6
Operations and Maintenance	1,381,334,095	89,109,934	72,320,260	5.2
Total Development Expenditure	**1,468,348,324**	-	-	-
Development Expenditure	1,468,348,324	41,200,000	41,162,353	2.8
Total	**4,766,155,422**	**639,245,999**	**622,418,678**	**17.6**

Source: *Tharaka Nithi County Treasury*

3.41.6 Analysis of Operations and Maintenance

Figure 3.120 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.120: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: Tharaka Nithi County Treasury

The County spent Kshs.4.19 million on committee sitting allowances to the 21 MCAs against the annual budget allocation of Kshs.15 million. This was an increase of 45.8 per cent compared to Kshs.2.87 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.66, 487 per MCA compared to SRC's recommended monthly ceiling of Kshs.124, 800.

Expenditure on domestic and foreign travel amounted to Kshs.7.23 million and comprised of Kshs.4.89 million spent by the County Assembly and Kshs.2.34 million by the County Executive. This represented was a decrease of 359.1 per cent compared to Kshs.25.96 million spent in the first quarter of FY 2018/19.

3.41.7 Budget Performance by Department

Table 3.157 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.157: Tharaka Nithi County, Budget Performance by Department for the First Quarter 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	400.65	10.00	40.00	-	39.99	-	100	-	10	-
Office Of the Governor And Deputy Governor	140.99	-	21.48	-	12.43	-	57.9	-	8.8	-
Finance and Economic Planning	262.90	-	12.89	-	27.31	-	211.9	-	10.4	-
Agriculture and Cooperative Development	101.57	260.37	20.27	-	27.43	-	135.3	-	27	-
Education and Vocational Training	197.74	82.26	29.58	-	35.52	-	120.1	-	18	-
Medical Services	1,562.72	244.91	384.19	-	356.63	-	92.8	-	22.8	-
Lands, Physical Planning, Urban Development, Housing and Environment	70.66	199.00	8.02	41.2	12.93	41.16	161.2	99.9	18.3	20.7
Roads, Infrastructure, Public Works And Industry	53.55	444.05	3.58	-	3.97	-	111	-	7.4	-
Administration and Public Service	149.73	-	20.49	-	26.84	-	131	-	17.9	-
Trade and Resource Mobilization	106.20	-	23.31	-	20.77	-	89.1	-	19.6	-
Water Services and Irrigation	48.27	120.75	7.21	-	6.41	-	88.9	-	13.3	-
County Public Service Board	15.90	-	2.38	-	-	-	-	-	-	-
Livestock, Veterinary and Fisheries Development	85.31	35.00	16.87	-	2.99	-	17.7	-	3.5	-
Public Health and Sanitation	26.41	-	-	-	-	-	-	-	-	-
Energy, Information, Communication and Technology	28.37	24.00	1.00	-	2.93	-	292.6	-	10.3	-
Youth, Sports, Culture and Tourism	46.85	48.00	6.79	-	5.11	-	75.2	-	10.9	-
TOTAL	**3,297.81**	**1,468.35**	**598.05**	**41.2**	**581.26**	**41.16**	**97.2**	**100**	**17.6**	**2.8**

Source: *Tharaka Nithi County Treasury*

Analysis of expenditure by department shows that the Lands, Physical Planning, Urban Development, Housing and Environment Department recorded an absorption rate of its development budget at 20.7 per cent while the other departments did not spend on development programmes. The Department of Agriculture and Cooperative Development had the highest percentage of recurrent expenditure to recurrent budget at 27 per cent.

3.41.8 Budget Execution by Programmes and Sub-Programmes

Table 3.158 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.158: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
P: Kenya Devolution Support Programme	**38,263,000**	**181,460**	**38,081,540**	**0.47**
SP: Tharaka Nithi KDSP Capacity Building	38,263,000	181,460	38,081,540	0.47
P: Cooperatives Development	**263,542,592**	**-**	**263,542,592**	**-**
SP: Cooperatives Development	263,542,592	-	263,542,592	-
P: County Assembly Services	**400,000**	**-**	**400,000**	**-**
SP: County Assembly Services	400,000	-	400,000	-
P: County Government Administration and Field Services	**318,565,423**	**52,963,492**	**265,601,931**	**16.6**
SP: Field Services and Administration	3,850,000	-	3,850,000	-
SP: General Administrative Services	118,531,973	26,839,880	91,692,093	22.6
SP: Human Resource Management Services	196,183,450	26,123,612	170,059,838	13.3
P: County Government Advisory Services	**20,960,740**	**-**	**20,960,740**	**-**
SP: Communication and Strategy	11,544,500	-	11,544,500	-
SP: Disaster Management and Coordination	3,100,000	-	3,100,000	-
SP: Public Sector Advisory Services [Legal, Political &Economic Advisors]	6,316,240	-	6,316,240	-
P: County Leadership and Coordination of CDAs	**21,175,250**	**901,600**	**20,273,650**	**4.3**
SP: Coordination and Supervisory Services (D/Governor's Office)	21,175,250	901,600	20,273,650	4.3
P: Crop Development and Management	**7,137,000**	**-**	**7,137,000**	**-**
SP: Crop Development, Agribusiness and Market Development	7,137,000	-	7,137,000	-
P: Culture, Arts and Social Services	**6,505,248**	**-**	**6,505,248**	**-**
SP: Culture and Arts Promotion	5,870,124	-	5,870,124	-
SP: Gender, PWDs and Social Services	635,124	-	635,124	-
P: Curative and Rehabilitative Services	**198,400,000**	**36,509,978**	**161,890,022**	**18.4**
SP: Laboratory Services	45,000,000	-	45,000,000	-
SP: Medical Supplies	153,400,000	36,509,978	116,890,022	23.8
P: Education and Youth Training	**87,441,540**	**46,200**	**87,395,340**	**0.1**
SP: Promotion of Basic Education (ECDE)	51,437,760	46,200	51,391,560	0.1
SP: Youth Training and Capacity Building	36,003,780	-	36,003,780	-
P: Energy Resource Development & Management	**24,461,000**	**-**	**24,461,000**	**-**
SP: Energy Resource Development & Management	24,461,000	-	24,461,000	-
P: Financial Management Services	**12,480,000**	**849,360**	**11,630,640**	**6.8**
SP: Accounting Services	4,600,000	93,900	4,506,100	2
SP: Audit Services	5,400,000	595,000	4,805,000	11
SP: Procurement and Supply Chain Management Services	2,480,000	160,460	2,319,540	6.5
P: General Administration, Planning & Liquor Licensing & Management	**97,846,804**	**20,523,215**	**77,323,589**	**21**
SP: General Administration, Planning & Liquor Licensing & Management	97,846,804	20,523,215	77,323,589	21
P: General Administration, Planning and Support Services	**2,085,316,202**	**414,077,458**	**1,671,238,744**	**19.9**
SP: Administration, Policy, Strategy and Management of Agriculture	91,263,688	27,425,050	63,838,638	30.1
SP: General administration	330,474,894	6,474,557	324,000,337	2

Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
SP: General Administration, Planning and Support Services	241,940,404	42,373,603	199,566,801	17.5
SP: HMIS Monitoring and Evaluation	1,500,000	-	1,500,000	-
SP: Human Resource Management	1,275,858,898	313,649,543	962,209,355	24.6
SP: Management of County Affairs [Governor's Office]	101,950,318	11,526,545	90,423,773	11.3
SP: Physical Planning Services	40,928,000	12,628,160	28,299,840	30.9
SP: Research and Development	1,400,000	-	1,400,000	-
P: Human Resource Planning and Management	**1,659,000**	**-**	**1,659,000**	**-**
SP: Capacity Building - local	1,134,000	-	1,134,000	-
SP: Human Resource Planning and Policy Development	525,000	-	525,000	-
P: ICT Infrastructure Development	**2,677,000**	**-**	**2,677,000**	**-**
SP: ICT Infrastructure Development	2,677,000	-	2,677,000	-
P: Kathwana Municipality	**3,120,000**	**-**	**3,120,000**	**-**
SP: Kathwana Municipality	3,120,000	-	3,120,000	-
P: Land Administration & Management	**215,931,600**	**41,190,353**	**174,741,247**	**19.1**
SP: Land Administration & Management	215,931,600	41,190,353	174,741,247	19.1
P: Legal Affairs and Services	**7,720,000**	**-**	**7,720,000**	**-**
SP: Legal Affairs and Services	7,720,000	-	7,720,000	-
P: Livestock Production and Development	**120,308,486**	**2,990,345**	**117,318,141**	**2.5**
SP: Fisheries Development and Promotion	3,054,000	-	3,054,000	-
SP: Livestock Production and Development	107,911,848	2,990,345	104,921,503	2.8
SP: Veterinary Services and Disease Prevention	9,342,638	-	9,342,638	-
P: Natural Resources and Environmental Conservation	**9,678,632**	**269,740**	**9,408,892**	**2.8**
SP: Natural Resources and Environmental Conservation	9,678,632	269,740	9,408,892	2.8
P: Policy, Budgeting and Planning	**18,820,000**	**159,440**	**18,660,560**	**0.9**
SP: Budgeting and Expenditure Management	7,230,000	145,440	7,084,560	2
SP: County Statistics Services	3,390,000	-	3,390,000	-
SP: Economic Development, Planning and Coordination Services	4,010,000	14,000	3,996,000	0.4
SP: Monitoring and Evaluation	4,190,000	-	4,190,000	-
P: Preventive and Promotive Health Services	**26,410,000**	**-**	**26,410,000**	**-**
SP: Disease Surveillance	1,100,000	-	1,100,000	-
SP: Environmental Health Services	17,650,000	-	17,650,000	-
SP: Health Promotion and NCDs Services	1,900,000	-	1,900,000	-
SP: HIV/AIDS Prevention and Contort	3,600,000	-	3,600,000	-
SP: Nutrition Services	1,060,000	-	1,060,000	-
SP: Reproductive Maternal and Child health Services	1,100,000	-	1,100,000	-
P: Public Works and Housing Services	**5,079,500**	**-**	**5,079,500**	**-**
SP: Public Works and Housing Services	5,079,500	-	5,079,500	-
P: Roads and Transport	**470,358,859**	**-**	**470,358,859**	**-**
SP: Roads and Transport	470,358,859	-	470,358,859	-
P: Sports Development and Promotion	**82,160,250**	**5,055,070**	**77,105,180**	**6.2**
SP: Inter Counties Competition and Tournaments/League	3,752,000	52,500	3,699,500	1.4
SP: Talent Search and Promotion	78,408,250	5,002,570	73,405,680	6.4
P: Tourism Development and Promotion	**4,206,000**	**50,400**	**4,155,600**	**1.2**
SP: Miss Tourism Kenya/Tharaka Nithi	2,730,500	-	2,730,500	-

Row Labels	Sum of Printed Estimate Kshs	Sum of Cumulative Expenditure Kshs	Sum of Variance Kshs	Sum of Absorption (%)
SP: Tourism Branding	1,475,500	50,400	1,425,100	3.4
P: Trade & Industrial Development	**8,350,592**	**249,800**	**8,100,792**	**3**
SP: Trade & Industrial Development	8,350,592	249,800	8,100,792	3
P: Water Supply Services	**169,015,700**	**6,408,360**	**162,607,340**	**3.8**
SP: Domestic Water Services	163,125,200	6,408,360	156,716,840	3.9
SP: Irrigation and Drainage Services	4,715,000	-	4,715,000	-
SP: Water Storage Services	1,175,500	-	1,175,500	-
P: County Assembly Services	**438,165,004**	**39,992,407**	**8,100,792**	**3**
SP: County Assembly Services	438,165,004	39,992,407	8,100,792	3
Grand Total	**4,766,155,422**	**622,418,678**	**3,745,564,147**	**13.5**

Source: *Tharaka Nithi County Treasury*

The top performing programs across the County were: General Administration, Planning & Liquor Licensing & Management, and General Administration, Planning and Support Services.

3.41.9 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.
2. Failure to correctly budget for the equitable share of revenue and conditional grants contained in CARA, 2019, DORA/CARA not approved in time.
3. Failure by the County to budget for eligible pending bills as advised by the Controller of Budget and directed by the Intergovernmental Budget and Economic Council (IBEC). Non-payment of eligible pending bills contravenes 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 so as to ensure that funds allocated to the County are released in a timely manner in line with the CARA, 2019 Disbursement Schedule.*
2. *The County should ensure it prepares a supplementary budget in order to correctly capture the equitable share and conditional grants in the budget in line with CARA, 2019.*
3. *The County should budget and pay eligible pending bills as a first charged in line with the PFM Act, 2012.*

3.42 Trans Nzoia County

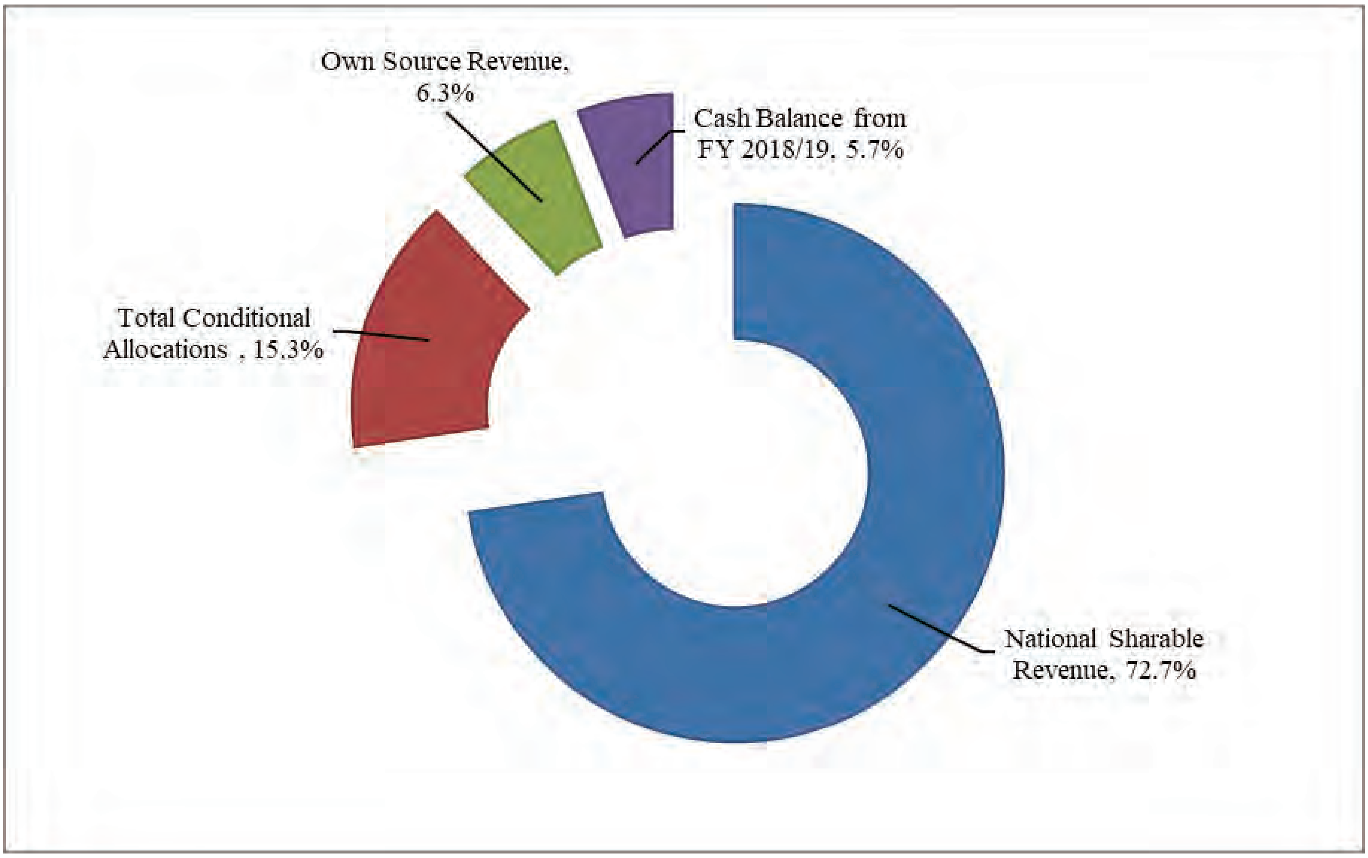
3.42.1 Overview of the FY 2019/20 Budget

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 source revenue, and had Kshs.451.26 million (5.7 per cent) as cash balance from FY 2018/19.

Figure 3.121 shows the expected sources of financing in FY 2019/20.

Figure 3.121: Expected Sources of Financing in FY 2019/20



Source: *Trans Nzoia County Treasury*

3.42.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.0 billion as equitable share of the revenue raised nationally, raised Kshs.33.36 million from own-source revenue, and had a cash balance of Kshs.451.26 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.1.49 billion as shown in Table 3.159.

Table 3.159: Trans Nzoia County, Revenue Performance in the First Quarter of FY 2019/20

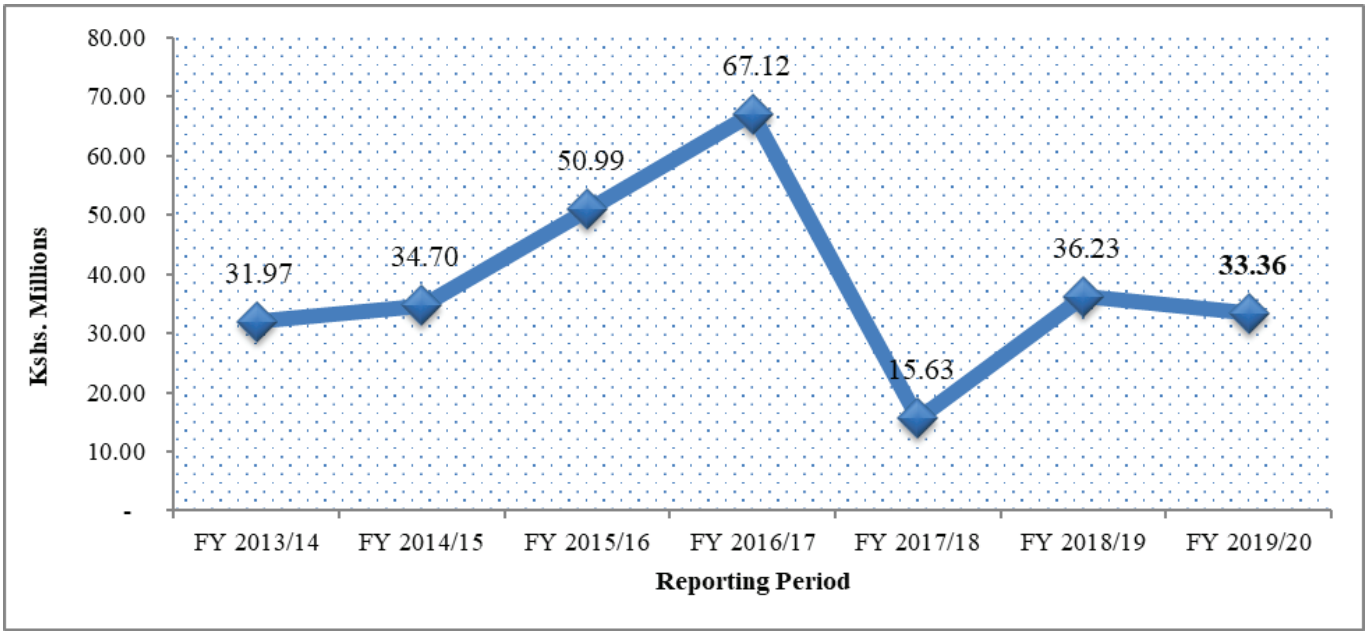
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**5,760,300,000**	**6,109,194,000**	**1,002,292,200**	
B.	**Conditional 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**				
5.	Transforming Health systems for Universal care Project (WB)	36,686,728	36,686,728		-
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	125,266,760		-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	299,106,900	299,106,900		-
9.	DANIDA Grant	16,781,250	16,781,250		-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,768,813	16,768,813		-
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	8,800,000		-
Sub Total	838,143,691	898,410,451	-	-	
D	**Other Sources of Revenue**				
13.	Own Source Revenue	-	500,000,000	33,359,908	6.7
14.	Balance b/f from FY2018/19	-	451,261,500	451,261,500	100.0
Sub Total	-	951,261,500	484,621,408	50.9	
Grand Total	**6,976,361,736**	**8,336,783,996**	**1,486,913,608**	**17.8**	

Source: *Trans Nzoia County Treasury*

Figure 3.122shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 3.122: Trend in Own-Source Revenue Collection for the first quarter from FY 2013/14 to FY 2019/20



Source: *Trans Nzoia County Treasury*

3.42.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.976.45 million from the CRF account. The withdrawals comprised of Kshs.95.27 billion (9.7 per cent) for development programmes and Kshs.881.81 million (90.3 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

A total of Kshs.538.94 million was spent on recurrent programmes. This expenditure represented 64.5 per cent of the total funds released from the CRF account and represented 11.2 per cent of the annual recurrent.

3.42.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.466.37 million was spent on compensation to employees and Kshs.72.6 million on use of goods and services.

Table 3.160: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

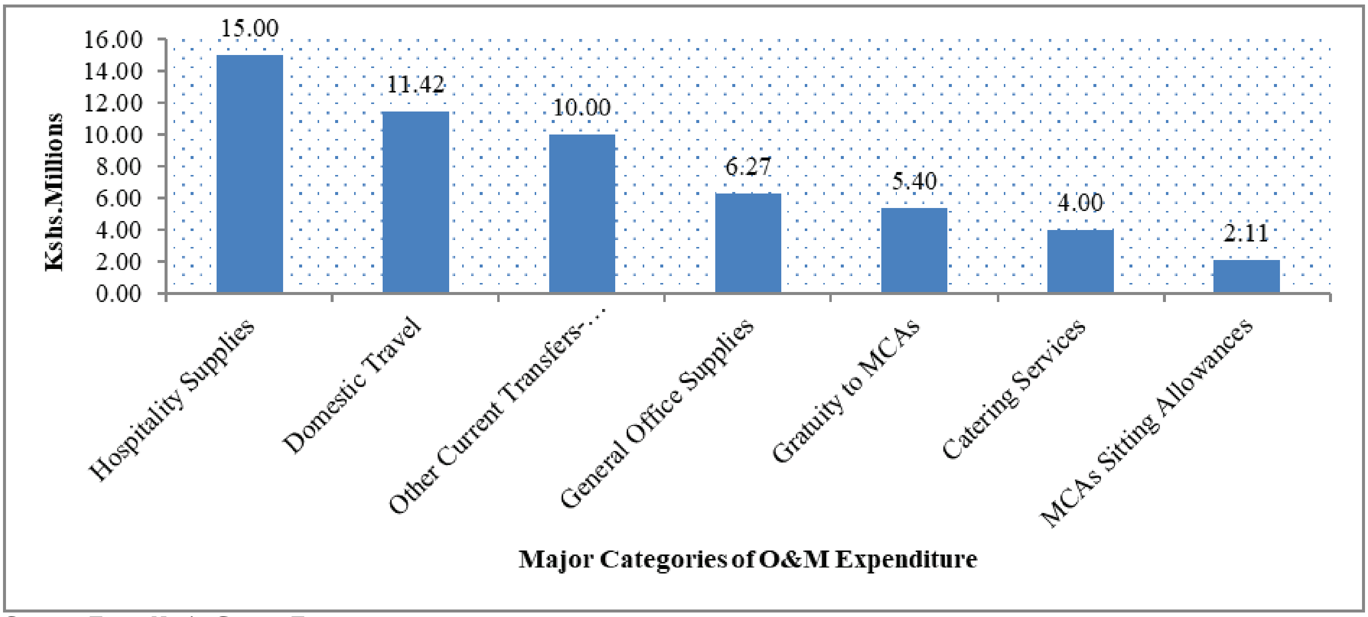
Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	**4,833,570,683**	**881,183,196**	**538,969,543**	**11.2**
Compensation to Employees	2,744,337,465	697,420,277.	466,369,438	17.0
Operations and Maintenance	2,089,233,218	183,762,919	72,600,105	3.5
Total Development Expenditure	**3,503,213,313**	**95,266,760**	**-**	**-**
Development Expenditure	3,503,213,313	95,266,760	-	-
Total	**8,336,783,996**	**976,449,956**	**538,969,543**	**6.5**

Source: *Trans Nzoia County Treasury*

3.42.6 Analysis of Operations and Maintenance

Figure 3.123 shows a summary of operations and maintenace expenditure by major categories.

Figure 3.123: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Trans Nzoia County Treasury*

The County spent Kshs.2.11 million on committee sitting allowances to the 40 MCAs against the annual budget allocation of Kshs.69.3 million. This was a decline of 70.3 per cent compared to Kshs.7.11 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.17,570 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.11.42 million and comprised of Kshs.9.91 million spent by the County Assembly and Kshs.9.91 million by the County Executive. This represented was an increase of 72.5 per cent compared to Kshs.41.59 million spent in the first quarter of FY 2018/19.

3.42.7 Budget Performance by Department

Table 3.161 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.161: Trans Nzoia County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues in (Kshs.)		Expenditure in first nine months of (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	271.18	436.98	48.89	-	90.51	-	185.1	-	33.4	-
Livestock	24.10	229.43	4.34	-	-	-	-	-	-	-
Trade, Commerce and Industry	67.58	330.35	12.18	95.27	5.00	-	41.0	-	7.4	-
Water, Environment and Natural Resources	121.52	363.68	21.91	-	15.63	-	71.4	-	12.9	-
Public Works, Transport and Infrastructure	210.69	506.02	37.98	-	15.54	-	40.9	-	7.4	-
Health Services	59.60	1.04	10.74	-	-	-	-	-	-	-
Corporate Health	1,616.15	539.83	291.35	-	265.14	-	91.0	-	16.4	-
Lands, Housing and Physical Planning	75.97	441.37	13.70	-	3.31	-	24.2	-	4.4	-
Gender, Youth ,Sports, Culture, Social Services ,Children & Tourism	59.06	115.54	10.65	-	3.44	-	32.3	-	5.8	-
Governance	97.88	20.87	17.64	-	-	-	-	-	-	-
Public Service Management	396.88	26.71	71.55	-	17.58	-	24.6	-	4.4	-
County Public Service Board	30.55	28.82	5.51	-	-	-	-	-	-	-
Education ,ECDE and Vocational Training	429.18	247.75	77.37	-	17.24	-	22.3	-	4.0	-
Finance	688.83	78.30	124.18	-	57.64	-	46.4	-	8.4	-
Economic Planning	56.28	16.54	10.15	-	0.60	-	5.9	-	1.1	-
County Assembly	628.14	120.00	123.04	-	47.33	-	38.5	-	7.5	-
TOTAL	**4,833.57**	**3,503.21**	**881.18**	**95.27**	**538.97**	**-**	**61.2**	**-**	**11.2**	**-**

Source: *Trans Nzoia County Treasury*

The Department of Agriculture had the highest percentage of recurrent expenditure to its recurrent budget at 33.4 per cent followed by the Department of Corporate Health at 16.4 per cent.

3.42.8 Budget Execution by Programmes and Sub-Programmes

Table 3.34 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.162 Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
Agriculture ,Livestock, Fisheries and Co-operative Development					
Administrative and support services	**Administrative and support services**	**540,603,250**	**149,141,291**	**391,461,959**	**27.6**

Budget Execution by Programmes and Sub-Programmes					
Programme	**Sub- Programme**	**Approved Budget (Ksh)**	**Actual Payments (Ksh)**	**Variance**	**Absorption (%)**
Land Policy and Planning	Land Policy and Planning	540,603,250	149,141,291	391,461,959	27.6
Trade, Commerce and Industry					
Administrative and support services	**Administrative and support services**	**306,232,619**	**5,001,188**	**301,231,431**	**1.6**
General Administration Planning and Support Services	General Administration Planning and Support Services	67,584,302	5,001,188	62,583,114	7.4
Water, Environment and Natural Resources					
Administrative and support services	**Administrative and support services**	**124,519,375**	**15,695,079**	**108,824,296**	**12.6**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	124,519,375	15,695,079	108,824,296	12.6
Public Works, Roads and Infrastructure					
Administrative and support services	**Administrative and support services**	**210,688,484**	**15,544,002**	**195,144,482**	**7.4**
General Administration, Planning and Support Services	General Administration, Planning and Support Services	210,688,484	15,544,002	195,144,482	7.4
Lands, Housing and Urban Development					
Administrative and support services	**Administrative and support services**	**413,876,147**	**3,309,391**	**410,566,756**	**0.8**
Land Policy and Planning	Land Policy and Planning	383,876,147	3,309,391	380,566,756	0.9
Gender, Sports, Culture, Tourism					
Administrative and support services	**Administrative and support services**	**106,305,145**	**2,696,079**	**103,609,066**	**2.5**
Sports	Sports	59,055,145	2,696,079	56,359,066	4.6
Governance and Public Service Management					
Administrative and support services	**Administrative and support services**	**423,585,825**	**17,658,376**	**405,927,449**	**4.2**
General Administration Planning and Support Services	General Administration Planning and Support Services	423,585,825	17,658,376	405,927,449	4.2
Education and ICT					
Administrative and support services	**Administrative and support services**	**589,317,813**	**17,236,068**	**572,081,745**	**2.9**
Primary Education	Primary Education	589,317,813	17,236,068	572,081,745	2.9
Finance and Economic Planning					
Administrative and support services	**Administrative and support services**	**708,832,093**	**57,638,289**	**651,193,804**	**8.1**
General Administration Planning and Support Services	General Administration Planning and Support Services	708,832,093	57,638,289	651,193,804	8.1
County Assembly					
Administrative and support services	**Administrative and support services**	**730,114,106**	**46,682,778**	**683,431,328**	**6.4**
Gender & Youth Empowerment	Gender & Youth Empowerment	455,014,106	39,674,078	415,340,028	8.7
Public Service Transformation	Public Service Transformation	155,100,000	7,008,700	148,091,300	4.5
General welfare	General welfare	**2,248,140**	**648,750**	**1,599,390**	**28.9**
Gender & Youth Empowerment	Gender & Youth Empowerment	2,248,140	648,750	1,599,390	28.9
		118,750,661	**747,435**	**118,003,226**	**0.6**
General Administration Planning and Support Services	General Administration Planning and Support Services	118,750,661	747,435	118,003,226	0.6

Grand Total	**5,795,085,484**	**332,015,525**	**5,463,069,959**	**5.7**

Source: *Trans Nzoia County Treasury*

The top performing programs across the county were: General welfare (County Assembly) at 28.9 per cent, closely followed by Administrative and support services (Agriculture, Livestock, Fisheries and Co-operative Development) at 27.6 per cent.

3.42.9 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. Under-performance in own source revenue collection which declined by 8.2 per cent from Kshs.36.23 million in the first quarter of FY 2018/19 to Kshs.33.36 million during the reporting period.
3. Late submission of financial reports by the County Treasury, which affected timely preparation of budget implementation report.
4. The report on the County budget execution by programmes and sub programmes indicates an Approved Budget of Kshs.5.8 billion compared to the County Appropriation Act, 2019 of Kshs.8.34 billion. This variance was not explained.
5. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.8.34 billion compared to Kshs.5.80 billion allocation by programmes.

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 CARA, 2019 Disbursement Schedule.*
2. *The County Treasury should formulate and implement strategies to enhance own source revenue collection.*
3. *The County Treasury should ensure timely preparation and submission of financial reports to the Controller of Budget in line with Section 166 of PFM Act, 2012.*
4. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents.*
5. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

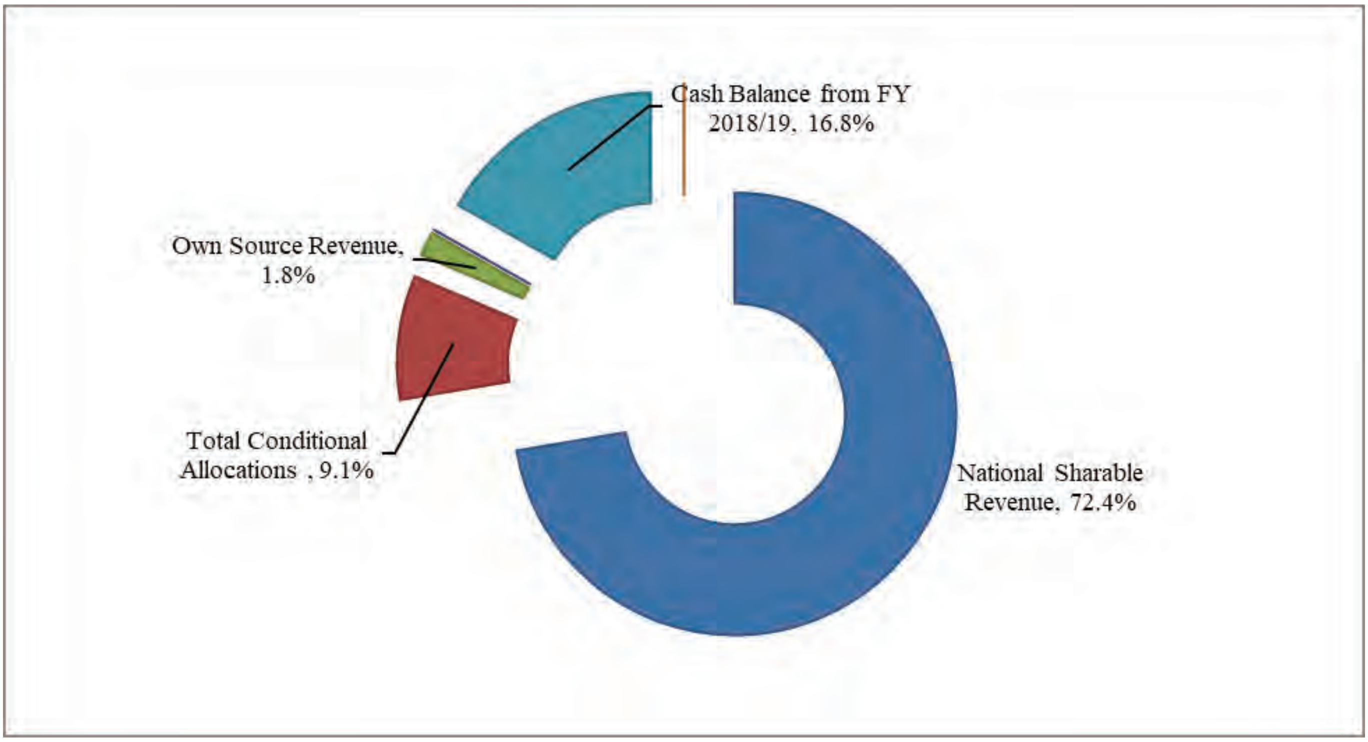
3.43 Turkana County

3.43.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.14.27 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 expects 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 had Kshs.2.4 billion (16.8 per cent) as cash balance from FY 2018/19. Figure 3.124 shows the expected sources of financing in FY 2019/20.

Figure 3.124: Expected Sources of Financing in FY 2019/20



Source: *Turkana County Treasury*

3.43.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.8 billion as equitable share of the revenue raised nationally, raised Kshs.54 million from own-source revenue, and had a cash balance of Kshs.2.4 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.4.29 billion as shown in Table 3.162.

Table 3.162: Turkana County, Revenue Performance in the First Quarter of FY 2019/20

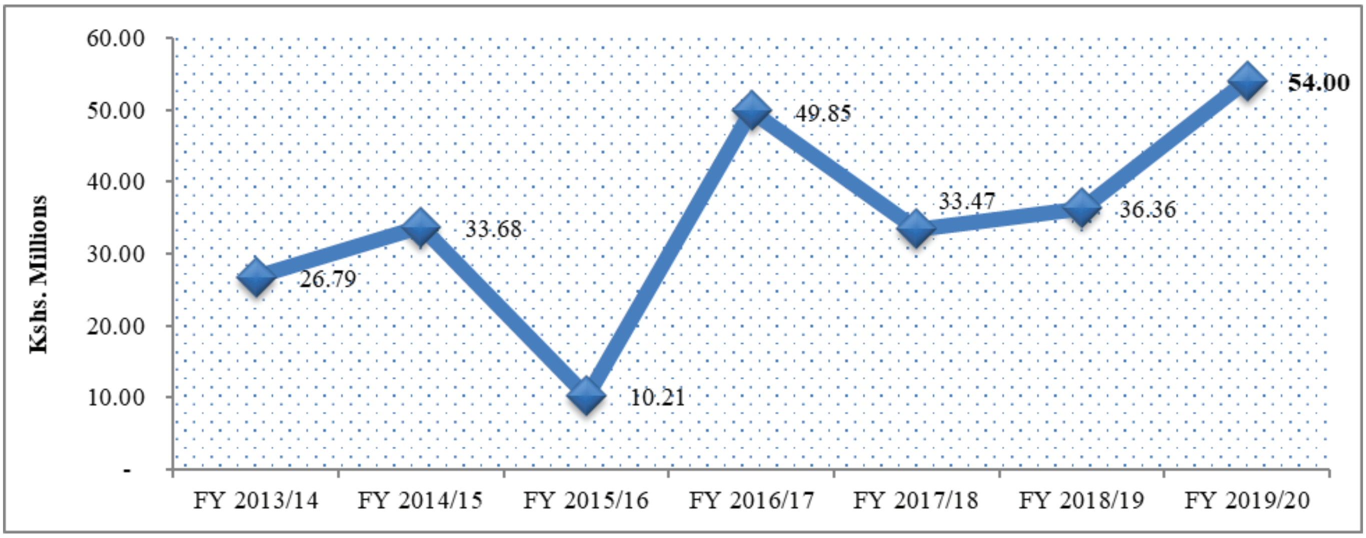
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised Nationally**	**10,539,450,000**	**10,323,000,000**	**1,833,864,300**	**17.4**
B.	**Conditional 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	-	-

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	-	-
6.	DANIDA Grant	32,156,250	32,156,250	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	25,346,766	-	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
13.	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**	**-**	**-**
D	**Other Sources of Revenue**				
	Cash Balance from FY 2018/19	-	2,398,667,806	-	-
	Own Source Revenue	-	250,000,000	53,997,247	21.6
Sub Total		**-**	**2,648,667,806**	**53,997,247**	**2**
Grand Total		**11,835,530,006**	**14,267,747,812**	**1,887,861,547**	**13.2**

Source: *Turkana County Treasury*

Figure 3.125 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.125: Trend in Own-Source Revenue Collection for the First Quarters from the FY 2013/14 to the First Quarter of FY 2019/20



Source *Turkana County Treasury*

The realised own source revenue of Kshs.54 million represented 21.6 per cent of the annual target.

3.43.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.1.19 billion from the CRF account. The withdrawals were entirely for recurrent programmes.

3.43.4 Overall Expenditure Review

A total of Kshs.1.19 billion was spent on recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure on recurrent programmes represented 13.8 per cent of the annual recurrent budget. The County did not report any expenditure on development programmes.

3.43.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.952.08 million was spent on compensation to employees and Kshs.181.35 million on use of goods and services.

Table 3.163: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

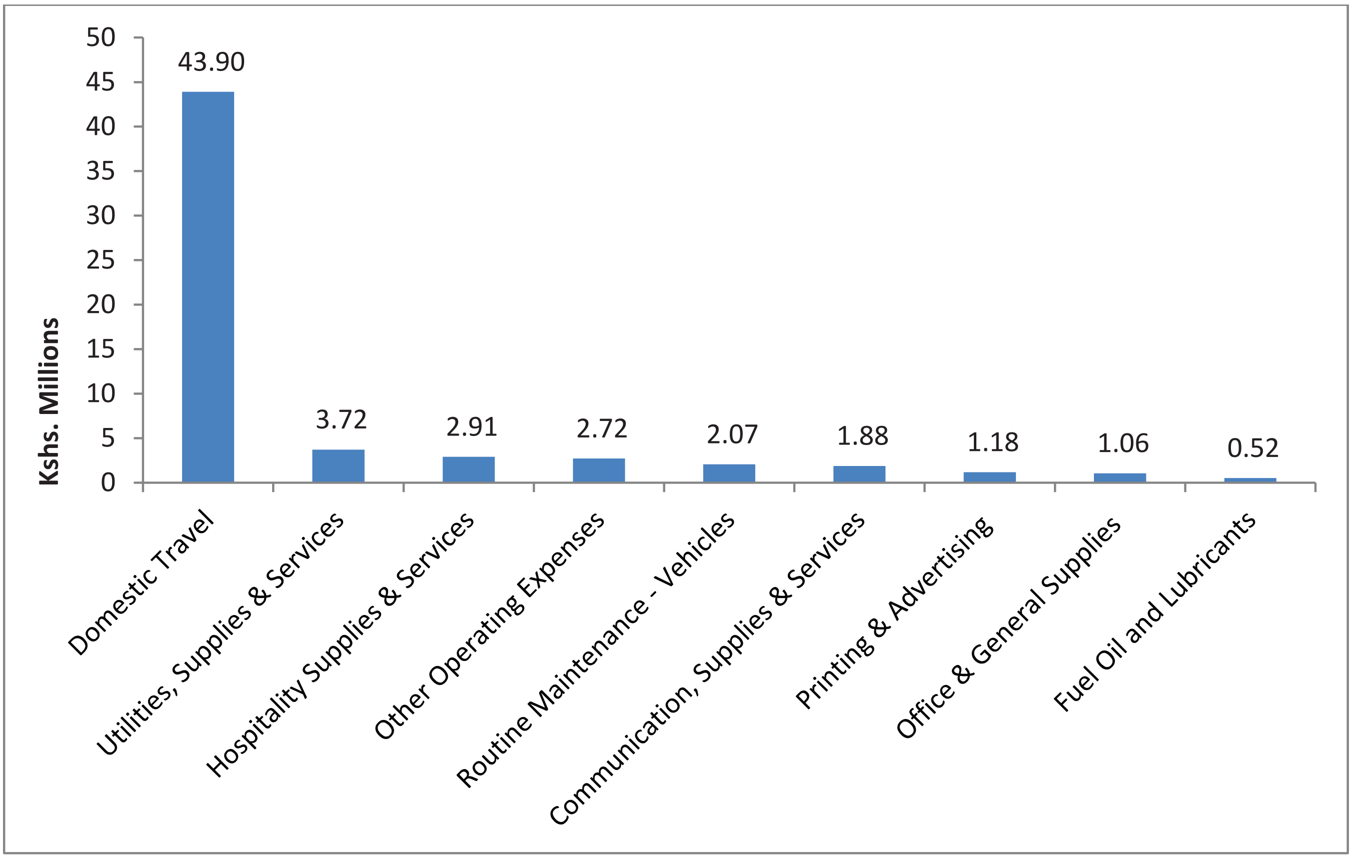
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	**8,624,558,915**	**1,188,679,754**	**1,188,679,754**	**29**
Compensation to Employees	4,069,614,899	1,007,326,887	952,083,788	25
Operations and Maintenance	4,554,944,016	181,352,867	181,352,867	4
Total Development Expenditure	**5,643,188,897**	-	-	-
Development Expenditure	5,643,188,897	-	-	-
Grand Total	**14,267,747,812**	**1,188,679,754**	**1,133,436,655**	**14**

Source: *Turkana County Treasury*

3.43.6 Analysis of Operations and Maintenance

Figure 3.126 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.126: Turkana County Operations and Maintenance Expenditure by Major Categories in the FY 2019/20



Source *Turkana County Treasury*

Expenditure on domestic travel amounted to Kshs.43.9 million which was entirely spent by the County Assembly. This represented was a decrease of 28.7 per cent compared to Kshs.61.59 million spent in the first quarter of FY 2018/19.

3.43.7 Budget Performance by Department

Table 3.164 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.164: Turkana County, Budget Performance by Department for the First Quarter 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
Governance	332.29	323.05	-	-	-	-	-	-	-	-
Office of the Deputy Governor	36.04	-	-	-	-	-	-	-	-	-
County Attorney	124.02	-	-	-	-	-	-	-	-	-
Finance and Economic Planning	431.47	329.24	-	-	-	-	-	-	-	-
Water Services, Environment and Mineral Resources	139.11	685.31	-	-	-	-	-	-	-	-
Health & Sanitation Services	755.12	461.22	-	-	-	-	-	-	-	-
Trade, Gender and Youth Affairs	82.63	297.30	-	-	-	-	-	-	-	-
Education, Sports and Social Protection	562.98	576.23	-	-	-	-	-	-	-	-
Public Service, Administration. & Disaster Mgt.	4738.17	40.57	827.72	-	827.72	-	100	-	17.5	-
Infrastructure Transport & Public Works	51.83	641.54	-	-	-	-	-	-	-	-
Agriculture, Pastoral Economy & Fisheries	139.11	1463.62	-	-	-	-	-	-	-	-
Tourism, Culture and Natural Resources	154.73	149.63	-	-	-	-	-	-	-	-
Lands, Energy, Housing & Urban Areas Mgt.	90.41	405.54	-	-	-	-	-	-	-	-
County Assembly	873.36	263.42	355.82	-	355.82	-	100	-	40.7	-
County Public Service Board	113.30	6.51	5.13	-	5.13	-	100	-	4.5	-
Grand Total	**8,624.56**	**5,643.19**	**1,188.68**	**-**	**1,188.68**	**-**	**100**	**-**	**13.8**	**-**

Source: *Turkana County Treasury*

Analysis of expenditure by department shows that the County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 40.7 per cent, followed by the Department of Public Service Administration and Disaster Management had 17.5 per cent.

3.43.8 Budget Execution by Programmes and Sub-Programmes

Table 3.34 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.165: Turkana County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Lands, Energy, Housing and Urban Areas Management				-
General Administration and support services		**223,875,952**	**4,991,306**	**218,884,646**	2.2
Program	**Sub Program**	**Approved Budget**	**Actual Payments**	**Variance**	**Absorption (%)**

	General Administration, Planning and Support Services - Lands General Administration, Planning and Support Services - Lands	223,875,952	4,991,306	218,884,646	2.2
Urban Areas Management		**33,928,561**	**262,200**	**33,666,361**	0.8
	Waste Management	10,000,000	-	10,000,000	-
	Establishment of safe transport parks, bus stops and car parks	8,000,000	-	8,000,000	-
	Management of urban centers	2,300,000	-	2,300,000	-
	Lodwar Municipality including phase 2 upgrade of Carlifornia Market	13,628,561	262,200	13,366,361	1.9
County Housing Programme		**14,400,000**	**-**	**14,400,000**	-
	Housing	14,400,000	-	14,400,000	-
Energy Development Programme		**83,000,000**	**-**	**83,000,000**	-
	Renewable Energy Development (Standalone systems)	30,000,000	-	30,000,000	-
	Rural Street Lighting	46,000,000	-	46,000,000	-
	Energy Efficiency and Conservation	7,000,000	-	7,000,000	-
Devolved Land Governance, Management and Administration		**6,917,191**	**353,760**	**6,563,431**	5.1
	Land Policies Formulation and Governance	6,917,191	353,760	6,563,431	5.1
Physical Planning Services		**30,000,000**	**-**	**30,000,000**	-
	Land Development	30,000,000	-	30,000,000	-
Kenya Urban Support Programme		**103,823,200**	**-**	**103,823,200**	-
	Urban Development Grant	95,023,200	-	95,023,200	-
	Urban Institutional Grant	8,800,000	-	8,800,000	-
	Agriculture, Pastoral Economy and Fisheries				-
Irrigation and Land Reclamation Programme		**241,334,972**	**-**	**241,334,972**	-
	Rehabilitation and Expansion of existing Irrigation Schemes	56,334,972	-	56,334,972	-
	Promotion of drip irrigation	12,000,000	-	12,000,000	-
	Protection of irrigation infrastructure	77,000,000	-	77,000,000	-
	Spate Irrigation Technology	60,000,000	-	60,000,000	-
	Rehabilitation of degraded lands	7,000,000	-	7,000,000	-
	Soil & Water Conservation	29,000,000	-	29,000,000	-
Fisheries		**31,850,497**	**-**	**31,850,497**	-
	Fish value addition	1,200,000	-	1,200,000	-
	Fisheries livelihood support	19,200,000	-	19,200,000	-
	Fisheries Extension Services	2,500,000	-	2,500,000	-
	Fisheries resource management	2,960,524	-	2,960,524	-
	Fish market infrastructure	1,770,000	-	1,770,000	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Fisheries policies and regulations	2,893,623	-	2,893,623	-
	Fish Farming & Aquaculture	1,326,350	-	1,326,350	-
Veterinary Services		**68,730,989**	**-**	**68,730,989**	-
	Livestock Health management	47,204,345	-	47,204,345	-
	Veterinary public health	2,200,000	-	2,200,000	-
	Livestock disease control,PDS and monitoring	3,526,370	-	3,526,370	-
	Quality enhancement and regulation	800,274	-	800,274	-
	Productivity Infrastructure	15,000,000	-	15,000,000	-
Livestock Production		**90,043,557**	**-**	**90,043,557**	-
	Development and improvement of Livestock feeds	17,000,000	-	17,000,000	-
	Livestock extension services	3,000,000	-	3,000,000	-
	Livestock diversification and breed improvement	4,500,000	-	4,500,000	-
	Development of Livestock Value Chain, Market Access, Linkages and Bench marking/ Exposure	20,000,000	-	20,000,000	-
	Productivity Infrastructure and enhanced skills development	45,543,557	-	45,543,557	-
General Administration and support services		**545,183,603**	**108,021,923**	**437,161,680**	19.8
	General Administration - Agriculture, Irrigation and Land Reclamation	298,799,098	42,468,819	256,330,279	14.2
	General Administration and Support Services-Pastoral Economy and Fisheries	246,384,505	65,553,104	180,831,401	26.6
Agriculture Programme		**69,335,679**	**-**	**69,335,679**	-
	Horticultural Production	4,476,917	-	4,476,917	-
	Agri-nutrition/Urban & peri-urban agriculture	1,438,459	-	1,438,459	-
	Smart agriculture practices (Innovations/technologies to mitigate	3,594,058	-	3,594,058	-
	Agricultural Sector Development Support Programme (ASDSP)	25,346,766	-	25,346,766	-
	Agricultural Mechanization	10,000,000	-	10,000,000	-
	Agricultural market Access	1,647,631	-	1,647,631	-
	Agricultural Extension & Development	7,103,287	-	7,103,287	-
	Farm Inputs Subsidy & Support	9,728,561	-	9,728,561	-
	Pest Control & Management	6,000,000	-	6,000,000	-
National Agricultural & Rural Inclusive Growth Project (NARIGP)		**350,000,000**	**-**	**350,000,000**	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	National Agricultural & Rural Inclusive Growth Project (NARIGP)	350,000,000	-	350,000,000	-
Drought Resilience in Northern Kenya Programme (DRNKP/ KFW)		**206,250,000**	**-**	**206,250,000**	-
	Drought Resilience in Northern Kenya Programme (DRNKP/KFW)	206,250,000	-	206,250,000	-
	Infrastructure, Transport and Public Works				-
Road Development and Maintenance		**456,103,123**	**948,521**	**455,154,602**	0.2
	Gravel rural roads	5,000,000	-	5,000,000	-
	Road Designs system and software	1,850,548	-	1,850,548	-
	Annual Roads Inventory and Conditional Survey (ARICS)	3,000,000	948,521	2,051,479	31.6
	Roads Safety initiatives	2,083,294	-	2,083,294	-
	Roads maintenance levy fund(RMLF)	299,169,281	-	299,169,281	-
	Lodwar Town Road Upgrade	125,000,000	-	125,000,000	-
	Construction of Roads	20,000,000	-	20,000,000	-
Public Works Development Programme		**40,000,000**	**-**	**40,000,000**	-
	Gabioning Works	40,000,000	-	40,000,000	-
Development and Maintenance of Transport		**15,806,370**	**-**	**15,806,370**	-
	Purchase of plants, machineries, Backup office generators and specialized tools	10,000,000	-	10,000,000	-
	Heavy machinery/vehicle/plants tracking systems & accessories	3,701,096	-	3,701,096	-
	Feasibility Study and Consultancy Services on viability of Ferry Services	830,000	-	830,000	-
	Capacity building, road safety campaigns & promotions for transport operators	750,000	-	750,000	-
	Professional Capacity Building	525,274	-	525,274	-
General Administration and Support Services		**172,862,923**	**53,936,826**	**118,926,097**	31.2
	General Administration - Infrastructure and Transport	161,312,923	53,936,826	107,376,097	33.4
	General Administration- Public works	11,550,000	-	11,550,000	-
Structural Services		**3,026,370**	**-**	**3,026,370**	-
	Structural Services	3,026,370	-	3,026,370	-
Electrical Services		**2,000,000**	**-**	**2,000,000**	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Electrical Services	2,000,000	-	2,000,000	-
Building Inspectorate Services		**2,075,822**	**-**	**2,075,822**	-
	Building Inspectorate	2,075,822	-	2,075,822	-
Architectural Services		**1,500,548**	**-**	**1,500,548**	-
	Architectural Services	1,500,548	-	1,500,548	-
	Trade, Gender and Youth Affairs				-
Trade Development and Promotion		**106,130,323**	**223,650**	**105,906,673**	0.2
	Trade Licensing, Regulations and Control	1,380,438	-	1,380,438	-
	South Region Trade & Export	967,911	47,700	920,211	4.9
	Business Training & Development Services	1,500,548	-	1,500,548	-
	Lease and Management of Biashara Centre	1,700,000	-	1,700,000	-
	Trade Research & Policy	809,263	-	809,263	-
	Business Financing & Incubation of MSMEs	1,300,000	175,950	1,124,050	13.5
	Field Metrology Services	1,758,020	-	1,758,020	-
	Consumer Right Education	700,000	-	700,000	-
	Training for Weights and Measures Technical Professionals	675,274	-	675,274	-
	Standards and Anti-Counterfeit Services	851,252	-	851,252	-
	Market Infrastructure Development	39,465,000	-	39,465,000	-
	Industrial Development and Investments	9,545,700	-	9,545,700	-
	Biashara Fund	36,000,000	-	36,000,000	-
	North Rift Economic & FCDC Blocs	6,476,917	-	6,476,917	-
	Purchase of Calibration Equipment	3,000,000	-	3,000,000	-
Cooperative Development and Management		**10,338,842**	**-**	**10,338,842**	-
	Cooperative extension and advisory services	2,340,000	-	2,340,000	-
	Co-operative Marketing, Value Addition, Surveys & Research	2,310,000	-	2,310,000	-
	Co-operative Education, Training, Exchange and Ushirika Day Celeb	2,688,459	-	2,688,459	-
	Strengthening of Key Dormant Co-operative Societies	2,000,000	-	2,000,000	-
	Formulation of Cooperative Policy and Legal Frame Work	1,000,383	-	1,000,383	-
General Administration and Support Services		**95,506,321**	**3,161,980**	**92,344,341**	3.3
	General Administration - Trade	95,506,321	3,161,980	92,344,341	3.3

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
Promotion of gender Equality and Empowerment		**19,056,909**	**365,400**	**18,691,509**	1.9
	Gender Empowerment and advocacy	9,310,000	-	9,310,000	-
	Gender Mainstreaming and Coordination	8,220,657	365,400	7,855,257	4.4
	Legal Compliance and Redress	601,252	-	601,252	-
	Promotion of Gender Equality and Empowerment	925,000	-	925,000	-
Youth Affairs Development		**148,898,787**	**998,500**	**147,900,287**	0.7
	Youth Coordination and Representation	11,960,876	998,500	10,962,376	8.3
	Youth Employment Scheme	2,550,000	-	2,550,000	-
	Youth Rare skills	1,387,911	-	1,387,911	-
	Youth and Women Fund	133,000,000	-	133,000,000	-
	Health Services and Sanitation				-
General Administration and Support Services		**563,019,252**	**33,652,000**	**529,367,252**	6.0
	General Administration, Planning and support - Health	424,004,284	33,652,000	390,352,284	7.9
	Additional Works- Health Facilities	139,014,968	-	139,014,968	-
Preventive and Promotive Health care Services		**152,382,986**	**-**	**152,382,986**	-
	Family Health	89,487,314	-	89,487,314	-
	Public Health	49,610,832	-	49,610,832	-
	Health Promotion and Disease Control	13,284,840	-	13,284,840	-
Medical Services		**22,450,000**	**-**	**22,450,000**	-
	Laboratory Services	2,250,000	-	2,250,000	-
	Blood Transfusion Services	2,400,000	-	2,400,000	-
	Rehabilitative Services	2,500,000	-	2,500,000	-
	Referrals & Emergency Services	2,500,000	-	2,500,000	-
	Radiology Services	2,300,000	-	2,300,000	-
	Dental Services	2,100,000	-	2,100,000	-
	Clinical Services	2,000,000	-	2,000,000	-
	Nursing Services	2,000,000	-	2,000,000	-
	Rural Health Facility Support	2,400,000	-	2,400,000	-
	Sub county Health Facilities Support	2,000,000	-	2,000,000	-
Lodwar County and Referral Hospital		**16,700,000**	**-**	**16,700,000**	-
	LCRH Operations and Support Services	7,700,000	-	7,700,000	-
	LCRH Infrastructure Development	9,000,000	-	9,000,000	-
Medical Supplies		**411,282,467**	**-**	**411,282,467**	-
	Medical Supplies	409,282,467	-	409,282,467	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Health Commodities management	2,000,000	-	2,000,000	-
Policy, Planning, Monitoring and Evaluation		**45,504,109**	**-**	**45,504,109**	-
	Health Information & Management	6,328,287	-	6,328,287	-
	Quality Assurance	2,000,000	-	2,000,000	-
	Universal Health Care	37,175,822	-	37,175,822	-
Alcoholic Drinks and Substance Abuse Control		**5,000,000**	**-**	**5,000,000**	-
	Rehabilitation & Treatment	950,000	-	950,000	-
	Public Education & Awareness	950,000	-	950,000	-
	Liquor Licensing	2,150,000	-	2,150,000	-
	Training & Capacity Building	950,000	-	950,000	-
	Education, Sports and Social Protection.				-
Social Protection		**51,442,410**	**-**	**51,442,410**	-
	Turkana County Persons with Disability Development	24,500,000	-	24,500,000	-
	Marginalized and Minority groups support	1,365,493	-	1,365,493	-
	Child Rescue Centers	20,000,000	-	20,000,000	-
	Child Care & Protection	5,576,917	-	5,576,917	-
Sports and Talent Development		**35,277,665**	**970,200**	**34,307,465**	2.8
	Sports and Talent Development	9,279,109	970,200	8,308,909	10.5
	Stadia	25,998,556	-	25,998,556	-
General Administration and Support Services		**690,594,540**	**145,000,000**	**545,594,540**	21.0
	General Administration - Education	346,594,540	-	346,594,540	-
	Turkana Education and Skill Development Fund	294,000,000	145,000,000	149,000,000	49.3
	Turkana Higher Education Loans	50,000,000	-	50,000,000	-
Vocational Training		**29,180,545**	**1,000,000**	**28,180,545**	3.4
	Youth Polytechnic Infrastructure	10,000,000	-	10,000,000	-
	Training and Development	3,226,370	-	3,226,370	-
	Co-Curricular Activities	2,060,877	-	2,060,877	-
	Youth Polytechnics- Conditional	13,893,298	1,000,000	12,893,298	7.2
Public Relations		**2,811,425**	**-**	**2,811,425**	-
	Publicity	1,249,120	-	1,249,120	-
	Research and Sensitization	1,562,305	-	1,562,305	-
Early Childhood Education		**329,907,861**	**-**	**329,907,861**	-
	School Feeding	158,000,000	-	158,000,000	-
	Quality Improvement	7,392,201	-	7,392,201	-
	Infrastructure Development	156,515,660	-	156,515,660	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Support to Pre-Primary Training	8,000,000	-	8,000,000	-
	Finance and Economic Planning				-
ICT and E-Government		**17,125,742**	**-**	**17,125,742**	-
	Enhancing ICT Capacity	1,842,670	-	1,842,670	-
	ICT Infrastructure Development and Improvement	8,000,000	-	8,000,000	-
	Enhancing Communication and Access to Information	1,017,801	-	1,017,801	-
	Development and Implementation of ICT Policy and Regulations	2,220,657	-	2,220,657	-
	Acquisition of Information Systems and Equipment	4,044,614	-	4,044,614	-
County Revenue Programme		**40,941,137**	**612,660**	**40,328,477**	1.5
	Automated Revenue Collection	4,540,650	-	4,540,650	-
	Revenue Bills and Policies	950,548	-	950,548	-
	Awareness and Campaigns on Revenue at Ward Level	3,834,913	-	3,834,913	-
	Automated Revenue Solution System	1,126,370	-	1,126,370	-
	Strengthening Revenue Sources	19,588,656	123,200	19,465,456	0.6
	Revenue Forecast and Revenue Budget Preparation	1,400,000	489,460	910,540	35.0
	Completion of Lokiriama Revenue Centre	9,500,000	-	9,500,000	-
Accounting Services		**151,549,611**	**4,441,050**	**147,108,561**	2.9
	Specialized Training	9,514,319	1,278,500	8,235,819	13.4
	Asset Management and Valuation	6,361,307	210,000	6,151,307	3.3
	Projects/Supplies Verification	8,155,233	-	8,155,233	-
	Construction and Fitting of IFMIS Lab	17,451,643	-	17,451,643	-
	Financial Reporting and Assurance	10,067,109	2,952,550	7,114,559	29.3
	Emergency Fund	100,000,000	-	100,000,000	-
County Economic Planning Services		**146,648,848**	**5,282,900**	**141,365,948**	3.6
	Development of Plans and Policies	14,283,060	2,313,400	11,969,660	16.2
	Stakeholder Analysis for Risk Informed and Evidence Based Decision Making	4,294,503	-	4,294,503	-
	Kenya Devolution Support Programme	30,000,000	-	30,000,000	-
	Completion of Citizen Resource Centres	71,500,000	-	71,500,000	-
	Public Participation in Planning Processes	10,654,930	2,969,500	7,685,430	27.9
	Development Co-ordination	4,163,068	-	4,163,068	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Research and Statistics	7,473,287	-	7,473,287	-
	Sector Plans Development	4,280,000	-	4,280,000	-
County Procurement Programme		**7,590,103**	**-**	**7,590,103**	-
	Support to Procurement Committees.	2,501,096	-	2,501,096	-
	Project/Contract Management	1,700,000	-	1,700,000	-
	Procurement Systems	1,675,822	-	1,675,822	-
	Supplier Engagement and Awareness	1,713,185	-	1,713,185	-
Statistics, Monitoring and Evaluation		**14,961,366**	**3,413,500**	**11,547,866**	22.8
	Monitoring and Evaluation	14,961,366	3,413,500	11,547,866	22.8
Resource Mobilization		**6,423,287**	**-**	**6,423,287**	-
	Resource Mobilization	6,423,287	-	6,423,287	-
Budgetary Supply		**72,841,964**	**17,096,538**	**55,745,426**	23.5
	Budget Formulation, Co-ordination and Management	54,053,172	12,346,040	41,707,132	22.8
	Public Participation in Budgeting	10,073,416	1,944,630	8,128,786	19.3
	County Budget and Economic Forum	8,715,376	2,805,868	5,909,508	32.2
General Administration and Support Services		**302,628,048**	**14,220,523**	**288,407,525**	4.7
	General Administration, Planning and Support Services - Finance	142,722,233	11,630,123	131,092,110	8.1
	General Administration, Planning and Support Services - Economic Planning	89,905,815	2,590,400	87,315,415	2.9
	County Headquarters Offices	65,000,000	-	65,000,000	-
	Security Access Installation	5,000,000	-	5,000,000	-
	Office of the Governor				-
General Administration and Support Services		**324,684,193**	**11,004,812**	**313,679,381**	3.4
	General Administration, Planning and Support Services- Office of the Governor	269,534,193	10,551,527	258,982,666	3.9
	General Administration, Planning and Support Services- Liaison Office	25,300,000	-	25,300,000	-
	General Administration, Planning and Support Services-Office of County Secretary	29,850,000	453,285	29,396,715	1.5
Government Coordination		**44,957,122**	**-**	**44,957,122**	-
	Cabinet Affairs	5,000,000	-	5,000,000	-
	Performance and Efficiency	13,703,287	-	13,703,287	-
	Interdepartmental Relations	3,500,000	-	3,500,000	-
	Intergovernmental Relation	18,903,287	-	18,903,287	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Strategy Development, Review, Support and Operationalization	3,850,548	-	3,850,548	-
Audit		**21,551,643**	**-**	**21,551,643**	-
	Internal Audit	5,300,000	-	5,300,000	-
	Quality Assurance	4,251,643	-	4,251,643	-
	Support to Audit Committees	12,000,000	-	12,000,000	-
Partnerships and Investments		**16,493,389**	**-**	**16,493,389**	-
	Joint Program Coordination UN/ TCG	3,100,000	-	3,100,000	-
	Public Private Partnerships	9,179,109	-	9,179,109	-
	Donor and Partner Coordination	4,214,280	-	4,214,280	-
Upgrade of Key County Premises		**20,000,000**	**-**	**20,000,000**	-
	Construction of Deputy Governor Residence	20,000,000	-	20,000,000	-
Public Communications, Media Relations and IT Support		**12,456,691**	**-**	**12,456,691**	-
	Media Advertisement and Placements	2,775,822	-	2,775,822	-
	Documentation, communication policy and strategy	3,701,096	-	3,701,096	-
	Civic Education and Public Sensitization	3,851,643	-	3,851,643	-
	Production of County Newspaper and Newsletter	2,128,130	-	2,128,130	-
Strategy and Delivery		**22,000,000**	**1,315,380**	**20,684,620**	6.0
	Economic and Private Sector Advisory Services	2,200,000	727,760	1,472,240	33.1
	Political and Intergovernmental Advisory Services	2,200,000	587,620	1,612,380	26.7
	Legal Advisory Services	2,200,000	-	2,200,000	-
	Security and cross border Advisory Services	2,200,000	-	2,200,000	-
	Oil And Gas Advisory Service	2,200,000	-	2,200,000	-
	Gender and Partnership Advisory Services	2,200,000	-	2,200,000	-
	Special Interest groups	2,200,000	-	2,200,000	-
	Climate Change advisory services	2,200,000	-	2,200,000	-
	Education and youth Advisory services	2,200,000	-	2,200,000	-
	Culture, Arts and Heritage advisory services	2,200,000	-	2,200,000	-
Peace Building and Conflict Management		**188,176,370**	**5,170,499**	**183,005,871**	2.7
	Operationalization of peace building structures and institutions	33,876,370	237,680	33,638,690	0.7

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Resettlement Infrastructural Programme	138,100,000	-	138,100,000	-
	Cross Border peace dividends programme	16,200,000	4,932,819	11,267,181	30.4
Governor's Press Services		**5,014,280**	**-**	**5,014,280**	-
	Governors Press support	5,014,280	-	5,014,280	-
					-
	County Public Service Board				-
General Administration and Support Services		**46,644,671**	**5,127,400**	**41,517,271**	11.0
	General Administration, Planning and Support Services-Public Service	45,071,705	5,127,400	39,944,305	11.4
	Integration of PWD Computing Skills	1,572,966	-	1,572,966	-
Turkana County Internship		**38,000,000**	**6,187,080**	**31,812,920**	16.3
	County Internship Programme	38,000,000	6,187,080	31,812,920	16.3
Human Resource		**15,600,755**	**181,950**	**15,418,805**	1.2
	Induction of Employees In County Public Service	1,850,548	-	1,850,548	-
	Recruitment Process	4,551,643	-	4,551,643	-
	Enhancing Leadership In County Public Service	1,387,911	-	1,387,911	-
	Review and Development of HR Policies	1,202,856	-	1,202,856	-
	Human Resource Development/ Career Progression	1,295,383	181,950	1,113,433	14.0
	Performance Management Monitoring	1,156,592	-	1,156,592	-
	Development of Database Filing System	1,380,000	-	1,380,000	-
	County Public Service Pre-Retirement Sensitization	1,387,911	-	1,387,911	-
	Evaluation of Different Cadres of Employees(Promotion, Re-Designation)	1,387,911	-	1,387,911	-
ICT Infrastructure		**5,617,234**	**-**	**5,617,234**	-
	Data Centre /Collocation of Systems & Change Management Initiative for ICT	2,114,740	-	2,114,740	-
	Systems Research & Development on ICT Standard, Guidelines and Approaches	1,487,313	-	1,487,313	-
	Monitoring and Evaluation for ICT Programming	1,051,046	-	1,051,046	-
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	964,135	-	964,135	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
County Public Service Exit		**6,491,898**	**430,000**	**6,061,898**	6.6
	County Public Service Ministerial & Department Audit	1,085,785	-	1,085,785	-
	Public Evaluation on County Public Service Board Performance &Cus	1,660,162	-	1,660,162	-
	Human Resource Conference & Symposium	1,766,569	-	1,766,569	-
	Exit Meetings Per Department	1,979,382	430,000	1,549,382	21.7
County Public Service Governance & Compliance		**3,758,601**	**-**	**3,758,601**	-
	Management of Dials	1,542,894	-	1,542,894	-
	Establishment of Structures for Stakeholder Engagement	1,140,780	-	1,140,780	-
	Sensitization of County Employees	1,074,927	-	1,074,927	-
Quality Management System Programming		**3,701,855**	**-**	**3,701,855**	-
	Quality Management Systems Development & Establishment	1,265,278	-	1,265,278	-
	QMS Audit /Routine Inspection	1,275,696	-	1,275,696	-
	Documentation/Record Management For QMS	1,160,881	-	1,160,881	-
	County Assembly				-
Legislative Services		**60,694,400**	**-**	**60,694,400**	-
	Legislative Services	36,294,400	-	36,294,400	-
	Office of Speaker	24,400,000	-	24,400,000	-
Oversight		**100,134,957**	**15,468,581**	**84,666,376**	15.4
	Committee Services	97,290,957	15,268,581	82,022,376	15.7
	Audit and M&E	2,844,000	200,000	2,644,000	7.0
General Administration and Support Services		**865,950,124**	**87,971,633**	**777,978,491**	10.2
	Finance and Shared Services	833,248,124	87,971,633	745,276,491	10.6
	Hansard Research and information services	16,800,000	-	16,800,000	-
	County Assembly Service Board.	15,902,000	-	15,902,000	-
	Infrust. Devt & Support Services	110,000,000	-	110,000,000	-
	Public Service, Administration and Support Services				-
General Administration and Support Services		**4,145,472,614**	**832,328,639**	**3,313,143,975**	20.1
	General Administration, Planning and Support Services-Public Service	4,099,753,111	827,725,932	3,272,027,179	20.2
	General Administration, Planning and Support Services-Administer	45,719,503	4,602,707	41,116,796	10.1

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
Governance and Public Participation		**17,502,192**	**553,300**	**16,948,892**	3.2
	Civic education Programme	2,201,096	553,300	1,647,796	25.1
	Public Participation and access to information	8,500,000	-	8,500,000	-
	County Dialogue Forum	2,500,000	-	2,500,000	-
	National & County Holidays	2,701,096	-	2,701,096	-
	Policies Design	1,600,000	-	1,600,000	-
Decentralized Services		**79,875,885**	**1,875,000**	**78,000,885**	2.3
	Operationalization of Sub County Administration Offices	12,000,000	-	12,000,000	-
	Operationalization of Ward Administration Offices	35,500,000	1,875,000	33,625,000	5.3
	Operationalization of Village Administration Offices	4,126,370	-	4,126,370	-
	Village Council Support Programme	5,902,191	-	5,902,191	-
	Completion of Kibish Sub County Office	22,347,324	-	22,347,324	-
Disaster Risk Management		**454,079,650**	**13,686,722**	**440,392,928**	3.0
	Disaster Preparedness Programmes	2,375,822	-	2,375,822	-
	Disaster Mitigation Programmes	2,901,096	-	2,901,096	-
	Stakeholders coordination and Support Programme	1,713,185	-	1,713,185	-
	Humanitarian Relief Food Programme	445,788,999	13,686,722	432,102,277	3.1
	Disaster Risk Management	1,300,548	-	1,300,548	-
Inspectorate Services		**48,203,287**	**2,511,130**	**45,692,157**	5.2
	Inspectorate Training Institute	16,700,000	1,936,030	14,763,970	11.6
	Dispute Resolution	4,000,000	-	4,000,000	-
	Enforcement	8,103,287	-	8,103,287	-
	Capacity Building	5,700,000	215,100	5,484,900	3.8
	Inspectorate Services	6,000,000	-	6,000,000	-
	Inspectorate Services Equipment	7,700,000	360,000	7,340,000	4.7
Human Resource Management		**33,601,644**	**141,000**	**33,460,644**	0.4
	Payroll and record management	1,400,000	-	1,400,000	-
	Human Resource Development	7,000,000	141,000	6,859,000	2.0
	GHRIS Leave & Performance Module Implementation	3,900,000	-	3,900,000	-
	Digitization and Automation of Human Resource Registry	2,650,000	-	2,650,000	-
	Mainstreaming Public Sector Integrity Programme	4,800,000	-	4,800,000	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	County performance management	4,800,000	-	4,800,000	-
	Public Service Week	4,550,000	-	4,550,000	-
	Records Management	1,500,548	-	1,500,548	-
	Human Resource Management	3,001,096	-	3,001,096	-
	Office of the Deputy Governor				-
General Administration and Support Services		**18,840,532**	**1,093,264**	**17,747,268**	5.8
	General Admin Planning & Support Services	18,840,532	1,093,264	17,747,268	5.8
Government Programming and Management		**17,200,000**	**62,000**	**17,138,000**	0.4
	Government Programming	6,500,000	-	6,500,000	-
	Community Engagement	3,000,000	-	3,000,000	-
	Government Stakeholder Engagement and Coordination	3,700,000	62,000	3,638,000	1.7
	Government Transformation	4,000,000	-	4,000,000	-
	Tourism, Culture and Natural Resources				-
General Administration and Support Services		**57,561,495**	**2,647,768**	**54,913,727**	4.6
	General Administration, Planning and Support Services	57,561,495	2,647,768	54,913,727	4.6
Tourism Destination Marketing and Promotion		**13,119,211**	**-**	**13,119,211**	-
	Tourism expos ,incentives ,conferences and exhibition program	3,500,001	-	3,500,001	-
	Community Based Tourism products	2,200,000	-	2,200,000	-
	Support to development of Tourism Products	2,900,000	-	2,900,000	-
	Media Campaign and Promotion of Tourism Products and Programmes	7,419,210	-	7,419,210	-
Tourism Infrastructure Development		**12,400,000**	**-**	**12,400,000**	-
	Completion and Furnishing of Eco-Lodges	8,000,000	-	8,000,000	-
	Phase II of Renovation of Tourism Infrastructure	1,500,000	-	1,500,000	-
Culture Development, Promotion & Preservation		**167,174,234**	**1,873,670**	**165,300,564**	1.1
	Ushanga Initiative	37,800,000	107,700	37,692,300	0.3
	Culture Promotion and Preservation	84,700,756	1,017,800	83,682,956	1.2
	Annual tourism and cultural festival	35,000,000	-	35,000,000	-
Heritage Promotion		**9,673,478**	**748,170**	**8,925,308**	7.7

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	Arts and Creativity Development	3,073,478	-	3,073,478	-
	Heritage Promotion	6,600,000	748,170	5,851,830	11.3
Culture Development Preservation Infrastructure		**15,400,000**	**-**	**15,400,000**	-
	Equipment and Infrastructure Development at Ekalees Centre	15,400,000	-	15,400,000	-
Forestry and Wildlife Development and Management		**38,709,835**	**573,100**	**38,136,735**	1.5
	Forestry Management and Conservation	3,826,370	-	3,826,370	-
	Community Wildlife Conservation	16,182,370	573,100	15,609,270	3.5
	Forestry Development Infrastructure	13,500,000	-	13,500,000	-
	Forestry Protection	2,701,095	-	2,701,095	-
	Prosopis Management	2,500,000	-	2,500,000	-
	Water, Environment and Mineral Resources				-
Water Supply and Sanitation		**377,108,533**	**109,918**	**376,998,615**	-
	Construction of Dams	70,000,000	-	70,000,000	-
	Construction and Desilting of Water Pans/Rock Catchment	117,600,000	-	117,600,000	-
	Rehabilitation of Water Infrastructure	52,500,000	109,918	52,390,082	0.2
	Drilling and Equipping of Boreholes	125,382,163	-	125,382,163	-
	Equipment of Quality Analysis Laboratory	8,000,000	-	8,000,000	-
	Project Coordination and Management	3,626,370	-	3,626,370	-
Water and Catchment Protection		**10,853,404**	**79,890**	**10,773,514**	0.7
	Water Resources Management	2,053,404	-	2,053,404	-
	Drought Mitigation	8,800,000	79,890	8,720,110	0.9
Water Sector Governance		**25,205,109**	**659,400**	**24,545,709**	2.6
	Planning and Coordination	25,205,109	659,400	24,545,709	2.6
Environmental Governance, Compliance, Conservation, Protection and Management		**17,482,005**	**122,800**	**17,359,205**	0.7
	Environmental Governance and Compliance	6,798,601	122,800	6,675,801	1.8
	Environmental Protection and Conservation	2,453,404	-	2,453,404	-
	Plastic Collection Re-use Facility	5,000,000	-	5,000,000	-
	Climate Change and Adaptation	3,230,000	-	3,230,000	-
Mineral Resource Mapping and Management		**8,754,218**	**-**	**8,754,218**	-

Program	Sub Program	Approved Budget	Actual Payments	Variance	Absorption (%)
	SP 6.1 Mineral Resource Mapping	3,053,404	-	3,053,404	-
	SP 6.2 Management of Mining and Quarrying Activities	600,000	-	600,000	-
	SP 6.3 Capacity Building in Exploitation of Mineral Resources	810,329	-	810,329	-
	Artisanal Mining Equipment	2,000,000	-	2,000,000	-
	Extractive Bills & Policies	2,290,485	-	2,290,485	-
General Administration and Support Services		**374,484,328**	**60,136,631**	**314,347,697**	16.1
	General Administration and Support Services	374,484,328	60,136,631	314,347,697	16.1
Petroleum		**10,527,465**	**-**	**10,527,465**	-
	Oil & gas	7,227,465	-	7,227,465	-
	Extractive Regulations & Strategies	3,300,000	-	3,300,000	-
Total		**14,143,727,727**	**1,229,780,135**	**12,913,947,592**	**8.7**

Source: *Turkana County Treasury*

The top performing programs across the County were: General Administration and Support Services, Heritage Promotion, Inspectorate Training Institute, Civic education Programme, Annual Roads Inventory and Conditional Survey (ARICS), County Internship Programme, and Cross Border peace dividends programme.

3.43.9 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.1.83 billion had been disbursed against an expected disbursement of Kshs.2.21 billion. This affected implementation of the development activities in the reporting period.
2. Failure to budget for all conditional grants in line with CARA, 2019.

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

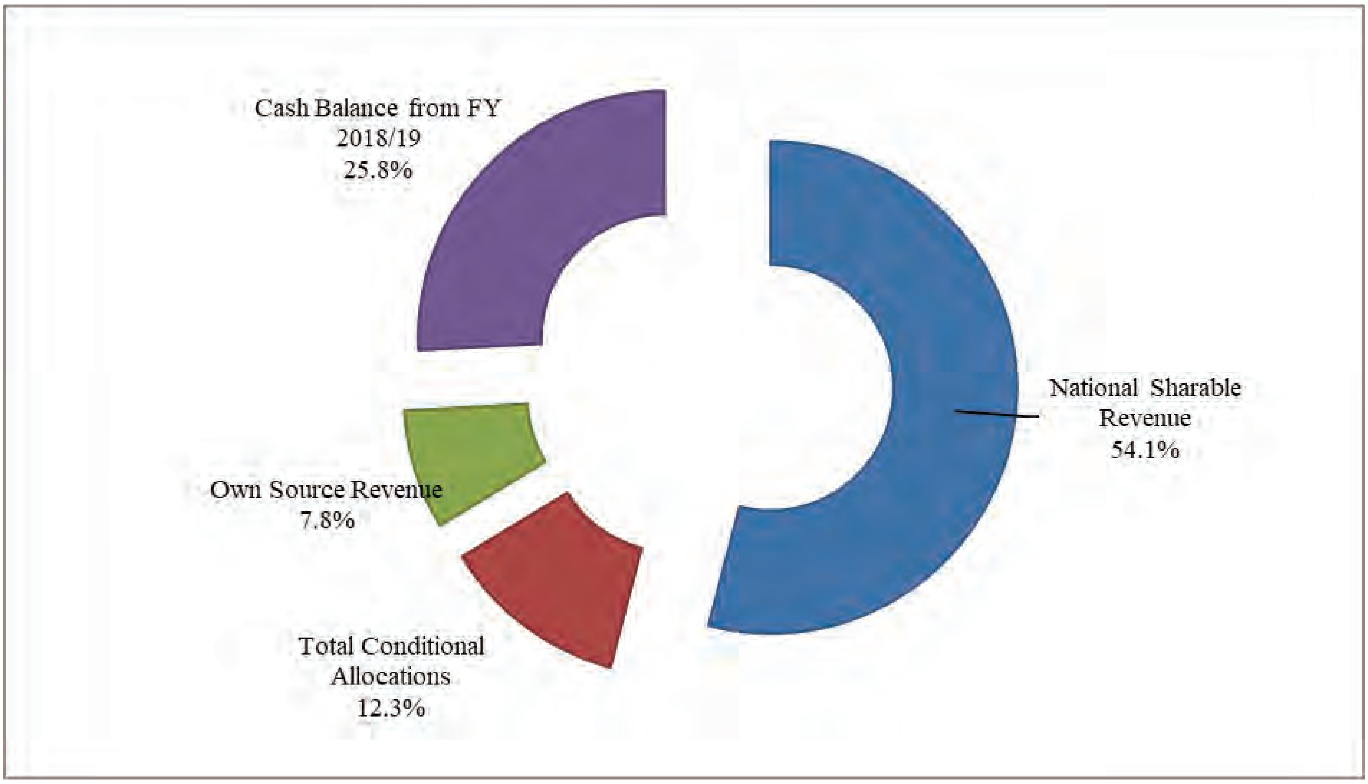
1. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with CARA, 2019 Disbursement Schedule.*
2. *The County should ensure all conditional grants are budgeted for through the supplementary budget in line with CARA, 2019.*

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 recurrent and development programmes respectively. To finance the budget, the County expects 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 million (7.8 per cent) from own source revenue, and had Kshs.2.96 billion (25.8 per cent) as cash balance from FY 2018/19. Figure 3.127 shows the expected sources of financing in FY 2019/20.

Figure 3.127: Expected Sources of Financing in FY 2019/20



Source: *Uasin County Treasury*

3.44.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.10 billion as equitable share of the revenue raised nationally, Kshs.102.34 million as total conditional grants, raised Kshs.141.41 million from own-source revenue, and had a cash balance of Kshs.2.96 billion from FY 2018/19. The total funds available for budget implementation amounted to Kshs.4.31 billion as shown in Table 3.165 .

Table 3.165: Uasin County, Revenue Performance in the First Quarter of FY 2019/20

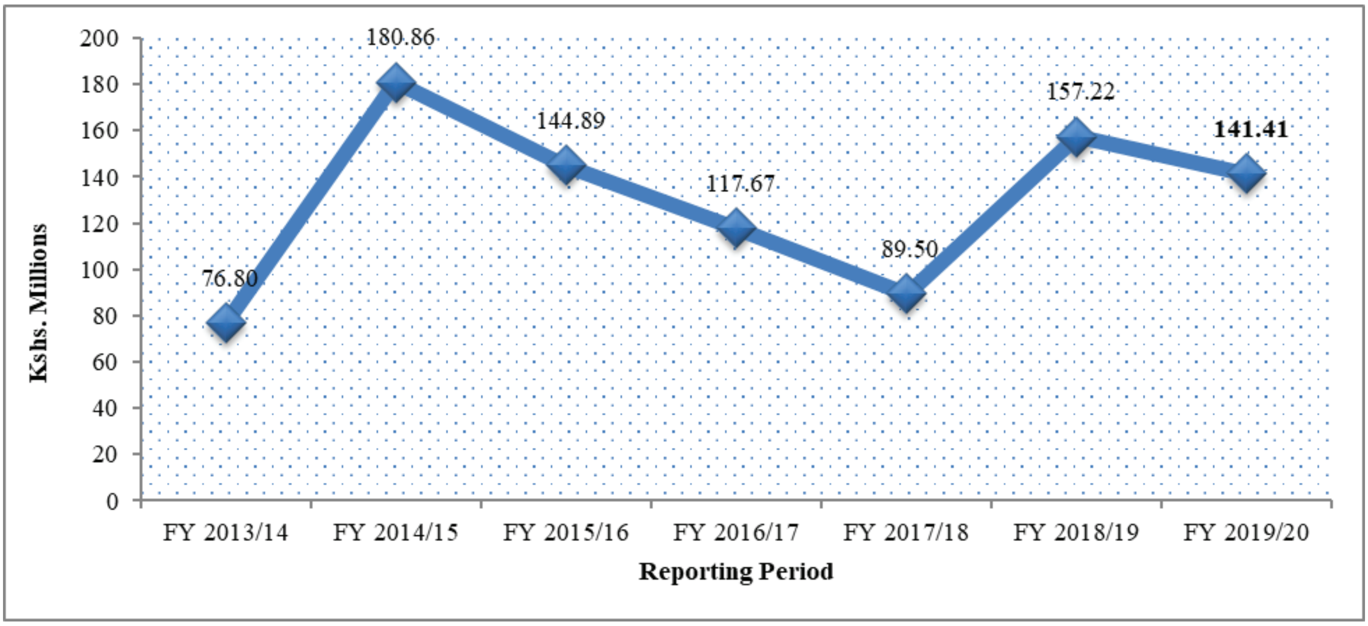
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	**Equitable Share of Revenue Raised nationally**	**6,330,000,000**	**6,200,000,000**	**1,101,420,000**	**17.8**
B.	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	-	-
2.	Rehabilitation of Village Polytechnics	57,588,298	57,588,298	-	-
3.	Road Maintenance Fuel Levy Fund	179,681,250	179,681,250	-	-
Sub Total	**258,082,613**	**258,082,613**	**-**	**-**	
C	**Loans and Grants from Development Partners**				
4	Transforming Health systems for Universal care Project (WB)	40,028,573	79,565,499	-	-
5	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	117,000,000	-	-
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	57,481,990	-	-
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	630,147,800	630,147,800	-	-
8	DANIDA Grant	25,961,694	19,136,250	-	-
9	EU Grant (Instruments for Devolution Advise and Support IDEAS)	50,223,504	45,000,000	-	-

10	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	80,000,000	80,000,000	-	-
11	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	102,342,917	102,342,917	100
12	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,331,289	18,161,321	-	-
13	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		**1,081,492,860**	**1,148,835,777**	**102,342,917**	**8.9**
D	**Other Sources of Revenue**				-
14	Own Source Revenue	-	900,000,000	141,410,664	15.7
15	Balance b/f from FY2018/19	-	2,963,518,784	2,963,518,784	100.0
Sub Total		-	**3,863,518,784**	**3,104,929,448**	**80.4**
Grand Total		**7,669,575,473**	**11,470,437,174**	**4,308,692,365**	**37.6**

Source: *Uasin Gishu County Treasury*

Figure 3.128 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to first quarter of FY 2019/20.

Figure 3.128: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20.



Source: *Uasin Gishu County*

The realised own source revenue in the period under review accounted for 15.7 per cent of the annual target.

3.44.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.17 billion from the CRF account. The entire amount was for recurrent programmes.

3.44.4 Overall Expenditure Review

A total of Kshs.1.07 billion was spent on recurrent programmes and represented 91.6 per cent of the total funds released from the CRF account. Expenditure on recurrent programmes represented 20.5 per cent of the annual recurrent budget. There was no development expenditure.

3.44.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.841.74 million was spent on compensation to employees and Kshs.225.97 million on use of goods and services.

Table 3.166: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

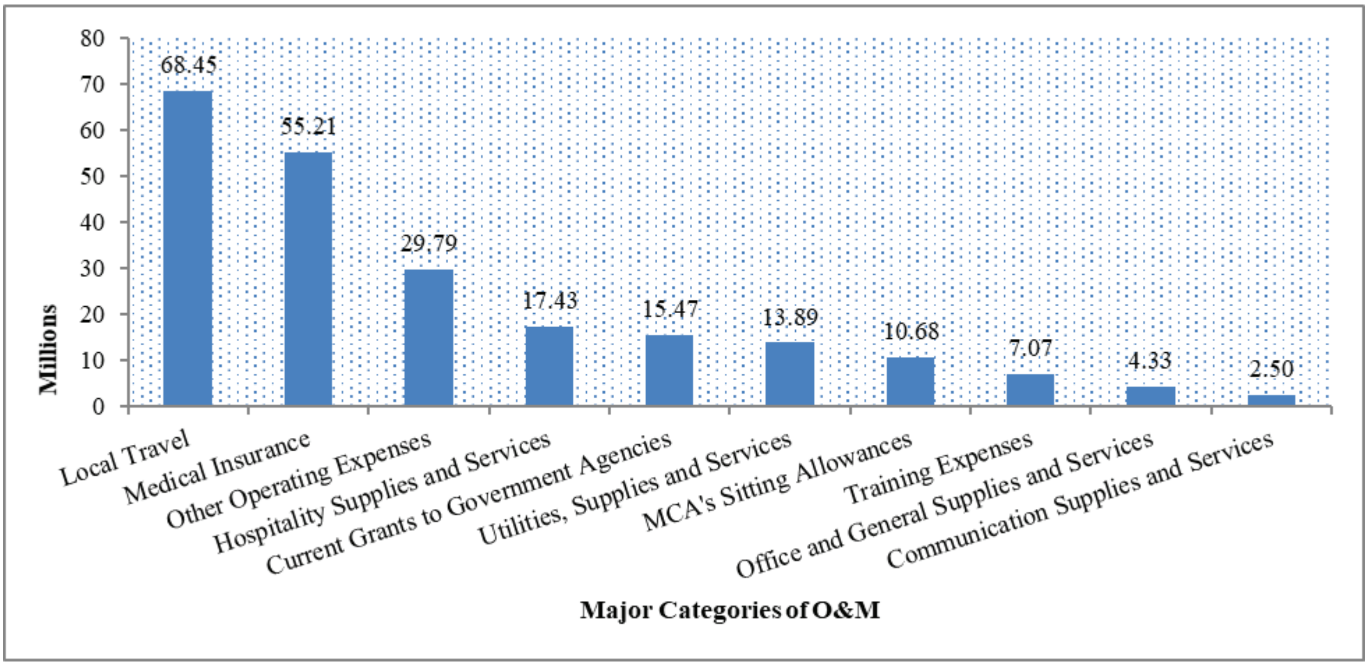
Expenditure Classification	Budget (Kshs. Million)	Exchequer Issues (Kshs. Million)	Expenditure (Kshs. Million)	Absorption Rate (%)
Compensation to Employees	3,260.51	965.91	841.74	25.8
Operations and Maintenance	1,956.84	199.89	225.97	11.5
Development Expenditure	6,253.09	-	-	-
Total	**11,470.44**	**1,165.78**	**1,067.71**	**9.3**

Source: *Uasin Gishu County Treasury*

3.44.6 Analysis of Operations and Maintenance

Figure 3.129 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.129: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Uasin Gishu County Treasury*

The County spent Kshs.10.68 million on committee sitting allowances to the 47 MCAs and the Speaker against the annual budget allocation of Kshs.39.60 million. This was a decline of 9.2 per cent compared to Kshs.9.78 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.74,145 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.68.45 million and comprised of Kshs.48.17 million spent by the County Assembly and Kshs.20.29 million by the County Executive. This represented an increase of 59.5 per cent compared to Kshs.42.91 million spent in the first quarter of FY 2018/19.

3.44.7 Budget Performance by Department

Table 3.167 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.167: Uasin County, Budget Performance by Department for the First Quarter 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	90.94	-	20.33	-	23.30	-	114.6	-	25.6	-
Finance	302.70	-	41.07	-	36.46	-	88.8	-	12.0	-
Public Service Management	558.33	35.89	162.62	-	204.90	-	126.0	-	36.7	-
ICT and E-Government	39.61	63.98	8.33	-	5.75	-	69.1	-	14.5	-
Roads, Transport, Energy and Public Works	513.04	804.72	72.84	-	48.15	-	66.1	-	9.4	-
Lands and Housing	49.08	788.64	11.14	-	8.12	-	72.8	-	16.5	-
Water, Environment, Natural Resources. Tourism and Wildlife	122.84	619.32	30.77	-	44.27	-	143.9	-	36.0	-
Health Services	1,911.50	572.04	470.06	-	453.27	-	96.4	-	23.7	-
Agriculture	216.96	526.88	57.23	-	45.44	-	79.4	-	20.9	-
Trade, Investment, Tourism and Industrialization	15.57	309.35	0.50	-	1.99	-	398.0	-	12.8	-
Education, Culture and Social Services	367.22	136.15	69.65	-	42.60	-	61.2	-	11.6	-
County Public Service Board	30.85	-	6.00	-	2.14	-	35.6	-	6.9	-
County Assembly	680.00	100.80	143.79	-	110.42	-	76.8	-	16.2	-
Economic Planning	54.87	-	1.00	-	2.86		286.0	-	5.2	-
Devolution and Public Administration	48.26	210.28	4.40	-	8.40	-	191.0	-	17.4	-
Youth Affairs, Gender and Sports Development	120.13	284.04	19.00	-	11.10	-	58.4	-	9.2	-
Department of Cooperatives and Enterprise Development	15.65	211.58	0.34	-	1.78	-	522.4	-	11.3	-
Department of Livestock Development and Fisheries	11.93	220.32	0.70	-	0.40	-	57.8	-	3.4	-
Department of Physical Planning and Urban Development	50.09	87.17	41.20	-	16.37	-	39.7	-	32.7	-
Eldoret Municipality	17.77	1,281.92	4.83	-	-	-	0.0	-	0.0	-
Grand Total	**5,217.34**	**6,253.09**	**1,165.80**	**-**	**1,067.71**	**-**	**91.6**	**-**	**20.5**	**-**

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the County did not report on development expenditure. The Department of Public Service Management had the highest percentage of recurrent expenditure to its recurrent budget at 36.7 per cent while the Eldoret Municipality did not record any expenditure.

3.44.8 Budget Execution by Programmes and Sub-Programmes

Table 3.168 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.168: Uasin County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
	Default - Non Programmatic	-	5,181,500	-5,181,500	-
	Sub Total	-	**5,181,500**	**-5,181,500**	-
Programme	**Sub Programme**	**Approved Budget**	**Actual Payments**	**Variance**	**Absorption (%)**

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Livestock Resource Management and Development	Livestock Disease Control	122,860,182	138,680	122,721,502	0.1
	Veterinary Public Health Services	1,485,488	-	1,485,488	-
	Breeding Services	6,903,375	-	6,903,375	-
	Emerging Livestock Production	54,890,000	-	54,890,000	-
	Livestock Production Services	5,346,000	-	5,346,000	-
	Livestock Products Value Addition and Marketing	4,654,000	-	4,654,000	-
	Sub Total	**196,139,045**	**138,680**	**196,000,365**	0.1
Crop Development and Management	Stationary Grain Drier	26,636,001	-	26,636,001	-
	Diffuse Light Store	10,418,010	-	10,418,010	-
	Grain Stores & Power Supply Connection To Community Grain Stores	16,500,000	-	16,500,000	-
	Electric Grain Moisture Meters	27,243,282	-	27,243,282	-
	Export Produce Collection Shades And Cold Storage Stores	1,000,000	-	1,000,000	-
	Green House Production	17,871,363	1,496,970	16,374,393	8.4
	Crop Disease And Pest Control	3,000,000	-	3,000,000	-
	Soil Testing	37,156,290	-	37,156,290	-
		5,500,000	-	5,500,000	-
	Agribusiness And Market Development	224,509,381	3,694,090	220,815,291	1.6
	Sub Total	**369,834,327**	**5,191,060**	**364,643,267**	1.4
	Supplies For Production	11,195,809	-	11,195,809	-
	Fisheries Production	13,132,025	-	13,132,025	-
	Value Addition and Marketing	1,657,844	-	1,657,844	-
	Sub Total	**25,985,678**	**-**	**25,985,678**	-
Administration Support Services	Office Accommodation	22,721,966	-	22,721,966	-
	SP4 Administrative and Support Services	322,906,460	44,768,954	278,137,506	13.9
	Sub Total	**345,628,426**	**44,768,954**	**300,859,472**	13.0
Agricultural Training Services - Chebororwa	Administrative Support Services	43,881,452	-	43,881,452	-
	Training and Extension Support Services	2,182,475	358,960	1,823,515	16.4
	Livestock Production Services	20,000,000	-	20,000,000	-
	Sub Total	**66,063,927**	**358,960**	**65,704,967**	0.5
Agricultural Mechanization Services	Equipment and Machineries	18,665,246	308,740	18,356,506	1.7
	Development Of Water Harvesting And Improve Market Accessibility	2,000,000	-	2,000,000	-
	Agricultural Production	104,361,131	-	104,361,131	-
	Sub Total	**125,026,377**	**308,740**	**124,717,637**	0.2
Land Policy Management	Preparation Of Valuation Rolls	90,315,513	7,984,799	82,330,713	8.8
	Land Banking For Public Use	643,183,834	6,600	643,177,234	0.0
	Spatial Planning	2,105,000	37,700	2,067,300	1.8
	Land Administration Services	2,670,000	86,000	2,584,000	3.2
	Land Survey	35,360,310	-	35,360,310	-
	Sub Total	**773,634,657**	**8,115,099**	**765,519,558**	1.0

Housing Development	Increase Access To Housing	60,614,990	501,065	60,113,925	0.8
	Housing Development	95,848,380	15,396,994	80,451,386	16.1
	Estate Management	44,889,543	470,180	44,419,363	1.0
	Sub Total	**201,352,913**	**16,368,239**	**184,984,674**	8.1
ICT Infrastructure Development	Automation Services:- Health Facilities, County Rates & Registry	30,000,000	-	30,000,000	-
	Development Of Information Centers (One stop Information Points)	3,614,775	-	3,614,775	-
	County Press Centre	9,718,538	-	9,718,538	-
	Youth Innovation Centre	4,500,000	-	4,500,000	-
	Sub Total	**47,833,313**	**-**	**47,833,313**	-
	Administrative And Support Services	54,528,679	5,683,754	48,844,925	10.4
	Sub Total	**54,528,679**	**5,683,754**	**48,844,925**	10.4
	Development Of Mechanical Workshops	838,728	-	838,728	-
	Sub Total	**838,728**	**-**	**838,728**	-
Roads Infrastructure Development	Capital Roads Investments	505,079,620	15,980,489	489,099,131	3.2
	Survey Of County Roads	3,000,000	-	3,000,000	-
	Bridges And Foot Bridge	107,496,536	-	107,496,536	-
	Borrow Pits	3,830,821	-	3,830,821	-
	Maintenance Of Roads	627,460,643	32,171,846	595,288,796	5.1
	Sub Total	**1,246,867,620**	**48,152,335**	**1,198,715,284**	3.9
Disaster Management	Development Of New Fire Sub-Stations	20,000,000	-	20,000,000	-
	Fire, Ambulance And Emergency Services	5,870,048	-	5,870,048	-
	Sub Total	**25,870,048**	**-**	**25,870,048**	-
	Sub-County Headquarters	161,559,160	-	161,559,160	-
	Sub Total	**161,559,160**	**-**	**161,559,160**	-
Disaster Response Management	ICT Infrastructure Development	765,714	-	765,714	-
	Sub Total	**765,714**	**-**	**765,714**	-
Street Lighting Services	Street Lighting	44,182,398	-	44,182,398	-
	Sub Total	**44,182,398**	**-**	**44,182,398**	-
Trade Development And Investment	Ultra- Modern Wholesale Market With Cold Storage Go-Down	106,470,743	-	106,470,743	-
	Modern Shopping Mkt.	10,001,000	-	10,001,000	-
	Sub Total	**116,471,743**	**-**	**116,471,743**	-
Tourism Development And Marketing	Tourism Development Services	7,000,000	-	7,000,000	-
	Tourism Marketing Services	65,200,000	-	65,200,000	-
	Sub Total	**72,200,000**	**-**	**72,200,000**	-
Cooperatives Development And Marketing	Promoting Agribusiness Investments By Value Addition Processing	15,654,107	1,776,187	13,877,921	11.3
	Cereal Warehouses.	15,000,000	-	15,000,000	-
	Support Co-Operative Societies To Provide Credit To Members	18,584,596	-	18,584,596	-
	Sub Total	**49,238,703**	**1,776,18**	**47,462,517**	3.6
	Development Of A Metrological Laboratory	193,000,000	-	193,000,000	-
	Weights And Measurements Services	1,307,000	-	1,307,000	-
	Sub Total	**194,307,000**	**-**	**194,307,000**	-
Market Services	Market Development	189,355,030	-	189,355,030	-
	Sub Total	**189,355,030**	**-**	**189,355,030**	-

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Tourism And Wildlife Services	Tourism Development Services	14,478,926	-	14,478,926	-
	Sub Total	**14,478,926**	**-**	**14,478,926**	-
Curative Health Services	County Health Referral Hospital	40,982,446	-	40,982,446	-
	Medical/Diagnostic Equipment & Supplies	71,775,961	-	71,775,961	-
	Sub Total	**112,758,407**	**-**	**112,758,407**	-
Administration And Support Services	Administrative And Support Services	1,986,195,906	469,629,395	1,516,566,511	23.6
	Sub Total	**1,986,195,906**	**469,629,395**	**1,516,566,511**	23.6
Clinical Services	Clinical Services	50,082,080	-	50,082,080	-
	Sub Total	**50,082,080.**	**-**	**50,082,080**	-
Health Infrastructure	Health Infrastructure	408,113,176	-	408,113,176	-
	Sub Total	**408,113,176**	**-**	**408,113,176**	-
Basic Education	Early Childhood Development Education	109,804,479	-	109,804,479	-
	Sub Total	**109,804,479**	**-**	**109,804,479**	-
Youth Training And Development	County Polytechnic	93,469,603	1,123,610	92,345,993	1.2
	Upgrading Home-Craft	7,198,965	-	7,198,965	-
	Sub Total	**100,668,568**	**1,123,610**	**99,544,958**	1.1
Management And Development Of Sports And Sports Facilities	Sports Facilities	77,762,691	6,468,380	71,294,311	8.3
	Sub Total	**77,762,691**	**6,468,380**	**71,294,311**	8.3
Administration And Support Services	Administration And Support Services	653,756,935	82,205,292	571,551,643	12.6
	Sub Total	**653,756,935**	**82,205,292**	**571,551,643**	12.6
Early Childhood Education And Training	ECDE Infrastructure	2,495,568	-	2,495,568	-
	Sub Total	**2,495,568**	**-**	**2,495,568**	-
Social Development Services	Social Welfare And Community Development	8,153,975	-	8,153,975	-
	Sub Total	**8,153,975**	**-**	**8,153,975**	-
Public Finance Management	Finance Services	279,129,615	33,344,432	245,785,182	11.9
	Accounts Services	3,602,215	895,560	2,706,655	24.9
	Procurement And Supply Services	4,543,228	235,160	4,308,068	5.2
	Internal Audit Services	6,873,734	661,800	6,211,934	9.6
	Sub Total	**294,148,792**	**35,136,952**	**259,011,839**	11.9
County Planning And Economic Policy Management	Budget And Economic Affairs Services	36,360,525	2,859,680	33,500,845	7.9
	Central Planning And M&E Services	680,000,000	110,417,996	569,582,004	16.2
	Sub Total	**716,360,525**	**113,277,676**	**603,082,849**	15.8
Human Resource Management And Development	Training And Development	3,234,300	-	3,234,300	-
	Employee Support Services	18,839,390	-	18,839,390	-
	Sub Total	**22,073,690**	**-**	**22,073,690**	-
	Research And Surveys	11,612,141	-	11,612,141	-
	Legal Services	20,000,000	-	20,000,000	-
	Sub Total	**31,612,141**	**-**	**31,612,141**	-
Service Delivery	Registry	5,044,978	-	5,044,978	-
	Sub Total	**5,044,978**	**-**	**5,044,978**	-
	Administration And Support Services	552,837,165.	204,897,320	347,939,845	37.1
		552,837,165	**204,897,320**	**347,939,845**	37.1

Programme	Sub Programme	Approved Budget	Actual Payments	Variance	Absorption (%)
Kenya Devolution Support Programme	Kenya Devolution Support	50,237,393	2,524,176.00	47,713,217.00	5.0
	Sub Total	**50,237,393**	**2,524,176.00**	**47,713,217.00**	5.0
Water Supply Services	Drilling Of Boreholes	120,391,935	43,066,031.25	77,325,903.75	35.8
	Community Water Supplies	68,700,000	-	68,700,000.00	-
	Dams And Water Pans Services	26,100,000	-	26,100,000.00	-
	Sub Total	**215,191,935**	**43,066,031**	**172,125,904**	20.0
Environmental Management And Protection	Protection Of Water Catchment Areas	15,500,000	2,140,444	13,359,556	13.8
	Waste Collection And Disposal	119,504,502	1,486,145	118,018,357	1.2
	Sub Total	**135,004,502**	**3,626,588**	**131,377,913**	2.7
Rural Electrification	Electrification Of Public Institution	5,100,000	-	5,100,000	-
	Sub Total	**5,100,000**	**-**	**5,100,000**	-
	Water Supply Development	338,632,629	-	338,632,629	-
	Sub Total	**338,632,629**	**-**	**338,632,629**	-
	Waste Management And Disposal	11,000,000	-	11,000,000	-
	Sub Total	**11,000,000**	**-**	**11,000,000**	-
	Grand Total	**10,209,197,946**	**1,097,998,931**	**9,111,199,016**	**10.8**

Source: *Uasin Gishu County Treasury*

The top performing programs across the county were: Administration and Support Services at 23.6 percent, Water Supply Services at 20 per cent, and County Planning and Economic Policy Management at 15.8 per cent.

3.44.9 Key Observations and Recommendations

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

1. Delay in the approval of DORA, 2019 by Parliament which affected disbursement of funds to the County by the National Treasury. This delay led to non-absorption of the development budget in the reporting period.
2. Failure by the County Assembly to comply with the requirement of ensuring all payments is processed through IFMIS and Internet Banking platform. The report from the County Assembly shows a negative variance of Kshs.5.18 million which could not be supported by the IFMIS.
3. The report on the County budget execution by programmes and sub programmes indicates an Approved Budget of Kshs.10.21 billion compared to the Uasin Gishu County Appropriation Act, 2019 of Kshs.11.47 billion.
4. The credibility of the budget execution by programmes and sub-programmes report could not be ascertained as it indicates an Approved Budget of Kshs.11.47 billion compared to Kshs.10.21 billion allocation by programmes.

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

1. *The Parliament, National Treasury and the Commission on Revenue Allocation should identify and address the causes of delays in approval of DORB. Further, the National Treasury should ensure funds are released to the County in a timely manner in the remaining period of the financial year in order to enhance budget implementation.*
2. *The accounting officers of the County Assembly should ensure that financial transactions are made through IFMIS and payments made online through the Internet Banking platform at the Central Bank of Kenya.*
3. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to*

ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents.

4. *The County Treasury should reconcile the budget implementation reports generated from IFMIS to ensure the reports are reconciled with the Appropriation Acts and Approved Budget documents*

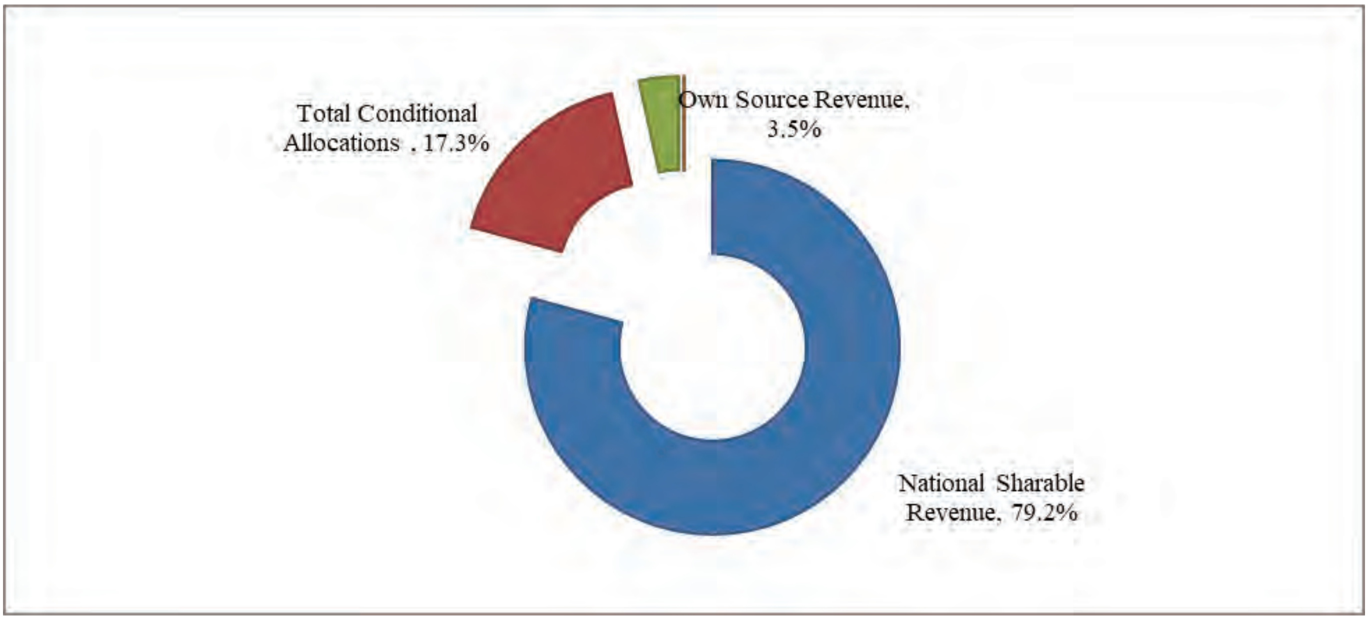
3.45 Vihiga County

3.45.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.56 billion, comprising of Kshs.1.67 billion (30.1 per cent) and Kshs3.89 billion (69.9 per cent) allocations for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.4.40 billion (79.2 per cent) as equitable share of revenue raised nationally, Kshs.962.58 million (17.3 per cent) as total conditional grants, generate Kshs.192.09 million (3.5 per cent) from own source revenue. Figure 3.130 shows the expected sources of financing in FY 2019/20.

Figure 3.130: Expected Sources of Financing in FY 2019/20



Source: *Vihiga County Treasury*

3.45.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.804.54 million (94.2 per cent) as equitable share of the revenue raised nationally and raised Kshs.50.09 million (5.8 per cent) from own-source revenue. The total funds available for budget implementation amounted to Kshs.856.63 million as shown in Table 3.169.

Table 3.169: Vihiga County, Revenue Performance in the First Quarter of FY 2019/20

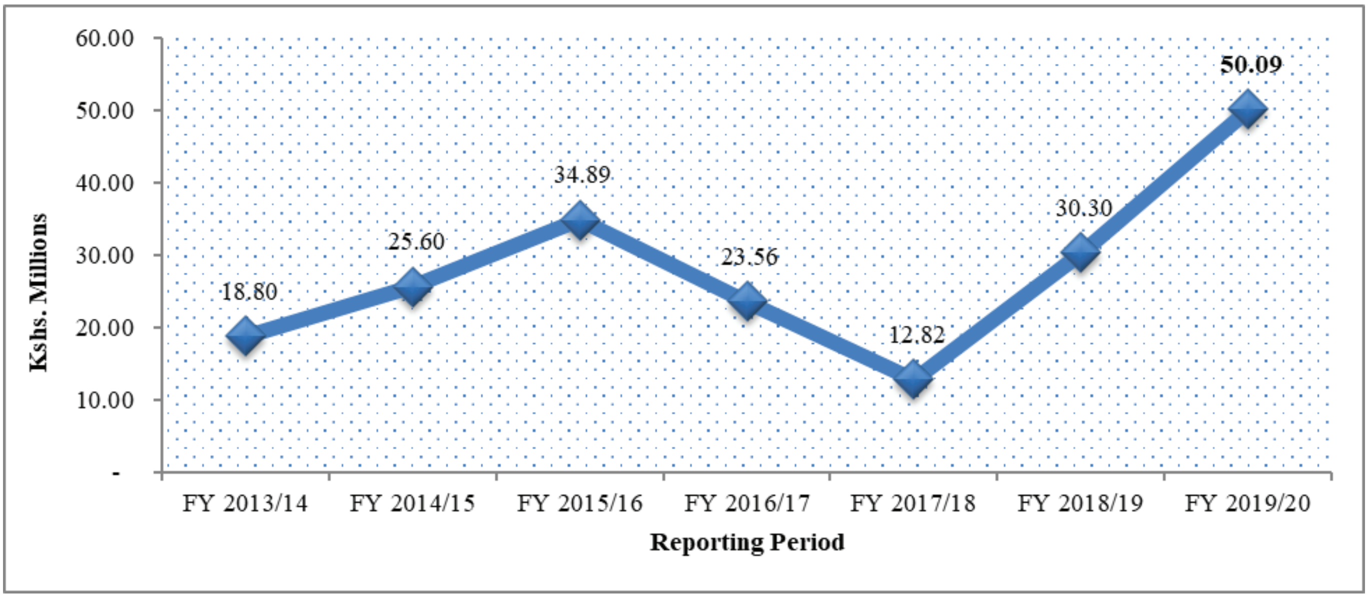
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)	
A.	**Equitable Share of Revenue Raised nationally**	**4,770,000,000**	**4,402,000,000**	**809,543,700**	**18.4**	
B.	**Conditional Grants from the National Government Revenue**					
1.	Free Maternity Health Care	67,908,400	-	-	-	
2.	Compensation for User Fee Foregone	12,923,219	12,657,201	-	-	

3.	Road Maintenance Fuel Levy Fund	117,237,500	127,573,688	-	-	
4.	Rehabilitation of Village Polytechnics	54,148,936	55,000,000	-	-	
Sub Total		**344,381,112**	**195,230,889**	**-**	**-**	
C	**Loans and Grants from Development Partners**					
5.	Transforming Health systems for Universal care Project (WB)	56,065,640	85,844,443		-	-
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	163,008,430		-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	250,950,700	291,288,014		-	-
8.	DANIDA Grant	13,312,500	17,158,609		-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	30,000,000	48,291,628		-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,724,263	21,080,535		-	-
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	92,859,040		-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	47,822,406			-
Sub Total		**804,853,103**	**767,353,105**		**-**	**-**
D	**Other Sources of Revenue**					
13.	Own Source Revenue	-		192,086,250	50,087,994	26.1
Sub Total		-		**192,086,250**	**50,087,994**	**26.1**
Grand Total		**5,801,784,215**		**5,556,670,244**	**859,631,694**	**15.5**

Source: *Vihiga County Treasury*

Figure 3.131 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to FY 2019/20.

Figure 3.131: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Vihiga County Treasury*

The own source revenue realised in the first quarter of FY 2019/20 of Kshs.50.09 million represented 26.1 per cent of the annual target.

3.45.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.783.21 million from the CRF account which was entirely for recurrent programmes only.

3.45.4 Overall Expenditure Review

A total of Kshs.686.60 million was spent on development and recurrent programmes. This expenditure represented 87.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.12.81 million and Kshs.673.79 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 17.3 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.8 per cent.

3.45.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.605.57 million was spent on compensation to employees and Kshs.68.22 million on use of goods and services.

Table 3.170: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure(Kshs)	Absorption (%)
Total Recurrent Expenditure	**3,886,669,171**	**783,214,617**	**673,789,460**	**17.3**
Compensation to Employees	2,128,342,547	597,205,136	605,568,759	28.5
Operations and Maintenance	1,758,326,624	186,009,481	68,220,701	3.9
Total Development Expenditure	**1,670,001,073**	-	**12,806,498**	**0.8**
Development expenditure	1,670,001,073	-	12,806,498	0.8
Total	**5,556,670,244**	**783,214,617**	**686,595,958**	**12.4**

Source: *Vihiga County Treasury*

3.45.6 Development Expenditure

Table 3.171 shows a summary of lists of projects implemented for the first quarter of FY 2019/20.

Table 3.171: List of Projects Implemented for the First Quarter of FY 2019/20

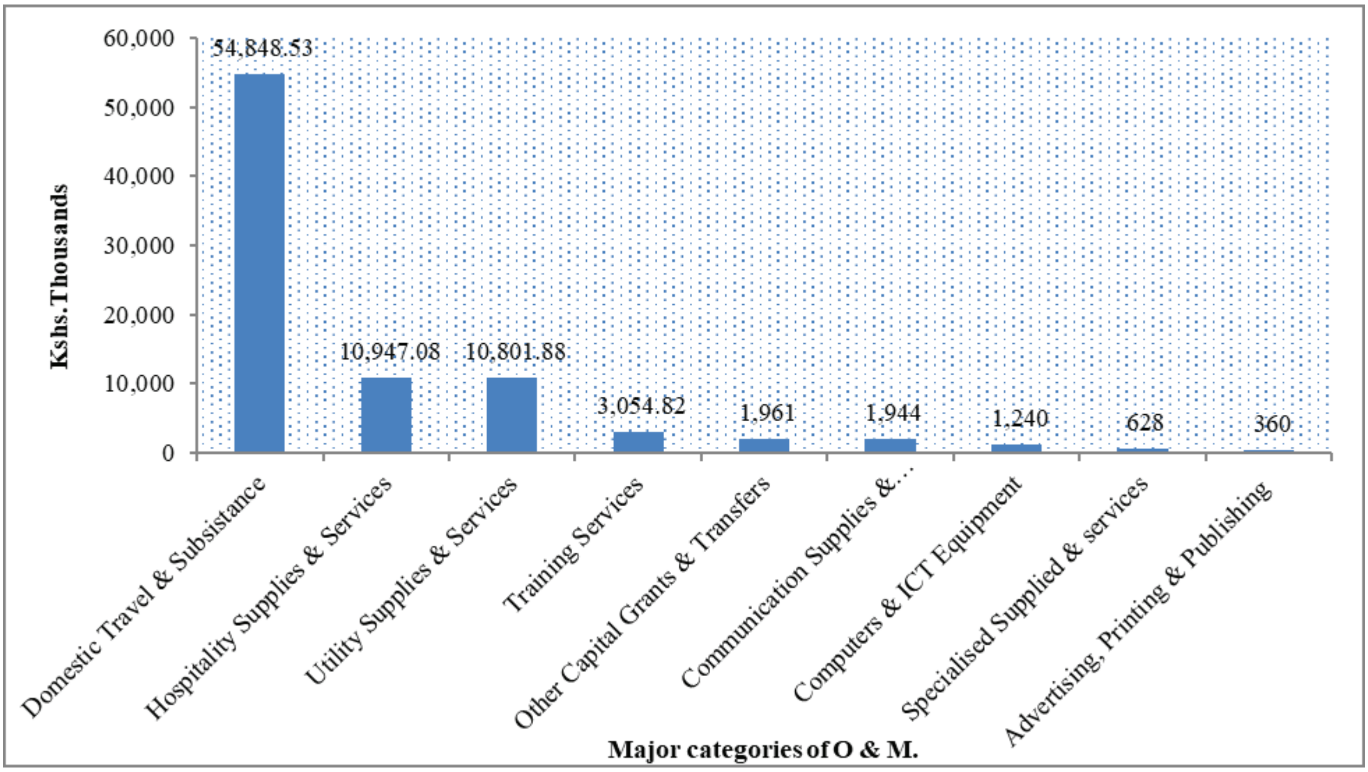
S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs)	Absorption Rate (%)
1	Sabatia-Shivembe Rd	Transport and Infrastructure	Sabatia Sub-County	2,333,920	2,333,920	100
2	Emusire Ebukanga Emabwi(lot 2)	Transport and Infrastructure	Emuhaya SubCounty	2,971,050	2,971,050	100
3	OFF Epanga-Mufutu-Essaba	Transport and Infrastructure	Luanda Subcounty	3,342,000	3,342,000	100
4	Emusire Ebukanga Emabwi (Lot 1)	Transport and Infrastructure	Emuhaya Sub County	4,159,528	4,159,528	100

Source: *Vihiga County Treasury*

3.45.7 Analysis of Operations and Maintenance

Figure 3.132 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.132: Vihiga County, Operations and Maintenance Expenditure by Major Categories in FY 2019/20



Source: *Vihiga County Treasury*

The County spent Kshs.14.54 million to cater for the committee sitting allowances for the 39 MCAs against the annual budget allocation of Kshs.36.69 million. This represented an increase of 83.6 per cent compared to Kshs.7.92 million spent in a similar period of FY 2018/19. The average monthly sitting allowance translated to Kshs.124,294 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.54.85 million and comprised of Kshs.22.74 million spent by the County Assembly and Kshs.32.11 million spent by the County Executive. This represented 8.1 per cent of total recurrent expenditure and was a decrease of 5.7 per cent compared to Kshs.58.19 million spent in the first quarter of FY 2018/19.

3.45.8 Budget Performance by Department

Table 3.172 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.172: Vihiga County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues in FY 2019/20 (Kshs. Millions)		Expenditure in first nine months of FY 2019/20 (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	250.97	10.00	53.92	-	76.12	-	141.2	-	30.3	-
Finance & Economic planning	319.40	0.64	60.19	-	56.00	-	93.0	-	17.5	-
Agriculture, Livestock, Veterinary & Fisheries	161.13	230.49	38.61	-	23.85	-	61.8	-	14.8	-
Health Services	1,177.56	312.30	244.27	-	260.09	-	106.5	-	22.1	-
Education, Science ,Technical & Vacation Training	437.43	84.30	68.96	-	39.03	-	56.6	-	8.9	-
Gender, Culture, Social Services and Gender	137.47	55.84	28.29	-	14.88	-	52.6	-	10.8	-
Trade, Tourism, Entrepreneurship.	87.55	49.45	14.81	-	10.01	-	67.6	-	11.4	-
County Public Service Board	39.13	-	9.20	-	0.73	-	7.9	-	1.9	-
Environment, Water, Energy &Natural Resources	121.28	219.36	26.08	-	14.45	-	55.4	-	11.9	-
Transport, Infrastructure & Communication	175.12	285.83	28.83	-	4.82	12.81	16.7	-	2.8	4.5
Physical Planning , Lands and Housing	133.97	381.79	18.46	-	3.27	-	17.7	-	2.4	-
County Assembly	583.68	10.00	130.82	-	84.99	-	65.0	-	14.6	-
Administration and Coordination of County Affairs	261.98	30.00	60.77	-	85.56	-	140.8	-	32.7	-
Total	**3,886.67**	**1,670.00**	**783.21**	**-**	**673.79**	**12.81**	86.0	-	17.3	0.8

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of Transport, Infrastructure & Communication recorded an absorption rate of development budget at 4.5 per cent. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to recurrent budget at 32.7 per cent while County Public Service Board had the lowest at 1.9 per cent.

3.45.9 Budget Execution by Programmes and Sub-Programmes

Table 3.173 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.173: Vihiga County, Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration, Planning and Support Service	Administrative Service	480,093,705	27,127,142	452,966,563	5.7
	Research and Development	200,000	-	200,000	-
	Sub total	**480,293,705**	**27,127,142**	**453,166,563**	**5.6**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Livestock Development and Management Fisheries Development and Management Crop Development and Management Cooperatives Development 1 Urban and Physical Planning and Housing Services	Veterinary Services and Extension	12,170,357	-	12,170,357	-
	Livestock Extension	8,000,000	-	8,000,000	-
	Sub total	**20,170,357**	**-**	**20,170,357**	**-**
	Promotion of Fish Farming	8,000,000	-	8,000,000	-
	Sub total	**8,000,000**	**-**	**8,000,000**	**-**
	Crop Extension	18,500,000	-	18,500,000	-
	Farm Input Subsidy	11,500,000	-	11,500,000	-
	Sub total	**30,000,000**	**-**	**30,000,000**	**-**
	Cooperative Development Services	5,000,000	-	5,000,000	-
	Sub total	**5,000,000**	**-**	**5,000,000**	**-**
	Urban and Physical Planning	339,110,420	-	339,110,420	-
	Housing Development	25,000,000	-	25,000,000	-
	Sub total	**364,110,420**	**-**	**364,110,420**	**-**
Administration, Planning and Support Service	Administrative Service	426,058,999	24,919,650	401,139,349	5.8
	Sub total	**426,058,999**	**24,919,650**	**401,139,349**	**5.8**
Public Finance Management	Purchase of a trailer	1,000,000	-	1,000,000	-
	Sub total	**1,000,000**	**-**	**1,000,000**	**-**
Transport Management	Transport System Management	10,900,000	-	10,900,000	-
	Mechanical Services	16,534,400	5,000	16,529,400	-
	Sub total	**27,434,400**	**5,000**	**27,429,400**	**-**
Infrastructure Development	Roads Maintenance	6,455,937	-	6,455,937	-
	Sub total	**6,455,937**	**-**	**6,455,937**	**-**
Administration, Planning and Support Service	Administrative Service	135,021,501	10,014,526	125,006,976	7.4
	Sub total	**135,021,501**	**10,014,526**	**125,006,976**	**7.4**
Tourism Development	Tourism Promotion and Branding	1,977,264	-	1,977,264	-
	Sub total	**1,977,264**	**-**	**1,977,264**	**-**
Administration, Planning and Support Service	Administrative Service	231,092,538	1,378,350	229,714,188	0.6
	Human Resource Management and Development	907,800,356	255,622,355	652,178,001	28.2
	Healthcare Financing	56,235,510	1,886,400	54,349,110	3.4
	Sub total	**1,195,128,404**	**258,887,105**	**936,241,299**	**21.7**
Promotive and Preventive Healthcare Services	Public Health Services	25,700,000	111,056	25,588,944	0.4
	Community Health Strategy	6,240,000	337,200	5,902,800	5.4
	Health Promotion	3,795,284	-	3,795,284	-
	Reproductive Healthcare	340,000	-	340,000	-
	Disease Surveillance and Emergency	490,000	24,800	465,200	5.1
	Sub total	**36,565,284**	**473,056**	**36,092,228**	**1.3**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Curative And Rehabilitative Health Services	Medical services	211,600,000	621,000	210,979,000	0.3
	County referral services	240,000	-	240,000	-
	Drugs and Other Medical Supplies	140,000	-	140,000	-
	Sub total	**211,980,000**	**621,000**	**211,359,000**	**0.3**
Child and Maternal Health Care	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	-
	Sub total	**46,188,276**	**-**	**46,188,276**	**-**
Administration, Planning and Support Service	Administrative Service	297,352,824	15,265,373	282,087,451	5.1
	Sub total	**297,352,824**	**15,265,373**	**282,087,451**	**5.1**
Vocational Education and Training	Youth Polytechnic Development	70,416,000	480,500	69,935,500	0.7
	Sub total	70,416,000	480,500	69,935,500	0.7
Early Childhood Development	ECD Development	153,956,700	23,174,876	130,781,824	15.1
	Sub total	**153,956,700**	**23,174,876**	**130,781,824**	**15.1**
Administration, Planning and Support Service	Administrative Service	1,033,661,744	235,844,633	797,817,111	22.8
	County Administration	28,912,000	3,714,360	25,197,640	12.8
	County Radio Information Services	19,307,140	4,999,000	14,308,140	25.9
	Sub total	**1,081,880,884**	**244,557,993**	**837,322,891**	**22.6**
Public Finance Management	Public Finance Management	12,100,000	1,305,000	10,795,000	10.8
	Accounting Services	13,750,000	844,000	12,906,000	6.1
	Audit Services	16,750,000	1,531,550	15,218,450	9.1
	Budget Formulation Coordination	10,900,000	479,800	10,420,200	4.4
	Resource Mobilization	21,900,000	1,033,445	20,866,555	4.7
	Budget Expenditure Management	20,650,000	2,674,700	17,975,300	13.0
	Sub total	**96,050,000**	**7,868,495**	**88,181,505**	**8.2**
County Planning Services	Monitoring and Evaluation	7,725,000	995,100	6,729,900	12.9
	Coordination of Policy Formulation and Plans	10,239,970	(390,000)	10,629,970	-3.8
	Sub total	**17,964,970**	**605,100**	**17,359,870**	**3.4**
Coordination and Supervisory Services	Performance Management	200,000	-	200,000	-
	Disaster Management and Mitigation	200,000	-	200,000	-
	Sub total	**400,000**	**-**	**400,000**	**-**

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Management and Administration of County Services	County Executive	300,000	-	300,000	-
	County Secretary	11,256,178	698,000	10,558,178	6.2
	Legal Services	10,700,000	176,700	10,523,300	1.7
	Sub total	**22,256,178**	**874,700**	**21,381,478**	**3.9**
Legislation and Oversight	Legislation and Oversight	287,054,974	67,123,336	219,931,638	23.4
	Sub total	**287,054,974**	**67,123,336**	**219,931,638**	**23.4**
Administration, Planning and Support Service	Administrative Service	61,658,367	12,502,665	49,155,702	20.3
	Technical Conferences	500,000	-	500,000	-
	Elderly Fund	700,000	-	700,000	-
	Sub total	**62,858,367**	**12,502,665**	**50,355,702**	**19.9**
Sports Development	Promotion of Sports	79,444,855	2,372,450	77,072,405	3.0
	Promotion of Culture and Heritage	19,550,000	-	19,550,000	-
	Recreation and Arts	13,859,757	-	13,859,757	-
	Sub total	**112,854,612**	**2,372,450**	**110,482,162**	**2.1**
Gender	Social Protection	5,200,000	-	5,200,000	-
	Gender, Children, Youth and People with Disability	12,400,000	-	12,400,000	-
	Sub total	**17,600,000**	**-**	**17,600,000**	**-**
Administration, Planning and Support Service	Administrative Service	195,781,149	14,452,102	181,329,047	7.4
	Financial Services	83,359,040	-	83,359,040	-
	Sub total	**279,140,189**	**14,452,102**	**264,688,087**	**5.2**
Water and sanitation	Water Supply Management	45,500,000	-	45,500,000	-
	Waste Water Management	1,000,000	-	1,000,000	-
	Sub total	**46,500,000**	**-**	**46,500,000**	**-**
Environmental Protection and Conservation	Environmental Protection and Conservation	11,500,000	-	11,500,000	-
	Sub total	**11,500,000**	**-**	**11,500,000**	**-**
Environmental Protection and Conservation	Farm Forest Management	2,000,000	-	2,000,000	-
	Natural Resources management	1,500,000	-	1,500,000	-
	Sub total	**3,500,000**	**-**	**3,500,000**	**-**
Grand Total		**5,556,670,245**	**711,325,067**	**4,845,345,178**	**12.8**

Source: *Vihiga County Treasury*

The top performing programs across the county were: Administration, Planning and Support Service, Legislation and Oversight, Early Childhood Development, County Planning Services.

3.45.10 Key Observations and Recommendations

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

1. Delay in the approval of the Division of Revenue Bill (DORB) by Parliament affected disbursement of funds to the County by the National Treasury. This delay led to non-absorption of the development budget in the reporting period.
2. Failure by the County to provide a detailed report on pending bills as of the end of first quarter contrary to the requirements of Section 166 of the PFM Act, 2012 and the Controller of Budget Act, 2016.

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

1. *The Parliament, National Treasury and the Commission on Revenue Allocation should identify and*

address the causes of delays in approval of DORB. Further, the National Treasury should ensure funds are released to the County in a timely manner in the remaining period of the financial year in order to enhance budget implementation.

2. *The County Treasury should provide a report on status of pending bills as requested by the Controller of Budget in line with the COB Act, 2016 and the PFM Act, 2012.*

3.46 Wajir County

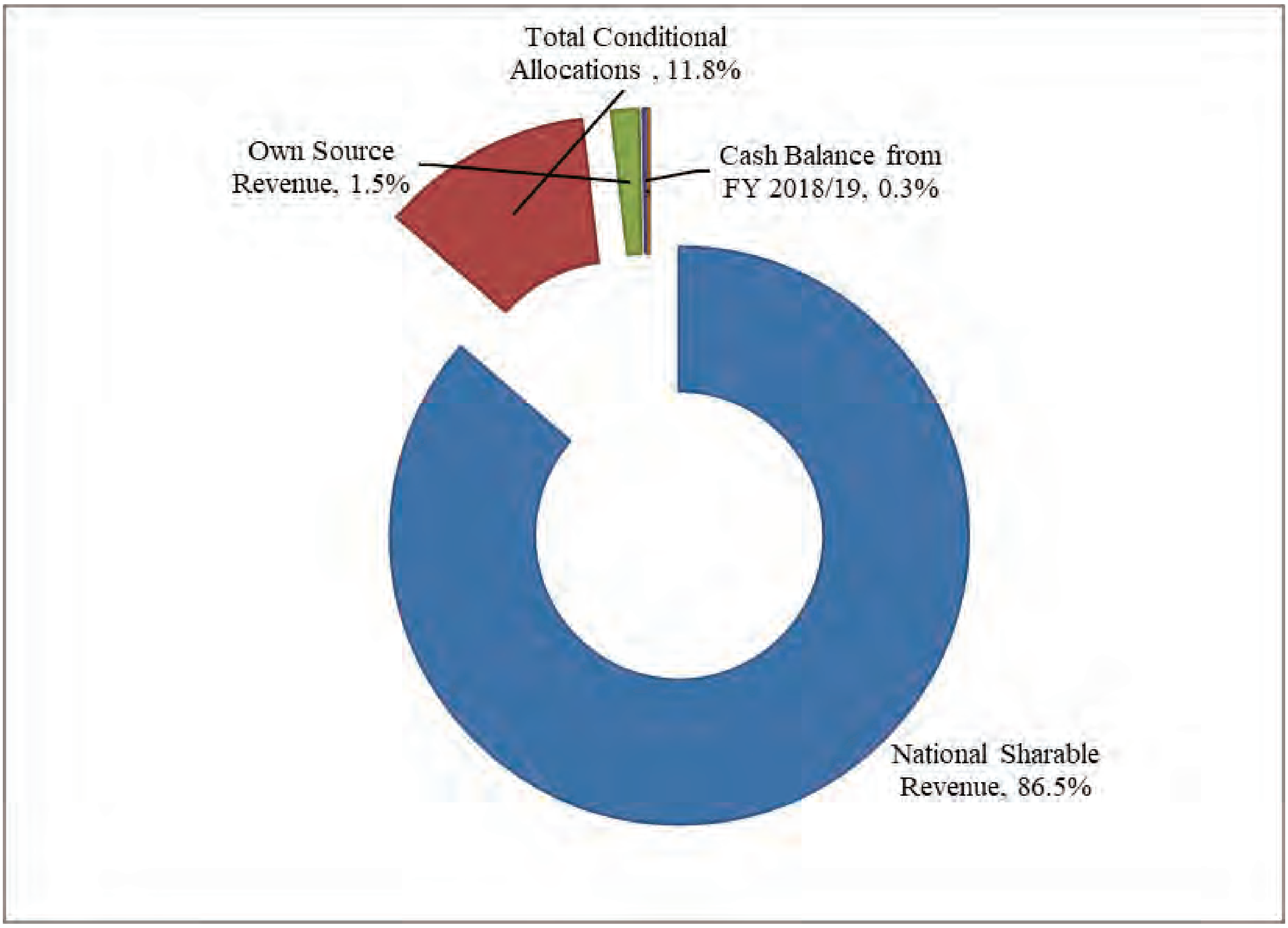
3.46.1 Overview of the FY 2019/20 Budget

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 (86.5 per cent) as equitable share of revenue raised nationally, Kshs.1.15 billion (11.8 per cent) as total conditional grants, generate Kshs.150 (1.6) Per cent million from own source revenue, and had Kshs.29.82 million (0.3 per cent)as cash balance from FY 2018/19.

Figure 3.133 shows the expected sources of financing in FY 2019/20.

Figure 3.133: Expected Sources of Financing in FY 2019/20



Source: *Wajir County Treasury*

3.46.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.1.49 billion (97.2 per cent) as equitable share of the revenue raised nationally, raised Kshs12.70 million from own-source revenue, and had a cash balance of Kshs.29.82million (1.9 per cent) from FY 2018/19. The county also did not received Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.1.53 billion as shown in Table 3.174 .

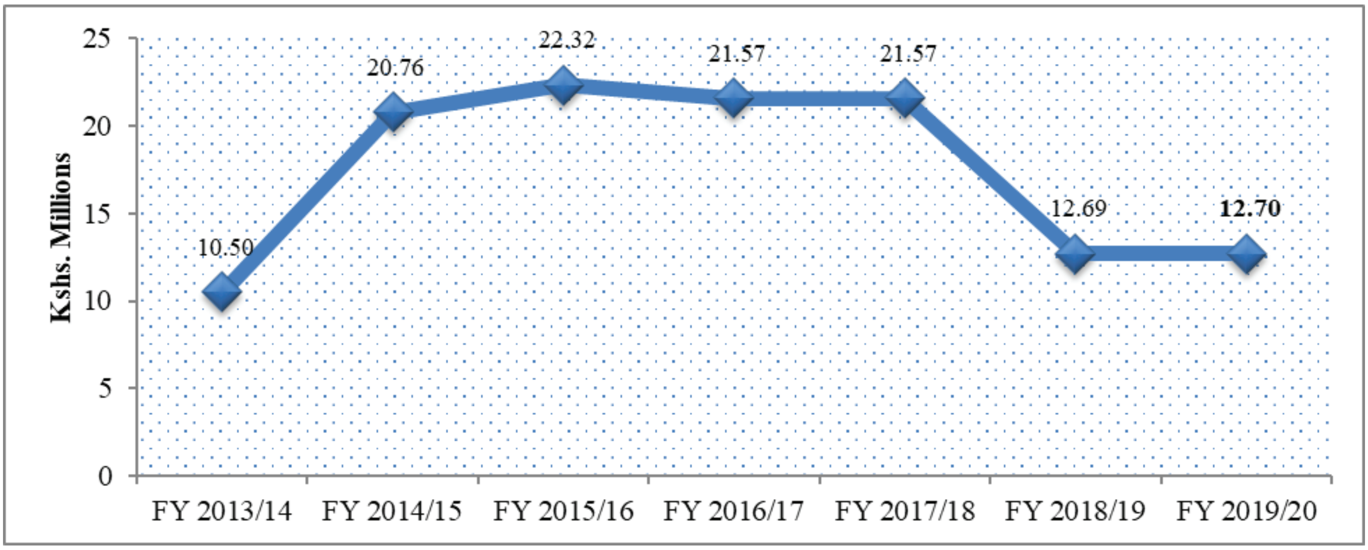
Table 3.174: Wajir County, Revenue Performance in the First Quarter of FY 2019/20

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**	**8,370,000,000**	**8,370,000,000**	**1,486,917,000**	**18**
B.	**Conditional Grants from the National Government Revenue**	**-**	**-**	**-**	
1.	Compensation for User Fee Foregone	15,784,997	15,784,997	-	-
2	Road Maintenance Fuel Levy Fund	242,569,688	242,569,688	-	-
3	Rehabilitation of Village Polytechnics	18,903,297	18,903,297	-	-
Sub Total		**277,257,982**	**277,257,982**	**-**	**-**
4	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	153,172,330	153,172,330	-	-
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
6.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	165,643,500	165,643,500		-
7.	DANIDA Grant	25,312,500	25,312,500		-
8.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	24,481,325	24,481,325		-
9.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	250,000,000	250,000,000		-
10.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	112,000,000	112,000,000		-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	23,548,494	23,548,494		-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	40,000,000	0.8
Sub Total		**869,158,149**	**869,158,149**	**40,000,000**	**5**
14.	Own Source Revenue		150,000,000	12,702,126	-
15.	Balance b/f from FY2019/20		29,816,646	29,816,646	-
Sub Total		**179,816,645**	**179,816,645**	**29,816,645**	**16.6**
Grand Total		**9,696,232,776**	**9,696,232,776**	**1,556,733,645**	**16**

Source: *Wajir County Treasury*

Figure 3.134 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2019/20.

Figure 3.134: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2019/20



Source: *Wajir County Treasury*

3.46.3 Exchequer Issues

To finance the budget, the Controller of Budget approved withdrawal of Kshs.1.14 billion from the CRF account. The entire amount was for recurrent programmes.

3.46.4 Overall Expenditure Review

A total of Kshs.1.10 billion was spent on recurrent programmes and represented 96.5 per cent of the total funds released from the CRF account. Expenditure on recurrent programmes represented 11.4 per cent of the annual recurrent budget. There was no development expenditure.

3.46.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.978.21 million was spent on compensation to employees and Kshs.122.19 million on use of goods and services.

Table 3.175: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,990,734,939	1,140,399,679	1,100,399,679	18.4
Compensation to Employees	3,959,942,066	978,213,730	978,213,730	24.7
Operations and Maintenance	2,030,792,873	162,185,948	122,185,948	6
Total Development Expenditure	3,675,681,192	-	-	-
Development Expenditure	3,675,681,192	-	-	-
Total	**9,666,416,131**	**1,140,399,679**	**1,100,399,679**	11.4

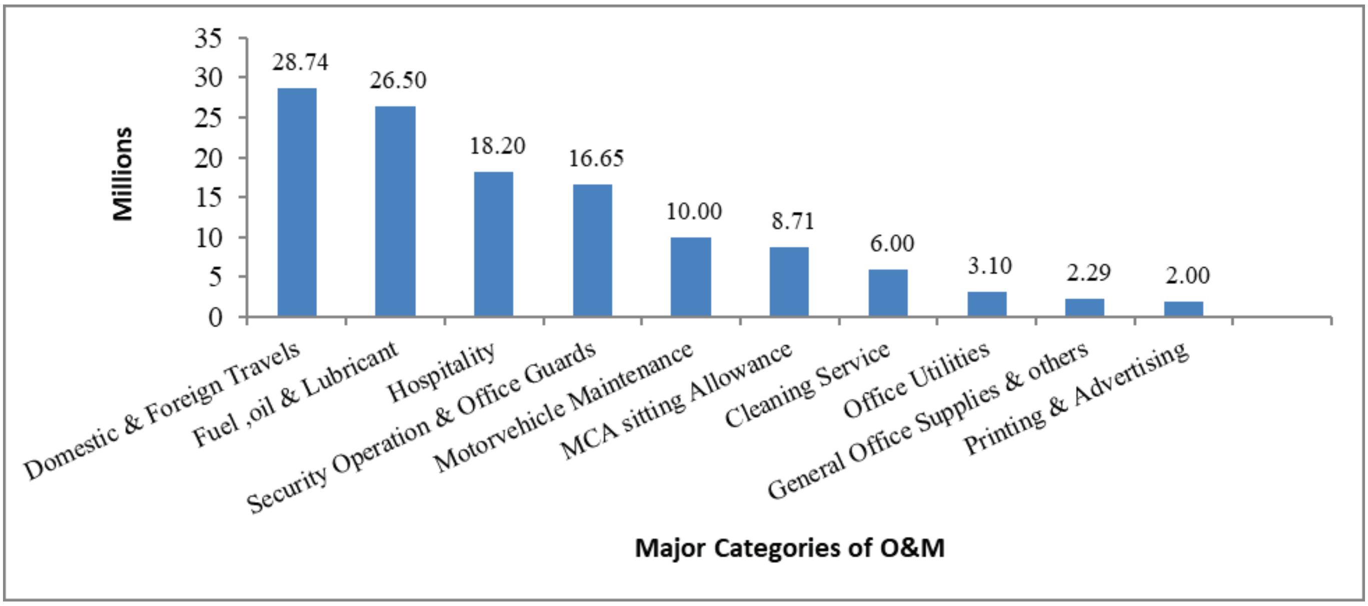
Source: *Wajir County Treasury*

3.46.6 Analysis of Operations and Maintenance

Analysis of Operation and Maintenance indicated that Kshs.122.2 million (6 per cent) on operations and maintenance.

Figure 3.135 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.135 : Wajir County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



Source: *Wajir County Treasury*

The County spent Kshs.8.70 million on committee sitting allowances to the 49 MCAs against the annual budget allocation of Kshs.19.38 million. This was an increase of211.8 per cent compared to Kshs.2.79 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.59,246 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.28.74 million and comprised of Kshs.13.74 million spent by the County Assembly and Kshs.15 million by the County Executive. This represented an increase of 101.5 per cent compared to Kshs.14.26 million spent in the first quarter of FY 2018/19.

3.46.7 Budget Performance by Department

Table 3.176 shows a summary of the approved budget allocation and performance by department in the first quarter of FY 2019/20.

Table 3.176: Wajir County, Budget Performance by Department for the First Quarter of FY 2019/20

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer issues (%)		Absorption rate (%).	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	760,194,403	-	173,000,000	-	173,000,000	-	100.0	-	22.8	-
County Executive	444,277,059	-	136,682,432	-	136,682,432	-	100.0	-	30.8	-
Finance and Economic Planning	582,500,944	112,000,000	63,999,730	-	63,999,730	-	100.0	-	11.0	-
Agriculture and Livestock Development	206,062,561	432,694,707	43,419,015	-	43,419,015	-	100.0	-	21.1	-
Public Health, Medical Services and Sanitation	1,667,333,588	518,670,000	309,221,990	-	309,221,990	-	100.0	-	18.5	-
Roads & Transport Department	134,782,455	767,969,688	31,378,024	-	31,378,024	-	100.0	-	23.3	-
Water Department	199,250,885	607,200,000	23,424,358	-	23,424,358	-	100.0	-	11.8	-
Energy, Environment and Natural Resources	64,234,174	141,550,000	12,481,430	-	12,481,430	-	100.0	-	19.4	-

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure in (Kshs.)		Expenditure to Exchequer issues (%)		Absorption rate (%).	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Special Programs and Decentralized Unit & Town Administration	662,752,297	64,900,000	135,522,284	-	135,522,284	-	100.0	-	20.4	-
Education, Youth, Gender and Social Services	560,934,446	278,803,297	84,027,810	-	84,027,810	-	100.0	-	15.0	-
ICT, Trade, Industrialization, Co-operative Development	211,616,082	80,250,000	27,725,460	-	27,725,460	-	100.0	-	13.1	-
Public works, Lands, Housing and Physical Planning	73,743,326	130,500,000	12,083,615	-	12,083,615	-	100.0	-	16.4	-
WAJWASCO	114,827,493	305,500,000	8,572,869	-	8,572,869	-	100.0	-	7.5	-
CPSB	67,259,465	-	11,740,662	-	11,740,662	-	100.0	-	17.5	-
Municipality	240,965,762	235,643,500	67,120,000	-	27,120,000	-	40.4	-	11.3	-
TOTAL	**5,990,734,939**	**3,675,681,192**	**1,140,399,679**	**-**	**1,100,399,679**	**-**	**96.5**	**-**	**18**	**-**

Source: *Wajir County Treasury*

Analysis of expenditure by department shows that the County executive recorded the highest percentage of recurrent expenditure at 30.8 per cent followed by the Road and Transport department at 23.3 per cent. The County did not incur any development expenditure.

3.46.8 Budget Execution by Programmes and Sub-Programmes.

Table 3.177 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.177: Summary of Budget Execution by Programmes and Sub-Programmes in the First Quarter of FY 2019/20.

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
THE EXECUTIVE OFFICE					
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	444,277,059	136,682,432	307,594,627	30.8
	Sub total	**444,277,059**	**136,682,432**	**307,594,627**	**30.8**
THE COUNTY ASSEMBLY					
General admin & support services(0701003710)	0715003360 P15 County Legislative Services	760,194,403	173,000,000	587,194,403	22.8
	Sub total	**760,194,403**	**173,000,000**	**587,194,403**	**22.8**
FINANCE AND ECONOMIC PLANNING					
0701003360 P1Kenya Devolution Support programme	0701003360 P1Kenya Devolution Support programme	142,000,000		142,000,000	-
0707003360 P7 Public Finance Management	0707003360 P7 Public Finance Management	26,428,123		26,428,123	-
0708003360 P8 Economic Planning Services	0708003360 P8 Economic Planning Services	14,455,600		14,455,600	-
0717003360 P17 General Administration and Support Services	0717003360 P17 General Administration and Support Services	511,617,221	63,999,730	447,617,491	12.5

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
	Sub total	**694,500,944**	**63,999,730**	**630,501,214**	**9.2**
ROADS TRANSPORT AND PUBLIC WORKS					
0201003360 P1 Road Transport Services	0201003360 P1 Road Transport Services	771,449,688			
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	44,570,000			
0208003360 P8 General Administration and Support Services	0208003360 P8 General Administration and Support Services	91,732,455	31,378,024		
	Sub total	**907,752,143**	**31,378,024**	**876,374,119**	**3.5**
AGRICULTURE AND LIVESTOCK DEVELOPMENT					
1001003360 P1	1001003360 P1 ,General Administration	174,887,334	43,419,015		
1001003361 P2	Livestock Resource management	57,588,600			
1001003360 P3	Veterinary Support Services	22,900,000			
1001003360 P4	Crop Development and Management	27,658,600			
1001003360 P5	Fisheries Development and Management	12,128,027			
1001003360 P6	Irrigation Management Service	124,000,000			
1001003360 P7	Kenya Climate Smart Agriculture	175,020,320			
1001003360 P8	Agriculture Sector Development support prog	26,574,387			
1001003360 P9	Agriculture Sector Development support prog				
	Sub total	**620,757,268**	**43,419,015**	**577,338,253**	**7.0**
PUBLIC HEALTH , MEDICAL SERVICE AND SANITATION					
0401003360 P1 Curative, Rehabilitative and Referral Services	0401003360 P1 Curative, Rehabilitative and Referral Services	258,110,000			-
0402003360 P2 Preventive and promotive services	0402003360 P2 Preventive and promotive services	157,575,000			-
0406003360 P6 RMNCH	0406003360 P6 RMNCH	295,732,057			-
0407003360 P7 TB & HIV-AIDS	0407003360 P7 TB & HIV-AIDS	11,168,000			-
0408003360 P8 Health Research Services	0408003360 P8 Health Research Services	9,596,000			-
0403003360 P3 General Administration and Support Services	0403003360 P3 General Administration and Support Services	1,463,822,531			-
	Sub total	**2,196,003,588**	**309,221,990**	**1,886,781,598**	**14.1**
WATER					
1001003360 P1 Water Services	1001003360 P1 Water Services	788,950,885			-
	Sub total	**788,950,885**	**23,424,358**	**765,526,527**	**3.0**
ENERGY , ENVIRONMENT & NATURAL RESOURCES					
0206003360 P6 Energy Services	0206003360 P6 Energy Services	16,938,100			
0207003360 P7 Environment & Natural Resource Services	0207003360 P7 Environment & Natural Resource Services	128,753,050			

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
1002003360 P2 General Administration and Support Services	1002003360 P2 General Administration and Support Services	53,970,224	12,481,430	41,488,794	
1004003360 P4 Wildlife and Tourism	1004003360 P4 Wildlife and Tourism	27,722,800			
	Sub total	**227,384,174**	**12,481,430**	**41,488,794**	**5.5**
PUBLIC SERVICES, SPECIAL PROGRAM AND NATURAL RESOURCES					
0210003360 P10 Public Participation Services	0210003360 P10 Public Participation Services	31,700,000			
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	1,270,000			
662,752,2970704003360 P4 Human Resources Management and decentralised services	662,752,2970704003360 P4 Human Resources Management and decentralised services	475,918,297			
0716003360 P16 Special Programs	0716003360 P16 Special Programs	163,210,000			
0713003360 P13 Environment, Beautification and Sanitation services	0713003360 P13 Environment, Beautification and Sanitation services	15,484,000			
0714003360 P14 Engineering, Maintenance and Physical infrastructure services	0714003360 P14 Engineering, Maintenance and Physical infrastructure services	35,500,000			
0720003360 P20 Service Delivery and Performance Management	0720003360 P20 Service Delivery and Performance Management	5,400,000			
0721003360 P21 Governance and Ethics	0721003360 P21 Governance and Ethics	1,870,000			
	Sub total	**730,352,297**	**135,522,284**	**594,830,013**	**18.6**
EDUCATION , YOUTH ,GENDER AND SOCIAL SERVICE					
0501003360 P1 Sports promotion and development	0501003360 P1 Sports promotion and development	80,108,700			
0502003360 P2 Early Childhood Education Development Services	0502003360 P2 Early Childhood Education Development Services	110,186,600			
0503003360 P3 Gender, Culture and Social services	0503003360 P3 Gender, Culture and Social services	85,251,000			
0504003360 P4 Youth polytechnics	0504003360 P4 Youth polytechnics	31,289,797			
0507003360 P6 School Support and Development Services	0507003360 P6 School Support and Development Services	116,000,000			
0505003360 P5 General Administration and Support Services	0505003360 P5 General Administration and Support Services	420,101,646	84,027,810	336,073,836	20.0
	Sub total	**842,937,743**	**84,027,810**	**758,909,933**	**10.0**
ICT ,TRADE, INDUSTRIALIZATION AND COOPERATIVE DEVLOPMENT					
0209003360 P9 ICT Infrastructure Services	0209003360 P9 ICT Infrastructure Services	48,576,000			
0301003360 P1 General administration, Planning and Support Services	0301003360 P1 General administration, Planning and Support Services	184,194,382	27,725,460	156,468,922	15.1
0302003360 P2 Trade Services	0302003360 P2 Trade Services	43,249,700			
0304003360 P4 Co-operatives Services	0304003360 P4 Co-operatives Services	22,846,000			
	Sub total	**298,866,082**	**27,725,460**	**271,140,622**	**9.3**

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
PUBLIC WORK ,LAND AND HOUSING					
0101003360 P1 General Administration and Support Services	0101003360 P1 General Administration and Support Services	64,796,826	12,083,615	52,713,211	18.6
Government Building Services	0109003360 P9 Government Building Services	922,400			
Land Policy and Physical Planning	0111003360 P11 Land Policy and Physical Planning	118,796,000			
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	19,728,100			
	Sub total	**204,243,326**	**12,083,615**	**192,159,711**	**5.9**
WAJWASCO					
1003003360 P3 WAJWASCO	1003003360 P3 WAJWASCO	416,327,493	8,572,868.50	407,754,625	2.1
	Sub total	**416,327,493**	**8,572,869**	**407,754,625**	
COUNTY PUBLIC SERVICE BOARD					
0718003360 P18 County Public Service Board Services	0718003360 P18 County Public Service Board Services	67,259,465			
	Sub total	**67,259,465**	**11,740,662**	**55,518,803**	**17.5**
MUNICIPALITY					
0719003360 P19 Urban Development Services	0719003360 P19 Urban Development Services	466,609,262			
	Sub total	**466,609,262**	**27,120,000**	**439,489,262**	**5.8**
Grand Total		**9,666,416,132**	**1,100,399,679**	**8,445,315,715**	**11.4**

Source: *Wajir County Treasury*

Analysis of expenditure by department shows that County Executive and County Assembly recorded the highest absorption rate of recurrent budget at 30.8 per cent and 22.8.

3.46.9 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 contrary to Section 166 of the PFM Act, 2012.
2. Under-performance in own source revenue collection. The own source revenue raised in the reporting period accounted for 8 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 reports and the National Treasury in line with Section 166 of PFM Act, 2012*
2. *The County Treasury should formulate policy and strategize on improvement of its own source revenue.*

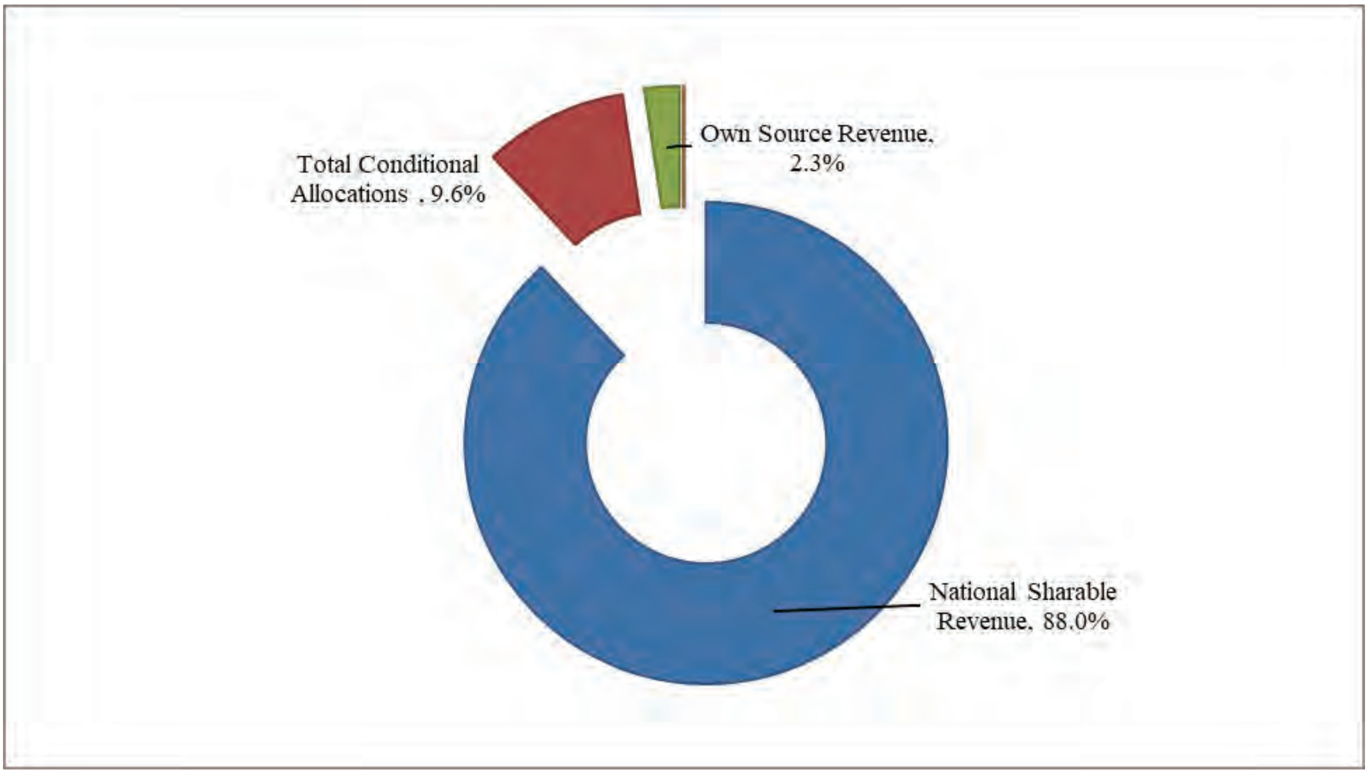
3.47 West Pokot County

3.47.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.5.56 billion, comprising of Kshs.1.67 billion (30 per cent) and Kshs.3.89 billion (70 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.9 billion (88 per cent) as equitable share of revenue raised nationally, Kshs.535.67 million (9.6 per cent) as total conditional grants, and generate Kshs.130.32 million (2.3 per cent) from own source revenue. The County did not budget for cash balance from FY 2018/19 of Kshs.521.76 million. Figure 3.136 shows the expected sources of financing in FY 2019/20

Figure 3.136: Expected Sources of Financing in FY 2019/20



Source: *West Pokot County Treasury*

3.47.2 Revenue Performance

During the first quarter of FY 2019/20, the County received Kshs.870.12 million as equitable share of the revenue raised nationally, raised Kshs.18.95 million from own-source revenue, and had cash balance of Kshs.521.76 million. The total funds available for budget implementation amounted to Kshs.1.41 billion as shown in Table 3.178.

Table 3.178: West Pokot County, Revenue Performance in the First Quarter of FY 2019/20

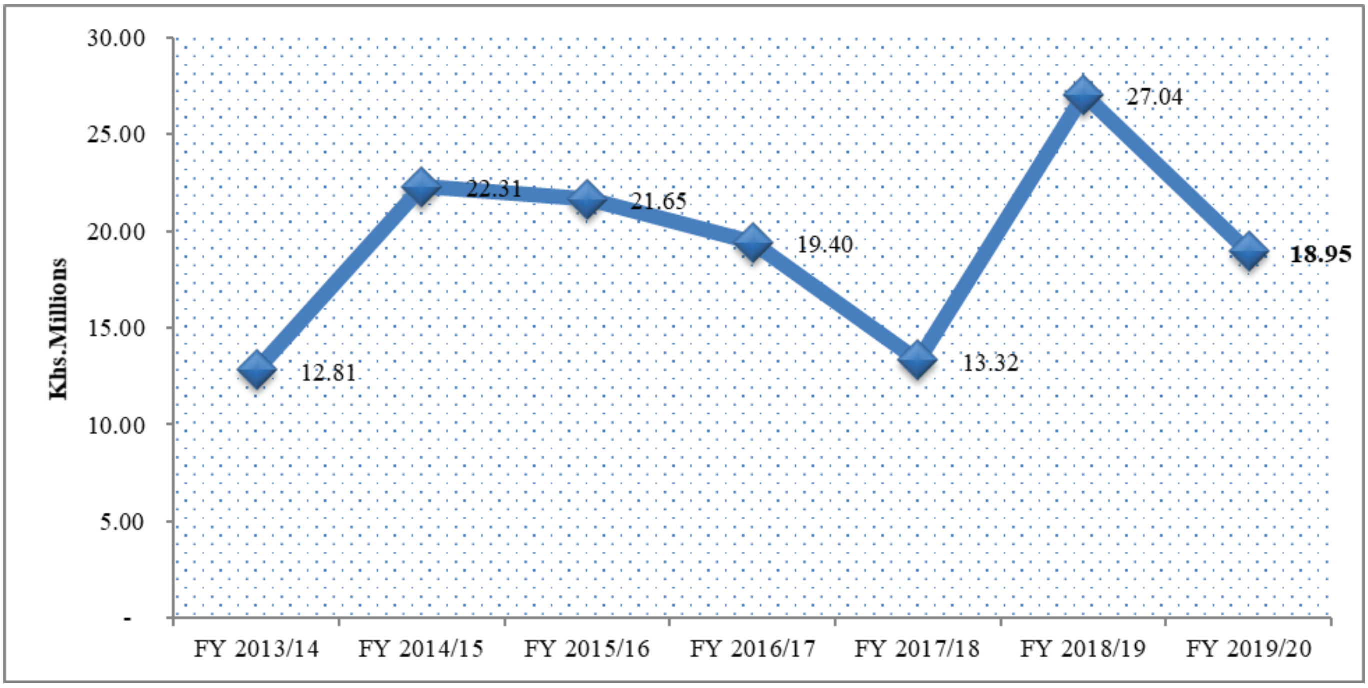
S/No.	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	**Equitable Share of Revenue Raised nationally**	**5,000,700,000**	**4,898,000,000**	**870,121,800**	**17.8**
B	**Conditional Grants from the National Government Revenue**				
1.	Compensation for User Fee Foregone	12,128,484	12,128,484	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	141,948,188	141,948,188	-	-
4.	Rehabilitation of Village Polytechnics	17,313,298	17,313,298	-	-
Sub Total	**303,304,864**	**171,389,970**	**-**	**-**	
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)	117,291,410	117,291,410	-	-
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)	73,392,300	73,392,300	-	-
9.	DANIDA Grant	14,718,750	14,718,750	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,495,096	21,495,096	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,586,308	18,586,308	-	-
12.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	80,000,000	45,000,000	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		**399,283,864**	**364,283,864**	-	-
D	**Other Sources of Revenue**				
14.	Own Source Revenue	-	130,320,184	18,949,359	14.5
	Balance b/f from FY2018/19	-	-	521,756,975	-
Sub Total		-	**130,320,184**	**540,706,334**	**414.9**
Grand Total		**5,703,288,728**	**5,563,994,018**	**1,410,828,134**	**25.4**

Source: *West Pokot County Treasury*

Figure 3.137 shows the trend in own-source revenue collection for the first quarters from the FY 2013/14 to the first quarter of FY 2019/20.

Figure 3.137: Trend in Own-Source Revenue Collection for the First Quarter from the FY 2013/14 to the First Quarter of FY 2019/20



Source: *West Pokot County*

The own source revenue realised in the first quarter of FY 2019/20 accounted for 14.5 per cent of the annual target.

3.47.3 Exchequer Issues

To finance the budget, the Controller of Budget approved the withdrawal of Kshs.835.52 million from the CRF account. The withdrawals comprised of Kshs.8.8 million (1.1 per cent) for development programmes and Kshs.826.72 million (98.9 per cent) for recurrent programmes.

3.47.4 Overall Expenditure Review

A total of Kshs.845.47 million was spent on development and recurrent programmes. This expenditure represented 101.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.11.26 million and Kshs.834.21 million on development and recurrent activities respectively. Expenditure on recurrent programmes represented 21.4 per cent of the annual recurrent budget while that incurred on development programmes an absorption rate of 0.7 per cent.

3.47.5 Expenditure by Economic Classification

Analysis of recurrent expenditure shows that Kshs.683.87 million was spent on compensation to employees and Kshs.150.34 million on use of goods and services.

Table 3.179: Summary of Expenditure by Economic Classification for the First Quarter of FY 2019/20

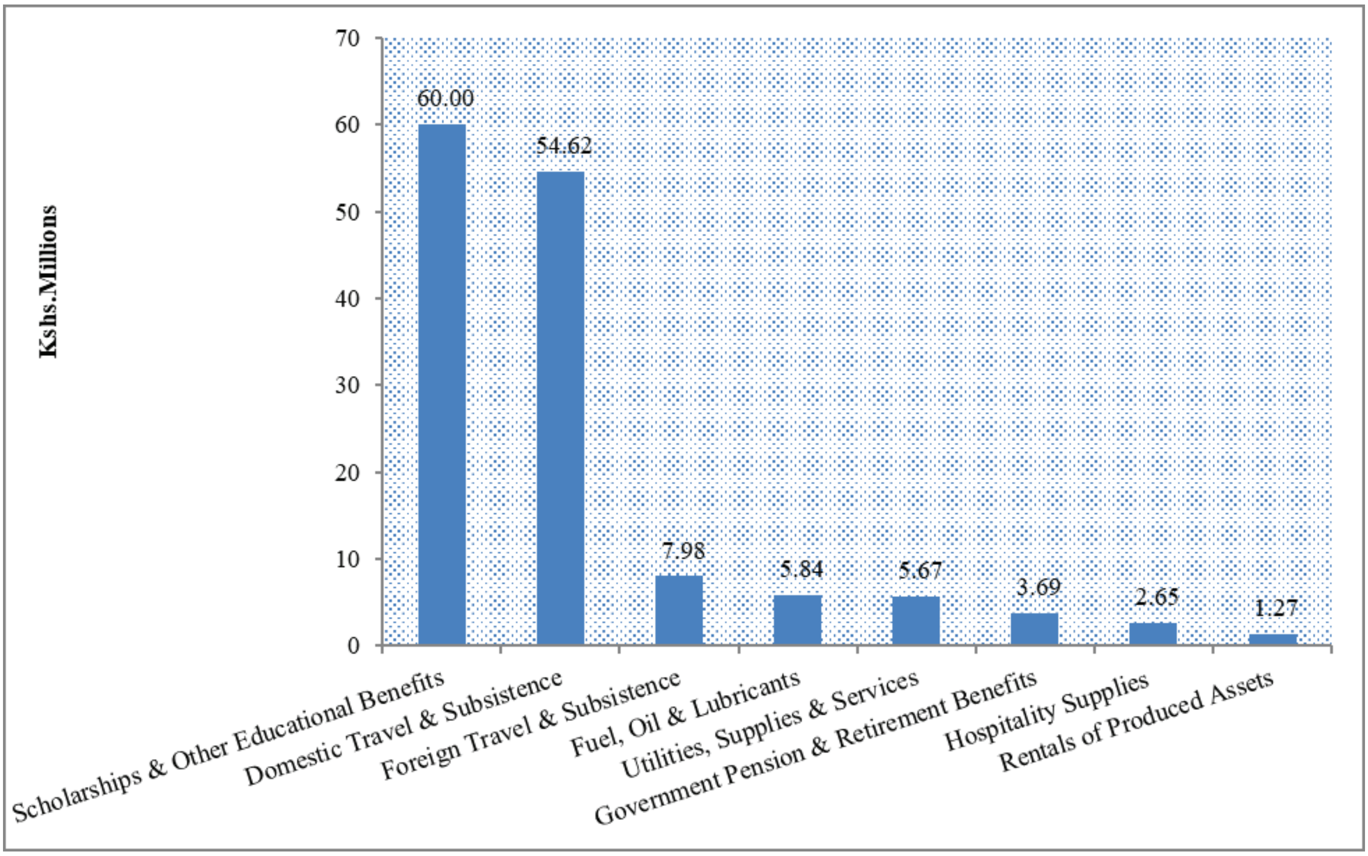
Expenditure Classification	Budget (Kshs)	Exchequer Issues (Ksh)	Expenditure (Ksh)	Absorption (%)
Total Recurrent Expenditure	**3,893,095,529**	**826,725,484**	**834,211,340**	**21.4**
Compensation to Employees	2,569,836,955	679,422,224	683,873,615	26.6
Operations and Maintenance	1,323,258,573	147,303,260	150,337,725	11.4
Total Development Expenditure	**1,670,898,489**	**8,800,000**	**11,261,904**	**0.7**
Development expenditure	1,670,898,489	8,800,000	11,261,904	0.7
Grand Total	**5,563,994,018**	**835,525,484**	**845,473,244**	**15.2**

Source: *West Pokot County Treasury*

3.47.6 Analysis of Operations and Maintenance

Figure 3.138: shows a summary of operations and maintenance expenditure by major categories.

Figure 3.138: West Pokot County, Operations and Maintenance Expenditure by Major Categories in the First Quarter of FY 2019/20



***Source: West** Pokot County Treasury*

During the reporting period, the County spent Kshs.3.74 million on committee sitting allowances to the 34 MCAs and the Speaker against the annual budget allocation of Kshs.31.97 million. This was a decline of 6.8 per cent compared to Kshs.4.01 million spent in the first quarter of FY 2018/19. The average monthly sitting allowance was Kshs.36,668 per MCA compared to SRC's recommended monthly ceiling of Kshs.124,800.

Expenditure on domestic travel amounted to Kshs.54.62 million and comprised of Kshs.24.45 million spent by the County Assembly and Kshs.30.16 million by the County Executive. This represented was a decrease of 11.6 per cent compared to Kshs.61.80 million spent in the first quarter of FY 2018/19.

3.47.7 Budget Performance by Department

Table 3.180 shows a summary of the approved budget allocation and performance by department in FY 2019/20.

Table 3.180: West Pokot County, Budget Performance by Department for the First Quarter 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 Executive	522.04	25.00	90.70	-	102.75	-	113.3	-	19.7	-
Finance and Economic Planning	225.86	25.00	38.70	-	48.72	-	125.9	-	21.6	-
Public Works , Transport and Infrastructure	58.76	237.80	14.07	-	16.30	-	115.8	-	27.7	-
Health, Sanitation and Emergencies	1,251.90	155.50	340.08	-	315.69	-	92.8	-	25.2	-
Education and Technical training	579.76	170.86	121.96	-	132.50	2.44	108.6	-	22.9	1.4
Agriculture and Irrigation	106.55	182.47	23.72	-	25.83	0.66	108.9	-	24.2	0.4

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
Pastoral Economy	98.76	127.53	23.08	-	21.54	8.04	93.3	-	21.8	6.3
Trade, Industrialization, Investment and Cooperative Development	89.53	116.50	11.30	-	12.40	-	109.7	-	13.8	-
Land, Housing ,Physical Planning and Urban Development	71.91	105.29	17.57	8.80	15.60	0.12	88.8	1.3	21.7	0.1
Water development, Environment and Natural Resources	63.81	236.35	16.32	-	10.84	-	66.5	-	17.0	-
Youths, Sports, Tourism, Gender and Social services	39.00	124.00	7.59	-	8.94	-	117.8	-	22.9	-
Public Service ,ICT and Decentralized Units	171.43	49.60	22.43	-	24.68	-	110.0	-	14.4	-
Special Programmes and Directorates	31.49	15.00	5.99	-	2.30	-	38.4	-	7.3	-
County Assembly	582.30	100.00	93.22	-	96.13	-	103.1	-	16.5	-
Total	**3,893.10**	**1,670.90**	**826.73**	**8.80**	**834.21**	**11.26**	**100.9**	**128.0**	**21.4**	**0.7**

***Source: West** Pokot County Treasury*

Analysis of expenditure by department shows that the Department of Pastoral Economy recorded an absorption rate of development budget at 6.3 per cent. The Department of Public Works, Transport and Infrastructure had the highest percentage of recurrent expenditure to recurrent budget at 27.7 per cent while the Special programmes and Directorates had the lowest at 7.3 per cent.

3.47.8 Budget Execution by Programmes and Sub-Programmes

Table 3.181 shows a summary of the budget execution by programmes and sub-programmes in the first quarter of FY 2019/20.

Table 3.181: West Pokot County, Budget Execution by Programmes and Sub-Programmes in the first quarter of FY 2019/20

Programme	Sub- Programme	Approved Budget(Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
-County Executive	General Administration ,planning and Support Services	488,146,277	86,989,746	401,156,531	17.8
	County Executive Affairs	32,157,399	10,231,576	21,925,823	31.8
	County Public Service Board	5,291,520	939,200	4,352,320	17.7
	Field Administration service	10,515,680	2,786,300	7,729,380	26.5
	Liaison and Intergovernmental service	10,933,850	1,803,100	9,130,750	16.5
	Sub total	**547,044,727**	**102,749,922**	**444,294,805**	**18.8**

Finance &Economic Planning	General Administration ,planning and Support Services	197,835,460	42,392,847	155,442,612	21.4
	Treasury Accounting Services	1,373,440	397,580	975,860	28.9
	Supply Chain Management services	2,142,816	300,400	1,842,416	14.0
	Resource Mobilization	5,292,000	646,860	4,645,140	12.2
	Internal Audit services	3,133,600	234,000	2,899,600	7.5
	Budget Formulation services	6,707,480	1,628,500	5,078,980	24.3
	Economic Planning	32,585,833	3,115,500	29,470,333	9.6
	Monitoring and Evaluation	1,788,000	-	1,788,000	-
	Sub total	**250,858,628**	**48,715,687**	**202,142,941**	**19.4**
Health And Sanitation	General Administration ,planning and Support Services	1,096,569,560	315,069,374	781,500,185	28.7
	Preventive Health Services	71,394,287	88,200	71,306,087	0.1
	Kapenguria Referral Hospital	140,329,284	233,600	140,095,684	0.2
	Kacheliba Sub county hospital	12,890,000	150,000	12,740,000	1.2
	Sigor Sub county hospital	12,860,000	150,000	12,710,000	1.2
	Chepareria Sub county hospital	12,860,000	-	12,860,000	-
	Ward Specific	60,500,000	-	60,500,000	-
	Sub total	**1,407,403,130**	**315,691,174**	**1,091,711,956**	**22.4**
Education And Technical Training	General Administration ,planning and Support Services	314,400,292	67,806,439	246,593,853	21.6
	ECD Services	14,481,552	202,700	14,278,852	1.4
	Youth Vocational training	18,688,978	6,931,525	11,757,453	37.1
	Bursary Fund	302,000,000	60,000,000	242,000,000	19.9
	Ward specific	101,050,000	-	101,050,000	-
	Sub total	**750,620,822**	**134,940,664**	**615,680,158**	**18.0**
Roads ,Public Works, Transport And Infrastructure	General Administration ,planning and Support Services	54,486,183	16,296,647	38,189,536	29.9
	Road Transport	145,094,580	-	145,094,580	-
	Public Works	12,124,000	-	12,124,000	-
	Ward Specific Projects	84,850,000	-	84,850,000	-
	Sub total	**296,554,763**	**16,296,647**	**280,258,116**	**5.5**
Agriculture And Irrigation	General Administration, Planning and Support Services	98,102,367	25,164,694	72,937,673	25.7
	Crop Development and Management	178,375,607	1,273,000	177,102,607	0.7
	Cash Crop Production(Special Programs)	1,042,000	50,000	992,000	4.8
	Ward specific	11,500,000	-	11,500,000	-
	Sub total	**289,019,974**	**26,487,694**	**262,532,280**	**9.2**

Pastoral Economy	General Administration, Planning and Support Services	94,547,851	21,535,352	73,012,500	22.8
	Livestock production and Range Management	54,975,908	8,043,154	46,864,754	14.8
	Livestock Disease management	5,718,400	-	5,718,400	-
	Fisheries Development	434,400	-	434,400	-
	Nasukuta Livestock Improvement Center	56,665,096	-	56,665,096	-
	Ward specific	13,950,000	-	13,950,000	-
	Sub total	**226,291,655**	**29,578,506**	**196,645,150**	**13.1**
Trade, Industrialisation, Investment & Cooperatives Development	General Administration, Planning and Support Services	40,406,946	11,875,308	28,531,638	29.4
	Cooperative Development	146,929,600	326,800	146,602,800	0.2
	Trade, License and Market Development	2,188,800	194,343	1,994,457	8.9
	Ward specific	16,500,000	-	16,500,000	-
	Sub total	**206,025,346**	**12,396,451**	**193,628,896**	**6.0**
Lands, Housing, Physical Planning And Urban Development	General Administration ,Planning and Support Services	51,328,435	12,392,683	38,935,752	24.1
	Land Policy and Physical Planning	1,348,800	-	1,348,800	-
	Housing Development	912,000	-	912,000	-
	Urban Development	83,524,400	118,000	83,406,400	0.1
	Kapenguria Municipality	36,984,000	3,210,485	33,773,515	8.7
	Ward specific	3100000	-	3,100,000	-
	Sub total	**177,197,635**	**15,721,169**	**161,476,467**	**8.9**
Water , Environment And Natural Resources	General Administration, Planning and Support Services	48,130,524	10,843,154	37,287,370	22.5
	Water Supply Services	111,282,000	-		-
	Environment & Natural Resource Development	58,344,800	-		-
	Ward Specific	82,400,000	-		-
	Sub total	**300,157,324**	**10,843,154**	**37,287,370**	**3.6**
Youths, Sports, Tourism, Gender And Social Services.	General Administration, Planning and Support Services	29,243,717	5,050,650	24,193,067	17.3
	Tourism Development	3,451,213	989,690	2,461,523	28.7
	Gender, Youths and sports Development	96,000,000	-	96,000,000	-
	Culture and Social Development	6,308,492	2,897,200	3,411,292	45.9
	Ward Specific	28,000,000	-	28,000,000	-
	Sub total	**163,003,422**	**8,937,540**	**154,065,882**	**5.5**

County Public Service , ICT And Decentralised Units	General Administration, Planning and Support Services	215,666,245	24,121,576	191,544,669	11.2
	Human Resource	1,304,000	-	1,304,000	-
	Legal Services	1,336,000	120,000	1,216,000	9.0
	Records Management	384,000	-	384,000	-
	Communication Services	720,000	224,800	495,200	31.2
	ICT Infrastructure Connectivity	1,616,422	217,000	1,399,422	13.4
	Sub total	**221,026,668**	**24,683,376**	**196,343,291**	**11.2**
County Public Service , ICT And Decentralised Units	General Administration, Planning and Support Services	14,164,022	1,186,394	12,977,628	8.4
	Investment and Cooperative development	575,900	-	575,900	-
	Emergency and disaster response	15,942,000	-	15,942,000	-
	Peace building and reconciliation	5,818,000	1,057,346	4,760,654	18.2
	Resource mobilization and Coordination	1,350,000	57,800	1,292,200	4.3
	Gender and special needs	8640000	-	8,640,000	-
	Sub total	**46,489,922**	**2,301,540**	**44,188,382**	**5.0**
County Assembly	General Administration, Planning and Support Services	361,720,946	68,370,252	293,350,694	18.9
	Legislation and Representation	165,779,054	22,741,368	143,037,686	13.7
	Staff Affairs and Development	154,800,000	5,018,100	49,781,900	9.2
	Sub total	**582,300,000**	**96,129,720**	**486,170,280**	**16.5**
Grand Total		**5,563,994,017**	**845,473,244**	**4,366,425,973**	**15.2**

***Source: West** Pokot County Treasury*

The top performing programmes General Administration, Planning and Support Services, Peace building and reconciliation, Communication Services, Tourism Development, Youth Vocational training, bursary fund, and County Executive Affairs.

3.47.9 Key Observations and Recommendations

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

1. Under-performance of own source revenue collection which declined by 29.9 per cent from Kshs.27.04 million achieved in a similar period of the FY 2018/19 to Kshs.18.95 million in the reporting period.
2. Delay in submission of financial statement reports to the OCOB for Car Loans and House Mortgage Fund Scheme and Bursary/Scholarships Fund which contravenes Section 168 of the PFM Act, 2012.
3. Failure to budget for all conditional grants in line with CARA, 2019, occasioned by impulse on DOB

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. *The CECUM-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 ensure all conditional grants are budgeted for through the supplementary budget in line with CARA, 2019.*

4 KEY CHALLENGES AND RECOMMENDATIONS

This section highlights cross-cutting issues that affected budget implementation in the first quarter of FY 2019/20 and includes appropriate recommendations aimed at addressing the challenges in order to enhance smooth budget execution by the County Governments. The cross-cutting challenges included:

4.1 Delay in disbursement of equitable share

The County Allocation of Revenue Act (CARA), 2019 provides that County Government's allocations shall be transferred to the respective County Revenue Fund, in accordance with a Disbursement Schedule approved by the Senate.

During the reporting period, the National Treasury was unable to disburse funds to the Counties due to impasse in the approval of Division of Revenue Bill (DoRB), 2019. Consequently, Counties did not receive the equitable share of revenue raised nationally in the month of July and August, 2019 which affected budget implementation in the first quarter of FY 2019/20.

The Office recommends that the Commission on Revenue Allocation, the National Treasury, and Parliament should devise strategies to ensure the Division of Revenue Bill is approved within the legal timelines. Further, there is need to develop legislations to facilitate funds flow to Counties in case of delay in the approval of the Division of Revenue Bill (DoRB).

4.2 Late Submission of Financial Reports to the Controller of Budget

During the reporting period, some Counties delayed in submitting their quarterly financial reports, contrary to Section 166 (4) of the PFM Act, 2012 while others submitted incomplete reports. This resulted in late preparation of the Budget Implementation Review Report (BIRR).

Quarterly financial reports should be prepared in compliance with the reporting templates prescribed by the Public Sector Accounting Standards Board and those provided by the Controller of Budget in line with the COB Act, 2016.

Further, County Treasuries should ensure timely preparation and submission of financial reports in line with Section 166 (4) of the PFM Act, 2012 and Section 16 of the Controller of Budget Act, 2016.

4.3 Delays in the Approval of key planning and budget documents by County Governments

The Office noted prolonged delay in approval of the FY 2019/20 Budget Estimates of the County Governments of Mandera, Taita Taveta, Kisumu and Kitui. This delay affected release of funds and therefore, budget implementation.

The PFM Act, 2012 presupposes that there shall be an Approved Budget and Appropriation Act by 30th June of each financial year. The law further provides that in case of delays in enacting the County Appropriation Bill, the County Assembly may approve a Vote on Account which authorises the withdrawal of funds from the County Revenue Fund for the purpose of meeting expenditure necessary to carry on the services of the County during the financial year until such a time when the relevant appropriation law is passed.

The stalemates were primarily occasioned by weak relationships between the County Executive and the County Assembly and capacity challenges in understanding of the roles of the two arms in the budget making process.

The Office recommends that Intergovernmental Relations Technical Committee should come up with strategies to address the relationships between the County Executive and Assembly and continuous capacity building of County Governments on the budget making process.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the first quarter of the FY 2019/20 by County Governments and is prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010, and Section 9 of the Controller of Budget Act, 2016.

The report indicates that aggregate budget estimates for the 47 County governments amounted to Kshs.456.38 billion and comprised of Kshs.279.01 billion (61.1 per cent) allocation for recurrent expenditure and Kshs.177.37 billion (38.9 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. The total funds available to County Governments in the first quarter FY 2019/20 amounted to Kshs.100.41 billion and consisted of Kshs.55.07 billion as equitable share of revenue raised nationally, Kshs.37.63 billion cash balance from FY 2018/19, and Kshs.7.71 billion from own sources of revenue.

During the first quarter of FY 2019/20 the County Governments spent a total of Kshs.46.08 billion which translates to an overall absorption of 10.1 per cent of the total annual County Government's Budgets. A total of Kshs.44.14 billion was spent on recurrent expenditure and Kshs.1.94 billion on development activities. Development expenditure translated to an absorption rate of 1.1 per cent while recurrent expenditure was 15.8 per cent of the annual budget for recurrent expenditure.

The key challenges that hampered effective budget execution during the period have been identified. They included; under-performance in own source revenue collection, delay in disbursement of equitable share, late submission of financial reports to the Controller of Budget, and delays in the approval of key planning and budget documents by County Governments. The report has provided appropriate recommendations on how to address the challenges in order to enhance smooth execution of the budget in the future.

The OCOB is committed to ensuring there is prudent and effective use of public resources by County Governments and will continue to produce regular reports on budget implementation with the aim of informing and influencing budget execution.

Bima House, 12th Floor
Harambee Avenue
P. O. Box 35616 - 00100 Nairobi, Kenya
Tel: +254 (0) 20 318939, 2211056
Fax: +254 (0) 20 2211920
Email: cob@cob.go.ke
Website: www.cob.go.ke